

April 30, 2021

To whom it may concern,

Company Name: Sanyo Special Steel Co., Ltd.  
Representative: HIGUCHI Shinya,  
Representative Director and President  
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**Notice Regarding Recording of Impairment Losses on Fixed Assets and  
Loss on Valuation of Shares of Subsidiaries and Affiliates**

Sanyo Special Steel Co., Ltd. (the “Company”) hereby announces that it has recorded impairment losses on fixed assets on a consolidated basis and loss on valuation of shares of subsidiaries and affiliates on a non-consolidated basis, for the fiscal year ended March 31, 2021 as mentioned hereafter.

**1. Recording impairment losses on fixed assets**

The Company recorded impairment losses of 3,929 million yen (under extraordinary losses) for Mahindra Sanyo Special Steel Pvt. Ltd. (MSSS), a consolidated subsidiary of the Company in India, pursuant to the Accounting Standard for Impairment of Fixed Assets. This was because a calculation of future cash flows of the fixed assets resulted in the recoverable amount falling below its book value.

The COVID-19 pandemic forced MSSS to suspend operations due to lockdown, and to significantly restrict its business activities in the fiscal year ended March 31, 2021. Subsequently, with the recovery of the Indian economy, MSSS had shown a gradual recovery in production and sales. However, amid the ongoing resurgence of COVID-19 in the region, oxygen supply controls are currently being reinstated, affecting production. Accordingly, the Company determined that it must take a more prudent view of when MSSS will recover its profits, considering factors including the impact of COVID-19 on future business activities.

The Group’s basic policy of “Reinforcing profitability of overseas businesses” is stated in the 2025 Medium-term Management Plan, announced today. The Company will reinforce MSSS’s sales strategy and cost-competitiveness to enhance its position in the Indian market, in an effort to swiftly improve its profits.

**2. Recording loss on valuation of shares of subsidiaries and affiliates on a non-consolidated basis**

The Company recorded a loss on valuation of shares of subsidiaries and affiliates of 3,060 million yen on a non-consolidated basis due to a significant decline in the real value of MSSS shares held by the Company as a result of above.

**3. Impact on business performance**

The extraordinary loss stated above have been reflected on “Flash Report [Japanese GAAP] (Consolidated Basis) Results for the fiscal year ended March 31, 2021” announced today.

End

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.