



**JFE Holdings, Inc.**

Q2 Financial Results Briefing for the Fiscal Year Ending March 2022

November 5, 2021

## Presentation

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**Moderator:** We would now like to begin the Investor Meeting of JFE Holdings, Inc.

I would like to introduce the attendees. Masashi Terahata, Representative Director, Executive Vice President. Toshihiro Tanaka, Senior Vice President.

The duration of the session will be 60 minutes, consisting of a 30-minute presentation and a 30-minute Q&A session.

Mr. Terahata, Representative Director and Executive Vice President, will give a few words.

**Terahata:** I am Terahata. Thank you very much for taking the time out of your busy schedule to participate in today's Investor's Meeting.

The forecast consolidated business profit for FY2021 has been revised upward by JPY10 billion from the previous announcement in August, to JPY360 billion.

Profit in the trading business is expected to increase due to higher market prices in Japan and North America.

In the steel business, sales prices are expected to improve from the previous announcement, mainly in Japan, but prices for coking coal, metals, and other commodities continue to rise.

The forecast for segment profit remains unchanged at JPY280 billion. We believe that such a rise in purchase prices will be a major factor in our outlook for the current fiscal year, and we will continue to vigorously promote efforts to improve selling prices.

Mr. Tanaka, Senior Vice President, will now explain the details.



## Financial Results for First Half of Fiscal Year 2021

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**Strong demand for steel and market prices** amid **continuous recovery of global economy** since 2H of FY2020 led to **a significant increase in profit**, particularly in the steel business.

(billion yen)	FY2020 1H(Apr-Sep)	FY2021 1H(Apr-Sep)	Change
Revenue	1,492.2	1,942.9	450.7
<b>Business Profit</b>	<b>(114.3)</b>	<b>198.8</b>	<b>313.1</b>
Finance Income/Costs	(6.4)	(5.6)	0.8
Segment Profit	(120.7)	193.2	313.9
Exceptional Items	–	–	0.0
Profit before Tax	(120.7)	193.2	313.9
Tax Expense and Profit (Loss) Attributable to Non-Controlling Interests	15.0	(52.4)	(67.4)
Profit Attributable to Owners of Parent	(105.7)	140.7	246.4

Business profit is profit before tax excluding financial income and one-time items of a materially significant value. Segment profit is profit including financial income in business profit.

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**Tanaka:** I would now like to explain in accordance with the Investor Meeting material posted on our website today.

First, let's look at the financial results for the first half of FY2021. Please refer to page 4.

Since the second half of the previous fiscal year, demand for steel products has been strong against the backdrop of continued economic recovery in countries around the world, and market prices have risen, resulting in a significant recovery in earnings, particularly in the steel business.

As you can see, revenue increased by approximately 30% year on year.

As for the profit items after business profit, the last fiscal year we had a loss of over JPY100 billion. This time, we have made a significant improvement compared to that.



# Financial Results for First Half of Fiscal Year 2021 (by Segment)

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(billion yen)	FY2020 1H(Apr-Sep)	FY2021 1H(Apr-Sep)	Change
Revenue			
Steel Business	1,027.2	1,410.4	383.2
Engineering Business	221.9	229.2	7.3
Trading Business	451.7	544.4	92.7
Adjustments	(208.6)	(241.1)	(32.5)
Total	1,492.2	1,942.9	450.7
Business Profit (A)	(114.3)	198.8	313.1
Finance Income/Costs (B)	(6.4)	(5.6)	0.8
Segment Profit			
Steel Business	(136.2)	158.5	294.7
Engineering Business	8.7	11.1	2.4
Trading Business	7.2	25.6	18.4
Adjustments	(0.4)	(2.0)	(1.6)
Total (A+B)	(120.7)	193.2	313.9

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The following page shows the results by segment.

Revenue increased in the steel business and the trading business due to the increase in the volume of steel products and the rise in market prices.

The total segment profit for the first half of FY2021 was JPY193.2 billion, but compared to the first half of FY2020, the steel business turned from a loss to a surplus, a significant improvement of JPY294.7 billion.

In addition, segment profit of the engineering business was JPY11.1 billion, which is an increase of JPY2.4 billion from the last fiscal year.

In addition, the trading business recorded a segment profit of JPY25.6 billion, which is a significant increase of 3.5 times compared to the last fiscal year.

The recovery in demand for steel products and rising market prices were the major factors. In the case of the trading business in particular, the significant improvement in the earnings of overseas subsidiaries has been a major contributor.





## Financial Forecast for Fiscal Year 2021

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- Segment profit in the steel business is expected to be 280 billion yen, the same as the previous forecast. While initiatives to improve steel prices are expected to be executed significantly even in the face of soaring raw material prices, metal and scrap prices are expected to push up production costs.
- The Group's overall business profit is expected to **improve by 10.0 billion yen** from the previous forecast, reflecting the increase in profits of the trading business.

(billion yen)	FY2021 (Previous Forecast Aug. 12, 2021)		FY2021 (Updated Forecast Nov. 5, 2021)		Change	
	1H	Full Year	1H	Full Year	1H	Full Year
Revenue	1,970.0	4,170.0	1,942.9	4,340.0	(27.1)	170.0
<b>Business Profit</b>	<b>195.0</b>	<b>350.0</b>	<b>198.8</b>	<b>360.0</b>	<b>3.8</b>	<b>10.0</b>
Finance Income/Costs	(5.0)	(10.0)	(5.6)	(10.0)	(0.6)	0.0
Segment Profit	190.0	340.0	193.2	350.0	3.2	10.0
Exceptional Items	—	—	—	—	0.0	0.0
Profit before Tax	190.0	340.0	193.2	350.0	3.2	10.0
Tax Expense and Profit (Loss) Attributable to Non-Controlling Interests	(60.0)	(100.0)	(52.4)	(100.0)	7.6	0.0
Profit Attributable to Owners of Parent	130.0	240.0	140.7	250.0	10.7	10.0

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Next, I would like to explain our business forecast for FY2021.

This table shows the comparison with the previous forecast announced in August. The full-year revenue forecast was revised upward by JPY170 billion to JPY4,340 billion for the year.

The forecast for business profit is JPY360 billion, segment profit JPY350 billion, and profit attributable to owners of parent JPY250 billion.

The first half results of FY2021 were almost in line with the previous forecast.

On the other hand, our full-year forecast for business profit, segment profit, and profit attributable to owners of parent have all been revised upward by JPY10 billion.



# Financial Forecast for Fiscal Year 2021 (by Segment)

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(billion yen)	FY2021 (Previous Forecast)		FY2021 (Updated Forecast)		Change	
	1H	Full Year	1H	Full Year	1H	Full Year
Revenue						
Steel Business	1,450.0	3,130.0	1,410.4	3,190.0	(39.6)	60.0
Engineering Business	240.0	520.0	229.2	520.0	(10.8)	0.0
Trading Business	560.0	1,150.0	544.4	1,210.0	(15.6)	60.0
Adjustments	(280.0)	(630.0)	(241.1)	(580.0)	38.9	50.0
Total	1,970.0	4,170.0	1,942.9	4,340.0	(27.1)	170.0
Business Profit (A)	195.0	350.0	198.8	360.0	3.8	10.0
Finance Income/Costs (B)	(5.0)	(10.0)	(5.6)	(10.0)	(0.6)	0.0
Segment Profit						
Steel Business	160.0	280.0	158.5	280.0	(1.5)	0.0
Engineering Business	10.0	25.0	11.1	25.0	1.1	0.0
Trading Business	23.0	38.0	25.6	45.0	2.6	7.0
Adjustments	(3.0)	(3.0)	(2.0)	0.0	1.0	3.0
Total (A+B)	190.0	340.0	193.2	350.0	3.2	10.0

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The figures on the next page are the breakdown by segment. I will not go into them here.



## Financial Forecast for Fiscal Year 2021

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- Business profit in 1H is expected to get into **a significant surplus of 198.8 billion yen** mainly caused by demand recovery and market price increase in the steel business.
- **Full-year business profit is expected to be 360.0 billion yen, increased by 372.9 billion yen year-on-year**, due to recovery of steel demand and market price increase amid improved global economic trends.

(billion yen)	FY2020 (Actual)		FY2021(Forecast)		Change	
	1H	Full Year	1H	Full Year	1H	Full Year
Revenue	1,492.2	3,227.2	1,942.9	4,340.0	450.7	1,112.8
<b>Business Profit</b>	<b>(114.3)</b>	<b>(12.9)</b>	<b>198.8</b>	<b>360.0</b>	<b>313.1</b>	<b>372.9</b>
Finance Income/Costs	(6.4)	(12.4)	(5.6)	(10.0)	0.8	2.4
Segment Profit	(120.7)	(25.4)	193.2	350.0	313.9	375.4
Exceptional Items	—	20.4	—	—	0.0	(20.4)
Profit before Tax	(120.7)	(4.9)	193.2	350.0	313.9	354.9
Tax Expense and Profit (Loss) Attributable to Non-Controlling Interests	15.0	(16.9)	(52.4)	(100.0)	(67.4)	(83.1)
Profit Attributable to Owners of Parent	(105.7)	(21.8)	140.7	250.0	246.4	271.8

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This table compares the financial forecasts with the results of the last fiscal year.

For the full year, revenue will increase by about 35% to JPY4,340 billion.

Last fiscal year, we posted a loss of JPY12.9 billion in business profit, a loss of JPY25.4 billion in segment profit, and a loss of JPY21.8 billion in profit attributable to owners of parent.

Compared with that, the outlook for the current fiscal year has improved significantly, and the trend is similar to that of the first half.

The next slide shows the breakdown of the above figures by segment. I would like to skip this as well, so let's move on.



## Progress of Cash Flow Improvements, Debt/EBITDA Ratio

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At the end of FY2021, the Debt/EBITDA ratio is expected to reach the target level of 7<sup>th</sup> mid-term business plan (3.0x).

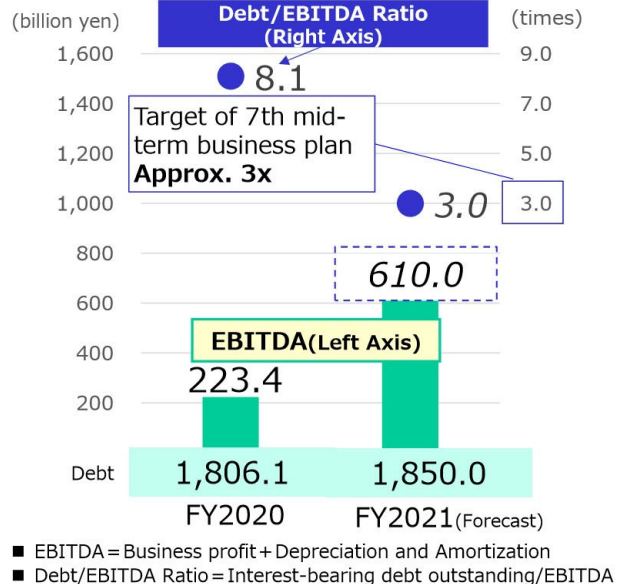
FY2021

### Consolidated Cash Flow Forecast

(billion yen)

Cash-in	Cash-out
Net Profit <b>250.0</b>	CAPEX & Investments <b>380.0</b>
Depreciation and Amortization <b>250.0</b>	Dividend Payment <b>40.0</b>
Asset Compression <b>50.0</b>	Working Capital etc. <b>170.0</b>
Debt <b>40.0</b>	

### Progress of Debt/EBITDA Ratio



Next is the forecasts for cash flow and debt/EBITDA ratio.

As you can see on the lower right, the balance of interest-bearing debt at the end of FY2021 is expected to be JPY1,850 billion. Compared with the last fiscal year's total of JPY1,806.1 billion, it is expected to increase by over JPY40 billion.

As you can see from the cash flow forecast on the left, we are using net profit and depreciation and amortization to cover CAPEX and investments and dividend payment. In addition to this, we will reduce assets and generate about JPY50 billion in cash flow, but on the other hand, cash outflow from operations is expected to increase significantly due to the rise in raw material prices, and we expect a slight increase in debt.

However, if you look at the graph on the right, EBITDA is expected to be JPY610 billion, which corresponds to the debt/EBITDA ratio of 3 times.

The target of the 7th mid-term business plan is 3 times, so we will reach this target by the end of this fiscal year.



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## Dividends

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JFE Holdings has decided to pay an interim dividend of 60 yen per share at its Board of Directors.

A decision regarding the year-end dividend has been postponed while the company carefully monitors its ongoing performance.

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Next, dividends.

As previously announced, the Board of Directors has resolved to pay an interim dividend of JPY60 per share.

The year-end dividend is undecided at this time, as it will be considered based on future performance trends.



# Financial Results for First Half of Fiscal Year 2021

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	Unit	FY2020					FY2021			1H (Previous Forecast)
		1Q	2Q	1H	2H	Full Year	1Q	2Q	1H	
Revenue	billion yen	508.7	518.6	1,027.2	1,227.9	2,255.2	638.5	771.9	1,410.4	1,450.0
Segment Profit	billion yen	(57.8)	(78.4)	(136.2)	70.8	(65.4)	69.7	88.8	158.5	160.0
Excluding Inventory Valuation etc.*	billion yen	(34.8)	(33.4)	(68.2)	36.8	(31.4)	25.7	42.8	68.5	75.0
Crude Steel (Standalone)	Mt	4.79	5.38	10.17	12.59	22.76	6.25	6.45	12.70	Less than 13.00
Crude Steel (Consolidated)	Mt	5.09	5.68	10.77	13.19	23.96	6.59	6.80	13.39	Less than 13.60
Shipment (Standalone)	Mt	4.59	4.75	9.34	11.15	20.49	5.26	5.56	10.83	Approx. 11.40
Export Ratio on Value Basis (Standalone)	%	44.2	40.2	42.2	42.4	42.3	43.2	49.3	46.5	Approx. 47
Average Sales Price (Standalone)	000 yen / t	75.3	71.0	73.1	76.2	74.8	87.6	101.0	94.5	Approx. 95
Exchange Rate	¥/\$	107.7	105.9	106.8	104.8	105.8	109.8	110.0	109.9	Approx. 110
Exchange Rate (End of Term)	¥/\$	107.7	105.8	105.8	110.7	110.7	110.6	111.9	111.9	-

\* Excluding inventory valuation, carry over of raw materials and foreign exchange valuation from segment profit

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In this section, I will explain the contents of each business company in detail.

First, here are JFE Steel's first half results of FY2021.

Segment profit for the first half of FY2021 was JPY158.5 billion, which is JPY1.5 billion lower than, but almost in line with, the previous forecast.

Compared to the first half of FY2020, the production volume of crude steel on a standalone basis was 12.7 million tons, an increase of more than 2.5 million tons from 10.17 million tons in the same period of the last fiscal year.

However, compared to the previous forecast in August of just under 13 million tons, the production volume decreased by just under 300,000 tons. Production has been slightly reduced due to the effects of heavy rains and minor problems.

The third line from the bottom shows the average sales price of steel products. The actual figure for this first half of FY2021 was JPY94,500, up JPY21,400 from JPY73,100 in the first half of FY2020. In particular, for the period from July to September in 2021, the average price was JPY101,000, which was the first time in a long time that our average price was in the JPY100,000 range.





## 1.5 Billion Yen Decrease in JFE Steel's Segment Profit (1H of FY2021 (Previous Forecast) vs. 1H of FY2021(Actual))

JFE Steel

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Segment profit was almost on par with the previous forecast due to the steady execution of price-improvement initiatives.

JFE Steel	FY2021 1H (Forecast)	FY2021 1H (Actual)	Change (billion yen)
Segment Profit	<b>160.0</b>	<b>158.5</b>	<b>(1.5)</b>
1. Cost	<b>±0.0</b>		
2. Volume and Mix	<b>(6.0)</b>	<ul style="list-style-type: none"> <li>Crude steel (Standalone) Less than 13.00 Mt ⇒12.70 Mt (Less than -0.3 Mt)</li> </ul>	
3. Sales and Raw materials	<b>+3.0</b>	<ul style="list-style-type: none"> <li>(300yen/t-shipment)</li> <li>Although raw materials were kept at high level, the spread increased due to supply-demand balance and market prices both in domestic and overseas markets.</li> </ul>	
4. Inventory valuation	<b>+5.0</b>	<ul style="list-style-type: none"> <li>Inventory valuation +5.0 (+54.0⇒+59.0)</li> <li>Carry over of raw materials ±0.0 (+30.0⇒+30.0)</li> <li>Foreign exchange valuation ±0.0 (+1.0⇒+1.0)</li> </ul>	
5. Others	<b>(3.5)</b>	<ul style="list-style-type: none"> <li>Rising in price of metals and scrap etc.</li> </ul>	

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I would like to talk about the breakdown of the increase/decrease in profit. First, the breakdown of the JPY1.5 billion decrease from the previous forecast for the first half of FY2021 to the actual results is as follows.

The decrease in production volume by less than 300,000 tons had a negative impact of JPY6 billion.

On the other hand, increase in selling prices had a positive impact of JPY3 billion.

In addition, the valuation difference on inventories had a positive impact of JPY5 billion, while the impact of the rise in prices of metals, scrap, etc. and other commodities was seen, which is included in "others" section. As a result, segment profit decreased by JPY1.5 billion from the previous forecast.

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## 294.7 Billion Yen Increase in JFE Steel's Segment Profit (FY2020.1H (Actual) vs. FY2021.1H (Forecast))

**JFE Steel**

Actual segment profit increased by 294.7 billion yen due to an improvement in steel selling price, an increase in crude steel production and profit improvement of both domestic and overseas subsidiaries.

JFE Steel	FY2020 1H(Actual)	FY2021 1H(Forecast)	Change (billion yen)
Segment Profit	<b>(136.2)</b>	<b>158.5</b>	<b>+294.7</b>
<b>1. Cost</b>	<b>+15.0</b>	• Capital investment effect etc.	
<b>2. Volume and Mix</b>	<b>+45.0</b>	• Production increase amid recovery of steel demand (Crude steel (Standalone)10.17⇒ 12.70Mt)	
<b>3. Sales and Raw materials</b>	<b>+34.0</b>	(3,100yen/t-shipment) • Although raw material prices are expected to increase, the spread is expected to improve due to the supply-demand balance and market prices in domestic and overseas markets.	
<b>4. Inventory valuation</b>	<b>+158.0</b>	• Inventory valuation +117.0 (-58.0⇒+59.0) • Carry over of raw materials +36.0 (-6.0⇒+30.0) • Foreign exchange valuation +5.0(-4.0⇒+1.0)	
<b>5. Others</b>	<b>+42.7</b>	• Increase in profit of domestic and overseas subsidiary companies etc.	

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In comparison with the first half of FY2020, there was a significant improvement of JPY294.7 billion. The breakdown is as follows: JPY15 billion due to cost reduction, JPY45 billion due to volume increase of over 2.5 million tons, and JPY34 billion due to spread improvement.

As for the spread improvement, both selling prices and prices of raw materials have increased significantly.

The selling price increase was mainly due to the export market improvement. As for raw materials, the rise in iron ore prices had an overwhelming impact.

Inventory valuation had a JPY158 billion positive impact, and JPY42.7 billion improvement was made by other factors.

The "Others" section includes improvements at domestic and overseas subsidiaries of about JPY70 billion, while rising prices for metals and scrap etc. had a negative impact of JPY40 billion.

These were the 2 main factors of "Others" section.

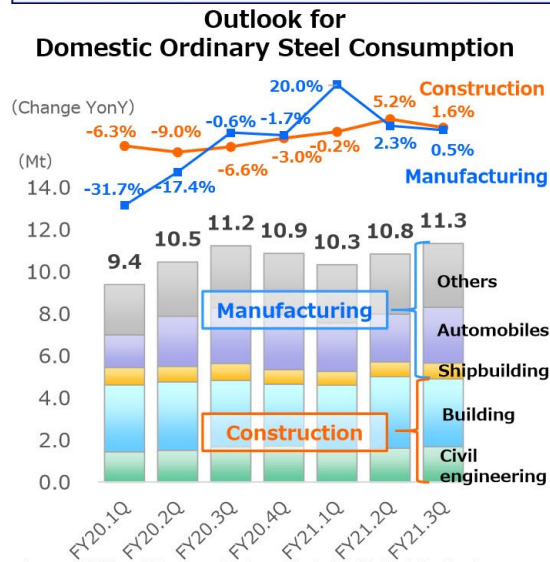




## Current Business Environment (Domestic)

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- **Domestic steel demand is expected to be strong particularly in manufacturing industry. Steel demand is expected to continue recovery trend.**
- Outlook for domestic ordinary steel consumption in 3 Q of FY2021 increases **by +1.0% YoY**, and by **+4.6% from the previous quarter**.
- **Annual auto production is expected to be approx. 8.2 million units**, decreased by 1 million units from our previous forecast, due to the supply shortage of parts and semi-conductors.
- Shortage of parts and semi-conductors **need to be carefully monitored** because of **the concern of prolongation**.



Sector	Outlook
Auto-mobile	<ul style="list-style-type: none"> <li>Annual production is revised downward <b>to approx. 8.2 million units</b> from the previous forecast. (Production volume is expected to increase from 1H to 2H.)</li> </ul>
Shipbuilding	<ul style="list-style-type: none"> <li><b>Orders for new ships are increasing</b> along with the increase in both cargo movement and chartering market amid the recovery of global economy</li> <li><b>The amount of orders which have already been won almost recovers to the stable level.</b></li> </ul>
Other manufacturing	<ul style="list-style-type: none"> <li><b>Demand for construction equipment</b> used for infrastructure and housing <b>stays strong</b>.</li> <li><b>Industrial machinery also remains strong</b> due to the increasing CAPEX in industries such as semiconductors and EV.</li> </ul>
Civil engineering	<ul style="list-style-type: none"> <li>Steel demand in public sector <b>remains strong</b> and is expected to be on par with the previous fiscal year.</li> <li><b>Steel demand is expected to increase in 2H</b> due to seasonal factors.</li> </ul>
Building	<ul style="list-style-type: none"> <li>Development projects, large-scale projects and distribution warehouses are <b>steadily proceeding</b>.</li> <li>Middle-scale projects also started to proceed.</li> </ul>

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Next, I would like to talk about the current business environment, which is the premise for the forecast for the fiscal year.

In Japan, demand is strong, especially in the manufacturing industry, and we believe that the major trend of recovery in demand for steel products will continue unchanged.

As you can see in the graph below, the domestic steel consumption for the third quarter of FY2021 is expected to increase compared to the same period of FY2020 or the second quarter of FY2021. However, with regard to automobile production, we expect 8.2 million units for the current fiscal year due to the impact of parts and semiconductor shortages.

The previous forecast was for 9.2 million units, which means a decrease of 1 million units, and this reduction in production has already been seen mainly in the first half of FY2021.

In any case, we will need to continue to closely monitor the automobile production. In the lower right-hand corner, we have included an overview of the outlook for each sector.

As for automobiles, the production cutback was mainly in the first half of FY2021, and we expect an increase in production from the first half to the second half of FY2021. Automobile manufacturing companies are also forecasting a recovery from December.

As for shipbuilding, orders for new ships are on an upward trend due to rising cargo movements and charter rates along with the recovery of the global economy. We believe that the amount of orders which have already won almost recovers to a stable level.

As for other manufacturing industries, demand for construction equipment used for infrastructure and housing is very strong. In addition, the industrial machinery business is expected to be firm due to active capital investment related to semiconductors and EVs.

As for civil engineering, the outlook remains unchanged from the previous forecast. Due to seasonal factors, steel demand in the second half of FY2021 is expected to be higher than in the first half.

With regard to building, redevelopment projects, large-scale projects, and distribution warehouses are expected to remain firm, as in the previous forecast, while medium-scale projects, which had been slightly weaker, are beginning to move forward.



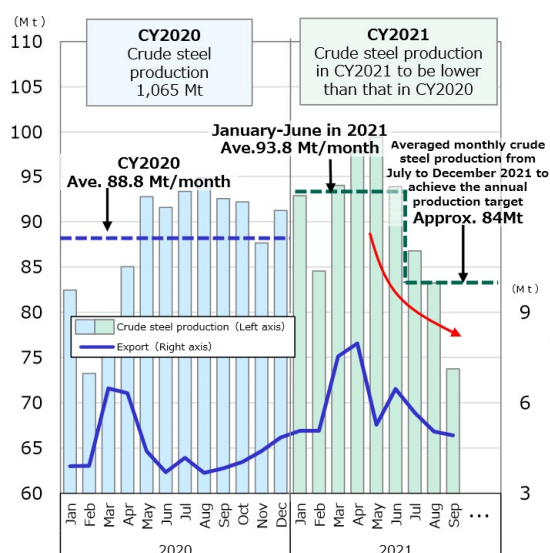
JFE Steel

## Current Business Environment (Overseas)

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- Steel demand is **mostly expected to remain in a recovery trend** along with the recovery of the global economy.
- **Supply-demand balance is expected to remain tight** as long as the Chinese government's control of crude steel production and steel exports will continue.
- **Re-spread of COVID-19** in Southeast Asia and emerging countries and **shortage of semiconductors and parts** need to be monitored carefully.

China: Crude steel production and Exports



Factor	Outlook
Steel production cuts in China	<ul style="list-style-type: none"> <li>Steel exports from China are likely to decline due to China's policy of production cut and export reduction.</li> <li>Both steel production cuts and an increase in raw material cost make the steel price in China remain resilient. However, this needs to be monitored carefully.</li> </ul>
Steel mills in India	<ul style="list-style-type: none"> <li>Although there are some the steel exports to Asian countries, the domestic demand is expected to recover owing to peaking out of COVID-19 and the coming peak period of steel demand.</li> <li>Export prices are expected to remain high as coking coal prices soar.</li> </ul>
Steel mills in Russia	<ul style="list-style-type: none"> <li>Russian mills are exporting steel at lower prices in various places since the sales volume declines in Europe*, and auto production decreases in Europe and Turkey. <small>This sales volume decrease is seasonal.</small></li> <li>Their exports will be back to Europe and Turkey along with the recovery of auto production. Export prices are expected to increase as the overseas mills offer higher prices.</li> </ul>
Power shortage in China	<ul style="list-style-type: none"> <li>Some BF and EAF mills cease operation in China. Impacts on other manufacturing industries need to be monitored carefully.</li> <li>Since power shortage stops smelting works, metal prices are soaring.</li> </ul>
Re-spread of COVID-19 in SE Asia	<ul style="list-style-type: none"> <li>Supply chain difficulties of automobile parts decrease automobile production and other manufacturing outputs such as appliances.</li> <li>Supply-demand balance is temporarily relaxing, which is currently lowering steel market price in Southeast Asia.</li> <li>Steel market prices are expected to recover amid the recovery of auto production.</li> </ul>

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As for the overseas business environment, in general, we assume that demand for steel products will continue to recover.

As for China, as you know, the policy of curbing crude steel production and exports is continuing. As long as that is the case, we expect the supply-demand situation to remain tight.

In the lower left graph, the bar graph shows China's crude steel production by month. The government has stated that China's crude steel production in CY2021 will not exceed that of CY2020, so given the fact that the country produced a considerable amount of steel in the first half of the year, it is calculated that production will have to be significantly reduced in the half of CY2021. The green dotted line on the bar graph indicates that the average production in the second half of CY2021 needs to be below this line not to show an increase of annual production compared to the previous year. As the production in September was considerably reduced, the total production for the second half is expected not to exceed the previous year's level.

On the right side, you see information on the situation in each country. I believe that market prices in China is as I just mentioned and will remain firm due to the rising cost of main raw materials.

In India, although there have been some exports to Asia, we expect domestic demand to recover due to the peak out of COVID-19 and the fall demand season.

Russian mills are exporting steel at lower prices in various places since the sales volume and auto production are declining in EU. However, with the recovery of automobile production, the export destination will return to EU and Turkey, and prices are expected to increase at a certain level.

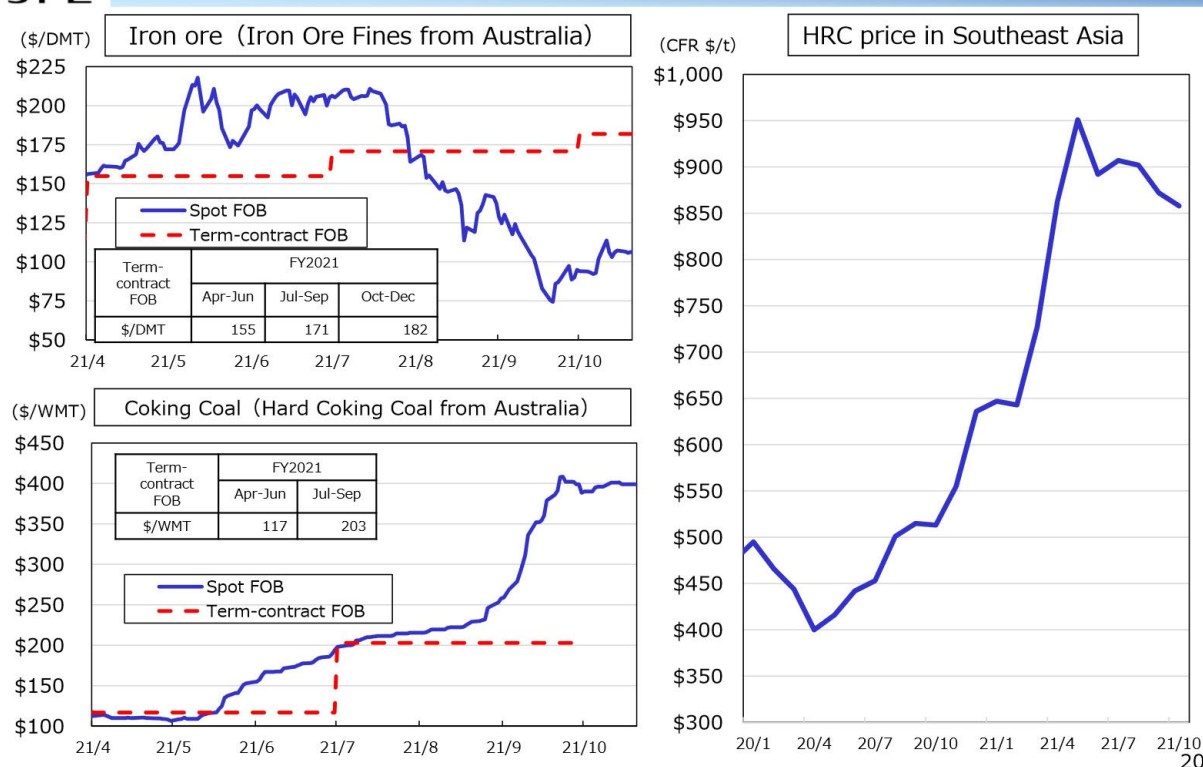
As you can see below, the power shortage in China has had an impact on the manufacturing industry, but it has also had an impact on ferroalloys, causing the market price to rise dramatically. I think we have to be careful in this area as well.

In Southeast Asia, we will see how COVID-19 re-spread affects the market, but although the market has softened these days, we expect it to recover in line with the recovery of the automobile industry.



## Assumptions for Financial Forecast (price of raw materials, steel price)

JFE Steel



The table of raw materials prices etc. used as assumptions for the forecast is shown here.

The prices of iron ore have been hovering around USD100 after it rose significantly in April. The price of coking coal has risen sharply since September and is now around USD400.



## Assumptions for Financial Forecast

JFE

### Forecast of Crude Steel Production

- Standalone crude steel production in FY2021 is expected to be approximately 26.50 Mt.
- Kurashiki No. 4 BF aims to resume operations in mid-December.  
(Schedule advanced from the end of December to the middle of December)

### Metal Spread

- Domestic and overseas metal spread is expected to improve by 43.0 billion yen from the previous forecast.

The steel market price is expected to remain at a high level due to high raw material prices and tight supply and demand for steel products.

➤ **Iron Ore Prices**

Crude steel production cuts in China makes iron ore prices stay in the same level. The price is expected to remain at the current level.

➤ **Coking Coal Prices**

Although coking coal prices appear to be overpriced, it may take time for the prices to fall, and are expected to remain at a high level for a while.

### Metals and Scrap

- Almost all kinds of metals remain at a high price level due to power shortage in many countries and the tight supply-demand balance.

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This page shows assumptions of our business forecast.

There is no change in our previous forecast for crude steel production of 26.5 million tons in FY2021.

As the production volume decreased by a little less than 300,000 tons in the first half of FY2021, we will increase it by about 300,000 tons in the second half of FY2021. As you can see in the second line, we will bring forward the resuming of the No. 4 blast furnace in Kurashiki from late December to mid-December in order to increase production.

As for the spread, we expect a total improvement of JPY43 billion compared to the previous forecast. While we assume that the steel market will continue to be high, our assumptions for raw material prices are that iron ore prices have settled down to a certain level for the time being and will remain at the current level for the time being.

As for coking coal, it is difficult to say for sure, but we believe that the current market is extremely overheated, and it will take a certain amount of time for it to settle down, so we expect the prices will remain high.

We also believe that metal and scrap prices will continue to be high.





## Initiatives to Improve Our Sales Price and Its Progress

JFE

- Steel prices in export markets have remained high due to rising raw material prices and tight supply and demand.
- Domestic sales prices have steadily been improved as a result of the following initiatives.

### Initiatives

#### ◆ Quick reflection of raw material cost to sales price

Make effort to quickly and steadily pass on the cost increase of raw materials to the sales prices

- Sales contracts linked to raw materials cost change: Shorten the period of referencing raw material cost reflected in the sales price
- Sales contracts based on individual negotiation: Pass on the raw material costs to the sales prices approx. 1 month after deciding the raw material term-contract cost
- Continue negotiation for reflection of increased costs of metals and scraps to the sales prices etc.

#### ◆ Reduction of price difference between domestic and overseas sales price

Regarding the products which are highly linked to the market price, we have already achieved sales price increase way over the cost rise of raw materials.

#### ◆ Overhaul of extra pricing

Already realized some part of extra revision. (e.g. additional costs for special sizes and shapes to become extra pricing) Accelerate extra overhaul to modify the extra pricing which is inappropriate to the current status.

#### ◆ Sales price improvement to the sustainable level

Improve sales price to the sustainable level even among the long-term/continuous contracts if the margin is not enough.

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I would like to explain our efforts to improve selling prices, which I explained at the last briefing.

First of all, market prices for exports have remained high due to the rising cost of raw materials and tight supply and demand.

In Japan, we have been steadily promoting sales price improvement through various initiatives.

I will not go into detail about the initiatives as I have already explained them at the previous briefing, but first of all, we are working on the early reflection of raw material costs mainly by shortening the reference period.

In addition, we are continuing to negotiate to reflect the rising cost of metals and scrap in our prices.

Overseas market prices continue to be very high, so I believe that we have made considerable progress in improving prices to exceed the cost rise of raw materials.

As for the review of the extra pricing, we have already been modifying the extra pricing in several contracts, as described here. We will also continue to promote the overhaul.



## Financial Forecast for Fiscal Year 2021

JFE

	Unit	FY2020 Full Year	FY2021 Updated Forecast			FY2021 Full Year Previous Forecast
			1H Actual	2H Forecast	Full Year Forecast	
Revenue	billion yen	2,255.2	1,410.4	1,779.6	3,190.0	3,130.0
Segment Profit	billion yen	(65.4)	158.5	121.5	280.0	280.0
Excluding Inventory Valuation etc.*	billion yen	(31.4)	68.5	50.5	119.0	123.0
Crude Steel (Standalone)	Mt	22.76	12.70	Approx. 13.80	Approx. 26.50	Approx. 26.50
Crude Steel (Consolidated)	Mt	23.96	13.39			
Shipment (Standalone)	Mt	20.49	10.83			
Export Ratio on Value Basis (Standalone)	%	42.3	46.5			
Average Sales Price (Standalone)	000 yen/ t	74.8	94.5			
Exchange Rate	¥/\$	105.8	109.9	Approx. 110	Approx. 110	Approx. 110

\*Excluding inventory valuation, carry over of raw materials and foreign exchange valuation from segment profit

23

This page shows the outlook for steel's performance in FY2021.

Segment profit is expected to be JPY280 billion, which is the same as the previous forecast.

Crude steel production volume, as I mentioned earlier, is expected to be 26.5 million tons for the full year.



## JFE Steel's Segment Profit (FY2021 (Previous Forecast) vs. FY2021(Updated Forecast))

JFE Steel

JFE

Segment profit is expected to be on par with the previous forecast due to the steady execution of selling price improvement initiatives.

JFE Steel	FY2021 Previous Forecast	FY2021 Updated Forecast	Change (billion yen)
Segment Profit	<b>280.0</b>	<b>280.0</b>	<b>± 0.0</b>
1. Cost	<b>±0.0</b>		
2. Volume and Mix	<b>±0.0</b>	• Cruse steel (Standalone) Approx. 26.50Mt	
3. Sales and Raw materials	<b>+43.0</b>	(+1,900 yen/t-shipment) • Steadily improve steel selling prices	
4. Inventory valuation	<b>+4.0</b>	• Inventory valuation+24.0 (+114.0→+138.0) • Carry over of raw materials -20.0 (+42.0→+22.0) • Foreign exchange valuation ±0.0(+1.0→+1.0)	
5. Others	<b>(47.0)</b>	• Rising in price of metals and scrap etc.	

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Breakdown of changes in profit and loss.

The segment profit forecast remains unchanged. As for the breakdown, the impact of spread is expected to be positive JPY43 billion.

Although raw material prices will rise, we expect the spread to improve due to the improvement in sales prices, especially in Japan.

On the other hand, there will be a negative impact of JPY47 billion due to other factors, of which the impact of rising prices of metals and scrap. accounts for about JPY30 billion. As a result of these negative factors, total forecast figure remains unchanged.



JFE

## 345.4 Billion Yen Increase in JFE Steel's Segment Profit (FY2020 (Actual) vs. FY2021 (Forecast))

JFE Steel

- The steel demand is expected to recover significantly from FY2020, which was greatly affected by COVID-19.
- Segment profit is expected to improve significantly from FY2020 due to an increase in steel prices in overseas market and production volume as well as the increase in profit of domestic and overseas subsidiary companies.

JFE Steel	FY2020 Actual	FY2021 Forecast	Change (billion yen)
Segment Profit	<b>(65.4)</b>	<b>280.0</b>	<b>+345.4</b>

<b>1. Cost</b>	<b>+30.0</b>	• Capital investment effect etc.
<b>2. Volume and Mix</b>	<b>+70.0</b>	• Production increase amid recovery of steel demand (Crude steel(Standalone) 22.76 ⇒ approx. 26.50Mt)
<b>3. Sales and Raw materials</b>	<b>+86.0</b>	(+3,700yen/t-shipment) • Expected improvements in metal spread due to supply-demand and market conditions, despite sharply higher prices for main raw materials
<b>4. Inventory valuation</b>	<b>+195.0</b>	• Inventory valuation +175.0 (-37.0→+138.0) • Carry over of raw materials+19.0 (+3.0→+22.0) • Foreign exchange valuation +1.0(±0.0→+1.0)
<b>5. Others</b>	<b>(35.6)</b>	• Increase in profit of domestic and overseas subsidiary companies. • Rising in price of metals and scrap etc.

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Let's look at the comparison with the previous year.

The cost reduction of JPY30 billion and the volume increase of JPY70 billion are the same as the previous announcement, but the sales price and raw materials will have an impact of JPY86 billion, which is an increase compared to the previous announcement.

The inventory valuation difference is JPY195 billion, which is a very large amount. As for the others, earnings improvement at group companies in Japan and overseas will be about JPY90 billion in total. On the other hand, the increase in prices of metals, scrap, and other commodities is expected to be a little less than JPY120 billion, so in total, other items will have a negative impact.





JFE

## 37.0 Billion Yen Decrease in JFE Steel's Segment Profit (FY2021.1H vs. FY2021.2H)

JFE Steel

- Crude steel production is expected to increase, and further cost reduction is anticipated in 2H.
- In addition to the key raw materials, prices of other raw materials is expected to increase.
- Despite the improvement in selling prices, segment profit is expected to decrease in 2H.

JFE Steel	FY2021 Forecast			Change (billion yen)
	1H	2H	Full Year	
Segment Profit	<b>158.5</b>	<b>121.5</b>	280.0	<b>(37.0)</b>

<b>1. Cost</b>	<b>+15.0</b>	<ul style="list-style-type: none"> <li>• Capital investment effect etc.</li> <li>• Variable cost reduction etc.</li> </ul>
<b>2. Volume and Mix</b>	<b>+26.0</b>	<ul style="list-style-type: none"> <li>• The steel demand is expected to recover moderately amid the global economic recovery.</li> <li>• Production volume is expected to increase along with the completion of Kurashiki No.4 BF refit (Crude steel (Standalone) 12.70Mt→13.80Mt)</li> </ul>
<b>3. Sales and Raw materials</b>	<b>+36.0</b>	<ul style="list-style-type: none"> <li>(+2,900 yen/t-shipment)</li> <li>• Further improvement in steel selling prices</li> </ul>
<b>4. Inventory valuation</b>	<b>(19.0)</b>	<ul style="list-style-type: none"> <li>• Inventory valuation +20.0 (+59.0→+79.0)</li> <li>• Carry over of raw materials-38.0 (+30.0→-8.0)</li> <li>• Foreign exchange valuation -1.0(+1.0→±0.0)</li> </ul>
<b>5. Others</b>	<b>(95.0)</b>	<ul style="list-style-type: none"> <li>• Profit of overseas subsidiary companies in 1H to be higher than that in 2H</li> <li>• Increase in depreciation cost and other expenses</li> <li>• Rising in price of metals and scrap etc.</li> </ul>

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This is a comparison of the first half and the second half of FY2021. Segment profit in the second half is expected to be worse by JPY37 billion.

As for the breakdown, cost reduction will have a JPY15 billion positive impact, and the impact of volume increase due to increased production of crude steel will be JPY26 billion.

Furthermore, the spread will have a positive impact of JPY36 billion. First, we expect to see an improvement in selling prices in Japan. Raw material prices will also rise, but iron ore prices will fall, while coking coal prices will rise sharply. In total, we expect an increase of JPY36 billion.

Inventory valuation difference will result in a negative JPY19 billion. Then the other negative factors will have a very significant impact. As for the breakdown, earnings of overseas Group companies were very good in the first half. In the second half of the fiscal year, we expect a slight decrease in profit compared to the first half, which will have a negative impact of about JPY15 billion.

In addition, price hikes in metals and scrap will be responsible for a negative impact of less than JPY40 billion, and depreciation and amortization and other expenses will be added to it, resulting in the large negative figure.

The above is JFE Steel. Let's move on to JFE Engineering.



# Financial Forecast for Fiscal Year 2021

JFE

## Current Business Environment/ Overview of Financial Status

- Domestic demand both in the [environment & energy sector](#) and [infrastructure sector](#) is expected to remain solid.
- Regarding the overseas market, demand of environment-related field [in Europe](#) is expected to [remain solid](#).
- Due to an increase in revenue from M&A, etc., we expect stable segment profit for the full fiscal year, [exceeding the results of the previous fiscal year](#).

## Financial Forecast

(billion yen)	FY2020(Actual)		FY2021 (Updated Forecast)		Change (Y on Y)		FY2021 (Previous Forecast)	
	1H	Full Year	1H	Full Year	1H	Full Year	1H	Full Year
Orders	298.9	501.1	252.3	550.0	(46.6)	48.9	300.0	550.0
Revenue	221.9	485.7	229.2	520.0	7.3	34.3	240.0	520.0
Segment Profit	8.7	24.0	11.1	25.0	2.4	1.0	10.0	25.0

### Compared to FY2020

<Full Year>	•Orders	+48.9	M&A, increase in large-scale orders in carbon neutral area
	•Revenue	+34.3	Increase in orders in previous year, increase from M&A
	•Segment Profit	+1.0	Increase in revenue

### Compared to Previous Forecast

<1H>	•Orders	(47.7)	Decrease due to changes in contract schedule
	•Revenue	(10.8)	Change in schedule of progression of works
	•Segment Profit	+1.1	Change in schedule of incurring costs

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The situation of JFE Engineering is largely unchanged from the previous announcement.

The environment and energy sector and the infrastructure sector are both firm.

As a result, the full-year forecast is completely unchanged from the previous forecast, with orders of JPY550 billion, revenue of JPY520 billion, and segment profit of JPY25 billion.

In the first half of the fiscal year, orders received were slightly lower than the previous forecast, but this was due to a delay in the timing of contracts. This will have no impact on the full-year result.



# Financial Forecast for Fiscal Year 2021

JFE

## Current Business Environment/ Overview of Financial Status

- In 1H, segment profit increased significantly due to the profit increase in domestic and overseas subsidiary companies amid the rapid rise in steel market price, as well as the demand recovery from the impact of the spread of COVID-19 both in domestic and overseas markets.
- In 2H, despite the slowdown in profit growth compared to the 1H, earnings of overseas subsidiaries, mainly in the US, are expected to remain high.
- Segment profit is expected to be 45.0 billion yen.  
(up 7.0 billion yen from the previous forecast, up 25.0 billion yen from FY2020)

## Financial Forecast

(億円)	FY2020 (Actual)		FY2021 (Updated Forecast)		Change(Y on Y)		FY2021 (Previous Forecast)	
	1H	Full Year	1H	Full Year	1H	Full Year	1H	Full Year
Revenue	451.7	932.5	544.4	1,210.0	92.7	277.5	560.0	1,150.0
Segment Profit	7.2	20.0	25.6	45.0	18.4	25.0	23.0	38.0

### Compared to FY2020

- Segment profit is expected to increase due to sharp rise in steel price and recovery in demand which had been dropped due to the impact of the spread of COVID-19.

### Compared to the previous forecast

- In 1H, segment profit increased due to steel prices remaining high mainly in the US.
- In 2H, segment profit is expected to increase due to sustained high earnings.

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Next, I would like to talk about JFE Shoji.

As I mentioned at the beginning of this report, JFE Shoji is the only segment that has revised upward the forecast, with annual segment profit expected to be JPY45 billion.

In the first half of the year as well, earnings expanded very much due to the recovery in volume and the upturn in market conditions.

In the second half of the year, we expect a slight slowdown compared to the first half.

With regard to the comparison with the previous forecast, we have made an upward revision for the second half of the fiscal year based on the expectation that segment profit will continue to increase, although we expected a slight slowdown in the second half for Group companies, mainly in North America, in the previous forecast.

These are the business results, and I will now talk about some of the topics.



## Initiatives Regarding Environment (1)

### JFE Steel: Reorganized Structure of Carbon Neutral Promotion

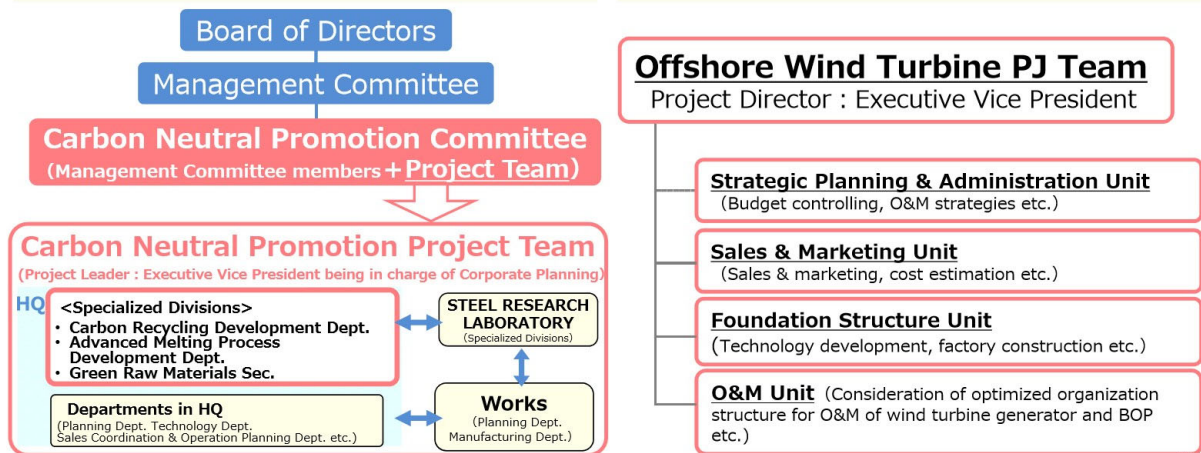
Released on 22<sup>nd</sup> September 2021

- Established Carbon Neutral Promotion Committee consisted of the members of management committee and the project team, aiming to comprehensively discuss and determine important issues (Oct 2021)
- Launched three new specialized divisions for carbon neutrality (Jul & Oct 2021)

### JFE Engineering: Launched Offshore Wind Turbine Project Team

Released on 31<sup>st</sup> August 2021

- Project Team can take comprehensive initiatives ranging from manufacturing foundation structure to O&M of offshore wind turbine.
- We will take advantage of the synergies of the JFE Group to expand our offshore wind power business and achieve carbon neutrality.



The first point is about environmental initiatives, and this page is about organizational restructuring.

The left side shows the reorganization of JFE Steel's carbon neutral promotion system. We have set up the Carbon Neutral Promotion Committee consisting of members of the Management Committee and the project team.

As you can see at the bottom of this page, the project team is a system that allows each department to cooperate with each other, and in particular, in July and October, we launched 3 new specialized organizations at the head office. The organizational structure is such that this project team and the members of the Management Committee discuss important issues at the Promotion Committee.

Next, I would like to talk about the reorganization of JFE Engineering's offshore wind business. From manufacturing foundation structure of offshore wind power to O&M, this organization will be responsible for the entire process. As you can see, we have set up 4 units under the project team to work on this project.





## Initiatives Regarding Environment (2)

JFE

### JFE Steel: “BETTER RECYCLE Shonan” Project\*

Released on 16<sup>th</sup> September 2021

- To solve the issue of disposable plastic containers, JFE Steel produced [a prototype of a beverage container made of steel plates for cans, named “Better Recycle Cup”](#)
- Contributing to the realization of a recycling-based society by [proposing an environmentally friendly lifestyle](#) that eliminates disposable plastic beverage containers for takeout.
- Conducting test marketing in the Shonan area and aiming to develop new products in three to five years.

\*A project by “Shonan Style magazine”, a media outlet familiar with the Shonan area, “IBLC Co., Ltd.”, a technology consulting firm, and JFE Steel.

### JFE Engineering: Decision to commercialize woody biomass power plant

Released on 27<sup>th</sup> October 2021

- Construct and operate [a woody biomass power plant](#) in Tahara City, Aichi Prefecture
- Power generation output: 112,000 kW ([One of the largest biomass power plants in Japan](#))
- JFE Shoji and other JFE Group companies will participate in the project to operate the business [utilizing the JFE Group's comprehensive capabilities](#).
- Contribution to CO<sub>2</sub> reduction : 340kt-CO<sub>2</sub>/year

Company name	: Tahara Biomass Power LLC
Share holders	: JFE Engineering 40%
	: Chubu Electric Power 40%
	: TOHO GAS 10%
	: Tokyo Century Corporation 10%
Fuel type	: Wood Pellet
Power output	: 112,000kW (One of the biggest plants in Japan)
Estimated annual power output	: Approx. 770 million kWh (equivalent to approx. 250,000 ordinary households)
Scheduled start of construction	: June 2022 (estimated)
Scheduled start of operation	: September 2025 (estimated)

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Next, I would like to introduce 2 individual initiatives, 1 for JFE Steel and 1 for JFE Engineering.

First, I would like to introduce JFE Steel's unique and unprecedented initiative called the BETTER RECYCLE Shonan Project.

We made a prototype of the Better Recycle Cup, a beverage container made of steel plates for cans, to solve the problem of disposable plastic containers. We are now conducting test marketing in the Shonan area and hope to develop new products in 3 to 5 years. This means that we are working to address environmental issues.

Also, I would like to talk about the latest release on JFE Engineering's decision to commercialize a woody biomass power plant. We will build and operate a power plant exclusively burning woody biomass in Tahara City, Aichi Prefecture. It is 1 of the largest power generation plants in Japan, with an output of 112,000 kilowatts. We are aiming to operate the business by making the most of the Group's collective strength, with the participation of not only engineering companies but also Group companies including JFE Shoji.

This project is expected to contribute to the reduction of CO<sub>2</sub> emissions by 340,000 tons per year.



JFE

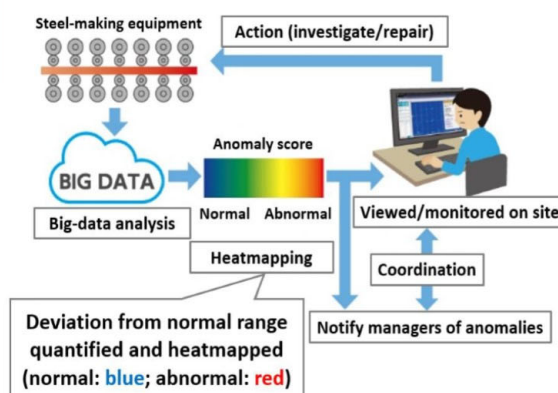
## Initiatives Regarding DX

JFE-HD

### JFE Steel : Deployment of Data Science-Based Equipment Anomaly Detection System at All Hot-Rolling Mills

Released on 29<sup>th</sup> September 2021

- This system uses big-data analysis techniques to analyze vast amount of data on operating conditions, and **it prevents equipment faults by detecting equipment anomaly.**
- Making possible to prevent not only the sort of faults that previously occurred but also **unexpected issues.**
- This system has been deployed for all hot-rolling mills, that in West Japan Works (Kurashiki, Fukuyama) and East Japan Works (Chiba, Keihin).
- Planning to roll out the system for other manufacturing processes.



### Held JFE Group DX Strategy Briefing

Held on 26<sup>th</sup> August 2021

See the presentation material and video on JFE Holdings' Website.

(\*presentation material and video are in Japanese only)



<https://www.jfe-holdings.co.jp/investor/management/plan/index.html>



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Next is the DX initiative.

The system I will introduce is called J-dscom, which is a system for detecting abnormalities in steel facilities and is being deployed in all hot-rolled mills in all of our works.

Through data analysis, the system detects signs of abnormality and deters problems. In addition, the system has been introduced as a common system for all hot rolling mills in each work, as it can handle unexpected problems that have never been experienced in the past by utilizing the analyzed data. In addition, we are thinking of expanding to other manufacturing processes.

Lastly, regarding the DX briefing held in August, the presentation material, audio video, and summary of questions have been posted on our website, so please take a look. (The presentation materials and video are in Japanese only.)



## Restructuring of Group Companies

JFE-HD

JFE

### JFE Steel : Integrating JFE Mineral, Mizushima Ferroalloy and JFE Material

Released on 1<sup>st</sup> November 2021

- JFE Steel determined that it will integrate three wholly owned subsidiaries – JFE Mineral Co., Ltd., Mizushima Ferroalloy Co., Ltd., and JFE Material CO., Ltd., which are in charge of mineral resources, ferroalloys, steel-related business, and advanced materials business – [by around 1<sup>st</sup> April 2022.](#)
- In order to respond to significant change in business environment, such as [the declining demands in the Japanese market](#), [the increase of market needs of advanced materials](#), JFE Steel aims to combine their scale through integration, establish a strong management base, achieve long-term sustainable growth, and strengthen the competitiveness of the JFE Group.

### JFE Steel : Partners Agree to Dissolve NKK Tubes Next Year

Released on 4<sup>th</sup> November 2021

- JFE Steel, Tenaris S.A. and NKK Tubes K.K. (NKKT) decided to cease production at NKKT [around next June and to dissolve the company by around the end of 2022.](#)
- As the business for oil well pipes has encountered hard times, the three companies examined carefully the external environment and outlook for NKKT's business and determined that the most viable strategy is to dissolve the company.
- JFE Steel and Tenaris have agreed that JFE Steel will continue to supply 13Cr seamless tube to Tenaris after production at NKKT ceases.

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These topics have been recently announced. 1 is the integration of JFE Mineral, Mizushima Ferroalloy, and JFE Material, which are 3 companies under JFE Steel.

These companies are Group companies that are responsible for mineral resources, ferroalloys, steelmaking-related businesses, and advanced materials businesses.

Considering the business environment, such as the contraction of the domestic steel business, the response to climate change, the electrification of automobiles, and the future expansion of the advanced materials field, the decision to integrate was made based on the need to expand the scale of the Company and strengthen the management base through integration.

Next is the announcement made yesterday, November 4, regarding the dissolution of NKK Tubes K.K., or NKKT. NKKT, a joint venture between Siderca, a wholly owned subsidiary of Tenaris S.A., and JFE Steel, has decided to stop production around June next year and dissolve in December.

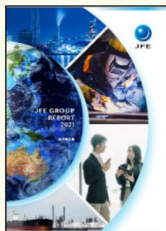
As the business environment for oil well pipe business continues to be extremely difficult, NKKT and both shareholders have examined various aspects of the business and have determined that it will be difficult to continue the business.

Incidentally, we have reached a general agreement that JFE Steel will continue to supply 13Cr seamless tube to Tenaris after the suspension of operations and that the relationship between the 2 companies will be maintained.





## Published JFE Group Report 2021 (October 19<sup>th</sup>) and CSR Report (October 25<sup>th</sup>)



### 1. Challenge of the Greatest Transformation since Establishment

#### ~7<sup>th</sup> Mid-Term Business Plan~

- Planning 7<sup>th</sup> Mid-Term Business Plan
- “JFE Group Environmental Vision for 2050”
- Business strategies of each operating company

English version is coming soon

### 2. Toward the Establishment of Environmental and Social Sustainability and Economic Sustainability

- Formulation of new material business issues including economy-related issues.
- Initiative for human-rights due diligence etc.



### 1. 7<sup>th</sup> Mid-Term Business Plan

English version is coming soon

### 2. Material Business Issues of the JFE Group

- Re-identifying material issues by adding economy-related issues to existing material CSR issues.

### 3. Initiatives for ESG Issues, ESG Data

- Environment : Climate change issues, environmentally conscious processes and products, resource recycling etc.
- Social : Occupational safety measures, diversity & inclusion, respect for human rights etc.
- Governance : Corporate governance, risk management etc.

## Decided to list on Tokyo Stock Exchange's New Prime Market

JFE's board of directors resolved to list the company's shares on the Prime Market and to apply to the Tokyo Stock Exchange.

Released on  
5<sup>th</sup> November 2021

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Lastly, as topics, we published our Integrated Report and CSR Report.

We also resolved to select the new Prime Market of the Tokyo Stock Exchange. At today's Board of Directors' meeting, we selected the Prime Market with regard to the transition to the new market classification of the Tokyo Stock Exchange.

That's all from me.

[END]

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