

JFE Issues Long-term Vision (JFE Vision 2035) and Eighth Medium-term Business Plan

Aiming to be an indispensable company supporting people's daily lives, driving sustainable development and ensuring safe, comfortable lives for all

1. Review of previous plan and formulation of new plan

Under JFE's seventh medium-term business plan (FY2021–2024), we strove to achieve the biggest transformation in the company's history, ultimately for global success.

To build stable earnings power, in the steel business we have been shifting our focus from quantity to quality through measures such as completing structural reforms, increasing the ratio of high-value-added products in our overall product mix, and overhauling sales pricing, while also stepping up investments in growth, which has included executing strategies to capture demand in India and other growing markets overseas. In the engineering business, we have responded to the push for carbon neutrality and the rising need for circular-economy solutions by stepping up efforts in recycling and offshore wind power businesses. And in the trading business, we executed M&A deals to expand and enhance business related to steel sheets for construction materials, and expanded our processing and distribution capabilities, particularly for electrical steel sheet.

Regarding climate change, one of the Company's top priorities, we achieved the milestone of reducing greenhouse gas (GHG) emissions by 18% in our steel business by FY2024 (vs. FY2013), and we have been working steadily toward our goal of more than 30% reduction in GHG emissions by FY2030 (vs. FY2013), including through our decision to introduce a large, high-efficiency electric arc furnace capable of producing high-grade and high-function steel products in our West Japan Works' Kurashiki District (scheduled for operation in FY2028).

We worked to increase corporate value by steadily executing the measures in our business plan, but primarily due to conditions in the steel business deteriorating far beyond what we had expected, we only achieved consolidated business profit of 135.3 billion yen in FY2024, well below our initial target plan of 320 billion yen. As a result, our share price is not currently at a satisfactory level.

Under these circumstances, we recognize that our stakeholders have two main concerns with respect to JFE. The first is uncertainty about our future economic prospects, specifically in terms of whether we will be able to sustain growth amid intensifying competition across all fields of business. The second is uncertainty regarding our efforts to achieve carbon neutrality, specifically in terms of technical and financial feasibility. To present our vision and strategies for addressing these two challenges, we have formulated JFE Vision 2035, a long-term vision targeting 2035. The vision targets consolidated business profit of 700 billion yen by FY2035, which is the level we believe will be necessary to facilitate our development of technologies and execution of capital investments required for our eventual achievement of carbon neutrality by 2050.

We expect our various business environments, particularly in steel, to remain challenging due to declining demand in Japan and the disruption of overseas markets caused by China's increasing exports of aggressively priced inexpensive goods. We also anticipate unprecedented circumstances in light of the heightened risk of more challenging conditions amid the rising tide of protectionism, as exemplified by U.S. tariff policies. In such an environment, we must pursue our growth strategies with greater determination than ever before if we are to realize our vision. We have accordingly formulated our eighth medium-term business plan (FY2025–2027) around efforts to rebuild lean and robust operations in Japan based on product strategies that harness our key strengths, and strategies for business expansion that include active investment in growth fields and markets overseas.

2. JFE Group's Aspirations

(1) Our purpose

The JFE Group encompasses a steel business that excels at using world-leading technology to produce high-value-added products, an engineering business that draws strength from a diverse portfolio centered on Waste to Resource and carbon-neutrality fields (energy plants, power generation and offshore wind power), and a trading business comprising robust global processing and distribution supply chains. Our strength lies in our ability to generate synergies as a group that leverages key assets—technology, human capital and networks—built up over many years.

In developing the JFE Group's Aspirations, we revisited the question of what role each business should play and how it can contribute to society by utilizing its strengths. We held extensive discussions involving diverse employees across our operating companies, based on which we formulated the following corporate-purpose statements.

Corporate vision: Contributing to society with the world's most innovative technology

Corporate values: Challenging Spirit. Flexibility. Sincerity.

Purpose statements:

JFE Steel: Dream for your Future, Steel takes you Further.

JFE Engineering: Foundations of life—Just For the Earth—

JFE Shoji: Steel and More: Bridging Global Progress.

(2) JFE Vision 2035

We have formulated JFE Vision 2035 as below, based on JFE's corporate vision and corporate values, as well as the purpose statements of each operating company.

<p>Become the top runner in carbon neutrality technology development</p> <ul style="list-style-type: none">• Complete development of ultra-innovative process-transforming technologies• Provide strong technological capabilities and a diverse eco-products lineup to help conserve the global environmental• Become a main player in the high-quality green steel market	<p>Expand consolidate business profit (segment profit of 700 billion yen)</p> <ul style="list-style-type: none">• Streamlined yet resilient domestic structure based on growth strategies<ul style="list-style-type: none">> Creating technologies and nurture talent that drive our competitive advantage> Deepen Shift focus from quantity to quality, and restructure and integrate businesses• Achieve growth through locally embedded business expansion in strategic overseas markets<ul style="list-style-type: none">> Collaborate with top-tier partners and pursue M&A
---	---

3. Eighth medium-term business plan (FY2025–2027)

(1) Plan overview

	Segment profit		GHG reductions
	FY2027 plan	[reference] FY2024 actual	FY2027 plan
Steel business	260 billion yen	137.3 billion yen ²	-24% (vs. FY2013)
Engineering business	42 billion yen	19.3 billion yen	-40% (vs. FY2013)
			Contribution to GHG reductions: 13.5 million tons
Trading business	60 billion yen	47.9 billion yen	-27.5% (vs. FY2019)
Groupwide ¹	365 billion yen	215.5 billion yen	-

¹ Including inter-segment adjustments

² Excluding inventory valuation differences etc. in the steel business

The main measures for each business and the Groupwide policy initiatives follow.

(2) Overview of steel business measures

Within a thoroughly strengthened domestic framework, we will generate sources of competitive advantage, such as innovative technologies including carbon neutrality (CN) initiatives and highly value-added products, and drive growth by expanding our business overseas by leveraging superior technologies, products, and talent.

Japan:

Improve earnings power by increasing the ratio of high-value-added products in the overall product mix and thoroughly streamlining domestic production operations

(Profit per ton of product: targeting 14,000 yen/ton in FY2027 vs. FY2024 actual of 7,000 yen/ton)

1. Increase ratio of high-value-added products in overall mix

(Effect of expanding strategic products: +40 billion yen in FY2027 vs. FY2024)

We will expand sales of products harnessing our technological capabilities, such as high-performance electrical steel sheets, high-tensile steel for automobiles, large and heavy steel plates for fixed offshore wind power foundations, and steel plates, seamless pipes, etc. for new energy applications, increasingly replacing commodity-grade export products and thereby driving up the ratio of high-value-added products in the overall mix from 48% in FY2024 to 60% in FY2027, which in turn will improve our profit per ton of product.

2. Restructure domestic production and reorganize business operations

a) JFE Steel's crude steel production operations

(Effect of optimizing production: +20 billion yen in FY2027 vs. FY2024)

Compared to crude steel production capacity of 26 million tons (seven blast furnaces, excluding the electric furnace at the Sendai Manufacturing Plant) in FY2024, we will transition to a leaner crude steel production capacity of 21 million tons (five blast furnaces and one innovative electric arc furnace in the Kurashiki District that will begin operating in FY2028). The main equipment scheduled for shutdown follow.

West Japan Works

Kurashiki District

- No. 3 blast furnace (Banking, as announced, from May 2025 until No. 2 blast furnace is shut down)
- No. 2 blast furnace (Complete shutdown and switch to innovative electric arc furnace process in FY2028)
- Coke oven 1B (FY2025)
- Coke oven 4AB (FY2027)

Fukuyama District

- No. 4 blast furnace (Complete shutdown in FY2027)
- Coke oven 4ABC (FY2026, after 6A furnace goes into operation)
- Bloom continuous casting machine (FY2027)
- No. 4 slab continuous casting machine (during 9th medium-term plan)

b) Domestic collaborations

We will pursue collaborative efforts with domestic Group and partner companies to respond swiftly and flexibly to changes in the market, such as the gradual decline in demand mainly in the construction and civil engineering sectors and the growing need for eco products and green steel to help reduce environmental impacts.

Structural shapes: JFE Steel, JFE Bars & Shapes, Yamato Kogyo Co., Ltd., and Yamato Steel Co., Ltd. are considering integrated operations that would draw on each company's strengths. As a first step, we have commenced an initiative to introduce Yamato Steel as the supplier of selected JFE Steel H-beam products (announced April 2025).

Steel sheets for building materials: JFE Steel, JFE Galvanizing & Coating, and Yodogawa Steel Works, Ltd. are considering a strategic alliance (announced April 2025)

We will continue to examine a broad range of opportunities to revise our business structure in response to changes in the market environment.

Overseas:

Expand overseas business through strategic local partnerships with top-tier companies in growing markets overseas

(Effect of earnings improvements in overseas steel business: +78 billion yen in FY2027 vs. FY2024)

Our partnerships with JSW Steel Limited (India) and Nucor Corporation (North America) are key strengths. In line with our pursuit of global growth opportunities, we will further increase our involvement with overseas markets through strategic local partnerships with top-tier companies. In addition to increasing profits in existing businesses, we will continue to focus on business in areas and fields in which we wield technological advantages (electrical steel sheets, steel plates, steel products for automobiles, green ironmaking, etc.), striving to optimize our portfolio. At the same time, additional resources will be utilized to expand projects in which investments were made under the previous medium-term business plan, including to increase sales of grain-oriented electrical steel sheets in India. In our medium-term plan, we have set aside 400 billion yen for investment in growth overseas. In parallel with considering large-scale overseas investments, including the acquisition of raw material interests, promising opportunities to utilize our technological capabilities through local partnerships in growth markets will be pursued to capture growing steel demand overseas.

FY2027 earnings targets

Segment profit (billion yen)

Domestic steelmaking	Overseas steel	Domestic Group	Solutions	Total ¹	Crude steel production volume ²	Profit per ton ³
90 (43.2)	75 (-2.9)	90 (82.3)	15 (6.4)	260 (137.3)	Up to 21 million tons/year (21.95 million tons/year)	14,000 yen/ton (7,000 yen/ton)

Capital/business investments & loan plan: 1,370 billion over 3 years

Note: Figures in parentheses are FY2024 actual

¹ Figures reflect eliminations and adjustments.

² JFE Steel alone

³ Consolidated segment profit / JFE Steel's standalone shipment volume

(3) Overview of engineering business measures

Leverage diverse business portfolio to strengthen earnings base and expand business through circular economy.

WtR (Waste to Resource)

- (1) Overseas WtR:
 - Create markets through business investments in Asia.
 - Establish price-competitive global engineering platform centered on Indian subsidiary
- (2) Domestic recycling:
 - Establish recycling value chain that includes final waste disposal plants, and expand plastic recycling business.

Carbon neutrality

- (1) Energy:
 - Grow by offering our well-established storage and transportation technologies for use at carbon-neutral plants (carbon dioxide capture and storage (CCS), ammonia, etc.)
- (2) Offshore wind power:
 - Establish stable earnings structure through full utilization of Kasaoka monopile factory

Restructuring and integration

Under the previous medium-term plan, we actively pursued restructuring through the acquisition of environmental and chemical plants and integrations in domestic water-engineering businesses. We will continue to lead industry restructuring to provide safe infrastructure and services as well as enhance our international competitiveness.

FY2027 earnings targets

Segment profit (billion yen)

WtR	Carbon neutrality	Infrastructure	Total
17 (7.3)	16 (0.5)	9 (11.5)	42 (19.3)

Capital/business investment & loan plan: 110 billion over 3 years

Note: Figures in parentheses are FY2024 actual.

(4) Overview of trading business measures

Enhance our presence in Japan by focusing on the quantity and number of deals and deepen our involvement with overseas growth markets through M&A, etc. to localize business for increased capacity at processing sites.

- Japan:
 - (1) Build an efficient and robust operational structure by restructuring processing and sales locations.
 - (2) Strengthen raw material supply chain for the coming startup of the large, high-efficiency electric arc furnace in the Kurashiki District, and expand handling of environmental materials.*
- Overseas:
 - (1) Strengthen business in key regions by actively investing resources in regions such as North America, Australia, India, and Europe.
 - (2) Expand processing capabilities in the electrical steel sheets and automotive fields, and expand our steel sheet supply chain for building materials.

*Products that contribute to the promotion of a circular economy, such as scrap and waste tires

FY2027 earnings targets

Segment profit (billion yen)

Japan	Overseas	Total
25 (23.5)	35 (24.4)	60 (47.9)

Capital/business investment & loans plan: 110 billion over 3 years

Note: Figures in parentheses are FY2024 actual.

(5) Keihin District land utilization

Through the Ohgishima 2050 plan, we are working to convert land use in the area for purposes that offer high public benefit and utility. In the land business, we aim to achieve a cumulative business balance of 85 billion yen by FY2027 and 100 billion yen by FY2035. Additionally, we aim to enhance corporate value by launching new businesses that take advantage of the Keihin location and JFE Group resources, with the goal being to achieve annual profit of 10 billion yen in FY2035 through land business (leasing) and business use.

Land business

- (1) Of the approximately 400 hectares of land designated for new uses, we expect to generate business revenue of 80 billion yen from roughly 100 hectares, including Minami-watarida Phase 1, Ohgimachi, and the Lead area.
- (2) In the Carbon-neutral energy zones of the Lead area in Ohgishima, we will begin leasing to Green Innovation Fund projects (commercial demonstration of liquefied hydrogen supply chain) in FY2025, and we will sell the advanced logistics zone in FY2027.
- (3) Dismantling of idle facilities in the Roadside and Co-creation areas will begin in FY2025 to facilitate reuse of this land, with the goal of putting Roadside area land to new use by FY2031.

Business uses

- (1) To promote a hydrogen-based society for carbon neutrality, we will begin supplying electricity from our in-house power plant to the development area from FY2028, and progressively transition to hydrogen power generation from FY2030.
- (2) From FY2025, we will collaborate with Mitsubishi Corporation to explore the prospects of a joint data center business that uses the location's suitability for green power supply.
- (3) To realize a circular economy, we will expand plastic-waste and PET-bottle recycling businesses, working in collaboration with Kawasaki City to develop a major recycling hub for Greater Tokyo.

(6) Environmental sustainability initiatives

The previous medium-term plan identified climate change as an extremely important business priority for JFE, and under the new medium-term plan, the entire Group will actively support the transition to a circular economy, biodiversity protection and nature restoration.

Addressing climate change

Steel business: Prepare to reduce GHG emissions by more than 30% by FY2030 and complete development of ultra-innovative technologies in 2035

- (1) We have set a FY2027 GHG emissions reduction target of 24% vs. FY2013. We will achieve this target primarily through capital investments, including to install a new electric arc furnace for stainless-steel manufacturing in the East Japan Works' Chiba District and to renew coke ovens in the West Japan Works' Fukuyama District.
- (2) Regarding our FY2030 target of reducing GHG emissions by more than 30%, we have decided to construct a large, high-efficiency innovative electric arc furnace (annual production capacity of around 2 million tons) capable of manufacturing high-quality and high-performance steel materials in the West Japan Works' Kurashiki District (operation from FY2028, total investment of 329.4 billion yen; including electric arc furnace, off-site refining facilities, cold-iron-source distribution facilities, quay, power reception and distribution equipment). We will lead the world in establishing the capability to use electric arc furnaces to produce and supply large quantities of green steel equivalent in quality to that achieved with blast furnaces. Our annual supply capacity target by FY2030 is 3 million tons of green steel (includes conventional green-steel products allocated a GHG emission-reduction amount achieved with GHG-reduction technologies).
- (3) To achieve carbon neutrality by 2050, we will make use of Green Innovation Fund projects to pursue innovative technologies including an ultra-innovative blast furnace, direct hydrogen reduction steelmaking, and an innovative electric arc furnace. The aim is to develop carbon-neutral technologies for steel manufacturing processes by around 2035.
- (4) To create a market for green steel, we will stimulate demand by helping customers to visualize the value of making a green transformation and by facilitating a standardized international definition of green steel. We will also draw support from government policy measures, such as Japan's Green Procurement Act and subsidies to expand the green steel market.

Engineering business: Targeting a 20-million-ton GHG emissions reduction contribution by FY2030

- (1) To expand our emissions-reduction contribution, we will meet demand for offshore wind power generation and will develop early-stage execution plans for hydrogen, ammonia and CCS, areas that are expected to rapidly develop in society. We aim to secure engineering, procurement and construction (EPC) contracts and business participation in various projects.
- (2) To maximize the effects of our emission-reductions contribution, we will pursue the development of technologies for O₂ combustion stoker furnaces, waste gasification and ethanol synthesis, and CO₂ separation and recovery.

Circular economy initiatives

We have formulated a basic policy to realize JFE's transition to a circular economy. Below are our priority initiatives.

Initiative	Actions during 8th medium-term business plan (business)
Expanding use and sales of recycled resources	Expanding collection and use of iron scrap
	Expanding sales of steel slag products for marine use
	Strengthening procurement of environmentally friendly products, such as waste tires
Developing resource-efficient eco products & eco solution technologies	Expanding eco-products such as electrical steel sheets and high-strength steel sheets
	Strengthening initiatives to increase the resilience and extend the service life of infrastructure
Convert by-products and waste into resources	Convert slag, dust, etc. into resources and promote waste plastic use
	Expanding waste power generation and plastic recycling business sites

Initiatives for biodiversity conservation and nature positivity

JFE has formulated a basic policy on biodiversity protection and nature positivity initiatives. Increasingly mindful that our businesses both depend on and impact biodiversity and natural capital, we will take action to reduce associated risks. At the same time, we will take a diverse approach that includes not only developing processes, products and technologies that can contribute in these areas, but also collaborating with local communities and with entities throughout our supply chains. Moreover, JFE supports the TNFD recommendations and will disclose information in line with the TNFD framework when sharing such information widely with society.

(7) Human resources strategy

JFE believes that in this transformative era, human resources are the driving force behind corporate growth. We formulated our long-term vision with keen awareness of the need to advance our growth in tandem with the growth of our people in order to execute our strategies and achieve our business targets. Accordingly, we planned our human resources strategy in line with a long-term vision and will invest approximately 80 billion yen in human resources over the next three years.

Overview of human resources strategy (under eighth medium-term business plan)

Aim	Item	Specific measures
Establishing a human resources portfolio	Securing human resources	Recruiting human resources from diverse sources to support our business expansion and respond to intensifying competition in recruitment
		Strategic development of human resources to implement our business strategies (overseas business, promotion of DX, etc.)
Maximizing the talent of human resources	Promoting DEI initiatives	Pursue opportunities for diverse human resources to actively participate (systematic promotion of women to managerial positions and encouragement of male employees to take childcare leave)
	Improving job satisfaction	Improving engagement through initiatives to improve job satisfaction as a management task <ul style="list-style-type: none">• Pleasant working conditions: Investment in the workplace environment, workstyle reform, and the development of an environment that which enables employees to take leave without hesitation• Job satisfaction: Enhancing open recruitment, operational reforms through DX, competitive treatment, etc.

(8) Corporate governance

We expect our business environment to undergo rapid and transformative changes brought on by factors including carbon neutrality and digital transformation initiatives. As such, we have decided to transition to a Company with Audit and Supervisory Committee structure, subject to approval at the 23rd Ordinary General Meeting of Shareholders scheduled for June 2025. We will further advance efforts undertaken under the previous medium-term plan to enhance the effectiveness and supervisory functions of the board of directors, aiming to facilitate swifter management decision-making, deepen discussion of corporate policies and strategies at board meetings, and further strengthen the board's supervisory functions.

On the issue of director compensation, we plan to revise the compensation structure to increase the proportion of earnings-performance-linked compensation, add new metrics for ESG compensation, and shift to metrics that take the share price and cost of shareholders' equity into account for stock-based compensation.

(9) Digital transformation (DX) initiatives

JFE views the operational data and expertise it has accumulated over many years and the technologies it has developed in its wide-ranging businesses as sources of competitive advantage. Continuing from the previous medium-term plan, we aim to build a robust earnings base through business, production and operational reforms enabled by DX initiatives. We plan to invest around 110 billion yen in DX over the three-year period.

Key initiatives

- Steel business:
- Undertake a complete migration from host computers to the cloud (FY2025) ahead of competitors to improve operations by greatly enhancing data-usage convenience
 - Expand integrated cyber-physical systems (CPS) with a view to creating intelligent steelworks
 - Provide world-class manufacturing and process technologies as solution businesses to manufacturers in general

- Engineering business: • Provide diverse solutions, including remote plant monitoring and control via global remote centers
- Steel, engineering, and trade (all): • Enhance the visualization, streamlining and automation of business processes, and deploy generative AI and overhaul systems

(10) Information security

As information assets become increasingly important, addressing risks such as cyberattacks will be a critical issue for our company. Under our cybersecurity declaration, we have established the JFE Security Committee and JFE-SIRT, and implemented a security governance system across domestic and international Group companies. During the previous medium-term plan, we established JFE Cyber Security & Solutions, Ltd. (April 2024) with the aim of recruiting and developing security personnel and establishing security monitoring systems.

In anticipation of changes in our business environment and increasing cyberthreats during the current medium-term business plan, we will prioritize establishing comprehensive governance, strengthening cyber resilience, attracting and retaining security personnel, and building a security framework with enhanced autonomy in the global environment.

(11) Investment plan, dividend policy, and financial indicators

Investment plan

We have been pursuing upfront investments in growth and GHG reduction since our previous medium-term plan, during which we approved investments of 2,060 billion yen, greater than our initial four-year budget of 1,450 billion yen. Under the eighth medium-term plan, we expect to invest 1,840 billion yen, focusing on growth and carbon neutrality.

Overview of investment plan (approved basis)

Billion yen

	Growth	GHG reductions	GHG reduction contribution	DX	Renewals and replacements	Sub-total	Other ¹	Grand total
Previous medium-term plan (FY21–24), actual	520 28% (420)	390 22% (50)	410 22% (290)	140 8% (120)	370 20% (370)	1,820 100% (1,260)	240 (190)	2,060 (1,450)
Current medium-term plan (FY25–27), plan	910 57%	120 8%	130 8%	110 7%	320 20%	1,590 100%	250	1,840

Note: Figures in parentheses are preliminary.

¹ Operating leases, investments related to Keihin land utilization, etc.

Main strategic investments under previous medium-term plan:

Japan: Innovative electric arc furnace (Kurashiki), increased electrical steel sheet production (Kurashiki), construction of a new cold galvanizing line (Fukuyama), manufacture of offshore wind power foundations, etc.
Overseas: Established/acquired electrical steel sheet manufacturers in India, acquired interest in Australia's coal mine, etc.

Main strategic investments under current medium-term plan:

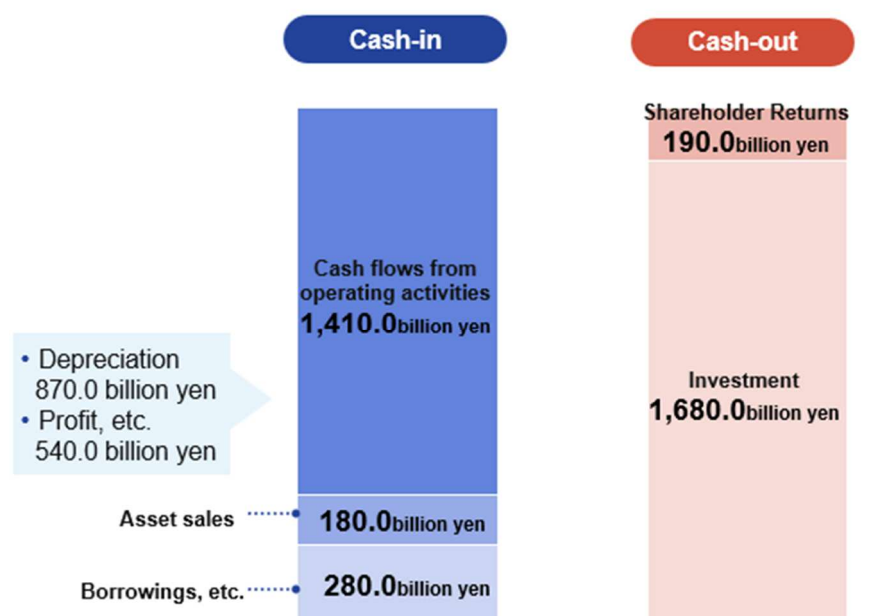
Japan: Demonstration facilities related to CN technology development
Overseas: Participation in direct reduced iron projects, growth investments in various businesses, etc.

Dividend policy

We consider returning profits to our shareholders to be one of our most important management priorities. We are committed to actively paying dividends while working to establish a sustainable corporate structure across the entire group. Under the current medium-term plan, we will maintain a dividend payout ratio of around 30%, but from the perspective of ensuring stable dividends, we will set a minimum dividend of 80 yen per share.

Cash allocations

Cash allocations under the eighth medium-term business plan (3-year period) are as follow.



Financial indicators

To summarize the above medium-term business plan, the main financial indicators are as follows.

	8th medium-term business plan (FY2027)	Reference (FY2024 actual)
Consolidated business profit	400 billion yen	135.3 billion yen
Segment profit		
Steel business	260 billion yen	36.3 billion yen
Engineering business	42 billion yen	19.3 billion yen
Trading business	60 billion yen	47.9 billion yen
ROE	At least 10%	3.7%
Debt/EBITDA	About 3x	4.5x
D/E	About 60%	54%

###

For further information, please contact:

Public Relations Section, Investor Relations and Corporate Communications Department JFE Holdings, Inc

https://wjeb.f.msgs.jp/webapp/form/20536_wjeb_25/index.do

This document is not a disclosure document under the Financial Instruments and Exchange Act, and we do not guarantee the accuracy or completeness of the information contained herein. In addition, the forecasts, etc. presented are based on information available at the time of the official announcement and include uncertainties. Therefore, please refrain from making investment decisions based solely on this material. The Company assumes no responsibility whatsoever for any damages resulting from the use of this material.