

JFE Holdings, Inc.

Q1 Financial Results Briefing for the Fiscal Year Ending March 31, 2027

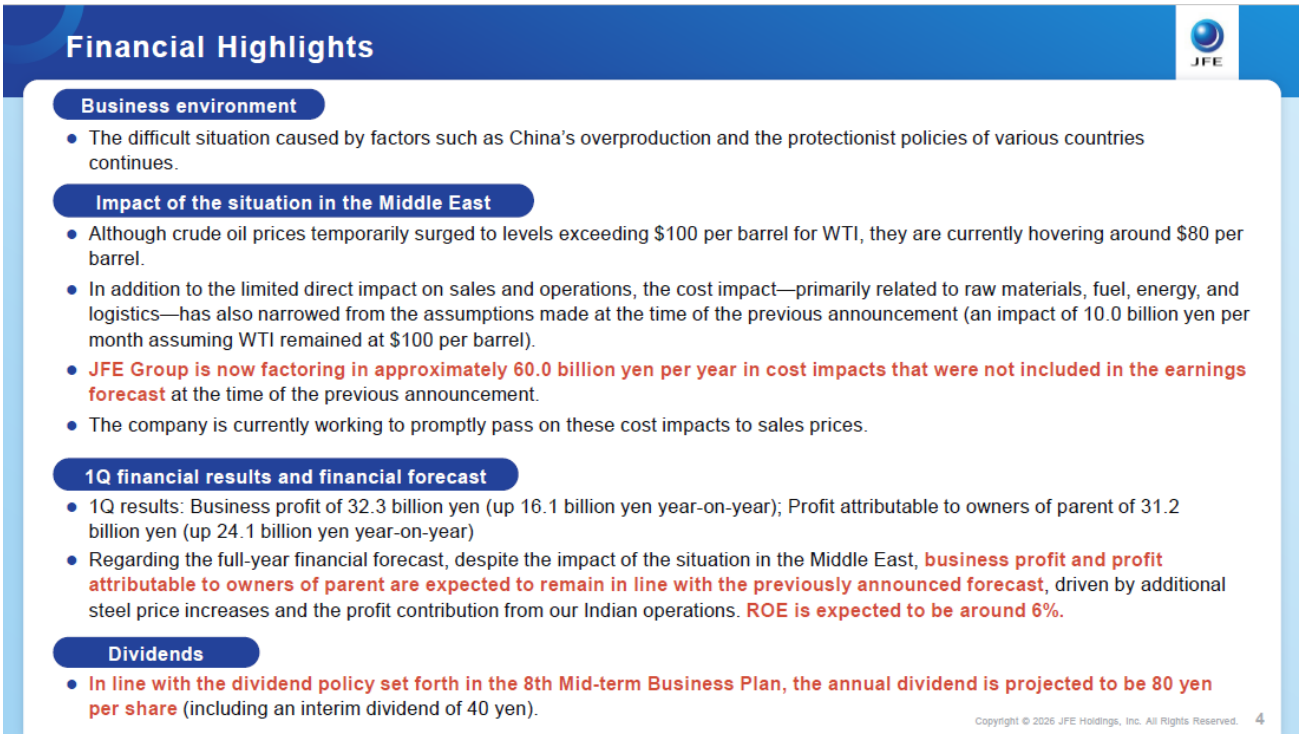
(Investors' Meeting)

August 5, 2026

Participants

Moderator:
We will now begin the JFE Holdings, Inc. Investors Meeting.
Today's attendees are Toshihiro Tanaka, Representative Director and Executive Vice President, and Tsunao Takura, Vice President.
Today’s agenda is scheduled for a total of 60 minutes, consisting of approximately 30 minutes of presentations followed by 30 minutes of Q&A.
First, regarding the financial results and business forecast announced today, Executive Vice President Tanaka will provide an overview of the financial results.

Toshihiro Tanaka, Representative Director and Executive Vice President:
This is Tanaka. This is the first time in two and a half years that I have attended an Investors Meeting. I appreciate your time today. Now, I would like to explain the highlights of this financial announcement and business forecast.



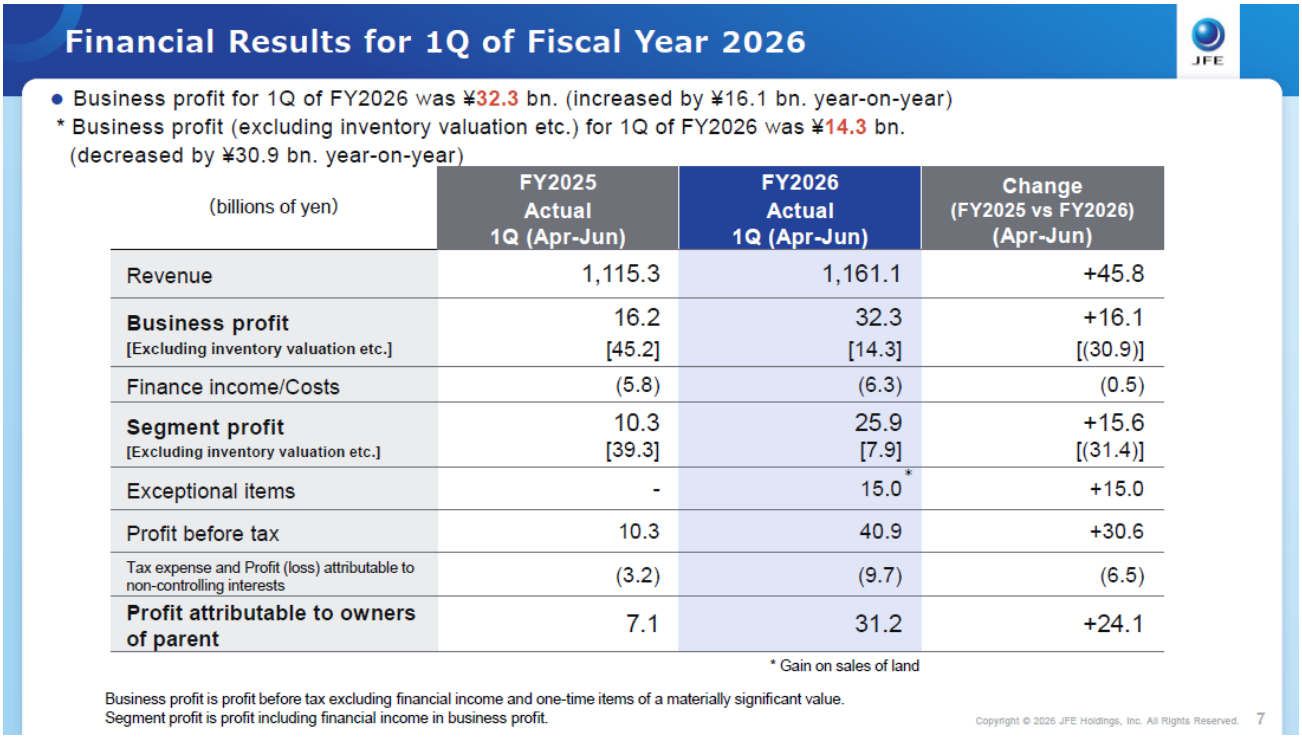
First, regarding the business environment, difficult conditions continue due to the impact of excess production in China and protectionist policies in various countries. Regarding the impact of the Middle East situation, crude oil prices temporarily surged to a level exceeding USD100 per barrel for WTI crude oil, but recently they have been hovering at approximately average USD80, ranging between USD70 and USD90.

The direct impact on sales and operations is limited, and regarding cost impacts centered on raw materials, fuel, energy, and logistics, we previously announced that if USD100 per barrel continued, there would be an impact of approximately JPY10.0 billion per month, but the impact has been shrinking from that level.

Previously, the impact of the Middle East situation was not reflected in our financial forecast. This time, we have estimated the full-year cost impact at approximately JPY60.0 billion, including the actual Q1 impact of JPY15.0 billion, and have factored it into our forecast. We are currently working to promptly pass on this cost impact to our sales prices.

Regarding the Q1 financial results, Business Profit was JPY32.3 billion, which is approximately twice the level of the same period of the previous year. Profit was JPY31.2 billion, up JPY24.1 billion YoY. Regarding the full-year outlook, although there is an impact from the Middle East situation as mentioned earlier, due to steel product price increases and profit contributions from our Indian operations, both Business Profit and Profit attributable to owners of the parent remain unchanged from the previous forecast. ROE will be approximately six percent.

Regarding dividends, the annual dividend will be JPY80 per share, in line with the dividend policy outlined in the 8th Medium-Term Management Plan. While we had previously announced the annual dividend, the Board of Directors has approved a policy of paying an interim dividend of JPY40 per share, which we are announcing today.



Financial Results for 1Q of Fiscal Year 2026

- Business profit for 1Q of FY2026 was ¥32.3 bn. (increased by ¥16.1 bn. year-on-year)

* Business profit (excluding inventory valuation etc.) for 1Q of FY2026 was ¥14.3 bn. (decreased by ¥30.9 bn. year-on-year)

(billions of yen)	FY2025 Actual 1Q (Apr-Jun)	FY2026 Actual 1Q (Apr-Jun)	Change (FY2025 vs FY2026) (Apr-Jun)
Revenue	1,115.3	1,161.1	+45.8
Business profit [Excluding inventory valuation etc.]	16.2 [45.2]	32.3 [14.3]	+16.1 [(30.9)]
Finance income/Costs	(5.8)	(6.3)	(0.5)
Segment profit [Excluding inventory valuation etc.]	10.3 [39.3]	25.9 [7.9]	+15.6 [(31.4)]
Exceptional items	-	15.0*	+15.0
Profit before tax	10.3	40.9	+30.6
Tax expense and Profit (loss) attributable to non-controlling interests	(3.2)	(9.7)	(6.5)
Profit attributable to owners of parent	7.1	31.2	+24.1

* Gain on sales of land

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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Tsunao Takura, Vice President:

I, Takura, will now provide the explanation. This shows the Q1 financial results. Revenue was JPY1,161.1 billion, up JPY45.8 billion. Business profit was JPY32.3 billion, up JPY16.1 billion YoY, but excluding inventory valuation, it was JPY14.3 billion, a decline from the previous year. Segment profit was JPY25.9 billion. Regarding exceptional items, there was a gain on the sale of land. Profit attributable to owners of the parent was JPY31.2 billion, up JPY24.1 billion YoY.

Financial Results for 1Q of Fiscal Year 2026 (by Segment)

(billions of yen)		FY2025 Actual 1Q (Apr-Jun)	FY2026 Actual 1Q (Apr-Jun)	Change (FY2025 vs FY2026) (Apr-Jun)
	Steel business	761.2	763.5	+2.3
	Engineering business	135.3	147.3	+12.0
	Trading business	338.7	380.6	+41.9
	Adjustments	(120.0)	(130.4)	(10.4)
Revenue		**1,115.3**	**1,161.1**	**+45.8**
Business profit (A) [Excluding inventory valuation etc.]		**16.2** **[45.2]**	**32.3** **[14.3]**	**+16.1** **[(30.9)]**
Finance income/Cost (B)		(5.8)	(6.3)	(0.5)
	Steel business [Excluding inventory valuation etc.]	(12.1) [16.9]	3.0 [(15.0)]	+15.1 [(31.9)]
	Engineering business	5.7	8.9	+3.2
	Trading business	12.6	11.3	(1.3)
	Adjustments	4.1	2.6	(1.5)
Segment profit (A)+(B) [Excluding inventory valuation etc.]		**10.3** **[39.3]**	**25.9** **[7.9]**	**+15.6** **[(31.4)]**

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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Page eight shows revenue and segment profit broken down by segment. First, revenue increased YoY in all segments. Segment profit increased in the steel business and the engineering business, while it decreased in the trading business. This will be explained for each segment on the following pages.

JFE Steel Segment Profit Analysis
(FY2025 1Q Actual vs FY2026 1Q Actual)

JFE Steel

	Unit	FY2025 1Q Actual	FY2026 1Q Actual
Crude Steel (Standalone)	million mt	5.28	5.25
Shipment (Standalone)	million mt	4.71	4.54
Average Sales Price	000 yen /mt	120.4	124.2
Exchange Rate	¥/US$	145.3	159.9

(billions of yen))	FY2025 1Q Actual	FY2026 1Q Actual	Change
Segment Profit	(12.1)	3.0	+15.1
＊Excluding Inventory Valuation, etc.	16.9	(15.0)	(31.9)

Breakdown

1) Cost	+7.0	- Operational improvement and other matters
2) Volume and mix	±0.0	- Crude Steel Production 5.28 million mt → 5.25 million mt
3) Spreads*	(45.0)	- Sluggish steel market conditions in domestic and overseas markets, surge in main raw materials prices - Rising costs due to the situation in the Middle East Impact of the situation in the Middle East on Costs: Approx. -15.0 (Including the group companies)
4) Inventory valuation	+47.0	- Inventory valuation +36.0 (-23.0→+13.0) - Carry over + 4.0 (- 1.0→ + 3.0) - Foreign exchange valuation + 7.0 (- 5.0→ + 2.0)
5) Others	+6.1	- Group companies +6.0 (Domestic: +1.0, Overseas: +5.0 (India: +7.0))

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

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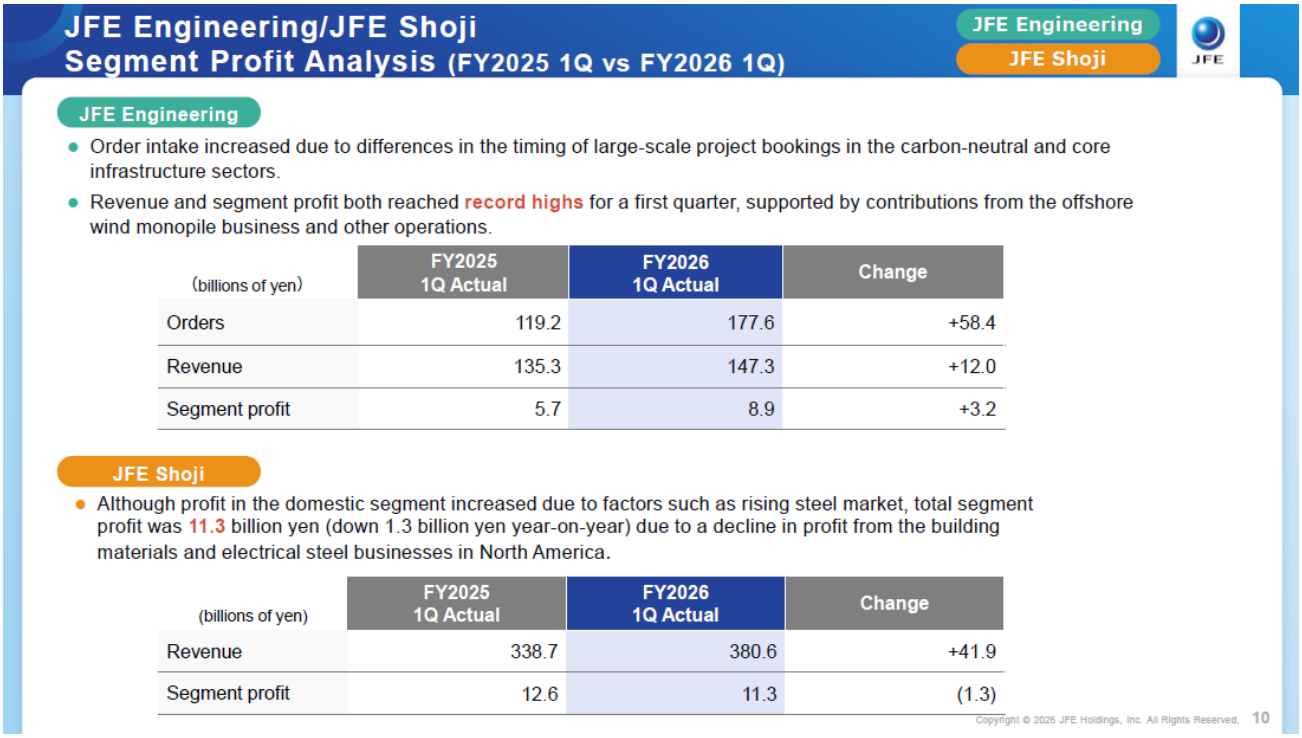
First, regarding the steel business. The key result are shown in the upper left, and the yen depreciated by approximately JPY15 over the past year. Segment profit increased by JPY15.1 billion compared to the previous year, with the breakdown shown below. First, regarding cost reduction, we achieved JPY7.0 billion through operational improvements and other measures, and in terms of spread, coal prices surged significantly amid the deterioration of domestic and international steel market conditions during this period. In addition, approximately JPY15.0 billion in cost increases due to the Middle East situation were added, resulting in a negative impact of JPY45.0 billion.

Inventory valuation differences had a positive impact of JPY47.0 billion, resulting from coal prices and the weaker yen. In addition, "Other" factors contributed a positive JPY6.1 billion, of which JPY6.0 billion came from group companies, mainly reflecting increased profit at JSW and the inclusion of 50% of JJSL's profit from the first quarter.



Regarding JFE Engineering, orders received were JPY177.6 billion, up JPY58.4 billion YoY. This was primarily due to the timing difference in receiving large contracts, particularly in the carbon neutrality sector. Revenue was JPY147.3 billion, and segment profit was JPY8.9 billion. As stated here, both Q1 revenue and segment profit reached record highs, primarily due to contributions from the offshore wind monopile business and other factors.

Next is JFE Shoji. Segment profit was JPY11.3 billion, down JPY1.3 billion YoY. In Japan, profit increased due to rising domestic steel market prices, but in North America, profit decreased in the construction materials and electrical steel sheet businesses, resulting in a decline of JPY1.3 billion.

Financial Forecast for Fiscal Year 2026

- Full-year business profit is expected to be ¥215.0 bn. (**as previously announced**, increased by ¥79.7 bn. year-on-year)
- Full-year profit attributable to owners of parent is expected to be ¥150.0 bn.
  (**as previously announced**, increased by ¥79.9 bn. year-on-year)

(billions of yen)	FY2025 Actual		FY2026 Forecast (Previous)	FY2026 Forecast (Updated)		Change (FY2025 vs FY2026)	Change (Previous vs Updated)
	1H	Full year	Full year	1H	Full year	Full year	Full year
Revenue	2,232.6	4,539.2	4,800.0	2,380.0	4,850.0	+310.8	+50.0
Business Profit [Excluding inventory valuation etc.]	**45.7** [93.7]	**135.3** [166.3]	**215.0** [185.0]	**90.0** [60.0]	**215.0** [185.0]	**+79.7** [+18.7]	**0**
Finance income/Costs	(11.5)	(24.7)	(40.0)	(20.0)	(40.0)	(15.3)	0
Segment profit [Excluding inventory valuation etc.]	**34.1** [82.1]	**110.5** [141.5]	**175.0** [145.0]	**70.0** [40.0]	**175.0** [145.0]	**+64.5** [+3.5]	**0**
Exceptional items	0	(23.1)	15.0	15.0*	15.0*	+38.1	0
Profit before tax	34.1	87.4	190.0	85.0	190.0	+102.6	0
Tax expense and Profit (loss) attributable to non-controlling interests	(7.4)	(17.2)	(40.0)	(20.0)	(40.0)	(22.8)	0
Profit attributable to owners of parent	**26.6**	**70.1**	**150.0**	**65.0**	**150.0**	**+79.9**	**0**

* gain on sale of land(FY2026 Q1)

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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Now, let me move on to the financial forecast. Annual revenue is expected to be JPY4,850.0 billion, an increase YoY. Following a revision to the steel business forecast, revenue has been revised upward by JPY50.0 billion from the previous announcement.

Business Profit is expected to be JPY90.0 billion in H1 and JPY215.0 billion for the full year. Profit excluding inventory valuation is JPY60.0 billion in H1 and JPY185.0 billion for the full year, with a higher outlook for H2, and all figures remain unchanged from the previous announcement.

Profit attributable to owners of the parent is expected to be JPY65.0 billion in H1 and JPY150.0 billion for the full year. This is the same as the previous announcement, and we expect an increase in profit of JPY79.9 billion compared to the previous fiscal year.

Financial Forecast for Fiscal Year 2026 (by Segment)

(billions of yen)	FY2025 Actual 1H	FY2025 Actual Full year	FY2026 Forecast (Previous) Full year	FY2026 Forecast(Updated) 1H	FY2026 Forecast(Updated) Full year	Change (FY2025 vs FY2026) Full year	Change (Previous vs Updated) Full year
Steel Business	1,537.4	3,088.4	3,280.0	1,640.0	3,350.0	+261.6	+70.0
Engineering Business	287.0	599.7	620.0	290.0	620.0	+20.3	0
Trading Business	647.5	1,333.0	1,400.0	700.0	1,400.0	+67.0	0
Adjustments	(239.4)	(481.9)	(500.0)	(250.0)	(520.0)	(38.1)	(20.0)
Revenue	**2,232.6**	**4,539.2**	**4,800.0**	**2,380.0**	**4,850.0**	**+310.8**	**+50.0**
Business Profit (A) **[Excluding Inventory Valuation etc.]**	**45.7** **[93.7]**	**135.3** **[166.3]**	**215.0** **[185.0]**	**90.0** **[60.0]**	**215.0** **[185.0]**	**+79.7** **[+18.7]**	**0**
Finance Income/Cost (B)	(11.5)	(24.7)	(40.0)	(20.0)	(40.0)	(15.3)	0
Steel Business [Excluding Inventory Valuation etc.]	(5.3) [42.7]	38.0 [69.0]	100.0 [70.0]	30.0 [0]	100.0 [70.0]	+62.0 [+1.0]	0
Engineering Business	12.6	23.9	25.0	13.0	25.0	+1.1	0
Trading Business	21.9	40.2	45.0	22.5	45.0	+4.8	0
Adjustments	4.8	8.4	5.0	4.5	5.0	(3.4)	0
Segment Profit (A)+(B) [Excluding Inventory Valuation etc.]	**34.1** **[82.1]**	**110.5** **[141.5]**	**175.0** **[145.0]**	**70.0** **[40.0]**	**175.0** **[145.0]**	**+64.5** **[+3.5]**	**0**

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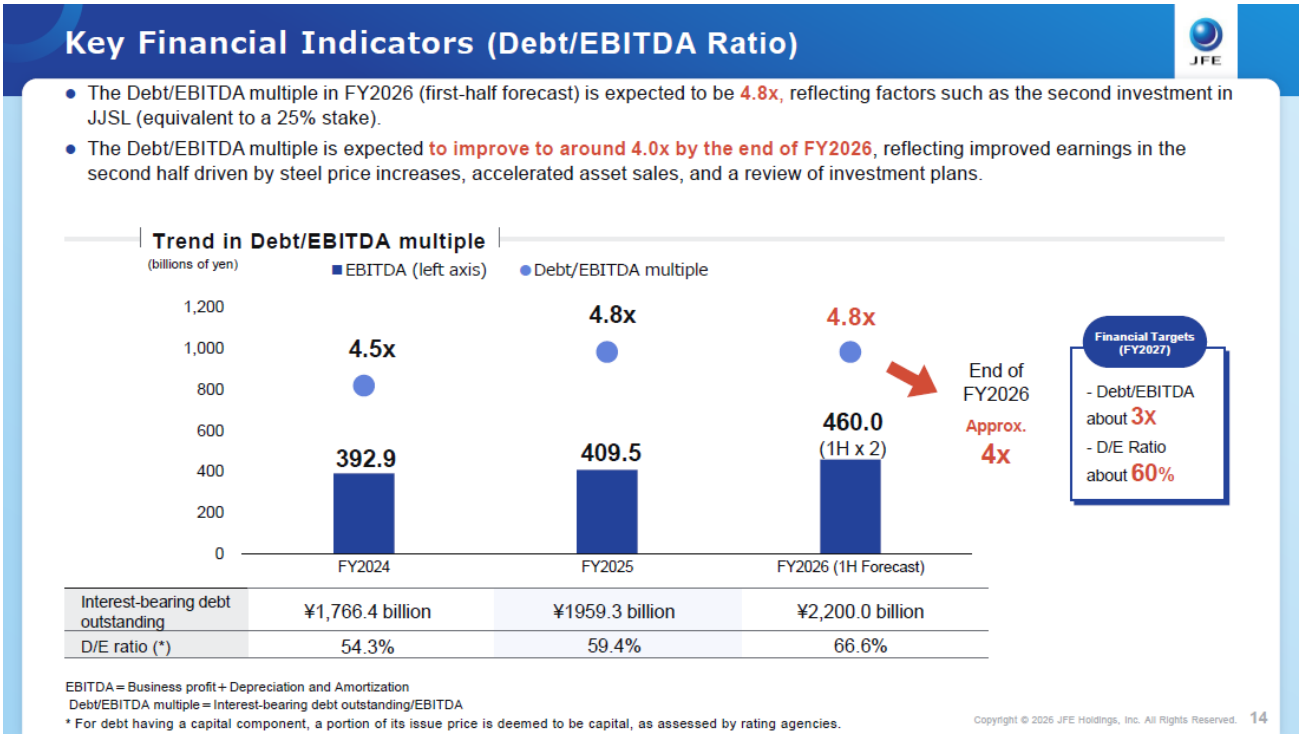
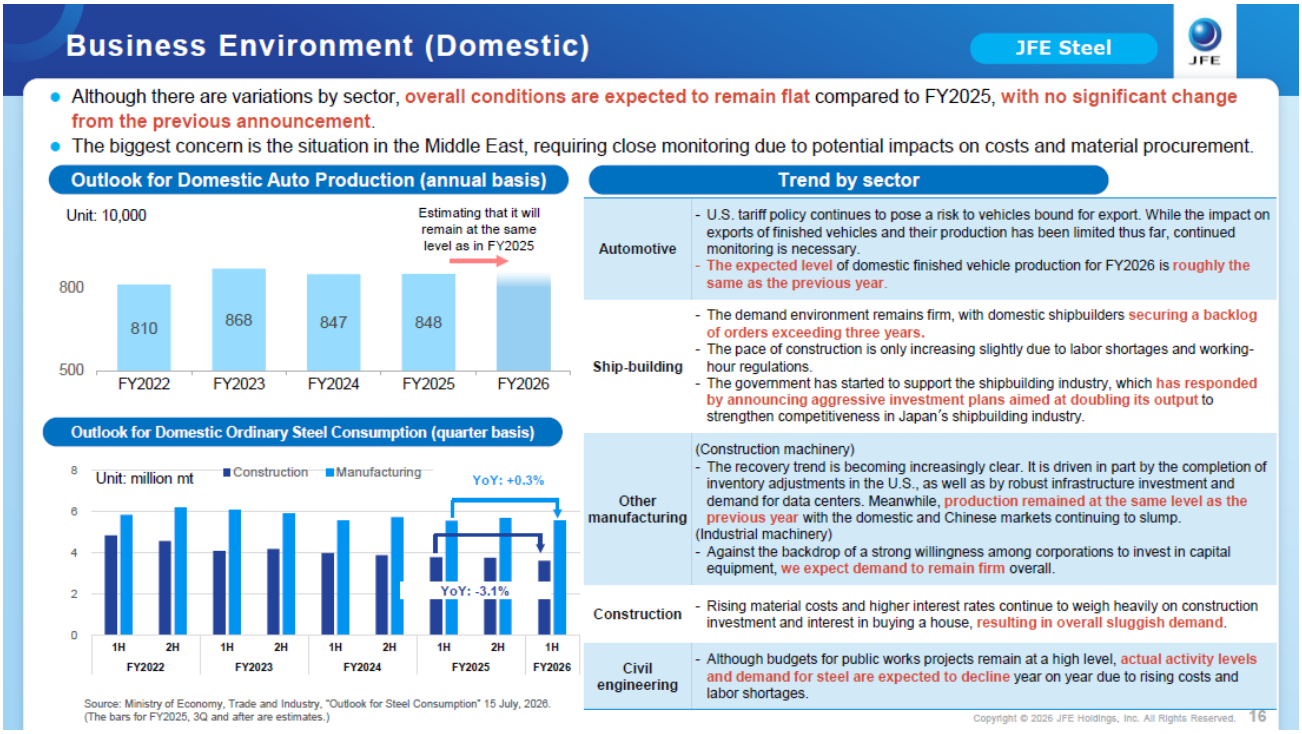
This shows revenue and segment profit broken down by segment. Revenue will increase in all segments. Segment profit also remained as previously announced, with increases compared to the previous fiscal year across all segments. We will explain segment details later.



Page 14 shows financial indicators. At the bottom of the graph below, you can see the interest-bearing debt balance. For the H1 FY2026 outlook, it will be JPY2.2 trillion, which represents an increase of over JPY200.0 billion compared to the end of FY2025. The D/E ratio is expected to be 66.6%.

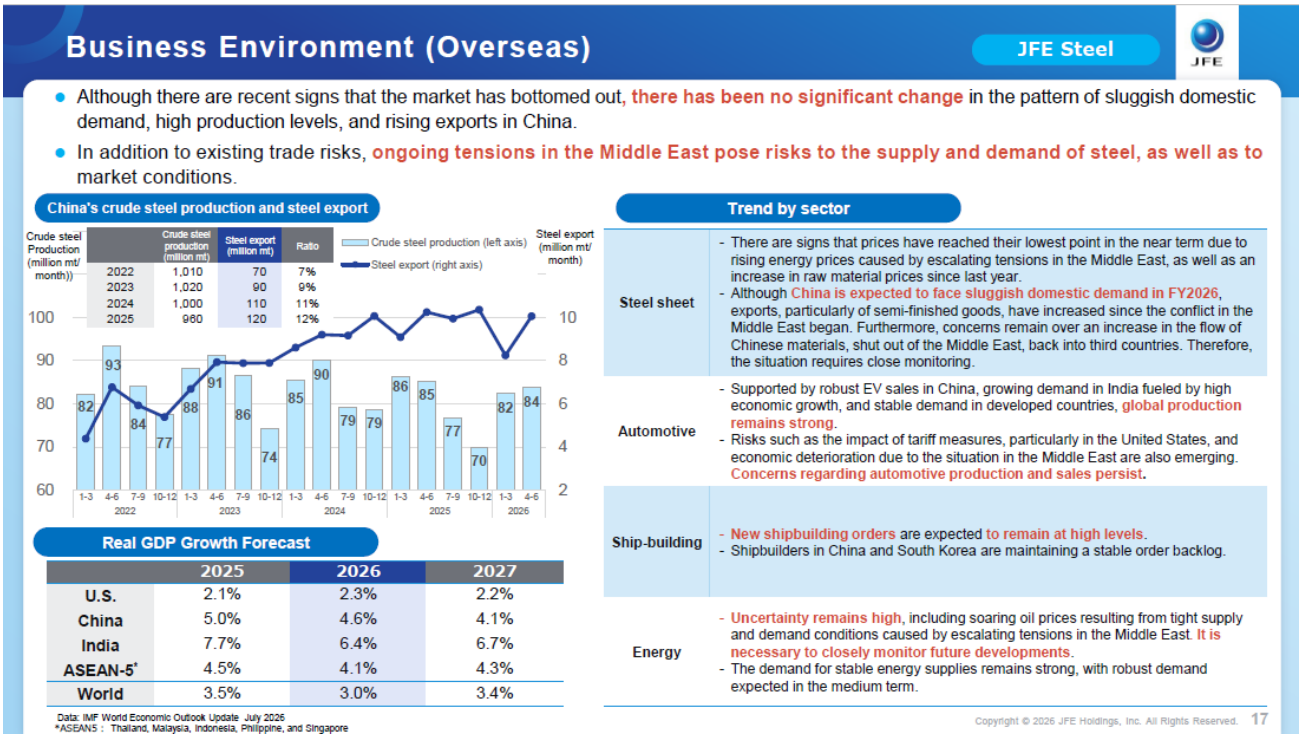
The bar chart above shows the trend in EBITDA. Two times the FY2026 first-half EBITDA is expected to be JPY460.0 billion. As a result, the Debt/EBITDA multiple for the FY2026 first-half outlook is expected to be 4.8x, remaining at a high level comparable to that at the end of FY2025. This reflects the impact of the second investment in JJSL made at the end of June, among other factors.

We expect the Debt/EBITDA multiple to improve to around four times by the end of FY2026, reflecting profit improvement from steel price increases and other factors in H2, as well as the promotion of asset sales and the review of investment plans.



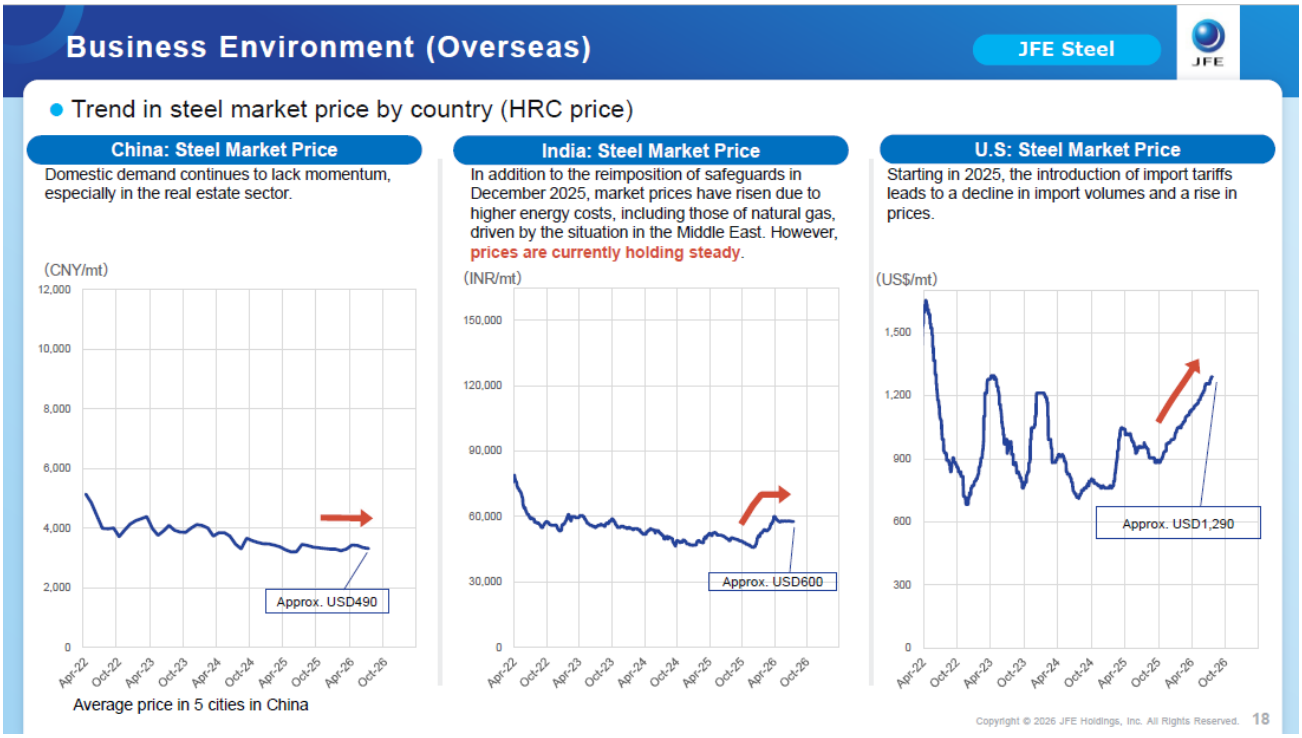
Now, let me move on to each segment, starting with the steel business. We assume that domestic steel demand will remain generally flat from 2025 onward, with no major changes from our previous announcement. We view the Middle East situation as a concern and believe we need to closely monitor its potential impact on cost increases and material procurement going forward.

Looking at the graph on the left showing automobile production volumes, as you can see, we are projecting approximately 8.5 million units, nearly the same level as 2025. Regarding the forecast for ordinary steel product consumption below, the light blue represents the steel product demand forecast for the manufacturing sector, which remains nearly flat compared to one year ago. However, the dark blue, representing construction materials, shows a decline of 3.1% YoY, continuing the downward trend due to construction costs and labor shortages.



Regarding overseas demand, although market conditions are showing signs of bottoming out, partly due to the impact of the situation in the Middle East, there has been no significant change in the weakness of domestic demand in China or in elevated export volumes. In addition to the trade risks we have been monitoring, we also view the situation in the Middle East as a risk factor.

The chart on the left shows China's crude steel production and steel product exports. As indicated by the bar graph, crude steel production has declined slightly from the same period of the previous year. However, steel product exports averaged more than 10 million tonnes per month during the April-June period, and we believe market conditions remain challenging.



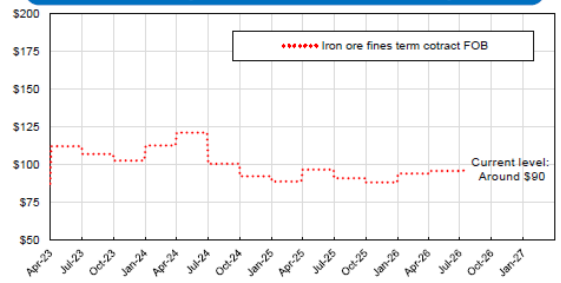
This shows the overseas market conditions in major markets, and as you can see, China continues to lack strength and remains sluggish in demand. Regarding India, although prices have risen due to safeguard measures and other factors, demand has remained flat recently with the arrival of the monsoon season. On the other hand, regarding the US, import tariffs are having an impact, and prices continue to rise.

Raw Materials' Market Trends

JFE Steel

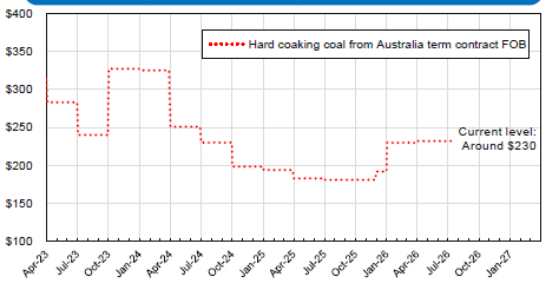
- Iron ore: We expect **the price to remain at its current level for the time being (approx. FOB$90)**, given that there have been no significant changes to supply or demand.
- Coking coal: Although demand from major markets such as India and China appears weak, there are also supply-side factors. These include continued production cuts in China due to coal mine accidents and production shortfalls at some Australian coal mines. We anticipate that **it will remain at its current level (approx. FOB$230) in the near future**.

Iron ore (Iron ore fines from Australia) (US$/DMT)



Term contract FOB (US$/DMT)	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
FY2023	112	107	103	113
FY2024	121	101	92	89
FY2025	97	91	88	94
FY2026	96	96	-	-

Coking coal (Hard coking coal from Australia) (US$/WMT)



Term contract FOB (US$/WMT)	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
FY2023	283	240	327	325
FY2024	251	230	198	194
FY2025	183	181	192	230
FY2026	232	-	-	-

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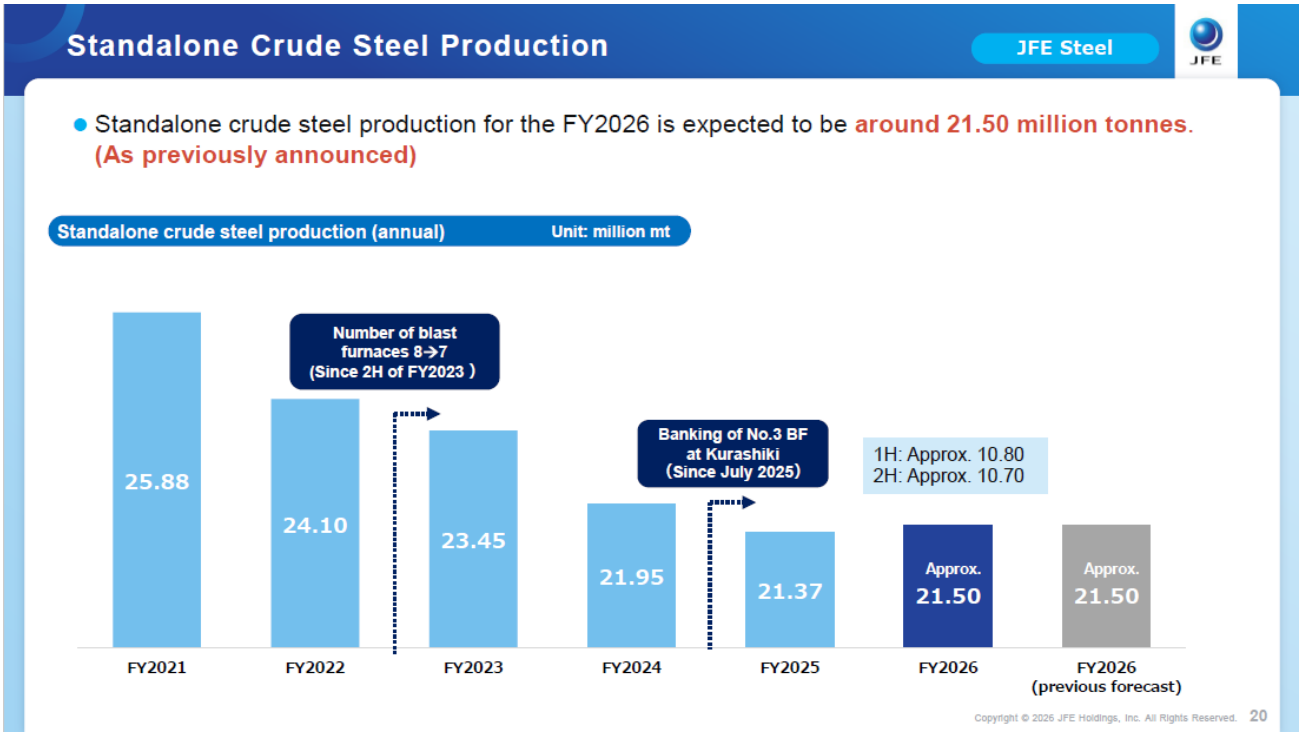
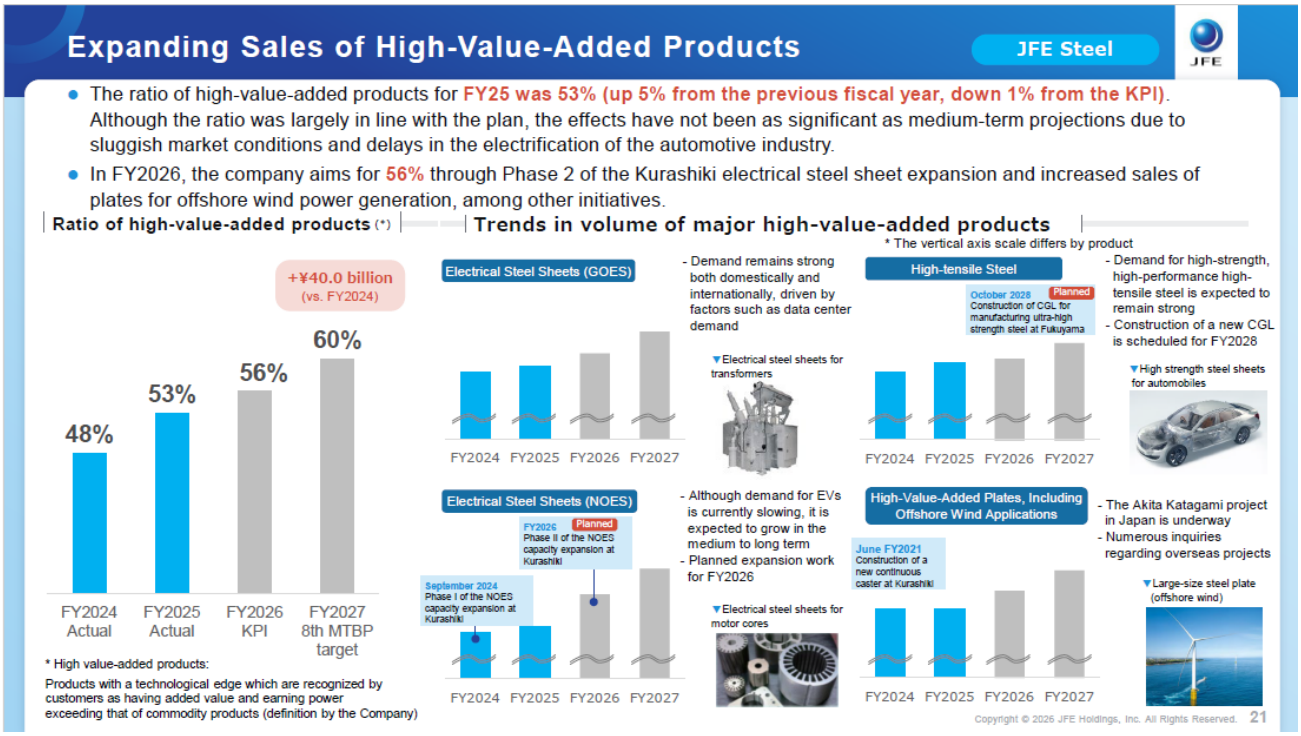
This shows raw material market conditions. Basically, we have incorporated into our financial forecast the assumption that both iron ore and coking coal will continue at their current price levels.



Regarding crude steel production, it will be 21.5 million tonnes for FY2026, which is unchanged from the previous outlook. We expect H1 and H2 to be at roughly the same level.



We are currently working to increase the share of high-value-added products as part of our profit improvement initiatives, and we have included our FY2025 results against the KPI shown here. Against the KPI of 54%, we achieved 53%.

For FY2026, we are targeting a KPI of 56%, driven by the gradual startup of the second phase of the electrical steel sheet capacity expansion at Kurashiki from the second half of the fiscal year and expanded sales of steel plate products, particularly for offshore wind power applications.

For reference, the chart on the right shows volume trends for our major high-value-added products. Please note that the scale of the vertical axis differs by product category. While market conditions remain challenging, we will work toward achieving our KPI through a combination of capacity expansion and sales growth.

Impact of Situation in the Middle East

- The cost impact on first–quarter profit was approximately 15.0 billion yen.
- Although predicting future trends is difficult, we have factored in **approximately 60.0 billion yen per year in our full-year forecast**.
  - ✓ Factored the assumption that **WTI crude oil price of $80/bbl from July onward** into the cost.
  - ✓ In addition to the bunker fuel, the impact of the Middle East has been factored into the account for costs associated with gas and electricity contracts, materials, and other procurement expenses, considering the timing of these events.
  - ✓ The forecast also considers the cost impact on group companies.
- We are working to promptly pass the increased costs on to selling prices.

Breakdown on impact on costs

(billions of yen)

		1Q (actual)	Full-year (forecast)
Impact on Sales		No Material Impact	
Raw Materials and Supplies	Supply Concerns (Impact on Operations)	No Material Impact	
	Market Changes	Approx. 15.0 *included in the figure shown on the right	Approx. 60.0
Increased Transportation Costs, etc. (Including the impact on group companies)			

WTI crude oil prices



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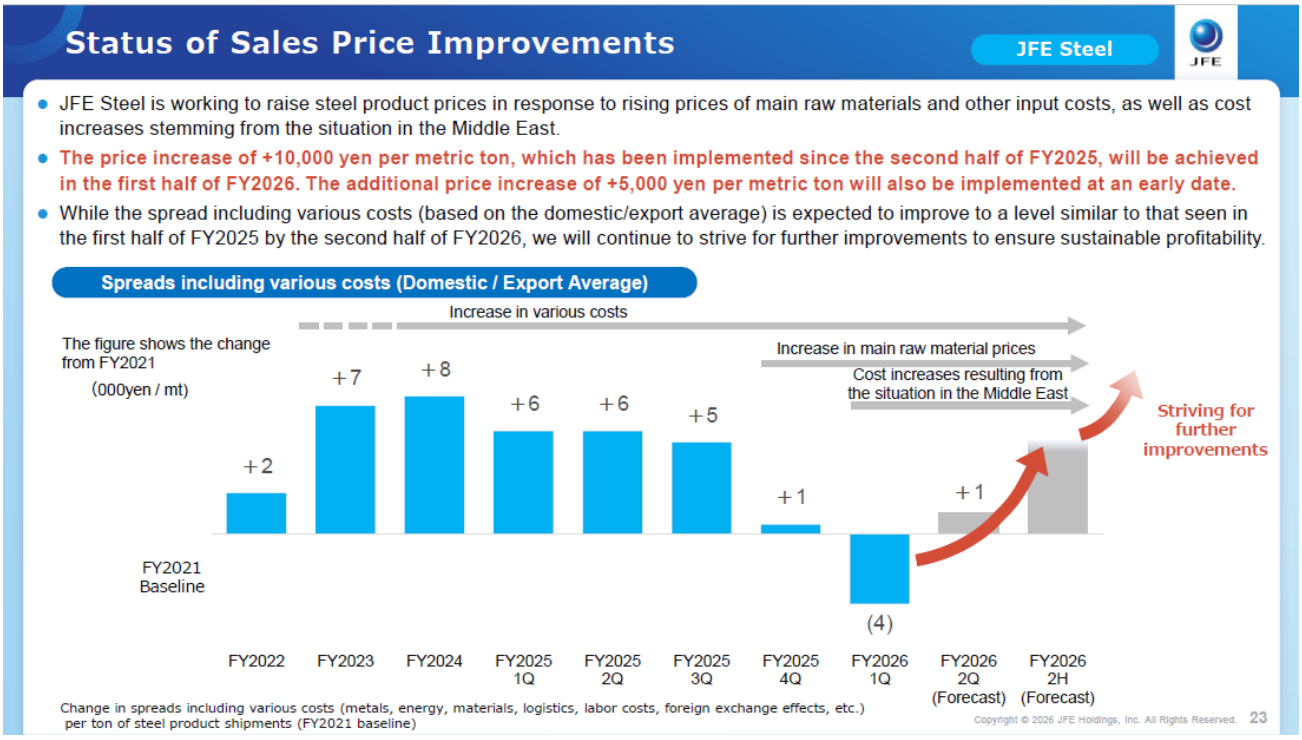
Regarding the situation in the Middle East, as mentioned at the beginning, the cost impact in Q1 was approximately JPY15.0 billion. Regarding the full-year outlook, we have factored in approximately JPY60.0 billion, assuming WTI continues at USD80. At this stage, we do not expect any significant impact on sales or procurement.



In response to rising costs for main raw materials and various other prices, including those stemming from the situation in the Middle East, we are working to raise steel product prices.

As mentioned earlier, we began implementing price increases in the second half of FY2025. We expect to achieve the initial JPY10,000 per tonne increase during the first half of FY2026, and we are also aiming to realize an additional JPY5,000 per tonne increase as early as possible.

For reference, the chart below shows the trend in spreads, including various cost increases, indexed to FY2021 and expressed on a per-tonne shipment basis. Spreads improved steadily from FY2021 through FY2024. However, from the second half of FY2024 onward, spreads continued to deteriorate due to rising costs and weak steel product market conditions.

In these situations, coking coal prices surged in the fourth quarter of FY2025, and from the first quarter of FY2026, additional cost increases resulting from the situation in the Middle East began to emerge. As a result, spreads declined significantly in the first quarter of FY2026.

Under these circumstances, as we gradually implement steel price increases, we expect spreads to recover to around the level seen in the first half of FY2025 by the second half of FY2026. However, this level cannot yet be considered sustainable from a profitability standpoint, and we will continue working to achieve further improvements.

JFE Steel Financial Results for Fiscal Year 2026

JFE Steel

	Unit	FY2025							FY2026					FY2026 Previous Forecast (Full Year)
		1Q	2Q	1H	3Q	4Q	2H	Full year	1Q	2Q	1H	2H	Full year	
Revenue	billions of yen	761.2	776.2	1,537.4	773.8	777.2	1,551.0	3,088.4	763.5	876.5	1,640.0	1,710.0	3,350.0	3,280.0
Segment Profit	billions of yen	(12.1)	6.8	(5.3)	28.6	14.7	43.3	38.0	3.0	27.0	30.0	70.0	100.0	100.0
Excluding Inventory Valuation etc.*	billions of yen	16.9	25.8	42.7	26.6	(0.3)	26.3	69.0	(15.0)	(15.0)	0.0	70.0	70.0	70.0
			—											
Crude Steel (Standalone)	million mt	5.28	5.52	10.80	5.32	5.25	10.57	21.37	5.25	Approx. 5.60	Approx. 10.80	Approx. 10.70	Approx. 21.50	Approx. 21.50
Crude Steel (Consolidated)	million mt	5.61	5.81	11.42	5.59	5.54	11.13	22.55	5.56	Approx. 5.90	Approx. 11.40			
Shipment (Standalone)	million mt	4.71	4.82	9.53	4.72	4.61	9.33	18.86	4.54	Approx. 4.90	Approx. 9.40			
Export Ratio on Value Basis (Standalone)	%	39.9	42.8	41.3	40.3	40.1	40.2	40.8	39.3	Approx. 43	Approx. 41			
Average Sales Price (Standalone)	000 yen / mt	120.4	119.2	119.8	120.0	123.4	121.7	120.7	124.2	Approx. 134	Approx. 129			
Exchange Rate	¥/US$	145.3	147.0	146.2	153.2	155.3	154.3	150.2	159.9	Approx. 160	Approx. 160	Approx. 160	Approx. 160	Approx. 155
Exchange Rate (End of Term)	¥/US$	144.8	148.9	148.9	156.6	159.9	159.9	159.9	162.4	Approx. 160	Approx. 160	Approx. 160	Approx. 160	Approx. 155

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

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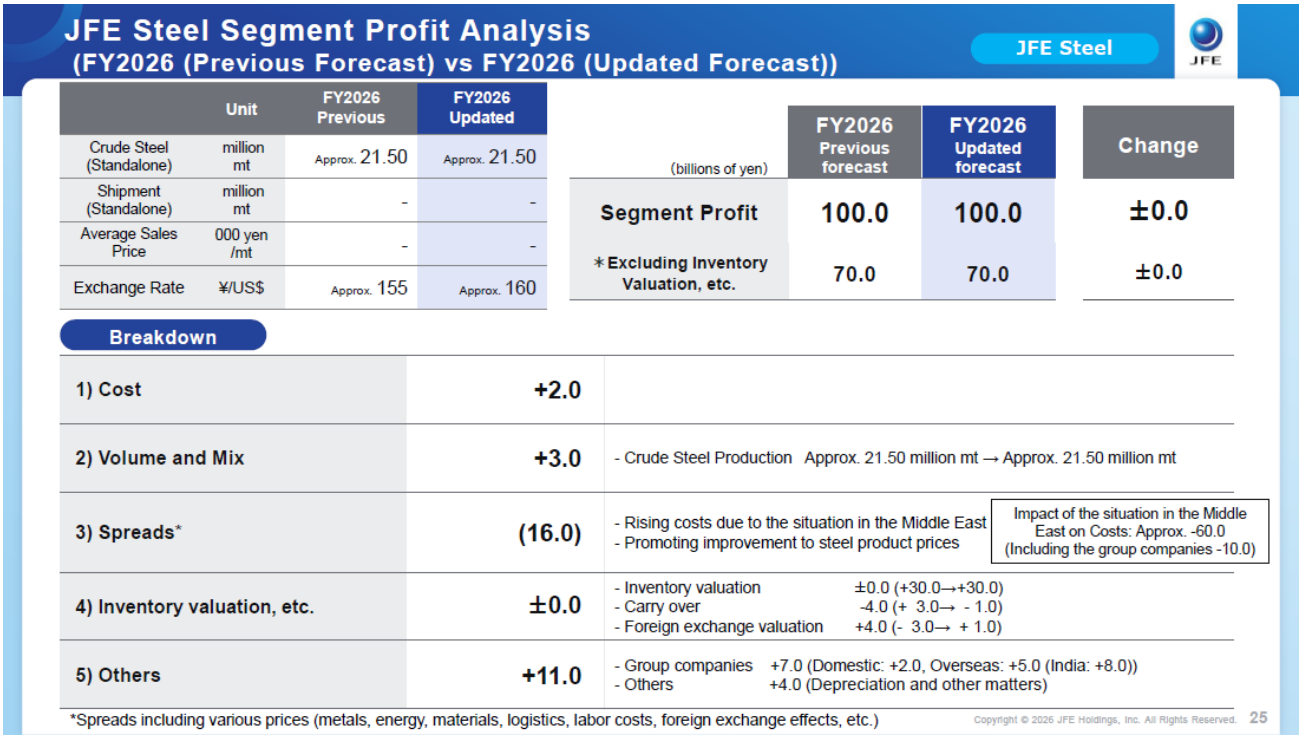
This shows financial forecast of the steel business. In the bottom half of the table, crude steel production is as we explained earlier. Shipments will be 9.4 million tonnes, almost the same level as FY2025. The export ratio also will be 41%, with no significant changes. Regarding the average steel price, we expect it to increase by approximately JPY10,000 per tonne from JPY124,000 in April-June to July-September. Our assumed exchange rate is JPY160 per U.S. dollar for both H1 and H2.



JFE Steel Segment Profit Analysis
(FY2026 (Previous Forecast) vs FY2026 (Updated Forecast))

JFE Steel

	Unit	FY2026 Previous	FY2026 Updated
Crude Steel (Standalone)	million mt	Approx. 21.50	Approx. 21.50
Shipment (Standalone)	million mt	-	-
Average Sales Price	000 yen /mt	-	-
Exchange Rate	¥/US$	Approx. 155	Approx. 160

(billions of yen)	FY2026 Previous forecast	FY2026 Updated forecast	Change
Segment Profit	100.0	100.0	±0.0
＊Excluding Inventory Valuation, etc.	70.0	70.0	±0.0

Breakdown

1) Cost	+2.0	
2) Volume and Mix	+3.0	- Crude Steel Production Approx. 21.50 million mt → Approx. 21.50 million mt
3) Spreads*	(16.0)	- Rising costs due to the situation in the Middle East - Promoting improvement to steel product prices Impact of the situation in the Middle East on Costs: Approx. -60.0 (Including the group companies -10.0)
4) Inventory valuation, etc.	±0.0	- Inventory valuation ±0.0 (+30.0→+30.0) - Carry over -4.0 (+ 3.0→ - 1.0) - Foreign exchange valuation +4.0 (- 3.0→ + 1.0)
5) Others	+11.0	- Group companies +7.0 (Domestic: +2.0, Overseas: +5.0 (India: +8.0)) - Others +4.0 (Depreciation and other matters)

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

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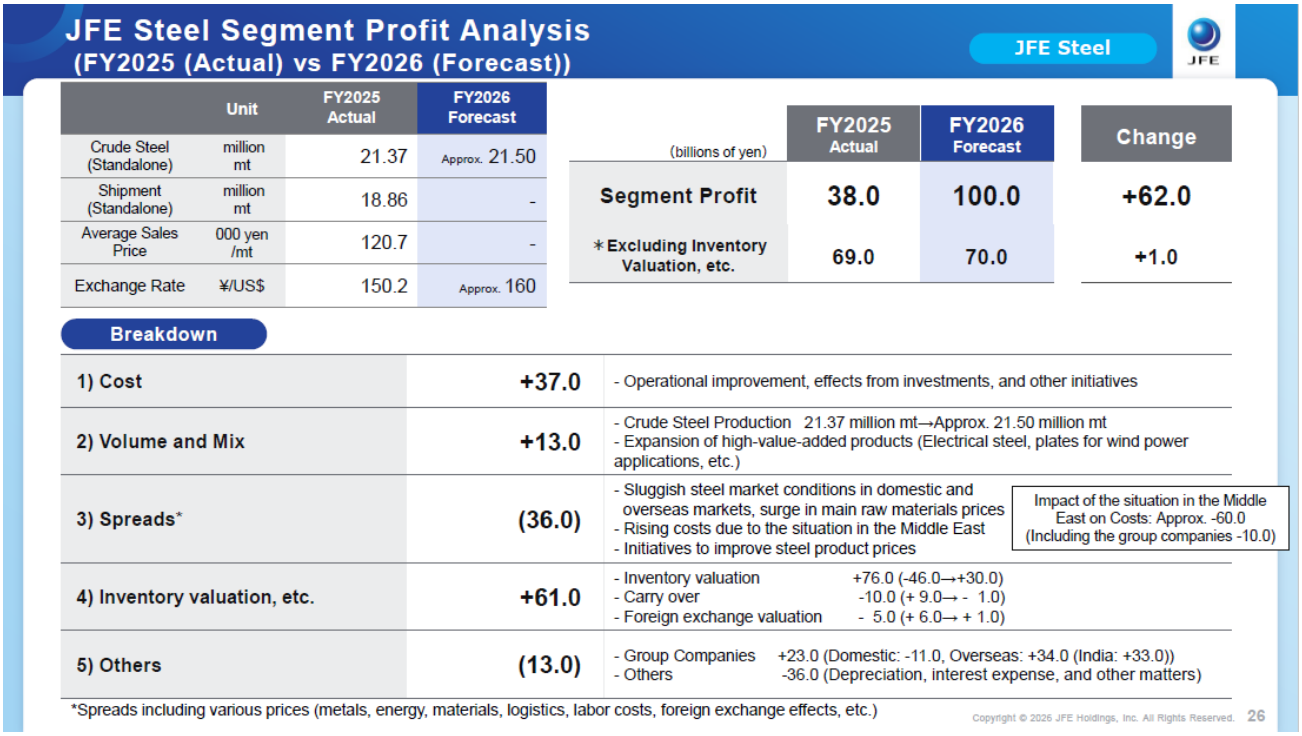
This shows the previous and current forecasts. The foreign exchange rate is expected to be weakened by JPY5 per USD. Segment profit remains unchanged, but breaking down the details, cost reductions and primarily improvements in product mix, items one and two, amount to a positive JPY5.0 billion.

Regarding spreads, as shown on the right, costs have increased by JPY50.0 billion due to the impact of the situation in the Middle East, excluding group companies. While we are working to raise steel prices to offset these cost increases, there is a time lag before such price increases are fully realized. As a result, spreads are expected to decline by JPY16.0 billion.

Of the JPY11.0 billion included in “Others,” JPY7.0 billion reflects higher profit from group companies, mainly driven by the strong recent performance of JSW in India.



JFE Steel Segment Profit Analysis
(FY2025 (Actual) vs FY2026 (Forecast))

JFE Steel

	Unit	FY2025 Actual	FY2026 Forecast
Crude Steel (Standalone)	million mt	21.37	Approx. 21.50
Shipment (Standalone)	million mt	18.86	-
Average Sales Price	000 yen /mt	120.7	-
Exchange Rate	¥/US$	150.2	Approx. 160

(billions of yen)	FY2025 Actual	FY2026 Forecast	Change
Segment Profit	38.0	100.0	+62.0
＊Excluding Inventory Valuation, etc.	69.0	70.0	+1.0

Breakdown

1) Cost	+37.0	- Operational improvement, effects from investments, and other initiatives
2) Volume and Mix	+13.0	- Crude Steel Production 21.37 million mt→Approx. 21.50 million mt - Expansion of high-value-added products (Electrical steel, plates for wind power applications, etc.)
3) Spreads*	(36.0)	- Sluggish steel market conditions in domestic and overseas markets, surge in main raw materials prices - Rising costs due to the situation in the Middle East - Initiatives to improve steel product prices Impact of the situation in the Middle East on Costs: Approx. -60.0 (Including the group companies -10.0)
4) Inventory valuation, etc.	+61.0	- Inventory valuation +76.0 (-46.0→+30.0) - Carry over -10.0 (+ 9.0→ - 1.0) - Foreign exchange valuation - 5.0 (+ 6.0→ + 1.0)
5) Others	(13.0)	- Group Companies +23.0 (Domestic: -11.0, Overseas: +34.0 (India: +33.0)) - Others -36.0 (Depreciation, interest expense, and other matters)

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

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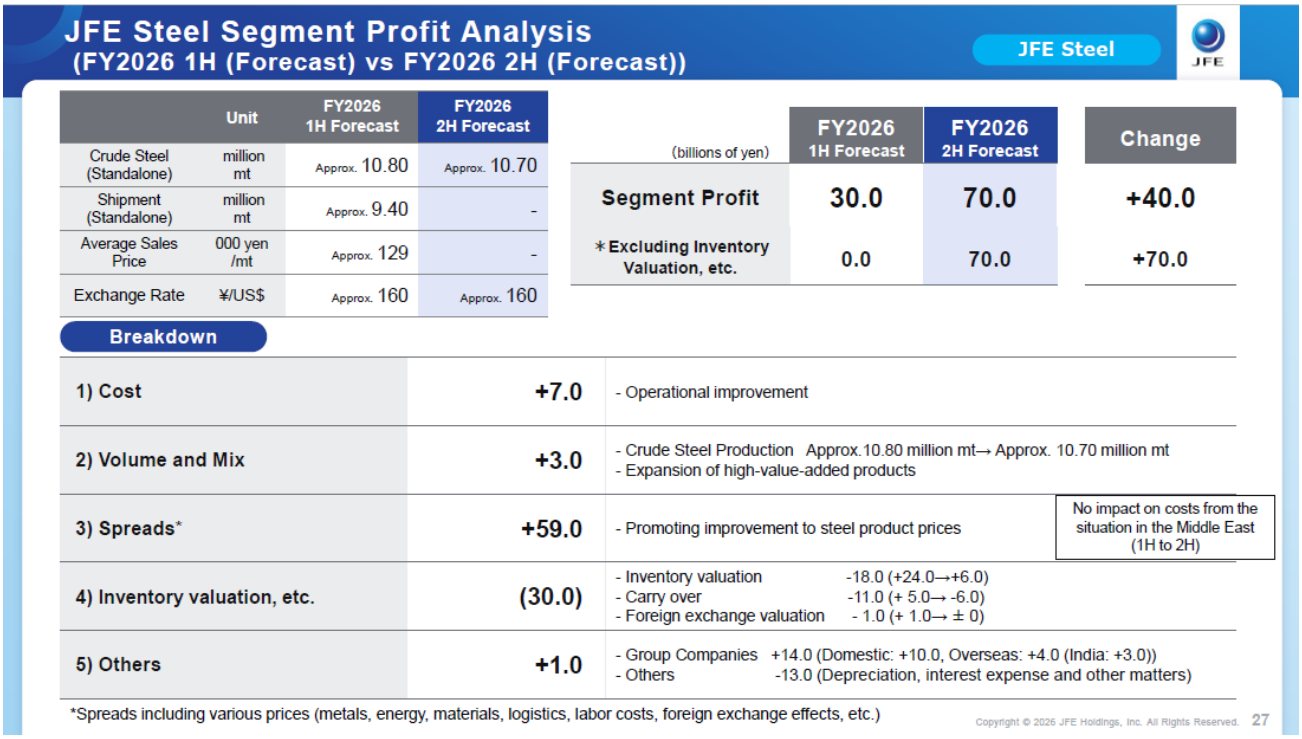
This Page compares this analysis with FY2025.

While I will not go into the details, compared with FY2025, we have factored in the impact of higher raw material prices as well as increases in depreciation and interest expenses. In addition, we have incorporated JPY60.0 billion of cost impacts related to the situation in the Middle East.

Against this backdrop of a deteriorating business environment, we have been working first on cost reductions and second on expanding high-value-added products. Combined with steel price increases and earnings contributions from our Indian group companies, including JSW and JJSL, we expect profit excluding inventory valuation to improve by JPY1.0 billion.

In that sense, it also represents a negative spread, so we need to continue working on improvements going forward.



JFE Steel Segment Profit Analysis
(FY2026 1H (Forecast) vs FY2026 2H (Forecast))

JFE Steel

	Unit	FY2026 1H Forecast	FY2026 2H Forecast
Crude Steel (Standalone)	million mt	Approx. 10.80	Approx. 10.70
Shipment (Standalone)	million mt	Approx. 9.40	-
Average Sales Price	000 yen /mt	Approx. 129	-
Exchange Rate	¥/US$	Approx. 160	Approx. 160

(billions of yen)	FY2026 1H Forecast	FY2026 2H Forecast	Change
Segment Profit	30.0	70.0	+40.0
＊Excluding Inventory Valuation, etc.	0.0	70.0	+70.0

Breakdown

1) Cost	+7.0	- Operational improvement
2) Volume and Mix	+3.0	- Crude Steel Production Approx.10.80 million mt→ Approx. 10.70 million mt - Expansion of high-value-added products
3) Spreads*	+59.0	- Promoting improvement to steel product prices
4) Inventory valuation, etc.	(30.0)	- Inventory valuation -18.0 (+24.0→+6.0) - Carry over -11.0 (+ 5.0→ -6.0) - Foreign exchange valuation - 1.0 (+ 1.0→ ± 0)
5) Others	+1.0	- Group Companies +14.0 (Domestic: +10.0, Overseas: +4.0 (India: +3.0)) - Others -13.0 (Depreciation, interest expense and other matters)

No impact on costs from the situation in the Middle East (1H to 2H)

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

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Next, we will compare H1 and H2 in FY2026. Crude steel production will decrease by approximately 100,000 tonnes. Regarding Segment profit, it will increase by JPY40.0 billion, with the breakdown shown below.

Regarding cost reduction, operational improvements will contribute JPY7.0 billion from H1 to H2. For volume and product mix, while volume will decrease, expansion of high-value-added products will contribute positive JPY3.0 billion.

Regarding spreads, we expect no change in costs related to Middle East conditions between H1 and H2, and have included positive JPY59.0 billion primarily from improvements in steel product prices.

Inventory valuation differences will be negative JPY30.0 billion, and for other items, although there are improvements in group companies especially in Japan and India, the breakdown shows a positive JPY1.0 billion, mainly due to timing differences in expense recognition and seasonal factors such as fixed asset taxes.

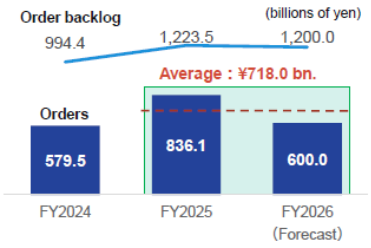
JFE Engineering Financial Forecast for Fiscal Year 2026

JFE Engineering

Current business environment/Overview of profit and loss

- While order intake is expected to decline from FY2025 (a record high), when large-scale projects were concentrated, **the order backlog is expected to remain at a high level**.
- Through the steady execution of projects already secured, including the offshore wind monopile business, segment profit is expected to reach **25.0 billion yen**. (Up 1.1 billion yen from the previous fiscal year, **as previously announced**)

Progress of Orders and Order backlog



Financial forecast

(billions of yen)	FY2025 Actual 1H	FY2025 Actual 2H	FY2025 Actual Full year	FY2026 Forecast (previous) Full year	FY2026 Forecast (Updated) 1H	FY2026 Forecast (Updated) 2H	FY2026 Forecast (Updated) Full year	Change (vs FY2025) Full year	Change (vs previous forecast) Full year
Orders	363.0	473.1	836.1	600.0	290.0	310.0	600.0	(236.1)	0
Revenue	287.0	312.7	599.7	620.0	290.0	330.0	620.0	+20.3	0
Segment profit	12.6	11.3	23.9	25.0	13.0	12.0	25.0	+1.1	0

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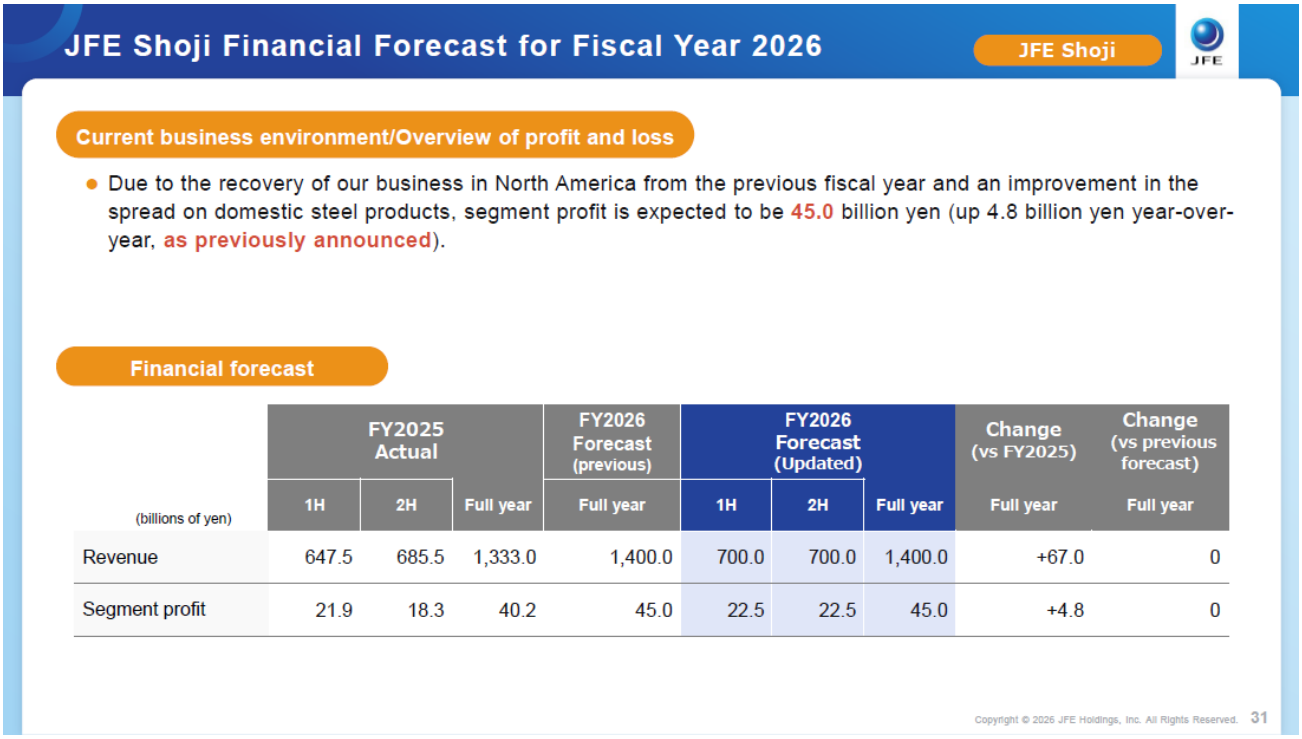
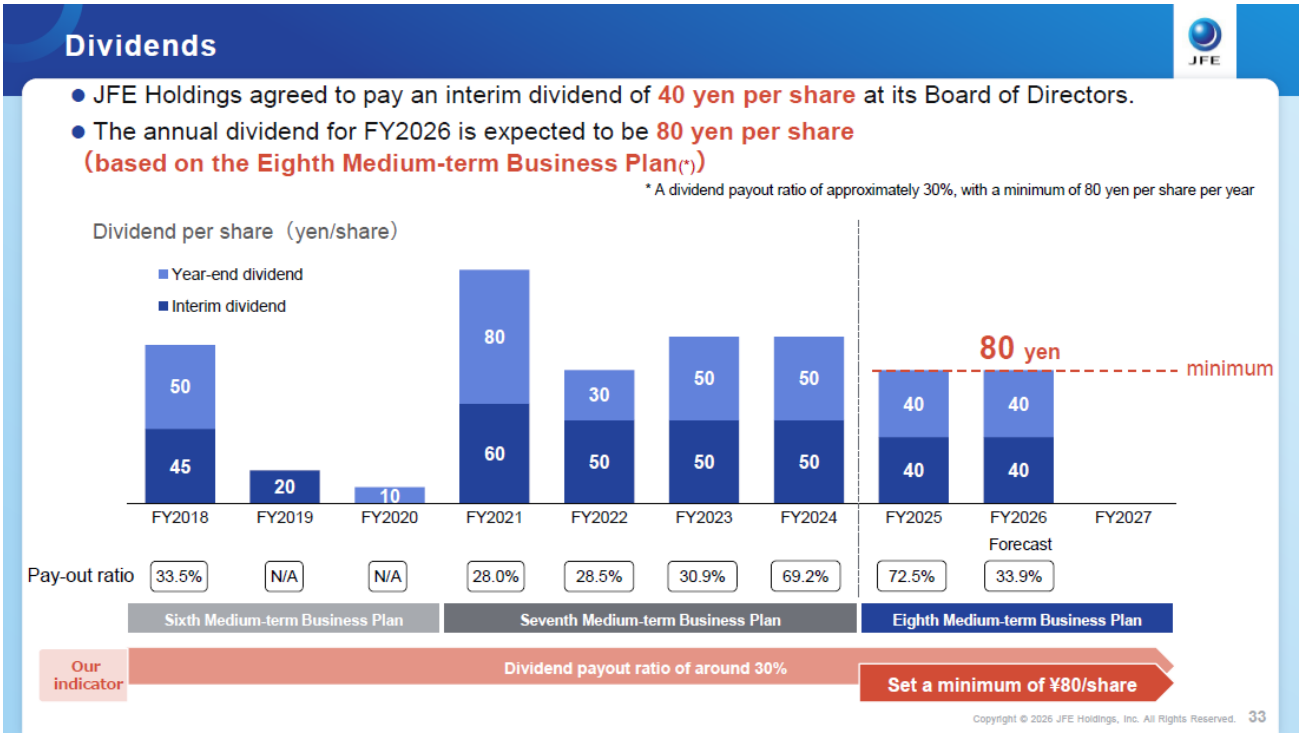
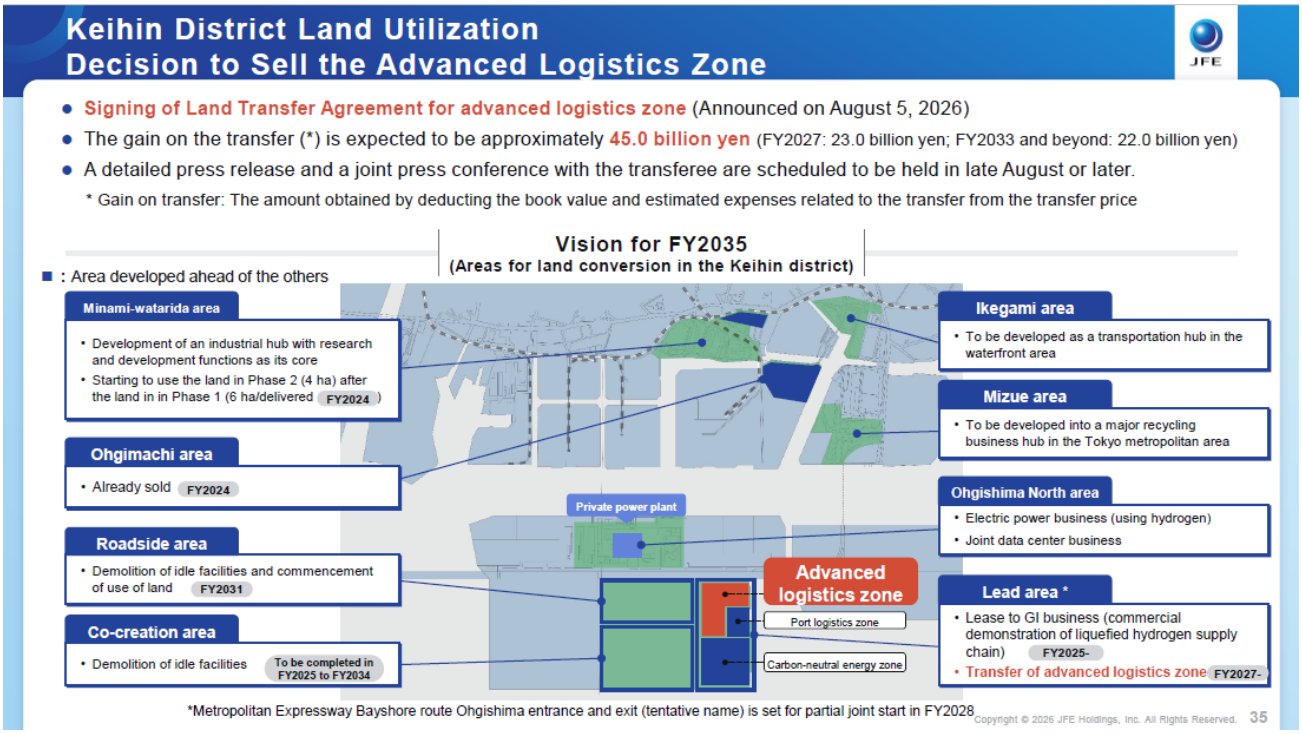
Next is the engineering business. Order intake is JPY600.0 billion as previously announced, which will decline from FY2025 but still remains at the second-highest level in our history. Order backlog is also expected to remain at a high level of JPY1.2 trillion, as shown in the graph on the right. Segment profit is expected to be JPY25.0 billion. As previously announced, we will steadily execute projects already received, such as offshore wind power projects.



Next is the trading business. As shown in the table below, revenue will be JPY1.4 trillion and segment profit will be JPY45.0 billion, which is in line with the previous announcement, representing an increase of JPY4.8 billion compared to the previous fiscal year. This reflects the expected recovery in business in North Americas and improving spreads in domestic steel products.

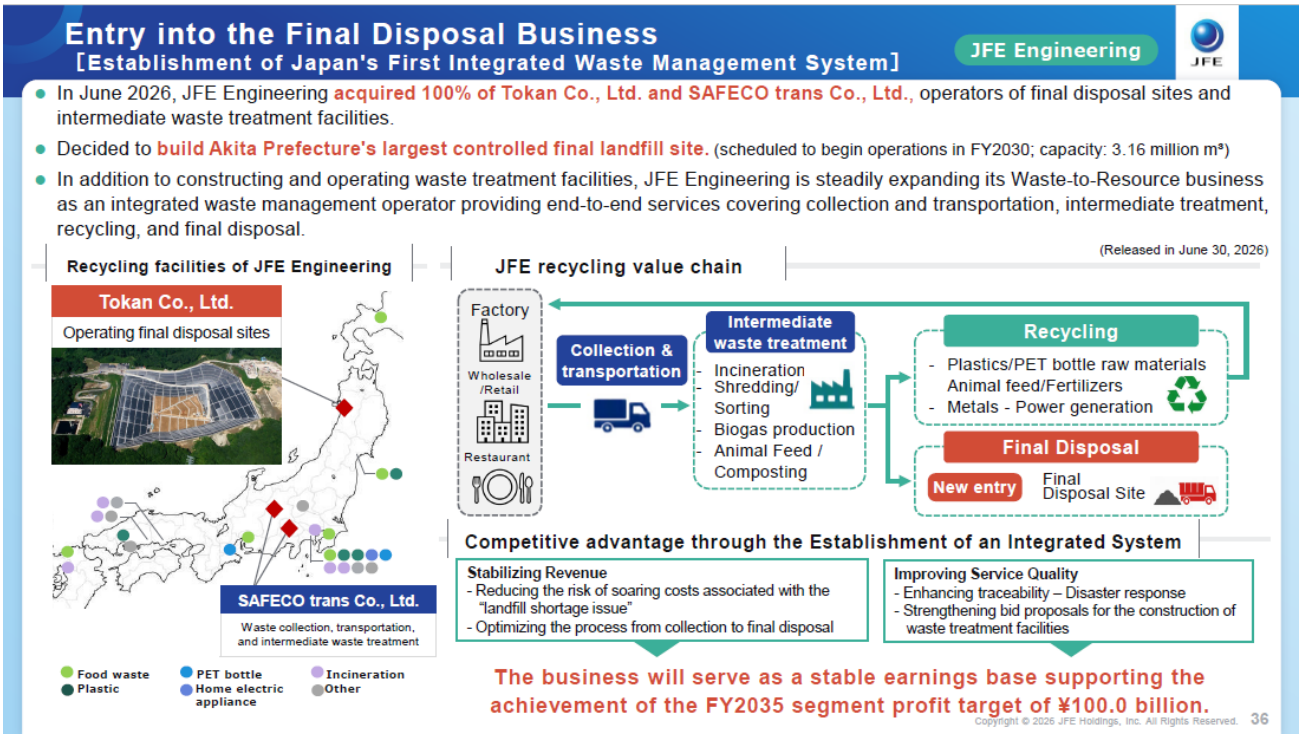


The interim dividend is expected to be JPY40 per share, and the annual dividend is expected to be JPY80 per share.



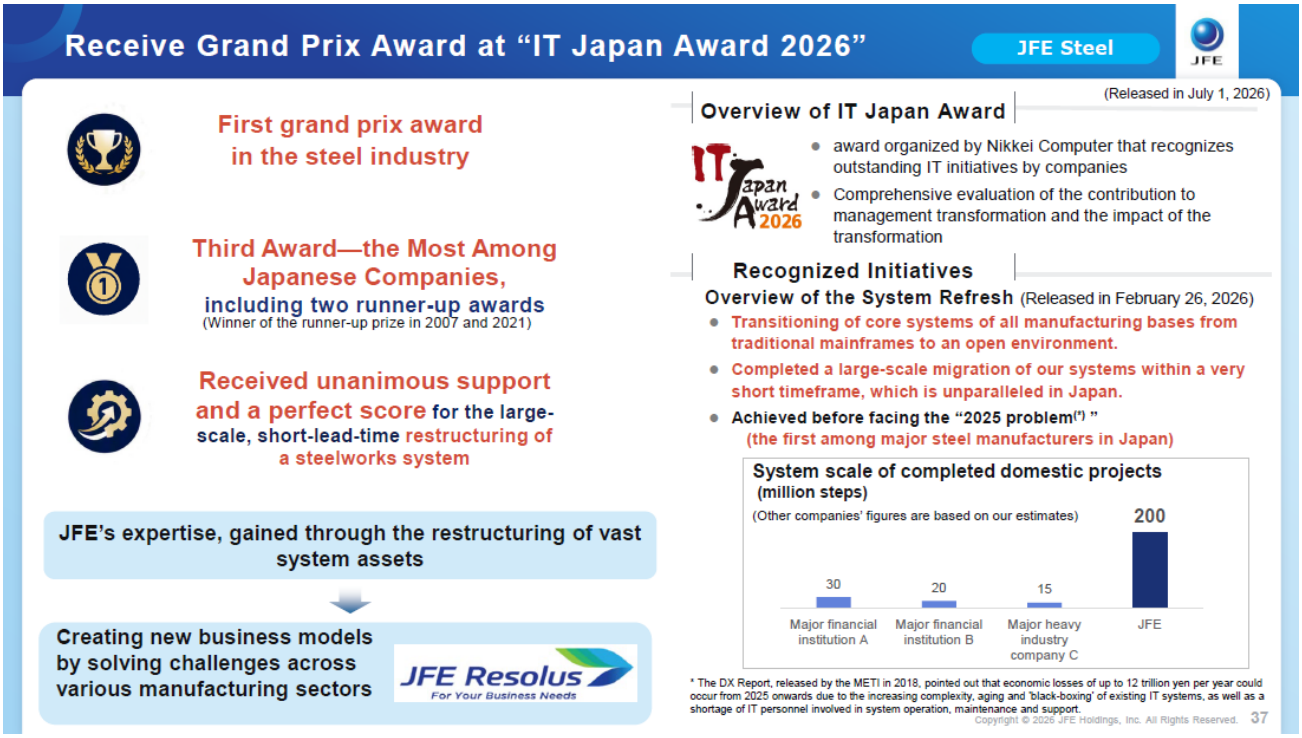
We have prepared three topics.

First, utilization of land at Keihin. The red area on the map below is the advanced logistics zone, which covers approximately 18 hectares. We have concluded a land transfer agreement for this property. The transferee is not disclosed at this time, but we expect a gain on sale of approximately JPY45.0 billion. The transfer is expected to occur in multiple stages, with approximately JPY23.0 billion, roughly half of the total, to be recorded in FY2027 when the first transfer takes place. We plan to provide details through a press release and a joint press conference in late August and beyond.



The next topic is JFE Engineering's entry into the final disposal site business which was announced at the end of June. We acquired all shares of Tokan Co., Ltd, which operates final disposal sites, and SAFECO trans Co., Ltd, which operates intermediate treatment businesses. We also decided to construct the largest final disposal site in Akita Prefecture.

In addition to the conventional construction and operation of waste treatment facilities, we will establish an integrated system as shown in the figure of the recycling value chain, which covers the entire process from waste collection and transportation to intermediate treatment, and then not only conventional recycling but also final disposal operations. By establishing this end-to-end system, we expect to first avoid the risk of cost increases associated with shortage problem of the final disposal site, which is a concern for the future, and second, as a service to our customers, we will be able to enhance and strengthen traceability.



Finally, this is regarding our win of the Grand Prix at the IT Japan Award 2026. This was also announced in early July.

We won the Grand Prix, the first in the steel industry, at an award hosted by Nikkei Computer that recognizes outstanding corporate IT cases. We had previously won the runner-up Grand Prix twice before, and this is our third time receiving an award. The reason for receiving this award, as shown on the right, is that we received extremely high recognition for completing a large-scale steelworks system restructuring within a short period. Going forward, we aim to leverage this completed open environment not only to enhance our own corporate value, but also to utilize the expertise we have accumulated over the years as part of our business solutions to help resolve challenges faced by the manufacturing industry.

This concludes my explanation.

END

This presentation material was prepared for the purpose of publicizing the status of our company's financial results for the first quarter of FY2026. The information included in this presentation does not constitute a disclosure under the Financial Instruments and Exchange Act and we do not guarantee the accuracy or completeness of the information contained within. The information included in this presentation is not an offer to sell, or a solicitation of an offer to buy, any securities in Japan, the United States or any other jurisdiction. The forward-looking statements regarding forecasts included in this presentation were based on information available to us at the time when this presentation was prepared and include uncertainties. Therefore, please refrain from making any investment decisions based solely on this document. Our company shall not be liable for any damages arising as a result of the use of this document.