



[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, 2024



January 19, 2024

1. Consolidated Financial Results for the Second Quarter of the Year Ending May 31, 2024

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

3. Forecast for the Year Ending May 31, 2024

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Summary of Consolidated Financial Results for the second quarter of the year ending May 31, 2024



Unit: Millions of yen

	Forecast	Compared to forecast	Actual	YoY change	Previous year
Net Sales	4,490	+51	4,541	+239	4,302
		+1.1%		+5.6%	
Operating Income (profit margin)	450 (10.0%)	+12	462 (10.2%)	+14	447 (10.4%)
		+2.8%		+3.3%	
Ordinary Income (profit margin)	480 (10.7%)	-3	476 (10.5%)	+8	467 (10.9%)
		-0.8%		+1.9%	
Net Income of the Quarter (profit margin)	340 (7.6%)	+0	340 (7.5%)	+31	308 (7.2%)
		+0.2%		+10.2%	

Overview of Consolidated Financial Results for the second quarter of the year ending May 31, 2024



Net Sales

YoY: +¥239 million (+5.6%)

Sales were steady, almost as planned
Unit price up due to factors such as pay increases passed on to customers and improvement in service value

Operating Income

YoY: +¥14 million (+3.3%)

Maintaining operating profit margin above 10% despite rising costs

Ordinary Income

YoY: +¥8 million (+1.9%)

Increased along with the rise in operating income

Net Income of the Quarter

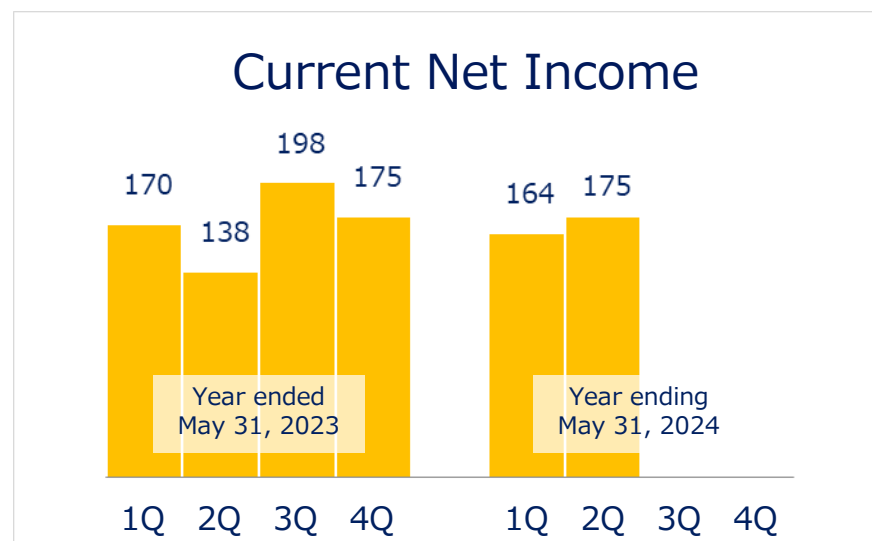
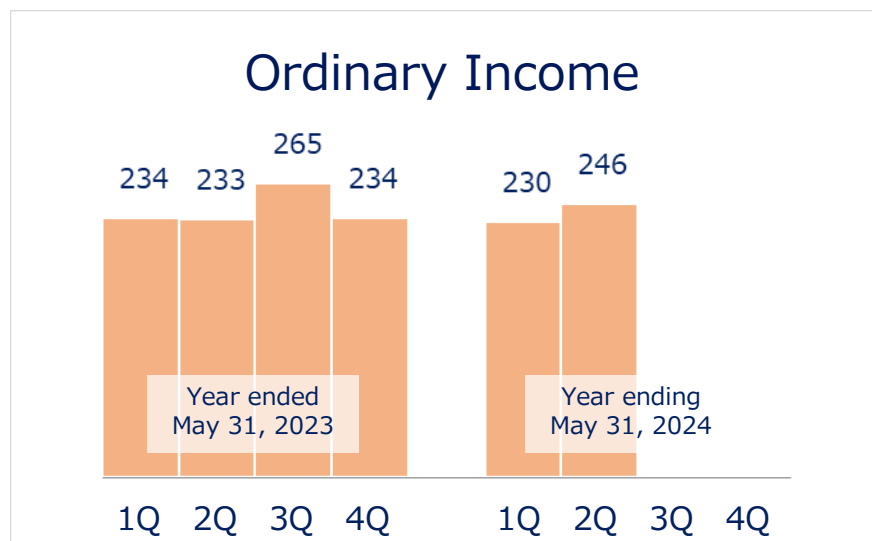
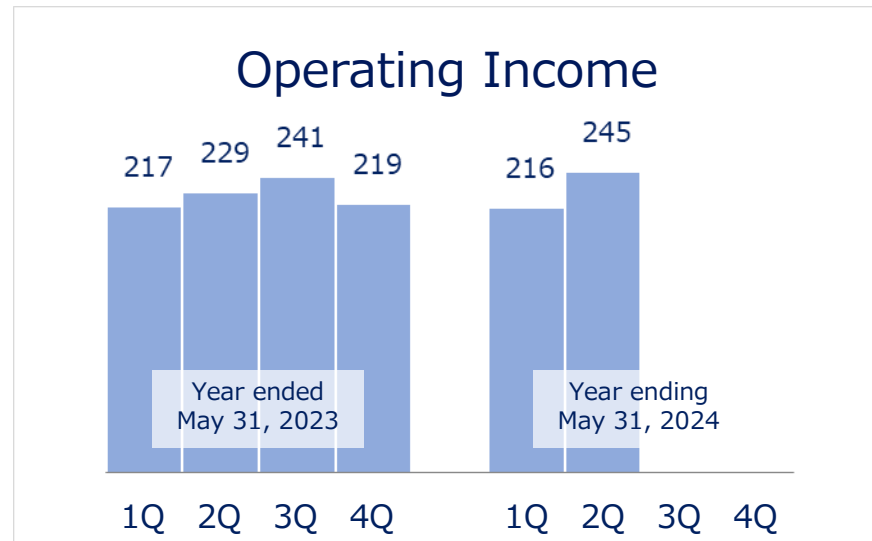
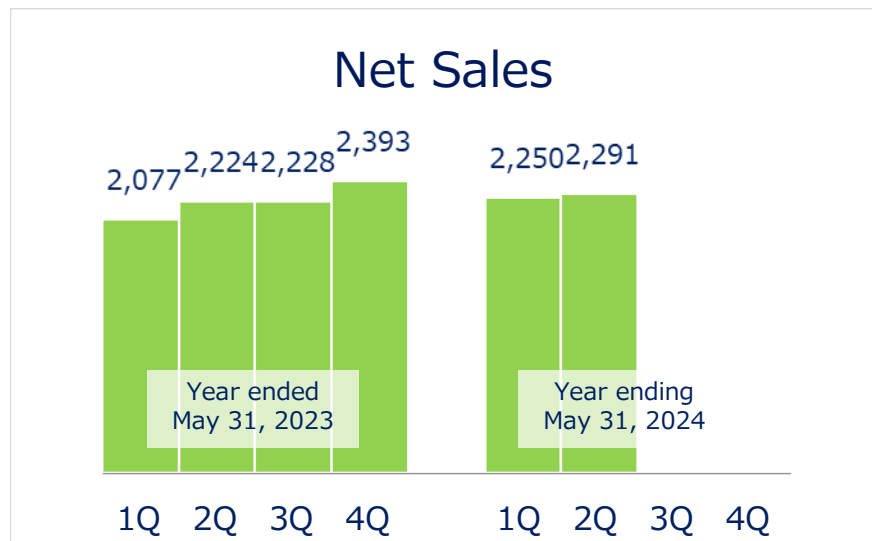
YoY: +¥31 million (+10.2%)

Impairment losses from the previous year were eliminated

- Investment in human resources
 - Implemented pay increases for the second consecutive year at the beginning of the year
 - Hiring of mid-career employees (5), hiring of new graduates in spring 2024 (33 people as of now)
- Investment in good workplace environment/facilities
 - Separation and integration of Keihin area offices, relocation of Yokohama office, establishment of Kawasaki office (December)
- Sustainability efforts
 - Published the FY2022 ESG Data Book on the website

Second Quarter of the Year Ending May 31, 2024 Performance Trend by Quarter

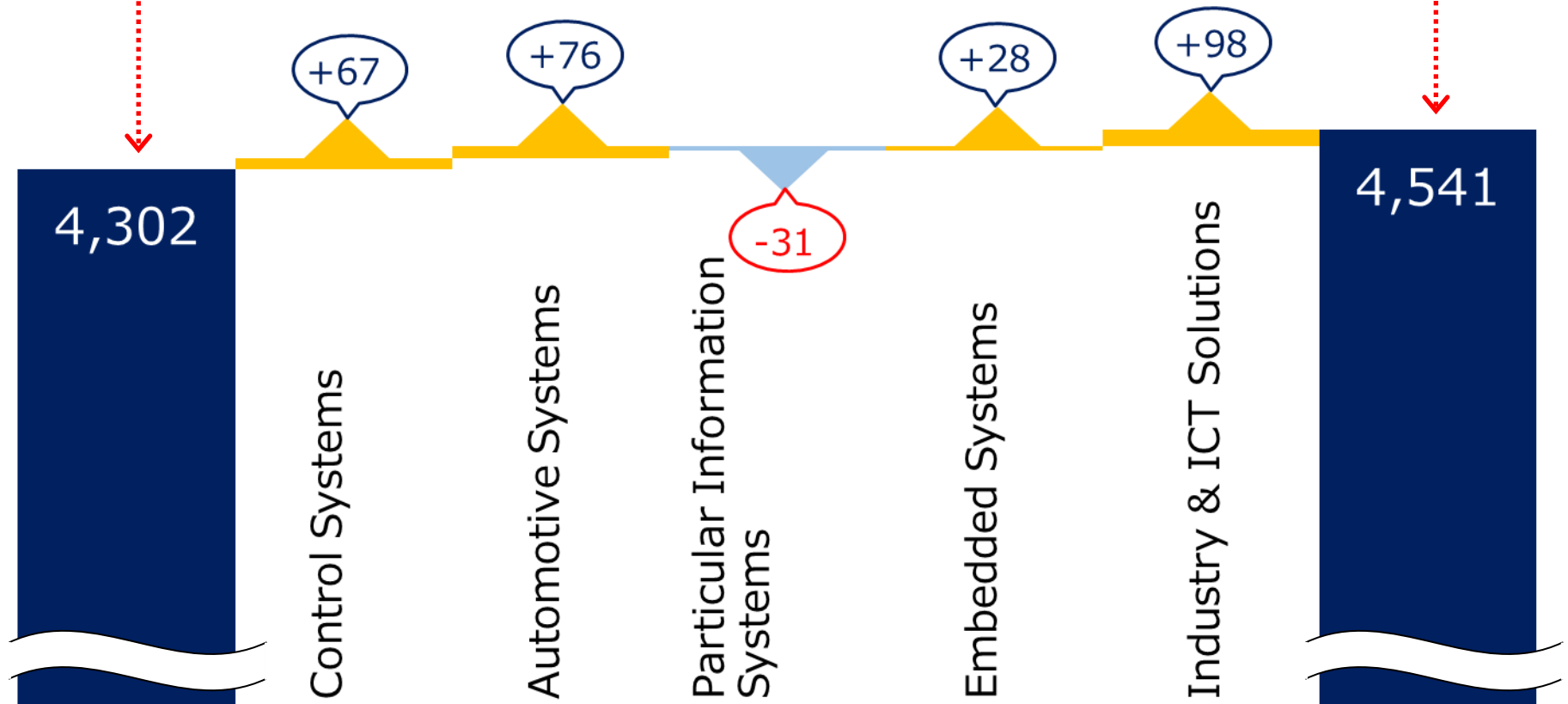
Unit: Millions of yen



Change in Sales by Business Segment for the second quarter of the year ending May 31, 2024

Unit: Millions of yen

Increase of 239 million yen (+5.6% YOY)



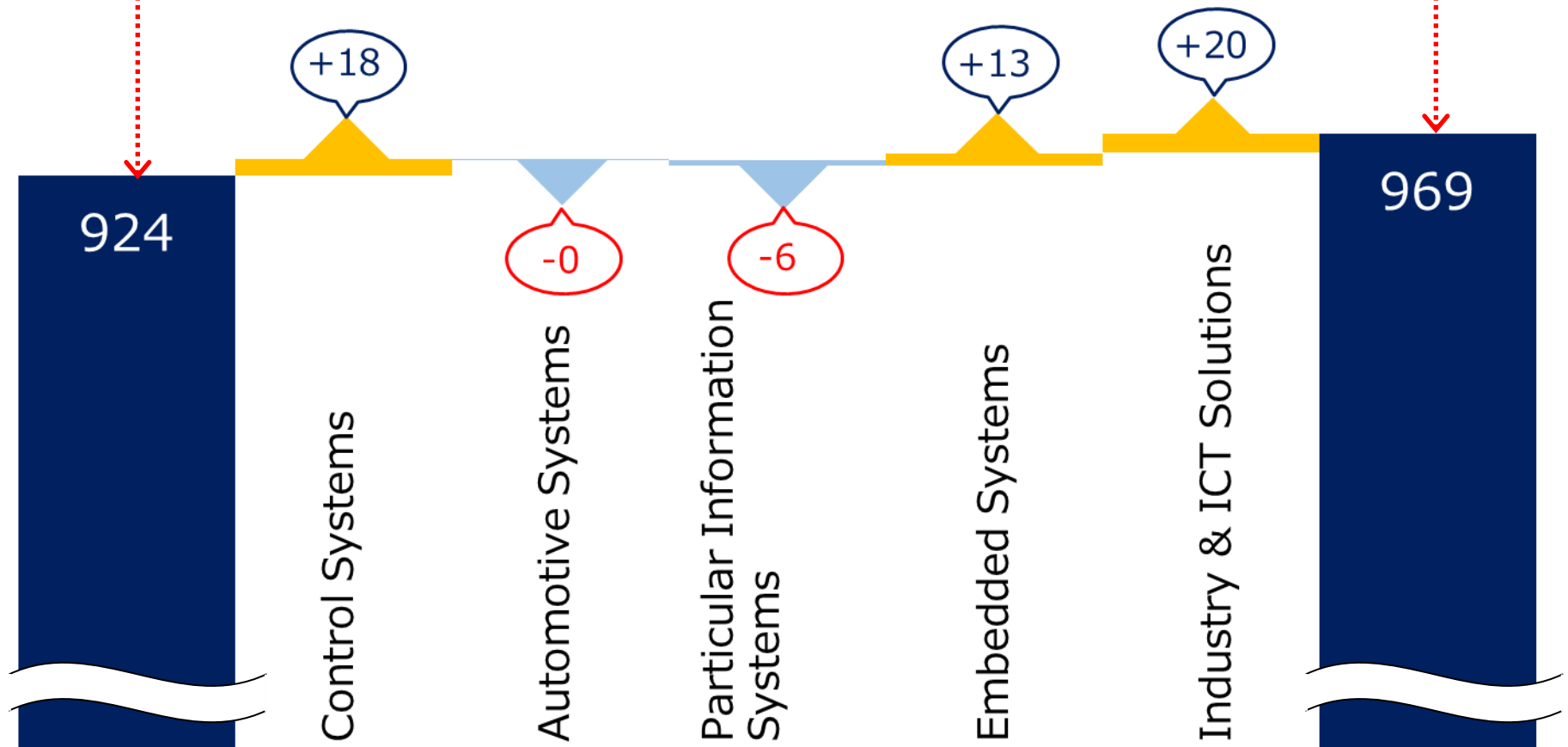
Second quarter of the year ended May 31, 2023

Second quarter of the year ending May 31, 2024

Change in Income by Business Segment for the second quarter of the year ending May 31, 2024

Unit: Millions of yen

Increase of 44 million yen (+4.8% YOY)



Second quarter of the year ended May 31, 2023

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

Second quarter of the year ending May 31, 2024

Segment Information for the second quarter of the year ending May 31, 2024 (1)

Control Systems

- Power grid control remained flat due to some development delays
- Development volume decreased in plant monitoring and control systems
- ATOS business is performing well with renewal projects from the previous year
- Conventional railways progressed smoothly with orders for new renewal projects received
- Some bullet train projects shifted to maintenance phases, reducing development volume

Unit: Millions of yen

Business Segment		Second quarter of the year ended May 31, 2023 (profit margin)	Second quarter of the year ending May 31, 2024 (profit margin)	Change (percent change)
Control Systems	Net Sales	645	712	+67 (+10.4%)
	Income	144 (22.4%)	162 (22.8%)	+18 (+12.5%)

* 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, 2024 (2)

Automotive Systems

- AD/ADAS-related business performed well, including receiving new contracts
 - Onboard information systems sales remained flat
 - Inverter control saw a decrease in sales due to a reduction in development scale
- (AD: automatic driving, ADAS: advanced driver assistance system)

Unit: Millions of yen

Business Segment		Second quarter of the year ended May 31, 2023 (profit margin)	Second quarter of the year ending May 31, 2024 (profit margin)	Change (percent change)
Automotive Systems	Net Sales	1,045	1,122	+76 (+7.3%)
	Income	301 (28.9%)	301 (26.8%)	0 (-0.2%)

* 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, 2024 (3)

Particular Information Systems

- Aerospace field(*1)contracted as some projects entered the testing phase
- Crisis management field contracted as large-scale projects concluded
- Satellite images in the recognition/identification field performed well with an increase in orders

*1: Aerospace field was transferred from Industry & ICT Solutions segment from year ending May 31, 2024, and figures from the same period of the previous fiscal year have been reclassified into the segment classifications after the change for comparison and analysis.

Unit: Millions of yen

Business Segment		Second quarter of the year ended May 31, 2023 (profit margin)	Second quarter of the year ending May 31, 2024 (profit margin)	Change (percent change)
Particular Information Systems	Net Sales	634	603	-31 (-4.9%)
	Income	108 (17.2%)	102 (17.1%)	-6 (-5.5%)

* 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, 2024 (4)

Embedded Systems

- Existing storage development contracted due to memory downturn
- New storage development performed well due to new development projects
- IoT construction equipment business expanded due to increase in development volume

Unit: Millions of yen

Business Segment		Second quarter of the year ended May 31, 2023 (profit margin)	Second quarter of the year ending May 31, 2024 (profit margin)	Change (percent change)
Embedded Systems	Net Sales	665	694	+28 (+4.3%)
	Income	150 (22.6%)	164 (23.6%)	+13 (+8.9%)

* 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, 2024 (5)

Industry & ICT Solutions

- Station equipment development received new orders for projects such as automatic ticket checkers
- Development of ETC testing equipment in road equipment-related business was steady due to expansion of project system
- In government-related project development, development projects started from the previous year were strong
- Sales in the system architecture field were generally flat

*1: Aerospace field was transferred to the Particular Information Systems segment from year ending May 31, 2024, and figures from the same period of the previous fiscal year have been reclassified into the segment classifications after the change for comparison and analysis.

Unit: Millions of yen

Business Segment		Second quarter of the year ended May 31, 2023 (profit margin)	Second quarter of the year ending May 31, 2024 (profit margin)	Change (percent change)
Industry & ICT Solutions	Net Sales	1,311	1,409	+98 (+7.5%)
	Income	218 (16.6%)	238 (16.9%)	+20 (+9.2%)

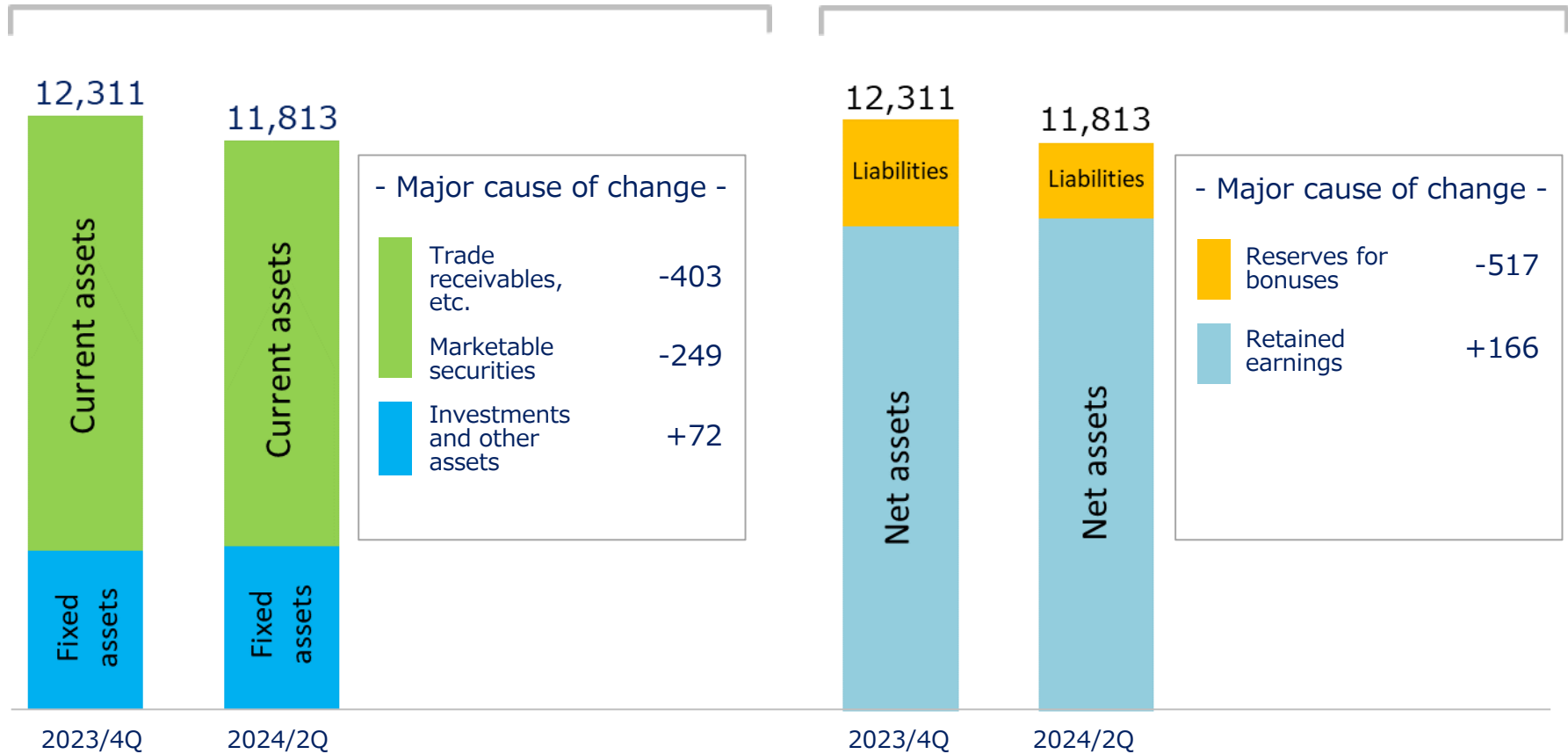
* Segment income does not include corporate expenses that have not been allocated to the segment.

Consolidated Financial Position

Unit: Millions of yen

Assets

Liabilities and net assets



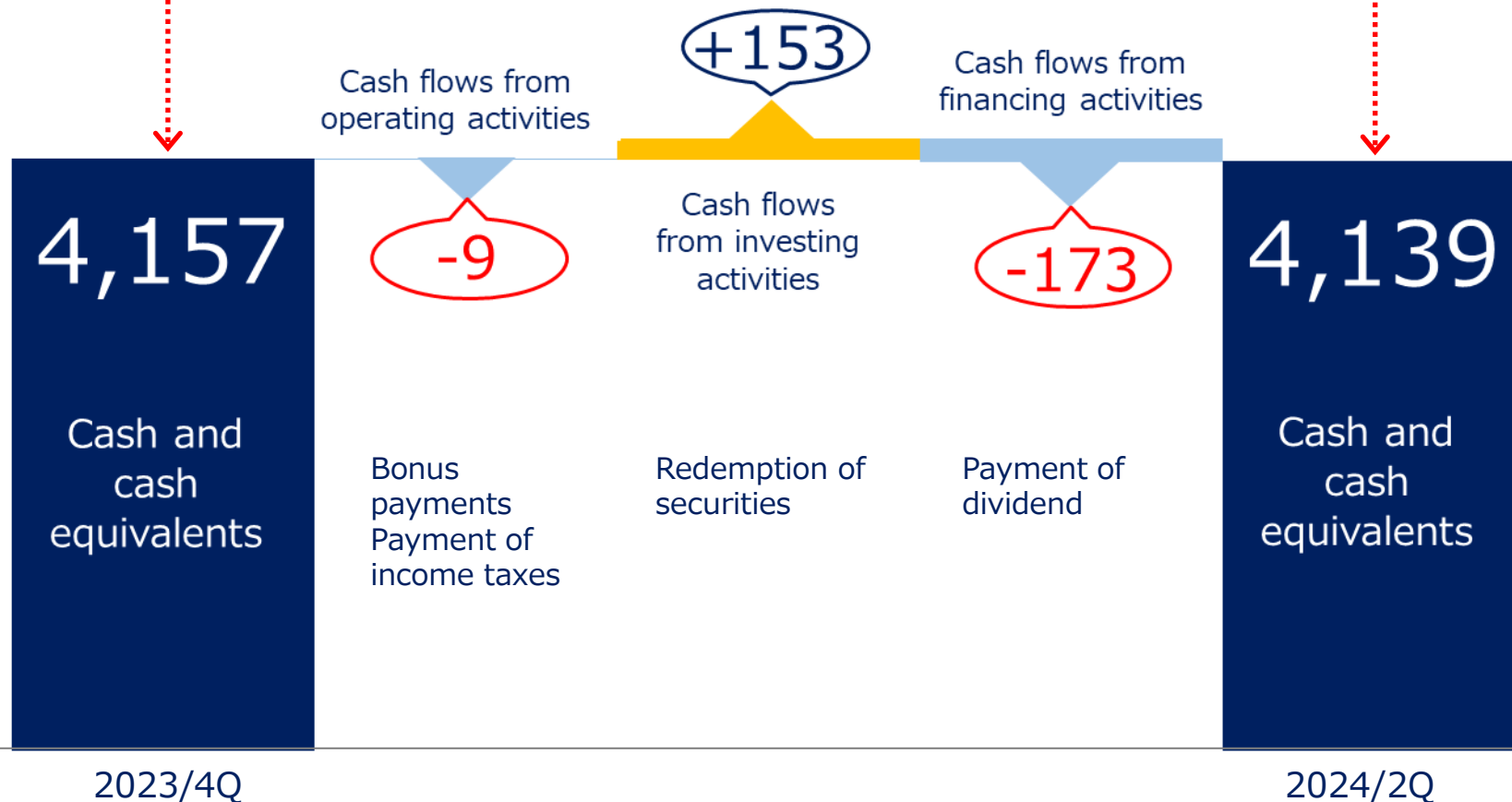
Financial Indicators (Other)

	Second Quarter of the year ended May 31, 2023	Second Quarter of the year ending May 31, 2024	(Reference) Year ended May 31, 2023
Net Assets	9,801 million yen	10,244 million yen	10,077 million yen
Net Assets per Share	1,014.54 yen	1,059.07 yen	1,043.28 yen
Net Income per Share	32.02 yen	35.25 yen	70.7 yen
Capital-to-Assets Ratio	85.6%	86.7%	81.9%
Treasury Shares	984,439 shares	972,042 shares	985,439 shares
No. of Employees	681	681	691

Consolidated Cash Flows for the second quarter of the year ending May 31, 2024

Unit: Millions of yen

Declined by 17 million yen compared to beginning of the year



*The balance at the end of the second quarter of the year ending May 31, 2024 includes an increase of 10 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.

Progress of the 6th Medium-Term Business Plan

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

- Further achievements in power grid control achieved in the energy field
- Orders for the next projects have been confirmed and higher-level design work has begun in the crisis management field
- Overcame difficulties in quality assurance and winning the next projects in the aerospace field
- Achieved success in government-related project development and winning the next projects in the social infrastructure field



Earning trust from customers and securing new order through own growth

2. Improve the total level of T-SES

- Aiming for bulk orders, trial runs, and taking over PM tasks in the AD/ADAS field
- Aiming for bulk orders of ATOS devices in the traffic field, together with proposal activities, and technology acquisition in human resource development
- Aiming for bulk orders of major functions, structural proposals, and upper-level design in the crisis management field
- 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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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 Projection	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%

Control Systems

- In power grid control, aim for subsequent systems orders in renewable energy
- Aim to expand scope of responsibility in ATOS renewal projects
- Aim to win orders for renewal projects for conventional railways along with the recovery of JR companies' performance

Automotive Systems

- In AD/ADAS, there are plans to win lump-sum orders when basic software is deployed to vehicle models
- Aim to win orders for the next projects after the conclusion of large projects in onboard information systems
- Contraction in inverter control projects as the development peak passes

Particular Information Systems

- Aim to win orders for and launch the next projects in the aerospace field
- Aim for bulk orders of major functions in the crisis management field
- Aim for large-scale satellite image project contracts in the image recognition and identification field

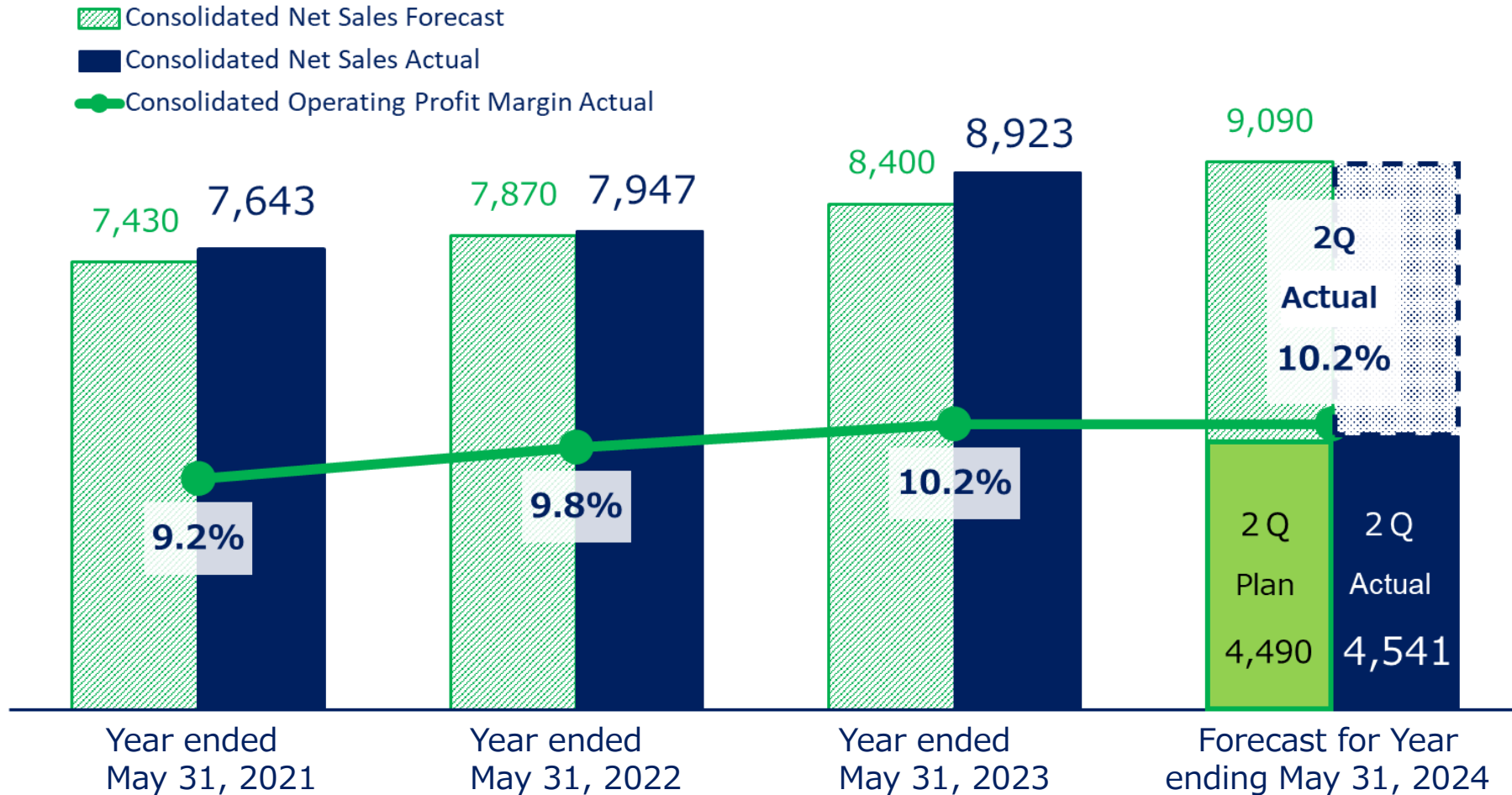
Embedded Systems

- In existing storage development, market bottoming out but recovery expected in the next fiscal year
- Aim to secure sales and develop engineers through prototype development in new storage development
- Aim for the next projects to follow controller development in IoT construction equipment

Industry & ICT Solutions

- Aim for expansion by winning automatic ticket vending machine renewal orders in railroad station equipment development
- Aim to win orders related to the development following ETC testing equipment in road equipment
- Aim for expansion by winning for the next projects in government-related project development
- Aim to win orders for large-scale projects for the next fiscal year in system architecture

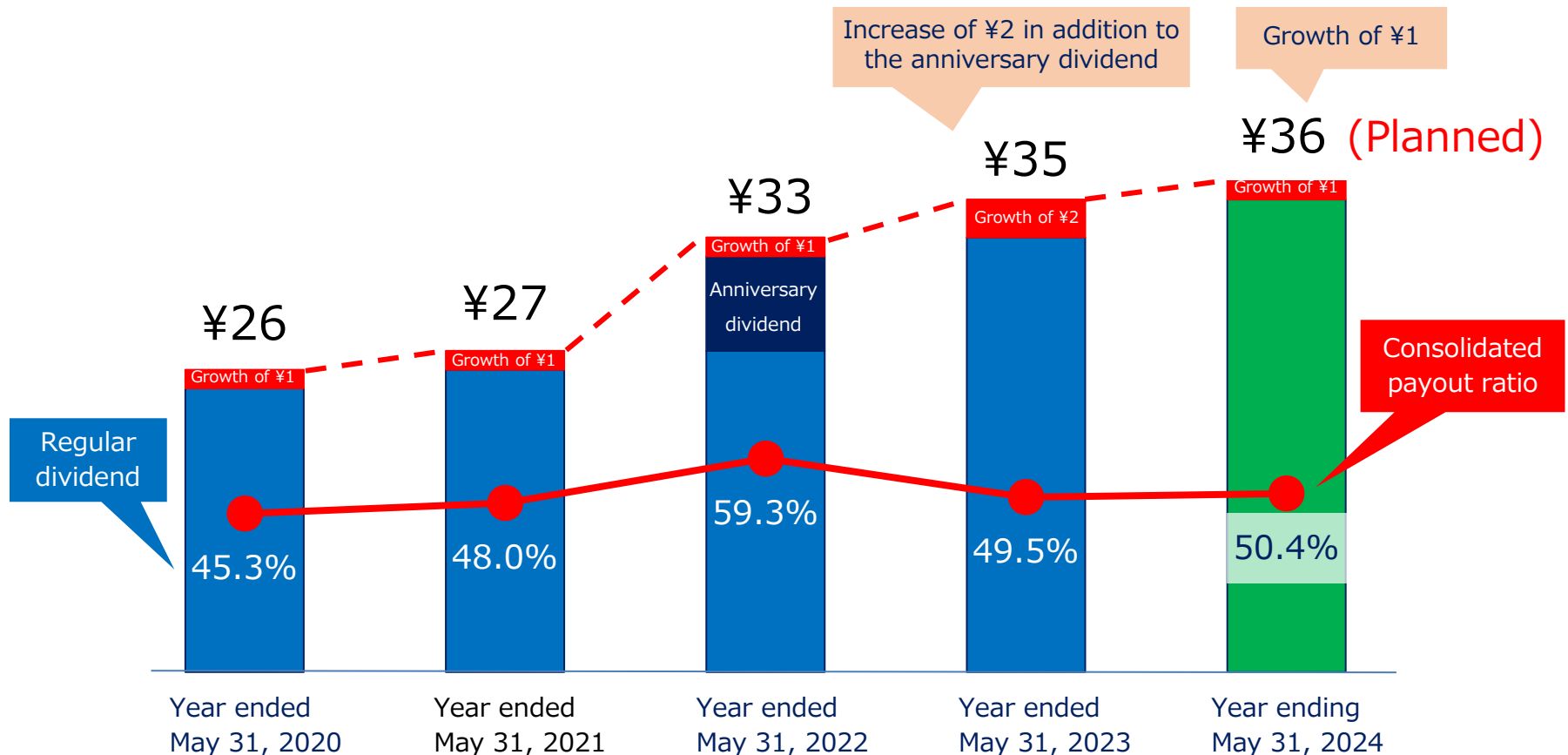
Business Performance



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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