



Overview of Business Results

for the Fiscal Year Ending March 31, 2021
(April 2020 → March 2021)

April 30, 2021

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

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Outline of Statements of Income (FY20 vs FY19)

1. Outline of 2020FY Result

We regrettably recorded an ordinary income in FY2020 of negative 4.8 billion yen, deteriorating by 3.2 billion yen from FY19, due to stagnant sales volume caused by the diminishing demand triggered by the expansion of COVID-19 infection, although we implemented “emergency profit improvement measures and actions”. In addition, we regrettably recorded a net income in FY2020 of negative 6.9 billion yen resulting from impairment losses on fixed assets of MSSS. Sanyo's sales volume has recovered due to the improvements in the automobile market, etc. since FY2020 2Q, when the impact of corona reached its peak. Consequently, Sanyo secured a positive ordinary income of 2.2 billion yen. Ovako's sales volume and ordinary income in FY2020 deteriorated from the previous year due to the impact of COVID-19 infection etc.

(Reference) Sales Volume (for Ovako and MSSS; January to December)

	FY20 (A)		FY19 (B)		Change(B) → (A)	
	Amount	Ratio(%)	Amount	Ratio(%)	Amount	Ratio(%)
<i>Sales Volume</i> (Thousands of ton)	1,367	(per month) 113.9	1,615	(per month) 134.6	-249	(per month) -20.7
(Sanyo)	704	58.7	854	71.2	-150	-12.5
(Ovako)	572	47.6	667	55.6	-96	-7.9
(MSSS)	91	7.5	95	7.9	-4	-0.3

2. Statements of Income (FY20 vs. FY19)

(Unit : Billion yen)

	FY20 (A)		FY19 (B)		Change(B) → (A)	
	Amount	Ratio(%)	Amount	Ratio(%)	Amount	Ratio(%)
Net Sales	210.7	100.0	262.5	100.0	-51.7	-19.7
Operating Income	-5.5	-2.6	-1.4	-0.5	-4.1	-
Ordinary Income	-4.8	ROS -2.3	-1.5	ROS -0.6	-3.2	-
(Sanyo)	2.2	-	4.0	-	-1.8	-44.5
(Ovako)*1	-2.4	-	-0.9	-	-1.5	-
(MSSS)*1	-1.3	-	-1.4	-	+0.1	-
(Amortization of goodwill)	-2.6	-	-2.9	-	+0.3	-
Net Income*2	-6.9	-3.3	-3.7	-1.4	-3.2	-
Net Income (Structural Basis)*3	-4.2	-2.0	0.5	0.2	-4.8	-

*1 The consolidated accounting period for Ovako and MSSS is January to December. *2 Profit attributable to owners of parent

*3 Before amortization of goodwill (Regarding FY19, before extraordinary loss of 1.3 billion yen for write-off of MSSS's goodwill as well.)

Outline of Statements of Income (FY20 vs. FY20 Forecast)

<i>(Reference)</i>	FY20(A)	FY20*1 Forecast(B)	Change (B) → (A)
	<i>Thousands of ton</i>	<i>Thousands of ton</i>	<i>Thousands of ton</i>
Sales Volume	1,367	1,366	+0
(Sanyo)	704	704	+0
(Ovako)	572	572	+0
(MSSS)	91	91	+0

Statements of Income (FY20 vs. FY20 Forecast) (Unit : Billion yen)

	FY20(A)	FY20 Forecast(B)	Change (B) → (A)
	Amount	Amount	Amount
Net Sales	210.7	211.0	-0.3
Operating Income	-5.5	-6.7	+1.2
Ordinary Income	-4.8	-6.5	+1.7
(Sanyo)	2.2	0.6	+1.6
(Ovako)	-2.4	-2.4	+0.0
(MSSS)	-1.3	-1.3	+0.0
(Amortization of goodwill)	-2.6	-2.6	-0.0
Net Income*2	-6.9	-5.7	-1.2

Operating Income and Ordinary Income increased from the previous forecast due to lower raw material and fuel prices, and more fixed and variable cost reduction than planned and expected.

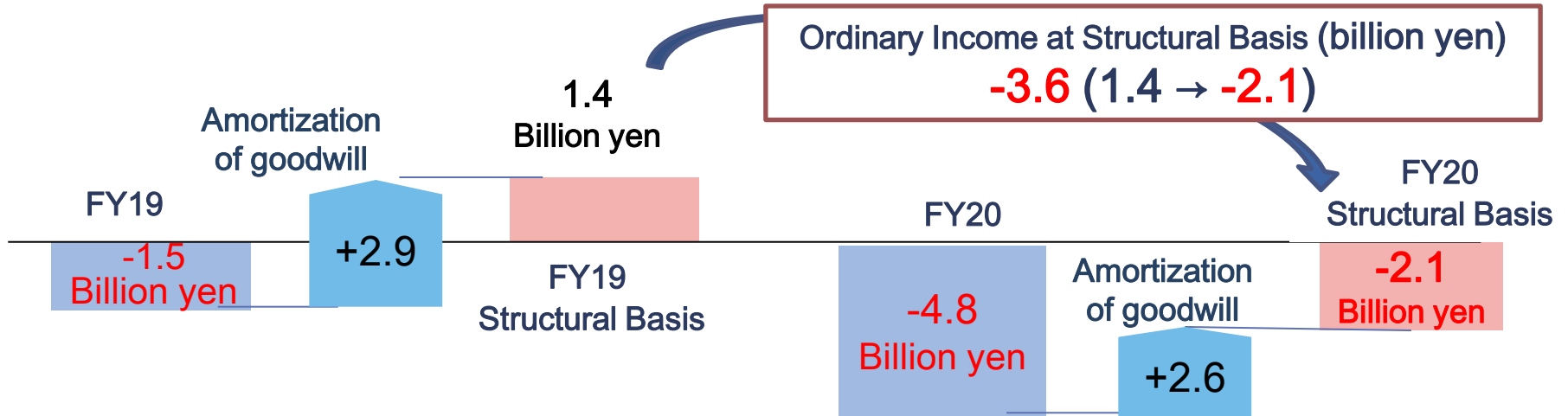
Net income decreased mainly due to recording of impairment losses of 3.9 billion yen (under extraordinary losses) on fixed assets for MSSS on consolidated basis.

*1 Previous forecast is as of January 29, 2021.

*2 Profit attributable to owners of parent

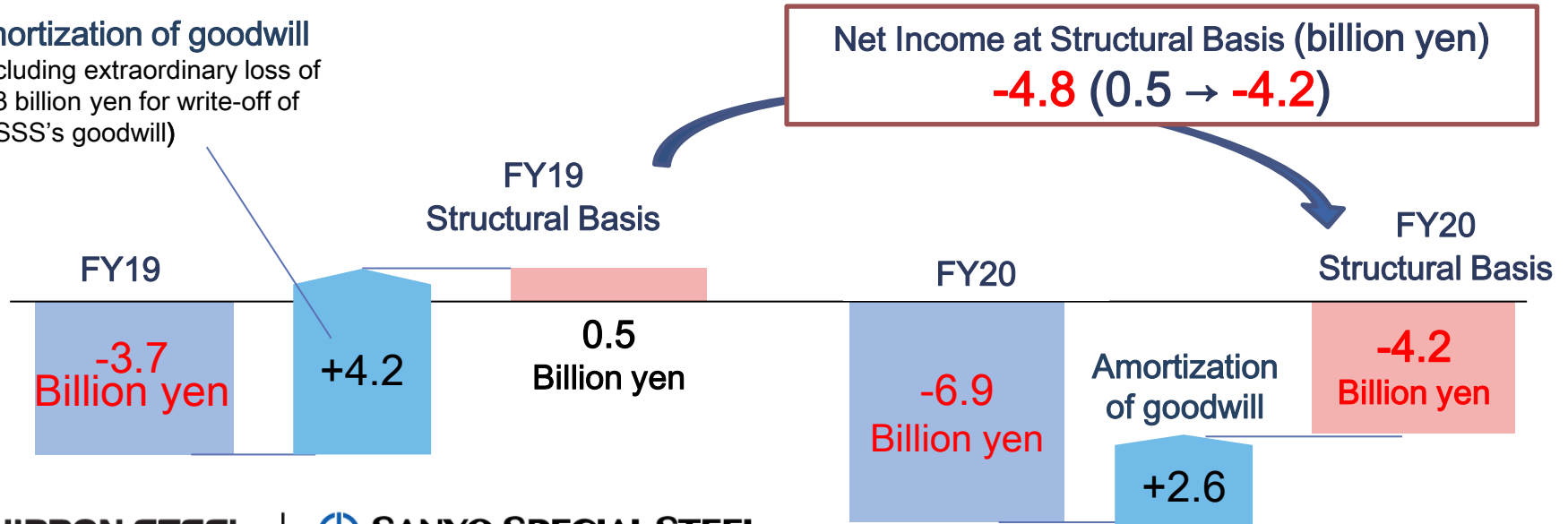
Income (Structural Basis) FY19 vs. FY20

Ordinary Income



Net Income

Amortization of goodwill
(including extraordinary loss of 1.3 billion yen for write-off of MSSS's goodwill)



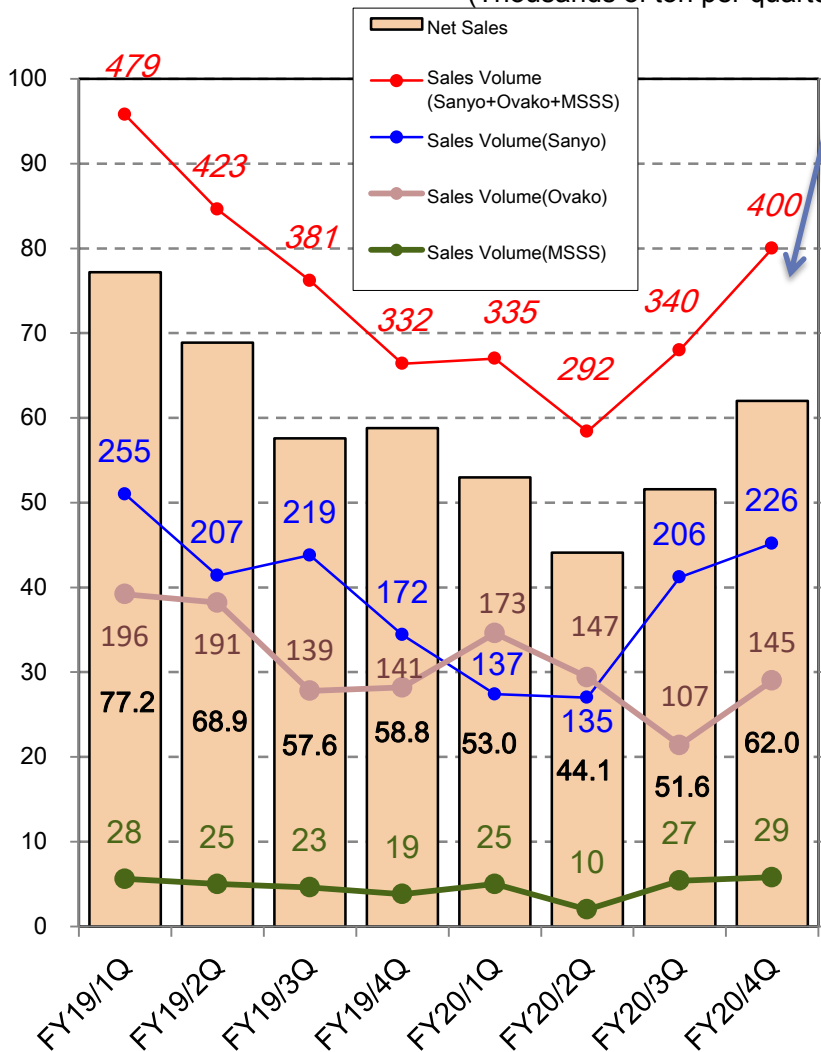
Net Sales and Income (quarterly)

Sanyo; Sales volume has bottomed out in FY20/2Q(July–Sep.) and recovering.
 Ovako ; Sales volume has bottomed out in FY20/3Q(July–Sep.) and recovering.
 MSSS ; Sales volume has bottomed out in FY20/2Q(April–June) and recovering.

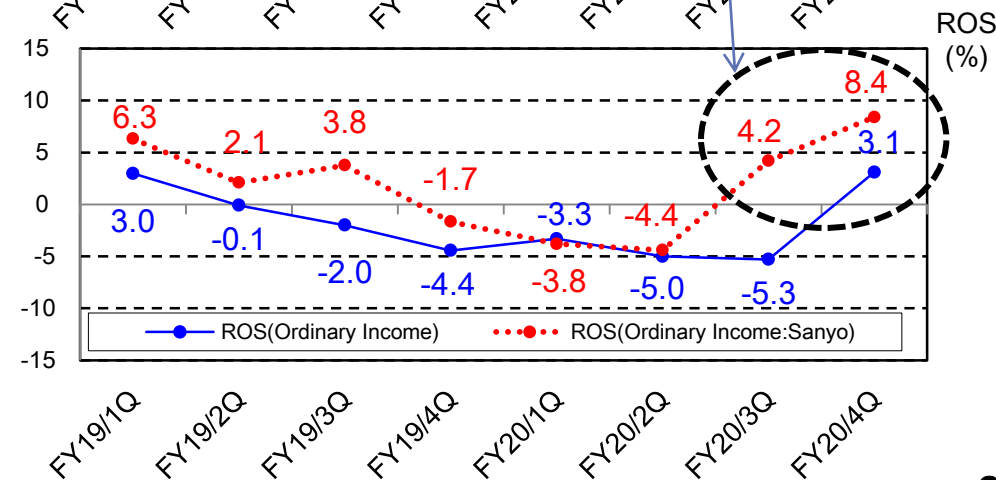
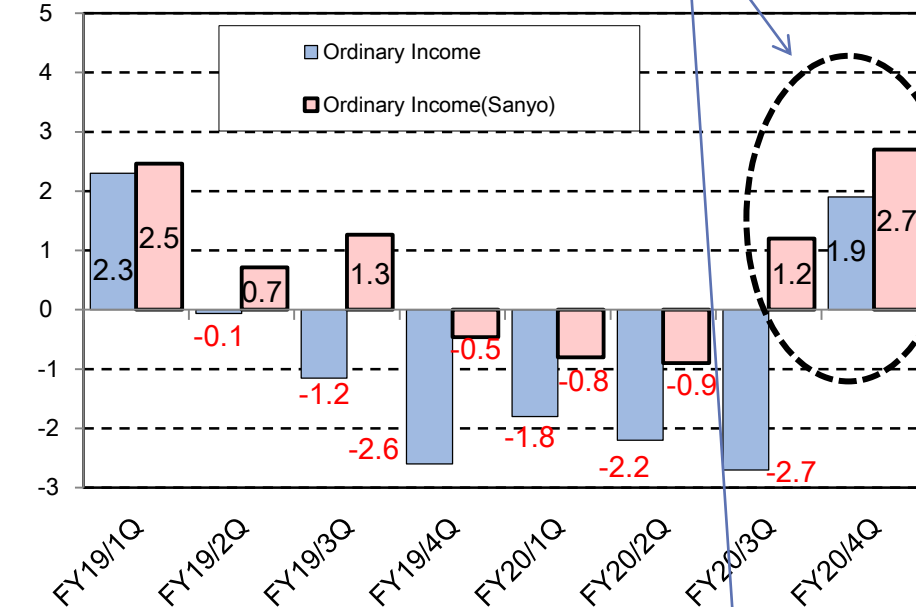
Sales volume for Sanyo and Ovako has recovered, hence Income and ROS have increased.

Net Sales (Billion yen)

Sales Volume (Thousands of ton per quarter)

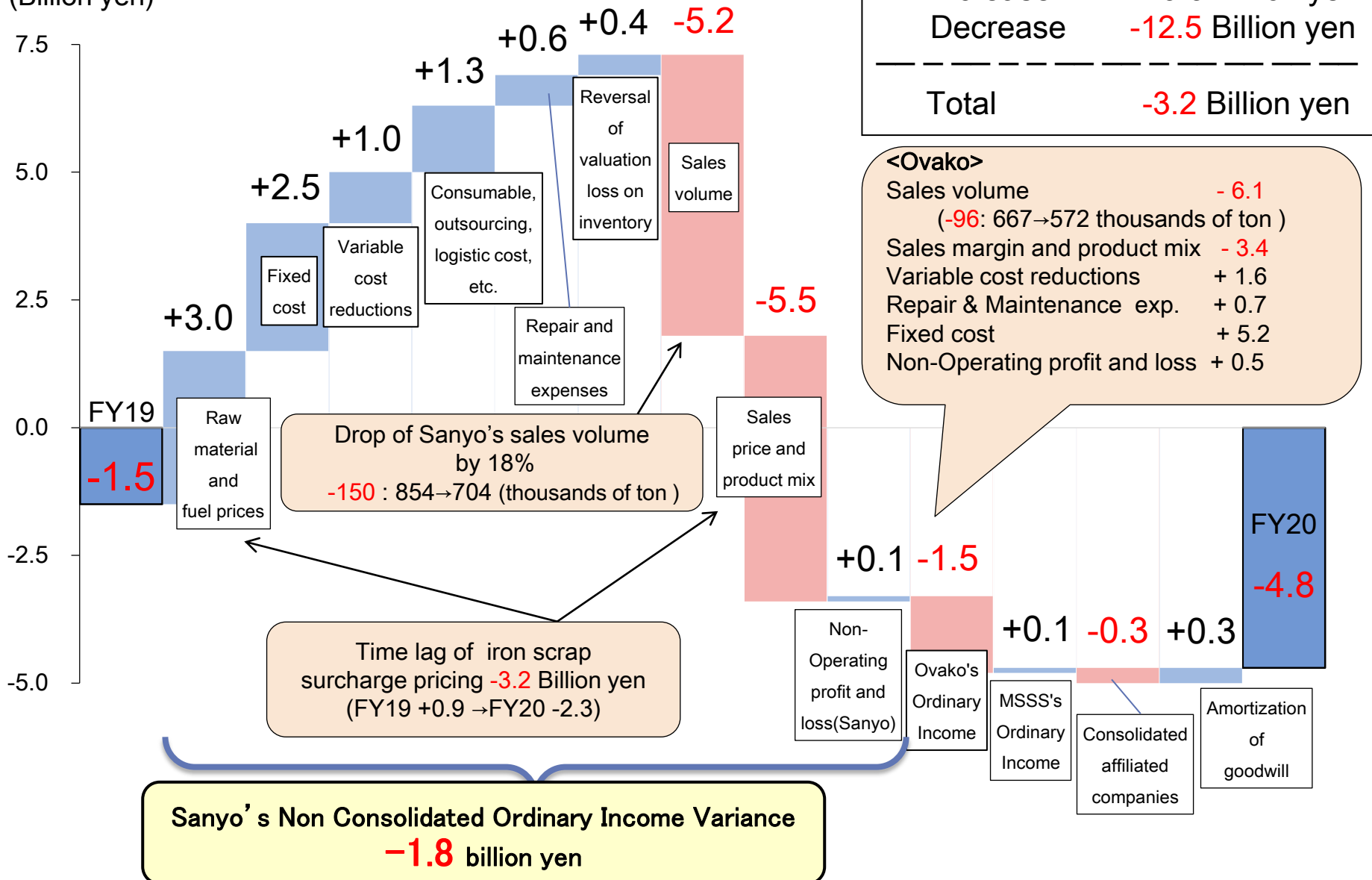


Ordinary Income (Billion yen)

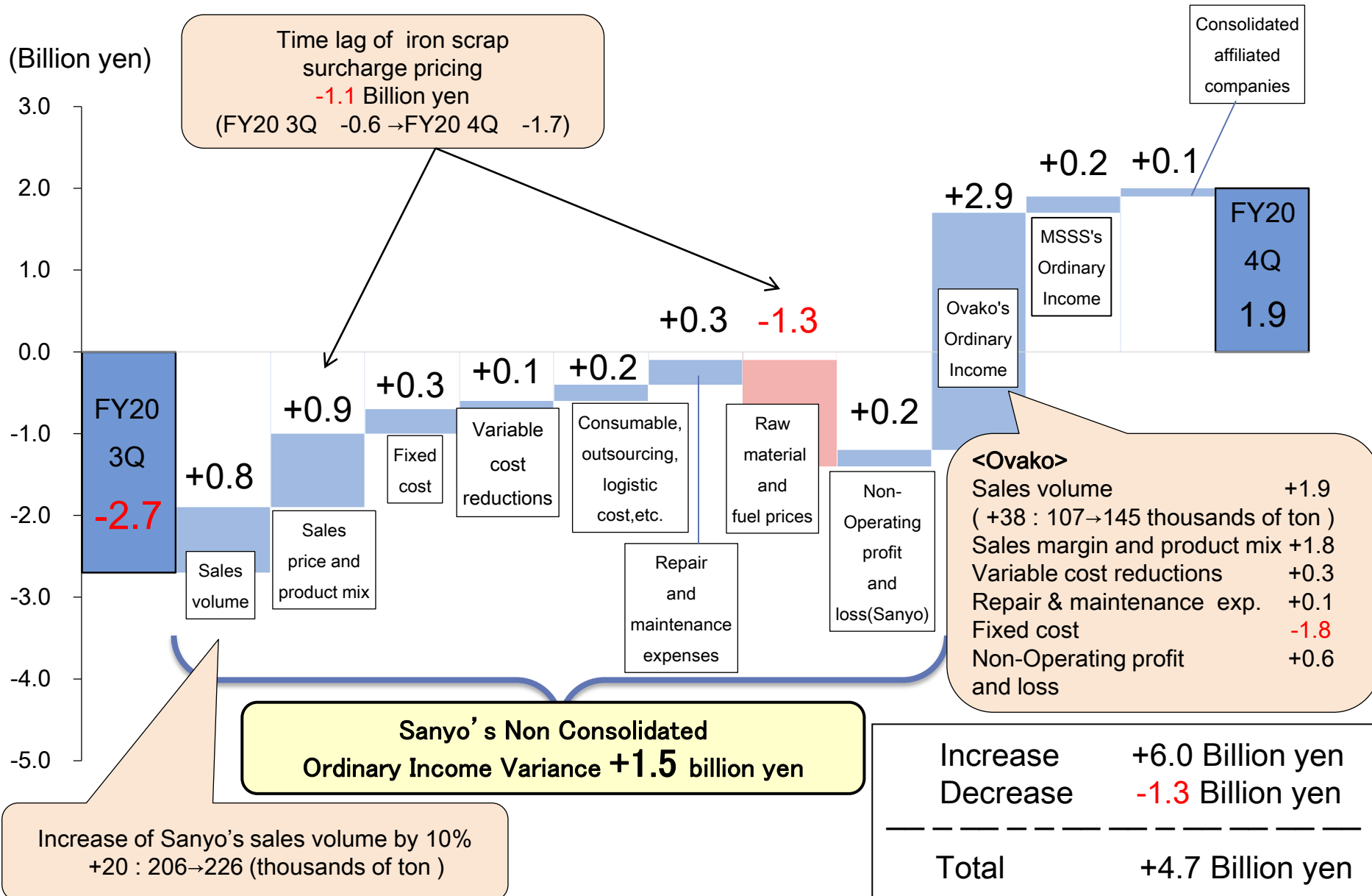


Ordinary Income Variance Analysis (FY19 → FY20)

(Billion yen)



Ordinary Income Variance Analysis (FY20 3Q → FY20 4Q)

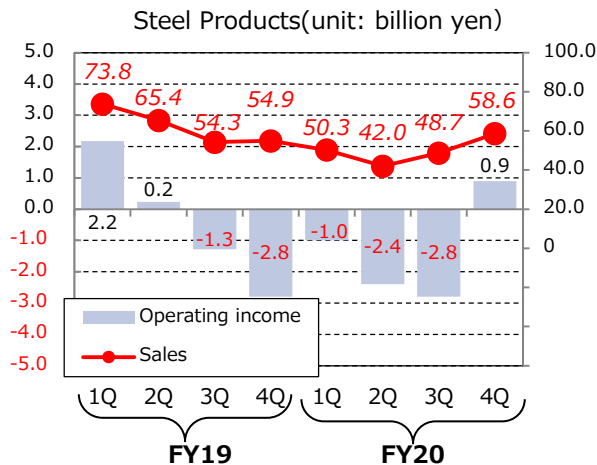


Earnings by Business Segment

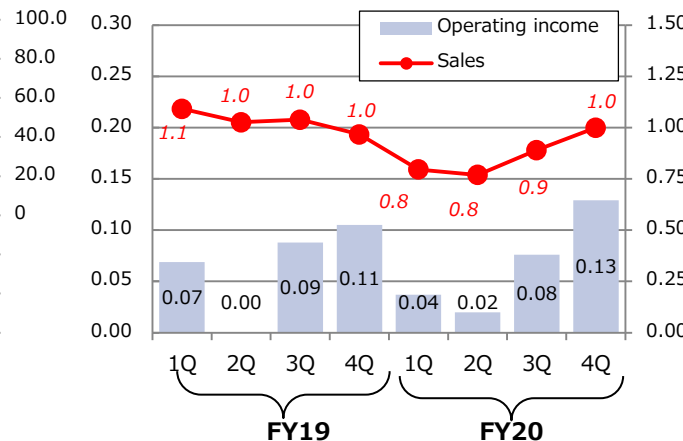
(Unit : Billion yen)

	FY20(A)			FY19(B)			Change (B) → (A)		
	Net Sales	Operating Income	ROS (%)	Net Sales	Operating Income	ROS (%)	Net Sales	Operating Income	ROS (%)
Steel Products	199.7	-5.2	-2.6	248.4	-1.7	-0.7	-48.7	-3.6	-1.9
Metal Powders	3.5	0.3	7.6	4.1	0.3	6.4	-0.7	+0.0	+1.2
Formed and Fabricated Materials	13.7	-0.6	-4.5	17.9	-0.1	-0.7	-4.2	-0.5	-3.8
Sub-total	216.9	-5.6	-2.6	270.4	-1.5	-0.6	-53.6	-4.1	-2.0
Other	1.6	0.0	2.9	1.9	0.1	3.6	-0.3	-0.0	-0.7
Adjustments	-7.7	0.0	—	-9.9	0.0	—	+2.1	+0.0	—
Consolidated Total	210.7	-5.5	-2.6	262.5	-1.4	-0.5	-51.7	-4.1	-2.1

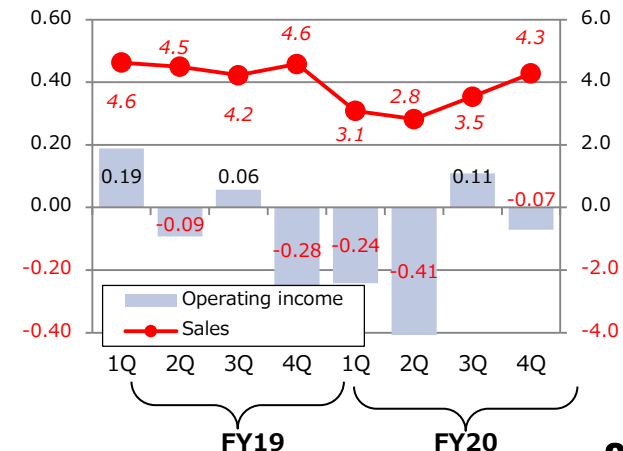
Change in Business Segment



Metal Powders(unit: billion yen)



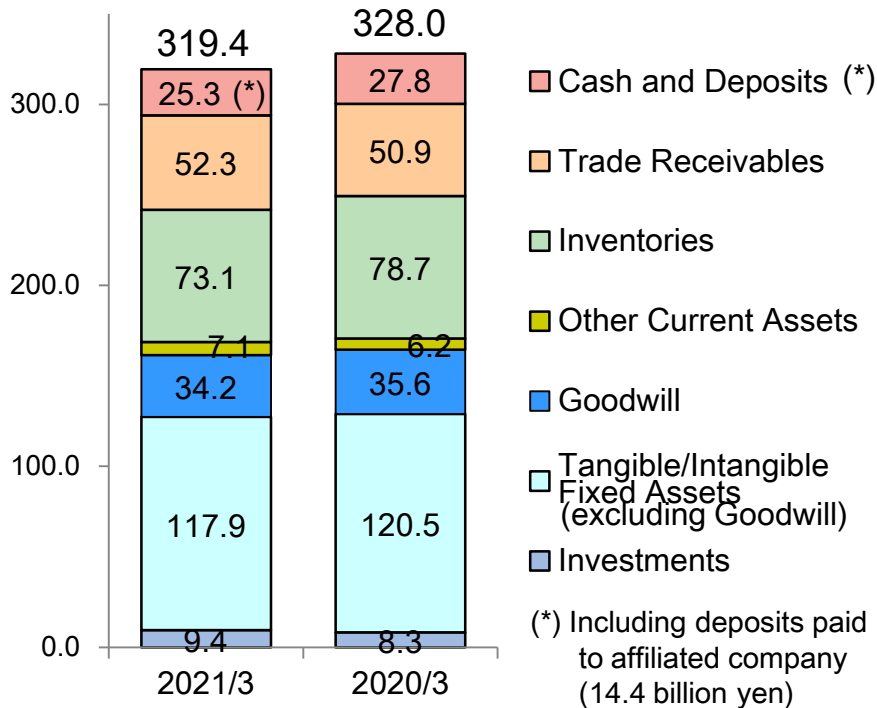
Formed and Fabricated Materials (unit: billion yen)



Balance Sheets

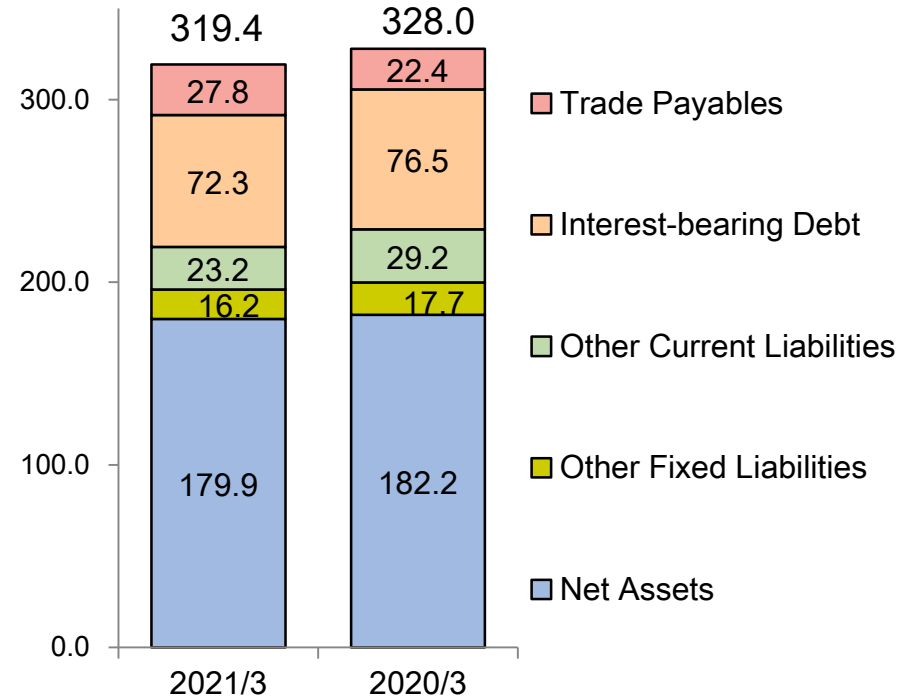
(Billion yen)

Assets



(Billion yen)

Liabilities and Net Assets



Major changes in Assets - 8.6 billion yen (-3%)

Inventories	- 5.5
Tangible/Intangible Fixed Assets	- 2.6
Goodwill	- 1.5

Major changes in Liabilities and Net Assets - 8.6 billion yen (-3%)

Trade Payables	+ 5.5
Other Current Liabilities	- 5.9
Net Assets	- 2.3

(Reference) Assets of Sanyo, Ovako and MSSS (non consolidated basis)
Sanyo 243.4 billion yen, Ovako 92.1 billion yen, MSSS 9.2 billion yen

Equity Ratio	2021/3	2020/3
	55.9%	54.4%

Statements of Cash Flows

Robust Operating CF

Business Results

(Unit : Billion yen)

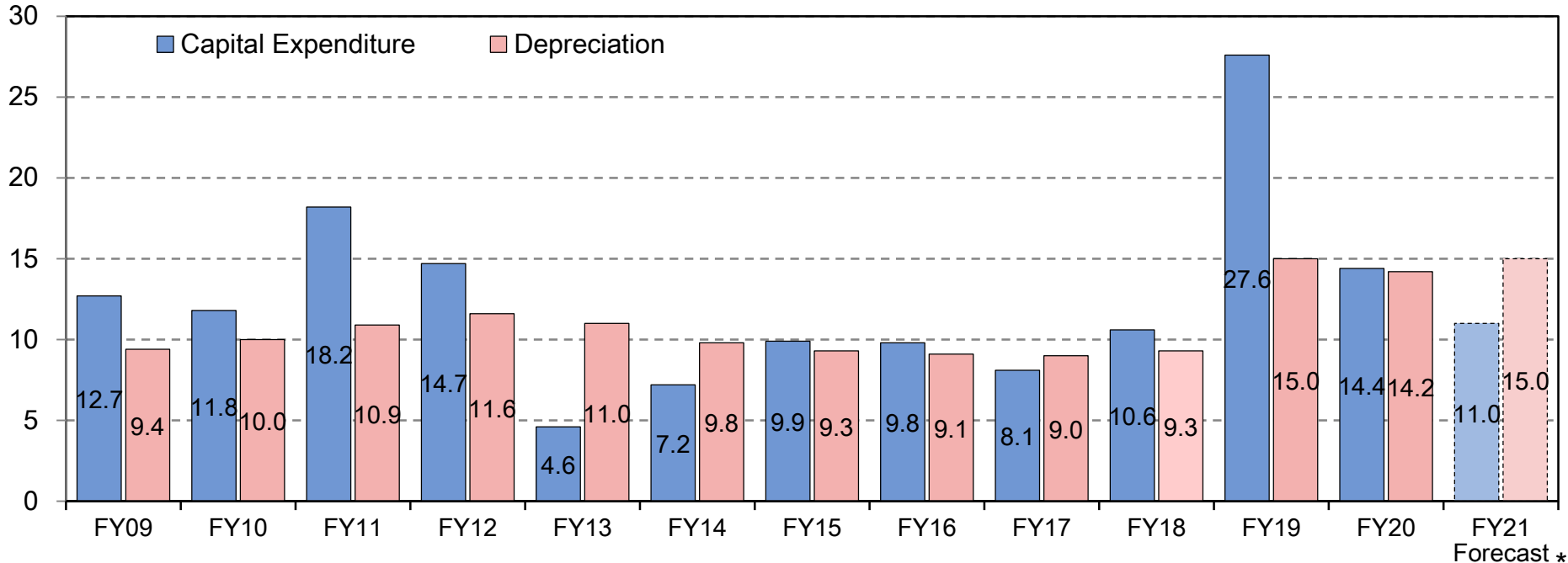
	FY16	FY17	FY18	FY19	FY20
Cash flows from operating activities (A)	15.1	-5.6	10.8	39.4	22.3
Net income before income taxes	20.6 { 11.5	19.3 { 10.3	20.0 { 10.4	16.0 { -3.3	11.2 { -9.5
EBITDA (simplified method)	9.1	9.0	9.6	19.3	20.7
Depreciation & Amortization of goodwill, etc.					
Income taxes	-4.0	-3.7	-3.3	-4.2	1.3
Working capital, etc.	-1.5	-21.2	-6.0	27.6	9.8
Cash flows from investing activities (B)	-11.1	-8.4	-69.0	-12.5	-19.4
Capital expenditure	-10.7	-8.0	-9.1	-18.3	-18.9
Purchase of shares of subsidiaries	—	—	-60.4	—	—
Proceeds from sale of securities	—	0.1	0.1	2.2	0.3
Others	-0.4	-0.4	0.4	3.6	-0.8
Free cash flows (A+B)	3.9	-14.0	-58.3	27.0	2.9
Cash flows from financing activities (C)	-10.8	14.7	65.9	-21.1	-5.5
Increase/Decrease in borrowings/bonds/commercial papers /lease obligations	-9.0	16.6	0.5	-16.4	-5.4
Proceeds from issuance of common shares	—	—	67.1	—	—
Purchases or Sales of treasury shares	-0.0	-0.0	-0.0	-2.5	-0.0
Cash dividends	-1.8	-2.3	-2.3	-2.2	-0.0
Others	—	0.4	0.5	-0.0	-0.0
Translation Difference (D)	-0.3	-0.0	-0.2	-0.4	0.2
Net Increase/Decrease in Cash and cash equivalents (A+B+C+D)	-7.1	0.8	7.5	5.4	-2.3

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

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Capital Expenditure and Depreciation

(Billion yen)



*Capital Expenditure of 11.0 billion yen in FY21 forecast includes following
 1) 4.1 billion yen for Sanyo, 2) 5.5 billion yen for Ovako, 3) 0.7 billion yen for MSSS.
 Depreciation of 15.0 billion yen in FY21 forecast includes
 1) 7.9 billion yen for Sanyo, 2) 6.3 billion yen for Ovako, 3) 0.0 billion yen for MSSS.

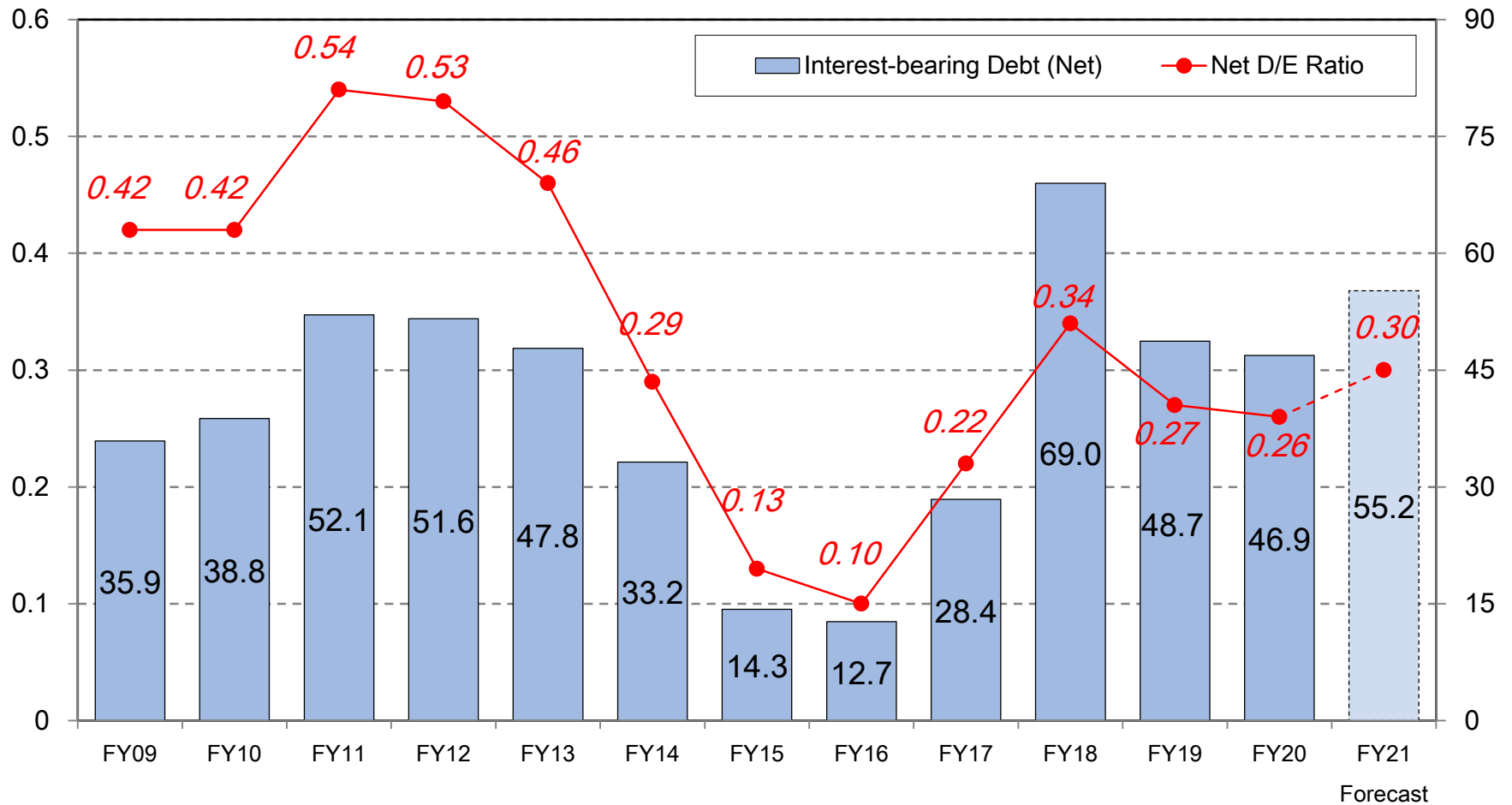
Changes in depreciation methods

- ◆ Since FY20, Sanyo and domestic subsidiaries have changed the depreciation method.
(declining balance method → straight-line method)
- ◆ Depreciation in FY20 decreased by 2.4 billion yen and profit improvement effect was 1.9 billion yen compared to previous method.

D/E Ratio

Net D/E ratio
(Times)

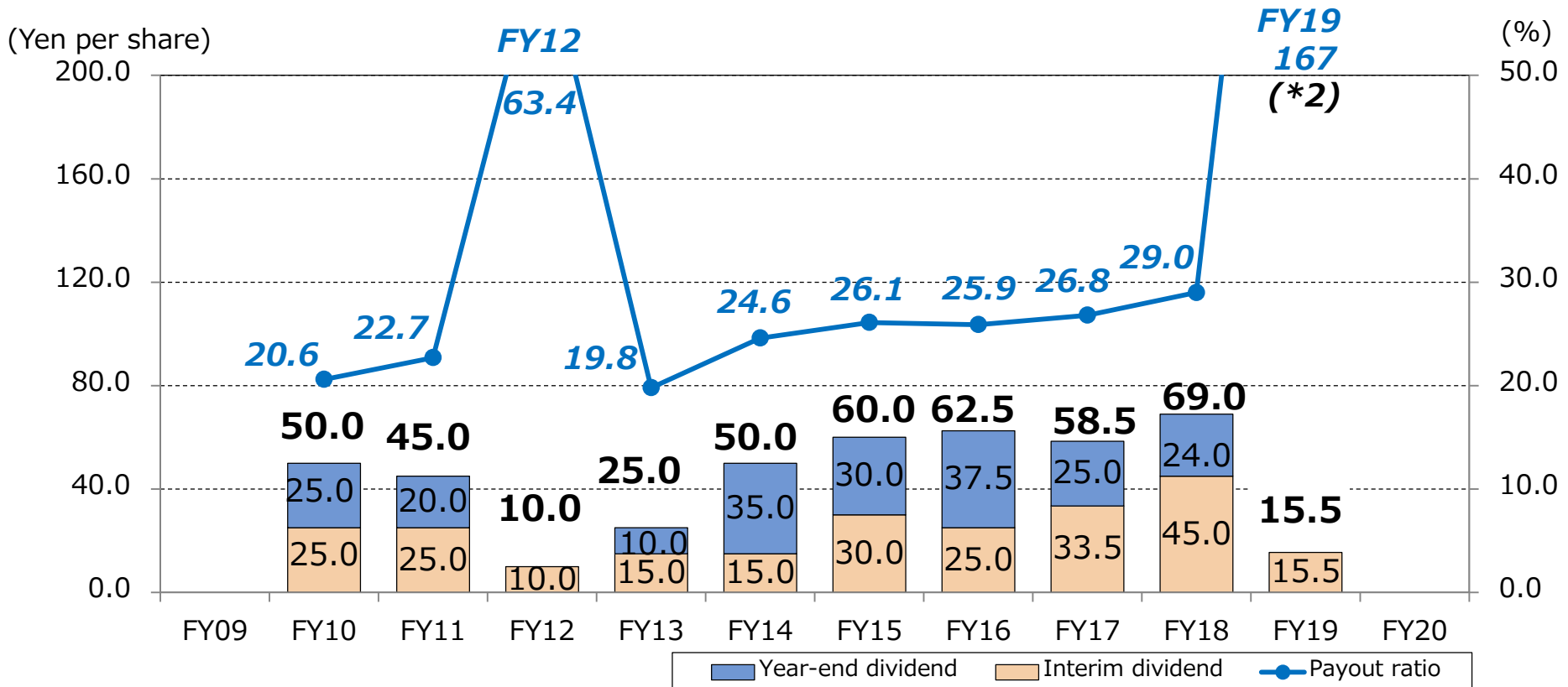
Interest-bearing Debt
(Billion yen)



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

Dividend for FY20

To our deepest regret, we consider to halt the year-end dividend for FY20, in accordance with our negative business result for FY20.



*1 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 Calculated by Earnings Per Share before goodwill amortization

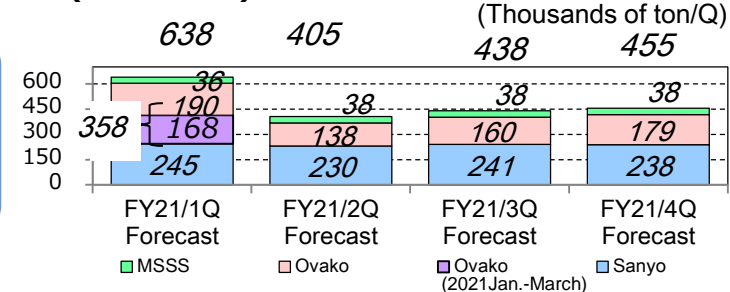
*3 A total treasury stock of 2,930,000 shares (former possession 1,200,000 shares + repurchase 1,730,000 shares) was cancelled on Dec. 27, 2019. It is 5.1% of the total number of issued shares before cancellation.

Business Forecast for FY21 (announced on April 30,2021)

1. 2021FY Outlook

- Ordinary income in FY21 is expected to be 7.0 billion yen positive due to recovering demand, despite of the increase in raw material prices and fixed cost, since we will halt the “emergency profit improvement measures and actions”.
- We will continue our utmost efforts to strengthen the cost competitiveness of all group entities, and to further secure a lean and robust corporate structure.

(Reference)2021FY Sales volume Forecast



2. 2021FY Forecast

(Unit : Billion yen)

	FY21 forecast 1H(A)	FY21 forecast 2H(B)	FY21 forecast(C)=(A)+(B)		FY20(D)		Change(D) →(C)	
			Amount	Ratio(%)	Amount	Ratio(%)	Amount	Ratio(%)
Net Sales	170.0	145.0	315.0	100.0	210.7	100.0	+104.3	+49.5
Operating Income	4.1	3.2	7.3	2.3	-5.5	-2.6	+12.8	-
Ordinary Income	4.0	3.0	7.0	2.2	-4.8	-2.3	+11.8	-
(Sanyo)	3.5	2.7	6.2	-	2.2	-	+4.0	+181.0
(Ovako) *1	2.3	1.5	3.8	-	-2.4	-	+6.2	-
(MSSH) *2	-0.0	0.1	0.0	-	-1.3	-	+1.3	-
(Amortization of goodwill) *1	-1.9	-1.2	-3.1	-	-2.6	-	-0.5	-
Net Income*3	1.8	1.7	3.5	1.1	-6.9	-3.3	+10.4	-
Sales Volume (Thousands of ton)	1,044	894	1,938	(per month) 147.5	1,367	(per month) 113.9	+571	(per month) +33.7
(Sanyo)	474	479	953	79.4	704	58.7	+249	+20.7
(Ovako)	496	340	836	55.7	572	47.6	+264	+ 8.1
(MSSH)	74	76	149	12.4	91	7.5	+59	+ 4.9

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

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

*3 Profit attributable to owners of parent

Major presuppositions after April 2021

- Scrap iron 46,000 yen/t (H2 market price in Himeji area)
- Crude oil(Dubai) 70\$/BL · Exchange rate 100 yen/US\$, 120 yen/€

Change in the fiscal year end of Ovako

(1) Outline

We have changed the fiscal year end of Ovako from 31st December to 31st March from FY2021. Consequently, Ovako's FY2021 will be a fifteen-month fiscal year from 1st January, 2020.

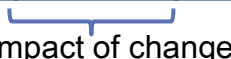
(2) Impact of change

In our consolidated financial statements, Ovako's profit and loss from January to March 2021 will be **"the impact of changing the fiscal year end of Ovako"**.

The impact on consolidated ordinary income will be **0.8 billion yen**.

(Ovako's ordinary income of 1.5 billion yen and amortization of goodwill of -0.7 billion yen)

FY2020				FY2021				
January to December 2020				January 2021 to March 2022				
1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
Jan. to March	Apr. to June	July to Sept.	Oct. to Dec.	Jan. to March	Apr. to June	July to Sept.	Oct. to Dec.	Jan. to March

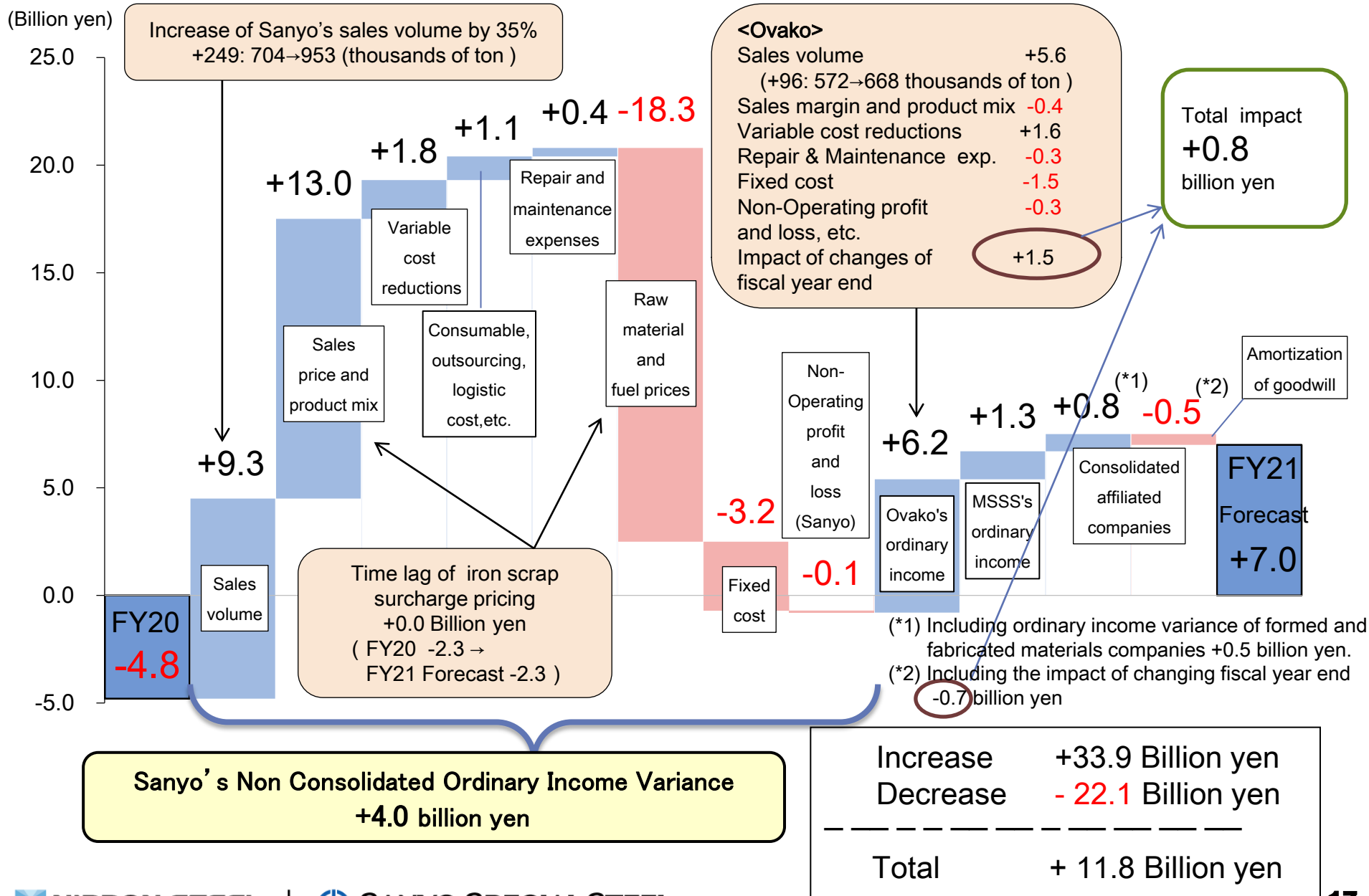


Impact of change

(3) Reason for change

Business results of Ovako, as well as other overseas affiliated companies, have been consolidated with a three months time lag. Since Ovako has a significant impact on the consolidated business results (Ovako's sales are about 80% of Sanyo non-consolidated sales), we decided to synthesize Ovako's fiscal year end with that of Sanyo, to provide a more streamlined and accurate business perspective to all our stakeholders.

Ordinary Income Variance Analysis (FY20 → FY21 Forecast)



Review of Performance <Sanyo>

Overview of FY 2020 and FY2021 forecast

Impact of COVID-19

Due to the decline of demand, our customer industry re-entered into a destocking phase resulting into a significant drop of sales volume until last summer, but since the demand has been recovering. (Please refer to the figure on the right)

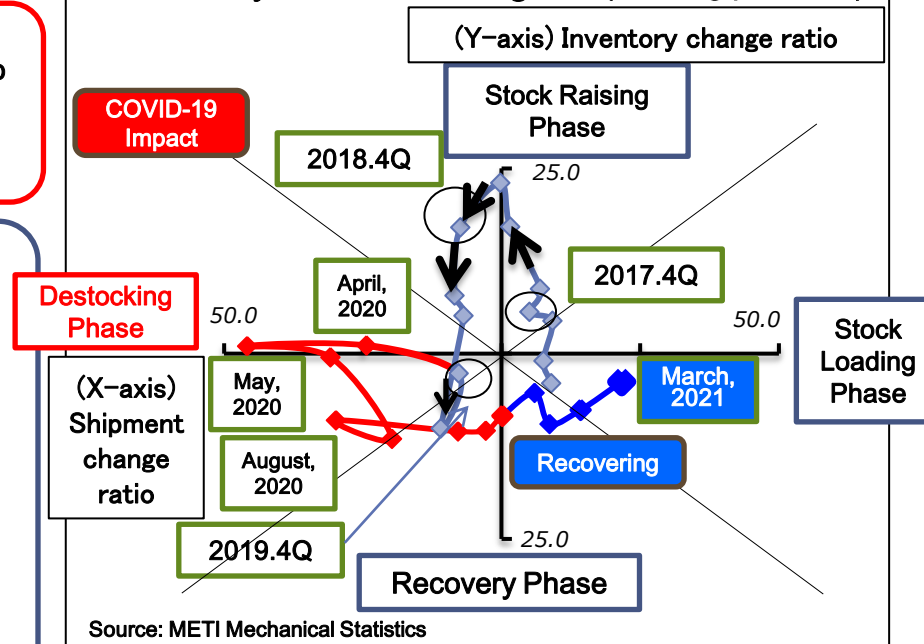
As a result of the drop of sales volume due to COVID-19 impact, we recorded an ordinary loss in FY20/1H. We recovered to be positive in FY20/2H due to the increase of sales volume mainly driven by increasing demand in Automotive, Industrial machinery and Construction machinery industry. Consequently, the ordinary income for FY20 was 2.2 billion yen positive.

Regarding FY21, We will further establish a lean and robust corporate structure by the following initiatives;

- Securing sales volume by fully capturing customer demand
- Raising sales price to improve sales margins
- Pursuing cost optimizing operation in production

Consequently, ordinary income for FY21 is expected to be 6.2 billion yen positive.

Inventory circulation diagram (Bearing products)



Establishing a lean and robust corporate structure

(1) Strengthening cost competitiveness

Based on a compelling sense of crisis and urgency that we face an evident turning point of the business environment, we will strengthen the cost competitiveness by reducing both fixed and variable costs.

(2) Securing sales volume and improving sales margin

We will bolster the corporate robustness by the following measures.

- Securing our global market position and expanding sales with the strength of our high-cleanliness steel
- Securing an appropriate margin by increasing sales price to non-surcharge sales items
- Upgrading sales mix
- Pursuing cost optimizing operations

Securing stable earnings by strengthening the business foundation

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.

Overview of FY2020 and FY2021 forecast

The demand for special steel in Europe recovered in 2020/1Q (Jan.-Mar.), and although the COVID-19 impact started to materialize from 2Q (Apr.-Jun.), Ovako's ordinary income for the 1H (Jan.-Jun.) 2020, was positive by 0.4 billion yen.

Ovako has relentlessly initiated profit improvement measures and actions, such as permanent reduction of 120 employees. However, the impact of COVID-19 peaked in 3Q (Jul.- Sep.) resulting in an ordinary income of negative 2.8 billion yen in 3Q. The ordinary income of 4Q (Oct. - Dec.) recovered to 0.0 billion yen positive, due to sales increase and cost reduction.

Ovako's ordinary income for FY21 is expected to be 3.8 billion yen positive.

We have changed Ovako's fiscal year end from 31st December to 31st March since FY2021. (Please refer to page 16)

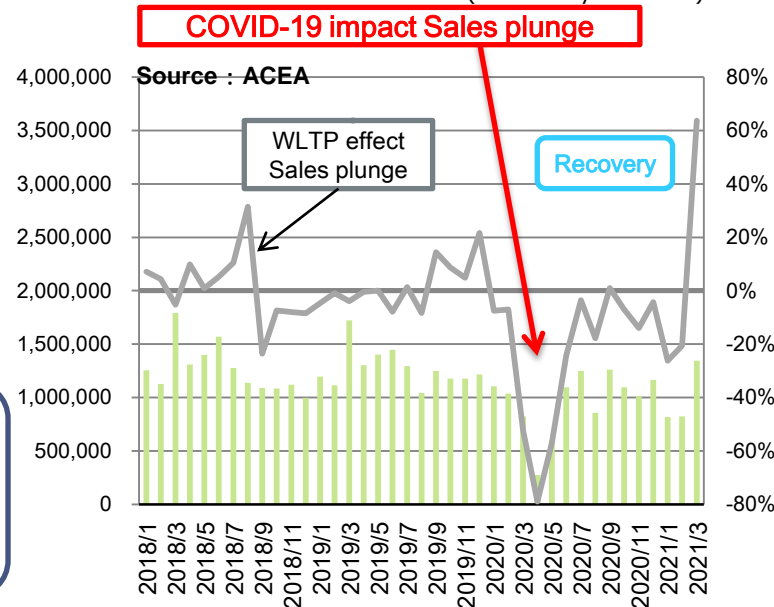
Profit improvement measures and actions

Ovako will vigorously continue to pursue the followings to regain profitability and increase competitiveness.

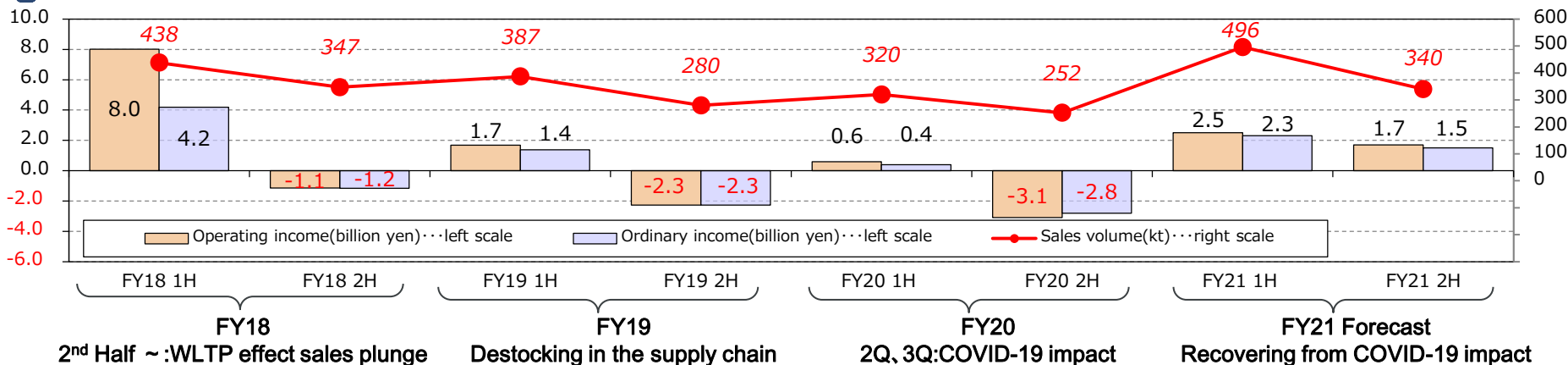
- Reduction of variable cost
- Reduction of fixed cost including streamlining numbers of staffing (Continued)
- Maximizing synergies among the 3 companies, Ovako, Sanyo and Nippon Steel (Continued)
 - a)Sales promotion activities
 - b)Reduction of operational cost
 - c)Reduction of procurement cost

Units of automobile sales in Europe

(Year-on-year rate)



Trend of Operating income, Ordinary income and Sales volume

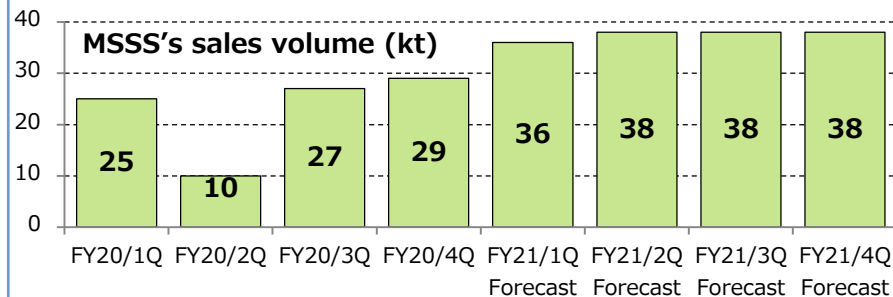


Overview of FY 2020 and FY2021 forecast

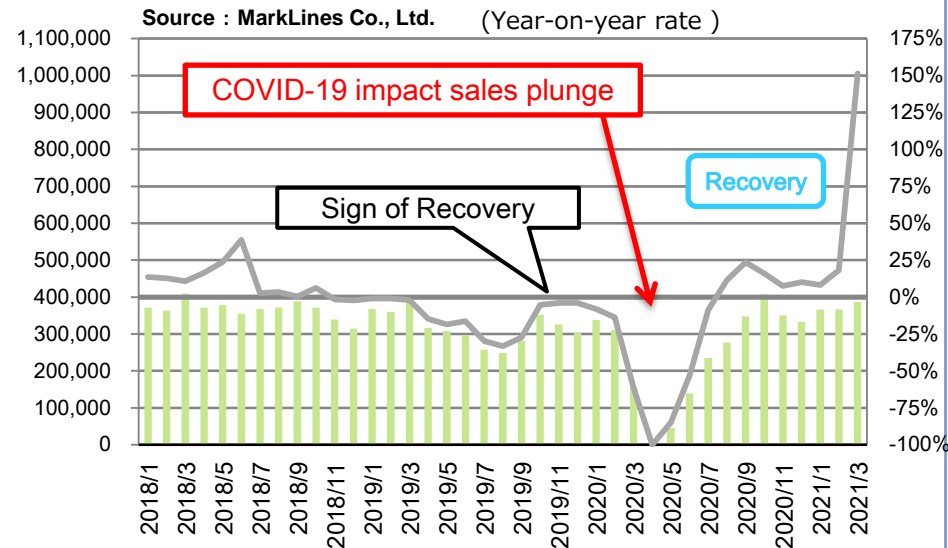
Impact of COVID-19

- The Lockdown of the surrounding region of MSSS in Khopoli, Maharashtra forced MSSS to halt operation from late March to mid May and from mid July to end of July, 2020.
- Demand for automobiles were depressed until July 2020, but turned positive on YoY basis since August 2020, and has been recovering since then.
- MSSS's sales volume has bottomed out in FY20 2Q (Apr.- June), and has been steadily recovering since then. Nevertheless, in April 2021, supply of oxygen was halted due to state order giving priority to oxygen supply to medical institutions, affecting production of MSSS.

- In FY 2020, sales volume declined due to the impact of COVID-19, and consequently ordinary income for FY2020 was 1.3 billion yen negative.
- MSSS will further enhance its position in the Indian market by reinforcing its sales strategy and cost-competitiveness in order to secure stable returns.



Units of automobile sales in India



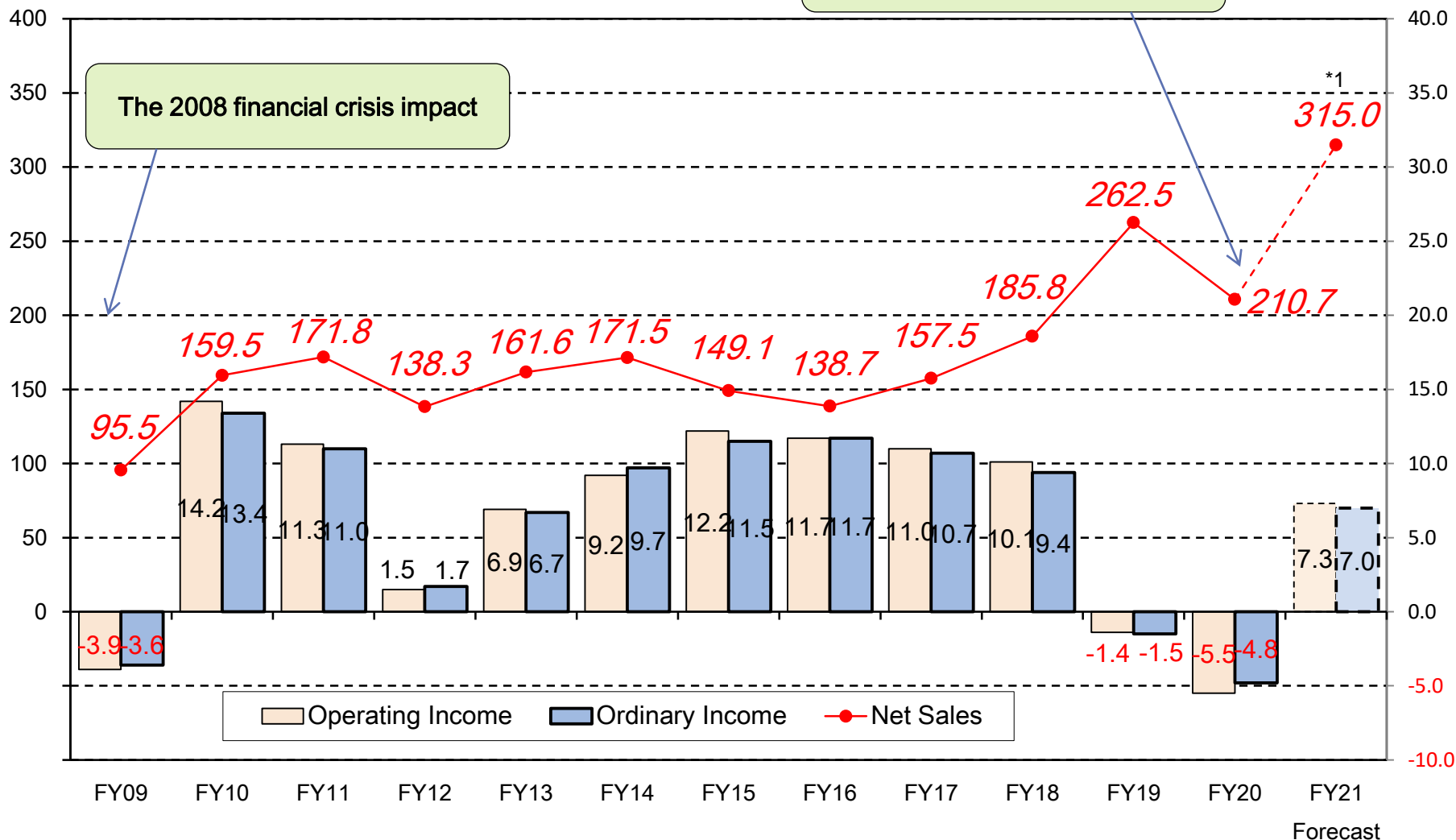
Profit improvement measures and actions

- Reduction of fixed cost
Reducing labor cost including optimization of manning.
- Reduction of variable cost
Reducing operation cost by improving energy intensity and efficiency, and reducing procurement cost by utilizing low-cost raw materials.
- Intensifying sales network and activity
Expanding sales, upgrading product mix and improving sales price.

Net Sales and Income (fiscal)

Net Sales
(Billion yen)

Operating Income
Ordinary Income
(Billion yen)



*1 FY21 forecast reflects numbers of Ovako by 15 months from 2021/1 to 2022/3.

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

Dividend Forecast for FY21

			FY21 1st Half Forecast	FY21 2nd Half Forecast	FY21 Forecast
Net Income*		Billion yen	1.8	1.7	3.5
Net Income before amortization of goodwill		Billion yen	3.7	2.9	6.6
Earnings Per Share	A	¥/share	33.0		64.2
Earnings Per Share before amortization of goodwill	B	¥/share	67.9		121.1
Dividend	C	¥/share	20.0	16.0	36.0
Payout Ratio	C/B	%	29.5		29.7
	C/A	%	60.6		56.0

* Profit attributable to owners of parent

< Dividend Policy >

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

(1) The 2025 Medium-term Management Plan (announced on April 30, 2021)

- We launch the 2025 Medium-term management plan for the period from FY2021 to FY2025.

Business Environment

- Decrease of specialty steel demand in Japan due to demographics
- Decrease of direct and indirect exports due to the growing needs for local production for local consumption
- Intensification of competition with domestic and overseas specialty steel manufacturers due to increase of electrical vehicles (EV) etc.
- Rise of quest for raw materials, especially steel scrap, due to increase of electric furnaces operation to lessen carbon emission.

Basic Policies

- Fortifying corporate value in the global specialty steel market
- Reinforcing profitability of overseas businesses
- Utilizing synergies with Nippon Steel and Ovako
- Expanding technological superiority
- Achieving carbon neutrality by 2050
- Promoting digital transformation (DX)
- Strengthening governance system and promoting diversity and health management
- Boosting profitability of Formed & Fabricated Products and Metal Powder Businesses
- Rearranging global corporate structure

We will establish a lean and robust corporate structure securing stable earnings by strengthening the business foundation, and further enhance corporate value in the global specialty steel market by achieving the following;

- ◆ To strengthen the cost competitiveness of the group as a whole, including Ovako & MSSS
- ◆ To improve sales margins and upgrade sales mix
- ◆ To realize full synergies by FY2024 as planned
- ◆ To respond to new requirements and environmental challenges with the strength of our high-cleanliness steel
- ◆ To intensify technologies that can respond to further reliability requirements in fields such as EV, wind power, and hydrogen society
- ◆ To promote "eco-processes", "eco-products", and "eco-solutions"
- ◆ To further initiate optimum operations by utilizing latest digital technologies
- ◆ To enhance the profitability of the Formed & Fabricated Products Business with advantage of the integrated manufacturing process
- ◆ To develop and expand sales of strategic items for 5G and carbon neutrality etc. in the Metal Powder Business

(2)Development of Unique Cleanliness Evaluation Technology (announced on March 30, 2021)

We have developed new cleanliness evaluation technology which makes it possible to ;

- Measure the cleanliness of special steel quickly and accurately
- Estimate the size of the largest inclusion in steel, that can become the starting point for fatigue fracture, with an unprecedented level of accuracy.

Background

Pursuit of carbon neutrality through automobile electrification, expansion of wind power generation, etc.

- The needs for further improvements to the reliability of special steel products are becoming stronger.
- The more accurate technology for cleanliness evaluation are indispensable to develop the manufacturing technology that further reduces the size of inclusions.

Key Points of Development

- ① Using an enlarged proprietary test piece larger by dozens of times to conventional test piece.
 - ② Causing rapid fracture by combining hydrogen-induced embrittlement with ultrasonic fatigue testing.
- It is possible to measure the size of the largest inclusion in the test piece quickly and accurately.

Effects and Expectations

- To help our customers optimize their part designs through the development of our manufacturing technology.
- To contribute to the improved energy efficiency of automobiles and the expanded use of wind power generation and other carbon-free power sources.



(3) Extension of Retirement Age (April 1, 2021)

We have raised the retirement age to 65 from 60 since FY2021, ahead of other special steel manufacturers in Japan.

Outline

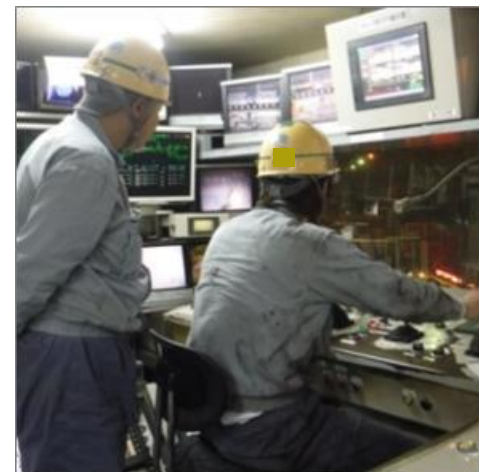
- Raising the retirement age to 65.
- Employees are able to take management positions until the age of 65.

Purpose

- To exercise full potential of each as highly skilled individual.
- To transfer individual skills to colleagues and preserve the manufacturing and technological excellence.
- To train and foster the next generation.



We will continue developing supportive and excellent working environment to enable all employees to fully exert their potential and abilities.

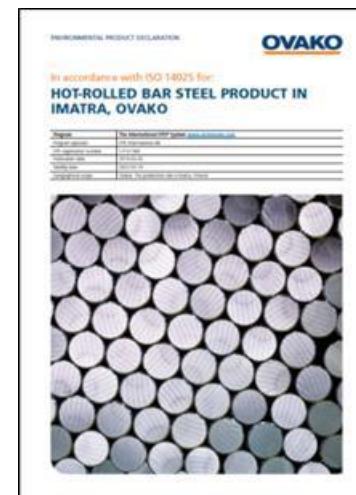


(4) Ovako's New Environmental Product Declarations that help customers make climate-smart decisions (announced on February 11, 2021)

- Ovako has published new Environmental Product Declarations (EPDs).
- The EPDs provide customers with independently audited environmental footprints of its products.

Ovako's EPDs

- These declarations are based on a life cycle analysis of hot-rolled steel bar from the cradle to the gate.
- The EPDs cover the full environmental impact, including the carbon footprint.
- Ovako can also offer this information to customers for each specific product purchase.



Ovako's Efforts

- As an early adopter of sustainability initiatives in the specialty steel world, Ovako first published climate declarations in 2017 that describe the company's carbon footprint.
- In April 2020, Ovako has conducted a full-scale trial using hydrogen to heat steel before rolling, the world first achievement. This development proves that carbon dioxide emissions can be eliminated, having a great positive effect on environment.
- Ovako has an 80 percent lower carbon footprint compared to the global average which helps customers improve their environmental footprint and gain a competitive edge.



Countermeasures of COVID-19 Infection (as of April 30,2021)

Countermeasures in Japan

- Promoting working from home especially for Staff workers.
Staff workers will return home at the latest by 20:00 in principle.
- Utilizing the web for meetings and events, in principle, and minimizing the attendee and time
- Restricting of face to face meetings with the external entities
- Upgraded telework environment
- Implementation of staggered working hours.
(Only 4% of the employees commute to Himeji head office by public transportation)
- Implementation of staggered lunch time.
- Installing alcohol disinfectants to each workplace and distributing masks to all employees.
- Installing thermography camera and thermometer at workplace.
- Individual measurement of body temperature before entering workplace for employees and visitors
- Promoting periodical hand-washing, mouth rinsing, disinfection with alcohol, wearing of masks, and frequent ventilation of room
- Prohibition of foreign and domestic business trips, utilization of web meetings, in principle.
- Abstaining from social gatherings and occasions, in principle.

Countermeasures in overseas' affiliates

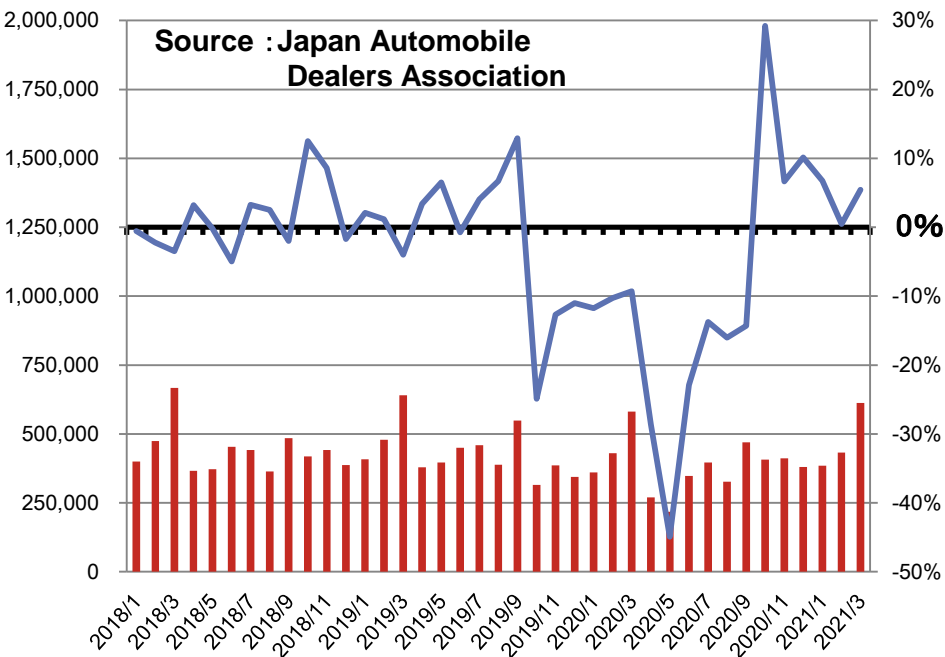
- Considering the spread of COVID-19 infection in India, we are monitoring the situation to decide when to have our representatives return to India. We communicate closely with representatives and staff in India, to seamlessly manage business.
- All measures and actions to be in accordance with the laws, regulations and policy of each country.
- Collecting information of each country and supporting the representatives and their family.
- Individual measurement of body temperature before entering workplace.
- Promoting periodical hand-washing, mouth rinsing, disinfection with alcohol, and wearing of masks.

Trends in Automobile Market

Units of automobile sales in Japan

(Year-on-year rate)

(Unit : 1car)

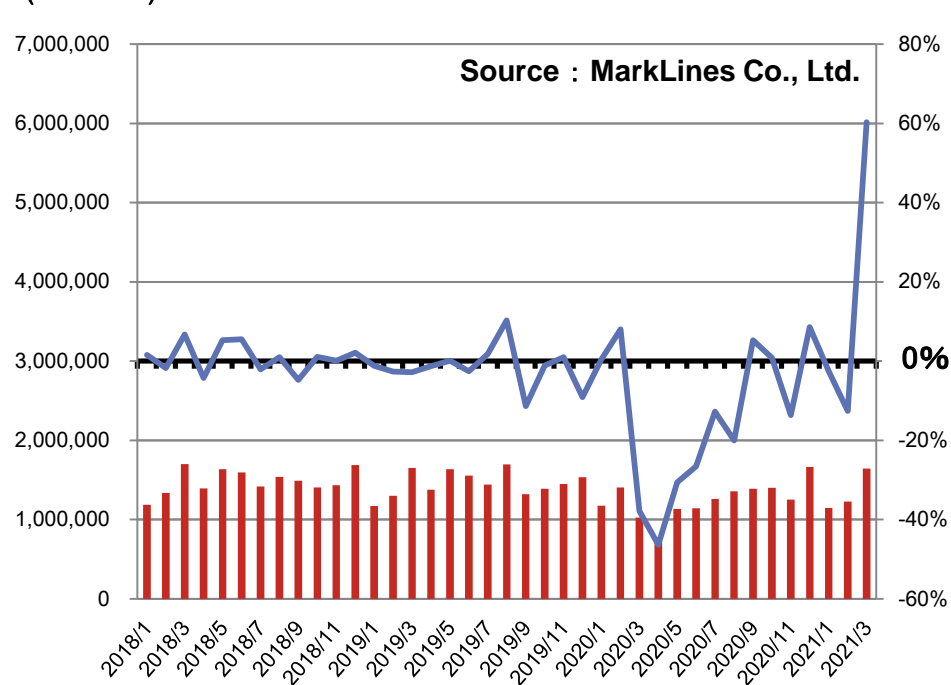


2019/7-9; Demand rush before VAT raise.
 2019/10 ; ▼25% on YoY basis after VAT raise
 and easing decline of sales until 2020/3
 2020/5 ; ▼45% on YoY basis due to COVID-19 impact
 2020/6 ~ ; easing decline of sales
 2020/10 ; +29% on YoY basis due to reduction of sales
 in 2019 triggered by the consumption tax hike
 2021/3 ; +5% on YoY basis

Units of automobile sales in U.S.

(Year-on-year rate)

(Unit : 1car)



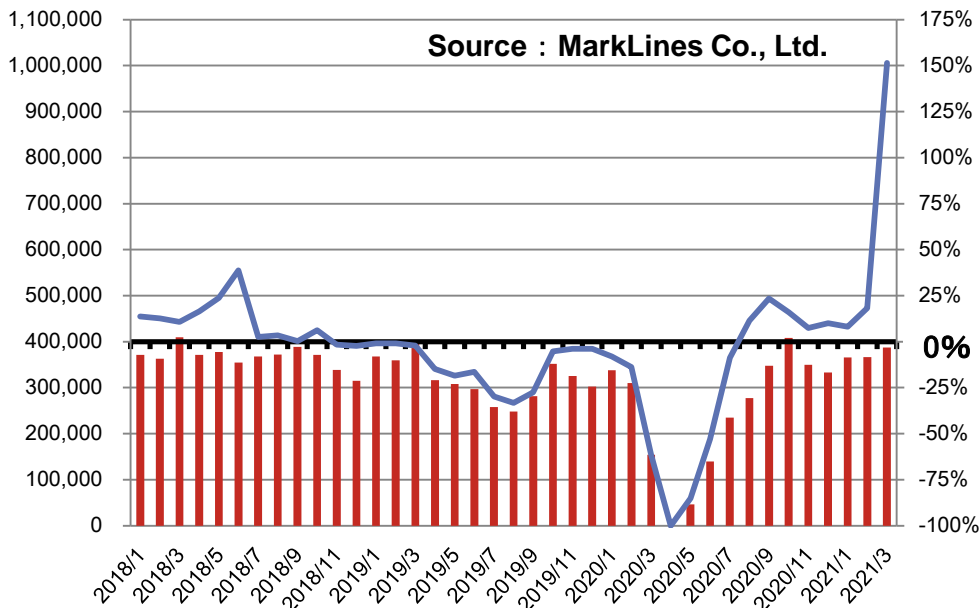
2018 ; Stable sales
 2019 ; Slowing sales due to the effects of labor strike
 and others
 2020/2 ; there is the sign of recovery
 2020/4 ; ▼46% on YoY basis due to COVID-19 impact
 2020/5~ ; easing decline of sales
 2020/12 ; recovering to +9% on YoY basis
 2021/3 ; +60% on YoY basis because of the decline
 of 2020/3 due to COVID-19

Trends in Automobile Market

Units of automobile sales in India

(Year-on-year rate)

(Unit : 1car)

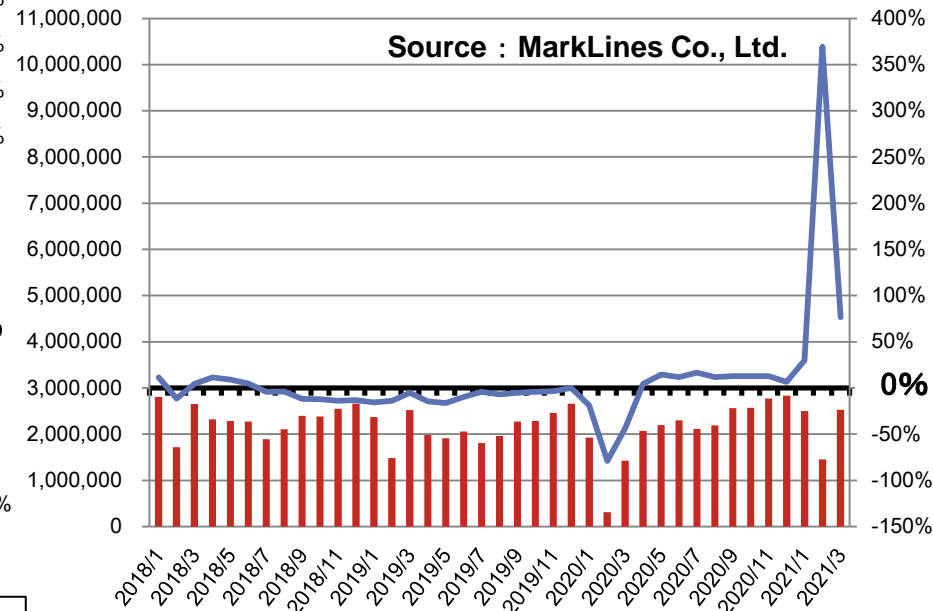


Continuous drop since 2018/07 due to;
 a) higher insurance premiums, b) higher fuel prices, c) tightening automobile loans, and d) deterioration of employment.
 2020/3 ; ▼62% on YoY basis due to COVID-19 impact
 2020/4 ; ▼100% on YoY basis due to lockdown resulting from expansion of COVID-19
 2020/5 ; sales activities resume
 2020/6~ ; easing decline of sales
 2020/9 ; +23% on YoY basis
 2021/3 ; +152% on YoY basis because of sharp decline of 2020/3 due to COVID-19 impact

Units of automobile sales in China (Factory shipment base)

(Year-on-year rate)

(Unit : 1car)

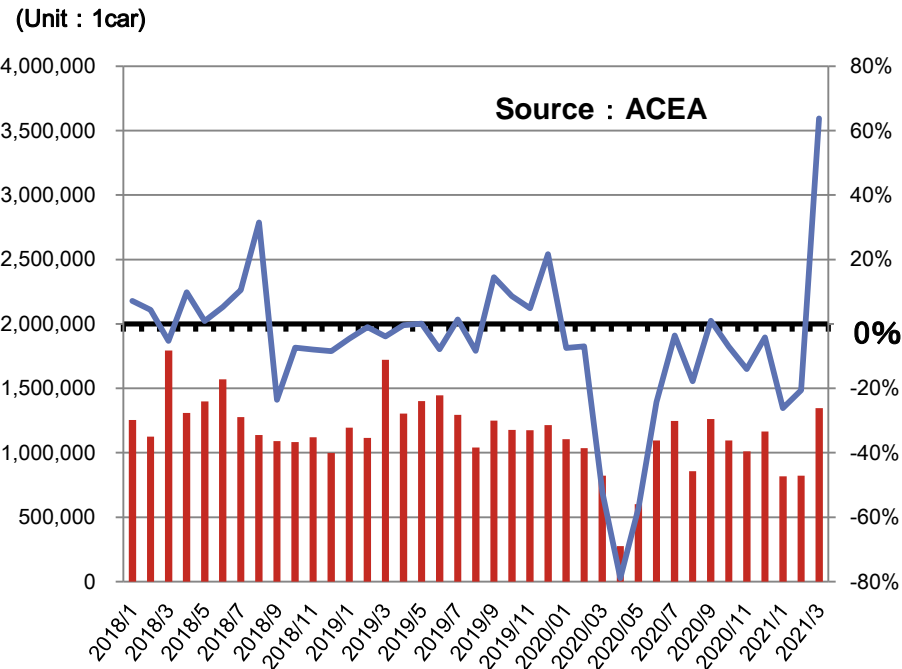


Continuous drop due to; a) the effects of the U.S.-China trade dispute, and b) introduction of new emission restrictions in urban areas from 2018 summer.
 2019 summer ~ ; easing decline of sales
 2020/2 ; ▼79% on YoY basis due to COVID-19 impact
 2020/3~ ; recovering sales
 2020/5~ ; over +10% on YoY basis
 2021/2 ; +369% on YoY basis because of the decline of 2020/2 due to COVID-19 impact
 2021/3 ; +77% on YoY basis

Trends in Automobile Market

Units of automobile sales in Europe

(Year-on-year rate)



2018/9; Huge fluctuation due to WLTP.

Stagnate tendency due to concern of Brexit,
and U.S.- China trade dispute.

Sign of recovery from 2019/9 though absolute
number of units sold is mediocre.

2020/4 ; ▼79% on YoY basis due to COVID-19 impact

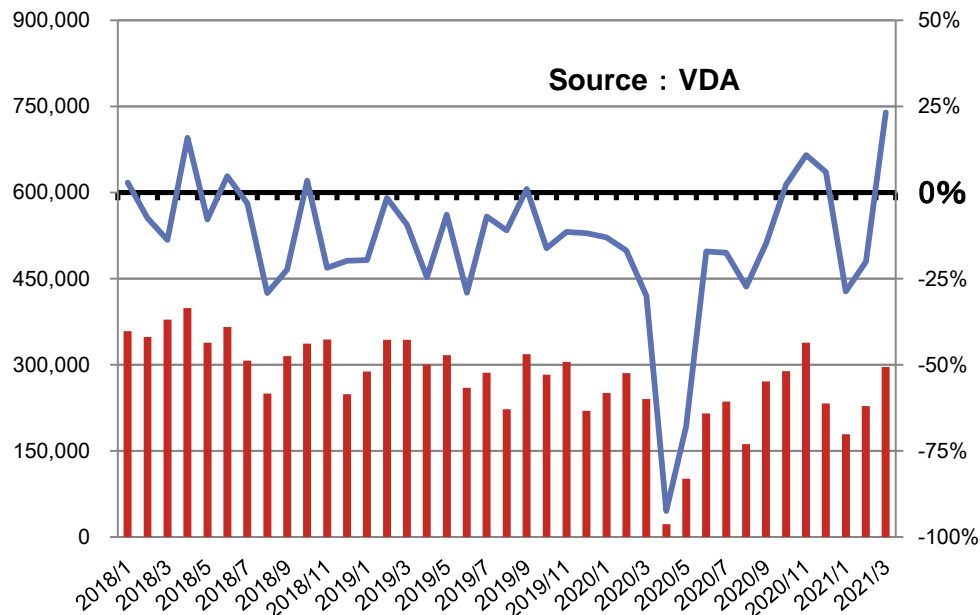
2020/5~ ; easing decline of sales

2021/3 ; +64% on YoY basis because of the decline
of 2020/3 due to COVID-19 impact

Units of automobile export from Germany

(Year-on-year rate)

(Unit : 1car)



Continuous drop due to;

a) demand decrease in China affected by the
U.S.- China trade dispute.

b) inventory adjustments.

2020/4 ; ▼ 92% decrease on YoY basis

2020/5~ ; easing decline of export

2021/1 ; ▼29% on YoY basis

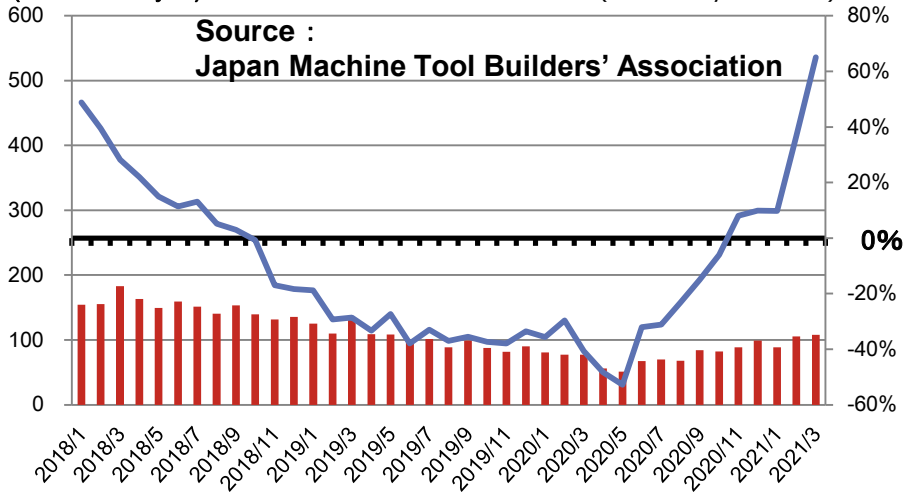
2021/3 ; +23% on YoY basis due to recovery of the
exports to China

Trends in Industrial Machinery and Construction Machinery Market

Sales amount of machine tool orders (Japan)

(Unit : billion yen)

(Year-on-year rate)

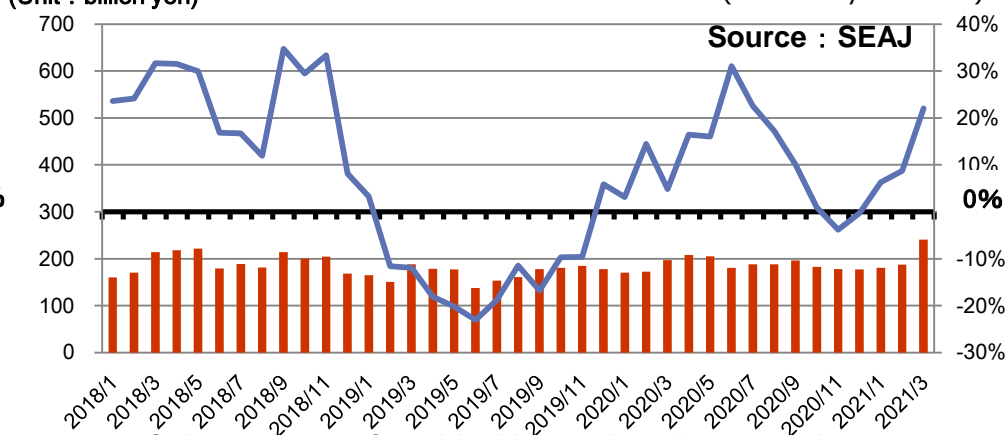


Sales amount of semiconductor manufacturing equipment (Japanese equipment)

(Unit : billion yen)

(3 month moving average)

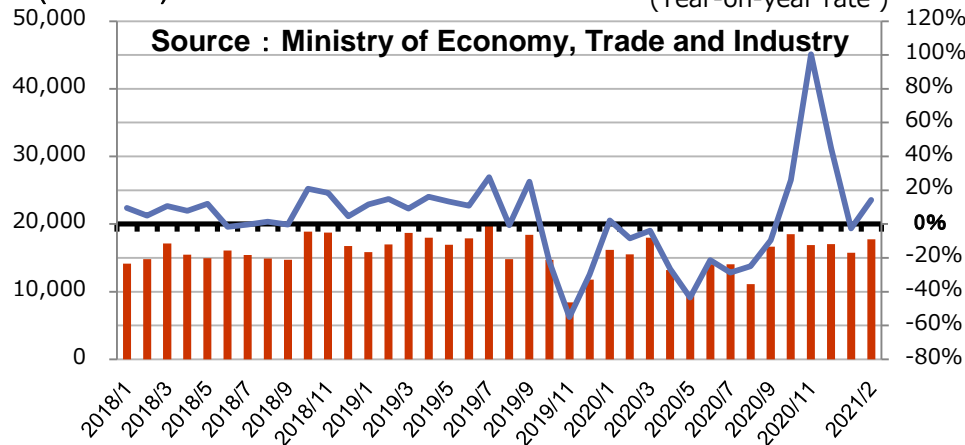
(Year-on-year rate)



Domestic production of excavator-based construction machinery

(Unit : 1car)

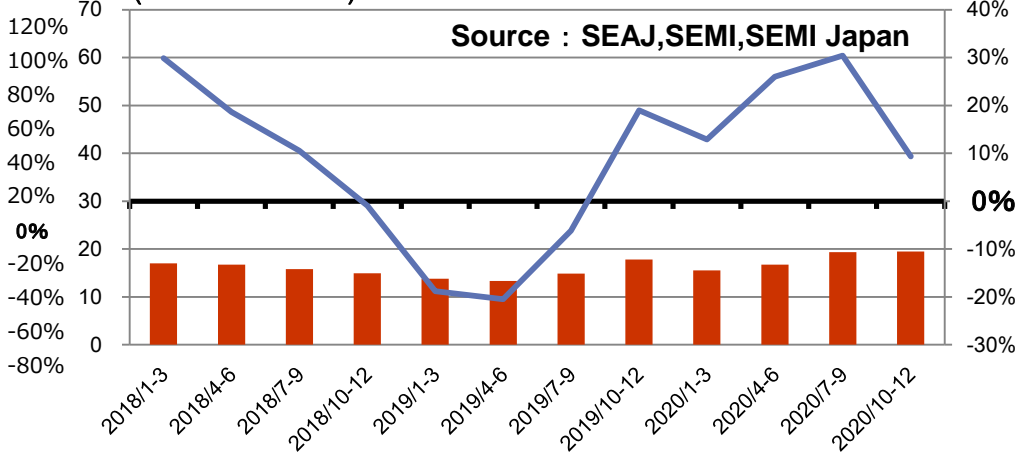
(Year-on-year rate)



Sales amount of world wide semiconductor equipment

(Unit : billion dollars)

(Year-on-year rate)



Machine tools	2018/10 ~ ; continuous drop due to U.S.-China trade dispute & 2020/5 ; ▼53% on YoY basis due to COVID-19 impact & 2020/6~ ; easing decline of sales and 2021/3 ; +65% on YoY basis
Semiconductor equipment	Recovery from autumn 2019 attributable to increase of 5G and data-center demand & 2020/7~ ; drop due to U.S.-China trade dispute & 2020/12 ~ ; recover due to increase of 5G and global shortage of semiconductor & 2021/3 ; +22% on YoY basis
Construction machinery	2019/10~11 ; drop due to the consumption tax hike & 2020/2~ continuous drop due to COVID-19 impact & 2020/10~ ; Recovery of demand in China and Europe & 2021/3 ; +14% on YoY basis

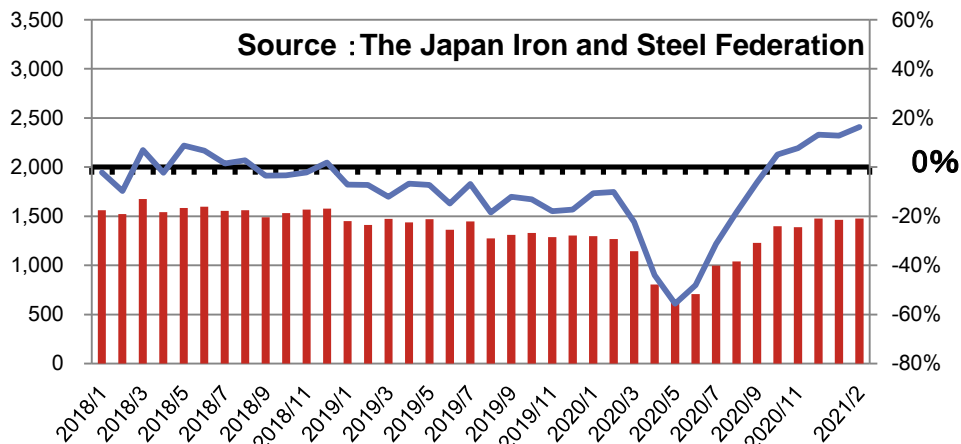
Trends in Special Steel Market

Volume of order booked (Specialty steel products)

(Unit : Thousands of ton)

(Year-on-year rate)

Source : The Japan Iron and Steel Federation

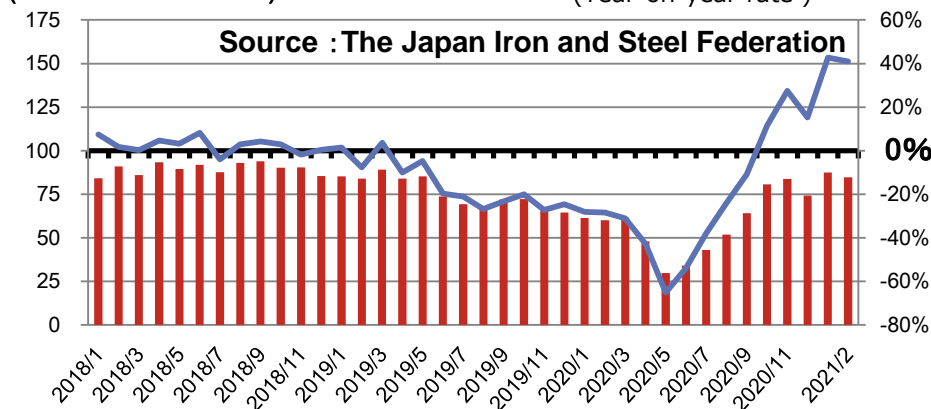


Volume of order booked (Bearing steel)

(Unit : Thousands of ton)

(Year-on-year rate)

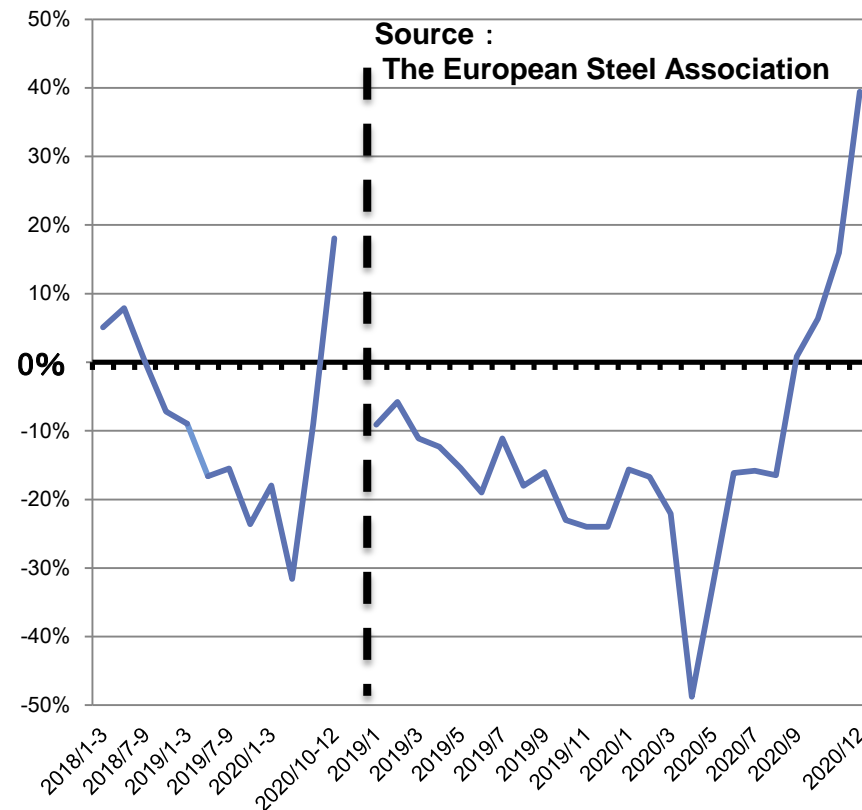
Source : The Japan Iron and Steel Federation



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

(Year-on-year rate)

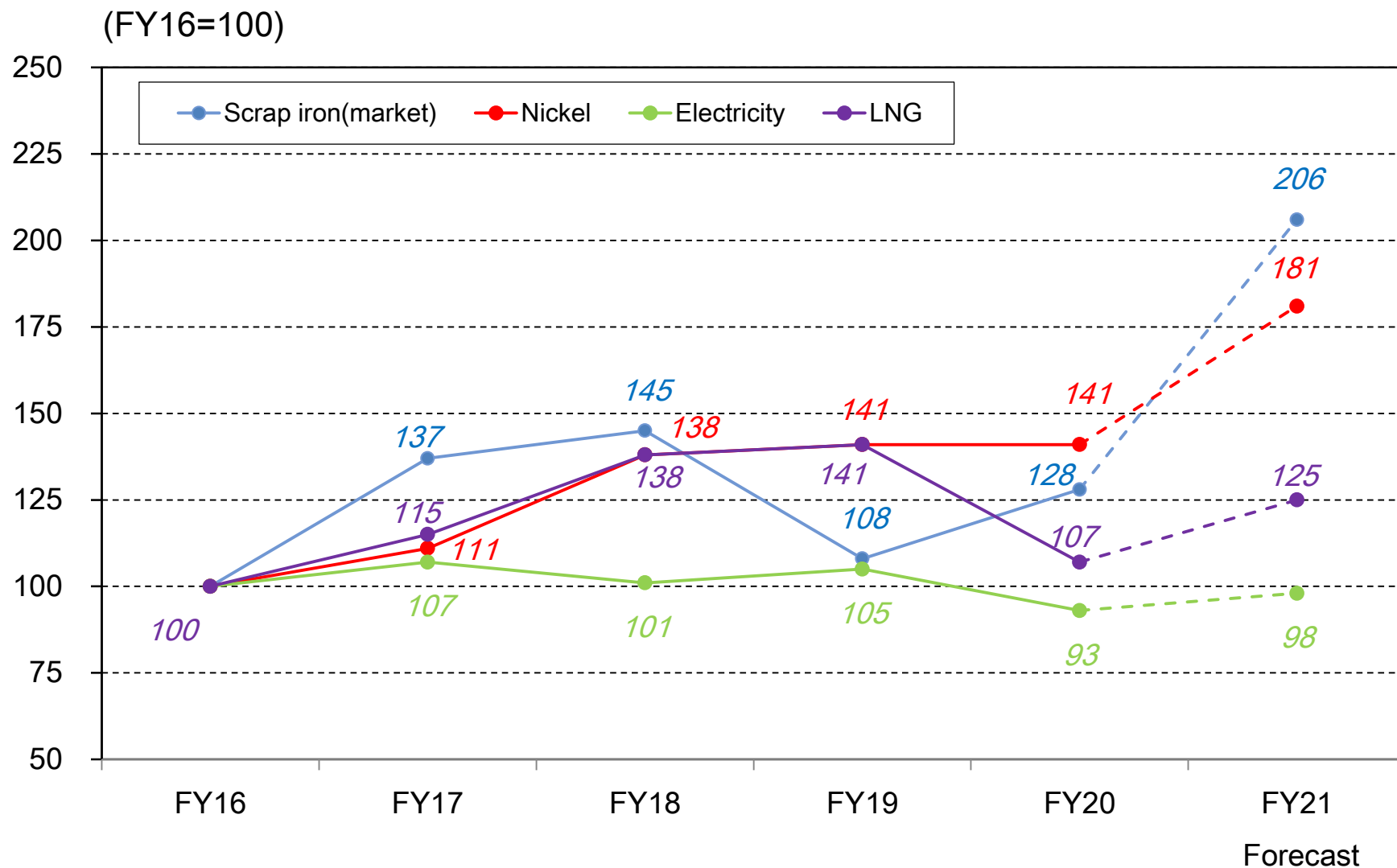
Source : The European Steel Association



Regarding bearing steel, big negative trend from summer 2019 due to 1) Sluggish global demand in the domestic automotive, construction machinery, industrial machinery, and semiconductors sectors, 2) Huge inventory adjustment, and 3) COVID-19 impact. 2020/5 ; ▼65% on YoY basis
2020/6~ ; easing decline due to recovery of sales in China and Europe
2021/2 ; +41% on YoY basis due to recovery of automobile sales

2018/10 ~ ; negative trend due to 1) Sluggish demand in the European automotive sector, 2) Inventory adjustment in supply chain, and 3) COVID-19 impact.
2020/5~ ; easing decline due to recovery of deliveries & 2020/12; +39% on YoY basis

Raw Materials and Fuel Prices



* Based on purchase price

Details of Statements of Income(FY20 vs. FY19)

Reference

(Unit : Thousands of ton, Billion yen, yen per share, %)

	FY20 1H(A)	FY20 2H(B)	FY20(C=A+B)	FY19(D)	Change(D) → (C)	(%)
Sales Volume	627	740	1,367	1,615	-249	-15.4
(Sanyo)	273	432	704	854	-150	-17.5
(Ovako) *1	320	252	572	667	-96	-14.3
(MSSS) *1	35	56	91	95	-4	-4.2
Net Sales	97.2	113.6	210.7	262.5	-51.7	-19.7
(Sanyo)	42.8	60.9	103.6	134.6	-31.0	-23.0
(Ovako)	46.9	42.7	89.7	106.4	-16.7	-15.7
(MSSS)	4.1	6.2	10.3	12.8	-2.5	-19.5
Operating Income	-3.9	-1.6	-5.5	-1.4	-4.1	—
(Sanyo)	-2.0	3.7	1.7	3.6	-1.9	-52.7
(Ovako)	0.6	-3.1	-2.5	-0.6	-2.0	—
(MSSS)	-0.6	-0.4	-1.0	-0.9	-0.0	—
(Amortization of goodwill)	-1.2	-1.4	-2.6	-2.9	+0.3	—
Ordinary Income	-4.0	-0.8	-4.8	-1.5	-3.2	—
(Sanyo)	-1.7	3.9	2.2	4.0	-1.8	-44.5
(Ovako)	0.4	-2.8	-2.4	-0.9	-1.5	—
(MSSS)	-0.8	-0.5	-1.3	-1.4	+0.1	—
(Amortization of goodwill)	-1.2	-1.4	-2.6	-2.9	+0.3	—
Net Income *2	-3.3	-3.6	-6.9	-3.7	-3.2	—
Earnings Per Share	-60.75		-126.07	-67.14	-58.93	—
Operating Income (Structural Basis) *3	-2.6	-0.2	-2.9	1.5	-4.4	—
Ordinary Income (Structural Basis) *3	-2.7	0.6	-2.1	1.4	-3.6	—
Net Income (Structural Basis) *3	-2.1	-2.2	-4.2	0.5	-4.8	—
Earnings Per Share (Structural Basis) *3	-37.90		-77.98	9.29	-87.27	—

*1 The consolidated accounting period for Ovako and MSSS is January to December. *2 Profit attributable to owners of parent

*3 Before amortization of goodwill

Details of Statements of Income(FY21 Forecast vs. FY20)

Reference

(Unit : Thousands of ton, Billion yen, yen per share,%)

	FY21 1H(A)	FY21 2H(B)	FY21(C=A+B)	FY20(D)	Change(D) → (C)	(%)
Sales Volume	1,044	894	1,938	1,367	+571	41.8
(Sanyo)	474	479	953	704	+249	35.3
(Ovako) *1	496	340	836	572	+264	46.2
(MSSS) *2	74	76	149	91	+59	64.7
Net Sales	170.0	145.0	315.0	210.7	+104.3	49.5
(Sanyo)	74.8	77.6	152.4	103.6	+48.8	47.0
(Ovako)	80.6	54.4	135.0	89.7	+45.3	50.6
(MSSS)	9.6	9.7	19.3	10.3	+9.0	87.9
Operating Income	4.1	3.2	7.3	-5.5	+12.8	-
(Sanyo)	3.2	2.6	5.8	1.7	+4.1	239.0
(Ovako)	2.5	1.7	4.2	-2.5	+6.7	-
(MSSS)	0.2	0.3	0.5	-1.0	+1.5	-
(Amortization of goodwill) *1	-1.9	-1.2	-3.1	-2.6	-0.5	-
Ordinary Income	4.0	3.0	7.0	-4.8	+11.8	-
(Sanyo)	3.5	2.7	6.2	2.2	+4.0	181.0
(Ovako)	2.3	1.5	3.8	-2.4	+6.2	-
(MSSS)	-0.0	0.1	0.0	-1.3	+1.3	-
(Amortization of goodwill)	-1.9	-1.2	-3.1	-2.6	-0.5	-
Net Income *3	1.8	1.7	3.5	-6.9	+10.4	-
Earnings Per Share	33.03		64.23	-126.07	+190.30	-
Operating Income (Structural Basis) *4	6.0	4.4	10.4	-2.9	+13.3	-
Ordinary Income (Structural Basis) *4	5.9	4.2	10.1	-2.1	+12.2	-
Net Income (Structural Basis) *4	3.7	2.9	6.6	-4.2	+10.8	-
Earnings Per Share (Structural Basis) *4	67.90		121.12	-77.98	+199.10	-

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

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

*3 Profit attributable to owners of parent

*4 Before amortization of goodwill

(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.