

JFE Holdings' Financial Results for Fiscal Year 2020 ended March 31, 2021

— All financial information has been prepared in accordance with
International Financial Reporting Standards (IFRS) —
(Note: The following is an English translation of an original Japanese document)

May 7, 2021

Official name:	JFE Holdings, Inc.
Listings:	Tokyo and Nagoya stock exchanges
Code:	5411
English URL:	www.jfe-holdings.co.jp/en
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Annual shareholders meeting (planned):	June 25, 2021
Dividend payment starting date:	June 28, 2021
Scheduled date to submit securities report:	June 25, 2021
Preparation of supplementary materials on results:	Yes
Results briefing:	Yes

(Figures are rounded down to the nearest million yen)

1. Consolidated Results for Fiscal 2020 (April 1, 2020 to March 31, 2021)

(1) Consolidated Operating Results (cumulative total)

(Percentages indicate year on year change)

	Revenue (million yen)	%	Business profit (million yen)	%	Profit before tax (million yen)	%	Profit (million yen)	%	Profit attributable to owners of parent (yen)	%	Compre- hensive income	%
FY 2020	3,227,285	(13.5)	(12,911)	-	(4,930)	-	(19,063)	-	(21,868)	-	63,231	-
FY 2019	3,729,717	(3.7)	37,899	(83.7)	(213,473)	-	(193,290)	-	(197,744)	-	(259,172)	-

	Basic earnings per share (yen)	Diluted earnings per share (yen)	Profit ratio to equity attributable to owners of parent (%)	Profit before tax ratio to total assets (%)	Business profit ratio to revenue (%)
FY 2020	(37.98)	(37.98)	(1.3)	(0.1)	(0.4)
FY 2019	(343.39)	(343.39)	(11.1)	(4.6)	1.0

(Reference): Equity in earnings of affiliates: FY 2020: 14,239 million yen FY 2019: 8,782 million yen

Note: Business profit is profit before tax excluding financial income and one-time items of a materially significant value.

(2) Consolidated Financial Position

	Total assets (million yen)	Total equity (million yen)	Equity attributable to owners of parent (million yen)	Total equity attributable to owners of parent (%)	Equity attributable to owners of parent per share (yen)
FY 2020	4,654,972	1,760,154	1,679,223	36.1	2,916.37
FY 2019	4,646,120	1,706,552	1,627,026	35.0	2,825.50

(3) Consolidated Cash Flows

	Cash flows from operating activities (million yen)	Cash flows from investing activities (million yen)	Cash flows from financing activities (million yen)	Cash and cash equivalents at end of year (million yen)
FY 2020	247,274	(164,221)	(30,092)	142,416
FY 2019	261,070	(358,378)	103,900	86,704

2. Dividends

	Dividend per share (yen)					Total dividend payout (million yen)	Dividend payout ratio (consolidated, %)	Dividend ratio of equity attributable to owners of parent (consolidated %)
	Annual	End on 1st quarter	Interim	End on 3rd quarter	Yearend			
FY 2019	20.00	-	20.00	-	0.00	11,532	-	0.6
FY 2020	10.00	-	0.00	-	10.00	5,765	-	0.3
FY 2021 (forecast)	-	-	-	-	-		-	

Note: Fiscal 2021 dividends are yet to be determined.

3. Forecasts of Consolidated Financial Results in Fiscal 2021 (April 1, 2021 to March 31, 2022)

	Revenue (million yen)	%	Business profit million yen	%	Profit before tax (million yen)	%	Profit attributable to owners of parent (million yen)	%	Basic earnings per share (yen)
FY 2021	3,930,000	21.8	200,000	-	190,000	-	130,000	-	225.78

Notes

1. Changes in significant subsidiaries during the term (changes in designated subsidiaries resulting in changes in consolidated structure): No
2. Changes in accounting policies and accounting estimates
 - 1) Changes in the accounting policies required by IFRS: No
 - 2) Changes in the accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
3. Number of outstanding shares (common stock)
 - 1) Outstanding shares at the end of the term (including treasury stock)
 - As of March 31, 2021: 614,438,399 shares
 - As of March 31, 2020: 614,438,399 shares
 - 2) Treasury stock at the end of the term
 - As of March 31, 2021: 38,646,342 shares
 - As of March 31, 2020: 38,601,655 shares
 - 3) Average number of shares during the term
 - FY 2020: 575,829,040 shares
 - FY 2019: 575,854,137 shares

This report is not subject to auditing by a certified public accountant or an audit corporation.

Explanation of Appropriate Use of Results Forecasts, and Other Matters of Note

1. Forecasts and other forward-looking statements herein are based on information available on the date of publication of this document as well as rational assumptions that we have made regarding certain factors. Actual results may vary significantly from these forecasts due to a wide range of circumstances. For a description of the results forecasts, see "1. Qualitative Information (4) Outlook for Fiscal 2021" on Page 3 of the attachments.
2. The supplementary financial data will be disclosed today via TDnet and published on our website.

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1. Qualitative Information

(1) Overview of Business Results

JFE Holdings, Inc., guided by its corporate mission of contributing to society with world-leading technology, continued to achieve sustainable growth and improved corporate value for shareholders and other stakeholders.

Economic conditions during the reporting period were affected by the worldwide COVID-19 pandemic; in particular, business activities were severely restricted in the first half of the fiscal year. Recovery was seen in exports and personal consumption in the second half. Overseas, business rebounded fastest in China and recovered or at least bottomed out in the U.S. and the rest of Asia.

Under the circumstances, JFE, particularly its steel business, steadily strengthened the manufacturing capabilities of its domestic foundries and factories and steadily improved productivity through digital transformation. The company also took emergency measures to reduce costs by 100.0 billion yen, restricted capital investment and made efforts to improve cash flow.

Business profit and profit attributable to owners of the parent company were in the black in the second half due primarily to recovered production of automobiles, the major source of demand for steel. The first-half slump was so great, however, that the fiscal year ended in the red.

Operating results by segment are presented below.

In steel business, levels of activity fell off in many industries, particularly in the first half, resulting in significant decreases in demand for iron and steel. In response, JFE implemented emergency measures such as temporarily shutting down two blast furnaces. Consolidated annual crude steel production amounted to 23.96 million tons, down significantly from the previous fiscal year. Revenue fell significantly to 2,255.2 billion yen as sales dropped dramatically. A profit was earned in the second half thanks to efforts to thoroughly minimize operational costs by optimizing production. Also, we captured recovered demand by using data science technology to swiftly restart blast furnaces. In addition, sales prices rose as demand recovered and export conditions improved. Nevertheless, poor profitability in the first half was too large to overcome, so the segment ended the year with a loss of 65.4 billion yen, much worse than in the previous fiscal year.

In engineering business, corporate acquisitions helped to boost revenue, but the COVID-19 pandemic caused delays in construction that held down revenue to 485.7 billion yen, a decrease from the prior fiscal year. Despite decreased revenue, however, efforts to cut costs and maintain profitability resulted in a profit of 24.0 billion yen, up from the previous fiscal year.

In trading business, demand recovered in the second half and market conditions improved in the U.S. and worldwide by the end of the fiscal year, enabling profitability to rebound significantly against the first half. However, decreased demand for steel materials in the first half was huge, so revenue for the full fiscal year came to 932.5 billion yen and segment profit ended at 20.0 billion yen, both down from the prior fiscal year.

Our equity-method affiliate Japan Marine United Corporation suffered a loss due to low prices amid a sluggish recovery in the new-ship market as well as delays in business negotiations due to COVID-19. Due to such factors, JFE recorded an equity-method loss of 4.1 billion yen.

The above results and earnings of the parent combined for consolidated revenue of 3,227.2 billion yen, down from the prior year. The business loss came to 12.9 billion yen, also worse than the prior year. Furthermore, exceptional items totaling 20.4 billion yen, such as profit on sales of fixed assets, were realized. JFE recorded a loss before tax of 4.9 billion yen and a loss attributable to owners of the parent company of 21.8 billion yen.

Note: Business income (loss) is profit (loss) before tax, excluding financial income and one-time items of a materially significant value. It is a benchmark indicator of the company's consolidated earnings. The operating performance of each segment is presented in terms of segment profit, a measure including financial income in business profit. Exceptional items are one-time items of a materially significant value.

(2) Overview of Financial Position

Total assets at the end of fiscal 2020 (March 31, 2021) increased 8.8 billion yen to 4,654.9 billion yen due primarily to an increase in trade and other receivables despite a decrease in inventories. Total liabilities decreased 44.7 billion yen from the previous yearend to 2,894.8 billion yen due mainly to decreases in trade and other payables. Total equity increased 53.6 billion yen from the previous yearend to 1,760.1 billion yen due to an increase in retained earnings.

(3) Overview of Cash Flow in Fiscal 2020

Cash inflow of 247.2 billion yen from operating activities versus cash outflow of 164.2 billion yen from investment activities—mainly for purchases of property, plant and equipment, intangible assets, and investment property—resulted in an aggregate free cash inflow of 83.0 billion yen.

Net cash from financing, due primarily to repayments of long-term borrowings, came to 30.0 billion yen outflow.

Interest-bearing liabilities outstanding at the fiscal yearend fell 8.2 billion yen to 1,806.1 billion yen. The balance of cash and cash equivalents rose 55.7 billion yen to 142.4 billion yen.

Note: Interest-bearing liabilities are bonds payable, borrowings, and lease obligations.

(4) Outlook for Fiscal 2021

In steel business, we anticipate a continued gradual recovery in domestic demand for steel materials supported by recovery in the overall economy. The automotive industry, the steel industry's major source of demand, should provide increasingly favorable conditions for domestic sales and exports as the COVID-19 crisis subsides. We anticipate demand for steel materials to be at least roughly to levels in the last half of this fiscal year. Internationally, we see demand generally recovering against the background of vigorous Chinese demand for steel materials as well as economic recovery throughout the world. Under the circumstances, JFE Steel's crude steel production is forecast at about 26.50 million tons, reflecting an envisioned boost in output from the Kurashiki No. 4 blast furnace in the second half. Segment profit is expected to amount to around 140.0 billion yen on increased production and sales as well as cost savings realized at new facilities.

In engineering business, the environmental/energy field and the infrastructure (mainly steel structures) field are expected to remain strong in Japan and overseas. By steadily executing orders in these fields, sales revenue is expected to increase, based on which we aim to increase segment profit to 25.0 billion yen.

In trading business, we see increasing activity in the Japanese market for steel materials, including in automobiles. Internationally, we anticipate recovering demand in the North America. By firmly seizing these demands, we forecast segment profit rising to 27.0 billion yen.

Overall, we forecast consolidated business profit of 200.0 billion yen.

2. Basic Rationale for Selection of Accounting Standards

JFE voluntarily adopted IFRS starting with full-year results for the fiscal year that ended on March 31, 2019. Since JFE does business globally, adopting IFRS helps to improve the international comparability of its financial statements in capital markets and improve group management based on standardized accounting methods.

3. Consolidated Financial Statements

(1) Consolidated statement of financial position

	As of March 31, 2020	(million yen) As of March 31, 2021
Assets		
Current assets		
Cash and cash equivalents	86,704	142,416
Trade and other receivables	678,098	751,824
Contract assets	142,075	101,282
Inventories	872,602	785,632
Income taxes receivable	20,946	14,748
Other financial assets	6,307	13,359
Other current assets	108,410	79,430
Total current assets	1,915,146	1,888,694
Non-current assets		
Property, plant and equipment	1,717,751	1,772,303
Goodwill	6,497	6,200
Intangible assets	88,802	95,055
Right-of-use asset	102,322	111,938
Investment property	58,158	58,310
Investments accounted for using equity method	336,040	355,242
Retirement benefit asset	15,520	22,159
Deferred tax assets	94,930	86,014
Other financial assets	296,004	244,505
Other non-current assets	14,946	14,547
Total non-current assets	2,730,974	2,766,278
Total assets	4,646,120	4,654,972

	As of March 31, 2020	(million yen) As of March 31, 2021
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	557,252	496,995
Bonds payable, borrowings, and lease obligations	376,473	277,027
Contract liabilities	44,813	43,038
Income taxes payable, etc.	13,249	15,090
Provisions	12,507	11,518
Other financial liabilities	89,465	86,836
Other current liabilities	210,543	208,510
Total current liabilities	<u>1,304,306</u>	<u>1,139,017</u>
Non-current liabilities		
Bonds payable, borrowings, and lease obligations	1,437,835	1,529,112
Retirement benefit liability	143,316	141,186
Provisions	25,740	24,105
Deferred tax liabilities	3,723	7,591
Other financial liabilities	16,246	45,417
Other non-current liabilities	8,398	8,387
Total non-current liabilities	<u>1,635,261</u>	<u>1,755,800</u>
Total liabilities	<u>2,939,568</u>	<u>2,894,818</u>
Equity		
Share capital	147,143	147,143
Capital surplus	652,430	652,465
Retained earnings	1,002,076	1,029,976
Treasury shares	(180,637)	(180,639)
Other components of equity	6,012	30,278
Equity attributable to owners of parent	<u>1,627,026</u>	<u>1,679,223</u>
Non-controlling interests	79,526	80,930
Total equity	<u>1,706,552</u>	<u>1,760,154</u>
Total liabilities and equity	<u>4,646,120</u>	<u>4,654,972</u>

(2) Consolidated statement of profit or loss and consolidated statement of comprehensive income

Consolidated statement of profit or loss

	Fiscal 2019 (April 1, 2019 – March 31, 2020)	(million yen) Fiscal 2020 (April 1, 2020 – March 31, 2021)
Revenue	3,729,717	3,227,285
Cost of sales	(3,334,103)	(2,912,766)
Gross profit	395,614	314,519
Selling, general and administrative expenses	(356,992)	(324,057)
Share of profit of entities accounted for using equity method	8,782	14,239
Other income	30,818	25,782
Other expenses	(40,323)	(43,394)
Business profit (loss)	37,899	(12,911)
Profit on sales of fixed assets	-	28,021
Impairment losses	(238,826)	(7,544)
Operating profit (loss)	(200,927)	7,566
Finance income	2,727	1,686
Finance costs	(15,273)	(14,184)
Loss before tax	(213,473)	(4,930)
Income tax expense	20,183	(14,133)
Loss	(193,290)	(19,063)
Loss attributable to		
Owners of parent	(197,744)	(21,868)
Non-controlling interests	4,454	2,804
Loss	(193,290)	(19,063)
Basic losses per share		
Basic losses per share (yen)	(343.39)	(37.98)
Diluted losses per share (yen)	(343.39)	(37.98)

Consolidated statement of comprehensive income

	(million yen)	
	Fiscal 2019 (April 1, 2019 – March 31, 2020)	Fiscal 2020 (April 1, 2020 – March 31, 2021)
Loss	(193,290)	(19,063)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(4,975)	12,020
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	(49,143)	46,751
Share of other comprehensive income of investments accounted for using equity method	3,148	13,284
Total of items that will not be reclassified to profit or loss	(50,971)	72,056
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(3,080)	(609)
Effective portion of cash flow hedges	(44)	11,673
Share of other comprehensive income of investments accounted for using equity method	(11,786)	(825)
Total of items that may be reclassified to profit or loss	(14,911)	10,238
Total other comprehensive income	(65,882)	82,295
Comprehensive income	(259,172)	63,231
Comprehensive income attributable to		
Owners of parent	(263,243)	60,036
Non-controlling interests	4,070	3,195
Comprehensive income	(259,172)	63,231

(3) Consolidated statement of changes in equity

Fiscal 2019 (April 1, 2019 – March 31, 2020)

(million yen)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	
					Remeasurements of defined benefit plans	Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income
Balance as of April 1, 2019	147,143	646,793	1,241,420	(180,670)	—	90,730
Cumulative effects of changes in accounting policies	—	—	(1,302)	—	—	—
Retroactively adjusted balance	147,143	646,793	1,240,117	(180,670)	—	90,730
Loss	—	—	(197,744)	—	—	—
Other comprehensive income	—	—	—	—	(4,765)	(46,129)
Comprehensive income	—	—	(197,744)	—	(4,765)	(46,129)
Purchase of treasury shares	—	—	—	(73)	—	—
Disposal of treasury shares	—	(12)	—	17	—	—
Dividends	—	—	(40,363)	—	—	—
Share-based payment transactions	—	(34)	—	88	—	—
Changes in ownership interest in subsidiaries	—	5,684	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	67	—	4,765	(4,832)
Transfer to non-financial assets	—	—	—	—	—	—
Other	—	—	—	—	—	—
Total transactions with owners	—	5,637	(40,296)	33	4,765	(4,832)
Balance as of March 31, 2020	147,143	652,430	1,002,076	(180,637)	—	39,768

	Equity attributable to owners of parent					
	Other components of equity			Total	Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Effective portion of cash flow hedges	Total			
Balance as of April 1, 2019	(16,547)	(2,532)	71,650	1,926,337	65,422	1,991,759
Cumulative effects of changes in accounting policies	—	—	—	(1,302)	—	(1,302)
Retroactively adjusted balance	(16,547)	(2,532)	71,650	1,925,034	65,422	1,990,456
Loss	—	—	—	(197,744)	4,454	(193,290)
Other comprehensive income	(15,393)	790	(65,498)	(65,498)	(384)	(65,882)
Comprehensive income	(15,393)	790	(65,498)	(263,243)	4,070	(259,172)
Purchase of treasury shares	—	—	—	(73)	—	(73)
Disposal of treasury shares	—	—	—	5	—	5
Dividends	—	—	—	(40,363)	(2,559)	(42,922)
Share-based payment transactions	—	—	—	54	—	54
Changes in ownership interest in subsidiaries	—	—	—	5,684	12,287	17,971
Transfer from other components of equity to retained earnings	—	—	(67)	—	—	—
Transfer to non-financial assets	—	(71)	(71)	(71)	—	(71)
Other	—	—	—	—	306	306
Total transactions with owners	—	(71)	(138)	(34,764)	10,034	(24,730)
Balance as of March 31, 2020	(31,941)	(1,813)	6,012	1,627,026	79,526	1,706,552

Fiscal 2020 (April 1, 2020 – March 31, 2021)

(million yen)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	
					Remeasurements of defined benefit plans	Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income
Balance as of April 1, 2020	147,143	652,430	1,002,076	(180,637)	–	39,768
Loss	–	–	(21,868)	–	–	–
Other comprehensive income	–	–	–	–	12,186	59,433
Comprehensive income	–	–	(21,868)	–	12,186	59,433
Purchase of treasury shares	–	–	–	(65)	–	–
Disposal of treasury shares	–	(22)	–	26	–	–
Dividends	–	–	–	–	–	–
Share-based payment transactions	–	(23)	–	37	–	–
Changes in scope of consolidation	–	–	–	–	–	–
Changes in ownership interest in subsidiaries	–	80	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	49,768	–	(12,186)	(37,581)
Transfer to non-financial assets	–	–	–	–	–	–
Other	–	–	–	–	–	–
Total transactions with owners	–	34	49,768	(1)	(12,186)	(37,581)
Balance as of March 31, 2021	147,143	652,465	1,029,976	(180,639)	–	61,620

	Equity attributable to owners of parent					
	Other components of equity			Total	Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Effective portion of cash flow hedges	Total			
Balance as of April 1, 2020	(31,941)	(1,813)	6,012	1,627,026	79,526	1,706,552
Loss	–	–	–	(21,868)	2,804	(19,063)
Other comprehensive income	(314)	10,599	81,904	81,904	390	82,295
Comprehensive income	(314)	10,599	81,904	60,036	3,195	63,231
Purchase of treasury shares	–	–	–	(65)	–	(65)
Disposal of treasury shares	–	–	–	4	–	4
Dividends	–	–	–	–	(1,743)	(1,743)
Share-based payment transactions	–	–	–	13	–	13
Changes in scope of consolidation	–	–	–	–	694	694
Changes in ownership interest in subsidiaries	–	–	–	80	(854)	(774)
Transfer from other components of equity to retained earnings	–	–	(49,768)	–	–	–
Transfer to non-financial assets	–	(7,871)	(7,871)	(7,871)	–	(7,871)
Other	–	–	–	–	112	112
Total transactions with owners	–	(7,871)	(57,639)	(7,838)	(1,791)	(9,629)
Balance as of March 31, 2021	(32,256)	914	30,278	1,679,223	80,930	1,760,154

(4) Consolidated Statement of Cash Flow

	(million yen)	
	Fiscal 2019 (April 1, 2019 – March 31, 2020)	Fiscal 2020 (April 1, 2020 – March 31, 2021)
Cash flows from operating activities		
Loss before tax	(213,473)	(4,930)
Depreciation and amortization	231,577	236,353
Increase (decrease) in allowance	(6,601)	(2,696)
Interest and dividend income	(12,205)	(7,179)
Interest expenses	14,486	13,844
Decrease (increase) in trade and other receivables	86,357	(71,111)
Decrease (increase) in inventories	42,559	86,569
Increase (decrease) in trade and other payables	(52,338)	(42,479)
Other	184,494	47,381
Subtotal	274,856	255,751
Interest and dividends received	24,192	14,857
Interest paid	(13,241)	(12,362)
Income taxes refund (paid)	(24,736)	(10,972)
Cash flows from operating activities	261,070	247,274
Cash flows from investing activities		
Purchase of property, plant and equipment, intangible assets, and investment property	(352,842)	(308,123)
Proceeds from sale of property, plant and equipment, intangible assets, and investment property	3,357	29,547
Purchase of investments	(35,299)	(5,731)
Proceeds from sale of investments	23,530	128,898
Other	2,875	(8,812)
Cash flows from investing activities	(358,378)	(164,221)

	(million yen)	
	Fiscal 2019 (April 1, 2019 – March 31, 2020)	Fiscal 2020 (April 1, 2020 – March 31, 2021)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(11,500)	3,396
Increase (decrease) in commercial papers	5,999	(88,999)
Proceeds from long-term borrowings	183,529	224,077
Repayments of long-term borrowings	(104,825)	(214,826)
Proceeds from issuance of bonds	120,000	60,000
Payments for purchase of treasury shares	(73)	(65)
Dividends paid to owners of parent	(40,363)	–
Other	(48,865)	(13,674)
Cash flows from financing activities	103,900	(30,092)
Effect of exchange rate change on cash and cash equivalents	(2,176)	2,752
Net increase (decrease) in cash and cash equivalents	4,416	55,712
Cash and cash equivalents at beginning of period	82,288	86,704
Cash and cash equivalents at end of period	86,704	142,416

(5) Notes to Consolidated Financial Statements

Notes Pertaining to the Presumption of a Going Concern

There is no item for this period.

Segment information

(1) Overview of reportable segments

The Group organized under JFE Holdings executed commercial activities through three operating companies—JFE Steel Corporation, JFE Engineering Corporation and JFE Shoji Corporation—in accordance with the characteristics of their respective businesses. Consolidated reporting segments, one for each operating company, were characterized by their constituent products and services.

Each segment had its own respective products and services. The steel business produced and sold various steel products, processed steel products and raw materials, and provided transportation and other related businesses such as facility maintenance and construction. The engineering business handled engineering for energy, urban environment, steel structures and industrial machines, recycling and electricity retailing. The trading business purchased, processed and distributed steel products, raw materials for steel production, nonferrous metal products, and food, etc.

(2) Information on reportable segments

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

Intersegment transactions are based on market prices and the like.

Fiscal 2019 (April 1, 2019 to March 31, 2020)

	Steel	Engineering	Trading	Total	Adjustments ¹	(million yen) Amount recorded in consolidated financial statements
Revenue						
Revenue from external customers	2,311,251	498,629	919,836	3,729,717	—	3,729,717
Intersegment revenue	370,098	13,666	164,301	548,065	(548,065)	—
Total	2,681,350	512,295	1,084,137	4,277,783	(548,065)	3,729,717
Segment profit	(8,783)	23,118	27,016	41,351	(15,998)	25,353
Impairment losses						(238,826)
Loss before tax						(213,473)

Segment assets	3,836,847	465,734	756,141	5,058,723	(412,602)	4,646,120
Other items						
Depreciation and amortization	209,031	13,302	10,244	232,578	(1,000)	231,577
Impairment losses	(233,144)	(356)	(5,325)	(238,826)	—	(238,826)
Finance income	1,437	140	1,354	2,932	(205)	2,727
Finance costs	(11,721)	(697)	(3,492)	(15,910)	636	(15,273)
Share of profit (loss) of entities accounted for using equity method	25,518	477	558	26,554	(17,772)	8,782
Investments accounted for using equity method	289,406	11,562	14,909	315,878	20,162	336,040
Capital expenditures	362,741	11,892	17,986	392,621	(1,265)	391,356

¹ Adjustments are as follow:

- (1) Adjustments to segment profit include corporate profit not allocated to a reportable segment: 48,548 million yen, elimination of dividend income from each reportable segment: (48,365) million yen, and share of loss of entities accounted for using equity method related to Japan Marine United Corporation: (17,995) million yen; elimination of other intersegment transactions: 1,813 million yen. Corporate profit is profit of the Company.
- (2) Adjustments to segment assets include corporate assets not allocated to a reportable segment: 49,450 million yen and elimination of intersegment receivables and payables, etc.: (462,053) million yen. Corporate assets are assets of the Company.

Fiscal 2020 (April 1, 2020 to March 31, 2021)

(million yen)

	Steel	Engineering	Trading	Total	Adjustments ¹	Amount recorded in consolidated financial statements
Revenue						
Revenue from external customers	1,938,933	474,908	813,443	3,227,285	—	3,227,285
Intersegment revenue	316,283	10,842	119,066	446,192	(446,192)	—
Total	2,255,216	485,750	932,510	3,673,477	(446,192)	3,227,285
Segment profit	(65,461)	24,073	20,098	(21,289)	(4,118)	(25,408)
Gain on sales of fixed assets						28,021
Impairment losses						(7,544)
Loss before tax						(4,930)

Segment assets	3,864,262	478,146	717,270	5,059,679	(404,707)	4,654,972
Other items						
Depreciation and amortization	211,645	14,629	11,065	237,340	(987)	236,353
Impairment losses	(6,351)	(59)	(1,133)	(7,544)	—	(7,544)
Finance income	689	171	1,000	1,861	(174)	1,686
Finance costs	(11,880)	(838)	(2,053)	(14,772)	588	(14,184)
Share of profit (loss) of entities accounted for using equity method	16,873	277	671	17,822	(3,582)	14,239
Investments accounted for using equity method	312,476	11,903	17,144	341,525	13,717	355,242
Capital expenditures	308,384	22,358	12,798	343,540	(1,145)	342,395

¹ Adjustments are as follows.

- (1) Adjustments to segment profit include corporate profit not allocated to a reportable segment: 9,334 million yen, elimination of dividend income from each reportable segment: (8,847) million yen, and share of profit of entities accounted for using equity method related to Japan Marine United Corporation: (4,136) million yen; elimination of other intersegment transactions: (469) million yen. Corporate profit is profit of the Company.
- (2) Adjustments to segment assets: Corporate assets not allocated to a reportable segment: 103,726 million yen and elimination of intersegment receivables and payables, etc.: (508,433) million yen. Corporate assets are assets of the Company.

Per-share information

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

	Fiscal 2019 (April 1, 2019 – March 31, 2020)	Fiscal 2020 (April 1, 2020 – March 31, 2021)
Basic losses per share (yen)	(343.39)	(37.98)
Diluted losses per share (yen)	(343.39)	(37.98)

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

	Fiscal 2019 (April 1, 2019 – March 31, 2020)	Fiscal 2020 (April 1, 2020 – March 31, 2021)
Loss attributable to owners of the parent company (million yen)	(197,744)	(21,868)
Amount not attributable to common shareholders of the parent company (million yen)	–	–
Loss used in calculation of basic earnings per share (million yen)	(197,744)	(21,868)
Profit adjustments (million yen)	–	–
Loss used in calculation of diluted earnings per share (million yen)	(197,744)	(21,868)
Weighted average number of common shares used in calculation of basic earnings per share (thousand shares)	575,854	575,829
Impact of dilutive potential common shares (thousand shares)	–	–
Share-based payments	–	–
Weighted average number of common shares used in calculation of diluted earnings per share (thousand shares)	575,854	575,829

Note: Company shares held in trust accounts for employee stock ownership plans are included in treasury shares, which are excluded from the calculation of the weighted average number of shares used in the calculation of basic earnings per share. The weighted average number of treasury shares excluded from the calculation of basic earnings per share for the previous and current consolidated fiscal years are about 589,000 and about 567,000, respectively.

A total of about 107,000 shares of stock compensation have a reverse dilution effect and are not included in the calculation of diluted earnings per share for the current fiscal year

Material subsequent events

There is no item for this period.

4. Supplementary information

(1) Consolidated financial performance

(billion yen)

	FY 2019			FY 2020			Change			FY2021 forecast	
	1H	2H	Full year	1H	2H	Full year	1H	2H	Full year	Full year	
Steel Business	1,353.1	1,328.2	2,681.3	1,027.2	1,227.9	2,255.2	(325.9)	(100.3)	(426.1)		
Engineering Business	238.9	273.3	512.2	221.9	263.7	485.7	(17.0)	(9.6)	(26.5)		
Trading Business	557.5	526.6	1,084.1	451.7	480.7	932.5	(105.8)	(45.9)	(151.6)		
Adjustments	(278.3)	(269.7)	(548.0)	(208.6)	(237.5)	(446.1)	69.7	32.2	101.9		
Revenue	1,871.2	1,858.5	3,729.7	1,492.2	1,734.9	3,227.2	(379.0)	(123.6)	(502.5)	3,930.0	
Business profit ¹	A	49.0	(11.2)	37.8	(114.3)	101.4	(12.9)	(163.3)	112.6	(50.7)	200.0
Finance income / costs	B	(6.3)	(6.2)	(12.5)	(6.4)	(6.0)	(12.4)	(0.1)	0.2	0.1	(10.0)
Segment Profit											
Steel Business		17.7	(26.4)	(8.7)	(136.2)	70.8	(65.4)	(153.9)	97.2	(56.7)	140.0
Engineering Business		11.9	11.2	23.1	8.7	15.3	24.0	(3.2)	4.1	0.9	25.0
Trading Business		14.6	12.4	27.0	7.2	12.8	20.0	(7.4)	0.4	(7.0)	27.0
Adjustments		(1.5)	(14.4)	(15.9)	(0.4)	(3.6)	(4.1)	1.1	10.8	11.8	(2.0)
Total	A+B	42.7	(17.4)	25.3	(120.7)	95.3	(25.4)	(163.4)	112.7	(50.7)	190.0
Exceptional Items ²		-	(238.8)	(238.8)	-	20.4	20.4	0.0	259.2	259.2	-
Profit before tax		42.7	(256.1)	(213.4)	(120.7)	115.8	(4.9)	(163.4)	371.9	208.5	190.0
Tax Expense and Profit (Loss) Attributable to Non-controlling Interests		(10.8)	26.5	15.7	15.0	(32.0)	(16.9)	25.8	(58.5)	(32.6)	(60.0)
Profit Attributable to Owners of Parent		31.9	(229.6)	(197.7)	(105.7)	83.8	(21.8)	(137.6)	313.4	175.9	130.0

¹ Business profit: Profit that excludes financial income and exceptional items from profit before tax. It is a benchmark indicator of the company's consolidated earnings.

² Exceptional Items: One-time items of a materially significant value.

(2) Consolidated Financial Indices

	Fiscal 2019	Fiscal 2020	Change
Return on Sales (ROS) ¹	1.0%	(0.4%)	(1.4%)
Return on Assets (ROA) ²	0.8%	(0.3%)	(1.1%)
Return on Equity (ROE) ³	(11.1%)	(1.3%)	9.8%
EBITDA ⁴	269.4 billion yen	223.4 billion yen	(46.0 billion yen)
Interest-bearing debt outstanding	1,814.3 billion yen	1,806.1 billion yen	(8.2 billion yen)
Debt / EBITDA multiple ⁵	6.7x	8.1x	1.4x
Equity attributable to owners of parent	1,627.0 billion yen	1,679.2 billion yen	52.2 billion yen
D/E Ratio ⁶	96.4%	93.2%	(3.2%)

¹ ROS = Business profit / Revenue

² ROA = Business profit / Total assets

³ ROE = Profit attributable to owners of parent / Equity attributable to owners of parent

⁴ EBITDA = Business profit + Depreciation and amortization

⁵ Debt / EBITDA multiple = Interest-bearing debt outstanding / EBITDA

⁶ D/E ratio = Debt outstanding / Equity attributable to owners of parent. For debt having a capital component*, a portion of its issue price is deemed to be capital, as assessed by rating agencies.

* For debt having a capital component, a portion of its issue price is deemed to be capital, as assessed by rating agencies.

Borrowing Execution Date	Amount Borrowed	Assessment of Equity Content	Amount Deemed to be Capital
June 30, 2016	200.0 billion yen	25%	50.0 billion yen
March 19, 2018	300.0 billion yen	25%	75.0 billion yen

(3) Crude Steel Production (JFE Steel)

(million tons)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2019	Non-consolidated	7.00	6.79	13.79	6.24	6.70	12.94	26.73
	Consolidated	7.36	7.13	14.50	6.59	7.00	13.59	28.09
FY 2020	Non-consolidated	4.79	5.38	10.17	6.27	6.32	12.59	22.76
	Consolidated	5.09	5.68	10.77	6.59	6.60	13.19	23.96

(4) Shipments (JFE Steel on non-consolidated basis)

(million tons)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2019		5.85	5.94	11.80	5.59	6.09	11.68	23.47
FY 2020		4.59	4.75	9.34	5.42	5.72	11.15	20.49

(5) Export Ratio on Value Basis (JFE Steel on non-consolidated basis)

(%)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2019		39.9	42.1	41.0	39.7	44.4	42.1	41.5
FY 2020		44.2	40.2	42.2	40.3	44.3	42.4	42.3

(6) Foreign Exchange Rate (Yen/US dollar)

(JPY/USD)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2019		110.7	107.6	109.2	108.8	109.4	109.1	109.1
FY 2020		107.7	105.9	106.8	104.8	104.7	104.8	105.8

(7) Average Selling Price (JFE Steel on non-consolidated basis)

(thousand yen/ton)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2019		80.4	79.4	79.9	79.6	76.1	77.8	78.8
FY 2020		75.3	71.0	73.1	73.4	78.8	76.2	74.8

(8) Engineering Business Orders (including intersegment transactions)

a. Actual order received

(billion yen)

Field	FY2019	FY2020	Change
Environment	187.1	250.4	63.3
Energy	109.8	122.7	12.9
Infrastructure, others	116.1	127.9	11.8
Total	413.0	501.1	88.1

(billion yen)

b. Order backlog

FY2019 yearend	FY2020 yearend	Change
525.9	549.0	23.1

(9) Capital Investment and Depreciation and Amortization (JFE Holdings)

(billion yen)

	FY 2019	FY2020
Capital Investment	391.3	342.3
Depreciation & Amortization	231.5	236.3

(on construction basis)

(10) Breakdown of Changes in Segment Profit

a. FY 2020, compared to FY 2019

	(billion yen) <u>Change</u>	
Steel Business		
- Cost	100.0	Reduced fixed costs, mainly for repairs and labor, and effects of capital investment
- Sales volume and mix	(104.0)	Decreased volume due to lower demand and worsening of product mix
- Sales prices and raw materials	2.0	
- Unrealized gains (losses) on inventories	(4.0)	
- Others	(50.7)	Deteriorated earnings of domestic and overseas group companies, etc.
- Total	<u>(56.7)</u>	
Engineering Business	0.9	Improved profit due to cost reductions
Trading Business	(7.0)	Weaker earnings due to lower demand in first half
Adjustment	11.8	No one-time items (construction delays, etc.) in previous fiscal year for ship-building equity-method affiliates, etc.

b. FY 2020, compared to previous forecast

	(billion yen) <u>Change</u>	
Steel Business		
- Cost	0.0	
- Sales volume and mix	1.0	Increased production volume
- Sales prices and raw materials	2.0	Higher market prices, especially for exports
- Unrealized gains (losses) on inventories	7.0	Foreign currency translation adjustments due to yen's depreciation at end of period, etc.
- Others	4.6	Improved earnings of domestic and overseas group companies, etc.
- Total	<u>14.6</u>	
-		
- Engineering Business, Trading Business, Adjustment	5.0	
-		

c. FY 2021 (forecast), compared to FY 2020

	(billion yen) <u>Change</u>	
Steel Business		
- Cost	30.0	Effect of new capital investment, etc.
- Sales volume and mix	70.0	Increased volume due to recovered demand for steel materials
- Sales prices and raw materials	15.0	Higher market prices, especially for exports
- Unrealized gains (losses) on inventories	90.0	
- Others	0.4	Improved earnings of domestic and overseas companies, increased depreciation expenses, etc..
- Total	<u>205.4</u>	
- Engineering Business, Trading Business, Adjustment	10.0	

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