Overview of Business Results

for the 1st Half of Fiscal Year Ending March 31, 2027

(April 2026 → September 2026)

November 6, 2026



Santo-kun
(Our mascot)

SANYO SPECIAL STEEL Co., Ltd.

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

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1. FY2026 1st Half Results

Outline of Statements of Income(vs. FY2025 1H)

Ordinary Income: 6.6 billion yen (+3.9 billion yen against FY2025/1H)
Profit increased due to higher sales volume at both Sanyo and OVAKO.

- Sanyo's profit increased YoY due to higher sales volume resulting from demand recovery.
- OVAKO's profit increased due to higher sales volume resulting from demand recovery as well, particularly in the construction and industrial machinery sectors.
- The Group as a whole achieved higher revenue and profit YoY.

(Unit: Billion yen)

	FY2026/1H (A)		FY2025/1H (B)		Change (B) → (A)	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Net Sales	**187.0**	***100.0***	159.6	*100.0*	**+27.5**	***+17.2***
Ordinary Income	**6.6**	**ROS *3.6***	2.8	ROS *1.7*	**+3.9**	***+141.4***
(Sanyo)	8.0	*8.5*	5.8	*7.3*	+2.2	*+37.5*
(Excl. dividends from subsidiaries)	6.6	*7.0*	2.9	*3.6*	+3.8	*+131.4*
(OVAKO)	0.9	*1.2*	0.5	*0.7*	+0.4	*+94.6*
(SSMI)	0.4	*3.5*	0.4	*3.8*	+0.0	*+3.9*
(Amortization of goodwill)	-1.9	—	-1.7	—	-0.2	—
Net Income*1	**5.6**	***3.0***	1.5	*1.0*	**+4.1**	***+268.2***
Net Income excluding amortization of goodwill	**7.5**	***4.0***	3.3	*2.0*	**+4.3**	***+131.0***
Sales Volume (Thousand tons)	**747** (per month)	***124.6***	679 (per month)	*113.1*	**+69** (per month)	***+11.5***
(Sanyo)	429	*71.5*	382	*63.6*	+47	*+7.9*
(OVAKO)	251	*41.8*	236	*39.4*	+14	*+2.4*
(SSMI)	68	*11.3*	60	*10.1*	+7	*+1.2*

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

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Business Environment

Demand Trends

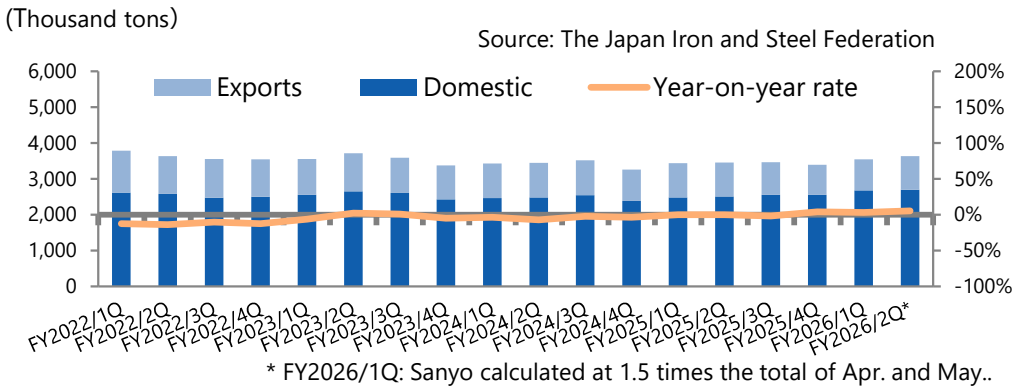
Japan : Automotive-related activity remained resilient overall. Demand for both construction and industrial machinery is expected to stay firm, while inventory accumulation is projected to slow.

Europe : Demand is recovering, particularly in the construction and industrial machinery sectors. Further demand recovery is expected, supported by strengthening of steel safeguard measures and the implementation of CBAM.

Raw Material and Fuel Prices

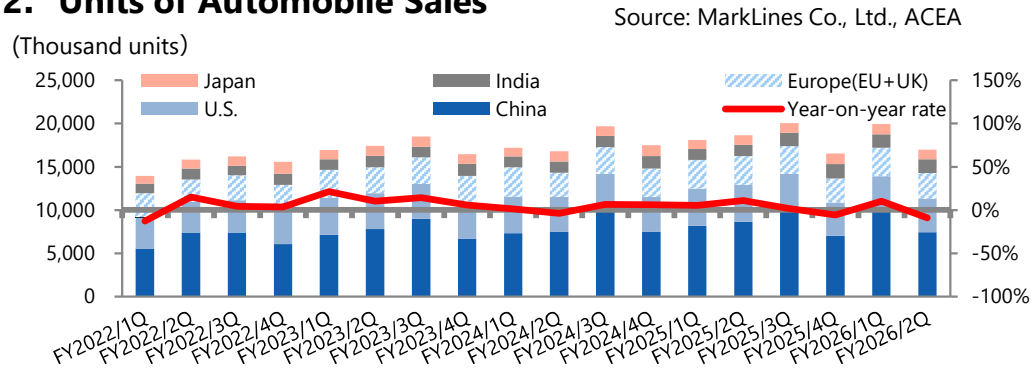
Raw material and energy prices remain at high levels due to the impact of the situation in the Middle East and other factors. Steel scrap prices continue to show strength. Close attention will be paid to future raw material and fuel price trends arising from the situation in the Middle East.

1. Volume of Order Booked (Specialty Steel Products)

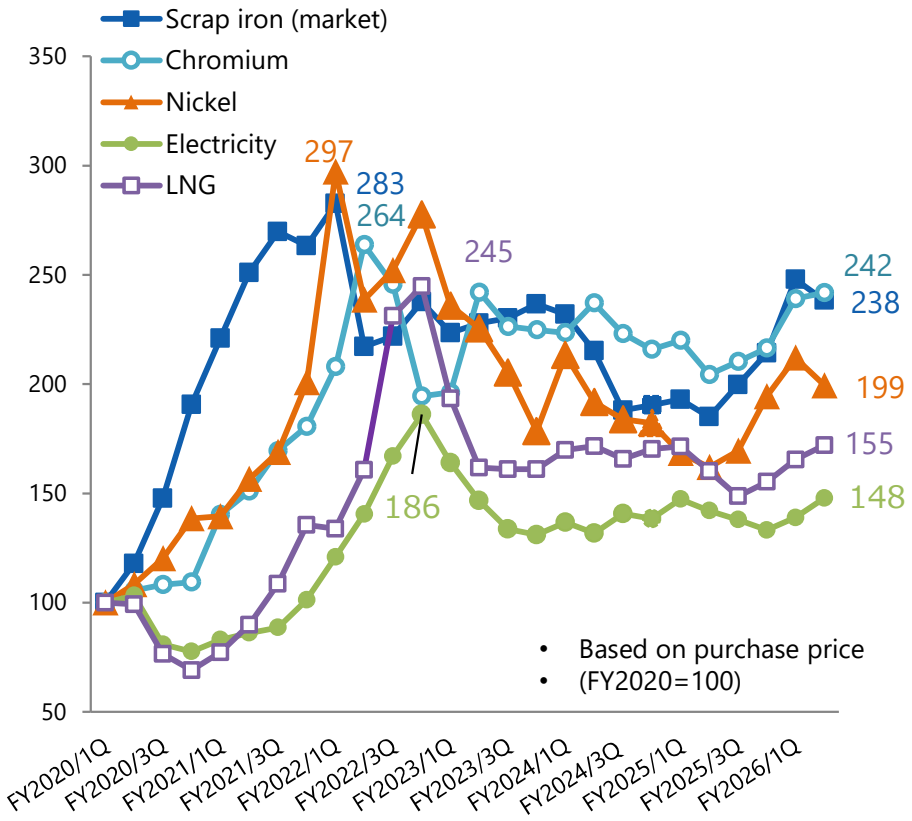


* FY2026/1Q: Sanyo calculated at 1.5 times the total of Apr. and May..

2. Units of Automobile Sales



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



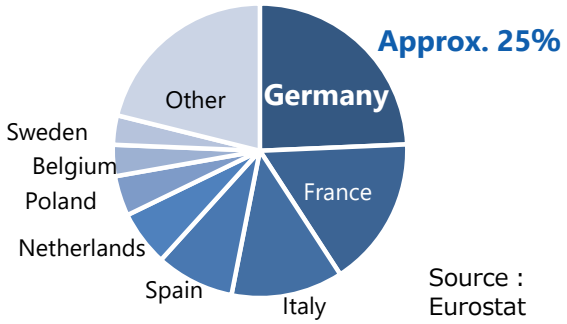
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Business Environment in Europe

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 (FY2025)】

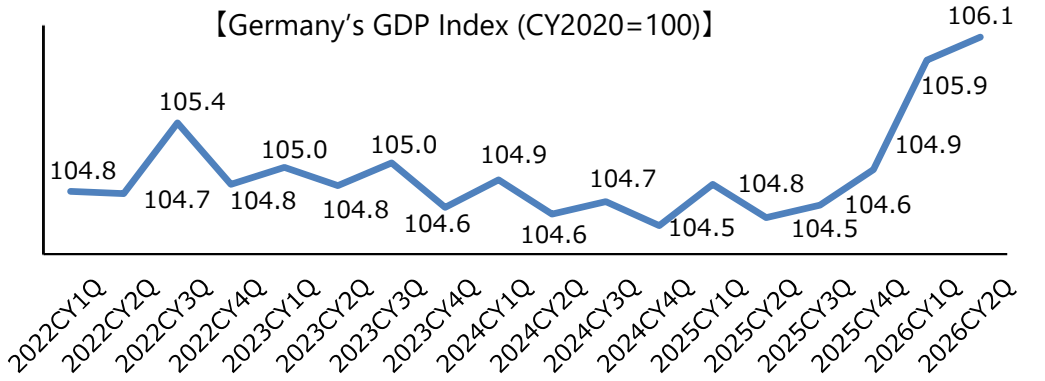


Source : Eurostat

Trends in Germany's GDP

The German economy is expected to return to a moderate growth trajectory in 2026, supported by expanded public investment and recovering household consumption.
The manufacturing sector is showing signs of bottoming out, with a gradual recovery in the automotive industry and other sectors expected. However, structural challenges, such as high energy costs and declining international competitiveness, remain.

【Germany's GDP Index (CY2020=100)】

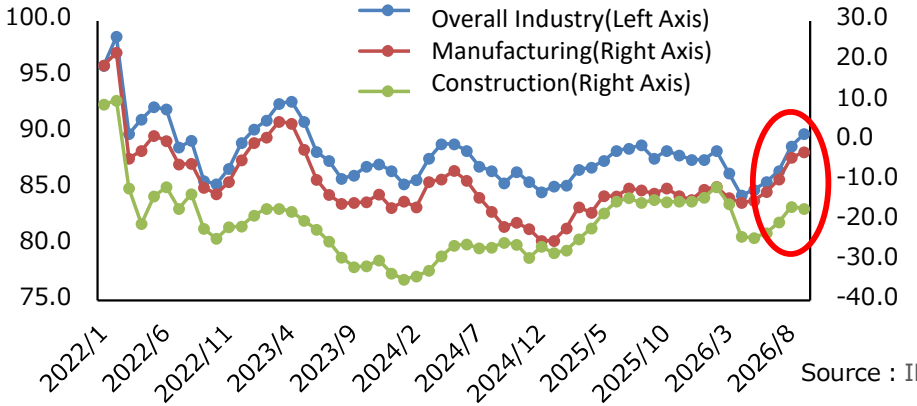


Source: Federal Statistical Office of Germany

German business climate Index

Despite ongoing concerns over the impact of the Middle East conflict, the German Business Climate Index remains on a recovery trend.

【German Business Climate Index (2015CY=100)】
※Manufacturing/Construction Balance

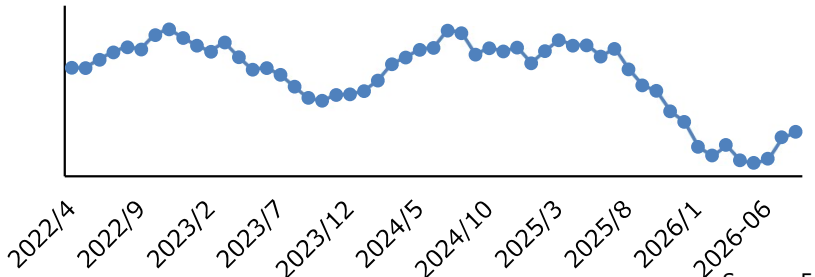


Source : IFO

Trend in EU Steel Exports to the U.S.

Although steel-related exports to the U.S. remain subdued due to U.S. tariffs, they have recently shown signs of recovery, driven by supply-demand normalization and demand for high-value-added steel products.

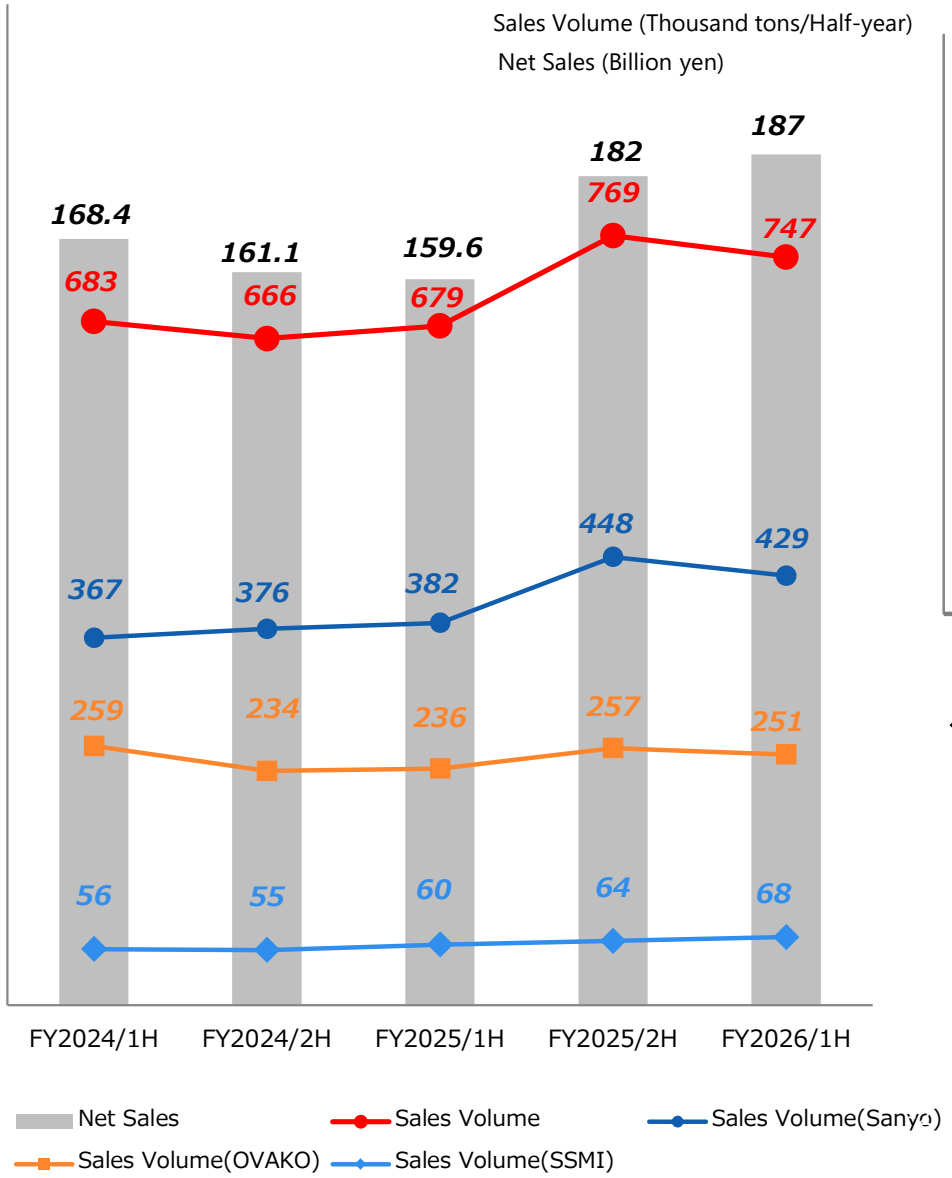
【EU-27 Steel-Related Exports to the U.S. (6-Month Moving Average)】

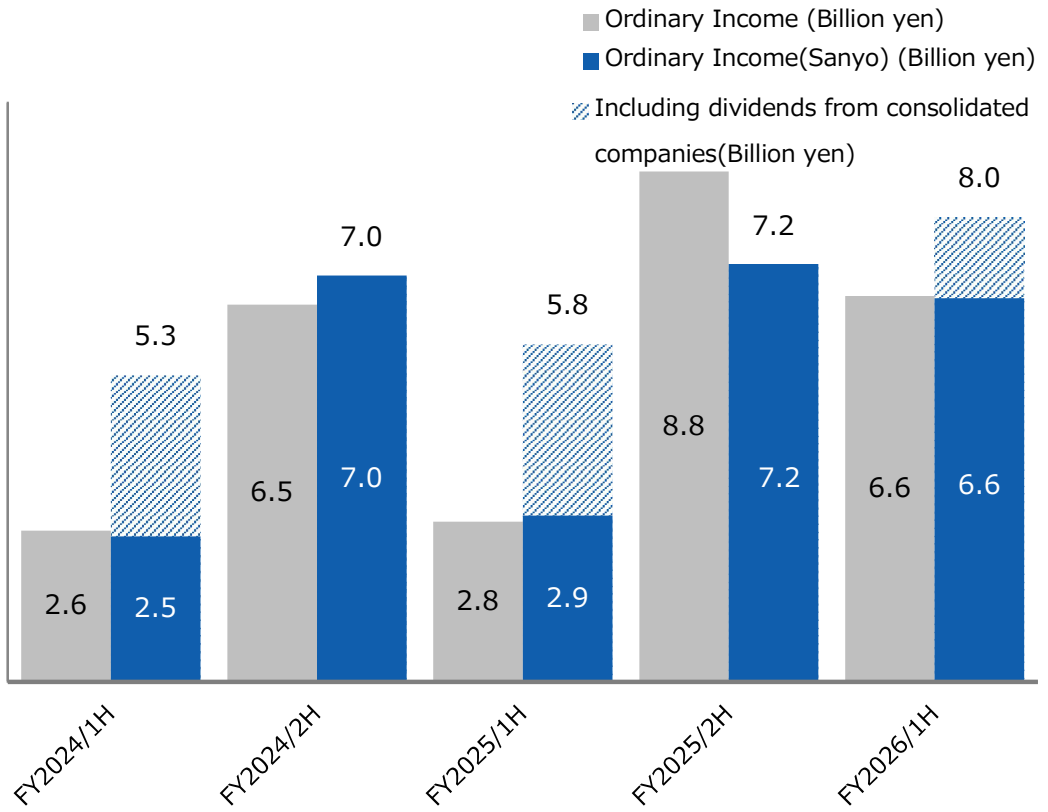


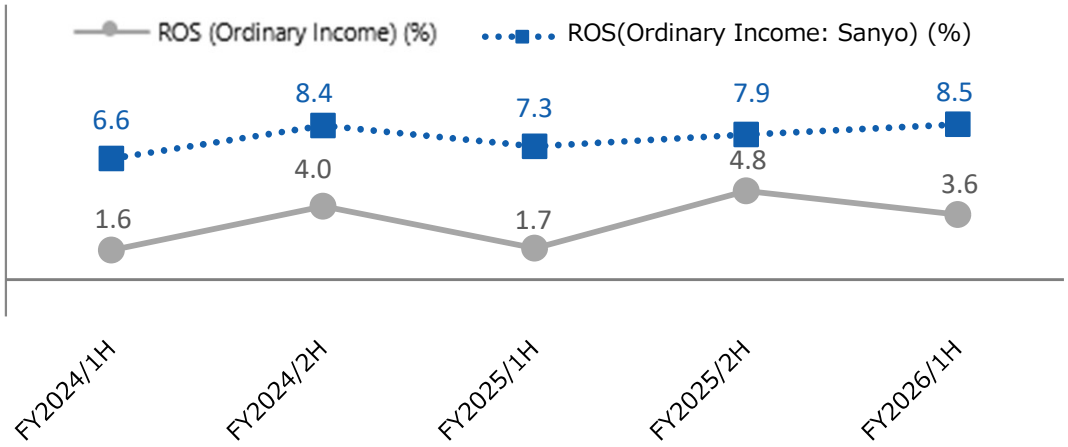
Source:Eurostat

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Net Sales and Income

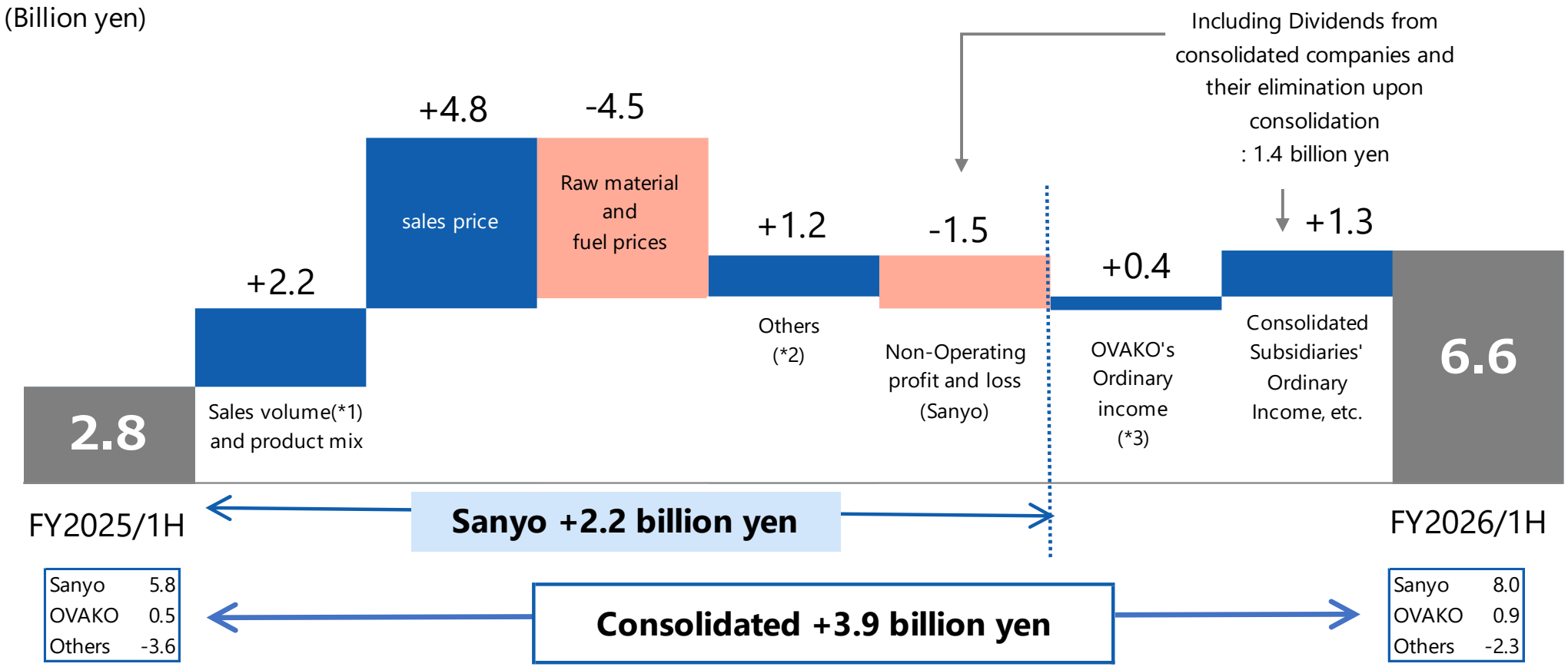






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Ordinary Income Variance Analysis
(FY2025/1H→FY2026/1H)



(*1) Sales volume
- +12% (+47: 382→ 429 thousand tons)

(*2) Breakdown of Others
- powder +1.0
- Higher unit costs(labor, other materials, and outsourcing)-0.5
- Inventory impact, etc. +0.7

(*3) OVAKO's Ordinary Income
- Sales volume and product mix +1.6
  +6% (+15: 236→ 251 thousand tons)
- Transient factors +0.3 (+0.1→+0.4)
  FX effect (SEK vs. EUR) +0.3 (+0.1→ +0.4)
- Sales margin and raw material and fuel prices -0.5
- Others (Fixed cost, etc.) -1.0

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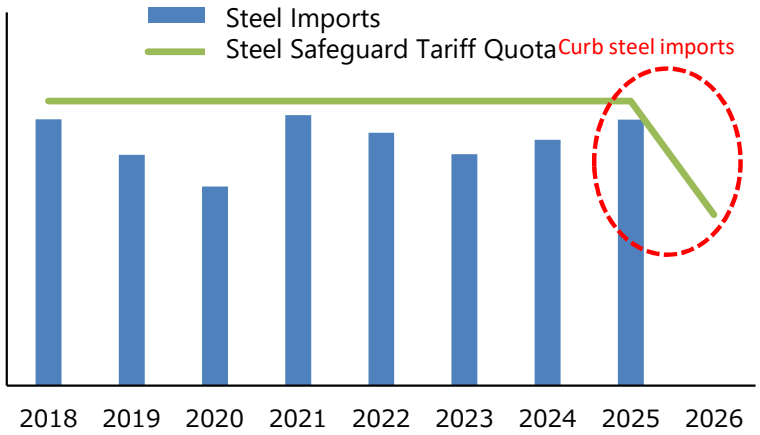
Review of Performance <OVAKO>

FY2026/1H Business Results

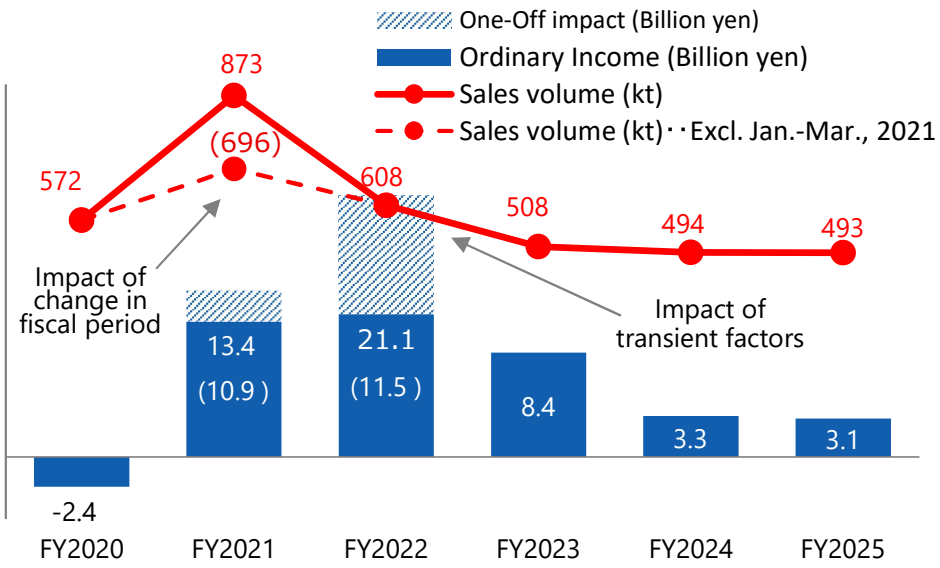
Ordinary income in FY2026/1H : 0.9 billion yen (+0.4 billion yen against FY2025/1H)

- Supported by recovering demand, particularly in the construction and industrial machinery sectors, sales volume increased by 14kt YoY to 251 kt. Ordinary income reached 0.9 billion yen (+0.4 billion yen YoY).
- Despite persistently high electricity prices and higher logistics costs related to the Middle East conflict, higher sales volumes led to increased profit YoY.
- OVAKO aims to increase sales volume by capturing the anticipated recovery of the European market, supported by the strengthening of steel safeguard measures and the implementation of CBAM.

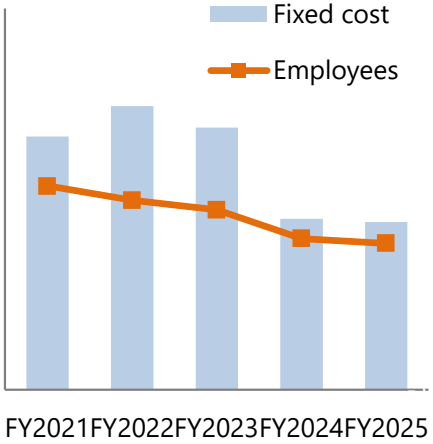
Trend in Steel Imports into Europe



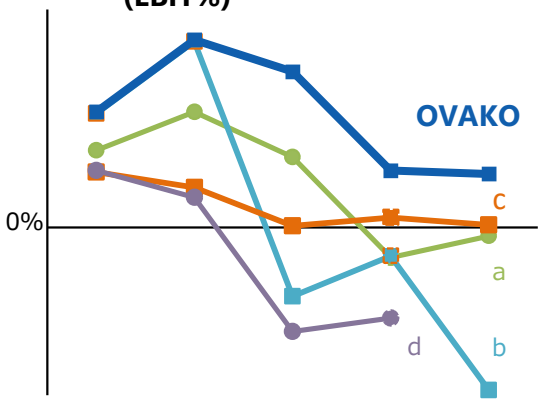
Trend of Sales volume and Ordinary Income



OVAKO's fixed cost and employees



Comparison with European peers (EBIT%)



a : ABS
b : Saarstahl
c : Trinecke Zelezarny
d : Swiss Steel

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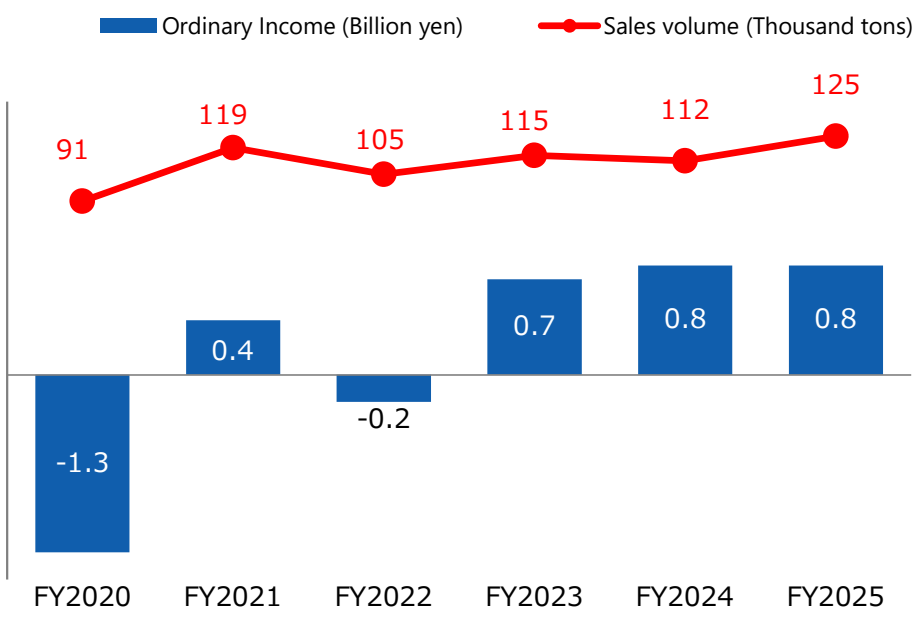
Review of Performance <SSMI>

FY2026/1H (Jan.-Jun.) Business Results

Ordinary Income in FY2026/1H : 0.4 billion yen (+0 billion yen against FY2025/1H)

・SSMI reported ordinary income of 0.4 billion yen, remaining flat YoY, supported by higher sales volumes (up 7kt YoY to 68kt) as well as ongoing cost reduction initiatives, including lower interest expenses and reduced personnel costs through disciplined workforce management.

Trend of Sales volume and Ordinary Income



Profit improvement measures and actions

1. Enhancement of sales foundation
   Develop and execute sales strategies that fully leverage the value of SSMI's superior high-cleanliness steelmaking technology. Enhance product mix, increase sales price, and expand market penetration and customer adoption.
2. 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)
3. Fixed cost control
   Reduce interest expenses by repaying borrowings.
   Reduce personnel expenses through disciplined workforce management.

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2. Topics

Topics

1. Exhibiting

Additive Manufacturing Expo

(July 1-3, 2026)

・Sanyo exhibited at the Additive Manufacturing Expo, held at Tokyo Big Sight in Tokyo, Japan.

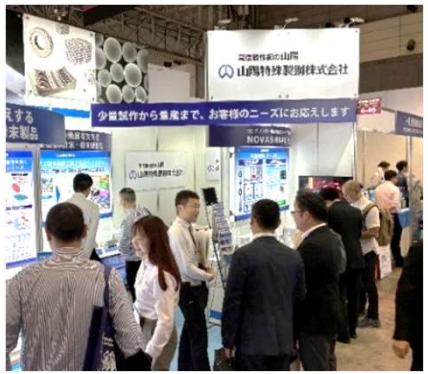
・We exhibited high-grade metal powders, including the NOVASHAPE® series for additive manufacturing and S-Mec series for die-casting molds.

The Highly-Functional Material Expo

(September 30 - October 2, 2026)

・Sanyo exhibited at the Highly-Functional Material Expo held at Makuhari Messe in Chiba, Japan.

・We exhibited high-performance metal powders, including the NOVASHAPE® series and the SPM series, a series of high-speed steel metal powders.



▲The Highly-Functional Material Expo

2. Remarkable Success at the 74th Japan Corporate Teams Athletics Championships (September 11-13, 2026)

・Our Track and Field Team competed in the Japan Corporate Teams Athletics Championships, held in Kyoto.

・Tatsuto Nakagawa (Men's Hammer Throw) and Yusaku Iwao (Men's Javelin Throw) both won their respective events, giving our company championship titles in two disciplines. Our company finished tied for second place in the overall men's team standings.



▲Tatsuto Nakagawa



▲Yusaku Iwao

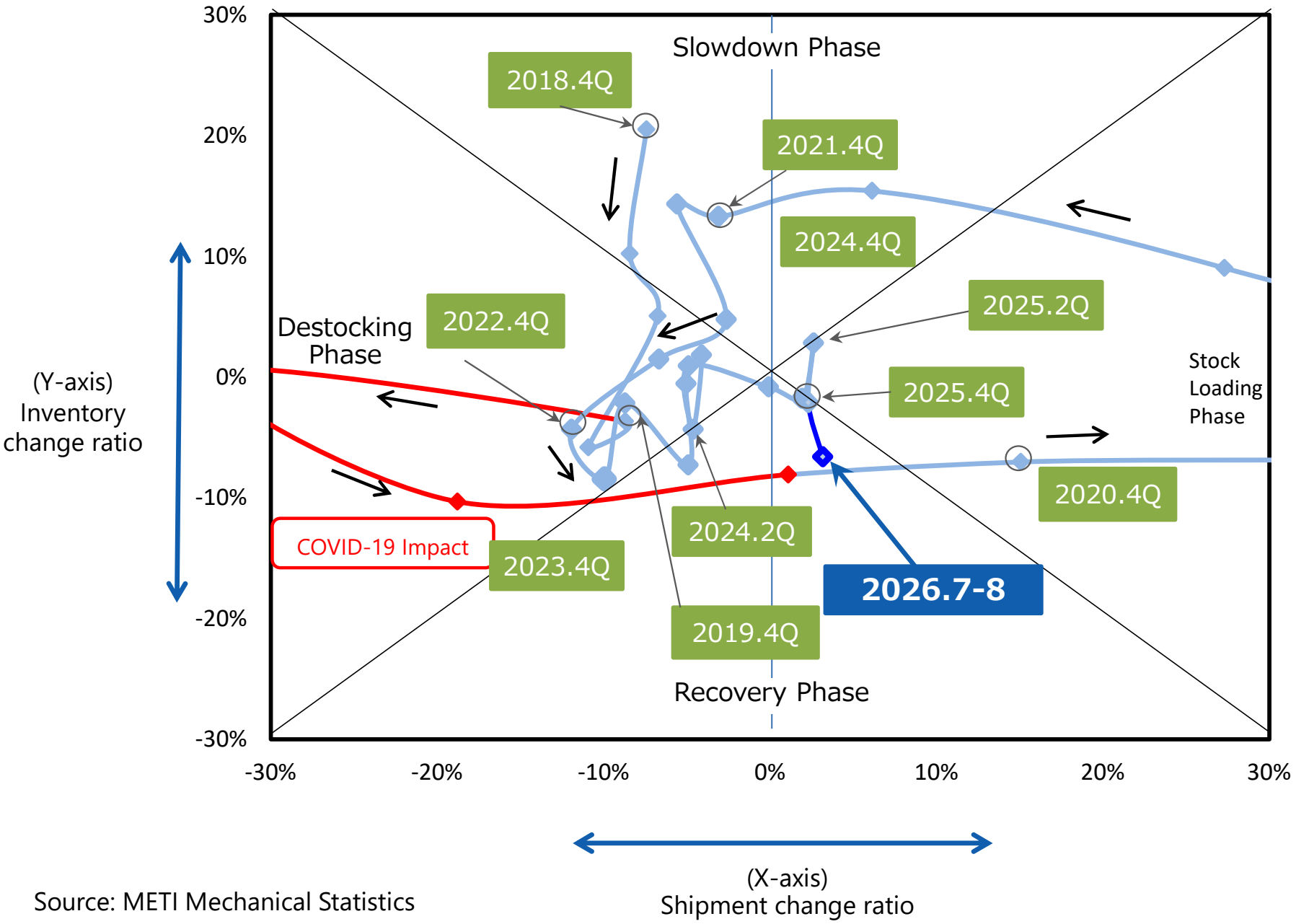
<Reference> the overall men's team standings

1st : Otsuka Pharmaceutical (25 pts)　2nd : TOYOTA Motor Corporation, Sanyo Special Steel (23 pts)

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3. Reference

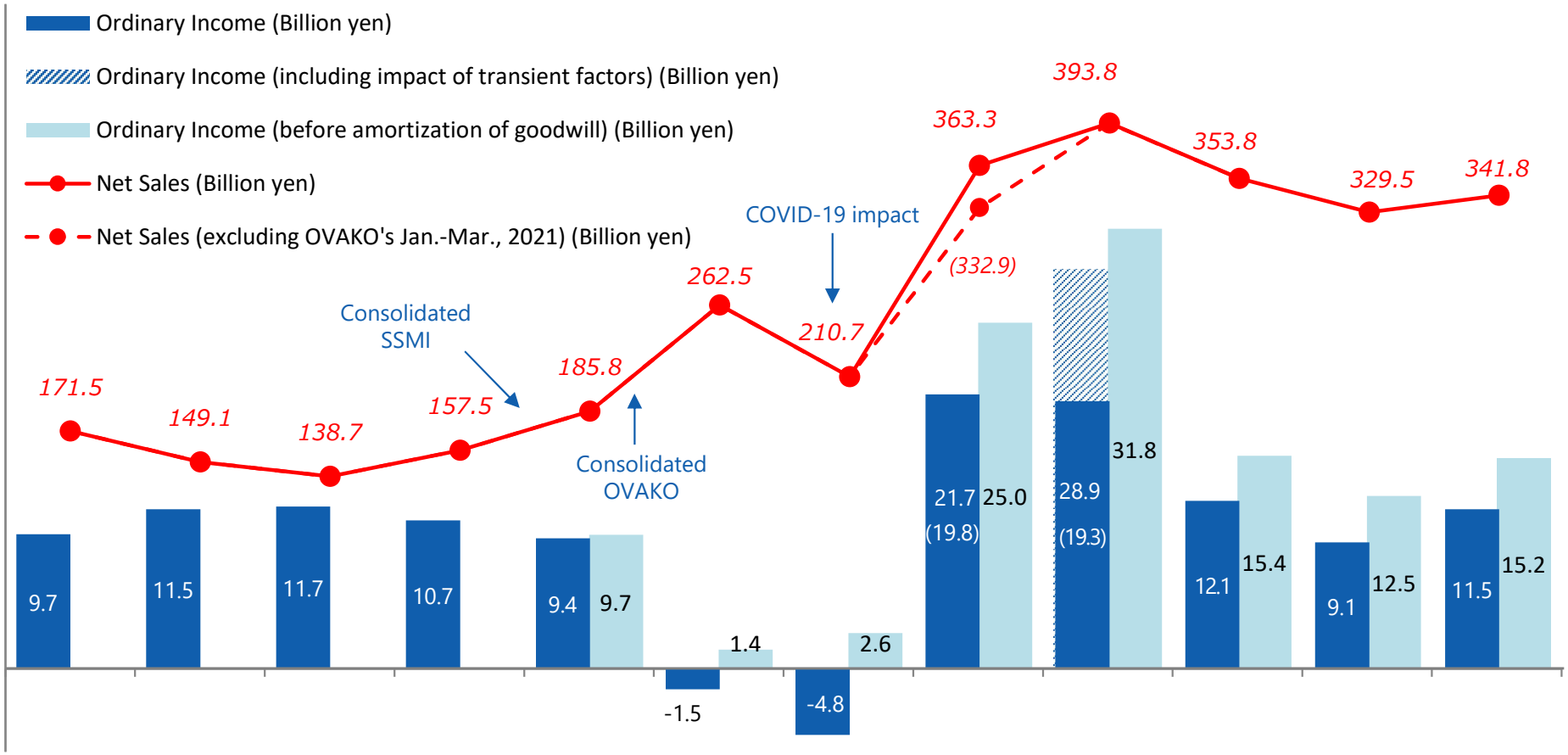
Inventory Circulation Diagram (Bearing Products)



Source: METI Mechanical Statistics

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Net Sales and Income (Fiscal)



ROE	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021 *1	FY2022	FY2023	FY2024	FY2025
	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)	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021 *1	FY2022	FY2023	FY2024	FY2025
	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.

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