

JFE Holdings' Financial Results for Fiscal Year 2023 ended 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)

May 7, 2024

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 www.jfe-holdings.co.jp/en Yoshihisa Kitano, President and CEO Tomoko Takami, Manager, Public Relations Section Investor Relations and Corporate Communications Department +81-3-3597-3842 June 25, 2024 June 26, 2024 June 25, 2024 Yes Yes
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(Figures are rounded down to the nearest million yen)

1. Consolidated Results for Fiscal 2023 (April 1, 2023 to March 31, 2024)

(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 2023	5,174,632	(1.8)	298,224	26.5	268,386	27.6	200,971	20.5	197,421	21.4	288,563	41.6
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)

	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 2023	323.33	315.09	8.6	4.8	5.8
FY 2022	280.68	280.52	7.9	3.9	4.5

(Reference): Equity in earnings of affiliates: FY 2023: 56,160 million yen FY 2022: 23,002 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 2023	5,754,964	2,538,521	2,464,128	42.8	3,874.62
FY 2022	5,524,040	2,193,395	2,120,322	38.4	3,649.79

(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 2023	478,967	(325,259)	(45,487)	243,079
FY 2022	395,797	(274,308)	(110,175)	119,391

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 2022	80.00	-	50.00	-	30.00	46,527	28.5	2.3
FY 2023	100.00	-	50.00	-	50.00	63,655	30.9	2.7
FY 2024 (forecast)	110.00	-	-	-	-		31.8	

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 2024 (April 1, 2024 to March 31, 2025)

(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 2024	5,390,000	4.2	300,000	0.6	310,000	15.5	220,000	11.4	345.93

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, 2024: 639,438,399 shares
 - As of March 31, 2023: 614,438,399 shares
 - 2) Treasury stock at the end of the term
 - As of March 31, 2024: 3,472,435 shares
 - As of March 31, 2023: 33,494,986 shares
 - 3) Average number of shares during the term
 - Fiscal 2023: 610,581,384 shares
 - Fiscal 2022: 579,382,068 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 2024" on Page 3 of the attachments.
2. The supplementary financial data will be disclosed today via TDnet and published on our website.

Attachments

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1. Qualitative Information

(1) Overview of Business Results

In fiscal 2023, 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.

During the period under review, the domestic and overseas economies generally recovered moderately, but remained at a standstill due to the stagnant Chinese economy and the spread of geopolitical risks, as well as labor shortages and soaring material prices, particularly in the civil engineering and construction sectors in Japan.

Under these circumstances, JFE worked to increase its ratio of high-value-added products and raise domestic 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 reducing fixed costs through completion of structural reforms and the like. As a result, amid a difficult business environment characterized by falling export prices, the Group achieved growth in both business profit and profit attributable to owners of the parent. The operating results of each segment follow.

In the steel business, consolidated crude-steel production volume declined to 24.80 million tons, reflecting soft demand for steel products in Japan and abroad, a slump in overseas steel product prices, and other factors. Sales revenue declined year over year to 3,716.0 billion yen as sales volumes declined and steel product prices overseas worsened. Segment profit increased to 202.7 billion yen due to structural reforms and ongoing efforts to improve selling prices and reduce costs, which offset worsening steel product prices overseas and one-time factors such as unrealized losses on inventories.

In the engineering business, as a result of steady progress with projects mainly for which orders had already been received in the waste-to-resource field, sales revenue rose to a record 539.9 billion yen and segment profit increased to 24.3 billion yen, reflecting increased sales revenue and efforts to reduce costs.

In the trading business, following record profit in the previous year, sales revenue declined to 1,476.4 billion yen and segment profit fell to 48.9 billion yen, owing to a drop in steel product sales volumes, increased selling, general and administrative expenses and narrowed profit margins, especially in North America.

On a consolidated basis, sales revenue declined to 5,174.6 billion yen but business profit rose to 298.2 billion yen. Among exceptional items, impairment losses totaled 11.2 billion yen. Profit before tax came to 268.3 billion yen and profit attributable to owners of the parent totaled 197.4 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 stood at 5,754.9 billion yen at the end of fiscal 2023 (March 31, 2024), up 230.9 billion yen from the previous fiscal year-end due primarily to an increase in cash and cash equivalents. Total liabilities of 3,216.4 billion yen were down 114.2 billion yen due mainly to decreased trade and other payables. Total equity of 2,538.5 billion yen was up 345.2 billion yen due to increase in share capital and higher retained earnings, and a decrease in treasury stock, etc.

(3) Overview of Cash Flow in Fiscal 2023

A cash inflow of 478.9 billion yen from operating activities and a cash outflow of 325.2 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 153.7 billion yen.

Net cash used in financing totaled 45.4 billion yen, mainly due to repayment of long-term debt of 130.6 billion yen, against proceeds from issuance of stock through overseas offerings (52.0 billion yen), disposal of treasury stock (62.4 billion yen) and issuance of convertible bonds to shares (90.0 billion yen). Total expenditures amounted to 45.4 billion yen. Interest-bearing liabilities outstanding at the fiscal year-end were down 32.7 billion yen to 1,830.2 billion yen. The balance of cash and cash equivalents increased 123.7 billion yen to 243.0 billion yen.

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

(4) Outlook for Fiscal 2024

Looking at the steel business environment in Japan, activity levels can be expected to remain robust in the automotive sector, while the impact of labor shortages and soaring materials prices can be expected to continue pushing back demand, particularly in the civil engineering and construction sector. As such, the company expects demand for steel products to remain largely on par with fiscal 2023 levels.

Overseas, the supply/demand balance for steel products continues to loosen and prices continue to stagnate owing to an increase in exports, such as from China, where the real estate sector is in a slump, and as such, the tough sales climate can be expected to persist for a while yet, although the economic stimulus measures and crude steel production control measures in China require close monitoring.

In this environment, JFE Steel's non-consolidated crude-steel production volume is expected to total around 23.40 million tons, on par with the fiscal 2023 level.

The business environment will be extremely challenging due to continued soft demand for steel products in Japan and overseas as well as sluggish conditions in overseas steel-product markets. However, expected segment income of 205.0 billion yen should be on par with the current fiscal year due to efforts to shift from quantity to quality, such as improving selling prices, realizing the effects of structural reforms, and increasing the ratio of high-value-added products.

In the engineering business, sales revenue is expected to rise on the back of growth in orders, particularly for projects in the waste-to-resource and core infrastructure fields, but segment profit is expected to decline to 20.0 billion yen owing to the impact on profit of order timing differences associated with monopile projects.

In the trading business, segment income is expected to be 50.0 billion yen, up from the current year, due to the effect of increased revenue from improved selling prices in Japan and a gradual recovery of spreads in North America and other markets overseas.

Full-year business profit for the entire group is forecast to be 300.0 billion yen, but efforts will continue to further improve the earnings of each operating company. With about 30.0 billion yen in gains coming from sales of land and other exceptional items, profit before tax of 310.0 billion yen and profit attributable to owners of the parent of 220.0 billion yen are expected.

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, 2023	(million yen) As of March 31, 2024
Assets		
Current assets		
Cash and cash equivalents	119,391	243,079
Trade and other receivables	776,115	762,428
Contract assets	116,293	134,569
Inventories	1,367,230	1,348,378
Income taxes receivable	22,957	5,792
Other financial assets	18,937	18,778
Other current assets	96,759	113,992
Subtotal	2,517,685	2,627,020
Assets held for sale	40,929	—
Total current assets	2,558,615	2,627,020
Non-current assets		
Property, plant and equipment	1,891,053	1,948,217
Goodwill	14,911	15,446
Intangible assets	126,855	140,591
Right-of-use asset	98,611	98,758
Investment property	53,559	52,849
Investments accounted for using equity method	465,482	561,477
Retirement benefit asset	23,521	29,495
Deferred tax assets	74,728	56,249
Other financial assets	200,599	207,448
Other non-current assets	16,100	17,410
Total non-current assets	2,965,425	3,127,944
Total assets	5,524,040	5,754,964

	As of March 31, 2023	(million yen) As of March 31, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	703,212	667,072
Bonds payable, borrowings, and lease liabilities	397,026	426,428
Contract liabilities	48,543	50,186
Income taxes payable, etc.	32,320	32,698
Provisions	10,781	12,191
Other financial liabilities	181,046	149,300
Other current liabilities	265,268	282,317
Subtotal	1,638,200	1,620,195
Liabilities directly associated with assets held for sale	23,598	—
Total current liabilities	1,661,798	1,620,195
Non-current liabilities		
Bonds payable, borrowings, and lease obligations	1,465,939	1,403,849
Retirement benefit liability	120,663	105,706
Provisions	19,128	17,592
Deferred tax liabilities	5,480	6,050
Other financial liabilities	41,325	53,467
Other non-current liabilities	16,308	9,581
Total non-current liabilities	1,668,846	1,596,247
Total liabilities	3,330,644	3,216,443
Equity		
Share capital	147,143	171,310
Capital surplus	640,536	587,266
Retained earnings	1,397,735	1,570,027
Treasury shares	(156,408)	(14,938)
Other components of equity	91,315	150,461
Equity attributable to owners of parent	2,120,322	2,464,128
Non-controlling interests	73,073	74,392
Total equity	2,193,395	2,538,521
Total liabilities and equity	5,524,040	5,754,964

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

Consolidated statement of profit or loss

	Fiscal 2022 (April 1, 2022 –March 31, 2023)	(million yen) Fiscal 2023 (April 1, 2023 –March 31, 2024)
Revenue	5,268,794	5,174,632
Cost of sales	(4,659,371)	(4,518,447)
Gross profit	609,423	656,185
Selling, general and administrative expenses	(392,446)	(408,682)
Share of profit of entities accounted for using equity method	23,002	56,160
Other income	38,060	47,482
Other expenses	(42,198)	(52,921)
Business profit	235,841	298,224
Gain on sales of land	4,105	—
Impairment losses	(3,542)	(11,220)
Loss on liquidation of subsidiaries and associates	(6,739)	—
Restructuring expenses	(4,578)	—
Operating profit	225,086	287,003
Finance income	3,677	5,048
Finance costs	(18,481)	(23,665)
Profit before tax	210,282	268,386
Income tax expense	(43,530)	(67,414)
Profit	166,752	200,971
Profit attributable to		
Owners of parent	162,621	197,421
Non-controlling interests	4,130	3,550
Profit	166,752	200,971
Earnings per share		
Basic earnings per share (yen)	280.68	323.33
Diluted earnings per share (yen)	280.52	315.09

Consolidated statement of comprehensive income

	(million yen)	
	Fiscal 2022 (April 1, 2022 – March 31, 2023)	Fiscal 2023 (April 1, 2023 – March 31, 2024)
Profit	166,752	200,971
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	8,144	18,000
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	(8,651)	11,698
Share of other comprehensive income of investments accounted for using equity method	2,891	653
Total of items that will not be reclassified to profit or loss	2,384	30,351
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	18,239	22,569
Effective portion of cash flow hedges	1,823	5,035
Share of other comprehensive income of investments accounted for using equity method	14,614	29,635
Total of items that may be reclassified to profit or loss	34,677	57,240
Total other comprehensive income	37,061	87,592
Comprehensive income	203,814	288,563
Comprehensive income attributable to		
Owners of parent	198,999	284,357
Non-controlling interests	4,815	4,206
Comprehensive income	203,814	288,563

(3) Consolidated statement of changes in equity

Fiscal 2022 (April 1, 2022 – March 31, 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, 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						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, 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		

(million yen)

	Equity attributable to owners of parent						
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity		
					Share acquisition rights	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	—	—	197,421	—	—	—	—
Other comprehensive income	—	—	—	—	—	18,281	11,862
Comprehensive income	—	—	197,421	—	—	18,281	11,862
Issuance of new shares	24,167	24,167	—	—	—	—	—
Share issuance cost	—	(453)	—	—	—	—	—
Purchase of treasury shares	—	—	—	(76)	—	—	—
Disposal of treasury shares	—	(75,184)	—	141,432	—	—	—
Dividends	—	—	(49,275)	—	—	—	—
Share-based payment transactions	—	47	—	114	—	—	—
Issuance of convertible bonds	—	—	—	—	3,081	—	—
Changes in scope of consolidation	—	(1)	—	—	—	—	—
Changes in ownership interest in subsidiaries	—	(1,846)	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	24,146	—	—	(18,281)	(5,864)
Transfer to non-financial assets	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—
Total transactions with owners	24,167	(53,269)	(25,129)	141,470	3,081	(18,281)	(5,864)
Balance as of March 31, 2024	171,310	587,266	1,570,027	(14,938)	3,081	—	48,444

	Equity attributable to owners of parent						Non-controlling interests	Total equity
	Other components of equity			Total	Total			
	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	—	—	—	197,421	3,550	200,971		
Other comprehensive income	48,094	8,697	86,935	86,935	656	87,592		
Comprehensive income	48,094	8,697	86,935	284,357	4,206	288,563		
Issuance of new shares	—	—	—	48,335	—	48,335		
Share issuance cost	—	—	—	(453)	—	(453)		
Purchase of treasury shares	—	—	—	(76)	—	(76)		
Disposal of treasury shares	—	—	—	66,248	—	66,248		
Dividends	—	—	—	(49,275)	(1,698)	(50,973)		
Share-based payment transactions	—	—	—	162	—	162		
Issuance of convertible bonds	—	—	3,081	3,081	—	3,081		
Changes in scope of consolidation	—	—	—	(1)	(484)	(485)		
Changes in ownership interest in subsidiaries	—	—	—	(1,846)	(801)	(2,648)		
Transfer from other components of equity to retained earnings	—	—	(24,146)	—	—	—		
Transfer to non-financial assets	—	(6,725)	(6,725)	(6,725)	—	(6,725)		
Other	—	—	—	—	97	97		
Total transactions with owners	—	(6,725)	(27,790)	59,448	(2,887)	56,561		
Balance as of March 31, 2024	96,035	2,900	150,461	2,464,128	74,392	2,538,521		

(4) Consolidated Statement of Cash Flow

	(million yen)	
	Fiscal 2022 (April 1, 2022 – March 31, 2023)	Fiscal 2023 (April 1, 2023 – March 31, 2024)
Cash flows from operating activities		
Profit before tax	210,282	268,386
Depreciation and amortization	269,600	274,101
Increase (decrease) in allowance	(5,172)	(559)
Interest and dividend income	(9,315)	(10,513)
Interest expenses	16,760	21,353
Share of loss (profit) of investments accounted for using equity method	(23,002)	(56,160)
Decrease (increase) in trade and other receivables	19,336	31,139
Decrease (increase) in inventories	(124,579)	34,780
Increase (decrease) in trade and other payables	6,995	(43,563)
Other	117,396	(2,209)
Subtotal	478,301	516,754
Interest and dividends received	37,250	24,699
Interest paid	(15,155)	(20,507)
Income taxes refund (paid)	(104,599)	(41,979)
Net cash provided by (used in) operating activities	395,797	478,967
Cash flows from investing activities		
Purchase of property, plant and equipment, intangible assets, and investment property	(289,197)	(329,830)
Proceeds from sale of property, plant and equipment, intangible assets, and investment property	17,673	10,329
Purchase of investments	(9,072)	(16,183)
Proceeds from sale of investments	20,939	14,281
Other	(14,651)	(3,855)
Net cash provided by (used in) investing activities	(274,308)	(325,259)

	(million yen)	
	Fiscal 2022 (April 1, 2022 – March 31, 2023)	Fiscal 2023 (April 1, 2023 – March 31, 2024)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(4,576)	(13,970)
Increase (decrease) in commercial papers	19,999	(19,999)
Proceeds from long-term borrowings	305,876	60,347
Repayments of long-term borrowings	(330,944)	(130,654)
Proceeds from issuance of bonds	30,000	90,000
Payments for redemption of bonds	(20,000)	(40,000)
Proceeds from issuance of shares	-	52,072
Payments for purchase of treasury shares	(60)	(76)
Proceeds from disposal of treasury shares	884	62,499
Dividends paid to owners of parent	(75,198)	(49,275)
Other	(36,155)	(56,429)
Net cash provided by (used in) financing activities	(110,175)	(45,487)
Effect of exchange rate change on cash and cash equivalents	7,839	13,931
Net increase (decrease) in cash and cash equivalents	19,153	122,151
Net increase (decrease) in cash and cash equivalents resulting from transfer to assets held for sale	(1,536)	1,536
Cash and cash equivalents at beginning of period	101,773	119,391
Cash and cash equivalents at end of period	119,391	243,079

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

	Steel	Engineering	Trading	Total	Adjustments ¹	(million yen) 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 and 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

¹ 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.

Fiscal 2023 (April 1, 2023 to March 31, 2024)

(million yen)

	Steel	Engineering	Trading	Total	Adjustments ¹	Amount recorded in consolidated financial statements
Revenue						
Revenue from external customers	3,318,920	524,723	1,330,987	5,174,632	—	5,174,632
Intersegment revenue	397,136	15,251	145,465	557,852	(557,852)	—
Total	3,716,057	539,975	1,476,452	5,732,485	(557,852)	5,174,632
Segment profit	202,733	24,383	48,966	276,083	3,523	279,607
Impairment losses						(11,220)
Profit before tax						268,386

Segment assets	4,626,972	545,025	1,082,297	6,254,295	(499,331)	5,754,964
Other items						
Depreciation and amortization	242,438	16,750	16,265	275,454	(1,352)	274,101
Impairment losses	(2,275)	(5,038)	(1,604)	(8,918)	(2,302)	(11,220)
Finance income	2,668	527	2,125	5,321	(272)	5,048
Finance costs	(15,329)	(479)	(8,230)	(24,039)	373	(23,665)
Share of profit (loss) of entities accounted for using equity method	50,521	3,579	1,392	55,493	666	56,160
Investments accounted for using equity method	486,556	40,269	24,002	550,827	10,649	561,477
Capital expenditures	269,377	60,270	20,875	350,524	(4,412)	346,111

¹ Adjustments are as follows.

- (1) Adjustments to segment profit include corporate profit not allocated to a reportable segment: 51,102 million yen, elimination of dividend income from each reportable segment: (50,067) million yen, and share of profit of entities accounted for using equity method related to Japan Marine United Corporation: 1,262 million yen; elimination of other intersegment transactions: 1,225 million yen. Corporate profit is profit of the Company.
- (2) Adjustments to segment assets: Corporate assets not allocated to a reportable segment: 180,065 million yen and elimination of intersegment receivables and payables, etc.: (679,397) million yen. Corporate assets are assets of the Company.

Per-share information

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

	Fiscal 2022 (April 1, 2022 – March 31, 2023)	Fiscal 2023 (April 1, 2023 – March 31, 2024)
Basic profit per share (yen)	280.68	323.33
Diluted profit per share (yen)	280.52	315.09

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

	Fiscal 2022 (April 1, 2022 – March 31, 2023)	Fiscal 2023 (April 1, 2023 – March 31, 2024)
Profit attributable to owners of the parent company (million yen)	162,621	197,421
Amount not attributable to common shareholders of the parent company (million yen)	–	–
Profit used in calculation of basic earnings per share (million yen)	162,621	197,421
Profit adjustments (million yen)	–	219
Profit used in calculation of diluted earnings per share (million yen)	162,621	197,640
Weighted average number of common shares used in calculation of basic earnings per share (thousand shares)	579,382	610,581
Impact of dilutive potential common shares		
Share-based payments (thousand shares)	337	418
Convertible bond (thousand shares)	–	16,245
Weighted average number of common shares used in calculation of diluted earnings per share (thousand shares)	579,719	627,244

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 534,000 and about 498,000, respectively.

Material subsequent events

The Company and its wholly owned subsidiary JFE Steel Corporation both passed resolutions at their board of directors meetings, held on April 24, 2024 and April 17, 2024, respectively, to approve the share transfer of a portion of common stock held by JFE Steel in GECOSS Corporation, a consolidated subsidiary of JFE Steel, to Mizuho Leasing Company, Limited. JFE Steel and the Mizuho Leasing Company, Limited entered into share-transfer and shareholders' agreements on April 25, 2024. JFE ComService Co., Ltd., a consolidated subsidiary of JFE Steel, also concluded a share-transfer agreement with Mizuho Leasing Company, Limited on April 25, 2024 for the transfer its holdings of common stock in GECOSS Corporation.

(1) Reason for transfer of shares

To strengthen the business of GECOSS Corporation and expand its growth areas as well as maximize its corporate value, GECOSS Corporation and Mizuho Leasing Company, Limited will form a capital and business alliance. To ensure the smooth implementation of this alliance, common shares of GECOSS Corporation will be transferred to Mizuho Leasing Company, Limited.

(2) Overview of the transferee

Name: Mizuho Leasing Company, Limited

(3) Transfer date: May 10, 2024 (scheduled)

(4) Name and business of the subsidiary

- (i) Name of subsidiary: GECOSS Corporation
- (ii) Business: Rental and sale of temporary construction materials

(5) Number and transfer price of shares, profit/loss from transfer, and equity ratio after transfer

- (i) Number of shares to be transferred: 6,760,000 shares
- (ii) Transfer price: Approx. 7.5 billion yen
- (iii) Profit/loss on transfer:
Loss of about 5.0 billion yen (Including a loss of about 10 billion yen from the remeasurement of the residual interest, a loss of about 15 billion yen related to the sale of shares in subsidiaries is expected to be recorded as an exceptional item, and the Company plans to apply the equity method to GECOSS Corporation after the share transfer.)
- (iv) Shareholding ratio after transfer:
39.47% (percentage of voting rights held by the Company on a consolidated basis)

4. Supplementary information

(1) Consolidated financial performance

	FY 2022	FY 2023	Change	Percentage change	FY 2024 Forecast
	Full year (billion yen)	Full year (billion yen)	Full year (billion yen)	Full year (%)	Full year (billion yen)
Steel Business	3,881.1	3,716.0	(165.1)	(4.3)	3,670.0
Engineering Business	512.5	539.9	27.4	5.3	580.0
Trading Business	1,514.1	1,476.4	(37.7)	(2.5)	1,650.0
Adjustments	(638.9)	(557.8)	81.1	-	(510.0)
Revenue	5,268.7	5,174.6	(94.1)	(1.8)	5,390.0
Business profit ¹	A 235.8	298.2	62.4	26.5	300.0
Finance income / costs	B (14.8)	(18.6)	(3.8)	-	(20.0)
Segment Profit					
Steel Business	146.8	202.7	55.9	38.1	205.0
Engineering Business	13.4	24.3	10.9	81.3	20.0
Trading Business	65.1	48.9	(16.2)	(24.9)	50.0
Adjustments	(4.3)	3.5	7.8	-	5.0
Total	A+B 221.0	279.6	58.6	26.5	280.0
Exceptional Items ²	(10.7)	(11.2)	(0.5)	-	30.0 ³
Profit before tax	210.2	268.3	58.1	27.6	310.0
Tax Expense and Profit (Loss) Attributable to Non-controlling Interests	(47.6)	(70.9)	(23.3)	-	(90.0)
Profit Attributable to Owners of Parent	162.6	197.4	34.8	21.4	220.0

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.

³ The breakdown of the 30 billion yen in exceptional items in the FY2024 forecast includes a gain of about 45 billion yen on the sale of land and a loss of about 15 billion yen related to the sale of shares in subsidiaries.

(2) Consolidated Financial Indices

	Fiscal 2022	Fiscal 2023	Change
Return on Sales (ROS) ¹	4.5%	5.8%	1.3%
Return on Assets (ROA) ²	4.4%	5.3%	0.9%
Return on Equity (ROE) ³	7.9%	8.6%	0.7%
EBITDA ⁴	505.4 billion yen	572.3 billion yen	66.9 billion yen
Interest-bearing debt outstanding	1,862.9 billion yen	1,830.2 billion yen	(32.7 billion yen)
Debt / EBITDA multiple ⁵	3.7x	3.2x	(0.5x)
Equity attributable to owners of parent	2,120.3 billion yen	2,464.1 billion yen	343.8 billion yen
D/E Ratio ⁶	67.8%	58.0%	(9.8%)

¹ ROS = Business profit / Revenue

² ROA = Business profit / Total assets

³ ROE = Profit attributable to owners of parent / Equity attributable to owners of parent

⁴ EBITDA = Business profit + Depreciation and amortization

⁵ Debt / EBITDA multiple = Interest-bearing debt outstanding / EBITDA

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.

* Debt having a capital component (subordinated loans and bonds)

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

(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	6.11	12.16	5.62	5.67	11.29	23.45
	Consolidated	6.38	6.47	12.85	5.95	6.01	11.95	24.80

(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	5.42	10.65	5.08	5.04	10.12	20.77

(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	44.2	44.2	41.6	41.3	41.5	42.9

(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	144.1	139.9	148.7	146.7	147.7	143.8

(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	130.1	129.3	132.5	135.2	133.8	131.5

(8) Engineering Business Orders (including intersegment transactions)**a. Actual orders received**

(billion yen)

Field	Fiscal 2022	Fiscal 2023	Change
Waste to Resource	216.9	243.7	26.8
Carbon Neutral	57.6	54.3	(3.3)
Combined utility services	21.1	15.6	(5.5)
Core Infrastructure	269.3	249.4	(19.9)
Total	564.9	563.0	(1.9)

b. Order Backlog

(billion yen)

End of Fiscal 2022	End of Fiscal 2023	Change
615.6	613.8	(1.8)

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

(billion yen)

	Fiscal 2022	Fiscal 2023
Capital Investment	325.6	346.1
Depreciation & Amortization	269.6	274.1

(on construction basis)

(10) Breakdown of Changes in Segment Profit

a. Fiscal 2023, compared to Fiscal 2022
58.6 billion yen: 221.0 billion yen in fiscal 2022 → 279.6 billion yen in fiscal 2023

(billion yen)

Change

Steel Business			
-	Cost	68.0	Structural reforms effect 20.0, operational enhancement 25.0, resolution of blast furnace refurbishment impact 13.0, resolution of production reduction impact 10.0
-	Sales volume and mix	(4.0)	Crude steel volume: 24.10 → 23.45 million tons
-	Sales prices and raw materials	128.0	Improved spreads due to ongoing activities to improve selling prices
-	Unrealized gains (losses) on inventories	(71.0)	Inventory valuation -74.0, carry over 25.0, foreign exchange valuation -2.0, one-time structural reform costs -20.0
-	Others	(65.1)	Foreign exchanges effects on trade -21.0, depreciation expense -10.0
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-	Total	55.9	
	Engineering Business	10.9	Increased sales related to ongoing projects, etc.
	Trading Business	(16.2)	Decrease in sales volume of steel products, increase in SG&A expenses, decrease in profit margin mainly in North America
	Adjustment	7.8	Improved earnings of shipbuilding-related equity-method companies, etc.

b. Fiscal 2023, compared to previous forecast
9.6 billion yen: 270.0 billion yen (previous forecast) → 279.6 billion yen in fiscal 2023

(billion yen)

Change

Steel Business			
-	Cost	0.0	
-	Sales volume and mix	(6.0)	Crude steel volume: about 23.80 → 23.45 million tons
-	Sales prices and raw materials	8.0	Improved spreads due to ongoing activities to improve selling prices
-	Unrealized gains (losses) on inventories	7.0	Inventory valuation 3.0, carry over -1.0, foreign exchange valuation 5.0, one-time structural reform costs 0.0
-	Others	(6.3)	Group company -2.0, foreign exchange effects on trade -1.0
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-	Total	2.7	
	Engineering Business, Trading Business, Adjustment	6.9	

c. Fiscal 2024 forecast, compared to Fiscal 2023

0.4 billion yen: 279.6 billion yen in fiscal 2023 → 280.0 billion yen in fiscal 2024 forecast

	<u>Change</u> (billion yen)	
Steel Business		
- Cost	42.0	Structural reforms effect 25.0, operational enhancement 17.0
- Sales volume and mix	10.0	Expansion of high-value-added products
- Spreads ¹	5.0	Ongoing activities to improve selling prices
- Unrealized gains (losses) on inventories	(37.0)	Inventory valuation -17.0, carry over -25.0, foreign exchange valuation -15.0, one- time structural reform costs 20.0
- Others	(17.7)	Group company -4.0, depreciation expense -4.0
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- Total	2.3	
Engineering and Trading businesses, and Adjustments	(1.9)	

¹ Spreads including various prices (metals, energy, materials, logistics, labor costs, foreign exchange effects, etc.)

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