



[Securities code: 9651]

Japan Process Development Co., Ltd. Financial Results Briefing

Year ended May 31, 2023



July 18, 2023

1. Consolidated Financial Results for the Year Ended May 31, 2023

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

3. Key Initiatives for the Year Ending May 31, 2024

4. Consolidated Numerical Targets for the Year Ending May 31, 2024

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Summary of Consolidated Financial Results for the Year Ended May 31, 2023

Unit: Millions of yen

	Forecast	Compared to forecast	Actual	YoY change	Previous year
Net Sales	8,400	+523	8,923	+976	7,947
		+6.2%		+12.3%	
Operating Income (profit margin)	780 (9.3%)	+128	908 (10.2%)	+132	775 (9.8%)
		+16.4%		+17.1%	
Ordinary Income (profit margin)	830 (9.9%)	+137	967 (10.8%)	+159	808 (10.2%)
		+16.6%		+19.7%	
Current Net Income (profit margin)	535 (6.4%)	+147	682 (7.6%)	+149	532 (6.7%)
		+27.6%		+28.1%	

Overview of Consolidated Financial Results for Year Ended May 31, 2023

Net Sales

YoY change: +¥976 million (+12.3%)

- Despite delays in some social infrastructure projects, the growth trend was maintained due to the recovery from the coronavirus pandemic
- Orders for large-scale project contracts being received in a systematic manner were a factor that contributed to the increase in sales

Operating Income

YoY change: +¥132 million (+17.1%)

- Improved profitability by enhancing service value
- Minimized unprofitable projects through stronger project management

Ordinary Income

YoY change: +¥159 million (+19.7%)

Current Net Income

YoY change: +¥149 million (+28.1%)

- Tax saving thanks to tax credits for promotion of salary increases

Overview of Consolidated Financial Results for the Year Ended May 31, 2023 Major Topics (1)

- Operating results

- Net sales and operating profit both reached the highest levels since listing
- Operating profit margin of 10% achieved

- Giving back to shareholders

Increased dividend by ¥2 to ¥35 per share, including an anniversary dividend of ¥5 per share

- Giving back to employees

- Raised wages by approximately 3% at the beginning of the year
- Set to pay record earnings-linked bonuses for the sixth consecutive year

- Hiring activities

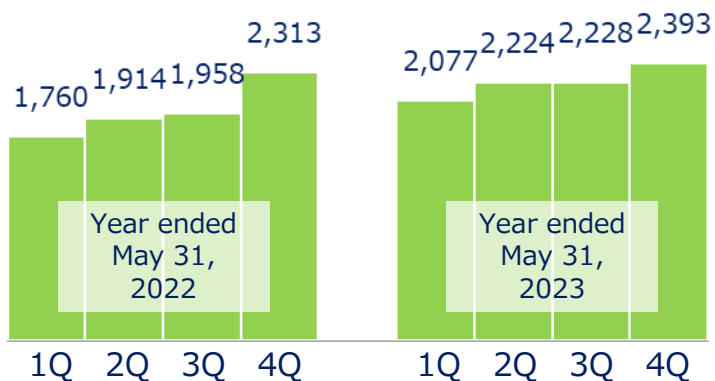
Increased the number of job applications through the use of the Internet and multiple channels, and hired 38 new graduates

- Continued ESG investment
 - 71st Japan Student Services Organization Bonds (Social Bonds)
 - Tokyu Corporation's 13th Unsecured Bond (Sustainability Bond)
- Continuing to donate 1% of after-tax income (target) to 2 entities as one part of CSR initiatives
 - SBI Children's Hope Foundation
 - NPO Reach Alternatives

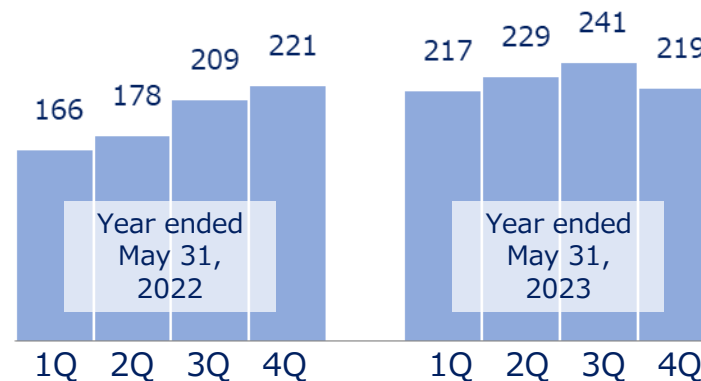
Summary of Consolidated Financial Results for the Year Ended May 31, 2023 (by Quarter)

Unit: Millions of yen

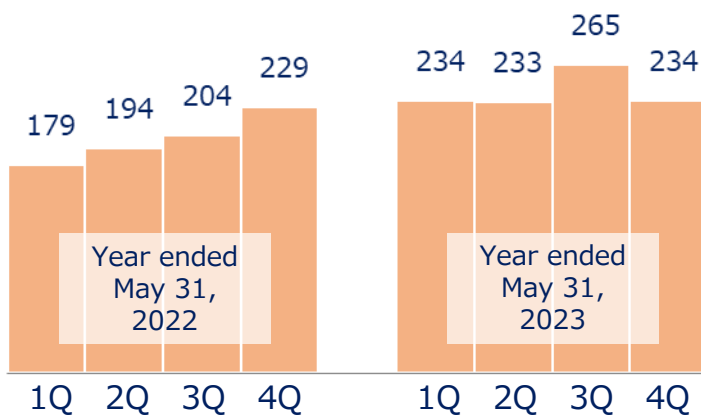
Net Sales



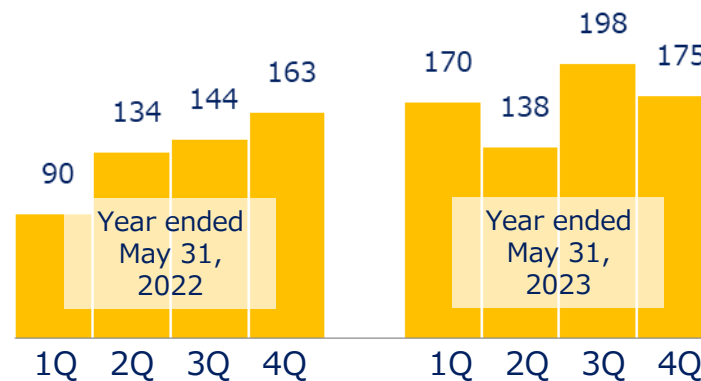
Operating Income



Ordinary Income

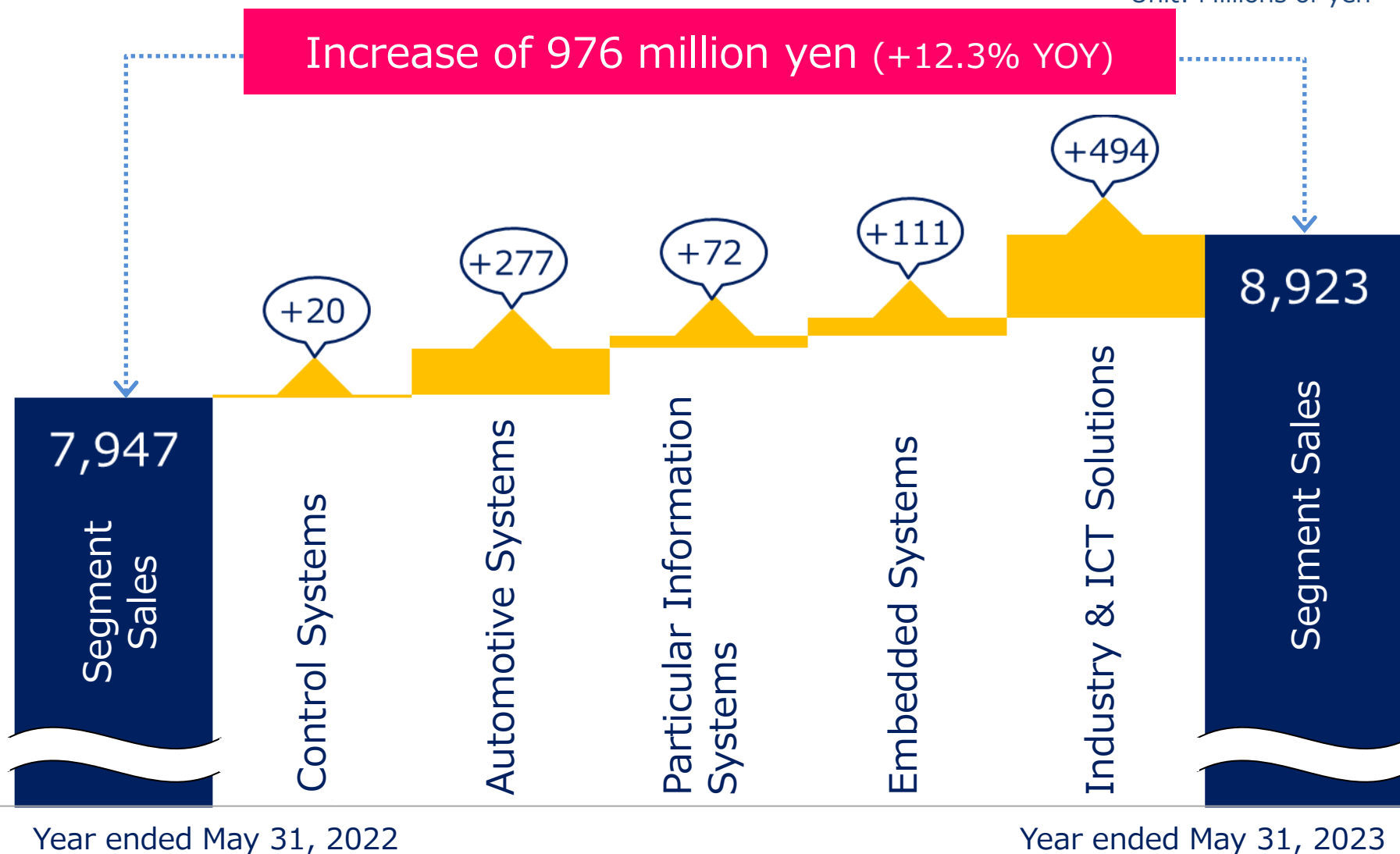


Current Net Income



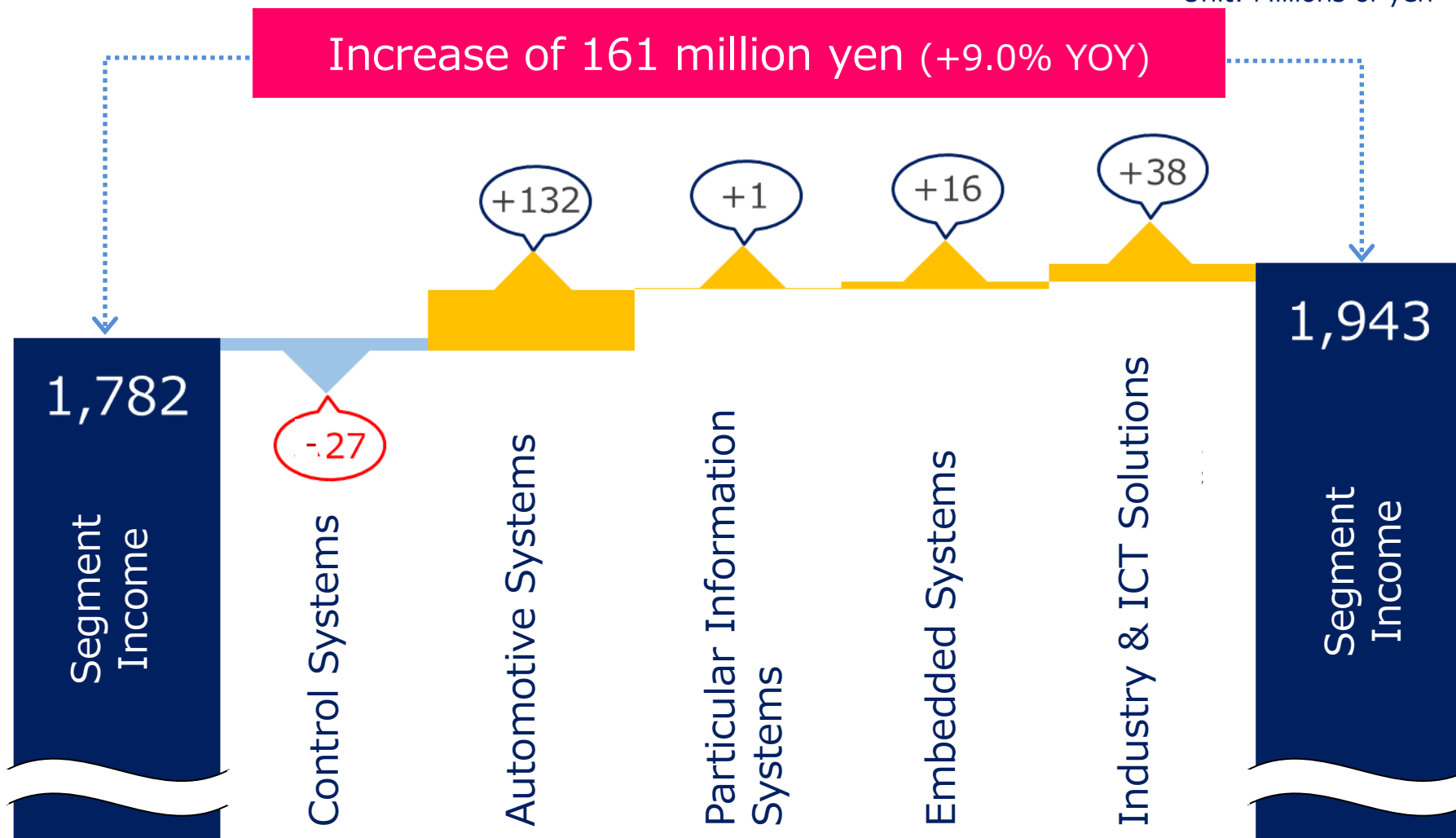
Change in Sales by Business Segment for the Year Ended May 31, 2023

Unit: Millions of yen



Change in Income by Business Segment for the Year Ended May 31, 2023

Unit: Millions of yen



Year ended May 31, 2022

Year ended May 31, 2023

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

Segment Information

for Year Ended May 31, 2023 (1)

Control Systems

- Renewable energy business is expanding
Steady performance in plant monitoring and control
- ATOS business is performing well with the start of new renewal projects
- Bullet trains entered the maintenance phase and the system was downsized
- Conventional train operation management development volume declined due to COVID-19

Unit: Millions of yen

Business Segment		Year ended May 31, 2022 (profit margin)	Year ended May 31, 2023 (profit margin)	Change (percent change)
Control Systems	Net Sales	1,408	1,429	+20 (+1.5%)
	Income	330 (23.4%)	302 (21.1%)	-27 (-8.4%)

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

Segment Information for Year Ended May 31, 2023 (2)

Automotive Systems

- AD/ADAS-related business performed well, including receiving new contracts in 4Q
- Orders for electrification projects increased due to expansion in the scope of development for overseas markets
- Development volume of onboard information systems increased significantly

* AD/ADAS (automatic driving/advanced driver assistance system)

Unit: Millions of yen

Business Segment		Year ended May 31, 2022 (profit margin)	Year ended May 31, 2023 (profit margin)	Change (percent change)
Automotive Systems	Net Sales	1,871	2,148	+277 (+14.8%)
	Income	490 (26.2%)	623 (29.0%)	+132 (+27.1%)

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

Segment Information for Year Ended May 31, 2023 (3)

Particular Information Systems

- Satellite-related business was strong due to participation in new projects
- Although satellite imagery-related business was strong, AD/ADAS-related image recognition/identification business contracted
- Large-scale contracts have slowed in the field of crisis management

Unit: Millions of yen

Business Segment		Year ended May 31, 2022 (profit margin)	Year ended May 31, 2023 (profit margin)	Change (percent change)
Particular Information Systems	Net Sales	739	811	+72 (+9.9%)
	Income	165 (22.4%)	167 (20.6%)	+1 (+0.7%)

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

Segment Information for Year Ended May 31, 2023 (4)

Embedded Systems

- Storage device business was strong as the scope of business expanded
- New storage development remained generally flat
- IoT construction equipment business contracted due to a decline in orders

Unit: Millions of yen

Business Segment		Year ended May 31, 2022 (profit margin)	Year ended May 31, 2023 (profit margin)	Change (percent change)
Embedded Systems	Net Sales	1,223	1,334	+111 (+9.1%)
	Income	284 (23.3%)	301 (22.6%)	+16 (+5.8%)

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

Segment Information

for Year Ended May 31, 2023 (5)

Industry & ICT Solutions

- Aerospace-related sales increased due to involvement in large-scale projects
- Station equipment development was strong due to multiple orders
- Order volume increased in system construction

Unit: Millions of yen

Business Segment		Year ended May 31, 2022 (profit margin)	Year ended May 31, 2023 (profit margin)	Change (percent change)
Industry & ICT Solutions	Net Sales	2,705	3,199	+494 (+18.3%)
	Income	510 (18.9%)	549 (17.2%)	+38 (+7.5%)

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

Consolidated Financial Position

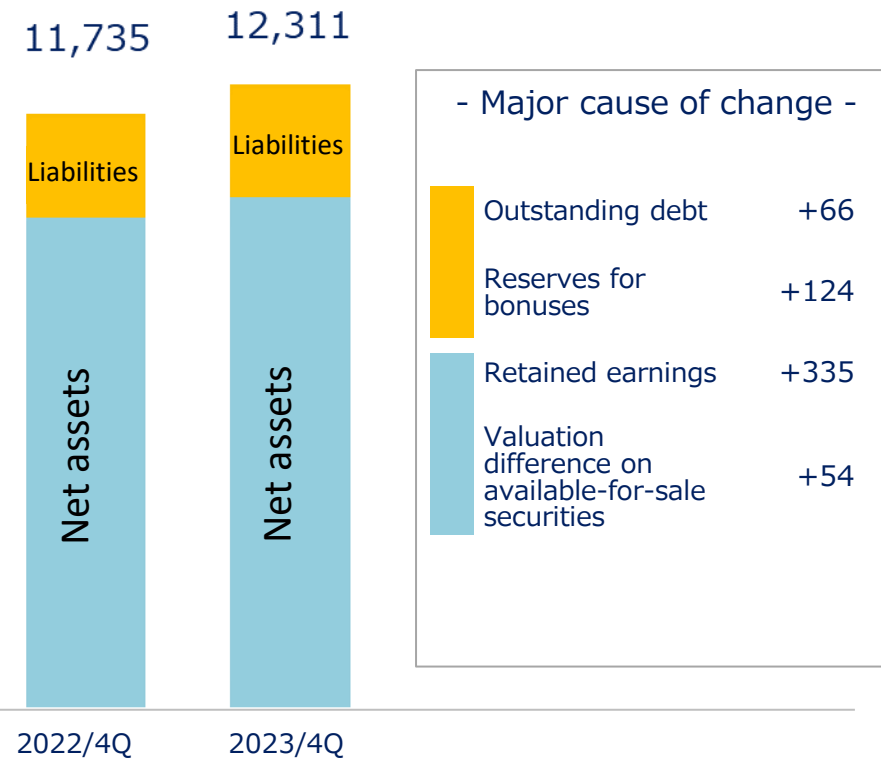
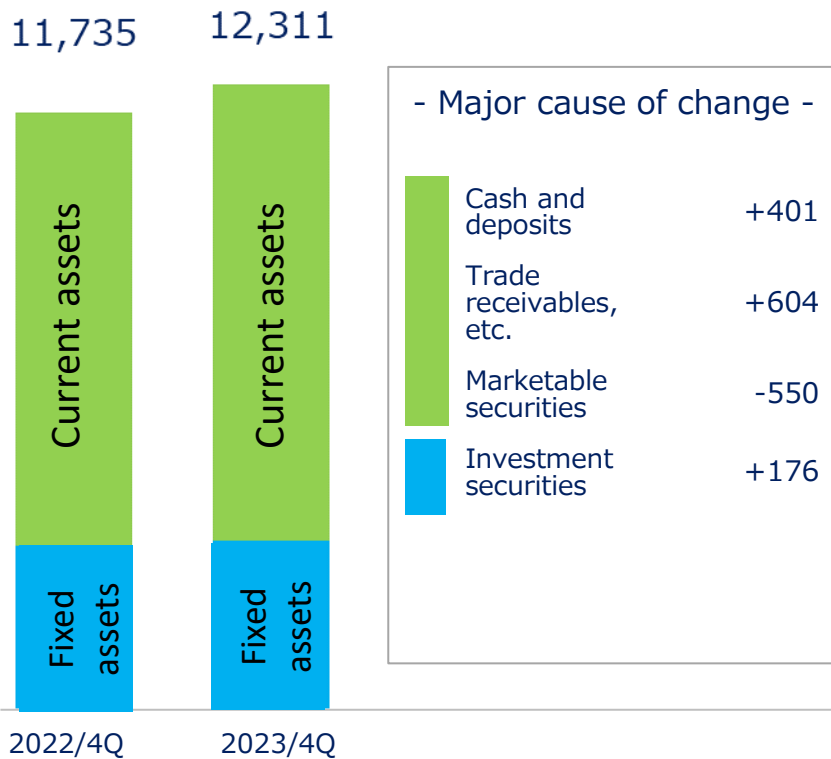
Unit: Millions of yen

Assets

Assets: +¥575 million

Liabilities and net assets

Liabilities: +¥169 million
Net assets: +¥405 million

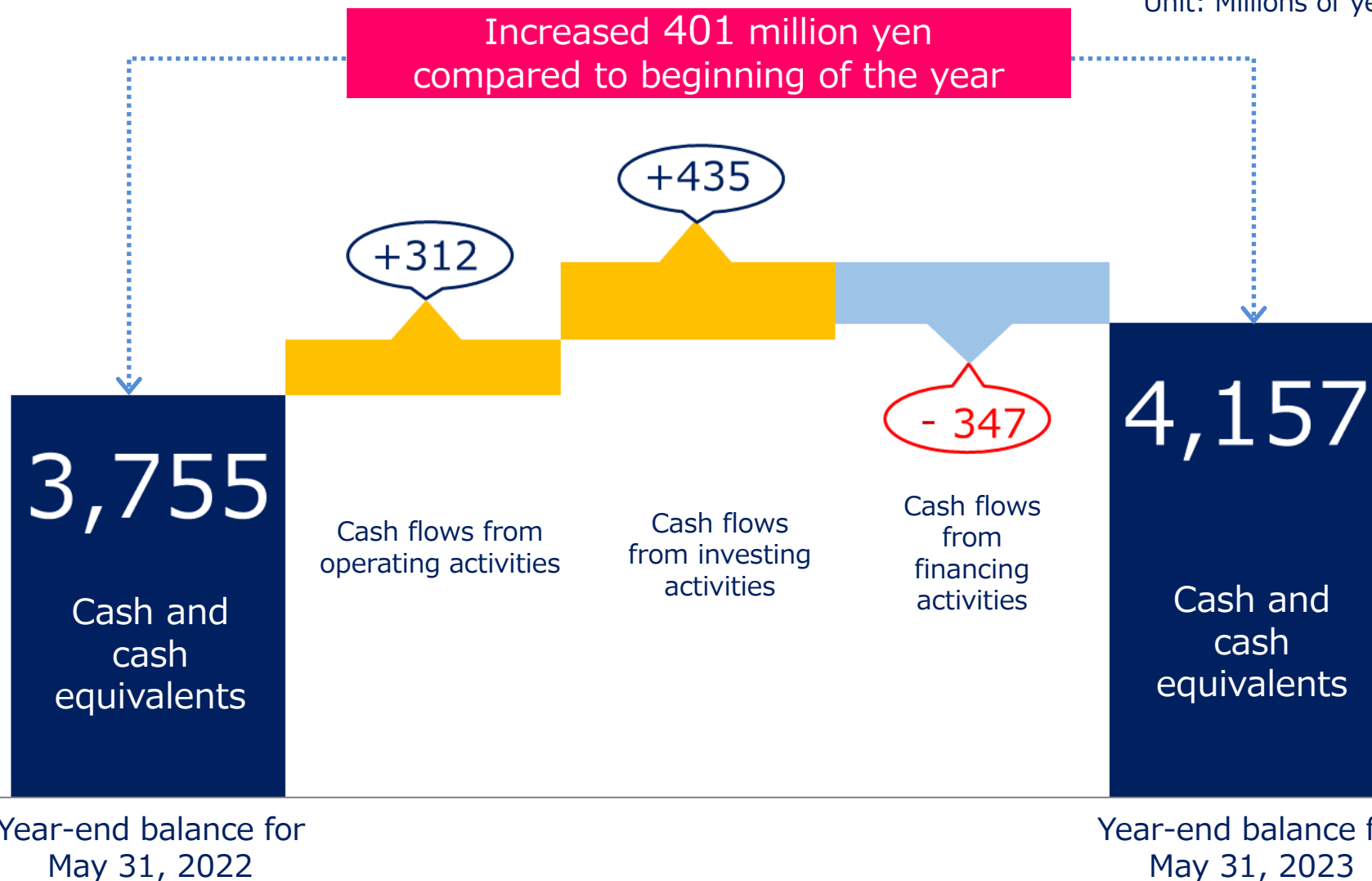


Financial Indicators (Other)

	Year ended May 31, 2022	Year ended May 31, 2023
Net assets	9,671 million yen	10,077 million yen
Net Assets per Share	1,002.86 yen	1,043.28 yen
Net Income per Share	55.6 yen	70.7 yen
Capital-to-assets ratio	82.4%	81.9%
Treasury shares	1,000,926 shares	985,439 shares
No. of employees	674	691

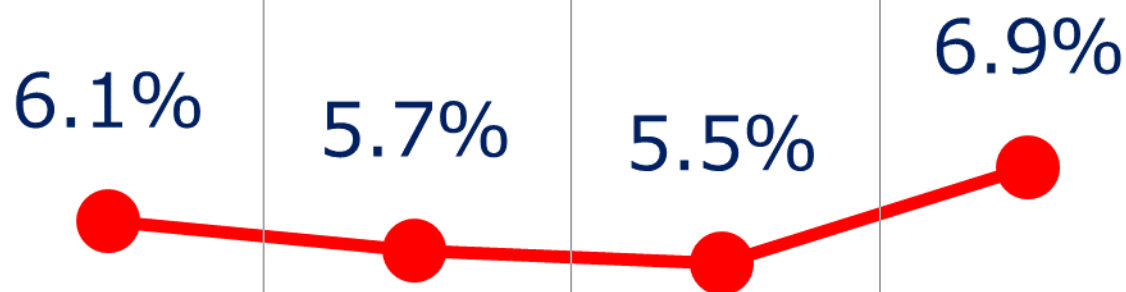
Consolidated Cash Flows for the Year Ended May 31, 2023

Unit: Millions of yen



* The balance at the end of the year ended May 31, 2023 includes an increase of 1 million yen due to exchange rate movements.

Return on Equity (ROE)



	Year ended May 31, 2020	Year ended May 31, 2021	Year ended May 31, 2022	Year ended May 31, 2023
Net income per share (¥)	57.4	56.3	55.6	70.7
Net assets per share (¥)	973.0	999.9	1,002.9	1,043.3
Current net income (million yen)	558	544	532	682
Net assets (million yen)	9,396	9,675	9,671	10,077

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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

- In the energy field, we will continue to build up our track record and move from a human resources provider to a results provider
- In the crisis management field, we will achieve success and win the next projects
- In the aerospace field, we will leverage the experience of Phase 1 and move to Phase 2
- We will achieve success in business systems for a railroad subsidiary, and win the next projects



Realizing growth in both members and the organization
by the implementing divisions

Progress of the 6th Medium-Term Business Plan

2. Improve the total level of T-SES

- In the AD/ADAS field, the acquisition of all major functions of the basic software has been completed, and we are now ready to win a lump-sum order for the roll out of car models
- In the traffic field, although a project was postponed for conventional railways, member training and environmental improvements are progressing with the aim of receiving a lump-sum order for ATOS equipment
- In other fields, we are also working to improve the total level of service in each field



Sustained improvement in profitability and competitiveness through enhanced service value and customer appeal

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Measures for continued growth

- Implemented pay increases for the second consecutive year
Maintain employee benefits and competitiveness by raising the average company-wide pay by approx. 3.6%
- Introduced online learning platform
Creation of an environment for strategic technology acquisition and self-driven skill development of employees
- Optimization of working styles after the coronavirus pandemic
Optimization of the balance between telework and regular work by emphasizing team building while taking advantage of telework



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

Control Systems

- Expand the scope of large-scale contracted projects in renewable energy
- Complete large-scale equipment lump-sum contracting for ATOS and human resource development
- Expand the scope of bullet train project in order to win lump-sum orders for equipment
- Develop AI operation control packages for conventional railways and deploy them in line sections.

Automotive Systems

- In AD/ADAS, complete lump-sum orders for basic software for car model development
- Expand the scope of electrification projects and acquire key functions
- Continue training of basic software and model-based development engineers
- In onboard information, complete major projects and acquire the next projects

Particular Information Systems

- Win large-scale projects in the crisis management field and improve the total level of T-SES
- Build a track record and expand business in the public sector
- Complete Phase 2 of a large-scale contracted aerospace-related project (*1)
- Strengthen competitiveness by participating in upstream design with images and AI

*1: Aerospace field was transferred from Industrial & ICT Solution segment.

Embedded Systems

- Focus on development of new storage devices and maintain training of engineers to prepare for expansion of storage devices after recovery
- Develop IoT construction equipment as the second pillar of the segment
- Continue to train FW engineers and practical leaders through curriculum

Industry & ICT Solutions

- In railroad station equipment development, continue existing development of automatic ticket vending machines, etc., and cultivate new fields
- In road equipment, build up track record in ETC testing equipment and enter the server development market
- Expand the scale of system architecture related business by receiving orders for large-scale projects
- Continue large-scale contracted projects and train leaders

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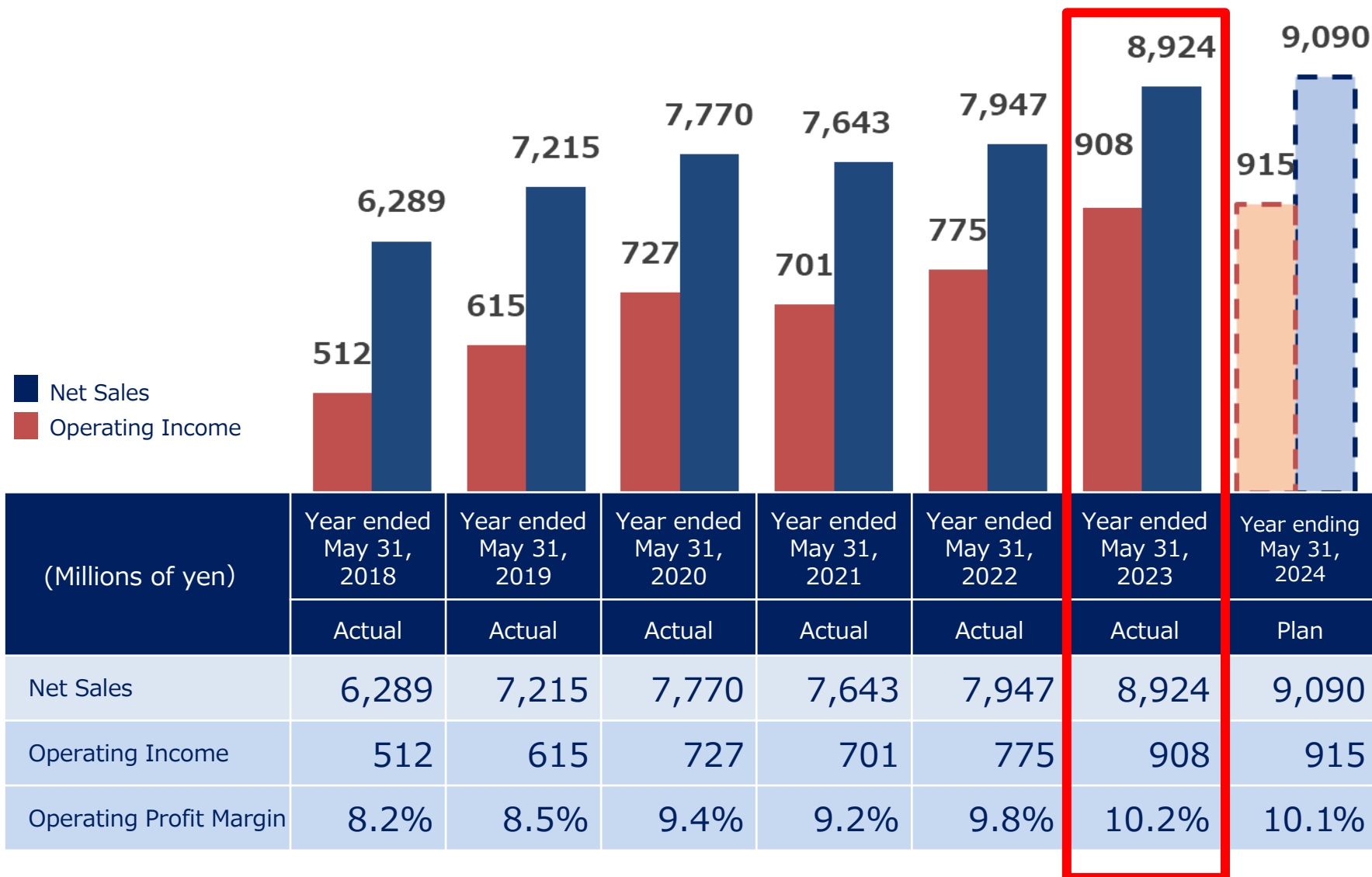
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Consolidated Numerical Targets for the Year Ending May 31, 2024

Unit: Millions of yen

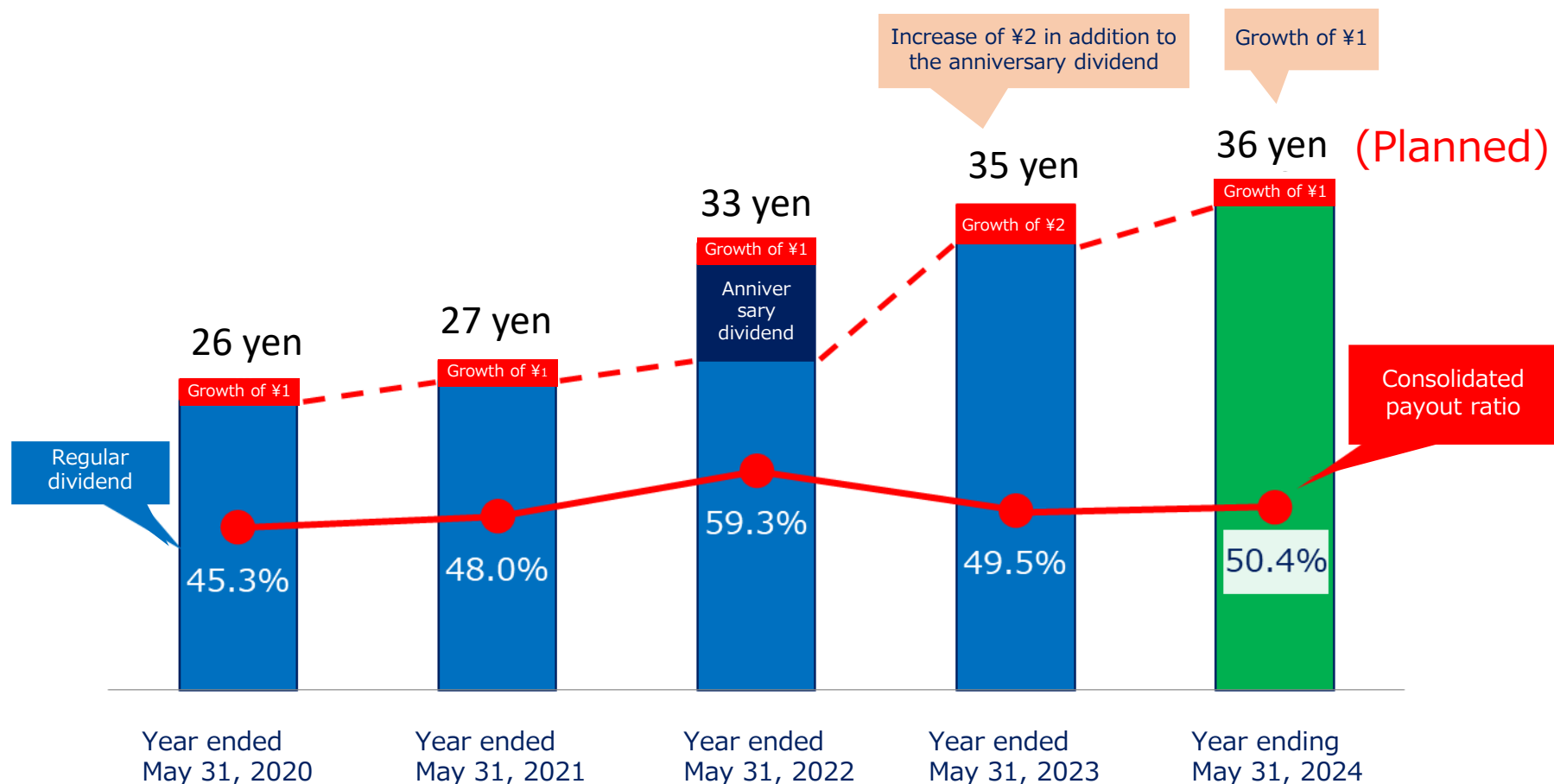
	Year ended May 31, 2023 Actual	Year ending May 31, 2024 Plan	Change (percent change)
Net Sales	8,923	9,090	+166 +1.9%
Operating Income (profit margin)	908 (10.2%)	915 (10.1%)	+6 +0.8%
Ordinary Income (profit margin)	967 (10.8%)	970 (10.7%)	+2 +0.3%
Current Net Income (profit margin)	682 (7.6%)	690 (7.6%)	+7 +1.1%

Business Performance



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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