

# JFE Holdings' Financial Results for Fiscal Year 2022 ended March 31, 2023

— 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 8, 2023

Official name: Listings: Code: English URL: Representative: Contact:  Phone: Annual shareholders meeting (planned): Dividend payment starting date: Scheduled date to submit securities report: Preparation of supplementary materials on results: Results briefing:	JFE Holdings, Inc. Tokyo stock exchanges 5411 <a href="http://www.jfe-holdings.co.jp/en">www.jfe-holdings.co.jp/en</a> Koji Kakigi, President and CEO Hiroki Watanabe, Manager, Public Relations Section Investor Relations and Corporate Communications Department +81-3-3597-3842 June 27, 2023 June 28, 2023 June 27, 2023 Yes Yes
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(Figures are rounded down to the nearest million yen)

## 1. Consolidated Results for Fiscal 2022 (April 1, 2022 to March 31, 2023)

### (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 (million yen)	%	Compre- hensive income (million yen)	%
FY 2022	5,268,794	20.7	235,841	(43.4)	210,282	(45.9)	166,752	(42.5)	162,621	(43.5)	203,814	(42.6)
FY 2021	4,365,145	35.3	416,466	—	388,535	—	289,793	—	288,058	—	355,249	461.8

	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 2022	280.68	280.52	7.9	3.9	4.5
FY 2021	500.28	500.12	15.7	7.8	9.5

(Reference): Equity in earnings of affiliates: FY 2022: 23,002 million yen FY 2021: 99,730 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 2022	5,524,040	2,193,395	2,120,322	38.4	3,649.79
FY 2021	5,287,909	2,070,739	1,988,268	37.6	3,452.82

### (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 2022	395,797	(274,308)	(110,175)	119,391
FY 2021	298,738	(288,034)	(57,427)	101,773

## 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 2021	140.00	-	60.00	-	80.00	80,709	28.0	4.4
FY 2022	80.00	-	50.00	-	30.00	46,527	28.5	2.3
FY 2023 (forecast)	100.00	-	-	-	-		30.6	

The company's basic policy regarding dividends from retained earnings is to pay an interim and year-end dividend each year, but since the estimated interim dividend has not been determined at this time, the forecast is presented as a total.

## 3. Forecasts of Consolidated Financial Results in Fiscal 2023 (April 1, 2023 to March 31, 2024)

(Percentages indicate year on year change)

	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 2023	5,540,000	5.1	290,000	23.0	270,000	28.4	190,000	16.8	327.05

## 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, 2023: 614,438,399 shares
    - As of March 31, 2022: 614,438,399 shares
  - 2) Treasury stock at the end of the term
    - As of March 31, 2023: 33,494,986 shares
    - As of March 31, 2022: 38,599,423 shares
  - 3) Average number of shares during the term
    - FY 2022: 579,382,068 shares
    - FY 2021: 575,793,363 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 2023" 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 2022	3
(4) Outlook for Fiscal 2023	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

In fiscal 2022, JFE continued to achieve sustainable growth and improve its corporate value for shareholders and other stakeholders by pursuing its corporate mission of contributing to society with world-leading technology. The Japanese and global economies continued to recover from the economic slump brought about by the COVID-19 pandemic, despite price increases and supply-side constraints due to the economic impacts of the ongoing war in Ukraine, suppressed economic activity in China, growing global inflation concerns, and a weaker yen.

Under these circumstances, JFE worked to increase its ratio of high-value-added products and raise selling prices by passing on the costs of primary raw materials and various commodities. The company also advanced efforts to reinforce its earnings base by steadily pursuing structural reforms and blast furnace renovations. Nevertheless, negative factors including foreign exchange effects and inventory-valuation differences resulted in year-on-year decreases in both business profit and profit attributable to owners of the parent. The following explanation presents operating results in each segment.

In the steel business, consolidated crude-steel production volume declined to 25.48 million tons, reflecting the company's emphasis on maintaining prices in the face of softening demand for steel products, both in Japan and abroad, as well as related market conditions, especially in the second half of the year when costs of materials and equipment rose sharply and supplies of semiconductors and other components were constrained. Nevertheless, sales revenue increased significantly to 3,881.1 billion yen, despite a decrease in sales volume, due to efforts to raise selling prices and also factors such as the foreign exchange effects of a weaker yen. Despite efforts to reduce costs and improve selling prices, segment profit declined significantly to 146.8 billion yen due to one-time factors that impacted profit, such as unrealized losses on inventories, as well as soaring raw material prices and foreign exchange effects.

In the engineering business, orders received rose to a record high as a result of aggressive sales efforts to win orders, primarily in the field of core infrastructure, both in Japan and abroad. Sales revenue rose to 512.5 billion yen. Segment profit, however, declined to 13.4 billion yen due to factors such as soaring costs of materials and equipment and the worsening profitability of a construction project in Europe.

In the trading business, sales revenue rose to 1,514.1 billion yen and segment profit achieved a record high of 65.1 billion yen, thanks to efforts to expand sales of steel products as well as generally firm conditions for steel sales volume both in Japan and overseas. Also, selling prices trended upward in Japan and abroad, especially in North America.

On a consolidated basis, sales revenue rose firmly to 5,268.7 billion yen. Business profit declined to 235.8 billion yen. Among exceptional items, loss on liquidation of subsidiaries and associates etc. totaled 10.7 billion yen. Profit before tax came to 210.2 billion yen and profit attributable to owners of the parent totaled 162.6 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 5,524.0 billion yen at the end of fiscal 2022 (March 31, 2023) were up 236.1 billion yen from the previous fiscal year-end to due primarily to increased inventories. Total liabilities of 3,330.6 billion yen increased by 113.5 billion yen to due mainly to increases in trade and other payables. Total equity of 2,193.3 billion yen rose by 122.6 billion yen to due mainly to higher retained earnings.

## (3) Overview of Cash Flow in Fiscal 2022

Cash inflow of 395.7 billion yen from operating activities versus cash outflow of 274.3 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 121.4 billion yen.

Net cash from financing, due primarily to repayments of long-term borrowings, came to 110.1 billion yen outflow.

Interest-bearing liabilities outstanding at the fiscal yearend increased 13.5 billion yen to 1,862.9 billion yen. The balance of cash and cash equivalents increased 17.6 billion yen to 119.3 billion yen.

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

## (4) Outlook for Fiscal 2023

Within the steel business environment in Japan, despite the partial impacts of soaring prices and labor shortages, the demand for steel products is expected to improve, supported mainly by a recovery in the automotive sector due to weaker constraints on supplies of semiconductors and other components. Overseas, economic activities in developed countries are slowing due to inflation and monetary policies, but the demand for steel products and related market conditions are expected to gradually recover, driven by China's economic recovery after the lifting of its zero-COVID policy. In this environment, JFE Steel's non-consolidated crude-steel production volume is expected to total around 25 million tons, and segment profit is forecasted to rise to 200 billion yen. Reflecting the envisioned recovery in the demand for steel products, the forecast is for further improvements in selling prices, the completion of structural reforms following the shutdown of upstream processes at the Keihin facility in September 2023, further reduction of fixed costs, and progress in shifting from quantity to quality through an enhanced sales mix.

In the engineering business, demand related to the environment and energy, both in Japan and abroad, is expected to remain firm. Sales revenue will rise on orders for such projects and the steady execution of high-level projects for which orders have been received. Segment profit of 25 billion yen will exceed that of fiscal 2022, when a one-time loss on a construction project in Europe was booked.

In the trading business, an expected gradual recovery of demand will be fueled in part by increased production of vehicles in Japan. Nevertheless, segment profit is foreseen declining to 48 billion yen as spreads narrow both in Japan and overseas, primarily in North America.

Based on such expectations, JFE's full-year consolidated business profit is forecasted to total 290 billion yen in fiscal 2023.

## 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, 2022	(million yen) As of March 31, 2023
<b>Assets</b>		
Current assets		
Cash and cash equivalents	101,773	119,391
Trade and other receivables	796,955	776,115
Contract assets	123,888	116,293
Inventories	1,227,935	1,367,230
Income taxes receivable	1,009	22,957
Other financial assets	22,830	18,937
Other current assets	118,235	96,759
Subtotal	2,392,629	2,517,685
Assets held for sale	—	40,929
Total current assets	2,392,629	2,558,615
Non-current assets		
Property, plant and equipment	1,850,779	1,891,053
Goodwill	8,174	14,911
Intangible assets	108,547	126,855
Right-of-use asset	98,417	98,611
Investment property	57,660	53,559
Investments accounted for using equity method	454,642	465,482
Retirement benefit asset	24,079	23,521
Deferred tax assets	60,372	74,728
Other financial assets	217,217	200,599
Other non-current assets	15,388	16,100
Total non-current assets	2,895,280	2,965,425
Total assets	5,287,909	5,524,040

	As of March 31, 2022	(million yen) As of March 31, 2023
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	678,377	703,212
Bonds payable, borrowings, and lease liabilities	339,726	397,026
Contract liabilities	32,580	48,543
Income taxes payable, etc.	50,547	32,320
Provisions	12,345	10,781
Other financial liabilities	143,406	181,046
Other current liabilities	236,856	265,268
Subtotal	1,493,840	1,638,200
Liabilities directly associated with assets held for sale	—	23,598
<b>Total current liabilities</b>	<b>1,493,840</b>	<b>1,661,798</b>
<b>Non-current liabilities</b>		
Bonds payable, borrowings, and lease obligations	1,509,739	1,465,939
Retirement benefit liability	125,927	120,663
Provisions	22,663	19,128
Deferred tax liabilities	12,065	5,480
Other financial liabilities	43,976	41,325
Other non-current liabilities	8,957	16,308
<b>Total non-current liabilities</b>	<b>1,723,330</b>	<b>1,668,846</b>
<b>Total liabilities</b>	<b>3,217,170</b>	<b>3,330,644</b>
<b>Equity</b>		
Share capital	147,143	147,143
Capital surplus	652,233	640,536
Retained earnings	1,294,875	1,397,735
Treasury shares	(180,580)	(156,408)
Other components of equity	74,596	91,315
Equity attributable to owners of parent	1,988,268	2,120,322
Non-controlling interests	82,470	73,073
<b>Total equity</b>	<b>2,070,739</b>	<b>2,193,395</b>
<b>Total liabilities and equity</b>	<b>5,287,909</b>	<b>5,524,040</b>



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

## Consolidated statement of profit or loss

	Fiscal 2021 (April 1, 2021 – March 31, 2022)	(million yen) Fiscal 2022 (April 1, 2022 – March 31, 2023)
Revenue	4,365,145	5,268,794
Cost of sales	(3,694,690)	(4,659,371)
Gross profit	670,454	609,423
Selling, general and administrative expenses	(360,415)	(392,446)
Share of profit of entities accounted for using equity method	99,730	23,002
Other income	37,524	38,060
Other expenses	(30,828)	(42,198)
Business profit	416,466	235,841
Gain on sales of land	–	4,105
Impairment losses	(11,355)	(3,542)
Loss on liquidation of subsidiaries and associates	(4,918)	(6,739)
Restructuring expenses	–	(4,578)
Operating profit	400,192	225,086
Finance income	1,549	3,677
Finance costs	(13,205)	(18,481)
Profit before tax	388,535	210,282
Income tax expense	(98,741)	(43,530)
Profit	289,793	166,752
Profit attributable to		
Owners of parent	288,058	162,621
Non-controlling interests	1,734	4,130
Profit	289,793	166,752
Earnings per share		
Basic earnings per share (yen)	500.28	280.68
Diluted earnings per share (yen)	500.12	280.52

Consolidated statement of comprehensive income

	(million yen)	
	Fiscal 2021 (April 1, 2021 – March 31, 2022)	Fiscal 2022 (April 1, 2022 – March 31, 2023)
Profit	289,793	166,752
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	8,978	8,144
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	5,984	(8,651)
Share of other comprehensive income of investments accounted for using equity method	(3,954)	2,891
Total of items that will not be reclassified to profit or loss	11,007	2,384
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	16,707	18,239
Effective portion of cash flow hedges	4,931	1,823
Share of other comprehensive income of investments accounted for using equity method	32,808	14,614
Total of items that may be reclassified to profit or loss	54,447	34,677
Total other comprehensive income	65,455	37,061
Comprehensive income	355,249	203,814
Comprehensive income attributable to		
Owners of parent	352,318	198,999
Non-controlling interests	2,930	4,815
Comprehensive income	355,249	203,814

### (3) Consolidated statement of changes in equity

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	—	—	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						Non-controlling interests	Total equity
	Other components of equity			Total	Total	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	—	—	—	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		

	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, 2022	147,143	652,233	1,294,875	(180,580)	—	55,560
Profit	—	—	162,621	—	—	—
Other comprehensive income	—	—	—	—	9,023	(6,700)
Comprehensive income	—	—	162,621	—	9,023	(6,700)
Purchase of treasury shares	—	—	—	(60)	—	—
Disposal of treasury shares	—	(2,000)	—	24,204	—	—
Dividends	—	—	(75,198)	—	—	—
Share-based payment transactions	—	131	—	27	—	—
Changes in scope of consolidation	—	—	—	—	—	—
Changes in ownership interest in subsidiaries	—	(9,827)	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	15,437	—	(9,023)	(6,413)
Transfer to non-financial assets	—	—	—	—	—	—
Other	—	—	—	—	—	—
Total transactions with owners	—	(11,696)	(59,761)	24,172	(9,023)	(6,413)
Balance as of March 31, 2023	147,143	640,536	1,397,735	(156,408)	—	42,446

	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, 2022	16,086	2,949	74,596	1,988,268	82,470	2,070,739
Profit	—	—	—	162,621	4,130	166,752
Other comprehensive income	31,854	2,200	36,377	36,377	684	37,061
Comprehensive income	31,854	2,200	36,377	198,999	4,815	203,814
Purchase of treasury shares	—	—	—	(60)	—	(60)
Disposal of treasury shares	—	—	—	22,204	—	22,204
Dividends	—	—	—	(75,198)	(1,815)	(77,014)
Share-based payment transactions	—	—	—	158	—	158
Changes in scope of consolidation	—	—	—	—	(127)	(127)
Changes in ownership interest in subsidiaries	—	—	—	(9,827)	(12,382)	(22,210)
Transfer from other components of equity to retained earnings	—	—	(15,437)	—	—	—
Transfer to non-financial assets	—	(4,221)	(4,221)	(4,221)	—	(4,221)
Other	—	—	—	—	112	112
Total transactions with owners	—	(4,221)	(19,658)	(66,944)	(14,213)	(81,157)
Balance as of March 31, 2023	47,941	928	91,315	2,120,322	73,073	2,193,395

#### (4) Consolidated Statement of Cash Flow

	(million yen)	
	Fiscal 2021 (April 1, 2021 – March 31, 2022)	Fiscal 2022 (April 1, 2022 – March 31, 2023)
Cash flows from operating activities		
Profit before tax	388,535	210,282
Depreciation and amortization	252,283	269,600
Increase (decrease) in allowance	(2,917)	(5,172)
Interest and dividend income	(5,417)	(9,315)
Interest expenses	12,652	16,760
Share of loss (profit) of investments accounted for using equity method	(99,730)	(23,002)
Decrease (increase) in trade and other receivables	(23,333)	19,336
Decrease (increase) in inventories	(431,449)	(124,579)
Increase (decrease) in trade and other payables	174,808	6,995
Other	39,122	117,396
Subtotal	304,554	478,301
Interest and dividends received	35,450	37,250
Interest paid	(11,559)	(15,155)
Income taxes refund (paid)	(29,706)	(104,599)
Cash flows from operating activities	298,738	395,797
Cash flows from investing activities		
Purchase of property, plant and equipment, intangible assets, and investment property	(313,328)	(289,197)
Proceeds from sale of property, plant and equipment, intangible assets, and investment property	2,711	17,673
Purchase of investments	(5,557)	(9,072)
Proceeds from sale of investments	33,449	20,939
Other	(5,309)	(14,651)
Cash flows from investing activities	(288,034)	(274,308)

	(million yen)	
	Fiscal 2021 (April 1, 2021 – March 31, 2022)	Fiscal 2022 (April 1, 2022 – March 31, 2023)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	13,834	(4,576)
Increase (decrease) in commercial papers	—	19,999
Proceeds from long-term borrowings	122,422	305,876
Repayments of long-term borrowings	(103,959)	(330,944)
Proceeds from issuance of bonds	35,000	30,000
Payments for redemption of bonds	(30,000)	(20,000)
Payments for purchase of treasury shares	(65)	(60)
Dividends paid to owners of parent	(40,355)	(75,198)
Other	(54,303)	(35,271)
Cash flows from financing activities	(57,427)	(110,175)
Effect of exchange rate change on cash and cash equivalents	6,080	7,839
Net increase (decrease) in cash and cash equivalents	(40,643)	19,153
Net increase (decrease) in cash and cash equivalents resulting from transfer to assets held for sale	—	(1,536)
Cash and cash equivalents at beginning of period	142,416	101,773
Cash and cash equivalents at end of period	101,773	119,391

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

	Steel	Engineering	Trading	Total	Adjustments <sup>1</sup>	(million yen) 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

<sup>1</sup> 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.

Fiscal 2022 (April 1, 2022 to March 31, 2023)

(million yen)

	Steel	Engineering	Trading	Total	Adjustments <sup>1</sup>	Amount recorded in consolidated financial statements
Revenue						
Revenue from external customers	3,427,239	498,079	1,343,476	5,268,794	—	5,268,794
Intersegment revenue	453,900	14,421	170,661	638,982	(638,982)	—
Total	3,881,139	512,500	1,514,137	5,907,777	(638,982)	5,268,794
Segment profit	146,825	13,481	65,115	225,422	(4,384)	221,038
Gain on sales of land						4,105
Impairment losses						(3,542)
Loss on liquidation of subsidiaries or associates						(6,739)
Restructuring expenses						(4,578)
Profit before tax						210,282

Segment assets	4,529,302	504,942	1,050,040	6,084,286	(560,246)	5,524,040
Other items						
Depreciation and amortization	240,577	17,105	13,180	270,863	(1,262)	269,600
Impairment losses	(3,443)	(99)	—	(3,542)	—	(3,542)
Finance income	1,939	258	1,768	3,966	(288)	3,677
Finance costs	(13,468)	(770)	(5,029)	(19,268)	786	(18,481)
Share of profit (loss) of entities accounted for using equity method	25,521	383	2,285	28,189	(5,187)	23,002
Investments accounted for using equity method	415,484	17,283	22,375	455,143	10,338	465,482
Capital expenditures	277,467	23,183	27,650	328,301	(2,669)	325,632

<sup>1</sup> Adjustments are as follows.

- (1) Adjustments to segment profit include corporate profit not allocated to a reportable segment: 52,383 million yen, elimination of dividend income from each reportable segment: (51,393) million yen, and share of loss of entities accounted for using equity method related to Japan Marine United Corporation: (5,453) million yen; elimination of other intersegment transactions: 78 million yen. Corporate profit is profit of the Company.
- (2) Adjustments to segment assets: Corporate assets not allocated to a reportable segment: 87,439 million yen and elimination of intersegment receivables and payables, etc.: (647,685) million yen. Corporate assets are assets of the Company.



Per-share information

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

	Fiscal 2021 (April 1, 2021 – March 31, 2022)	Fiscal 2022 (April 1, 2022 – March 31, 2023)
Basic profit per share (yen)	500.28	280.68
Diluted profit per share (yen)	500.12	280.52

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

	Fiscal 2021 (April 1, 2021 – March 31, 2022)	Fiscal 2022 (April 1, 2022 – March 31, 2023)
Profit attributable to owners of the parent company (million yen)	288,058	162,621
Amount not attributable to common shareholders of the parent company (million yen)	–	–
Profit used in calculation of basic earnings per share (million yen)	288,058	162,621
Profit adjustments (million yen)	–	–
Profit used in calculation of diluted earnings per share (million yen)	288,058	162,621
Weighted average number of common shares used in calculation of basic earnings per share (thousand shares)	575,793	579,382
Impact of dilutive potential common shares (thousand shares)		
Share-based payments (thousand shares)	187	337
Weighted average number of common shares used in calculation of diluted earnings per share (thousand shares)	575,980	579,719

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 548,000 and about 534,000, respectively.

Material subsequent events

There is no item for this period.

## 4. Supplementary information

### (1) Consolidated financial performance

	FY 2021	FY 2022	Change	Percentage change	FY 2023 Forecast
	Full year (billion yen)	Full year (billion yen)	Full year (billion yen)	Full year (%)	Full year (billion yen)
Steel Business	3,173.4	3,881.1	707.7	22.3	4,000.0
Engineering Business	508.2	512.5	4.3	0.8	550.0
Trading Business	1,231.7	1,514.1	282.4	22.9	1,620.0
Adjustments	(548.3)	(638.9)	(90.6)	-	(630.0)
Revenue	4,365.1	5,268.7	903.6	20.7	5,540.0
Business profit <sup>1</sup>	A 416.4	235.8	(180.6)	(43.4)	290.0
Finance income / costs	B (11.6)	(14.8)	(3.2)	-	(20.0)
Segment Profit					
Steel Business	323.7	146.8	(176.9)	(54.6)	200.0
Engineering Business	26.0	13.4	(12.6)	(48.5)	25.0
Trading Business	55.9	65.1	9.2	16.5	48.0
Adjustments	(0.9)	(4.3)	(3.4)	-	(3.0)
Total	A+B 404.8	221.0	(183.8)	(45.4)	270.0
Exceptional Items <sup>2</sup>	(16.2)	(10.7)	5.5	-	-
Profit before tax	388.5	210.2	(178.3)	(45.9)	270.0
Tax Expense and Profit (Loss)					
Attributable to Non-controlling Interests	(100.4)	(47.6)	52.8	-	(80.0)
Profit Attributable to Owners of Parent	288.0	162.6	(125.4)	(43.5)	190.0

<sup>1</sup> 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.

<sup>2</sup> Exceptional Items: One-time items of a materially significant value.

### (2) Consolidated Financial Indices

	Fiscal 2021	Fiscal 2022	Change
Return on Sales (ROS) <sup>1</sup>	9.5%	4.5%	(5.0%)
Return on Assets (ROA) <sup>2</sup>	8.4%	4.4%	(4.0%)
Return on Equity (ROE) <sup>3</sup>	15.7%	7.9%	(7.8%)
EBITDA <sup>4</sup>	668.7 billion yen	505.4 billion yen	(163.3 billion yen)
Interest-bearing debt outstanding	1,849.4 billion yen	1,862.9 billion yen	13.5 billion yen
Debt / EBITDA multiple <sup>5</sup>	2.8x	3.7x	0.9x
Equity attributable to owners of parent	1,988.2 billion yen	2,120.3 billion yen	132.1 billion yen
D/E Ratio <sup>6</sup>	80.8%	67.8%	(13.0%)

<sup>1</sup> ROS = Business profit / Revenue

<sup>2</sup> ROA = Business profit / Total assets

<sup>3</sup> ROE = Profit attributable to owners of parent / Equity attributable to owners of parent

<sup>4</sup> EBITDA = Business profit + Depreciation and amortization

<sup>5</sup> Debt / EBITDA multiple = Interest-bearing debt outstanding / EBITDA

<sup>6</sup> 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.

Note: 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	50%*	83.8 billion yen
March 19, 2018	100.0 billion yen	50%*	50.0 billion yen**
June 10, 2021	35.0 billion yen	50%	17.5 billion yen
March 20, 2023	205.0 billion yen	50%	102.5 billion yen**

\*On December 1, 2022, the assessment of equity content was changed from 25% to 50% by the rating agency.

\*\*Of the subordinated loans totaling 300 billion yen raised on March 19, 2018, 200 billion yen was repaid in advance of maturity, and a new subordinated loan of 205 billion yen was raised on March 20, 2023.

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
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
FY 2022	Non-consolidated	6.43	6.21	12.64	5.48	5.97	11.45	24.10
	Consolidated	6.77	6.59	13.37	5.81	6.29	12.11	25.48

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2021		5.26	5.56	10.83	5.63	5.92	11.55	22.38
FY 2022		5.54	5.32	10.86	5.25	5.64	10.88	21.74

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2021		43.2	49.3	46.5	45.9	43.6	44.7	45.5
FY 2022		48.5	45.0	46.7	41.0	43.6	42.2	44.5

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2021		109.8	110.0	109.9	113.1	115.3	114.2	112.1
FY 2022		126.5	136.6	131.6	144.0	133.2	138.6	135.1

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2021		87.6	101.0	94.5	107.6	116.7	112.2	103.7
FY 2022		126.7	136.7	131.6	136.3	124.0	129.9	130.8

**(8) Engineering Business Orders (including intersegment transactions)**

## a. Actual orders received

(billion yen)

Field	FY 2021	FY 2022	Change
Waste to Resource	203.9	216.9	13.0
Carbon Neutral	87.4	57.6	(29.8)
Combined utility services	13.4	21.1	7.7
Core Infrastructure	201.1	269.3	68.2
Total	505.8	564.9	59.1

## b. Order Backlog

(billion yen)

End of FY 2021	End of FY 2022	Change
560.1	615.6	55.5

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

(billion yen)

	FY 2021	FY 2022
Capital Investment	340.9	325.6
Depreciation & Amortization	252.2	269.6

(on construction basis)

## (10) Breakdown of Changes in Segment Profit

a. FY 2022, compared to FY 2021

-183.8 billion yen: 404.8 billion yen in FY 2021 → 221.0 billion yen in FY 2022

(billion yen)

### Change

#### Steel Business

- Cost	0.0	Cost reductions offset cost increases associated with Chiba No. 6 blast furnace refurbishment and production cut
- Sales volume and mix	(30.0)	Sales volume -35.0, mix 5.0
- Sales prices and raw materials	220.0	Improved spreads due to the reflection of high prices of main raw materials, metals, and other commodities in selling prices
- Foreign exchanges effects on trade	(93.0)	1USD=112.1yen→1USD=135.1yen
- Unrealized gains (losses) on inventories	(121.0)	Inventory valuation -81.0, carry over -46.0, foreign exchange valuation 6.0
- Others	(152.9)	Group companies -71.8, energy prices -53.0, etc.
- Total	<u>(176.9)</u>	

#### Engineering Business

(12.6) Rising material and equipment costs, deteriorating profit/loss of construction project in Europe, etc.

#### Trading Business

9.2 Increased profit due to higher sales prices in Japan and overseas, mainly North America, etc.

#### Adjustment

(3.4) Deteriorated profit/loss of shipbuilding-related equity-method affiliates, etc.

b. FY 2022, compared to previous forecast

1.0 billion yen: 220.0 billion yen (previous forecast) → 221.0 billion yen in FY 2022

(billion yen)

### Change

#### Steel Business

- Cost	0.0	
- Sales volume and mix	0.0	
- Sales prices and raw materials	0.0	
- Unrealized gains (losses) on inventories	0.0	Inventory valuation -5.0, carry over 2.0, foreign exchange valuation 3.0
- Others	(3.2)	
- Total	<u>(3.2)</u>	

#### Engineering Business, Trading Business, Adjustment

4.2 Trading business 5.1, etc.

c. FY 2023 forecast, compared to FY 2022

49.0 billion yen: 221.0 billion yen in FY 2022 → 270.0 billion yen in FY 2023 forecast

	<u>Change</u>	
	(billion yen)	
Steel Business		
Costs	63.0	Structural reforms effect 20.0, operational enhancement 20.0, resolution of blast furnace refurbishment impact, resolution of production reduction impact 23.0
Sales volume and mix	18.0	Increased volume due to recovered steel demand (crude steel volume: 24.1 → about 25 million tons)
Sales prices and raw materials	75.0	Improved spreads due to the reflection of high prices of main raw materials, metals, and other commodities in selling prices
Unrealized gains (losses) on inventories	(63.0)	Inventory valuation -82.0, carry over 40.0, foreign exchange valuation -21.0
Others	(39.8)	Energy prices, depreciation expense etc.
Total	53.2	
Engineering and Trading businesses, and Adjustments	(4.2)	

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