

April 30, 2020

To Whom It May Concern,

Company Name: Sanyo Special Steel Co., Ltd.  
Representative: HIGUCHI Shinya, Representative Director and President  
(Code Number: 5481, First Section of the TSE)  
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### **Notice regarding Write-off of Goodwill and Impairment Loss on Shares of Consolidated Subsidiary**

Sanyo Special Steel Co., Ltd. (the “Company”) hereby announces that it has recorded a write-off of goodwill on a consolidated basis, and an impairment loss on shares of a consolidated subsidiary on a non-consolidated basis, for the fiscal year ended March 31, 2020 as mentioned hereafter.

#### **1. Details about write-off of goodwill (consolidated basis)**

Due to the impact of the spread of the COVID-19 infection, the timeframe required for profit recovery of Mahindra Sanyo Special Steel Pvt. Ltd. (“MSSS”), a consolidated subsidiary of the Company in India, is predicted to take longer than previously expected. Accordingly, the Company recorded a write-off of goodwill relating to MSSS of 1,289 million yen as an extraordinary loss on a consolidated basis.

#### **2. Details about impairment loss on shares of consolidated subsidiary (non-consolidated basis)**

Due to the significant decline in the actual real value of MSSS shares held by the Company and the prolonged profit recovery schedule for MSSS caused by the impact of the spread of the COVID-19 infection, the Company recorded a loss on valuation of shares of subsidiaries and affiliates of 3,854 million yen on a non-consolidated basis.

#### **3. Reason for write-off of goodwill and impairment loss on shares of MSSS**

MSSS was in the trend of profit improvement due to sales recovery of local automobiles and a resumption of shipments to national railways. However, caused by the impact of the spread of the COVID-19 infection, the profit recovery of MSSS is predicted to take longer than previously expected. Accordingly, the Company recorded a write-off of goodwill relating to MSSS and an impairment loss on shares of MSSS for the fiscal year ended March 31, 2020.

#### **4. Impact on business performance**

As a result of the above, there are differences between the full-year earnings forecasts for the fiscal year ended March 31, 2020 announced on January 31, 2020 and the actual results announced today. For further details, please refer to the “Notice regarding Differences between Full-year Earnings Forecasts for Fiscal Year Ended March 31, 2020 and Actual Results” released today.

Please note that the official text of this document has been prepared in Japanese. To the extent there is any discrepancy between the English translation and original Japanese version, please refer to the Japanese version.