

Annual Securities Report

23rd Term (from April 1, 2024 to March 31, 2025)

JFE Holdings, Inc.

This document has been translated from a part of the Annual Securities Report submitted, in Japanese, to the Director-General of the Kanto Local Finance Bureau on June 25, 2025, pursuant to the Financial Instruments and Exchange Act. The information herein is provided for reference purposes only.
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Cover

Document title	Annual Securities Report
Clause of stipulation	Article 24, paragraph 1 of the Financial Instruments and Exchange Act
Place of filing	Director-General of the Kanto Local Finance Bureau
Filing date	June 25, 2025
Fiscal year	The 23rd term (from April 1, 2024 to March 31, 2025)
Company name	JFE Holdings Kabushiki Kaisha
Company name in English	JFE Holdings, Inc.
Title and name of representative	Yoshihisa Kitano, Representative Director, President and CEO
Address of registered headquarters	2-2-3 Uchisaiwaicho, Chiyoda-ku, Tokyo
Telephone number	+81-3-3597-4321
Name of contact person	Tsunao Takura, Vice President
Nearest place of contact	2-2-3 Uchisaiwaicho, Chiyoda-ku, Tokyo
Telephone number	+81-3-3597-4321
Name of contact person	Tsunao Takura, Vice President
Place for public inspection	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)

Section I. Company Information

I. Overview of Company

1. Key Financial Data

(1) Consolidated financial data

Fiscal year		19th term	20th term	21st term	22nd term	23rd term (current fiscal year)
Fiscal year ended		March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024	March 31, 2025
Revenue	(million yen)	3,227,285	4,365,145	5,268,794	5,174,632	4,859,647
Business profit (loss)	(million yen)	(12,911)	416,466	235,841	298,224	135,339
Profit (loss) before tax	(million yen)	(4,930)	388,535	210,282	268,386	144,315
Profit (loss) attributable to owners of parent	(million yen)	(21,868)	288,058	162,621	197,421	91,867
Comprehensive income attributable to owners of parent	(million yen)	60,036	352,318	198,999	284,357	135,807
Equity attributable to owners of parent	(million yen)	1,679,223	1,988,268	2,120,322	2,464,128	2,529,578
Total assets	(million yen)	4,654,972	5,287,909	5,524,040	5,754,964	5,647,637
Equity attributable to owners of parent per share	(yen)	2,916.37	3,452.82	3,649.79	3,874.62	3,976.84
Basic earnings (loss) per share	(yen)	(37.98)	500.28	280.68	323.33	144.43
Diluted earnings (loss) per share	(yen)	(37.98)	500.12	280.52	315.09	138.24
Equity ratio	(%)	36.1	37.6	38.4	42.8	44.8
ROE	(%)	(1.3)	15.7	7.9	8.6	3.7
PER	(times)	—	3.4	6.0	7.9	12.7
Net cash provided by (used in) operating activities	(million yen)	247,274	298,738	395,797	478,967	378,968
Net cash provided by (used in) investing activities	(million yen)	(164,221)	(288,034)	(274,308)	(325,259)	(283,179)
Net cash provided by (used in) financing activities	(million yen)	(30,092)	(57,427)	(110,175)	(45,487)	(157,435)
Cash and cash equivalents at end of period	(million yen)	142,416	101,773	119,391	243,079	172,841
Number of employees	(persons)	64,371	64,296	64,241	62,218	61,296

Notes: 1. The consolidated financial statements of the Company are prepared in accordance with International Financial Reporting Standards (hereinafter referred to as “IFRS”).

2. The figures in parentheses represent losses or cash outflows.

3. Business profit (loss) refers to profit (loss) before tax excluding financial income (loss) and one-time items of a materially significant value. It is a benchmark indicator of the consolidated earnings of JFE.

4. PER for the 19th term is not presented as the Company reported loss for this fiscal year.

(2) Key financial data of the reporting company

Fiscal year		19th term	20th term	21st term	22nd term	23rd term (current fiscal year)
Fiscal year ended		March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024	March 31, 2025
Operating revenue	(million yen)	21,918	62,219	68,825	66,534	77,155
Operating profit	(million yen)	9,334	49,716	52,383	51,102	60,005
Ordinary profit	(million yen)	9,334	49,716	52,383	51,102	60,005
Profit	(million yen)	9,182	49,438	52,115	50,758	59,613
Share capital	(million yen)	147,143	147,143	147,143	171,310	171,310
Total number of shares issued	(thousand shares)	614,438	614,438	614,438	639,438	639,438
Net assets	(million yen)	1,023,456	1,032,718	1,017,702	1,133,905	1,130,049
Total assets	(million yen)	2,745,823	2,767,173	2,734,669	2,843,701	2,816,037
Net assets per share	(yen)	1,776.96	1,793.10	1,751.50	1,782.71	1,776.33
Dividend per share [of which, interim dividend per share]	(yen)	10.00 [0.00]	140.00 [60.00]	80.00 [50.00]	100.00 [50.00]	100.00 [50.00]
Basic earnings per share	(yen)	15.94	85.84	89.93	83.12	93.71
Diluted earnings per share	(yen)	15.94	85.80	89.87	80.91	89.28
Equity ratio	(%)	37.3	37.3	37.2	39.9	40.1
ROE	(%)	0.9	4.8	5.1	4.7	5.3
PER	(times)	85.5	20.1	18.7	30.6	19.5
Payout ratio	(%)	62.7	163.1	89.0	120.3	106.7
Number of employees	(persons)	52	51	55	53	55
Total shareholder return [Benchmark: TOPIX Total Return Index]	(%) (%)	195.3 [142.1]	266.4 [145.0]	271.6 [153.4]	408.3 [216.8]	321.4 [213.4]
Highest share price	(yen)	1,424.0	1,950.0	1,846.0	2,646.5	2,534.0
Lowest share price	(yen)	626.0	1,206.0	1,303.0	1,548.0	1,654.0

Note: The highest and lowest share prices are quoted prices on the First Section of the Tokyo Stock Exchange on and before April 3, 2022 and those on the Prime Market of the Tokyo Stock Exchange on and after April 4, 2022.

2. History

September 2002	Through a share transfer, Nippon Kokan K.K. and Kawasaki Steel Corporation (hereinafter referred to as the “two preceding companies”) jointly established JFE Holdings, a wholly-owning parent company. Common shares of JFE Holdings were then listed on the First Sections of the Tokyo Stock Exchange, the Osaka Securities Exchange, and the Nagoya Stock Exchange. (Shares of the two preceding companies were delisted).
January 2003	Approved a split agreement between the two preceding companies
April 2003	Reorganized the two preceding companies into JFE Steel, JFE Engineering, JFE Urban Development and JFE R&D, and made Kawasaki Microelectronics, Inc. a wholly-owned subsidiary of JFE Holdings through a company split
March 2008	Established Universal Shipbuilding Corporation as a subsidiary through the acquisition of shares owned by Hitachi Zosen Corporation and JFE Engineering
April 2009	Transferred engineering research functions of JFE R&D to JFE Engineering, and also integrated JFE R&D into JFE Steel
April 2011	Merged JFE Steel with JFE Urban Development to take over the latter’s business of managing real property holdings
July 2012	Transferred all shares issued by Kawasaki Microelectronics to MegaChips Corporation
October 2012	Established JFE Shoji as a wholly-owned subsidiary through a share exchange
January 2013	Integrated IHI Marine United Inc with Universal Shipbuilding Corporation, a surviving company, and changed its name to Japan Marine United Corporation (now an equity-method associate)
December 2021	Delisted from the Nagoya Stock Exchange
April 2022	Shifted from the Tokyo Stock Exchange’s First Section to Prime Market due to a revision of market classifications
June 2022	Changed “JFE” acronym in trade name from Japanese (katakana) to English (alphabetic) spelling
April 2024	JFE Engineering opened the Kasaoka Monopile Factory

3. Business Overview

The Company takes on functions as a group head office, into which various Group-wide functions are consolidated, with minimum physical presence as a listed company representing the JFE Group. Such functions include the formulation of Group-wide management strategy, the management of Group companies and their risks, the Group's investor relations and other public accountability, and financing across the Group.

The JFE Group comprises three operating companies, JFE Steel Corporation, JFE Engineering Corporation, and JFE Shoji Corporation, each of which has developed its own system suited to the characteristics of its respective business.

Segment information is described in "V. Financial Information, Consolidated financial statements, Notes to consolidated financial statements, 6. Segment information." Information on major subsidiaries and associates is described in "4. Subsidiaries and Associates."

The Company falls under the category of a special listed company, etc. prescribed in Article 49, paragraph 2 of the Cabinet Office Order on Restrictions on Securities Transactions. Thus, the criteria for assessing the material facts under the insider trading regulations are determined based on consolidated figures.

(1) Steel business

As integrated steel manufacturers, JFE Steel Corporation and its subsidiaries and associates are engaged in the manufacture and sale of various steel products as its core business, and in the manufacture and sale of processed steel products, raw materials, etc., as well as the transportation business and peripheral businesses such as the equipment maintenance and equipment work businesses. Major products and services:

Steel products and semi-finished products (hot-rolled steel sheets, cold-rolled steel sheets, surface-treated steel sheets, steel plates, steel shapes, H-shapes, sheet piles, rails, seamless steel pipes, forge welded steel pipes, electric resistance welded steel pipes, rectangular steel pipes, arc-welded steel pipes, electrical steel sheets, stainless sheets, steel bars, wire rods, iron powder, slabs); titanium products; processed steel products; chemical products; formed and fabricated products; various containers; mining and mineral products; iron and steel slag products; functional materials; ferroalloy; various refractories; furnace construction works; various transportation and warehousing; civil engineering and construction works; equipment management and construction works; electric works; telecommunications works; thermal power generation; gas; temporary construction materials; real estate; insurance agency business; various service businesses; various computer systems; material analysis; environmental research; technical information surveys; support for intellectual properties, etc.

(2) Engineering business

JFE Engineering Corporation and its subsidiaries and associates are engaged in the engineering business regarding energy, urban environment, steel structures, industrial machinery; the recycling business; and the electricity retailing business.

Major products and services:

Gas, oil, and water pipelines; various tanks for such as LNG/LPG; solar, geothermal, biomass and other renewable energy generation systems; municipal waste incinerators; water treatment systems; recycling services for waste plastics, etc.; bridges, port and harbor structures; offshore wind equipment foundations; industrial machineries such as logistic systems, engines, shield tunneling machine and ballast water treatment system; pig iron making, steelmaking and mini-mill related plants; quick chargers for electric vehicles, etc.

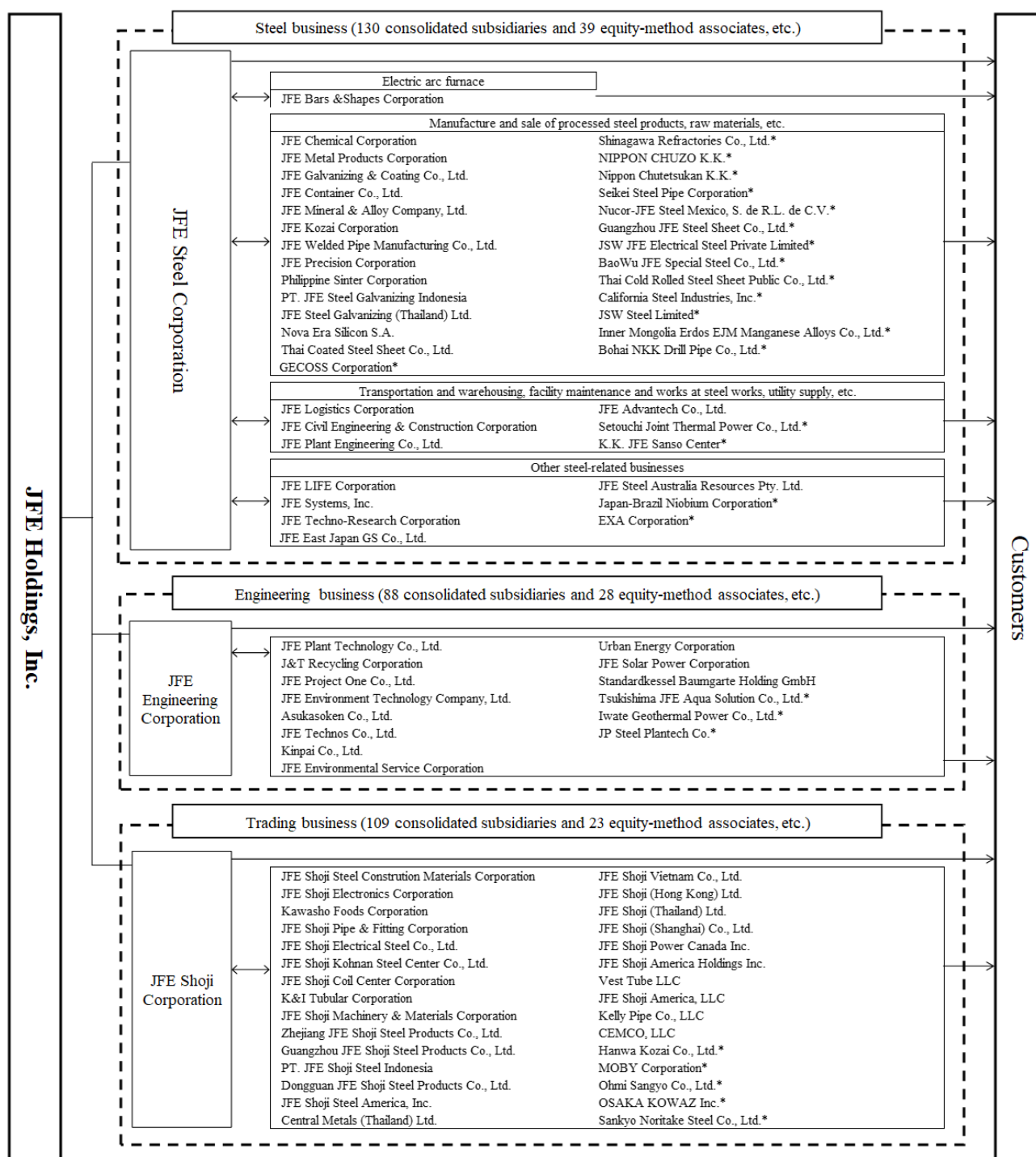
(3) Trading business

JFE Shoji Corporation and its subsidiaries and associates are engaged in the purchase, processing, and sale of steel products, raw materials for ironmaking/steelmaking, non-ferrous metal products, foods, etc.

Major products and services:

Steel products (steel plates, checkered steel plates, hot-rolled steel sheets, cold-rolled steel sheets, electrical steel sheets, coated steel sheets, galvanized steel sheets, tin plates, steel pipes, specialty steel pipes, steel bars, H-shapes, lightweight steel shapes, regular steel shapes, columns, wire rods, stainless steels, specialty steels, slabs); flux; iron powder; processed steel products; raw materials, other materials and equipment for ironmaking/steelmaking; non-ferrous metal products; scrap metal; blast furnace slag; chemical products; petroleum products; paper products; ships; biomass fuels; civil engineering and construction works; the Terre Armee method; canned foods; agricultural and livestock products; marine products; semiconductor products; real estate and so forth.

The Company, the three operating companies, and major subsidiaries and associates that comprise the JFE Group are positioned as follows:



Notes: 1. Arrows show the flows of products and services.

2. Companies marked with asterisk are equity-method associates, etc. (including joint operations), and the other companies are consolidated subsidiaries.

3. Information on changes in subsidiaries and associates is described in “4. Subsidiaries and Associates.”

4. To three consolidated subsidiaries and one equity-method associate of the steel business, the equity method is applied under the trading business.

4. Subsidiaries and Associates

Name	Address	Capital (Millions of yen)	Major business operations	Voting rights ratio (%)	Description of relationship		
					Interlocking directorates, etc.	Lending of funds for business	Other
(Consolidated subsidiaries) [Steel business]							
JFE Steel Corporation *1,3	Chiyoda-ku, Tokyo	239,644	Manufacture and sale of steel products	100.0	Yes	Yes	Concluded an agreement on business administration. Leased building from the company.
JFE Bars & Shapes Corporation *1	Minato-ku, Tokyo	30,000	Manufacture and sale of shaped steel and rebar products	100.0 (100.0)	—	—	—
JFE Chemical Corporation	Taito-ku, Tokyo	6,000	Manufacture and sale of chemical products	100.0 (100.0)	—	—	—
JFE Metal Products Corporation	Minato-ku, Tokyo	5,000	Manufacture, processing, and sale of secondary steel products	99.6 (99.6)	Yes	—	—
JFE Galvanizing & Coating Co., Ltd.	Shinagawa-ku, Tokyo	5,000	Manufacture, processing, and sale of secondary steel products	100.0 (100.0)	—	—	—
JFE Logistics Corporation	Chiyoda-ku, Tokyo	4,000	Various transportation and warehousing businesses	89.2 (89.2)	—	—	—
JFE Container Co., Ltd.	Chiyoda-ku, Tokyo	2,365	Manufacture and sale of various containers	100.0 (100.0)	—	—	—
JFE Civil Engineering & Construction Corporation	Taito-ku, Tokyo	2,300	Contracting for civil engineering and construction works	100.0 (100.0)	—	—	—
JFE Mineral & Alloy Company, Ltd.	Minato-ku, Tokyo	2,000	Mining and exploitation, processing and sale of mineral products; and manufacture and sale of functional materials, ferroalloys, and iron and steel slag	100.0 (100.0)	Yes	—	—
JFE LIFE Corporation	Taito-ku, Tokyo	2,000	Real estate, insurance agency, and various service businesses	100.0 (100.0)	—	—	—
JFE Plant Engineering Co., Ltd.	Taito-ku, Tokyo	1,700	Manufacture and sale of machinery and equipment, and contracting for electrical construction, telecommunications construction, equipment management, and construction works	100.0 (100.0)	—	—	—
JFE Systems, Inc. *2	Minato-ku, Tokyo	1,390	Development and sale of various computer systems	68.0 (68.0)	—	—	—
JFE Kozai Corporation	Chuo-ku, Tokyo	488	Shearing and fusing of steel plates/sheets; and sale of steel materials	100.0 (100.0)	—	—	—
JFE Welded Pipe Manufacturing Co., Ltd.	Chuo-ku, Tokyo	450	Manufacture and sale of electric resistance welded steel pipes	100.0 (100.0)	—	Yes	—
JFE Precision Corporation	Higashi-ku, Niigata	450	Manufacture and sale of formed and fabricated materials	100.0 (100.0)	—	Yes	—
JFE Advantech Co., Ltd.	Nishinomiya, Hyogo	319	Manufacture and sale of measuring and weighing instruments	100.0 (100.0)	—	—	—
JFE Techno-Research Corporation	Chiyoda-ku, Tokyo	100	Material analysis, environmental research, technical information surveys, and support for intellectual properties	100.0 (100.0)	—	—	—
JFE East Japan GS Co., Ltd.	Kawasaki-ku, Kawasaki	50	Various service businesses	100.0 (100.0)	—	—	—

Name	Address	Capital (Millions of yen)	Major business operations	Voting rights ratio (%)	Description of relationship		
					Interlocking directorates, etc.	Lending of funds for business	Other
JFE Steel Australia Resources Pty. Ltd. *1	Brisbane, Australia	AUD 884 mil	Investments in coal mining and iron ore mining businesses in Australia	100.0 (100.0)	—	—	—
Philippine Sinter Corporation *1	Manila, The Philippines	PHP 3,581 mil	Manufacture and sale of sintered ore	100.0 (100.0)	—	—	—
PT. JFE Steel Galvanizing Indonesia	Bekasi, Indonesia	USD 139 mil	Manufacture and sale of cold-rolled and hot-dip zinc galvanized steel products	100.0 (100.0)	—	—	—
JFE Steel Galvanizing (Thailand) Ltd.	Rayong, Thailand	THB 4,362 mil	Manufacture and sale of hot-dip zinc galvanized steel products	100.0 (100.0)	—	—	—
Nova Era Silicon S.A.	Belo Horizonte, Brazil	BRL 214 mil	Manufacture and sale of ferroalloy	100.0 (100.0)	—	—	—
Thai Coated Steel Sheet Co., Ltd.	Bangkok, Thailand	THB 2,206 mil	Manufacture and sale of electrogalvanized steel products	81.4 (81.4)	—	—	—
106 other companies							
[Engineering business]							
JFE Engineering Corporation	Chiyoda-ku, Tokyo	10,000	Engineering business	100.0	Yes	Yes	Concluded an agreement on business administration.
JFE Plant Technology Co., Ltd.	Mihama-ku, Chiba	1,000	Design, construction, and maintenance related to basic chemical and functional chemical plants, and chemical supply systems for semiconductor manufacturing	66.6 (66.6)	—	—	—
J&T Recycling Corporation	Tsurumi-ku, Yokohama	650	Total recycling business	64.0 (64.0)	—	Yes	—
JFE Project One Co., Ltd.	Mihama-ku, Chiba	450	Design, construction, and maintenance of oil refining, petrochemical, and energy-related plants	100.0 (100.0)	—	—	—
JFE Environment Technology Company, Ltd.	Mihama-ku, Chiba	450	Design, procurement, construction, operation management, and maintenance of various environmental facilities	100.0 (100.0)	—	—	—
Asukasoken Co., Ltd.	Shinagawa-ku, Tokyo	356	Gas pipe burial and gas facility construction works	57.2 (57.2)	—	—	—
JFE Technos Co., Ltd.	Tsurumi-ku, Yokohama	301	Machinery and facility maintenance	100.0 (100.0)	—	Yes	—
Kinpai Co., Ltd.	Taisho-ku, Osaka	300	Gas pipe burial and gas facility construction works; sale and installation of home fixtures and equipment	66.7 (66.7)	—	Yes	—
JFE Environmental Service Corporation	Tsurumi-ku, Yokohama	97	Operation, maintenance, and management of waste processing facilities	100.0 (100.0)	—	—	—
Urban Energy Corporation	Tsurumi-ku, Yokohama	50	Electricity retailing business	100.0 (100.0)	—	—	—
JFE Solar Power Corporation	Tsurumi-ku, Yokohama	10	Generation, supply, and sale of electricity using photovoltaic systems	100.0 (100.0)	—	—	—
Standardkessel Baumgarte Holding GmbH	Mülheim, Germany	EUR 1,301 thou	Construction and maintenance of waste power plants, biomass power plants, waste heat recovery power plants	100.0 (100.0)	—	—	—
76 other companies							

Name	Address	Capital (Millions of yen)	Major business operations	Voting rights ratio (%)	Description of relationship		
					Interlocking directorates, etc.	Lending of funds for business	Other
[Trading business] JFE Shoji Corporation *1	Chiyoda-ku, Tokyo	14,539	Domestic and export/import trade of steel products; raw materials for ironmaking/steelmaking; non-ferrous metal products; chemical products; petroleum products; and various equipment and materials	100.0	Yes	Yes	Concluded an agreement on business administration.
JFE Shoji Steel Construction Materials Corporation	Chiyoda-ku, Tokyo	1,500	Sale of construction material products and equipment and materials for civil engineering/construction works; metallic processing business; and civil engineering/construction works and various other works	100.0 (100.0)	—	—	—
JFE Shoji Electronics Corporation	Chiyoda-ku, Tokyo	1,000	Sale of semiconductor products; and sale, installation, and maintenance of device assembling and inspection equipment for electronic components	100.0 (100.0)	—	Yes	—
Kawasho Foods Corporation	Chiyoda-ku, Tokyo	1,000	Domestic and import/export trade of various foods	100.0 (100.0)	—	—	—
JFE Shoji Pipe & Fitting Corporation	Chiyoda-ku, Tokyo	500	Sale of steel pipe and pipe material products	100.0 (100.0)	—	—	—
JFE Shoji Electrical Steel Co., Ltd.	Chiyoda-ku, Tokyo	400	Processing and sale of electromagnetic steel sheets	100.0 (100.0)	—	—	—
JFE Shoji Kohnan Steel Center Co., Ltd.	Higashinada-ku, Kobe	250	Processing and sale of steel sheets	100.0 (100.0)	—	—	—
JFE Shoji Coil Center Corporation	Kanazawa-ku, Yokohama	230	Processing and sale of steel sheets	98.4 (98.4)	—	Yes	—
K&I Tubular Corporation	Chiyoda-ku, Tokyo	50	Export/overseas trade of specialty pipes/tubes	60.0 (60.0)	—	—	—
JFE Shoji Machinery & Materials Corporation	Chiyoda-ku, Tokyo	30	Export/import and domestic trade of ironmaking/industrial materials	86.6 (86.6)	—	—	—
Zhejiang JFE Shoji Steel Products Co., Ltd.	Pinghu, China	CNY 295 mil	Processing and sale of steel sheets	97.9 (97.9)	—	—	—
Guangzhou JFE Shoji Steel Products Co., Ltd.	Guangzhou, China	CNY 162 mil	Processing and sale of steel sheets	100.0 (100.0)	—	—	—
PT. JFE Shoji Steel Indonesia	Bekasi, Indonesia	USD 23 mil	Processing and sale of steel sheets	95.3 (95.3)	—	—	—
Dongguan JFE Shoji Steel Products Co., Ltd.	Dongguan, China	CNY 90 mil	Processing and sale of steel sheets	100.0 (100.0)	—	—	—
JFE Shoji Steel America, Inc.	Los Angeles, United States	USD 6 mil	Processing and sale of steel sheets	100.0 (100.0)	—	—	—
Central Metals (Thailand) Ltd.	Samut Prakan, Thailand	THB 240 mil	Processing and sale of steel sheets	100.0 (100.0)	—	—	—
JFE Shoji Vietnam Co., Ltd.	Ho Chi Minh, Vietnam	VND 176,790 mil	Export/import and domestic trade of steel products, raw materials for ironmaking/steelmaking, various equipment and materials	100.0 (100.0)	—	—	—
JFE Shoji (Hong Kong) Ltd.	Hong Kong, China	USD 1 mil	Export/import and domestic trade of steel products, chemical products	100.0 (100.0)	—	—	—

Name	Address	Capital (Millions of yen)	Major business operations	Voting rights ratio (%)	Description of relationship		
					Interlocking directorates, etc.	Lending of funds for business	Other
JFE Shoji (Thailand) Ltd.	Bangkok, Thailand	THB 20 mil	Export/import and domestic trade of steel products, raw materials for ironmaking/steelmaking, various equipment and materials	100.0 (100.0)	—	—	—
JFE Shoji (Shanghai) Co., Ltd.	Shanghai, China	CNY 3 mil	Export/import and domestic trade of steel products, raw materials for ironmaking/steelmaking, nonferrous metal products, chemical products	100.0 (100.0)	—	—	—
JFE Shoji Power Canada Inc.	Burlington, Canada	USD 0 mil	Processing and sale of electromagnetic steel sheets	100.0 (100.0)	—	—	—
JFE Shoji America Holdings Inc.	Los Angeles, United States	USD 0 mil	Business management of subsidiaries in the United States	100.0 (100.0)	—	—	—
Vest Tube LLC	Los Angeles, United States	—	Manufacture and sale of welded steel pipes	100.0 (100.0)	—	—	—
JFE Shoji America, LLC	Los Angeles, United States	—	Export/import and domestic trade of steel products and raw materials for ironmaking/steelmaking	100.0 (100.0)	—	—	—
Kelly Pipe Co., LLC	Santa Fe Springs, United States	—	Sale of steel pipes	100.0 (100.0)	—	—	—
CEMCO, LLC	City of Industry, United States	—	Processing and sale of steel frames for construction	100.0 (100.0)	—	—	—
83 other companies							

Name	Address	Capital (Millions of yen)	Major business operations	Voting rights ratio (%)	Description of relationship		
					Interlocking directorates, etc.	Lending of funds for business	Other
(Equity method associates) [Steel business]							
Japan-Brazil Niobium Corporation	Chiyoda-ku, Tokyo	37,272	Investment in niobium mining in Brazil	25.0 (25.0)	—	—	—
Setouchi Joint Thermal Power Co., Ltd.	Fukuyama, Hiroshima	5,000	Thermal power generation business	50.0 (50.0)	—	—	—
GECOSS Corporation *2	Bunkyo-ku, Tokyo	4,397	Rental and sale of temporary construction materials	39.5 (39.5)	—	—	—
Shinagawa Refractories Co., Ltd. *2, 4	Chiyoda-ku, Tokyo	3,300	Manufacture and sale of various refractories, and contracting for furnace construction work	34.9 (34.9)	—	—	—
Nippon Chuzo K.K. *2	Kawasaki-ku, Kawasaki	2,627	Manufacture and sale of cast steel products	36.2 (36.2)	—	—	—
Nippon Chutetsukan K.K. *2	Kuki, Saitama	1,855	Manufacture and sale of cast-iron pipes	30.0 (30.0)	Yes	—	—
EXA Corporation	Nishi-ku, Yokohama	1,250	Development and sale of various computer systems	49.0 (49.0)	—	—	—
Seikei Steel Pipe Corporation	Sano, Tochigi	950	Manufacture and sale of cold press-formed square steel pipes	27.0 (27.0)	—	—	—
K.K. JFE Sanso Center	Fukuyama, Hiroshima	90	Manufacture and sale of oxygen gas, nitrogen gas, argon gas	50.0 (50.0)	—	—	—
Nucor-JFE Steel Mexico, S. de R.L. de C.V.	Silao, Mexico	USD 481 mil	Manufacture and sale of hot-dip zinc galvanized steel products	49.0 (49.0)	—	—	—
Guangzhou JFE Steel Sheet Co., Ltd.	Guangzhou, China	CNY 3,191 mil	Manufacture and sale of cold-rolled and hot-dip zinc galvanized steel products	50.0 (50.0)	—	—	—
JSW JFE Electrical Steel Private Limited	Mumbai, India	INR 15,100 mil	Manufacture and sale of grain-oriented electrical steel	50.0 (50.0)	—	—	—
BaoWu JFE Special Steel Co., Ltd.	Shaoguan, China	CNY 1,372 mil	Manufacture and sale of specialty steel rods	50.0 (50.0)	—	—	—
Thai Cold Rolled Steel Sheet Public Company Limited	Bangkok, Thailand	THB 4,816 mil	Manufacture and sale of cold-rolled steel sheets	36.0 (36.0)	—	—	—
California Steel Industries, Inc.	Fontana, United States	USD 40 mil	Manufacture and sale of steel products	49.0 (49.0)	—	—	—
JSW Steel Limited	Mumbai, India	INR 3,050 mil	Manufacture and sale of steel products	15.0 (15.0)	—	—	—
Inner Mongolia Erdos EJM Manganese Alloys Co., Ltd.	Ordos, China	CNY 232 mil	Manufacture and sale of ferroalloy	24.5 (24.5)	—	—	—
Bohai NKK Drill Pipe Co., Ltd.	Cangzhou, China	CNY 129 mil	Processing, manufacture, and sale of drill pipes and drill pipe accessories	28.3 (28.3)	—	—	—
21 other companies							
[Engineering business]							
TSUKISHIMA JFE AQUA SOLUTION CO., LTD.	Chuo-ku, Tokyo	5,000	Design, manufacture, and construction of equipment and plants for water purification plants, sewage treatment plants, biomass usage facilities, and sludge recycling facilities	40.0 (40.0)	—	—	—
Iwate Geothermal Power Co., Ltd.	Hachimantai, Iwate	2,626	Geothermal power generation business	29.9 (29.9)	—	—	—
JP Steel Plantech Co.	Nishi-ku, Yokohama	1,995	Design, manufacture, and installation of steelmaking machinery	34.0 (34.0)	—	—	—
25 other companies							

Name	Address	Capital (Millions of yen)	Major business operations	Voting rights ratio (%)	Description of relationship		
					Interlocking directorates, etc.	Lending of funds for business	Other
[Trading business]							
Hanwa Kozai Co., Ltd.	Yodogawa-ku, Osaka	1,076	Processing and sale of stainless steel products	47.9 (47.9)	—	—	—
MOBY Corporation	Ichikawa, Chiba	211	Processing and sale of steel plates for containers	20.0 (20.0)	—	—	—
Ohmi Sangyo Co., Ltd.	Taisho-ku, Osaka	100	Processing and sale of steel sheets	35.7 (35.7)	—	—	—
OSAKA KOWAZ Inc.	Taisho-ku, Osaka	60	Processing and sale of steel sheets	30.7 (30.7)	—	—	—
Sankyo Noritake Steel Co, Ltd.	Nishi-ku, Sakai	10	Processing and sale of steel sheets	20.0 (20.0)	—	—	—
18 other companies*5							
[Other businesses]							
Japan Marine United Corporation	Nishi-ku, Yokohama	57,500	Design, manufacture, sale, installation, repair, and maintenance of ships, naval vessels, and marine structures	35.0	Yes	—	—

Notes: 1. Companies marked with *1 are specified subsidiaries.

2. Companies marked with *2 file Annual Securities Reports.

3. The figures in parentheses under “Voting rights ratio” represent the percentages of indirectly held voting rights and are included in the above percentages.

4. *3 Revenue of JFE Steel Corporation exceeded 10% of the consolidated revenue.

Information on profit or loss, etc. (Japanese GAAP)

Revenue 2,568,155 million yen

Ordinary profit (21,103) million yen

Profit 6,604 million yen

Net assets 932,252 million yen

Total assets 3,332,801 million yen

5. Equity-method associates include joint operations.

6. Changes in associates

- JFE Solar Power Corporation is listed as a significant subsidiary from the fiscal year ended March 31, 2025.
- JSW JFE Electrical Steel Private Limited is listed as an important equity-method associate from the fiscal year ended March 31, 2025.
- JFE ComService Co., Ltd., a subsidiary of JFE Steel Corporation and JFE Systems, Inc., transferred 20.0% of the issued shares in GECOSS Corporation to Mizuho Leasing Company, Limited on May 10, 2024. As a result, GECOSS Corporation became an equity-method associate of JFE Steel Corporation.
- Kinpai Co., Ltd. became a consolidated subsidiary of JFE Engineering Corporation on October 1, 2024, due to the acquisition of shares.
- Sumitomo Chemical Engineering Co., Ltd. became a consolidated subsidiary of JFE Engineering Corporation on March 31, 2025, due to the acquisition of shares, and changed its trade name to JFE Plant Technology Co., Ltd. with effect on the same day.
- Thai Coated Steel Sheet Co., Ltd. is scheduled to be dissolved as soon as it is approved by relevant authorities, after transferring its entire business to Thai Cold Rolled Steel Sheet Public Company Limited, by around October 1, 2025.

7. *4 Shinagawa Refractories Co., Ltd. is scheduled to change its trade name to Shinagawa Refra Co., Ltd., effective October 1, 2025.

8. *5 The other 18 equity-method associates of the trading business include three consolidated subsidiaries and one equity-method associate of the steel business.

5. Employees

(1) Information about the Group

As of March 31, 2025

Segment	Number of employees (persons)
Steel business	41,386
Engineering business	11,102
Trading business	8,753
Corporate (common)	55
Total	61,296

Notes: 1. The number of employees represents the number of regular employees, which excludes the number of temporary employees.

2. The number of employees provided under “Corporate (common)” represents the number of employees of the Company.

(2) Information about the reporting company

As of March 31, 2025

Number of employees (persons)	Average age (years old)	Average years of service (years)	Average annual salary (thousand yen)
55	47.0	22.9	12,643

Note: 1. The number of employees represents the number of regular employees, which includes the number of persons seconded from other companies and excludes the numbers of persons seconded to other companies and temporary employees.

2. The number of persons seconded to other companies was one.

3. For persons seconded from JFE Steel Corporation, JFE Engineering Corporation, and JFE Shoji Corporation, the aggregated years of service at these companies were used to calculate their average years of service.

4. The average annual salary includes bonuses and extra wages.

(3) Labor union

There are no labor unions in the Company.

Employees of operating companies have organized unions called the Federation of JFE Steel Workers’ Unions, JFE Engineering Labor Union, and JFE Shoji Labor Union.

There are no other special matters to be noted as to the relationships with the labor unions.

(4) Ratio of female managers, ratio of male employees taking childcare leave, and wage gap between male and female employees

Current fiscal year						
Company name	Female managers (%) *1	Uptake of childcare leave by male employees (%)		Wage gap between male and female employees (%) *1		
				All employees	Regular employees	Part-time and fixed-term employees
[Steel Business]						
JFE Steel Corporation	2.0	97.0	*3	82.2	82.6	75.0
JFE Bars & Shapes Corporation	—	80.0	*3	77.6	76.8	72.8
JFE Chemical Corporation	—	64.2	*2	77.6	77.2	70.9
JFE Metal Products Corporation	—	30.7	*2	70.8	71.0	71.4
JFE Galvanizing & Coating Co., Ltd.	0.9	50.0	*2	76.9	76.9	— (*4)
JFE LOGISTICS CORPORATION	2.2	59.0	*2	80.3	82.3	61.8
JFE Container Co., Ltd.	—	75.0	*2	83.7	83.7	77.1
JFE Civil Engineering & Construction Corporation	—	92.3	*3	64.6	64.0	55.3

Current fiscal year						
Company name	Female managers (%) *1	Uptake of childcare leave by male employees (%)		Wage gap between male and female employees (%) *1		
				All employees	Regular employees	Part-time and fixed-term employees
JFE Mineral & Alloy Company, Ltd.	3.6	100.0	*3	75.5	82.6	32.8
JFE LIFE CORPORATION	22.8	100.0	*2	51.8	77.4	25.6
JFE Plant Engineering Co., Ltd.	—	65.1	*2	75.4	79.1	55.1
JFE Systems, Inc.	9.1	100.0	*3	83.2	83.3	69.3
JFE Kozai Corporation	8.7	—		—	—	—
JFE Welded Pipe Manufacturing Co., Ltd.	—	83.3	*2	87.6	85.6	59.2
JFE Advantech Co., Ltd.	0.9	100.0	*2	59.8	78.3	72.6
JFE Techno-Research Corporation	11.0	88.8	*3	88.6	86.4	76.1
JFE East Japan GS Co., Ltd.	—	50.0	*2	51.8	87.3	59.4
Daiwa Kohtai Co., Ltd.	—	—		77.8	82.8	67.0
JFE ComService Co., Ltd.	11.0	—		—	—	—
JFE LOGISTICS KEIHIN CORPORATION	—	85.7	*2	75.3	73.2	79.6
JFE Wing Corporation	—	100.0	*3	76.2	77.2	53.8
J-Logitec Co., Ltd.	—	33.3	*2	81.8	80.9	81.9
JFE West Technology Corporation	—	55.6	*2	76.1	76.2	87.0
JFE West Japan GS Co., Ltd.	1.7	50.0	*2	91.7	83.3	79.2
JFE Galvanizing & Coating Integrated Service Co., Ltd.	—	—		71.1	74.8	40.6
JFE SETOUCHI LOGISTICS CORPORATION	—	62.5	*2	85.2	85.0	87.9
KURASHIKI UNYU Co., Ltd.	—	55.5	*2	79.6	79.1	99.0
JFE LOGISTICS CHUBU CORPORATION	13.0	—		—	—	—
[Engineering business]						
JFE Engineering Corporation	3.4	97.1	*3	67.6	67.8	59.1
J&T Recycling Corporation	—	38.4	*2	77.8	80.7	57.2
JFE Project One Co., Ltd.	4.6	100.0	*3	76.0	74.8	82.1
JFE Environment Technology Company, Ltd.	—	60.0	*2	57.4	69.7	67.6
Asukasoken Co., Ltd.	—	—		72.9	70.7	76.1
JFE Technos Co., Ltd.	1.3	71.4	*2	70.3	73.9	47.4
Kinpai Co., Ltd.	2.7	42.8	*2	76.9	75.0	77.5
JFE Environmental Service Corporation	7.8	93.3	*3	57.7	70.1	72.5
JFE Business Support Yokohama Corporation	15.6	— (*4)	*2	72.1	81.4	50.9

Current fiscal year						
Company name	Female managers (%) *1	Uptake of childcare leave by male employees (%)		Wage gap between male and female employees (%) *1		
				All employees	Regular employees	Part-time and fixed-term employees
[Trading business]						
JFE Shoji Corporation	10.0	110.3	*3	69.9	69.8	60.4
JFE Shoji Steel Construction Materials Corporation	6.8	60.0	*3	65.1	64.0	71.7
JFE Shoji Electrical Steel Co., Ltd.	2.7	100.0	*1	—	—	—
JFE Shoji Machinery & Materials Corporation	10.6	—		—	—	—
Tohsen Ltd.	1.5	—		—	—	—

Notes: 1. The ratio marked with *1 was calculated pursuant to the provisions of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015).

2. The ratio marked with *2 was calculated as the ratio of employees taking childcare leave, etc. as prescribed in Article 71-6, item 1 of the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ordinance of the Ministry of Labor No. 25 of 1991), pursuant to the provisions of the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991).

3. The ratio marked with *3 was calculated as the ratio of workers taking childcare leave, etc. and leave for childcare purposes as prescribed in Article 71-6, item 2 of the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ordinance of the Ministry of Labor No. 25 of 1991), pursuant to the provisions of the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991).

4. The table above shows the figures disclosed by each company according to different disclosure requirements applicable to each company based on the number of employees and other criteria. Accordingly, “—” indicates that the figure was not disclosed by the company.

5. The cell marked with *4 is shown as “—” because there were no applicable workers during the period.

6. As for the wage gap between male and female employees, each company has devised its own personnel evaluation system to ensure that the system is implemented and employees are promoted in a fair and equal way, regardless of gender. The gender wage gap was mainly caused by differences in the ratio of managers, working patterns (e.g., work in rotating shifts), the ratio of rehired employees among part-time and fixed-term employees between male and female.

The three operating companies are faced with the key issue of raising the ratio of female managers. Their continuous effort to hire more women has so far led to a steady increase in the number of female employees. In recent years, they are working to further increase the ratio of managers through initiatives such as increasing mid-career hires who will become the future managers or manager candidates and implementing individual development plans with an eye to their positioning, providing trainings and mentoring programs, and revising personnel system to do away with segmentation between job types.

Going forward, the entire JFE Group will continue to work to promote diversity, equity and inclusion (DEI), including appointing more female employees to management positions.

II. Business Operations and Performance

1. Management Policy, Business Environment, Issues to Address

(1) Basic management policy

Corporate Vision: Contributing to society with the world's most innovative technology

Corporate Values: Challenging Spirit. Flexibility. Sincerity.

Purpose statements: • JFE Steel Corporation — Dream for your Future, Steel takes you Further.

• JFE Engineering Corporation — Create, Sustain and Connect the Foundation of Lives — Just For the Earth

• JFE Shoji Corporation — Steel and More: Bridging Global Progress.

(2) Corporate structure

The JFE Group is a corporate group operating mainly three businesses: steel, engineering, and trading.

With steel at its core, the JFE Group is expanding its domains into a wide range of fields, including energy technology and resource recycling technology. The JFE Group will further expand the synergies that its three businesses, backed by world-class technologies, continue to generate, in order to create a sustainable society.

(3) Sources of the JFE Group's competitive strengths

Steel business and trading business

JFE Steel Corporation, an integrated steel manufacturer with the world's leading production scale and advanced technological development capabilities, plays a central role in the steel business, supplying steel products globally to meet the diverse needs of customers and society.

JFE Shoji Corporation plays a central role in the trading business, dealing in a wide range of products from steel materials, non-ferrous metals, chemicals, machinery, and ships to food and electronics, with an over-arching focus on steel products. JFE Shoji Corporation globally provides services that add value to overall supply chain operations.

The competitive advantages of JFE's steel and trading businesses are on three fundamental capabilities: (i) leading-edge technological development capabilities focused on customer needs, (ii) production capabilities constantly being developed and enhanced at production sites, and (iii) sales capabilities underpinned by solid relationships of trust with customers established over years by JFE Steel Corporation and JFE Shoji Corporation. We create new value tailored to customer needs and provide optimized solutions based on these three strengths. These competitive advantages, treasured assets accumulated through many decades of effort and not easily matched by other companies, are the driving force behind our sustainable growth.

● Technological development capabilities to realize value creation (steel business)

JFE Steel Corporation has accumulated industry-leading technological capabilities by meeting the sophisticated demands of customers around the world. The company creates new value through the development and provision of highly functional and high-quality products and services in a wide range of fields, helping industries and societies develop and people's lives evolve around the world. In addition, the company's superior technologies that achieve environmental protection, resource conservation, and energy conservation enable the company to produce steel products with the lowest level of environmental impact in the world, and it uses these technologies as measures to help address environmental issues around the world and as an opportunity for growth.

● Production capabilities constantly being developed and enhanced at production sites (steel business)

Through years of manufacturing steel products, JFE Steel Corporation has accumulated a myriad of high-quality, high-productivity production technologies, intellectual property, and operational know-how at its production sites. These production capabilities, integrated with additional technologies such as GX-compatible high-quality steel manufacturing technologies with low CO₂ emissions and DX technologies such as data science and robotics, are the sources of its unique competitive strengths. To respond to changes in the business environment caused by declining domestic demand, it will maintain and improve production efficiency by suspending the operation of blast furnaces, and establish an optimal domestic production system.

Specifically, compared to its current crude steel production capacity of 26 million tons (seven blast furnaces, excluding the electric arc furnace at the Sendai Works), it will transition to a leaner crude steel production capacity of 21 million tons by FY2027. By FY2028, it will begin operation of an innovative electric arc furnace at the West Japan Works (Kurashiki district), resulting in production capabilities including five blast furnaces and one electric arc furnace.

- Responding to needs of our stable customer base (steel business and trading business)

We have built relationships of trust with our customers through interactive communication with many customers over the years of doing business. We have helped our customers resolve their issues by creating new value through efforts such as collaborating with them from the early development stage to accurately address their exacting needs. As a result, we have built a solid and highly stable global customer base—one that cannot be easily matched by rivals.

- The JFE Group's global steel product supply chain management (SCM) network (trading business)

JFE Shoji Corporation has built a global steel product SCM network spanning Japan, China, North America, Australia, India, and Europe in strategic coordination with JFE Steel Corporation. In addition to steel products manufactured by JFE Steel Corporation in Japan, JFE Shoji Corporation provides JFE brand products manufactured by the steel business' manufacturing bases abroad and the JFE Group's alliance partners, together with high-quality services, to customers who have manufacturing bases in various parts of the world. The companies also have systems in place that enable them to globally provide products that have undergone slitting or other cut processing in line with customer needs as well as processed steel parts such as motor cores for automobiles and transformer cores for high-efficiency transformers, for which demand is expanding against the backdrop of environmental regulations and energy conservation.

- Functions as the JFE Group's core trading company (trading business)

JFE Shoji Corporation maximizes its contribution to customer value by anticipating customer needs in rapidly changing global markets and, as the core trading company, developing trading business and operations while considering the overall optimization of the JFE Group. Through an unrivaled trading business model that pursues Group-wide optimization, we will maintain and increase the competitive advantages of the entire Group across global markets.

Engineering business

The engineering business, with JFE Engineering Corporation at its core, is engaged in the construction of infrastructure essential for people's daily lives, including gas, oil, and water pipelines; renewable energy generation systems; municipal waste incinerators; water treatment systems; and bridges, port and harbor structures. The engineering business is also engaged in the EPC (engineering, procurement, and construction) and O&M (operation and maintenance) of such infrastructure as well as recycling, power generation, and other business operations.

JFE Engineering Corporation has also established a global and detailed sales network with numerous domestic branch and sales offices and overseas subsidiaries and branch offices. Over the years, the company has provided advanced technologies and services to government agencies and a wide range of private-sector customers including major electric power companies and gas companies.

The sources of competitive strengths in the engineering business are based on a wide range of business developments, from the delivery of advanced and diverse products and services that respond to the changing times, to business operations that leverage the company's advanced project execution capabilities and manufacturing expertise.

- Advanced core technologies and diverse product technologies

JFE Engineering Corporation has conducted business in diverse fields such as energy, the environment, and bridges, taking advantage of its advanced technological capabilities, which were developed by combining and advancing the following technologies: technologies for processing and assembling in shipbuilding business and technologies relating to materials and combustion in the steel business.

The company especially possesses many technologies for solving issues, such as the creation of next-generation energy and the reduction of CO₂ emissions by using high-efficiency power generation plants, to address global warming, which has become a global issue. The company actively works to plan, design, and promote new business models based on these technologies.

- Proven track record and project execution capabilities underpinned by diverse human resources

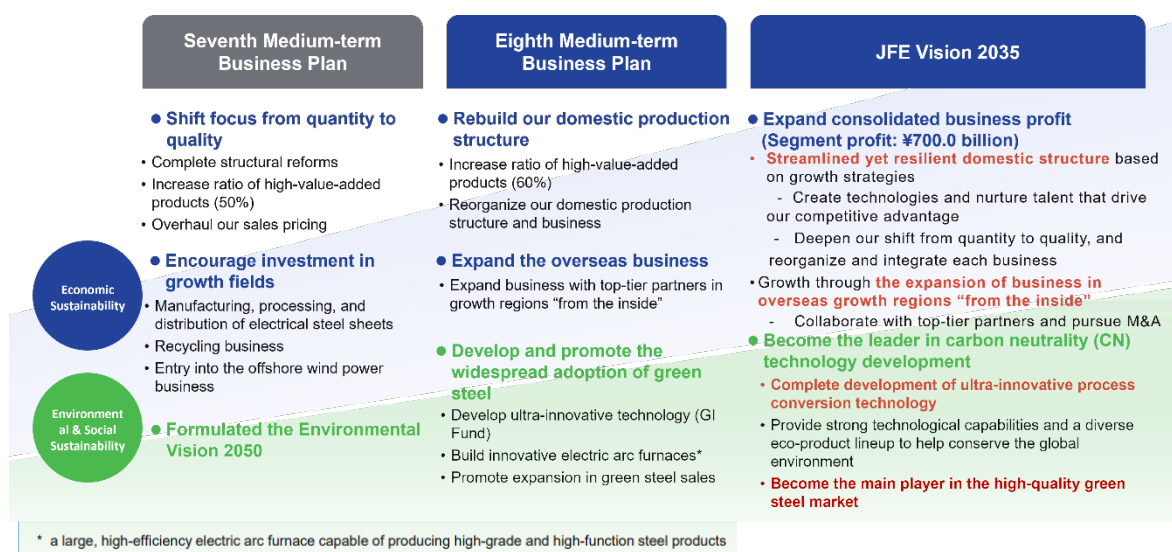
The company has built many high-functioning, high-quality facilities in fields such as energy, the environment, and bridges while satisfying the needs of its customers every step of the way, from design to delivery. Furthermore, the company possesses production sites, including one of the largest steel structure production factories in Japan, allowing it to provide high-quality products at low cost. The company has also built global engineering structures in overseas bases, centered in Asian countries, to further reinforce its competitive strength.

- Business management with strengths in manufacturing expertise

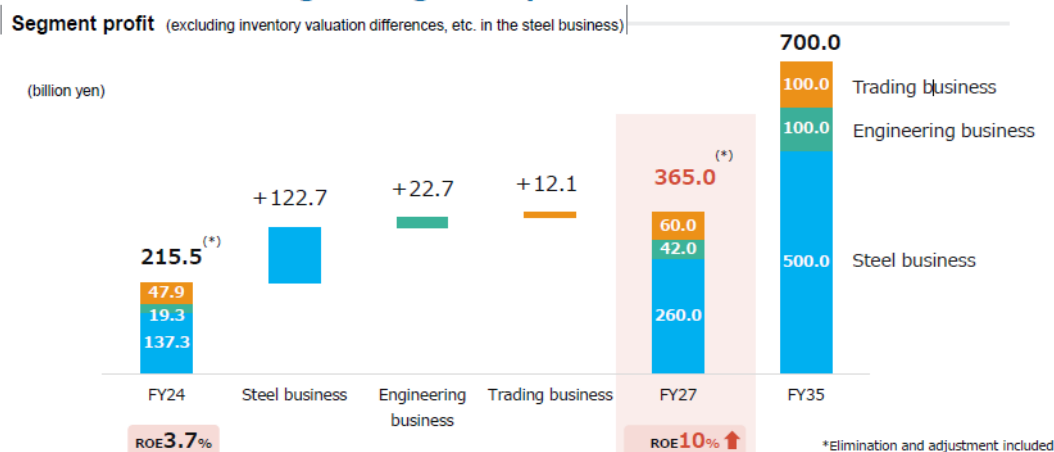
The company engages in many private-public initiatives in the field of public services by applying the operational and maintenance know-how acquired over many years, primarily with regard to the environment and water and sewage plants. Furthermore, its plants undertake the recycling business and renewable energy business, and the company takes the initiative to realize a recycling-oriented sustainable society. The company will strive to further expand its operating business domains, including private-public initiatives and energy service operations, applying its strengths in manufacturing and management expertise.

(4) Priority business and financial issues to address

The JFE Group is expected to continue to face an adverse business environment amid a decrease in domestic demand, as well as turmoil in overseas markets resulting from the expansion of cheap exports out of China. Moreover, the rise of national protectionism is anticipated to further raise the risk of worsening business conditions. To target the JFE Group's Aspirations, even amid this adverse environment, the Group has established the JFE Vision 2035 and Eighth Medium-term Business Plan (FY2025–2027)



FY2027 target: Segment profit of ¥365.0 billion



Eighth Medium-term Business Plan FY2027		
Groupwide	Consolidated business profit	¥400.0 billion
	ROE	10% or more
	Debt/EBITDA	About 3x
	D/E	About 60%

Eighth Medium-term Business Plan

Steel business

Within a thoroughly strengthened domestic framework, we will generate sources of competitive advantage, such as innovative technologies including carbon neutrality (CN) initiatives and highly value-added products, and drive growth by expanding our business overseas by leveraging superior technologies, products, and talent.

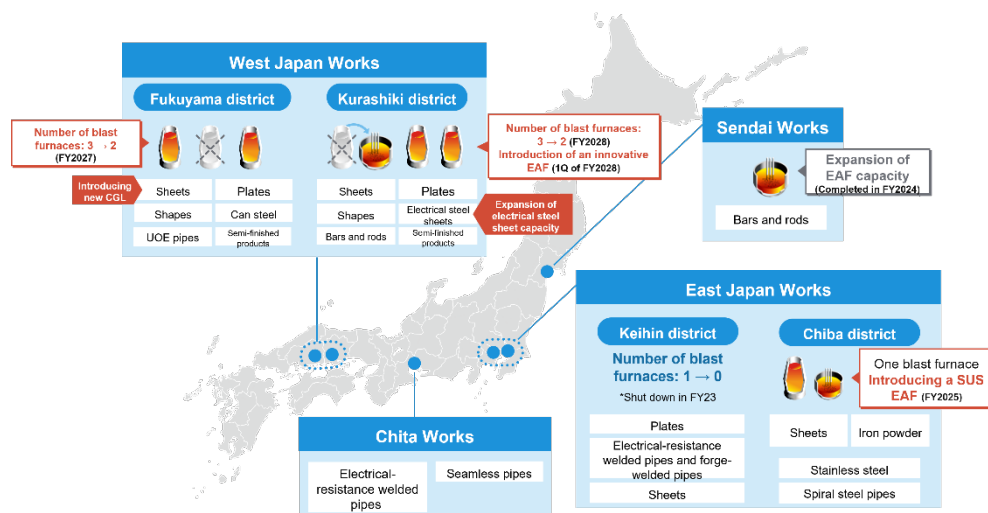
- Japan: Improve earnings power by increasing the ratio of high-value-added products in the overall product mix and thoroughly streamlining domestic production operations

- Increase ratio of high-value-added products in overall mix

We will expand sales of products harnessing JFE Steel Corporation's technological capabilities, such as high-performance electrical steel sheets, high-tensile steel for automobiles, large and heavy steel plates for fixed offshore wind power foundations, and steel plates, seamless pipes, etc. for new energy applications, increasingly replacing commodity-grade export products and thereby driving up the ratio of high-value-added products in the overall mix from 48% in FY2024 to 60% in FY2027, which in turn will improve our profit per ton of product.

- Restructure domestic production and reorganize business operations

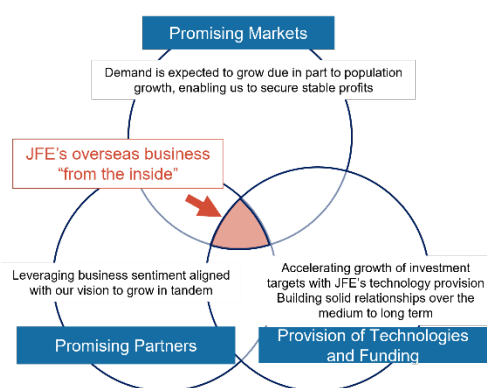
Compared to crude steel production capacity of 26 million tons (seven blast furnaces, excluding the electric arc furnace at the Sendai Works) in FY2024, we will transition to a leaner crude steel production capacity of 21 million tons by FY2027. By FY2028, we will begin operation of an innovative electric arc furnace at the West Japan Works (Kurashiki district), resulting in production capabilities including five blast furnaces and one electric arc furnace.



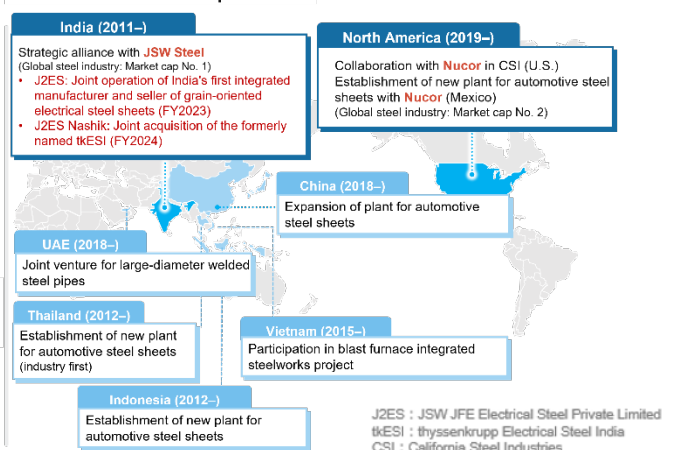
- Overseas: Expand overseas business through strategic local partnerships with top-tier companies in growing markets overseas

Our partnerships with JSW Steel Limited (India) and Nucor Corporation (North America) are key strengths for JFE Steel Corporation. In line with our pursuit of global growth opportunities, we will further increase our involvement with overseas markets through strategic local partnerships with top-tier companies. In addition to increasing profits in existing businesses, we will continue to focus on business in areas and fields in which we wield technological advantages (electrical steel sheets, steel plates, steel products for automobiles, green ironmaking, etc.), striving to optimize our portfolio. At the same time, additional resources will be utilized to expand projects in which investments were made under the previous medium-term business plan, including to increase sales of grain-oriented electrical steel sheets in India.

Three Pillars of JFE's Overseas Strategy



JFE Steel's overseas expansion




Engineering business

We will leverage our diverse business portfolio to strengthen our earnings base and expand business through the realization of a circular economy while working to solve climate change issues.

Operating business

WtR Waste-to-energy power generation


- Launching engineering, procurement, and construction (EPC) and operation and maintenance (O&M) businesses that involve business investments
- Driving the overseas expansion of the model



◀ Overseas waste-to-energy power generation project (Vietnam)
Launched in February 2025

WtR Food recycling business

- Expanding business in five areas across Japan
- Recycling food waste into electric power and fertilizer




◀ Food recycling business (Fukuoka bio food recycling)
Launched in January 2024

Business of manufacturing monopiles for offshore wind power generation

CN


- Japan's first manufacturing base of fixed-bottom foundation for offshore wind turbines came on line in April 2024.
- We will take on round projects in Japan and plan to fully launch manufacturing from the second half of FY25.



◀ Kasaoka Monopile Factory

▶ Monopile prototype

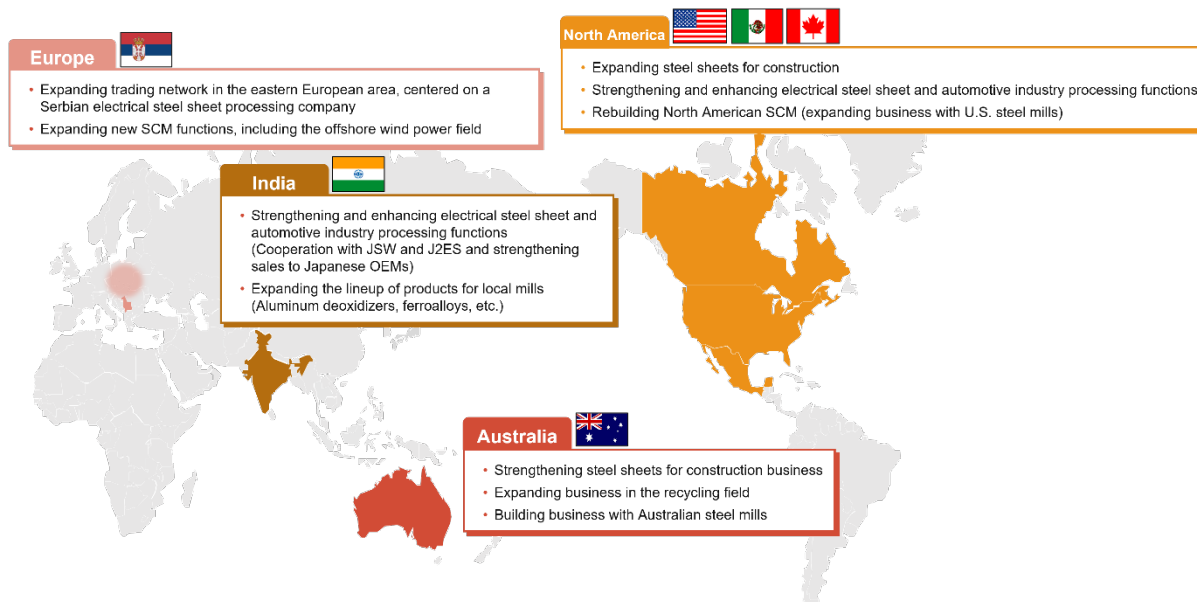
Diameter: approx. 10 m
Length: 60 m
Weight: 1,000-ton level



Trading business

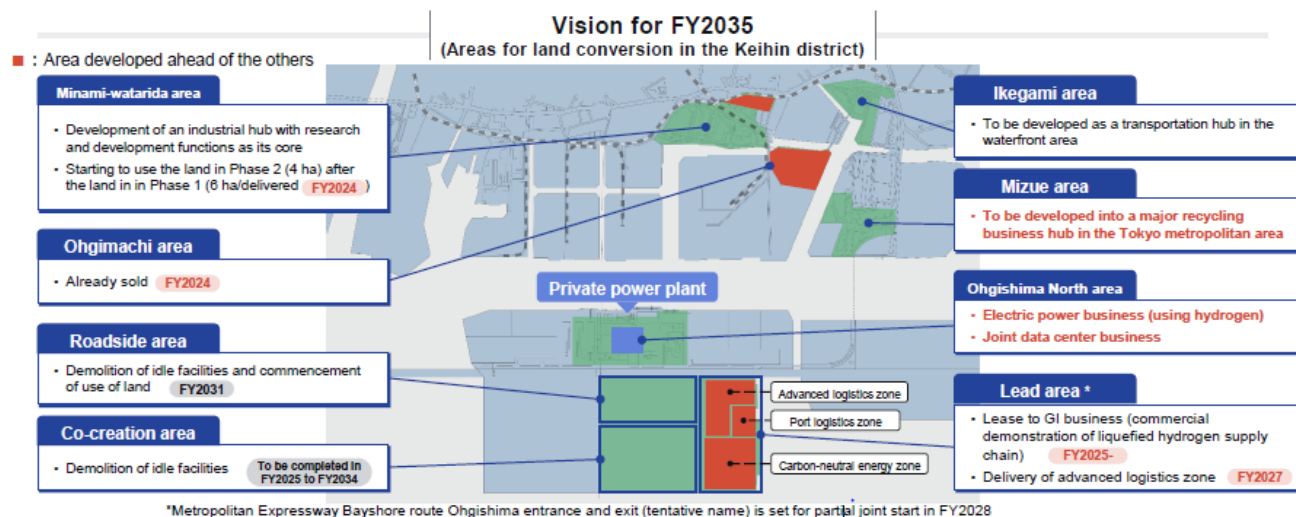
We will enhance our presence in Japan by focusing on the quantity and number of deals and deepen our involvement with overseas growth markets through M&A, etc. to localize business for increased capacity at processing sites.

- Conduct growth investment, mainly in the key regions of **North America, Australia, India, and Europe**



Keihin District land utilization

Through the OHGISHIMA 2050 plan, we are working to convert land use in the area for purposes that offer high public benefit and utility. In the land business, we aim to achieve a cumulative business balance of 85 billion yen by FY2027 and 100 billion yen by FY2035. Additionally, we aim to enhance corporate value by launching new businesses that take advantage of the Keihin district's location and JFE Group resources, with the goal being to achieve annual profit of 10 billion yen in FY2035 through land business (leasing) and business use.

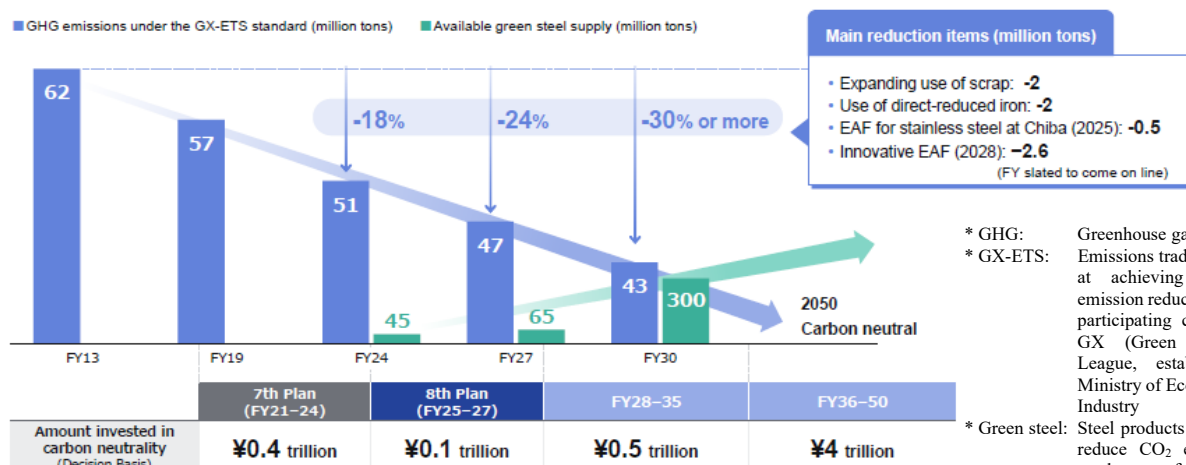


Environmental sustainability initiatives

The entire Group will actively engage in addressing environmental issues, primarily climate change, which we identified as an extremely important business priority for JFE under the previous medium-term business plan.

- In the steel business, **GHG emissions will be reduced steadily**. An innovative electric arc furnace will be installed at Kurashiki **to build a system for the mass supply of green steel**. Development of ultra-innovative technologies will be promoted to achieve carbon neutrality.

Domestic steel business: GHG emissions reduction plan



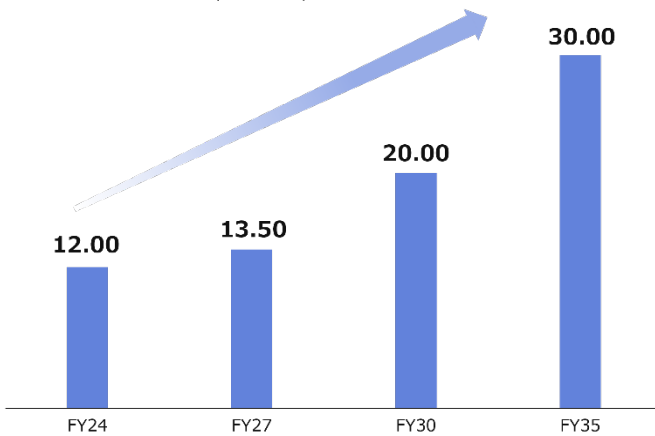
* GHG: Greenhouse gases
* GX-ETS: Emissions trading system aimed at achieving the voluntary emission reduction targets set by participating companies in the GX (Green Transformation) League, established by the Ministry of Economy, Trade and Industry

* Green steel: Steel products that significantly reduce CO₂ emissions in the steel manufacturing process compared to conventional products

- In the engineering business, **contributions to GHG reduction will be expanded.**
Entry into the CCS business in addition to the waste to resources, offshore wind power, and other businesses will be considered to help further reduce emissions in various fields.

Engineering business: Plan to contribute to GHG emissions reductions

■ Reduced GHG emissions (million tons)



Expansion of waste to resources activities

- Accumulating orders received for waste-to-energy power generation projects
- Establishing an overseas EPC track record

Demonstrating and expanding the effects of offshore wind power generation projects

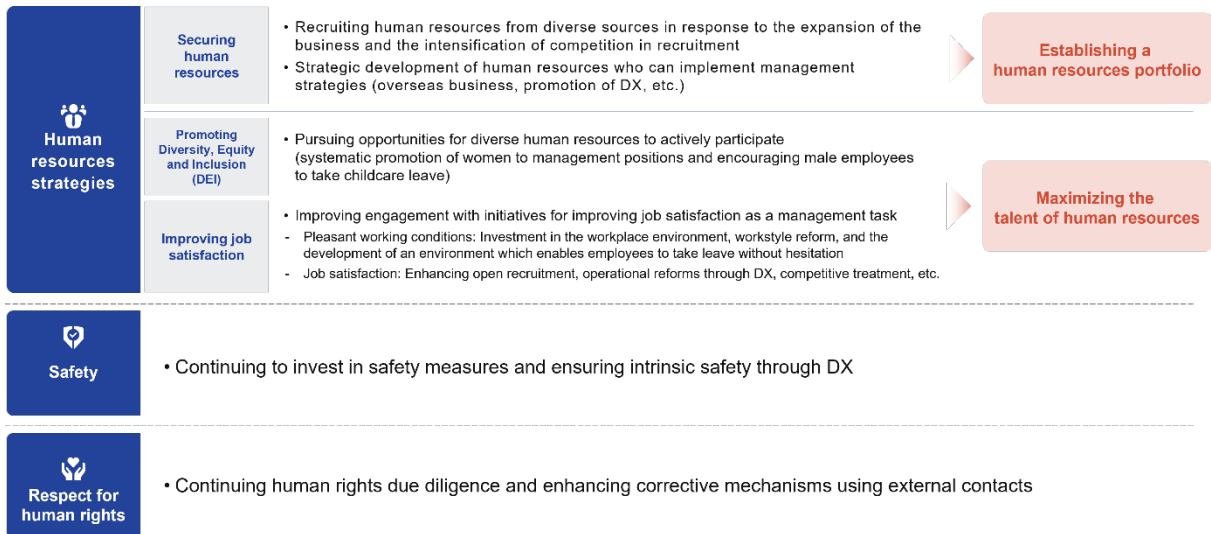
- The Kasaoka Monopile Factory began operating in April 2024, and full-scale production will begin in the second half of 2025.
- Target market share: 50% of Japan's market

Entry into the CCS business

- Increasing orders received for EPC projects related to equipment for the liquefied transportation, storage, and shipment of CO₂ (Tomakomai, Kawasaki, Setouchi, etc.)

Human resources strategy, etc.

At the JFE Group, we believe that in this transformative era, human resources are the driving force behind corporate growth. We formulated our long-term vision with a keen awareness of the need to advance our growth in tandem with the growth of our people in order to execute our strategies and achieve our business targets. Accordingly, we have planned our human resources strategy from a long-term perspective.



Corporate governance

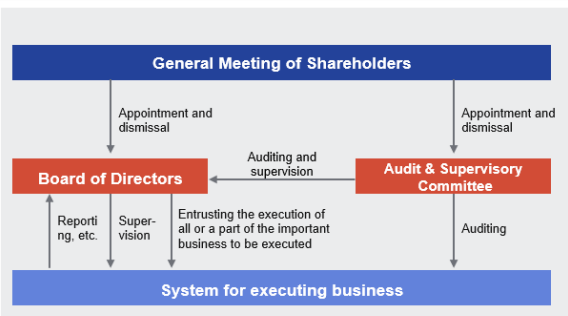
We expect our business environment to undergo rapid and transformative changes brought on by factors including carbon neutrality and digital transformation initiatives. As such, we have decided to transition to a company with an Audit & Supervisory Committee in FY2025. We will further advance efforts undertaken under the previous medium-term business plan to enhance the effectiveness and supervisory functions of the Board of Directors, aiming to facilitate swifter management decision-making, deepen discussion of corporate policies and strategies at Board meetings, and further strengthen the Board's supervisory functions.

On the issue of remuneration for Directors, we revised the remuneration structure in FY2025 to increase the proportion of performance-linked remuneration, add new metrics for ESG-based remuneration, and shift to metrics that take the share price and cost of shareholders' equity into account for stock remuneration.

Transition to being a company with an Audit & Supervisory Committee

Purpose

- (1) Transferring authorities for making decisions even more promptly
- (2) Further enhancing discussions focusing on management policies and management strategies
- (3) Enhancing the sophistication of the Board of Directors' supervisory functions



Revision of the Director compensation system with an awareness of the cost of capital, etc.

Making the following three revisions to the Director compensation system

① Increasing the ratio of performance-linked remuneration to compensation

Before	After
Basic remuneration : Bonus : Stock remuneration	Basic remuneration : Bonus : Stock remuneration
6 : 2 : 2	2 : 1 : 1

② Changing the method of calculating stock remuneration

Before	After
Profit	ROE, relative TSR

③ Adding a perspective related to human capital to ESG remuneration

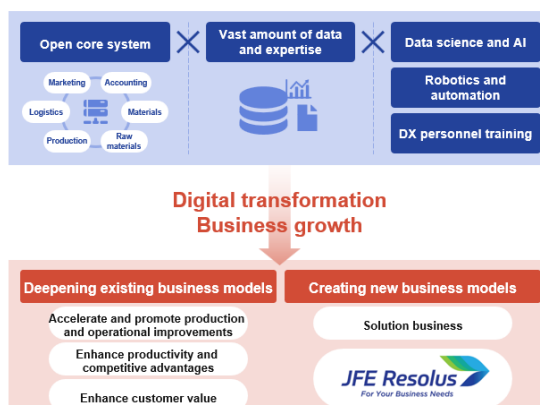
Before	After
Safety and climate change have been introduced as indicators for calculating bonuses.	Adding employee engagement indicators

We note that former employees of JFE Engineering Corporation were convicted of violating the Act on Elimination and Prevention of Involvement in Bid Rigging, etc. and Punishments for Acts by Employees that Harm Fairness of Bidding, etc. and obstructing public contract-related auction bidding in June 2017 and June 2020 concerning submarine water pipe renewal work contracted with Taketomi Town, Okinawa. In accordance with the Construction Business Act, in May 2025, JFE Engineering Corporation was ordered by the Ministry of Land, Infrastructure, Transport and Tourism to suspend sales operations related to public works in the nationwide water and sewerage facilities business. We regard this matter very seriously and sincerely. We will strive to regain public trust as early as possible by continuing to implement recurrence prevention measures.

Digital transformation (DX) initiatives

At the JFE Group, we view the operational data and expertise we have accumulated over many years and the technologies we have developed in our wide-ranging businesses as sources of competitive advantage. Continuing from the previous medium-term business plan, we aim to build a robust earnings base through business, production and operational reforms enabled by DX initiatives.

DX Policy

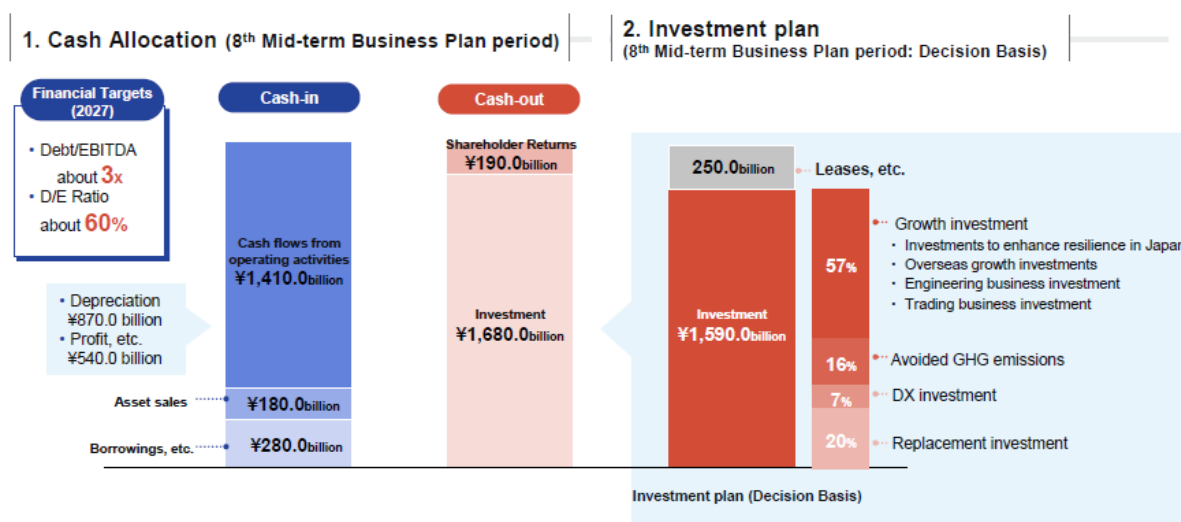


Initiatives under the 8th medium-term Business Plan

Steel	<ul style="list-style-type: none"> Enhancing CPS integration to make intelligent steelworks a reality Improving flexible operational processes using cutting-edge technologies that leverage our open core system.
Engineering	Providing diverse solutions, including next-generation plant remote monitoring and operation in global remote centers.
Group common	Visualizing, streamlining, and automating business processes by using generative AI and renewing systems

Ensuring financial soundness

Cash allocations under the Eighth Medium-term Business Plan (3-year period total) are as follows. Among the financial targets under the Eighth Medium-term Business Plan, we aim for a Debt/EBITDA ratio of about 3x and a D/E ratio of about 60%. While ensuring financial soundness, we will implement management with a consciousness of our financial targets, balancing growth investments, investments aimed at carbon neutrality, and stable shareholder returns.



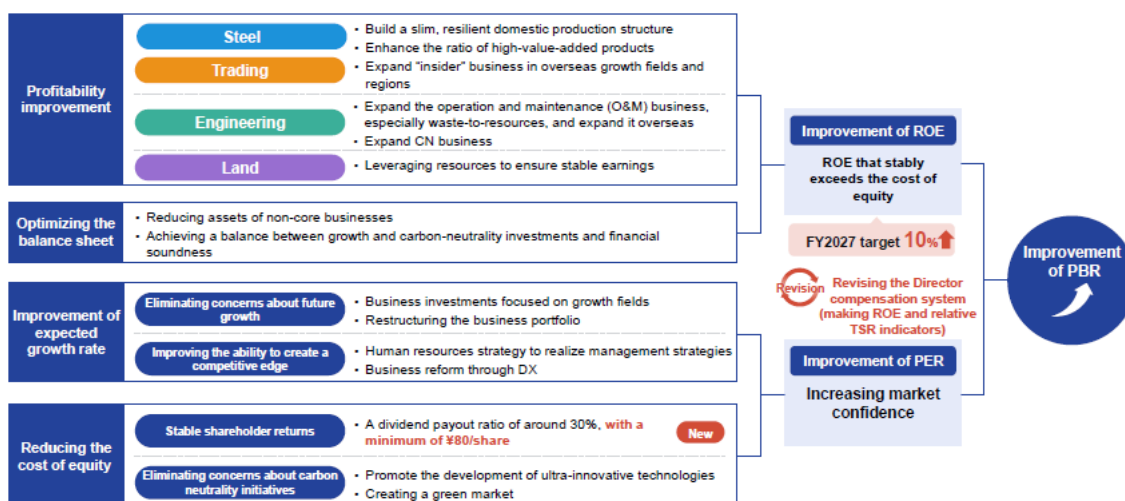
* Amounts to be determined during the period under the eighth Medium-Term Business Plan

Shareholder return policy

We have positioned the return of profits to shareholders as one of the most important matters. We are committed to actively paying dividends while working to establish a sustainable corporate structure across the entire Group. Under the Eighth Medium-term Business Plan, we will maintain a dividend payout ratio of approximately 30%, but from the perspective of ensuring stable dividends, we will set a minimum dividend of 80 yen per share.

Initiatives aimed at enhancing corporate value

We consider the Company's share price to be an important management indicator and recognize the fact that its current price book-value ratio (PBR) is significantly below 1 to be an important issue. We will achieve a stable return on equity (ROE) that exceeds the cost of equity and increase the trust vested in us by the market. By doing so, we will enhance our corporate value and the capital market's evaluation. We intend to maintain our position as a company that is essential to the sustainable development of society while also playing a familiar and vital role in creating safe, comfortable lives for people everywhere.



Note: The information presented above contains forecasts and targets based on forward-looking assumptions, expectations, and plans as of the time of the announcement of the Eighth Medium-term Business Plan and the financial results on May 8, 2025.

2. Disclosure of Sustainability-related Financial Information

The JFE Group's disclosure of sustainability-related financial information is as follows. The forward-looking statements contained in the descriptions below are based on the JFE Group's judgments as of March 31, 2025.

(1) Governance of overall sustainability initiatives

(as of March 31, 2025)

Supervision over sustainability initiatives

From the perspective of preventing damage to and enhancing the corporate value of the JFE Group, we have established the JFE Group Sustainability Council, chaired by the president of JFE Holdings, Inc., and composed of the vice president, corporate officers, full-time audit & supervisory board members, the presidents of each operating company, etc. as a system to supervise and guide the sustainability initiatives of the entire Group, including risk management. Under the JFE Group Sustainability Council, we have established the JFE Group Compliance Committee, the JFE Group Environmental Committee, the JFE Group Internal Control Committee, the JFE Group Information Security Committee, the Public Disclosure Committee, and the Corporate Value Enhancement Committee to supervise policy deliberations as a Group and the status of policy penetration, share information on issues, problems that have arisen and examples of countermeasures, and to supervise and guide the JFE Group's sustainability initiatives. In addition, topics discussed by the JFE Group Sustainability Council include the Group's basic policies, activity plans, details of important measures, and responses to important situations. These topics are regularly reported to and discussed by the Board of Directors, and thereby the council receives instructions from and is supervised by the Board of Directors.

For climate change issues in particular, under the JFE Group Standards of Business Conduct, the JFE Group actively strives to exist in harmony with the global environment and create a society that is comfortable and convenient. We are aware that efforts to protect the global environment, such as reinforcing our environmental protection activities and addressing climate change issues, are extremely important for creating a sustainable society.

Activities of the Group Sustainability Council

The Group Sustainability Council meets approximately once every three months to discuss wide-ranging issues such as the Antimonopoly Act, compliance with laws and regulations to prevent corruption such as bribery involving public servants and other officials, human rights, human resources, labor issues, safety, disaster prevention, the environment, climate change, quality, financial reports, addressing antisocial forces, risk management including information security and other ESG-related risks, and social contribution. The council deliberates on policies related to Group initiatives, which also include providing instruction and guidance on material issues, monitors the penetration of the policies, and shares information on and carries out horizontal communication regarding our responses to issues and problems.

Cooperation with operating companies

The operating companies have also set up respective entities that operate in collaboration with the JFE Group Sustainability Council to promote Group-wide initiatives from the perspective of preventing damage to the JFE Group's corporate value and enhancing that value. At JFE Steel Corporation, specific committees and sub-committees in areas, such as compliance, global environment, risk management, safety and disaster prevention, customer satisfaction, and social contribution, established under the Sustainability Council chaired by the president, have been actively conducting the activities in each area, while promoting awareness of sustainability, together with the Group companies. JFE Engineering Corporation and JFE Shoji Corporation are also working to achieve sustainability through the establishment of committees in areas such as compliance and the environment.

Sustainability promotion structure (as of March 31, 2025)



(2) Risk management of overall sustainability initiatives

JFE Holdings, Inc., the holding company, is responsible for comprehensive risk management of the Group in accordance with its Basic Stance for Building an Internal Control System by establishing a system whereby the Board of Directors oversees risk management and confirms its effectiveness.

Specifically, corporate officers are responsible for recognizing risks, and those deemed material are then confirmed and assessed by the JFE Group Sustainability Council, chaired by the CEO (president) of JFE Holdings, Inc. Next, the council deliberates and decides on countermeasure policy and action plans for risk management. Such risks include business activities; compliance-related matters such as compliance with the Antimonopoly Act and laws related to anti-corruption including bribery of public officials, observance of company policy and regulations such as the Corporate Vision and JFE Group Standards of Business Conduct; and ESG risks such as those related to the environment, climate change, human affairs, labor, safety and disaster prevention; human rights abuses such as sexual harassment and power harassment, quality management, financial reporting, and information security.

The Board of Directors oversees risk management and confirms its effectiveness by regularly receiving reports on Group policy and action plans on risk management, and through deliberation and decision-making on important matters regarding risk management.

Climate-related risks in particular are identified and evaluated based on a scenario analysis conducted under the framework recommended by the TCFD (the Task Force on Climate-related Financial Disclosures). Key factors that may affect management are selected for further analysis and incorporated into the formulation of business strategies, such as the Medium-term Business Plan.

○ Monitoring method for climate change-related risks

Issues that may affect management are monitored by the JFE Group Sustainability Council, the Group Management Strategy Committee, and the Management Committee. Measures are implemented based on a quarterly report on climate change-related risks deliberated by the specialized committees of each Group company (e.g., the Environmental Committee). The JFE Group Environmental Committee consolidates information and strengthens management to reduce the frequency and impact of risks and to maximize opportunities.

(3) Individual disclosure of sustainability items deemed material by the Company

Identification of material issues of corporate management

The JFE Group's actions related to management issues are based on identifying material issues and setting KPIs to minimize negative societal impact and maximize societal value by investing the JFE Group's resources from the standpoint of meeting stakeholder needs. In 2016, we determined our material CSR issues (13 issues in 5 focus areas) by comprehensively identifying 35 issues that reflect society's expectations in the context of JFE's business and then by prioritizing the issues through the two criteria of stakeholder expectations and relevance to business (societal impact).

In FY2021, we formulated the Seventh Medium-term Business Plan, recognizing that ensuring environmental and social sustainability (contribution to solving social issues) and establishing economic sustainability (sustainable earning capability) are key to the JFE Group's sustainable development. Accordingly, we reorganized our material issues by adding economic issues to our existing CSR issues to identify all our material issues of corporate management.

The identified material issues of corporate management are 13 issues in the table below. Of these, we have selected the material issues related to sustainability that fall into the areas of "contributing to resolving climate change issues," "ensuring occupational safety and health," "recruiting and nurturing diverse human resources," "thoroughly enforcing compliance," and "respecting human rights."

Material issues of corporate management identified under the Seventh Medium-term Business Plan

Areas of focus		Details	Scope of influence	Material issues
Activity	Contribute to resolving climate change issues (initiatives for achieving carbon neutrality by 2050)	<ul style="list-style-type: none"> Initiatives for achieving carbon neutrality by 2050 <ul style="list-style-type: none"> Reduce the Group's CO₂ emissions Expand contribution to reduce CO₂ across society 	JFE Group Local communities near manufacturing sites Customers Society	Reduce the JFE Group's CO₂ emissions Contribute to reduction of CO₂ across society
	Ensure occupational safety and health	<ul style="list-style-type: none"> Prioritize safety first Maintain the physical and mental health of employees and their families 	JFE Group Suppliers Business partners	Prevent workplace accidents Ensure the health of employees and their families
	Recruit and nurture diverse human resources	<ul style="list-style-type: none"> Maintain work environments where all personnel can maximize their abilities Accumulate and hand down technologies and skills 	JFE Group Suppliers	Pursue diversity and inclusion Strengthen human resources development Create workplaces that motivate employees
	Reinforce resilience of production and engineering capabilities (realize world-class earnings power through DX and other measures)	<ul style="list-style-type: none"> Pursue world-class earnings power Promote DX and other measures to improve production efficiency, yields, and labor productivity Shift focus of steel business from quantity to quality (structural reforms) Reduce costs to strengthen cost competitiveness and ensure quality competitiveness 	JFE Group Customers Society	Increase efficiency and enhance cost competitiveness in production and engineering Raise quality of products and services and ensure reliable supply
	Strengthen competitiveness of products and services (promote the growth strategy by providing high-value-added solutions)	<ul style="list-style-type: none"> Improve margins and ensure stable earnings power Increase ratio of high-value-added products and services Ensure stable earnings power based on the sales strategy, including technological solutions and expansion of growth businesses 	JFE Group Customers Society	Expand business by increasing value added in products and services with advanced technologies Sales strategies for realizing sustainable growth
	Thoroughly enforce compliance		JFE Group Business partners	Ensure adherence to corporate ethical standards and compliance
	Respect human rights		Political authorities Society	Respect human rights across the supply chain
Basis of activity				

(i) Contribute to resolving climate change issues

Governance and risk management

Governance and risk management of our contribution to resolving climate change issues are described in “(1) Governance of overall sustainability initiatives” and “(2) Risk management of overall sustainability initiatives,” respectively.

Strategy

Various risks and opportunities related to climate change are integrated into the Group’s business strategy in the following ways. The Group formulated the Seventh Medium-term Business Plan as the main guide for business operations from FY2021 to FY2024, positioning initiatives to address climate change as a high-priority issue for management within the context of achieving sustainable growth and enhancing corporate value over the medium to long term. The Eighth Medium-term Business Plan, which is the Group’s main guide for business operations from FY2025 to FY2027, maintains the status of these initiatives.

The Group has defined ensuring environmental and social sustainability as a core strategy and formulated the JFE Group Environmental Vision for 2050 for achieving carbon neutrality by 2050. Then we incorporated our efforts to address climate change in our business strategy and reflected the principles of the TCFD recommendations in our management strategy, enabling us to systematically address climate change. Furthermore, we are disclosing information based on the TCFD recommendations, including the scenario analysis, using them to identify and evaluate risks and opportunities, and reflecting them in our management strategy.

Under the JFE Group Environmental Vision for 2050, our efforts to achieve carbon neutrality are based on the following three key strategies: reduce greenhouse gas (GHG) emissions at JFE Steel, expand contributions to the reduction for society as a whole, and accelerate Group-wide commercialization of the offshore wind-power business. In the steelmaking process, along with efforts to reduce GHG emissions, we will also actively work on reducing environmental impact by reusing water resources and energy, developing environmentally sound products and process technologies, and providing resource recycling solutions.

Metrics and targets

The Group’s steel business is led by its operating company, JFE Steel Corporation, which is a member of the Japan Iron and Steel Federation (JISF). The JFE Group is promoting the JISF’s Commitment to a Low Carbon Society, which focuses on the Three Ecos initiatives and the development of innovative new iron and steelmaking processes. Under the initiative, the JISF’s target for FY2030 had originally been to reduce emissions by 9 million t-CO₂. However, with the end of Phase I of this initiative in 2020, it was rebranded as the JISF’s Carbon Neutrality Action Plan, and the Phase II target (FY2030 target) was revised to a 30% reduction in energy-derived CO₂ emissions in FY2030, compared to FY2013. The Group’s steel business is aggressively pursuing the achievement of this goal. In addition, JISF has formulated and announced the Long-term Vision for Climate Change Mitigation in 2030 and beyond, which is intended to realize zero-carbon steel. JFE Steel Corporation played a key role in formulating this vision. Furthermore, in 2021, the JISF announced the “Basic Policy of the Japan steel industry on 2050 Carbon Neutrality sought by the Japanese government,” declaring that the Japanese iron and steel industry will boldly take on the challenge of realizing zero-carbon steel.

The Group intends to increase sustainability through solutions that address global climate change while restructuring to respond to developments in the environment facing our steel business. The Seventh Medium-term Business Plan targeted a reduction in GHG emissions of 18% by FY2024, compared to FY2013. After careful examination and verification of the progress of technological development and other achievements up to FY2024, we have established a GHG emissions reduction target for FY2027 of 24% under the Eighth Medium-term Business Plan.* We will strive to achieve our goal of a reduction of at least 30% by FY2030.

Major domestic Group companies of JFE Steel Corporation have formulated GHG reduction targets at the same level as JFE Steel Corporation. The Group companies in Japan and overseas work together to incorporate efforts to address climate change issues into their business strategies. The Group will systematically pursue the reduction of GHG emissions by incorporating the TCFD’s principles in its management strategies.

* Beginning with the Eighth Medium-term Business Plan, we set targets for the reduction of GHG emissions, which include CO₂ emissions.

Areas of focus	Material issues	Metrics and targets (FY2024 KPIs)
Contribute to resolving climate change issues	Reduce the JFE Group's CO ₂ emissions	<p>JFE Steel Corporation:</p> <ul style="list-style-type: none"> ● Achieve at least 18% of CO₂ reduction target by the end of FY2024 compared to FY2013 levels ● Achieve 100% of the CO₂ reduction target of 3.06 million tons through energy conservation and technological development, as part of the 18% reduction in CO₂ emissions by the end of FY2024 compared to FY2013 levels ● Expand adoption of JGreeX™ by stimulating demand for green steel <p>JFE Engineering Corporation:</p> <ul style="list-style-type: none"> ● Reduce CO₂ emissions in its own plants and offices FY2024: 40% reduction from FY2013 levels <p>JFE Shoji Corporation:</p> <ul style="list-style-type: none"> ● Reduce CO₂ emissions through the procurement of electricity derived from renewable energy, etc. FY2024 domestic CO₂ emissions: Reduce by 20% from FY2019 levels (Reduce by 5% per year from FY2019 levels from FY2021 to FY2024)
	Contribute to the reduction of CO ₂ across society	<p>JFE Steel Corporation:</p> <ul style="list-style-type: none"> ● Launch and implement eco-friendly products and technologies*: 15 or more cases in FY2024 (the cumulative total of 60 or more cases for the period from FY2021 to FY2024) <p>JFE Engineering Corporation:</p> <ul style="list-style-type: none"> ● Contribute to reduction of CO₂ in society by providing renewable energy power generation facilities and expanding the basis of the recycling business (for plastic, food, etc.) Contribute to reduction in CO₂ emissions (FY2024): 12.0 million tons per year <p>JFE Shoji Corporation:</p> <ul style="list-style-type: none"> (i) Global resource recycling of steel scrap FY2024 scrap transactions: +5% from FY2020 (ii) Increase transaction quantity of fuel for biomass power generation plants and create framework for reliable supply of fuel ● FY2024 biomass fuel (palm kernel shells and wood pellets) transactions: 100% increase from FY2020 ● Diversify supply sources to ensure stable supply

Note: Products and technologies that contribute to saving energy and resources, reduce waste and environmentally hazardous substances, and do not require hazardous substances for manufacturing or use.

KPI results for FY2024, including CO₂ emissions (Scope 1–3), will be provided in the JFE Group Sustainability Report to be issued in September 2025.

(ii) Ensure occupational safety and health and recruit and nurture diverse human resources (human capital)

Strategy

The JFE Group intends to establish its position as a company that is essential to the sustainable development of society while also creating safe, comfortable lives for people everywhere. So that it can continue to enhance corporate value under an increasingly complex and rapidly changing business environment, each and every employee must be able to provide support. We established the JFE Group's Basic Policy on Human Resource Management and the JFE Group Health Declaration and are working on measures to maximize the abilities and vitality of our employees by investing in human capital.

Specifically, we have identified "ensuring occupational safety and health" and "recruiting and nurturing diverse human resources" as material issues of corporate management related to human capital and have set quantitative KPIs to promote our efforts.

JFE Group's Basic Policy on Human Resource Management

1. Respect Human Rights and Facilitate Fair Management of Human Resources

The Group manages human resources fairly by respecting the human rights of all employees and nurturing employees who embrace the Group's corporate values and standards of business conduct.

2. Foster a Corporate Culture that Nurtures People and Promotes Satisfying Workplaces

The Group facilitates interactive communication among employees to cultivate a corporate culture that nurtures human resources and creates safe, attractive environments where everyone can enjoy working.

3. Diversify Human Resources

The Group ensures that diverse all people, including women, non-Japanese, the elderly and the disabled, can demonstrate their full potential.

4. Recruit and Steadily Nurture Excellent Human Resources

To survive in an increasingly complicated and diversified business environment, the Group steadily recruits diverse, high-quality skilled human resources, ensures that they receive the skills and knowledge necessary to continue strengthening the Group's technological capabilities, and nurtures their global capabilities.

JFE Group Health Declaration

1. JFE, recognizing that safety and health are fundamental for fulfilling its mission, creates workplaces in which every employee can work with vigor.

2. JFE and its health insurance union work together to advance initiatives for maintaining and upgrading the physical and mental health of employees and their families.

3. JFE gives top priority to safety and health and to creating a health culture in which each employee takes personal responsibility.

Ensure occupational safety and health

Prevent workplace accidents

The JFE Group views establishing a safe work environment and preventing occupational accidents as fundamental requirements for allowing diverse employees to work with peace of mind. Starting with the basic principle of putting safety first, the JFE Group has set KPIs for the number of workplace fatalities (zero occurrences) and the lost-workday injuries rate and implemented measures to ensure safety. The Seventh Medium-term Business Plan includes priority investments in safety measures worth around 10 billion yen per year Groupwide, striving to adopt the latest technologies to prevent equipment and other work-related injuries, in addition to stepping up activities to prevent similar and recurring accidents. For example, we are developing and adopting a technology that detects workers and automatically stops equipment through the use of AI and sensors.

To provide an incentive to accelerate these efforts to prevent occupational accidents, we introduced a safety-related metric linked to the performance-linked compensation for directors in FY2022.

Ensure the health of employees and their families

The JFE Group formulated the JFE Group Health Declaration in 2016 to realize safe and highly attractive workplaces that provide motivation to workers. In collaboration with our health insurance union and industrial health staff, we are working to maintain and promote the health of employees by providing healthcare guidance to improve their lifestyle habits. We are also focusing on initiatives to help maintain and promote the health of not only employees but also their families, such as preventing exposure to passive smoke by reducing the rates of smokers.

Recruit and nurture diverse human resources

Diversity, equity and inclusion (DEI)

In this rapidly changing business environment, we believe that the mixing of various values and views will give rise to unprecedented ideas and solutions, which will lead to the sustainable enhancement of corporate value. For this reason, the JFE Group positions the promotion of DEI as an important management issue, and is working to create an environment where human resources with diverse backgrounds, including gender, nationality and values, and lifestyles, are able to demonstrate their abilities. With regard to the active participation of women in particular, we revised the appointment of women in managerial positions and the rates for female recruits to more ambitious KPIs from FY2022 following discussions by the Board of Directors. Among other initiatives, each operating company has established a committee to promote DEI, led by the company president, and the top executives engage in close discussions with the sections responsible for DEI promotion to formulate and implement company-wide policies. Each operating company formulates and implements company-wide policies and promotes various measures from the perspective of from the perspectives of “recruitment” to increase the number of female candidates for managerial positions, “establishment” such as enhancing internal and external networking and presenting role models, and “placement and training” such as creating individual training programs for female employees.

Strengthen human resources development

We are working to enhance training and education, emphasizing the enhancement of each employee’s capabilities and the fostering of global human resources suited to the expansion of overseas business. We are also focusing on securing and training the human resources necessary to promote our DX strategy, which is one of the JFE Group’s management strategies. For example, JFE Steel Corporation is proceeding with the training of internal data scientists by reskilling in-house human resources who are familiar with actual operations and manufacturing processes according to their proficiency level. A total of 662 persons have been trained as at the end of FY2024, and we will continue to focus on securing and developing DX personnel.

Create workplaces that motivate employees

We are working to create an in-house environment where employees feel rewarded so that diverse human resources can actively demonstrate their capabilities.

The Company and each operating company conduct an engagement survey once a year to regularly understand employee awareness, identify issues related to job satisfaction and consider measures. We have implemented various measures, such as instituting an in-house open recruitment system that offers opportunities for new career challenges through voluntary actions,

and holding one-on-one meetings to boost employee job satisfaction. Wages are another key factor in improving job satisfaction, and we are raising pay at JFE Holdings, Inc. and each operating company, including starting wages.

JFE Steel Corporation newly established the Human Resources Strategy Headquarters in April 2024. This new division is in charge of not only the personnel system but also implementing multifaceted measures that include corporate culture change, promoting a corporate reform initiative (“ReFuture PROJECT”) aimed at increasing employee job satisfaction and enabling the company and its employees to grow together. We will continue to implement a series of measures going forward, including activities to instill the purpose and values established in FY2024 in our workforce, town hall meetings to promote stronger communication between the management team and employees, investing in offices and welfare facilities, mainly at manufacturing sites, to create a more positive working environment, and revising the personnel and wage system with the aim of improving the job satisfaction of each employee.

Creating a comfortable work environment is also a critical element for employees to find their work fulfilling. The JFE Group aims to provide diverse employees with work that gives them a sense of job satisfaction and fulfilment by allowing each employee to choose a flexible working style in accordance with their circumstances, which in turn leads to improved productivity at the company, and is promoting initiatives for new work styles. For example, we are promoting telework by expanding the work-from-home system, introducing the core-less flex-time system, introducing chat and online conferencing tools, promoting RPA, and going paperless with the aim of creating high-added-value work styles through such initiatives. In addition, in order to improve work-life balance, we are developing a culture that makes it easier to take vacations by setting recommended annual leave days.

To provide an incentive to accelerate these efforts to improve job satisfaction, we introduced a job satisfaction-related metric linked to the performance-linked compensation for directors in FY2025.

Metrics and targets, and results

(* ST: JFE Steel Corporation, EN: JFE Engineering Corporation, SH: JFE Shoji Corporation)

Areas of focus	Material issues	Metrics and targets (FY2024 KPIs)	FY2024 results
Ensure occupational safety and health	Prevent workplace accidents	(i) Groupwide: Workplace fatalities: Zero occurrences	Zero occurrences
		(ii) Lost-workday injuries rate ST: ≤ 0.10 EN: ≤ 0.25 SH: ≤ 0.15	ST: 0.15 EN: 0.22 SH: 0.37
		(iii) Key measures ST: (1) Reinforced activities to prevent similar injuries Horizontal companywide deployment of measures, including for close calls (2) Enhanced safety Progress on the plan to expand the installation of electromagnetic locks at secondary mill entrances in FY2024: 100% EN: (1) To eliminate serious injuries, conduct pre-operation checks of equipment in use, including work floors Decisive work plans (identify and prevent dangerous risks) Through proper work instructions (awareness of work plans and prohibition of unplanned work), raise awareness of occupational safety of related workers and take measures to prevent accidents Implement 100% of the following: ● Pre-operation checks Pre-operation checks of equipment to be used, curing openings in high locations and edges of work floor, install handrails, ensure on-site understanding of work plans, and cover/enclose/turn off machinery ● Strict adherence during operations Use of safety belts, prohibit access under suspended loads or within the operating range of heavy machinery, assign worksite guides, disconnect power when equipment or tools are not in use	ST: (1) Reinforced activities to prevent similar injuries ● Monthly meetings to prevent similar injuries Discussed and determined the need for horizontal companywide deployment of measures to address 210 incidents at the level of close call or above, and thoroughly followed progress on the measures decided to ensure completion (2) Enhanced safety Installed electromagnetic locks at secondary mill entrances in FY2024: achieved 100% EN: (1) Pre-operation checks, full communication of proper work instructions based on decisive work plans, confirmation that these processes are steadily carried out through daily site and workplace patrols, and thorough corrective measures
Ensure occupational safety and health	Prevent workplace accidents	(2) Multifaceted management of occupational safety and health including the use of IT ● Use remote monitoring and information communications systems ● Use safety management operations support system	(2) Multifaceted management of occupational safety and health including the use of IT ● Used remote monitoring and information communications systems (real-time sharing of issues, safety instructions, and corrective status through the app, information dissemination and safety education via large waterproof outdoor LED monitors, remote monitoring of expansive construction sites, and remote patrol of workplaces using IP cameras and other tools) ● Used a safety management support system (promoted introduction of CCUS/Buidee (construction site management service))

Areas of focus	Material issues	Metrics and targets (FY2024 KPIs)	FY2024 results
		SH: (1) 100% implementation of crane operation drills (once a year or more at each company) (2) Advance hardware measures (introduce interlocks for coil lifting equipment) Complete measures for 24 applicable machines in FY2024 (3) Reevaluate and update education system for new employees and reassigned employees	SH: (1) Crane operation drills: 100% implementation at least once annually at each company (2) Advance hardware measures: Completed the introduction of interlocks for 24 units of coil lifting equipment (3) Revision of rules on education for new employees and reassigned employees: Completed the revision at each company
	Ensure the health of employees and their families	(i) Provision rates of healthcare guidance 60%	ST: 72.7% EN: 41.3% SH: 43.0% (FY2023 results*1)
		(ii) Reduce rates of smokers (ensure employee health and prevent exposure to passive smoke) 1.5% reduction per year (total for operating companies)	0.6% reduction per year (total for operating companies)
Recruit and nurture diverse human resources	Pursue diversity and inclusion	(i) Rates for female recruits ST: Career-track (white-collar position): Gender parity Career-track (technical position): 10% or more On-site position: 10% or more EN: Career-track (white-collar position): Gender parity Technical (career-track, production/construction position): 15% or more SH: White-collar position: Gender parity	ST: Career-track (white-collar position): 55% Career-track (technical position): 12% On-site position: 5% EN: Career-track (white-collar position): 31% Technical (career-track, production/construction position): 9% SH: White-collar position: 48%
Recruit and nurture diverse human resources	Pursue diversity and inclusion	(ii) Women in managerial positions 10% or more in positions qualified as section manager or above. Of whom, 20% or more to be in management and sales departments (FY2030 target)	4.3% in positions qualified as section manager or above.*2 (Of whom, 8.0% in management and sales departments)
		(iii) Rate of male employees taking childcare leave or time off related to child-rearing Aim for all male employees whose spouses have given birth to take such leave or time off	97.5%
	Strengthen human resources development	(i) Training hours per person ST: 40 hours or more per year EN: 20 hours or more per year SH: 20 hours or more per year	ST: 45.2 hours per year EN: 24.2 hours per year SH: 25.1 hours per year
		(ii) Train DX personnel ST: Number of internal data scientist trainees Total of 660 as of the end of FY2024 EN: Number of employees who took internal data scientist training Total of 210 as of the end of FY2024	ST: Cumulative total of 662 EN: Cumulative total of 207
	Create workplaces that motivate employees	(i) Annual leave acquisition rate of 75% or more (total for operating companies)	83% (total for operating companies)
		(ii) Engagement survey Affirmative response to questions about motivation: At least 75%	ST: 70% EN: 81% SH: 77%

Notes: 1. *1 The provision rates of healthcare guidance stated are the actual rates for FY2023 as the rates for FY2024 have not been finalized yet. The actual rates for FY2024 will be included in the JFE Group Sustainability Report as soon as they are finalized.

2. *2 The result stated is as of April 1, 2025.

(iii) Thoroughly enforce compliance

Strategy

In expanding our businesses in Japan and abroad, it is important that the JFE Group maintains relationships of trust with all stakeholders, including its customers, shareholders, and local communities. Trust can only be built upon a strong foundation of “Ensuring Thorough Compliance.” Misconduct and scandals resulting from compliance violations can instantly shatter the trust that has taken many years to establish. Therefore, the JFE Group established the JFE Group Standards of Business Conduct, guiding employees to conduct their business activities based on the Corporate Vision and Corporate Values. They also help to strengthen awareness among all JFE Group executives and employees and ensure adherence to corporate ethics. In addition, the JFE Group believes it is extremely important that all members of the organization deepen their knowledge and awareness of compliance and perform their jobs accordingly. It conducts training on various topics such as the Antimonopoly Act, the Subcontract Act and anti-corruption, including prevention of bribery of public officials, using e-learning and compliance guidebooks and through guidebook reading sessions as well as by other means.

Metrics and targets

Areas of focus	Material issues	Metrics and targets (FY2024 KPIs)
Thoroughly enforce compliance	Ensure adherence to corporate ethical standards and compliance	<ul style="list-style-type: none">● Steady execution of training to foster and maintain a sense of compliance (100% attendance from the target audience)● Affirmative response rate of 75% or higher to questions related to compliance awareness in the Corporate Ethics Awareness Survey

KPI results for FY2024 will be provided in the JFE Group Sustainability Report to be issued in September 2025.

(iv) Respect human rights

Strategy

The JFE Group views respect for human rights as both a corporate social responsibility and a foundation of its business. Our determination to prevent discrimination in our business operations is clearly expressed in our Standards of Business Conduct, which we have consistently upheld.

The JFE Group Human Rights Basic Policy was established in FY2018 as a standard to be observed by Group companies and their officers and employees, aimed at further clarifying our approach to these initiatives. The policy also requires all stakeholders, including those in our supply chain, to cooperate in respecting and protecting human rights.

We have also been conducting human rights due diligence since FY2021 in accordance with the United Nations Guiding Principles on Business and Human Rights, as well as engaging in ongoing initiatives such as inviting external experts to present seminars on human rights. In FY2023, we proceeded to revise the JFE Group Human Rights Basic Policy to further strengthen the Group's efforts to ensure respect for human rights, in response to recent changes in attitudes and issues surrounding human rights. We strengthened initiatives across the entire supply chain, such as the inspection and revision of procurement guidelines at each operating company in line with this basic policy.

We will continue to promote efforts to realize a society in which human rights are respected and protected.

Metrics and targets

Areas of focus	Material issues	Metrics and targets (FY2024 KPIs)
Respect human rights	Respect human rights across the supply chain	<ul style="list-style-type: none">● 100% attendance from the target audience for human rights awareness training● Promote human rights due diligence Promote the following initiatives to realize respect for human rights throughout the supply chain: [Build a system for managing human rights risks of suppliers]<ul style="list-style-type: none">● Provide feedback on the results of the FY2023 supplier survey, and offer support for improvement to those identified as needing follow-up support [Expand human rights due diligence to Group companies]<ul style="list-style-type: none">● Conduct human rights risk surveys at overseas Group companies, prioritizing those located in countries at high risk of human rights violations● Continue to support the correction and improvement of human rights risks at major domestic Group companies that have already been surveyed, while considering regular risk surveys and methods for checking corrective measures

KPI results for FY2024 will be provided in the JFE Group Sustainability Report to be issued in September 2025.

3. Business and Other Risks

Of the risks to the JFE Group's business, its financial and accounting position, and other areas presented in this report, the following might have a material impact on investors' decisions. This is not a comprehensive list of all risks facing the Group; other risks exist. Any such risks could also affect investors' decisions. The forward-looking statements contained in the descriptions below are based on the JFE Group's judgments as of March 31, 2025.

The Group's risk management system is described in "4. Corporate Governance, (1) Overview of corporate governance, (iii) Management system and internal control system, c. Development of the internal control system and risk management system."

(1) Economic conditions and sales environment (steel business, engineering business, and trading business)

Steel business and trading business

In our steel business and trading business, we face competition in the product markets and regional markets in which we operate. Sales of steel products in Japan span many areas of demand—these include building construction, civil engineering, automobiles, industrial machinery, and electrical machinery—and sales are made through a variety of channels. Beyond Japan-market sales, JFE Steel Corporation also derives around 42% (non-consolidated value basis), and JFE Shoji Corporation around 53% (non-consolidated value basis, including JFE Steel products), of sales from exports. Major export destinations include Thailand and other ASEAN markets, as well as South Korea and China. Therefore, the Group's steel product sales volumes and prices may be affected by changes in supply and demand for steel products both in Japan and abroad, reflecting economic conditions in Japan, Asia, and around the world, as well as the shrinking of the domestic market in Japan amid a falling birthrate coupled with population aging. With respect to overseas markets in particular, the JFE Group may face increasingly intense competition due to structural changes that include increases in exports out of China owing to falling domestic demand in that country and increases in steel production capacity in emerging markets. Further, the imposition of import restrictions such as tariff increases and anti-dumping measures in the businesses' major markets may affect the JFE Group's export transactions and thus affect its financial performance. Meanwhile, the imposition of various import restrictions in markets where the volume of the JFE Group's exports is small, such as the U.S. and the EU, could result in goods excluded from those markets being returned to the JFE Group's major export markets, which could affect those markets, and as a result, the JFE Group's financial performance could be affected. In addition, the potential imposition of significant and comprehensive tariffs in major overseas countries and regions may lead to changes in business strategies and operations, as well as a decrease in production and sales volume among the Group's customers in those countries and regions, ultimately impacting the Group's performance. Further, international conflicts, such as the war that broke out in Ukraine in 2022, could affect the Group's steel product sales volumes and prices by altering supply and demand for steel products both in Japan and abroad.

To address this, the JFE Group seeks to optimize its production volumes in response to changes in steel supply and demand levels in Japan and abroad and build optimal production operations by consolidating and closing facilities in anticipation of trends in steel product supply and demand over the long term. As part of these efforts, the JFE Group will transition to a leaner crude steel production capacity of approximately 21 million tons by FY2027, compared to crude steel production capacity of 26 million tons (seven blast furnaces, excluding the electric arc furnace at the Sendai Works) in FY2024. By FY2028, it will begin operation of an innovative (high-efficiency large-scale) electric arc furnace at the West Japan Works (Kurashiki district), resulting in production capabilities including five blast furnaces and one electric arc furnace. Meanwhile, the JFE Group will configure its operations to be capable of generating profits even in the face of changes in the market environment by investing strategically in JFE Steel Corporation's West Japan Works, its core steelmaking facilities, and improving its cost competitiveness. The JFE Group also seeks to create a stable earnings base by expanding its exposure to sales of products that offer technological advantages over those of mills in emerging markets. The JFE Group will also expand overseas business through strategic local partnerships with companies in growing markets overseas in pursuit of global growth opportunities.

In the trading business, with its focus on steel products, we purchase, process and sell steel raw materials, nonferrous metal products, foodstuffs, and other items. We are also building a distribution and sales network capable of responding efficiently to changes in the environment in product markets in which we do business both in Japan and overseas. Specifically, in Japan, we are strengthening our sales capabilities through measures that include restructuring distribution, and we are updating and renewing the facilities we need to strengthen our foundations in a timely manner. We will also harness overseas growth as a driving force for business expansion. In addition to coordinating with the business strategy of the steel business to strengthen

supply chain management for high-value-added products, we will work to upgrade our localized operations. Furthermore, as part of our efforts to achieve a low-carbon and decarbonized society, we will work on expanding biomass fuel and scrap trading, as well as environment-friendly products in the recycling sector, including waste tires.

Engineering business

In the engineering business, we are engaged in engineering, procurement, and construction activities with a focus on environmental facilities, such as energy plants and waste incinerators, and bridges. We perform the operation and maintenance of equipment in DBO (design-build-operate) projects as a contractor, and we also run operating businesses in areas including recycling, power generation, and electricity retailing. As the majority of the above business portfolio is related to public infrastructure (waste incinerators, bridges, etc.), reductions in domestic public works projects due to domestic economic conditions, the influence of national and local government policies, and other factors may lead directly to a decrease in the number of bidding projects, which could result in a decline in the volume of orders we receive.

Similarly, the volume of orders we receive in overseas markets may decline owing to changes in economic conditions and policies in countries in which we do business. Also, during the execution of project work, increases in the prices of materials and equipment, etc., may push up construction costs. We will engage in technology development and the like to build competitive strength that is resilient to increases in construction costs. We will also strengthen our operating businesses as a stable, long-term source of earnings.

(2) Raw materials and energy market environments (steel business and trading business)

Steel business

We procure iron ore, coking coal, ferroalloys, nonferrous metals, scrap, etc., as raw materials for the production of steel. In recent years, the purchase prices of these raw materials have been rising owing to factors including changes in global supply and demand, natural disasters or accidents in the major producing countries of Australia and Brazil, and international conflicts such as the war in Ukraine. If we are unable to reflect such purchase price increases in our steel product prices, this could affect the JFE Group's financial performance. We also purchase electricity, natural gas, and other energy supplies for use in the steelmaking process. If the purchase prices of these rise as a result of changes in global supply and demand, the tightening of environmental regulations, international conflicts, or other such events, and we are unable to reflect this in our steel product prices, this could affect the JFE Group's financial performance.

Further, if natural disasters or accidents in the main producing countries, international conflicts, supply chain disruptions, or other such events make it difficult to procure raw materials and energy, this could affect the Group's financial performance through reductions in production and sales volumes.

In response to these risks, we will aim to reduce costs and mitigate cost fluctuations in raw materials procurement by developing technology for the use of inexpensive raw materials and increasing the proportion of such materials we use.

To address this, we seek to reduce the costs and cost fluctuations involved in the procurement of raw materials by developing technologies allowing the use of low-cost raw materials and by increasing our usage of such materials. We also seek to reduce the risk of procurement instability through measures such as the acquisition of a partial interest in the Blackwater coal mine owned by Whitehaven Coal Limited in Australia, as well as diversifying our procurement sources. Furthermore, we plan to reduce the cost and cost variability of the energy we procure by systematically refurbishing the power plants and other such facilities within our steelworks.

Trading business

In addition to selling raw materials to the JFE Group, our trading business also sells raw materials outside of the Group. Therefore, changes in the JFE Group's activity levels, as well as changes in purchasing or sales conditions resulting from natural disasters or accidents in raw material producing countries, international conflicts, supply chain disruptions, and other events may affect our trading business sales volumes.

To address this, we seek to reduce raw material supply chain risks through the purchase of lower-cost materials, the development of new procurement sources, and similar activities. We also seek to stabilize and maintain sales volumes by developing sales channels outside of the Group.

(3) Stable operating status of manufacturing equipment and systems (steel business)

In the steel business, we manufacture steel products using many large-scale manufacturing facilities such as blast furnaces, coke ovens, converters, continuous casting machines, rolling mills, annealing furnaces, and power plants. Some of these facilities have been in operation for decades and are approaching their renewal dates. To establish a domestic manufacturing base capable of sustaining stable production levels, we have been progressively updating aging facilities based on planned and focused capital expenditures. However, any equipment or system problems affecting these facilities could result in decreases in production volumes and increases in repair and maintenance costs, among other outcomes, which may affect the JFE Group's financial performance.

To address this, we are systematically investing in the renewal of key facilities and equipment to strengthen the manufacturing capabilities of our steelworks. We have been investing in our core facilities and equipment, including outlays to deal with the deterioration of blast furnace ancillary equipment to ensure the stable operation of blast furnaces, and efforts to utilize digital transformation (DX), artificial intelligence (AI), and Internet of Things (IoT) technologies. Under the Eighth Medium-term Business Plan, we will roll out these efforts across all processes.

(4) Effects of capital expenditure and business investments (steel business, engineering business, and trading business)

The JFE Group makes major capital expenditures and business investments with the aim of maintaining and enhancing its earnings base and expanding its businesses.

Capital expenditures

In the steel business, we continue to invest strategically in our production sites in Japan in order to build a stable production base and to improve our productivity and cost competitiveness. We are modernizing and increasing the capacity of facilities in the business's East and West Japan Works, which will include renewing coke ovens, expanding the electrical steel sheet production line, and introducing an innovative electric arc furnace. If the operation of these facilities is delayed or the demand for steel products changes, the expected cost reductions and sales growth effects may not be realized, and this could affect the JFE Group's financial performance.

We therefore periodically check the progress of major works to ensure that they are being executed as planned. We also continuously monitor global economic conditions and demand trends and, when changes occur, make appropriate revisions to the timing and scale of investments and other such areas in our initial capital expenditure plans.

Business investments

In addition to investing in Japan, the JFE Group pursues business investments for the purpose of capturing overseas growth opportunities. Unforeseen circumstances, such as changes in political and economic conditions overseas and changes in joint-venture partners' circumstances, could make it difficult to achieve expected earnings levels, recoup investments, and so forth, and this may affect the JFE Group's financial performance.

To address these risks, we continuously monitor global economic conditions and demand trends and, when changes occur, make appropriate revisions to the timing and scale of investments and other such factors in our initial business investment plans. Also, as part of the business investment decision-making process, we assess risks relevant to individual companies and regions, and follow up accordingly in order to manage those risks.

(5) Development status of new products and new technologies (steel business and engineering business)

In order to be globally competitive, the JFE Group has honed its technological capabilities by responding to the sophisticated demands of its customers. To maintain and enhance the Group's earnings base, we must continue to develop the world's most advanced new products and technologies, provide manufacturing solutions, and seek out new businesses that will contribute to society at large. If we are unable to do this as planned or if the effects do not emerge as planned because of changes in external environmental factors, our sales volumes could decline because we miss opportunities to provide new products, our profitability could decline because of an inability to add sufficient value, or we may lose opportunities to receive orders; these and similar

outcomes could affect the JFE Group's financial performance.

To address this, in the steel business, we will accelerate our development efforts with a focus on automobiles, infrastructure building materials, and energy. We will also pursue development that captures customer demand more accurately than ever before. For example, we will work to create value through steel in the automotive space by deepening our interactions with customers and stepping up our Early Vendor Involvement (EVI) so that we can continue to offer leading-edge technologies, including advanced high-tensile steel products and the technology to make use of them while in the construction materials field, our JFESCRUMTM solution proposal activities to create new added value in collaboration with customers. We are working hard to create new value for steel by providing the JFE ResolusTM solution business, which offers the manufacturing and operational technologies we have cultivated through steelmaking over many years to customers as solutions to a wide range of issues, not limited to the steel industry. In the engineering business, we are actively advancing technological development using cutting-edge AI and IoT technologies targeting applications such as the automation and remote monitoring of plants, and we will continue to offer new products and services, including energy services.

The JFE Group will also continue to leverage new technology developments and revise its development plans as appropriate in response to changes in the market environment.

(6) Quality assurance (steel business, engineering business, and trading business)

The JFE Group provides a wide variety of products and services, including steel products, to customers. The quality of the Group's products is confirmed by a quality assurance department that is independent of the quality design and manufacturing departments, with quality assurance operations being checked by a quality assurance department. However, if problems arise with, for example, the Group's products, services, or quality management systems, this could lead to the payment of compensation, loss of reputation, or similar outcomes, which could affect the JFE Group's financial performance.

To address this, we have set up an organization at the head office to oversee quality control, including that of Group companies, and we are implementing processes designed to eliminate quality defects. With respect to the quality data that we provide to customers, we are working to eliminate human error and data tampering by expanding and enhancing the automatic measurement and transmission of such data. We are also working to prevent aberrant materials from reaching customers by strengthening the identification and management of steel intermediate materials and by strengthening our quality assurance operations through in-house diagnosis.

In the engineering business, the engineering, procurement, and construction of equipment and facilities involve the use of procured construction materials and equipment, and we remain liable for contract non-conformance for a set period after delivering the equipment and facilities. If faults or defects categorized as contract non-compliance emerge during the construction of this equipment and facilities, as contractor we have a duty to perform rectification work, which may result in additional costs being incurred. To mitigate such risks, we have established quality assurance systems and we perform inspections of procured products and construction work.

(7) Risk of post-order cost fluctuations (engineering business)

In the engineering business, the engineering, procurement, and construction of equipment and facilities involves the purchasing of materials and equipment and the hiring of external contractors, and some projects involve construction periods spanning several years. Also, our operating businesses involve purchasing the electricity, fuel and other materials required to operate facilities and equipment, with some of these business projects remaining in operation for 20 years or more. As market and economic conditions change, the price of construction materials and contractor labor can fluctuate, affecting construction costs; the cost of electricity, fuel, and other items can also fluctuate, similarly affecting operating costs. These factors could affect the JFE Group's financial performance.

To address this, we seek to mitigate the risk of post-order cost fluctuations by identifying any risks at the bidding stage of orders and, for example, by incorporating allowances for such risks into the contractual conditions. After receiving orders, we seek to discover and mitigate risks early through third-party follow-up assessments performed by people with relevant project experience.

(8) Serious occupational accidents (steel business, engineering business, and trading business)

The JFE Group is engaged in a variety of businesses, some of which feature workplaces with relatively high rates of accidents and incidents, including those involving work at considerable heights or in high-temperature environments, the transportation of heavy objects, and work on gas-related equipment. The Group strives to create work environments in which diverse human resources, including women and the elderly, can work with peace of mind and free from accidents. However, in the event of a serious accident at a production facility or similar or a serious occupational accident, the Group's business activities could face restrictions, and this could affect the JFE Group's financial performance.

As such, the Group's operating companies all strive to eradicate serious accidents and disasters. Each steelworks and production site has obtained ISO 45001 certification for occupational health and safety management systems, and is continually and effectively operating these systems to improve safety and health standards. We are also introducing various safety systems, including an AI-based image recognition system that sounds an alarm and stops the production line if a worker enters an exclusion zone, as well as systems designed to prevent incidents by monitoring gas concentrations and the proximity of workers to heavy machinery in real time.

(9) Climate change (steel business, engineering business, and trading business)

The JFE Group utilizes steel manufacturing processes that emit large amounts of greenhouse gases (GHGs), and we regard the Group's efforts to address climate change as an extremely important business priority with bearing on the sustainability of the Group's businesses. If the Group does not make adequate efforts toward achieving carbon neutrality or is unable to achieve its targets for innovative technology development, this could result in a loss of cost competitiveness, reduced dealings with customers, and difficulty in raising funds, etc., thereby possibly lowering international competitiveness or significantly impacting the Group's financial performance.

The Group has set goals to reduce GHG emissions by 30% or more by FY2030, compared to FY2013, and achieve carbon neutrality by 2050. Toward this end, internal structures and teams are being developed and work is being carried out swiftly and efficiently.

We also participate in the Project to Hydrogen Utilization in Iron and Steelmaking Processes, a Green Innovation Fund Project organized by Japan's New Energy and Industrial Technology Development Organization (NEDO). Through our involvement in this project, we are actively developing ultra-innovative technologies, including hydrogen reduction technology for use in blast furnaces, technology for achieving low levels of carbon in blast furnace exhaust gas (carbon-recycling blast furnaces and carbon capture and utilization), direct hydrogen reduction technology, and impurity removal technology for electric arc furnaces. We began direct hydrogen reduction trials with a small test furnace in December 2024 and impurity removal trials for electric arc furnaces with a small test furnace in February 2025. In this context, we determined to introduce an innovative new electric arc furnace, which can be put into operation early as a substitute process for blast furnaces that will undergo renovation in FY2027. At the same time, securing a stable source of direct reduced iron is essential for us to manufacture high-quality, high-strength steel using this innovative electric arc furnace and reduce GHG emissions from the blast furnace method. We are pushing ahead with discussions on specific business schemes to establish a low-carbon reduced iron supply chain in the Middle East.

From the first half of FY2023, we have also begun supplying JGreeX™ green steel, which features significantly lower GHG emissions than conventional products from the steel manufacturing process, based on the actual amount of GHG emission reduction achieved. JGreeX™ has already been adopted across a wide range of fields, including automotive, shipbuilding, bridges, construction, industrial machinery, and transformers. We will continue to work toward the realization of a social distribution model in which GHG reductions are achieved across our entire supply chain.

Meanwhile, the introduction of these carbon-neutral processes will necessitate large outlays for technology development and capital expenditure, so we believe that significant increases in manufacturing costs are inevitable. The Japanese government has committed to long-term and continuous support for technological development and capital expenditure aimed at carbon neutrality through national policies such as The Basic Policy for the Realization of GX and the Act on Promoting Transition to the Decarbonized Growth Economic Structure. However, if the government cannot provide the same level of subsidies and other support as other steel-producing countries, or if there are further rises in industrial electricity prices in Japan, which are already high by international standards, or if the cost competitiveness of Japanese steelmakers declines relative to other countries, such developments could affect the JFE Group's financial performance. To achieve carbon neutrality, it will also be crucial to procure

large amounts of green hydrogen at low prices and non-fossil energy at internationally competitive prices, but if such factors are not available in Japan, or if steel prices do not appropriately reflect the high environmental value of green steel, these separate developments could affect our Group's financial performance. The creation and expansion of a green steel market is also essential for us to implement these initiatives for carbon neutrality, and we believe that government support is vital. This includes preferential procurement, purchasing assistance, and regulatory measures.

Additionally, there is concern that policies and systems such as the EU Taxonomy and carbon border adjustments may lead to global protectionism, which could impede a smooth transition to decarbonization. Further, the standards, threshold values, definitions, and standards for GHG quantification concerning green steel vary throughout the world, including among international and private-sector bodies, which could disrupt international steel trade. In October 2024, the World Steel Association established international guidelines, based on the Guidelines for Green Steel developed by the Japan Iron and Steel Federation. We will continue to help revise these guidelines to ensure that the GHG emissions reduction value of green steel is appropriately reflected in the carbon footprint of our customers' products. We will deepen discussions with the Japanese government and relevant organizations aimed at international standardization, including the GHG Protocol and ISO standards, work towards creating a system that adequately evaluates reduction efforts to ensure fair compensation, and advocate for the appropriate and systematic establishment of environmental regulations through collaboration with the relevant organizations.

- (10) Large-scale natural disasters, rapid outbreaks of infectious diseases such as new influenza strains, wars, internal disturbances, riots, terrorist activities, etc. (steel business, engineering business, and trading business)

Large-scale natural disasters such as major earthquakes or typhoons, rapid outbreaks of infectious diseases such as new influenza strains, wars, internal disturbances, riots, and terrorist activities are among the events that could hinder the Group's business activities and affect its financial performance. For example, an outbreak of an infectious disease such as a novel coronavirus could result in measures such as movement restrictions and urban lockdowns being imposed around the world, hindering the Group's business activities, and could result in a decrease in sales volumes due to large reductions in production levels in industries the Group serves, and such outcomes could have a large impact on the Group's financial performance. International conflicts arising in regions in which the Group does business could result in reduced sales volumes owing to large reductions in production levels in industries that use the Group's products, and this could affect the Group's financial performance. In addition, damage to equipment or buildings or the flooding of steelworks caused by large typhoons could result in reduced production volumes, thereby affecting the Group's financial performance. Also, if the production or shipment of raw materials used by the Group is suspended because of the suspension of port facilities in locations from which the Group procures these, this could result in reduced production volumes and other outcomes, similarly affecting the Group's financial performance.

In response to the increasing intensity of typhoons and heavy rainfall in Japan in recent years, we are strengthening and upgrading the drainage facilities at our steelworks. Also, given that we mainly procure raw materials from overseas, we will address the risk of large-scale weather disasters overseas by finding alternative sources, diversifying across sources, and increasing equipment capacity. We have also formulated a business continuity plan (BCP) for emergency situations. In the event of a large earthquake, for example, this plan sets out measures for setting up tsunami evacuation shelters, for maintaining company-wide command functions in the event of communication constraints and power outages, or similar, and for backing up data. With respect to the risk of new infectious diseases, we are putting in place workplace systems and environments that prioritize the health and safety of all employees to ensure that they can continue to work with peace of mind. These include strict sanitation and hygiene controls, flexible business operations such as staggered working hours and telework, and progressive improvements to infrastructure and environments. We also have arrangements in place allowing the setup of a task force that can take prompt action.

- (11) Competing materials (steel business and trading business)

The Group sells eco-products and environmentally friendly technologies that are highly effective in controlling GHG emissions. The high-tensile steel used in automobile body applications has cost advantages over other materials such as aluminum and carbon fiber, and it also helps to reduce vehicle weight, so we believe there is limited scope for it to be replaced with other materials. However, significant reductions in the costs of other materials could result in a decline in steel demand, which could affect the Group's financial performance. Accordingly, we are working to reduce costs and improve product performance in an

effort to limit the potential for other materials to replace steel. We will also propose multi-material structures that incorporate resins and other lightweight materials and by developing components made with combinations of steel as a material, thereby leveraging the unique characteristics of each material and expanding the scope of demand for steel and helping to reduce weight.

(12) Information security (steel business, engineering business, and trading business)

During the course of its business activities, the Group comes into possession of confidential information and personal information on its customers and business partners, and it also holds confidential information and personal information pertaining to the Group. Rigorous controls are in place across the Group to ensure that this information is not leaked, tampered with, or otherwise compromised. If any of this information is leaked or tampered with as a result of negligence, theft, external attacks, etc., this could lead to a loss of technological advantage, the payment of compensation, and loss of reputation, among other impacts, which may affect the Group's financial performance.

To address this, the Group has established rules governing information management as a means of preventing information leaks and system failures caused by cyberattacks or unauthorized system use. In addition, the JFE Group Information Security Committee deliberates on important IT issues, particularly information security, and based on the policies and principles determined by this committee, we continue to enhance information security management across the entire Group through JFE-SIRT, an internal team established to plan and drive the implementation of information security measures. In April 2024, we also established JFE Cyber Security & Solutions, Ltd. to recruit and develop security personnel and strengthen our security monitoring function.

(13) Country risk (steel business, engineering business, and trading business)

The Group actively seeks to develop its business in overseas markets to capture growing demand. In the steel business and trading business, the Group invests in local steel production and processing lines and engages in capital alliances with local steel companies; in the engineering business, the Group takes orders for infrastructure projects in emerging markets. Unforeseen circumstances in the regions in which we do business, including changes in political and economic conditions, terrorism and other sources of turmoil, law revisions, and large natural disasters, could result in production volumes decreasing, synergies with capital alliance partners being reduced, costs being incurred due to the revision of laws and regulations, logistics costs increasing, the impairment of goodwill recorded in the consolidated financial statements, changes in manufacturing costs in projects undertaken, and other such outcomes, any of which could affect the Group's financial performance.

To address this, we strive to make careful investment decisions by incorporating business risk assessments appropriate to the risks of the relevant countries into our business investment and lending assessment process. To mitigate the impact of unforeseen circumstances, we are strengthening our monitoring capabilities, and seeking to diversify local procurement sources, among other measures.

In the trading business, we are engaged in international trade dealings. We face the risk of being unable to import or export due to circumstances in specific countries, and we may also be exposed to settlement risk if a foreign government suspends international fund transfers due to, for instance, the situation in the foreign exchange markets. We use trade insurance and other means to address these risks.

(14) Exchange rate fluctuations (steel business, engineering business, and trading business)

The Group's financial performance may be affected by exchange rate fluctuations. If the amounts of foreign currency paid (the import value of raw materials, etc.) do not completely offset the amounts of foreign currency received (the export value of products, etc.), exchange rate fluctuations may potentially impact the Group's financial performance. Our measures to address this include using forward exchange contracts to hedge our transactions. When the Japanese yen depreciates, the Group's financial performance can be affected by increases in the cost of raw materials when converted into Japanese yen. In turn, we reflect such increases in our product selling prices.

In addition, when the Japanese yen appreciates, domestic demand for steel products may decrease owing to the reduced export competitiveness of industries that use steel products, such as the automotive industry, and the Group's products may become less price competitive in foreign markets, with such factors potentially affecting the Group's financial performance. To address this, as described in sections (1) and (5), the Group is working to secure its share of the Japanese market for steel products and also

establishing global supply capabilities to respond flexibly to changes in global market conditions through strategic local partnerships with companies in growing markets overseas.

(15) Decline in the value of fixed assets (steel business, engineering business, and trading business)

The Group owns many fixed assets, including large-scale steel product manufacturing facilities. When the Group does not expect to be able to recoup the amount invested in a fixed asset because of, for example, a decline in profitability, then it recognizes an impairment loss on the asset, and such occurrences may affect the Group's financial performance.

To address this, we work to maintain and improve the value of our assets, mainly through the measures described in (1) – (5), (9) and (11) above.

(16) Hiring and training human resources and providing proper working environments (steel business, engineering business, and trading business)

As Japan's working-age population declines, the Group is stepping up its efforts to ensure it has an adequate labor force and sufficient skilled personnel, to improve individual abilities through human resource development, and to improve labor productivity by means of labor-saving measures. But if the Group or companies in the Group's supply chain are unable to secure sufficient human resources, particularly skilled personnel, the resulting loss of competitiveness and stability in production operations could affect the Group's financial performance.

In response, the Group views diversity and inclusion (DEI) as key business initiatives, is expanding its hiring sources to secure a wide range of personnel, and is also fostering a corporate culture of respect for diverse people and opinions in order to increase retention rates and productivity. The Group will also continue to improve its workplace environments and systems while, at the same time, using IT to achieve greater labor savings and efficiencies in the face of labor shortages.

Improper labor management could result in outflows of personnel and significant harm to the Group's credibility, which could affect the Group's financial performance. Our efforts to prevent this include properly managing working hours, conducting human rights awareness training, and maintaining a harassment consultation office.

(17) Protection of intellectual property (steel business and engineering business)

The Group holds many intellectual property rights in Japan and abroad for the purpose of protecting the right to use the individual technologies and trademarks necessary for its business activities. When doing business, we investigate what intellectual property rights are held by third parties (i.e., parties not part of the Group) and take measures to avoid infringing on such rights; however, if a third party were to claim that the Group has infringed on its intellectual property rights, this could result in the payment of damages or royalties, the suspension of business activities, and other consequences, and this could affect the Group's financial performance. If the intellectual property rights of the Group were to be rendered invalid by a third party, this could result in reduced competitiveness in the relevant business area, which could affect the Group's financial performance. Further, if intellectual property rights of the Group were to be infringed by a third party, or if intellectual property information were to be leaked by information holders inside or outside of the company, the Group's financial performance could be affected by a decline in the value of its technologies or brands, the failure to collect damages, or similar outcomes.

To address this, the Group continues to strengthen its systems for investigating and monitoring the intellectual property rights of third parties, including those outside of Japan, to prevent infringements on such rights. Additionally, the Group is working to acquire rights to important technologies in overseas regions while also strengthening its systems for monitoring third-party counterfeit technologies and counterfeit products in order to prevent and deter people from infringing on the Group's intellectual property rights. We are also enhancing our internal information management training programs and strengthening efforts to manage the confidentiality obligations of retired employees and other individuals.

(18) Financial market fluctuations and changes in the financing environment (steel business, engineering business, and trading business)

The steel business, the Group's core business, has large-scale facilities and requires large amounts of capital to maintain and renew those facilities, so maintaining a sound financial footing is crucial. In recent years, our capital expenditures have exceeded depreciation costs, so we have high levels of interest-bearing debt. Therefore, financial market instabilities, increases in interest

rates, the lowering of our credit ratings by rating agencies, and other such events could result in the Group facing financing restrictions and increases in financing costs.

As such, we use financial management indicators—the debt/EBITDA ratio and the debt/equity ratio—to manage the finances of the entire Group and its operating companies. We also use interest rate swaps to hedge some of our borrowings and other transactions. To maintain financial soundness, we are currently working to reduce our interest-bearing debt through measures that include the reduction of inventory and the like to improve the cash conversion cycle, downsizing our asset holdings by, for example, reducing our equity holdings, and conducting order-of-priority reviews of capital expenditures and of other investments and lending.

(19) Fluctuations in the value of equity holdings and the like (steel business, engineering business, and trading business)

Changes in the value of equities and the like held by the Group may affect the Group's financial performance and financial position. As a general rule, the Group does not hold listed equities unless a reasonable justification for holding those equities exists, and we are thus selling off the Group's holdings of listed equities.

(20) Credit risk (steel business, engineering business, and trading business)

If the Group incurs bad debts due to the insolvency or bankruptcy of a trading partner in respect to which the Group has trade receivables, this may affect the Group's financial performance. As such, we engage in rigorous credit management, and we use credit insurance to cover some high-risk transactions.

(21) Laws and regulations (steel business, engineering business, and trading business)

In Japan and other countries in which it does business, the Group is subject to various laws and regulations; these include those pertaining to the environment; labor, safety, and health; commerce, trade, and foreign exchange; intellectual property; and taxation. It is also subject to economic laws and regulations such as anti-trust laws, business-related laws and regulations such as the Construction Business Act, and other relevant laws and regulations. If such laws and regulations become stricter, in addition to the effects described in sections (1), (9), and elsewhere in this document, the Group may face restrictions on its business activities, incur costs related to compliance, and so forth, and this could affect the Group's financial performance. The Group strives to comply with such laws and regulations by ensuring it has rigorous internal controls in place, but if it were determined that the Group is not in compliance, it could face administrative sanctions or similar, which could affect the Group's financial performance.

To address this, we will continue to advocate for the appropriate enactment, revision or abolition of relevant laws and regulations by, for instance, submitting an opinion statement when authorities are considering any such establishment, revision or abolition. In addition, whenever a law or regulation is enacted, revised, or abolished, the business unit primarily responsible for matters relating to that law or regulation evaluates the impact on our business and notifies other relevant departments within the company of its findings. We also regularly conduct compliance training covering a variety of regulatory themes and ensure that the relevant knowledge is shared with and properly understood by employees.

(22) Respect for human rights in the supply chain (steel business, engineering business, and trading business)

The Group procures raw materials and other materials and equipment from all over the world, but if human rights problems occur in the relevant supply chains, in addition to impacting procurement and production, this could lead to damage to the Group's reputation, which could in turn affect the Group's financial performance.

The JFE Group Human Rights Basic Policy, which sets out the Group's overall approach to respect for human rights, was adopted in 2018 and then revised in April 2023 in response to recent changes in attitudes and issues surrounding human rights. We have also established policies for our operating companies, including our Procurement Guidelines, Basic Procurement Policy, and Basic Policy on Sustainability in the Supply Chain, in addition to following purchasing practices that ensure respect for human rights, legal compliance, and environmental protection. We have commenced human rights due diligence in accordance with the United Nations Guiding Principles on Business and Human Rights, and we will continue to identify human rights risks within the Group as well as study and implement measures to rectify such risks.

(23) Retirement benefit obligations (steel business, engineering business, and trading business)

The Group's employee retirement benefit costs and obligations are calculated based on assumptions, such as discount rates, used in actuarial calculations. Fluctuations in interest rates, changes in the fair value of institutional assets, changes in the retirement allowance system, and similar events could affect the Group's financial performance and financial position.

(24) Deterioration in financial performance at equity-method associates

The Company and its consolidated subsidiaries have many equity-method associates. Losses incurred by equity-method associates are recorded in the consolidated financial statements according to the ownership ratios of the Company and its consolidated subsidiaries. If the recoverable value of an equity-method associate is lower than the acquisition cost or carrying amount, the Company or its consolidated subsidiary may have to record an impairment loss on the shares it holds in the equity-method associate. The Company and its consolidated subsidiaries provide debt guarantees for the monetary obligations of some equity-method associates. If, in the future, the Company or its consolidated subsidiaries are required to honor these debt guarantees, this could affect the Group's financial performance and financial position. To address this, we monitor the efforts of equity-method associates to improve their profitability, and we implement a range of measures necessary to reduce risk.

Note that, in addition to the events described above, the Group's business activities, financial performance, and similar areas could also be affected by other events that cannot be predicted at this time.

4. Management Analysis of Financial Position, Operating Results and Cash Flows

(1) Overview of operating results

(i) Financial position and operating results

The overview of the Group's operating results for the fiscal year ended March 31, 2025 is described in “(2) Management's discussion and analysis of operating results, (ii) View, discussion and analysis of operating results for the fiscal year ended March 31, 2025, a. Analysis of operating results for the fiscal year ended March 31, 2025.”

(ii) Cash flows

Cash flows for the fiscal year ended March 31, 2025 are described in “(2) Management's discussion and analysis of operating results, (ii) View, discussion and analysis of operating results for the fiscal year ended March 31, 2025, b. Discussion and analysis of cash flows and analysis of capital resources and liquidity of funds.”

(iii) Results of production, orders received and sales

The Group's results of production refer to crude steel output of the steel business, and the Group's orders received refer to orders received and order backlog of the engineering business.

In the steel business, results of orders received are not shown because orders received from specific customers have repetitive and recurring nature. In the engineering business, results of production are not shown in terms of amount or quantity because the business is mainly contracted work. In the trading business, results of production and orders received are not shown in terms of amount or quantity because many of the products are not manufactured on a make-to-order basis.

a. Production

The Group's production for the fiscal year ended March 31, 2025 was as follows.

Segment	Crude steel output (thousand tons)	YoY change (%)
Steel Business[JFE Steel Corporation]	23,196[21,946]	(6.5)[(6.4)]

b. Orders received

Orders received for the fiscal year ended March 31, 2025 were as follows.

Segment	Orders received (million yen)*1	YoY change (%)*2	Order backlog (million yen)*1	YoY change (%)*2
Engineering Business	579,560	(3.2)	994,468	+0.9

Notes: 1. *1 Regarding long-term O&M orders for waste treatment facilities, etc. entrusted by local governments, etc., until the previous fiscal year, the Group recorded only an amount of orders received equivalent to the revenue for each fiscal year. However, starting from the fiscal year ended March 31, 2025, the Group records the total amount of orders received at the time when each contract is signed. The amount of orders received and order backlog for the fiscal year ended March 31, 2025, based on the previous recording method are 558,517 million yen and 603,017 million yen, respectively.

2. *2 YoY change is calculated using the figures for the fiscal years ended March 31, 2025 and 2024, based on the new recording method.

c. Sales (million yen)

Sales for the fiscal year ended March 31, 2025 were as follows.

Segment	Sales (million yen)	YoY change (%)
Steel Business	3,365,191	(9.4)
Engineering Business	569,815	+5.5
Trading Business	1,438,559	(2.6)
Total	5,373,566	
Adjustments	(513,919)	—
Total	4,859,647	(6.1)

Note: The amounts and proportions of sales to major customers are omitted because no customer accounts for 10% or more of sales.

(2) Management discussion and analysis of operating results, etc.

This section includes the presentation, analysis, and discussion of the Group's operating results and related information from the perspective of management. Except where otherwise specified, the forward-looking statements contained in the descriptions below are based on judgments as of March 31, 2025.

(i) Accounting estimates and assumptions

The Group's consolidated financial statements are prepared in accordance with IFRS.

Material accounting policies are presented in "V. Financial Information, Notes to Consolidated Financial Statements, 3. Material Accounting Policies." Material accounting estimates are presented in "V. Financial Information, Notes to Consolidated Financial Statements, 4. Significant Judgements, Accounting Estimates, and Assumptions."

(ii) Presentation, analysis, and discussion of operating results, etc. for the fiscal year ended March 31, 2025

a. Analysis of operating results for the fiscal year ended March 31, 2025

During the fiscal year ended March 31, 2025, economies around the world including in Japan generally continued to recover moderately, although some stagnation was experienced due to the ongoing slowdown of the Chinese economy and labor shortages. In addition, rising prices and the impact of U.S. policies, including trade measures, increased uncertainty regarding the future economic outlook.

The JFE Group strove to strengthen its earnings base by completing ongoing structural reforms, increasing its ratio of high-value-added products, and revising pricing structures. Despite these efforts, both business profit and profit attributable to owners of the parent declined year over year due to sluggish domestic demand and increased low-priced exports from China to neighboring countries.

The operating results of each segment follow.

In the steel business, consolidated crude-steel production volume declined to 23.20 million tons, reflecting weak demand in Japan and overseas as well as deteriorating conditions in steel markets overseas. Sales revenue decreased by 350.9 billion yen (9.4%) year over year to 3,365.1 billion yen due to reduced sales volumes and worsening overseas steel prices.

Segment profit fell significantly by 166.4 billion yen (82.1%) to 36.3 billion yen due to the decline in overseas steel prices, reduced sales volumes and one-time factors such as inventory valuation losses, despite the benefits of structural reforms and ongoing efforts to improve selling prices and reduce costs.

In the engineering business, revenue increased by 29.9 billion yen (5.5%) to a record 569.8 billion yen due to steady progress with projects for which orders had already been received. However, segment profit declined by 5.0 billion yen (20.5%) to 19.3 billion yen due to delays in offshore wind power projects (monopiles), among other factors.

In the trading business, although Studco Building Systems US, LLC and Studco Corporation, which were acquired in May 2024, contributed to profit, revenue declined by 37.9 billion yen (2.6%) to 1,438.5 billion yen and segment profit fell by 1.0 billion yen (2.0%) to 47.9 billion yen as demand in Japan's construction sector remained sluggish.

Including performance from the parent company and consolidated subsidiaries, revenue on a consolidated basis declined by 315.0 billion yen (6.1%) to 4,859.6 billion yen and business profit fell by 162.9 billion yen (54.6%) to 135.3 billion yen. Profit before tax decreased by 124.0 billion yen (46.2%) to 144.3 billion yen and profit attributable to owners of parent decreased by 105.6 billion yen (53.5%) to 91.8 billion yen.

b. Analysis and discussion of cash flows and analysis of the sources of capital and the liquidity of funds

Free cash flow amounted to an inflow of 95.7 billion yen (a decrease of 58.0 billion yen in cash inflow year over year). This represents the net of cash inflow of 378.9 billion yen from operating activities (a decrease of 100.0 billion yen in cash inflow year) and cash outflow of 283.1 billion yen (a decrease of 42.1 billion yen in cash outflow) from investing activities, mainly for purchases of property, plant and equipment, intangible assets, and investment property.

Net cash used in financing activities totaled 157.4 billion yen (an increase of 112.0 billion yen in cash outflow), primarily due to repayment of long-term debt.

As a result, interest-bearing liabilities outstanding as of March 31, 2025, decreased by 63.8 billion yen from the previous year-end to 1,766.4 billion yen, while cash and cash equivalents decreased by 70.2 billion yen to 172.8 billion yen.

Interest-bearing liabilities include bonds payable, borrowings, and lease obligations.

Information on the Group's sources of capital and the liquidity of funds is presented below.

The Group's main demands on working capital include payments for the purchase of raw materials, manufacturing costs, contracted construction work, and operating expenses such as selling, general and administrative expenses. The primary funding needs for investment relate to increasing revenue in the steel business, strategic investments in areas such as green transformation (GX) and digital transformation (DX), and capital investments aimed at upgrading manufacturing infrastructure.

Working capital is mainly procured through borrowings from financial institutions and the issuance of commercial papers. Funds for investment are primarily sourced from the Group's internal reserves. For needs that exceed internal reserves, the Group procures funding through long-term borrowings from financial institutions and the issuance of bonds.

The Group ensures sufficient liquidity through the establishment of commitment lines with multiple financial institutions.

c. Achievement of targets

Under the Seventh Medium-term Business Plan (FY2021–2024), announced in May 2021, the Group established the following financial and revenue targets, striving to strengthen the earnings base through the steady implementation of measures such as completing the structural reform of the steel business and shifting focus from Quantity to Quality. However, due to a greater-than-anticipated deterioration in the business environment for the steel industry, the Group was unable to achieve its main financial and earnings targets for FY2024.

On the other hand, robust demand is apparent in growth markets, primarily India, and in markets for products such as green steel that contribute to achieving a carbon-neutral society. To firmly capture this demand, we will pursue initiatives based on the Eighth Medium-term Business Plan (FY2025–2027). (Please refer to “1. Management Policy, Business Environment, Issues to Address (4) Priority business and financial issues to address” for details of the Eighth Medium-term Business Plan.

■ Seventh Medium-term Business Plan

		Targets (FY2024)	Results			
			(FY2021)	(FY2022)	(FY2023)	(FY2024)
Group-wide	Consolidated business profit	320.0 billion yen	416.4 billion yen	235.8 billion yen	298.2 billion yen	135.3 billion yen
	Profit attributable to owners of parent	220.0 billion yen	288.0 billion yen	162.6 billion yen	197.4 billion yen	91.8 billion yen
	ROE	10%	15.7%	7.9%	8.6%	3.7%
	Debt/EBITDA ratio	Around 3x	2.8x	3.7x	3.2x	4.5x
	D/E ratio	About 70%	80.8%	67.8%	58.0%	54.3%
Operating companies	Steel Business					
	• Profit per ton	10 thousand yen/ton	14 thousand yen/ton	7 thousand yen/ton	10 thousand yen/ton	2 thousand yen/ton
	• Segment profit	230.0 billion yen	323.7 billion yen	146.8 billion yen	202.7 billion yen	36.3 billion yen
	Engineering Business					
	• Segment profit	35.0 billion yen	26.0 billion yen	13.4 billion yen	24.3 billion yen	19.3 billion yen
	• Revenue	650.0 billion yen	508.2 billion yen	512.5 billion yen	539.9 billion yen	569.8 billion yen
	Trading Business					
	• Segment profit	40.0 billion yen	55.9 billion yen	65.1 billion yen	48.9 billion yen	47.9 billion yen

Notes: 1. D/E ratio: Liabilities with equity-like features subject to credit ratings are included in equity based on the credit ratings from rating agencies.

2. Steel business profit per ton: (Segment profit / unconsolidated sales volume in tons)

	Targets	Results			
		(FY2021)	(FY2022)	(FY2023)	(FY2024)
Shareholder return policy (dividend payout ratio)	About 30%	28.0%	28.5%	30.9%	69.2%

An analysis of the results for the fiscal year ended March 31, 2025, is presented under “(ii) Presentation, analysis, and discussion of operating results, etc. for the fiscal year ended March 31, 2025, a. Analysis of operating results for the fiscal year ended March 31, 2025

5. Material Contracts

(1) Material contracts (excluding contracts concerning technology)

Contracting companies	Contract counterparties	Description of contract	Contract date / term
JFE Holdings, Inc.	IHI Corporation Imabari Shipbuilding Co., Ltd.	Shareholders' agreement regarding the shipbuilding business	March 27, 2020 (revised on January 1, 2021)
JFE Steel Corporation (consolidated subsidiary)	Kyndryl Japan KK	Comprehensive partnership agreement between JFE Steel Corporation and Kyndryl Japan KK, joint venture agreement concerning the business operations of EXA CORPORATION, and outsourcing agreement from JFE Steel Corporation to Kyndryl Japan KK	From April 1, 2011 to March 31, 2026
	Kurashiki City, The Chugoku Electric Power Co., Ltd., and others	Project for the construction and operation of a resource recycling waste treatment facility in Kurashiki City, Okayama Prefecture (PFI project)	From March 15, 2002 to March 31, 2025 *1
	Nucor Corporation (USA)	Joint venture agreement regarding California Steel Industries, Inc., a steel business company in the United States.	February 2, 2022
	Marubeni-Itochu Steel Inc., Sahaviriya Steel Industries PLC (Thailand), and others	Joint venture agreement regarding Thai Coated Steel Sheet Company Limited, a manufacturing and sales company for electrical galvanized steel sheets in Thailand	June 11, 1999 (revised on July 17, 2001)
	Marubeni-Itochu Steel Inc., Sahaviriya Steel Industries PLC (Thailand), and others	Joint venture agreement regarding Thai Cold Rolled Steel Sheet PCL, a manufacturer and seller of cold-rolled steel sheets in Thailand	July 12, 2001 (revised on February 1, 2013)
	Marubeni-Itochu Steel Inc. and Sahaviriya Steel Industries PLC (Thailand)	Memorandum of agreement on strengthening collaborative relationships in the steel industry in Thailand	October 31, 2012
	Gangzhou Steel Sheet Co., Ltd. (China)	Joint venture agreement regarding the manufacturing and sales company Guangzhou JFE Steel Sheet Co., Ltd. for cold-rolled steel sheets and hot-dip galvanized steel sheets in China	October 29, 2003 (revised on April 11, 2012)
	Dongkuk Holdings Co., Ltd. (South Korea)	Basic agreement on additional investment in (former) Dongkuk Steel Mill Co., Ltd. and business cooperation related to steel plates	September 25, 2006
	ITOCHU CORPORATION, KOBE STEEL, LTD.	Joint venture agreement concerning a company (JAPÃO BRASIL MINÉRIO DE FERRO PARTICIPAÇÕES LTDA.) for investment in the Brazilian iron ore production and sales company CSN Mineração S.A.	November 29, 2019 (revised on February 21, 2020)
	JSW Steel Limited (India)	Agreement on capital participation based on the strategic comprehensive alliance between JFE Steel Corporation and JSW Steel Limited	July 27, 2010
	JSW Steel Limited (India)	Joint venture agreement concerning the manufacture and sale of oriented electrical steel sheets in India	August 2, 2023
	NIPPON STEEL CORPORATION, Sojitz Corporation, Japan Organization for Metals and Energy Security	Joint venture agreement for a company (Japan-Brazil Niobium Corporation) to invest in the Brazilian niobium production and sales company CBMM	March 4, 2011
	Marubeni-Itochu Steel Inc. and General Holding Corporation PJSC (UAE)	Joint venture agreement concerning the manufacturing and sales of large-diameter welded steel pipes in the United Arab Emirates	September 1, 2014
	Formosa Plastics Group (Taiwan), China Steel Corporation (Taiwan), and others	Shareholders' agreement between the relevant parties regarding the operation and related matters for an integrated steel mill project in Vietnam	September 8, 2015
	Formosa Plastics Group (Taiwan)	Comprehensive partnership agreement regarding capital participation in an integrated steel mill project in Vietnam	September 8, 2015 *2

Contracting companies	Contract counterparties	Description of contract	Contract date / term
JFE Steel Corporation (consolidated subsidiary)	Nucor Corporation (USA) and others	Joint venture agreement concerning the galvanized steel sheets manufacturing and sales business in Mexico	June 8, 2016
	Guangdong Zhongnan Iron & Steel Co., Ltd. (China)	Joint venture agreement concerning the special steel bar business in China	November 28, 2019
	Ataer Holding A.S. (Turkey)	Joint venture agreement relating to the iron ore mining and pellet production business of Ataer Madencilik A.S. in Türkiye	July 13, 2020
	New Energy and Industrial Technology Development Organization (NEDO)	Contract for the outsourcing of technological development related to the Hydrogen Utilization in Iron and Steelmaking Processes project	From January 1, 2022 to March 31, 2027
JFE Steel Corporation and JFE Shoji Corporation (consolidated subsidiaries)	Marubeni-Itochu Steel Inc., Hanwa Co., Ltd., and others	Joint venture agreement concerning the manufacturing and sales of galvanized steel plates and color steel plates for construction materials in Myanmar	October 26, 2017 (Revised on March 14, 2024)
JFE Chemical Corporation (consolidated subsidiary)	JFE Zhenxing Shandong Chemical Co., Ltd. (China) and Shandong Weijiao Holding Group Co., Ltd. (China)	Joint venture agreement concerning the establishment of a second base for the Chinese tar distillation business	June 13, 2013
JFE Steel Australia (BY) Pty Ltd (Australia) (consolidated subsidiary)	QCoal Byerwen Holdings Pty Ltd and Byerwen Coal Pty Ltd (Australia)	Joint venture agreement concerning Byerwen Coal Pty Ltd, a company holding interests in the Byerwen coal mine in Australia	October 8, 2009
JFE Steel Australia (BW) Pty Ltd (Australia) (consolidated subsidiary) and others	Whitehaven Blackwater Pty Ltd (Australia), South NS Blackwater Pty Limited (Australia), and others	Agreement for the purchase of Blackwater coal mine assets	August 21, 2024
JFE Steel Australia (BW) Pty Ltd (Australia) (consolidated subsidiary)	Whitehaven Blackwater Pty Ltd (Australia), NS Blackwater Pty Ltd (Australia), and Blackwater Operations Pty Ltd (Australia)	Joint venture agreement concerning the Blackwater coal mine in Australia	March 31, 2025
JFE Engineering Corporation (consolidated subsidiary)	CEPCO-R LLC ^{*3} , Toho Gas Co., Ltd., Tokyo Century Corporation	Agreement among investors relating to a biomass power generation company (Tahara Biomass Power Plant LLC) in Tahara City, Aichi Prefecture	October 5, 2021
	Tsukishima Holdings Co., Ltd.	Joint venture agreement related to the integration of the domestic aqua engineering business	December 5, 2022

Notes: 1.*1 The contract terminated on March 31, 2025, due to the expiration of the contract period.

2.*2 The agreement relating to technical support and provision under the comprehensive partnership agreement terminated on December 31, 2024, pursuant to the completion of comprehensive technical support and provision.

3.*3 CEPCO-R LLC is a consolidated subsidiary of Chubu Electric Power Co., Inc.

(2) Contracts concerning technology

(i) Contracts for the introduction of technology

Contracting companies	Contract counterparties	Description of contract	Contract term
JFE Steel Corporation (consolidated subsidiary)	Toyo Seikan Co., Ltd. Toyo Kohan Co., Ltd.	Technology relating to polyester film laminated steel plates for talc can bodies	From January 4, 2008 to the date of expiry of the relevant patent
	KOBE STEEL, LTD.	Technology relating to dust reduction processing methods	From September 6, 2007 until the permanent closure of the related facilities
JFE Engineering Corporation (consolidated subsidiary)	MAN Energy Solutions France SAS (France)*	Grant of non-exclusive rights to implement patents related to the manufacturing technology of PC land and marine diesel engines and the provision of know-how	From July 7, 1964 until the notification of cancellation (revised on January 14, 2013)

Note: * The name of the contract counterparty MAN Energy Solutions France SAS was changed to Everllence France SAS on June 4, 2025.

(ii) Contracts for the provision of technology

Contracting companies	Contract counterparties	Description of contract	Contract term
JFE Steel Corporation (consolidated subsidiary)	Guangzhou JFE Steel Sheet Co., Ltd. (China)	Technology related to the construction, operation, and maintenance of cold rolling mills, including continuous pickling and continuous annealing facilities	From June 1, 2008 until the parties agree to terminate the contract
	JSW Steel Limited (India)	Technology for the manufacture of automobile steel sheets (second part)	From July 12, 2012 to July 11, 2032
	JSW Steel Limited (India)	Technology for the manufacture of non-oriented electrical steel sheets	From November 22, 2012 to November 21, 2032
	Fujian Fuxin Special Steel Co., Ltd. (China)	Technology for the manufacture of stainless steel sheets	From November 9, 2012 until cause for cancellation arises* ¹
	Fujian Fuxin Special Steel Co., Ltd. (China)	Technology for the manufacture of stainless steel sheets (second part)	From March 19, 2015 to the date of expiry of the relevant patent* ¹
	Formosa Ha Tinh Steel Corporation (Vietnam)	Technology for the manufacture of steel sheets	From September 8, 2015 until cause for cancellation arises
	Al Gharbia Pipe Company LLC (UAE)	Technology for the manufacture of large-diameter welded steel pipes	From September 28, 2015 until cause for cancellation arises
	NUCOR-JFE STEEL MEXICO, S. de R.L. de C.V. (Mexico)	Technology for the manufacture of automobile steel sheets	From October 31, 2016 until cause for cancellation arises
	Shanghai Baowu JFE Clean Iron Powder Co., Ltd. (China)	Technology for the manufacture of segregation prevention premixed iron powder	From April 5, 2017 to the date of expiry of the relevant patent* ²
	BaoWu JFE Special Steel Co., Ltd. (China)	Technology for the manufacture of special steel bars	From March 26, 2020 until cause for cancellation arises
JFE Mineral & Alloy Company, Ltd. (consolidated subsidiary)	Cato Ridge Alloys (PTY) Ltd. (South Africa)	Technology for the manufacture of medium and low carbon ferromanganese	From June 28, 1998 until cause for cancellation arises

Notes: 1.*¹The contract terminated on September 30, 2024, by agreement with the counterparty.

2.*²The contract terminated on December 25, 2024, by agreement with the counterparty.

(iii) Other contracts concerning technology

Contracting companies	Contract counterparties	Description of contract	Contract term
JFE Steel Corporation (consolidated subsidiary)	thyssenkrupp Steel Europe AG (Germany)	Comprehensive technical collaboration in the field of automobile steel sheets	From April 8, 2002 to April 7, 2027

6. Research and Development Activities

At the JFE Group, we uphold the Corporate Vision of contributing to society with the world's most innovative technology. Each of our operating companies is engaged in creative research and development under our Group-wide development concept of constantly leading the industry forward and pioneering new fields through the development of unique new products that anticipate customer needs, the development of technologies that efficiently produce high-quality products, the development of products and manufacturing technologies that contribute to achieving carbon neutrality, and leveraging synergies across the Group. Each operating company has established organizations to promote the use of data science technologies such as AI, IoT, and big data. We are actively utilizing robotics to promote research and development aimed at improving the productivity of manufacturing equipment and the added value of our products and services.

At meetings of the Group Management Strategy Committee, chaired by the President of JFE Holdings, Inc., our operating companies collectively engage in formulating the Group's overall research and development strategy, as well as the Group-wide selection and promotion of efforts to address material issues.

Going forward, we will continue to flexibly respond to changes in the business environment while securing high profitability, gaining a high level of trust from the market and society, and actively engaging in research and development to foster and develop our business base.

During the fiscal year ended March 31, 2025, research and development expenses amounted to 42,987 million yen. Of this, 38,946 million yen was for the steel business and 4,041 million yen was for the engineering business.

The purposes, main topics, and results of research in each of the Group's main businesses for the fiscal year ended March 31, 2025 were as follows.

(1) Steel business

In the steel business, we are forging ahead with innovation aimed at carbon neutrality, so that we can achieve sustainable development for society and ensure safe and comfortable lives for people. At the same time, we are strengthening our manufacturing base through digital technologies, developing cutting-edge process technologies, rolling out high-value-added products that anticipate customer needs, and developing new goods and technologies that lead to the realization of a carbon-neutral society.

Our main research results this fiscal year were as follows.

Processes

At JFE Steel Corporation, we have created and implemented the J-astquad® multiprocess integrated quality data analysis system as a framework for analyzing the effects of operations on the quality of automotive-use thin steel sheets by using operational data and quality data collected from manufacturing processes. This system is a DX core technology for quality control operations in thin steel sheet manufacturing, with the aim of stable manufacturing of automotive-use thin steel sheets. We plan to progressively expand its application from thin steel sheets for automobiles and other multi-process manufactured products to various other product groups in the future. J-astquad® automatically collects a considerable amount of sensor data including operational data and quality data that fluctuates along the long side of steel sheets during multiple processes such as steelmaking, hot rolling, cold rolling, and surface treatment procedures. Factors including changes in the length of the sheet from rolling, reversals of the long side of the sheet during each process, and the treatment of the end where the sheet is cut off are taken into account. That data is then combined with data from the subdivided position of the long side of the steel sheet to create linked data from multiple processes, and analyzed in detail using AI technology. This makes it possible to analyze the cause of quality defects and swiftly improve operations, leading to a lower rate of quality defects.

JFE Steel Corporation also succeeded in developing an innovative radiant tube burner in an unusually short period of time using digital twin technology in a virtual space. This radiant tube burner has demonstrated reliable and stable operation over an extended period of time at a cold rolling plant in the Chiba District of our East Japan Works, indicating an expected service life around six times longer than that of conventional radiant tubes. In addition, the burner's innovative design helps reduce NOx emissions and save energy. In developing the new burner, JFE Steel constructed a digital twin that faithfully reproduced the test furnace in a virtual space based on data from combustion tests conducted in a test furnace and physical models. The digital twin was then used to independently develop a new in-furnace radiant tube support structure, tube shape, burner environment, heat transfer promoter and heat exchanger. The result is an innovative radiant tube burner that achieves longer service life (one-sixth the normal deformation

rate), fewer NOx emissions (30% reduction) and higher efficiency (3% energy savings) compared to conventional radiant tube burners. In addition, the burner can be put into operation in about half the time of a conventional burner. JFE Steel Corporation has also developed the new Scan-WALKER® wireless robot that moves freely without cables while inspecting steel pipes for thinning. The wireless remote-controlled robot, an improved version of the existing Scan-WALKER® wired robot, is now being used on a trial basis at JFE Steel plants to expand the scope of inspections while reducing associated workloads. Remote verification tests with the new robot at our steelworks successfully detected localized thinning. In the future, we expect to expand the use of this new solution to structures other than piping to ensure the soundness of its steelworks while reducing related labor.

Products

JFE Steel Corporation has been conducting research and development (R&D) on the characterization of line pipe materials for high-pressure hydrogen transportation using our products in hydrogen-related technology development projects under the Nippon Foundation—DeepStar Joint Research & Development Program on Offshore Oil and Natural Gas, which is being conducted in cooperation with major oil companies. The research results of the project on Phase I, which spanned around one year, have been recognized and the project has been adopted as Phase II. We will work with DeepStar consortium members ExxonMobil, Chevron of the USA and TotalEnergies of France to establish evaluation criteria and methods for using the company's UOE pipe to transport high-pressure hydrogen safely and reliably, with a view to realizing the world's first commercial high-pressure hydrogen deep water pipeline.

JFE Steel Corporation's Wall Bending and Restrike method has been selected by Japanese auto parts maker Kyoho Machine Works, Ltd. to suppress springback, or a part returning to its original shape, when pressing 1180MPa-grade ultra-high-strength steel. The company will use JFE Steel's proprietary method to produce rocker inners, a key structural component used in vehicles manufactured and sold in Japan by major automakers. In general, springback can be minimized by reducing the residual stress in steel sheet during press forming, or by applying a counter-stress to offset the stress that causes springback. The Wall Bending and Restrike method optimizes the shape of the steel in the beginning of the multi-stage press-forming process and applies stress to suppress springback. Kyoho Machine Works will deploy the forming method in a new die that it will use to mass-produce rocker inners, a key structural component located at the bottom of a vehicle doorway. JFE Steel and Kyoho Machine Works jointly developed the die, which is specially designed for use with the Wall Bending and Restrike method.

JFE Steel Corporation also developed and provided samples of its new "JFE-FC1" ferritic stainless steel for interconnects used in solid oxide fuel cells (SOFCs), which achieves both oxidation resistance and conductivity when exposed to high-temperature steam without the need for a special coating. "JFE-FC1" reduces ceramic coating costs and processing requirements. JFE Steel's new stainless steel uses a new material design to form an oxide film with a special structure that maintains its protective function and conductivity even after long-term use, thus preventing degradation of cell performance. By using "JFE-FC1," manufacturers can reduce ceramic coating costs and processing requirements, significantly contributing to carbon neutrality by promoting the spread of SOFCs.

Awards

The products and technologies developed by JFE Steel Corporation also have a high degree of recognition from outside the Group. For example, its "highly weather-resistant steel usable without paint near coastal areas" was awarded the FY2024 National Invention Award: Invention Award. This was the 14th time that JFE Steel Corporation has been awarded the Invention Award since its inauguration. JFE Steel Corporation also received the 71st (FY2024) Okochi Memorial Technology Prize for its steel material for steel pipes used for the transportation of natural gas containing high concentrations of hydrogen sulfide.

In addition, the solidification completion position measurement device for continuous casting, developed by JFE Steel Corporation, received the Minister's Prize from the Ministry of Economy, Trade and Industry, at the 59th Japan Society for the Promotion of Machine Industry Awards. JFE Steel Corporation's radiant tube burner that achieves extended service life, fewer NOx emissions and energy savings was also recognized, receiving the Heat Transfer Society of Japan (HTSJ) Technology Award for FY2023. This was JFE Steel's first-ever HTSJ award.

(2) Engineering business

In the engineering business, we are pursuing research and development focused on five key areas, comprising four business fields—“Waste to resources,” “Combined utility services,” “Carbon neutrality,” and “Infrastructure”—together with DX, the technological base that supports these business fields. In the fiscal year ended March 31, 2025, our investments were primarily focused on “carbon neutrality.” Specifically, we are currently working on “Waste-to-Chemical technology development for Green Ethanol production by integration of Advanced Gasification and Biochemical Conversion technologies” to maximize the effective use of carbon in waste as a chemical raw material. This has been chosen for the NEDO Green Innovation Fund Project “Achieving Carbon Neutrality in Waste and Resource Circulation,” and construction of a trial facility commenced in November 2024. This development aims to establish a series of resource recycling processes that effectively utilize waste not only as plastic raw materials and sustainable aviation fuel (SAF) but also as a source of hydrogen, based on JFE Engineering Corporation’s unique technology for the stable synthesis of gas from waste.

We are also engaged in research and development efforts aimed at achieving carbon neutrality, including hybrid low-energy CO₂ separation and recovery technologies that leverage the advantages of both membrane separation and physical adsorption, as well as hybrid hydrogen gas engine cogeneration systems.

The products and technologies developed by JFE Engineering Corporation have also gained a high degree of recognition from outside the Group. Its high-efficiency boiler cleaning system, combining water spray and shock pulse, received the Minister’s Prize from the Ministry of Economy, Trade and Industry, at the 50th Excellent Environmental Commendations hosted by The Japan Society of Industrial Machinery Manufacturers (JSIM).

III. Information about Facilities

1. Overview of Capital Expenditures

The Company and its consolidated subsidiaries, etc. (including joint operations) have been making capital expenditures mainly in the steel business, engineering business, and trading business, with a focus on investments for upgrading facilities and pursuing green transformation (GX) and digital transformation (DX), in addition to investments for increasing production capacity of high-grade steel, renewing aging facilities, streamlining operations, etc. The breakdown of capital expenditures for the fiscal year ended March 31, 2025 was as follows. The amounts of capital expenditures of joint operations included in the amounts below represent the amounts corresponding to the Group's equity interest.

Segment	Current fiscal year	
	Amount (million yen)	YoY change (%)
Steel Business	266,499	(1.1)
Engineering Business	27,066	(55.1)
Trading Business	24,911	+ 19.3
Total	318,477	(9.1)
Adjustments	(3,651)	
Total	314,826	(9.0)

Note: Each of the amounts is the sum of property, plant and equipment, intangible assets, right-of-use asset, and investment property.

2. Major Facilities

Major facilities of the Company and its consolidated subsidiaries (including joint operations) were as follows.

(1) Reporting company

As of March 31, 2025

Business site (Location)	Segment	Major facilities	Carrying amount (million yen)						Number of employees (persons)
			Buildings and structures	Machinery, equipment and vehicles	Land [thousand m ²]	Other property, plant and equipment	Intangible assets	Total	
Head office (Chiyoda-ku, Tokyo)	—	Other facilities	0	—	— [—]	1	45	47	55

Notes: 1. The carrying amounts represent amounts based on Japanese GAAP.

2. The carrying amount of “Other property, plant and equipment” was the amount of tools, furniture and fixtures.

(2) Subsidiaries in Japan

(i) JFE Steel Corporation

As of March 31, 2025

Business site (Location)	Segment	Major facilities	Carrying amount (million yen)						Number of employees (persons)
			Buildings and structures	Machinery, equipment and vehicles	Land [thousand m ²]	Other property, plant and equipment	Intangible assets	Total	
East Japan Works (Chiba district) (Chuo-ku, Chiba)	Steel Business	Production facilities for steel products	40,255	134,109	61,152 [8,216]	10,103	19,137	264,758	2,312
East Japan Works (Keihin district) (Kawasaki-ku, Kawasaki)	Steel Business	Production facilities for steel products	27,827	42,716	100,395 [6,887]	3,922	12,118	186,979	1,103
West Japan Works (Kurashiki district) (Kurashiki, Okayama)	Steel Business	Production facilities for steel products	74,570	294,504	36,003 [11,447]	14,082	38,995	458,157	3,831
West Japan Works (Fukuyama district) (Fukuyama, Hiroshima)	Steel Business	Production facilities for steel products	63,213	191,388	78,046 [14,479]	18,124	27,876	378,649	4,026
Chita Works (Handa, Aichi)	Steel Business	Production facilities for steel products	5,330	15,958	6,510 [1,843]	951	1,651	30,401	633
Sendai Works (Miyagino-ku, Sendai City)	Steel Business	Production facilities for steel products	7,620	15,575	24,853 [870]	2,086	2,333	52,468	473
Head office (Chiyoda-ku, Tokyo) and other sites	Steel Business	Other facilities	1,431	101	24,042 [399]	31,516	18,895	75,987	2,246
Total	—	—	220,250	694,355	331,003 [44,143]	80,786	121,006	1,447,402	14,624

Notes: 1. The carrying amounts represent amounts based on Japanese GAAP.

2. The carrying amount of “Other property, plant and equipment” was the sum of tools, furniture and fixtures, leased assets, and construction in progress.

3. Head office and other sites include the head office, branches, sales offices, and overseas offices.

4. The carrying amounts of the East Japan Works (the Chiba district and the Keihin district), West Japan Works (the Kurashiki district and the Fukuyama district), Chita Works, and Sendai Works include the Steel Research Laboratory. The number of employees of the Steel Research Laboratory is included in that of the head office and other sites.

(ii) JFE Engineering Corporation

As of March 31, 2025

Business site (Location)	Segment	Major facilities	Carrying amount (million yen)						Number of employees (persons)
			Buildings and structures	Machinery, equipment and vehicles	Land [thousand m ²]	Other property, plant and equipment	Intangible assets	Total	
Kasaoka Monopile Factory (Kasaoka, Okayama)	Engineering Business	Production facilities for monopiles	10,460	14,681	—	832	30	26,004	38
Tsu Works (Tsu, Mie)	Engineering Business	Production facilities for various steel structures	4,116	1,771	4,018 [977]	460	75	10,442	288
Tsurumi Works (Tsurumi-ku, Yokohama) and other sites	Engineering Business	Mainly production facilities for various plants	9,895	4,516	5,678 [583]	6,963	3,400	30,454	3,430
Total	—	—	24,472	20,969	9,696 [1,561]	8,256	3,507	66,902	3,756

Notes: 1. The carrying amounts represent amounts based on Japanese GAAP.

2. The carrying amount of “Other property, plant and equipment” was the sum of tools, furniture and fixtures, leased assets, and construction in progress.

3. Tsurumi Works and other sites include the Tsurumi Works, head office, branches and sales offices.

4. The land of the Kasaoka Monopile Factory is leased.

(iii) JFE Shoji Corporation

As of March 31, 2025

Business site (Location)	Segment	Major facilities	Carrying amount (million yen)						Number of employees (persons)
			Buildings and structures	Machinery, equipment and vehicles	Land [thousand m ²]	Other property, plant and equipment	Intangible assets	Total	
Head office (Chiyoda-ku, Tokyo) and other sites	Trading Business	Other facilities	1,094	2	2,852 [142]	504	2,927	7,381	997

Notes: 1. The carrying amounts represent amounts based on Japanese GAAP.

2. The carrying amount of “Other property, plant and equipment” was the sum of tools, furniture and fixtures, and leased assets.

(iv) Subsidiaries, etc. (including joint operations) in Japan

As of March 31, 2025

Company	Main business site (Location)	Segment	Major facilities	Carrying amount (million yen)						Number of employees (persons)
				Buildings and structures	Machinery, equipment and vehicles	Land [thousand m ²]	Other property, plant and equipment	Intangible assets	Total	
JFE Bars & Shapes Corporation	Kashima Works (Kamisu, Ibaraki) and other sites	Steel Business	Production facilities for steel products	12,786	19,758	49,198 [1,400]	5,350	977	88,072	986
JFE Logistics Corporation	West Japan Steelworks Office (Kurashiki, Okayama and other locations) and other sites	Steel Business	Warehouses, etc.	7,919	10,759	20,343 [524]	2,265	3,274	44,563	1,434
JFE Mineral & Alloy Company, Ltd.	Mizushima Ferroalloy Division (Kurashiki, Okayama) and other sites	Steel Business	Production facilities for ferroalloys	10,181	22,303	8,146 [2,134]	3,447	298	44,378	1,259
JFE Chemical Corporation	West Japan Works (Kasaoka, Okayama and other locations) and other sites	Steel Business	Production facilities for coal chemical products	7,101	4,512	4,024 [876]	1,524	394	17,556	585
J&T Recycling Corporation	Tokyo Waterfront Eco Clean Works (Koto-ku, Tokyo) and other sites	Engineering Business	Incinerators, etc.	4,041	5,803	6,566 [98]	782	173	17,367	881
JFE Metal Products Corporation	Kumagaya Plant (Kumagaya, Saitama) and other sites	Steel Business	Production facilities for metal products	1,621	2,604	11,306 [489]	298	376	16,206	776
Setouchi Joint Thermal Power Co., Ltd.	Fukuyama Joint Power Station (Fukuyama, Hiroshima) and other sites	Steel Business	Thermal power generation facilities	3,672	12,364	— [—]	25	28	16,091	—

Notes: 1. The carrying amounts represent amounts based on Japanese GAAP.

2. Setouchi Joint Thermal Power Co., Ltd. is a joint operation. The carrying amounts of the assets of the company represent the amounts corresponding to the Group's equity interest. The number of employees of the company is not stated because the number is not included in the number of employees of consolidated companies.

3. The carrying amount of "Other property, plant and equipment" was the sum of tools, furniture and fixtures, leased assets, and construction in progress.

4. The land of Setouchi Joint Thermal Power Co., Ltd. is leased.

5. The Tokyo Plant and other site of GECOSS Corporation, which were presented in this table in the previous fiscal year, no longer qualify as major facilities of the Group due to the reclassification of GECOSS Corporation from a consolidated subsidiary to an equity-method associate of JFE Steel Corporation.

(3) Subsidiaries abroad

As of March 31, 2025

Company	Main business site (Location)	Segment	Major facilities	Carrying amount (million yen)						Number of employees (persons)
				Buildings and structures	Machinery, equipment and vehicles	Land [thousand m ²]	Others	Intangible assets	Total	
JFE Steel Galvanizing (Thailand) Ltd.	— (Rayong, Thailand)	Steel Business	Production facilities for steel products	2,982	11,885	931 [174]	349	271	16,420	281
Philippine Sinter Corporation	Sintering Plant (Villanueva, Philippines)	Steel Business	Production facilities for sintered ore	654	12,446	— [—]	1,357	0	14,458	243
PT. JFE Steel Galvanizing Indonesia	— (Bekasi, Indonesia)	Steel Business	Production facilities for steel products	3,346	7,044	3,062 [170]	425	108	13,988	312

Notes: 1. The carrying amounts represent amounts based on IFRS.

2. The land of the Sintering Plant of Philippine Sinter Corporation is leased.

3. The carrying amount of “Others” was the sum of tools, furniture and fixtures, right-of-use asset, and construction in progress.

3. Planned Addition, Retirement, and Other Changes of Facilities

The Company and its consolidated subsidiaries, etc. (including joint operations) plan to spend 366.5 billion yen on capital expenditures (construction, refurbishment, and expansion) for one year following the fiscal year ended March 31, 2025. The planned expenditures will be funded mainly by cash on hand and borrowings. The capital expenditures will be made primarily at JFE Steel Corporation, a major consolidated subsidiary engaged in the steel business, and the major future construction projects are as follows.

Company	Business site	Construction project	Construction period	Investment amount (billion yen)
JFE Steel Corporation (consolidated subsidiary)	West Japan Works (Kurashiki district)	Construction of innovative electric arc furnace	April 2025–FY2028 1Q	329.4
JFE Steel Corporation (consolidated subsidiary)	West Japan Works (Fukuyama district)	Construction of hot-dip zinc galvanizing line	October 2024–October 2028	70.0
JFE Steel Corporation (consolidated subsidiary)	West Japan Works (Fukuyama district)	Construction of No. 6 coke oven (Battery A)	May 2022–February 2026	50.0
JFE Steel Corporation (consolidated subsidiary)	West Japan Works (Kurashiki district)	Expansion of production capacity of electrical steel sheets (STEP 2)	May 2023–September 2026	46.0
JFE Steel Corporation (consolidated subsidiary)	West Japan Works (Fukuyama district)	Construction of 6CDQ	April 2023–March 2026	17.0
JFE Steel Corporation (consolidated subsidiary)	East Japan Works (Chiba district)	Construction of electric-arc furnace at No 4. steelmaking shop	April 2023–February 2026	16.0
JFE Steel Corporation (consolidated subsidiary)	East Japan Works (Chiba district)	Construction of No. 15 oxygen plant	October 2023–September 2026	12.0
JFE Steel Corporation (consolidated subsidiary)	West Japan Works (Kurashiki district)	Renewal and electrification of blast furnace blower	June 2022–June 2026	11.0

Construction projects other than the above include small reinforcement works and small-lot capital expenditure projects.

IV. Information about Reporting Company

1. Company's Shares

(1) Total number of shares

(i) Total number of shares

Class	Total number of shares authorized to be issued (shares)
Common stock	2,298,000,000
Total	2,298,000,000

(ii) Issued shares

Class	Number of issued shares as of fiscal year end (March 31, 2025) (shares)	Number of issued shares as of filing date (June 25, 2025) (shares)	Name of financial instruments exchange on which securities are listed or authorized financial instruments business association to which securities are registered	Description
Common stock	639,438,399	639,438,399	Prime Market of the Tokyo Stock Exchange	Number of shares constituting one unit: 100 shares
Total	639,438,399	639,438,399	—	—

Note: There were no shares issued upon exercise of share acquisition rights by May 31, 2025. In addition, the number of shares issued upon exercise of share acquisition rights from June 1, 2025 to the filing date of this Annual Securities Report has not been confirmed, and therefore is not included in the number of issued shares as of filing date.

(2) Share acquisition rights

(i) Employee share option plans

There is no applicable item.

(ii) Rights plans

There is no applicable item.

(iii) Share acquisition rights for other uses

Bonds with share acquisition rights issued in accordance with the Companies Act are as follows.

Zero Coupon Convertible Bonds due 2028

(The bonds below are hereinafter referred to as "Bonds with Share Acquisition Rights," and bonds solely are referred to as "Bonds," and share acquisition rights solely are referred to as "Share Acquisition Right(s).")

Resolved on September 5, 2023 Zero Coupon Convertible Bonds due 2028 (issued on September 28, 2023)		
	As of the end of the fiscal year (March 31, 2025)	As of the end of the month immediately prior to the filing date (May 31, 2025)
Number of share acquisition rights (units)	9,000	Same as on the left
Number of share acquisition rights held by the Company included in share acquisition rights (units)	—	—
Class, details, and number of shares to be issued upon exercise of share acquisition rights (shares) (Note 1)	31,715,826 shares of the Company's common stock	32,620,514 shares of the Company's common stock

Amount to be paid in upon exercise of share acquisition rights (yen) (Note 2)	2,837.7	2,759.0
Period for exercise of share acquisition rights (Note 3)	From October 12, 2023 to September 14, 2028	Same as on the left
Issue price and amount to be capitalized when issuing shares upon exercise of share acquisition rights (yen) (Note 4)	Issue price: 2,837.7 Amount capitalized: 1,419	Issue price: 2,759.0 Amount capitalized: 1,380
Conditions for exercise of share acquisition rights	Each Share Acquisition Right shall not be exercised in part.	Same as on the left
Matters concerning transfer of share acquisition rights	Share Acquisition Rights are attached to the Zero Coupon Convertible Bonds and shall not be transferred separately from Bonds.	Same as on the left
Matters concerning delivery of share acquisition rights in connection with reorganization	(Note 5)	Same as on the left
Details and value of property to be contributed upon exercise of share acquisition rights	Upon exercise of each Share Acquisition Right, the Bonds pertaining to the Share Acquisition Rights shall be contributed, and the value of the Bonds shall be equivalent to their face value.	Same as on the left
Balance of bonds with share acquisition rights (billion yen)	90.0	90.0

- Notes: 1. The class and details of shares to be issued upon exercise of Share Acquisition Rights shall be the Company's common stock (100 shares per unit). The number of shares of common stock the Company will deliver upon exercise of such rights shall be the total face value of Bonds requested for conversion divided by the conversion price stated in Note 2 below. However, any fractional shares arising from the exercise will be rounded down, and no cash adjustments will be made. If the exercise of the Share Acquisition Rights results in the issuance of fractional shares, such shares will be delivered to the holders of Bonds with Share Acquisition Rights in the same manner as shares constituting one unit, and the Company will not make any cash settlement for such shares.
2. (I) Upon exercise of each Share Acquisition Right, the Bonds pertaining to the Share Acquisition Rights shall be contributed, and the value of the Bonds shall be equivalent to their face value.
(II) The initial conversion price shall be 3,041 yen; provided, however, that the terms and conditions of Bonds contain the provisions that adjustment shall be made if an event stated in (III) below occurs. At the Board of Directors' meeting held on November 6, 2023, the conversion price was adjusted to 2,973.7 yen on and after October 1, 2023 in accordance with the conversion price adjustment clause pursuant to the approval of the proposal for dividend of surplus of 50 yen per share of common stock for an interim dividend.
At the 22nd Ordinary General Meeting of Shareholders held on June 25, 2024, the conversion price was adjusted to 2,910.7 yen on and after April 1, 2024 in accordance with the conversion price adjustment clause pursuant to the approval of the proposal for dividend of surplus of 50 yen per share of common stock for a year-end dividend.
At the Board of Directors' meeting held on November 6, 2024, the conversion price was adjusted to 2,837.7 yen on and after October 1, 2024 in accordance with the conversion price adjustment clause pursuant to the approval of the proposal for dividend of surplus of 50 yen per share of common stock for an interim dividend.
At the 23rd Ordinary General Meeting of Shareholders held on June 25, 2025, the conversion price was adjusted to 2,759.0 yen on and after April 1, 2025 in accordance with the conversion price adjustment clause pursuant to the approval of the proposal for dividend of surplus of 50 yen per share of common stock for a year-end dividend.
(III) If the Company issues new shares of the Company's common stock or disposes of shares of the Company's common stock held by the Company at a price below the fair value of the Company's common stock after the issuance of Bonds with Share Acquisition Rights, the conversion price shall be adjusted based on the following formula. In the formula below, "Number of issued shares" refers to the total number of issued shares of the Company's common stock (excluding those held by the Company).

$$\text{Conversion price after adjustment} = \text{Conversion price before adjustment} \times \frac{\text{Number of issued shares} + \frac{\text{Number of shares issued or disposed of} \times \text{Amount paid per share}}{\text{Fair value}}}{\text{Number of issued shares} + \text{Number of shares issued or disposed of}}$$

The conversion price shall also be adjusted as appropriate when a certain event occurs, such as the split or consolidation of shares of the Company's common stock, a certain level of dividends payment, and issuance of any share acquisition rights with a right to request for the delivery of shares of the Company's common stock at a price below the fair value of

shares of the Company's common stock (including share acquisition rights attached to bonds with share acquisition rights).

3. The period shall be from October 12, 2023 to September 14, 2028 (local time at the place where Bonds are deposited for the exercise of share acquisition rights); provided, however, that (i) in the case of early redemption of Bonds by the Company, the period shall be until the date that is three business days in Tokyo prior to the redemption date (excluding Share Acquisition Rights pertaining to Bonds for which early redemption due to a change in the taxation system had not been adopted), (ii) if retirement by purchase is made for Bonds, the period shall be until the time when Bonds are retired, and (iii) if the repayment of Bonds becomes due immediately, the period shall be until the time when immediate repayment occurs. In any of the cases stated above, the Share Acquisition Rights shall not be exercised subsequent to September 14, 2028 (local time at the place where Bonds are deposited for the exercise of share acquisition rights). Notwithstanding the above, if the Company reasonably determines that it is required to implement Reorganization, etc. (as defined below) of the Company, Share Acquisition Rights shall not be exercised during the period of up to 30 days, which is specified by the Company and ends within 14 days from the day following the effective date of the Reorganization, etc. of the Company.

In addition, Share Acquisition Rights shall not be exercised if the calendar day in Japan on which the exercise of the Share Acquisition Rights becomes effective (or the following business day in Tokyo if such calendar day is not a business day in Tokyo) falls within the period from the date in Tokyo two business days prior to the record date specified by the Company or any other date provided for to determine shareholders in connection with the provisions of Article 151, paragraph 1 of the Act on Book-Entry Transfer of Corporate Bonds and Shares (together with the record date of the Company, hereinafter collectively referred to as the "Shareholder Determination Date") (or the date in Tokyo three business days prior to such record date or any other date if such Shareholder Determination Date is not a business day in Tokyo, including the date) until such Shareholder Determination Date (or the following business day in Tokyo if such Shareholder Determination Date is not a business day in Tokyo, including the date). Provided, however, that if any change is made to Japanese law, regulations or practices regarding the delivery of shares related to the exercise of share acquisition rights through the transfer system based on the Act on Book-Entry Transfer of Corporate Bonds and Shares, the Company may change the limit on the period during which Share Acquisition Rights may be exercised pursuant to this paragraph in order to reflect such changes.

"Reorganization, etc." means that either of the following events that involves the transfer of the Company's obligations under Bonds and/or Share Acquisition Rights to another company to be approved and resolved at a General Meeting of Shareholders of the Company (or the Board of Directors' meeting if a resolution of the General Meeting of Shareholders is not required): (i) a merger of the Company and another company (including consolidation-type merger and absorption-type merger, but excluding a case where the Company is a surviving company; the same shall apply hereinafter), (ii) a transfer of assets (limited to cases where all or substantially all of the Company's assets are sold or transferred to another company, and the Company's obligations under Bonds with Share Acquisition Rights are transferred to or succeeded by the company in accordance with the conditions of such sale or transfer), (iii) a company split (including incorporation-type company split and absorption-type company split, but is limited to a case where the Company's obligations under Bonds with Share Acquisition Rights are transferred to or succeeded by another party to such split), (iv) a share exchange or a share transfer (limited to cases where the Company becomes a wholly owned subsidiary of another company; the same shall apply hereinafter), or (v) other corporate reorganization procedures under Japanese law.

4. The amount of share capital to be increased when shares are issued by exercising Share Acquisition Rights shall be calculated by multiplying the maximum amount of increase in share capital, etc., calculated in accordance with Article 17 of the Regulations on Corporate Accounting, by 0.5. If there is a fraction less than one yen resulting from such calculation, such fraction shall be rounded up. The amount of legal capital surplus to be increased shall be the amount obtained by deducting the amount of share capital to be increased from the maximum amount of increase in share capital.
5. (I) In the event of Reorganization, etc., the Company shall make best efforts so that Succeeding Company, etc. (as defined below) will succeed to the status of the principal obligor of Bonds with Share Acquisition Rights in accordance with the terms and conditions for Bonds with Share Acquisition Rights and deliver new share acquisition rights that replace Share Acquisition Rights. Provided, however, that such succession and delivery stated above are on the conditions that (i) they can be implemented under then applicable law, (ii) a mechanism to enable such has already been established or can be established, and (iii) the Company or Succeeding Company, etc. may implement such succession and delivery without incurring unreasonable (in the Company's opinion) costs (including taxes) from the perspective of the entire Reorganization, etc. In such case, the Company shall also make best efforts to ensure that Succeeding Company, etc. be a listed company in Japan on the effective date of such Reorganization, etc. The Company's obligation to make efforts as stated in this item (I) shall not apply in the case where the Company issues a certificate that states that the Company does not expect Succeeding Company, etc. to be a listed company in Japan, regardless of the reason, on the effective date of such Reorganization, etc. to the trustee company for Bonds with Share Acquisition Rights.

"Succeeding Company, etc." means a company that is the other party in Reorganization, etc. and assumes the Company's obligations relating to Bonds with Share Acquisition Rights and/or Share Acquisition Rights.

- (II) The details of the share acquisition rights of Succeeding Company, etc. to be delivered pursuant to the provisions of (I) above are as follows:

1) Number of share acquisition rights

It shall be the same as the number of Share Acquisition Rights pertaining to Bonds with Share Acquisition Rights outstanding immediately prior to the effective date of such Reorganization, etc.

2) Class of shares to be issued upon exercise of share acquisition rights

Shares of common stock of Succeeding Company, etc.

3) Number of shares to be issued upon exercise of share acquisition rights

The number of shares of common stock of Succeeding Company, etc. to be delivered by exercising the share acquisition rights of Succeeding Company, etc. shall be determined by Succeeding Company, etc. in reference to the terms and conditions of Bonds with Share Acquisition Rights while taking into consideration conditions for such Reorganization, etc. It is also subject to the following <i> or <ii>. The conversion price is subject to the same adjustment as stated in 2. (III) above.

<i> In case of certain merger, share exchange, or share transfer, the conversion price shall be determined so that the holder of the number of the Company's shares of common stock obtained by exercising the Share Acquisition Rights immediately prior to the effective date of such Reorganization, etc. may receive such number of shares of common stock of Succeeding Company, etc. when the share acquisition rights of Succeeding Company, etc. are exercised immediately subsequent to the effective date of such Reorganization, etc. If securities or other property other than the shares of common stock of Succeeding Company, etc. are delivered at the time of such Reorganization, etc., those who receive them shall also receive the shares of common stock of Succeeding Company, etc. in the number obtained by dividing the value of such securities or property by the fair value of the shares of common stock of Succeeding Company, etc.

<ii> In the case of Reorganization, etc. other than the above, the conversion price shall be determined so that the same economic benefit received by holders of Bonds with Share Acquisition Rights upon exercise of Share Acquisition Rights immediately prior to the effective date of such Reorganization, etc. may be received when the share acquisition rights of Succeeding Company, etc. are exercised immediately subsequent to the effective date of such Reorganization, etc.

4) Details and value of property to be contributed upon exercise of share acquisition rights

Upon exercise of share acquisition rights of Succeeding Company, etc., the transferred Bonds shall be contributed, and the value of such Bonds shall be equivalent to the face value of the transferred Bonds.

5) Period during which share acquisition rights may be exercised

From the effective date of such Reorganization, etc. (in some cases, the date within 14 days after the effective date) to the expiration date of the exercise period for Share Acquisition Rights stated in 3. above.

6) Other conditions for exercising share acquisition rights

Each share acquisition right of Succeeding Company, etc. shall not be exercised in part.

7) Share capital and legal capital surplus to be increased by the issuance of shares upon exercise of share acquisition rights

The amount of share capital to be increased when shares are issued by exercising share acquisition rights of Succeeding Company, etc. shall be calculated by multiplying the maximum amount of increase in share capital calculated in accordance with Article 17 of the Regulations on Corporate Accounting, by 0.5. If there is a fraction less than one yen resulting from such calculation, such fraction shall be rounded up. The amount of legal capital surplus to be increased shall be the amount obtained by deducting the amount of share capital to be increased from the maximum amount of increase in share capital.

8) In the event of Reorganization, etc.

In cases where Reorganization, etc. of Succeeding Company, etc. occurs, it will be treated in the same manner as Bonds with Share Acquisition Rights.

9) Others

Any fractional shares arising from the exercise of share acquisition rights of Succeeding Company, etc. will be rounded down, and no cash adjustments will be made. The share acquisition rights of Succeeding Company, etc. shall not be transferred separately from the transferred Bonds.

(III) In cases where the Company makes Succeeding Company, etc. assume or succeed to the Company's obligations based on the trust certificate pertaining to Bonds and Bonds with Share Acquisition Rights in accordance with the provisions of (I) above, the Company shall be subject to the terms and conditions for Bonds with Share Acquisition Rights in addition to providing a guarantee in certain cases specified in the terms and conditions for Bonds with Share Acquisition Rights.

(3) Exercises of moving strike convertible bonds, etc.

There is no applicable item.

(4) Changes in total number of issued shares, share capital and legal capital surplus

Date	Change in total number of issued shares (thousand shares)	Balance of total number of issued shares (thousand shares)	Change in share capital (million yen)	Balance of share capital (million yen)	Change in legal capital surplus (million yen)	Balance of legal capital surplus (million yen)
September 20, 2023 *1, *2	25,000	639,438	24,167	171,310	24,167	796,742

- Notes: 1. The balance of the total number of issued shares increased by 25,000 thousand shares due to the issuance of new shares through an international offering.
2. The balance of share capital and legal capital surplus increased by 24,167 million yen, respectively, due to the issuance of new shares through an international offering and the disposal of treasury shares. Issue price and amount capitalized were as follows.
- Issue price: 2,172.5 yen per share
- Amount capitalized: 966.71 yen per share

(5) Shareholding by shareholder category

As of March 31, 2025

AS OF MARCH 31, 2025

Category	Shareholding status (number of shares constituting one unit: 100 shares)								Shares less than one unit (shares)
	National and local governments	Financial institutions	Financial service providers	Other corporations	Foreign investors		Individuals and others	Total	
					Non-individuals	Individuals			
Number of shareholders (persons)	2	140	43	2,989	646	634	324,893	329,347	–
Number of shares held (number of units)	8	2,200,352	155,978	469,745	1,397,571	3,186	2,129,399	6,356,239	3,814,499
Percentage of shareholdings (%)	0.00	34.62	2.45	7.39	21.99	0.05	33.50	100.00	–

Note: 25,355 units of treasury shares are included in “Individuals and others,” and 56 treasury shares are included in “Shares less than one unit.”

(6) Major shareholders

As of March 31, 2025

Name / Company name	Address	Number of shares owned (thousand shares)	Shareholding ratio (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (trust account)	1-8-1 Akasaka, Minato-ku, Tokyo	94,447	14.83
Custody Bank of Japan, Ltd. (trust account)	1-8-12 Harumi, Chuo-ku, Tokyo	34,379	5.40
Nippon Life Insurance Company	1-6-6 Marunouchi, Chiyoda-ku, Tokyo	15,855	2.49
State Street Bank and Trust Company 505325 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	P.O. Box 351 Boston Massachusetts 02101 U.S.A. (2-15-1 Konan, Minato-ku, Tokyo)	15,786	2.48
JFE Employees Stock Ownership Plan	2-2-3 Uchisaiwaicho, Chiyoda-ku, Tokyo	13,979	2.19
State Street Bank West Client – Treaty 505234 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	1776 Heritage Drive, North Quincy, MA 02171, U.S.A. (2-15-1 Konan, Minato-ku, Tokyo)	13,104	2.06
JFE Business Partners Stock Ownership Plan	2-2-3 Uchisaiwaicho, Chiyoda-ku, Tokyo	10,125	1.59

Name / Company name	Address	Number of shares owned (thousand shares)	Shareholding ratio (excluding treasury shares) (%)
Mizuho Bank, Ltd.	1-5-5 Otemachi, Chiyoda-ku, Tokyo	9,776	1.54
The Nomura Trust and Banking Co., Ltd. (investment trust account)	2-2-2 Otemachi, Chiyoda-ku, Tokyo	8,812	1.38
The Dai-ichi Life Insurance Company, Limited	1-13-1 Yurakucho, Chiyoda-ku, Tokyo	7,679	1.21
Total	—	223,947	35.16

Notes: 1. Mizuho Bank, Ltd. submitted the Report of Possession of Large Volume, available for public inspection as of August 22, 2024 (date on which reporting obligation arose: August 15, 2024), which states that five companies jointly own the following shares. However, as of March 31, 2025, the Company could not confirm the number of beneficially owned shares and thus did not include them in “Major shareholders” above. The shareholding status of the report is as follows.

Name / Company name	Number of share certificates owned (thousand shares)	Holding ratio of share certificates, etc. (%)
Mizuho Bank, Ltd.	9,776	1.51
Mizuho Securities Co., Ltd.	6,979	1.08
Mizuho Trust & Banking Co., Ltd.	880	0.14
Asset Management One Co., Ltd.	15,643	2.42
Mizuho International plc	0	0.00
Total	33,280	5.15

2. Nomura Securities Co., Ltd. submitted the Report of Possession of Large Volume (Change Report), available for public inspection as of December 4, 2024 (date on which reporting obligation arose: November 29, 2024), which states that three companies jointly own the following shares. However, as of March 31, 2025, the Company could not confirm the number of beneficially owned shares and thus did not include them in “Major shareholders” above. The shareholding status of the report is as follows.

Name / Company name	Number of share certificates owned (thousand shares)	Holding ratio of share certificates, etc. (%)
Nomura Securities Co., Ltd.	6,544	1.01
NOMURA INTERNATIONAL PLC	3,739	0.58
Nomura Asset Management Co., Ltd.	30,091	4.71
Total	40,375	6.19

(7) Voting rights
(i) Issued shares

As of March 31, 2025

Category	Number of shares (shares)	Number of voting rights (units)	Description
Shares with no voting rights	—	—	—
Shares with restricted voting rights (treasury shares, etc.)	—	—	—
Shares with restricted voting rights (other)	—	—	—
Shares with full voting rights (treasury shares, etc.)	(Treasury shares) Common stock 2,535,500	—	Number of shares constituting one unit: 100 shares
	(Reciprocally held shares) Common stock 232,000	—	Same as the above
Shares with full voting rights (other) *1	Common stock 632,856,400	6,328,564	Same as the above
Shares less than one unit	Common stock 3,814,499	—	*2 *3
Total number of issued shares	639,438,399	—	—
Number of voting rights held by all shareholders	—	6,328,564	—

Notes: 1. *1The number of “Shares with full voting rights (other)” includes 733,200 Company shares held in trust accounts for employee stock ownership plans. In addition, the “Number of voting rights” includes 7,332 units of voting rights for the shares with full voting rights held in the name of the trust. The 7,332 units of voting rights were not exercised.

2. *2They represent shares less than one unit (100 shares).

3. *3They include treasury shares and reciprocally held shares as follows.

Treasury shares	JFE Holdings, Inc.	56 shares
Reciprocally held shares	Shinagawa Refractories Co., Ltd.	74
	Hanwa Kozai Co., Ltd.	20
	K.K. JFE Sanso Center	74
	Nissin-Unyu Co., Ltd.	45
Total		269

(ii) Treasury shares, etc.

As of March 31, 2025

Name of shareholder	Address of shareholder	Number of shares held in own name (shares)	Number of shares held in others' names (shares)	Total number of shares held (shares)	Shareholding ratio (%)
(Treasury shares) JFE Holdings, Inc.	2-2-3 Uchisaiwaicho, Chiyoda-ku, Tokyo	2,535,500	—	2,535,500	0.40
(Reciprocally held shares) Shinagawa Refractories Co., Ltd.	2-2-1 Otemachi, Chiyoda-ku, Tokyo	154,800	—	154,800	0.02
Hanwa Kozai Co., Ltd.	1-8-24 Nishi-miyahara, Yodogawa-ku, Osaka, Osaka	65,400	—	65,400	0.01
K.K. JFE Sanso Center	1 Kokancho, Fukuyama, Hiroshima	11,800	—	11,800	0.00
Subtotal of reciprocally held shares	—	232,000	—	232,000	0.04
Total	—	2,767,500	—	2,767,500	0.43

Notes: 1. In addition to the shares in the table above, there were 900 shares and 100 shares that are not substantially owned by JFE Steel Corporation and JFE Engineering Corporation, respectively, although they are listed in the shareholders' register.

2. The shares in 1. above are all included in the number of "Shares with full voting rights (other)" of (i) Issued shares.

3. Company shares held in trust accounts for employee stock ownership plans are not included in the treasury shares above.

(8) Share ownership plan for directors (and other officers) and employees

(i) Overview of share ownership plan for directors (and other officers)

The Company has introduced a medium- to long-term performance-linked share-based payment plan. Under the plan, shares of the Company's common stock and an amount of cash equivalent to the market price of shares of the Company's common stock are provided to directors of the Company (excluding directors who are Audit & Supervisory Committee members and outside directors), directors (limited to executive directors) of its operating companies, and corporate officers (excluding non-residents of Japan under the Income Tax Act) of the Company and its operating companies (hereinafter collectively referred to as the "Group's Directors/Officers") as part of compensation using a trust (hereinafter, the trust established pursuant to the plan is referred to as the "Trust").

Outline of the Trust

- a. Name: Board Benefit Trust
- b. Settlor: The Company
- c. Trustee: Mizuho Trust & Banking Co., Ltd. (Sub-trustee: Custody Bank of Japan, Ltd.)
- d. Beneficiaries: The Group's Directors/Officers who have retired and meet the beneficiary requirements provided in the Stock Grant Regulations for Officers
- e. Trust administrator: A third party who has no conflict of interest with the Company
- f. Voting rights attached to the Company's shares in the trust: In accordance with instructions from the trust administrator, no voting rights attached to the Company's shares in the Trust's account shall be exercised.
- g. Type of trust: Monetary trust other than cash in trust (third-party beneficiary trust)
- h. Trust agreement date: August 16, 2018
- i. Date of establishment of trust: August 16, 2018
- j. Period of trust: From August 16, 2018 until the termination of trust (Trust shall continue without determining a specific expiry date as long as the plan remains in effect.)

Note: The Company's compensation plan for directors and corporate officers, covering the plan, is described in "4. Corporate Governance, (4) Compensation for directors and other officers."

(ii) Total number of shares to be acquired by the Group's Directors/Officers through the Trust

The Trust has acquired 733,200 shares as of the end of the fiscal year ended March 31, 2025.

(iii) Scope of those eligible to receive beneficiary rights and other rights under the Trust

The Group's Directors/Officers who have retired and meet the beneficiary requirements provided in the Stock Grant Regulations for Officers

2. Acquisition and Disposal of Treasury Shares

Class of shares, etc.: Acquisition of common stock under Article 155,
Item (vii) of the Companies Act

(1) Acquisition by resolution of the General Meeting of Shareholders

There is no applicable item.

(2) Acquisition by resolution of the Board of Directors

There is no applicable item.

(3) Acquisition not based on resolution of the General Meeting of Shareholders or Board of Directors

Category	Number of shares (shares)	Total value (yen)
Number of treasury shares acquired during the fiscal year ended March 31, 2025	30,554	62,045,781
Number of treasury shares acquired during the current period	3,258	5,461,719

Notes: 1. The “Current period” refers to the period from April 1, 2025 to the filing date of this Annual Securities Report.

2. The “Number of treasury shares acquired during the current period” does not include shares less than one unit purchased during the period from June 1, 2025 until the filing date of this Annual Securities Report.

(4) Disposal of acquired treasury shares and number of treasury shares held

Category	Fiscal year ended March 31, 2025		Current period	
	Number of shares (shares)	Total amount of disposal (yen)	Number of shares (shares)	Total amount of disposal (yen)
Acquired treasury shares for which subscribers were solicited	—	—	—	—
Acquired treasury shares that were disposed of	—	—	—	—
Acquired treasury shares that were transferred for merger, share exchange, share issuance and company split	—	—	—	—
Other (sale of shares less than one unit)	1,775	3,435,979	254	413,383
Other (additional contribution to the Board Benefit Trust)	390,000	907,920,000	—	—
Number of treasury shares held	2,535,556	—	2,538,560	—

Notes: 1. The “Current period” refers to the period from April 1, 2025 to the filing date of this Annual Securities Report.

2. “Other (sale of shares less than one unit)” during the current period does not include shares less than one unit sold during the period from June 1, 2025 until the filing date of this Annual Securities Report.

3. The “Number of treasury shares held” during the current period does not include shares less than one unit purchased or sold during the period from June 1, 2025 until the filing date of this Annual Securities Report.

3. Dividend Policy

The Company views appropriation of profit to shareholders as one of the most critical management objectives, and its policy is to actively distribute dividends while building a sustainable corporate structure as the Group. Based on this policy, for the fiscal year ended March 31, 2025, the Company decided to pay a year-end dividend of 50 yen per share (annual dividends of 100 yen per share).

Under the Eighth Medium-term Business Plan, the Company will maintain a dividend payout ratio of approximately 30% (consolidated basis), but will set a minimum dividend of 80 yen per share from the perspective of ensuring stable dividends.

The Company's Articles of Incorporation stipulate that the Company may pay interim dividends as provided for in Article 454, Paragraph 5 of the Companies Act, and the number of dividend payments is basically twice a year, with the Board of Directors for interim dividends and the General Meeting of Shareholders for year-end dividends as the decision-making bodies for dividends.

Note: The date of resolution by the Board of Directors or the General Meeting of Shareholders for the dividend of surplus with the record date falling within the fiscal year ended March 31, 2025, the total amount of dividends, and the dividend per share were as follows.

Date of resolution by the Board of Directors	November 6, 2024	Total amount of dividends	31,845 million yen	Dividend per share	50 yen
Date of resolution by the Ordinary General Meeting of Shareholders	June 25, 2025	Total amount of dividends	31,845 million yen	Dividend per share	50 yen

4. Corporate Governance

(1) Overview of corporate governance

As of the filing date

(i) Basic views on corporate governance

With the aim of promoting sustainable growth of the Company and the JFE Group (or the “Group”) and medium to long-term corporate value, and achieving and hence further enhancing the best corporate governance to embody the Corporate Vision, the Company has established the Basic Policy on Corporate Governance, which is published on the Company’s website. The Company has revised the “Basic Policy on Corporate Governance” pursuant to its transition to a company with an Audit & Supervisory Committee, as approved at the Ordinary General Meeting of Shareholders held in June 2025.

<https://www.jfe-holdings.co.jp/en/sustainability/governance/governance/index.html>

(1) The Company continuously aims at achieving the best corporate governance and its further enhancement.

(2) From the viewpoint of enhancing sustainable growth and medium to long-term corporate value of the JFE Group, the Company makes effort to pursue thoroughly fair, objective and transparent corporate governance based on the following basic concept.

- (i) The Company respects the rights of shareholders and makes effort to ensure an environment which allows shareholders to execute their rights appropriately, as well as to secure effective equal treatment of shareholders.
- (ii) In addition to shareholders, the Company gives consideration to the interests of various stakeholders including employees, customers, business partners, creditors, local communities and cooperates with them appropriately.
- (iii) The Company discloses its information appropriately and ensures the transparency of the Company.
- (iv) The Company endeavors to ensure the effectiveness of the supervisory function of the Board of Directors on business execution as a core holding company of the JFE Group.
- (v) The Company engages in constructive dialogue with shareholders to contribute to the enhancement of sustainable growth and medium to long-term corporate value.

(3) The Company establishes and discloses the JFE Group’s Corporate Vision, Corporate Values and JFE Group Standards of Conduct which form the framework of basic business principles which are applicable to all business activities shared by all executives and employees of the JFE Group.

“Corporate Vision”

Contributing to society with the world’s most innovative technology

“Corporate Values”

Challenging Spirit. Flexibility. Sincerity.

“Standards of Conduct”

All JFE Group personnel are required to faithfully adhere to the following Standards of Conduct in all corporate activities. These standards embody the JFE Group’s Corporate Vision and go hand-in-hand with its Corporate Values. Senior managers are responsible for communicating these standards to employees of Group companies and their supply chain partners, and creating effective systems and mechanisms to ensure adherence to ethical standards. Senior managers are also responsible for measures to prevent the recurrence of any violation of these standards. Additionally, they must report violations promptly and accurately to internal and external stakeholders, determine the persons of relevant authority and accountability, and resolve matters rigorously.

1. Provide quality products and services

Earn the trust and acclaim of customers by endeavoring to provide safe, high-quality products and services based on superior technologies, and by fully respecting and protecting the privacy of personal and customer information. Also, leverage our superior technologies for the sustainable growth of our Group and society.

2. Be open to society

Disclose corporate information actively and engage in constructive dialogues with diverse stakeholders to enhance our corporate value.

3. Work with communities

Actively contribute to host communities as a good corporate citizen by emphasizing harmony and cooperation.

4. Globalize

Endeavor to achieve understanding with people around the world, working from a global perspective and with respect to international norms, and also local cultures and customs.

5. Exist harmoniously with the global environment

Actively work to exist harmoniously with the global environment, as well as to raise living standards and advance societies.

6. Maintain proper relations with governments and political authorities

Endeavor to build and maintain sound and proper relationships with governments and political authorities.

7. Maintain crisis readiness

Firmly resist all elements and organizations that threaten social order and stability, and refuse all illegal or improper demands. Also, contribute to order and safety in society by thoroughly and methodically preparing for crises such as terrorism, cyberattacks, natural disasters and others, including by ensuring the stable availability of products and services.

8. Respect human rights

Respect all employees and members of the general public as individuals and refrain from any discrimination in corporate activities.

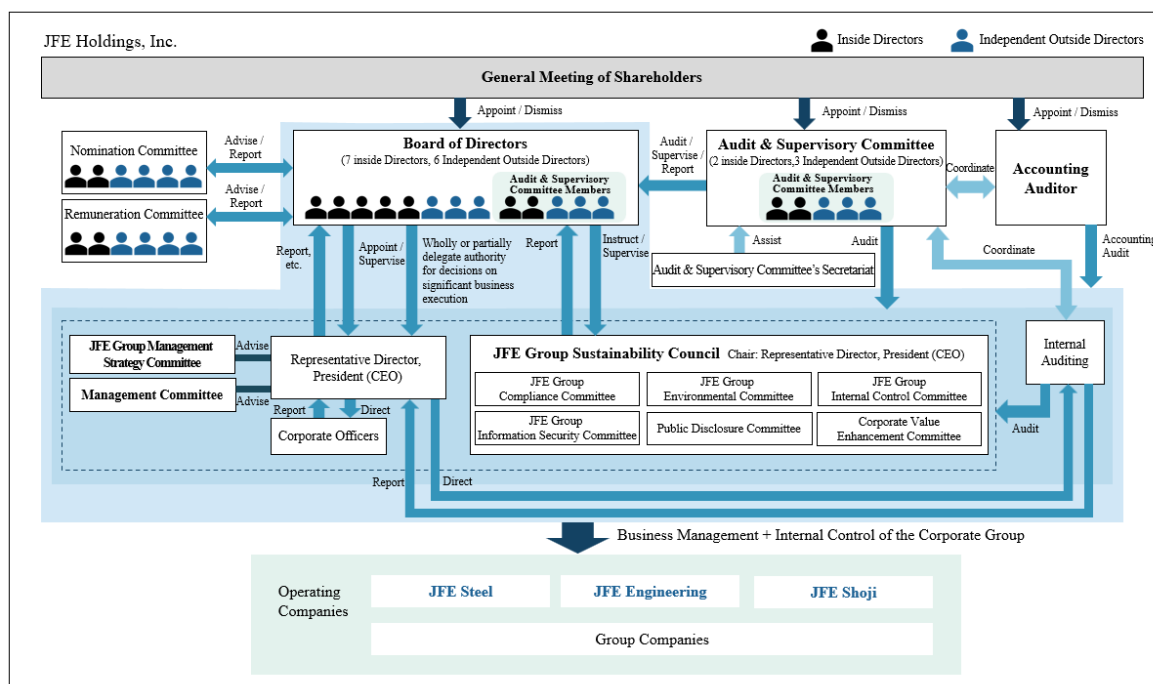
9. Provide rewarding work environments

Provide employees with attractive, safe, healthy and rewarding work environments.

10. Comply with laws and ordinances

Comply with all applicable laws and ordinances, endeavor to compete fairly and freely, refrain from illegal business activities, promote sound business practices, and be faithful and sincere in all activities and dealings.

(ii) Corporate Governance System



(iii) Management system and internal control system

a. Organizations of the Company

The Company is a pure holding company comprising three operating companies with diverse business operations. With the aim of ensuring the autonomy and efficiency of management and exercising the appropriate management supervision function at each operating company, the Company adopts for them the Corporate Officer System to clarify authority and accountability by separating decision-making on management from business execution and to enhance prompt execution, and adopts Outside Directors with strong independence to improve transparency of the Board of Directors and secure sound management.

In addition, upon the approval of the Ordinary General Meeting of Shareholders held in June 2025, the Company transitioned to a company with an Audit & Supervisory Committee to further strengthen the supervisory function of the Board of Directors by accelerating decision-making and enhancing the discussion of management policies and strategies within the Board of Directors. The Company has previously engaged in sustainably enhancing the corporate governance function as a company with an Audit & Supervisory Board. Moving forward, it will further enhance its approach in pursuit of the best possible corporate governance to achieve sustainable growth for the JFE Group and increase corporate value. The Company's corporate governance structure is described below.

(1) Board of Directors and Directors

1) Duties and roles of Board of Directors

- Based on the fiduciary duty to shareholders, the Board of Directors takes the responsibility to ensure sustainable growth of the Company and the enhancement of medium- to long-term corporate value. In accordance with laws and regulations, the Articles of Incorporation and related regulations of the Company such as the Rules of the Board of Directors, the Board of Directors makes material decisions on management including formulation of management plans of the JFE Group and basic policies on management. Further, the Board of Directors supervises the overall management including business execution by the executive person. The Board of Directors shall promote the delegation of decision-making authority in order to accelerate decision-making of management and enhance discussions on management policies and strategies.
- According to the internal rules of the Company, the Company establishes clear standards which clarify the authority of decision-making and the decision-making procedures concerning the matters pertaining to the Company and each company within the JFE Group, and significant matters are subject to deliberation at the Company's Management Committee and resolution of the Company's Board of Directors.

- For the purpose of facilitating prompt decision-making related to business execution, the authority of making decisions other than those related to significant business execution set forth in the Rules of the Board of Directors, in principle, is given to corporate officers in charge of the corresponding business.

2) Structure of Board of Directors

- The Company's Board of Directors comprises of members who possess diversified knowledge, experiences and abilities. The number of the Directors shall not exceed 18.
- The Company elects several Independent Outside Directors, who comprise one-third or more of all Directors of the Company. Independent Outside Directors will be elected from persons who are appropriate to bear the responsibility of strengthening governance such as those who possess abundant experience as management in global enterprises or experts who possess profound knowledge.
- With regard to Inside Directors, persons with appropriate insight to bear decision-making of management of the whole Group and supervision of business execution will be elected from those who possess profound understanding and knowledge on the business by way of processes such as engagement in management of the Company or each operating company.
- The Company's Board of Directors establishes a set of Standards for Independence of Outside Directors (hereinafter "Independence Standards"), which are disclosed in a timely and appropriate manner.

After approval at the Ordinary General Meeting of Shareholders held in June 2025, the Board of Directors is composed of 13 Directors, 46.2% of whom are Independent Outside Directors and 15.4% of whom are female Directors.

The Independence Standards are presented in (2) Directors and other officers, (ii) Outside directors."

Please see below for the skill matrix of Directors.

		Name	Corporate management/ Management strategy	Sustainability/ Environment	Technology/ DX	Finance/ Accounting	Internal control/ Governance	Legal/ Compliance	Personnel and labor/ Human resources development	Sales/ Marketing	Operation with knowledge
Directors	Inside	Yoshihisa Kitano	●	●	●		●				Steel
		Masayuki Hirose	●	●			●			●	Steel
		Masashi Terahata	●	●		●	●	●	●		Steel/ Trading
		Kazuyoshi Fukuda	●	●	●		●			●	Engineering
		Yoshifumi Ubagai	●	●			●			●	Steel/ Trading
	Outside	Yoshiko Ando		●			●	●	●		—
		Takuya Shimamura	●	●			●			●	—
		Keiichi Kobayashi	●	●	●		●			●	—
Directors who are Audit & Supervisory Committee Members	Inside	Nobuya Hara	●			●	●				Steel
		Nakaba Akimoto					●	●			Steel/ Engineering/ Trading
	Outside	Tsuyoshi Numagami	●			●	●			●	—
		Yoshihisa Suzuki	●	●	●		●			●	—
		Naoto Nakamura	●				●	●			—

3) Information disclosure and internal control

- The Company's Board of Directors establishes a timely and appropriate information disclosure system and supervises the operation of the system.
- With the aim of achieving efficient business execution through appropriate control, the Company's Board of Directors establishes Basic Policy to Establish the Internal Control Systems, and implements the system of the JFE Group for compliance and risk management, and supervises operation thereof.

Please refer to "c. Development of the internal control system and risk management system" for the Company's basic views on the internal control system.

4) Directors

- The term of office of Directors (excluding Directors who are Audit & Supervisory Committee Members) of the Company is 1 year as stipulated in the Articles of Incorporation. The Board of Directors decides the candidates who are to be elected in the General Meeting of Shareholders every year.
- The term of office of Directors who are Audit & Supervisory Committee Members of the Company is 2 years as stipulated in the Articles of Incorporation. The Board of Directors decides the candidates with the consent of the Audit & Supervisory Committee, who are to be elected in the General Meeting of Shareholders.
- Directors of the Company recognize the fiduciary duty to shareholders, demonstrate their expected abilities, dedicate sufficient time for the Company, and execute their duties as Directors.
- Directors of the Company collect sufficient information for the execution of their duties, and actively express their opinions and participate in discussions.
- Directors of the Company endeavor to acquire knowledge and engage in further improvement necessary to appropriately fulfill their roles and duties.

5) Outside Directors

- The Board of Directors decides the candidates for Outside Directors (excluding Directors who are Audit & Supervisory Committee Members) of the Company, and election will be carried out at the General Meeting of Shareholders. The candidates are elected among those who do not only fulfill the requirements for Outside Directors as stipulated by the Companies Act, but also meet the Independence Standards established by the Board of Directors.
- The Board of Directors decides the candidates for Outside Directors who are Audit & Supervisory Committee Members of the Company with the consent of the Audit & Supervisory Committee, and election will be carried out at the General Meeting of Shareholders. The candidates are elected among those who do not only fulfill the requirements for Outside Directors as stipulated by the Companies Act, but also meet the Independence Standards established by the Board of Directors.
- Outside Directors of the Company inspect and evaluate the Company's management results and performance of Directors based on business strategies decided by the Board of Directors, and express their opinions based on judgments from the viewpoint of the interest of stakeholders including shareholders.

6) Formulation of agenda, etc. of the Board of Directors

- The Chairperson of the Board of Directors of the Company decides the agenda of the Board of Directors prior to each meeting, and notifies the Directors accordingly and sets a period of time appropriate for sufficient discussion to take place.
- With the aim of facilitating the discussion in the Board of Directors, the Company distributes the reference concerning the agenda and proposals of the meeting to each Director including Outside Directors, and briefs them when necessary, sufficiently prior to the date of the meeting.
- Concerning the itinerary of the Board of Directors Meeting, the Company decides the annual schedule taking into consideration the availability of the Directors.

In FY2024, the Board of Directors held discussions concerning matters such as progress on the Seventh Medium-term Business Plan and future challenges based on this progress, initiatives relating to sustainability issues, and the formulation of the Eighth Medium-term Business Plan. The number of meetings held and the attendance of individuals in FY2024 are as follows.

Position	Name	Number of meetings of the Board of Directors attended	Attendance rate
Representative Director, President and CEO	Yoshihisa Kitano	14/14	100%
Representative Director	Masayuki Hirose	11/11	100%
Representative Director	Masashi Terahata	14/14	100%
Director	Toshinori Kobayashi	14/14	100%
Director	Kazuyoshi Fukuda	11/11	100%
Director	Masami Yamamoto	14/14	100%
Director	Yoshiko Ando	14/14	100%
Director	Keiichi Kobayashi	11/11	100%
Audit & Supervisory Board Member (full-time)	Nobuya Hara	14/14	100%
Audit & Supervisory Board Member (full-time)	Nakaba Akimoto	14/14	100%
Audit & Supervisory Board Member	Isao Saiki	14/14	100%
Audit & Supervisory Board Member	Tsuyoshi Numagami	14/14	100%
Audit & Supervisory Board Member	Takuya Shimamura	14/14	100%

7) Self-evaluation of Board of Directors

- The Board of Directors analyses and evaluates the overall effectiveness of the Board of Directors each year and discloses the summary of the results in a timely and appropriate manner.

The status of evaluation of the effectiveness of the Board of Directors in FY2024 is described below.

The Company's Board of Directors has engaged in overall self-evaluation since FY2015, based on the "Basic Policy on Corporate Governance." Since FY2018, this has involved analysis and evaluation using a third-party organization to incorporate an objective standpoint independent from the Company. In FY2024, the Company conducted a survey of all the Directors and Audit & Supervisory Board Members concerning the following items.

In addition, the results of the initiatives taken in FY2024, based on opinions and recommendation obtained from the analysis and evaluation conducted in FY2023, were also examined.

[Main content of survey]

I. Operational framework for the Board of Directors

(Composition and operations of the Board of Directors, support and cooperation framework of the Secretariat, and culture)

II. Supervision function of the Board of Directors and functions of the advisory committees

(Supervision function and status of discussions at the Board of Directors, status of discussions at the advisory committees, etc.)

III. Relationships with shareholders and stakeholders

As a result of discussions at the Board of Directors based on the survey results and evaluation by the third-party organization, the Board of Directors determined that its overall effectiveness was ensured through robust discussions at its meetings, as comments were proactively expressed, with the help of substantial preliminary briefing sessions at meetings of Outside Directors and Outside Audit & Supervisory Board Members and appropriate proceedings by the chairperson.

Initiatives in FY2024 based on the evaluation results of the Board of Directors' effectiveness up to FY2023 are as follows:

- Reports were made at meetings of the Board of Directors concerning the direction and other facets of the Group's vision, JFE Vision 2035, together with the Eighth Medium-Term Business Plan, which is its growth strategy for achieving this vision, at each stage of consideration, and the Board of Directors held discussions on medium- and long-term corporate value enhancement
- Reports were made at meetings of the Board of Directors concerning sustainability issues, including the human resources strategy that supports management strategy, DE&I initiatives, the results of engagement surveys and the Company's response, and progress on the implementation and expansion of human rights due diligence aimed at ensuring respect for human rights. The Board of Directors discussed these issues on an ongoing basis. In addition, the Company conducted surveys to ascertain the status of compliance at Group companies and to support initiatives. The findings and responses to these surveys were reported at meetings of the Board of Directors, and it engaged in discussions regarding risk management.
- The Company decided to transition to a company with an Audit & Supervisory Committee to further strengthen the supervisory function of the Board of Directors by accelerating decision-making and enhancing the discussion of management policies and strategies within the Board of Directors. Moving forward, the Board of Directors will continue to work toward improving governance based on ongoing discussions.

The accurate and fair auditing of Directors' execution of their duties by Audit & Supervisory Board Members and their proactive voicing of opinions and questions regarding the management decision-making and reporting at the Board of Directors meetings have vitalized deliberations at the Board meetings. It was thus determined that the Company is

functioning effectively as a company with an Audit & Supervisory Board.

Furthermore, the following main issues were extracted from this survey for further improvement of effectiveness.

- Pursuant to the transition to a company with an Audit & Supervisory Committee, the Board of Directors should engage in fuller discussions concerning its vision for the future, including its approach to the delegation of executive authority and the scale and diversity of the Board of Directors
- In addition to important management issues that are discussed on an ongoing basis, such as human capital management and respect for human rights, the Board of Directors should further enhance discussions aimed at analyzing and improving the Company's market valuation.
- The Company should enhance reporting to the Board of Directors on risk information, including that of subsidiaries and affiliates, to further strengthen risk management across the Group.

Bearing the above points in mind, initiatives will be proactively undertaken to further increase the effectiveness of the Board of Directors and enhance the corporate value of the Group.

(2) Audit & Supervisory Committee and Audit & Supervisory Committee Members

1) Duties and roles of Audit & Supervisory Committee and Audit & Supervisory Committee Members

- Based on the fiduciary duty to shareholders, the Audit & Supervisory Committee of the Company endeavors to ensure the sound and sustainable growth and the enhancement of social trust of the Company through auditing of the execution of duties by Directors. Audit & Supervisory Committee Members of the Company, with the aim of appropriately executing their duties, communicate with Directors, etc. and express their opinions as necessary. In addition, Audit & Supervisory Committee Members communicate with Directors, etc. of subsidiaries and endeavor to collect information and improve the auditing environment.
- Audit & Supervisory Committee Members, through the Audit & Supervisory Committee, endeavor to share the significant information obtained from duties, and aim for appropriate auditing through exchange of opinions with other Audit & Supervisory Committee Members. Full-time Audit & Supervisory Committee Members demonstrate their characteristics, and they endeavor to collect information through examination of the state of business and assets in addition to attending important meetings, and actively contribute to the improvement of the auditing environment. Outside Audit & Supervisory Committee Members of the Company demonstrate their characteristics, aim for the further enhancement of the neutrality and independence of the auditing system and function, and carry out auditing operations from a broad perspective.
- The Company's Audit & Supervisory Committee and Audit & Supervisory Committee Members endeavor to improve the effectiveness of auditing by appropriately executing their authority as stipulated by laws and regulations.

2) Structure of Audit & Supervisory Committee

- The Directors who are Audit & Supervisory Committee Members possess sufficient knowledge concerning finance and accounting. The number of Audit & Supervisory Committee Members shall not exceed 6, among which the majority shall be Outside Directors who are Audit & Supervisory Committee Members.
- The Company elects several Independent Outside Directors who are Audit & Supervisory Committee Members. Independent Outside Directors who are Audit & Supervisory Committee Members will be elected from persons who are appropriate to bear the role of enhancing the auditing function, such as those who possess abundant experience as management in global enterprises or experts who possess profound knowledge.
- With regard to Inside Directors who are Audit & Supervisory Committee Members, persons with knowledge and experience enabling the auditing of execution of duties by Directors in an accurate and fair manner, who deliver an insight appropriate to bear the supervision function will be elected from those who possess profound understanding and knowledge on the business by way of processes such as engagement in management or auditing of the Company or each Operating Company.

After approval at the Ordinary General Meeting of Shareholders held in June 2025, the Audit & Supervisory Committee is composed of five members, 60% of whom are Independent Outside Directors who are Audit & Supervisory Committee Members.

3) Relationship with the accounting auditor and the internal auditing department

- The Company's Audit & Supervisory Committee cooperates with the accounting auditor and the internal auditing department to ensure a sufficient and appropriate auditing system.
- The Company's Audit & Supervisory Committee evaluates the accounting auditor regularly. A new accounting auditor shall be elected when necessary. In addition, appropriate standards, which highlight independence and professionalism, are established for election and evaluation.

The status of internal audits is presented in "(3) Audits (ii) Internal audits."

(3) Accounting auditor

1) Duties and roles of the accounting auditor

- The Company and the Company's accounting auditor recognize an important responsibility of the accounting auditor in ensuring the reliability of the disclosed information related to finance. The accounting auditor cooperate with the Company's Directors, Audit & Supervisory Committee and the internal auditing department, etc. to ensure a system which allows the execution of appropriate auditing.
- The Company's accounting auditor ensures its independence and professionalism and complies with the necessary standards of quality management for appropriate execution of account auditing.
- The Company implements regular meetings for the accounting auditor and the top management to ensure that the indication of comments and opinions from the accounting auditor are appropriately delivered to the top management.

The status of accounting auditor is presented in “(3) Audits (iii) Audits by accounting auditor,” below.

(4) Consultation Committee

1) Nomination Committee and Remuneration Committee

- The Company establishes the Nomination Committee and the Remuneration Committee which act as an advisory body of the Board of Directors to ensure fair, objective and transparent personnel affairs and remuneration of the Board of Directors.

2) Structure of the Nomination Committee and Remuneration Committee

- The Nomination Committee and Remuneration Committee comprise of a majority of Outside Directors, respectively, and the chairpersons are determined from Outside Directors.

3) A Report from Nomination Committee

- The Nomination Committee deliberates and reports to the Board of Directors on matters pertaining to the basic policy on the election and dismissal of the President of the Company, proposals for the election of candidates for the President of the Company, succession plans of the President of the Company, and the nomination of candidates for Outside Directors.

4) A Report from Remuneration Committee

- The Remuneration Committee deliberates matters pertaining to the basic policy on the remuneration of directors, etc. of the Company and each Operating Company and reports to the Board of Directors.

The composition and chair of each of these committees as of the filing date are as follows.

Nomination Committee

Chair	Takuya Shimamura	Outside Director
Member	Yoshiko Ando	Outside Director
Member	Tsuyoshi Numagami	Director (Outside Audit & Supervisory Committee Member)
Member	Yoshihisa Suzuki	Director (Outside Audit & Supervisory Committee Member)
Member	Yoshihisa Kitano	Inside Director
Member	Masayuki Hirose	Inside Director

Remuneration Committee

Chair	Keiichi Kobayashi	Outside Director
Member	Takuya Shimamura	Outside Director
Member	Tsuyoshi Numagami	Director (Outside Audit & Supervisory Committee Member)
Member	Naoto Nakamura	Director (Outside Audit & Supervisory Committee Member)
Member	Yoshihisa Kitano	Inside Director
Member	Masashi Terahata	Inside Director

In FY2024, the Nomination Committee and the Remuneration Committee were convened four times and five times, respectively, and the members of both committees attended all the meetings.

(5) Secretariat

The Company establishes a secretariat for the Board of Directors, Nomination Committee and Remuneration Committee in the General Administration Dept. to handle necessary contact affairs and support for adjustments, etc. In addition, the Company establishes the Audit & Supervisory Committee's Office, which is comprised of designated staff to assist Audit & Supervisory Committee Members, to carry out their duties and to perform the clerical duties of the Audit & Supervisory Committee under the command of Audit & Supervisory Committee Members.

b. Decision-making on significant matters

With regard to significant matters of each company within the Group, internal rules of each company stipulate clear standards which clarify the determination procedures, and significant matters pertaining to the management of the Group are ultimately subject to deliberation and determination at JFE Holdings, Inc.

Specifically, each operating company decides significant matters concerning itself and its own group companies through deliberation at the management committee, etc., after which the board of directors renders its decisions. At JFE Holdings, Inc., the Group Management Strategy Committee deliberates matters relating to the management strategies involving the entire Group,

and the Management Committee deliberates specific significant matters involving the Company, operating companies or Group companies. Based on these deliberations, the Board of Directors makes its decisions on the significant matters in accordance with the Rules of the Board of Directors.

JFE Holdings, Inc., JFE Steel Corporation, JFE Engineering Corporation and JFE Shoji Corporation hold the management committee and the board of directors meeting once or twice a month, respectively.

The Group Management Strategy Committee of JFE Holdings, Inc. (Chair: president; Secretariat: Corporate Planning Dept.) consists of all inside directors, including the three presidents of the operating companies, and corporate officers. The full-time Audit & Supervisory Committee Members also take part in the committee, which is held two to four times each quarter. The Management Committee (Chair: president; Secretariat: Corporate Planning Dept.) consists of two full-time inside directors as well as corporate officers. The Audit & Supervisory Committee Members also take part in the Management Committee.

All directors, major corporate officers and audit & supervisory board members take part in the management committees of JFE Steel Corporation, JFE Engineering Corporation and JFE Shoji Corporation (Chair: president of each company; Secretariat: corporate planning dept. of each company).

Specifically, JFE Steel Corporation has adopted the By Product Center System, the By Product Sector System and the By Business Division System; JFE Engineering Corporation has adopted the By Business Division System; and JFE Shoji Corporation has adopted the By Sales Division System segmented by products and regions. Meanwhile, as a measure shared across the Group, with regard to technology development, the Group Management Strategy Committee has been set up to deliberate basic policy and important matters. In addition, the JFE Group Information Security Committee has been established as a body to deliberate and decide on important issues concerning information security, and deliberations are carried out on such important issues. Furthermore, the JFE-Security Integration and Response Team (JFE-SIRT), a team dedicated to responding to information security incidents, has been set up for the purpose of protecting information assets within the Group from increasingly sophisticated cyberattacks and the risk of information leakage. In addition, JFE Cyber Security & Solutions, Ltd. was established in April 2024 to internalize security monitoring and analysis within the Group.

c. Development of the internal control system and risk management system

The Company's internal control systems, including the risk management system, in accordance with the Basic Policy to Establish the Internal Control System described below, are maintained and operated primarily through the formulation of various committee regulations, including the Rules of the Board of Directors, Regulations for Group Management Strategy Committee, Regulations for Management Committee, Regulations for the JFE Group Internal Control Committee, Regulations for the JFE Group Sustainability Council, Regulations for the JFE Group Compliance Committee, Regulations for Public Disclosure Committee, and Regulations for Organization and Operations and Regulations for Document Management, as well as through the establishment of a Corporate Ethics Hotline. The Basic Policy to Establish the Internal Control System was revised in June 2025, pursuant to the Company's transition to a company with an Audit & Supervisory Committee. The revisions also make it clear that the internal auditing department is to regularly report its audit findings to the Board of Directors, including the Independent Outside Directors, to enable internal auditing to function with independence and greater effectiveness, as well as clarifying risk management to address risks relating to the environment and information security, in view of the rise of these risks in recent years.

Basic Policy to Establish the Internal Control System

JFE Holdings, Inc. shall establish its internal control systems as described below to comply with laws, regulations and the Articles of Incorporation and maximize its corporate value toward the realization of the Corporate Vision—"Contributing to society with the world's most innovative technology"—and the goal of establishing a highly sustainable business structure. JFE Holdings, Inc. shall endeavor to review and improve this basic policy and the internal control systems established in accordance therewith on an ongoing basis.

1. Systems to ensure compliance of the execution of duties by Directors of the Company with laws, regulations and the Articles of Incorporation and other Systems necessary for ensuring the propriety of business operations conducted by the corporate group consisting of the Company and its subsidiaries

- (1) Systems to ensure compliance of the execution of duties by directors and employees with laws, regulations and the Articles of Incorporation
 - (a) The authority of directors, corporate officers and employees shall be clarified in the in-house rules for authority and responsibilities and other internal policy guidelines. Their respective duties shall be executed in compliance with the relevant rules and regulations.
 - (b) A Compliance Committee shall be established. It shall deliberate and make decisions on the basic policies and important matters regarding the compliance of ethics, laws and regulations. The Compliance Committee shall also supervise the progress of the measures implemented.
 - (c) A “Corporate Ethics Hotline” to help ensure that important information regarding compliance of ethics, laws and regulations is directly communicated from the front lines to top management shall be provided, streamlined and appropriately operated.
 - (d) The internal auditing department shall audit the compliance conditions of the relevant laws, regulations and the Articles of Incorporation and shall report its audit findings regularly to the Board of Directors.
- (2) Systems to ensure the efficient execution of directors’ duties
 - (a) The directors shall encourage in-depth deliberations at the meetings of the Board of Directors, the Group Management Strategy Committee and the Management Committee. The directors shall also sufficiently deliberate before drawing conclusions at appropriate organizational bodies, as required.
 - (b) The internal auditing department shall audit the effectiveness and efficiency of the business and shall report its audit findings regularly to the Board of Directors.
- (3) Systems to keep and manage information pertaining to the execution of duties by directors
 - (a) The minutes of the Board of Directors meetings shall be prepared with regard to information on matters to be resolved by and reported to the Board of Directors, in accordance with the relevant laws and regulations. The board minutes shall be appropriately kept and managed.
 - (b) Information regarding organizational bodies, such as the JFE Group Management Strategy Committee and the Management Committee, that address important management matters shall be appropriately recorded, stored and managed.
 - (c) Important corporate documents, such as kessaisho (documents for approval), which are related to the execution of directors’ duties, shall be appropriately recorded, stored and managed.
- (4) Rules and other systems regarding loss risk management
 - (a) As for risk management of risks involving business activities, compliance of ethics, laws and regulations, sustainability, the environment, information security, financial reporting, and information disclosure, the corporate officers in charge shall endeavor to recognize their respective risks. The JFE Group Sustainability Council chaired by the CEO shall check, identify and evaluate the risk factors, as required, and deliberate and make decisions on how to cope therewith. The Board of Directors shall deliberate and make decisions or receive reports on important matters concerning risk management.
 - (b) With regard to disasters such as large-scale earthquakes and pandemics, the JFE Group Sustainability Council shall determine response processes in advance, and immediately deliberate and make decisions on how to cope therewith, in order to minimize losses in the event of occurrence thereof.
 - (c) Important management matters shall be deliberated and decided in accordance with the decision-making procedures set forth in the Rules of the Board of Directors, etc.
- (5) Systems to ensure the propriety of business operations conducted by the corporate group
 - (a) The respective Group companies of the JFE Group shall streamline their in-house systems with regard to the matters specified in this basic policy, as required, by taking into account their corporate size, business lines, organizational design of the in-house body, and corporate individuality and characteristics.

(b) JFE Holdings, Inc. shall determine its decision-making procedures, etc., for important group management matters, as well as important matters (including matters with regard to loss risk management) of the operating companies (significant subsidiaries being operating companies of which JFE Holdings, Inc., directly holds shares) and their affiliated group companies in accordance with the Rules of the Board of Directors, etc., then deliberate and make decisions on such matters at the appropriate organizational bodies or receive reports therefrom. Each operating company shall determine its decision-making procedures, etc., for important matters for itself and its affiliated group companies in accordance with its rules of the board of directors, etc., then deliberate and make decisions on such matters at the appropriate organizational bodies or receive reports therefrom.

(c) JFE Holdings, Inc. shall, at the JFE Group Sustainability Council, deliberate and make decisions on the basic policies and important matters regarding risk management common to the Group, confirm and evaluate the Group's risk management, and supervise the progress of the measures implemented. The Board of Directors shall deliberate and make decisions or receive reports on important matters concerning the Group's risk management.

(d) JFE Holdings, Inc. shall establish the JFE Group Compliance Committee to deliberate and make decisions related to the Group's basic policy and important matters in regard to compliance with the code of ethics, laws and regulations, and supervise the status of the implementation of related measures. And, in order to promote its group management that is compliant with the code of ethics and laws and regulations, JFE Holdings, Inc. shall closely coordinate with the compliance committees of operating companies.

Each operating company shall establish a compliance committee to deliberate and make decisions related to the basic policy and important matters in regard to compliance with the code of ethics, laws and regulations for itself and its affiliated group companies, and supervise the status of the implementation of related measures.

JFE Holdings, Inc. shall streamline and appropriately operate the Corporate Ethics Hotline as a system to help ensure that important information of the entire Group regarding compliance with the code of ethics, laws and regulations is directly communicated from the front lines to top management.

(e) The internal auditing department of JFE Holdings, Inc. shall audit the effectiveness and efficiency of the business and the compliance status with regard to the relevant laws, regulations and the articles of incorporation at the operating companies, or receive reports from the respective internal auditing departments of such operating companies.

The internal auditing department of each operating company shall audit the effectiveness and efficiency of the business and the compliance status with regard to the relevant laws, regulations and the articles of incorporation at its affiliated group companies, or receive reports from the respective internal auditing departments of such group companies.

(f) The respective Group companies of the JFE Group shall streamline their required systems, which are necessary to ensure the reliability of their financial reporting, and disclose appropriate information at appropriate times.

2. Systems necessary for the Company's Audit & Supervisory Committee to execute their duties

(1) Matter regarding employees as assistants to support Audit & Supervisory Committee's duties

Dedicated staff to support the duties of the Audit & Supervisory Committee are allocated in the Audit & Supervisory Committee's Office.

(2) Matter regarding the independence of employees as assistant to support Audit & Supervisory Committee's duties from directors (excluding directors who are Audit & Supervisory Committee members)

The personnel affairs of the employees who serve as assistants to the Audit & Supervisory Committee shall be consulted with the Audit & Supervisory Committee Members.

(3) System for ensuring the effectiveness of the instructions given to employees as assistants to support Audit & Supervisory Committee's duties

The employees who serve as assistants to the Audit & Supervisory Committee shall perform their operations of supporting an Audit & Supervisory Committee's duties under the supervision of said Audit & Supervisory Committee.

(4) System for reporting to the Audit & Supervisory Committee

- (a) The Audit & Supervisory Committee Members shall attend the meetings of the Board of Directors, the JFE Group Management Strategy Committee, the Management Committee and other important meetings and receive reports thereat
- (b) The directors (excluding directors who are Audit & Supervisory Committee members), corporate officers and employees shall report the execution of their duties (including important matters regarding the operating companies and their affiliated Group companies) to the Audit & Supervisory Committee and/or any Audit & Supervisory Committee member as required or if so requested by the Audit & Supervisory Committee or any Audit & Supervisory Committee member. The directors, audit & supervisory board members, corporate officers and employees of the operating companies or their affiliated Group companies shall report the execution of their duties to the Audit & Supervisory Committee and/or any Audit & Supervisory Committee member as required or if so requested by the Audit & Supervisory Committee or any Audit & Supervisory Committee member.
- (c) JFE Holdings, Inc. shall streamline the Corporate Ethics Hotline as a system that allows anyone to directly report to or consult with an Audit & Supervisory Committee Member. The details of any violations that have been reported or discussed over the Corporate Ethics Hotline are handled by the department in charge thereof and shall then be reported to the Audit & Supervisory Committee Members, as they occur.

(5) System to ensure that anyone who has reported to the Audit & Supervisory Committee does not suffer detrimental treatment for the reason of having made said report

JFE Holdings, Inc. shall stipulate in the relevant regulations that anyone who has reported any violations through the Corporate Ethics Hotline and that anyone who has reported or discussed any violations with the Audit & Supervisory Committee Members shall not be unfavorably treated, and shall appropriately operate said regulations.

(6) Policies with regard to expense prepayment and/or reimbursement procedures related to the execution of duties by the Audit & Supervisory Committee Members, and the handling of any other expenses or obligations that derive from the execution of the relevant duties

JFE Holdings, Inc., shall appropriately handle any request for the payment of expenses or other obligations required for the execution of duties of Audit & Supervisory Committee Members.

(7) Other systems to ensure effective audits by the Audit & Supervisory Committee

- (a) The directors (excluding directors who are Audit & Supervisory Committee members), corporate officers and employees shall cooperate with the Audit & Supervisory Committee in improving the auditing environment so that the Audit & Supervisory Committee's audits can be smoothly executed, including access to important documents, site examinations, exchanges of opinion with directors and others, examination of subsidiaries and collaboration with the audit & supervisory board members of any subsidiaries, all of which are considered necessary for the audits executed by the Audit & Supervisory Committee.
- (b) The Audit & Supervisory Committee shall receive reports from the accounting auditor and the internal auditing department on their audit results (including important matters regarding the operating companies and their affiliated Group companies) in an appropriate and timely manner and maintain a close working arrangement with the accounting auditor and the internal auditing department.

(iv) Compliance system

In expanding our businesses in Japan and abroad, it is important that the JFE Group maintains relationships of trust with all stakeholders, including its customers, shareholders, and local communities. Trust can only be built upon a strong foundation of "Ensuring Thorough Compliance." Misconduct and scandals resulting from compliance violations can instantly shatter the trust that has taken many years to establish. Therefore, the JFE Group believes it is extremely important that all members of the

organization deepen their knowledge and awareness of compliance and perform their jobs accordingly.

The JFE Group Standards of Conduct guides employees to conduct their business activities based on the Corporate Vision and Corporate Values. They also help to strengthen awareness among all JFE Group executives and employees and ensure adherence to corporate ethics.

The JFE Group Compliance Committee, chaired by the president of JFE Holdings, Inc., generally convenes every quarter to deliberate the Group's basic policies and issues on compliance and then supervise their implementation. Each operating company has a similar in-house system for promoting and supervising compliance in their business activities. In addition, the JFE Group has introduced a Corporate Ethics Hotline to ensure that crucial information regarding compliance can be communicated directly from the front lines to top management.

(v) Outline of the contracts for limitation of liability with directors (excluding those who are executive directors) and directors who are Audit & Supervisory Committee members

The Company has entered into agreements, in accordance with the provision of Article 427, Paragraph 1, of the Companies Act, with three directors (excluding those who are executive directors) and five directors who are Audit & Supervisory Committee members to limit their liability to compensate damages under Article 423, Paragraph 1, of the Companies Act. The limitation on indemnity liability of each director (excluding those who are executive directors) and director who is Audit & Supervisory Committee member to compensate damages under such agreements is set out to the amount set forth in the relevant laws and regulations.

(vi) Outline of the indemnity agreement

The Company has entered into indemnity agreements stipulated in Article 430-2, paragraph 1 of the Companies Act with all directors listed in “(2) Directors and other officers, (i) List of directors,” and the Company will indemnify them to the extent provided by laws and regulations for the expenses stipulated in item 1 of the same paragraph of the Companies Act and for the losses stipulated in item 2 of the same paragraph.

However, the Company has taken measures to ensure that the proper execution of duties by each director is not compromised, by providing, for example, that compensation for litigation expenses will not be paid in cases where the director has executed their duties with malice or gross negligence or in cases where the Company pursues liability against the director (except cases where the director has prevailed in their lawsuits).

(vii) Outline of the directors and officers liability insurance contract

The Company has concluded a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, paragraph 1 of the Companies Act, which insures directors, audit & supervisory board members, corporate officers, etc. of the Company, JFE Steel Corporation, JFE Engineering Corporation and JFE Shoji Corporation.

The contract covers damages and legal costs incurred by the insured due to claims for damages arising out of acts (including omissions) committed by the insured in his or her capacity as an officer, etc. of the Company. However, certain exclusions are provided, such as the exclusion of coverage for damages caused by acts committed by the insured while aware that such acts were in violation of laws and regulations, and measures are taken to ensure that the proper execution of duties by officers, etc. is not compromised. All premiums are borne by the Company, and there is essentially no premium burden on the insured.

(viii) Basic policy regarding the control of the Company

The Company has established the Basic Policy Regarding Persons who Control Decisions on JFE Holdings' Financial and Business Policies as follows.

<Basic Policy Regarding Persons who Control Decisions on JFE Holdings' Financial and Business Policies>

Based on the JFE Group's Corporate Vision of "Contributing to society with the world's most innovative technology," JFE Holdings' basic management stance is to endeavor to increase, in good faith, the corporate value and achieve the common interests of the shareholders by fully utilizing the source of our corporate value accumulated through long-term management efforts and ongoing investments, such as world-leading manufacturing capabilities, cost competitiveness, development utilizing Group-wide synergy, and excellent human capital, and by steadily implementing various measures based on a long-term perspective including development of technologies for carbon neutrality.

The Company believes that persons who control decisions on JFE Holdings' financial and business policies should respect its Corporate Vision and basic management stance and contribute to securing and enhancing the Company's long-term corporate value and the common interests of shareholders.

In addition, the Company believes that a change of control is an effective means of revitalizing corporate activities and economy, and the Company believes that when a large-scale purchase of JFE shares is commenced, the shareholders of the Company should, in principle, make decisions as to whether or not the large-scale purchase is acceptable.

However, some large-scale purchases of the Company's shares or proposals related to large-scale purchases may impair the corporate value of the Company or the common interests of shareholders, which may in effect compel the shareholders to sell their shares of the Company.

Therefore, at such times, from the perspective of securing and enhancing corporate value and the common interests of shareholders, the Company shall promptly take timely and appropriate measures to the extent permitted by the Financial Instruments and Exchange Act, the Companies Act, and other related laws and ordinances, such as requesting that the person proposing a large-scale purchase of the Company's shares provide necessary and sufficient information for the shareholders to appropriately determine whether or not to proceed, disclosing the opinions of the Company's Board of Directors while respecting the independent opinions of Outside Directors and endeavoring to give the shareholders the necessary information and time to review these.

(ix) Quorum of directors and requirements for the adoption of resolutions for electing directors

The Articles of Incorporation of the Company stipulate that the Company shall have not more than 18 directors.

The Company's Articles of Incorporation also stipulate that the adoption of resolutions for the election of the directors shall require the presence of shareholders having not less than one-third of the total voting rights of shareholders who may exercise their voting rights, and shall not be made by cumulative voting.

(x) Matters to be resolved at the General Meeting of Shareholders that may be resolved by the Board of Directors

The Company's Articles of Incorporation stipulate that the following matters to be resolved at the General Meeting of Shareholders may be resolved by the Board of Directors.

- For the purpose of allowing the Company to implement its capital policies in an agile and flexible manner, the Articles of Incorporation stipulate that the Company may, in accordance with the provisions of Article 165, paragraph 2 of the Companies Act, and by resolution of the Board of Directors, acquire its own shares.
- To enable agile and flexible return of profits to shareholders, the Articles of Incorporation stipulate that the Company may, by resolution of the Board of Directors, pay dividends of surplus (interim dividend) in accordance with Article 454, paragraph 5 of the Companies Act to the shareholders or registered share pledgees whose names have been entered or recorded in the shareholder registry as of the close of business on September 30 each year.

For the purpose of allowing directors to adequately fulfill the roles expected of them, the Articles of Incorporation stipulate that the Company may, in accordance with the provisions of Article 426, paragraph 1 of the Companies Act, and by resolution of the Board of Directors, exempt the directors (including those who were previously directors) from liability under Article 423, paragraph 1 of the same act, to the extent permitted by laws and regulations.

(xi) Requirements for the adoption of special resolution of General Meeting of Shareholders

For the purpose of facilitating the smooth operation of the General Meeting of Shareholders, the Company's Articles of Incorporation stipulate that the resolution prescribed in Article 309, paragraph 2 of the Companies Act shall be adopted by a vote of two-thirds or more of the voting rights of those shareholders who attend the General Meetings of Shareholders, at which shareholders having not less than one-third of the total voting rights of shareholders who may exercise their voting rights shall attend.

(2) Directors and other officers

(i) List of directors

Male: 11; Female: 2 (ratio of female directors and Audit & Supervisory Board members: 15.38%)

Position	Name	Date of birth	Career summary	Term of office	Number of the Company's shares held
Representative Director, President and CEO	Yoshihisa Kitano	February 20, 1958	<p>April 1982 Joined Kawasaki Steel Corporation</p> <p>April 2011 Vice President of JFE Steel Corporation</p> <p>April 2014 Senior Vice President of JFE Steel Corporation</p> <p>April 2018 Representative Director and Executive Vice President of JFE Steel Corporation</p> <p>April 2019 Representative Director, President and CEO of JFE Steel Corporation</p> <p>June 2019 Representative Director of JFE Holdings, Inc.</p> <p>April 2024 Retired as Representative Director, President and CEO of JFE Steel Corporation</p> <p>Representative Director, President and CEO of JFE Holdings, Inc. (current post)</p> <p>(Significant concurrent posts)</p> <p>Chairman of the Board of Directors, JFE 21st Century Foundation (Public Interest Incorporated Foundation)</p> <p>(Duties as corporate officer)</p> <p>Chief Executive Officer (CEO)</p>	*1	79,604
Representative Director	Masayuki Hirose	November 19, 1963	<p>April 1986 Joined Kawasaki Steel Corporation</p> <p>April 2017 Vice President of JFE Steel Corporation</p> <p>April 2021 Senior Vice President of JFE Steel Corporation</p> <p>April 2023 Representative Director and Executive Vice President of JFE Steel Corporation</p> <p>April 2024 Representative Director, President and CEO of JFE Engineering Corporation (current post)</p> <p>June 2024 Representative Director of JFE Holdings, Inc. (current post)</p> <p>(Significant concurrent posts)</p> <p>Representative Director, President and CEO of JFE Steel Corporation</p>	*1	18,945
Representative Director	Masashi Terahata	October 31, 1959	<p>April 1982 Joined Kawasaki Steel Corporation</p> <p>April 2012 Vice President of JFE Holdings, Inc.</p> <p>Vice President of JFE Steel Corporation</p> <p>April 2015 Senior Vice President of JFE Holdings, Inc.</p> <p>Senior Vice President of JFE Steel Corporation</p> <p>April 2016 Director of JFE Shoji Corporation</p> <p>March 2018 Retired as Senior Vice President of JFE Holdings, Inc.</p> <p>April 2018 Retired as Director of JFE Shoji Corporation</p> <p>Representative Director and Executive Vice President of JFE Steel Corporation</p> <p>April 2019 Executive Vice President of JFE Holdings, Inc. (current post)</p> <p>Director of JFE Steel Corporation (current post)</p> <p>June 2019 Representative Director of JFE Holdings, Inc. (current post)</p> <p>(Significant concurrent posts)</p> <p>Director of JFE Steel Corporation</p> <p>Representative Director of JFE 21st Century Foundation (Public Interest Incorporated Foundation)</p> <p>(Duties as corporate officer)</p> <p>Chief Financial Officer (CFO)</p> <p>Supervision of General Administration Dept., Corporate Planning Dept., Investor Relations and Corporate Communications Dept., Finance Dept., Keihin Area Land Development Dept. and Keihin Area Business Utilization Development Dept.</p>	*1	30,900

Position	Name	Date of birth	Career summary	Term of office	Number of the Company's shares held
Director	Kazuyoshi Fukuda	March 1, 1962	<p>April 1986 Joined Kawasaki Steel Corporation</p> <p>April 2018 Vice President of JFE Engineering Corporation</p> <p>April 2023 Senior Vice President of JFE Engineering Corporation</p> <p>April 2024 Representative Director, President and CEO of JFE Engineering Corporation (current post)</p> <p>June 2024 Director of JFE Holdings, Inc. (current post)</p> <p>(Significant concurrent posts)</p> <p>Representative Director, President and CEO of JFE Engineering Corporation</p>	*1	10,200
Director	Yoshifumi Ubagai	March 4, 1965	<p>April 1987 Joined Kawasaki Steel Corporation</p> <p>April 2018 Vice President of JFE Steel Corporation</p> <p>April 2022 Senior Vice President of JFE Steel Corporation</p> <p>April 2023 Representative Director and Executive Vice President of JFE Steel Corporation</p> <p>April 2025 Retired as Representative Director and Executive Vice President of JFE Steel Corporation</p> <p>Representative Director, President and CEO of JFE Shoji Corporation (current post)</p> <p>June 2025 Director of JFE Holdings, Inc. (current post)</p> <p>(Significant concurrent posts)</p> <p>Representative Director, President and CEO of JFE Shoji Corporation</p>	*1	11,602
Director	Yoshiko Ando	March 17, 1959	<p>April 1982 Joined Ministry of Labour</p> <p>July 2013 General Manager, Workers' Compensation Division, Labour Standards Bureau of Ministry of Health, Labour and Welfare</p> <p>July 2014 Director-General, Equal Employment and Child and Family Bureau of Ministry of Health, Labour and Welfare</p> <p>October 2015 Director-General for Labour of Ministry of Health, Labour and Welfare</p> <p>June 2016 Director-General for Statistics and Information Policy of Ministry of Health, Labour and Welfare</p> <p>July 2017 Director-General for Human Resources Development of Ministry of Health, Labour and Welfare</p> <p>July 2018 Retired from Ministry of Health, Labour and Welfare</p> <p>June 2020 Director of JFE Holdings, Inc. (current post)</p> <p>(Significant concurrent posts)</p> <p>Outside Director of Kirin Holdings Company, Limited</p> <p>Outside Director of Sansei Technologies, Inc.</p>	*1	4,000
Director	Takuya Shimamura	December 25, 1956	<p>April 1980 Joined Asahi Glass Co., Ltd. (current AGC Inc.)</p> <p>January 2013 Senior Executive Officer and President, Electronics Company of AGC Inc.</p> <p>January 2015 President & CEO of AGC Inc.</p> <p>March 2015 President & CEO of AGC Inc.</p> <p>January 2021 Chairman & Representative Director of AGC Inc.</p> <p>March 2021 Director and Chairman of AGC Inc. (current post)</p> <p>June 2022 Audit & Supervisory Board Member of JFE Holdings, Inc.</p> <p>June 2025 Director of JFE Holdings, Inc. (current post)</p> <p>(Significant concurrent posts)</p> <p>Director and Chairman of AGC Inc.</p> <p>Outside Director of EBARA CORPORATION</p>	*1	3,600

Position	Name	Date of birth	Career summary	Term of office	Number of the Company's shares held
Director	Keiichi Kobayashi	June 24, 1959	<p>April 1985 Joined Furukawa Electric Co., Ltd.</p> <p>April 2016 Representative Director, Member of the Board, Corporate Executive Vice President, and General Manager, Global Marketing Sales Division of Furukawa Electric Co., Ltd.</p> <p>April 2017 President and Representative Director and Member of the Board of Furukawa Electric Co., Ltd.</p> <p>April 2023 Chairman of the Board of Furukawa Electric Co., Ltd. (current post)</p> <p>June 2024 Director of JFE Holdings, Inc. (current post)</p> <p>(Significant concurrent posts)</p> <p>Chairman of the Board of Furukawa Electric Co., Ltd.</p> <p>Outside Director of NTT DATA Japan Corporation</p>	*1	1,300
Director (Audit & Supervisory Committee Member) (full-time)	Nobuya Hara	December 11, 1961	<p>April 1984 Joined NKK Corporation</p> <p>April 2011 General Manager, Controller Department of JFE Steel Corporation</p> <p>April 2012 General Manager, Controller Department of JFE Steel Corporation, and General Manager, Controller Department of JFE Holdings, Inc.</p> <p>April 2015 General Manager, Affiliated Business Department of JFE Steel Corporation</p> <p>April 2016 Audit & Supervisory Board Member of JFE Steel Corporation (current post)</p> <p>June 2017 Audit & Supervisory Board Member of JFE Holdings, Inc.</p> <p>June 2025 Director, Audit & Supervisory Committee Member (full-time) of JFE Holdings, Inc. (current post)</p> <p>(Significant concurrent posts)</p> <p>Audit & Supervisory Board Member of JFE Steel Corporation</p>	*2	10,638
Director (Audit & Supervisory Committee Member) (full-time)	Nakaba Akimoto	May 2, 1968	<p>April 1991 Joined NKK Corporation</p> <p>May 2002 Admitted to the bar in the State of New York, U.S.A.</p> <p>April 2015 Manager, Legal Sec., General Administration Dept. of JFE Holdings, Inc.</p> <p>April 2022 Executive Assistant, General Administration of JFE Holdings, Inc.</p> <p> Audit & Supervisory Board Member of JFE Engineering Corporation (current post)</p> <p> Audit & Supervisory Board Member of JFE Shoji Corporation (current post)</p> <p>June 2022 Audit & Supervisory Board Member of JFE Holdings, Inc.</p> <p>June 2025 Director, Audit & Supervisory Committee Member (full-time) of JFE Holdings, Inc. (current post)</p> <p>(Significant concurrent posts)</p> <p>Audit & Supervisory Board Member of JFE Engineering Corporation</p> <p>Audit & Supervisory Board Member of JFE Shoji Corporation</p>	*2	5,269

Position	Name	Date of birth	Career summary	Term of office	Number of the Company's shares held
Director (Audit & Supervisory Committee Member)	Tsuyoshi Numagami	March 27, 1960	<p>April 2000 Professor of Graduate School of Commerce and Management of HITOTSUBASHI UNIVERSITY</p> <p>January 2011 Dean of Graduate School of Commerce and Management of HITOTSUBASHI UNIVERSITY</p> <p>December 2014 Board Member and Executive Vice President of HITOTSUBASHI UNIVERSITY</p> <p>April 2018 Professor of Graduate School of Business Administration of HITOTSUBASHI UNIVERSITY</p> <p>June 2018 Audit & Supervisory Board Member of JFE Holdings, Inc.</p> <p>March 2023 Retired as Professor of Graduate School of Business Administration of HITOTSUBASHI UNIVERSITY</p> <p>April 2023 Professor of Institute for Business and Finance of Waseda University (current post)</p> <p>June 2025 Director, Audit & Supervisory Committee Member of JFE Holdings, Inc. (current post)</p> <p>(Significant concurrent posts)</p> <p>Professor of Institute for Business and Finance of Waseda University</p> <p>Outside Director of Tokyo Century Corporation</p> <p>Outside Director of EBARA CORPORATION</p>	*2	15,500
Director (Audit & Supervisory Committee Member)	Yoshihisa Suzuki	June 21, 1955	<p>April 1979 Joined ITOCHU Corporation</p> <p>June 2016 Senior Managing Executive Officer, Member of the Board of ITOCHU Corporation President, ICT & Financial Business Company</p> <p>April 2018 President & Chief Operating Officer, Member of the Board of ITOCHU Corporation</p> <p>April 2020 President & Chief Operating Officer, Chief Digital & Information Officer, Member of the Board of ITOCHU Corporation</p> <p>April 2021 Vice Chairman, Member of the Board of ITOCHU Corporation</p> <p>April 2022 Vice Chairman of ITOCHU Corporation</p> <p>April 2023 Senior Vice Representative for Business Community Relations of ITOCHU Corporation</p> <p>April 2024 Advisory Member of ITOCHU Corporation (current post)</p> <p>June 2025 Director, Audit & Supervisory Committee Member of JFE Holdings, Inc. (current post)</p> <p>(Significant concurrent posts)</p> <p>Outside Director of the Board of Kyowa Kirin Co., Ltd.</p> <p>Outside Director, OMRON Corporation</p>	*2	0
Director (Audit & Supervisory Committee Member)	Naoto Nakamura	January 25, 1960	<p>April 1985 Admitted to the bar</p> <p>April 1985 Joined Mori Sogo Law Offices (current Mori Hamada & Matsumoto)</p> <p>April 1998 Established Hibiya Park Law Offices and became Partner</p> <p>February 2003 Established Nakamura Naoto Law Offices (current Nakamura, Tsunoda & Matsumoto) and became Partner</p> <p>April 2023 Established Nakamura Law Firm (current post)</p> <p>June 2025 Director, Audit & Supervisory Committee Member of JFE Holdings, Inc. (current post)</p> <p>(Significant concurrent posts)</p> <p>Lawyer of Nakamura Law Firm</p>	*2	0
Total					191,558

- Notes: 1. Directors Yoshiko Ando, Takuya Shimamura, Keiichi Kobayashi, Tsuyoshi Numagami, Yoshihisa Suzuki, and Naoto Nakamura serve as Outside Directors of JFE Holdings, Inc.
2. The terms of office shall expire at the close of the Ordinary General Meeting of Shareholders for the fiscal year ending within one year after the election on June 25, 2025 (*1).
3. The terms of office shall expire at the close of the Ordinary General Meeting of Shareholders for the fiscal year ending within two years after the election on June 25, 2025 (*2).
4. The Company has elected one substitute Director who is an Audit & Supervisory Committee Member, to be ready to fill a vacant position should the number of Directors who are Audit and Supervisory Committee Members fall below the number required by laws and regulations. The career summary and other details of the substitute Director who is an Audit & Supervisory Committee Member are as follows.

Name	Date of birth	Career summary	Number of the Company's shares held
Isao Saiki	August 11, 1961	<p>April 1989 Admitted to the bar</p> <p>April 1989 Joined Ginza Law Office (current Abe, Ikubo & Katayama Law Firm)</p> <p>January 1998 Promoted to partner of Abe, Ikubo & Katayama Law Firm (current post)</p> <p>April 2014 Audit & Supervisory Board Member of JFE Holdings, Inc.</p> <p>June 2014 Retired as Audit & Supervisory Board Member of JFE Holdings, Inc.</p> <p>June 2017 Audit & Supervisory Board Member of JFE Holdings, Inc.</p> <p>June 2025 Retired as Audit & Supervisory Board Member of JFE Holdings, Inc.</p> <p>(Significant concurrent posts)</p> <p>Partner Lawyer of Abe, Ikubo & Katayama Law Firm</p>	18,700

Note: The term of office of a substitute for a Director who is an Audit & Supervisory Committee Member is the period from the assumption of office to the time when the term of office of the retired Director who was an Audit & Supervisory Committee Member would have expired.

Corporate officers

The Company has adopted the corporate officer system to clarify authority and accountability by separating decision-making on management from business execution and to enhance prompt decision-making and execution. Corporate officers as of June 25, 2025 are as follows.

Position	Name	Responsibility(ies)
President	Yoshihisa Kitano	Chief Executive Officer (CEO)
Executive Vice President	Masashi Terahata	Chief Financial Officer (CFO) Supervision of General Administration Dept., Corporate Planning Dept., Investor Relations and Corporate Communications Dept., Finance Dept., Keihin Area Land Development Dept. and Keihin Area Business Utilization Development Dept.
Senior Vice President	Toshihiro Tanaka	In charge of Corporate Planning Dept., Finance Dept. and Keihin Area Business Utilization Development Dept.
Senior Vice President	Makoto Iwayama	In charge of Keihin Area Land Development Dept.
Vice President	Tsunao Takura	In charge of General Administration Dept. and Investor Relations and Corporate Communications Dept.

(ii) Outside Directors

The Company has six Outside Directors (of whom three are Outside Directors who are Audit & Supervisory Committee members).

The Company makes judgment on the election of Outside Directors in light of the requirements for Outside Directors stipulated in the Companies Act, the regulations of financial instruments exchanges for the designation of independent directors, and the Company's Standards for Independence of Outside Directors so that Outside Directors can adequately bear their management supervision function from a standpoint independent from the management of the Company.

Standards for Independence of Outside Directors of JFE Holdings, Inc.

JFE Holdings, Inc. (the "Company") establishes the standards for independence of Outside Directors as described below. An Outside Director is deemed not to have sufficient independence from the Company in the event that he/she falls under any of the items below.

- 1) A person who is or was an executive director, executive officer, corporate officer or employee (collectively the "Executive") of the Company or its subsidiary.
- 2) A person who is currently a major shareholder of the Company. In the event that the person is a legal entity such as a company, a person who is or, in the past 3 years, has been the Executive of such legal entity or the parent company or a significant subsidiary of such legal entity.
- 3) A person for whom the Company or its operating company is a major business partner. In the event that the person is a legal entity such as a company, a person who is or, in the past three years, has been the Executive of such legal entity or the parent company or a significant subsidiary of such legal entity.
- 4) A person who is a major business partner of the Company or its operating company. In the event that the person is a legal entity such as a company, a person who is or, in the past three years, has been the Executive of such legal entity or the parent company or a significant subsidiary of such legal entity.
- 5) A financial institution or other major creditor of the Company or its operating company that is indispensable for the fundraising of the Company or its operating company and on whom the Company or its operating company depends to the extent that it is irreplaceable. In the event that the financial institution or other major creditor is a legal entity, a person who is or, in the past three years, has been the Executive of such legal entity or the parent company or a significant subsidiary of such legal entity.
- 6) A person who has received donations exceeding a certain amount (an annual average, over the past three years, of either 10 million yen or 30% of the person's total expenses, whichever is larger) from the Company or its operating company. In the event that the person is a legal entity such as a company, a person who is or, in the past three years, has been the Executive of such legal entity or the parent company or a significant subsidiary of such legal entity.
- 7) A consultant, accounting professional such as a certified public accountant, or legal professional such as a lawyer who has received a large amount of money or other assets (an annual average of 10 million yen or larger over the past three years) in addition to the director's or audit & supervisory board member's remuneration from the Company or its

operating company. In the event that the consultant, accounting professional or legal professional is an organization such as a legal entity or an association, a person who belongs to such organization.

- 8) An accounting auditor of the Company or its operating company, or a person who is a partner, etc. of such accounting auditor; or a person who performed auditing on the Company or its operating company as a partner, etc. of such accounting auditor in the past three years.
- 9) A person who is a director, audit & supervisory board member, executive officer or corporate officer of a company which has accepted directors from the Company or its operating company, or of the parent company or a subsidiary of such company.
- 10) A person who is or, in the past three years, was the Executive of a lead managing underwriter of the Company.
- 11) A relative of a person falling under any of the foregoing items (1) through (10) (the person's spouse, relatives within the third degree of kinship, or relatives living with the person).

Nevertheless, in the event that a person who falls under any of the foregoing items is deemed by the Company appropriate for an independent outside director of the Company in light of the person's personality, insight, etc., the Company may nominate such person as a candidate for an independent outside director, by providing the reason to believe that the person is appropriate for an independent outside director of the Company, and by explaining that the person fulfills the requirements for an independent outside director.

* "Operating company" refers to JFE Steel Corporation, JFE Engineering Corporation and JFE Shoji Corporation.

* "Major business partner" refers to the case where the aggregate amount of transactions with the business partner exceeds 1% of consolidated net sales in the most recent fiscal year.

Outside Director Ms. Yoshiko Ando has worked as an administrative official for many years, engaged in policy making in labor administration including women's active participation in the workforce. The Company expects her to play a role in strengthening governance based on such professional expertise and abundant experience in a wide range of fields of employment and labor. Although she has no experience of participating in corporate management other than as an outside director or outside audit & supervisory board member, based on such in-depth knowledge and outstanding insight, as well as her performance as an Outside Director of the Company since she assumed office as such, the Company has judged Ms. Ando continues to be capable of providing valuable suggestions and advice as an Outside Director of the Company in supervising overall business execution and improving the Company's corporate value.

Ms. Ando satisfies the standards for independence stipulated in the Securities Listing Regulations and the Independence Standards established by the Company, and would have no conflict of interests with general shareholders. Hence, the Company has designated Ms. Ando as an independent director, based on the judgment that Ms. Ando is capable of adequately bearing the supervision function from a standpoint independent from the management of the Company.

Outside Director Mr. Takuya Shimamura has long been active in the management of AGC Inc., which globally operates a wide range of businesses, including glass, electronics, chemicals, and ceramics, and secured stable earnings and promoted growth strategies through organizational culture change, while also actively been involved in sustainability management. The Company expects him to play a role in strengthening governance based on such extensive experience and broad insight in corporate management. Based on such in-depth knowledge and his outstanding insight, as well as his performance as an outside Audit & Supervisory Board member of the Company since he assumed office as such, the Company has judged Mr. Shimamura to be capable of providing valuable suggestions and advice as an Outside Director of the Company in supervising overall business execution and improving the Company's corporate value.

In FY2024, transactions between AGC Inc., where Mr. Shimamura served as an executive until March 2021, and the Company and its operating companies (JFE Steel Corporation, JFE Engineering Corporation and JFE Shoji Corporation) did not exceed 1% of the annual consolidated net sales (revenue) of either the Company or AGC Inc. Accordingly, AGC Inc. does not fall under the category of a person for whom the Company or its operating company is a major business partner or a person who is a major business partner of the Company or its operating company. Mr. Shimamura satisfies the standards for independence stipulated in the Securities Listing Regulations and the Independence Standards established by the Company, and would have no conflict of interests with general shareholders. Hence, the Company has designated Mr. Shimamura as an independent Audit & Supervisory Committee member, based on the judgment that Mr. Shimamura is capable of adequately bearing the supervision function from a

standpoint independent from the management of the Company.

Outside Director Mr. Keiichi Kobayashi has been successful in managing Furukawa Electric Co., Ltd. for many years, which engages in a wide range of businesses centered on copper and other materials and industrial machinery, and has remarkable knowledge of metallic materials. He has worked to build and strengthen marketing and sales systems, including at overseas locations, and promote business with an emphasis on capital efficiency. The Company expects him to play a role in strengthening governance based on such abundant experience and broad insight in corporate management. Based on such in-depth knowledge and outstanding insight, as well as his performance as an outside director of the Company since he assumed office as such, the Company has judged Mr. Kobayashi continues to be capable of providing valuable suggestions and advice as an Outside Director of the Company in supervising overall business execution and improving the Company's corporate value.

In FY2024, transactions between Furukawa Electric Co., Ltd., where Mr. Kobayashi served as an executive until March 2023, and the Company and its operating companies (JFE Steel Corporation, JFE Engineering Corporation and JFE Shoji Corporation) did not exceed 1% of the annual consolidated net sales (revenue) of either the Company or Furukawa Electric Co., Ltd. Accordingly, Furukawa Electric Co., Ltd. does not fall under the category of a person for whom the Company or its operating company is a major business partner or a person who is a major business partner of the Company or its operating company. Mr. Kobayashi satisfies the standards for independence stipulated in the Securities Listing Regulations and the Independence Standards established by the Company, and would have no conflict of interests with general shareholders. Hence, the Company has designated Mr. Kobayashi as an independent Audit & Supervisory Committee member, based on the judgment that Mr. Kobayashi is capable of adequately bearing the supervision function from a standpoint independent from the management of the Company.

Outside Director who is an Audit & Supervisory Committee Member Mr. Tsuyoshi Numagami has actively worked on the research on corporate management for many years, and has an impressive academic knowledge with regard to corporate management strategy and an ideal state of an organization, in addition to being familiar with many industrial fields. He also has experience of university management as Executive Vice President of HITOTSUBASHI UNIVERSITY. The Company expects him to play a role in strengthening governance based on his high level of expertise and abundant experience in management and other areas. Although he has no experience of participating in corporate management other than as an outside director or outside audit & supervisory board member, based on such in-depth knowledge and an outstanding insight, as well as his performance as an Outside Audit & Supervisory Board member of the Company since he assumed office as such, the Company has judged Mr. Numagami to be capable of accurately and fairly auditing and supervising the overall execution of the Company's business, as well as of providing valuable suggestions and advice to improve the Company's corporate value as an Outside Director who is an Audit & Supervisory Committee member of the Company.

In FY2024, transactions between HITOTSUBASHI UNIVERSITY, where Mr. Numagami served as a Professor until March 2023, and Waseda University, where he is serving as a Professor since April 2023, and the Company and its operating companies (JFE Steel Corporation, JFE Engineering Corporation and JFE Shoji Corporation) did not exceed 1% of the annual consolidated net sales (revenue) of the Company, HITOTSUBASHI UNIVERSITY, or Waseda University. Furthermore, neither the Company nor its operating companies have made a donation of 10 million yen or more to either university in the last three years. Accordingly, HITOTSUBASHI UNIVERSITY and Waseda University do not fall under any of the person for whom the Company or its operating company is a major business partner, the person who is a major business partner of the Company or its operating company, or the person who has received donations exceeding a certain amount. Mr. Numagami satisfies the standards for independence stipulated in the Securities Listing Regulations and the Independence Standards established by the Company, and would have no conflict of interests with general shareholders. Hence, the Company has designated Mr. Numagami as an independent Audit & Supervisory Committee member, based on the judgment that Mr. Numagami is capable of adequately bearing the supervision function from a standpoint independent from the management of the Company.

Outside Director who is an Audit & Supervisory Committee Member Mr. Yoshihisa Suzuki has been successful in managing ITOCHU Corporation, a company that operates globally for many years, and has extensive experience and broad insight in corporate management in Japan and overseas accumulated through serving as CEO of a North American business and an aviation-related manufacturing company, as well as being involved in creating new businesses in the ICT and financial business. The Company expects him to play a role in strengthening governance based on such abundant experience and broad insight in corporate management. Based on such in-depth knowledge and outstanding insight, the Company has judged Mr. Suzuki to be capable of accurately and fairly auditing and supervising the overall execution of the Company's business, as well as of providing valuable

suggestions and advice to improve the Company's corporate value as an outside director who is an Audit & Supervisory Committee member of the Company.

In FY2024, transactions between ITOCHU Corporation, where Mr. Suzuki served as Representative Director until March 2021, and the Company and its operating companies (JFE Steel Corporation, JFE Engineering Corporation and JFE Shoji Corporation) did not exceed 1% of the annual consolidated net sales (revenue) of either the Company or ITOCHU Corporation. Accordingly, ITOCHU Corporation does not fall under the category of a person for whom the Company or its operating company is a major business partner or a person who is a major business partner of the Company or its operating company. Mr. Suzuki satisfies the standards for independence stipulated in the Securities Listing Regulations and the Independence Standards established by the Company, and would have no conflict of interests with general shareholders. Hence, the Company has designated Mr. Suzuki as an independent Audit & Supervisory Committee member, based on the judgment that Mr. Suzuki is capable of adequately bearing the supervision function from a standpoint independent from the management of the Company.

Outside Director who is an Audit & Supervisory Committee Member Mr. Naoto Nakamura has been successful as an attorney at law for many years, and has extensive experience and broad insight in corporate governance and compliance, accumulated through providing guidance, advice, and oversight to companies from the standpoint of a third-party committee, etc. as well as extensive experience as an outside officer of other companies. The Company expects him to play a role in strengthening governance based on his high level of expertise and extensive experience in legal practice cultivated as an attorney. Although he has no experience of participating in corporate management other than as an outside director or outside audit & supervisory board member, based on such in-depth knowledge and outstanding insight, the Company has judged Mr. Nakamura to be capable of accurately and fairly auditing and supervising the overall execution of the Company's business, as well as of providing valuable suggestions and advice to improve the Company's corporate value as an outside director who is an Audit & Supervisory Committee member of the Company.

Nakamura, Tsunoda & Matsumoto, where Mr. Nakamura served as a Partner until April 2023 and Nakamura Law Firm, which Mr. Nakamura established in April 2023, have not received an annual average of 10 million yen or larger remuneration from the Company and its operating companies (JFE Steel Corporation, JFE Engineering Corporation and JFE Shoji Corporation) over the past three years. Accordingly, neither Nakamura, Tsunoda & Matsumoto nor Nakamura Law Firm fall under the category of a person for whom the Company or its operating company is a major business partner or a person who is a major business partner of the Company or its operating company. Mr. Nakamura satisfies the standards for independence stipulated in the Securities Listing Regulations and the Independence Standards established by the Company, and would have no conflict of interests with general shareholders. Hence, the Company has designated Mr. Nakamura as an independent Audit & Supervisory Committee member, based on the judgment that Mr. Nakamura is capable of adequately bearing the supervision function from a standpoint independent from the management of the Company.

The number of the Company's shares held by each outside director is provided in "(i) List of directors" above.

(iii) Cooperation among supervision by outside directors, supervision or audits by outside directors who are Audit & Supervisory Committee members, internal audits, audits by the Audit & Supervisory Committee, and accounting audits, and their relationships with internal control departments

All of the six outside directors (including three outside directors who are Audit & Supervisory Committee members) described in "(ii) Outside directors" have no direct interest in the Company, and the Company believes that they would have no conflict of interests with general shareholders. Hence, the Company has judged that they are capable of adequately bearing the supervision function from a standpoint independent from the management of the Company.

The Audit & Supervisory Committee, including the Outside Directors who are Audit & Supervisory Committee members mentioned above, closely cooperates with the internal auditing departments by holding meetings periodically or whenever necessary, where the directors who are Audit & Supervisory Committee members receive reports on internal audit plans, status of internal audit implementation and results of internal audits, and where opinions are exchanged. The Audit & Supervisory Board members also closely cooperate with Ernst & Young ShinNihon LLC, the accounting auditor, by holding meetings periodically or whenever necessary, where the directors who are Audit & Supervisory Committee members receive reports on audit plans, status of audit implementation, and audit results as well as detailed explanation on the quality control system of the accounting auditor, and provide explanation on audit plans, etc., and where opinions are exchanged.

Important matters regarding the execution of operations by the internal control departments are deliberated at meetings of the

Board of Directors, where Outside Directors attend and speak appropriately in the deliberation, drawing on their respective knowledge.

The Company provides outside directors with briefings, etc. prior to the Board of Directors meetings, and gives materials and explanations on each agenda item.

In addition to the above, the Company will strive to provide adequate information necessary for execution of their duties by providing explanations on important management issues of the Company and Group companies from time to time, and offering opportunities such as exchanges of opinions with the senior management including the president, attendance of hearings of important business reporting by each department as necessary, convening of the Board of Directors meetings at major business bases, inspections of Group companies, etc.

(3) Audits

(i) Audits by the Audit & Supervisory Committee

The Company transitioned to a company with an Audit & Supervisory Committee based on the approval of the 23rd Ordinary General Meeting of Shareholders held on June 25, 2025. Therefore, the activities for FY2024, presented here, apply to the period before the transition, when the Company was a company with an Audit & Supervisory Board.

a. Organization, members, and procedures of the Audit & Supervisory Committee

The Company's Audit & Supervisory Committee is composed of five directors who are Audit & Supervisory Committee members (hereinafter referred to as "Audit & Supervisory Committee members"), including three outside directors who are Audit & Supervisory Committee members.

In addition to attending the Board of Directors meeting, the Audit & Supervisory Committee members divide duties between full-time members and other members and attend the Group Management Strategy Committee, the Management Committee, the JFE Group Sustainability Council, and other important meetings, where they express opinions as necessary. They audit the manner in which directors execute their duties by conducting interviews on operational status from directors and corporate officers and by receiving operational reports from operating companies and Group companies. Moreover, they hold meetings with the accounting auditor periodically and whenever necessary, as well as receiving explanations on the quality control system of the accounting auditor to confirm its validity. The Audit & Supervisory Committee members also hold meetings with the internal auditing departments periodically and whenever necessary to hear reports on the status of internal audit implementation and results of internal audits, among other matters, and exchange opinions with the departments. Audit & Supervisory Committee members of the Company, operating companies and Group companies exchange information to promote cooperation. They utilize online tools for holding meetings, hearing reports, and exchanging opinions.

Employees who work as full-time assistants to support the Audit & Supervisory Committee's duties are assigned to the Audit & Supervisory Committee's Office, and the personnel affairs of such employees are consulted with Audit & Supervisory Committee members.

Audit & Supervisory Committee Member Mr. Nobuya Hara has extensive knowledge of and insight into finance and accounting as he has experience of serving as General Manager of Controller Department at both JFE Steel Corporation and JFE Holdings, Inc. Audit & Supervisory Committee Member Mr. Tsuyoshi Numagami has been engaged in extensive research on overall corporate management, including business strategy, and has extensive knowledge of and insight into finance and accounting based on his expertise.

b. Activities of the Audit & Supervisory Board members and the Audit & Supervisory Board

In the fiscal year ended March 31, 2025, the Company held the Audit & Supervisory Board meeting 20 times. The attendance of individual Audit & Supervisory Board members is as follows. Key matters to be discussed by the Audit & Supervisory Board include audit policies and audit plans, the development and operation of internal control systems, the appropriateness of the method and results of audits by the accounting auditor (including key audit matters stated in the Independent Auditor's Report of the accounting auditor), matters concerning the appointment, dismissal, and non-reappointment of the accounting auditor, consent on compensation for the accounting auditor, the evaluation of the effectiveness of the Audit & Supervisory Board, and the preparation of the audit report.

Position	Name	Number of meetings of the Audit & Supervisory Board held	Number of meetings of the Audit & Supervisory Board attended
Audit & Supervisory Board Member (full-time)	Nobuya Hara	20	20
	Nakaba Akimoto	20	20
Audit & Supervisory Board Member	Isao Saiki	20	20
	Tsuyoshi Numagami	20	20
	Takuya Shimamura	20	20

(ii) Internal audits

As of the filing date

Internal audit organizations of the Group have been established at the Company (five members), its principal operating companies (26 members) and key Group companies, and conduct the audit of business operations of each company. The internal auditing departments of the Company and Group companies mutually share information to enhance overall internal auditing structure within the Group. In addition, in order to ensure the effectiveness of internal audits, the results of internal audits are reported to the Board of Directors and the Audit & Supervisory Committee.

The internal audit departments, Audit & Supervisory Committee members, and the accounting auditor exchange information any time when necessary, including periodical meetings for reports on audit plans, audit results, among other matters, to promote mutual cooperation.

As for the relationships between these audits and the internal control departments, the internal control departments endeavor to adequately provide necessary information to the internal auditing departments, Audit & Supervisory Committee members, and the accounting auditor on a routine basis.

The internal auditing departments work to reinforce control by the internal control departments by, for example, reporting matters requiring improvement identified as a result of audits at the JFE Group Sustainability Council to ensure that such matters are fully communicated and informed across the Group.

The Audit & Supervisory Committee members report their audit results to the president to exchange opinions, and also communicate the results to the internal control departments to ask for improvements if necessary.

The accounting auditor works to exchange audit results and other information and reinforce control by the internal control departments by, for example, periodically exchanging opinions with the senior management including the president.

(iii) Audits by accounting auditor

a. Designation of the audit firm

Ernst & Young ShinNihon LLC

b. Continuous audit period

Since 2002

c. Certified public accountants who executed accounting audit

Names of the CPAs who executed accounting audit	Name of the audit firm the CPAs belong to
Shin Ichinose, Designated and Engagement Partner	Ernst & Young ShinNihon LLC
Tetsuya Yoshida, Designated and Engagement Partner	Ernst & Young ShinNihon LLC
Keiichi Wakimoto, Designated and Engagement Partner	Ernst & Young ShinNihon LLC
Taichi Fujio, Designated and Engagement Partner	Ernst & Young ShinNihon LLC

Notes: 1. The number of continuous years of service is omitted because the number for each of the above persons is not more than seven years.

2. The composition of assistants in the accounting audit is determined in accordance with the selection standards of the audit firm and specifically, they are composed of certified public accountants and other assistants as major members, in addition to the system professionals.

d. Policy and reasons for the selection of the audit firm

The selection policy is to confirm if the audit firm has no issues with the following points.

- (a) If the accounting auditor falls under any of the circumstances that constitute a reason for dismissal
- (b) Appropriateness of the method and results of the audit by the accounting auditor
- (c) Quality control system of the accounting auditor
- (d) Level of audit fees

Note: Policy on decisions of dismissal or non-reappointment of the accounting auditor

At JFE Holdings, Inc., the Audit & Supervisory Committee shall, upon consent of all the Audit & Supervisory Committee members, dismiss the accounting auditor after reviewing a case if it determines a circumstance falling under any of the items set forth in Article 340, paragraph 1 of the Companies Act to have occurred. In case any similar circumstance occurs, or if the Audit & Supervisory Committee judges it necessary to do so, the Audit & Supervisory Committee shall determine the content of a proposal for the dismissal or non-reappointment of the accounting auditor and submit this proposal to the General Meeting of Shareholders.

The above policy is the same as the approach adopted by the Audit & Supervisory Board before the Company's transition to a company with an Audit & Supervisory Committee. As a result of the evaluation of Ernst & Young ShinNihon LLC in accordance with the above policy, the Audit & Supervisory Board judged that the audit firm has fulfilled its responsibilities as the Company's accounting auditor. Accordingly, the Company has decided to reappoint the audit firm as the accounting auditor of JFE Holdings, Inc. for the 24th fiscal year.

e. Evaluation of the audit firm by the Audit & Supervisory Board members and the Audit & Supervisory Board

The Company's Audit & Supervisory Board members and the Audit & Supervisory Board performed the aforementioned evaluation for Ernst & Young ShinNihon LLC. The Audit & Supervisory Board members and the Audit & Supervisory Board evaluated the accounting auditor to confirm if, among other factors, the execution of duties, auditing system, and level of audit fees of the accounting auditor were appropriate primarily through hearing reports from the accounting auditor, witnessing the accounting audit, and exchanging opinions with management executive departments. As a result, the Audit & Supervisory Board members and the Audit & Supervisory Board confirmed that the method and results of the audit by the accounting auditor were appropriate, and there were no issues with the quality control system and the level of audit fees for the audit by the accounting auditor. Accordingly, Ernst & Young ShinNihon LLC was evaluated to have fulfilled its responsibilities as the Company's accounting auditor.

(iv) Details of audit fees, etc.

a. Compensation paid to auditing certified public accountants, etc.

Category	Previous fiscal year		Current fiscal year	
	Audit fees (thousand yen)	Non-audit fees (thousand yen)	Audit fees (thousand yen)	Non-audit fees (thousand yen)
Reporting company	23,100	30,000	26,059	1,000
Consolidated subsidiaries	488,833	28,796	467,471	19,001
Total	511,933	58,796	493,530	20,001

Non-audit services

(Previous fiscal year)

Non-audit services provided to the Company and its consolidated subsidiaries include preparation of a comfort letter in connection with issuance of new shares, etc.

(Current fiscal year)

Non-audit services provided to the Company and its consolidated subsidiaries include agreed procedures.

- b. Compensation to be paid by the Company and its consolidated subsidiaries to audit firms (excluding Ernst & Young ShinNihon LLC) belonging to the Ernst & Young network

Category	Previous fiscal year		Current fiscal year	
	Audit fees (thousand yen)	Non-audit fees (thousand yen)	Audit fees (thousand yen)	Non-audit fees (thousand yen)
Reporting company	—	—	—	—
Consolidated subsidiaries	156,013	141,493	266,438	144,942
Total	156,013	141,493	266,438	144,942

Non-audit services

(Previous fiscal year)

Non-audit services provided to the Company and its consolidated subsidiaries include documentation concerning the transfer pricing taxation.

(Current fiscal year)

Non-audit services provided to the Company and its consolidated subsidiaries include documentation concerning the transfer pricing taxation.

- c. Policy for deciding audit fees

The amount of audit fees is determined taking into account the size and characteristics of the audited company, the number of days required for the audit and other factors in consultation with the audit firm.

- d. Reasons for the Audit & Supervisory Board's consent to compensation to be paid to the accounting auditor

The Audit & Supervisory Board examined the appropriateness of the audit performance for the previous fiscal year, the content of the audit plan for the current fiscal year and the adequacy of the amount of compensation for the accounting auditor, and, as a result, agreed upon the amount of compensation to be paid to the accounting auditor.

(4) Remuneration for directors and other officers

(i) Total amount, total amount by type, and number of recipients for each position

Category	Total amount (thousands of yen)	Total amount by type (thousands of yen)				Number of eligible Directors and Audit & Supervisory Board Members
		Basic remuneration	Bonus	Stock remuneration		
				Performance- linked portion	Service-length portion	
Director (excluding outside directors)	283,737	244,463	25,890	—	13,384	7
Audit & Supervisory Board Member (excluding outside Audit & Supervisory Board members)	78,335	78,335	—	—	—	2
Outside directors and other officers	111,647	111,647	—	—	—	7

Notes: 1. The Company has established a bonus and a performance-linked portion of stock remuneration as performance-linked remuneration for directors (excluding outside directors), and the total amount of performance-linked remuneration for the fiscal year ended March 31, 2025 was 25,890 thousand yen.

2. The above-stated stock remuneration is intended only for directors (excluding outside directors) and the entire amount is non-monetary remuneration, etc. The total amount of non-monetary remuneration, etc. expensed as stock remuneration for the fiscal year ended March 31, 2025 was 13,384 thousand yen.

(ii) Total amount of consolidated remuneration for officers whose total consolidated remuneration was 100 million yen or more

Name	Total amount (thousand yen)	Position	Company category	Total amount by type (thousands of yen)			
				Basic remuneration	Bonus	Stock remuneration	
						Performance- linked portion	Service-length portion
Yoshihisa Kitano	145,977	Director	JFE Holdings, Inc.	120,047	16,370	–	9,560
Masayuki Hirose	129,603	Director	JFE Holdings, Inc.	9,000	–	–	–
		Director	JFE Steel Corporation	111,043	–	–	9,560

(iii) Content of and determination method for the policy for determining remuneration amounts for directors and other officers or the methods for calculating thereof

a. Policy for determining remuneration for directors and other officers

The Company has designed and operates a remuneration plan for directors and corporate officers in accordance with the Basic Policy on Remuneration for Directors and Corporate Officers (hereinafter referred to as the “Basic Policy”), which was resolved by the Board of Directors on April 26, 2018 and partially amended by resolution of the Board of Directors on June 25, 2025, and the Policy for Deciding the Individual Remuneration for Directors and Corporate Officers (hereinafter referred to as the “Decision Policy”), which was resolved by the Board of Directors on February 9, 2021 and partially revised by resolution of the Board of Directors on June 25, 2025, pursuant to the Basic Policy, based on deliberations by and reports from the Remuneration Committee.

The content of remuneration, etc. for individual directors is determined by the Board of Directors, respecting reports made to the Board of Directors following multifaceted reviews, including reviews of consistency with the Basic Policy, etc., by the

Remuneration Committee. Therefore, the Board of Directors believes that the content of remuneration, etc. for individual directors is in line with the Basic Policy and Decision Policy.

The Basic Policy and the outline of Decision Policy established by the Company are as follows.

<Basic Policy>

- The Board of Directors shall determine remuneration for Directors(excluding directors who are Audit & Supervisory Committee members; the same applies hereinafter) and Corporate Officers based on deliberations regarding its appropriateness by the Remuneration Committee to ensure fairness, objectiveness and transparency.
- The remuneration levels for Directors and Corporate Officers shall be determined to secure excellent human resources who are able to put the Group's corporate vision into practice, taking into consideration the business environment of the Group and remuneration levels at other companies in the same industry or of the same scale.
- The ratios between basic remuneration and performance-linked remuneration (annual bonus and stock remuneration) shall be properly established according to the roles and responsibilities, etc. of each Director and Corporate Officer so as to function as sound incentives toward the sustainable growth of the Group.

<Outline of Decision Policy>

- Remuneration for Directors(excluding directors who are Audit & Supervisory Committee members; the same applies hereinafter) and Corporate Officers shall be determined by a resolution of the Board of Directors in accordance with the Basic Policy and the Decision Policy, based on reports from the Remuneration Committee.
- Remuneration for the Company's Directors and Corporate Officers is comprised of basic remuneration and performance-linked remuneration (annual bonus and stock remuneration).
- Basic remuneration is paid as a fixed amount, in cash, each month according to position.
- Annual bonus is linked to the Company's single-year performance (measured based on financial and non-financial indicators) and is paid in cash once a year.
- Stock remuneration is granted as the Company's shares and cash equivalent to the amount of the Company's shares converted to market value (hereinafter referred to as the "Company's Shares") through the trust upon retirement.
- The ratios of remuneration by type are structured so that the higher the position, the greater the weight of performance-linked remuneration, and the ratio for the Company's President has been set so that when performance targets are achieved the ratio is "basic remuneration : annual bonus : stock remuneration = 50% : 25% : 25%."

However, the Company only pays basic remuneration to outside directors and directors who are Audit & Supervisory Committee members, given their roles of supervising and auditing management from an independent and objective standpoint. Directors who concurrently serve as executive directors of operating companies shall not be paid the annual bonus and the stock remuneration from the Company.

b. Method of determining remuneration for directors and other officers

By resolution of the 23rd Ordinary General Meeting of Shareholders held on June 25, 2025 (the "General Meeting"), the Company decided to set the annual limit of remuneration for directors (excluding directors who are Audit & Supervisory Committee members) at no more than 700 million yen (of which no more than 80 million yen for outside directors), and to pay an annual bonus, in addition to basic remuneration, within such limit of remuneration. The number of directors applicable to this resolution is eight (including three outside directors).

The limit for stock remuneration plan for directors (excluding directors who are Audit & Supervisory Committee members and outside directors) was also resolved at the General Meeting, separately from the aforementioned annual limit. The limit of cash to be contributed to the trust by the Company is 1.8 billion yen per fiscal year multiplied by the number of fiscal years during the covered period (including 0.2 billion yen per fiscal year multiplied by the number of fiscal years during the covered period for the Company's directors). The limit of the number of the Company's shares to be acquired by the trust and to be provided is 2.9 million shares per fiscal year multiplied by the number of fiscal years during the covered period (including 0.32 million shares per fiscal year multiplied by the number of fiscal years during the covered period for the Company's directors). The number of directors applicable to this resolution is two.

By resolution of the General Meeting, the annual limit of remuneration for directors who are Audit & Supervisory Committee members was set at no more than 0.2 billion yen. The number of directors who are Audit & Supervisory Committee members applicable to this resolution is five.

The specific method of determining each type of remuneration based on the above resolutions of the General Meetings of Shareholders is as follows. This method has been amended in FY2025 based on the Eighth Medium-term Business Plan.

<Basic remuneration>

The amount of basic remuneration for each director (excluding the directors who are Audit & Supervisory Committee members) shall be determined by resolution of the Board of Directors within the limit of remuneration upon the Remuneration Committee's deliberations on the appropriateness, in accordance with the Basic Policy and Decision Policy set forth in a. above.

The amount of basic remuneration for each Audit & Supervisory Committee member shall be determined by deliberation of the Audit & Supervisory Committee members within the limit of remuneration.

<Annual bonus>

Annual bonuses for FY2024 are composed of the portion that takes the total segment profit for a single fiscal year as the performance-linked indicator; the portion that takes the indicator related to employee safety as the performance-linked indicator (calculated according to lost-work injuries rate. However, calculated at 0% in the case of a workplace fatality); and the portion that takes the indicator related to climate change as the performance-linked indicator (calculated based on the degree of achievement of a KPI related to contribution to resolving climate change issues (initiatives for achieving carbon neutrality by 2050)). Annual bonuses are calculated by multiplying the level of achievement of each indicator by the standard amount determined for each position.

The Company selected total segment profit as a performance-linked indicator as it believes that it is important to steadily implement each measure to achieve the profitability target of 310 billion yen per year in total in terms of segment profit which was set for the Seventh Medium-term Business Plan. The result for the fiscal year ended March 31, 2025 was a segment profit of 114.5 billion yen.

The indicator related to employee safety is defined as a KPI for the material issues of corporate management of the Company and its operating companies. The Company believes that the prevention of occupational accidents is extremely important for all companies with manufacturing and construction sites. The Company selected this indicator as it believes that the entire JFE Group, including many Group companies and related companies, must further raise awareness of occupational health and safety among employees. The level of company-wide achievement of this indicator at operating companies in the relevant fiscal year was 50% at JFE Steel Corporation, 112% at JFE Engineering Corporation, and 0% at JFE Shoji Corporation. (However, as JFE Steel Corporation evaluates this indicator by workplace, the level of achievement differs for each workplace.) The Company calculates this indicator based on the level of achievement at each operating company, and it was 54% in the relevant fiscal year.

The indicator related to climate change is determined as a KPI for material issues of corporate management for the Company and its operating companies, and was selected based on the need to provide an incentive to accelerate initiatives to address climate change, which is positioned as a top priority management issue. The level of company-wide achievement of this indicator at operating companies in the relevant fiscal year was 108% for JFE Steel Corporation, 105% for JFE Engineering Corporation, and 120% for JFE Shoji Corporation. The Company calculates this indicator based on the level of achievement at each operating company, and it was 109% in the relevant fiscal year.

Among the performance-linked indicators for annual bonuses from FY2025 onward, the financial indicator will be based on the same policy under the Seventh Medium-term Business Plan and the Eighth Medium-term Business Plan. The Company selected total segment profit as the performance-linked indicator and has set a target figure of 365 billion yen. The Company again selected non-financial indicators related to employee safety and climate change as the performance-linked indicators similarly to FY2024, with the aims of achieving zero workplace fatalities defined as a KPI, 100% or more for items related to lost-work injuries rate, and 100% or more for some items selected from the contribution to resolving climate change issues (initiatives for achieving carbon neutrality by 2050). The Company will also apply an indicator relating to employee engagement from FY2025 onward, in addition to the existing indicators. This indicator is determined as a KPI for material issues of corporate management for the Company and its operating companies, and was selected based on the importance of enabling the Group's human resources, the driving force behind corporate growth, to make maximum use of their abilities and gain greater job

satisfaction. The target for this employee engagement-related indicator is an achievement rate of 100% or more for “Create workplaces that motivate employees,” part of “Recruit and nurture diverse human resources,” which the Group set as a KPI.

Annual bonuses are calculated by multiplying the level of achievement of each selected performance-linked indicator by the standard amount determined for each position.

The amount of bonus for each director (excluding directors who are Audit & Supervisory Committee members and outside directors) shall be determined by resolution of the Board of Directors within the limit of remuneration, after calculating the amount to be paid according to position through linkage with the performance-linked indicators for the relevant fiscal year. If the financial results fail to meet criteria set forth by the Remuneration Committee, no bonuses will be paid for the relevant fiscal year.

In determining the method for calculating the annual bonus and the details thereof, the Remuneration Committee deliberates appropriateness of the matters and reports the result of the deliberations to the Board of Directors, in accordance with the Basic Policy and Decision Policy set forth in a. above.

Directors and corporate officers (including those who have retired) may lose the right to receive payments based on a resolution of the Board of Directors if a resolution for dismissal from the position of director or corporate officer has been adopted, or if they have committed certain illegal acts. Furthermore, directors and corporate officers who have already received payments may be asked to return the money they received based on resolution of the Board of Directors if they have committed certain illegal acts.

<Stock remuneration>

The stock remuneration plan is a remuneration plan whereby the Company’s shares and an amount of cash equivalent to the market price of the Company’s shares (hereinafter referred to as the “Company’s Shares”) are provided to directors of the Company (excluding directors who are Audit & Supervisory Committee members and outside directors), directors (limited to executive directors) of its operating companies, and corporate officers of the Company and its operating companies. Under this plan, the Company’s shares and cash shall, in principle, be provided through a trust upon retirement at a payment level determined through linkage with performance targets and other relevant criteria under the Medium-term Business Plan of the Group.

The limit for stock remuneration plan for directors (excluding directors who are Audit & Supervisory Committee members and outside directors) was resolved at the General Meeting, and the method for calculating stock remuneration was revised at the subsequent meeting of the Board of Directors. The plan before revision, which was applied for FY2024, is presented below, together with the details of the plan after revision.

Details of the plan before revision (applied for periods up to FY2024)

(a) Those eligible for the stock remuneration plan (the “Plan”)

Those eligible for the Plan are as follows. Hereinafter, those eligible for the Plan shall be collectively referred to as the “Group’s Directors/Officers.”

- i. Directors of the Company and its operating companies (excluding outside directors)
- ii. Corporate officers of the Company and its operating companies not concurrently serving as directors excluding non-residents of Japan under the Income Tax Act (the “Corporate Officers”).

(b) Structure of the Plan and granting of points

i. Structure of the Plan

Remuneration under the Plan is composed of the following.

(i) Performance-linked portion

The performance-linked portion is provided to the Group’s Directors/Officers according to the level of achievement against performance targets under the Medium-term Business Plan.

The level of achievement against performance targets shall be evaluated for every fiscal year from April of the respective year to March of the following year and reflected in the remuneration for the execution period of duties specified in ii. of (b).

(ii) Service-length portion

The service-length portion shall be provided to the Group’s Directors/Officers according to the length of the term of office for the relevant position for the execution period of duties specified in ii. of (b).

The Company selected this performance indicator as the basis for calculating the performance-linked portion of stock remuneration in the belief that it is important to steadily implement each measure to achieve the profitability target of 220 billion yen per year of profit attributable to owners of parent (“Net Profit”), which links directly to return to shareholders, as set as of the end of the Seventh Medium-term Business Plan period. Net Profit for the fiscal year ended March 31, 2025 was 91.8 billion yen.

ii. Execution period of duties

Remuneration under the Plan is provided to the Group’s Directors/Officers as consideration for their execution period of duties, provided the Group’s Directors/Officers have been in office for at least a month during the period specified as follows (the “Execution Period”):

- (i) Directors of the Company: From the date of the Ordinary General Meeting of Shareholders of the Company for the respective year to the date of the Ordinary General Meeting of Shareholders of the Company for the following year
- (ii) Others: From April 1 of the respective year to March 31 of the following year

iii. Points

- The Company and its operating companies calculate points equivalent to the performance-linked portion and the service-length portion for each Execution Period and grant them to the Group’s Directors/Officers.
- The points granted for each Execution Period are accumulated until retirement, and the number of the Company’s Shares is calculated by converting the accumulated points as “one point = one share.”

iv. Calculation method of points

(i) Performance-linked portion

Base points according to each position (Table 1) × Adjustment rate of Net Profit (Table 2)

The adjustment rate shall be 0% in the case that ROE is less than 5% in the relevant fiscal year. The adjustment rate applicable to directors, etc. at an operating company shall be 0% in the case that the relevant operating company records a segment loss in the relevant fiscal year.

(ii) Service-length portion

Base points according to each position (Table 3) × Adjustment rate according to service length (Table 4)

Notes: 1. When there are changes in the Execution Period after assumption of the position of director at the Company’s Ordinary General Meeting of Shareholders, the performance-linked portion for the period from the end of the Execution Period immediately before such assumption of position until the start of the Execution Period for the Company’s director shall not be calculated.

2. When calculating points to be granted for each Execution Period, fractions shall not be rounded during the calculation process. If the calculated number of points contains a fraction of less than one point, it shall be rounded down.

(Table 1) Base points according to each position in the performance-linked portion (the “Performance-linked Points”)

Position	JFE Holdings, Inc.	JFE Steel Corporation	JFE Engineering Corporation	JFE Shoji Corporation
Director and President	10,000	10,000	5,000	5,000
Director and Executive Vice President/Executive Vice President	4,000	4,000	2,500	2,500
Director and Senior Vice President	3,000	3,000	1,250	1,250
Senior Vice President	2,000	2,000	1,000	1,000
Vice President	1,000	1,000	600	600

Note: If a director of the Company who concurrently serves as corporate officer retires from corporate officer at the end of March, the Performance-linked Points from April to the date of the Ordinary General Meeting of Shareholders shall be determined according to the position as of the end of March.

(Table 2) Adjustment rate of Net Profit

Based on the level of achievement for each fiscal year against 220 billion yen annually as the Net Profit target, the adjustment rate shall be set as follows (setting the adjustment rate to 100% in the case that the target has been achieved).

Level of achievement of Net Profit target	Adjustment rate
150% or more	150%
From 140% to less than 150%	140%
From 130% to less than 140%	130%
From 120% to less than 130%	120%
From 110% to less than 120%	110%
From 100% to less than 110%	100%
From 90% to less than 100%	90%
From 80% to less than 90%	80%
From 70% to less than 80%	70%
From 60% to less than 70%	60%
From 50% to less than 60%	50%
From 40% to less than 50%	40%
From 30% to less than 40%	30%
Less than 30%	0%

(Table 3) Base points according to each position in the service-length portion (the “Service-length Points”)

Position	JFE Holdings, Inc.	JFE Steel Corporation	JFE Engineering Corporation	JFE Shoji Corporation
Director and President	4,000	4,000	2,000	2,000
Director and Executive Vice President	1,600	1,600	1,000	1,000
Director and Senior Vice President	1,200	1,200	600	600
Senior Vice President	1,200	1,200	600	600
Vice President	900	900	500	500

Note: If a director of the Company who concurrently serves as corporate officer retires from corporate officer at the end of March, the Service-length Points from April to the date of the Ordinary General Meeting of Shareholders shall be determined according to the position as of the end of March.

(Table 4) Adjustment rate according to service length

Length of the term in office during the Execution Period	Adjustment rate
Entire Execution Period	100%
Other than the above	(The number of months of the term in office ÷ 12) × 100%

The limit of the number of shares (points) to be granted according to each position for the respective fiscal year is as follows.

Position	JFE Holdings, Inc.	JFE Steel Corporation	JFE Engineering Corporation	JFE Shoji Corporation
Director and President	19,000	19,000	9,500	9,500
Director and Executive Vice President/Executive Vice President	7,600	7,600	4,750	4,750
Director and Senior Vice President	5,700	5,700	2,475	2,475
Senior Vice President	4,200	4,200	2,100	2,100
Vice President	2,400	2,400	1,400	1,400

Note: The above-stated limit of the number of shares to be granted includes the number of shares to be converted and provided in cash upon retirement.

v. Changes during the “Execution Period”

- With regard to iv. above, if there are changes in the positions during the Execution Period, the number of months shall be divided according to each of the positions.
- When calculating the number of months in office, a month in which any of the Group’s Directors/Officers has been in office for at least 16 days shall be rounded up to one month. If a director of the Company assumes the position of director at the date of the Ordinary General Meeting of Shareholders, the month that includes the date of the assumption of such position shall be discarded. On the other hand, if a director of the Company retires from director at the date of the Ordinary General Meeting of Shareholders, the month that includes the retirement date shall be rounded up to one month.
- If the number of service-length months during the Execution Period is less than 12 months, the performance-linked portion shall be calculated according to the number of service-length months.

vi. Date of granting points

For points to be granted for the Execution Period, both the performance-linked portion and service-length portion shall be granted on the date of the first Ordinary General Meeting of Shareholders of the Company held after the end of the Execution Period (for directors of the Company, this shall be on the date of the end of the Execution Period).

vii. Officers concurrently serving at operating companies

The Company’s director who concurrently serves as an executive director of any operating company shall be granted points from the operating company.

viii. Granting of points in case of death of the Group’s Directors/Officers

- Notwithstanding vi. above, if any of the Group’s Directors/Officers dies during the Execution Period, the date of granting points for the Execution Period shall be the date of his/her death.
- Performance-linked Points for the Execution Period that includes the date of death shall not be granted, whereas Service-length Points for such Execution Period shall be granted in accordance with iv. and v. above.

(c) Time of provision and date of vesting

i. Time of provision

When the Group's Directors/Officers retire, in principle

ii. Date of vesting

- The number of shares and the amount of cash to be provided shall be calculated by the number of points accumulated up to the date of the first Ordinary General Meeting of Shareholders of the Company held after the end of the Execution Period under which the date of retirement of the Group's Directors/Officers falls (in the event that the Execution Period ends on the same day, the date of the Ordinary General Meeting of Shareholders) (including points granted on the date of such Ordinary General Meeting of Shareholders), and the vesting date shall be the same day.
- Notwithstanding the above, if any of the Group's Directors/Officers dies during the Execution Period, the amount of cash to be provided shall be calculated by the number of points accumulated up to the date of final granting of points, and the vesting date shall be the same date.

(d) Provision

i. The Company's Shares to be provided

The provision of the Company's Shares to the Group's Directors/Officers shall be prescribed in the respective items according to the cases listed in the following items.

(i) If the Group's Directors/Officers retire at the termination of their Execution Period, or if they retire as corporate officer during the Execution Period in connection with assumption of the position of Director

The number of shares prescribed in a. and the amount of cash prescribed in b. below shall be provided. However, if the Company or any of the operating companies acknowledges that the provision of cash prescribed in b. is in conflict with Article 166, paragraph 1 or Article 167, paragraph 1 of the Financial Instruments and Exchange Act, the Company or the operating company may provide the number of shares calculated by (ii) in place of a. and b.

a. Number of shares

The number of shares that is calculated as "one point = one share" by the following formula:

(Formula)

Number of shares = {Number of points accumulated up to the vesting date × Coefficient based on the reason of retirement} (the "Defined Number of Points") × 70%

(Fractions corresponding to points less than one unit share shall be rounded down)

Note: The coefficient based on the reason of retirement shall be 1.0.

b. Cash

The amount of cash that is calculated by the following formula:

(Formula)

Amount of cash = {Defined Number of Points – Number of points equivalent to the number of shares to be provided calculated by (a)} × Market price of the Company's shares at the vesting date

(ii) If any of the Group's Directors/Officers retires due to other reasons (excluding the case of death)

The number of shares calculated as "one point = one share" by the following formula shall be provided.

(Formula)

Number of shares = Number of points accumulated up to the vesting date × Coefficient based on the reason of retirement

Note: The coefficient based on the reason of retirement shall be 1.0.

ii. Provision to the bereaved

Notwithstanding i. above, if any of the Group's Directors/Officers dies, the amount of cash calculated by the following formula shall be provided to his/her bereaved family.

(Formula)

Amount of cash to be provided to the bereaved = Number of points accumulated up to the vesting date × Market price of the Company's shares at the vesting date

Note: The market price of the Company's shares under the Plan shall be the closing price on the vesting date at a main financial instruments exchange where listed, and if the closing price is not announced on the relevant date, it shall be calculated retroactively back to the latest date when the closing price is available.

(e) Exceptional cases that provision shall not be made and refunds be requested

i. Cases that provision shall not be made

Notwithstanding the above, in the event that matters specified in the following items concerning the Group's Directors/Officers (including those who retired) occur, the right to receive provision may be revoked by the resolution of the Board of Directors of the Company or each of the operating companies.

- (i) Case where the General Meeting of Shareholders resolved to dismiss a director or the Board of Directors resolved to dismiss a corporate officer
- (ii) Case where certain illegal acts were committed during their tenure or certain illegal acts were committed between the date of retirement and the date when provision is made

ii. Cases where refunds be requested

Notwithstanding the above, in the case where certain illegal acts were committed during the tenure of a person who received shares and cash, the Company or each of the operating companies may request the return of the economic value of the shares and cash received, based on a resolution of the Board of Directors of the Company or the operating company.

Details of the plan after revision (applied for periods from FY2025 onward)

(a) Those eligible for the stock remuneration plan (the "Plan")

Those eligible for the Plan are as follows. Hereinafter, those eligible for the Plan shall be collectively referred to as the "Group's Directors/Officers."

- i. Directors of the Company (excluding directors who are Audit & Supervisory Committee members and outside directors) and directors (limited to executive directors) of its operating companies
- ii. Corporate officers of the Company and its operating companies not concurrently serving as directors excluding non-residents of Japan under the Income Tax Act (the "Corporate Officers").

(b) Structure of the Plan and granting of points

i. Structure of the Plan

Remuneration under the Plan is composed of the following.

(i) Performance-linked portion

The performance-linked portion is provided to the Group's Directors/Officers according to the level of achievement against performance targets under the Medium-term Business Plan.

The level of achievement against performance targets shall be evaluated for every fiscal year from April of the respective year to March of the following year and reflected in the remuneration for the execution period of duties specified in ii. of (b).

(ii) Service-length portion

The service-length portion shall be provided to the Group's Directors/Officers according to the length of the term of office for the relevant position for the execution period of duties specified in ii. of (b).

The Company believes it is important to further encourage the sharing of value between the Group's Directors/Officers and shareholders and raise awareness regarding their contributions to increasing corporate value over the medium to long term. It has therefore selected the ROE target (10% or more) and the relative TSR target (1 or more) established under the Eighth Medium-term Business Plan as performance indicators to form the basis for calculating the performance-linked portion of stock remuneration.

ii. Execution period of duties

Remuneration under the Plan is provided to the Group's Directors/Officers as consideration for their execution period of duties, provided the Group's Directors/Officers have been in office for at least a month during the period specified as follows (the "Execution Period"):

- (i) Directors of the Company: From the date of the Ordinary General Meeting of Shareholders of the Company for the respective year to the date of the Ordinary General Meeting of Shareholders of the Company for the following year
- (ii) Others: From April 1 of the respective year to March 31 of the following year

iii. Points

- The Company and its operating companies calculate points equivalent to the performance-linked portion and the service-length portion for each Execution Period and grant them to the Group's Directors/Officers.
- The points granted for each Execution Period are accumulated until retirement, and the number of the Company's Shares is calculated by converting the accumulated points as "one point = one share."

iv. Calculation method of points

(i) Performance-linked portion

Base points according to each position (Table 1) \times {(achievement level of ROE target (Graph 1) \times 70%) + (achievement level of relative TSR target (Graph 2) \times 30%)}

The performance-linked portion shall not be paid to directors, etc. at an operating company in the case that the relevant operating company records a segment loss in the relevant fiscal year.

(ii) Service-length portion

Base points according to each position (Table 2) \times Adjustment rate according to service length (Table 3)

- Notes: 1. When there are changes in the Execution Period after assumption of the position of director at the Company's Ordinary General Meeting of Shareholders, the performance-linked portion for the period from the end of the Execution Period immediately before such assumption of position until the start of the Execution Period for the Company's director shall not be calculated.
2. When calculating points to be granted for each Execution Period, fractions shall not be rounded during the calculation process. If the calculated number of points contains a fraction of less than one point, it shall be rounded down.

(Table 1) Base points according to each position in the performance-linked portion (the "Performance-linked Points")

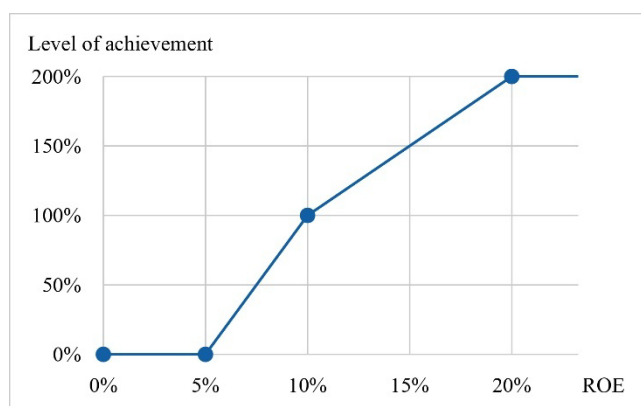
Position	JFE Holdings, Inc.	JFE Steel Corporation	JFE Engineering Corporation	JFE Shoji Corporation
Director and President	18,000	18,000	9,000	9,000
Director and Executive Vice President/Executive Vice President	8,000	8,000	4,500	4,500
Director and Senior Vice President	5,000	5,000	2,500	2,500
Senior Vice President	3,500	3,500	2,000	2,000
Vice President	2,000	2,000	1,000	1,000

Note: If a director of the Company who concurrently serves as corporate officer retires from corporate officer at the end of March, the Performance-linked Points from April to the date of the Ordinary General Meeting of Shareholders shall be determined according to the position as of the end of March.

(Graph 1) Achievement level of ROE target

The calculation is as follows, with X representing ROE (%) for the relevant fiscal year and Y representing the achievement level against the ROE target (the achievement level is 100% when ROE is 10%):

$$Y = 200 \ (20 \leq X), Y = 10X \ (10 \leq X < 20), Y = 20X - 100 \ (5 \leq X < 10), Y = 0 \ (X < 5)$$

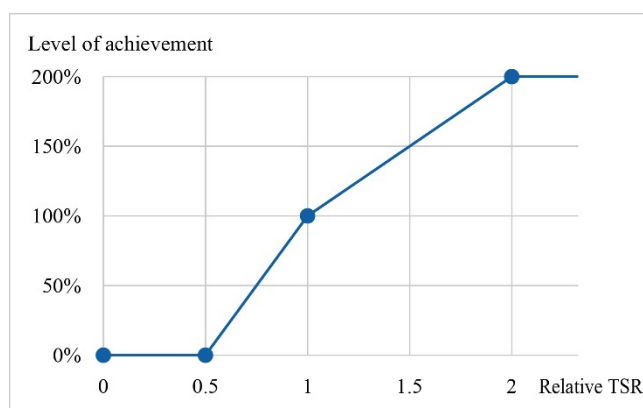


(Graph 2) Achievement level of relative TSR target

“Relative TSR” is defined as the relative level of total shareholder return (TSR) calculated by comparing the Company’s TSR with the TSR of the TOPIX stock index including dividends. It is equal to the Company’s TSR (over five years: calculated using the formula provided in the Cabinet Office Order on Disclosure of Corporate Affairs) divided by the TSR of the TOPIX stock index including dividends (calculated in the same way).

The calculation is as follows, with X representing relative TSR for the relevant fiscal year and Y representing the achievement level against the relative TSR target (the achievement level is 100% when relative TSR is 1):

$$Y = 200 \ (2 \leq X), Y = 100X \ (1 \leq X < 2), Y = 200X - 100 \ (0.5 \leq X < 1), Y = 0 \ (X < 0.5)$$



(Table 2) Base points according to each position in the service-length portion (the “Service-length Points”)

Position	JFE Holdings, Inc.	JFE Steel Corporation	JFE Engineering Corporation	JFE Shoji Corporation
Director and President	4,000	4,000	2,000	2,000
Director and Executive Vice President/Executive Vice President	1,600	1,600	1,000	1,000
Director and Senior Vice President	1,200	1,200	600	600
Senior Vice President	1,200	1,200	600	600
Vice President	900	900	500	500

Note: If a director of the Company who concurrently serves as corporate officer retires from corporate officer at the end of March, the Service-length Points from April to the date of the Ordinary General Meeting of Shareholders shall be determined according to the position as of the end of March.

(Table 3) Adjustment rate according to service length

Length of the term in office during the Execution Period	Adjustment rate
Entire Execution Period	100%
Other than the above	$(\text{The number of months of the term in office} \div 12) \times 100\%$

The limit of the number of shares (points) to be granted according to each position for the respective fiscal year is as follows.

Position	JFE Holdings, Inc.	JFE Steel Corporation	JFE Engineering Corporation	JFE Shoji Corporation
Director and President	40,000	40,000	20,000	20,000
Director and Executive Vice President/Executive Vice President	17,600	17,600	10,000	10,000
Director and Senior Vice President	11,200	11,200	5,600	5,600
Senior Vice President	8,200	8,200	4,600	4,600
Vice President	4,900	4,900	2,500	2,500

Note: The above-stated limit of the number of shares to be granted includes the number of shares to be converted and provided in cash upon retirement.

v. Changes during the Execution Period

- With regard to iv. above, if there are changes in the positions during the Execution Period, the number of months shall be divided according to each of the positions.
- When calculating the number of months in office, a month in which any of the Group’s Directors/Officers has been in office for at least 16 days shall be rounded up to one month. If a director of the Company assumes the position of director at the date of the Ordinary General Meeting of Shareholders, the month that includes the date of the assumption of such position shall be discarded. On the other hand, if a director of the Company retires from director at the date of the Ordinary General Meeting of Shareholders, the month that includes the retirement date shall be rounded up to one month.
- If the number of service-length months during the Execution Period is less than 12 months, the performance-linked portion shall be calculated according to the number of service-length months.

vi. Date of granting points

For points to be granted for the Execution Period, both the performance-linked portion and service-length portion shall be granted on the date of the first Ordinary General Meeting of Shareholders of the Company held after the end of the Execution Period (for directors of the Company, this shall be on the date of the end of the Execution Period).

vii. Officers concurrently serving at operating companies

The Company's director who concurrently serves as an executive director of any operating company shall be granted points from the operating company.

viii. Granting of points in case of death of the Group's Directors/Officers

- Notwithstanding vi. above, if any of the Group's Directors/Officers dies during the Execution Period, the date of granting points for the Execution Period shall be the date of his/her death.
- Performance-linked Points for the Execution Period that includes the date of death shall not be granted, whereas Service-length Points for such Execution Period shall be granted in accordance with iv. and v. above.

(c) Time of provision and date of vesting

i. Time of provision

When the Group's Directors/Officers retire, in principle

ii. Date of vesting

- The number of shares and the amount of cash to be provided shall be calculated by the number of points accumulated up to the date of the first Ordinary General Meeting of Shareholders of the Company held after the end of the Execution Period under which the date of retirement of the Group's Directors/Officers falls (in the event that the Execution Period ends on the same day, the date of the Ordinary General Meeting of Shareholders) (including points granted on the date of such Ordinary General Meeting of Shareholders), and the vesting date shall be the same day.
- Notwithstanding the above, if any of the Group's Directors/Officers dies during the Execution Period, the amount of cash to be provided shall be calculated by the number of points accumulated up to the date of final granting of points, and the vesting date shall be the same date.

(d) Provision

i. The Company's Shares to be provided

The provision of the Company's Shares to the Group's Directors/Officers shall be prescribed in the respective items according to the cases listed in the following items.

- (i) If the Group's Directors/Officers retire at the termination of their Execution Period, or if they retire as corporate officer during the Execution Period in connection with assumption of the position of Director

The number of shares prescribed in a. and the amount of cash prescribed in b. below shall be provided. However, if the Company or any of the operating companies acknowledges that the provision of cash prescribed in b. is in conflict with Article 166, paragraph 1 or Article 167, paragraph 1 of the Financial Instruments and Exchange Act, the Company or the operating company may provide the number of shares calculated by (ii) in place of a. and b.

a. Number of shares

The number of shares that is calculated as "one point = one share" by the following formula:

(Formula)

Number of shares = {Number of points accumulated up to the vesting date × Coefficient based on the reason of retirement} (the "Defined Number of Points") × 70%

(Fractions corresponding to points less than one unit share shall be rounded down)

Note: The coefficient based on the reason of retirement shall be 1.0.

b. Cash

The amount of cash that is calculated by the following formula:

(Formula)

Amount of cash = {Defined Number of Points – Number of points equivalent to the number of shares to be provided calculated by (a)} × Market price of the Company's shares at the vesting date

(ii) If any of the Group's Directors/Officers retires due to other reasons (excluding the case of death)

The number of shares calculated as "one point = one share" by the following formula shall be provided.

(Formula)

Number of shares = Number of points accumulated up to the vesting date × Coefficient based on the reason of retirement

Note: The coefficient based on the reason of retirement shall be 1.0.

ii. Provision to the bereaved

Notwithstanding i. above, if any of the Group's Directors/Officers dies, the amount of cash calculated by the following formula shall be provided to his/her bereaved family.

(Formula)

Amount of cash to be provided to the bereaved = Number of points accumulated up to the vesting date × Market price of the Company's shares at the vesting date

Note: The market price of the Company's shares under the Plan shall be the closing price on the vesting date at a main financial instruments exchange where listed, and if the closing price is not announced on the relevant date, it shall be calculated retroactively back to the latest date when the closing price is available.

(e) Exceptional cases that provision shall not be made and refunds be requested

i. Cases that provision shall not be made

Notwithstanding the above, in the event that matters specified in the following items concerning the Group's Directors/Officers (including those who retired) occur, the right to receive provision may be revoked by the resolution of the Board of Directors of the Company or each of the operating companies.

(i) Case where the General Meeting of Shareholders resolved to dismiss a director or the Board of Directors resolved to dismiss a corporate officer

(ii) Case where certain illegal acts were committed during their tenure or certain illegal acts were committed between the date of retirement and the date when provision is made

ii. Cases where refunds are requested

Notwithstanding the above, in the case where certain illegal acts were committed during the tenure of a person who received shares and cash, the Company or each of the operating companies may request the return of the economic value of the shares and cash received, based on a resolution of the Board of Directors of the Company or the operating company.

c. Activities of the Board of Directors, etc. during the process of determining the amount of remuneration, etc. for directors and other officers of the Company in the current fiscal year

- On multiple occasions, the Remuneration Committee deliberated the approach to remuneration for directors and other officers during the Eighth Medium-term Business Plan period, as well as remuneration levels for the Company's directors, and reported the results of the deliberations to the Board of Directors. The Remuneration Committee was convened five times in the fiscal year ended March 31, 2025.
- Based on the reports from the Remuneration Committee, the Board of Directors resolved the amount of basic remuneration for each director at the Board of Directors meeting held after the close of the 22nd Ordinary General Meeting of Shareholders that took place on June 25, 2024, and the amount of bonus for each director at the Board of Directors meeting held after the close of the 23rd Ordinary General Meeting of Shareholders that took place on June 25, 2025.

(5) Shareholdings

(i) Standards for and views on classification of investment shares

The Company classifies investment shares into investment shares held for pure investment and investment shares held for purposes other than pure investment as follows.

- Investment shares held for pure investment

Shares held for the purpose of generating capital gains through changes in share prices or income through dividends from the shares.

- Investment shares held for purposes other than pure investment

Shares of companies deemed necessary for maintaining and growing the Group's businesses

(ii) Investment shares held for purposes other than pure investment

a. Shareholding policy, method of verification of holding rationale, and details of verification by the Board of Directors of the appropriateness of shareholdings in individual stocks

The Company is mainly engaged in corporate management of subsidiaries. All the shares held by the Company are shares of subsidiaries and associates, and the Company does not hold any other shares held for pure investment or for purposes other than pure investment.

The Company's operating companies, including JFE Steel Corporation, JFE Engineering Corporation, and JFE Shoji Corporation, do not hold listed equities as strategic shareholdings, in principle. However, strategic shareholdings are allowed as an exception when they are deemed necessary for maintaining and growing the Group's businesses.

For the shares of domestic and overseas listed companies held by operating companies, the boards of directors of the Company and respective operating companies regularly confirm the significance of the strategic shareholdings and whether the benefits and risks of such holdings are commensurate with their capital cost, and sell strategic shareholdings if there is no significance of such shareholdings or there is a risk of damage to shareholders' interest.

In FY2024, the Company sold all or part of 11 stocks for 14.2 billion yen (on a market price basis). Furthermore, the Board of Directors, at a meeting held in August 2024, examined the significance of its strategic shareholdings and the return on investment from the above perspective.

b. Number of stocks and total balance sheet amount

Such information about JFE Steel Corporation, which has the largest balance sheet amount of investment shares (largest holding company) among the Company and its consolidated subsidiaries, is as follows.

	Number of stocks	Total balance sheet amount (million yen)
Unlisted shares	98	42,210
Shares other than unlisted shares	16	20,640

Stocks whose shares held by the company increased during the current fiscal year

	Number of stocks	Total acquisition cost for increased shares (million yen)	Reason for increase in number of shares
Unlisted shares	1	70	To strengthen business relationship
Shares other than unlisted shares	—	—	—

Stocks whose shares held by the company decreased during the current fiscal year

	Number of stocks	Total sale amount for decreased shares (million yen)
Unlisted shares	15	718
Shares other than unlisted shares	3	716

Such information about JFE Shoji Corporation, which has the second largest balance sheet amount of investment shares after the largest holding company among the Company and its consolidated subsidiaries, is as follows.

	Number of stocks	Total balance sheet amount (million yen)
Unlisted shares	55	5,177
Shares other than unlisted shares	15	10,227

Stocks whose shares held by the company increased during the current fiscal year

	Number of stocks	Total acquisition cost for increased shares (million yen)	Reason for increase in number of shares
Unlisted shares	1	0	To strengthen business relationship
Shares other than unlisted shares	2	1	To strengthen business relationship

Stocks whose shares held by the company decreased during the current fiscal year

	Number of stocks	Total sale amount for decreased shares (million yen)
Unlisted shares	2	0
Shares other than unlisted shares	—	—

c. Information on the numbers and balance sheet amounts of specified investment shares and deemed holding shares by stock

Such information about JFE Steel Corporation, which has the largest balance sheet amount of investment shares (largest holding company) among the Company and its consolidated subsidiaries, is as follows.

Specified investment shares

Stocks	Current fiscal year	Previous fiscal year	Purpose of holding, outlines of business alliance, etc., quantitative effect of shareholding, and reason for increase in number of shares	Reciprocal shareholdings* ¹
	Number of shares (shares)	Number of shares (shares)		
	Balance sheet amount (million yen)	Balance sheet amount (million yen)		
Mizuho Financial Group, Inc.	1,505,831	1,505,831	• Shares of the issuer are held to facilitate smooth financial transactions, centered on fundraising, with the issuer.	Yes* ²
	6,100	4,586		
Mitsubishi UFJ Financial Group, Inc.	1,993,590	1,993,590	• Shares of the issuer are held to facilitate smooth financial transactions, centered on fundraising, with the issuer.	Yes* ²
	4,009	3,104		
Yodogawa Steel Works, Ltd.	587,377	587,377	• Shares of the issuer are held to facilitate smooth steel-related transactions, centered on the sale of steel sheets, with the issuer.	Yes
	3,271	2,681		
Ton Yi Industrial Corporation	27,081,764	27,081,764	• Shares of the issuer are held to facilitate smooth steel-related transactions, centered on the sale of steel sheets, with the issuer.	No
	2,082	1,831		
TYK CORPORATION	1,865,029	1,865,029	• Shares of the issuer are held to facilitate smooth steel-related transactions, centered on the purchase of various refractories, with the issuer.	Yes
	904	884		
International Steels Limited	20,626,500	20,626,500	• Shares of the issuer are held to facilitate smooth steel-related transactions, centered on the sale of steel sheets, with the issuer.	No
	869	744		

Stocks	Current fiscal year	Previous fiscal year	Purpose of holding, outlines of business alliance, etc., quantitative effect of shareholding, and reason for increase in number of shares	Reciprocal shareholdings*1
	Number of shares (shares)	Number of shares (shares)		
	Balance sheet amount (million yen)	Balance sheet amount (million yen)		
Yorozu Corporation	843,000	843,000	• Shares of the issuer are held to facilitate smooth steel-related transactions, centered on the sale of steel sheets, with the issuer.	Yes
	851	814		
Sumitomo Mitsui Financial Group, Inc.	220,281	126,627	• Shares of the issuer are held to facilitate smooth financial transactions, centered on fundraising, with the issuer. The number of the issuer's shares held by JFE Steel Corporation increased as a result of a 3-for-1 share split of common stock of the issuer conducted during the fiscal year ended March 31, 2025.	Yes*2
	835	1,128		
MIYAJI ENGINEERING GROUP, INC.	360,000	180,000	• Shares of the issuer are held to facilitate smooth steel-related transactions, centered on the sale of steel plates, with the issuer. The number of the issuer's shares held by JFE Steel Corporation increased as a result of a 2-for-1 share split of common stock of the issuer conducted during the fiscal year ended March 31, 2025.	No
	642	789		
TS TECH CO., LTD.	302,000	302,000	• Shares of the issuer are held to facilitate smooth steel-related transactions, centered on the sale of steel sheets, with the issuer.	No
	507	607		
PT. Steel Pipe Industry Indonesia, Tbk.	106,646,860	106,646,860	• Shares of the issuer are held to facilitate smooth steel-related transactions, centered on the sale of steel sheets, with the issuer.	No
	254	303		
ASIA PILE HOLDINGS CORPORATION	200,000	300,000	• Shares of the issuer are held to facilitate smooth steel-related transactions, centered on the sale of steel pipes, with the issuer.	No
	184	260		
ASAGAMI CORPORATION	10,000	10,000	• Shares of the issuer are held to facilitate smooth steel-related transactions, centered on the outsourcing of coast cargo handling of steelworks, with the issuer.	Yes
	59	56		
Mycron Steel Berhad	5,370,000	5,370,000	• Shares of the issuer are held to facilitate smooth steel-related transactions, centered on the sale of steel sheets, with the issuer.	No
	51	61		
KG Steel Co., Ltd.	17,085	17,085	• Shares of the issuer are held to facilitate smooth steel-related transactions, centered on the sale of steel sheets, with the issuer.	No
	10	13		
Usinas Siderúrgicas de Minas Gerais S.A.	46,200	46,200	• Shares of the issuer are held to facilitate smooth steel-related transactions with the issuer.	No
	6	13		
KAWADA TECHNOLOGIES, INC.	—	11,708	• Although shares of the issuer had been held to facilitate smooth steel-related transactions, centered on the sale of steel plates, with the issuer, all the issuer's shares held by JFE Steel Corporation were sold during the fiscal year ended March 31, 2025.	No
	—	120		

Deemed holding shares

Stocks	Current fiscal year	Previous fiscal year	Purpose of holding, outlines of business alliance, etc., quantitative effect of shareholding, and reason for increase in number of shares	Reciprocal shareholdings*1
	Number of shares (shares)	Number of shares (shares)		
	Balance sheet amount (million yen)	Balance sheet amount (million yen)		
MARUICHI STEEL TUBE LTD.	3,003,000	3,003,000	<ul style="list-style-type: none"> Shares of the issuer are held to facilitate smooth steel-related transactions, centered on the sale of steel sheets, with the issuer, as well as to contribute to the issuer's retirement benefit trust, thereby holding the authority to give instructions on the exercise of voting rights. 	Yes
	9,993	12,078		
TOYOTA MOTOR CORPORATION	—	2,486,000	<ul style="list-style-type: none"> Although shares of the issuer had been held to facilitate smooth steel-related transactions, centered on the sale of steel sheets, with the issuer, as well as to contribute to the issuer's retirement benefit trust, thereby holding the authority to give instructions on the exercise of voting rights, all the issuer's shares held by JFE Steel Corporation were sold during the fiscal year ended March 31, 2025. 	No
	—	9,426		
Honda Motor Co., Ltd.	—	1,919,400	<ul style="list-style-type: none"> Although shares of the issuer had been held to facilitate smooth steel-related transactions, centered on the sale of steel sheets, with the issuer, as well as to contribute to the issuer's retirement benefit trust, thereby holding the authority to give instructions on the exercise of voting rights, all the issuer's shares held by JFE Steel Corporation were sold during the fiscal year ended March 31, 2025. 	No
	—	3,629		
Suzuki Motor Corporation	—	239,500	<ul style="list-style-type: none"> Although shares of the issuer had been held to facilitate smooth steel-related transactions, centered on the sale of steel sheets, with the issuer, as well as to contribute to the issuer's retirement benefit trust, thereby holding the authority to give instructions on the exercise of voting rights, all the issuer's shares held by JFE Steel Corporation were sold during the fiscal year ended March 31, 2025. 	No
	—	1,665		

Notes: 1. As the aggregated number of stocks of specified investment shares and deemed holding shares is less than 60, information on all the stocks is provided.

2. “—” shows that JFE Steel Corporation does not hold the stock concerned.

3. Information on the quantitative effect of shareholding is not disclosed because such information is deemed to be a trade secret with the business partner.

4. The details of the method of verification of holding rationale are described in “(ii) Investment shares held for purposes other than pure investment, a. Shareholding policy, method of verification of holding rationale, and details of verification by the Board of Directors of the appropriateness of shareholdings in individual stocks.”

5.*1 “Reciprocal shareholdings” show whether or not the issuer holds the shares of the reporting company JFE Holdings, Inc. Such information is disclosed to the extent that we can confirm by such means as checking the shareholder registry of JFE Holdings, Inc.

6.*2 We confirmed whether any major consolidated subsidiary of the issuer holds the shares of JFE Holdings, Inc.

Such information about JFE Shoji Corporation, which has the second largest balance sheet amount of investment shares after the largest holding company among the Company and its consolidated subsidiaries, is as follows.

Specified investment shares

Stocks	Current fiscal year	Previous fiscal year	Purpose of holding, outlines of business alliance, etc., quantitative effect of shareholding, and reason for increase in number of shares	Reciprocal shareholdings*
	Number of shares (shares)	Number of shares (shares)		
	Balance sheet amount (million yen)	Balance sheet amount (million yen)		
GECOSS Corporation	2,965,000	2,965,000	<ul style="list-style-type: none"> Shares of the issuer are held to facilitate smooth sales transactions of steel, raw materials, and other materials and equipment, centered on the sale of processed steel products, with the issuer. 	No
	3,074	3,421		
APEX Wind Power Equipment Manufacturing CO., LTD.	5,821,000	5,821,000	<ul style="list-style-type: none"> Shares of the issuer are held to facilitate smooth sales transactions of steel, raw materials, and other materials and equipment, centered on the sale of steel plates, with the issuer. 	No
	1,448	2,855		
Yodogawa Steel Works, Ltd.	200,000	200,000	<ul style="list-style-type: none"> Shares of the issuer are held to facilitate smooth sales transactions of steel, raw materials, and other materials and equipment, centered on the sale and purchase of steel sheets, with the issuer. 	Yes
	1,114	913		
OM Holdings Limited	27,633,464	27,633,464	<ul style="list-style-type: none"> Shares of the issuer are held to facilitate smooth sales transactions of steel, raw materials, and other materials and equipment, centered on the purchase of raw materials for ironmaking/steelmaking, with the issuer. 	No
	960	1,171		
H-ONE CO., LTD.	727,500	727,500	<ul style="list-style-type: none"> Shares of the issuer are held to facilitate smooth sales transactions of steel, raw materials, and other materials and equipment, centered on the sale of steel sheets, with the issuer. 	No
	823	514		
CHC Resources Corporation	2,467,935	2,467,935	<ul style="list-style-type: none"> Shares of the issuer are held to facilitate smooth sales transactions of steel, raw materials, and other materials and equipment, centered on the sale of blast furnace slag, with the issuer. 	No
	777	711		
TON DONG A CORPORATION	5,135,000	5,135,000	<ul style="list-style-type: none"> Shares of the issuer are held to facilitate smooth sales transactions of steel, raw materials, and other materials and equipment, centered on the sale of hot-rolled steel sheets and purchase of galvanized steel sheets, with the issuer. 	No
	721	736		
SEC CARBON, LIMITED	259,704	259,696	<ul style="list-style-type: none"> Shares of the issuer are held to facilitate smooth sales transactions of steel, raw materials, and other materials and equipment, centered on the sale of chemical products, with the issuer. 	Yes
	540	683		

Deemed holding shares

Stocks	Current fiscal year	Previous fiscal year	Purpose of holding, outlines of business alliance, etc., quantitative effect of shareholding, and reason for increase in number of shares	Reciprocal shareholdings*
	Number of shares (shares)	Number of shares (shares)		
	Balance sheet amount (million yen)	Balance sheet amount (million yen)		
Osaka Gas Co., Ltd.	634,600	634,600	<ul style="list-style-type: none"> Shares of the issuer are held to facilitate smooth sales transactions of steel, raw materials, and other materials and equipment, centered on the sale of steel pipes, with the issuer, as well as to contribute to the issuer's retirement benefit trust, thereby holding the authority to give instructions on the exercise of voting rights. 	Yes
	2,146	2,152		
MARUICHI STEEL TUBE LTD.	315,900	315,900	<ul style="list-style-type: none"> Shares of the issuer are held to facilitate smooth sales transactions of steel, raw materials, and other materials and equipment, centered on the purchase of steel pipes and sale of steel sheets, with the issuer, as well as to contribute to the issuer's retirement benefit trust, thereby holding the authority to give instructions on the exercise of voting rights. 	Yes
	1,051	1,270		

Notes: 1. The aggregated number of stocks of specified investment shares and deemed holding shares disclosed equals the number of the top 10 stocks in terms of the balance sheet amount of JFE Shoji Corporation.

2. Information on the quantitative effect of shareholding is not disclosed because such information is deemed to be a trade secret with the business partner.

3. The details of the method of verification of holding rationale are described in "(ii) Investment shares held for purposes other than pure investment, a. Shareholding policy, method of verification of holding rationale, and details of verification by the Board of Directors of the appropriateness of shareholdings in individual stocks."

4. * "Reciprocal shareholdings" show whether or not the issuer holds the shares of the reporting company JFE Holdings, Inc. Such information is disclosed to the extent that we can confirm by such means as checking the shareholder registry of JFE Holdings, Inc.

(iii) Investment shares held for pure investment

There is no applicable item.

V. Financial Information

1. Preparation Policy of the Consolidated Financial Statements

The consolidated financial statements of the Company are prepared in accordance with International Financial Reporting Standards (hereinafter referred to as “IFRS”) pursuant to the provisions of Article 312 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28 of 1976; hereinafter referred to as the “Ordinance on Consolidated Financial Statements”).

2. Audit Certification

In accordance with the provisions of Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act, the consolidated financial statements of the Company for the fiscal year ended March 31, 2025 were audited by Ernst & Young ShinNihon LLC.

3. Particular Efforts to Secure the Appropriateness of Consolidated Financial Statements

The Company is making particular efforts to ensure the appropriateness of consolidated financial statements. Specifically, in order to establish a system for gaining proper understanding of the details and revisions of accounting standards and relevant guidance and responding accordingly, the Company has joined the Financial Accounting Standards Foundation and attends seminars and workshops held by the foundation.

4. Development of a System for Fair Preparation of Consolidated Financial Statements in Accordance with IFRS

In order to prepare appropriate consolidated financial statements under IFRS, the Company keeps up to date with the latest accounting standards and assesses their impact by obtaining press releases and standards issued by the International Accounting Standards Board as necessary. The Company has also formulated the Group Accounting Policies in compliance with IFRS and conducts its accounting based on those policies. In addition, the Company attends seminars and workshops held by the Financial Accounting Standards Foundation, audit firms, and other organizations, thereby accumulating expertise within the Company.

Consolidated Financial Statements

Consolidated Statement of Financial Position

		(million yen)	
	Notes	As of March 31, 2024	As of March 31, 2025
Assets			
Current assets			
Cash and cash equivalents	7, 21	243,079	172,841
Trade and other receivables	8, 21, 40	762,428	692,985
Contract assets	27	134,569	155,257
Inventories	9	1,348,378	1,228,540
Income taxes receivable		5,792	6,257
Other financial assets	10, 40	18,778	22,116
Other current assets	11	113,992	90,786
Total current assets		2,627,020	2,368,785
Non-current assets			
Property, plant and equipment	12, 21	1,948,217	1,964,041
Goodwill	13	15,446	33,999
Intangible assets	13	140,591	201,002
Right-of-use assets	14, 21	98,758	93,447
Investment property	15	52,849	54,126
Investments accounted for using equity method	6, 18, 21	561,477	636,972
Retirement benefit asset	24	29,495	27,432
Deferred tax assets	19	56,249	56,432
Other financial assets	10, 21, 40	207,448	190,524
Other non-current assets	11	17,410	20,873
Total non-current assets		3,127,944	3,278,851
Total assets	6	5,754,964	5,647,637

		(million yen)	
	Notes	As of March 31, 2024	As of March 31, 2025
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	20, 21, 40	667,072	595,954
Bonds payable, borrowings, and lease liabilities	21, 39, 40	426,428	395,415
Contract liabilities	27	50,186	47,591
Income taxes payable		32,698	29,849
Provisions	23	12,191	10,410
Other financial liabilities	22, 40	149,300	148,830
Other current liabilities	11	282,317	245,661
Total current liabilities		1,620,195	1,473,713
Non-current liabilities			
Bonds payable, borrowings, and lease liabilities	21, 39, 40	1,403,849	1,371,035
Retirement benefit liability	24	105,706	103,092
Provisions	23	17,592	29,355
Deferred tax liabilities	19	6,050	15,430
Other financial liabilities	22, 40	53,467	40,098
Other non-current liabilities	11	9,581	28,042
Total non-current liabilities		1,596,247	1,587,055
Total liabilities		3,216,443	3,060,768
Equity			
Share capital	25	171,310	171,310
Capital surplus	25	587,266	579,514
Retained earnings	25	1,570,027	1,607,951
Treasury shares	25	(14,938)	(13,736)
Other components of equity		150,461	184,539
Equity attributable to owners of parent		2,464,128	2,529,578
Non-controlling interests		74,392	57,289
Total equity		2,538,521	2,586,868
Total liabilities and equity		5,754,964	5,647,637

Consolidated Statement of Profit or Loss

		(million yen)	
	Notes	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Revenue	27	5,174,632	4,859,647
Cost of sales	12, 13, 29	(4,518,447)	(4,326,565)
Gross profit		656,185	533,081
Selling, general and administrative expenses	12, 13, 28, 29, 30	(408,682)	(409,375)
Share of profit of investments accounted for using equity method	6, 18	56,160	29,133
Other income	31	47,482	30,614
Other expenses	32	(52,921)	(48,115)
Business profit		298,224	135,339
Gain on sales of land	6	—	86,622
Impairment losses	6, 16	(11,220)	(25,194)
Cost for promoting and developing land utilization of Keihin district	6, 33	—	(14,607)
Loss relating to loss of control over subsidiaries	6, 34	—	(13,129)
PCB disposal costs	6, 35	—	(3,962)
Operating profit		287,003	165,068
Finance income	6, 36	5,048	5,714
Finance costs	6, 36	(23,665)	(26,467)
Profit before tax		268,386	144,315
Income tax expense	19	(67,414)	(51,060)
Net profit		200,971	93,254
Profit attributable to:			
Owners of parent		197,421	91,867
Non-controlling interests		3,550	1,386
Net profit		200,971	93,254
Earnings per share			
Basic earnings per share (yen)	38	323.33	144.43
Diluted earnings per share (yen)	38	315.09	138.24

Consolidated Statement of Comprehensive Income

	Notes	(million yen)	
		Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net profit		200,971	93,254
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans	24, 37	18,000	6,899
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	37, 40	11,698	(6,570)
Share of other comprehensive income of investments accounted for using equity method	18, 37	653	11,729
Total of items that will not be reclassified to profit or loss		30,351	12,059
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	37	22,569	10,041
Effective portion of cash flow hedges	37	5,035	1,725
Share of other comprehensive income of investments accounted for using equity method	18, 37	29,635	20,615
Total of items that may be reclassified to profit or loss		57,240	32,382
Total other comprehensive income		87,592	44,442
Comprehensive income		288,563	137,696
Comprehensive income attributable to:			
Owners of parent		284,357	135,807
Non-controlling interests		4,206	1,888
Comprehensive income		288,563	137,696

Consolidated Statement of Changes in Equity

(million yen)

Equity attributable to owners of parent							
Notes	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity		
					Share acquisition rights	Remeasurements of defined benefit plans	Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income
Balance as of April 1, 2023	147,143	640,536	1,397,735	(156,408)	—	—	42,446
Net profit	—	—	197,421	—	—	—	—
Other comprehensive income	—	—	—	—	—	18,281	11,862
Comprehensive income	—	—	197,421	—	—	18,281	11,862
Issuance of new shares	25	24,167	24,167	—	—	—	—
Share issuance cost	—	(453)	—	—	—	—	—
Purchase of treasury shares	—	—	—	(76)	—	—	—
Disposal of treasury shares	25	(75,184)	—	141,432	—	—	—
Dividends	26	—	(49,275)	—	—	—	—
Share-based payment transactions	30	47	—	114	—	—	—
Issuance of convertible bonds	—	—	—	—	3,081	—	—
Changes in scope of consolidation	—	(1)	—	—	—	—	—
Changes in ownership interest in subsidiaries	—	(1,846)	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	24,146	—	—	(18,281)	(5,864)
Transfer to non-financial assets	40	—	—	—	—	—	—
Other	—	—	—	—	—	—	—
Total transactions with owners	24,167	(53,269)	(25,129)	141,470	3,081	(18,281)	(5,864)
Balance as of March 31, 2024	171,310	587,266	1,570,027	(14,938)	3,081	—	48,444

Equity attributable to owners of parent						
Notes	Other components of equity			Total	Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Effective portion of cash flow hedges	Total			
Balance as of April 1, 2023	47,941	928	91,315	2,120,322	73,073	2,193,395
Net profit	—	—	—	197,421	3,550	200,971
Other comprehensive income	48,094	8,697	86,935	86,935	656	87,592
Comprehensive income	48,094	8,697	86,935	284,357	4,206	288,563
Issuance of new shares	25	—	—	48,335	—	48,335
Share issuance cost	—	—	—	(453)	—	(453)
Purchase of treasury shares	—	—	—	(76)	—	(76)
Disposal of treasury shares	25	—	—	66,248	—	66,248
Dividends	26	—	—	(49,275)	(1,698)	(50,973)
Share-based payment transactions	30	—	—	162	—	162
Issuance of convertible bonds	—	—	3,081	3,081	—	3,081
Changes in scope of consolidation	—	—	—	(1)	(484)	(485)
Changes in ownership interest in subsidiaries	—	—	—	(1,846)	(801)	(2,648)
Transfer from other components of equity to retained earnings	—	—	(24,146)	—	—	—
Transfer to non-financial assets	40	(6,725)	(6,725)	(6,725)	—	(6,725)
Other	—	—	—	—	97	97
Total transactions with owners	—	(6,725)	(27,790)	59,448	(2,887)	56,561
Balance as of March 31, 2024	96,035	2,900	150,461	2,464,128	74,392	2,538,521

(million yen)

Equity attributable to owners of parent							
	Notes	Other components of equity					
		Share capital	Capital surplus	Retained earnings	Treasury shares	Share acquisition rights	Remeasurements of defined benefit plans
							Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income
Balance as of April 1, 2024		171,310	587,266	1,570,027	(14,938)	3,081	—
Net profit		—	—	91,867	—	—	—
Other comprehensive income		—	—	—	—	—	8,934
Comprehensive income		—	—	91,867	—	—	8,934
Purchase of treasury shares		—	—	—	(970)	—	—
Disposal of treasury shares		—	(924)	—	1,835	—	—
Dividends	26	—	—	(63,672)	—	—	—
Share-based payment transactions	30	—	(193)	—	336	—	—
Changes in scope of consolidation		—	—	—	—	—	—
Changes in ownership interest in subsidiaries		—	379	—	—	—	—
Put options granted to non-controlling interests	40	—	(7,014)	—	—	—	—
Transfer from other components of equity to retained earnings		—	—	9,728	—	—	(8,934)
Transfer to non-financial assets	40	—	—	—	—	—	—
Other		—	—	—	—	—	—
Total transactions with owners		—	(7,752)	(53,944)	1,201	—	(8,934)
Balance as of March 31, 2025		171,310	579,514	1,607,951	(13,736)	3,081	—

Equity attributable to owners of parent						
Notes	Other components of equity			Total	Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Effective portion of cash flow hedges	Total			
Balance as of April 1, 2024	96,035	2,900	150,461	2,464,128	74,392	2,538,521
Net profit	—	—	—	91,867	1,386	93,254
Other comprehensive income	27,581	4,352	43,939	43,939	502	44,442
Comprehensive income	27,581	4,352	43,939	135,807	1,888	137,696
Purchase of treasury shares	—	—	—	(970)	—	(970)
Disposal of treasury shares	—	—	—	911	—	911
Dividends	26	—	—	(63,672)	(1,207)	(64,880)
Share-based payment transactions	30	—	—	143	—	143
Changes in scope of consolidation	—	—	—	—	(18,741)	(18,741)
Changes in ownership interest in subsidiaries	—	—	—	379	(69)	309
Put options granted to non-controlling interests	40	—	—	(7,014)	—	(7,014)
Transfer from other components of equity to retained earnings	—	—	(9,728)	—	—	—
Transfer to non-financial assets	40	—	(133)	(133)	—	(133)
Other	—	—	—	—	1,027	1,027
Total transactions with owners	—	(133)	(9,862)	(70,356)	(18,991)	(89,348)
Balance as of March 31, 2025	123,616	7,118	184,539	2,529,578	57,289	2,586,868

Consolidated Statement of Cash Flow

		(million yen)	
	Notes	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities			
Profit before tax		268,386	144,315
Depreciation and amortization		274,101	257,638
Changes in allowance		(559)	1,684
Interest and dividend income		(10,513)	(9,312)
Interest expenses		21,353	24,064
Share of loss (profit) of investments accounted for using equity method		(56,160)	(29,133)
Changes in trade and other receivables		31,139	55,868
Changes in inventories		34,780	123,540
Changes in trade and other payables		(43,563)	(66,022)
Other	39	(2,209)	(80,270)
Subtotal		516,754	422,372
Interest and dividends received		24,699	28,019
Interest paid		(20,507)	(21,916)
Income taxes paid		(41,979)	(49,507)
Net cash provided by (used in) operating activities		478,967	378,968
Cash flows from investing activities			
Purchase of property, plant and equipment, intangible assets, and investment property		(329,830)	(279,417)
Proceeds from sale of property, plant and equipment, intangible assets, and investment property		10,329	91,406
Purchase of investments		(16,183)	(81,242)
Proceeds from sale of investments		14,281	3,464
Expenditure for acquisition of shares of subsidiaries resulting in changes in scope of consolidation	2	673	(26,897)
Proceeds from sale of shares of subsidiaries resulting in changes in scope of consolidation	2, 39	1,466	6,403
Other		(5,995)	3,103
Net cash provided by (used in) investing activities		(325,259)	(283,179)

		(million yen)	
	Notes	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from financing activities			
Changes in short-term borrowings	39	(13,970)	(29,170)
Changes in commercial papers	39	(19,999)	17,995
Proceeds from long-term borrowings	39	60,347	145,161
Repayments of long-term borrowings	39	(130,654)	(158,292)
Proceeds from issuance of bonds	39	90,000	30,000
Payments for redemption of bonds	39	(40,000)	(60,000)
Proceeds from issuance of shares	25	52,072	—
Payments for purchase of treasury shares		(76)	(62)
Proceeds from disposal of treasury shares	25	62,499	909
Dividends paid to owners of parent	26	(49,275)	(63,672)
Other	39	(56,429)	(40,304)
Net cash provided by (used in) financing activities		(45,487)	(157,435)
Effect of exchange rate change on cash and cash equivalents		13,931	(8,590)
Changes in cash and cash equivalents		122,151	(70,237)
Changes in cash and cash equivalents resulting from transfer to assets held for sale		1,536	—
Cash and cash equivalents at beginning of period		119,391	243,079
Cash and cash equivalents at end of period	7	243,079	172,841

Notes to Consolidated Financial Statements

1. Reporting Entity

JFE Holdings, Inc. (the “Company”) is an incorporated company established under Japan’s Companies Act and is located in Japan.

The consolidated financial statements of the Company, as of March 31, 2025, consist of the Company and its subsidiaries (the “Group”) and its interests in associates and joint arrangements of the Company.

Details of the Group’s business are described in Note “6. Segment Information.”

2. Basis of Presentation

(1) Statement of compliance with IFRS

As the Company meets the requirements for treatment as a “specified company under the designated international accounting standards,” set out under Article 1-2, item (i) of the Ordinance on Consolidated Financial Statements, the provision of Article 312 of the said ordinance is applied. The Group’s consolidated financial statements are therefore prepared in accordance with IFRS issued by the International Accounting Standards Board.

The Group’s consolidated financial statements for the fiscal year ended March 31, 2025 were approved at the Board of Directors’ meeting held in June 25, 2025.

(2) Basis of measurement

The Group’s consolidated financial statements have been prepared on a historical cost basis, with the exception of financial instruments described in Note “3. Material Accounting Policies.”

(3) Functional currency and reporting currency

The Group’s consolidated financial statements are presented in Japanese yen, which is the Company’s functional currency. Amounts less than one million yen are rounded down.

(4) Changes in presentation

(Consolidated Statement of Cash Flow)

“Expenditure for acquisition of shares of subsidiaries resulting in changes in scope of consolidation” and “Proceeds from sale of shares of subsidiaries resulting in changes in scope of consolidation,” which were included in “Other” under “Cash flows from investing activities” in the fiscal year ended March 31, 2024, are presented separately in the current fiscal year due to their increased materiality in terms of amount. The consolidated financial statements for the fiscal year ended March 31, 2024 have been reclassified to reflect this change in presentation.

As a result, the 673 million yen and the 1,466 million yen included in “Other” under “Cash flows from investing activities” in the consolidated statement of cash flow for the fiscal year ended March 31, 2024, have been reclassified as “Expenditure for acquisition of shares of subsidiaries resulting in changes in scope of consolidation” and “Proceeds from sale of shares of subsidiaries resulting in changes in scope of consolidation,” respectively.

3. Material Accounting Policies

(1) Basis of consolidation

(i) Subsidiaries

Subsidiaries are those companies over which the Company has control. If the Group has an exposure or right to variable returns from involvement in the investee, and has the ability to use its power over the investee to affect the amount of returns, then it is regarded as controlling the investee.

If there is a change in equity interest in a subsidiary without loss of control, it is accounted for as a capital transaction. If there is a change in equity interest in a subsidiary accompanied by a loss of control, the subsidiary’s assets and liabilities, non-controlling interests related to the subsidiary, and other components of equity are derecognized, with any gain or loss resulting therefrom recognized in profit or loss.

For subsidiaries whose reporting periods end on a date that differs from that of the parent entity, provisional financial statements as of the consolidated reporting date are used.

(ii) Associates and joint arrangements

An entity in which the Group owns at least 20% and at most 50% of the voting rights is considered an associate unless it can be clearly demonstrated that the Company cannot exercise influence over financial and operating policy decisions of the entity. An entity in which the Group owns less than 20% of the voting rights is considered an associate if the Company can exercise influence over financial and operating policy decisions of the entity. Investments in associates are accounted for using the equity accounting method.

A joint arrangement is an arrangement in which two or more parties have joint control such that decisions about the relevant activities of the arrangement require the unanimous consent of the parties sharing control. If the parties that share joint control have substantial rights to the assets and obligations for the liabilities relating to the arrangement, it is called a joint operation. If an arrangement is structured through a separate vehicle and the parties that share joint control have rights to the net assets of the arrangement, it is called a joint venture. In relation to its interest in a joint operation, the Group recognizes its share of assets, liabilities, revenue, and expenses. Joint ventures are accounted for using the equity accounting method.

For associates whose reporting periods end on a date that differs from that of the parent entity, provisional financial statements as of the consolidated reporting date are prepared.

For JSW Steel Limited, provisional financial statements are prepared based on December 31 as the reporting date because local legislation imposes restrictions on when certain information becomes available to the Company. Necessary adjustments have been made for material transactions or events disclosed between JSW Steel's provisional reporting date and the consolidated reporting date.

(2) Business combinations

Business combinations are accounted for using the acquisition method.

Identifiable assets acquired and liabilities assumed through business combinations, as a general rule, are measured at fair value.

If the total value of the fair value of consideration (including contingent consideration) transferred in the business combination, the amount of any non-controlling interests of the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree ("Value A") exceeds the net value (in principle, fair value) of the acquiree's identifiable assets and liabilities assumed ("Value B"), the excess is recognized as goodwill. If, on the other hand, Value A is less than Value B, the difference is recognized in profit or loss as of the acquisition date.

For each individual transaction, the Company chooses to measure non-controlling interests at fair value or as a proportionate share of the fair value of identifiable net assets of the acquiree.

(3) Foreign currency translation

(i) Translation of foreign currency transactions

Foreign currency transactions are translated into the functional currency of each company using the exchange rate or similar rate prevailing on the transaction date. Monetary items denominated in foreign currencies at the end of the reporting period are translated into the functional currency at the exchange rate prevailing at the end of the reporting period. Non-monetary items denominated in foreign currencies measured at fair value are translated into the functional currency at the exchange rate prevailing on the date on which the fair value is determined. The resulting exchange differences are recognized in profit or loss. When the valuation difference of a non-monetary item is recognized in other comprehensive income, any exchange component is recognized in other comprehensive income.

(ii) Translation of foreign operations

Assets and liabilities of foreign operations are translated at the exchange rates prevailing at the end of the reporting period. In addition, revenues and expenses of foreign operations are translated at the average exchange rates for the reporting period unless exchange rates fluctuated significantly during the period. Exchange differences arising from translation are recognized in other comprehensive income, and the accumulated amount is included in other components of equity.

When disposing of foreign operations, the cumulative amount of exchange differences related to the foreign operations is recognized in profit or loss at the time of disposal.

(4) Financial instruments

(i) Financial assets

a. Initial recognition and measurement

At initial recognition, financial assets are classified either as financial assets measured at amortized cost or as financial assets measured at fair value. The Group recognizes a financial asset on the transaction date on which it becomes a party to the contractual provisions of the financial asset.

Financial assets that meet the following conditions are classified as financial assets measured at amortized cost:

- The asset is held in a business model of which the objective is to hold the asset in order to collect its contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets other than financial assets measured at amortized cost are classified as financial assets measured at fair value.

With the exception of equity financial assets held for trading purposes that must be measured at fair value through profit or loss, equity financial assets measured at fair value are individually classified either as measured at fair value through profit or loss or as measured at fair value through other comprehensive income, with that classification being made when the asset is initially recognized and applying continuously thereafter.

With the exception of financial assets measured at fair value through profit or loss, financial assets are measured at fair value at initial recognition plus transaction costs directly attributable to the acquisition. Financial assets measured at fair value through profit or loss are measured at fair value at initial recognition, and transaction costs directly attributable to the transaction are recognized in profit or loss.

Compound financial instruments issued by the Group comprise convertible bonds, which may be converted into shareholders' equity if the bondholder elects to do so. The financial liability component of the compound financial instrument is initially recognized at the fair value of similar liabilities that have no equity conversion option. The equity component is initially recognized as the difference between the fair value of the entire compound financial instrument and the fair value of the liability component, and is not remeasured subsequent to initial recognition.

b. Measurement subsequent to initial recognition

(a) Financial assets measured at amortized cost

After initial recognition, measurement is the amortized cost using the effective interest method.

(b) Financial assets measured at fair value through profit or loss

After initial recognition, measurement is the fair value with subsequent changes recognized in profit or loss.

(c) Equity financial assets measured at fair value through other comprehensive income

After initial recognition, measurement is the fair value with subsequent changes recognized in other comprehensive income.

Amounts recognized in other comprehensive income are transferred to retained earnings when an asset is derecognized or its fair value declines significantly (except when recovery is deemed probable); they are not transferred to profit or loss. Dividends derived from such financial assets are recognized as profit or loss.

c. Derecognition

Financial assets are derecognized when the contractual rights to receive cash flows have extinguished or when the contractual rights to receive cash flows have been transferred and substantially all risks and rewards of ownership of the financial asset are transferred to another entity.

d. Impairment

For financial assets measured at amortized cost, the Company recognizes allowance for doubtful accounts based on expected credit losses.

Allowance for doubtful accounts is calculated as the present value of the difference between the contractual cash flows due to the Group and the cash flows that the Group expects to receive.

The Group determines whether the credit risk on each financial asset has increased significantly since initial recognition on each reporting date, and if the credit risk has not increased significantly since initial recognition, the amount of the allowance for doubtful accounts is assessed based on the expected credit losses resulting from default events that may occur within 12 months (expected credit losses over 12 months). If, on the reporting date, credit risk on a financial asset has increased significantly since initial recognition, the amount of the allowance for doubtful accounts is assessed based on the expected credit losses arising from all possible default events over the expected lifetime of the financial asset (expected credit losses over full lifetime). However, in the case of trade receivables, contract assets, and lease receivables that do not contain a significant financing component, regardless of the above, the amount of the allowance for doubtful accounts is always measured using the expected credit losses for the instrument's full lifetime.

A receivable is determined to be credit-impaired when a fact such as the commencement of legal liquidation proceedings due to the obligor's bankruptcy or the significant deterioration of the obligor's financial condition occurs. When it becomes apparent that a receivable will be unrecoverable in the future due to a write-off under the provisions of the Corporate Reorganization Act, the carrying amount of the receivable is directly reduced.

Provision of allowance for doubtful accounts on financial assets is recognized in profit or loss. In the case of events that reduce the allowance for doubtful accounts, reversals of allowance for doubtful accounts are recognized in profit or loss. Estimates of allowance for doubtful accounts relating to financial assets reflect the following.

- Unbiased probability-weighted amounts calculated by evaluating a range of possible outcomes;
- Time value of money; and
- Rational and supportable information about past events, current conditions, and forecasts of future economic conditions, available at the reporting date without undue cost or effort.

(ii) Financial liabilities

a. Initial recognition and measurement

Financial liabilities are classified either as financial liabilities measured at amortized cost or as financial liabilities measured at fair value through profit or loss at the time of initial recognition. The Group initially recognizes issued debt securities on the date of issue, and other financial liabilities are initially recognized on the transaction date on which the Group becomes a party to the contractual provisions of the financial liability.

Financial liabilities measured at amortized cost are measured at fair value minus transaction costs directly attributable to the issue of the instruments at the time of initial recognition. However, financial liabilities measured at fair value through profit or loss are measured at fair value at the time of initial recognition.

b. Measurement subsequent to initial recognition

(a) Financial liabilities measured at amortized cost

After initial recognition, measurement is the amortized cost using the effective interest method.

(b) Financial liabilities measured at fair value through profit or loss

After initial recognition, measurement is the fair value with subsequent changes recognized in profit or loss.

c. Derecognition

Financial liabilities are derecognized when the financial liabilities extinguish; that is, when the liabilities are discharged, are canceled, or expire.

(iii) Derivative and hedge accounting

The Group enters into derivative transactions such as forward exchange contracts and interest rate swaps in order to hedge foreign exchange risk, interest rate risk, and the like.

At the inception of the hedge, the Group formally designates and documents the risk management purpose and strategy for the hedging relationship and the implementation of the hedge. This documentation identifies the hedging instrument, the item or transaction being hedged, the nature of the risk being hedged, and the method of evaluating the effectiveness of the hedging instrument in offsetting the exposure to changes in the fair value or cash flows of the hedged item due to the risk being hedged. Moreover, the Group assesses at the inception of the hedging relationship, and on an ongoing basis, whether a hedging relationship meets the hedge effectiveness requirements.

Derivatives are initially recognized at fair value. After initial recognition, fair value is measured and subsequent changes are treated as shown immediately below.

a. Fair value hedges

Changes in the fair value of derivatives used as hedging instruments are recognized in profit or loss or other comprehensive income. Changes in the fair value of the hedged item corresponding to the hedged risk are recognized in profit or loss or other comprehensive income, with the carrying amount of the hedged item being adjusted.

b. Cash flow hedges

The portion of the change in the fair value of derivatives used as hedging instruments that is determined to be an effective hedge is recognized in other comprehensive income, and the cumulative amount is included in other components of equity. The portion of hedges that is ineffective is recognized in profit or loss. Amounts accumulated in other components of equity are reclassified from other components of equity to profit or loss in the accounting period in which the transaction being hedged affects profit or loss. However, if the forecast transaction being hedged subsequently results in the recognition of a non-financial asset or non-financial liability, the amount accumulated in other components of equity is treated as an adjustment to the initial carrying amount of that non-financial asset or non-financial liability.

Hedge accounting is discontinued prospectively when the hedging instrument expires, is sold, or is terminated or exercised, or if the derivative no longer meets the requirements for hedge accounting. When the forecast transaction is no longer expected to occur, the amount accumulated in other components of equity is immediately reclassified from other components of equity to profit or loss.

c. Derivatives not designated as hedges

Changes in the fair value of such derivatives are recognized in profit or loss.

(5) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, readily available cash, and short-term investments maturing within three months that are readily convertible to cash and subject to an insignificant risk of changes in value.

(6) Inventories

Inventories are measured at the lower of cost and net realizable value. Cost consists of material costs, direct labor costs, other direct costs, and an appropriate allocation of related manufacturing overhead costs. Net realizable value is calculated by deducting the estimated selling costs from the estimated selling price. Cost is mainly calculated based on the weighted average method.

(7) Property, plant and equipment

The Group uses the cost model to measure the carrying amount of property, plant and equipment subsequent to their recognition. Under this model, property, plant and equipment are carried at their cost less any accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment other than land and construction in progress are mainly depreciated using the straight-line method.

The estimated useful lives of major asset items are as follows:

- Buildings and structures: 2–75 years
- Machinery and vehicles: 2–27 years

The estimated useful lives, depreciation methods, and residual values of property, plant and equipment are reviewed at the end of each fiscal year.

(8) Goodwill and intangible assets

(i) Goodwill

Goodwill is not amortized; it is tested for impairment annually or whenever an indication of impairment exists. Impairment losses on goodwill are recognized in the consolidated statement of profit or loss and are not subsequently reversed.

Goodwill is carried at its cost less any accumulated impairment losses.

(ii) Intangible assets

Intangible assets acquired separately are measured at cost at the time of initial recognition. Intangible assets acquired in business combinations are measured at fair value as of the acquisition date.

The Group uses the cost model to measure the carrying amount of intangible assets subsequent to their recognition. Under this model, intangible assets are carried at their cost less any accumulated amortization and any accumulated impairment losses.

Intangible assets with finite useful lives, except for mining rights, are amortized using the straight-line method over their estimated useful lives, while mining rights are generally amortized using the units of production method based on the estimated volume of reserves. Intangible assets mainly comprise software for internal use and have estimated useful lives of 2–10 years. The amortization method and estimated useful lives are reviewed each year at the fiscal year-end and revised, as necessary.

(9) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. If the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, the contract is, or contains, a lease.

(i) Leases as a lessee

At the commencement date, the Group recognizes right-of-use assets and lease liabilities. At the commencement date, right-of-use assets are initially measured at the amount of the initial measurement of lease liabilities adjusted for any initial direct costs, costs for restoration as required pursuant to the contract, and other costs. After the commencement date, the Group uses the cost model to measure right-of-use assets. Under this model, right-of-use assets are measured at cost, less any accumulated depreciation and any accumulated impairment losses. Right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term, unless it is reasonably certain that the Group will acquire ownership of the leased assets at the end of the lease term. The lease term is determined as the non-cancelable period of leased assets, together with periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option, and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

Lease liabilities are measured at the present value of the lease payments that are not paid at the commencement date, discounted using the lessee's incremental borrowing rate. After the commencement date, the Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made. In case of lease modifications, the Group remeasures the lease liability. For a lease modification that is not accounted for as a separate lease and decreases the scope of the lease, the Group decreases the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognizes in profit or loss any gain or loss relating to the partial or full termination of the lease. The Group makes a corresponding adjustment to the right-of-use asset for all other lease modifications.

However, the Group uses the exemption for short-term leases and leases of low-value assets; instead of recognizing right-of-use assets and lease liabilities for such leases, it expenses the lease payments on a straight-line basis over the lease term.

(ii) Leases as a lessor

Leases entered into as a lessor are classified as either finance leases or operating leases according to the substance of the transaction rather than the form of the contract. Assets held under finance leases are presented as receivables in an amount equal to the net investment in the lease.

In the case of subleases, the intermediate lessor classifies the sublease with reference to the right-of-use asset arising from the head lease.

In the case of operating leases, the Group records the leased assets on the consolidated statement of financial position and recognizes lease payments received as income on a straight-line basis over the lease term.

(10) Investment property

Investment property is real estate held for the purpose of earning rental income, capital gains, or both.

The Group uses the cost model to measure the carrying amount of investment property subsequent to its recognition. Under this model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Investment property other than land is depreciated mainly using the straight-line method over the estimated useful life. The estimated useful life of the Company's main investment properties is 26 years.

The estimated useful lives, depreciation methods, and residual values of investment properties are reviewed at the end of each fiscal year.

(11) Impairment of non-financial assets

For property, plant and equipment and intangible assets, if there is any indication at the end of each reporting period that an asset may be impaired, the asset is assessed based on its recoverable amount, being the higher of fair value less costs of disposal and its value in use; if the carrying amount of the asset exceeds its recoverable amount, then the asset is impaired and is written down to its recoverable amount.

Goodwill, intangible assets with indefinite useful lives, and intangible assets not yet available for use are tested for impairment annually or whenever an indication of impairment exists.

Impairment losses recognized on assets other than goodwill in previous years are assessed at the end of each reporting period to determine whether there is any indication that the recognized impairment loss may no longer exist or may have decreased. If any such indication exists, the recoverable amount is estimated, and if the recoverable amount exceeds the carrying amount of the asset or the cash-generating unit to which the asset belongs, a reversal of the impairment loss is recognized and the carrying amount is increased to the recoverable amount subject to the condition that the carrying amount of the asset may not exceed the carrying amount (net of accumulated depreciation or accumulated amortization) that would have been determined had no impairment loss been previously recognized. Impairment losses recognized on goodwill are not reversed in subsequent periods.

(12) Post-employment benefits

(i) Defined benefit plans

Defined benefit plans are any retirement benefit plans other than defined contribution plans. For each separate plan, the defined benefit obligation is calculated by estimating the future benefits earned as consideration for services provided by employees in previous and current fiscal years, and discounting that amount to the present value. The fair value of plan assets is deducted from the result of that calculation. The discount rate is determined with reference to the market yields of high-quality corporate bonds that are denominated in the same currency as the expected benefit payment and that have approximately the same maturity as the Group's defined benefit obligation.

If a retirement benefit plan is revised, costs related to the variable portion of benefits related to employees' past service are immediately recognized in profit or loss.

The Group recognizes changes in net defined benefit liability (asset) due to remeasurement in other comprehensive income and immediately transfers the amounts to retained earnings.

(ii) Defined contribution plans

Expenses related to defined contribution plans are recognized as expenses in the period in which the employees provide the services.

(13) Provisions

Provisions are recognized when the Company has a present obligation (legal obligation or constructive obligation) resulting from past events, it is likely that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

If the impact of the time value of money is material, provisions are measured at a discounted amount calculated using a discount rate that reflects the risks specific to the liability.

(14) Revenue

With the exception of interest, dividend income, and the like under IFRS 9 Financial Instruments, the Group uses the following five-step approach in recognizing revenue that reflects the amount of consideration to which the Company expects to be entitled in exchange for the transfer of goods and services to customers:

Step 1: Identify the contract with the customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to a distinct performance obligation of the contract

Step 5: Recognize revenue when the performance obligation is fulfilled (or as it is fulfilled).

With respect to sales of steel products in the steel business, revenues are mainly recognized at the point of shipment, when the customer assumes the significant risk and economic value of ownership of the product being physically transferred and the right to receive payment is confirmed. Consideration for transactions is received mainly within one year from the fulfillment of performance obligations and includes no significant financing components.

With regard to construction contracts in the engineering business, the Group mainly estimates the progress of fulfilling performance obligations, and revenue is recognized over a fixed period based on the degree of progress. Consideration for transactions is mainly received in phases during the contract term separately from the fulfillment of performance obligations, and the remaining amount is received after a fixed period from the fulfillment of all performance obligations. Consideration for certain transactions includes significant financing components. A cost-based input method is used for performance obligations fulfilled over time in order to recognize revenue. The cost-based input method excludes the effects of any inputs that do not depict the Group's performance in transferring control of goods or services to the customer. When a cost incurred is not proportionate to progress, the Group's performance is faithfully depicted by adjusting the input method to recognize revenue only to the extent of that cost incurred.

With respect to sales of steel products in the trading business, revenues are mainly recognized at the point of delivery of the product to the customer, when the legal title and physical ownership of the product as well as the significant risk and economic value associated with ownership of the product are transferred to the customer, and the right to receive payment is confirmed. In addition, for certain transactions in the trading business, the Company has the responsibility to carry out work as an agent. Consideration for transactions is received mainly within one year from the fulfillment of performance obligations and includes no significant financing components.

When the Group is engaged in a transaction as a principal to the transaction, revenue is presented as the total consideration received from the customer. When the Group is engaged in transactions as an agent for a third party, revenue is presented as a fee, calculated as the total amount of consideration received from the customer minus the amount collected for the third party.

(15) Business profit

Business profit is profit before income taxes excluding financial income and one-time items of significant value. Management considers it as a benchmark indicator of the Company's consolidated earnings.

(16) Income taxes

Income tax expense consists of current tax expense and deferred tax expense. These items are recognized in profit or loss except when they arise from items that are directly recognized in other comprehensive income or equity and when they arise from business combinations.

Current tax expense is measured as an amount that reflects the amount the Company expects the tax authorities to refund or expects to pay to the tax authorities. The tax rate and tax law used to calculate the amount of tax are those that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are recognized for temporary differences, which are the differences between the carrying amounts and tax bases of assets and liabilities, and for unused tax losses carryforwards and unused tax credits. Deferred tax assets and deferred tax liabilities are determined at the tax rate estimated for the period when the asset is realized or the liability is settled, based on the tax rate and tax law that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax liabilities are recognized for taxable temporary differences excluding the following:

- Temporary differences arising from initial recognition of goodwill;
- Temporary differences resulting from the initial recognition of an asset or liability in a transaction that is not a business combination and that neither affects accounting income or taxable income at the time of the transaction nor gives rise to the same amounts of taxable temporary differences and deductible temporary differences; and
- Taxable temporary differences arising from investments in subsidiaries and associates, and interests in joint arrangements, when the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for deductible temporary differences, unused tax losses carryforwards, and unused tax credits, but only to the extent that it is probable that future taxable income will be available against which the deductible temporary difference can be utilized, except when the deductible temporary difference results from the initial recognition of an asset or liability in a transaction that is not a business combination and that neither affects accounting income or taxable income at the time of the transaction nor gives rise to the same amounts of taxable temporary differences and deductible temporary differences.

Deferred tax assets are recognized for deductible temporary differences arising from investments in subsidiaries and associates, and interests in joint arrangements, only when it is probable that the temporary difference will reverse in the foreseeable future and it is probable that taxable income will be available against which the deductible temporary difference can be utilized.

The Company and its certain domestic consolidated subsidiaries apply the group tax sharing system.

(17) Equity

(i) Share capital and capital surplus

Capital paid in by shareholders is recognized in share capital or capital surplus.

(ii) Treasury shares

When treasury shares are acquired, the consideration paid, including direct transaction costs, is recognized as a deduction from equity. When treasury shares are disposed of, the difference between the consideration received and the carrying amount of the treasury shares is recognized directly in equity.

(18) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For an asset (or disposal group) to be classified as held for sale, the asset (or disposal group) must be available for immediate sale in its present condition and its sale must be highly probable. The sale is considered highly probable only when the Group's management is committed to a plan to sell the asset (or disposal group), and the sale is expected to be completed within one year from the date of classification.

After being classified as held for sale, the asset (or disposal group) is measured at the lower of the carrying amount and fair value less costs to sell, and is not depreciated or amortized.

4. Significant Judgements, Accounting Estimates, and Assumptions

In preparing the consolidated financial statements, the Group makes judgments, accounting estimates, and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, revenue, and expenses. These estimates and assumptions are based on management's best judgments reflecting historical experiences and various factors that are believed to be reasonable under the circumstances. By their nature, however, actual results may differ from the estimates and assumptions.

The estimates and underlying assumptions are reviewed on an ongoing basis. The effects resulting from revisions of these estimates are recognized in the period in which the estimates are revised and in future periods affected by the revision.

Judgments made in applying accounting policies that have a significant effect on the consolidated financial statements are mainly as follows:

- Scope of subsidiaries, associates, and joint arrangements (Note "3. Material Accounting Policies")
- Revenue recognition (Note "3. Material Accounting Policies")
- Leases (Note "3. Material Accounting Policies")

Information on accounting estimates and assumptions that may have a significant effect on the consolidated financial statements is as follows:

- Valuation of inventories (Note "3. Material Accounting Policies" and Note "9. Inventories")

Inventories are measured at cost. However, if net realizable value is lower than cost at the end of the reporting period, inventories are measured at the net realizable value and the difference between cost is recognized in cost of sales in principle. Furthermore, for idle inventories outside the operating cycle, net realizable value and other items are determined by reflecting future demand and market trends. A significant decline in net realizable value due to worse-than-forecast market environment may cause losses.

- Impairment of non-financial assets (Note "3. Material Accounting Policies" and Note "16. Impairment of Non-financial Assets")

The Group tests property, plant and equipment, goodwill, and intangible assets for impairment in accordance with Note "3. Material Accounting Policies." In determining recoverable amounts in impairment tests, assumptions are made for future cash flows, discount rates, and other items. Although these assumptions are determined based on management's best estimates and judgments, they may be affected by uncertain changes in economic conditions in the future and other factors. If a revision is necessary, it may have a significant effect on the consolidated financial statements.

- Recoverability of deferred tax assets (Note "3. Material Accounting Policies" and Note "19. Income Taxes")

Deferred tax assets are recognized only to the extent that it is probable that future taxable income will be available against which the deductible temporary differences can be utilized. In judging the probability of taxable income, the timing and amount of taxable income are estimated based on the business plan. Although such estimates are made based on management's best estimates, they may differ from actual results due to uncertain changes in economic conditions in the future and other factors.

- Valuation and accounting for provisions (Note "3. Material Accounting Policies" and Note "23. Provisions")

Provisions are measured based on the best estimates of the expenditures expected to be required to settle the obligations in the future on the reporting date. The expenditures expected to be required to settle the obligations in the future are determined by comprehensively taking into account future possible results. Since assumptions which are used for measuring these provisions may be affected by uncertain changes in economic conditions in the future and other factors, the assumptions involve the risk of causing a significant modification on the measurement of provisions prospectively.

- Measurement of defined benefit obligations (Note "3. Material Accounting Policies" and Note "24. Post-employment Benefits")

With respect to defined benefit corporate pension plans, the net amount of defined benefit obligations and fair values of plan assets are recognized as liabilities or assets. Defined benefit obligations are determined based on actuarial assumptions which include the estimates of discount, retirement, mortality, and salary increase rates. These assumptions are determined by comprehensively taking into account all available information, such as market trends in interest rate fluctuations. Since these

actuarial assumptions may be affected by uncertain changes in the economic environment in the future, social trends, and other factors, the assumptions involve the risk of causing a significant modification on the measurement of defined benefit obligations prospectively.

- Matters related to financial instruments (Note “3. Material Accounting Policies” and Note “40. Financial Instruments”)

The Group uses significant unobservable inputs for measuring the fair values of specified financial instruments. Unobservable inputs may be affected by future uncertain changes in economic conditions and other factors. If a revision is necessary, it may have a significant effect on the consolidated financial statements.

- Contingencies (Note “43. Contingent Liabilities”)

For contingencies, items that may have a significant effect on future businesses are disclosed after taking into account all available evidence as of the reporting date and considering the possibility and financial effect of the contingencies.

5. New IFRS Standards Not Yet Adopted

Major IFRS standards and interpretations newly established or amended by the approval date of the consolidated financial statements that the Group has not yet adopted are as follows. The impact of the application of this standard on the consolidated financial statements is currently being considered.

Standard	Name of standard	Mandatory (in and after the fiscal year starting from)	Application date of the Company	Overview of the new standard or revision
IFRS 18	Presentation and Disclosures in Financial Statements	January 1, 2027	Fiscal year ending March 31, 2028	A new standard to IAS 1, which is the current accounting standard on the presentation and disclosure in financial statements

6. Segment Information

(1) Overview of reportable segments

The Group organized under JFE Holdings executes commercial activities through three operating companies—JFE Steel Corporation, JFE Engineering Corporation, and JFE Shoji Trade Corporation—in accordance with the characteristics of their respective businesses.

Consolidated reportable segments, one for each operating company, are characterized by their constituent products and services. There are no operating segments which were aggregated for reporting.

Each segment has its own respective products and services. The steel business produces and sells various steel products, processed steel products, and raw materials, and provides transportation and other related businesses such as facility maintenance and construction. The engineering business handles engineering for energy, urban environment, steel structures and industrial machines, recycling, and electricity retailing. The trading business purchases, processes, and distributes steel products, raw materials for steel production, nonferrous metal products, and food.

(2) Information on reportable segments

The accounting treatments for the Group's reportable segments are the same as those described in Note "3. Material Accounting Policies."

The Group assesses segment performance on the basis of segment profit. Segment profit is profit before tax excluding one-time items of a materially significant value.

Intersegment transactions are based on market prices and the like.

Fiscal year ended March 31, 2024

	Steel	Engineering	Trading	Total	Adjustments (Note)	(million yen) Amount recorded in consolidated financial statements
Revenue						
Revenue from external customers	3,318,920	524,723	1,330,987	5,174,632	—	5,174,632
Intersegment revenue	397,136	15,251	145,465	557,852	(557,852)	—
Total	3,716,057	539,975	1,476,452	5,732,485	(557,852)	5,174,632
Segment profit	202,733	24,383	48,966	276,083	3,523	279,607
Impairment losses						(11,220)
Profit before tax						268,386

Segment assets	4,626,972	545,025	1,082,297	6,254,295	(499,331)	5,754,964
Other items						
Depreciation and amortization	242,438	16,750	16,265	275,454	(1,352)	274,101
Impairment losses	(2,275)	(5,038)	(1,604)	(8,918)	(2,302)	(11,220)
Finance income	2,668	527	2,125	5,321	(272)	5,048
Finance costs	(15,329)	(479)	(8,230)	(24,039)	373	(23,665)
Share of profit of investments accounted for using equity method	50,521	3,579	1,392	55,493	666	56,160
Investments accounted for using equity method	486,556	40,269	24,002	550,827	10,649	561,477
Capital expenditures	269,377	60,270	20,875	350,524	(4,412)	346,111

Note: Adjustments are as follows:

- Adjustments to segment profit include corporate profit not allocated to a reportable segment: 51,102 million yen; elimination of dividend income from each reportable segment: (50,067) million yen; share of profit of investments accounted for using equity method related to Japan Marine United Corporation: 1,262 million yen; and elimination of other intersegment transactions: 1,225 million yen. Corporate profit is profit of the Company.
- Adjustments to segment assets: Corporate assets not allocated to a reportable segment: 180,065 million yen and elimination of intersegment receivables and payables: (679,397) million yen. Corporate assets are assets of the Company.

Fiscal year ended March 31, 2025

(million yen)

	Steel	Engineering	Trading	Total	Adjustments (Note)	Amount recorded in consolidated financial statements
Revenue						
Revenue from external customers	3,007,924	554,156	1,297,566	4,859,647	—	4,859,647
Intersegment revenue	357,266	15,659	140,993	513,919	(513,919)	—
Total	3,365,191	569,815	1,438,559	5,373,566	(513,919)	4,859,647
Segment profit	36,385	19,386	47,971	103,743	10,842	114,586
Gain on sales of land						86,622
Impairment losses						(25,194)
Cost for promoting and developing land utilization of Keihin district						(14,607)
Loss relating to loss of control over subsidiaries						(13,129)
PCB disposal costs						(3,962)
Profit before tax						144,315

Segment assets	4,547,582	592,434	1,055,438	6,195,455	(547,818)	5,647,637
Other items						
Depreciation and amortization	220,822	19,314	19,123	259,260	(1,622)	257,638
Impairment losses	(20,013)	(3,389)	(1,681)	(25,084)	(110)	(25,194)
Finance income	3,690	550	2,198	6,438	(724)	5,714
Finance costs	(17,780)	(1,145)	(8,531)	(27,457)	989	(26,467)
Share of profit of investments accounted for using equity method	16,133	2,677	991	19,803	9,330	29,133
Investments accounted for using equity method	537,033	48,305	25,313	610,652	26,319	636,972
Capital expenditures	266,499	27,066	24,911	318,477	(3,651)	314,826

Note: Adjustments are as follows:

- Adjustments to segment profit include corporate profit not allocated to a reportable segment: 60,005 million yen; elimination of dividend income from each reportable segment: (58,706) million yen; share of profit of investments accounted for using equity method related to Japan Marine United Corporation: 6,986 million yen; and elimination of other intersegment transactions: 2,556 million yen. Corporate profit is profit of the Company.
- Adjustments to segment assets: Corporate assets not allocated to a reportable segment: 55,944 million yen and elimination of intersegment receivables and payables: (603,762) million yen. Corporate assets are assets of the Company.

(3) Information about the categories of products and services

The information is the same as information on reportable segments.

(4) Information about revenue from external customers by geographical areas

The information is provided in Note “27. Revenue.”

(5) Information about non-current assets (excluding financial assets, retirement benefit asset, and deferred tax assets) by geographical areas

	(million yen)	
	As of March 31, 2024	As of March 31, 2025
Japan	2,077,771	2,111,210
Other	195,502	256,280
Total	2,273,274	2,367,490

Note: Non-current assets are based on the geographical location of each company of the Group.

(6) Information about major customers

The information of external customer that accounts for 10% or more of consolidated revenue of the Group is as follows:

		(million yen)	
	Relevant segments	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Marubeni-Itochu Steel Inc. and its group companies	Steel and trading	532,641	493,182

7. Cash and Cash Equivalents

The breakdown of cash and cash equivalents is as follows:

	(million yen)	
	As of March 31, 2024	As of March 31, 2025
Cash and bank deposits with maturities of three months or less	242,325	172,582
Negotiable certificates of deposit	737	250
Deposits paid	16	8
Total	243,079	172,841

Cash and cash equivalents are classified as financial assets measured at amortized cost.

The balance of cash and cash equivalents reported in the consolidated statement of financial position as of March 31, 2024 and 2025 is consistent with that reported in the consolidated statement of cash flow.

8. Trade and Other Receivables

The breakdown of trade and other receivables is as follows:

	(million yen)	
	As of March 31, 2024	As of March 31, 2025
Notes and accounts receivable—trade	704,123	625,505
Accounts receivable-other	48,915	58,543
Other	11,729	11,374
Allowance for doubtful accounts	(2,339)	(2,438)
Total	762,428	692,985

Trade and other receivables are stated as net of allowance for doubtful accounts in the consolidated statement of financial position.

Trade and other receivables are classified as financial assets measured at amortized cost.

9. Inventories

The breakdown of inventories is as follows:

(million yen)

	As of March 31, 2024	As of March 31, 2025
Merchandise and finished goods	687,131	652,542
Work in progress	33,625	41,296
Raw materials and supplies	627,621	534,701
Total	1,348,378	1,228,540

Inventories recognized as an expense in cost of sales for the fiscal years ended March 31, 2024 and 2025 amounted to 3,944,378 million yen and 3,800,807 million yen, respectively.

10. Other Financial Assets

(1) The breakdown of other financial assets is as follows:

(million yen)

	As of March 31, 2024	As of March 31, 2025
Financial assets measured at amortized cost		
Lease receivables (non-current)	17,578	16,074
Other	38,097	38,107
Allowance for doubtful accounts	(322)	(253)
Subtotal	55,353	53,928
Financial assets measured at fair value through profit or loss		
Derivative assets	34,863	24,586
Other	4,151	4,557
Subtotal	39,015	29,143
Equity financial assets measured at fair value through other comprehensive income		
Equity securities	124,808	124,024
Investments in capital	7,050	5,544
Subtotal	131,858	129,568
Total	226,227	212,640
Current assets	18,778	22,116
Non-current assets	207,448	190,524
Total	226,227	212,640

Other financial assets are stated net of allowance for doubtful accounts in the consolidated statement of financial position.

(2) Equity financial assets measured at fair value through other comprehensive income

The issuers and fair values of major equity financial assets measured at fair value through other comprehensive income are as follows:

(million yen)	
Issuers	As of March 31, 2024
Formosa Ha Tinh (Cayman) Limited	25,505
Companhia Nipo-Brasileira de Pelotização	10,052
Japan Petroleum Exploration Co., Ltd.	6,338
Dongkuk Steel Mill Co., Ltd.	5,461
Mizuho Financial Group, Inc.	4,586

(million yen)	
Issuers	As of March 31, 2025
Formosa Ha Tinh (Cayman) Limited	23,501
Companhia Nipo-Brasileira de Pelotização	8,277
Mizuho Financial Group, Inc.	6,100
Japan Petroleum Exploration Co., Ltd.	5,373
ACTER GROUP CORPORATION LIMITED	4,389

Equity securities and investments in capital are held mainly for the purpose of maintaining and developing the Group's business. Therefore, they are designated as equity financial assets measured at fair value through other comprehensive income.

In order to promote the efficiency of held assets and to use them effectively, the Group has sold (derecognized) equity financial assets measured at fair value through other comprehensive income.

The fair value and accumulated gains or losses recognized in other comprehensive income at the time of sale are as follows:

(million yen)		
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Fair value	13,282	2,705
Accumulated gains or losses recognized in other comprehensive income	5,757	957

11. Other Assets and Liabilities

The breakdown of other current assets, other non-current assets, other current liabilities, and other non-current liabilities is as follows:

(1) Other current assets and other non-current assets

(million yen)

	As of March 31, 2024	As of March 31, 2025
Consumption taxes refund receivable	29,990	28,609
Other	101,411	83,051
Total	131,402	111,660
Current assets	113,992	90,786
Non-current assets	17,410	20,873
Total	131,402	111,660

(2) Other current liabilities and other non-current liabilities

(million yen)

	As of March 31, 2024	As of March 31, 2025
Accrued expenses	196,198	191,363
Other	95,700	82,340
Total	291,898	273,703
Current liabilities	282,317	245,661
Non-current liabilities	9,581	28,042
Total	291,898	273,703

12. Property, Plant and Equipment

The movement of carrying amount for property, plant and equipment during the year is as follows:

Fiscal year ended March 31, 2024

(million yen)

	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Other	Total
Balance at the beginning of the year	361,258	1,005,843	48,553	384,144	82,955	8,298	1,891,053
Acquisition	32,476	154,772	22,086	2,264	60,545	2,298	274,444
Acquisition through business combinations	421	2,754	0	—	—	—	3,176
Sale or disposal	(1,514)	(10,897)	(319)	(296)	(947)	(31)	(14,007)
Depreciation	(29,233)	(162,232)	(20,038)	(21)	—	(1,972)	(213,499)
Impairment losses	(3,055)	(6,805)	(70)	(316)	—	(116)	(10,364)
Exchange differences on translation of foreign operations	534	5,778	824	1,016	8,937	323	17,414
Balance at the end of the year	360,887	989,214	51,035	386,790	151,489	8,798	1,948,217

Fiscal year ended March 31, 2025

(million yen)

	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Other	Total
Balance at the beginning of the year	360,887	989,214	51,035	386,790	151,489	8,798	1,948,217
Acquisition	48,245	195,007	19,154	194	(24,531)	492	238,563
Acquisition through business combinations	13,009	9,138	93	2,616	2,057	73	26,988
Sale or disposal	(6,803)	(6,831)	(813)	(13,864)	(1,254)	(5,340)	(34,907)
Depreciation	(28,500)	(148,016)	(15,476)	(9)	—	(157)	(192,159)
Impairment losses	(3,534)	(17,830)	(428)	(162)	—	(171)	(22,126)
Exchange differences on translation of foreign operations	829	(2,253)	463	393	318	(286)	(535)
Balance at the end of the year	384,134	1,018,428	54,029	375,960	128,079	3,408	1,964,041

Notes: 1. Depreciation of property, plant and equipment is included in “Cost of sales” and “Selling, general and administrative expenses” in the consolidated statement of profit or loss.

2. Acquisition of construction in progress represents an increase due to new acquisition, net of transfers to each item of property, plant and equipment.

The cost, accumulated depreciation, accumulated impairment losses, and carrying amount of property, plant and equipment are as follows:

(million yen)

	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Other	Total
As of March 31, 2024							
Cost	1,961,289	6,361,961	208,260	411,241	152,429	25,030	9,120,211
Accumulated depreciation and accumulated impairment losses	(1,600,401)	(5,372,746)	(157,224)	(24,450)	(939)	(16,232)	(7,171,994)
Carrying amount	360,887	989,214	51,035	386,790	151,489	8,798	1,948,217
As of March 31, 2025							
Cost	1,983,806	6,375,720	212,999	399,081	128,717	12,077	9,112,403
Accumulated depreciation and accumulated impairment losses	(1,599,672)	(5,357,291)	(158,970)	(23,120)	(638)	(8,668)	(7,148,361)
Carrying amount	384,134	1,018,428	54,029	375,960	128,079	3,408	1,964,041

13. Goodwill and Intangible Assets

(1) Movement of goodwill and intangible assets

The movement of carrying amount for goodwill and intangible assets during the year is as follows:

Fiscal year ended March 31, 2024

	(million yen)			
	Goodwill	Software	Other	Total
Balance at the beginning of the year	14,911	108,984	17,871	141,767
Acquisition	—	42,097	487	42,584
Sale or disposal	—	(1,043)	(1)	(1,044)
Amortization	—	(27,940)	(2,414)	(30,355)
Impairment losses	—	(467)	(4)	(471)
Exchange differences on translation of foreign operations	535	2,090	931	3,557
Balance at the end of the year	15,446	123,720	16,870	156,038

Fiscal year ended March 31, 2025

	(million yen)			
	Goodwill	Software	Other	Total
Balance at the beginning of the year	15,446	123,720	16,870	156,038
Acquisition	—	46,811	2,963	49,775
Acquisition through business combinations	19,451	115	49,511	69,078
Sale or disposal	(1,214)	(520)	(121)	(1,856)
Amortization	—	(32,792)	(3,836)	(36,629)
Impairment losses	—	(1,677)	(36)	(1,714)
Exchange differences on translation of foreign operations	315	(183)	178	310
Balance at the end of the year	33,999	135,473	65,529	235,002

Note: Amortization of intangible assets is included in “Cost of sales” and “Selling, general and administrative expenses” in the consolidated statement of profit or loss.

The cost, accumulated amortization, accumulated impairment losses, and carrying amount of goodwill and intangible assets are as follows:

	(million yen)			
	Goodwill	Software	Other	Total
As of March 31, 2024				
Cost	20,072	479,688	42,157	541,918
Accumulated amortization and accumulated impairment losses	(4,625)	(355,967)	(25,286)	(385,879)
Carrying amount	15,446	123,720	16,870	156,038
As of March 31, 2025				
Cost	38,625	526,581	94,011	659,217
Accumulated amortization and accumulated impairment losses	(4,625)	(391,107)	(28,481)	(424,214)
Carrying amount	33,999	135,473	65,529	235,002

(2) Significant intangible assets

Fiscal year ended March 31, 2025

The carrying amount of other intangible assets includes 35,652 million yen of mining rights.

(3) Research and development expenses

Research and development expenses recorded in “Cost of sales” and “Selling, general and administrative expenses” for the fiscal years ended March 31, 2024 and 2025 amounted to 43,838 million yen and 42,987 million yen, respectively.

14. Lease Transactions

(1) Lease transactions as a lessee

The Group leases machinery, ships, buildings, and other assets as a lessee. Certain lease arrangements include renewal options, but no significant lease arrangements include escalation clauses. In addition, there are no material restrictions (such as restrictions related to additional borrowings and additional leases) imposed by the lease arrangements.

(i) Disclosure on profit or loss and cash outflow for leases

	(million yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Depreciation of right-of-use assets		
Buildings and structures	11,565	10,903
Machinery and vehicles	11,980	11,191
Tools, furniture and fixtures	2,609	2,861
Land	2,127	2,045
Other	1,116	1,059
Total	29,399	28,062
Interest on lease liabilities	511	543
Expense relating to short-term leases	3,714	4,415
Expense relating to leases of low-value assets	778	707
Income from subleasing right-of-use assets	1,430	1,432
Total cash outflow for leases	58,090	50,390

(ii) Disclosure on the breakdown of the carrying amounts of right-of-use assets

	(million yen)	
	As of March 31, 2024	As of March 31, 2025
Buildings and structures	31,154	22,692
Machinery and vehicles	47,112	50,293
Tools, furniture and fixtures	2,860	4,899
Land	14,099	12,022
Other	3,531	3,538
Total	98,758	93,447

Right-of-use assets for the fiscal years ended March 31, 2024 and 2025 increased by 28,922 million yen and 26,305 million yen, respectively.

(2) Lease transactions as a lessor

The Group leases buildings and other assets as a lessor and receives security deposits as a risk management strategy.

(i) Income from operating leases

	(million yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Lease income	9,534	9,167

(ii) Maturity analysis of non-cancelable operating lease payments

(million yen)

	As of March 31, 2024	As of March 31, 2025
Within one year	1,399	1,449
Over one year and within two years	1,144	1,195
Over two years and within three years	891	1,019
Over three years and within four years	808	291
Over four years and within five years	189	—
Over five years	—	—
Total	4,433	3,956

(iii) Income from finance leases

(million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Finance income on the net investment in the lease	868	768

(iv) Maturity analysis of lease payments receivable

(million yen)

	As of March 31, 2024	As of March 31, 2025
Within one year	8,900	8,210
Over one year and within two years	10,995	12,587
Over two years and within three years	6,954	2,217
Over three years and within four years	1,058	1,298
Over four years and within five years	536	602
Over five years	3,902	4,028
Total	32,348	28,944
Unearned finance income	3,041	1,495
Net investment in the lease	29,307	27,449

15. Investment Properties

(1) Movement of investment properties

The movement of carrying amount for investment properties is as follows:

(million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Balance at the beginning of the year	53,559	52,849
Acquisition	159	182
Reclassification from property, plant and equipment	856	5,676
Reclassification to property, plant and equipment	(225)	(506)
Depreciation	(847)	(787)
Impairment losses	(384)	(271)
Sale or disposal	(268)	(5,728)
Other	—	2,712
Balance at the end of the year	52,849	54,126
Cost (balance at the beginning of the year)	111,828	112,213
Accumulated depreciation and accumulated impairment losses (balance at the beginning of the year)	(58,268)	(59,363)
Cost (balance at the end of the year)	112,213	103,493
Accumulated depreciation and accumulated impairment losses (balance at the end of the year)	(59,363)	(49,366)

(2) Fair values

The carrying amount and fair value of investment properties are as follows:

(million yen)

	As of March 31, 2024		As of March 31, 2025	
	Carrying amount	Fair value	Carrying amount	Fair value
Investment property	52,849	128,612	54,126	120,640

The fair value of investment properties is principally based on the real estate appraisal values provided by independent licensed real estate appraisers.

The fair value hierarchy of investment properties is categorized within Level 3 because unobservable inputs are included.

Fair value hierarchy is described in Note “40. Financial Instruments.”

(3) Income and expenses arising from investment properties

Rental income and direct sales expenses arising from investment properties are as follows:

(million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Rental income	9,534	9,167
Direct sales expenses arising from investment properties which generated income	2,750	2,695
Direct sales expenses arising from investment properties which did not generate income	19	15

16. Impairment of Non-financial Assets

When the Group assesses whether there is an indication that non-financial assets may be impaired, in principle, the assets are classified as idle assets, leased assets, assets for various projects and assets for business use, and then those classified assets are grouped by the smallest unit that generates independent cash flows.

Fiscal year ended March 31, 2024

The carrying amount was reduced to the recoverable amount mainly for assets for business use (Tsu, Mie) at a subsidiary of JFE Engineering Corporation for which the business environment had deteriorated and idle assets, and the reduction was recorded as an impairment loss. Impairment losses in the consolidated statement of profit or loss totaled 11,220 million yen, consisting of 6,805 million yen of machinery and vehicles and 4,415 million yen of buildings and structures. The recoverable amount of these assets was primarily determined by their net sales value. Net sales value is determined mainly using the cost approach, a valuation technique that includes unobservable inputs. It is categorized as Level 3 within the fair value hierarchy.

Fiscal year ended March 31, 2025

The carrying amount was reduced to the recoverable amount mainly for assets for business use of JFE Steel Corporation, the consolidated subsidiary in the steel business, (Kurashiki, Okayama and Fukuyama, Hiroshima), in line with the policy of rebuilding the domestic production structure, as set forth in the Eighth Medium-term Business Plan, and the reduction was recorded as an impairment loss. Impairment losses in the consolidated statement of profit or loss totaled 25,194 million yen, consisting of 17,830 million yen of machinery and vehicles, 3,534 million yen of buildings and structures, 1,677 million yen of software, 1,080 million yen of right-of-use assets, and 1,070 million yen of other property, plant and equipment. The recoverable amount of these assets was calculated based on their value in use, but the discount rate was not taken into account due to their short expected period of use.

17. Subsidiaries and Associates

Information on major subsidiaries and associates as of March 31, 2025 is described in “4. Subsidiaries and Associates.”

18. Investments Accounted for Using Equity Method

(1) Material associates

There are no applicable items.

(2) Immaterial associates and joint ventures

The carrying amount of investments in associates and joint ventures is as follows:

(million yen)

	As of March 31, 2024	As of March 31, 2025
Associates	359,372	417,784
Joint ventures	202,105	219,187

Financial information on immaterial associates and joint ventures is as follows, which represents the amounts attributable to the Group based on the Group's interest in those associates and joint ventures.

(million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Associates		
Net profit	47,887	34,420
Other comprehensive income	(1,875)	10,881
Comprehensive income	46,012	45,301
Joint ventures		
Net profit	8,272	(5,286)
Other comprehensive income	6,190	3,476
Comprehensive income	14,462	(1,810)

(3) Commitments to joint ventures

The Group has commitments to make equity investments or provide loans in certain jointly controlled entities. The amounts of potential new or additional capital contributions or loans by the Group under material equity investment or loan commitments were 21,945 million yen and 18,218 million yen as of March 31, 2024 and 2025, respectively.

19. Income Taxes

(1) Deferred tax assets and deferred tax liabilities

The breakdown of deferred tax assets and deferred tax liabilities by major cause of accrual is as follows:

(million yen)

	As of March 31, 2024	As of March 31, 2025
Deferred tax assets		
Retirement benefit liability	26,767	30,661
Impairment losses	23,858	19,849
Accrued bonuses	16,279	14,615
Accrued expenses	11,427	10,942
Cash flow hedges	7,780	5,578
Enterprise tax payable	2,422	2,527
Provisions	2,403	2,244
Excess depreciation	2,648	1,886
Other	33,594	35,294
Total deferred tax assets	127,183	123,600
Deferred tax liabilities		
Retained earnings of subsidiaries and associates	31,430	35,048
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	17,304	17,614
Reserve for tax purpose reduction entry of non-current assets	6,594	9,397
Other	21,654	20,538
Total deferred tax liabilities	76,984	82,598
Net deferred tax assets	50,199	41,001

The breakdown of changes in net deferred tax assets (liabilities) is as follows:

(million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Balance at the beginning of the year	69,248	50,199
Deferred tax expense	(9,128)	(5,148)
Deferred taxes on items of other comprehensive income		
Effective portion of cash flow hedges	(1,634)	(1,041)
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	(3,375)	323
Remeasurements of defined benefit plans	(6,554)	(3,194)
Other	1,644	(135)
Balance at the end of the year	50,199	41,001

Deductible temporary differences and unused tax loss carryforwards for which deferred tax assets are not recognized in the consolidated statement of financial position are as follows:

(million yen)

	As of March 31, 2024	As of March 31, 2025
Deductible temporary differences	384,982	406,204
Unused tax loss carryforwards	191,795	294,319

Unrecognized deferred tax assets for the above deductible temporary differences were 117,744 million yen and 128,166 million yen as of March 31, 2024 and 2025, respectively. Unrecognized deferred tax assets for the above unused tax loss carryforwards were 20,205 million yen and 27,979 million yen as of March 31, 2024 and 2025, respectively.

The breakdown by expiration date of unused tax loss carryforwards for which deferred tax assets are not recognized in the consolidated statement of financial position is as follows:

(million yen)

	As of March 31, 2024	As of March 31, 2025
Year one	—	23,050
Year two to year five	20,720	135,115
Over five years	139,596	103,079
No specified expiration date	31,478	33,073
Total	191,795	294,319

Taxable temporary differences arising from investments in subsidiaries and associates for which deferred tax liabilities were not recognized as of March 31, 2024 and 2025 amounted to 50,194 million yen and 56,379 million yen, respectively.

Deferred tax liabilities are not recognized for such temporary differences, where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets of 7,805 million yen and 55,624 million yen were recognized as of March 31, 2024 and 2025, respectively, for taxable entities that incurred net loss in the current or previous period, and whose recoverability of deferred tax assets depends on future taxable income.

In assessing the recoverability of deferred tax assets, the Group considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies.

(2) Income tax expense

The breakdown of income tax expense is as follows:

(million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Current tax expense	58,286	45,911
Deferred tax expense	9,128	5,148
Total	67,414	51,060

(3) Reconciliation of effective tax rate

The breakdown by major cause of a difference between the effective statutory tax rate and the burden ratio of corporation tax after application of tax effect accounting is as follows:

(%)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Effective statutory tax rate	30.0	30.0
(Reconciliation)		
Items permanently not tax-deductible, such as entertainment expenses	0.7	1.1
Items permanently not taxable, such as dividend income	(0.1)	(0.1)
Changes in valuation allowance	0.7	12.6
Share of profit (loss) of investments accounted for using equity method	(6.3)	(6.1)
Other	0.2	(2.1)
Burden ratio of corporation tax after application of tax effect accounting	25.1	35.4

(4) Revision of the amounts of deferred tax assets and deferred tax liabilities due to changes in the corporate tax rates

The “Act for Partial Amendment of the Income Tax Act” (Act No. 13 of 2025) was passed into legislation on March 31, 2025, and accordingly, a “Special Defense Corporation Tax” will be levied from the fiscal year starting on and after April 1, 2026.

In conjunction, the effective statutory tax rate to calculate the deferred tax assets and deferred tax liabilities relating to the temporary differences expected to be reversed in the fiscal years starting on and after April 1, 2026, has been changed from 30.0% to 31.0%.

(5) Global Minimum Taxation

The Group has applied “International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12 “Income Taxes”).” These amendments have clarified that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the BEPS Pillar Two GloBE (global minimum taxation) rules published by the OECD. However, the amendments also provide a temporary exception for entities from the requirements to recognize and disclose deferred tax assets and liabilities related to income taxes arising from the global minimum taxation rules. The Group has applied the temporary exception and neither recognized nor disclosed deferred tax assets and liabilities related to income taxes arising from the global minimum taxation rules.

20. Trade and Other Payables

The breakdown of trade and other payables is as follows:

(million yen)

	As of March 31, 2024	As of March 31, 2025
Notes and accounts payable—trade	608,991	534,070
Accounts payable—other	58,081	61,884
Total	667,072	595,954

Trade and other payables are classified as financial liabilities measured at amortized cost.

21. Bonds Payable, Borrowings, and Lease Liabilities

(1) The breakdown of bonds payable, borrowings, and lease liabilities is as follows:

(million yen)

	As of March 31, 2024	As of March 31, 2025
Short-term borrowings (Note 1)	162,083	137,763
Current portion of long-term borrowings (Note 1)	160,701	145,324
Current portion of bonds (Note 2)	59,987	49,991
Commercial papers (Note 1)	—	17,995
Bonds payable (Note 2)	204,390	184,397
Convertible bonds (Note 2)	87,133	87,770
Long-term borrowings (Note 1)	1,015,091	1,007,011
Lease liabilities	140,890	136,195
Total	1,830,278	1,766,451
Current liabilities	426,428	395,415
Non-current liabilities	1,403,849	1,371,035
Total	1,830,278	1,766,451

Bonds payable, borrowings, and lease liabilities are classified as financial liabilities measured at amortized cost.

Bonds payable and borrowings are not subject to financial covenants that have significant effects on the financing activities of the Group.

(Note 1) The weighted average interest rates and repayment dates for the balance of borrowings as of March 31, 2025 are as follows:

	(%)	Repayment date
Short-term borrowings	5.12	—
Current portion of long-term borrowings	1.39	—
Commercial papers	0.51	—
Long-term borrowings	1.20	May 20, 2026 to March 22, 2083

(Note 2) Terms and conditions of issuance of bonds and convertible bonds are summarized as follows:

(million yen)

Company name	Issuers	Date of issuance	As of March 31, 2024	As of March 31, 2025	Interest rate (%)	Collateral	Redemption date
The Company	The 22nd unsecured bond	September 19, 2014	19,995	—	0.703	None	September 19, 2024
The Company	The 25th unsecured bond	May 21, 2018	19,985	19,998	0.260	None	May 21, 2025
The Company	The 27th unsecured bond	May 27, 2019	29,996	—	0.170	None	May 27, 2024
The Company	The 28th unsecured bond	May 27, 2019	9,985	9,992	0.260	None	May 27, 2026
The Company	The 29th unsecured bond	May 27, 2019	19,949	19,959	0.365	None	May 25, 2029
The Company	The 30th unsecured bond	September 20, 2019	9,995	—	0.120	None	September 20, 2024
The Company	The 31st unsecured bond	September 20, 2019	29,956	29,974	0.250	None	September 18, 2026
The Company	The 32nd unsecured bond	September 20, 2019	19,946	19,955	0.320	None	September 20, 2029
The Company	The 34th unsecured bond	July 14, 2020	29,968	29,993	0.250	None	July 14, 2025
The Company	The 35th unsecured bond	July 14, 2020	9,966	9,971	0.470	None	July 12, 2030
The Company	The 1st unsecured bond with interest deferral and early redemption clauses (subordinated)	June 10, 2021	34,728	34,733	0.680 (*1)	None	June 10, 2081
The Company	The 36th unsecured bond	June 9, 2022	24,933	24,954	0.330	None	June 9, 2027
The Company	The 37th unsecured bond	June 9, 2022	4,974	4,977	0.579	None	June 9, 2032
The Company	Zero Coupon Convertible Bonds due 2028	September 28, 2023	87,133	87,770	—	None	September 28, 2028
The Company	The 38th unsecured bond	July 10, 2024	—	14,943	0.823	None	July 10, 2029
The Company	The 39th unsecured bond	December 4, 2024	—	14,935	1.162	None	December 4, 2031
Total	—	—	351,511	322,159	—	—	

*1 The interest rate will be fixed until June 10, 2027, and variable after the following day, with a step-up in interest rates after June 11, 2031.

(2) Assets pledged as collateral and corresponding secured obligations

Assets pledged as collateral

(million yen)

	As of March 31, 2024	As of March 31, 2025
Property, plant and equipment	8,369	7,823
Right-of-use assets	152	161
Investments accounted for using equity method	9,610	14,678
Other financial assets (non-current)	283	286
Total	18,416	22,949

Note: Industrial foundation's assets of property, plant and equipment as mortgage

(million yen)

	As of March 31, 2024	As of March 31, 2025
Property, plant and equipment	7,118	6,578

In addition, shares of consolidated subsidiaries have been pledged as collateral.

(million yen)

	As of March 31, 2024	As of March 31, 2025
Shares of consolidated subsidiaries (carrying amount posted on the non-consolidated financial statements of the consolidated subsidiaries)	496	870

Corresponding secured obligations

(million yen)

	As of March 31, 2024	As of March 31, 2025
Trade and other payables	82	28
Bonds payable, borrowings, and lease liabilities (current)	758	564
Bonds payable, borrowings, and lease liabilities (non-current)	3,336	2,777
Total	4,177	3,370

Note: Those corresponding to the industrial foundation's assets in the above obligations

(million yen)

	As of March 31, 2024	As of March 31, 2025
Bonds payable, borrowings, and lease liabilities (current)	559	559
Bonds payable, borrowings, and lease liabilities (non-current)	3,336	2,777
Total	3,895	3,336

22. Other Financial Liabilities

The breakdown of other financial liabilities is as follows:

(million yen)

	As of March 31, 2024	As of March 31, 2025
Financial liabilities measured at amortized cost		
Deposits received	136,598	114,455
Other	62,044	66,828
Subtotal	198,642	181,283
Financial liabilities measured at fair value through profit or loss		
Derivative liabilities	4,124	7,646
Total	202,767	188,929
Current liabilities	149,300	148,830
Non-current liabilities	53,467	40,098
Total	202,767	188,929

23. Provisions

The breakdown and movement of provisions are as follows:

Fiscal year ended March 31, 2025

(million yen)

	Asset retirement obligations	Other provisions	Total
Balance at the beginning of the year	5,187	24,596	29,784
Increase during the year	9,922	19,914	29,837
Interest expense incurred over the discount period	1	—	1
Decrease due to intended use	(235)	(15,359)	(15,595)
Decrease due to reversal	—	(4,185)	(4,185)
Decrease due to changes in the scope of consolidation	(27)	(49)	(76)
Balance at the end of the year	14,849	24,915	39,765
Current liabilities	452	9,957	10,410
Non-current liabilities	14,397	14,958	29,355
Total	14,849	24,915	39,765

Note: The increase during the year of other provisions includes provisions for PCB disposal costs, which are described under “35. PCB Disposal Costs.”

Asset retirement obligations

Asset retirement obligations are primarily mine rehabilitation costs relating to the coal mining rights of an Australian consolidated subsidiary engaged in investments in the coal mining business, and are expected to be paid after one year or more has passed from the end of the fiscal year ended March 31, 2025. However, they will be impacted by future business plans and other factors.

24. Post-employment Benefits

The Group has adopted mainly retirement lump-sum payment plans, defined benefit pension plans, and defined contribution pension plans. Retirement lump-sum payment plans and defined benefit pension plans are exposed to general investment risk, interest rate risk, inflation risk, and other risks. However, the Group determines that those risks are immaterial.

The defined benefit pension plans are operated by corporate pension funds legally separated from the Group. The corporate pension funds and pension fund trustees are required by laws and regulations to act in the best interests of the plan participants, and are responsible for managing the plan assets in accordance with the designated policies.

(1) Reconciliation of defined benefit obligations and plan assets

The reconciliation of the defined benefit obligations and plan assets to the retirement benefit liability and asset recognized in the consolidated statement of financial position is as follows:

	As of March 31, 2024	As of March 31, 2025
Funded defined benefit obligations	163,158	145,044
Plan assets	(134,691)	(114,608)
Subtotal	28,467	30,435
Unfunded defined benefit obligations	47,744	45,224
Total	76,211	75,659
Amounts recognized in the consolidated statement of financial position		
Retirement benefit liability	105,706	103,092
Retirement benefit asset	(29,495)	(27,432)
Net defined benefit liability (asset) recognized in the consolidated statement of financial position	76,211	75,659

(2) Reconciliation of defined benefit obligations

The movement of defined benefit obligations is as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Balance at the beginning of the year	218,941	210,902
Current service cost	12,969	12,064
Interest expense	2,069	2,224
Remeasurements		
Actuarial losses arising from changes in demographic assumptions	166	(33)
Actuarial losses arising from changes in financial assumptions	(3,581)	(15,078)
Experience adjustments	(1,524)	(1,464)
Past service cost	(906)	(1,846)
Benefits paid	(15,144)	(11,804)
Effects of business combinations and disposals	—	(4,552)
Exchange differences on translation of foreign operations	(2,087)	(144)
Balance at the end of the year	210,902	190,268

The weighted average duration of defined benefit obligations is as follows:

(years)

	As of March 31, 2024	As of March 31, 2025
Weighted average duration	12.5	12.6

(3) Reconciliation of plan assets

The movement of plan assets is as follows:

(million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Balance at the beginning of the year	121,800	134,691
Interest income	1,281	1,574
Remeasurements		
Return on plan assets (excluding interest income)	19,824	(5,622)
Contribution to the plan by employer	2,143	1,552
Benefits paid	(9,654)	(7,810)
Effects of business combinations and disposals	—	(9,782)
Exchange differences on translation of foreign operations	(703)	4
Balance at the end of the year	134,691	114,608

The Group expects to contribute 1,711 million yen to its defined benefit plans in the fiscal year ending March 31, 2026.

(4) Major breakdown of plan assets

The breakdown of the total plan assets by major category is as follows:

(million yen)

	As of March 31, 2024			As of March 31, 2025		
	With quoted market price in an active market	With no quoted market price in an active market	Total	With quoted market price in an active market	With no quoted market price in an active market	Total
Equity instruments						
Domestic stocks	39,204	412	39,616	21,065	164	21,229
Foreign stocks	9,212	917	10,129	6,864	277	7,142
Debt instruments						
Domestic bonds	13,248	4,017	17,265	11,954	2,016	13,971
Foreign bonds	2,290	3,807	6,097	2,303	3,210	5,513
Cash and deposits	26,487	—	26,487	35,653	—	35,653
Life insurance general accounts	—	32,996	32,996	—	28,571	28,571
Other	—	2,097	2,097	—	2,526	2,526
Total	90,442	44,248	134,691	77,842	36,766	114,608

The Group's management policy for the plan assets is to secure stable returns in the medium and long term for ensuring future payments of defined benefit obligations pursuant to internal regulations. Specifically, the target rate of returns and the asset mix ratio by investment asset class are determined within the acceptable risk range every fiscal year, and the plan assets are managed with the asset mix ratio maintained.

(5) Actuarial assumptions

Major actuarial assumptions are as follows:

(%)

	As of March 31, 2024	As of March 31, 2025
Discount rate	Mainly 1.6	Mainly 2.4
Anticipated rate of salary increase	Mainly 0.9 to 3.0	Mainly 0.9 to 3.0

Note: The sensitivities of defined benefit obligations due to changes in the discount rate as of each fiscal year are as follows. Each of these sensitivities assumes that other variables are held constant; however, they do not always change independently. Negative figures indicate a decrease in defined benefit obligations, while positive figures indicate an increase.

The Group does not expect any significant changes in the anticipated rate of salary increase.

(million yen)

	Changes in assumptions	As of March 31, 2024	As of March 31, 2025
Discount rate	Increase by 0.5%	(10,332)	(9,685)
	Decrease by 0.5%	11,083	10,341

(6) Defined contribution pension plans

Contributions to the defined contribution pension plans are as follows:

(million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Contributions to the defined contribution pension plans	37,960	37,808

The above amounts include contributions to employees' pension insurance based on Japan's Employees' Pension Insurance Act.

25. Equity and Other Equity Items

(1) Share capital

(i) Authorized shares

The number of authorized shares as of April 1, 2023, March 31, 2024, and March 31, 2025 was 2,298,000 thousand common shares.

(ii) Fully paid and issued shares

The movement of the number of issued shares is as follows:

	Number of issued common shares (thousand shares)
As of April 1, 2023	614,438
Increase (decrease)	25,000
As of March 31, 2024	639,438
Increase (decrease)	—
As of March 31, 2025	639,438

Notes: 1. All the shares issued by the Company are non-par value common shares that have no restrictions on the rights.

2. During the fiscal year ended March 31, 2024, the Company issued new shares through an international offering (resolution of the Board of Directors dated September 5, 2023).

(2) Treasury shares

The movement of the number of treasury shares is as follows:

	Number of shares (thousand shares)
As of April 1, 2023	33,494
As of March 31, 2024	3,472
As of March 31, 2025	3,360

Notes: 1. Treasury shares as of March 31, 2024 and 2025 include the Company shares held in trust accounts for employee stock ownership plans.

2. During the fiscal year ended March 31, 2024, the Company disposed of treasury shares through an international offering (resolution of the Board of Directors dated September 5, 2023).

(3) Capital surplus and retained earnings

Under the Companies Act of Japan, at least one-half of the proceeds from issuance of shares shall be credited to share capital, while the remainder of the proceeds shall be credited to capital reserves included in capital surplus. In addition, the Companies Act of Japan provides that one-tenth of the dividends of retained earnings shall be appropriated as capital reserves or as retained earnings reserves until their aggregate amount equals one-quarter of share capital.

26. Dividends

(1) Amounts of dividends paid

Fiscal year ended March 31, 2024

Resolution	Type of share	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 27, 2023	Common stock	17,447	30	March 31, 2023	June 28, 2023

Note: The total amount of dividends of 17,447 million yen includes dividends of the Company shares held in trust accounts for employee stock ownership plans of 15 million yen.

Resolution	Type of share	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Board of Directors' Meeting held on November 6, 2023	Common stock	31,827	50	September 30, 2023	December 4, 2023

Note: The total amount of dividends of 31,827 million yen includes dividends of the Company shares held in trust accounts for employee stock ownership plans of 24 million yen.

Fiscal year ended March 31, 2025

Resolution	Type of share	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 25, 2024	Common stock	31,827	50	March 31, 2024	June 26, 2024

Note: The total amount of dividends of 31,827 million yen includes dividends of the Company shares held in trust accounts for employee stock ownership plans of 24 million yen.

Resolution	Type of share	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Board of Directors' Meeting held on November 6, 2024	Common stock	31,845	50	September 30, 2024	December 6, 2024

Note: The total amount of dividends of 31,845 million yen includes dividends of the Company shares held in trust accounts for employee stock ownership plans of 36 million yen.

(2) Of the dividends for which the record date belongs to the fiscal year, those dividends for which the effective date will be after the end of the fiscal year

Fiscal year ended March 31, 2024

Resolution	Type of share	Total amount of dividends (million yen)	Source of funds for dividends	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 25, 2024	Common stock	31,827	Retained earnings	50	March 31, 2024	June 26, 2024

Note: The total amount of dividends of 31,827 million yen includes dividends of the Company shares held in trust accounts for employee stock ownership plans of 24 million yen.

Fiscal year ended March 31, 2025

Resolution	Type of share	Total amount of dividends (million yen)	Source of funds for dividends	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 25, 2025	Common stock	31,845	Retained earnings	50	March 31, 2025	June 26, 2025

Note: The total amount of dividends of 31,845 million yen includes dividends of the Company shares held in trust accounts for employee stock ownership plans of 36 million yen.

27. Revenue

(1) Disaggregation of revenue

Fiscal year ended March 31, 2024

(million yen)

	Steel Business	Engineering Business	Trading Business	Elimination of intersegment revenue	Total
Region					
Japan	2,340,770	466,431	700,944	(233,192)	3,274,953
Other	1,375,286	73,544	775,508	(324,660)	1,899,678
Total	3,716,057	539,975	1,476,452	(557,852)	5,174,632
Transfer of goods or services					
At a point in time	3,477,831	9,572	1,476,441	(528,754)	4,435,090
Over time	238,225	530,402	11	(29,098)	739,542
Total	3,716,057	539,975	1,476,452	(557,852)	5,174,632

Fiscal year ended March 31, 2025

(million yen)

	Steel Business	Engineering Business	Trading Business	Elimination of intersegment revenue	Total
Region					
Japan	2,147,734	493,617	663,158	(212,066)	3,092,444
Other	1,217,456	76,197	775,401	(301,852)	1,767,202
Total	3,365,191	569,815	1,438,559	(513,919)	4,859,647
Transfer of goods or services					
At a point in time	3,155,321	10,784	1,438,548	(488,779)	4,115,874
Over time	209,869	559,030	11	(25,139)	743,773
Total	3,365,191	569,815	1,438,559	(513,919)	4,859,647

(2) Contract balances

(million yen)

	As of April 1, 2023	As of March 31, 2024	As of March 31, 2025
Receivables from contracts with customers	713,074	704,123	625,505
Contract assets	116,293	134,569	155,257
Contract liabilities	48,543	50,186	47,591

Contract assets consist primarily of rights on consideration received for construction contracts in the engineering business in exchange for the portion of contract obligations fulfilled measured based on the percentage of completion at the end of the reporting period, excluding receivables. They are reclassified to receivables when all performance obligations have been satisfied.

The amount recognized as receivables that was included in the opening balance of contract assets was 67,073 million yen and 99,615 million yen as of March 31, 2024 and 2025, respectively.

Contract liabilities consist primarily of the portion of consideration for construction contracts in the engineering business received in stages during the contract period, apart from the satisfaction of performance obligations, that exceeds the amount recognized as revenue. They are reclassified to revenue upon satisfaction of performance obligations.

The amount recognized as revenue that was included in the opening balance of contract liabilities was 45,958 million yen and 47,988 million yen as of March 31, 2024 and 2025, respectively.

(3) Remaining performance obligations

(million yen)

	As of March 31, 2024	As of March 31, 2025
Transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied as of the end of the fiscal year	1,131,162	1,150,418
Expected timing of revenue recognition		
Within one year	409,070	399,774
Over one year	722,092	750,644

These obligations are mainly related to the engineering business.

28. Selling, General and Administrative Expenses

The breakdown of selling, general and administrative expenses is as follows:

(million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Employee benefit expenses	158,849	158,659
Product shipping-related expenses	91,901	93,348
Provision of allowance for doubtful accounts	44	166
Other	157,886	157,200
Total	408,682	409,375

29. Employee Benefit Expenses

Employee benefit expenses are as follows:

(million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Employee benefit expenses	528,287	536,728

Employee benefit expenses include salaries, bonuses, legal welfare expenses, and retirement benefit expenses, and are recorded in “Cost of sales” and “Selling, general and administrative expenses.”

30. Share-based Payment

The Company has instituted a share-based payment plan through which a portion of the remuneration of directors (excluding outside directors) and executive officers (excluding non-residents under income tax law) (hereinafter referred to collectively as the “Directors/Officers”) of the Company and its operating companies is provided in the form of employee stock ownership plans. The Group’s objective is to establish a clear link between remuneration and the Group’s operating performance and equity value and encourage the sharing of value with shareholders, thereby creating a greater incentive to contribute toward enhancing shareholder value over the medium and long term.

The plan is a remuneration plan whereby shares in the Company are acquired through a trust funded by cash contributed by the Company, and the Company’s shares and an amount of cash equivalent to the market price of the Company’s shares (hereinafter referred to as the “Company’s Shares”) are provided through the trust to the Directors/Officers, pursuant to the Stock Grant Regulations for Officers established by the Company and its operating companies.

The Company’s Shares are granted to the Directors/Officers, in principle, upon their retirement.

Remuneration under the plan is granted to the Directors/Officers as consideration for their execution period of duties, provided the Directors/Officers have been in office for at least a month during the period specified as follows (the “Execution Period”):

- Directors of the Company: From the date of the Ordinary General Meeting of Shareholders of the Company for the respective year to the date of the Ordinary General Meeting of Shareholders of the Company for the following year
- Others: From April 1 of the respective year to March 31 of the following year

The Company and its operating companies calculate points equivalent to the performance-linked portion and the service-length portion for each Execution Period and grant them to the Directors/Officers.

The points granted for each Execution Period are accumulated until retirement, and the number of the Company’s Shares is calculated by converting the accumulated points as “one point = one share.”

Part of the plan that provides the Company’s Shares is accounted for as an equity-settled share-based payment transaction while part of the plan that provides cash is accounted for as a cash-settled share-based payment transaction.

Expenses recognized for the plan as “Selling, general and administrative expenses” in the consolidated statement of profit or loss are as follows:

	(million yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Equity-settled	162	141
Cash-settled	193	(20)
Total	356	121

The carrying amount of liabilities for the plan is as follows:

	(million yen)	
	As of March 31, 2024	As of March 31, 2025
Other non-current liabilities	343	182

The number of points granted and the weighted-average fair value of points at the grant date for the equity-settled portion of the plan are as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Number of points granted (points)	96,124	57,029
Weighted average fair value of points at the grant date (yen)	1,703	2,508

Note: The fair value of points granted approximates the share price at the grant date, and thus represents the share price at the grant date.

31. Other Income

The breakdown of other income is as follows:

(million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Dividend income		
Equity financial assets measured at fair value through other comprehensive income	5,464	3,604
Rental income	5,179	4,977
Foreign exchange gains	14,897	—
Other	21,940	22,032
Total	47,482	30,614

The breakdown of dividend income from equity financial assets measured at fair value through other comprehensive income is as follows:

(million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Financial assets derecognized during the year	316	798
Financial assets held as of the reporting date	5,148	2,805

32. Other Expenses

The breakdown of other expenses is as follows:

(million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Loss on retirement of fixed assets	25,822	14,087
Loss on disposal of inventories	3,444	8,618
Foreign exchange losses	—	5,298
Other	23,654	20,110
Total	52,921	48,115

33. Cost for Promoting and Developing Land Utilization of Keihin District

Fiscal year ended March 31, 2025

Expenses were recorded for repurposing land, including removal costs, after the JFE Group terminated upstream processes of blast furnaces and other equipment at East Japan Works (Keihin district) of JFE Steel Corporation, one of the consolidated subsidiaries of the steel business.

34. Loss Relating to Loss of Control over Subsidiaries

Fiscal year ended March 31, 2025

JFE ComService Co., Ltd., a subsidiary of JFE Steel Corporation and JFE Systems, Inc., the consolidated subsidiary in the steel business transferred 20.0% of the issued shares in GECOSS Corporation to Mizuho Leasing Company, Limited on May 10, 2024. As a result of this transaction, GECOSS Corporation was excluded from the scope of consolidation and became an equity-method associate of JFE Steel Corporation. These losses mainly represent the losses recorded in conjunction with this change. Furthermore, these losses include the loss of 8,746 million yen recognized as a result of remeasuring the fair value of the residual interests on the date of loss of control.

35. PCB Disposal Costs

Fiscal year ended March 31, 2025

Regarding the disposal of low-concentration polychlorinated biphenyl (PCB) waste, pursuant to the Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes, the JFE Group was approved by the Ministry of the Environment to operate facilities within the Group to render such poisonous waste harmless, and as a result, it has become possible to reasonably estimate the disposal costs of PCB. Accordingly, 3,962 million yen, which primarily corresponds to this amount, was recorded as PCB disposal costs in the consolidated statement of profit or loss.

36. Finance Income and Finance Costs

(1) Finance income

The breakdown of finance income is as follows:

	(million yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Interest income		
Financial assets measured at amortized cost	5,048	5,707
Other	—	6
Total	5,048	5,714

(2) Finance costs

The breakdown of finance costs is as follows:

	(million yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Interest expenses		
Financial liabilities measured at amortized cost	21,351	24,063
Other	1	1
Other	2,312	2,403
Total	23,665	26,467

37. Other Comprehensive Income

The amount arising during the year, reclassification adjustments to profit or loss, and tax effects for each component of other comprehensive income are as follows:

(million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Remeasurements of defined benefit plans		
Amount arising during the year	24,554	10,094
Before tax effects	24,554	10,094
Tax effects	(6,554)	(3,194)
Remeasurements of defined benefit plans	18,000	6,899
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income		
Amount arising during the year	15,074	(6,893)
Before tax effects	15,074	(6,893)
Tax effects	(3,375)	323
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	11,698	(6,570)
Exchange differences on translation of foreign operations		
Amount arising during the year	22,545	10,057
Reclassification adjustments	24	(15)
Before tax effects	22,569	10,041
Tax effects	—	—
Exchange differences on translation of foreign operations	22,569	10,041
Effective portion of cash flow hedges		
Amount arising during the year	22,976	5,930
Reclassification adjustments	(16,306)	(3,196)
Before tax effects	6,669	2,734
Tax effects	(1,634)	(1,009)
Effective portion of cash flow hedges	5,035	1,725
Share of other comprehensive income of investments accounted for using equity method		
Amount arising during the year	30,936	37,358
Reclassification adjustments	(647)	(5,012)
Share of other comprehensive income of investments accounted for using equity method	30,288	32,345
Total other comprehensive income	87,592	44,442

38. Earnings per Share

(1) Basic earnings per share and diluted earnings per share

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Basic earnings per share (yen)	323.33	144.43
Diluted earnings per share (yen)	315.09	138.24

(2) Basis for calculation of basic earnings per share and diluted earnings per share

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit attributable to owners of parent (million yen)	197,421	91,867
Amount not attributable to common shareholders of parent (million yen)	—	—
Profit used in calculation of basic earnings per share (million yen)	197,421	91,867
Profit adjustments (million yen)	219	430
Profit used in calculation of diluted earnings per share (million yen)	197,640	92,298
Weighted average number of common shares used in calculation of basic earnings per share (thousand shares)	610,581	636,048
Impact of dilutive potential common shares		
Share-based payments (thousand shares)	418	403
Convertible bonds (thousand shares)	16,245	31,237
Weighted average number of common shares used in calculation of diluted earnings per share (thousand shares)	627,244	667,689

Note: The Company shares held in trust accounts for employee stock ownership plans are included in treasury shares, which are excluded from the calculation of the weighted average number of shares used in the calculation of basic earnings per share. The weighted average number of treasury shares excluded from the calculation of basic earnings per share for the fiscal years ended March 31, 2024 and 2025 is 498 thousand and 686 thousand, respectively.

39. Supplemental Information on the Consolidated Statement of Cash Flow

(1) Proceeds from sale of shares of subsidiaries resulting in changes in scope of consolidation

Information on proceeds from sale of shares of subsidiaries resulting in changes in scope of consolidation is as follows:

Fiscal year ended March 31, 2024

Presentation is omitted, due to its immateriality.

Fiscal year ended March 31, 2025

The breakdown of assets and liabilities at the time of sale, the consideration assumed, and the amount received (net), in conjunction with the sales of shares of GECOSS Corporation and other companies and their exclusion from the scope of consolidated subsidiaries, are as follows:

(million yen)

Assets sold	
Current assets (including cash and cash equivalents)	68,724
Non-current assets	38,321
Total assets sold	107,044
Liabilities sold	
Current liabilities	(39,922)
Non-current liabilities	(4,204)
Total liabilities sold	(44,126)
Fair value of consideration received	7,538
Cash and cash equivalents included in assets sold	(1,135)
Amount received upon sale	6,403

(2) Liabilities arising from financing activities

The movement of liabilities arising from financing activities is as follows:

Fiscal year ended March 31, 2024

(million yen)

Liabilities arising from financing activities	Balance at the beginning of the year	Changes from financing cash flows	Non-cash changes		Balance at the end of the year
			Increase due to new leases	Other	
Short-term borrowings	161,433	(13,970)	—	14,620	162,083
Current portion of long-term borrowings	134,290	(130,654)	—	157,065	160,701
Current portion of bonds	39,981	(40,000)	—	60,005	59,987
Commercial papers	19,999	(19,999)	—	—	—
Bonds payable	264,224	90,000	—	(62,700)	291,524
Long-term borrowings	1,101,333	60,347	—	(146,589)	1,015,091
Lease liabilities	141,702	(53,085)	51,238	1,033	140,890
Total	1,862,966	(107,362)	51,238	23,435	1,830,278

Note: "Other" in non-cash changes mainly includes the transfer of long-term borrowings due within one year to current portion of long-term borrowings and the transfer of bonds payable to current portion of bonds.

Fiscal year ended March 31, 2025

(million yen)

Liabilities arising from financing activities	Balance at the beginning of the year	Changes from financing cash flows	Non-cash changes		Balance at the end of the year
			Increase due to new leases	Other	
Short-term borrowings	162,083	(29,170)	—	4,851	137,763
Current portion of long-term borrowings	160,701	(153,792)	—	138,415	145,324
Current portion of bonds	59,987	(60,000)	—	50,004	49,991
Commercial papers	—	17,995	—	—	17,995
Bonds payable	291,524	30,000	—	(49,355)	272,168
Long-term borrowings	1,015,091	140,661	—	(148,742)	1,007,011
Lease liabilities	140,890	(44,724)	39,596	433	136,195
Total	1,830,278	(99,029)	39,596	(4,393)	1,766,451

Note: “Other” in non-cash changes mainly includes the transfer of long-term borrowings due within one year to current portion of long-term borrowings and the transfer of bonds payable to current portion of bonds.

(3) Cash flows from operating activities

The major component of “Other” under cash flows from operating activities for the fiscal year ended March 31, 2025 is 86,622 million yen in gain on sales of land.

40. Financial Instruments

(1) Capital management

The Group's capital management principle is to enhance capital efficiency and ensure sound financial conditions in order to achieve sustainable growth and the medium- to long-term improvement of corporate value.

The Group's major indicators for capital management are as follows:

	As of March 31, 2024	As of March 31, 2025
ROE* ¹	8.6%	3.7%
D/E ratio* ²	58.0%	54.3%
Debt / EBITDA multiple* ⁴	3.2x	4.5x

- Notes: 1. *1 ROE = Profit attributable to owners of parent / Equity attributable to owners of parent
2. *2 D/E ratio = Bonds payable, borrowings, and lease liabilities / Equity attributable to owners of parent
For debt with an equity component*³, a portion of its issue price is deemed to be equity attributable to owners of parent, as assessed by rating agencies.
3. *3 Debt with an equity component (subordinated loans and bonds payable)

(million yen)			
Borrowing date/ Bond issuance date	Amount borrowed/ Amount issued	Assessment of equity content	Amount deemed to be equity
June 30, 2016	167,500	50%	83,750
March 19, 2018	100,000	50%	50,000
June 10, 2021	35,000	50%	17,500
March 20, 2023	205,000	50%	102,500

4. *4 Debt / EBITDA multiple = Bonds payable, borrowings, and lease liabilities / EBITDA
EBITDA: Business income + Depreciation and amortization

These indicators are monitored as necessary and appropriate.

The Group is not subject to material capital regulation.

(2) Basic policy on financial risk management

The Group is exposed to financial risks (credit risk, liquidity risk, foreign exchange risk, interest rate risk, and market price fluctuation risk) in the course of business activities. In order to mitigate these risks, the Group conducts risk management under certain policies. The Group uses derivative transactions to avoid or mitigate the risks described later and does not use them for speculative purposes.

(3) Credit risk

(i) Credit risk management

Trade receivables held by the Group are exposed to the credit risks of customers. To manage such risks, each company of the Group conducts regular reassessments of the financial standing of business partners.

The Group does not have excessive concentration of credit risk on any particular counterparty.

(ii) Maximum exposure to credit risk

Other than undrawn loan commitments and guaranteed obligations, the Group's maximum exposure to credit risk is the carrying amount of financial assets less impairment losses in the consolidated statement of financial position.

The maximum exposure to the credit risk of loan commitments and financial guarantee contracts is as follows:

(million yen)		
	As of March 31, 2024	As of March 31, 2025
Loan commitments	525	400
Financial guarantee contracts	41,419	27,083

(iii) Movement of allowance for doubtful accounts

(million yen)

	Fiscal year ended March 31, 2024		
	Allowance for doubtful accounts measured at an amount equal to 12-month expected credit losses	Lifetime expected credit losses	
		Allowance for doubtful accounts for trade receivables, contract assets, and lease receivables	Allowance for doubtful accounts for credit-impaired financial assets
Balance at the beginning of the year	221	858	1,691
Increase during the year	54	127	292
Decrease during the year (intended use)	(0)	(3)	(44)
Decrease during the year (reversal)	(72)	(228)	(250)
Other	5	15	(6)
Balance at the end of the year	208	771	1,682

(million yen)

	Fiscal year ended March 31, 2025		
	Allowance for doubtful accounts measured at an amount equal to 12-month expected credit losses	Lifetime expected credit losses	
		Allowance for doubtful accounts for trade receivables, contract assets, and lease receivables	Allowance for doubtful accounts for credit-impaired financial assets
Balance at the beginning of the year	208	771	1,682
Increase during the year	19	267	149
Decrease during the year (intended use)	—	—	(112)
Decrease during the year (reversal)	(61)	(209)	(99)
Other	34	59	(18)
Balance at the end of the year	201	889	1,600

Note: An increase during the year and decrease during the year (reversal) in allowance for doubtful accounts for trade receivables, contract assets, and lease receivables (lifetime expected credit losses) resulted from an increase and decrease in trade and other receivables mainly due to sale and collection.

(iv) Carrying amounts (before deducting allowance for doubtful accounts) of financial assets and receivables for which allowance for doubtful accounts is provided

(million yen)

	As of March 31, 2024	As of March 31, 2025
Financial assets with allowance for doubtful accounts measured at an amount equal to 12-month expected credit losses	66,841	72,775
Trade receivables, contract assets, and lease receivables	866,659	806,882
Credit-impaired financial assets	1,718	1,607

(v) Analysis of credit risk

Credit risk ratings are almost similar among financial assets with allowance for doubtful accounts measured at an amount equal to 12-month expected credit losses.

Past due information on trade receivables, contract assets, and lease receivables is as follows:

(million yen)

	As of March 31, 2024	As of March 31, 2025
Not past due	853,588	790,608
Past due within 30 days	8,561	7,384
Past due between 30 days and 90 days	2,660	2,530
Past due over 90 days	1,849	6,358
Total	866,659	806,882

(4) Liquidity risk

(i) Liquidity risk management

Liquidity risk is the risk that the Group may become unable to meet its payment obligations on their due date, including for trade payables and borrowings, owing to deterioration in the financing environment and other factors.

The Group raises the necessary funds mainly through bank loans and the issuance of commercial papers and bonds, taking into consideration the stability and cost of funds, while the due dates of those obligations are managed so as to avoid concentration of payments in view of the liquidity risk. In addition, the Group manages the funds of the domestic Group companies intensively and efficiently in an attempt to mitigate the liquidity risk.

The Group also maintains sufficient liquidity by setting commitment lines with financial institutions (500,000 million yen at the end of the fiscal year ended March 31, 2025).

(ii) Financial liabilities (including derivative financial instruments) by maturity date

As of March 31, 2024

(million yen)

	Carrying amount	Contractual cash flows	Within one year	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years	Over five years
Non-derivative financial liabilities								
Trade and other payables	667,072	667,072	667,072	—	—	—	—	—
Bonds payable and borrowings	1,689,388	1,759,268	404,902	214,172	283,544	219,808	206,230	430,609
Installment payables	48,121	49,019	5,515	23,736	8,502	7,659	3,605	—
Lease liabilities	140,890	143,467	44,436	39,191	23,898	10,518	4,930	20,492
Subtotal	2,545,472	2,618,828	1,121,926	277,100	315,945	237,986	214,766	451,102
Derivative liabilities	4,124	4,123	4,121	2	—	—	—	—
Total	2,549,597	2,622,952	1,126,048	277,102	315,945	237,986	214,766	451,102

As of March 31, 2025

(million yen)

	Carrying amount	Contractual cash flows	Within one year	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years	Over five years
Non-derivative financial liabilities								
Trade and other payables	595,954	595,954	595,954	—	—	—	—	—
Bonds payable and borrowings	1,630,255	1,697,868	373,189	344,190	237,287	208,118	350,384	184,697
Installment payables	52,802	53,955	24,379	9,077	9,702	8,772	2,023	—
Lease liabilities	136,195	138,076	44,586	38,323	19,036	8,689	5,844	21,595
Subtotal	2,415,208	2,485,855	1,038,110	391,591	266,026	225,580	358,252	206,293
Derivative liabilities	7,646	7,646	7,589	43	12	—	—	—
Total	2,422,854	2,493,501	1,045,700	391,635	266,039	225,580	358,252	206,293

(5) Foreign exchange risk

(i) Foreign exchange risk management

Financial instruments denominated in foreign currencies held by the Group are exposed to foreign exchange rate fluctuation risk. Hedge transactions, including forward exchange contracts, are entered into as necessary for the net balance of foreign currencies received from exports of products and foreign currencies paid for imports of raw materials under transactions denominated in the relevant foreign currencies.

(ii) Foreign exchange sensitivity analysis

The financial impact on profit before tax in the case of a 1% appreciation of Japanese yen against foreign currencies for financial instruments held by the Group at the end of each fiscal year is as follows. The analysis is based on the assumption that all other variables are held constant.

The sensitivity does not include the effects of translating financial instruments and the assets and liabilities of foreign operations denominated in the functional currency into the presentation currency.

(million yen)

	Currency	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Impact on profit before tax	U.S. dollar	(878)	(946)

(6) Interest rate risk

(i) Interest rate risk management

Borrowings with floating interest rates held by the Group are exposed to interest rate fluctuation risk. Hedge transactions, including interest rate swaps, are entered into for certain borrowings to cope with interest rate fluctuations and to reduce interest rate payments.

(ii) Interest rate sensitivity analysis

The financial impact on profit before tax in the case of a 1% increase in interest rate for financial liabilities with floating interest rates held by the Group at the end of each fiscal year is as follows. The analysis is based on the assumption that all other variables are held constant.

The sensitivity does not include borrowings with floating interest rates which are converted to fixed rates by derivative transactions, including interest rate swap agreements.

(million yen)		
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Impact on profit before tax	(7,379)	(7,131)

(7) Share price fluctuation risk

(i) Share price fluctuation risk management

Equity instruments (stock) held by the Group are exposed to market price fluctuation risk. Most of the equity instruments are equities of the companies with which business relationships are maintained, and the fair values of such equities are regularly monitored.

(ii) Share price fluctuation sensitivity analysis

The financial impact on other comprehensive income (before tax) in the case of a 1% decrease in quoted price for equity financial assets (stock) in an active market held by the Group at the end of each fiscal year is as follows.

(million yen)		
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Impact on other comprehensive income (before tax)	(568)	(611)

(8) Carrying amounts and fair values of financial instruments

(million yen)				
	As of March 31, 2024		As of March 31, 2025	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term borrowings	1,015,091	1,011,732	1,007,011	999,591
Current portion of bonds	59,987	60,035	49,991	49,952
Bonds payable	204,390	202,443	184,397	179,751
Convertible bonds	87,133	87,280	87,770	86,184

The fair value of financial assets and financial liabilities measured at amortized cost other than long-term borrowings, current portion of bonds, bonds payable, and convertible bonds are not included as they are close to their carrying amount.

Financial instruments measured at fair value on a recurring basis are also not included as the fair value and the carrying amount are equal.

The fair value of long-term borrowings is determined by discounting the total of principal and interest to present value with the estimated interest rate on a similar new loan.

The fair value of current portion of bonds and bonds payable is based on market prices. The fair value of convertible bonds is

determined by discounting to present value with the yields of similar bonds without an equity conversion option.

Long-term borrowings, current portion of bonds, bonds payable, and convertible bonds are categorized as Level 2 within the fair value hierarchy.

(9) Fair value hierarchy of financial instruments

The fair value hierarchy of financial instruments measured at fair value on a recurring basis after initial recognition is categorized into the following three levels depending on the observability and materiality of inputs used in the measurement.

Level 1: Fair value measured using market prices in active markets for identical assets or liabilities

Level 2: Fair value measured using observable inputs other than those categorized within Level 1, either directly or indirectly

Level 3: Fair value measured using significant unobservable inputs.

When two or more inputs are used for the measurement of fair value, the level of fair value measurement is determined based on the lowest level input that is significant to the entire measurement.

Transfers between levels of the fair value hierarchy are determined at the end of each fiscal year.

There were no transfers between Level 1 and Level 2 for the fiscal years ended March 31, 2024 and 2025.

As of March 31, 2024

(million yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss				
Derivative assets	—	34,863	—	34,863
Other	—	4,151	—	4,151
Equity financial assets measured at fair value through other comprehensive income				
Equity securities	56,827	—	67,980	124,808
Investments in capital	—	—	7,050	7,050
Total	56,827	39,015	75,030	170,873
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	—	4,124	—	4,124
Total	—	4,124	—	4,124

As of March 31, 2025

(million yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss				
Derivative assets	—	24,586	—	24,586
Other	—	4,557	—	4,557
Equity financial assets measured at fair value through other comprehensive income				
Equity securities	61,176	—	62,847	124,024
Investments in capital	—	—	5,544	5,544
Total	61,176	29,143	68,392	158,712
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	—	632	7,014	7,646
Total	—	632	7,014	7,646

• Equity securities and investments

Listed equity securities are categorized within Level 1 as their fair value is determined based on the market price.

Unlisted equity securities and investments in capital are categorized within Level 3 as their fair value is determined using the comparable peer company analysis or other appropriate valuation techniques, where one or more significant inputs are not based on observable market data. The major significant unobservable input is a discount for illiquidity. The fair value decreases as a discount for illiquidity due to unlisted nature increases. A 30% illiquidity discount has been applied.

- Derivative assets and derivative liabilities

Derivative transactions, such as forward exchange contracts and interest rate swaps, are categorized within Level 2 as their fair value is determined based on the quoted prices from counterparty financial institutions.

Among derivative liabilities, non-controlling interest put options are calculated based on the contractual exercise price, and are categorized within Level 3 as they use unobservable inputs.

The fair value of financial instruments categorized within Level 3 is determined by each Group company which directly holds the relevant equity securities and other instruments, in accordance with the valuation policy and procedures for fair value measurements established by the Group. The results of fair value measurements are approved by an appropriate responsible person.

The movement of financial assets and financial liabilities measured at fair value on a recurring basis that are categorized within Level 3 for the fiscal years ended March 31, 2024 and 2025 is as follows:

	(million yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Financial assets		
Balance at the beginning of the year	77,664	75,030
Other comprehensive income (Note 1)	6,968	(6,112)
Acquisition	80	833
Sale	(7,666)	(984)
Transfer from Level 3 (Note 2)	(2,575)	—
Changes due to changes in the scope of consolidation	578	(206)
Other	(18)	(169)
Balance at the end of the year	75,030	68,392
Financial liabilities		
Balance at the beginning of the year	—	—
Other (Note 3)	—	7,014
Balance at the end of the year	—	7,014

- Notes: 1. The amount is included in “Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income” in the consolidated statement of comprehensive income.
2. The transfer from Level 3 recognized during the fiscal year ended March 31, 2024, was due to the listing of the investee.
3. “Other” under financial liabilities represents non-controlling interest put options.

(10) Derivative transactions and hedging activities

Derivative transactions used by the Group carry risks of market price fluctuations in the future, including that of currencies, interest rates. The Group uses derivatives that are only based on actual demand, such as export and import transactions, and bonds payable and borrowings. Accordingly, these risks are limited within the scope of loss of opportunity gains. Furthermore, as the Group conducts derivative transactions only with financial institutions with high credit ratings, the risk of failure to perform contracts due to bankruptcy of the counterparty, is considered to be close to non-existent. The Company has established the internal rule on derivative transactions, and conducts transactions related to derivatives pursuant to the rule. On each actual transaction, the Company conducts a transaction upon authority by the Corporate Officer for Finance pursuant to the rule stated above. Balances, market prices, and losses/gains on valuation of derivatives are to be reported to the management council regularly. The consolidated subsidiaries also conduct derivative transactions pursuant to the respective internal rules.

If the risk management objective for a hedging relationship is altered, the application of hedge accounting is discontinued.

(i) Cash flow hedges

The Group uses forward exchange contracts and interest rate swaps primarily to hedge the fluctuation risk of the cash flows associated with foreign exchange fluctuations in foreign currency-denominated transactions and interest rate fluctuations in borrowings, and designates such derivative transactions as cash flow hedges.

The amount recognized in profit or loss for the hedge ineffectiveness portion and the portion excluded from the assessment of hedge effectiveness was immaterial for the fiscal years ended March 31, 2024 and 2025.

(ii) Fair value of hedging instruments to which hedge accounting is applied

(million yen)

	As of March 31, 2024		As of March 31, 2025	
	Assets	Liabilities	Assets	Liabilities
Cash flow hedges				
Forward exchange transactions	3,193	121	1,079	483
Interest rate swap transactions	3,066	25	2,630	—
Cross-currency interest rate swap transactions	26,771	—	19,447	—
Commodity futures transactions	1,246	2,808	823	—
Commodity swap transactions	—	—	43	—
Total	34,278	2,955	24,024	483

The fair value of the hedging instrument as an asset is recognized in “Other financial assets (current assets)” and “Other financial assets (non-current assets)” in the consolidated statement of financial position. The fair value of the hedging instrument as a liability is recognized in “Other financial liabilities (current liabilities)” and “Other financial liabilities (non-current liabilities)” in the consolidated statement of financial position.

(iii) Notional amount and average price of hedging instruments to which hedge accounting is applied

The notional amount of hedging instruments to which hedge accounting is applied

(million yen)

	As of March 31, 2024		As of March 31, 2025	
	Within one year	Over one year	Within one year	Over one year
Cash flow hedges				
Forward exchange transactions	154,731	2,185	159,895	3,421
Interest rate swap transactions	10,950	6,088	—	5,581
Cross-currency interest rate swap transactions	5,134	52,216	25,418	20,655
Commodity futures transactions	31,258	—	30,780	—
Commodity swap transactions	—	—	415	—

The average forward exchange rate of major currencies under forward exchange transactions and the average paid interest rate under interest rate swap transactions and cross-currency interest rate swap transactions are as follows:

	As of March 31, 2024	As of March 31, 2025
Cash flow hedges		
Forward exchange transactions		
U.S. dollar	146.60 yen	148.83 yen
Euro	135.16 yen	152.30 yen
Interest rate swap transactions		
Receive floating / pay fixed	0.52%	—
Cross-currency interest rate swap transactions		
U.S. dollar	104.29 yen	107.52 yen
Receive floating / pay fixed	0.22%	0.13%

(iv) Other components of equity and gains or losses on hedging instruments of cash flow hedges

Fiscal year ended March 31, 2024

(million yen)

	Forward exchange transactions	Interest rate swap transactions	Cross-currency interest rate swap transactions	Commodity futures transactions	Total
Balance at the beginning of the year	275	18	718	707	1,719
Hedging gains or losses recognized in other comprehensive income	5,021	113	10,093	1,220	16,449
Reclassification adjustments to profit (Note)	(1,263)	58	(10,209)	—	(11,414)
Reclassification amount to cost of non-financial assets	(2,844)	—	—	(3,880)	(6,725)
Balance at the end of the year	1,188	190	602	(1,952)	29

Fiscal year ended March 31, 2025

(million yen)

	Forward exchange transactions	Interest rate swap transactions	Cross-currency interest rate swap transactions	Commodity futures transactions	Commodity swap transactions	Total
Balance at the beginning of the year	1,188	190	602	(1,952)	—	29
Hedging gains or losses recognized in other comprehensive income	3,079	(73)	1,628	(676)	(13)	3,944
Reclassification adjustments to profit (Note)	(1,007)	17	(1,229)	—	—	(2,219)
Reclassification amount to cost of non-financial assets	(3,048)	—	—	2,870	43	(133)
Balance at the end of the year	210	133	1,002	242	30	1,620

Note: Major line items for reclassification adjustments in the consolidated statement of profit or loss for the fiscal year ended March 31, 2024 are “Other income” for forward exchange transactions and “Finance costs” for interest rate swap transactions and cross-currency interest rate swap transactions.

Major line items for reclassification adjustments in the consolidated statement of profit or loss for the fiscal year ended March 31, 2025 are “Other expenses” for forward exchange transactions and “Finance costs” for interest rate swap transactions and cross-currency interest rate swap transactions.

(11) Transfer of financial assets

As of March 31, 2024 and 2025, trade receivables transferred without satisfying conditions for derecognition of financial assets of 5,341 million yen and 2,004 million yen were recognized in “Trade and other receivables,” respectively, and the amounts received due to the transfer of 5,341 million yen and 2,004 million yen were recognized in “Bonds payable, borrowings, and lease liabilities,” respectively.

With regard to these trade and other receivables, the Group will assume the payment obligations in case the drawer of the notes or the debtor fails to make payment. For this reason, it has been determined that the Group holds almost all of the risks and rewards related to ownership of the transferred assets.

41. Related Parties

Remuneration for key management personnel is as follows:

(million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Remuneration and bonuses	1,814	1,714
Share-based payment	154	68
Total	1,968	1,783

42. Commitments

Commitments for the acquisition of assets after the reporting date are as follows:

(million yen)

	As of March 31, 2024	As of March 31, 2025
Acquisition of property, plant and equipment	202,648	236,148

43. Contingent Liabilities

(1) Guarantees of obligations

Guarantees for borrowings from financial institutions to companies other than subsidiaries are as follows:

(million yen)

	As of March 31, 2024	As of March 31, 2025
Joint ventures	25,083	20,314
Associates	5,108	548
Other	1,955	1,954
Total	32,148	22,817

In addition to the above, guarantees of obligations that may arise in the future for associates are as follows:

(million yen)

	As of March 31, 2024	As of March 31, 2025
Guarantee limit for associates	9,271	4,266

(2) Litigation

There is no applicable item.

44. Subsequent Events

There is no applicable item.

(2) Other

(Significant lawsuits)

There is no applicable item.

(Semi-annual information for the fiscal year ended March 31, 2025)

	Six months ended September 30, 2024	Fiscal year ended March 31, 2025
Revenue (million yen)	2,450,781	4,859,647
Profit before taxes (million yen)	59,963	144,315
Profit attributable to owners of parent (million yen)	42,485	91,867
Basic earnings per share (yen)	66.80	144.43

VI. Outline of Share-related Administration of Reporting Company

Fiscal year	From April 1 to March 31
Ordinary General Meeting of Shareholders	June
Record date	March 31
Record date of dividends of surplus	September 30 March 31
Number of shares constituting one unit	100 shares
Purchase and additional purchase of shares less than one unit	
Handling office	Stock Transfer Agency Department, Head Office, Mizuho Trust & Banking Co., Ltd. 1-3-3 Marunouchi, Chiyoda-ku, Tokyo, Japan
Administrator of the shareholders' register	Mizuho Trust & Banking Co., Ltd. 1-3-3 Marunouchi, Chiyoda-ku, Tokyo, Japan
Forwarding office	—
Purchase and additional purchase fees	Free of charge
Method of public notice	Electronic public notice (posted on the Company's website) URL: https://www.jfe-holdings.co.jp/en/ * Please note that in the event of an accident or other unavoidable reason, public notice shall be given by publication in The Nihon Keizai Shimbun.
Special benefits for shareholders	(Shareholder benefit program) We offer a factory tour to shareholders who hold 100 or more shares of the Company. (If the number of applications exceeds the capacity, visitors are selected by lottery.)

VII. Reference Information of Reporting Company

1. Information about parent of reporting company

The Company does not have any parent company.

2. Other reference information

From the beginning of the current fiscal year until the filing date of this Annual Securities Report, the Company filed the following documents:

(1) Annual Securities Report, attached documents thereof, and Confirmation Letter

Filed for the 22nd term ended March 31, 2024 (from April 1, 2023 to March 31, 2024) with the Director-General of the Kanto Local Finance Bureau on June 25, 2024

(2) Internal Control Report and attached documents thereof

Filed for the 22nd term ended March 31, 2024 (from April 1, 2023 to March 31, 2024) with the Director-General of the Kanto Local Finance Bureau on June 25, 2024

(3) Semiannual Securities Report and Confirmation Letter

Filed for the first half of the 23rd term (from April 1, 2024 to September 30, 2024) with the Director-General of the Kanto Local Finance Bureau on November 6, 2024

(4) Extraordinary Report

Filed an Extraordinary Report pursuant to the provisions of Article 19, paragraph 2, item 9-2 (Disclosure of the results of exercise of voting rights) of the Cabinet Office Order on Disclosure of Corporate Affairs with the Director-General of the Kanto Local Finance Bureau on June 26, 2024

(5) Shelf Registration Supplements and attached documents thereof

Filed Shelf Registration Supplements to the Shelf Registration Statement (shares, corporate bonds, etc.) filed on June 30, 2023 and attached documents thereof with the Director-General of the Kanto Local Finance Bureau on July 4 and November 28, 2024, and May 29, 2025, respectively

(6) Amended Shelf Registration Statement

(i) Filed Amended Shelf Registration Statement (corporate bonds) of the Shelf Registration Statement (shares, corporate bonds, etc.) filed on June 30, 2023 with the Director-General of the Kanto Local Finance Bureau on June 26, 2024

(ii) Filed Amended Shelf Registration Statement (reference documents) of the Shelf Registration Statement (shares, corporate bonds, etc.) filed on June 30, 2023 with the Director-General of the Kanto Local Finance Bureau on June 26, 2024

(7) Securities Registration Statement (disposal of treasury shares through a third-party allotment) and attached documents thereof

Filed with the Director-General of the Kanto Local Finance Bureau on May 21, 2024