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Press Release

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**Notice Regarding Disposition of Treasury Shares by Third-Party Allotment
(Acquisition of Parent Company Shares Pursuant to Article 800 of the Companies Act)**

JFE Holdings, Inc. (“JFE Holdings”) today announced that it has formally decided to dispose of treasury shares (the “Disposition of Treasury Shares”) through a third-party allotment to its wholly owned subsidiary JFE Steel Corporation (“JFE Steel”). This Disposition of Treasury Shares is being undertaken to enable JFE Steel to acquire the consideration it requires to carry out a share exchange that will make JFE Steel the wholly owning parent company and JFE Container Co., Ltd. (“JFE Container”) its wholly owned subsidiary, with shares of common stock of JFE Holdings being allotted as consideration for the share exchange (the “Share Exchange”), as disclosed in the May 6, 2022 press release titled “Notice Regarding the Execution of Share Exchange Agreement (Simplified Share Exchange) for JFE Steel Corporation, a Wholly Owned Subsidiary of JFE Holdings, Inc., to Make JFE Container Co., Ltd. its Wholly Owned Subsidiary.”

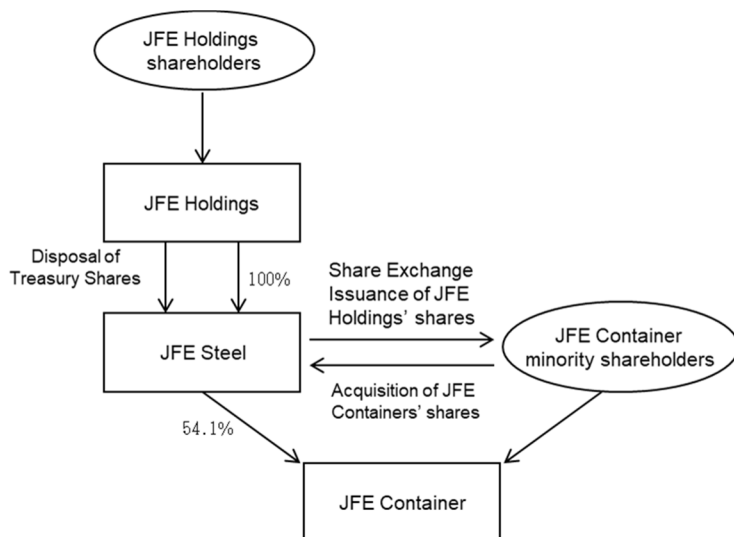
1. Outline of disposition

(1) Disposal date	July 14, 2022
(2) No. of shares disposed	5,127,997 shares of JFE Holdings’ common stock
(3) Disposal price	1,541 yen per share
(4) Funds raised	7,902,243,377 yen
(5) Offering or disposal method (intended allottee)	All shares to be allotted to JFE Steel through a third-party allotment
(6) Other	Each of the above items is subject to the relevant notifications coming into effect under the Financial Instruments and Exchange Act.

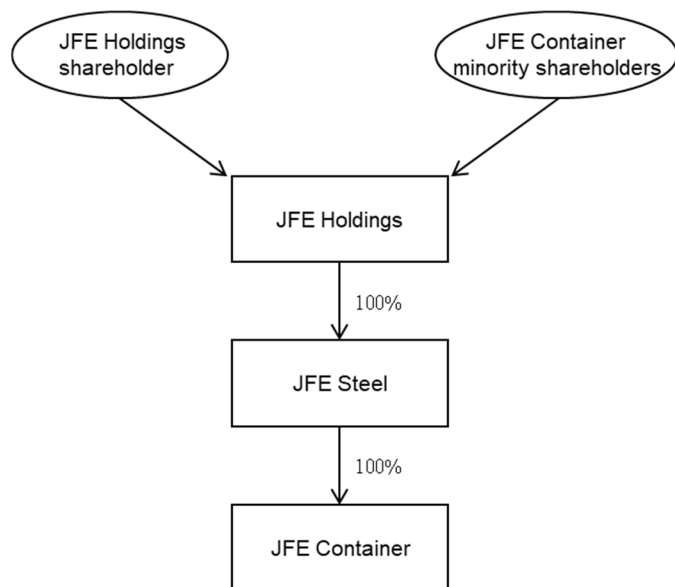
2. Purpose of and reason for disposal

The purpose of the Disposition of Treasury Shares is to enable the wholly owning parent company in the Share Exchange to acquire the consideration required to carry out the Share Exchange. JFE Steel’s acquisition of JFE Holdings shares through this transaction corresponds to an acquisition of parent-company shares pursuant to Article 800 of the Companies Act. The capital relationships between the Company, JFE Steel and JFE Container before and after the Disposal of Treasury Shares and the Share Exchange are and will be as follow:

Before the Disposal of Treasury Shares and the Share Exchange:



After the Disposal of Treasury Shares and the Share Exchange:



3. Amount of funds raised, intended use, and intended date of use

(1) Amount of funds raised

(i) Total amount paid in	7,902,243,377 yen
(ii) Approximate issuance costs	—
(iii) Approximate amount remaining after deduction	7,902,243,377 yen

(2) Specific uses of funds raised

The purpose of the Disposition of Treasury Shares is to enable the wholly owning parent company in the Share Exchange to acquire the consideration required to carry out the Share Exchange, but it is not intended as a means of raising funds. The approximate amount remaining after July 2022, 7,902,243,377 yen deduction is to be allocated in full to a loan to JFE Steel, the intended allottee, and JFE Steel intends to allocate the funds to

working capital for uses including the purchase of raw and other materials needed in its steel product production operations, although the specific breakdown of amounts has yet to be decided. The funds will be held in JFE Holdings' bank account until they are allocated for the intended use.

4. View on reasonableness of funds usage

As described above in “2. Purpose of and reason for disposal” and in the subsection “3. (2) Specific uses of funds raised” the purpose of the Disposition of Treasury Shares is to enable the wholly owning parent company in the Share Exchange to acquire the consideration required to carry out the Share Exchange, and it is not intended as a means of raising funds.

5. Reasonableness of disposal conditions etc.

(1) Basis for calculation of amount paid in

The disposal price for the Disposition of Treasury Shares is 1,541 yen (amounts less than one full yen are rounded down). This is the simple average of the closing price of JFE Holdings' common stock on the Tokyo Stock Exchange over the month leading up to the trading day before the date of the board of directors' resolution on the Share Exchange (May 24, 2022 – June 23, 2022).

JFE Holdings chose to use the average closing price of its common stock over the most recent month, rather than the price on a specific base date, because averaging over a period of time is more stable and thus eliminates special factors such as the impact of temporary fluctuations in share price. The company believes this provides a reasonable and highly objective basis for calculating the price. Also, the company chose to use the average for the most recent month, as opposed to the most recent three months or six months, because it believes it is rational to use the period that is closest to the most recent market price for the stock. Given that the purpose of the Disposition of Treasury Shares is to enable the wholly owning parent company in the Share Exchange to acquire the consideration required to carry out the Share Exchange, no discount will be applied to the simple average of the closing price of JFE Holdings' common stock on the Tokyo Stock Exchange over the month leading up to the trading day before the date of the board of directors' resolution on the Share Exchange. The disposal price represents a premium of 9.4% (rounded to the nearest second decimal place, as below as well) versus the closing price of 1,408 yen for JFE Holdings' common stock on the Tokyo Stock Exchange on June 23, 2022, the trading day before the date of the board of directors' resolution on the Disposition of Treasury Shares; a discount of 3.2% versus the simple average of the closing price for JFE Holdings' common stock over the most recent three months 1,592 yen; and a discount of 3.7% versus the simple average of the closing price for JFE Holdings' common stock over the most recent six months 1,601 yen. The disposal price for the Disposition of Treasury Shares, as discussed above, is in conformance with the Japan Securities Industry Association's Guidelines for Handling Capital Increases by Third-Party Allotment with respect to the closing price of JFE Holdings' common stock on the day before the date of board of directors' resolution on the Disposition of Treasury Shares as well as with respect to the simple average of closing prices for those shares over the one month, three months, and six months leading up to the date of said resolution, and JFE Holdings does not believe that the disposal price has been set at a particularly advantageous level.

(2) Grounds for determining that the number of shares disposed of and the amount of equity dilution are reasonable

The Disposition of Treasury Shares involves the disposal of 5,127,997 shares of JFE Holdings' common stock, which, based on the number of JFE Holdings' shares issued as of March 31, 2022 (614,438,399 shares), corresponds to a dilution rate of around 0.83%. Hence, some dilution will occur. However, the company believes that the number of shares disposed of and the amount of equity dilution are reasonable given that making JFE Container a wholly owned subsidiary of JFE Steel through the Share Exchange will contribute to both companies' earning and, thus, the value of the JFE group as a whole because of the following reasons: in the domestic steel drum business, the move can be expected to lead to better profitability through the optimization of production operations amid gradually declining demand, and it can be expected to facilitate swift responses to increasingly sophisticated quality requirements; in the overseas steel drum business, it can be expected to facilitate enhanced competitiveness and value in the China market through the development of high-value-added products and better productivity; it can be expected to facilitate inroads into new regions overseas and new fields through the use of the JFE group's networks, human resources, and other business resources; in the high-pressure gas container business, it can be expected to open up inroads into new fields and greater opportunities for business creation through enhanced group collaboration in pursuit of decarbonization and the creation of a hydrogen-based economy; the delisting of JFE Container will enable JFE Container to engage in swift, agile decision-making from a medium- to long-term perspective, unfettered by the short-term perspectives of equity markets; and it will facilitate improvements in business efficiency and other benefits through reduced overhead and other costs resulting from dissolution of the parent-subsidary listing.

6. Reason for selecting the allottee, etc.

(1) Outline of the allottee

(i)	Name	JFE Steel Corporation		
(ii)	Location	2-2-3 Uchisaiwaicho, Chiyoda-ku, Tokyo		
(iii)	Representative	Yoshihisa Kitano, President and CEO		
(iv)	Business	Manufacture and sale of steel products		
(v)	Capital	239,644 million yen (as of March 31, 2022)		
(vi)	Date of establishment	April 1, 2003		
(vii)	Number of issued shares	539,170,000 (as of March 31, 2022)		
(viii)	End of fiscal year	March 31		
(ix)	Number of employees	45,000 (consolidated; as of March 31, 2022)		
(x)	Major trading partners	JFE Shoji Corporation Marubeni-Itochu Steel Inc.		
(xi)	Main banks	Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation MUFG Bank, Ltd.		
(xii)	Major shareholder and ratio	JFE Holdings, Inc. 100.00% (as of March 31, 2022)		
(xiii)	Relationships of companies			
	Capital	JFE Holdings holds 100% of the voting rights in JFE Steel.		
	Personnel	One director of JFE Holdings serves concurrently as a director of JFE Steel.		
	Business	JFE Holdings receives operating costs from JFE Steel, and JFE Holdings lends funds to JFE Steel. JFE Steel manages its temporary surplus funds using a cash management system provided by JFE Holdings.		
	Status as related party	JFE Holdings, as JFE Steel's parent company, constitutes a related party.		
(xiv)	Operating performance and financial condition in last three years			
	Fiscal year ended:	March 2020	March 2021	March 2022
	Consolidated net assets	1,208,539	1,215,102	1,466,733
	Consolidated total assets	3,836,847	3,864,262	4,425,035
	Consolidated net assets per share (yen)	2,116.16	2,127.67	2,593.30
	Consolidated sales	2,681,350	2,255,216	3,173,475
	Consolidated operating income	1,500	(54,270)	334,686
	Consolidated recurring income	—	—	—
	Net income attributable to owners of the parent	(211,331)	(62,940)	234,850
	Consolidated net income per share (yen)	(391.96)	(116.74)	435.58
	Dividend per share (yen)	67.73	—	65.34

(millions of yen, except where otherwise noted)

Note 1: JFE Steel prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"), so the values shown for "Consolidated net assets," "Consolidated total assets," "Consolidated net assets per share," "Consolidated sales," "Consolidated operating income," "Net income attributable to owners of the parent company," and "Consolidated net income per share" are respectively JFE Steel's consolidated "Total equity," "Total assets," "Equity attributable to owners of parent," "Revenue," "Business profit," "Profit attributable to owners of parent," and "Basic earnings per share." As there is no corresponding item for "Consolidated recurring income," entries for this item are omitted.

Note 2: JFE Steel, the intended allottee, is a wholly owned subsidiary of JFE Holdings, which is listed on the Tokyo Stock Exchange, Inc. ("Tokyo Stock Exchange").

Note 3: As stated in a Corporate Governance Report (June 24, 2022) that JFE Holdings submitted to the Tokyo Stock Exchange, the company has established the JFE Group Policies for Addressing Antisocial Forces, and in accord with a basic policy of firmly resisting criminal groups in cooperation with the police and other relevant organizations, the company seeks to establish sound corporate management based on an organized and unified response to the issues within the framework of its compliance systems based on these group policies. The JFE Group Standards of Business Conduct also state that all group personnel must “Firmly resist all elements and organizations that threaten social order and stability, and refuse all illegal or improper demands,” and the company has also established Regulations for Addressing Violence Directed at Companies to clarify the specific measures that should be taken against criminal groups, including an initial response manual. To ensure that all JFE group executives and employees are fully aware of the JFE Group Policies for Addressing Antisocial Forces as well as the specific measures that should be taken against criminal groups, the company provides e-learning sessions, distributes compliance guidebooks, and the like.
In light of the above, JFE Holdings believes that JFE Steel and its officers are in no way associated with criminal groups and has submitted a confirmation letter to that effect to the Tokyo Stock Exchange.

(2) Reason for selecting the intended allottee

As discussed in the May 6, 2022 press release, “Notice Regarding the Execution of Share Exchange Agreement (Simplified Share Exchange) for JFE Steel Corporation, a Wholly Owned Subsidiary of JFE Holdings, Inc., to Make JFE Container Co., Ltd. its Wholly Owned Subsidiary,” by making JFE Container a wholly owned subsidiary of JFE Steel, the Share Exchange is intended to increase the value of both companies and thus the value of the JFE group as a whole.

The companies decided to use what is commonly referred to as the triangular share exchange method for the Share Exchange with the consideration paid being not shares of JFE Steel stock but shares of common stock of JFE Holdings, JFE Steel’s wholly owning parent company, because this would achieve the Share Exchange’s objectives and because: (i) if shares of common stock of JFE Steel, an unlisted company, had been used as consideration, JFE Container’s minority shareholders would have received low-liquidity shares; (ii) allocating JFE Holdings stock to JFE Container shareholders as consideration for the Share Exchange would enable JFE Holdings to provide JFE Container shareholders, through the holding of such shares, with the benefits of synergies likely to flow from the implementation of various measures after the Share Exchange as well as the development of the JFE group’s business and growth in its earnings driven by these synergies, and, as a result, opportunities to receive dividends on and benefit from increases in the price of JFE Holdings’ common stock; and (iii) the JFE group’s position was that JFE Holdings must remain the wholly owning parent company of JFE Steel. Accordingly, JFE Holdings selected JFE Steel to be the allottee in the Disposition of Treasury Shares.

(3) Shareholding policy of the intended allottee

Of the shares of JFE Holdings’ common stock allotted, the intended allottee will use as consideration for the Share Exchange the number of shares required for that purpose.

Under the Share Exchange, if the number of shares of JFE Holdings’ common stock to be delivered to a JFE Container shareholder includes a fractional amount of less than one share, or if a JFE Container shareholder makes a share purchase demand, the allottee will not use the shares of JFE Holdings’ common stock involved as consideration for the Share Exchange and will instead continue to hold those shares. The allottee plans to dispose of these JFE Holdings common-stock shares promptly after the Share Exchange becomes effective through the payment of dividends in kind to JFE Holdings or by other means.

(4) Information ascertained about whether the allottee has assets sufficient to cover the pay-in

Since the intended allottee does not have the cash and deposits required to cover the pay-in, JFE Holdings intends to lend funds to the allottee, in an amount equivalent to the total pay-in under the Disposition of Treasury Shares, and has confirmed that the allottee plans to have cash and deposits necessary and sufficient to cover the pay-in available on the pay-in date of July 14, 2022.

JFE Holdings has sufficient cash and deposits to make this loan (balance of cash and deposits of 16,140 million yen (non-consolidated) as of May 31, 2022).

7. Major shareholders and their ownership ratios after the disposition

Before the disposition (as of March 31, 2022)	
The Master Trust Bank of Japan, Ltd. (Trust Account)	13.70%
Custody Bank of Japan, Ltd. (Trust Account)	5.18%
Nippon Life Insurance Company	2.88%

The Dai-ichi Life Insurance Company, Limited	2.14%
Mizuho Bank, Ltd.	1.98%
JFE Employee Shareholding Association	1.75%
State Street Bank West Client – Treaty 505234 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	1.52%
JFE Business Partner Shareholding Association	1.41%
JPMorgan Securities Japan Co., Ltd.	1.27%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1.21%

Note 1: Based on the shareholder registry as of March 31, 2022. The ownership ratio is the number of shares held as a proportion of the total number of issued shares.

Note 2: The numbers of shares owned by The Master Trust Bank of Japan, Ltd. (Trust Account) and Custody Bank of Japan, Ltd. (Trust Account) include shares associated with trust banking business.

Note 3: In addition to the above, JFE Holdings has 37,955,386 shares in treasury stock.

Note 4: As shares disposed of in the Disposition of Treasury Shares are not expected to be held long term, a list of post-disposal major shareholders and their ownership ratios is not shown.

8. Outlook

JFE Holdings believes that the impact of the Disposition of Treasury Shares on its consolidated financial performance in the fiscal year ending March 2023 will be minor.

9. Matters concerning procedures under the Corporate Code of Conduct

Because the Disposition of Treasury Shares (i) has a dilution rate of less than 25% and (ii) does not involve a change of controlling shareholder, it is not subject to the requirement to obtain an opinion from an independent third party to confirm shareholder intent under Article 432 of the Tokyo Stock Exchange's Securities Listing Regulations.

10. Financial performance and equity financing in last three years

(1) Past three years (consolidated)

Fiscal year ended:	March 2020	March 2021	March 2022
Revenue	3,729,717	3,227,285	4,365,145
Business profit	37,899	(12,911)	416,466
Profit attributable to owners of the parent	(197,744)	(21,868)	288,058
Basic earnings per share (yen)	(343.39)	(37.98)	500.28
Dividend per share (yen)	20.00	10.00	140.00
Equity attributable to owners of parent per share (yen)	2,825.50	2,916.37	3,452.82

(millions of yen, except where otherwise noted)

Note: JFE Holdings prepares its consolidated financial statements in accordance with IFRS.

(2) Current number of issued shares and number of implied shares (as of March 31, 2022)

	Number of shares	As a percentage of issued shares
Issued shares	614,438,399	100.0%
Number of implied shares at the current conversion price (execution price)	—	—
Number of implied shares at the minimum conversion price (execution price)	—	—

Number of implied shares at the maximum conversion price (execution price)	—	—
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(3) Recent share prices

(i) Last three years

Fiscal year ended:	March 2020	March 2021	March 2022
Opening price	1,907.0 yen	702 yen	1,340 yen
High	1,992.5 yen	1,424 yen	1,950 yen
Low	699.0 yen	626 yen	1,206 yen
Closing price	703 yen	1,363 yen	1,723 yen

Note: Share prices are from the First Section of the Tokyo Stock Exchange.

(ii) Last six months

	January	February	March	April	May	June*
Opening price	1,483 yen	1,472 yen	1,758 yen	1,701 yen	1,590 yen	1,590 yen
High	1,741 yen	1,737 yen	1,875 yen	1,703 yen	1,608 yen	1,654 yen
Low	1,400 yen	1,432 yen	1,583 yen	1,510 yen	1,427 yen	1,392 yen
Closing price	1,460 yen	1,720 yen	1,723 yen	1,595 yen	1,587 yen	1,408 yen

*Note: June 2022 share prices are for June 23, 2022.

(iii) Share prices on trading day before date of resolution to issue

	June 23, 2022
Opening price	1,400 yen
High	1,421 yen
Low	1,392 yen
Closing price	1,408 yen

(4) Equity financing in last three years:

Nothing to note

11. Overview of disposition

- (1) Type and number of shares disposed of 5,127,997 shares of common stock
- (2) Disposal price 1,541 yen per share
- (3) Offering or disposal method Disposition of treasury shares by third-party allotment
- (4) Allottee JFE Steel
- (5) Allotment date July 14, 2022
- (6) Each item above subject to relevant notifications under Financial Instruments and Exchange Act