

Overview of Business Results

for the 1st Quarter of Fiscal Year Ending March 31, 2023
(April 2022 → June 2022)

July 28, 2022

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

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

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1 . FY2022 1Q Results

Outline of Statements of Income

1. Outline of FY2022 1Q Result

Ordinary income in FY22/1Q was 9.3 billion yen positive, increase of 0.8 billion yen compared to FY21/1Q.

(Excluding impact of OVAKO's changing fiscal year end : increase of 2.6 billion yen)

▸ Profit on YOY basis increased due to improved profit margin including surcharge at Sanyo and OVAKO, partly offset by increase of raw material and fuel prices.

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

(Reference) Sales Volume (for OVAKO ; FY22/1Q Apr. to Jun., FY21/1Q Jan. to Jun. and for SSMI; Jan. to Mar.)

	FY22/1Q (A)		FY21/1Q (B)		Change(B) → (A)	
<i>Sales Volume</i> (Thousands of ton)	440	(per month) 146.5	672	(per month) 162.2	-232	(per month) -15.7
(Sanyo)	234	78.1	267	89.1	-33	-10.9
(OVAKO)	177	59.0	370	61.6	-193	-2.6
(SSMI)	28	9.3	35	11.5	-7	-2.2

2. Statements of Income (FY22/1Q vs. FY21/1Q)

(Unit : Billion yen)

	FY22/1Q(A)		FY21/1Q (B)		Change(B) → (A)	
	Amount	Ratio(%)	Amount	Ratio(%)	Amount	Ratio(%)
Net Sales	104.1	100.0	110.6	100.0	-6.6	-5.9
Operating Income	8.8	8.4	8.5	7.7	+0.3	+3.7
Ordinary Income	9.3	ROS 8.9	8.5	ROS 7.7	+0.8	+9.5
(Sanyo)	3.4	7.1	3.6	8.8	-0.2	-4.5
(OVAKO)	7.3	14.7	6.1	9.5	+1.2	+19.0
(SSMI)*1	-0.1	-	0.1	3.4	-0.3	-
(Amortization of goodwill)	-0.7	-	-1.3	-	+0.6	-
Net Income	6.9	6.6	6.1	5.5	+0.8	+13.1
Net Income before amortization of goodwill	7.6	7.3	7.4	6.7	+0.2	+2.3

*1 The company has changed its name from MSSS to SSMI in June 2022.

Business Environment

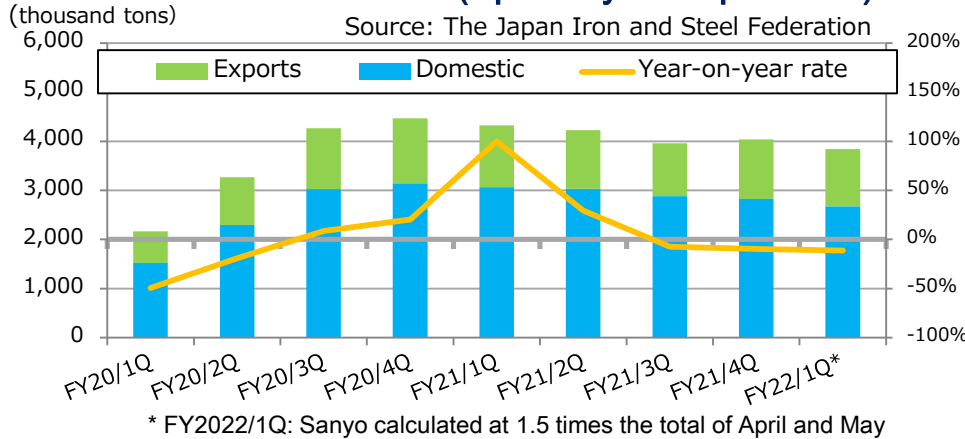
Demand Trends

Demand of Special Steel has been robust in major market segments, but some effects of prolonged reduction of auto production mainly due to effects of supply chain disruptions, including semiconductor shortage, have continued.

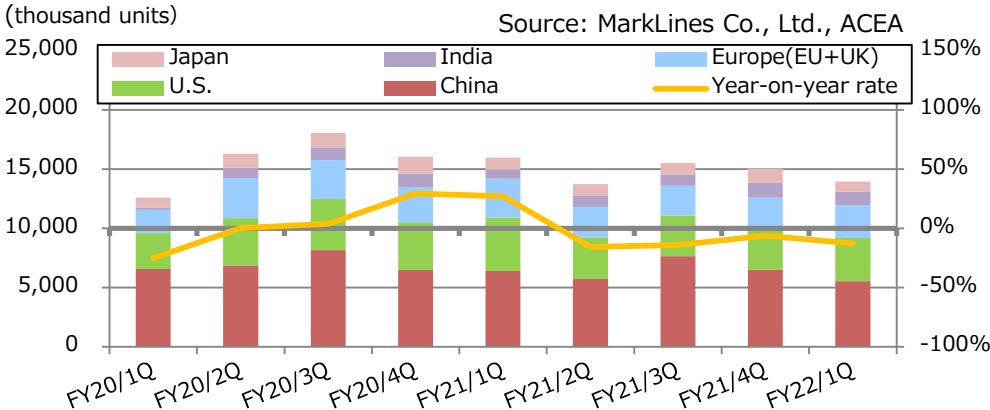
Raw Material and Fuel Prices

Raw material price trend still remains high partly due to the depreciation of the yen, though global supply and demand balance show signs of easing and rocketed raw material prices have started to settle to some extent.

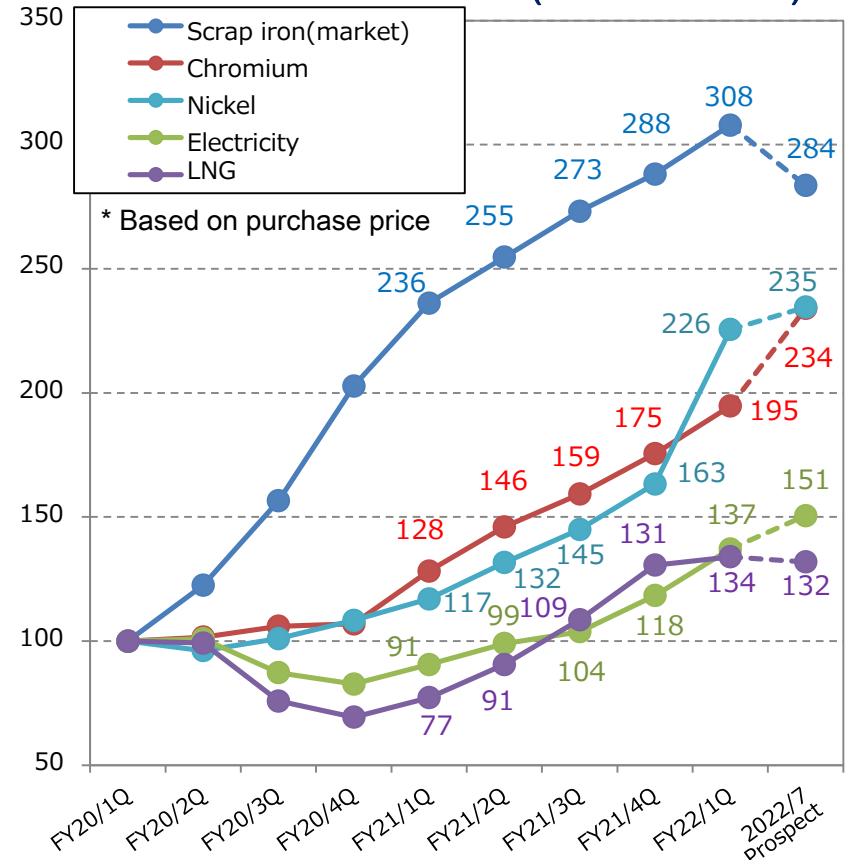
Volume of order booked (Specialty steel products)



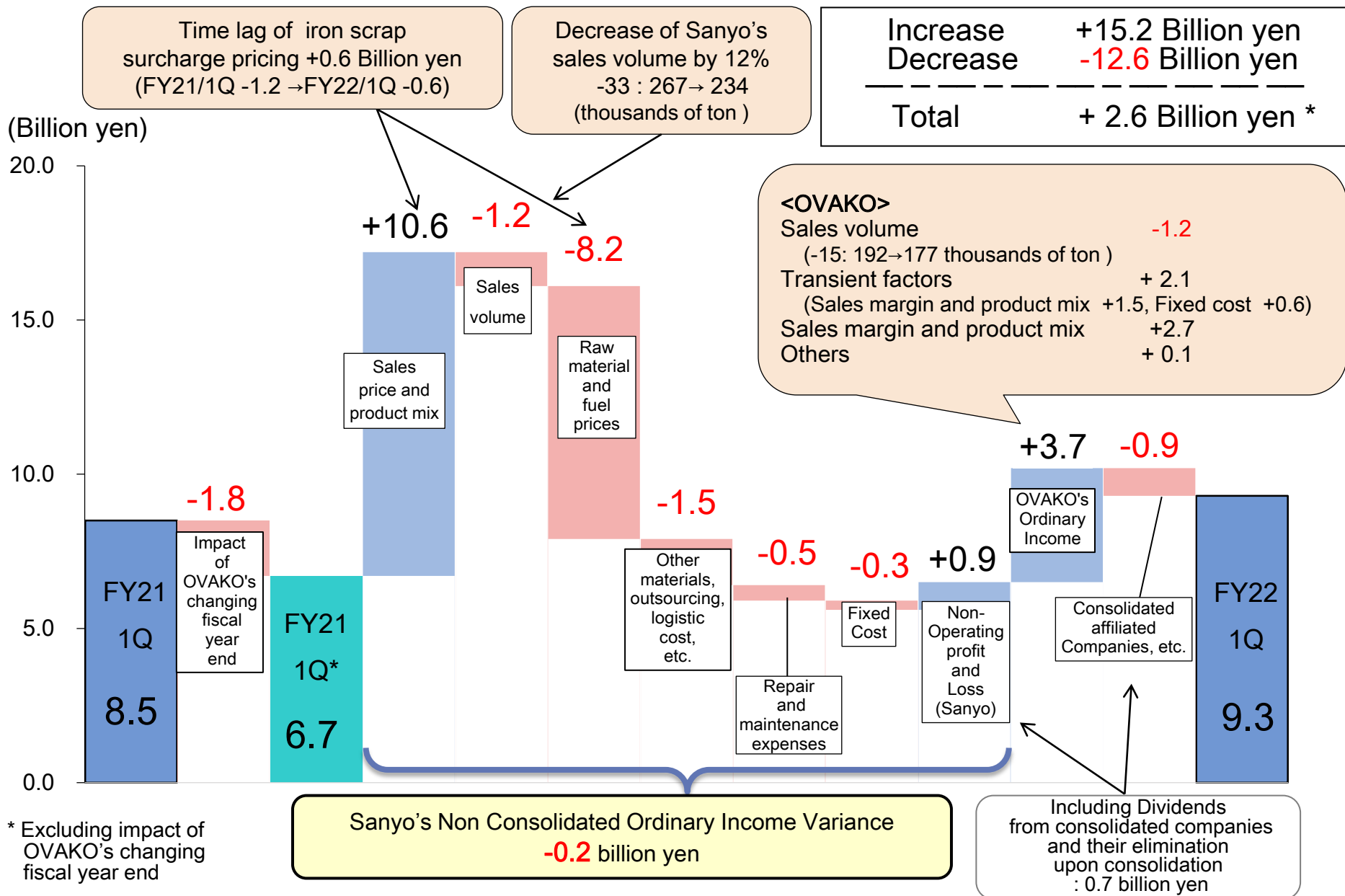
Units of automobile sales



Raw Material and Fuel Prices (FY20/1Q = 100)

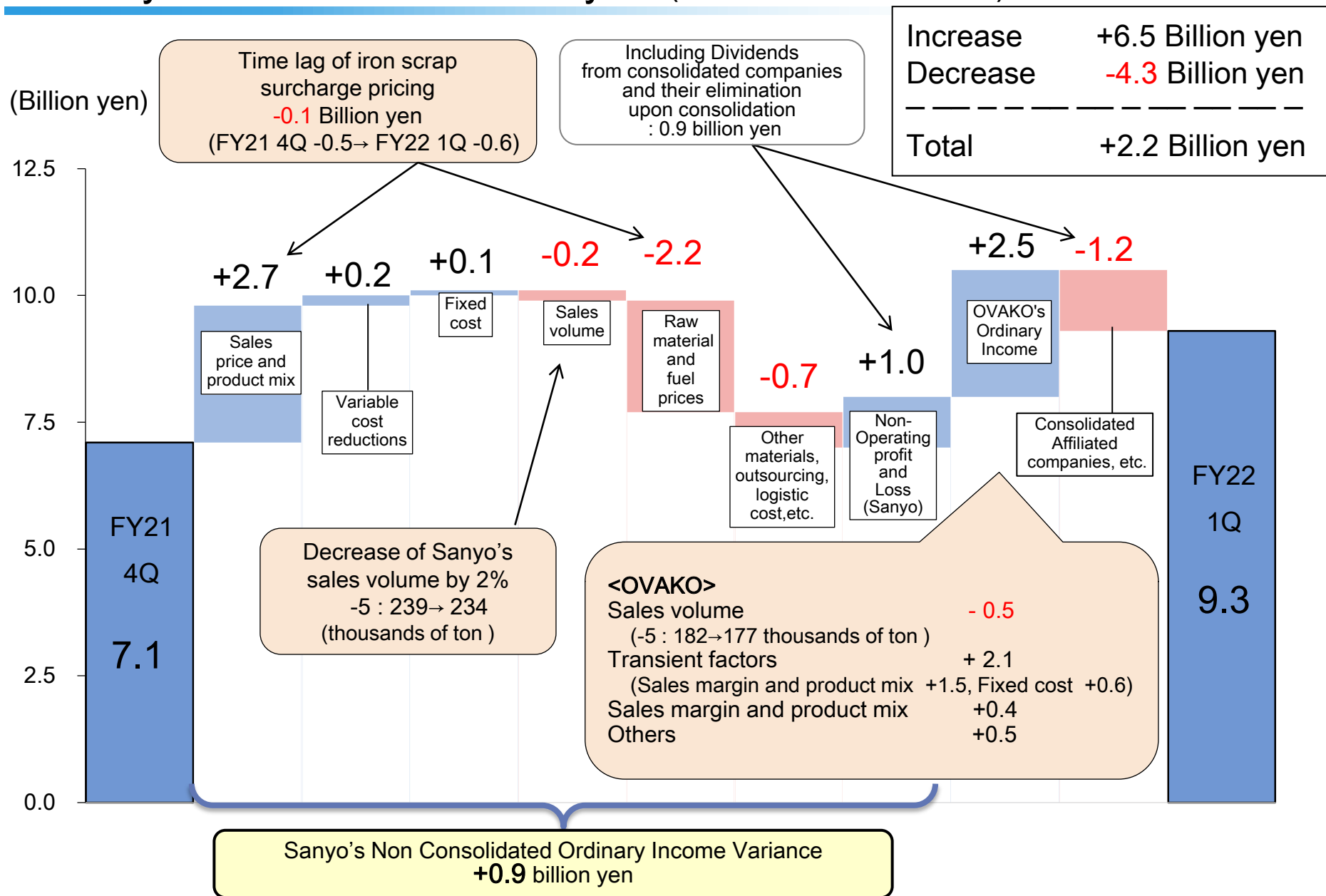


Ordinary Income Variance Analysis (FY21/1Q → FY22/1Q)

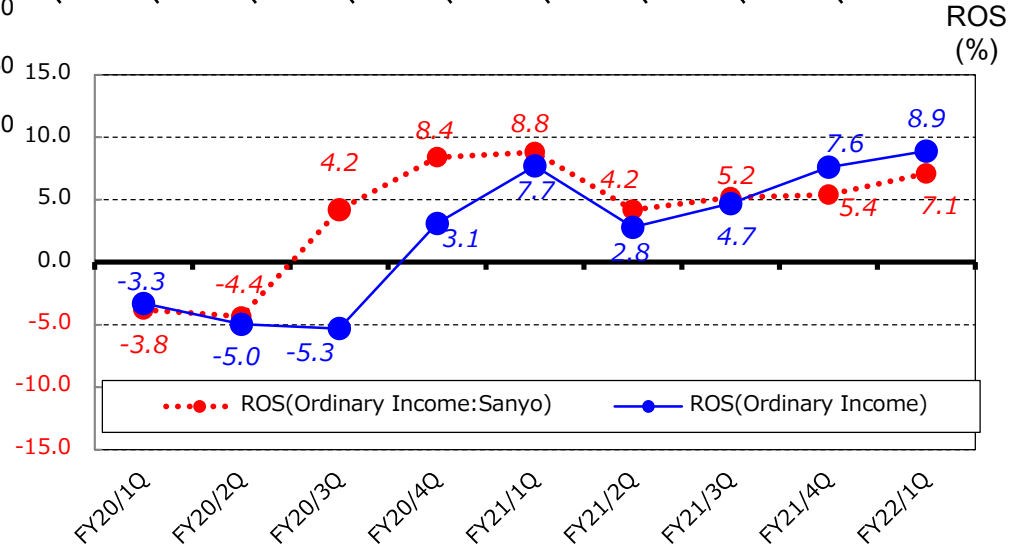
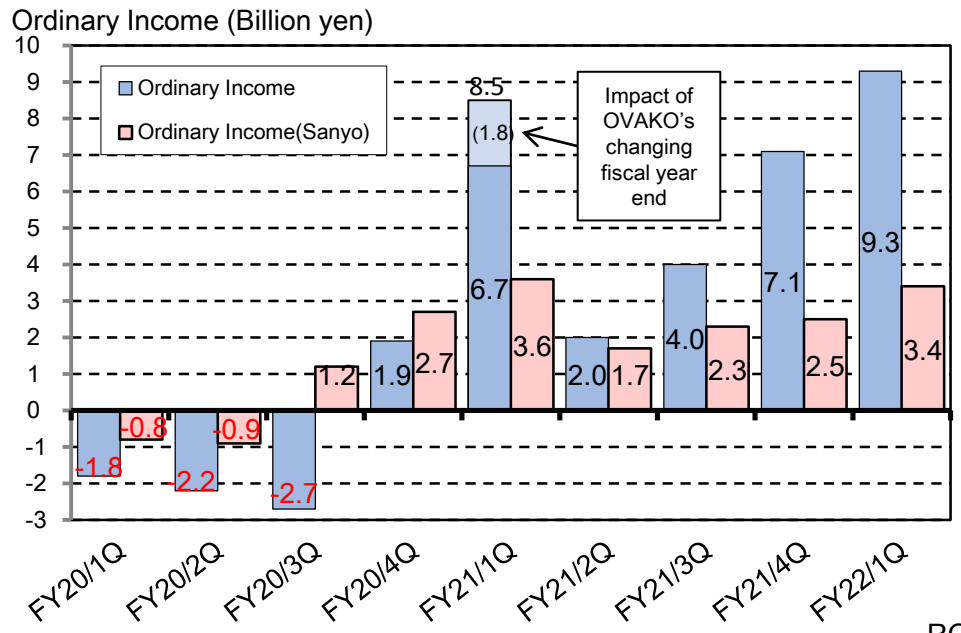
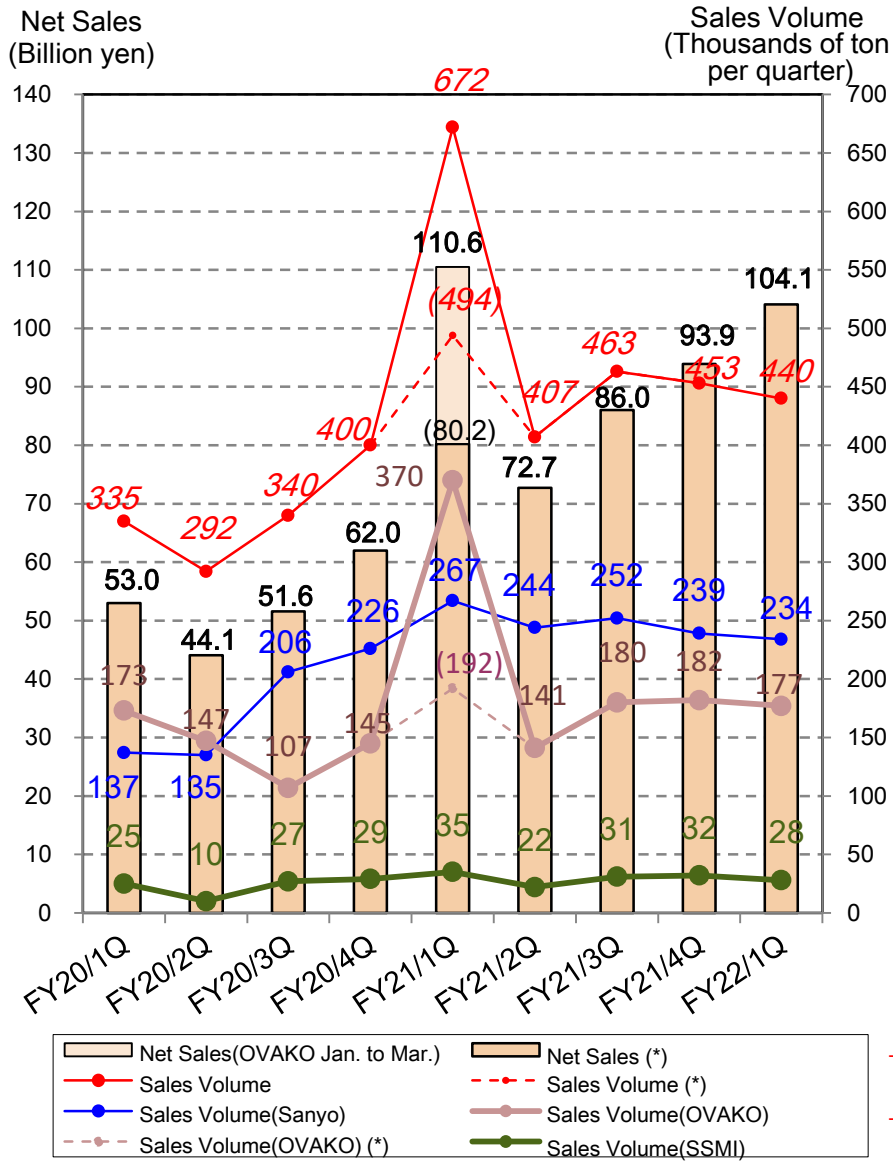


* Excluding impact of OVAKO's changing fiscal year end

Ordinary Income Variance Analysis (FY21/4Q → FY22/1Q)



Net Sales and Income (Quarterly)



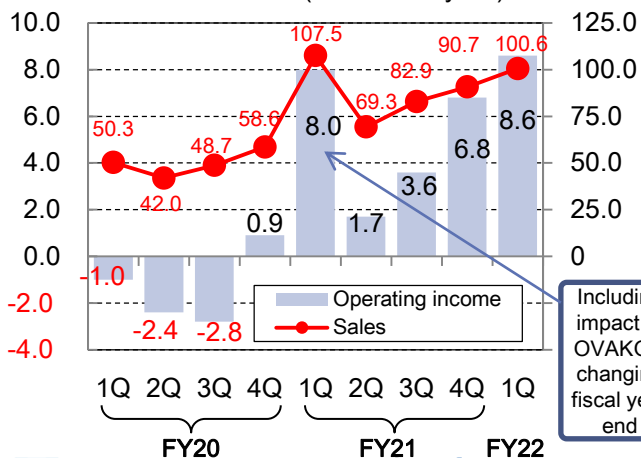
Earnings by Business Segment

(Unit : Billion yen)

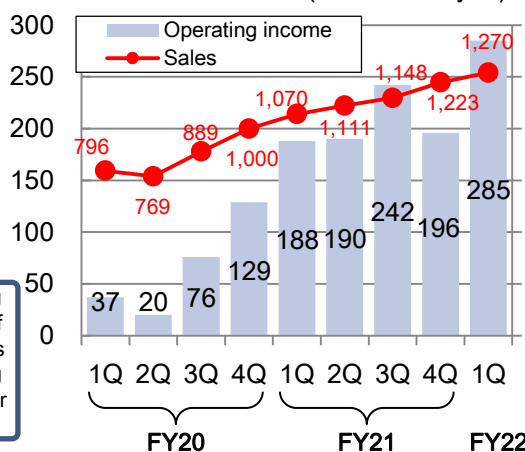
	FY22/1Q(A)			FY21/1Q(B)			Change (B) → (A)		
	Net Sales	Operating Income	ROS (%)	Net Sales	Operating Income	ROS (%)	Net Sales	Operating Income	ROS (%)
Steel Products	100.6	8.6	8.5	107.5	8.0	7.5	-6.9	+0.5	+1.0
Metal Powders	1.3	0.3	22.4	1.1	0.2	17.6	+0.2	+0.1	+4.8
Formed and Fabricated Materials	4.6	-0.1	-2.1	4.3	0.2	5.3	+0.3	-0.3	-7.4
Sub-total	106.5	8.8	8.2	112.8	8.4	7.5	-6.4	+0.3	+0.7
Other	0.2	0.0	1.3	0.2	-0.0	-4.3	+0.0	+0.0	+5.6
Adjustments	-2.7	0.0	-	-2.4	0.0	-	-0.2	-0.0	-
Consolidated Total	104.1	8.8	8.4	110.6	8.5	7.7	-6.6	+0.3	+0.7

Change in Business Segment

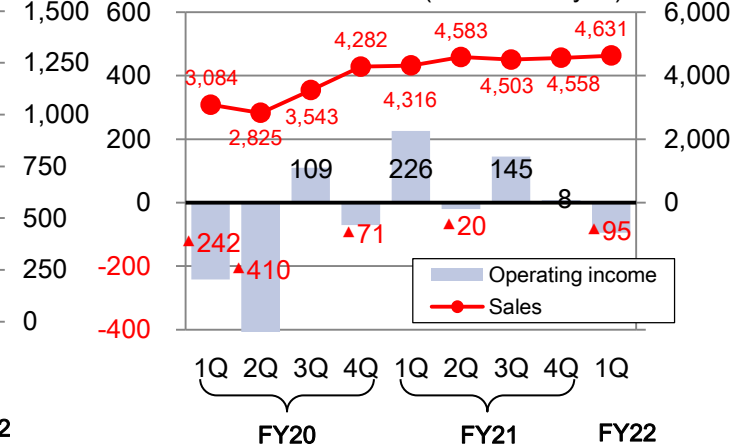
Steel Products(unit: billion yen)



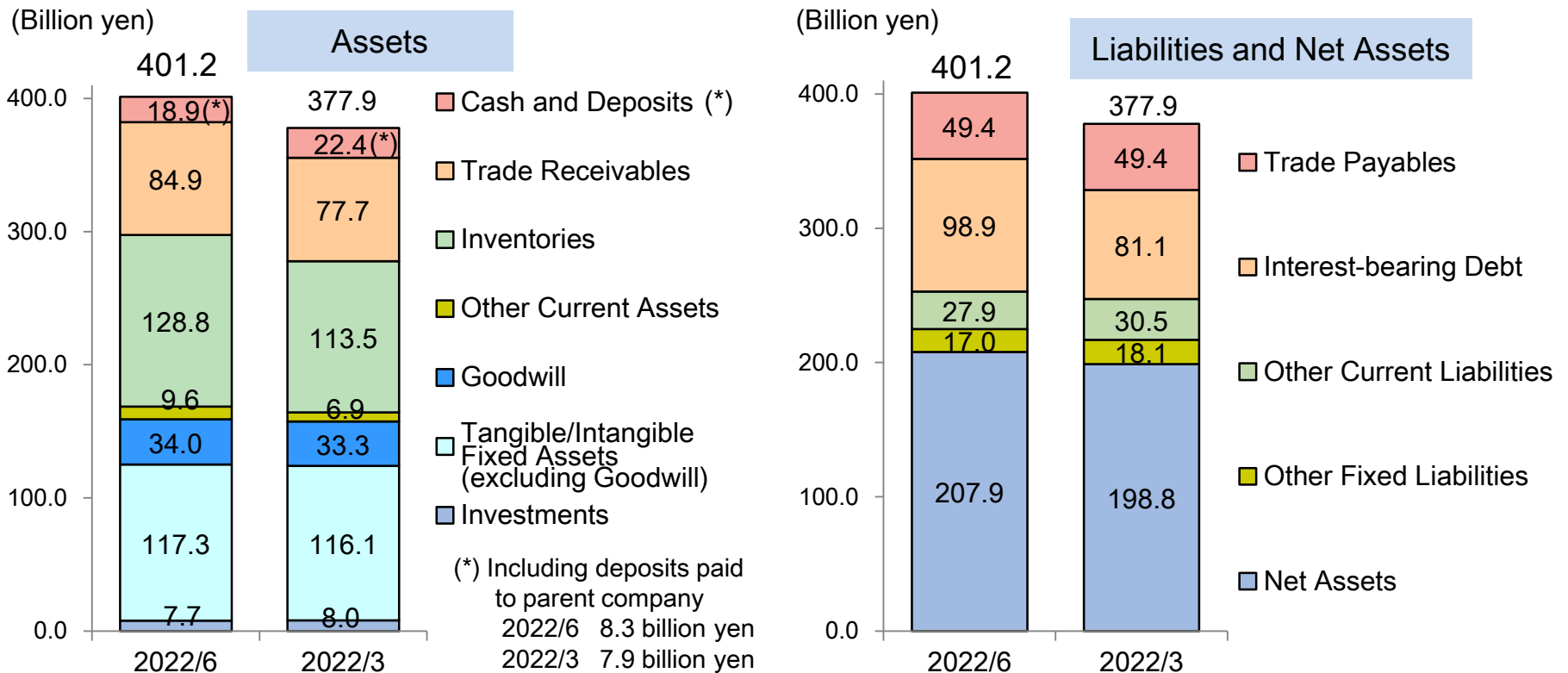
Metal Powders(unit: million yen)



Formed and Fabricated Materials (unit: million yen)



Balance Sheets



Major changes in Assets + 23.3 billion yen (+6.2%)

Trade Receivables	+ 7.2
Inventories	+ 15.3
Goodwill	+ 0.7
(amortization -0.7, foreign exchange impact +1.4)	

Major changes in Liabilities and Net Assets + 23.3 billion yen (+6.2%)

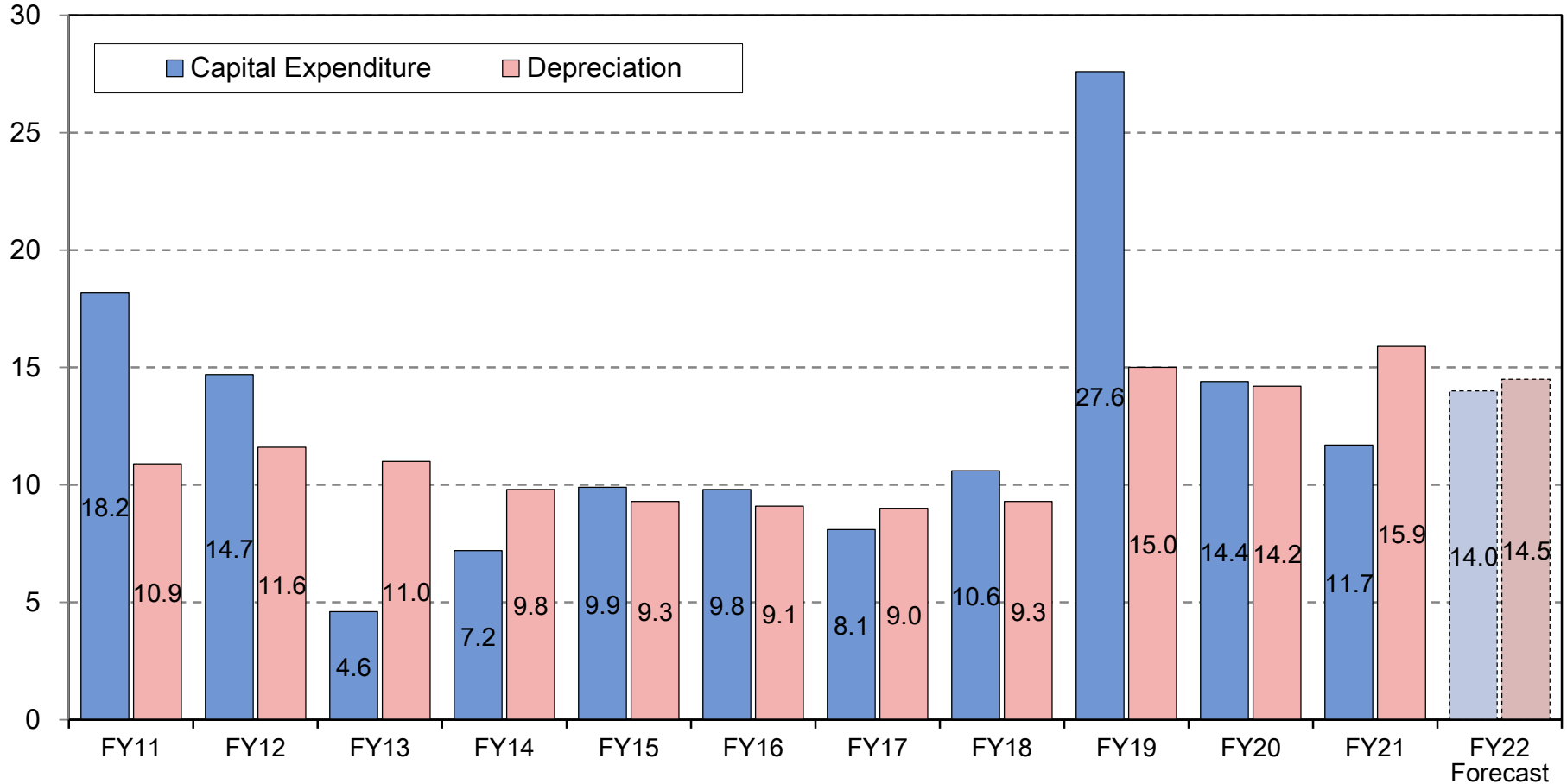
Interest-bearing Debt	+ 17.8
Other Current Liabilities	- 2.6
Net Assets	+ 9.1

(Reference) Assets of Sanyo, OVAKO and SSMI (as of Jun. 2022, non consolidated basis)
Sanyo 279.3 billion yen, OVAKO 129.2 billion yen, SSMI 13.5 billion yen

Equity Ratio	2022/6	2022/3
	51.4%	52.1%

Capital Expenditure and Depreciation

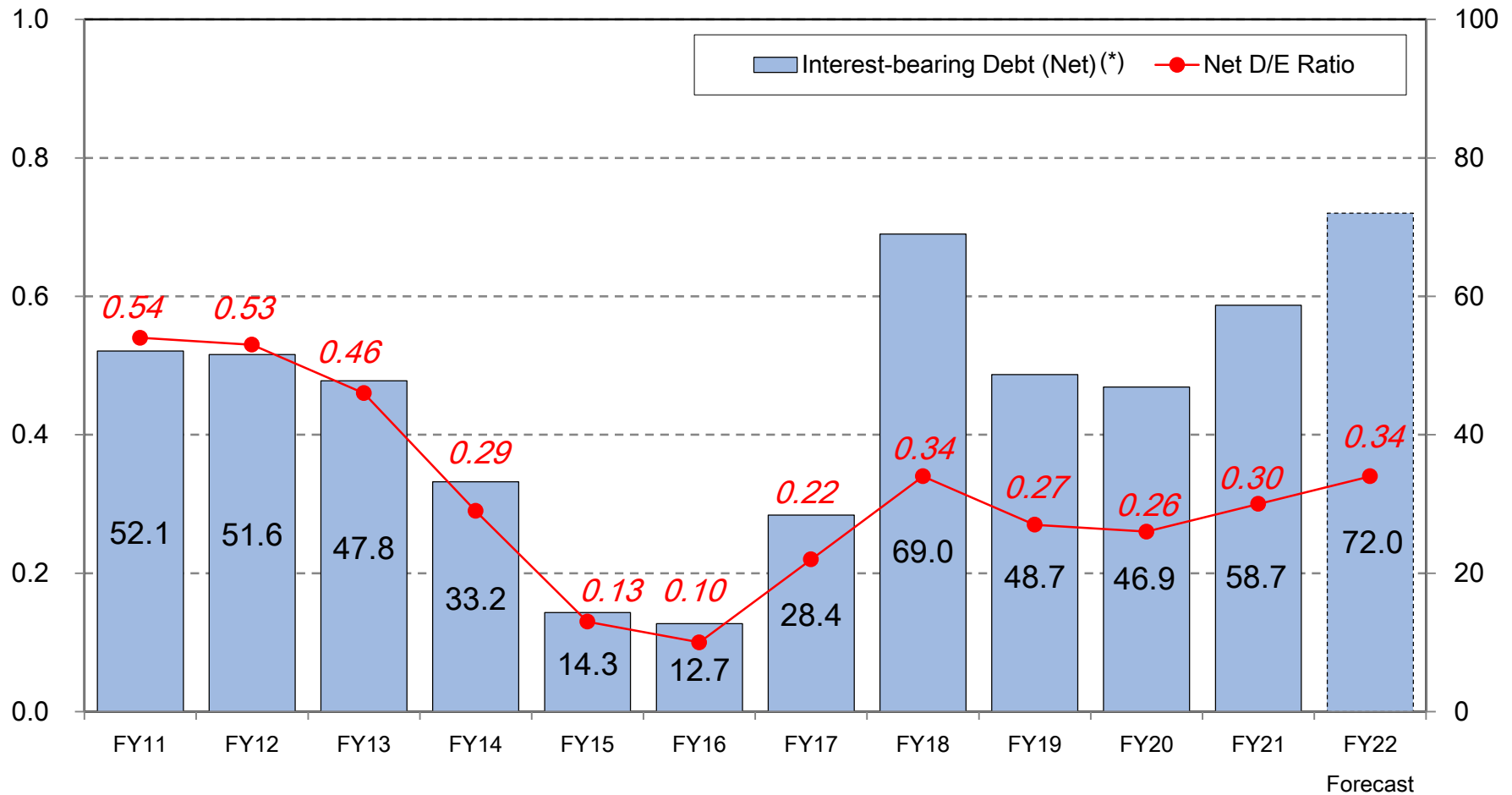
(Billion yen)



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. FY2022 Forecast

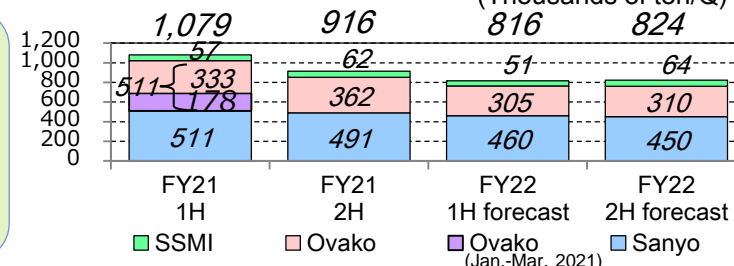
Business Forecast for FY22 (announced on July 28, 2022)

1. FY2022 Outlook

Ordinary income in FY22 is expected to be **16.0 billion yen positive**
(Previous forecast announced on April 28, 2022: 14.0 billion yen)

- +2.0 billion yen compared to previous forecast due to relative easing of scrap iron price (soared at the beginning of 2022FY), etc.
- Raw material prices remain still high, and there is concern about global economic downturn mainly due to global inflation triggered by the Russian invasion.
- We will further continue improving profit margin and securing a lean and robust corporate structure of all group entities.

(Reference)FY2022 Sales volume Forecast



2. FY2022 Forecast

(Unit : Billion yen)

	FY22 forecast 1H(A)	FY22 forecast 2H(B)	FY22 forecast(C)=(A)+(B)		FY21(D)		Change(D) →(C)	
			Amount	Ratio(%)	Amount	Ratio(%)	Amount	Ratio(%)
Net Sales	191.5	191.5	383.0	100.0	363.3	100.0	+19.7	+5.4
Operating Income	9.5	6.0	15.5	4.0	21.4	5.9	-5.9	-27.6
Ordinary Income	10.0	6.0	16.0	4.2	21.7	6.0	-5.7	-26.1
(Sanyo)	5.0	3.5	8.5	4.5	9.9	-	-1.4	-14.6
(OVAKO)*1	7.0	3.5	10.5	6.5	13.4	-	-2.9	-21.8
(SSMI)*2	-0.3	0.3	0.0	0.1	0.4	-	-0.4	-
(Amortization of goodwill)*1	-1.4	-1.4	-2.9	-	-3.4	-	+0.5	-
Net Income	7.0	4.5	11.5	3.0	15.3	4.2	-3.8	-24.7
Sales Volume (Thousands of ton)	816	824	1,640	(per month) 136.7	1,995	(per month) 151.7	-355	(per month) -15.0
(Sanyo)	460	450	910	75.8	1,002	83.5	-92	-7.7
(OVAKO)	305	310	615	51.3	873	58.2	-258	-7.0
(SSMI)	51	64	115	9.6	119	9.9	-4	-0.4

*1 The consolidated accounting periods for OVAKO including Amortization of goodwill are as follows,
FY2022 forecast: 12 months (Apr. 2022 to Mar. 2023), FY2021: 15 months (Jan. 2021 to Mar. 2022)

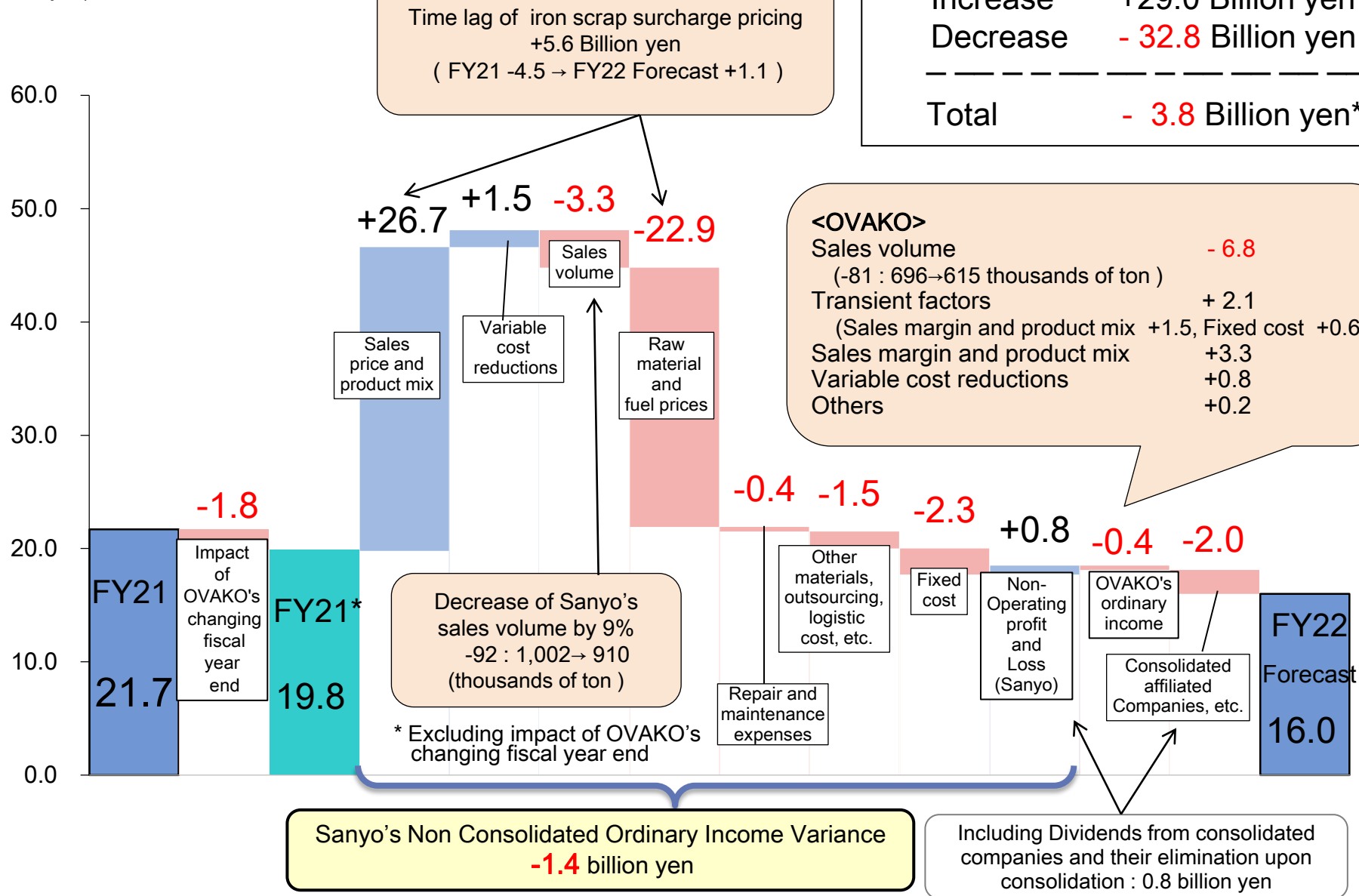
*2 The consolidated accounting period for SSMI is Jan. to Dec.

Major assumptions after July 2022

- Scrap iron 50,000 yen/t (H2 market price in Himeji area)
- Crude oil (Dubai) 100\$/BL · Exchange rate 140 yen/US\$, 140 yen/€

Ordinary Income Variance Analysis (FY21 → FY22 Forecast)

(Billion yen)

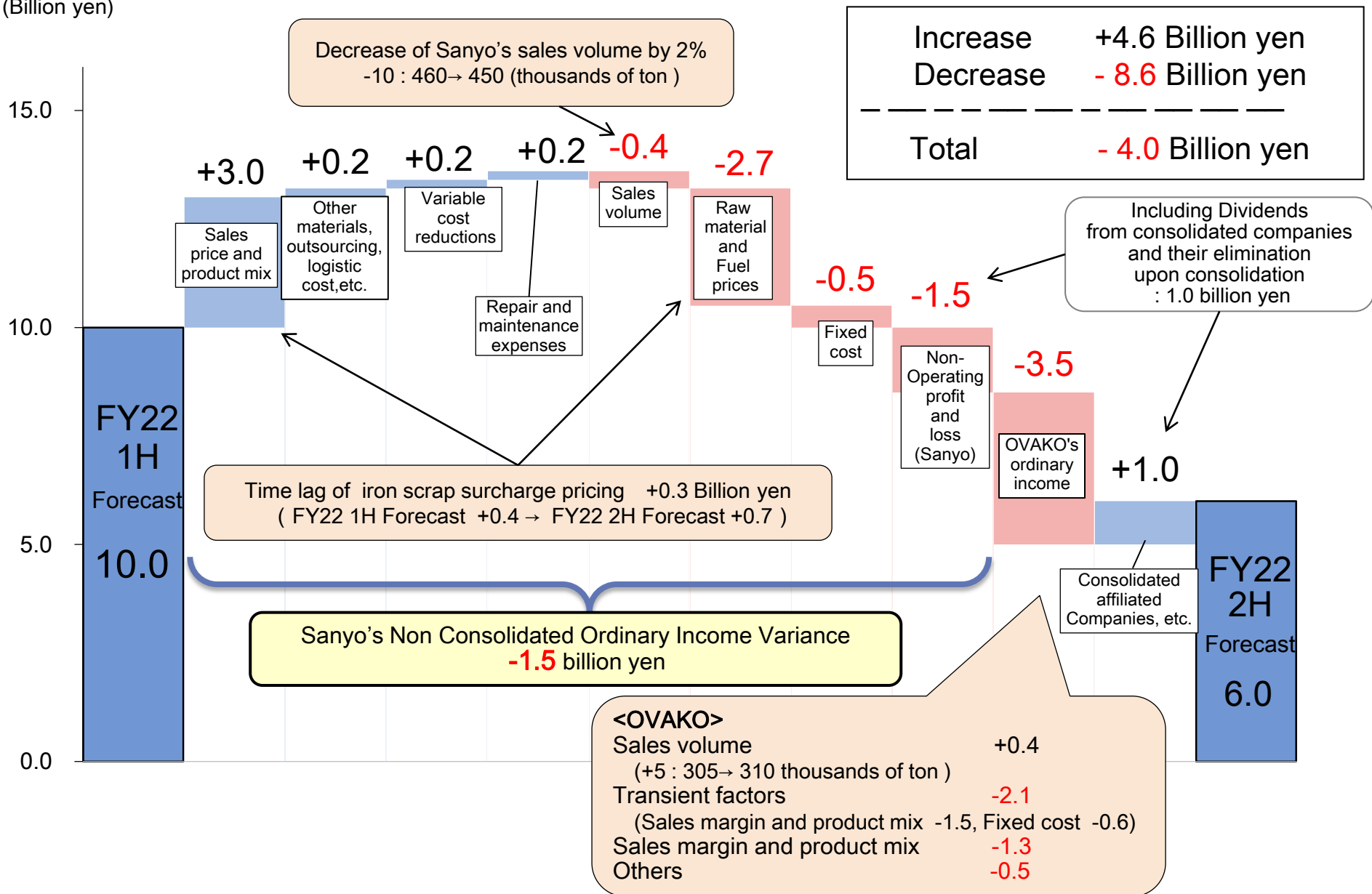


Sanyo's Non Consolidated Ordinary Income Variance
-1.4 billion yen

Including Dividends from consolidated companies and their elimination upon consolidation : 0.8 billion yen

Ordinary Income Variance Analysis (FY22 1H Forecast → FY22 2H Forecast)

(Billion yen)



Review of Performance <OVAKO>

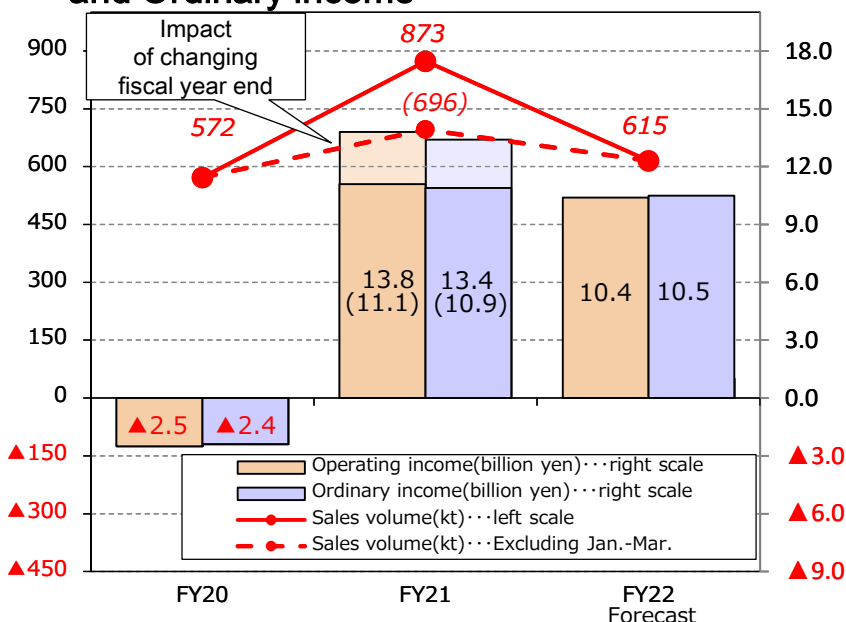
FY2022 Business Forecast

Ordinary income in FY22 : 10.5 billion yen

(-2.9 billion yen compared to FY21, excluding impact of changing the fiscal year end : -0.4 billion yen)

- ▶ Possible risk of market environment deterioration in FY22/2H, triggered by the Russian invasion and subsequent global inflation, although demand of special steel has been quite robust in major market segments for FY22/1H.
- ▶ Introduced **energy surcharge** from April 1, 2022, and will continue to appropriately reflect the significant rise of energy prices to sales price to maintain profit margin.
- ▶ Achieved **carbon neutral (CN) in production from January 2022** and applied **climate surcharge** to all customers unanimously. OVAKO will be able to relatively secure sales volume in even case of declining demand with the advantage of being CN.
- ▶ Continue strict control of fixed cost by resiliently implementing optimization of operational structure.

Trend of Sales volume, Operating income, and Ordinary income



Profit improvement measures and Maximizing synergies

Profit improvement

Safeguarding and improving profit margin in an inflationary environment by base price increase and climate surcharge and energy surcharge introduction

Streamlining numbers of workforce by optimizing operation by flexibly balancing capacity between mills in case of high level production

Continuously lowering BEP through variable cost reduction and fixed cost control

Maximizing synergies among the 3 companies, OVAKO, Sanyo and Nippon Steel

- a) Sales promotion activities
- b) Reduction of operational cost
- c) Reduction of procurement cost

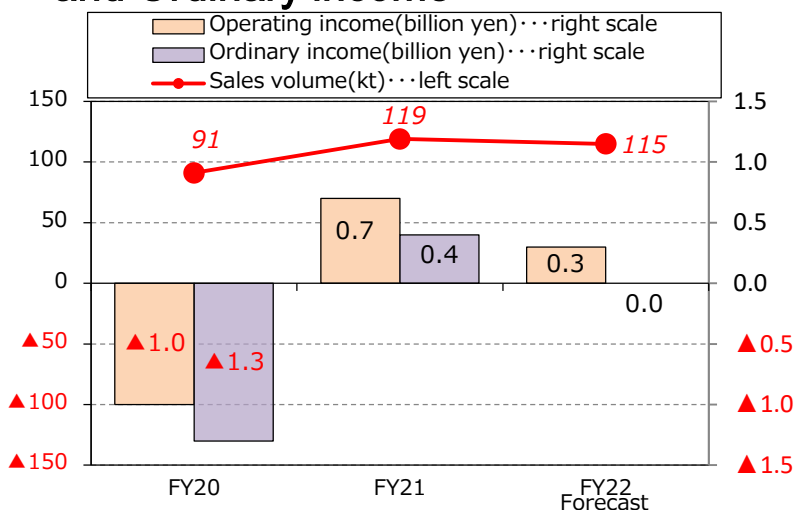
Review of Performance <SSMI>

FY2022 Business Forecast

Ordinary income in FY22 : 0.0 billion yen (-0.4 billion yen compared to FY21)

- ▶ Possible risk of significant rise of raw material and fuel prices, in addition to the impact of market environment deterioration due to effects of supply chain disruptions, including shortage of semiconductors, continuing since the end of FY21.
- ▶ Reflect the significant rise of raw material and fuel prices to sales price and improve product mix to maintain and improve profit margin.

Trend of Sales volume, Operating income, and Ordinary income



The Company has changed its name from Mahindra Sanyo Special Steel Private Limited (MSSS) to Sanyo Special Steel Manufacturing India Private Limited (SSMI) effective June 23, 2022, since the Trademark License Agreement with Mahindra and Mahindra Limited, a minority shareholder of the Company, expired.

Profit improvement measures and actions

Upgrading sales strategy and mix

Executing sales strategy further reflecting SSMI's superior high-cleanliness steel technology, Improving product mix and profit margin, reinforcing marketing resources.

Reducing variable cost

Reducing operation cost by improving energy intensity and efficiency, and reducing procurement cost by utilizing low-cost raw materials.

Controlling fixed cost

We will globally utilize the technology of high-cleanliness steel, the basis of our brand and technological superiority, and will reinforce our position in the growing Indian market.

Dividend Forecast for FY22

			FY22 1st Half Forecast	FY22 2nd Half Forecast	FY22 Forecast
Net Income*		Billion yen	7.0	4.5	11.5
Net Income before amortization of goodwill		Billion yen	8.4	6.0	14.4
Earnings Per Share	A	¥/share	128.5		211.1
Earnings Per Share before amortization of goodwill	B	¥/share	154.2		264.3
Dividend	C	¥/share	45.0	30.0	75.0
Payout Ratio	C/B	%	29.2		28.4
	C/A	%	35.0		35.5

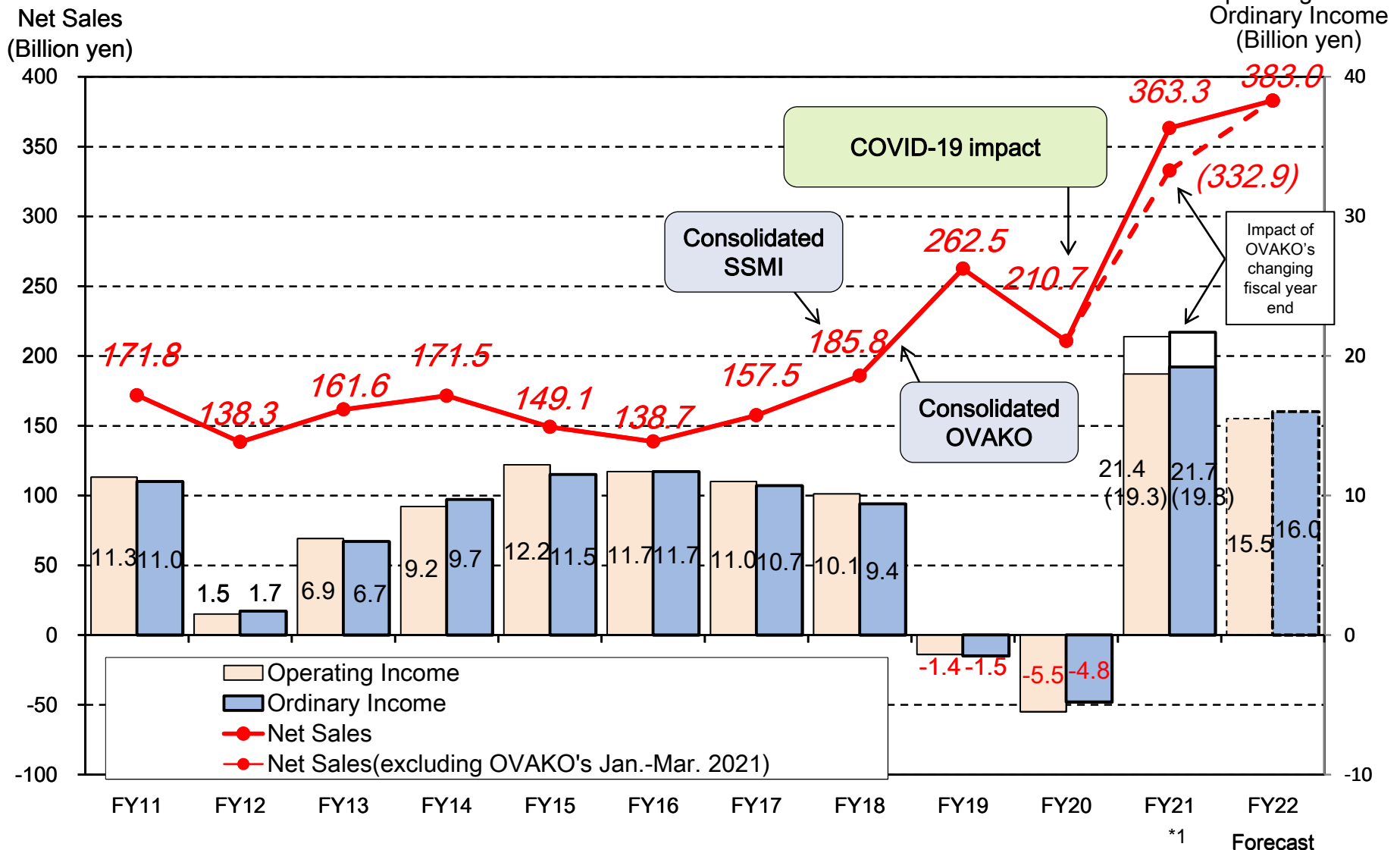
* Profit attributable to owners of parent

Record High
as 1H Dividend

< Dividend Policy >

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

Net Sales and Income (Fiscal)



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

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

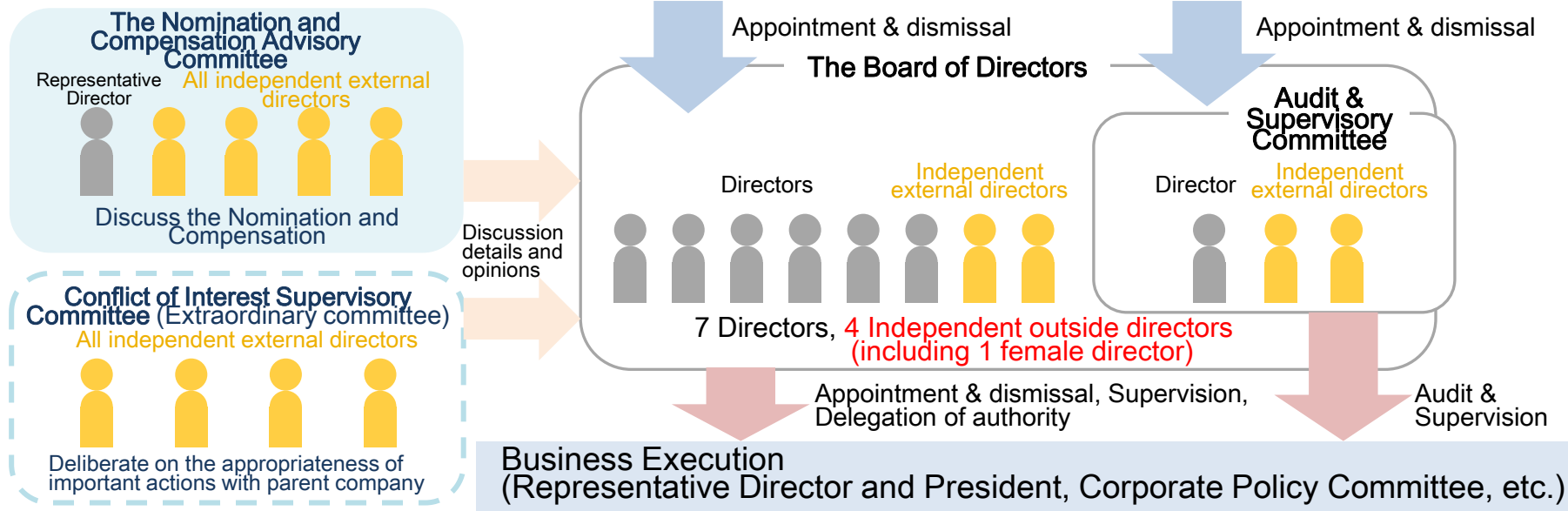
3. Topics

Topics

ESG

(1) Regarding Transition to a Company with Audit & Supervisory Committee (June 24, 2022)

General Meeting of Shareholders



- Expediting management decision-making
- Enhancing discussions by the Board of Directors on basic management policies
- Enhancing the supervisory function of the Board of Directors over management



The Company has been continuously striving to achieve sound and sustainable growth of the group and medium- to long-term improvement of its corporate value in response to the delegation of responsibilities by and trust from all of its stakeholders, including shareholders and business partners.

Topics

ESG

(2) Promoting Diversity Management

We have introduced a three-year Diversity Management Plan from April 1, 2020, to improve and further enhance diversity.

Issues

Female Participation	Work-life balance	“Corporate Health Management”	Preventing Harassment	Employment of people irrespective of age and other conditions or preferences
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Target

FY2021 Result

Female Participation	Increase the average length of service of female employees by 15% from March 2020*	Staff position : +4.0% Workshop position : +11.5% } from March 2020
Female Participation	Strive to secure stable employment and increase the number of female managers by 1% *	+1.7% from April 2020 (Percentage of female managers : 5.6%)
Work-life balance	The rate of childcare leave taken Male : 7% or more Female : 80% or higher With regard to the child care leave system, promote the use of child care leave at or above the specified level within the planned period.**	The rate of childcare leave taken Male : 37.8% Female : 66.7% (In effect 100%) ^{***} ^{***} Percentage of female employees who began taking childcare leave after taking maternity leave within FY2021. The remaining 33.3% also have started taking childcare leave in FY2022.
Work-life balance	Increase the rate of annual paid leave taken to 70% or more**	Average rate of the leave taken: 74.7%

* General Employers Action Plan based on the Act on Promotion of Women's Participation and Advancement (Phase 2)

**General Employers Action Plan based on the Act on Promotion of Measures to Support the Development of the Next Generation (Stage 6)



2020/4/1~2023/3/31

Topics

(3) Cultural Activities, Community Relations

Cultural meeting (May 25, 2022)

- Sponsored by Sanyo Special Steel Culture Promotion Foundation.
- The purpose of this event is to promote cultural activities. This year marks the 30th anniversary.
- Approximately 340 people in Himeji participated in the event.



Hosting junior high school students as the "Try-yaru Week," workplace experience program (June 6-10, 2022)

- Corporate Communications Group hosted three junior high school students of Himeji.
- Students conducted interviews with our employees to deepen their understanding of our business operations.



Donation of steel for local high schools (June 28-29, 2022)

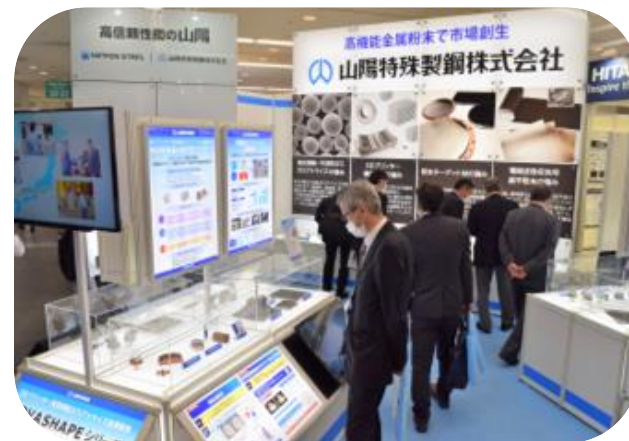
- We offered steel for two local high schools for their education using turning machines.
- Through these activities, we will contribute to the better understanding of steel materials and improvement of students' learning experiences.



(4) Exhibiting at the Highly-functional Material Expo (May 11-13, 2022)

Exhibits by Sanyo :

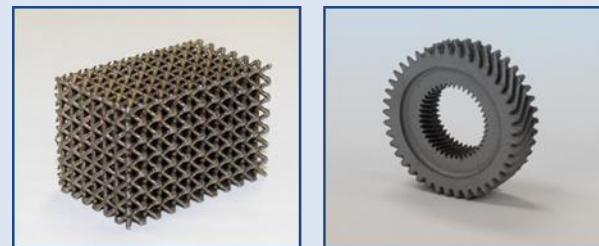
- ✓ Highly functional Metal Powder for 3D printer
“NOVASHAPE® series”
- ✓ Magnetic metal powders
- ✓ High sphericity metal powders
by disc atomization process



* We implemented measures to prevent the transmission of COVID-19.

Metal Powder for 3D printer NOVASHAPE® series

- ▶ Low Oxygen : moldings with excellent mechanical properties
 - ▶ Spherical Shapes : well-suited for 3D printers, and allows for the creation of high-density, molded objects
- ⇒ Our metal powders can keep up with various applications such as dies and molds, corrosion/heat resistant parts, turbine parts, aircraft parts, and artificial bones
- ▶ Registered as a trademark in December 2021

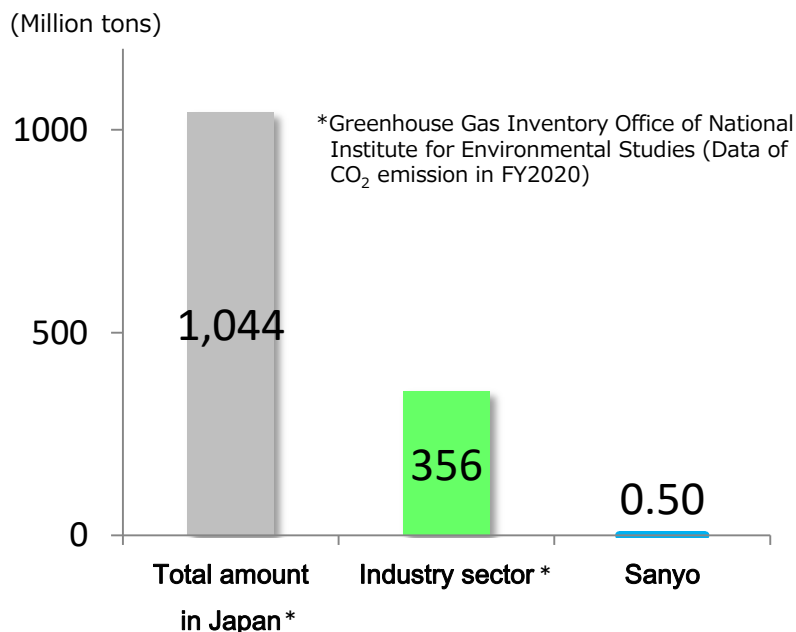


Examples of molded objects by 3D printer

4. Reference

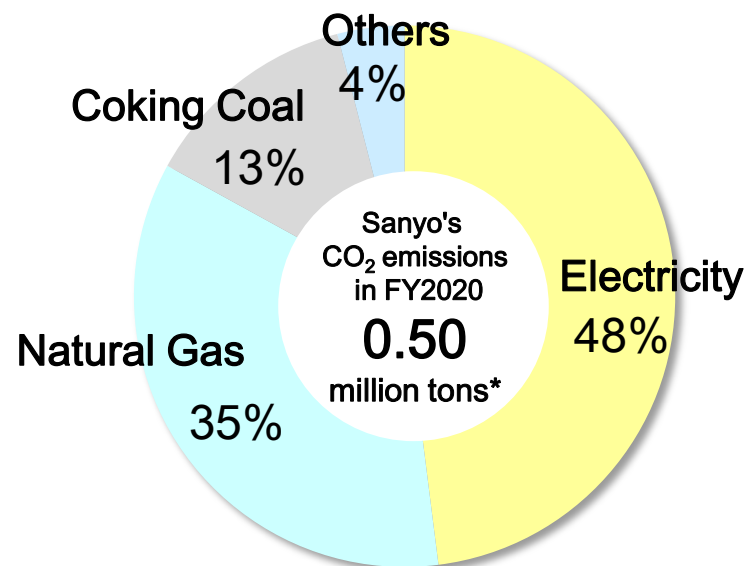
Basic Consideration to Carbon Neutrality

Amount of CO₂ emissions in FY2020



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

Breakdown of Sanyo's CO₂ emissions



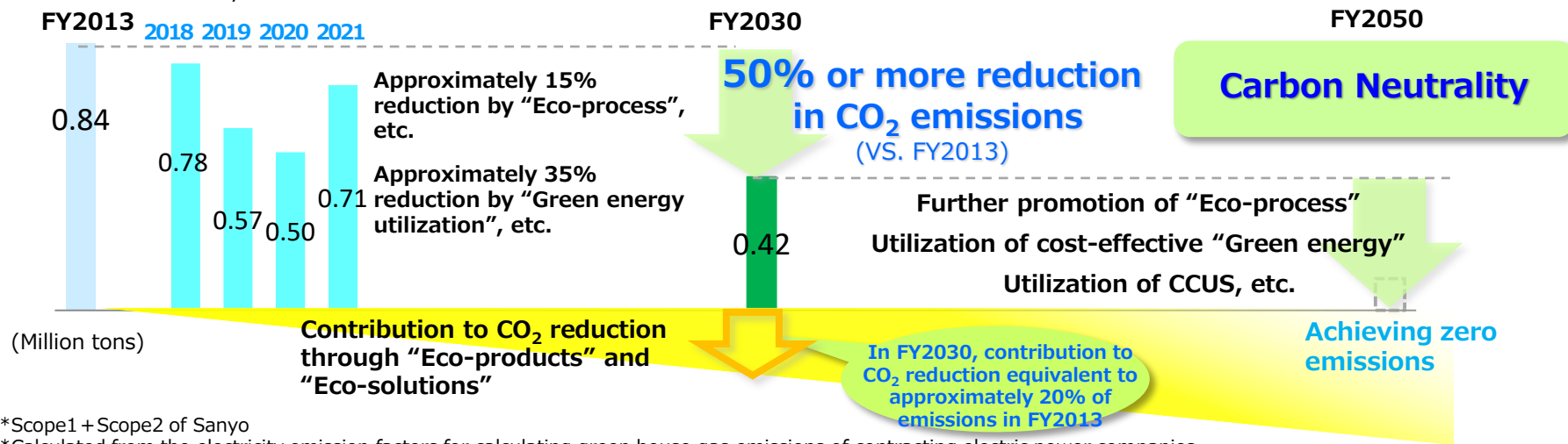
*Scope 1+2 of Sanyo

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."

Sanyo's Roadmap to Carbon Neutrality by 2050

[CO₂ emissions of Sanyo]



*Scope1 + Scope2 of Sanyo

*Calculated from the electricity emission factors for calculating green house gas emissions of contracting electric power companies

Eco-process



Energy-saving heating furnace that uses regenerative burners

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 Engagement by OVAKO

Eco-products



Developing long-life bearing steel for wind power generation

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

Eco-solutions



Sharing technologies among group members

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

CO₂ Reduction through “Eco-products”

In particular, Sanyo is 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



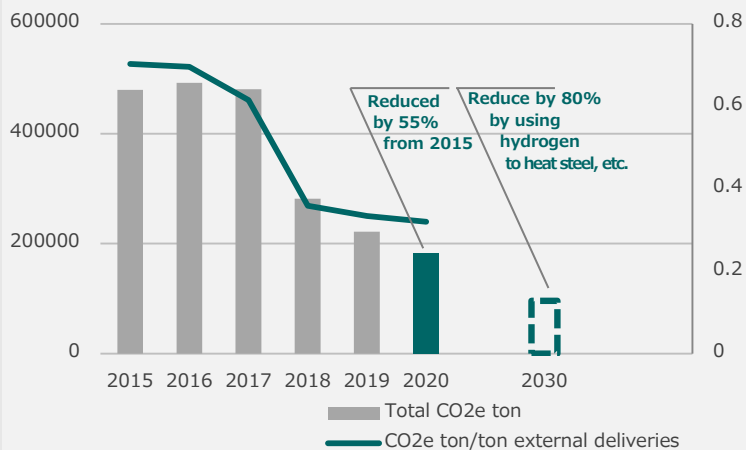
Reduction of carbon emissions in heat hardening process of customers by original alloy design and advanced heat treatment technology

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

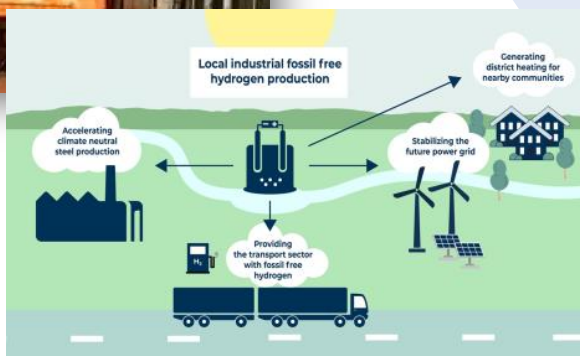
Green house gas emissions from operations

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



- Reduce CO₂** from operations by 80% from 2015 level
- Continue to evolve** Our world-leading CO₂ footprint
- Enhanced steel recyclability** Driven by OVAKO initiative
- Increased number of customer** End-products that use our steel for greater CO₂ savings

Made by Sanyo based on OVAKO's SUSTAINABILITY REPORT 2020



Reduced CO₂ emissions by 55% from 2015

First in the world to heat steel using hydrogen

Fossil-free hydrogen initiative

Carbon neutral in production from January 2022

2020

April 2020

June 2021

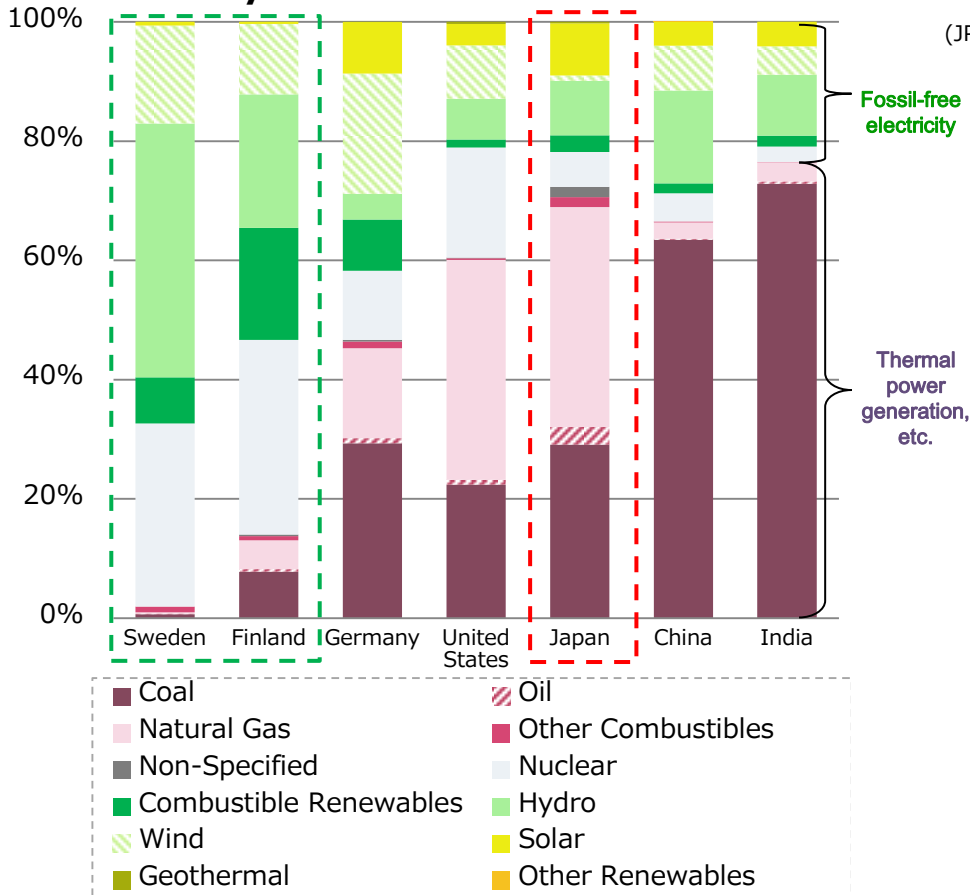
January 2022

OVAKO has achieved carbon neutral in production by utilizing carbon offset program

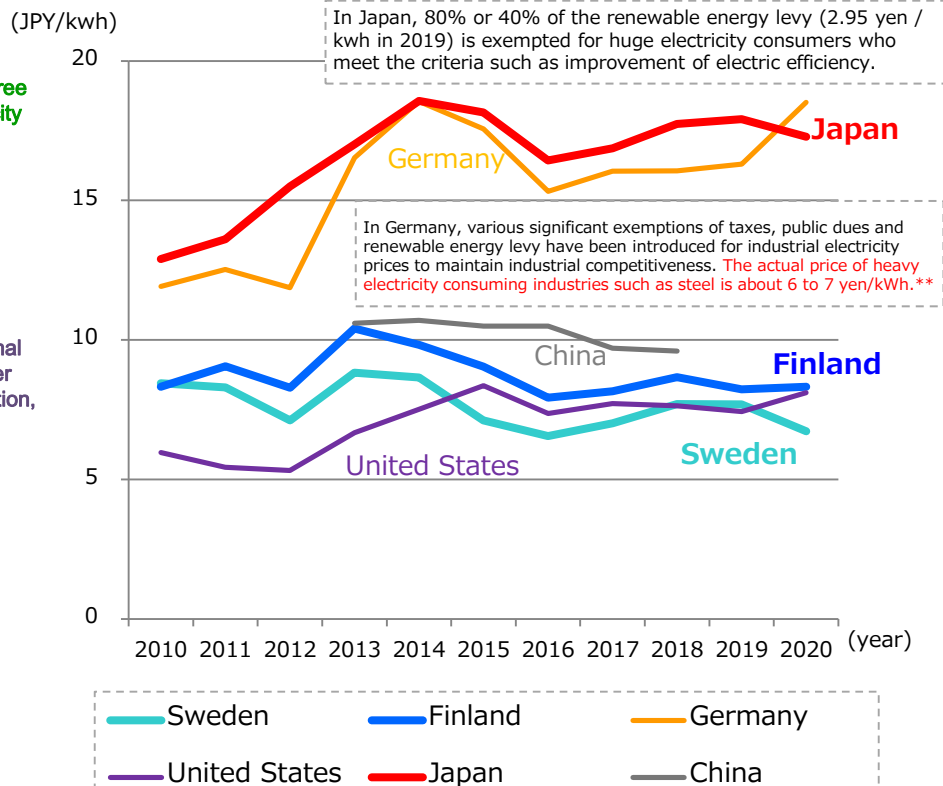
- ✓ OVAKO has utilized carbon offset program to become carbon neutral from Jan. 2022.
- ✓ OVAKO has applied climate surcharge.
- ✓ OVAKO will continue promoting actual reduction of CO₂ emissions in production.

Electricity Mix and Prices of major Countries

Electricity mix as of 2021



Industrial electricity prices*



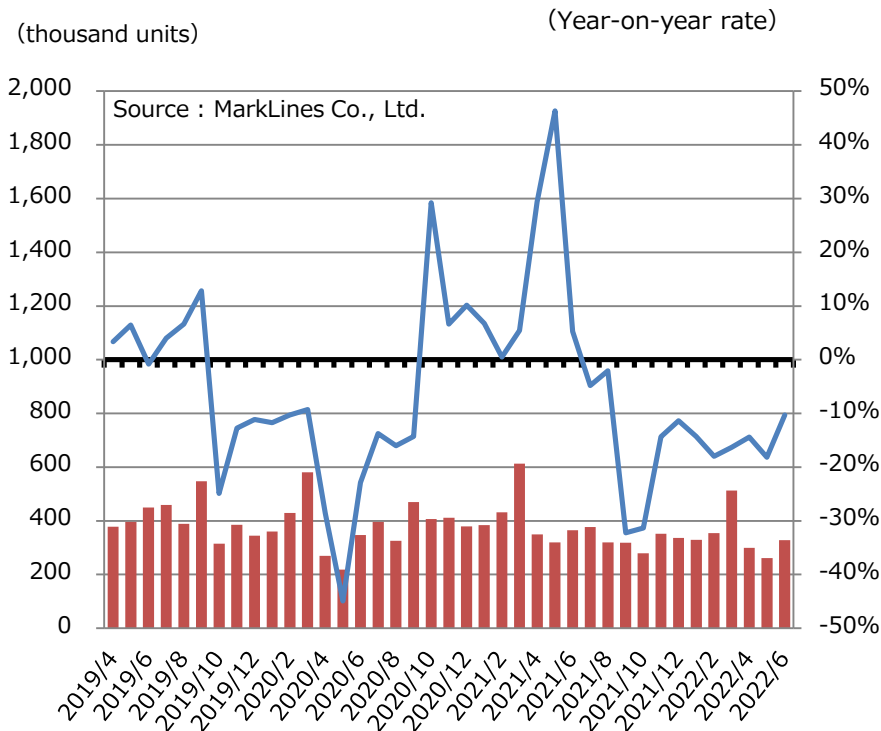
*Made by Sanyo based on "Industrial electricity prices in the IEA" from Department for Business, Energy, and Industrial Strategy of UK and "Chinese electric power system reforms" from Renewable Energy Institute
 **International Environment and Economy Institute (Realities of the carbon pricing of overseas)

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

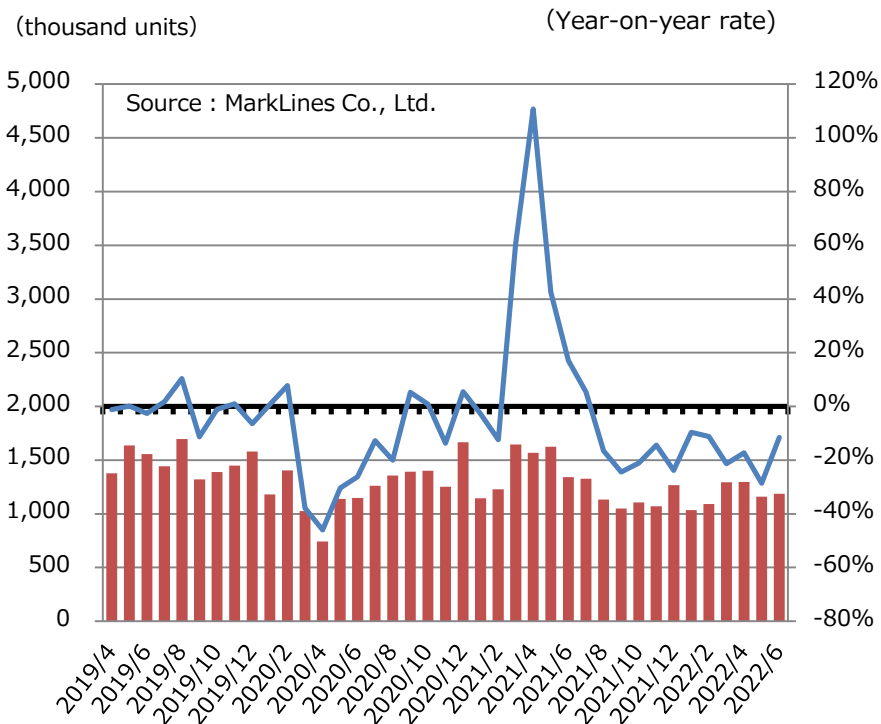
Trends in Automobile Market

Units of automobile sales in Japan



2020/5 ~ ; bottomed out and easing decline of sales due to COVID-19 impact
 2021/5 ; +46.3% on YoY basis because of the significant decline of 2020/5 due to COVID-19 impact
 2022/6 ; -10.3% on YoY basis

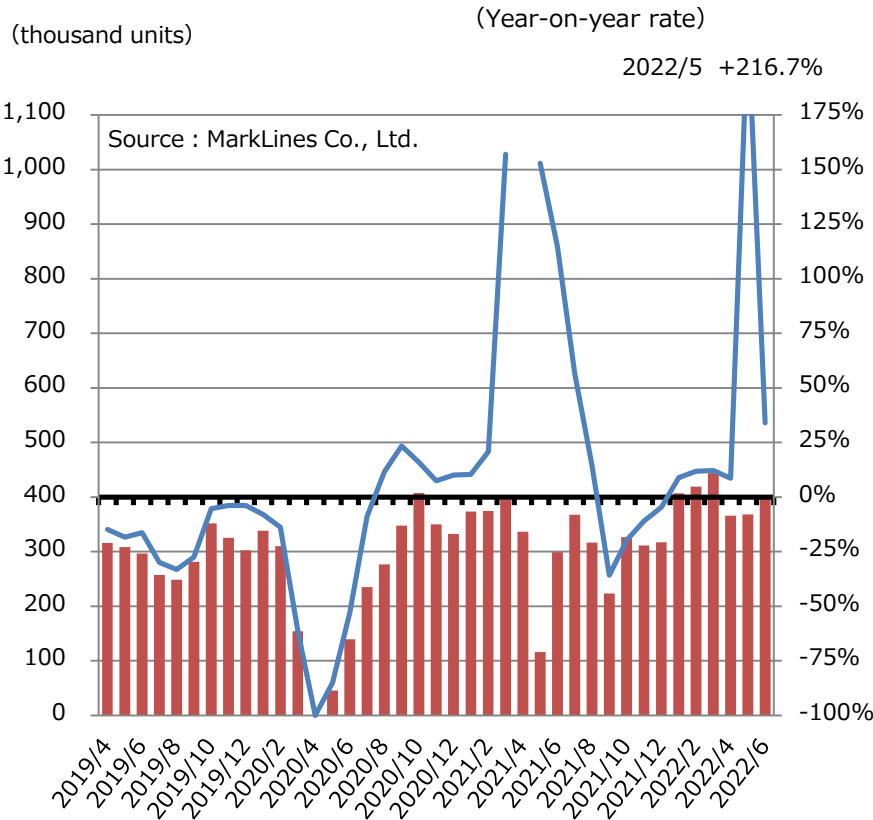
Units of automobile sales in U.S.



2020/4 ~ ; bottomed out and easing decline of sales due to COVID-19 impact
 2021/4 ; +108.6% on YoY basis because of the significant decline of 2020/4 due to COVID-19 impact
 2022/6 ; -11.5% on YoY basis

Trends in Automobile Market

Units of automobile sales in India

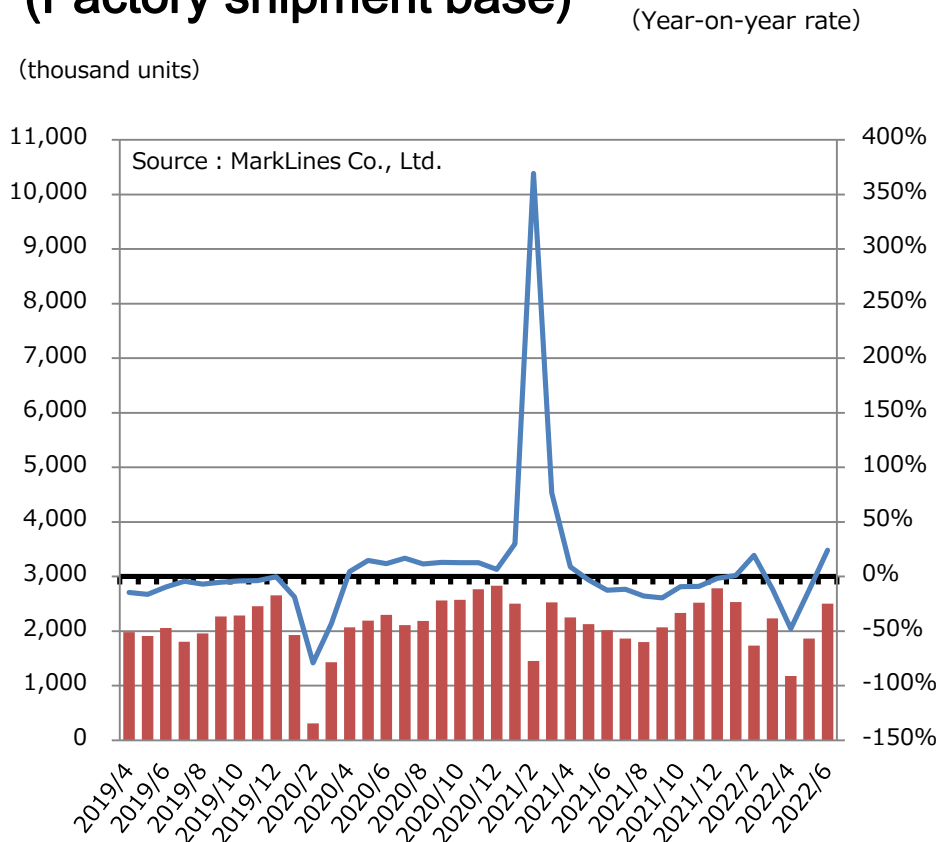


2020/4 ~ ; bottomed out and easing decline of sales due to COVID-19 impact

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

2022/6 ; +34.0% on YoY basis

Units of automobile sales in China (Factory shipment base)



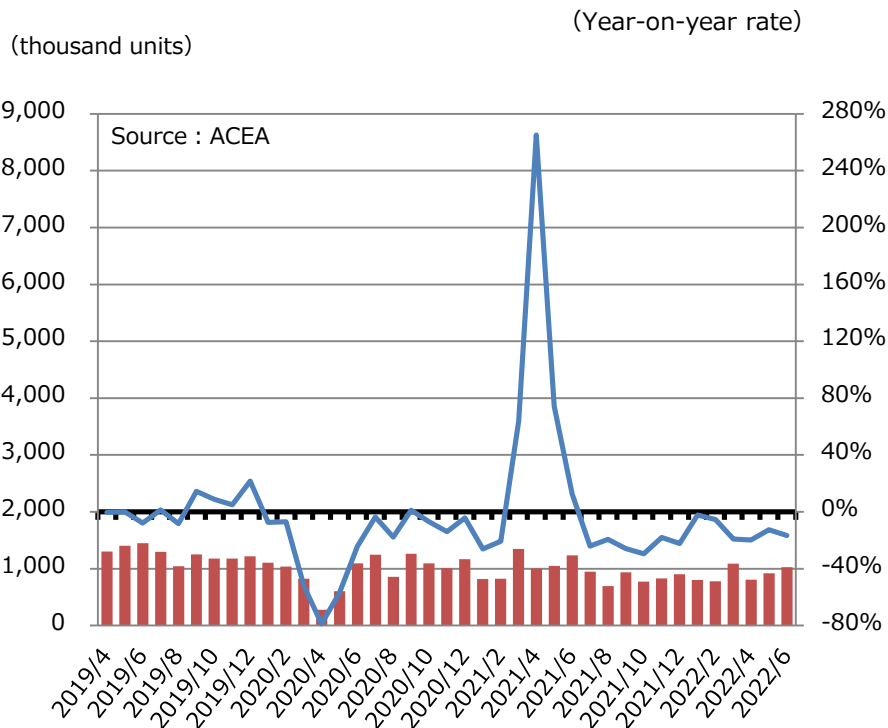
2020/2~ ; bottomed out and easing decline of sales due to COVID-19 impact

2021/6 ; -12.4% on YoY basis because of decrease in automobile productions due to a short supply of semiconductors

2022/6 ; +24.2% on YoY basis

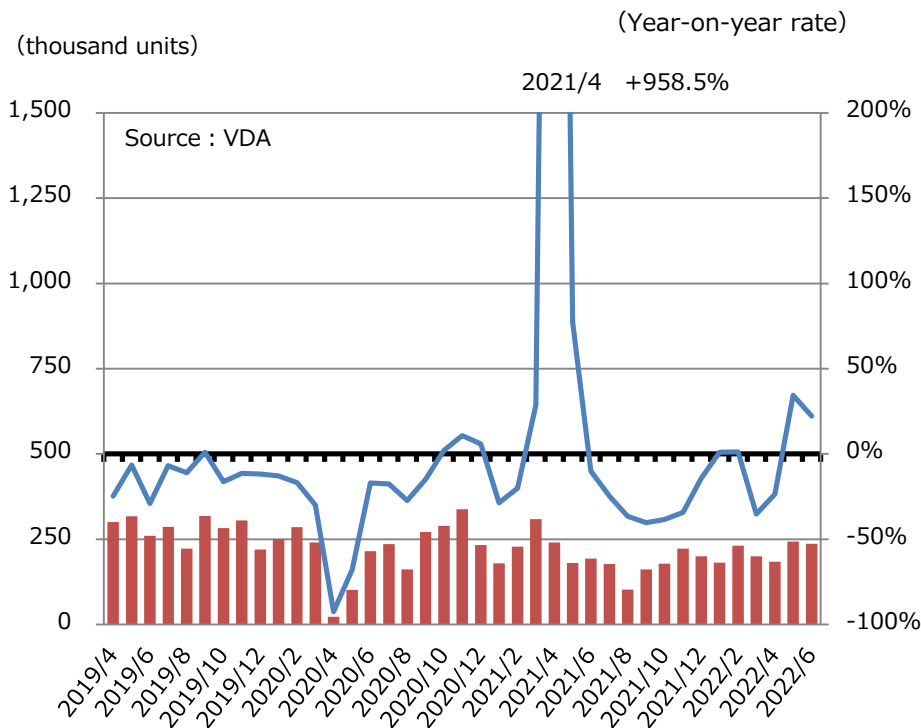
Trends in Automobile Market

Units of automobile sales in Europe



2020/4~ ; bottomed out and easing decline of sales due to COVID-19 impact
 2021/4 ; +265.0% on YoY basis because of the significant decline of 2020/4 due to COVID-19 impact
 2022/6 ; -16.8% on YoY basis

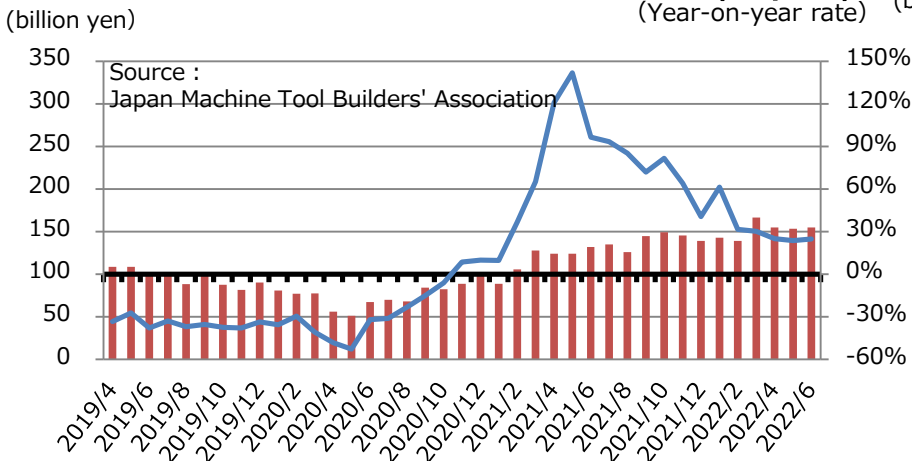
Units of automobile export from Germany



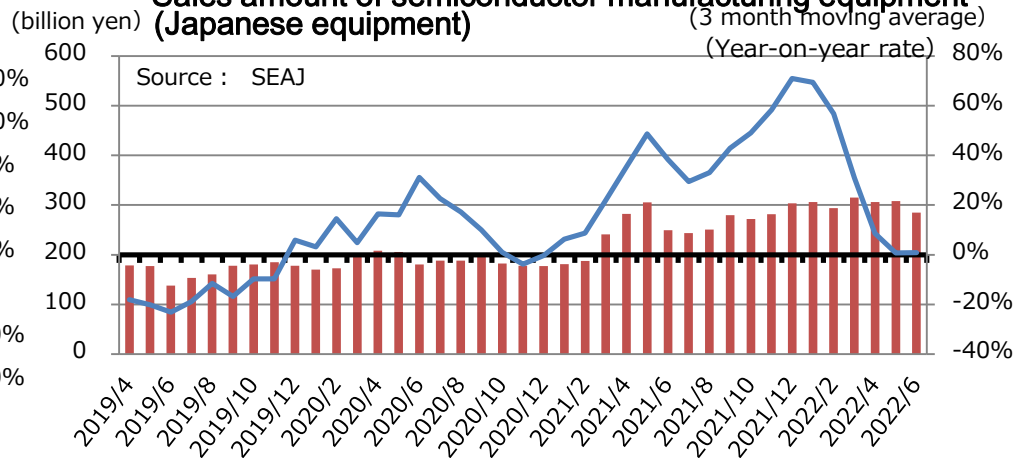
2020/4 ~ ; bottomed out and easing decline of export due to COVID-19 impact
 2021/4 ; +958.5% on YoY basis because of the significant decline of 2020/4 due to COVID-19 impact
 2022/6 ; +22.3% on YoY basis

Trends in Industrial Machinery and Construction Machinery Market

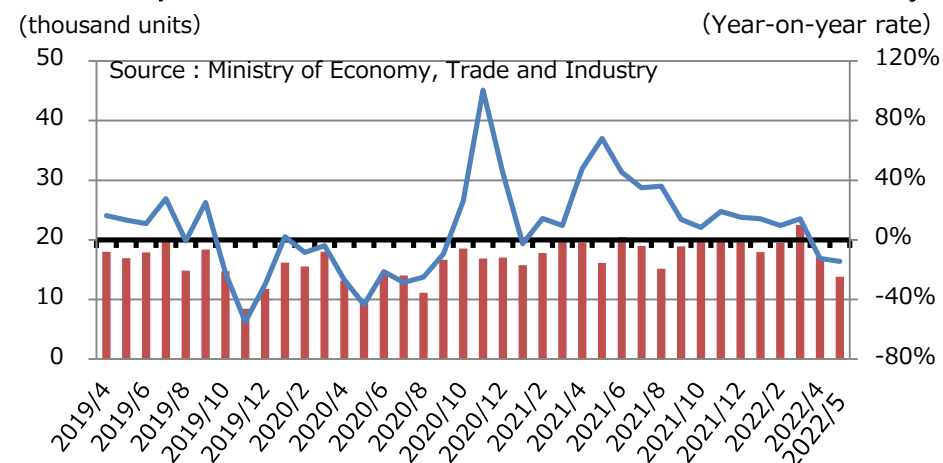
Sales amount of machine tool orders(Japan)



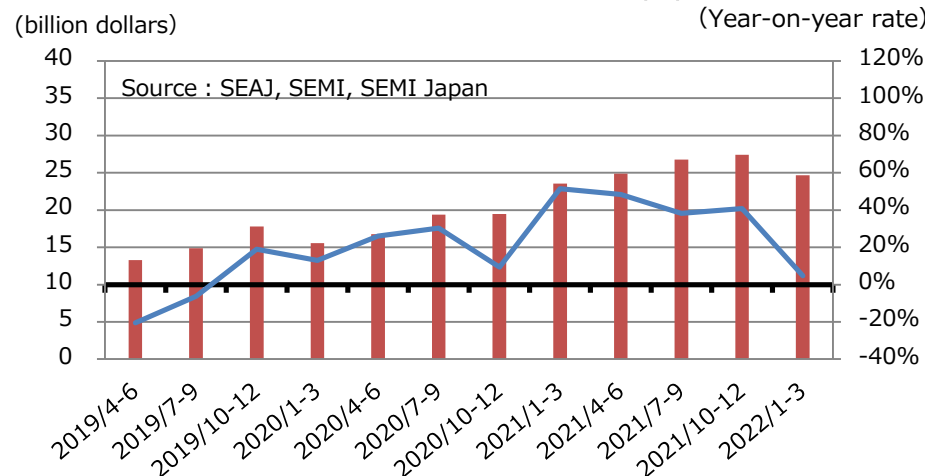
Sales amount of semiconductor manufacturing equipment (Japanese equipment)



Domestic production of excavator-based construction machinery



Sales amount of world wide semiconductor equipment



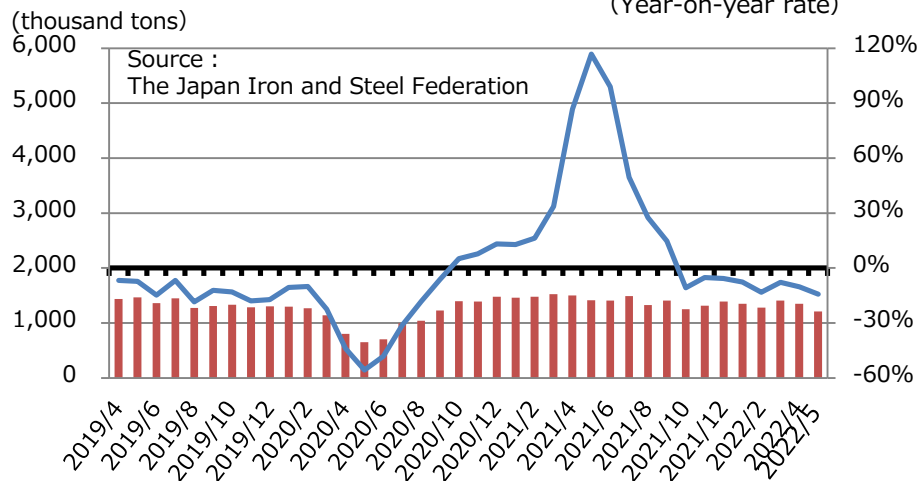
Machine tools 2020/5 ; -53% on YoY basis due to COVID-19 impact
2022/6 ; +24.8% on YoY basis

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 & 2022/6 ; +0.9% on YoY basis

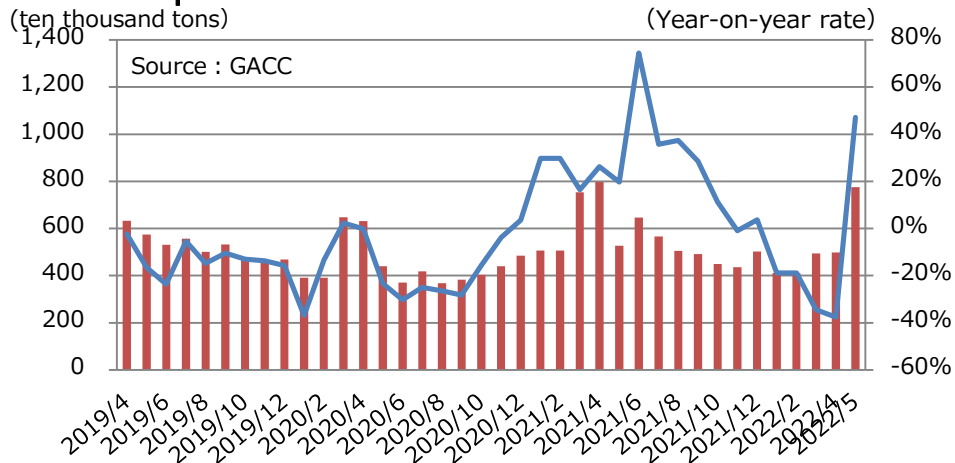
Construction machinery 2020/2~ continuous drop due to COVID-19 impact & 2020/10~; recovery of demand in China and Europe & 2022/5 ; -14.3% on YoY basis

Trends in Special Steel Market

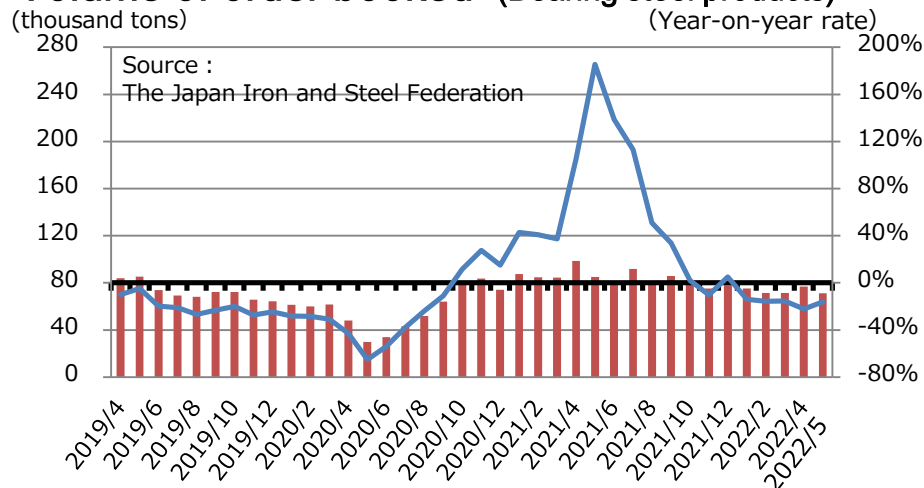
Volume of order booked (Specialty steel products)



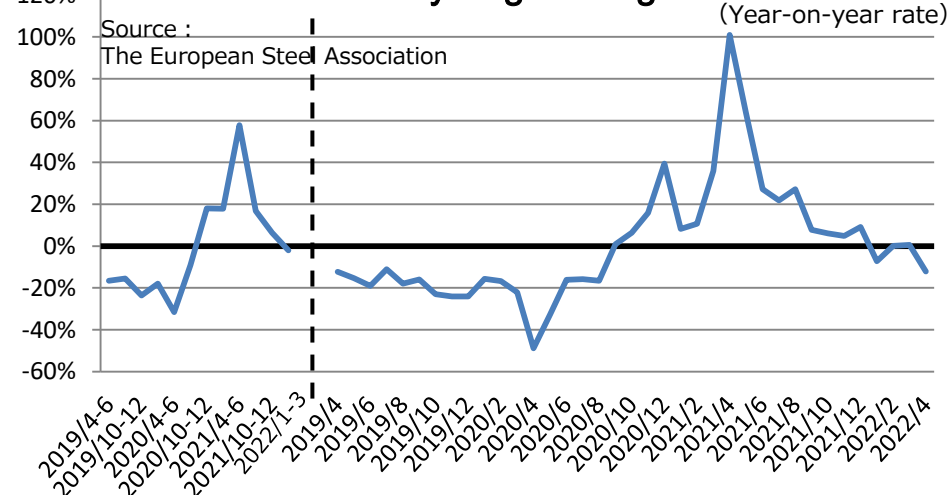
China Export Volume of Steel Products



Volume of order booked (Bearing steel products)



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



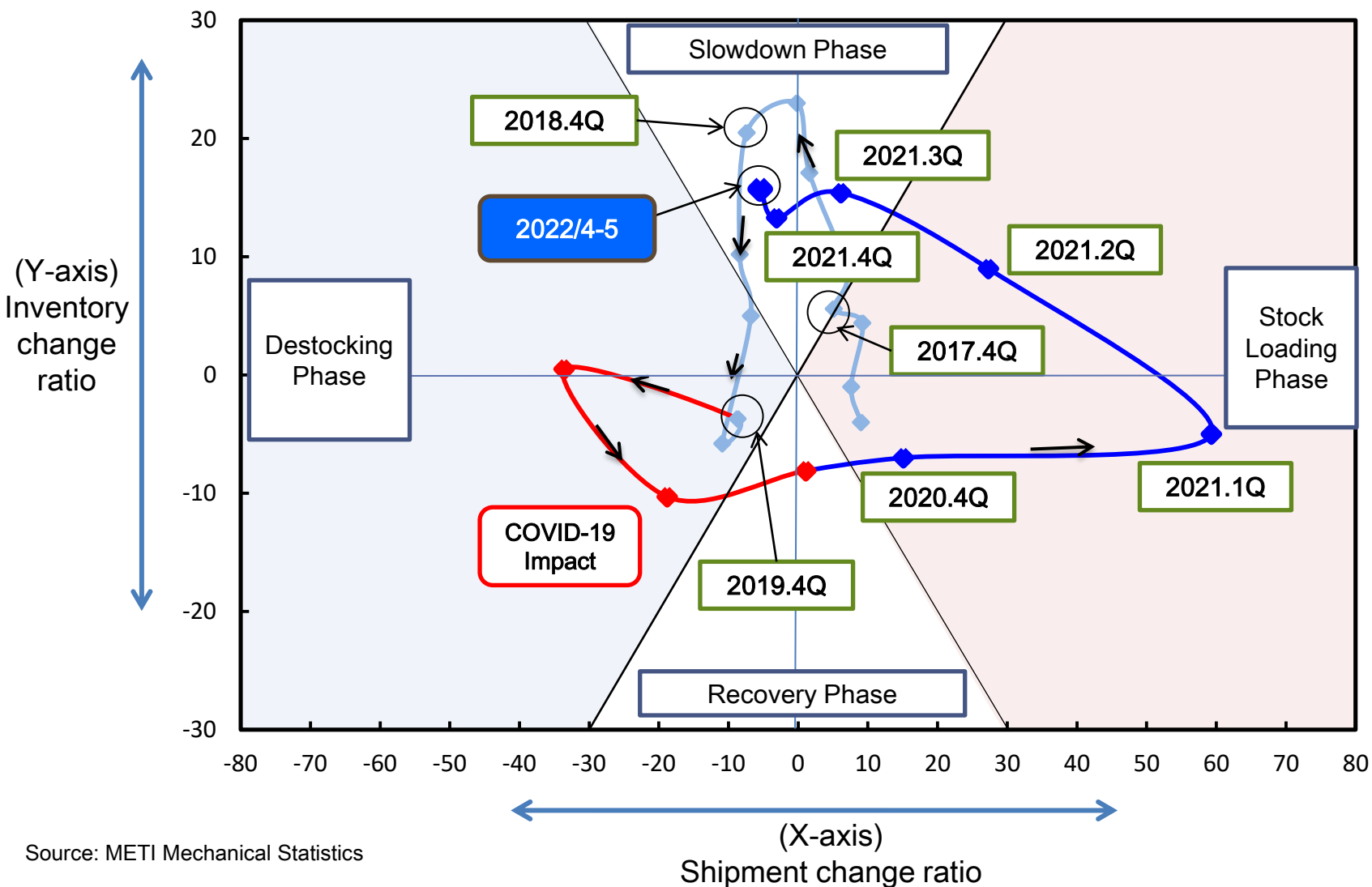
Bearing steel

2020/5~ ; bottomed out and easing decline of sales due to COVID-19 impact
 2022/5 ; -16.2% on YoY basis, resulting from reduced auto production

European deliveries

2020/4~ ; bottomed out and easing decline due to recovery of deliveries
 2021/4 ; +101% on YoY basis because of the significant decline of 2020/4 due to COVID-19 impact
 2022/4 ; -12.1% on YoY basis

Inventory Circulation Diagram (Bearing Products)



Details of Statements of Income

(FY22/1Q vs. FY21/1Q)

Reference

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

	FY22/1Q(A)	FY21/1Q(B)	Change(B) → (A)	(%)
Sales Volume	440	672	-232	-34.6
(Sanyo)	234	267	-33	-12.3
(OVAKO) *1	177	370	-193	-52.1
(SSMI) *2	28	35	-7	-19.2
Net Sales	104.1	110.6	-6.6	-5.9
(Sanyo)	47.9	40.1	+7.8	+19.4
(OVAKO)	49.5	64.8	-15.3	-23.6
(SSMI)	5.0	4.4	+0.6	+14.4
Operating Income	8.8	8.5	+0.3	+3.7
(Sanyo)	2.2	3.3	-1.1	-33.3
(OVAKO)	7.1	6.3	+0.9	+13.5
(SSMI)	-0.1	0.2	-0.3	-
(Amortization of goodwill) *1	-0.7	-1.3	+0.6	-
Ordinary Income	9.3	8.5	+0.8	+9.5
(Sanyo)	3.4	3.6	-0.2	-4.5
(OVAKO)	7.3	6.1	+1.2	+19.0
(SSMI)	-0.1	0.1	-0.3	-
(Amortization of goodwill) *1	-0.7	-1.3	+0.6	-
Net Income *3	6.9	6.1	+0.8	+13.1
Earnings Per Share	126.3	111.6	+14.7	+13.1
Operating Income before amortization of goodwill	9.5	9.8	-0.3	-3.2
Ordinary Income before amortization of goodwill	10.0	9.8	+0.2	+1.8
Net Income before amortization of goodwill	7.6	7.4	+0.2	+2.3
Earnings Per Share before amortization of goodwill	139.4	136.3	+3.1	+2.3

*1 The consolidated accounting period for OVAKO including Amortization of goodwill are as follows, FY2022/1Q : 3 months(Apr. to Jun. 2022) FY2021/1Q : 6 months(Jan. to Jun. 2021)

*2 The consolidated accounting period for SSMI is Jan. to Mar. *3 Profit attributable to owners of parent

Details of Statements of Income

Reference

(FY22 Forecast announced on July 28, 2022 vs. FY21)

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

	FY22 1H(A)	FY22 2H(B)	FY22(C=A+B)	FY21(D)	Change(D) → (C)	(%)
Sales Volume	816	824	1,640	1,995	-355	-17.8
(Sanyo)	460	450	910	1,002	-92	-9.2
(OVAKO) *1	305	310	615	873	-258	-29.6
(SSMI) *2	51	64	115	119	-4	-3.6
Net Sales	191.5	191.5	383.0	363.3	+19.7	+5.4
(Sanyo)	94.5	93.5	188.0	168.8	+19.2	+11.4
(OVAKO)	83.5	78.5	162.0	170.9	-8.9	-5.2
(SSMI)	9.9	14.6	24.5	17.3	+7.1	+41.1
Operating Income	9.5	6.0	15.5	21.4	-5.9	-27.6
(Sanyo)	3.5	3.5	7.0	9.2	-2.2	-23.6
(OVAKO)	6.9	3.5	10.4	13.8	-3.4	-24.8
(SSMI)	-0.2	0.5	0.3	0.7	-0.4	-59.8
(Amortization of goodwill)*1	-1.4	-1.4	-2.9	-3.4	+0.5	-
Ordinary Income	10.0	6.0	16.0	21.7	-5.7	-26.1
(Sanyo)	5.0	3.5	8.5	9.9	-1.4	-14.6
(OVAKO)	7.0	3.5	10.5	13.4	-2.9	-21.8
(SSMI)	-0.3	0.3	0.0	0.4	-0.4	-91.3
(Amortization of goodwill)*1	-1.4	-1.4	-2.9	-3.4	+0.5	-
Net Income *3	7.0	4.5	11.5	15.3	-3.8	-24.7
Earnings Per Share	128.5		211.1	280.2	-69.1	-24.7
Operating Income before amortization of goodwill	10.9	7.5	18.4	24.8	-6.4	-25.8
Ordinary Income before amortization of goodwill	11.4	7.5	18.9	25.0	-6.1	-24.5
Net Income before amortization of goodwill	8.4	6.0	14.4	18.6	-4.2	-22.8
Earnings Per Share before amortization of goodwill	154.2		264.3	342.1	-77.8	-22.8

*1 The consolidated accounting periods for OVAKO including Amortization of goodwill are as follows, FY2022 forecast: 12 months(Apr. 2022 to Mar. 2023), FY2021:15 months(Jan. 2021 to Mar. 2022)

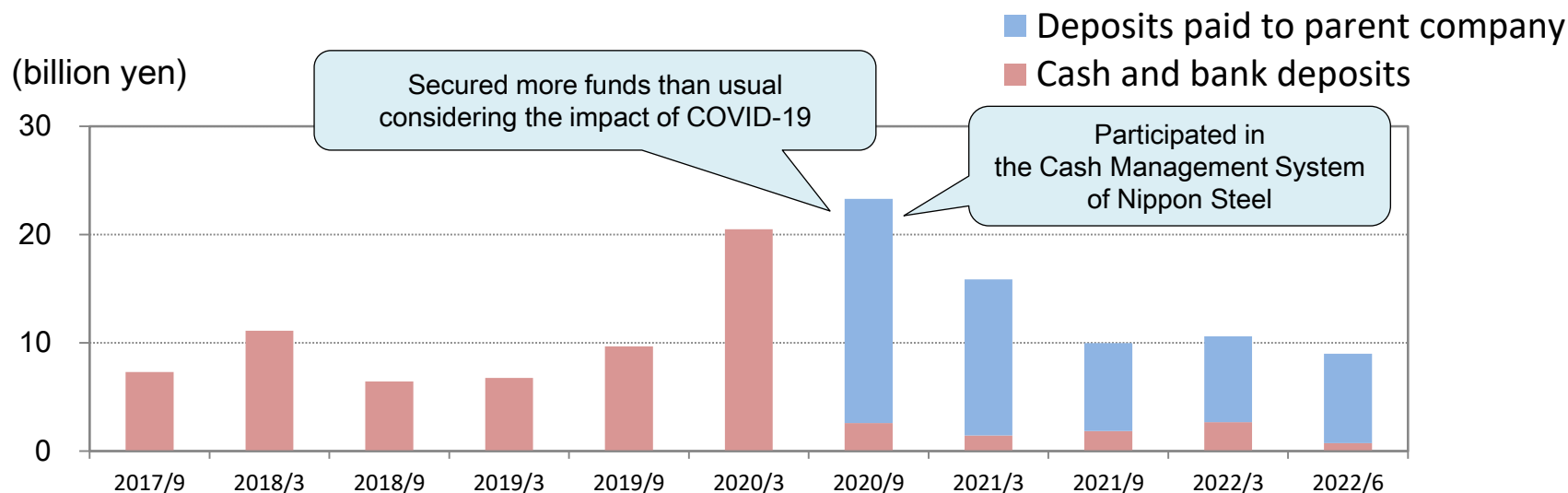
*2 The consolidated accounting period for SSMI is Jan. to Dec.

*3 Profit attributable to owners of parent

Deposits paid to parent company

- Sanyo participated in the Cash Management System of Nippon Steel from June 2020.
- Sanyo's balance is daily deposited into Nippon Steel's account and it can be withdrawn at any time.
- If some shortage of funds occur, emergency loan for Sanyo will be issued automatically.
- Sanyo earns interest rates higher than that of deposits to banks.
- Deposits paid to parent company is equivalent to cash and bank deposits, since the deposits paid to parent company can be utilized as working capital of Sanyo at any time when necessary.

- Cash and deposits including Deposits paid to parent company (Sanyo)





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.