



News Release (Translation only)

March 30, 2018

Company: Daiwa House Industry Co., Ltd.
(Code number: 1925,
First Section of the Tokyo Stock Exchange)
Representative: Keiichi Yoshii, President and COO
Contact: Takeshi Kosokabe, Director,
Senior Managing Executive Officer and CFO
dh.ir.communications@daiwahouse.jp

Announcement Concerning Income Tax for Prior Periods

Daiwa House Industry Co., Ltd. was the subject of a tax inquiry conducted by the Osaka Regional Taxation Bureau for the tax years 2016 through 2017. While Daiwa House Industry did not necessarily agree with the findings of the Osaka Regional Taxation Bureau, the Company recognized certain matters for improvement. Having accepted the final findings of the taxation bureau, the Company filed amended tax returns, and paid the taxes as of this date.

<Main Findings of the Tax Inquiry>

- In calculating revenue based on the percentage-of-completion method, some expenses that were recognized as common expenses should have been recognized as individual costs, as a result, the revenue reported based on the percentage of completion was too low.
- For multiple jobs involving contract work within the same project, the Company had executed individual contracts for each job and had recognized revenue as each job was completed, but for costs such as outsourcing and material costs for vendors, etc., the Company had not properly recognized construction that should have been recorded as each job.
- In the case of contract work involving multiple buildings, the Company had recognized revenue for each completed block, however it had not properly recognize for each block the costs of exterior construction that covered the whole.

Under the amended returns, the Company revised its reported income of 276 million yen and paid 72 million yen in taxes, including corporate tax, local corporation tax, and consumption tax.

Daiwa House Industry takes the findings described above seriously, and the Company will endeavor to prevent the recurrence thereof. At the same time, the Company will engage in measures to strengthen tax compliance.

End

Disclaimer:

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