

April 1, 2024

President's Message at FY2024 Company Entrance Ceremony

With cherry blossoms at Nihonbashi finally in bloom, they are celebrating the start of a new chapter in your life. Congratulations. I would like to warmly welcome all 50 of you as new employees of Nippon Steel Trading (NST).

Now that the three and a half years of the COVID-19 pandemic has ended, the world seems to have returned to the pre-COVID-19 normal. During this time, however, we have seen many signs of change not only in our way of life but also in the structure of society and the economic community. I read your self-introduction sheets with a slight concern about whether you were able to lead a fulfilling student life under these drastically changing and difficult situations. However, such worries were quickly cast aside. Even under these circumstances, you devoted your efforts to various activities as well as your studies, through which you have learned a lot and developed confidence. Each of you are here today with great expectations for a new life as a full-fledged member of society and with an ambitious dream you want to achieve at NST. Seeing a hopeful expression on your face, I truly feel that we can expect a great deal from each of you and that we want to offer as much support as possible so that you can make your dream happen in the arena of NST.

Now, let me talk a little about the current situation and future policy of the NST Group. We at the NST Group operate in the four business areas of steel, industrial supply & infrastructure, foodstuffs, and textiles and have industry-leading competitiveness in each business. We have taken on constant challenges to enhance our corporate value by achieving further growth in each business and capturing new demands that contribute to resolving social issues, including responding to digital transformation, and tackling climate change and decarbonization.

Meanwhile, the environment surrounding our businesses is uncertain. Looking back on the past few years, we have faced many difficulties. Various complexly-intertwined factors, including great power competition between the U.S. and China, the periodic spread of COVID-19 infection, movement of carbon neutrality, and wars in Ukraine and the Middle East, have significant impacts on the world economy and consequently on the supply and demand of the products we handle, product prices, and supply chains.

Even under these circumstances, no matter what environmental changes occur, companies should not stop progress toward further growth. The NST Group is currently working on the three key issues of (1) building a robust corporate structure, (2) realizing sustainable profit growth, and (3) enhancing ESG (environment, society, and governance) management by formulating the Medium- to Long-Term Management Plan with "Becoming a strong growth company that contributes to society" as a basic concept.

As a result of concerted efforts of the employees of the NST Group, we achieved consolidated ordinary profit of 51.3 billion yen in fiscal 2022, hitting a record high for the second straight year. In financial results for the first half of fiscal 2023, consolidated ordinary profit of 26.7 billion yen was posted, about the same level as the first half of the previous year, in which an all-time high in profits was achieved. The NST Group has established a level of about 50 billion yen in actual profitability when temporary factors are excluded. Given these, I have confidence that the NST Group is steadily becoming stronger.

In April 2023, NST became a consolidated subsidiary of Nippon Steel as a result of a tender offer by Nippon Steel. As the true core trading company of the Nippon Steel Group, the NST Group is now standing on a new stage toward further growth and advances. In the steel business, which is our primary business area, the NST Group can expect to expand the business, strengthen its competitiveness, and increase profitability by sharing information and sales strategies at a high level with Nippon Steel, making maximum use of the knowledge and infrastructure of both companies, and working to achieve our strategies in a rapid and proper manner. As for the three business areas of industrial supply & infrastructure, foodstuffs, and textiles, although they have a less close affinity to steel business, we seek to make them highly profitable and distinctive businesses of the Nippon Steel Group.

I have talked to you about the NST Group's current situation and future policy. I hope that these give you a better understanding of the fact that NST has been steadily following a growth path and that the arena of your activities has been expanding than ever before.

The NST Group's primary business resource is its people, or all employees of NST Group companies. Your growth through everyday work as a member of NST Group employees will lead to the further growth of our Group. Today, you became a member. I hope that you will get accustomed to life as a working adult first, learn how to do your work under the guidance of your supervisors and superiors, and play an active role as our strategic assets as soon as possible.

The keywords of NST's Employee Code of Conduct are challenge, growth, reliability, and borderless. Please act with this Code of Conduct as the guideline of your life as a working adult. I hope that by acting based on the Employee Code of Conduct, you will become a member of a group of professionals that is second to none in their fields—a group of professionals that always responds to customers' wishes and creates new products and values on their own. For all of you to become professional human resources, we ensure on-site educational training and a wide range of opportunities for growth through a wealth of experience. I would like you to work on each task by bearing in mind of your personal growth.

I sincerely hope that each of you will develop yourself at your workplace. To support your growth, I would like to talk about the three things I value most and I always impart to young people.

The first thing is to thoroughly practice the "consider, judge, and act" process. I want you to rack your brain about how to undertake the present operations more effectively and efficiently, how to respond to risks arising from environmental changes, what chances can lead to the growth of the company, and so forth. After racking your brains, what is important is that you or the organization quickly and precisely judge and take action with conviction. If this process is established, it will improve yourself and enhance organizational capabilities, eventually leading to the further growth and development of the NST Group. In managing the Group, I value the saying: "When taking responsibility by yourself, making judgements independently, and acting autonomously, people display their full potential." I highly expect your independence and autonomy.

The second thing is to maintain a challenging spirit without any fear of failure. You will encounter various difficulties in your work. Sometimes, you may fail. What is important is how to act after such failure. It is often said that failure is the highroad to success, but this is not applicable to everyone. As well as those giving up easily or running away, those who recklessly continue to take on a challenge in the same way will not see success. What is important is to take on a challenge once again with a strong conviction after finding the key to success that is hidden in the failure.

Thirdly, I want you to treasure an encounter with people. You will meet many people from now on. In every encounter, please remember the spirit of "*Ichigo Ichie*," which means "once-in-a-lifetime encounter," and deal with people with sincerity. The accumulation of such

wonderful encounters will surely be your asset. The first step for this is meeting 49 other employees who have joined the company with you. I hope that you will form a strong bond with your precious colleagues and aim for the realization of your dream in your future life at the company while helping each other and sometimes competing with each other.

Lastly, allow me to express my sincere congratulations to all 50 of you again for joining the company. With these words of encouragement, I would like to conclude my address to you. Please take good care of your health and let's work hard together!