

JFE Holdings' Financial Results for First Quarter of Fiscal Year 2023 Ending March 31, 2024

— 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)

August 3, 2023

Official name: Listings: Code: English URL: Representative: Contact: Phone: Scheduled date to submit Quarterly Securities Report: Preparation of supplementary materials for quarterly results: Quarterly results briefing:	JFE Holdings, Inc. Tokyo stock exchange 5411 www.jfe-holdings.co.jp/en Koji Kakigi, President and CEO Hiroki Watanabe, Manager, Public Relations Section, Investor Relations and Corporate Communications Department +81-3-3597-3842 August 3, 2023 Yes Yes
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(Figures are rounded down to the nearest million yen.)

1. Consolidated Results in First Quarter of Fiscal 2023 (April 1 to June 30, 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)	%
1Q FY 2023	1,262,086	0.7	84,824	(27.3)	79,883	(29.6)	59,690	(29.8)	59,602	(28.9)	91,875	(20.3)
1Q FY 2022	1,253,600	41.0	116,659	32.0	113,404	32.7	85,011	34.7	83,844	35.3	115,269	9.6

	Basic earnings per share (yen)	Diluted earnings per share (yen)
1Q FY 2023	102.60	102.52
1Q FY 2022	145.61	145.53

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 (%)
End 1Q FY 2023	5,576,403	2,265,814	2,194,098	39.3
End FY 2022	5,524,040	2,193,395	2,120,322	38.4

2. Dividends

	Dividend per share (yen)	
	Interim	Year-end
FY 2022	80.00	30.00
FY 2023 (forecast)	100.00	50.00

Note: Revisions to dividend forecast announced most recently: Yes

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

(Percentages represent changes from same period of previous fiscal year)

	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)
1H FY 2023	2,610,000	1.8	125,000	(33.5)	115,000	(36.6)	85,000	(31.0)	146.32
FY 2023	5,380,000	2.1	290,000	23.0	270,000	28.4	190,000	16.8	327.05

Note: Revisions to consolidated financial results forecasts announced most recently: Yes

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 June 30, 2023: 614,438,399 shares
 - As of March 31, 2023: 614,438,399 shares
 - 2) Treasury stock at the end of the term
 - As of June 30, 2023: 33,501,702 shares
 - As of March 31, 2023: 33,494,986 shares
 - 3) Average number of shares during the term
 - 1Q Fiscal 2023: 580,940,446 shares
 - 1Q Fiscal 2022: 575,835,901 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.

2. The supplementary financial data will be disclosed today via TDnet and published on our website.

Attachments

1. Condensed Quarterly Consolidated Financial Statements and Notes	2
(1) Condensed Quarterly Consolidated Statement of Financial Position	2
(2) Condensed Quarterly Consolidated Statement of Profit or Loss and Condensed Quarterly Consolidated Statement of Comprehensive Income (First Quarter)	4
(3) Condensed Quarterly Consolidated Statement of Changes in Equity (First Quarter)	6
(4) Condensed Quarterly Consolidated Statement of Cash Flow (First Quarter)	8
(5) Notes to Condensed Quarterly Consolidated Financial Statements	10
Notes Pertaining to the Presumption of a Going Concern	10
2. Supplementary Information	11

1. Condensed Quarterly Consolidated Financial Statements and Notes
(1) Condensed Quarterly Consolidated Statement of Financial Position

	As of March 31, 2023	(million yen) As of June 30, 2023
Assets		
Current assets		
Cash and cash equivalents	119,391	130,232
Trade and other receivables	776,115	779,242
Contract assets	116,293	120,997
Inventories	1,367,230	1,360,818
Income taxes receivable	22,957	21,428
Other financial assets	18,937	24,605
Other current assets	96,759	112,012
Subtotal	2,517,685	2,549,337
Assets held for sale	40,929	24,058
Total current assets	2,558,615	2,573,395
Non-current assets		
Property, plant and equipment	1,891,053	1,891,573
Goodwill	14,911	15,013
Intangible assets	126,855	129,649
Right-of-use asset	98,611	96,997
Investment property	53,559	53,691
Investments accounted for using equity method	465,482	493,210
Retirement benefit asset	23,521	24,829
Deferred tax assets	74,728	71,965
Other financial assets	200,599	209,571
Other non-current assets	16,100	16,505
Total non-current assets	2,965,425	3,003,007
Total assets	5,524,040	5,576,403

	As of March 31, 2023	(million yen) As of June 30, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	703,212	584,531
Bonds payable, borrowings, and lease liabilities	397,026	721,526
Contract liabilities	48,543	56,603
Income taxes payable, etc.	32,320	8,265
Provisions	10,781	14,255
Other financial liabilities	181,046	132,720
Other current liabilities	265,268	207,518
Subtotal	1,638,200	1,725,421
Liabilities directly associated with assets held for sale	23,598	15,857
Total current liabilities	1,661,798	1,741,248
Non-current liabilities		
Bonds payable, borrowings, and lease obligations	1,465,939	1,368,492
Retirement benefit liability	120,663	118,879
Provisions	19,128	18,176
Deferred tax liabilities	5,480	6,660
Other financial liabilities	41,325	41,332
Other non-current liabilities	16,308	15,768
Total non-current liabilities	1,668,846	1,569,310
Total liabilities	3,330,644	3,310,589
Equity		
Share capital	147,143	147,143
Capital surplus	640,536	640,526
Retained earnings	1,397,735	1,448,333
Treasury shares	(156,408)	(156,420)
Other components of equity	91,315	114,515
Equity attributable to owners of parent	2,120,322	2,194,098
Non-controlling interests	73,073	71,716
Total equity	2,193,395	2,265,814
Total liabilities and equity	5,524,040	5,576,403

(2) Condensed Quarterly Consolidated Statement of Profit or Loss and Condensed Quarterly Consolidated Statement of Comprehensive Income

Condensed Quarterly Consolidated Statements of Income (First Quarter)

	First Quarter of Fiscal 2022 (April 1, 2022 – June 30, 2022)	(million yen) First Quarter of Fiscal 2023 (April 1, 2023 – June 30, 2023)
Revenue	1,253,600	1,262,086
Cost of sales	(1,084,332)	(1,110,092)
Gross profit	169,267	151,993
Selling, general and administrative expenses	(91,483)	(96,173)
Share of profit of entities accounted for using equity method	21,469	17,704
Other income	24,654	22,851
Other expenses	(7,249)	(11,550)
Business profit	116,659	84,824
Operating profit	116,659	84,824
Finance income	437	805
Finance costs	(3,692)	(5,746)
Profit before tax	113,404	79,883
Income tax expense	(28,393)	(20,193)
Profit	85,011	59,690
Profit attributable to		
Owners of parent	83,844	59,602
Non-controlling interests	1,166	87
Profit	85,011	59,690
Earnings per share		
Basic earnings per share (yen)	145.61	102.60
Diluted earnings per share (yen)	145.53	102.52

Condensed Quarterly Consolidated Statements of Comprehensive Income (First Quarter)

	First Quarter of Fiscal 2022 (April 1, 2022 – June 30, 2022)	(million yen) First Quarter of Fiscal 2023 (April 1, 2023 – June 30, 2023)
Profit	85,011	59,690
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(1,273)	5,005
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	(2,564)	5,621
Share of other comprehensive income of investments accounted for using equity method	(626)	(2,824)
Total of items that will not be reclassified to profit or loss	(4,465)	7,801
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	16,782	10,400
Effective portion of cash flow hedges	(1,168)	1,183
Share of other comprehensive income of investments accounted for using equity method	19,109	12,798
Total of items that may be reclassified to profit or loss	34,723	24,383
Total other comprehensive income	30,258	32,184
Comprehensive income	115,269	91,875
Comprehensive income attributable to		
Owners of parent	113,676	91,712
Non-controlling interests	1,593	162
Comprehensive income	115,269	91,875

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

First Quarter of Fiscal 2022 (April 1, 2022 – June 30, 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, 2022	147,143	652,233	1,294,875	(180,580)	–	55,560
Profit	–	–	83,844	–	–	–
Other comprehensive income	–	–	–	–	(978)	(3,187)
Comprehensive income	–	–	83,844	–	(978)	(3,187)
Purchase of treasury shares	–	–	–	(10)	–	–
Disposal of treasury shares	–	(1)	–	2	–	–
Dividends	–	–	(46,118)	–	–	–
Share-based payment transactions	–	60	–	–	–	–
Changes in scope of consolidation	–	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	(882)	–	978	(95)
Transfer to non-financial assets	–	–	–	–	–	–
Other	–	–	–	–	–	–
Total transactions with owners	–	58	(47,001)	(7)	978	(95)
Balance as of June 30, 2022	147,143	652,292	1,331,718	(180,588)	–	52,277

	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	–	–	–	83,844	1,166	85,011
Other comprehensive income	35,648	(1,650)	29,832	29,832	426	30,258
Comprehensive income	35,648	(1,650)	29,832	113,676	1,593	115,269
Purchase of treasury shares	–	–	–	(10)	–	(10)
Disposal of treasury shares	–	–	–	0	–	0
Dividends	–	–	–	(46,118)	(1,320)	(47,439)
Share-based payment transactions	–	–	–	60	–	60
Changes in scope of consolidation	–	–	–	–	4	4
Transfer from other components of equity to retained earnings	–	–	882	–	–	–
Transfer to non-financial assets	–	(3,633)	(3,633)	(3,633)	–	(3,633)
Other	–	–	–	–	166	166
Total transactions with owners	–	(3,633)	(2,750)	(49,700)	(1,149)	(50,850)
Balance as of June 30, 2022	51,735	(2,334)	101,678	2,052,244	82,914	2,135,158

First Quarter of Fiscal 2023 (April 1, 2023 – June 30, 2023)

(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, 2023	147,143	640,536	1,397,735	(156,408)	–	42,446
Profit	–	–	59,602	–	–	–
Other comprehensive income	–	–	–	–	5,140	2,774
Comprehensive income	–	–	59,602	–	5,140	2,774
Purchase of treasury shares	–	–	–	(12)	–	–
Disposal of treasury shares	–	(0)	–	0	–	–
Dividends	–	–	(17,447)	–	–	–
Share-based payment transactions	–	45	–	–	–	–
Changes in scope of consolidation	–	(1)	–	–	–	–
Changes in ownership interest in subsidiaries	–	(53)	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	8,442	–	(5,140)	(3,301)
Transfer to non-financial assets	–	–	–	–	–	–
Other	–	–	–	–	–	–
Total transactions with owners	–	(9)	(9,004)	(11)	(5,140)	(3,301)
Balance as of June 30, 2023	147,143	640,526	1,448,333	(156,420)	–	41,919

	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, 2023	47,941	928	91,315	2,120,322	73,073	2,193,395
Profit	–	–	–	59,602	87	59,690
Other comprehensive income	21,401	2,792	32,109	32,109	75	32,184
Comprehensive income	21,401	2,792	32,109	91,712	162	91,875
Purchase of treasury shares	–	–	–	(12)	–	(12)
Disposal of treasury shares	–	–	–	0	–	0
Dividends	–	–	–	(17,447)	(924)	(18,372)
Share-based payment transactions	–	–	–	45	–	45
Changes in scope of consolidation	–	–	–	(1)	(1,323)	(1,324)
Changes in ownership interest in subsidiaries	–	–	–	(53)	59	5
Transfer from other components of equity to retained earnings	–	–	(8,442)	–	–	–
Transfer to non-financial assets	–	(467)	(467)	(467)	–	(467)
Other	–	–	–	–	670	670
Total transactions with owners	–	(467)	(8,910)	(17,936)	(1,519)	(19,455)
Balance as of June 30, 2023	69,342	3,253	114,515	2,194,098	71,716	2,265,814

(4) Condensed Quarterly Consolidated Statement of Cash Flow (First Quarter)

	(million yen)	
	First Quarter of Fiscal 2022 (April 1, 2022 – June 30, 2022)	First Quarter of Fiscal 2023 (April 1, 2023 – June 30, 2023)
Cash flows from operating activities		
Profit before tax	113,404	79,883
Depreciation and amortization	65,461	69,825
Increase (decrease) in allowance	(1,463)	2,190
Interest and dividend income (loss)	(3,257)	(3,789)
Interest expenses	3,474	5,269
Share of loss (profit) of investments accounted for using equity method	(21,469)	(17,704)
Decrease (increase) in trade and other receivables	(17,767)	8,368
Decrease (increase) in inventories	(154,486)	14,455
Increase (decrease) in trade and other payables	(34,350)	(116,516)
Other	(76,128)	(116,369)
Subtotal	(126,583)	(74,386)
Interest and dividends received	8,174	6,401
Interest paid	(3,326)	(5,326)
Income taxes refund (paid)	(49,406)	(37,800)
Net cash provided by (used in) operating activities	(171,142)	(111,112)
Cash flows from investing activities		
Purchase of property, plant and equipment, intangible assets, and investment property	(58,964)	(72,492)
Proceeds from sale of property, plant and equipment, intangible assets, and investment property	1,640	1,161
Purchase of investments	(3,228)	(4,890)
Proceeds from sale of investments	209	5,927
Other	212	1,678
Net cash provided by (used in) investing activities	(60,131)	(68,616)

	(million yen)	
	First Quarter of Fiscal 2022 (April 1, 2022 – June 30, 2022)	First Quarter of Fiscal 2023 (April 1, 2023 – June 30, 2023)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,659	37,339
Increase (decrease) in commercial papers	267,000	194,000
Proceeds from long-term borrowings	60,087	765
Repayments of long-term borrowings	(43,589)	(21,354)
Proceeds from issuance of bonds	30,000	–
Payments for redemption of bonds	(10,000)	–
Payments for purchase of treasury shares	(10)	(12)
Dividends paid to owners of parent	(46,118)	(17,447)
Other	(13,211)	(12,971)
Net cash provided by (used in) financing activities	247,817	180,320
Effect of exchange rate change on cash and cash equivalents	9,556	10,402
Net increase (decrease) in cash and cash equivalents	26,099	10,993
Net increase (decrease) in cash and cash equivalents resulting from transfer to assets held for sale	-	(152)
Cash and cash equivalents at beginning of period	101,773	119,391
Cash and cash equivalents at end of period	127,873	130,232

(5) Notes to the Condensed Quarterly Consolidated Financial Statements

Notes Pertaining to the Presumption of a Going Concern

There is no item for this period

2. Supplementary Information

(1) Consolidated Results in First Quarter and Earnings Forecasts for Fiscal 2023

(billion yen)											
	Fiscal 2022			Fiscal 2023			Change			Fiscal 2023 Forecast (May 8)	
	1Q	1H	Full year	1Q	1H	Full year	1Q	1H	Full year	Full year	
Steel Business	932.6	1,918.9	3,881.1	917.2	1,880.0	3,770.0	(15.4)	(38.9)	(111.1)	4,000.0	
Engineering Business	98.2	219.0	512.5	111.1	230.0	550.0	12.9	11.0	37.5	550.0	
Trading Business	379.5	750.2	1,514.1	370.3	780.0	1,620.0	(9.2)	29.8	105.9	1,620.0	
Adjustments	(156.8)	(323.9)	(638.9)	(136.7)	(280.0)	(560.0)	20.1	43.9	78.9	(630.0)	
Revenue	1,253.6	2,564.3	5,268.7	1,262.0	2,610.0	5,380.0	8.4	45.7	111.3	5,540.0	
Business profit ¹	A	116.6	187.9	235.8	84.8	125.0	290.0	(31.8)	(62.9)	54.2	290.0
Finance income / costs	B	(3.2)	(6.6)	(14.8)	(4.9)	(10.0)	(20.0)	(1.7)	(3.4)	(5.2)	(20.0)
Segment Profit											
Steel Business		93.0	148.2	146.8	68.1	87.0	200.0	(24.9)	(61.2)	53.2	200.0
Engineering Business		(1.2)	(3.9)	13.4	(0.1)	5.0	25.0	1.1	8.9	11.6	25.0
Trading Business		21.1	40.6	65.1	14.7	26.0	48.0	(6.4)	(14.6)	(17.1)	48.0
Adjustments		0.4	(3.6)	(4.3)	(2.9)	(3.0)	(3.0)	(3.3)	0.6	1.3	(3.0)
Total	A+B	113.4	181.2	221.0	79.8	115.0	270.0	(33.6)	(66.2)	49.0	270.0
Exceptional Items ²		-	-	(10.7)	-	-	-	0.0	0.0	10.7	-
Profit before tax		113.4	181.2	210.2	79.8	115.0	270.0	(33.6)	(66.2)	59.8	270.0
Tax Expense and Profit (Loss) Attributable to Non-controlling Interests		(29.5)	(57.9)	(47.6)	(20.2)	(30.0)	(80.0)	9.3	27.9	(32.4)	(80.0)
Profit Attributable to Owners of Parent		83.8	123.2	162.6	59.6	85.0	190.0	(24.2)	(38.2)	27.4	190.0

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

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

(2) Consolidated Financial Indices (1H Fiscal 2023 Forecasts)

	Fiscal 2022	1H Fiscal 2023	Change
Return on Sales (ROS) ¹	4.5%	4.8%	0.3%
Return on Assets (ROA) ²	4.4%	4.6%	0.2%
Return on Equity (ROE) ³	7.9%	7.9%	(0.0%)
EBITDA ⁴	505.4 billion yen	270.0 billion yen	-
Interest-bearing debt outstanding	1,862.9 billion yen	1,900.0 billion yen	37.1 billion yen
Debt / EBITDA multiple ⁵	3.7x	3.5x	-
Equity attributable to owners of parent	2,120.3 billion yen	2,200 billion yen	79.7 billion yen
D/E Ratio ⁶	67.8%	67.1%	(0.7%)

¹ ROS = Business profit / Revenue

² ROA (full year) = Business profit / Total assets, ROA (first half) = Business profit x 2 / Total assets

³ ROE (full year) = Profit attributable to owners of parent / Equity attributable to owners of parent

ROE (first half) = Profit attributable to owners of parent x 2 / Equity attributable to owners of parent

⁴ EBITDA = Business profit + Depreciation and amortization

⁵ Debt / EBITDA multiple (full year) = Interest-bearing debt outstanding / EBITDA

Debt / EBITDA multiple (half year) = Interest-bearing debt outstanding / (EBITDA x 2)

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	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
Fiscal 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
Fiscal 2023	Non-consolidated	6.05	6.30*	12.30*			12.30*	24.60*
	Consolidated	6.38	6.70*	13.10*				

*estimate

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
Fiscal 2022		5.54	5.32	10.86	5.25	5.64	10.88	21.74
Fiscal 2023		5.23	5.70*	10.90*				

*estimate

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
Fiscal 2022		48.5	45.0	46.7	41.0	43.6	42.2	44.5
Fiscal 2023		44.2	44*	44*				

*estimate

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
Fiscal 2022		126.5	136.6	131.6	144.0	133.2	138.6	135.1
Fiscal 2023		135.8	142*	139*			140*	139*

*estimate

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
Fiscal 2022		126.7	136.7	131.6	136.3	124.0	129.9	130.8
Fiscal 2023		128.5	127*	128*				

*estimate

(8) Engineering Business Orders (including intersegment transactions, IFRS basis)

(billion yen)

Field	1H Fiscal 2022	1H Fiscal 2023 Forecast	Change	Fiscal 2023 Forecast
Waste to Resource	150.9	126.0	(24.9)	224.0*
Carbon Neutral	24.8	21.0	(3.8)	81.0*
Combined Utility Services	11.5	11.0	(0.5)	17.0*
Core Infrastructure	98.8	122.0	23.2	258.0*
Total	286.0	280.0	(6.0)	580.0*

*estimate

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

(billion yen)

	Fiscal 2022	Fiscal 2023 Forecast	
Capital Investment	325.6	430.0*	(on construction basis)
Depreciation & Amortization	269.6	280.0*	

*estimate

(10) Breakdown of Changes in Segment Profit (IFRS)

a. First quarter of Fiscal 2023, compared to same period of Fiscal 2022

- 33.6 billion yen: 113.4 billion yen in first quarter of fiscal 2022 → 79.8 billion yen in first quarter of fiscal 2023

	<u>Change</u> (billion yen)	
Steel Business		
- Cost	5.0	Operational enhancement
- Sales volume and mix	(10.0)	Crude steel volume: 6.43→6.05 million tons
- Sales prices and raw materials	120.0	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	(107.0)	Inventory valuation -66.0, carry over -32.0, foreign exchange valuation -9.0
- Others	(32.9)	Group companies -7.0, foreign exchanges effects on trade -5.0, depreciation expense -4.0, etc.
- Total	<u>(24.9)</u>	
Engineering and Trading businesses, and Adjustments	(8.7)	

b. Fiscal 2023 forecast, compared to Fiscal 2022

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

	<u>Change</u> (billion yen)	
Steel Business		
- Cost	63.0	Structural reforms effect 20.0, operational enhancement 20.0, resolution of blast furnace refurbishment impact and resolution of production reduction impact 23.0
- Sales volume and mix	10.0	Increase in volume due to gradual recovery in steel demand, Crude steel volume: 24.1→about 24.6 million tons
- Sales prices and raw materials	145.0	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	(98.0)	Inventory valuation -91.0, carry over 4.0, foreign exchange valuation -11.0
- Others	(66.8)	Depreciation expense -12.0, foreign exchanges effects on trade -10.0, etc.
- Total	<u>53.2</u>	
Engineering and Trading businesses, and Adjustments	(4.2)	

c. Fiscal 2023 forecast, compared to previous forecast

0.0 billion yen: 270.0 billion yen (previous forecast) → 270.0 billion yen in fiscal 2023 forecast

	<u>Change</u> (billion yen)	
Steel Business		
- Cost	0.0	
- Sales volume and mix	(8.0)	Crude steel volume: 25.0→about 24.6 million tons
- Sales prices and raw materials	70.0	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	(35.0)	Inventory valuation -9.0, carry over -36.0, foreign exchange valuation 10.0
- Others	(27.0)	Foreign exchanges effects on trade -21.0, etc.
- Total	<u>0.0</u>	
Engineering and Trading businesses, and Adjustments	0.0	

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