# Stainless Steel Company

## Main Products, No. 1

- Stainless steel (flat steel, formed steel, round bars, deformed bars)
- Stainless steel building structure engineering
- Stainless formed steel, flat steel: No. 1 domestic production share

**The Stainless Steel Company supplies stainless steel materials (hot rolled flat bars and steel shapes, round bars, and deformed bars) and enhances the functions of stainless steel building structure engineering, including design partnership, factory manufacture (parts machining, material production), and on-site construction, in order to meet customer needs.**
**We are also contributing to the realization of the hydrogen society, rebuilding of social infrastructure,**
**and so on.**

Executive Officer
Stainless Steel Company President
Hideki Nakagawa

## Strengths

- A product lineup of more than 4,000 types of steel grades, shapes, and sizes to suit multiple applications and needs based on our technical capabilities, including Japan's first production of hot-formed stainless steel angles
- Stainless steel building structure engineering technology for design partnership, factory manufacture (parts machining, material production), and on-site construction, unique among stainless steel manufacturers

## Opportunities

- Increased demand for stainless steel due to rising needs for high durability associated with aging social infrastructure
- Growing demand for stainless steel driven by accelerated adoption of natural gas, ammonia, and hydrogen in the shift to a decarbonized society
- Expansion of stainless steel demand due to its superior sanitary properties, including new domestic pharmaceutical plant construction following the Covid-19 pandemic

## Risks

- Tougher market competition due to increased imports of stainless steel materials (fall in sales prices)
- Rising procurement costs due to flow of stainless steel scrap overseas
- Stagnant domestic demand for steel material, including stainless steel

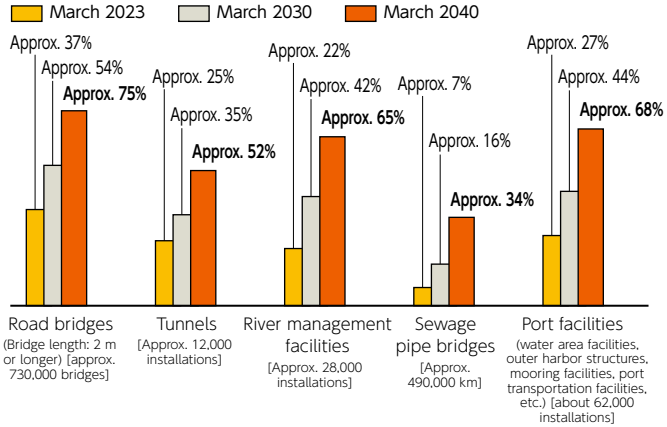
## Business Environment

While domestic demand for stainless steel material (apparent domestic consumption) is sluggish at around 2 million tons, we anticipate the utilization ratio of stainless steel in overall steel consumption to increase. Increased demand for stainless steel is expected in various fields: construction (new construction and capital investment in pharmaceutical, food, and beverage plants); civil infrastructure (repair, replacement, and new construction of aging bridges, river management facilities, and port facilities); energy infrastructure (plant construction for new energies such as natural gas, ammonia, and hydrogen, as well as renewable energy); automobiles (expansion of hydrogen-powered passenger and commercial vehicles and hydrogen stations); and shipbuilding (renewal of chemical tankers, marine fuel conversion, and new LNG carrier construction).

## Value to society

Stainless steel offers exceptional corrosion resistance and durability, plus superior properties compared to carbon steel, such as design aesthetics, high-temperature strength, oxidation resistance, low-temperature toughness, non-magnetic properties, high ductility, hydrogen gas embrittlement resistance, and sanitary properties. Leveraging these properties, we will address demands in various fields, including construction, civil engineering, energy, automobiles, and shipbuilding.

● Proportion of social infrastructure more than 50 years old (as of March 2023)

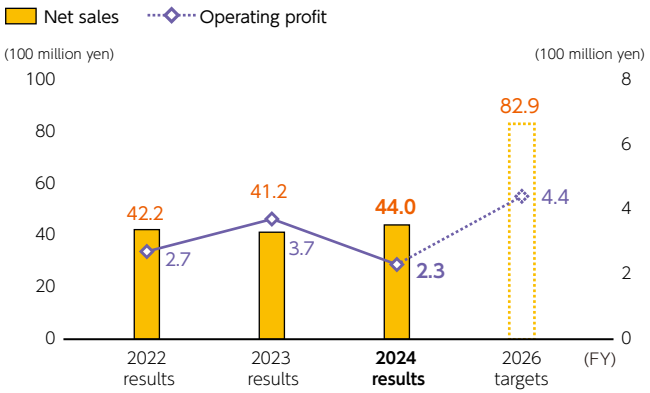



Source: Excerpt from MLIT data, "Current State of Aging Social Infrastructure"

## FY2024 results

Despite a decline in sales prices, sales revenue rose 6.8% year on year to 44.0 billion yen, driven by a recovery in sales volume.

● Net sales, operating profit




## Medium-term Management Plan update and future initiatives

Stainless steel accounts for around 3% of domestic steel demand in Japan, approximately 1% less than in Europe. We expect the utilization of stainless steel to expand further in Japan in the future.

### – Expansion of market share for formed steel, etc.

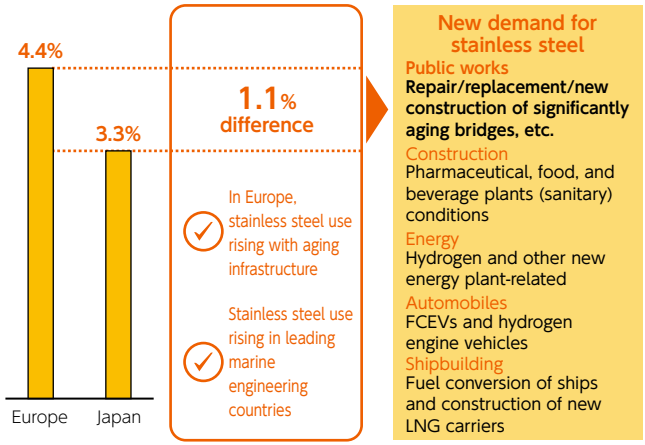
As part of our efforts to "cultivate demand in new fields," we are working to broaden the use of stainless steel, with its superior durability, for the repair, replacement, and new construction of aging civil engineering infrastructure. This involves accumulating application examples and promoting technical criteria and standardization and various other initiatives. In addition, certain stainless steel grades exhibit excellent ductility and toughness even in a liquefied nitrogen environment at ultra low temperatures of -25.3°C or a high-pressure hydrogen gas environment of 700 bar. They can therefore be expected to be used throughout the entire hydrogen energy chain, from production and liquefaction to transport, storage, and utilization. We will work on technical criteria and standardization through national projects, and market newly developed steel for high-pressure hydrogen applications.

As part of our "manufacturing reform," we will promote broader use of stainless steel by thoroughly pursuing high-quality, cost-effective manufacturing. Specifically, in the third step of our stainless steel process reforms, we will strengthen and streamline our formed steel refining facilities, implement irreversible quality measures, and improve labor productivity. We will also work to expand our product lineup to meet market needs and support the shift to green steel.

### – Expansion of materials and parts business

We will make full use of the Kinuura No. 2 Plant, established in 2019 by our subsidiary Aiko Corporation, to provide high-quality materials, parts, and stainless steel structures in the following fields: construction (new facilities and capital investment in pharmaceutical and food plants); civil engineering (repair, replacement, and new construction of bridges, river management facilities, port facilities, etc.); and energy infrastructure (construction of new energy plants such as natural gas, ammonia, and hydrogen).

● Proportion of stainless steel in steel consumption in Japan and Europe (our 2022 data)




**TOPICS**

### Strengthening stainless steel structural engineering capabilities
### Aiko Corp. obtains General Construction License

As one of our growth strategies based on our Vision 2030, we are strengthening our engineering capabilities for stainless steel structures. As part of this effort, our subsidiary Aiko Corporation (hereafter Aiko) obtained a General Construction License*1. Since establishing our stainless steel building structure engineering division in 1996, we have worked to promote the use of stainless steel structures through design cooperation, plant production, and on-site construction tailored to customer requirements. We are aiming for sales of 5 billion yen by 2030, more than five times the current level.

To realize this growth strategy, we launched the Aiko Kinuura No. 2 Plant in 2019 as an in-house plant production site, and have been manufacturing stainless steel structures primarily focused on the civil engineering and water treatment fields. In 2023, we were certified as a "stainless steel building structure fabrication factory*2" and have been focusing on factory manufacture and on-site construction of stainless steel structures for the construction of pharmaceutical, food, and beverage factories, for which there is particularly strong demand in the building sector. Aiko's new "General Construction License" will increase the scale of on-site construction that can be undertaken by the Group. Through these efforts, our Group will help to expand the use of stainless steel structures.

*1 Licensed construction business category: "Steel Structure Construction"

*2 A certification system operated by the Japanese Society of Steel Construction's Building Steel Quality Control Organization, which evaluates technical capability in stainless steel structural fabrication and certifies plants capable of supplying products with stable quality and performance.