



[Securities code: 9651]

Japan Process Development Co., Ltd.

Financial Results Briefing

Year ended May 31, 2021



July 16, 2021

1. Consolidated Financial Results for the Year Ended May 31, 2021

2. Review of the 5th Medium-Term Business Plan

3. Basic Policy for the 6th Medium-Term Business Plan (From Year Ending May 31, 2022 to Year Ending May 31, 2024)

4. Key Initiatives for the Year Ending May 31, 2022

5. Numerical Targets for the Year Ending May 31, 2022

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5. Numerical Targets for the Year Ending May 31, 2022

Summary of Consolidated Financial Results for Year Ended May 31, 2021

Unit: Millions of yen

	Forecast	Compared to forecast	Actual	YoY change	Previous year
Net Sales	7,430	+213 +2.9%	7,643	-127 -1.6%	7,770
Operating Income (income ratio)	570 (7.7%)	+131 +23.1%	701 (9.2%)	-26 -3.6%	727 (9.4%)
Ordinary Income (income ratio)	665 (9.0%)	+138 +20.8%	803 (10.5%)	+17 +2.3%	785 (10.1%)
Current Net Income (income ratio)	445 (6.0%)	+99 +22.3%	544 (7.1%)	-14 -2.6%	558 (7.2%)

Overview of Consolidated Financial Results for Year Ended May 31, 2021



Net Sales

-¥ 127 million YoY (-1.6%)

Automotive and industrial systems struggled in the face of the coronavirus, while control expanded transportation systems, exceeding the initial plan.

Operating Income

YoY change: -¥ 26 million YoY (-3.6%)

Due to greater productivity through stronger project management, more efficient work processes, and cost reduction

Ordinary Income

YoY change: +¥ 17 million YoY (+2.3%)

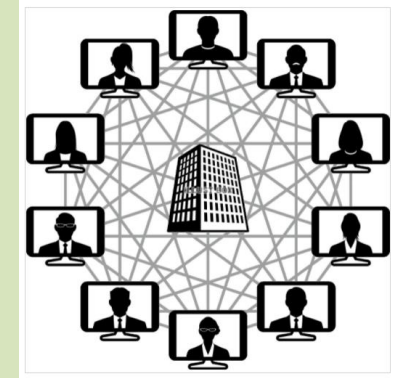
Due to factors such as surrender value of insurance

Current Net Income

YoY change: -¥ 14 million YoY (-2.6%)

Due to income taxes and income tax adjustments

Overview of Consolidated Financial Results for Year Ended May 31, 2021 Major Topics (1)



1. Putting the health of employees, their families, and stakeholders first, thoroughly implementing measures in response to the coronavirus such as remote work, going online, and preventing three Cs (closed spaces, crowded places, and close-contact settings)
2. Systematic implementation of human resource development (AUTOSAR, A-SPICE, AI/DL, Azure, English conversation, etc.)
3. Integration of Algorithm Laboratory Co., Ltd. on June 1, 2021

Overview of Consolidated Financial Results for Year Ended May 31, 2021 Major Topics (2)



4. Giving back to shareholders

Increase dividend by 1 yen to 27 yen

5. Giving back to employees

Set to pay record earnings-linked bonuses for the fourth consecutive year

The budget was achieved even during the coronavirus pandemic, and a special allowance was paid for the achievement

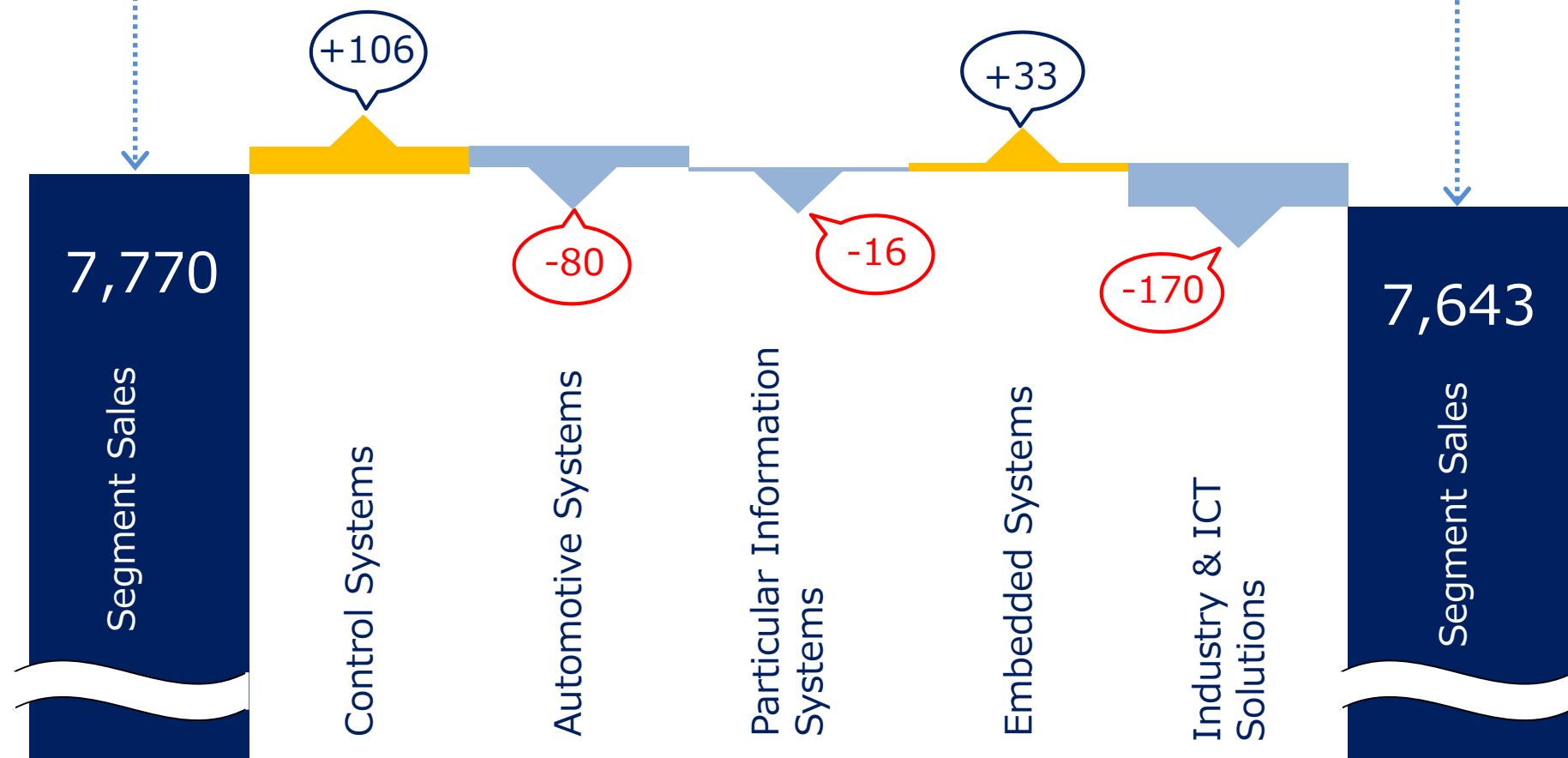
6. Continuing to donate 1% of after-tax income (target) to 2 entities as one part of CSR

- SBI Children's Hope Foundation
- NPO Reach Alternatives

Change in Sales by Business Segment for Year Ended May 31, 2021

Unit: Millions of yen

Decrease of 127 million yen (-1.6% YOY)



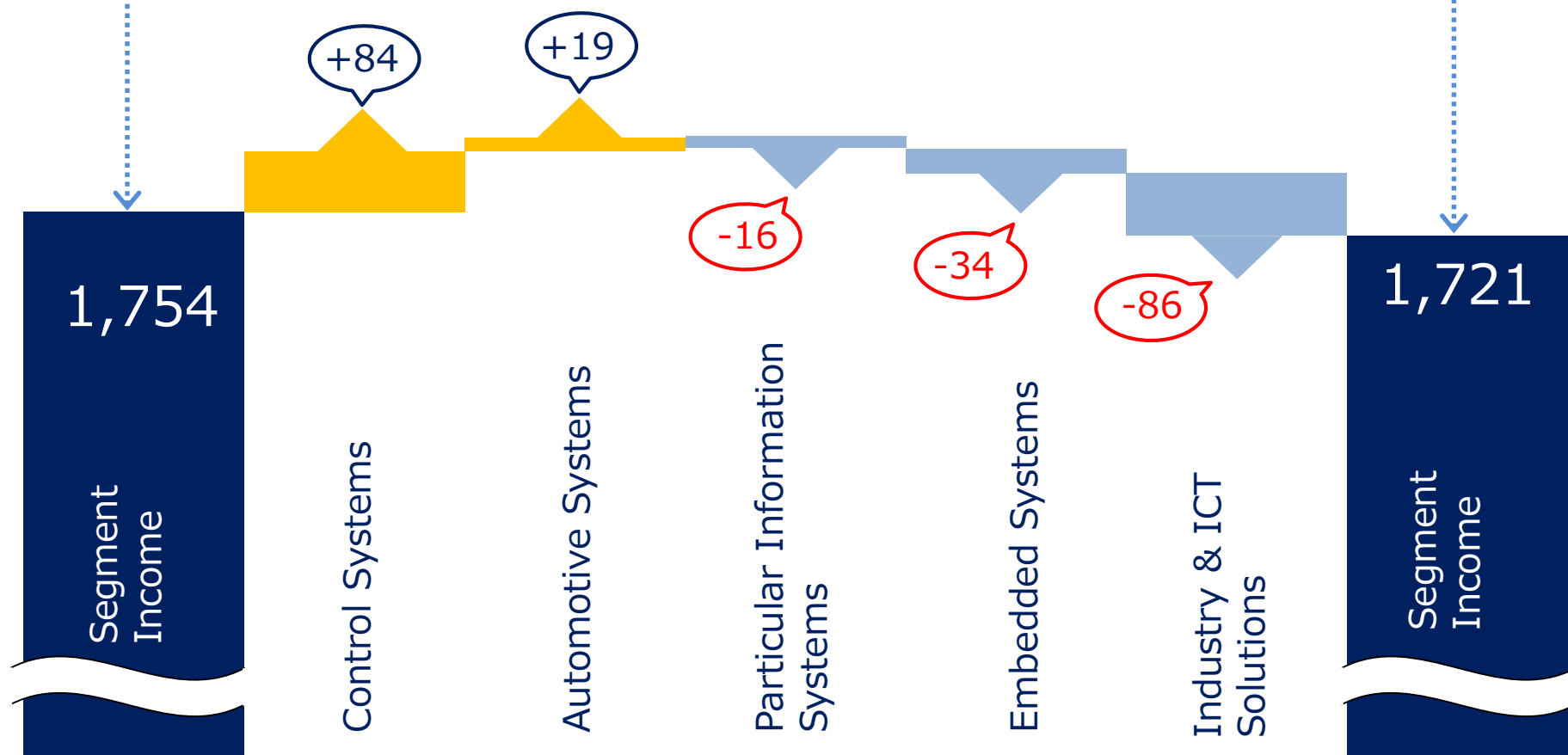
Year ended May 31, 2020

Year ended May 31, 2021

Change in Income by Business Segment for Year Ended May 31, 2021

Unit: Millions of yen

Decrease of 33 million yen (-1.9% YOY)



Year ended May 31, 2020

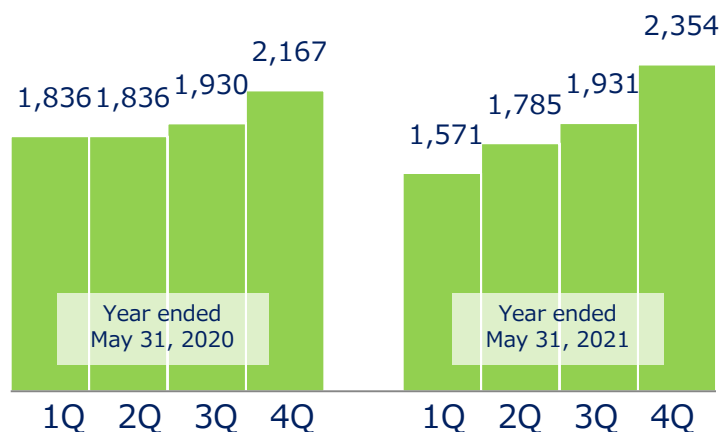
Year ended May 31, 2021

* Segment income does not include corporate expenses that have not been allocated to the segment.

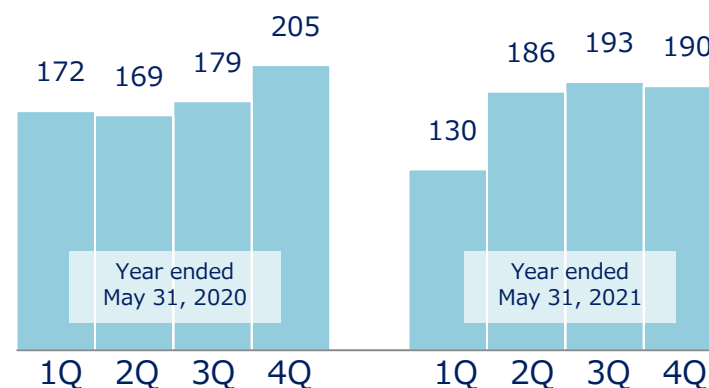
Summary of Consolidated Financial Results for Year Ended May 31, 2021 (by Quarter)

Unit: Millions of yen

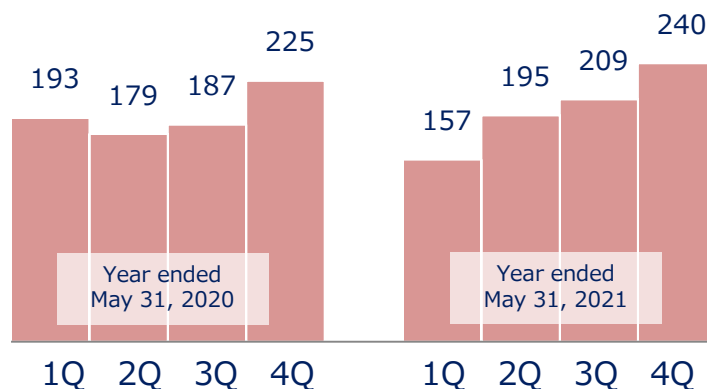
Net Sales



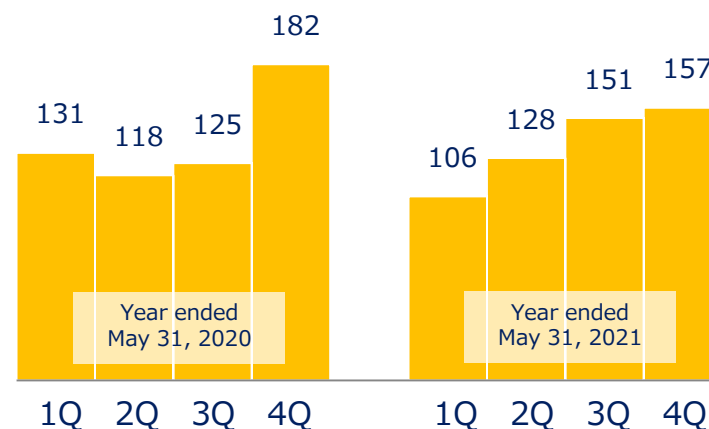
Operating Income



Ordinary Income



Current Net Income



Segment Information for Year Ended May 31, 2021 (1)

Control Systems

- In energy, thermal power generation control systems were steady; and in transportation, bullet train and overseas high-speed rail were strong and performance ATOS and local lines was steady
- Profitability improved by strengthening project management
- Continued to utilize IPD Dalian

Unit: Millions of yen

Business Segment		Year ended May 31, 2020 (income ratio)	Year ended May 31, 2021 (income ratio)	Change (percent change)
Control Systems	Net Sales	1,344	1,451	+106 (+7.9%)
	Income	317 (23.6%)	401 (27.7%)	+84 (+26.7%)

* Segment income does not include corporate expenses that have not been allocated to the segment.

Segment Information for Year Ended May 31, 2021 (2)

Automotive Systems

- Powertrain control and IVI struggled due to changes in development plans caused by the coronavirus
- Sales of AD/ADAS, in-vehicle NW, platform software, and electrification were steady
- Continued to offshore to IPD Dalian for powertrain control

* AD/ADAS (self-driving/advanced driver assistance system)

Unit: Millions of yen

Business Segment		Year ended May 31, 2020 (income ratio)	Year ended May 31, 2021 (income ratio)	Change (percent change)
Automotive Systems	Net Sales	1,887	1,806	-80 (-4.3%)
	Income	449 (23.8%)	469 (26.0%)	+19 (+4.4%)

* Segment income does not include corporate expenses that have not been allocated to the segment.

Segment Information for Year Ended May 31, 2021 (3)

Particular Information Systems

- In crisis management, the structure was downsized as a large-scale contract project entered the testing phase
- Although image recognition/identification contracted in AD/ADAS, image processing for security expanded and grew into the second pillar

Unit: Millions of yen

Business Segment		Year ended May 31, 2020 (income ratio)	Year ended May 31, 2021 (income ratio)	Change (percent change)
Particular Information Systems	Net Sales	699	682	-16 (-2.4%)
	Income	169 (24.2%)	153 (22.5%)	-16 (-9.4%)

* Segment income does not include corporate expenses that have not been allocated to the segment.

Segment Information for Year Ended May 31, 2021 (4)

Embedded Systems

- In addition to SSDs, orders for new NAND-applied products were steady, while new storage development was flat
- IoT construction equipment was steady and grew into the second pillar, while medical care was flat
- Profit decreased due to the adding of additional personnel

Unit: Millions of yen

Business Segment		Year ended May 31, 2020 (income ratio)	Year ended May 31, 2021 (income ratio)	Change (percent change)
Embedded Systems	Net Sales	1,044	1,078	+33 (+3.2%)
	Income	254 (24.3%)	219 (20.3%)	-34 (-13.6%)

* Segment income does not include corporate expenses that have not been allocated to the segment.

Segment Information for Year Ended May 31, 2021 (5)

Industry & ICT Solutions

- Orders for cloud system construction were strong, as were orders for system development
- Aerospace and imaging solutions were flat
- Sales of railroad station equipment decreased due to the impact of the coronavirus, in addition to the off-season

Unit: Millions of yen

Business Segment		Year ended May 31, 2020 (income ratio)	Year ended May 31, 2021 (income ratio)	Change (percent change)
Industry & ICT Solutions	Net Sales	2,794	2,624	-170 (-6.1%)
	Income	563 (20.2%)	476 (18.2%)	-86 (-15.4%)

* Segment income does not include corporate expenses that have not been allocated to the segment.

Consolidated Financial Position

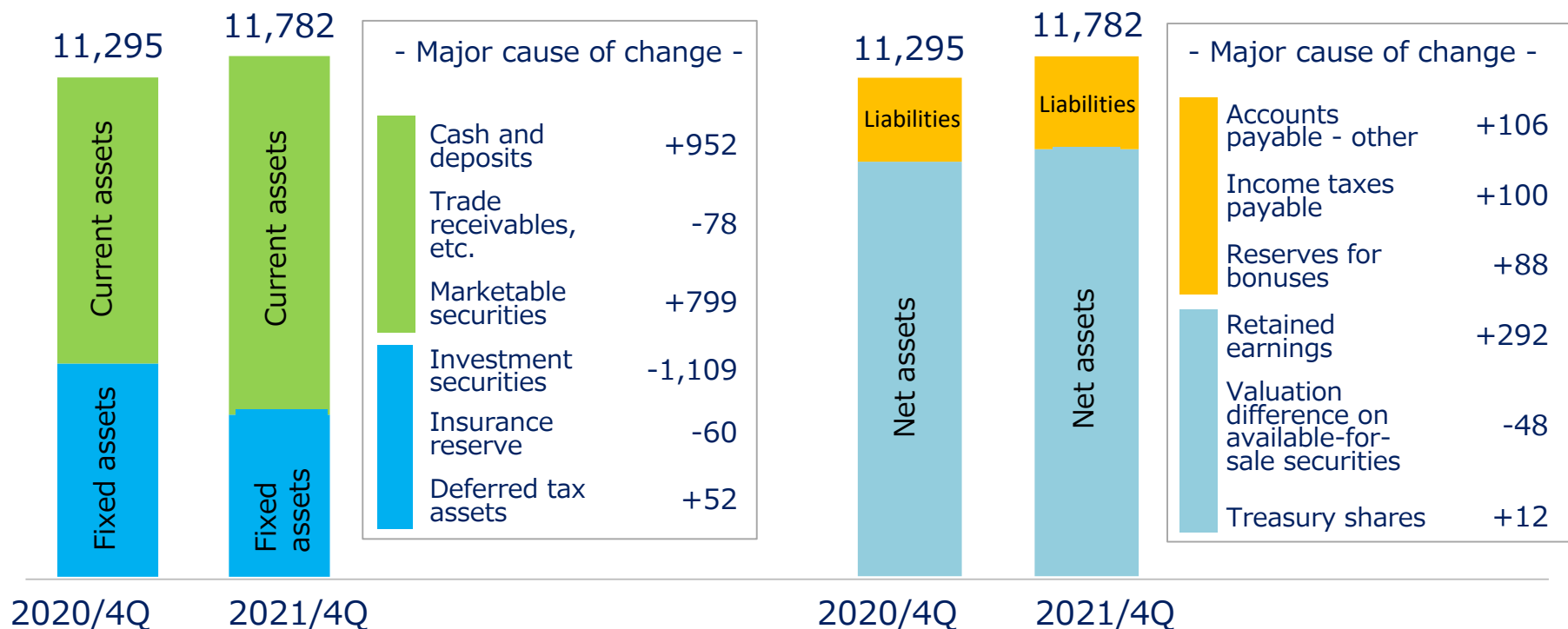
Unit: Millions of yen

Assets

Assets: +¥486 million

Liabilities and net assets

Liabilities: +¥207 million
Net assets: +¥279 million

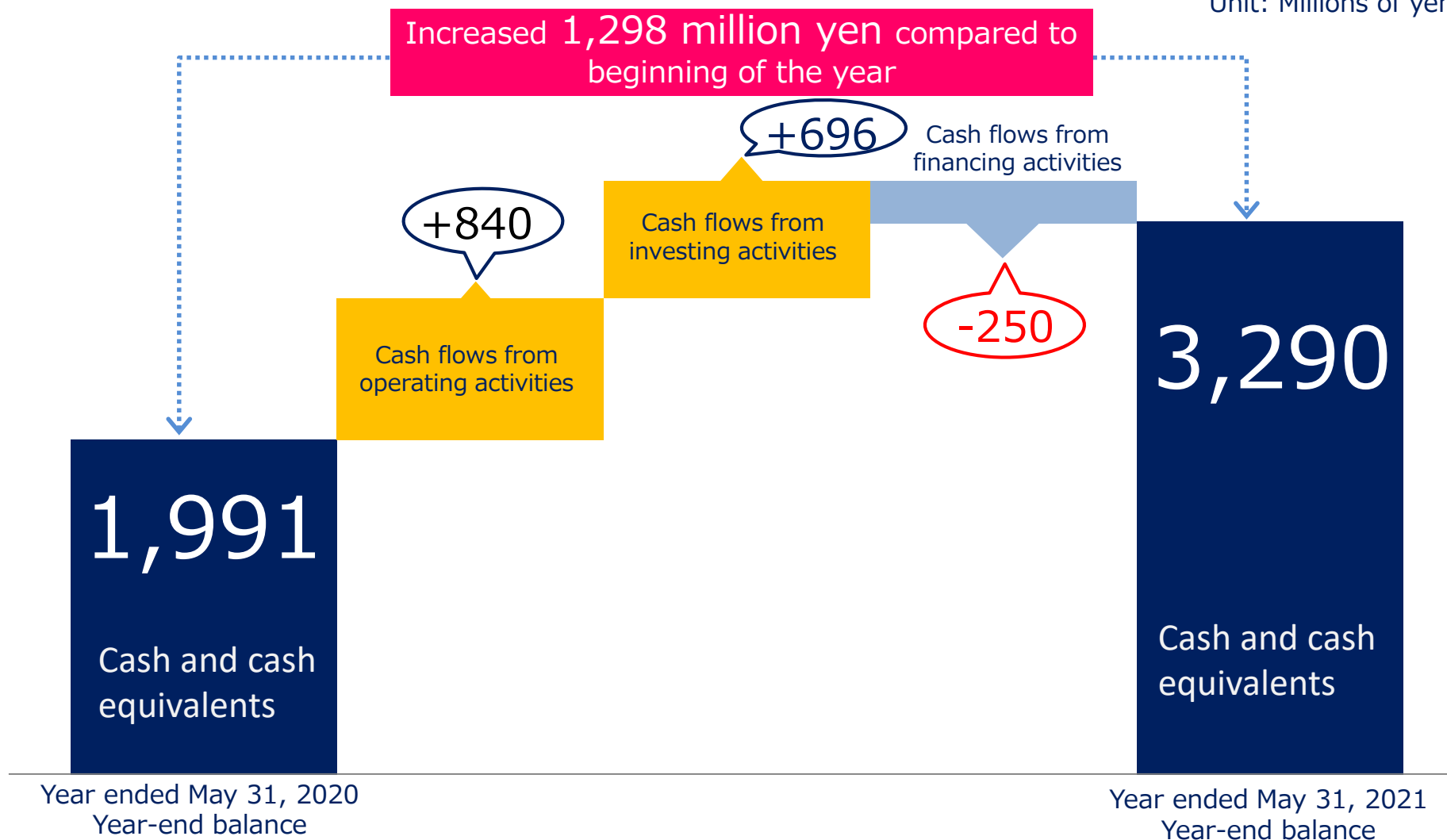


Financial Indicators (Other)

	Year ended May 31, 2020	Year ended May 31, 2021
Net assets	9,396 million yen	9,675 million yen
Net Assets per Share	973.0 yen	999.9 yen
Net Income per Share	57.4 yen	56.3 yen
Capital-to-assets ratio	83.2%	82.1%
Treasury Shares	988,048 shares	968,505 shares
No. of employees	657	676

Consolidated Cash Flows for Year Ended May 31, 2021

Unit: Millions of yen



* The balance at the end of the year ended May 31, 2021 includes an increase of 11 million yen due to exchange rate movements.

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Vision Embodied in the 5th Medium-Term Business Plan

Utilize software to contribute to
safety, security, comfort and convenience
in the social infrastructure field.

Basic Policy of the 5th Medium-Term Business Plan

1. Turn Acquired Businesses into Main Business Areas and Develop New Fields
 - (1) Make AD/ADAS and IoT into main business areas
 - (2) Develop additional fields of focus with AI, networks, security, cloud infrastructure, etc.
2. Invest in continued growth
3. Work hard to realize T-SES*1

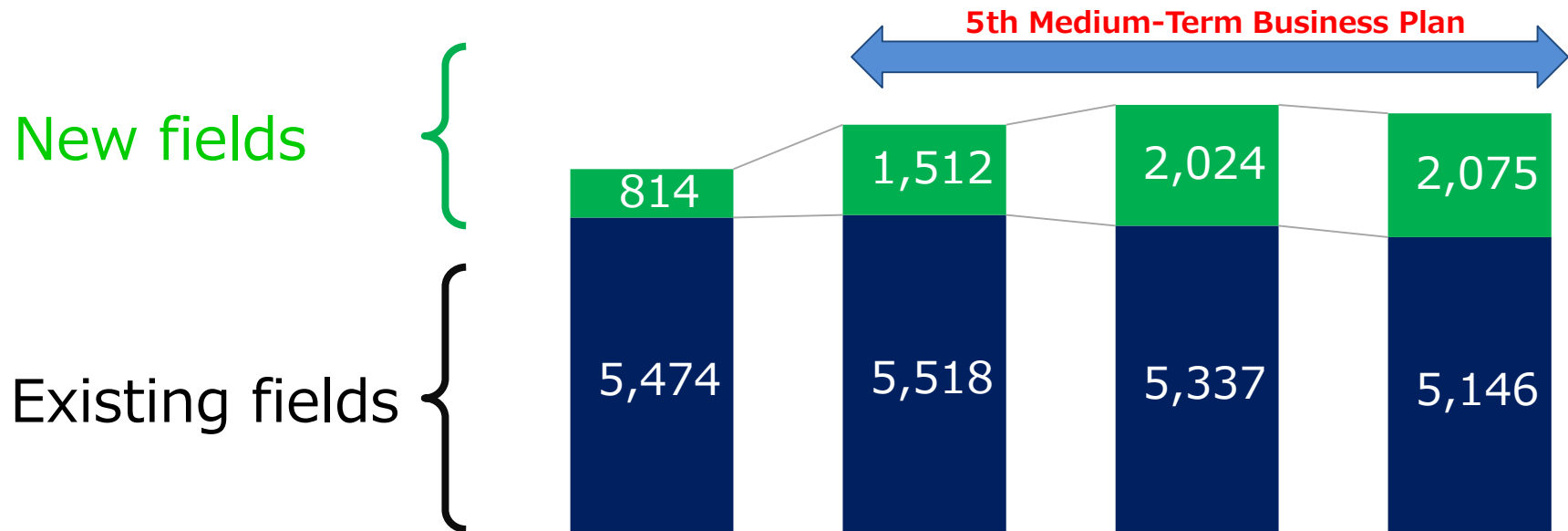
*1 Total Software Engineering Services (a term coined by JPD)

1. Turn Acquired Businesses into Main Business Areas and Develop New Fields



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Unit: Millions of yen



Net Sales	Year ended May 31, 2018	Year ended May 31, 2019	Year ended May 31, 2020	Year ended May 31, 2021
Overall	6,289	7,030	7,362	7,221
New fields	814	1,512	2,024	2,075
Existing fields	5,474	5,518	5,337	5,146

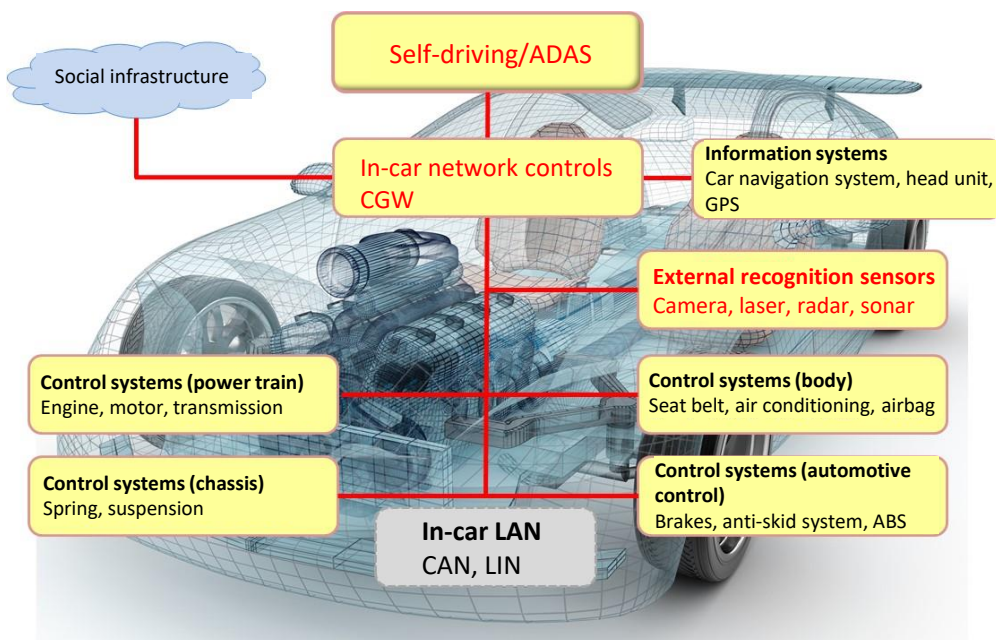
1. Turn Acquired Businesses into Main Business Areas and Develop New Fields (1)



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1

AD/ADAS



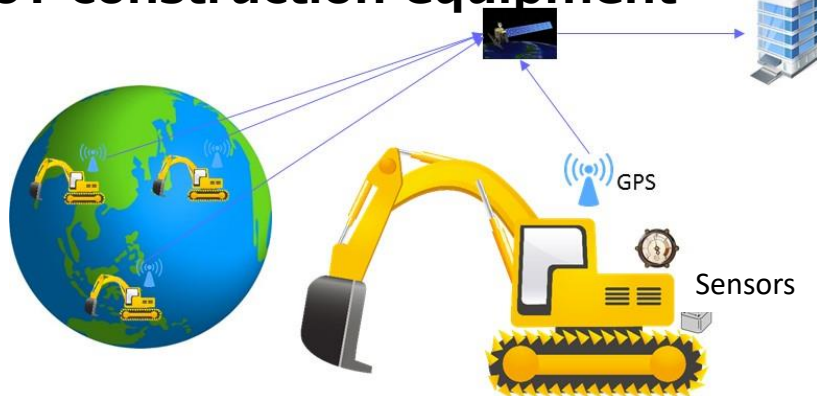
Fiscal year	Medium-term growth rate
Year ended May 31, 2019	100%
Year ended May 31, 2020	125%
Year ended May 31, 2021	134%

Combine in-vehicle technologies with embedded and image recognition/identification technologies to grow into a mainstay business to replace powertrain systems and IVI

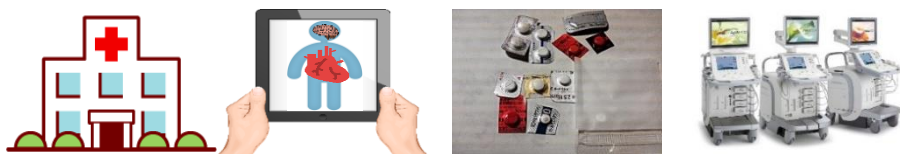
1. Turn Acquired Businesses into Main Business Areas and Develop New Fields (2)

2 IoT/Security

IoT construction equipment



Medical devices



Fiscal year	Medium-term growth rate
Year ended May 31, 2019	100%
Year ended May 31, 2020	185%
Year ended May 31, 2021	221%

Grow IoT construction equipment into the second pillar for embedded systems

1. Turn Acquired Businesses into Main Business Areas and Develop New Fields (3)



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3

AI/Robotics



Fiscal year	Medium-term growth rate
Year ended May 31, 2019	100%
Year ended May 31, 2020	91%
Year ended May 31, 2021	38%

Decline in projects due to the coronavirus, no large-scale projects in sight, progress in learning AI application technology, development of new fields and differentiation

1. Turn Acquired Businesses into Main Business Areas and Develop New Fields (4)



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4

Cloud/Network



Fiscal year	Medium-term growth rate
Year ended May 31, 2019	100%
Year ended May 31, 2020	220%
Year ended May 31, 2021	236%

Systematic training of engineers with a defined curriculum, and significant expansion from construction and operation to peripheral system development

2. Investing in continued growth (1)

(1) Improvement of work environment

- Relocation of Head Office, Keihin Office, and Yokohama Office
Renovation of Hitachi Works, expansion of IPD Dalian

(2) Improvement of work environment

- Introduction of various tools for development and management
- Improvement of remote work environment

(3) System reforms

- Abolition of discretionary labor system, promotion of annual paid leave, trial of interval work, thorough prevention of excessive work

2. Investing in continued growth (2)

(4) Human resources development

- Control field OO development, AI/DL, security, A-SPICE, AUTOSAR, model-based development, English conversation, etc.

(5) Strengthen recruitment of new graduates

	Year ended May 31, 2018	Year ended May 31, 2019	Year ended May 31, 2020	Year ended May 31, 2021
New graduates	24	22	32	37

(6) Strengthen business partners

- Make Algorithm Laboratory Co., Ltd. a consolidated subsidiary and integrate it
- Business and capital alliance with Trensar Technology Solutions (P) Ltd. (India)

Growth trend (JPD non-consolidated)

- ★ Restructuring of T-SES initiatives
- ★ Focus on the next core business
IoT, automotive, environment, and energy
Support overseas expansion by customers
Continue to serve multiple customers in a single field
- ★ Focus investment in human resources

4th Medium-Term Business Plan

- ★ Turn Acquired Businesses into Main Business Areas and Develop New Fields

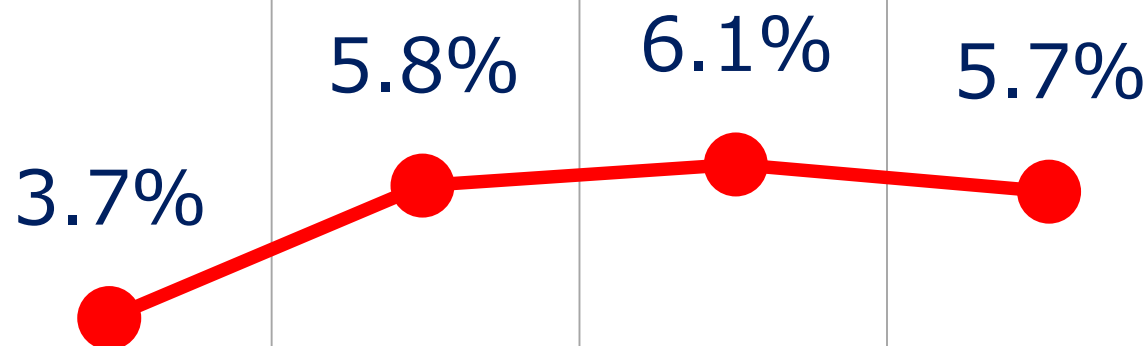
Make AD/ADAS and IoT into main business areas
Develop additional fields of focus with AI, networks, security, cloud infrastructure, etc.

- ★ Investing in continued growth
- ★ Work hard to realize T-SES

5th Medium-Term Business Plan



Return on Equity (ROE)

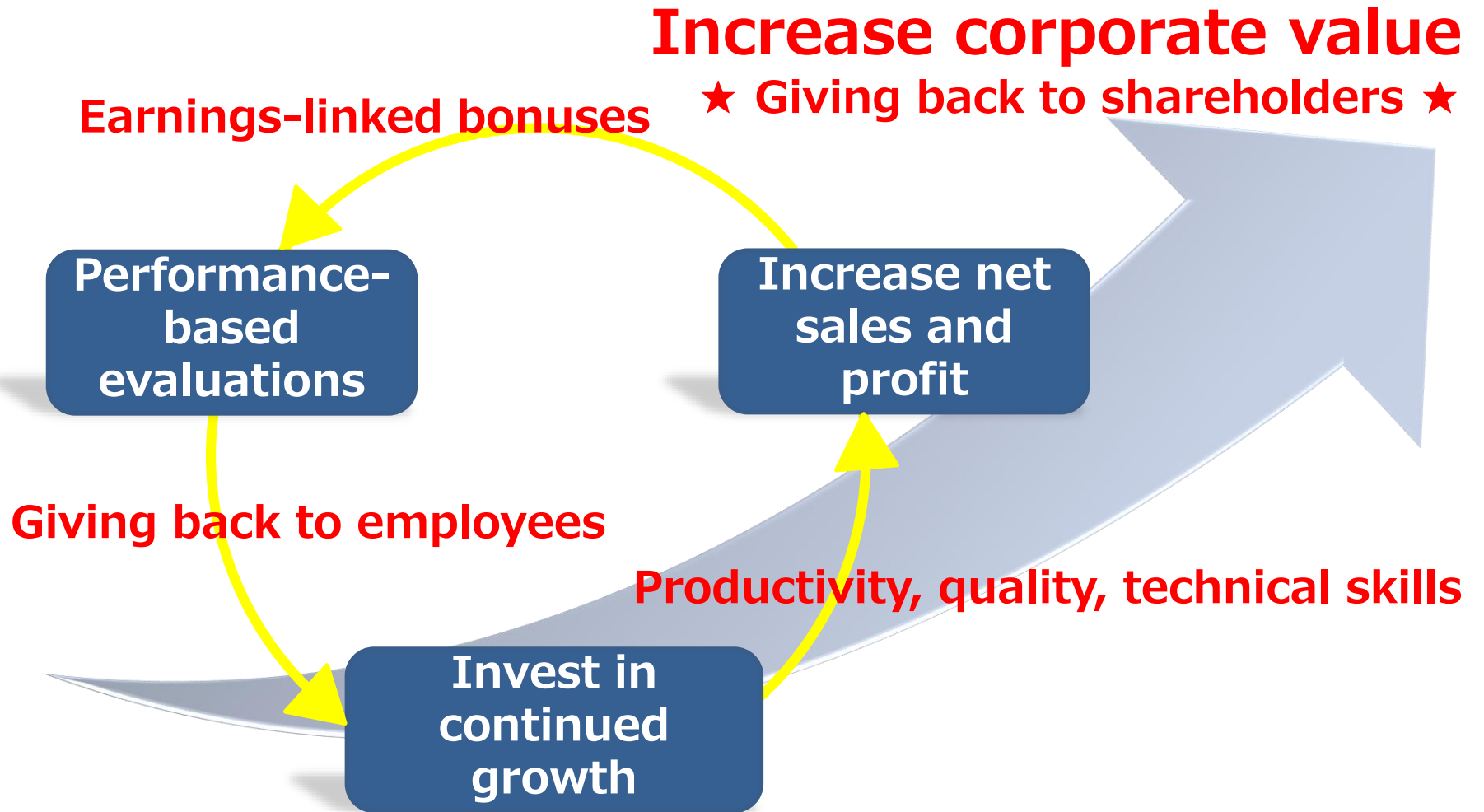


	Year ended May 31, 2018	Year ended May 31, 2019	Year ended May 31, 2020	Year ended May 31, 2021
Net income per share (¥)	31.9	51.1	57.4	56.3
Net assets per share (¥)	866.5	896.6	973.0	999.9
Current net income (million yen)	314	501	558	544
Net assets (million yen)	8,514	8,822	9,396	9,675

* Common stock was split 2-for-1 effective December 1, 2017.

Figures were calculated assuming that a stock split took place at the beginning of the year ended May 31, 2018.

Vision for the company

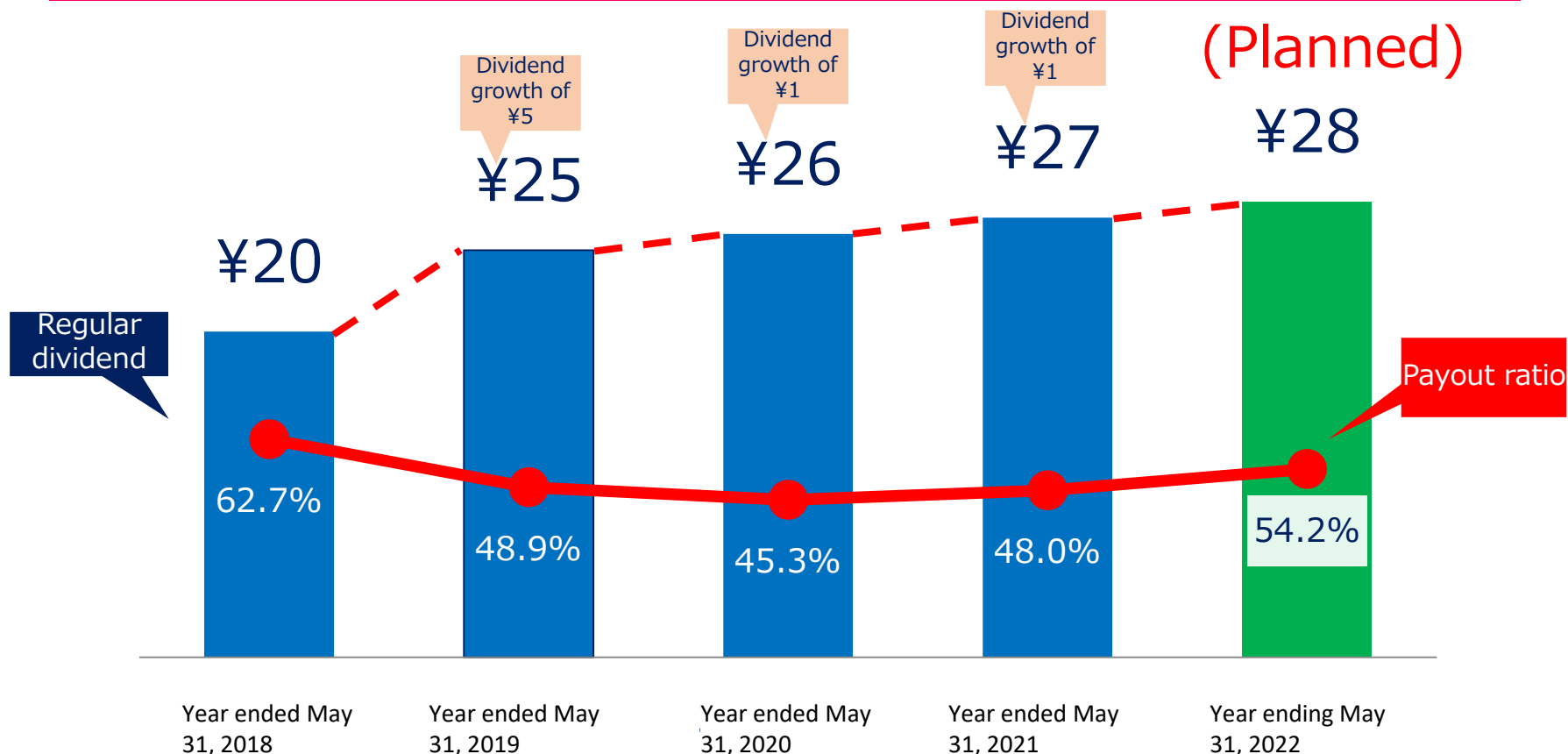


Human resources, good workplace environment/system, and facilities

Giving back to shareholders

Dividend Policy

- (1) Continue to pay stable dividend
- (2) Strive to achieve a payout ratio of 50% or higher

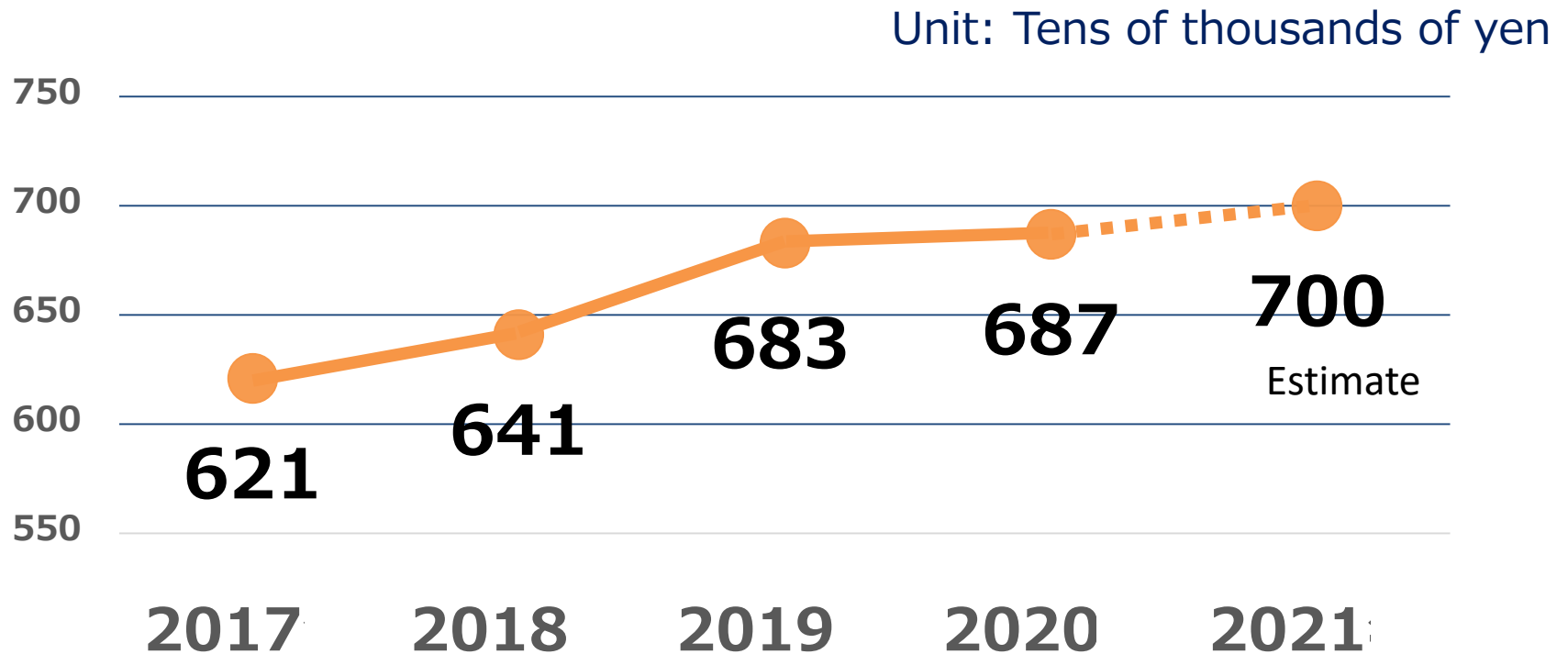


* Common stock was split 2-for-1 effective December 1, 2017.

Annual dividend amount was calculated on the assumption of a stock split at the beginning of the year ended May 31, 2018.

Giving back to employees

Average annual salary (giving back to employees)



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Basic Policy of the 6th Medium-Term Business Plan

Vision Embodied in the Medium-Term Business Plan

Utilize software to contribute to
safety, security, comfort and convenience
in the social infrastructure field.



Basic Policy of the 6th Medium-Term Business Plan

1. Promotion of large-scale contracted projects for human resource development
 - (1) Strengthen sales capabilities to win orders for large-scale projects
 - (2) Improve new design capabilities
 - (3) Improve management capabilities
2. Improve the total level of T-SES

6th Medium-Term Business Plan (Basic Policy)

1. Promotion of large-scale contracted projects for human resource development
 - (1) Strengthen sales capabilities to win orders for large-scale contracted projects
Strengthen inter-divisional sales collaboration and head office sales support, aiming to contract large-scale projects.
 - (2) Improve new design capabilities
Create more opportunities for new designs for large-scale projects and improve new design capabilities.
 - (3) Improve management capabilities
Create more opportunities to manage large-scale projects and improve project management capabilities.
2. Improve the total level of T-SES
As a theme of T-SES, which is a long-term initiative, we will improve the total level in each field and expand the value of our services to customers.

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Key Initiatives for Year Ending May 31, 2022 (1)

Control Systems

- Improve management capabilities and target new design orders by undertaking large-scale contracted projects
- Target renewable energy, power grids, and Web-HMI
- Receive orders for newly developed ATOS equipment, overseas high-speed railroads, and AI operation management
- Target T-SES by taking orders for all systems for conventional train operation management

Automotive Systems

- Expand the scope of responsibilities in AD/ADAS and IVI, and aim to receive orders for all types of vehicles and large-scale projects
- Master model-based development and take on the challenge of new design projects
- Target in-vehicle communications, security, cluster meters, etc., related to CASE as the next growth area

Particular Information Systems

- Aim to improve new design and management capabilities by receiving orders for large-scale projects in the crisis management field
- Improve the total level of T-SES in this field
- Utilize image recognition/identification and AI skills to develop new fields and new customers

Embedded Systems

- Leverage core technologies (FW development, HW control) to develop new customers in IoT, medical equipment, etc.
- Expand orders for new product development and applied product development in storage
- Expand orders and contracting in existing IoT fields

Industry & ICT Solutions

- Aim to win orders for large-scale projects in the aerospace field
- Expand construction and operation services by leveraging our strengths in cloud computing and virtualization
- Expand from support services to cloud infrastructure and system development for railroad subsidiaries
- Train engineers in the fields of cloud computing, image processing, and AI, and develop new projects and new customers

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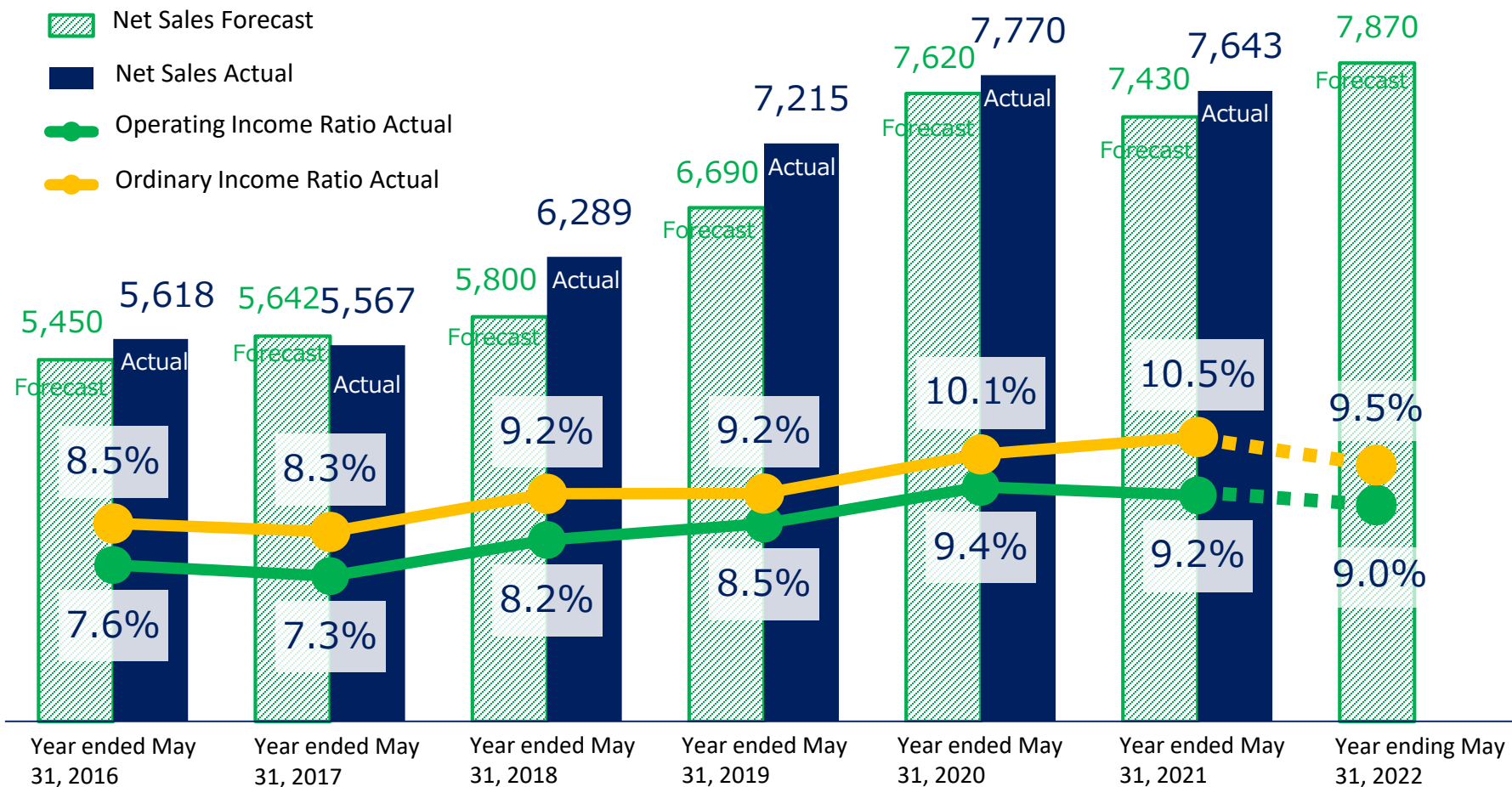
Consolidated Numerical Targets for the Year Ending May 31, 2022

Unit: Millions of yen

	Year ended May 31, 2021 Actual	Year ending May 31, 2022 Projection	Change (percent change)
Net Sales	7,643	7,870	+226 +3.0%
Operating Income (income ratio)	701 (9.2%)	705 (9.0%)	+3 +0.5%
Ordinary Income (income ratio)	803 (10.5%)	745 (9.5%)	-58 -7.3%
Current Net Income (income ratio)	544 (7.1%)	500 (6.4%)	-44 -8.1%

Consolidated Figures

Unit: Millions of yen



Utilize software to contribute to
safety, security, comfort and convenience
in the social infrastructure field.

Disclaimer

This material contains “Forward-looking statements” based on current forecasts and assumptions.

Japan Process Development Co., Ltd. does not guarantee the results as forecast as they are subject to risks and uncertainties that could cause actual results and earnings to differ from these statements.

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