

Overview of Business Results

for the 1st Quarter of Fiscal Year Ending March 31, 2022
(April 2021 → June 2021)

July 30, 2021

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

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

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1 . FY2021 1Q Results

Outline of Statements of Income (FY21/1Q vs FY20/1Q)

1. Outline of FY2021 1Q Result

Ordinary income in FY21/1Q was 8.5 billion yen positive, increasing by 10.2 billion yen. (the highest quarter profit)

▶ Increased profit on YOY basis by recovery of sales volume and profitability improvement.

▶ Sanyo, Ovako and MSSS respectively secured positive ordinary incomes.

[Due to the change of fiscal year end of Ovako, Ovako's results and Amortization of goodwill in FY21/1Q include 6 months (Jan.-Jun. 2021)]

(Reference) Sales Volume (for Ovako ; FY21/1Q Jan. to Jun., FY20/1Q Jan. to Mar. and for MSSS; Jan. to Mar.)

	FY21/1Q (A)		FY20/1Q (B)		Change(B) → (A)	
<i>Sales Volume</i> (Thousands of ton)	672	(per month) 162.2	335	(per month) 111.6	+337	(per month) +50.7
(Sanyo)	267	89.1	137	45.8	+130	+43.3
(Ovako) Jan.-Mar. 178 Apr.-Jun. 192	370	61.6	173	57.6	+197	+4.1
(MSSS)						
	35	11.5	25	8.3	+10	+3.3

2. Statements of Income (FY21/1Q vs. FY20/1Q)

(Unit : Billion yen)

	FY21/1Q(A)		FY20/1Q (B)		Change(B) → (A)	
	Amount	Ratio(%)	Amount	Ratio(%)	Amount	Ratio(%)
Net Sales	110.6	100.0	53.0	100.0	+57.6	+108.5
Operating Income	8.5	7.7	-1.2	-2.2	+9.6	-
Ordinary Income	8.5	ROS 7.7	-1.8	ROS -3.3	+10.2	-
(Sanyo)	3.6	8.8	-0.8	-3.8	+4.4	-
(Ovako) *1 Jan.-Mar. 2.5 Apr.-Jun. 3.6	6.1	9.5	0.5	1.9	+5.6	+1,113.5
(MSSS) *2						
	0.1	3.4	-0.3	-9.9	+0.4	-
(Amortization of goodwill) *1 Jan.-Mar. -0.7 Apr.-Jun. -0.7	-1.3	-	-0.6	-	-0.7	-
Net Income*3	6.1	5.5	-1.5	-2.8	+7.5	-
Net Income before amortization of goodwill	7.4	6.7	-0.8	-1.6	+8.3	-

*1 The consolidated accounting period for Ovako including Amortization of goodwill are as follows,

FY2021/1Q : 6 months(Jan. to Jun. 2021), FY2020/1Q : 3 months(Jan. to Mar. 2021)

*2 The consolidated accounting period for MSSS is Jan. to Mar. 2021.

*3 Profit attributable to owners of parent

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, 2021.

(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 **1.8 billion yen**.

(Ovako's ordinary income of 2.5 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
'20Jan. to Mar.	Apr. to Jun.	Jul. to Sep.	Oct. to Dec.	'21Jan. to Mar.	Apr. to Jun.	Jul. to Sep.	Oct. to Dec.
							'22Jan. to Mar.

Impact of change

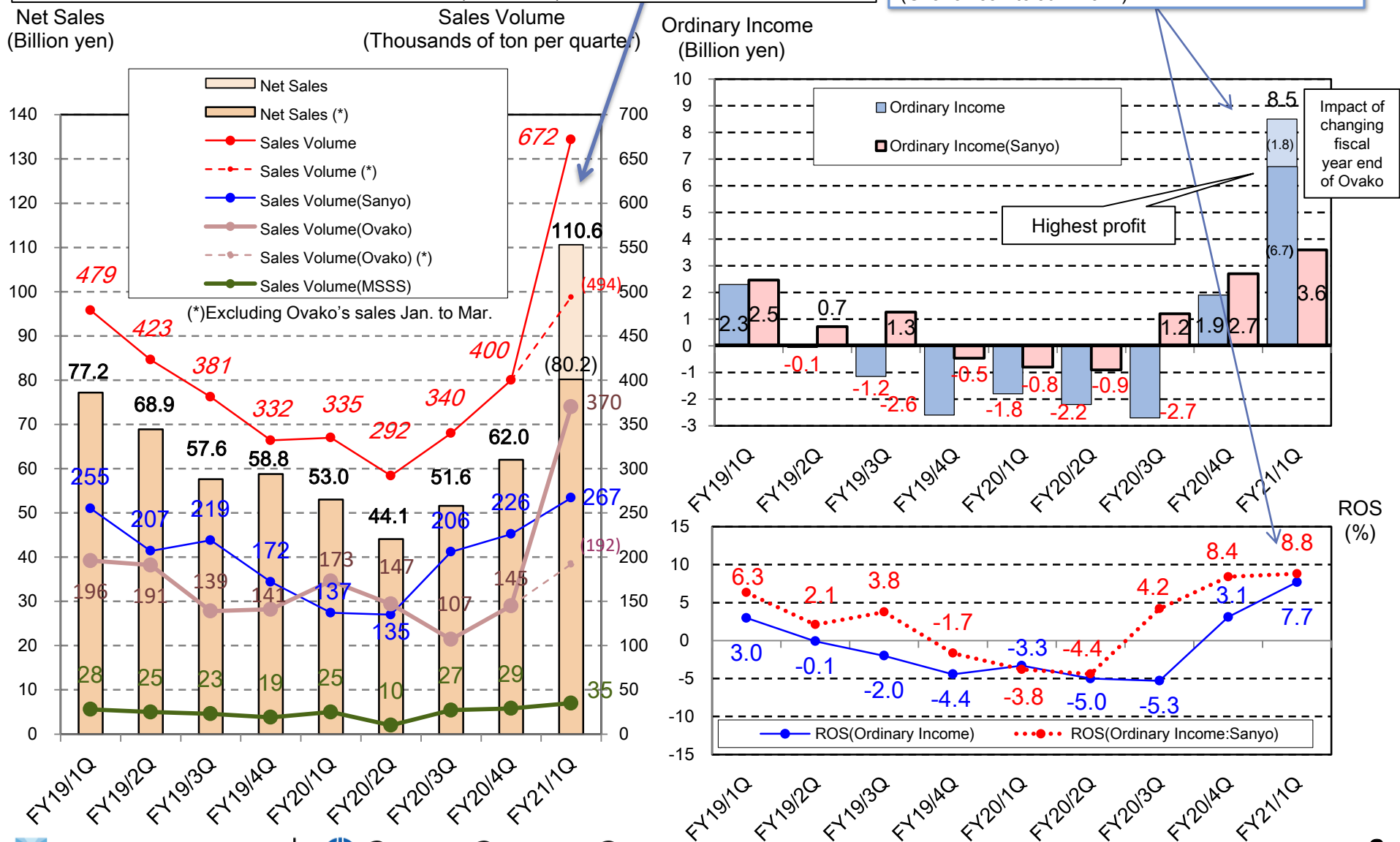
(3) Reason for change

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 synchronize Ovako's fiscal year end with that of Sanyo, to provide a more streamlined and accurate business perspective to all our stakeholders.

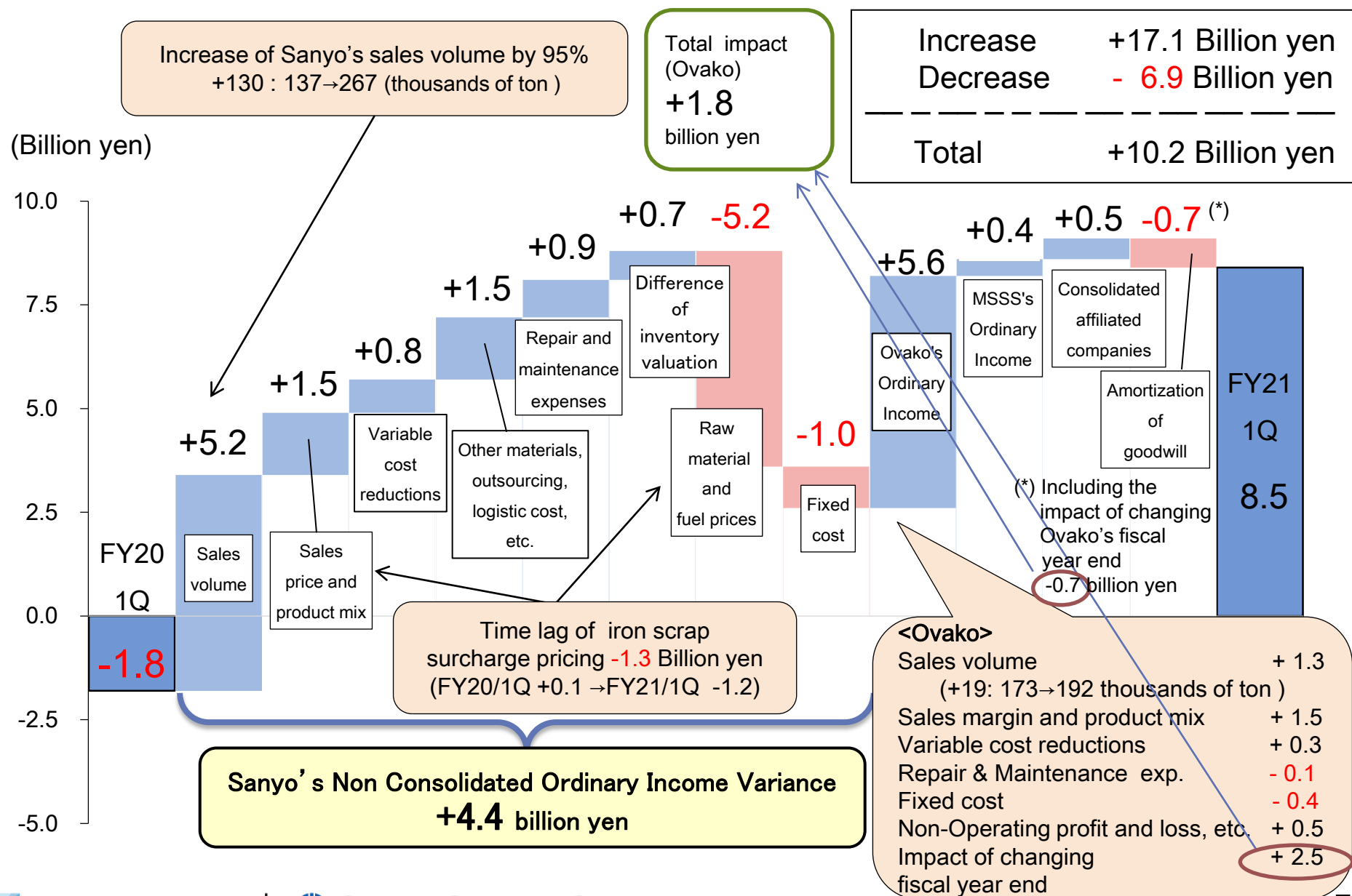
Net Sales and Income (quarterly)

Sanyo; Sales volume has increased in FY21/1Q(Apr.–Jun.) due to recovering demand.
 Ovako ; Sales volume has increased due to recovering demand in FY21/1Q(Jan.–Jun.),
 which includes the impact of changing the fiscal year end.
 MSSS ; Sales volume has increased in FY21/1Q(Jan.–Mar.).

Income of Sanyo and Ovako have recovered mainly
 due to increase of sales.
 (Ovako : Jan.to Jun. 2021)

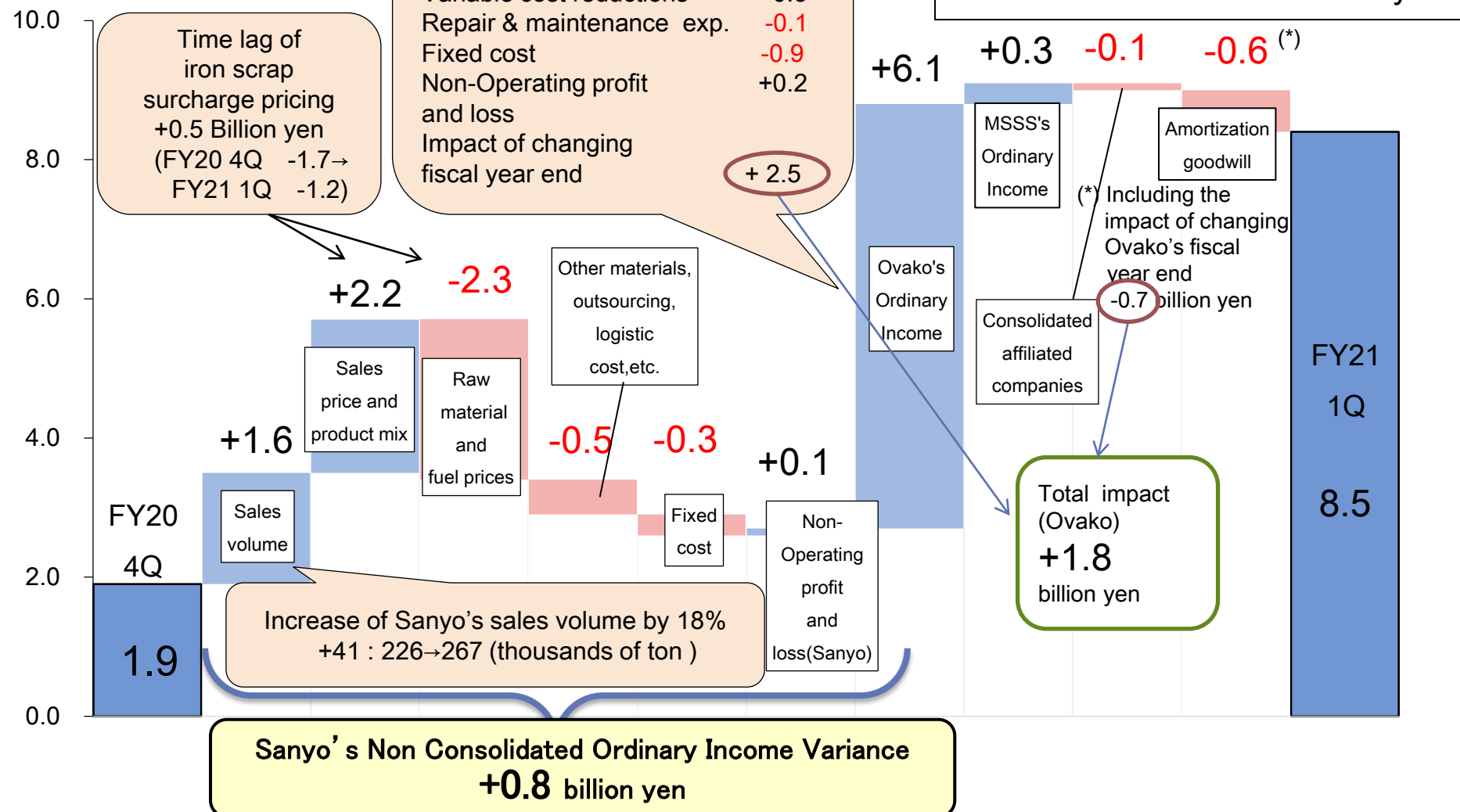


Ordinary Income Variance Analysis (FY20/1Q → FY21/1Q)



Ordinary Income Variance Analysis (FY20/4Q → FY21/1Q)

(Billion yen)



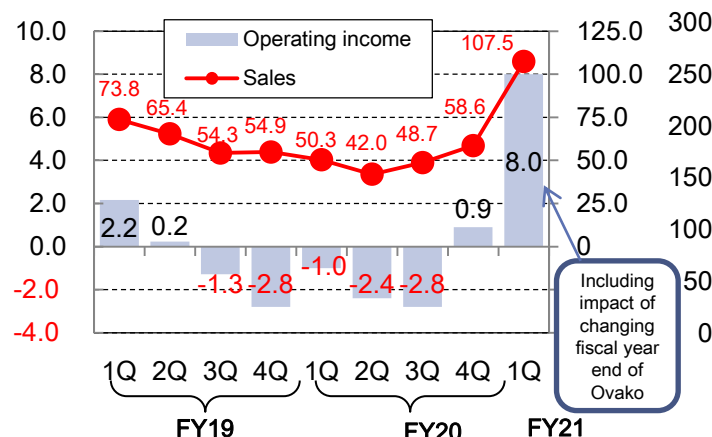
Earnings by Business Segment

(Unit : Billion yen)

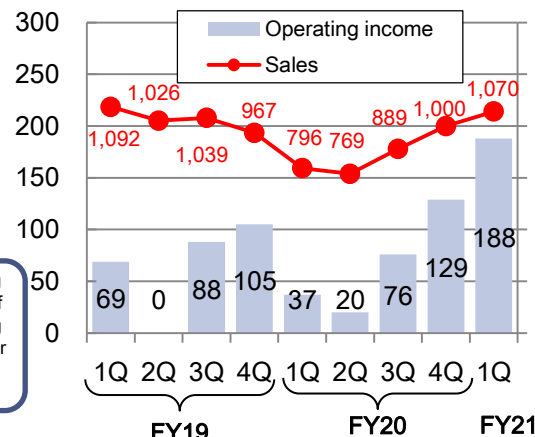
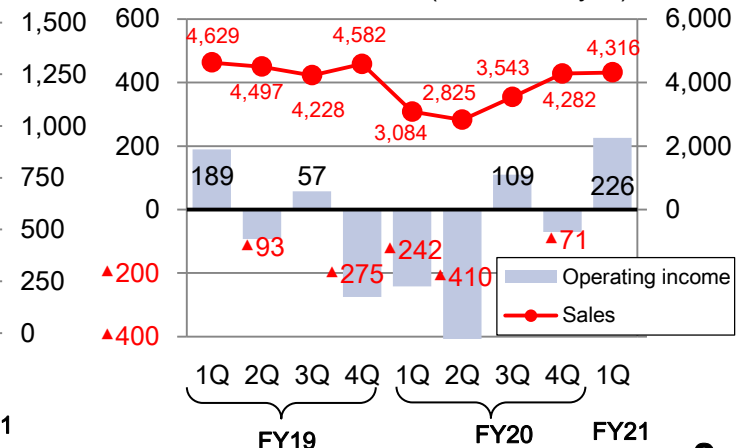
	FY21/1Q(A)			FY20/1Q(B)			Change (B) → (A)		
	Net Sales	Operating Income	ROS (%)	Net Sales	Operating Income	ROS (%)	Net Sales	Operating Income	ROS (%)
Steel Products	107.5	8.0	7.5	50.3	-1.0	-1.9	+57.1	+9.0	+9.4
Metal Powders	1.1	0.2	17.6	0.8	0.0	4.7	+0.3	+0.2	+12.9
Formed and Fabricated Materials	4.3	0.2	5.3	3.1	-0.2	-7.9	+1.2	+0.5	+13.2
Sub-total	112.8	8.4	7.5	54.2	-1.2	-2.2	+58.6	+9.6	+9.7
Other	0.2	-0.0	-4.3	0.3	0.0	1.8	-0.1	-0.0	-6.1
Adjustments	-2.4	0.0	—	-1.5	0.0	—	-1.0	+0.0	—
Consolidated Total	110.6	8.5	7.7	53.0	-1.2	-2.2	+57.6	+9.6	+9.9

Change in Business Segment

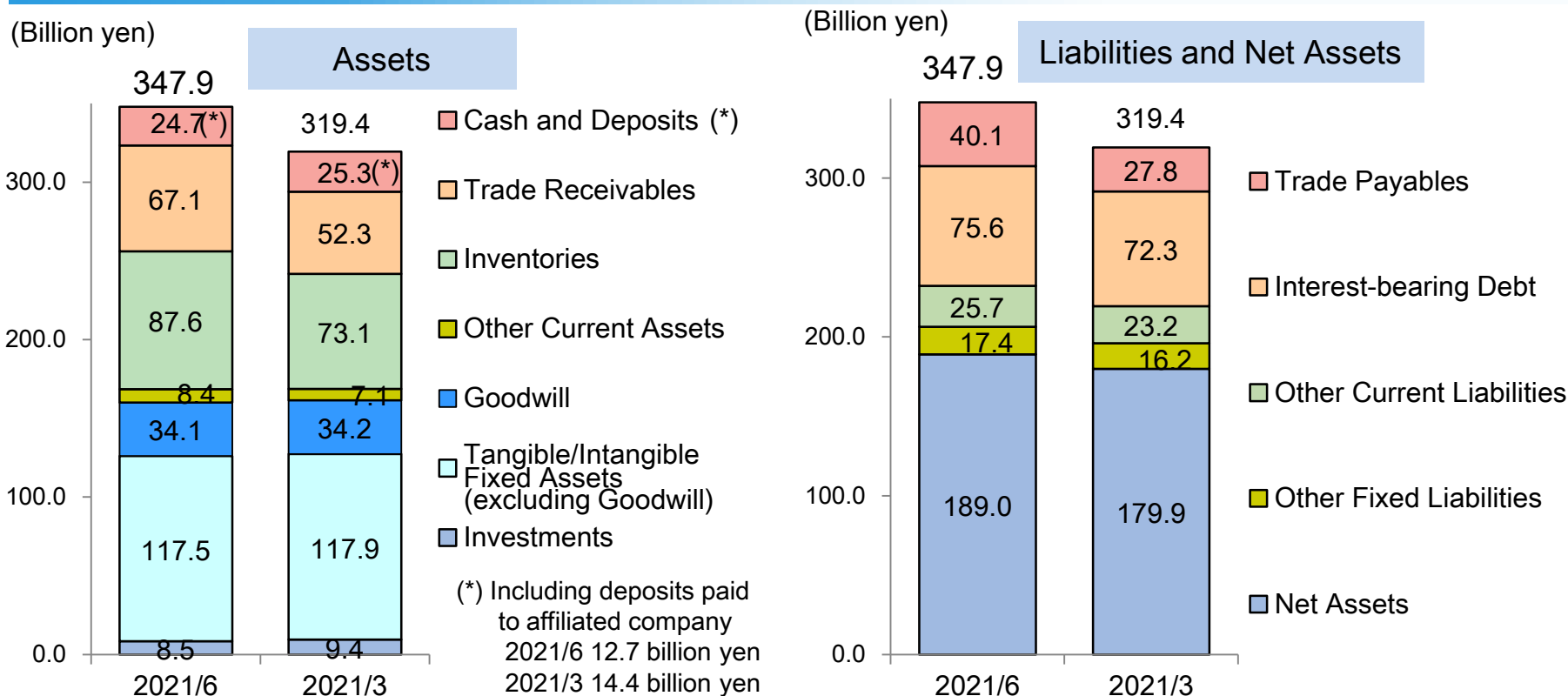
Steel Products(unit: billion yen)



Metal Powders(unit: million yen)

Formed and Fabricated Materials
(unit: million yen)

Balance Sheets



Major changes in Assets + 28.5 billion yen (+9%)

Trade Receivables	+ 14.8
Inventories	+ 14.5
Goodwill	- 0.1
(amortization -1.3, foreign exchange impact +1.2)	

Major changes in Liabilities and Net Assets + 28.5 billion yen (+9%)

Trade Payables	+ 12.3
Interest-bearing Debt	+ 3.4
Net Assets	+ 9.1

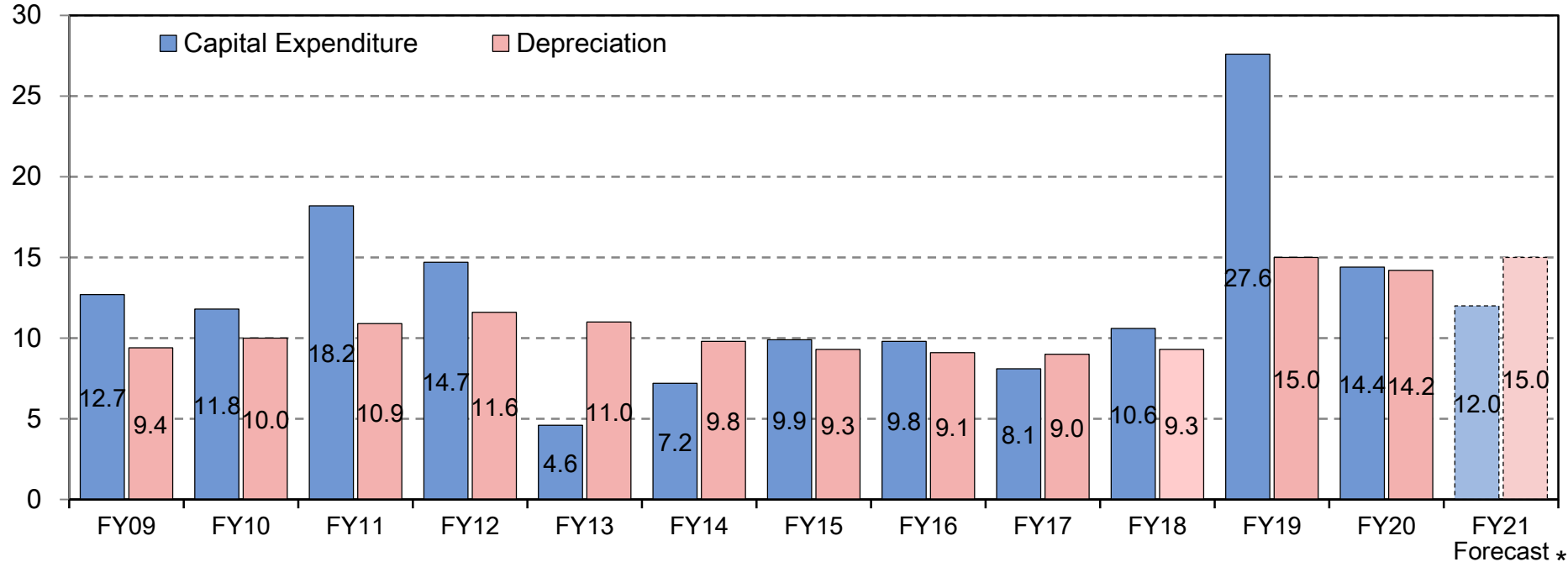
(Reference) Assets of Sanyo, Ovako and MSSS (non consolidated basis)

Sanyo 252.9 billion yen, Ovako 107.6 billion yen, MSSS 11.1 billion yen

Equity Ratio	2021/6	2021/3
	53.9%	55.9%

Capital Expenditure and Depreciation

(Billion yen)



*Capital Expenditure of 12.0 billion yen in FY21 forecast includes

1) 5.1 billion yen for Sanyo, 2) 5.3 billion yen for Ovako, 3) 0.7 billion yen for MSSS.

Depreciation of 15.0 billion yen in FY21 forecast includes

1) 7.8 billion yen for Sanyo, 2) 6.2 billion yen for Ovako, 3) 0.0 billion yen for MSSS.

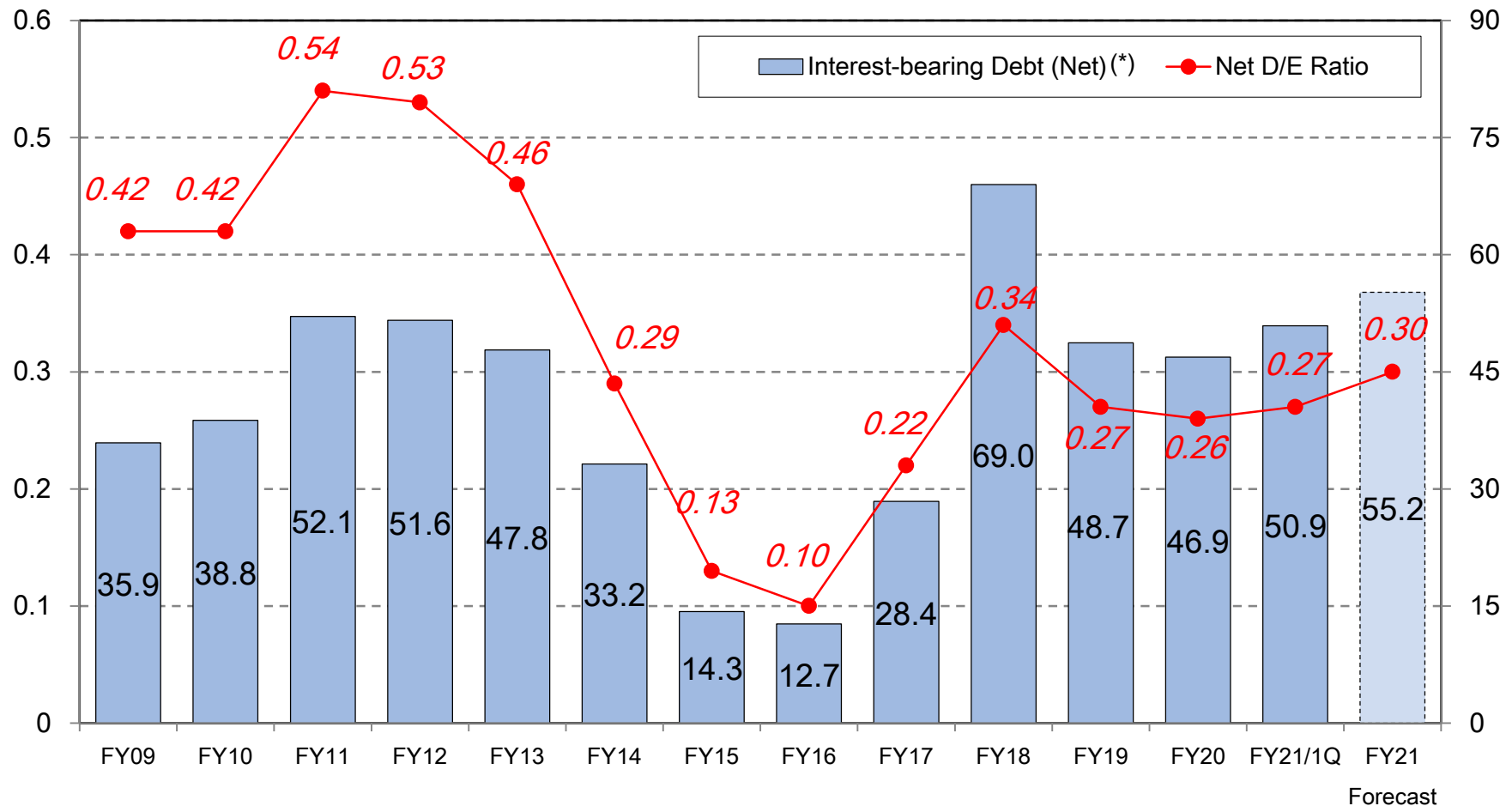
Changes in depreciation methods

- ◆ Since FY20, Sanyo and domestic subsidiaries have changed the depreciation method.
(declining balance method → straight-line method)

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)

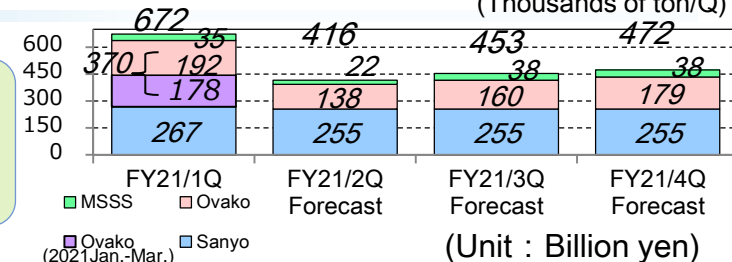
2. FY2021 Forecast

Revision of Business Forecast for FY21

(announced on July 30,2021)

(Reference) FY2021 Sales volume Forecast

(Thousands of ton/Q)



1. FY2021 Outlook

- Ordinary income (compared to previous forecast)
 - 1H : 8.5 billion yen(+4.5 billion yen) ; increase of sales of Sanyo and Ovako
 - 2H : 2.0 billion yen(-1.0 billion yen) ; increase of raw material and fuel prices
- We will further continue improving profit margin and securing a lean and robust corporate structure of all group entities.

2. FY2021 Forecast

	Revised forecast (A) '21/7/30			Previous forecast (B) '21/4/30			Change(B) → (A)		
	1H	2H	FY21	1H	2H	FY21	1H	2H	FY21
Net Sales	182.0	163.0	345.0	170.0	145.0	315.0	+12.0	+18.0	+30.0
Operating Income	8.7	2.2	10.9	4.1	3.2	7.3	+4.6	-1.0	+3.6
Ordinary Income	8.5	2.0	10.5	4.0	3.0	7.0	+4.5	-1.0	+3.5
(Sanyo)	4.4	1.3	5.7	3.5	2.7	6.2	+0.9	-1.4	-0.5
(Ovako) *1	5.6	1.8	7.4	2.3	1.5	3.8	+3.3	+0.3	+3.6
(MSSS) *2	0.2	0.1	0.3	-0.0	0.1	0.0	+0.2	+0.0	+0.3
(Amortization of goodwill) *1	-2.0	-1.3	-3.3	-1.9	-1.2	-3.1	-0.1	-0.1	-0.2
Net Income *3	6.1	1.0	7.1	1.8	1.7	3.5	+4.3	-0.7	+3.6
Net Income before amortization of goodwill	8.1	2.3	10.4	3.7	2.9	6.6	+4.4	-0.6	+3.8
Sales Volume (Thousands of ton)	1,087	926	2,013	1,044	894	1,938	+43	+31	+75
(Sanyo)	522	510	1,032	474	479	953	+48	+31	+79
(Ovako)	508	340	848	496	340	836	+12	-	+12
(MSSS)	57	76	132	74	76	149	-17	-	-17

*1 The consolidated accounting periods for Ovako including Amortization of goodwill are as follows;

FY2021:15 months(Jan. 2021 to Mar. 2022)

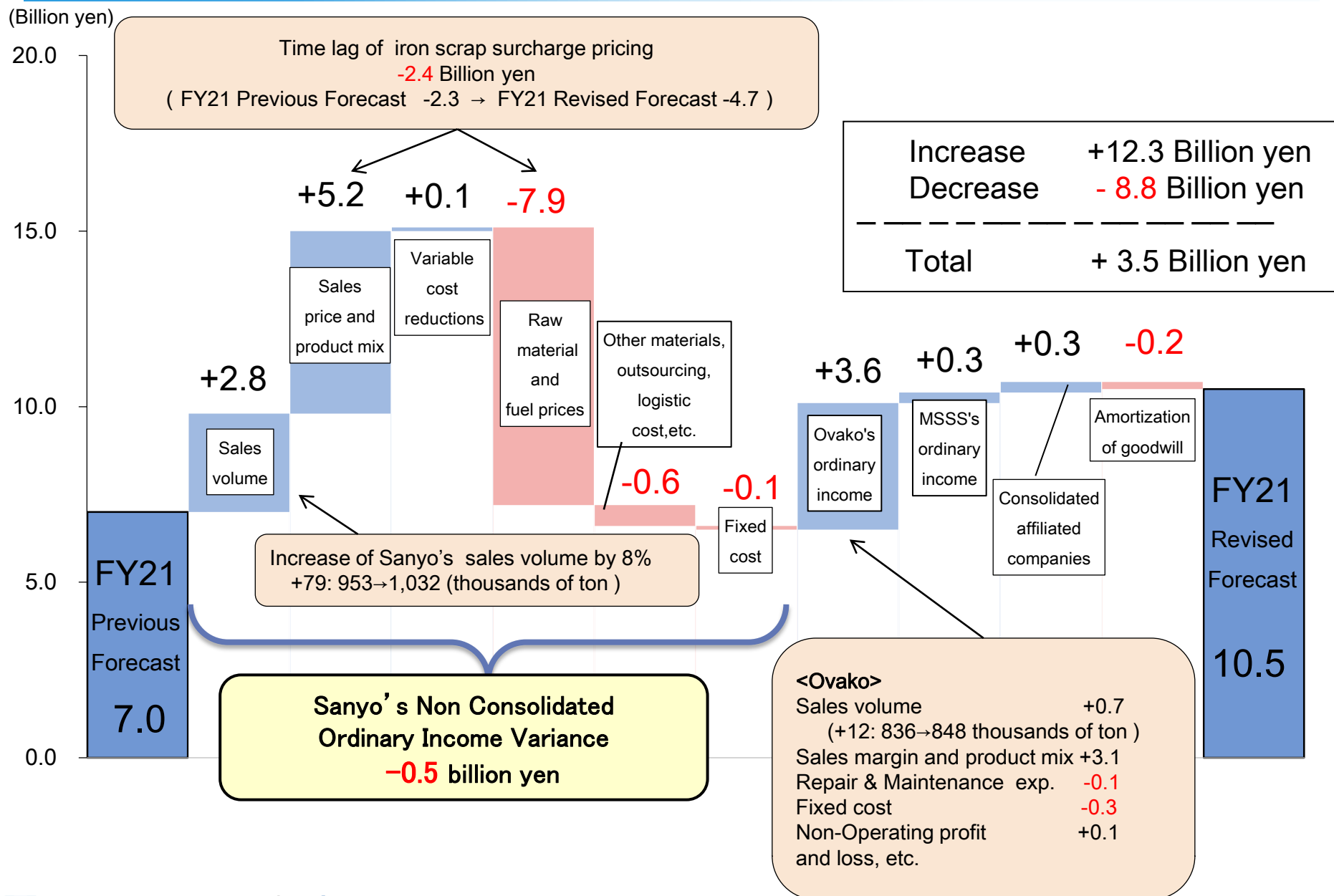
*2 The consolidated accounting period for MSSS is Jan.to Dec.

*3 Profit attributable to owners of parent

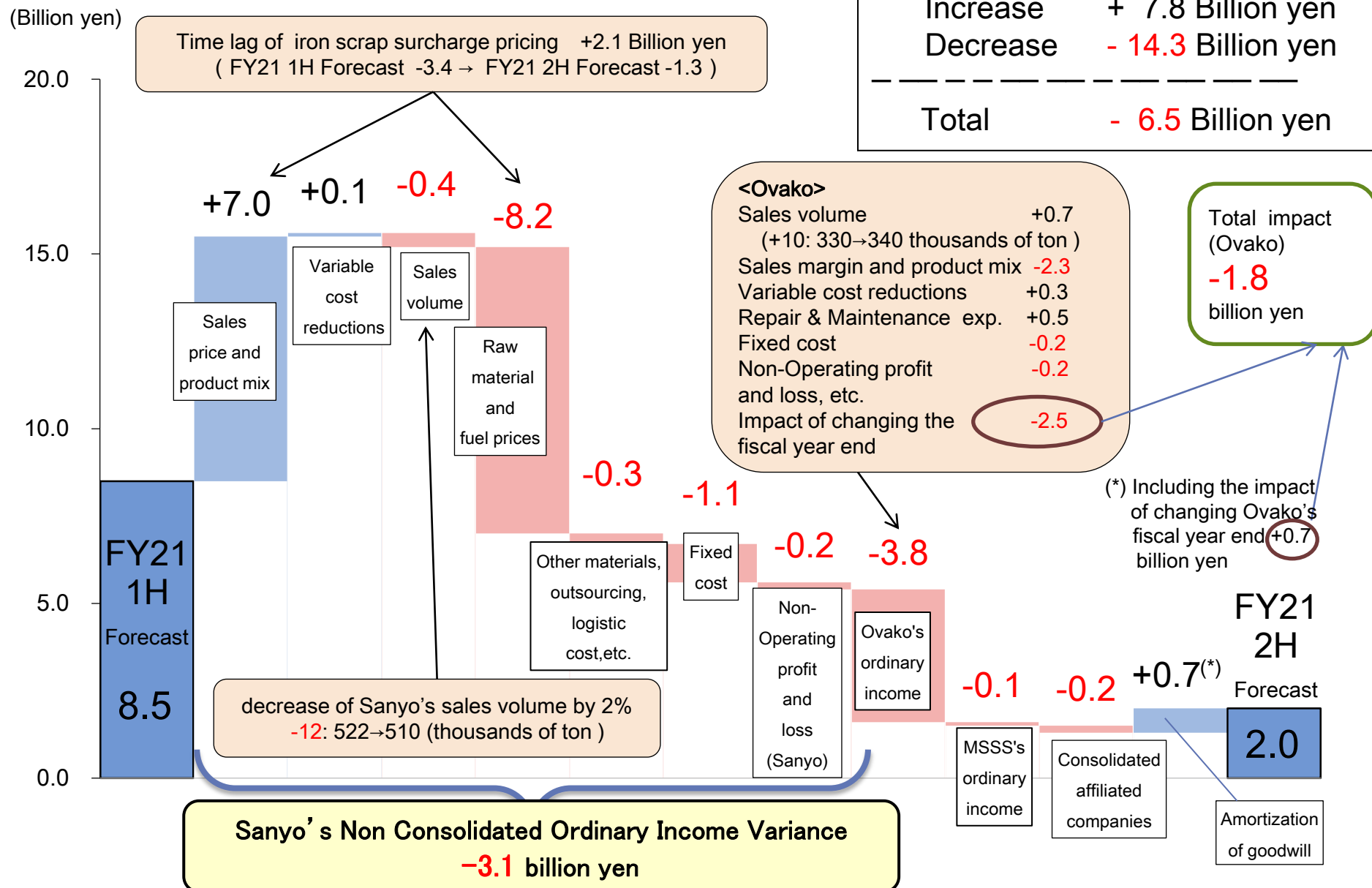
Major presuppositions after July 2021

- Scrap iron 55,000 yen/t (H2 market price in Himeji area)
- Crude oil(Dubai) 80\$/BL
- Exchange rate 105 yen/US\$, 126 yen/€

Ordinary Income Variance Analysis (FY21 Previous Forecast → FY21 Revised Forecast)



Ordinary Income Variance Analysis (FY21 1H Revised Forecast → FY21 2H Revised Forecast)



Review of Performance <Ovako>

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.

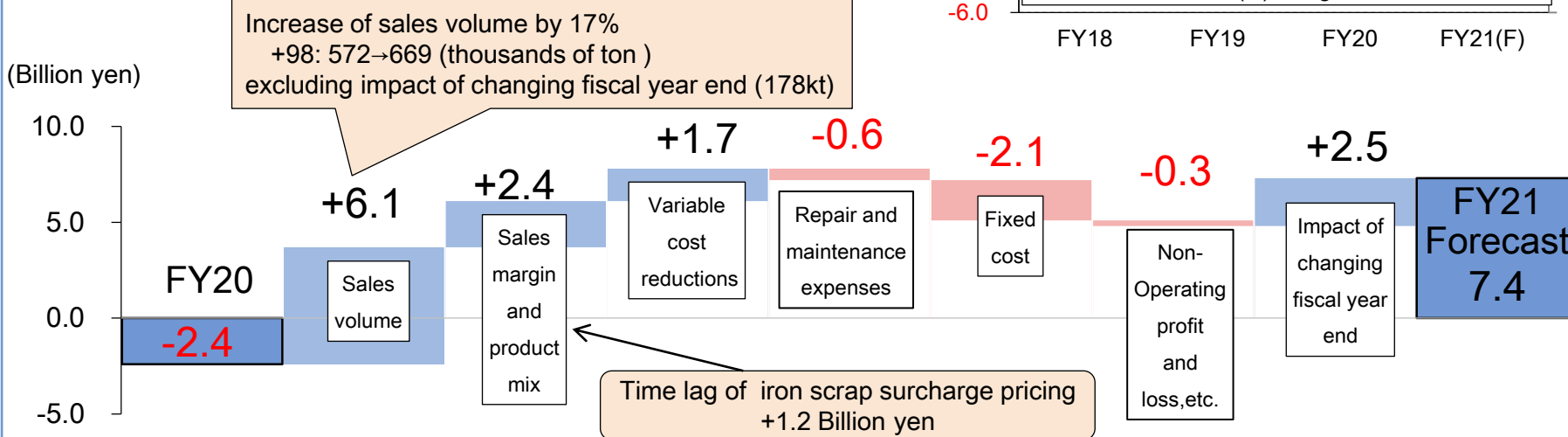
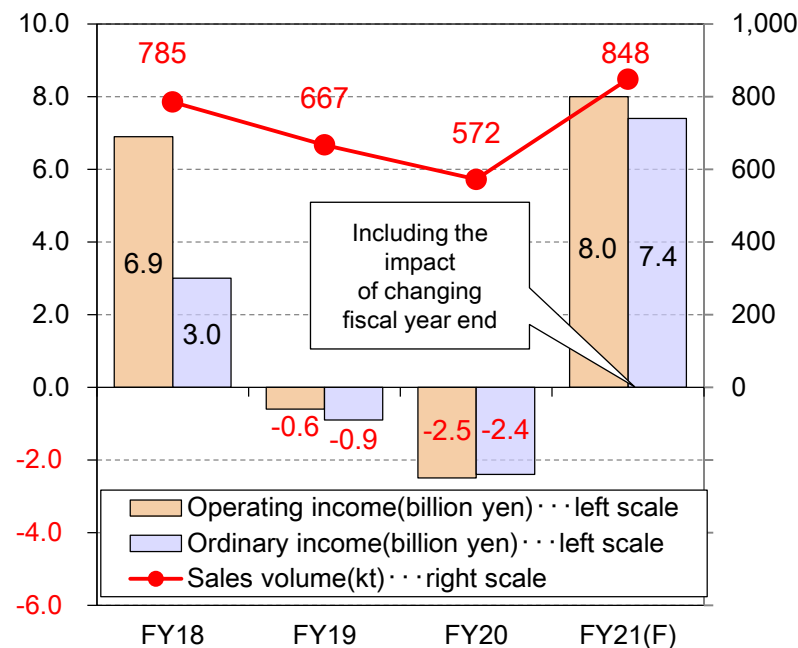
FY2021 forecast

- Ordinary income(compared to previous forecast)
 - 1H : 5.6 billion yen(+3.3 billion yen)
 - 2H : 1.8 billion yen(+0.3 billion yen)
- Ovako's ordinary income for FY21/1H and 2H is expected to improve from the previous forecast mainly due to the sales increase as a result of demand recovery.
- We will further continue reducing both variable and fixed cost and capturing the strong demand.
- We have changed Ovako's fiscal year end from 31st December to 31st March since FY2021. (Please refer to page 5)

Profit improvement measures and actions

- Improving profit margin
 - a)Reduction of variable and fixed cost b)Increase of sales price
- Maximizing synergies among Ovako, Sanyo and Nippon Steel
 - a) Promotion of joint sales activities b) Reduction of operational cost
 - c) Reduction of procurement cost

Trend of Operating income, Ordinary income and Sales volume



FY2021 forecast

Impact of COVID-19

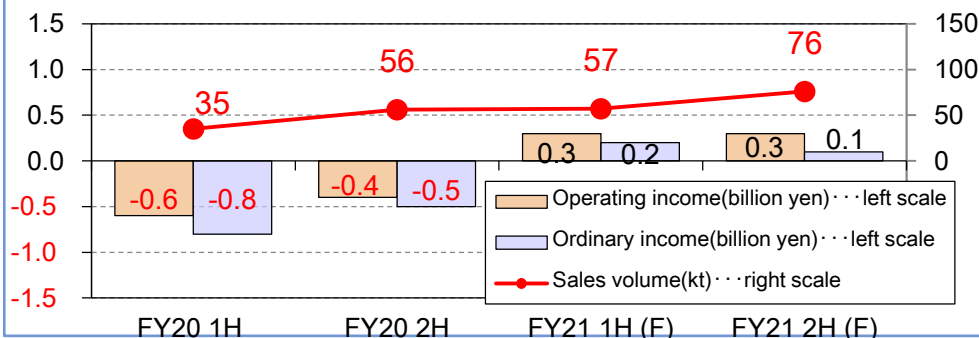
- The Lockdown of the surrounding region of MSSS in Khopoli, Maharashtra forced MSSS to halt operation from late March to mid May and from mid July to end of July, 2020.
- MSSS's sales volume has bottomed out in FY20 2Q (Apr.- Jun.), and has been steadily recovering since then. Nevertheless, in April 2021, supply of oxygen was halted due to state order giving priority to oxygen supply to medical institutions, affecting production of MSSS.
- The supply of oxygen was restarted from June 2021, and MSSS's operation has fully recovered from July 2021.

- Ordinary income (compared to previous forecast)
1H : 0.2 billion yen (+0.2 billion yen)
 Sales volume will decrease but ordinary income is expected to improve mainly due to improving sales margin.
2H : 0.1 billion yen (±0.0 billion yen)
- MSSS will further enhance its position in the Indian market by improving sales mix and cost-competitiveness to further secure returns.

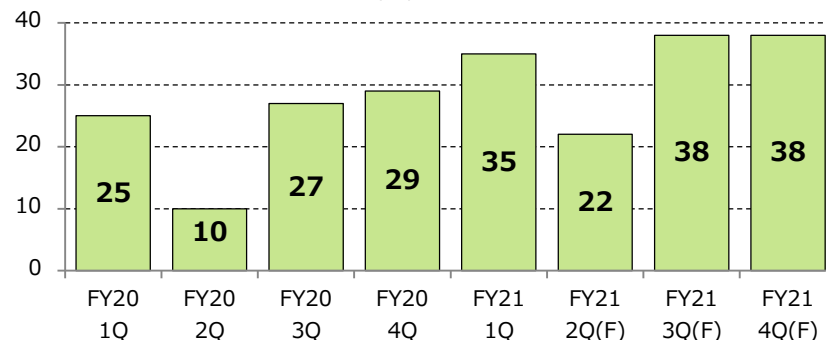
Profit improvement measures and actions

- 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.
- Upgrading sales base and performance
Improving product mix and profit margin, reinforcing marketing resources

Trend of Operating income, Ordinary income and Sales volume



MSSS's sales volume (kt)

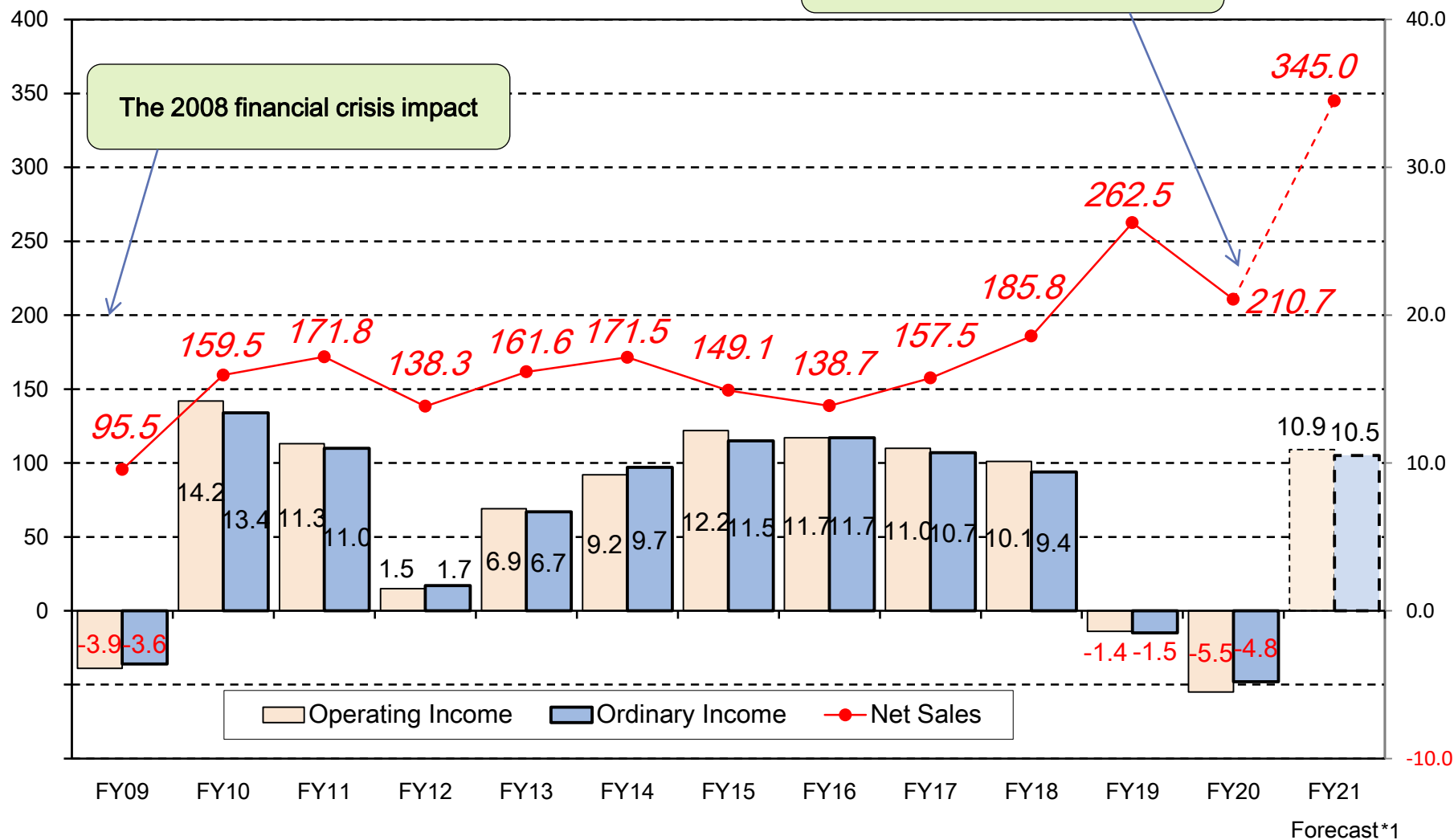


Net Sales and Income (fiscal)

Net Sales
(Billion yen)

COVID-19 impact

Operating Income
Ordinary Income
(Billion yen)



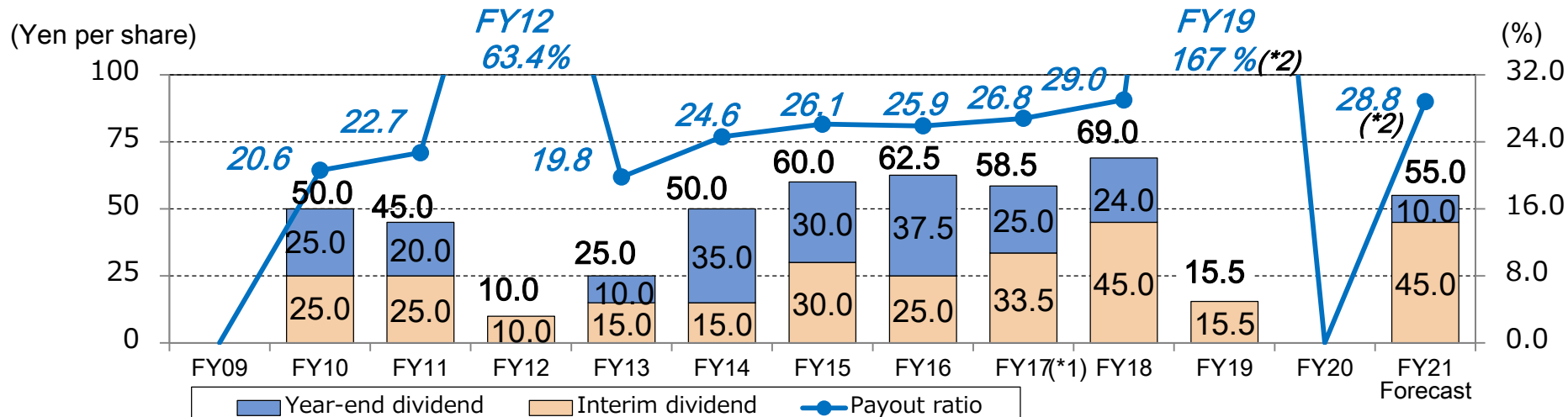
*1 FY21 forecast reflects numbers of Ovako by 15 months from January 2021 to March 2022.

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

Revision of Dividend Forecast for FY21

(announced on July 30, 2021)

			Revised forecast (A)			Previous forecast (B)			Change(B) → (A)		
			FY21 1H	FY21 2H	FY21	FY21 1H	FY21 2H	FY21	FY21 1H	FY21 2H	FY21
Earnings Per Share(EPS)	A	¥/ share	112.0	-	130.3	33.0	-	64.2	+78.9	-	+66.1
EPS before amortization of Goodwill	B	¥/ share	148.7	-	190.9	67.9	-	121.1	+80.8	-	+69.7
Dividend	C	¥/ share	45.0	10.0	55.0	20.0	16.0	36.0	+25.0	-6.0	+19.0
Payout Ratio	C/B	%	<i>30.3</i>	-	<i>28.8</i>	<i>29.5</i>	-	<i>29.7</i>	+0.8	-	-0.9
	C/A	%	<i>40.2</i>	-	<i>42.2</i>	<i>60.6</i>	-	<i>56.0</i>	-20.4	-	-13.8



*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

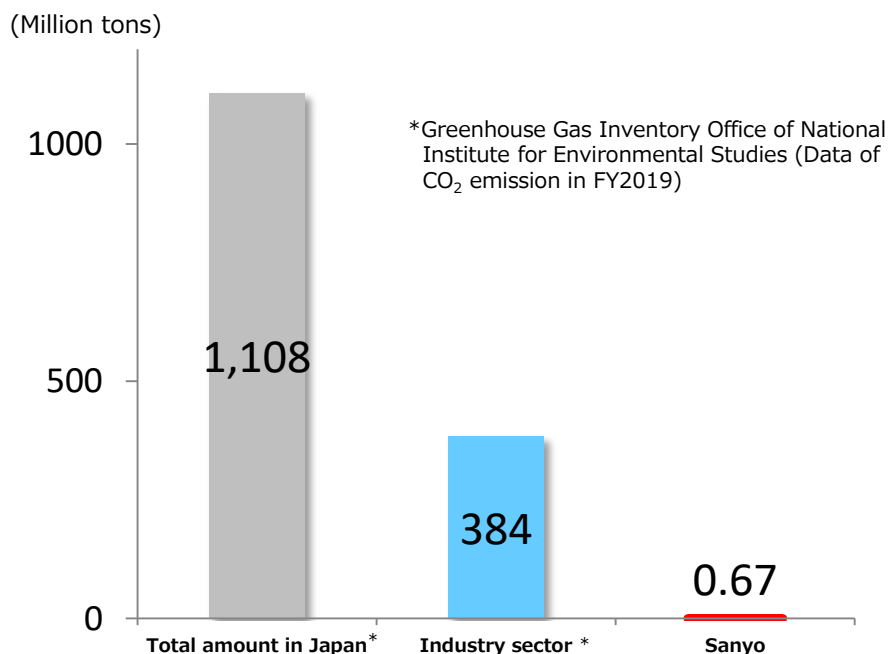
< Dividend Policy >

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

3. Achieving Carbon Neutrality(CN) by 2050

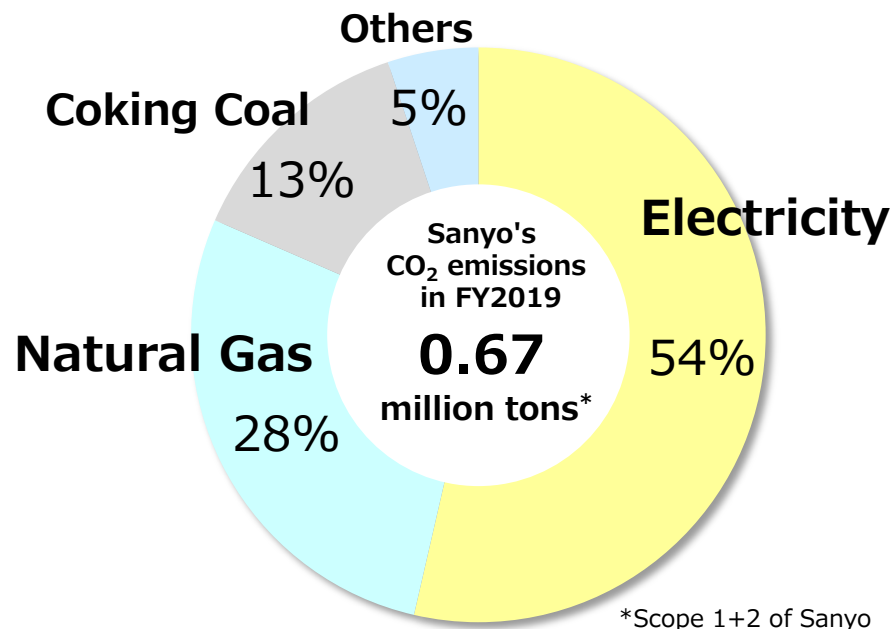
Basic Consideration to Carbon Neutrality

Amount of CO₂ emissions in FY2019



Sanyo manufactures high quality special steel, using recycled iron scrap as the main raw material, and its CO₂ emissions are approximately 0.2% of that of the total Japanese Industry.

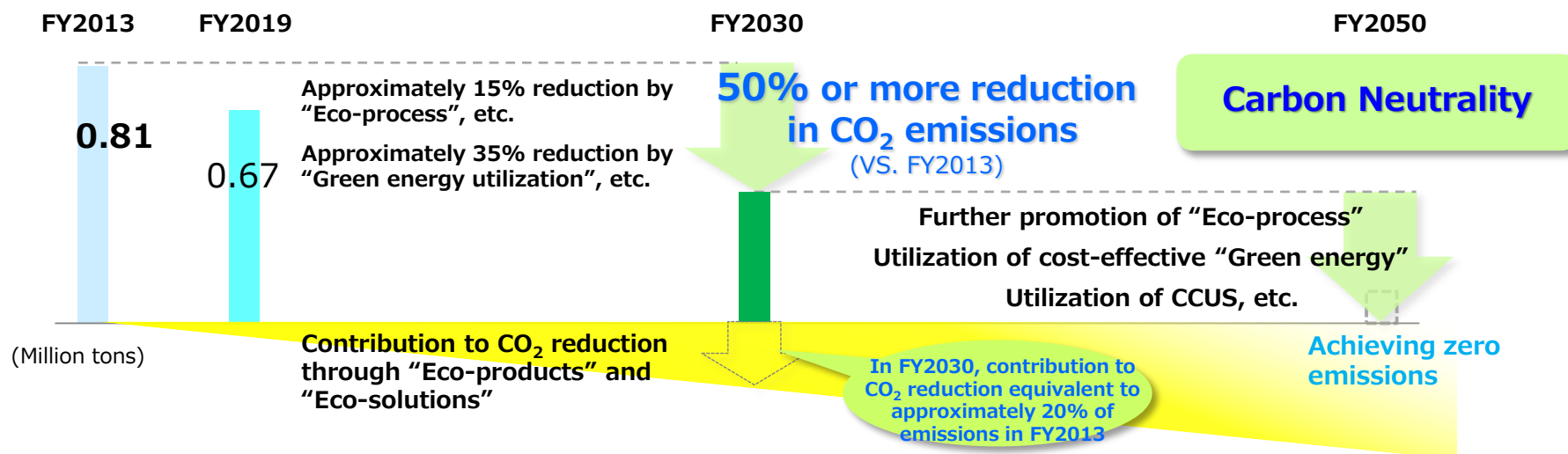
Breakdown of Sanyo's CO₂ emissions



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."

Roadmap to Carbon Neutrality by 2050



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



Green energy utilization

Utilization of carbon free electricity/fuels and natural energy

*Refer to 4. Engagement by Ovako



Developing long-life bearing steel for wind power generation

Eco-products

Promoting R&D and supply of special steel products that contribute to reducing CO₂ emissions in the supply chain and final usage



Sharing technologies among group members

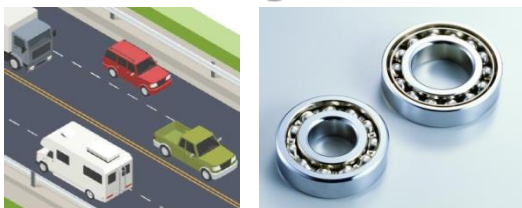
Eco-solutions

Sharing our energy-saving technologies and productivity improvements among all Sanyo Group members including Ovako and MSSS

CO₂ Reduction through “Eco-products”

Sanyo is especially 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



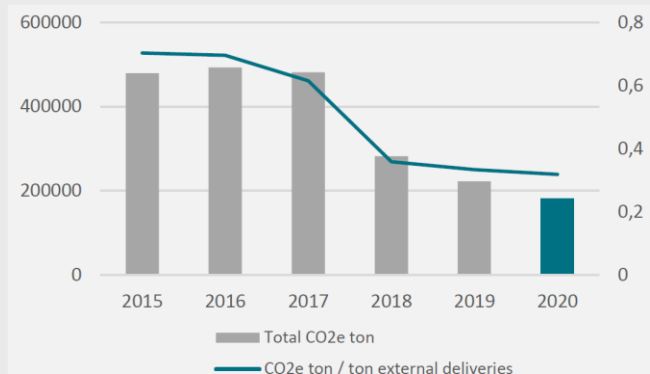
Reduction of carbon emissions in heat hardening process of customers by original alloy design and advanced heat treatment technology

Sanyo aims to continuously reduce CO₂ emissions at all social stages through “Eco-products” by fully utilizing its advanced and innovative technology.

Engagement to Carbon Neutrality by Ovako

Green house gas emissions from operations

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



2030



Reduce CO₂ from operations by 80 % from 2015 level



Continue to evolve our world-leading CO₂ footprint



Enhanced steel recyclability driven by Ovako initiatives



Increased number of customer end-products that use our steel for greater CO₂ savings

Ovako has promoted world-leading attempts to minimize CO₂ emissions and has reduced carbon emissions in the manufacturing process by 54% since 2015.

Ovako has set a policy to reduce 80% of CO₂ emissions in the manufacturing process by 2030.

*Ovako SUSTAINABILITY REPORT 2020

First in the world to heat steel using hydrogen

In April 2020, Ovako became the first steelmaker in the world to succeed in heating steel prior to rolling, using hydrogen generated from carbon free electricity.

Ovako's hydrogen heating technology has no negative effect on quality and will enhance the possibility to wholly eliminate CO₂ emissions in the heating process.



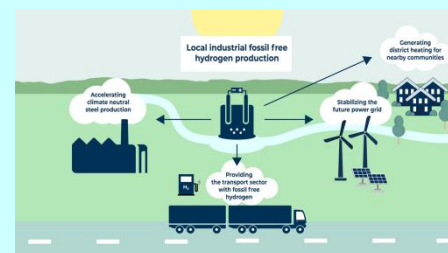
Fossil-free hydrogen initiative

In June 2021, Ovako began construction of a water electrolysis hydrogen plant producing carbon free hydrogen.

This construction of Sweden's largest carbon free hydrogen facility has been realized with the support of the Swedish Energy Agency and the collaboration with key industrial players in Sweden and Norway such as Volvo Group.

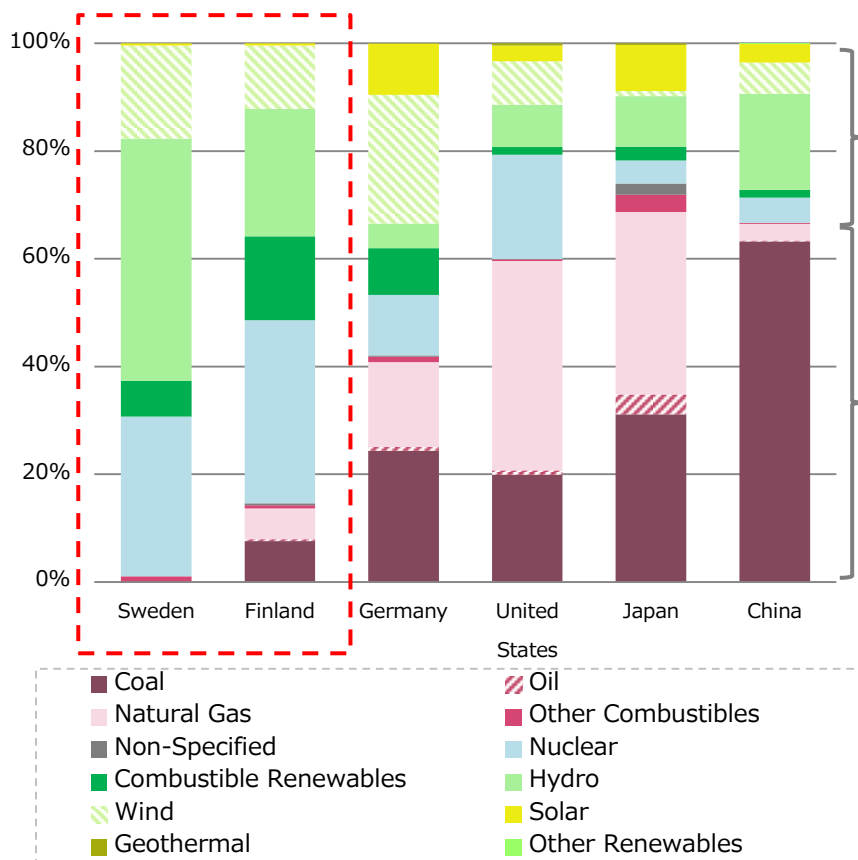
This plant is scheduled for completion by the end of 2022.

It will be the first step in the local development of hydrogen infrastructure able to be utilized in many sectors such as hydrogen stations for fuel cell powered vehicles.



(Reference) Electricity Mix and Prices of major Countries

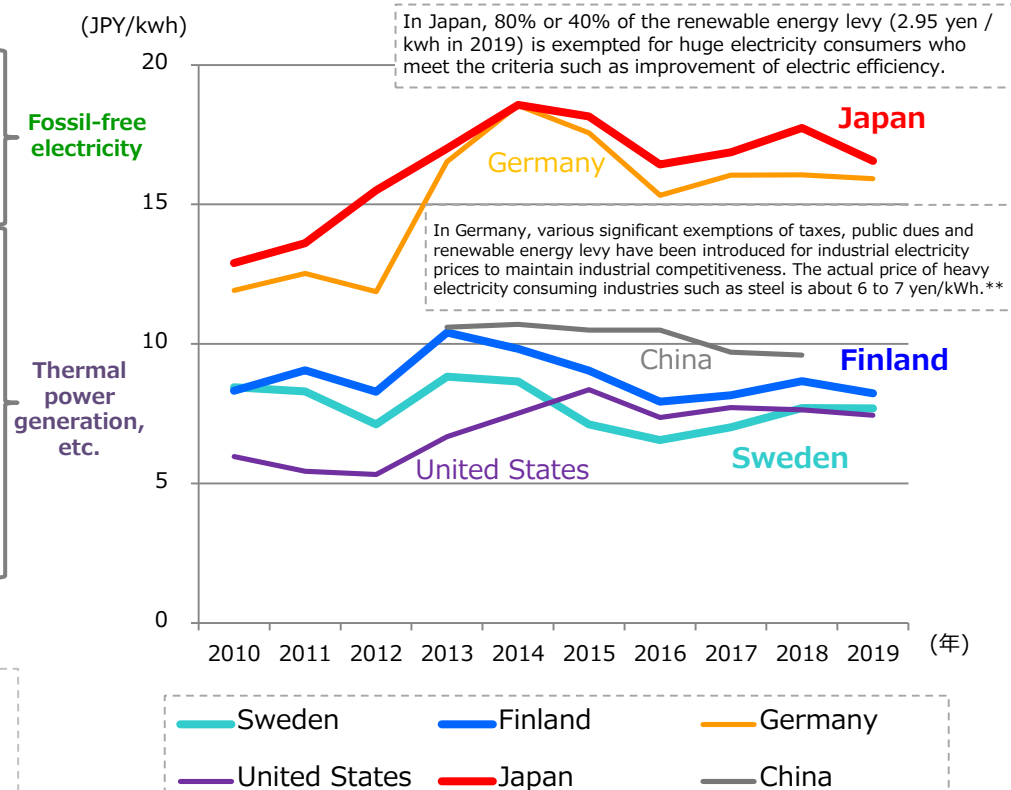
Electricity mix as of 2020



*IEA (Monthly Electricity Statistics)

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*



*Department for Business, Energy, and Industrial Strategy of UK (Industrial electricity prices in the IEA), Renewable Energy Institute (Chinese electric power system reforms)

**International Environment and Economy Institute (Realities of the carbon pricing of overseas)

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

4. Topics

(1) Conforming to the new “Prime” market segment of TSE (July 9, 2021)

- We received a preliminary notice from TSE (Tokyo Stock Exchange, Inc.) notifying that Sanyo Special Steel Co., Ltd., has conformed to listing requirements of the “Prime” market segment of TSE, scheduled to commence in April, 2022.
- We will approve our formal application to the “Prime” market segment of TSE at the Board of Directors.

(2) Started workplace vaccination for COVID-19 (June 29, 2021)

- Approximately 3,000 employees and spouses of Sanyo and affiliated companies will be vaccinated.
- On the first day(June 29, 2021), 190 employees were vaccinated. The vaccination is scheduled to be completed at the end of September 2021.



(3) Donation of steel for a local industrial high school (June 24, 2021)

- We bestowed 1.8 tons of steel for an industrial high school in Himeji for their education using the turning machine.
- We are planning to give lectures about special steel at an industrial high school in September 2021.
- Through these activities, we will contribute to the better understanding of steel materials and the improvement of students' learning experiences.



(4) Exhibiting our Magnetic Metal Powders (June 23-25, 2021)

- We participated in the TECHNO-FRONTIER held at Tokyo Big Sight.
- We exhibited our Magnetic Metal Powders for electromagnetic noise absorbers which can be applied to 5G and on-vehicle radar.
- We will actively promote development of new products and sales for utilization in various fields which are expected to expand in the future, such as 5G communication, AI, Autonomous driving.



5. Reference

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

Countermeasures in Japan

- All measures and actions to be in accordance with the laws, regulations and policy of national and local government.
- Promoting working from home especially for Staff workers (upgraded telework environment)
- In areas of state of emergency or state of semi-emergency :
 - Working from home, in principle.
 - Staff workers will return home at the latest by 20:00, in principle.
 - Abstaining from social gatherings and occasions, in principle.
- Implementation of staggered working hours.
(Only 4% of the employees commute to Himeji head office by public transportation)
- Individual measurement of body temperature before entering workplace.
- Installing thermography camera at workplace and reception areas.
- Promoting periodical hand-washing, mouth rinsing, disinfection with alcohol, wearing of masks, and frequent ventilation of room.
- Utilization of web meetings.
- Implementation of staggered lunch time.
- Restraining domestic business trips especially from and to Tokyo metropolitan area / Osaka, in principle.
- Prohibition of foreign business trips, in principle.

Countermeasures in overseas' affiliates

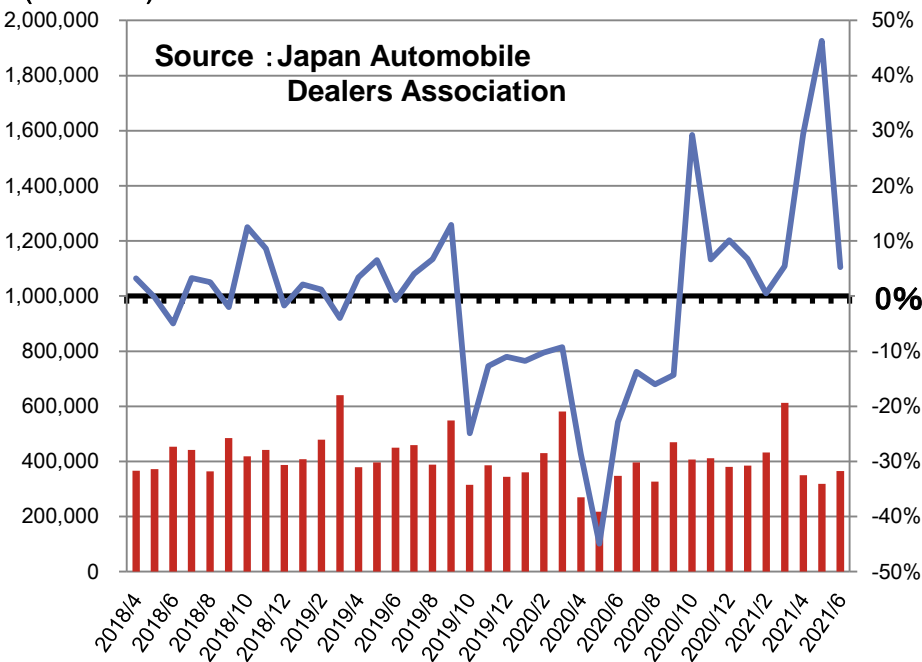
- Adapting similar measures as in Japan, reflecting the individual situation, and in accordance with the laws, regulations and policy of each country.
- Collecting information of each country and supporting the representatives and their family.
- Returning to Japan when necessary (Japanese staffs)

Trends in Automobile Market

Units of automobile sales in Japan

(Year-on-year rate)

(Unit : 1car)



2020/5 ~ ; bottomed out and easing decline of sales due to COVID-19 impact

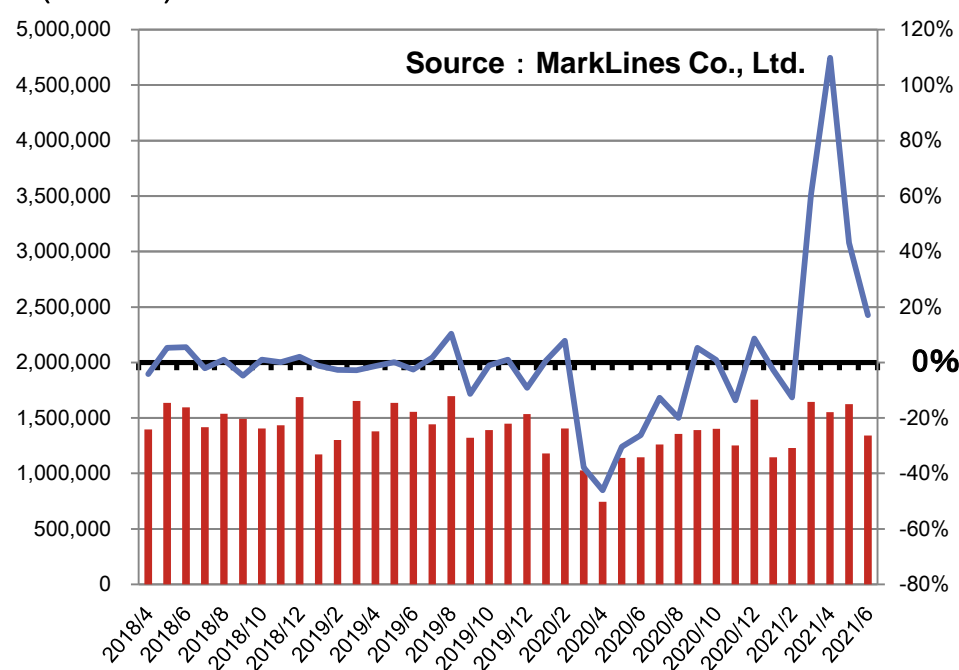
2021/5 ; +46% on YoY basis because of the significant decline of 2020/5 due to COVID-19 impact

2021/6 ; +5% on YoY basis

Units of automobile sales in U.S.

(Year-on-year rate)

(Unit : 1car)



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

2021/4 ; +109% on YoY basis because of the significant decline of 2020/4 due to COVID-19 impact

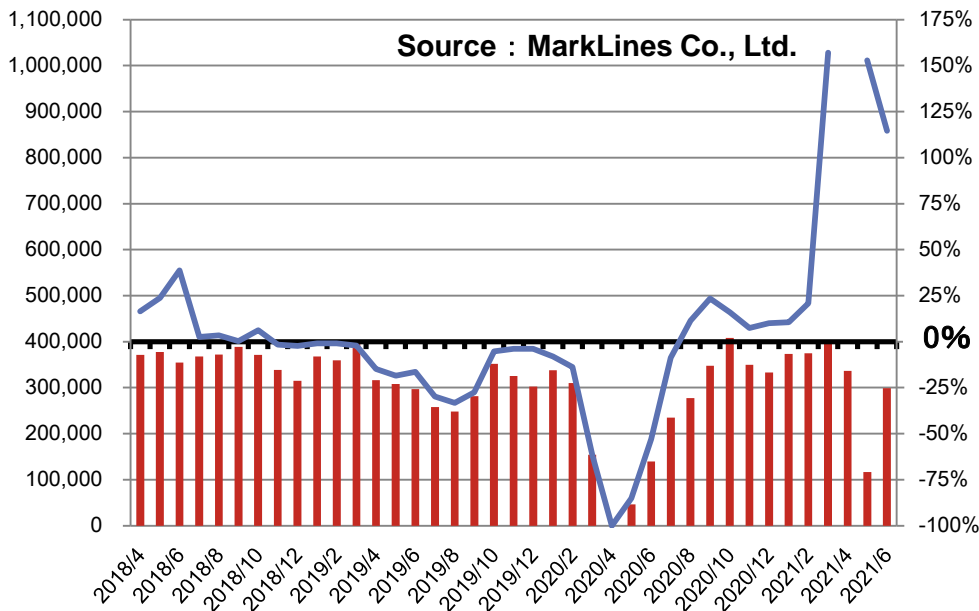
2021/6 ; +17% on YoY basis

Trends in Automobile Market

Units of automobile sales in India

(Year-on-year rate)

(Unit : 1car)



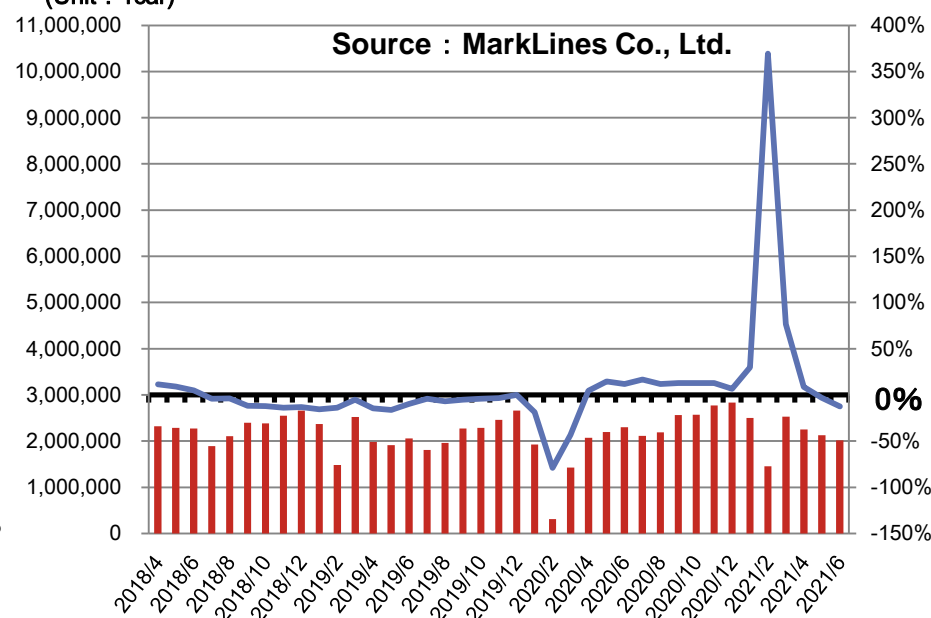
2020/4 ~ ; bottomed out and easing decline of sales due to COVID-19 impact

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

2021/6 ; +115% on YoY basis

Units of automobile sales in China (Factory shipment base) (Year-on-year rate)

(Unit : 1car)



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

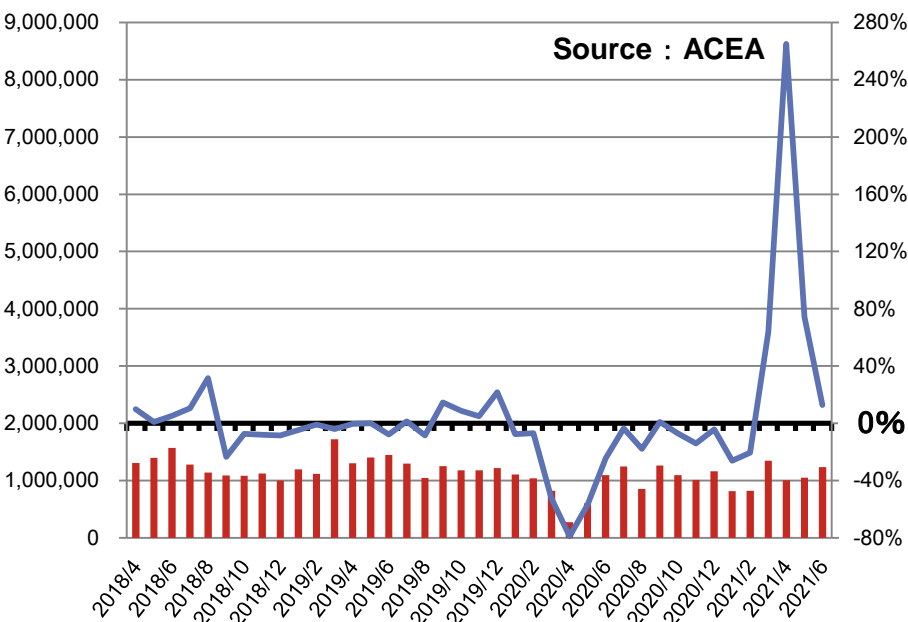
2021/6 ; -12% on YoY basis because of decrease in automobile productions due to a short supply of semiconductors

Trends in Automobile Market

Units of automobile sales in Europe

(Year-on-year rate)

(Unit : 1car)

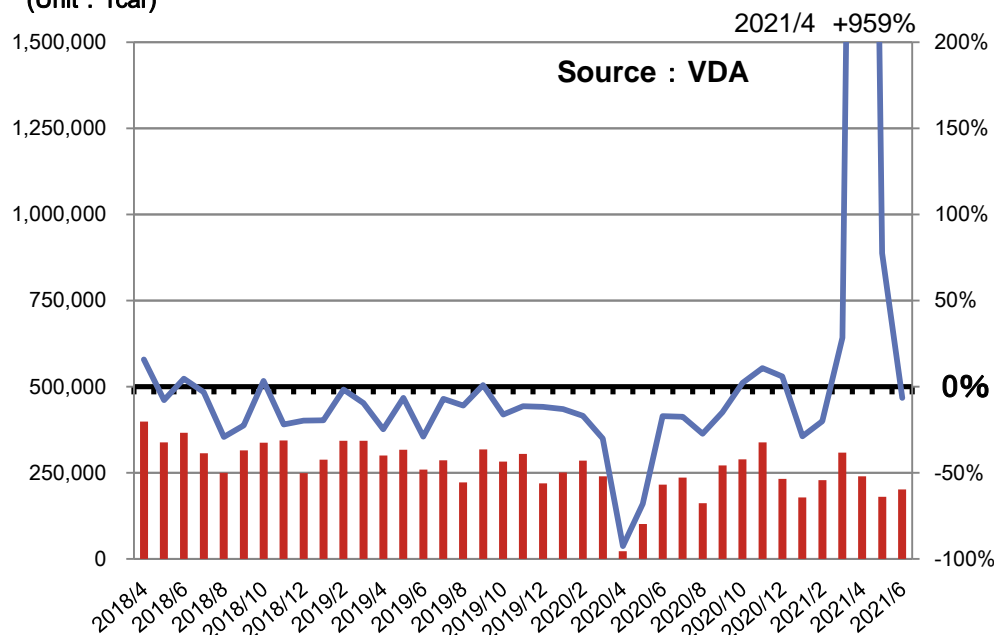


2020/4~ ; bottomed out and easing decline of sales due to COVID-19 impact
 2021/4 ; +265% on YoY basis because of the significant decline of 2020/4 due to COVID-19 impact
 2021/6 ; +13% on YoY basis

Units of automobile export from Germany

(Year-on-year rate)

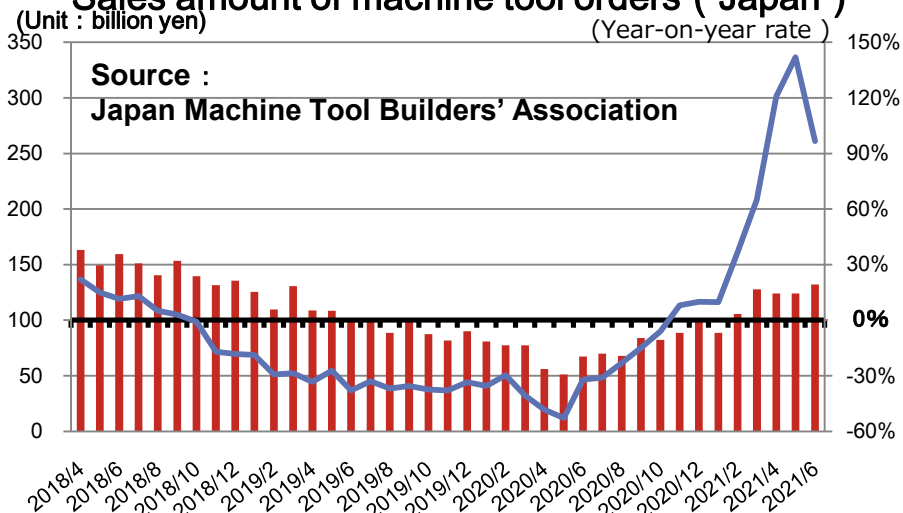
(Unit : 1car)



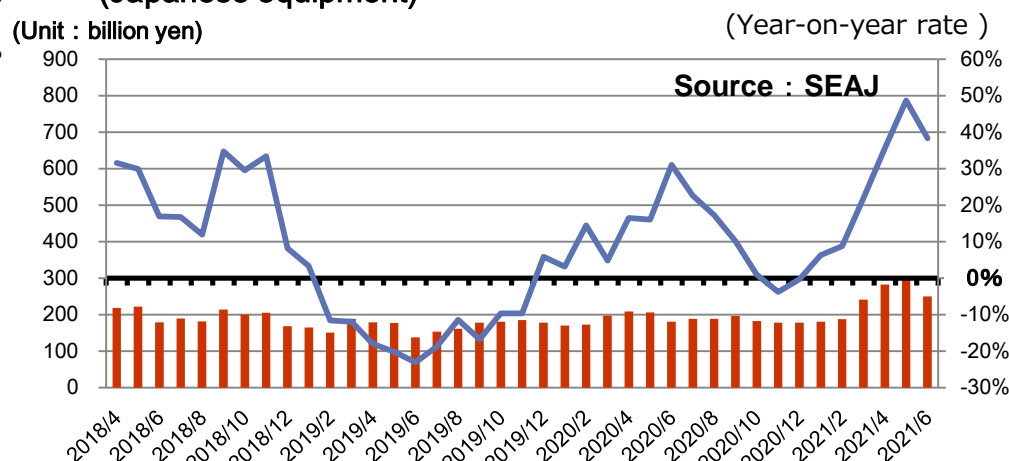
2020/4 ~ ; bottomed out and easing decline of export due to COVID-19 impact
 2021/4 ; +959% on YoY basis because of the significant decline of 2020/4 due to COVID-19 impact
 2021/6 ; -7% on YoY basis

Trends in Industrial Machinery and Construction Machinery Market

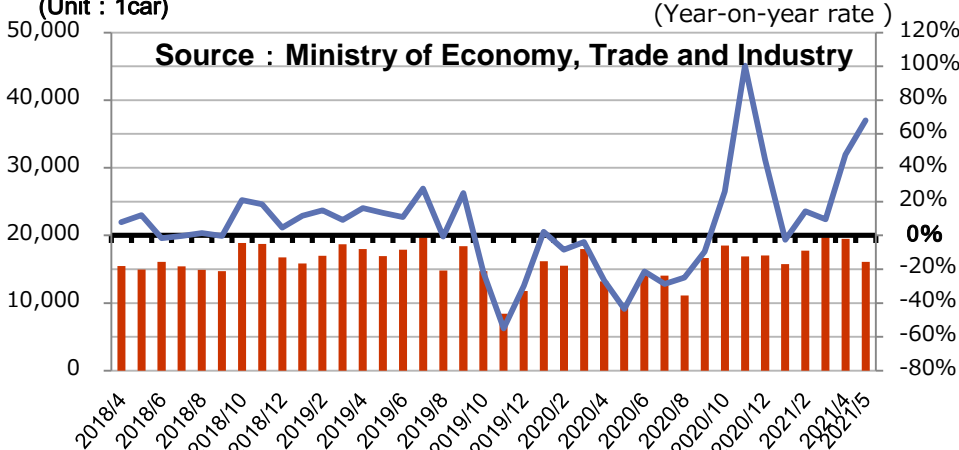
Sales amount of machine tool orders (Japan)



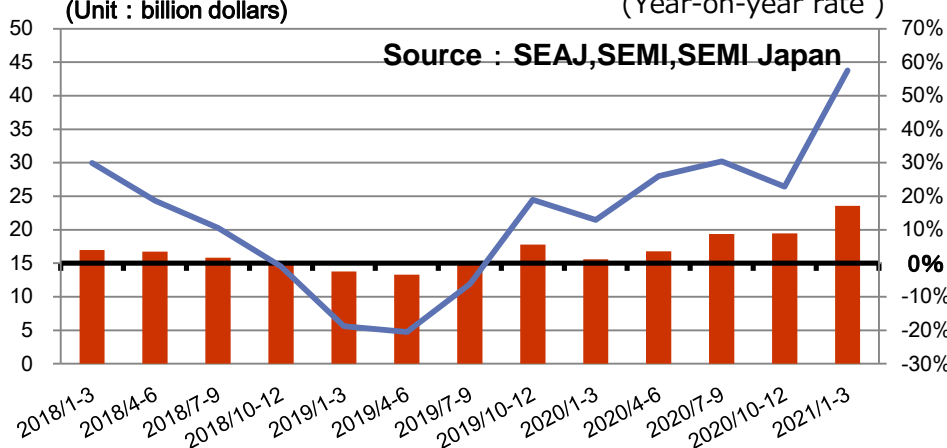
Sales amount of semiconductor manufacturing equipment (Japanese equipment)



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 2021/6 ; recovery to +97% 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 & 2021/6 ; +38% on YoY basis
Construction machinery	2020/2~ continuous drop due to COVID-19 impact & 2020/10~ ; recovery of demand in China and Europe & 2021/5 ; +68% on YoY basis

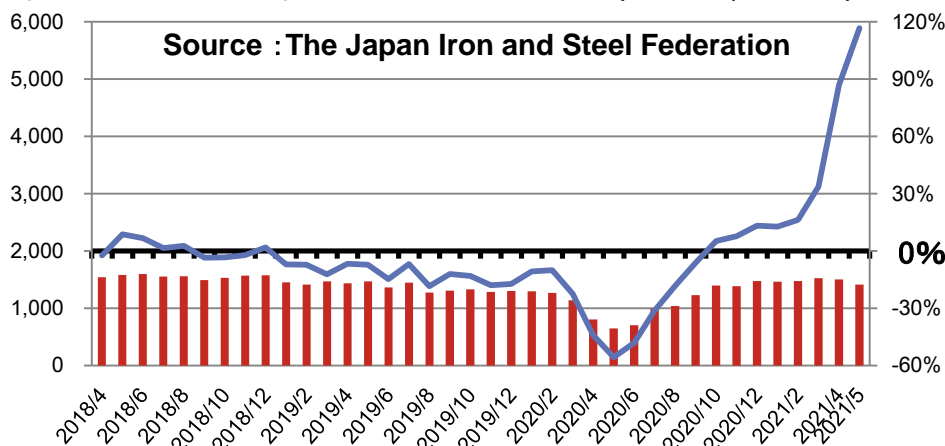
Trends in Special Steel Market

Volume of order booked (Specialty steel products)

(Unit : Thousands of ton)

(Year-on-year rate)

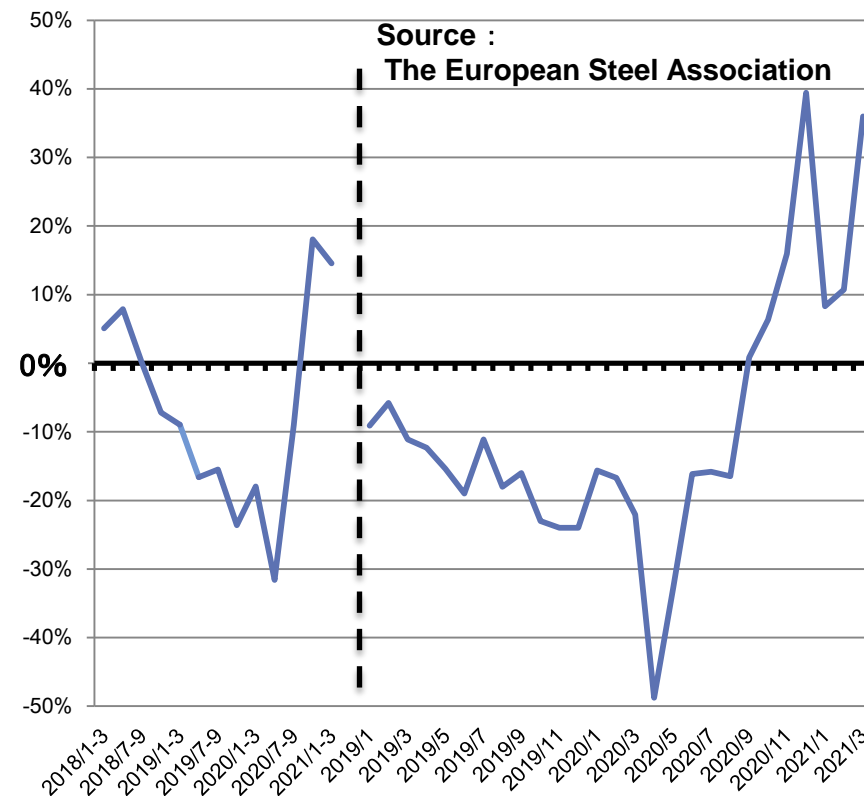
Source : The Japan Iron and Steel Federation



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

(Year-on-year rate)

Source :
The European Steel Association

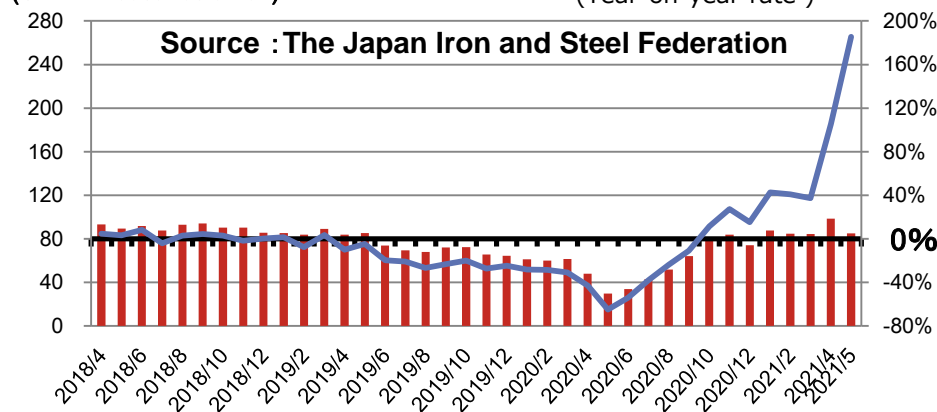


Volume of order booked (Bearing steel)

(Unit : Thousands of ton)

(Year-on-year rate)

Source : The Japan Iron and Steel Federation



Bearing steel

2020/5~ ; bottomed out and easing decline of sales due to COVID-19 impact
2021/5 ; +185% on YoY basis

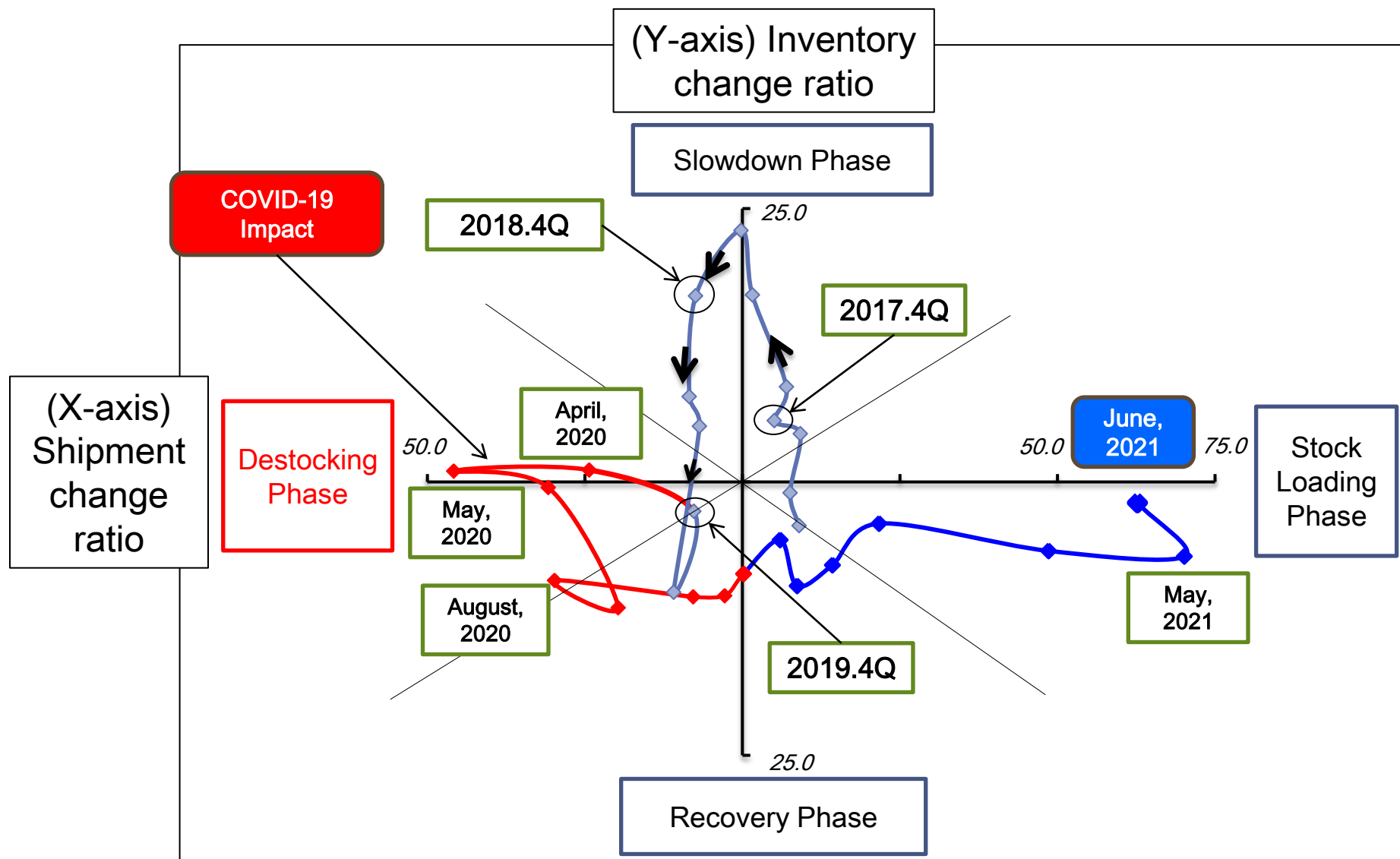
2018/10 ~ ; negative trend

2020/4~ ; bottomed out and easing decline due to recovery of deliveries

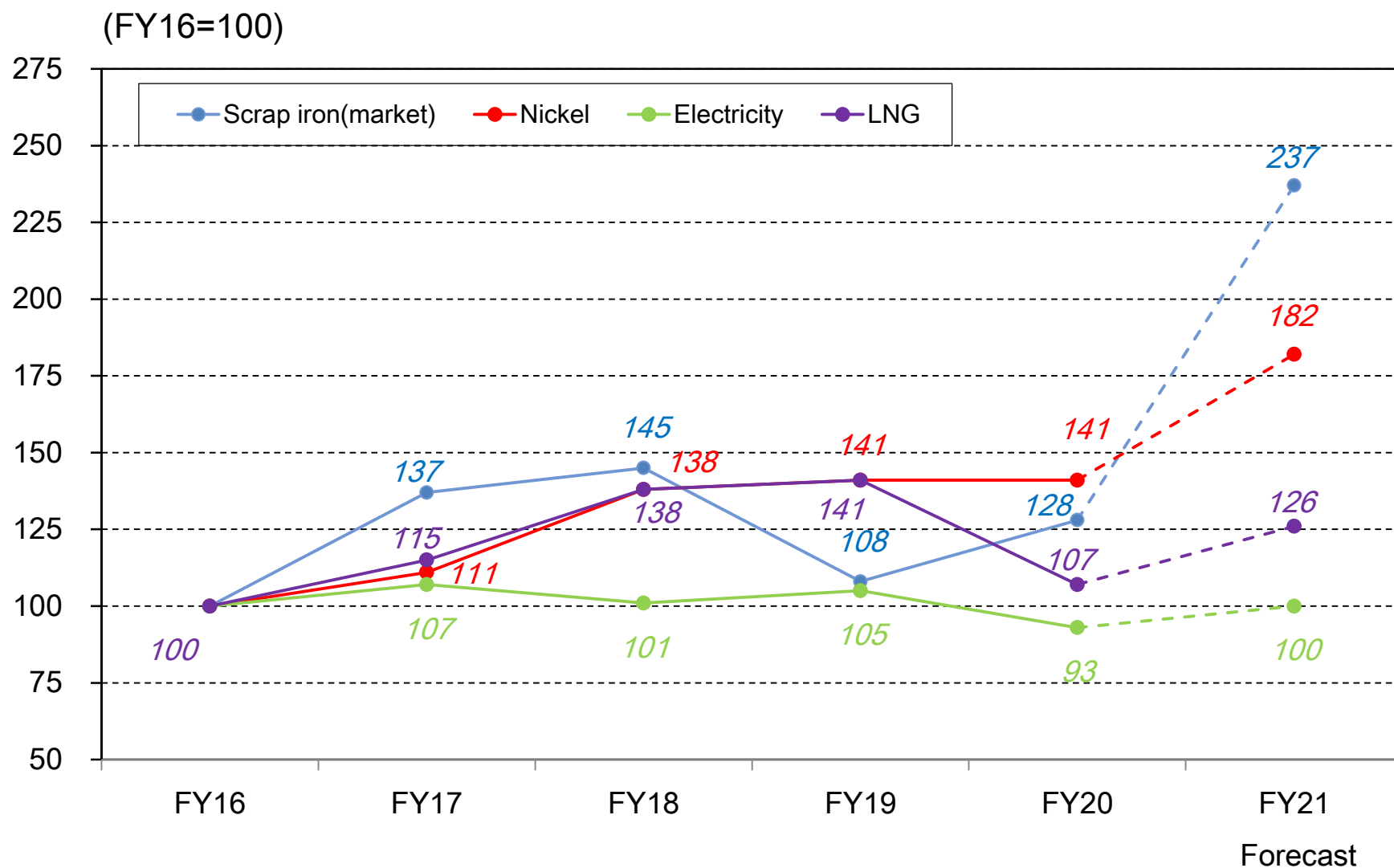
2021/3 ; +36% on YoY basis

Inventory Circulation Diagram (Bearing Products)

Reference



Raw Materials and Fuel Prices



* Based on purchase price

Details of Statements of Income

Reference

(FY21/1Q vs. FY20/1Q)

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

	FY21/1Q(A)	FY20/1Q(B)	Change(B) → (A)	(%)
Sales Volume	672	335	+337	+100.6
(Sanyo)	267	137	+130	+94.7
(Ovako) *1	370	173	+197	+114.1
(MSSS) *2	35	25	+10	+39.6
Net Sales	110.6	53.0	+57.6	+108.5
(Sanyo)	40.1	22.3	+17.9	+80.1
(Ovako)	64.8	26.0	+38.8	+149.4
(MSSS)	4.4	2.9	+1.5	+53.7
Operating Income	8.5	-1.2	+9.6	-
(Sanyo)	3.3	-1.1	+4.4	-
(Ovako)	6.3	1.1	+5.2	+458.2
(MSSS)	0.2	-0.2	+0.4	-
(Amortization of goodwill) *1	-1.3	-0.6	-0.7	-
Ordinary Income	8.5	-1.8	+10.2	-
(Sanyo)	3.6	-0.8	+4.4	-
(Ovako)	6.1	0.5	+5.6	+1,113.5
(MSSS)	0.1	-0.3	+0.4	-
(Amortization of goodwill)	-1.3	-0.6	-0.7	-
Net Income *3	6.1	-1.5	+7.5	-
Earnings Per Share	111.6	-26.9	+138.5	-
Operating Income before amortization of goodwill	9.8	-0.5	+10.4	-
Ordinary Income before amortization of goodwill	9.8	-1.1	+11.0	-
Net Income before amortization of goodwill	7.4	-0.8	+8.3	-
Earnings Per Share before amortization of goodwill	136.3	-15.5	+151.8	-

*1 The consolidated accounting period for Ovako including Amortization of goodwill are as follows, FY2021/1Q : 6 months(Jan. to Jun. 2021), FY2020/1Q : 3 months(Jan. to Mar. 2020)

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

*3 Profit attributable to owners of parent

Details of Statements of Income

Reference

(FY21 Revised Forecast vs. FY21 Previous Forecast)

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

	FY21 1H(A)	FY21 2H(B)	FY21(C=A+B)	FY21 ^{Previous} Forecast(D)	Change(D) → (C)	(%)
Sales Volume	1,087	926	2,013	1,938	+75	+3.9
(Sanyo)	522	510	1,032	953	+79	+8.3
(Ovako) *1	508	340	848	836	+12	+1.4
(MSSS) *2	57	76	132	149	-17	-11.4
Net Sales	182.0	163.0	345.0	315.0	+30.0	+9.5
(Sanyo)	80.5	86.3	166.8	152.4	+14.4	+9.4
(Ovako)	89.1	59.7	148.8	135.0	+13.8	+10.2
(MSSS)	7.7	10.5	18.2	19.3	-1.1	-5.7
Operating Income	8.7	2.2	10.9	7.3	+3.6	+49.3
(Sanyo)	4.1	1.2	5.3	5.8	-0.5	-8.6
(Ovako)	6.0	2.0	8.0	4.2	+3.8	+90.5
(MSSS)	0.3	0.3	0.6	0.5	+0.1	+20.0
(Amortization of goodwill) *1	-2.0	-1.3	-3.3	-3.1	-0.2	-
Ordinary Income	8.5	2.0	10.5	7.0	+3.5	+50.0
(Sanyo)	4.4	1.3	5.7	6.2	-0.5	-8.1
(Ovako)	5.6	1.8	7.4	3.8	+3.6	+94.7
(MSSS)	0.2	0.1	0.3	0.0	+0.3	-
(Amortization of goodwill)	-2.0	-1.3	-3.3	-3.1	-0.2	-
Net Income *3	6.1	1.0	7.1	3.5	+3.6	+102.9
Earnings Per Share	112.0		130.3	64.2	+66.1	+102.9
Operating Income before amortization of goodwill	10.7	3.5	14.2	10.4	+3.8	+36.5
Ordinary Income before amortization of goodwill	10.5	3.3	13.8	10.1	+3.7	+36.6
Net Income before amortization of goodwill	8.1	2.3	10.4	6.6	+3.8	+57.6
Earnings Per Share before amortization of goodwill	148.7		190.9	121.1	+69.7	+57.6

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

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

*3 Profit attributable to owners of parent

Details of Statements of Income

Reference

(FY21 Forecast vs. FY20)

(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	1,087	926	2,013	1,367	+646	+47.3
(Sanyo)	522	510	1,032	704	+328	+46.5
(Ovako) *1	508	340	848	572	+276	+48.3
(MSSS) *2	57	76	132	91	+41	+45.7
Net Sales	182.0	163.0	345.0	210.7	+134.3	+63.7
(Sanyo)	80.5	86.3	166.8	103.6	+63.2	+60.9
(Ovako)	89.1	59.7	148.8	89.7	+59.1	+66.0
(MSSS)	7.7	10.5	18.2	10.3	+7.9	+77.2
Operating Income	8.7	2.2	10.9	-5.5	+16.4	-
(Sanyo)	4.1	1.2	5.3	1.7	+3.6	+209.8
(Ovako)	6.0	2.0	8.0	-2.5	+10.5	-
(MSSS)	0.3	0.3	0.6	-1.0	+1.6	-
(Amortization of goodwill) *1	-2.0	-1.3	-3.3	-2.6	-0.7	-
Ordinary Income	8.5	2.0	10.5	-4.8	+15.3	-
(Sanyo)	4.4	1.3	5.7	2.2	+3.5	+158.3
(Ovako)	5.6	1.8	7.4	-2.4	+9.8	-
(MSSS)	0.2	0.1	0.3	-1.3	+1.6	-
(Amortization of goodwill)	-2.0	-1.3	-3.3	-2.6	-0.7	-
Net Income *3	6.1	1.0	7.1	-6.9	+14.0	-
Earnings Per Share	112.0		130.3	-126.1	+256.4	-
Operating Income before amortization of goodwill	10.7	3.5	14.2	-2.9	+17.1	-
Ordinary Income before amortization of goodwill	10.5	3.3	13.8	-2.1	+15.9	-
Net Income before amortization of goodwill	8.1	2.3	10.4	-4.2	+14.6	-
Earnings Per Share before amortization of goodwill	148.7		190.9	-78.0	+268.8	-

*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. to Dec. 2020)

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

*3 Profit attributable to owners of parent



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.