

August 7, 2017

Attention: All concerned parties

Toyo Tanso Co., Ltd.

5-7-12 Takeshima, Nishiyodogawa-ku, Osaka 555-0011, Japan
(Stock Exchange Code: 5310; 1st Section, Tokyo Stock Exchange)

(Update on Previous Disclosure) Notice Regarding Posting of Non-operating Expenses (Loss on Misappropriation of Funds) Related to Fraudulent Actions at Overseas Subsidiary

We released the “Notice Regarding Detection of Fraudulent Actions at Overseas Subsidiary” on July 13, 2017, and hereby provide notice that non-operating expenses will be posted as a result in the second quarter (April 1 – June 30, 2017) of the consolidated fiscal year ending December 31, 2017, as described below.

Particulars

1. Posting of non-operating expenses

As announced in the “Notice Regarding Detection of Fraudulent Actions at Overseas Subsidiary,” dated July 13, 2017, a former employee at a consolidated subsidiary in France fraudulently reported refunds for value-added tax (VAT) and misappropriated these funds. An internal investigation committee is currently conducting a thorough review of the case, but the Company will post a 228 million yen loss on misappropriation of funds as a non-operating expense in the second quarter of the consolidated fiscal year ending December 31, 2017.

The aforementioned expense covers the entire period during which the fraud was carried out, from June 2011 to April 2017, and includes 179 million yen in VAT refunds that were fraudulently received (including delinquency charges and penalties) and 49 million yen in downward revisions to the amount of accrued VAT posted as assets.

2. Impact on earnings

We plan to factor the aforementioned non-operating expense into the consolidated earnings forecasts for the fiscal year ending December 31, 2017, and release the earnings results for the first two quarters of the fiscal year ending in December 2017 (cumulative) and consolidated earnings forecasts for the full year in the Consolidated Financial Results for the Six Months Ended June 30, 2017 [Japanese GAAP], dated August 9, 2017.

Since the impact on consolidated financial statements for previous fiscal years during the period in which the fraud was carried out was minimal, consolidated financial statements for past fiscal years will not be corrected.

3. Future actions

The internal investigation committee established on July 7, 2017 will continue its investigation. At this point, the committee plans to consolidate its findings around September 2017, and announce the results during October 2017.

Please direct inquiries regarding the current situation to:

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