



**JFE Holdings, Inc.**

3Q Financial Results Briefing for the Fiscal Year Ending March 2024

February 6, 2024

## Presentation

**Moderator:** We will now begin the financial results briefing of JFE Holdings, Inc.

In attendance today are Masashi Terahata, Representative Director, Executive Vice President and CFO, and Toshihiro Tanaka, Senior Vice President.

It will take approximately 30 minutes for the presentation and 30 minutes for questions, which makes 60 minutes in total. The question-and-answer session will be held collectively after the presentation.

Mr. Terahata, Representative Director, Executive Vice President and CFO, will begin with an overview of the financial results and outlook announced today.



## Financial Highlights

JFE-HD

- Amid the challenging business environment of sluggish export markets and persistently high raw material prices, **the business profit in Apr–Dec of FY2023, excluding inventory valuation etc., increased by 130.9 billion yen from the same period of the previous year** due to improvements in domestic sales prices and the effects of structural reforms to reduce fixed costs.
- For fiscal 2023, as previously forecast, we expect **business profit of 290.0 billion yen and annual dividend of 100 yen (year-end dividend of 50 yen)**.

### Results for 3Q of FY2023

#### Business Profit in Apr-Dec of FY2023

**¥244.9bn.** (Increased by ¥13.9bn. year-on-year)

[Excluding Inventory Valuation etc.] **¥246.9bn.** (Increased by ¥130.9bn. year-on-year)

### Forecast of FY2023

**Business Profit ¥290.0bn.** (As previous announced)

[Excluding Inventory Valuation etc.] **¥295.0bn.** (Increased by ¥5bn. from previous forecast)

**Steel business profit per ton : 10,000yen/t** (As previous announced)

**Crude Steel Production (Standalone) : approx. 23.80Mt** (As previous announced)

**Dividend 100yen (Year-end dividend 50yen)**

Copyright © 2024 JFE Holdings, Inc. All Rights Reserved.

3

**Terahata:** The financial results for the first three quarters of FY2024 were closed with a business profit of JPY244.9 billion. Inventory valuation difference up to 3Q was minus JPY2 billion, so the business profit excluding inventory valuation difference was JPY246.9 billion. Since the cumulative total for the same period last year was JPY231 billion, this represents an increase of JPY13.9 billion. In addition, last fiscal year, there was an inventory valuation gain of over JPY100 billion due to soaring raw material prices. Therefore, the business profit excluding inventory valuation difference achieved a big improvement.

Forecast for FY2023, business profit of JPY290 billion, remains unchanged from the previous forecast. Since there is a JPY5 billion inventory valuation difference for the full year, the business profit excluding inventory valuation difference is JPY295 billion.

The current business environment is not favorable by any means; export market conditions are sluggish and raw material prices remain high, but we believe we have established solid earnings base thanks to improved domestic sales prices and the effect of fixed cost reductions resulting from structural reforms completed last September.

Profit per ton in the steel business is JPY10,000. The annual crude steel production forecast is estimated at 23.8 million tons. As for the annual dividend, we plan to pay a year-end dividend of JPY50 per share, for a total annual dividend of JPY100 per share, as previously planned. That's all for me.



## Financial Results for Third Quarter of Fiscal Year 2023

JFE-HD

JFE

- **Business profit in Apr-Dec of FY2023 was ¥244.9bn.**  
(increased by ¥13.9bn. year-on-year)
- \* Excluding inventory valuation, increased by ¥130.9bn. year-on-year.

(billion yen)	FY2022 Actual		FY2023 Actual		Change Apr-Dec
	Oct-Dec	Apr-Dec	Oct-Dec	Apr-Dec	
Revenue	1,344.2	3,908.5	<b>1,289.1</b>	<b>3,865.7</b>	(42.8)
<b>Business Profit</b> [Excluding Inventory Valuation etc.]	43.1 [44.1]	231.0 [116.0]	<b>80.6</b> [81.6]	<b>244.9</b> [246.9]	13.9 [130.9]
Finance Income/Costs	(4.2)	(10.9)	(5.2)	(14.2)	(3.3)
Segment Profit	38.8	220.0	<b>75.3</b>	<b>230.7</b>	10.7
Exceptional Items	(6.2)	(6.2)	(4.3)	(4.3)	1.9
Profit before Tax	32.5	213.8	<b>70.9</b>	<b>226.3</b>	12.5
Tax Expense and Profit (Loss) Attributable to Non-Controlling Interests	(11.8)	(69.8)	(18.1)	(63.4)	6.4
<b>Profit Attributable to Owners of Parent</b>	20.6	143.9	<b>52.8</b>	<b>162.9</b>	19.0

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.

Inventory Valuation etc. is inventory valuation, carry over and foreign exchange valuation in steel business. Copyright © 2024 JFE Holdings, Inc. All Rights Reserved.

5

**Tanaka:** First, I would like to talk about the financial results up to 3Q.

The business profit for the first three quarters was JPY244.9 billion. Total segment income was JPY230.7 billion and net income was JPY162.9 billion.

The business profit for the October to December period was JPY80.6 billion. For the current fiscal year, we have continued to generate business profits of roughly JPY80 billion in 1Q, 2Q, and 3Q, and the current accumulation is JPY244.9 billion.



# Financial Results for Third Quarter of Fiscal Year 2023 (by Segment)

JFE-HD

(billion yen)	FY2022 Actual		FY2023 Actual		Change Apr-Dec
	Oct-Dec	Apr-Dec	Oct-Dec	Apr-Dec	
Steel Business	986.9	2,905.9	<b>915.6</b>	<b>2,781.4</b>	(124.5)
Engineering Business	130.9	349.9	<b>136.3</b>	<b>384.8</b>	34.9
Trading Business	383.6	1,133.8	<b>368.1</b>	<b>1,110.2</b>	(23.6)
Adjustments	(157.2)	(481.1)	(130.9)	(410.7)	70.4
<b>Revenue</b>	<b>1,344.2</b>	<b>3,908.5</b>	<b>1,289.1</b>	<b>3,865.7</b>	<b>(42.8)</b>
Business Profit (A)	43.1	231.0	80.6	244.9	13.9
Finance Income/Costs (B)	(4.2)	(10.9)	(5.2)	(14.2)	(3.3)
Steel Business	21.8	170.0	<b>48.2</b>	<b>171.0</b>	1.0
Engineering Business	1.7	(2.1)	<b>7.7</b>	<b>16.5</b>	18.6
Trading Business	15.1	55.7	<b>11.7</b>	<b>38.5</b>	(17.2)
Adjustments	0.1	(3.5)	7.7	4.6	8.1
<b>Segment Profit (A+B)</b>	<b>38.8</b>	<b>220.0</b>	<b>75.3</b>	<b>230.7</b>	<b>10.7</b>

Copyright © 2024 JFE Holdings, Inc. All Rights Reserved.

6

Here is a breakdown by segment.

Upper row, as shown for revenue from sales. Down the middle is the breakdown of segment profit. The steel business posted JPY171 billion, an increase of JPY1 billion from the same period of the previous year. The factors involved are explained on the next page.

As for the engineering business, the segment profit for the first three quarters was JPY16.5 billion, a significant improvement from the negative JPY2.1 billion in the same period of the previous year and a positive JPY18.6 billion YoY comparison. The improvement was partly due to the impact of a one-time overseas loss last year. In addition, the domestic environmental business, social infrastructure, and electric power business have improved their earnings significantly this fiscal year, resulting in a significant improvement compared to the previous year.

For the trading business, the segment profit for the first three quarters was JPY38.5 billion. This is a JPY17.2 billion decrease compared to the previous year. Last year, profits were at a very high level, especially in North America, and although profits are down compared to last year, the JPY38.5 billion in this fiscal year also represents a very high level of profits compared to past results.



## ¥1.0bn. Increase in JFE Steel's Segment Profit (FY2022 Apr-Dec vs. FY2023 Apr-Dec)

JFE Steel

JFE

	Unit	FY2022 Apr-Dec	FY2023 Apr-Dec				(billion yen)
				JFE Steel	FY2022 Apr-Dec	FY2023 Apr-Dec	Change
Crude Steel (Standalone)	Mt	18.12	17.78	Segment Profit	<b>170.0</b>	<b>171.0</b>	<b>1.0</b>
Shipment (Standalone)	Mt	16.11	15.73	Excluding Inventory Valuation etc.	55.0	173.0	118.0
Average Sales Price (Standalone)	000 yen/t	133.2	130.3				
Exchange Rate	¥/\$	135.7	142.9				

<b>1. Cost</b>	<b>+41.0</b>	<ul style="list-style-type: none"> <li>Structural reforms effect+10.0</li> <li>Disappearance of blast furnace refurbishment impact+11.0</li> <li>Operational improvement etc. +20.0</li> </ul>
<b>2. Volume and Mix</b>	<b>(4.0)</b>	<ul style="list-style-type: none"> <li>Crude steel production 18.12Mt⇒17.78Mt</li> </ul>
<b>3. Sales and Raw materials</b>	<b>+130.0</b>	<ul style="list-style-type: none"> <li>Improved spreads due continued sales price improvement efforts</li> </ul>
<b>4. Inventory valuation</b>	<b>(117.0)</b>	<ul style="list-style-type: none"> <li>Inventory valuation-95.0 (+97.0→+2.0)</li> <li>Carry over -4.0 (+1.0→-3.0)</li> <li>Foreign exchange valuation -8.0 (+17.0→+9.0)</li> <li>One-time structural reform costs-10.0(+0→-10.0)</li> </ul>
<b>5. Others</b>	<b>(49.0)</b>	<ul style="list-style-type: none"> <li>Foreign exchange effects on trade -12.0</li> <li>Depreciation cost -11.0</li> </ul>

Copyright © 2024 JFE Holdings, Inc. All Rights Reserved.

7

I will explain the YoY increase/decrease in the steel business in the cumulative up to 3Q.

First, regarding costs, the effects of structural reforms are being realized. Since we suspended the Keihin upper process in September, the effect is JPY10 billion, which is equivalent to three months' worth of work. The cost reduction is JPY41 billion, which is the result of the elimination of the impact of last year's blast furnace refurbishment and the usual cost reductions in addition to the effects of the structural reforms.

In terms of volume, production was reduced by a little more than 300,000 tons in crude steel volume. The impact of this has been negative in terms of volume and composition, although there have been some positives in the composition improvement by the contribution of seamless pipe and other products.

The third factor is the so-called spread between sales price and raw materials cost. Compared to last year, the price of raw materials has fallen significantly. On the other hand, export prices have dropped significantly, but the total spread has improved significantly in Japan by improving sales prices.

The fourth item is the inventory valuation difference. While there was a large positive last year, this year's figures are not very large in absolute terms. Therefore, compared to last year, the contribution of this item was largely in the negative. The one-time structural reform costs on the right side of the table are, as I explained last time, a loss on disposal of spare parts and fixed assets due to the suspension of the Keihin upstream process, which is one-time but JPY10 billion recorded in this period.



# Financial Forecast for Fiscal Year 2023

JFE-HD

JFE

- **Full-year business profit is expected to be ¥290.0bn.**  
(as previous forecast, increased by ¥54.2bn. year-on-year)
- **Full-year profit attributable to owners of parent is expected to be ¥190.0bn.**  
(as previous forecast, increased by ¥27.4bn. year-on-year)

(billion yen)	FY2022 Actual	FY2023 Forecast (Previous)	FY2023 Forecast(Updated)			Change FY2022→FY2023 (Updated)	Change Previous→Updated
	Full Year	Full Year	1H Actual (Apr-Sep)	2H Forecast (Oct-Mar)	Full Year	Full Year	Full Year
Revenue	5,268.7	5,360.0	2,576.5	<b>2,653.5</b>	<b>5,230.0</b>	(38.7)	(130.0)
<b>Business Profit</b> [Excluding Inventory Valuation etc.]	235.8 [162.8]	290.0 [290.0]	164.3 [165.3]	<b>125.7</b> [129.7]	<b>290.0</b> [295.0]	<b>54.2</b> [132.2]	<b>0</b> [5.0]
Finance Income/Costs	(14.8)	(20.0)	(8.9)	(11.1)	(20.0)	(5.2)	0
Segment Profit	221.0	270.0	155.3	<b>114.7</b>	<b>270.0</b>	49.0	0
Exceptional Items	(10.7)	–	–	(4.3)	(4.3)	6.4	(4.3)
Profit before Tax	210.2	270.0	155.3	<b>110.4</b>	<b>265.7</b>	55.5	(4.3)
Tax Expense and Profit (Loss) Attributable to Non-Controlling Interests	(47.6)	(80.0)	(45.2)	(30.5)	(75.7)	(28.1)	4.3
<b>Profit Attributable to Owners of Parent</b>	162.6	190.0	110.0	<b>80.0</b>	<b>190.0</b>	<b>27.4</b>	<b>0</b>

Business profit is profit before tax excluding financial income and one-time items of a materially significant value.  
Inventory valuation etc. is inventory valuation, carry over and foreign exchange valuation in steel business.  
Segment profit is profit including financial income in business profit.

Copyright © 2024 JFE Holdings, Inc. All Rights Reserved.

9

Next, I would like to explain our business forecast for the full year.

For the full year, we forecast business profit of JPY290 billion, segment profit of JPY270 billion, and net income of JPY190 billion, all unchanged from our previous forecast.



# Financial Forecast for Fiscal Year 2023 (by Segment)

JFE-HD

(billion yen)	FY2022 Actual	FY2023 Forecast (Previous)	FY2023 Forecast(Updated)			Change FY2022→FY2023 (Updated)	Change Previous→Updated
	Full Year	Full Year	1H Actual (Apr-Sep)	2H Forecast (Oct-Mar)	Full Year	Full Year	Full Year
Steel Business	3,881.1	3,800.0	1,865.8	<b>1,894.2</b>	<b>3,760.0</b>	(121.1)	(40.0)
Engineering Business	512.5	550.0	248.4	<b>301.6</b>	<b>550.0</b>	37.5	0
Trading Business	1,514.1	1,580.0	742.0	<b>758.0</b>	<b>1,500.0</b>	(14.1)	(80.0)
Adjustments	(638.9)	(570.0)	(279.7)	(300.3)	(580.0)	58.9	(10.0)
<b>Revenue</b>	<b>5,268.7</b>	<b>5,360.0</b>	<b>2,576.5</b>	<b>2,653.5</b>	<b>5,230.0</b>	<b>(38.7)</b>	<b>(130.0)</b>
Business Profit (A)	235.8	290.0	164.3	125.7	290.0	54.2	0
Finance Income/Costs (B)	(14.8)	(20.0)	(8.9)	(11.1)	(20.0)	(5.2)	0
Steel Business	146.8	200.0	122.8	<b>77.2</b>	<b>200.0</b>	53.2	0
Engineering Business	13.4	25.0	8.7	<b>16.3</b>	<b>25.0</b>	11.6	0
Trading Business	65.1	48.0	26.8	<b>21.2</b>	<b>48.0</b>	(17.1)	0
Adjustments	(4.3)	(3.0)	(3.1)	0.1	(3.0)	1.3	0
<b>Segment Profit (A+B)</b>	<b>221.0</b>	<b>270.0</b>	<b>155.3</b>	<b>114.7</b>	<b>270.0</b>	<b>49.0</b>	<b>0</b>

Copyright © 2024 JFE Holdings, Inc. All Rights Reserved.

Here is a breakdown by business segment. In terms of sales, we expect a total decrease of about JPY130 billion to JPY5,230 billion.

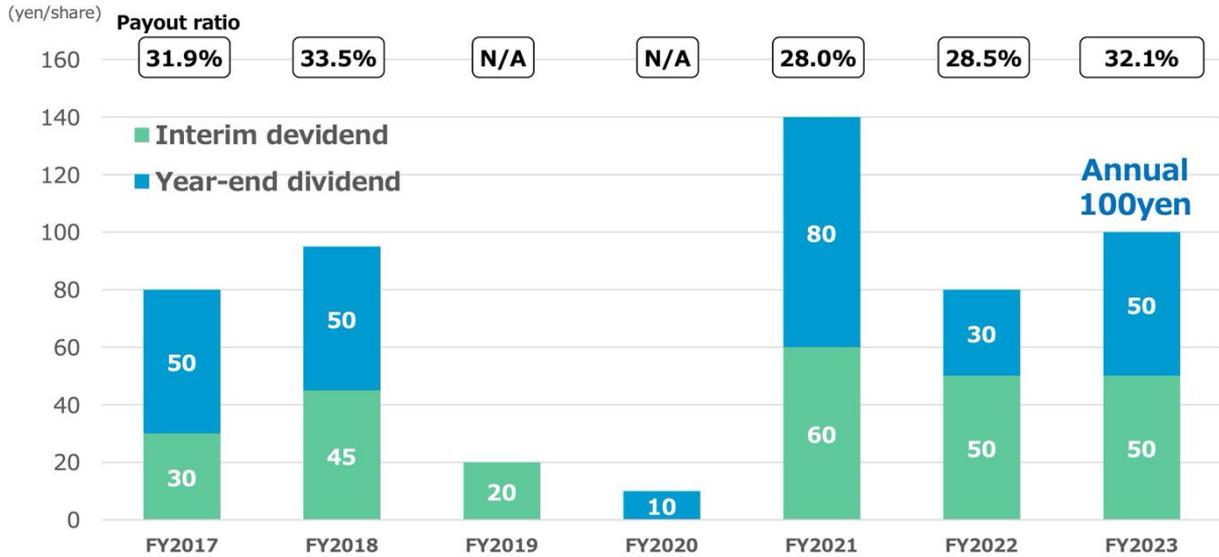
The decrease in sales for steel and trading companies is due to a slight appreciation of the yen to JPY145, which was previously estimated at JPY150. In the steel business, we expect a slight decrease in sales due to lower sales at domestic group companies and a difference in sales composition in the trading business.

Segment profit is JPY200 billion for steel, JPY25 billion for engineering, and JPY48 billion for trading, all in line with the previous forecast and unchanged.



# Dividend

➤ JFE Holdings has decided to propose at its general meeting of shareholders **a year-end dividend of 50 yen per share**, which would bring the annual dividend of 100 yen per share.



Copyright © 2024 JFE Holdings, Inc. All Rights Reserved. 11

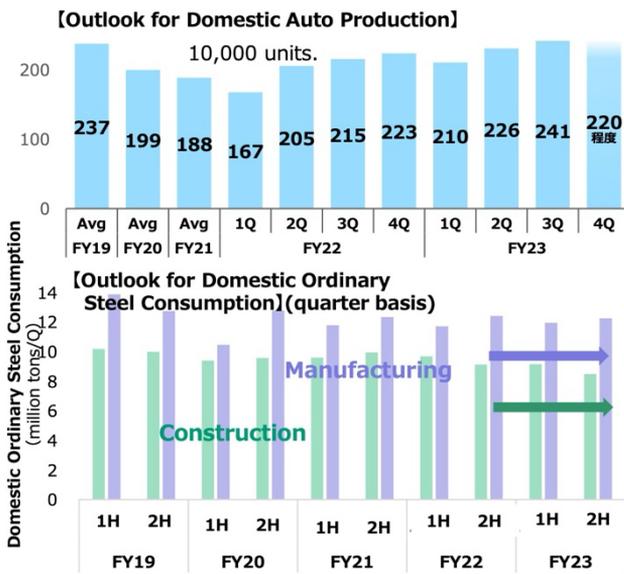
Next, I will talk about dividends.

The year-end dividend will be JPY50, which, together with the interim dividend, will bring the annual dividend to JPY100. This also remains unchanged from the previous announcement.

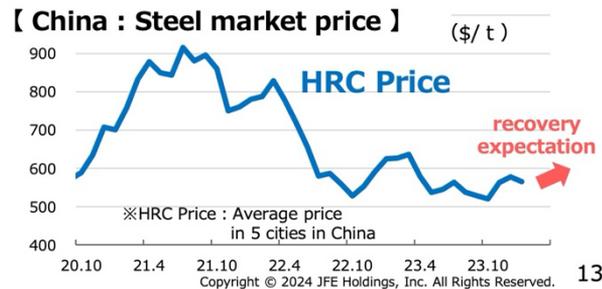


# Business environment ( Demand for steel )

- Domestic : **The level of activity in the automotive sector is improving.** On the other hand, demand continues to be postponed, particularly in the civil engineering and construction sectors, due to labor shortages and the impact of soaring materials prices.
- Overseas: China's domestic demand continued to slump in 2023, while steel exports were on the rise. Looking ahead, the Chinese steel market is expected to recover due to the effects of crude steel production cuts and economic stimulus measures.



Source: Ministry of Economy, Trade and Industry, "Outlook for Steel Consumption" 26 Dec. 2023. (FY2023, 1H and after is estimated results)



The following is an explanation of the forecast for the full year by business segment. First, let me explain the current business environment for steel.

In Japan, the level of activity in the automotive sector is on an improving trend and has not changed significantly though there have been problems with quality irregularities at automakers. In the field of civil engineering and construction, there has been no significant change in the situation I mentioned last time regarding the postponement of demand due to labor shortages and soaring material prices.

Then, regarding overseas, China's domestic demand continues to be sluggish, and the volume of steel exports from China is increasing. This also remains unchanged from the last time. In the current situation, China experienced a large crude steel production decrease in December, but from the beginning of the year, production has been returning to the certain level.

We will see what happens after the Chinese New Year and how market conditions will be affected by the Chinese government's economic stimulus measures which will be announced at the All-People's Congress in March. We expect a recovery, but in any case, as I said last time, there is no change in our assumption that we will not see a recovery during this FY2023.



# Financial Forecast for Fiscal Year 2023

JFE

	Unit	FY2022					FY2023(updated)					FY2023 Previous Forecast
		1H	3Q		2H	Full Year	1H	3Q		2H	Full Year	
			4Q	4Q				4Q				
Revenue	billion yen	1,918.9	986.9	975.3	1,962.2	3,881.1	1,865.8	915.6	978.6	1,894.2	3,760.0	3,800.0
Segment Profit	billion yen	148.2	21.8	(23.2)	(1.4)	146.8	122.8	48.2	29.0	77.2	200.0	200.0
Excluding Inventory Valuation etc.*	billion yen	32.2	22.8	18.8	41.6	73.8	123.8	49.2	32.0	81.2	205.0	200.0
Crude Steel (Standalone)	Mt	12.64	5.48	5.97	11.45	24.10	12.16	5.62	Approx. 6.00	Approx. 11.60	Approx. 23.80	Approx. 23.80
Crude Steel (Consolidated)	Mt	13.37	5.81	6.29	12.11	25.48	12.85	5.95	Approx. 6.30	Approx. 12.30	Approx. 25.10	
Shipment (Standalone)	Mt	10.86	5.25	5.64	10.88	21.74	10.65	5.08	Approx. 5.40	Approx. 10.50	Approx. 21.10	
Export Ratio on Value Basis (Standalone)	%	46.7	41.0	43.6	42.2	44.5	44.2	41.6	Approx. 42	Approx. 42	Approx. 43	
Average Sales Price (Standalone)	000 yen/t	131.6	136.3	124.0	129.9	130.8	129.3	132.5	Approx. 132	Approx. 132	Approx. 131	
Exchange Rate	¥/\$	131.6	144.0	133.2	138.6	135.1	139.9	148.7	Approx. 144	Approx. 146	Approx. 143	Approx. 145
Exchange Rate (End of Term)	¥/\$	144.8	132.7	133.5	133.5	133.5	149.6	141.8	Approx. 145	Approx. 145	Approx. 145	Approx. 150

\* Excluding inventory valuation, carry over, one-time structural reform costs and foreign exchange valuation from segment profit. Copyright © 2024 JFE Holdings, Inc. All Rights Reserved. 14

Here is a summary of steel's financial outlook.

Segment profit remained unchanged at JPY200 billion. Excluding inventory valuation differences, etc., there was a slight increase to JPY205 billion this time, compared to JPY200 billion last time. Crude steel production is unchanged from the previous report at around 23.8 million tons.

Regarding the exchange rate at the end of the period at the bottom, the previous assumption was JPY150, but this time the rate is JPY145 at the end of the period. Therefore, the change is that the average rate for the period one line higher is also revised slightly toward appreciation of the yen this time.



## No change in JFE Steel's Segment Profit (FY2023 (Previous Forecast) vs. FY2023(Updated Forecast))

JFE Steel

JFE Steel	FY2023 Previous Forecast	FY2023 Updated Forecast	(billion yen) Change
Segment Profit	<b>200.0</b>	<b>200.0</b>	<b>0.0</b>
Excluding Inventory Valuation etc.	200.0	205.0	5.0

<b>1. Cost</b>	<b>±0</b>	
<b>2. Volume and Mix</b>	<b>±0</b>	<ul style="list-style-type: none"> <li>Crude Steel Production approx.23.80Mt⇒approx.23.80Mt</li> </ul>
<b>3. Sales and Raw materials</b>	<b>±0</b>	
<b>4. Inventory valuation</b>	<b>(5.0)</b>	<ul style="list-style-type: none"> <li>Inventory valuation+0.0 (+2.0→+2.0)</li> <li>Carry over +0.0 (+3.0→+3.0)</li> <li>Foreign exchange valuation -5.0 (+15.0→+10.0)</li> <li>One-time structural reform costs +0.0(-20.0→-20.0)</li> </ul>
<b>5. Others</b>	<b>+5.0</b>	<ul style="list-style-type: none"> <li>Group companies+4.0</li> <li>Foreign exchange effects on trade +4.0</li> </ul>

Copyright © 2024 JFE Holdings, Inc. All Rights Reserved. 15

Segment profit is unchanged from the previous forecast. As for the spread, there are pluses and minuses in detail, but in total, there is no fluctuation. Regarding the fourth item, inventory valuation difference, we have included a negative exchange difference of JPY5 billion in the foreign currency translation difference section because the yen was viewed as appreciating at the end of the period, while the foreign exchange flow in the other section is positive JPY4 billion because a stronger yen makes costs cheaper.

In addition, we can expect a 50/50 improvement in domestic and overseas group companies, which together will result in a total zero.



## ¥53.2bn. Increase in JFE Steel's Segment Profit (FY2022 (Actual) vs. FY2023 (Forecast))

JFE Steel

JFE Steel	FY2022 Actual	FY2023 Forecast	(billion yen) Change
Segment Profit	<b>146.8</b>	<b>200.0</b>	<b>53.2</b>
Excluding Inventory Valuation etc.	73.8	205.0	131.2

### 1. Cost

**+68.0**

- Structural reforms effect +20.0
- Operational improvement +25.0
- Disappearance of blast furnace refurbishment impact +13.0
- Disappearance of production reduction impact +10.0

### 2. Volume and Mix

**+ 2.0**

- Crude Steel Production 24.10Mt⇒approx. 23.80Mt

### 3. Sales and Raw materials

**+120.0**

- Improved spreads due continued sales price improvement efforts

### 4. Inventory valuation

**(78.0)**

- Inventory valuation -77.0 (+79.0→+2.0)
- Carry over +26.0 (-23.0→+3.0)
- Foreign exchange valuation -7.0 (+17.0→+10.0)
- One-time structural reform costs -20.0(+0.0→-20.0)

### 5. Others

**(58.8)**

- Foreign exchange effects on trade -20.0
- Depreciation cost -10.0

Copyright © 2024 JFE Holdings, Inc. All Rights Reserved. 16

This table shows a comparison with the previous year.

This is not significantly different from what we have explained before. As I mentioned in the last time, in the second section on volume and composition, crude steel production is down about 300,000 tons from the previous year but the mix improvement by the increase in the volume of seamless pipe and electrical steel sheets have conversely contributed to a positive profit.

Then, the fourth item, inventory valuation difference, includes, as mentioned earlier in the 3Q results, restructuring costs associated with the suspension of upstream facilities in Keihin. This is a one-time loss on disposal of spare parts, fixed assets, etc., and as before, we expect JPY20 billion for the year.



## ¥45.6bn. Decrease in JFE Steel's Segment Profit (FY2023.1H vs. FY2023.2H)

JFE Steel

JFE Steel	FY2023 Forecast			Change
	1H Actual	2H Forecast	Full Year	
Segment Profit	<b>122.8</b>	<b>77.2</b>	200.0	<b>(45.6)</b>
Excluding Inventory Valuation etc.	123.8	81.2	205.0	(42.6)

<b>1. Cost</b>	<b>+28.0</b>	<ul style="list-style-type: none"> <li>• Structural reforms effect +20.0</li> <li>• Operational improvement +8.0</li> </ul>
<b>2. Volume and Mix</b>	<b>(3.0)</b>	• Crude Steel Production 12.16Mt⇒approx. 11.60Mt
<b>3. Sales and Raw materials</b>	<b>(50.0)</b>	• Deterioration due to the slowdown in overseas market conditions
<b>4. Inventory valuation</b>	<b>(3.0)</b>	<ul style="list-style-type: none"> <li>• Inventory valuation ±0.0 (+1.0→+1.0)</li> <li>• Carry over +37.0 (-17.0→+20.0)</li> <li>• Foreign exchange valuation -20.0 (+15.0→-5.0)</li> <li>• one-time structural reform costs -20.0(+0.0→-20.0)</li> </ul>
<b>5. Others</b>	<b>(17.6)</b>	• Foreign exchange effects on trade -8.0 etc.

Copyright © 2024 JFE Holdings, Inc. All Rights Reserved. 17

The difference between 1H and 2H is JPY45.6 billion, with 2H showing a lower profit.

This is almost the same as I explained last time. Regarding sales prices and raw materials, 2H is expected to be JPY50 billion worse due to the slowdown in overseas markets.



# Financial Forecast for Fiscal Year 2023

JFE

## ■ Current Business Environment/Overview of Financial Status

Annual segment profit is expected to be **¥25.0 billion**. (As previous forecast)

<Year-on-year>

- Orders: Expect to increase in the field of **“Waste to Resource”** and **“Carbon neutral”**.
- Segment profit: Expect to increase due to increased sales by the progress of ordered projects and price reflecting the impact of soaring prices of materials and equipment.

## ■ Financial Forecast

(billion yen)	FY2022 Actual		FY2023 Forecast		Change		FY2023 Forecast (Previous)	
	2H	Full Year	2H	Full Year	2H	Full Year	2H	Full Year
Orders	278.9	564.9	<b>310.3</b>	<b>580.0</b>	31.4	15.1	310.3	580.0
Revenue	293.5	512.5	<b>301.6</b>	<b>550.0</b>	8.1	37.5	301.6	550.0
Segment Profit	17.3	13.4	<b>16.3</b>	<b>25.0</b>	(1.0)	11.6	16.3	25.0

Next, I will explain about the engineering business.

The annual profit here also remains unchanged at JPY25 billion. Compared to the previous fiscal year, orders in the Waste to Resource and Carbon Neutral fields are increasing and are expected to be JPY580 billion higher than last year, as previously forecast.

We will also generate profits by steadily progressing the project or by reflecting the price of materials and equipment.



# Financial Forecast for Fiscal Year 2023

JFE

## Current Business Environment/Overview of Financial Status

Annual segment profit is expected to be **¥48.0 billion**. (As previous forecast)

<Year-on-year>

- Despite the recovery in automobile production, **profit is expected to decline** due to the slow recovery of the Chinese economy and **the narrowing of domestic and international spreads, particularly in North America**.

(Down ¥17.1 bn. from the previous year and up ¥8.0 bn. from the mid-term plan.)

## Financial Forecast

(billion yen)	FY2022 Actual		FY2023 Forecast (Updated)		Change FY2022 →FY2023 (Updated forecast)		FY2023 Forecast (Previous)	
	2H	Full Year	2H	Full Year	2H	Full Year	2H	Full Year
Revenue	763.9	1,514.1	<b>758.0</b>	<b>1,500.0</b>	(5.9)	(14.1)	837.9	1,580.0
Segment Profit	24.5	65.1	<b>21.1</b>	<b>48.0</b>	(3.4)	(17.1)	21.1	48.0

Next is JFE Shoji. Annual segment profit here is also in line with the previous forecast at JPY48 billion.

The overall impression is similar to that of steel, although there is a recovery in automobile production, there is a delay in the recovery of the Chinese economy, and in particular, as mentioned in the 3Q results, while the North American economy was very strong last year, it is slowing down this fiscal year, and we expect a decrease in profit compared to the previous year. On the other hand, our medium-term target is JPY40 billion, and we expect to generate JPY48 billion in profit this fiscal year, exceeding our medium-term target.

# [Steel Business] FY2024 Outlook

## Business environment Demand for steel products in Japan and overseas is expected to be on par with the current fiscal year.

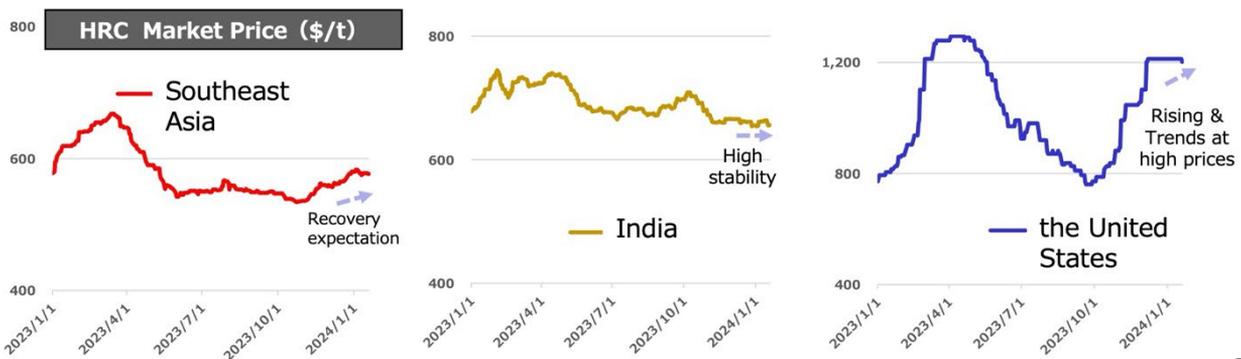
- **The domestic economy is expected to grow moderately.**

The automobile sector remains strong.

Attention should be paid to the impact of labor shortages, soaring materials prices, and fiscal 2024 problems in the logistics and construction industries.

- **Modest global growth (Trends in protectionism and local production for local consumption by region)**

Southeast Asia hopes to recover from slack supply and demand and weak market conditions caused by an increase in Chinese exports. In India, domestic demand remains strong, while in the United States, the steel market remains high despite uncertainty over monetary policy.



Copyright © 2024 JFE Holdings, Inc. All Rights Reserved.

23

Next, although it is still February, but we would like to explain the outlook for the next fiscal year. First is the business environment. In a nutshell, we currently expect that demand for steel products both domestically and overseas will remain at the same level as in the current fiscal year. Although the domestic economy itself is expected to grow moderately, in terms of demand for steel products, we expect it to remain at the same level as the current fiscal year. While the automotive sector is performing well, we will have to closely monitor the impact of labor shortages, material price hikes, and the so-called FY2024 problem in the logistics and construction industries.

Overseas, I believe that the trend of moderate growth will continue throughout the world, but at the same time, there is a trend toward protectionism or local production for local consumption in each region. The bottom row lists the market conditions for HRC by region, and there are considerable differences in market conditions by region.

As for Southeast Asia, the market has been slow to rise due to a slackening supply-demand situation caused by an increase in Chinese exports of steel products. The current situation is that the recovery is not coming up, despite the expectations. In India, in the middle, domestic demand is very strong, and the absolute HRC price itself is stable at a higher level than that of Southeast Asia on the left.

On the other hand, regarding the US market on the far right, although the timing of US monetary policy, interest rate cuts, and other factors are still unclear, the steel market has risen very significantly since the end of last year. Although it has slightly been declining recently, the market conditions are very high in the US compared to those in Asia, and the situation varies greatly from region to region.



## [Steel Business] FY2024 Outlook

JFE

### **Initiatives** Promote a shift from quantity to quality to improve profitability.

- **Continuation of sales price improvement activities**  
Pursuing sustainable price levels in order to meet cost increases in logistics and labor costs, etc.
- **Expanding sales of high-value-added products (aiming to achieve 50% of the medium-term plan)**  
Enhancement of electrical steel sheet facilities in the Kurashiki area (scheduled to start operation in the first half of FY2024)  
Double current production capacity about top-grade non-oriented electrical steel sheets used in the main engine motors of electric vehicles.  
Large and heavy steel plate "J-TerraPlate™" for wind power generation (Completion of equipment expansion in the second half of FY2023)  
Expanding sales including overseas projects.
- **Growth of overseas business (capturing strong high-profit markets)**  
India: JSW Steel (Crude steel capacity expansion current 28Mt to 37Mt planned for March 2025)  
North America: Joint venture with Nucor (CSI, NJSM)
- **Expanding the solution business**  
Aiming to contribute 3 times more profit in FY2024 than in FY2020.  
(FY2023 is expected to more than double FY 2020.)
- **Realization of structural reform effects**  
The structural reform effect (reduction of fixed costs) is expected to be 45 billion yen/year (up 25 billion yen from FY2023).  
The land in Ogimachi, Keihin area, is scheduled to be sold in December 2024.  
(Gain on sale +45 billion yen (planned))

Copyright © 2024 JFE Holdings, Inc. All Rights Reserved.

24

Here summarizes our initiatives in such a business environment. As we have mentioned before, we have lined up specific initiatives to improve profitability by promoting a shift from quantity to quality. One is to continue our activities to improve selling prices. We believe that new cost increases, such as logistics and labor costs, will emerge, and that we must continue to reflect these costs in our selling prices.

In terms of expanding sales of high value-added products, we have set a medium-term target of achieving a 50% ratio of high value-added products in FY2024. Facility in Kurashiki to increase steel sheets will finally be operational in 1H of FY2024. This will double our current production capacity of top-grade non-oriented electrical steel sheets.

In addition, we have completed the expansion of our facilities for J-TerraPlate, large and heavy steel plates for offshore wind power generation, and we are working to expand sales, especially in FY2023 and FY2024, for overseas projects.

Regarding our overseas business, I mentioned earlier that market conditions differ by region, and we need to capture favorable, highly profitable markets. In India, JSW is expanding its crude steel capacity by nine million tons, from the current 28 million tons to 37 million tons by the end of FY2024. This will capture the market and generate revenue. In North America, CSI and NJSM, our joint ventures with Nucor, intend to make a profit in a strong market. This is how we intend to grow our overseas business.

Furthermore, we are expanding our solutions business. In FY2023, we expect to more than double our contribution to earnings compared to the starting point of FY2020 and in FY2024, we aim to triple our contribution to earnings compared to FY2020, which roughly means a three-digit billion contribution to profits.

Finally, in terms of realizing the effects of structural reforms, we finally expect a full fixed cost reduction of JPY45 billion in FY2024. Furthermore, the land in Ogimachi, Keihin, is scheduled to be sold in December, with an expected gain of JPY45 billion from the sale. We believe that the above initiatives will contribute to our profits in FY2024.



[Steel Business] Paths toward achieving the Seventh Medium-Term Plan

- In FY2023, segment profit excluding Inventory Valuation etc. in the steel business is expected to be **205.0 billion yen**.
- In FY2024, due to steadily implementing various measures, including structural reforms, sales price improvements, and an increase in the ratio of high-value-added products, **we aim to achieve 260 billion yen or more**.



This is a path to achieving our mid-term goals, including the initiatives in FY2024 that I mentioned earlier, the profit excluding inventory valuation difference for FY2023 is JPY205 billion on the far left. To this will be added JPY42 billion in cost reductions, including the effects of structural reforms. We believe that this will be a steady output.

In addition, in the section on other measures, we have included price levels, high value-added products, solution business, etc. The portion of the coking coal cost not yet reflected in the sales price, which is written a little lower, is the portion of the large increase in coking coal prices in 2H of this fiscal year that has not been fully reflected in the steel products sales price during the current fiscal year. Even if we could achieve only this part, we believe we could reach JPY260 billion at this stage.

In addition, we will increase the ratio of high value-added products and expand the solutions business, which will add to the JPY260 billion.



# [Engineering, Trading] Outlook for Fiscal Year 2024

JFE

## ■ JFE Engineering Segment Profit Target (7th Medium-Term) : ¥35bn.

The company aims to increase orders and profits by **continuous launching of new businesses in the "Waste to Resource" and "Carbon Neutral" sector.**

- Japan's first **offshore wind monopile foundation manufacturing plant** in Kasaoka is scheduled to start operation in April 2024. As the only monopile manufacturer in Japan with an annual production capacity of 80 ~ 100 kt, it will continue to show its advantage.
- The company's first **overseas "Waste to Energy Project" (Bakunin PJ, VN)** is scheduled to start in 2024. We will continue to establish similar PJs and expand this business.
- One of the largest **plastic recycling facility** in the Tokyo metropolitan area is under construction in the coastal area of Kawasaki. Some facilities are scheduled to start operation in advance from October 2024.

[Orders (billion yen)]



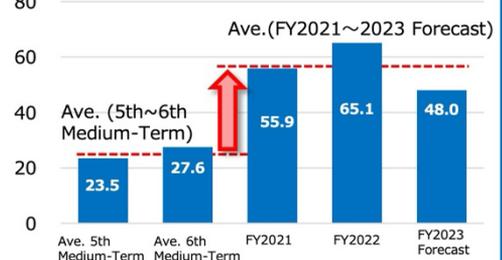
## ■ JFE Shoji Segment Profit Target (7th Medium-Term) : ¥40bn.

The company **aims to achieve ¥50bn. in segment profit in FY2024, exceeding the medium-term target,** by a balanced profit from **trading and business operations** in Japan and overseas.

- **Expanding the scope of trading:** Building supply chains for offshore wind power businesses. Expanding handling products by other suppliers outside the JFE Group.
- **Expansion of revenue through business operations:**
  - We will expand and stabilize earnings in the four-pillar regions\* by expanding our processing and sales business of electrical and automotive steel sheets.
  - Increase overseas business revenues by the recovery of the North American steel market and by the contribution of revenues from CEMCO (US steel frame manufacturing company acquired in 2022).

\*four-pillar regions : JP, US, CN, ASEAN

[Ordinary profit/Segment profit (billion yen)]



Copyright © 2024 JFE Holdings, Inc. All Rights Reserved.

I will also explain the initiatives of engineering and trading companies for FY2024. As for engineering, we are expanding orders. Our profit target for the mid-term plan is JPY35 billion, and we intend to expand orders and increase earnings.

As for topics, the offshore wind monopile plant will finally start operation in April. By doing so, we hope to increase profits.

The second is overseas waste-to-energy projects. The Bac Ninh project in Vietnam will begin operations in 2024, and we hope to continue with similar projects. Third, a plastic recycling facility is under construction in Kawasaki. Some of the facilities are scheduled to start operating ahead of others in October this year. We will further expand this kind of recycling business.

The graph on the right shows the trend of the orders, which is the average of the fifth and sixth mid-term and the figures for the three years after 2021 of the seventh mid-term. The level of orders received has risen from the mid-JPY400 billion range to the mid-JPY500 billion range on average this time, a level approaching JPY600 billion toward the end of the current mid-term.

Regarding trading companies, the Company is aiming for JPY50 billion in FY2024 by securing well-balanced earnings through trading and business operations in Japan and overseas, in response to the mid-term target of JPY40 billion in segment profit.

As for trading, we are building a supply chain for the offshore wind power business and expanding the scope of our trading activities to include products from outside the Group. In terms of expanding business earnings,

we are expanding our processing and sales business of electrical steel sheets and automotive steel sheets on a global basis.

In addition, as you saw earlier, the steel market in North America has been improving, especially from the end of last year, and we hope to further expand the earnings of our overseas business through the profit contribution from such steel market improvement and the recent acquisition of CEMCO.

The graph on the right shows that while the average for the fifth and sixth mid-terms was in the JPY20 billion range, the average for the seventh mid-term is well over JPY50 billion. With profit roughly doubling, we hope to steadily achieve our mid-term goals and add to them.



JFE Steel

## JFE Steel Launches Website Introducing Solution Business

Released on Jan. 26<sup>th</sup>, 2024

- We provide **technology and know-how that we have accumulated through manufacturing steel products** not only to the steel industry but to a wide range of manufacturing customers as solution business.
- 6 solutions\* are introduced such as **“Smart maintenance technology for electric substation facilities”**. Promoting the contribution of solution business to the segment profit.

\*In the English version of the website.

**Solution Business**

- Smart maintenance technology for electric substation facilities**  
Advanced monitoring of electric power systems such as electrical substation.  
Our partial discharge analysis technology constantly monitors various power receiving and distribution facilities to detect signs of failure.
- Technology to prevent the slurring of bulk materials**  
Controlling water in powder such as ore.  
This technology prevents the slurring of ores, etc. that tend to go into a slurry state due to moisture adhesion, by adding chemicals to modify their properties.
- Temperature measurement technology that is less affected by emissivity variations**  
Data Science  
This instrument reduces measurement errors due to emissivity variations, which have plagued the measurement using conventional radiation thermometers.
- Electron transport layer deposition technology for organic solar cells**  
Metal oxide film deposition for next-generation solar cells  
The electron transport layer deposition, which previously took several hours, can now be done in a matter of seconds, reducing deposition cost as well.
- Technology for suppressing negative electrode material swelling during charge and discharge (JFE Chemical Corporation)**  
Negative electrode material for lithium-ion batteries (LIB)  
Suppresses the negative electrode swelling during charge and discharge, greatly improving the cycle characteristics of LIB.
- Gas Leak Viewer “MK-750ST” (JFE Advantech Co., Ltd.)**  
Visualize compressed air or gas leaks in piping and flanges  
The device detects a gas leak in piping, etc., and indicates the leak location on the camera image with a superimposed sound pressure map.

Copyright © 2024 JFE Holdings, Inc. All Rights Reserved. 28

Two topics are presented today. First, we have launched a website to introduce our solutions business.

We hope that the technology and know-how we have accumulated through the manufacture of steel products and technological development will be widely used in our solutions business. We are introducing six solutions, including “Smart maintenance technology for electric substation facilities”. With these services, we hope to further promote the contribution of the solutions business to earnings.

➤ We have published 「DX report 2023」 to describe JFE's initiatives for DX. Visit our company website.  
 \*English version is coming soon.  
 <URL : <https://www.jfe-holdings.co.jp/en/investor/library/dxreport/index.html>>



## Table of Contents

### 1. On the publication of the DX REPORT 2023 ~Creating new value by promoting DX strategy~

### 2. JFE Group's Efforts to Solve Social Issues

- Collaboration among group companies and creation of synergy effect in O&M field of offshore wind-power generation business
- Providing solution technology cultivated through the operation of steel mills
- Contributing to eliminating the issue of logistics in 2024 through Logistics DX

### 3. Initiatives of each operating company

#### **Steel Business**

Development of coke oven digital twin and robotics, etc.

#### **Engineering business**

Challenge to fully autonomous operation of waste treatment plants, etc.

#### **Trading business**

Noncontact and nondestructive inspection by drone mounted radar, etc.

### 4. Security management Digital governance, cybersecurity, etc.



Copyright © 2024 JFE Holdings, Inc. All Rights Reserved. 29

Finally, the DX Report has been published again this year. We have heard that there are not many DX-specific reports from other companies. You can see it on our website, and we hope you will find it useful as well.

That is all.

This presentation material was prepared for the purpose of publicizing the status of our company's financial results for the third quarter of FY2023. The information included in this presentation does not constitute a disclosure under the Financial Instruments and Exchange Act and we do not guarantee the accuracy or completeness of the information contained within. The information included in this presentation is not an offer to sell, or a solicitation of an offer to buy, any securities in Japan, the United States or any other jurisdiction. The forward-looking statements regarding forecasts included in this presentation were based on information available to us at the time when this presentation was prepared and include uncertainties. Therefore, please refrain from making any investment decisions based solely on this document. Our company shall not be liable for any damages arising as a result of the use of this document.