

Press Release

Company name: JFE Holdings, Inc.
 Representative: President and CEO Koji Kakigi
 (Code: 5411, TSE Prime Market)
 Contact: Hiroki Watanabe, Manager,
 Public Relations Section,
 Investor Relations and
 Corporate Communications Department
 Phone: +81-3-3597-3842

Notice Regarding Determination of the Issue Price, the Disposal Price and Other Matters for the Issuance of New Shares and the Disposal of Treasury Shares and Terms of Issue and Other Matters for the Issuance of Zero Coupon Convertible Bonds due 2028 through International Offerings

JFE Holdings, Inc. (the “Company”) hereby announces the determination of the issue price, the disposal price and other matters in connection with the issuance of new shares and the disposal of treasury shares and the determination of the terms of issue and other matters in respect of the issuance of Zero Coupon Convertible Bonds due 2028, being bonds with stock acquisition rights (*tenkanshasaigata shinkabu yoyakuken-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 resolved at the board of directors’ meeting held on September 5, 2023, as follows.

1. Issuance of New Shares through an International Offering

(1) Issue Price (Offer Price) (Note 1)		<u>¥2,172.5 per share</u>
(2) Total Amount of Issue Price (Offer Price)		<u>¥54,312,500,000</u>
(3) Amount to be Paid (Note 1)		<u>¥2,082.90 per share</u>
(4) Total Amount to be Paid		<u>¥52,072,500,000</u>
(5) Amount of Stated Capital and Additional Paid-in Capital to be Increased (Note 2)	<u>Amount of Stated Capital to be Increased</u>	<u>¥24,167,809,416</u>
	<u>Amount of Additional Paid-in Capital to be Increased</u>	<u>¥24,167,809,416</u>
(6) Payment Date		<u>September 20, 2023</u>
(7) Delivery Date		<u>September 21, 2023</u>

Note 1: The underwriters will purchase and underwrite the shares at the amount to be paid and offer the shares at the issue price (offer price).

Note 2: In accordance with Article 14, Paragraph 1 of the Regulations on Corporate Accounting, the loss on disposal of treasury shares is deducted when calculating the maximum amount of stated capital etc. to be increased, and such loss is calculated based on the book value of treasury shares as of today.

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.

2. Disposal of Treasury Shares through an International Offering

(1) Disposal Price (Offer Price) (Note)	<u>¥2,172.5 per share</u>
(2) Total Amount of Disposal Price (Offer Price)	<u>¥65,175,000,000</u>
(3) Amount to be Paid (Note)	<u>¥2,082.90 per share</u>
(4) Total Amount to be Paid	<u>¥62,487,000,000</u>
(5) Payment Date	<u>September 20, 2023</u>
(6) Delivery Date	<u>September 21, 2023</u>

Note: The underwriters will purchase and underwrite the shares at the amount to be paid and offer the shares at the disposal price (offer price).

3. Issuance of Zero Coupon Convertible Bonds due 2028

Matters relating to the Stock Acquisition Rights

(1) The Price of the Asset to be Contributed upon Exercise of the Stock Acquisition Rights	<u>Equal to the principal amount of the bonds</u>
(2) Conversion Price (Reference)	<u>¥3,041</u>

Conversion premium:

[{(conversion price/issue price and disposal price (offer price) of the new shares and the treasury shares)-1}×100] (Note) 39.98%

Note: Conversion premium is calculated based on the issue price and the disposal price (offer price) of the new shares and the treasury shares.

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<Reference>

1. Calculation of Issue Price and Disposal Price

(1) Calculation Reference Date and Price	September 11, 2023	<u>¥2,240</u>
(2) Discount Rate		<u>3.01%</u>

2. Total Number of Issued Shares Before and After the New Share Offering

Current total number of issued shares: (as of September 11, 2023)	614,438,399 shares
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

3. Total Number of Treasury Shares Before and After the Disposal of Treasury Shares

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

4. Use of Proceeds

The Company plans to use the proceeds of approximately ¥114.0 billion from the New Share Offering and the Disposal of Treasury Shares as follows: 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, approximately ¥46 billion for phase II of such production capacity expansion by the end of March 2027, 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 the remaining balance 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: 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 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.

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.

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