



[Securities code: 9651]

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

Year ended May 31, 2022



July 19, 2022

1. Consolidated Financial Results for the Year Ended May 31, 2022

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

3. Key Initiatives for the Year Ending May 31, 2023

4. Consolidated Numerical Targets for the Year Ending May 31, 2023

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# Summary of Consolidated Financial Results for the Year Ended May 31, 2022



Unit: Millions of yen

	Forecast	Compared to forecast	Actual	YoY change	Previous year
Net Sales	7,870	+77	7,947	+303	7,643
		+1.0%		+4.0%	
Operating Income (income ratio)	705 (9.0%)	+70	775 (9.8%)	+73	701 (9.2%)
		+10.0%		+10.5%	
Ordinary Income (income ratio)	745 (9.5%)	+63	808 (10.2%)	+4	803 (10.5%)
		+8.5%		+0.6%	
Current Net Income (income ratio)	500 (6.4%)	+32	532 (6.7%)	-11	544 (7.1%)
		+6.6%		-2.1%	

# Overview of Consolidated Financial Results for the Year Ended May 31, 2022



## Net Sales

YoY change: +¥303 million (+4.0%)

Large-scale projects fell behind in the first half, but recovered enough in the second half to achieve plan

## Operating Income

YoY change: +¥73 million (+10.5%)

Achieved by minimizing unprofitable projects through stronger project management

## Ordinary Income

YoY change: +4 million (+0.6%)

Due to factors such as surrender value of insurance

## Current Net Income

YoY change: -11 million (-2.1%)

Due to income taxes and income tax adjustments

- TSE market reorganization

Shifted from JASDAQ to Standard Market

- Giving back to shareholders

Annual dividend of 33 yen (last year 27 yen) with the addition of the 5-yen dividend for the 30th anniversary of our stock listing

- Giving back to employees

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

- Hiring activities

Conducted company information briefings, recruitment tests, and interviews online. Hired 32 employees

## ● ESG investment

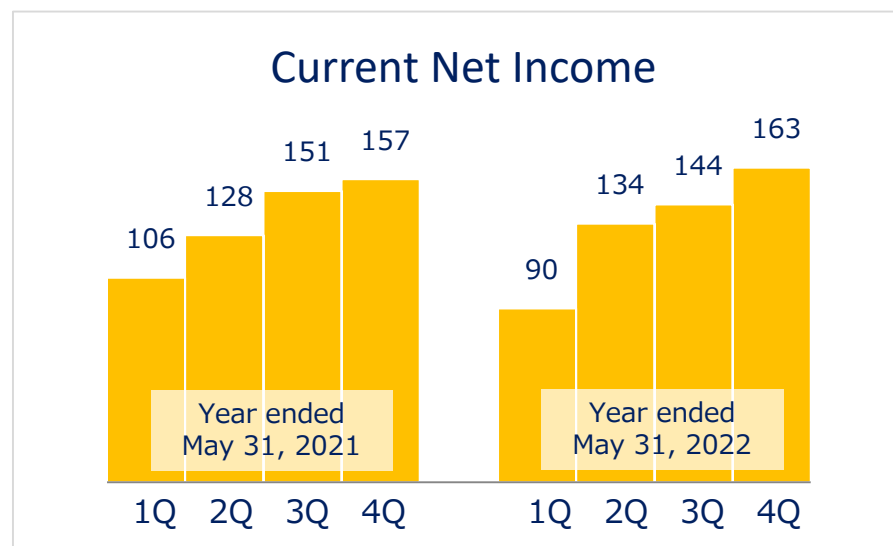
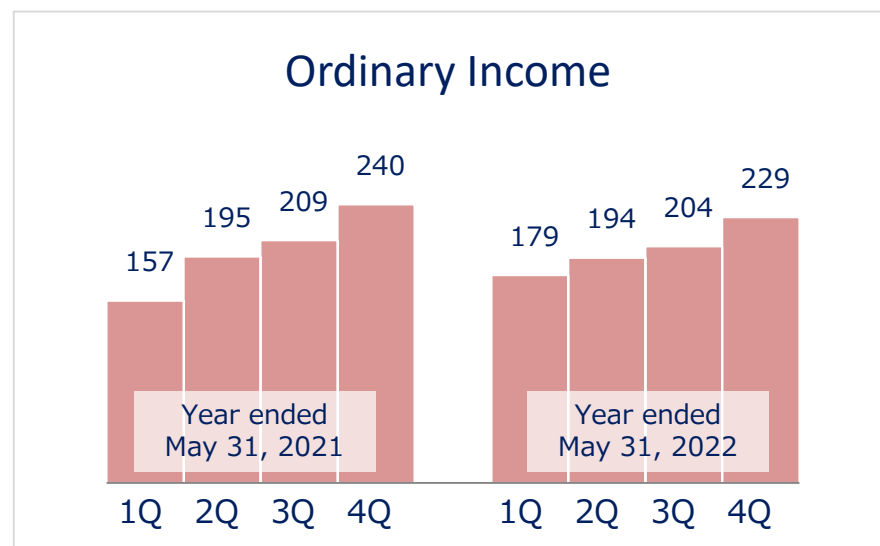
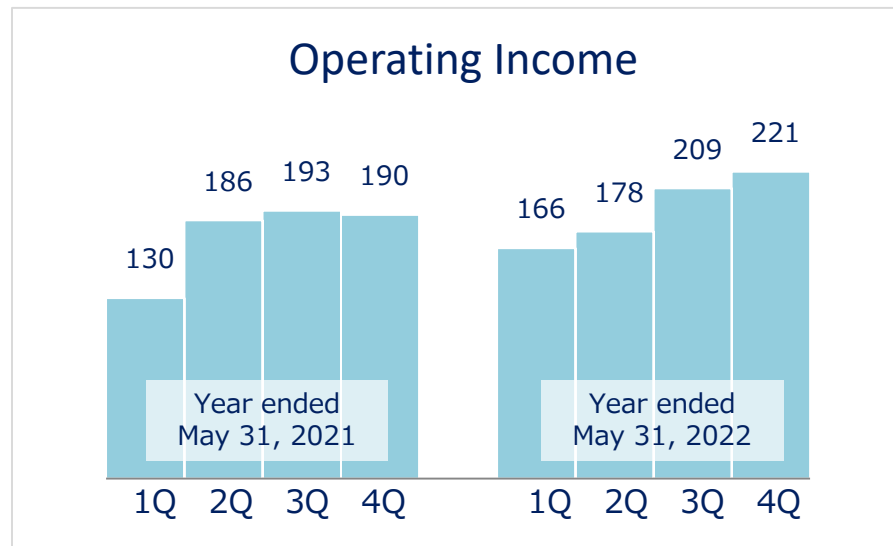
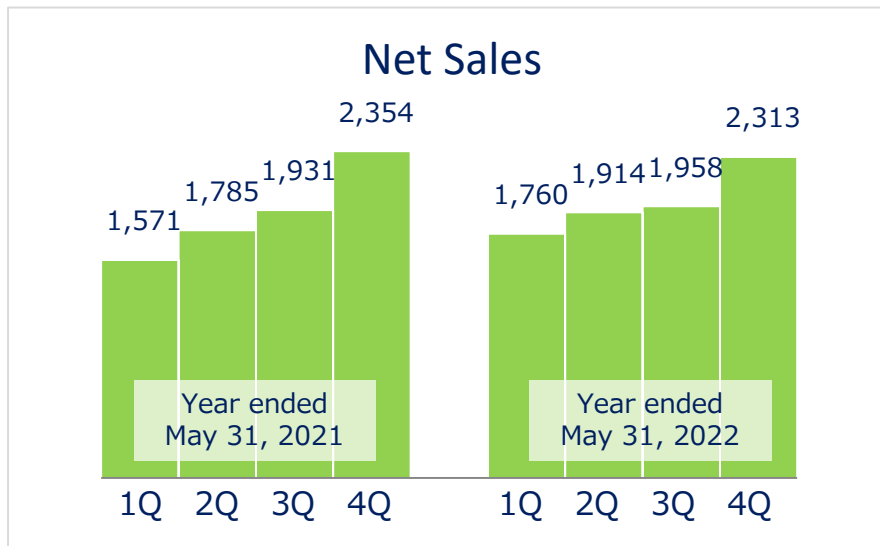
- 63rd Japan Student Services Organization Bonds
- Tokyo Metropolitan Government Bonds (5th Tokyo Green Bonds)

## ● 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

# Summary of Consolidated Financial Results for the Year Ended May 31, 2022 (by Quarter)

Unit: Millions of yen

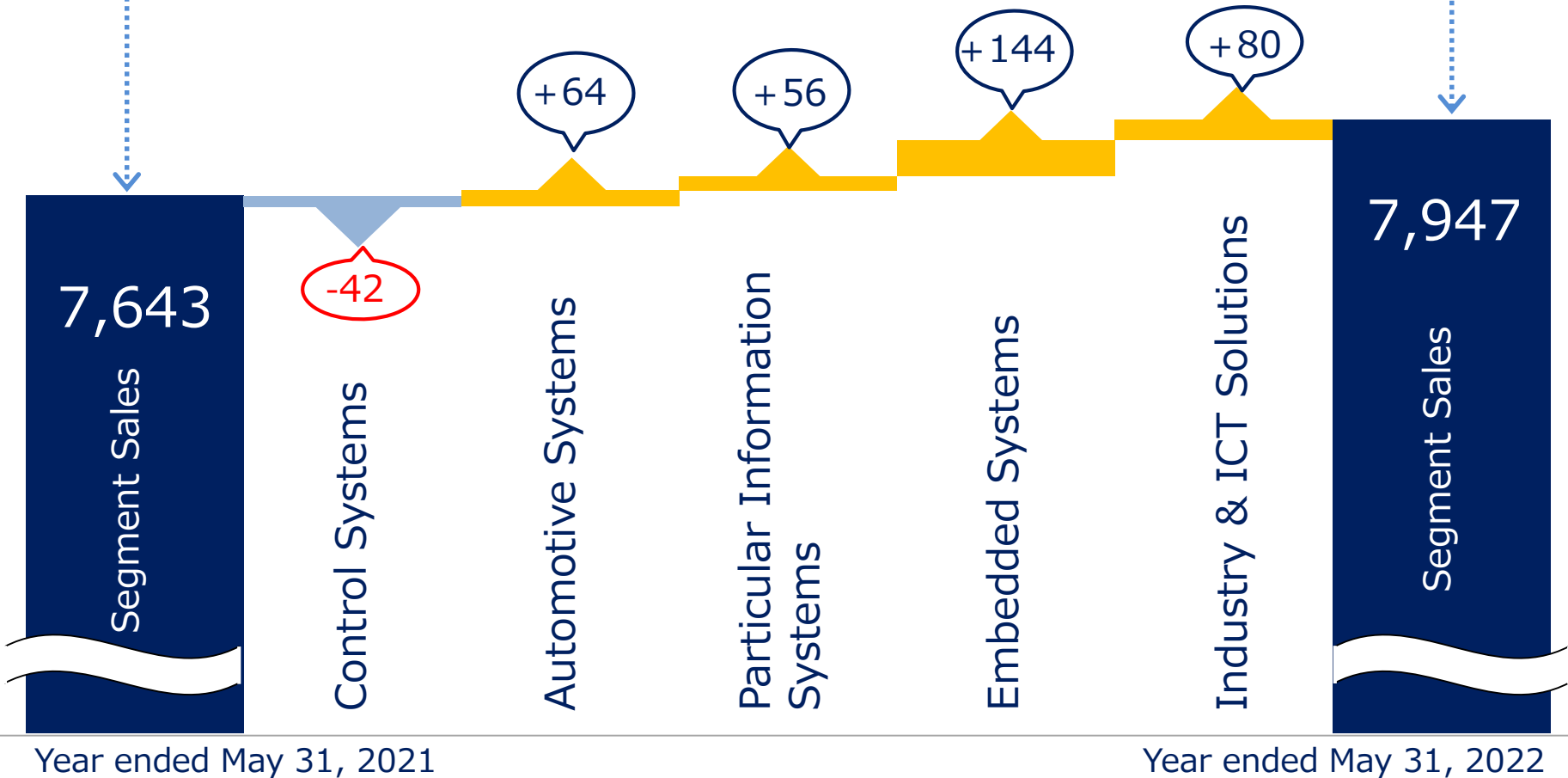




# Change in Sales by Business Segment for the Year Ended May 31, 2022

Unit: Millions of yen

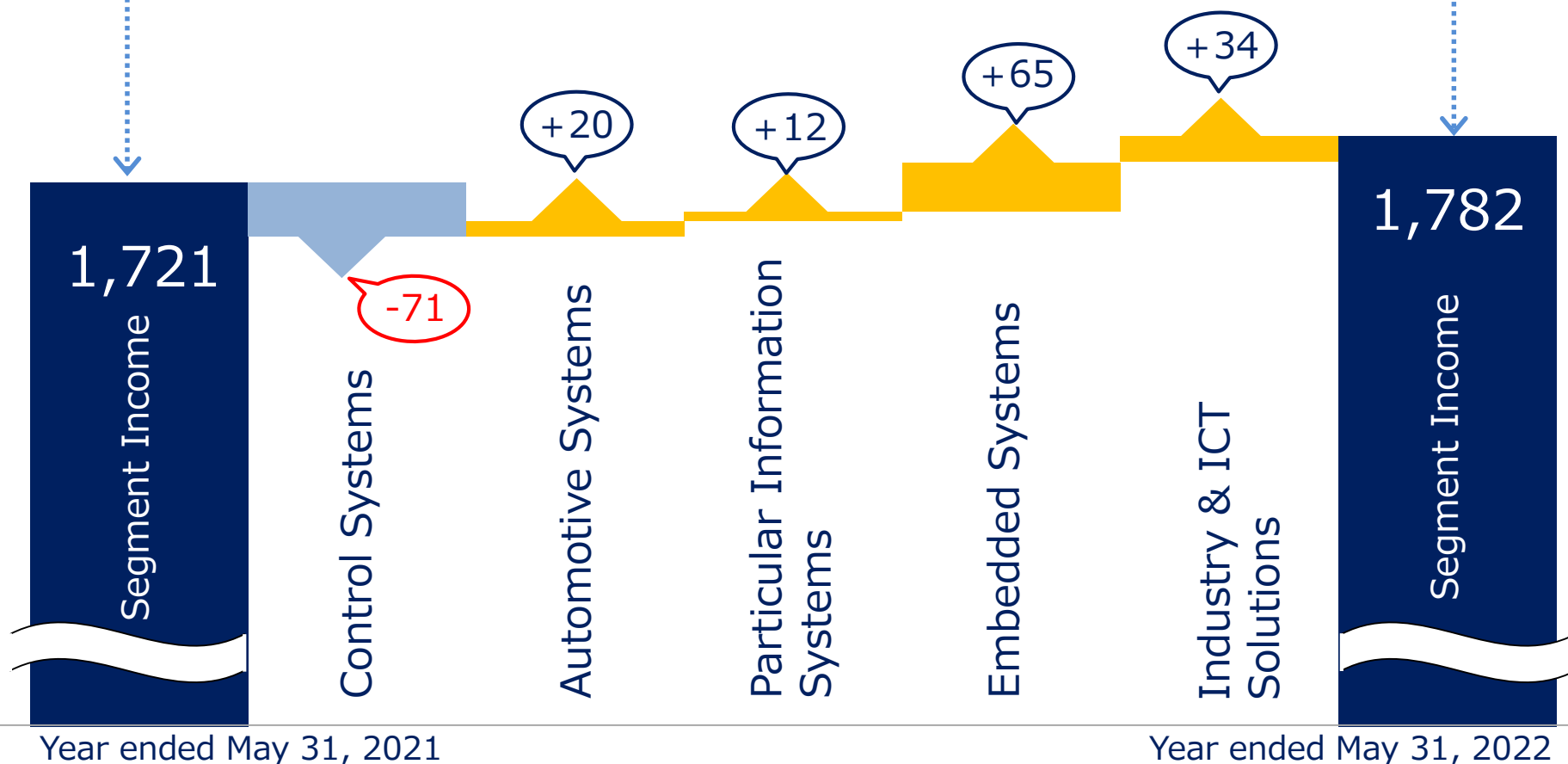
Increase of 303 million yen (+4.0% YOY)



# Change in Income by Business Segment for the Year Ended May 31, 2022

Unit: Millions of yen

Increase of 60 million yen (+3.5% YoY)



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

# Segment Information

## for the Year Ended May 31, 2022 (1)

### Control Systems

- Workload in thermal power plants decreased, but business was strong due to orders received for large-scale contracted projects in renewable energy
- Conventional train operation management workload decreased in the fourth quarter
- Next round of ATOS replacements began
- Bullet train and overseas high-speed rail remained flat

Unit: Millions of yen

Business Segment		Year ended May 31, 2021 (income ratio)	Year ended May 31, 2022 (income ratio)	Change (percent change)
Control Systems	Net Sales	1,451	1,408	-42 (-2.9%)
	Income	401 (27.7%)	330 (23.4%)	-71 (-17.8%)

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

# Segment Information

## for the Year Ended May 31, 2022 (2)

### Automotive Systems

- In AD/ADAS, business contracted due to effects of the coronavirus pandemic and an off season
- Electrification projects were strong as the scope of development expanded
- In onboard information, new orders were received for cluster meters
- Power train control systems remained flat

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

Unit: Millions of yen

Business Segment		Year ended May 31, 2021 (income ratio)	Year ended May 31, 2022 (income ratio)	Change (percent change)
Automotive Systems	Net Sales	1,806	1,871	+64 (+3.6%)
	Income	469 (26.0%)	490 (26.2%)	+20 (+4.4%)

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

# Segment Information

## for the Year Ended May 31, 2022 (3)

### Particular Information Systems

- In image recognition/identification products, sales of satellite image and AD/ADAS-related products were strong
- In crisis management, our organization expanded as business was steady due to orders received for large-scale contracted projects

Unit: Millions of yen

Business Segment		Year ended May 31, 2021 (income ratio)	Year ended May 31, 2022 (income ratio)	Change (percent change)
Particular Information Systems	Net Sales	682	739	+56 (+8.2%)
	Income	153 (22.5%)	165 (22.4%)	+12 (+8.0%)

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

# Segment Information

## for the Year Ended May 31, 2022 (4)

### Embedded Systems

- In storage devices, the scope covered by existing products and new storage development expanded and they performed well
- In IoT construction equipment, workload decreased as development projects bottomed out
- Improved sales and income ratio due to organizational structure improvements implemented last year

Unit: Millions of yen

Business Segment		Year ended May 31, 2021 (income ratio)	Year ended May 31, 2022 (income ratio)	Change (percent change)
Embedded Systems	Net Sales	1,078	1,223	+144 (+13.4%)
	Income	219 (20.3%)	284 (23.3%)	+65 (+29.8%)

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

# Segment Information

## for the Year Ended May 31, 2022 (5)

### Industry & ICT Solutions

- Organization expanded and performance was strong due to large-scale aerospace-related projects
- System architecture-related business was strong as orders for cloud system and development environment architecture increased
- Railroad-related business decreased due to investment restrictions resulting from COVID-19

Unit: Millions of yen

Business Segment		Year ended May 31, 2021 (income ratio)	Year ended May 31, 2022 (income ratio)	Change (percent change)
Industry & ICT Solutions	Net Sales	2,624	2,705	+80 (+3.1%)
	Income	476 (18.2%)	510 (18.9%)	+34 (+7.1%)

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

# Consolidated Financial Position

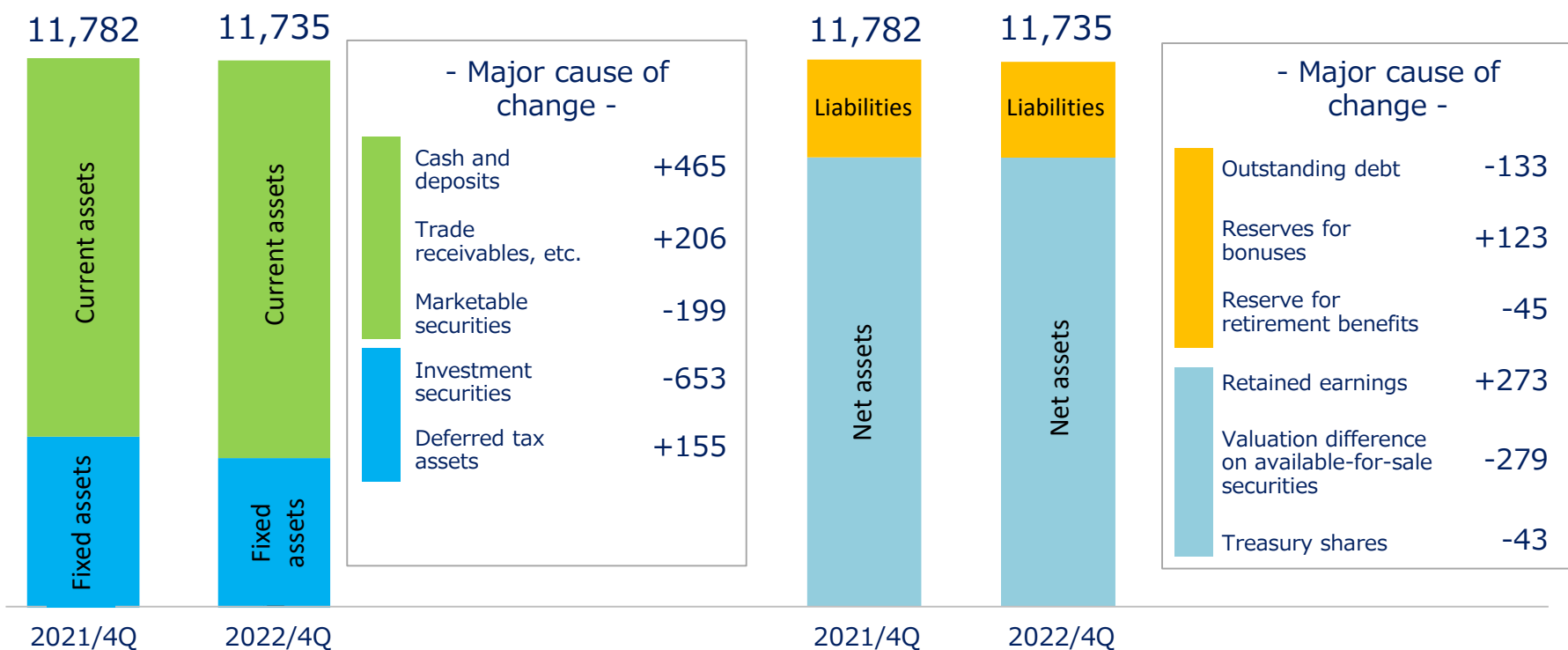
Unit: Millions of yen

## Assets

Assets: -¥46 million

## Liabilities and net assets

Liabilities: -¥42 million  
Net assets: -¥4 million



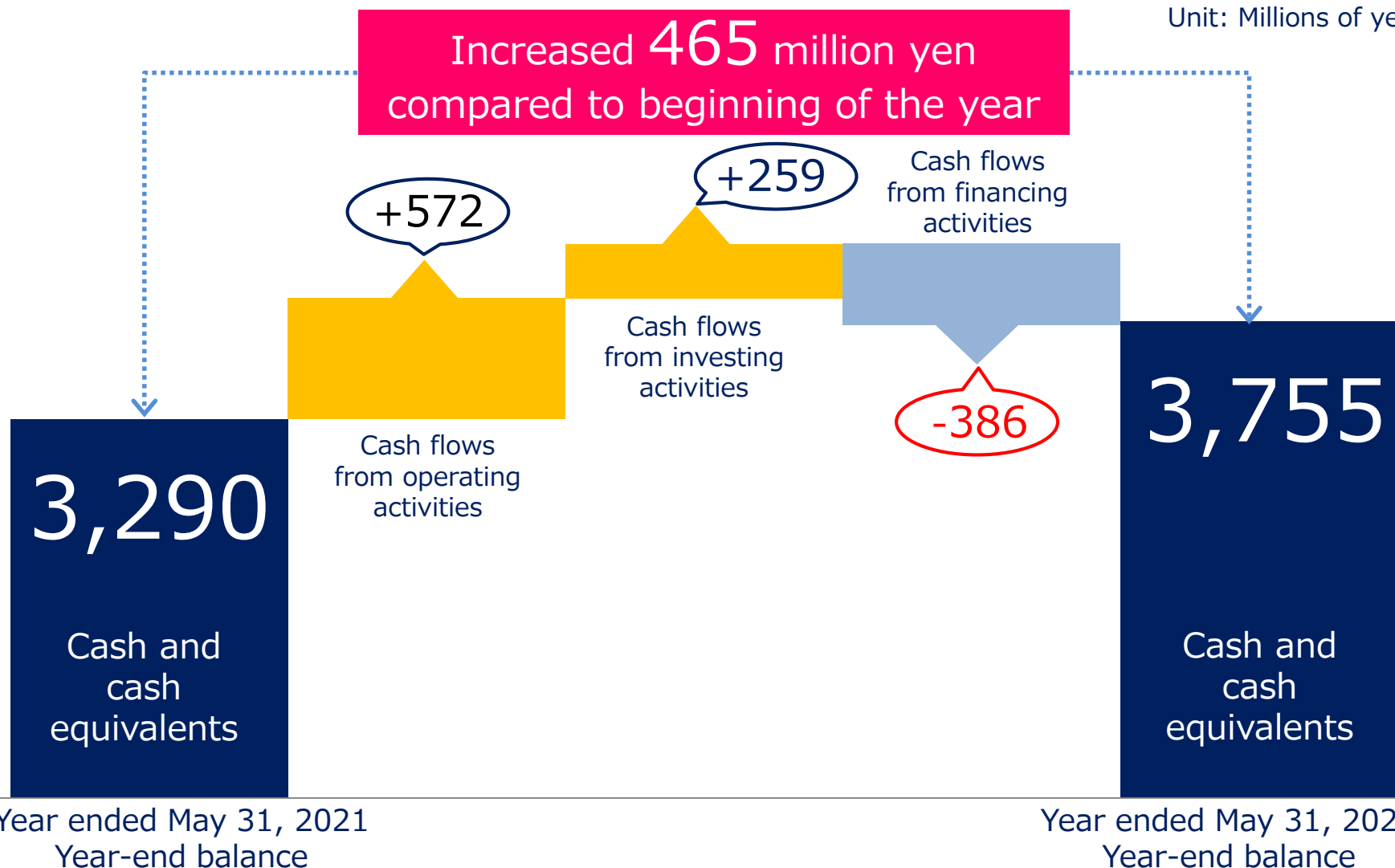


# Financial Indicators (Other)

	Year ended May 31, 2021	Year ended May 31, 2022
Net assets	9,675 million yen	9,671 million yen
Net Assets per Share	999.9 yen	1,002.9 yen
Net Income per Share	56.3 yen	55.6 yen
Capital-to-assets ratio	82.1%	82.4%
Treasury shares	968,505 shares	1,000,926 shares
No. of employees	676	674

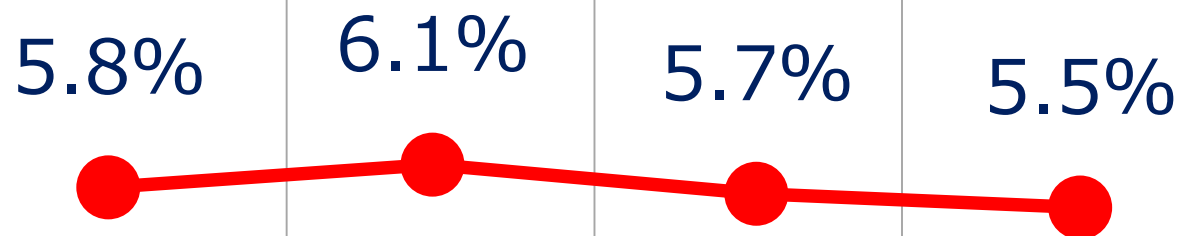
# Consolidated Cash Flows for the Year Ended May 31, 2022

Unit: Millions of yen



- The balance at the end of the year ended May 31, 2022 includes an increase of 19 million yen due to exchange rate movements.

# Return on Equity (ROE)



	Year ended May 31, 2019	Year ended May 31, 2020	Year ended May 31, 2021	Year ended May 31, 2022
Net income per share (¥)	51.1	57.4	56.3	55.6
Net assets per share (¥)	896.6	973.0	999.9	1002.9
Current net income (million yen)	501	558	544	532
Net assets (million yen)	8,822	9,396	9,675	9,671

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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 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 our Total Software Engineering Services (“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.

# Progress of the 6th Medium-Term Business Plan

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

- With proven results in large-scale projects in the energy field, we are exploring subsequent projects
- Work on the large-scale project in the fields of crisis management and aerospace is proceeding with support from Business Headquarters and PMO

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

- Exploring general contracting for deployment of AD/ADAS basic software in car models
- Developing tools and organizing manufacturing processes for operating terminals in the field of conventional train operation management

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# Measures for continued growth

## [1] Implementing pay increases

- Improve employee benefits and maintain competitiveness by raising the average company-wide pay by approx. 3% in line with promotions

## [2] Allot restricted shares (RS)

- To make employees more conscious of participation in management and share value with shareholders, allot 200 shares to each applicant (101,200 shares total) among all employees

## [3] Revise the bonus evaluation system

- Revise the evaluation system for earnings-linked bonuses to improve employee motivation



Aim to grow medium to long-term business performance  
and increase business value

### Control Systems

- Receive orders for large-scale contracted projects in renewable energy and power grids
- Receive orders for large-scale contracted projects in ATOS and bullet trains
- Although conventional trains have bottomed out due to the coronavirus, prepare for receiving orders for all types of systems
- Increase online and AI deployment in control systems, conduct related training

### Automotive Systems

- Receive orders for general contracting when deploying AD/ADAS basic software in car models
- Expand application development for electrification projects and AD/ADAS
- Increase capabilities in model-based development, conduct related training
- In onboard information, complete development for cluster meters and acquire the next projects

### Particular Information Systems

- Complete large scale contracted projects in the field of crisis management
- Develop new customers in the field of public systems, receive orders
- Expand work phases and shift to contracting in the fields of image recognition/identification and AI
- Handle more online and cloud computing, conduct related training

### Embedded Systems

- In storage where business is active, develop human resources in existing fields, enter new fields, and expand
- Leverage core technologies as a weapon to develop new customers and receive orders
- Accumulate results in IoT construction equipment and aim for the next growth phase
- Accelerate development of firmware engineers (FWs) and leaders

### Industry & ICT Solutions

- Complete large-scale contracted aerospace-related projects
- Complete contracted projects for railroad subsidiaries and receive orders for subsequent projects
- Continue receiving orders for railroad station equipment in the field of social infrastructure, and pioneer new fields
- Expand cloud computing and virtualization in the field of system architecture

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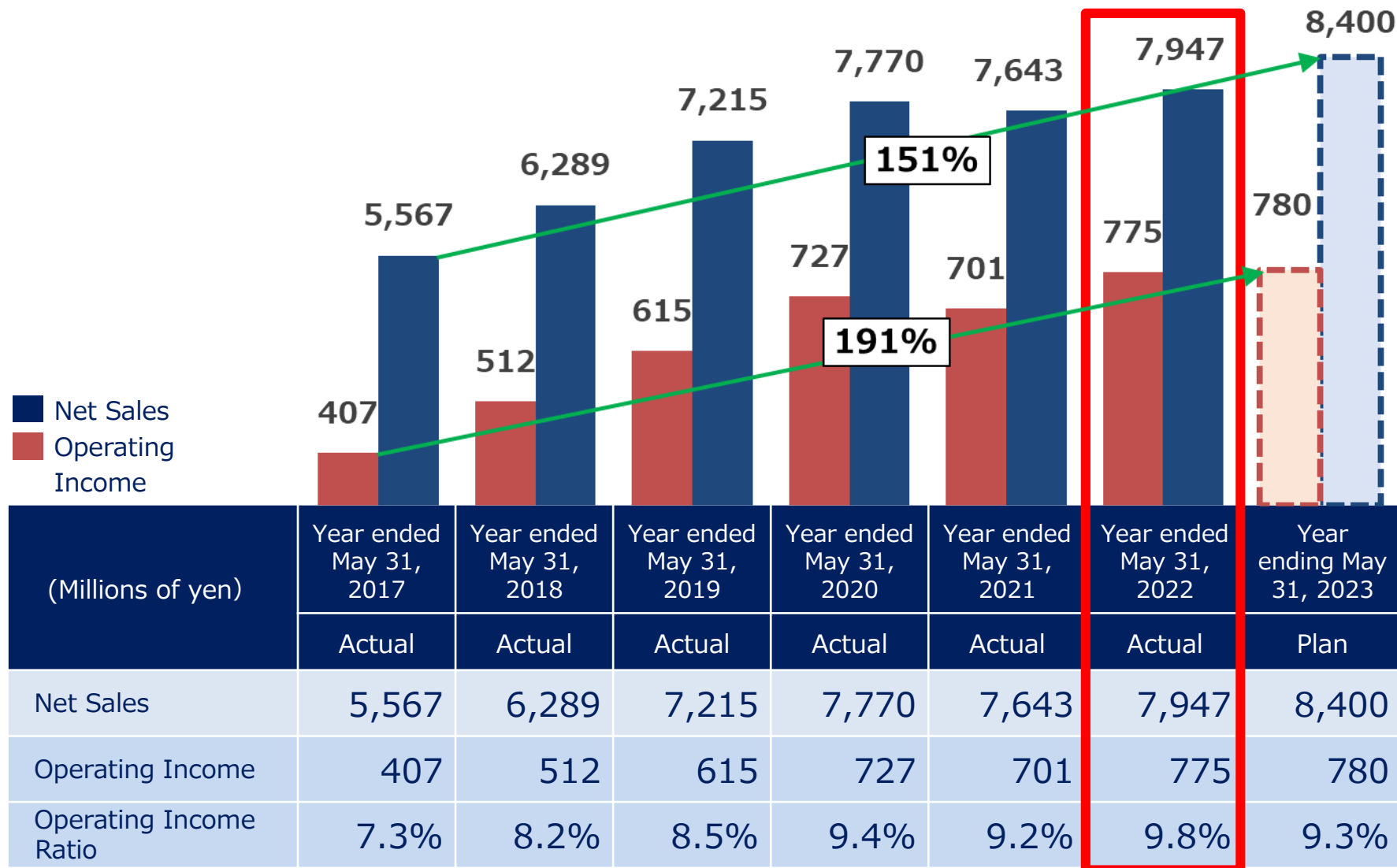
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# Consolidated Numerical Targets for the Year Ending May 31, 2023

Unit: Millions of yen

	Year ended May 31, 2022 Actual	Year ending May 31, 2023 Plan	Change (percent change)
Net Sales	7,947	8,400	+452 +5.7%
Operating Income (income ratio)	775 (9.8%)	780 (9.3%)	+4 +0.6%
Ordinary Income (income ratio)	808 (10.2%)	830 (9.9%)	+21 +2.7%
Current Net Income (income ratio)	532 (6.7%)	535 (6.4%)	+2 +0.4%

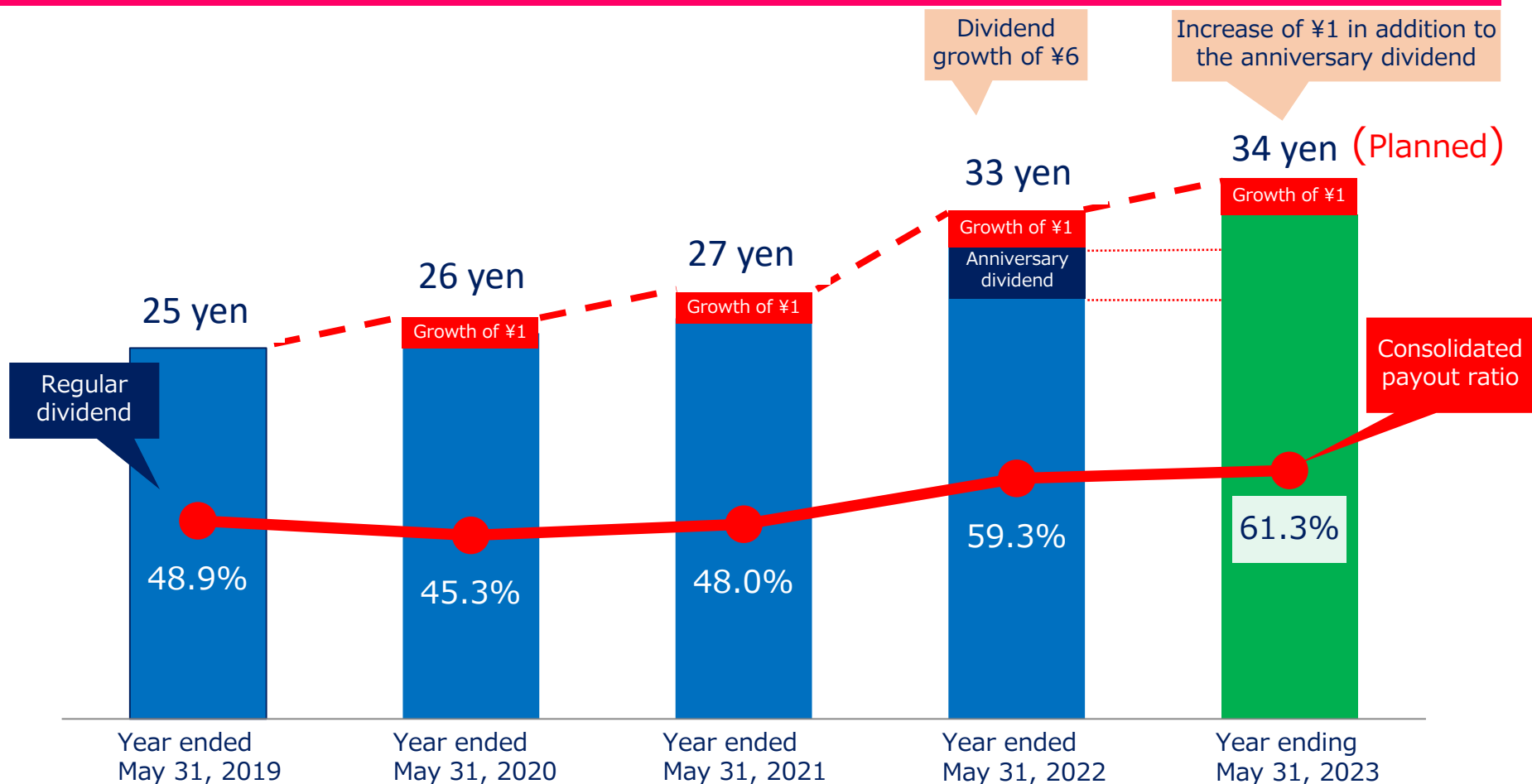
# Business Performance



# Giving back to shareholders

## Dividend Policy

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





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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