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

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LIXIL Group Corporation
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Absorption-type merger of a subsidiary (simplified, short-form merger)

LIXIL Group Corporation (hereinafter "LIXIL Group") decided at its Board of Directors Meeting held today to absorb its fully owned subsidiary GraceA Co., Ltd. (hereinafter "GraceA"). Because the object of the absorption is a fully owned subsidiary of LIXIL Group, some of the content and details for disclosure have been abbreviated.

1. Aim of the Merger

   LIXIL Group is continually seeking to refine its business portfolio in order to enhance operational efficiency and strengthen financial conditions and governance. As part of this, LIXIL Group has decided to merge by absorption its fully owned subsidiary GraceA with the aim of further simplifying its business structure, strengthening governance, and enhancing operational efficiency.

2. Details of the Merger

   (1) Schedule for Merger

Board of Directors' approval	December 22, 2017
Date of merger agreement	December 22, 2017
Date of merger (effective date)	March 2, 2018 (Plan)

(Note) According to regulations governing short-form mergers in Item 2, Article 796, and Item 1, Article 784 of Japanese corporate law governing simplified mergers, the simplified and short-form merger between LIXIL Group and GraceA, which is a fully owned subsidiary under LIXIL Group, can be conducted without seeking approval at the general shareholders meeting.

(2) Method of Merger

Using the merger by absorption method, LIXIL Group will become the surviving company and GraceA will be dissolved.

(3) Allocation of Shares and Other Assets

The merger will not result in any allocation of shares or other assets.

(4) Issuance of Subscription Rights to Shares and Bonds with Subscription Rights to Shares

GraceA has not issued any subscription rights to shares or bonds with subscription rights to shares.

3. Situation after the Merger

There are no planned changes to trade names, registered locations, the business representative, business lines, paid-in capital, or accounting periods.

4. Future Outlook

The impact of the merger on LIXIL Group business performance is expected to be insignificant because the absorption will be made for a fully owned subsidiary of the LIXIL Group.

5. Details of Companies Involved in the Merger

	Surviving Company	Absorbed Company
(1) Trade Name	LIXIL Group Corporation	GraceA Co., Ltd.
(2) Business Type	1. The Company controls and manages domestic and overseas companies that operate housing-related businesses through acquisition or holding of stocks. 2. The Company controls and manages domestic and overseas companies that operate urban environment related businesses through acquisition or holding of stocks.	The Company manages and advises on the business activities of GROHE Group S.à r.l., and other related business arisen after the acquisition of the shares of GROHE
(3) Establishment	September 1949	September 2013
(4) Registered Office	2-1-1 Ojima, Koto-ku, Tokyo	2-1-1 Ojima, Koto-ku, Tokyo
(5) Representative	Kinya Seto	Kinya Seto

(6) Capital	JPY 68,121 million	JPY 103,893 million
(7) Outstanding Shares	Common Stock 313,054,255	Common Stock 7,700,000 Preferred Stock 98,200
(8) Major Share Holders and Holding Ratio (As of September 30, 2017) (Note) LIXIL Group holds 24,761 thousand shares of treasury stock. Shareholding calculations include treasury stock.	The Master Trust Bank of Japan, Ltd. (Trust Account) 4.06% Japan Trustee Services Bank, Ltd. (Trust Account) 3.74% STATE STREET BANK CLIENT OMNIBUS OM04 (Standing Proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch) 3.06% Others	LIXIL Corporation 100%
(9) Financial Performance for the Latest Fiscal Year-end (Fiscal Year Ended March 2017)	IFRS (Consolidated)	JGAAP (Standalone)
	Total Equity (JPY million) 559,431	Total Equity (JPY million) 160,149
	Total Assets (JPY million) 2,042,165	Total Assets (JPY million) 160,152
	Total Equity per Share (Japanese yen) 1,902.18	Total Equity per Share (Japanese yen) 7,396.70
	Revenue (JPY million) 1,786,447	Net Sales (JPY million) —
	Operating Profit (JPY million) 67,535	Operating Loss (JPY million) (5)
	—	Ordinary Loss (JPY million) (5)
	Profit for the Year Attributable to Owners of the Parent (JPY million) 42,503	Net Loss (JPY million) (6)
	Earnings per Share (Japanese yen) 148.01	Earnings per Share (Japanese yen (315.81)

(Note) Classification to discontinued operations is not reflected for the figures of revenue and operating profit under IFRS.

End