

JFE Holdings' Financial Results for Fiscal Year 2021 ended March 31, 2022

— 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 6, 2022

Official name:	JFE Holdings, Inc.
Listings:	Tokyo stock exchanges
Code:	5411
English URL:	www.jfe-holdings.co.jp/en
Representative:	Koji Kakigi, President and CEO
Contact:	Hiroki Watanabe, Manager, Public Relations Section Investor Relations and Corporate Communications Department
Phone:	+81-3-3597-3842
Annual shareholders meeting (planned):	June 24, 2022
Dividend payment starting date:	June 27, 2022
Scheduled date to submit securities report:	June 24, 2022
Preparation of supplementary materials on results:	Yes
Results briefing:	Yes

(Figures are rounded down to the nearest million yen)

1. Consolidated Results for Fiscal 2021 (April 1, 2021 to March 31, 2022)

(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 2021	4,365,145	35.3	416,466	—	388,535	—	289,793	—	288,058	—	355,249	461.8
FY 2020	3,227,285	(13.5)	(12,911)	-	(4,930)	-	(19,063)	-	(21,868)	-	63,231	-

	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 2021	500.28	500.12	15.7	7.8	9.5
FY 2020	(37.98)	(37.98)	(1.3)	(0.1)	(0.4)

(Reference): Equity in earnings of affiliates: FY 2021: 99,730 million yen FY 2020: 14,239 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 2021	5,287,909	2,070,739	1,988,268	37.6	3,452.82
FY 2020	4,654,972	1,760,154	1,679,223	36.1	2,916.37

(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 2021	298,738	(288,034)	(57,427)	101,773
FY 2020	247,274	(164,221)	(30,092)	142,416

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 2020	10.00	-	0.00	-	10.00	5,765	-	0.3
FY 2021	140.00	-	60.00	-	80.00	80,709	28.0	4.4
FY 2022 (forecast)	-	-	-	-	-		-	

Note: Fiscal 2022 dividends are yet to be determined.

3. Forecasts of Consolidated Financial Results in Fiscal 2022 (April 1, 2022 to March 31, 2023)

Forecasts of consolidated financial results for the full fiscal year ending in March 2023 are not provided herein because the company has determined that it is not possible to calculate reasonable financial forecasts at this time. The reasons for this are described in "1. Qualitative Information (4) Outlook for Fiscal 2022" on page 3 of the attached document.

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, 2022: 614,438,399 shares
 - As of March 31, 2021: 614,438,399 shares
 - 2) Treasury stock at the end of the term
 - As of March 31, 2022: 38,599,423 shares
 - As of March 31, 2021: 38,646,342 shares
 - 3) Average number of shares during the term
 - FY 2021: 575,793,363 shares
 - FY 2020: 575,829,040 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 2022" on Page 3 of the attachments.
2. The supplementary financial data will be disclosed today via TDnet and published on our website.

Attachments

1. Qualitative Information	2
(1) Overview of Business Results	2
(2) Overview of Financial Position	3
(3) Overview of Cash Flow in Fiscal 2021	3
(4) Outlook for Fiscal 2022	3
2. Basic Rationale for Selection of Accounting Standards	3
3. Consolidated Financial Statements	4
(1) Consolidated Statement of Financial Position	4
(2) Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income	6
(3) Consolidated Statement of Changes in Equity	8
(4) Consolidated Statement of Cash Flow	10
(5) Notes to Consolidated Financial Statements	12
Notes pertaining to the presumption of a going concern	12
Segment information	12
Per-share information	14
Material subsequent events	14
4. Supplementary Information	15

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.

During the reporting period, the global economy continued recovering from the slump brought on by the COVID-19 pandemic, although varying by country and region. Japan also continued to show signs of picking up, despite production activity in some industries being hurt by difficulties with parts supply. Toward the end of the fiscal year, however, the Ukraine situation introduced new uncertainties, including soaring resource prices.

The JFE Group worked to improve its selling prices in order to pass on the rising prices of raw materials as soon as possible. Concurrently, productivity was further enhanced and costs were reduced by steadily executing blast furnace repairs and capital investments designed to drive digital transformation (DX). Through such measures, and partly because of recovered steel demand and rising steel product prices, consolidated business profit and profit attributable to owners of the parent company improved substantially from the previous fiscal year.

Looking at operating results by segment, starting with steel business, consolidated crude steel production came to 27.26 million tons, up substantially from the previous year as steel demand recovered amid improved economic conditions. Revenue increased significantly to 3,173.4 billion yen, reflecting company efforts to raise selling prices as well as higher market prices for steel products, and also increased sales volumes. Despite increased costs due to soaring raw-materials prices, segment profit improved substantially to 323.7 billion yen. The improvement was supported by higher selling prices, increased sales volumes, cost reductions, better earnings at group companies in Japan and abroad, and one-time factors including unrealized gains on inventories.

In engineering business, revenue climbed to 508.2 billion yen thanks to corporate acquisitions. Although equipment and material costs rose, segment profit increased to 26.0 billion yen on revenue growth, cost reductions and other favorable factors.

In trading business, sales revenue of 1,231.7 billion yen and segment income of 55.9 billion yen both increased significantly as the global demand for steel products rebounded from a sharp fall in the previous fiscal year. The market for steel products was strong, especially in North America, where earnings were particularly favorable.

On an overall consolidated basis, revenue of 4,365.1 billion yen represented a substantial increase from the previous fiscal year. Business profit of 416.4 billion yen was also a major improvement. Exceptional items, including an impairment loss on fixed assets, totaled 16.2 billion yen, but JFE Holdings nevertheless recorded profit before tax of 388.5 billion yen and profit attributable to the owners of the parent company of 288.0 billion yen.

Note: Business income is profit 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 of 5,287.9 billion yen at the end of fiscal 2021 (March 31, 2022) were up 633.0 billion yen from the previous fiscal year-end to due primarily to increased inventories. Total liabilities of 3,217.1 billion yen increased by 322.3 billion yen to due mainly to increases in trade and other payables. Total equity of 2,070.7 billion yen rose by 310.6 billion yen to due mainly to higher retained earnings.

(3) Overview of Cash Flow in Fiscal 2021

Cash inflow of 298.7 billion yen from operating activities versus cash outflow of 288.0 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 10.7 billion yen.

Net cash from financing, due primarily to repayments of long-term borrowings, came to 57.4 billion yen outflow.

Interest-bearing liabilities outstanding at the fiscal yearend increased 43.3 billion yen to 1,849.4 billion yen. The balance of cash and cash equivalents fell 40.7 billion yen to 101.7 billion yen.

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

(4) Outlook for Fiscal 2022

Demand in the steel business is expected to remain firm both in Japan and overseas, supported by a projected recovery in automobile production and a pickup in the economy. If this situation continues, JFE Steel's non-consolidated crude steel production is expected to total about 26 million tons in fiscal 2022.

However, uncertainties regarding the global economy began rising day by day as the situation in Ukraine intensified, leaving the outlook highly unclear. Since Russia launched its invasion, coal prices have remained volatile and steel supply/demand and market conditions have been uncertain, obliging the company to determine that it cannot issue reasonable forecasts at this stage. Accordingly, JFE's consolidated earnings forecast for fiscal 2022 is pending.

As for JFE Group Seventh Medium-Term Business Plan, which sets out main measures for ensuring environmental, social and economic sustainability, progress is being achieved as planned. In response to climate-change issues outlined in the JFE Group Environmental Vision for 2050, the target for steel-business CO2 emissions-reduction by FY2030 has been increased to at least 30% from the fiscal 2013 level. Reduction measures are actively being pursued at existing facilities in addition to wide-ranging technology development. In engineering business, ESG issues are steadily being addressed, including expansion of "Waste to Resource" business and the construction of a monopile plant for offshore wind-power generation. Regarding economic sustainability, the company is shifting from quantity to quality in the steel business along with the implementation of digital-transformation and growth strategies in each operating company. Although business profit exceeded the target of 320 billion yen in fiscal 2021, actual profit and loss excluding inventory valuation differences, etc., was around 220 billion yen, so the goal in the new fiscal year is to increase profit by another 100 billion yen or so, mainly in the steel business. In addition to cost reductions, the company aims to improve profitability by shifting from quantity to quality to support higher selling prices, realizing the effects of completed structural reforms, and upgrading the product mix.

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, 2021	(million yen) As of March 31, 2022
Assets		
Current assets		
Cash and cash equivalents	142,416	101,773
Trade and other receivables	751,824	796,955
Contract assets	101,282	123,888
Inventories	785,632	1,227,935
Income taxes receivable	14,748	1,009
Other financial assets	13,359	22,830
Other current assets	79,430	118,235
Total current assets	1,888,694	2,392,629
Non-current assets		
Property, plant and equipment	1,772,303	1,850,779
Goodwill	6,200	8,174
Intangible assets	95,055	108,547
Right-of-use asset	111,938	98,417
Investment property	58,310	57,660
Investments accounted for using equity method	355,242	454,642
Retirement benefit asset	22,159	24,079
Deferred tax assets	86,014	60,372
Other financial assets	244,505	217,217
Other non-current assets	14,547	15,388
Total non-current assets	2,766,278	2,895,280
Total assets	4,654,972	5,287,909

	As of March 31, 2021	(million yen) As of March 31, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	496,995	678,377
Bonds payable, borrowings, and lease obligations	277,027	339,726
Contract liabilities	43,038	32,580
Income taxes payable, etc.	15,090	50,547
Provisions	11,518	12,345
Other financial liabilities	86,836	143,406
Other current liabilities	208,510	236,856
Total current liabilities	<u>1,139,017</u>	<u>1,493,840</u>
Non-current liabilities		
Bonds payable, borrowings, and lease obligations	1,529,112	1,509,739
Retirement benefit liability	141,186	125,927
Provisions	24,105	22,663
Deferred tax liabilities	7,591	12,065
Other financial liabilities	45,417	43,976
Other non-current liabilities	8,387	8,957
Total non-current liabilities	<u>1,755,800</u>	<u>1,723,330</u>
Total liabilities	<u>2,894,818</u>	<u>3,217,170</u>
Equity		
Share capital	147,143	147,143
Capital surplus	652,465	652,233
Retained earnings	1,029,976	1,294,875
Treasury shares	(180,639)	(180,580)
Other components of equity	30,278	74,596
Equity attributable to owners of parent	<u>1,679,223</u>	<u>1,988,268</u>
Non-controlling interests	80,930	82,470
Total equity	<u>1,760,154</u>	<u>2,070,739</u>
Total liabilities and equity	<u>4,654,972</u>	<u>5,287,909</u>

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

Consolidated statement of profit or loss

	Fiscal 2020 (April 1, 2020 – March 31, 2021)	(million yen) Fiscal 2021 (April 1, 2021 – March 31, 2022)
Revenue	3,227,285	4,365,145
Cost of sales	(2,912,766)	(3,694,690)
Gross profit	314,519	670,454
Selling, general and administrative expenses	(324,057)	(360,415)
Share of profit of entities accounted for using equity method	14,239	99,730
Other income	25,782	37,524
Other expenses	(43,394)	(30,828)
Business profit (loss)	(12,911)	416,466
Profit on sales of fixed assets	28,021	—
Impairment losses	(7,544)	(11,355)
Loss on liquidation of subsidiaries and associates	—	(4,918)
Operating profit	7,566	400,192
Finance income	1,686	1,549
Finance costs	(14,184)	(13,205)
Profit (loss) before tax	(4,930)	388,535
Income tax expense	(14,133)	(98,741)
Profit (loss)	(19,063)	289,793
Profit (loss) attributable to		
Owners of parent	(21,868)	288,058
Non-controlling interests	2,804	1,734
Profit (loss)	(19,063)	289,793
Earnings per share		
Basic earnings (loss) per share (yen)	(37.98)	500.28
Diluted earnings (loss) per share (yen)	(37.98)	500.12

Consolidated statement of comprehensive income

	(million yen)	
	Fiscal 2020 (April 1, 2020 – March 31, 2021)	Fiscal 2021 (April 1, 2021 – March 31, 2022)
Profit (loss)	(19,063)	289,793
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	12,020	8,978
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	46,751	5,984
Share of other comprehensive income of investments accounted for using equity method	13,284	(3,954)
Total of items that will not be reclassified to profit or loss	72,056	11,007
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(609)	16,707
Effective portion of cash flow hedges	11,673	4,931
Share of other comprehensive income of investments accounted for using equity method	(825)	32,808
Total of items that may be reclassified to profit or loss	10,238	54,447
Total other comprehensive income	82,295	65,455
Comprehensive income	63,231	355,249
Comprehensive income attributable to		
Owners of parent	60,036	352,318
Non-controlling interests	3,195	2,930
Comprehensive income	63,231	355,249

(3) Consolidated statement of changes in equity

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
Profit (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
Profit (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

Fiscal 2021 (April 1, 2021 – March 31, 2022)

(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, 2021	147,143	652,465	1,029,976	(180,639)	—	61,620
Profit (loss)	—	—	288,058	—	—	—
Other comprehensive income	—	—	—	—	9,015	2,120
Comprehensive income	—	—	288,058	—	9,015	2,120
Purchase of treasury shares	—	—	—	(68)	—	—
Disposal of treasury shares	—	47	—	77	—	—
Dividends	—	—	(40,355)	—	—	—
Share-based payment transactions	—	123	—	50	—	—
Changes in scope of consolidation	—	—	—	—	—	—
Changes in ownership interest in subsidiaries	—	(403)	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	17,195	—	(9,015)	(8,180)
Transfer to non-financial assets	—	—	—	—	—	—
Other	—	—	—	—	—	—
Total transactions with owners	—	(232)	(23,159)	58	(9,015)	(8,180)
Balance as of March 31, 2022	147,143	652,233	1,294,875	(180,580)	—	55,560

	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, 2021	(32,256)	914	30,278	1,679,223	80,930	1,760,154
Profit (loss)	—	—	—	288,058	1,734	289,793
Other comprehensive income	48,343	4,780	64,260	64,260	1,195	65,455
Comprehensive income	48,343	4,780	64,260	352,318	2,930	355,249
Purchase of treasury shares	—	—	—	(68)	—	(68)
Disposal of treasury shares	—	—	—	125	—	125
Dividends	—	—	—	(40,355)	(1,237)	(41,592)
Share-based payment transactions	—	—	—	173	—	173
Changes in scope of consolidation	—	—	—	—	232	232
Changes in ownership interest in subsidiaries	—	—	—	(403)	324	(79)
Transfer from other components of equity to retained earnings	—	—	(17,195)	—	—	—
Transfer to non-financial assets	—	(2,745)	(2,745)	(2,745)	—	(2,745)
Other	—	—	—	—	(709)	(709)
Total transactions with owners	—	(2,745)	(19,941)	(43,274)	(1,389)	(44,664)
Balance as of March 31, 2022	16,086	2,949	74,596	1,988,268	82,470	2,070,739

(4) Consolidated Statement of Cash Flow

	(million yen)	
	Fiscal 2020 (April 1, 2020 – March 31, 2021)	Fiscal 2021 (April 1, 2021 – March 31, 2022)
Cash flows from operating activities		
Profit (loss) before tax	(4,930)	388,535
Depreciation and amortization	236,354	252,283
Increase (decrease) in allowance	(2,696)	(2,917)
Interest and dividend income	(7,179)	(5,417)
Interest expenses	13,844	12,652
Share of loss (profit) of investments accounted for using equity method	(14,239)	(99,730)
Decrease (increase) in trade and other receivables	(71,111)	(23,333)
Decrease (increase) in inventories	86,569	(431,449)
Increase (decrease) in trade and other payables	(42,479)	174,808
Other	61,619	39,122
Subtotal	255,751	304,554
Interest and dividends received	14,857	35,450
Interest paid	(12,362)	(11,559)
Income taxes refund (paid)	(10,972)	(29,706)
Cash flows from operating activities	247,274	298,738
Cash flows from investing activities		
Purchase of property, plant and equipment, intangible assets, and investment property	(308,123)	(313,328)
Proceeds from sale of property, plant and equipment, intangible assets, and investment property	29,547	2,711
Purchase of investments	(5,731)	(5,557)
Proceeds from sale of investments	128,898	33,449
Other	(8,812)	(5,309)
Cash flows from investing activities	(164,221)	(288,034)

	(million yen)	
	Fiscal 2020 (April 1, 2020 – March 31, 2021)	Fiscal 2021 (April 1, 2021 – March 31, 2022)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,396	13,834
Increase (decrease) in commercial papers	(88,999)	—
Proceeds from long-term borrowings	224,077	122,422
Repayments of long-term borrowings	(214,826)	(103,959)
Proceeds from issuance of bonds	60,000	35,000
Payments for redemption of bonds	—	(30,000)
Payments for purchase of treasury shares	(65)	(65)
Dividends paid to owners of parent	—	(40,355)
Other	(13,674)	(54,303)
Cash flows from financing activities	(30,092)	(57,427)
Effect of exchange rate change on cash and cash equivalents	2,752	6,080
Net increase (decrease) in cash and cash equivalents	55,712	(40,643)
Cash and cash equivalents at beginning of period	86,704	142,416
Cash and cash equivalents at end of period	142,416	101,773

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

	Steel	Engineering	Trading	Total	Adjustments ¹	(million yen) 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)
Profit 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 follow:

- (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.

Fiscal 2021 (April 1, 2021 to March 31, 2022)

(million yen)

	Steel	Engineering	Trading	Total	Adjustments ¹	Amount recorded in consolidated financial statements
Revenue						
Revenue from external customers	2,790,084	496,834	1,078,225	4,365,145	—	4,365,145
Intersegment revenue	383,391	11,380	153,537	548,309	(548,309)	—
Total	3,173,475	508,215	1,231,763	4,913,454	(548,309)	4,365,145
Segment profit	323,776	26,005	55,973	405,756	(946)	404,809
Impairment losses						(11,355)
Loss on liquidation of subsidiaries and associates						(4,918)
Profit before tax						388,535

Segment assets	4,425,035	501,332	953,200	5,879,568	(591,659)	5,287,909
Other items						
Depreciation and amortization	225,486	16,143	11,743	253,372	(1,089)	252,283
Impairment losses	(7,308)	(2,778)	(1,269)	(11,355)	—	(11,355)
Finance income	633	182	951	1,767	(218)	1,549
Finance costs	(11,543)	(691)	(1,819)	(14,054)	848	(13,205)
Share of profit (loss) of entities accounted for using equity method	95,995	773	1,375	98,144	1,586	99,730
Investments accounted for using equity method	405,191	15,017	19,921	440,131	14,511	454,642
Capital expenditures	304,967	24,742	12,100	341,811	(875)	340,935

¹ Adjustments are as follows.

- (1) Adjustments to segment profit include corporate profit not allocated to a reportable segment: 49,716 million yen, elimination of dividend income from each reportable segment: (48,855) million yen, and share of profit of entities accounted for using equity method related to Japan Marine United Corporation: 181 million yen; elimination of other intersegment transactions: (1,989) million yen. Corporate profit is profit of the Company.
- (2) Adjustments to segment assets: Corporate assets not allocated to a reportable segment: 54,197 million yen and elimination of intersegment receivables and payables, etc.: (645,856) million yen. Corporate assets are assets of the Company.

Per-share information

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

	Fiscal 2020 (April 1, 2020 – March 31, 2021)	Fiscal 2021 (April 1, 2021 – March 31, 2022)
Basic profit (loss) per share (yen)	(37.98)	500.28
Diluted profit (loss) per share (yen)	(37.98)	500.12

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

	Fiscal 2020 (April 1, 2020 – March 31, 2021)	Fiscal 2021 (April 1, 2021 – March 31, 2022)
Profit (loss) attributable to owners of the parent company (million yen)	(21,868)	288,058
Amount not attributable to common shareholders of the parent company (million yen)	–	–
Profit (loss) used in calculation of basic earnings per share (million yen)	(21,868)	288,058
Profit adjustments (million yen)	–	–
Profit (loss) used in calculation of diluted earnings per share (million yen)	(21,868)	288,058
Weighted average number of common shares used in calculation of basic earnings per share (thousand shares)	575,829	575,793
Impact of dilutive potential common shares (thousand shares)		
Share-based payments	–	187
Weighted average number of common shares used in calculation of diluted earnings per share (thousand shares)	575,829	575,980

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 567,000 and about 548,000, respectively.

Material subsequent events

There is no item for this period.

4. Supplementary information

(1) Consolidated financial performance

		FY2020	FY2021	Change	Percentage change
		Full year (billion yen)	Full year (billion yen)	Full year (billion yen)	Full year (%)
Steel Business		2,255.2	3,173.4	918.2	40.7
Engineering Business		485.7	508.2	22.5	4.6
Trading Business		932.5	1,231.7	299.2	32.1
Adjustments		(446.1)	(548.3)	(102.2)	-
Revenue		3,227.2	4,365.1	1,137.9	35.3
Business profit ¹	A	(12.9)	416.4	429.3	-
Finance income / costs	B	(12.4)	(11.6)	0.8	-
Segment Profit					
Steel Business		(65.4)	323.7	389.1	-
Engineering Business		24.0	26.0	2.0	8.3
Trading Business		20.0	55.9	35.9	179.5
Adjustments		(4.1)	(0.9)	3.2	-
Total	A+B	(25.4)	404.8	430.2	-
Exceptional Items ²		20.4	(16.2)	(36.6)	-
Profit before tax		(4.9)	388.5	393.4	-
Tax Expense and Profit (Loss)					
Attributable to Non-controlling Interests		(16.9)	(100.4)	(83.5)	-
Profit Attributable to Owners of Parent		(21.8)	288.0	309.8	-

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 2020	Fiscal 2021	Change
Return on Sales (ROS) ¹	(0.4%)	9.5%	9.9%
Return on Assets (ROA) ²	(0.3%)	8.4%	8.7%
Return on Equity (ROE) ³	(1.3%)	15.7%	17.0%
EBITDA ⁴	223.4 billion yen	668.7 billion yen	445.3 billion yen
Interest-bearing debt outstanding	1,806.1 billion yen	1,849.4 billion yen	43.3 billion yen
Debt / EBITDA multiple ⁵	8.1x	2.8x	(5.3x)
Equity attributable to owners of parent	1,679.2 billion yen	1,988.2 billion yen	309.0 billion yen
D/E Ratio ⁶	93.2%	80.8%	(12.4%)

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 (or Bond Issuance Date)	Amount Borrowed (or Amount of Bond)	Assessment of Equity Content	Amount Deemed to be Capital
June 30, 2016	167.5 billion yen	25%	41.9 billion yen*
March 19, 2018	300.0 billion yen	25%	75.0 billion yen
June 10, 2021	35.0 billion yen	50%	17.5 billion yen*

*Prepayment of subordinated loan of 32.5 billion yen raised on June 30, 2016 and fundraising for a new subordinated bond of 35 billion yen on June 10, 2021

(3) Crude Steel Production (JFE Steel) (million tons)

		1Q	2Q	1H	3Q	4Q	2H	Full year
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
FY 2021	Non-consolidated	6.25	6.45	12.70	6.49	6.69	13.18	25.88
	Consolidated	6.59	6.80	13.39	6.85	7.02	13.87	27.26

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2020		4.59	4.75	9.34	5.42	5.72	11.15	20.49
FY 2021		5.26	5.56	10.83	5.63	5.92	11.55	22.38

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2020		44.2	40.2	42.2	40.3	44.3	42.4	42.3
FY 2021		43.2	49.3	46.5	45.9	43.6	44.7	45.5

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2020		107.7	105.9	106.8	104.8	104.7	104.8	105.8
FY 2021		109.8	110.0	109.9	113.1	115.3	114.2	112.1

(7) Average Selling Price (JFE Steel on non-consolidated basis) (thousand yen/ton)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2020		75.3	71.0	73.1	73.4	78.8	76.2	74.8
FY 2021		87.6	101.0	94.5	107.6	116.7	112.2	103.7

(8) Engineering Business Orders (including intersegment transactions)

a. Actual orders received

(billion yen)

Field	FY2020	FY2021	Change
Waste to Resource	220.0	203.9	(16.1)
Carbon Neutral	36.0	87.4	51.4
Combined utility services	11.0	13.4	2.4
Core Infrastructure	234.1	201.1	(33.0)
Total	501.1	505.8	4.7

b. Order Backlog

(billion yen)

End of FY2020	End of FY2021	Change
549.0	560.1	11.1

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

(billion yen)

	FY 2020	FY2021
Capital Investment	342.3	340.9
Depreciation & Amortization	236.3	252.2

(on construction basis)

(10) Breakdown of Changes in Segment Profit

a. FY 2021, compared to FY 2020

	(billion yen)	
	<u>Change</u>	
Steel Business		
- Cost	30.0	Capital investment effects, expanded use of low-cost raw materials, etc.
- Sales volume and mix	60.0	Increased volume due to recovered demand for steel products
- Sales prices and raw materials	103.0	Improved spreads, despite sharply higher costs of primary raw materials, due to early reflection of these costs and higher selling prices on improved supply-demand and market conditions
- Unrealized gains (losses) on inventories	228.0	
- Others	(31.9)	Improved earnings of domestic and overseas group companies, rising prices of metals and scrap, etc.
- Total	<u>389.1</u>	
Engineering Business	2.0	Increased sales revenue, improved profit due to cost reductions, etc.
Trading Business	35.9	Increased profit due to recovered demand in Japan and overseas, mainly North America, higher steel prices, etc.
Adjustment	3.2	Improved profit/loss of shipbuilding-related equity-method affiliates, etc.

b. FY 2021, compared to previous forecast

	(billion yen)	
	<u>Change</u>	
Steel Business		
- Cost	0.0	
- Sales volume and mix	(3.0)	Crude steel (standalone) volume rose from 26.0 million tons to 25.88 million tons
- Sales prices and raw materials	10.0	Improvement of sales price including early reflection of main raw material costs
- Unrealized gains (losses) on inventories	18.0	
- Others	(4.3)	Improved earnings of domestic and overseas group companies, rising metals/materials prices and fuel costs, etc.
- Total	<u>20.7</u>	
Engineering Business, Trading Business, Adjustment	4.0	

###