

January 6, 2025

Following is the New Year's message that was delivered by NST President Nakamura at the Tokyo Head Office on January 6.

Here at the start of 2025, I would like to extend my heartfelt New Year's greetings to NST Group employees in Japan and around the world.

Reflecting on last year, Japan experienced a series of natural disasters such as earthquakes, heavy rains, and typhoons, while overseas there were ongoing wars and conflicts, the stagnation of the Chinese economy, and political instability in major advanced countries, making it an unstable year. The environment surrounding our company's management has also changed drastically, particularly in the steel sector, where we faced severe conditions with a decline in domestic steel demand and a drop in overseas market prices. Despite these challenges, thanks to the efforts of all employees in the NST group, our consolidated recurring profit for fiscal 2023 reached 52.8 billion yen, marking a record high for the third consecutive year. We are also entering the fourth quarter of fiscal 2024 at a level comparable to the previous year. A notable feature of fiscal 2024 is that the three businesses of Industrial Supply & Infrastructure, Foodstuffs, and Textiles have significantly increased their profits over the previous year, compensating for the decline in profits in the steel business despite the challenging environment. This demonstrates the strength of our company, which has four different business areas. I would like to express my heartfelt gratitude to all the employees in the group for their hard work.

Looking ahead to fiscal 2025, it is the final year of the Medium- to Long-Term management plan. Our company achieved record profits in fiscal 2021 and 2022 and anticipated economic recovery from the COVID-19 pandemic and synergy effects related to becoming a subsidiary of Nippon Steel Corporation. As a result, we significantly revised our fiscal 2025 plans upwards. However, over the past two years, the management environment has undergone drastic changes. Domestic steel demand has not only failed to recover but continues to decline gradually. Additionally, due to excess production and expanded exports from China, the market conditions in various countries remain sluggish. These conditions are expected to continue for the foreseeable future, making it necessary to closely monitor the trade policies of various countries.

As I mentioned upon taking office, our company's primary management resource is its

"people," and I believe that the growth of each employee leads to the growth of the company. Thanks to everyone's efforts over these four years, our company has continued to achieve profit growth, and I feel that we are steadily approaching the vision I have in mind. As we enter fiscal 2025, which will see significant changes in the environment, it is a critical moment to demonstrate our capabilities. To complete the Medium- to Long-Term management plan, we need to harness the collective strength of all group employees, and I would like to ask each business division for the following:

In the Steel Division, although the environment is challenging, it is crucial to capture demand for new products related to carbon neutrality and high-functionality products, viewing climate change and CO2 reduction challenges as business opportunities. Since becoming a subsidiary of Nippon Steel Corporation, we have gained significant opportunities for business expansion, and our roles have become clearer. As a true core trading company of the Nippon Steel Group, we must first act as a coordinator among domestic group companies to enhance, optimize, and streamline group capabilities. Next, we need to strengthen our management resources in regions like India, Thailand, and the United States, where steel demand is expected to grow. Finally, we must maximize synergy effects with Nippon Steel Corporation, realize the benefits of the merger with the former NS Architectural Steel Services Corporation, and effectively implement expansion through investments and new ventures both domestically and internationally, thereby establishing a business foundation unaffected by supply and demand. I urge the Steel Division to continue balancing "growth strategies" and "business foundation strengthening" to achieve the Medium- to Long-Term management plan through reinforcement, additions, and reviews.

In the Industrial Supply & Infrastructure Division, a record profit for fiscal 2024 is within sight. Despite a challenging business environment, I am impressed with how all employees have effectively captured business opportunities and significantly improved struggling businesses through wisdom and perseverance. Furthermore, new business seeds such as pilot projects for biofuels for ships and hydrogen utilization studies in Thailand have materialized. This year, I urge you to continue developing businesses that contribute to solving social issues and realizing synergies with the steel business.

In the Foodstuffs Division, I evaluate that we are on a growth trajectory and expect continuous and autonomous execution of growth strategies and business foundation strengthening to ensure that we reap the fruits of growth. The growth strategy includes "deepening engagement-based business with major clients," "further sales promotion in unison with

subsidiaries," and "expanding local transactions at overseas bases." In strengthening the business foundation, efforts should include "developing global human resources" and "strengthening fixed cost management." I hope this year will be one of demonstrating our presence and achieving business growth towards greater heights.

Despite the impact of post-COVID-19 demand increases and sudden currency fluctuations, the current performance of MN Inter-Fashion Ltd., part of the Textile Business, shows a higher level than the combined pre-merger levels of the two former companies, thanks to the exertion of merger effects. We have completed the reorganization of the sales structure for the apparel OEM business and the integration of core systems, and we are advancing the expansion of human resources through new graduate recruitment and proactive mid-career recruitment aimed at further growth. This year is crucial to achieving the Medium- to Long-Term management plan, culminating in 2026, and I call on you to strengthen business profitability through the promotion of "existing business expansion" and "challenges in new businesses" both domestically and globally.

In the Corporate Planning & Administration Division, we are now in a position to review operations, including enhanced collaboration with Nippon Steel Corporation. This year, I request the exploration and implementation of necessary revisions to future business plans and various measures to ensure our company's sustainable growth, with a focus on our growth strategy, including synergy effects with Nippon Steel Corporation. Moreover, the growth of employees directly ties to the company's growth. To deepen our human capital management, which is key to sustainable growth, I ask for the execution of plans to meet employee needs based on discussions and proposals from the Sustainability Committee on themes such as employee development and the active participation of women and senior employees.

Finally, 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, our goal is to achieve a company where the growth of each employee directly contributes to the company's growth. I am confident that the company's growth, in turn, leads to improved employee treatment and motivation, enabling sustainable growth. While fully acknowledging the severe management environment for fiscal 2025, it is a year to demonstrate the true potential we have cultivated. Let us all unite as the NST Group and achieve the Medium- to Long-Term management plan, creating a virtuous cycle for our company's growth and aspiring to become the true core trading company of the Nippon Steel Group. I look forward to everyone's continued efforts and wish for a healthy and happy year for all employees and their families.