

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 the Implementation of Emergency Profit Improvement Measures

Considering recent trends in performance, Sanyo Special Steel Co., Ltd. (the “Company”) hereby notifies it has decided to its implementation of emergency profit improvement measures for swift recovery as follows.

1. Reasons for the implementation

As today's announcement in the “Notice Regarding Revision to Full Year Earnings Forecasts” and “Notice Regarding Revision of Year-End Dividend Forecast (non-dividend) for the Fiscal Year ending March 31, 2020,” the Company expects to result in a net loss for the second half of the fiscal year ending March 31, 2020 because of the decrease in sales orders due to continuance of huge inventory adjustment according to stagnation of activity level in the major customers. Therefore, the Company has regrettably decided to revise its year-end dividend forecast to non-dividend.

Taking this situation seriously, the Company managements have voluntarily offered to return their partial compensation. And the Company decided the implementation of measures for swift recovery such as the furlough utilizing the Employment Adjustment Subsidy System, and voluntary partial return of manager's salary.

2. Details of the emergency profit improvement measures

(1) Voluntary partial return of executive compensation

A) Details

To clarify the management responsibility, the Company managements have voluntarily offered to return their partial compensation as follows.

| | |
|---|-----------------------------|
| Representative Director and President | 20% of monthly compensation |
| Director and Managing Executive Officer | 10% of monthly compensation |
| Fellow | 10% of monthly compensation |
| Executive Officer | 10% of monthly compensation |
| Executive Councilor | 7% of monthly compensation |

B) Implementation term

From February 2020 for the time being

* Full-time Audit & Supervisory Board Members have voluntarily offered to return 10% of their monthly compensation for the same period as well.

(2) Furlough utilizing the Employment Adjustment Subsidy System

A) Details

The Company plans to utilize the Employment Adjustment Subsidy System for about two days furlough in a month for all employees working at Head Office/Plant (Himeji city, Hyogo Prefecture)

B) Implementation term

From March 2020 for the time being (maximum to 1 year under the Employment Adjustment Subsidy System)

C) Other

This measure will be implemented after an agreement with the Company's labor union and approval by the Labor Bureau.

(3) Voluntary partial return of manager's salary

A) Details

In addition to the utilization of the Employment Adjustment Subsidy System written above, managerial staffs of the Company will voluntarily return a part of their salaries premised on individual agreement, as follows.

| | |
|--------------------------------|----------------------|
| General Manager Position | 5% of monthly salary |
| Group/Section Manager Position | 3% of monthly salary |
| Other Manager | 1% of monthly salary |

B) Implementation term

From February 2020 for the time being

(4) Reduction of other expenses

The Company promotes operational efficiency and reduces expense to the minimum, such as implementing intensive cost-minimization operations, and curbing non urgent expenditures and investments.

In addition, the Company will strive to further profit improvement of affiliated companies including Ovako and MSSS that have been working to profit improvement measures such as sales promotion, reduction operational/procurement costs, and by reduction fixed cost.

3. Future prospects

The impact of this has been incorporated into the consolidated full year earnings forecasts as today's announcement in the "Notice Regarding Revision to Full Year Earnings Forecasts".

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.