

[This is an English translation of the original text written in Japanese]



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LIXIL Corporation  
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### **Notification Regarding Issuance of New Shares as Restricted Stock Compensation**

LIXIL Corporation (hereinafter "the Company") hereby gives notice that the Board of Directors has today resolved issuance of new shares (hereinafter "the Issuance of New Shares") as Restricted Stock Compensation as follows.

#### 1. Overview of the Issuance of New Shares

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|---|--|
| (1) Due date of payment   | May 16, 2023   |
| (2) Class and number of shares to be issued                                   | Common share of the Company: 102,131 shares  |
| (3) Issuance price  | JPY2,204 per share   |
| (4) Total issuance amount   | JPY225,096,724   |
| (5) Eligible persons allotted shares, and the number of shares to be allotted | Executive Officers of the Company 7(*1)<br>102,131 shares  |
| (6) Other matters   | The Issuance of New Shares is conditional upon the securities registration statement taking effect pursuant to the Financial Instruments and Exchange Act. |

(\*1) Including Executive Officers who serve as Director and excluding Executive Officers who are non-residence in Japan

#### 2. Purpose and reason for the Issuance of New Shares

The Company has been applying Phantom Stock Plan (hereinafter "Phantom Stock") as mid-to long-term Incentive Compensation Plan since 2019. The purpose of Phantom Stock is to encourage Executive Officers to share the benefits and risks of share price fluctuations with

shareholders and to make management decisions for achieving a sustained improvement in the corporate value of the Company over the mid- to long-term, and to attract and retain excellent personnel from around the globe by standardizing global officer compensation. Since the introduction of Phantom Stock, the Compensation Committee of the Company has confirmed that Phantom Stock has indeed been having the desired effect.

On the other hand, in recent years when Japan's corporate governance reforms are progressing remarkably, the Compensation Committee has been deliberated the revision of mid- to long-term Incentive Compensation Plan in view of the increasing emphasis on the significance of management's ownership of the Company shares.

As a result, the Compensation Committee held on February 16, 2023 resolved that mid- to long-term Incentive Compensation Plan for Executive Officers shall consist of 50% each of the current Phantom Stock and Restricted Stock Compensation Plan (hereinafter "Restricted Stock Plan") from April 2023, in order to encourage Executive Officers to share more interests with shareholders over their term of office and work to create value over mid- to long-term. In order to achieve this purpose, the period of transfer restriction of Restricted Stock Plan is limited to the time of retirement.

Furthermore, the Compensation Committee has resolved to establish Stock Ownership Guideline to ensure the sharing of interests with shareholders. Under this guideline, the number of the Company's shares to be held by Executive Officers during their term of office is at least three times the amount of Annual Base Salary for Representative Executive Officers and at least one time the amount of Annual Base Salary for other Executive Officers.

Upon implementation of Restricted Stock plan, the Compensation Committee held on April 20, 2023 has resolved to pay a total of JPY225,096,724, which is the monetary compensation claims as Restricted Stock Plan for the period from April 1, 2023 to March 31, 2024 for the Executive Officers (including Executive Officers who serve as Director and excluding Executive Officers who are non-residence in Japan, hereinafter "the Eligible Executive Officers"), to the 7 Eligible Executive Officers who are scheduled to be allotted (hereinafter "the Allottees").

Then, the Board of Directors in the Company held today resolved to allot 102,131 shares of common share of the Company to the Allottees through the Issuance of New Shares as specified restricted stock by the method in which the Allottees deliver all of monetary compensation claims to the Company by way of contribution in kind.

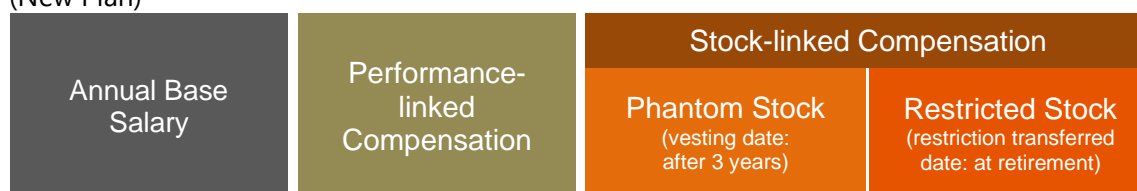
The amount of monetary compensation claims for each Allottee shall be determined comprehensively in consideration of role and responsibility, business performance, experience, and difficulty in securing personnel in accordance with the Company's compensation basic policy. In addition, monetary compensation claims shall be paid on the condition that each Allottee conclude Restricted Stock Allotment Agreement (hereinafter "Allotment Agreement") with the Company, which includes the following details.

The purpose of the Issuance of New Shares is share allotment as Restricted Stock Plan in order to encourage Executive Officers to share more interests with shareholders over their term of office and work to create value over mid- to long-term, which is not inconsistent with the purpose of the purchase and cancellation of treasury shares on the market last year. The Company will continue to work on improving capital efficiency and enhancing returns to shareholders.

Supplementary information: Compensation Plan for Executive Officer  
(Old Plan)



(New Plan)



3. Overview of Allotment Agreement

(1) Restricted Period

The restricted period is from May 16, 2023 until the Allottees retire from any position as Director or Executive Officer of the Company.

During the transfer restriction period specified above (hereinafter “the Restricted Period”), the Allottees shall not transfer, pledge, create a security interest in, make a living gift, bequest or otherwise dispose of the restricted shares (hereinafter “the Shares”) to any third party (hereinafter “the Transfer Restriction”).

(2) Lifting of the Transfer Restriction

The Company shall lift the Transfer Restriction of all the Shares at the time of retirement from any position as Director or Executive officer of the Company on the condition that the Allottees have continuously held the position of Executive Officer of the Company until the last day of the first fiscal year that falls after the commencement date of Restricted Period. In the event that the Allottees retire from the position of Executive officer due to reasons that Board of Directors of the Company determines to be justified by the day before the last day of the first fiscal year of the Company that falls after the commencement date of the Restricted Period, the Company shall lift the Transfer Restriction of the number of the Shares, which is obtained by dividing the number of months from April 2023 to the month including the day on which the Allottees retire from the position of Executive Officer of the Company by 12 (if the result of the calculation exceeds 1, it shall be 1), multiplied by the number of the Shares held by the Allottees as of such time (any fraction resulting from the calculation that is less than one share, shall be rounded down), at the time of retirement from any position as Director or Executive officer of the Company.

(3) Gratis acquisition by the Company

In the event that the Allottees retire from the position of Executive officer by the day before the last day of the first fiscal year of the Company that falls after the commencement date of the Restricted Period unless there are reasons that the Board of

Directors of the Company determines to be justified, the Company shall automatically acquire the Shares without consideration at the time of retirement from any position as Director or Executive Officer of the Company. In the event that there are the Shares of which the Transfer Restriction has not lifted based on the provisions for reasons for lifting of the Transfer Restriction on the above (2) at the time of the expiration of the Restricted Period (hereafter "the Expiration Date"), the Company shall automatically acquire the Shares without consideration immediately after the time of the Expiration Date.

(4) Management of share

The Allottees shall open an account with SMBC Nikko Securities Inc. in which the Shares shall be entered or recorded in a manner designated by the Company and keep and maintain the Shares in such account during the Restricted Period.

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

In the event that the proposals, such as merger agreement whereby the Company becomes the dissolving company, share exchange agreement or share transfer plan under which the Company becomes a wholly owned subsidiary and any other reorganization, is approved at the Shareholders' Meeting of the Company (or at the Board of Directors of the Company in the case that approval by the Shareholders' Meeting of the Company is not required regarding that organizational restructuring, etc.) during the Restricted Period, the Company shall lift the Transfer Restriction of the number of the Shares, which is obtained by dividing the number of months from April 2023 to the month including the approval date by 12 (if the result of the calculation exceeds 1, it shall be 1), multiplied by the number of the Shares held by the Allottees as of such time (any fraction resulting from the calculation that is less than one share, shall be rounded down), at the time immediately preceding the business date prior to the effective date of organizational restructuring, etc., based on the resolution by the Compensation Committee of the Company. The Company shall automatically acquire the Shares of which the Transfer Restriction has not lifted on the business date prior to the effective date of reorganization without consideration on such date.

4. Basis of calculation and specific details of the amount to be paid in

The amount to be paid in per share is JPY2,204 which is the daily simple closing average of the common share of the Company on the Tokyo Stock Exchange for the 30 business days prior to the previous day of April 1, 2023 to ensure that the price is free from arbitrariness (if a fraction occurs, the first decimal place shall be rounded up to a whole number). This price is same as the share price used to calculate the number of shares granted as Phantom Stock, which is another mid- to long-term incentive compensation plan for Executive officer, and the method of determination and amount of the issue price are believed to be reasonable and not particularly advantageous.

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