

Overview of Business Results

for the Fiscal Year Ended March 31, 2026

(April 2025 → March 2026)

May 20, 2026

SANYO SPECIAL STEEL Co., Ltd.

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



Santo-kun
(Our mascot)

Table of Contents

1. FY2025 Results

Outline of Statements of Income

Business Environment, Business Environment in Europe

Net Sales and Income

Ordinary Income Variance Analysis (FY2024 → FY2025 Result)

Review of Performance; OVAKO and SSMI

2. TOPICS

3. Achieving Carbon Neutrality (CN) by 2050

4. Reference

Inventory Circulation Diagram (Bearing Products),

Net Sales and Income (Fiscal)

1. FY2025 Results

Outline of Statements of Income

Ordinary Income : 11.5 billion yen (+2.4 billion yen against FY2024)

Revenue and profit increased due to higher sales volume at Sanyo and improved performance of consolidated subsidiaries.

- Sanyo's profit increased YoY driven by higher sales volume. Although OVAKO saw sluggish demand amid uncertainty in the European economy, including the impact of U.S. tariffs, the decrease in profit was limited through the effects of cost reduction initiatives. As a result, the Sanyo Group achieved YoY growth in both revenue and profit, supported by improved profitability at consolidated subsidiaries.

(Unit: Billion yen)

	FY2025 (A)		FY2024 (B)		Change (B) → (A)	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Net Sales	341.8	100.0	329.5	100.0	+12.3	+3.7
Ordinary Income	11.5	ROS 3.4	9.1	ROS 2.8	+2.4	+26.5
(Sanyo)	13.0	7.6	12.3	7.5	+0.7	+6.1
(Excl dividends from subsidiaries)	10.1	5.9	9.5	5.8	+0.7	+6.4
(OVAKO)	3.1	2.3	3.3	2.5	-0.2	-6.8
(SSMI)	0.8	3.7	0.8	3.5	+0.0	+3.3
(Amortization of goodwill)	-3.6	—	-3.4	—	-0.2	—
Net Income ^{*1}	7.2	2.1	4.3	1.3	+2.9	+66.1
Net Income before amortization of goodwill	10.8	3.2	7.7	2.3	+3.1	+40.0
Sales Volume (Thousand tons)	1,447 (per month)	120.6	1,349 (per month)	112.4	+99 (per month)	+8.2
(Sanyo)	830	69.1	743	61.9	+86	+7.2
(OVAKO)	493	41.1	494	41.1	-1	-0.0
(SSMI)	125	10.4	112	9.3	+13	+1.1

*1 Profit attributable to owners of parent

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

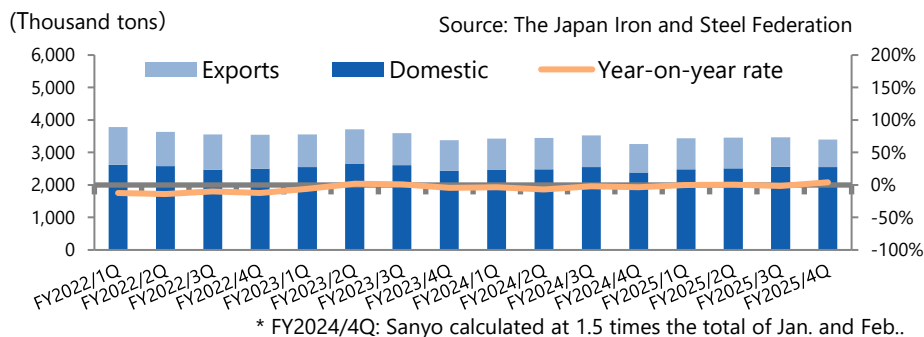
Business Environment

Demand Trends Japan : Overall demand is recovering very gradually. The impact of U.S. tariffs and the situation in the Middle East on end markets is still uncertain.

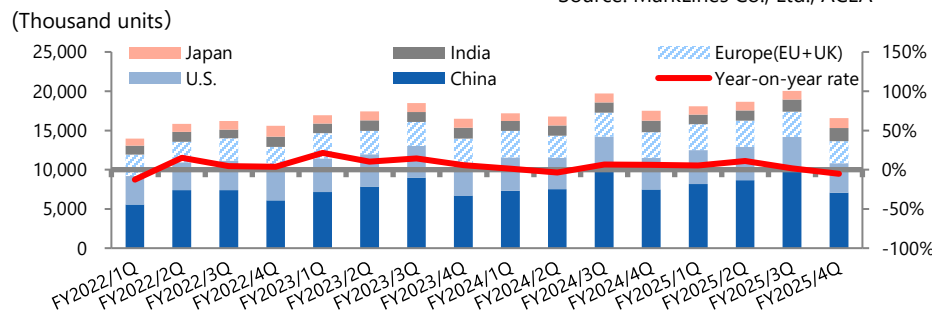
Europe : Demand remained sluggish due to delays in the recovery of the overall economy, including China. Demand recovery is expected, supported by the introduction of CBAM and the strengthening of steel safeguard measures. However, the impact of U.S. tariffs and the situation in the Middle East on end markets remains uncertain.

Raw Material and Fuel Prices Raw material prices particularly steel scrap are on upward trend. Energy prices remained at high levels. We closely monitor future developments in raw material and fuel prices arising from the situation in the Middle East.

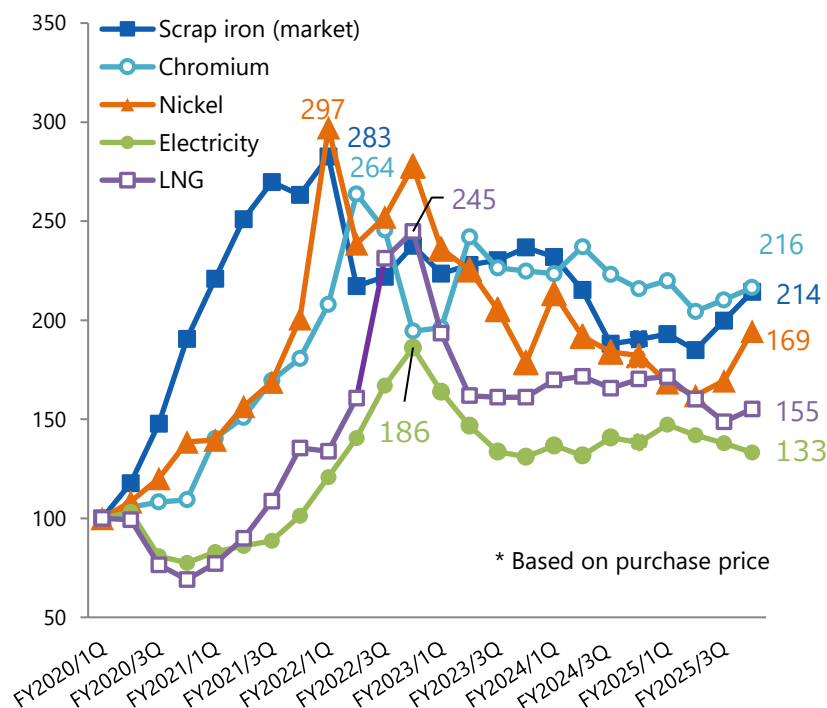
1. Volume of Order Booked (Specialty Steel Products)



2. Units of Automobile Sales



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

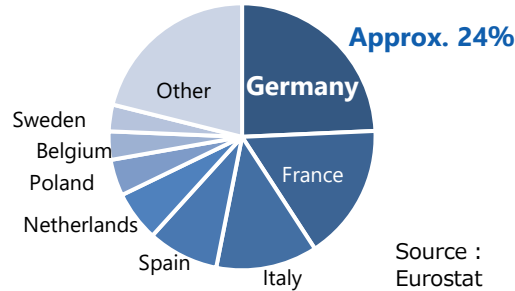


Business Environment in Europe

Germany's position in the EU economy

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

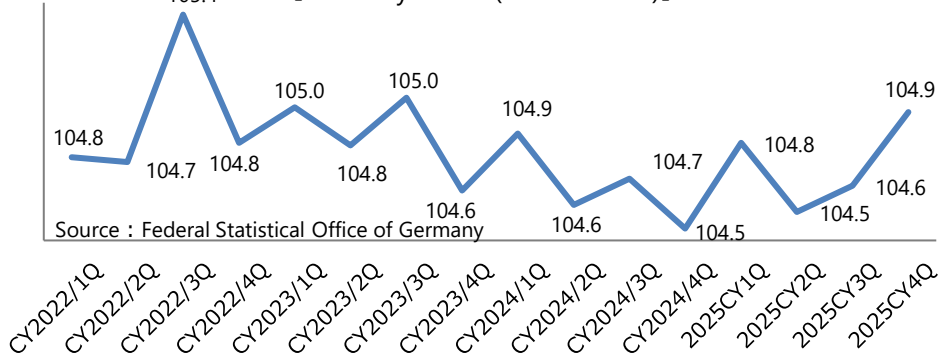
【GDP percentage by EU country (FY2024)】



Trends in Germany's GDP

Germany's GDP for 2025 grew by 0.2% YoY, marking the first positive growth in three years, mainly supported by higher household consumption and government spending. However, manufacturing declined for the third consecutive year, with sharp decreases particularly in the automotive, and the machinery and equipment manufacturing sector.

【Germany's GDP (CY2020=100)】

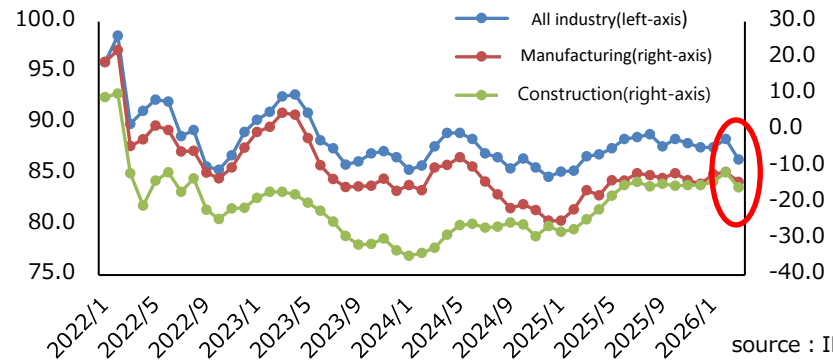


source: Destatis

German business climate

Uncertainty has increased due to concerns about the impact of the conflict in the Middle East, resulting in a deterioration of the German business climate index.

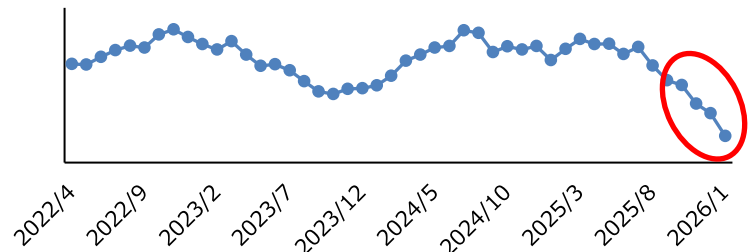
【German business climate index(Balance)(CY2015=100) (Manufacturing・Construction)】



EU Steel-Related Exports to the U.S.

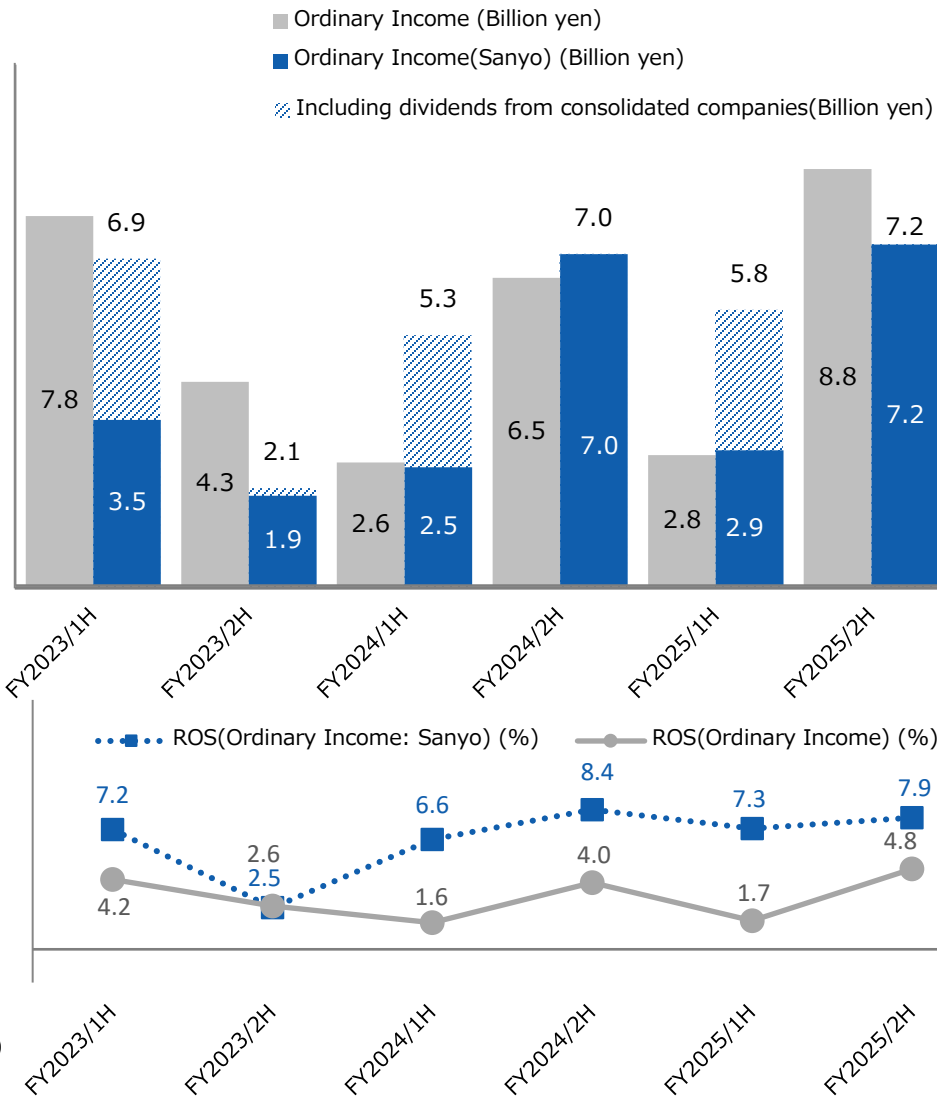
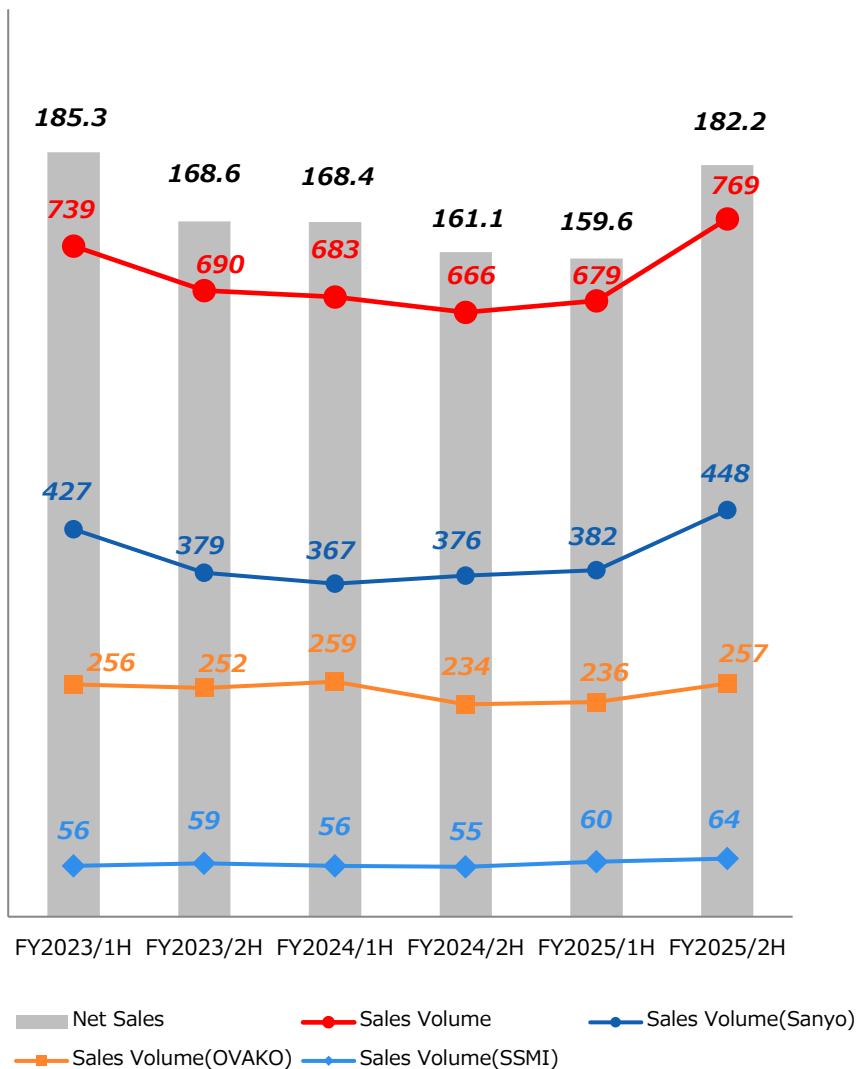
Exports of steel-related products to the U.S have been on a declining trend due to the impact of U.S. tariffs.

【EU-27 Steel-Related Exports to the U.S.(6-Month Moving Average)】



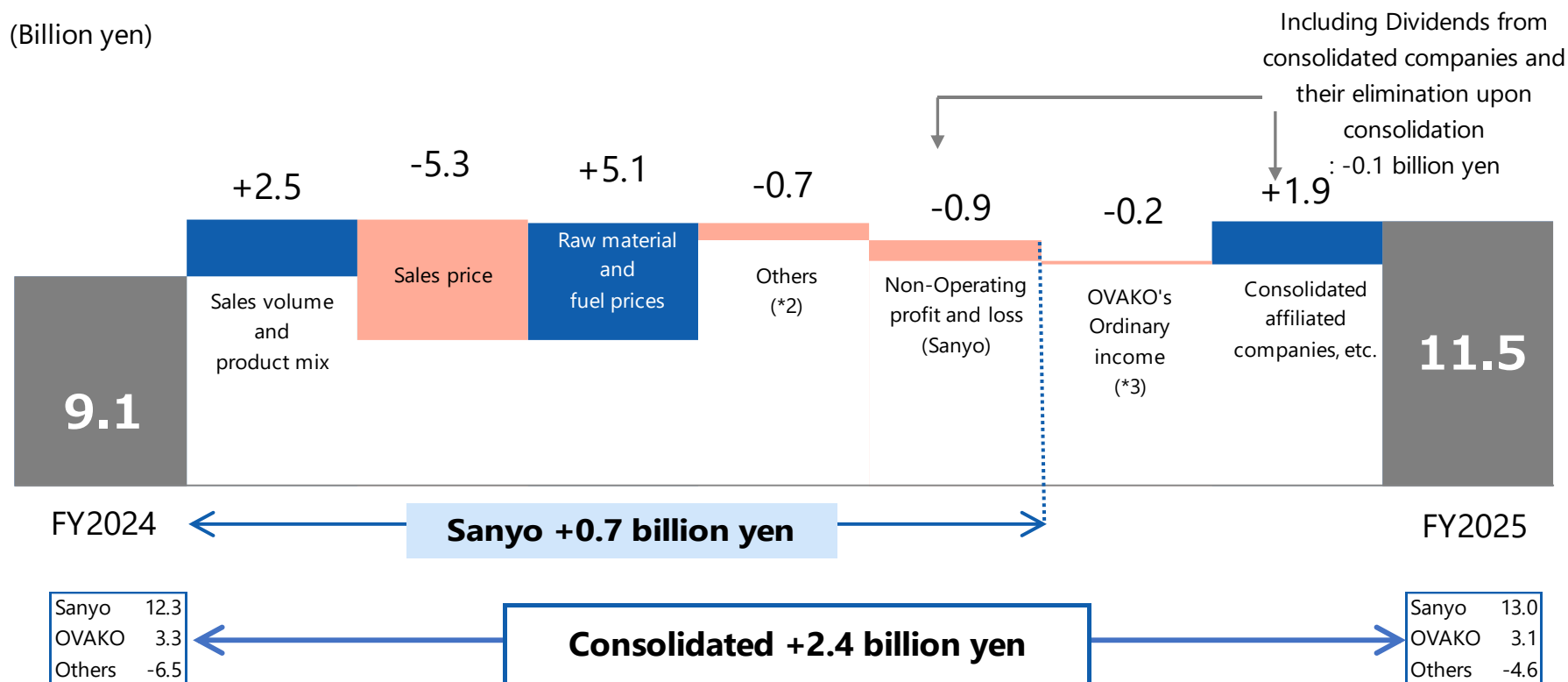
Net Sales and Income

Sales Volume (Thousand tons/Q)
Net Sales (Billion yen)



Ordinary Income Variance Analysis (FY2024 → FY2025 Result)

(Billion yen)



(*1) Sales volume

- +12% (+86: 743→ 830 thousand tons)

(*2) Breakdown of Others

- Variable cost reductions+0.9,
- Other materials, outsourcing, logistic cost, etc.-0.3,
- Repair and maintenance expenses-0.1, Fixed cost-1.2
- Of the above, Impact of unit price increase:-1.2

(*3) OVAKO's Ordinary Income

- Sales volume and product mix -0.4
0% (-1: 494→ 493 thousand tons)
- Transient factors +0.6 (-0.5→+0.1)
FX effect (SEK vs. EUR) +0.6 (-0.5→ +0.1)
- Sales margin, raw material and fuel prices -1.2
- Others (Fixed cost, etc.) +0.8

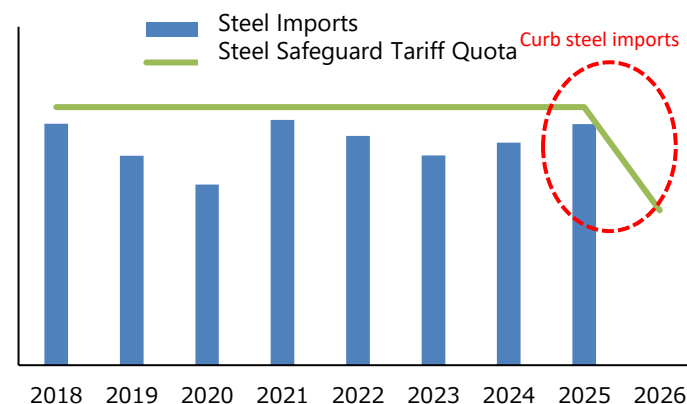
Review of Performance <OVAKO>

FY2025 Business Results

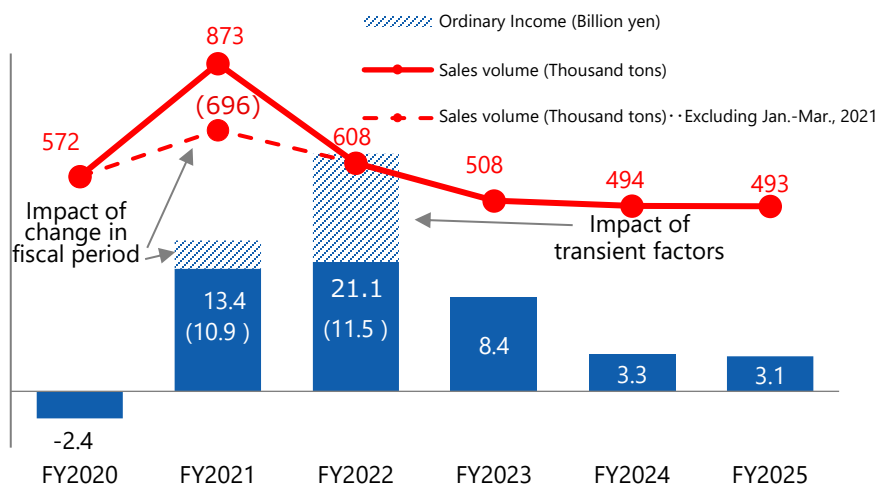
Ordinary income in FY2025 : 3.1 billion yen (-0.2 billion yen against FY2024)

- Demand remained sluggish amid a challenging environment, including continued uncertainty over U.S. tariffs and the delayed recovery of the German economy.
- Despite continued efforts to secure volumes, including expansion of mid-grade products, sales volume remained almost flat YoY at 493kt(-1kt). While cost improvement initiatives such as workforce optimization were implemented, profitability was pressured by high energy prices amid an unusually severe cold wave from early January through late February 2026.
- Going forward, OVAKO aims to increase sales volume by capturing the recovery of the European market associated with the introduction of CBAM and reinforcement of steel safeguard measures.

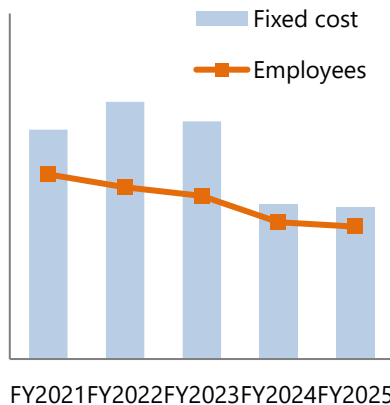
Trend in Steel Imports into Europe



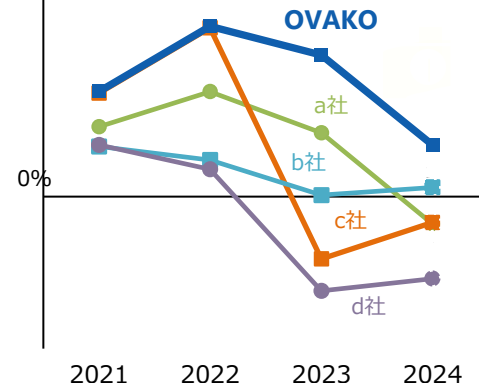
Trend of Sales volume and Ordinary Income



OVAKO's fixed cost and employees



Comparison with European peers (EBIT%)



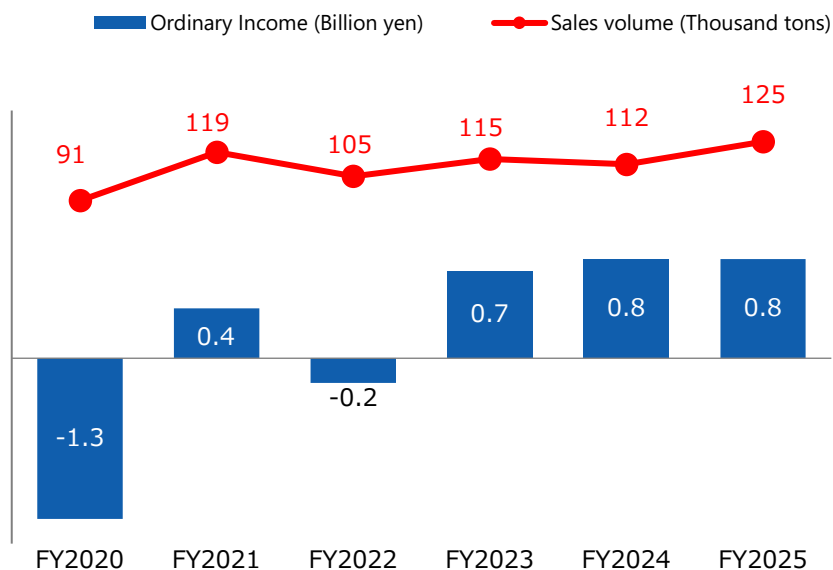
Review of Performance <SSMI>

FY2025 Business Results

Ordinary Income in FY2024 : 0.8 billion yen (+0.0 billion yen against FY2024)

- SSMI secured ordinary income of 0.8 billion yen in FY2025, despite a deterioration in product mix. Sales volume increased by 13 kt YoY to 125kt, and profitability was supported by higher sales volume and the implementation of cost improvement measures. These measures included the utilization of cost-competitive energy sources and reductions in interest expenses.

Trend of Sales volume and Ordinary Income



Profit improvement measures and actions

- Enhancement of sales foundation
Formulate and execute sales strategies reflecting value of SSMI's superior high-cleanliness steelmaking technology. Improve product mix, increase sales price, and expand sales.
- Variable cost reduction
Reduce operation costs by improving energy efficiency, and by using cost competitive raw materials and green energy.
(SSMI green energy usage:
Solar power from September 2024
Wind power from May 2025)
- Fixed cost control
Reduce interest expenses by repaying borrowings.

2. Topics

Topics

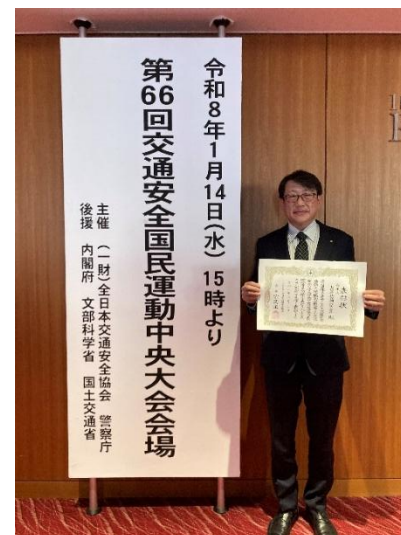
1. Received an “A” on the 2025 CDP Climate Change Score (December 11, 2025)

- Sanyo has been responding to the CDP Climate Change Questionnaire since 2022 and the Water Security Questionnaire since 2023. This year, we were rated “A” for Climate for the first time and “A-” (A minus) for Water for the second consecutive year.
- Scores of “A” and “A-,” which represent leadership levels, are awarded to companies recognized as leading in environmental performance and transparency of information disclosure.



2. Awarded in Recognition of Contributions to Traffic Safety (January 14, 2026)

- At the 66th Central Meeting of the National Traffic Safety Campaign, Sanyo received an award in recognition of its dedication to traffic safety.
- This meeting is hosted by the Japan Traffic Safety Association and the National Police Agency to honor organizations committed to traffic safety and making significant contributions to the prevention of traffic accidents.
- Their Imperial Highnesses Prince and Princess Akishino were in attendance at the ceremony, and distinguished guests, including Prime Minister Takaichi, offered congratulatory addresses.



▲ Executive Officer Shimizu attending the award ceremony

Topics

3. Joint Employment Support for Local Women with SSMI (February 19, 2026)

- SSMI, our subsidiary in India, has consistently undertaken a wide range of CSR initiatives focused on promoting the harmonious coexistence of local communities and industry. Among these initiatives are training programs that provide women with practical and professional skills, including cosmetic techniques and various crafts. These programs aim to promote stable employment opportunities for women.
- At the graduation ceremony, participants showcased the practical skills acquired through the programs and were awarded certificates of completion.



▲ Director and Senior Advisor Miyamoto attending the graduation ceremony

4. Special Appearance by Nozomi Tanaka at One-Day Track Clinic (March 25, 2026)

- The Sanyo Special Steel Cultural Promotion Foundation hosts a One-Day Track Clinic for primary and secondary school students, providing instruction in running techniques to promote sports participation within the local community, and Sanyo's Track and Field team cooperates it.
- At the 10th clinic, the foundation welcomed 120 participants. Nozomi Tanaka, Olympian and world-class middle-distance runner, appeared as a special guest and provided training to the participants. She is from Hyogo Prefecture, where the company's head office is located, and participated in the clinic due to her close ties with Sanyo's Track and Field team.



▲ Ms. Tanaka training the participants (second from the right)

3. Achieving Carbon Neutrality (CN) by 2050

Sanyo Group's Roadmap to Carbon Neutrality (Scope1+2, Scope3)

First Japanese steelmaker * to obtain Science Based Targets (SBT) Certification

*Excluding companies having obtained SBT certificate for small and medium-sized enterprises

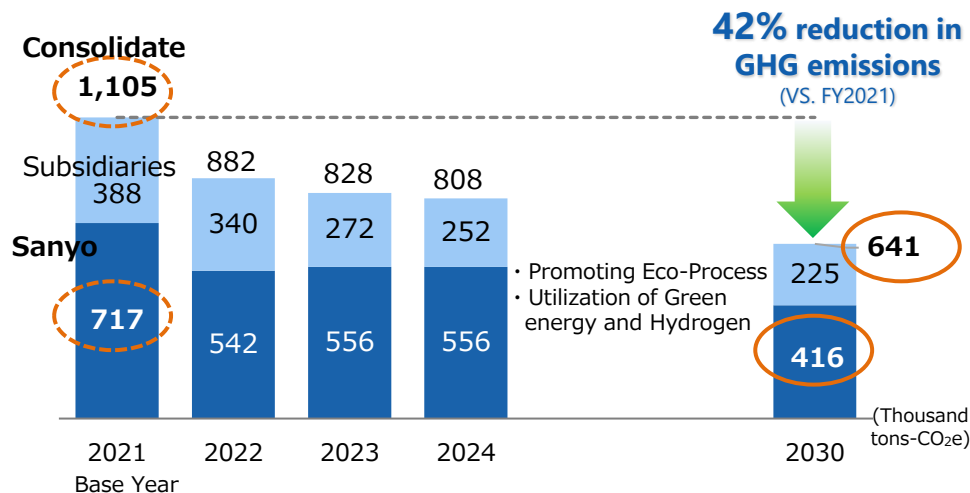
- Sanyo received SBT certification from the Science Based Targets initiative (SBTi) on January 21, 2025, as [the first Japanese steelmaker to obtain the certification](#) for its GHG reduction targets aligned with scientific evidence to limit global warming to 1.5°C above pre-industrial levels.



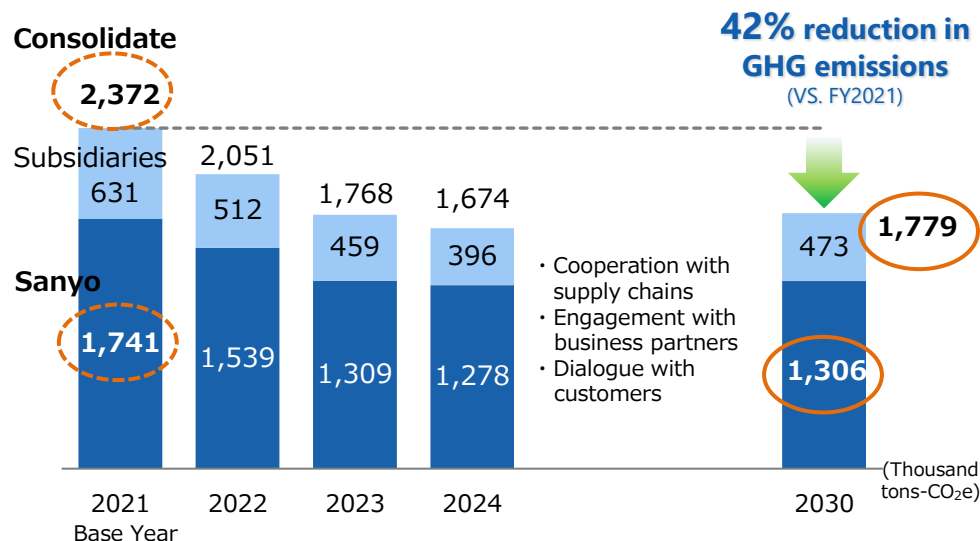
Setting Scope 3 Reduction Targets: A Leading Initiative in the Global Steel Industry

- In September 2024, Sanyo established a consolidated Scope 3 reduction target.
- Sanyo aims to achieve a 25% reduction in GHG emissions by 2030 compared with 2021 levels, in line with the Science Based Targets initiative (SBTi) Scope 3 criteria.

【Consolidating Scope1+2 GHG Emissions】



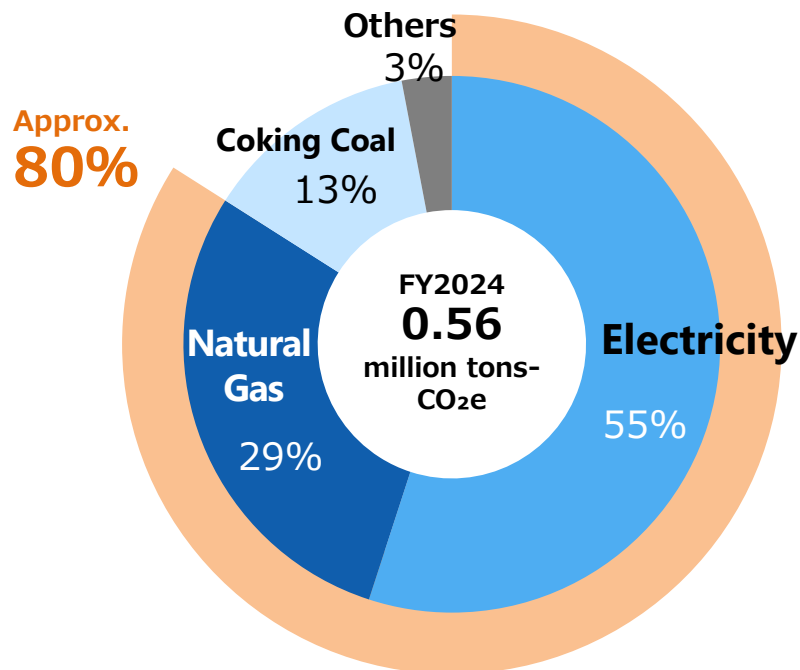
【Consolidating Scope3 GHG Emissions】



Basic Consideration to Carbon Neutrality

Breakdown of Sanyo's GHG emissions

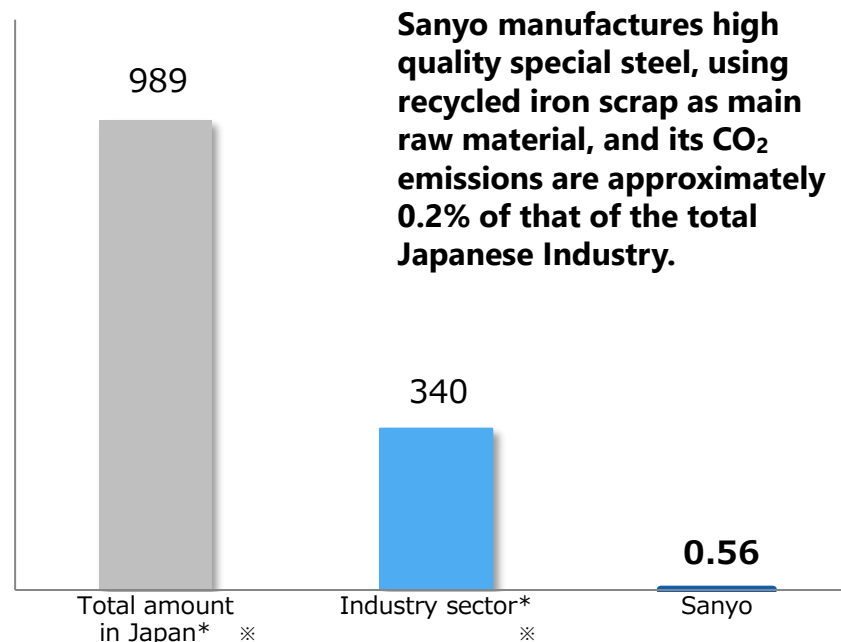
(Scope 1 + 2 of Sanyo)



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

Amount of CO₂ emissions in FY2023

(Million tons)



*Greenhouse Gas Inventory Office of National Institute for Environmental Studies (Data of CO₂ emission in FY2023)

Participation in the GX League

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

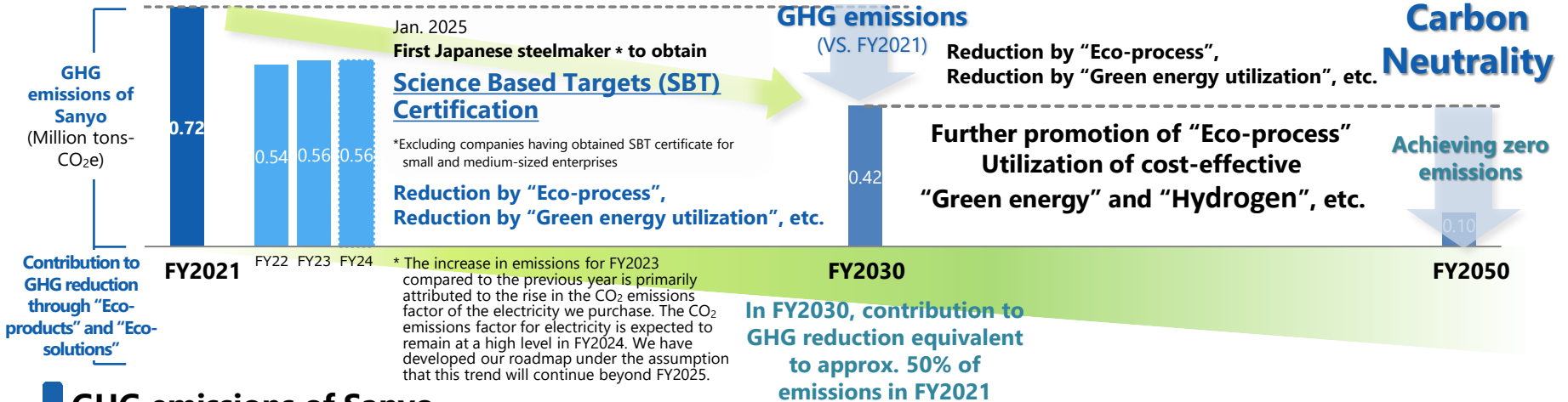
Sanyo will actively engage in activities of GX League, such as voluntary emissions trading, making rules for market creation, creation of business opportunities and exchanges in GX hosted sessions.



Sanyo's Roadmap to Carbon Neutrality by 2050

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

【Scope 1+2 of Sanyo】



GHG emissions of Sanyo



Energy-saving heating furnace that uses regenerative burners

Eco-process

Company-wide energy-saving measures mainly in production.

Development of manufacturing technology to improve energy efficiency.

*Introduced internal carbon pricing from FY2023.



Green energy utilization

Utilization of carbon free electricity/fuels and natural energy.

*Commenced to utilize renewable energy sources from FY2022.

Commenced to utilize hydroelectric and solar power generation from FY2024.

Contribution to GHG reduction through “Eco-products” and “Eco-solutions”



Developing long-life bearing steel for wind power generation

Eco-products

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



Sharing technologies among group members

Eco-solutions

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

GHG Emissions Reduction through “Eco-products”

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

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

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

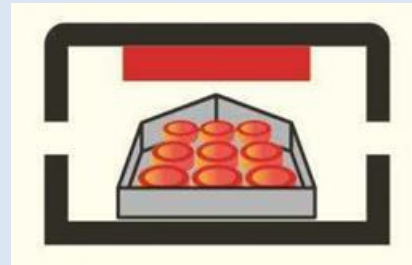
(Estimated CO₂ reduction effect: 13,000 tons/year*)

Process Omitting Steel



(High-strength case-hardened steel: ECOMAX® series)

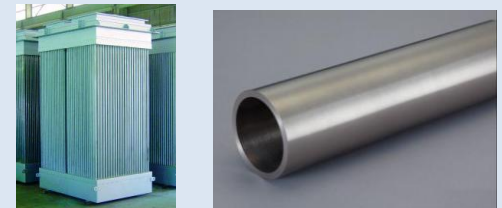
Elimination/simplification of the parts manufacturing process



(High-hardness high-toughness steel: TOUGHFIT®)

Reduction of GHG emissions in heat hardening process through original alloy designing and use of advanced heat treatment technology

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

*Presented at the 18th Research Presentation Conference of the Institute of Life Cycle Assessment, Japan (on March 10, 2023)

Further Enhance OVAKO's World Leading Position in Carbon Efficiency

OVAKO's Roadmap

Apr. 2020 • **First in the world to heat steel using hydrogen**

Jan. 2022 • **Introduction of Carbon Offset Program & Climate Surcharge**

- ✓ OVAKO introduced carbon offset program, as an intermediate solution, to counterbalance remaining GHG emissions.
- ✓ OVAKO started applying climate surcharge to all customers.

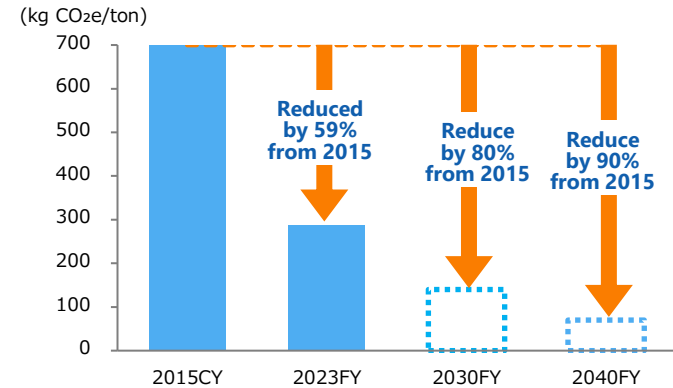
Sep. 2023 • **Inauguration of Fossil-free hydrogen electrolyzer plant**

One of the largest facilities in Europe.
Possible to reduce Hofors mill's GHG emissions from re-heating steel process before rolling by 50 percent (approx. 20,000 tons/year).

Collaboration with customers

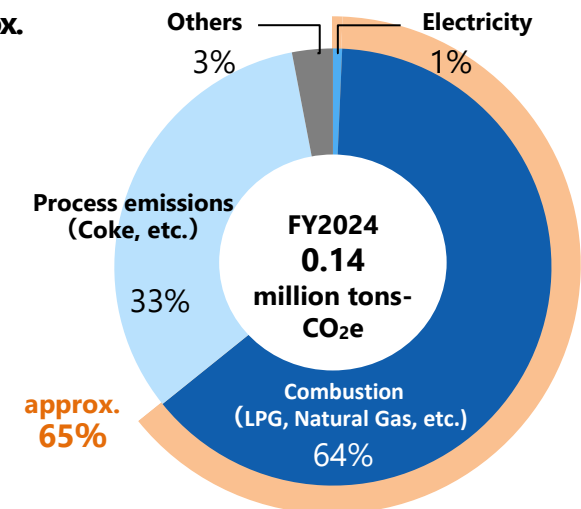
- SKF has produced bearings with 90% less carbon emission than its standard, using OVAKO's high quality bearing steel.
- OVAKO has participated in Volvo's climate-neutral car project.

OVAKO's GHG emissions (Scope1+2)



Made by Sanyo based on OVAKO's SUSTAINABILITY REPORT 2023

Breakdown of OVAKO's GHG emissions

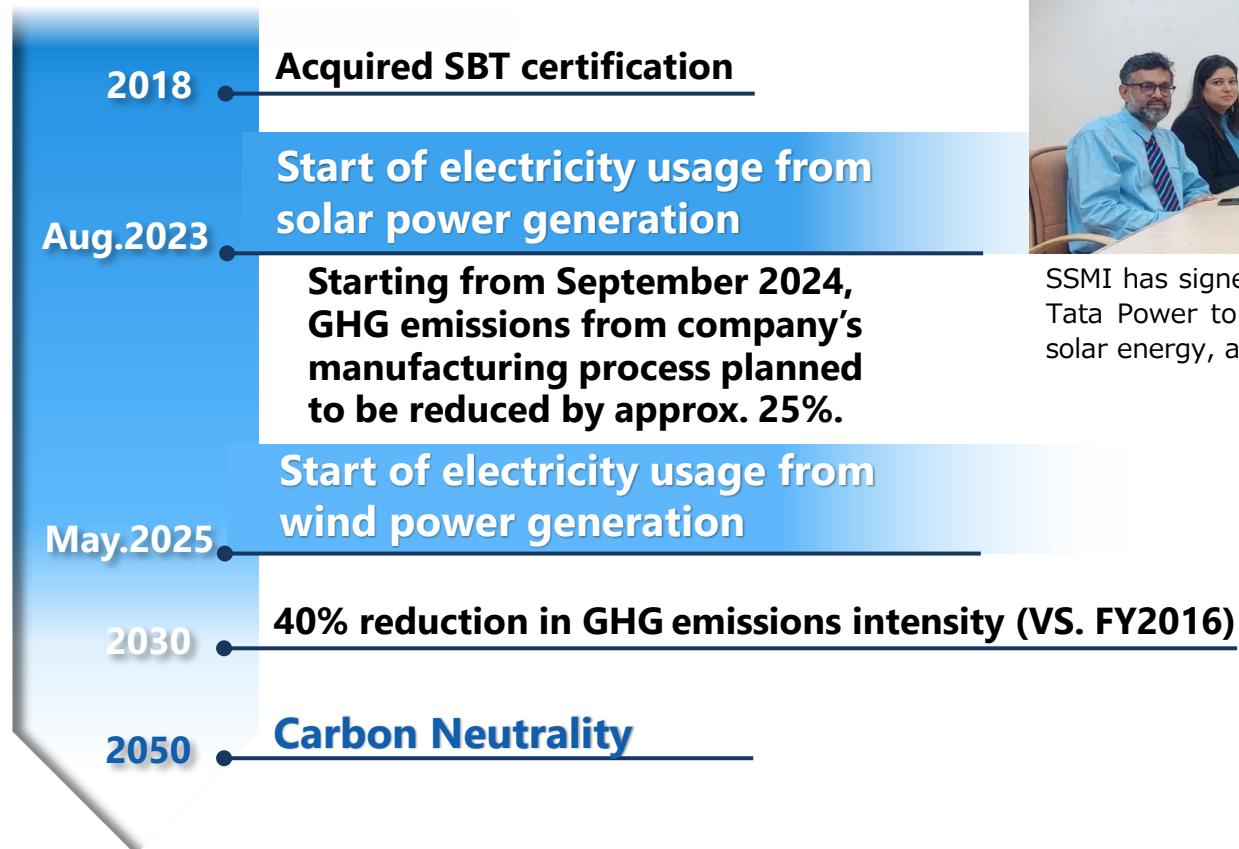


Engagement to Carbon Neutrality by SSMI

Promotion of fuel conversion and energy saving

SSMI is promoting measures, such as replacement of fuel oil with natural gas, a cleaner and more efficient energy source, and implementation of energy-efficient processes and equipment.

SSMI's Roadmap



SSMI has signed an agreement with a subsidiary of Tata Power to purchase electricity generated from solar energy, a renewable energy source.



Solar Power generation

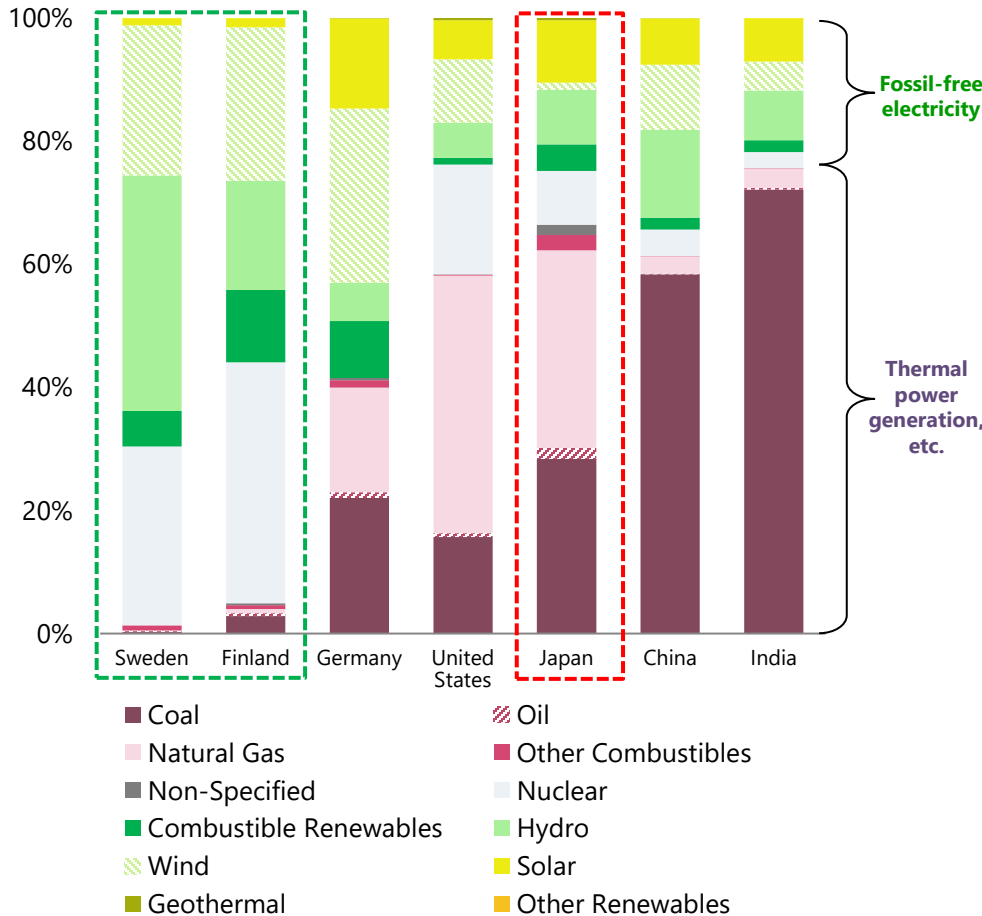


Wind Power generation

Electricity Mix and Prices of Other Countries

Electricity mix as of 2024

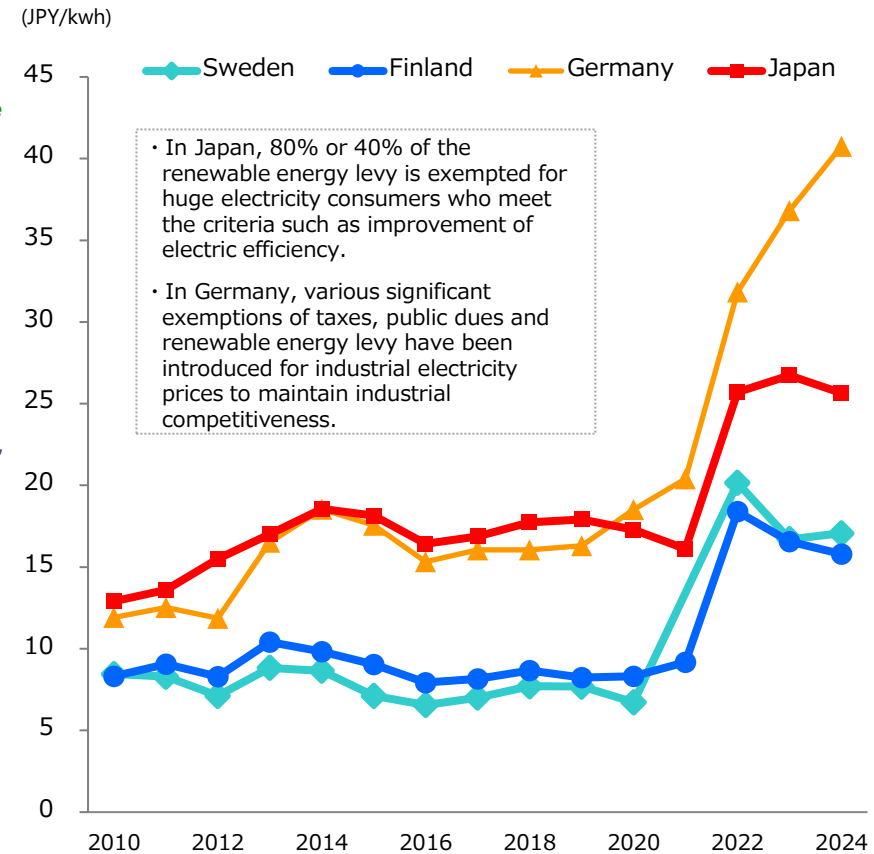
The ratios of carbon free electricity (hydropower, wind power, nuclear power) in Sweden and Finland, where OVAKO's production sites are located, is overwhelmingly high compared to other nations.



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

Industrial electricity prices*

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



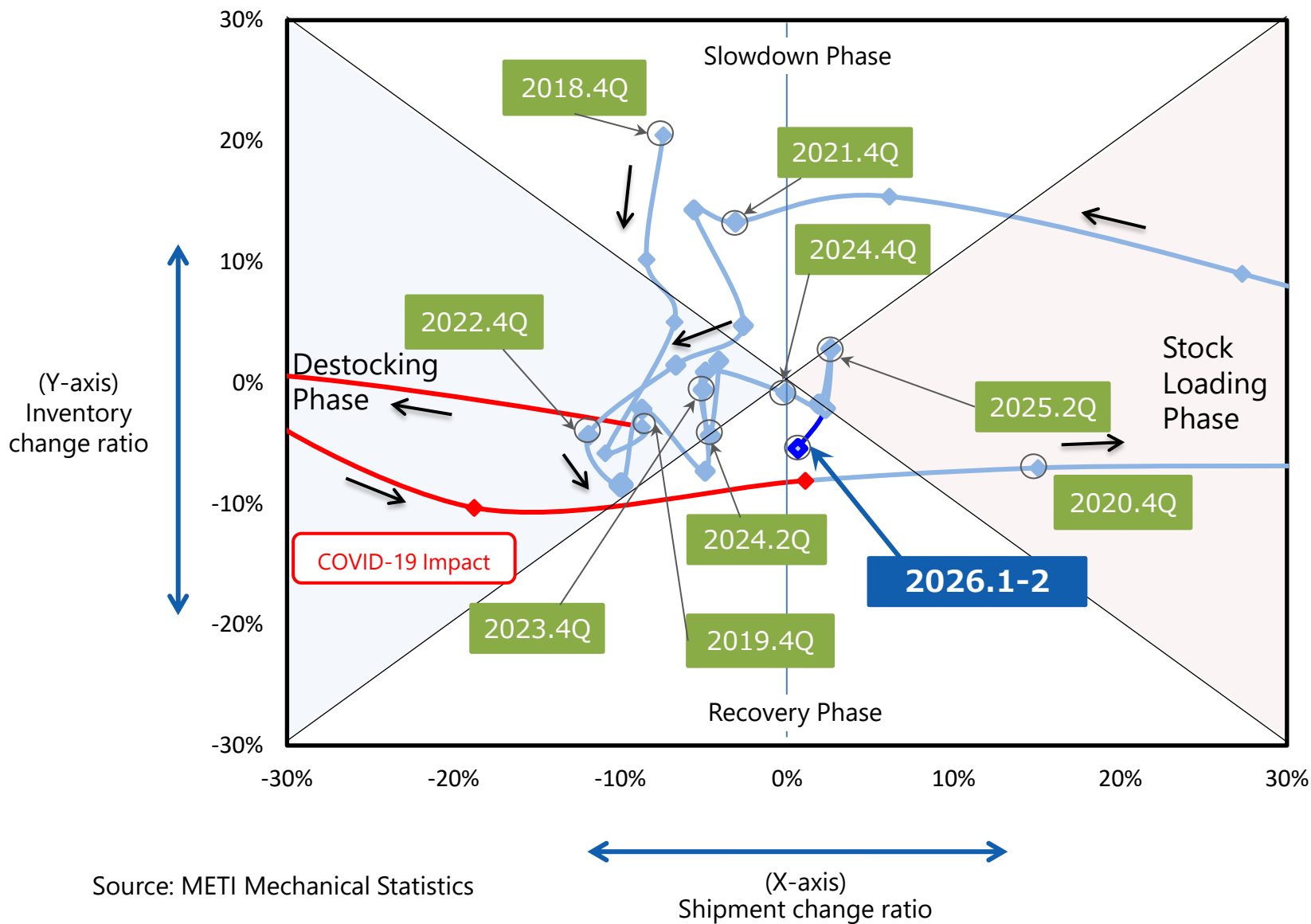
• In Japan, 80% or 40% of the renewable energy levy is exempted for huge electricity consumers who meet the criteria such as improvement of electric efficiency.

• In Germany, various significant exemptions of taxes, public dues and renewable energy levy have been introduced for industrial electricity prices to maintain industrial competitiveness.

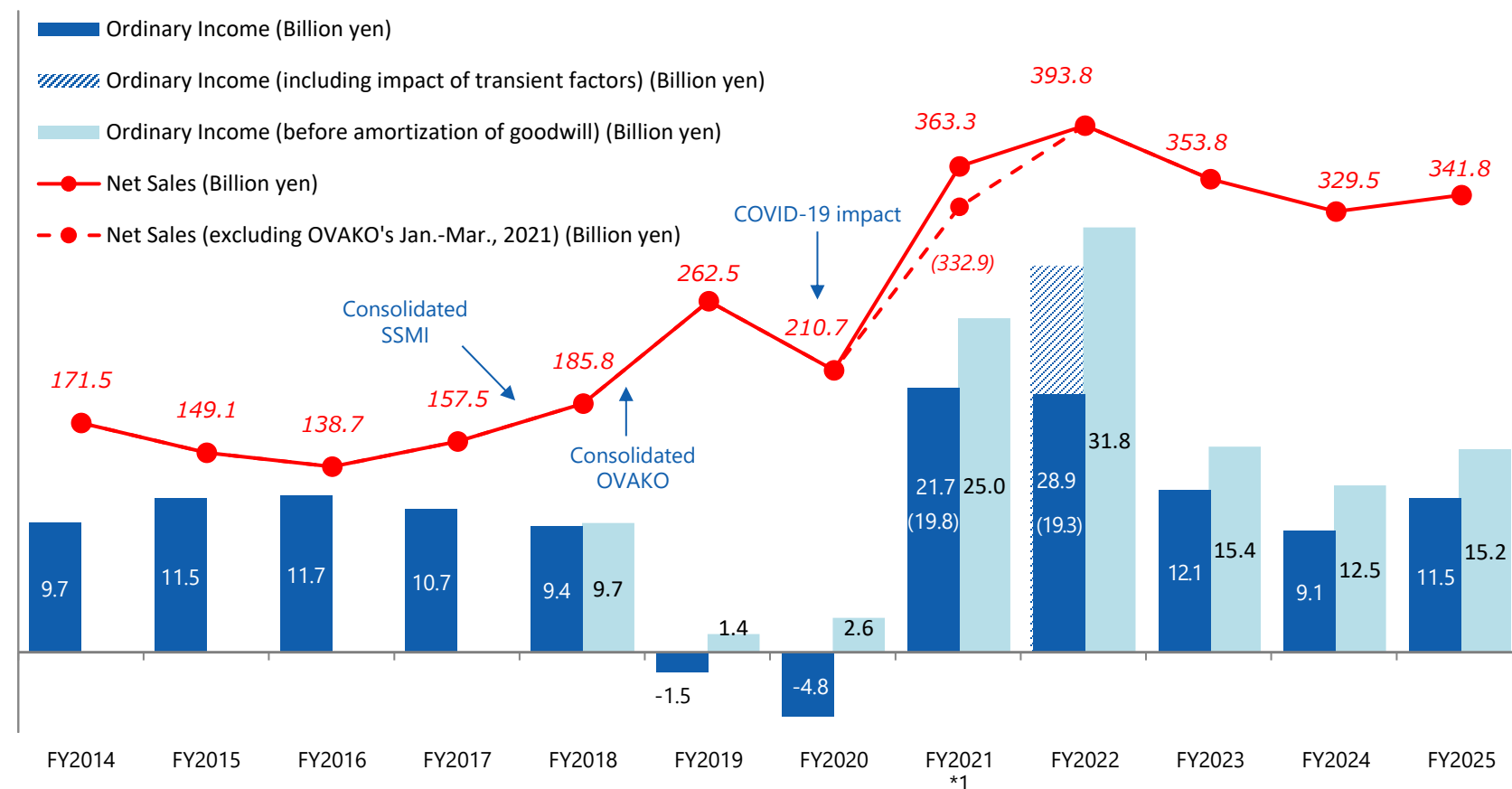
*Made by Sanyo based on "Industrial electricity prices in the IEA" from Department for Business, Energy, and Industrial Strategy of UK

4. Reference

Inventory Circulation Diagram (Bearing Products)



Net Sales and Income (Fiscal)



ROE

6.1%	6.6%	6.6%	5.6%	4.8%	-2.0%	-3.9%	8.1%	10.1%	4.1%	1.9%	3.0%
------	------	------	------	------	-------	-------	------	-------	------	------	------

ROE (before amortization of goodwill)

6.1%	6.6%	6.6%	5.6%	4.8%	0.3%	-2.4%	9.9%	11.5%	5.6%	3.4%	4.5%
------	------	------	------	------	------	-------	------	-------	------	------	------

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

*2 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



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