

January 5, 2023

Following is the New Year's message that was delivered by NST President Nakamura at the Tokyo Head Office on January 5.

Happy New Year! I would like to say a few things about 2023 to NST Group employees in Japan and around the world.

First, in the clear and refreshing air of the New Year, I would like to express my pleasure at being able to once again welcome the New Year together with all of you. Although last year saw continuing restrictions on business activities due to the COVID pandemic, as a result of everyone's efforts ordinary profits during fiscal 2021 were the highest in our history, and we were able to again achieve all-time-highs in profits on a half-year basis during the first half of fiscal 2022. I would like to offer my sincere gratitude to all NST Group employees for your hard work.

At the end of last year, we announced and explained the planned commencement of the Tender Offer for the shares of the company by Nippon Steel Corporation. At the start of this year, I would once again like to explain the importance of this matter.

The NST Group operates a business with top-class industry competitiveness in each of our four business segments. In the Steel business that is our primary business area, this Tender Offer will allow the NST Group and Nippon Steel Corporation to join together for high-level sharing of information and business strategies. By making maximum use of each other's knowledge and infrastructure, and by taking action to rapidly and suitably achieve strategies, I believe that we will be able to make a large contribution to expanding our business, increasing competitiveness, and increasing profits. As the true core trading company of the Nippon Steel Group, this is an opportunity for us to further expand the scale of Nippon Steel products sold in Japan and overseas, and in particular to expand our business operations in growing overseas markets and new fields. I am certain that making best use of this great opportunity will allow us to largely expand the scale and performance of the Steel business.

In the Industrial Supply & Infrastructure, Foodstuffs, and Textiles businesses as well, I ask all of you to aim for further growth by utilizing the improved credit strength of the NST Group and other advantages that we can expect in the future.

For all NST Group employees, the stage on which you act will be larger, leading to further achievements and growth. This Tender Offer will produce growth, greater competitiveness, and improved corporate value for the NST Group, and I hope that you see it as a large positive for all of you and that you will carry out your work on an even higher level in the future.

At the same time, in order to achieve this dramatic growth, we must prepare actual capabilities that are suitable for the true core trading company of the Nippon Steel Group. For this purpose, there are two points which I would like to ask of you.

The first point is confirming the current actual capabilities of the NST Group. Fiscal 2023 is the middle year in the Medium- to Long-Term Management Plan. In fiscal 2021, we recorded ordinary profit of 47.8 billion yen – the highest level in our history. While we are forecasting ordinary profit of 46.0 billion yen for fiscal 2022, our actual profitability has improved when temporary factors such as gain on inventory sales are excluded, and we assess that the NST Group is steadily becoming stronger. However in the Steel business, as a result of factors including the slowdown in the global economy, supply chain disruptions, and slow domestic steel demand, we expect to continue facing a difficult business environment in the future. In the import business for foodstuffs, textiles, and other products, the effects of increasing costs resulting from the weak value of the yen and rising logistics and other expenses have produced an extremely severe business environment. Under these conditions, we will confirm the current actual capabilities of the NST Group, then completely carry out strengthening of the business foundation and growth strategies, and formulate and implement a plan for fiscal 2023 that includes additional measures and measures for reinforcement, as we aim to reliably achieve the fiscal 2023 targets in the Medium- to Long-Term Management Plan during this year.

The second point is the consideration of a Medium- to Long-Term Management Plan that is focused on the future of our Group, keeping in mind the conditions after the Tender Offer for the shares of the company by Nippon Steel Corporation is completed and we become a subsidiary of Nippon Steel Corporation. The NST Group will gain access to Nippon Steel Corporation business strategies, as well as customer, marketing, and technical information, which the NST Group did not have access to before. In each field, we will be discussing future-focused strategies with Nippon Steel Corporation. We must carefully consider the strategies for fulfilling the duties entrusted to us by Nippon Steel Corporation and achieving dramatic growth for the NST Group, as well as the issues involved in implementing these strategies, and we must reconsider the Medium- to Long-Term Management Plan that is currently being completed with a target year of fiscal 2025. I ask that all NST Group employees fully recognize that this year is the starting year for becoming the true core trading company of the Nippon Steel Group, and approach these issues in a proactive way. Of course I intend to take the lead in creating a detailed picture of NST as a trading company that contributes to society through the power of sustained growth.

Based on the above two points, I will explain this year's themes and requests for each division.

In the Steel Division, while domestic demand is overall expected to be fundamentally strong, the recovery will be limited. Overseas demand is expected to drop below the level of last year as a result of slowing growth in the global economy. In this business environment, we expect to see steadily increasing demand related to climate change and reducing CO<sub>2</sub> emissions. This year, I ask you to conduct an overall review of the actions we have taken so far, enact opening moves focused on the future, and construct a system that can endure intensifying distribution competition. Specifically, we need to achieve results from reorganization and other structural improvements to processing and manufacturing sites, strengthen and expand measures in advanced materials including new demand and new technologies, carry out investment and M&A for expanding and creating business, and improve productivity by making maximum use of DX

strategy measures.

In the Industrial Supply & Infrastructure Division, business is continuing to grow, backed by strong demand for aluminum, carbon fibers, and other advanced materials. However at the same time, the effects of the semiconductor shortage and supply chain disruptions, and of soaring global resource prices resulting primarily from the Russian war in Ukraine, are increasing the difficulty of the business environment. In our automotive parts business and power generating business in Thailand, which have been particularly affected, I ask everyone to devote every effort to improving immediate profits, and at the same time to carefully consider and carry out measures which will make our business sustainable from a medium- to long-term perspective.

In the Foodstuffs Division, I ask everyone to work for SDG-related initiatives including expanding sales of plant based meats and pork produced in Finland without the use of growth hormones or antibiotics, achieving full-scale operations in our Malaysia and Vietnam businesses that are already operating as part of our overseas sales strategy, and enhancing collaboration with our partner in Taiwan.

In the textiles business, one year has passed since the launch of our new integrated company MN Inter-Fashion. In the current severe business environment, based on the integrated business plan, we are now formulating a medium-term management plan for the years up through fiscal 2026. This year, I ask everyone to devote maximum effort to achieving the objectives of this integration, namely constructing a strong business foundation, creating opportunities for business in new growth fields, and enhancing the value that is provided to customers. NST will provide maximum support for improving the corporate value of MN Inter-Fashion.

In the Corporate Planning & Administration Division, I ask everyone to keep the Tender Offer for the company's shares by Nippon Steel Corporation in the front of your minds, and to formulate and carry out a plan for fiscal 2023. At the same time when considering a medium- and long-term management plan that is focused on the future of the NST Group, I ask everyone to participate in creating effective proposals and deploying support functions for the various measures that will become the foundation for growth. These measures include the human resources system and personnel training, investment strategies, and Group company management. I also ask everyone to strive for smooth work related to our transition to a subsidiary, and to think carefully about what the new company should be like after the Tender Offer is completed, including adopting ESG management based on stronger collaboration with Nippon Steel Corporation.

Finally, I would like to ask for complete action to address the top priority issues of safety, quality control, and compliance, which are the foundation of our company's operations. These are activities that do not have an end. I ask every Group employee to be aware that you are a responsible party, participate in these activities, and work to improve the quality of them. The Risk Management Committee has taken steps to manage a wide range of risks comprehensively and across the entire Group, prevent risks from manifesting,

and construct a corporate constitution that is resistant to risks. I ask everyone to continue taking actions which are aimed at preventing risks.

Finally I would like to say again that the greatest management resource of the NST Group is its people, meaning all of you. I believe that finding motivation and enjoyment in your work, preserving a work-life balance, and further enriching your lives will lead to growth for the company.

2023 will be a major turning point for the NST Group. To conclude my New Year's message, I offer my sincere wishes that this year we will take a major leap forward in pursuit of new heights, and will also be a healthy and happy year for you and your families.

Thank you for your attention.