



News Release (Translation)

November 17, 2021

Company: Daiwa House Industry Co., Ltd.
(Code number: 1925,
First Section of the Tokyo Stock Exchange)
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Notice Concerning Supervisory Dispositions based on the Construction Business Act

In the press release titled Notice Concerning Inadequate Work Experience Criteria for Qualifications Tests dated December 18, 2019, we announced that some of our employees had taken operation and management engineer skills qualifications (hereinafter “the Qualifications”) tests and acquired the Qualifications while lacking the prescribed work experience, and that some employees with off-specification work experience criteria had been assigned as on-site engineers. In relation to this incident, we received today instructions under Article 28, paragraph (1) of the Construction Business Act, and business suspension penalties pursuant to paragraph (3) of the same Article of the said Act, both of which were rendered by Kinki Regional Development Bureau of the Ministry of Land, Infrastructure, Transport and Tourism. The details of these dispositions are as follows.

We would like to sincerely apologize for the considerable concern and inconvenience we have caused all our customers and other stakeholders.

We have been working intensively to implement the recurrence prevention measures announced in December 2019. Solemnly accepting the orders rendered today, the entire company will continue its efforts to restore confidence in the company.

1. Overview of the dispositions

【Instructions under Article 28, paragraph (1) of the Construction Business Act】

- (1) To prevent a violation like this occurring again in the future, necessary measures must be taken at least against the following items:
 - (i) The company shall communicate to its officers and employees the details of the violations and the details of the dispositions rendered in a thorough and expeditious manner.
 - (ii) To ensure that the Construction Business Act and other applicable laws and regulations are stringently observed within the company, the company shall prepare plans for training and education programs (hereinafter “Training”), and provide its officers and employees with necessary Training on an ongoing basis.

- (iii) The company shall investigate and review the business operation methods adopted internally, and set up and strengthen a business management system.
- (2) The company must promptly report in writing on measures taken against each of the items in the preceding paragraph (including other measures taken by the company aside from those against the items in the preceding paragraph, if any)
- (3) Reason In violation of the provisions of Article 15, item (ii) of the Construction Business Act, employees lacking qualification requirements were deployed as full-time engineers in sales offices. This fact is considered to fall under the main clause of Article 28, paragraph (1) of the Construction Business Act.

【Business suspension penalties under Article 28, paragraph (3) of the Construction Business Act】

- (1) Scope of businesses subject to suspension
- (i) Business relating to private sector projects under the electrical construction business.
Within the prefectures of Hokkaido, Gunma, Tochigi, Saitama, Ibaraki, Chiba, Tokyo, Kanagawa, Yamanashi, Nagano, Niigata, Toyama, Ishikawa, Fukui, Shiga, Kyoto, Nara, Wakayama, Osaka and Hyogo
- (ii) Business relating to private sector projects under the plumbing business.
Within the prefectures of Tottori, Shimane, Okayama, Hiroshima, Yamaguchi
- (2) Period 22 days from December 2, 2021 to December 23, 2021
- (3) Reason In violation of the provisions of Article 26 of the Construction Business Act, employees lacking qualification requirements were deployed as chief engineers and managing engineers in construction sites. This fact is considered to fall under Article 28, paragraph (1), item (ii) of the Construction Business Act.

2. Impact on business results

Supervisory Dispositions based on the Construction Business Act has no significant impact on the consolidated financial results for the fiscal year ending March 31, 2022. Therefore, there are no modifications on the consolidated financial forecast for the fiscal year ending March 31, 2022.

End

Disclaimer:

This English translation has been prepared for general reference purposes only. The Company shall not be responsible for any consequence resulting from the use of the English translation in place of the original Japanese text. In any legal matter, readers should refer to and rely upon the original Japanese text of the press release dated November 17, 2021.