

Press Release

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## Notice Regarding Issuance of New Shares and Disposal of Treasury Shares, and Issuance of Zero Coupon Convertible Bonds due 2028 through International Offerings

JFE Holdings, Inc. (the “Company”) hereby announces that, at the board of directors’ meeting held on September 5, 2023, the Company resolved to issue new shares and to dispose of treasury shares, and to issue Zero Coupon Convertible Bonds due 2028, being bonds with stock acquisition rights (*tenkanshasaigata shinkabu yoyakuen-tsuki shasai*), by way of international offerings (respectively, the “New Share Offering”, the “Disposal of Treasury Shares” and the “Bond Offering”, and together, the “International Offering”), as follows.

### 1. Background to and Purposes of the International Offering

In May 2021, the Company formulated its 7th Medium-term Business Plan (the “Plan”), which covers the period from FY2021 to FY2024, and launched initiatives to take on the challenge of adapting to the business environment surrounding the group, which is undergoing rapid and extensive changes such as increasing geopolitical risks and climate change issues, aiming to leap forward to a new stage.

By vigorously promoting the “Green Transformation Strategy” (the “GX Strategy”), the group has been working and will work to achieve certain targets under the Plan, as well as to achieve sustainable growth and increase corporate value over the medium to long term.

In order to implement the GX Strategy as the group’s growth strategy and to achieve sustainable profit growth, the Company has determined that it is necessary to build an even stronger financial base and improve financial flexibility, and has decided to conduct the International Offering at this time when the path for the Plan has been laid out.

### 2. Use of Proceeds

The Company plans to use the proceeds of approximately ¥121.5 billion from the New Share Offering and the Disposal of Treasury Shares as follows: (a) approximately ¥49 billion for phase I of the production capacity expansion of non-oriented electrical steel sheet at our facilities located in the Kurashiki District (a portion of which has already been invested with borrowings for which the proceeds will be used to repay) by the end of September 2024, (b) approximately ¥46 billion for phase II of such production capacity expansion by the end of March 2027, (c) approximately ¥15 billion for capital in connection with the establishment of the grain-oriented electrical steel sheet manufacturing and sales joint venture with JSW Steel Limited, and (d) the remaining balance, if any, will be appropriated to working capital on hand.

In addition, the Company plans to use the proceeds of approximately ¥90 billion from the Bond Offering as follows; (x) approximately ¥15 billion for the installation of an electric arc furnace for stainless steel in the Chiba District by the end of March 2026, and (y) approximately ¥75 billion for equipment and business investments as well as research and development expenses related to the decarbonization of the steel manufacturing process and the repayment of borrowings or bonds by the end of March 2028.

If we do not receive sufficient net proceeds from the sale of the New Share Offering and the Disposal of Treasury Shares for the approximately ¥110 billion, the proceeds will be used in the order of (a), (c) and (b), and any shortage in (b) will be supplied from the amount appropriated to the repayment of borrowings or bonds of (y).

This press release does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The securities referred to in this press release have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “Securities Act”). The securities may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. The securities referred to above will not be publicly offered or sold in the United States.

The Company believes that the International Offering will enable us to build a financial base and secure financial flexibility to support the GX strategy as the group's growth strategy, as well as to ensure sustainable profit growth.

### 3. Issuance of New Shares through an International Offering

- (1) Class and Number of Shares to be Offered 25,000,000 new shares of common stock of the Company
- (2) Method of Pricing The amount to be paid will be determined on any date falling in the period from September 11, 2023 to September 13, 2023 (the "Pricing Date") by a process equivalent to the book building process set out under Article 25 of the Regulations Concerning Underwriting, etc. of Securities provided by the Japan Securities Dealers Association.
- (3) Amount of Stated Capital and Additional Paid-in Capital to be Increased The amount of stated capital to be increased will be 1/2 of the maximum amount of stated capital increase, as calculated in accordance with Article 14, Paragraph 1 of the Rules of Account Settlement of Corporations, with any fraction of less than one yen resulting from the calculation being rounded up to the nearest yen. The amount of additional paid-in capital to be increased shall be the amount obtained by subtracting the amount of stated capital to be increased from the maximum amount of stated capital increase.
- (4) Method of Offering The New Share Offering will be made in the overseas market (with the offering in the United States restricted to sales to Qualified Institutional Buyers under Rule 144A of the U.S. Securities Act of 1933). The aggregate number of new shares will be purchased severally and not jointly by the underwriters (the "Underwriters").
- (5) Compensation for the Underwriters The Company will not pay any underwriting fees to the Underwriters. The aggregate amount of the difference between (a) the issue price (offer price) and (b) the amount to be paid to the Company by the Underwriters will be retained by the Underwriters.
- (6) Payment Date September 20, 2023
- (7) Delivery Date September 21, 2023
- (8) If the disposal of treasury shares through an international offering is cancelled, the issuance of new shares through an international offering shall also be cancelled.

### 4. Disposal of Treasury Shares through an International Offering

- (1) Class and Number of Shares to be Offered 30,000,000 shares of common stock of the Company
- (2) Method of Pricing The amount to be paid will be determined on the Pricing Date by a process equivalent to the book building process set out under Article 25 of the Regulations Concerning Underwriting, etc. of Securities provided by the Japan Securities Dealers Association. The amount to be paid shall be the same amount as the amount to be paid for the issuance of new shares through an international offering.

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- (3) Method of Offering                      The Disposal of Treasury Shares will be made in the overseas market (with the offering in the United States restricted to sales to Qualified Institutional Buyers under Rule 144A of the U.S. Securities Act of 1933). The aggregate number of treasury shares will be purchased severally and not jointly by the Underwriters.  
The disposal price (offer price) for the disposal of treasury shares through an international offering shall be the same as the issue price (offer price) for the issuance of new shares through an international offering.
- (4) Compensation            for            the            Underwriters                      The Company will not pay any underwriting fees to the Underwriters. The aggregate amount of the difference between (a) the disposal price (offer price) and (b) the amount to be paid to the Company by the Underwriters will be retained by the Underwriters.
- (5) Payment Date                              The same date as the payment date for the issuance of new shares through an international offering.
- (6) Delivery Date                                The same date as the delivery date for the issuance of new shares through an international offering.
- (7) If the issuance of new shares through an international offering is cancelled, the disposal of treasury shares through an international offering shall also be cancelled.

## 5. Issuance of Zero Coupon Convertible Bonds

- (1) Securities to be Offered                      ¥90,000,000,000 in aggregate principal amount of Zero Coupon Convertible Bonds due 2028 (bonds with stock acquisition rights, *tenkanshasaigata shinkabu yoyakuken-tsuki shasai*)
- (2) Issue Price                                      100.0%
- (3) Closing and Issue Date                      September 28, 2023
- (4) Coupon    0%
- (5) Redemption at Maturity                      100.0%

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### **1. Total Number of Issued Shares Before and After the New Share Offering**

Current total number of issued shares: 614,438,399 shares (as of September 5, 2023)

Number of shares to be issued by the New Share Offering: 25,000,000 shares

Total number of issued shares after the New Share Offering: 639,438,399 shares

### **2. Total Number of Treasury Shares Before and After the Disposal of Treasury Shares**

Current total number of treasury shares: 32,868,879 shares (as of June 30, 2023)

Number of treasury shares to be disposed by the Disposal of Treasury Shares: 30,000,000 shares

Total number of treasury shares after the Disposal of Treasury Shares: 2,868,879 shares

### **3. Lock-up**

With regard to the New Share Offering and the Disposal of Treasury Shares, the Company has agreed with the Underwriters that it will not carry out certain transactions including the issuance of shares of the Company, the issuance of securities convertible into or exchangeable for shares of the Company, and the issuance of securities that represent the right to acquire or receive shares of the Company (excluding the International Offering, stock splits or issuance of new shares upon exercise of stock acquisition rights (including the stock acquisition rights of the bonds issued through the Bond Offering), etc.) during the lock-up period beginning on the Pricing Date, and ending on the 180th day from (and including) September 28, 2023, without prior written consent of the representatives of the Underwriters.

With regard to the Bond Offering, the Company has agreed with the managers of the Bond Offering that it will not carry out certain transactions including the issuance of shares of the Company, the issuance of securities convertible into or exchangeable for shares of the Company, and the issuance of securities that represent the right to acquire or receive shares of the Company (excluding the International Offering, stock splits or issuance of new shares upon exercise of stock acquisition rights (including the stock acquisition rights of the bonds issued through the Bond Offering), etc.) during the lock-up period beginning on the Pricing Date, and ending on the 180th day from (and including) the closing date of the Bond Offering, without prior written consent of the joint lead managers on behalf of the managers.

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