

# Overview of Business Results

for the 1<sup>st</sup> Half of Fiscal Year Ending March 31, 2026

(April 2025 → September 2025)

**November 6, 2025**

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

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



Santo-kun  
(Our mascot)

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# **1. FY2025 1<sup>st</sup> Half Results**

# Outline of Statements of Income

**Ordinary Income : 2.8 billion yen (+0.1 billion yen against FY2024/1H)**

**Revenue and profit declined due to lower profit at OVAKO caused by the worsening European economy, despite the improvement in Sanyo's profit.**

- Sanyo's profit increased due to increased sales volume and other factors. On the other hand, OVAKO's profit decreased due to sluggish demand amid uncertainty in the European economy and the impact of U.S. tariffs. For the Group as a whole, consolidated profit increased due to improved earnings at consolidated subsidiaries.

(Unit: Billion yen)

	FY2025/1H (A)		FY2024/1H (B)		Change (B) → (A)	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
<b>Net Sales</b>	<b>159.6</b>	<b>100.0</b>	168.4	100.0	<b>-8.9</b>	<b>-5.3</b>
<b>Ordinary Income</b>	<b>2.8</b>	<b>ROS 1.7</b>	2.6	ROS 1.6	<b>+0.1</b>	<b>+4.6</b>
(Sanyo)	5.8	7.2	5.3	6.6	+0.5	+9.6
(OVAKO)	0.5	0.7	2.1	2.9	<b>-1.6</b>	<b>-76.9</b>
(SSMI)	0.4	3.8	0.4	3.2	+0.0	+10.5
(Amortization of goodwill)	<b>-1.7</b>	—	<b>-1.7</b>	—	<b>-0.0</b>	—
<b>Net Income <sup>*1</sup></b>	<b>1.5</b>	<b>1.0</b>	1.5	0.9	<b>-0.0</b>	<b>-0.2</b>
<b>Net Income before amortization of goodwill</b>	<b>3.3</b>	<b>2.0</b>	3.2	1.9	<b>+0.0</b>	<b>+0.6</b>
<b>Sales Volume (Thousand tons)</b>	<b>679</b>	(per month) <b>113.1</b>	683	(per month) 113.8	<b>-4</b>	(per month) <b>-0.7</b>
(Sanyo)	382	63.6	367	61.2	+14	+2.4
(OVAKO)	236	39.4	259	43.2	<b>-23</b>	<b>-3.8</b>
(SSMI)	60	10.1	56	9.4	+4	+0.7

\*1 Profit attributable to owners of parent

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

# Business Environment

## Demand Trends

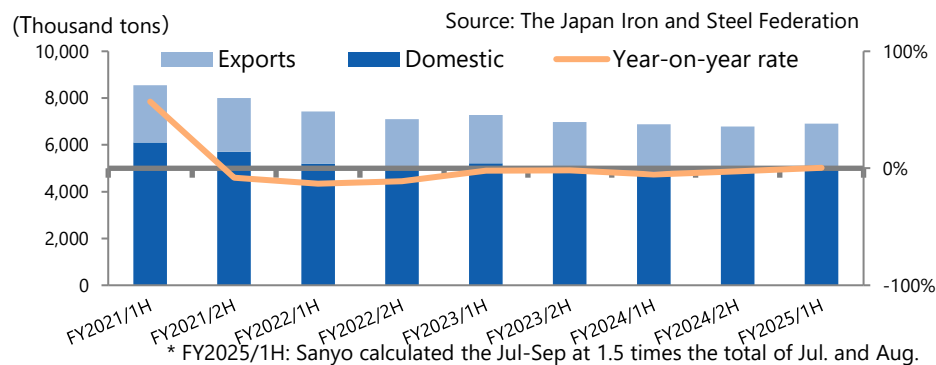
**Japan** : Overall demand is recovering very gradually. The impact of U.S. trade policy on demand industries is still uncertain.

**Europe** : Demand remained sluggish due to slower-than-expected recovery in the global economy, including China. Demand recovery is anticipated in the future, driven by the expected activation of fiscal measures in Germany. However, the impact of U.S. trade policy remains uncertain.

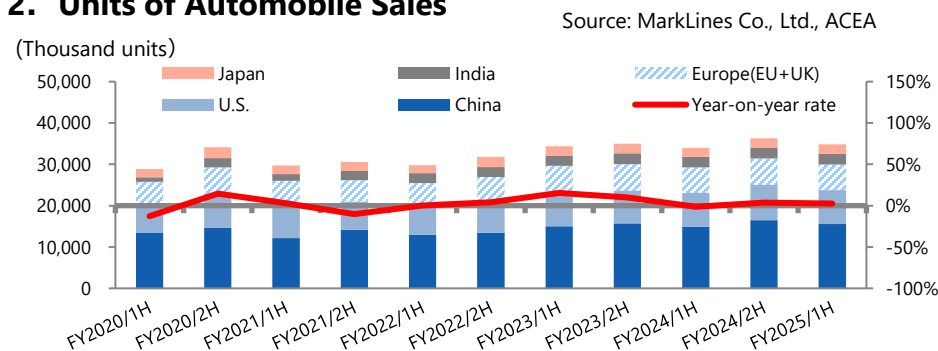
## Raw Material and Fuel Prices

Raw material and fuel prices largely stable, but we continue to closely monitor future trends. Energy prices remained at high levels. Inflationary pressure on various materials and supplies costs continued.

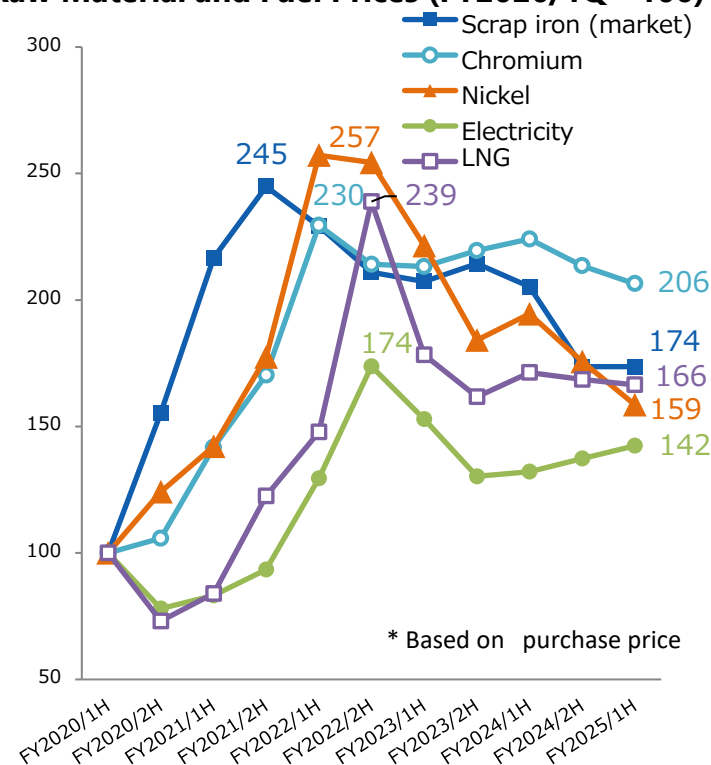
### 1. Volume of Order Booked (Specialty Steel Products)



### 2. Units of Automobile Sales



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

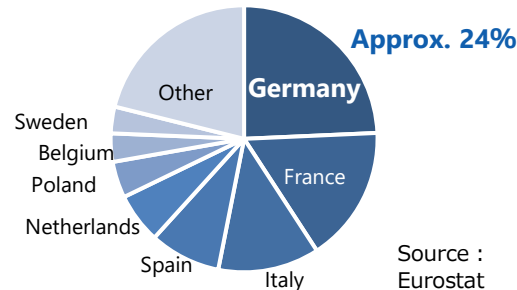


# Business Environment in Europe

## Germany's position in the EU economy

Germany is the largest economy in the EU, accounting for about one-fourth of EU's GDP.

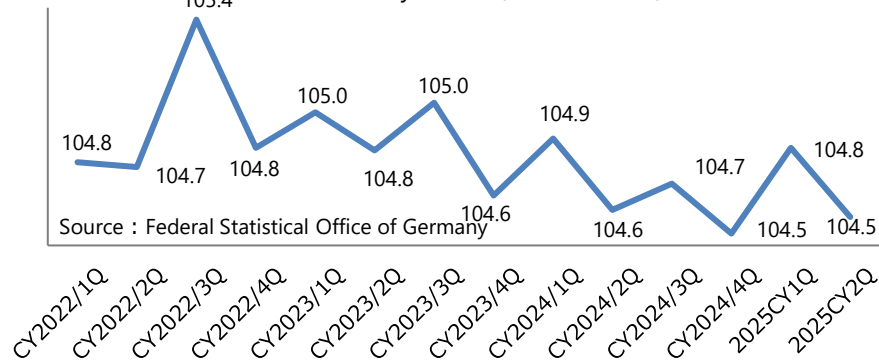
【GDP percentage by EU country (FY2023)】



## Trends in Germany's GDP

Germany's GDP for 2024 shrank by 0.2% from previous year, marking the second consecutive year of negative growth. The country's GDP for Apr.-Jun, was down 0.3% against previous quarter. The decline in exports and weakness in manufacturing and construction appear to have weighed on the economy.

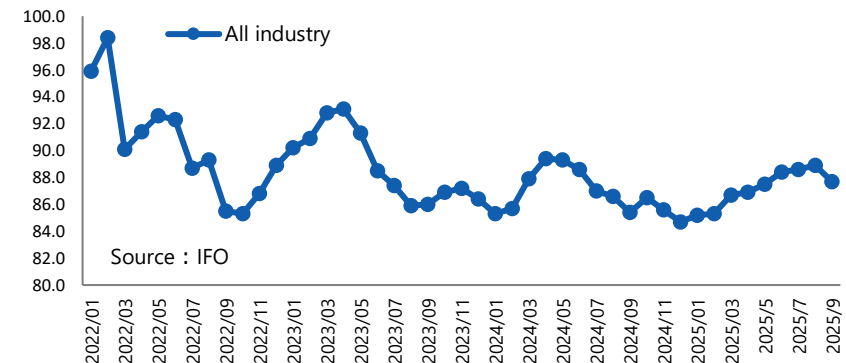
【Germany's GDP (CY2020=100)】



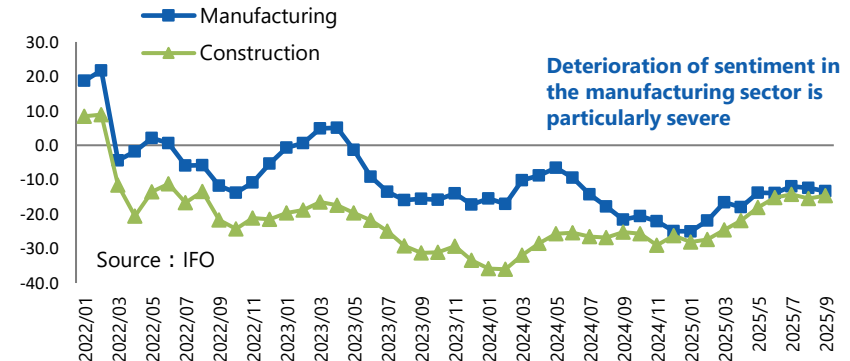
## German business climate

Although the German business climate index is on an improving trend, partly due to expectations of fiscal stimulus measures from the new government, the economic recovery remains sluggish.

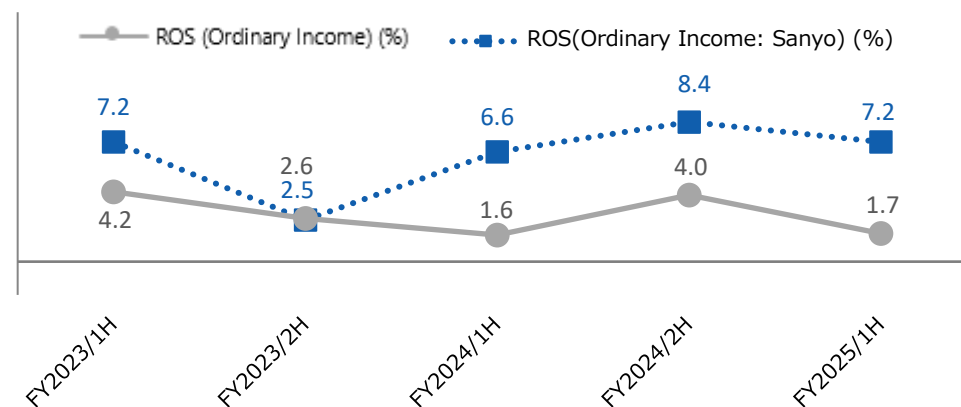
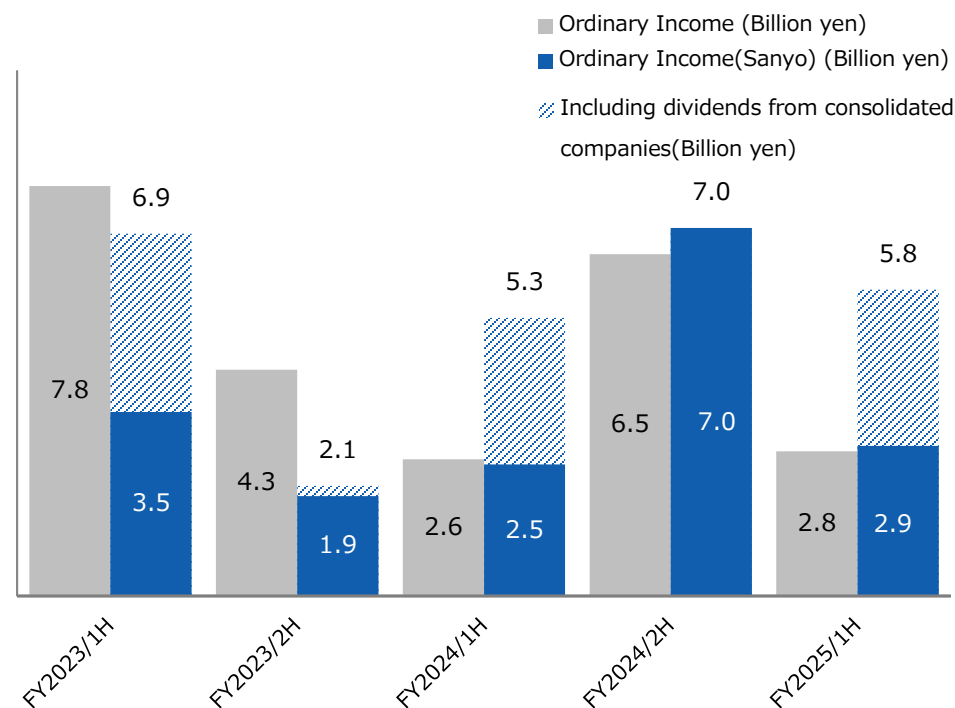
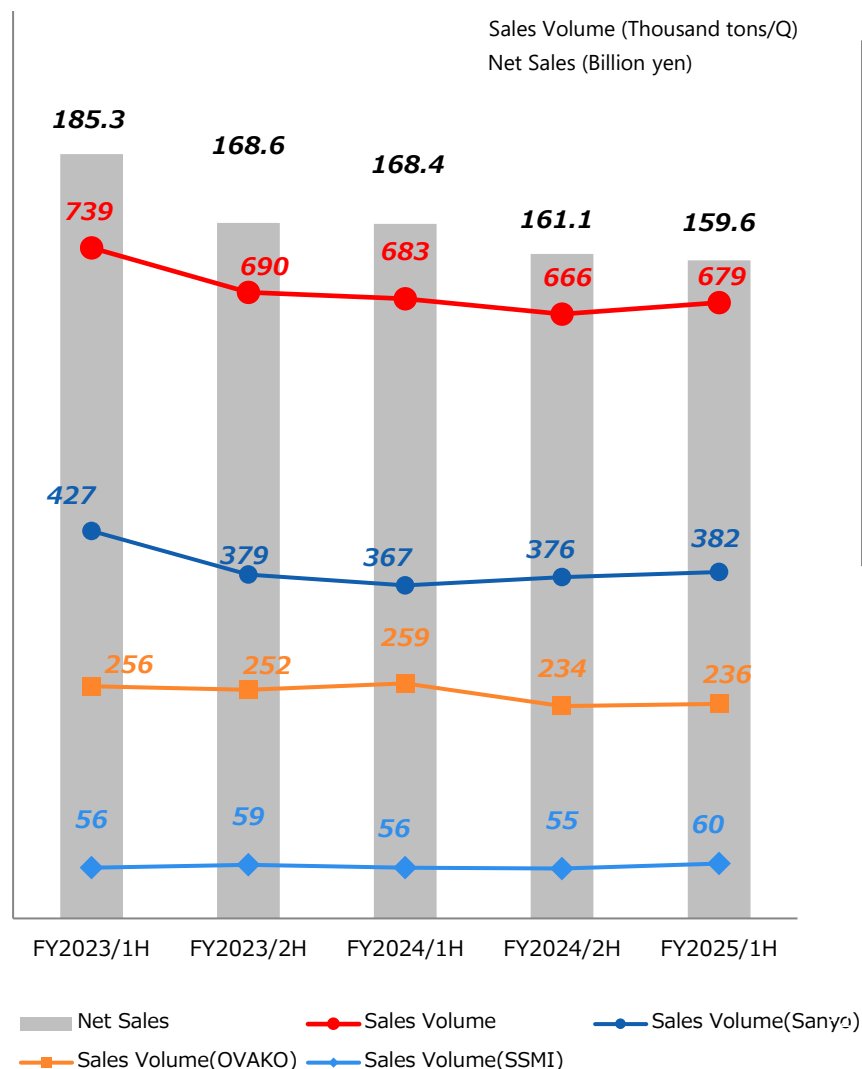
【German business climate index (CY2015=100)】 (All industry)



【German business climate index(Balance)】 (Manufacturing • Construction)

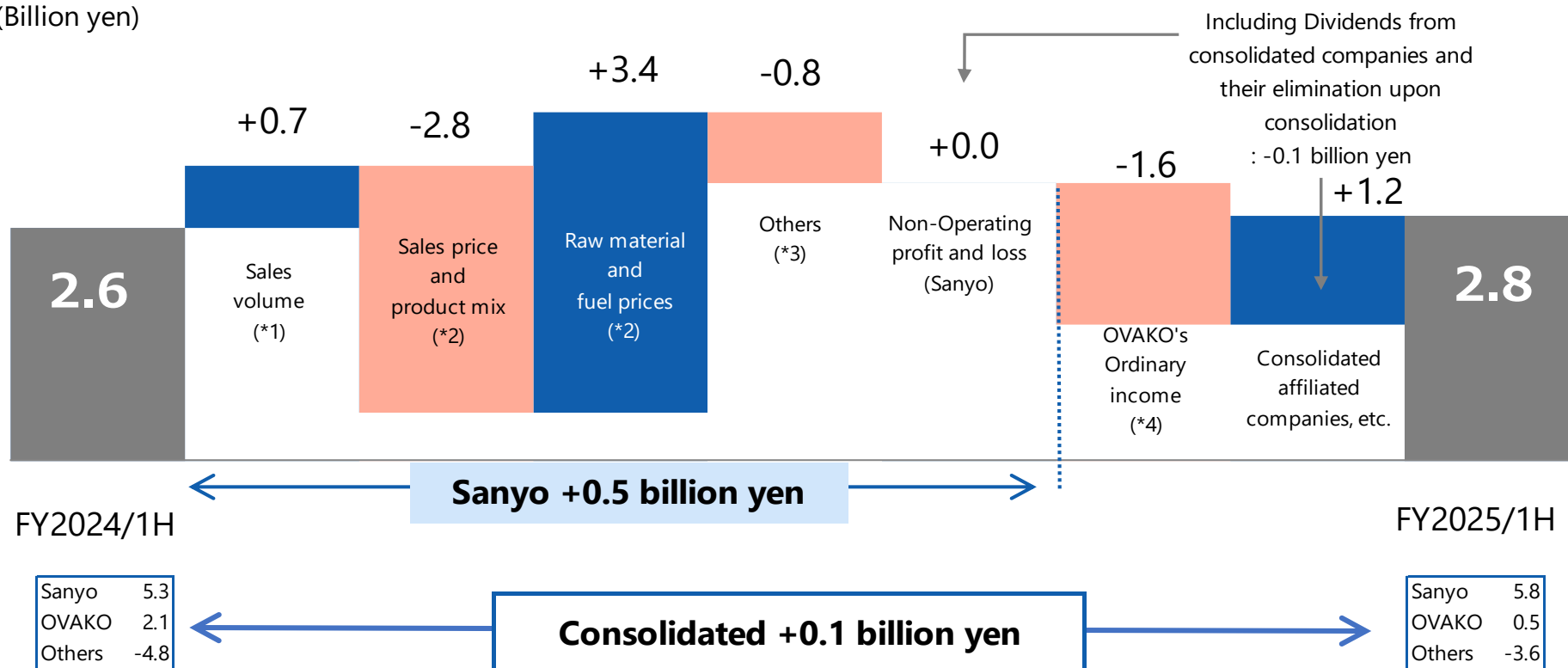


# Net Sales and Income



# Ordinary Income Variance Analysis (FY2024/1H→FY2025/1H)

(Billion yen)



## (\*1) Sales volume

- +4% (+14: 367→ 382 thousand tons)

## (\*2) Time lag of surcharge pricing

- Iron scrap :-0.0 (+0.1→ +0.1)
- Energy :+0.0 (-0.1→ -0.1)

## (\*3) Breakdown of Others

- Variable cost reductions+0.4,
- Repair and maintenance expenses+0.2,
- Other materials, outsourcing, logistic cost, etc.-0.6,
- Fixed cost-0.8

## (\*4) OVAKO's Ordinary Income

- Sales volume -2.6  
-9% (-23: 259→ 236 thousand tons)
- Transient factors +0.5 ( -0.4→+0.1)  
FX effect (SEK vs. EUR) +0.5 ( -0.4→ +0.1)
- Sales margin and product mix, raw material and fuel prices -1.1
- Others (Fixed cost, etc.) +1.6



# Review of Performance <OVAKO>

## FY2025/1H Business Results

Ordinary income in FY2025/1H : 0.5 billion yen (-1.6 billion yen against FY2024/1H)

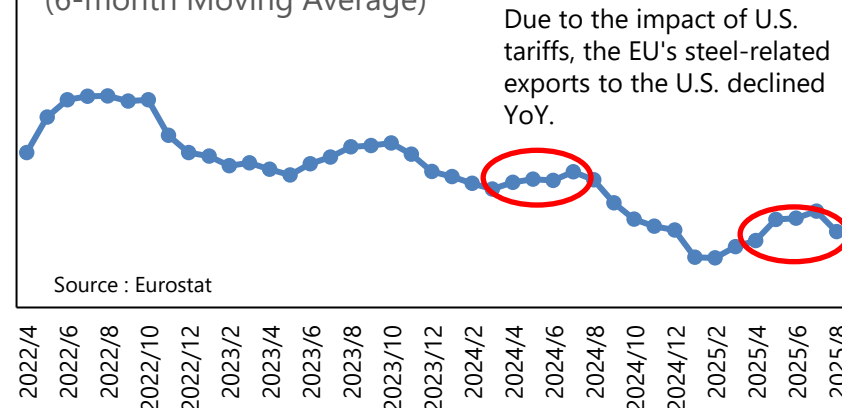
Despite various sales promotion activities, volume declined by 23kt YoY to 236kt, mainly due to sluggish demand reflecting growing uncertainty over European economy and the impact of stricter U.S. tariffs.

Nevertheless, OVAKO achieved ordinary income of 0.5 billion yen, primarily driven by vigorous cost savings initiatives, including workforce streamlining.

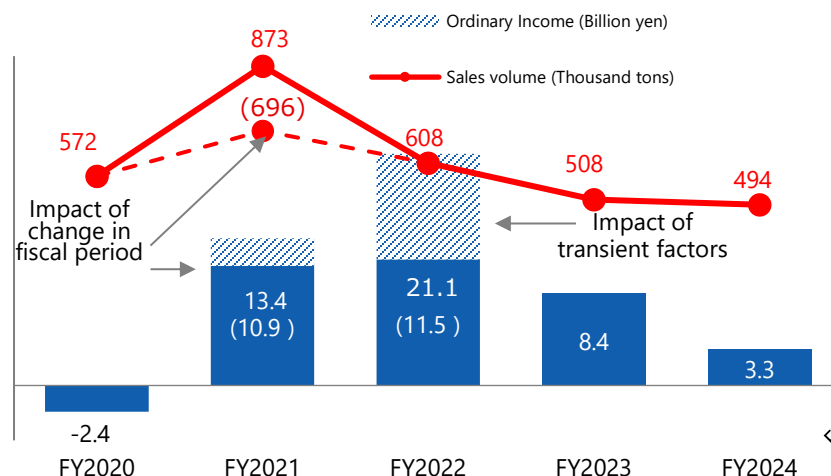
## Trend of EU (27 countries) Steel-related Exports to the U.S.

(6-month Moving Average)

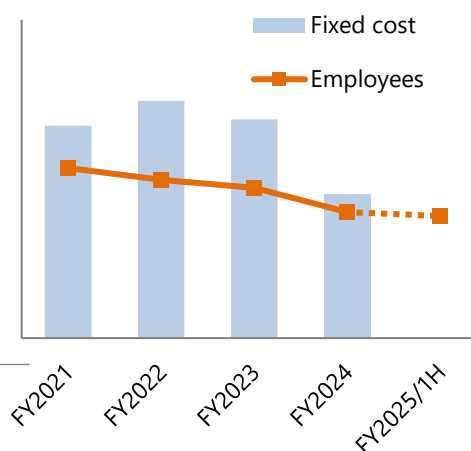
Due to the impact of U.S. tariffs, the EU's steel-related exports to the U.S. declined YoY.



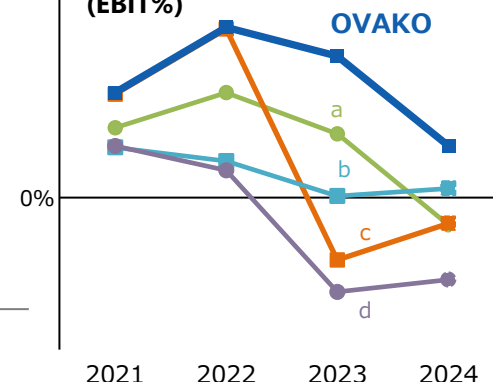
## Trend of Sales volume and Ordinary Income



## OVAKO's fixed cost and employees



## Comparison with European peers (EBIT%)



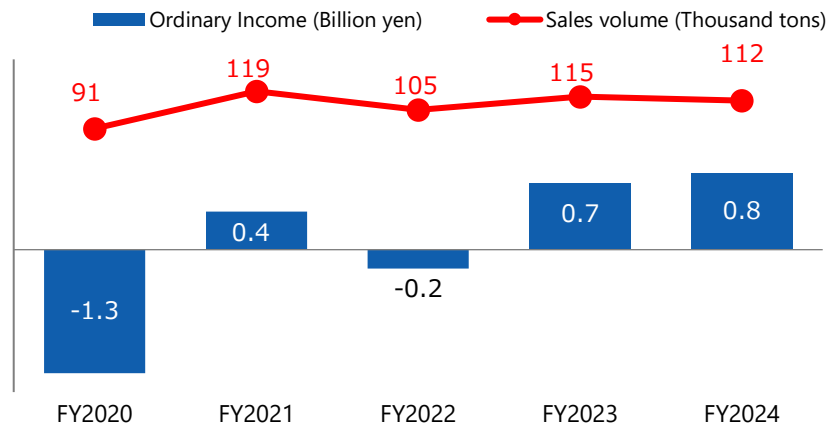
# Review of Performance <SSMI>

## FY2025/1H Business Results

**Ordinary Income in FY2025/1H : 0.4 billion yen (+0 billion yen against FY2024/1H)**

- Sales volume increased by 4kt year-on-year to 60kt, although the sales mix deteriorated due to factors such as uncertainty over U.S. tariff trends.
- SSMI secured ordinary income of 0.4 billion yen in the first half of FY2025, supported by improvements in efforts to further reduce manufacturing costs. These efforts included further utilization of cost competitive raw materials and energy, as well as streamlining of production process.

## Trend of Sales volume and Ordinary Income



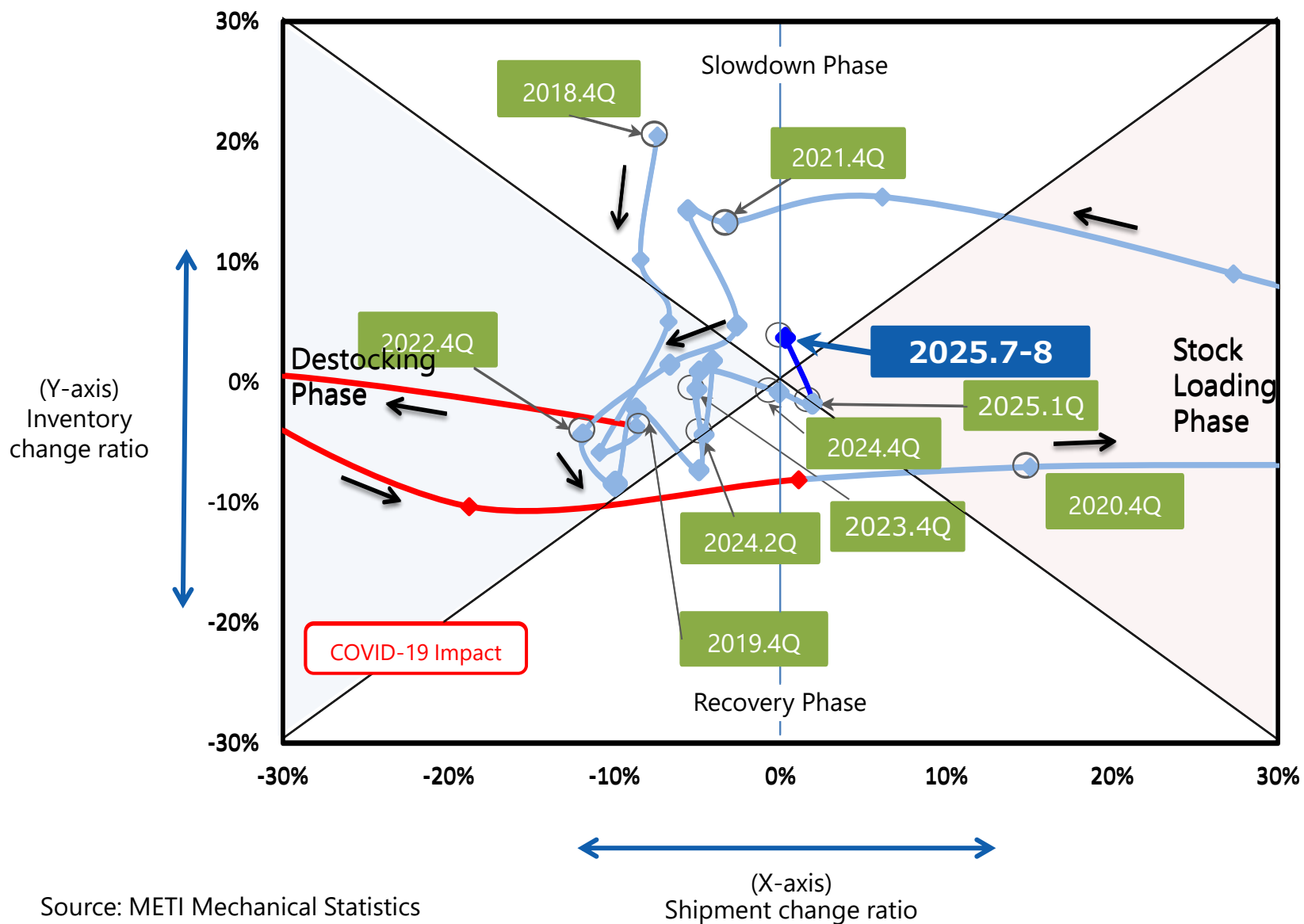
## Profit improvement measures and actions

1. Enhancement of sales foundation  
Formulate and execute sales strategies reflecting value of SSMI's superior high-cleanliness steelmaking technology. Improve product mix and profit margin while reinforcing marketing resources.
2. Variable cost reduction  
Reduce operation costs by enhancing energy intensity and efficiency, and by reducing procurement costs using cost competitive raw materials and green energy. (In September 2024, SSMI began utilizing electricity generated from solar power, and in May 2025, it also started using electricity generated from wind power.)
3. Fixed cost control  
Reduce interest costs by repaying borrowings, etc.

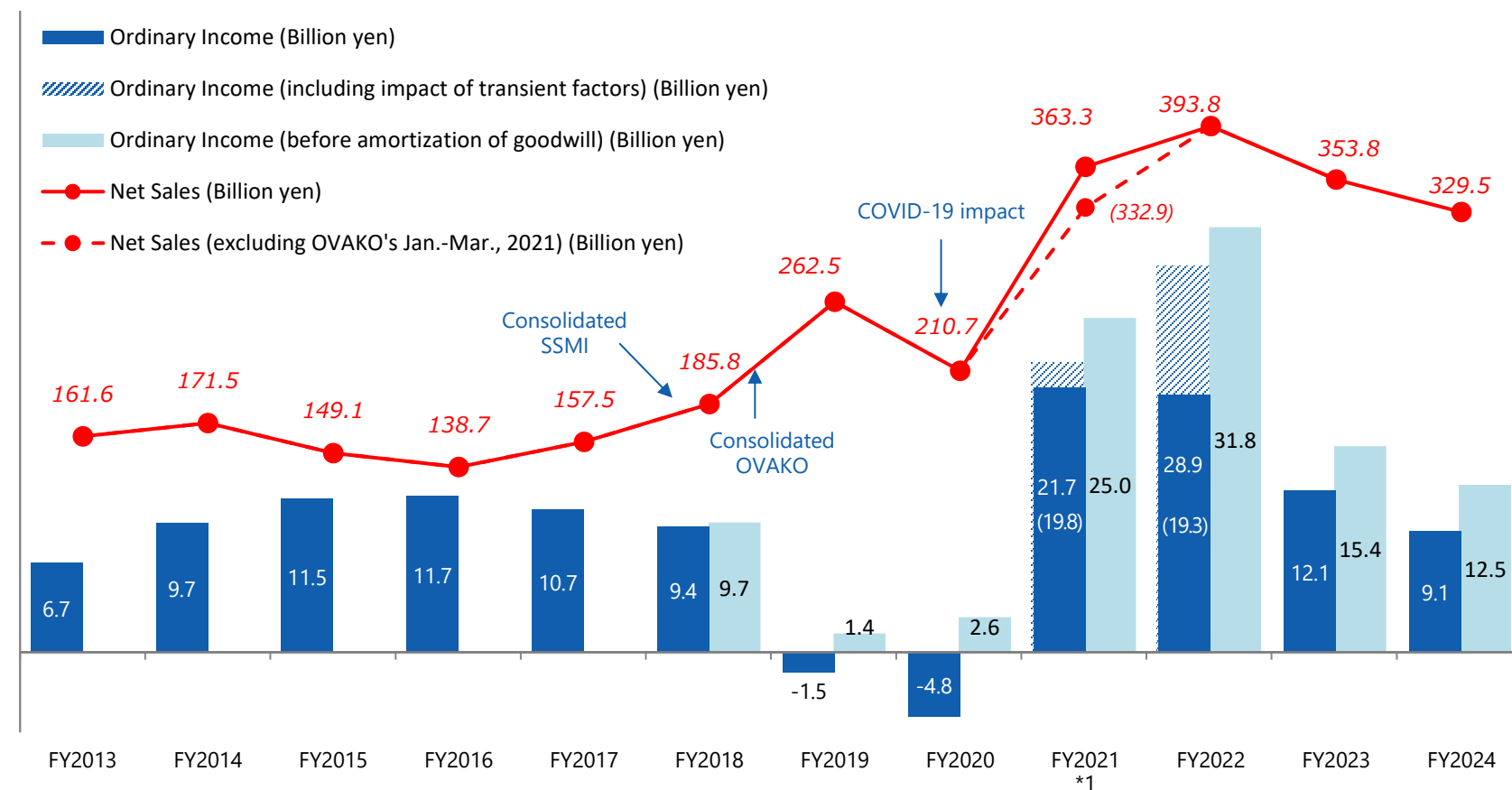
- **Sanyo will further bolster SSMI's manufacturing, sales, technology, human resource and financial capabilities to reinforce its presence in Indian market and to capture India's sustaining economic growth, while also improving its global presence.**

## **2. Reference**

# Inventory Circulation Diagram (Bearing Products)



# Net Sales and Income (Fiscal)



## ROE

4.1%	6.1%	6.6%	6.6%	5.6%	4.8%	-2.0%	-3.9%	8.1%	10.1%	4.1%	1.9%
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## ROE (before amortization of goodwill)

4.1%	6.1%	6.6%	6.6%	5.6%	4.8%	0.3%	-2.4%	9.9%	11.5%	5.6%	3.4%
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\*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.

# SANYO SPECIAL STEEL - the Confident Choice



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