

Overview of Business Results

for the 1st Half of Fiscal Year Ending March 31, 2023
(April 2022 → September 2022)

October 31, 2022

 **SANYO SPECIAL STEEL Co., Ltd.**

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

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1 . FY2022 1st Half Results and FY2022 Forecast

Outline of Statements of Income

1. Outline of FY2022 1st Half Result

Ordinary income in FY22/1H was 13.7 billion yen positive, increase of 3.2 billion yen compared to FY21/1H

- Profit on YOY basis increased due to improved profit margin through increasing sales prices and improving product mix at Sanyo and OVAKO, partly offset by increase of raw material and fuel prices.
- (OVAKO's results and Amortization of goodwill in FY21/1H include 9 months (Jan.-Sep. 2021), due to the change of fiscal year end)

(Reference) FY22/1H Sales Volume ··· for OVAKO; Apr. to Sep. 2022, for SSMI; Jan. to Jun. 2022)

	FY22/1H (A)		FY21/1H (B)		Change(B) → (A)	
<i>Sales Volume</i> (thousand tons)	812	(per month) 135.3	1,079	(per month) 151.4	-267	(per month) -16.1
(Sanyo)	458	76.3	511	85.2	-53	-8.9
(OVAKO)	303	50.5	511	56.8	-208	-6.3
(SSMI)	51	8.5	57	9.5	-6	-1.0

2. Statements of Income (FY22/1H vs. FY21/1H)

(Unit : Billion yen)

	FY22/1H(A)		FY21/1H (B)		Change(B) → (A)	
	Amount	Ratio(%)	Amount	Ratio(%)	Amount	Ratio(%)
Net Sales	195.4	100.0	183.3	100.0	+12.1	+6.6
Operating Income	13.2	6.7	10.4	5.7	+2.8	+26.7
Ordinary Income	13.7	ROS 7.0	10.5	ROS 5.7	+3.2	+30.8
(Sanyo)	7.0	7.2	5.2	6.5	+1.7	+33.6
(OVAKO)	8.9	10.4	6.8	7.4	+2.1	+30.6
(SSMI)	-0.2	-	0.2	2.0	-0.3	-
(Amortization of goodwill)	-1.4	-	-2.0	-	+0.6	-
Net Income* ²	9.9	5.1	7.3	4.0	+2.6	+35.4
Net Income before amortization of goodwill	11.3	5.8	9.3	5.1	+2.0	+21.5

(*1) SSMI has changed its name from MSSS in June, 2022.

(*2) Profit attributable to owners of parent

Business Environment

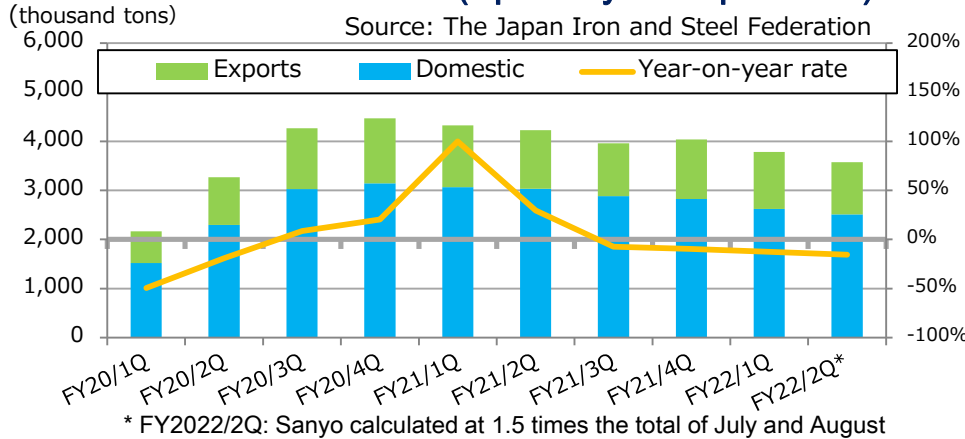
Demand Trends

Demand of Special Steel has been robust in major market segments, but some effects of destocking in the supply chain and reduction of auto production partly due to semiconductor shortage have continued. The slowdown in major economies attributable to the impact of inflation is increasingly becoming a concern.

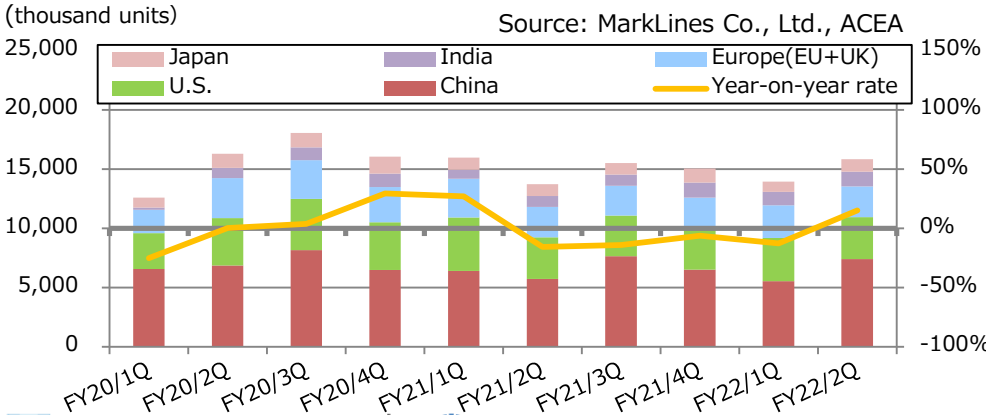
Raw Material and Fuel Prices

Raw material price trend still remains high partly because of the depreciation of the yen, though rocketed raw material prices have started to settle down to some extent. Energy prices are expected to continue to rise.

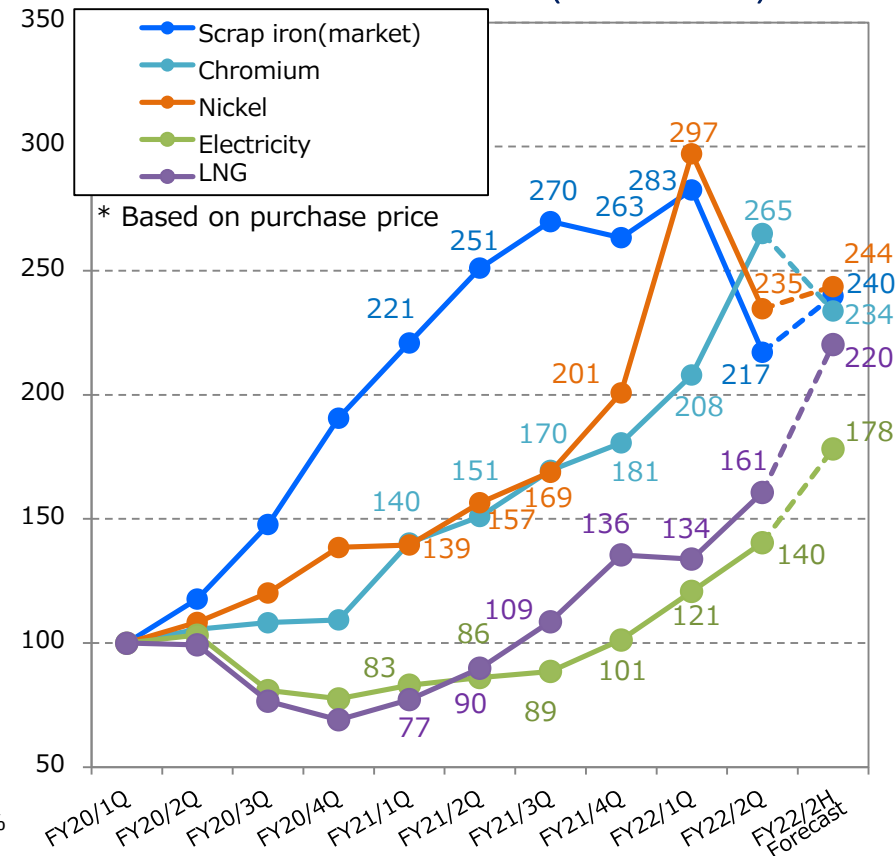
Volume of order booked (Specialty steel products)



Units of automobile sales



Raw Material and Fuel Prices (FY20/1Q = 100)



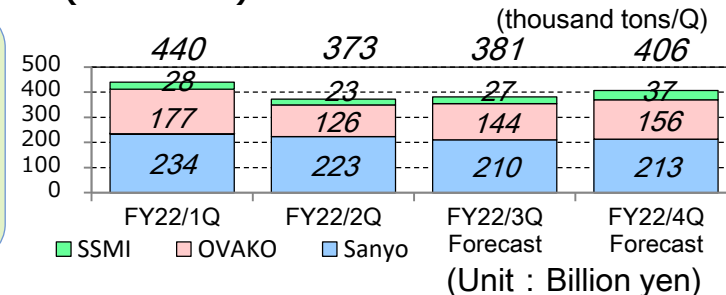
Revised Business Forecast for FY22 (announced on October 31, 2022)

1. FY2022 Outlook

Ordinary income in FY22 is expected to be **20.0 billion yen positive**
(Compared to previous forecast: +4.0 billion yen)

- Ordinary income in FY22/1H was 13.7 billion yen positive (+3.7 billion yen compared to previous forecast). We will achieve profit of 20.0 billion yen positive mainly by increasing sales prices partly through further applying surcharges, though sales volume in the 2H is expected to decrease compared to previous forecast.
- We will further continue improving profit margin, reinforcing profitability of overseas businesses and strengthening the business foundation.

(Reference)FY2022 Sales volume Forecast



2. FY2022 Forecast

	Revised forecast (A) '22/10/31			Previous forecast (B) '22/7/28			Change(B) → (A)		
	1H (Result)	2H	FY22	1H	2H	FY22	1H	2H	FY22
Net Sales	195.4	189.6	385.0	191.5	191.5	383.0	+3.9	-1.9	+2.0
Operating Income	13.2	6.4	19.6	9.5	6.0	15.5	+3.7	+0.4	+4.1
Ordinary Income	13.7	6.3	20.0	10.0	6.0	16.0	+3.7	+0.3	+4.0
(Sanyo)	7.0	3.5	10.5	5.0	3.5	8.5	+2.0	+0.0	+2.0
(OVAKO)	8.9	3.1	12.0	7.0	3.5	10.5	+1.9	-0.4	+1.5
(SSMI)	-0.2	0.2	0.0	-0.3	0.3	0.0	+0.1	-0.1	-
(Amortization of goodwill)	-1.4	-1.4	-2.9	-1.4	-1.4	-2.9	-0.0	+0.0	-
Net Income*2	9.9	4.7	14.6	7.0	4.5	11.5	+2.9	+0.2	+3.1
Net Income before amortization of goodwill	11.3	6.2	17.5	8.4	6.0	14.4	+2.9	+0.2	+3.1
Sales Volume (thousand tons)	812	787	1,599	816	824	1,640	-4	-37	-41
(Sanyo)	458	423	881	460	450	910	-2	-27	-29
(OVAKO)	303	300	603	305	310	615	-2	-10	-12
(SSMI)	51	64	115	51	64	115	-	-	-

(*1) The consolidated accounting period for SSMI is Jan. to Dec.

(*2) Profit attributable to owners of parent

Major assumptions after October 2022

· Scrap iron 50,000 yen/t (H2 market price in Himeji area)

· Crude oil (Dubai) 100\$/BL · Exchange rate 145 yen/US\$, 140 yen/€

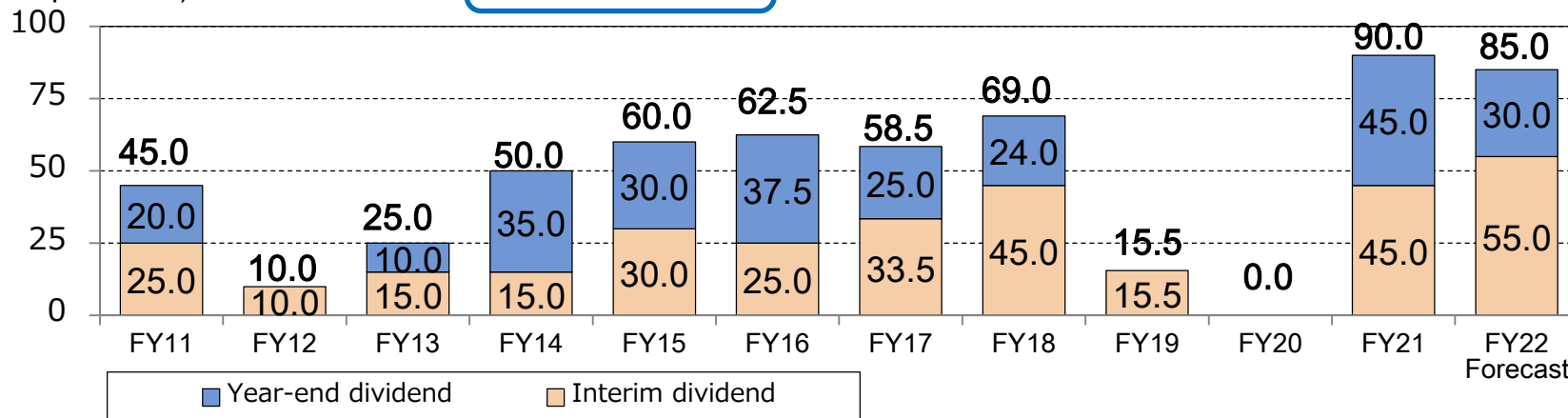
Interim Dividend and Dividend Forecast for FY22 (announced on October 31, 2022)

			Revised forecast (A) '22/10/31			Previous forecast (B) '22/7/28			Change(B) → (A)		
			FY22/1H Result	FY22/2H Forecast	FY22	FY22 1H	FY22 2H	FY22	FY22 1H	FY22 2H	FY22
Earnings Per Share(EPS)	A	¥/ share	181.2	-	268.0	128.5	-	211.1	+52.7	-	+56.9
EPS before amortization of Goodwill	B	¥/ share	207.5	-	321.2	154.2	-	264.3	+53.3	-	+56.9
Dividend	C	¥/ share	55.0	30.0	85.0	45.0	30.0	75.0	+10.0	-	+10.0
Payout Ratio	C/B	%	26.5	-	26.5	29.2	-	28.4	-2.7	-	-1.9
	C/A	%	30.4	-	31.7	35.0	-	35.5	-4.7	-	-3.8

Record High
as 1H Dividend

* Scheduled date to pay interim dividends : November 30, 2022

(Yen per share)



* We conducted a one-for-five reverse stock split of our company's shares effective on October 1, 2017. Dividend is adjusted after the one-for-five reverse stock split.

2. Synergies with Nippon Steel and OVAKO

Synergies with Nippon Steel and OVAKO

Target

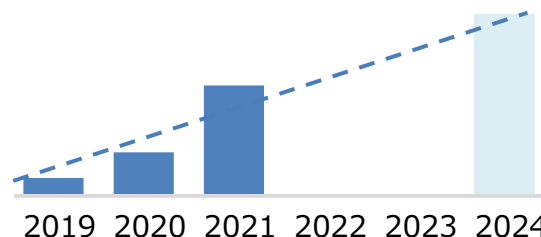
Responding to further globalization of customers and increasing needs for high-quality special steel products.

Realize synergies by FY2024(6th year) as follows;

- Nippon Steel Group total : 10 billion yen/year
- Sanyo and OVAKO : more than 5 billion/year

FY2021 Result

Exceeding the original target mainly due to OVAKO's productivity improvements and sales expansion of three companies. Synergies definitely contributed to the improvement of consolidated performance of Sanyo.



Pursuing Efficient Production

- Establish optimum production allocation by region and countries
- Sharing operational know-how
- Mutual utilization of overseas production sites and logistics network

- Reduced variable and fixed costs of OVAKO by supporting operational improvement

Strengthening Responsiveness for customers

- Mutual utilization of sales and marketing network
- Strengthen proactive proposal capabilities through collaborative R&D

- Expanded sales through sharing customer information and enhancing proposals, etc.
- Improved sales margin through further differentiating technology and product

Reducing procurement costs

Improving efficiency of raw material transport, centralized purchasing

- Further utilized resources and infrastructure of the whole group

Others

- Exchanged information and development of several sectors; Safety, Environment (CN), Quality Control and R&D, etc.

Synergies with Nippon Steel and OVAKO

Initiatives

Future initiatives (towards 2024)

Pursuing Efficient production



Supporting operational improvements of OVAKO

- Nippon Steel and Sanyo dispatched rolling and steelmaking experts to Imatra (Finland) and Smedjebacken (Sweden).
- Supported improving productivity and yield and reducing recurring problems and defects.
- Held regular meetings between OVAKO and the Japan, made repetitive follow-ups and feedbacks on progress of operational improvement initiatives.

Continue and deepen initiatives and achieve full synergies by FY2024.

- Transferring operational improvement initiatives to all production sites of OVAKO
- Establish optimum production allocation by region and countries

Strengthening Responsiveness for customers



Sales expansion through sharing customer information, Improving sales margin by further differentiation.

- Enhancing joint sales & marketing, mutually utilizing each sales and marketing network (ex. Utilizing OVAKO's network for European based Japanese customers).
- Promote product differentiation based on global presence.

- Promotion of sales expansion among Nippon Steel and OVAKO
- Strengthen proactive proposal capabilities through collaborative R&D

Reducing procurement costs



Utilization of resources and infrastructure of the whole group

- Optimization of procurement items and purchase pricing.
- Utilization of by-products from blast furnaces in electric furnaces.
- Reduction of logistics costs by utilizing domestic transport infrastructure.

- Continuing procurement optimization through utilizing mutual resources
- Enhancing procurement optimization in India

Others



Regular exchange of development in several sectors; Safety, Environment (CN), Quality and R&D, etc.

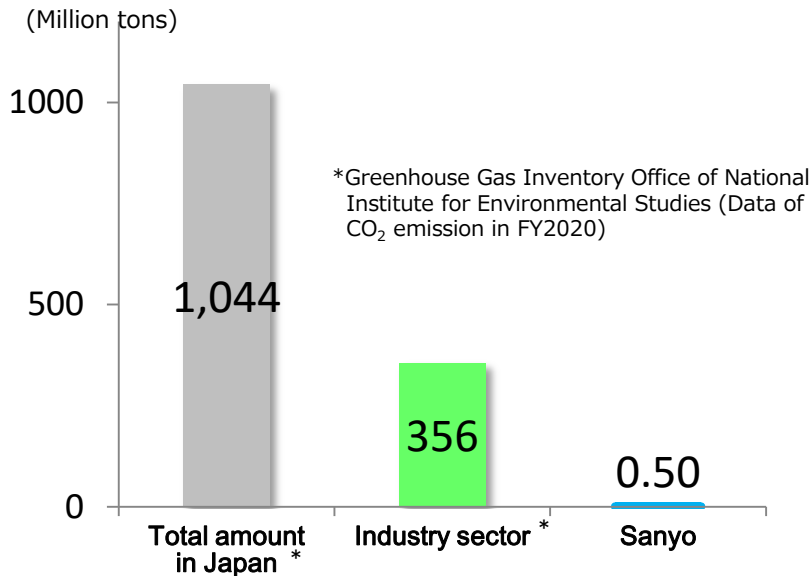
- Improvement of safety performance by establishment of awareness to 'safety first' and sharing information on accidents.
- Sharing advanced CN initiatives of OVAKO.
- Prevention of quality incidents (ex. material mix-up) through sharing know-how and information.
- Mutual evaluation of technological capabilities.

- Further improvement of safety and quality
- Promoting personnel exchanges

3. Achieving Carbon Neutrality(CN) by 2050

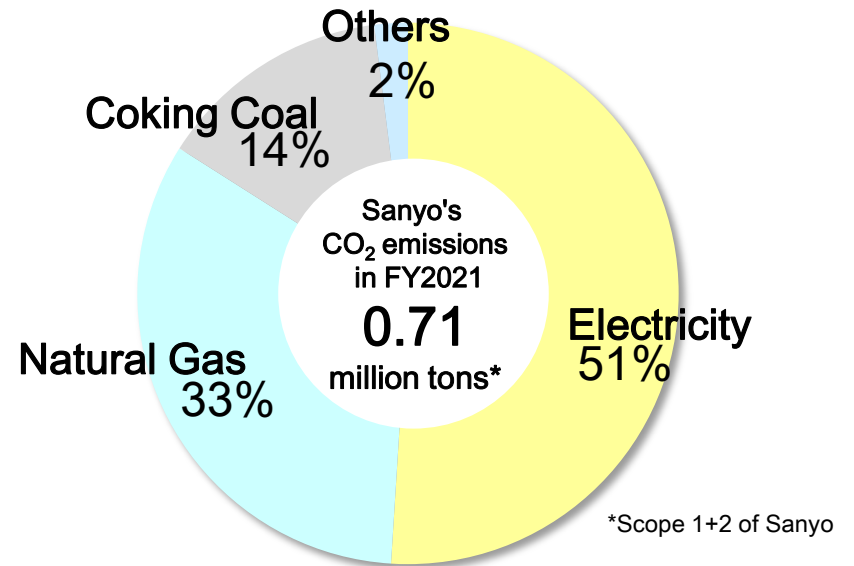
Basic Consideration to Carbon Neutrality

Amount of CO₂ emissions in FY2020



Sanyo manufactures high quality special steel, using recycled iron scrap as main raw material, and its CO₂ emissions are approximately 0.2% of that of the total Japanese Industry.

Breakdown of Sanyo's CO₂ emissions



CO₂ emissions due to consumption of electricity and natural gas account for 80% or more of the total emissions of Sanyo.

Sanyo aims to reduce CO₂ emissions from its own manufacturing process and at all social stages by promoting "Eco-process", "Green energy utilization", "Eco-products" and "Eco-solutions."

Endorsement of the GX League basic concept

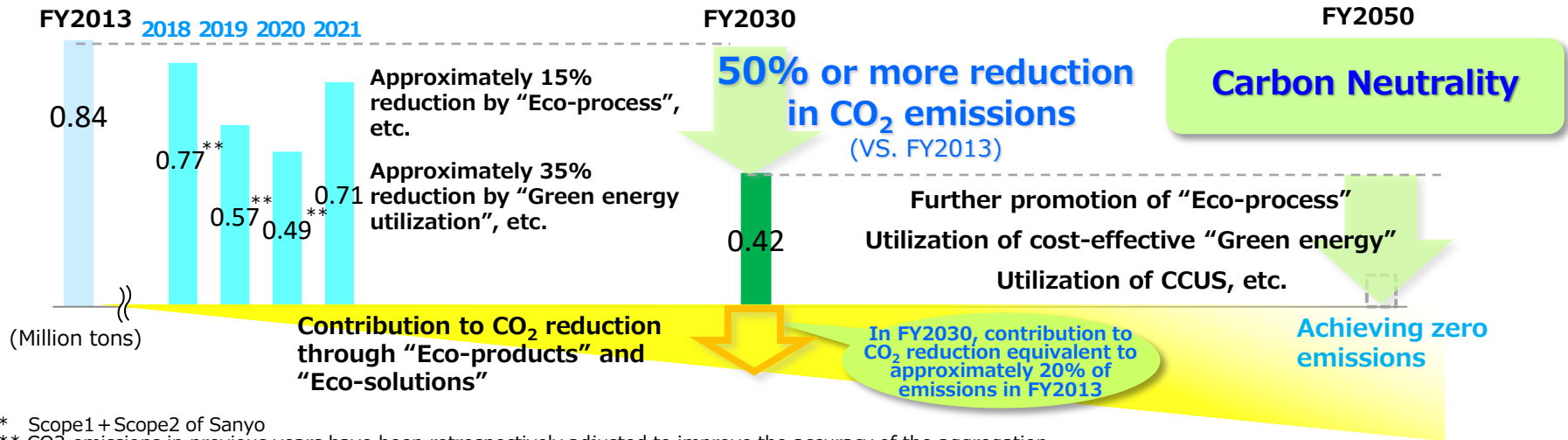
GX League was established as a forum for discussion on the transformation of the entire economic and social system and practice for the creation of new markets, together with players trying for the GX (Green Transformation) towards the realization of carbon neutrality in 2050.

Sanyo endorses the GX League Basic Concept, which aims to reform the entire economic and social system to achieve corporate growth, consumer happiness and contribution to the global environment at the same time, towards achieving carbon neutrality by 2050.




Sanyo's Roadmap to Carbon Neutrality by 2050

[CO₂ emissions of Sanyo*]



* Scope1 + Scope2 of Sanyo
 ** CO₂ emissions in previous years have been retrospectively adjusted to improve the accuracy of the aggregation.
 *** Calculated from the green house gas emissions factors of contracting electric power companies.

Eco-process




Energy-saving heating furnace that uses regenerative burners

Company-wide energy-saving measures mainly in production

Development of manufacturing technology to improve energy efficiency


Green energy utilization



Utilization of carbon free electricity/fuels and natural energy

*Commenced to utilize renewable energy sources from 2022.

Eco-products



Developing long-life bearing steel for wind power generation

Promoting R&D and supply of special steel products that contribute to reducing CO₂ emissions in the supply chain and final usage

Eco-solutions



Sharing our energy-saving technologies and productivity improvements among all Sanyo Group members including OVAKO and SSMI

Sharing technologies among group members

CO₂ Reduction through “Eco-products”

In particular, Sanyo is focusing on development of “Eco-products” that contribute to reducing CO₂ emissions in the supply chain and final usage.

Stable and long-life Bearing steel



Size and weight reduction of products by improving durability and reliability



Failure ratio reduction and maintenance-free realization by extending product lifespan

Heat-resistant stainless steel tube



Heat recovery efficiency improvement by increasing strength



Effective use of thermal energy in refuse incinerating power plants by superior corrosion resistance

High hardness and High toughness steel



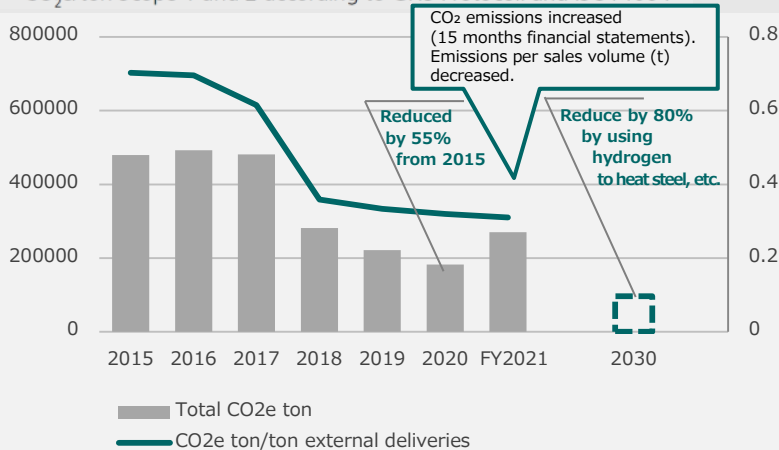
Reduction of carbon emissions in heat hardening process of customers by original alloy design and advanced heat treatment technology

Sanyo aims to continuously reduce CO₂ emissions at all social stages through “Eco-products” by fully utilizing its advanced and innovative technology.

Engagement to Carbon Neutrality by OVAKO

Green house gas emissions from operations

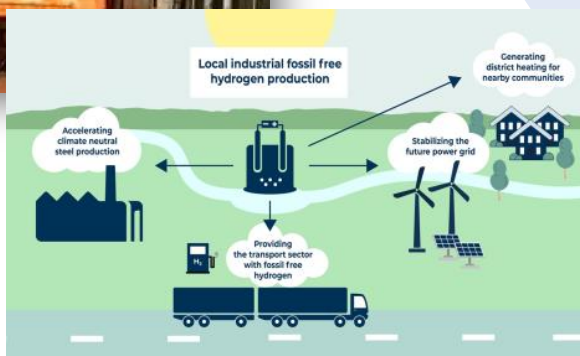
CO₂e/ton Scope 1 and 2 according to GHS Protocol and ISO14064



2030

- Reduce CO₂ from operations by 80% from 2015 level**
- Continue to evolve Our world-leading CO₂ footprint**
- Enhanced steel recyclability** (Driven by OVAKO initiative)
- Increased number of customer** (End-products that use our steel for greater CO₂ savings)

Made by Sanyo based on OVAKO's SUSTAINABILITY REPORT 2021



Reduced CO₂ emissions by 55% from 2015

First in the world to heat steel using hydrogen

Fossil-free hydrogen initiative

Carbon neutral in production from January 2022

OVAKO has achieved carbon neutral in production by utilizing carbon offset program

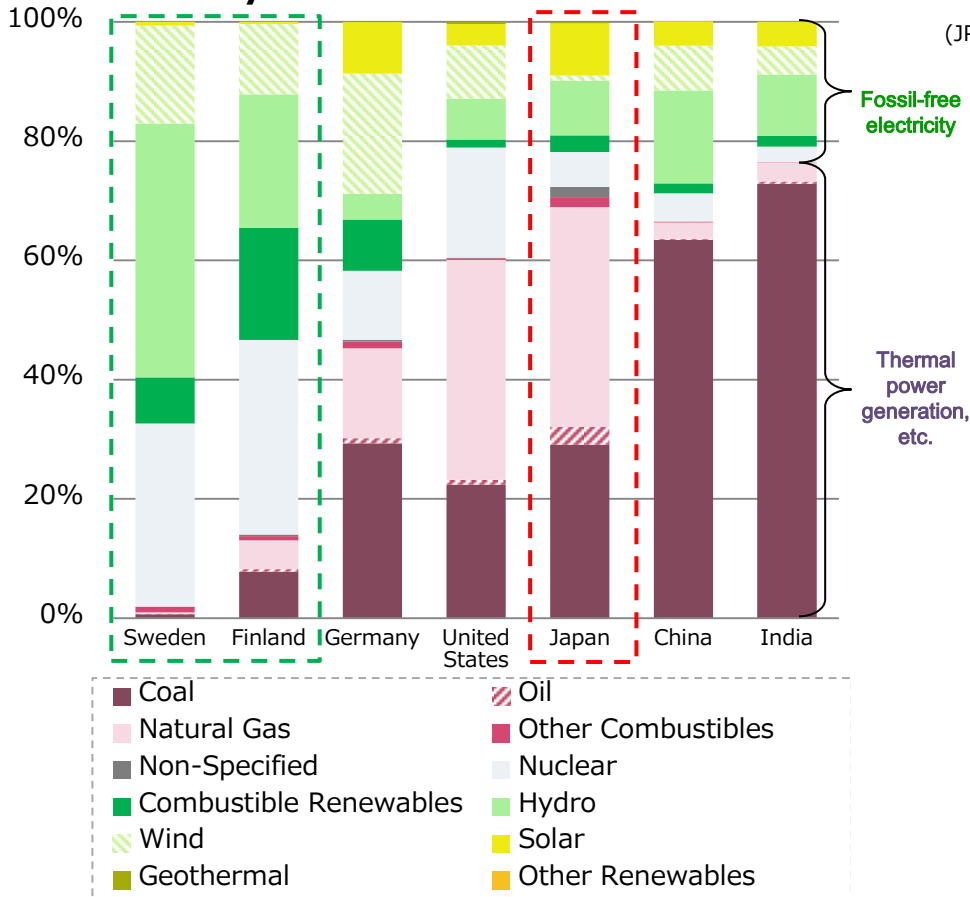
- ✓ OVAKO has utilized carbon offset program to become carbon neutral from Jan. 2022.
- ✓ OVAKO has applied climate surcharge.
- ✓ OVAKO will continue promoting actual reduction of CO₂ emissions in production.

Achieving production of bearings with 90% lower CO₂ emissions
(Announced on Sep. 8, 2022)

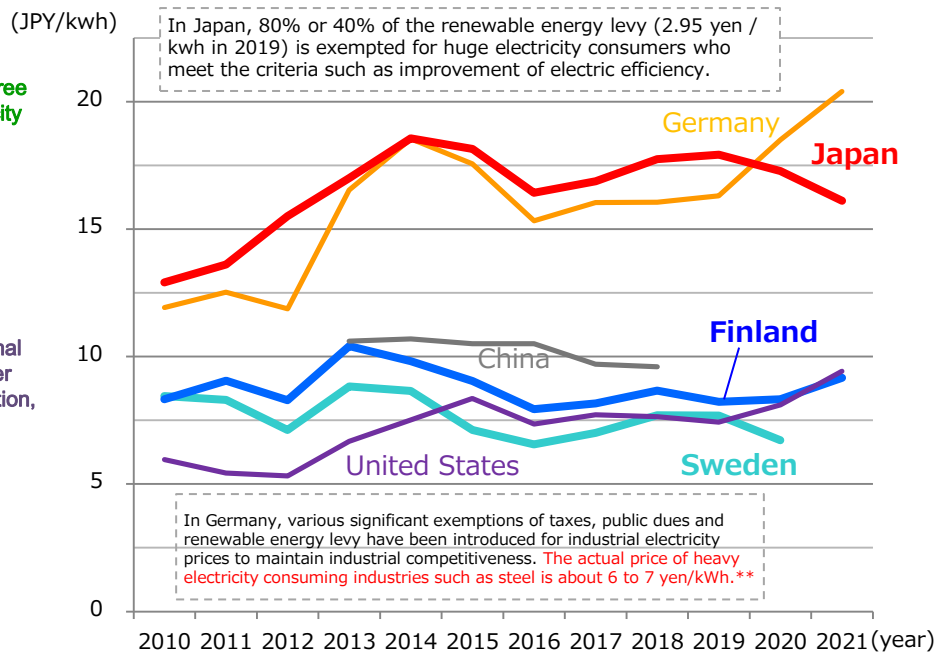
SKF has produced bearings with 90% less carbon emission than its standard, using OVAKO's high quality bearing steel. OVAKO promotes steel products to wind turbine market. SKF and OVAKO both aim to produce net zero-carbon bearings.

Electricity Mix and Prices of major Countries

Electricity mix as of 2021



Industrial electricity prices*



*Made by Sanyo based on "Industrial electricity prices in the IEA" from Department for Business, Energy, and Industrial Strategy of UK and "Chinese electric power system reforms" from Renewable Energy Institute
 **International Environment and Economy Institute (Realities of the carbon pricing of overseas)

The ratio of carbon free electricity (hydropower, wind power, nuclear power) in Sweden and Finland, where OVAKO's production sites are located, is overwhelmingly high compared to other nations.

Industrial electricity prices in Sweden and Finland are about one-half to one-third of that of Japan.

4. Details of Results and Forecast for FY2022

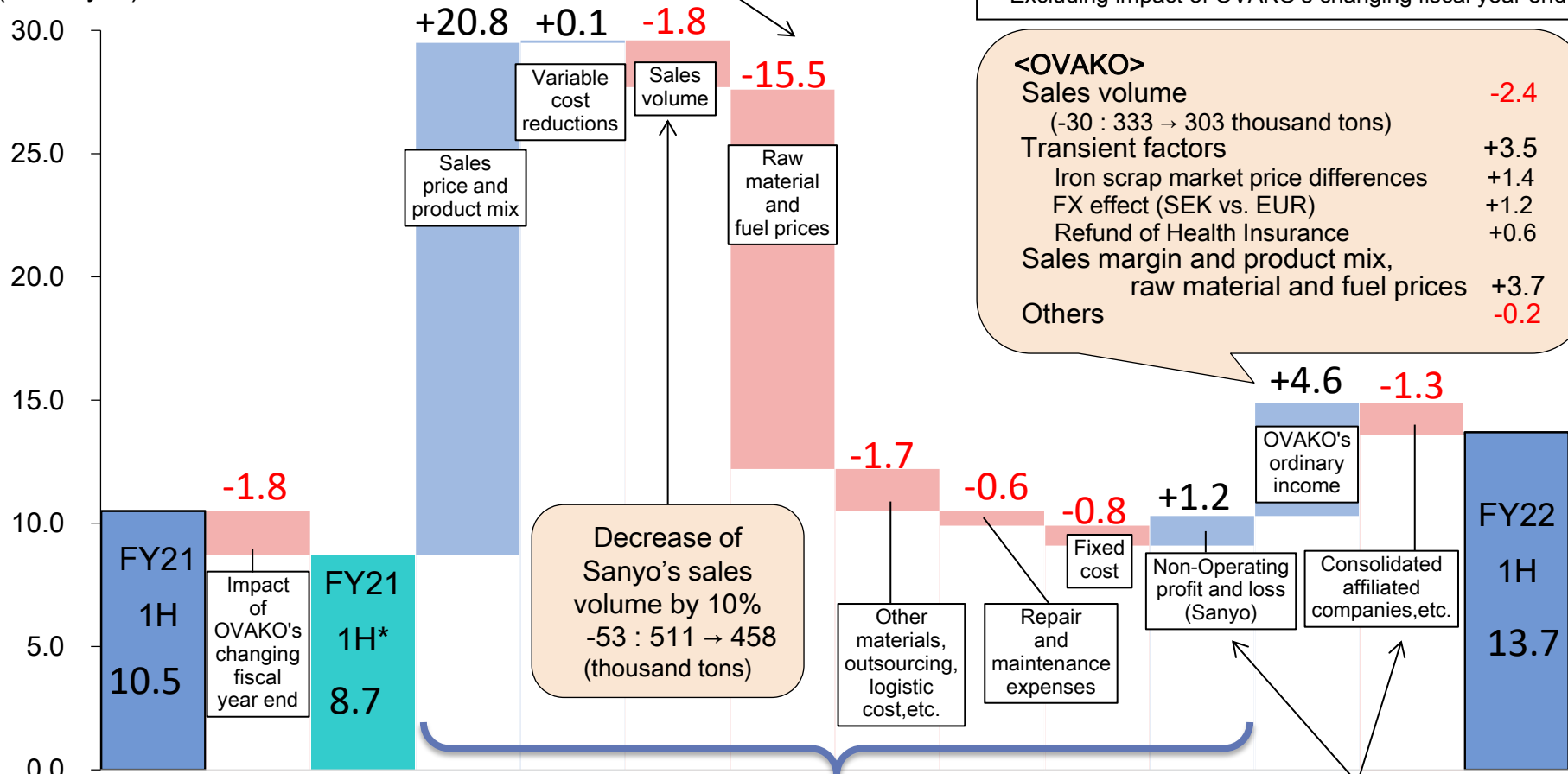
Ordinary Income Variance Analysis (FY21/1H → FY22/1H)

Time lag of iron scrap surcharge pricing +3.5 billion yen
(FY21/1H -3.1 → FY22/1H +0.4)

Increase	+26.7 Billion yen
Decrease	-21.7 Billion yen
Total	+ 5.0 Billion yen *

* Excluding impact of OVAKO's changing fiscal year end

(Billion yen)



<OVAKO>

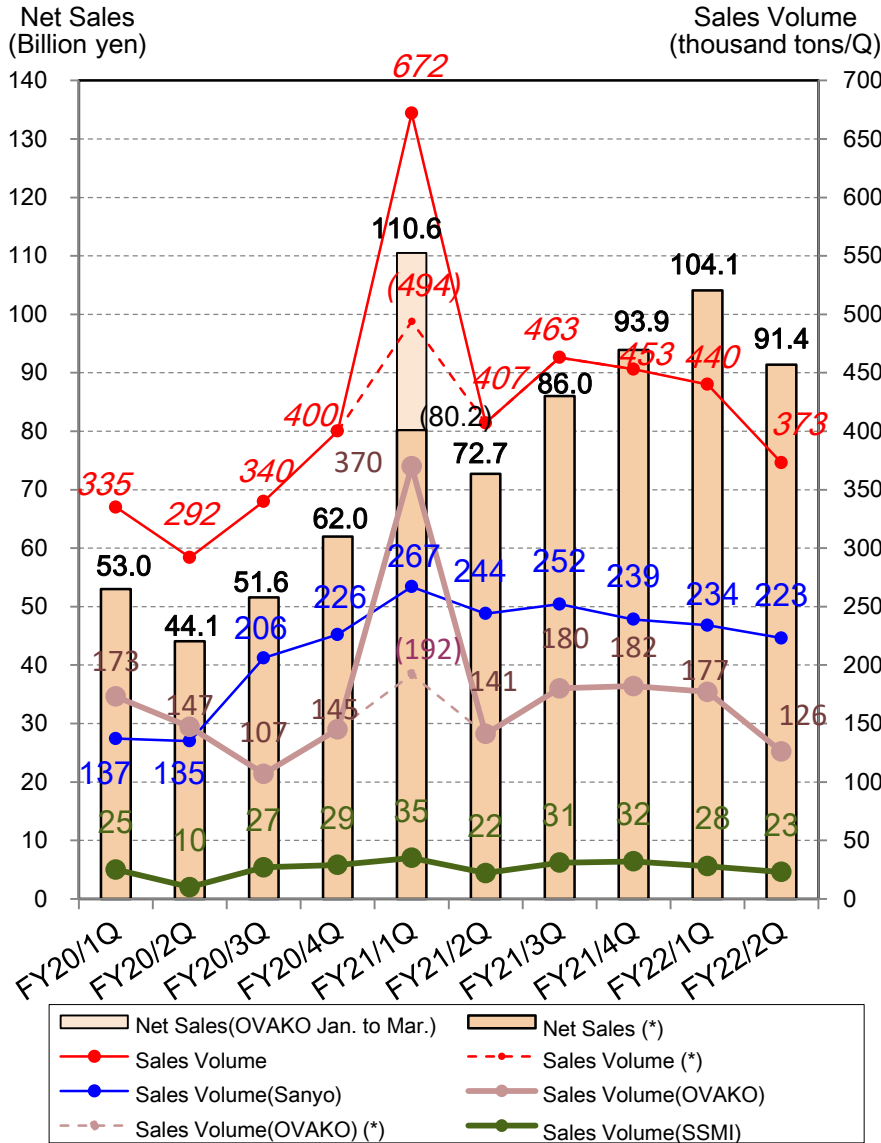
Sales volume	-2.4
(-30 : 333 → 303 thousand tons)	
Transient factors	+3.5
Iron scrap market price differences	+1.4
FX effect (SEK vs. EUR)	+1.2
Refund of Health Insurance	+0.6
Sales margin and product mix, raw material and fuel prices	+3.7
Others	-0.2

Sanyo's Non Consolidated Ordinary Income Variance
+1.7 billion yen

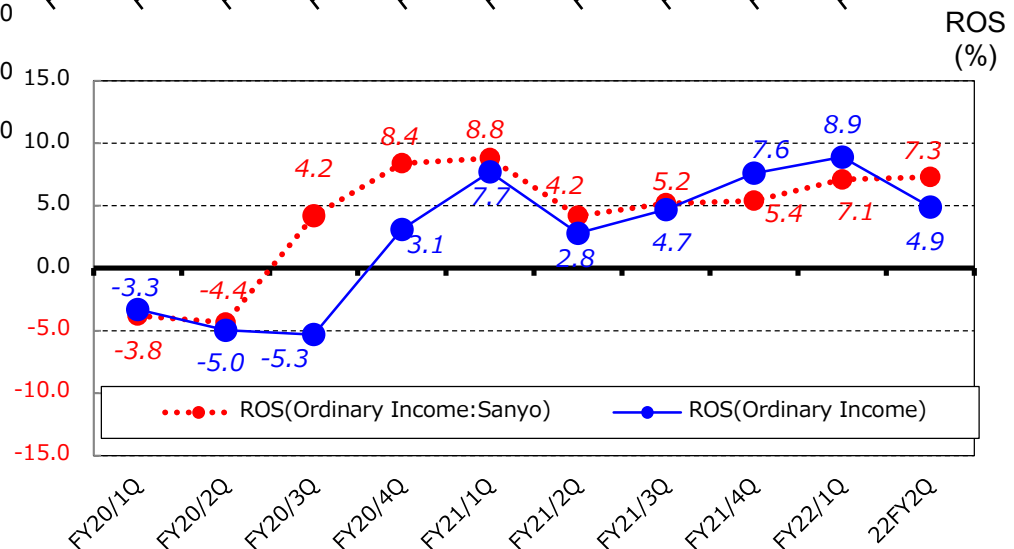
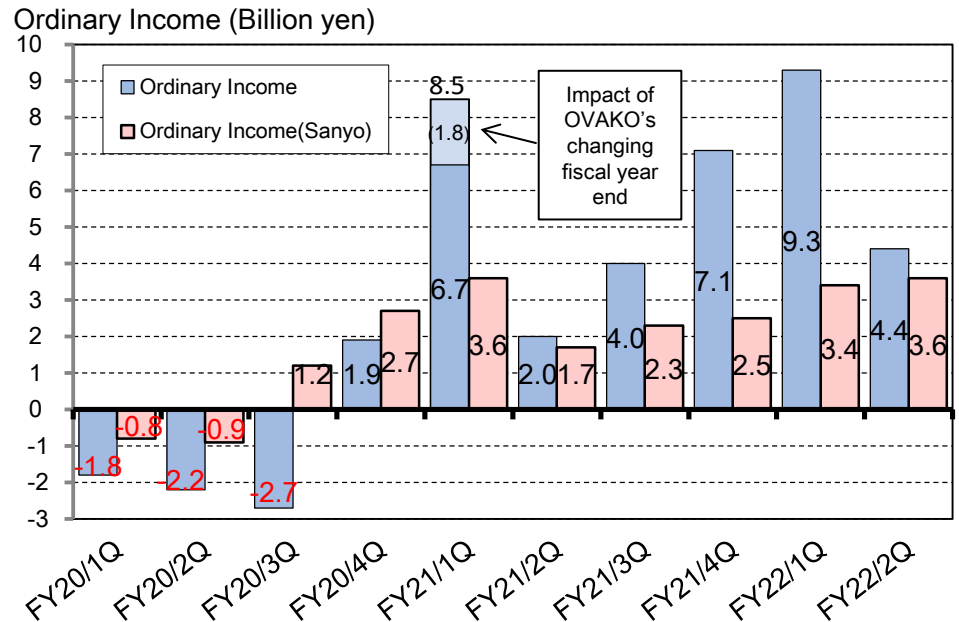
Including Dividends from consolidated companies and their elimination upon consolidation : 1.0 billion yen

* Excluding impact of OVAKO's changing fiscal year end

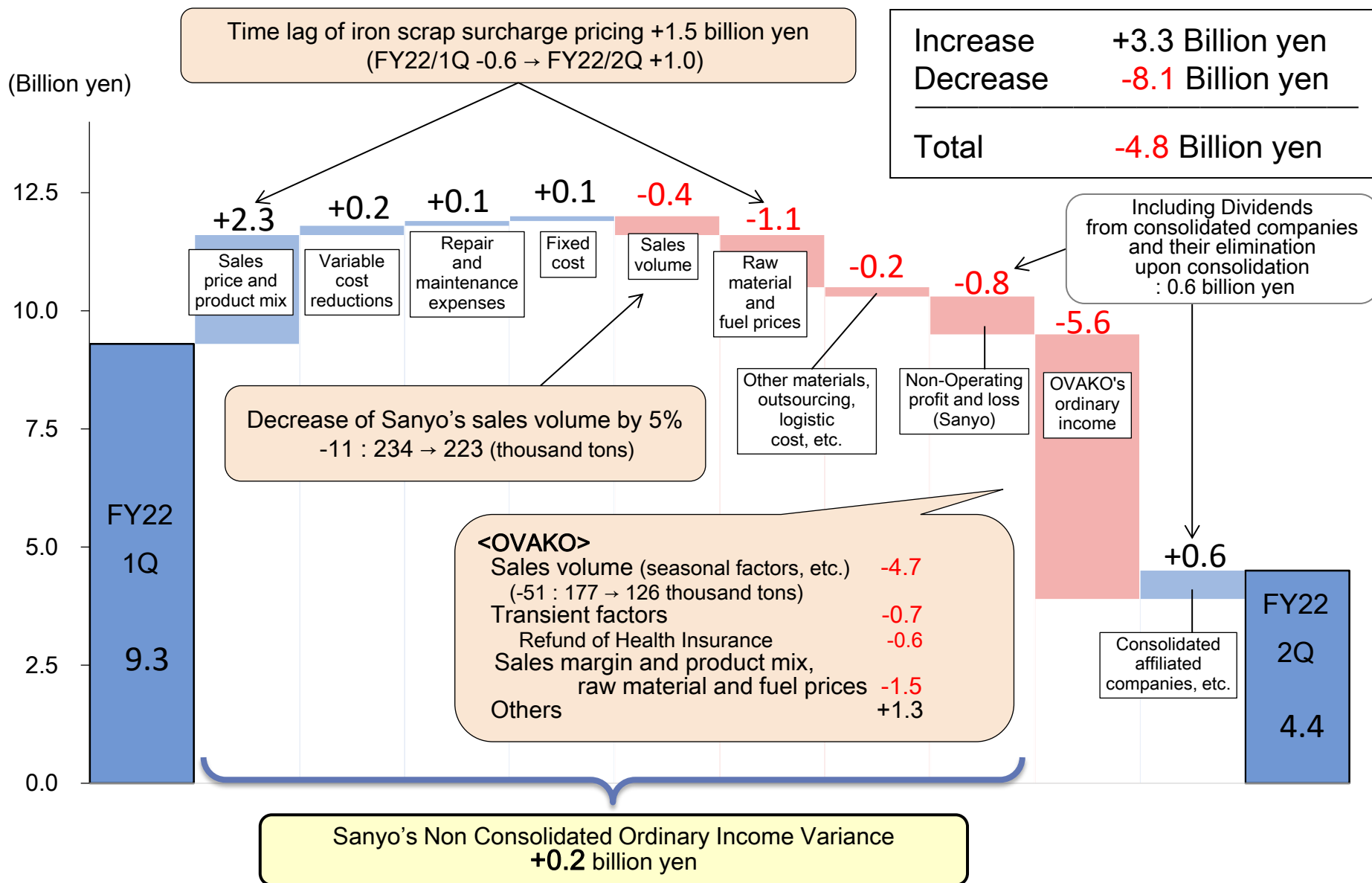
Net Sales and Income (Quarterly)



(*)Excluding OVAKO's sales Jan. to Mar., 2021



Ordinary Income Variance Analysis (FY22/1Q → FY22/2Q)



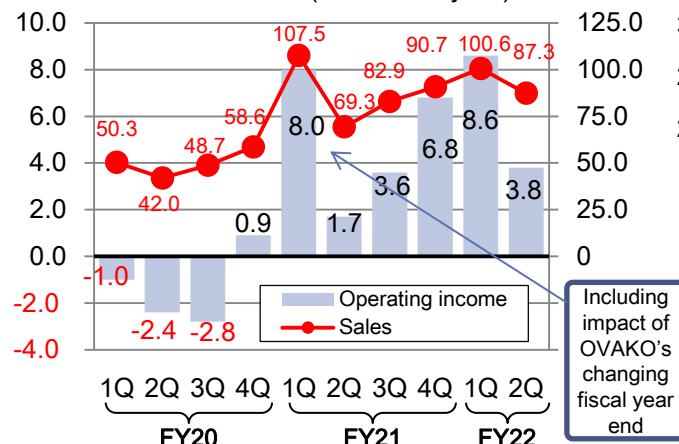
Earnings by Business Segment

(Unit : Billion yen)

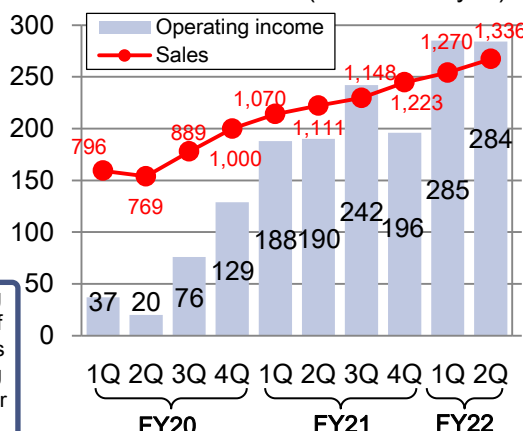
	FY22/1H (A)			FY21/1H (B)			Change (B) → (A)		
	Net Sales	Operating Income	ROS (%)	Net Sales	Operating Income	ROS (%)	Net Sales	Operating Income	ROS (%)
Steel Products	187.9	12.4	6.6	176.7	9.8	5.5	+11.1	+2.6	+1.1
Metal Powders	2.6	0.6	21.8	2.2	0.4	17.4	+0.4	+0.2	+4.4
Formed and Fabricated Materials	9.4	0.2	1.8	8.9	0.2	2.3	+0.5	-0.0	-0.5
Sub-total	199.9	13.1	6.6	187.8	10.4	5.5	+12.1	+2.7	+1.1
Other	0.7	0.0	1.9	0.5	-0.0	-0.0	+0.2	+0.0	+1.9
Adjustments	-5.2	0.1	-	-5.0	0.0	-	-0.2	+0.0	-
Consolidated Total	195.4	13.2	6.7	183.3	10.4	5.7	+12.1	+2.8	+1.0

Change in Business Segment

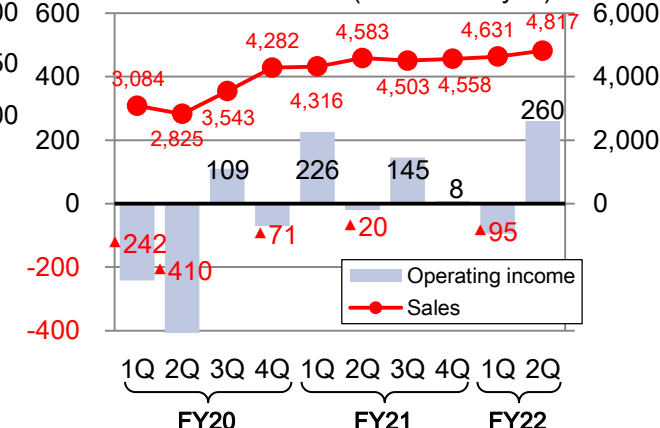
Steel Products(unit: billion yen)



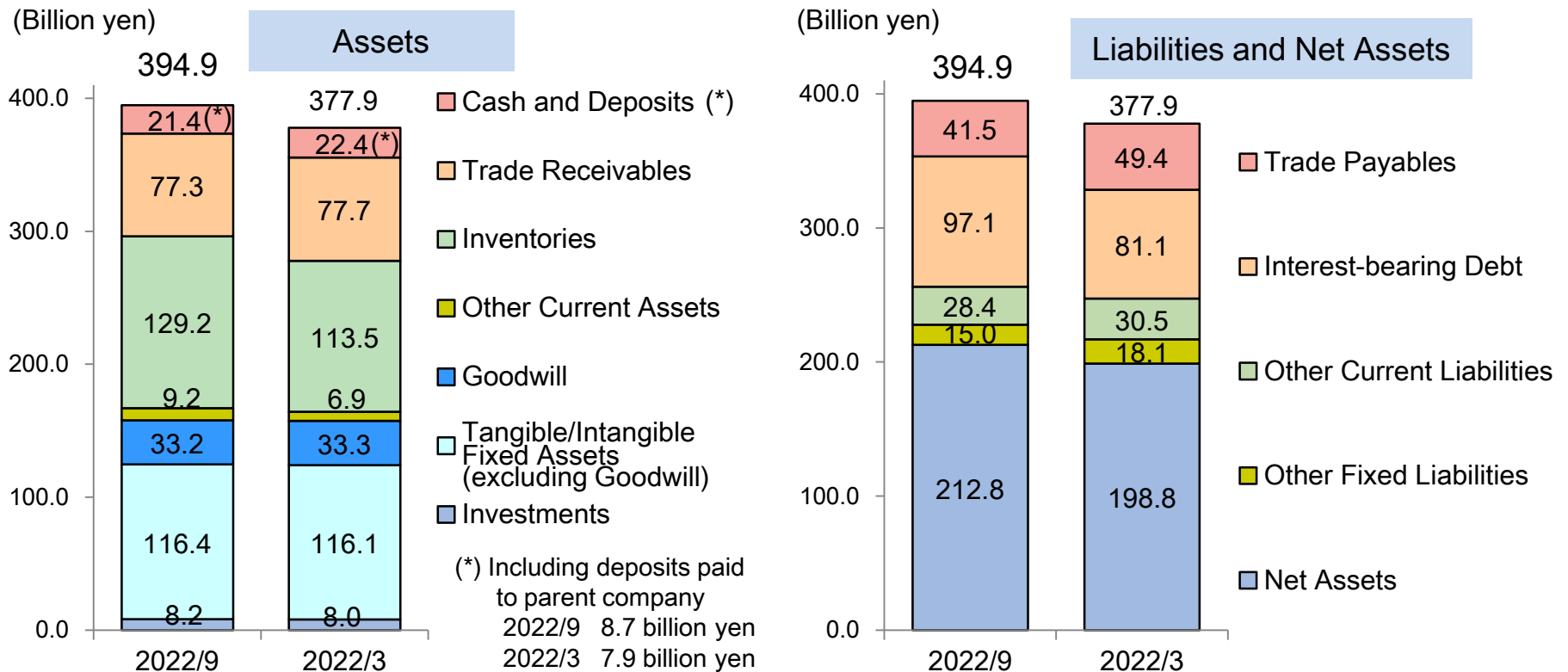
Metal Powders(unit: million yen)



Formed and Fabricated Materials (unit: million yen)



Balance Sheets



Major changes in Assets +17.0 billion yen (+4.5%)

Inventories	+15.7
Goodwill	- 0.1
(amortization -1.4, foreign exchange impact +1.3)	

Major changes in Liabilities and Net Assets +17.0 billion yen (+4.5%)

Trade Payables	- 7.9
Interest-bearing Debt	+16.0
Net Assets	+14.0

(Reference) Assets of Sanyo, OVAKO and SSMI (as of Sep., 2022, non consolidated basis)
Sanyo 276.8 billion yen, OVAKO 123.9 billion yen, SSMI 14.4 billion yen

Equity Ratio	2022/9	2022/3
	53.4%	52.1%

Statements of Cash Flows

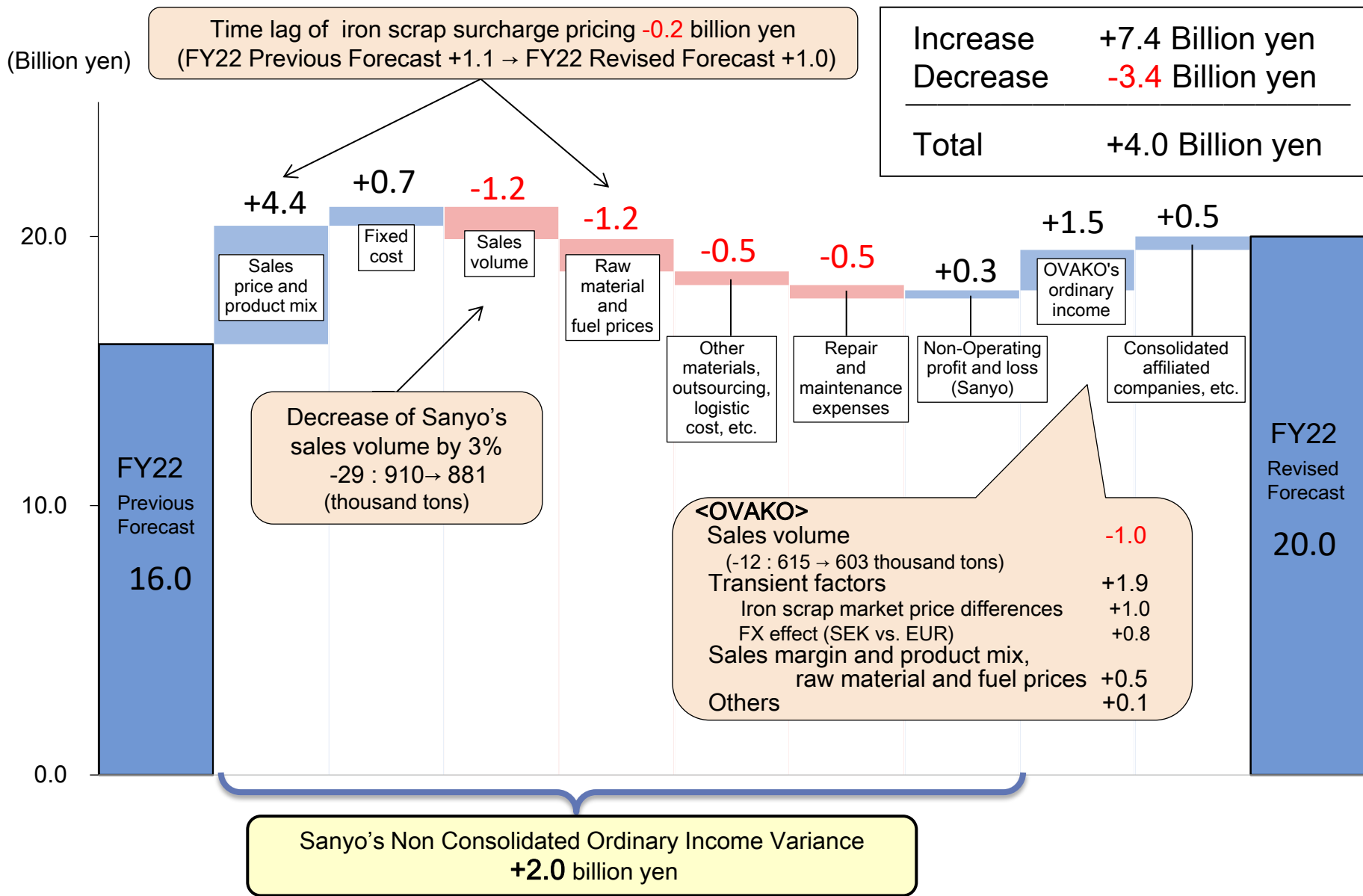
(Unit : Billion yen)

	FY20/1H	FY20/2H	FY21/1H	FY21/2H	FY22/1H
Cash flows from operating activities (A)	17.1	5.2	0.2	6.9	-7.1
Net income before income taxes	4.0	7.2	21.3	19.0	22.1
EBITDA (simplified method)	-4.1	-5.4	10.5	10.5	13.8
Depreciation & Amortization of goodwill	8.1	12.6	10.8	8.5	8.3
Income taxes	1.3	-0.0	-0.3	-0.1	-5.0
Working capital, etc.	11.8	-2.0	-20.7	-12.0	-24.2
Cash flows from investing activities (B)	-14.1	-5.3	-8.7	-4.6	-6.6
Capital expenditure	-13.9	-5.0	-8.7	-5.0	-6.3
Acquisition of subsidiary stock	-	0.3	0.6	-	-
Others	-0.2	-0.6	-0.6	0.4	-0.4
Free cash flows (A+B)	3.0	-0.1	-8.5	2.3	-13.7
Cash flows from financing activities (C)	1.8	-7.3	2.2	0.1	11.5
Increase/Decrease in borrowings/bonds/commercial papers /lease obligations	1.8	-7.3	2.2	2.5	14.0
Cash dividends	-0.0	-0.0	-0.0	-2.4	-2.5
Others	-0.0	-0.0	-0.0	-0.0	-0.0
Translation Difference (D)	-0.4	0.6	0.3	0.6	1.2
Net Increase/Decrease in Cash and cash equivalents (A+B+C+D)	4.4	-6.8	-6.0	3.0	-1.1

(*) Cash and cash equivalents include deposits paid to affiliated company.

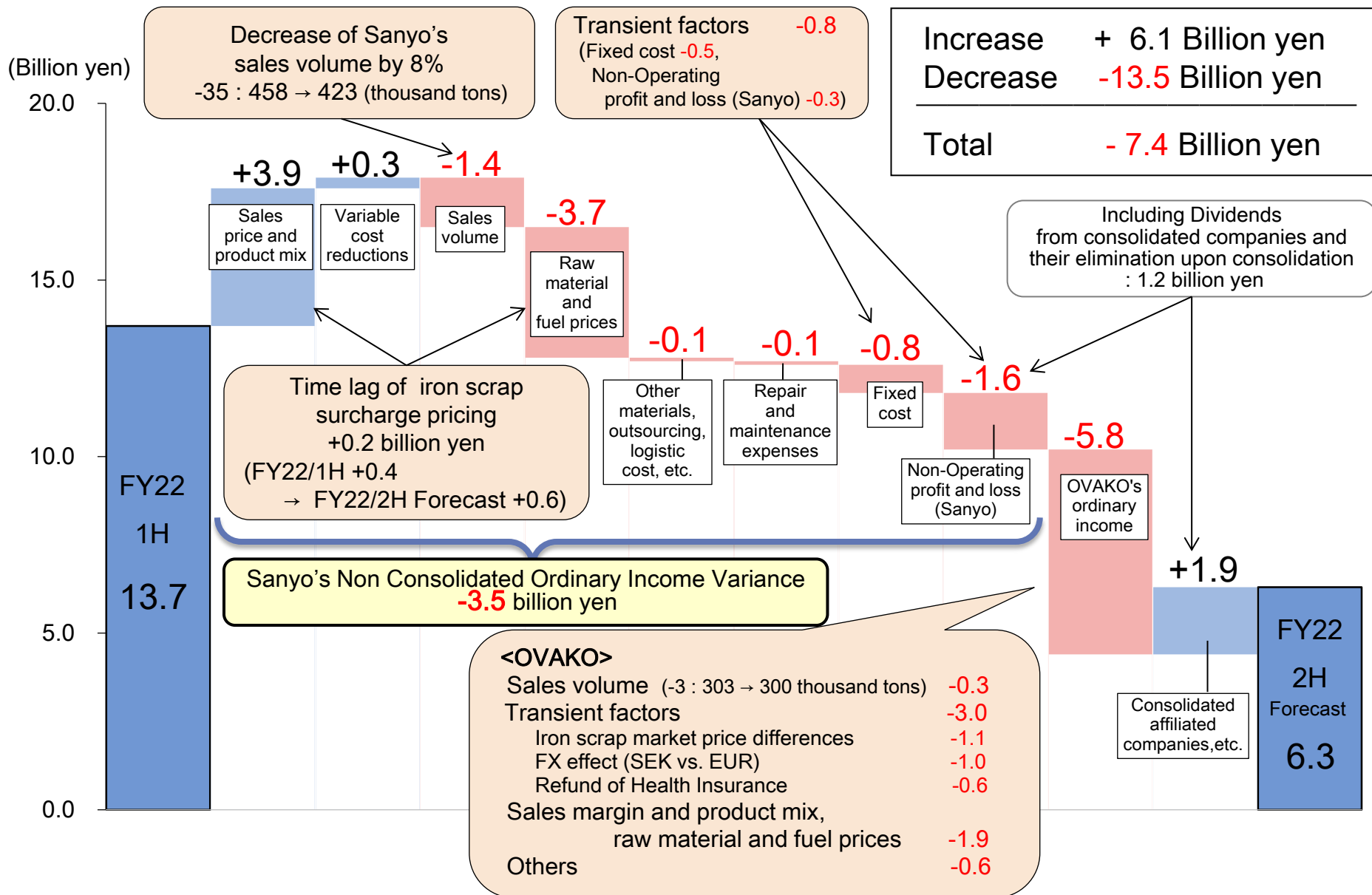
Ordinary Income Variance Analysis

(FY22 Previous Forecast → FY22 Revised Forecast)



Ordinary Income Variance Analysis

(FY22/1H Result → FY22/2H Revised Forecast)



Review of Performance <OVAKO>

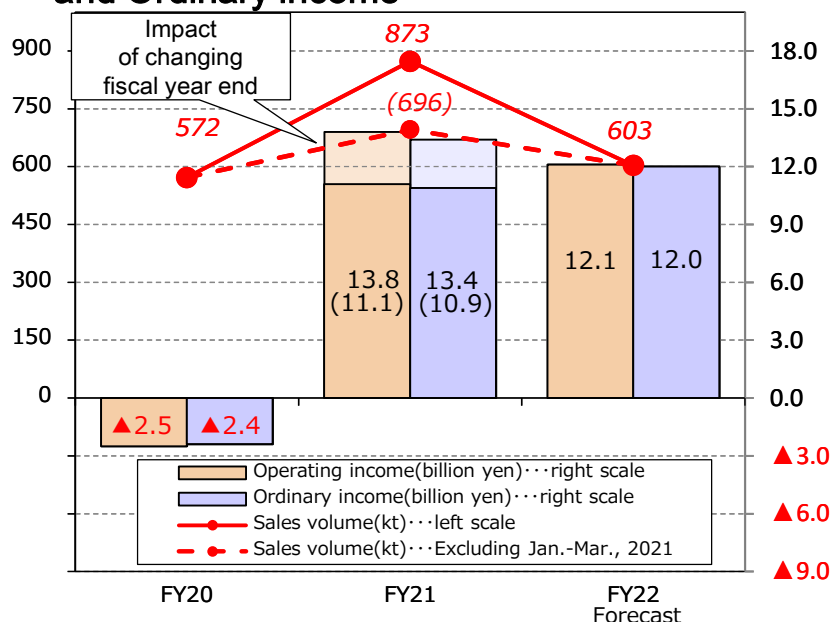
FY2022 Business Forecast

Ordinary income in FY22 : 12.0 billion yen

(-1.4 billion yen compared to FY21, excluding impact of changing the fiscal year end : +1.1 billion yen)

- ▶ FY22/1H : Margin improvement partly offset by volume decrease, including transient factors as well.
FY22/2H : Possible risk of market environment deterioration triggered by Russian invasion to Ukraine.
- ▶ Introduced **energy surcharge** from April 1, 2022, and will continue to appropriately reflect the significant rise of energy prices to sales price to maintain profit margin.
- ▶ Achieved **carbon neutral (CN) in production from January 2022** and applied **climate surcharge** to all customers unanimously. OVAKO will be able to relatively secure sales volume in even case of declining demand with the advantage of being CN.
- ▶ Appropriately **reflect increasing costs because of current sharp cost inflation to sales price towards 2023.**
- ▶ Continue strict control of fixed cost by resiliently implementing optimization of operational structure.

Trend of Sales volume, Operating income, and Ordinary income



Profit improvement measures and Maximizing synergies

Profit improvement

Safeguarding and improving profit margin in an inflationary environment by base price increase and climate surcharge and energy surcharge introduction

Streamlining numbers of workforce by optimizing operation by flexibly balancing capacity between mills in case of high level production

Continuously lowering BEP through variable cost reduction and fixed cost control

Maximizing synergies among the 3 companies, OVAKO, Sanyo and Nippon Steel

- Sales promotion activities
- Reduction of operational cost
- Reduction of procurement cost

Review of Performance <SSMI>

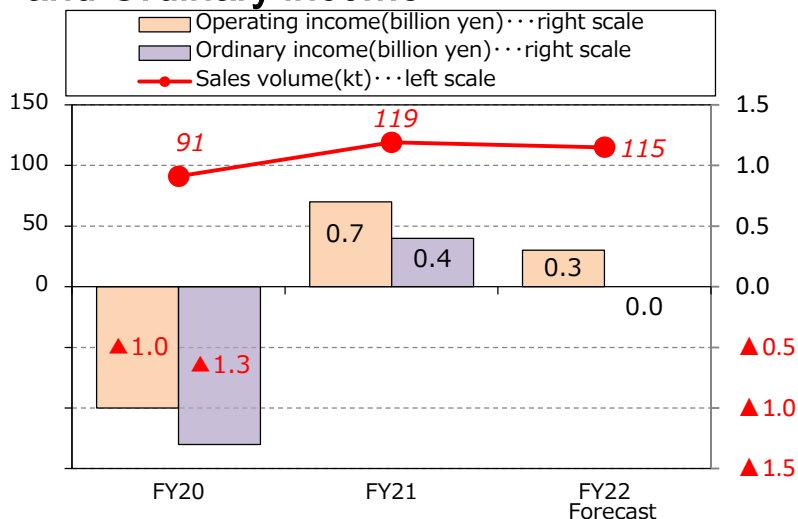
FY2022 Business Forecast

Ordinary income in FY22 : 0.0 billion yen (-0.4 billion yen compared to FY21)

SSMI will secure returns by promoting the following measures, despite the expected impact of higher raw material and fuel prices.

- ▶ Improving margins by increasing sales price and improving product mix by expanding sales of high-margin segments.
- ▶ Cost reduction measures through production optimization, such as utilization of newly installed reheating furnace with regenerative burners and further utilization of continuous rolling mill possessing high productivity and superior quality.

Trend of Sales volume, Operating income, and Ordinary income



The Company has changed its name from Mahindra Sanyo Special Steel Private Limited (MSSS) to Sanyo Special Steel Manufacturing India Private Limited (SSMI) effective June 23, 2022, since the Trademark License Agreement with Mahindra and Mahindra Limited, a minority shareholder of the Company, expired.

Profit improvement measures and actions

Upgrading sales strategy and mix

Executing sales strategy further reflecting SSMI's superior high-cleanliness steel technology, Improving product mix and profit margin, reinforcing marketing resources.

Reducing variable cost

Reducing operation cost by improving energy intensity and efficiency, and reducing procurement cost by utilizing low-cost raw materials.

Controlling fixed cost

We will globally utilize the technology of high-cleanliness steel, the basis of our brand and technological superiority, and will reinforce our position in the growing Indian market.

5. Topics

Topics

(1) First Japanese steelmaker to be approved for TPG certification (September 26, 2022)

We have been approved for TPG (Transportation & Power Generation) certification as a steel supplier for critical components of wind turbine generators.

We are the first company in the world to be certified for Continuous Casting and Ingot Casting.

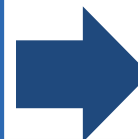
- Continuous Casting: capable to produce specialty steel at high level productivity
- Ingot Casting: capable to produce large-diameter steel products used for large bearings of wind turbine generators and other applications.



We will continue to contribute to the early realization of a carbon neutral society.

Our highly reliable manufacturing technology and quality control system

⇒ **Stable production of high cleanliness specialty steels**



the first Japanese steelmaker to be approved for “TPG certification”

What's TPG certification ?

A U.S. certification program that certifies that TPG requirements specified for each field of certification, such as steel manufacturing, heat treatment, and nondestructive testing, have been met for the manufacture of transportation and power generation related products.

Some wind turbine manufacturers have already decided to require their suppliers to obtain TPG certification.

Topics

ESG

(2) Industry-academia collaboration lectures

Technical exchange meeting with Kyushu University's Research Center for Steel

(August 30-September 2, 2022)

Industry-academia collaborative lectures for graduate students were held at Sanyo.

We gave lectures about special steel and held plant and research facility tours, practical training and debriefing sessions.

Six graduate students participated in the four-days program and elaborated their knowledge about special steel.



Others

(3) Next Generation Additive Manufacturing Expo (October 5-7, 2022)

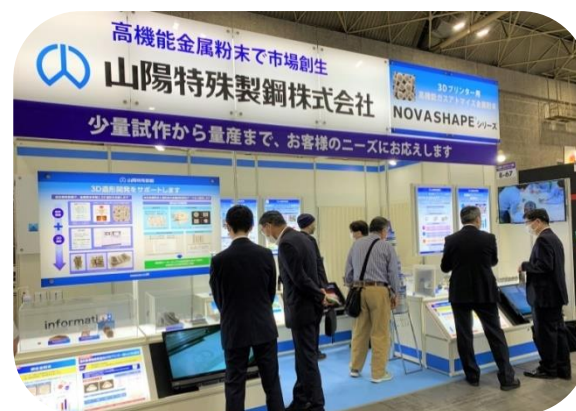
Exhibits by Sanyo :

✓ “NOVASHAPE® series”

Highly functional Metal Powder for 3D printer

✓ Magnetic metal powders

✓ High sphericity metal powders
by disc atomization process

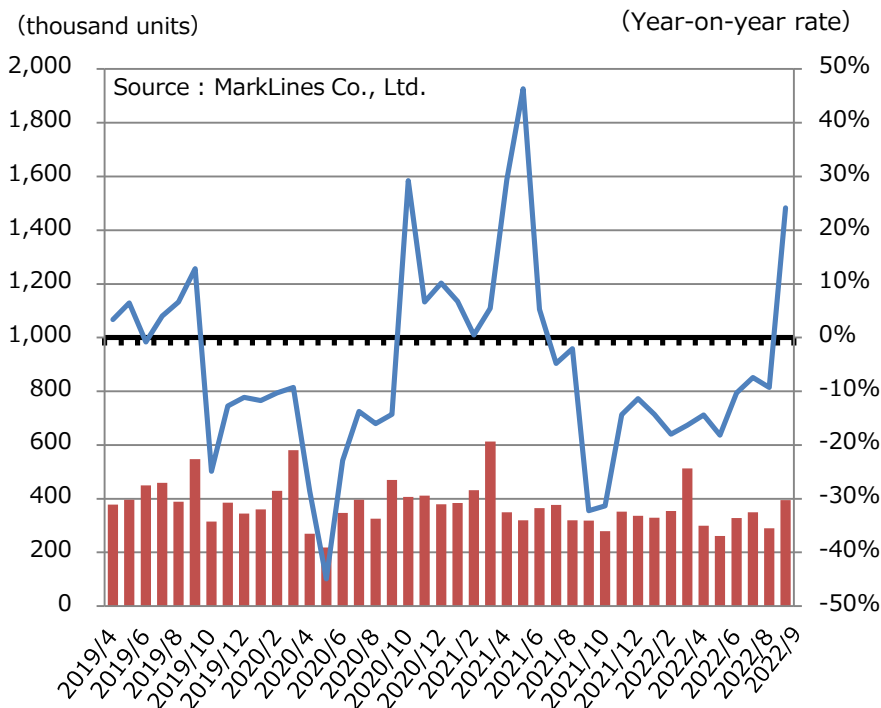


* We implemented measures to prevent the transmission of COVID-19.

6. Reference

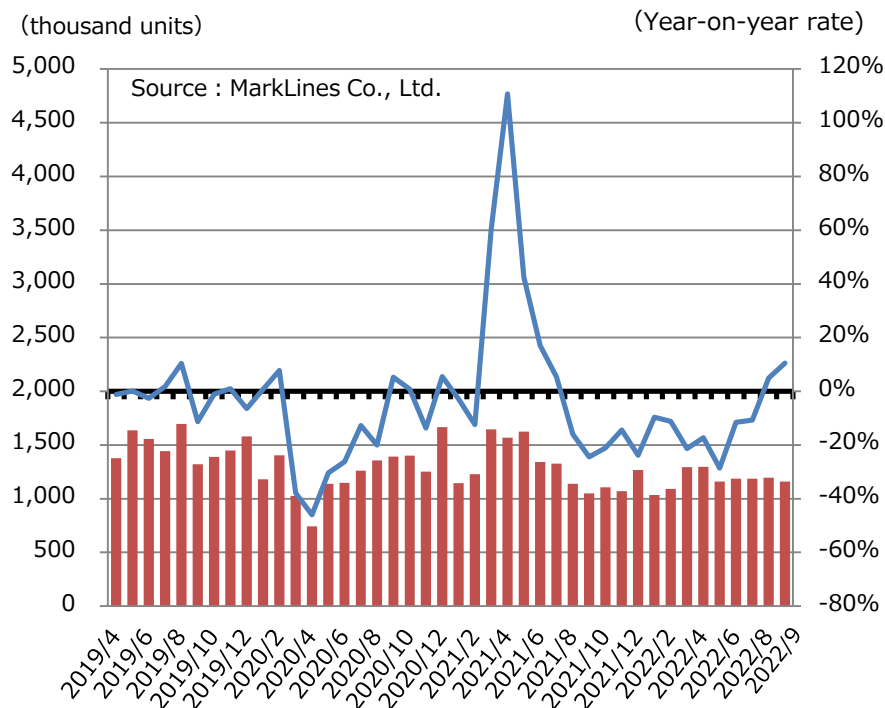
Trends in Automobile Market

Units of automobile sales in Japan



- 2020/5 ~ ; bottomed out and easing decline of sales due to COVID-19 impact
- 2021/5 ; +46.3% on YoY basis because of the significant decline of 2020/5 due to COVID-19 impact
- some effects of recent prolonged reduction of auto production and inventory changes in the supply chain have emerged
- 2022/9 ; +24.2% on YoY basis

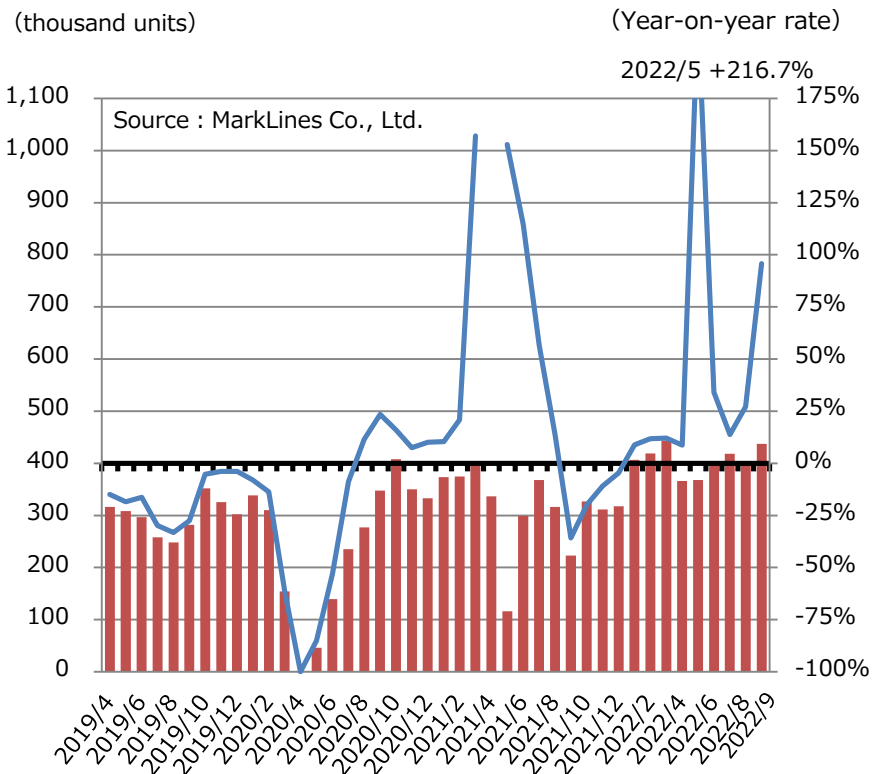
Units of automobile sales in U.S.



- 2020/4 ~ ; bottomed out and easing decline of sales due to COVID-19 impact
- 2021/4 ; +108.6% on YoY basis because of the significant decline of 2020/4 due to COVID-19 impact
- some effects of recent prolonged reduction of auto production and inventory changes in the supply chain have emerged
- 2022/9 ; +10.5% on YoY basis

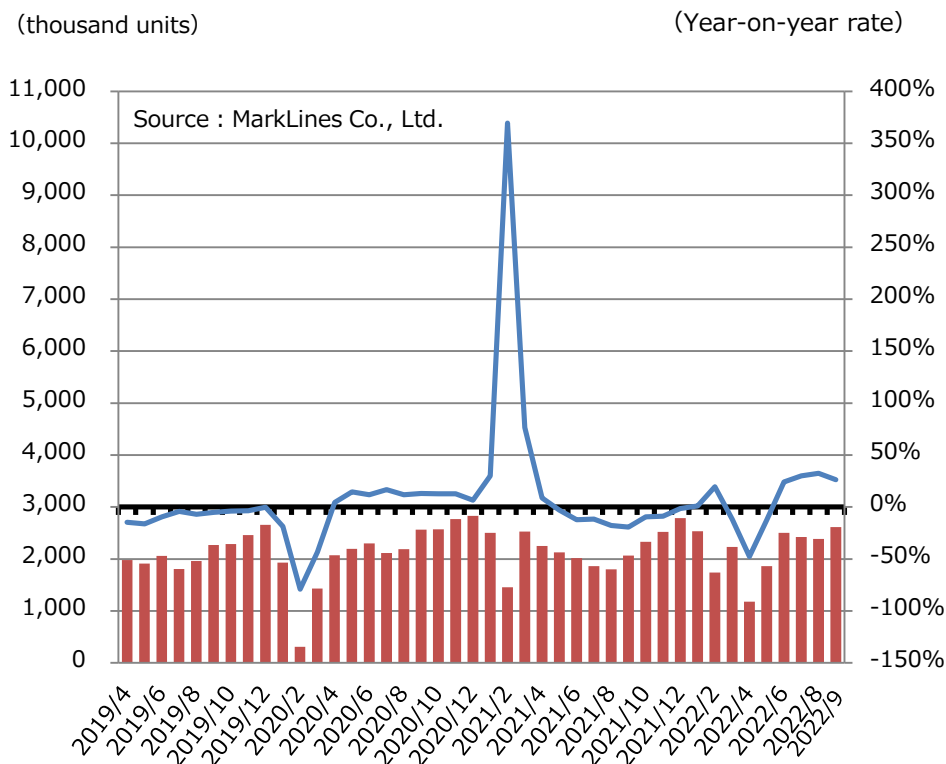
Trends in Automobile Market

Units of automobile sales in India



- 2020/4 ~ ; bottomed out and easing decline of sales due to COVID-19 impact
- 2021/5 ; sales decreased resulting from re-expansion of COVID-19 and a tendency towards recovery
- 2022/9 ; +95.8% on YoY basis

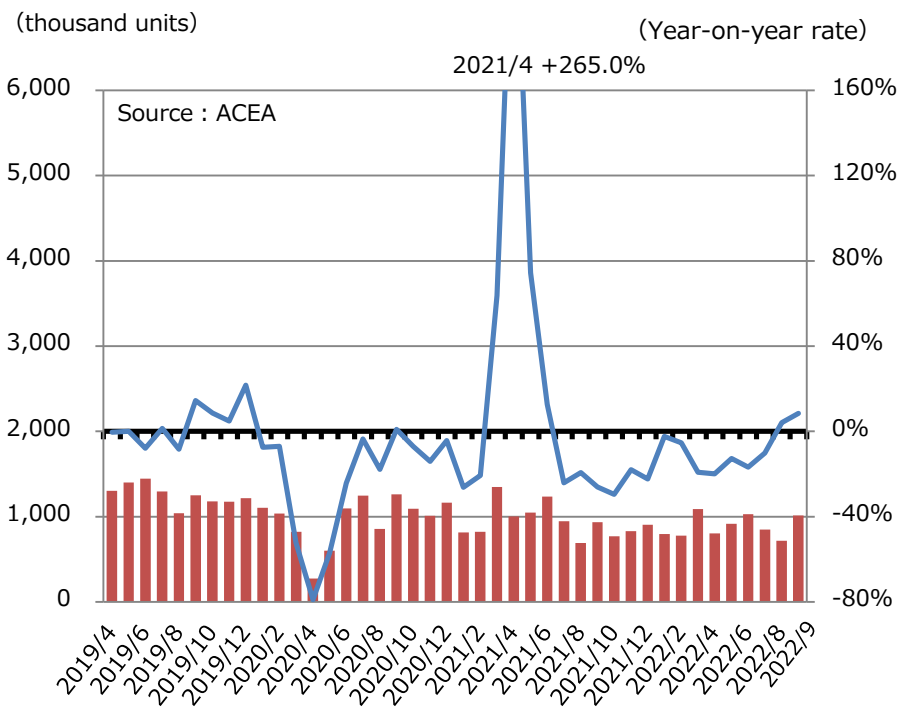
Units of automobile sales in China (Factory shipment base)



- 2020/2~ ; bottomed out and easing decline of sales due to COVID-19 impact
- 2021/6 ; -12.4% on YoY basis because of decrease in automobile productions due to a short supply of semiconductors
- 2022/4 ; -47.6% on YoY basis because of re-expansion of COVID-19
- 2022/9 ; +26.3% on YoY basis

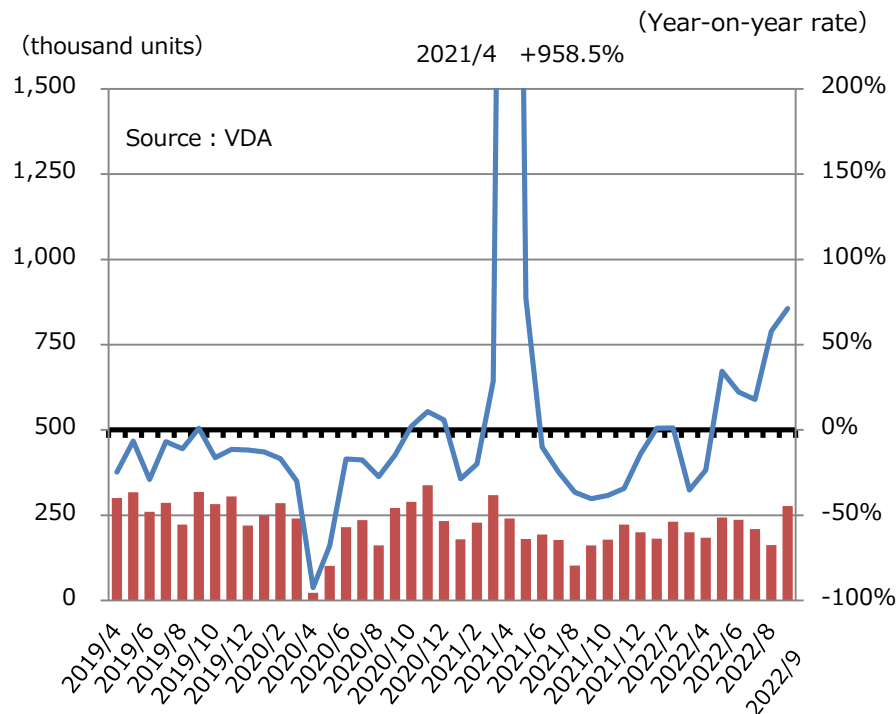
Trends in Automobile Market

Units of automobile sales in Europe



- 2020/4~ ; bottomed out and easing decline of sales due to COVID-19 impact
- 2021/4 ; +265.0% on YoY basis because of the significant decline of 2020/4 due to COVID-19 impact
- some effects of recent prolonged reduction of auto production and inventory changes in the supply chain have emerged
- 2022/9 ; +8.5% on YoY basis

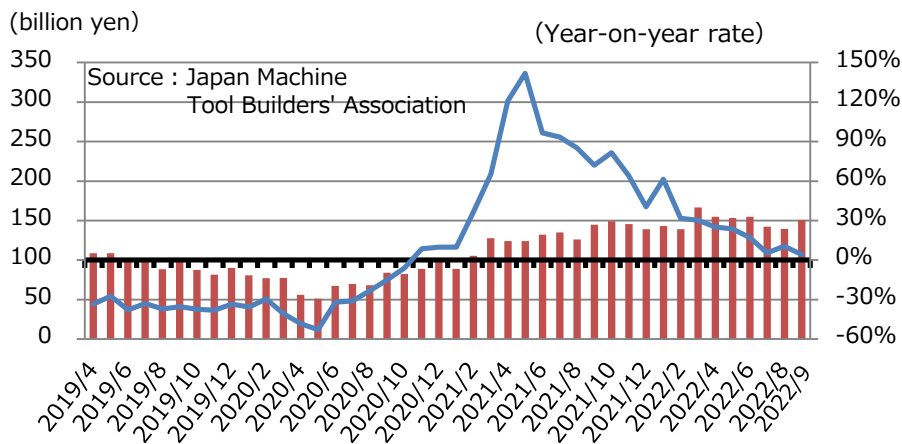
Units of automobile export from Germany



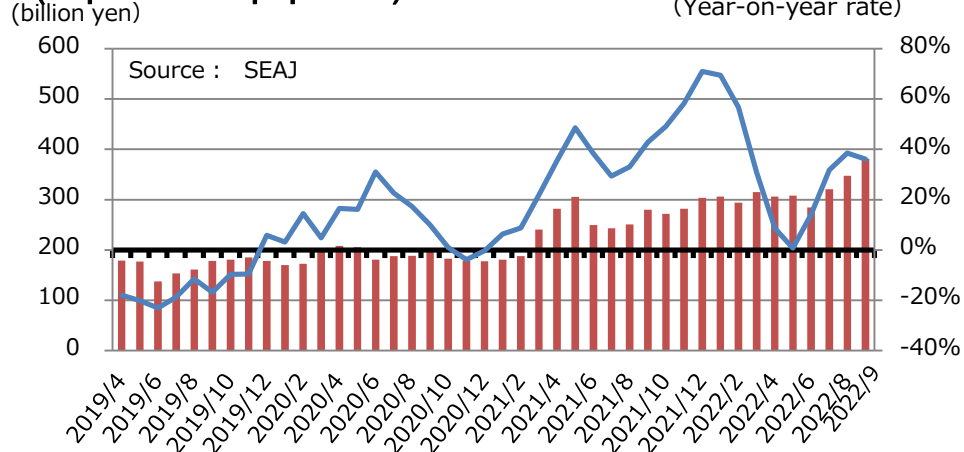
- 2020/4 ~ ; bottomed out and easing decline of export due to COVID-19 impact
- 2021/4 ; +958.5% on YoY basis because of the significant decline of 2020/4 due to COVID-19 impact
- some effects of recent prolonged reduction of auto production and inventory changes in the supply chain have emerged
- 2022/9 ; +71.1% on YoY basis

Trends in Industrial Machinery and Construction Machinery Market

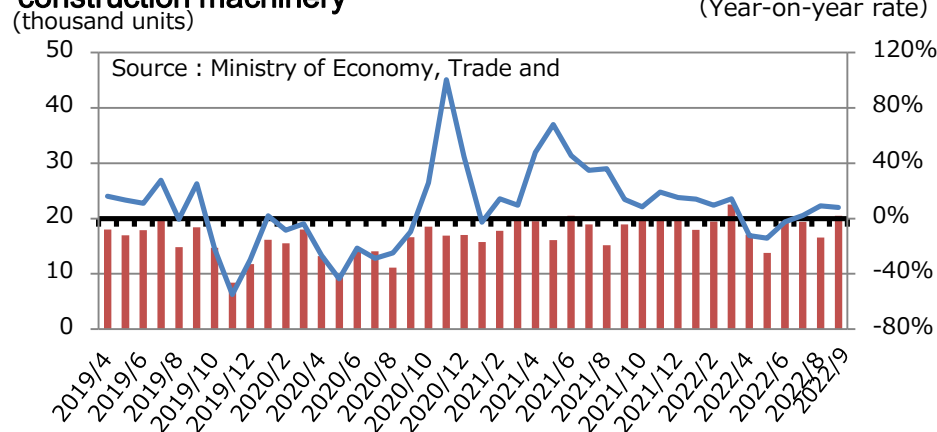
Sales amount of machine tool orders(Japan)



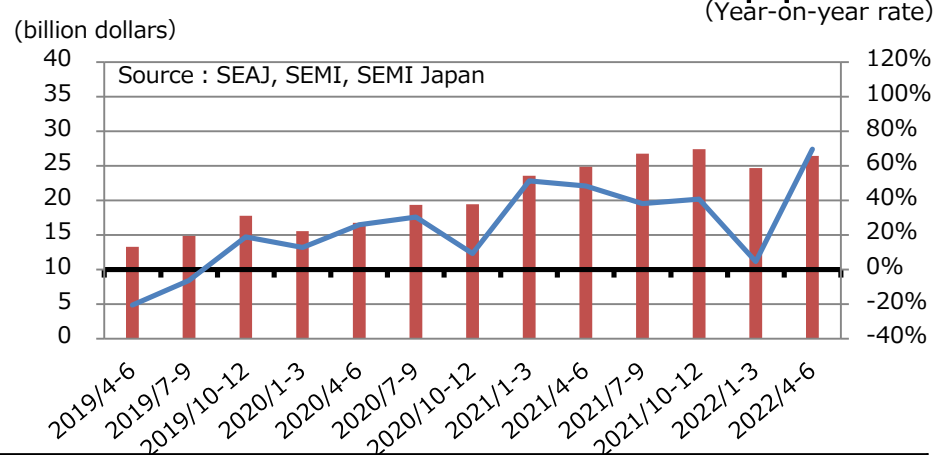
Sales amount of semiconductor manufacturing equipment (Japanese equipment)



Domestic production of excavator-based construction machinery



Sales amount of world wide semiconductor equipment



Machine tools 2020/5 ; -53% on YoY basis due to COVID-19 impact
2022/9 ; +4.3% on YoY basis

Semiconductor equipment 2020/7~; drop due to U.S.-China trade dispute & 2020/12 ~; recovery due to increase of 5G and global shortage of semiconductor & 2022/9 ; +36.1% on YoY basis

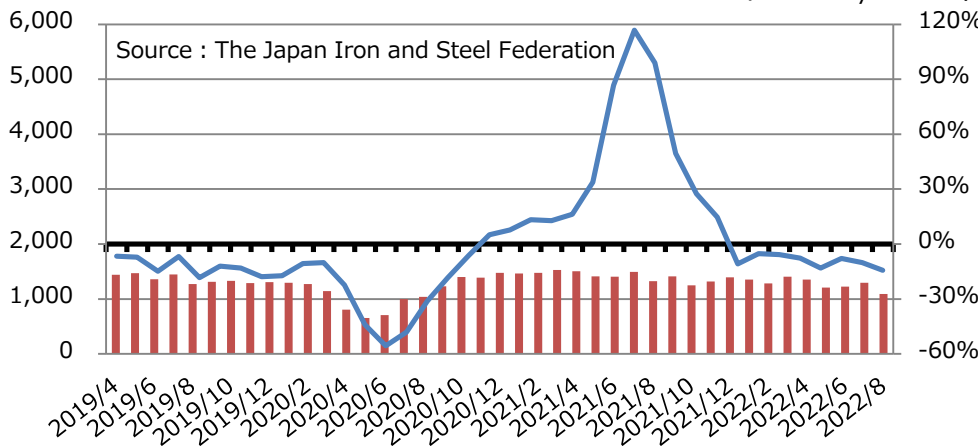
Construction machinery 2020/2~ continuous drop due to COVID-19 impact & 2020/10~; recovery of demand in China and Europe & 2022/9 ; +8.1% on YoY basis

Trends in Special Steel Market

Volume of order booked (Specialty steel products)

(thousand tons)

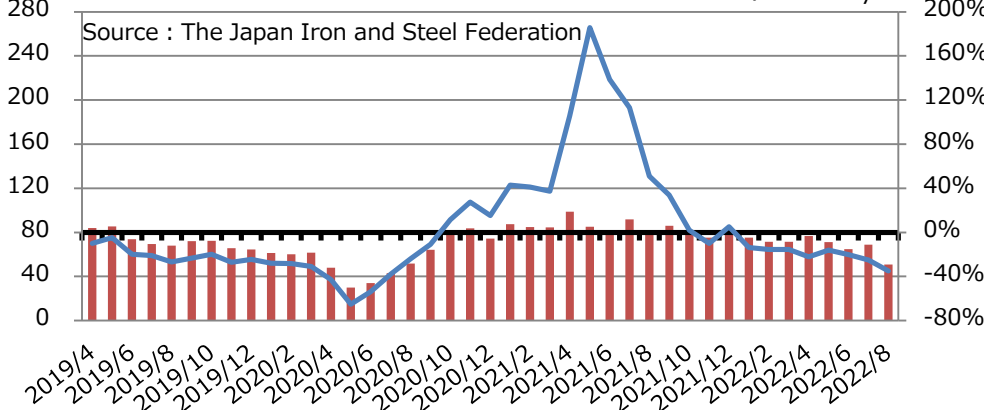
(Year-on-year rate)



Volume of order booked (Bearing steel products)

(thousand tons)

(Year-on-year rate)

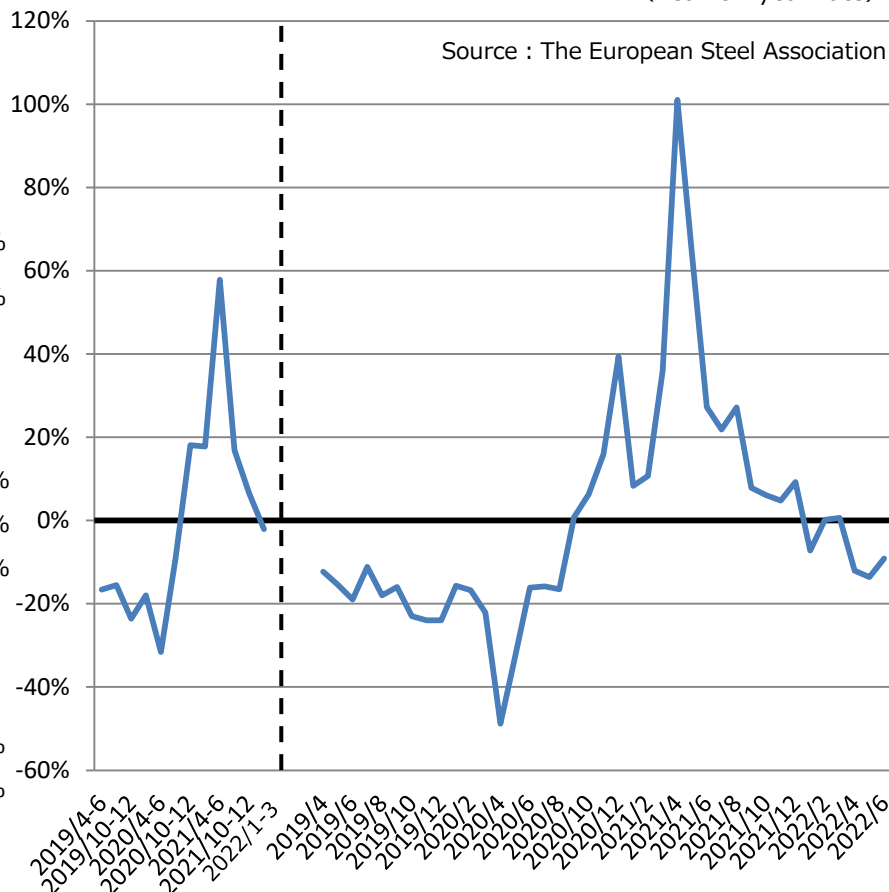


Bearing steel

- 2020/5~ ; bottomed out and easing decline of sales due to COVID-19 impact
- some effects of recent prolonged reduction of auto production and inventory changes in the supply chain have emerged
- 2022/8 ; -35.0% on YoY basis

Volume of European deliveries : Bars and Flats / Alloy Engineering Steel

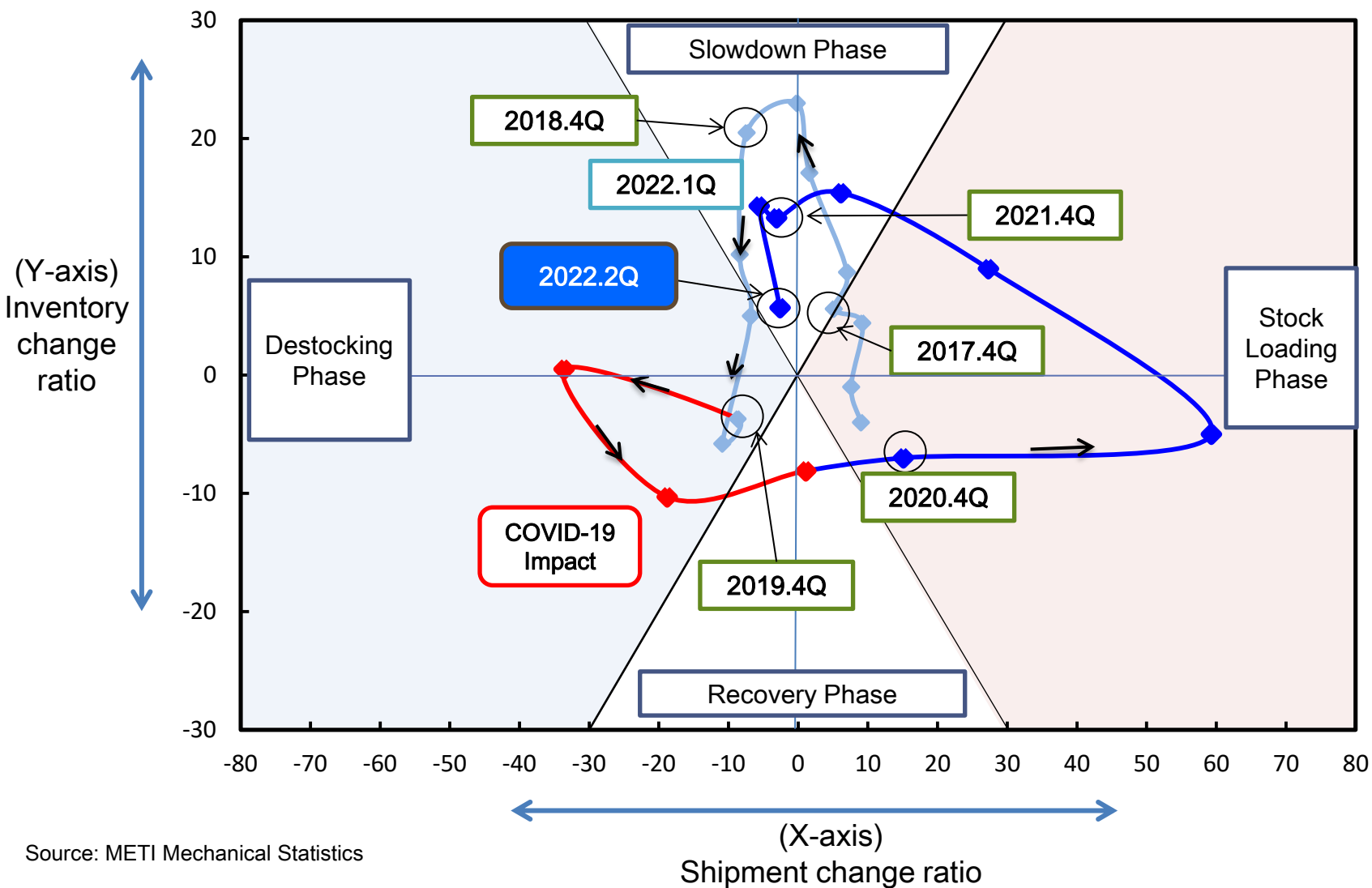
(Year-on-year rate)



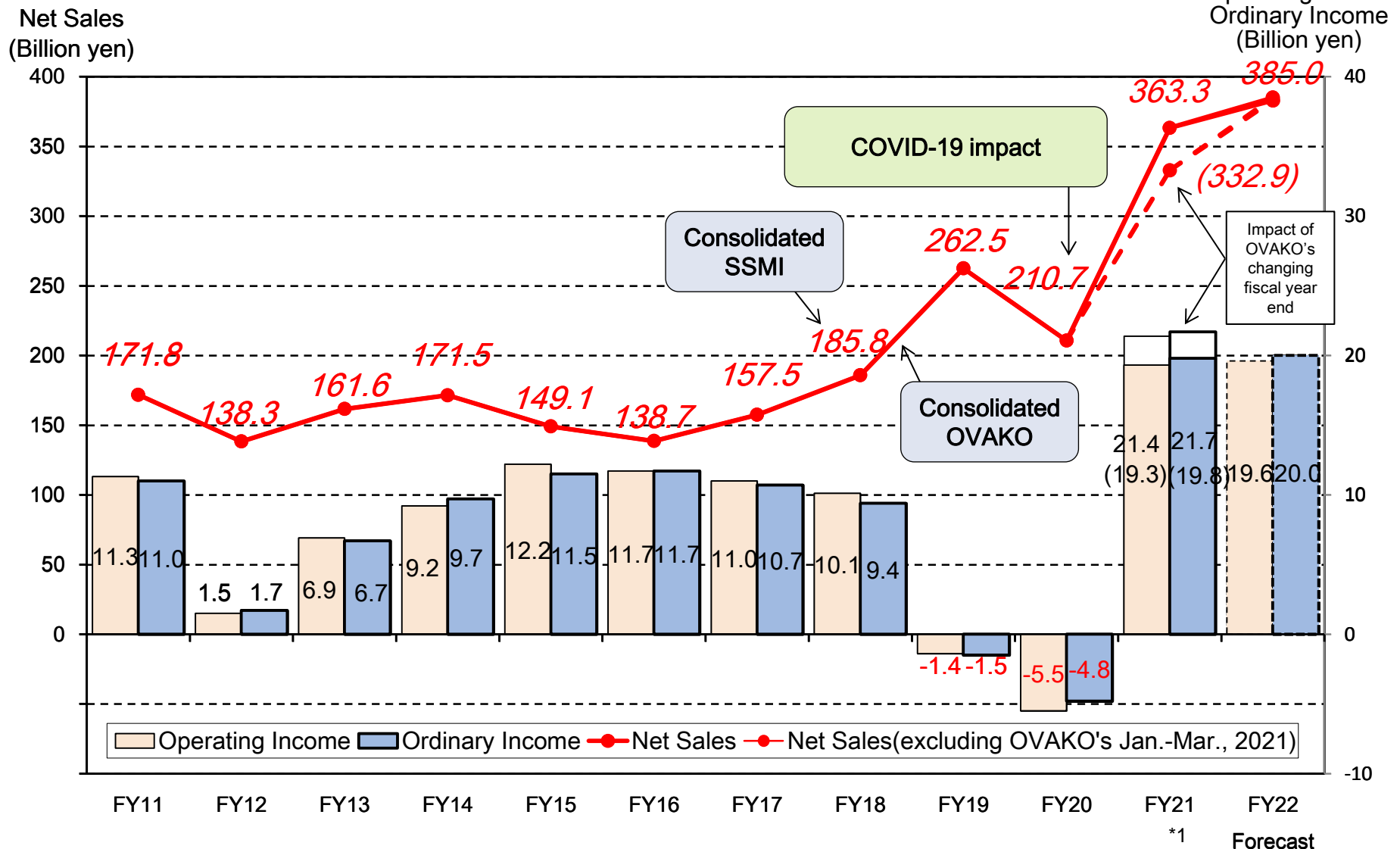
European deliveries

- 2020/4~ ; bottomed out and easing decline due to recovery of deliveries
- 2021/4 ; +101.0% on YoY basis because of the significant decline of 2020/4 due to COVID-19 impact
- 2022/6 ; -9.2% on YoY basis

Inventory Circulation Diagram (Bearing Products)



Net Sales and Income (Fiscal)

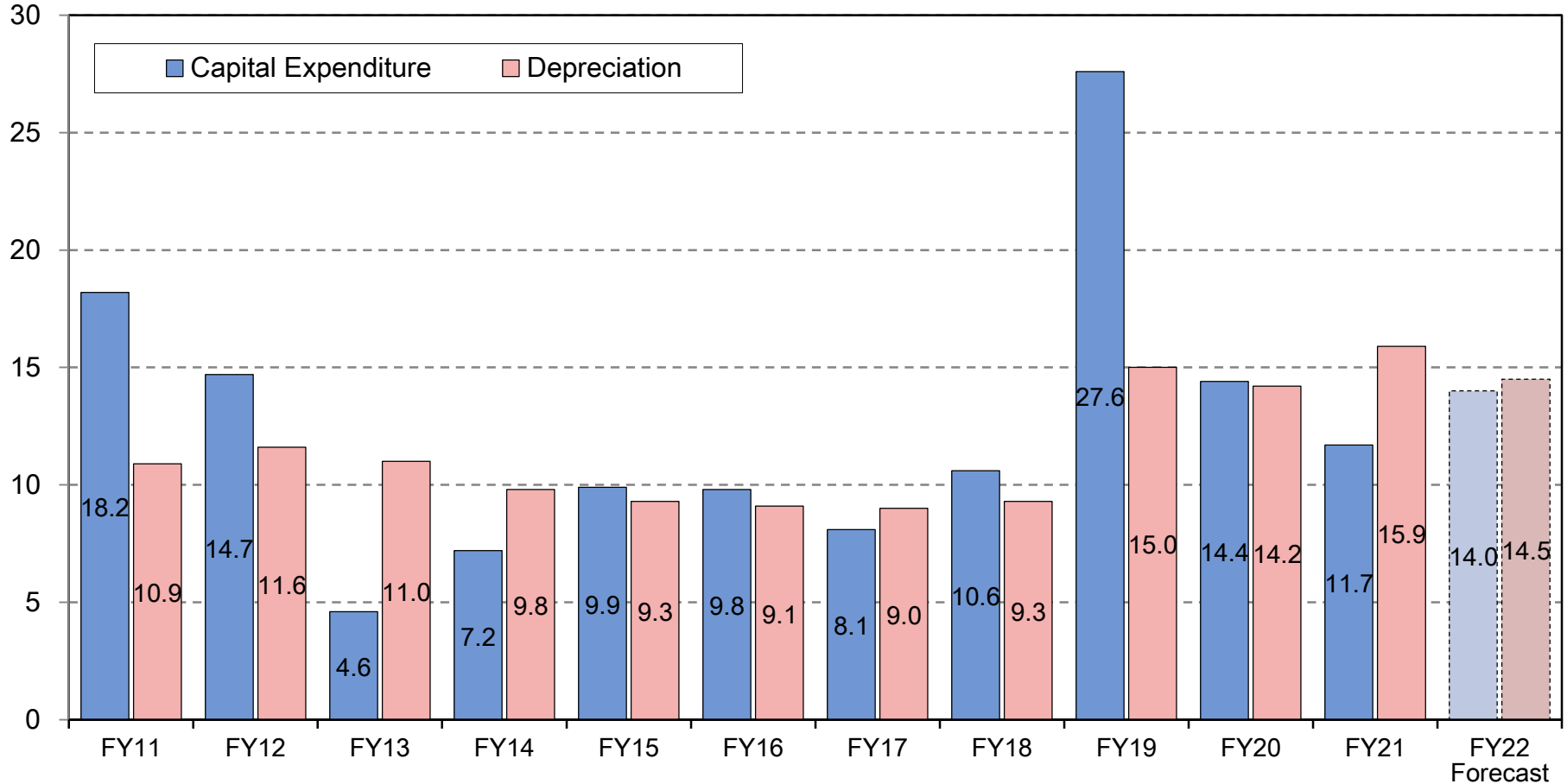


*1 FY21 reflects numbers of OVAKO by 15 months from January, 2021 to March, 2022.

*2 SSMI has been consolidated since FY18/2Q, and OVAKO has been consolidated since FY19/1Q for profit and loss.

Capital Expenditure and Depreciation

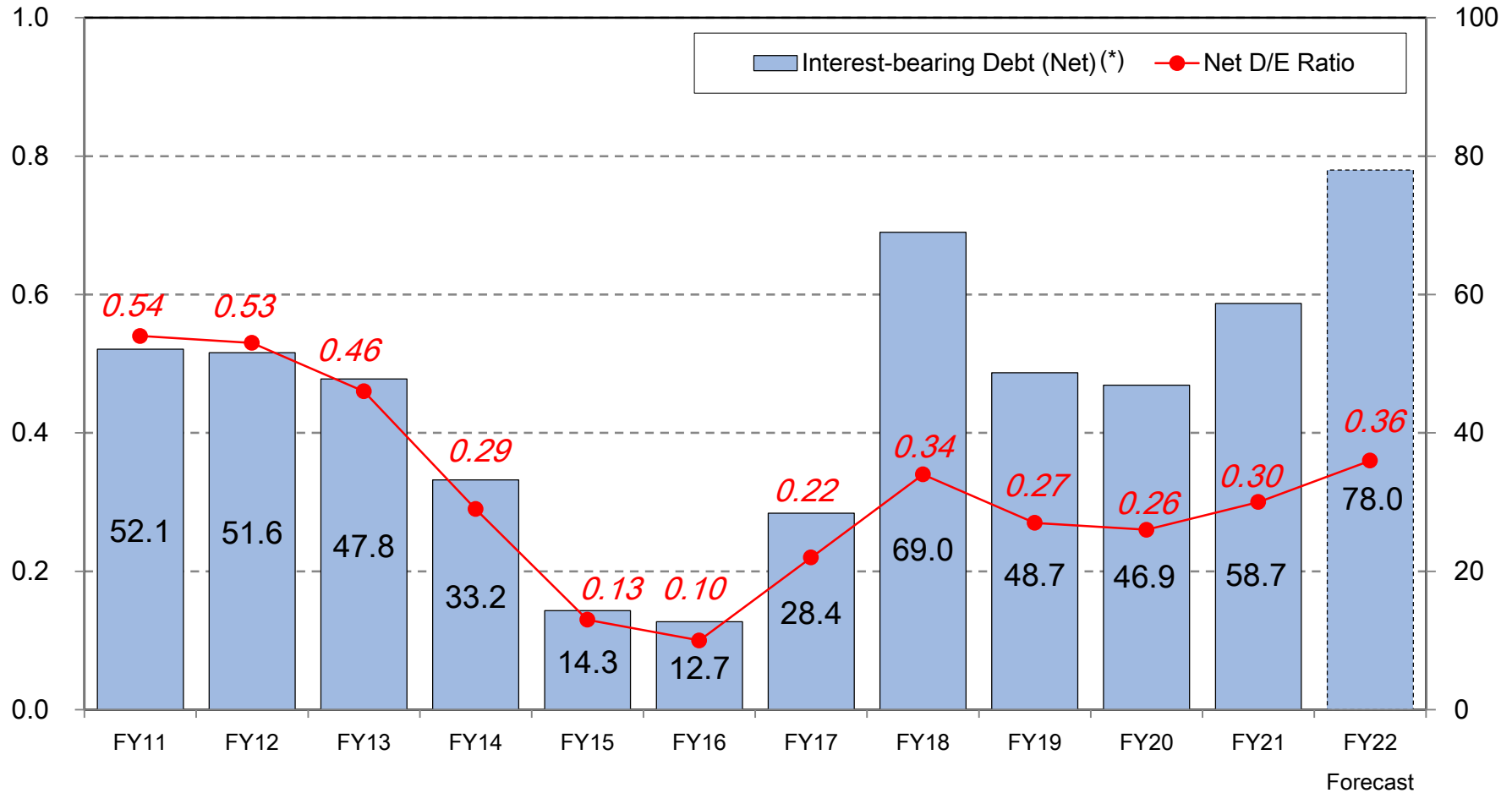
(Billion yen)



D/E Ratio

Net D/E ratio
(Times)

Interest-bearing Debt
(Billion yen)



(*) Interest-bearing Debt(Net) = Interest-bearing Debt – (cash + deposits paid to affiliated company)

Details of Statements of Income

Reference

(FY22 Revised Forecast announced on October 31, 2022 vs. FY22 Previous Forecast)

(Unit : Thousand tons, Billion yen, Yen per share, %)

	FY22/1H (A) Result	FY22/2H (B) Forecast	FY22 (C=A+B)	FY22/1H (D) Previous Forecast	FY22/2H (E) Previous Forecast	FY22 (F) Previous Forecast	Change (F) → (C)
Sales Volume	812	787	1,599	816	824	1,640	-41
(Sanyo)	458	423	881	460	450	910	-29
(OVAKO)	303	300	603	305	310	615	-12
(SSMI)	51	64	115	51	64	115	-
Net Sales	195.4	189.6	385.0	191.5	191.5	383.0	+2.0
(Sanyo)	96.5	92.5	189.0	94.5	93.5	188.0	+1.0
(OVAKO)	85.7	77.3	163.0	83.5	78.5	162.0	+1.0
(SSMI)	9.9	14.3	24.2	9.9	14.6	24.5	-0.3
Operating Income	13.2	6.4	19.6	9.5	6.0	15.5	+4.1
(Sanyo)	5.3	3.5	8.8	3.5	3.5	7.0	+1.8
(OVAKO)	8.8	3.3	12.1	6.9	3.5	10.4	+1.7
(SSMI)	-0.1	0.4	0.4	-0.2	0.5	0.3	+0.1
(Amortization of goodwill)	-1.4	-1.4	-2.9	-1.4	-1.4	-2.9	-
Ordinary Income	13.7	6.3	20.0	10.0	6.0	16.0	+4.0
(Sanyo)	7.0	3.5	10.5	5.0	3.5	8.5	+2.0
(OVAKO)	8.9	3.1	12.0	7.0	3.5	10.5	+1.5
(SSMI)	-0.2	0.2	0.0	-0.3	0.3	0.0	-
(Amortization of goodwill)	-1.4	-1.4	-2.9	-1.4	-1.4	-2.9	-
Net Income*2	9.9	4.7	14.6	7.0	4.5	11.5	+3.1
Earnings Per Share	181.2		268.0	128.5		211.1	+56.9
Operating Income before amortization of goodwill	14.6	7.8	22.5	10.9	7.5	18.4	+4.1
Ordinary Income before amortization of goodwill	15.2	7.7	22.9	11.4	7.5	18.9	+4.0
Net Income before amortization of goodwill	11.3	6.2	17.5	8.4	6.0	14.4	+3.1
Earnings Per Share before amortization of goodwill	207.5		321.2	154.2		264.3	+56.9

*1 The consolidated accounting period for SSMI is Jan. to Dec.

*2 Profit attributable to owners of parent

Details of Statements of Income

(FY22 Revised Forecast vs. FY21)

Reference

(Unit : Thousand tons, Billion yen, Yen per share, %)

	FY22/1H (A) Result	FY22/2H (B) Forecast	FY22 (C=A+B)	FY21/1H (D)	FY21/2H (E)	FY21 (F=D+E)	Change (F) → (C)
Sales Volume	812	787	1,599	1,079	916	1,995	-396
(Sanyo)	458	423	881	511	491	1,002	-121
(OVAKO)	303	300	603	511	363	873	-270
(SSMI)	51	64	115	57	62	119	-4
Net Sales	195.4	189.6	385.0	183.3	180.0	363.3	+21.7
(Sanyo)	96.5	92.5	189.0	79.6	89.2	168.8	+20.2
(OVAKO)	85.7	77.3	163.0	93.0	78.0	170.9	-7.9
(SSMI)	9.9	14.3	24.2	7.7	9.7	17.3	+6.9
Operating Income	13.2	6.4	19.6	10.4	11.0	21.4	-1.8
(Sanyo)	5.3	3.5	8.8	4.8	4.3	9.2	-0.4
(OVAKO)	8.8	3.3	12.1	7.0	6.8	13.8	-1.7
(SSMI)	-0.1	0.4	0.4	0.3	0.4	0.7	-0.3
(Amortization of goodwill)	-1.4	-1.4	-2.9	-2.0	-1.4	-3.4	+0.5
Ordinary Income	13.7	6.3	20.0	10.5	11.2	21.7	-1.7
(Sanyo)	7.0	3.5	10.5	5.2	4.7	9.9	+0.6
(OVAKO)	8.9	3.1	12.0	6.8	6.6	13.4	-1.4
(SSMI)	-0.2	0.2	0.0	0.2	0.2	0.4	-0.4
(Amortization of goodwill)	-1.4	-1.4	-2.9	-2.0	-1.4	-3.4	+0.5
Net Income ^{*2}	9.9	4.7	14.6	7.3	8.0	15.3	-0.7
Earnings Per Share	181.2		268.0	133.8		280.2	-12.2
Operating Income before amortization of goodwill	14.6	7.8	22.5	12.4	12.4	24.8	-2.3
Ordinary Income before amortization of goodwill	15.2	7.7	22.9	12.5	12.5	25.0	-2.1
Net Income before amortization of goodwill	11.3	6.2	17.5	9.3	9.3	18.6	-1.1
Earnings Per Share before amortization of goodwill	207.5		321.2	170.8		342.1	-21.0

*1 The consolidated accounting period for OVAKO including Amortization of goodwill are as follows: FY2022:12 months(Apr., 2022 to Mar., 2023), FY2021:15 months(1H: Jan. to Sep., 2021, 2H: Oct., 2021 to Mar., 2022)

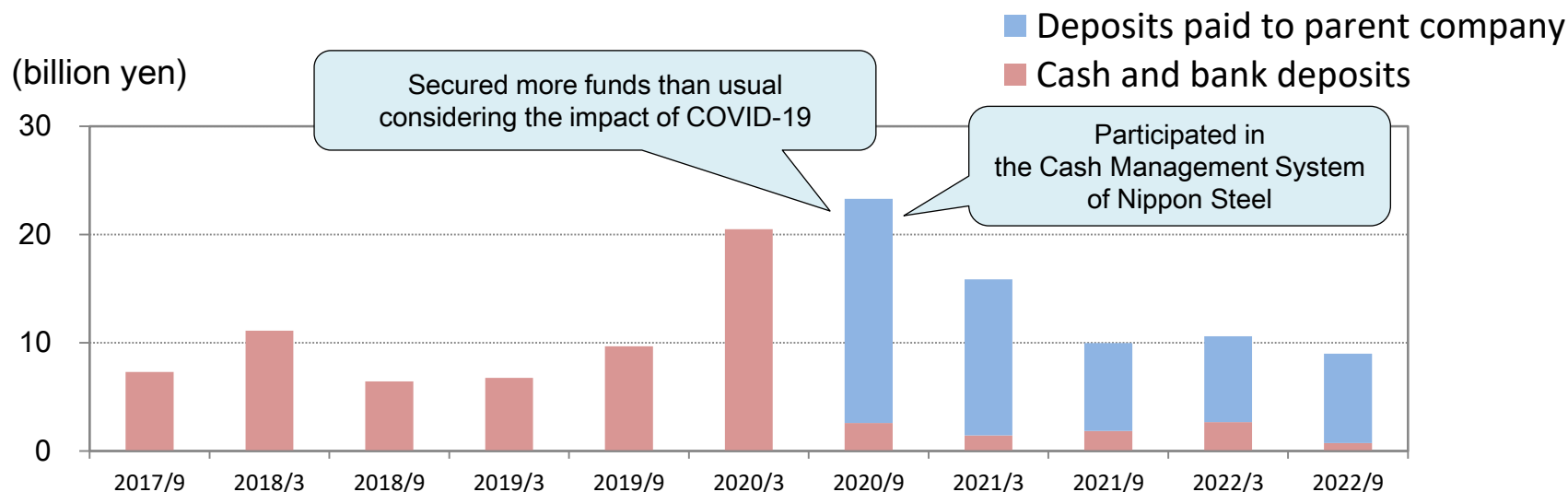
*2 The consolidated accounting period for SSMI is Jan. to Dec.

*3 Profit attributable to owners of parent

Deposits paid to parent company

- Sanyo participated in the Cash Management System of Nippon Steel from June 2020.
- Sanyo's balance is daily deposited into Nippon Steel's account and it can be withdrawn at any time.
- If some shortage of funds occur, emergency loan for Sanyo will be issued automatically.
- Sanyo earns interest rates higher than that of deposits to banks.
- Deposits paid to parent company is equivalent to cash and bank deposits, since the deposits paid to parent company can be utilized as working capital of Sanyo at any time when necessary.

- Cash and deposits including Deposits paid to parent company (Sanyo)





SANYO SPECIAL STEEL - the Confident Choice



Santo-kun
(Our mascot)

(Cautionary Statement)

Business forecasts contained in this document are based on the information available at the time of the release of this document, and actual results may differ from these forecasts due to various factors that may occur in the future. The business forecasts should not be interpreted as any commitment to or guarantee of future performance.