

# Stainless Steel Company

Company President Message

## Stainless Steel

### Kazuya Fukatsu

Stainless Steel Company President

#### Profile

Kazuya Fukatsu took on the role of Stainless Steel Company President in April 2020.



Contributing to these SDGs

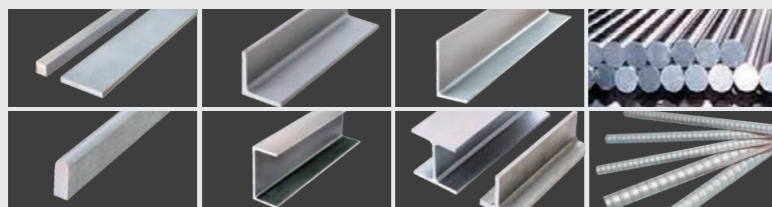


### Value for Society

The Stainless Steel Company is a supplier of stainless steel materials (hot rolled flat bars, formed steel, round bars, and steel bars) and provider of enhanced stainless steel building structure engineering functions (design partnership, components and parts machining, and onsite installation) through which it helps customers to shorten processes and reduce costs. It is also contributing to the realization of the hydrogen society and rebuilding of infrastructure.

### Business Overview

Since 1958, when we started producing Japan's first hot-rolled stainless steel angle bar at the Kariya Plant, where we were founded, we have provided the market with over 4,000 products of different shapes, dimensions, and steel types, while also providing stainless steel building structure engineering functions.



Stainless steel materials



Example of stainless steel building structure engineering

### Strategies in the Medium-term Management Plan

#### 1. Enhancing supply capacity of stainless steel materials

In preparation for future demand increases, we will enhance supply capacity to 73,000 tons by the end of fiscal 2023, which will be 15% higher than fiscal 2019. We will also further enhance capacity to 90,000 tons, or 25% higher, by 2026.

#### 2. Expanding stainless steel building structure engineering functions

To capture demand in growing fields, we will enhance our capabilities in design partnership, plant production, and onsite installation. We will also increase direct drawing-based dialogue with customers.

#### 3. Achieving carbon neutrality at Kariya Plant

At the Kariya Plant, we are working toward carbon neutrality by March 2023.

Accelerating 7 projects

#### 7 projects

Project 1	Restructuring product strategies	Optimizing the product range and manufacturing processes
Project 2	Planning alliances	Investigating external ties rather than being closed to them
Project 3	Expanding stainless steel parts, structures and constructure businesses	Enhancing steel building structure engineering functions
Project 4	Enhancing ties with consolidated subsidiaries	Expanding collaborations with Aiko Corporation and Aichi Techno Metal Fukuami Co., Ltd., etc.
Project 5	Improving production	Proposing future plant layouts
Project 6	Creating new markets	Strengthening approaches to the hydrogen society and rebuilding of infrastructure
Project 7	Achieving carbon neutrality at Kariya Plant	Creating sustainable, attractive plants

### Fiscal 2021 Business Performance

Sales volumes increased with the recovery of demand after COVID-19 in a wide range of fields, including semiconductor-related products. We also revised our selling prices in line with the increasing costs of our main raw materials, including stainless steel scrap and nickel, and dramatic rises in the cost of energy from crude oil and other sources. As a result, sales increased by 11.1% year-on-year.

Net sales (billion yen)



### Business Environment

With the aging of Japan's infrastructure, including the roads, rivers, dams, and sewage systems developed from the period of rapid economic growth, government-led demand for infrastructure upgrades is expected. Private sector demand has also resulted in plans to construct many new factories for pharmaceuticals and food

products. The growth field of energy-related production (in particular, for the realization of a hydrogen society) is also expecting increased demand for stainless steel. To prepare for these future increases in demand, we are systematically enhancing our production capacity through capital investments.

### Progress and Future Initiatives

The Stainless Steel Company is driving seven growth-engine projects based on strengthening its foundations by enhancing quality and preventive maintenance, and by creating bright and open workplaces that prioritize safety and the environment.

#### Project 3. Expanding stainless steel parts, structures and constructure businesses

Through this project, we will enhance our stainless steel building structure engineering functions through cooperation with design consulting firms and general contractors, including drawing-based design partnership, components and parts machining, and onsite installation. We will also strengthen collaborations with subsidiary Aiko Corporation to increase our manufacturing capacity.

#### Project 6. Creating new markets: New products

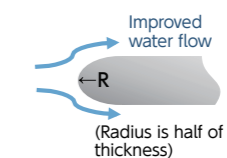
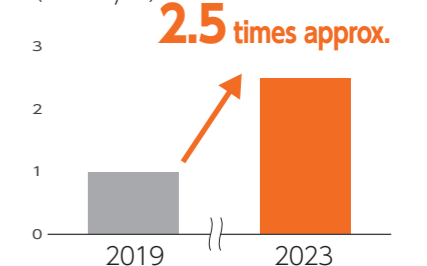
Through this project, in addition to the conventional flat bar with a single rounded-edge (compression bar) used for shipbuilding purposes, we have developed and launched a flat bar with round edges with improved water flow efficiency for impact mitigation (intake screen developed in collaboration with water treatment companies).

We will work with local government bodies and general contractors to expand use of these products.

#### Project 6. Creating new markets: Hydrogen

To help realize a hydrogen society, we will stimulate demand for stainless steel in every part of the hydrogen chain, from production, to liquefaction and storage, and transportation, to help popularize fuel cell vehicles and expand hydrogen station networks. We will also drive development of new stainless steel materials for use with high-pressure hydrogen by using the facilities for testing and evaluating steels under high-pressure gaseous hydrogen environments that we established at our Seki Plant in 2021.

Net sales for materials and components businesses (billion yen)



(Radius is half of thickness)



Double rounded-edge flat bar



Receptacle on the MIRAI fuel cell vehicle (hydrogen embrittlement resistance)

Hydrogen station filling nozzle  
Photograph provided by: Hamai Industries Ltd.

#### TOPICS

#### Chita Plant's new main gate constructed with stainless steel

Using Aichi Steel engineering technologies and hot rolled stainless steel flat bar, which offers outstanding designability and durability, we completed construction of a beautiful main gate at the Chita Plant.

1. Gate size (5,320 mm high × 8,370 mm wide),
2. Steel material (SUS304 hot rolled flat bar, 300×20, 320×16, 320×20 mm etc.)

New main gate

