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Financial Results for the Second Quarter FY Ending March 2027

October 28, 2026

JFE Systems, Inc.

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Summary

Financial Results for the Second Quarter FY Ending March 2027

- The businesses with external customers, mainly in key growth businesses, performed steadily.
- However, overall results declined year-on-year due to the completion of the Steelworks System Refresh Project in the JFE Group business.

Financial Forecast for FY Ending March 2027

- Sales of JFE Group business will decrease from the previous fiscal year due to the completion of Steelworks System Refresh. However, overall results are expected to increase year-on-year due to the expansion of the businesses with external customers, mainly in Key Growth Businesses.
- We forecast net sales of 60 billion yen (+ 2.6 billion yen from the previous year) and ordinary income of 6.8 billion yen (+ 350 million yen from the previous year). (As previously announced on April 24, 2026)

Shareholder Returns

- Based on the Financial Results for the Second Quarter FY Ending March 2027, we have decided to pay an interim dividend of 24 yen per share, up from the previously announced forecast of 22 yen per share.
- In addition, we expect an annual dividend of 70 yen per share as originally planned. (Interim dividend of 24 yen and year-end dividend of 46 yen)

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1. Financial Results for the Second Quarter FY Ending March 2027

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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

Digital Manufacturing

Key Growth Business

- **Data-driven management support**
  Offer supply chain management solutions, build Industrial Data & AI 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)

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Financial Summary for Q2 FY Ending March 2027（Consolidated: YoY Changes）

Million yen	Q2 FY Ended March 2026	Q2 FY Ending March 2027	YoY Changes	YoY % Change
Net Sales	29,258	26,466	△2,792	△9.5%
Gross profit	6,674	6,882	+208	+3.1%
Selling, general and administrative expenses	4,008	4,587	+580	+14.5%
Operating income	2,667	2,295	△371	△13.9%
Ordinary income	2,707	2,396	△312	△11.5%
Profit attributable to owners of parent	1,765	1,528	△237	△13.4%
Orders received	28,295	25,952	△2,343	△8.3%
Backlog of orders	25,030	22,540	△2,490	△9.9%
ROE (Return on equity)	5.3%	4.3%	△1.0 points	
EPS (Earnings per share)	56.19 yen	48.64 yen	△7.55 yen	

Summary for Q2 FY Ending March 2027

(Net Sales and Gross Profit)

- Net sales decreased 9.5% year-on-year due to lower sales in the JFE Group business. Gross profit increased 3.1% year-on-year due to improved gross margins.

(Selling, general and administrative expenses)

- Increased 14.5% year-on-year due to strategic sales expenses, training costs, and increased internal IT systems costs.

(Operating Income)

- Despite an increase in gross profit, operating income decreased 13.9% year-on-year due to an increase in selling, general and administrative expenses.

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Sales by Business for Q2 FY Ending March 2027 (Consolidated: YoY Changes)

- Sales increased in the businesses with external customers, mainly in key growth businesses, while sales declined due to the completion of the Steelworks System Refresh Project in the JFE Group business.

Million yen

	Q2 FY Ended March 2026	Q2 FY Ending March 2027	YoY Changes	YoY % Change	Business Summary for Q2 FY Ending March 2027
Net Sales *1	**29,258**	**26,466**	**△2,792**	**△9.5%**	
Digital Manufacturing	**1,054**	**1,193**	**+139**	**+13.2%**	Sales increased due to growth in supply chain management solutions for manufacturing customers and DX-related projects.
ERP Solutions	**1,877**	**2,037**	**+160**	**+8.5%**	Sales increased due to the expansion of next-generation data platform development projects for manufacturing customers.
Smart Solutions	**2,773**	**2,978**	**+205**	**+7.4%**	Cost accounting solutions and procurement solutions continued to perform steadily, maintaining a high level of workload.
Industry Solutions	**3,865**	**4,022**	**+158**	**+4.1%**	Business system development projects for existing customers in the automotive and other manufacturing industries continued to perform steadily.
JFE Group	**12,168**	**8,034**	**△4,134**	**△34.0%**	Despite efforts to secure and advance projects, sales decreased due to the completion of the Steelworks System Refresh Project.
Infrastructure	**4,802**	**4,964**	**+162**	**+3.4%**	Sales increased due to an increase in IT infrastructure security projects.
Subsidiaries	**3,004**	**2,949**	**△55**	**△1.8%**	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

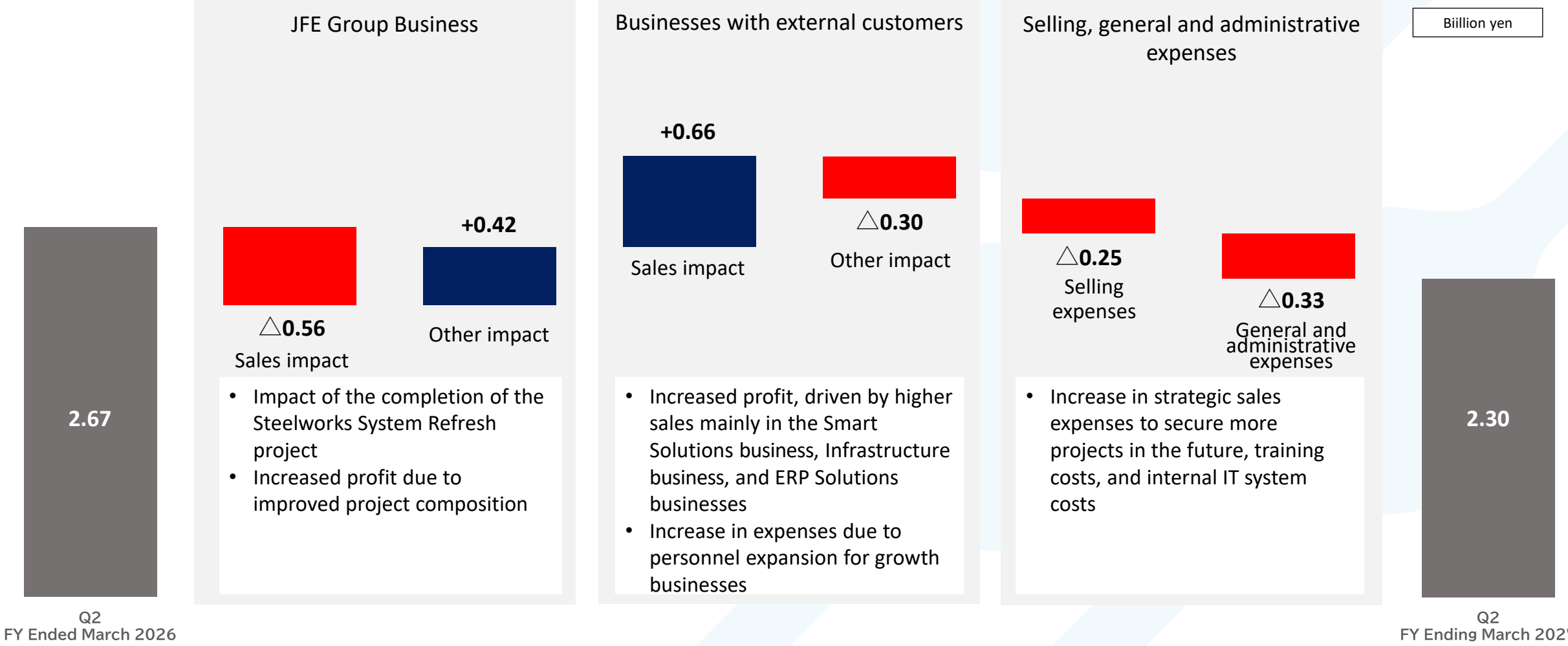
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Factors Affecting Operating Income Changes in Q2 FY Ending March 2027 (Consolidated)

- Despite the impact of the completion of the Steelworks System Refresh Project, the businesses with external customers, mainly in key growth businesses, contributed positively. However, profit decreased due to strategic sales expenses, personnel expansion, training costs, and increased internal IT system costs.



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Balance sheet as of Q2 FY Ending March 2027 (Consolidated)

- Total assets increased by 584 million yen from the end of the previous year to 53,309 million yen.
- Other current assets increased mainly due to an increase in prepaid expenses associated with license renewals.
- Investments and other assets increased mainly due to an increase in the market value of equity holdings, increases in security deposits associated with office expansion and rent revisions, and increases in long-term prepaid expenses related to license renewals.

Million yen

Item	End of FY Ended March 2026	Q2 FY Ending March 2027	YoY Changes
Cash and cash equivalents	27,600	26,997	△603
Other current assets	13,387	14,091	+704
Total current assets	40,987	41,088	+101
Property, plant and equipment	3,419	3,173	△247
Intangible assets	2,806	2,942	+136
Investments and other assets	5,512	6,107	+595
Total non-current assets	11,738	12,221	+484
Total assets	52,725	53,309	+584

Item	End of FY Ended March 2026	Q2 FY Ending March 2027	YoY Changes
Current liabilities	10,520	11,061	+541
Non-current liabilities	5,507	5,099	△408
Total liabilities	16,027	16,160	+133
Shareholders' equity	34,122	34,393	+271
Accumulated other comprehensive income	1,346	1,542	+196
Non-controlling interests	1,231	1,214	△17
Total net assets	36,698	37,149	+451
Total liabilities and net assets	52,725	53,309	+584

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2. Financial Forecasts for FY Ending March 2027

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Financial Forecast for FY Ending March 2027 (Consolidated: YoY Changes)

- In the second quarter, net sales declined year-on-year due to the completion of the Steelworks System Refresh Project.However, performance progressed in line with the full-year plan and remained as planned.
- We forecast net sales of 60 billion yen, up 2.6 billion yen from the previous year, and operating income of 6.6 billion yen, up 0.25 billion yen from the previous year. (As previously announced on April 24, 2026)

Million yen	FY Ended March 2026 Results	FY Ending March 2027 Forecasts	YoY Changes	YoY % Changes
Net sales	57,411	60,000	+2,589	+4.5%
Gross profit	14,424	15,560	+1,136	+7.9%
Selling, general and administrative expenses	8,078	8,960	+882	+10.9%
Operating income	6,346	6,600	+254	+4.0%
Ordinary income	6,454	6,800	+346	+5.4%
Profit attributable to owners of parent	4,266	4,380	+114	+2.7%
ROE (Return on equity)	12.5%	11.9%	△0.6 points	
EPS (Earnings per share)	135.8 yen	139.5 yen	+3.6 yen	
DPS (Dividend per share)	68.0 yen	70.0 yen	+2.0 yen	
Payout ratio	50.1%	50.2%	+0.1 points	

Summary for FY Ending March 2027

(Net sales)

- Expected to increase by 4.5% year-on-year, supported by steady performance in the businesses with external customers, mainly in key growth businesses, despite the impact of lower sales in the JFE Group business.

(Selling, general and administrative expenses)

- Expected to increase by 10.9% year-on-year, reflecting higher expenses associated with the strengthened sales activities, proactive recruitment and training, and internal IT systems for operational efficiency, all of which are growth initiatives to increase future sales and improve profitability.

(Operating income)

- Expected to increase by 4.0% year-on-year, driven by higher sales.

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Net Sales Forecast by Business for FY Ending March 2027 (Consolidated: YoY Changes)

- Despite the impact of the completion of the Steelworks System Refresh Project, sales are expected to increase by approximately 2.6 billion yen in fiscal 2026 compared to the previous fiscal year due to the expansion of businesses with external customers, mainly in Key Growth Businesses.

Million yen

	FY Ended March 2026 Results	FY Ending March 2027 Forecasts	YoY Changes	YoY % Changes	Business Summary (Forecasts) for FY Ending March 2027
Net Sales *1	**57,411**	**60,000**	**+2,589**	**+4.5%**	
Digital Manufacturing	**2,219**	**2,496**	**+277**	**+12.5%**	Expand business scale by securing projects for the implementation of supply chain management solutions and the use of integrated IT/OT data.
ERP Solutions	**3,977**	**4,818**	**+841**	**+21.1%**	Expected to increase sales, driven by expanded ERP solution projects for new customers and next-generation data platform development projects.
Smart Solutions	**5,907**	**6,095**	**+188**	**+3.2%**	Driving sustainable profitability and efficiency through the transition to a cloud-based business.
Industry Solutions	**7,895**	**9,284**	**+1,389**	**+17.6%**	Expect higher sales due to increased orders for business system development for existing customers in the automotive and other manufacturing industries.
JFE Group	**21,993**	**18,110**	**△3,883**	**△17.7%**	Stepping up efforts to secure future orders for large-scale projects following the completion of the Steelworks System Refresh Project.
Infrastructure	**9,904**	**10,632**	**+727**	**+7.3%**	Expect to expand business scale by expanding customer contact points through cross-selling activities with other business divisions, creating new business opportunities and acquiring new orders mainly in the field of security and OT networks.
Subsidiaries, others	**5,515**	**8,565**	**+3,050**	**+55.3%**	Expect an increase in revenue due to increased sales at JFE ComService Co., Ltd.

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

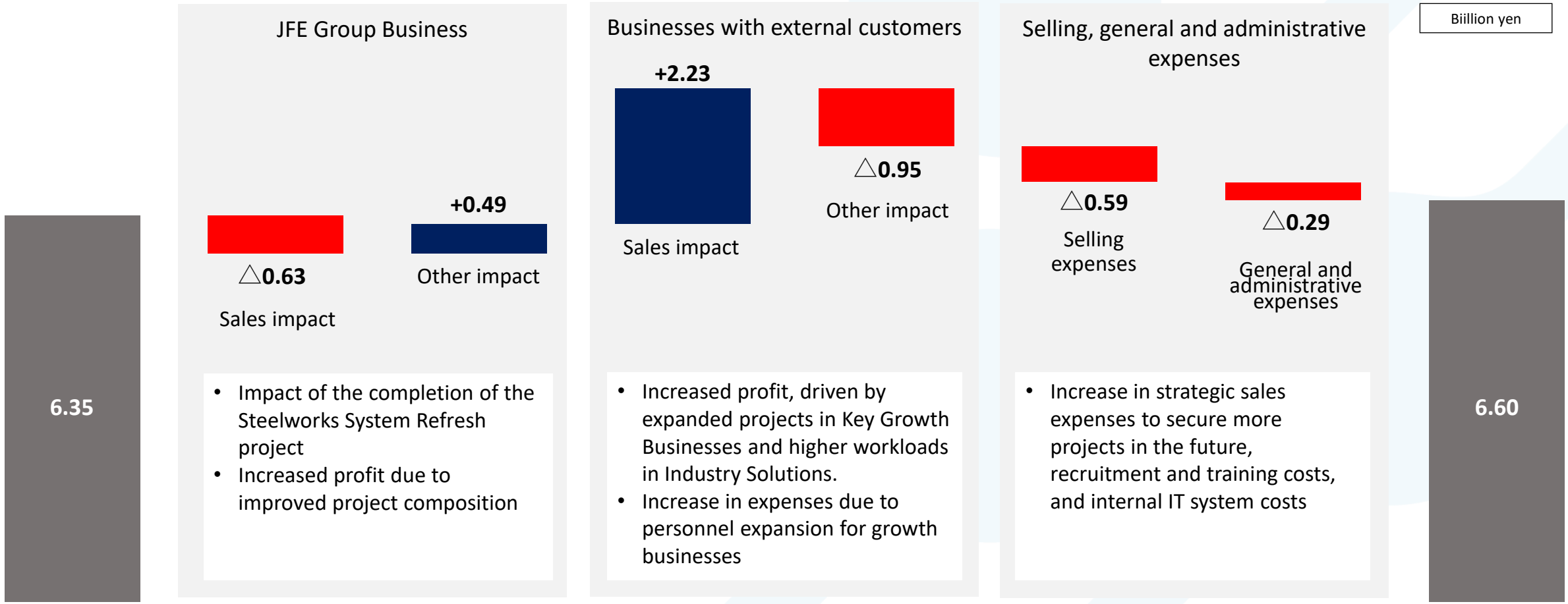
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Factors Affecting Operating Income Changes in Financial Forecast for FY Ending March 2027 (Consolidated)

- Despite the impact of the completion of the Steelworks System Refresh, profit is expected to increase by 250 million yen year-on-year, supported by the expansion of external business performance, mainly in the Key Growth Businesses. This increase is expected after factoring in personnel expansion and increased strategic sales expenses, recruitment and training costs, increased internal IT system costs.



- Impact of the completion of the Steelworks System Refresh project
- Increased profit due to improved project composition

- Increased profit, driven by expanded projects in Key Growth Businesses and higher workloads in Industry Solutions.
- Increase in expenses due to personnel expansion for growth businesses

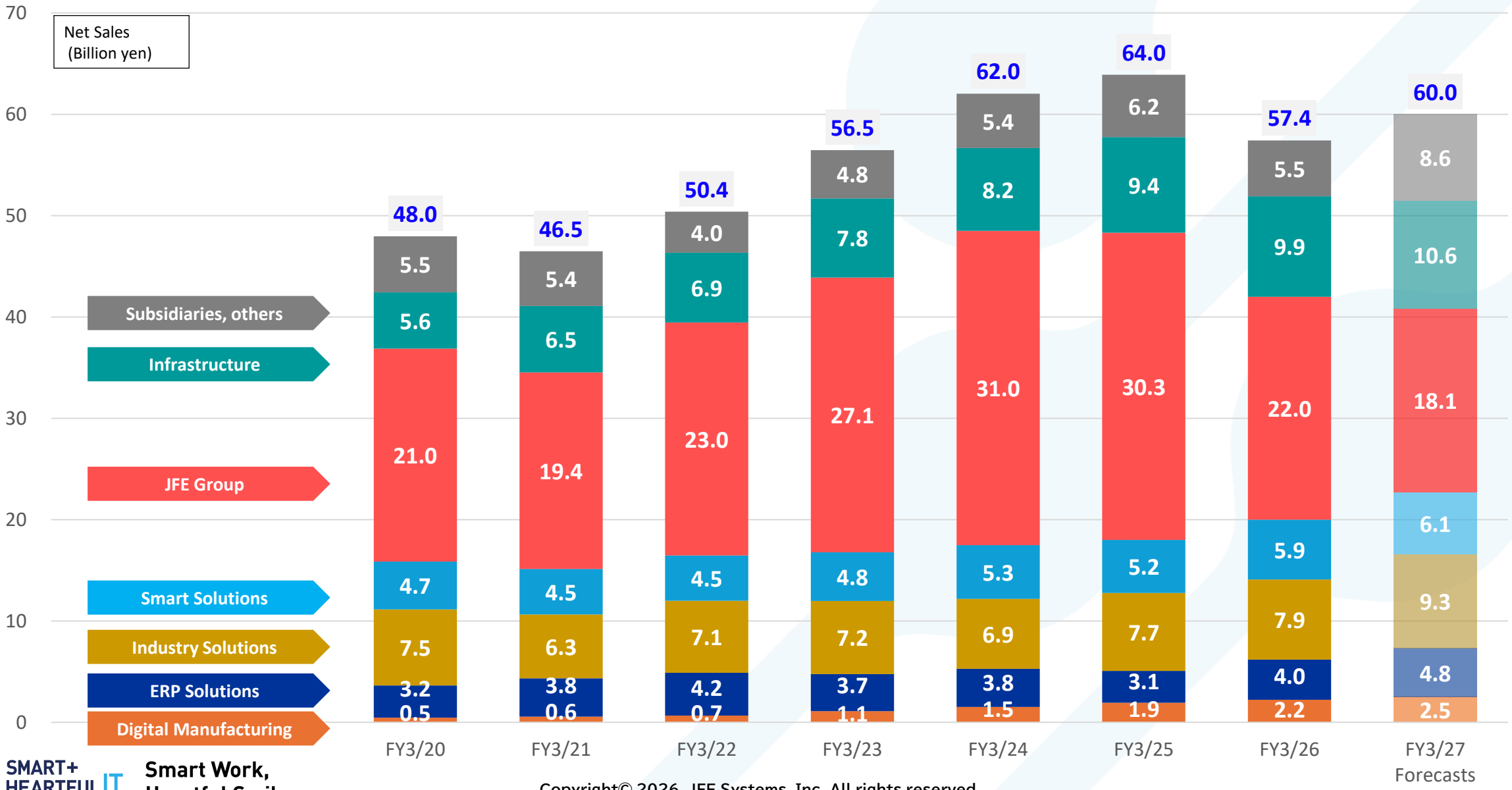
- Increase in strategic sales expenses to secure more projects in the future, recruitment and training costs, and internal IT system costs

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



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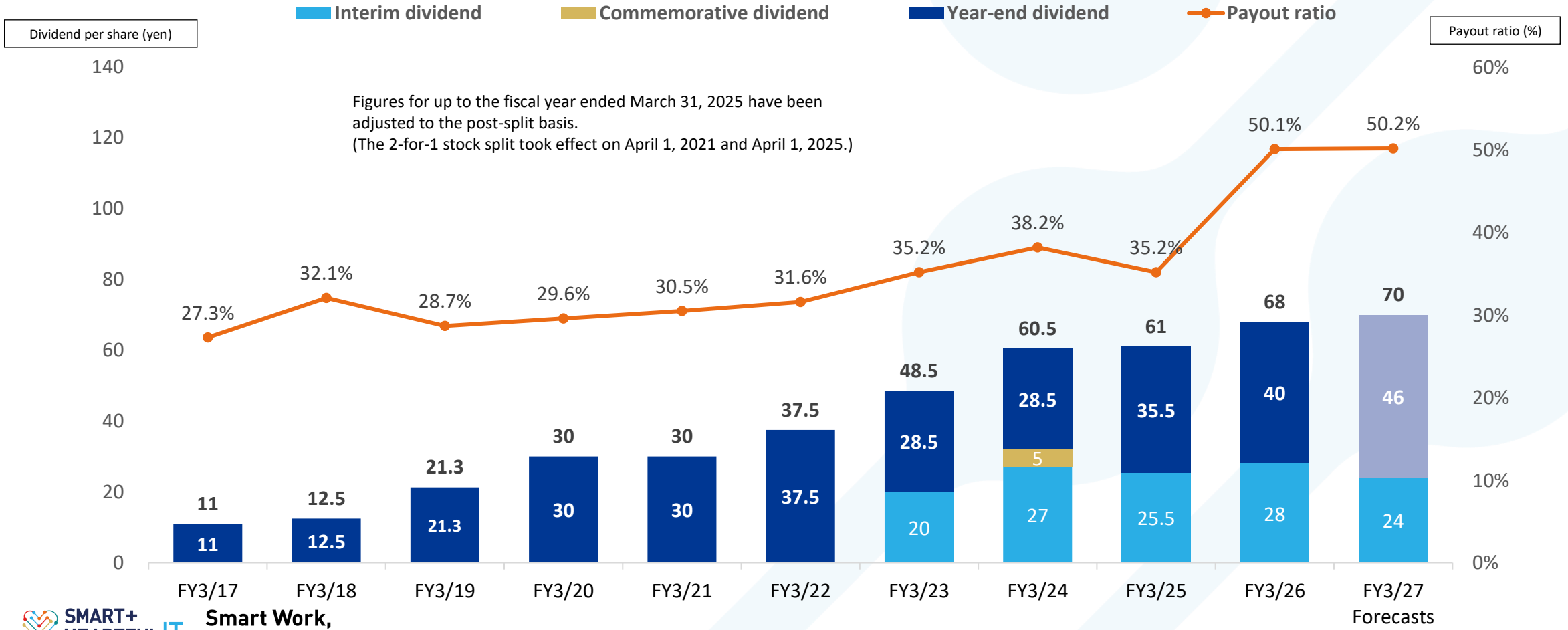
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3. Shareholder Returns

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Shareholder Returns

- 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 first-half FY2026 results, we decided to pay an interim dividend of 24.0 yen per share for FY2026.
- We expect an annual dividend of 70 yen per share, continuing to prioritize shareholder returns while seeking to provide stable dividends. (Announced on April 24, 2026)



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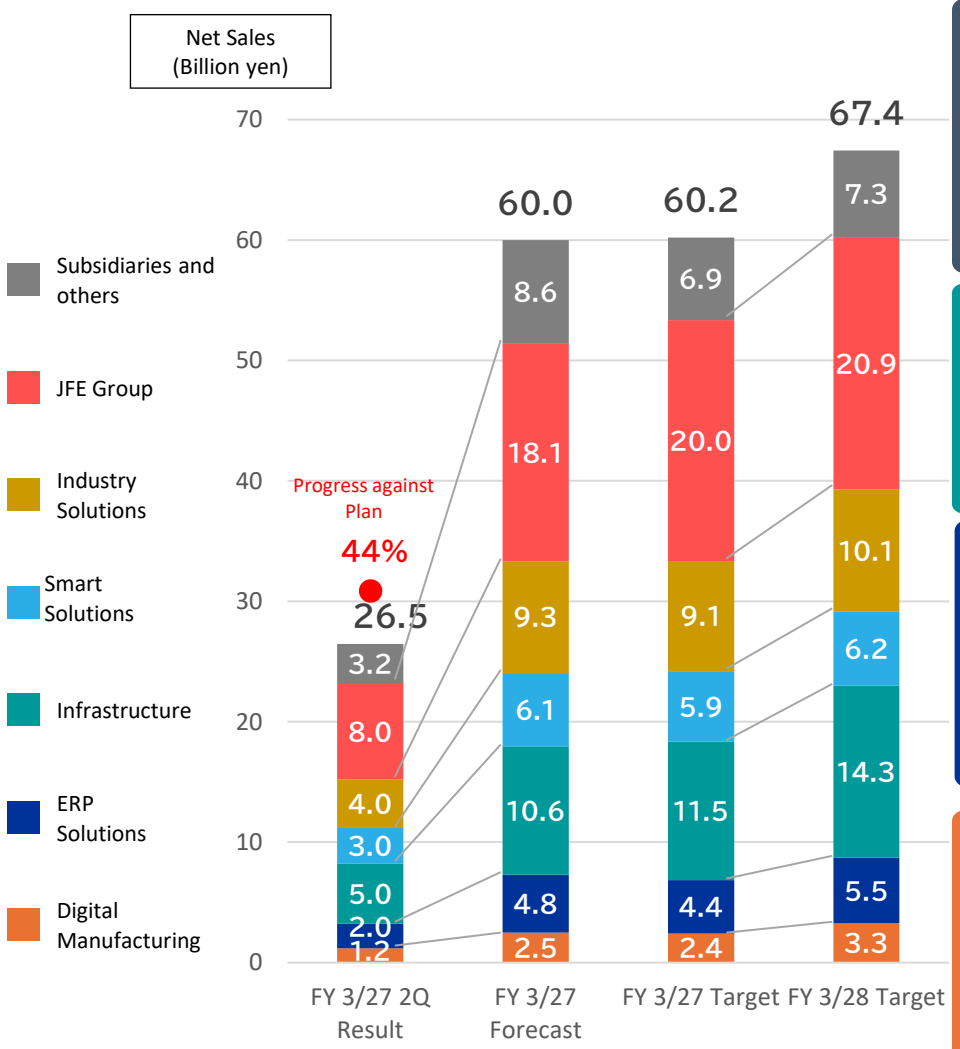
4. Progress against Mid-term Management Plan

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Progress against Mid-term Management Plan

Company-wide and Key Growth Businesses

▶ Company-wide net sales are expected to be broadly in line with the target set out in the Mid-term Management Plan, and performance is progressing in line with the plan.
▶ The three Key Growth Businesses are driving business expansion and strengthening their earnings bases to support future growth.



Company-wide

- Through steady execution of the plan for the second half of FY2026, we forecast consolidated net sales of 60 billion yen, broadly in line with the FY2026 target set out in the Mid-term Management Plan. Current performance is progressing in line with the plan.
- Promoting the application of generative AI to our own products and services, as well as to development and operational processes. Establishing an implementation structure to support the expansion of generative AI use cases.

Infrastructure Business

- Aim to deepen customer relationships through cross-selling and small-scale projects, focusing on OT network and security solutions, while creating new business opportunities and securing more orders from external customers through integrated sales and development efforts.

ERP Solutions Business

- Positioning SAP and Microsoft ERP Solutions as a key growth driver, driving business expansion with a focus on manufacturing customers.
- Expanding value-added offerings and strengthening our earnings base through cross-selling of internally developed adjacent solutions.
- Projects to build next-generation data platform are progressing steadily.

Digital Manufacturing Business

- Supply chain management (SCM) solution implementation projects for the manufacturing industry continue to be strong and are progressing in line with the Mid-term Management Plan.
- Against the backdrop of expanding DX demand, particularly in the manufacturing industry, field data utilization and IT/OT collaboration projects are expanding.

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Appendix

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Major News and Press Releases (First Half of FY Ending March 2027)

May 26, 2026

DataDelivery®, an electronic bookkeeping system, acquires the full scope of the Digital Seamless Software Legal Requirements Certification

Acquires JIIMA certification for the full scope of Peppol issuance and receipt and bank transaction data receipt

Complies with the certification system newly established in the Law for the Preservation of Electronic Books by the FY2025 Tax Amendments (automatic storage and ledger linkage of electronic transaction data)

June 3, 2026

Wins the ASTERIA Warp Contribution Award 2026

Awarded at the Asteria Partner Summit 2026, hosted by Asteria Corporation, in recognition of the company's many years of implementation and collaboration achievements

June 4, 2026

Released new version (Ver. 1.3) of Prociec®, a cloud-based Web purchasing system

Enhanced support for unit-price contract product purchasing and Excel data upload/download functionality on each screen

Also enabled batch transfer of projects when organizational or personnel changes occur, achieving further streamlining of purchasing operations and administration

June 15, 2026

Certified as an Eruboshi (third level) Company under the Law for the Promotion of Women's Participation and Advancement

Received Eruboshi (third level) certification, conferred by the Minister of Health, Labour and Welfare, as a company with outstanding efforts to promote women's active participation and advancement

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Major News and Press Releases (First Half of FY Ending March 2027)

June 25, 2026

JFE Systems Employees Selected as "2026 Japan All AWS Certifications Engineers"

Two of our employees have been selected as engineers holding all 12 eligible AWS certifications.

July 24, 2026

JFE Steel Won the IT Japan Award 2026 Grand Prix for the Steelworks System Refresh Project

JFE Steel has won the Grand Prix at the IT Japan Award 2026, sponsored by Nikkei Computer, in recognition of its Steelworks System Refresh Project. JFE Systems contributed greatly to the success of the project by migrating approximately 200 million steps of legacy assets to an open cloud environment.

August 31, 2026

The FiBridge® Series of Electronic Business Form Packages Wins No. 1 Share for 19 Consecutive Years

Fuji Chimera Research Institute Inc.‘s “New Software Business Market 2026” survey shows that its in-house FiBridge ® Series of electronic business form package has won the No. 1 share among domestic products for 19 consecutive years.

September 15, 2026

J-CCOREs® Cost Management System Adds ERP Linkage Simulation Function for SAP Users

This system can be used simply by integrating SAP data, without the need for monthly actual cost accounting, and supports rapid decision-making on pricing, procurement and production planning, and cost improvement measures through simulations of various scenarios, including raw material price fluctuations and changes in raw material mix.

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