



[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, 2023



January 20, 2023

1. Consolidated Financial Results for the Second Quarter of the Year Ending May 31, 2023

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

3. Forecast for the Year Ending May 31, 2023

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# Summary of Consolidated Financial Results for the second quarter of the year ending May 31, 2023



Unit: Millions of yen

	Forecast	Compared to forecast	Actual	YoY change	Previous year
<b>Net Sales</b>	<b>4,100</b>	+202 +4.9%	<b>4,302</b>	+627 +17.1%	<b>3,675</b>
<b>Operating Income</b> (profit margin)	<b>415</b> (10.1%)	+32 +7.8%	<b>447</b> (10.4%)	+102 +29.8%	<b>344</b> (9.4%)
<b>Ordinary Income</b> (profit margin)	<b>435</b> (10.6%)	+32 +7.5%	<b>467</b> (10.9%)	+93 +25.1%	<b>373</b> (10.2%)
<b>Net Income of the Quarter</b> (profit margin)	<b>285</b> (7.0%)	+23 +8.4	<b>308</b> (7.2%)	+83 +37.3%	<b>225</b> (6.1%)

# Overview of Consolidated Financial Results for the second quarter of the year ending May 31, 2023



## Net Sales

YoY: +¥627 million (+17.1%)

Strong in all segments

Sales increased on a progress-recording basis due to increased large-scale project contracting

## Operating Income

YoY: +¥102 million (+29.8%)

Exceeded the previous year and plan, operating profit margin also increased

## Ordinary Income

YoY: +¥83 million (+25.1%)

Increased along with the rise in operating income

## Net Income of the Quarter

YoY: +¥83 million (+37.3%)

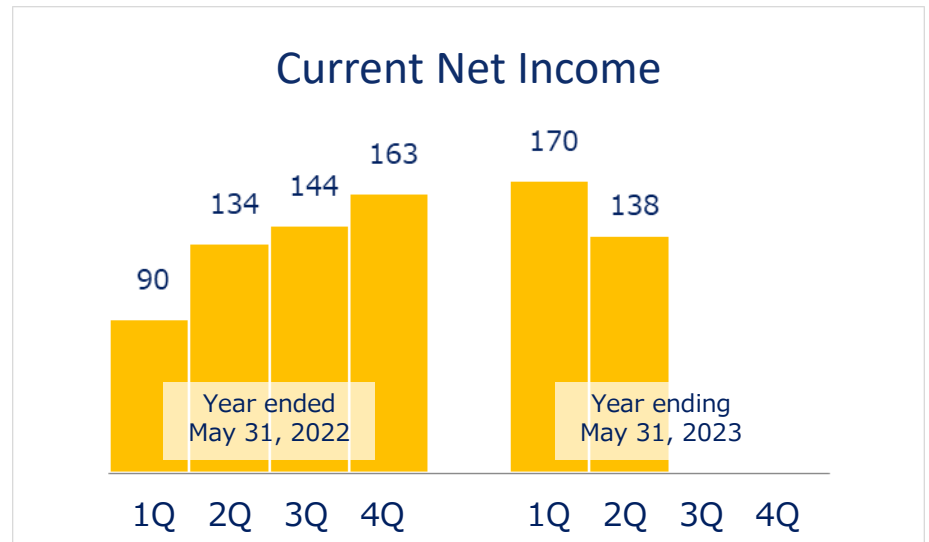
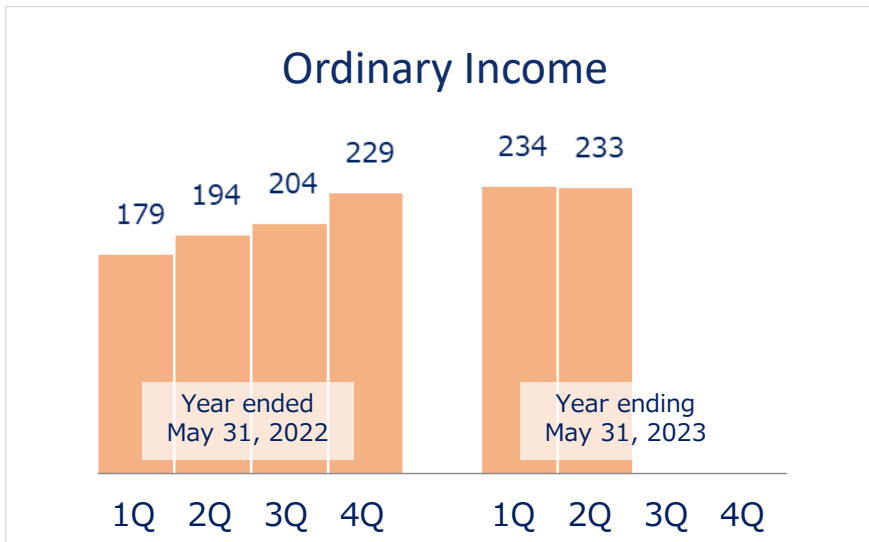
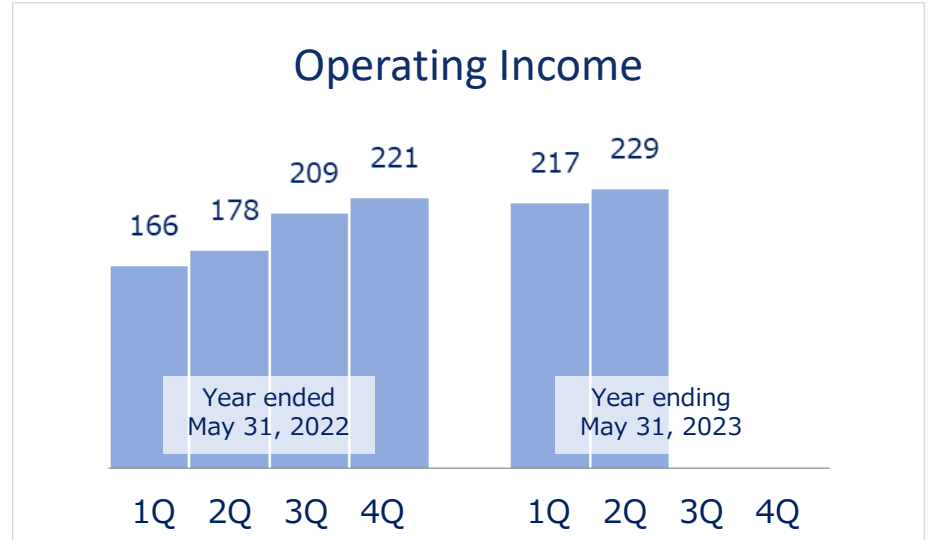
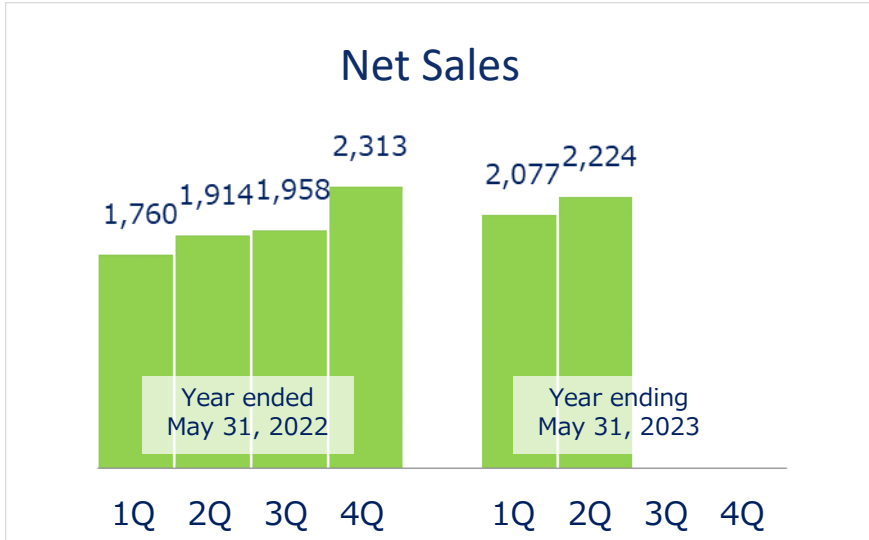
Fixed assets were impaired (¥40.8 million)  
(accounting for income taxes using the simplified method)

- Change of major shareholders
  - Our biggest shareholder among major shareholders changed, business performance was unaffected
- Impairment of fixed assets
  - Unused recreation facilities were impaired (¥40.8 million)
- Sustainability efforts
  - ESG investment is ongoing (investing in private railway company ESG bonds)
  - Disclosed environmental goals on our website

# Second Quarter of the Year Ending May 31, 2023

## Performance Trend by Quarter

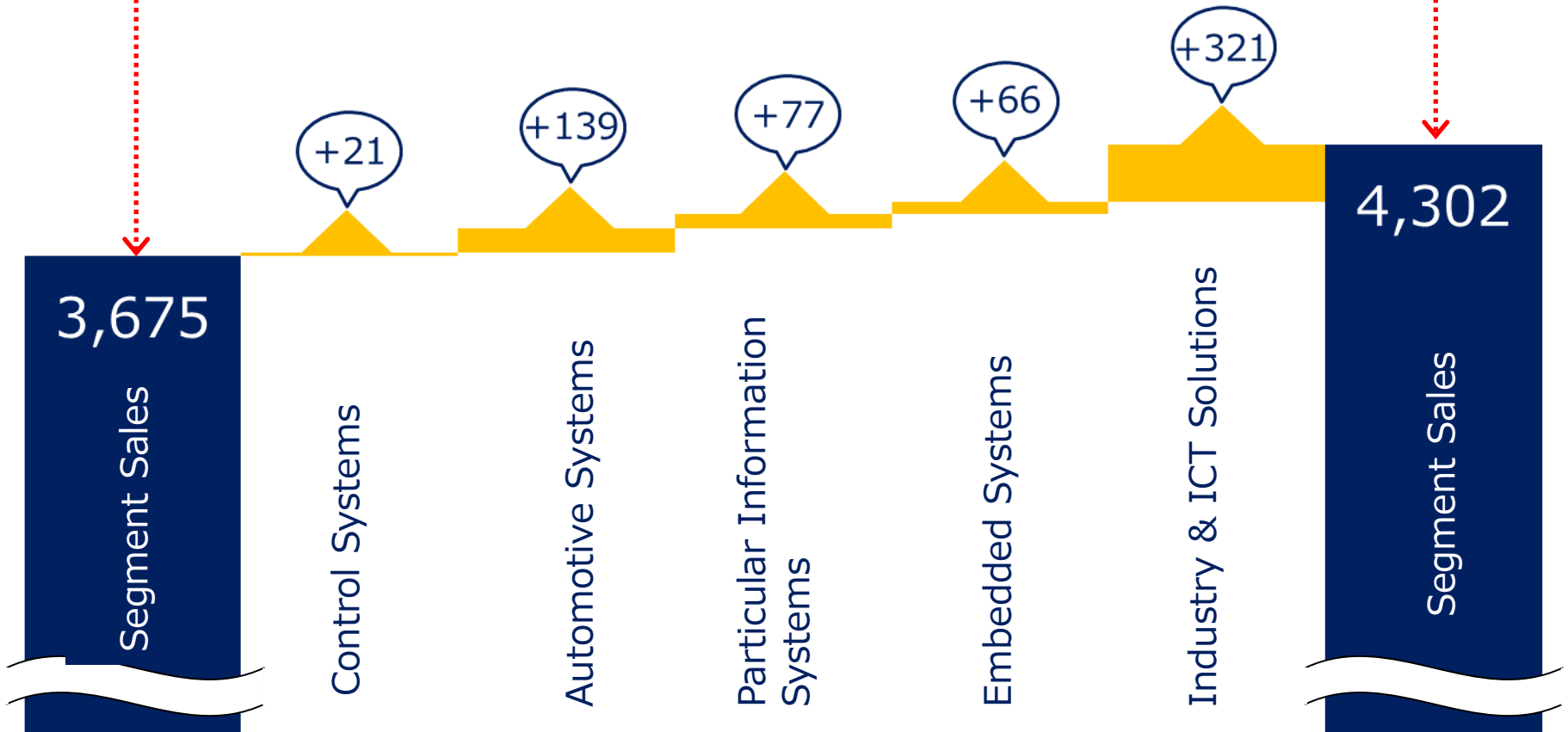
Unit: Millions of yen



# Change in Sales by Business Segment for the Second Quarter of the year ending May 31, 2023

Unit: Millions of yen

Increase of 627 million yen (+17.1% YOY)



Second quarter of the year  
ended May 31, 2022

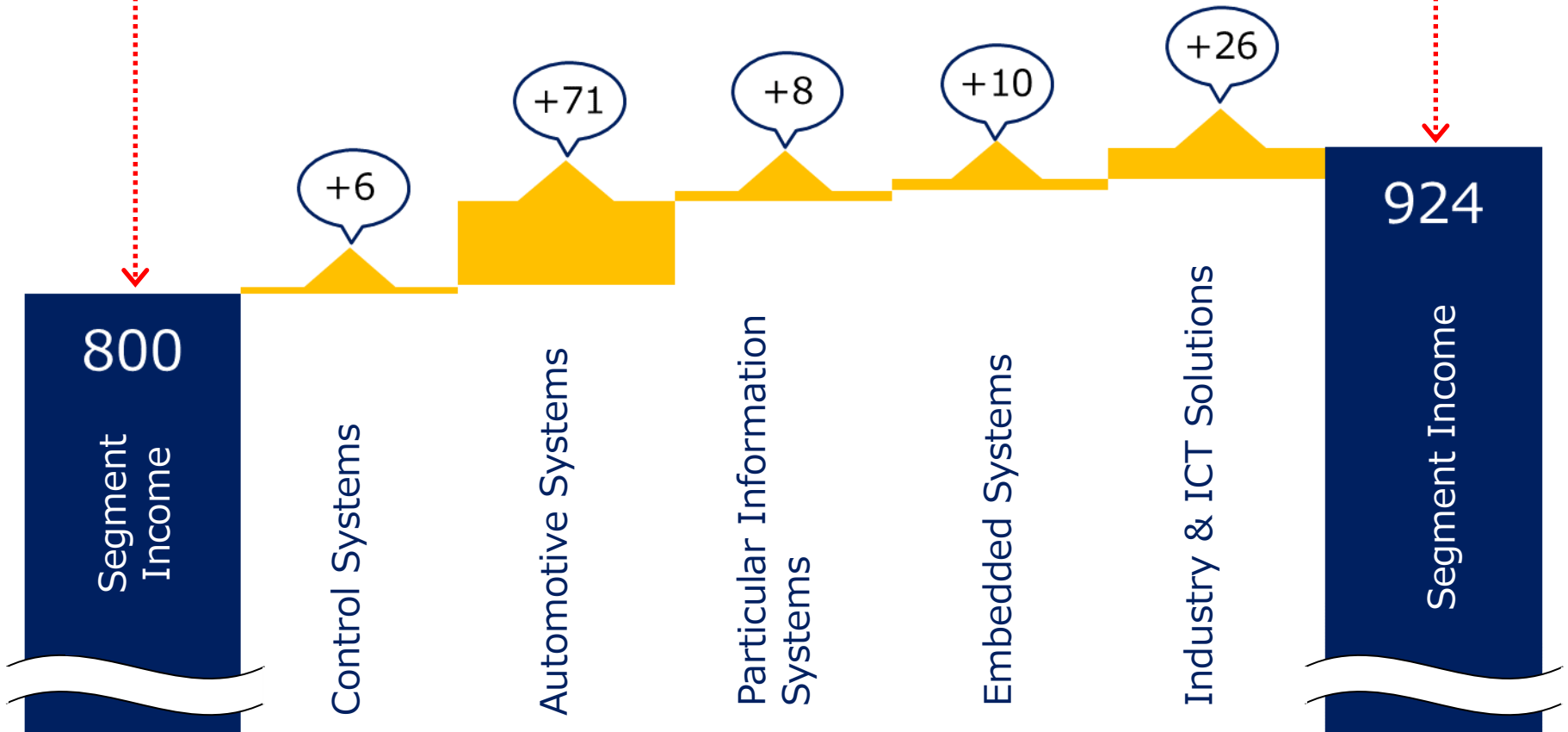
Second quarter of the year  
ending May 31, 2023



# Change in Income by Business Segment for the Second Quarter of the year ending May 31, 2023

Unit: Millions of yen

Increase of 123 million yen (+15.4% YoY)



Second quarter of the year ended May 31, 2022

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

Second quarter of the year ending May 31, 2023

## Control Systems

- Development volume increased in renewable energy and plant monitoring and control
- ATOS organization expanded, bullet trains were steady, development volume in conventional train lines decreased

Unit: Millions of yen

Business Segment		Second quarter of the year ended May 31, 2022 (profit margin)	Second quarter of the year ending May 31, 2023 (profit margin)	Change (percent change)
Control Systems	Net Sales	623	645	+21 (+3.5%)
	Income	138 (22.2%)	144 (22.4%)	+6 (+4.6%)

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

## Automotive Systems

- In AD/ADAS, development volume decreased due to being in an off period
- Order volume increased for electrification projects in powertrain control systems
- In onboard information systems-related business, development volume, sales, and income increased

(AD: automatic driving, ADAS: advanced driver assistance system)

Unit: Millions of yen

Business Segment		Second quarter of the year ended May 31, 2022 (profit margin)	Second quarter of the year ending May 31, 2023 (profit margin)	Change (percent change)
Automotive Systems	Net Sales	906	1,045	+139 (+15.4%)
	Income	230 (25.4%)	301 (28.9%)	+71 (+31.1%)

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

## Particular Information Systems

- Crisis management-related business was stable even though the development peak for large-scale projects had passed
- Involved in new projects in satellite-related systems
- Image recognition/identification organization contracted

Unit: Millions of yen

Business Segment		Second quarter of the year ended May 31, 2022 (profit margin)	Second quarter of the year ending May 31, 2023 (profit margin)	Change (percent change)
Particular Information Systems	Net Sales	312	389	+77 (+24.8%)
	Income	73 (23.5%)	82 (21.1%)	+8 (+11.9%)

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

## Embedded Systems

- In storage devices, performance was strong as the scope covered expanded, but new storage remained flat
- IoT construction equipment organization contracted

Unit: Millions of yen

Business Segment		Second quarter of the year ended May 31, 2022 (profit margin)	Second quarter of the year ending May 31, 2023 (profit margin)	Change (percent change)
Embedded Systems	Net Sales	599	665	+66 (+11.1%)
	Income	140 (23.4%)	150 (22.6%)	+10 (+7.4%)

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

## Industry & ICT Solutions

- Sales increased due to involvement in multiple large-scale aerospace-related projects
- Order volume increased in system construction
- In social infrastructure-related business, station service machines were steady

Unit: Millions of yen

Business Segment		Second quarter of the year ended May 31, 2022 (profit margin)	Second quarter of the year ending May 31, 2023 (profit margin)	Change (percent change)
Industry & ICT Solutions	Net Sales	1,234	1,555	+321 (+26.1%)
	Income	218 (17.7%)	244 (15.7%)	+26 (+12.1%)

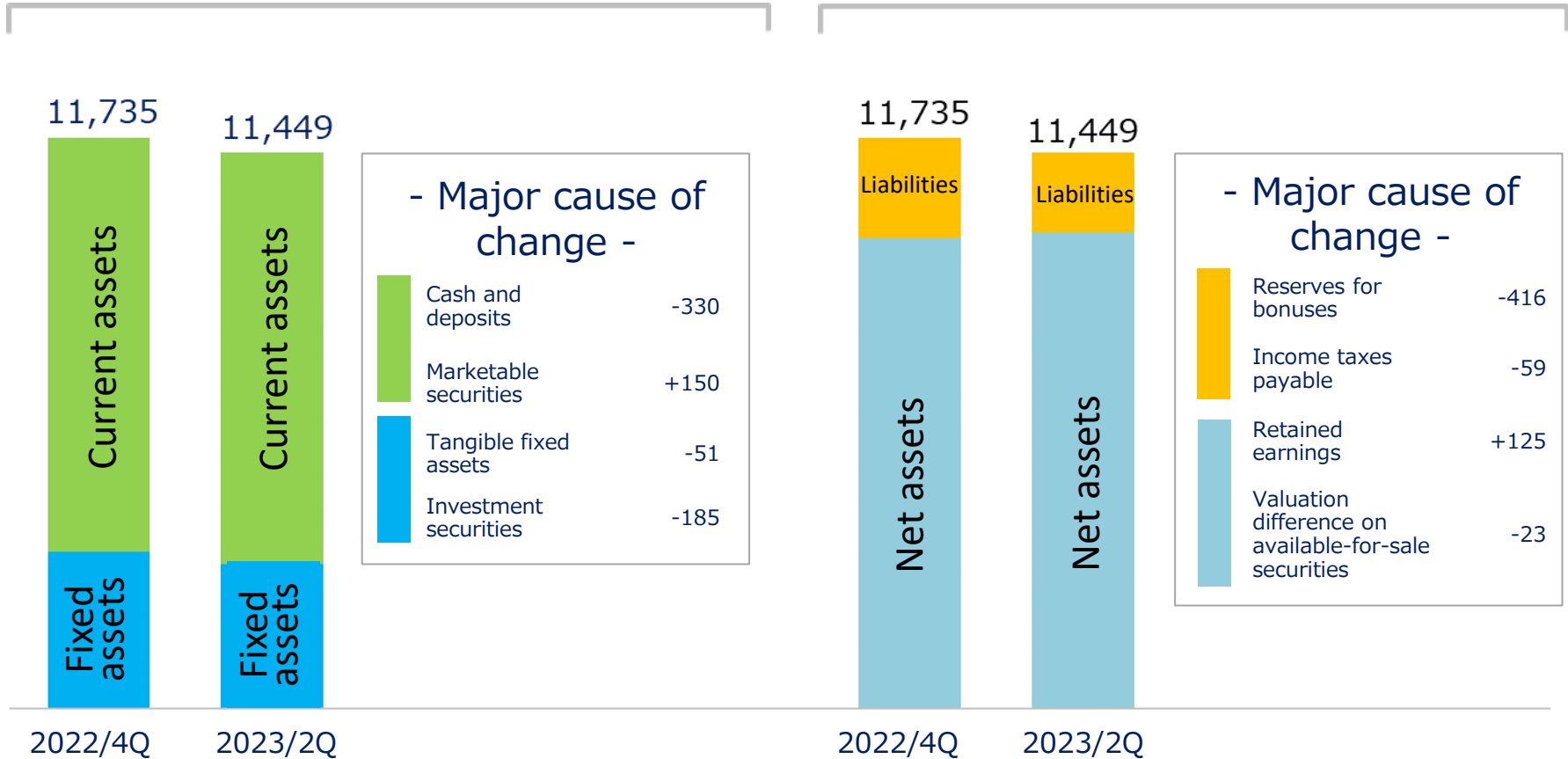
\* Segment income does not include corporate expenses that have not been allocated to the segment.

# Consolidated Financial Position

Unit: Millions of yen

## Assets

## Liabilities and net assets



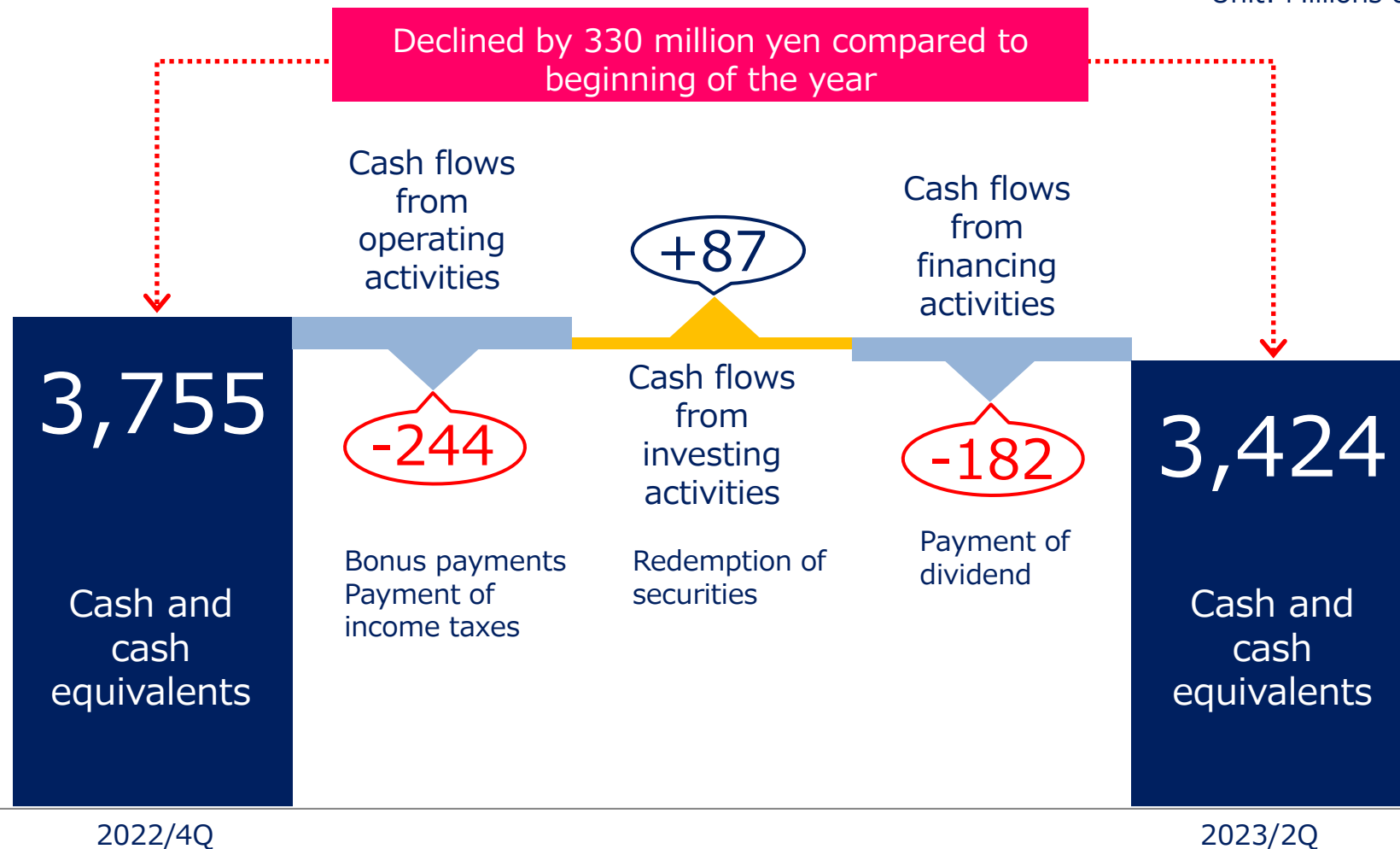
# Financial Indicators (Other)

	Second quarter of the year ended May 31, 2022	Second quarter of the year ending May 31, 2023	(Reference) Year ended May 31, 2022
Net assets	9,437 million yen	9,801 million yen	9,671 million yen
Net Assets per Share	987.9 yen	1,014.5 yen	1,002.9 yen
Net Income per Share	23.42 yen	32.02 yen	55.63 yen
Capital-to-assets ratio	87.5%	85.6%	82.4%
Treasury shares	1,102,126 shares	984,439 shares	1,000,926 shares
No. of employees	656	681	674



# Consolidated Cash Flows for the second quarter of the year ending May 31, 2023

Unit: Millions of yen



\*The balance at the end of the second quarter of the year ending May 31, 2023, includes an increase of 9 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 in 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.

# Initiatives Related to the 6th Medium-Term Business Plan

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



### [Progress status]

- Started new power grid projects in the energy field
- Completed crisis management-related development, seeking out orders for subsequent projects
- Preparing organization for ongoing development in aerospace-related

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



### [Progress status]

- Focusing efforts on quality assurance in a new scope of coverage for AD/ADAS basic software
- In conventional train operation management, an organization for receiving lump-sum orders was prepared, although applicable projects have not yet been determined

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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 Projection	Change (percent change)
Net Sales	7,947	8,400	+452 +5.7%
Operating Income (profit margin)	775 (9.8%)	780 (9.3%)	+4 +0.6%
Ordinary Income (profit margin)	808 (10.2%)	830 (9.9%)	+21 +2.7%
Current Net Income (profit margin)	532 (6.7%)	535 (6.4%)	+2 +0.4%

## Control Systems

- Push forward with large-scale projects in power grids and aim for subsequent systems orders in renewable energy
- Push forward with ATOS and bullet train development and aim to expand scope of responsibility
- Prepare for lump-sum orders in conventional train lines and aim to increase orders for AI projects

## Automotive Systems

- Expand functions covered in existing development for AD/ADAS basic software and aim to increase orders for new development
- Aim to expand organization for electrification projects in powertrain control systems
- In onboard information-related business, push forward with cluster meters and aim to win orders for subsequent projects



## Particular Information Systems

- Expand organization for satellite-related systems
- Continue developing new customers in the field of public systems
- Wrap up development for large-scale projects and plant the seeds for subsequent projects in crisis management
- In image recognition/identification, satellite imaging will remain steady but is not anticipated to expand

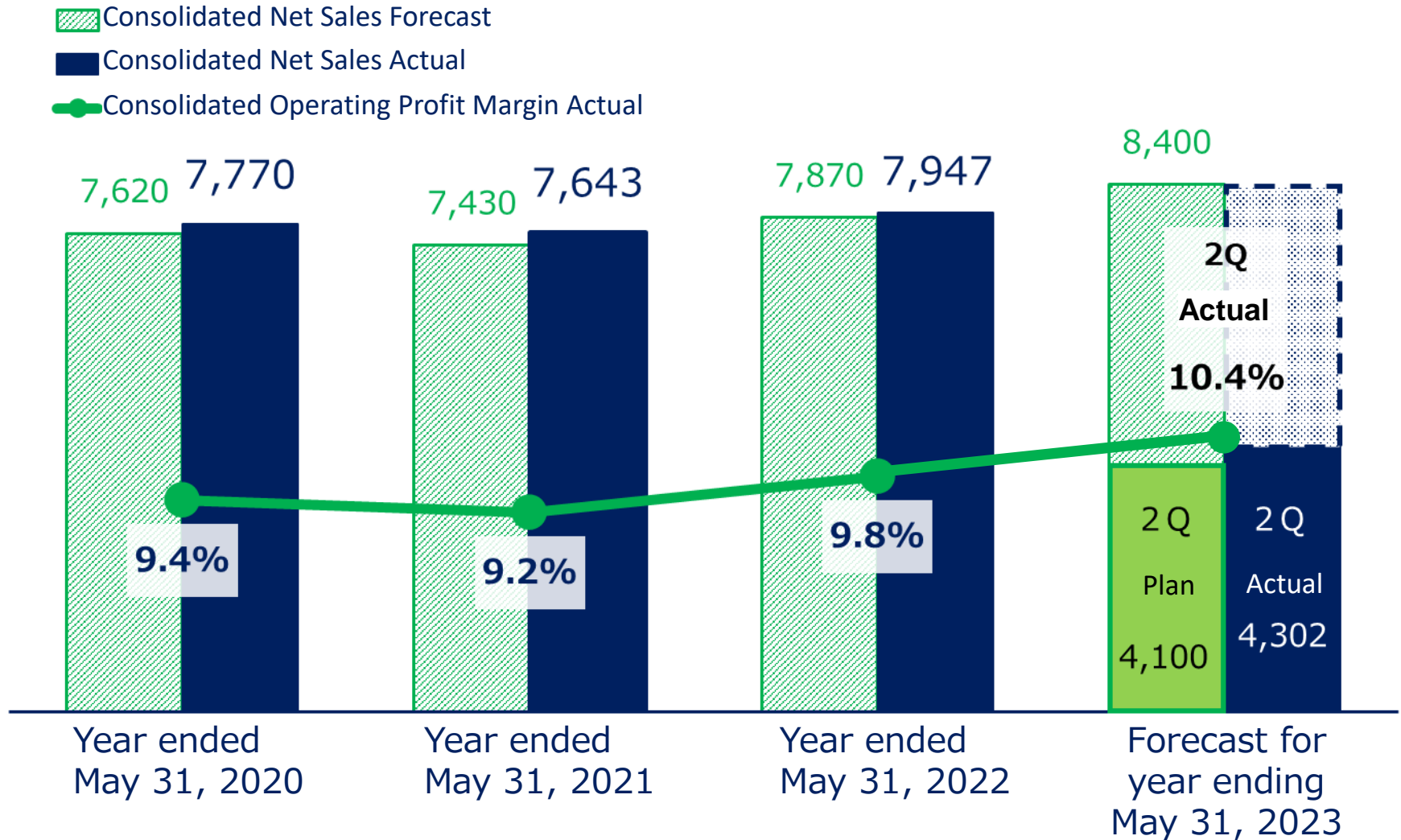
## Embedded Systems

- Storage had steadily expanded, but will stagnate due to the worsening market for memory
- In IoT construction equipment, we will cultivate embedded software development for related systems

## Industry & ICT Solutions

- In aerospace-related business, push forward with ongoing development in large-scale projects and aim to win orders for subsequent projects
- In social infrastructure-related business, performance will be strong in station service machines, but business will decrease as other areas will not recover
- System architecture will remain steady as operations will reach a peak in multiple projects

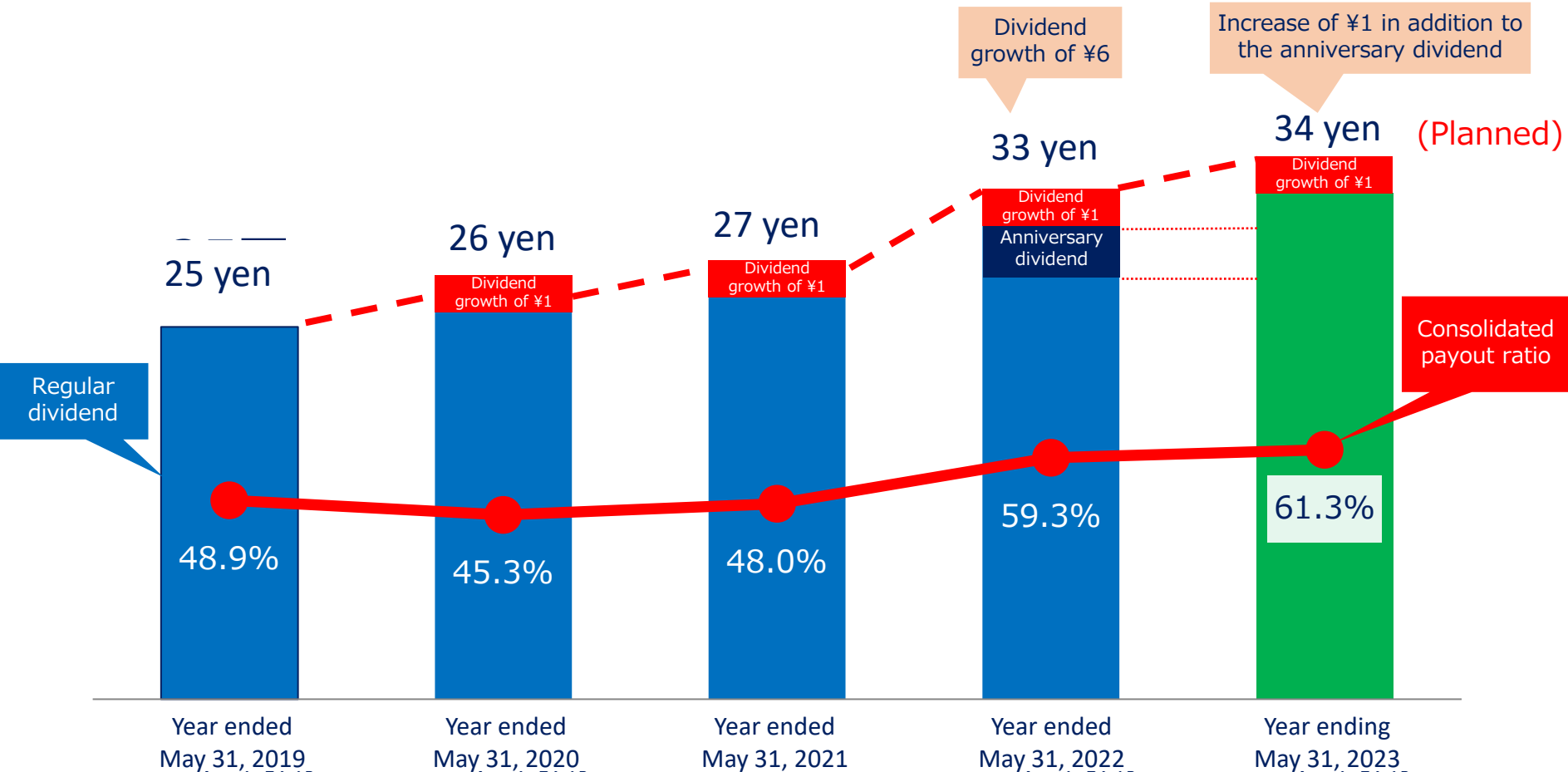
# Business Performance



# 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.

Contact for inquiries: Keiji Nagasaka, Department Manager, Corporate Planning Department

[keikibu@jpd.co.jp](mailto:keikibu@jpd.co.jp)