April 10, 2025

Company name	JFE Holdings, Inc.
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Notice Regarding Decision to Introduce Advanced, High-efficiency, Large-scale Electric Arc Furnace

JFE Holdings, Inc. (“JFE Holdings” or the “Company”) announced today that its subsidiary JFE Steel Corporation has decided as of yesterday to introduce an advanced, high-efficiency, large-scale electric arc furnace at the Kurashiki facility of its West Japan Works.

On December 20, 2024, JFE Steel was selected for participation in the first phase of a government-sponsored national project aimed at transforming the energy and manufacturing processes of industries facing particularly difficult challenges in reducing their emissions. Support will be provided in the form of GX Economic Transition Bonds issued by the Ministry of Economy, Trade, and Industry (METI).

1. Outline of project

Applicant	JFE Steel Corporation
Location	West Japan Works (Kurashiki District)
Project	Conversion to process based on advanced electric arc furnace
Total investment	329.4 billion yen
Government support (max.)	104.5 billion yen

2. Outlook
   (1) Impact on JFE Holdings' consolidated earnings forecast for fiscal year ending March 2025
   This matter will have no impact on business performance.
   (2) Future impact
   If any matter requiring disclosure occurs in the future, such as a decision on the exact amount of government support, a disclosure will be made promptly.

3. Other
   For details, please refer to the press release issued by JFE Steel Corporation on April 10, 2025.

News Release

April 10, 2025
JFE Steel Corporation

JFE Steel to introduce advanced, high-efficiency, large-scale electric arc furnace in Japan

JFE Steel Corporation announced today that it will construct and operate an advanced, high-efficiency, large-scale electric arc furnace at the Kurashiki facility of its West Japan Works, aiming to contribute to carbon neutrality in Japan. The move follows the Japanese government's approval yesterday to provide JFE Steel with a grant to support the introduction of an electric arc furnace, and the government's earlier decision on December 20, 2024 to accept JFE Steel's proposal to participate in a national project aimed at the eventual realization of a carbon-neutral steelmaking process.

JFE Steel will now promptly proceed with the construction of an electric arc furnace, hoping to launch a new steelmaking process based on this innovative new technology at the earliest possible date. The first phase of the national project in which JFE Steel is participating is designed to transform various energy and manufacturing processes of industries that face particularly difficult challenges in reducing their emissions.

JFE Steel will construct various facilities, including an advanced electric arc furnace, off-site refining facilities, cold-iron-source distribution facilities, and an upgraded quay, at a cost of 329.4 billion yen (about USD2.2 billion), of which a maximum 104.5 billion yen is expected to be covered by a government grant. The advanced electric arc furnace will have an annual capacity of about two million tons of steel and is expected to start production in the first quarter of the fiscal year starting April 2028.

The electric arc furnace will incorporate JFE Steel's proprietary technologies and other innovative technologies, including for high-grade, high-efficiency melting, that are being developed under a separate initiative to promote the use of hydrogen as a key reducing agent to lower carbon emissions in steelmaking. That initiative, Hydrogen Utilization in Iron and Steelmaking Processes, is one of several Green Innovation (GI) Fund projects organized by Japan's New Energy and Industrial Technology Development Organization (NEDO).

By combining these advanced technologies with low-carbon direct-reduced iron, JFE Steel aims to become the world's first mass supplier of high-quality, high-function steel materials, such as electromagnetic steel sheets and high-tensile steel sheets, which cannot be produced with existing large-scale electric arc furnaces.

In order to develop ultra-innovative technologies to achieve carbon neutrality by 2050, JFE Steel has already established various test facilities, such as a carbon-recycling blast furnace and a small-scale electric arc furnace, at the Chiba facility of its East Japan Works, where demonstration tests are being conducted in connection with the aforementioned GI Fund Project. Concentrating its test facilities in one area is enabling JFE Steel to develop ultra-innovative technologies in a highly efficient manner.

In May 2021, JFE formulated its JFE Group Environmental Vision for 2050, which calls for bold initiatives to address climate change as a key corporate priority. Going forward, JFE Steel is committed to developing super-innovative technologies that contribute to global sustainability.

For more information about this release, please contact:
JFE Steel Corporation: https://vhib.f.msgs.jp/webapp/form/23187_vhib_2/index.do