

Jun. 23, 2022

Company name: Daito Trust Construction Co., Ltd
Representative: Katsuma Kobayashi
President and Representative Director (CEO)
Securities code: 1878
Listed in the 1st section of Tokyo and Nagoya security
exchange
Address: 2-16-1, Konan, Minato-ku, Tokyo

Notice regarding summary of the research result by the Research Committee

On May 24, 2022, we Daito Trust Construction Co., Ltd (the “Company”) issued a statement “Notice of investigation regarding improper accounting treatment of our consolidated subsidiary” regarding discovery of improperly accounting at our consolidated subsidiaries. Since then the Company has conducted an internal investigation using external experts, including lawyers and certified public accountants.

We now inform you that we have received summary of the results of the investigation from the Investigation Committee as follows.

1. About contents of Research Committee Investigation Report

A detailed report will be available at a later date. At this time, please refer to the summary below.

2. Impact on consolidated financial results

The impact on consolidated financial results is as follows.

- Approx. ¥569 million of overstatements of accounts payable and accrued expenses at our consolidated subsidiaries as of end of March 2022.
- Approx. ¥212 million of Improperly advertising payments at our consolidated subsidiaries in Year ended March 2022.

As a result, the impact on consolidated financial results was ¥50 million larger than the amount announced in the statement “Notice of investigation regarding improper accounting treatment of our consolidated subsidiary” on May 24, 2022.

Since the monetary impact on the consolidated financial results is limited, we will not revise the financial results of prior fiscal year (Year ended March 2022) in accordance with the above, but will reflect it in the financial results of the first quarter of the current fiscal year (Year ended March 2023).

At present, net income before income taxes of the first quarter is expected to increase by ¥781 million.

In sincere response to the causes for the occurrence and proposed future preventative measures identified in the Investigation Report, the Company will take measures implement and strength of internal controls. Details of the measures and the progress will be announced appropriately in due course.

We sincerely apologize for causing a great deal of inconvenience and concern to our shareholders, investors, and other related parties regarding this accounting treatment announced this time.

END