

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



February 13, 2019

LIXIL Group Corporation
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Notification of Application to Extend Deadline for Filing Quarterly Securities Report for the
Nine Month Period Ended December 31, 2018

LIXIL Group Corporation (hereinafter "LGC") hereby notifies that it has determined to file an application for approval from the Kanto Local Finance Bureau for an extension of the filing deadline for the Company's quarterly securities report, as provided for under Article 17-15-2, paragraph 1 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs as set forth below. LGC sincerely apologizes to shareholders, investors, and all other stakeholders for any inconvenience caused by this issue.

1. Securities report covered by the approval of extension
Quarterly Securities Report for the Nine Months Ended December 31, 2018 (Period: April 1, 2018 through December 31, 2018)
2. Filing deadline before extension
February 14, 2019 (Thursday)
3. Extended filing deadline if approved
March 14, 2019 (Thursday)

4. Reason for requiring filing deadline extension

As stated in the “Announcement Regarding Establishment of a Special Investigation Committee Related to Inappropriate Transactions of a Consolidated Subsidiary” announced on February 8, 2019, LGC received a report from its internal audit division on February 1, 2019 stating that internal control issues were identified at LIXIL Renewal. The investigation had been conducted after concerns were raised internally regarding certain past transactions at LIXIL Renewal, whereby incorrect information may have been reported from LIXIL Renewal to LGC for the purpose of achieving internal key performance indicators. Specifically, volumes of order intake are defined as one of the key performance indicators at LIXIL Renewal. Volumes of order intake could have been inflated beyond what actually existed, and inflated volumes of order intake from LIXIL Renewal to LGC may have been reported for the purpose of receiving high acclaim within group companies.

Furthermore, from the internal investigation conducted by the internal audit division, out of the revenue recorded for the six months ended September 30, 2018, for the fiscal year ending March, 2019, there may have been inappropriate accounting processes for the recording of approximately 70 million yen (in IFRS) earlier than at the actual timing, although this is an estimation at this stage based on the limited scope and method of the internal investigation. Construction of the related projects was in fact completed by the end of the nine month period ended December 31, 2018. The possibility of other inappropriate recording of revenue has so far not been identified. (Reference: Revenue for LIXIL Renewal (in IFRS) for the fiscal year ended March, 2018 was 16,259 million yen)

LGC takes this situation extremely seriously and, in order to ensure a highly transparent and effective investigation as well as to develop proposals for stringent prevention measures, LGC established a special investigation committee on February 12. The committee includes independent lawyers and certified public accountants that have not been involved in the investigation so far, and have no prior connection to LGC.

The special investigation committee will continue to make efforts to understand the full scope of the issue and clarify the fundamental cause, including whether or not there are any similar issues for LIXIL Renewal Corporation or other subsidiaries.

The special investigation committee plans to understand the full scope of the issue by identifying the investigation targets, followed by procedures such as interviews of management and related employees of LIXIL Renewal and the examination of e-mails. Confirmation of whether or not there are any similar issues for other subsidiaries will also be conducted. In parallel with the investigation by the special investigation committee, additional quarterly review procedures by the auditor will be conducted. The expected schedule for the investigation and other processes is as shown in the table below.

Since the investigation by the special investigation committee has just started and the full facts and amount of impact to the summary of the quarterly consolidated financial statements is uncertain, additional quarterly review procedures by the auditor are required. It is expected that the quarterly review report will not be issued by the auditor by the filing deadline of February 14, 2019 for the Quarterly Securities Report for the Nine Months Ended December 31, 2018.

For these reasons, LGC has decided to submit “Application to Extend Deadline for Filing Quarterly Securities Nine Months Ended December 31, 2018”.

(Reference) Expected schedule at present

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| • February 12～March 8, 2019 | Investigation by the special investigation committee |
| • February 12～March 14, 2019 | Additional quarterly review procedures by the auditor |
| • March 14, 2019 | Filing of the Quarterly Securities Report for the Nine Months Ended December 31, 2018 |

5. Future Outlook

We will announce information immediately after receiving approval of this application.

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