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Financial Results for the Second Quarter FY Ending March 2026

October 29, 2025



JFE Systems, Inc.



Financial Results for the Second Quarter FY Ending March 2026

- In addition to the Key Growth Businesses of Digital Manufacturing, ERP Solutions, IT Infrastructure and Security business, and Smart Solutions business performed steadily.
- On the other hand, overall results were lower than the previous fiscal year due to a reduction in workload related to Steelworks System Refresh Project in JFE Group business

Financial Forecast for FY Ending March 2026

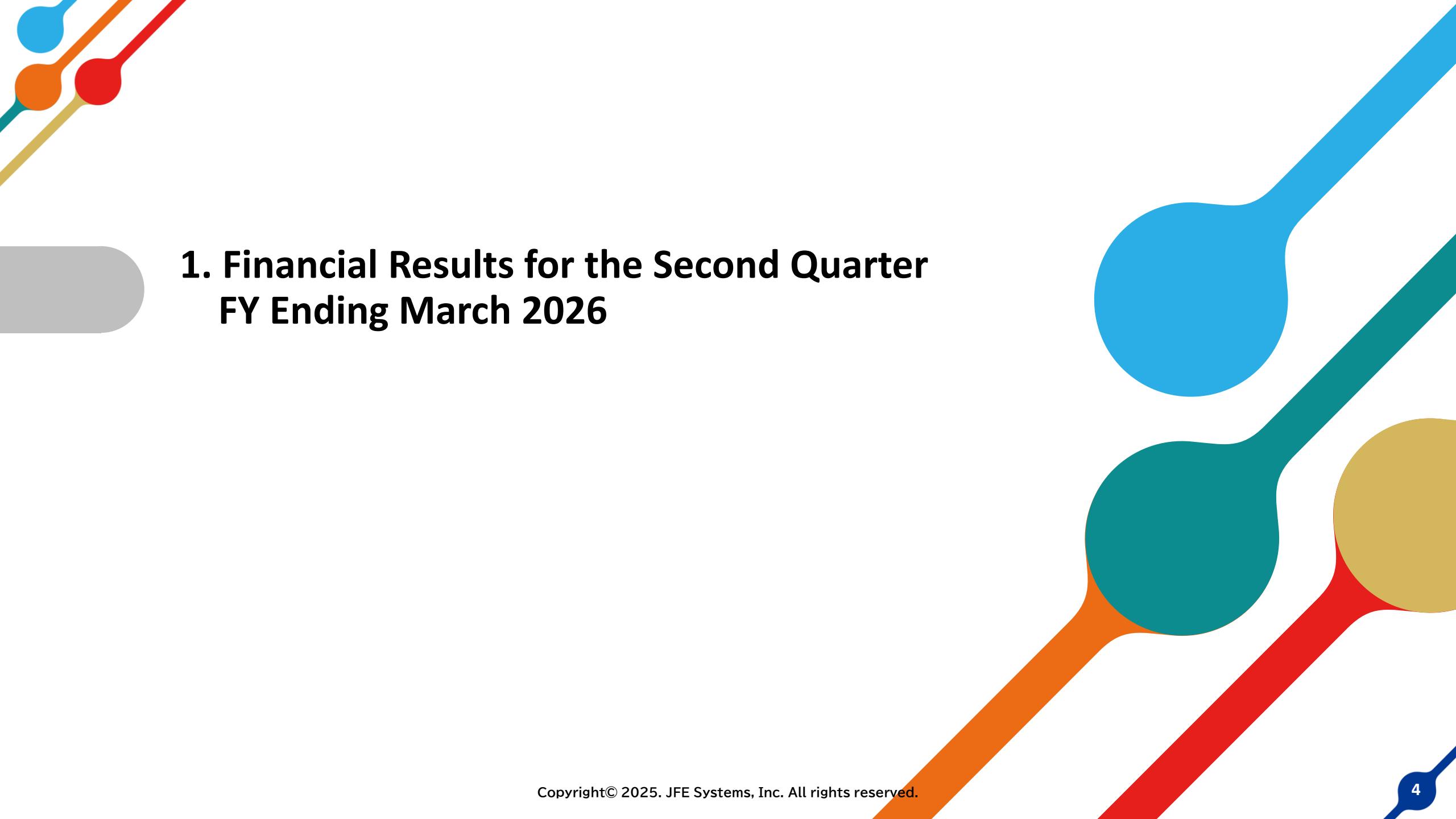
- Excluding the JFE Group business performed steadily in line with the previous forecast.
- On the other hand, the situation of the JFE Group business is expected to be even more difficult than in the previous report due to the impact of the reduction in workload related to Steelworks System Refresh Project, as well as the delay in receiving orders for new projects that were initially expected.
- In light of the current business environment, we have revised down our previously announced earnings forecast and forecast net sales of 58.44 billion yen and operating income of 5.58 billion yen. (Compared with the previous forecast, net Sales: down 180 million yen, operating income: down 720 million yen)

Shareholder Returns

- Based on the Financial Results for the Second Quarter FY Ending March 2026, we have decided to pay an interim dividend of 28 yen per share.
- In addition, we will maintain the annual dividend of 68 yen per share (Interim dividend of 28 yen and year-end dividend of 40 yen) as originally planned, focusing on the return to shareholders.

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1. Financial Results for the Second 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

Key Growth Business

- **Data-driven management support**

Offer SCM solutions, build DataOps platforms, and provide digital workplace

ERP Solutions

Key Growth Business

- **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

Key Growth Business

- **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 Q2 FY Ending March 2026 (Consolidated: YoY Changes)

Million yen	Q2 FY Ended March 2025	Q2 FY Ending March 2026	YoY Changes	YoY % Change
Net Sales	29,891	29,258	△632	△2.1%
Gross profit	7,152	6,674	△478	△6.7%
Selling, general and administrative expenses	3,824	4,008	+184	+4.8%
Operating income	3,328	2,667	△661	△19.9%
Ordinary income	3,355	2,707	△647	△19.3%
Profit attributable to owners of parent	2,289	1,765	△524	△22.9%
Orders received	33,704	28,295	△5,409	△16.0%
Backing of orders	26,626	25,030	△1,596	△6.0%
ROE (Return on equity)	7.7%	5.3%	△2.4 points	
EPS (Earnings per share) * 1	72.87 yen	56.19 yen	△16.68 yen	

Summary for Q2 FY Ending March 2026

(Net Sales)

- Net sales decreased 2.1% year on year due to a decrease in sales in JFE Group business. Gross profit decreased 6.7% year on year due to a decrease in sales and some changes in profit structure.

(Selling, general and administrative expenses)

- Increased 4.8% year on year mainly due to the implementation of R&D to strengthen the foundation for growth and the continuation of active recruitment of human resources.

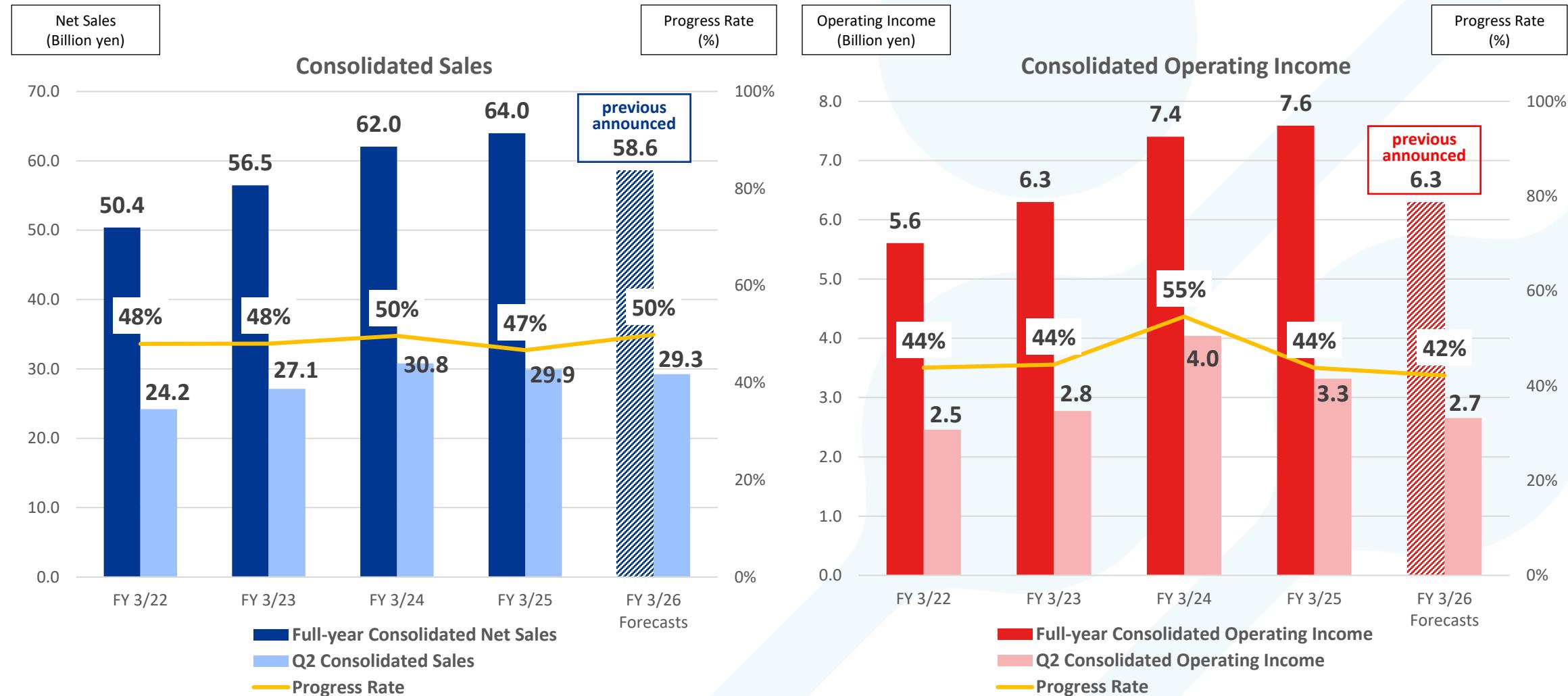
(Operating income)

- Decrease in gross profit pushed down profit income by 19.9% year on year .

(*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 Q2 FY Ending March 2026 (Consolidated)

(Reference) Q2 Progress Rate



Sales by Business for Q2 FY Ending March 2026 (Consolidated: YoY Changes)

- Despite revenue increased steadily in the business other than JFE Group compared to the previous fiscal year, revenue declined due to a reduction in workload related to Steelworks System Refresh Project in JFE Group business.

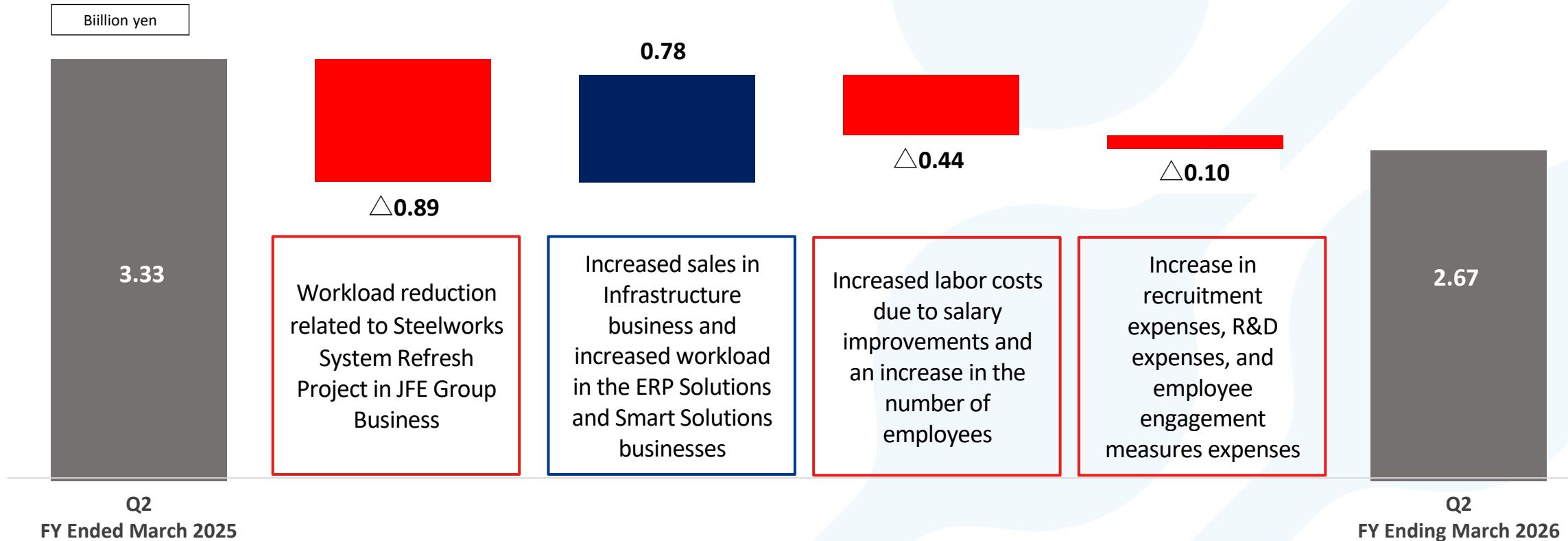
Million yen	Q2 FY Ended March 2025	Q2 FY Ending March 2026
Net Sales *¹	29,891	29,258
Digital Manufacturing	931	1,054
ERP Solutions	1,567	1,877
Smart Solutions	2,489	2,773
Industry Solutions	3,829	3,865
JFE Group	13,946	12,168
Infrastructure	4,460	4,802
Subsidiaries	2,637	3,004

YoY Changes	YoY % Change	Business Summary for Q2 FY Ending March 2026
△632	△2.1%	
+123	+13.2%	Sales increased due to an increase in supply chain management solutions introduced to manufacturing customers
+310	+19.8%	Sales increased due to increased ERP solutions businesses for manufacturing customers
+284	+11.4%	Sales increased due to new implementations and replacement demand from end-of-service of HR and payroll systems.
+36	+0.9%	System development projects for manufacturing customers have shown stable growth
△1,778	△12.8%	Revenue decreased due to reduction in workload related to Steelworks System Refresh Project
+342	+7.7%	Increased sales due to increased IT infrastructure projects
+367	+13.9%	Steady performance

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

Factors Affecting Operating Income Changes in Q2 FY Ending March 2026 (Consolidated)

- Profit decreased due to a decrease in reduction in workload related to Steelworks System Refresh Project in JFE Group business, as well as an increase in R&D expenses to improve working conditions and strengthen the foundations for growth, etc.



Balance sheet as of Q2 FY Ending March 2026 (Consolidated)

- Total assets decreased to 52,751 million yen, decreased by 315 million yen from the end of the previous year.

Million yen

Item	End of FY Ended March 2025	Q2 FY Ending March 2026	YoY Changes	Item	End of FY Ended March 2025	Q2 FY Ending March 2026	YoY Changes
Cash and cash equivalents	24,053	25,813	1,760	Current liabilities	12,522	11,627	△895
Other current assets	16,218	14,314	△1,904	Non-current liabilities	6,399	6,193	△206
Total current assets	40,271	40,127	△144	Total liabilities	18,921	17,820	△1,101
Property, plant and equipment	4,079	3,881	△198	Shareholders' equity	31,851	32,500	+650
Intangible assets	2,741	2,736	△5	Accumulated other comprehensive income	1,155	1,293	+138
Investments and other assets	5,974	6,007	+32	Non-controlling interests	1,139	1,137	△2
Total non-current assets	12,795	12,623	△171	Total net assets	34,145	34,931	+786
Total assets	53,066	52,751	△315	Total liabilities and net assets	53,066	52,751	△315

2. Financial Forecasts for FY Ending March 2026

Forecast for the Fiscal Year Ending March 2026 (Consolidated: YoY)

- While excluding the JFE Group business, mainly Key Growth Businesses, will perform steadily, sales of the JFE Group business are expected to decline more than initially expected due to a reduction in workload related to Steelworks System Refresh Project and delays in receiving orders for new projects.
- As a result, the previously forecast has been revised downward and sales are expected to decrease by 5.5 billion yen year on year and operating income is expected to decrease by 2 billion yen.

Million yen	FY Ended March 2025 Results	FY Ending March 2026 Forecasts (Announced April 2025)	FY Ending March 2026 Forecasts (Revised figures)	YoY Changes	YoY % Changes
Net Sales	63,972	58,620	58,436	△5,536	△8.7%
Gross profit	15,084	14,638	14,057	△1,027	△6.8%
Selling, general and administrative expenses	7,495	8,338	8,475	+981	+13.1%
Operating income	7,589	6,300	5,582	△2,007	△26.4%
Ordinary income	7,667	6,400	5,700	△1,967	△25.7%
Net income attributable to shareholders of parent company	5,442	4,260	3,900	△1,542	△28.3%
ROE (return on equity)	17.5%	12.6%	11.5%	△6.0 points	
EPS (Earnings per share) *1	173.3 yen	135.6 yen	124.2 yen	△49.1 yen	
DPS (Dividend per share) *1	61.0 yen	68.0 yen	68.0 yen	+7.0 yen	
Payout ratio	35.2%	50.1%	54.8%	+19.6 points	

Summary for FY Ending March 2026

(Net Sales)

- Estimated to decline by 8.7% year on year due to a reduction in sales in the JFE Group business.

(Selling, general and administrative expenses)

- Expected to increase 13.1% year on year due to increased expenses associated with aggressive recruiting and training of human resources and R&D for future growth.

(Operating income)

- Expected to decrease by 26.4% year on year due to a reduction in sales and 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)

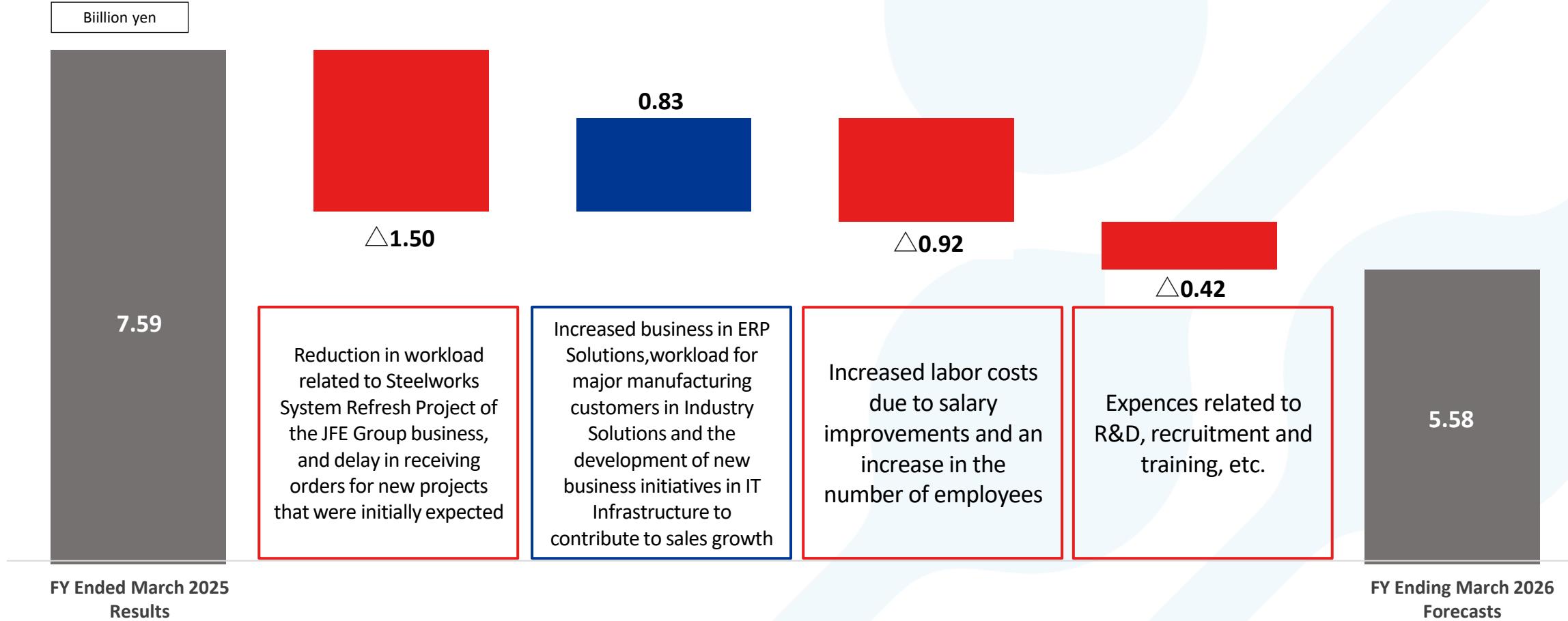
- Excluding the JFE Group business, sales are expected to increase steadily, mainly in Key Growth Businesses. On the other hand, sales of the JFE Group business are expected to decrease more than expected.

Million yen	FY Ended March 2025 Results	FY Ending March 2026 Forecasts (Announced April 2025)	FY Ending March 2026 Forecasts (Revised figures)	YoY Changes	YoY % Changes	Business Summary (Forecasts) for FY Ending March 2026
Net Sales *1	63,972	58,620	58,436	△5,536	△8.7%	
Digital Manufacturing	1,925	2,040	2,094	+169	+8.8%	Sales are expected to increase due to strong sales of supply chain management solutions for manufacturing customers
ERP Solutions	3,139	3,857	3,897	+758	+24.1%	Sales are expected to increase due to expansion of projects through collaboration with ERP package vendors and other companies
Smart Solutions	5,238	5,510	5,750	+512	+9.8%	Sales are expected to increase due to an increase in the number of projects to introduce and update HR and payroll solutions, which are performing well
Industry Solutions	7,746	8,380	8,510	+764	+9.9%	Sales are expected to increase due to steady growth in business system development for manufacturing customers
JFE Group	30,328	22,375	21,854	△8,474	△27.9%	Sales are expected to decline due to a decrease in a reduction in workload related to Steelworks System Refresh and delays in receiving orders for new projects that were initially expected.
Infrastructure	9,444	10,051	10,057	+613	+6.5%	Sales are expected to increase through expansion of business outside JFE Group and active development of new businesses
Subsidiaries	5,737	6,407	6,274	+537	+9.4%	Expect to maintain high sales performance

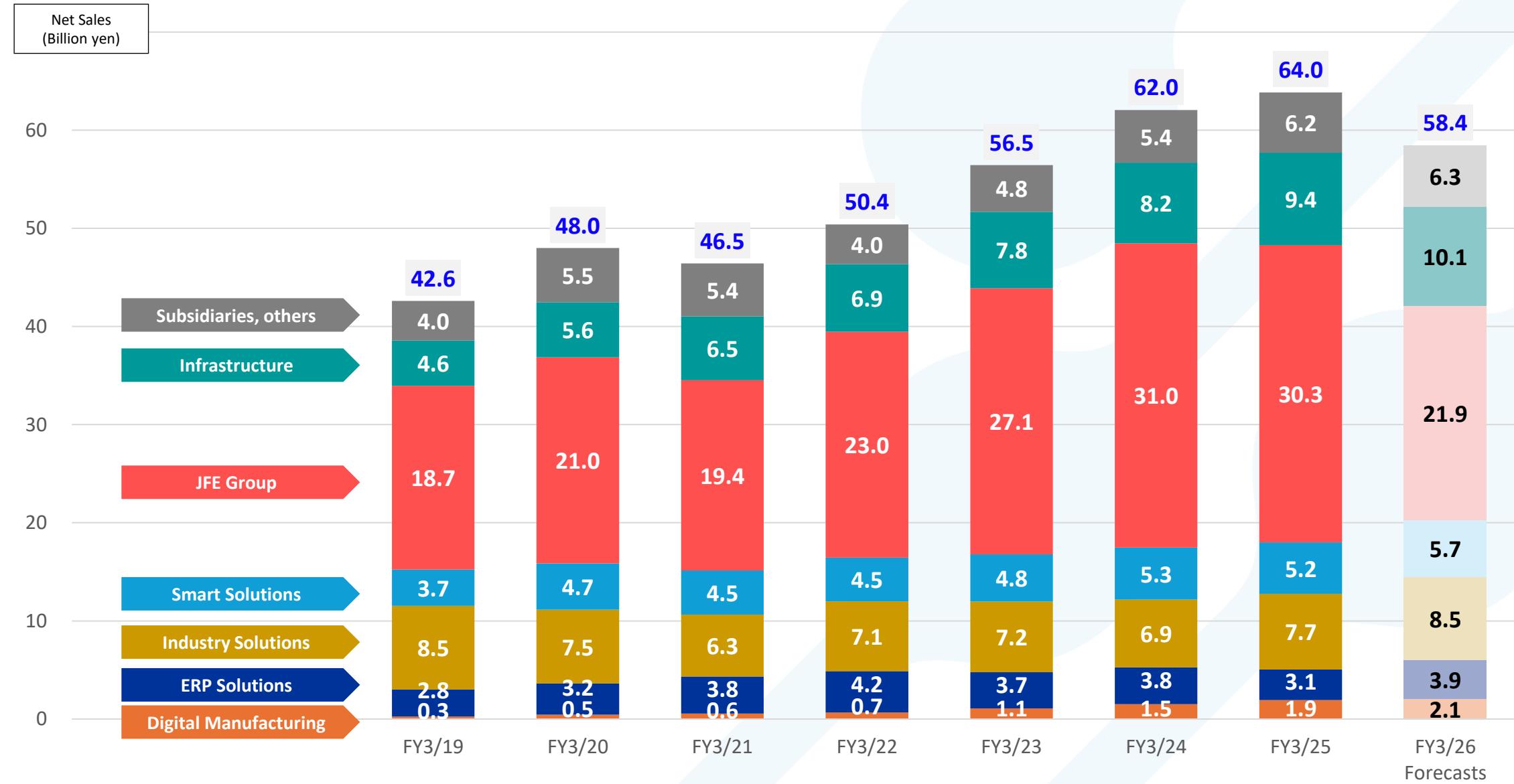
Consolidated net sales (*1) and total sales of each business segment are different due to accounting adjustments.

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

- In the JFE Group business, profit is expected to decline due to a decrease in a reduction in workload related to Steelworks System Refresh Project, delays in receiving orders for new projects as initially expected, as well as improvements in working conditions and increases in R&D expenses.



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

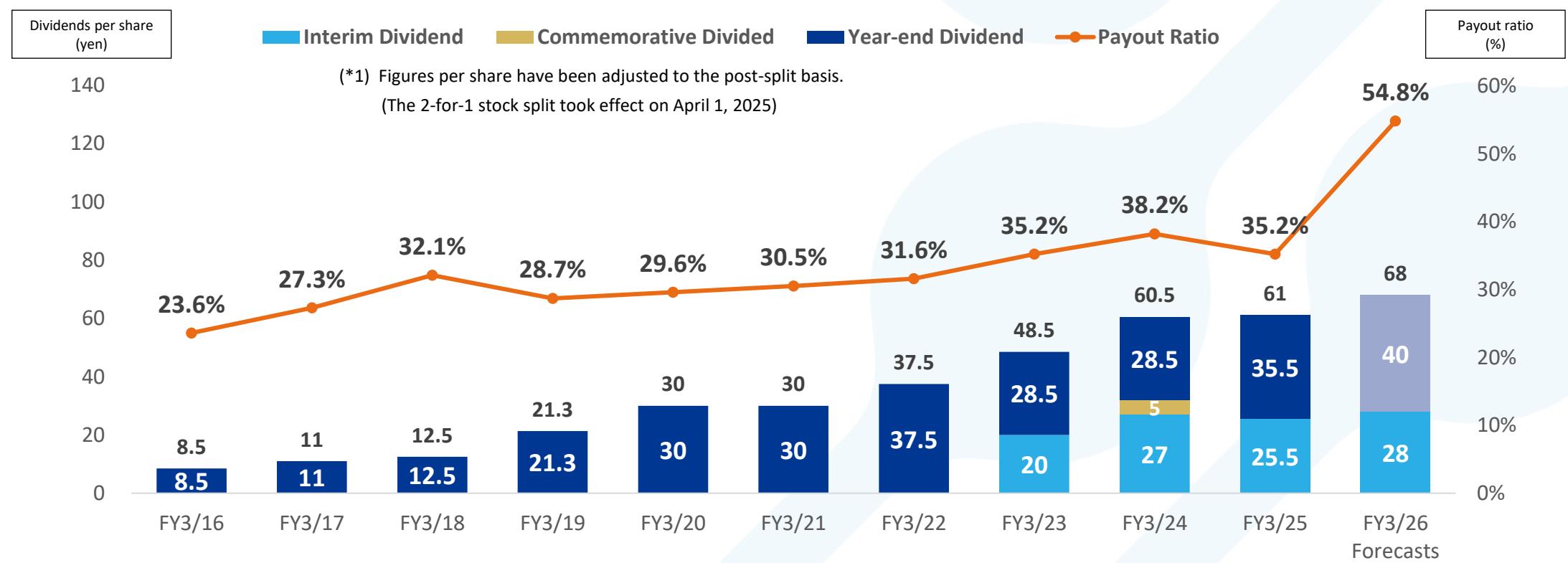


3. Shareholder Returns

Shareholder Return



- Under the current Mid-term Management Plan, the dividend payout ratio is targeted at 50%, and profit distribution is based on a comprehensive consideration of profit levels, reinvestment plans, and financial position.
- Based on the Financial Results for the first half of FY2025, we decided to pay an interim dividend of 28.0 yen per share for FY2025.
- In the second half of FY2025, although profit is expected to decrease from the initial forecast, the year-end dividend is expected to remain unchanged at 40.0 yen per share, with an annual dividend of 68 yen per share.
- We will continue to actively return profits to shareholders while maintaining stable dividends.





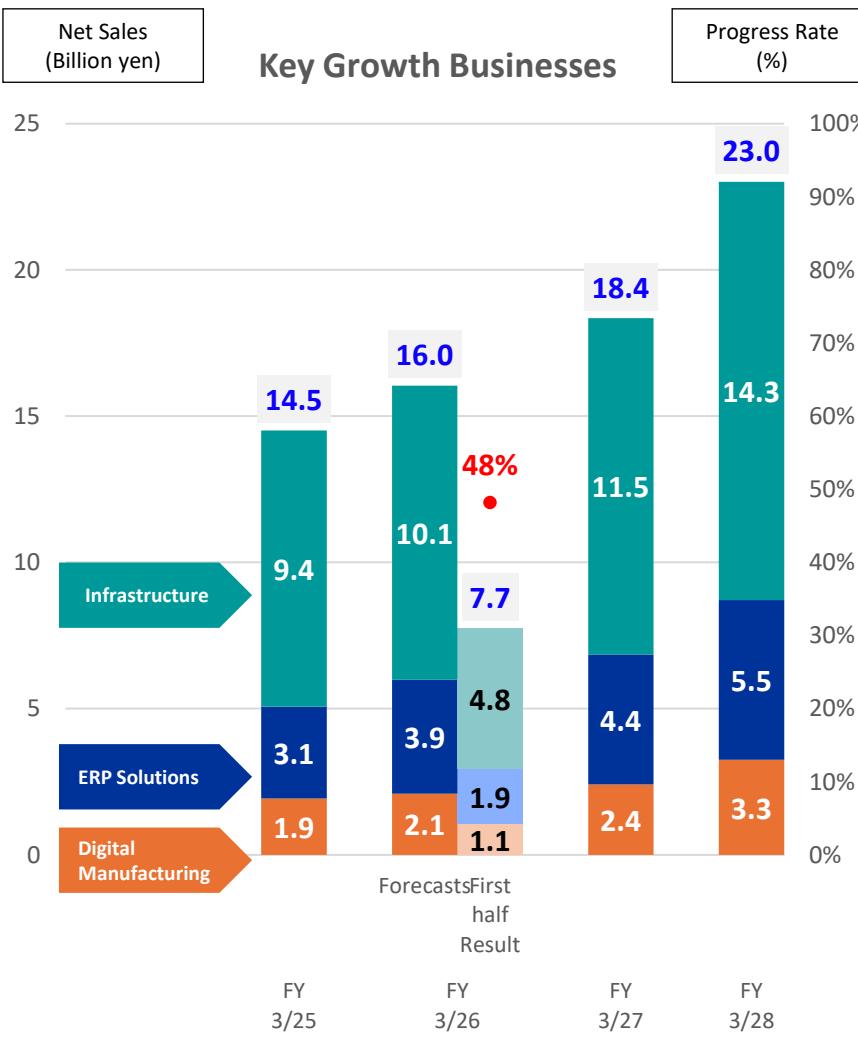
4. Progress against Mid-term Management Plan for Key Growth Businesses

Progress against Mid-term Management Plan for Key Growth Businesses



Key Growth Businesses

- Business groups that will drive company-wide growth and serve as future pillars in terms of both market presence and earnings.
- All three businesses made steady progress toward achievement of the Mid-term Management Plan.



Infrastructure Business

- Progress has been almost as planned due to an increase in IT infrastructure businesses.
- With a focus on cloud computing and security, the company is working to establish new solutions and strengthen its sales capabilities through collaboration with other companies.
- Accelerate sales expansion to non-JFE Group customers to achieve its Mid-term Management Plan

ERP Solutions Business

- Progressing steadily, mainly through package introduction and conversion projects by SAP and Microsoft for the manufacturing industry.
- Going forward, aim to expand the business to achieve the Mid-term Management Plan by strengthening its ability to respond to projects through collaboration and M&A, and promoting human resource development.

Digital Manufacturing Business

- Progress was in line with the Mid-term Management Plan, mainly in the manufacturing industry, with solid supply chain management solution introduction projects.
- As there is a growing need for supply chain visualization and optimization as a measure to address supply and demand fluctuations and global procurement risks, the company will strengthen its business structure to respond to favorable market conditions and accelerate acquisition of projects by leveraging our company's extensive experience in introducing solutions.

Appendix

Major News and Press Releases (First Half of FY Ending March 2026)



April 2,
2025

Certified as a Health & Productivity Management Outstanding Organization 2025

Under the Health & Productivity Management Outstanding Organization Certification Program, certified as a Health & Productivity Management Outstanding Organization 2025 (Large Enterprise Category).

April 8,
2025

Released J-CCOREs® Basic, a New Version of J-CCOREs® Cost Management System

Launched J-CCOREs® Basic, which enables quick deployment and low running costs

April 22,
2025

Started in-house development and sales of framework for developers and operators of data linkage tool "ASTERIA Warp"

Launched EAI Framework for ASTERIA Warp, an in-house development framework for developers and operators of ASTERIA Warp, a data linkage tool manufactured by Asteria Corporation

Improved stability, convenience, and maintainability of system linkage infrastructure

May 14,
2025

Released new version (Ver. 1.1) of Prociec®, a cloud-based Web purchasing system

Enhanced communication functions with business partners, such as questionnaire and chat functions, to further streamline ordering and receiving operations

Major News and Press Releases (First Half of FY Ending March 2026)



August 15,
2025

J-CCOREs® Cost Management System Launches Mid-term Management Plan Costing Module

In addition to enabling the calculation of planned costs according to the formulation period of the Mid-term Management Plan, this system can be combined with optional functions to enable efficient business operations and accurate cost information.

August 25,
2025

MerQurius Net® Packaging Specification Service Launches for the Food Industry

Utilizing the know-how of existing services, launches cloud services to support the exchange of packaging specifications between food manufacturers and packaging manufacturers

August 26,
2025

The FiBridge® Series of Electronic Business Form Packages Wins No. 1 Share for 18 Consecutive Years

Fuji Chimera Research Institute Inc. 's "New Software Business Market 2025" survey shows that its in-house FiBridge® Series of electronic business form package has won the No. 1 share among domestic products for 18 consecutive years.



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