Message from the CEO

We will improve our reputation in the market by delivering tangible results. We will do this by establishing a leaner, more robust domestic business structure, increasing the proportion of high-value-added products, and implementing our overseas business growth strategy.

Yoshihisa Kitano
Representative Director, President and CEO
JFE Holdings, Inc.



We are accelerating our transformation toward a management approach that prioritizes capital efficiency. This approach is driven by two key pillars: the business structural reform of our domestic operations and the expansion of our overseas business growth strategy. Under our Eighth Medium-term Business Plan, we have set a return on equity (ROE) of at least 10% as a management goal and are implementing the necessary measures to achieve it.

At the same time, the market's valuation of our company remains inadequate. We recognize that concerns about the sustainability of our profitability and expectations for future growth, including our carbon neutrality goals, have not yet been fully reflected in our valuation. We are taking this situation seriously and are committed to enhancing corporate value by improving profitability, increasing capital efficiency and demonstrating the results of our growth investments.

I consider improving capital efficiency through sustained growth in ROE, and the resulting enhancement of our market valuation, to be a key management priority. We will meet the expectations of all our stakeholders, including our shareholders, by consistently implementing structural reforms, growth investments and technological developments towards carbon neutrality, and by showcasing the outcomes of these initiatives.

CEO MESSAGE

Assessment of the current situation during the implementation phase

I view fiscal 2026 as the midpoint of our Medium-term Business Plan and a critical juncture at which each initiative will enter the implementation phase.

Regarding the domestic business environment, the anticipated structural contraction in demand is proceeding as expected. Facing this reality, we are focusing our management resources on areas where we have a competitive advantage and reviewing unprofitable areas.

Overseas, meanwhile, China continues to produce high volume of crude steel and export at high levels. Additionally, protectionist policies are intensifying in various countries. We are closely monitoring these developments as they pose significant risks to our business operations. Furthermore, it is becoming necessary to take measures against geopolitical risks that were not initially anticipated, such as the destabilization of the situation in the Middle East.

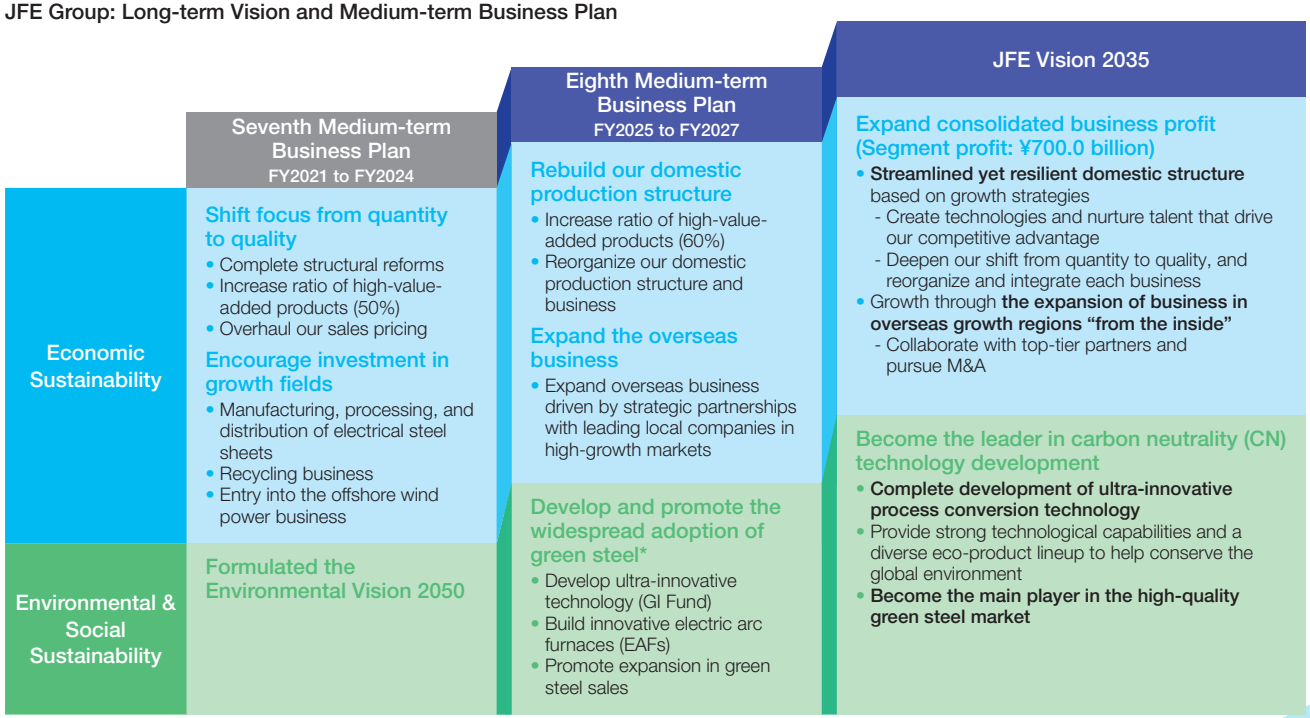
Although there are signs of a slowdown in the push for carbon neutrality, particularly in Europe and the United States, changes are occurring in the short term. However, climate change countermeasures represent an irreversible long-term trend, and we will continue to address them steadily. Based on this understanding, the management issues our company must address in the medium to long term are clear. Guided by the direction set forth in JFE Vision 2035, we are redefining our domestic production sites as “mother steelworks” that serve as bases for technological development and talent cultivation. We are also transforming toward a leaner, more robust organizational structure.

Rather than viewing the rise of protectionism as merely a risk overseas, we will transform it into an opportunity for sustainable growth by expanding our overseas business driven by strategic local partnerships in high-growth markets.

Furthermore, we recognize that carbon neutrality will undoubtedly generate new demand in the future. We believe that developing technology based on a long-term perspective, without being swayed by short-term changes in the business environment, and staying ahead of our competitors will give us a competitive advantage in the future.

Through these initiatives, we will steadily build the foundation for achieving JFE Vision 2035.

JFE Group: Long-term Vision and Medium-term Business Plan



* Working on this as “GX steel” since October 2025.*1



*1 Pioneering the GX steel market
➡ p. 62

Progress and results of the transformation

Even though the business environment remains challenging in Japan and overseas, the Groupwide transformation is making steady progress.

While investment was traditionally heavily weighted toward upgrades aimed at maintaining production capacity at existing domestic steelworks, since the second half of our Seventh Medium-term Business Plan, we have significantly shifted our focus toward growth investments, including those overseas. Due to this shift in our investment structure, we are steadily laying the foundation for enhancing our future profit generation capabilities, not merely maintaining our current capacity.

Domestically, these changes are manifesting as an increase in the proportion of high-value-added products, which rose to an all-time high in fiscal 2025. This indicates that the results of the “shift from quantity to quality” are beginning to appear in concrete figures. The Company is also clearly shifting capital toward growth areas overseas. For example, it made the largest overseas business investment ever in India’s BPSL (now JSL).

When it comes to achieving carbon neutrality, ensuring economic viability is just as critical as ensuring technical feasibility. To achieve economic viability, wide-spread adoption of GX steel is essential, which means creating a market and establishing supporting policies. We are actively collaborating with the government to develop policies and formulate international rules that make the value of carbon neutrality more visible. As a result, we have achieved tangible results, including launching a pilot program for adopting GX steel in domestic public works projects and establishing guidelines for international standardization.*2

Even amid a challenging short-term earnings environment, these initiatives are helping us steadily lay the foundation to strengthen our competitiveness and improve our profitability over the medium to long term.

Engaging with capital markets to enhance corporate value

We acknowledge that the current market valuation of our company is not yet satisfactory. We believe this valuation, as reflected in our stock price and price-to-book ratio (PBR), stems from sluggish revenue amid a challenging business environment, as well as ongoing market concerns about our economic prospects and response to carbon neutrality.

We anticipate that these concerns will be addressed once the recovery in profitability and the results of our growth investments become evident. Furthermore, we believe that enhancing capital efficiency through sustained improvement in ROE will improve our valuation in the capital markets, specifically increasing our PBR. We are keenly aware of this relationship and will work to increase corporate value by improving profitability and capital efficiency.

We are steadily implementing the structural reforms and growth investments outlined in JFE Vision 2035 and the Eighth Medium-term Business Plan which was formulated to achieve the former. We are advancing specific initiatives, making the establishment of a stable profit structure our top priority.

Given the current situation where profits are lower than anticipated, ensuring financial soundness is also critical. When making decisions on growth investments, including those related to carbon neutrality, we will assess the efficiency of each investment individually and promote disciplined growth investment. Furthermore, we will promote the sale of assets, such as real estate, and the divestment of non-core business assets. Then, we will redirect limited management resources toward growth areas. By doing so, we will review our asset portfolio and achieve a virtuous cycle of asset management. As JFE Holdings, we believe it is necessary to flexibly revise investment plans in the event of changes in the business environment. We will manage these matters with even greater rigor.

Strengthening corporate governance is essential to ensuring financial soundness and achieving effective growth investment. Last fiscal year, we transitioned to a company with an Audit & Supervisory Committee. This fiscal year, we are reviewing the criteria for submitting matters to the Board of Directors, as well as the Board’s operations. Additionally, we are delegating authority, such as assigning responsibility for specific issues related to individual investment proposals, to the newly established CFOs of the Operating Companies. This clarifies the division of functions between JFE Holdings and the Operating Companies. At the Operating Companies, we will accelerate decision-making while improving investment efficiency based on the premise of achieving returns that exceed the cost of capital. The Board of Directors of JFE Holdings will improve strategic decision-making by strengthening oversight of the Operating Companies’ execution and managing capital allocation across the entire Group. Through these measures, we aim to achieve our fiscal 2027 target of an ROE of 10% or higher.*3



*2 Pioneering the GX steel market
➡ p. 62



*3 Message from the CFO
➡ p. 14



The evolution of technology management and the purpose of a CTO position

Our competitiveness stems from “technology.” Based on my many years of experience as an engineer engaged in technology development, I have realized that creating new technology is a major source of personal growth and fulfillment. However, technology does not generate value simply by being developed. What is crucial is “technology management”—the process of converting technology into revenue. The resources available for technology development are finite. To focus management resources on areas that generate returns, we must select and concentrate on specific development themes. Starting in fiscal 2026, based on this philosophy, we established CTO positions in both the Steel and Engineering businesses to strengthen our framework for leveraging technological advantages into revenue growth.

Furthermore, as part of our efforts to turn technology into revenue, our solutions business, which we launched and have promoted under the “JFE Resolus™” brand since our previous Medium-term Business Plan, is also based on this philosophy. The JFE Resolus™ brand provides the intellectual property we have accumulated over the years, including manufacturing technologies and know-how, in the form of solutions. While solving customer challenges and creating value, this business is also growing as new revenue streams. Profits from this business exceeded 10 billion yen in fiscal 2025, and our goal is to increase that figure to 15 billion yen by the 2027 fiscal year.*4

Implementing growth strategies and evolving the business portfolio

As part of the rebuilding of an optimal domestic production structure in our steel business—specifically, the transition to a structure comprising five blast furnaces and one innovative electric arc furnace (EAF), as announced in our Medium-term Business Plan—we began construction of the EAF at our Kurashiki site. Additionally, in April, we announced the restructuring of our sheet business, and in May, we announced the reorganization of our Group’s shaped steel business. These changes, including our Group companies, will enable us to build a sustainable profit structure that can adapt to changes in demand patterns.

To increase the proportion of high-value-added products, we are expanding production capacity in sectors where we expect demand to grow. These sectors include electrical steel sheets, high-quality, high-performance steel for offshore wind and energy, and high-strength steel sheets for the automotive industry. These changes will improve our earnings structure.

Last fiscal year, we formed two joint projects with our strategic alliance partner, JSW Steel, in India.

The first involves increasing the production capacity of our Indian grain-oriented electrical steel manufacturing and sales company, which we co-established with JSW in 2024, from 50,000 to 350,000 metric tons per year by fiscal 2030. By expanding our supply capacity to meet the growing demand for grain-oriented electrical steel for transformers, driven by the rising demand for electricity in India, the world’s most populous country, we will solidify our position as the leading supplier in the Indian market.



*4 Promoting the JFE Resolus™ solutions business brand
➡ p. 67

The second involves JJSL, a 50:50 joint venture with JSW. JJSL operates an integrated steel plant in eastern India. JJSL plans to increase its annual crude steel production capacity from 4.5 to the target level of 10 million metric tons by fiscal 2030. To facilitate this expansion, we are establishing a dedicated department and deploying staff to the site. We will combine our technological expertise—a core strength of our company—with JSW's solid business foundation and excellent execution capabilities to increase production of high-value products and improve productivity. We will position JJSL as our "third integrated steelworks," alongside our East and West Japan Steelworks, to capitalize on India's rapidly growing steel demand and increase our overseas business profits.*5

In our engineering business, we view the circular economy as a growth opportunity. We are expanding our operations to focus on the "waste-to-resource" (WtR) and carbon neutrality sectors. In addition to our traditional engineering, procurement, and construction (EPC) plant delivery business, we are improving our revenue model by offering valuable services, such as operations and maintenance (O&M), which use digital transformation (DX) technologies, like remote monitoring.

In fiscal 2025, we achieved a record-breaking order intake of 836.1 billion yen. This was due to securing large-scale projects and capitalizing on the rising demand for recycling and renewable energy. Going forward, we will execute these projects to drive profit growth and capture demand in sectors where growth is anticipated. We believe the key to our future growth lies in deploying our domestic technologies in overseas markets and advancing our business expansion driven by strategic partnerships with leading local companies in high-growth markets.*6

In addition to our trading-focused business model, we are expanding overseas business driven by strategic local partnerships to create local value within our trading business. We believe that we have developed the capability to stably generate annual profits of 40 billion yen by increasing business profit through our investments.

Through M&A transactions in the U.S. and Australia, such as the acquisitions of the building materials companies CEMCO (U.S., 2022) and Studco (Australia/U.S., 2024) during the period of our Seventh Medium-term Business Plan, we are establishing a solid business foundation in the building materials sector. We are also realizing local group synergies, such as supplying steel products from CSI—in which our steel business has an equity stake—to CEMCO and other companies.

Through these initiatives, we are transitioning from a trading-focused structure that is vulnerable to external environmental factors to a system that can generate stable profits.*7

The Keihin District Utilization Project covers a vast 400-hectare area in Kawasaki's coastal region and is poised to become a new growth driver for the JFE Group.

Our goal is to generate annual profit of 10 billion yen starting in fiscal 2035. In collaboration with the national government, the city of Kawasaki, and companies in the Keihin coastal area, we are implementing a comprehensive land management strategy. This strategy aims to maximize the contribution of our assets to corporate value by combining sales, leasing, and business utilization appropriately.

In terms of business applications, JFE Engineering has commissioned one of Japan's largest plastic recycling plants. In March of this year, JFE Holdings signed a memorandum of understanding with Mitsubishi Corporation regarding power generation and data center operations. Together, we are exploring options with the aim of launching these businesses in the early 2030s.*8

Addressing issues related to promoting AI adoption at the management level

The JFE Group aims to enhance corporate value by leveraging AI to improve decision-making and accelerate business operations.

To date, the JFE Group has used AI technology to increase on-site productivity, improve quality, reduce labor requirements, promote automation, and enable remote operations. These efforts aim to build a lean and resilient organizational structure.

This fiscal year, we will evolve our manufacturing floor initiatives into "physical AI" and make full use of it in management decision-making. Leveraging AI will enhance and accelerate each CxO's decision-making processes.

As we move forward with the full-scale adoption of AI at the management level, it is essential to implement organizational measures, such as AI governance. It is crucial to determine how to effectively utilize AI in business operations and link it to value creation while ensuring robust information security. Across the JFE Group, we will elevate AI from "improving on-site efficiency" to "enhancing business competitiveness."*9



*5 The Eighth Medium-term Business Plan Steel Business
➡ p. 18



*6 The Eighth Medium-term Business Plan Engineering Business
➡ p. 24



*7 The Eighth Medium-term Business Plan Trading Business
➡ p. 22



*8 The Eighth Medium-term Business Plan Keihin District Land Utilization
➡ p. 28



*9 DX Strategy
➡ p. 64

People and organization: the foundation supporting transformation

At our company, our people are the driving force behind all growth. We regard talent development as our most important management priority.

In order to drive transformation, it is essential to build an organization where a diverse workforce can utilize all of their abilities. To that end, we are working to foster an open organizational culture by promoting DEI.*10

Furthermore, to ensure that management's vision permeates the entire Group, we are focusing on strengthening communication and improving employee engagement. For example, we hold town hall meetings at each Operating Company where management and employees can engage in direct dialogue. In the steel business, for instance, senior executives, led by the president, regularly leave the head office to visit the steelworks across the country. There, they sit in a circle with frontline employees to engage in dialogue. Management communicates the vision and business policies of each company, and employees offer candid opinions and ask questions about everything from company policies to day-to-day operations. This leads to continuous improvement. We have also introduced an "internal job posting system" that allows employees to apply for positions in other departments based on their preferences, supporting autonomous career development.

As part of our talent development efforts aligned with our business strategy, we are prioritizing the development of international talent responsible for expanding our overseas operations, as well as highly skilled digital transformation professionals who will drive productivity improvements.

As we expand our overseas investments, the number of employees assigned to our overseas locations will certainly increase. Through assignments abroad and study abroad programs, we aim to develop talent capable of leading our overseas operations and strategically deploy them to strengthen our ability to drive business growth in local markets.

Furthermore, we are making steady progress in developing highly skilled DX professionals, and we are beginning to see concrete results in various fields. Moving forward, we will continue to strengthen our talent base, the source of our competitiveness, through investments in human capital fully integrated with our business strategy.

At the same time, I believe that assembling a team of specialists alone is insufficient. We also need individuals with leadership skills, or "captaincy," who can build teams and proactively drive projects forward. The foundation that underpins the JFE Group's future competitiveness will be an organization where diverse talents are fully utilized, and individuals collaborate to generate value.

Commitments for the final year of the Eighth Medium-term Business Plan

In fiscal 2027, the final year of our Medium-term Business Plan, we will demonstrate the tangible results of our efforts. Achieving its profit targets is our fundamental responsibility.

As President and CEO, I am committed to creating a virtuous cycle in which we increase corporate value through profit growth, thereby raising our stock price. While maintaining balance among growth investments, carbon neutrality, and financial discipline, I will rigorously implement management practices that prioritize capital efficiency and focus on delivering results.

Through these efforts, we will achieve sustainable growth and enhance corporate value, thereby living up to the trust placed in us by all our stakeholders, including our shareholders.





*10 Human Resources Strategy
➡ p. 35

Message from the CFO



Eighth Medium-Term Business Plan: Targets of FY2027

		Eighth Medium-term Business Plan FY2027
Across our entire Group	Consolidated business profit	¥400 billion
	ROE	10% or higher
	Debt/EBITDA	Approx. 3 times
	D/E ratio	Approx. 60%
Operating Companies	Steel business (Segment profit)	¥260 billion
	Engineering business (Segment profit)	¥42 billion
	Trading business (Segment profit)	¥60 billion
Shareholder returns	Dividend policy	A dividend payout ratio of approximately 30%, with a minimum of ¥80 per share

In order to achieve the goals of the Eighth Medium-term Business Plan, the JFE Group (the Group) will prioritize capital efficiency and pursue growth investments, shareholder returns, and financial soundness to enhance corporate value

Balancing Growth Investments, Shareholder Returns, and Financial Soundness

The Group's Eighth Medium-term Business Plan began in fiscal 2025, and over a year has passed since then. Under this plan, our goals are to achieve a consolidated business profit of 400 billion yen in fiscal 2027 (the final year of the plan) and ROE of at least 10%, a Debt/EBITDA ratio of approximately 3 times, and a debt-to-equity ratio of approximately 60%. Regarding shareholder returns, in addition to the traditional dividend payout ratio of approximately 30%, we have set a minimum dividend of 80 yen per share. We believe growth investments, primarily overseas, are the most effective strategy for increasing profits and improving ROE. We will enhance corporate value by reinvesting profits into growth initiatives while returning value to shareholders. However, as the Group primarily operates in the materials industry, our profits are susceptible to the external environment. Therefore, during periods of environmental change, it is essential to exercise particular control over investments and maintain financial discipline. In other words, I recognize that optimizing the balance among growth investments, shareholder returns, and financial soundness is a critical mission entrusted to the CFO of JFE Holdings.

As JFE Holdings (the Company) transitioned to a structure with an Audit & Supervisory Committee in June 2025 and delegates investment decision-making authority to each Operating Company, it is necessary to clarify investment-related responsibilities and enhance risk management. Starting in fiscal 2026, we appointed CFOs at three Operating Companies: JFE Steel, JFE Engineering, and JFE Shoji. Each company's CFO will assess investment capacity based on actual results and future cash flows. They will also conduct thorough risk assessments and determine whether to submit investment proposals to their respective management committee.

As a holding company, the Company will balance investments and financial resources across the entire Group. We will improve capital efficiency and maintain financial soundness by monitoring the ROI (return on investment) of individual investment, analyzing the business portfolio, and restructuring it.



FY2025 Results and FY2026 Forecast

Steel business

The business environment for the steel industry remains challenging. Domestic demand is sluggish, and there is no sign of a significant recovery. Meanwhile, China's high level of steel exports is negatively impacting market conditions in Asia.

Excluding inventory valuation, etc., segment profit has not shown significant growth in the actual results for fiscal 2025 or the forecast for fiscal 2026. Progress has not been in line with the Medium-term Business Plan. This is primarily due to rising raw material costs, including the impact of exchange rates starting in the second half of fiscal 2025, and delays in passing these costs on to sales prices. Currently, JFE Steel is working to raise selling prices, considering not only raw material costs but also the general increase in prices. Furthermore, since early spring, overseas market conditions have been trending toward recovery, creating a foundation for catching up on earnings. Additionally, their overseas steel business, a pillar of the Group's Medium-term Business Plan, is gradually yielding results, particularly in India. There, JFE Steel launched a joint venture for electrical steel sheets with our local partner, JSW Steel, and established JJSL, a joint venture for integrated steel manufacturing.

Additionally, JFE Steel is working to quickly pass on the increased costs resulting from the rise in crude oil prices caused by the situation in the Middle East.

FY2025 Financial results	FY2026 Forecast	8th Medium-term Business Plan
Business profit ¥135.3 billion (Steel: Excluding inventory valuation etc. ¥166.3 billion)	Business profit ¥215.0 billion (Steel: Excluding inventory valuation etc. ¥185.0 billion)	Business profit (FY2027) ¥400.0 billion
Profit attributable to owners of parent ¥70.1 billion	Profit attributable to owners of parent ¥150.0 billion (+¥79.9 billion vs 2025)	Annual dividend Dividend payout ratio: Approx. 30% (Minimum of ¥80)
Annual dividend ¥80	Annual dividend ¥80	ROE (FY2027) 10% or higher
ROE 2.7%	ROE Approx. 6%	JFE Vision 2035
(Exchange rate: 150.2 yen/$ Crude steel production (standalone): 21.37 million mt)	(Exchange rate: Approx. 155 yen/$ Crude steel production (standalone): Approx. 21.50 million mt)	Business profits (FY2035) ¥700.0 billion

Engineering business

In the engineering business, current segment profit remains at approximately 25 billion yen. However, orders are steadily increasing, particularly in the waste-to-resource sector. In fiscal 2025, order intake reached a record high of 836.1 billion yen. Starting in fiscal 2026, JFE Engineering expects these projects to generate revenue and contribute to profit growth.

Furthermore, JFE Engineering secured our first domestic contract in fiscal 2025 for the monopile business, for which they operate the only production facility in Japan. JFE Engineering aims to achieve our medium-term goals by reliably securing subsequent contracts.

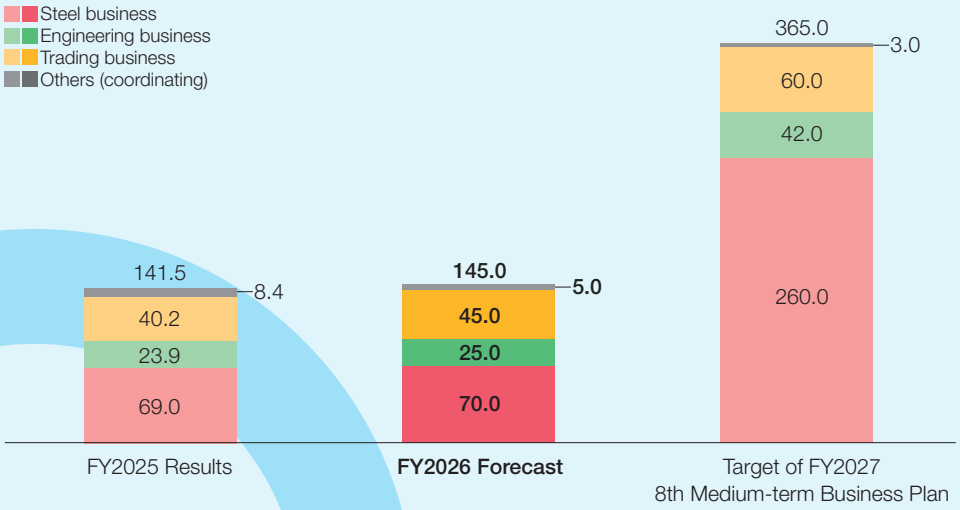
Trading business

In the trading business, transaction volumes temporarily declined in fiscal 2025 due to U.S. tariff policies and other factors, resulting in profits that fell short of expectations. For fiscal 2026, JFE Shoji anticipates increased profits, considering a market recovery in the USA and higher unit prices. Additionally, profits from businesses acquired through M&A in the Americas, Australia and other regions during the previous period of the Medium-term Business Plan remained solid, leaving potential for further upturn.

Furthermore, JFE Shoji will accelerate overseas business driven by strategic partnerships with leading local companies in growth sectors and regions to achieve early contributions to profits.

Segment profit (excluding inventory valuation, etc. in the steel business)

(billion yen)



Cash Allocation and Shareholder Returns

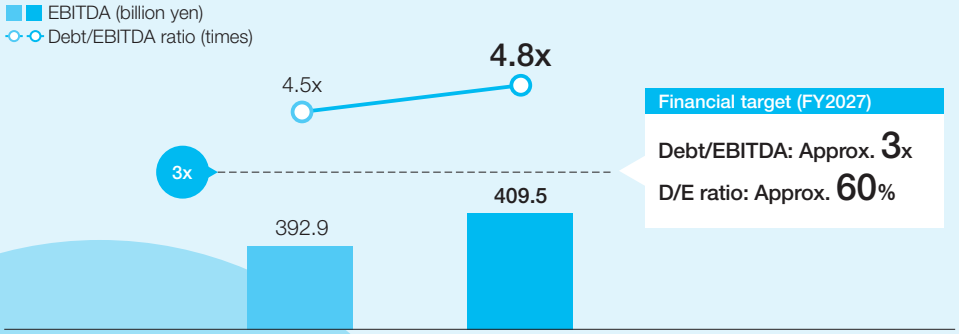
Under the Eighth Medium-term Business Plan, the Group plans to invest a total of 1,680 billion yen over the three-year period, which exceeds our operating cash flow. However, approximately 60% of that amount consists of growth investments, such as the investment in JJSL in fiscal 2025, which will contribute to revenue growth in the next medium-term period and beyond. Nevertheless, neither profit levels nor operating cash flows for fiscal 2025 and 2026 were in line with the Medium-term Business Plan.

Consequently, although the D/E ratio remains at the target level, the Debt/EBITDA ratio has remained high, exceeding four times for two consecutive years, and requires prompt improvement.

Achieving the desired improvement necessitates a meticulous screening of the Group's investments in conjunction with a robust enhancement of our earnings power. Each Operating Company will improve the efficiency of its investments, and the Company will raise its investment profitability standards. We will also optimize the scale of investments to align with our cash generation capacity. Furthermore, we will take a no-holds-barred approach to asset sales. We will pursue the early generation of funds through the sale of tangible assets, such as real estate, as well as through the restructuring and divestiture of non-core, unprofitable, or low-growth businesses.

As we prioritize shareholder returns, we will maintain a dividend payout ratio of approximately 30% and a minimum dividend of 80 yen.

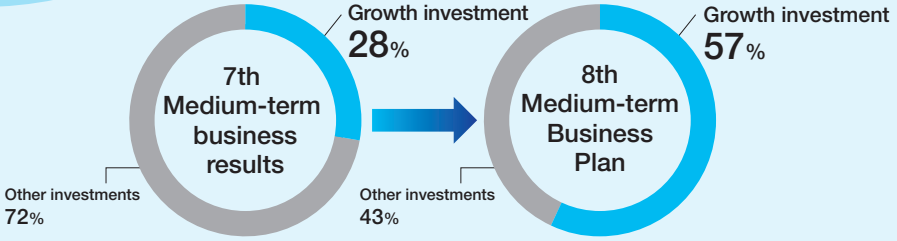
Trends in the Debt-to-EBITDA multiple



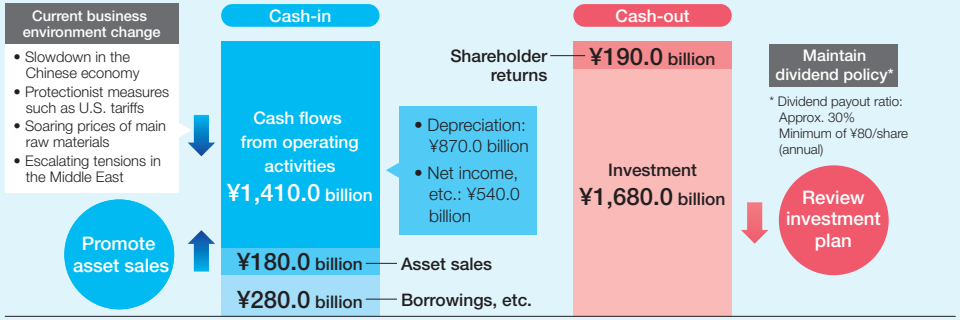
	FY2024	FY2025
Interest-bearing debt outstanding	1,766.4	1,959.3
D/E ratio*	54.3%	59.4%

• EBITDA = Business profit + Depreciation and Amortization
• Debt/EBITDA multiple = Interest-bearing debt outstanding / EBITDA
* For debt having a capital component, a portion of its issue price is deemed to be capital, as assessed by rating agencies

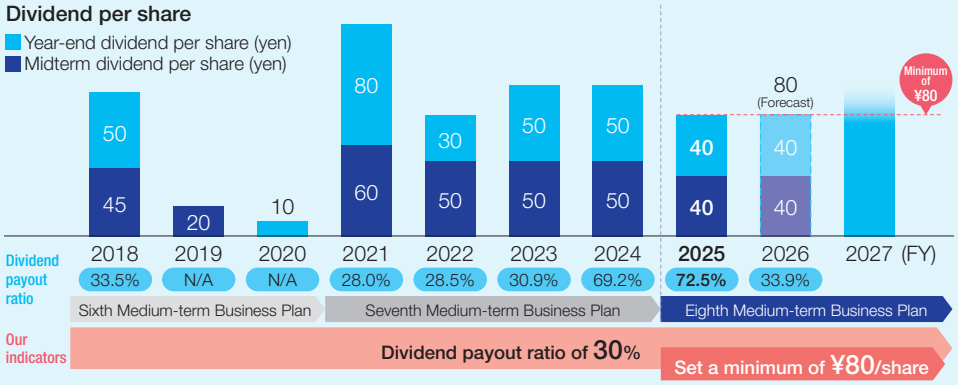
Investment plan (Decision basis)



Eighth Medium-term Business Plan (Disclosed in May, 2025)



Dividend per share

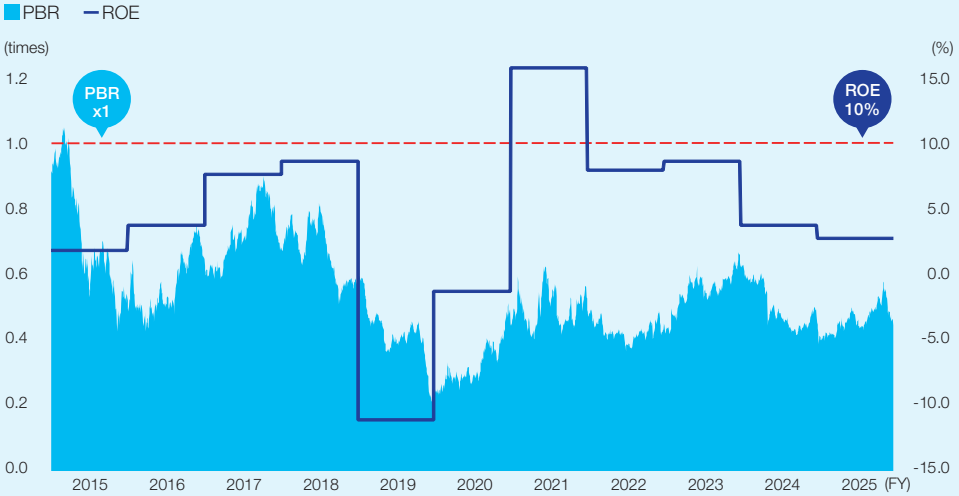


Practicing management that is conscious of the cost of equity and stock price

Although the Company considers the stock price to be one of our key management indicators, our price book-value ratio (PBR) has remained between 0.4 and 0.6 since the decline caused by the pandemic, falling well below 1. We recognize that our inability to consistently achieve an ROE that exceeds the cost of equity is the most significant factor contributing to this.

PBR can be expressed as ROE divided by the cost of equity minus the growth rate. While increasing the growth rate is important, it is equally important to achieve an ROE that exceeds the cost of equity.

Trend in PBR and ROE



ROE can be broken down into three metrics: return on sales, asset turnover, and financial leverage. For the Group, further growth investments and investments related to achieving carbon neutrality are planned for the next medium-term business plan and beyond. Therefore, there are constraints on increasing financial leverage from the perspective of financial soundness.

Accordingly, the Group will increase the total asset turnover ratio by selling assets and optimizing working capital, thereby curbing the growth of total assets, while improving investment efficiency. Furthermore, we will work to improve our profit margin by increasing net income through improved profitability, which we recognize as our top priority.

To this end, we will rebuild lean, resilient domestic production structures in our steel and trading businesses, and we will increase the proportion of high-value-added products. Regarding growth investments, we will rigorously evaluate risks and returns and carefully select and execute only those projects that improve ROE.

$$PBR = \frac{ROE}{\text{Cost of equity (COE)} - \text{Growth rate (g)}}$$

Profitability improvement

- Steel
  - Build a slim, resilient domestic production structure
  - Enhance the ratio of high-value-added products (60%)
- Trading
  - Expansion of overseas business driven by strategic partnerships with leading local companies in high-growth fields and regions
- Engineering
  - Expand the operation and maintenance (O&M) business, especially waste-to-resources, and expand it overseas
  - Expand carbon-neutral business
- Land
  - Leveraging resources to ensure stable earnings

Optimizing the balance sheet

- Reducing assets of non-core businesses
- Achieving a balance between growth and carbon-neutrality investments with financial soundness

Improvement of expected growth rate

- Eliminating concerns about future growth
  - Business investments focused on growth fields
  - Restructuring the business portfolio
- Improving the ability to create a competitive edge
  - Human resources strategy to realize management strategies
  - Business reform through DX

Reducing the cost of equity

- Stable shareholder returns
  - A dividend payout ratio of around 30%, **with a minimum of ¥80/share** New
- Eliminating concerns about carbon neutrality initiatives
  - Promote the development of ultra-innovative technologies
  - Creating a green market

Improvement of ROE

ROE that stably exceeds the cost of equity
(FY2027 Target: 10% or higher)

Revision
Revising the Director compensation system (making ROE and relative TSR indicators)

Improvement of P/E ratio

Increasing market confidence

→ **PBR**

$$ROE = \frac{\text{Net income}}{\text{Equity}} = \underbrace{\frac{\text{Net income}}{\text{Net sales}}}_{\text{Return on sales}} \times \underbrace{\frac{\text{Net sales}}{\text{Total assets}}}_{\text{Asset turnover}} \times \underbrace{\frac{\text{Total assets}}{\text{Equity}}}_{\text{Financial leverage}}$$

Eighth Medium-term Business Plan (Fiscal 2025–2027)

Steel Business

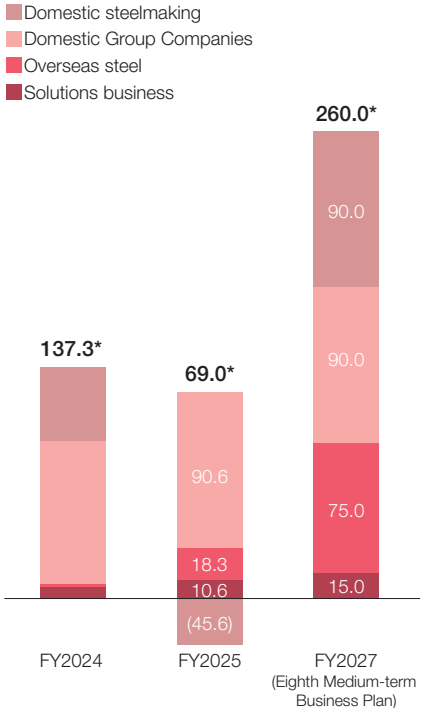


Masayuki Hirose
President and CEO
JFE Steel Corporation

Building a foundation for growth in India: Deepening overseas business through joint management and business expansion

Under the Eighth Medium-term Business Plan, we are positioning our overseas operations as one of the pillars of our growth strategy, with our India operations at its core. Against a backdrop of population growth and economic expansion, India is expected to experience medium- to long-term growth in steel demand, presenting promising opportunities for sustained growth. We have progressively developed our strategic partnership with JSW Steel, evolving from an alliance to capital participation and technology transfer, and finally forming a joint venture for electrical steel sheets. As part of this process, in December 2025 we decided to jointly operate an integrated steelworks in India, marking a new phase in the relationship between our two companies. Going forward, we intend to expand the revenue base of our Indian operations sustainably by integrating our manufacturing technology with JSW Steel's business foundation and operational excellence, and by increasing production capacity and the proportion of high-value-added products.

Segment profit
(billion yen)



* After eliminations and adjustments, but excluding inventory valuation differences, etc. in the steel business

Overseas business growth strategies

In our long-term vision, JFE Vision 2035, the JFE Group identifies strengthening its overseas operations as a key pillar for growing its steel business. In recognition of the maturing domestic market, the Group intends to expand its revenue base by entering markets where demand is expected to grow.

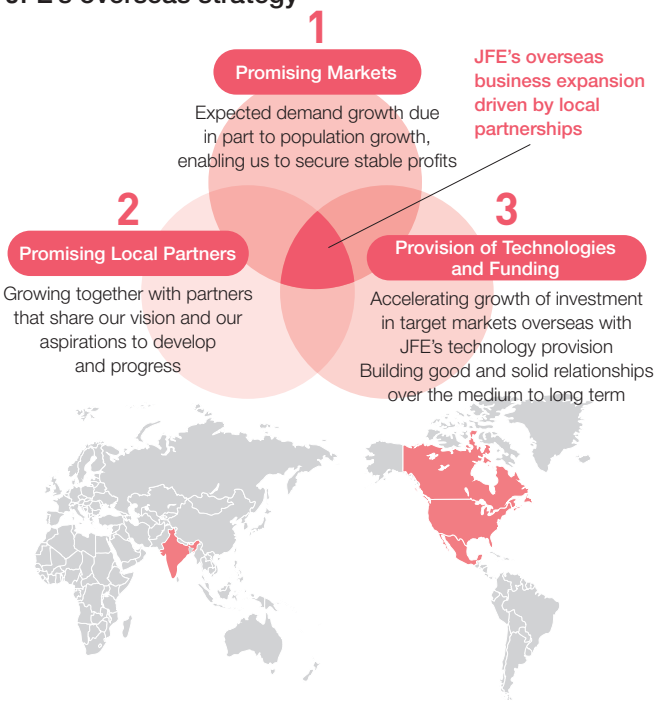
Under the Eighth Medium-term Business Plan, the Group aims to increase profits in its overseas steel operations to 75 billion yen by fiscal 2027, balancing profit growth in existing businesses with new investments.

We have established three pillars that drive our overseas business expansion driven by strategic partnerships with leading local companies in high-growth markets. We believe investment conditions are most favorable when these three points align.

1. **Promising Markets:** Areas where demand is expected to grow, enabling us to secure stable profits
2. **Promising Local Partners:** Partners who share our vision and business sentiment and with whom we can grow in tandem
3. **Provision of Technologies and Funding:** Accelerating growth of investment targets with JFE's technology provision. Building solid relationships over the medium to long term

Above all, it is essential to seek out reliable and influential local partners. We have identified India and North America as priority regions and are developing long-term, revenue-generating models through collaborations with companies such as JSW Steel in India and Nucor in North America. In India, we aim to make the business a key growth driver by capitalizing on increasing demand.

Three pillars and priority regions of JFE's overseas strategy



Eighth Medium-term Business Plan (Fiscal 2025–2027)

Strengthening our business foundation in India by expanding the electrical steel sheet business and participating in an integrated steel plant

Since our strategic comprehensive alliance with JSW Steel in 2009, our business in India has gradually expanded through capital participation and technology transfer. Under the Eighth Medium-term Business Plan, India has been identified as a core region in our overseas growth strategy, with operations advancing on two fronts: the electrical steel sheet business and the operation of an integrated steelworks. These businesses are being developed under an equal partnership with JSW Steel.

Integrated steelworks business: JJSL

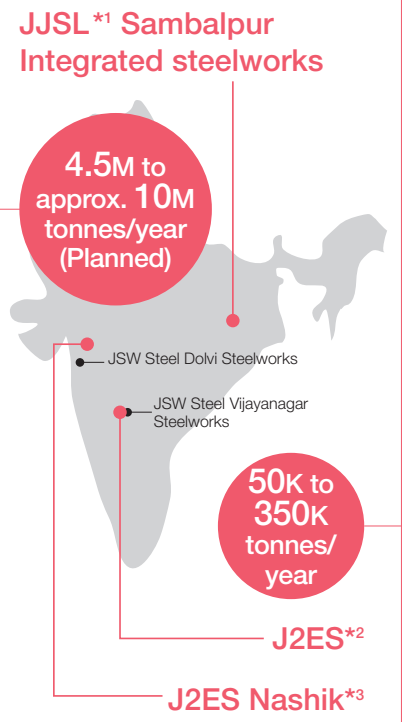
In December 2025, to advance our business operations in India to a new stage of growth, we decided to invest (approximately 270.0 billion yen) in BPSL, an integrated steel plant owned by JSW Steel. In March 2026, JFE Steel and JSW Steel completed the establishment of JJSL (JSW JFE Steel Limited), a 50:50 joint venture, involving BPSL. Going forward, we plan to achieve organic growth through the reinvestment of earnings and aim to expand capacity to the 10-million-tonne range by fiscal 2030.

JJSL Sambalpur Steelworks



Significance of market entry	In the Indian market, where domestic demand is expected to grow, we will participate directly in the operations of a local integrated steelworks and establish a framework to capitalize on this growth.
Business foundation	In addition to an integrated steel plant with a production capacity of 4.5 million metric tons and the Netrabandha iron ore mine, we own land designated for steel plant expansion—a critical component of the steelmaking business in India. This brownfield project offers high cost competitiveness and is expected to contribute to earnings early on by leveraging existing facilities and infrastructure.
Future expansion	Our plan is to increase our crude steel production capacity from the current 4.50 million metric tons to approximately 10 million metric tons by fiscal 2030. We have the potential to expand further to reach the 15-million-metric-ton level in the medium to long term.
Value creation	We have already begun to participate in the management of the business from both operational and technological perspectives by dispatching personnel to the site. Going beyond mere investment, we are leveraging our advanced technology and engaging in joint management to increase the proportion of high-value-added products and enhance productivity, thereby improving profitability.

	JJSL
Shareholding ratio	JFE Steel: 50%, JSW Steel: 50%
Production items	Hot-rolled steel coils and sheets, cold-rolled steel coils and sheets, steel bars and wire rods (alloy steel), steel pipes, etc.
Revenue	FY2025: 222.1 billion rupees (Approx. ¥380.0 billion)
Number of employees	Approx. 25 thousand (Direct employees: Approx. 5,000)
Amount already invested (JFE Steel)	Approx. ¥270.0 billion (Investment decided in December 2025)



*1. JJSL: JSW JFE Steel Limited
*2. J2ES: JSW JFE Electrical Steel Private Limited
*3. J2ES Nashik: JSW JFE Electrical Steel Nashik Private Limited

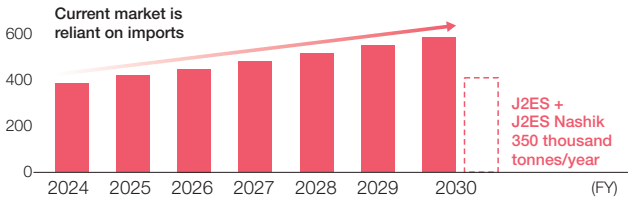
Electrical Steel Business: J2ES and J2ES Nashik

The demand for grain-oriented electrical steel sheets (GOES) in India is growing rapidly due to the increased demand for electricity driven by economic growth, the expansion of renewable energy use, higher transformer efficiency, and the rise in data centers. The market size is expected to grow significantly. To become the undisputed number one supplier of GOES in the expanding Indian market, we are collaborating with JSW Steel on initiatives with a total investment of approximately 290.0 billion yen.

- February 2024: Established a joint venture for the manufacture and sale of GOES (J2ES; investment: Approx. 100 billion yen; operations to begin in fiscal 2027).
- January 2025: Acquired thyssenkrupp's GOES manufacturing and sales company (J2ES Nashik; investment: Approx. 70 billion yen).
- August 2025: Decided to significantly expand production capacity at the two sites, doubling J2ES's capacity from the initial plan to approximately 100 thousand metric tons per year and gradually increasing J2ES Nashik's capacity from the current level of 50 thousand metric tons per year to approximately 250 thousand metric tons per year in stages. This will bring the combined production capacity of the two sites to approximately 350 thousand metric tons per year by fiscal 2030 (investment amount: Approx. 120 billion yen).

Assumptions on the size of the GOES market in India

(1,000 tonnes*)



* Estimated based on the World Energy Outlook.

Eighth Medium-term Business Plan (Fiscal 2025–2027)

Voice from the field



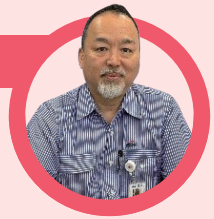
Umesh Rai
JJSL CEO

The fusion of JFE Steel's advanced technologies, strong commitment to quality along with JSW's execution excellence have significantly enhanced JJSL's manufacturing capabilities and competitiveness. Through our collaboration, we have built a strong foundation of trust and developed a deeper mutual understanding in areas such as quality, development of value-added products, safety, and long-term management vision.

At JJSL, our members warmly welcome the Japanese team, and we are working together with passion and a shared commitment toward excellence. This spirit of collaboration is a key strength of our joint venture.

Looking ahead, as we move into our next phase of expansion, we expect JFE to continue playing a vital role in accelerating technology transfer, supporting capacity growth, and developing skilled talent. By combining the strengths of JSW and JFE, we are confident that JJSL will further establish itself as a leading steel producer in India, delivering world-class quality and sustainable growth.

Voice from the field



Hidenari Suzuki
JJSL Vice President
in the Project Department

The India business presents a significant growth opportunity for JFE. We particularly value the opportunity to be directly involved in the operation of an integrated steel plant at JJSL. Through our hands-on involvement in local operations, we have observed distinct differences from Japan, specifically in the speed of decision-making regarding capital investment and operational improvements, and in the ability of on-site teams to take the initiative in resolving challenges. This dynamism has been a valuable learning experience. We recognize that combining these strong on-site capabilities with JFE's technological and quality expertise through our collaboration with JSW is key to enhancing competitiveness. Going forward, we aim to contribute to the sustainable development of the Indian market.

Questions from investors

What will JFE Steel's involvement be with JJSL, the "third integrated steelworks," going forward?

We position JJSL as JFE Steel's "third integrated steelworks," following the East and West Works in Japan. It is a core facility in which we are actively engaged, not only through capital investment, but also through active involvement in technology, operations, quality control, and business operation. To strengthen our business foundation in both governance and business management, we will establish a joint management structure with JSW Steel. In addition to expanding sales volume through phased capacity expansion, we will leverage our proprietary technologies to increase sales of high-value-added products, deploy our quality control expertise, and introduce processes with low greenhouse gas (GHG) emissions. Through these efforts, we will gain a competitive advantage, strengthen the earnings base, and ensure sustainable growth.

Questions from investors

Please tell us about your human resources strategy.

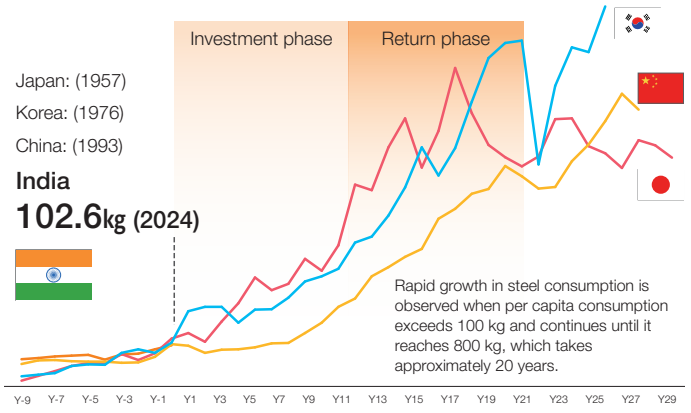
Securing and developing talent are key factors in JJSL's success. Currently, in addition to management personnel, we have begun dispatching engineers and operations support staff from Japan, and going forward, we will transfer our know-how regarding manufacturing technology and project management to the local team. At the same time, we will use this project as a training ground for our company's young engineers. Furthermore, by leveraging opportunities for mutual learning through the exchange of technology and personnel, and by driving further improvements in productivity and quality, we will contribute to a building a sustainable operating structure. We view our workforce not merely as a resource, but as a source of competitiveness. In our India operations as well, we will place our human resources strategy at the core of our efforts to support the sustainable growth of the business.

Questions from investors

How do you assess the growth potential of the Indian market?

In Japan, South Korea, and China, demand had expanded rapidly for approximately 20 years after per capita steel consumption exceeded 100 kg, driven by urbanization and investments in infrastructure and manufacturing. India reached approximately 103 kg in 2024 and is now entering a similar phase of growth. We anticipate strong growth in steel demand driven by robust infrastructure demand.

Windows of Opportunity
Investment opportunity in Steel Industry: 15 to 20 years



Eighth Medium-term Business Plan (Fiscal 2025–2027)

Progress in the relationship with JSW / Deepening long-term partnership

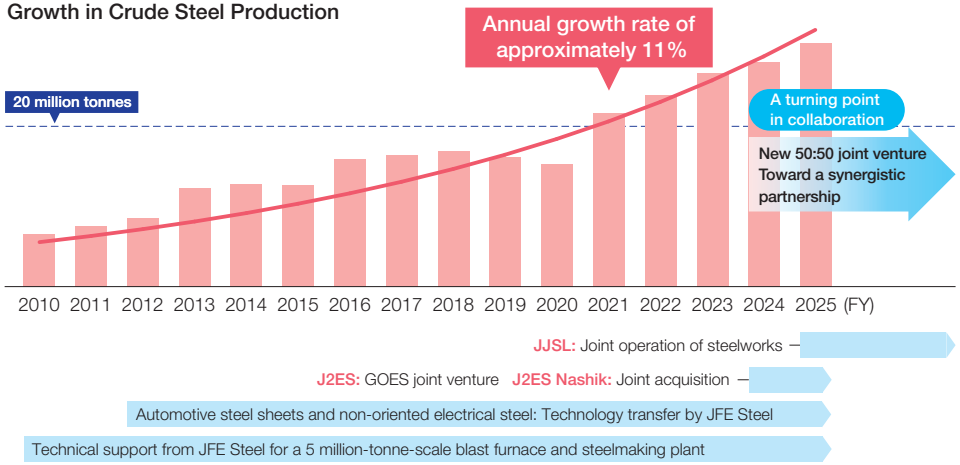
The relationship with JSW Steel is characterized by mutual understanding and trust built over more than 15 years through equity participation, technology licensing, and joint venture operations. When JSW Steel and JFE Steel formed the comprehensive strategic alliance in 2009, JSW Steel sought to increase its ability to supply high-value-added products in the rapidly growing Indian market. JFE Steel also saw the Indian market as a key area for business expansion. The companies established the partnership based on the understanding that JFE Steel would combine its technological capabilities with JSW Steel's operational expertise to create value by leveraging each other's strengths.

JFE Steel strengthened its involvement in management and provided operational support through its investments in 2010 and its acquisition of a 15% stake in 2012. Since 2012, JFE Steel has provided technical expertise in automotive steel sheets and non-oriented electrical steel sheets, which has contributed to an increase in high-value-added products. Based on this track record and trusting relationship with JSW Steel, in 2024, JFE Steel and JSW Steel launched a joint venture for GOES and, in 2026, began operating an integrated steel plant as a 50:50 joint venture. Consequently, the focus of our relationship has gradually shifted from technical support to joint operation as equal partners. These initiatives serve as a solid foundation for establishing a robust revenue base. Looking ahead, we will maintain a long-term perspective to create sustainable value in the Indian market.



Left: Sajjan Jindal, Chairman of JSW Steel
Right: Masayuki Hirose, President and CEO of JFE Steel Corporation

Growth in Crude Steel Production



Note: Prepared based on materials published by JSW Steel (Integrated Report 2024-25, etc.).

JSW Steel overview / A leading company at the heart of the Indian steel market

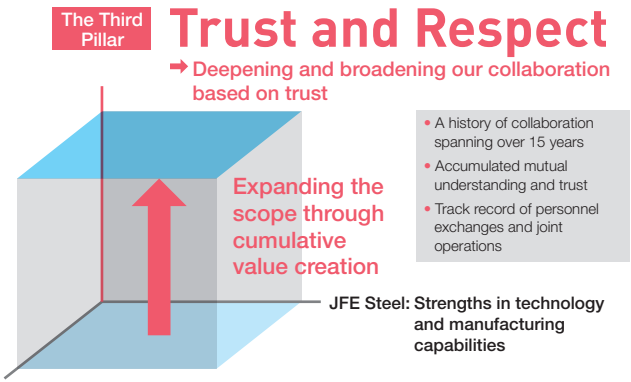
JSW Steel is currently one of India's top steelmakers. It has a crude steel production capacity of 35 million metric tons and is characterized by its steady expansion of production capacity in line with its growth strategy. Over the past five years, JSW Steel has increased its domestic production capacity by about 15 million metric tons, and it plans to reach 62 million metric tons by fiscal 2031. JSW Steel plans to accelerate investments in operational efficiency, raw material procurement, digitalization, and decarbonization.

Furthermore, another strength of JSW Steel is its ability to enhance competitiveness by upgrading and optimizing existing facilities. Since beginning the business restructuring process for the former BPSL (now JJSL) in 2017, JSW Steel has proven its ability to improve facilities and stabilize operations. This demonstrates the company's ability to steadily carry out facility reconstruction and capacity expansion, which serves as the basis for its reliability and business execution capabilities in our collaboration.

In recent years, JSW Steel has expanded the scale of its business and strengthened its ESG initiatives. Regarding its environmental goals, it achieved a 30% reduction in CO_2 emissions intensity as of fiscal 2025, representing approximately 70% progress toward its 2030 target of reducing emissions by 42%. Regarding social initiatives, it continues to engage in community programs such as educational support, vocational training, and medical assistance. It prioritizes balancing its business activities with regional development. Furthermore, JSW Steel has clearly articulated its commitment to the Universal Declaration of Human Rights and the ILO Core Conventions. It promotes human rights risk management through risk assessments and stakeholder engagement.

Value creation by JFE Steel and JSW Steel: expanding with trust as the cornerstone

Based on the synergy of the two companies' distinct strengths (the "1+1=11" concept), we have created value that exceeds the simple sum of our respective strengths. Furthermore, by adding "Trust and Respect" built over more than 15 years as a third pillar, we are further deepening and broadening this value creation.



Eighth Medium-term Business Plan (Fiscal 2025–2027)

Trading Business



Yoshifumi Ubagai
President and CEO
JFE Shoji Corporation

Promoting locally integrated business models overseas and enhancing profitability in the domestic market

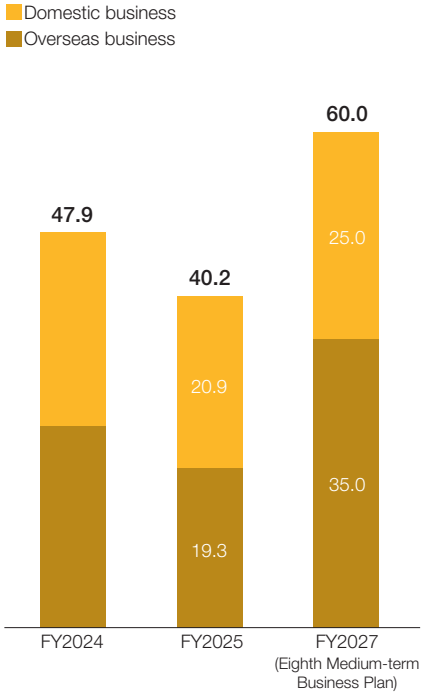
Under the Eighth Medium-term Business Plan, the Company is promoting business locally integrated business models in the overseas market and enhancing profitability in the domestic market.

In the domestic market, we are striving to enhance added value and maintain sales volume even as demand continues to decline. We are also working hard to expand profits by strengthening our business structure.

In the overseas market, which we position as a growth engine, we are steadily implementing growth investments and expanding business, mainly in the key regions of North America, Australia, India, and Europe, as we continue striving to achieve our medium-term goal of ¥60 billion in segment profit.

We are also overhauling the management foundation underpinning these businesses. We are revising operational processes, overhauling our core systems, and delegating authority to speed up decision-making while working to transform into a company that grows sustainably under the keywords of “challenge and transformation.”

Segment profit
(billion yen)

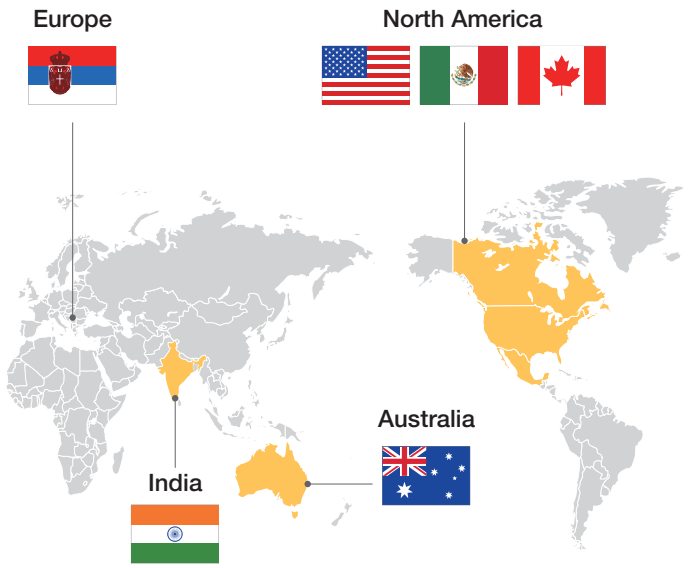


Overseas Business Strategy

The basic policy of the Company’s overseas business strategy is to promote locally integrated business models that integrate manufacturing, sales, and business management in local markets, while expanding our existing trading business. Amid rising uncertainty due to the trade policies of various nations and geopolitical risks, it is becoming increasingly difficult to achieve stable profit growth with a business model that relies solely on importing and exporting.

We are therefore building a business foundation rooted in local markets and creating added value through local supply chains with the aim of converting to a profit structure that is less susceptible to external factors. Our policy is to continue to expand our value-added business domains through our existing business platforms, drawing on both our globally enhanced manufacturing, processing, and distribution capabilities in the electrical steel sheet business and our acquisitions of steel sheet construction material businesses such as CEMCO and Studco in North America and Australia.

By region, we will continue to position North America as a core market and aim to expand business profit there. In Australia, we are working to further expand the steel sheet construction material business, especially Studco. In Europe, we will continue striving to expand electrical steel sheet processing and sales, centered on our Serbian base. In India, we will work to maximize JFE Group synergies while capturing the growth potential of the world’s most populous nation.



- Execute **growth investments totaling ¥85 billion**, mainly in the key regions of North America, Australia, India, and Europe
- Optimally allocate management resources and reorganize our portfolio in line with changes in the business environment

Eighth Medium-term Business Plan (Fiscal 2025–2027)

Specific strategy

Strengthening the overseas construction material business through locally integrated business models

We acquired U.S.-based CEMCO in 2022 and Studco, which operates in both Australia and the U.S., in 2024 with the goal of expanding the steel sheet construction material business. We position each company as a core base for promoting locally integrated business models.

CEMCO relocated its Denver plant in February 2026 and expanded its production capacity to improve its delivery system in a place closer to its customers and strengthen its supply system for construction material products. Going forward, we will expand sales, focusing on the continually growing demand for constructing data centers, and strive to expand profit for these businesses.



Voice from the field



Tom Porter
President, CEMCO

Founded in Los Angeles in 1974, we have expanded manufacturing to Pittsburg, California, Dallas, Texas and Denver, Colorado, building on strong customer relationships and deep industry expertise.

Today, our portfolio of more than 500 steel framing and related products allows us to deliver comprehensive solutions for a broad range of customer needs.

As we look ahead, we will continue strengthening our capabilities, creating greater customer value, and pursuing sustainable growth.



Specific strategy

Expanding the Indian business through group collaboration

In the burgeoning Indian market, the Company is working to expand business leveraging its trading company functions, including processing, warehousing, and delivery. JFE Shoji Steel India Private Limited (JSI), a steel processing center, is expanding its processing capacity and, through its operations, is capturing growing demand in collaboration with the JFE Group. We are also expanding sales to the Indian steel industry, starting with raw material sales, in collaboration with Arfin, a deoxidizer manufacturer in which we own a stake. Going forward, we will continue to seize growth opportunities in India. We will expand sales of raw materials, supplies and machinery in line with the increasing production capacity of Group company JJSL, maximizing Group synergy, and realizing sustainable growth.



Questions from investors

What role is the trading business expected to play in maximizing Group synergy?

To maximize Group synergy, JFE Shoji is responsible for building a vertically integrated supply chain encompassing procurement, processing, logistics, and sales that goes beyond trading functions alone. In the electrical steel sheet field, we are contributing to enhancing added value and expanding sales of JFE Group products while utilizing our global processing and logistics network to capture expanding demand driven by vehicle electrification and energy conservation.

In addition, we will strengthen our steel scrap supply system, which contributes to creating a circular economy, expand sales of steel scrap for use as a recycled raw material, and expand sales of biomass fuels to help enhance profitability and corporate value across the entire Group.





Eighth Medium-term Business Plan (Fiscal 2025–2027)

Engineering Business



Kazuyoshi Fukuda
President and CEO
JFE Engineering Corporation

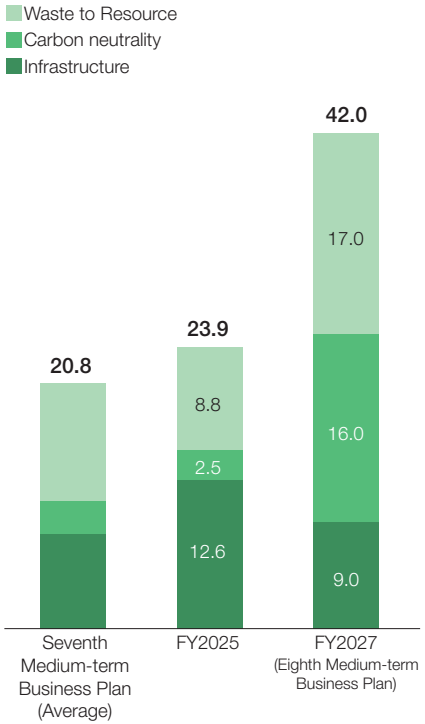
Promoting the circular economy and contributing to society

We are implementing our Eighth Medium-term Business Plan to achieve our long-term vision of generating 100 billion yen in segment profit by fiscal 2035. Our basic policy is to strengthen our revenue base by leveraging our diverse business portfolio and to expand businesses that contribute to the realization of the circular economy and the reduction of CO_2 emissions.

In fiscal 2025, we achieved a record-high order intake of 836.1 billion yen, driven by an increase in orders for large-scale domestic waste-to-resource projects. Revenue reached 599.7 billion yen, setting a new record high for the fourth consecutive fiscal year, and segment profit improved compared to the previous fiscal year.

We are making steady progress in growth areas by expanding our business foundation through carbon neutrality and "waste-to-resource" (WtR) initiatives, including the full-scale operation of an offshore wind monopile factory and an investment in a waste-to-energy project in India. We will continue to work toward achieving our Medium-term Business Plan by ensuring the stable execution of awarded projects and monetizing our growth investments.

Segment profits
(billion yen)



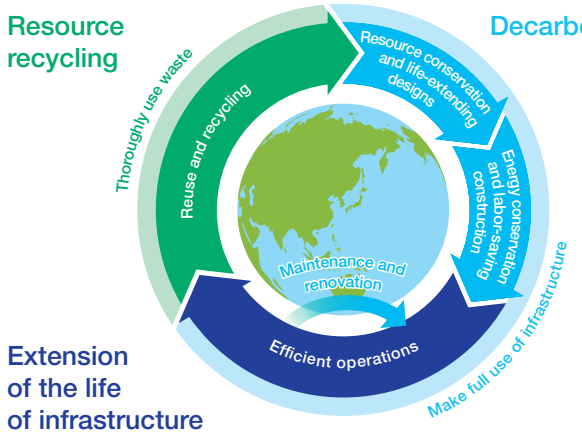
Our approach to transitioning the engineering business to a circular economy

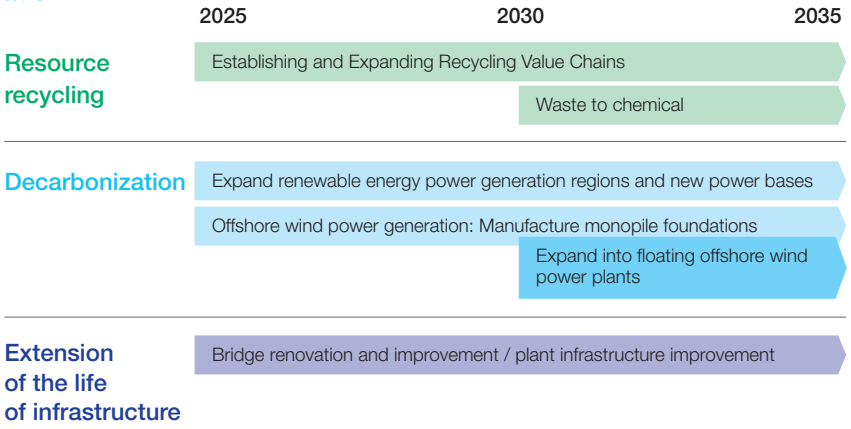
The circular economy we are promoting is built on three pillars: "resource recycling," "decarbonization," and "extension of the life of infrastructure." In the area of resource recycling (waste to resource), we transform waste into energy and resources through incineration, power generation, and recycling. This contributes to the realization of a circular economy.

In the area of decarbonization, we reduce CO_2 emissions by adopting renewable energy and energy-saving equipment.

In the area of extension of the life of infrastructure, we contribute to the resilience of social infrastructure and extend its life by providing new technologies, construction methods, and materials.

Through the synergy of these three areas, we are driving the realization of a circular economy across society as a whole.





Eighth Medium-term Business Plan (Fiscal 2025–2027)

	Field	Initiatives
Waste to Resource	Domestic WtR	**Further strengthen profitability through efficiency** • Focusing on large-scale, high-margin waste-to-energy projects • Strengthen operations and directly managed maintenance services • Secure business resources through DX
	Overseas WtR	**Steadily create projects in the Asian and European markets** • Focusing efforts primarily on India, the Philippines, Vietnam, and developed regions (e.g., Europe and Singapore) • Create projects through business investment • Establish a global engineering structure centered on India
	Domestic Recycling	**Build a solid earnings base** • Establish a recycling value chain, including final disposal facilities • Expand the plastic recycling business through public-private partnership (PPP) projects
Carbon Neutrality	Energy	**Shift our portfolio composition and steadily capture high-profit projects** • Expanding business in the CN field (such as CCS and ammonia) and the chemical plant field • Strengthen our responsiveness through collaboration with other companies and M&A
	Electric Power Business	**Contribute to decarbonization through electricity services and regional new power businesses with renewable energy sources at their core** • Owning and developing renewable energy sources and expanding sales to external private customers, in addition to regional projects and the JFE Group • Expanding retail electricity services, such as solar power purchase agreements (PPAs) and battery storage systems • Contributing to local production for local consumption and decarbonization through regional new power providers
	Offshore Wind Power	**Establish a stable profit structure at the Kasaoka Monopile Factory** • Steadily capture domestic public bid projects
Infrastructure	Bridges & Steel Structures	• Bridges: Expand sales of stainless-clad steel bridges and create demand for truss replacement • Steel structures: Focus on piers run by private-sector operators to support carbon neutrality and new energy sources
	Overseas	• Expand into Africa and Central America with official development assistance (ODA) as a foundation • Enter into PPP projects related to road infrastructure outside of ODA
	Industrial Machinery	• Further promote integrated services combining new installations and maintenance • Take on new businesses through the use of 3D printing technology

Highlights of businesses in each area



Waste to Resource

Fukuyama Rose Energy Center

By integrating multiple waste treatment facilities in Fukuyama City, the center now boasts one of the highest waste treatment capacities in the Chugoku–Shikoku region.



Carbon Neutrality

CO_2 transportation system (onshore facility) at The Kansai Electric Power Co., Inc.'s Maizuru Power Station

We provide integrated services from design through construction of world-leading facilities.



Infrastructure

Shintedorigawa Bridge Replacement Project

We are constructing a new bridge using stainless-clad steel designed to withstand punishing salt environments for 100 years.

Eighth Medium-term Business Plan (Fiscal 2025–2027)

Key measures

Improving earning capacity	• For existing businesses in Japan, we will set target profit margins at the time of order receipt and strictly select projects accordingly. • For our global operations overall, we aim to solidify profitability by steadily increasing orders. We will promote market creation through business investments in Asia and establish a global engineering system centered on India. • After optimizing business processes with a thoroughgoing analysis of operations, we will further enhance productivity through DX-driven automation and increased sophistication.
Strategic portfolio reallocation	• With the goal of maximizing growth opportunities as a corporation, we will strategically allocate management resources, such as talent and capital, to fields with high growth potential. To accomplish this, we will review evaluation indicators, such as profitability and growth potential, and establish a new framework for business portfolio management.
Establish a stable profit foundation, e.g. expanding the operation and maintenance (O&M) business	• We will continue to provide safe and secure infrastructure services while prioritizing strategic investment in areas with expected growth, such as the circular economy and CO_2 reduction, as well as in the operation and maintenance (O&M) business that form our earnings base. • For the investment projects approved under the Seventh Medium-term Business Plan, we will strengthen management monitoring and work toward achieving profitability as quickly as possible.

Noteworthy projects

This section introduces representative projects in the three growth areas of focus under the Eighth Medium-term Business Plan.



Waste to Resource

Yamabe Clean Center (Yamato Eco) Begins Operations

JFE Engineering was awarded the contract to construct the waste disposal facility for Yamabe and Northwestern Nara Prefecture Regional Environmental Sanitation Association. The facility has now been completed and begun operations.

Serving as the core waste disposal facility for ten municipalities in Nara Prefecture, the facility ensures the stable processing of waste through two stoker-type incinerators, each with a capacity of 142 metric tons per day. The facility achieves high-efficiency energy recovery and reduced environmental impact by generating electricity from the heat of incineration. Furthermore, operating under a design-build-operate (DBO) model ensures long-term sustainability and contributes to the creation of a circular economy.



Carbon Neutrality

Tahara Biomass Power Plant Begins Operations

JFE Engineering is a partner in the “Tahara Biomass Power Plant,” which was completed and began commercial operation in 2025.

With a generating capacity of 112 MW, it is one of the largest wood-based biomass power plants in Japan. It supplies approximately 770 million kWh of electricity annually.

By utilizing renewable energy from woody biomass, the plant contributes to a stable power supply and the achievement of carbon neutrality.



Infrastructure

Completion of the People’s Republic of Bangladesh Railway Bridge

The “Jamuna Railway Bridge Construction Project (Eastern Section)” in Bangladesh, which JFE Engineering constructed, was completed, and the entire line opened to traffic in March 2025.

The project is expected to contribute to the economic development of Bangladesh and the surrounding regions by reducing the time it takes for trains to cross rivers, improving logistics efficiency, and enhancing operational safety.

We will continue to contribute to the development of various countries through the development of transportation infrastructure in regions around the world, including Asia, Africa, and Latin America.

Eighth Medium-term Business Plan (Fiscal 2025–2027)

Specific strategies

Full-scale operations begin at the Kasaoka Monopile Factory

As a domestic manufacturing hub for foundation structures used in offshore wind power generation facilities, the Kasaoka Monopile Factory manufactures and transports monopiles. In fiscal 2025, the factory won the order for Japan's first project using domestically produced monopiles, which was awarded through public tender. The factory is currently producing the monopiles for this project, which is its first since beginning operations. Building on the technology cultivated through manufacturing large-scale steel structures, such as bridges and offshore structures, the factory is executing production processes steadily, prioritizing quality and safety, and applying the ingenuity and caution required for this inaugural project. Additionally, the factory has started offering a corporate PPA service for solar power generation and is working toward decarbonization by using renewable energy to power its manufacturing processes.

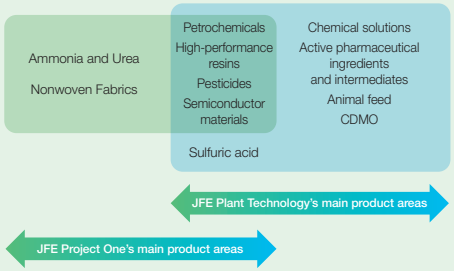


Specific strategies

Expanding the chemical plant business and building a new portfolio

The JFE Engineering Group's chemical plant business has expanded its operational foundation and scope of services through mergers and acquisitions. JFE Project One Co., Ltd., which joined the group in 2020, has a proven track record in engineering, procurement, and construction (EPC), as well as operations and maintenance (O&M), primarily for petrochemical plants. It has also expanded its customer base among chemical manufacturers. JFE Plant Technology Co., Ltd., which joined the group in 2025, handles a diverse range of product areas, including petrochemicals, fine chemicals, semiconductor materials, active pharmaceutical ingredients, and intermediates. The company is contributing to the enrichment of the group's chemical plant business portfolio. Moving forward, we will leverage the strengths of these companies to drive business growth and explore expansion into new fields, such as pharmaceuticals, food, and carbon-neutral sectors.

Product areas in the chemicals business



Message from the manager



Keiji Murakami
Manager
Kasaoka Monopile Factory

At the Kasaoka Monopile Factory, we are steadily advancing the establishment of our manufacturing system and the enhancement of our on-site capabilities through the ongoing Akita-Katagami Project. With safety as our top priority, we aim to improve the precision of our quality and process control while addressing each challenge carefully and promptly, thereby leveraging our experience to fuel future growth.

By bringing together a diverse workforce and ensuring that on-site operations and management work as a unified team, we will cultivate the competitiveness needed to support future mass production and expansion into subsequent projects.



Questions from investors

Please tell us about the results of the M&A and business integrations you have undertaken to date.

We have strengthened our business foundation through M&A and business alliances, focusing on three growth areas: waste to resources, carbon neutrality, and infrastructure. We expanded our business scope by adding JFE Project One Co., Ltd.; JFE Plant Technology Co., Ltd.; and JFE Environment Technology Co., Ltd. (which specializes in small-scale incinerators); Kinpai Co., Ltd. (a gas pipeline construction firm), as well as Tsukishima JFE Aqua Solution Co., Ltd. (a water treatment company) through business integration. We are also continuing to improve our business portfolio, focusing on growth potential and profitability. These efforts are leading to increased orders and improved profitability.



Image of a chemical plant

Eighth Medium-term Business Plan (Fiscal 2025–2027)

Keihin District Land Utilization

Efforts to advance “OHGISHIMA 2050” are going well

OHGISHIMA 2050:
https://www.jfe-holdings.co.jp/uploads/230907_en.pdf

As part of the “OHGISHIMA 2050” we are promoting land use conversions that provide significant public and social benefits by leveraging the potential of Keihin land near the Tokyo metropolitan area.

We are working to launch new businesses that leverage the Keihin land’s location and the JFE Group’s resources, as well as promote business applications that contribute to carbon neutrality and the circular economy. Furthermore, we aim to generate annual profit of 10 billion yen from our land leasing business and business applications by fiscal 2035.



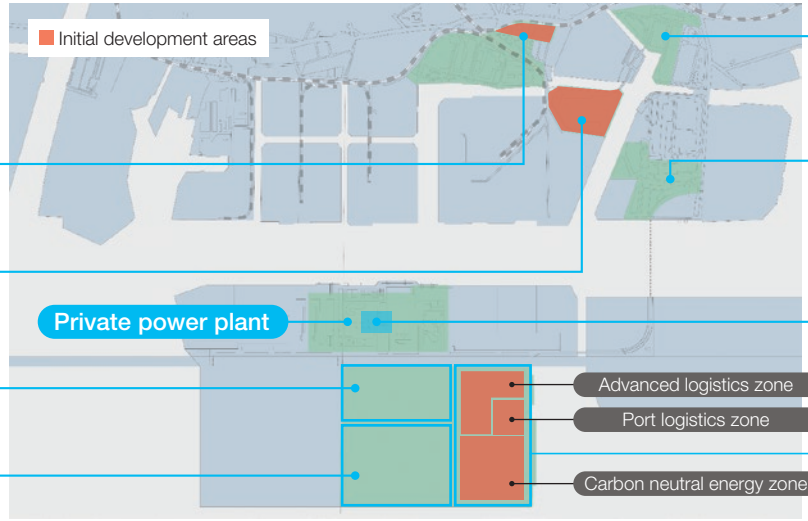
Our Vision for FY2035 (Area of Keihin district land to be repurposed)

The Minami-watarida area
- Development of an industrial hub with research and development functions as its core
- Completion of Phase 1 (6 ha sold in FY2024) and start of land utilization for Phase 2 (4 ha)

The Ogimachi area
- Sale completed FY2024

Roadside area
- Demolition of idle facilities and start of land utilization FY2031

Co-creation area
- Demolition of idle facilities
  To be completed between FY2025 and FY2034



Ikegami area
- To be developed as a transportation hub in the waterfront area

Mizue area
- To be developed as a major recycling business hub of the Tokyo metropolitan area

Ohgishima north area
- Electric power business (using hydrogen)
- Joint data center business

Lead area*1
- Lease to a GI Fund project (commercial testing of liquefied hydrogen supply chain) From FY2025
- Sale of advanced logistics zone From FY2027

*1. The Tokyo Metropolitan Expressway Bayshore Route Ohgishima Interchange (tentative name) is scheduled to partially open in FY2028.

Business use

Promotion of a hydrogen society

Power business (hydrogen utilization)
- Starting to supply electricity from the private power plant to initially developed areas From 2028
- Leading the way toward carbon neutrality through the gradual transition to hydrogen power generation (mixed combustion mono-fuel combustion) From 2030

Data center business (green power utilization)
- Studying joint development of a data center with Mitsubishi Corporation, leveraging the location’s potential to supply green power From 2025

Realizing a circular economy

Recycling business
- Developing the area as a major recycling hub for Tokyo metropolitan area
- The J Circular Systems Kawasaki Super Sorting Center, one of the largest plastic recycling facilities in the metropolitan area, began its full-scale operations in April 2025.

Effective use of CO_2 for achieving carbon neutrality

CO_2 business
- Considering carbon dioxide capture, utilization and storage (CCUS) business leveraging the knowledge and expertise cultivated through advanced carbon capture and storage (CCS) project*2

*2. CCS project implemented as part of the Ministry of Economy, Trade and Industry projects

Eighth Medium-term Business Plan (Fiscal 2025–2027)

Questions from investors

What future value will land-use conversion in the Keihin district generate?



Makoto Iwayama
Senior Vice President
In charge of Keihin Area Land Development Dept.
JFE Holdings, Inc.

Q1 What is the OHGISHIMA 2050 vision? How will it affect the future of the Keihin district?

A1 "OHGISHIMA 2050" is a land-use conversion plan for the Keihin district over the next 100 years. Since our founding in 1912, our operations in the Keihin district have supported the development of the Keihin Industrial Zone. In the future, we plan to convert this historic site into an area of high public interest that addresses national priority issues. We will foster the sustainable development of the district and society by attracting new industries and creating jobs.

The first step in this endeavor is establishing the world's first commercial-scale liquefied hydrogen supply chain. Under the plan, construction of the Kawasaki LH2 Terminal began in 2025. The goal is to start demonstration operations in 2028 and achieve commercialization by 2030. The terminal will receive liquefied hydrogen and supply it to nearby power plants and factories. It will also supply green electricity to data centers and land-use conversion areas. This will facilitate the societal implementation of technologies such as AI, IoT, and next-generation mobility.

Additionally, we will establish "Innovation Field OHGISHIMA," featuring next-generation infrastructure in energy, mobility, and digital technology. This will accelerate the commercialization and societal implementation of future technologies.

Q2 How will you develop Keihin District land to generate future revenue?

A2 The land utilization approach in the Keihin District combines "land sales," "land leasing," and "business use" to advance land management. First, we will secure the necessary funds for demolition and infrastructure development by selling land. Then, we will use those funds to convert land uses. In addition to Ogimachi, we will sell land for the Advanced Logistics Zone and allocate the proceeds to demolition and infrastructure development.

Thereafter, we will generate revenue from the newly available land through leasing income and commercial uses, such as power generation, data centers, and recycling sites. Starting in fiscal 2026, we will begin the full-scale demolition of roadside and co-creation areas. Then, we will proceed with infrastructure development to facilitate the introduction of GX industries and urban functions.

Furthermore, in collaboration with Kawasaki City, we will advance initiatives aimed at securing designation as a GX Strategic Zone. While utilizing subsidy programs and other measures, we will accelerate the conversion of land use across approximately 400 ha, including Minami-Watarida, Mizue, and Ohgishima. The first phase of this effort projects income and expenditure of approximately 80 billion yen in the pilot development area, which covers about 100 ha. As part of our long-term vision, we aim to achieve cumulative income and expenditure of 100 billion yen by 2035 by proceeding with the land-use conversion of approximately 400 ha and establishing stable annual profit of approximately 10 billion yen through land leasing and project utilization.

Q3 What progress has been made toward achieving the goals of OHGISHIMA 2050 so far, and how feasible do you think they are?

A3 To realize OHGISHIMA 2050, we believe it is important to envision the future and systematically establish the necessary prerequisites, one by one. Infrastructure is particularly crucial. In Ohgishima, we are making concrete progress on developing the transportation and logistics infrastructure essential for attracting businesses. This includes the Ohgishima Interchange on the Metropolitan Expressway Bayshore Route, National Route 357, the Rinko Road, and access to public roads from Higashi-Ohgishima.

In terms of business, initiatives in power generation, data center operations, and recycling operations at Mizue are gaining momentum. In the hydrogen sector, construction has begun on the Kawasaki LH2 Terminal, and the liquefied hydrogen supply chain is taking shape.

At the groundbreaking ceremony for the Kawasaki LH2 Terminal, Mayor Fukuda expressed his vision: "I want this to be a project that changes Japan and the world, starting right here in Kawasaki." I strongly sense the mayor's passion and the expectations of the local community. While making full use of institutional support, we will work to achieve land-use conversion and generate revenue.

Q4 Where does the JFE Group's competitive advantage lie as the Keihin district moves forward with land-use conversion?

A4 The Keihin district has several competitive advantages, including its location, infrastructure, scale, and utilization of existing assets. With the ongoing development the interchange for the Metropolitan Expressway Bayshore Route, the district offers excellent access to Haneda Airport and the city center. This makes the district one of the premier land, sea, and air transportation hubs in the Tokyo metropolitan area. The district's port facilities are also a key strength. They include deep-water berths capable of handling hydrogen shipments and large vessels, enabling the district to meet a wide range of needs.

Another major feature is the ability to utilize a contiguous tract of land spanning approximately 400 hectares, which is rare in the Tokyo metropolitan area. Existing buildings and facilities in Minami-Watarida, Ikegami, and Mizue are equipped with high ceilings, cranes, high-voltage power, and industrial water supplies. This allows businesses to begin operations immediately without waiting for the land to be cleared.

Additionally, Kawasaki City is home to a concentration of universities, research institutions, KING SKYFRONT, and Shin-Kawasaki Creative Forest. This provides a regional infrastructure that supports research and development, as well as demonstration and implementation. The Keihin district's competitive advantage lies in its ability to link existing assets with the strength of the local community to foster new industrial clusters.

Dialogue with Outside Directors

Accelerating the Path to Transformation to Enhance Corporate Value



Naoto Nakamura
Outside Director (Audit & Supervisory Committee Member)

Mr. Nakamura was admitted to the bar in April 1985. In the same year, he joined Mori Sogo Law Offices (current Mori Hamada & Matsumoto). He was a Founder and Partner in Hibiya Park Law Offices and a Founder and Partner in Nakamura Naoto Law Offices (current Nakamura, Tsunoda & Matsumoto). After serving as Partner, he established Nakamura Law Firm (current post) in April 2023. He has been a Director (Audit & Supervisory Committee Member) of JFE Holdings since June 2025.

Yoshihisa Suzuki
Outside Director (Audit & Supervisory Committee Member)

Mr. Suzuki joined ITOCHU Corporation in April 1979. After serving as Senior Managing Executive Officer & Member of the Board, President of the ICT & Financial Business Company; President, COO & Member of the Board; Vice Chairman & Member of the Board; Vice Chairman; and Senior Vice Representative for Business Community Relations of ITOCHU, he assumed his present position as Advisory Member in April 2024. He has been a Director (Audit & Supervisory Committee Member) of JFE Holdings since June 2025.

Tsuyoshi Numagami
Outside Director (Audit & Supervisory Committee Member)

Mr. Numagami became a Prof. of the Graduate School of Commerce and Management at Hitotsubashi Univ. in 2000. After serving as its Board Member and EVP and a Prof. in its Graduate School of Business Administration, he assumed his present position as Prof. of Waseda Univ.'s Institute for Business and Finance in April 2023. He became an Audit & Supervisory Board Member of JFE Holdings in June 2018. He has been a Director (Audit & Supervisory Committee Member) of JFE Holdings since June 2025.

Yoshiko Ando
Outside Director

Ms. Ando joined the Ministry of Labour (current Ministry of Health, Labour and Welfare) in 1982 and retired in 2018 after serving as Director General for Labour, Statistics and Information Policy, and Human Resources Development. She has been a Director of JFE Holdings since June 2020.

Takuya Shimamura
Outside Director

Mr. Shimamura joined Asahi Glass Co., Ltd. (current AGC Inc.) in 1980. After serving as Representative Director, President & CEO and subsequently as Chairman & Representative Director of AGC, he assumed his present position as Special Fellow in March 2026. He became an Audit & Supervisory Board Member of JFE Holdings in June 2022. He has been a Director of JFE Holdings since June 2025.

Keiichi Kobayashi
Outside Director

Mr. Kobayashi joined Furukawa Electric Co., Ltd. in 1985. After serving as Representative Director and President and subsequently Chairman of the Board of Directors of the same company, he has served in his present position as Executive Ambassador since June 2026. He has been a Director of JFE Holdings since June 2024.

Dialogue with Outside Directors

Q1 It has been one year since the Company transitioned to a company with an Audit & Supervisory Committee. What kind of changes have there been to the Board of Directors and Audit & Supervisory Committee? And what kind of issues do you anticipate moving forward?

Kobayashi The business environment surrounding JFE is drastically changing, while the supply and demand conditions of the steel market do not inspire optimism. To address these conditions, we must work to delegate authority to the executives and increase the speed of decision-making. Since transitioning to a company with an Audit & Supervisory Committee, we have been able to provide broader and deeper information to enable the Outside Directors to fulfill their monitoring functions. There has also been positive feedback about the higher quality of briefings held prior to Board of Directors meetings, thanks to measures such as sharing agendas and materials from management meetings and other internal meetings.

On the other hand, there is a limit to how much internal material Outside Directors can get through. Establishing mechanisms that enable even outsiders to easily grasp key points, such as creating a dashboard for progress on KPIs and main discussion topics at management meetings, should help strengthen monitoring functions going forward. In addition, at holding companies like JFE that encompass Operating Companies with different types of businesses (namely steel, engineering, and trading), we believe it is meaningful for the CEO and CFO of the holding company and the CEO of each Operating Company to all meet and hold discussions at Board of Directors meetings. It is also important for the CEOs to speak on their own behalf and hold direct dialogues with outside directors to enhance trust in execution.



Keiichi Kobayashi
Outside Director

The percentage of outside directors at JFE is currently 46%, which is not low at all, but from the perspective of further strengthening monitoring functions moving forward and clarifying the independence of the Board of Directors, we will need to continually consider the appropriate percentage of outside directors over the near term.

Shimamura Management's ability to take swift action is becoming increasingly important in an era of volatility, uncertainty, complexity, and ambiguity (VUCA). In the PDCA cycle, plans are usually refined meticulously before execution, which could delay action. We therefore need to strive to speed up the process with OODA cycles: observe, orient, decide, act. Looking at it that way, it is very meaningful that the decision-making process now includes directors who are Audit & Supervisory Committee Members following the recent transition. I feel this has definitely broadened the perspective of the Board of Directors in the last year.

On the other hand, delegating more authority to executives has caused them to shoulder more responsibility, which raises the inextricably linked issue of how to effectively implement internal controls and other supervisory functions. As Director Kobayashi commented, we need a system that enables Outside Directors to identify the key points of topics in order to properly monitor each Operating Company. For example, if the key points of important topics and decisions



Takuya Shimamura
Outside Director

discussed at management meetings and other gatherings are shared in advance, we can skip explanations of materials at Board of Directors meetings and begin with discussion. Since we Outside Directors read through the relevant materials beforehand, this would lead to a livelier and deeper discussion.

Ando Discussions pertaining to the recent transition began with what kind of post-transition outcome we sought and flowed into how exactly we should oversee the process. By clarifying what kind of systems are used on the executive side, how decisions are made, and how propriety is maintained, we can proceed with the delegation of authority and allow the Board of Directors to focus on its monitoring functions.

Following the transition, we confirmed the structure and implementation of internal controls, then identified potential issues for executives and created a system that assigns a chief compliance officer (CCO) at the holding company and each Operating Company. In addition, regarding the investment decision-making process, major investments had traditionally been included on the agenda

for the Board of Directors of the holding company, but we revised the agenda standards so that most aspects of individual projects can be decided by Operating Companies. We therefore installed new CFOs at each Operating Company, creating a structure in which they take greater responsibility for the profitability and capital efficiency of investments. We have just begun this endeavor, so I think it is important to first launch the new system and flexibly respond to any potential issues as they arise.

Moving forward, the Board of Directors should be a forum for discussion that takes a broad view of the entire Group while also regularly following up on issues in line with the Eighth Medium-term Business Plan and Long-term Vision "JFE Vision 2035." In addition, I would like executives to set agenda items based on this idea and clearly present the issues they see. Although JFE has always had meetings reserved for Outside Directors, the number of meetings has increased since last year, and we can freely set the topics for discussion at each meeting. I would like to continue effectively utilizing these meetings going forward to help enrich the discussions at Board of Directors meetings.

Q2 How do the Audit & Supervisory Committee Members view the recent changes in the organizational structure?

Numagami I think this transition has both continuous and discontinuous aspects. I will first talk about the continuous aspects. I was appointed as a JFE Audit & Supervisory Board Member eight years ago. At that time, then-president Hayashida told me: "Because it is JFE's style to accept a wide range of opinions from outside to revitalize governance, please speak freely without distinction between Audit & Supervisory Board Members and Directors." I truly understood what he meant when I saw other Audit & Supervisory Board Members actively speaking their minds at a Board of Directors meeting. I have since freely expressed my opinions based on my areas of expertise: strategy and organization. I feel that the recent transition is an extension of that idea and a system resulting from our efforts to date.

As for discontinuous aspects, the Board has gained two new members: Director Suzuki (an experienced manager at a general trading company) and Director Nakamura (attorney). I feel they bring a breath of fresh air to the Board of Directors and Audit & Supervisory Committee, including our discussions related to future management audits. In addition, although monitoring mechanisms were already in place, after the transition, the focus shifted to whether or not those systems were functioning effectively. The opportunity afforded by this transition is being used as momentum to keep evolving JFE's governance, something I applaud.

Suzuki By continuing to delegate authority, the Board of Directors of the holding company has evolved its role from deliberating each individual project to reviewing the results, using such metrics as the ROIC of Operating Companies, and monitoring whether corporate value is effectively increasing. At the same time, because executives are being asked to further enhance their business vetting capabilities, the newly assigned Operating Company CFOs will enhance the effectiveness of governance.

Amid this situation, I think the role expected of the Audit & Supervisory Committee is to connect oversight by the Board of Directors to governance by executives, as well as to encourage both to work more closely together. From this perspective, it will probably be necessary to exchange information more closely by, for example, increasing the number of liaison meetings between Audit & Supervisory Committee and the Outside Directors. Through these efforts, I hope to continue evolving JFE's governance.

Nakamura Because JFE Holdings is a pure holding company, it has a dual monitoring model where the holding company's Board of Directors monitors business execution, and the holding company monitors the Operating Companies. The key to this model is how to build a system for collecting frontline information. It is important that reports are appropriately made through the normal reporting lines and that the Internal Audit Department functions properly.

The challenge with normal reporting lines is whether information—even when negative—reaches the top without being concealed. This issue depends on corporate culture. From my daily interactions since assuming my role, I have ascertained that JFE is a very sincere company. But recently, because employee engagement has become more deeply entwined with corporate culture, I would like to pay closer attention to the situation.

The key to strengthening the Internal Audit Department is enabling the employees working there to take pride in their work. To this end, learning new specialized skills and


Tsuyoshi Numagami
Outside Director
(Audit & Supervisory Committee Member)

know-how is the most effective method. If employees can apply their expert knowledge to their work, they will naturally gain the respect of the sections under audit. In addition, they need to go beyond conducting compliance audits to determine whether rules and procedures are being followed. They must strive to assess risks and qualitatively strengthen risk-based audits that allocate limited audit resources in line with priorities.

Audit operations tend to become stagnant as they become routine. In broader society, generative AI is beginning to be used to prevent fraud and conduct internal audits. I hope that JFE's internal audits also continue to incorporate new initiatives.

Q3 How would you evaluate progress on the Eighth Medium-term Business Plan from the perspective of future economic potential?

Shimamura Amidst a chaotic business environment, the target of 700 billion yen in segment profit by 2035—as set forth in JFE Vision 2035—holds great significance in terms of clarifying our vision. To realize this target, the Eighth Medium-term Business Plan represents a phase of steadily implementing measures that have been derived by back-casting from the long-term vision. In Japan, we are rebuilding a streamlined, resilient structure and developing technologies aimed at securing future competitive advantages. Overseas, we are focusing on the growth market of India and clarifying region-oriented growth strategies. At the same time, on the basis of function, we are increasing the ratio of high-value-added products and promoting structural reforms for businesses that have profitability issues.

Regrettably, we did not achieve the expected performance for the first year of the business plan due in part to the business environment. Still, in terms of what we can control, I think we are faithfully executing the decided plans, including improving capital efficiency. That said, precisely because the environment is highly uncertain, we must not simply implement previously decided plans to the letter, but instead flexibly make decisions in response to changing conditions, including cash allocation.

Kobayashi Regarding the Eighth Medium-term Business Plan's goals of rebuilding the domestic production system, expanding the overseas business, and increasing the ratio of high-value-added products, the Board of Directors held in-depth discussions and clearly organized a set of initiatives. On the other hand, looking back, I think the painful reductions in fixed costs were made too late. To achieve growth while shrinking production capacity, significant preparation is needed. In that regard, I would like to confirm the facts on the ground and share my insight with executives.

Regarding the expansion of the overseas business, we were able to hold several in-depth discussions while maintaining a fast pace. In particular, we thoroughly discussed investment in JJSL, which is a joint venture with JSW Steel in India, so I would like to see it through to completion. In the course of discussions, I felt that ambition tended to run ahead of analysis. Going forward, we will begin discussions aimed at expansion, but it is important to conduct market analyses and clarify how we will win in each phase. I intend to deepen discussions and keep up with the evolution of the JFE Group as an Outside Director.

Numagami In the steel business, we are implementing a strategy where we improve domestic profitability (by optimizing our domestic production structure and increasing the ratio of high-value-added products) and then use those profits to promote overseas business investment. Speed is required for this three-sided model to function. It is challenging to determine exactly how far ahead of our competitors we can go in reducing fixed costs, but we need to accelerate our efforts even further.

Regarding the trading business, we need to swiftly reorganize domestic processing bases, but because we are strong in overseas M&A related to construction materials,



Yoshihisa Suzuki
Outside Director
(Audit & Supervisory Committee Member)

I would like the Company to seize those opportunities moving forward and fiercely pursue overseas growth in the electrical steel sheet sector, where demand is expected to expand.

In addition, in the engineering business, a major attraction is the growth potential of businesses that contribute to the environment, such as the waste-to-resource sector. We are also focusing on such initiatives as utilizing Indian subsidiaries to make design operations more efficient and enhance global cost competitiveness.

Suzuki Steelmaking is a fundamental industry in Japan and will continue to be the core of the JFE Group even amid a challenging environment. That is why it is important to build a stable earnings base in Japan and blaze a trail toward growth overseas. India is our gateway to overseas

growth, and I would like the Company to succeed in the two pillars of vertically integrated steelworks and grain-oriented electrical steel sheets. When these efforts begin to function as a resilient earnings base, JFE's growth strategy—stably generating profit in Japan and converting it to overseas growth—will truly be on track. In North America, we expect the joint venture with Nucor will create new business. In the overseas business, we invest in raw material interests to ensure stable raw material procurement and capture equity-method investment gains.

From the perspective of investment, we have already achieved results in the trading business from the construction materials business in the United States. Going forward, I would like the business to grow into a highly efficient entity within the Group, characterized by high ROIC and low WACC, by strengthening investment and corporate functions like those of a general trading company. In addition, although it is difficult to expect the engineering business to significantly grow in Japan, there is strength in a stable source of income and growth potential overseas, including India. Through its unique three-pillar growth structure comprising steel, trading, and engineering, I believe the JFE Group will become increasingly attractive.

Q4 From the perspective of environmental and social sustainability, how would you evaluate progress on the Eighth Medium-term Business Plan?

Ando As steelmaking accounts for around 40% of Japan's industrial CO_2 emissions, reducing CO_2 emissions in the steelmaking process is a very important measure. JFE Steel is working to develop multiple new technologies, such as innovative electric arc furnaces (EAFs), carbon recycling blast furnaces, and hydrogen direct reduction. Expanding the supply of green steel is currently important, and in 2023, we launched sales of GX steel (JGreeX™) based on the mass balance method and are steadily expanding our customer base. In 2028, we will begin operations of the innovative EAF, and I strongly feel that we are making progress on cultivating a new market as we expand our supply capacity.



Yoshiko Ando
Outside Director

However, JFE does not just reduce CO_2 emissions in the steelmaking process. JFE also provides technologies that help reduce CO_2 emissions for society as a whole. One of these major pillars is monopiles for offshore wind power generation. Initiatives for environmental sustainability create new business opportunities, and they can also support economic sustainability.

JFE Engineering has various technologies that will help realize a circular economy, including waste-to-energy power generation. Going forward, we expect sales channels to continue expanding overseas. Human resource strategies will help support this kind of future growth. Expanding the pool of personnel for overseas business and DX is a material issue across the entire Group, an issue each Operating Company is addressing systematically.

From the perspective of human resources, the JFE 21st Century Foundation, which runs a university research grant program supported by the JFE Group, has newly established an aid program for young female researchers. I expect that expanding opportunities for diverse human resources will lead to higher quality research across wider society.



Naoto Nakamura
Outside Director
(Audit & Supervisory Committee Member)

Nakamura As Director Ando mentioned earlier, JFE is implementing a multipronged strategy to develop technologies with the aim of achieving carbon neutrality. Currently, I believe this multipronged approach is the right choice, but the Board of Directors needs to monitor technological trends and reflect its findings in its medium- to long-term plan. The Board of Directors must also quickly acquire information needed to make decisions and remain perceptive of economic and social conditions as well as technological trends to enable rapid decision-making. The Audit & Supervisory Committee is an organization that can dynamically access information, such as holding hearings with relevant parties for its own investigations. I therefore would like it to remain a body that can swiftly acquire information and quickly share it with the Board of Directors.