

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



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LIXIL Group Corporation

Kinya Seto

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(Contact):

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Notice of Transfer of Consolidated Subsidiary (Share Transfer)

LIXIL Group Corporation (hereinafter "LGC") hereby announces that it has decided to transfer 100% of shares of Permasteelisa S.p.A. (hereinafter "Permasteelisa") held by its subsidiary, LIXIL Corporation (hereinafter "LIXIL"), to Atlas Holdings LLC (hereinafter "Atlas").

1. Reason for the share transfer

LGC'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, focusing on actively managing its core businesses to enhance productivity and efficiency, driving synergies across its core business areas, as well as optimizing its business portfolio to accelerate growth and strengthen financial conditions. The transaction is in line with LGC's efforts to focus on its core businesses and simplify its business structure, enabling further synergies and efficiencies through enhanced integration.

Permasteelisa is a global leader in the engineering, project management, manufacturing and installation of curtain walls and interior systems, with high-end curtain walls positioned at the core of its business. Over its history, the company has established a solid position in markets around the world, including Europe, Asia and North America. However, despite being a world-class brand, Permasteelisa has encountered significant operational and financial challenges in recent years, requiring LGC and Permasteelisa to implement a comprehensive plan to revitalize the business and return it to growth and stability.

Permasteelisa's operations are also significantly different to those of LGC's core business

operations in terms of business cycles and other factors. Therefore, the sale of Permasteelisa will allow LGC to further concentrate investing resources in driving synergies across its core businesses, consider investments in new and profitable growth areas to further enhance our core operations, as well as simplify and eliminate its ongoing exposure to different types of risks.

For these reasons, LGC has concluded the contract to transfer 100% of its shares of Permasteelisa to Atlas, an industrial holding company based in the U.S., which together with its affiliates operates a diversified group of manufacturing, distribution and construction businesses.

In line with Permasteelisa's ongoing efforts to revitalize its operations to improve its cash flow and recover profitability with support from LGC, following the share transfer, Atlas will continue the revitalization of Permasteelisa to turn it into a profitable, growing and standalone business, leveraging its expertise in the building materials and commercial construction markets, and its attention to client satisfaction, innovation and operational improvements.

2. Overview of Subsidiary to be Sold (Permasteelisa)

(1)	Name of Company	Permasteelisa S.p.A.		
(2)	Headquarters	Viale E.Mattei 21/23, 31029 Vittorio Veneto, Treviso, Italy		
(3)	Representative	Chief Executive Officer, Klaus Lothar		
(4)	Major Business	Designing, production and installation for curtain walls and interiors		
(5)	Capital	6.9 million euros		
(6)	Year of Foundation	1973		
(7)	Shareholding	100% of shares held by LIXIL		
(8)	Relation between the Listed Company and Permasteelisa	Capital	Consolidated subsidiary of LIXIL Group	
		Personnel	None	
		Trade	LIXIL Group provides guarantees for performance under contracts.	
(9)	Operating Results and Financial Conditions of Permasteelisa for the past 3 years (in millions of euro unless stated otherwise)			
Years ended in		March 2017	March 2018	March 2019
Consolidated net assets		142	127	112
Consolidate total assets		1,610	1,301	1,054
Net asset per share (Euro)		5.56	4.96	4.35
Consolidated sales revenue		1,286	1,277	1,117

Consolidated operating profit	-3	8	-384
Profit (loss) for the year attributable to owners of the parent	-45	-29	-412
Earnings per share (Euro)	-1.77	-1.12	-16.08

3. Overview of Atlas Holdings LLC

(1) Name	Atlas Holdings LLC		
(2) Headquarters	100 Northfield Street, Greenwich, CT 06830 USA		
(3) Representative	Managing Partner, Andrew Bursky		
(4) Description	Investment and business development in manufacturing, distribution and construction businesses		
(5) Paid-in Capital	This is not disclosed because of a private company		
(6) Year of Establishment	2002		
(7) Net Asset	This is not disclosed because of a private company		
(8) Total Asset	This is not disclosed because of a private company		
(9) Major Shareholder	This is not disclosed because of a private company		
(10) Relationship between LIXIL Group and the company	Capital	None	
	Personnel	None	
	Trade	None	
	Relationship with related parties	None	

4. Number of shares transferred, and status of holdings before and after the transfer

(1) Number of Shares Held before the Transfer	25,613,544 shares (Voting right ratio: 100%)
(2) Number of Shares to Be Transferred	25,613,544 shares
(3) Share Transfer Price	This will not be disclosed due to the strong intention of the other party, but the share transfer price was determined through negotiations with the other party after a fair process.
(4) Number of Shares Held after the Transfer	0 shares (Voting right ratio: 0%)

5. Schedule

(1)	Board resolution date	May 1, 2020
(2)	Conclusion date of agreement	May 1, 2020
(3)	Date of transfer of shares	Not determined yet (Note)

(Note) The transaction is subject to customary closing conditions and regulatory approvals in EU, the United States, China, Russia and Saudi Arabia. Therefore, the date of transfer of shares is not determined yet.

6. Future Outlook

LGC has adopted International Financial Reporting Standards ("IFRS") from the fiscal year ended March 2016. Although details of accounting treatments and presentation methods are still under discussion with the auditor, LGC believes that as a result of conclusion of this share transfer agreement contract, based on IFRS No. 5 ("Non-Current Assets Held for Sale and Discontinued Operations"), assets and liabilities held by Permasteelisa will be classified as assets and liabilities held for sale, which in addition to profit and loss after tax resulting from Permasteelisa's operations and profits and losses from the share transfer, will be listed separately as profit and loss for discontinued operations.

Due to the difficulty in projecting the impact of the share transfer at the time of announcing the consolidated forecast, LGC has not incorporated the estimated impact of the share transfer in its consolidated forecast for the fiscal year ended March 2020. Therefore, the Timely Disclosure announced separately today ("Announcement Regarding Revision of the Forecast of Business Performance For the Fiscal Year Ended March 2020 and Recording of Extraordinary Loss from a Subsidiary in Japan") provides details of the classification of continuing and discontinued operations in the full-year consolidated forecast for the fiscal year ended March 2020.

Furthermore, based on this share transfer, contingent liability, which is primarily the guarantee obligation for the guarantees for performance under contracts, is expected to decrease by approximately 150.0 billion yen, which is expected to have a positive impact on fund raising costs, etc.

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