

[Securities code: 9651]



JAPAN PROCESS DEVELOPMENT CO.,LTD.

Second quarter of the year ending May 31, 2025

Financial Results Briefing

January 17, 2025

Japan Process Development Co., Ltd.

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■ Operating results

- ✓ Net sales and operating profit both **reached the highest levels for the interim period since listing for the 4th consecutive year**

■ Giving back to shareholders

- ✓ Following the dividend policy, the interim dividend per share is ¥26, the year-end dividend is ¥26, resulting in an annual dividend of ¥52 per share, which is an increase of ¥14 compared to the previous year, **an increase for the 6th consecutive year**

■ Investment in human resources

- ✓ Increased salaries for all employees by an average of approximately 3.8% at the beginning of the year **for the 3rd consecutive year**
- ✓ Earnings-linked bonuses paid in July reached record high **for the 7th consecutive year**
- ✓ Average annual income in 2024 expected to exceed ¥7.73 million, **an increase for the 8th consecutive year**
- ✓ Number of new graduates offered employment in 2025 increased from the planned 50, **accounting for approximately 10% of all employees**

■ ESG initiatives

- ✓ Published the FY2023 ESG Data Book on the website

1.1 Consolidated Business Performance (Second Quarter of the Year Ending May 31, 2025)

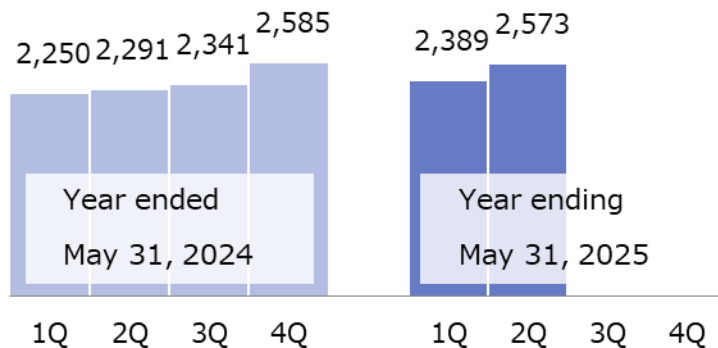
- Net sales: **¥4.962** billion (YoY change +¥421 million), Operating income: **¥538** million (YoY change +¥75 million)
- Operating income increased due to improved productivity and the curbing of growth in SG&A expenses
- Ordinary income was boosted by the increase in operating income and the surrender value of insurance (¥84 million)

Unit (Millions of yen)	Actual	YoY change		Sales composition ratio (YoY change)		Full-year performance forecast	Progress toward performance forecast
Net sales	4,962	+421	+9.3%	—		10,000	49.6%
Gross profit	1,054	+85	+8.8%	21.2%	(-0.1pt)	—	—
SG&A expenses	515	+9	+1.9%	10.4%	(-0.8pt)	—	—
Operating income	538	+75	+16.4%	10.8%	(+0.7pt)	1,000	53.8%
Ordinary income	654	+177	+37.3%	13.2%	(+2.7pt)	1,060	61.7%
Interim net income	464	+124	+36.5%	9.4%	(+1.9pt)	755	61.5%

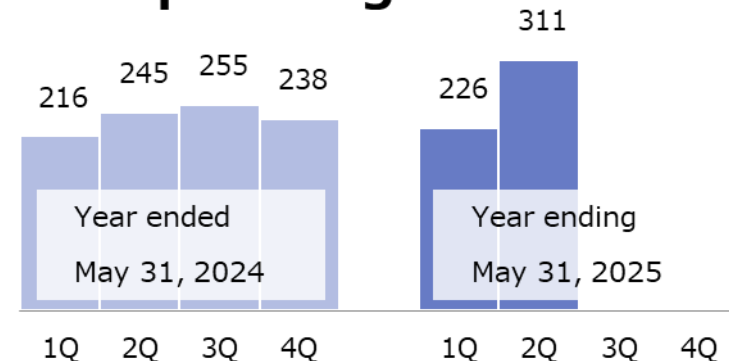
1.2 Quarterly Changes (Second Quarter of the Year Ending May 31, 2025)

- Net sales increased in 2Q, continuing from 1Q, due to an expansion in the scale of development
- Operating income increased significantly in the 2nd quarter due to growth in net sales

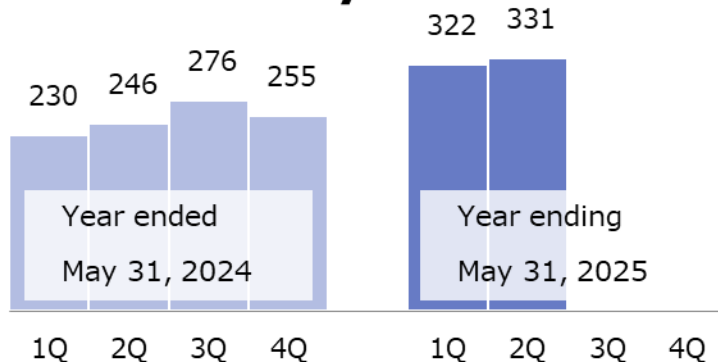
Net Sales



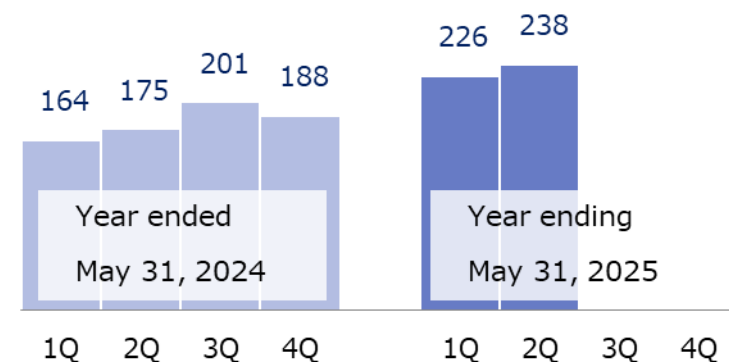
Operating Income



Ordinary Income



Current Net Income



1.3 Net Sales by Business Segment (Second Quarter of the Year Ending May 31, 2025)

- Net sales increased in all business segments excluding the Embedded Systems segment
- Net sales for the Particular Information Systems segment grew significantly due to the overlapping of large-scale projects
- The Embedded Systems segment saw a gradual recovery in the semiconductor market but faced a shortage of workload

(Unit : Millions of yen)	Actual	YoY change		Sales composition ratio (YoY change)	
Consolidated	4,962	+421	+9.3%	—	
Control Systems	766	+54	+7.6%	15.4%	(-0.2pt)
Automotive Systems	1,193	+70	+6.3%	24.0%	(-0.7pt)
Particular Information Systems	858	+255	+42.3%	17.3%	(+4.0pt)
Embedded Systems	671	-23	-3.3%	13.5%	(-1.8pt)
Industry & ICT Solutions	1,473	+63	+4.5%	29.7%	(-1.3pt)

1.4 Income by Business Segment (Second Quarter of the Year Ending May 31, 2025)

- The Control Systems and Industry & ICT Solutions segments achieved steady profit growth
- The Particular Information Systems segment saw a significant increase in profit due to major improvements in productivity
- The Automotive Systems segment saw a decline in profit in the first half of the fiscal year due to increased upfront investments in technology acquisition
- The Embedded Systems segment experienced a decrease in profit due to the impact of the conclusion of new storage development

(Unit : Millions of yen)	Actual	YoY change		Income composition ratio (YoY change)	
Consolidated	1,062	+93	+9.7%	—	
Control Systems	190	+27	+17.1%	17.9%	(+1.1pt)
Automotive Systems	295	-6	-2.0%	27.8%	(-3.3pt)
Particular Information Systems	203	+100	+97.9%	19.2%	(+8.5pt)
Embedded Systems	107	-56	-34.5%	10.1%	(-6.8pt)
Industry & ICT Solutions	265	+27	+11.7%	25.0%	(+0.5pt)

■ Control Systems

- Order volume for power plant monitoring and control systems steadily increased
- Conventional traffic control systems performed well due to renewal projects and AI projects
- Bullet trains traffic control systems performed well due to an increase in development volume
- Although ATOS received steady orders, acceptance inspection is from the third quarter onward

■ Automotive Systems

- Net sales for AD/ADAS performed well due to the acquisition of new project and expanded scope of projects
- Onboard information related business performed well, including receiving new contracts
- Electrification-related business saw a decrease in both sales and profits due to a reduction in development scale

■ Particular Information Systems

- Satellite imagery-related business was strong well with an increase in orders
- Crisis management-related business saw a significant increase in both sales and profits due to the start of large-scale projects this quarter
- Aerospace related business contracted as some projects entered the testing phase

1.5 Segment Information (2)

■ Embedded Systems

- Storage device development system gradually expanded, leading to a recovery in sales
- In new storage development, development was completed in the previous fiscal year
- IoT construction equipment-related business system expanded due to increase in development volume

■ Industry & ICT Solutions

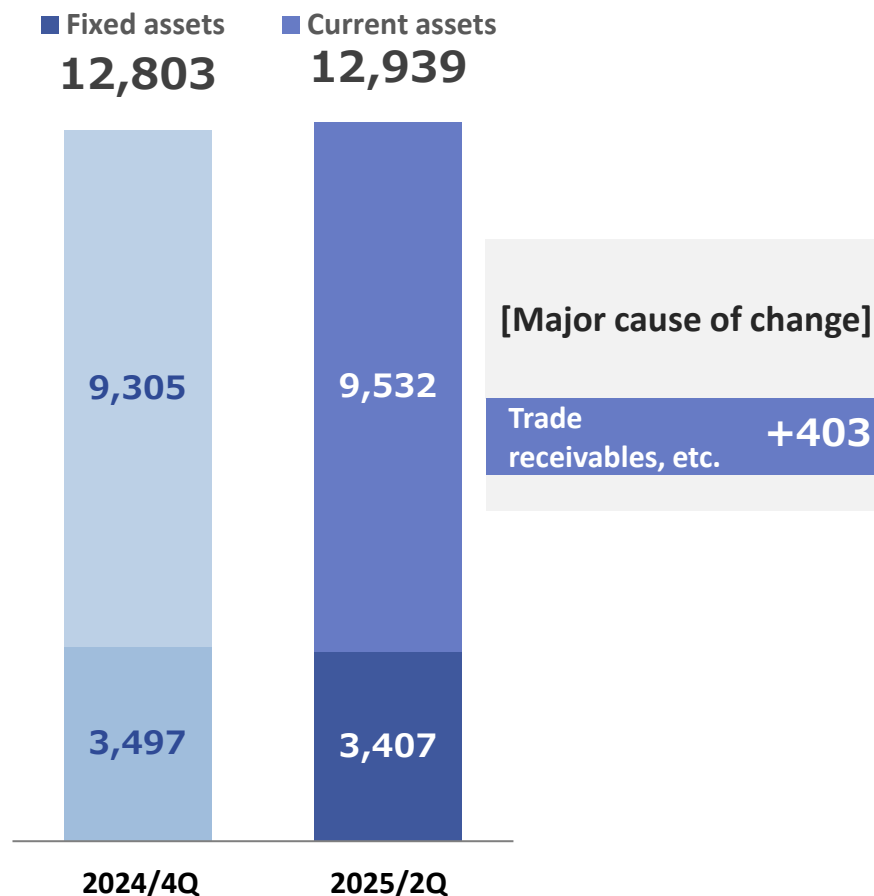
- Cloud systems were strong due to the development of new customers and the acquisition of new projects from existing customers
- IoT cloud was flat
- Railroad station equipment development system expanded and is performing well due to development projects started from the previous year
- Road equipment-related business entered the maintenance phase and the system was downsized

1.6 Consolidated Financial Position

(Unit : Millions of yen)

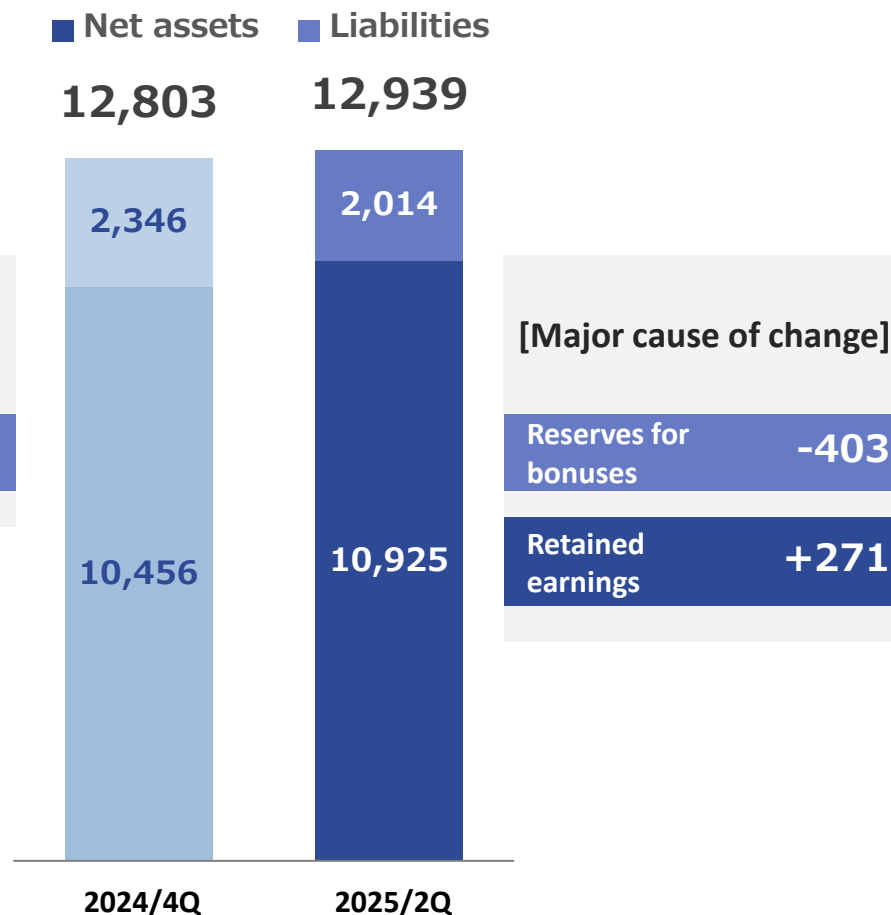
■ Assets

Total assets **¥12.9** billion (+¥0.136 billion)



■ Liabilities and net assets

Capital-to-assets ratio **84.4%**



1.7 Financial Statements (Others)

	Second quarter of the year ended May 31, 2024	Second quarter of the year ending May 31, 2025	(Reference) Year ended May 31, 2024
Net assets per share	¥1,059.07	¥1,128.71	¥1,081.14
Net income per share	¥35.25	¥48.06	¥75.56
Capital-to-assets ratio	86.7%	84.4%	81.7%
Treasury shares	972,042 shares	965,550 shares	973,242 shares
No. of employees	681	683	698

1.8 Consolidated Cash Flows

Unit (Millions of yen)	Second quarter of the year ended May 31, 2024	Second quarter of the year ending May 31, 2025	Major cause of change
CF from operating activities	-9	-327	<ul style="list-style-type: none"> • Increase in trade receivables • Payment of income taxes
CF from investing activities	+153	-121	<ul style="list-style-type: none"> • Deposit of time deposits
CF from financial activities	-173	-193	<ul style="list-style-type: none"> • Payment of dividend
Cash and cash equivalents interim period-end balance	4,139	3,936	

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2.1 The 7th Medium-Term Business Plan (1)

In the 7th Medium-Term Business Plan (fiscal year ending May 31, 2025 to fiscal year ending May 31, 2027), we aim to achieve growth beyond that of the previous Medium-Term Plan by enhancing productivity through continued human resource development and by increasing orders for new design projects and large-scale projects. In conjunction with this, we will set targets for management efficiency and promote capital policies, etc.

■ Medium-Term Management Targets (KPIs)

	Year ending May 31, 2027 Management Targets	Year ended May 31, 2024 Actual	Growth rate
Business revenue	Consolidated net sales ¥12 billion or more	¥9.46 billion	+26.8%
	Consolidated operating income ¥1.2 billion or more	¥0.956 billion	+25.5%
Management efficiency	ROE 8% or more	7.1%	+0.9pt
Shareholder returns	Progressive dividend policy	Increase in dividends over 5 consecutive years	—

■ Dividend Policy

From the fiscal year ending May 31, 2025, we have changed our target to “continue to pay stable dividends and strive to achieve a consolidated payout ratio of **66%**.”

■ Business Activities

Basic Policies

Improve the level of T-SES and expand our fields of focus

1. Increase the number of human resources capable of new designs
2. Improve estimating and management capabilities

1. We will increase productivity through human resource training and improve the total level of T-SES, and expand the scope of our business by increasing the number of orders for large-scale projects and new design projects.
2. We will increase the number of engineers by strengthening hiring and expanding our business partners.
3. By improving productivity and increasing the number of engineers, we aim to achieve consolidated net sales of at least ¥12 billion.

■ Businesses of Focus, Fields of Focus

Focus on the digital transformation (DX) of social infrastructure

Our vision for the DX of social infrastructure is to convert to advanced systems that are maintainable, scalable, and equipped with cybersecurity.

We are contributing to the transformation of social infrastructure into “secure” and “smart” platforms, and will focus on developing new systems equipped with the latest technologies such as IoT, cloud computing, and AI.

In the current Medium-Term Business Plan, we will focus on expanding scope in the areas of AD/ADAS for Automotive Systems, cloud systems such as government cloud, and aerospace and crisis management for Particular Information Systems.

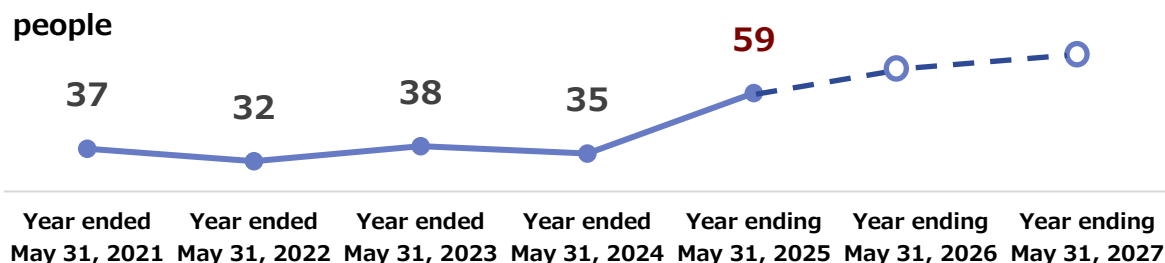
■ Human resources development

- ✓ We have started to develop highly skilled engineers who can create new designs according to the characteristics of each business, and to improve the level of next-generation general-purpose technology
- ✓ We have expanded education to improve management capabilities and expanded the scope of education to include younger employees

■ Securing engineers

- ✓ The number of new graduates offered employment for 2025 is expected to be about 10% of all employees, exceeding the initial plan

Number of new graduates hired



■ Businesses of Focus, Fields of Focus

Focus on the digital transformation (DX) of social infrastructure

- ✓ Focus on orders for AI development projects and IoT development projects
- ✓ Expand bulk orders for AD/ADAS for Automotive Systems during vehicle model rollout through T-SES
- ✓ In cloud systems, focus on orders for government cloud and user company development projects
- ✓ In the crisis management field for the Particular Information Systems segment, expand scale of business by securing engineers

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3.1 Consolidated Business Performance Forecast for Year Ending May 31, 2025

■ Net sales: **¥10**billion (YoY change +¥531 million), Operating income: **¥1** billion (YoY change +¥43million)

Unit (Millions of yen)	Year ended May 31, 2024 actual	Year ending May 31, 2025 expected	Change (percent change)
Net sales	9,468	10,000	+531 (+5.6%)
Operating income (profit margin)	956 10.1%	1,000 10.0%	+43 (+4.6%)
Ordinary income (profit margin)	1,008 10.6%	1,060 10.6%	+51 (+5.1%)
Current net income (profit margin)	730 7.7%	755 7.6%	+24 (+3.4%)

■ Control Systems

- Large-scale projects for power grids will begin from the second half of the fiscal year
- ATOS acceptance inspections to be concentrated in the second half of the year, and the system will be expanded for the next fiscal year
- Existing projects for conventional trains to peak out. Sales to be secured through new projects and AI development
- Bullet train projects to be postponed to the next fiscal year, with full-year sales expected to be on par with the previous fiscal year

■ Automotive Systems

- Scale of development for AD/ADAS is increasing due to bulk orders for multiple vehicle types, and the system is continuing to expand
- In onboard information systems, the system will be maintained in the second half
- In inverter development and BMS development, the system will continue to contract

■ Particular Information Systems

- Although the aerospace field is flat, the workload will increase from next fiscal year onwards
- In the crisis management field, the next project has started and the system will expand from next fiscal year onwards
- Major projects in the image recognition/identification field will peak in 3Q

■ Embedded Systems

- The semiconductor market is on a recovery trend, and the storage device development system will be expanded from 3Q
- In IoT construction equipment, development volume will also increase from the second half of fiscal year
- AD/ADAS BSW development system will contract

■ Industry & ICT Solutions

- Cloud systems and IoT cloud will maintain their expanded systems established in the first half
- In the system architecture field, the system will be expanded in an aim to secure large-scale projects for the next fiscal year
- Railroad station equipment development will expand its system to support thin clients, etc.
- The road equipment-related business will aim for new orders from April onward.

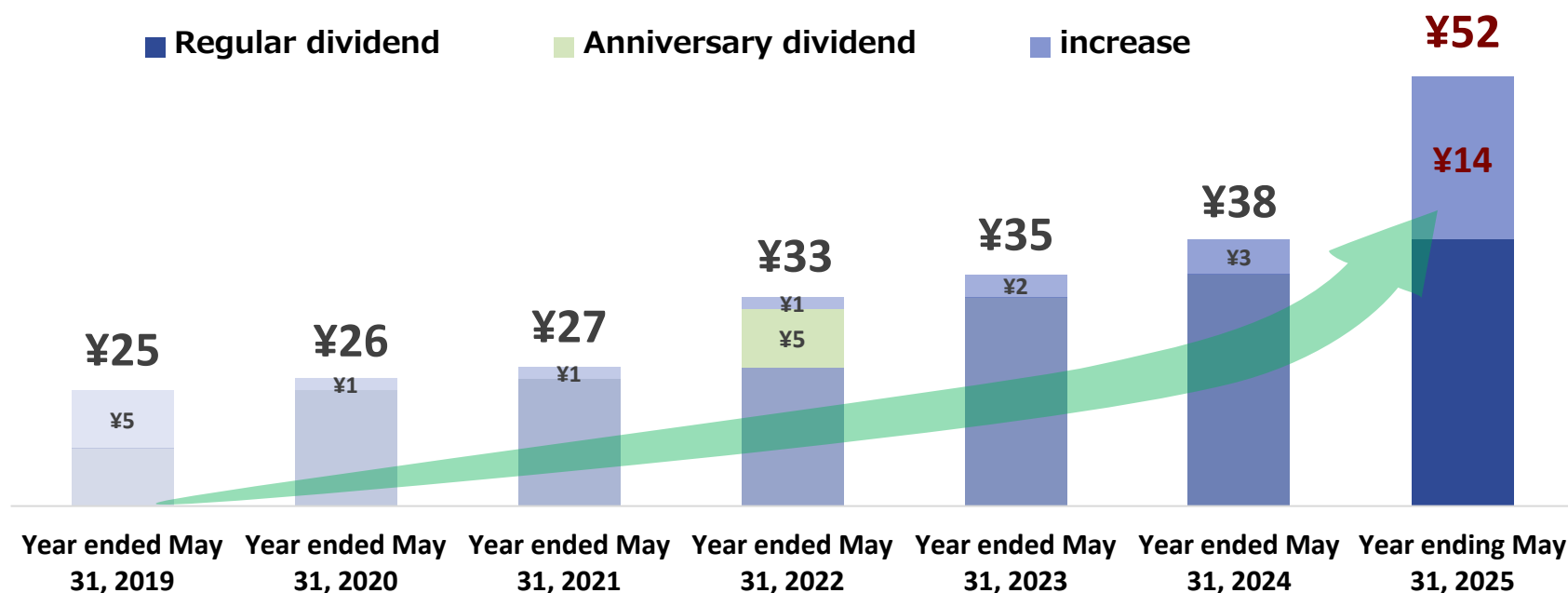
3.3 Giving Back to Shareholders

■ Dividend Policy

From the fiscal year ending May 31, 2025, we have changed our dividend policy to “continue to pay stable dividends and strive to achieve a consolidated payout ratio of **66%.**”

■ Dividend Forecast

The annual dividend for the year ending May 31, 2025 will be **¥52** per share, **an increase for the 6th consecutive year.**



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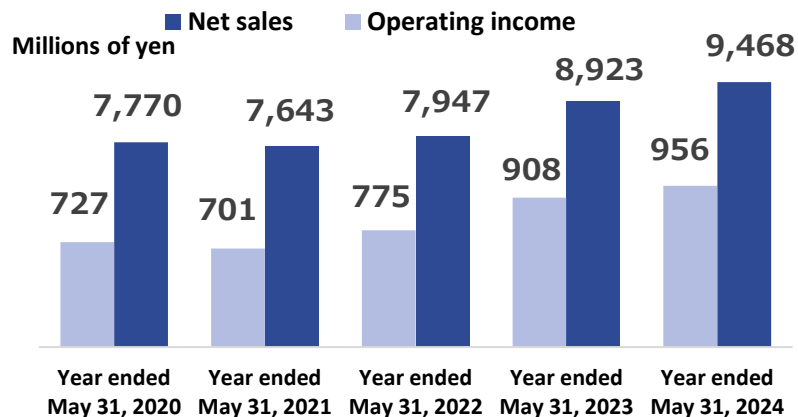
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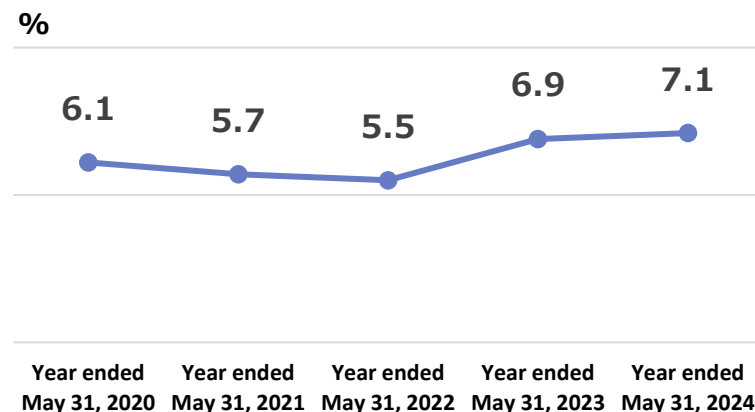
Appendix

4.1 Data (5 years)

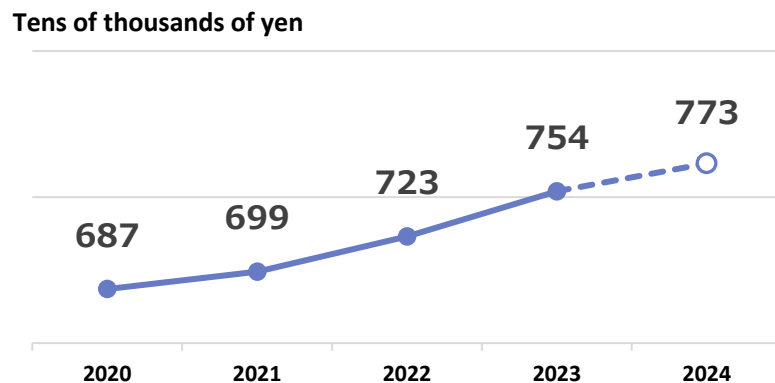
■ Net sales and operating income



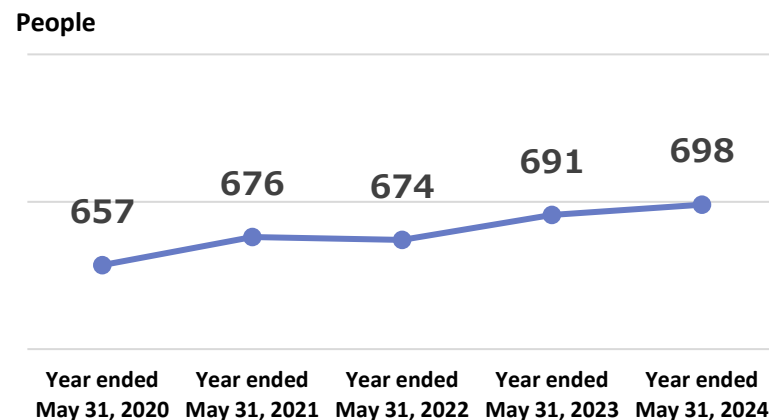
■ ROE



■ Average annual salary

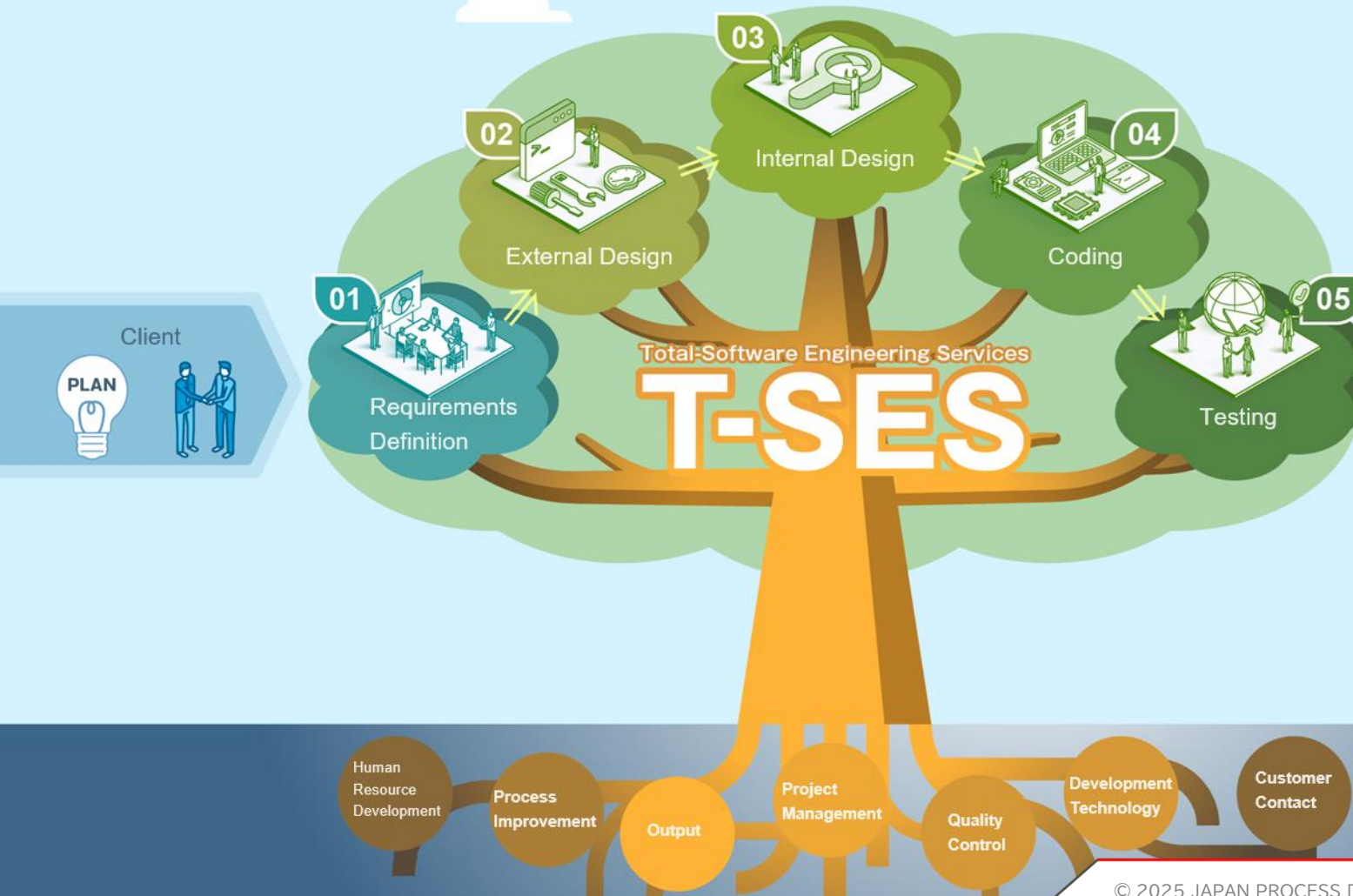


■ No. of employees



■ T-SES (Total Software Engineering Services)

To guide clients (or end-users) in making decisions on specifications and undertake everything consistently until completion after such decisions are made, in accordance with the knowledge JPD itself has.



4.3 Explanation of Terms

■ AD/ADAS

Auto Driving is a general term for functions and technologies that aim to reach a destination based solely on the vehicle's judgment.

Advanced Driving Assistance System (ADAS) is a general term for functions and technologies that support the driver's driving operations.

■ ATOS

The **A**utonomous decentralized **T**ransport **O**peration control **S**ystem (ATOS) is an autonomous decentralized train traffic control system installed by East Japan Railway Company on its lines in the Tokyo metropolitan area.

■ BSP

Board **S**upport **P**ackage (BSP) is a software library required to run an OS on a CPU board.

■ BSW

Basic **S**oft**w**are (BSW) is a standard software module that provides essential services to run upper-layer software functions.

■ ICE

An **I**nternal **C**ombustion **E**ngine (ICE) is a conventional engine that burns fuel, such as gasoline or diesel fuel, in a cylinder.

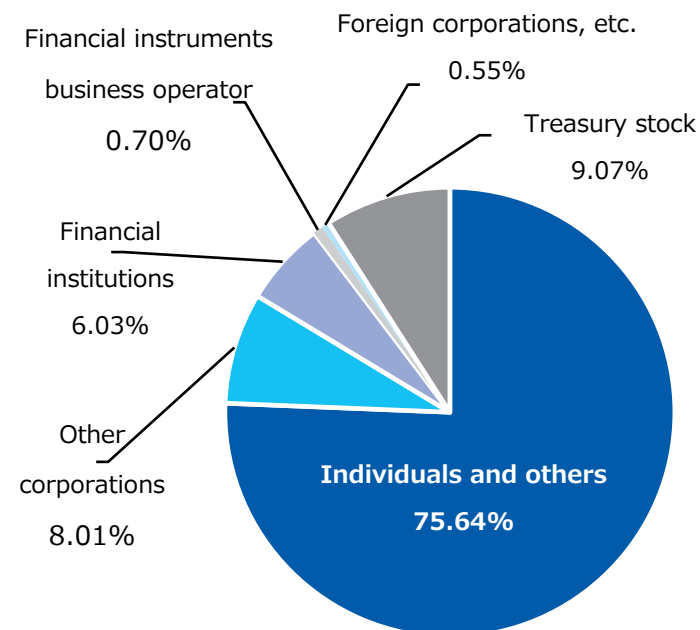
■ IoT

Internet **o**f **T**hings (IoT) is a system in which various things that were not previously connected to the Internet are connected to servers and cloud services through a network and exchange information with each other.

4.4 Company Overview

Company name	Japan Process Development Co., Ltd. (JPD)
Date established	June 1967
Representative	Hitoshi Obu, Chairman and Representative Director Satoshi Azuma, President and Representative Director
Head office	Gate City Osaki West Tower 22F 1-11-1, Osaki, Shinagawa-ku, Tokyo, 141-0032, Japan TEL: +81-3-4531-2111 / FAX: +81-3-4531-2110
Offices	Hitachi City, Ibaraki Prefecture, Hitachinaka City, Ibaraki Prefecture, Kawasaki City, Kanagawa Prefecture, Yokohama City, Kanagawa Prefecture
Exchange listed	Tokyo Securities Exchange Standard Market / 9651
Number of issued and outstanding shares	9,679,470 (excluding 965,550 treasury stock) (As of November 30, 2024)
Total number of shareholders	3,787 (As of November 30, 2024)
Affiliated company	IPD Dalian Engineering Limited (IPD Dalian)

Status of shares	Distribution by ownership
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**Japan Process Development utilizes 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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