



JFE Holdings, Inc.

Q1 Financial Results Briefing for the Fiscal Year Ending March 2026

August 4, 2025

Presentation

Moderator: Everyone, thank you for your patience. It is time to commence the investor's meeting of JFE Holdings, Inc.

In attendance today is Masashi Terahata, Representative Director, Executive Vice President.

Terahata: I am Terahata. Thank you.

Moderator: Tsunao Takura, Managing Executive Officer, Vice President in charge of General Administration Dept. and Investor Relations and Corporate Communications Dept.

Takura: Thank you.

Moderator: Today's time schedule is approximately 30 minutes for the explanation and 30 minutes for the question-and-answer session, for a total of 60 minutes.

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

Financial Highlights			JFE	
- Business profit, segment profit and Profit attributable to owners of parent are expected to be as previously announced. - JFE Holdings agreed to pay an interim dividend of 40 yen. The annual dividend is expected to be 80 yen per share based on the Eighth Medium-term Business Plan.				
Results for 1Q of FY2025	Business Profit in Apr-Jun of FY2025 [Excluding Inventory Valuation etc.]		Change FY2024 1Q→FY2025 1Q	Change from the previous forecast
	¥16.2bn. [¥45.2bn.]		(¥40.7bn.) [(¥16.7bn.)]	—
Forecast of FY2025	Segment Profit in Apr-Jun of FY2025 [Excluding Inventory Valuation etc.]		Change FY2024 1Q→FY2025 1Q	Change from the previous forecast
	¥10.3bn. [¥39.3bn.]		(¥41.4bn.) [(¥17.4bn.)]	—
Crude Steel Production (Standalone) : approx. 21.00Mt Exchange rate : approx. ¥145/US\$	Business Profit in FY2025 [Excluding Inventory Valuation etc.]		Change FY2024→FY2025	Change from the previous forecast
	¥140.0bn. [¥200.0bn.]		¥4.7bn. [(¥36.3bn.)]	As previously announced
	Segment Profit in FY2025 [Excluding Inventory Valuation etc.]		(¥4.5bn.) [(¥45.5bn.)]	
	Profit attributable to owners of parent		(¥16.8bn.)	
Dividend		80yen (Interim dividend 40yen)	(20yen)	

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Terahata: We have summarized the results in the highlights of our performance. For Q1, business profit was JPY16.2 billion; segment profit was JPY10.3 billion; and in actual profit terms, it was JPY45.2 billion and JPY39.3 billion, respectively.

The full-year forecast remains unchanged as announced last time, which is a business profit of JPY140 billion, segment profit of JPY110 billion, and net income of JPY75 billion.

The annual crude steel production forecast is set at 21 million tons, down 950,000 tons from FY2024, the same as the previous announced. Regarding the risk of tariffs, we believe that the risk is not yet wiped out in terms of risk.

For the exchange rate, the previous forecast of JPY140 against the dollar was revised to JPY145 in light of the current situation.

Regarding dividends, we have indicated in our medium-term plan that we will pay a minimum dividend of JPY80 in addition to a dividend payout ratio of 30%. In response to this, the Board of Directors today approved an interim dividend of JPY40.

That's all from me.

Takura: I, Takura, will now explain the Q1 results and the outlook for the full FY2025.

Financial Results for 1Q of Fiscal Year 2025			
- Business profit in 1Q of FY2025 was ¥16.2bn.(decreased by ¥40.7bn. year-on-year) ※ Business profit (Excluding Inventory Valuation etc.) was ¥45.2bn.(decreased by ¥16.7bn. year-on-year)			
(billion yen)	FY2024 Actual 1Q (Apr-Jun)	FY2025 Actual 1Q (Apr-Jun)	Change
Revenue	1,211.1	1,115.3	(95.8)
Business Profit	56.9	16.2	(40.7)
[Excluding Inventory Valuation etc.]	[61.9]	[45.2]	[(16.7)]
Finance Income/Costs	(5.1)	(5.8)	(0.7)
Segment Profit	51.7	10.3	(41.4)
[Excluding Inventory Valuation etc.]	[56.7]	[39.3]	[(17.4)]
Exceptional Items	(12.2)	-	12.2
Profit before Tax	39.5	10.3	(29.2)
Tax Expense and Profit (Loss) Attributable to Non-Controlling Interests	(12.0)	(3.2)	8.8
Profit Attributable to Owners of Parent	27.5	7.1	(20.4)

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

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First, on page five, are the results for Q1.

Please see FY2025 actual Q1 results April through June, in the middle.

Revenue was JPY1.1153 trillion, a decrease of JPY95.8 billion. Business profit was JPY16.2 billion, a decrease of JPY40.7 billion YoY. Excluding inventory valuation differences, business profit was JPY45.2 billion, a decrease of JPY16.7 billion YoY.

Segment income was JPY10.3 billion, or JPY39.3 billion excluding inventory valuation difference, et cetera. Net income was JPY7.1 billion, a decrease of JPY20.4 billion from the same period last year.

Financial Results for 1Q of Fiscal Year 2025 (by Segment)



(billion yen)	FY2024 Actual 1Q (Apr-Jun)	FY2025 Actual 1Q (Apr-Jun)	Change	Contents
Steel Business	860.6	761.2	(99.4)	
Engineering Business	123.8	135.3	11.5	
Trading Business	358.3	338.7	(19.6)	
Adjustments	(131.6)	(120.0)	11.6	
Revenue	1,211.1	1,115.3	(95.8)	
Business Profit (A)	56.9	16.2	(40.7)	
[Excluding Inventory Valuation etc.]	[61.9]	[45.2]	[(16.7)]	
Finance Income/Cost (B)	(5.1)	(5.8)	(0.7)	
Steel Business	31.5	(12.1)	(43.6)	Deterioration in export profitability due to yen appreciation, inventory valuation, etc. Increase in revenue and difference in construction composition, etc. Rising market conditions in North America, etc.
[Excluding Inventory Valuation etc.]	[36.5]	[16.9]	[(19.6)]	
Engineering Business	4.0	5.7	1.7	
Trading Business	11.5	12.6	1.1	
Adjustments	4.7	4.1	(0.6)	
Segment Profit(A+B)	51.7	10.3	(41.4)	
[Excluding Inventory Valuation etc.]	[56.7]	[39.3]	[(17.4)]	

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

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On the next page, we will explain profit by segment.

First, the steel business posted a loss of JPY12.1 billion for the April through June period, a decrease of JPY43.6 billion from the same period last year. Excluding inventory valuation differences, net sales were JPY16.9 billion, a decrease of JPY19.6 billion YoY. I will explain the details on the next page.

The engineering business posted JPY5.7 billion, an increase of JPY1.7 billion YoY, thanks to an increase in revenue and an improvement in the composition of construction work.

The trading business posted JPY12.6 billion, an increase of JPY1.1 billion YoY, mainly due to higher market conditions in the US.

JFE Steel's Segment Profit Analysis (FY2024 1Q vs FY2025 1Q)

JFE Steel



	Unit	FY2024 1Q	FY2025 1Q		(billion yen)	FY2024 1Q	FY2025 1Q	Change
Crude Steel (Standalone)	Mt	5.48	5.28					
Shipment (Standalone)	Mt	4.70	4.71					
Average Sales Price	000 yen/t	139.2	120.4					
Exchange Rate	¥/\$	155.0	145.3					
				Segment Profit		31.5	(12.1)	(43.6)
				* Excluding Inventory Valuation, etc.		36.5	16.9	(19.6)

Breakdown

① Cost	+2.0	
② Volume and Mix	(6.0)	• Crude Steel Production 5.48Mt→5.28Mt
③ Spreads*	(9.0)	• Deterioration in export profitability due to yen appreciation • Impact of raw material price fluctuations and timing differences in adjustments for selling prices
④ Inventory valuation	(24.0)	• Inventory valuation -23.0 (±0.0→-23.0) • Carry over +12.0 (-13.0→+1.0) • Foreign exchange valuation -13.0 (+8.0→-5.0)
⑤ Others	(6.6)	• Depreciation, interest expense, etc.

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

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This is the result of JFE Steel for April through June YoY. Assumptions are shown in the upper-left corner.

The breakdown of the decrease of JPY43.6 billion in segment profit is shown at the bottom. While cost reductions saved JPY2 billion, volume contributed a decline of JPY6 billion due to the reduction of crude steel production by 200,000 tons. The spread caused a decline of JPY9 billion, mainly due to the deterioration of export profitability caused by the strong yen.

For inventory valuation, there was increase and decrease but mainly due to the inventory valuation difference at the top, the overall result was a decline of JPY24 billion. Others such as amortization and interest expenses caused a decline of JPY6.6 billion.

Financial Forecast for Fiscal Year 2025



- Full-year business profit is expected to be ¥140.0bn. (**as previously announced**, increased by ¥4.7bn. year-on-year)
- Full-year profit attributable to owners of parent is expected to be ¥75.0bn. (**as previously announced**, decreased by ¥16.8bn. year-on-year)

(billion yen)	FY2024 Actual		FY2025 Forecast (Previous)	FY2025 Forecast (Updated)		Change FY2024 → FY2025	Change Previous → Updated
	1H	Full year	Full year	1H	Full year	Full year	Full year
Revenue	2,450.7	4,859.6	4,750.0	2,330.0	4,750.0	(109.6)	0
Business Profit [Excluding Inventory Valuation etc.]	81.8 [134.8]	135.3 [236.3]	140.0 [200.0]	40.0 [93.0]	140.0 [200.0]	4.7 [(36.3)]	0
Finance Income/Costs	(9.8)	(20.7)	(30.0)	(15.0)	(30.0)	(9.3)	0
Segment Profit [Excluding Inventory Valuation etc.]	72.0 [125.0]	114.5 [215.5]	110.0 [170.0]	25.0 [78.0]	110.0 [170.0]	(4.5) [(45.5)]	0
Exceptional Items	(12.1)	29.7	0	0	0	(29.7)	0
Profit before Tax	59.9	144.3	110.0	25.0	110.0	(34.3)	0
Tax Expense and Profit (Loss) Attributable to Non-Controlling Interests	(17.4)	(52.4)	(35.0)	(10.0)	(35.0)	17.4	0
Profit Attributable to Owners of Parent	42.4	91.8	75.0	15.0	75.0	(16.8)	0

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Next, the full-year earnings forecast for FY2025.

All annual forecasts remain unchanged from the forecast announced previously. Since we have announced our H1 forecast, I would like to talk about that as well.

As shown in the forecast for FY2025 (updated) in the middle, the business profit is expected to be JPY40 billion for H1 and JPY140 billion for the full year.

Segment profit is projected to be JPY25 billion for H1 and JPY110 billion for the full year, and net income is expected to be JPY15 billion for H1 and JPY75 billion for the full year. Since the difference of H1 and full year will be the forecast for H2, all profit items are expected to improve from H1 to H2.

Financial Forecast for Fiscal Year 2025 (by Segment)



(billion yen)		FY2024 Actual		FY2025 Forecast (Previous)	FY2025 Forecast(Updated)		Change FY2024 → FY2025	Change Previous → Updated
		1H	Full year	Full year	1H	Full year	Full year	Full year
	Steel Business	1,729.3	3,365.1	3,070.0	1,540.0	3,070.0	(295.1)	0
	Engineering Business	269.5	569.8	600.0	275.0	600.0	30.2	0
	Trading Business	715.5	1,438.5	1,500.0	750.0	1,500.0	61.5	0
	Adjustments	(263.5)	(513.9)	(420.0)	(235.0)	(420.0)	93.9	0
	Revenue	2,450.7	4,859.6	4,750.0	2,330.0	4,750.0	(109.6)	0
	Business Profit (A) [Excluding Inventory Valuation etc.]	81.8 [134.8]	135.3 [236.3]	140.0 [200.0]	40.0 [93.0]	140.0 [200.0]	4.7 [(36.3)]	0
	Finance Income/Cost (B)	(9.8)	(20.7)	(30.0)	(15.0)	(30.0)	(9.3)	0
	Steel Business [Excluding Inventory Valuation etc.]	34.5 [87.5]	36.3 [137.3]	40.0 [100.0]	(15.0) [38.0]	40.0 [100.0]	3.7 [(37.3)]	0
	Engineering Business	8.9	19.3	20.0	9.0	20.0	0.7	0
	Trading Business	22.4	47.9	50.0	25.0	50.0	2.1	0
	Adjustments	6.2	10.8	0	6.0	0	(10.8)	0
	Segment Profit(A+B) [Excluding Inventory Valuation etc.]	72.0 [125.0]	114.5 [215.5]	110.0 [170.0]	25.0 [78.0]	110.0 [170.0]	(4.5) [(45.5)]	0

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I will explain the forecast by the segments on this slide.

For the steel business, H1 expects a loss of JPY15 billion, while the full year expects a profit of JPY40 billion, forecast to improve largely in H2 than in H1. The engineering business will be JPY9 billion in H1 and JPY20 billion for the full year, while the trading business will be JPY25 billion in H1 and JPY50 billion for the full year.

Business Environment (Domestic)

JFE Steel

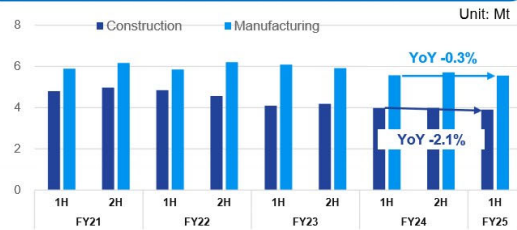


- For the manufacturing sector, **U.S. tariff measures pose the greatest risk, particularly with regard to trends and impacts in the automotive and construction machinery sectors.**
- The construction sector is expected to **continue its downturn due to rising construction costs and a labor shortage.**

Outlook for Domestic Auto Production (annual basis)



Outlook for Domestic Ordinary Steel Consumption (quarter basis)



Source: Ministry of Economy, Trade and Industry, "Outlook for Steel Consumption" 8 July, 2025.
(The bars for FY2024, 3Q and after are estimates.)

Trend by sector

Automotive

Disruptions are occurring due to U.S. tariffs on automobiles. While domestic sales show stable demand, **significant variables, such as reciprocal tariff impacts, affect exports.** It is currently difficult to estimate the tariff effects, but we must continue monitoring the impacts and prepare for potential risks.

Shipbuilding

The demand environment remains stable, with domestic shipbuilders securing a backlog of orders for about three years. However, due to labor shortages and more complex specifications, the pace of construction has not improved, **making it difficult to anticipate short-term growth in steel demand.**

Other manufacturing

(Construction Machinery) In addition to Europe and Asia, the U.S. market **is adjusting inventory and production** due to a slowdown in housing investment from high interest rates. About 30% of Japan's construction machinery exports go to North America, **raising concerns about U.S. tariffs.**
(Industrial Machinery) **The environment remains sluggish** due to China's economic slowdown. The domestic demand ratio for automobiles and the share of North American exports are high, **requiring attention to automotive tariffs and reciprocal tariffs.**

Construction

Stagnation continues due to rising material costs and labor shortages. The impact of increasing construction costs and interest rates on investment and housing sentiment is deep-rooted, **making a short-term recovery unlikely.** Additionally, there are many risk factors, including prolonged construction periods and supply-demand tightness for certain materials.

Civil engineering

Although high levels of budget measures continue, the increase in various costs and labor shortages are **expected to lead to a gradual decline in actual activity levels and steel demand for both FY 2024 and FY 2025.**

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Next, I will explain the forecast for JFE Steel.

First, the business environment. There has been no major change from the last time, but although a certain direction has emerged for the manufacturing sector, we believe that the greatest risk is the direct or indirect impact of the US tariff measures.

In particular, we believe it will be necessary to closely monitor trends and impacts in the automotive and construction machinery sectors, which account for a high percentage of exports to North America.

As for the construction sector, the outlook for ordinary steel consumption is shown on the lower left. Demand for H1 of 2025 is expected to decline 2.1% from the same period of the previous year, and we do not expect a short-term recovery.

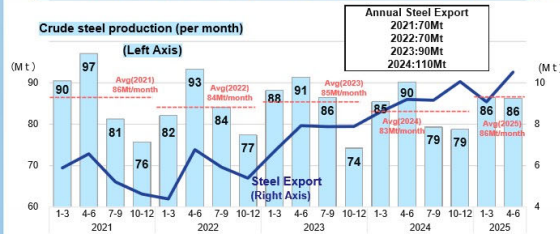
Business Environment (Overseas)

JFE Steel



- U.S. trade friction and recession risks create a wait-and-see attitude, **hindering recovery**.
- Due to oversupply and increased exports in China, where domestic demand is sluggish, **the loosening of steel supply and demand and stagnation in market conditions continue**.

China's crude steel production and steel export



Real GDP Growth Forecast in 2025

	2024	2025 (Updated)	2025 (Previous)
U.S.	2.8%	1.9%	1.8%
China	5.0%	4.8%	4.0%
India	6.5%	6.4%	6.2%
ASEAN-5*	4.6%	4.1%	4.0%
World	3.3%	3.0%	2.8%

Source : IMF World Economic Outlook Update Apr. 2025 and Jul. 2025

*ASEAN5 : Thailand, Malaysia, Indonesia, Philippine, and Singapore

Trend by sector

Steel Sheet	- Sluggish domestic demand, high production, and increased exports in China have led to weak market conditions, especially in Asia. - While the U.S., EU, and India have seen market improvements due to Section 232 tariffs and anti-dumping measures, Japan is also subject to these measures, limiting the positive effects. Furthermore, South Korea's anti-dumping complaints against Japan indicate that a challenging environment is likely to persist.
Automotive	Strong sales of new energy vehicles continue, supported by China, India, and developed countries, leading to expectations of robust global production. However, U.S. tariff measures have caused significant supply chain disruptions, creating an uncertain outlook. In the ASEAN region, prolonged high interest rates and stricter loan assessments have delayed recovery, resulting in sluggish domestic sales.
Ship-building	Chinese and South Korean shipbuilders are increasing new orders and maintaining stable backlogs. While Japan and South Korea struggle with labor shortages, China has rapidly expanded its capacity. However, uncertainty from U.S. policies has led to a wait-and-see approach for new orders from China.
Energy	- Amidst moderate global economic growth and rising geopolitical tensions, the need for stable energy supply remains strong, with steady demand expected in the medium term. - Concerns about recession risks from OPEC's production cuts and U.S. tariff measures may lead to delays in development and inventory reductions focused on generic products, necessitating continued monitoring of trends.

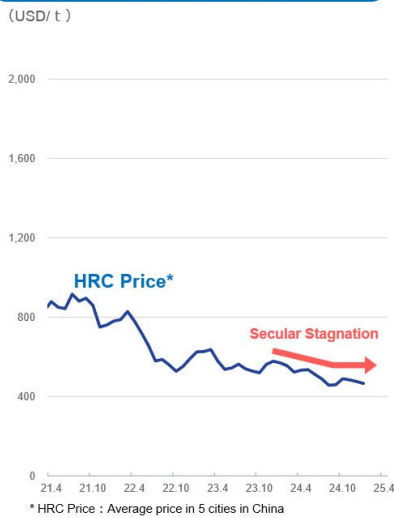
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Overseas, the situation is still difficult to foresee a recovery due to intensifying trade friction caused by US trade measures and a wait-and-see attitude with an awareness of the risk of a recession.

As shown in the steel sheet at the middle, the environment is expected to remain harsh in general, partly due to the filing of an anti-dumping lawsuit by South Korea against Japan for hot rolled products.

In addition, the oversupply and export growth in China continues to take the form of slack in the steel products business or stagnant market conditions.

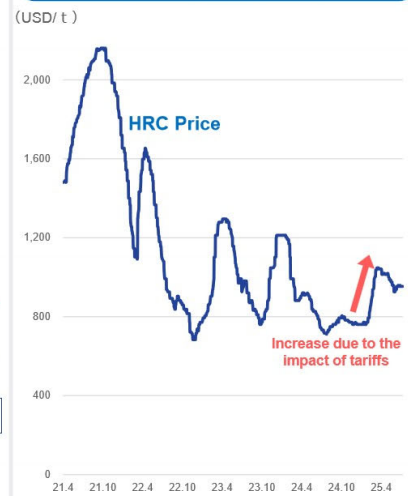
China: Steel Market Price



India: Steel Market Price



U.S: Steel Market Price



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Here are the market trends of overseas steel products in major markets to date. As for China on the left, stagnation has continued for quite some time.

On the other hand, India is on an upward trend due to the safeguard issued in April, which seems to have bottomed out.

The US steel market has been on an upward trend as a result of tariff effects, although there has been some adjustment recently.

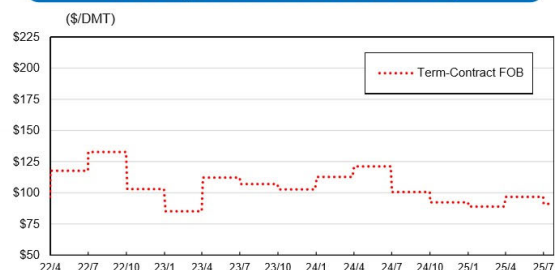
Raw materials market trends

JFE Steel



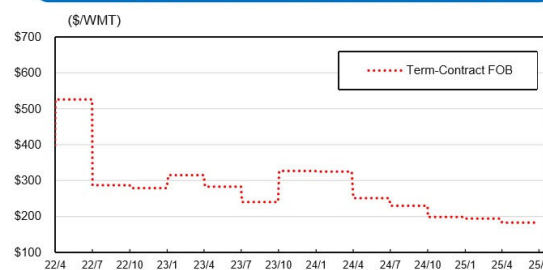
- Iron Ore : China, the largest importer, continues to see weak steel demand, **leading to iron ore prices at current levels**. However, the Chinese government plans to correct excessive competition in the domestic steel market, so future policy developments should be closely monitored.
- Coking Coal : While some demand recovery is expected in India after the monsoon season, no significant changes in the supply-demand environment are anticipated, and **substantial price increases are unlikely in the near term**.

Iron Ore (Iron Ore Fines from Australia)



Term-Contract FOB (\$/DMT)	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
FY2023	112	107	103	113
FY2024	121	101	92	89
FY2025	97	91	-	-

Coking Coal (Hard Coking Coal from Australia)



Term-Contract FOB (\$/WMT)	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
FY2023	283	240	327	325
FY2024	251	230	198	194
FY2025	183	-	-	-

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Market conditions for raw materials, iron ore, and coking coal remained calm. Iron ore prices are at the level of USD90, and coking coal prices are in the USD170 to USD190 range. Both are expected to remain within the current level in this fiscal year.

Crude Steel Production

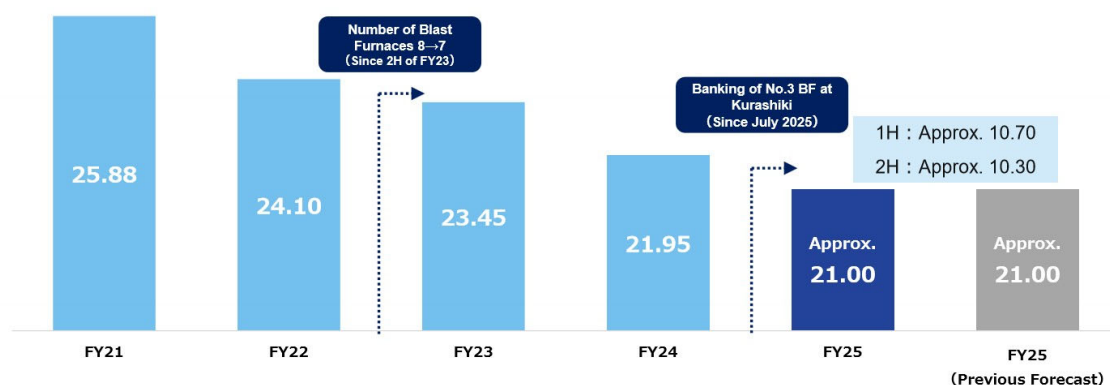
JFE Steel



- Considering the direct and indirect risks of fluctuations in steel demand due to U.S. tariff measures, as well as the impact of anti-dumping (AD) complaints against Japan from countries such as South Korea, we anticipate crude steel production of approx. **21.00 million tons (a decrease of 950,000 tons compared to FY 2024), (as previously announced)**.

Standalone crude steel production <Annual>

Unit : Mt

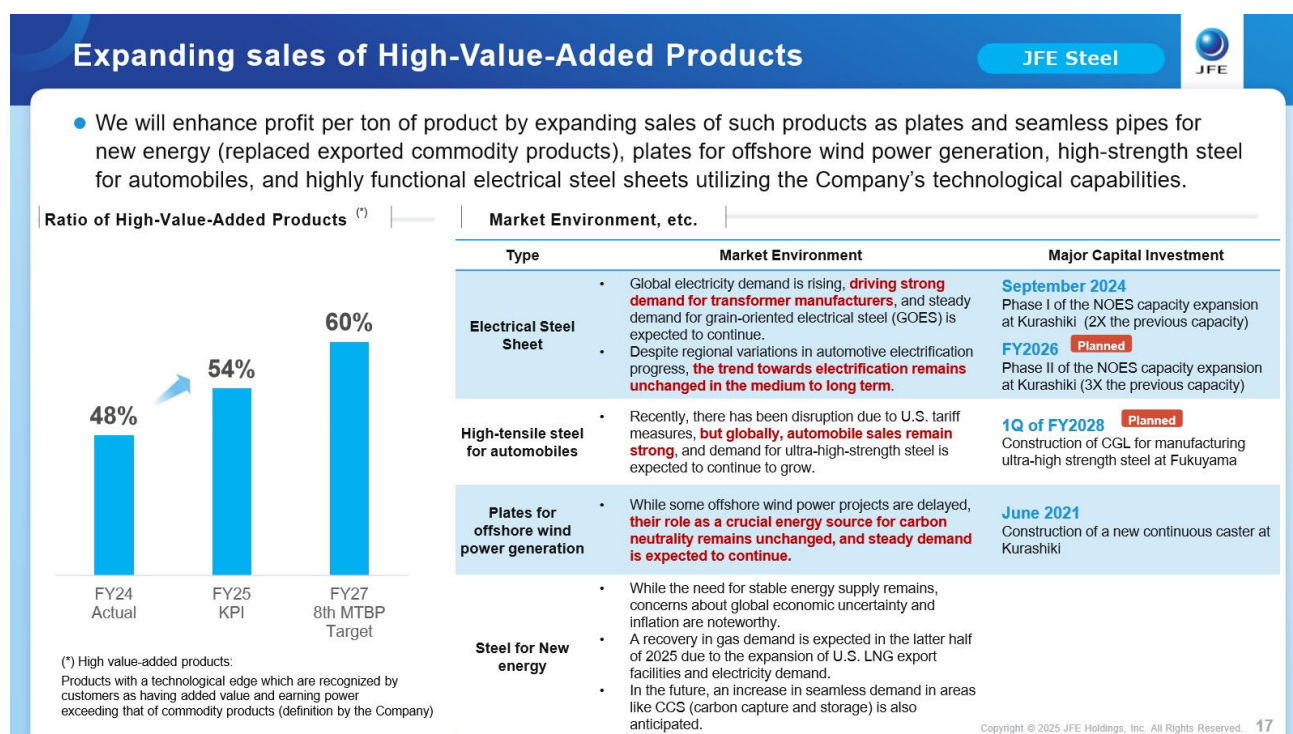


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This is about crude steel production.

Crude steel production is estimated to be 21 million tons, down 950,000 tons from FY2012, as previously announced, taking into account the risk associated with the US tariff measures and the impact of anti-dumping by South Korea and other countries against Japan.

As for the US, it is still difficult to reasonably calculate the impact of the US tariff measures at this stage, but we have factored in about 500,000 tons as crude steel impact, as in the previous forecast. Then the banking of the number three blast furnaces in Kurashiki started on July 25.



Next, expanding sales of high-value-added products.

We have been working to improve profit per ton of product since the 7th Medium-Term Management Plan. In the 8th Medium-Term Management Plan, we have indicated our target of 60% in FY2027, up from 48% in FY2024, as shown in the graph on the left, and the KPI for FY2025 was set at 54%.

We are aiming to expand sales of electrical steel sheets, which we are currently strengthening, and plates for offshore wind power generation.

This shows four types of high value-added products, each with its own market conditions, market environment, and major capital investment.

I will omit the explanation of the details, but we are working on the sales with the understanding that, although there are differences in strength in each market, we can expect steady demand in the medium term.

Financial Forecast for Fiscal Year 2025

JFE Steel



	Unit	FY2024							FY2025					FY2025 Previous Forecast (Full Year)	
					1H			2H	Full Year			1H	2H		Full Year
		1Q	2Q	3Q		4Q	1Q			2Q					
Revenue	billion yen	860.6	868.7	1,729.3	828.9	806.9	1,635.8	3,365.1	761.2	778.8	1,540.0	1,530.0	3,070.0	3,070.0	
Segment Profit	billion yen	31.5	3.0	34.5	10.4	(8.6)	1.8	36.3	(12.1)	(2.9)	(15.0)	55.0	40.0	40.0	
Excluding Inventory Valuation etc.*	billion yen	36.5	51.0	87.5	44.4	5.4	49.8	137.3	16.9	21.1	38.0	62.0	100.0	100.0	
Crude Steel (Standalone)	Mt	5.48	5.55	11.03	5.53	5.39	10.91	21.95	5.28	Approx. 5.40	Approx. 10.70	Approx. 10.30	Approx. 21.00	Approx. 21.00	
Crude Steel (Consolidated)	Mt	5.80	5.89	11.69	5.83	5.67	11.50	23.20	5.61	Approx. 5.70	Approx. 11.30				
Shipment (Standalone)	Mt	4.70	4.96	9.66	4.87	4.84	9.71	19.36	4.71	Approx. 4.80	Approx. 9.50				
Export Ratio on Value Basis (Standalone)	%	40.6	44.2	42.4	40.0	41.9	40.9	41.7	39.9	Approx. 42	Approx. 41				
Average Sales Price (Standalone)	000 yen/t	139.2	131.5	135.2	127.0	124.0	125.5	130.3	120.4	Approx. 119	Approx. 120				
Exchange Rate	¥/\$	155.0	152.8	153.9	149.0	154.1	151.6	152.7	145.3	Approx. 145	Approx. 145	Approx. 145	Approx. 145	Approx. 140	
Exchange Rate (End of Term)	¥/\$	161.1	142.7	142.7	158.2	149.5	149.5	149.5	144.8	Approx. 145	Approx. 145	Approx. 145	Approx. 145	Approx. 140	

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

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The various aspects of the forecast for FY2025 are listed here. Let me explain, focusing on H1 of FY2025.

The middle row, non-consolidated crude steel production, is expected to be about 10.7 million tons in H1 of the year, which incorporates a decrease of 200,000 tons from H2 of FY2024. The annual volume will be about 21 million tons. The export ratio of steel products was about 41% in H1 of the year, the same as in H2 of 2024.

The average price of steel products is expected to be about JPY120,000, a decrease of about JPY5,500 from H2 of FY2024, mainly due to the appreciation of the yen and the difference in the timing of reflecting the sales price of raw materials.

The exchange rate for H1 is about JPY145 against JPY151.6 for H2 of FY2024, and about JPY145 for the full year. Since our previous forecast was JPY140, it is the depreciation of JPY5.

JFE Steel's Segment Profit Analysis (FY2025 (Previous Forecast) vs. FY2025 (Updated Forecast))

JFE Steel



FY2025 (Forecast) / FY2025 (Updated Forecast)				FY2025 (Forecast) / FY2025 (Updated Forecast)			
Unit		FY2025 Previous	FY2025 Updated		FY2025 Previous Forecast	FY2025 Updated Forecast	Change
Crude Steel (Standalone)	Mt	Approx. 21.00	Approx. 21.00	(billion yen)			
Shipment (Standalone)	Mt	-	-	Segment Profit	40.0	40.0	±0.0
Average Sales Price	000 yen/t	-	-	* Excluding Inventory Valuation, etc.	100.0	100.0	±0.0
Exchange Rate	¥/\$	Approx. 140	Approx. 145				

Breakdown

① Cost	±0.0	
② Volume and Mix	±0.0	• Crude Steel Production Approx. 21.00Mt→Approx. 21.00Mt
③ Spreads*	+13.0	• Improvement in export profitability due to yen depreciation, etc.
④ Inventory valuation	±0.0	• Inventory valuation +1.0 (-51.0→-50.0) • Carry over -6.0 (+1.0→-5.0) • Foreign exchange valuation +5.0 (-10.0→-5.0)
⑤ Others	(13.0)	• Group Companies -9.0, etc.

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

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Here is a comparison of the forecast for last time and that of this time.

There is no change in segment profit, which remains at JPY40 billion, but there is a change in the breakdown of segment profit. This is the spread in number three. The JPY13 billion increase is expected, mainly incorporating the improved profitability of exports due to the yen's depreciation of about JPY5.

On the other hand, the Group companies, domestic and overseas, are expected to decline JPY13 billion, incorporating JPY9 billion due to the impact of declining market prices for raw materials and electric furnace-related products, as well as other cost increases. These offset each other resulting in plus or minus zero.

JFE Steel's Segment Profit Analysis (FY2024 (Actual) vs. FY2025 (Forecast))

JFE Steel



Unit	FY2024 Actual	FY2025 Forecast		FY2024 Actual	FY2025 Forecast	Change
Crude Steel (Standalone)	Mt	21.95	Approx. 21.00	(billion yen)		
Shipment (Standalone)	Mt	19.36	-	Segment Profit	36.3	40.0
Average Sales Price	000 yen/t	130.3	-	* Excluding Inventory Valuation, etc.	137.3	100.0
Exchange Rate	¥/\$	152.7	Approx. 145			+3.7
						(37.3)

Breakdown

① Cost	+24.0	• Operational improvement, etc.
② Volume and Mix	(15.0)	• Crude Steel Production 21.95Mt→Approx. 21.00Mt • Expansion of high-value-added products (Electrical steel, plates for wind power applications)
③ Spreads*	(43.0)	• Deterioration in export profitability due to yen appreciation • Impact of raw material price fluctuations and timing differences in adjustments for selling prices
④ Inventory valuation	+41.0	• Inventory valuation -17.0 (-33.0→-50.0) • Carry over +61.0 (-66.0→-5.0) • Foreign exchange valuation -3.0 (-2.0→-5.0)
⑤ Others	(3.3)	• Group Companies +28.0 • Others -31.3 (Depreciation, interest expense, and construction timing difference, etc.)

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

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Page 20 shows the difference between 2024 and 2025, reflecting the changes in the forecast explained on page 19. In the breakdown, decline in spread decreased from the previous year, while the increase portion of others decreased. The result is an increase of JPY3.7 billion in profit segment from FY2024.

JFE Steel's Segment Profit Analysis (FY2025 1H (Forecast) vs. FY2025 2H (Forecast))

JFE Steel



Unit	FY2025 1H Forecast	FY2025 2H Forecast		FY2025 1H Forecast	FY2025 2H Forecast	Change
Crude Steel (Standalone)	Mt	Approx. 10.70	Approx. 10.30	(billion yen)		
Shipment (Standalone)	Mt	Approx. 9.50	-	Segment Profit	(15.0)	55.0
Average Sales Price	000 yen/t	Approx. 120	-	* Excluding Inventory Valuation, etc.	38.0	62.0
Exchange Rate	¥/\$	Approx. 145	Approx. 145			+70.0
						+24.0

Breakdown

① Cost	+7.0	
② Volume and Mix	±0.0	• Crude Steel Production Approx. 10.70Mt→Approx. 10.30Mt • Expansion of high-value-added products (Electrical steel, plates for wind power applications)
③ Spreads*	±0.0	
④ Inventory valuation	+46.0	• Inventory valuation +38.0 (-44.0→-6.0) • Carry over +3.0 (-4.0→+1.0) • Foreign exchange valuation +5.0 (-5.0→±0.0)
⑤ Others	+17.0	• Group Companies +12.0

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

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This is the difference between H1 and H2 of the year.

While H1 of FY2025 is expected to have a loss of JPY15 billion, H2 of FY2025 is expected to have profit of JPY55 billion, an improvement of JPY70 billion, or JPY24 billion excluding valuation losses. Its breakdown is shown in the table above.

We expect costs to improve by JPY7 billion. Regarding volume, while there is a decrease of 400,000 tons in crude steel, it will be offset by product mix improvement. There is no change in the spread.

The inventory valuation differences are expected to increase by JPY46 billion due to the expected impact of write-downs in H1 completely disappearing in H2. Others is expected to increase JPY17 billion mainly due to an increase of JPY12 billion in group companies, mainly domestic and JSW.

Overall, we expect an increase of JPY70 billion.

JFE Engineering
JFE Engineering

Financial Forecast for Fiscal Year 2025

■ **Current Business Environment/Overview of Financial Status**

- Full year segment profit is expected to be **¥20.0bn. (as previously announced)**.
- Expect to expand orders in the Waste to Resource and Carbon-Neutral fields (offshore wind, etc.)
- Business of manufacturing monopiles for offshore wind power generation is expected to receive its first domestic round order.

■ **Financial Forecast**

(billion yen)	FY2024 Actual		FY2025 Forecast		Change	
	1H	Full year	1H	Full year	1H	Full year
Orders	246.0	579.5	320.0	700.0	74.0	120.5
Revenue	269.5	569.8	275.0	600.0	5.5	30.2
Segment Profit	8.9	19.3	9.0	20.0	0.1	0.7

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Moving on to JFE Engineering.

Segment profit is expected to be JPY9 billion for H1 and JPY20 billion for the full year, with the full-year forecast unchanged from the forecast announced last time.

Orders are expected to reach JPY700 billion, and we plan to increase orders from the previous year, mainly in the waste-to-resource and carbon-neutral fields.

In the offshore wind monopile manufacturing business, there is a slight delay at the moment, but we expect to receive the first domestic round order within this fiscal year.

■ **Current Business Environment/Overview of Financial Status**

- Full year segment profit is expected to be **¥50.0bn. (as previously announced)**.
- Earnings are expected to improve as a result of rising market conditions in North America and the promotion of spread improvement and rationalization by domestic group companies.

■ **Financial Forecast**

(billion yen)	FY2024 Actual		FY2025 Forecast		Change	
	1H	Full year	1H	Full year	1H	Full year
Revenue	715.5	1,438.5	750.0	1,500.0	34.5	61.5
Segment Profit	22.4	47.9	25.0	50.0	2.6	2.1

Continuing on to JFE Shoji.

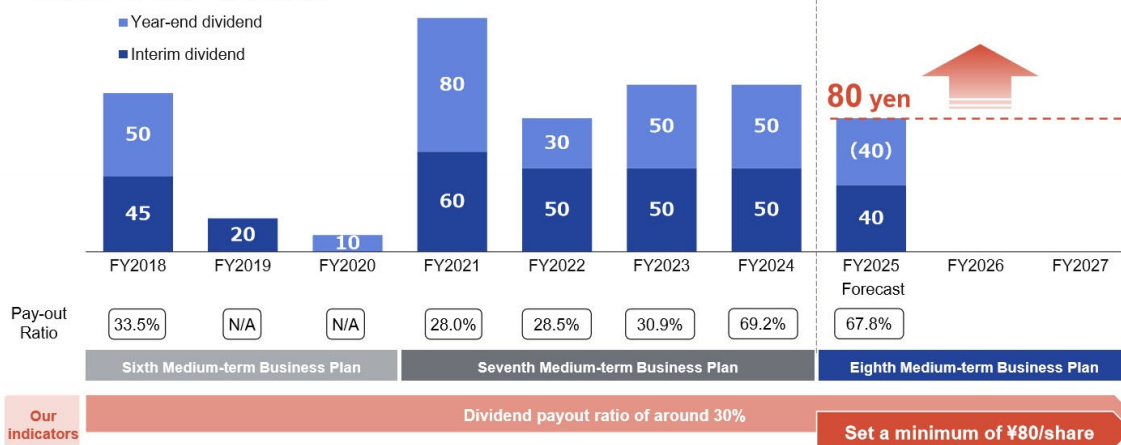
Segment profit for H1 is expected to be JPY25 billion and JPY50 billion for the full year. The full-year forecast remains unchanged from last time and an increase of JPY2.1 billion from previous year. The Company expects market conditions in North America to rise compared to the previous year and also expects improved earnings at domestic group companies.

Dividend



- JFE Holdings agreed to pay an interim dividend of **40 yen per share** at its Board of Directors.
- The annual dividend for FY2024 is expected to be **80 yen per share (based on the Eighth Medium-term Business Plan^(*))**

Dividend per share (yen/share)



(*) Dividend payout ratio of approximately 30%, with a minimum dividend of 80 yen

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Regarding dividend, as explained at the beginning of this report, the Board of Directors has resolved to pay an interim dividend of JPY40 per share, and the annual dividend is expected to be JPY80 per share as previously announced.

Expansion of Grain-oriented (GO) Electrical Steel Manufacturing Capacity in India



- In order to steadily meet the significantly growing demand for GO electrical steel sheets in India, which has the world's largest population, **J2ES and J2ES Nashik, companies jointly established with JSW**, a strategic alliance partner, have **decided to significantly expand their manufacturing capacity to 350k tons/year in FY2030**.

Company name	JSW JFE Electrical Steel Private Limited (J2ES)	JSW JFE Electrical Steel Nashik Private Limited (J2ES Nashik)
Shareholding Ratio	JFE50%, JSW50%	
Existing investment	Approx. ¥100.0bn. ('24/2 investment)	Approx. ¥70.0bn. ('25/1 acquisition)
Expanded investment this time ^(*)	Approx. ¥120.0bn.	
Total investment ^(*)	Approx. ¥290.0bn.	
Manufacturing capacity	100k tons/year (double the current level)	250k tons/year (Five times the current level)
	350k tons/year	
Start operation	FY27	Existing: Operating Expanded: FY28 to FY30

(*) Investment amounts are J2ES and J2ES Nashik combined, JFE and JSW combined



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Finally, I will explain the topics.

We are planning to explain this matter at the overseas strategy briefing on August 8, and we have issued a press release today. We decided to expand our grain-oriented (GO) electrical steel manufacturing capacity in India.

In India, demand for GO electrical steel is expected to increase significantly and, in order to meet this demand, we have decided to significantly expand the manufacturing capacity of the two companies already jointly established in the table above to 350,000 tons by FY2030.

On the left side of the table above, J2ES was established in February 2012 and is based in Vijayanagar. Then there is J2ES Nashik on the right, which we acquired from thyssenkrupp in January of this year. The total investment for the expansion is JPY120 billion. The production capacity of J2ES will be doubled, and that of J2ES Nashik will be increased by five times to a total of 350,000 tons altogether.

As for the timing of starting operation, J2ES is scheduled for FY2027 as planned. J2ES Nashik is already in operation, but the expansion will be carried out in stages from FY2028 to FY2030. Through these expansions, we hope to establish our position as the overwhelming number one supplier in the Indian GO electrical steel market.

This concludes my explanation.

Moderator: Now, we will move on to the Q&A session.

Participant:

At the beginning of the year, the outlook included a production cut of 950,000 tons for FY2024, with approximately 500,000 tons attributed to U.S. tariffs and the remainder reflecting anti-dumping impacts from countries such as South Korea. Given that South Korea has provisionally decided to impose over 30% anti-dumping duties on hot-rolled steel imports, I believe exports to South Korea will become significantly more difficult. Has this been sufficiently factored into the budget? Also, regarding the volume outlook, it appears that production will slightly increase in Q2. Since it was explained that the export ratio will rise, does this imply a shift toward exports to countries other than South Korea? With the global market in a slump, is there a risk of deterioration in the product mix? Please explain the outlook for future production and shipments.

JFE:

As mentioned in your question, the 950,000-ton reduction from the previous year includes about half due to the U.S., and the annual plan has been formulated considering other impacts as well, including South Korea. Therefore, we believe the impact has been reasonably accounted for. Looking at the production outlook for FY2025, we plan to produce 10.75 million tons in the first half and 10.25 million tons in the second half, incorporating a reduction in the latter half to account for potential risks. Regarding South Korea's anti-dumping measures, since they are still at the provisional stage, we cannot provide detailed comments at this time. However, we do expect some impact. Even under anti-dumping conditions, we believe it is necessary to continue selling products that customers require, and we plan to take countermeasures in consultation with our customers.

Participant:

On page 21, it is explained that of the ¥24 billion increase in operating profit from the first half to the second half, ¥12 billion is expected from group companies. For example, JSW's earnings have already improved in the first half, but are you expecting further gains in the second half? Also, regarding California Steel, while the market for hot coils is rising, we've heard that the cost of procuring slabs is also increasing. Is there any risk associated with this? Please provide a breakdown of the ¥12 billion profit increase from group companies.

JFE:

Of the ¥12 billion improvement from group companies, we expect just under ¥10 billion from domestic companies and just under ¥3 billion from overseas. For domestic group companies, the increase is not from any specific company but rather a general improvement from the first half to the second half. For overseas group companies, we expect gains mainly from JSW and our raw materials-related group companies in Australia.

Participant:

Does that mean Blackwater is expected to contribute to the profit increase among raw materials-related group companies?

JFE:

Yes, Blackwater is included in the raw materials-related group.

Participant:

So, when comparing the first and second halves, the impact from California Steel is not expected to be significant?

JFE:

California Steel performed quite well in the first half, so we expect a slight decline or stabilization in the second half.

Participant:

Regarding the change in volume composition from the first to the second half, it was explained that the revenue impact from the 400,000-ton production cut would be offset by product mix improvements. Historically, volume and revenue have tended to move together. Is there a specific reason why this second half is different?

JFE:

As outlined in our medium-term plan, we aim to increase the proportion of high-margin products in the second half to expand profits. This includes electrical steel sheets and thick plates for offshore wind power. Although the full-scale operation of JFE Engineering's monopile plant has been slightly delayed, we are actively promoting sales, including for overseas markets.

Participant:

You mentioned that the spread from Q1 to Q2 and from the first half to the second half is expected to remain flat. Could you explain your view on the risk of margin compression due to further price declines in domestic retail sales?

JFE:

We expect spreads to remain tight due to the impact of imported materials. However, for our main products with tied contracts, we plan to maintain spreads, so we do not foresee significant changes between the first and second halves overall.

Participant:

Compared to the previous outlook, you mentioned a ¥13 billion margin improvement due to yen depreciation. This kind of explanation hasn't been common in the past. Should we assume that a ¥5 change in exchange rates will have this level of sensitivity going forward?

JFE:

This year, the exchange rate initially appreciated by more than ¥10, then depreciated by ¥5, resulting in significant volatility. This has had a major impact on export profitability, which is why we have included it in our outlook this time.

Participant:

Including the recently announced electrical steel sheet project in India, your new medium-term plan seems to emphasize a high-value-added strategy. Regarding the expansion of GO capacity in India, is the focus mainly on power networks? Please explain the background behind the decision to accelerate capacity expansion. Also, for NO, considering the various perspectives on EV adoption, please share your outlook on the overall supply-demand environment for electrical steel sheets.

JFE:

Regarding GO demand, one factor is the growing demand for power generation. In the U.S. and India, the pace of data center construction has also accelerated. We estimate global GO demand to grow by about 5% annually, and in India by about 7%. As you know, in India, there are only a few domestic GO manufacturers, including Nashik, which we acquired. Therefore, JFE and JSW have decided to invest with the shared goal of becoming top suppliers in the GO market. As for NO, while EV adoption has slowed somewhat globally, demand for JFE's premium NO remains strong in hybrid vehicles. We are actively working to expand sales and increase market share.

Participant:

Regarding the impact of U.S. tariffs, uncertainty remains high, and the full impact is still unclear. However, you mentioned that some trading businesses in the U.S. are seeing profit increases due to market improvements. In your medium-term plan, I don't recall a particularly strong emphasis on the U.S. market. There was a time when pipe-related profits from the U.S. were significant. How do you view the recent changes in the U.S. market, and what impact might this have on your trading business and overall company performance?

JFE:

Regarding the impact of U.S. tariffs, the U.S. market has seen a rapid recovery followed by a slight decline. Compared to last year, the market has certainly improved, but it has become more difficult to forecast compared to the past. There are still many uncertainties. For JFE Shoji, we expect a certain level of recovery, but we do not anticipate a major impact solely due to the U.S. market. As mentioned in our earlier response, we have similar expectations for California Steel.

Participant:

Regarding JFE Engineering's monopile business, Nippon Steel has announced a collaboration with Vestas in Japan. Does this have any direct connection to your monopile business? Please explain any potential impact.

JFE:

The part announced by Nippon Steel relates to the tower section near the wind turbine. Our monopile business focuses on the section near the water surface, so the components are different. Therefore, we do not expect any significant impact.

Participant:

So, is it correct to understand that your company handles the foundation part, and Japan is also progressing in the upper section, resulting in a coordinated effort?

JFE:

There is no formal coordination, but the result may appear that way.

Participant:

Compared to the previous outlook, the profit forecast for FY2025 remains unchanged at ¥140 billion. However, with a ¥5 yen depreciation contributing to a ¥13 billion spread improvement, excluding the exchange rate effect, does this imply a downward revision? Including the ¥9 billion negative impact from group companies and ¥13 billion from other factors, the overall negative adjustment seems large, especially considering JSW Steel's strong performance. Could you clarify the nuance here?

JFE:

Compared to the previous forecast, we had expected slightly better performance from overseas, especially the U.S., but that has not materialized. This is reflected in the current adjustment.

Participant:

Regarding the plan to increase the ratio of high-value-added products to 54% in FY2025, a 6 percentage point increase from the previous year, page 20 shows a ¥15 billion negative impact on segment profit due to volume composition. Assuming a marginal profit of ¥20,000 per ton, does this mean that the improvement in product mix contributes about ¥5 billion, offsetting the volume decline? Please explain.

JFE:

The ¥15 billion negative impact on page 20 consists of a ¥25 billion decline due to volume and a ¥10 billion improvement due to product mix. This improvement mainly comes from increased sales of electrical steel sheets and thick plates for wind power.

Participant:

Regarding the ¥120 billion additional investment in India, is this part of the ¥400 billion overseas growth investment outlined in the 8th medium-term plan? Also, the plan includes ¥78 billion in profit improvement from overseas steel operations. How much of that is expected to come from this India project? If possible, please provide a quantitative estimate.

JFE:

The investment in India is the first phase of the ¥400 billion overseas growth investment. We expect the full impact to be realized after full-scale operations begin in FY2028. However, we have included a certain level of contribution during the 8th medium-term plan period in the ¥78 billion profit improvement.

Participant:

How will the ¥120 billion cash outflow be timed?

JFE:

The ¥120 billion investment will be made by a joint venture between JFE and JSW, with each contributing 50%. Our share will be half of that amount. Since the construction schedules for Vijayanagar and Nashik differ, the outflow will be somewhat staggered. We prefer not to disclose detailed timing at this stage.

Participant:

Can you reconfirm whether the expansion of high-value-added product ratio is progressing steadily toward this year's plan?

JFE:

As mentioned earlier, we plan to increase the ratio in the second half to offset the negative impact of reduced production volume.

Participant:

When estimating next year's profit, is it reasonable to use the second half forecast of ¥62 billion and simply double it?

JFE:

Given that the second half production volume is based on 10.25 million tons, it may not be appropriate to simply double it. We need to carefully assess changes in the economic environment and steel demand for next year.

Participant:

Regarding demand for automobiles and construction materials, Q1 auto production was solid, especially domestically. However, July's monthly figures were somewhat weak. Please share your outlook.

JFE:

For automobiles, we expect full-year production to be roughly in line with last year. Currently, we do not see any major changes. For construction materials, due to various risk factors such as project conditions, we believe recovery will be difficult to forecast at this time.

Participant:

Recently, it was announced that JMU will transfer part of its stake to Imabari Shipbuilding. Please explain your future initiatives in shipbuilding.

JFE:

We currently hold a 35% stake in Japan Marine United (JMU), and we will sell 15% of that to Imabari Shipbuilding. While the global shipbuilding industry has a backlog of orders for about three years and appears stable, last year saw Chinese shipbuilders reopening previously closed docks and increasing orders by reallocating resources from construction. The market is undergoing significant changes. With South Korea also actively moving, we share the view with Imabari Shipbuilding that Japan's shipbuilding industry must be strengthened. This transfer is intended to allow Imabari Shipbuilding to take the lead in revitalizing JMU and the broader Japanese shipbuilding sector.

Participant:

Regarding China's crude steel production cuts, if these are temporary, the impact may be limited. However, if major consolidations occur, could this have a positive effect? Please share your thoughts.

JFE:

If such consolidations were to happen, it would be very welcome. However, at this stage, we have no concrete indications, and such developments have not materialized so far. Therefore, we cannot make any definitive comments at this time.

Participant:

The FY2025 business profit forecast remains unchanged at ¥140 billion. How does the Q1 result of ¥16.2 billion compare to your internal plan?

JFE:

Looking only at Q1, we had assumed an exchange rate of ¥140, but it turned out to be ¥145. So in that sense, the result was slightly better than expected.

Participant:

Regarding the impact of U.S. tariffs, it seems that there was no significant effect on automobiles in Q1. Was the assumption that the 500,000-ton impact would begin in Q2 and beyond? Or is the outlook being maintained due to uncertainty?

JFE:

As of Q1, we believe the impact of U.S. tariffs has not yet materialized. However, about 20% of domestic finished vehicles are exported to the U.S., and the same applies to construction machinery. Looking at various companies' financial results, responses vary. It is very difficult for us to make clear assumptions at this point. Although the initially assumed risks have not yet materialized, we are maintaining them in our outlook for now.

Moderator:

This concludes today's Investors Meeting.

[END]

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