

[Securities code: 9651]



JAPAN PROCESS DEVELOPMENT CO.,LTD.

Year ended May 31, 2025

Financial Results Briefing

July 18, 2025

Japan Process Development Co., Ltd.

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■ Operating results

- ✓ Net sales and operating income both **reached the highest levels since listing for the 4th consecutive year**
- ✓ All cross-shareholdings (Ad-Sol Nissin Corporation) sold and listed as extraordinary gain on sale of investment securities
- ✓ ROE improved to 8.2% (estimate excluding extraordinary income)

■ Giving back to shareholders

- ✓ Following the dividend policy, the interim dividend per share is ¥26, the year-end dividend is ¥28 and extraordinary dividend of ¥8 due to gain on sale of investment securities, resulting in an annual dividend of ¥62 per share, which is an increase of ¥24 compared to the previous year, **an increase for the 6th consecutive year**

■ Giving back to employees

- ✓ Increased salaries for all employees by an average of approximately 3.8% **for the 3rd consecutive year**
- ✓ Total amount of earnings-linked bonuses **reach record high for the 8th consecutive year**
- ✓ Average annual salary in 2024 of ¥7.73 million, **an increase for the 8th consecutive year**

■ Donating for social contribution purposes

- ✓ Donated a total of ¥10 million to 2 entities as one part of CSR initiatives
 - Ranzan Gakuen, a carehouse for emotionally disturbed children
 - NPO Reach Alternatives
- ✓ Donated ¥4 million to support disaster areas and victims of the Noto Peninsula Earthquake

1.1 Consolidated Performance for Year Ended May 31, 2025

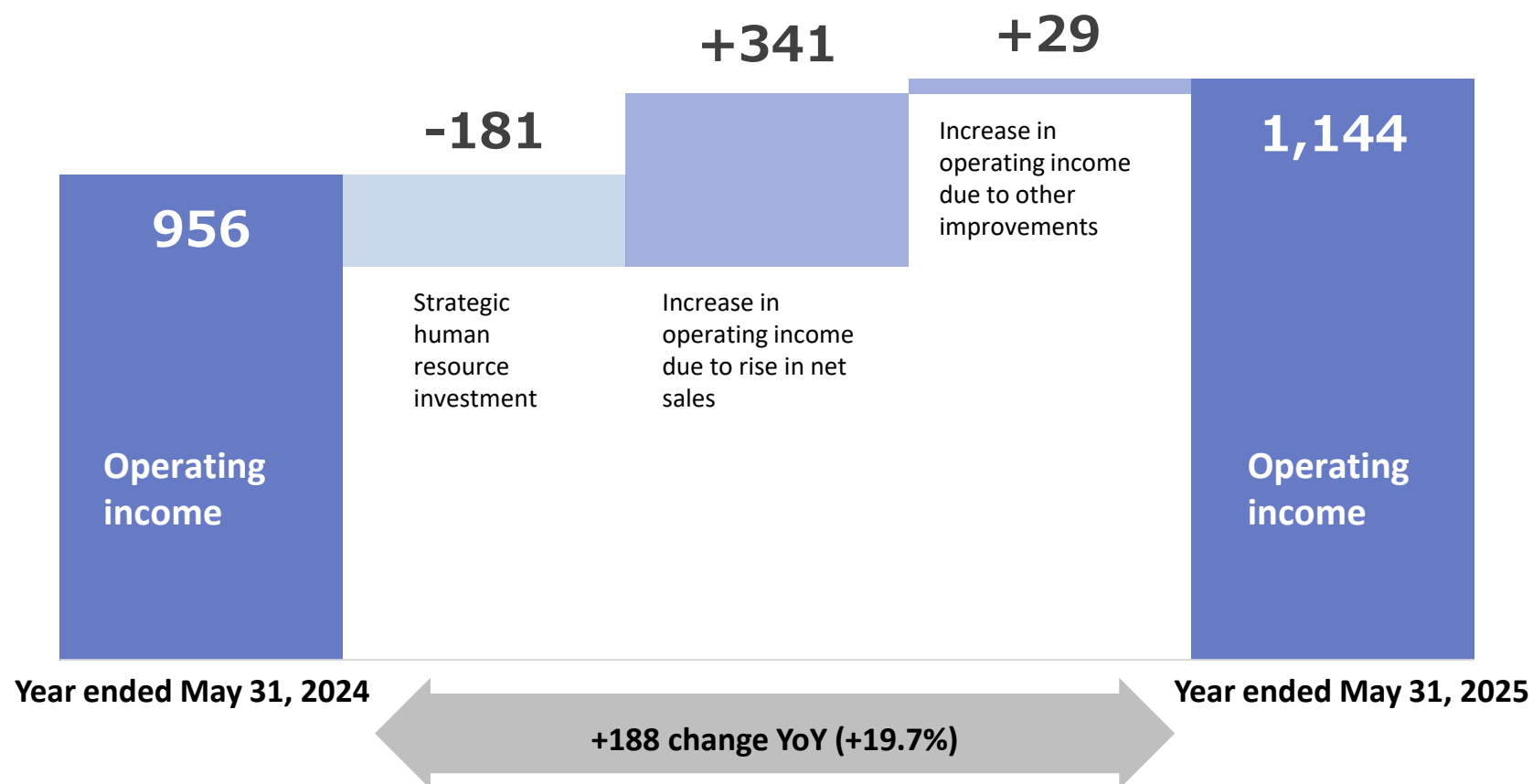
- Net sales were ¥10.473 billion (an increase of 10.6% year-on-year) and operating income was ¥1.144 billion (an increase of 19.7% year-on-year)
- Operating income increased due to improved productivity and the curbing of growth in SG&A expenses
- Ordinary income was boosted by the increase in operating income and the surrender value of insurance (¥84 million)
- Gain on sale of investment securities (¥841 million) contributed to the current net income

(Unit: Millions of yen)	Actual	YoY change		Sales composition ratio (YoY change)		Full-year performance forecast	Progress toward performance forecast
Net sales	10,473	+1,004	+10.6%	—		10,000	104.7%
Gross profit	2,284	+239	+11.7%	21.8%	(+0.2pt)	—	—
SG&A expenses	1,140	+51	+4.7%	10.9%	(-0.6pt)	—	—
Operating income	1,144	+188	+19.7%	10.9%	(+0.8pt)	1,000	114.5%
Ordinary income	1,281	+273	+27.1%	12.2%	(+1.6pt)	1,060	120.9%
Current net income	1,478	+747	+102.3%	14.1%	(+6.4pt)	755	195.8%

1.2 Factors behind Change in Consolidated Operating Income for Year Ended May 31, 2025

- [Strategic human resource investment] Increased wages, strengthened recruitment, and expanded training, as planned
- [Increase in operating income due to rise in net sales] Expanded scope of business and improved productivity
- [Increase in operating income due to other improvements] Reduced costs due to office consolidation and reduced insurance paid

(Unit: Millions of yen)

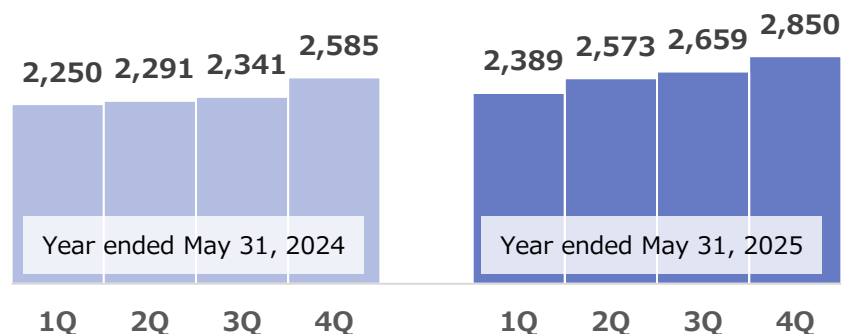


1.3 Quarterly Changes in the Year Ended May 31, 2025

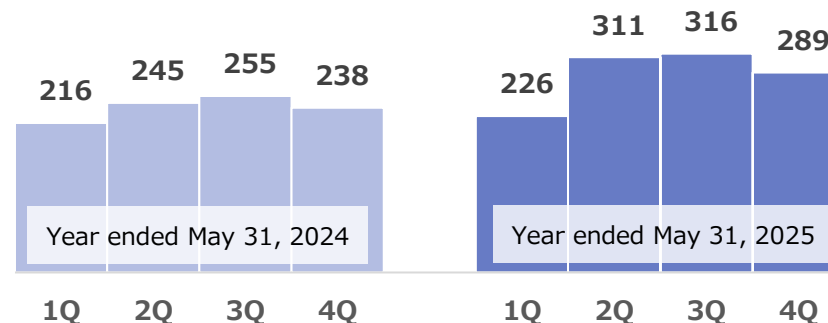
- Net sales grew steadily from the start to the end of the year
- Operating income increased due to expanded net sales but increased personnel recruitment costs in 4Q were a burden
- Current net income temporarily increased due to gain on sale of investment securities in 3Q

(Unit: Millions of yen)

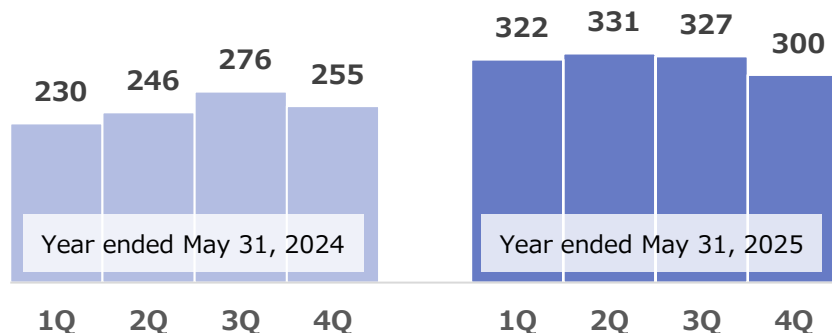
Net sales



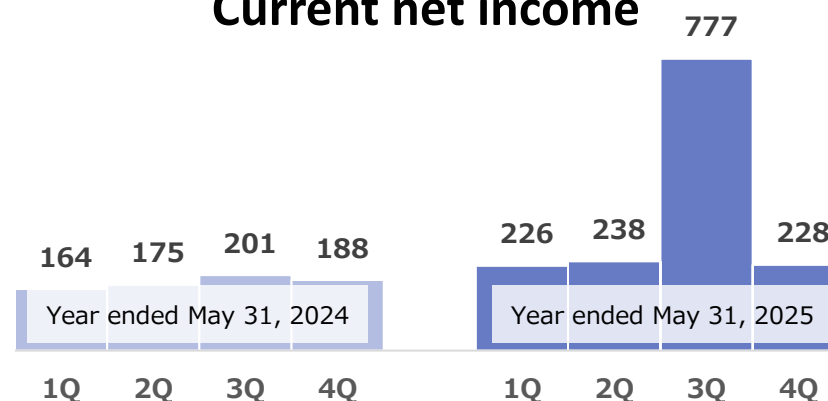
Operating income



Ordinary income



Current net income



1.4 Net Sales by Business Segment in Year Ended May 31, 2025

- Net sales increased in all business segments
- Net sales for the Particular Information Systems segment grew significantly due to the completion of multiple large-scale projects
- Net sales of Embedded Systems recovered in the second half of the fiscal year

(Unit: Millions of yen)	Actual	YoY change		Sales composition ratio (YoY change)	
Consolidated	10,473	+1,004	+10.6%	—	
Control Systems	1,705	+84	+5.2%	16.3%	(-0.8pt)
Automotive Systems	2,407	+139	+6.1%	23.0%	(-1.0pt)
Particular Information Systems	1,793	+452	+33.7%	17.1%	(+3.0pt)
Embedded Systems	1,476	+112	+8.3%	14.1%	(-0.3pt)
Industry & ICT Solutions	3,089	+215	+7.5%	29.5%	(-0.9pt)

1.5 Net Income by Business Segment in Year Ended May 31, 2025

- The Control Systems and Industry & ICT Solutions segments achieved steady profit growth
- Income from the Automotive Systems segment recovered in the second half of the fiscal year
- The Particular Information Systems segment saw a significant increase in profit due to major improvements in productivity
- Sales of Embedded Systems improved due to recovery in the second half of the fiscal year

(Unit: Millions of yen)	Actual	YoY change		Income composition ratio (YoY change)	
Consolidated	2,364	+299	+14.5%	—	
Control Systems	403	+28	+7.5%	17.1%	(-1.1pt)
Automotive Systems	602	+16	+2.9%	25.5%	(-2.9pt)
Particular Information Systems	495	+227	+85.0%	20.9%	(+8.0pt)
Embedded Systems	267	-35	-11.8%	11.3%	(-3.4pt)
Industry & ICT Solutions	596	+62	+11.7%	25.2%	(-0.6pt)

1.6 Segment Information (1) Control Systems

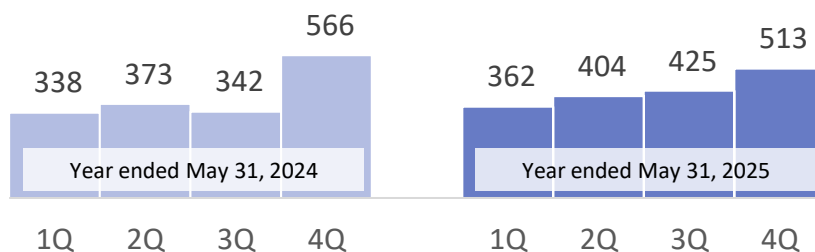
■ Topics

- Power plant monitoring and control systems business were strong due to an increase in orders
- Bullet trains traffic control systems business performed well due to an increase in development volume
- Net sales and net income both steady for ATOS due to orders for renewal projects
- Conventional traffic control systems decreased due to a gap in development projects

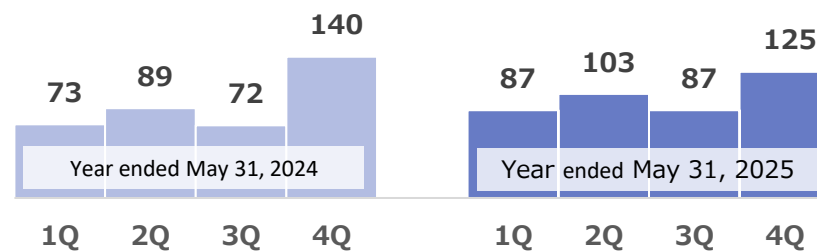
(Unit: Millions of yen)

		Year ended May 31, 2024	Year ended May 31, 2025	Change	
Control Systems	Net sales	1,620	1,705	+84	+5.2%
	Operating income (profit margin)	375 (23.1%)	403 (23.6%)	+28 (+0.5pt)	+7.5%

Quarterly changes (net sales)



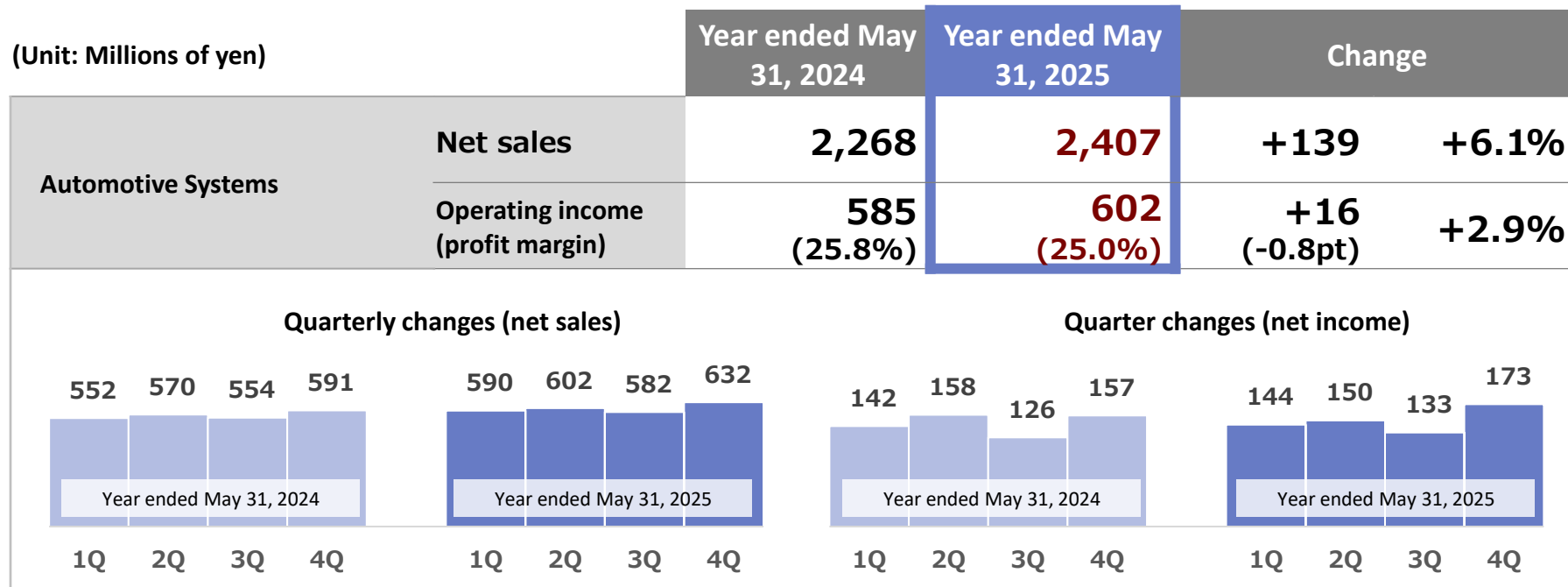
Quarter changes (net income)



1.6 Segment Information (2) Automotive Systems

■ Topics

- Net sales for AD/ADAS performed well due to the acquisition of new projects with batch orders of multiple vehicle models 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



1.6 Segment Information (3) Particular Information Systems

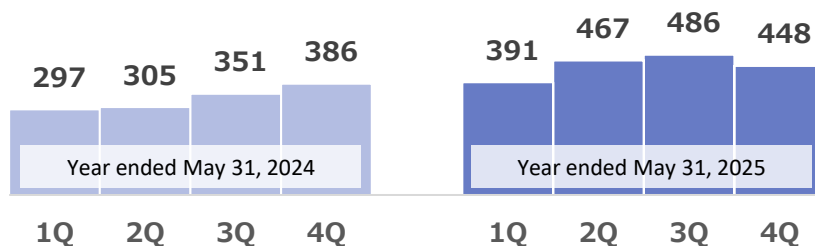
■ Topics

- Satellite imagery-related business was strong due to 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 fiscal year
- Aerospace related business contracted as some projects entered the testing phase

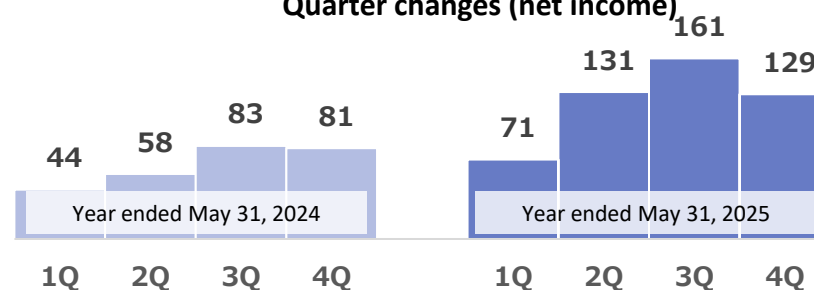
(Unit: Millions of yen)

		Year ended May 31, 2024	Year ended May 31, 2025	Change	
Particular Information Systems	Net sales	1,341	1,793	+452	+33.7%
	Operating income (profit margin)	267 (20.0%)	495 (27.6%)	+227 (+7.7pt)	+85.0%

Quarterly changes (net sales)



Quarter changes (net income)



1.6 Segment Information (4) Embedded Systems

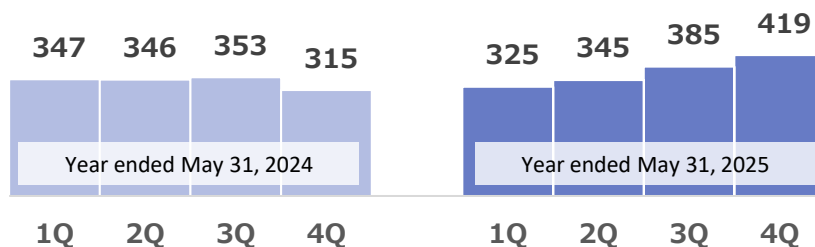
■ Topics

- Storage device development system gradually expanded, leading to robust net sales and net income
- In new storage development, development was completed in the previous year
- IoT construction equipment-related business performed well due to increase in development volume leading to system expansion

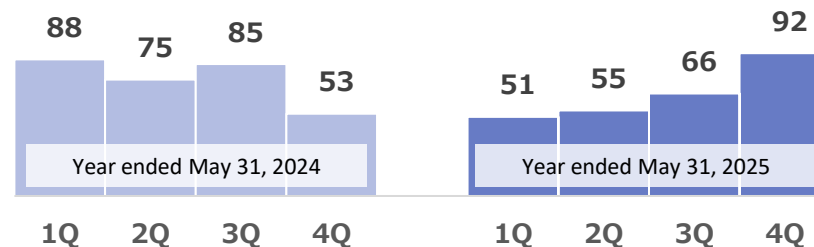
(Unit: Millions of yen)

		Year ended May 31, 2024	Year ended May 31, 2025	Change	
Embedded Systems	Net sales	1,363	1,476	+112	+8.3%
	Operating income (profit margin)	302 (22.2%)	267 (18.1%)	-35 (-4.1pt)	-11.8%

Quarterly changes (net sales)



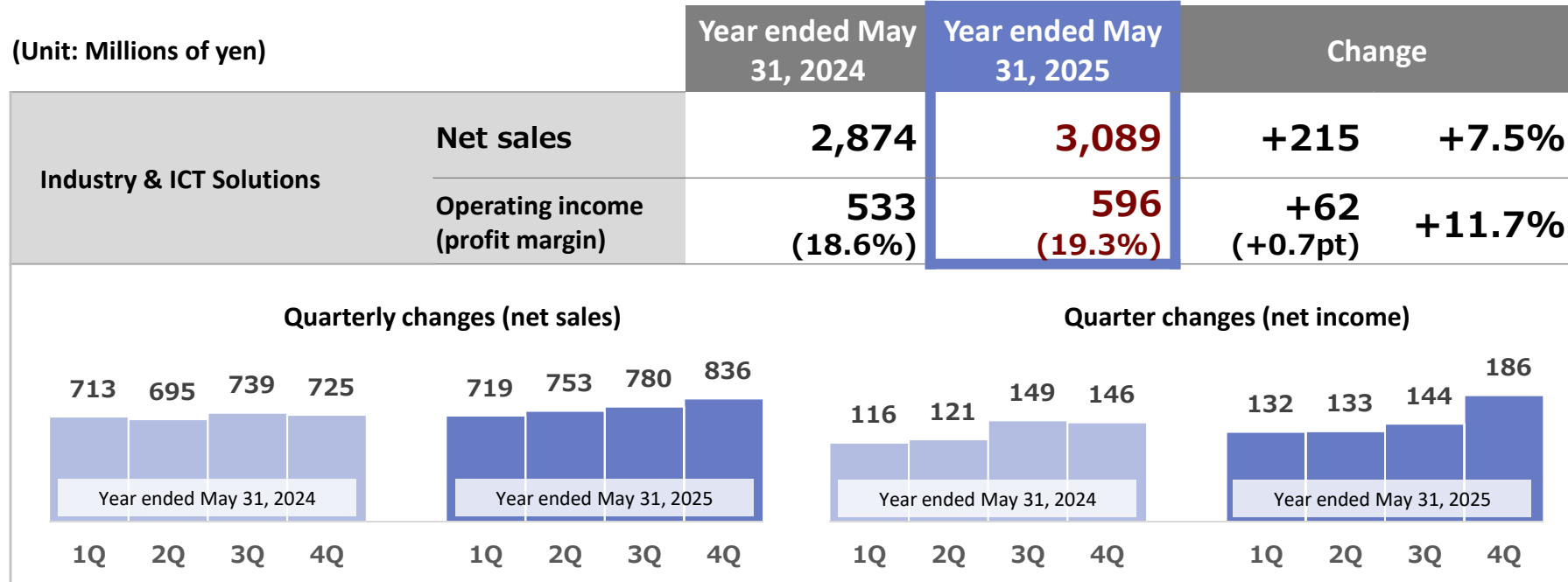
Quarter changes (net income)



1.6 Segment Information (5) Industry & ICT Solution

■ Topics

- Cloud systems were strong due to the development of new customers and the acquisition of new projects from existing customers
- Net sales and income both decreased for IoT cloud systems because some development concluded
- Railroad station equipment development system expanded due to development projects started from the previous year and orders for renewal projects
- Road equipment-related business entered the maintenance phase and the system was downsized



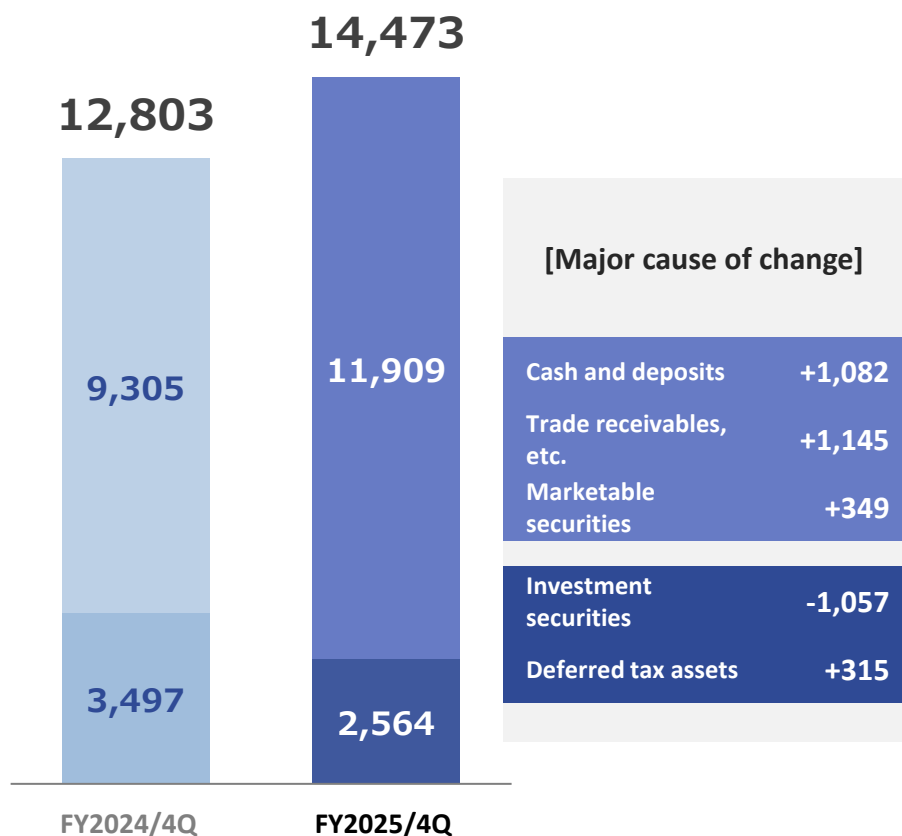
1.7 Consolidated Financial Position

(Unit: Millions of yen)

■ Assets

Total assets **¥14.4**billion (+¥1.67 billion)

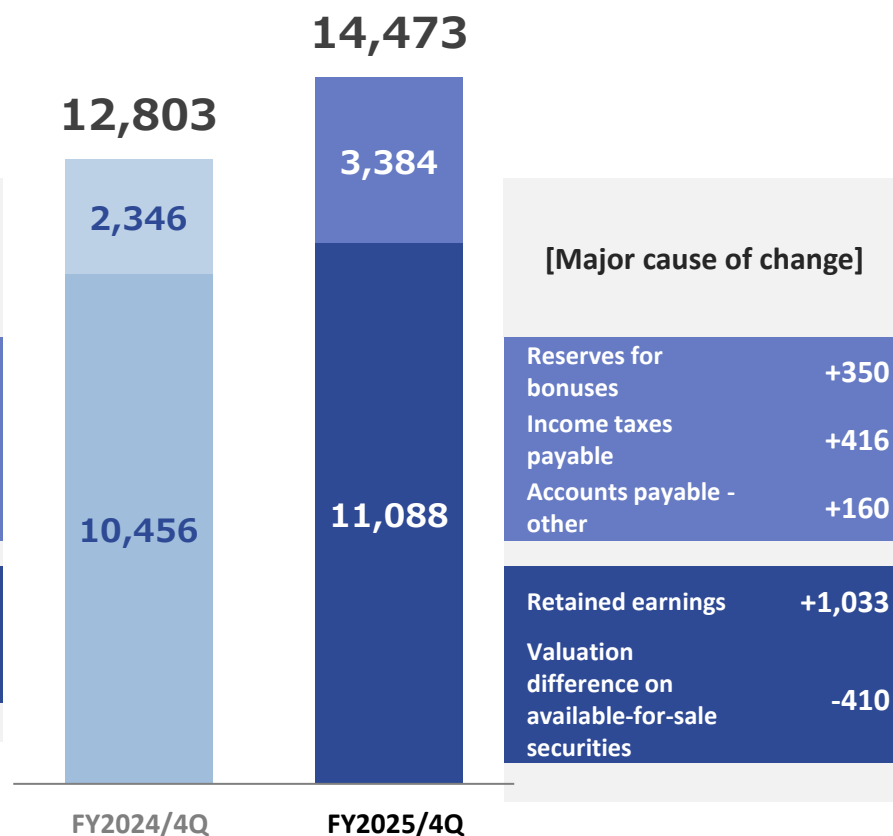
■ Fixed assets ■ Current assets



■ Liabilities and net assets

Capital-to-assets ratio **76.6%**

■ Net assets ■ Liabilities



1.8 Consolidated Financial Statements (Other)

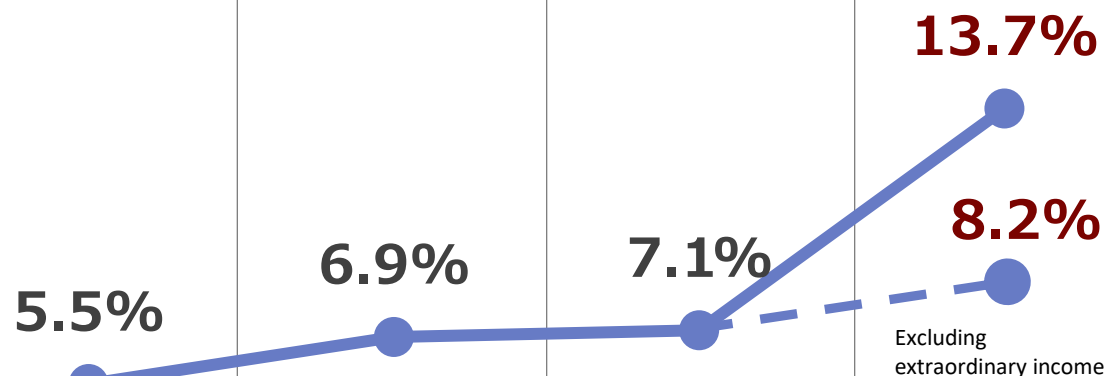
	Year ended May 31, 2024	Year ended May 31, 2025
Net assets per share	¥1,081.14	¥1,145.82
Current net income per share	¥75.56	¥152.76
Capital-to-assets ratio	81.7%	76.6%
Treasury shares	973,242 shares	967,350 shares
No. of employees	698	729

1.9 Consolidated Cash Flows

(Unit: Millions of yen)	Year ended May 31, 2024	Year ended May 31, 2025	Major cause of change
CF from operating activities	1,050	498	<ul style="list-style-type: none"> ▪ Increase in current net income before tax adjustments ▪ Increase in reserves for bonuses ▪ Decrease due to increase in trade receivables
CF from investing activities	-291	1,030	<ul style="list-style-type: none"> ▪ Increase due to sale of investment securities
CF from financial activities	-347	-444	<ul style="list-style-type: none"> ▪ Increased payment of dividend
Cash and cash equivalents year-end balance	4,582	5,664	

1.10 Return on Equity (ROE)

■ Even when extraordinary income is excluded, ROE was 8.2%, which is an increase of 1.1 points



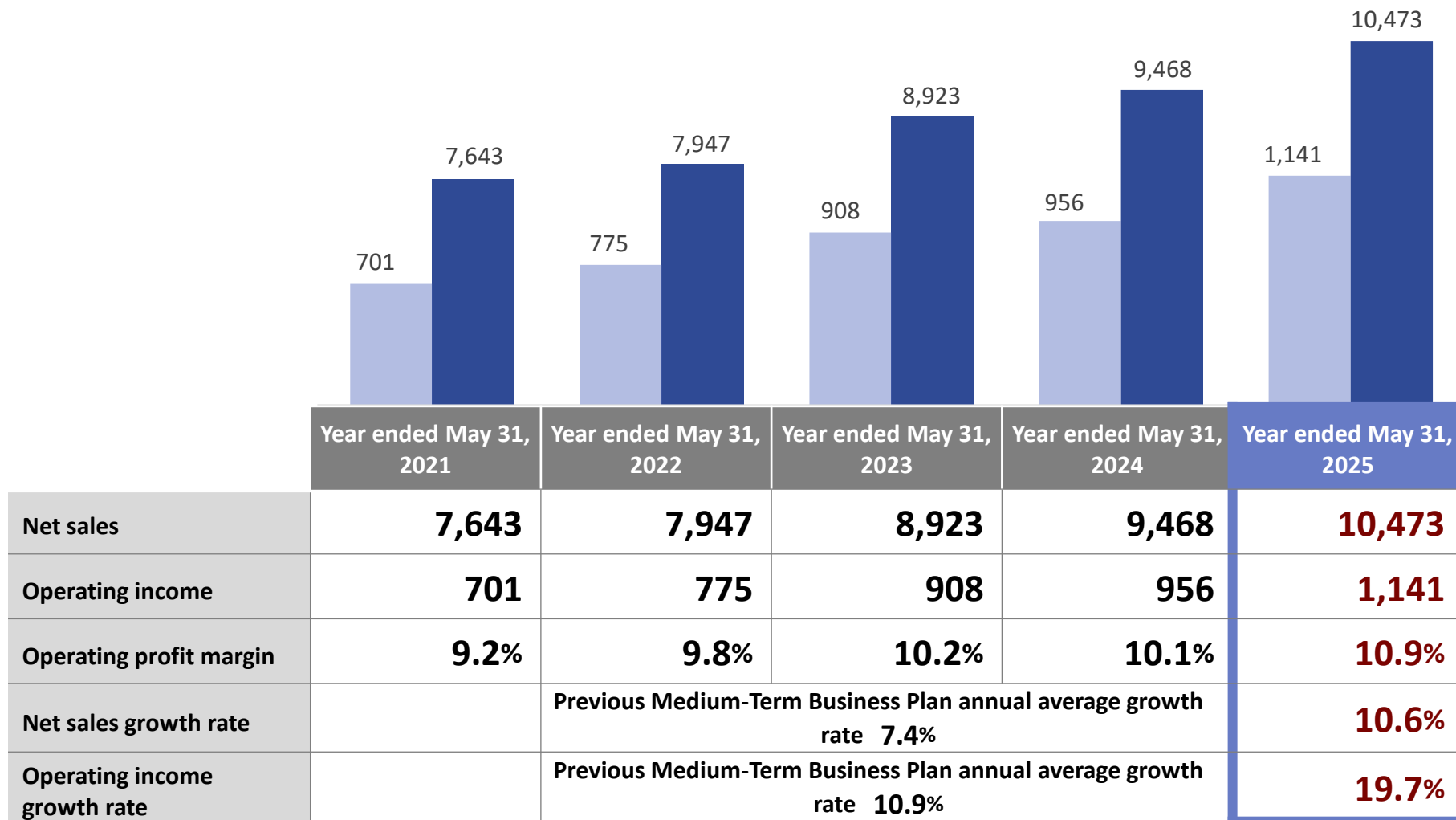
	Year ended May 31, 2022	Year ended May 31, 2023	Year ended May 31, 2024	Year ended May 31, 2025
Net Income Per Share (¥)	55.6	70.7	75.6	152.76
Net Assets Per Share (¥)	1,002.9	1,043.3	1,081.1	1,145.8
Current Net Income (Million Yen)	532	682	730	1,478
Net Assets (Million Yen)	9,671	10,077	10,456	11,088

1.11 Consolidated Net Sales and Operating Income

■ The growth rate for the year ended May 31, 2025 exceeded the annual average growth rate of the previous Medium-Term Business Plan

(Unit: Millions of yen)

■ Net sales ■ Operating income



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

In the 7th Medium-Term Business Plan (fiscal Year ended 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 ended May 31, 2025, we have changed our target to “continue to pay stable dividends and strive to achieve a consolidated payout ratio of **66%**.”

2.1 The 7th Medium-Term Business Plan (2)

■ 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.

2.2 Progress of the 7th Medium-Term Business Plan (1)

■ Medium-Term Management Targets (KPIs)

- [Business Revenue] Growth in consolidated net sales remained steady and growth in consolidated operating income **exceeded expectations**
- [Management Efficiency] Even when extraordinary income is excluded, **ROE exceeded 8%**
- [Shareholder Return] Progressive dividend policy led to **increased dividend for 6th consecutive year**

	Year ending May 31, 2027 Management Targets		Year ended May 31, 2025 Actual (Year ended May 31, 2024)	Progress toward forecast
Business revenue	Consolidated net sales	¥12 billion or more	¥10.47 billion (¥9.47 billion)	104.7% ¥10 billion
	Consolidated operating income	¥1.2 billion or more	¥1.14 billion (¥0.96 billion)	114.5% ¥1 billion
Management efficiency	ROE	8% or more	13.7% (7.1%)	—
			8.2% Excluding extraordinary income	—
Shareholder returns	Progressive dividend policy		Increase in dividends over 6 consecutive years	—

2.2 Progress of the 7th Medium-Term Business Plan (2)

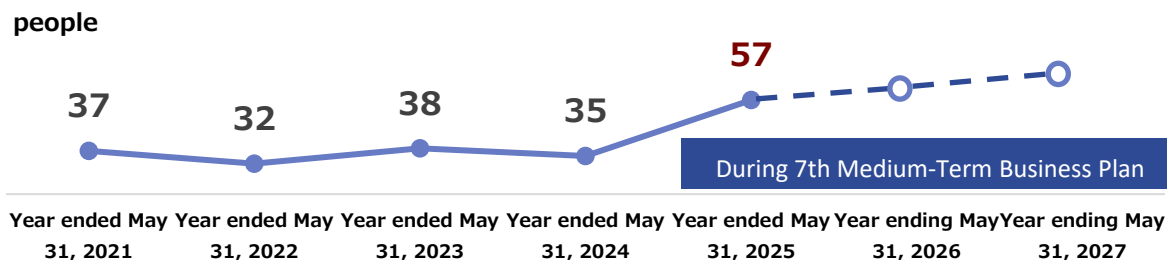
■ Human resources development

- ✓ We have started to develop highly skilled engineers who can design new products 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
- ✓ Held technical exchange sessions to raise the level of IT skills across the company

■ Securing engineers

- ✓ Recruited 57 new engineer graduates in 2025 by enhancing ties with agents **+63% YoY**

Number of new graduates hired



■ Businesses of Focus, Fields of Focus

- ✓ For social Infrastructure DX, focus on orders for AI development projects and IoT development projects
- ✓ Net sales for businesses of focus and fields of focus were **+23.0% YoY** and gross profit was **+26.1%**
 - Expand orders for AD/ADAS for automotive systems, including bulk orders 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, expanded scale of business by securing engineers

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3.1 Consolidated Business Performance Forecast for Year Ending May 31, 2026

- Net sales of ¥11.5 billion (¥1.026 billion increase year-on-year)
- Operating income of **1.26** billion yen (+0.115 billion yen YoY), **achieving the target of our Medium-Term Business Plan one year early**
- In regard to ordinary income, surrender value of insurance (¥84 million) and dividend income (¥24 million) declined
- Gain on sale of investment securities (¥600 million after tax) declined in the current net income

(Unit: Millions of yen)	Year ended May 31, 2025 Actual	Year ending May 31, 2026 Expected	Change (percent change)
Net sales	10,473	11,500	+1,026 (+9.8%)
Operating income (profit margin)	1,144 10.9%	1,260 11.0%	+115 (+10.1%)
Ordinary income (profit margin)	1,281 12.2%	1,285 11.2%	+3 (+0.3%)
Current net income (profit margin)	1,478 14.1%	945 8.2%	-533 (-36.1%)

3.2 Full-Year Forecast for Year Ending May 31, 2026 (1)

■ Control Systems ↗ (Major Client: Hitachi)

- [Energy] Development system for power grids will be expanded from the second half of the fiscal year
- [Rail] Received large-scale development project orders in previous year for ATOS, so system will be expanded
- [Rail] Development for conventional lines will shift to second half of fiscal year and system will be maintained with new projects and AI development
- [Rail] System for bullet trains will be maintained in the first half of fiscal year and system will expand in second half of fiscal year with new projects

■ Automotive Systems ↗ (Major Clients: Astemo, Aisin, Denso)

- [CASE] System expansion for AD/ADAS (BSW) is continuing due to bulk orders for multiple vehicle types
- [CASE] AD/ADAS (image sensor) system will be gradually expanded
- [CASE] For onboard information systems, the system will be maintained in the first half of fiscal year
- [CASE] For inverter development and BMS development, the system will continue to contract

■ Particular Information Systems ↗ (Major Clients: Hitachi, NEC)

- [Aerospace] System has been maintained since the previous year and will be expanded from 2Q with increased workload
- [Crisis Management] System expanded in the previous year will be maintained and will be expanded in the next year toward large projects
- [Image Recognition/Identification] System contracted in 3Q of the previous year and current state will be maintained until the next year

3.2 Full-Year Forecast for year ending May 31, 2026 (2)

■ Embedded Systems ↗ (Major Clients: Kioxia, Komatsu)

- [Storage] The semiconductor market is recovering, and the storage device development system will be expanded
- [IoT construction equipment] Development volume increased from 4Q last year and the expanded system will be maintained this year
- [Other] AD/ADAS (BSW) system contracted and storage will be focused on

■ Industry & ICT Solution ↗ (Major Clients: Toshiba, NEC, Hitachi, Sony)

- [Cloud] Cloud system orders will be increased to expand the system
- [Cloud] Two large system architecture projects peaked in the first half of fiscal year and the second half of fiscal year will be a challenge
- [Cloud] IoT cloud was flat due to weak customer performance
- [Social Infrastructure] Railroad station equipment development will expand its system with support for thin clients
- [Social Infrastructure] Road equipment related work will start from second half of fiscal year

3.3 Giving Back to Shareholders

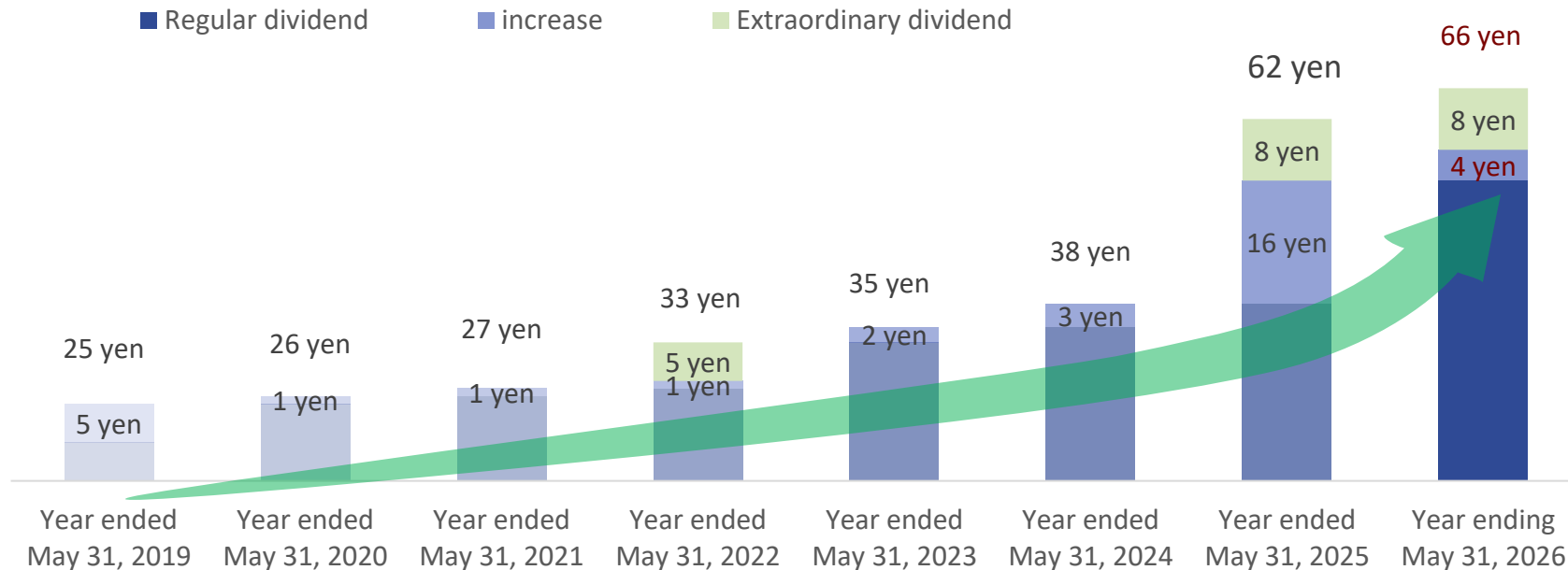
■ Dividend Policy

From the Year ended 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%**.” The extraordinary income due to gain on sale of investment securities in the year ended May 31, 2025 will be returned to shareholders as extraordinary dividends of ¥8 each year, from the year ended May 31, 2025 to the year ending May 31, 2029.

■ Dividend Forecast

The annual dividend for the year ended May 31, 2025 was **¥62** per share, **an increase for the 6th consecutive year**.

We forecast the annual dividend for the year ending May 31, 2026 to be **¥66** per share (interim dividend: ¥29, year-end dividend: ¥29, extraordinary dividend: ¥8), an increase of **¥4** per share.



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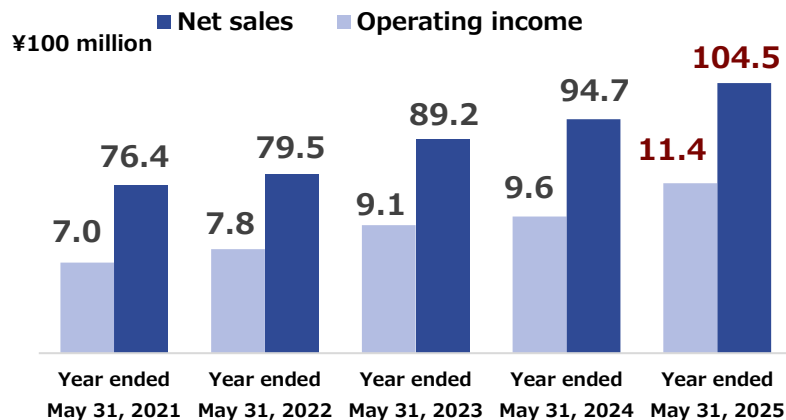
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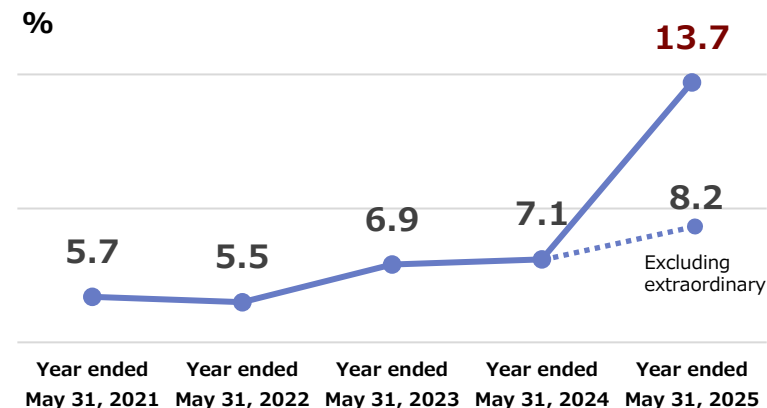
Appendix

4.1 Data (5 years)

Consolidated Net Sales and Operating Income

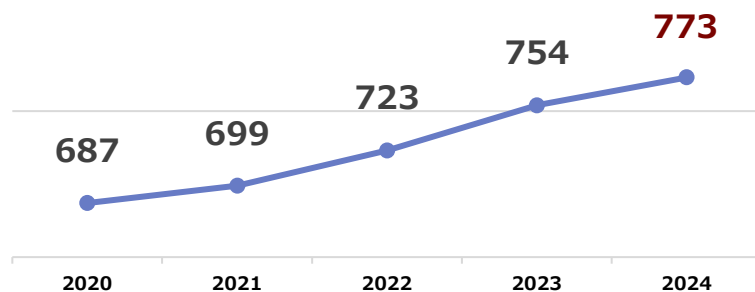


ROE



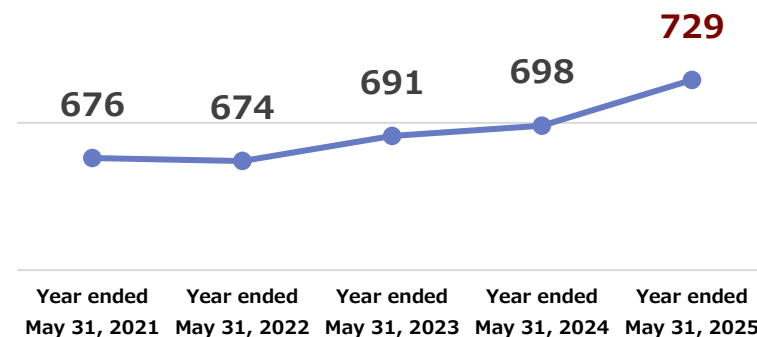
Average annual salary

Tens of thousands of yen



No. of employees

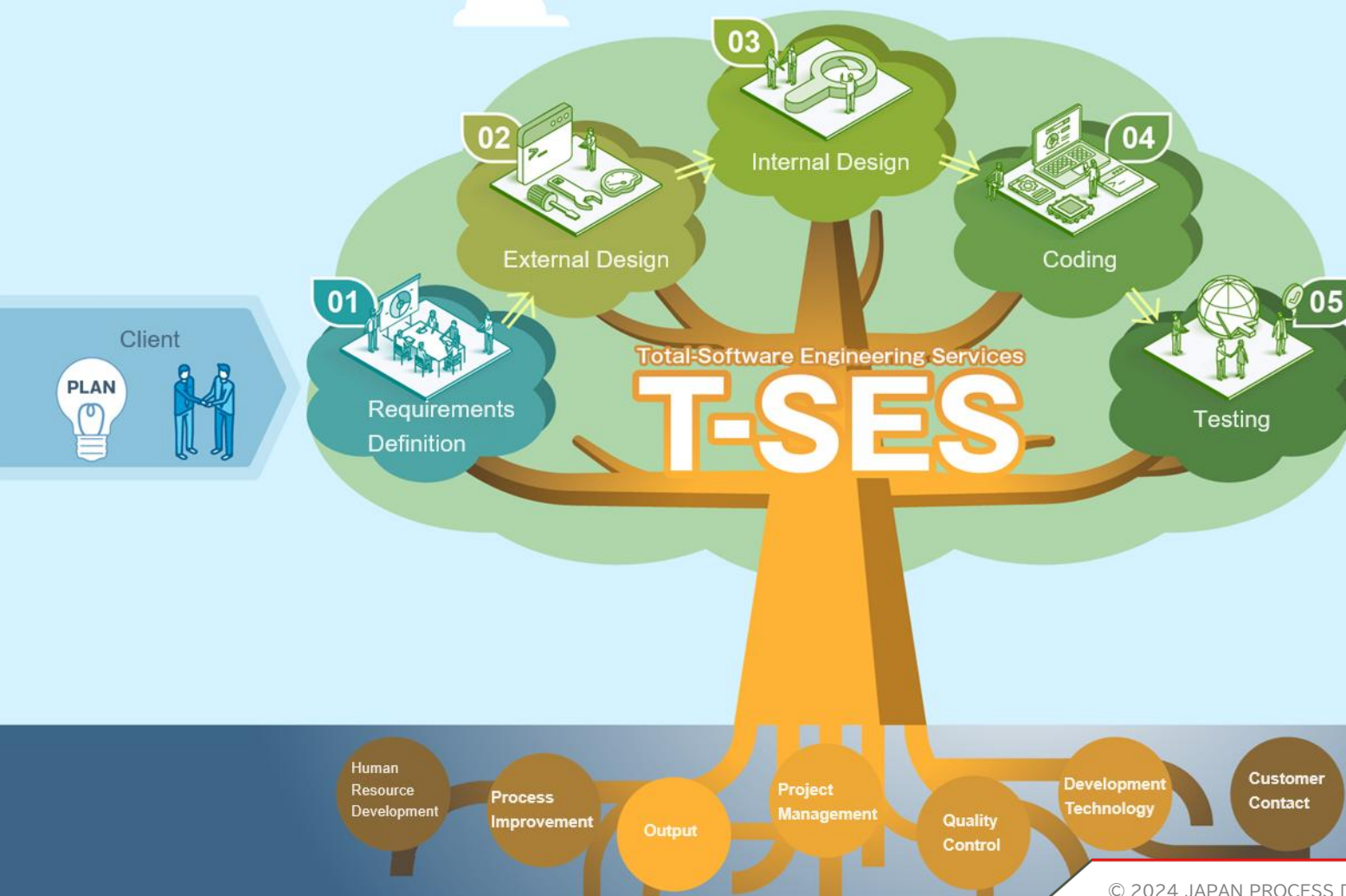
people



4.2 T-SES

■ 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 Autonomous decentralized Transport Operation control System (ATOS) is an autonomous decentralized train traffic control system installed by East Japan Railway Company on its lines in the Tokyo metropolitan area.

■ BMS

Battery Management System (BMS) is a control device for safely and efficiently using secondary cells such as lithium-ion batteries.

■ BSW

Basic Software (BSW) is a standard software module that provides essential services to run upper-layer software functions.

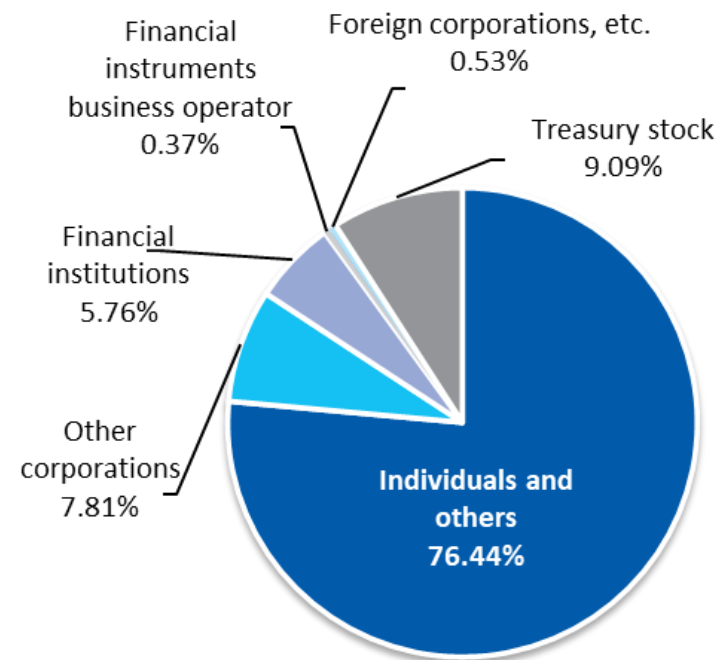
■ IoT

Internet of Things (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	9,677,670 shares (as of May 31, 2025) (excluding 967,350 treasury shares)
Total number of shareholders	3,982 (As of May 31, 2025)
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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