

Overview of Business Results

for the Fiscal Year Ending March 31, 2022
(April 2021 → March 2022)

April 28, 2022



SANYO SPECIAL STEEL Co., Ltd.



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

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Details of Statements of Income

1 . FY2021 Results

Outline of Statements of Income

Ordinary income in FY21 : 21.7 billion yen (+26.4 billion yen compared to FY20)

Excluding impact of OVAKO's changing fiscal year end : 19.8 billion yen

- Profit on YOY basis recovered due to improved profit margin through surcharge, enhanced sales volume and recovery of OVAKO and other group companies, partly offset by increase of raw material and fuel prices.
- Profit compared to previous forecast increased due to recovery of Sanyo's profit margin through surcharge and expanded profit margin of OVAKO.

(Reference) Sales Volume : OVAKO 15 months (Jan. 2021 to Mar. 2022), MSSS 12 months (Jan. to Dec. 2021),

	FY21 (A)	FY20 (B)	Change (B) → (A)	Previous Forecast '22/1/27 (C)	Change (C) → (A)
Sales Volume (Thousand tons)	1,995	1,367	+628	2,007	-13
(Sanyo)	1,002	704	+298	1,010	-8
(OVAKO)*1	873	572	+302	877	-4
(MSSS)*2	119	91	+29	119	-1

Statements of Income (FY21 vs. FY20, FY21 Previous Forecast)

(Unit : Billion yen)

	FY21 (A)	FY20 (B)	Change (B) → (A)	Previous Forecast '22/1/27 (C)	Change(C) → (A)
Net Sales	363.3	210.7	+152.6	360.0	+3.3
Operating Income	21.4	-5.5	+26.9	15.9	+5.5
Ordinary Income	21.7	-4.8	+26.4	16.0	+5.7
<i>ROS</i>	6.0	-2.3	+8.3	4.4	+1.6
(Sanyo)	9.9	2.2	+7.7	8.3	+1.6
(OVAKO)*1	13.4	-2.4	+15.8	10.0	+3.4
(MSSS)*2	0.4	-1.3	+1.7	0.4	0
(Amortization of goodwill)*1	-3.4	-2.6	-0.8	-3.4	0
Net Income before amortization of goodwill	15.3	-6.9	+22.1	10.8	+4.5
Net Income	18.6	-4.2	+22.9	14.2	+4.4

*1 The consolidated accounting period for OVAKO including Amortization of goodwill are as follows,
FY2021 : 15 months(Jan. 2021 to Mar. 2022), FY2020 : 12 months(Jan. to Dec. 2020)

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

Business Environment

Demand Trends

Demand of Special Steel has been strong in major market segments, but some effects of reduced auto production due to semiconductor shortage has started to materialize.

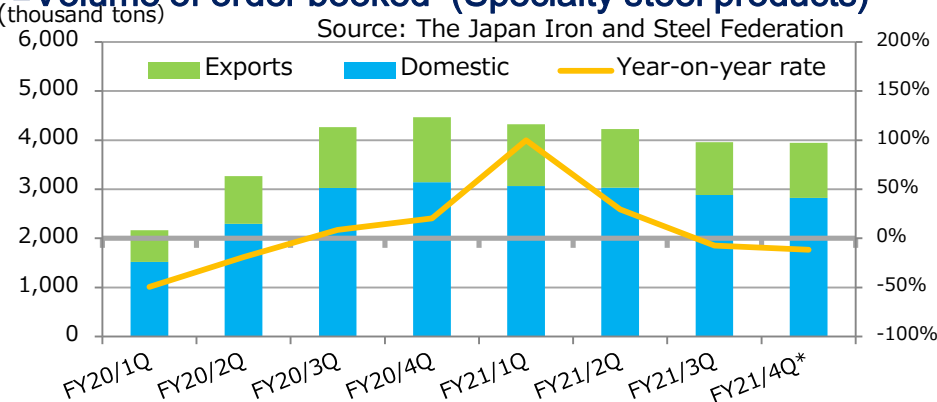
Raw Material and Fuel Prices

Raw material prices have soared in FY2021 due to tightened supply and demand balance and the rising tendency is currently accelerated by the Russian invasion into Ukraine.

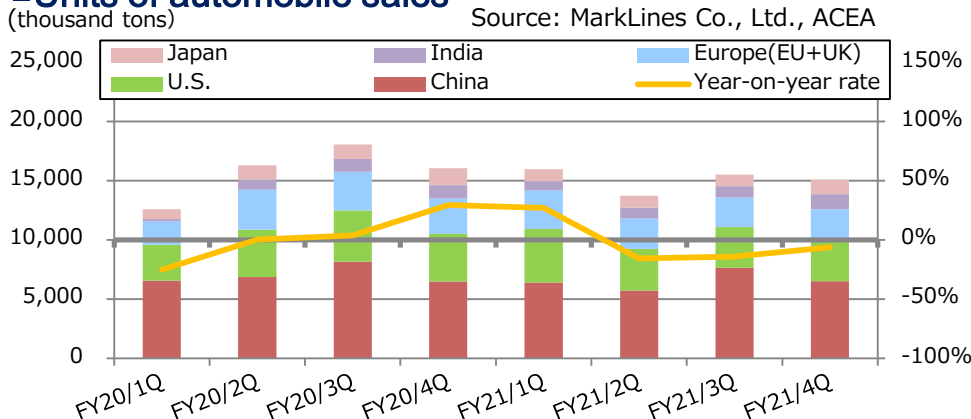
Invasion of Ukraine

- Sales volume to both Russia and Ukraine from Sanyo and OVAKO are not significant and the impact of the crises is quite limited.
- Although Sanyo and OVAKO imported ferroalloys from the two countries, both entities have successfully secured alternative suppliers from other regions, though we will continue to carefully monitor the price trend of each raw material as there is a risk of supply squeeze.

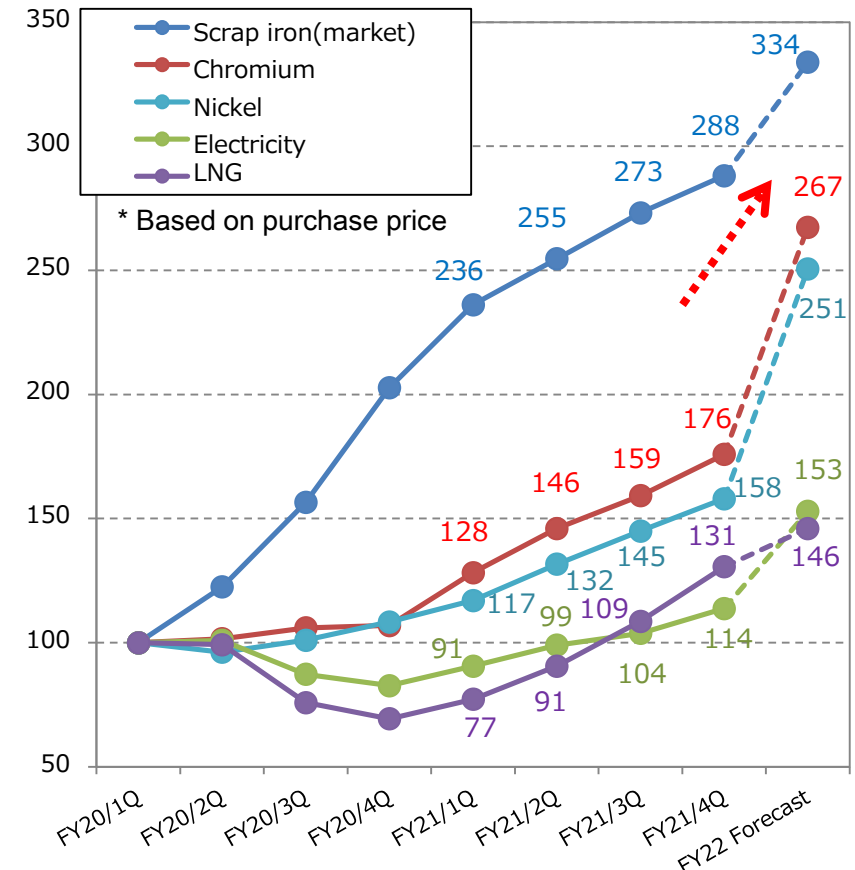
Volume of order booked (Specialty steel products)



Units of automobile sales

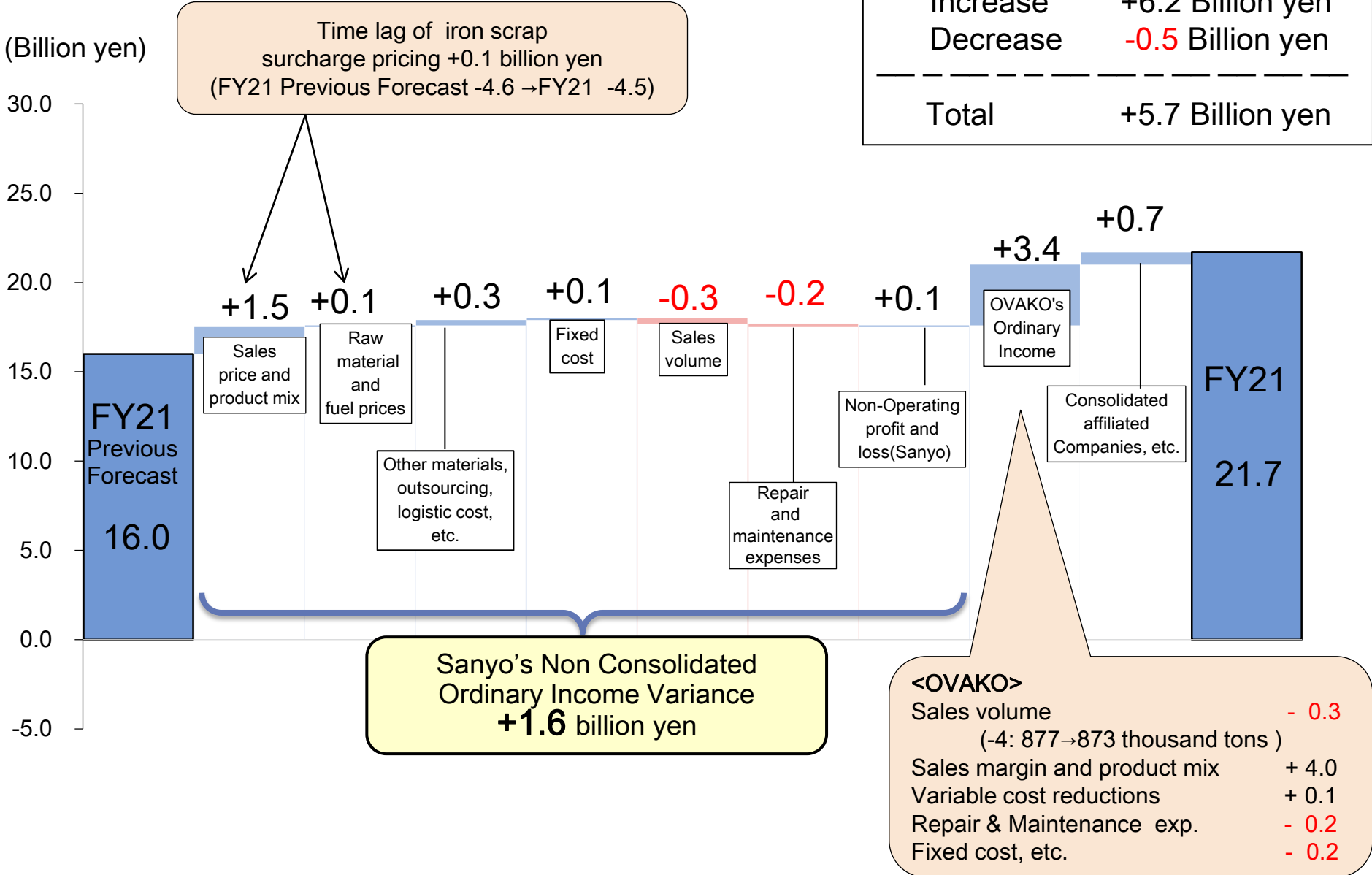


Raw Material and Fuel Prices (FY20/1Q = 100)



Ordinary Income Variance Analysis (FY2021 Previous forecast → FY2021 Result)

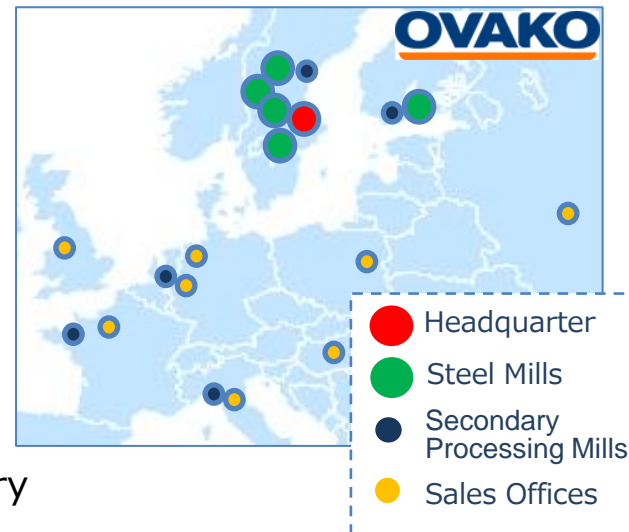
Increase	+6.2 Billion yen
Decrease	-0.5 Billion yen
<hr style="border-top: 1px dashed black;"/>	
Total	+5.7 Billion yen



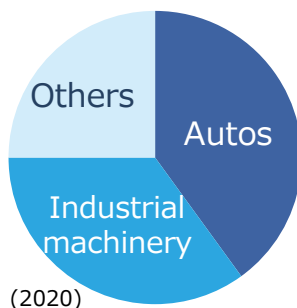
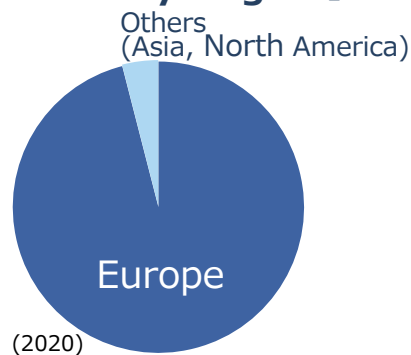
Overview of OVAKO (I)

【Head Office】 Stockholm, Sweden
【Ownership Percentage】 100% (Sanyo, acquired in March 2019)
【Products】 Bearing Steel, Engineering Steel, etc.
【Employees】 2,714 (as of March 31, 2022)

【Location】



【Market by Region】 【Market by Industry】



- Main product Bearing Steel
- Main market by region about 90% Europe
- Main market by industry Automobiles, Industrial Machinery

【Products Introduction】

BQ-Steel
Bearing Quality



High cleanliness steel used for bearings, with higher loads, downsizing effect, and longer service life

IQ-Steel
Isotropic Quality



Isotropic and ultra clean steel with multidirectional fatigue strength. Contributes to smart solution of components.

WR-Steel
Wear Resistant



Wear-resistant steel with excellent formability and weldability which contributes to design flexibility and longer service life

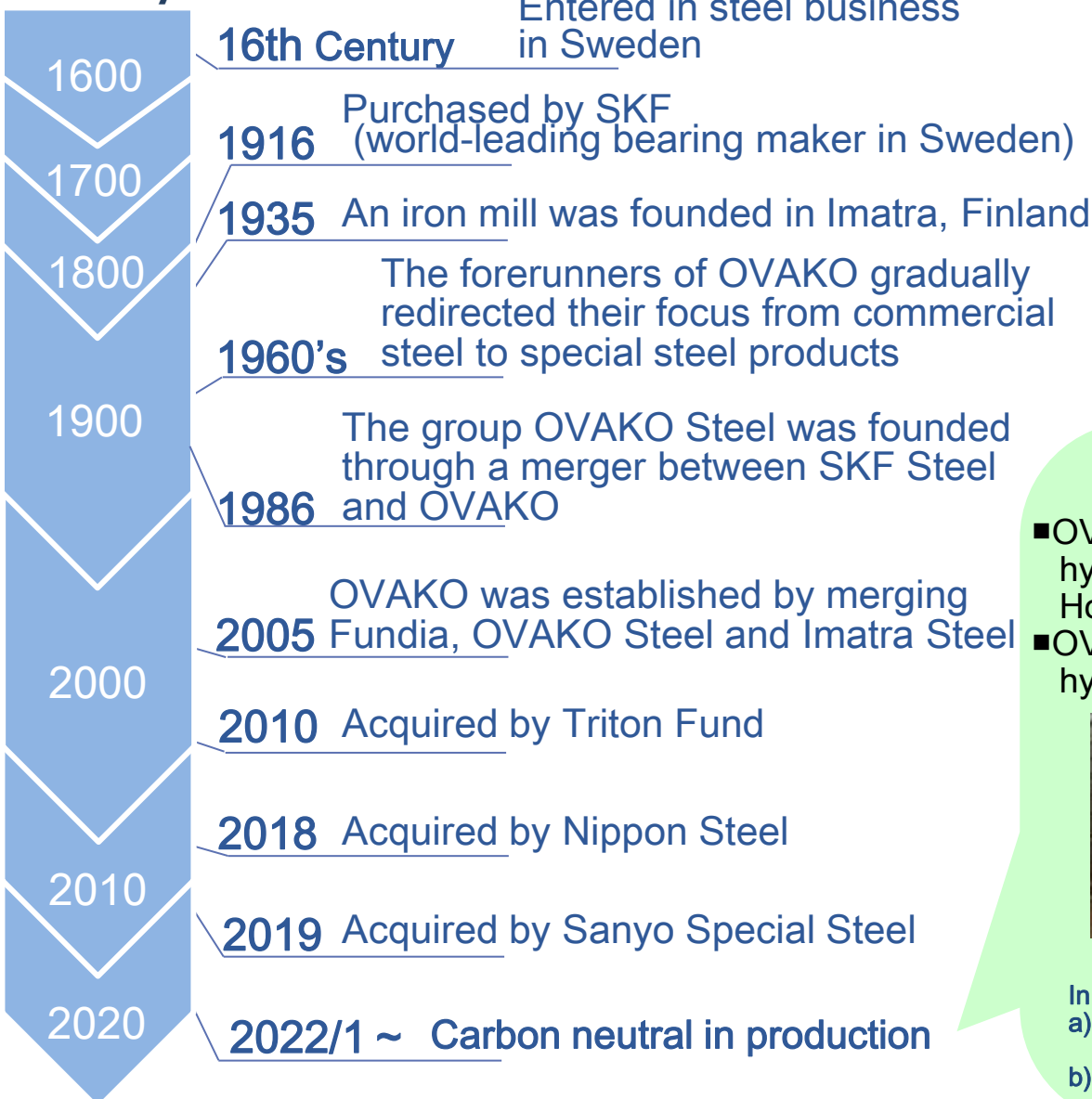
M-Steel
Machinability



Low alloyed free cutting steel with exceptional toughness and fatigue strength. Contributes to operational efficiency and cost reduction of component manufacturers.

Overview of OVAKO (II)

【History】



Profit improvement measures and actions

- Improving profit margin
 - Increasing base price
 - Implement and utilize climate and energy surcharge
 - Optimize operation of 5 mills
 - Strictly control fixed and variable cost
- Maximizing synergies among OVAKO, Sanyo and Nippon Steel

Engagement to Carbon Neutrality

- OVAKO has conducted a full-scale trial using hydrogen to heat steel before rolling at the Hofors mill in Sweden. (April, 2020)
- OVAKO has been constructing the fossil-free hydrogen production plant (June, 2021 ~)



heating steel



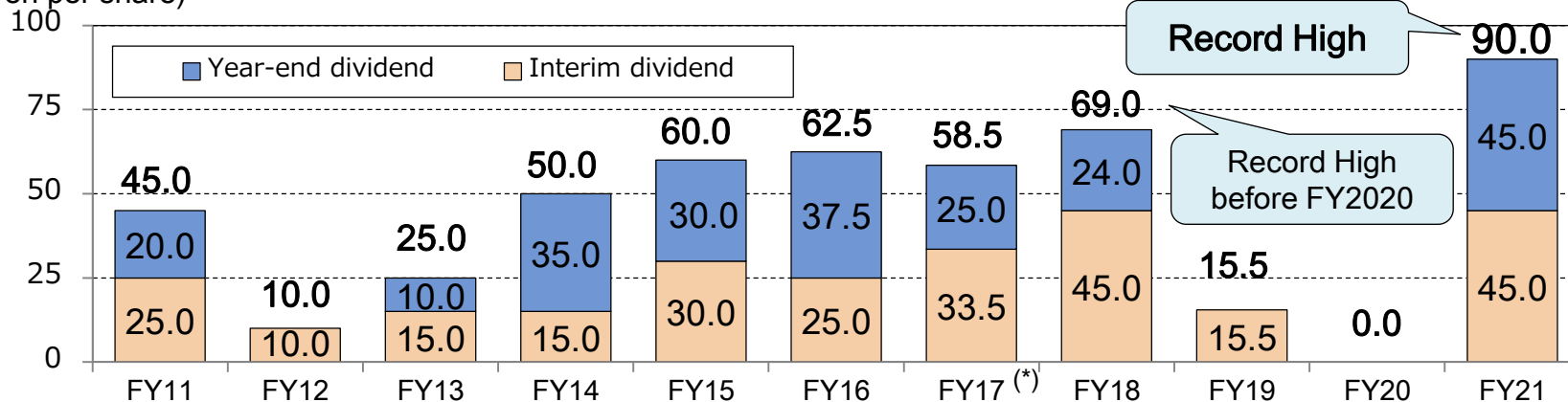
the Hofors mill

In Sweden and Finland,
 a) The ratio of non-fossil power (Hydrogen, Wind, Nuclear) is overwhelmingly high
 b) Industrial electric charges are merely 1/2 ~ 1/3 to that of Japan

Dividend for FY2021

			FY21 1H (Result)	Dividend(A)		Previous forecast (B) '22/1/27		Change(B) → (A)	
				FY21 2H	FY21	FY21 2H	FY21	FY21 2H	FY21
Earnings Per Share(EPS)	A	¥/ share	133.8	-	280.2	-	198.2	-	+82.0
EPS before amortization of Goodwill	B	¥/ share	170.8	-	342.1	-	260.6	-	+81.5
Dividend	C	¥/ share	45.0	45.0	90.0	35.0	80.0	+10.0	+10.0
Payout Ratio	C/B	%	26.3	-	26.3	-	30.7	-	-4.4
	C/A	%	33.6	-	32.1	-	40.4	-	-8.3

(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.

< Dividend Policy >

Dividend payout ratio target : Around 30% of EPS before amortization of goodwill

Forecast for Business Performance in FY2022

Forecast for FY2022

Raw material and fuel prices

Unprecedented cost increases are expected due to Russia's invasion of Ukraine and other factors.

Special steel demand

Uncertainty of auto production due to semiconductor shortage, inventory adjustments and the re-expansion of COVID-19 in China.

Trends in raw material, fuel prices and special steel demand are difficult to predict.

Based on the basic strategy “**Maintain and Expand Profit Margin**” we will endeavor to secure ordinary income of 14 billion yen even with rising raw material and fuel prices.

Dividend Forecast

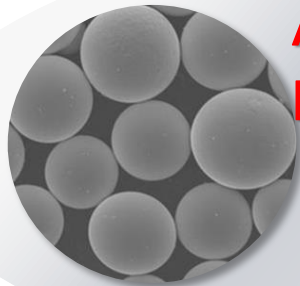
We are not able to disclose the dividend forecast for FY2022, because of uncertain trends in raw material, fuel prices and special steel demand.

2. Overview of Metal Powder Business

Our Metal Powder Business in Growth Markets

Ni base
Fe base
Co base

Cu base



Sanyo Special Steel's Metal Powder Business

A variety of alloy spherical powders with excellent flowability

by vacuum melting and inert gas atomization



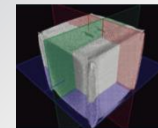
Supporting products development for customers by advanced metallurgical technologies and evaluation/analysis equipment



Metallic 3D printer



CT scanning device



Internal Defect Analysis of Build material

A series of powder making facilities including one of the world's largest 2-ton vacuum melting gas atomizer and various size gas atomizers (300kg, 200kg, 50kg, 2kg) can meet customers' diverse requests for production volumes from mass production to small-lot trial production for R&D.

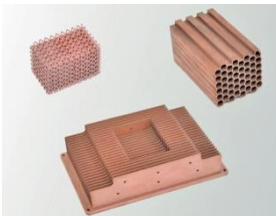
NOVASHAPE®

Metal Powders for 3D Printing

Proprietary products to meet social needs
Proponent alloy design and manufacturing parameters suitable for 3D printing



Co-free Maraging steel powder that comply with ordinance on prevention of hazards due to specified chemical substances

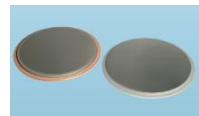


Cu based alloy powder achieving with high electrical conductivity and good additive manufacturing

for thin-film deposition of electronic device parts

Sputtering Targets

Development unique alloy to meet customers diverse needs by utilizing our advanced technology



Sputtering Targets

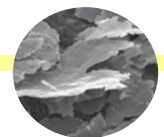
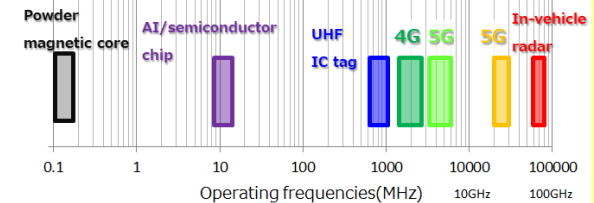
**For HDD Media
For Magnetic Heads
For MRAM***

*Magnetic random-access memory

for electromagnetic wave absorber

Softmagnetic Metal Powders

Lineup to meet customers applications and diverse operating frequencies

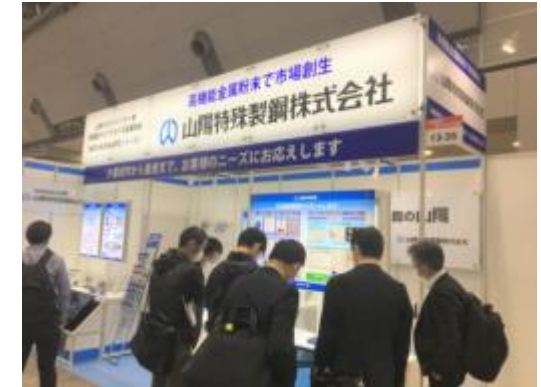


Activities for Expansion of Metal Powder Business

Exhibiting at the Additive Manufacturing Expo (March 16-18, 2022)

Exhibits by Sanyo :

- ✓ High functional Metal Powder for 3D printer “NOVASHAPE® series” and example of moldings
- ✓ New Copper Alloy Powder ideal for Additive Manufacturing
- ✓ Cobalt-free Maraging Steel Powder
- ✓ Flaky powder for electromagnetic wave absorber



Practical Application of 3D Printer Powder for Artificial Teeth (Announced on April 25, 2022)

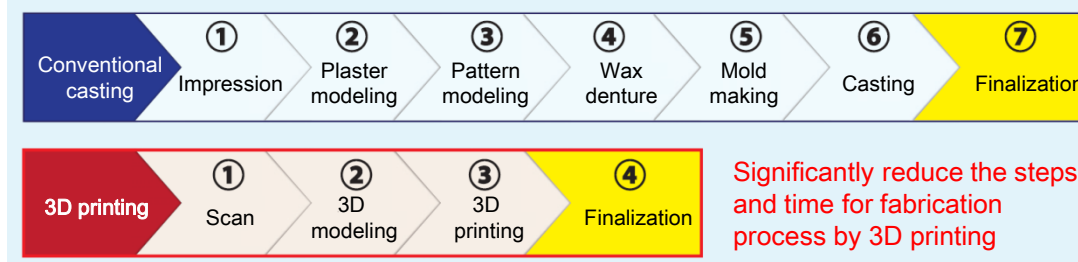
Practical application of 3D printer powder for artificial teeth used in dentistry with IDS Co., Ltd., a dental materials and products manufacturer, in cooperation by National Institute of Advanced Industrial Science and Technology

Further spread 3D printing in dentistry using domestically produced our metal powder

➔ Speed up dental treatment, improve the quality of artificial teeth and other dental parts, and reduce environmental impact



Artificial teeth and denture base used in dentistry

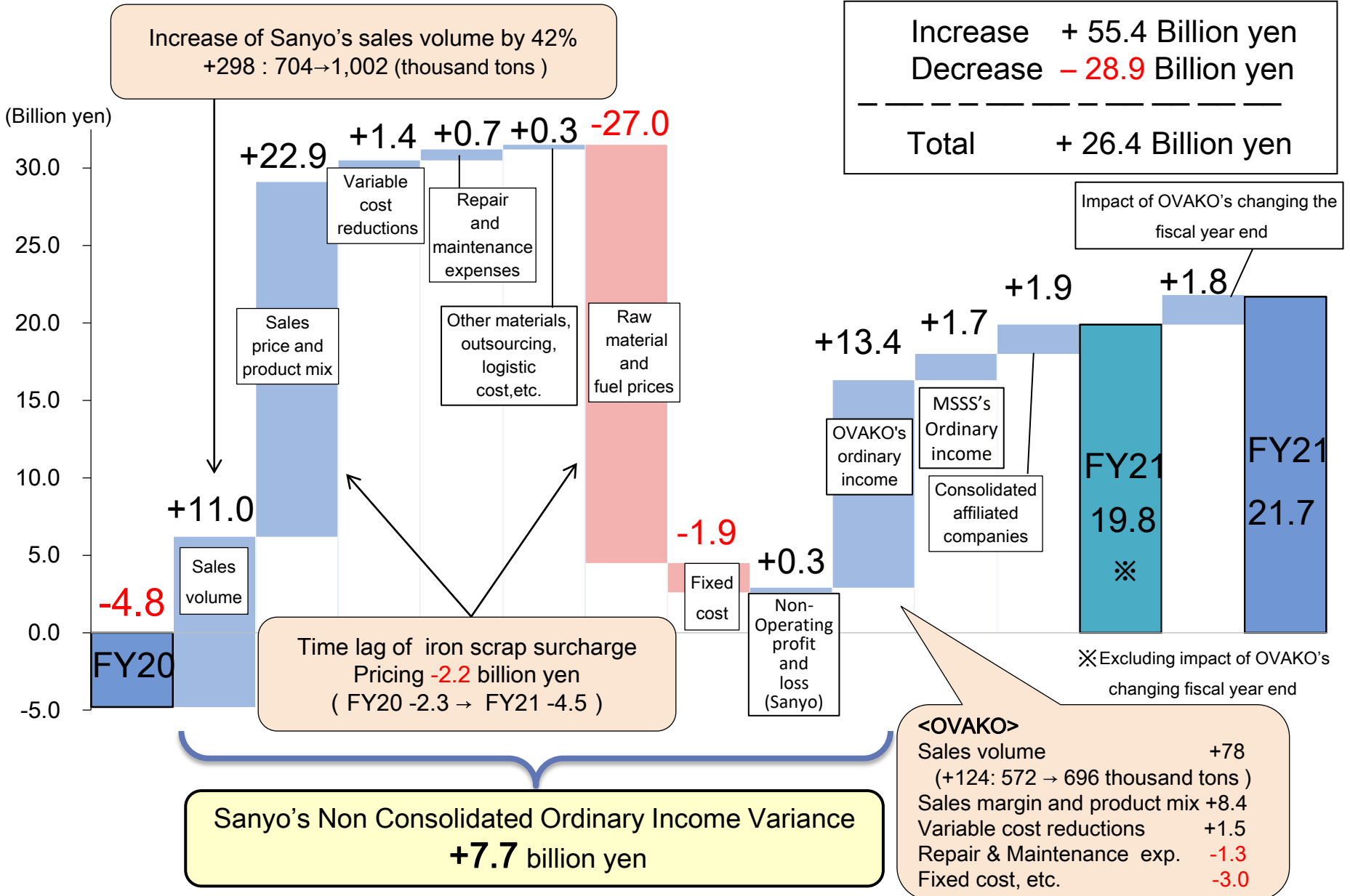


Significantly reduce the steps and time for fabrication process by 3D printing

Process differences between conventional casting and 3D printing

3. Facts and Details of FY2021 Results

Ordinary Income Variance Analysis (FY2020 → FY2021)

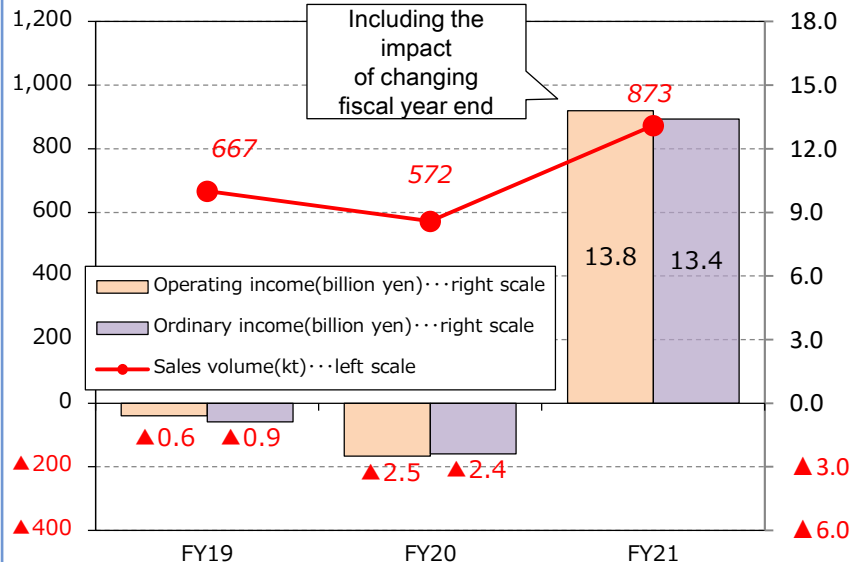


Headquarter : Stockholm, Sweden Manufacture and sale of special steel bars, pipes, rings, etc.
Manufacturing sites in Sweden and Finland. An affiliated company of Sanyo since March 2019.

FY2021 Business Results and Business Environment

- ▶ Ordinary income in FY21 : 13.4 billion yen (+15.8 billion yen compared to FY20)
Excluding impact of changing the fiscal year end : 10.9 billion yen
- ▶ Sales volume increased due to strong demand as well as an inventory build-up in the supply chain and the indirect impact of lower imports from China.
- ▶ In addition to increase in sales volume, ordinary income increased compared FY2020 due to improvement in margin by base price increase, introduction of climate surcharge, and promotion of profit improvement measures.
- ▶ Although impact of Russia's invasion to Ukraine is not significant, we will observe changes in the situation carefully.
- ▶ Introduced energy surcharge from April 1, 2022, continue maintain and improve profit margin through base price increase and energy surcharge, continue strict control of fixed cost by steadily implementing optimization of operational structure.

Trend of Sales volume, Operating income, and Ordinary income



Profit improvement measures and Maximizing synergies

Profit improvement

Improvement of profit margin by base price increase, climate surcharge and energy surcharge

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 <MSSS>

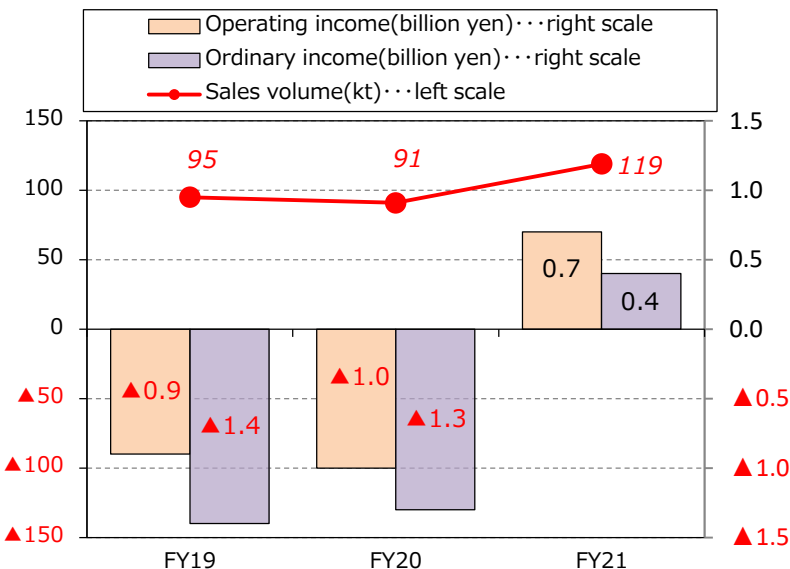
Mahindra Sanyo Special Steel Pvt. Ltd. Headquarter : Mumbai, India
Manufacturing and sales of special steel & Our affiliated company since June 2018

Overview of FY2021 and Business Environment

Ordinary income in FY21: 0.4 billion yen (+1.7 billion yen compared to FY20)

- ▶ Despite operation decreased due to halted oxygen supply, MSSS turned positive by improvement of profit margin, product mix as well as increase in sales volume supported by the recovery of Indian economy.
- ▶ We will appropriately reflect the significant rise of raw material and fuel price, triggered by Russia's invasion into Ukraine, to the sales price and will maintain and improve profit margin.

Trend of Sales volume, Operating income, and Ordinary income



Profit improvement measures and actions

Upgrading sales strategy and mix

Executing sales strategy further reflecting MSSS's 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

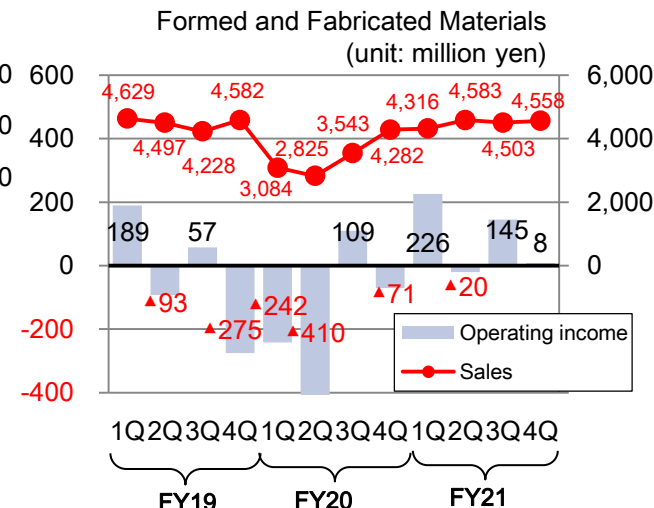
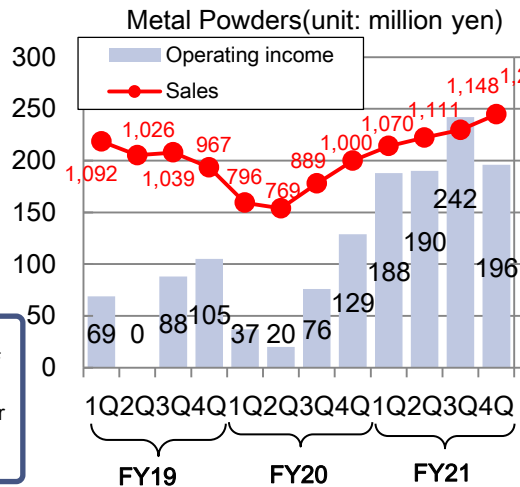
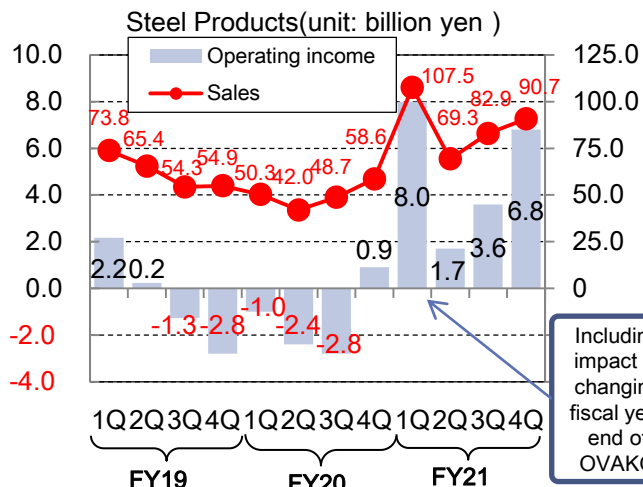
We will globally utilize the technology of high-cleanliness steel, the basis of our brand and technological superiority, and will reinforce our position in the growing Indian market.

Earnings by Business Segment

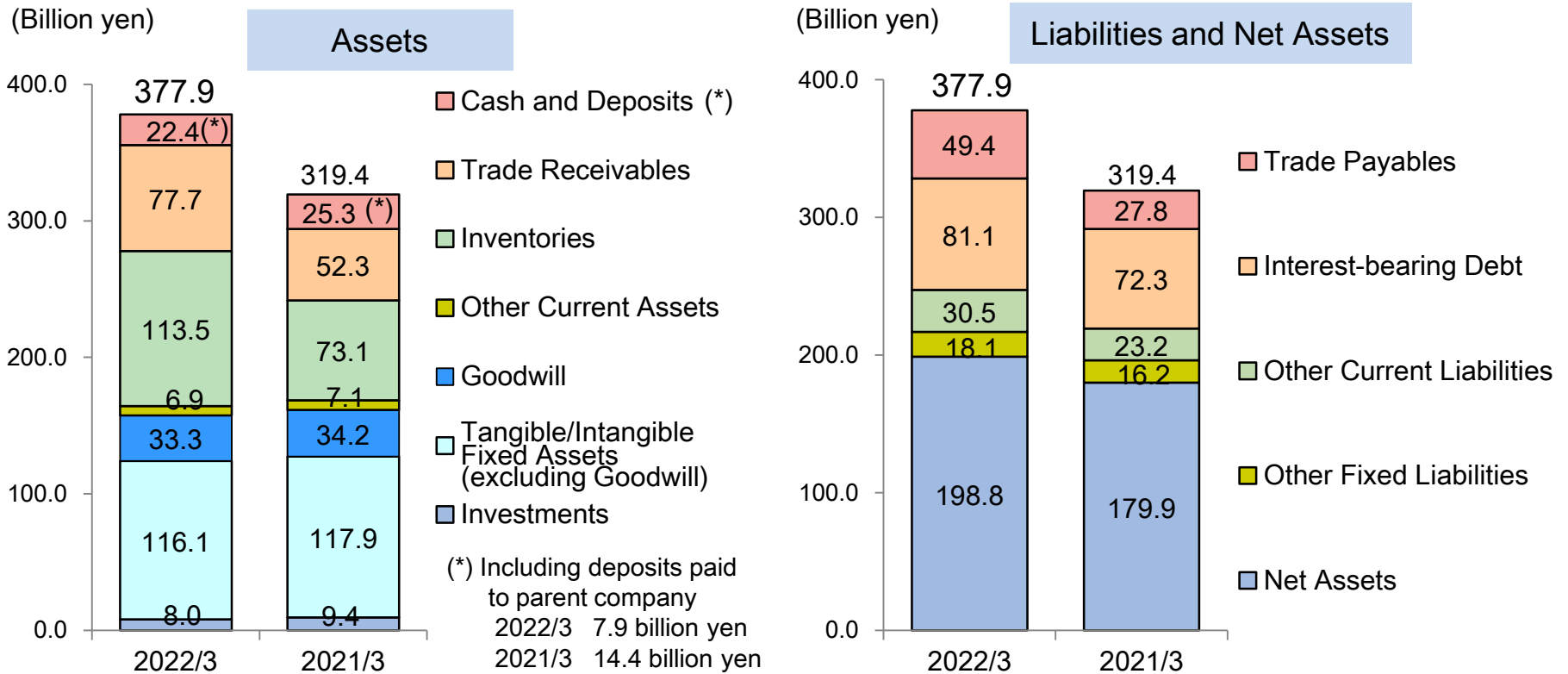
(Unit : Billion yen)

	FY21(A)			FY20(B)			Change (B) → (A)		
	Net Sales	Operating Income	ROS (%)	Net Sales	Operating Income	ROS (%)	Net Sales	Operating Income	ROS (%)
Steel Products	350.3	20.1	5.8	199.7	-5.2	-2.6	+150.6	+25.4	+8.4
Metal Powders	4.6	0.8	18.0	3.5	0.3	7.6	+1.1	+0.6	+10.4
Formed and Fabricated Materials	18.0	0.4	2.0	13.7	-0.6	-4.5	+4.2	+1.0	+6.5
Sub-total	372.8	21.3	5.7	216.9	-5.6	-2.6	+155.9	+26.9	+8.3
Other	1.1	0.0	2.4	1.6	0.0	2.9	-0.4	-0.0	-0.5
Adjustments	-10.7	0.1	-	-7.7	0.1	-	-3.0	+0.0	-
Consolidated Total	363.3	21.4	5.9	210.7	-5.5	-2.6	+152.6	+26.9	+8.5

Change in Business Segment



Balance Sheets



Major changes in Assets + 58.6 billion yen (+18%)

Cash and Deposits	- 2.9
Trade Receivables	+ 25.4
Inventories	+ 40.4
Goodwill	- 0.9
(amortization -3.4, foreign exchange impact +2.5)	

Major changes in Liabilities and Net Assets + 58.6 billion yen (+18%)

Trade Payables	+ 21.6
Interest-bearing Debt	+ 8.9
Net Assets	+ 19.0

(Reference) Assets of Sanyo, OVAKO and MSSS (as of Mar. 2022, non consolidated basis)
Sanyo 268.2 billion yen, OVAKO 119.9 billion yen, MSSS 12.9 billion yen

Equity Ratio	2022/3	2021/3
	52.1%	55.9%

Statements of Cash Flows

(Unit : Billion yen)

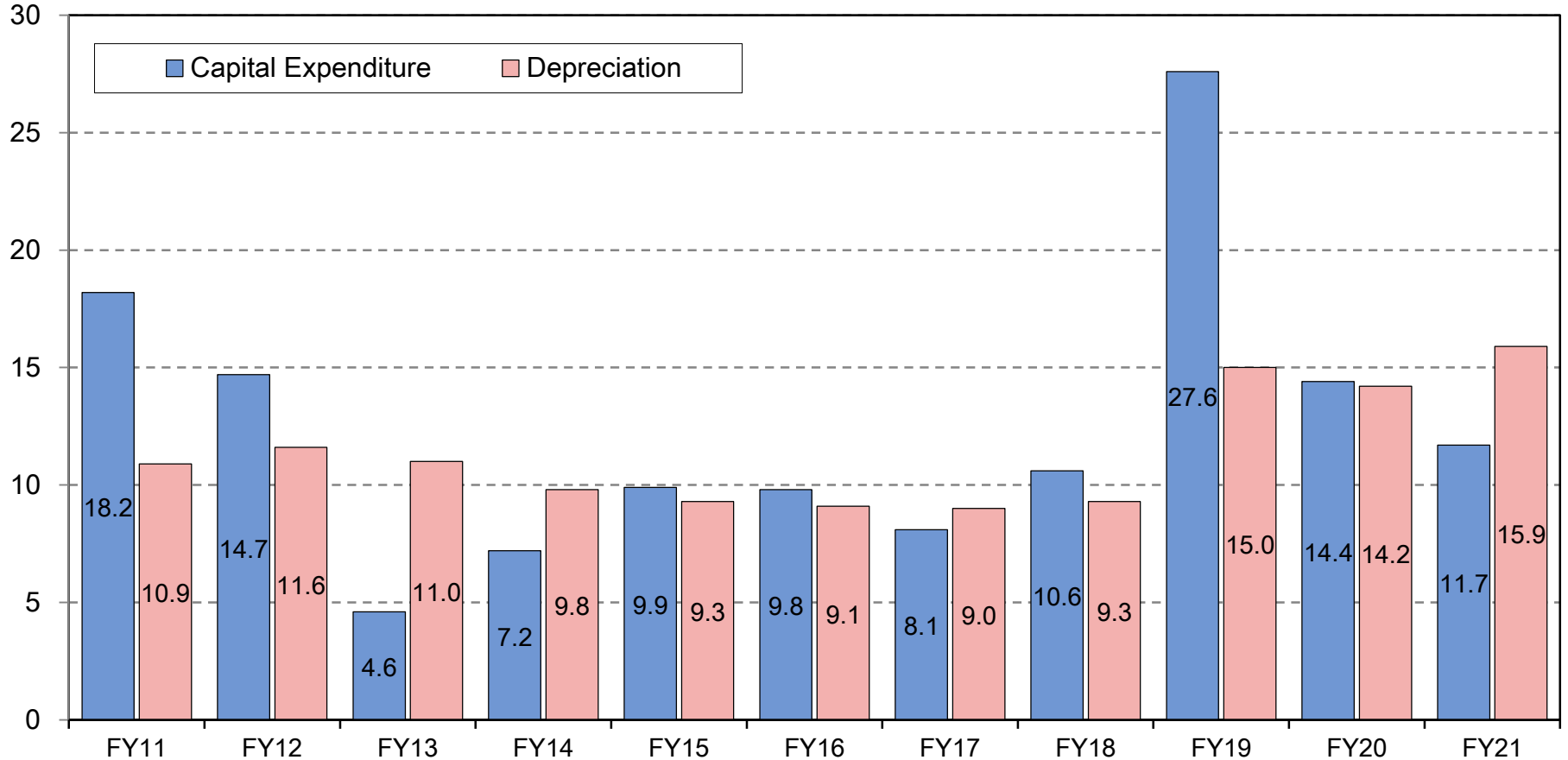
	FY17	FY18	FY19	FY20	FY21
Cash flows from operating activities (A)	-5.6	10.8	39.4	22.3	7.1
Net income before income taxes	19.3	20.0	16.0	11.2	40.3
EBITDA (simplified method)	10.3	10.4	-3.3	-9.5	21.0
Depreciation & Amortization of goodwill	9.0	9.6	19.3	20.7	19.3
Income taxes	-3.7	-3.3	-4.2	1.3	-0.4
Working capital, etc.	-21.2	-6.0	27.6	9.8	-32.7
Cash flows from investing activities (B)	-8.4	-69.0	-12.5	-19.4	-13.3
Capital expenditure	-8.0	-9.1	-18.3	-18.9	-13.7
Acquisition of subsidiary stock	—	-60.4	—	—	—
Proceeds from sale of securities	0.1	0.1	2.2	0.3	0.6
Others	-0.4	0.4	3.6	-0.8	-0.1
Free cash flows (A+B)	-14.0	-58.3	27.0	2.9	-6.2
Cash flows from financing activities (C)	14.7	65.9	-21.1	-5.5	2.3
Increase/Decrease in borrowings/bonds/commercial papers /lease obligations	16.6	0.5	-16.4	-5.4	4.8
Proceeds from issuance of securities	—	67.1	—	—	—
Purchases or Sales of treasury stock	-0.0	-0.0	-2.5	-0.0	-0.0
Cash dividends	-2.3	-2.3	-2.2	-0.0	-2.4
Others	0.4	0.5	-0.0	-0.0	-0.0
Translation Difference (D)	-0.0	-0.2	-0.4	0.2	0.9
Net Increase/Decrease in Cash and cash equivalents (A+B+C+D)	0.8	7.5	5.4	-2.3	-3.0

(*) Cash and cash equivalents include deposits paid to affiliated company. 20

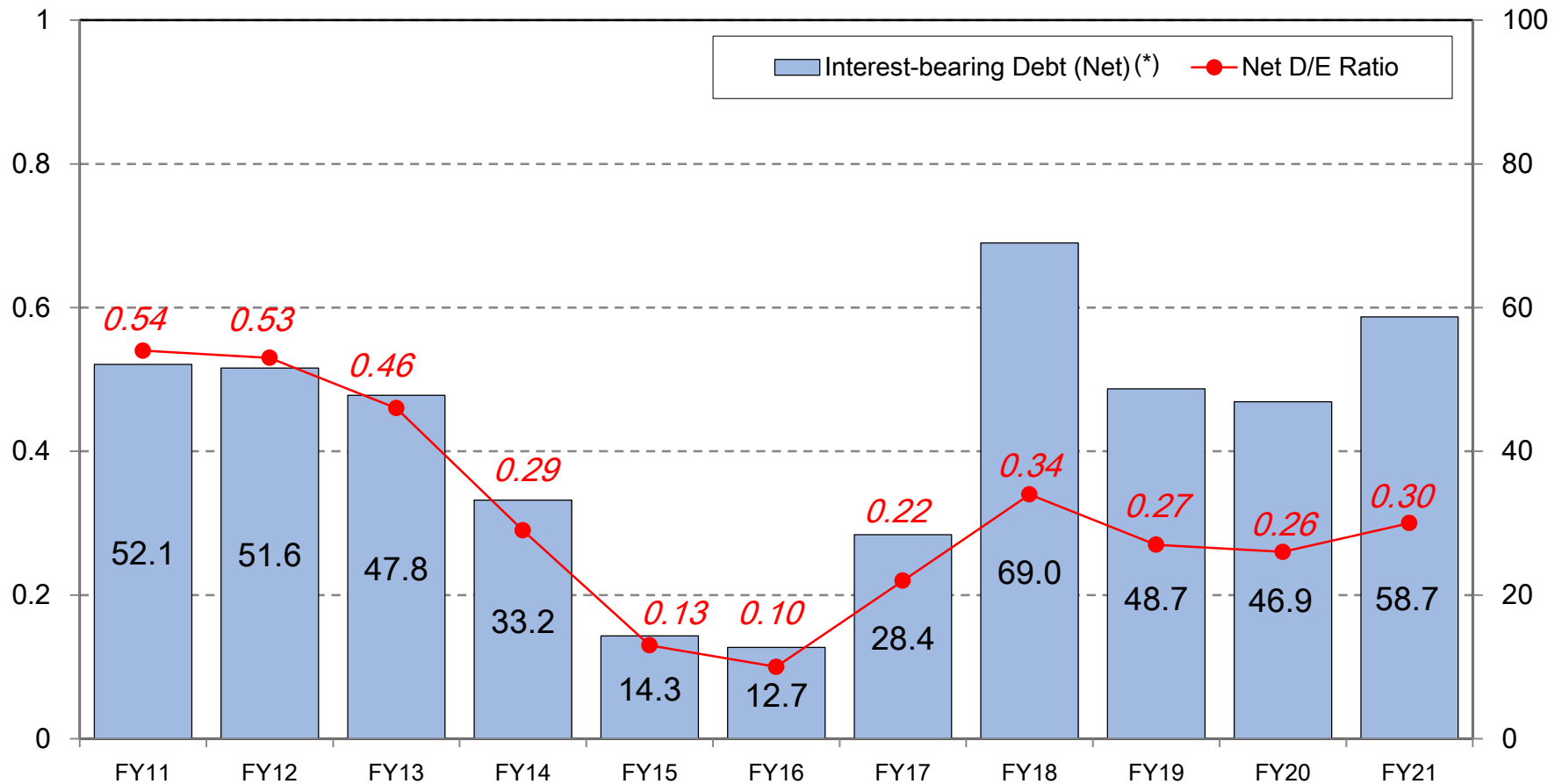
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Capital Expenditure and Depreciation

(Billion yen)



D/E Ratio

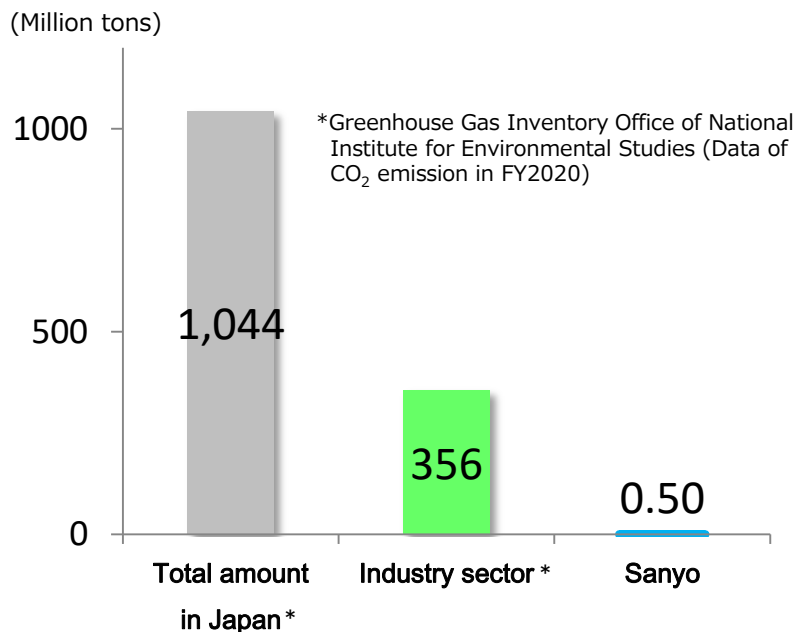
Net D/E ratio
(Times)Interest-bearing Debt
(Billion yen)

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

4. Achieving Carbon Neutrality(CN) by 2050

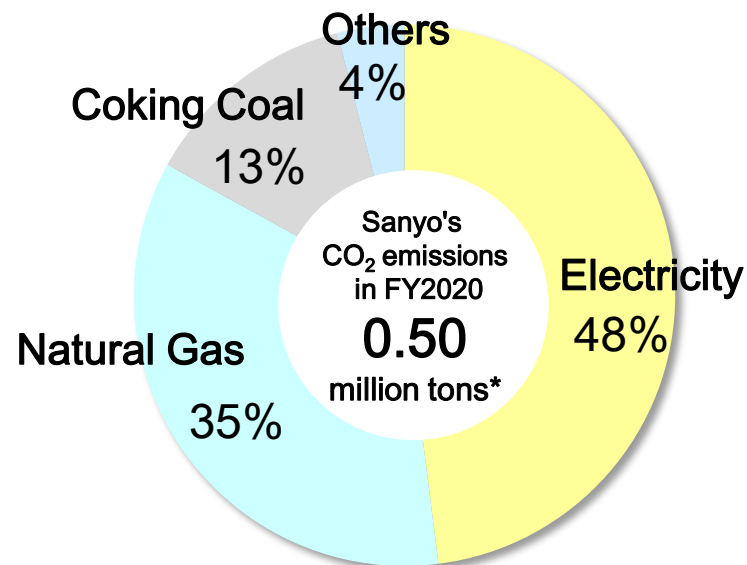
Basic Consideration to Carbon Neutrality

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



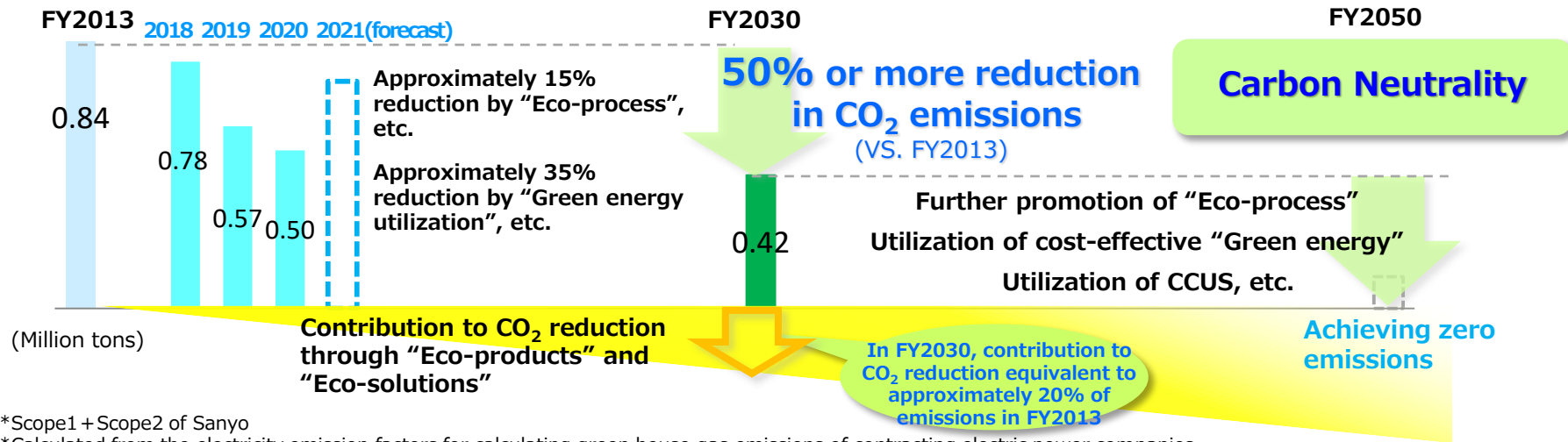
*Scope 1+2 of Sanyo

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."

Sanyo's Roadmap to Carbon Neutrality by 2050

[CO₂ emissions of Sanyo]



*Scope1 + Scope2 of Sanyo

*Calculated from the electricity emission factors for calculating green house gas emissions 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

*Refer to Engagement by OVAKO

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 MSSS

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

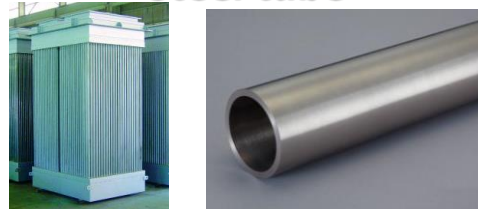


Size and weight reduction of products by improving durability and reliability



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.

Eco-products : New Product Development

Develops QTP-HARMOTEX[®]

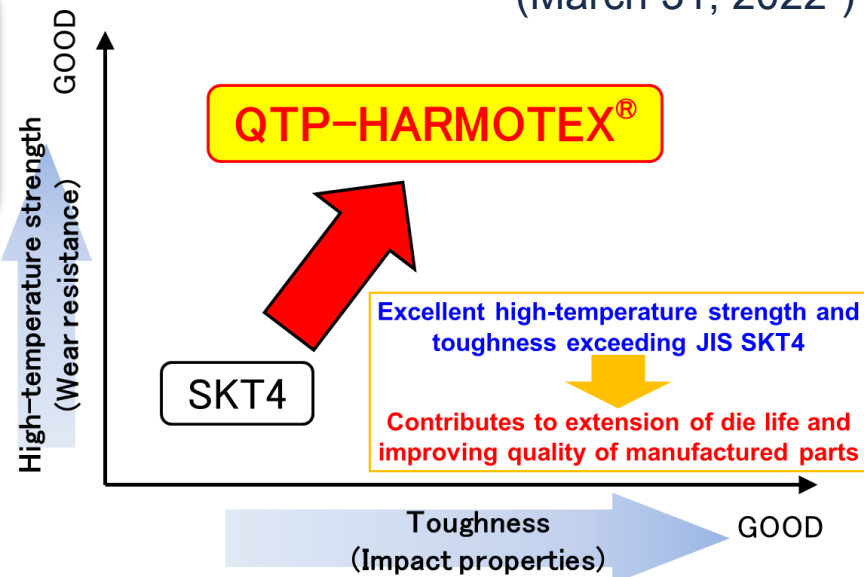
Tool Steel for Extension of Die Life and Stable Product Quality in Severe Forging

(March 31, 2022)

Significantly improved high-temperature strength and toughness compared to JIS SKT4

➔ Applying to hammer forging dies will suppress deformation, wear and large cracks during die use

- **Contributes to Improving die life and reducing product defect rates**
- **Reduces CO₂ emissions by reducing energy consumption for materials and operations**
- **Meeting our customers' sophisticated and diverse needs to achieve carbon neutrality**
 - Adoption of high-strength workpieces aiming for downsizing and weight reduction of parts
 - Meeting needs for forming into a shape closer to the final product and eliminating or simplifying post-processes



What is hot hammer forging?

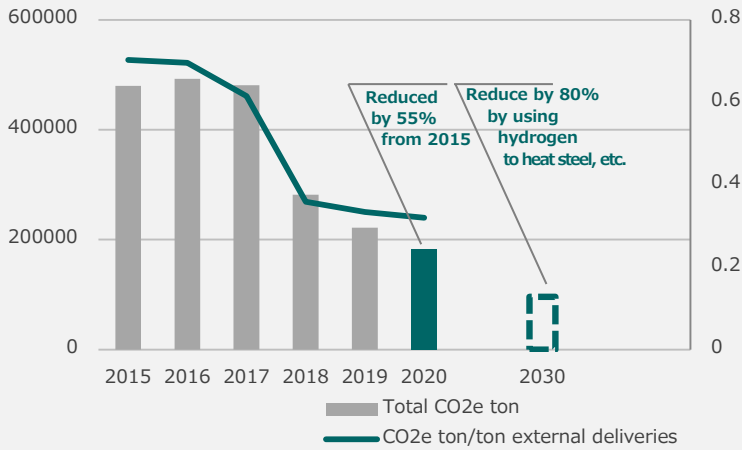
- Widely used method in the manufacturing complex shape parts, such as undercarriage parts for automobiles and construction machinery.
- The recent changes in needs leads premature deform and wear of dies used under more severe condition.



Engagement to Carbon Neutrality by OVAKO

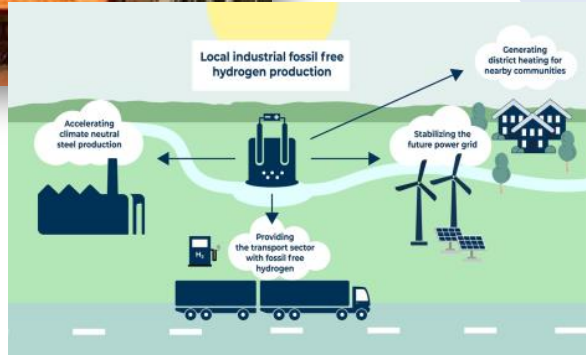
Green house gas emissions from operations

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



- 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 2020



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.

2020

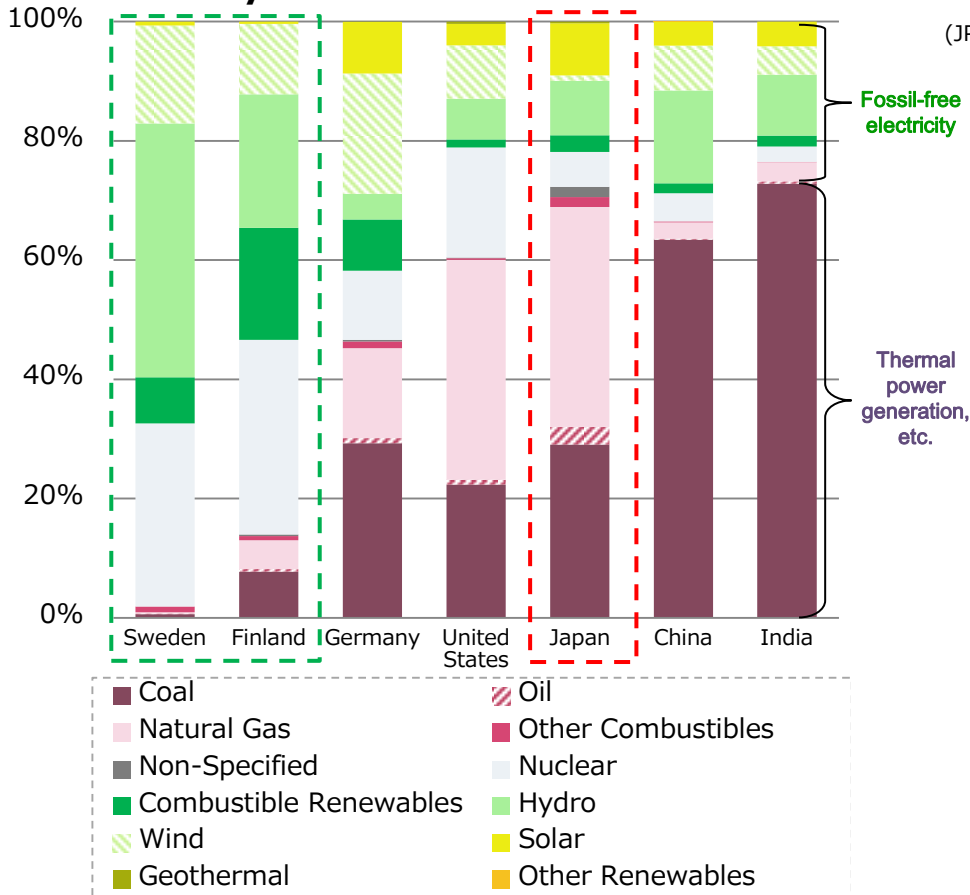
April 2020

June 2021

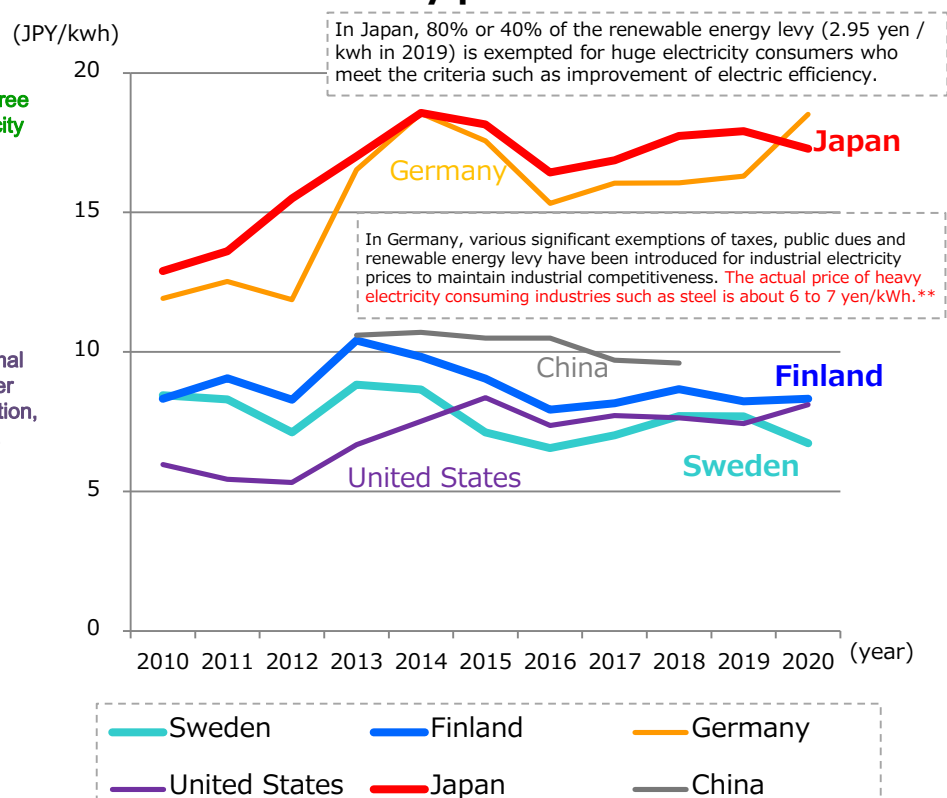
January 2022

(Reference) Electricity Mix and Prices of major Countries

Electricity mix as of 2021



Industrial electricity prices*



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.**

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.

*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. Topics

Topics

(1) Further promotion of Diversity Management

We are promoting the creation of a workplace where employees are able to exert their full potential regardless of gender. We have introduced a three-year Diversity Management Plan from April 1, 2020, to improve and further enhance diversity.

Sanyo's Diversity Promotion Initiatives

- ▶The first female executive officer of Sanyo being appointed



Right : Atsuko Suda
Executive Councilor(2022/6/24 ~) /
General Manager, Head of Internal
Control & Audit Department

- ▶Installed Gender-neutral toilet



* General Employers Action Plan based on the Act on Promotion of Women's Participation and Advancement (Phase 2)
**General Employers Action Plan based on the Act on Promotion of Measures to Support the Development of the Next Generation (Stage 6)

Increase the average length of service of female employees by 15% from March 2020*

Strive to secure stable employment and increase the number of female managers by 1%*

Child care: With regard to the child care leave system, acquire child care leave at or above the specified level within the planned period.**

Male : Raise the acquisition rate of childcare leave to 7% or more

Female : Achieve an acquisition rate of 80% or higher

Provide support to female employees to improve work and life balance and nurture improved motivation**

Increase the rate of annual paid leave to 70% or more**

Continue factory tours for elementary school students and internships for high school and university students**

2020/4/1~2023/3/31

Topics

ESG

(2) Certificated as Health and Productivity Management Organization by METI (March 10, 2022)



Evaluation of efforts to improve employee lifestyles and prevent mental health disorder

Health investment from perspective of business management

Initiatives to boost vitality and productivity of employee

Corporate Health Management Promotion

- Support for daily health life -

“Sanyo walk event” for employees to make it a habit to take exercise on daily basis

Reduce smoking through proactive measures

- Establish no-smoking day
- Provide training program to quit smoking
- Corporate subsidy for antismoking medicine

Provide specified health guidance to improve lifestyle

ESG

(3) One-day Track & Field Class for Children (March 29, 2022)

Sanyo Special Steel Culture Promotion Foundation hosted the fifth One-day Track & Field Class.

Started to host classes in 2016 for promoting health and sporting activities in the community.

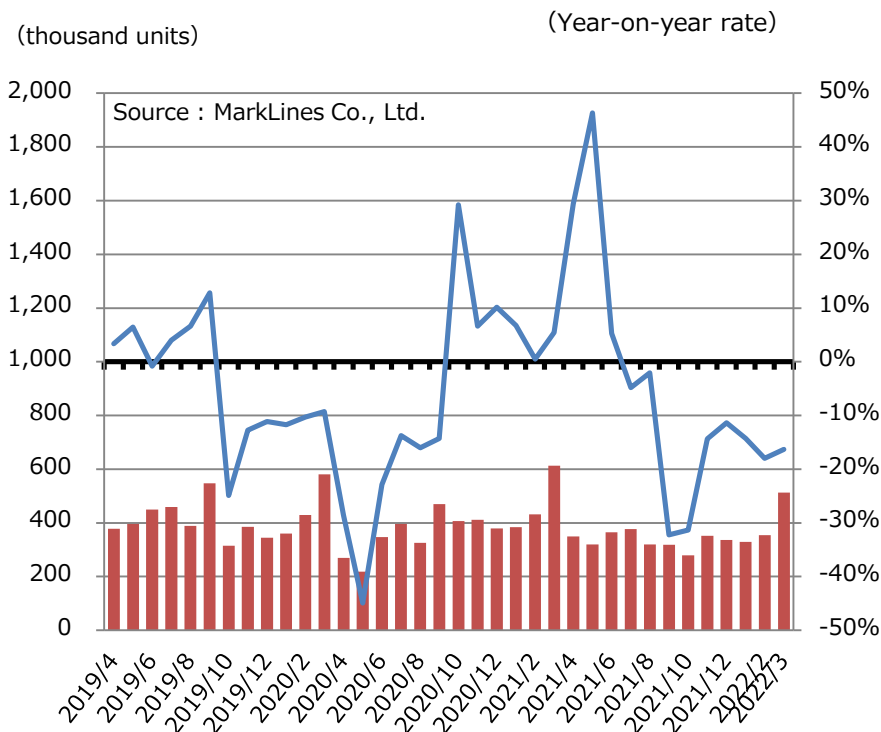
Athletes of our running team instructed how to run to 117 children from elementary and junior high schools.



6. Reference

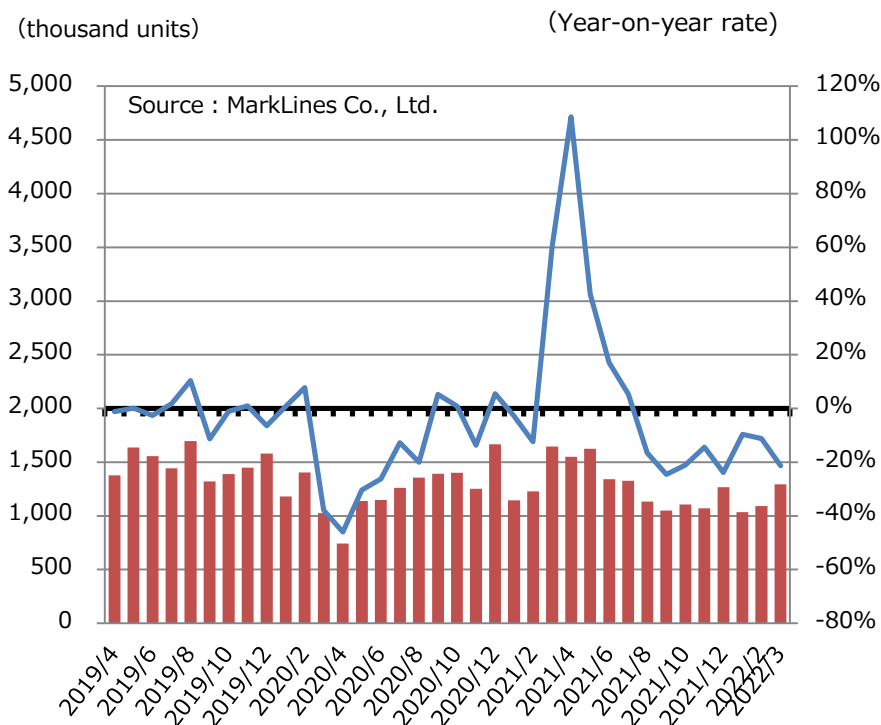
Trends in Automobile Market

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
 2022/3 ; -16.3% on YoY basis

Units of automobile sales in U.S.



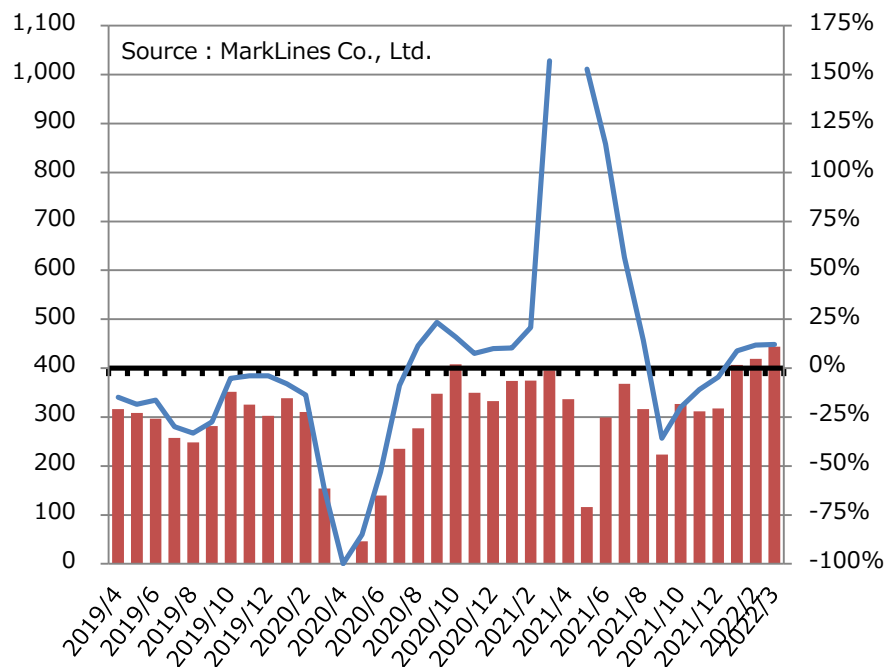
2020/4 ~ ; bottomed out and easing decline of sales due to COVID-19 impact
 2021/4 ; +108.6% on YoY basis because of the significant decline of 2020/4 due to COVID-19 impact
 2022/3 ; -21.3% on YoY basis

Trends in Automobile Market

Units of automobile sales in India

(thousand units)

(Year-on-year rate)



2020/4 ~ ; bottomed out and easing decline of sales due to COVID-19 impact

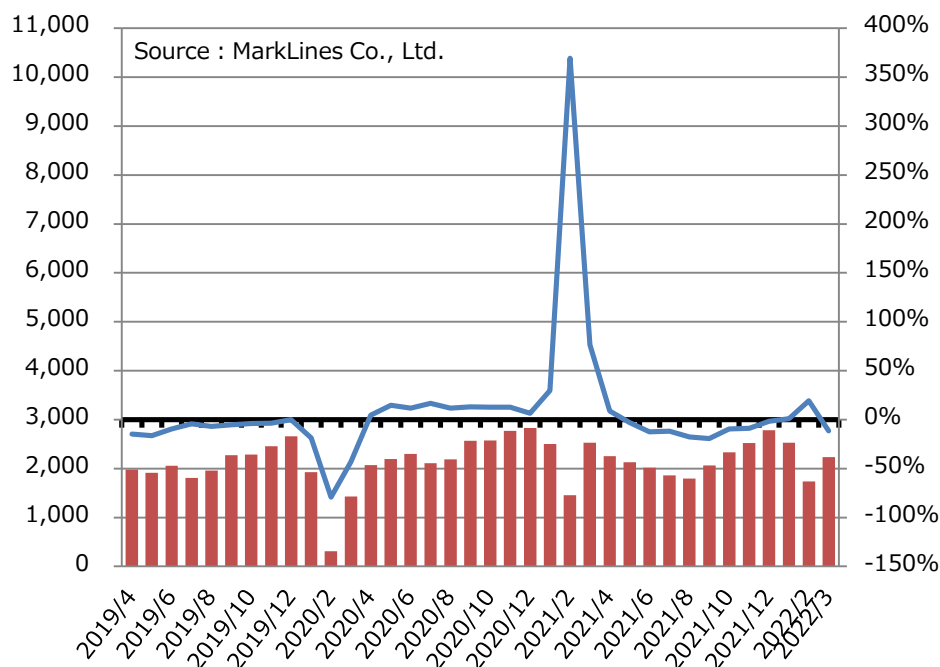
2021/5 ; sales decrease resulting from re-expansion of COVID-19

2022/3 ; +12.2% on YoY basis

Units of automobile sales in China (Factory shipment base)

(thousand units)

(Year-on-year rate)



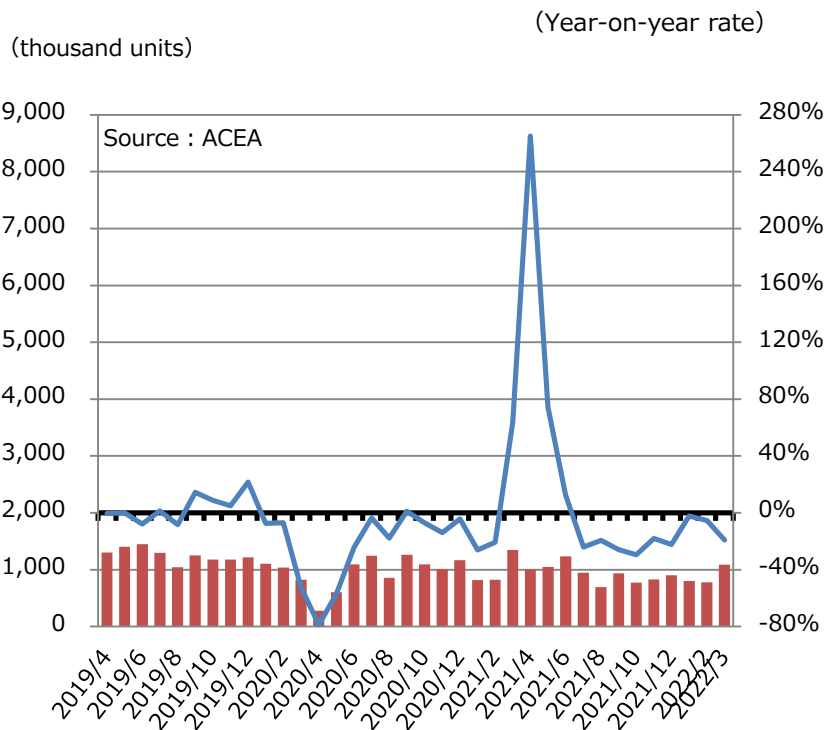
2020/2~ ; bottomed out and easing decline of sales due to COVID-19 impact

2021/6 ; -12.4% on YoY basis because of decrease in automobile productions due to a short supply of semiconductors

2022/3 ; -11.6% on YoY basis

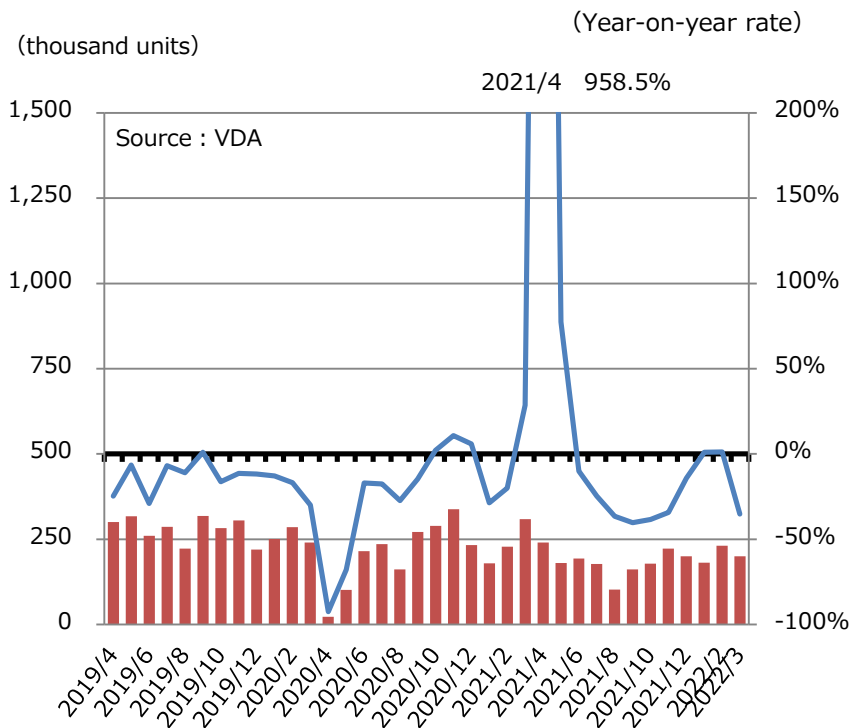
Trends in Automobile Market

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
 2022/3 ; -19.2% on YoY basis

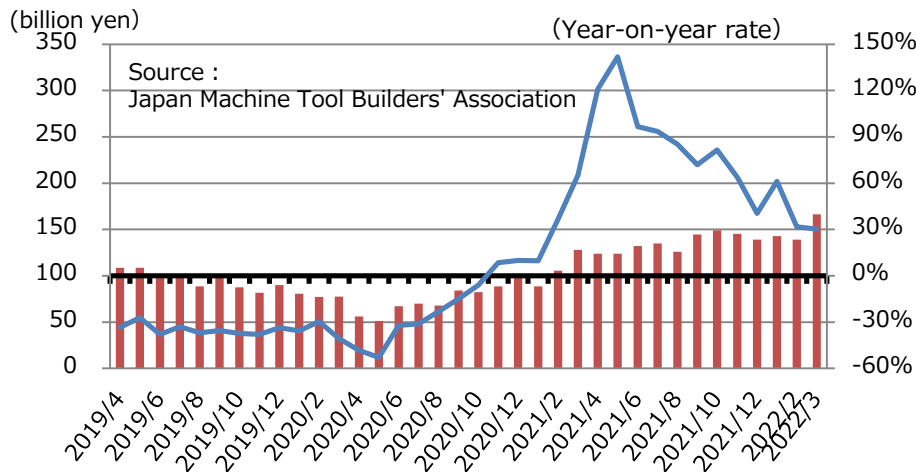
Units of automobile export from Germany



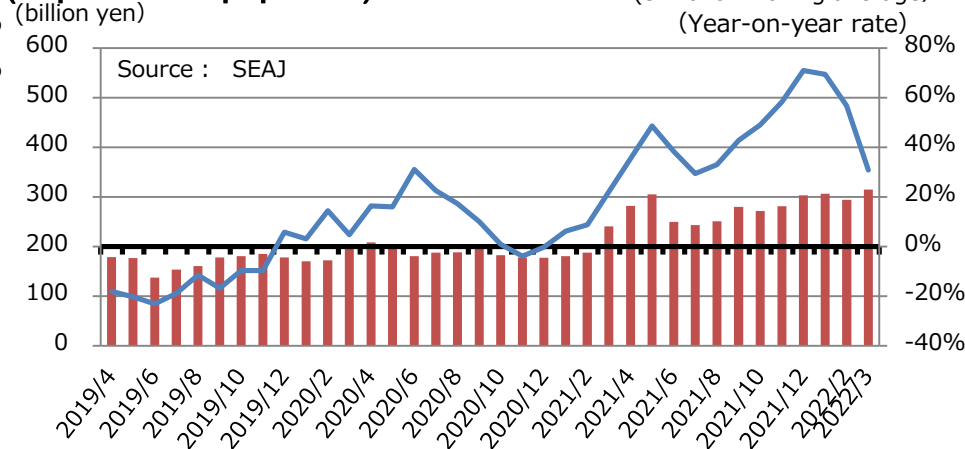
2020/4 ~ ; bottomed out and easing decline of export due to COVID-19 impact
 2021/4 ; +958.5% on YoY basis because of the significant decline of 2020/4 due to COVID-19 impact
 2022/3 ; -35.2% on YoY basis

Trends in Industrial Machinery and Construction Machinery Market

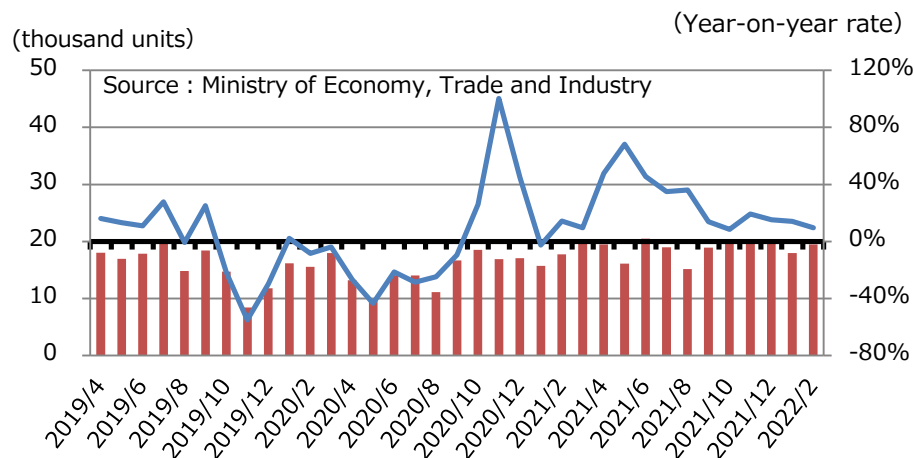
Sales amount of machine tool orders(Japan)



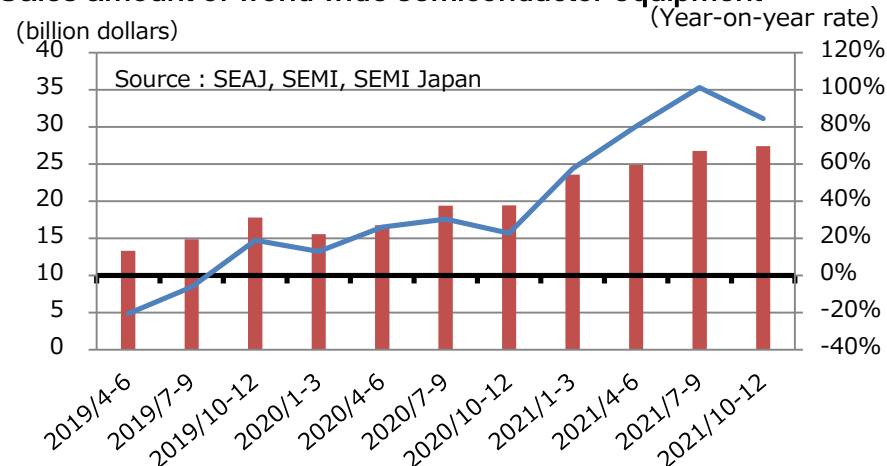
Sales amount of semiconductor manufacturing equipment (Japanese equipment)



Domestic production of excavator-based construction machinery



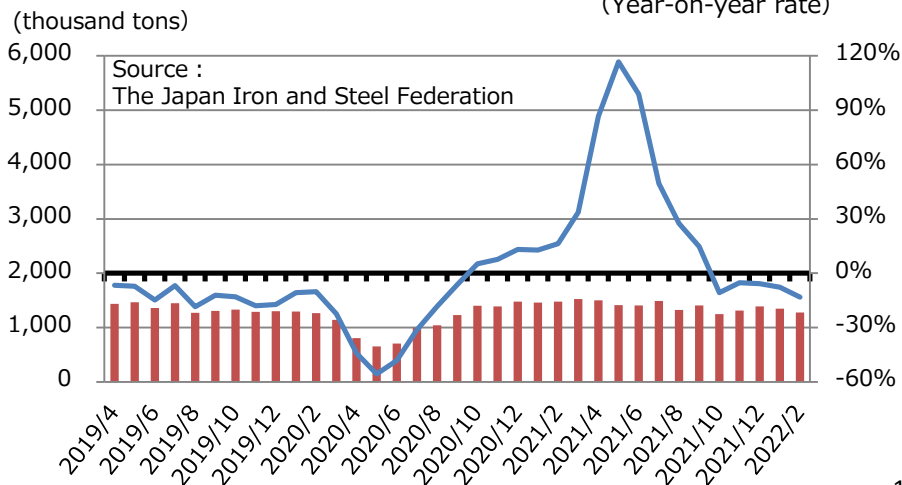
Sales amount of world wide semiconductor equipment



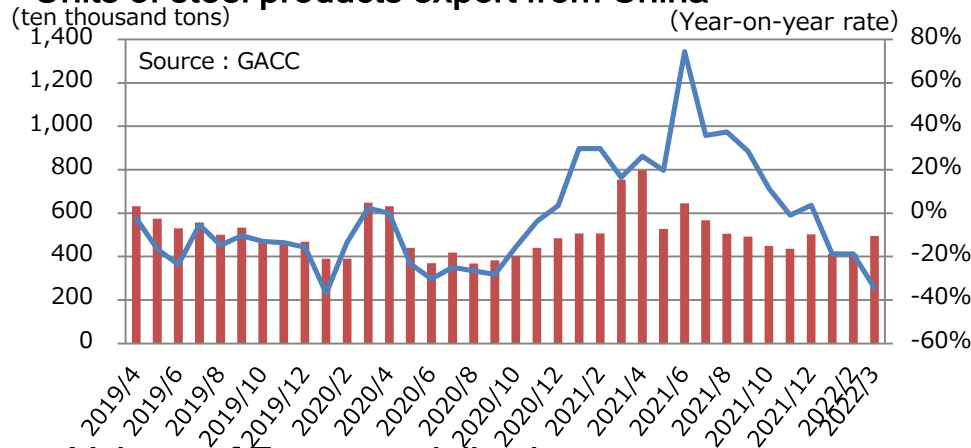
Machine tools	2020/5 ; -53% on YoY basis due to COVID-19 impact 2022/3 ; +30.2% on YoY basis
Semiconductor equipment	2020/7~; drop due to U.S.-China trade dispute & 2020/12 ~ ; recovery due to increase of 5G and global shortage of semiconductor & 2022/3 ; +30.8% on YoY basis
Construction machinery	2020/2~ continuous drop due to COVID-19 impact & 2020/10~; recovery of demand in China and Europe & 2022/2 ; +9.7% on YoY basis

Trends in Special Steel Market

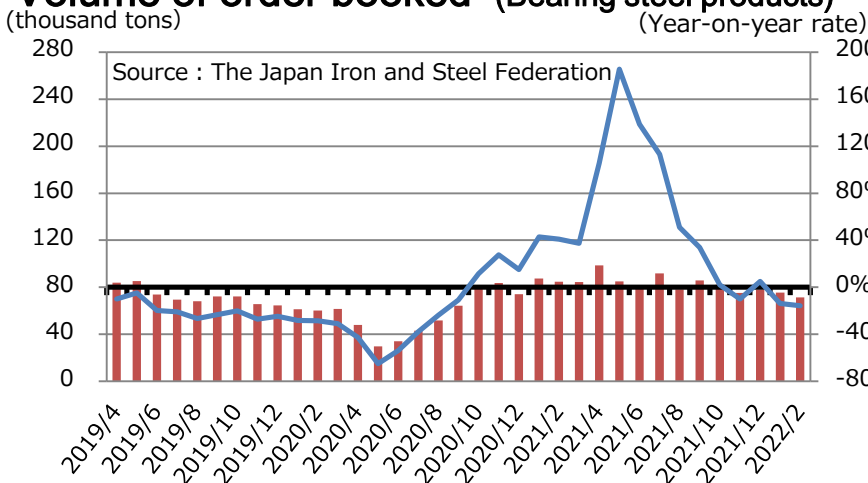
Volume of order booked (Specialty steel products)



Units of steel products export from China

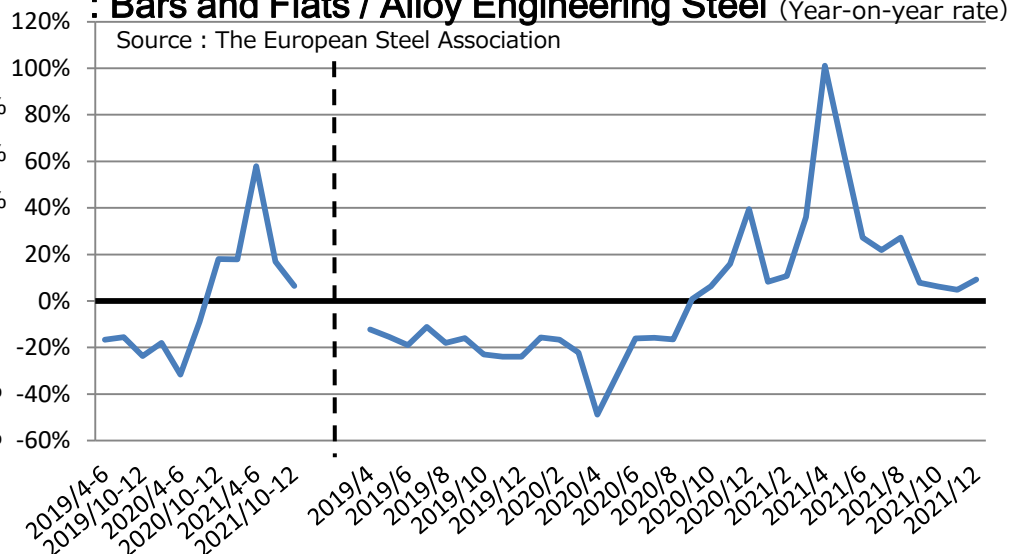


Volume of order booked (Bearing steel products)



Volume of European deliveries

: Bars and Flats / Alloy Engineering Steel (Year-on-year rate)



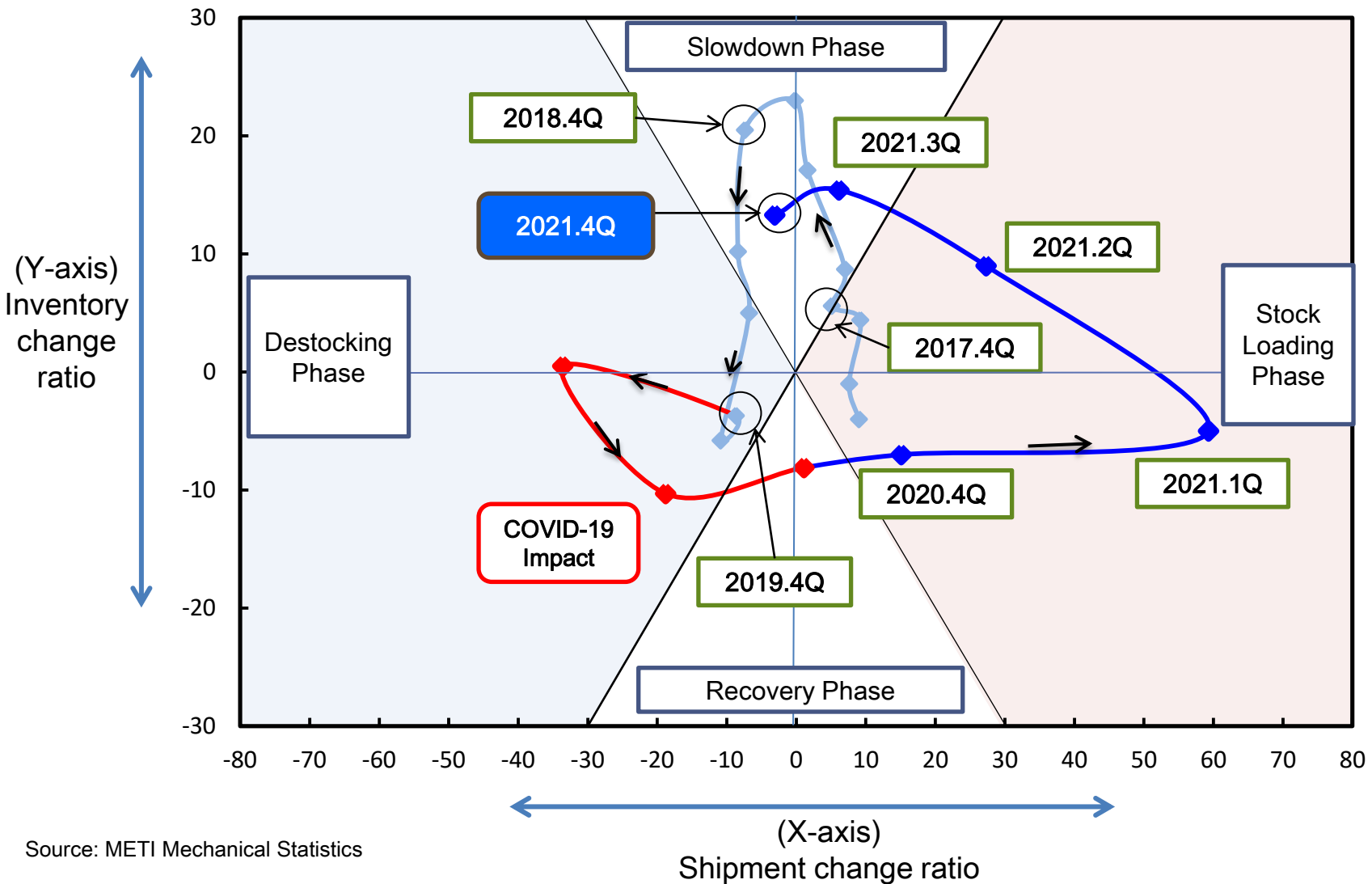
Bearing steel

2020/5~ ; bottomed out and easing decline of sales due to COVID-19 impact
 2022/2 ; -15.6% on YoY basis, resulting from reduced auto production

European deliveries

2020/4~ ; bottomed out and easing decline due to recovery of deliveries
 2021/4 ; +101% on YoY basis because of the significant decline of 2020/4 due to COVID-19 impact
 2021/12 ; +9.2% on YoY basis

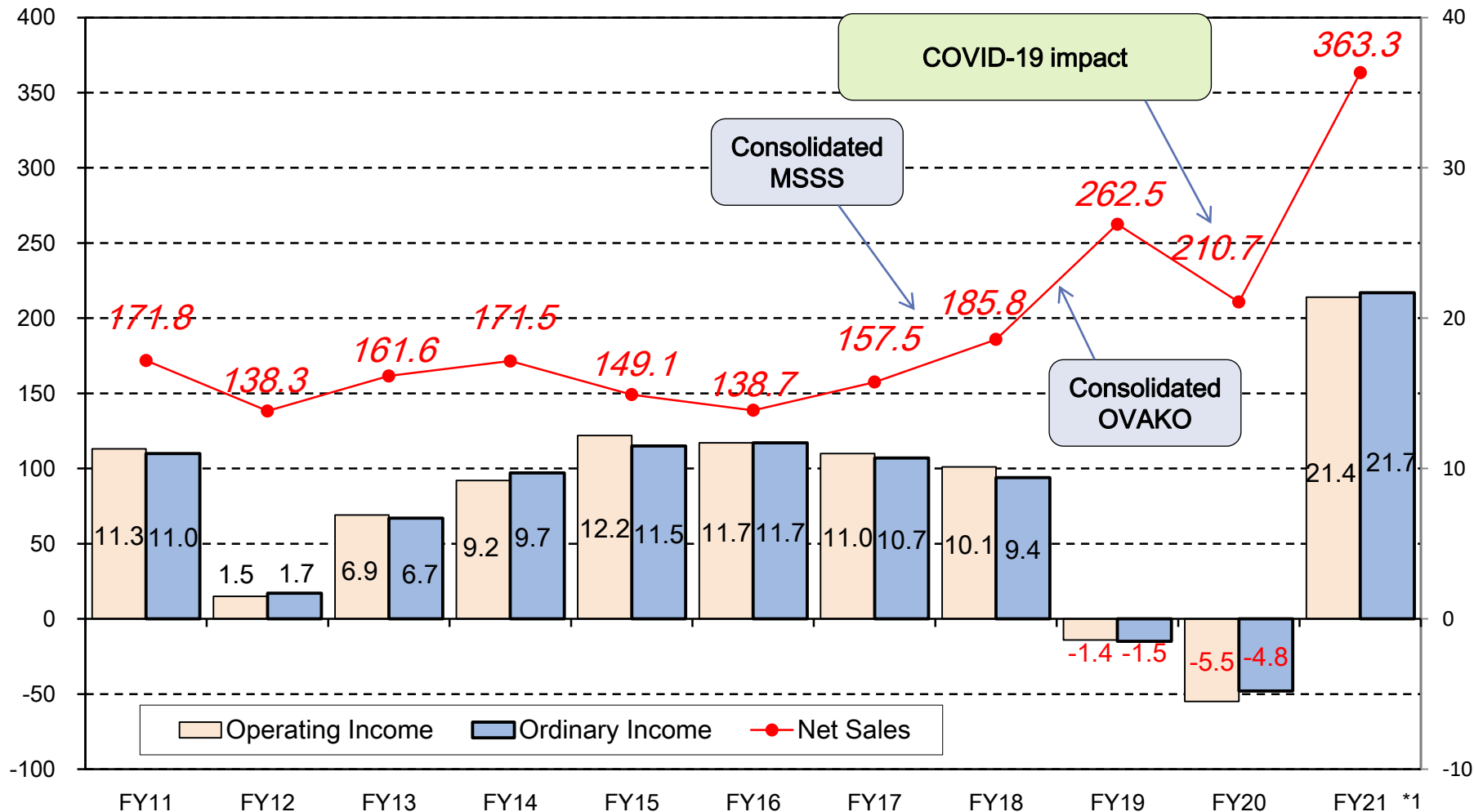
Inventory Circulation Diagram (Bearing Products)



Net Sales and Income (Fiscal)

Net Sales
(Billion yen)

Operating Income
Ordinary Income
(Billion yen)

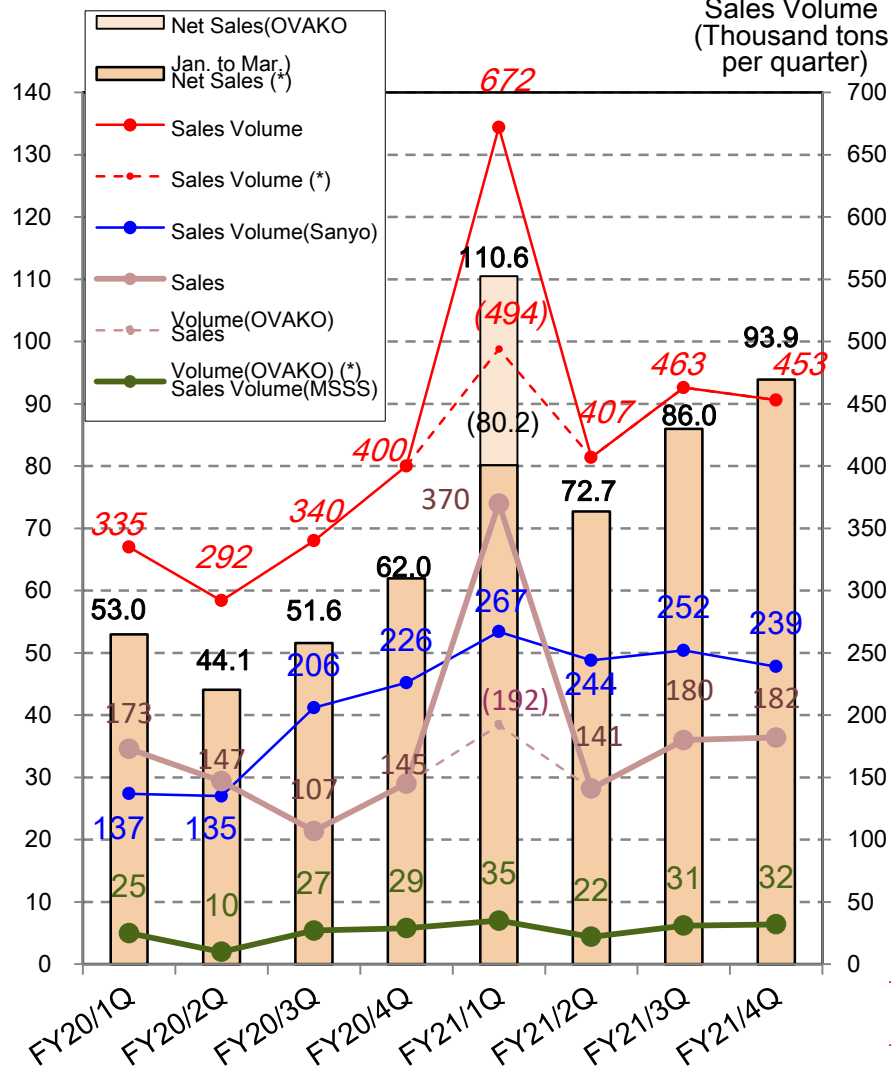


*1 FY21 reflects numbers of OVAKO by 15 months from January 2021 to March 2022.

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

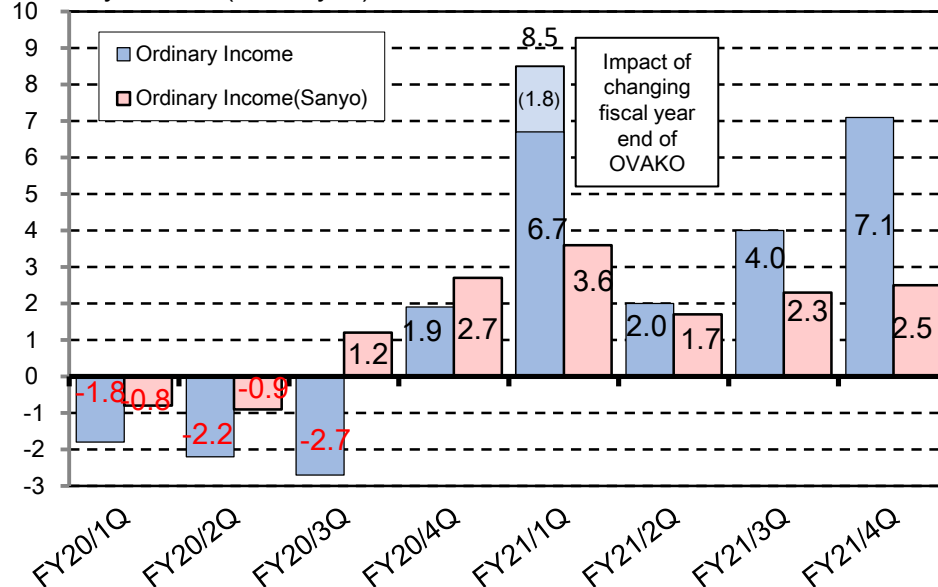
Net Sales and Income (Quarterly)

Net Sales (Billion yen)

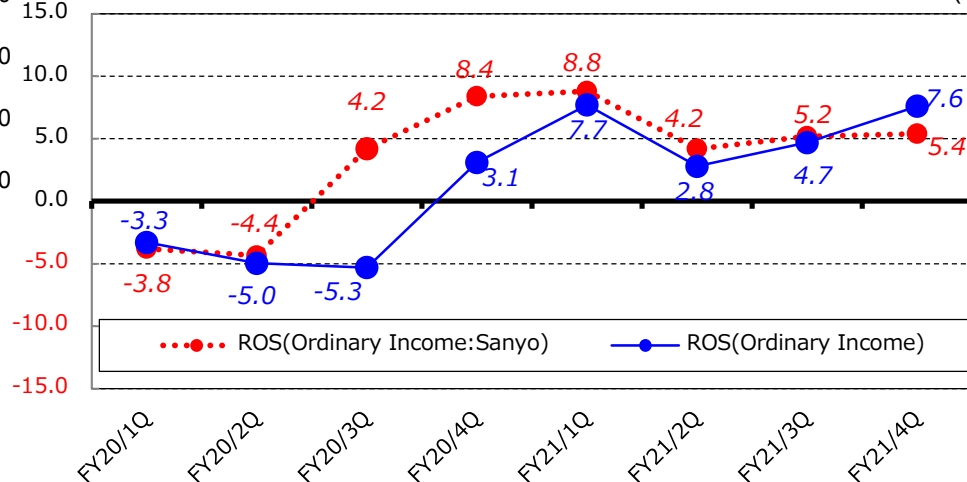


(*)Excluding OVAKO's sales Jan. to Mar.

Ordinary Income (Billion yen)



ROS (%)



Details of Statements of Income (FY2021 vs. FY2020)

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

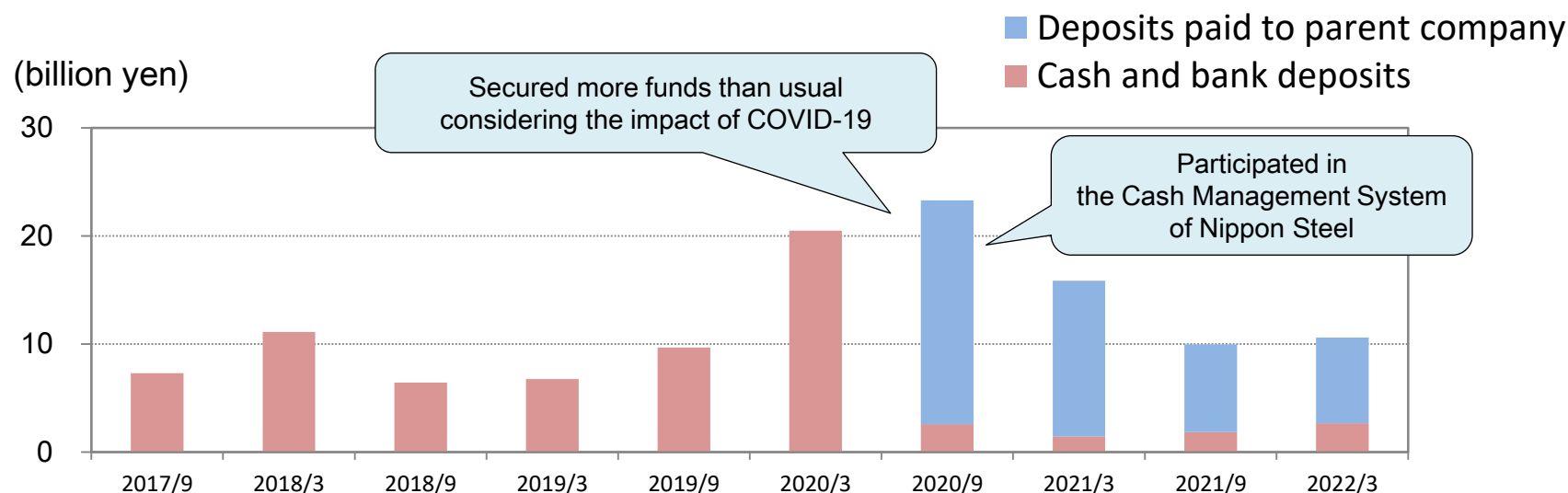
	FY21 1H(A)	FY21 2H(B)	FY21 (C=A+B)	FY20 (D)	Change (D) → (C) Amount	Change (D) → (C) (%)
Sales Volume	1,079	916	1,995	1,367	628	46.0
(Sanyo)	511	491	1,002	704	298	42.3
(OVAKO) *1	511	363	873	572	302	52.8
(MSSS) *2	57	62	119	91	29	31.7
Net Sales	183.3	180.0	363.3	210.7	152.6	72.4
(Sanyo)	79.6	89.2	168.8	103.6	65.2	62.9
(OVAKO)	93.0	78.0	170.9	89.7	81.3	90.6
(MSSS)	7.7	9.7	17.3	10.3	7.1	68.7
Operating Income	10.4	11.0	21.4	-5.5	26.9	—
(Sanyo)	4.8	4.3	9.2	1.7	7.5	435.9
(OVAKO)	7.0	6.8	13.8	-2.5	16.3	—
(MSSS)	0.3	0.4	0.7	-1.0	1.7	—
(Amortization of goodwill) *1	-2.0	-1.4	-3.4	-2.6	-0.8	—
Ordinary Income	10.5	11.2	21.7	-4.8	26.4	—
(Sanyo)	5.2	4.7	9.9	2.2	7.7	350.9
(OVAKO)	6.8	6.6	13.4	-2.4	15.8	—
(MSSS)	0.2	0.2	0.4	-1.3	1.7	—
(Amortization of goodwill)	-2.0	-1.4	-3.4	-2.6	-0.8	—
Net Income	7.3	8.0	15.3	-6.9	22.1	—
Earnings Per Share	133.8		280.2	-126.1	406.3	—
Operating Income before amortization of goodwill	12.4	12.4	24.8	-2.9	27.7	—
Ordinary Income before amortization of goodwill	12.5	12.5	25.0	-2.1	27.2	—
Net Income before amortization of goodwill	9.3	9.3	18.6	-4.2	22.9	—
Earnings Per Share before amortization of goodwill	170.8		342.1	-78.0	420.1	—

*1 The consolidated accounting periods for OVAKO including Amortization of goodwill are as follows, FY2021:15 months (Jan. 2021 to Mar. 2022), FY2020 : 12 months (Jan. 2020 to Dec. 2020),
*2 The consolidated accounting period for MSSS is Jan. to Dec.

Deposits paid to parent company

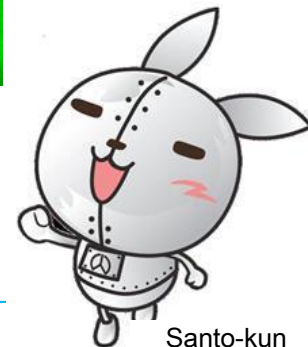
- Sanyo participated in the Cash Management System of Nippon Steel from June 2020.
- Sanyo's balance is daily deposited into Nippon Steel's account and it can be withdrawn at any time.
- If some shortage of funds occur, emergency loan for Sanyo will be issued automatically.
- Sanyo earns interest rates 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)





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.