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# Financial Results for the First Quarter FY Ending March 2026

July 29, 2025



**JFE Systems, Inc.**

## Financial Results for the First Quarter FY Ending March 2026

- In addition to the IT Infrastructure and Security business, both the Smart Solutions business and ERP Solutions business performed steadily, which helped offset the revenue decline in JFE Group division, resulting in overall performance exceeding the previous year's level.

## Financial Forecast for FY Ending March 2026

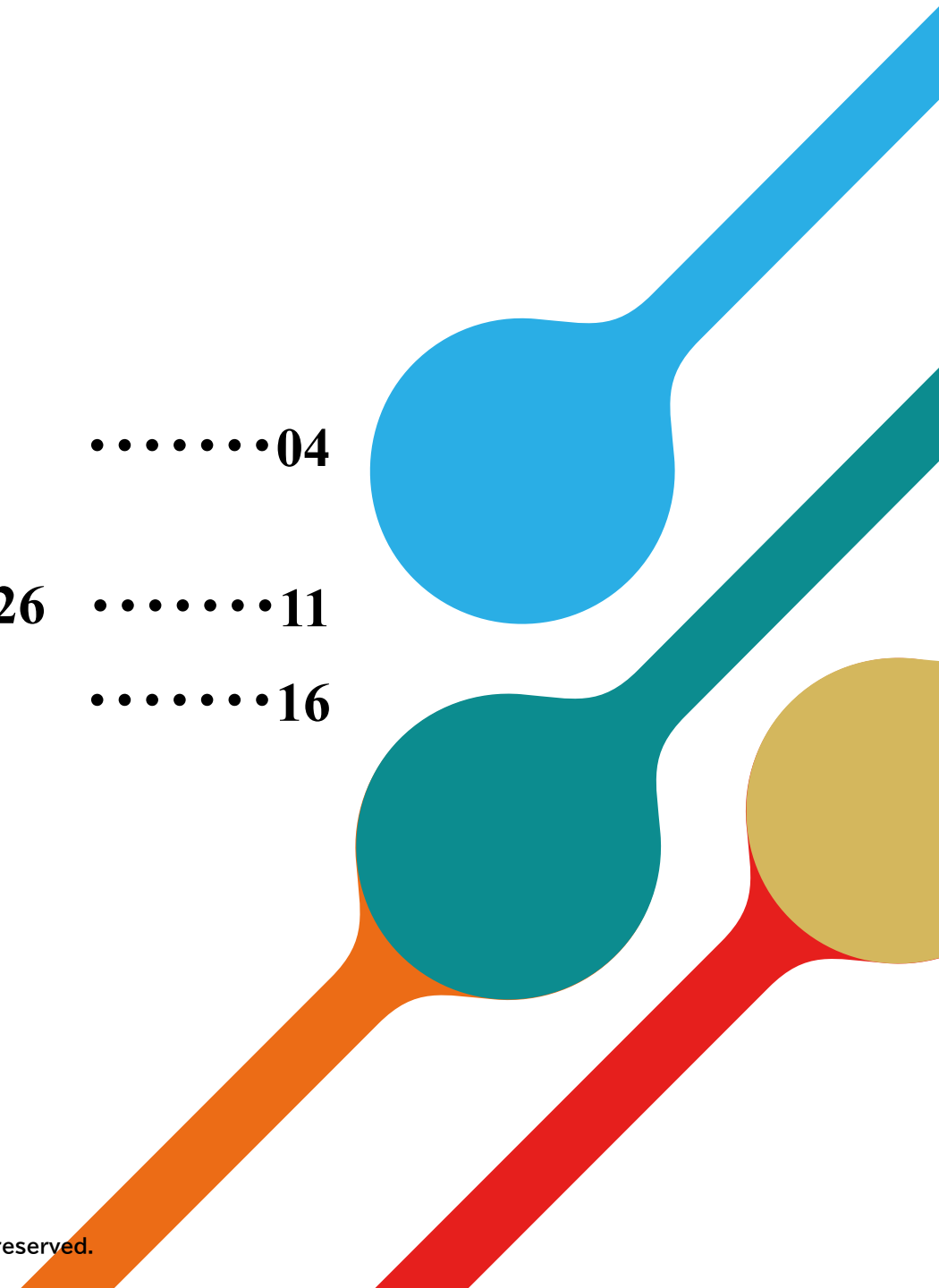
- Infrastructure business and external sales business performed steadily in Q1, in line with the the previously announded forecast.
- The impact of the reduction in workload related to Steelworks System Refresh in JFE Group business became apparent in Q1 in line with the previous forecast. We expect similar impacts to continue into the Q2 and beyond.
- Generally, as current trends are in line with the previous forecast, we expect a year-on-year decrease in sales and operating income of 5.4 billion yen and 1.3 billion yen respectively, and the full-year outlook remains unchanged.

## Shareholder Returns

- The year-end dividend for fiscal year ended March 2025, amounting to 35.5 yen per share, was paid in line with the previous dividend policy, reflecting favorable business performance. Combined with the interim dividend of 25.5 yen, the annual dividend increased to 61 yen per share.
- For the fiscal year ending March 2026, we plan to enhance shareholder returns beyond previous levels by raising our dividend payout ratio target to approximately 50%, with an annual dividend forecast of 68 yen per share.

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# **Financial Results for the First Quarter FY Ending March 2026**

# Reporting Unit (Details)

## JFE Group

- **System Development for JFE Steel and JFE Group**  
Execute establishment, improvement, operation, and maintenance of production and operation management systems for JFE Steel, and mission-critical and operation systems for head office and the JFE Group companies
- **Steelworks System Refresh Project (estimated completion in FY ending March 2026)**  
Engage in system structural reform project as a fundamental component of JFE Steel's DX strategy, aimed at facilitating the utilization of extensive data assets in steelworks operations

## Digital Manufacturing

- **Data-driven management support**  
Offer SCM solutions, build DataOps platforms, and provide digital workplace

## ERP Solutions

- **Mission-critical systems development**  
Establish mission-critical systems by integrating ERP systems from SAP SE and Microsoft Corporation along with ERP templates developed by the Company, and build BI/DWHs

## Smart Solutions

- **Package systems**  
Offer system solutions (including electronic documentation, food quality information management, cost management, and procurement) developed by the Company, and alliance solutions, available individually or as bundled options

## Industry Solutions

- **Operation systems development for large-scale manufacturing**  
Establish operation systems tailored to customer needs by utilizing our extensive industry knowledge

## Infrastructure

- **IT infrastructure**  
Provide IT infrastructure, including cloud services, network construction, virtualization technology, and information security measures

### \* Subsidiaries

#### JFE ComService Co., Ltd.

Develop infrastructure and SI for the JFE Group

#### IAF Consulting, Inc.

Offer consulting services for introduction of management indicator visualization (BI)

# Financial Summary for Q1 FY Ending March 2026 (Consolidated: YoY Changes)

(Million yen)	Q1 FY Ended March 2025	Q1 FY Ending March 2026	YoY Changes	YoY % Change
Net Sales	14,673	14,811	+138	+0.9%
Gross profit	3,323	3,682	+359	+10.8%
Selling, general and administrative expenses	1,996	2,029	+34	+1.7%
Operating income	1,328	1,653	+326	+24.5%
Ordinary income	1,359	1,685	+326	+24.0%
Profit attributable to owners of parent	862	1,097	+235	+27.2%
Orders received	15,130	12,256	△2,874	△19.0%
Backing of orders	23,255	23,331	+75	+0.3%
ROE (Return on equity)	3.0%	3.3%	0.3 points	
EPS (Earnings per share) * 1	27.4 yen	34.9 yen	+7.5 yen	

## Summary for Q1 FY Ending March 2026

### (Net sales)

- Net sales increased slightly to 0.9% year on year, but gross profit increased significantly to 10.8% year on year due to changes in project mix.

### (Selling, general and administrative expenses)

- Increased 1.7% year on year due to continued aggressive recruitment of human resources to strengthen the growth foundation.

### (Operating income)

- Increased 24.5% year on year due to higher gross profit, which boosted operating income.

(\*1) Figures per share have been adjusted to the post-split basis.  
(The 2-for-1 stock split took effect on April 1, 2025)

# Financial Results for Q1 FY Ending March 2026 (Consolidated)

## (Reference) Q1 Progress Rate



# Sales by Business for Q1 FY Ending March 2026 (Consolidated: YoY Changes)

- Despite a decline in workload in the Steelworks System Refresh Project, revenue increased year-on-year, supported by steady performance in Infrastructure business and Smart Solutions businesses

(Million yen)	Q1 FY Ended March 2025	Q1 FY Ending March 2026
<b>Net Sales * 1</b>	14,673	14,811
<b>Digital Manufacturing</b>	421	513
<b>ERP Solutions</b>	760	898
<b>Smart Solutions</b>	1,136	1,386
<b>Industry Solutions</b>	1,865	1,888
<b>JFE Group</b>	6,899	6,736
<b>Infrastructure</b>	2,148	2,368
<b>Subsidiaries</b>	1,304	1,339

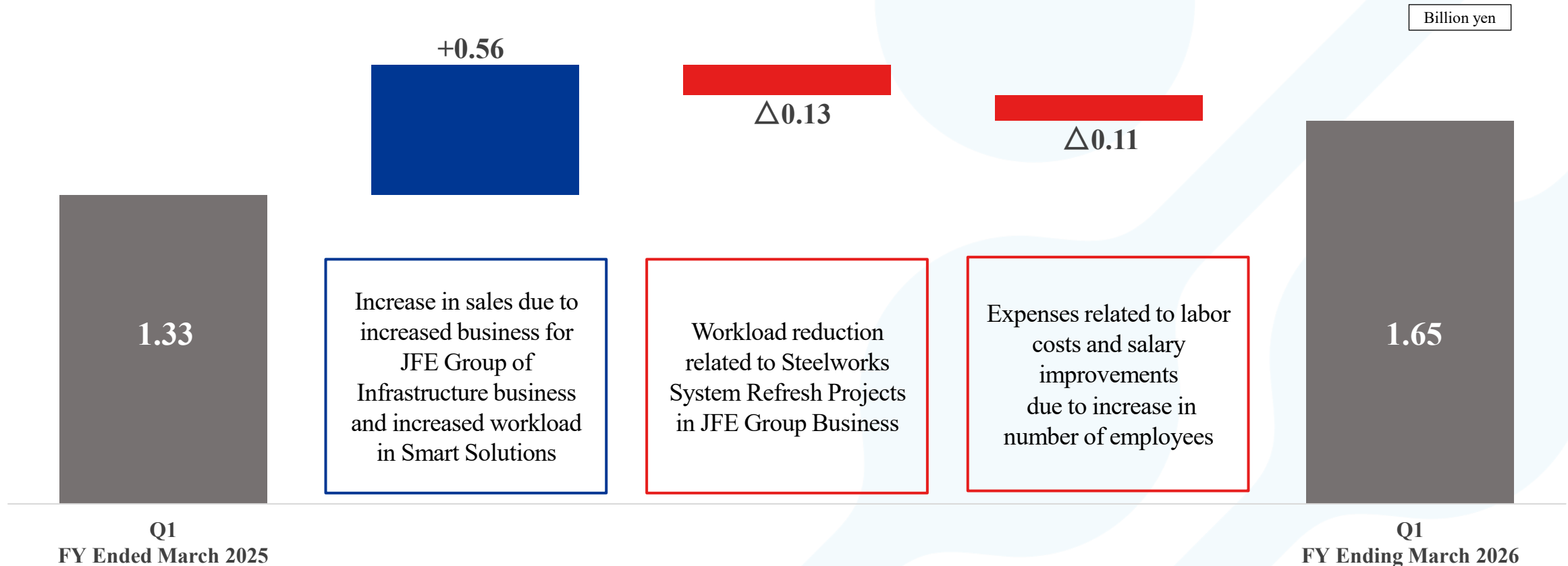
YoY Changes	YoY % Change	Business Summary for Q1 FY Ending March 2026
+138	+0.9%	
+92	+21.8%	Sales increased due to increased supply chain management solution businesses for manufacturing customers
+138	+18.1%	Sales increased due to increased ERP solutions businesses for manufacturing customers
+251	+22.1%	Sales increased due to new implementations and replacement demand from end-of-service of HR and payroll systems.
+24	+1.3%	System development projects for manufacturing customers have shown stable growth
△163	△2.4%	Revenue decreased due to reduction in workload related to Steelworks System Refresh Project, although business volume remained high.
+221	+10.3%	Projects for JFE Steel and JFE Group increased
+36	+2.7%	Both companies' sales remained at the same level as the previous year.

Consolidated net sales (\*1) and total sales of each business segment are different due to accounting adjustments.



# Factors Affecting Operating Income Changes in Q1 FY Ending March 2026 (Consolidated)

- Profit increased year-on-year, supported by revenue growth from Infrastructure business and changed in project mix, which offset increased expenses including labor costs, salary improvements, etc.



# Balance sheet as of Q1 FY Ending March 2026 (Consolidated)

- Total assets decreased slightly to 52,922 million yen, decreased by 74 million yen from the end of the previous year.

Million yen

Item	End of FY Ended March 2025	Q1 FY Ending March 2026	YoY Changes
Cash and cash equivalents	24,053	24,779	+726
Other current assets	16,218	15,581	△637
<b>Total current assets</b>	<b>40,271</b>	<b>40,360</b>	<b>+89</b>
Property, plant and equipment	4,079	3,946	△133
Intangible assets	2,741	2,727	△15
Investments and other assets	5,974	5,959	△15
<b>Total non-current assets</b>	<b>12,795</b>	<b>12,632</b>	<b>△163</b>
<b>Total assets</b>	<b>53,066</b>	<b>52,992</b>	<b>△74</b>

Item	End of FY Ended March 2025	Q1 FY Ending March 2026	YoY Changes
<b>Current liabilities</b>	<b>12,522</b>	<b>12,657</b>	<b>+135</b>
<b>Non-current liabilities</b>	<b>6,399</b>	<b>6,262</b>	<b>△138</b>
<b>Total liabilities</b>	<b>18,921</b>	<b>18,918</b>	<b>△3</b>
Shareholders' equity	31,851	31,832	△18
Accumulated other comprehensive income	1,155	1,146	△9
Non-controlling interests	1,139	1,095	△44
<b>Total net assets</b>	<b>34,145</b>	<b>34,074</b>	<b>△71</b>
<b>Total liabilities and net assets</b>	<b>53,066</b>	<b>52,992</b>	<b>△74</b>



## **2. Financial Forecasts for FY Ending March 2026**

# Financial Forecast for FY Ending March 2026 (Consolidated: YoY Changes)

- In Q1, revenue increased in both the Infrastructure and external sales businesses, which performed steadily in line with the previously announced forecast.
- The impact of workload reduction of Steelworks System Refresh has also become apparent from Q1. We expect similar impacts to continue into the Q2 and beyond..
- Strategic expenditures such as employee increase, salary improvements, recruitment activities, and training expenses are expected to increase steadily from Q2 onwards.
- Generally, as current trends are in line with the previous forecast, we expect a year-on-year decrease in sales and operating income of 5.4 billion yen and 1.3 billion yen respectively, and the full-year outlook remains unchanged. (Represented the consolidated earnings forecasts announced on April 25, 2025)

(Million yen)	FY Ended March 2025 Results	FY Ending March 2026 Forecasts	YoY Changes	YoY % Changes
Net Sales	63,972	58,620	△5,352	△8.4%
Gross profit	15,084	14,638	△446	△3.0%
Selling, general and administrative expenses	7,495	8,338	+843	+11.2%
Operating income	7,589	6,300	△1,289	△17.0%
Ordinary income	7,667	6,400	△1,267	△16.5%
Net income attributable to shareholders of parent company	5,442	4,260	△1,182	△21.7%
ROE (return on equity)	17.5%	12.6%	△4.9 points	
EPS (Earnings per share) *1	173.3 yen	135.6 yen	△37.6 yen	
DPS (Dividend per share) *1	61.0 yen	68.0 yen	+7.0 yen	
Payout ratio	35.2%	50.1%	+14.9 points	

## Summary for FY Ending March 2026

### (Net sales)

- Estimated to decline by 8.4% year on year due to a reduction in sales in JFE Group business

### (Selling, general and administrative expenses)

- Projected to increase by 11.2% year on year due to an increase in expenses related to reskilling initiatives, in addition to the ongoing proactive recruitment, development of human resources and an increase in selling expenses due to the strengthening of sales activities.

### (Operating income)

- Expected to decrease by 17.0% year on year due to a reduction in sales and the ongoing investment in human resources to strengthen the growth foundation

(\*1) Figures per share have been adjusted to the post-split basis.  
(The 2-for-1 stock split took effect on April 1, 2025)

# Net Sales Forecasts by Business for FY Ending March 2026 (Consolidated: YoY)

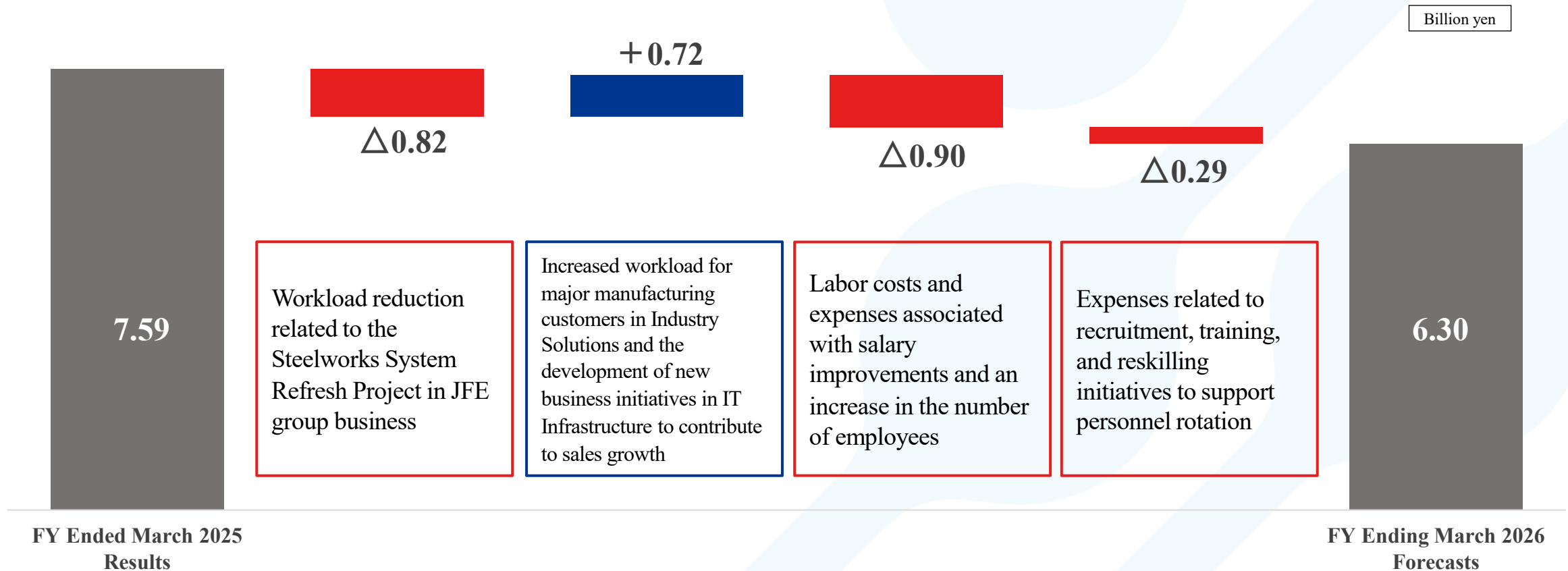
- While sales within both the external sales and Infrastructure businesses is anticipated to increase steadily, sales figures are projected to decrease by approximately 5.4 billion yen in FY2025 compared to FY2024. This decline is attributed to the reduction in workload related to the Steelworks System Refresh Project, which is scheduled for completion by the end of FY2025.

(Million yen)	FY Ended March 2025 Results	FY Ending March 2026 Forecasts	YoY Changes	YoY % Changes	Business Summary (Forecasts) for FY Ending March 2026
<b>Net Sales * 1</b>	63,972	58,620	△5,352	△8.4%	
<b>Digital Manufacturing</b>	1,925	2,040	+115	+6.0%	Expand business scale by acquiring supply chain management solution implementation projects, particularly for the manufacturing industry
<b>ERP Solutions</b>	3,139	3,857	+718	+22.9%	Increase project engagements with existing customers and foster collaborations with ERP package vendors and other relevant enterprises
<b>Smart Solutions</b>	5,238	5,510	+272	+5.2%	Continue to expand sales channels, particularly for package products developed by the Company
<b>Industry Solutions</b>	7,746	8,380	+634	+8.2%	Expand involvement in various manufacturing sectors, including the automobile industry, to enhance sales
<b>JFE Group</b>	30,328	22,375	△7,953	△26.2%	Anticipate a decline in sales due to the reduction in workload related to the Steelworks System Refresh Project
<b>Infrastructure</b>	9,444	10,051	+608	+6.4%	Expand business beyond the JFE Group and actively pursue the development of new business initiatives to grow business scale
<b>Subsidiaries</b>	5,737	6,407	+669	+11.7%	Expect to maintain high sales performance

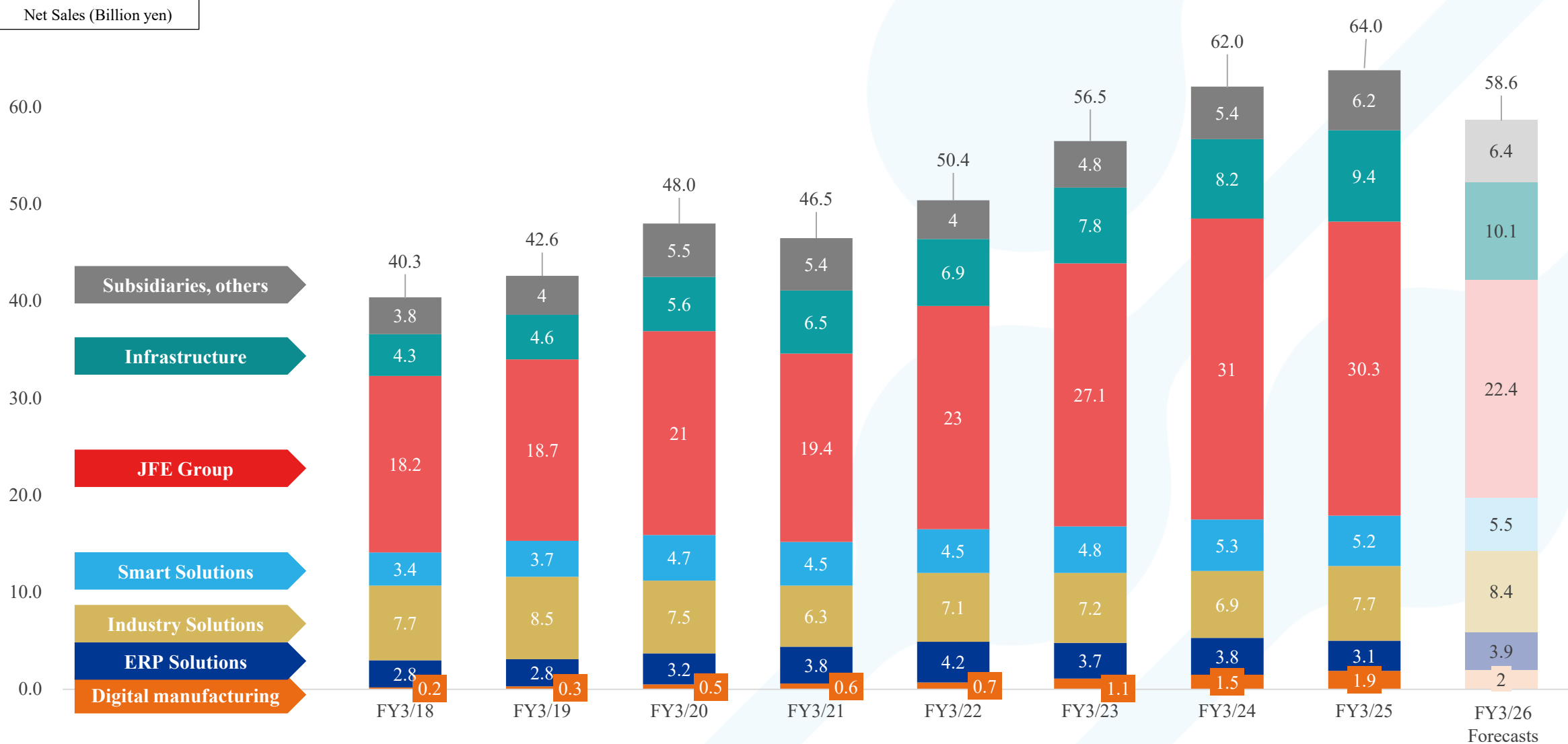
Consolidated net sales (\*1) and total sales of each business segment are different due to accounting adjustments.

# Factors Affecting Operating Income Changes in Financial Forecast for FY Ending March 2026 (Consolidated)

- Operating income is anticipated to decrease due to a reduction in workload related to the Steelworks System Refresh Project in JFE Group business, an increase in expenses associated with salary improvements and execution of personnel rotation.



# Reference: History in Net Sales by Reporting Units (Consolidated)



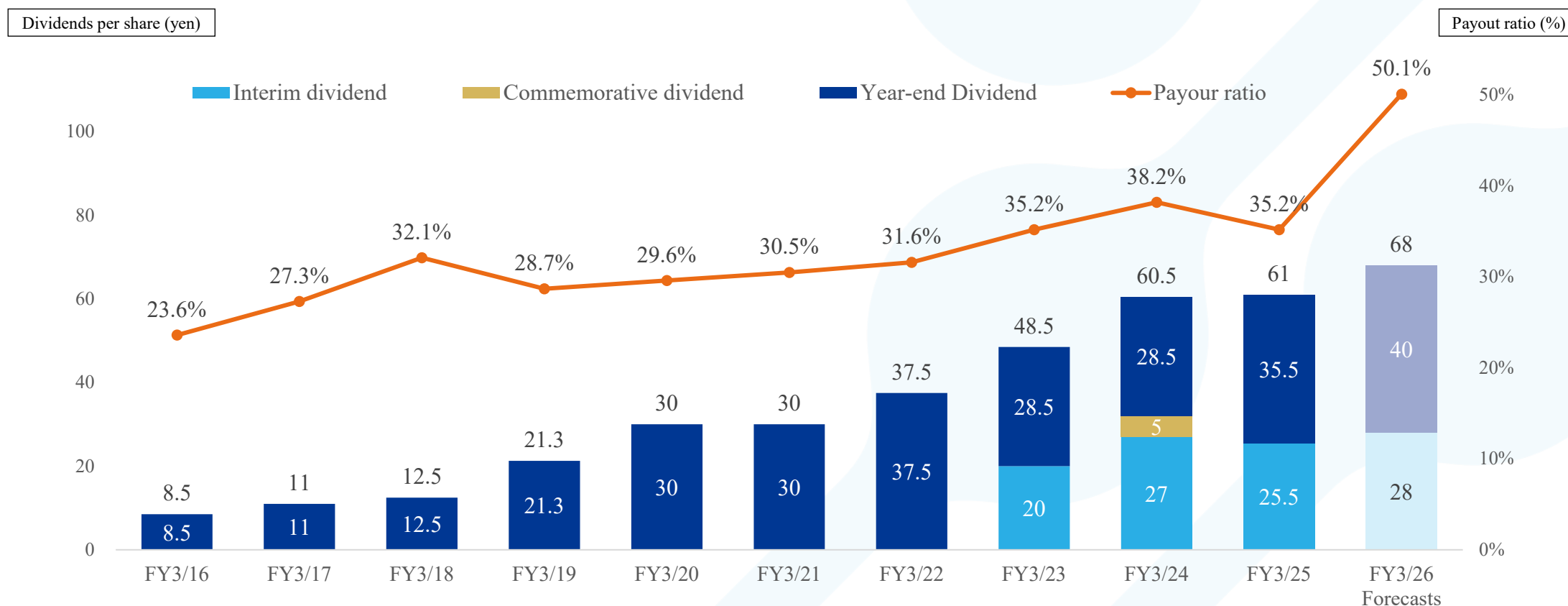


## 3. Shareholder Returns



# Shareholder Return

- In the previous Mid-term Management Plan, dividends were distributed with a target payout ratio of approximately 35%.
- The year-end dividend for fiscal year ended March 2025, amounting to 35.5 yen per share, was paid in line with the previous dividend policy, reflecting favorable business performance. Combined with the interim dividend of 25.5 yen, the annual dividend increased to 61 yen per share.
- In the new Mid-term Management Plan, profits will be distributed with the target payout ratio of approximately 50%, giving comprehensive consideration to factors including profit levels, reinvestment plan, financial position.





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