The following is an English translation of the Notice of Convocation of the 76th Annual General Meeting of Shareholders of LIXIL Group Corporation (the "Company") to be held on June 21, 2018. 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.

(Securities Code 5938)
June 5, 2018

To Our Shareholders

LIXIL Group Corporation
2-1-1 Ojima, Koto-ku, Tokyo
Kinya Seto
Director, Representative Executive Officer and President

Notice of Convocation of
the 76th Annual General Meeting of Shareholders

You are cordially invited to attend the 76th Annual General Meeting of Shareholders of LIXIL Group Corporation (the "Company"), the details of which are as follows:

If you are unable to attend the meeting, you can exercise your voting rights by either of the following methods. Please review the "Reference Materials for General Meeting of Shareholders", which follows this notice, and exercise your voting rights.

[Exercise of voting rights in writing]
When exercising your voting rights in writing, please indicate, on the enclosed "Voting Card," as to whether you approve or disapprove of the proposal. Please send the Voting Card back so that we receive it by no later than 3 P.M. (Japan time) on Wednesday, June 20, 2018.

[Exercise of voting rights via the Internet, etc.]
When exercising your voting rights via the Internet, etc., please see the "Instructions on the Exercise of Voting Rights Via the Internet, etc." (page 3) which follows this notice, and indicate whether you approve or disapprove of the proposal by no later than 3 P.M. (Japan time) on Wednesday, June 20, 2018.

1. Date and Time: June 21, 2018 (Thursday) at 10 A.M. (Japan time)
(Reception opens at 9 A.M. (Japan time))

2. Venue: 1-6-1 Yokoami, Sumida-ku, Tokyo
3rd Floor, KFC Hall, KOKUSAI Fashion Center Building
(Please refer to the guide map of the venue of the general meeting of shareholders on the last page)
Please note that we will not be providing gifts to attendees.

3. Purpose of the meeting:

Reports

1) Reporting the contents of the business report, the contents of the consolidated financial statements and the results of the audits of the consolidated financial statements conducted by the Accounting Auditors and the Audit Committee for the 76th Fiscal Year (from April 1, 2017 to March 31, 2018).

2) Reporting the contents of the financial statements for the 76th Fiscal Year (from April 1, 2017 to March 31, 2018).

Resolution Matter

Proposal: Election of 12 Directors

END OF NOTICE

- Upon attendance, please use the enclosed Voting Card as an attendance slip and submit it to the receptionist.
- Any amendments to the Reference Documents for the 76th Annual General Meeting of Shareholders, business report, consolidated financial statements or financial statements will be posted on the Company's website on the Internet (http://www.lixil.com/jp/).
- Please note that we will be wearing light clothing (Cool Biz) on the day of the meeting. We kindly ask that you

also attend the meeting in light clothing.

Disclosure via the Internet

The following items are posted on the Company's Internet website based on the laws and regulations as well as Article 16 of the Company's articles of incorporation, thus are not indicated (as attachments) on the Notice of Convocation of the 76th Annual General Meeting of Shareholders.

(1) Notes to consolidated financial statements (2) Notes to non-consolidated financial statements

URL: http://www.lixil-com/jp/

The consolidated financial statements and non-consolidated financial statements audited by the Accounting Auditors and the Audit Committee are the statements indicated (as attachments) on the Notice of Convocation of the 76th Annual General Meeting of Shareholders and the Notes to consolidated financial statements and Notes to non-consolidated financial statements posted on the aforementioned Company's website.

Instructions on the Exercise of Voting Rights via the Internet, etc.

When exercising your voting rights via the Internet, etc., please confirm the following matters and exercise your voting rights.

1. Website for exercising voting rights
   (1) Voting rights can be exercised via the Internet only by accessing the website for exercising voting rights designated by the Company (https://evote.tr.mufg.jp/) ("Website") from personal computers, smart phones or mobile phones (i mode, EZweb, Yahoo! Keitai)*. (However, this service is unavailable from 2 A.M. to 5 A.M., Japan time, every day.)
   * "i mode" is a trademark or a registered trademark of NTT DOCOMO, INC., "EZweb" is a trademark or a registered trademark of KDDI CORPORATION and "Yahoo!" is a trademark or a registered trademark of U.S. Yahoo! Inc.
   (2) Please be aware that voting rights may not be exercised by personal computers or smart phones depending on your environment for the usage of the Internet such as if a firewall, etc., is used, antivirus software is set, a proxy server is used or if TLS encrypted communication is not specified, etc., for the Internet connection.
   (3) Please use the service of i mode, EZweb or Yahoo! Keitai when exercising your voting rights through a mobile phone. In addition, in order to ensure security, the Website is not compatible with models that are unable to perform TLS encrypted communications or models that are unable to transmit mobile phone information.
   (4) Voting rights can be exercised via the Internet until June 20, 2018 (Wednesday) at 3 P.M. (Japan time). Please exercise your vote ahead of time and contact the help desk if you have any questions.

2. Method of exercising voting rights via the Internet
   (1) Please enter your vote on the Website (https://evote.tr.mufg.jp/) in accordance with the instructions on the screen using the "Login ID" and the "Tentative Password" specified in the Voting Card.
   (2) Please be aware that in order to prevent any unauthorized access (impersonation) or falsification of the contents of the exercised voting rights by anyone else, we will ask you to change the "Tentative Password" on the Website.
   (3) We will notify you of a new "Login ID" and a new "Tentative Password" each time upon convocation of a General Meeting of Shareholders.
   (4) Any costs incurred upon accessing the Website (internet access fee and the like) will be borne by you. Furthermore, if you are using mobile phones and the like, packet communication fees and other fees needed for using mobile phones and the like will also be borne by you.

3. Handling of voting rights when a voting right is exercised more than once
   (1) When a voting right is exercised more than once in writing and via the Internet, the contents of the voting rights exercised via the Internet will be effective.
   (2) If a voting right is exercised more than once via the Internet, the contents of the last vote will be effective. In addition, if a voting right is exercised more than once on a personal computer, smart phone, and/or mobile phone, only the contents of the last vote will be effective.

4. The platform of electronic exercise of voting rights for institutional investors
   With respect to nominee shareholders of management investment banks, etc. (including standing proxies), if such a shareholder has applied in advance for the use of the platform of the electronic exercise of voting rights for institutional investors operated by ICJ, Inc., such shareholder may use such platform in addition to exercising its voting rights via the Internet mentioned above, as a method of exercising voting rights by electromagnetic means for any General Meeting of Shareholders of the Company.

For inquiries regarding the system for exercising voting rights via the Internet, etc. Mitsubishi UFJ Trust and Banking Corporation Transfer Agent Division (helpdesk) Telephone No.: 0120-173-027 (available from 9 A.M. to 9 P.M., Japan time, toll-free)

END OF INSTRUCTIONS

Reference Materials for General Meeting of Shareholders

Proposal Election of 12 Directors

All 10 current members of the Board of Directors will resign upon expiration of their term of office as of the close of this General Meeting of Shareholders. Therefore, based on the decision of the Nomination Committee, the shareholders are requested to elect 12 directors, including the new appointment of two additional candidates for director who have been engaged in the execution of, and are familiar with, the Company's business, in order to pursue a more effective supervisory function. All of the candidates for outside director satisfy the independence criteria prescribed by the Company (see page 19).

Candidate number	Name	Position and responsibility in the Company	
1	Yoichiro Ushioda	Director, Chairman of the Board and Nomination Committee Member, Executive Officer, Special Mission	Reappointment
2	Kinya Seto	Director, Representative Executive Officer, President and CEO	Reappointment
3	Yoshizumi Kanamori	Director, Audit Committee Member	Reappointment/Non-executive
4	Yoshinobu Kikuchi	Director and Compensation Committee Member	Reappointment/Non-executive
5	Keiichiro Ina	Director and Compensation Committee Member	Reappointment/Non-executive
6	Tsutomu Kawaguchi	Director and Chairperson of the Audit Committee	Reappointment/Outside/Independent
7	Main Kohda (real name: Tokuko Sawa)	Director and Compensation Committee Member	Reappointment/Outside/Independent
8	Barbara Judge	Director and Chairperson of the Compensation Committee	Reappointment/Outside/Independent
9	Hirokazu Yamanashi	Director, Chairperson of the Nomination Committee and Compensation Committee Member	Reappointment/Outside/Independent
10	Hiroto Yoshimura	Director, Nomination Committee Member and Audit Committee Member	Reappointment/ Outside/Independent
11	Haruo Shirai	Executive Officer and Executive Vice President, Domestic Subsidiaries	New Appointment/Non-executive
12	Ryuichi Kawamoto	Representative Executive Officer and Executive Vice President, Production Optimization	New Appointment/Non-executive

Note:
Mr. Haruo Shirai and Ryuichi Kawamoto will become Non-executive Directors as of the close of the first meeting of the Board of Directors to be convened after this Annual General Meeting of Shareholders of the Company.

Non-executive: Internal directors (directors other than "outside directors" as provided for in Article 2,Item 15 of the Companies Act) who do not concurrently serve as executive officers, presidents, vice presidents, senior managing operating officers, managing operating officers, corporate directors, operating officers, employees, executive directors or other officers executing the business of the Company or the Company's subsidiaries.

Outside: "Candidates for outside director" as provided for in Article 2, Paragraph 3, Item 7 of the Enforcement Regulations of the Companies Act.

Independent: Candidates who are to be reported as independent officers to the domestic stock exchanges on which the Company is listed if the election of these Candidates is approved at this General Meeting of Shareholders.

Reappointment / Non-executive

Yoichiro Ushioda

(December 21, 1953)

Candidate Number

1

[Number of shares of the Company owned by the candidate]
9,376,220

[Area of responsibility (committee)]
Nomination Committee Member

Brief personal profile, position and responsibility in the Company, and important concurrently-held positions

Apr. 1977	Joined the Company
Dec. 1980	Director and General Manager, Sales Planning Department
May 1984	Managing Director and Senior Manager, Product Division
Nov. 1986	Senior Managing Director in charge of public relations, human resources, business improvement administration, total quality control and production
Jun. 1990	Director and Vice President in charge of overseas businesses and product designs (Representative Director)
Sep. 1992	Director and Vice President (Representative Director)
Jun. 1993	Director and Vice President, Senior Manager, Accounting Division (Representative Director)
Nov. 2000	Director and Vice President in charge of accounting and finance (Representative Director)
Oct. 2001	Director and Vice President
Jun. 2003	Director
Nov. 2006	Director and Chairman and CEO (Representative Director)
Nov. 2006	Director and Chairman and CEO, TOSTEM CORPORATION (currently LIXIL Corporation) (Representative Director)
Apr. 2009	Director and President, TOSTEM CORPORATION
Jun. 2011	Director, Representative Executive Officer and Chairman, CEO and Chairperson of the Nomination Committee of the Company
Aug. 2011	Director, Representative Executive Officer and Chairman and Chairperson of the Nomination Committee
Aug. 2011	Director and Chairman, LIXIL Corporation (Representative Director)
Jun. 2012	Director, Chairman of the Board and Nomination Committee Member of the Company
Oct. 2017	Director, Chairman of the Board, Nomination Committee Member and Executive Officer, Special Mission of the Company (current position)

Reasons for nominating Mr. Ushioda as a candidate for the role of the Director

Mr. Yoichiro Ushioda has a wealth of experience and knowledge working in the important departments of the Company's group (the "Group") and has a deep understanding of the businesses and management of the Group overall. He is making an effort to strengthen the governance system with the future in mind through, among other things, leading the commencement of the Company's transition into the company with committees (current company with nomination committee, etc.). Based on the foregoing, it is expected that the Company's governance will be pursued further and the Board of Directors' supervisory function will be maintained and strengthened. For these reasons, the Company recommends him as a Director candidate.

Reappointment

Kinya Seto

(June 25, 1960)

Candidate Number

2

[Number of shares of the Company owned by the candidate]
103,100

[Important concurrently-held positions]
Director, President and CEO, LIXIL Corporation

Brief personal profile, position and responsibility in the Company, and important concurrently-held positions

Apr. 1983	Joined Sumitomo Corporation
Jul. 1990	Project Manager for Special Steel Products, Sumitomo Corporation of America (currently Sumitomo Corporation of Americas), Detroit Office
Jul. 1992	Vice President, Precision Bar Service, INC.
May 1997	Representative Director and President, Iron Dynamics Process International LLC
Sep. 1999	Business Planning Dept., Iron & Steel Division, No.1 e-Commerce Team Head and Manager, Sumitomo Corporation
Oct. 2000	Director, MonotaRO Co., Ltd.
Jun. 2001	Representative Director and President, MonotaRO Co., Ltd.
Mar. 2006	Director, Representative Executive Officer and President, MonotaRO Co., Ltd.
Nov. 2010	Director, Zoro Tools, Inc. (currently Zoro, Inc.)
Aug. 2011	Representative Director and President, K-engine Corp.
Mar. 2012	Representative Director and President, Grainger Asia Pacific Co., Ltd.
Mar. 2012	Director, Representative Executive Officer and Chairman, MonotaRO Co., Ltd.
Apr. 2012	Vice President in charge of Asia Pacific, W. W. Grainger, Inc.
Oct. 2013	Senior Vice President in charge of Online Business, W. W. Grainger, Inc.
Dec. 2013	CEO, GWW UK Online Ltd. (current Razor Occam, Ltd.)
Mar. 2014	Director and Chairman, MonotaRO Co., Ltd. (current position)
Jan. 2016	Representative Executive Officer and COO of the Company
Jan. 2016	Director, President and CEO (Representative Director), LIXIL Corporation
Mar. 2016	Director, President and CEO (Representative Director) and LIXIL Water Technology CEO, LIXIL Corporation
May 2016	Director, GraceA Co., Ltd. (Representative Director)
Jun. 2016	Director, Representative Executive Officer, President and CEO of the Company
Nov. 2016	Director, President and CEO (Representative Director), LIXIL Water Technology CEO and LIXIL Housing Technology CEO, LIXIL Corporation
Apr. 2018	Director, Representative Executive Officer, President and CEO, LIXIL Water Technology CEO, and LIXIL Housing Technology CEO of the Company (current position)
Apr. 2018	Director, President and CEO (Representative Director), LIXIL Corporation (current position)

Reasons for nominating Mr. Kinya Seto as a candidate for the role of the Director

Mr. Kinya Seto has demonstrated his abilities through his deep involvement in the decision-making in relation to important business execution of the Group with his strong leadership and making use of his extensive experience and wealth of knowledge as a business manager of multiple corporations. As such, it is expected that he will be able to fulfill his responsibilities of explanation to the Board of Directors as a Representative Executive Officer and contribute to the strengthening of the Company's governance system through his involvement as a Director in the decision-making on important management matters. For these reasons, the Company recommends him as a Director candidate.

Reappointment / Non-executive

Yoshizumi Kanamori

(January 23, 1954)

Candidate Number

3

[Number of shares of the Company owned by the candidate]
13,000

[Area of Responsibility]
Audit Committee Member

Brief personal profile, position and responsibility in the Company, and important concurrently-held positions

Apr. 1977	Joined the Company
May 1995	General Manager, Planning Management Department, Accounting Division
Jun. 2000	Operating Officer and General Manager, Accounting Department, Accounting Division
Oct. 2001	Operating Officer and Manager, Accounting Supervisory Group
May 2004	Operating Officer and Manager, Strategy Planning Office
Feb. 2007	Operating Officer and General Manager, Accounting and Finance Department and Strategy Planning Office
Jun. 2007	Director in charge of accounting and finance
Feb. 2010	Director in charge of accounting
Apr. 2010	Director, Senior Managing Operating Officer and CFO
Apr. 2011	Director, Senior Managing Operating Officer and CFO in charge of accounting and finance
Apr. 2011	Director, Senior Managing Operating Officer and CFO, LIXIL Corporation
Jun. 2011	Director, Executive Officer and Senior Managing Officer in charge of accounting and finance and CFO of the Company
Nov. 2011	Director and Senior Managing Operating Officer, LIXIL Corporation
Jun. 2012	Director, LIXIL VIVA Corporation
Apr. 2014	Director, Executive Officer and Senior Managing Officer in charge of finance of the Company
Jun. 2016	Director, LIXIL VIVA Corporation (Audit and Supervisory Committee Member) (current position)
Jun. 2016	Director, Audit Committee Member and Compensation Committee Member of the Company
Jun. 2017	Director and Audit Committee Member of the Company (current position)

Reasons for nominating Mr. Yoshizumi Kanamori as a candidate for the role of the Director

Mr. Yoshizumi Kanamori has been involved in the work and management of accounting and finance, etc., and has a wealth of experience and knowledge. Currently, he gives accurate comments from time to time as a non-executive Director, demonstrates his abilities as an Audit Committee Member, and is making an effort to strengthen the Company's governance system. Based on the foregoing, it is expected that the Board of Directors' supervisory function will be maintained and strengthened through supervision of the Executive Officers' duties. For these reasons, the Company recommends him as a Director candidate.

Reappointment / Non-executive

Yoshinobu Kikuchi

(April 28, 1945)

Candidate Number

4

[Number of shares of the Company owned by the candidate]
21,100

[Area of responsibility (committee)]
Compensation Committee Member

Brief personal profile, position and responsibility in the Company, and important concurrently-held positions

Jan. 1969	Joined the Company
Dec. 1991	Manager, General Affairs Division of Personnel Planning and General Affairs Department
Nov. 1992	Manager, General Affairs Department of Residential Building Materials Division
Nov. 1998	Manager, Personnel Planning and General Affairs Department and Sales Personnel Planning and General Affairs Department
Jun. 1999	Managing Operating Officer and Manager, Personnel Planning and General Affairs Department
Oct. 2001	Managing Operating Officer and Manager, Personnel Planning Supervisory Group
Jan. 2005	Managing Operating Officer and Manager, Personnel Planning and General Affairs Supervisory Group and Corporate Planning Supervisory Group
Feb. 2007	Managing Operating Officer and Manager, Personnel Planning and General Affairs Department and Business Fostering Department
Jun. 2007	Director and Manager, Personnel Planning and General Affairs Department and Business Fostering Department
Apr. 2008	Director in charge of personnel, general and legal affairs
Apr. 2009	Director, Vice President and Operating Officer, TOSTEM CORPORATION (currently LIXIL Corporation)
Jun. 2010	Vice President and Operating Officer, Housing, Real Estate and Other Business CEO in charge of personnel planning of the Company
Apr. 2011	Executive Vice President and Operating Officer in charge of personnel planning, LIXIL Corporation
Jun. 2011	Executive Officer, Vice President in charge of personnel planning, general affairs, legal affairs and real estate of the Company
Apr. 2012	Executive Officer and Vice President in charge of real estate
Apr. 2012	Vice President and Operating Officer, LIXIL Corporation
Jun. 2012	Director and Chairperson of the Audit Committee of the Company
Jun. 2016	Director and Compensation Committee Member of the Company (current position)
Jun. 2016	Director, Comany Inc. (Outside Director) (current position)

Reasons for nominating Mr. Yoshinobu Kikuchi as a candidate for the role of the Director

Mr. Yoshinobu Kikuchi has been involved in the work and management of human resources and general affairs etc., for many years, and has a wealth of experience and knowledge. Currently, he gives accurate comments from time to time as a non-executive Director, has demonstrated his abilities as a Compensation Committee Member and is making an effort to strengthen the Company's governance system. Based on the foregoing, it is expected that the Board of Directors' supervisory function will be maintained and strengthened through supervision of the Executive Officers' duties. For these reasons, the Company recommends him as a Director candidate.

Reappointment / Non-executive

Candidate Number

Keiichiro Ina

(March 24, 1949)

5

[Number of shares of the Company owned by the candidate]
435,900

[Area of responsibility (committee)]
Compensation Committee Member

Brief personal profile, position and responsibility in the Company, and important concurrently-held positions

Apr. 1974	Joined Ina Seito Co., Ltd. (currently LIXIL Corporation)
Jan. 1998	Director and General Manager, Aqua Business, Housing-related Division, Ina Seito Co., Ltd.
Oct. 2001	Director of the Company
Apr. 2003	Director of the Company in charge of audit, IR and public relations and accounting and finance
Jul. 2006	Director of the Company in charge of IR and public relations
Apr. 2008	Director of the Company in charge of CSR
Jun. 2009	Director of the Company
Jun. 2017	Director and Compensation Committee Member of the Company (current position)

Reasons for nominating Mr. Keiichiro Ina as a candidate for the role of the Director

Mr. Keiichiro Ina has been involved in the work and management of IR and public relations etc., for many years and has a wealth of experience and knowledge. Currently, while providing insightful commentary as a non-executive Director, he utilizes his experience, has demonstrated his abilities and is making an effort to strengthen the Company's governance system as a Compensation Committee Member. Based on the foregoing, it is expected that the Board of Directors' supervisory function will be maintained and strengthened through supervision of the Executive Officers' duties. For these reasons, the Company recommends him as a candidate for the role of a Director.

Reappointment / Outside / Independent

Tsutomu Kawaguchi

(September 28, 1946)

Candidate Number

6

[Number of shares of the Company owned by the candidate]
0

[Area of responsibility (committee)]
Chairperson of the Audit Committee

[Term of office served as at the end of this General Meeting of Shareholders]
7 years

Brief personal profile, position and responsibility in the Company, and important concurrently-held positions

Feb. 1971	Joined Chuo Audit Corporation
Mar. 1974	Registered as a certified public accountant
Jul. 1979	Partner, Chuo Audit Corporation
Mar. 1983	Representative Partner, Chuo Audit Corporation
Apr. 2002	Visiting Professor, Chuo University
Aug. 2007	Representative Partner, Grant Thornton Taiyo ASG Audit Corporation (currently Grant Thornton Taiyo ASG)
Jul. 2010	Auditor (Outside Auditor), FreeBit Co., Ltd. (current position)
Jun. 2011	Director (Outside Director) and Chairperson of the Audit Committee of the Company
Jun.2012	Director (Outside Director) and Audit Committee Member of the Company
Jun. 2014	Director (Outside Director), VINX CORP. (current position)
Mar. 2015	Director (Outside Director), Cybernet Systems Co., Ltd.
Jun. 2016	Director (Outside Director) and Chairperson of the Audit Committee of the Company (current position)

Reasons for nominating Mr. Tsutomu Kawaguchi as a candidate for the role of the Outside Director
Mr. Tsutomu Kawaguchi has specialized knowledge and extensive experience in finance and accounting gained as a certified public accountant, and currently fulfills his role as an Outside Director in a proper manner, principally in supervising decision-making on important management matters and business execution. It is for these reasons that the Company recommends him as an Outside Director candidate.

Reasons for determining that Mr. Tsutomu Kawaguchi is able to appropriately perform the duties as an Outside Director
Although Mr. Tsutomu Kawaguchi has never been directly involved in corporate management, he is well versed in corporate accounting as a certified public accountant and has sufficient insight into the supervision of corporate management. The Company has therefore determined that he will properly perform his duties as an Outside Director.

Reappointment / Outside / Independent

Candidate Number

Main Kohda

(real name: Tokuko Sawa)

(April 25, 1951)

7

[Number of shares of the Company owned by the candidate]
0

[Area of responsibility (committee)]
Compensation Committee Member

[Term of office served as at the end of this General Meeting of Shareholders]
5 years

Brief personal profile, position and responsibility in the Company, and important concurrently-held positions

Sep. 1995	Started to work independently and work continuously up to the present date as a writer
Jan. 2003	Member of the Fiscal System Council, Ministry of Finance (Japan)
Apr. 2004	Visiting professor, Faculty of Economics, Shiga University
Mar. 2005	Member of the Council for Transport Policy, Ministry of Land, Infrastructure, Transport and Tourism
Nov. 2006	Member of the Tax Commission, Cabinet Office, Government of Japan
Jun. 2010	Member of the Board of Governors, Japan Broadcasting Corporation
Jun. 2012	Director (Outside Director), JAPAN TOBACCO INC. (current position)
Jun. 2013	Director (Outside Director) and Compensation Committee Member of the Company (current position)
Jun. 2016	Director (Outside Director), Japan Exchange Group, Inc. (current position)

Reasons for nominating Ms. Main Kohda as a candidate for the role of the Outside Director

In addition to her profound knowledge of international finance, Ms. Main Kohda has deep insight and objective perspective as a writer and has wide-range of experiences as a member of the councils for Ministry of Finance and Ministry of Land, Infrastructure, Transport and Tourism. She currently fulfills her role as an Outside Director in a proper manner, principally in supervising decision-making on important management matters and business execution. It is for these reasons that the Company recommends her as an Outside Director candidate.

Reappointment / Outside / Independent

Barbara Judge

(December 28, 1946)

Candidate Number

8

[Number of shares of the Company owned by the candidate]
0

[Area of responsibility (committee)]
Chairperson of the Compensation Committee

[Term of office served as at the end of this General Meeting of Shareholders]
3 years

[Important concurrently-held positions]
Chairman, LoopUp Group Plc
Chairman, CIFAS

Brief personal profile, position and responsibility in the Company, and important concurrently-held positions

Sep. 1969	Attorney, Paul, Weiss, Rifkind, Wharton and Garrison
Feb. 1973	Attorney, Kaye, Scholer, Fierman, Hays and Handler
Sep. 1980	Commissioner, United States Securities and Exchange Commission
Dec. 1983	Mainboard Executive Director, Samuel Montagu & Co. Ltd.
Oct. 1987	Senior Vice President and Group Head, Bankers Trust Company
Sep. 1990	Managing Director, Cramer Rosenthal McGlynn Inc.
Jan. 1993	Main Board Executive Director, News International plc
Apr. 1994	Deputy Chairman, Friends Provident plc
Mar. 1996	Chairman, Whitworths Group Ltd. and Scotia Haven Group
Jan. 2000	Founder and Chairman, Private Equity Investor plc
Mar. 2000	Outside Director, Portmeirion Group PLC
Sep. 2002	Director, United Kingdom Atomic Energy Authority
Jul. 2004	Chairman, United Kingdom Atomic Energy Authority
Mar. 2007	Outside Director, NV Bekaert SA
Sep. 2007	Outside Director, Magna International Inc
May. 2010	Chairman, United Kingdom Pension Protection Fund
May. 2015	Chairman, United Kingdom Institute of Directors
Jun.2015	Director of the Company (Outside Director)
Jun. 2016	Director (Outside Director) and Compensation Committee Member of the Company
Aug. 2016	Chairman, LoopUp Group Plc (current position)
Feb. 2017	Senior Independent Director, Glenveagh Properties PLC (current position)
Jun. 2017	Director (Outside Director) and Chairperson of the Compensation Committee of the Company (current position)
Sep. 2017	Chairman, CIFAS (current position)

Reasons for nominating Ms. Barbara Judge as a candidate for the role of the Outside Director

Ms. Barbara Judge reflects a global viewpoint in the Board of Directors of the Company based on her extensive experience and knowledge in companies and public service, including as a Commissioner of the United States Securities and Exchange Commission, for many years. Currently, she fulfils her role as an Outside Director sufficiently by supervising decision-making on important management matters and business execution. It is for these reasons that the Company recommends her as an Outside Director candidate.

Reappointment / Outside / Independent

Hirokazu Yamanashi

(April 18, 1954)

Candidate Number

9

[Number of shares of the Company owned by the candidate]
0

[Area of responsibility (committee)]
Chairperson of the Nomination Committee and Compensation Committee Member

[Term of office served as at the end of this General Meeting of Shareholders]
2 years

[Important concurrently-held positions]
Director (Representative Director), Hirokazu Yamanashi Office Corporation

Brief personal profile, position and responsibility in the Company, and important concurrently-held positions

Apr. 1978	Joined Fuji Photo Film Co., Ltd. (currently FUJIFILM Holdings Corporation)
Jan. 1990	Joined McKinsey & Company
Jul. 1995	Principal (Partner), McKinsey & Company
Jul. 2003	Director (Senior Partner), McKinsey & Company
Apr. 2014	Advisor in charge of Internal Affairs, AEON CO, LTD.
Apr. 2014	Executive Officer and Senior Managing Director in charge of Internal Affairs, AEON CO, LTD.
Feb. 2015	Executive Officer in charge of Corporate Planning, AEON CO, LTD.
Feb. 2015	Executive Officer in charge of Corporate Planning and E-Money Business, AEON CO, LTD.
Mar. 2016	Executive Officer, AEON CO, LTD.
May 2016	Director (Representative Director), Hirokazu Yamanashi Office Corporation (current position)
Jun. 2016	Director (Outside Director), Chairperson of the Compensation Committee and Nomination Committee Member of the Company
Jun. 2017	Director (Outside Director), Chairperson of the Nomination Committee and Compensation Committee Member of the Company (current position)

Reasons for nominating Mr. Hirokazu Yamanashi as a candidate for the role of the Outside Director
Mr. Hirokazu Yamanashi has specialized experience and knowledge gained through his business consultancy work and extensive experience and knowledge gained from being in charge of internal affairs and serving as an executive officer in charge of business planning of a listed company. The Company believes that these experiences and knowledge will be reflected in the Board of Directors of the Company and that he is fulfilling his role as Outside Director sufficiently in the decision-making on important management matters of the Company and supervising business execution. For these reasons, the Company recommends him as an Outside Director candidate.

Reappointment / Outside / Independent

Hiroto Yoshimura

(November 6, 1948)

Candidate Number

10

[Number of shares of the Company owned by the candidate]
0

[Area of responsibility (committee)]
Nomination Committee Member and Audit and Supervisory Committee Member

[Term of office served as at the end of this General Meeting of Shareholders]
1 year

Brief personal profile, position and responsibility in the Company, and important concurrently held positions

Jul. 1971	Joined National Police Agency
Jan. 1991	Chief, Criminal Investigation Section, Osaka Prefectural Police Headquarters
Feb. 1995	Chief, Kagoshima Prefectural Police Headquarters
Jan. 1997	Chief, Criminal Investigation Section, Tokyo Metropolitan Police Department
Jan. 1999	General Councilor, Secretariat of Director-General, National Police Agency
Sep. 2001	Superintendent, Criminal Investigation Bureau, National Police Agency
Aug. 2002	Chief, Secretariat of Director-General, National Police Agency
Aug. 2004	Assistant Director-General, National Police Agency
Aug. 2007	Director-General, National Police Agency (resigned in June 2009)
Dec. 2010	President, Police Personnel Mutual Aid Association (resigned in November 2016)
Jun. 2017	Director (Outside Director), Nomination Committee Member and Audit and Supervisory Committee Member of the Company (current position)

Reasons for nominating Mr. Hiroto Yoshimura as a candidate for the role of the Outside Director
Mr. Hiroto Yoshimura has a wealth of experience working in police administrative organizations, as well as extensive experience in personnel and organizational reform and compliance expertise, and currently plays an appropriate role in the major management decision-making and business execution of the Company as an Outside Director. For these reasons, the Company recommends him as an Outside Director candidate.

Reasons for determining that Mr. Hiroto Yoshimura is able to appropriately perform the duties as an Outside Director
Although Mr. Hiroto Yoshimura has never been directly involved in corporate management, he has wealth of experience in the management and operation of police administrative organizations and sufficient expertise to supervise corporate management. The Company has therefore determined that he will properly perform his duties as an Outside Director.

New Appointment / Non-executive

Haruo Shirai

(February 25, 1952)

Candidate Number

11

[Number of shares of the Company owned by the candidate]
0

Brief personal profile, position and responsibility in the Company, and important concurrently held positions

Mar. 1974	Joined the Company
Apr. 1997	Tohoku Branch Manager of the Company
Jun. 1999	Operating Officer and Tohoku Branch Manager of the Company
Apr. 2001	Operating Officer and Exterior Fittings Department Manager of the Company
Oct. 2001	Operating Officer and Exterior Fittings Department Manager, Tostem Corporation (currently LIXIL Corporation)
May 2003	Operating Officer and Housing Equipment Department Manager, Tostem Corporation
May 2006	Managing Operating Officer and Housing Equipment Division Head, Tostem Corporation
Jul. 2006	Managing Operating Officer and Housing Equipment Department Manager, Building Materials Division, Tostem Corporation
Oct. 2006	Director, Managing Operating Officer and Housing Equipment Product Division Head, Tostem Corporation
Apr. 2008	Director, Senior Managing Operating Officer and Sales Division Head, Tostem Corporation
Apr. 2011	Vice President, Operating Officer and Sales Company Sales Division Head, Tostem Corporation
Apr. 2012	Vice President, Operating Officer and Sales Company President, LIXIL Japan Company, Tostem Corporation
Jun. 2012	Director, Vice President, Operating Officer and Sales Company President, LIXIL Japan Company, Tostem Corporation
Jun. 2012	Executive Officer and Vice President in charge of Domestic Sales of the Company
Apr. 2013	Director, Vice President, Operating Officer and LIXIL Japan Company President, LIXIL Corporation
Apr. 2014	Executive Officer and Vice President in charge of Japan Sales of the Company
Apr. 2015	Director, Vice President, Operating Office and LIXIL Japan Company CEO, LIXIL Corporation
Jun. 2016	Executive Officer and Vice President in charge of Domestic Sales of the Company
Jul. 2016	Director, Vice President and LIXL Japan Company CEO, LIXIL Corporation
Jun. 2017	Director and Vice President, LIXIL Corporation (current position)
Jun. 2017	Executive Officer and Vice President in charge of Domestic Subsidiaries of the Company (current position)

Reasons for nominating Mr. Haruo Shirai as a candidate for the role of the Director

With a wealth of experience and knowledge gained from many years in business and management in Japan as CEO of LIXIL Japan Company, and having shown his abilities as Executive Vice President of the Company, Mr. Shirai is expected to take part in the high-level managerial decision-making of the Company as a Non-executive Director, and maintain and enhance the supervisory function through supervision of the duties of Executive Officers. For these reasons, the Company recommends him as a Director candidate.

Note: Mr. Shirai will resign as Executive Officer of the Company due to the end of his term of office as of the close of the first meeting of the Board of Directors to be convened after this Annual General Meeting of Shareholders of the Company and resign as Director of LIXIL Corporation due to the end of his term of office as of the close of the Annual General Meeting of Shareholders of LIXIL, becoming a Non-executive Director.

New Appointment / Non-executive

Ryuichi Kawamoto

(October 8, 1952)

Candidate Number

12

[Number of shares of the Company owned by the candidate]
16,752

Brief personal profile, position and responsibility in the Company, and important concurrently held positions

Apr. 1976	Joined Ina Seito Co., Ltd. (Current LIXIL Corporation)
Jan. 2000	Director, Living Space Business Division, Facilities Division Head, Ina Seito Co., Ltd.
Apr. 2003	Director, Corporate Planning Department Head and Marketing Department Head, Ina Seito Co., Ltd.
Jun. 2003	Managing Director, Corporate Planning Department Head and Marketing Department Head, Ina Seito Co., Ltd
Apr. 2004	Managing Director, Tile Building Materials Division Head and Marketing Department Head, Ina Seito Co., Ltd.
Jun. 2004	Director, Managing Director and Operating Officer, Tile Building Materials Division Head, Ina Seito Co., Ltd.
Jun. 2006	Director, Senior Managing Director and Operating Officer, Division Head, Business Division and Global Business, Ina Seito Co., Ltd.
Jun. 2007	Director and President, President and Operating Officer (Representative Director), Ina Seito Co., Ltd.
Apr. 2011	Director, Senior Vice President and Operating Officer, Metal & Architectural Materials Company President, Ina Seito Co., Ltd.
Jun. 2011	Executive Officer and Vice President in charge of Metal & Architectural Materials of the Company
Jun. 2012	Director, Senior Vice President and Operating Officer, Metal & Architectural Materials Business President (Representative Director), LIXIL Corporation
Jun. 2012	Representative Executive Officer and Vice President in charge of Metal & Architectural Materials of the Company
Apr. 2013	Representative Executive Officer and Vice President in charge of Product Development / Production of the Company
Apr. 2013	Director, Senior Vice President and Operating Officer, Products Company President (Representative Director), LIXIL Corporation
Apr. 2014	Representative Executive Officer and Vice President in charge of Product / Technology Development of the Company
Apr. 2014	Director, Senior Vice President and Operating Officer and CTO (Representative Director), LIXIL Corporation
Apr. 2015	Representative Executive Officer and Vice President in charge of Quality and Technology of the Company
Apr. 2015	Senior Vice President and Operating Officer and CTO, LIXIL Corporation
Nov. 2015	Representative Executive Officer and Vice President in charge of Quality, Technology and Environment of the Company
Mar. 2016	Senior Vice President and Operating Officer, CTO and LIXIL Water Technology CMOO, LIXIL Corporation
Jun. 2016	Director, Senior Vice President and Operating Officer, CTO and LIXIL Water Technology CMOO, LIXIL Corporation
Jun. 2016	Director, Representative Executive Officer and Vice President in charge of Quality, Technology and Environment of the Company
Jul. 2016	Director, Vice President, CTO, Quality Division Manager and LIXIL Water Technology CMOO, LIXIL Corporation
Apr. 2017	Director, Vice President, CTO and LIXIL Water Technology CMOO, LIXIL Corporation
Jun. 2017	Representative Executive Officer and Executive Vice President of Production Optimization of the Company (current position)
Apr. 2018	Vice President and CTO, LIXIL Corporation (current position)

* CTO: Chief Technology Officer; CMOO: Chief Manufacturing Optimization Officer

Reasons for nominating Mr. Ryuichi Kawamoto as a candidate for the role of the Director
With a wealth of experience and expertise as a manager from having worked in positions including Representative

Director of LIXIL Corporation, and having shown his abilities as Representative Executive Officer and Executive Vice President, Production Optimization of the Company, Mr. Kawamoto is expected to take part in the high-level managerial decision-making of the Company as a Non-executive Director, and maintain and enhance the supervisory function through supervision of the duties of Executive Officers. For these reasons, the Company recommends him as a Director candidate.

Note: Mr. Kawamoto will resign as Representative Executive Officer of the Company due to the end of his term of office as of the close of the first meeting of the Board of Directors to be convened after this Annual General Meeting of Shareholders of the Company and resign as Director of LIXIL Corporation due to the end of his term of office as of the close of the Annual General Meeting of Shareholders of LIXIL, becoming a Non-executive Director.

Notes:

1. The respective candidates and the Company do not share any special interests.

2. The Company has set forth in Article 30, Paragraph 2 of the current Articles of Incorporation that the Company may enter into an agreement with each Outside Director which limits the liability for damages of each Outside Director to the Company. Pursuant to this provision, the Company has entered into such liability limitation agreements with Mr. Tsutomu Kawaguchi, Ms. Main Kohda, Ms. Barbara Judge, Mr. Hirokazu Yamanashi and Mr. Hiroto Yoshimura respectively, and if the election of Mr. Tsutomu Kawaguchi, Ms. Main Kohda, Ms. Barbara Judge, Mr. Hirokazu Yamanashi and Mr. Hiroto Yoshimura is approved at this General Meeting of Shareholders, the Company will continue its liability limitation agreements with Mr. Tsutomu Kawaguchi, Ms. Main Kohda, Ms. Barbara Judge, Mr. Hirokazu Yamanashi and Mr. Hiroto Yoshimura.
   The content of such agreements can be summarized as follows:
   - If any liability for damages to the Company arises as a result of an Outside Director's negligence in performing his or her duties, such Outside Director shall be liable to the Company up to the higher of 10 million yen or any amount prescribed by applicable laws and regulations.
   - The aforementioned limitation of liability is applicable only if such Outside Director has acted in good-faith and has not been grossly negligent in performing his or her duties which have caused the liability.

3. The Company has notified each domestic stock exchange on which the Company is listed of the names of Mr. Tsutomu Kawaguchi, Ms. Main Kohda, Ms. Barbara Judge, Mr. Hirokazu Yamanashi and Mr. Hiroto Yoshimura as independent officers, and if the election of Mr. Tsutomu Kawaguchi, Ms. Main Kohda, Ms. Barbara Judge, Mr. Hirokazu Yamanashi and Mr. Hiroto Yoshimura is approved at this General Meeting of Shareholders, the Company will continue the notifications of Mr. Tsutomu Kawaguchi, Ms. Main Kohda, Ms. Barbara Judge, Mr. Hirokazu Yamanashi and Mr. Hiroto Yoshimura as independent officers.
   Each of Mr. Tsutomu Kawaguchi, Ms. Main Kohda, Ms. Barbara Judge, Mr. Hirokazu Yamanashi and Mr. Hiroto Yoshimura satisfies the independence criteria prescribed by the Company (next page).

[Reference] Independence criteria of an Outside Director of the Company

The Company prescribes below criteria for the purpose of securing of independence of an Outside Director.

1. The Company considers an outside director to be independent unless he or she is:

(1) A shareholder, or an executing person of such shareholder (an executing person means an "executing person" provided in Article 2, Paragraph 3, Item 6 of the Ordinance for Enforcement of the Companies Act; the same shall apply hereafter in this page), who holds 10% or more of the voting rights of the Company;

(2) An executive officer of a company of which the Company holds 10% or more of the voting rights;

(3) A business partner whose transactions with the Group exceed an amount of 2% or more of the consolidated gross revenue of either the Group or such business partner in a fiscal year, or an executive officer of such business partner:

(4) A financial institution or other major creditor which is essential for the financing of the Group and on which such financing is irreplaceably dependent on, or an executing person thereof;

(5) A member, partner or employee of the audit firm or tax accountant firm which is an accounting auditor or accounting advisor of the Group;

(6) A person receiving a donation or subsidy of 10 million yen or more from the Group in a fiscal year, or if the person receiving the donation or subsidy is a corporation, partnership or other organization (the "Juridical Persons, etc."), an executing person of the Juridical Persons, etc. receiving a donation or subsidy of more than 2% of the consolidated gross revenues of such Juridical Persons, etc. from the Group in a fiscal year;

(7) A person receiving monetary payments or other financial assets of 10 million yen or more from the Group as a lawyer, accountant, tax accountant, consultant or other professional advisor, besides the director compensation, or if a person receiving such financial assets is a juridical person, partnership or other organization such as a legal professional corporation, law firm, audit corporation, tax accountant corporation or consulting firm (the "Law Firm, etc."), a person belonging to the Law Firm, etc. receiving monetary payments or other financial assets of more than 2% of the Law Firm, etc.'s annual gross revenues from the Group;

(8) A person whose spouse, a relative within the second degree of kinship or a relative who lives with such person corresponds to any of subsections (1) through (7) of this paragraph;

(9) A person who corresponded to any of subsections (1) through (8) of this paragraph in the past five years; or

(10) An executing person of a company to which an executing person (meaning an executive director, executive officer, operating officer, manager or other employees, notwithstanding subsection (1) in this paragraph) of the Group serves as an officer of such company.

2. The Board of Directors shall monitor on an ongoing basis whether persons serving as outside directors continue to satisfy the criteria set forth in the preceding paragraph.

END OF PROPOSAL

(Attached Documents)

Business Report for the 76th Fiscal Year
(From April 1, 2017 to March 31, 2018)

1. Matters regarding the current state of the Company Group

The Company began preparing its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) in the last consolidated fiscal year. Because the Company determined to sell consolidated subsidiary Permasteelisa S.p.A. in August 2017, Permasteelisa S.p.A. and its subsidiaries are categorized as discontinued operations in accordance with IFRS. For this reason, revenue, operating income, operating profit, and pre-tax profit are recorded for continued operations net of discontinued operations, and we applied the same to the last year's results.

(1) Business developments and their results

The Japanese economy has shown signs of gradual but steady recovery this fiscal year thanks to increased exports and capital spending as the global economy remains strong for a second consecutive year. In residential investment, the number of new housing developments decreased 2.8% on year to 946,000 properties, in reaction to the decrease in both home ownership and rental properties contrary to last year's increase. The renovation market was overall largely unchanged from last year, save for a downturn in the area of expansion works.

The United States, European and Chinese economies have been buoyed up by continued strong consumer spending and investment as well as growth in trade since last year. Trade between Asian countries was also high, showing double digit growth which pushed up the world economy as a whole. On the other hand, the United States' switch to conservative trade policies became more apparent, which led to new concerns about the growing risk of trade friction.

In this context, the Company's revenue has increased to 1,664,817 million yen this consolidated fiscal year (up 1.9% on year), despite the effects of selling subsidiaries in the preceding consolidated fiscal year, due to active marketing and sustained high spending in plumbing fixtures both in Japan and overseas. Turning to profits, although gross profit increased due to higher revenue and continued cost reductions, operating income fell 16.1% on year to 75,319 million yen due to increased materials costs, greater distribution expenses due to higher sales, an overall increase in selling, general and administrative expenses from prior investment including marketing expenses and IT systems depreciation, and other factors. Meanwhile, due to accounting for the sale of subsidiaries and real estate as part of asset right-sizing and a reduction in impairment loss, among other factors, operating profit increased by 16.9% on year to 80,949 million yen, and pre-tax profit grew to 89,997 million yen (up 27.6% on year) despite the loss of the temporary gain on valuation due to exchange rate effects that was recorded in the previous consolidated fiscal year, thanks in part to the profit from disposition of equity interests in some affiliated companies and a reduction in payable interest following the repayment of debts. As a result, the profit for the year from continued operations grew to 68,450 million yen (up 42.7% on year).

The loss from discontinued operations for the year was 11,788 million yen (compared to 6,078 million yen for the previous year), which resulted in a profit attributable to the owners of the parent (net of non-controlling interest) of 54,581 million yen (up 28.4% on year).

Note: Operating income is calculated by deducting cost of sales and selling, general and administrative expenses from revenue.

The overall conditions for each business sector are as follows. The revenue for each business is before accounting for inter-business transactions, and operating income is before deduction of company-wide expenses.

[Water Technology Business]

In the Water Technology Business, revenue increased by 8.1% on year to 715,861 million yen due to the success of active marketing of the Satis integrated toilets, which use new Aqua Ceramic materials to stay "one hundred years clean as new," SPAGE system bathrooms, and other mid- to top-range products in Japan and overseas, which also led to a 4.0% on-year increase in operating income to 67,673 million yen.

[Housing Technology Business]

In the Housing Technology Business, while measures were implemented to increase renovation demand by expanding LIXIL PATTO Reform products such as the window renovation product Reframe Replus, revenue decreased 1.6% on year to 535,204 million yen, due in part to the effects of selling subsidiaries in the last consolidated fiscal year. Despite efforts to increase gross margins by reducing costs, operating income decreased 29.8% on year to 27,525 million yen as a result of increased competition and distribution costs.

[Building Technology Business]

In the Building Technology Business, despite selectively accepting orders in the domestic market in a continued effort to increase gross margins, revenue decreased to 106,971 million yen (a 3.1% decrease on year) due in part to delays in project completion dates, and operating income decreased 37.0% on year to 3,418 million yen.

[Kitchen Technology Business]

In the Kitchen Technology Business, continuing from last consolidated fiscal year, our plan to use television advertisements and other promotion to increase sales of medium-to-high-end flagship products, such as the beautifully designed and delightful-to-use integrated kitchen "RICHELLE SI," led to a 4.5% on-year increase in revenue to 119,950 million yen, which, combined with further cost reductions thanks to an increase in capacity utilization, brought a 42.7% on-year increase in operating income to 6,160 million yen.

[Distribution and Retail Business]

In the Distribution and Retail Business, our establishment of new stores such as "SUPER VIVA HOME Ogaki," which is an evolutionary home center that proposes new ways of life, led to a revenue increase of 0.9% on year to 173,520 million yen, but in spite of efforts to increase gross margins in renovation products and reduce operating expenses at existing stores, due to increased expenses at new and now-closed locations and other factors, operating income decreased 5.0% on year to 6,938 million yen.

[Housing and Services Business]

In the Housing and Services Business, while our focus has been on increasing

sales of new products designed to meet the ZEH (net zero-energy house) standard, such as the new series of CESIBO promoting healthy, comfortable living and VERDEA, which has a passive design that utilizes the power of nature to nurture human lifestyles, due in part to the removal of some subsidiaries from the consolidated accounts in the previous fiscal year, revenue decreased 18.8% on year to 52,298 million yen, and this combined with accounting for the allowance for doubtful accounts meant that operating income decreased 42.6% on year to 2,535 million yen.

Revenue and operating income by business

Business Category	2017 Consolidated Fiscal Year (April 1, 2016 to March 31, 2017)		2018 Consolidated Fiscal Year (April 1, 2017 to March 31, 2018)		Year-on-year increase/decrease	
	Revenue	Operating Income	Revenue	Operating Income	Revenue	Operating Income
	million yen	million yen	million yen	million yen	%	%
Water Technology Business	662,408	65,071	715,861	67,673	8.1	4.0
Housing Technology Business	544,128	39,212	535,204	27,525	(1.6)	(29.8)
Building Technology Business	110,380	5,429	106,971	3,418	(3.1)	(37.0)
Kitchen Technology Business	114,735	4,318	119,950	6,160	4.5	42.7
Distribution and Retail Business	172,005	7,304	173,520	6,938	0.9	(5.0)
Housing and Services Business etc.	64,381	4,413	52,298	2,535	(18.8)	(42.6)
Deletion or Common throughout Company	(34,808)	(35,966)	(38,987)	(38,930)	-	-
Total	1,633,229	89,781	1,664,817	75,319	1.9	(16.1)

Note: Businesses categorized as discontinued operations are not included.

(2) Status of capital investment

The amount of capital investment for this consolidated fiscal year is 73,855 million yen. Most of the amount was for the investment in new product development and increasing production capacity, and the remainder was for streamlining and investment in the maintenance and renewal of facilities.

(3) Status of financial arrangements

In this consolidated fiscal year, 23,947 million yen was procured through long-term loans, for appropriation to refinancing funds for consolidated subsidiaries.

The Company also acquired funds of 41,528 million yen through the sale of part of its shares of LIXIL Viva Corporation ("LIXIL Viva") and new issues of LIXIL Viva shares in connection with the public listing of LIXIL Viva.

(4) Status of transfers of rights and obligations in the business of other corporations, etc. due to absorption-type merger or demerger

The Company acquired GraceA Co., Ltd. through an absorption-type merger on March 2, 2018.

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

companies

The Company resolved at the Board of Directors meeting on August 21, 2017 to sell 100% of the issued stock of Permasteelisa S.p.A. ("Permasteelisa") held by LIXIL Corporation to Grandland Holdings Group Limited, and a Stock Purchase Agreement was executed on that date. This share sale is subject to approval by the regulatory authorities of all relevant countries. The Company judges that approval by the regulatory authorities of all relevant countries is likely to be received, and therefore categorizes Permasteelisa and its subsidiaries as discontinued operations on the assumption that approval will be received.

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

International Financial Reporting Standards (IFRS)

Category	2015 Consolidated Fiscal Year (April 1, 2014 to March 31, 2015)	2016 Consolidated Fiscal Year (April 1, 2015 to March 31, 2016)	2017 Consolidated Fiscal Year (April 1, 2016 to March 31, 2017)	2018 Consolidated Fiscal Year (April 1, 2017 to March 31, 2018)
Revenue (million yen)	1,705,427	1,890,450	1,633,229	1,664,817
Operating income (million yen)	51,722	70,069	89,781	75,319
Operating profit (yen)	48,041	39,011	69,251	80,949
Profit/loss for the year attributable to owners of the parent (million yen)	30,864	(25,605)	42,503	54,581
Basic profit/loss per share (yen)	105.80	(89.33)	148.01	189.13
Total assets (million yen)	1,915,427	2,130,120	2,042,165	2,107,131
Equity attributable to owners of the parent (million yen)	583,747	524,806	547,244	616,897
Equity attributable to owners of the parent per share (yen)	2,038.56	1,828.84	1,902.18	2,128.77
Equity ratio attributable to owners of the parent (%)	30.5	24.6	26.8	29.3

Notes:

1. The Company started using the International Financial Reporting Standards (IFRS) this consolidated fiscal year under Article 120 (1) of the Rules of Corporate Accounting in the 2017 consolidated fiscal year. We have also included the IFRS figures for the 2015 and 2016 consolidated fiscal years for reference.
2. Operating income is calculated by deducting cost of sales and selling, general and administrative expenses from revenue.
3. Becuase the Company resolved to sell its subsidiary Permasteelisa S.p.A. in August 2017, Permasteelisa and its subsidiaries are categorized as discontinued operations for the 2018 consolidated fiscal year, and revenue, operating income and operating profit for the 2017 consolidated fiscal year are restated to reflect this change. For this reason, revenue, operating income and operating profit for the 2017 and 2018 consolidated fiscal years use the figures for continued operations, not including discontinued operations.

(7) Issues to be dealt with

LIXIL Group established a new Medium-Term Strategic Plan, "Toward Sustainable Growth," which it announced on November 6, 2017. In order to achieve

long-term, sustainable growth, the Medium-Term Strategic Plan sets out three phases starting from FYE2017, and the three-year period from FYE2019 to FYE2021 is positioned as the phase in which to focus on strengthening profitability.



[Key Financial Targets]

In the Medium-Term Strategic Plan, LIXIL Group has outlined financial targets that reflect the establishment of a more profitable, financially robust organization over the three-year period from FYE2019 to FYE2021, in line with the goal to enhance profitability. By FYE2021, LIXIL Group aims to:

- Increase core earnings ratio to 7.5%
- Increase return on equity to at least 10%
- Reduce net debt/EBITDA ratio to 2.5x or less
- Increase ratio of equity attributable to owners of the parent to 35%

[Strategic Initiatives]

LIXIL Group will globally promote four key initiatives:

1) Establish a purpose-driven, entrepreneurial company

LIXIL Group will continue to transform its organizational culture to create a more agile work environment that enables greater and faster exchange of ideas and a more experimental approach, and become a workplace in which entrepreneurialism is a universal value among all employees globally. LIXIL Group also aims to be a company that evokes respect and passion, and that inspires and binds all of its employees through goals that go beyond everyday life.

2) Develop attractive and differentiated products

LIXIL Group will drive profitable growth by refocusing investment in and strengthening the distinctive DNA of its power brands, which will be clearly segmented to appeal to a wide selection of lifestyles, needs, and preferences. The Company will place greater emphasis on innovation, design, and quality to meet changing consumer needs and tastes. To support this, LIXIL Group will transition to a more asset-light business model with strong intellectual property for product development, enabling it to introduce differentiated products to market in shorter cycles, and will also reform its organizational structure in Japan by integrating development, production, and sales functions from April 2018 in order to further accelerate product development cycles.

3) Achieve competitive costing

To further strengthen its balance sheet and improve profits, LIXIL Group will continue its development of an efficient and flexible supply chain management structure, combined with new technologies and infrastructure development to improve cost control. This includes initiatives such as the “HQ-FIT Program,” which will improve the productivity and efficiency of corporate functions and redeploy personnel to departments with resource need, further contributing to cost efficiencies.

4) Strategic marketing to drive growth

LIXIL Group will increase its direct engagement with end-users and influencers such as construction contractors, designers, and builders. Additionally, through innovative business models such as the LIXIL PATTO Reform Service, LIXIL Group will stimulate new demand for home renovation in Japan by eliminating common concerns for renovation consumers.

[Growth in the Future]

As the world's population and the middle-income segment grows, the demand for housing materials and fixtures will continue to expand. The Medium-Term Strategic Plan will redefine the strengths of LIXIL Group, enabling it to become a company that provides truly differentiated and unique products and services with the world's most respected and powerful brands. LIXIL Group will become an organization that can adapt and innovate faster, providing differentiated products and services that will enable it to capture revenue growth in the future.

(8) Principal business

The Company Group, with its corporate philosophy, "We contribute to improving comfort and lifestyles of the people in the world through superior products and services," is developing business activities such as the Water Technology Business, Housing Technology Business, Building Technology Business, Kitchen Technology Business, Distribution and Retail Business, and Housing and Services Business etc. as the main businesses as well as other services related services. The principal products and goods, etc. of each business is as follows:

Business Category	Business Breakdown (principal products and goods, etc.)	
Water Technology Business	Plumbing fixtures	(sanitation equipment, shower toilets, water faucet clasps, hand wash basin, bathtub, integrated baths, showers, sinks, countertops, residential and office building exterior tiles, interior tiles, etc.)
Housing Technology Business	Metal building materials	(sashes for residences, front doors, various shutters, gates, carports, handrails, bridge railing, protection against tides, water retaining boards, smoke insulation screens, etc.)
	Wood interior building materials	(window frames, fixture materials, interior building materials, etc.)
	Other building materials	(siding, stone, roofing materials etc.)
	Interior fabrics	(curtains, etc.)
	Others	(solar power systems, etc.)
Building Technology Business	Metal building materials	(curtain wall, sashes for buildings and stores, etc.)
Kitchen Technology Business	Kitchen	(integrated kitchens, etc.)
Distribution and Retail Business	Home improvement stores	(living supplies, do-it-yourself supplies, construction materials, etc.)
	Comprehensive building materials center	(construction materials, tools, metallic materials, etc.)
Housing and Services Business etc.	Housing solutions	(development of franchise chains of engineering work shops, building contractor, ground surveying and improvements, etc.)
	Real estate	(land, buildings, real estate, development support of real-estate business, etc.)
	Assisted-living condominium business	(assisted-living condominiums)
	Financial service business	(home loans, etc.)

(9) Status of principal subsidiaries

Company Name	Capital	Voting rights ownership (%)of the Company	Principal Business
LIXIL Corporation	34,600 million yen	100	Manufacturing and sales of metal building materials, plumbing fixtures
LIXIL VIVA CORPORATION	24,596 million yen	52	Sales of living supplies, do-it-yourself supplies, construction materials
LIXIL Total Hanbai Corporation	75 million yen	100	Sales of metal building materials
LIXIL Total Service Corporation	100 million yen	100	Sales of plumbing facilities
Kawashima Selkon Textiles Co., Ltd.	9,382 million yen	100	Manufacturing and sales of interior fabric
LIXIL Group Finance Corporation	3,475 million yen	100	Financial services business
Grohe Group S.à r.l.	57,143,000 EUR	100	Holding company of Grohe Group
Permasteelisa S.p.A.	6,900,000 EUR	100	Manufacturing and sales of curtain walls
ASD Holding Corp.	412,956,000 USD	100	Holding company of the American Standard's North American business
A-S CHINA PLUMBING PRODUCTS Ltd.	24,907,000 USD	100	Holding company for American Standard's China business
TOSTEM THAI Co., Ltd.	2,767 million THB	100	Manufacturing and sales of metal building materials
LIXIL INTERNATIONAL Pte. Ltd.	274,417,000 USD	100	Supply chain controlling company for Asian region
LIXIL GLOBAL MANUFACTURING VIETNAM Co., Ltd.	40,700,000 USD	100	Manufacturing and sales of metal building materials
LIXIL Manufacturing (Dalian) Corporation	43,500,000 USD	100	Manufacturing and sales of wood interior building materials

Notes:

1. Voting rights ownership includes indirect ownership by subsidiaries.
2. LIXIL Viva Corporation ("LIXIL Viva") listed on the first section of the Tokyo Stock Exchange on April 12, 2017. As part of the listing, the Company made a secondary offering of part of its shares of LIXIL Viva's stock, and LIXIL Viva raised funds through a new share offering.
3. The Company acquired GraceA Co., Ltd. through an absorption-type merger on March 2, 2018.
4. ASD Holding Corp. conducted a capital increase on October 20, 2017.
5. Including those listed above, there are 217 consolidated subsidiaries of the Company.
6. The status of the specified wholly owned subsidiary as of last day of this consolidated fiscal year is as follows:

Name of specified wholly owned subsidiary	LIXIL Corporation

Address of specified wholly owned subsidiary	2-1-1 Ojima, Koto-ku, Tokyo
Company's book value of the shares of specified wholly owned subsidiary	211,289 million yen
Total asset amount of the Company	721,338 million yen

(10) Principal hubs, etc.

Company Name	Trade Name ・ Location	
LIXIL Group Corporation (the Company)	Head Office Business Office of Principal Office	2-1-1 Ojima, Koto-ku, Tokyo 36th Floor, Kasumigaseki Building, 3-2-5 Kasumigaseki, Chiyoda-ku, Tokyo
LIXIL Corporation	Head Office	Koto-ku, Tokyo
	Sales Office	Hokkaido Branch Tohoku Branch (Miyagi) Kita Kanto Branch (Tokyo) Kanto Branch (Tokyo) Chubu Branch (Aichi) Kansai Branch (Osaka) Chushikoku Branch (Hiroshima) Kyushu Branch (Fukuoka) LIXIL Showroom Tokyo LIXIL Showroom Osaka
	Factory	Sukagawa Factory (Fukushima) Maebashi Factory (Gunma) Shimotsuma Factory (Ibaraki) Iwai Factory (Ibaraki) Tsuchiura Factory (Ibaraki) Ishige Factory (Ibaraki) Fukaya Factory (Saitama) Oyabe Factory (Toyama) Chita Factory (Aichi) Enokido Factory (Aichi) Tokoname Higashi Factory (Aichi) Uenomidori Factory (Mie) Hisai Factory (Mie) Ariake Factory (Kumamoto)
	Other Offices	Kasumigaseki Building (Tokyo) Tokoname Building (Aichi)
LIXIL VIVA CORPORATION	Head Office	Urawa-ku, Saitama-shi, Saitama
LIXIL Total Hanbai Corporation	Head Office	Koto-ku, Tokyo
LIXIL Total Service Corporation	Head Office	Koto-ku, Tokyo
Kawashima Selkon Textiles Co., Ltd.	Head Office	Sakyo-ku, Kyoto-shi, Kyoto
LIXIL Group Finance Corporation	Head Office	Koto-ku, Tokyo
Grohe Group S.à r.l.	Head Office	Luxembourg
Permasteelisa S.p.A.	Head Office	Italy
ASD Holding Corp.	Head Office	United States of America
A-S CHINA PLUMBING PRODUCTS Ltd.	Head Office	British Cayman Islands
TOSTEM THAI Co., Ltd.	Factory	Thailand
LIXIL INTERNATIONAL Pte. Ltd.	Head Office	Singapore
LIXIL GLOBAL MANUFACTURING VIETNAM Co., Ltd.	Factory	Vietnam
LIXIL Manufacturing (Dalian) Corporation	Factory	China

(11) Status of employees

Business Category	Number of Employees	Comparison increase/decrease with end of previous consolidated fiscal year
Water Technology Business	30,079	2,332 increase
Housing Technology Business	19,288	335 increase
Building Technology Business	6,830	466 decrease
Kitchen Technology Business	1,197	182 decrease
Distribution and Retail Business	1,373	2 increase
Housing and Services Business etc.	1,343	15 increase
Sector common throughout the Company	1,030	144 decrease
Total	61,140	1,892 increase

Notes:

1. The number of employees is the number of employed staff, and does not include the number of part-time or temporary staff.
2. The number of employees in the Kitchen Technology Business decreased by 182 from the end of the last consolidated fiscal year, but this is mainly due to the removal of LIXIL-Haier Housing Products (Qingdao) Co., Ltd. from the consolidated figures due to the sale of all shares held therein.
3. The number of employees in sector common throughout the company has decreased by 144 compared to the end of previous consolidated fiscal year, but this is mainly due to reorganization of administrative departments. The number of employees in sector common throughout the company represents those employees in administrative departments that cannot be assigned to any one business category.

(12) Status of principal lenders

Lender	Outstanding Loan Amount
	(million yen)
Sumitomo Mitsui Banking Corporation	93,340
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	73,991
Mizuho Bank, Ltd.	59,514
Mitsubishi UFJ Trust and Banking Corporation	23,698
Sumitomo Mitsui Trust Bank, Limited	20,500

Notes:

1. In addition to those above, there is a total of 70,500 million yen in syndicated loans managed by Development Bank of Japan Inc. and The Bank of Tokyo-Mitsubishi UFJ, Ltd., respectively.
2. The Bank of Tokyo-Mitsubishi UFJ, Ltd. changed its legal name to MUFG Bank, Ltd. as of April 1, 2018.

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

The Company standardizes on the preservation of a healthy financial strength and has as its policies, to maintain a 30% or higher dividend payout ratio at the consolidated base regarding cash dividends, and to flexibly perform the acquisition of treasury stocks. With regard to this fiscal year, the year-end cash dividend per share was 35 yen (65 yen for the year, including the midterm cash dividend).

2. Matters regarding the current state of the company

(1) Matters regarding stock

1) Total number of authorized shares: 1,300,000,000 shares

2) Total number of issued shares: 289,790,526 shares
(excluding 23,263,729 shares of treasury stock)

3) Number of shares in 1 unit: 100 shares

4) Capital Stock: 68,121,499,340 yen

5) Total number of shareholders: 44,369

6) Top 10 shareholders:

Shareholder Name	Number of shares held	Ratio of shareholdings
	(thousand shares)	%
Japan Trustee Services Bank, Ltd. (Trust Account)	※ 13,315	4.59
The Master Trust Bank of Japan, Ltd. (Trust Account)	※ 13,129	4.53
State Street Bank Client Omnibus OM04 (Standing Proxy The Hongkong and Shanghai Banking Corporation Limited Tokyo Branch)	9,683	3.34
The Nomura Trust & Banking Co., Ltd. (Trust Account)	※ 8,896	3.07
JPMC Oppenheimer JASDEC Lending Account (Standing proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	7,853	2.71
Daiichi Life Insurance Company, Limited. (Standing proxy: Trust & Custody Services Bank, Ltd.)	6,561	2.26
LIXIL Employee Stock Ownership	6,422	2.22
Japan Trustee Services Bank, Ltd. Trust Account 5	※ 5,571	1.92
Sumitomo Mitsui Banking Corporation	5,543	1.91
State Street Bank West Client - Treaty 505234 (Standing proxy: Mizuho Bank, Ltd. Settlement & Clearing Services Department)	4,782	1.65

Notes:

1. The Company possesses 23,263 thousand treasury stocks but has been excluded from the top 10 shareholders above.
2. The ratio of shareholdings has been calculated after deducting treasury stocks.
3. The ※ symbols are for those involved in the trust business.
4. The 8,896 thousand shares of The Nomura Trust & Banking Co., Ltd. (Trust Account) are the trust property entrusted by Yoichiro Ushioda, and based on the trust agreement, he reserves the authority to direct with regard to the exercising the voting right.
5. The Bank of Tokyo-Mitsubishi UFJ, Ltd. changed its legal name to MUFG Bank, Ltd. as of April 1, 2018.

(2) Matters regarding stock acquisition rights, etc.

1) The outline of the contents of the stock acquisition rights issued as the consideration of the execution of duties held by company officers at the end of this fiscal year.

	The 4th Stock Acquisition Rights	The 5th Stock Acquisition Rights
Day of the resolution of issuance	April 17, 2012	April 15, 2013
Number of stock acquisition rights	1,690	8,650
Class and number of shares to be issued or transferred upon exercising stock acquisition rights	ordinary shares 169,000 shares (100 shares per 1 stock acquisition right)	ordinary shares 865,000 shares (100 shares per 1 stock acquisition right)
Amount to be paid in upon exercising stock acquisition rights	30,900 yen per stock acquisition right	51,200 yen per stock acquisition right
Value of properties to be contributed upon exercising stock acquisition rights	168,200 yen per stock acquisition right	236,500 yen per stock acquisition right
Period during which such right can be exercised	May 10, 2014 to May 9, 2019	May 10, 2015 to May 9, 2020
Number of holders and number of the acquired stock acquisition rights		
Directors (excluding Outside Directors)	1 person 716	3 people 1,500
Outside Directors	1 person 58	1 person 200
Executive Officers	4 people 916	7 people 6,950

	The 7th Stock Acquisition Rights	The 8th Stock Acquisition Rights
Day of the resolution of issuance	May 7, 2014	November 25, 2014
Number of stock acquisition rights	6,000	405
Class and number of shares to be issued or transferred upon exercising stock acquisition rights	ordinary shares 600,000 shares (100 shares per 1 stock acquisition right)	ordinary shares 40,500 shares (100 shares per 1 stock acquisition right)
Amount to be paid in upon exercising stock acquisition rights	39,500 yen per stock acquisition right	4,6800 yen per stock acquisition right
Value of properties to be contributed upon exercising stock acquisition rights	281,900 yen per stock acquisition right	252,700 yen per stock acquisition right
Period during which such right can be exercised	May 24, 2016 to May 23, 2021	December 13, 2016 to December 12, 2021
Number of holders and number of the acquired stock acquisition rights		
Directors (excluding Outside Directors)	3 people 1,040	
Outside Directors	2 people 400	
Executive Officers	7 people 4,560	1 person 405

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

Notes:

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

2) Other stock acquisition rights

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

(a) Stock acquisition rights attached to Euro-yen convertible bond-type bonds with stock acquisition rights due 2020

Total number of stock acquisition rights attached to bonds	Sum of 6,000 and the number of units, which is the total amount of the face value of the bonds regarding substitute bond certificates with share acquisition rights divided by 10 million yen
Class and number of shares that are for the purpose of stock acquisition rights	Ordinary shares of the Company The number of the ordinary shares of the Company that the Company will deliver from the exercise of the share acquisition rights will be the number, which is the total amount of the face value of the bonds regarding the exercise request divided by the conversion price; provided that fractions less than one share will be rounded off and adjustments by cash will not be made.
Money to be paid in exchange for stock acquisition rights	Payment of money is not required in exchange for the stock acquisition rights
Conversion price	3,880 yen (see Note)
Period to exercise stock acquisition rights	From March 18, 2015 until February 19, 2020 (local time of the location where the exercise request is accepted)

(b) Stock acquisition rights attached to Euro-yen convertible bond-type bonds with stock acquisition rights due 2022

Total number of stock acquisition rights attached to bonds	Sum of 6,000 and the number of units, which is the total amount of the face value of the bonds regarding substitute bond certificates with share acquisition rights divided by 10 million yen
Class and number of shares that are for the purpose of stock acquisition rights	Ordinary shares of the Company The number of the ordinary shares of the Company that the Company will deliver from the exercise of the share acquisition rights will be the number, which is the total amount of the face value of the bonds regarding the exercise request divided by the conversion price; provided that fractions less than one share will be rounded off and adjustments by cash will not be made.
Money to be paid in exchange for stock acquisition rights	Payment of money is not required in exchange for the stock acquisition rights
Conversion price	3,800 yen (see Note)
Period to exercise stock acquisition rights	From March 18, 2015 until February 18, 2022 (local time of the location where the exercise request is accepted)

Note: In conjunction with the resolution to set the dividend for this consolidated fiscal year at 65 yen per share at the Board of Directors meeting held on May 21, 2018, the conversion price has been adjusted in accordance with the terms and conditions of the

bonds. The adjusted conversion price will be 3,872.9 yen for stock acquisition rights attached to Euro-yen convertible bond-type bonds with stock acquisition rights due 2020, and 3,793.0 yen for stock acquisition rights attached to Euro-yen convertible bond-type bonds with stock acquisition rights due 2022.

(3) Matters regarding company directors and officers

1) Directors

Position	Name	Area of Responsibility	Status of Important Concurrently-held Positions
Director Chairman	Yoichiro Ushioda	Nomination Committee Member	
Director	Kinya Seto		Representative Director, Director, President and CEO, LIXIL Corporation Representative Director and Director, GraceA Co., Ltd.
Director	Yoshizumi Kanamori	Audit Committee Member	
Director	Yoshinobu Kikuchi	Compensation Committee Member	
Director	Keiichiro Ina	Compensation Committee Member	
Director	Tsutomu Kawaguchi	Audit Committee Member	
Director	Main Kohda	Compensation Committee Member	
Director	Barbara Judge	Compensation Committee Member	Chairman, LoopUp Group Plc Chairman, United Kingdom Institute of Directors Chairman, CIFAS
Director	Hirokazu Yamanashi	Nomination Committee Member, Compensation Committee Member	Director (Representative Director), Hirokazu Yamanashi Office Corporation
Director	Hiroto Yoshimura	Nominating Committee Member, Audit Committee Member	

Notes:

1. Directors Yoichiro Ushioda and Kinya Seto concurrently hold the positions of Executive Officers.
2. Directors Tsutomu Kawaguchi, Main Kohda, Barbara Judge, Hirokazu Yamanashi and Hiroto Yoshimura are Outside Directors as prescribed in Article 2, Item 15 of the Companies Act. In addition, Directors Tsutomu Kawaguchi, Main Kohda, Barbara Judge, Hirokazu Yamanashi and Hiroto Yoshimura have been designated as independent officers based on the provisions of each domestic stock exchange that the Company is listed, and each stock exchange has been notified.
3. Tsutomu Kawaguchi, who is an Audit Committee Member, is licensed as a certified public accountant and has considerable knowledge regarding financial affairs and accounting.
4. The Company has elected Yoshimizu Kanamori as a full-time Audit Committee Member in order to continuously and effectively receive reports from hearings to Executive Officers, etc. and the internal audit department, etc., understand information from audits of subsidiaries, etc., and attend various meetings.
5. The Company acquired GraceA Co., Ltd. through an absorption-type merger on March 2, 2018.

2) Executive Officers

Position	Name	Area of Responsibility / Status of Important Concurrently-held Positions
Executive Officer and President (Representative Executive Officer)	Kinya Seto	
Executive Officer and Vice President (Representative Executive Officer)	Ryuichi Kawamoto	Production Optimization
Executive Officer and Vice President	Sachio Matsumoto	Accounting, Finance and M&A and CFO Representative Director and Director, LIXIL Corporation Representative Director and Director and President, LIXIL Group Finance Corporation
Executive Officer and Vice President	Haruo Shirai	Domestic Subsidiaries
Executive Officer and Vice President	Kazuhiko Ootsubo	Domestic Sales
Executive Officer and Senior Managing Officer	Laurence William Bates	Legal Affairs
Executive Officer and Senior Managing Officer	Hwa Jin Song Montesano	Public Affairs, IR, PR and Corporate Responsibility
Executive Officer and Senior Managing Officer	Harumi Matsumura	Human Resources, and General Affairs
Executive Officer and Senior Managing Officer	Ryo Nihei	Technology
Executive Officer and Senior Managing Officer	Yugo Kanazawa	Marketing, Digital and IT
Executive Officer	Yoichiro Ushioda	Special Mission

Notes:

1. At the Board of Directors' Meeting held on June 22, 2017, both Kinya Seto and Ryuichi Kawamoto were elected as and assumed the positions of Representative Executive Officer. In addition, at the same Board of Directors' Meeting, Kinya Seto was elected as and assumed the position of Executive Officer and President.
2. Yoichiro Ushioda assumed the position of Executive Officer as of October 1, 2017.
3. On January 1, 2018, Yugo Kanazawa's areas of responsibility were changed to Marketing, Digital and IT from Marketing, Digital..
4. Laurence William Bates resigned from the position of Executive Officer and Senior Managing Officer on March 31, 2018.

3) Compensation Committee policies regarding the decision involved in the calculation method of the compensation, etc. for Directors and Executive Officers

a. Basic policies for compensation, etc.

The Company's compensation system for Directors and Executive Officers operates on a fair compensation structure that leads each Director and Executive Officer to be motivated to execute his or her duties in order to realize the management policies in responding to shareholder mandates.

(a) Clarify the Company's and the individual's responsibilities for business results, and institute a mechanism that reasonably rewards compensation for the achievement of objectives as motivation to achieve.

(b) In addition to "stock price-related compensation such as stock options" that can reflect the results of increased company value in compensation, utilize a "mid- to long-term cash plan" to incentivize the achievement of mid-term business plans for Directors and Executive Officers in charge of executing business.

(c) Make a "results-related compensation system" that reasonably reflects the consolidated business results of the group.

(d) Perform a comparative evaluation with external objective indices in the Compensation Committee and manage in accordance with the duties and results in order to secure objectivity and transparency of the compensation system for Directors and Executive Officers.

(e) Aim for a level that secures and draws over the long-term global human resources that is necessary and promising for the continual growth of the Company.

b. Compensation structure

In the compensation structure for Directors and Executive Officers, the compensation for "Directors" who govern and "Executive Officers" who are responsible for executing duties is a system of separate structures that reflect the different roles. In addition, if a Director position is concurrently held with an Executive Officer position, the compensation system for Executive Officers applies.

[Compensation structure for Directors and Executive Officers]

(a) Compensation structure for Directors

The compensation for Directors is structured on a basic compensation and stock options.

(b) Compensation structure for Executive Officers

The compensation for Executive Officers is structured on a basic compensation, a results-related compensation that reflects each of the results of a single fiscal year and mid- to long-term and stock options.

In addition, utilize incidental allowances, Tax Equalization and the like that are generally applied globally as Expatriate Packages for recruited personnel of foreign nationalities.

[Content of compensation, etc. by type]

(a) Basic compensation

The basic compensation is maintained at a reasonable level in accordance with comparisons with external objective indices, as fixed compensation by position. In addition, with regard to the basic compensation for Executive Officers, the mechanism rewards the achievement of objectives as a method that fluctuates in accordance with the achievement level of the department's results within a certain range.

(b) Results-related compensation

Utilize a short-term results-related compensation reflecting the results of a single fiscal year and a mid- to long-term results-related compensation that rewards the achievement of mid-term business plans and conduct operations where the execution of business of each Executive Officer does not lean towards only short-term results.

The results-related compensation of a single fiscal year is distributed once per year as a bonus in connection with the results of the fiscal year.

The results-related compensation of the mid- to long-term is distributed after the end of the subject period on the condition that the mid-term business plan is achieved to a certain extent that is determined in advance.

(c) Stock options

Stock options are determined based on company results and position, etc., as a mid- to long-term incentive from the view of the shareholder.

(d) Other

Compensation for the difference in compensation of the previous position and additional benefits such as cost of living assistance and medical insurance assistance as expatriates may be paid to recruited personnel.

4) Total amount of compensation, etc. of Directors and Executive Officers for this fiscal year

Category	Number of Recipients	Amount of Compensation, etc.
		(million yen)
Director	10	229
Executive Officer	14	2,636
Total	24	2,865

Notes:

1. The amount of compensation, etc. above indicates the amount that includes the compensation, etc. paid for by the Company's subsidiaries, in addition to the compensation, etc. that is paid for by the Company. The amount of the above compensation, etc. paid by the Company is 2,611 million yen (227 million yen for the ten Directors and 2,384 million yen for the 14 Executive Officers).
2. The amount of compensation, etc. and the number of the five Directors who concurrently served as Executive Officers are included and indicated with the amount of compensation, etc. and the number of the Executive Officers. Two of those five Directors did not concurrently serve as Executive Officers for some period, and the amount of compensation, etc. paid during that period and the number of those Directors are also included in the amount of compensation, etc. and indicated with the number of the Directors.
3. The results-related compensation for a single fiscal year booked in this fiscal year and the mid- and long-term results-related compensation of 1,773 million yen (for 13 people) are included in the amount of compensation, etc. for Executive Officers.
4. The compensation by stock option of 65 million yen (one recipient) booked in this fiscal year is included in the amount of compensation, etc. for Directors and Executive Officers.

5) Matters regarding Outside Directors

a. Status of main activities of each Outside Director

Category	Name	Status of Main Activities
Director	Tsutomu Kawaguchi	Has attended all 17 Board of Directors' Meetings and all 16 Audit Committee meetings held this fiscal year; has accordingly made remarks necessary for discussing agenda, etc. based on his professional insight and abundant experience regarding financial affairs and accounting obtained through his work as a certified public accountant.
Director	Main Kohda	Has attended all 17 Board of Directors' Meetings held this fiscal year; has accordingly made remarks necessary for discussing agenda, etc. based on her deep insight and objective viewpoint as an author in addition to her high vision on international finance.
Director	Barbara Judge	Has attended 16 of 17 Board of Directors' Meetings held this fiscal year; has accordingly made remarks necessary for discussing agenda, etc. from a global perspective based on her extensive experience and knowledge in companies and public service, including as a Commissioner of the United States Securities and Exchange Commission, for many years.
Director	Hirokazu Yamanashi	Has attended all 17 Board of Directors' Meetings held this fiscal year; has accordingly made remarks necessary for discussing agenda, etc. based on his professional experience and insight as a management consultant and abundant experience and insight as an executive officer in charge of internal affairs and business planning of a listed company.
Director	Hiroto Yoshimura	Was elected at the Annual General Meeting of Shareholders held on June 22, 2017; has attended all 13 Board of Directors' Meetings and all 10 Audit Committee meetings held since assuming office on the same date; has accordingly made remarks necessary for discussing agenda, etc. based on his abundant experience in police administration, his high level of insight into human resources and restructuring and his broad knowledge of compliance.

b. Overview of the content of the agreement limiting liability

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

(Agreements limiting the liability of Outside Directors)

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

c. Total amount of compensation, etc. of Outside Directors and Outside

Auditors for this fiscal year

Category	Number of Recipients	Amount of Compensation, etc.
Directors	6	(million yen) 78

(4) Matters regarding the Accounting Auditor

1) Name: Deloitte Touche Tohmatsu LLC

2) Amount of compensation , etc. of Accounting Auditor

Amount of compensation, etc. involved in audit certification services that the Company should pay	60 million yen
Total amount of money and other profits on property that the Company and Company's subsidiaries should pay	764 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 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 principal subsidiaries of the Company, Grohe Group S.à r.l., Permasteelisa S.p.A., ASD Holding Corp., A-S CHINA PLUMBING PRODUCTS Ltd., TOSTEM THAI Co., Ltd., LIXIL INTERNATIONAL Pte. Ltd., LIXIL GLOBAL MANUFACTURING VIETNAM Co., Ltd. and LIXIL Manufacturing (Dalian) Corporation have been audited by certified public accountants or auditing firms other than the Company's Accounting Auditor.

3) Content of non-auditing services

The content of non-auditing services is advisory and guidance services regarding the International Financial Reporting Standards (IFRS), etc.

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

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

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

1) System to ensure the adequacy of business

The main contents of the system regarding internal controls and risk management are as follows.:

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

The Company and the Company's subsidiaries (the "Group") will establish guidelines for actions as a code of ethics for the entire group, and

will conduct a read-through and an oath to comply for all employees including officers once per year. In addition, the Company will institute a common whistle-blowing system for the Group's employees can directly make reports to the Company's Legal Affairs department or outside lawyers.

Furthermore, the Company does not acknowledge nor has any relationship with anti-societal forces. In order to prevent damages by anti-societal forces, the Company will deal with the pressures as an organization and approach them with a firm attitude.

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

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

In addition, information security management rules and personal information protection policies are established with regard to handling the management of information.

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

The Group has established and is managing risk management rules, etc. and along with constantly observing the risks it carries, the Risk Management Department confirms and gives guidance on the status of its handling through risk management meetings, etc.

In addition, the Company has it periodically report the status of the Group's risks as well as requests the attendance of the Group and receives reports on material risks at Board of Directors meetings, etc. Furthermore, with respect to the business continuity plan, the Group executes the BCP (Business Continuity Plan) Manual and instruction and training based on such manual.

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

The Board of Directors of the Company establish the division of duties of the Executive Officers and clarify the areas that each Executive Officer will be responsible for. In addition, a board of Executive Officers attended by all Executive Officers will be convened regularly and will conduct flexible decision-making involved in basic and important matters regarding the execution of duties. Furthermore, various committees will be set up as subordinate bodies of the board of Executive Officers and will evaluate the entire group's business strategies and investment items and attempt to expedite the decision-making.

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

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

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

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

maintained and operated appropriately.

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

The Company will establish an Audit Committee Office as a specialist organization to support the duties of the Audit Committee office.

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

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

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

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

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

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

Representative Executive Officers and Audit Committee Members will periodically exchange opinions regarding findings from an audit. In addition, the Legal Affairs Department will periodically report to the Audit Committee regarding the status of whistle-blowing.

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

Executive Officers and employees will report to the Audit Committee Member the status of the execution of duties through hearings, etc. of the Audit Committee.

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

The Company will regularly hold Monthly Business Meetings, etc. attended by Directors, etc., including those of subsidiaries, and endeavor for the sharing of important information for business, as well as require the subsidiaries to attend and report to extraordinary Audit Committee meetings of the Company if important events occur at the Company's subsidiaries.

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

Set forth in the Group's whistle-blowing system operation rules that directors, officers and employees of the Company Group can directly make a report to the Compliance Committee of which the Company's Audit Committee Member is a constituent member and make that method of directly reporting, etc. widely known within the Group. In addition, expressly state the

prohibition of dismissals and other disadvantageous treatments due to having made such report or other report to the Audit Committee.

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

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

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

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

2) Operation status of system to ensure adequacy of business

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

a. Initiatives concerning compliance

Ensure that the LIXIL Group's shared Code of Conduct is widely known by translation into 17 languages, instruction and training. In high-risk areas, policies and guidelines that lay out specific conduct and procedures are issued and translated and instruction is given with respect to these. In addition, the status and areas for improvement of the compliance system are investigated by the Compliance Committees of subsidiaries and affiliate groups. Furthermore, the system for appropriately investigating compliance cases reported through the whistleblowing system has been enhanced by the new establishment of the Compliance Investigation Department. The effects of these compliance measures and activities are regularly confirmed in the Compliance Committee.

b. Initiatives concerning the management of the risk of loss

The status of the system of the new fiscal year and review of expected risks are reported through risk management meetings, etc., and with respect to natural disasters and other crises, the understanding of and status of handling the occurred risk are timely reported and confirmed in accordance with the Group's Fundamental Risk Management Regulations. In addition, incident-specific examples have been added and amended to further clarify reported incidents.

c. Initiatives concerning appropriateness and efficiency of executing duties

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

d. Initiatives concerning the Audit Committee audits

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

In addition, reports are received and cooperation is made through periodic meetings of the group Audit Committee, Accounting Auditors Information Exchange Meetings, Representative Executive Officer Opinion Exchange Meetings, etc.

(6) Basic policy regarding governance of a stock company

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

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Consolidated Statement of Financial Position

(As of March 31, 2018)

(Millions of yen)

ASSETS		LIABILITIES AND EQUITY	
Account	Amount	Account	Amount
CURRENT ASSETS	**912,776**	**CURRENT LIABILITIES**	**824,147**
Cash and cash equivalents	138,751	Trade and other payables	338,964
Trade and other receivables	343,289	Bonds and borrowings	242,990
Inventories	217,904	Construction contract liabilities	1,107
Construction contract assets	10,880	Income tax payables	12,819
Income tax receivables	906	Other financial liabilities	1,568
Other financial assets	5,577	Provisions	367
Other current assets	15,261	Other current liabilities	98,875
Subtotal	732,568	Subtotal	696,690
Assets held for sale	180,208	Liabilities directly associated with the assets held for sale	127,457
NON-CURRENT ASSETS	**1,194,355**	**NON-CURRENT LIABILITIES**	**633,411**
Property, plant and equipment	542,330	Bonds and borrowings	444,920
Goodwill and other intangible assets	476,639	Other financial liabilities	32,444
Investment property	7,787	Net defined benefit liabilities	78,269
Investments accounted for using the equity method	12,086	Provisions	7,179
Other financial assets	102,566	Deferred tax liabilities	62,698
Deferred tax assets	44,852	Other non-current liabilities	7,901
Other non-current assets	8,095		
		TOTAL LIABILITIES	**1,457,558**
		EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	**616,897**
		Share capital	68,121
		Capital surplus	277,753
		Treasury shares	(48,984)
		Other components of equity	27,210
		Retained earnings	292,797
		NON-CONTROLLING INTERESTS	**32,676**
		TOTAL EQUITY	**649,573**
TOTAL ASSETS	**2,107,131**	**TOTAL LIABILITIES AND EQUITY**	**2,107,131**

Consolidated Statement of Profit or Loss

(Year Ended March 31, 2018)

(Millions of yen)

Account	Amount	
CONTINUING OPERATIONS		
REVENUE		**1,664,817**
COST OF SALES		**(1,101,278)**
GROSS PROFIT		**563,539**
Selling, general and administrative expenses	(488,220)	
Other income	26,067	
Other expenses	(20,437)	(482,590)
OPERATING PROFIT		**80,949**
Finance income	13,476	
Finance costs	(16,745)	
Share of profit of associates and joint ventures accounted for using the equity method	699	
Gain on disposal of interest in former associate	11,618	9,048
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**89,997**
Income tax expenses		(21,547)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**68,450**
DISCONTINUED OPERATIONS		
LOSS FOR THE YEAR FROM DISCONTINUED OPERATIONS		**(11,788)**
PROFT FOR THE YEAR		**56,662**
Profit for the year attributable to:		
Owners of the parent		54,581
Non-controlling interests		2,081
PROFIT FOR THE YEAR		56,662

Consolidated Statement of Changes in Equity

(Year Ended March 31, 2018)

(Millions of yen)

	Equity attributable to owners of the parent							
				Other components of equity				
	Share capital	Capital surplus	Treasury shares	Exchange differences on translation of foreign operations	Remeasurements of defined benefit pension plans	Net fair value gain on available-for-sale financial assets	Net fair value gain (loss) on hedging instruments entered into for cash flow hedges	Share of other comprehensive income of associates and joint ventures accounted for using the equity method
Balance as of April 1, 2017	68,121	260,901	(53,362)	(5,143)	—	16,608	(917)	(1,660)
Profit for the year								
Other comprehensive income				3,664	(1,331)	5,913	1,494	1,732
Total comprehensive income for the year	—	—	—	3,664	(1,331)	5,913	1,494	1,732
Purchase of treasury shares			(31)					
Disposal of treasury shares		0	66					
Share-based payment transactions		1,119	4,343					
Dividends								
Reclassification to disposal group classified as held for sale				(5,704)			(215)	
Changes in parent's ownership interests in subsidiaries without loss of control		15,733					(17)	
Changes associated with obtaining control of subsidiaries								
Changes associated with loss of control of subsidiaries								
Transfers from other components of equity to retained earnings					1,331			
Total transactions with owners	—	16,852	4,378	(5,704)	1,331	—	(232)	
Balance as of March 31,2018	68,121	277,753	(48,984)	(7,183)	—	22,521	345	72

(Millions of yen)

	Equity attributable to owners of the parent					Non-controlling interests	Total equity
	Other components of equity			Retained earnings (losses)	Total		
	Accumulated other comprehensive income relating to disposal group classified as held for sale	Other	Total				
Balance as of April 1, 2017	—	5,972	14,860	256,724	547,244	12,187	559,431
Profit for the year			—	54,581	54,581	2,081	56,662
Other comprehensive income	541		12,013		12,013	598	12,611
Total comprehensive income for the year	541	—	12,013	54,581	66,594	2,679	69,273
Purchase of treasury shares			—		(31)		(31)
Disposal of treasury shares			—		66		66
Share-based payment transactions		(977)	(977)	104	4,589		4,589
Dividends			—	(17,281)	(17,281)	(78)	(17,359)
Reclassification to disposal group classified as held for sale	5,919		—		—		—
Changes in parent's ownership interests in subsidiaries without loss of control			(17)		15,716	20,962	36,678
Changes associated with obtaining control of subsidiaries			—		—	384	384
Changes associated with loss of control of subsidiaries			—		—	(3,458)	(3,458)
Transfers from other components of equity to retained earnings			1,331	(1,331)	—		—
Total transactions with owners	5,919	(977)	337	(18,508)	3,059	17,810	20,869
Balance as of March 31,2018	6,460	4,995	27,210	292,797	616,897	32,676	649,573

Nonconsolidated Balance Sheet

(As of March 31, 2018)

(Millions of yen)

ASSETS		LIABILITIES	
Account	Amount	Account	Amount
CURRENT ASSETS	**194,585**	**CURRENT LIABILITIES**	**37,494**
Cash and deposits	5	Current portion of bonds	30,000
Receivables	2,385	Accrued expenses	262
Short-term loans receivable	192,035	Income taxes payable	3,210
Other current assets	158	Provision for bonuses	97
		Other current liabilities	3,924
NON-CURRENT ASSETS	**526,751**	**NON-CURRENT LIABILITIES**	**185,363**
PROPERTY, PLANT AND EQUIPMENT	**5**	Bonds	65,000
Buildings	3	Convertible bond-type bonds with subscription rights to shares	120,000
Tools, furniture and fixtures	2	Deferred tax liabilities	294
		Other non-current liabilities	69
INTANGIBLE ASSETS	**0**	**TOTAL LIABILITIES**	**222,858**
		EQUITY	
INVESTMENTS AND OTHER ASSETS	**526,746**	**EQUITY**	**489,691**
Investment securities	15,365	**SHARE CAPITAL**	**68,121**
Investments in subsidiaries and associates	511,356	**CAPITAL SURPLUS**	**324,188**
Long-term prepaid expenses	1	Legal capital surplus	12,182
Guarantee deposits	23	Other capital surplus	312,006
		RETAINED EARNINGS	**146,364**
		Legal retained earnings	4,847
		Other retained earnings	141,516
		General reserve	110,000
		Retained earnings brought forward	31,516
		TREASURY SHARES	**(48,983)**
		VALUATION AND TRANSLATION ADJUSTMENTS	**5,954**
		Valuation difference on available-for-sale securities	5,954
		SUBSCRIPTION RIGHTS TO SHARES	**2,834**
		TOTAL EQUITY	**498,479**
TOTAL ASSETS	**721,337**	**TOTAL LIABILITIES AND EQUITY**	**721,337**

Nonconsolidated Statement of Income

(Year Ended March 31, 2018)

(Millions of yen)

Account	Amount	
OPERATING REVENUE		
Dividends from subsidiaries and associates	2,323	2,323
OPERATING EXPENSES		
General and administrative expenses	2,437	2,437
OPERATING LOSS		**114**
NON-OPERATING INCOME		
Interest income	835	
Dividend income	386	
Guarantee fee income	111	
Other non-operating income	42	1,376
NON-OPERATING EXPENSES		
Interest on bonds	308	
Other non-operating expenses	58	366
ORDINARY INCOME		**895**
EXTRAORDINARY INCOME		
Gain on sale of investment securities	303	
Gain on sale of investments in subsidiaries and associates	24,088	
Gain on reversal of subscription rights to shares	103	
Gain on extinguishment of tie-in shares	45	24,540
INCOME BEFORE INCOME TAXES		**25,436**
Income taxes － Current	3,438	
Income taxes － Deferred	(1,713)	1,724
NET INCOME		**23,711**

Nonconsolidated Statement of Changes in Equity

(Year Ended March 31, 2018)

(Millions of yen)

	Equity							
	Share capital	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total	Legal retained earnings	Other Retained earnings		Total
						General reserve	Retained earnings brought forward	
Balance as of April 1, 2017	68,121	12,182	310,887	323,069	4,847	110,000	25,086	139,934
Changes during the year								
Dividends							(17,280)	(17,280)
Net income							23,711	23,711
Purchase of treasury shares								
Disposal of treasury shares			0	0				
Exercise of subscription rights to shares			1,118	1,118				
Net changes of items other than shareholders' equity								
Total changes during the year	—	—	1,118	1,118	—	—	6,430	6,430
Balance as of March 31, 2018	68,121	12,182	312,006	324,188	4,847	110,000	31,516	146,364

(Millions of yen)

	Equity		Valuation and translation adjustments		Subscription rights to shares	Total equity
	Treasury shares	Total	Valuation difference on available-for-sale securities	Total		
Balance as of April 1, 2017	(53,295)	477,829	4,710	4,710	3,811	486,352
Changes during the year						
Dividends		(17,280)				(17,280)
Net income		23,711				23,711
Purchase of treasury shares	(30)	(30)				(30)
Disposal of treasury shares	0	0				0
Exercise of subscription rights to shares	4,342	5,460				5,460
Net changes of items other than shareholders' equity			1,243	1,243	(977)	265
Total changes during the year	4,312	11,861	1,243	1,243	(977)	12,127
Balance as of March 31, 2018	(48,983)	489,691	5,954	5,954	2,834	498,479

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 17, 2018

To the Board of Directors of
LIXIL Group Corporation:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Koji Inagaki

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Yasuhiro Katsushima

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Yutaka Hamaguchi

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated statement of financial position as of March 31, 2018 of LIXIL Group Corporation (the "Company") and its consolidated subsidiaries, and the related consolidated statements of profit or loss and changes in equity for the fiscal year from April 1, 2017 to March 31, 2018, and the related notes.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the consolidated financial statements referred to above, prepared with the omission of a part of disclosures required under International Financial Reporting Standards pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting, present fairly, in all material respects, the financial position of LIXIL Group Corporation and its consolidated subsidiaries as of March 31, 2018, and the results of their operations for the year then ended.

Emphasis of Matter

As discussed in Note 10. "Discontinued Operations" to the consolidated financial statements, the Company classified all the revenue, income (loss), and other items of Permasteelisa S.p.A and its subsidiaries to the discontinued operations. This treatment premises that approvals from regulatory bodies in relevant countries will be obtained. Our opinion is not modified in respect of this matter.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 17, 2018

To the Board of Directors of
LIXIL Group Corporation:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Koji Inagaki

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Yasuhiro Katsushima

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Yutaka Hamaguchi

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the nonconsolidated financial statements, namely, the nonconsolidated balance sheet as of March 31, 2018 of LIXIL Group Corporation (the "Company"), and the related nonconsolidated statements of income and changes in equity for the 76th fiscal year from April 1, 2017 to March 31, 2018, and the related notes and the accompanying supplemental schedules.

Management's Responsibility for the Nonconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of these nonconsolidated financial statements and the accompanying supplemental schedules 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 and the accompanying supplemental schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these nonconsolidated financial statements and the accompanying supplemental schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the nonconsolidated financial statements and the accompanying supplemental schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the nonconsolidated financial statements and the accompanying supplemental schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the nonconsolidated financial statements and the accompanying supplemental schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the nonconsolidated financial statements and the accompanying supplemental schedules 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the nonconsolidated financial statements and the accompanying supplemental schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the nonconsolidated financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the financial position of LIXIL Group Corporation as of March 31, 2018, and the results of its operations for the year then ended in accordance with accounting principles generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

Audit Report

The Audit Committee has audited the performance of duties by the Directors and Executive Officers for the 76th fiscal year from April 1, 2017 to March 31, 2018, and we report the methods and results of the audit as follows:

1. Methods and content of the audit

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

(a) attended important meetings, received reports on matters regarding the execution of their duties from the Directors and Executive Officers, etc., requested further explanations as necessary, inspected important approval documents, etc., and investigated the status of the business operations and assets of the head office and principal place of business in accordance with the policies and division of duties, etc. established by the Audit Committee and upon coordination with the company's internal auditing department and internal control governing department. With respect to the subsidiary companies, the Audit Committee took steps to facilitate communications and the exchange of information with the Directors and Auditors, etc. of the subsidiary companies and received reports on the business operations from the subsidiary companies as necessary.

(b) while monitoring and verifying that the Accounting Auditor has maintained its independence and conducted appropriate audits, the Audit Committee received reports from the Accounting Auditor regarding the execution of its duties and requested further explanations as necessary. Furthermore, the Audit Committee received notification from the Accounting Auditor that it was taking steps to prepare the "system for ensuring proper execution of duties" (as set forth in the items of Article 131 of the Rules of Company Accounting) in accordance with the "Quality Control Standards for Audits" (adopted by the Business Accounting Council on October 28, 2005), etc., requesting further explanations as necessary.

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

2. Results of the audit

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

In our opinion:

(a) The business report and annexed detailed statements accurately present the state of the company pursuant to the laws and regulations and the Articles of Incorporation;

(b) Neither improper actions in execution of duties by the Directors and Executive Officers, nor material facts violating the laws and ordinances or the Articles of Incorporation were found;

(c) The contents of the resolutions adopted by the Board of Directors regarding the internal control system were appropriate, and no matters that would need to be pointed out regarding the contents of the business report on such internal control system, along

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

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

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

May 18, 2018

Audit Committee, LIXIL Group Corporation
Audit Committee Member: Tsutomu Kawaguchi
Audit Committee Member: Yoshizumi Kanamori
Audit Committee Member: Hiroto Yoshimura

(Note) Among the Audit Committee Members, Tsutomu Kawaguchi and Hiroto Yoshimura are Outside Directors, as prescribed in Article 2, Item 15, and Article 400, Paragraph 3 of the Companies Act.