

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



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## **Notice of Dissolution and Occurrence of Loss of Consolidated Subsidiary (Decorative Panels International, Inc.)**

LIXIL Corporation (hereinafter "LIXIL") hereby announces that its Board of Executive Officers has today approved the dissolution of Decorative Panels International, Inc. (hereinafter "DPI"), owned by ASD Holding Corp. (hereinafter "ASD"), a consolidated subsidiary of LIXIL.

### **Details are as follow:**

#### **1. Reason for the dissolution**

LIXIL aims 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 a number of steps to transform its operations. These include, strengthening governance, focusing on actively managing the core businesses to enhance productivity and efficiency, driving synergies across business areas, and optimizing the business portfolio to accelerate growth and strengthen financial conditions.

As a manufacturer and distributor of wall panels, DPI became a group company under the ASD umbrella when LIXIL acquired the shares of ASD in 2013. Since then, DPI has been seeking synergies with LIXIL's US operations. However, challenging economic and market conditions have undermined efforts to revitalize the business. After evaluating all available options, LIXIL has decided to dissolve DPI in order to further improve productivity and efficiency by simplifying the business structure and integrating the organization.

## 2. Overview of subsidiary to be dissolved

(1)	Name of Company	Decorative Panels International, Inc.		
(2)	Headquarters	2900 Hill Avenue, Toledo, Ohio 43607, USA		
(3)	Representative	President, Daryl Clendenen		
(4)	Business operations	Manufactures and sells wall panels		
(5)	Capital	10 US dollars		
(6)	Establishment	April 7th, 2004		
(7)	Major shareholder	100% of shares held by AS America, Inc. (100% subsidiary of ASD)		
(8)	Relationship between LIXIL and DPI	Capital	Consolidated subsidiary of LIXIL	
		Personnel	None	
		Trade	None	
(9)	Non-consolidated operating results and financial conditions of DPI for the past 3 years (in millions of US dollars)			
	Years ended in	March 2021	March 2022	March 2023
	Net assets	3	4	-8
	Total assets	30	39	40
	Revenue	64	68	67
	Operating profit	-6	1	-9
	Profit for the year	1	1	-11

## 3. Schedule

LIXIL plans to liquidate the entity of DPI in accordance with local law. The detailed schedule is to be determined.

## 4. Impact on the consolidated financial results

As a result of this transaction, for the fourth quarter (three months) of the fiscal year ending March 31, 2024, LIXIL expects to record losses associated with this matter as cost of goods sold of approximately JPY600 million and other expenses of approximately JPY5,200 million. (Note)

Following the review of the impact of the costs associated with this matter on the consolidated financial forecast for the fiscal year ending March 2024, which was announced on April 28, 2023, along with other factors, if deemed necessary, LIXIL will promptly announce the information accordingly.

(Note) The impact on the consolidated financial results is converted using the average exchange rate for the third quarter (nine months) of the fiscal year ending March 31, 2024, which is JPY142.76 to the US dollar. These amounts are based on information currently available and may be subject to changes due to factors including the impact from foreign exchange rates and others.

End