



December 4, 2020

LIXIL Corporation  
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**Notice of Transfer of Consolidated Subsidiary (Japan Home Shield) (Share Transfer) and Recognition of a Gain on Transfer of Shares (Estimated)**

LIXIL Corporation (hereinafter "LIXIL") hereby announces that it has reached an agreement with MCP5 Investment Business Limited Liability Partnership, a fund whose management is entrusted to Mizuho Capital Partners Co., Ltd. (hereinafter "Mizuho Capital Partners"), to transfer 100% of the issued common stock of Japan Home Shield Corporation (hereinafter "Japan Home Shield") held by LIXIL Living Solution Corporation (hereinafter "LIXIL Living Solution"), a wholly-owned subsidiary of LIXIL, subject to customary closing conditions and regulatory approvals.

As a result of the share transfer, Japan Home Shield will no longer be a consolidated subsidiary of LIXIL. LIXIL also expects to recognize a gain from the transfer of shares resulting from this transaction in the consolidated results for the 4th quarter of the fiscal year ending March 31, 2021.

**1. Reason for the Transaction**

LIXIL aims to become an entrepreneurial company that can achieve sustainable growth and contribute to society by making better homes a reality for everyone, everywhere. To achieve this aim, LIXIL and its group companies are 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.

As a leading company in geotechnical investigation for homes and home inspection, Japan Home Shield has covered a cumulative total of more than 1.8 million units in geotechnical investigation and 200,000 houses in home inspection since its establishment. Given the housing law changes and frequent natural disasters in recent years, the environment for housing are changing. Japan Home Shield has continued to listen to the voice of customers and achieved sustainable growth by improving its technology and services and offering new services such as foundation design.

For Japan Home Shield to aim for dramatic growth along with the expansion of the industry overall, and to further grow beyond the current business, LIXIL and Japan Home Shield have come to the decision that it is necessary to separate Japan Home Shield from LIXIL so that it can receive support from a new owner to further strengthen its business. As a result of mutual discussion, it was determined that the best path forward for Japan Home Shield was to partner with Mizuho Capital Partners, which is full of know-how, network, and resources

regarding management overall, to establish an even stronger business foundation by receiving business and financial support from Mizuho Capital Partners.

The Transaction is also in line with LIXIL's efforts to focus on its core businesses and simplify its business structure, enabling further synergies and efficiencies through enhanced integration.

For the reasons described above, LIXIL has decided to transfer all common shares of Japan Home Shield held by LIXIL through LIXIL Living Solution.

## 2. Overview of Subsidiary to be Sold

(1)	Name of Company	Japan Home Shield Corporation		
(2)	Headquarters	17F, Ryogoku City Core, 2-10-14,Ryogoku, Sumida-ku, Tokyo, Japan		
(3)	Representative	Takeshi Saito, President and Representative Director		
(4)	Major Business	Geotechnical investigation,geotechnical reinforcement, geological survey,home inspection		
(5)	Capital	205 million yen		
(6)	Date of Foundation	March 1,1990		
(7)	Major Shareholder	100% of shares held by LIXIL Living Solution Corporation		
(8)	Relationship between LIXIL and Japan Home Shield	Capital	Consolidated subsidiary of LIXIL	
		Personnel	None	
		Trade	None	
(9)	Non-consolidated Operating Results and Financial Conditions of Japan Home Shield for the past 3 years (in millions of yen unless stated otherwise)			
	Years ended in	March 2018	March 2019	March 2020
	Net assets	3,473	3,810	4,048
	Total assets	6,305	6,913	6,844
	Net assets per share (yen)	1,736,717	1,905,441	2,024,406
	Sales revenue	11,168	11,878	12,076
	Operating profit	944	948	800
	Ordinary profit	904	890	812
	Profit for the year	661	601	538
	Earnings per share (yen)	300,541	300,940	269,434
	Dividend per share (yen)	132,217	150,470	134,717

## 3. Overview of Mizuho Capital Partners

(1)	Name of Company	Mizuho Capital Partners Co., Ltd.
(2)	Headquarters	2F, Marunouchi Center Building, 1-6-1 Marunouchi, Chiyoda-ku, Tokyo, Japan
(3)	Representative	Katsunori Nozawa, Representative Director & President
(4)	Description	Management of buyout funds and mezzanine funds; advisory services

There are no capital, personnel, and trade relationships between LIXIL and Mizuho Capital Partners.

#### 4. Number of Shares Transferred, and Status of Holdings before and after the Share Transfer

(1)	Number of Shares Held before the Share Transfer	2,000 shares (voting right ratio: 100%)
(2)	Number of Shares to Be Transferred	2,000 shares
(3)	Total Net Proceeds from the Share Transfer	Transfer price shall be undisclosed pursuant to duty of confidentiality in the share transfer agreement
(4)	Number of Shares Held after the Share Transfer	0 shares (voting right ratio: 0%)

#### 5. Schedule

(1)	Execution of Share Transfer Agreement	December 4, 2020
(2)	Date of Transfer of Shares	February 2021 (plan)

#### 6. Future Outlook

LIXIL expects to recognize a gain from the transfer of shares resulting from this transaction. The impact from the completion of the Share Transfer on LIXIL's consolidated financial statements has been factored into the full-year forecast announced on October 30, 2020, titled, "Announcement of Revision of Consolidated Financial Forecast for the Fiscal Year Ending March 2021".

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