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## Consolidated Financial Results for the Three Months Ended June 30, 2024 [Japanese GAAP]

July 30, 2024

Company name: Sanyo Special Steel Co., Ltd.

Listing: Tokyo

Securities code: 5481

URL: <https://www.sanyo-steel.co.jp/>

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Scheduled date to commence dividend payments: -

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes

Representative Director and President  
General Manager, Head of Accounting & Finance Department

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated Financial Results for the Three Months Ended June 30, 2024 (April 1, 2024 to June 30, 2024)

#### (1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2024	88,518	(11.4)	2,456	(55.3)	2,820	(53.5)	2,030	(52.9)
June 30, 2023	99,863	(4.0)	5,500	(37.4)	6,070	(34.6)	4,308	(37.4)

(Note) Comprehensive income: Three months ended June 30, 2024: ¥ 9,542 million [ 17.5%]  
Three months ended June 30, 2023: ¥ 8,121 million [ (29.7)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2024	37.27	-
June 30, 2023	79.07	-

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of June 30, 2024	408,890	234,010	56.9
March 31, 2024	398,706	228,597	56.9

(Reference) Equity: As of June 30, 2024: ¥ 232,525 million  
As of March 31, 2024: ¥ 226,667 million

### 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	-	35.00	-	30.00	65.00
Fiscal year ending March 31, 2025	-				
Fiscal year ending March 31, 2025 (Forecast)		20.00	-	50.00	70.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025(April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2024	165,000	(10.9)	2,600	(64.5)	2,500	(68.0)	1,200	(77.1)	22.02
Full year	345,000	(2.5)	12,300	8.2	13,000	7.3	9,500	4.9	174.36

(Note) Revision to the financial results forecast announced most recently: Yes

\* Notes:

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: None

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

June 30, 2024: 54,507,307 shares

March 31, 2024: 54,507,307 shares

2) Number of treasury shares at the end of the period:

June 30, 2024: 23,764 shares

March 31, 2024: 23,478 shares

3) Average number of shares outstanding during the period:

Three months ended June 30, 2024: 54,483,688 shares

Three months ended June 30, 2023: 54,485,587 shares

\* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

\* Proper use of earnings forecasts, and other special matters

Forecasts and other forward-looking statements are based on judgments made by the Companies in accordance with information currently available. Please be aware that there are various uncertainties inherent in forecasts, and actual results may differ from these forecasts.

# Quarterly Consolidated Financial Statements

## Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	26,591	24,792
Notes and accounts receivable - trade, and contract assets	59,541	62,725
Electronically recorded monetary claims - operating	13,381	13,180
Merchandise and finished goods	29,862	32,206
Work in process	54,595	55,136
Raw materials and supplies	34,700	35,416
Income taxes refund receivable	390	590
Deposits paid to subsidiaries and associates	4,810	4,632
Other	4,996	5,714
Allowance for doubtful accounts	(435)	(452)
<b>Total current assets</b>	<b>228,435</b>	<b>233,943</b>
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	76,132	78,726
Other, net	47,354	48,657
<b>Total property, plant and equipment</b>	<b>123,487</b>	<b>127,384</b>
Intangible assets		
Goodwill	32,954	33,889
Other	4,029	4,114
<b>Total intangible assets</b>	<b>36,984</b>	<b>38,003</b>
Investments and other assets	9,799	9,558
<b>Total non-current assets</b>	<b>170,271</b>	<b>174,946</b>
<b>Total assets</b>	<b>398,706</b>	<b>408,890</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	39,357	38,738
Short-term borrowings	54,295	38,849
Commercial papers	-	25,991
Current portion of bonds payable	10,000	10,000
Income taxes payable	4,440	2,078
Provision for bonuses	2,089	1,057
Provision for environmental measures	4	4
Other	26,506	23,326
<b>Total current liabilities</b>	<b>136,694</b>	<b>140,046</b>
Non-current liabilities		
Long-term borrowings	16,300	16,300
Provision for retirement benefits for directors (and other officers)	44	40
Provision for loss on guarantees	1	2
Provision for environmental measures	188	198
Retirement benefit liability	10,398	11,264
Other	6,482	7,026
<b>Total non-current liabilities</b>	<b>33,415</b>	<b>34,832</b>
<b>Total liabilities</b>	<b>170,109</b>	<b>174,879</b>

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Net assets		
Shareholders' equity		
Share capital	53,800	53,800
Capital surplus	48,827	46,904
Retained earnings	105,724	106,121
Treasury shares	(37)	(38)
Total shareholders' equity	208,315	206,788
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,915	1,749
Deferred gains or losses on hedges	(416)	164
Foreign currency translation adjustment	15,251	22,411
Remeasurements of defined benefit plans	1,602	1,411
Total accumulated other comprehensive income	18,351	25,737
Non-controlling interests	1,930	1,485
Total net assets	228,597	234,010
Total liabilities and net assets	398,706	408,890

Quarterly Consolidated Statements of Income and Comprehensive Income  
Quarterly Consolidated Statements of Income (For the three months)

(Millions of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Net sales	99,863	88,518
Cost of sales	84,465	75,458
Gross profit	15,397	13,059
Selling, general and administrative expenses	9,897	10,602
Operating profit	5,500	2,456
Non-operating income		
Interest income	177	176
Dividend income	96	72
Foreign exchange gains	268	206
Rental income	81	72
Power supply and demand adjustment cooperation fund	433	186
Income from supplying data	-	219
Other	68	115
Total non-operating income	1,125	1,050
Non-operating expenses		
Interest expenses	470	577
Other	84	108
Total non-operating expenses	555	686
Ordinary profit	6,070	2,820
Extraordinary income		
Gain on sale of investment securities	67	306
Gain on sale of non-current assets	3	9
Total extraordinary income	70	315
Extraordinary losses		
Loss on sale and retirement of non-current assets	85	155
Loss on liquidation of subsidiaries and associates	60	-
Total extraordinary losses	145	155
Profit before income taxes	5,995	2,981
Income taxes - current	1,201	663
Income taxes - deferred	420	257
Total income taxes	1,621	921
Profit	4,374	2,059
Profit attributable to non-controlling interests	66	28
Profit attributable to owners of parent	4,308	2,030

Quarterly Consolidated Statements of Comprehensive Income (For the three months)

(Millions of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Profit	4,374	2,059
Other comprehensive income		
Valuation difference on available-for-sale securities	189	(165)
Deferred gains or losses on hedges	(749)	581
Foreign currency translation adjustment	4,036	7,258
Remeasurements of defined benefit plans	271	(191)
Total other comprehensive income	3,747	7,483
Comprehensive income	8,121	9,542
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,002	9,415
Comprehensive income attributable to non-controlling interests	119	126

Notes to Quarterly Consolidated Financial Statements

(Segment Information)

Information about reportable segment profit or loss

Segment information for the three months ended June 30, 2023

(Millions of yen)

	Reportable segments				Other	Total	Adjustments	Quarterly Consolidated total
	Steel Products	Metal Powders	Formed and Fabricated Materials	Total				
Net sales								
Outside customers	93,986	1,398	4,456	99,840	22	99,863	—	99,863
Intersegment transactions	2,113	—	—	2,113	229	2,342	(2,342)	—
Total	96,099	1,398	4,456	101,954	251	102,206	(2,342)	99,863
Segment profit (loss)	5,489	253	(257)	5,484	(4)	5,480	19	5,500

1. The "Other" category is the information service segment not included in reportable segments.

2. Segment profit (loss) adjustments are intersegment eliminations.

3. Segment profit (loss) is adjusted with operating profit in the quarterly consolidated statements of income.

Segment information for the three months ended June 30, 2024

(Millions of yen)

	Reportable segments				Other	Total	Adjustments	Quarterly Consolidated total
	Steel Products	Metal Powders	Formed and Fabricated Materials	Total				
Net sales								
Outside customers	82,750	1,371	4,367	88,489	28	88,518	—	88,518
Intersegment transactions	1,624	—	—	1,624	316	1,941	(1,941)	—
Total	84,375	1,371	4,367	90,114	345	90,459	(1,941)	88,518
Segment profit (loss)	2,546	259	(362)	2,443	1	2,445	11	2,456

1. The "Other" category is the information service segment not included in reportable segments.

2. Segment profit (loss) adjustments are intersegment eliminations.

3. Segment profit (loss) is adjusted with operating profit in the quarterly consolidated statements of income.

(Notes to Quarterly Consolidated Statements of Cash Flows)

Quarterly consolidated statements of cash flows have not been prepared for the first quarter of the current fiscal year.

Depreciation (including amortization relates to intangible assets excluding goodwill) and amortization of goodwill for the first quarter of the current fiscal year are as follows.

(Millions of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Depreciation	3,467	3,562
Amortization of goodwill	778	871

Reference

**Consolidated Financial Results**  
for the Three Months Ended June 30, 2024

## 1. Financial results and forecast

(Thousand tons, Billions of yen, %)

	FY2024/1Q (Result)	FY2023/1Q (Result)	Change	%	Forecast (*)	
					FY2024/1H	FY2024
Net sales	88.5	99.9	(11.3)	(11.4)	165.0	345.0
(Sanyo)	39.1	48.0	(8.9)	(18.6)	80.0	163.0
(OVAKO)	41.3	44.3	(2.9)	(6.6)	69.5	148.0
(SSMI)	5.6	5.5	0.1	2.1	12.0	26.0
Operating profit	2.5	5.5	(3.0)	(55.3)	2.6	12.3
Ordinary profit	2.8	6.1	(3.3)	(53.5)	2.5	13.0
ROS	3.2	6.1	(2.9)		1.5	3.8
(Sanyo)	1.4	2.0	(0.6)	(30.7)	4.7	10.5
(OVAKO)	2.8	5.2	(2.4)	(45.6)	2.3	6.5
(SSMI)	0.2	0.2	0.0	13.4	0.4	1.0
(Amortization of goodwill)	(0.9)	(0.8)	(0.1)	—	(1.7)	(3.4)
Profit attributable to owners of parent	2.0	4.3	(2.3)	(52.9)	1.2	9.5
Sales volume	352	392	(40)	(10.1)	671	1,438
(Sanyo)	175	213	(38)	(18.0)	362	767
(OVAKO)	150	152	(2)	(1.2)	253	549
(SSMI)	27	27	0	1.1	56	122
Capital expenditure	3.6	4.3	(0.6)	(14.4)		17.0
Depreciation	3.6	3.5	0.1	2.8		15.0

(\*) Major assumptions after July 2024 : Scrap iron 52,000 yen/t (H2 market price in Himeji area)

Crude oil (Dubai) 90\$/BL , Exchange rate 151.5 yen/US\$, 163.0 yen/€

## (Reference) Net sales and profit (Quartly)

(Billions of yen, %)

	FY2023					Full year	FY2024
	1Q	2Q	3Q	4Q	1Q		
Net sales	99.9	85.4	83.7	84.8	353.8	88.5	
Operating profit	5.5	1.8	1.5	2.5	11.4	2.5	
Ordinary profit	6.1	1.7	1.3	3.0	12.1	2.8	
ROS	6.1	2.0	1.5	3.6	3.4	3.2	
Profit attributable to owners of parent	4.3	0.9	1.1	2.7	9.1	2.0	

## 2. Ordinary profit variance analysis (FY2023/1Q → FY2024/1Q)

(Billions of yen)

Reason for increase		Reason for decrease	
1. Raw material and fuel prices	1.5	1. Sales volume	1.4
2. Fixed cost	0.2	2. Non-operating income or expenses (Sanyo)	0.5
		3. Sales price and product mix	0.2
		4. Other Materials, outsourcing, logistic costs, etc.	0.2
		5. OVAKO's ordinary profit	2.4
		6. Consolidated affiliated companies, etc.	0.3
Total (A)	1.7	Total (B)	5.0
		Change (A) - (B)	(3.3)