



JFE

JFE Steel Corporation Overseas Business Strategy

August 8, 2025

JFE Holdings, Inc.

| Security Code : 5411 |

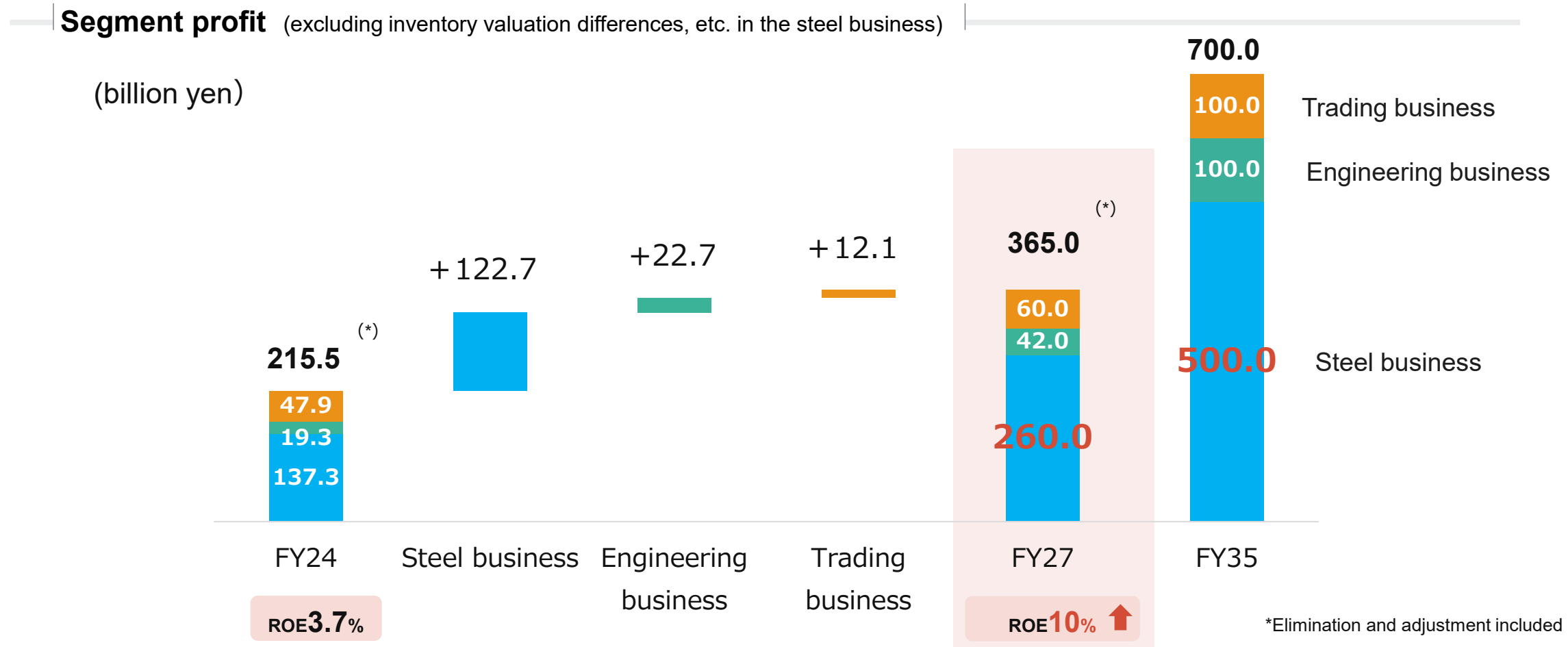
- 1. JFE Steel's Overseas Business Strategy**
 - **Profit Targets**
 - **Organic Growth in India**
- 2. Expansion of Manufacturing Capacity for grain-oriented electrical steel sheets (GOES)**

1. JFE Steel's Overseas Business Strategy

Formulation of Eighth Medium-term Business Plan

- We formulated the Eighth Medium-term Business Plan centered on business expansion, including **aggressive investment in overseas growth fields and regions as well as reconstruction of a slim, robust structure in Japan.**

FY2027 target: Segment profit of ¥365.0 billion



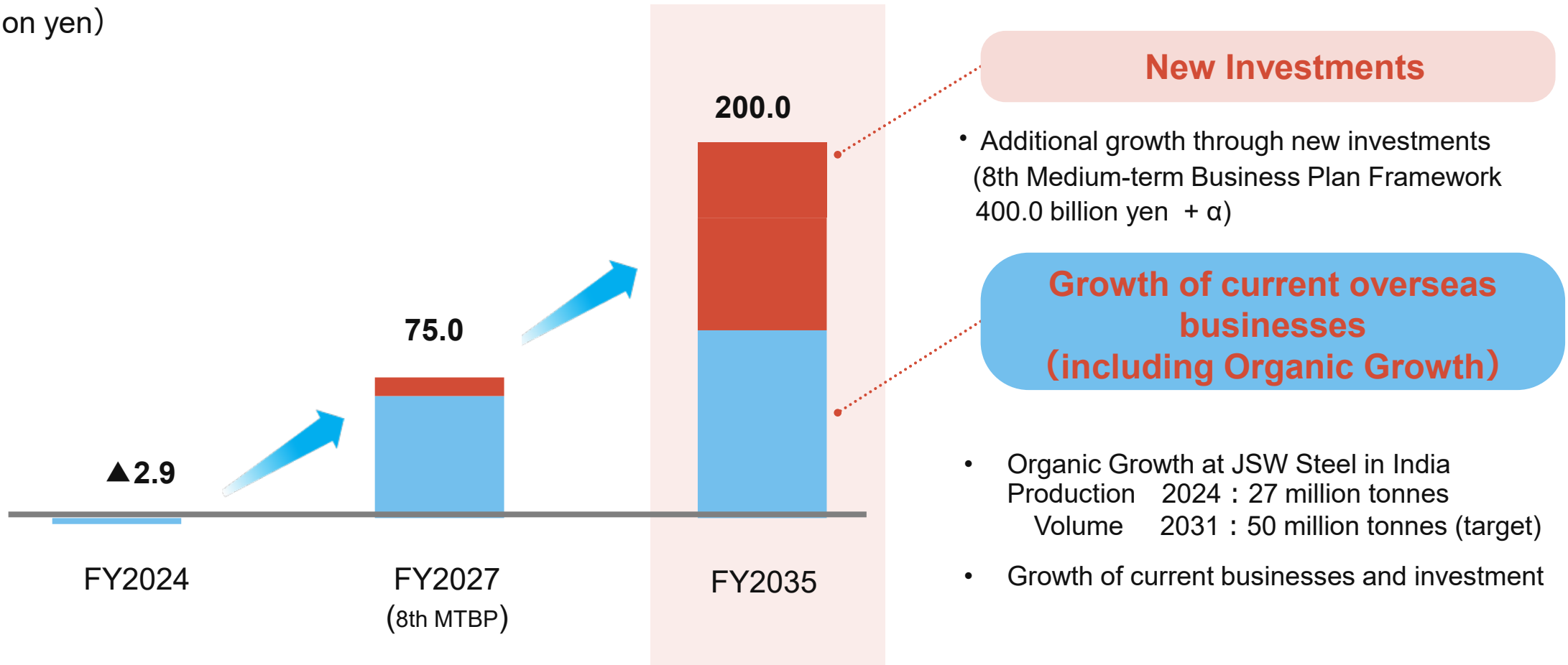
JFE Steel's Overseas Business Strategy



- To achieve the 500.0 billion yen profit target in the steel segment, we are aiming for **200.0 billion yen in overseas earnings**. In addition to positive effects of investments already made (organic growth), we will realize additional growth through proactive investments in growing areas and regions.

Overseas Business Revenue

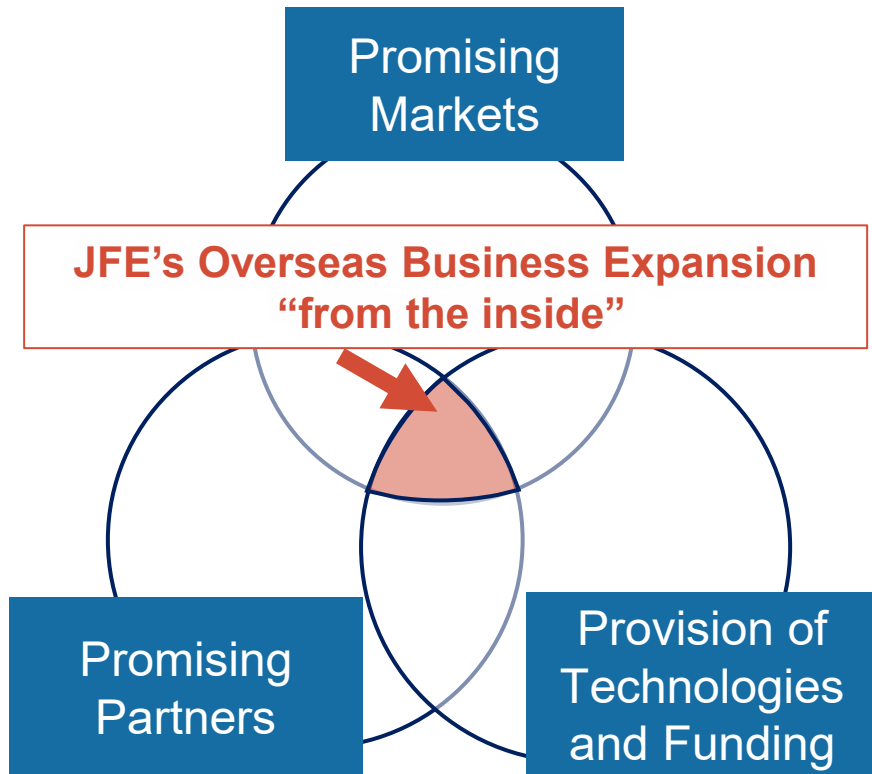
(billion yen)



Three Pillars of Overseas Strategy

- We have been expanding overseas businesses **“from the inside”** by **providing technologies and funding** to top-tier partners who align with **the three pillars of our overseas strategy** including **JSW (India)** and **Nucor (North America)**. To expand further, we aim to capture overseas steel demand in growing markets.

Three Pillars of JFE's Overseas Strategy



Promising Markets

- ① Characterized by growth (population growth, change in demand structure)
- ② With conditions where stable profits can be achieved (not a so-called “red ocean”)
- ③ Where cost advantages exist
Raw materials • Energy – location and availability (logistics costs) • Geopolitical conditions

Promising Partners

- ① Trustworthy partners : Solid relationships built over the long term
- ② Capable partners : Local management expertise; business infrastructure; business passion and enthusiasm; (political) influence
- ③ Partners with a shared vision : Win-Win mindset, committed to growing with a long-term perspective

Provision of Technologies and Funding

- ① Not just providing funding but accelerating success by sharing technologies
- ② Ongoing and evolving provision of technologies, rather than a one-time transfer

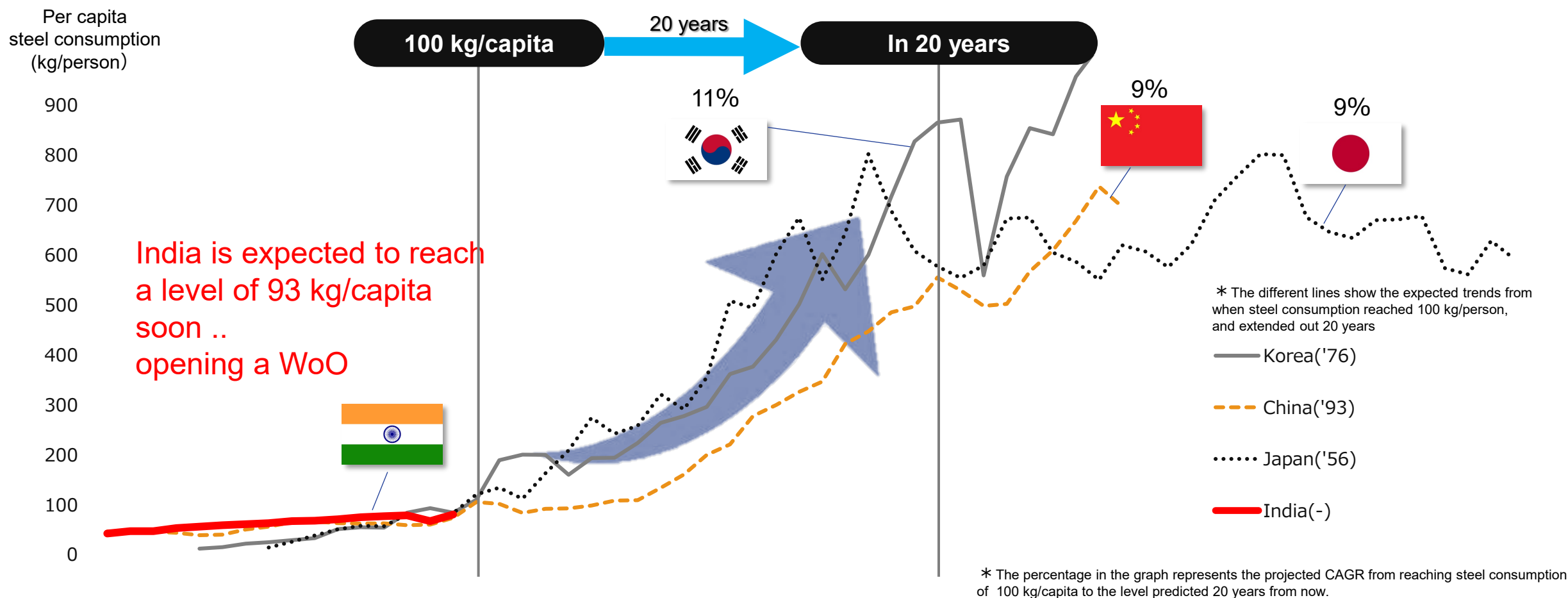
Insider Type Business Model

- The aim of JFE Steel's Insider Type business model is to **operate joint ventures in equal partnerships**.
- Effective decision-making requires mutual agreement so building **a trust relationship with our local partners** is important.
- We have been able to realize insider type businesses based on the solid trust established with local partners over many years – **with JSW (since 2009) and with Nucor (since 2014)**.

Form of Investment	Merits	Demerits
Equal Partnership	<ul style="list-style-type: none"> • Access to local management insight, market knowledge and connections • Advantages associated with utilizing existing management structure of local partners • Potential to leverage the strengths of both partners to create synergy and accelerate growth • Ability to retain some control over technology • Shared investment and shared risk 	<ul style="list-style-type: none"> • The need to gain agreement of both companies complicates decision making <ul style="list-style-type: none"> • a high level of trust is required • careful and comprehensive dialogue is necessary • shared values are important • Returns are split
Sole investment	<ul style="list-style-type: none"> • Ability to make decisions independently • Complete control over technology • Maximum returns 	<ul style="list-style-type: none"> • Challenging to secure local management personnel • Risk that remote head office decisions aren't appropriate for local circumstances • Larger financial burden and greater risk
Minor shareholding	<ul style="list-style-type: none"> • Lighter financial burden, reduced resource contribution and lower risk 	<ul style="list-style-type: none"> • Limited influence on decision making • Challenging to control (protect) technology • Limited return

The Appeal of the Indian Steel Market: Windows of Opportunity

- **Windows of Opportunity** created by an acceleration in steel consumption growth (a level of steel consumption exceeding 100 kg/person) is being observed in many countries.
- **India is right at the threshold of reaching and crossing this level.**



Organic Growth at JSW Steel



- Since our initial investment in 2010 (15%), JSW's **market capitalization and steel production have increased significantly.**
- JSW Steels aims to grow **crude steel production capacity to the 50 million tpy level** by around 2030.
- **Organic growth** is only possible in markets where “Windows of Opportunity” (for growth) exist.

● (2009) Conclusion of comprehensive strategic partnership agreement

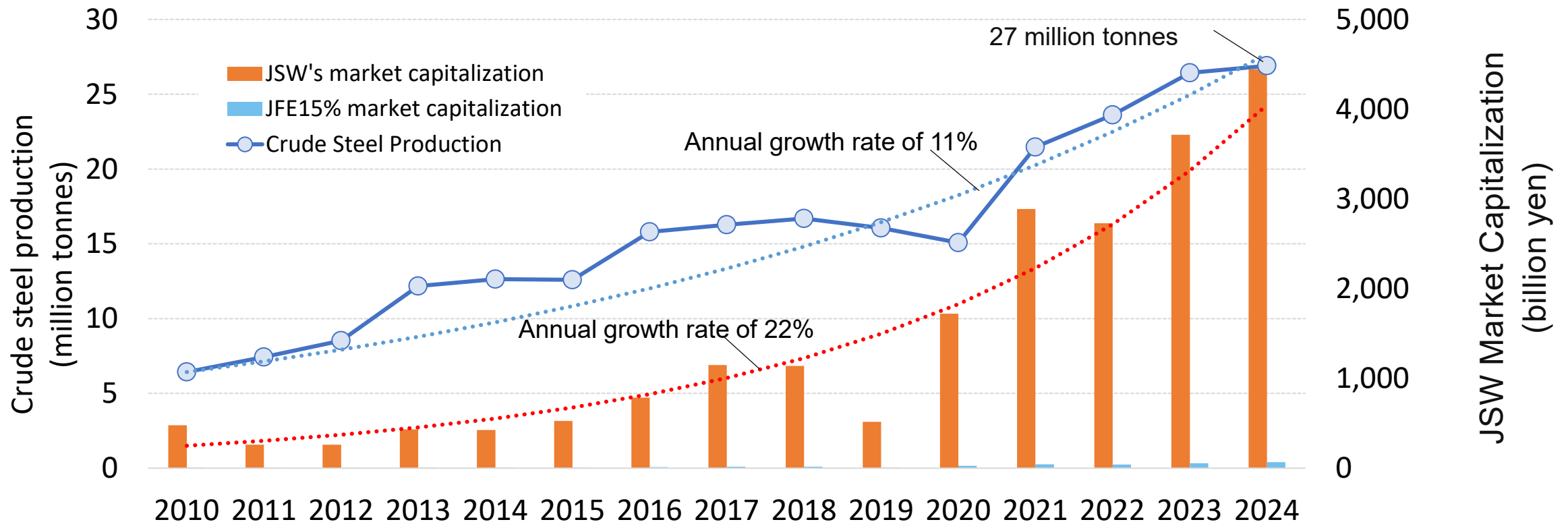
● (2010) JFE investment

● (2010) Conclusion of technical cooperation agreement (initially technology for operational improvement)

● (2012) Provision of technologies for automotive steel sheets/non oriented electrical steel sheets

● (2024)

- J2ES – Establishment of JV for Electrical Steel
- Joint acquisition of the former tkES India (renamed J2ES Nashik)



- As a 1st phase of our 8th Medium-term Business Plan, which establishes three pillars for overseas expansion, including promoting and further deepening “inside” businesses with top-tier partners in overseas growth regions, **we have decided to significantly expand production capacity for GOES, grain oriented electrical steel sheets, in India.**

JFE Steel Overseas Expansion

India (2011~)

Strategic alliance with **JSW Steel**(Global steel industry: Market cap No. 1)

- J2ES: Joint operation of India's first integrated manufacturer and seller of grain-oriented electrical steel sheets (FY2023)
- J2ES Nashik: Joint acquisition of the formerly named tkESI (FY2024)

⇒ **Significant expansion of production capacity of J2ES and J2ES Nashik (in FY2027 ~ FY2030)**

North America (2019~)

Collaboration with **Nucor** in CSI (U.S.)

Establishment of new plant for automotive steel sheets with **Nucor** (Mexico)

(Global steel industry: Market cap No. 2)

China (2018~)

Expansion of plant for automotive steel sheets

UAE (2018~)

Joint venture for large-diameter welded steel pipes

Thailand (2012~)

Establishment of new plant for automotive steel sheets (industry first)

Vietnam (2015~)

Participation in blast furnace integrated steelworks project

Indonesia (2012~)

Establishment of new plant for automotive steel sheets

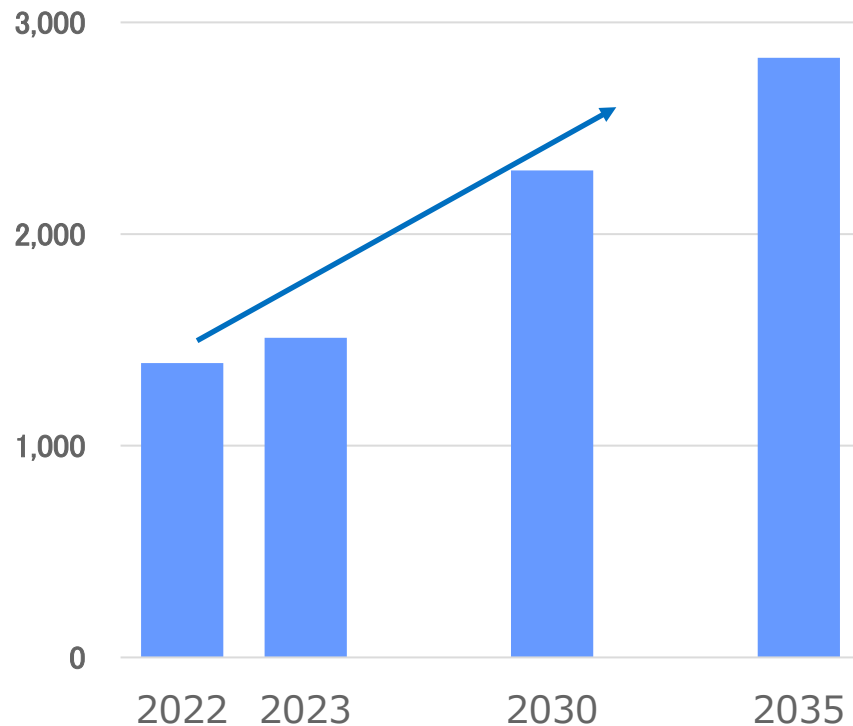
*J2ES : JSW JFE Electrical Steel Private Limited

2. Expansion of Manufacturing Capacity for grain-oriented electrical steel sheet (GOES)

- **India's power generation capacity is growing at CAGR of 7%. The demand for GOES used in transformers is also expected to grow at a similar rate.**
- Efficiency regulations imposed by the Indian government mean that **the transformers for government projects mainly use premium electrical steel sheets.**
- JFE Steel is responding to the increasingly sophisticated Indian market with our unique technology.

India's Power Generation Capacity Outlook

Forecast of electricity demand in India (TWh) (*1)



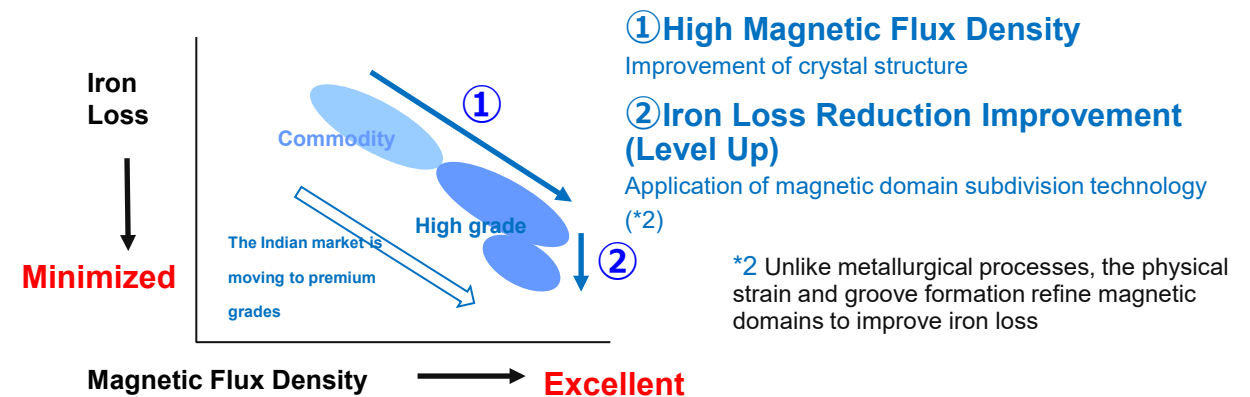
*1 IEA Energy Outlook 2024

Performance Requirements for GOES

Transformer
High Efficiency
(Energy Saving)

Requirement for GOES
Lower Iron Loss

Reduction of Low Iron Loss in GOES

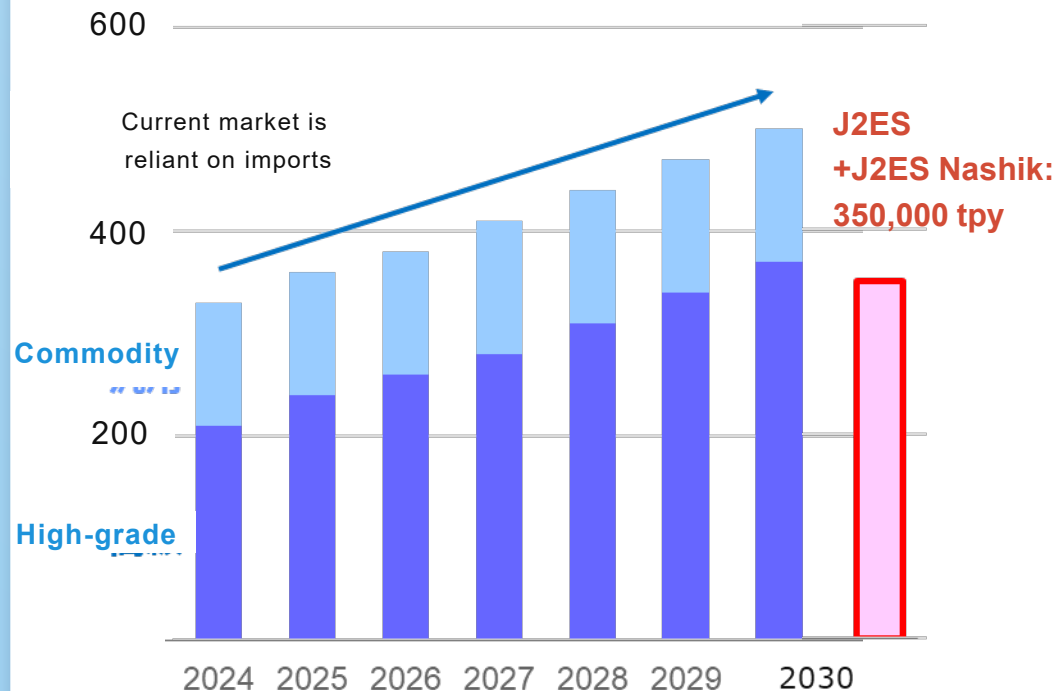


- ✓ **By applying the unique technology that we have developed in the domestic market, JFE Steel is also able to meet the demand for premium products in the Indian market.**

- As the demand for electricity increases, **the demand for GOES is expected to grow at the same rate.**
- We will gradually and significantly expand the manufacturing capacity of GOES manufacturing and sales companies (J2ES and J2ES Nashik), which are established jointly with JSW, **to 350,000 tonnes per year by 2030, thereby securing a significant position as the No. 1 GOES supplier in India.**

Assumptions on the Size of the GOES Market in India

(Thousands tonnes) (*)

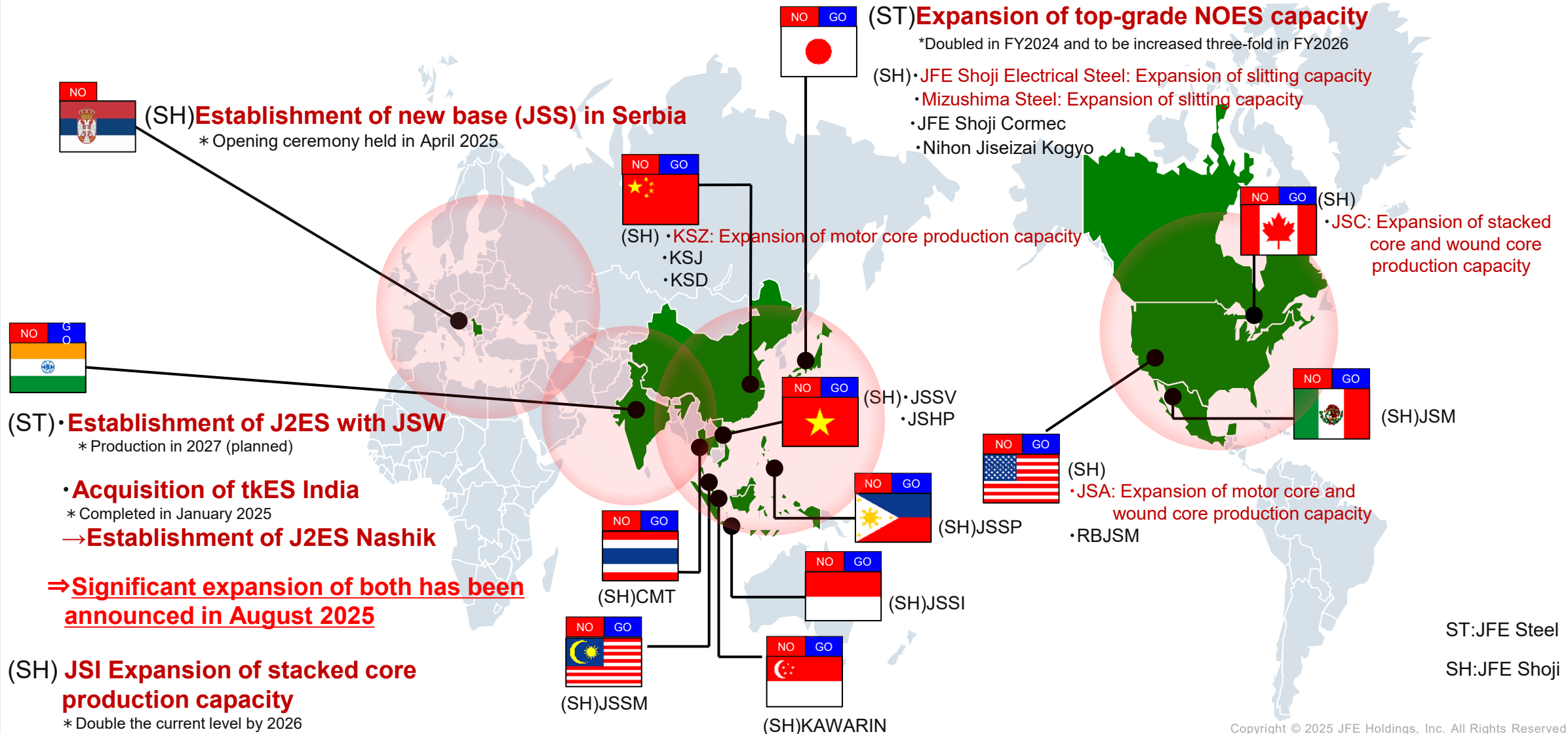


* Estimates based on World Energy Outlook

- J2ES: double capacity from the initial plan to 100,000 tpy
J2ES Nashik: increase capacity from 50,000 to 250,000 tpy
→ Investment amount: **120.0 billion yen**
(JFE will contribute 60.0 billion yen)
- Along with the completed investment (100.0 billion yen for J2ES establishment and 70.0 billion yen for J2ES Nashik acquisition), the total investment will be **290.0 billion yen**
- We aim to secure **a significant position as the No. 1 supplier and the only fully integrated GOES manufacturer in India**

Global Supply Chain for Electrical Steel Sheets

- Building a global supply chain through synergies between JFE Steel and JFE Shoji.
- Accelerate investment in countries and regions where demand for electrical steel sheets is expected to grow.



1

Achievement of overseas business Profit target (75.0 billion yen) for FY2027 in 8th Medium-term Business Plan

- **Organic Growth in India**
- **Materialization of the expected benefits from investments in the current overseas businesses**

2

Establish the overseas business as one of JFE's main strategic pillars

- **Development of overseas business “from the inside”**
- **Establishment of a key revenue stream for JFE through 400.0 billion yen growth investment under the 8th Medium-term Business Plan**

3

Toward growing regions and sectors

- **Significant expansion of GOES production capacity in India to establish a position as the No. 1 supplier**
- **Further development into high-growth regions and sectors based on the three pillars of JFE's global strategy**



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Expansion of Grain-oriented (GO) Electrical Steel Manufacturing Capacity in India

- In order to steadily meet the significantly growing demand for GO electrical steel sheets in India, which has the world's largest population, **J2ES and J2ES Nashik, companies jointly established with JSW**, a strategic alliance partner, have **decided to significantly expand their manufacturing capacity to 350k tons/year in FY2030**.

Company name		JSW JFE Electrical Steel Private Limited (J2ES)	JSW JFE Electrical Steel Nashik Private Limited (J2ES Nashik)
Shareholding Ratio		JFE50%, JSW50%	
	Existing investment	Approx. ¥100.0bn. (‘24/2 investment)	Approx. ¥70.0bn. (‘25/1 acquisition)
	Expanded investment this time(*)	Approx. ¥120.0bn.	
Total investment(*)		Approx. ¥290.0bn.	
Manufacturing capacity		100k tons/year (double the current level)	250k tons/year (Five times the current level)
		350k tons/year	
Start operation		FY27	Existing:Operating Expanded: FY28 to FY30



(*) Investment amounts are J2ES and J2ES Nashik combined, JFE and JSW combined