



[Securities code: 9651]

# Japan Process Development Co., Ltd. Financial Results Briefing

Financial Results for the Second Quarter (Accumulated  
Period) of the Year Ending May 31, 2022



January 18, 2022

1. Consolidated Financial Results for the Second Quarter of the Year Ending May 31, 2022

2. Initiatives Related to the 6th Medium-Term Business Plan

3. Forecast for the Year Ending May 31, 2022

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# Summary of Consolidated Financial Results

for the second quarter of the year ending May 31, 2022



Unit: Millions of yen

	Forecast	Compared to forecast	Actual	YoY change	Previous year
<b>Net Sales</b>	<b>3,740</b>	-64 -1.7%	<b>3,675</b>	+317 +9.5%	<b>3,357</b>
<b>Operating Income</b> (income ratio)	<b>360</b> (9.6%)	-15 -4.2%	<b>344</b> (9.4%)	+28 +8.9%	<b>316</b> (9.4%)
<b>Ordinary Income</b> (income ratio)	<b>380</b> (10.2%)	-6 -1.7%	<b>373</b> (10.2%)	+19 +5.6%	<b>353</b> (10.5%)
<b>Net Income of the Quarter</b> (income ratio)	<b>260</b> (7.0%)	-34 -13.5%	<b>225</b> (6.1%)	-10 -4.4%	<b>235</b> (7.0%)

# Overview of Consolidated Financial Results

for the second quarter of the year ending May 31, 2022



## Net Sales

YoY: +¥317 million (+9.5%)

Slow progress in large-scale projects in Particular Information Systems, but steady in other segments

## Operating Income

YoY: +¥28 million (+8.9%)

Operating profit margin on a par with the previous year despite a slight decrease from the plan

## Ordinary Income

YoY: +¥19 million (+5.6%)

Non-operating income was mostly flat YoY

## Net Income of the Quarter

YoY: -¥10 million (-4.4%)

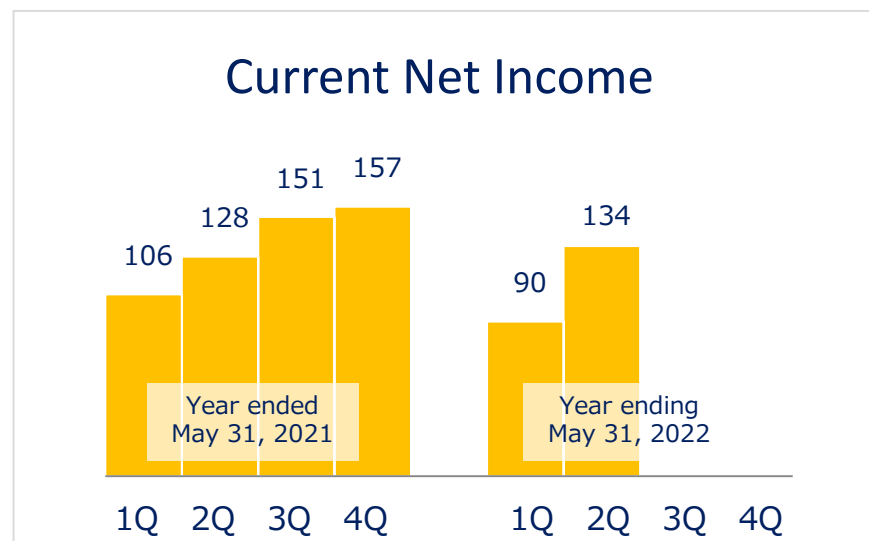
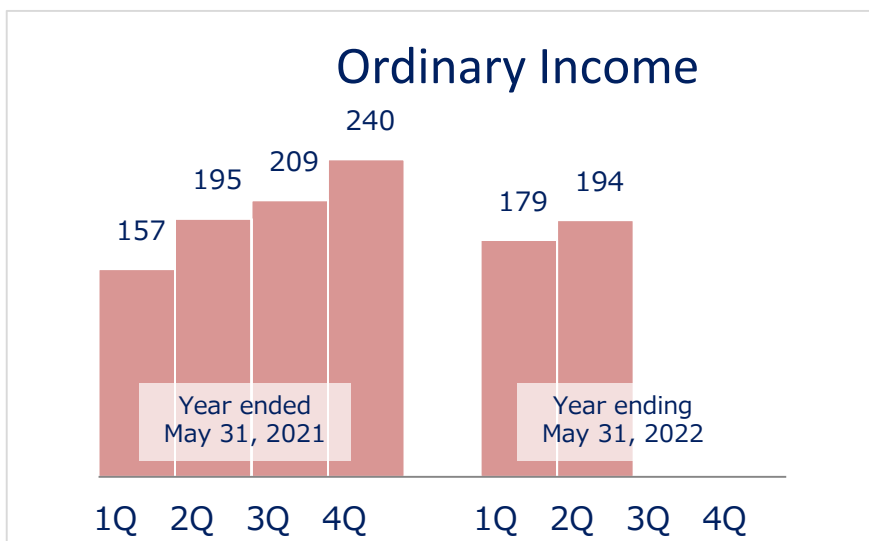
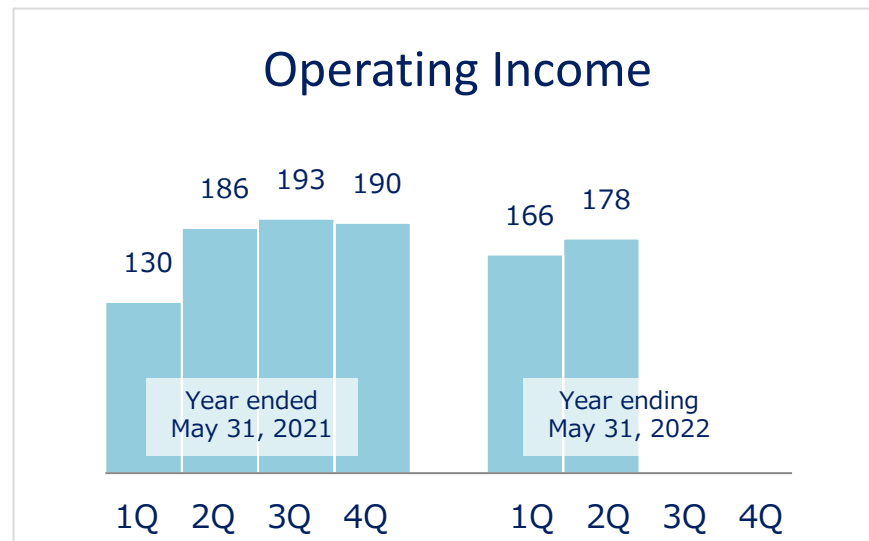
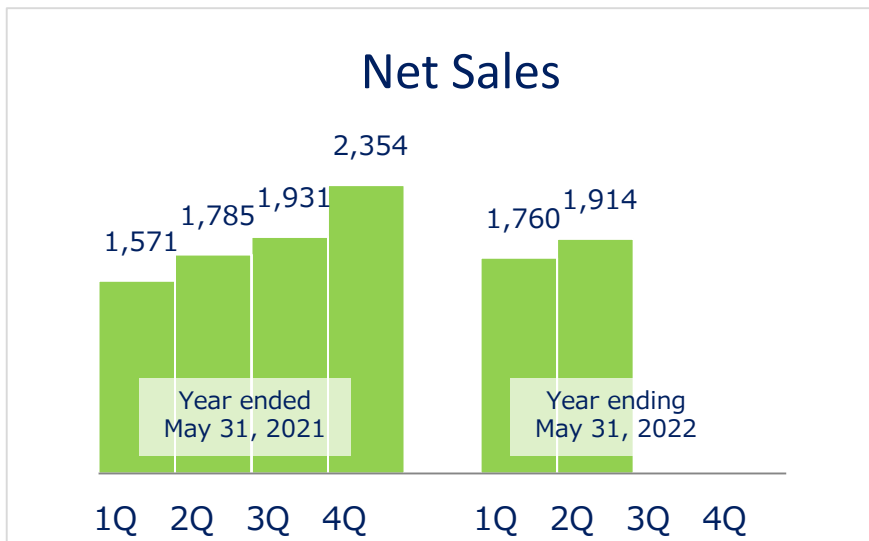
Due to accounting for income taxes using the simplified method

- TSE market reorganization
  - Decided to shift from JASDAQ to Standard Market
  - All applicable corporate governance reports have been submitted
- ESG investment
  - 63rd Japan Student Services Organization Bonds
  - Tokyo Metropolitan Government Bonds (5th Tokyo Green Bonds)
- Countermeasures in response to the coronavirus
  - Putting the health of employees, their families, and stakeholders first, continued implementing measures such as remote work, going online, and preventing three Cs (closed spaces, crowded places, and close-contact settings)
  - Special allowance for spending time with family
- Hiring activities
  - Perform company information briefings, recruitment test, and interviews using the Internet

# Second quarter of the year ending May 31, 2022

## Performance Trend by Quarter

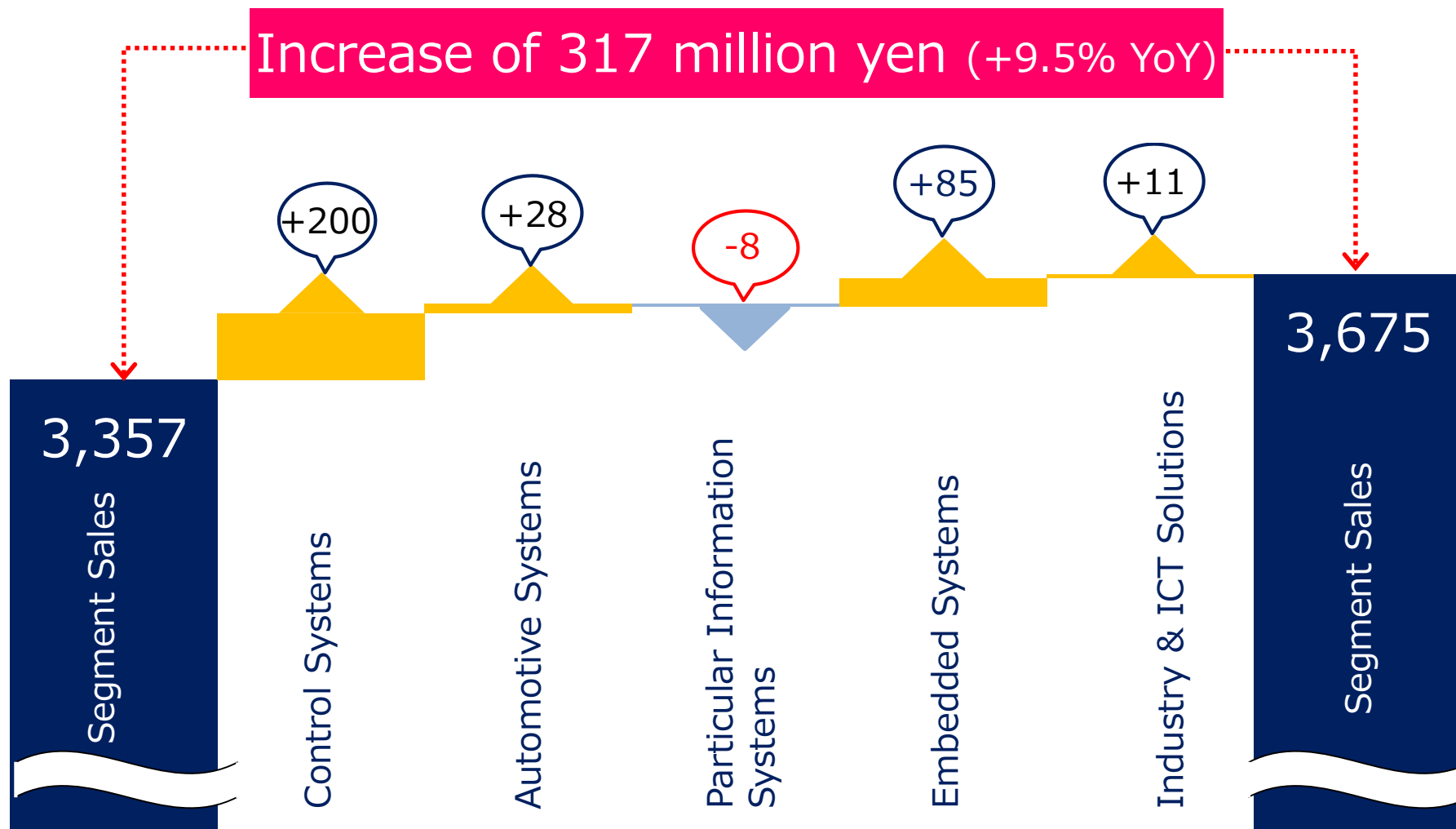
Unit: Millions of yen



# Change in Sales by Business Segment

for the second quarter of the year ending May 31, 2022

Unit: Millions of yen



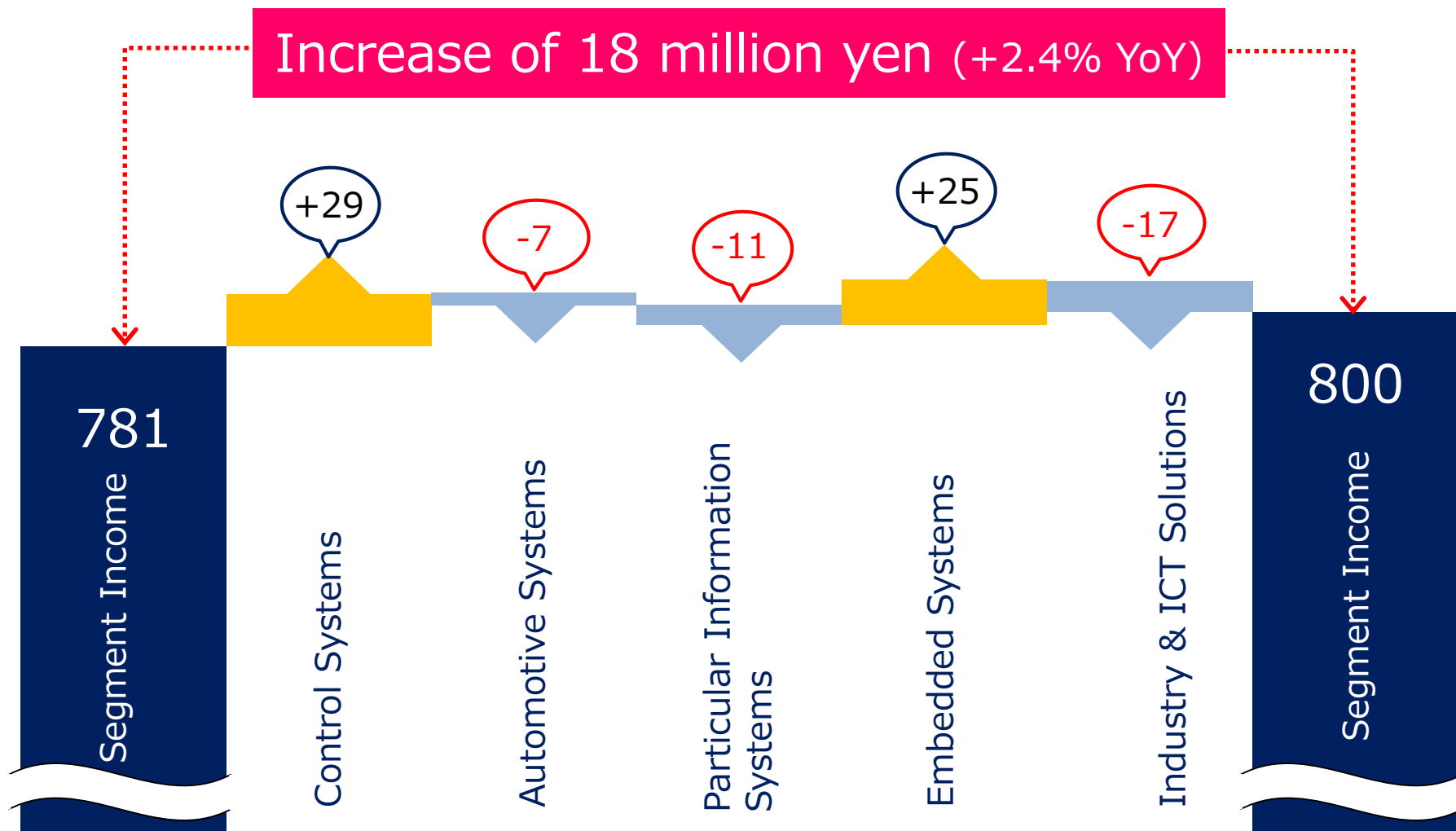
Second quarter of the year  
ended May 31, 2021

Second quarter of the year  
ending May 31, 2022



# Change in Income by Business Segment for the second quarter of the year ending May 31, 2022

Unit: Millions of yen



Second quarter of the year  
ended May 31, 2021

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

Second quarter of the year  
ending May 31, 2022

# Segment Information

for the second quarter of the year ending May 31, 2022 (1)



## Control Systems

- New orders received for renewable energy-related projects, development volume of monitoring and control systems for thermal power stations declined
  - Large-scale projects for local lines and overseas high-speed railroads were steady
- (Due in part to low sales in the first half of the previous year)

Unit: Millions of yen

Business Segment		Second quarter of the year ended May 31, 2021 (income ratio)	Second quarter of the year ending May 31, 2022 (income ratio)	Change (percent change)
Control Systems	Net Sales	422	623	+200 (+47.5%)
	Income	108 (25.6%)	138 (22.2%)	+29 (+27.7%)

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

# Segment Information

for the second quarter of the year ending May 31, 2022 (2)



## Automotive Systems

- Sales were strong for electrification projects in powertrain control systems, and sales of engine control systems for HEVs increased
- In AD/ADAS, in addition to the coronavirus pandemic, development volume decreased due to being in an edge period

(HEV: hybrid, AD: automatic driving, ADAS: advanced driver assistance systems)

Unit: Millions of yen

Business Segment		Second quarter of the year ended May 31, 2021 (income ratio)	Second quarter of the year ending May 31, 2022 (income ratio)	Change (percent change)
Automotive Systems	Net Sales	877	906	+28 (+3.3%)
	Income	237 (27.1%)	230 (25.4%)	-7 (-3.1%)

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

# Segment Information

for the second quarter of the year ending May 31, 2022 (3)



## Particular Information Systems

- In image recognition/identification products, sales of AD/ADAS and video surveillance products were steady
- In crisis management, although large-scale projects have started, progress has been slow

Unit: Millions of yen

Business Segment		Second quarter of the year ended May 31, 2021 (income ratio)	Second quarter of the year ending May 31, 2022 (income ratio)	Change (percent change)
Particular Information Systems	Net Sales	320	312	-8 (-2.6%)
	Income	84 (26.4%)	73 (23.5%)	-11 (-13.3%)

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

# Segment Information

for the second quarter of the year ending May 31, 2022 (4)



## Embedded Systems

- In storage devices, existing products such as SSDs remained flat, the scope covered by new storage devices expanded and they performed well
- Development of basic software for IoT construction equipment and AD/ADAS remained flat

Unit: Millions of yen

Business Segment		Second quarter of the year ended May 31, 2021 (income ratio)	Second quarter of the year ending May 31, 2022 (income ratio)	Change (percent change)
Embedded Systems	Net Sales	513	599	+85 (+16.7%)
	Income	115 (22.4%)	140 (23.4%)	+25 (+21.9%)

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

# Segment Information

for the second quarter of the year ending May 31, 2022 (5)



## Industry & ICT Solutions

- Participation in upstream design for large-scale aerospace-related project contracting
- Development of IC card related products is going steady
- Profit declined due to delay in the start-up of social infrastructure-related projects and a decrease in work volume for a railroad subsidiary due to the coronavirus

Unit: Millions of yen

Business Segment		Second quarter of the year ended May 31, 2021 (income ratio)	Second quarter of the year ending May 31, 2022 (income ratio)	Change (percent change)
Industry & ICT Solutions	Net Sales	1,223	1,234	+11 (+0.9%)
	Income	235 (19.3%)	218 (17.7%)	-17 (-7.5%)

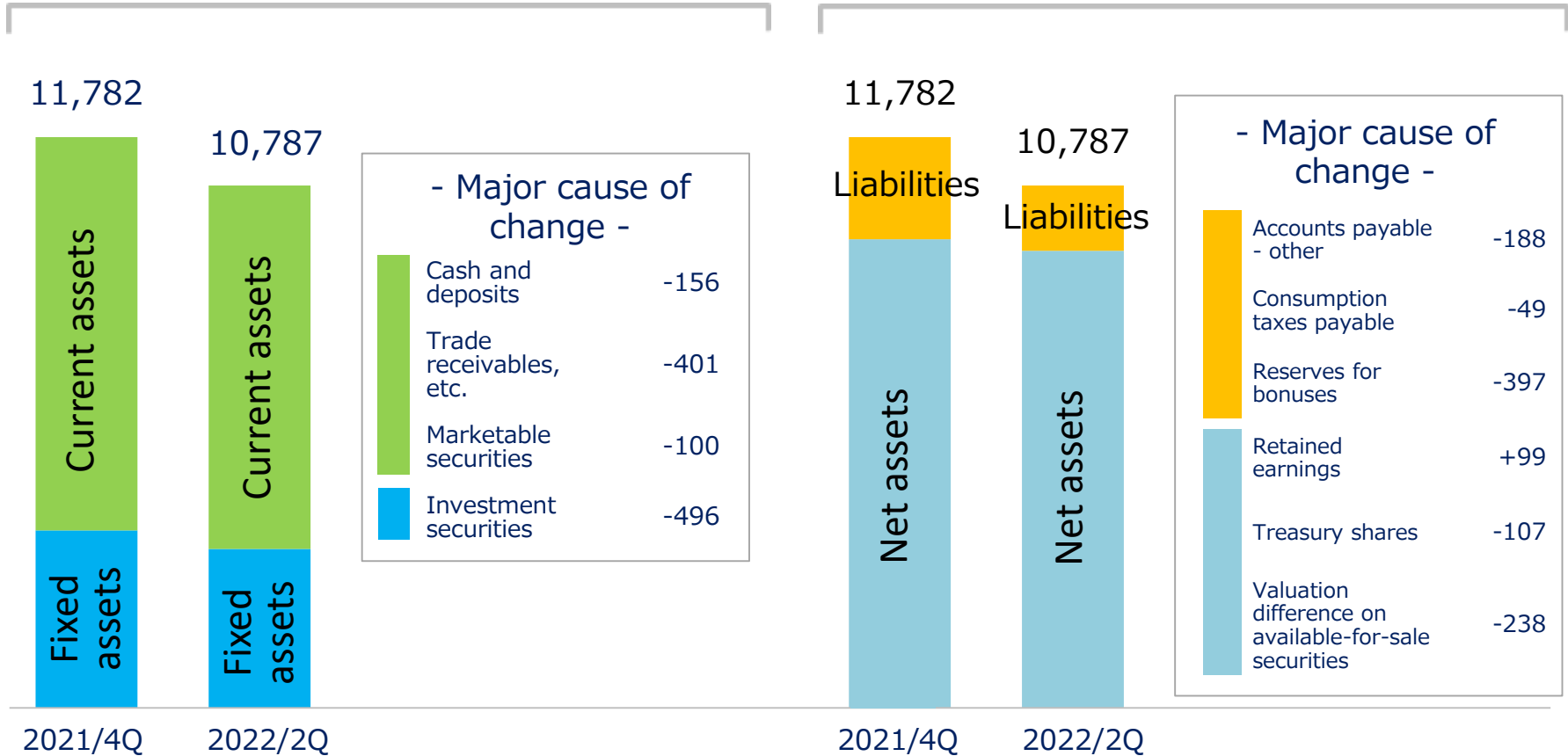
\* Segment income does not include corporate expenses that have not been allocated to the segment.

# Consolidated Financial Position

Unit: Millions of yen

## Assets

## Liabilities and net assets



# Financial Indicators (Other)

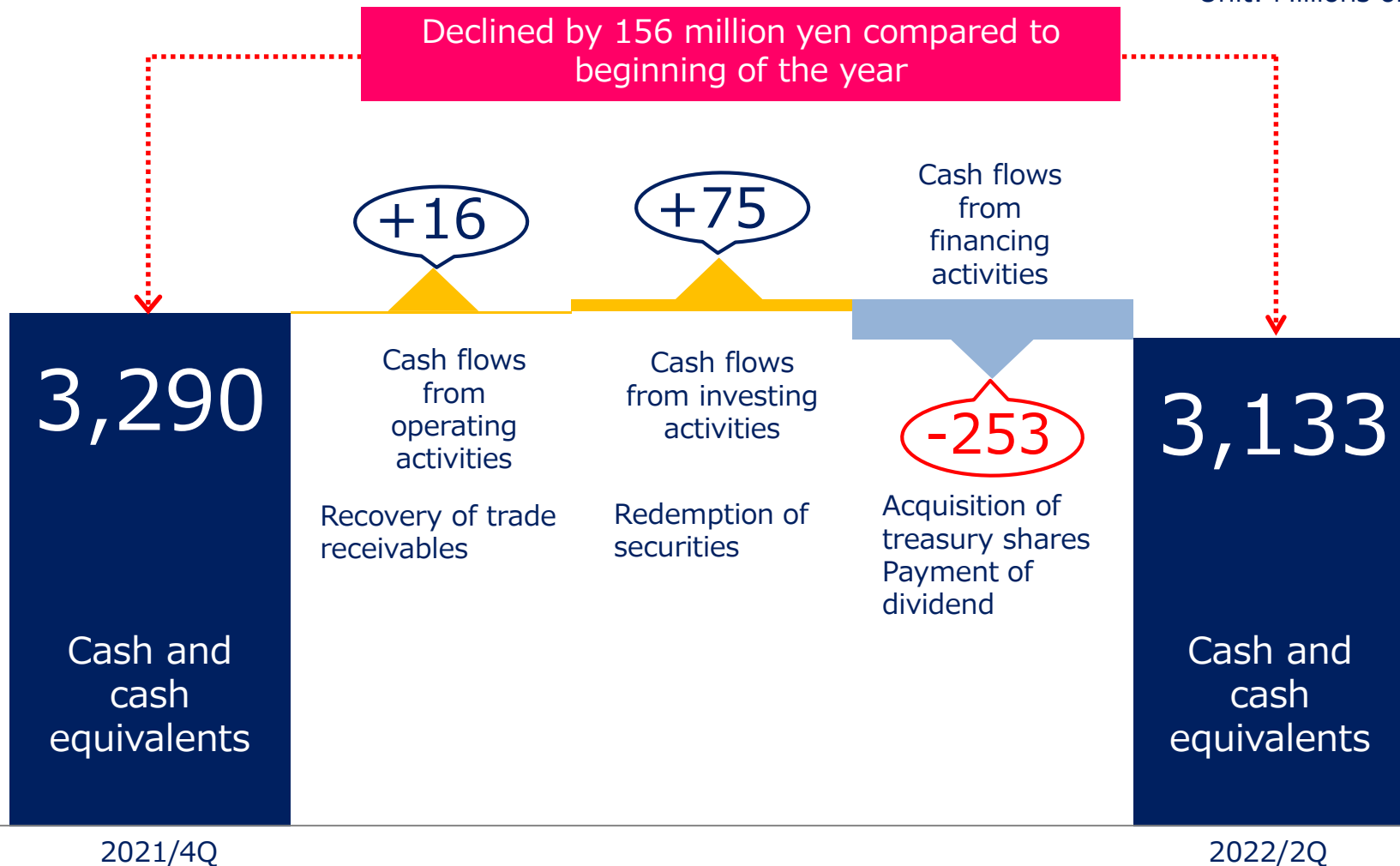
	Second quarter of the year ended May 31, 2021	Second quarter of the year ending May 31, 2022	(Reference) Year ended May 31, 2021
Net assets	9,645 million yen	9,437 million yen	9,675 million yen
Net Assets per Share	996.79 yen	987.92 yen	999.93 yen
Net Income per Share	24.37 yen	23.42 yen	56.27 yen
Capital-to-assets ratio	88.4%	87.5%	82.1%
Treasury Shares	968,505 shares	1,102,126 shares	968,505 shares
No. of employees	662	656	676



# Consolidated Cash Flows

for the second quarter of the year ending May 31, 2022

Unit: Millions of yen



\*The balance at the end of the second quarter of the year ending May 31, 2022, includes an increase of 4 million yen due to exchange rate movements.

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## 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 (From Year Ending May 31, 2022 to Year Ending May 31, 2024)

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

(T-SES: Total Software Engineering Services) A term coined by JPD

# 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 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.

# Basic Policy of the 6th Medium-Term Business Plan

## 1. Promotion of large-scale contracted projects for human resource development

### [Progress status]

- Strengthen sales activities through collaboration among business units and divisions
- Received an order for a large-scale project in the field of crisis management, and promoted the project under the supervision and support of business units and PMO.

## 2. Improve the total level of T-SES

### [Progress status]

- Seeking integrated contracting for AD/ADAS model development
- We are developing tools for operating terminals in preparation for the implementation of a lump-sum contract in the field of conventional train operation management

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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%

# Full-Year Forecast

for year ending May 31, 2022

## Control Systems

Completion of renewable energy projects and orders for next projects  
Start new projects for ATOS and bullet train despite reduction in conventional lines

## Automotive Systems

Focus on electrification projects that are expected to expand  
Participation in top-level design of AD/ADAS aiming for recovery in the next fiscal year

## Particular Information Systems

Focus on large scale projects for crisis management  
Image recognition/identification is steady

## Embedded Systems

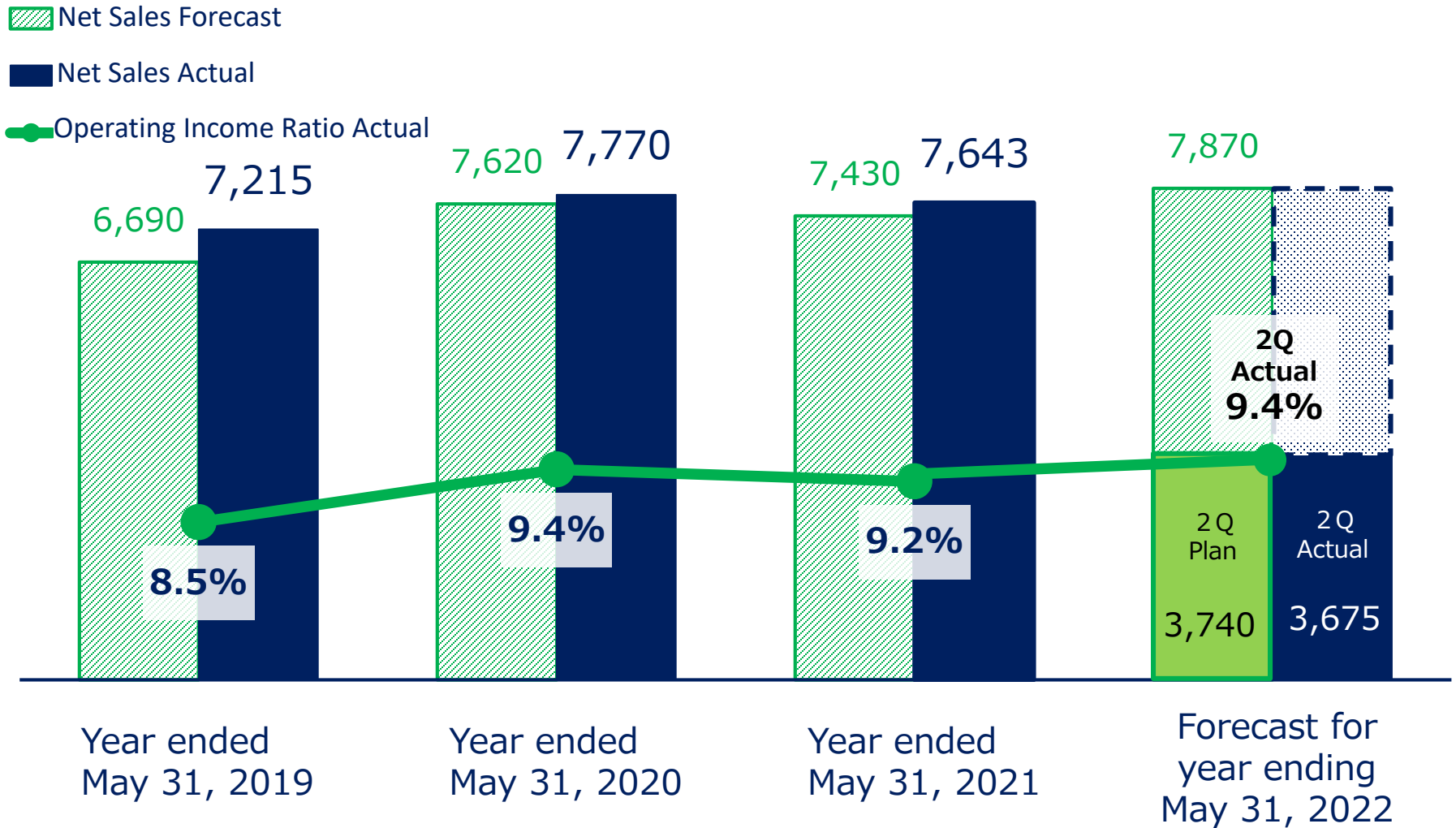
Target expansion of existing products and new storage devices with strong performance

## Industry & ICT Solutions

Focus on large-scale aerospace projects by winning orders  
System construction steady, railway-related business contracting

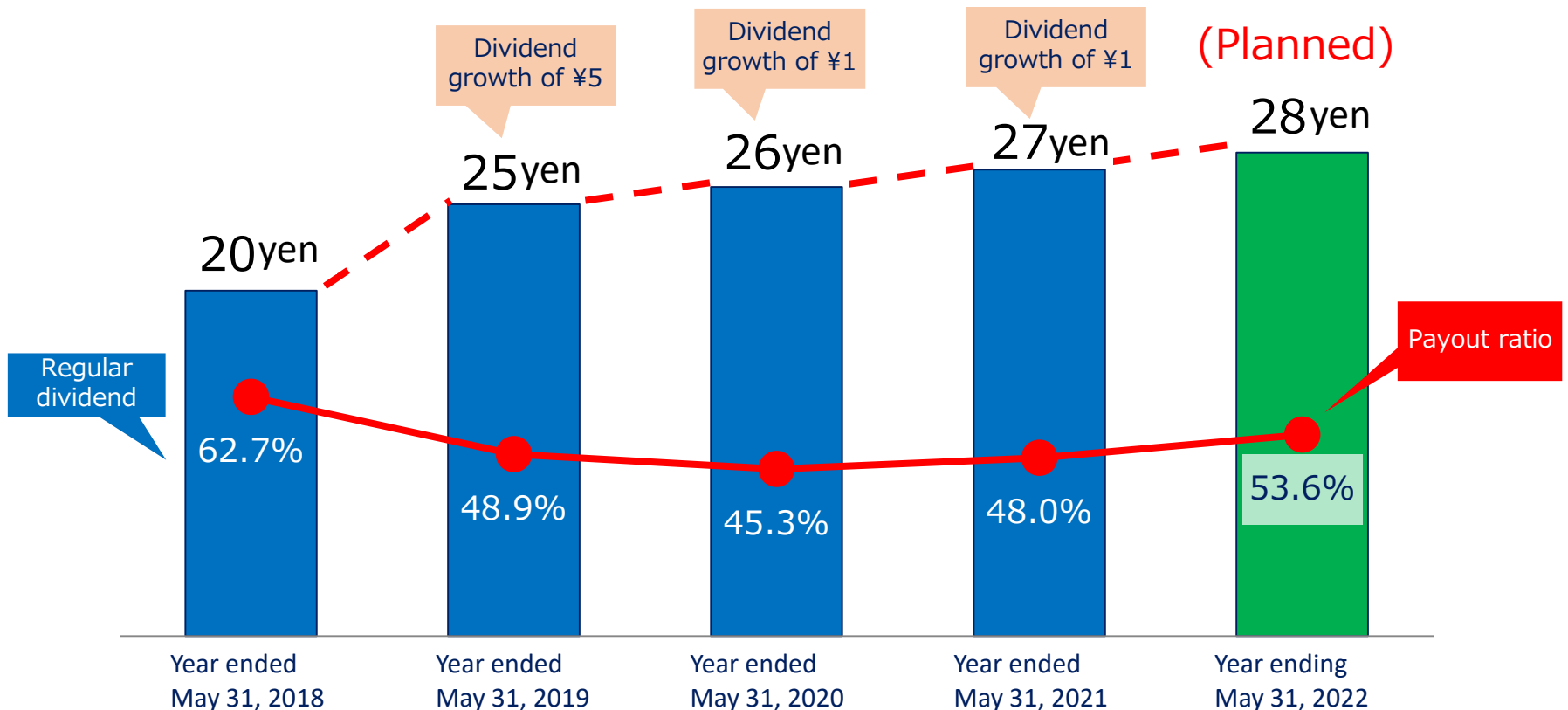


# Business Performance



## 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.

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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