

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



April 23, 2019

LIXIL Group Corporation

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Director, Representative Executive Officer,

Chairman and CEO (First Section of TSE/NSE, code 5938)

(Contact):

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Announcement Regarding the Transfer of Shares of an Equity-Method Affiliate

LIXIL Group Corporation (hereinafter "LGC") hereby announces that at its Executive Officers' Meeting held today, the decision was made for LGC's consolidated subsidiary, LIXIL Corporation (hereinafter "LIXIL"), to transfer 100% of its shares in Ken Depot Corporation (hereinafter "Ken Depot") to KOHNAN SHOJI CO., LTD. (hereinafter "Kohnan Shoji"). LIXIL subsequently concluded the share transfer agreement on the same date.

1. Reason for the transfer of shares

Ken Depot is expanding its membership-based wholesale building materials stores for professional users of housing-related materials, "Ken Depot", around the Tokyo metropolitan area. LGC launched the Ken Depot business in 2009, and in 2015, carved out the Ken Depot business from LIXIL Corporation and established Ken Depot Corporation. With capital participation of the fund in which Unison Capital Inc., which has extensive experience in supporting the growth of companies and helping them become independent from large corporate groups, operates or acts as an advisor (hereinafter "Unison Capital"), Ken Depot became an equity-method affiliate of LGC.

At this time, as a result of the discussion between Unison Capital and LGC, both companies decided to transfer all of the shares of Ken Depot held.

2. Overview of the equity-method affiliate to be transferred

(1)	Name of Company	Ken Depot Corporation		
(2)	Headquarters	Kanda 91 Building, 1-8-3 Kajicho, Chiyoda-ku, Tokyo		
(3)	Representative	Representative Director, President Yasushi Saito		
(4)	Major Business	Management of membership-based wholesale building materials stores for professional users of housing-related materials, "Ken Depot"		
(5)	Capital	100 million yen		
(6)	Date of Foundation	August, 2015		
(7)	Shareholding	<u>Unison Capital Partners IV</u> Common shares: 33,876,067 shares (Shareholder voting rights: 53.08%) Share acquisition rights: 14,829,769 units <u>LIXIL Corporation</u> Common shares: 21,698,181 shares (Shareholder voting rights: 34.00%) Type A preferred shares: 36,001,819 shares <u>Unison Capital Partners IV(F), L.P.</u> Common shares: 7,093,609 shares (Shareholder voting rights: 11.12%) Share acquisition rights: 3,105,334 units		
(8)	Operating Results and Financial Conditions of Ken Depot for the Past 3 years (in millions of yen unless stated otherwise)			
	Years ended in March of	2016	2017	2018
	Total Equity	8,206	5,354	4,308
	Total Assets	19,432	18,204	16,027
	Equity per share (yen)	76.31	47.74	43.16
	Net sales	16,884	33,578	33,732
	Operating Profit	△697	△2,047	△1,073
	Ordinary Income	△931	△2,050	△1,039
	Net Profit or Net loss (△)	△2,363	△2,851	△1,045
	Net Profit per share (yen) or Net loss per share (△ yen)	△23.68	△28.57	△10.48
	Dividend per share (yen)	-	-	-

(Note) For the fiscal year ended March 2016, the financial results will be six months from October 1, 2015 to March 31, 2016.

(Note) Ordinary income expected to be profitable for the fiscal year ended March 2019.

3. Overview of the counterparty of the transfer of shares

(1)	Name of Company	KOHNAN SHOJI CO., LTD.
(2)	Headquarters	6-637-1 Otorihigashi-machi, Nishi-ku, Sakai City, Osaka
(3)	Representative	President Naotaro Hikida
(4)	Major Business	Management of Home center business which mainly deals in retail of DIY products
(5)	Capital	17.658 billion yen (as of February, 2018)
(6)	Date of Foundation	September, 1978
(7)	Securities Traded	First section of the Tokyo Stock Exchange (TSE code 7516)

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

(1)	Number of Shares Held before the Transfer	Common shares: 21,698,181 shares (Shareholder voting rights: 34.00%) Type A preferred shares: 36,001,819 shares
(2)	Number of Shares to Be Transferred	Common shares: 21,698,181 shares Type A preferred shares: 36,001,819 shares
(3)	Share Transfer Price	12.7 billion yen
(4)	Number of Shares Held after the Transfer	Common shares: 0 shares (Shareholder voting rights: 0%) Type A preferred shares: 0 shares

5. Schedule

(1)	Board resolution date	April 23, 2019
(2)	Conclusion date of agreement	April 23, 2019
(3)	Date of transfer of shares	June 3, 2019 (expected) (Note)

(Note) The date of transfer of shares may change as it is necessary after the completion of the procedures set forth in the Act on the Prohibition of Private Monopoly and Securing Fair Trade (Antitrust Law).

6. Future Outlook

The impact of the transfer of the shares on the Company's consolidated business results for the fiscal year ending March, 2020 is currently under review. The financial results for the fiscal year ended March 31, 2019, will be announced on May 13, 2019, where an annual forecast for the fiscal year ending March 31, 2020, considering the impact of the share transfer expected at that time, will be announced.

End