

Overview of Business Results

for the 1st Quarter of Fiscal Year Ending March 31, 2024
(April 2023 → June 2023)

July 28, 2023

SANYO SPECIAL STEEL Co., Ltd.

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



Santo-kun
(Our mascot)

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1. FY2023/1Q Results

Outline of Statements of Income

Ordinary Income : 6.1 billion yen (Compared to FY2022/1Q : -3.2 billion yen)

Revenue and profit decreased due to decline in sales volume and shrinkage of positive impact of OVAKO's transient factors.

- ▶ Although sales prices increased through applying energy surcharge, etc. revenue and profit decreased due to drop in sales volume, soaring raw material and fuel prices and inflation impact of other materials. Shrinkage of positive impact of OVAKO's transient factors affected as well.

(Unit: Billion yen)

	FY2023/1Q (A)		FY2022/1Q (B)		Change (B) → (A)	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Net Sales	99.9	100.0	104.1	100.0	-4.2	-4.0
Operating Income	5.5	5.5	8.8	8.4	-3.3	-37.4
Ordinary Income	6.1	ROS 6.1	9.3	ROS 8.9	-3.2	-34.6
(Sanyo)	2.0	4.2	3.4	7.1	-1.4	-40.0
(OVAKO)	5.2	11.8	7.3	14.7	-2.1	-28.5
(SSMI)	0.2	2.9	-0.1	—	+0.3	—
(Amortization of goodwill)	-0.8	—	-0.7	—	-0.1	—
Net Income^{*1}	4.3	4.3	6.9	6.6	-2.6	-37.4
Net Income before amortization of goodwill	5.1	5.1	7.6	7.3	-2.5	-33.0
Sales Volume (Thousand tons)	392 (per month)	130.6	440 (per month)	146.5	-48 (per month)	-15.9
(Sanyo)	213	71.0	234	78.1	-21	-7.2
(OVAKO)	152	50.7	177	59.0	-25	-8.3
(SSMI)	27	8.9	28	9.3	-1	-0.4

*1 Profit attributable to owners of parent

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

Business Environment

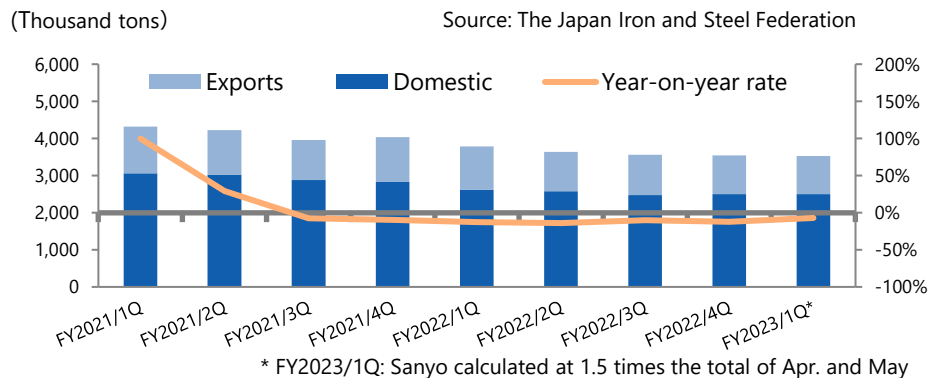
Demand Trends

Although semiconductor shortage has resolved, recovery of auto production is gradual. Production for construction and industrial machineries has remained stagnant. Sluggish recovery of demand for specialty steel due to economic uncertainty in Europe and slow recovery of Chinese economy is becoming a concern.

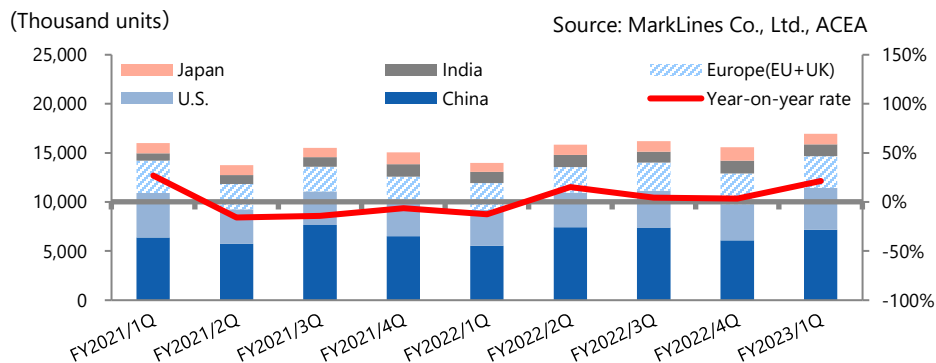
Raw Material and Fuel Prices

Raw material and fuel prices trend remains still high and inflation on other materials has also emerged. Nevertheless, energy prices have peaked out.

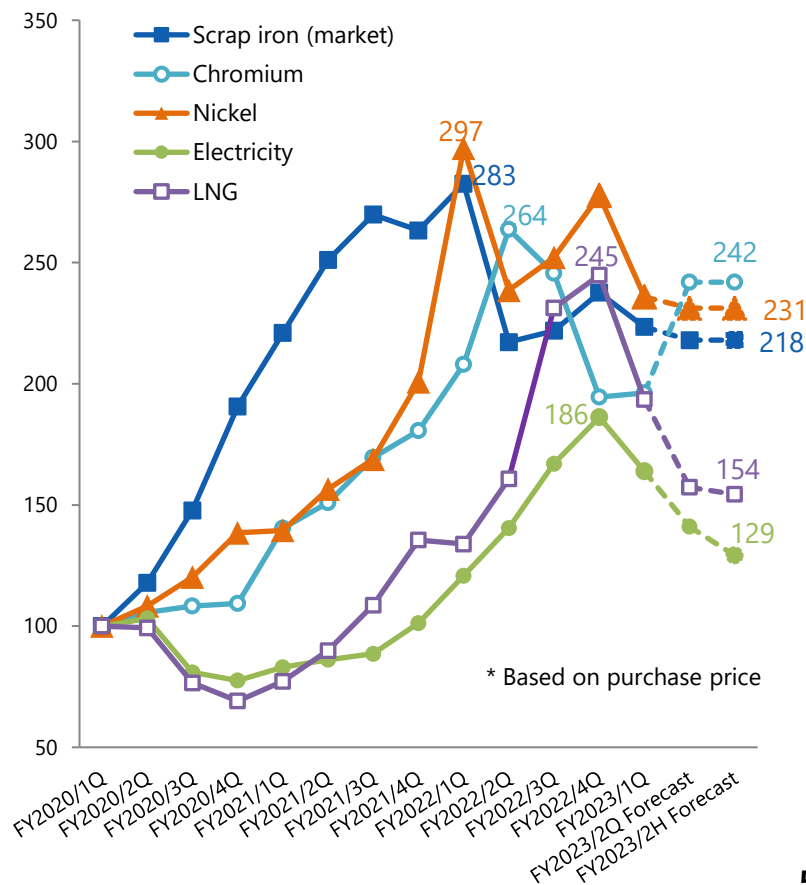
1. Volume of order booked (Specialty steel products)



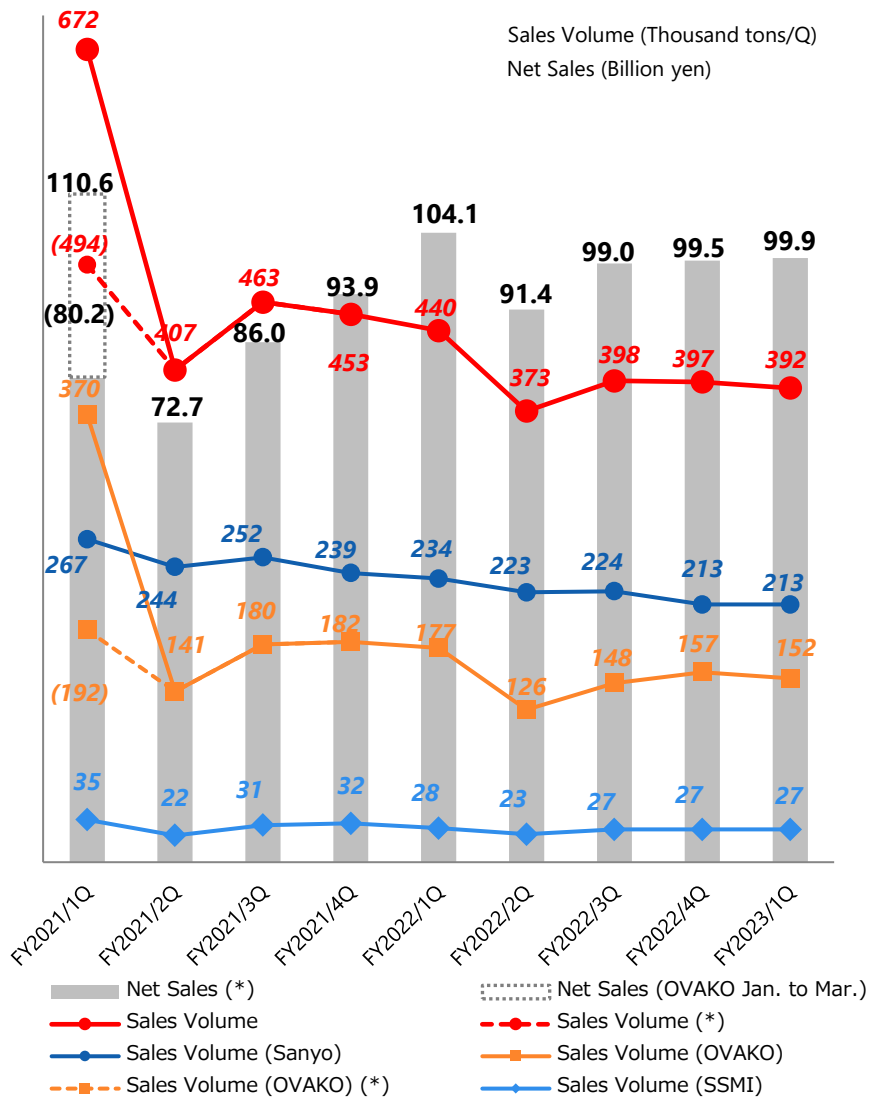
2. Units of automobile sales



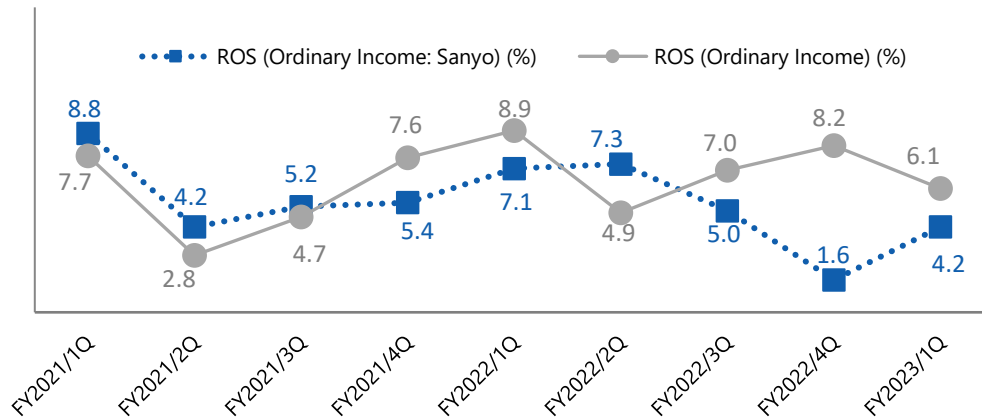
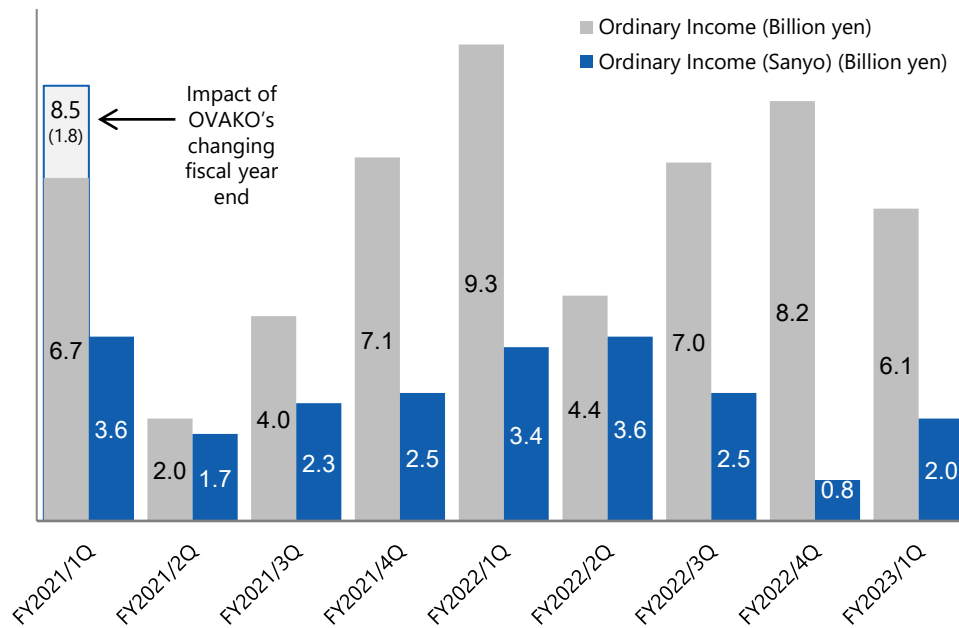
3. Raw Material and Fuel Prices (FY2020/1Q = 100)



Net Sales and Income (Quarterly)



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



Earnings by Business Segment

(Unit: Billion yen)

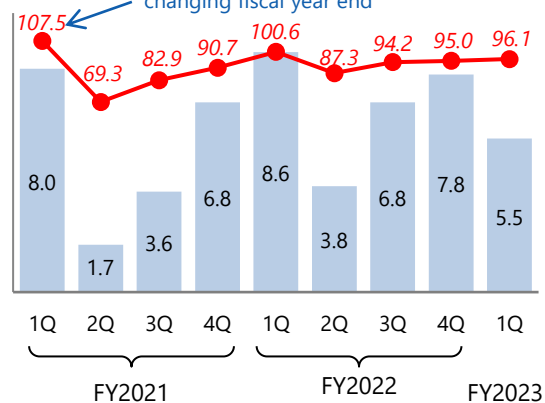
	FY2023/1Q (A)			FY2022/1Q (B)			Change (B) → (A)		
	Net Sales	Operating Income	ROS (%)	Net Sales	Operating Income	ROS (%)	Net Sales	Operating Income	ROS (%)
Steel Products	96.1	5.5	5.7	100.6	8.6	8.5	-4.5	-3.1	-2.8
Metal Powders	1.4	0.3	18.1	1.3	0.3	22.4	+0.1	-0.0	-4.3
Formed and Fabricated Materials	4.5	-0.3	-5.8	4.6	-0.1	-2.1	-0.2	-0.2	-3.7
Sub-total	102.0	5.5	5.4	106.5	8.8	8.2	-4.5	-3.3	-2.9
Others	0.3	-0.0	-1.7	0.2	0.0	1.3	+0.0	-0.0	-3.0
Adjustments	-2.3	0.0	—	-2.7	0.0	—	+0.3	+0.0	—
Consolidated total	99.9	5.5	5.5	104.1	8.8	8.4	-4.2	-3.3	-2.9

Change in Business Segment

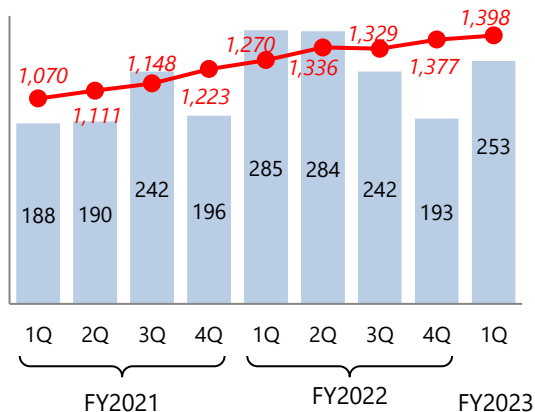
Operating Income Sales

Steel Products (Unit: Billion yen)

Including impact of OVAKO's changing fiscal year end

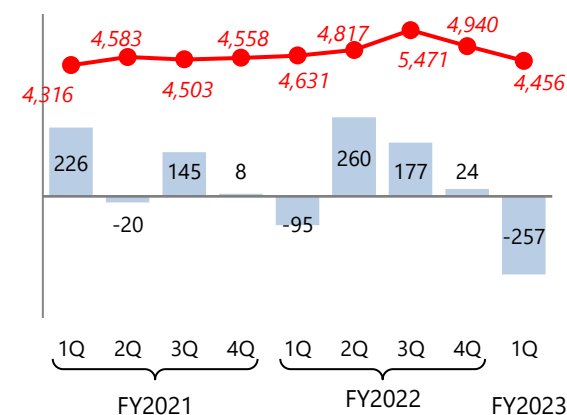


Metal Powders (Unit: Million yen)



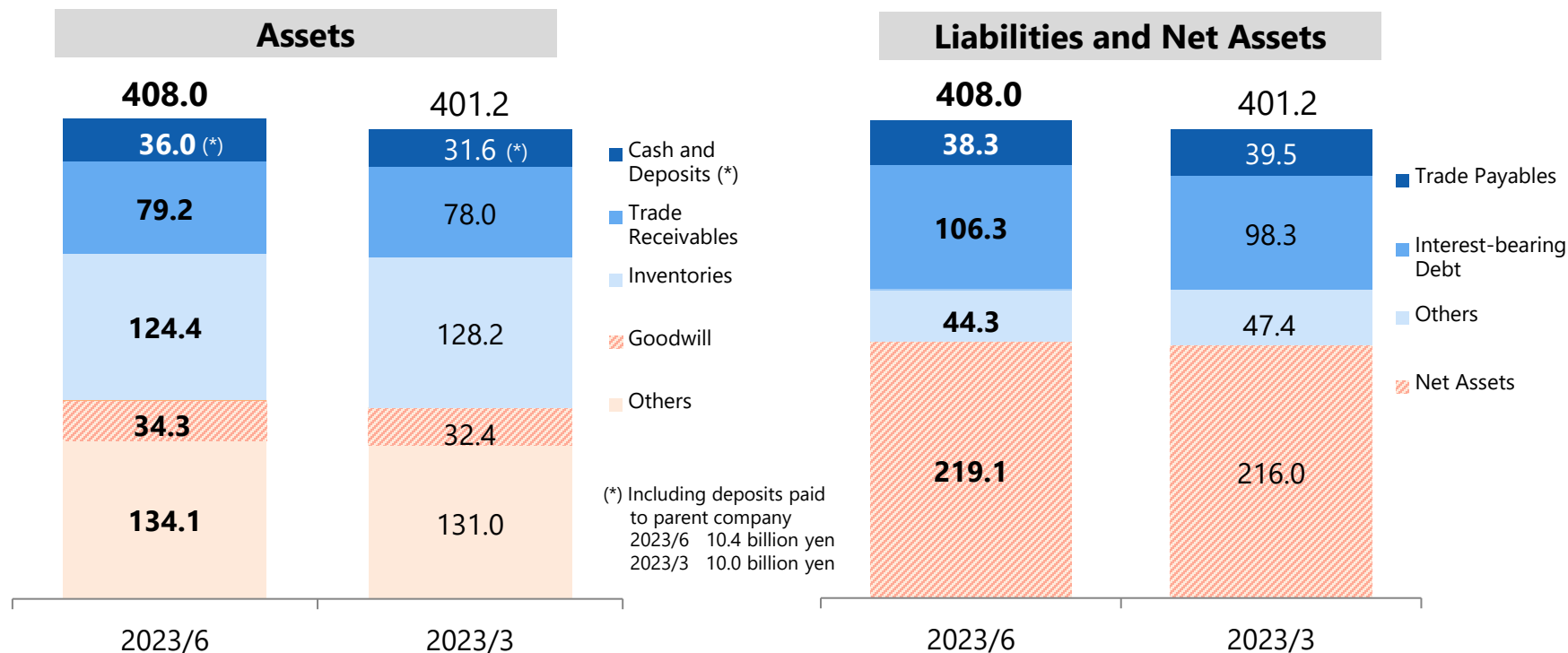
Formed and Fabricated Materials (Unit: Million yen)

(Unit: Million yen)



Balance Sheets

(Billion yen)



Major changes in Assets

+6.8 billion yen (+1.7%)

(including foreign exchange impact +13.8 billion yen)

Cash and Deposits	+4.4
Inventories	-3.8
Goodwill	+1.8
(amortization -0.8, foreign exchange impact +2.6)	
Others	+3.1

Major changes in Liabilities and Net Assets

+6.8 billion yen (+1.7%)

(including foreign exchange impact +13.8 billion yen)

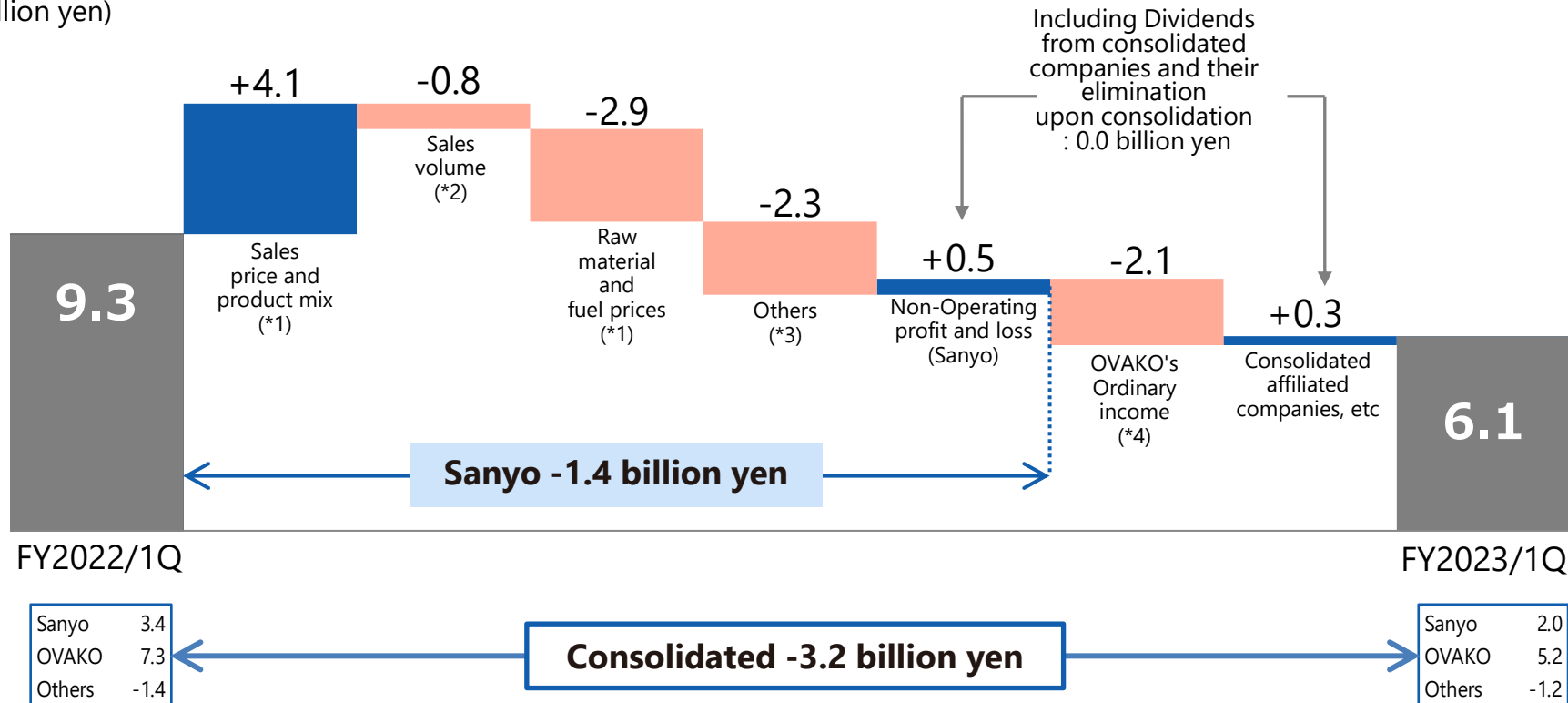
Interest-bearing Debt	+8.0
Others	-3.1
Net Assets	+3.1

(Reference) Assets of Sanyo, OVAKO and SSMI (as of Jun. 2023, non-consolidated basis)
 Sanyo 280.2 billion yen, OVAKO 133.0 billion yen, SSMI 13.6 billion yen

Equity Ratio	2023/6	2023/3
	53.3%	53.4%

Ordinary Income Variance Analysis (FY2022/1Q → FY2023/1Q Result)

(Billion yen)



(*1) Time lag of surcharge pricing

- Iron scrap : +0.3 (-0.6 → -0.3)
- Energy : +0.7 (-0.4 → +0.3)

(*2) Sales volume

- -9% (-21: 234 → 213 thousand tons)

(*3) Breakdown of Others

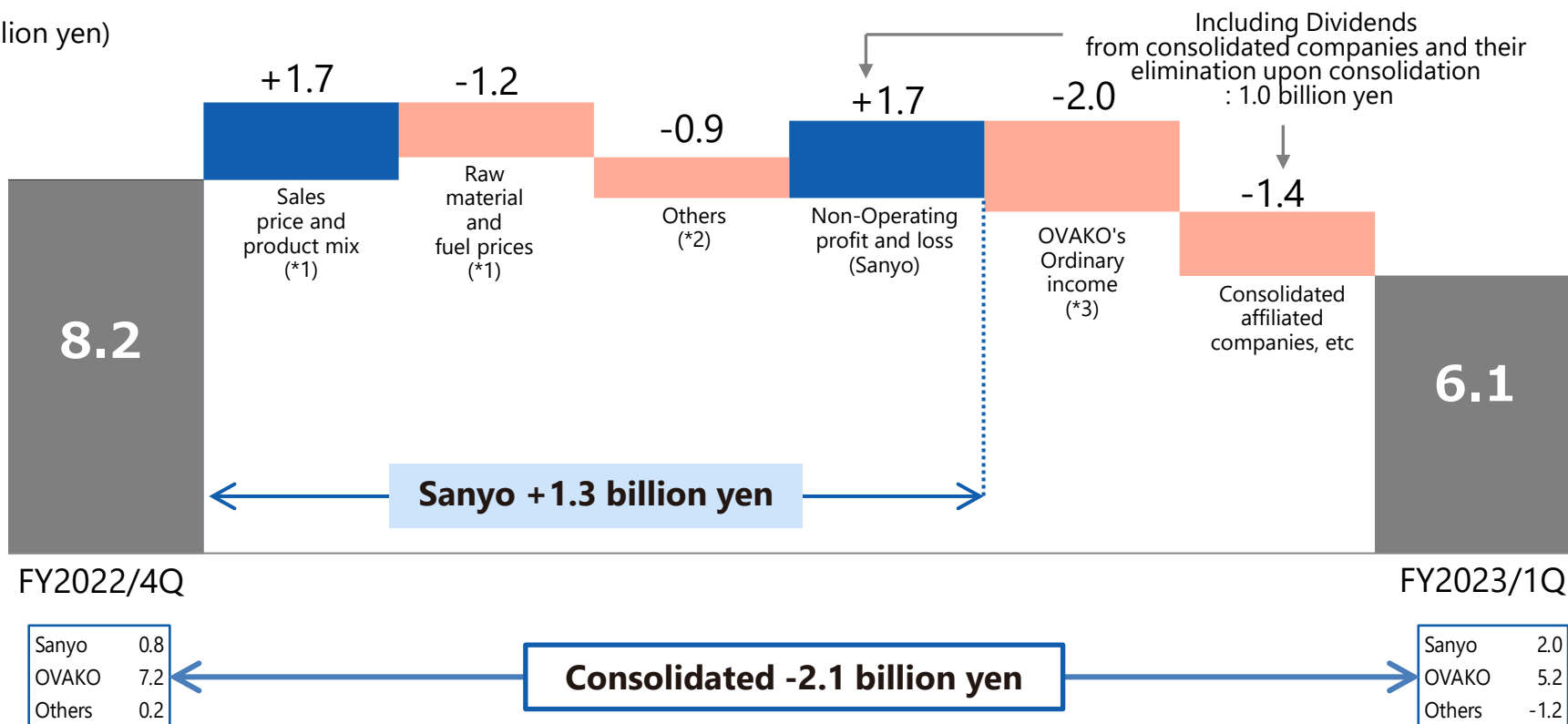
- Other materials, outsourcing, logistic cost, etc. -1.2,
- Repair and maintenance expenses -0.4, Fixed cost -0.7

(*4) OVAKO's Ordinary income

- Sales volume -2.9
 - 14% (-25: 177 → 152 thousand tons)
- Transient factors -1.3 (+2.9 → +1.6)
 - Modification of Surcharge System -0.8 (+0.8 → 0.0)
 - Refund of Health Insurance -0.6 (+0.6 → 0.0)
 - Iron scrap market price differences +0.1 (+0.7 → +0.8)
 - FX effect (SEK vs. EUR) -0.1 (+0.6 → +0.5)
 - Subsidy of Energy +0.3 (0.0 → +0.3)
- Sales margin and product mix, raw material and fuel prices +1.6
- Others +0.5

Ordinary Income Variance Analysis (FY2022/4Q → FY2023/1Q Result)

(Billion yen)



(*1) Time lag of surcharge pricing

- Iron scrap : -0.7 (+0.5 → -0.3)
- Energy : +1.7 (-1.4 → +0.3)

(*2) Breakdown of Others

- Other materials, outsourcing, logistic cost, etc. -0.5,
- Repair and maintenance expenses -0.2, Fixed cost -0.2

(*3) OVAKO's Ordinary income

- Sales volume -0.7
- 3% (-5: 157 → 152 thousand tons)
- Transient factors -0.5 (+2.1 → +1.6)
- Modification of Surcharge System -0.7 (+0.7 → 0.0)
- Iron scrap market price differences -0.1 (+0.9 → +0.8)
- FX effect (SEK vs. EUR) 0.0 (+0.5 → +0.5)
- Subsidy of Energy +0.3 (0.0 → +0.3)
- Sales margin and product mix, raw material and fuel prices -1.0
- Others +0.2

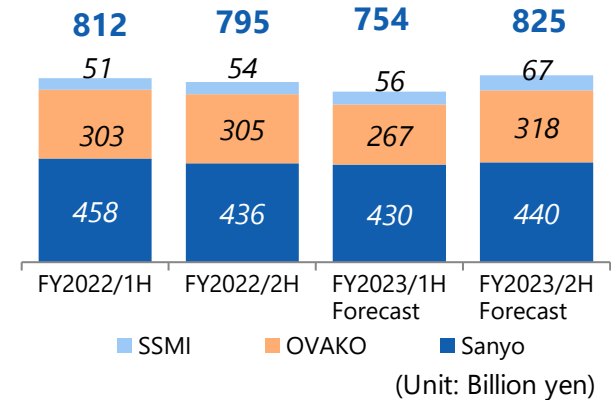
2. FY2023 Forecast

Business Forecast for FY2023 (announced on July 28, 2023)

Ordinary Income in FY2023 Forecast : 20.0 billion yen (Compared to FY2022 : -8.9 billion yen)

- Compared to FY2022, sales volume is expected to slightly decrease, due to continued supply chain adjustments in the construction and industrial machinery industries, uncertainty of European economy and slow recovery of Chinese economy, despite gradual improvements in automobile industry.
- We intend to achieve same level of ordinary income as FY2022, despite the effects from shrinkage of OVAKO's positive transient factors, soaring raw material and fuel prices and inflation impact of other materials.

(Reference) Sales Volume (Thousand tons/H)



	FY23/1H	FY23/2H	FY2023 Forecast (C)=(A)+(B)		FY2022 (D)		Change (D) → (C)	
	Forecast (A)	Forecast (B)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Net Sales	185.0	201.0	386.0	100.0	393.8	100.0	-7.8	-2.0
Operating Income	7.5	12.5	20.0	5.2	28.5	7.2	-8.5	-29.8
Ordinary Income	8.0	12.0	20.0	5.2	28.9 *	7.3	-8.9	-30.7
(Sanyo)	7.0	8.0	15.0	7.9	10.2	5.3	+4.8	+46.9
(OVAKO)	4.7	5.3	10.0	6.2	21.1	12.3	-11.1	-52.7
(SSMI)	0.3	0.4	0.7	2.7	-0.2	—	+0.9	—
(Amortization of goodwill)	-1.6	-1.6	-3.1	—	-2.9	—	-0.2	—
Net Income^{*1}	5.0	9.0	14.0	3.6	20.7	5.3	-6.7	-32.5
ROE (%)			6.4		10.1		-3.7	
Net Income before amortization of goodwill	6.5	10.6	17.1	4.4	23.7	6.0	-6.6	-27.8
ROE (%)			7.8		11.5		-3.7	

* Ordinary income excluding impact of OVAKO's transient factors: 19.3 billion yen

*1 Profit attributable to owners of parent

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

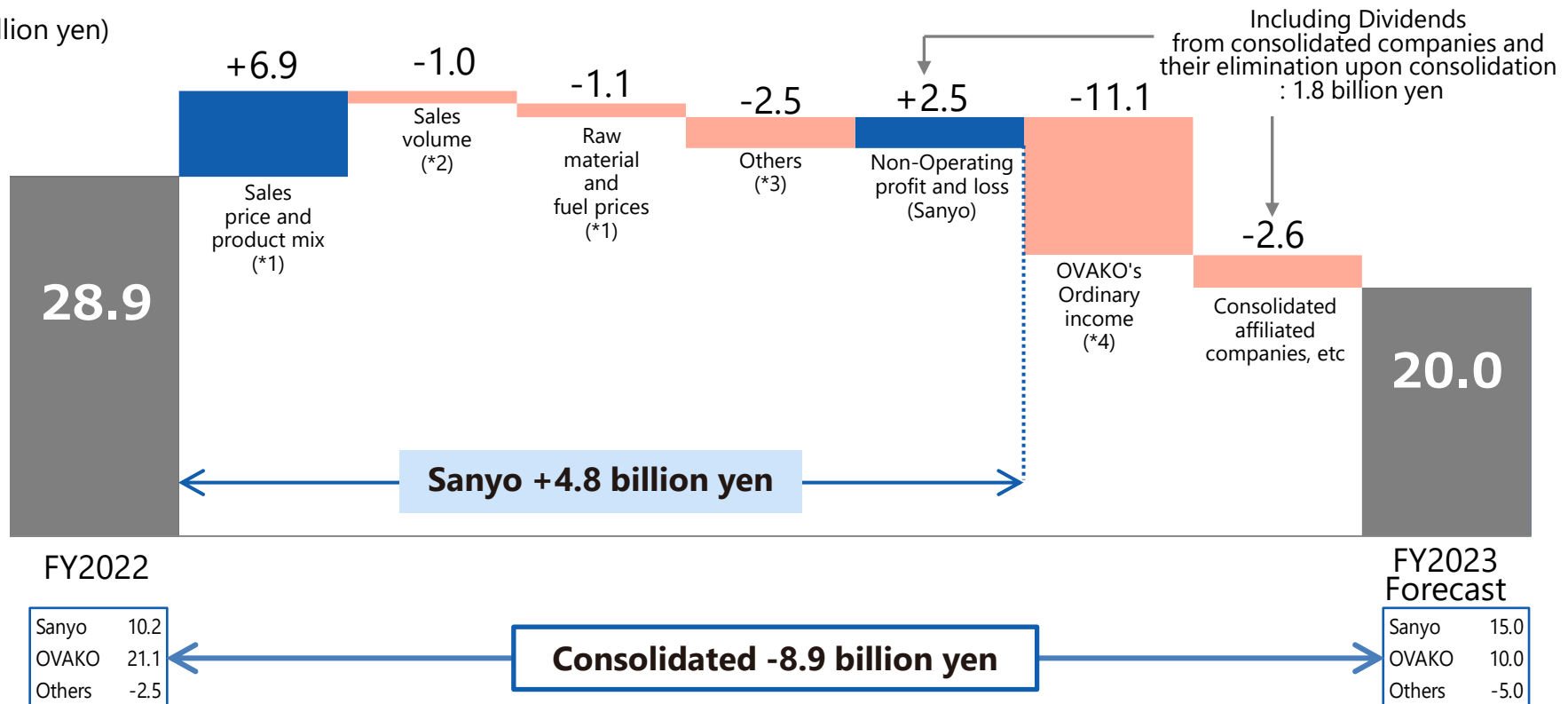
Major assumptions after July 2023

· Scrap iron 47,000 yen/t (H2 market price in Himeji area)

· Crude oil(Dubai) 90 \$/BL · Exchange rate 140 yen/US\$, 150 yen/€

Ordinary Income Variance Analysis (FY2022 → FY2023 Forecast)

(Billion yen)



(*1) Time lag of surcharge pricing

- Iron scrap : -1.1 (+1.3 → +0.2)
- Energy : +5.8 (-3.0 → +2.8)

(*2) Sales volume

- -3% (-24: 894 → 870 thousand tons)

(*3) Breakdown of Others

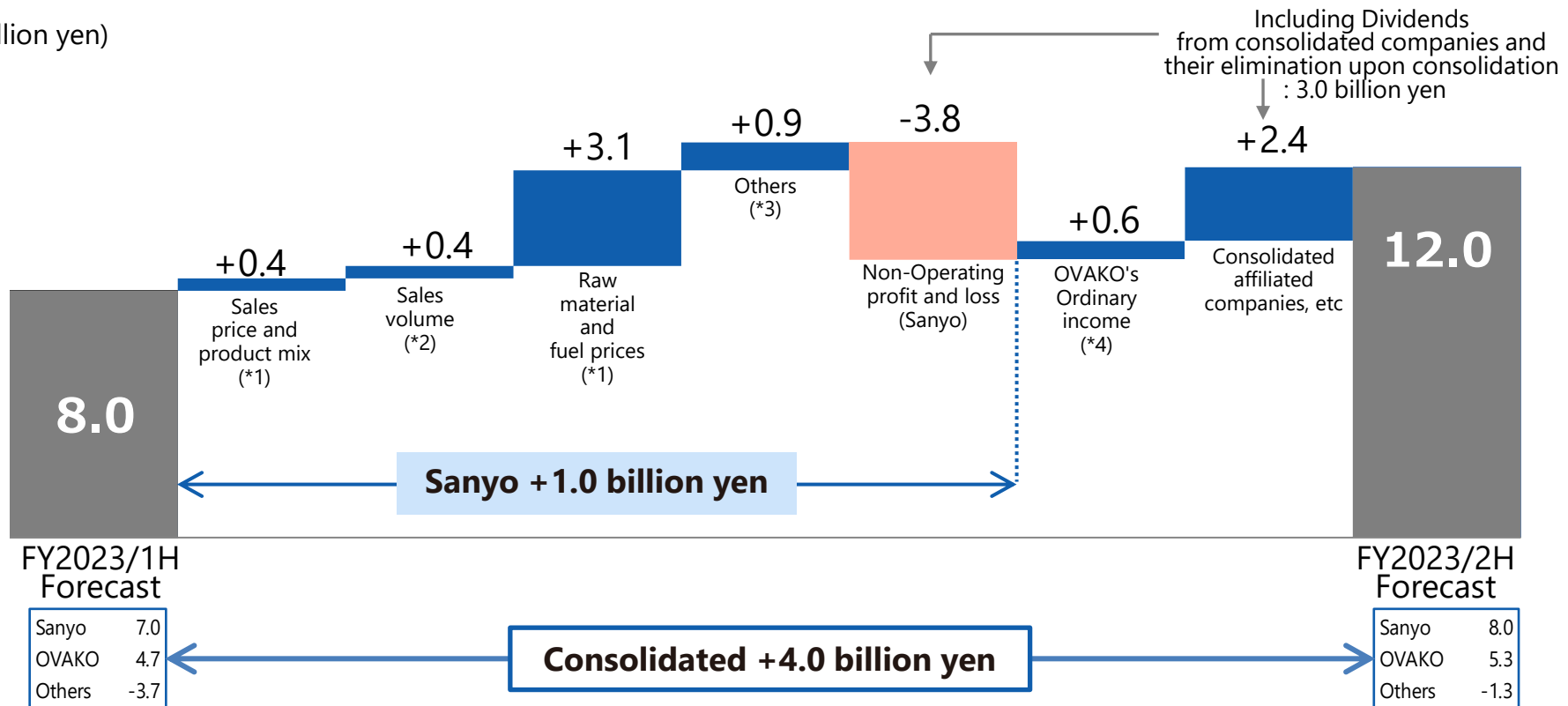
- Variable cost reductions +0.8,
- Other materials, outsourcing, logistic cost, etc. -1.6,
- Repair and maintenance expenses -0.5, Fixed cost -1.2

(*4) OVAKO's Ordinary income

- Sales volume -2.9
-4% (-23: 608 → 585 thousand tons)
- Transient factors -8.0 (+9.6 → +1.6)
 - Modification of Surcharge System -2.8 (+2.8 → 0.0)
 - Refund of Health Insurance -0.6 (+0.6 → 0.0)
 - Iron scrap market price differences -2.5 (+3.3 → +0.8)
 - FX effect (SEK vs. EUR) -1.9 (+2.4 → +0.5)
 - Subsidy of Energy +0.3 (0.0 → +0.3)
- Sales margin and product mix, raw material and fuel prices +0.1
- Others -0.3

Ordinary Income Variance Analysis (FY2023/1H Forecast → FY2023/2H Forecast)

(Billion yen)



(*1) Time lag of surcharge pricing

- Iron scrap : +0.3 (-0.0 → +0.2)
- Energy : +0.4 (+1.2 → +1.6)

(*2) Sales volume

- +2% (+10: 430 → 440 thousand tons)

(*3) Breakdown of Others

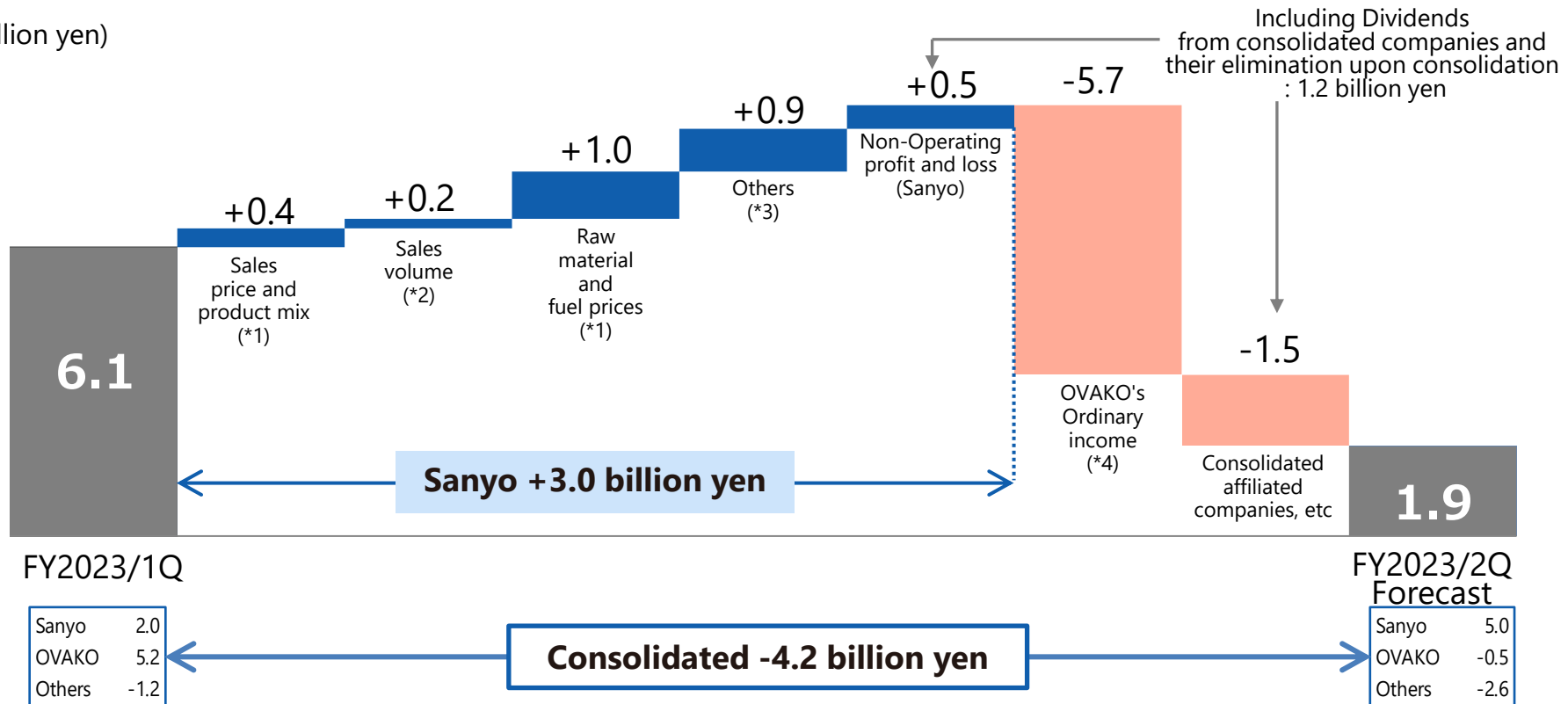
- Variable cost reductions +0.6,
- Other materials, outsourcing, logistic cost, etc. +0.3, Fixed cost +0.1,
- Repair and maintenance expenses -0.1

(*4) OVAKO's Ordinary income

- Sales volume +5.7
- Transient factors +19% (+51: 267 → 318 thousand tons)
 - Iron scrap market price differences -1.6 (+1.6 → 0.0)
 - FX effect (SEK vs. EUR) -0.8 (+0.8 → 0.0)
 - Subsidy of Energy -0.5 (+0.5 → 0.0)
 - Sales margin and product mix, raw material and fuel prices -0.3 (+0.3 → 0.0)
- Others -3.0
- Others -0.5

Ordinary Income Variance Analysis (FY2023/1Q → FY2023/2Q Forecast)

(Billion yen)



(*1) Time lag of surcharge pricing

- Iron scrap : +0.5 (-0.3 → +0.2)
- Energy : +0.6 (+0.3 → +0.9)

(*2) Sales volume

- +2% (+5: 213 → 218 thousand tons)

(*3) Breakdown of Others

- Variable cost reductions +0.4,
- Other materials, outsourcing, logistic cost, etc. +0.1,
- Repair and maintenance expenses +0.2, Fixed cost +0.2

(*4) OVAKO's Ordinary income

- Sales volume (seasonal factors, etc.) -4.6
- Transient factors -1.6 (+1.6 → 0.0)
 - Iron scrap market price differences -0.8 (+0.8 → 0.0)
 - FX effect (SEK vs. EUR) -0.5 (+0.5 → 0.0)
 - Subsidy of Energy -0.3 (+0.3 → 0.0)
- Sales margin and product mix, raw material and fuel prices -0.7
- Others +1.2

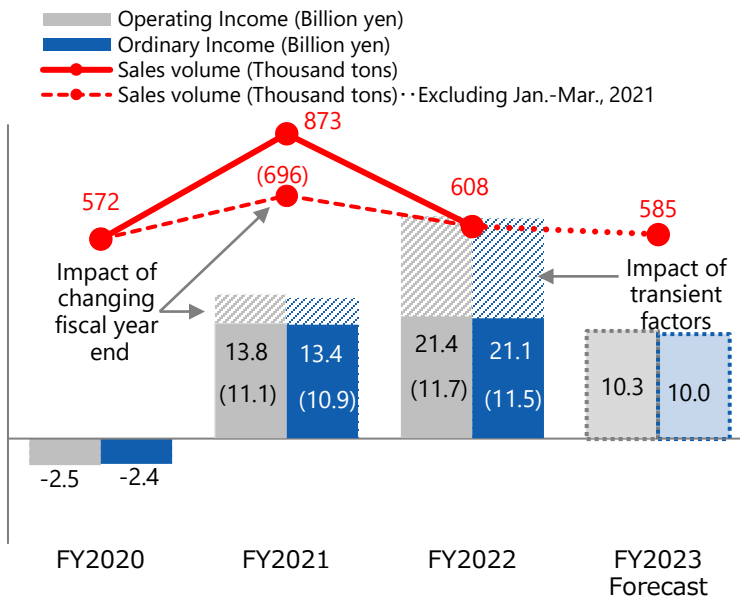
Review of Performance <OVAKO>

FY2023 Business Forecast

Ordinary Income in FY2023 Forecast : 10.0 billion yen (-11.1 billion yen compared to FY2022)

- Base price increase have progressed as planned. Notwithstanding decrease in sales volume on YOY basis in FY2023/1Q, ordinary income was 5.2 billion yen (-2.1 billion yen on YOY basis (7.3 → 5.2)), partly due to remaining positive effects of transient factors.
- Despite risk of lower sales volume due to economic uncertainty in Europe, OVAKO aims to achieve profit of the same level as FY2022 (excluding impact of transient factors), by implementation of following measures.
 - ▶ Secure profit margin by appropriately reflecting the effect of significant cost inflation to sales price.
 - ▶ 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

1. Profit improvement
 - a) Safeguarding and improving profit margin in an inflationary environment by base price increase and climate surcharge and energy surcharge implementation.
 - b) Streamlining numbers of workforce by optimizing operation by flexibly balancing capacity between mills.
 - c) Continuously lowering BEP by margin improvement and fixed cost control.
2. Maximizing synergies among the 3 companies, OVAKO, Sanyo and Nippon Steel
 - a) Sales promotion activities
 - b) Reduction of operational cost
 - c) Reduction of procurement cost

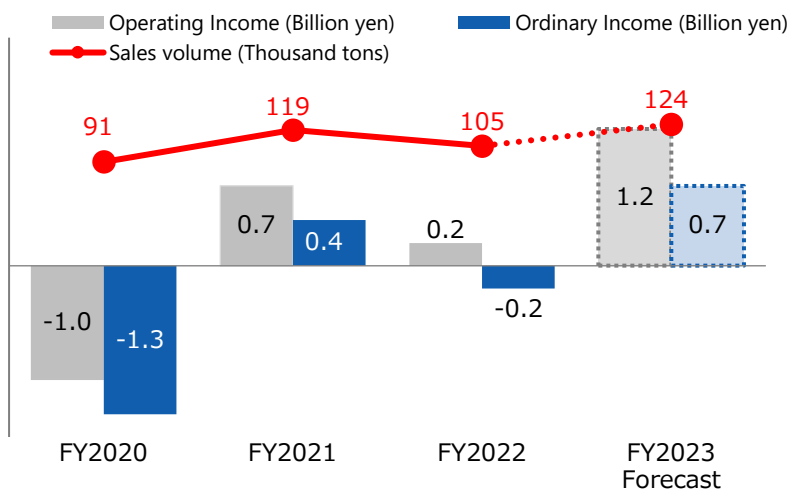
Review of Performance <SSMI>

FY2023 Business Forecast

Ordinary Income in FY2023 Forecast : 0.7 billion yen (+0.9 billion yen compared to FY2022)

- Ordinary income in FY2023/1Q (Jan.-Mar. 2023) was 0.2 billion yen (+0.3 billion yen compared to FY2022/1Q), due to improving margins and decline of raw material and fuel prices, despite stagnant sales volume.
- SSMI will secure positive returns of 0.7 billion yen in FY2023 by implementation of following measures.
 - ▶ Expanding sales volume in mainly high-margin segments.
 - ▶ Using cost effective cold iron resources, utilizing cost effective electricity resources and further pursuing manufacturing cost reduction partly by streamlining production process.

Trend of Sales volume, Operating Income, and Ordinary Income



Profit improvement measures and actions

1. Upgrading sales strategy and mix
Further executing sales strategy reflecting value of SSMI's superior high-cleanliness steel technology, improving product mix and profit margin, reinforcing marketing resources.
2. Reducing variable cost
 - Reducing operation cost by improving energy intensity and efficiency and reducing procurement cost by utilizing low-cost raw materials.
3. Controlling fixed cost

Capital contribution ratio increased to 84.57% in July 2023. **Sanyo will further bolster SSMI's manufacturing, technology, human resource and financial capabilities to reinforce its presence in India and will capture India's sustaining economic growth and simultaneously enhance its global presence and achieve further growth.**

Dividend Forecast for FY2023

			2023FY/1H Forecast	2023FY/2H Forecast	2023FY Forecast
Net Income*		Billon yen	5.0	9.0	14.0
Net Income before amortization of goodwill		Billon yen	6.5	10.6	17.1
Earnings Per Share	A	Yen/share	91.8		257.0
Earnings Per Share before amortization of goodwill	B	Yen/share	119.3		313.8
Dividend	C	Yen/share	35.0	65.0	100.0
	C/A	%	38.1		38.9
Payout Ratio	C/B	%	29.3		31.9

* Profit attributable to owners of parent

**Record high dividend
for full year
(same as previous year)**

Revised in July 2023

<Dividend Policy>

Comprehensively considering dividend payout ratio, dividend per share level and necessary funds for future investment, etc.

Consolidated dividend payout ratio:(Standard) approx. **35%**,
(Excluding goodwill amortization) approx. **30%**

3. Topics

Topics

1. ESG indicators have been reflected in executive compensation (June 2023)

ESG

The following five ESG indicators have been reflected in executive compensation in addition to existing performance-linked indicators.

- CDP climate change score
- Health management rating
- Safety indicators
- Ratio of female managers
- Board effectiveness appraisal by outside directors

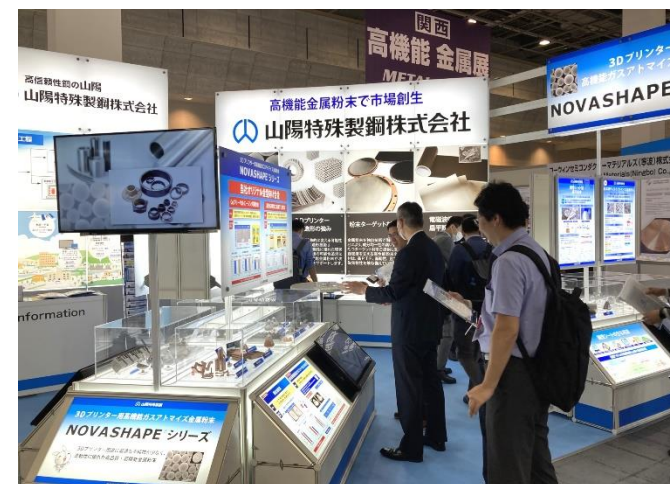


2. Exhibiting at the Highly-functional Material Expo (May 17-19, 2023)

Others

Exhibits by Sanyo :

- “NOVASHAPE® series”
Highly functional Metal Powder for 3D printer
- “T12” High thermal conductivity tool steel powder
- 3D Printer Powder of CoCrMoW Alloy for Artificial Teeth



Topics

3. Cultural Activities, Community Relations

ESG

Cultural Meeting (May 23, 2023)

- Sponsored by Sanyo Special Steel Culture Promotion Foundation.
- The purpose of this event is to promote cultural activities.
This year marks the 31st anniversary.
- Approximately 550 people in Himeji participated in the event.



Hosting junior high school students as the "Try-yaru Week," workplace experience program (June 5-9, 2023)

- Corporate Communications Group hosted three junior high school students of Himeji.
- Students gave their opinions on our company introduction video.



Plant tours for elementary school students (July 10, 2023)

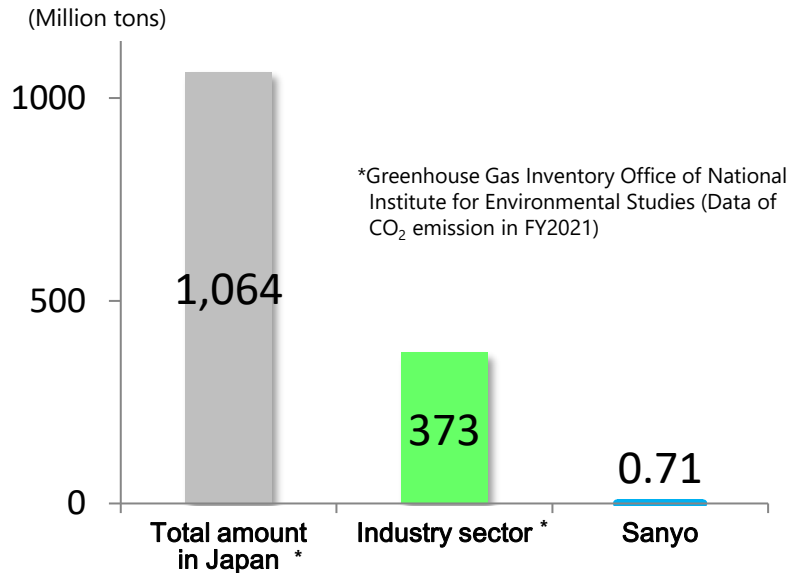
- We held plant tours for 29 students of elementary schools in Himeji City.
- We will accept 600 students from local elementary schools by the end of this year.



4. Achieving Carbon Neutrality (CN) by 2050

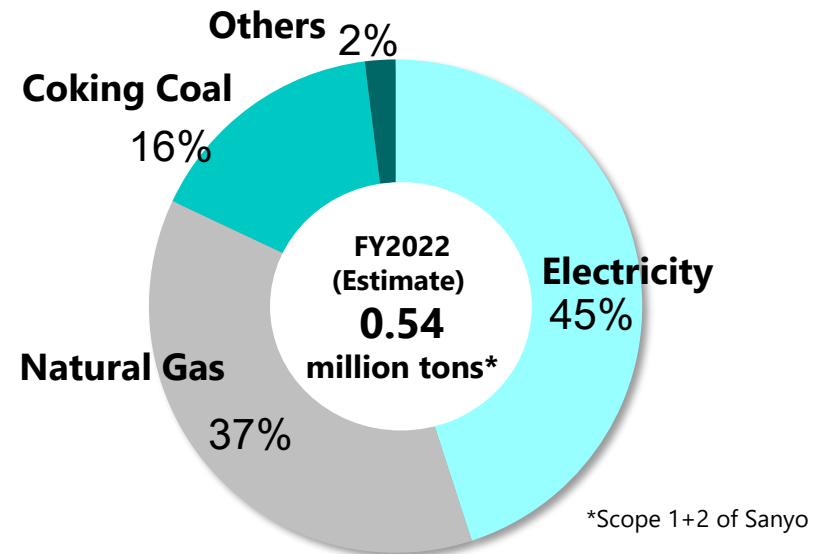
Basic Consideration to Carbon Neutrality

Amount of CO₂ emissions in FY2021



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."

Participation in the GX League

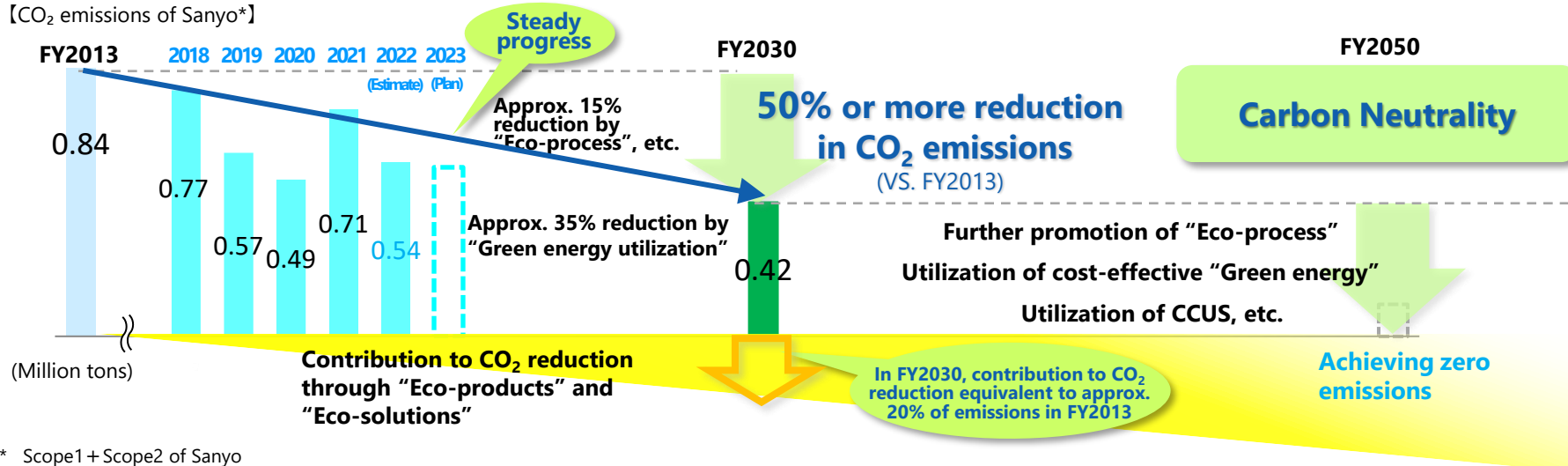
Sanyo endorses the GX League Basic Concept and has taken part in this forum from May 2023. The GX League aims to reform the entire economic and social system to achieve corporate growth, consumer happiness and contribution to the global environment at the same time, towards achieving carbon neutrality by 2050.

Sanyo will actively engage in activities of GX League, such as voluntary emissions trading, making rules for market creation, creation of business opportunities and exchanges in GX hosted sessions.



Sanyo's Roadmap to Carbon Neutrality by 2050

[CO₂ emissions of Sanyo*]



* Scope1 + Scope2 of Sanyo

** 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

*Introduced internal carbon pricing from FY2023.

Green energy utilization



Utilization of carbon free electricity/fuels and natural energy

*Commenced to utilize renewable energy sources from FY2022.

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 technologies among group members

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

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

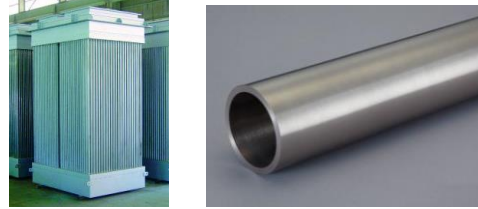


Size and weight reduction of products by improving durability and reliability



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

First in the world to heat steel using hydrogen

Decision to introduce Fossil-free hydrogen electrolyzer plant

Commit to Science Based Targets initiative

Science Based Targets (SBT's) are organizational targets in line with meeting the goals of the Paris Agreement that show how much and how quickly organizations need to reduce their Greenhouse Gas emissions.

Carbon neutral in production from January 2022

- ✓ OVAKO has utilized carbon offset program to become carbon neutral.
- ✓ OVAKO has applied climate surcharge to all customers.

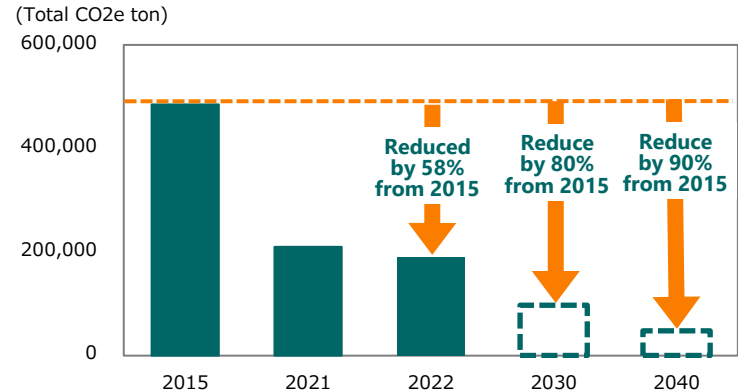
Inauguration of Fossil-free hydrogen electrolyzer plant

Collaboration with customers

- SKF has produced bearings with 90% less carbon emission than its standard, using OVAKO's high quality bearing steel.
- OVAKO has participated in Volvo's climate-neutral car project.

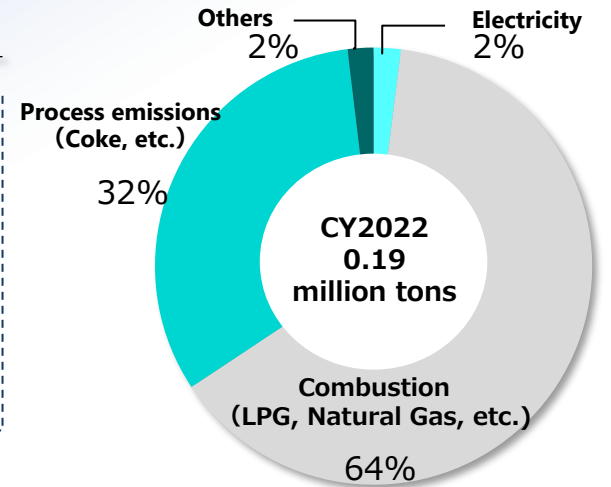


OVAKO's Roadmap: CO₂ emissions, scope 1&2



Made by Sanyo based on OVAKO's SUSTAINABILITY REPORT 2022

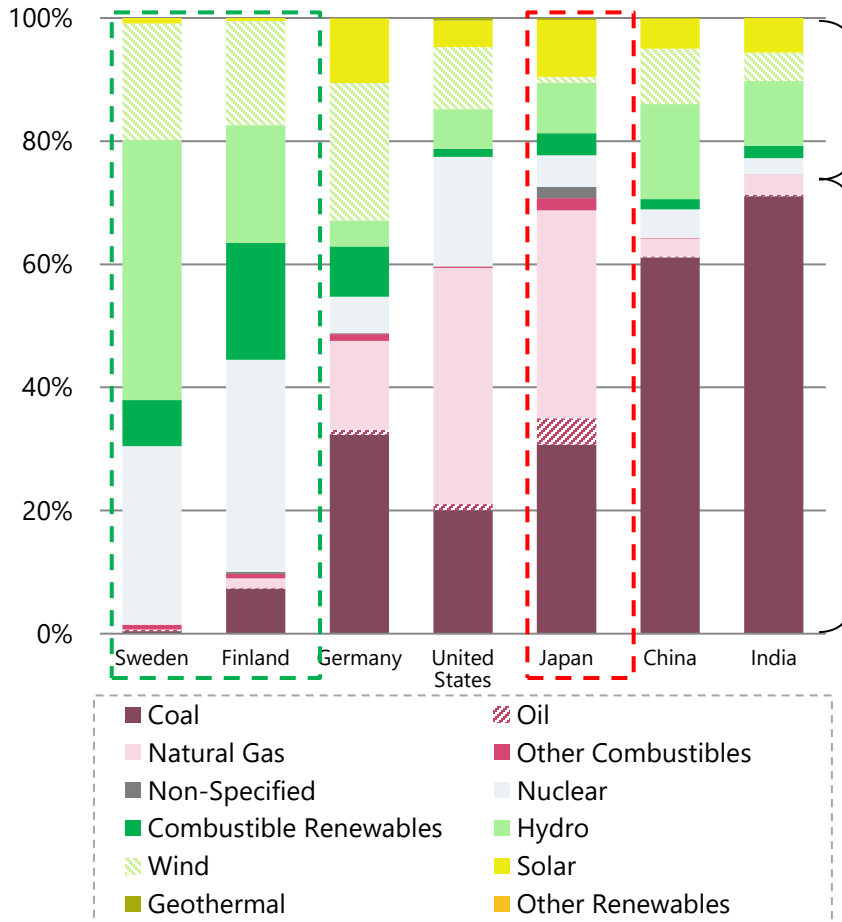
Breakdown of OVAKO's CO₂ emissions



Electricity Mix and Prices of major Countries

Electricity mix as of 2022

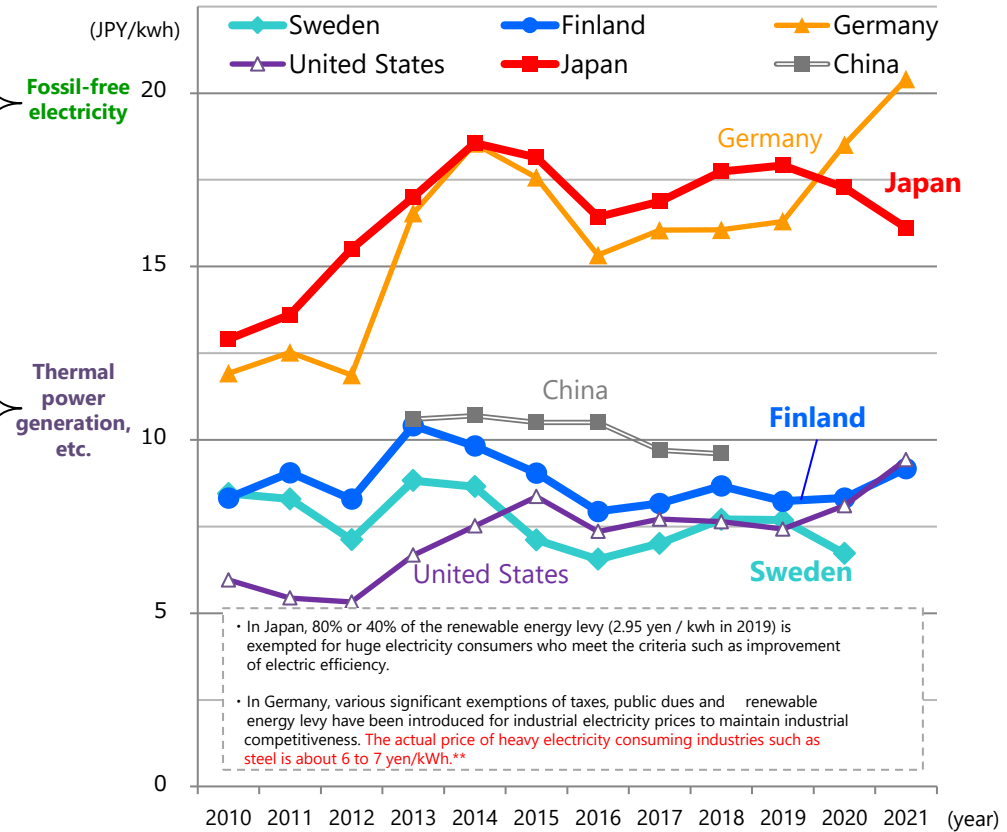
The ratio of carbon free electricity (hydropower, wind power, nuclear power) in Sweden and Finland, where OVAKO's production sites are located, is overwhelmingly high compared to other nations.



*Made by Sanyo based on IEA's Monthly Electricity Statistics

Industrial electricity prices*

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



* In Japan, 80% or 40% of the renewable energy levy (2.95 yen / kWh in 2019) is exempted for huge electricity consumers who meet the criteria such as improvement of electric efficiency.
 * In Germany, various significant exemptions of taxes, public dues and renewable energy levy have been introduced for industrial electricity prices to maintain industrial competitiveness. The actual price of heavy electricity consuming industries such as steel is about 6 to 7 yen/kWh.**

*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

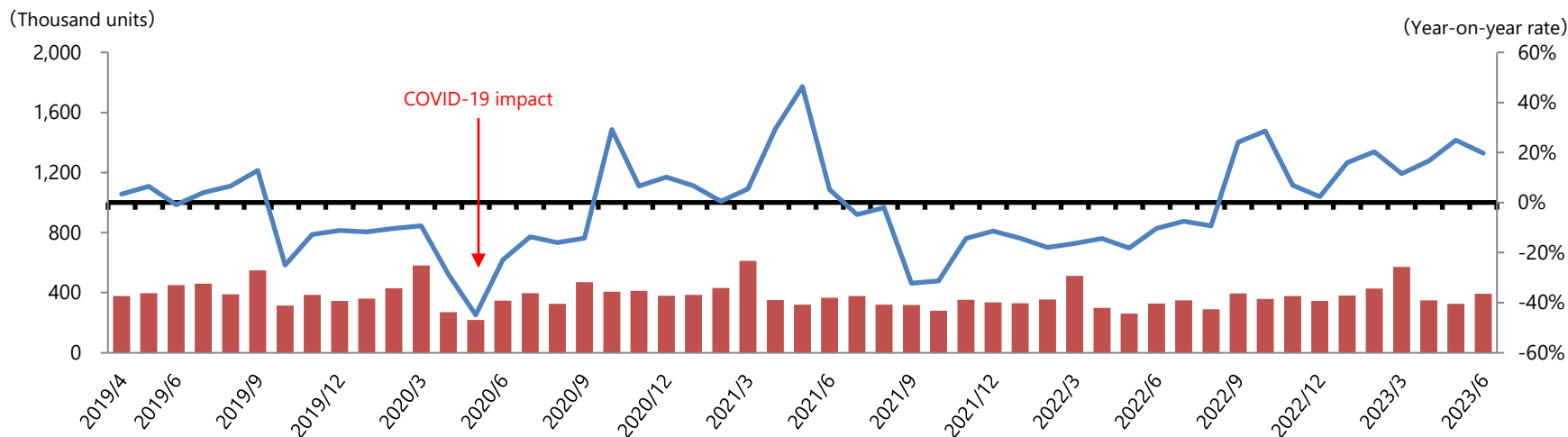
**International Environment and Economy Institute (Realities of the carbon pricing of overseas)

5. Reference

Trends in Automobile Market

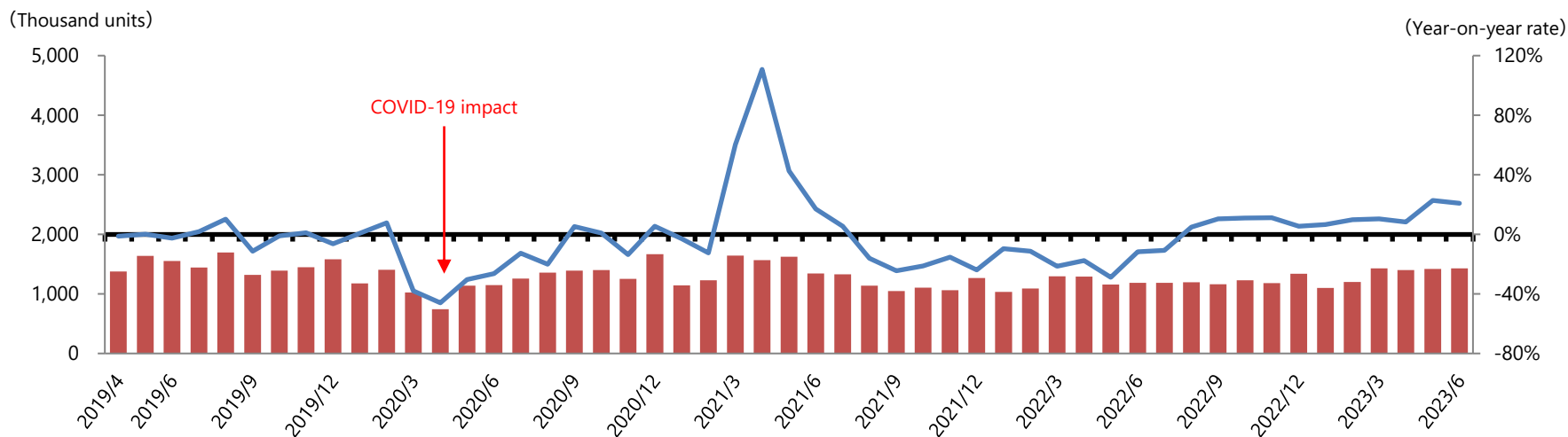
Units of automobile sales in Japan

Source: MarkLines Co., Ltd.



Units of automobile sales in U.S.

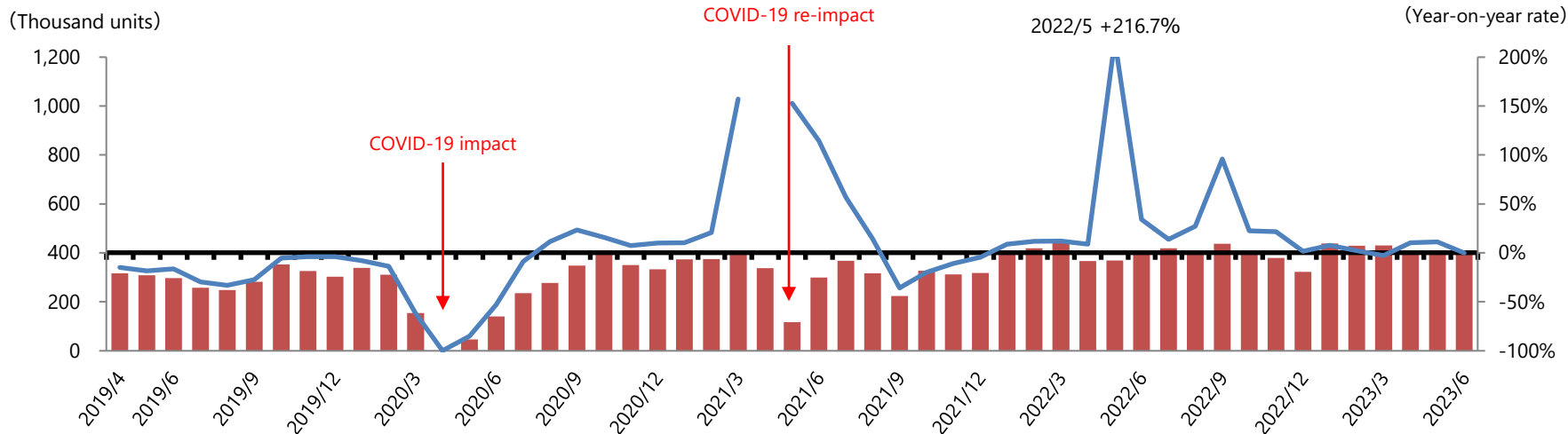
Source: MarkLines Co., Ltd.



Trends in Automobile Market

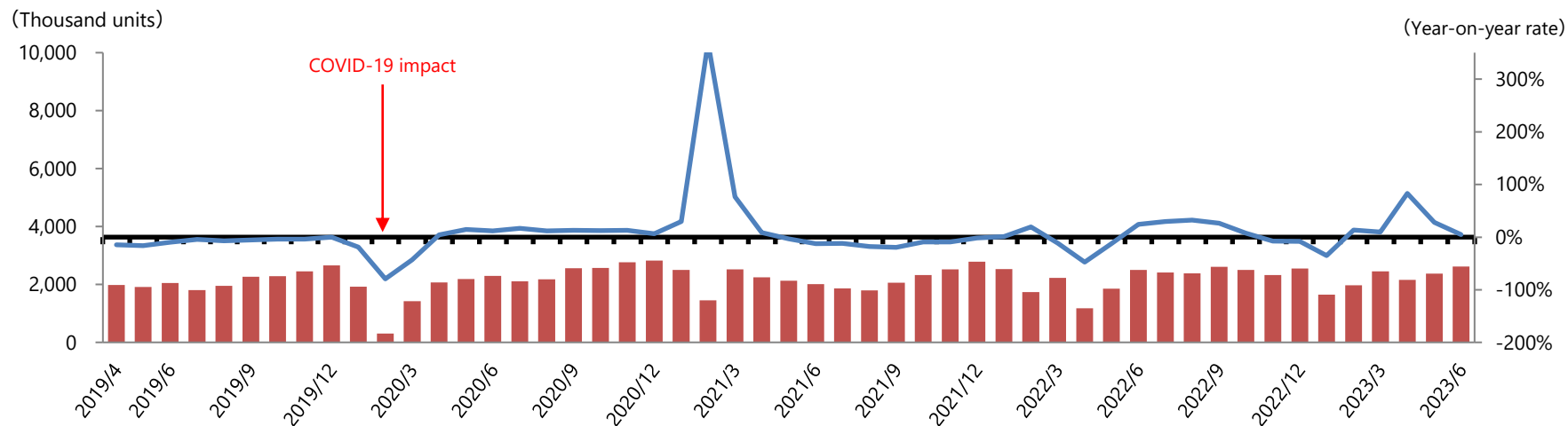
Units of automobile sales in India

Source: MarkLines Co., Ltd.



Units of automobile sales in China(Factory shipment base)

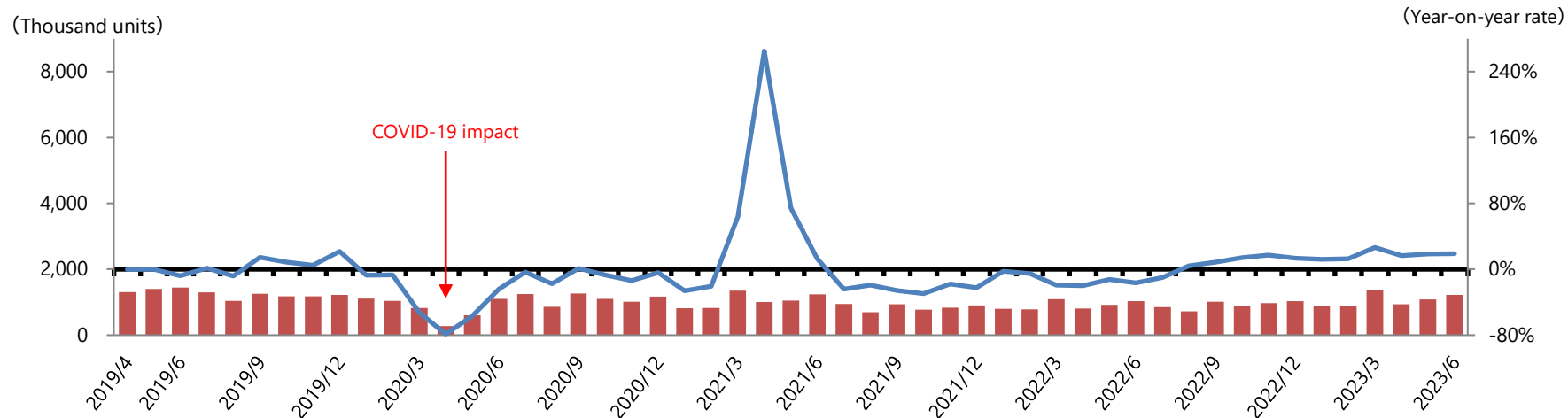
Source: MarkLines Co., Ltd.



Trends in Automobile Market

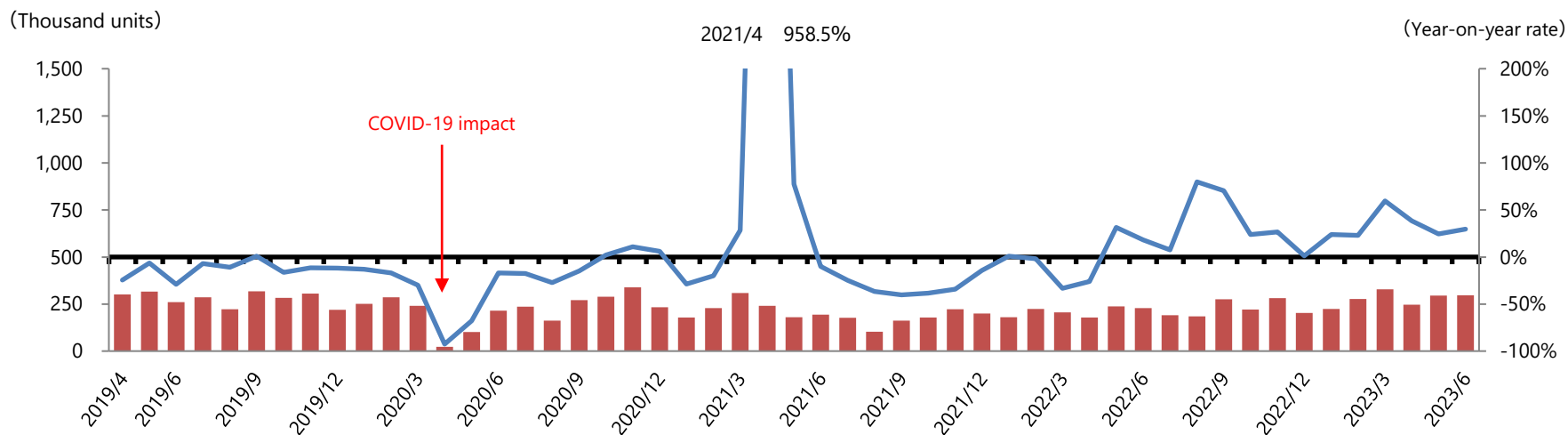
Units of automobile sales in Europe

Source: ACEA



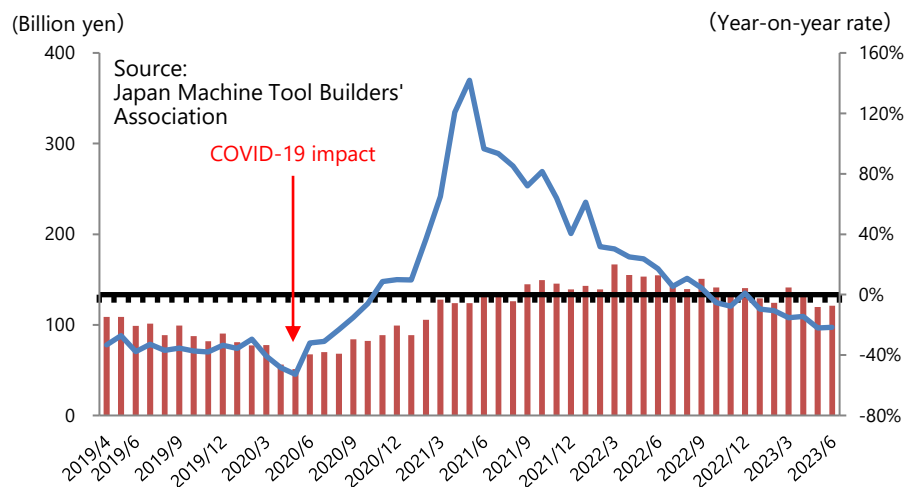
Units of automobile export from Germany

Source: VDA

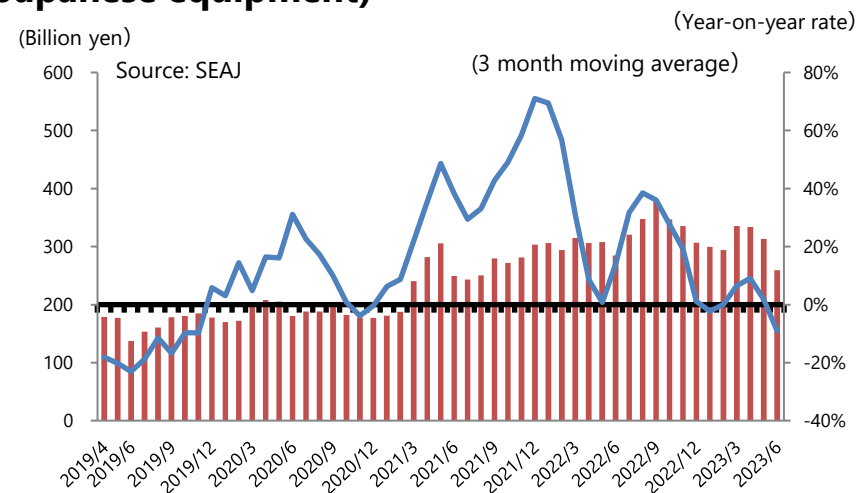


Trends in Industrial Machinery and Construction Machinery Market

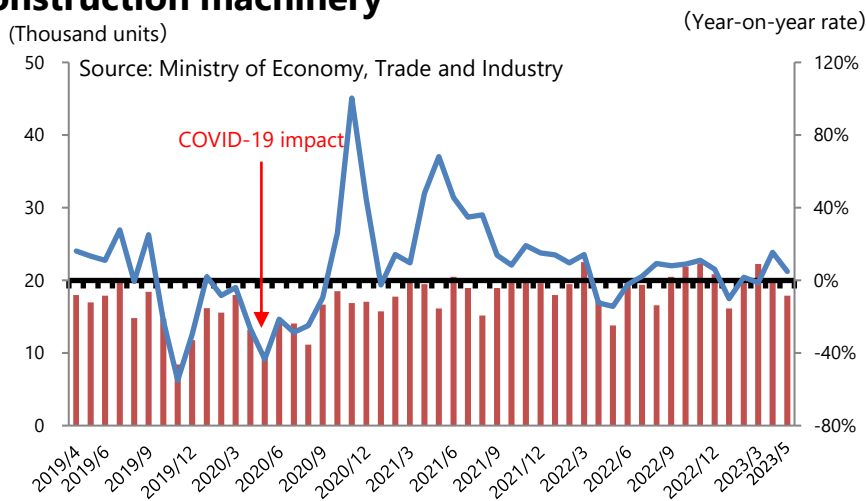
Sales amount of machine tool orders(Japan)



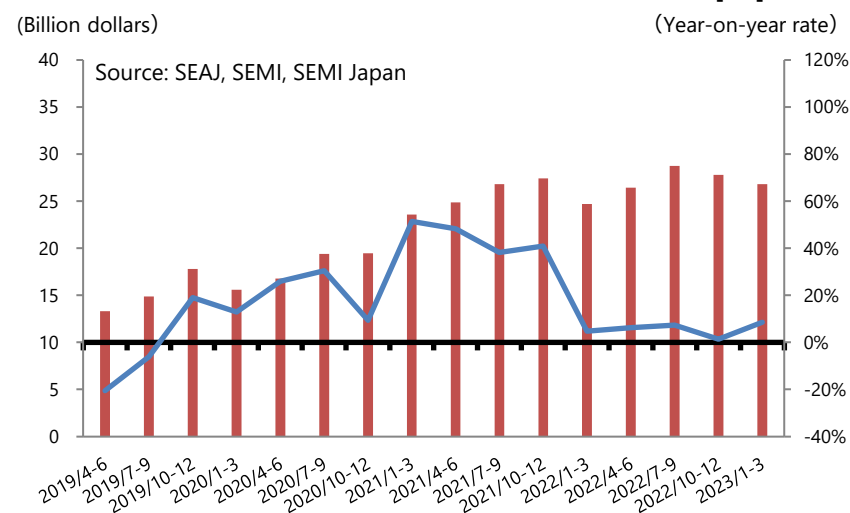
Sales amount of semiconductor manufacturing equipment (Japanese equipment)



Domestic production of excavator-based construction machinery

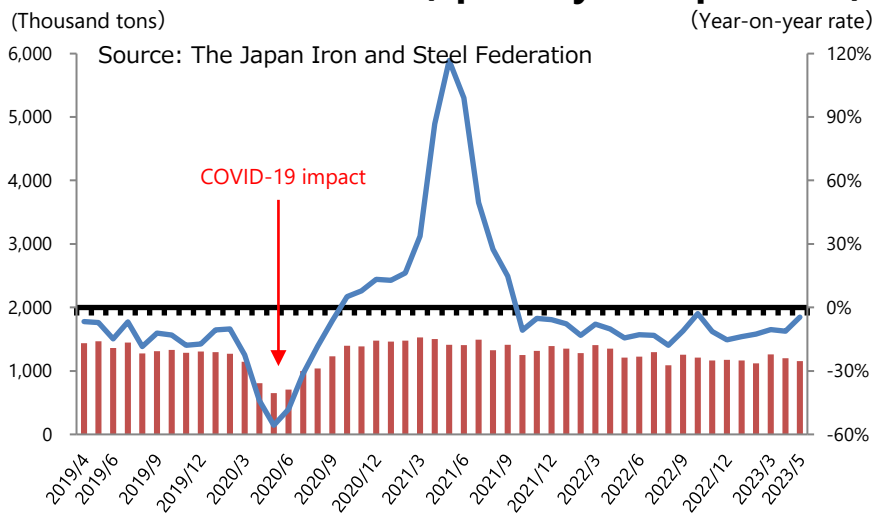


Sales amount of world wide semiconductor equipment

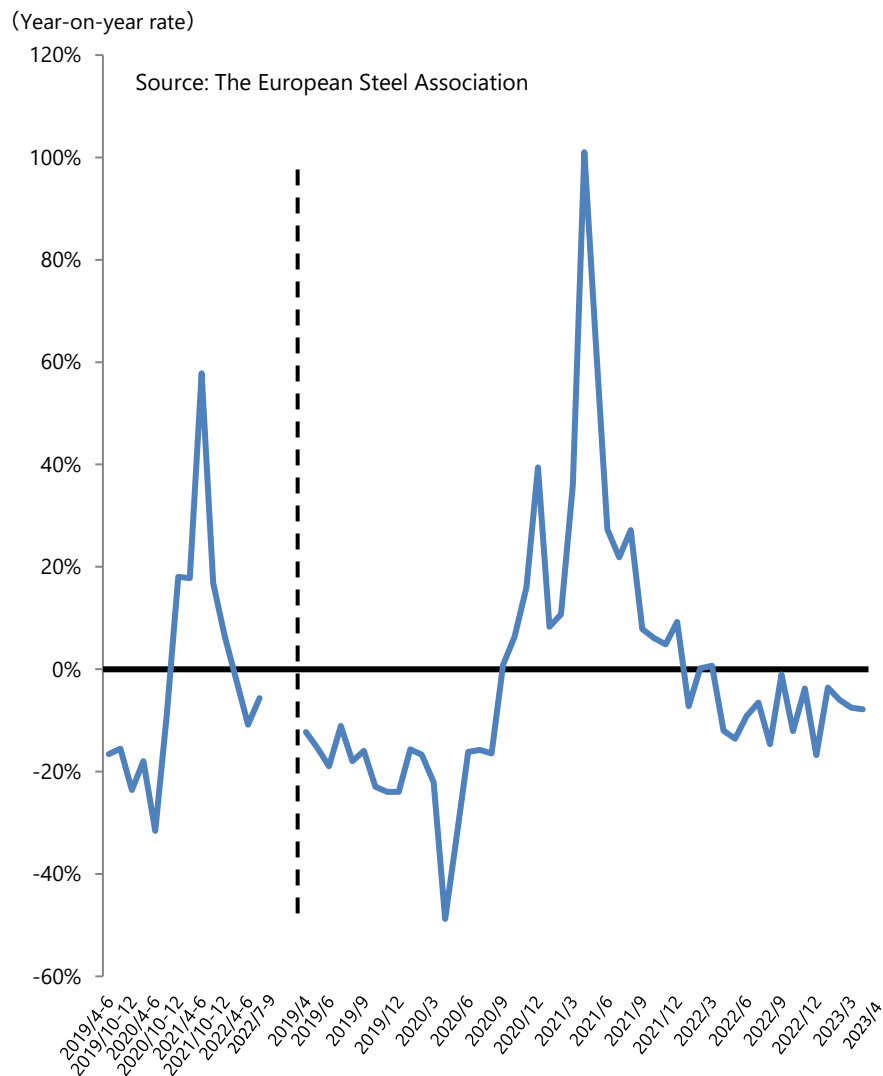


Trends in Special Steel Market

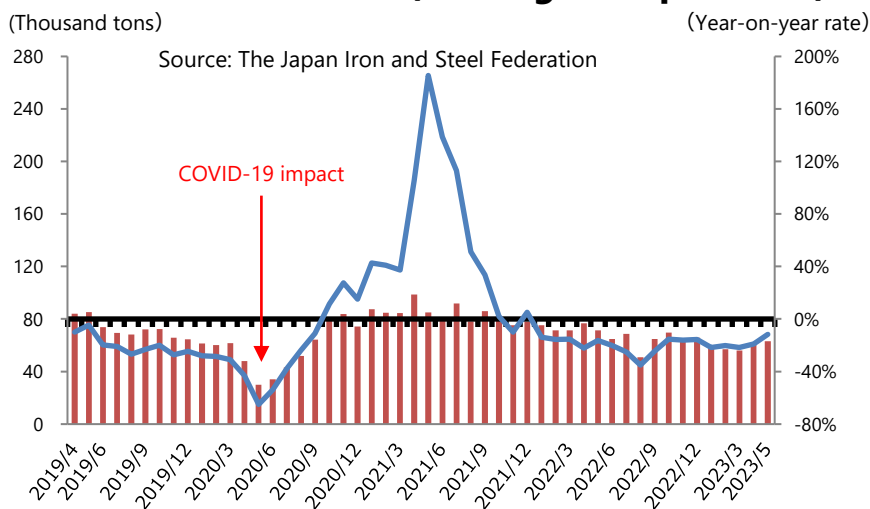
Volume of order booked (Specialty steel products)



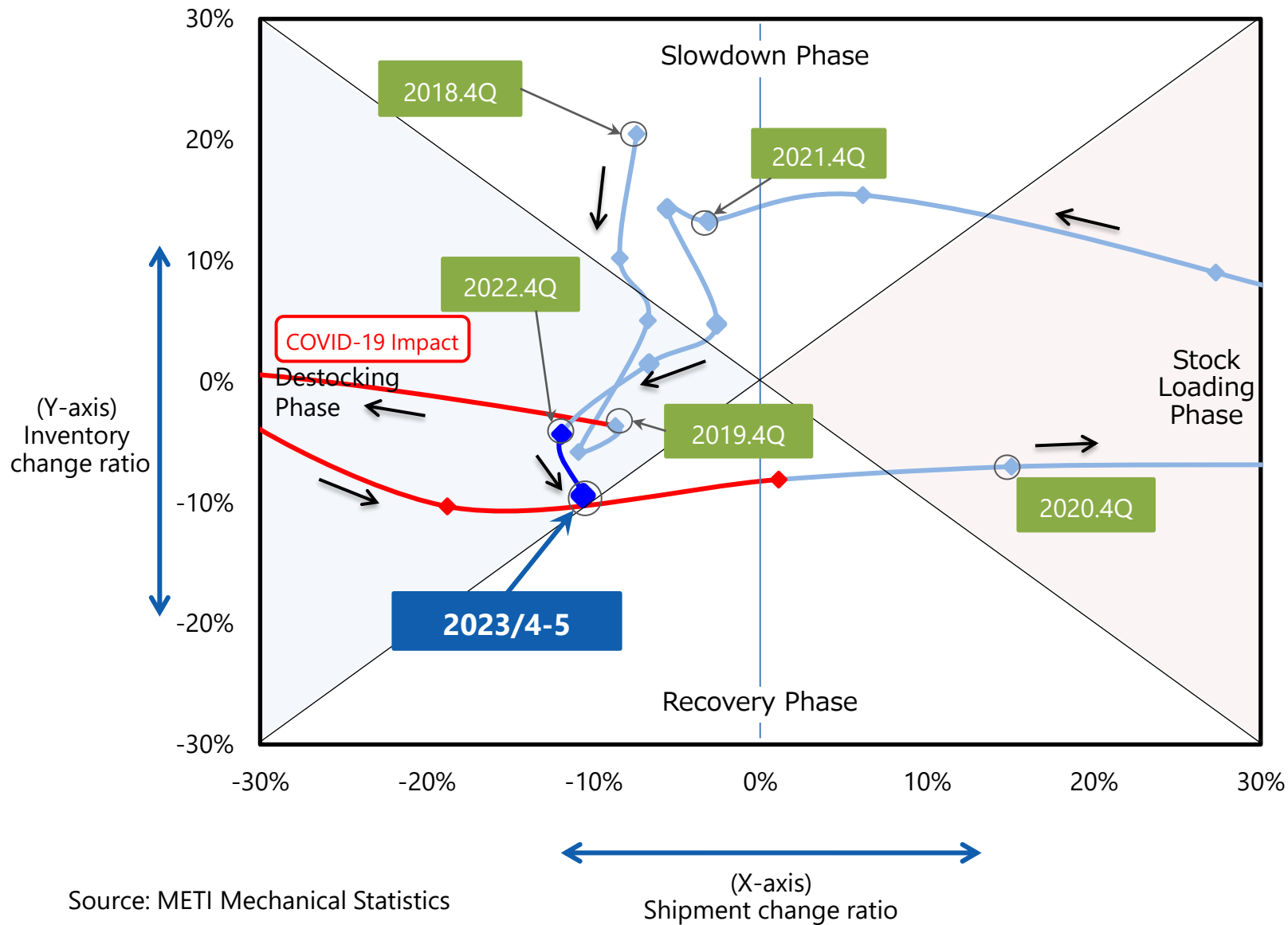
Volume of European deliveries : Bars and Flats / Alloy Engineering Steel



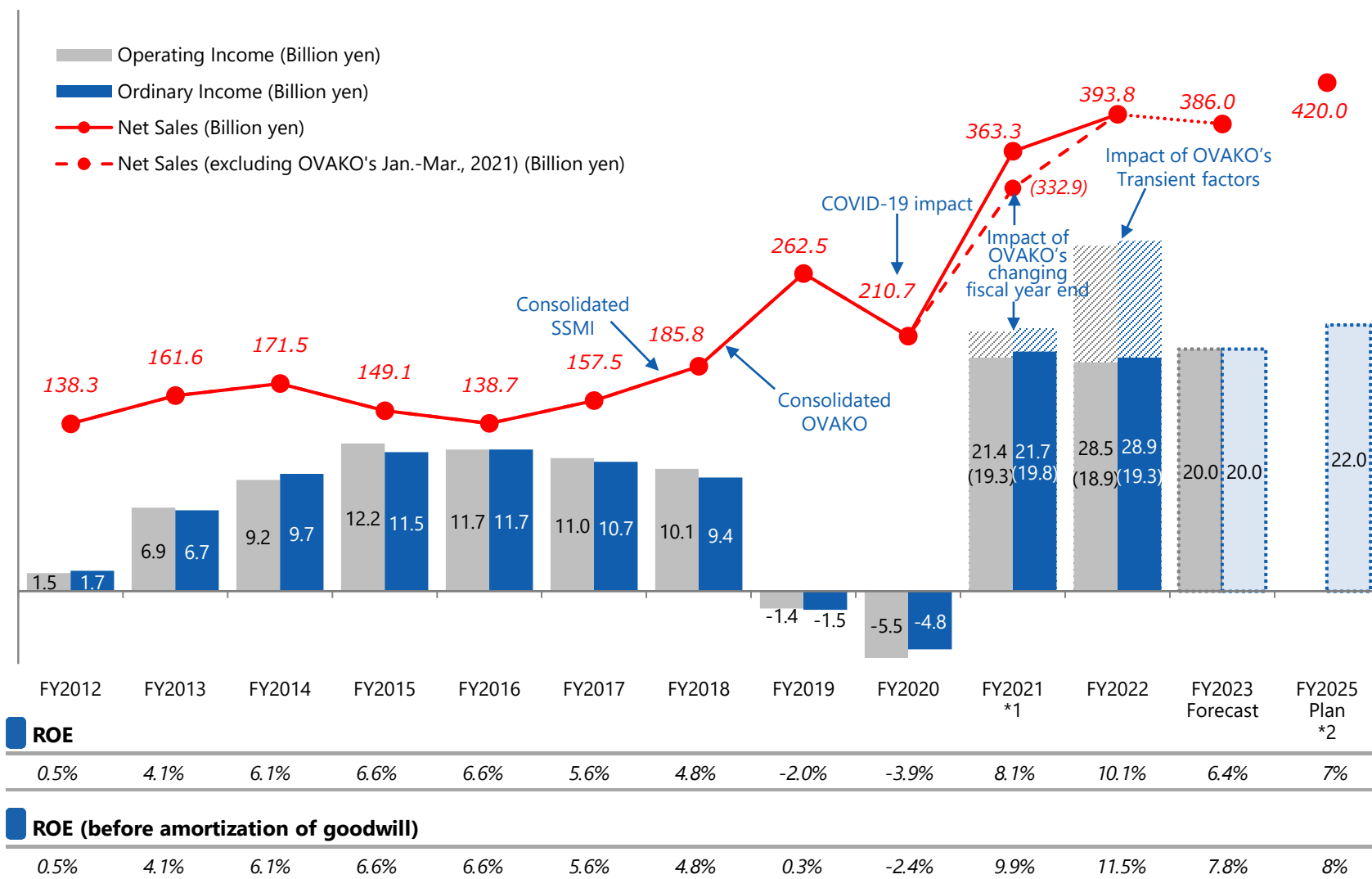
Volume of order booked (Bearing steel products)



Inventory Circulation Diagram (Bearing Products)



Net Sales and Income (Fiscal)

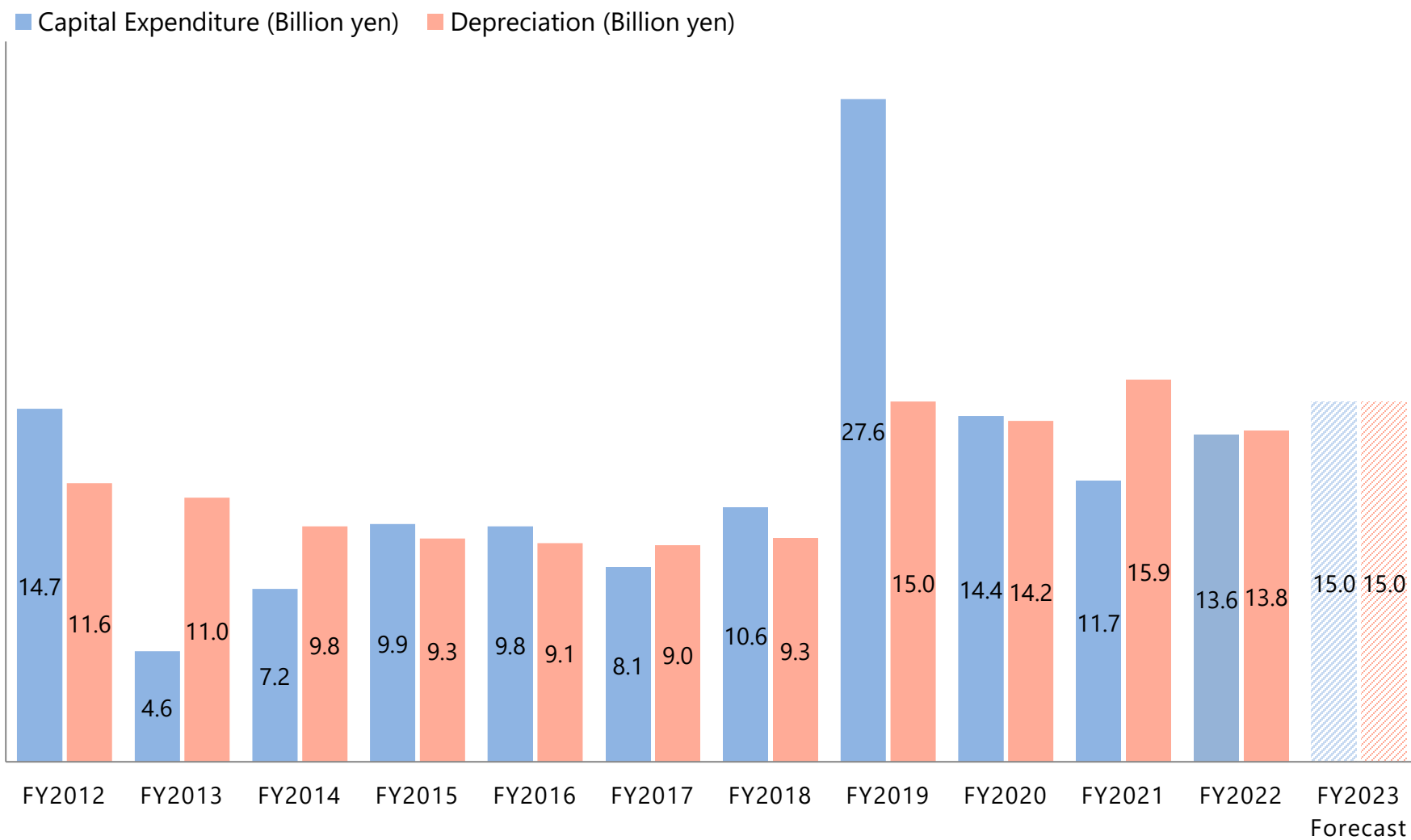


*1 FY2021 reflects numbers of OVAKO by 15 months from Jan. 2021 to Mar. 2022.

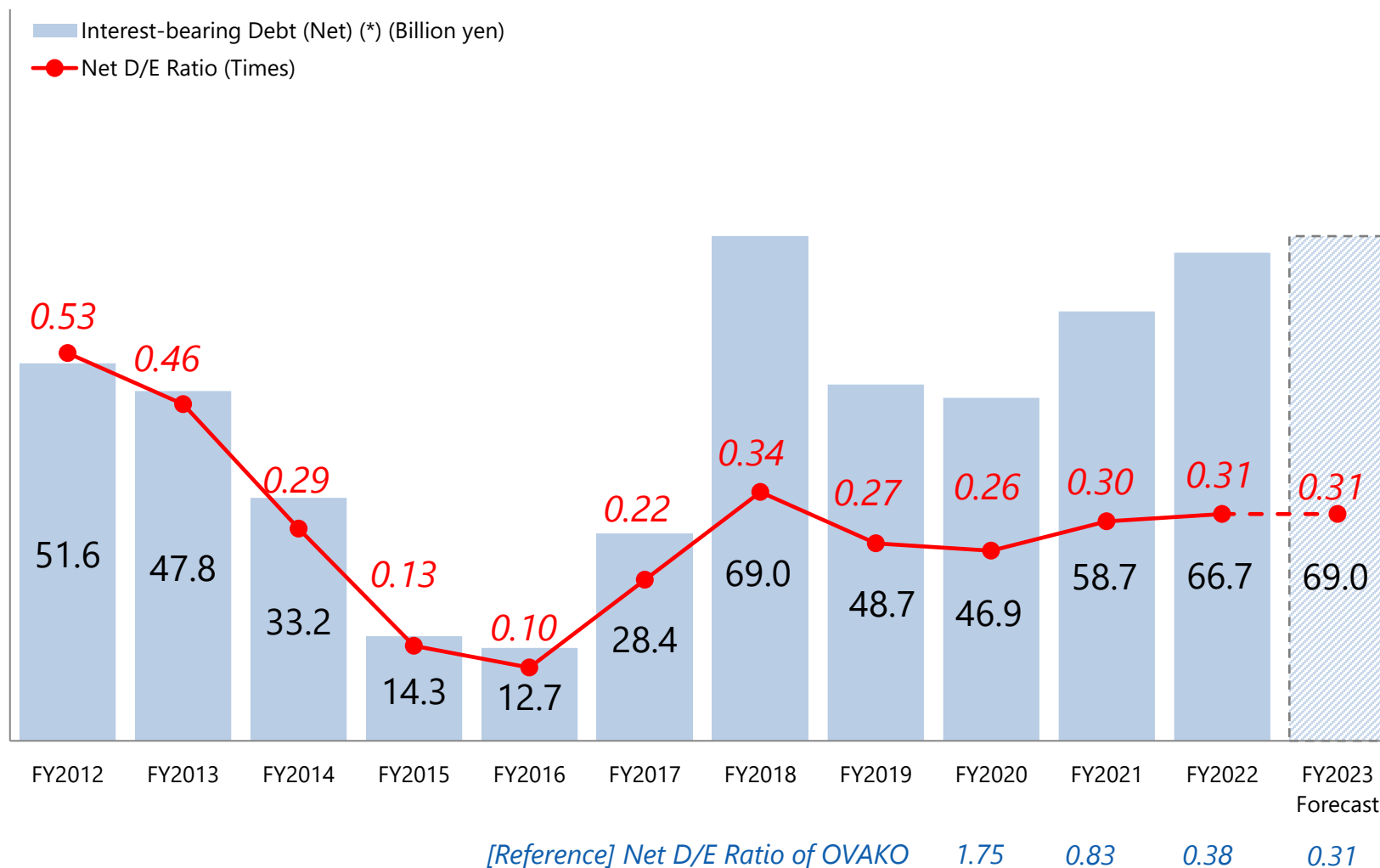
*2 Revised 2025 Medium-term Management Plan announced on Jul. 28, 2023

*3 SSMI has been consolidated since FY2018/2Q, and OVAKO has been consolidated since FY2019/1Q for profit and loss.

Capital Expenditure and Depreciation



D/E Ratio



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

Details of Statements of Income (FY2023/1Q vs. FY2022/1Q)

(Unit: Billion yen, Yen per share)

	FY2023/1Q	FY2022/1Q	Change (B) → (A)	
	(A)	(B)	Amount	Ratio (%)
Sales Volume	99.9	104.1	-4.2	-4.0
(Sanyo)	48.0	47.9	+0.1	+0.2
(OVAKO)	44.3	49.5	-5.2	-10.5
(SSMI)	5.5	5.0	+0.4	+8.7
Operating Income	5.5	8.8	-3.3	-37.4
(Sanyo)	0.3	2.2	-1.8	-85.2
(OVAKO)	5.4	7.1	-1.7	-23.7
(SSMI)	0.2	-0.1	+0.3	—
(Amortization of goodwill)	-0.8	-0.7	-0.1	—
Ordinary Income	6.1	9.3	-3.2	-34.6
(Sanyo)	2.0	3.4	-1.4	-40.0
(OVAKO)	5.2	7.3	-2.1	-28.5
(SSMI)	0.2	-0.1	+0.3	—
(Amortization of goodwill)	-0.8	-0.7	-0.1	—
Net Income ^{*1}	4.3	6.9	-2.6	-37.4
Earnings Per Share	79.1	126.3	-47.2	-37.4
Operating Income before amortization of goodwill	6.3	9.5	-3.2	-33.9
Ordinary Income before amortization of goodwill	6.8	10.0	-3.1	-31.5
Net Income before amortization of goodwill	5.1	7.6	-2.5	-33.0
Earnings Per Share before amortization of goodwill	93.4	139.4	-46.1	-33.0
Sales volume (Thousand tons)	392	440	-48	-10.9
(Sanyo)	213	234	-21	-9.2
(OVAKO)	152	177	-25	-14.1
(SSMI)	27	28	-1	-4.4

*1 Profit attributable to owners of parent *2 The consolidated accounting period for SSMI is Jan. to Mar.

Details of Statements of Income

(FY2023 Forecast announced on July 28, 2023 vs. FY2022)

(Unit: Billion yen, Yen per share)

	FY23/1H	FY23/2H	FY2023 Forecast	FY2022	Change (D) → (C)	
	Forecast (A)	Forecast (B)	(C)=(A)+(B)	(D)	Amount	Ratio (%)
Sales Volume	185.0	201.0	386.0	393.8	-7.8	-2.0
(Sanyo)	95.0	96.0	191.0	193.2	-2.2	-1.2
(OVAKO)	75.0	87.0	162.0	171.1	-9.1	-5.3
(SSMI)	11.2	14.5	25.7	21.6	+4.1	+18.9
Operating Income	7.5	12.5	20.0	28.5	-8.5	-29.8
(Sanyo)	3.1	7.9	11.0	8.7	+2.3	+27.0
(OVAKO)	5.0	5.3	10.3	21.4	-11.1	-51.8
(SSMI)	0.5	0.7	1.2	0.2	+1.0	+596.1
(Amortization of goodwill)	-1.6	-1.6	-3.1	-2.9	-0.2	—
Ordinary Income	8.0	12.0	20.0	28.9 *	-8.9	-30.7
(Sanyo)	7.0	8.0	15.0	10.2	+4.8	+46.9
(OVAKO)	4.7	5.3	10.0	21.1	-11.1	-52.7
(SSMI)	0.3	0.4	0.7	-0.2	+0.9	—
(Amortization of goodwill)	-1.6	-1.6	-3.1	-2.9	-0.2	—
Net Income ^{*1}	5.0	9.0	14.0	20.7	-6.7	-32.5
Earnings Per Share	91.8		257.0	380.7	-123.8	-32.5
Operating Income before amortization of goodwill	9.1	14.1	23.1	31.4	-8.3	-26.5
Ordinary Income before amortization of goodwill	9.6	13.6	23.1	31.8	-8.7	-27.3
Net Income before amortization of goodwill	6.5	10.6	17.1	23.7	-6.6	-27.8
Earnings Per Share before amortization of goodwill	119.3		313.8	434.4	-120.5	-27.7
Sales volume (Thousand tons)	754	825	1,579	1,607	-28	-1.8
(Sanyo)	430	440	870	894	-24	-2.7
(OVAKO)	267	318	585	608	-23	-3.8
(SSMI)	56	67	124	105	+19	+18.0

* Ordinary income excluding impact of OVAKO's transient factors : 19.3 billion yen

*1 Profit attributable to owners of parent *2 The consolidated accounting period for SSMI is Jan. to Dec.

Details of Statements of Income

(FY2023 Revised Forecast announced on July 28, 2023 vs. Previous Forecast)

(Unit: Billion yen, Yen per share)

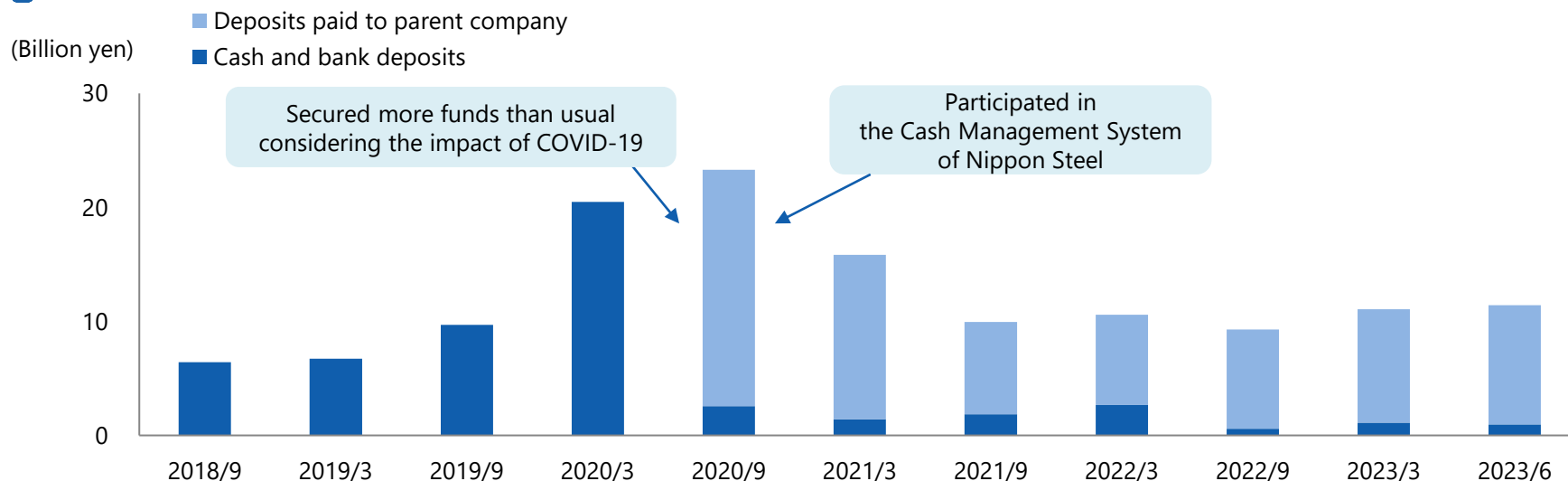
	Revised Forecast (Announced on Jul. 28, 2023)		Previous Forecast (Announced on Apr. 28, 2023)		Change	
	FY2023/1H	FY2023	FY2023/1H	FY2023	FY2023/1H	FY2023
	Sales Volume	185.0	386.0	186.0	394.0	-1.0
(Sanyo)	95.0	191.0	94.0	194.0	+1.0	-3.0
(OVAKO)	75.0	162.0	76.0	167.0	-1.0	-5.0
(SSMI)	11.2	25.7	12.0	26.0	-0.8	-0.3
Operating Income	7.5	20.0	6.2	20.0	+1.3	—
(Sanyo)	3.1	11.0	3.5	11.0	-0.4	—
(OVAKO)	5.0	10.3	2.8	10.2	+2.2	+0.1
(SSMI)	0.5	1.2	0.6	1.3	-0.1	-0.1
(Amortization of goodwill)	-1.6	-3.1	-1.4	-2.9	-0.2	-0.2
Ordinary Income	8.0	20.0	6.3	20.0	+1.7	—
(Sanyo)	7.0	15.0	7.2	15.0	-0.2	—
(OVAKO)	4.7	10.0	2.7	10.0	+2.0	—
(SSMI)	0.3	0.7	0.3	0.7	—	—
(Amortization of goodwill)	-1.6	-3.1	-1.4	-2.9	-0.2	-0.2
Net Income ^{*1}	5.0	14.0	4.0	14.0	+1.0	—
Earnings Per Share	91.8	257.0	73.4	256.9	+18.4	+0.0
Operating Income before amortization of goodwill	9.1	23.1	7.6	22.9	+1.5	+0.2
Ordinary Income before amortization of goodwill	9.6	23.1	7.7	22.9	+1.9	+0.2
Net Income before amortization of goodwill	6.5	17.1	5.4	16.9	+1.1	+0.2
Earnings Per Share before amortization of goodwill	119.3	313.8	99.1	310.2	+20.2	+3.7
Sales volume (Thousand tons)	754	1,579	760	1,605	-6	-26
(Sanyo)	430	870	426	870	+4	—
(OVAKO)	267	585	274	608	-7	-23
(SSMI)	56	124	60	127	-4	-3

*1 Profit attributable to owners of parent *2 The consolidated accounting period for SSMI is Jan. to Dec.

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)



(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.

SANYO SPECIAL STEEL - the Confident Choice



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