

January 5, 2024

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

Here at the start of 2024, I would like to say a few things to NST Group employees in Japan and around the world.

First, I would like to extend my deepest condolences to all the victims of the 2024 Noto Peninsula Earthquake and express my sincerest sympathy to all the people who have been affected by the disaster. I pray for the earliest possible recovery of the disaster areas. I ask you all, mainly those at Hokuriku and Niigata branch offices, to devote every effort toward the affected areas' recovery and reconstruction.

Last year saw a challenging global economic environment, including decreased demand for steel materials in Japan and the slowdown of the Chinese economy. As a result of everyone's efforts, however, we achieved consolidated ordinary profit of 51.3 billion yen, 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 consolidated net profit for the current year has reached a record high of 18 billion yen. Despite a far-from-rosy business environment and the tough conditions facing the industry, the NST Group has established a level of about 50 billion yen in actual profitability when temporary factors are excluded, indicating that the NST Group is steadily becoming stronger. I would like to offer my sincere gratitude to all NST Group employees for your hard work.

As we look at the macro environment for 2024, IMF expects Japan's economic growth rate to be 1.0% in 2024, down from 2.0% in 2023, and the global economic growth rate to be 2.9% in 2024, a slight drop from the previous year's 3.0%. In addition, the situation surrounding the world will remain unclear, including greater geopolitical risk factors—such as Ukraine crisis, conflicts in the Middle East, and US-China relations over Taiwan—and interest-rate trends in the US and Europe.

Under these circumstances, we in the NST Group aim to build a more robust corporate structure and accelerate our business growth as the true core trading company of the Nippon Steel Group. Specifically, I ask all of you to continue to deepen dialogues with Nippon Steel Corporation, further promote a high level of sharing of management and sales strategies, expand the scale of Nippon Steel products sold in Japan and overseas, and further expand our business operations in growing overseas markets and in new fields.

As specifically presented in the speech that Nippon Steel President Hashimoto delivered to NST officers and those in managerial positions in October 2023, I ask everyone to work toward pursuing and producing synergy effects through collaboration with Nippon Steel Corporation by: (1) Integrated expansions of overseas businesses in India, Thailand and the Americas in an integrated manner, including investment of human resources from NST; (2) Becoming a hub for strengthening the Group's steel sheet

business in Japan; (3) Streamlining distribution and processing in Japan; taking the leadership role as the Nippon Steel Group; (4) Expanding exports of strategic and general products; cultivating new markets; and (5) Advancing dialogue on how to respond to moves to reduce carbon emissions, including cooperation in new supplies, including steel scraps and establishing a method to sell NSCarbolex Neutral. In the Industrial Supply & Infrastructure, Foodstuffs, and Textiles businesses as well, I ask everyone to seek to further enhance our profitability and advancing growth strategies, as the three highly profitable and outstanding businesses of the Nippon Steel Group.

We are conducting a review of the Medium- to Long-Term Management Plan for fiscal 2024 and 2025, with actual profitability of 50 billion yen as I mentioned earlier, as the base. I ask you to develop business strategies and plans in which quantitative synergy effects with Nippon Steel Corporation are incorporated, in addition to independent growth strategies. I aim to lay a foundation toward the future vision to achieve revenue of 100 billion yen, as I mentioned on several occasions, by setting forth profit targets as a step to realize the vision.

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

Despite demand recovery from the COVID-19 crisis in the first half of fiscal 2023, the Steel Division saw even more difficult circumstances in the second half of the year, excluding recovery of automotive production. Due to high raw material prices and excess production in China, the spread between raw materials and product prices in steel manufacturers in the ASEAN market is at a historically low level. Given another instability factor of the '2024 issue' in the physical distribution industry, we have to assume a severe business environment this year as well.

At the same time, however, it will be important for us to fulfill a function in the supply chain by appropriately catching steadily growing demand for carbon neutrality-related products and high-performance materials.

Now that more than half a year has passed since NST became a subsidiary of Nippon Steel Corporation, the roles expected of NST have become clear. As a hub for Group companies in Japan, we will seek to enhance and optimize our Group capabilities and expand our management resources to regions with potential for growth.

In addition, I ask you to reinforce, add or review growth strategies as needed with an eye on the production of synergy effects of the TOB. Specifically, you are expected to play a role as a Nippon Steel Group member by: (1) steadily implementing growth strategies; (2) strengthening our comprehensive proposal capabilities in response to new demand, new technology and new products; (3) enhancing productivity through maximum use of DX strategy; and (4) complete action of safety, quality, equipment management, and compliance.

In the Industrial Supply & Infrastructure Division, I ask everyone to make continuous efforts to enhance the quality and profitability of existing businesses. JR Manufacturing in North America suffered a fire last

year, but its impacts were minimized as a result of the hard efforts of relevant parties. Taking this opportunity, I would like to express my gratitude for the efforts of all those concerned, and hope that all-out efforts will be made toward the recovery of its profitability.

In addition, another important theme is promoting new businesses that can serve as primary resources of revenue of the next generation. We are working on the development of new businesses that contribute to realizing carbon neutrality, including solar power generation, biomass fuel, and EVs/FCVs. This year, it is important to convert these efforts—even if only a little—into tangible form. In addition, I have a high expectation that as a division that boasts many business domains with a close affinity to steel business, the Industrial Supply & Infrastructure Division will play a significant role in contributing to generating synergies with Nippon Steel Corporation.

In the Foodstuffs Division, we have continued to face a difficult business environment in Japan due to increasing import costs resulting from the weak value of the yen and other factors. I ask everyone to make efforts to properly pass on the increase in costs to sales prices. With Japan's population continuing to decline, boosting overseas sales is one of the pillars of growth strategy. Although overseas sales profits have increased by 16%, I ask you to seek to acquire new trade areas with a view to the Middle East and Europe, as well as ASEAN. You are also asked to work on the expansion of SDG-related products, including antibiotic-free pork produced in Finland, and botanical chicken.

In the textiles business, MN Inter-Fashion, which enters its third year after its launch as a new integrated company, has seen improvement in business performance after a difficult start, due to a recovery in domestic apparel, a mainstay of the business. Various measures have been steadily implemented, including the restructuring of the sales organization with a focus on customers, the establishment of a new personnel system, and system integration. Based on the Medium- to Long-Term Management Plan centered on “deepening existing businesses” and “tackling the challenge of creating a new business,” to increase future business revenue base I ask everyone this year to make efforts to strengthen and expand global and domestic businesses in both existing and new fields and promote the development of new businesses under the key themes of sustainability and DX.

In the Corporate Planning & Administration Division, I ask everyone to promptly review operations arising from NST becoming an unlisted subsidiary of Nippon Steel Corporation, and strengthen the operational system in order to further enhance our capability to make plans and proposals with an eye on the future. Regarding the Medium- to Long-Term Management Plan, I ask everyone to work with the Steel Division to review the Plan in a constructive manner, including a review from the perspective of synergy effects arising from becoming a subsidiary, and develop necessary measures to achieve the Plan. For strengthening the foundation of Group companies, I also ask everyone to work with the divisions/departments in charge to provide positive support to Group companies.

For NST to continue to achieve sustainable growth, it is a significant pillar to enhance ESG management. NST cannot achieve growth without the growth of every employee. To secure, train and utilize personnel toward this end, you are asked to develop and implement necessary measures, including reviewing the

current personnel system so that each employee, including female and elderly employees, can play a more active role in the company.

I would like to continuously 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 their quality. The Risk Management Committee has taken steps to comprehensively manage a wide range of risks across the entire Group, prevent risks from manifesting, and construct a corporate structure that is resistant to risks. I ask everyone to continue to take action aimed at preventing risks.

As I have told you on various occasions since I assumed the position of NST president, the objectives of a company are an extension of the objectives of each individual employee. When people make decisions independently, take responsibility for their decisions, and take action on their own initiative, they can display their full potential. I believe that finding motivation and enjoyment in your work, placing value on a work-life balance, and further enriching your lives will lead to growth for each of you and eventually for the company. This is a year to put this idea into tangible form. NST will provide total support to each of you by strengthening personnel measures, including improving training programs for diverse career development and personal growth.

To ensure that as the true core trading company of the Nippon Steel Group, NST achieves further growth, all employees of the NST Group need to make concerted efforts. I very much look forward to seeing more active roles played by each of you. 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.