



JFE Holdings, Inc.

1Q Financial Results Briefing for the Fiscal Year Ending March 2025

August 5, 2024

Presentation

Moderator: We will now begin the investors' meeting of JFE Holdings, Inc. In attendance today are Masashi Terahata, Representative Director, Executive Vice President; and Tsunao Takura, Vice President.

This briefing will last approximately 30 minutes for the presentation and 30 minutes for the Q&A session, for a total of 60 minutes. Questions will be answered collectively after the explanation.

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



Financial Highlights

JFE-HD

JFE

- Mainly due to the **lower sales for automobiles** and **lower profits at overseas group companies (JSW, etc.)** in the first half of the year, **business profit* for FY2024 is expected to be ¥308.0bn., down ¥27.0bn. from the previous forecast.**
- **Profit per ton of steel business* of ¥10,000 is expected to be achieved**, although business profit is expected to fall below the targets of the 7th mid-term plan.
- Profit attributable to owners of parent is expected to be **¥205.0bn.** (increased by ¥7.6bn. year-on-year, decreased by ¥15.0bn. from the previous forecast).
- JFE Holdings agreed to pay an **interim dividend of 50 yen. Annual dividend is 110 yen** (as previously announced, increased by 10 yen year-on-year).
*Excluding Inventory Valuation etc.

Results for 1Q of FY2024	Business Profit in Apr-Jun of FY2024	
		¥56.9bn. (decreased by ¥27.9bn. year-on-year)
	[Excluding Inventory Valuation etc.]	¥61.9bn. (decreased by ¥13.9bn. year-on-year)
Forecast of FY2024	Business Profit	¥260.0bn. (decreased by ¥38.2bn. year-on-year, decreased by ¥40.0bn. from previous forecast)
	[Excluding Inventory Valuation etc.]	¥308.0bn. (increased by ¥11.8bn. year-on-year, decreased by ¥27.0bn. from previous forecast)
	Profit attributable to owners of parent	¥205.0bn. (increased by ¥7.6bn. year-on-year, decreased by ¥15.0bn. from previous forecast)
	Steel business profit per ton	10,000yen/t (decreased by ¥1,000/t from previous forecast)
	Crude Steel Production (Standalone) : approx.	23.00Mt (decreased by 0.45Mt year-on-year, decreased by 0.40Mt from previous forecast)
	Dividend 110yen (As previously announced, increased by 10 yen year-on-year),	
	Interim dividend 50yen	

7th Mid-term plan
 • Business profit: ¥320.0bn.
 • Steel business profit per ton: 10,000yen/t

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Terahata: First of all, in 1Q of FY2024, business profit was JPY56.9 billion. As noted in the materials, 1Q earnings declined YoY due to lower sales to the automotive industry owing to new certification issues and other factors, as well as lower crude steel productions at JSW in India due to planned repairs and stagnant public investment owing to a wait-and-see attitude before the general elections. Due to these temporary negative effects in 1H, business profit excluding inventory valuation, etc., is expected to be JPY308 billion, a decrease of JPY27 billion from the previous forecast.

Although we will not reach our target of business profit of the 7th mid-term plan of JPY320 billion, we expect to achieve profit per ton of steel business of JPY10,000. Profit attributable to owners of parent is projected to be JPY205 billion, an increase of JPY7.6 billion from the previous fiscal year.

Based on the above, the annual dividend is expected to be JPY110 per share as previously announced, and the Board of Directors today approved a policy of JPY50 per share for the interim dividend based on this forecast.



Financial Results for 1Q of Fiscal Year 2024

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➤ **Business profit in 1Q of FY2024 was ¥56.9bn.**
(decreased by ¥27.9bn. year-on-year)

(billion yen)	FY2023 Actual 1Q (Apr-Jun)	FY2024 Actual 1Q (Apr-Jun)	Change
Revenue	1,262.0	1211.1	(50.9)
Business Profit [Excluding Inventory Valuation etc.]	84.8 [75.8]	56.9 [61.9]	(27.9) [(13.9)]
Finance Income/Costs	(4.9)	(5.1)	(0.2)
Segment Profit	79.8	51.7	(28.1)
Exceptional Items	–	(12.2)*	(12.2)
Profit before Tax	79.8	39.5	(40.3)
Tax Expense and Profit (Loss) Attributable to Non-Controlling Interests	(20.2)	(12.0)	8.2
Profit Attributable to Owners of Parent	59.6	27.5	(32.1)

* A loss regarding the share transfer of GECOSS Corporation.

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.

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Takura: I will now explain the details of the financial results.

Page five shows the 1Q results.

Revenue was JPY1,211.1 billion and business profit was JPY56.9 billion, down JPY27.9 billion YoY. Business profit excluding inventory valuation, etc., was JPY61.9 billion, a decrease of JPY13.9 billion, as noted below. Profit attributable to owners of parent was JPY27.5 billion, a decrease of JPY32.1 billion YoY.

As explained in the previous announcement, the negative JPY12.2 billion in exceptional items shown in the middle row includes the loss related to the sale of GECOSS shares.



Financial Results for 1Q of Fiscal Year 2024 (by Segment)

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(billion yen)	FY2023 Actual 1Q (Apr-Jun)	FY2024 Actual 1Q (Apr-Jun)	Change	Contents
Steel Business	917.2	860.6	(56.6)	
Engineering Business	111.1	123.8	12.7	
Trading Business	370.3	358.3	(12.0)	
Adjustments	(136.7)	(131.6)	5.1	
Revenue	1,262.0	1,211.1	(50.9)	
Business Profit (A)	84.8	56.9	(27.9)	
Finance Income/Costs (B)	(4.9)	(5.1)	(0.2)	
Steel Business	68.1	31.5	(36.6)	Explanation on the next page Increase in sales revenue and profit margin difference by project Profit decline in North America and domestic construction materials
Engineering Business	(0.1)	4.0	4.1	
Trading Business	14.7	11.5	(3.2)	
Adjustments	(2.9)	4.7	7.6	
Segment Profit (A+B)	79.8	51.7	(28.1)	

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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On page six, the 1Q results are broken down by business segment.

Segment profit in the steel business was JPY31.5 billion, a decrease of JPY36.6 billion YoY, which will be explained in detail on the next page. The engineering business posted an increase of JPY4.1 billion YoY to JPY4.0 billion due to an increase in sales revenue and the effect of profit margin difference by project.

On the other hand, profit in the trading business decreased by JPY3.2 billion YoY to JPY11.5 billion due to a narrowing of spreads in the US and a decrease in profit from domestic construction materials compared to the same period last year.



¥36.6bn. Decrease in JFE Steel's Segment Profit^{JFE Steel} (FY2023 1Q(Actual) vs. FY2024 1Q(Actual))

				(billion yen)			
	Unit	FY2023 1Q	FY2024 1Q	JFE Steel	FY2023 1Q	FY2024 1Q	Change
Crude Steel (Standalone)	Mt	6.05	5.48				
Shipment (Standalone)	Mt	5.23	4.70	Segment Profit	68.1	31.5	(36.6)
Average Sales Price (Standalone)	000yen /t	128.5	139.2	Excluding Inventory Valuation etc.	59.1	36.5	(22.6)
Exchange Rate	yen/\$	135.8	155.0				

1. Cost	+18.0	<ul style="list-style-type: none"> Structural reforms effect + 11.0 Operational improvement + 7.0
2. Volume and Mix	(8.0)	<ul style="list-style-type: none"> Crude steel Production 6.05Mt→5.48Mt
3. Spreads*	(8.0)	<ul style="list-style-type: none"> Deterioration due to the slowdown in overseas market conditions
4. Inventory Valuation	(14.0)	<ul style="list-style-type: none"> Inventory valuation + 5.0 (-5.0→±0) Carry over -18.0 (+5.0→-13.0) Foreign exchange valuation-1.0 (+9.0→+8.0)
5. Others	(24.6)	<ul style="list-style-type: none"> Group companies -15.0

*Spreads including various prices (metals, energy, materials, logistics, labor costs, foreign exchange effects, etc.) Copyright © 2024 JFE Holdings, Inc. All Rights Reserved. 7

Here is an analysis of the YoY difference in 1Q at JFE Steel.

Cost reductions were positive JPY18 billion, as initially expected, mainly due to structural reform effects of JPY11 billion. As for volume and mix, the negative impact of a 570,000-ton decrease in crude steel production was offset by the positive impact of an improved product mix, resulting in a negative JPY8 billion.

The spreads were negative JPY8 billion, largely due to the impact of overseas market conditions and the impact of raw materials due to the yen's depreciation. Inventory valuation is negative JPY14 billion, mainly due to carry-over effects.

Others totaled negative JPY24.6 billion, including lower income at overseas group companies such as JSW and CSI in the US, as well as curing costs associated with the structural reform.



Financial Forecast for Fiscal Year 2024

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- **Full-year business profit is expected to be ¥260.0bn.**
(decrease by ¥40.0bn. from the previous forecast, decreased by ¥38.2bn. year-on-year)
- **Full-year profit attributable to owners of parent is expected to be ¥205.0bn.**
(decrease by ¥15.0bn. from the previous forecast, increased by ¥7.6bn. year-on-year)

(billion yen)	FY2023 Actual		FY2024 Forecast (Previous)	FY2024 Forecast(Updated)		Change FY2023 →FY2024	Change Previous →Updated
	1H	Full year	Full year	1H	Full year	Full year	Full year
Revenue	2,576.5	5,174.6	5,390.0	2,460.0	5,240.0	65.4	(150.0)
Business Profit [Excluding Inventory Valuation etc.]	164.3 [165.3]	298.2 [296.2]	300.0 [335.0]	85.0 [113.0]	260.0 [308.0]	(38.2) [11.8]	(40.0) [(27.0)]
Finance Income/Costs	(8.9)	(18.6)	(20.0)	(10.0)	(20.0)	(1.4)	0
Segment Profit	155.3	279.6	280.0	75.0	240.0	(39.6)	(40.0)
Exceptional Items	-	(11.2)	30.0	(10.0)*	35.0*	46.2	5.0
Profit before Tax	155.3	268.3	310.0	65.0	275.0	6.7	(35.0)
Tax Expense and Profit (Loss) Attributable to Non-Controlling Interests	(45.2)	(70.9)	(90.0)	(20.0)	(70.0)	0.9	20.0
Profit Attributable to Owners of Parent	110.0	197.4	220.0	45.0	205.0	7.6	(15.0)

*A loss from the share transfer of GECOSS Corporation and a profit from sales of lands, etc.
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.

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This is the forecast for the full year.

First, revenue is expected to be JPY5,240 billion, down JPY150 billion from the previous forecast. This is due to the continued sluggishness of overseas markets and a decrease in volume.

Both business profit and segment profit are expected to decrease by JPY40 billion from the previous announcement. Profit attributable to owners of parent is projected to be JPY205 billion, down JPY15 billion from the previous forecast.

As exceptional items, in addition to the loss from the sale of GECOSS shares as explained earlier, by incorporating the sale of land in 2Q and 2H, we expect positive JPY35 billion for the full year.



Financial Forecast for Fiscal Year 2024 (by Segment)

JFE-HD

(billion yen)	FY2023 Actual		FY2024 Forecast (Previous)	FY2024 Forecast(Updated)		Change FY2023 →FY2024	Change Previous →Updated
	1H	Full year	Full year	1H	Full year	Full year	Full year
Steel Business	1,865.8	3,716.0	3,670.0	1,780.0	3,660.0	(56.0)	(10.0)
Engineering Business	248.4	539.9	580.0	260.0	580.0	40.1	0
Trading Business	742.0	1,476.4	1,650.0	700.0	1,550.0	73.6	(100.0)
Adjustments	(279.7)	(557.8)	(510.0)	(280.0)	(550.0)	7.8	(40.0)
Revenue	2,576.5	5,174.6	5,390.0	2,460.0	5,240.0	65.4	(150.0)
Business Profit (A)	164.3	298.2	300.0	85.0	260.0	(38.2)	(40.0)
Finance Income/Costs (B)	(8.9)	(18.6)	(20.0)	(10.0)	(20.0)	(1.4)	0
Steel Business	122.8	202.7	205.0	40.0	165.0	(37.7)	(40.0)
Engineering Business	8.7	24.3	20.0	8.0	20.0	(4.3)	0
Trading Business	26.8	48.9	50.0	22.0	50.0	1.1	0
Adjustments	(3.1)	3.5	5.0	5.0	5.0	1.5	0
Segment Profit (A+B)	155.3	279.6	280.0	75.0	240.0	(39.6)	(40.0)

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.

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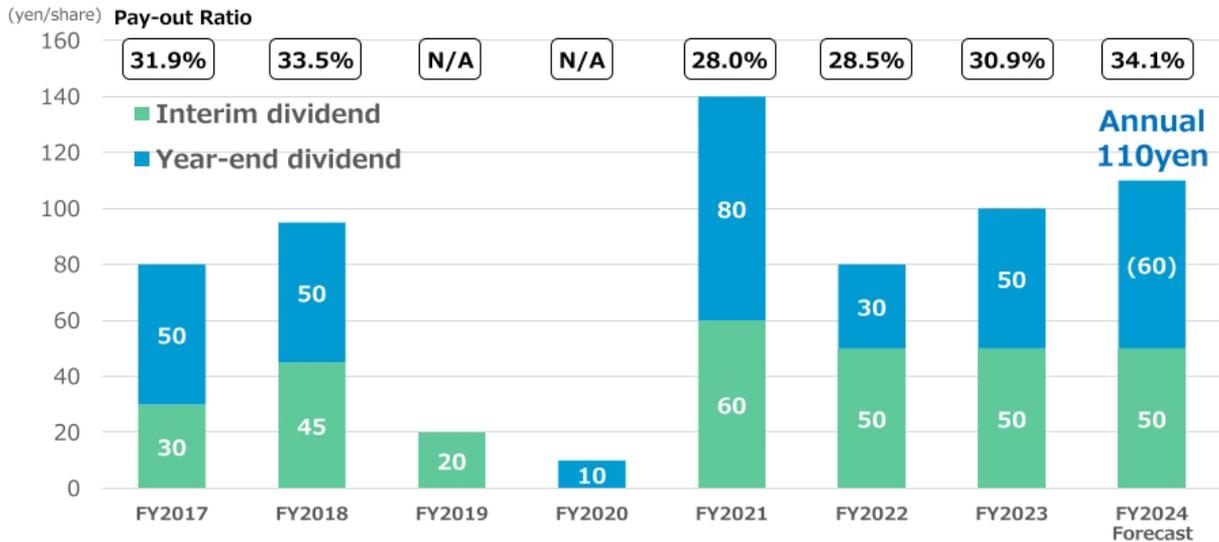
Page 10 shows the full-year forecast by business segment.

The steel business is expected to post a profit of JPY165 billion, a decrease of JPY40 billion from the previous forecast, while the engineering and trading businesses are expected to post profits of JPY20 billion and JPY50 billion, respectively, as previously announced.



Dividend

- JFE Holdings agreed to pay an interim dividend of **50 yen per share** at its Board of Directors.
- The annual dividend for FY2024 is expected to be **110 yen per share**, based on our payout ratio policy of approximately 30%.
(as previously announced, increased by 10 yen year-on-year.)



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Page 11. As explained at the beginning, the Board of Directors has resolved the policy of paying an interim dividend of JPY50. The annual dividend forecast of JPY110 per share is as previously announced.



Business environment (Domestic)

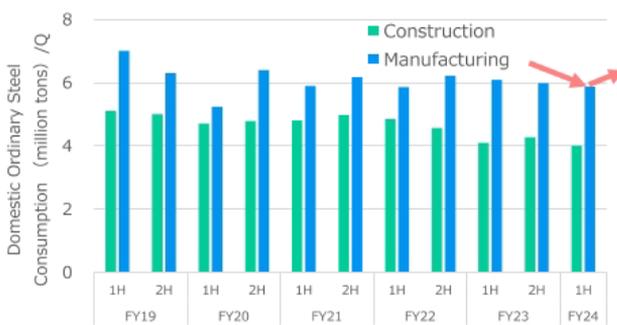


- Demand in the **automotive sector** is steady, but **production has declined due to newly emerged certification issues**. In the **civil engineering and construction field**, demand **continues to be postponed** due to labor shortages and a surge in materials.
- **Steel demand is expected to improve** in 2H, mainly **driven by the automotive sector**.

[Outlook for Domestic Auto Production/Q]



[Outlook for Domestic Ordinary Steel Consumption/Q]



Source : Ministry of Economy, Trade and Industry, "Outlook for Steel Consumption" July 2024. (FY2023, 2H and after is estimated results)

[Trend by Sector]

Auto-mobile	<ul style="list-style-type: none"> Despite the impact of newly emerged certification issues and other factors, production motivation is high due to a steady demand. Continue to monitor development in production plans
Ship-building	<ul style="list-style-type: none"> Despite the effects of high materials prices and labor shortages, each shipbuilder has secured a three-year backlog of orders. The current level is expected to remain stable over the next two to three years.
Other manufacturing	<ul style="list-style-type: none"> Construction equipment: We are closely monitoring the softening trend in Europe and Asia, as well as the indication of a peak in the North American market. Industrial machinery: It has been sluggish due to uncertainties surrounding rising interest rates and ongoing inflation. While there are some observations of a potential bottoming out, there are currently no significant signs of recovery.
Construction	<ul style="list-style-type: none"> In the non-housing sector, demand for large-scale projects, which had been relatively strong, has been postponed due to rising material prices and labor shortages. Demand remains sluggish, due to the impact on construction investment and housing acquisition sentiment against the rise in construction costs and interest rates.
Civil engineering	<ul style="list-style-type: none"> Although budget measures continue to be implemented at a high level, it is expected to be affected by rising costs of materials and labor shortages.

I will then explain the business environment for the steel business.

In the automotive sector, demand itself has been firm, but the revelation of new certification issues in 1H has had a negative impact. We believe that steel demand for automobiles itself will recover through 2H.

The graph below, which shows the outlook for auto production, shows the average quarterly production volume. In FY2023, the number of units had been increasing steadily due to the recovery trend from the semiconductor shortage in FY2022, but it decreased significantly in 4Q due to the certification issues, resulting in an average of 2.17 million units per quarter. In FY2024, we had assumed a slightly higher level than in FY2023, factoring in a recovery from the decrease in 4Q in FY2023, but as shown in the graph here, 1H of FY2024 is expected to be lower than the average of FY2023.

We have not changed the level of 2H significantly from our initial forecast, but we expect it to improve compared to 1H. As a result, the total for the fiscal year is expected to be about the same as in FY2023.

In other areas, there are no major changes, but first, shipbuilding is expected to remain stable at its current level for the next two to three years. As for construction equipment, we have been reporting a softening trend in Europe and Asia, but we are seeing a slight peak-out in North America.

The current outlook for construction and civil engineering is that demand will continue to be postponed due to labor shortages and soaring material prices.

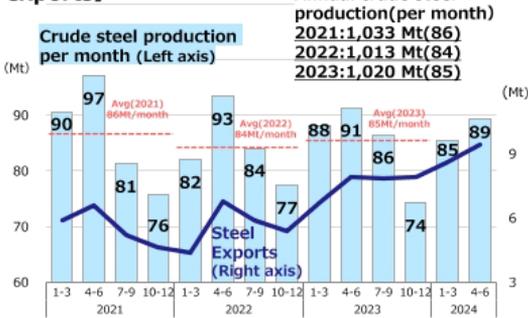


Business environment (Overseas)

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➤ Continued high production and increased exports in China, despite the sluggish domestic demand, are leading to **a slackening in steel supply and a stagnant market situation**. We expect that **the tough business environment will last for a while**.

[China's crude steel production and steel exports]



[Real GDP Growth Forecast in 2024]

(Arrows indicate changes from the previous forecast)

	World	US	China	India	ASEAN-5
2023	3.3%	2.5%	5.2%	8.2%	4.1%
Apr. 2024 Forecast	3.2%	2.7%	4.6%	6.8%	4.5%
Jul. 2024 Forecast	3.2%	2.6%	5.0%	7.0%	4.5%

Source : IMF World Economic Outlook Update April 2024 and July 2024

*ASEAN-5 : Thailand, Malaysia, Indonesia, Philippine, and Singapore

[Trend by Sector]

Thin Sheet	•Market conditions particularly in Asia are sluggish due to China's weak domestic demand, high production levels, and increased exports. It is anticipated that it will take time for demand and market conditions to recover, as we await effective economic stimulus and production control measures from the Chinese government.
Auto-mobile	•Although production in China is increasing, Japanese OEMs are losing market share. •In ASEAN, the impact of higher interest rates and stricter loan screening has been prolonged, but recovery is expected in 2H. •In India, demand is strong due to high economic growth.
Ship-building	•China and South Korea shipbuilders are securing stable contracts, despite the impact of labor shortages.
Energy	•Despite potential risks, such as developments in OPEC+, overall investment is expected to remain firm as the demand for stable energy supply remains strong amidst moderate global economic growth and heightened geopolitical tensions.

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[China: Steel Market Price]



Next, let us look at the overseas business environment.

Due to China's sluggish domestic demand, the supply-demand balance for steel products is loosening and market conditions remain stagnant, and we expect this situation to continue for the foreseeable future.

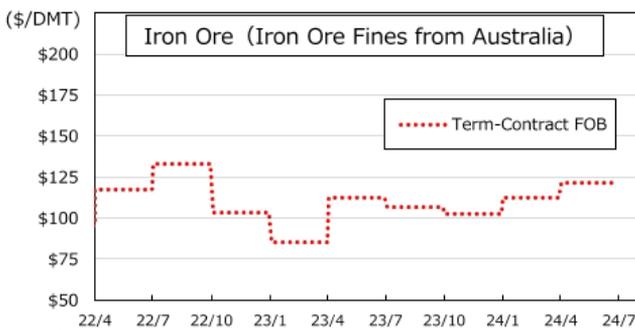
We will not go into detail on trend by sector, but in the second tier, the automobile sector, which has been affected by stricter loan screening in ASEAN countries since 2H of the previous fiscal year. There are signs of bottoming out and a gradual recovery is expected through 2H.



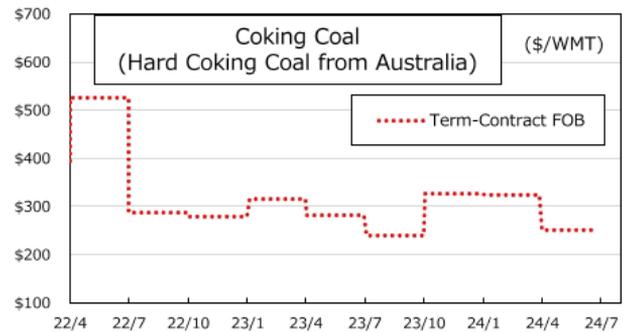
Raw materials market trends



- Key Raw materials
 - Iron Ore: Prices are expected **to remain at current levels** as demand for Chinese steel continues to slump.
 - Coking Coal: Prices are expected **to remain at current levels** for a while, while there are some risks to rise such as sluggish production by suppliers and increase in demand for infrastructures in India after the general election. The impact of the fire at the Australian coal mine on the market will be closely monitored.
- Metals
 - Demand has been sluggish due to the slow recovery of the Chinese economy and steel demand, but **market prices for some stocks have risen** due to tightening of supply and demand due to supply capacity cuts.



Term-Contract FOB	FY2023				FY2024	
	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
\$/DMT	112	107	103	113	121	101



Term-Contract FOB	FY2023				FY2024	
	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
\$/WMT	283	240	327	325	251	-

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Next, let us look at trends in the raw materials market.

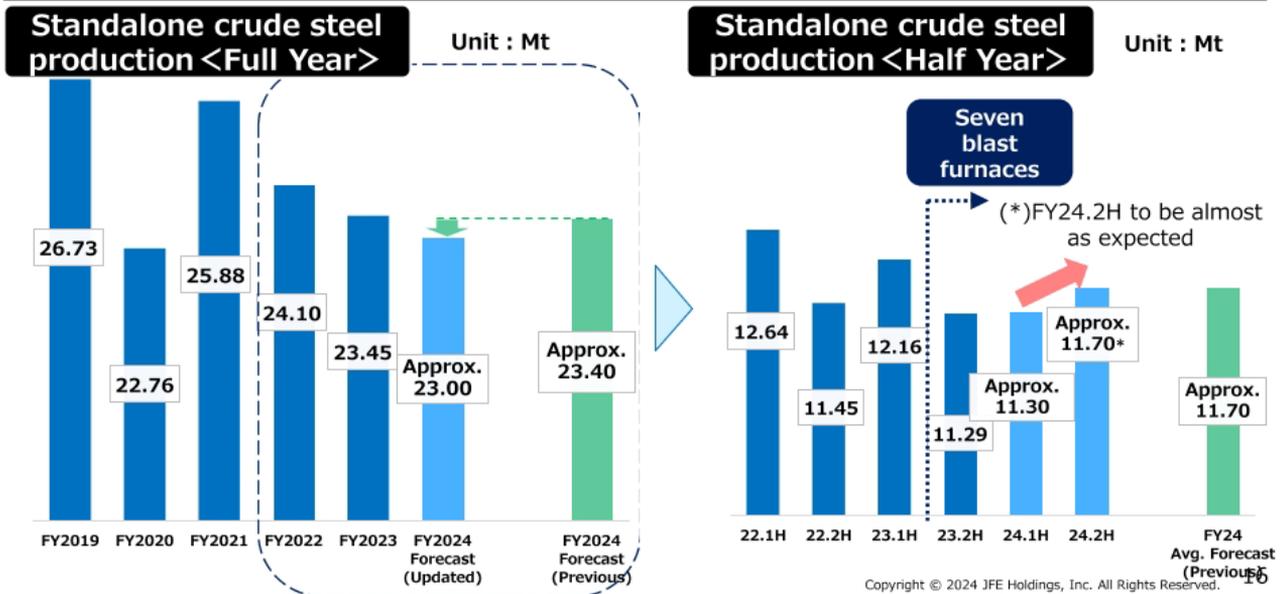
We expect iron ore to remain at the current level for the time being, i.e., around USD100. We expect coking coal prices to remain at current levels, i.e., in the mid USD200's range, for the time being, although there are some upside risks.



Crude Steel production



- Demand is expected to improve in 2H, but **standalone crude steel production is expected to be around 23 million tons per year** due to a decline in demand for automobiles both in Japan and overseas in 1H (**-400Kt from the previous forecast**).
- Continue to aim for a shift from quantity to quality by increasing high value-added products (In line with the target of the 7th Mid-term Plan, the ratio is expected to reach 50% in FY24.). **Capacity expansion in Kurashiki district for electrical steel sheet will be completed in 1H as scheduled.**



Next is the outlook for crude steel production.

As explained earlier, due to the impact of the decline in demand for automobiles both in Japan and overseas in 1H, we expect annual crude steel production to be around 23 million tons, down 400,000 tons from the previous forecast.

The semiannual production volume is shown in the lower right-hand corner, and we assume that 1H of FY2024 will result in the same level of production as 2H of FY2023. For 2H of FY2024, we expect that the volume will recover to around 11.7 million tons, which was our initial projection, and reach 23 million tons for the fiscal year.

The capacity expansion in Kurashiki district for electrical steel sheet will be completed in 1H as scheduled.

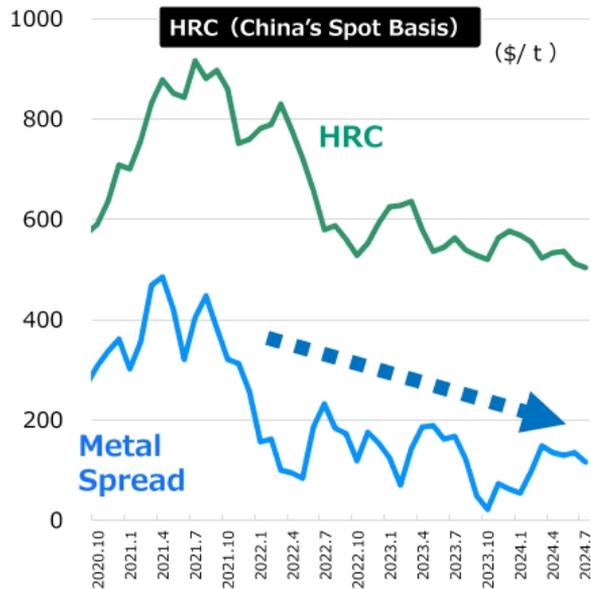


Improving of sales price



- Sales prices are expected to improve due to **passing on various costs to the sales price, reviewing extras, and correcting price levels.**
- The spread in FY2024 including various costs* is expected to remain at the level of FY2023, despite the influences of the slump in overseas markets, as **measures are taken to cope with rising costs such as logistics and labor costs.**

*Spreads including metals, energy, materials, logistics, labor costs, foreign exchange impact, etc.



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This page shows the improvement in sales price.

Although market conditions remain sluggish at this point, we continue to promote price transfers of various costs and price level corrections.

The average sales price for 1H of FY2024 is expected to be around JPY135,000, a slight increase from the average of JPY132,000 in FY2023. The improvement in the main raw material spread compared to FY2023, as shown in the bar graph, will cover increases in logistics and labor costs, as a result of which, the spread including various costs is expected to remain at the FY2023 level.



Financial Forecast for Fiscal Year 2023

	Unit	FY2023					FY2024					FY24 Previous Forecast
		1Q	2Q	1H	2H	Full Year	1Q	2Q	1H	2H	Full Year	
		Revenue	billion yen	917.2	948.6	1,865.8	1,850.2	3,716.0	860.6	919.4	1,780.0	
Segment Profit	billion yen	68.1	54.7	122.8	79.8	202.7	31.5	8.5	40.0	125.0	165.0	205.0
Excluding Inventory Valuation*	billion yen	59.1	64.7	123.8	76.8	200.7	36.5	31.5	68.0	145.0	213.0	240.0
Crude Steel (Standalone)	Mt	6.05	6.11	12.16	11.29	23.45	5.48	Approx. 5.80	Approx. 11.30	Approx. 11.70	Approx. 23.00	Approx. 23.40
Crude Steel (Consolidated)	Mt	6.38	6.47	12.85	11.95	24.80	5.80	Approx. 6.10	Approx. 11.90	/		/
Shipment (Standalone)	Mt	5.23	5.42	10.65	10.12	20.77	4.70	Approx. 5.20	Approx. 9.90			
Export Ratio on Value Basis (Standalone)	%	44.2	44.2	44.2	41.5	42.9	40.6	Approx. 45	Approx. 43			
Average Sales Price (Standalone)	⁰⁰⁰ yen/ t	128.5	130.1	129.3	133.8	131.5	139.2	Approx. 132	Approx. 135			
Exchange Rate	¥/\$	135.8	144.1	139.9	147.7	143.8	155.0	Approx. 157	Approx. 156	Approx. 155	Approx. 156	Approx. 150
Exchange Rate (End of Term)	¥/\$	145.0	149.6	149.6	151.4	151.4	161.1	Approx. 155	Approx. 155	Approx. 155	Approx. 155	Approx. 150

* Excluding inventory valuation, carry over and foreign exchange valuation from segment profit

This section contains various aspects of the earnings forecast.

I will not go into details, but regarding the steel export ratio in the middle section, the export ratio was 40.6% from April to June, but is expected to be around 45% from July to September. This is due to increased volume for overseas alliances in response to lower-than-expected demand for automobiles in Japan and overseas, but we expect the steel export ratio to return in 2H.

The average sales price is also expected to fall by about JPY7,000 from JPY139,200 in the April to June period to about JPY132,000 in the July to September period, reflecting a higher export ratio and a deteriorating mix. We believe this will also return over 2H.



¥40.0bn. Decrease in JFE Steel's Segment Profit
(FY2024 (Previous Forecast) vs. FY2024(Updated Forecast))

JFE Steel

JFE

➤ **Decrease in sales for automobiles and in profit at overseas group companies (India) is expected mainly in 1H.**

JFE Steel	FY2024 Previous Forecast	FY2024 Updated Forecast	Change
Segment Profit	205.0	165.0	(40.0)
Excluding Inventory Valuation etc.	240.0	213.0	(27.0)

(billion yen)

1. Cost	± 0	
2. Volume and Mix	(15.0)	• Crude Steel Production Approx. 23.40Mt→Approx. 23.00Mt
3. Spreads*	(5.0)	
4. Inventory Valuation	(13.0)	• Inventory valuation -8.0 (-12.0→-20.0) • Carry over-10.0 (-23.0→-33.0) • Foreign exchange valuation + 5.0 (±0→+ 5.0)
5. Others	(7.0)	• Group Companies-7.0

*Spreads including various prices (metals, energy, materials, logistics, labor costs, foreign exchange effects, etc.) Copyright © 2024 JFE Holdings, Inc. All Rights Reserved.

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Here is the breakdown of the JPY40 billion decrease from the previous forecast.

Cost reductions remain unchanged from the initial forecast. Regarding the volume and mix, we have factored in a negative JPY15 billion due to the impact of the decrease in volume and the deterioration of the mix, as sales have been decreasing, mainly in the automotive sector.

The spread is negative JPY5 billion, as the deterioration in overseas market conditions slightly outweighs the decline in coking coal from the previous forecast. Inventory valuation was negative JPY13 billion due to the impact of the decline in raw material prices.

Others are expected to be negative JPY7 billion mainly due to overseas group companies. In particular, JSW's production declined significantly in the April to June period, partly due to the impact of the planned fixed repair, and this reflected a drop in earnings compared to initial expectations.

We expect that this fixed repair has been completed since July onward, and that the capacity expansion of the hot strip mill at Vijayanagar will also contribute to JSW's profit. The Indian economy is expected to recover due to a resumption of public works projects, which had been temporarily stalled, after the general elections.



¥37.7bn. Decrease in JFE Steel's Segment Profit(FY2023 (Actual) vs. FY2024 (Forecast))

JFE Steel

JFE Steel	FY2023 Actual	FY2024 Forecast	(billion yen) Change
Segment Profit	202.7	165.0	(37.7)
Excluding Inventory Valuation etc.	200.7	213.0	12.3

1. Cost	+42.0	<ul style="list-style-type: none"> • Structural reforms effect +25.0 • Operational improvement +17.0
2. Volume and Mix	(5.0)	• Crude Steel Production 23.45Mt⇒Approx. 23.00Mt
3. Spreads*	±0	
4. Inventory Valuation	(50.0)	<ul style="list-style-type: none"> • Inventory valuation -25.0 (+5.0→-20.0) • Carry over -35.0 (+2.0→-33.0) • Foreign exchange valuation -10.0 (+15.0→+5.0) • One-time structural reform costs +20.0 (-20.0→±0)
5. Others	(24.7)	• Group companies -11.0

*Spreads including various prices (metals, energy, materials, logistics, labor costs, foreign exchange effects, etc.)

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Compared to the previous fiscal year, segment profit is expected to decrease by JPY37.7 billion.

I will not go into details, but we expect to achieve a JPY12.3 billion improvement in profit excluding inventory valuation, etc., by reducing costs through structural reforms and improving selling prices, despite negative factors such as sluggish overseas markets, volume declines, and rising various costs compared to the previous fiscal year.



¥85.0bn. Increase in JFE Steel's Segment Profit (FY2024.1H vs. FY2024.2H)

JFE Steel

➤ A recovery in 2H is expected in **demand for automobiles, sales expansion of high-value-added products**, and an improvement in earnings for our **India's group companies, where an overall improvement in economic activity is expected.**

JFE Steel	FY2024 Forecast			Change
	1H Forecast	2H Forecast	Full Year	
Segment Profit	40.0	125.0	165.0	85.0
Excluding Inventory Valuation etc.	68.0	145.0	213.0	77.0

(billion yen)

1. Cost	+ 10.0	
2. Volume and Mix	+ 24.0	<ul style="list-style-type: none"> Crude steel production Approx. 11.30Mt⇒Approx. 11.70Mt Recovery in Automobile production and sales expansion of high-value-added products (Electrical steel sheet, Wind power generation, etc.)
3. Spreads*	+ 11.0	<ul style="list-style-type: none"> Improved spreads due continued sales price improvement efforts
4. Inventory Valuation	+ 8.0	<ul style="list-style-type: none"> Inventory valuation -20.0 (±0→-20.0) Carry over+33.0 (-33.0→±0) Foreign exchange valuation -5.0 (+5.0→±0)
5. Others	+ 32.0	<ul style="list-style-type: none"> Group Companies+25.0

*Spreads including various prices (metals, energy, materials, logistics, labor costs, foreign exchange effects, etc.)

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This is a breakdown of the difference of JPY85 billion between 1H and 2H of FY2024.

Cost reductions are expected to be an additional JPY10 billion due to cost reductions resulting from improved operations as initially anticipated.

As for volume and mix, we expect a positive JPY24 billion due to the volume impact of the 400,000-ton increase in crude steel and an improved product mix by a recovery in automobile production, capacity expansion of electrical steel sheets, and sales expansion of large size steel plates for wind power generation, for which inquiries are increasing not only in Asia but also in Europe.

As for spreads, we expect iron ore to decline compared to 1H, but we expect a positive JPY11 billion by restraining the decline in sales prices. In addition, inventory valuation is expected to be positive JPY8 billion.

As for others, based on the gradual recovery of domestic and overseas group companies, including improvement at JSW, we expect total group company earnings to improve by JPY25 billion. In addition to this, curing costs associated with structural reforms are also expected to decrease in stages and improve by about JPY7 billion. Based on these factors, others are expected to be positive JPY32 billion.



Profitability in steel business



- Mid-term target of business profit of ¥230bn. is not expected to be achieved mainly due to temporary factors in 1H. However, the target for profit per ton will be maintained at 10,000 yen per ton.
- Profit in 2H is expected to be in line with the forecast announced in May as a result of cost reductions and capacity expansion of electrical steel sheets.

Profitability in steel business (Segment profit excluding inventory valuation)

FY23.1H→FY23.2H

① Decrease in volume (automobiles, etc.), slowdown in overseas markets, rise in coking coal prices, etc.

FY23.2H→FY24.1H

② (Previous) Sales price improvement and increase in volume (automobiles)
 ③ (Updated) Decrease in volume (automobiles) and decrease in profit due to overseas group companies (India)

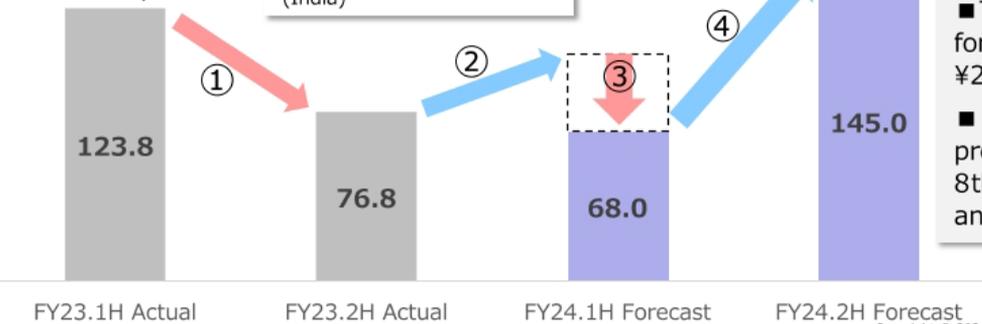
FY24.1H→FY24.2H

④ (Updated) Recovery of domestic automobile production, improvement of economic activity level in India after general election, and recovery of demand for steel products

Long-term vision Double profitability

8th Mid-term business plan

Unit : billion yen



■ The annualized profit for 2H(2H×2) exceeds ¥230bn.

■ Aiming for further profit growth under the 8th Medium-Term Plan and Long-Term Vision.

Here is a diagram that organizes the previous explanations.

The chart below shows the semiannual profit trends. From 1H to 2H of FY2023, profit decreased due to the volume decline caused by the certification issues that were revealed from January 2024 and the slowdown in overseas market conditions. For 1H of the current fiscal year, we had assumed at the time of our previous announcement that earnings would improve due to a recovery in automobile sales, but due to new certification issues, lower earnings at JSW, and other factors, we now expect earnings based on actual performance to be JPY68 billion.

For 2H, we expect earnings to be in line with our previous forecast, based on our initial assumptions of cost reductions and capacity expansion of electrical steel sheets, and annualized earnings for 2H alone are expected to exceed JPY230 billion. Although the total for 1H and 2H of FY2024 will not reach the mid-term target of JPY230 billion, profit per ton is expected to reach the mid-term target of JPY10,000.



Financial Forecast for Fiscal Year 2024



■ Current Business Environment/Overview of Financial Status

- Expect to increase orders in the field of **“Waste to Resource”** and **“Core infrastructure”**
- Full year segment profit is expected to be **¥20.0bn.** (as previously announced).

■ Financial Forecast

(billion yen)	FY2023 Actual		FY2024 Forecast		Change	
	1H	Full Year	1H	Full Year	1H	Full Year
Orders*	269.7	563.0	240.0	600.0	(29.7)	37.0
Revenue	248.4	539.9	260.0	580.0	11.6	40.1
Segment Profit	8.7	24.3	8.0	20.0	(0.7)	(4.3)

*From FY2024, the Company changed its method of accruing orders for long-term O&M (operation and maintenance) contracts for waste treatment facilities, etc. contracted by local governments. Based on the previous order accruing method, we forecast annual orders for FY2024 to be ¥590 billion.

Next, the engineering business.

Despite the expected increase in orders, annual segment profit for the current fiscal year is expected to be JPY20 billion, in line with the previous forecast.



■ Current Business Environment/Overview of Financial Status

- In the first half, demand in North America and China is expected to remain sluggish, resulting in a year-on-year decrease of ¥4.8bn. to ¥22.0bn.
- Annual segment profit is expected to be ¥50.0bn. (as previously announced) with the anticipation of the gradual recovery of domestic demand for automobiles and the incorporation of profits by Studco*, etc. in the second half. (increased by ¥1.1bn. year-on-year, increased by ¥10.0bn. over the 7th medium-term business plan)

* Manufacturer of steel framing based in the United States and Australia acquired in May 2024)

■ Financial Forecast

	FY2023 Actual		FY2024 Forecast		Change	
	1H	Full Year	1H	Full Year	1H	Full Year
(billion yen)						
Revenue	742.0	1,476.4	700.0	1,550.0	(42.0)	73.6
Segment Profit	26.8	48.9	22.0	50.0	(4.8)	1.1

Next, JFE Shoji.

For 1H, we forecast JPY22 billion, down JPY4.8 billion YoY due to sluggish demand in the US and China.

For 2H, we expect a moderate recovery mainly for automobiles, and in addition, with the inclusion of profits from Studco, which was acquired in May of this year, we expect segment income of JPY50 billion for the full year as initially forecast.



JFE Group and Japan Suiso Energy* Sign Land-lease Agreement for Demonstration of World's First Liquefied Hydrogen Supply Chain

JFE-HD, JFE Steel

Released on Jul 25th, 2024

JFE

Ohgishima was selected as the liquefied hydrogen receiving site for a Green Innovation Fund Project "Liquefied Hydrogen Supply Chain Commercialization Demonstration".

➡ Leading the way toward a hydrogen-powered society in Japan from Ohgishima.

*Kawasaki Heavy Industries, Ltd.:36.6%·Iwatani Corporation:33.4%·INPEX:30%

■ Our own power plant
(Ohgishima thermal power plant, new#1)

Metropolitan Expressway Bayshore Route

Higashi-Ohgishima

Liquefied hydrogen carriers are planned to dock at the berth (FY2029年~)

■ Liquefied hydrogen carrier

■ Agreement signing ceremony
Right: Eiichi Harada, president of Japan Suiso Energy
Left: Masayuki Hirose, president and CEO of JFE Steel

- **Large-scale land use conversion in Ohgishima started in preparation for the start of land use in FY2028.** In cooperation with Kawasaki City, we are working to improve road and traffic access and the reception environment for liquefied hydrogen carriers in preparation for the start of the demonstration.
- After the commercialization demonstration, we will consider the introduction of hydrogen to our own power plant, the utilization of cold heat generated by hydrogen supply, and joining the business of the hydrogen supply chain.

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I will explain two topics.

As already announced, Ohgishima has been selected as the hydrogen receiving site for a Green Innovation Fund Project, "Liquefied Hydrogen Supply Chain Commercialization Demonstration." A large-scale land use conversion in Ohgishima will start in preparation for the start of land use in FY2028.

After the commercialization demonstration, we will consider the introduction of hydrogen to our own power plant, the utilization of cold heat generated by hydrogen supply, and joining the business of the hydrogen supply chain.



Promote overseas expansion of JFE Resolus™ solutions business

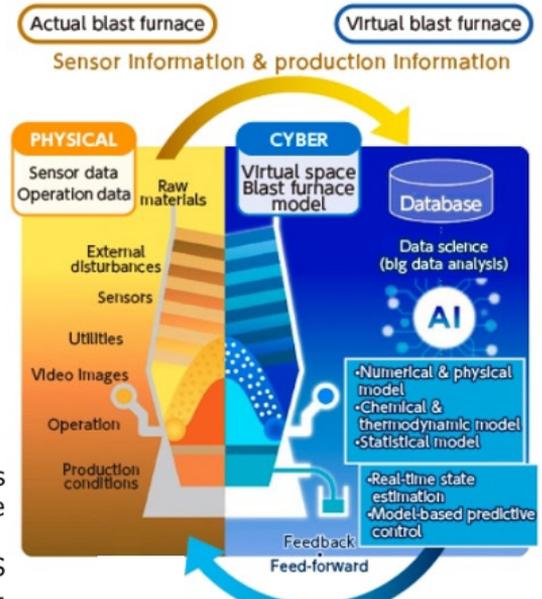


- **First order for continuous-caster breakout detection system for FHS in Vietnam.**
Released on May 22nd, 2024
- **JSW & JFE begin pilot demonstration of advanced Cyber-Physical System (CPS) technologies in blast furnace operations.**
Released on Jul 1st, 2024

■ **Contribution of the solutions business to profits**
Further contribution of the solutions business to profits is aimed from the next mid-term onward by selling new items using DS technology to overseas steel companies and other industries, in addition to the conventional operation support.



■ **CPS in blast furnace operation**
 · A virtual space blast furnace model using data science is used to visualize the internal state in real time and realize high efficiency and stabilization of operation.
 · First project wherein JFE provides its proprietary CPS capability to overseas steel company through a cloud-based environment.



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Finally, I would like to talk about the promotion of overseas expansion of JFE Resolus solution business.

The first order for continuous-caster breakout detection system was received for FHS in Vietnam. In addition, pilot demonstration of CPS for blast furnaces has started at JSW in India.

In the 7th mid-term plan, we are aiming for a threefold contribution to earnings from the solutions business compared to FY2020, and by expanding overseas development in the future, we are aiming for a further contribution to earnings in the next mid-term and beyond.

That is all from our company.

This presentation material was prepared for the purpose of publicizing the status of our company's financial results for the first quarter of FY2024. 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.