

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



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LIXIL Group Corporation
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(First Section of TSE/NSE, code 5938)

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**Notification Regarding Start of Consideration of Merger between
LIXIL Group Corporation and its subsidiary**

LIXIL Group Corporation (hereinafter "LGC") announced today that its Board of Directors has resolved to start considering a merger between LGC, the holding company of the LIXIL Group, and LIXIL Corporation (hereinafter "LIXIL"), its 100% subsidiary.

The details are as follows:

1. Purpose of the merger

LIXIL Group's aim is to be an entrepreneurial company that can achieve sustainable competitiveness and growth in order to fulfill its corporate purpose to contribute to society by making better homes a reality for everyone, everywhere. To achieve this aim, the company is taking steps to transform its operations, including strengthening governance, enhancing productivity and efficiency, as well as becoming a more agile organization that enables better decision-making.

Since 2001, under the former Tostem Inax Holding Corporation, LIXIL Group adopted a holding company structure to optimize overall operations while maintaining cooperation between each operating company. This structure was continued when LIXIL was established following the integration of five major operating companies in 2011. However, as LIXIL Group's strategy has evolved, it must now place greater focus on actively managing its core businesses and driving synergies across these business areas to accelerate growth. This is in line with the announcement of July 22, 2019, ("Announcement Regarding Management's Future Direction"), which stated that the highest priority of the current executive officers and board of directors is to enhance corporate value by focusing on LIXIL's core businesses inside and outside of Japan.

By dissolving the two-tier structure of LGC and LIXIL, efficiency will be improved by eliminating duplication of management, operating costs and human resources. This change will enable faster decision-making, as well as improve corporate governance by simplifying the group management system and increasing the transparency of management.

Based on these considerations, the Board of Directors has today resolved to consider eventually merging LGC and LIXIL.

2. Overview of the companies to be merged

(1) Name of the company	LIXIL Group Corporation	LIXIL Corporation
(2) Major business	1) To control and manage the operations of the companies operating businesses relating to living in Japan and foreign countries by obtaining and holding the shares or the equities in such companies. 2) To control and manage the operations of the companies operating business relating to urban environment in Japan and foreign countries by obtaining and holding the shares or the equities in such companies.	To manufacture and sell building materials and housing equipment for housing and buildings, operate housing-related businesses as well as related services.
(3) Year of foundation	September 1949	October 2001
(4) Headquarters	Ojima 2-2-1, Koto-ku, Tokyo, JAPAN	Ojima 2-2-1, Koto-ku, Tokyo, JAPAN
(5) Representative	Kinya Seto	Kazuhiko Otsubo
(6) Capital	JPY68,418 million	JPY34,600 million
(7) Outstanding shares	313,319,159 shares	650,649 shares
(8) Major shareholders and its % of shareholding (As of September 30, 2019)	The Master Trust Bank of Japan, Ltd. (Trust account) 6.17% Japan Trustee Services Bank, Ltd. (Trust Account) 4.91% State Street Bank Client Omnibus OM04 3.72%	LIXIL Group Corporation 100%

(Note) excluding treasury stock of 23,223,744 shares.	(Standing Proxy: The Hongkong and Shanghai Banking Corporation Limited Tokyo Branch) Other			
(9) Financial position and operating results for the latest fiscal year (March 2019)	IFRS (Consolidated)	JGAAP (Stand-alone)		
	Total equity (JPY million)	567,167	Total equity (JPY million)	134,964
	Total asset (JPY million)	2,059,544	Total asset (JPY million)	829,446
	Equity attributable to owners of the parent per share (BPS) (JPY)	1,839.59	Net asset per share (JPY)	207,430.08
	Revenue (JPY million)	1,832,608	Net Sales (JPY million)	883,231
	Operating loss (JPY million)	-15,029	Operating income (JPY million)	6,019
			Ordinary income (JPY million)	8,470
	Loss for the year attributable to owners of the parent (JPY million)	-52,193	Net loss (JPY million)	-79,642
	Basic loss per share (JPY)	-179.98	Loss per share (JPY)	-122,404.19

3. Future plans

The LIXIL Group will establish a project team to advance the consideration of the merger between LGC and LIXIL as part of its initiatives to improve its corporate governance, management efficiency, and corporate value. The project team will consider the method of the merger, the timing of the completion of the merger, and the management structure after the merger, etc.

4. Future outlook

As the considered merger is between LGC and its 100% of consolidated subsidiary, there will be no negative impact on LIXIL Group's consolidated financial performance. LGC will announce the timing of the completion of the merger, and the management structure after the merger once it is agreed and determined.

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