

JFE Holdings, Inc.

Financial Report for

Fiscal year ended March 31, 2025

## Financial Information

### 1. Preparation Policy of the Consolidated Financial Statements

The consolidated financial statements of the Company are prepared in accordance with International Financial Reporting Standards (hereinafter referred to as “IFRS”) pursuant to the provisions of Article 312 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28 of 1976; hereinafter referred to as the “Ordinance on Consolidated Financial Statements”).

### 2. Audit Certification

In accordance with the provisions of Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act, the consolidated financial statements of the Company for the fiscal year ended March 31, 2025 were audited by Ernst & Young ShinNihon LLC.

### 3. Particular Efforts to Secure the Appropriateness of Consolidated Financial Statements

The Company is making particular efforts to ensure the appropriateness of consolidated financial statements. Specifically, in order to establish a system for gaining proper understanding of the details and revisions of accounting standards and relevant guidance and responding accordingly, the Company has joined the Financial Accounting Standards Foundation and attends seminars and workshops held by the foundation.

### 4. Development of a System for Fair Preparation of Consolidated Financial Statements in Accordance with IFRS

In order to prepare appropriate consolidated financial statements under IFRS, the Company keeps up to date with the latest accounting standards and assesses their impact by obtaining press releases and standards issued by the International Accounting Standards Board as necessary. The Company has also formulated the Group Accounting Policies in compliance with IFRS and conducts its accounting based on those policies. In addition, the Company attends seminars and workshops held by the Financial Accounting Standards Foundation, audit firms, and other organizations, thereby accumulating expertise within the Company.

## Consolidated Financial Statements

### Consolidated Statement of Financial Position

		(million yen)	
	Notes	As of March 31, 2024	As of March 31, 2025
Assets			
Current assets			
Cash and cash equivalents	7, 21	243,079	172,841
Trade and other receivables	8, 21, 40	762,428	692,985
Contract assets	27	134,569	155,257
Inventories	9	1,348,378	1,228,540
Income taxes receivable		5,792	6,257
Other financial assets	10, 40	18,778	22,116
Other current assets	11	113,992	90,786
Total current assets		2,627,020	2,368,785
Non-current assets			
Property, plant and equipment	12, 21	1,948,217	1,964,041
Goodwill	13	15,446	33,999
Intangible assets	13	140,591	201,002
Right-of-use assets	14, 21	98,758	93,447
Investment property	15	52,849	54,126
Investments accounted for using equity method	6, 18, 21	561,477	636,972
Retirement benefit asset	24	29,495	27,432
Deferred tax assets	19	56,249	56,432
Other financial assets	10, 21, 40	207,448	190,524
Other non-current assets	11	17,410	20,873
Total non-current assets		3,127,944	3,278,851
Total assets	6	5,754,964	5,647,637

		(million yen)	
	Notes	As of March 31, 2024	As of March 31, 2025
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	20, 21, 40	667,072	595,954
Bonds payable, borrowings, and lease liabilities	21, 39, 40	426,428	395,415
Contract liabilities	27	50,186	47,591
Income taxes payable		32,698	29,849
Provisions	23	12,191	10,410
Other financial liabilities	22, 40	149,300	148,830
Other current liabilities	11	282,317	245,661
Total current liabilities		1,620,195	1,473,713
Non-current liabilities			
Bonds payable, borrowings, and lease liabilities	21, 39, 40	1,403,849	1,371,035
Retirement benefit liability	24	105,706	103,092
Provisions	23	17,592	29,355
Deferred tax liabilities	19	6,050	15,430
Other financial liabilities	22, 40	53,467	40,098
Other non-current liabilities	11	9,581	28,042
Total non-current liabilities		1,596,247	1,587,055
Total liabilities		3,216,443	3,060,768
Equity			
Share capital	25	171,310	171,310
Capital surplus	25	587,266	579,514
Retained earnings	25	1,570,027	1,607,951
Treasury shares	25	(14,938)	(13,736)
Other components of equity		150,461	184,539
Equity attributable to owners of parent		2,464,128	2,529,578
Non-controlling interests		74,392	57,289
Total equity		2,538,521	2,586,868
Total liabilities and equity		5,754,964	5,647,637

## Consolidated Statement of Profit or Loss

		(million yen)	
	Notes	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Revenue	27	5,174,632	4,859,647
Cost of sales	12, 13, 29	(4,518,447)	(4,326,565)
Gross profit		656,185	533,081
Selling, general and administrative expenses	12, 13, 28, 29, 30	(408,682)	(409,375)
Share of profit of investments accounted for using equity method	6, 18	56,160	29,133
Other income	31	47,482	30,614
Other expenses	32	(52,921)	(48,115)
Business profit		298,224	135,339
Gain on sales of land	6	—	86,622
Impairment losses	6, 16	(11,220)	(25,194)
Cost for promoting and developing land utilization of Keihin district	6, 33	—	(14,607)
Loss relating to loss of control over subsidiaries	6, 34	—	(13,129)
PCB disposal costs	6, 35	—	(3,962)
Operating profit		287,003	165,068
Finance income	6, 36	5,048	5,714
Finance costs	6, 36	(23,665)	(26,467)
Profit before tax		268,386	144,315
Income tax expense	19	(67,414)	(51,060)
Net profit		200,971	93,254
Profit attributable to:			
Owners of parent		197,421	91,867
Non-controlling interests		3,550	1,386
Net profit		200,971	93,254
Earnings per share			
Basic earnings per share (yen)	38	323.33	144.43
Diluted earnings per share (yen)	38	315.09	138.24

# Consolidated Statement of Comprehensive Income

		(million yen)	
	Notes	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net profit		200,971	93,254
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans	24, 37	18,000	6,899
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	37, 40	11,698	(6,570)
Share of other comprehensive income of investments accounted for using equity method	18, 37	653	11,729
Total of items that will not be reclassified to profit or loss		30,351	12,059
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	37	22,569	10,041
Effective portion of cash flow hedges	37	5,035	1,725
Share of other comprehensive income of investments accounted for using equity method	18, 37	29,635	20,615
Total of items that may be reclassified to profit or loss		57,240	32,382
Total other comprehensive income		87,592	44,442
Comprehensive income		288,563	137,696
Comprehensive income attributable to:			
Owners of parent		284,357	135,807
Non-controlling interests		4,206	1,888
Comprehensive income		288,563	137,696

# Consolidated Statement of Changes in Equity

(million yen)

Equity attributable to owners of parent							
Notes					Other components of equity		
	Share capital	Capital surplus	Retained earnings	Treasury shares	Share acquisition rights	Remeasurements of defined benefit plans	Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income
Balance as of April 1, 2023	147,143	640,536	1,397,735	(156,408)	—	—	42,446
Net profit	—	—	197,421	—	—	—	—
Other comprehensive income	—	—	—	—	—	18,281	11,862
Comprehensive income	—	—	197,421	—	—	18,281	11,862
Issuance of new shares	25	24,167	24,167	—	—	—	—
Share issuance cost	—	(453)	—	—	—	—	—
Purchase of treasury shares	—	—	—	(76)	—	—	—
Disposal of treasury shares	25	(75,184)	—	141,432	—	—	—
Dividends	26	—	(49,275)	—	—	—	—
Share-based payment transactions	30	—	47	114	—	—	—
Issuance of convertible bonds	—	—	—	—	3,081	—	—
Changes in scope of consolidation	—	(1)	—	—	—	—	—
Changes in ownership interest in subsidiaries	—	(1,846)	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	24,146	—	—	(18,281)	(5,864)
Transfer to non-financial assets	40	—	—	—	—	—	—
Other	—	—	—	—	—	—	—
Total transactions with owners	24,167	(53,269)	(25,129)	141,470	3,081	(18,281)	(5,864)
Balance as of March 31, 2024	171,310	587,266	1,570,027	(14,938)	3,081	—	48,444

Equity attributable to owners of parent						
Notes	Other components of equity			Total	Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Effective portion of cash flow hedges	Total			
Balance as of April 1, 2023	47,941	928	91,315	2,120,322	73,073	2,193,395
Net profit	—	—	—	197,421	3,550	200,971
Other comprehensive income	48,094	8,697	86,935	86,935	656	87,592
Comprehensive income	48,094	8,697	86,935	284,357	4,206	288,563
Issuance of new shares	25	—	—	48,335	—	48,335
Share issuance cost	—	—	—	(453)	—	(453)
Purchase of treasury shares	—	—	—	(76)	—	(76)
Disposal of treasury shares	25	—	—	66,248	—	66,248
Dividends	26	—	—	(49,275)	(1,698)	(50,973)
Share-based payment transactions	30	—	—	162	—	162
Issuance of convertible bonds	—	—	3,081	3,081	—	3,081
Changes in scope of consolidation	—	—	—	(1)	(484)	(485)
Changes in ownership interest in subsidiaries	—	—	—	(1,846)	(801)	(2,648)
Transfer from other components of equity to retained earnings	—	—	(24,146)	—	—	—
Transfer to non-financial assets	40	(6,725)	(6,725)	(6,725)	—	(6,725)
Other	—	—	—	—	97	97
Total transactions with owners	—	(6,725)	(27,790)	59,448	(2,887)	56,561
Balance as of March 31, 2024	96,035	2,900	150,461	2,464,128	74,392	2,538,521



								(million yen)
Equity attributable to owners of parent								
	Notes	Other components of equity						
		Share capital	Capital surplus	Retained earnings	Treasury shares	Share acquisition rights	Remeasurements of defined benefit plans	Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income
Balance as of April 1, 2024		171,310	587,266	1,570,027	(14,938)	3,081	—	48,444
Net profit		—	—	91,867	—	—	—	—
Other comprehensive income		—	—	—	—	—	8,934	3,071
Comprehensive income		—	—	91,867	—	—	8,934	3,071
Purchase of treasury shares		—	—	—	(970)	—	—	—
Disposal of treasury shares		—	(924)	—	1,835	—	—	—
Dividends	26	—	—	(63,672)	—	—	—	—
Share-based payment transactions	30	—	(193)	—	336	—	—	—
Changes in scope of consolidation		—	—	—	—	—	—	—
Changes in ownership interest in subsidiaries		—	379	—	—	—	—	—
Put options granted to non-controlling interests	40	—	(7,014)	—	—	—	—	—
Transfer from other components of equity to retained earnings		—	—	9,728	—	—	(8,934)	(793)
Transfer to non-financial assets	40	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—
Total transactions with owners		—	(7,752)	(53,944)	1,201	—	(8,934)	(793)
Balance as of March 31, 2025		171,310	579,514	1,607,951	(13,736)	3,081	—	50,722

Equity attributable to owners of parent						
Notes	Other components of equity			Total	Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Effective portion of cash flow hedges	Total			
Balance as of April 1, 2024	96,035	2,900	150,461	2,464,128	74,392	2,538,521
Net profit	—	—	—	91,867	1,386	93,254
Other comprehensive income	27,581	4,352	43,939	43,939	502	44,442
Comprehensive income	27,581	4,352	43,939	135,807	1,888	137,696
Purchase of treasury shares	—	—	—	(970)	—	(970)
Disposal of treasury shares	—	—	—	911	—	911
Dividends	26	—	—	(63,672)	(1,207)	(64,880)
Share-based payment transactions	30	—	—	143	—	143
Changes in scope of consolidation	—	—	—	—	(18,741)	(18,741)
Changes in ownership interest in subsidiaries	—	—	—	379	(69)	309
Put options granted to non-controlling interests	40	—	—	(7,014)	—	(7,014)
Transfer from other components of equity to retained earnings	—	—	(9,728)	—	—	—
Transfer to non-financial assets	40	—	(133)	(133)	—	(133)
Other	—	—	—	—	1,027	1,027
Total transactions with owners	—	(133)	(9,862)	(70,356)	(18,991)	(89,348)
Balance as of March 31, 2025	123,616	7,118	184,539	2,529,578	57,289	2,586,868

# Consolidated Statement of Cash Flow

		(million yen)	
	Notes	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities			
Profit before tax		268,386	144,315
Depreciation and amortization		274,101	257,638
Changes in allowance		(559)	1,684
Interest and dividend income		(10,513)	(9,312)
Interest expenses		21,353	24,064
Share of loss (profit) of investments accounted for using equity method		(56,160)	(29,133)
Changes in trade and other receivables		31,139	55,868
Changes in inventories		34,780	123,540
Changes in trade and other payables		(43,563)	(66,022)
Other	39	(2,209)	(80,270)
Subtotal		516,754	422,372
Interest and dividends received		24,699	28,019
Interest paid		(20,507)	(21,916)
Income taxes paid		(41,979)	(49,507)
Net cash provided by (used in) operating activities		478,967	378,968
Cash flows from investing activities			
Purchase of property, plant and equipment, intangible assets, and investment property		(329,830)	(279,417)
Proceeds from sale of property, plant and equipment, intangible assets, and investment property		10,329	91,406
Purchase of investments		(16,183)	(81,242)
Proceeds from sale of investments		14,281	3,464
Expenditure for acquisition of shares of subsidiaries resulting in changes in scope of consolidation	2	673	(26,897)
Proceeds from sale of shares of subsidiaries resulting in changes in scope of consolidation	2, 39	1,466	6,403
Other		(5,995)	3,103
Net cash provided by (used in) investing activities		(325,259)	(283,179)

		(million yen)	
	Notes	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from financing activities			
Changes in short-term borrowings	39	(13,970)	(29,170)
Changes in commercial papers	39	(19,999)	17,995
Proceeds from long-term borrowings	39	60,347	145,161
Repayments of long-term borrowings	39	(130,654)	(158,292)
Proceeds from issuance of bonds	39	90,000	30,000
Payments for redemption of bonds	39	(40,000)	(60,000)
Proceeds from issuance of shares	25	52,072	—
Payments for purchase of treasury shares		(76)	(62)
Proceeds from disposal of treasury shares	25	62,499	909
Dividends paid to owners of parent	26	(49,275)	(63,672)
Other	39	(56,429)	(40,304)
Net cash provided by (used in) financing activities		(45,487)	(157,435)
Effect of exchange rate change on cash and cash equivalents		13,931	(8,590)
Changes in cash and cash equivalents		122,151	(70,237)
Changes in cash and cash equivalents resulting from transfer to assets held for sale		1,536	—
Cash and cash equivalents at beginning of period		119,391	243,079
Cash and cash equivalents at end of period	7	243,079	172,841

## Notes to Consolidated Financial Statements

### 1. Reporting Entity

JFE Holdings, Inc. (the “Company”) is an incorporated company established under Japan’s Companies Act and is located in Japan.

The consolidated financial statements of the Company, as of March 31, 2025, consist of the Company and its subsidiaries (the “Group”) and its interests in associates and joint arrangements of the Company.

Details of the Group’s business are described in Note “6. Segment Information.”

### 2. Basis of Presentation

#### (1) Statement of compliance with IFRS

As the Company meets the requirements for treatment as a “specified company under the designated international accounting standards,” set out under Article 1-2, item (i) of the Ordinance on Consolidated Financial Statements, the provision of Article 312 of the said ordinance is applied. The Group’s consolidated financial statements are therefore prepared in accordance with IFRS issued by the International Accounting Standards Board.

The Group’s consolidated financial statements for the fiscal year ended March 31, 2025 were authorized for issue on July 25, 2025 by Yoshihisa Kitano, President and CEO.

#### (2) Basis of measurement

The Group’s consolidated financial statements have been prepared on a historical cost basis, with the exception of financial instruments described in Note “3. Material Accounting Policies.”

#### (3) Functional currency and reporting currency

The Group’s consolidated financial statements are presented in Japanese yen, which is the Company’s functional currency. Amounts less than one million yen are rounded down.

#### (4) Changes in presentation

##### (Consolidated Statement of Cash Flow)

“Expenditure for acquisition of shares of subsidiaries resulting in changes in scope of consolidation” and “Proceeds from sale of shares of subsidiaries resulting in changes in scope of consolidation,” which were included in “Other” under “Cash flows from investing activities” in the fiscal year ended March 31, 2024, are presented separately in the current fiscal year due to their increased materiality in terms of amount. The consolidated financial statements for the fiscal year ended March 31, 2024 have been reclassified to reflect this change in presentation.

As a result, the 673 million yen and the 1,466 million yen included in “Other” under “Cash flows from investing activities” in the consolidated statement of cash flow for the fiscal year ended March 31, 2024, have been reclassified as “Expenditure for acquisition of shares of subsidiaries resulting in changes in scope of consolidation” and “Proceeds from sale of shares of subsidiaries resulting in changes in scope of consolidation,” respectively.

### 3. Material Accounting Policies

#### (1) Basis of consolidation

##### (i) Subsidiaries

Subsidiaries are those companies over which the Company has control. If the Group has an exposure or right to variable returns from involvement in the investee, and has the ability to use its power over the investee to affect the amount of returns, then it is regarded as controlling the investee.

If there is a change in equity interest in a subsidiary without loss of control, it is accounted for as a capital transaction. If there is a change in equity interest in a subsidiary accompanied by a loss of control, the subsidiary’s assets and liabilities, non-controlling interests related to the subsidiary, and other components of equity are derecognized, with any gain or loss resulting therefrom recognized in profit or loss.

For subsidiaries whose reporting periods end on a date that differs from that of the parent entity, provisional financial statements as of the consolidated reporting date are used.

(ii) Associates and joint arrangements

An entity in which the Group owns at least 20% and at most 50% of the voting rights is considered an associate unless it can be clearly demonstrated that the Company cannot exercise influence over financial and operating policy decisions of the entity. An entity in which the Group owns less than 20% of the voting rights is considered an associate if the Company can exercise influence over financial and operating policy decisions of the entity. Investments in associates are accounted for using the equity accounting method.

A joint arrangement is an arrangement in which two or more parties have joint control such that decisions about the relevant activities of the arrangement require the unanimous consent of the parties sharing control. If the parties that share joint control have substantial rights to the assets and obligations for the liabilities relating to the arrangement, it is called a joint operation. If an arrangement is structured through a separate vehicle and the parties that share joint control have rights to the net assets of the arrangement, it is called a joint venture. In relation to its interest in a joint operation, the Group recognizes its share of assets, liabilities, revenue, and expenses. Joint ventures are accounted for using the equity accounting method.

For associates whose reporting periods end on a date that differs from that of the parent entity, provisional financial statements as of the consolidated reporting date are prepared.

For JSW Steel Limited, provisional financial statements are prepared based on December 31 as the reporting date because local legislation imposes restrictions on when certain information becomes available to the Company. Necessary adjustments have been made for material transactions or events disclosed between JSW Steel's provisional reporting date and the consolidated reporting date.

(2) Business combinations

Business combinations are accounted for using the acquisition method.

Identifiable assets acquired and liabilities assumed through business combinations, as a general rule, are measured at fair value.

If the total value of the fair value of consideration (including contingent consideration) transferred in the business combination, the amount of any non-controlling interests of the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree ("Value A") exceeds the net value (in principle, fair value) of the acquiree's identifiable assets and liabilities assumed ("Value B"), the excess is recognized as goodwill. If, on the other hand, Value A is less than Value B, the difference is recognized in profit or loss as of the acquisition date.

For each individual transaction, the Company chooses to measure non-controlling interests at fair value or as a proportionate share of the fair value of identifiable net assets of the acquiree.

(3) Foreign currency translation

(i) Translation of foreign currency transactions

Foreign currency transactions are translated into the functional currency of each company using the exchange rate or similar rate prevailing on the transaction date. Monetary items denominated in foreign currencies at the end of the reporting period are translated into the functional currency at the exchange rate prevailing at the end of the reporting period. Non-monetary items denominated in foreign currencies measured at fair value are translated into the functional currency at the exchange rate prevailing on the date on which the fair value is determined. The resulting exchange differences are recognized in profit or loss. When the valuation difference of a non-monetary item is recognized in other comprehensive income, any exchange component is recognized in other comprehensive income.

(ii) Translation of foreign operations

Assets and liabilities of foreign operations are translated at the exchange rates prevailing at the end of the reporting period. In addition, revenues and expenses of foreign operations are translated at the average exchange rates for the reporting period unless exchange rates fluctuated significantly during the period. Exchange differences arising from translation are recognized

in other comprehensive income, and the accumulated amount is included in other components of equity.

When disposing of foreign operations, the cumulative amount of exchange differences related to the foreign operations is recognized in profit or loss at the time of disposal.

#### (4) Financial instruments

##### (i) Financial assets

###### a. Initial recognition and measurement

At initial recognition, financial assets are classified either as financial assets measured at amortized cost or as financial assets measured at fair value. The Group recognizes a financial asset on the transaction date on which it becomes a party to the contractual provisions of the financial asset.

Financial assets that meet the following conditions are classified as financial assets measured at amortized cost:

- The asset is held in a business model of which the objective is to hold the asset in order to collect its contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets other than financial assets measured at amortized cost are classified as financial assets measured at fair value.

With the exception of equity financial assets held for trading purposes that must be measured at fair value through profit or loss, equity financial assets measured at fair value are individually classified either as measured at fair value through profit or loss or as measured at fair value through other comprehensive income, with that classification being made when the asset is initially recognized and applying continuously thereafter.

With the exception of financial assets measured at fair value through profit or loss, financial assets are measured at fair value at initial recognition plus transaction costs directly attributable to the acquisition. Financial assets measured at fair value through profit or loss are measured at fair value at initial recognition, and transaction costs directly attributable to the transaction are recognized in profit or loss.

Compound financial instruments issued by the Group comprise convertible bonds, which may be converted into shareholders' equity if the bondholder elects to do so. The financial liability component of the compound financial instrument is initially recognized at the fair value of similar liabilities that have no equity conversion option. The equity component is initially recognized as the difference between the fair value of the entire compound financial instrument and the fair value of the liability component, and is not remeasured subsequent to initial recognition.

###### b. Measurement subsequent to initial recognition

###### (a) Financial assets measured at amortized cost

After initial recognition, measurement is the amortized cost using the effective interest method.

###### (b) Financial assets measured at fair value through profit or loss

After initial recognition, measurement is the fair value with subsequent changes recognized in profit or loss.

###### (c) Equity financial assets measured at fair value through other comprehensive income

After initial recognition, measurement is the fair value with subsequent changes recognized in other comprehensive income.

Amounts recognized in other comprehensive income are transferred to retained earnings when an asset is derecognized or its fair value declines significantly (except when recovery is deemed probable); they are not transferred to profit or loss.

Dividends derived from such financial assets are recognized as profit or loss.

###### c. Derecognition

Financial assets are derecognized when the contractual rights to receive cash flows have extinguished or when the contractual rights to receive cash flows have been transferred and substantially all risks and rewards of ownership of the financial asset are transferred to another entity.

#### d. Impairment

For financial assets measured at amortized cost, the Company recognizes allowance for doubtful accounts based on expected credit losses.

Allowance for doubtful accounts is calculated as the present value of the difference between the contractual cash flows due to the Group and the cash flows that the Group expects to receive.

The Group determines whether the credit risk on each financial asset has increased significantly since initial recognition on each reporting date, and if the credit risk has not increased significantly since initial recognition, the amount of the allowance for doubtful accounts is assessed based on the expected credit losses resulting from default events that may occur within 12 months (expected credit losses over 12 months). If, on the reporting date, credit risk on a financial asset has increased significantly since initial recognition, the amount of the allowance for doubtful accounts is assessed based on the expected credit losses arising from all possible default events over the expected lifetime of the financial asset (expected credit losses over full lifetime). However, in the case of trade receivables, contract assets, and lease receivables that do not contain a significant financing component, regardless of the above, the amount of the allowance for doubtful accounts is always measured using the expected credit losses for the instrument's full lifetime.

A receivable is determined to be credit-impaired when a fact such as the commencement of legal liquidation proceedings due to the obligor's bankruptcy or the significant deterioration of the obligor's financial condition occurs. When it becomes apparent that a receivable will be unrecoverable in the future due to a write-off under the provisions of the Corporate Reorganization Act, the carrying amount of the receivable is directly reduced.

Provision of allowance for doubtful accounts on financial assets is recognized in profit or loss. In the case of events that reduce the allowance for doubtful accounts, reversals of allowance for doubtful accounts are recognized in profit or loss. Estimates of allowance for doubtful accounts relating to financial assets reflect the following.

- Unbiased probability-weighted amounts calculated by evaluating a range of possible outcomes;
- Time value of money; and
- Rational and supportable information about past events, current conditions, and forecasts of future economic conditions, available at the reporting date without undue cost or effort.

#### (ii) Financial liabilities

##### a. Initial recognition and measurement

Financial liabilities are classified either as financial liabilities measured at amortized cost or as financial liabilities measured at fair value through profit or loss at the time of initial recognition. The Group initially recognizes issued debt securities on the date of issue, and other financial liabilities are initially recognized on the transaction date on which the Group becomes a party to the contractual provisions of the financial liability.

Financial liabilities measured at amortized cost are measured at fair value minus transaction costs directly attributable to the issue of the instruments at the time of initial recognition. However, financial liabilities measured at fair value through profit or loss are measured at fair value at the time of initial recognition.

##### b. Measurement subsequent to initial recognition

###### (a) Financial liabilities measured at amortized cost

After initial recognition, measurement is the amortized cost using the effective interest method.

###### (b) Financial liabilities measured at fair value through profit or loss

After initial recognition, measurement is the fair value with subsequent changes recognized in profit or loss.

##### c. Derecognition

Financial liabilities are derecognized when the financial liabilities extinguish; that is, when the liabilities are discharged, are canceled, or expire.

#### (iii) Derivative and hedge accounting

The Group enters into derivative transactions such as forward exchange contracts and interest rate swaps in order to hedge



foreign exchange risk, interest rate risk, and the like.

At the inception of the hedge, the Group formally designates and documents the risk management purpose and strategy for the hedging relationship and the implementation of the hedge. This documentation identifies the hedging instrument, the item or transaction being hedged, the nature of the risk being hedged, and the method of evaluating the effectiveness of the hedging instrument in offsetting the exposure to changes in the fair value or cash flows of the hedged item due to the risk being hedged. Moreover, the Group assesses at the inception of the hedging relationship, and on an ongoing basis, whether a hedging relationship meets the hedge effectiveness requirements.

Derivatives are initially recognized at fair value. After initial recognition, fair value is measured and subsequent changes are treated as shown immediately below.

a. Fair value hedges

Changes in the fair value of derivatives used as hedging instruments are recognized in profit or loss or other comprehensive income. Changes in the fair value of the hedged item corresponding to the hedged risk are recognized in profit or loss or other comprehensive income, with the carrying amount of the hedged item being adjusted.

b. Cash flow hedges

The portion of the change in the fair value of derivatives used as hedging instruments that is determined to be an effective hedge is recognized in other comprehensive income, and the cumulative amount is included in other components of equity. The portion of hedges that is ineffective is recognized in profit or loss. Amounts accumulated in other components of equity are reclassified from other components of equity to profit or loss in the accounting period in which the transaction being hedged affects profit or loss. However, if the forecast transaction being hedged subsequently results in the recognition of a non-financial asset or non-financial liability, the amount accumulated in other components of equity is treated as an adjustment to the initial carrying amount of that non-financial asset or non-financial liability.

Hedge accounting is discontinued prospectively when the hedging instrument expires, is sold, or is terminated or exercised, or if the derivative no longer meets the requirements for hedge accounting. When the forecast transaction is no longer expected to occur, the amount accumulated in other components of equity is immediately reclassified from other components of equity to profit or loss.

c. Derivatives not designated as hedges

Changes in the fair value of such derivatives are recognized in profit or loss.

(5) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, readily available cash, and short-term investments maturing within three months that are readily convertible to cash and subject to an insignificant risk of changes in value.

(6) Inventories

Inventories are measured at the lower of cost and net realizable value. Cost consists of material costs, direct labor costs, other direct costs, and an appropriate allocation of related manufacturing overhead costs. Net realizable value is calculated by deducting the estimated selling costs from the estimated selling price. Cost is mainly calculated based on the weighted average method.

(7) Property, plant and equipment

The Group uses the cost model to measure the carrying amount of property, plant and equipment subsequent to their recognition. Under this model, property, plant and equipment are carried at their cost less any accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment other than land and construction in progress are mainly depreciated using the straight-line method.

The estimated useful lives of major asset items are as follows:

- Buildings and structures: 2–75 years
- Machinery and vehicles: 2–27 years

The estimated useful lives, depreciation methods, and residual values of property, plant and equipment are reviewed at the end of each fiscal year.

(8) Goodwill and intangible assets

(i) Goodwill

Goodwill is not amortized; it is tested for impairment annually or whenever an indication of impairment exists. Impairment losses on goodwill are recognized in the consolidated statement of profit or loss and are not subsequently reversed.

Goodwill is carried at its cost less any accumulated impairment losses.

(ii) Intangible assets

Intangible assets acquired separately are measured at cost at the time of initial recognition. Intangible assets acquired in business combinations are measured at fair value as of the acquisition date.

The Group uses the cost model to measure the carrying amount of intangible assets subsequent to their recognition. Under this model, intangible assets are carried at their cost less any accumulated amortization and any accumulated impairment losses.

Intangible assets with finite useful lives, except for mining rights, are amortized using the straight-line method over their estimated useful lives, while mining rights are generally amortized using the units of production method based on the estimated volume of reserves. Intangible assets mainly comprise software for internal use and have estimated useful lives of 2–10 years. The amortization method and estimated useful lives are reviewed each year at the fiscal year-end and revised, as necessary.

(9) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. If the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, the contract is, or contains, a lease.

(i) Leases as a lessee

At the commencement date, the Group recognizes right-of-use assets and lease liabilities. At the commencement date, right-of-use assets are initially measured at the amount of the initial measurement of lease liabilities adjusted for any initial direct costs, costs for restoration as required pursuant to the contract, and other costs. After the commencement date, the Group uses the cost model to measure right-of-use assets. Under this model, right-of-use assets are measured at cost, less any accumulated depreciation and any accumulated impairment losses. Right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term, unless it is reasonably certain that the Group will acquire ownership of the leased assets at the end of the lease term. The lease term is determined as the non-cancelable period of leased assets, together with periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option, and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

Lease liabilities are measured at the present value of the lease payments that are not paid at the commencement date, discounted using the lessee's incremental borrowing rate. After the commencement date, the Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made. In case of lease modifications, the Group remeasures the lease liability. For a lease modification that is not accounted for as a separate lease and decreases the scope of the lease, the Group decreases the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognizes in profit or loss any gain or loss relating to the partial or full termination of the lease. The Group makes a corresponding adjustment to the right-of-use asset for all other lease modifications.

However, the Group uses the exemption for short-term leases and leases of low-value assets; instead of recognizing right-of-use assets and lease liabilities for such leases, it expenses the lease payments on a straight-line basis over the lease term.

(ii) Leases as a lessor

Leases entered into as a lessor are classified as either finance leases or operating leases according to the substance of the transaction rather than the form of the contract. Assets held under finance leases are presented as receivables in an amount equal to the net investment in the lease.

In the case of subleases, the intermediate lessor classifies the sublease with reference to the right-of-use asset arising from the head lease.

In the case of operating leases, the Group records the leased assets on the consolidated statement of financial position and recognizes lease payments received as income on a straight-line basis over the lease term.

(10) Investment property

Investment property is real estate held for the purpose of earning rental income, capital gains, or both.

The Group uses the cost model to measure the carrying amount of investment property subsequent to its recognition. Under this model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Investment property other than land is depreciated mainly using the straight-line method over the estimated useful life. The estimated useful life of the Company's main investment properties is 26 years.

The estimated useful lives, depreciation methods, and residual values of investment properties are reviewed at the end of each fiscal year.

(11) Impairment of non-financial assets

For property, plant and equipment and intangible assets, if there is any indication at the end of each reporting period that an asset may be impaired, the asset is assessed based on its recoverable amount, being the higher of fair value less costs of disposal and its value in use; if the carrying amount of the asset exceeds its recoverable amount, then the asset is impaired and is written down to its recoverable amount.

Goodwill, intangible assets with indefinite useful lives, and intangible assets not yet available for use are tested for impairment annually or whenever an indication of impairment exists.

Impairment losses recognized on assets other than goodwill in previous years are assessed at the end of each reporting period to determine whether there is any indication that the recognized impairment loss may no longer exist or may have decreased. If any such indication exists, the recoverable amount is estimated, and if the recoverable amount exceeds the carrying amount of the asset or the cash-generating unit to which the asset belongs, a reversal of the impairment loss is recognized and the carrying amount is increased to the recoverable amount subject to the condition that the carrying amount of the asset may not exceed the carrying amount (net of accumulated depreciation or accumulated amortization) that would have been determined had no impairment loss been previously recognized. Impairment losses recognized on goodwill are not reversed in subsequent periods.

(12) Post-employment benefits

(i) Defined benefit plans

Defined benefit plans are any retirement benefit plans other than defined contribution plans. For each separate plan, the defined benefit obligation is calculated by estimating the future benefits earned as consideration for services provided by employees in previous and current fiscal years, and discounting that amount to the present value. The fair value of plan assets is deducted from the result of that calculation. The discount rate is determined with reference to the market yields of high-quality corporate bonds that are denominated in the same currency as the expected benefit payment and that have approximately the same maturity as the Group's defined benefit obligation.

If a retirement benefit plan is revised, costs related to the variable portion of benefits related to employees' past service are immediately recognized in profit or loss.

The Group recognizes changes in net defined benefit liability (asset) due to remeasurement in other comprehensive income and immediately transfers the amounts to retained earnings.

(ii) Defined contribution plans

Expenses related to defined contribution plans are recognized as expenses in the period in which the employees provide the services.

(13) Provisions

Provisions are recognized when the Company has a present obligation (legal obligation or constructive obligation) resulting

from past events, it is likely that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

If the impact of the time value of money is material, provisions are measured at a discounted amount calculated using a discount rate that reflects the risks specific to the liability.

#### (14) Revenue

With the exception of interest, dividend income, and the like under IFRS 9 Financial Instruments, the Group uses the following five-step approach in recognizing revenue that reflects the amount of consideration to which the Company expects to be entitled in exchange for the transfer of goods and services to customers:

Step 1: Identify the contract with the customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to a distinct performance obligation of the contract

Step 5: Recognize revenue when the performance obligation is fulfilled (or as it is fulfilled).

With respect to sales of steel products in the steel business, revenues are mainly recognized at the point of shipment, when the customer assumes the significant risk and economic value of ownership of the product being physically transferred and the right to receive payment is confirmed. Consideration for transactions is received mainly within one year from the fulfillment of performance obligations and includes no significant financing components.

With regard to construction contracts in the engineering business, the Group mainly estimates the progress of fulfilling performance obligations, and revenue is recognized over a fixed period based on the degree of progress. Consideration for transactions is mainly received in phases during the contract term separately from the fulfillment of performance obligations, and the remaining amount is received after a fixed period from the fulfillment of all performance obligations. Consideration for certain transactions includes significant financing components. A cost-based input method is used for performance obligations fulfilled over time in order to recognize revenue. The cost-based input method excludes the effects of any inputs that do not depict the Group's performance in transferring control of goods or services to the customer. When a cost incurred is not proportionate to progress, the Group's performance is faithfully depicted by adjusting the input method to recognize revenue only to the extent of that cost incurred.

With respect to sales of steel products in the trading business, revenues are mainly recognized at the point of delivery of the product to the customer, when the legal title and physical ownership of the product as well as the significant risk and economic value associated with ownership of the product are transferred to the customer, and the right to receive payment is confirmed. In addition, for certain transactions in the trading business, the Company has the responsibility to carry out work as an agent. Consideration for transactions is received mainly within one year from the fulfillment of performance obligations and includes no significant financing components.

When the Group is engaged in a transaction as a principal to the transaction, revenue is presented as the total consideration received from the customer. When the Group is engaged in transactions as an agent for a third party, revenue is presented as a fee, calculated as the total amount of consideration received from the customer minus the amount collected for the third party.

#### (15) Business profit

Business profit is profit before income taxes excluding financial income and one-time items of significant value. Management considers it as a benchmark indicator of the Company's consolidated earnings.

#### (16) Income taxes

Income tax expense consists of current tax expense and deferred tax expense. These items are recognized in profit or loss except when they arise from items that are directly recognized in other comprehensive income or equity and when they arise from business combinations.

Current tax expense is measured as an amount that reflects the amount the Company expects the tax authorities to refund or expects to pay to the tax authorities. The tax rate and tax law used to calculate the amount of tax are those that have been enacted

or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are recognized for temporary differences, which are the differences between the carrying amounts and tax bases of assets and liabilities, and for unused tax losses carryforwards and unused tax credits. Deferred tax assets and deferred tax liabilities are determined at the tax rate estimated for the period when the asset is realized or the liability is settled, based on the tax rate and tax law that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax liabilities are recognized for taxable temporary differences excluding the following:

- Temporary differences arising from initial recognition of goodwill;
- Temporary differences resulting from the initial recognition of an asset or liability in a transaction that is not a business combination and that neither affects accounting income or taxable income at the time of the transaction nor gives rise to the same amounts of taxable temporary differences and deductible temporary differences; and
- Taxable temporary differences arising from investments in subsidiaries and associates, and interests in joint arrangements, when the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for deductible temporary differences, unused tax losses carryforwards, and unused tax credits, but only to the extent that it is probable that future taxable income will be available against which the deductible temporary difference can be utilized, except when the deductible temporary difference results from the initial recognition of an asset or liability in a transaction that is not a business combination and that neither affects accounting income or taxable income at the time of the transaction nor gives rise to the same amounts of taxable temporary differences and deductible temporary differences.

Deferred tax assets are recognized for deductible temporary differences arising from investments in subsidiaries and associates, and interests in joint arrangements, only when it is probable that the temporary difference will reverse in the foreseeable future and it is probable that taxable income will be available against which the deductible temporary difference can be utilized.

The Company and its certain domestic consolidated subsidiaries apply the group tax sharing system.

#### (17) Equity

##### (i) Share capital and capital surplus

Capital paid in by shareholders is recognized in share capital or capital surplus.

##### (ii) Treasury shares

When treasury shares are acquired, the consideration paid, including direct transaction costs, is recognized as a deduction from equity. When treasury shares are disposed of, the difference between the consideration received and the carrying amount of the treasury shares is recognized directly in equity.

#### (18) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For an asset (or disposal group) to be classified as held for sale, the asset (or disposal group) must be available for immediate sale in its present condition and its sale must be highly probable. The sale is considered highly probable only when the Group's management is committed to a plan to sell the asset (or disposal group), and the sale is expected to be completed within one year from the date of classification.

After being classified as held for sale, the asset (or disposal group) is measured at the lower of the carrying amount and fair value less costs to sell, and is not depreciated or amortized.

#### 4. Significant Judgements, Accounting Estimates, and Assumptions

In preparing the consolidated financial statements, the Group makes judgments, accounting estimates, and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, revenue, and expenses. These estimates and assumptions are based on management's best judgments reflecting historical experiences and various factors that are believed to be reasonable under the circumstances. By their nature, however, actual results may differ from the estimates and assumptions.

The estimates and underlying assumptions are reviewed on an ongoing basis. The effects resulting from revisions of these estimates are recognized in the period in which the estimates are revised and in future periods affected by the revision.

Judgments made in applying accounting policies that have a significant effect on the consolidated financial statements are mainly as follows:

- Scope of subsidiaries, associates, and joint arrangements (Note "3. Material Accounting Policies")
- Revenue recognition (Note "3. Material Accounting Policies")
- Leases (Note "3. Material Accounting Policies")

Information on accounting estimates and assumptions that may have a significant effect on the consolidated financial statements is as follows:

- Valuation of inventories (Note "3. Material Accounting Policies" and Note "9. Inventories")

Inventories are measured at cost. However, if net realizable value is lower than cost at the end of the reporting period, inventories are measured at the net realizable value and the difference between cost is recognized in cost of sales in principle. Furthermore, for idle inventories outside the operating cycle, net realizable value and other items are determined by reflecting future demand and market trends. A significant decline in net realizable value due to worse-than-forecast market environment may cause losses.

- Impairment of non-financial assets (Note "3. Material Accounting Policies" and Note "16. Impairment of Non-financial Assets")

The Group tests property, plant and equipment, goodwill, and intangible assets for impairment in accordance with Note "3. Material Accounting Policies." In determining recoverable amounts in impairment tests, assumptions are made for future cash flows, discount rates, and other items. Although these assumptions are determined based on management's best estimates and judgments, they may be affected by uncertain changes in economic conditions in the future and other factors. If a revision is necessary, it may have a significant effect on the consolidated financial statements.

- Recoverability of deferred tax assets (Note "3. Material Accounting Policies" and Note "19. Income Taxes")

Deferred tax assets are recognized only to the extent that it is probable that future taxable income will be available against which the deductible temporary differences can be utilized. In judging the probability of taxable income, the timing and amount of taxable income are estimated based on the business plan. Although such estimates are made based on management's best estimates, they may differ from actual results due to uncertain changes in economic conditions in the future and other factors.

- Valuation and accounting for provisions (Note "3. Material Accounting Policies" and Note "23. Provisions")

Provisions are measured based on the best estimates of the expenditures expected to be required to settle the obligations in the future on the reporting date. The expenditures expected to be required to settle the obligations in the future are determined by comprehensively taking into account future possible results. Since assumptions which are used for measuring these provisions may be affected by uncertain changes in economic conditions in the future and other factors, the assumptions involve the risk of causing a significant modification on the measurement of provisions prospectively.

- Measurement of defined benefit obligations (Note "3. Material Accounting Policies" and Note "24. Post-employment Benefits")

With respect to defined benefit corporate pension plans, the net amount of defined benefit obligations and fair values of plan assets are recognized as liabilities or assets. Defined benefit obligations are determined based on actuarial assumptions which include the estimates of discount, retirement, mortality, and salary increase rates. These assumptions are determined by comprehensively taking into account all available information, such as market trends in interest rate fluctuations. Since these

actuarial assumptions may be affected by uncertain changes in the economic environment in the future, social trends, and other factors, the assumptions involve the risk of causing a significant modification on the measurement of defined benefit obligations prospectively.

- Matters related to financial instruments (Note “3. Material Accounting Policies” and Note “40. Financial Instruments”)

The Group uses significant unobservable inputs for measuring the fair values of specified financial instruments. Unobservable inputs may be affected by future uncertain changes in economic conditions and other factors. If a revision is necessary, it may have a significant effect on the consolidated financial statements.

- Contingencies (Note “43. Contingent Liabilities”)

For contingencies, items that may have a significant effect on future businesses are disclosed after taking into account all available evidence as of the reporting date and considering the possibility and financial effect of the contingencies.

## 5. New IFRS Standards Not Yet Adopted

Major IFRS standards and interpretations newly established or amended by the approval date of the consolidated financial statements that the Group has not yet adopted are as follows. The impact of the application of this standard on the consolidated financial statements is currently being considered.

Standard	Name of standard	Mandatory (in and after the fiscal year starting from)	Application date of the Company	Overview of the new standard or revision
IFRS 18	Presentation and Disclosures in Financial Statements	January 1, 2027	Fiscal year ending March 31, 2028	A new standard to IAS 1, which is the current accounting standard on the presentation and disclosure in financial statements

## 6. Segment Information

### (1) Overview of reportable segments

The Group organized under JFE Holdings executes commercial activities through three operating companies—JFE Steel Corporation, JFE Engineering Corporation, and JFE Shoji Trade Corporation—in accordance with the characteristics of their respective businesses.

Consolidated reportable segments, one for each operating company, are characterized by their constituent products and services. There are no operating segments which were aggregated for reporting.

Each segment has its own respective products and services. The steel business produces and sells various steel products, processed steel products, and raw materials, and provides transportation and other related businesses such as facility maintenance and construction. The engineering business handles engineering for energy, urban environment, steel structures and industrial machines, recycling, and electricity retailing. The trading business purchases, processes, and distributes steel products, raw materials for steel production, nonferrous metal products, and food.

### (2) Information on reportable segments

The accounting treatments for the Group's reportable segments are the same as those described in Note "3. Material Accounting Policies."

The Group assesses segment performance on the basis of segment profit. Segment profit is profit before tax excluding one-time items of a materially significant value.

Intersegment transactions are based on market prices and the like.

Fiscal year ended March 31, 2024

	Steel	Engineering	Trading	Total	Adjustments (Note)	(million yen) Amount recorded in consolidated financial statements
Revenue						
Revenue from external customers	3,318,920	524,723	1,330,987	5,174,632	—	5,174,632
Intersegment revenue	397,136	15,251	145,465	557,852	(557,852)	—
Total	3,716,057	539,975	1,476,452	5,732,485	(557,852)	5,174,632
Segment profit	202,733	24,383	48,966	276,083	3,523	279,607
Impairment losses						(11,220)
Profit before tax						268,386

Segment assets	4,626,972	545,025	1,082,297	6,254,295	(499,331)	5,754,964
Other items						
Depreciation and amortization	242,438	16,750	16,265	275,454	(1,352)	274,101
Impairment losses	(2,275)	(5,038)	(1,604)	(8,918)	(2,302)	(11,220)
Finance income	2,668	527	2,125	5,321	(272)	5,048
Finance costs	(15,329)	(479)	(8,230)	(24,039)	373	(23,665)
Share of profit of investments accounted for using equity method	50,521	3,579	1,392	55,493	666	56,160
Investments accounted for using equity method	486,556	40,269	24,002	550,827	10,649	561,477
Capital expenditures	269,377	60,270	20,875	350,524	(4,412)	346,111

Note: Adjustments are as follows:

- Adjustments to segment profit include corporate profit not allocated to a reportable segment: 51,102 million yen; elimination of dividend income from each reportable segment: (50,067) million yen; share of profit of investments accounted for using equity method related to Japan Marine United Corporation: 1,262 million yen; and elimination of other intersegment transactions: 1,225 million yen. Corporate profit is profit of the Company.
- Adjustments to segment assets: Corporate assets not allocated to a reportable segment: 180,065 million yen and elimination of intersegment receivables and payables: (679,397) million yen. Corporate assets are assets of the Company.



Fiscal year ended March 31, 2025

(million yen)

	Steel	Engineering	Trading	Total	Adjustments (Note)	Amount recorded in consolidated financial statements
Revenue						
Revenue from external customers	3,007,924	554,156	1,297,566	4,859,647	—	4,859,647
Intersegment revenue	357,266	15,659	140,993	513,919	(513,919)	—
Total	3,365,191	569,815	1,438,559	5,373,566	(513,919)	4,859,647
Segment profit	36,385	19,386	47,971	103,743	10,842	114,586
Gain on sales of land						86,622
Impairment losses						(25,194)
Cost for promoting and developing land utilization of Keihin district						(14,607)
Loss relating to loss of control over subsidiaries						(13,129)
PCB disposal costs						(3,962)
Profit before tax						144,315

Segment assets	4,547,582	592,434	1,055,438	6,195,455	(547,818)	5,647,637
Other items						
Depreciation and amortization	220,822	19,314	19,123	259,260	(1,622)	257,638
Impairment losses	(20,013)	(3,389)	(1,681)	(25,084)	(110)	(25,194)
Finance income	3,690	550	2,198	6,438	(724)	5,714
Finance costs	(17,780)	(1,145)	(8,531)	(27,457)	989	(26,467)
Share of profit of investments accounted for using equity method	16,133	2,677	991	19,803	9,330	29,133
Investments accounted for using equity method	537,033	48,305	25,313	610,652	26,319	636,972
Capital expenditures	266,499	27,066	24,911	318,477	(3,651)	314,826

Note: Adjustments are as follows:

- Adjustments to segment profit include corporate profit not allocated to a reportable segment: 60,005 million yen; elimination of dividend income from each reportable segment: (58,706) million yen; share of profit of investments accounted for using equity method related to Japan Marine United Corporation: 6,986 million yen; and elimination of other intersegment transactions: 2,556 million yen. Corporate profit is profit of the Company.
- Adjustments to segment assets: Corporate assets not allocated to a reportable segment: 55,944 million yen and elimination of intersegment receivables and payables: (603,762) million yen. Corporate assets are assets of the Company.

(3) Information about the categories of products and services

The information is the same as information on reportable segments.

(4) Information about revenue from external customers by geographical areas

The information is provided in Note “27. Revenue.”

(5) Information about non-current assets (excluding financial assets, retirement benefit asset, and deferred tax assets) by geographical areas

(million yen)

	As of March 31, 2024	As of March 31, 2025
Japan	2,077,771	2,111,210
Other	195,502	256,280
Total	2,273,274	2,367,490

Note: Non-current assets are based on the geographical location of each company of the Group.

(6) Information about major customers

The information of external customer that accounts for 10% or more of consolidated revenue of the Group is as follows:

(million yen)

	Relevant segments	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Marubeni-Itochu Steel Inc. and its group companies	Steel and trading	532,641	493,182

## 7. Cash and Cash Equivalents

The breakdown of cash and cash equivalents is as follows:

(million yen)

	As of March 31, 2024	As of March 31, 2025
Cash and bank deposits with maturities of three months or less	242,325	172,582
Negotiable certificates of deposit	737	250
Deposits paid	16	8
Total	243,079	172,841

Cash and cash equivalents are classified as financial assets measured at amortized cost.

The balance of cash and cash equivalents reported in the consolidated statement of financial position as of March 31, 2024 and 2025 is consistent with that reported in the consolidated statement of cash flow.

## 8. Trade and Other Receivables

The breakdown of trade and other receivables is as follows:

(million yen)

	As of March 31, 2024	As of March 31, 2025
Notes and accounts receivable—trade	704,123	625,505
Accounts receivable-other	48,915	58,543
Other	11,729	11,374
Allowance for doubtful accounts	(2,339)	(2,438)
Total	762,428	692,985

Trade and other receivables are stated as net of allowance for doubtful accounts in the consolidated statement of financial position.

Trade and other receivables are classified as financial assets measured at amortized cost.

## 9. Inventories

The breakdown of inventories is as follows:

	(million yen)	
	As of March 31, 2024	As of March 31, 2025
Merchandise and finished goods	687,131	652,542
Work in progress	33,625	41,296
Raw materials and supplies	627,621	534,701
Total	1,348,378	1,228,540

Inventories recognized as an expense in cost of sales for the fiscal years ended March 31, 2024 and 2025 amounted to 3,944,378 million yen and 3,800,807 million yen, respectively.

## 10. Other Financial Assets

(1) The breakdown of other financial assets is as follows:

	(million yen)	
	As of March 31, 2024	As of March 31, 2025
Financial assets measured at amortized cost		
Lease receivables (non-current)	17,578	16,074
Other	38,097	38,107
Allowance for doubtful accounts	(322)	(253)
Subtotal	55,353	53,928
Financial assets measured at fair value through profit or loss		
Derivative assets	34,863	24,586
Other	4,151	4,557
Subtotal	39,015	29,143
Equity financial assets measured at fair value through other comprehensive income		
Equity securities	124,808	124,024
Investments in capital	7,050	5,544
Subtotal	131,858	129,568
Total	226,227	212,640
Current assets	18,778	22,116
Non-current assets	207,448	190,524
Total	226,227	212,640

Other financial assets are stated net of allowance for doubtful accounts in the consolidated statement of financial position.

(2) Equity financial assets measured at fair value through other comprehensive income

The issuers and fair values of major equity financial assets measured at fair value through other comprehensive income are as follows:

(million yen)	
Issuers	As of March 31, 2024
Formosa Ha Tinh (Cayman) Limited	25,505
Companhia Nipo-Brasileira de Pelotização	10,052
Japan Petroleum Exploration Co., Ltd.	6,338
Dongkuk Steel Mill Co., Ltd.	5,461
Mizuho Financial Group, Inc.	4,586

(million yen)	
Issuers	As of March 31, 2025
Formosa Ha Tinh (Cayman) Limited	23,501
Companhia Nipo-Brasileira de Pelotização	8,277
Mizuho Financial Group, Inc.	6,100
Japan Petroleum Exploration Co., Ltd.	5,373
ACTER GROUP CORPORATION LIMITED	4,389

Equity securities and investments in capital are held mainly for the purpose of maintaining and developing the Group's business. Therefore, they are designated as equity financial assets measured at fair value through other comprehensive income.

In order to promote the efficiency of held assets and to use them effectively, the Group has sold (derecognized) equity financial assets measured at fair value through other comprehensive income.

The fair value and accumulated gains or losses recognized in other comprehensive income at the time of sale are as follows:

(million yen)		
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Fair value	13,282	2,705
Accumulated gains or losses recognized in other comprehensive income	5,757	957

## 11. Other Assets and Liabilities

The breakdown of other current assets, other non-current assets, other current liabilities, and other non-current liabilities is as follows:

### (1) Other current assets and other non-current assets

(million yen)

	As of March 31, 2024	As of March 31, 2025
Consumption taxes refund receivable	29,990	28,609
Other	101,411	83,051
Total	131,402	111,660
Current assets	113,992	90,786
Non-current assets	17,410	20,873
Total	131,402	111,660

### (2) Other current liabilities and other non-current liabilities

(million yen)

	As of March 31, 2024	As of March 31, 2025
Accrued expenses	196,198	191,363
Other	95,700	82,340
Total	291,898	273,703
Current liabilities	282,317	245,661
Non-current liabilities	9,581	28,042
Total	291,898	273,703

## 12. Property, Plant and Equipment

The movement of carrying amount for property, plant and equipment during the year is as follows:

Fiscal year ended March 31, 2024

(million yen)

	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Other	Total
Balance at the beginning of the year	361,258	1,005,843	48,553	384,144	82,955	8,298	1,891,053
Acquisition	32,476	154,772	22,086	2,264	60,545	2,298	274,444
Acquisition through business combinations	421	2,754	0	—	—	—	3,176
Sale or disposal	(1,514)	(10,897)	(319)	(296)	(947)	(31)	(14,007)
Depreciation	(29,233)	(162,232)	(20,038)	(21)	—	(1,972)	(213,499)
Impairment losses	(3,055)	(6,805)	(70)	(316)	—	(116)	(10,364)
Exchange differences on translation of foreign operations	534	5,778	824	1,016	8,937	323	17,414
Balance at the end of the year	360,887	989,214	51,035	386,790	151,489	8,798	1,948,217

Fiscal year ended March 31, 2025

(million yen)

	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Other	Total
Balance at the beginning of the year	360,887	989,214	51,035	386,790	151,489	8,798	1,948,217
Acquisition	48,245	195,007	19,154	194	(24,531)	492	238,563
Acquisition through business combinations	13,009	9,138	93	2,616	2,057	73	26,988
Sale or disposal	(6,803)	(6,831)	(813)	(13,864)	(1,254)	(5,340)	(34,907)
Depreciation	(28,500)	(148,016)	(15,476)	(9)	—	(157)	(192,159)
Impairment losses	(3,534)	(17,830)	(428)	(162)	—	(171)	(22,126)
Exchange differences on translation of foreign operations	829	(2,253)	463	393	318	(286)	(535)
Balance at the end of the year	384,134	1,018,428	54,029	375,960	128,079	3,408	1,964,041

- Notes:
1. Depreciation of property, plant and equipment is included in “Cost of sales” and “Selling, general and administrative expenses” in the consolidated statement of profit or loss.
  2. Acquisition of construction in progress represents an increase due to new acquisition, net of transfers to each item of property, plant and equipment.

The cost, accumulated depreciation, accumulated impairment losses, and carrying amount of property, plant and equipment are as follows:

	(million yen)						
	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Other	Total
As of March 31, 2024							
Cost	1,961,289	6,361,961	208,260	411,241	152,429	25,030	9,120,211
Accumulated depreciation and accumulated impairment losses	(1,600,401)	(5,372,746)	(157,224)	(24,450)	(939)	(16,232)	(7,171,994)
Carrying amount	360,887	989,214	51,035	386,790	151,489	8,798	1,948,217
As of March 31, 2025							
Cost	1,983,806	6,375,720	212,999	399,081	128,717	12,077	9,112,403
Accumulated depreciation and accumulated impairment losses	(1,599,672)	(5,357,291)	(158,970)	(23,120)	(638)	(8,668)	(7,148,361)
Carrying amount	384,134	1,018,428	54,029	375,960	128,079	3,408	1,964,041

### 13. Goodwill and Intangible Assets

#### (1) Movement of goodwill and intangible assets

The movement of carrying amount for goodwill and intangible assets during the year is as follows:

Fiscal year ended March 31, 2024

	(million yen)			
	Goodwill	Software	Other	Total
Balance at the beginning of the year	14,911	108,984	17,871	141,767
Acquisition	—	42,097	487	42,584
Sale or disposal	—	(1,043)	(1)	(1,044)
Amortization	—	(27,940)	(2,414)	(30,355)
Impairment losses	—	(467)	(4)	(471)
Exchange differences on translation of foreign operations	535	2,090	931	3,557
Balance at the end of the year	15,446	123,720	16,870	156,038

Fiscal year ended March 31, 2025

	(million yen)			
	Goodwill	Software	Other	Total
Balance at the beginning of the year	15,446	123,720	16,870	156,038
Acquisition	—	46,811	2,963	49,775
Acquisition through business combinations	19,451	115	49,511	69,078
Sale or disposal	(1,214)	(520)	(121)	(1,856)
Amortization	—	(32,792)	(3,836)	(36,629)
Impairment losses	—	(1,677)	(36)	(1,714)
Exchange differences on translation of foreign operations	315	(183)	178	310
Balance at the end of the year	33,999	135,473	65,529	235,002

Note: Amortization of intangible assets is included in “Cost of sales” and “Selling, general and administrative expenses” in the consolidated statement of profit or loss.



The cost, accumulated amortization, accumulated impairment losses, and carrying amount of goodwill and intangible assets are as follows:

	(million yen)			
	Goodwill	Software	Other	Total
As of March 31, 2024				
Cost	20,072	479,688	42,157	541,918
Accumulated amortization and accumulated impairment losses	(4,625)	(355,967)	(25,286)	(385,879)
Carrying amount	15,446	123,720	16,870	156,038
As of March 31, 2025				
Cost	38,625	526,581	94,011	659,217
Accumulated amortization and accumulated impairment losses	(4,625)	(391,107)	(28,481)	(424,214)
Carrying amount	33,999	135,473	65,529	235,002

(2) Significant intangible assets

Fiscal year ended March 31, 2025

The carrying amount of other intangible assets includes 35,652 million yen of mining rights.

(3) Research and development expenses

Research and development expenses recorded in “Cost of sales” and “Selling, general and administrative expenses” for the fiscal years ended March 31, 2024 and 2025 amounted to 43,838 million yen and 42,987 million yen, respectively.

#### 14. Lease Transactions

##### (1) Lease transactions as a lessee

The Group leases machinery, ships, buildings, and other assets as a lessee. Certain lease arrangements include renewal options, but no significant lease arrangements include escalation clauses. In addition, there are no material restrictions (such as restrictions related to additional borrowings and additional leases) imposed by the lease arrangements.

##### (i) Disclosure on profit or loss and cash outflow for leases

	(million yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Depreciation of right-of-use assets		
Buildings and structures	11,565	10,903
Machinery and vehicles	11,980	11,191
Tools, furniture and fixtures	2,609	2,861
Land	2,127	2,045
Other	1,116	1,059
Total	29,399	28,062
Interest on lease liabilities	511	543
Expense relating to short-term leases	3,714	4,415
Expense relating to leases of low-value assets	778	707
Income from subleasing right-of-use assets	1,430	1,432
Total cash outflow for leases	58,090	50,390

##### (ii) Disclosure on the breakdown of the carrying amounts of right-of-use assets

	(million yen)	
	As of March 31, 2024	As of March 31, 2025
Buildings and structures	31,154	22,692
Machinery and vehicles	47,112	50,293
Tools, furniture and fixtures	2,860	4,899
Land	14,099	12,022
Other	3,531	3,538
Total	98,758	93,447

Right-of-use assets for the fiscal years ended March 31, 2024 and 2025 increased by 28,922 million yen and 26,305 million yen, respectively.

##### (2) Lease transactions as a lessor

The Group leases buildings and other assets as a lessor and receives security deposits as a risk management strategy.

##### (i) Income from operating leases

	(million yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Lease income	9,534	9,167

## (ii) Maturity analysis of non-cancelable operating lease payments

(million yen)

	As of March 31, 2024	As of March 31, 2025
Within one year	1,399	1,449
Over one year and within two years	1,144	1,195
Over two years and within three years	891	1,019
Over three years and within four years	808	291
Over four years and within five years	189	—
Over five years	—	—
Total	4,433	3,956

## (iii) Income from finance leases

(million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Finance income on the net investment in the lease	868	768

## (iv) Maturity analysis of lease payments receivable

(million yen)

	As of March 31, 2024	As of March 31, 2025
Within one year	8,900	8,210
Over one year and within two years	10,995	12,587
Over two years and within three years	6,954	2,217
Over three years and within four years	1,058	1,298
Over four years and within five years	536	602
Over five years	3,902	4,028
Total	32,348	28,944
Unearned finance income	3,041	1,495
Net investment in the lease	29,307	27,449

## 15. Investment Properties

### (1) Movement of investment properties

The movement of carrying amount for investment properties is as follows:

	(million yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Balance at the beginning of the year	53,559	52,849
Acquisition	159	182
Reclassification from property, plant and equipment	856	5,676
Reclassification to property, plant and equipment	(225)	(506)
Depreciation	(847)	(787)
Impairment losses	(384)	(271)
Sale or disposal	(268)	(5,728)
Other	—	2,712
Balance at the end of the year	52,849	54,126
Cost (balance at the beginning of the year)	111,828	112,213
Accumulated depreciation and accumulated impairment losses (balance at the beginning of the year)	(58,268)	(59,363)
Cost (balance at the end of the year)	112,213	103,493
Accumulated depreciation and accumulated impairment losses (balance at the end of the year)	(59,363)	(49,366)

### (2) Fair values

The carrying amount and fair value of investment properties are as follows:

	(million yen)			
	As of March 31, 2024		As of March 31, 2025	
	Carrying amount	Fair value	Carrying amount	Fair value
Investment property	52,849	128,612	54,126	120,640

The fair value of investment properties is principally based on the real estate appraisal values provided by independent licensed real estate appraisers.

The fair value hierarchy of investment properties is categorized within Level 3 because unobservable inputs are included.

Fair value hierarchy is described in Note “40. Financial Instruments.”

### (3) Income and expenses arising from investment properties

Rental income and direct sales expenses arising from investment properties are as follows:

	(million yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Rental income	9,534	9,167
Direct sales expenses arising from investment properties which generated income	2,750	2,695
Direct sales expenses arising from investment properties which did not generate income	19	15

## 16. Impairment of Non-financial Assets

When the Group assesses whether there is an indication that non-financial assets may be impaired, in principle, the assets are classified as idle assets, leased assets, assets for various projects and assets for business use, and then those classified assets are grouped by the smallest unit that generates independent cash flows.

Fiscal year ended March 31, 2024

The carrying amount was reduced to the recoverable amount mainly for assets for business use (Tsu, Mie) at a subsidiary of JFE Engineering Corporation for which the business environment had deteriorated and idle assets, and the reduction was recorded as an impairment loss. Impairment losses in the consolidated statement of profit or loss totaled 11,220 million yen, consisting of 6,805 million yen of machinery and vehicles and 4,415 million yen of buildings and structures. The recoverable amount of these assets was primarily determined by their net sales value. Net sales value is determined mainly using the cost approach, a valuation technique that includes unobservable inputs. It is categorized as Level 3 within the fair value hierarchy.

Fiscal year ended March 31, 2025

The carrying amount was reduced to the recoverable amount mainly for assets for business use of JFE Steel Corporation, the consolidated subsidiary in the steel business, (Kurashiki, Okayama and Fukuyama, Hiroshima), in line with the policy of rebuilding the domestic production structure, as set forth in the Eighth Medium-term Business Plan, and the reduction was recorded as an impairment loss. Impairment losses in the consolidated statement of profit or loss totaled 25,194 million yen, consisting of 17,830 million yen of machinery and vehicles, 3,534 million yen of buildings and structures, 1,677 million yen of software, 1,080 million yen of right-of-use assets, and 1,070 million yen of other property, plant and equipment. The recoverable amount of these assets was calculated based on their value in use, but the discount rate was not taken into account due to their short expected period of use.

## 17. Subsidiaries and Associates

Name	Address	Major business operations
(Consolidated subsidiaries)		
[Steel business]		
JFE Steel Corporation	Chiyoda-ku, Tokyo	Manufacture and sale of steel products
JFE Bars & Shapes Corporation	Minato-ku, Tokyo	Manufacture and sale of shaped steel and rebar products
JFE Chemical Corporation	Taito-ku, Tokyo	Manufacture and sale of chemical products
JFE Metal Products & Engineering, Inc.	Minato-ku, Tokyo	Manufacture, processing, and sale of secondary steel products
JFE Galvanizing & Coating Co., Ltd.	Shinagawa-ku, Tokyo	Manufacture, processing, and sale of secondary steel products
JFE Logistics Corporation	Chiyoda-ku, Tokyo	Various transportation and warehousing businesses
JFE Container Co., Ltd.	Chiyoda-ku, Tokyo	Manufacture and sale of various containers
JFE Civil Engineering & Construction Corporation	Taito-ku, Tokyo	Contracting for civil engineering and construction works

Name	Address	Major business operations
JFE Mineral Company, Ltd.	Minato-ku, Tokyo	Mining and exploitation, processing and sale of mineral products; and manufacture and sale of functional materials, ferroalloys, and iron and steel slag
JFE Life Corporation	Taito-ku, Tokyo	Real estate, insurance agency, and various service businesses
JFE Plant Engineering Co., Ltd.	Taito-ku, Tokyo	Manufacture and sale of machinery and equipment, and contracting for electrical construction, telecommunications construction, equipment management, and construction works
JFE Systems, Inc.	Minato-ku, Tokyo	Development and sale of various computer systems
JFE Kozai Corporation	Chuo-ku, Tokyo	Shearing and fusing of steel plates/sheets; and sale of steel materials
JFE Welded Pipe Manufacturing Co., Ltd.	Chuo-ku, Tokyo	Manufacture and sale of electric resistance welded steel pipes
JFE Precisions Co., Ltd.	Higashi-ku, Niigata	Manufacture and sale of formed and fabricated materials
JFE Advantech Co., Ltd.	Nishinomiya, Hyogo	Manufacture and sale of measuring and weighing instruments
JFE Techno-Research Corporation	Chiyoda-ku, Tokyo	Material analysis, environmental research, technical information surveys, and support for intellectual properties
JFE East Japan GS Co., Ltd.	Kawasaki-ku, Kawasaki	Various service businesses
JFE Steel Australia Resources Pty. Ltd.	Brisbane, Australia	Investments in coal mines and the iron ore mining business in Australia
Philippine Sinter Corporation	Manila, The Philippines	Manufacture and sale of sintered ore
PT. JFE Steel Galvanizing Indonesia	Bekasi, Indonesia	Manufacture and sale of cold-rolled and hot-dip zinc galvanized steel products
JFE Steel Galvanizing (Thailand) Ltd.	Rayong, Thailand	Manufacture and sale of hot-dip zinc galvanized steel products
Nova Era Silicon S.A.	Belo Horizonte, Brazil	Manufacture and sale of ferroalloy
Thai Coated Steel Sheet Co., Ltd.	Bangkok, Thailand	Manufacture and sale of electrogalvanized steel products
106 other companies		
[Engineering business]		
JFE Engineering Corporation	Chiyoda-ku, Tokyo	Engineering business
JFE Plant Technology Co., Ltd.	Mihama-ku, Chiba	Design, construction, and maintenance of various industrial facilities, including basic chemical and functional chemical plants and chemical supply systems for semiconductor manufacturing
J&T Recycling Corporation	Tsurumi-ku, Yokohama	Total recycling business

Name	Address	Major business operations
JFE Project One Co., Ltd.	Mihama-ku, Chiba	Design, construction, and maintenance of oil refining, petrochemical, and energy-related plants
JFE Environment Technology Company, Ltd.	Mihama-ku, Chiba	Design, procurement, construction, operation management, and maintenance of various environmental facilities
Asukasoken Co., Ltd.	Shinagawa-ku, Tokyo	Gas pipe burial and gas facility construction works
JFE Technos Co., Ltd.	Tsurumi-ku, Yokohama	Machinery and facility maintenance
Kinpai Co., Ltd.	Taisho-ku, Osaka	Gas pipe burial and gas facility construction works, and sale and construction works of housing equipment and appliances
JFE Environmental Service Corporation	Tsurumi-ku, Yokohama	Operation, maintenance, and management of waste processing facilities
Urban Energy Corporation	Tsurumi-ku, Yokohama	Electricity retailing business
JFE Solar Power Co., Ltd.	Tsurumi-ku, Yokohama	Power generation through photovoltaic power generation systems and the supply and sale of electricity
Standardkessel Baumgarte Holding GmbH	Mülheim, Germany	Construction and maintenance of waste power plants, biomass power plants, waste heat recovery power plants
76 other companies		
[Trading business]		
JFE Shoji Corporation	Chiyoda-ku, Tokyo	Domestic and export/import trade of steel products; raw materials for ironmaking/steelmaking; non-ferrous metal products; chemical products; petroleum products; and various equipment and materials
JFE Shoji Steel Construction Materials Corporation	Chiyoda-ku, Tokyo	Sale of construction material products and equipment and materials for civil engineering/construction works; metallic processing business; and civil engineering/construction works and various other works
JFE Shoji Electronics Corporation	Chiyoda-ku, Tokyo	Sale of semiconductor products; and sale, installation, and maintenance of device assembling and inspection equipment for electronic components
Kawasho Foods Corporation	Chiyoda-ku, Tokyo	Domestic and import/export trade of various foods
JFE Shoji Pipe & Fitting Corporation	Chiyoda-ku, Tokyo	Sale of steel pipe and pipe material products
JFE Shoji Electrical Steel Co., Ltd.	Chiyoda-ku, Tokyo	Processing and sale of electromagnetic steel sheets
JFE Shoji Kohnan Steel Center Co., Ltd.	Higashinada-ku, Kobe	Processing and sale of steel sheets
JFE Shoji Coil Center Corporation	Kanazawa-ku, Yokohama	Processing and sale of steel sheets
K&I Tubular Corporation	Chiyoda-ku, Tokyo	Export/overseas trade of specialty pipes/tubes

Name	Address	Major business operations
JFE Shoji Machinery & Materials Corporation	Chiyoda-ku, Tokyo	Export/import and domestic trade of ironmaking/industrial materials
Zhejiang JFE Shoji Steel Products Co., Ltd.	Pinghu, China	Processing and sale of steel sheets
Guangzhou JFE Shoji Steel Products Co., Ltd.	Guangzhou, China	Processing and sale of steel sheets
PT. JFE Shoji Steel Indonesia	Bekasi, Indonesia	Processing and sale of steel sheets
Dongguan JFE Shoji Steel Products Co., Ltd.	Dongguan, China	Processing and sale of steel sheets
JFE Shoji Steel America, Inc.	Los Angeles, United States	Processing and sale of steel sheets
Central Metals (Thailand) Ltd.	Samut Prakan, Thailand	Processing and sale of steel sheets
JFE Shoji (Vietnam) Ltd.	Ho Chi Minh, Vietnam	Export/import and domestic trade of steel products, raw materials for ironmaking/steelmaking, various equipment and materials
JFE Shoji (Hong Kong) Ltd.	Hong Kong, China	Export/import and domestic trade of steel products, chemical products
JFE Shoji (Thailand) Ltd.	Bangkok, Thailand	Export/import and domestic trade of steel products, raw materials for ironmaking/steelmaking, various equipment and materials
JFE Shoji (Shanghai) Co., Ltd.	Shanghai, China	Export/import and domestic trade of steel products, raw materials for ironmaking/steelmaking, nonferrous metal products, chemical products
JFE Shoji Power Canada Inc.	Burlington, Canada	Processing and sale of electromagnetic steel sheets
JFE Shoji America Holdings Inc.	Los Angeles, United States	Business management of subsidiaries in the United States
Vest Tube LLC	Los Angeles, United States	Manufacture and sale of welded steel pipes
JFE Shoji America, LLC	Los Angeles, United States	Export/import and domestic trade of steel products and raw materials for ironmaking/steelmaking
Kelly Pipe Co., LLC	Santa Fe Springs, United States	Sale of steel pipes
CEMCO LLC	City of Industry, United States	Processing and sale of steel frames for construction
83 other companies		
(Equity method associates) [Steel business]		
Japan-Brazil Niobium Corporation	Chiyoda-ku, Tokyo	Investment in niobium mining in Brazil
Setouchi Joint Thermal Power Co., Ltd.	Fukuyama, Hiroshima	Thermal power generation business



Name	Address	Major business operations
GECOSS Corporation	Bunkyo-ku, Tokyo	Rental and sale of temporary construction materials
Shinagawa Refractories Co., Ltd.*1	Chiyoda-ku, Tokyo	Manufacture and sale of various refractories, and contracting for furnace construction work
Nippon Chuzo K.K.	Kawasaki-ku, Kawasaki	Manufacture and sale of cast steel products
Nippon Chutetsukan K.K.	Kuki, Saitama	Manufacture and sale of cast-iron pipes
EXA Corporation	Nishi-ku, Yokohama	Development and sale of various computer systems
Seikei Steel Pipe Corporation	Sano, Tochigi	Manufacture and sale of cold press-formed square steel pipes
K.K. JFE Sanso Center	Fukuyama, Hiroshima	Manufacture and sale of oxygen gas, nitrogen gas, argon gas
Nucor-JFE Steel Mexico, S. Der. L. Dec.V.	Silao, Mexico	Manufacture and sale of hot-dip zinc galvanized steel products
Guangzhou JFE Steel Sheet Co., Ltd.	Guangzhou, China	Manufacture and sale of cold-rolled and hot-dip zinc galvanized steel products
JSW JFE Electrical Steel Private Limited	Mumbai, India	Manufacture and sale of grain-oriented electrical steel
BaoWu JFE Special Steel Co., Ltd.	Shaoguan, China	Manufacture and sale of specialty steel rods
Thai Cold Rolled Steel Sheet Public Company Limited	Bangkok, Thailand	Manufacture and sale of cold-rolled steel sheets
California Steel Industries, Inc.	Fontana, United States	Manufacture and sale of steel products
JSW Steel Limited	Mumbai, India	Manufacture and sale of steel products
Inner Mongolia Erdos EJM Manganese Alloys Co., Ltd.	Ordos, China	Manufacture and sale of ferroalloy
Bohai NKK Drill Pipe Co., Ltd.	Cangzhou, China	Processing, manufacture, and sale of drill pipes and drill pipe accessories
21 other companies		
[Engineering business]		
TSUKISHIMA JFE AQUA SOLUTION CO., LTD.	Chuo-ku, Tokyo	Design, manufacture, and construction of equipment and plants for water purification plants, sewage treatment plants, biomass usage facilities, and sludge recycling facilities
Iwate Geothermal Power Co., Ltd.	Hachimantai, Iwate	Geothermal power generation business
JP Steel Plantech Co.	Nishi-ku, Yokohama	Design, manufacture, and installation of steelmaking machinery
25 other companies		
[Trading business]		
Hanwa Kozai Co., Ltd.	Yodogawa-ku, Osaka	Processing and sale of stainless steel products
MOBY Corporation	Ichikawa, Chiba	Processing and sale of steel plates for containers
Ohmi Sangyo Co., Ltd.	Taisho-ku, Osaka	Processing and sale of steel sheets
OSAKA KOWAZ Inc.	Taisho-ku, Osaka	Processing and sale of steel sheets
Sankyo Noritake Steel Co, Ltd.	Nishi-ku, Sakai	Processing and sale of steel sheets

Name	Address	Major business operations
18 other companies*2		
[Other businesses]		
Japan Marine United Corporation	Nishi-ku, Yokohama	Design, manufacture, sale, installation, repair, and maintenance of ships, naval vessels, and marine structures

Notes: 1. Equity-method associates include joint operations.

2. Changes in associates

- JFE Solar Power Co., Ltd. is listed as a significant subsidiary from the fiscal year ended March 31, 2025.
  - JSW JFE Electrical Steel Private Limited is listed as an important equity-method associate from the fiscal year ended March 31, 2025.
  - JFE ComService Co., Ltd., a subsidiary of JFE Steel Corporation and JFE Systems, Inc., transferred 20.0% of the issued shares in GECOSS Corporation to Mizuho Leasing Company, Limited on May 10, 2024. As a result, GECOSS Corporation became an equity-method associate of JFE Steel Corporation.
  - Kinpai Co., Ltd. became a consolidated subsidiary of JFE Engineering Corporation through the acquisition of shares on October 1, 2024.
  - Sumitomo Chemical Engineering Co., Ltd. became a consolidated subsidiary of JFE Engineering Corporation through the acquisition of shares on March 31, 2025. On the same date, it changed its name to JFE Plant Technology Co., Ltd.
  - It has been decided that Thai Coated Steel Sheet Co., Ltd., upon transferring all of its businesses to Thai Cold Rolled Steel Sheet Public Co., Ltd. by around October 1, 2025, will be dissolved pending approval by the authorities.
3. \*1 Shinagawa Refractories Co., Ltd. is scheduled to change its name to SHINAGAWA REFRA CO., LTD. on October 1, 2025.
4. \*2 The other 18 equity-method associates of the trading business include three consolidated subsidiaries and one equity-method associate of the steel business.

## 18. Investments Accounted for Using Equity Method

### (1) Material associates

There are no applicable items.

### (2) Immaterial associates and joint ventures

The carrying amount of investments in associates and joint ventures is as follows:

(million yen)

	As of March 31, 2024	As of March 31, 2025
Associates	359,372	417,784
Joint ventures	202,105	219,187

Financial information on immaterial associates and joint ventures is as follows, which represents the amounts attributable to the Group based on the Group's interest in those associates and joint ventures.

(million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Associates		
Net profit	47,887	34,420
Other comprehensive income	(1,875)	10,881
Comprehensive income	46,012	45,301
Joint ventures		
Net profit	8,272	(5,286)
Other comprehensive income	6,190	3,476
Comprehensive income	14,462	(1,810)

### (3) Commitments to joint ventures

The Group has commitments to make equity investments or provide loans in certain jointly controlled entities. The amounts of potential new or additional capital contributions or loans by the Group under material equity investment or loan commitments were 21,945 million yen and 18,218 million yen as of March 31, 2024 and 2025, respectively.

## 19. Income Taxes

### (1) Deferred tax assets and deferred tax liabilities

The breakdown of deferred tax assets and deferred tax liabilities by major cause of accrual is as follows:

(million yen)

	As of March 31, 2024	As of March 31, 2025
Deferred tax assets		
Retirement benefit liability	26,767	30,661
Impairment losses	23,858	19,849
Accrued bonuses	16,279	14,615
Accrued expenses	11,427	10,942
Cash flow hedges	7,780	5,578
Enterprise tax payable	2,422	2,527
Provisions	2,403	2,244
Excess depreciation	2,648	1,886
Other	33,594	35,294
Total deferred tax assets	127,183	123,600
Deferred tax liabilities		
Retained earnings of subsidiaries and associates	31,430	35,048
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	17,304	17,614
Reserve for tax purpose reduction entry of non-current assets	6,594	9,397
Other	21,654	20,538
Total deferred tax liabilities	76,984	82,598
Net deferred tax assets	50,199	41,001

The breakdown of changes in net deferred tax assets (liabilities) is as follows:

(million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Balance at the beginning of the year	69,248	50,199
Deferred tax expense	(9,128)	(5,148)
Deferred taxes on items of other comprehensive income		
Effective portion of cash flow hedges	(1,634)	(1,041)
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	(3,375)	323
Remeasurements of defined benefit plans	(6,554)	(3,194)
Other	1,644	(135)
Balance at the end of the year	50,199	41,001

Deductible temporary differences and unused tax loss carryforwards for which deferred tax assets are not recognized in the consolidated statement of financial position are as follows:

	(million yen)	
	As of March 31, 2024	As of March 31, 2025
Deductible temporary differences	384,982	406,204
Unused tax loss carryforwards	191,795	294,319

Unrecognized deferred tax assets for the above deductible temporary differences were 117,744 million yen and 128,166 million yen as of March 31, 2024 and 2025, respectively. Unrecognized deferred tax assets for the above unused tax loss carryforwards were 20,205 million yen and 27,979 million yen as of March 31, 2024 and 2025, respectively.

The breakdown by expiration date of unused tax loss carryforwards for which deferred tax assets are not recognized in the consolidated statement of financial position is as follows:

	(million yen)	
	As of March 31, 2024	As of March 31, 2025
Year one	—	23,050
Year two to year five	20,720	135,115
Over five years	139,596	103,079
No specified expiration date	31,478	33,073
Total	191,795	294,319

Taxable temporary differences arising from investments in subsidiaries and associates for which deferred tax liabilities were not recognized as of March 31, 2024 and 2025 amounted to 50,194 million yen and 56,379 million yen, respectively.

Deferred tax liabilities are not recognized for such temporary differences, where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets of 7,805 million yen and 55,624 million yen were recognized as of March 31, 2024 and 2025, respectively, for taxable entities that incurred net loss in the current or previous period, and whose recoverability of deferred tax assets depends on future taxable income.

In assessing the recoverability of deferred tax assets, the Group considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies.

## (2) Income tax expense

The breakdown of income tax expense is as follows:

	(million yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Current tax expense	58,286	45,911
Deferred tax expense	9,128	5,148
Total	67,414	51,060

(3) Reconciliation of effective tax rate

The breakdown by major cause of a difference between the effective statutory tax rate and the burden ratio of corporation tax after application of tax effect accounting is as follows:

	(%)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Effective statutory tax rate	30.0	30.0
(Reconciliation)		
Items permanently not tax-deductible, such as entertainment expenses	0.7	1.1
Items permanently not taxable, such as dividend income	(0.1)	(0.1)
Changes in valuation allowance	0.7	12.6
Share of profit (loss) of investments accounted for using equity method	(6.3)	(6.1)
Other	0.2	(2.1)
Burden ratio of corporation tax after application of tax effect accounting	25.1	35.4

(4) Revision of the amounts of deferred tax assets and deferred tax liabilities due to changes in the corporate tax rates

The “Act for Partial Amendment of the Income Tax Act” (Act No. 13 of 2025) was passed into legislation on March 31, 2025, and accordingly, a “Special Defense Corporation Tax” will be levied from the fiscal year starting on and after April 1, 2026.

In conjunction, the effective statutory tax rate to calculate the deferred tax assets and deferred tax liabilities relating to the temporary differences expected to be reversed in the fiscal years starting on and after April 1, 2026, has been changed from 30.0% to 31.0%.

(5) Global Minimum Taxation

The Group has applied “International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12 “Income Taxes”).” These amendments have clarified that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the BEPS Pillar Two GloBE (global minimum taxation) rules published by the OECD. However, the amendments also provide a temporary exception for entities from the requirements to recognize and disclose deferred tax assets and liabilities related to income taxes arising from the global minimum taxation rules. The Group has applied the temporary exception and neither recognized nor disclosed deferred tax assets and liabilities related to income taxes arising from the global minimum taxation rules.

## 20. Trade and Other Payables

The breakdown of trade and other payables is as follows:

	(million yen)	
	As of March 31, 2024	As of March 31, 2025
Notes and accounts payable—trade	608,991	534,070
Accounts payable—other	58,081	61,884
Total	667,072	595,954

Trade and other payables are classified as financial liabilities measured at amortized cost.

## 21. Bonds Payable, Borrowings, and Lease Liabilities

(1) The breakdown of bonds payable, borrowings, and lease liabilities is as follows:

(million yen)

	As of March 31, 2024	As of March 31, 2025
Short-term borrowings (Note 1)	162,083	137,763
Current portion of long-term borrowings (Note 1)	160,701	145,324
Current portion of bonds (Note 2)	59,987	49,991
Commercial papers (Note 1)	—	17,995
Bonds payable (Note 2)	204,390	184,397
Convertible bonds (Note 2)	87,133	87,770
Long-term borrowings (Note 1)	1,015,091	1,007,011
Lease liabilities	140,890	136,195
Total	1,830,278	1,766,451
Current liabilities	426,428	395,415
Non-current liabilities	1,403,849	1,371,035
Total	1,830,278	1,766,451

Bonds payable, borrowings, and lease liabilities are classified as financial liabilities measured at amortized cost.

Bonds payable and borrowings are not subject to financial covenants that have significant effects on the financing activities of the Group.

(Note 1) The weighted average interest rates and repayment dates for the balance of borrowings as of March 31, 2025 are as follows:

	(%)	Repayment date
Short-term borrowings	5.12	—
Current portion of long-term borrowings	1.39	—
Commercial papers	0.51	—
Long-term borrowings	1.20	May 20, 2026 to March 22, 2083

(Note 2) Terms and conditions of issuance of bonds and convertible bonds are summarized as follows:

(million yen)

Company name	Issuers	Date of issuance	As of March 31, 2024	As of March 31, 2025	Interest rate (%)	Collateral	Redemption date
The Company	The 22nd unsecured bond	September 19, 2014	19,995	—	0.703	None	September 19, 2024
The Company	The 25th unsecured bond	May 21, 2018	19,985	19,998	0.260	None	May 21, 2025
The Company	The 27th unsecured bond	May 27, 2019	29,996	—	0.170	None	May 27, 2024
The Company	The 28th unsecured bond	May 27, 2019	9,985	9,992	0.260	None	May 27, 2026
The Company	The 29th unsecured bond	May 27, 2019	19,949	19,959	0.365	None	May 25, 2029
The Company	The 30th unsecured bond	September 20, 2019	9,995	—	0.120	None	September 20, 2024
The Company	The 31st unsecured bond	September 20, 2019	29,956	29,974	0.250	None	September 18, 2026
The Company	The 32nd unsecured bond	September 20, 2019	19,946	19,955	0.320	None	September 20, 2029
The Company	The 34th unsecured bond	July 14, 2020	29,968	29,993	0.250	None	July 14, 2025
The Company	The 35th unsecured bond	July 14, 2020	9,966	9,971	0.470	None	July 12, 2030
The Company	The 1st unsecured bond with interest deferral and early redemption clauses (subordinated)	June 10, 2021	34,728	34,733	0.680 (*1)	None	June 10, 2081
The Company	The 36th unsecured bond	June 9, 2022	24,933	24,954	0.330	None	June 9, 2027
The Company	The 37th unsecured bond	June 9, 2022	4,974	4,977	0.579	None	June 9, 2032
The Company	Zero Coupon Convertible Bonds due 2028	September 28, 2023	87,133	87,770	—	None	September 28, 2028
The Company	The 38th unsecured bond	July 10, 2024	—	14,943	0.823	None	July 10, 2029
The Company	The 39th unsecured bond	December 4, 2024	—	14,935	1.162	None	December 4, 2031
Total	—	—	351,511	322,159	—	—	

\*1 The interest rate will be fixed until June 10, 2027, and variable after the following day, with a step-up in interest rates after June 11, 2031.



(2) Assets pledged as collateral and corresponding secured obligations

Assets pledged as collateral

(million yen)

	As of March 31, 2024	As of March 31, 2025
Property, plant and equipment	8,369	7,823
Right-of-use assets	152	161
Investments accounted for using equity method	9,610	14,678
Other financial assets (non-current)	283	286
Total	18,416	22,949

Note: Industrial foundation's assets of property, plant and equipment as mortgage

(million yen)

	As of March 31, 2024	As of March 31, 2025
Property, plant and equipment	7,118	6,578

In addition, shares of consolidated subsidiaries have been pledged as collateral.

(million yen)

	As of March 31, 2024	As of March 31, 2025
Shares of consolidated subsidiaries (carrying amount posted on the non-consolidated financial statements of the consolidated subsidiaries)	496	870

Corresponding secured obligations

(million yen)

	As of March 31, 2024	As of March 31, 2025
Trade and other payables	82	28
Bonds payable, borrowings, and lease liabilities (current)	758	564
Bonds payable, borrowings, and lease liabilities (non-current)	3,336	2,777
Total	4,177	3,370

Note: Those corresponding to the industrial foundation's assets in the above obligations

(million yen)

	As of March 31, 2024	As of March 31, 2025
Bonds payable, borrowings, and lease liabilities (current)	559	559
Bonds payable, borrowings, and lease liabilities (non-current)	3,336	2,777
Total	3,895	3,336

## 22. Other Financial Liabilities

The breakdown of other financial liabilities is as follows:

(million yen)

	As of March 31, 2024	As of March 31, 2025
Financial liabilities measured at amortized cost		
Deposits received	136,598	114,455
Other	62,044	66,828
Subtotal	198,642	181,283
Financial liabilities measured at fair value through profit or loss		
Derivative liabilities	4,124	7,646
Total	202,767	188,929
Current liabilities	149,300	148,830
Non-current liabilities	53,467	40,098
Total	202,767	188,929

## 23. Provisions

The breakdown and movement of provisions are as follows:

Fiscal year ended March 31, 2025

(million yen)

	Asset retirement obligations	Other provisions	Total
Balance at the beginning of the year	5,187	24,596	29,784
Increase during the year	9,922	19,914	29,837
Interest expense incurred over the discount period	1	—	1
Decrease due to intended use	(235)	(15,359)	(15,595)
Decrease due to reversal	—	(4,185)	(4,185)
Decrease due to changes in the scope of consolidation	(27)	(49)	(76)
Balance at the end of the year	14,849	24,915	39,765
Current liabilities	452	9,957	10,410
Non-current liabilities	14,397	14,958	29,355
Total	14,849	24,915	39,765

Note: The increase during the year of other provisions includes provisions for PCB disposal costs, which are described under “35. PCB Disposal Costs.”

### Asset retirement obligations

Asset retirement obligations are primarily mine rehabilitation costs relating to the coal mining rights of an Australian consolidated subsidiary engaged in investments in the coal mining business, and are expected to be paid after one year or more has passed from the end of the fiscal year ended March 31, 2025. However, they will be impacted by future business plans and other factors.

## 24. Post-employment Benefits

The Group has adopted mainly retirement lump-sum payment plans, defined benefit pension plans, and defined contribution pension plans. Retirement lump-sum payment plans and defined benefit pension plans are exposed to general investment risk, interest rate risk, inflation risk, and other risks. However, the Group determines that those risks are immaterial.

The defined benefit pension plans are operated by corporate pension funds legally separated from the Group. The corporate pension funds and pension fund trustees are required by laws and regulations to act in the best interests of the plan participants, and are responsible for managing the plan assets in accordance with the designated policies.

### (1) Reconciliation of defined benefit obligations and plan assets

The reconciliation of the defined benefit obligations and plan assets to the retirement benefit liability and asset recognized in the consolidated statement of financial position is as follows:

	(million yen)	
	As of March 31, 2024	As of March 31, 2025
Funded defined benefit obligations	163,158	145,044
Plan assets	(134,691)	(114,608)
Subtotal	28,467	30,435
Unfunded defined benefit obligations	47,744	45,224
Total	76,211	75,659
Amounts recognized in the consolidated statement of financial position		
Retirement benefit liability	105,706	103,092
Retirement benefit asset	(29,495)	(27,432)
Net defined benefit liability (asset) recognized in the consolidated statement of financial position	76,211	75,659

### (2) Reconciliation of defined benefit obligations

The movement of defined benefit obligations is as follows:

	(million yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Balance at the beginning of the year	218,941	210,902
Current service cost	12,969	12,064
Interest expense	2,069	2,224
Remeasurements		
Actuarial losses arising from changes in demographic assumptions	166	(33)
Actuarial losses arising from changes in financial assumptions	(3,581)	(15,078)
Experience adjustments	(1,524)	(1,464)
Past service cost	(906)	(1,846)
Benefits paid	(15,144)	(11,804)
Effects of business combinations and disposals	—	(4,552)
Exchange differences on translation of foreign operations	(2,087)	(144)
Balance at the end of the year	210,902	190,268

The weighted average duration of defined benefit obligations is as follows:

(years)

	As of March 31, 2024	As of March 31, 2025
Weighted average duration	12.5	12.6

(3) Reconciliation of plan assets

The movement of plan assets is as follows:

(million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Balance at the beginning of the year	121,800	134,691
Interest income	1,281	1,574
Remeasurements		
Return on plan assets (excluding interest income)	19,824	(5,622)
Contribution to the plan by employer	2,143	1,552
Benefits paid	(9,654)	(7,810)
Effects of business combinations and disposals	—	(9,782)
Exchange differences on translation of foreign operations	(703)	4
Balance at the end of the year	134,691	114,608

The Group expects to contribute 1,711 million yen to its defined benefit plans in the fiscal year ending March 31, 2026.

(4) Major breakdown of plan assets

The breakdown of the total plan assets by major category is as follows:

(million yen)

	As of March 31, 2024			As of March 31, 2025		
	With quoted market price in an active market	With no quoted market price in an active market	Total	With quoted market price in an active market	With no quoted market price in an active market	Total
Equity instruments						
Domestic stocks	39,204	412	39,616	21,065	164	21,229
Foreign stocks	9,212	917	10,129	6,864	277	7,142
Debt instruments						
Domestic bonds	13,248	4,017	17,265	11,954	2,016	13,971
Foreign bonds	2,290	3,807	6,097	2,303	3,210	5,513
Cash and deposits	26,487	—	26,487	35,653	—	35,653
Life insurance general accounts	—	32,996	32,996	—	28,571	28,571
Other	—	2,097	2,097	—	2,526	2,526
Total	90,442	44,248	134,691	77,842	36,766	114,608

The Group's management policy for the plan assets is to secure stable returns in the medium and long term for ensuring future payments of defined benefit obligations pursuant to internal regulations. Specifically, the target rate of returns and the asset mix ratio by investment asset class are determined within the acceptable risk range every fiscal year, and the plan assets are managed with the asset mix ratio maintained.

(5) Actuarial assumptions

Major actuarial assumptions are as follows:

	(%)	
	As of March 31, 2024	As of March 31, 2025
Discount rate	Mainly 1.6	Mainly 2.4
Anticipated rate of salary increase	Mainly 0.9 to 3.0	Mainly 0.9 to 3.0

Note: The sensitivities of defined benefit obligations due to changes in the discount rate as of each fiscal year are as follows. Each of these sensitivities assumes that other variables are held constant; however, they do not always change independently. Negative figures indicate a decrease in defined benefit obligations, while positive figures indicate an increase.

The Group does not expect any significant changes in the anticipated rate of salary increase.

		(million yen)	
	Changes in assumptions	As of March 31, 2024	As of March 31, 2025
Discount rate	Increase by 0.5%	(10,332)	(9,685)
	Decrease by 0.5%	11,083	10,341

(6) Defined contribution pension plans

Contributions to the defined contribution pension plans are as follows:

	(million yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Contributions to the defined contribution pension plans	37,960	37,808

The above amounts include contributions to employees' pension insurance based on Japan's Employees' Pension Insurance Act.

## 25. Equity and Other Equity Items

### (1) Share capital

#### (i) Authorized shares

The number of authorized shares as of April 1, 2023, March 31, 2024, and March 31, 2025 was 2,298,000 thousand common shares.

#### (ii) Fully paid and issued shares

The movement of the number of issued shares is as follows:

	Number of issued common shares (thousand shares)
As of April 1, 2023	614,438
Increase (decrease)	25,000
As of March 31, 2024	639,438
Increase (decrease)	—
As of March 31, 2025	639,438

Notes: 1. All the shares issued by the Company are non-par value common shares that have no restrictions on the rights.

2. During the fiscal year ended March 31, 2024, the Company issued new shares through an international offering (resolution of the Board of Directors dated September 5, 2023).

### (2) Treasury shares

The movement of the number of treasury shares is as follows:

	Number of shares (thousand shares)
As of April 1, 2023	33,494
As of March 31, 2024	3,472
As of March 31, 2025	3,360

Notes: 1. Treasury shares as of March 31, 2024 and 2025 include the Company shares held in trust accounts for employee stock ownership plans.

2. During the fiscal year ended March 31, 2024, the Company disposed of treasury shares through an international offering (resolution of the Board of Directors dated September 5, 2023).

### (3) Capital surplus and retained earnings

Under the Companies Act of Japan, at least one-half of the proceeds from issuance of shares shall be credited to share capital, while the remainder of the proceeds shall be credited to capital reserves included in capital surplus. In addition, the Companies Act of Japan provides that one-tenth of the dividends of retained earnings shall be appropriated as capital reserves or as retained earnings reserves until their aggregate amount equals one-quarter of share capital.

## 26. Dividends

### (1) Amounts of dividends paid

Fiscal year ended March 31, 2024

Resolution	Type of share	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 27, 2023	Common stock	17,447	30	March 31, 2023	June 28, 2023

Note: The total amount of dividends of 17,447 million yen includes dividends of the Company shares held in trust accounts for employee stock ownership plans of 15 million yen.

Resolution	Type of share	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Board of Directors' Meeting held on November 6, 2023	Common stock	31,827	50	September 30, 2023	December 4, 2023

Note: The total amount of dividends of 31,827 million yen includes dividends of the Company shares held in trust accounts for employee stock ownership plans of 24 million yen.

Fiscal year ended March 31, 2025

Resolution	Type of share	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 25, 2024	Common stock	31,827	50	March 31, 2024	June 26, 2024

Note: The total amount of dividends of 31,827 million yen includes dividends of the Company shares held in trust accounts for employee stock ownership plans of 24 million yen.

Resolution	Type of share	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Board of Directors' Meeting held on November 6, 2024	Common stock	31,845	50	September 30, 2024	December 6, 2024

Note: The total amount of dividends of 31,845 million yen includes dividends of the Company shares held in trust accounts for employee stock ownership plans of 36 million yen.

(2) Of the dividends for which the record date belongs to the fiscal year, those dividends for which the effective date will be after the end of the fiscal year

Fiscal year ended March 31, 2024

Resolution	Type of share	Total amount of dividends (million yen)	Source of funds for dividends	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 25, 2024	Common stock	31,827	Retained earnings	50	March 31, 2024	June 26, 2024

Note: The total amount of dividends of 31,827 million yen includes dividends of the Company shares held in trust accounts for employee stock ownership plans of 24 million yen.



Fiscal year ended March 31, 2025

Resolution	Type of share	Total amount of dividends (million yen)	Source of funds for dividends	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 25, 2025	Common stock	31,845	Retained earnings	50	March 31, 2025	June 26, 2025

Note: The total amount of dividends of 31,845 million yen includes dividends of the Company shares held in trust accounts for employee stock ownership plans of 36 million yen.

## 27. Revenue

### (1) Disaggregation of revenue

Fiscal year ended March 31, 2024

(million yen)

	Steel Business	Engineering Business	Trading Business	Elimination of intersegment revenue	Total
Region					
Japan	2,340,770	466,431	700,944	(233,192)	3,274,953
Other	1,375,286	73,544	775,508	(324,660)	1,899,678
Total	3,716,057	539,975	1,476,452	(557,852)	5,174,632
Transfer of goods or services					
At a point in time	3,477,831	9,572	1,476,441	(528,754)	4,435,090
Over time	238,225	530,402	11	(29,098)	739,542
Total	3,716,057	539,975	1,476,452	(557,852)	5,174,632

Fiscal year ended March 31, 2025

(million yen)

	Steel Business	Engineering Business	Trading Business	Elimination of intersegment revenue	Total
Region					
Japan	2,147,734	493,617	663,158	(212,066)	3,092,444
Other	1,217,456	76,197	775,401	(301,852)	1,767,202
Total	3,365,191	569,815	1,438,559	(513,919)	4,859,647
Transfer of goods or services					
At a point in time	3,155,321	10,784	1,438,548	(488,779)	4,115,874
Over time	209,869	559,030	11	(25,139)	743,773
Total	3,365,191	569,815	1,438,559	(513,919)	4,859,647

### (2) Contract balances

(million yen)

	As of April 1, 2023	As of March 31, 2024	As of March 31, 2025
Receivables from contracts with customers	713,074	704,123	625,505
Contract assets	116,293	134,569	155,257
Contract liabilities	48,543	50,186	47,591

Contract assets consist primarily of rights on consideration received for construction contracts in the engineering business in exchange for the portion of contract obligations fulfilled measured based on the percentage of completion at the end of the reporting period, excluding receivables. They are reclassified to receivables when all performance obligations have been satisfied.

The amount recognized as receivables that was included in the opening balance of contract assets was 67,073 million yen and 99,615 million yen as of March 31, 2024 and 2025, respectively.

Contract liabilities consist primarily of the portion of consideration for construction contracts in the engineering business received in stages during the contract period, apart from the satisfaction of performance obligations, that exceeds the amount recognized as revenue. They are reclassified to revenue upon satisfaction of performance obligations.

The amount recognized as revenue that was included in the opening balance of contract liabilities was 45,958 million yen and 47,988 million yen as of March 31, 2024 and 2025, respectively.

(3) Remaining performance obligations

(million yen)

	As of March 31, 2024	As of March 31, 2025
Transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied as of the end of the fiscal year	1,131,162	1,150,418
Expected timing of revenue recognition		
Within one year	409,070	399,774
Over one year	722,092	750,644

These obligations are mainly related to the engineering business.

28. Selling, General and Administrative Expenses

The breakdown of selling, general and administrative expenses is as follows:

(million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Employee benefit expenses	158,849	158,659
Product shipping-related expenses	91,901	93,348
Provision of allowance for doubtful accounts	44	166
Other	157,886	157,200
Total	408,682	409,375

29. Employee Benefit Expenses

Employee benefit expenses are as follows:

(million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Employee benefit expenses	528,287	536,728

Employee benefit expenses include salaries, bonuses, legal welfare expenses, and retirement benefit expenses, and are recorded in “Cost of sales” and “Selling, general and administrative expenses.”

### 30. Share-based Payment

The Company has instituted a share-based payment plan through which a portion of the compensation of directors (excluding outside directors) and executive officers (excluding non-residents under income tax law) (hereinafter referred to collectively as the “Directors/Officers”) of the Company and its operating companies is provided in the form of employee stock ownership plans. The Group’s objective is to establish a clear link between compensation and the Group’s operating performance and equity value and encourage the sharing of value with shareholders, thereby creating a greater incentive to contribute toward enhancing shareholder value over the medium and long term.

The plan is a compensation plan whereby shares in the Company are acquired through a trust funded by cash contributed by the Company, and the Company’s shares and an amount of cash equivalent to the market price of the Company’s shares (hereinafter referred to as the “Company’s Shares”) are provided through the trust to the Directors/Officers, pursuant to the Stock Grant Regulations for Officers established by the Company and its operating companies.

The Company’s Shares are granted to the Directors/Officers, in principle, upon their retirement.

Compensation under the plan is granted to the Directors/Officers as consideration for their execution period of duties, provided the Directors/Officers have been in office for at least a month during the period specified as follows (the “Execution Period”):

- Directors of the Company: From the date of the Ordinary General Meeting of Shareholders of the Company for the respective year to the date of the Ordinary General Meeting of Shareholders of the Company for the following year
- Others: From April 1 of the respective year to March 31 of the following year

The Company and its operating companies calculate points equivalent to the performance-linked portion and the service-length portion for each Execution Period and grant them to the Directors/Officers.

The points granted for each Execution Period are accumulated until retirement, and the number of the Company’s Shares is calculated by converting the accumulated points as “one point = one share.”

Part of the plan that provides the Company’s Shares is accounted for as an equity-settled share-based payment transaction while part of the plan that provides cash is accounted for as a cash-settled share-based payment transaction.

Expenses recognized for the plan as “Selling, general and administrative expenses” in the consolidated statement of profit or loss are as follows:

	(million yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Equity-settled	162	141
Cash-settled	193	(20)
Total	356	121

The carrying amount of liabilities for the plan is as follows:

	(million yen)	
	As of March 31, 2024	As of March 31, 2025
Other non-current liabilities	343	182

The number of points granted and the weighted-average fair value of points at the grant date for the equity-settled portion of the plan are as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Number of points granted (points)	96,124	57,029
Weighted average fair value of points at the grant date (yen)	1,703	2,508

Note: The fair value of points granted approximates the share price at the grant date, and thus represents the share price at the grant date.

### 31. Other Income

The breakdown of other income is as follows:

	(million yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Dividend income		
Equity financial assets measured at fair value through other comprehensive income	5,464	3,604
Rental income	5,179	4,977
Foreign exchange gains	14,897	—
Other	21,940	22,032
Total	47,482	30,614

The breakdown of dividend income from equity financial assets measured at fair value through other comprehensive income is as follows:

	(million yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Financial assets derecognized during the year	316	798
Financial assets held as of the reporting date	5,148	2,805

### 32. Other Expenses

The breakdown of other expenses is as follows:

	(million yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Loss on retirement of fixed assets	25,822	14,087
Loss on disposal of inventories	3,444	8,618
Foreign exchange losses	—	5,298
Other	23,654	20,110
Total	52,921	48,115

### 33. Cost for Promoting and Developing Land Utilization of Keihin District

Fiscal year ended March 31, 2025

Expenses were recorded for repurposing land, including removal costs, after the JFE Group terminated upstream processes of blast furnaces and other equipment at East Japan Works (Keihin district) of JFE Steel Corporation, one of the consolidated subsidiaries of the steel business.

### 34. Loss Relating to Loss of Control over Subsidiaries

Fiscal year ended March 31, 2025

JFE ComService Co., Ltd., a subsidiary of JFE Steel Corporation and JFE Systems, Inc., the consolidated subsidiary in the steel business transferred 20.0% of the issued shares in GECOSS Corporation to Mizuho Leasing Company, Limited on May 10, 2024. As a result of this transaction, GECOSS Corporation was excluded from the scope of consolidation and became an equity-method associate of JFE Steel Corporation. These losses mainly represent the losses recorded in conjunction with this change. Furthermore, these losses include the loss of 8,746 million yen recognized as a result of remeasuring the fair value of the residual interests on the date of loss of control.

### 35. PCB Disposal Costs

Fiscal year ended March 31, 2025

Regarding the disposal of low-concentration polychlorinated biphenyl (PCB) waste, pursuant to the Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes, the JFE Group was approved by the Ministry of the Environment to operate facilities within the Group to render such poisonous waste harmless, and as a result, it has become possible to reasonably estimate the disposal costs of PCB. Accordingly, 3,962 million yen, which primarily corresponds to this amount, was recorded as PCB disposal costs in the consolidated statement of profit or loss.

### 36. Finance Income and Finance Costs

#### (1) Finance income

The breakdown of finance income is as follows:

	(million yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Interest income		
Financial assets measured at amortized cost	5,048	5,707
Other	—	6
<b>Total</b>	<b>5,048</b>	<b>5,714</b>

#### (2) Finance costs

The breakdown of finance costs is as follows:

	(million yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Interest expenses		
Financial liabilities measured at amortized cost	21,351	24,063
Other	1	1
Other	2,312	2,403
<b>Total</b>	<b>23,665</b>	<b>26,467</b>

### 37. Other Comprehensive Income

The amount arising during the year, reclassification adjustments to profit or loss, and tax effects for each component of other comprehensive income are as follows:

	(million yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Remeasurements of defined benefit plans		
Amount arising during the year	24,554	10,094
Before tax effects	24,554	10,094
Tax effects	(6,554)	(3,194)
Remeasurements of defined benefit plans	18,000	6,899
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income		
Amount arising during the year	15,074	(6,893)
Before tax effects	15,074	(6,893)
Tax effects	(3,375)	323
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	11,698	(6,570)
Exchange differences on translation of foreign operations		
Amount arising during the year	22,545	10,057
Reclassification adjustments	24	(15)
Before tax effects	22,569	10,041
Tax effects	—	—
Exchange differences on translation of foreign operations	22,569	10,041
Effective portion of cash flow hedges		
Amount arising during the year	22,976	5,930
Reclassification adjustments	(16,306)	(3,196)
Before tax effects	6,669	2,734
Tax effects	(1,634)	(1,009)
Effective portion of cash flow hedges	5,035	1,725
Share of other comprehensive income of investments accounted for using equity method		
Amount arising during the year	30,936	37,358
Reclassification adjustments	(647)	(5,012)
Share of other comprehensive income of investments accounted for using equity method	30,288	32,345
Total other comprehensive income	87,592	44,442

### 38. Earnings per Share

#### (1) Basic earnings per share and diluted earnings per share

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Basic earnings per share (yen)	323.33	144.43
Diluted earnings per share (yen)	315.09	138.24

#### (2) Basis for calculation of basic earnings per share and diluted earnings per share

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit attributable to owners of parent (million yen)	197,421	91,867
Amount not attributable to common shareholders of parent (million yen)	—	—
Profit used in calculation of basic earnings per share (million yen)	197,421	91,867
Profit adjustments (million yen)	219	430
Profit used in calculation of diluted earnings per share (million yen)	197,640	92,298
Weighted average number of common shares used in calculation of basic earnings per share (thousand shares)	610,581	636,048
Impact of dilutive potential common shares		
Share-based payments (thousand shares)	418	403
Convertible bonds (thousand shares)	16,245	31,237
Weighted average number of common shares used in calculation of diluted earnings per share (thousand shares)	627,244	667,689

Note: The Company shares held in trust accounts for employee stock ownership plans are included in treasury shares, which are excluded from the calculation of the weighted average number of shares used in the calculation of basic earnings per share. The weighted average number of treasury shares excluded from the calculation of basic earnings per share for the fiscal years ended March 31, 2024 and 2025 is 498 thousand and 686 thousand, respectively.



### 39. Supplemental Information on the Consolidated Statement of Cash Flow

#### (1) Proceeds from sale of shares of subsidiaries resulting in changes in scope of consolidation

Information on proceeds from sale of shares of subsidiaries resulting in changes in scope of consolidation is as follows:

Fiscal year ended March 31, 2024

Presentation is omitted, due to its immateriality.

Fiscal year ended March 31, 2025

The breakdown of assets and liabilities at the time of sale, the consideration assumed, and the amount received (net), in conjunction with the sales of shares of GECOSS Corporation and other companies and their exclusion from the scope of consolidated subsidiaries, are as follows:

	(million yen)
Assets sold	
Current assets (including cash and cash equivalents)	68,724
Non-current assets	38,321
Total assets sold	107,044
Liabilities sold	
Current liabilities	(39,922)
Non-current liabilities	(4,204)
Total liabilities sold	(44,126)
Fair value of consideration received	7,538
Cash and cash equivalents included in assets sold	(1,135)
Amount received upon sale	6,403

#### (2) Liabilities arising from financing activities

The movement of liabilities arising from financing activities is as follows:

Fiscal year ended March 31, 2024

Liabilities arising from financing activities	Balance at the beginning of the year	Changes from financing cash flows	Non-cash changes		Balance at the end of the year
			Increase due to new leases	Other	
Short-term borrowings	161,433	(13,970)	—	14,620	162,083
Current portion of long-term borrowings	134,290	(130,654)	—	157,065	160,701
Current portion of bonds	39,981	(40,000)	—	60,005	59,987
Commercial papers	19,999	(19,999)	—	—	—
Bonds payable	264,224	90,000	—	(62,700)	291,524
Long-term borrowings	1,101,333	60,347	—	(146,589)	1,015,091
Lease liabilities	141,702	(53,085)	51,238	1,033	140,890
Total	1,862,966	(107,362)	51,238	23,435	1,830,278

Note: "Other" in non-cash changes mainly includes the transfer of long-term borrowings due within one year to current portion of long-term borrowings and the transfer of bonds payable to current portion of bonds.

Fiscal year ended March 31, 2025

(million yen)

Liabilities arising from financing activities	Balance at the beginning of the year	Changes from financing cash flows	Non-cash changes		Balance at the end of the year
			Increase due to new leases	Other	
Short-term borrowings	162,083	(29,170)	—	4,851	137,763
Current portion of long-term borrowings	160,701	(153,792)	—	138,415	145,324
Current portion of bonds	59,987	(60,000)	—	50,004	49,991
Commercial papers	—	17,995	—	—	17,995
Bonds payable	291,524	30,000	—	(49,355)	272,168
Long-term borrowings	1,015,091	140,661	—	(148,742)	1,007,011
Lease liabilities	140,890	(44,724)	39,596	433	136,195
Total	1,830,278	(99,029)	39,596	(4,393)	1,766,451

Note: “Other” in non-cash changes mainly includes the transfer of long-term borrowings due within one year to current portion of long-term borrowings and the transfer of bonds payable to current portion of bonds.

(3) Cash flows from operating activities

The major component of “Other” under cash flows from operating activities for the fiscal year ended March 31, 2025 is 86,622 million yen in gain on sales of land.

## 40. Financial Instruments

### (1) Capital management

The Group's capital management principle is to enhance capital efficiency and ensure sound financial conditions in order to achieve sustainable growth and the medium- to long-term improvement of corporate value.

The Group's major indicators for capital management are as follows:

	As of March 31, 2024	As of March 31, 2025
ROE* <sup>1</sup>	8.6%	3.7%
D/E ratio* <sup>2</sup>	58.0%	54.3%
Debt / EBITDA multiple* <sup>4</sup>	3.2x	4.5x

- Notes: 1. \*1 ROE = Profit attributable to owners of parent / Equity attributable to owners of parent  
 2. \*2 D/E ratio = Bonds payable, borrowings, and lease liabilities / Equity attributable to owners of parent  
 For debt with an equity component\*<sup>3</sup>, a portion of its issue price is deemed to be equity attributable to owners of parent, as assessed by rating agencies.  
 3. \*3 Debt with an equity component (subordinated loans and bonds payable)

(million yen)			
Borrowing date/ Bond issuance date	Amount borrowed/ Amount issued	Assessment of equity content	Amount deemed to be equity
June 30, 2016	167,500	50%	83,750
March 19, 2018	100,000	50%	50,000
June 10, 2021	35,000	50%	17,500
March 20, 2023	205,000	50%	102,500

4. \*4 Debt / EBITDA multiple = Bonds payable, borrowings, and lease liabilities / EBITDA  
 EBITDA: Business income + Depreciation and amortization

These indicators are monitored as necessary and appropriate.

The Group is not subject to material capital regulation.

### (2) Basic policy on financial risk management

The Group is exposed to financial risks (credit risk, liquidity risk, foreign exchange risk, interest rate risk, and market price fluctuation risk) in the course of business activities. In order to mitigate these risks, the Group conducts risk management under certain policies. The Group uses derivative transactions to avoid or mitigate the risks described later and does not use them for speculative purposes.

### (3) Credit risk

#### (i) Credit risk management

Trade receivables held by the Group are exposed to the credit risks of customers. To manage such risks, each company of the Group conducts regular reassessments of the financial standing of business partners.

The Group does not have excessive concentration of credit risk on any particular counterparty.

#### (ii) Maximum exposure to credit risk

Other than undrawn loan commitments and guaranteed obligations, the Group's maximum exposure to credit risk is the carrying amount of financial assets less impairment losses in the consolidated statement of financial position.

The maximum exposure to the credit risk of loan commitments and financial guarantee contracts is as follows:

(million yen)		
	As of March 31, 2024	As of March 31, 2025
Loan commitments	525	400
Financial guarantee contracts	41,419	27,083

## (iii) Movement of allowance for doubtful accounts

(million yen)

	Fiscal year ended March 31, 2024		
	Allowance for doubtful accounts measured at an amount equal to 12-month expected credit losses	Lifetime expected credit losses	
		Allowance for doubtful accounts for trade receivables, contract assets, and lease receivables	Allowance for doubtful accounts for credit-impaired financial assets
Balance at the beginning of the year	221	858	1,691
Increase during the year	54	127	292
Decrease during the year (intended use)	(0)	(3)	(44)
Decrease during the year (reversal)	(72)	(228)	(250)
Other	5	15	(6)
Balance at the end of the year	208	771	1,682

(million yen)

	Fiscal year ended March 31, 2025		
	Allowance for doubtful accounts measured at an amount equal to 12-month expected credit losses	Lifetime expected credit losses	
		Allowance for doubtful accounts for trade receivables, contract assets, and lease receivables	Allowance for doubtful accounts for credit-impaired financial assets
Balance at the beginning of the year	208	771	1,682
Increase during the year	19	267	149
Decrease during the year (intended use)	—	—	(112)
Decrease during the year (reversal)	(61)	(209)	(99)
Other	34	59	(18)
Balance at the end of the year	201	889	1,600

Note: An increase during the year and decrease during the year (reversal) in allowance for doubtful accounts for trade receivables, contract assets, and lease receivables (lifetime expected credit losses) resulted from an increase and decrease in trade and other receivables mainly due to sale and collection.

## (iv) Carrying amounts (before deducting allowance for doubtful accounts) of financial assets and receivables for which allowance for doubtful accounts is provided

(million yen)

	As of March 31, 2024	As of March 31, 2025
Financial assets with allowance for doubtful accounts measured at an amount equal to 12-month expected credit losses	66,841	72,775
Trade receivables, contract assets, and lease receivables	866,659	806,882
Credit-impaired financial assets	1,718	1,607

(v) Analysis of credit risk

Credit risk ratings are almost similar among financial assets with allowance for doubtful accounts measured at an amount equal to 12-month expected credit losses.

Past due information on trade receivables, contract assets, and lease receivables is as follows:

	(million yen)	
	As of March 31, 2024	As of March 31, 2025
Not past due	853,588	790,608
Past due within 30 days	8,561	7,384
Past due between 30 days and 90 days	2,660	2,530
Past due over 90 days	1,849	6,358
Total	866,659	806,882

(4) Liquidity risk

(i) Liquidity risk management

Liquidity risk is the risk that the Group may become unable to meet its payment obligations on their due date, including for trade payables and borrowings, owing to deterioration in the financing environment and other factors.

The Group raises the necessary funds mainly through bank loans and the issuance of commercial papers and bonds, taking into consideration the stability and cost of funds, while the due dates of those obligations are managed so as to avoid concentration of payments in view of the liquidity risk. In addition, the Group manages the funds of the domestic Group companies intensively and efficiently in an attempt to mitigate the liquidity risk.

The Group also maintains sufficient liquidity by setting commitment lines with financial institutions (500,000 million yen at the end of the fiscal year ended March 31, 2025).

(ii) Financial liabilities (including derivative financial instruments) by maturity date

As of March 31, 2024

	(million yen)							
	Carrying amount	Contractual cash flows	Within one year	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years	Over five years
Non-derivative financial liabilities								
Trade and other payables	667,072	667,072	667,072	—	—	—	—	—
Bonds payable and borrowings	1,689,388	1,759,268	404,902	214,172	283,544	219,808	206,230	430,609
Installment payables	48,121	49,019	5,515	23,736	8,502	7,659	3,605	—
Lease liabilities	140,890	143,467	44,436	39,191	23,898	10,518	4,930	20,492
Subtotal	2,545,472	2,618,828	1,121,926	277,100	315,945	237,986	214,766	451,102
Derivative liabilities	4,124	4,123	4,121	2	—	—	—	—
Total	2,549,597	2,622,952	1,126,048	277,102	315,945	237,986	214,766	451,102

As of March 31, 2025

(million yen)

	Carrying amount	Contractual cash flows	Within one year	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years	Over five years
Non-derivative financial liabilities								
Trade and other payables	595,954	595,954	595,954	—	—	—	—	—
Bonds payable and borrowings	1,630,255	1,697,868	373,189	344,190	237,287	208,118	350,384	184,697
Installment payables	52,802	53,955	24,379	9,077	9,702	8,772	2,023	—
Lease liabilities	136,195	138,076	44,586	38,323	19,036	8,689	5,844	21,595
Subtotal	2,415,208	2,485,855	1,038,110	391,591	266,026	225,580	358,252	206,293
Derivative liabilities	7,646	7,646	7,589	43	12	—	—	—
Total	2,422,854	2,493,501	1,045,700	391,635	266,039	225,580	358,252	206,293

(5) Foreign exchange risk

(i) Foreign exchange risk management

Financial instruments denominated in foreign currencies held by the Group are exposed to foreign exchange rate fluctuation risk. Hedge transactions, including forward exchange contracts, are entered into as necessary for the net balance of foreign currencies received from exports of products and foreign currencies paid for imports of raw materials under transactions denominated in the relevant foreign currencies.

(ii) Foreign exchange sensitivity analysis

The financial impact on profit before tax in the case of a 1% appreciation of Japanese yen against foreign currencies for financial instruments held by the Group at the end of each fiscal year is as follows. The analysis is based on the assumption that all other variables are held constant.

The sensitivity does not include the effects of translating financial instruments and the assets and liabilities of foreign operations denominated in the functional currency into the presentation currency.

(million yen)

	Currency	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Impact on profit before tax	U.S. dollar	(878)	(946)

(6) Interest rate risk

(i) Interest rate risk management

Borrowings with floating interest rates held by the Group are exposed to interest rate fluctuation risk. Hedge transactions, including interest rate swaps, are entered into for certain borrowings to cope with interest rate fluctuations and to reduce interest rate payments.

(ii) Interest rate sensitivity analysis

The financial impact on profit before tax in the case of a 1% increase in interest rate for financial liabilities with floating interest rates held by the Group at the end of each fiscal year is as follows. The analysis is based on the assumption that all other variables are held constant.

The sensitivity does not include borrowings with floating interest rates which are converted to fixed rates by derivative transactions, including interest rate swap agreements.

(million yen)		
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Impact on profit before tax	(7,379)	(7,131)

(7) Share price fluctuation risk

(i) Share price fluctuation risk management

Equity instruments (stock) held by the Group are exposed to market price fluctuation risk. Most of the equity instruments are equities of the companies with which business relationships are maintained, and the fair values of such equities are regularly monitored.

(ii) Share price fluctuation sensitivity analysis

The financial impact on other comprehensive income (before tax) in the case of a 1% decrease in quoted price for equity financial assets (stock) in an active market held by the Group at the end of each fiscal year is as follows.

(million yen)		
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Impact on other comprehensive income (before tax)	(568)	(611)

(8) Carrying amounts and fair values of financial instruments

(million yen)				
	As of March 31, 2024		As of March 31, 2025	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term borrowings	1,015,091	1,011,732	1,007,011	999,591
Current portion of bonds	59,987	60,035	49,991	49,952
Bonds payable	204,390	202,443	184,397	179,751
Convertible bonds	87,133	87,280	87,770	86,184

The fair value of financial assets and financial liabilities measured at amortized cost other than long-term borrowings, current portion of bonds, bonds payable, and convertible bonds are not included as they are close to their carrying amount.

Financial instruments measured at fair value on a recurring basis are also not included as the fair value and the carrying amount are equal.

The fair value of long-term borrowings is determined by discounting the total of principal and interest to present value with the estimated interest rate on a similar new loan.

The fair value of current portion of bonds and bonds payable is based on market prices. The fair value of convertible bonds is

determined by discounting to present value with the yields of similar bonds without an equity conversion option.

Long-term borrowings, current portion of bonds, bonds payable, and convertible bonds are categorized as Level 2 within the fair value hierarchy.

(9) Fair value hierarchy of financial instruments

The fair value hierarchy of financial instruments measured at fair value on a recurring basis after initial recognition is categorized into the following three levels depending on the observability and materiality of inputs used in the measurement.

Level 1: Fair value measured using market prices in active markets for identical assets or liabilities

Level 2: Fair value measured using observable inputs other than those categorized within Level 1, either directly or indirectly

Level 3: Fair value measured using significant unobservable inputs.

When two or more inputs are used for the measurement of fair value, the level of fair value measurement is determined based on the lowest level input that is significant to the entire measurement.

Transfers between levels of the fair value hierarchy are determined at the end of each fiscal year.

There were no transfers between Level 1 and Level 2 for the fiscal years ended March 31, 2024 and 2025.

As of March 31, 2024

	(million yen)			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss				
Derivative assets	—	34,863	—	34,863
Other	—	4,151	—	4,151
Equity financial assets measured at fair value through other comprehensive income				
Equity securities	56,827	—	67,980	124,808
Investments in capital	—	—	7,050	7,050
Total	56,827	39,015	75,030	170,873
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	—	4,124	—	4,124
Total	—	4,124	—	4,124



As of March 31, 2025

(million yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss				
Derivative assets	—	24,586	—	24,586
Other	—	4,557	—	4,557
Equity financial assets measured at fair value through other comprehensive income				
Equity securities	61,176	—	62,847	124,024
Investments in capital	—	—	5,544	5,544
Total	61,176	29,143	68,392	158,712
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	—	632	7,014	7,646
Total	—	632	7,014	7,646

• Equity securities and investments

Listed equity securities are categorized within Level 1 as their fair value is determined based on the market price.

Unlisted equity securities and investments in capital are categorized within Level 3 as their fair value is determined using the comparable peer company analysis or other appropriate valuation techniques, where one or more significant inputs are not based on observable market data. The major significant unobservable input is a discount for illiquidity. The fair value decreases as a discount for illiquidity due to unlisted nature increases. A 30% illiquidity discount has been applied.

• Derivative assets and derivative liabilities

Derivative transactions, such as forward exchange contracts and interest rate swaps, are categorized within Level 2 as their fair value is determined based on the quoted prices from counterparty financial institutions.

Among derivative liabilities, non-controlling interest put options are calculated based on the contractual exercise price, and are categorized within Level 3 as they use unobservable inputs.

The fair value of financial instruments categorized within Level 3 is determined by each Group company which directly holds the relevant equity securities and other instruments, in accordance with the valuation policy and procedures for fair value measurements established by the Group. The results of fair value measurements are approved by an appropriate responsible person.

The movement of financial assets and financial liabilities measured at fair value on a recurring basis that are categorized within Level 3 for the fiscal years ended March 31, 2024 and 2025 is as follows:

	(million yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Financial assets		
Balance at the beginning of the year	77,664	75,030
Other comprehensive income (Note 1)	6,968	(6,112)
Acquisition	80	833
Sale	(7,666)	(984)
Transfer from Level 3 (Note 2)	(2,575)	—
Changes due to changes in the scope of consolidation	578	(206)
Other	(18)	(169)
Balance at the end of the year	75,030	68,392
Financial liabilities		
Balance at the beginning of the year	—	—
Other (Note 3)	—	7,014
Balance at the end of the year	—	7,014

- Notes: 1. The amount is included in “Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income” in the consolidated statement of comprehensive income.
2. The transfer from Level 3 recognized during the fiscal year ended March 31, 2024, was due to the listing of the investee.
3. “Other” under financial liabilities represents non-controlling interest put options.

(10) Derivative transactions and hedging activities

Derivative transactions used by the Group carry risks of market price fluctuations in the future, including that of currencies, interest rates. The Group uses derivatives that are only based on actual demand, such as export and import transactions, and bonds payable and borrowings. Accordingly, these risks are limited within the scope of loss of opportunity gains. Furthermore, as the Group conducts derivative transactions only with financial institutions with high credit ratings, the risk of failure to perform contracts due to bankruptcy of the counterparty, is considered to be close to non-existent. The Company has established the internal rule on derivative transactions, and conducts transactions related to derivatives pursuant to the rule. On each actual transaction, the Company conducts a transaction upon authority by the Corporate Officer for Finance pursuant to the rule stated above. Balances, market prices, and losses/gains on valuation of derivatives are to be reported to the management council regularly. The consolidated subsidiaries also conduct derivative transactions pursuant to the respective internal rules.

If the risk management objective for a hedging relationship is altered, the application of hedge accounting is discontinued.

(i) Cash flow hedges

The Group uses forward exchange contracts and interest rate swaps primarily to hedge the fluctuation risk of the cash flows associated with foreign exchange fluctuations in foreign currency-denominated transactions and interest rate fluctuations in borrowings, and designates such derivative transactions as cash flow hedges.

The amount recognized in profit or loss for the hedge ineffectiveness portion and the portion excluded from the assessment of hedge effectiveness was immaterial for the fiscal years ended March 31, 2024 and 2025.

(ii) Fair value of hedging instruments to which hedge accounting is applied

(million yen)

	As of March 31, 2024		As of March 31, 2025	
	Assets	Liabilities	Assets	Liabilities
Cash flow hedges				
Forward exchange transactions	3,193	121	1,079	483
Interest rate swap transactions	3,066	25	2,630	—
Cross-currency interest rate swap transactions	26,771	—	19,447	—
Commodity futures transactions	1,246	2,808	823	—
Commodity swap transactions	—	—	43	—
Total	34,278	2,955	24,024	483

The fair value of the hedging instrument as an asset is recognized in “Other financial assets (current assets)” and “Other financial assets (non-current assets)” in the consolidated statement of financial position. The fair value of the hedging instrument as a liability is recognized in “Other financial liabilities (current liabilities)” and “Other financial liabilities (non-current liabilities)” in the consolidated statement of financial position.

(iii) Notional amount and average price of hedging instruments to which hedge accounting is applied

The notional amount of hedging instruments to which hedge accounting is applied

(million yen)

	As of March 31, 2024		As of March 31, 2025	
	Within one year	Over one year	Within one year	Over one year
Cash flow hedges				
Forward exchange transactions	154,731	2,185	159,895	3,421
Interest rate swap transactions	10,950	6,088	—	5,581
Cross-currency interest rate swap transactions	5,134	52,216	25,418	20,655
Commodity futures transactions	31,258	—	30,780	—
Commodity swap transactions	—	—	415	—

The average forward exchange rate of major currencies under forward exchange transactions and the average paid interest rate under interest rate swap transactions and cross-currency interest rate swap transactions are as follows:

	As of March 31, 2024	As of March 31, 2025
Cash flow hedges		
Forward exchange transactions		
U.S. dollar	146.60 yen	148.83 yen
Euro	135.16 yen	152.30 yen
Interest rate swap transactions		
Receive floating / pay fixed	0.52%	—
Cross-currency interest rate swap transactions		
U.S. dollar	104.29 yen	107.52 yen
Receive floating / pay fixed	0.22%	0.13%

(iv) Other components of equity and gains or losses on hedging instruments of cash flow hedges

Fiscal year ended March 31, 2024

(million yen)

	Forward exchange transactions	Interest rate swap transactions	Cross-currency interest rate swap transactions	Commodity futures transactions	Total
Balance at the beginning of the year	275	18	718	707	1,719
Hedging gains or losses recognized in other comprehensive income	5,021	113	10,093	1,220	16,449
Reclassification adjustments to profit (Note)	(1,263)	58	(10,209)	—	(11,414)
Reclassification amount to cost of non-financial assets	(2,844)	—	—	(3,880)	(6,725)
Balance at the end of the year	1,188	190	602	(1,952)	29

Fiscal year ended March 31, 2025

(million yen)

	Forward exchange transactions	Interest rate swap transactions	Cross-currency interest rate swap transactions	Commodity futures transactions	Commodity swap transactions	Total
Balance at the beginning of the year	1,188	190	602	(1,952)	—	29
Hedging gains or losses recognized in other comprehensive income	3,079	(73)	1,628	(676)	(13)	3,944
Reclassification adjustments to profit (Note)	(1,007)	17	(1,229)	—	—	(2,219)
Reclassification amount to cost of non-financial assets	(3,048)	—	—	2,870	43	(133)
Balance at the end of the year	210	133	1,002	242	30	1,620

Note: Major line items for reclassification adjustments in the consolidated statement of profit or loss for the fiscal year ended March 31, 2024 are “Other income” for forward exchange transactions and “Finance costs” for interest rate swap transactions and cross-currency interest rate swap transactions.

Major line items for reclassification adjustments in the consolidated statement of profit or loss for the fiscal year ended March 31, 2025 are “Other expenses” for forward exchange transactions and “Finance costs” for interest rate swap transactions and cross-currency interest rate swap transactions.

#### (11) Transfer of financial assets

As of March 31, 2024 and 2025, trade receivables transferred without satisfying conditions for derecognition of financial assets of 5,341 million yen and 2,004 million yen were recognized in “Trade and other receivables,” respectively, and the amounts received due to the transfer of 5,341 million yen and 2,004 million yen were recognized in “Bonds payable, borrowings, and lease liabilities,” respectively.

With regard to these trade and other receivables, the Group will assume the payment obligations in case the drawer of the notes or the debtor fails to make payment. For this reason, it has been determined that the Group holds almost all of the risks and rewards related to ownership of the transferred assets.

#### 41. Related Parties

Compensation for key management personnel is as follows:

(million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Compensation and bonuses	1,814	1,714
Share-based payment	154	68
Total	1,968	1,783

#### 42. Commitments

Commitments for the acquisition of assets after the reporting date are as follows:

(million yen)

	As of March 31, 2024	As of March 31, 2025
Acquisition of property, plant and equipment	202,648	236,148

#### 43. Contingent Liabilities

##### (1) Guarantees of obligations

Guarantees for borrowings from financial institutions to companies other than subsidiaries are as follows:

(million yen)

	As of March 31, 2024	As of March 31, 2025
Joint ventures	25,083	20,314
Associates	5,108	548
Other	1,955	1,954
Total	32,148	22,817

In addition to the above, guarantees of obligations that may arise in the future for associates are as follows:

(million yen)

	As of March 31, 2024	As of March 31, 2025
Guarantee limit for associates	9,271	4,266

##### (2) Litigation

There is no applicable item.

#### 44. Subsequent Events

There is no applicable item.

(2) Other

(Significant lawsuits)

There is no applicable item.

(Semi-annual information for the fiscal year ended March 31, 2025)

	Six months ended September 30, 2024	Fiscal year ended March 31, 2025
Revenue (million yen)	2,450,781	4,859,647
Profit before taxes (million yen)	59,963	144,315
Profit attributable to owners of parent (million yen)	42,485	91,867
Basic earnings per share (yen)	66.80	144.43

# Independent Auditor's Report

The Board of Directors  
JFE Holdings, Inc.

## *The Audit of the Consolidated Financial Statements*

### **Opinion**

We have audited the accompanying consolidated financial statements of JFE Holdings, Inc. (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at March 31, 2025, and the consolidated statements of profit or loss, comprehensive income, changes in equity, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Indications of Impairment of Non-financial Assets in the Steel Business	
Description of Key Audit Matter	Auditor's Response
<p>JFE Steel Corporation, a consolidated subsidiary in the steel business segment, recognized property, plant and equipment of 1,326,395 million yen as of March 31, 2025.</p> <p>In the event the Company determines that indications of impairment exist on a non-financial asset or cash generating unit as of the end of each reporting period, the Company measures the recoverable amount of the cash-generating unit at the higher of its fair value less costs of disposal or its value in use. Furthermore, the Company reduces the carrying amount of the asset to its recoverable amount, if the carrying amount exceeds the recoverable amount.</p>	<p>We performed following audit procedures to assess the appropriateness of the Company's judgment regarding indications of impairment on non-financial assets of JFE Steel Corporation, among others;</p> <p>In order to assess the effectiveness of the estimation process by the management, we compared business plans in the past years with actual results.</p>



<p>In the steel business, the Company supplies various industries with steel products with sales volumes and selling prices highly affected by supply and demand conditions in domestic and overseas markets, especially the Asian steel market. The prices of key raw materials such as iron ore, coking coal and ferrous scrap, are highly volatile, due to global market dynamics, as well as possible natural disasters or accidents in sourcing countries. Furthermore, the prices of electricity and natural gas used in the steelmaking process have fluctuated due to the strengthening of environmental regulations and geopolitical risks. The Company normally undertakes significant capital investments, however, expected cost reductions or sales expansion associated with these investments may not be realized in the event of a delay in starting facility operations or unexpected changes in demand for steel products.</p> <p>In order to identify indicators of impairment on non-financial assets, the Company needs to consider multiple factors to understand the current business environment such as steel production, shipment volume, selling prices of steel products, the price trends for iron ore, coking coal, ferrous scrap, electricity and natural gas, and these are subject to significant uncertainty and require management's judgment.</p> <p>Given that the Company is formulating its Eighth Medium-term Business Plan targeting the next consolidated fiscal year onwards, and the optimization of its domestic operations will influence the management's judgment regarding indicators of impairment.</p> <p>For the reasons stated above, we determined the valuation of non-financial assets in the steel business to be a key audit matter.</p>	<p>In order to understand the business environment, we discussed with the management and examined the management response by reviewing relevant documents and materials and comparing their consistency with publicly disclosed information. Also, we inquired of the management regarding the optimization of its domestic operations in the Eighth Medium-term Business Plan and examined the management response by reviewing relevant documents and materials.</p> <p>In order to examine whether any significant changes that could decrease the recoverable amount of the assets are expected to occur, we performed following procedures.</p> <ul style="list-style-type: none"> <li>• We discussed steel production and shipment volume with the management and examined the management response by reviewing relevant documents and materials, and by comparing it with available external data.</li> <li>• We inquired of the management regarding metal spreads (selling prices of steel products minus costs of raw materials) and compared the management response with historical market data in the past years. We also examined selling prices and material prices such as iron ore, coking coal, ferrous scrap, as well as prices for electricity and natural gas by reviewing relevant documents and materials, and by comparing such information with available external data.</li> <li>• We inquired of the management regarding status of major capital investments. In addition, we examined the management response by reviewing relevant documents and materials.</li> </ul>
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## **Other Information**

The other information comprises the information included in the Financial Report that contains audited consolidated financial statements but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for preparation and disclosure of the other information. The Audit & Supervisory Board Member and the Audit & Supervisory Board are responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Responsibilities of Management, Audit & Supervisory Board Member and Audit & Supervisory Board for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by IFRSs, matters related to going concern.

The Audit & Supervisory Board Member and the Audit & Supervisory Board are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with IFRSs.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Board Member and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit & Supervisory Board Member and the Audit & Supervisory Board with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

From the matters communicated with the Audit & Supervisory Board Member and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### ***Fee-related Information***

The fees for the audits of the financial statements of JFE Holdings, Inc. and its subsidiaries and other services provided by us and other EY member firms for the year ended March 31, 2025 are 759 million yen and 164 million yen, respectively.

## **Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Ernst & Young ShinNihon LLC  
Tokyo, Japan

July 25, 2025

Shin Ichinose

Shin Ichinose  
Designated Engagement Partner  
Certified Public Accountant

Tetsuya Yoshida

Tetsuya Yoshida  
Designated Engagement Partner  
Certified Public Accountant

Keiichi Wakimoto

Keiichi Wakimoto  
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Taichi Fujio

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