

July 13, 2017

Attention: All concerned parties

Toyotanso Co., Ltd.

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(Stock Exchange Code: 5310; 1st Section, Tokyo Stock Exchange)

Notice Regarding Detection of Fraudulent Actions at Overseas Subsidiary

We regret to report that fraudulent actions on the part of a former employee have been detected at TOYO TANSO FRANCE S.A. (located in France), a consolidated subsidiary (hereafter, “TTF”) of Toyotanso Co., Ltd. (hereafter, “the Company”). After the actions were uncovered, an internal investigation was immediately launched, and although we are currently working to clarify the full picture, we have described below what we know at this point.

We sincerely apologize for causing great concern and trouble to our shareholders, investors, business partners, and market participants.

Particulars

1. Overview of fraudulent actions and background

From June 2011 to April 2017, TTF’s former employee used a position of responsibility in finance and accounting to fraudulently report refunds for value-added tax (VAT) in France and misappropriate these funds. On May 24, 2017, an examination of TTF’s taxes by France’s tax authorities revealed that the VAT refunds had been transferred to the former employee’s own account. In response, the Company immediately formed an investigation team, and an investigation was initiated together with the local accounting firm and local lawyers. Based on the relevant evidence acquired and interviews with the person concerned, it was determined that 1,750,000 euro (about 200 million yen) had been fraudulently remitted.

Given these results, on July 7 the Company established an internal investigation committee comprising two outside directors (Yasuo Yamagata and Mune Iwamoto) and one outside auditor (Koichiro Tanaka), and a thorough investigation began with the cooperation of legal advisors, local lawyers, and an external professional organization (PwC France). In addition, on July 10 (local time) TTF filed a criminal complaint with French prosecutors. The employee who committed the fraud had been dismissed on June 16, but in parallel with the criminal complaint, TTF plans to pursue liabilities in a civil case and make every effort to recover the amount lost.

2. Impact on earnings and future actions

As noted above, at this point 1,750,000 euro in fraudulent remittance has been identified, but the official tax examination results have not yet been obtained from France’s tax authorities, and the full examination and verification is still underway, including the possibility of the recovery of the misappropriated funds. Given these circumstances, we will promptly disclose the investigation results and the impact on earnings when this has been ascertained.

The Toyotanso Group takes this deplorable event very seriously, and is working to prevent any recurrence. We will report on this as soon as details have been verified.

Please direct inquiries regarding the current situation to:

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