



JFE Holdings, Inc.

3Q Financial Results Briefing for the Fiscal Year Ending March 2025

February 6, 2025

Presentation

Moderator: We will now begin the financial results briefing of JFE Holdings, Inc. In attendance today are Masashi Terahata, Representative Director, Executive Vice President, and Tsunao Takura, Vice President. The time allotted is approximately 30 minutes for presentation and 30 minutes for the question-and-answer session, for a total of 60 minutes. We will have a question-and-answer session after the briefing.

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



Financial Highlights

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- **Expect profit attributable to owners of parent of ¥95bn.** due to factors such as the impact of manufacturing troubles, deteriorating earnings at overseas group companies, inclusion of overseas impairment losses, and losses on inventory valuation etc. (decreased by ¥102.4bn. year-on-year, decreased by ¥35.0bn. from previous forecast)
- The annual dividend is expected to be **100 yen** as previously announced.

Results for 3Q of FY2024	Business Profit in Apr-Dec of FY2024	
	¥120.7bn.	(decreased by ¥124.2bn. year-on-year)
	[Excluding Inventory Valuation etc.] ¥207.7bn.	(decreased by ¥39.2bn. year-on-year)
Forecast of FY2024	Business Profit ¥115.0bn.	(decreased by ¥183.2bn. year-on-year, decreased by ¥45.0bn. from previous forecast)
	[Excluding Inventory Valuation etc.] ¥211.0bn.	(decreased by ¥85.2bn. year-on-year, decreased by ¥29.0bn. from previous forecast)
	Profit attributable to owners of parent ¥95.0bn.	(decreased by ¥102.4bn. year-on-year, decreased by ¥35.0bn. from previous forecast)
	Steel business profit per ton : 6,000yen/t	(decreased by ¥2,000/t from previous forecast)
	Crude Steel Production (Standalone) : approx. 22.00Mt	(decreased by 1.45Mt year-on-year, decreased by 0.40Mt from previous forecast)
	Dividend 100yen	(as previously announced)
	Interim dividend 50yen	(as previously announced)

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Terahata: Thank you very much for joining us today. Let me first explain the highlights on this page.

Business profit for the first nine months of FY2024 totaled JPY120.7 billion. The forecast for FY2024 incorporates the impact of manufacturing troubles and deteriorating earnings of group companies, mainly overseas. Additionally, it represents some extent the risk of impairment losses due to the deteriorating business environment for overseas group companies, while the future profitability of unprofitable businesses is currently under scrutiny. Furthermore, as a result of the impact of inventory valuation also taken into consideration, we are projecting business profit of JPY115 billion and profit attributable to owners of parent of JPY95 billion for FY2024.

Business profit excluding inventory valuation, etc. is expected to be JPY211 billion. Segment profit for the steel business is expected to be JPY26 billion, JPY122 billion excluding inventory valuation, etc., and segment profit

per ton of the steel business is expected to be JPY6,000. Crude steel production has been declining due to manufacturing troubles, and we expect annual standalone crude steel production to be 22 million tons.

Regarding dividends, we intend to maintain the annual dividend of JPY100, taking into account that the current decrease in profit is due to the impact of inventory valuation and one-time troubles.

However, the environment surrounding the steel industry is extremely severe, and we see no prospects for improvement in the coming fiscal year, and we take this situation with a very strong sense of urgency. We are currently formulating a medium-term business plan, and in light of this situation, especially at JFE Steel, we are once again closely examining the contents of the plan.



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Financial Results for Third Quarter of Fiscal Year 2024

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➤ Business profit in Apr-Dec of FY2024 was ¥120.7bn.

(decreased by ¥39.2bn. year-on-year)

* Excluding inventory valuation, decreased by ¥39.2bn. year-on-year.

(billion yen)	FY2023 Actual		FY2024 Actual		Change
	Oct-Dec	Apr-Dec	Oct-Dec	Apr-Dec	Apr-Dec
Revenue	1,289.1	3,865.7	1,224.6	3,675.4	(190.3)
Business Profit [Excluding Inventory Valuation etc.]	80.6 [81.6]	244.9 [246.9]	38.8 [72.8]	120.7 [207.7]	(124.2) [(39.2)]
Finance Income/Costs	(5.2)	(14.2)	(5.6)	(15.5)	(1.3)
Segment Profit	75.3	230.7	33.1	105.2	(125.5)
Exceptional Items	(4.3)	(4.3)	48.5	36.4*	40.7
Profit before Tax	70.9	226.3	81.7	141.7	(84.6)
Tax Expense and Profit (Loss) Attributable to Non-Controlling Interests	(18.1)	(63.4)	(24.1)	(41.6)	21.8
Profit Attributable to Owners of Parent	52.8	162.9	57.6	100.1	(62.8)

* A loss of ¥13.1 bn. due to the loss relating to loss of control over subsidiaries, a loss of ¥4.4 bn. due to impairment losses, a loss of ¥4.9 bn. due to the cost for promoting and developing land utilization of Keihin district, and a gain of ¥59.0 bn. on the sales of land.

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

Segment profit is profit including financial income in business profit.

Inventory Valuation etc. is inventory valuation, carry over and foreign exchange valuation in steel business. Copyright © 2025 JFE Holdings, Inc. All Rights Reserved.

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Takura: I will now explain the financial results.

This page shows the results for the first nine months of FY2024.

First, revenue in the upper row was JPY3.6754 trillion, down JPY190.3 billion from the same period last year. Business profit was JPY120.7 billion, a decrease of JPY124.2 billion YoY, and a decrease of JPY39.2 billion YoY excluding inventory valuation, etc. Profit attributable to owners of parent, shown at the bottom, was JPY100.1 billion, a decrease of JPY62.8 billion YoY.

The middle row shows exceptional items of JPY36.4 billion. As indicated by the asterisk at the bottom of the table, this includes a loss of JPY13.1 billion due to the loss relating to loss of control over subsidiaries, a loss of JPY4.4 billion due to impairment losses, a loss of JPY4.9 billion due to the cost for promoting and developing

land utilization of Keihin district. Together with a gain of JPY59 billion on the sales of land, mainly Ogimachi, overall exceptional item was JPY36.4 billion.



Financial Results for Third Quarter of Fiscal Year 2024 (by Segment)

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(billion yen)		FY2023 Actual		FY2024 Actual		Change
		Oct-Dec	Apr-Dec	Oct-Dec	Apr-Dec	Apr-Dec
Steel Business		915.6	2,781.4	828.9	2,558.2	(223.2)
Engineering Business		136.3	384.8	152.4	421.9	37.1
Trading Business		368.1	1,110.2	366.0	1,081.6	(28.6)
Adjustments		(130.9)	(410.7)	(122.8)	(386.4)	24.3
Revenue		1,289.1	3,865.7	1,224.6	3,675.4	(190.3)
Business Profit (A)		80.6	244.9	38.8	120.7	(124.2)
Finance Income/Costs (B)		(5.2)	(14.2)	(5.6)	(15.5)	(1.3)
Steel Business		48.2	171.0	10.4	44.9	(126.1)
Engineering Business		7.7	16.5	6.6	15.5	(1.0)
Trading Business		11.7	38.5	13.6	36.0	(2.5)
Adjustments		7.7	4.6	2.4	8.6	4.0
Segment Profit (A+B)		75.3	230.7	33.1	105.2	(125.5)

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This is the breakdown by segment. Segment profit for the steel business was JPY44.9 billion, down JPY126.1 billion YoY. Segment profit for the engineering business was JPY15.5 billion and that for the trading business was JPY36.0 billion. The YoY decreases were JPY1 billion for the engineering business, and JPY2.5 billion for trading business.



¥126.1bn. Decrease in JFE Steel's Segment Profit (FY2023 Apr-Dec (Actual) vs. FY2024 Apr-Dec (Actual))

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	Unit	FY2023 Apr-Dec	FY2024 Apr-Dec				(billion yen)
Crude Steel (Standalone)	Mt	17.78	16.56	JFE Steel	FY2023 Apr-Dec	FY2024 Apr-Dec	Change
Shipment (Standalone)	Mt	15.73	14.53	Segment Profit	171.0	44.9	(126.1)
Average Sales Price (Standalone)	000yen /t	130.3	132.5	Excluding Inventory Valuation etc.	173.0	131.9	(41.1)
Exchange Rate	yen/\$	142.9	152.3				

1. Cost	+24.0	• Structural reforms effect + 24.0
2. Volume and Mix	(36.0)	• Crude steel production 17.78Mt→16.56Mt
3. Spreads*	+19.0	• Impact of raw material price fluctuations and timing differences in adjustments for selling prices • Improved spreads due to activities to improve selling prices
4. Inventory valuation	(85.0)	• Inventory valuation -32.0 (+2.0→-30.0) • Carry over -57.0 (-3.0→-60.0) • Foreign exchange valuation -6.0 (+9.0→+3.0) • One-time structural reform costs +10.0 (-10.0→±0)
5. Others	(48.1)	• Group companies -30.0

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

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The breakdown of the JPY126.1 billion YoY decrease in segment profit in the steel business is shown here.

First, on cost side, JPY24.0 billion was contributed to the profit due to the effects of structural reforms. On the other hand, volume and mix decreased JPY36 billion due to a decrease of crude steel production of 1.22 million tons.

Spread contributed an increase of JPY19.0 billion. As noted on the page, in addition to the improvement in sales prices, mainly domestically, this was due to the timing difference to reflect soaring raw material price to sales price including the delay to reflect soaring coking coal price in FY2023 to sales price to FY2024.

On the other hand, inventory valuation differences caused a significant decline of JPY85.0 billion in profit, mainly due to the impact of declines in coking coal.

“Other” items caused a decline of JPY48.1 billion in profit, including JPY30 billion decrease in profits at overseas group companies, mainly JSW in India and CSI in the US.



Financial Forecast for Fiscal Year 2024

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- **Full-year business profit is expected to be ¥115.0bn.**
(decreased by ¥45.0bn. from previous forecast, decreased by ¥183.2bn. year-on-year)
- **Full-year profit attributable to owners of parent is expected to be ¥95.0bn.**
(decreased by ¥35.0bn. from previous forecast, decreased by ¥102.4bn. year-on-year)

(billion yen)	FY2023 Actual	FY2024 Forecast (Previous)	FY2024 Forecast(Updated)			Change FY2023→ FY2024 (Updated)	Change Previous →Updated
	Full Year	Full Year	1H Actual (Apr-Sep)	2H Forecast (Oct-Mar)	Full Year	Full Year	Full Year
Revenue	5,174.6	4,970.0	2,450.7	2,449.3	4,900.0	(274.6)	(70.0)
Business Profit [Excluding Inventory Valuation etc.]	298.2 [296.2]	160.0 [240.0]	81.8 [134.8]	33.2 [76.2]	115.0 [211.0]	(183.2) [(85.2)]	(45.0) [(29.0)]
Finance Income/Costs	(18.6)	(20.0)	(9.8)	(10.2)	(20.0)	(1.4)	0
Segment Profit	279.6	140.0	72.0	23.0	95.0	(184.6)	(45.0)
Exceptional Items	(11.2)	40.0	(12.1)	57.1	45.0*	56.2	5.0
Profit before Tax	268.3	180.0	59.9	80.1	140.0	(128.3)	(40.0)
Tax Expense and Profit (Loss) Attributable to Non-Controlling Interests	(70.9)	(50.0)	(17.4)	(27.6)	(45.0)	25.9	5.0
Profit Attributable to Owners of Parent	197.4	130.0	42.4	52.6	95.0	(102.4)	(35.0)

* A loss of ¥13.1 bn. due to the loss relating to loss of control over subsidiaries, a loss of about ¥6.0 bn. due to impairment losses, a loss of ¥4.9 bn. due to the cost for promoting and developing land utilization of Keihin district, and a gain of about ¥65.0 bn. on the sales of land.

Business profit is profit before tax excluding financial income and one-time items of a materially significant value.
Segment profit is profit including financial income in business profit.
Inventory Valuation etc. is inventory valuation, carry over and foreign exchange valuation in steel business.

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Moving onto full-year forecast.

Annual revenue is expected to be JPY4.9 trillion, which is a decrease of JPY70 billion compared to the previous announcement. Business profit is expected to be JPY115 billion, a decrease of JPY45 billion, and JPY29 billion excluding inventory valuation difference, etc.

Profit attributable to owners of parent in the bottom line is expected to be JPY95 billion, a decrease of JPY35 billion from the previous announcement.

As for the exceptional items in the middle row, as indicated by the asterisks, we expect the profit of JPY45 billion due to the incorporation of impairment losses and an increase in gains on sales of land from the results for the first nine month of FY2024.



Financial Forecast for Fiscal Year 2024 (by Segment)

JFE-HD

(billion yen)		FY2023 Actual	FY2024 Forecast (Previous)	FY2024 Forecast(Updated)			Change FY2023→ FY2024 (Updated)	Change Previous →Updated
				1H Actual (Apr-Sep)	2H Forecast (Oct-Mar)	Full Year		
	Steel Business	3,716.0	3,460.0	1,729.3	1,650.7	3,380.0	▲ 336.0	▲ 80.0
	Engineering Business	539.9	580.0	269.5	310.5	580.0	40.1	0
	Trading Business	1,476.4	1,450.0	715.5	734.5	1,450.0	▲ 26.4	0
	Adjustments	(557.8)	(520.0)	(263.5)	(246.5)	(510.0)	47.8	10.0
Revenue		5,174.6	4,970.0	2,450.7	2,449.3	4,900.0	(274.6)	(70.0)
Business Profit (A)		298.2	160.0	81.8	33.2	115.0	(183.2)	(45.0)
Finance Income/Costs (B)		(18.6)	(20.0)	(9.8)	(10.2)	(20.0)	(1.4)	0
	Steel Business	202.7	70.0	34.5	(8.5)	26.0	(176.7)	(44.0)
	Engineering Business	24.3	20.0	8.9	11.1	20.0	(4.3)	0
	Trading Business	48.9	45.0	22.4	22.6	45.0	(3.9)	0
	Adjustments	3.5	5.0	6.2	(2.2)	4.0	0.5	(1.0)
Segment Profit (A+B)		279.6	140.0	72.0	23.0	95.0	(184.6)	(45.0)

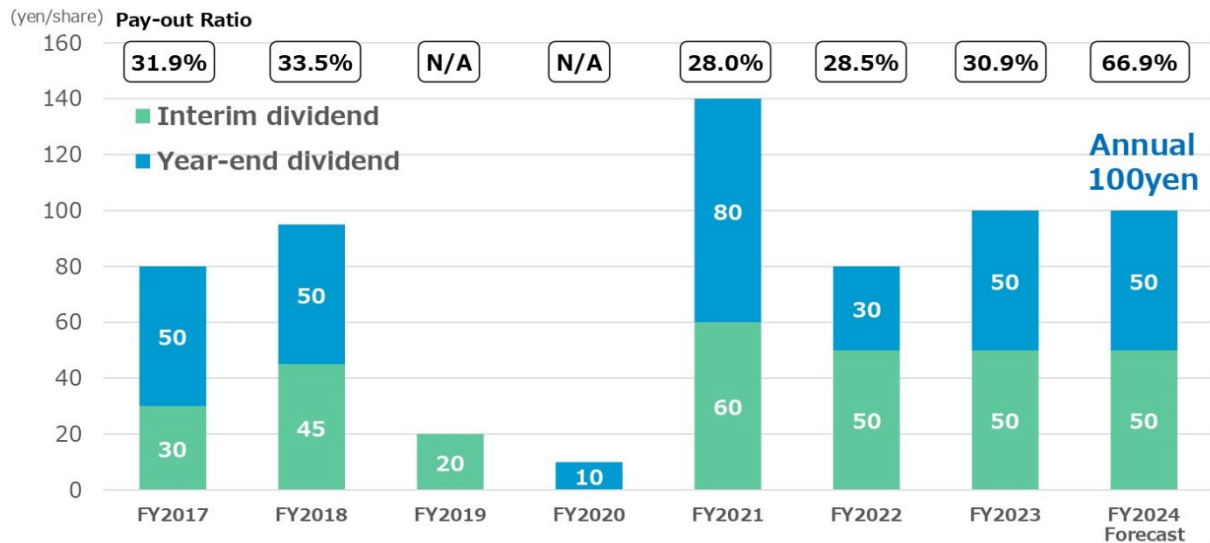
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This is the forecast by segment.

The steel business segment profit is expected to be JPY26 billion, a decline of JPY44 billion from the previous announcement. The engineering business and the trading business are expected to be JPY20 billion and JPY45 billion, respectively, as previously announced.

Dividends

- JFE Holdings has decided to propose at its general meeting of shareholders **a year-end dividend of 50 yen per share**, which would bring the annual dividend of 100 yen per share.



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As explained at the beginning of this briefing, our dividend policy remains unchanged, and we will pay a year-end dividend of JPY50 per share.

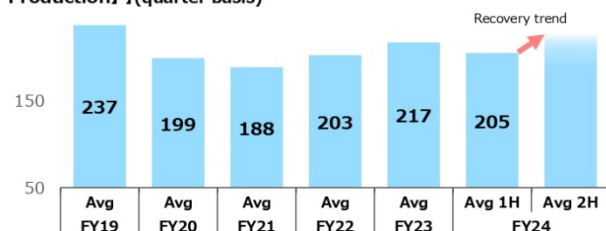


Business Environment (Domestic)

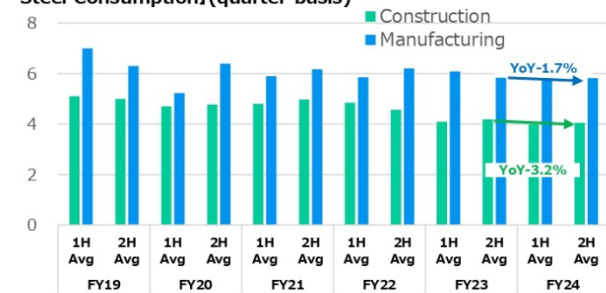
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- While **the automotive and shipbuilding sectors seem to continue driving demand** in manufacturing, **significant growth towards FY2025 is not expected**.
- In the construction sector, despite ongoing stagnation due to rising construction costs and labor shortages, there are signs of bottoming out as the pace of material price increases slows down.

[Outlook for Domestic Auto Production] 10,000 units.
1 (quarter basis)



[Outlook for Domestic Ordinary Steel Consumption] (quarter basis)



Source: Ministry of Economy, Trade and Industry, "Outlook for Steel Consumption" 26 Dec. 2024. (The bars for FY2024, 1H and after are estimates.)

[Trend by Sector]

Auto-mobile	• Production levels are expected to recover from the 1H of the year, which was affected by quality and certification issues and typhoons. Although demand is relatively stable, the recovery seems to have plateaued.
Ship-building	• Demand remains strong, and domestic shipbuilders have secured an order backlog of about three years. However, labor shortages are slowing construction, making a short-term rise in steel demand unlikely. • We are closely monitoring the labor retention status and production efficiency investments of each company.
Other manufacturing	• (Construction Machinery) Demand in Europe and Asia remains weak. In the U.S., high interest rates are slowing housing investment, leading to inventory and production adjustments. • (Industrial Machinery) The environment remains sluggish due to China's economic slowdown. Although there are signs of bottoming out, no clear indicators are visible yet.
Construction	• In addition to the small- and medium-scale projects, demand for large-scale projects such as redevelopment projects has been postponed due to rising material costs and labor shortages. Although a short-term recovery is not expected, material prices are stabilizing, and demand is anticipated to bottom out. • Rising construction costs and interest rates are also concerns for construction investment and housing acquisition sentiment.
Civil engineering	• Despite continued high levels of budget allocations, rising costs and labor shortages are expected to lead to a gradual decline in the actual activity levels and steel demand in FY2024 and 2025.

I will then explain the results by segment. First, our understanding of the current business environment in the steel business.

There has been no significant change since the last announcement, both domestically and internationally, and the situation remains extremely severe.

First, in the domestic manufacturing sector, demand is expected to be driven by the automotive sector, which has been recovering since the 1H of the year, and the shipbuilding sector, which continues to be strong, but it is difficult to expect significant growth into FY2025. The bar chart below shows the forecast for automobile production. We expect a recovery from the 1H to the 2H of FY2024, but for the full year, we expect the volume to be slightly lower than that of FY2023. In the third sector of the table on the right, other manufacturing, both construction and industrial machinery continue to be soft.

The construction sector remained sluggish against the backdrop of continued construction costs and labor shortages. Although there are signs of a partial bottoming out of the market, the situation remains severe.

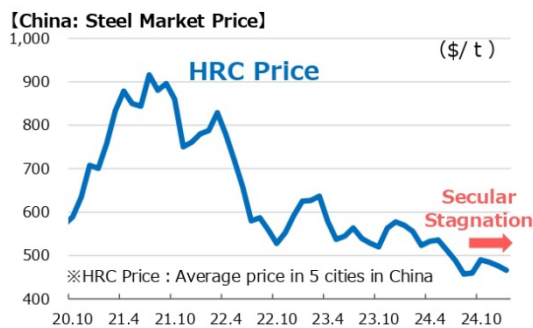
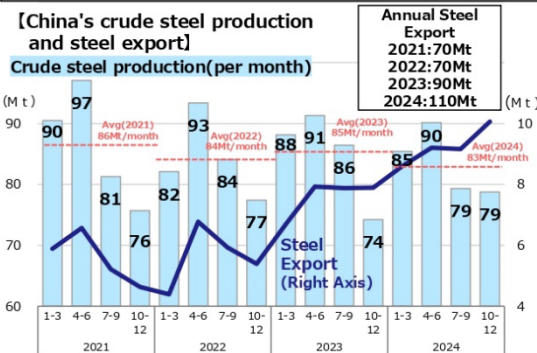
The lower left bar graph, in green, shows the forecast for steel consumption for construction, which is expected to decrease by about 3.2% from the same period last year.



Business Environment (Overseas)

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- Oversupply and increased exports from China, where domestic demand is sluggish, continue to cause **slack in the supply and demand of steel products and market stagnation**.
- Attention is also needed on risks such as geopolitical issues and the protectionist trade policies being adopted by various countries.



[Real GDP Growth Forecast in 2024 and 2025]

(Arrows indicate changes from the previous forecast)

	World	US	China	India	ASEAN-5
2023	3.3%	2.9%	5.2%	8.2%	4.0%
2024 (Previous Forecast)	3.2% (3.2%)	2.8% (2.8%)	4.8% (4.8%)	6.5% (7.0%)	4.5% (4.5%)
2025 (Previous Forecast)	3.3% (3.2%)	2.7% (2.2%)	4.6% (4.5%)	6.5% (6.5%)	4.6% (4.5%)

Source : IMF World Economic Outlook Update Oct. 2024 and Jan. 2025

*ASEAN-5 : Thailand, Malaysia, Indonesia, Philippine, and Singapore

[Trend by Sector]

Steel Sheet	•Market conditions are depressed in Asia due to weak domestic demand, oversupply, and increased Chinese exports. Demand normalization and market recovery are expected to take time.
Auto-mobile	•Supported by China, India, and developed countries, global production is expected to remain steady. •Recovery in ASEAN is delayed due to prolonged high interest rates and stricter loan screenings, awaiting rate cuts, eased loan criteria, and tax support.
Ship-building	•China and South Korea shipbuilders continue to secure stable contracts by increasing new construction orders. However, South Korea shipbuilders are facing capacity limits due to labor shortages, making a significant increase in steel demand unlikely.
Energy	•Amid moderate global economic growth and geopolitical tensions, demand for stable energy supply remains strong and is expected to stay firm in the medium term. •Despite some stagnation, factors like the US administration change and the extension of OPEC+ production cuts are favorable, and a demand rebound is expected.

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Continuing onto the overseas business environment. Due to oversupply in China and exports of over 100 million tons per year, market conditions remain stagnant.

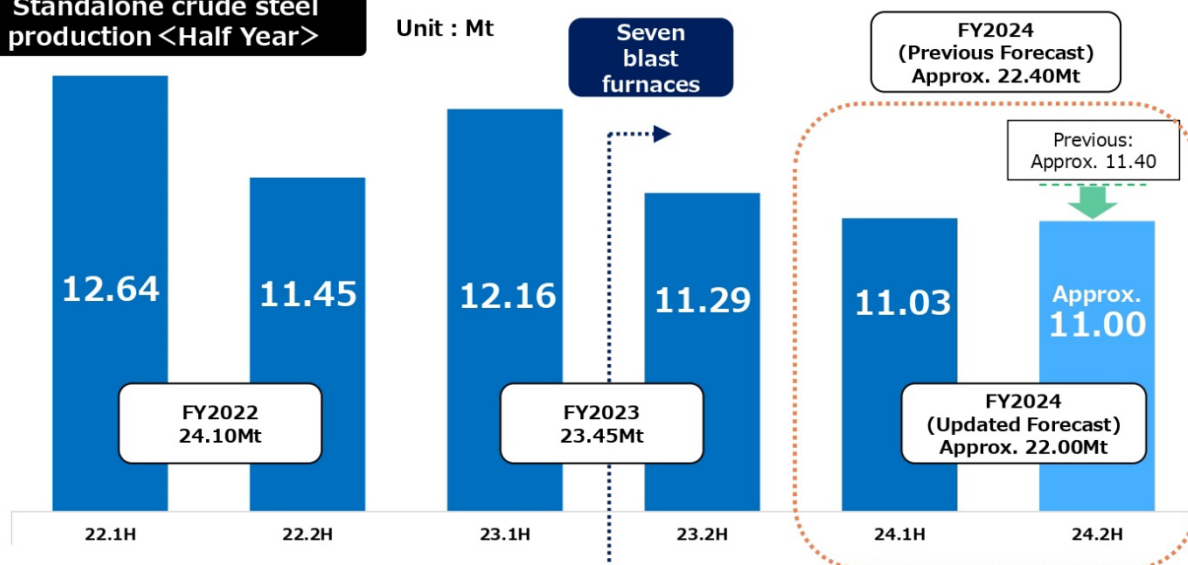
The table at right bottom shows trends by sector. In the automobile sector, global production remains strong, but recovery is lagging, especially in ASEAN, where the impact of stricter loan screening has been prolonged. On the other hand, in the energy sector, we expect demand to be strong in the medium term, and we also expect a re-acceleration of demand following the change of administration in the US.

Crude Steel Production

- Due to manufacturing troubles, we expect approx. 22.00Mt for the full year, which is 0.4Mt less than the previous announcement.
- The troubles are temporary, and we have already identified the causes and are implementing permanent solutions.

Standalone crude steel production <Half Year>

Unit : Mt



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This is the forecast for crude steel production.

As a result of several small and medium-sized manufacturing problems, mainly in the upstream process, we expect a total decrease of 400,000 tons, which is about 22 million tons for the full year. As these problems were transient, we have identified the causes and are taking permanent measures. The reduction in production is mainly covered by the adjustments in export of commodity-grade products.



Raw materials market trends

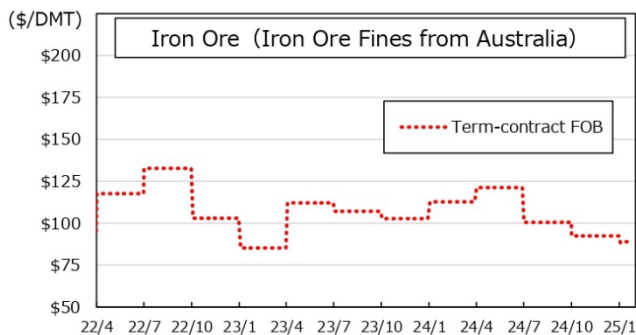
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■ Key Raw materials

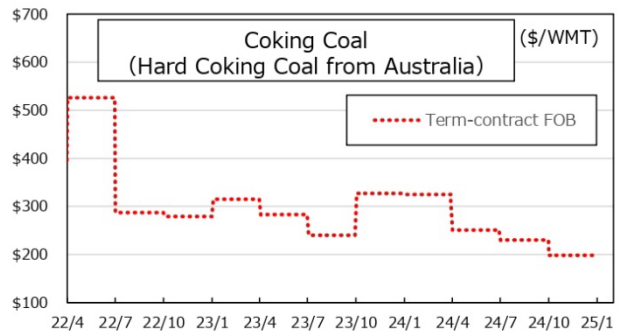
- Iron Ore : Steel demand in China, the largest Iron Ore importer, remains sluggish and the environment is uncertain due to Chinese government policies, and **prices are assumed to stay at the current levels for now.**
- Coking coal : A significant recovery in global steel demand is unlikely, and **prices are expected to remain at current levels for now.** As Australia enters the rainy season, the impact of production and shipment delays due to rainfall needs close monitoring.

■ Metals

- Due to the delayed recovery of China's economy and steel demand, demand for metals remains weak and market conditions are sluggish.



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



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

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Next, let's look at raw material market trends.

As for iron ore, as written in bold, we expect the current price level, on a CFR basis, to remain around USD100/t for the time being. With regard to coking coal, we mentioned last time our assumption that prices would rise to the mid USD200's range per ton in the 2H of the year or later, but prices have been hovering around USD200/t and we expect prices to remain at the current level for the foreseeable future.

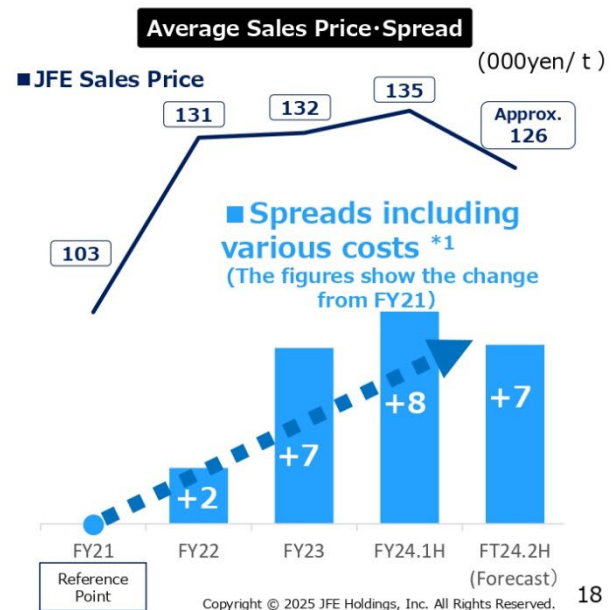
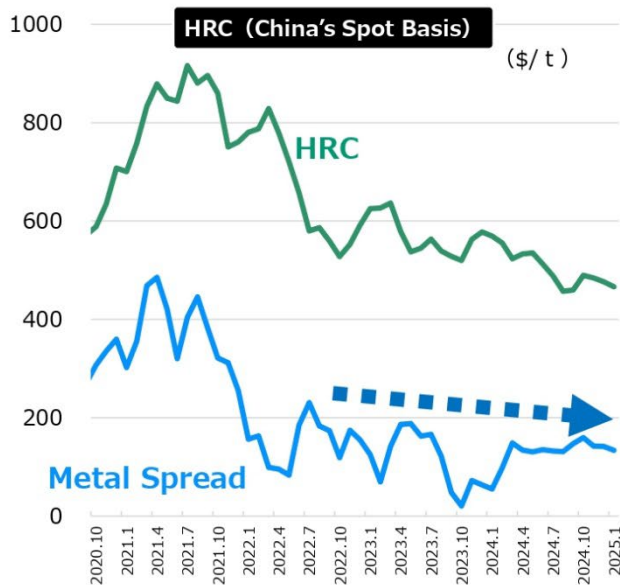


Improving of sales price

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- In sluggish overseas market conditions and rising various costs, we will continue to push forward with **passing on various costs, reviewing extras, and correcting price levels**, and we expect to maintain spreads, including various costs^{*1}, at FY2023 levels.

^{*1} Spreads including metals, energy, materials, logistics, labor costs, foreign exchange impact, etc.



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This is about improving of the sales price.

As shown in the graph on the left, overseas market conditions have been sluggish. On the other hand, various prices, especially labor costs, have soared this fiscal year. In response, we are promoting price pass-through and other initiatives, mainly domestically, and expect to maintain the spread including various costs at the FY2023 level.

This was shown in the graph on the right. This is average sales price and spread. As you can see from the line chart, the average sales price is expected to fall by nearly JPY10,000 from the 1H of FY2024 to the 2H of FY2024 due to a decline in the price of main raw materials. However, the spread is expected to remain at the FY2023 level as a result of efforts centered on the domestic market.



Financial Forecast for Fiscal Year 2024

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	Unit	FY2023					FY2024					FY2024 Previous Forecast
		1H			2H	Full Year	1H			2H	Full Year	
			3Q	4Q				3Q	4Q			
Revenue	billion yen	1,865.8	915.6	934.6	1,850.2	3,716.0	1,729.3	828.9	821.8	1,650.7	3,380.0	3,460.0
Segment Profit	billion yen	122.8	48.2	31.7	79.8	202.7	34.5	10.4	(18.9)	(8.5)	26.0	70.0
Excluding Inventory Valuation*	billion yen	123.8	49.2	27.7	76.8	200.7	87.5	44.4	(9.9)	34.5	122.0	150.0
Crude Steel (Standalone)	Mt	12.16	5.62	5.67	11.29	23.45	11.03	5.53	Approx. 5.50	Approx. 11.00	Approx. 22.00	Approx. 22.40
Crude Steel (Consolidated)	Mt	12.85	5.95	6.01	11.95	24.80	11.69	5.83	Approx. 4.80	Approx. 11.60	Approx. 23.30	
Shipment (Standalone)	Mt	10.65	5.08	5.04	10.12	20.77	9.66	4.87	Approx. 4.90	Approx. 9.70	Approx. 19.40	
Export Ratio on Value Basis (Standalone)	%	44.2	41.6	41.3	41.5	42.9	42.4	40.0	Approx. 42	Approx. 41	Approx. 42	
Average Sales Price (Standalone)	000 yen/t	129.3	132.5	135.2	133.8	131.5	135.2	127.0	Approx. 125	Approx. 126	Approx. 130	
Exchange Rate	¥/\$	139.9	148.7	146.7	147.7	143.8	153.9	149.0	Approx. 156	Approx. 153	Approx. 153	Approx. 152
Exchange Rate (End of Term)	¥/\$	149.6	141.8	151.4	151.4	151.4	142.7	158.2	Approx. 155	Approx. 155	Approx. 155	Approx. 150

* Excluding inventory valuation, carry over, one-time structural reform costs and foreign exchange valuation from segment profit

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Here is a summary of the assumptions used for the FY2024 forecast.

We expect standalone crude steel production in the 2H shown in the middle to be around 11 million tons, almost the same as in the 1H of this fiscal year. The export ratio of steel products shown two lines below is about 41% in the 2H, which reflects the curtailment of the impact of the production cutback I explained earlier, mainly in commodity-grade products for export. The average steel price is expected to be JPY126,000 in the 2H of this fiscal year, as I mentioned earlier. We expect the exchange rate to be about the same as in the 1H of this fiscal year, around JPY153 in the 2H of this fiscal year. In the previous announcement, we had said that the yen would be around JPY150, so we expect the yen to weaken slightly from there.



¥44.0bn. Decrease in JFE Steel's Segment Profit (FY2024 (Previous Forecast) vs. FY2024(Updated Forecast))

JFE Steel

JFE

- Due to manufacturing troubles, deteriorating earnings of group companies, impairment losses of overseas group companies, and inventory valuation losses, the forecast has been revised down by 44 billion yen to 26 billion yen from the previous forecast.

JFE Steel	FY2024 Previous Forecast	FY2024 Updated Forecast	Change (billion Yen)
Segment Profit	70.0	26.0	(44.0)
Excluding Inventory Valuation etc.	150.0	122.0	(28.0)

1. Cost	(5.0)	• Manufacturing troubles
2. Volume and Mix	(5.0)	• Crude Steel Production Approx. 22.40M t → Approx. 22.00M t
3. Spreads*	+10.0	• Impact of raw material price fluctuations and timing differences in adjustments for selling prices • Improved spreads due to activities to improve selling prices
4. Inventory valuation	(16.0)	• Inventory valuation +2.0 (-35.0→-33.0) • Carry over -23.0 (-43.0→-66.0) • Foreign exchange valuation +5.0 (-2.0→+3.0)
5. Others	(28.0)	• Group companies -17.0 • Impairment losses of overseas group companies -14.0

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

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This is an explanation of the decrease of JPY44 billion from the previous announcement.

First, costs are expected to cause the decline of JPY5 billion, and this is due to the impact of the trouble, which is expected to increase costs due to repair costs and deteriorated basic unit costs. Volume and mix is expected to cause the decline of JPY5 billion. This is a combination of a decline of 400,000 ton in crude steel production and the improvement in product mix due to the reduction of export of commodity-grade products.

The spread mainly incorporates the impact of the decline in coking coal prices in the 2H of the year, while the inventory valuation difference is expected to decline JPY16 billion. Others include the deterioration of domestic and overseas group companies including JSW and CSI amounted to JPY17 billion. In addition, as explained at the beginning of this briefing, we have incorporated a certain degree of loss based on the risk of impairment losses at overseas group companies, amounting to JPY14 billion.



¥176.7bn. Decrease in JFE Steel's Segment Profit (FY2023 (Actual) vs. FY2024 (Forecast))

JFE Steel

JFE Steel		FY2023 Actual	FY2024 Forecast	(billion yen) Change
Segment Profit		202.7	26.0	(176.7)
Excluding Inventory Valuation etc.		200.7	122.0	(78.7)

1. Cost	+27.0	<ul style="list-style-type: none"> • Structural reforms effect +25.0 • Operational improvement etc. +2.0
2. Volume and Mix	(39.0)	<ul style="list-style-type: none"> • Crude Steel Production 23.45M t → Approx. 22.00M t
3. Spreads*	+10.0	<ul style="list-style-type: none"> • Impact of raw material price fluctuations and timing differences in adjustments for selling prices • Improved spreads due to activities to improve selling prices
4. Inventory valuation	(98.0)	<ul style="list-style-type: none"> • Inventory valuation -38.0 (+5.0→-33.0) • Carry over -68.0 (+2.0→-66.0) • Foreign exchange valuation -12.0 (+15.0→+3.0) • One-time structural reform costs +20.0 (-20.0→±0)
5. Others	(76.7)	<ul style="list-style-type: none"> • Group companies -38.0 • Impairment losses of overseas group companies -14.0

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

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This page reflects the YoY changes, which you can see based on the YoY analysis conducted in the previous announcement and the changes from the last announcement shown in the previous page. So I will not explain the numbers here.

We expect a substantial decrease in profit because, despite cost reductions due to structural reforms, the production volume has been reduced by nearly 1.5 million tons due to the deteriorating business environment and the impact of troubles, the profit of the group companies has also deteriorated, and the impairment loss is incorporated.



¥43.0bn. Decrease in JFE Steel's Segment Profit (FY2024.1H vs. FY2024.2H)

JFE Steel

JFE Steel	FY2024 Forecast			Change
	1H Actual	2H Forecast	Full Year	
Segment Profit	34.5	(8.5)	26.0	(43.0)
Excluding Inventory Valuation etc.	87.5	34.5	122.0	(53.0)

1. Cost	+1.0	
2. Volume and Mix	±0	• Crude steel production 11.03M t → Approx. 11.00M t
3. Spreads*	(13.0)	• Impact of raw material price fluctuations and timing differences in adjustments for selling prices
4. Inventory valuation	+10.0	<ul style="list-style-type: none"> • Inventory valuation -27.0 (-3.0→-30.0) • Carry over +20.0 (-43.0→-23.0) • Foreign exchange valuation +17.0 (-7.0→+10.0)
5. Others	(41.0)	<ul style="list-style-type: none"> • Impairment losses of overseas group companies -14.0 • Timing difference of expense occurrence, etc.

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

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This is a comparison of the 1H and 2H of the year.

The decline in spread is mainly due to the impact of the higher coking coal prices in the 2H of FY2023 reflecting on the sales price in the 1H of FY2024. In addition, the increase in various costs from the 1H of the year to the 2H of the year has also had an impact. Inventory valuation difference, etc. is expected to increase JPY10 billion, as you can see. Others are expected to decline JPY41 billion. This includes, in addition to the JPY14 billion risk of impairment losses, the expected deterioration of the Group's overall business performance of about JPY4 billion, and taxes and other expenses.



Financial Forecast for Fiscal Year 2024

JFE

■ Current Business Environment/Overview of Financial Status

- Expect to increase orders in the fields of **“Waste to Resource”** and **“Core infrastructure”**.
- Full year segment profit is expected to be **¥20.0bn.** (as previously announced)

■ Financial Forecast

(billion yen)	FY2023 Actual		FY2024 Forecast (Updated)		Change FY2023 →FY2024		FY2024 Forecast (Previous)	
	2H	Full Year	2H	Full Year	2H	Full Year	2H	Full Year
Orders	293.3	563.0	354.0	600.0	60.7	37.0	354.0	600.0
Revenue	291.5	539.9	310.5	580.0	19.0	40.1	310.5	580.0
Segment Profit	15.6	24.3	11.1	20.0	(4.5)	(4.3)	11.1	20.0

*From FY2024, the Company changed its method of accruing orders for long-term O&M (operation and maintenance) contracts for waste treatment facilities, etc. contracted by local governments. Based on the previous order accruing method, we forecast annual orders for FY2024 to be ¥590.0 billion.

This is the Engineering business.

While orders are steadily increasing, segment profit is expected to be JPY20 billion as previously forecasted.



2024年度 業績見通し

JFE商事

JFE

足元の事業環境/損益概況

➤ 年間セグメント利益は、450億円を見込む（前回公表どおり）。

業績見通し (億円)	23年度実績		24年度見通し		増減 (対前年同期)		24年度見通し (前回)	
	下期	年間	下期	年間	下期	年間	下期	年間
売上収益	7,344	14,764	7,345	14,500	1	▲264	7,345	14,500
セグメント利益	221	489	226	450	5	▲39	226	450

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For JFE Shoji, we currently forecast segment profit of JPY45 billion as previously announced as well.



Next Fiscal Year Onwards

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- In addition to eliminating some of the factors that caused the decline in profit in the current fiscal year, we will strive to increase profits by making early contribution to profit from the growth investment implemented in the seventh mid-term business plan, continuing the shift from quantity to quality and further reducing costs.

Investment that monetize or expand profits next fiscal year onwards

[Steel business]

*Change from the previous announcement

- Full contribution of capacity expansion of Kurashiki electrical steel sheet (Start operation in September 2024)
- Acquisition of 10% stake in the Blackwater coal mine (expected closing in FY2024)
- Acquisition of thyssenkrupp Electrical Steel India (closed in January 2025)*

[Engineering business]

- Acquisition of 66.6% stake in Sumitomo Chemical Subsidiary (expected closing in FY2024)*
- Full-scale operation of monopile plant (expected in the second half of FY2025)

[Trading business]

- Full contribution of Studco acquisition (closed in May 2024)
- Establishment of electrical steel sheet processing and sales company in Serbia (expected full-scale operation in July 2025)

- Transition from "Company with Board of Corporate Auditors" to "Company with Audit and Supervisory Committee" in order to promptly respond to drastic changes in the business environment (Subject to approval of proposal to amend the Articles of Incorporation at the General Meeting of Shareholders).

- In the 8th Medium-Term Business Plan, we will present strategies that will enable us to achieve growth even in such a difficult business environment.

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For the next fiscal year and beyond, the changes from those presented in the previous announcement are indicated in blue.

As we look toward the 8th medium-term business plan, we are working to quickly monetize the growth investments that we have already made in the current medium-term business plan. As listed below, the acquisition of thyssenkrupp Electrical Steel India was closed last month in January, as mentioned in the third item of the steel business.

As we announced this week, we have agreed to acquire shares of Sumitomo Chemical Engineering in the engineering business.

As announced today, in order to promptly respond to rapid changes in the business environment, the Company has resolved to shift to "Company with Audit and Supervisory Committee", subject to approval at the General Meeting. In addition, in our 8th medium-term business plan to be announced in the future, we intend to demonstrate our growth strategy even in a difficult business environment.



An electric arc furnace to be introduced in Kurashiki has been adopted as an ironmaking process conversion support project for CN

JFE

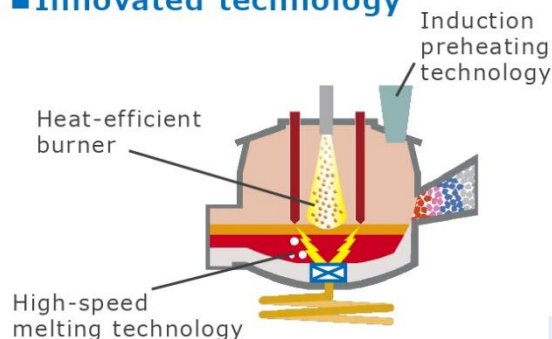
- Electric arc furnace to be installed in Kurashiki was selected as a governmental support project*. JFE plans to make an investment decision by the end of the fiscal year after reviewing the grant.
- By introducing the world's largest electric arc furnace, we will become **the first company in the world to realize a large-scale supply system for high-quality, high-performance steel products** that cannot be produced with existing large electric furnaces. **Aim for top share in the domestic green steel market.**

Investment overview

Released on 20th December 2024

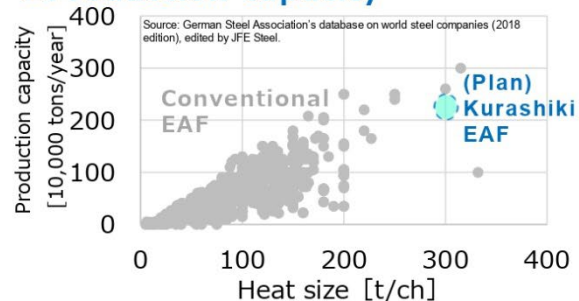
Investment amount	¥329.4bn. (Maximum amount of government support: ¥104.5bn.)
Investment Scope	Advanced electric furnaces, off-site refining facilities, cold iron source distribution facilities, quay maintenance, and power receiving and distribution facilities.
Annual production	Approx. 2 million tons/year
Expected time to start operations	1st Quarter of FY2028
CO ₂ reduction	Approx. 2.6 million tons/year

Innovated technology



* "Energy and Manufacturing Process Transformation Support Business (Business I (Steel))" based on the Green Transformation (GX) Promotion Act

Production capacity



Establish high-efficiency melting technology through innovative processes, including heat-efficient burners, high-speed melting technology, and induction preheating.

We have several topics.

First, regarding the Kurashiki Electric Furnace announced in December, it has been selected for a governmental support project utilizing the GX Transitional Bonds. The grant review process will be completed and an institutional decision will be made by the end of the fiscal year. We intend to be a pioneer in the mass supply system for high-quality, high-performance green steel products that cannot be manufactured in existing large electric furnaces.



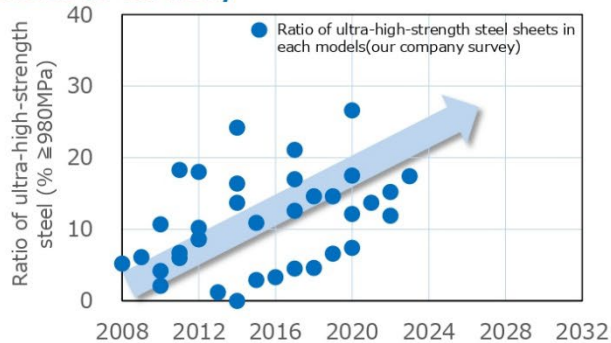
Build hot-dip galvanizing line (CGL) to increase production of ultra-high-strength steel sheets for automobiles

Released on 10th December 2024

- **Demand for ultra-high-strength steel sheets* is increasing** in line with the growing demand for lighter and stronger automobiles.
- **Construction of the next generation CGL has been decided incorporating the latest technologies** which solve the problem of crack and weldability peculiar to ultra-high-strength steels.

*High strength steel sheets with the tensile strength of 980MPa or higher.

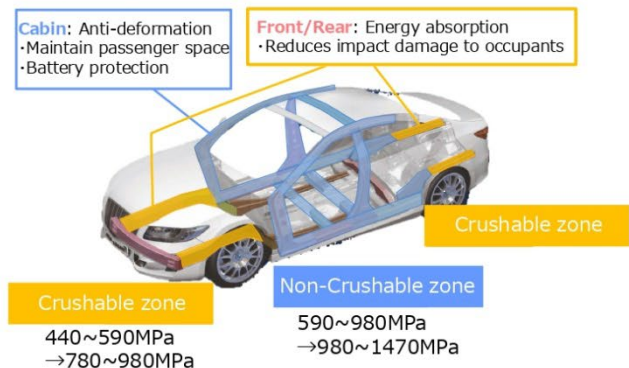
■ Trends in the ratio of ultra-high-strength steels in car body



■ Overview of hot-dip galvanizing lines

Capacity	360,000 tons/year (Fukuyama)
Start operation	Scheduled in October 2028
Investment amount	Approx. ¥70bn.

■ Typical application of ultra-high-strength steel sheets



Increase the ratio of high-value-added products by promoting the market launch of new products such as ultra-high-strength steels and high-performance high-strength steels with excellent energy absorption.

This is another announcement made in December regarding the construction of a CGL for the purpose of manufacturing ultra-high-strength steel for automobiles.

As shown in the upper left diagram, we expect demand for ultra-high-strength steel to continue to grow in the future, and we plan to incorporate the latest technology to solve the cracking and welding problems inherent in ultra-high-strength steel in this new installation.



Acquire 66.6% Stake in Sumitomo Chemical Subsidiary

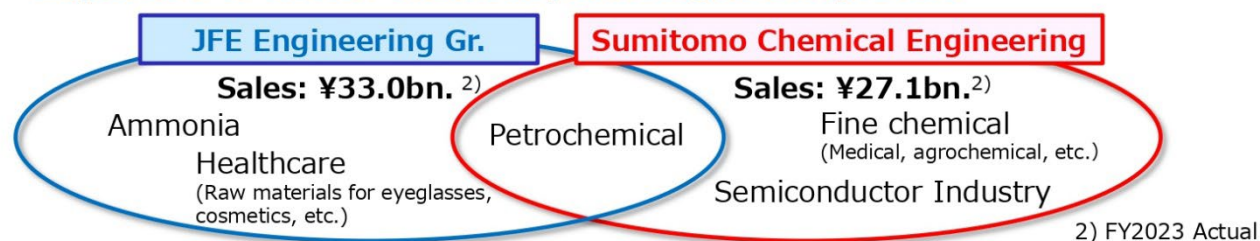
Released on 3rd February 2025

JFE

- As for EPC¹⁾ and maintenance in the chemical plant engineering sector, where market growth is expected to continue, we will **expand our customer base and business fields in the medical and semiconductor fields** by acquiring shares in Sumitomo Chemical Engineering.
- **Sales of chemical plants will double to more than 60 billion yen**, being one of the top three companies in this field in Japan.

1) Engineering, Procurement, and Construction

■ Expansion of EPC in chemical plant engineering sector



■ Overview of the Company to be transferred

Company Name	Sumitomo Chemical Engineering Co., Ltd (Intends to change its corporate name following the share transfer)
Established	1964
Capital	¥1bn. (Ownership: Sumitomo Chemical 100%)
Number of Office	Three in Japan (Chiba, Osaka, Ehime), two overseas (Singapore, Malaysia)
Closing	2025/3/31(Scheduled)

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I would like to explain the acquisition of shares in the Sumitomo Chemical subsidiary I mentioned earlier.

As stated in the second line, our aim is to expand our client base and the areas we serve to include medical and semiconductor sectors through this acquisition of shares. Sales in the chemical plant engineering area are expected to double, and furthermore, the business is expected to become one of the top three such businesses in Japan.

- We will publish 「DX report 2024」 on 7th February to describe JFE's initiatives for DX. Visit our company website.

**English version is coming soon.*

<URL : <https://www.jfe-holdings.co.jp/en/investor/library/dxreport/index.html>>



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Finally, we will be issuing our DX report tomorrow, February 7, and we hope you will take a look at it.

That concludes my explanation.

This presentation material was prepared for the purpose of publicizing the status of our company's financial results for the third quarter of FY2024. The information included in this presentation does not constitute a disclosure under the Financial Instruments and Exchange Act and we do not guarantee the accuracy or completeness of the information contained within. The information included in this presentation is not an offer to sell, or a solicitation of an offer to buy, any securities in Japan, the United States or any other jurisdiction. The forward-looking statements regarding forecasts included in this presentation were based on information available to us at the time when this presentation was prepared and include uncertainties. Therefore, please refrain from making any investment decisions based solely on this document. Our company shall not be liable for any damages arising as a result of the use of this document.