



JFE Holdings, Inc.

2Q Financial Results Briefing for the Fiscal Year Ending March 2025

November 6, 2024

Presentation

Moderator: We will now begin the financial results briefing for JFE Holdings, Inc. In attendance today are Masashi Terahata, Representative Director, Executive Vice President; and Tsunao Takura, Vice President.

The time allotted is approximately 30 minutes for presentation and 30 minutes for Q&A, for a total of 60 minutes. We will have a question-and-answer session after the briefing.

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



Financial Highlights

JFE-HD

- The supply-demand environment in the steel business is extremely severe, and we **expect profit attributable to owners of parent of ¥130bn.** due to factors such as the impact of crude steel production cuts, deteriorating earnings at overseas group companies, and loss on inventory valuation etc. (decreased by ¥67.4bn. year-on-year, decreased by ¥75.0bn. from previous forecast)
- The Board of Directors resolved to pay **an interim dividend of 50 yen.** (as previously announced)
- **The annual dividend is expected to be 100 yen** (decreased by 10 yen from previous forecast). In view of the expected performance outlook for the next fiscal year onwards and emphasizing a stable return of profits to shareholders, we will maintain the same amount as the previous fiscal year.

Results for 1H of FY2024

Business Profit ¥81.8bn.

(decreased by ¥82.5bn. year-on-year,
decreased by ¥3.2bn. from previous forecast)

[Excluding Inventory
Valuation etc.]

¥134.8bn.

(decreased by ¥30.5bn. year-on-year,
increased by ¥21.8bn. from previous forecast)

Forecast of FY2024

Business Profit ¥160.0bn.

(decreased by ¥138.2bn. year-on-year,
decreased by ¥100.0bn. from previous forecast)

[Excluding Inventory
Valuation etc.]

¥240.0bn.

(decreased by ¥56.2bn. year-on-year,
decreased by ¥68.0bn. from previous forecast)

Profit attributable to owners of parent ¥130.0bn.

(decreased by ¥67.4bn. year-on-year, decreased by ¥75.0bn. from previous forecast)

Steel business profit per ton : 8,000yen/t (decreased by ¥2,000/t from previous forecast)

Crude Steel Production

(Standalone) : approx. 22.40Mt

(decreased by 1.05Mt year-on-year,
decreased by 0.60Mt from previous forecast)

Dividend 100yen (decreased by 10 yen from previous forecast)

Interim dividend 50yen (as previously announced)

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Terahata: As described here, the supply-demand environment in the steel business is extremely severe, and due to the impact of reduced crude steel production, deteriorated earnings of overseas group companies, and inventory valuation losses resulting from the decline in coking coal prices, we expect business profit of JPY160 billion and profit attributable to owners of parent of JPY130 billion for the current fiscal year. Business profit excluding inventory valuation differences, etc. is expected to be JPY240 billion.

The interim dividend of JPY50 was approved by the Board of Directors today, as previously announced. Regarding the annual dividend, we expect to pay JPY100, the same level as the previous fiscal year's actual dividend, a decrease of JPY10 from the previous announcement, due to the fact that we expect a large valuation loss in the current fiscal year and from the viewpoint of performance trends in the next fiscal year and thereafter, and the importance of stable profit distribution to our shareholders.



Financial Results for 1H of Fiscal Year 2024

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➤ Business profit for the first half of the year was ¥81.8bn.

(decreased by ¥3.2bn. from previous forecast)

(billion yen)	FY2023 1H Actual (Apr-Sep)	FY2024 1H Forecast (Previous) (Apr-Sep)	FY2024 1H Actual (Apr-Sep)	Change (FY2023 →FY2024)	Change (Previous →Actual)
Revenue	2,576.5	2,460.0	2,450.7	(125.8)	(9.3)
Business Profit [Excluding Inventory Valuation etc.]	164.3 [165.3]	85.0 [113.0]	81.8 [134.8]	(82.5) [(30.5)]	(3.2) [21.8]
Finance Income/Costs	(8.9)	(10.0)	(9.8)	(0.9)	0.2
Segment Profit	155.3	75.0	72.0	(83.3)	(3.0)
Exceptional Items	—	(10.0)	(12.1)*	(12.1)	(2.1)
Profit before Tax	155.3	65.0	59.9	(95.4)	(5.1)
Tax Expense and Profit (Loss) Attributable to Non-Controlling Interests	(45.2)	(20.0)	(17.4)	27.8	2.6
Profit Attributable to Owners of Parent	110.0	45.0	42.4	(67.6)	(2.6)

*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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5

Takura: Let me explain the business performance. First, the results for 1H.

Revenue was JPY2,450.7 billion and business profit was JPY81.8 billion, a decrease of JPY3.2 billion from the previously announced forecast. As shown in parentheses below, business profit excluding inventory valuation difference, etc., is up JPY21.8 billion from the previously announced forecast. Profit attributable to owners of parent was JPY42.4 billion, a decrease of JPY2.6 billion from the previously announced forecast.

The decrease of JPY12.1 billion in the middle row of exceptional items is the loss related to the sale of GECOSS shares, the maintenance costs of the Keihin area, and the gain on the sale of land, as indicated by the asterisks.



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

JFE-HD

(billion yen)	FY2023 1H Actual (Apr-Sep)	FY2024 1H Forecast (Previous) (Apr-Sep)	FY2024 1H Actual (Apr-Sep)	Change (FY2023 →FY2024)	Change (Previous →Actual)
Steel Business	1,865.8	1,780.0	1,729.3	(136.5)	(50.7)
Engineering Business	248.4	260.0	269.5	21.1	9.5
Trading Business	742.0	700.0	715.5	(26.5)	15.5
Adjustments	(279.7)	(280.0)	(263.5)	16.2	16.5
Revenue	2,576.5	2,460.0	2,450.7	(125.8)	(9.3)
Business Profit (A)	164.3	85.0	81.8	(82.5)	(3.2)
Finance Income/Costs (B)	(8.9)	(10.0)	(9.8)	(0.9)	0.2
Steel Business	122.8	40.0	34.5	(88.3)	(5.5)
Engineering Business	8.7	8.0	8.9	0.2	0.9
Trading Business	26.8	22.0	22.4	(4.4)	0.4
Adjustments	(3.1)	5.0	6.2	9.3	1.2
Segment Profit (A+B)	155.3	75.0	72.0	(83.3)	(3.0)

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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6

The table here shows 1H results by segment.

Looking at the segment profit in the bottom row, the segment profit in the steel business was JPY34.5 billion, a JPY5.5 billion decrease from the previously announced forecast. For the engineering business and trading business, profit was JPY8.9 billion and JPY22.4 billion, respectively, with no significant difference from the previously announced forecast.



¥5.5bn. Decrease in JFE Steel's Segment Profit (FY2024.1H (Forecast) vs. FY2024.1H(Actual))

JFE Steel

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	Unit	FY2024 1H(forecast)	FY2023 1H(Actual)				(billion yen)
Crude Steel (Standalone)	Mt	Approx. 11.30	11.03	JFE Steel	FY2024 1H(Forecast)	FY2024 1H(Actual)	Change
Shipment (Standalone)	Mt	Approx. 9.90	9.66	Segment Profit	40.0	34.5	(5.5)
Average Sales Price (Standalone)	000 yen/t	Approx. 135	135.2	Excluding Inventory Valuation etc.	68.0	87.5	19.5
Exchange Rate	yen/ \$	Approx. 156	153.9				

1. Cost	(3.0)	<ul style="list-style-type: none"> Impact of stormy weather
2. Volume and Mix	(5.0)	<ul style="list-style-type: none"> Crude steel production approx. 11.30Mt→11.03Mt
3. Spreads*	+17.0	<ul style="list-style-type: none"> Improved spreads due to sales price improvement efforts The timing difference in reflecting raw material price changes in selling prices (positive impact)
4. Inventory valuation	(25.0)	<ul style="list-style-type: none"> Inventory valuation -3.0 (±0→-3.0) Carry over -10.0 (-33.0→-43.0) Foreign exchange valuation-12.0 (+5.0→-7.0)
5. Others	+10.5	<ul style="list-style-type: none"> Delay in the timing of expense occurrence, etc.

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

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7

I will now explain the breakdown of the decline of JPY5.5 billion from previously announced forecast for the steel business.

As for costs, the increase in costs mainly due to weather effects such as typhoons in August resulted in a decline in profit of JPY3 billion. There was also a decline of JPY5 billion in volume and mix due to the impact of a decline in crude steel production by about 0.27 million tons.

On the other hand, the spread increased by JPY17 billion due to coking coal prices falling more than expected during the period, in addition to activities to improve selling prices. Inventory valuation differences resulted in a decline in profit of JPY25 billion, mainly due to carry-over and foreign currency translation differences. And for others, there was an increase of about JPY10.5 billion due to asset disposal and other expenses being incurred later in 2H.



¥88.3bn. Decrease in JFE Steel's Segment Profit (FY2023.1H (Actual) vs. FY2024.1H (Actual))

JFE Steel

	Unit	FY2023 1H	FY2024 1H				(billion yen)
Crude Steel (Standalone)	Mt	12.16	11.03	JFE Steel	FY2023 1H	FY2024 1H	Change
Shipment (Standalone)	Mt	10.65	9.66	Segment Profit	122.8	34.5	(88.3)
Average Sales Price (Standalone)	000yen /t	129.3	135.2	Excluding Inventory Valuation etc.	123.8	87.5	(36.3)
Exchange Rate	yen/\$	139.9	153.9				

1. Cost	+27.0	<ul style="list-style-type: none"> Structural reforms effect +22.0 Operational improvement etc. +5.0
2. Volume and Mix	(24.0)	<ul style="list-style-type: none"> Crude steel production 12.16Mt→11.03Mt
3. Spreads*	(11.0)	<ul style="list-style-type: none"> Impact on overseas markets
4. Inventory valuation	(52.0)	<ul style="list-style-type: none"> Inventory valuation -4.0 (+1.0→-3.0) Carry over -26.0 (-17.0→-43.0) Foreign exchange valuation -22.0 (+15.0→-7.0)
5. Others	(28.3)	<ul style="list-style-type: none"> Group companies -20.0

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

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8

In comparison with 1H FY2023, profit decreased by JPY88.3 billion.

This is a combination of the figures on the previous page and the previously announced forecast, so I will omit the explanation on specific figures.

Overall, the significant decrease in earnings was due to a decline in standalone crude steel production volume of more than 1 million tons, a decline in spread due to deteriorating overseas market conditions and soaring various costs, lower earnings at Group companies, mainly overseas, and a decline in inventory valuation differences due to falling coking coal prices.



Financial Forecast for Fiscal Year 2024

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- **Full-year business profit is expected to be ¥160.0bn.**
(decreased by ¥100.0bn. from previous forecast, decreased by ¥138.2bn. year-on-year)
- **Full-year profit attributable to owners of parent is expected to be ¥130.0bn.**
(decreased by ¥75.0bn. from previous forecast, decreased by ¥67.4bn. 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	5,240.0	2,450.7	4,970.0	(204.6)	(270.0)
Business Profit [Excluding Inventory Valuation etc.]	164.3 [165.3]	298.2 [296.2]	260.0 [308.0]	81.8 [134.8]	160.0 [240.0]	(138.2) [(56.2)]	(100.0) [(68.0)]
Finance Income/Costs	(8.9)	(18.6)	(20.0)	(9.8)	(20.0)	(1.4)	0
Segment Profit	155.3	279.6	240.0	72.0	140.0	(139.6)	(100.0)
Exceptional Items	-	(11.2)	35.0	(12.1)*	40.0*	51.2	5.0
Profit before Tax	155.3	268.3	275.0	59.9	180.0	(88.3)	(95.0)
Tax Expense and Profit (Loss) Attributable to Non-Controlling Interests	(45.2)	(70.9)	(70.0)	(17.4)	(50.0)	20.9	20.0
Profit Attributable to Owners of Parent	110.0	197.4	205.0	42.4	130.0	(67.4)	(75.0)

*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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Next, the full year earnings forecast.

Revenues are projected at JPY4,970 billion for the full-year, down JPY270 billion from the previously announced forecast. This is mainly due to lower sales resulting from sluggish market conditions.

Business profit and segment profit are projected to be JPY160 billion and JPY140 billion, a decline of JPY100 billion from the previously announced forecast respectively.

Profit attributable to owners of parent is forecasted to be JPY130 billion, a decrease of JPY75 billion from the previously announced forecast.

As for the exceptional items, we expect a gain on the sale of land in Ogimachi in 2H, and together with a loss of JPY12.1 billion in 1H, it will be JPY40 billion in total for this fiscal 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	3,660.0	1,729.3	3,460.0	(256.0)	(200.0)
	Engineering Business	248.4	539.9	580.0	269.5	580.0	40.1	0
	Trading Business	742.0	1,476.4	1,550.0	715.5	1,450.0	(26.4)	(100.0)
	Adjustments	(279.7)	(557.8)	(550.0)	(263.5)	(520.0)	37.8	30.0
	Revenue	2,576.5	5,174.6	5,240.0	2,450.7	4,970.0	(204.6)	(270.0)
	Business Profit (A)	164.3	298.2	260.0	81.8	160.0	(138.2)	(100.0)
	Finance Income/Costs (B)	(8.9)	(18.6)	(20.0)	(9.8)	(20.0)	(1.4)	0
	Steel Business	122.8	202.7	165.0	34.5	70.0	(132.7)	(95.0)
	Engineering Business	8.7	24.3	20.0	8.9	20.0	(4.3)	0
	Trading Business	26.8	48.9	50.0	22.4	45.0	(3.9)	(5.0)
	Adjustments	(3.1)	3.5	5.0	6.2	5.0	1.5	0
	Segment Profit (A+B)	155.3	279.6	240.0	72.0	140.0	(139.6)	(100.0)

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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11

This is the full year forecast by segment.

Segment profit for the steel business is expected to be JPY70 billion, a decline of JPY95 billion from the previously announced forecast. The profit for the engineering business is expected to be JPY20 billion, the same as previously announced forecast; and that for the trading business is JPY45 billion, a decrease of JPY5 billion from the previously announced forecast.

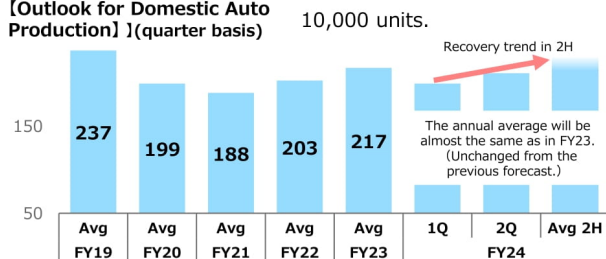


Business Environment (Domestic)

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- Demand in the automobile and shipbuilding sectors is **relatively steady but unlikely to see significant growth**.
- **A further slowdown** in demand for construction materials as a result of rising construction costs and labor shortages.

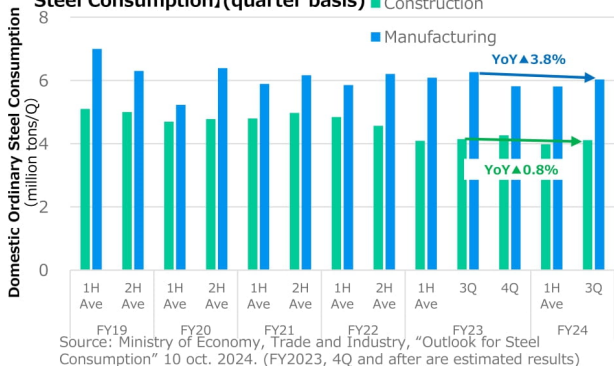
[Outlook for Domestic Auto Production] (quarter basis)



[Trend by Sector]

Auto-mobile	<ul style="list-style-type: none"> Production levels are expected to recover from the 1H of the year, which was affected by quality and certification issues and typhoons. Although demand is relatively stable, the recovery seems to have plateaued.
Ship-building	<ul style="list-style-type: none"> Supported by steady demand, domestic shipbuilders have secured an order backlog equivalent to approximately three years, which is considered a stable level. Due to labor shortages, the pace of construction has slowed, making further growth in steel demand unlikely in the short term.
Other manufacturing	<ul style="list-style-type: none"> Construction equipment: In addition to the softening trend in Europe and Asia, signs of a peak are emerging in the North American market, which had been stable until last year. Industrial machinery: The demand remains weak due to uncertainties such as rising interest rates and ongoing inflation. While there are some signs of a potential bottoming out, significant recovery has yet to be seen.
Construction	<ul style="list-style-type: none"> In addition to the small- and medium-scale projects, demand for large-scale projects such as redevelopment projects has been postponed due to rising material costs and labor shortages. The deceleration trend has become even more clear due to the impact on construction investment and housing acquisition sentiment caused by rising construction costs and interest rates.
Civil engineering	<ul style="list-style-type: none"> Despite continued high levels of budget allocations, rising costs and labor shortages are expected to lead to a gradual decline in the actual activity levels and steel demand in FY2024.

[Outlook for Domestic Ordinary Steel Consumption] (quarter basis)



Next, I will explain our business forecast of steel business.

First, as for the business environment, I would like to discuss domestic demand for steel products. The demand in the automotive and shipbuilding sectors are relatively firm, but it is difficult to expect significant growth.

As shown in the bar graph below, automobile production volume was below the previous year's level in 1H due to the certification issue, but is expected to recover gradually in 2H, and is projected to be on par with FY2023 for the full year.

In the other manufacturing sector, shown in the middle of the right-hand table, both construction equipment and industrial machinery continue to show no significant signs of recovery.

With regard to construction and civil engineering, we recognize that the slowdown in demand has become even clearer since the previous announcement, against a backdrop of rising construction costs and labor shortages.



Business Environment (Overseas)

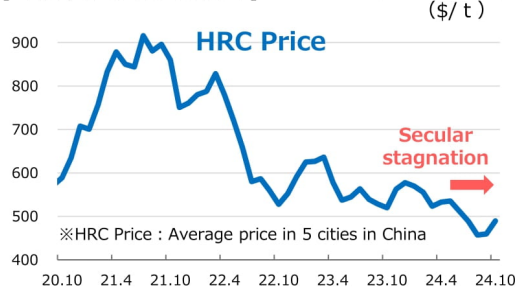
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- Oversupply and increased exports from China, where domestic demand is sluggish, continue to cause **slack in the supply and demand of steel products and market stagnation**.
- **The automotive sector in ASEAN has experienced a greater-than-expected decline in sales due to high interest rates and stricter loan screening.**

[China's crude steel production and steel exports]
Crude steel production(per month)
 Annual crude steel production(per month)
 2021:1,033 Mt(86)
 2022:1,013 Mt(84)
 2023:1,020 Mt(85)



[China: Steel Market Price]



[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%
Jul. 2024 Forecast	3.2%	2.6%	5.0%	7.0%	4.5%
Oct. 2024 Forecast	3.2% ➡	2.8% ➡	4.8% ➡	7.0% ➡	4.5% ➡

Source : IMF World Economic Outlook Update Jul. 2024 and Oct. 2024

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

[Trend by Sector]

Thin Sheet	<ul style="list-style-type: none"> Market conditions are depressed particularly in Asia due to sluggish domestic demand, oversupply, and increased exports from China. While the implementation of China's economic stimulus measures and clear production control policies are awaited, it is expected that it will take time for demand to normalize and for market conditions to recover.
Auto-mobile	<ul style="list-style-type: none"> Although global production volume has been steady, Japanese OEMs continue to lose market share in China. Although ASEAN is expected to gradually recover from the impact of high interest rates and stricter loan screening, the greater-than-expected decline in sales up to now has led to further reductions in inventory and production.
Ship-building	<ul style="list-style-type: none"> China and South Korea shipbuilders continue to secure stable contracts by increasing new construction orders.
Energy	<ul style="list-style-type: none"> Against the backdrop of moderate global economic growth and heightened geopolitical tensions, demand for a stable energy supply remains strong, and firm demand is expected over the medium term.

Next is the demand for steel products overseas.

As shown in the chart on the bottom left, the supply-demand balance for steel products has been loosening and market conditions have remained stagnant due to oversupply and increased exports from China.

On the other hand, sales in the automotive sector in ASEAN, which was expected to recover moderately at the time of the previous forecast announcement, are expected to decline due to the greater-than-expected impact of high interest rates and stricter loan screening procedures, particularly in Thailand and Indonesia.



Crude Steel Production

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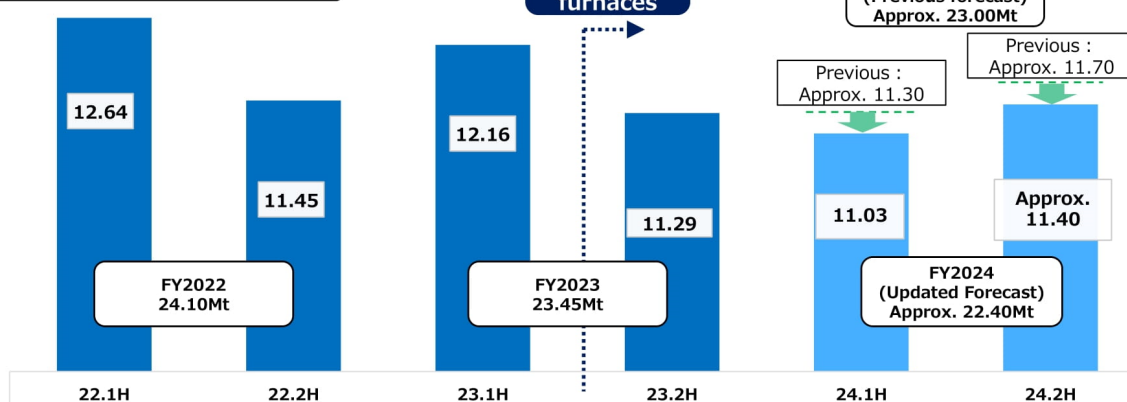
Expect approx. 22.40Mt for the full year (Approx. 0.60Mt down from the previous forecast)

- In 1H, crude steel production decreased due to decreased sales of commodity products caused by stormy weather and sluggish overseas markets (Approx. 0.30Mt down from the previous forecast).
- In 2H, domestic demand for automobiles is expected to recover gradually, and crude steel production to increase from 1H. However, the overall supply-demand environment is severe due to a larger-than-expected decline in domestic demand, particularly for construction materials, and the risk of further prolongation of the slump in automobile sales in ASEAN (Approx. 0.30Mt down from the previous forecast).

Standalone crude steel production <Half Year>

Unit : Mt

Seven
blast
furnaces



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15

Crude steel production, as shown in the chart below, is expected to be around 22.4 million tons for the full year, down 600,000 tons from the previous announcement and about 1 million tons less than in FY2023. For both 1H and 2H, we expect a decline of about 300,000 tons respectively. As explained earlier, 1H was affected by stormy weather and lower sales of commodity products due to sluggish overseas markets. For 2H, we expect an increase in crude steel production compared to 1H due to a recovery in domestic demand for automobiles.

On the other hand, crude steel production is expected to decline from the previous forecast due to the fact that the overall supply-demand environment will be severe, because of factors such as declining domestic demand, mainly for construction materials, and the risk of a prolonged slump in automobile sales in ASEAN.



Raw materials market trends

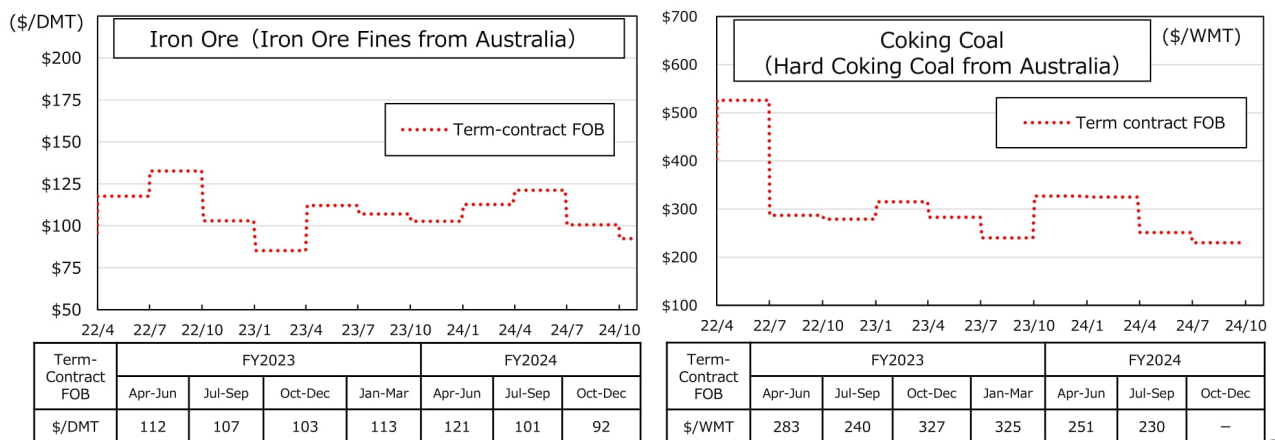
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■ Key Raw materials

- Iron Ore: Demand for steel products in China is still weak, but sentiment is recovering due to expectations for economic stimulus measures by the Chinese government. **The iron ore market is expected to remain at the current level for the time being.**
- Coking coal: Due to increased demand in India after the monsoon season and the impact of the Australian rainy season on production, **a certain rise in the market is expected from the current level** towards the latter part of 2H.

■ Metals

- Demand is sluggish and the market is stagnant due to the slow recovery of the Chinese economy and steel demand.



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16

Next, I will discuss raw material market conditions.

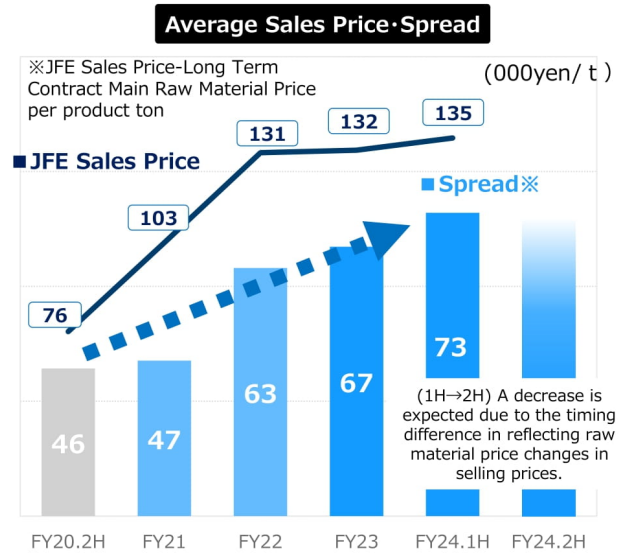
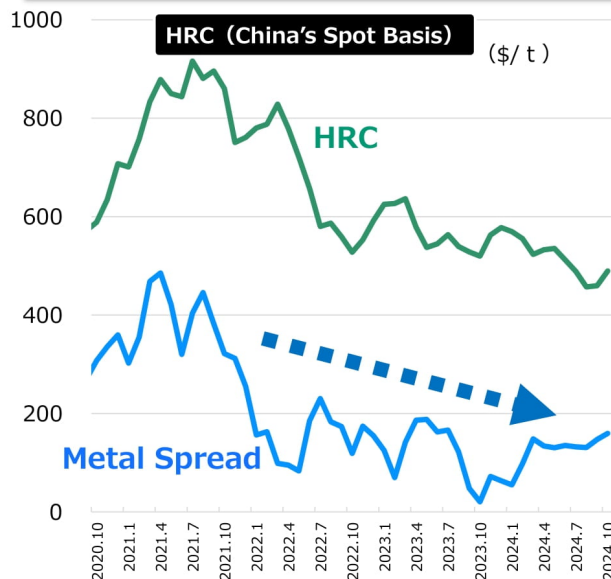
We expect iron ore to remain at the current level for the time being, around USD100 FOB. Coking coal prices are currently hovering around USD200, but we expect the market to rise to the mid USD200 range in 2H due to risks such as increased demand in India and the rainy season in Australia.

Improving of sales price

- Although overseas markets will remain sluggish, we will continue **to push forward with passing on various costs, reviewing extras, and correcting price levels**, and we expect spreads^{*1} to widen compared with FY23 levels.
- Spreads including various costs, such as soaring logistics and labor costs,^{*2} are expected to remain at the same level as FY23.

^{*1} JFE Sales Price-Long Term Contract Main Raw Material Price per product ton

^{*2} Spreads including metals, energy, materials, logistics, labor costs, foreign exchange impact, etc.



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17

Continuing on, let's look at the sales price.

As shown in the bottom left chart, overseas market conditions remain sluggish, but we expect the main raw material spread to increase compared to FY2023, as shown in the bottom right chart, by passing on cost increases on sales prices and adjusting sales price levels. Although logistics and labor costs rose sharply from FY2023 to FY2024, the spread including these and other costs is expected to remain at the FY2023 level.



Financial Forecast for Fiscal Year 2024

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	Unit	FY2023					FY2024					FY2024 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	868.7	1,729.3	1,730.7	3,460.0	3,660.0
Segment Profit	billion yen	68.1	54.7	122.8	79.8	202.7	31.5	3.0	34.5	35.5	70.0	165.0
Excluding Inventory Valuation*	billion yen	59.1	64.7	123.8	76.8	200.7	36.5	51.0	87.5	62.5	150.0	213.0
Crude Steel (Standalone)	Mt	6.05	6.11	12.16	11.29	23.45	5.48	5.55	11.03	Approx. 11.40	Approx. 22.40	Approx. 23.00
Crude Steel (Consolidated)	Mt	6.38	6.47	12.85	11.95	24.80	5.80	5.89	11.69			
Shipment (Standalone)	Mt	5.23	5.42	10.65	10.12	20.77	4.70	4.96	9.66			
Export Ratio on Value Basis (Standalone)	%	44.2	44.2	44.2	41.5	42.9	40.6	44.2	42.4			
Average Sales Price (Standalone)	000 yen/t	128.5	130.1	129.3	133.8	131.5	139.2	131.5	135.2			
Exchange Rate	¥/\$	135.8	144.1	139.9	147.7	143.8	155.0	152.8	153.9	Approx. 150	Approx. 152	Approx. 156
Exchange Rate (End of Term)	¥/\$	145.0	149.6	149.6	151.4	151.4	161.1	142.7	142.7	Approx. 150	Approx. 150	Approx. 155

* Excluding inventory valuation, carry over, one-time structural reform costs and foreign exchange valuation from segment profit

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Here is a summary of the assumptions used for the earnings forecast.

Crude steel production on a stand-alone basis was as explained earlier.

The steel export ratio for 1H in the middle of this table was 42.4%, and the average sales price for 1H was JPY135,200, no significant change from the previous announcement.

On the other hand, the Japanese yen has appreciated slightly against the US dollar, and we expect the average exchange rate to be JPY153.9/USD for 1H and around JPY150/USD for 2H.



¥95.0bn. Decrease in JFE Steel's Segment Profit (FY2024 (Previous Forecast) vs. FY2024(Updated Forecast))

JFE

- Segment profit in FY2024 is expected to be ¥70.0bn., ¥95.0 bn. less than the previous forecast, due to factors such as reduced production of crude steel, lower earnings from group companies overseas, and inventory valuation differences, etc.

JFE Steel	FY2024 Previous Forecast	FY2024 Updated Forecast	Change (billion yen)
Segment Profit	165.0	70.0	(95.0)
Excluding Inventory Valuation etc.	213.0	150.0	(63.0)
1. Cost	(10.0)	• Impact of stormy weather, timing difference in maintenance, etc.	
2. Volume and Mix	(29.0)	• Crude Steel Production approx. 23.00M t → approx. 22.40M t (Decrease in steel for domestic construction materials and export automobiles, etc.)	
3. Spreads*	±0		
4. Inventory valuation	(32.0)	• Inventory valuation -15.0 (-20.0→-35.0) • Carry over -10.0 (-33.0→-43.0) • Foreign exchange valuation -7.0 (+5.0→-2.0)	
5. Others	(24.0)	• Group companies -11.0	

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

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19

Here is a breakdown of the decline of JPY95 billion in profit forecast from the previously announced forecast.

First, we expect a decline of JPY10 billion in cost, due to stormy weather in 1H and a plan to increase maintenance and repair work in 2H under the current environment of reduced production.

We also expect a decline of JPY29 billion in volume and mix, due to the deteriorating mix resulting from the decrease in domestic construction materials and export automobiles, etc., in addition to the impact of the decrease in crude steel production volume, by approximately 600,000 tons. The spread is plus/minus zero, and inventory valuation difference is a decline of JPY32 billion, mainly due to the decline in coking coal prices.

For others, there will be a decline of JPY24 billion due to the deteriorating earnings of overseas Group companies, particularly JSW in India and CSI in the US, resulting from sluggish market conditions, as well as losses on sales of assets and the impact of falling unit prices of by-products.

Regarding the July-September financial results of JSW in India, which will be reflected in our profit with a lag of three months, profit decreased from the previously announced forecast. Although production volume recovered due to the completion of scheduled repairs by June and the end of general elections, there was an impact of increased exports from China and impairment losses on their own mines.

As for October and beyond, we need to watch the impact of exported steels from China, but we expect a certain level of recovery in India itself due to firm domestic demand, seasonal factors, and the fact that JSW itself is steadily increasing its capacity.



¥132.7bn. 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	70.0	(132.7)
Excluding Inventory Valuation etc.		200.7	150.0	(50.7)
1. Cost		+32.0	<ul style="list-style-type: none"> • Structural reforms effect +25.0 • Operational improvement etc. +7.0 	
2. Volume and Mix		(34.0)	<ul style="list-style-type: none"> • Crude steel production approx. 23.45M t → approx. 22.40M t 	
3. Spreads*		±0		
4. Inventory valuation		(82.0)	<ul style="list-style-type: none"> • Inventory valuation -40.0 (+5.0→-35.0) • Carry over -45.0 (+2.0→-43.0) • Foreign exchange valuation -17.0 (+15.0→-2.0) • One-time structural reform costs +20.0 (-20.0→±0) 	
5. Others		(48.7)	<ul style="list-style-type: none"> • Group companies -21.0 	

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

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20

Here is a comparison with the previous year. Since this is a combination of the analysis explained on the previous page and the previously announced analysis, I will not explain the specific numbers. While significant cost reductions will be realized through structural reforms and operational improvements, we expect a significant decrease in profit due to lower volume resulting from the worsening business environment, deteriorated mix, lower Group company earnings, and a decrease in inventory valuation differences.



¥1.0bn. Increase in JFE Steel's Segment Profit (FY2024.1H vs. FY2024.2H)

JFE Steel

JFE Steel	FY2024 Forecast			(billion yen) Change
	1H Actual	2H Forecast	Full Year	
Segment Profit	34.5	35.5	70.0	1.0
Excluding Inventory Valuation etc.	87.5	62.5	150.0	(25.0)

1. Cost	+6.0	
2. Volume and Mix	+5.0	• Crude steel production 11.03Mt→approx. 11.40Mt
3. Spreads*	(23.0)	• The timing difference in reflecting raw material price changes in selling prices (positive impact in 1H → negative impact in 2H)
4. Inventory valuation	+26.0	• Inventory valuation -29.0 (-3.0→-32.0) • Carry over +43.0 (-43.0→±0) • Foreign exchange valuation +12.0 (-7.0→+5.0)
5. Others	(13.0)	• Timing difference of expense occurrence, etc.

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

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21

Here is a comparison of 1H and 2H and an analysis of a JPY10 billion increase.

From 1H to 2H, we expect a JPY6 billion increase in profit due to a decrease in costs to be achieved through operational improvements and other factors.

As for volume and mix, we expect an increase of nearly 400,000 tons of crude steel production from 1H, and with the expected decrease due to mix deterioration, we expect an increase of JPY 5 billion.

The spread is expected to deteriorate, causing a decrease of JPY23 billion, mainly due to the impact of coking coal price pass-through on selling price partly shifting to the next period, which had a positive effect in 1H but turned negative in 2H.

Inventory valuation differences, etc., is expected to increase by JPY26 billion, while others is expected to decrease by JPY13 billion due to the concentration of taxes and asset disposal in 2H.



Financial Forecast for Fiscal Year 2024

JFE

■ 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		FY2024 Forecast (Previous)	
	1H	Full Year	1H	Full Year	1H	Full Year	1H	Full Year
Orders*	269.7	563.0	246.0	600.0	(23.7)	37.0	240.0	600.0
Revenue	248.4	539.9	269.5	580.0	21.1	40.1	260.0	580.0
Segment Profit	8.7	24.3	8.9	20.0	0.2	(4.3)	8.0	20.0

*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 ¥590.0 billion.

For JFE Engineering, orders are expected to be strong and amount to JPY600 billion, as initially expected. Annual segment profit is expected to be JPY20 billion, as previously forecasted.



Financial Forecast for Fiscal Year 2024

JFE

■ Current Business Environment/Overview of Financial Status

- Due to economic uncertainty in China and continued weakness in the domestic building materials market, annual segment profit is expected to be **¥45.0bn.**, decreased by ¥5.0bn. from previous forecast.

■ Financial Forecast

(billion yen)	FY2023 Actual		FY2024 Forecast		Change		FY2024 Forecast (Previous)	
	1H	Full Year	1H	Full Year	1H	Full Year	1H	Full Year
Revenue	742.0	1,476.4	715.5	1,450.0	(26.5)	(26.4)	700.0	1,550.0
Segment Profit	26.8	48.9	22.4	45.0	(4.4)	(3.9)	22.0	50.0

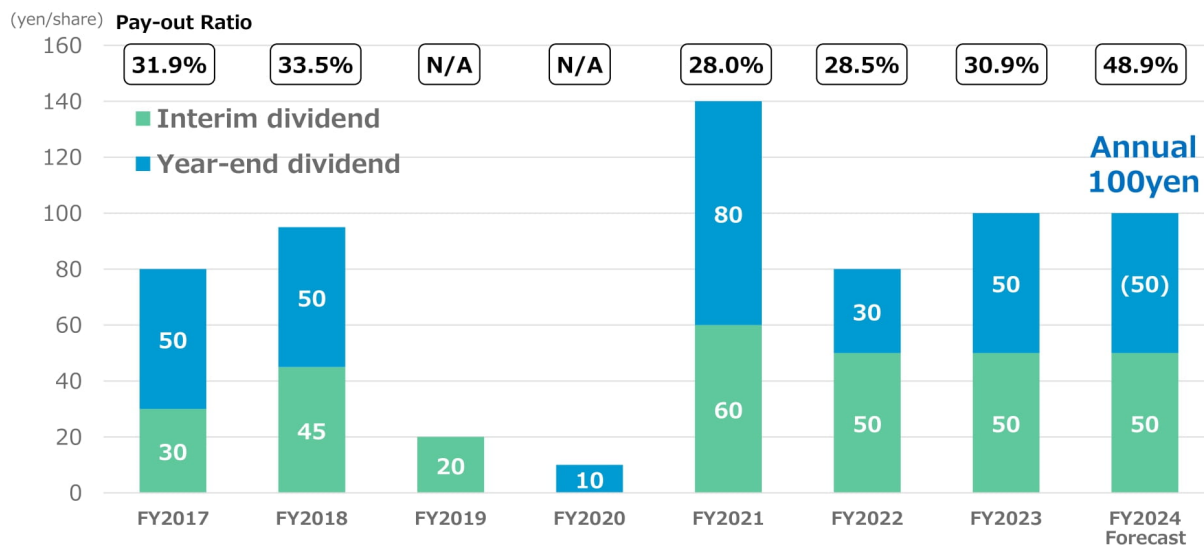
For JFE Shoji, the segment profit is forecasted to be JPY45 billion, down JPY5 billion from the previous announcement, factoring in the impact of the uncertain Chinese economy and continued weakness in the domestic construction materials market.



Dividends

JFE

- The Board of Directors resolved to pay an interim dividend of **50 yen per share**. (As previous announced)
- **The annual dividend is expected to be 100 yen** (decreased by 10 yen from previous forecast). In view of the expected performance outlook for the next fiscal year onwards and emphasizing a stable return of profits to shareholders, we will maintain the same amount as the previous fiscal year.



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27

As for dividends, as explained earlier, we have resolved to pay an interim dividend of JPY50 per share. Despite the downward revision of the financial results, the annual dividend is expected to be JPY100 per share, taking into account the trend of business performance in the next fiscal year and beyond, as well as the importance of stable profit distribution to our shareholders.



Next Fiscal Year Onward

JFE

- In addition to eliminating some of the factors that caused the decline in profit in the current fiscal year, we will strive to increase profits by making early contribution to profit from the growth investment implemented in the seventh mid-term business plan, continuing the shift from quantity to quality and further reducing costs.

Investment that monetize or expand profits next fiscal year onward

[Steel business]

- Full contribution of capacity expansion of Kurashiki electrical steel sheet (Start operation in September 2024)
- Acquisition of 10% stake in the Blackwater coal mine (expected closing between January and March 2025)
- Acquisition of thyssenkrupp Electrical Steel India (expected closing around March 2025)

[Engineering business]

- Full-scale operation of monopile plant (expected in the second half of FY2025)

[Trading business]

- Full contribution of Studco acquisition (closing in May 2024)
- Establishment of Electrical Steel Sheet Processing and Sales Company in Serbia (expected full-scale operation in July 2025)

- In the 8th Medium-Term Business Plan, we will present strategies that will enable us to achieve growth even in such a difficult business environment.

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In the next fiscal year and beyond, in addition to the partial elimination of the factors that caused the decline in profits in the current fiscal year, the growth investments made in the period of seventh medium-term business plan will become profitable in the period of eighth medium-term business plan and beyond.

We would also like to expand our earnings by promoting a shift from quantity to quality and further cost reductions. The middle section lists the investments made in the period of seventh mid-term business plan that are expected to be profitable in the next fiscal year and beyond.

First, the electrical steel sheet expanded facility in Kurashiki, which began operations in September of this year, should make a full contribution in the next fiscal year. We expect Blackwater's interest and thyssenkrupp Electrical Steel India, which is expected to close in January to March 2025, to contribute to earnings in the next fiscal year.

In the engineering business, the monopile plant, which began operations in April of this year, is expected to be fully operational in 2H of FY2025 due to delays in Round 1 and other factors, and is expected to be profitable in the next fiscal year.

In the trading business, Studco is expected to make a full contribution in the next fiscal year, and the electrical steel sheets processing facility in Serbia are expected to start full-scale operations in July 2025.

In our eighth mid-term business plan, which we plan to announce next spring, we intend to present a strategy that will enable us to achieve growth even in the current difficult business environment.



Expansion Strategy of GO Electrical Steel Business in India

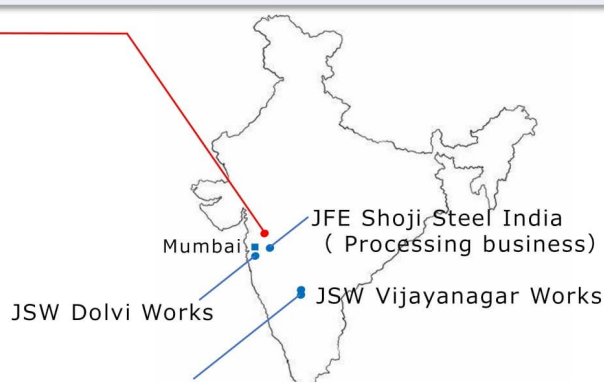
JFE

- ✓ **Established a Joint Venture** with JSW Steel Limited for **the manufacture and sales of GO electrical steel sheets in India** in February 2024.
(Company Name : JSW JFE Electrical Steel Private Limited (J2ES))
- ✓ **In addition, concluded a share purchase agreement to acquire thyssenkrupp Electrical Steel India Private Limited (tkES India) from thyssenkrupp AG through J2ES.**

★ Released on 18th October 2024

Acquired company name	thyssenkrupp Electrical Steel India Private Limited (tkES India)
Location	Nashik, Maharashtra, India
Establishment	2000
Acquisition Price (Estimation)	INR40.5bn. (Approx. ¥69.0bn.(*))
Shareholding Ratio	JFE50%、JSW50%
Closing (Estimation)	To be completed following necessary procedures. (In approx. 6months)
(Reference) Turnover	FY2023-24 : INR 12.7bn. FY2022-23 : INR 12.8bn. FY2021-22 : INR 7.8bn.

(*)Translated at the exchange rate as of the end of September (¥1.71/INR)



■ Released on 13th February 2024

Company Name	JSW JFE Electrical Steel Private Limited (J2ES)
CAPEX	Approx. US\$ 670M
Shareholding Ratio	JFE50%、JSW50%
Start Operation	Full production in FY2027(planned)

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Let me introduce some of the topics.

First is GO business strategy to expand its electrical steel sheet business in India. we have already explained this at a recent briefing, so I will not go into details, but in February 2024 we established a joint venture with JSW Steel Corporation for electrical steel sheets. In addition to this, we have recently concluded a share purchase agreement to acquire an electrical steel sheet manufacturing and sales company from thyssenkrupp AG.



Significance for the Acquisition of tkES India and our GO Business in India

JFE Steel

- ✓ In the Indian market, which is expected to continue expanding, we have acquired an additional manufacturing base to fully capture domestic demand.
- ✓ **We aim to be NO.1 GO supplier in India** with our 2 manufacturing bases, processing business (JFE Shoji Steel India, etc.) and JSW's marketing capabilities, etc.

<Our strength in the Indian GO market>

- **Entering the Indian GO market earlier**
(Before Acquisition : Full production in 2027 by J2ES
After Acquisition : tkES India contributes revenue from 2025)
- **India's only integrated GO manufacturer** in cooperation with JSW Steel's Steel Works
- **Supplying full lineup** from volume zone to top grade

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In the Indian market, which is expected to continue to expand in the future, we hope to thoroughly capture the domestic demand in India by acquiring additional manufacturing bases. Furthermore, with the processing business of JFE Shoji and the sales force of JSW, we hope to become the Number One supplier of GO in India.



Expanding Production Capacity for Top-grade NO Electrical Steel Sheets

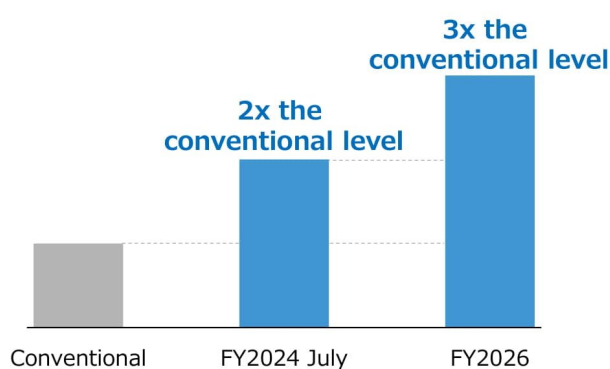
JFE Steel

- ✓ To capture future demand growth, we plan to increase our production capacity of high-grade NO for xEV primary drive motors in the Kurashiki District to 3 times the conventional level.
- ✓ Phase I production capacity expansion was completed as planned in July 2024, and production commenced in September.

Plans for expanding production capacity of top-grade NO for xEV

Site	West Japan Works (Kurashiki District)
Total investment	Approx. 95 bn. yen Phase I: Approx. 49 bn. yen Phase II: Approx. 46 bn. yen
Operation timing and production capacity	Phase I: 1H of FY2024 ➢ Double the conventional production capacity Phase II: FY2026 ➢ Triple the conventional production capacity

(Production capacity)



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32

Next, I would like to discuss the expansion of production capacity for NO electrical steel sheets in Kurashiki.

The Phase 1 of production capacity expansion was completed in July as planned, and production started in September. We have received inquiries from various customers, including an expansion of applications in the automotive industry, and our operation rate is steadily increasing. We plan to triple the conventional production capacity in FY2026.

Acquisition of Blackwater Coal Mine Interests

➤ **Decided to acquire 10% interest in Blackwater coal mine**
owned by Whitehaven in Australia

(Released on 22nd August)

■ Purpose

01

Securing high-quality coking coal that contributes to the reduction of CO₂ emissions in steelmaking processes

02

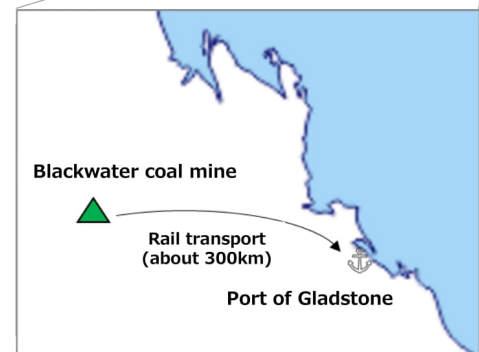
Stabilization of earnings through acquisition

▼ Location of Blackwater



■ Overview

Investment Amount	USD 360million (About ¥54billion)
Acquisition Ratio	10%
JV composition	JFE Steel (JStAR) 10% Whitehaven 70% Nippon Steel 20%
Mining	Open cut
Port of Shipment	Port of Gladstone (About 300km from the mine)
Coal Resources	More than 800M tonnes (to be mined over 30+ years)



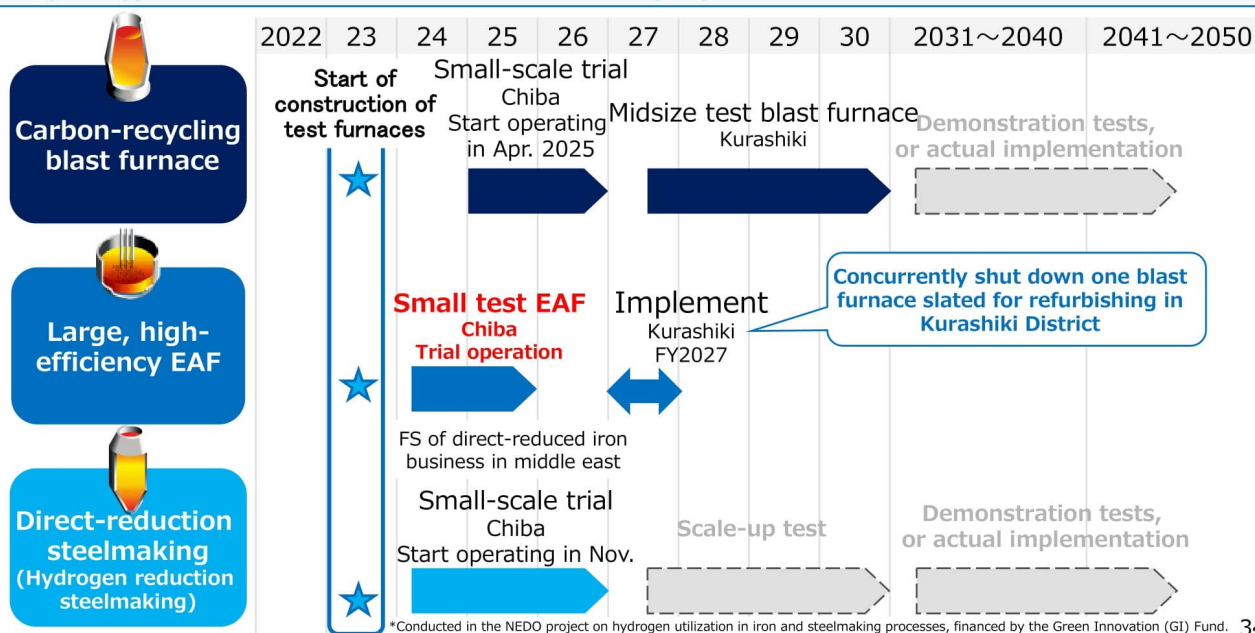
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33

This is regarding the acquisition of interests in the Blackwater coal mine announced in August. Through this acquisition, we intend to secure high-quality coking coal that contributes to the reduction of carbon emissions and further stabilizes earnings.

Progress in Development of Ultra-innovative Technologies

- We **started trial operation of a small test electric furnace** in Chiba and will accelerate research and development toward implementation*.
- As for a large, high-efficiency electric furnace we are considering to introduce in Kurashiki, **we applied for “Energy and Manufacturing Process Transformation Support Project (Project I (Steel))” based on the Green Transformation (GX) Promotion Act.**



Finally, I would like to discuss the progress in the development of carbon-neutral ultra-innovative technologies.

We are in the process of constructing test furnaces to demonstrate three new technologies, and in Chiba district, we started trial operation of a small electric furnace in September of this year. Furthermore, we are pleased to report that we have applied for a support project based on the GX Promotion Act for a high-efficiency large-scale electric furnace that we are considering introducing in Kurashiki district.

That concludes my explanation.

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