

[Securities code: 9651]



JAPAN PROCESS DEVELOPMENT CO.,LTD.

Second quarter of the year ending May 31, 2026

Financial Results Briefing

January 16, 2026

Japan Process Development Co., Ltd.

1

**Consolidated Financial Results for the Second Quarter
of the Year Ending May 31, 2026**

2

Initiatives Related to the Medium-Term Business Plan

3

Forecast for Year Ending May 31, 2026

4

Appendix

1

**Consolidated Financial Results for the Second Quarter
of the Year Ending May 31, 2026**

2

Initiatives Related to the Medium-Term Business Plan

3

Forecast for Year Ending May 31, 2026

4

Appendix

■ Operating results

- ✓ Net sales and operating income both **reached the highest levels for the interim period since listing for the 5th consecutive year**
- ✓ Certified as a core partner of JR East Information Systems Company (JEIS)

■ Capital policies

- ✓ On September 30, 2025, entered into a capital and business alliance agreement with SCSK Corporation

■ Giving back to shareholders

- ✓ Following the dividend policy, the interim dividend per share is ¥29, the year-end dividend is ¥29 and extraordinary dividend of ¥8 due to gain on sale of investment securities, resulting in an annual dividend of ¥66 per share, which is an increase of ¥4 compared to the previous year, **an increase for the 7th consecutive year**

■ Investment in human resources

- ✓ Increased salaries for all employees by an average of approximately 3.7% at the beginning of the year **for the 4th consecutive year**
- ✓ Earnings-linked bonuses paid in July reached record high **for the 8th consecutive year**
- ✓ Average annual salary in 2025 expected to exceed ¥8.85 million, **an increase for the 9th consecutive year**
- ✓ Number of new graduates offered employment in 2026 increased from the planned 60, **accounting for approximately 10% of all employees**

■ ESG initiatives

- ✓ Published the FY2024 ESG Data Book on the website

1.1 Consolidated Business Performance (Second Quarter of the Year Ending May 31, 2026)

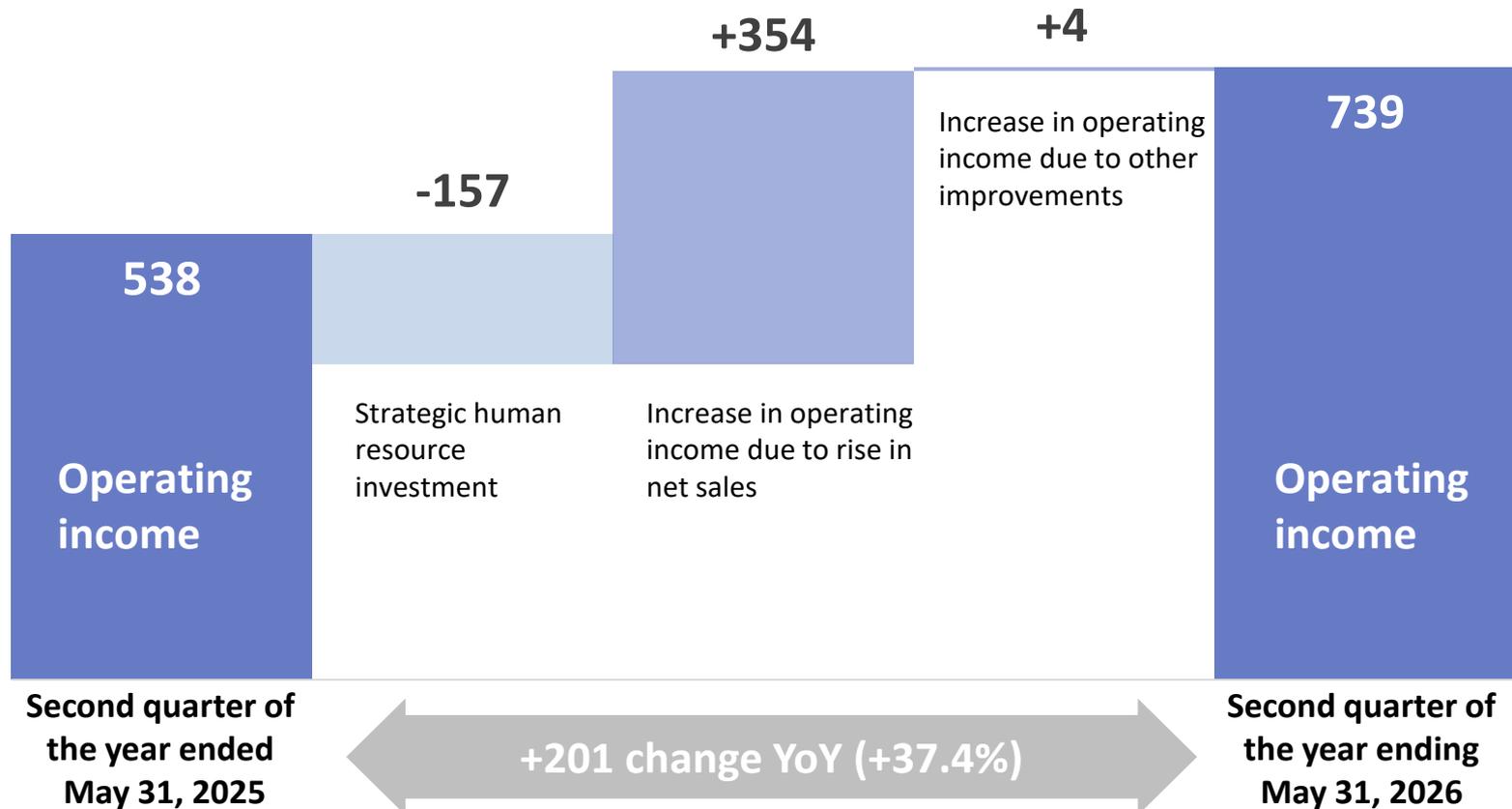
- Net sales were ¥5.835 billion (an increase of 17.6% year-on-year) and operating income was ¥739 million (an increase of 37.4% year-on-year)
- Operating income absorbed costs such as salary increases through curbing of growth in SG&A expenses and improved productivity
- Ordinary income and interim net income increased, driven by growth in operating income despite the absence of the surrender value of insurance from the previous year

(Unit: Millions of yen)	Actual	YoY change		Sales composition ratio (YoY change)		Full-year performance forecast	Progress toward performance forecast
Net sales	5,835	+872	+17.6%	—		11,500	50.7%
Gross profit	1,309	+255	+24.2%	22.4%	(+1.2pt)	—	—
SG&A expenses	569	+53	+10.4%	9.8%	(-0.6pt)	—	—
Operating income	739	+201	+37.4%	12.7%	(+1.8pt)	1,260	58.7%
Ordinary income	753	+98	+15.1%	12.9%	(-0.3pt)	1,285	58.6%
Interim net income	558	+93	+20.0%	9.6%	(+0.2pt)	945	59.1%

1.2 Factors behind Change in Consolidated Operating Income for Year Ending May 31, 2026

- [Strategic human resource investment] Increased wages, expanded training, and strengthened recruitment, as planned
- [Increase in operating income due to rise in net sales] Expanded scale of business and improved productivity due to an increase in number of engineers
- [Increase in operating income due to other improvements] Reduced costs, etc.

(Unit: Millions of yen)

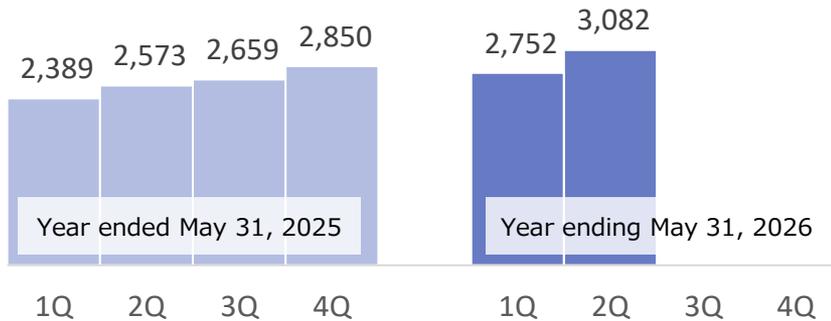


1.3 Quarterly Changes (Second Quarter of the Year Ending May 31, 2026)

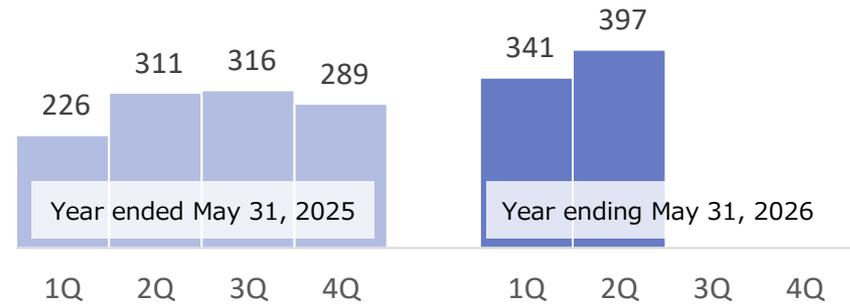
- Net sales are steadily increasing as more engineers were brought in
- Operating income, ordinary income, and quarterly net income increased due to expanded net sales

(Unit: Millions of yen)

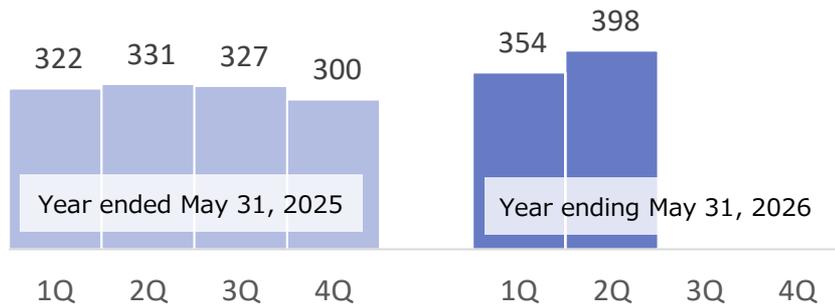
Net sales



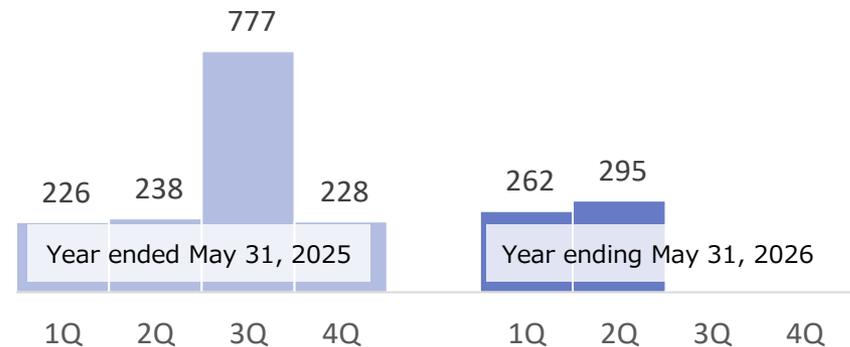
Operating income



Ordinary income



Net income of the quarter



1.4 Net Sales by Business Segment (Second Quarter of the Year Ending May 31, 2026)

- Net sales increased in all business segments
- Embedded Systems grew significantly as the semiconductor market's recovery trend from the previous year continued
- Industry & ICT Solutions grew significantly in the social infrastructure field and other areas

(Unit: Millions of yen)	Actual	YoY change		Sales composition ratio (YoY change)	
Consolidated	5,835	+872	+17.6%	—	
Control Systems	901	+134	+17.6%	15.4%	(-0.0pt)
Automotive Systems	1,340	+147	+12.3%	23.0%	(-1.1pt)
Particular Information Systems	947	+88	+10.3%	16.2%	(-1.1pt)
Embedded Systems	880	+208	+31.1%	15.1%	(+1.6pt)
Industry & ICT Solutions	1,766	+292	+19.1%	30.3%	(+0.6pt)

1.5 Income by Business Segment (Second Quarter of the Year Ending May 31, 2026)

- Income increased in all business segments
- Automotive Systems is seeing improved profit margins as engineers are increasingly being assigned to high-profit projects
- Embedded Systems was boosted by withdrawing from low-profit projects and an improved semiconductor market environment
- Industry & ICT Solutions saw improved development efficiency, with the adoption of generative AI progressing

(Unit: Millions of yen)	Actual	YoY change		Profit margin (YoY change)	
Consolidated	1,313	+250	+23.6%	22.5%	(+1.1pt)
Control Systems	214	+23	+12.5%	23.8%	(-1.1pt)
Automotive Systems	355	+60	+20.4%	26.5%	(+1.8pt)
Particular Information Systems	237	+33	+16.6%	25.1%	(+1.3pt)
Embedded Systems	169	+61	+57.6%	19.2%	(+3.2pt)
Industry & ICT Solutions	336	+70	+26.5%	19.1%	(+1.0pt)

1.6 Segment Information (1) Control Systems

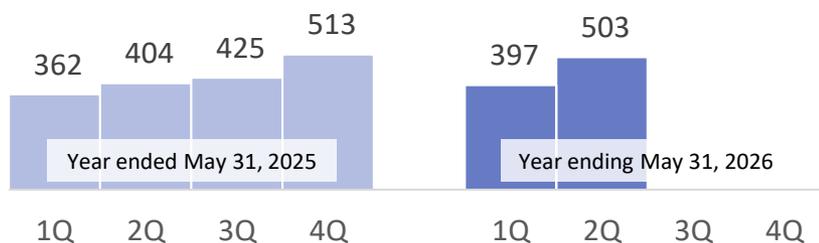
■ Topics

- Power grids performed well with the expansion of development scale
- ATOS is performing well both in terms of sales and profits due to major development projects started from the previous year
- Conventional and bullet trains traffic control systems decreased due to a gap in development projects

(Unit: Millions of yen)

		Second quarter of the year ended May 31, 2025	Second quarter of the year ending May 31, 2026	Change	
Control Systems	Net sales	766	901	+134	+17.6%
	Operating income (profit margin)	190 (24.9%)	214 (23.8%)	+23 (-1.1pt)	+12.5%

Quarterly changes (net sales)



Quarterly changes (net income)



1.6 Segment Information (2) Automotive Systems

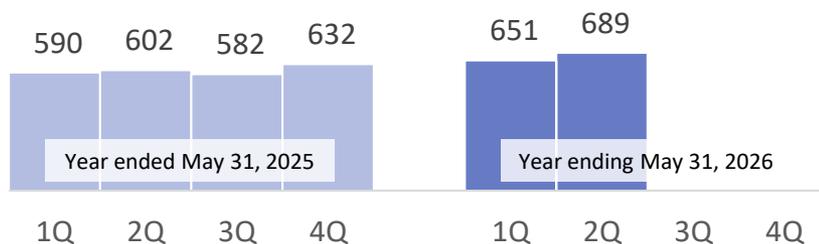
■ Topics

- 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 due to a reduction in development scale

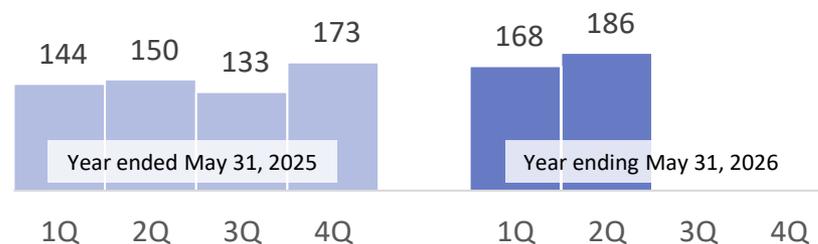
(Unit: Millions of yen)

		Second quarter of the year ended May 31, 2025	Second quarter of the year ending May 31, 2026	Change	
Automotive Systems	Net sales	1,193	1,340	+147	+12.3%
	Operating income (profit margin)	295 (24.7%)	355 (26.5%)	+60 (+1.8pt)	+20.4%

Quarterly changes (net sales)



Quarterly changes (net income)



1.6 Segment Information (3) Particular Information Systems

■ Topics

- Crisis management-related business expanded its systems due to increased development volume and performed well
- Aerospace related business remained steady due to receiving new contracts
- Both sales and profits related to satellite imagery-related business saw a decrease due to the completion of some development

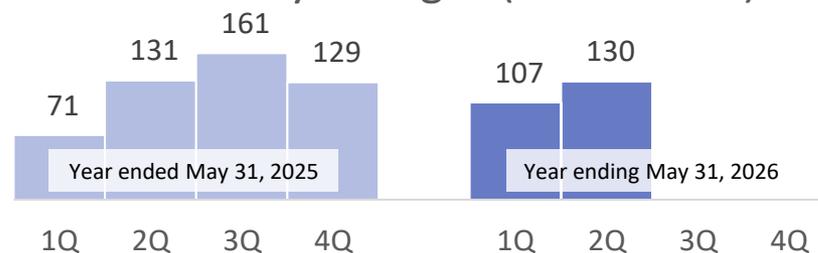
(Unit: Millions of yen)

		Second quarter of the year ended May 31, 2025	Second quarter of the year ending May 31, 2026	Change	
Particular Information Systems	Net sales	858	947	+88	+10.3%
	Operating income (profit margin)	203 (23.7%)	237 (25.1%)	+33 (+1.3pt)	+16.6%

Quarterly changes (net sales)



Quarterly changes (net income)



1.6 Segment Information (4) Embedded Systems

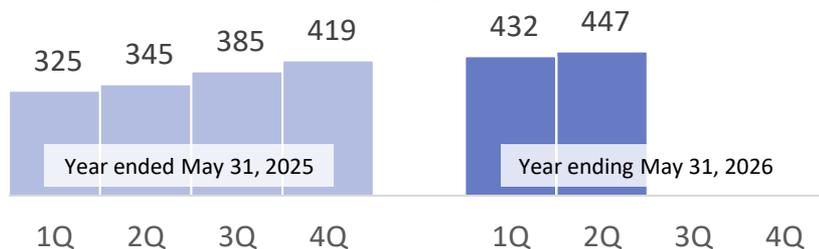
■ Topics

- Storage device development system expanded and is performing well against the backdrop of the semiconductor market recovery trend
- IoT construction equipment-related business performed well, receiving new contracts and having increased development volume in existing projects

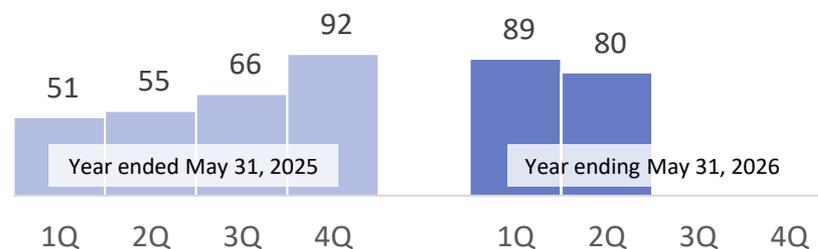
(Unit: Millions of yen)

		Second quarter of the year ended May 31, 2025	Second quarter of the year ending May 31, 2026	Change	
Embedded Systems	Net sales	671	880	+208	+31.1%
	Operating income (profit margin)	107 (16.0%)	169 (19.2%)	+61 (+3.2pt)	+57.6%

Quarterly changes (net sales)



Quarterly changes (net income)



1.6 Segment Information (5) Industry & ICT Solutions

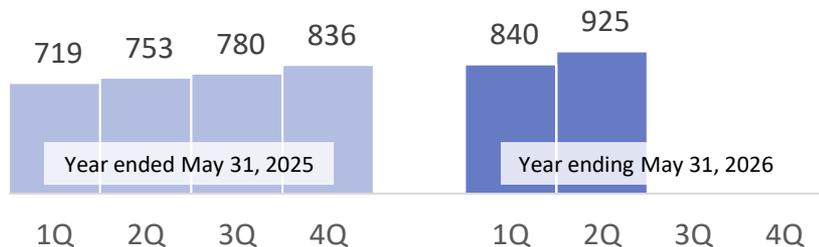
■ Topics

- Cloud systems saw increased orders for government-focused development, with both sales and profits performing well
- System architecture performed well thanks to an expanded development team for projects launched in the previous year
- Net sales and income both decreased for IoT cloud systems because some development concluded
- The development team for railroad station equipment expanded due to renewal project orders and support for thin clients

(Unit: Millions of yen)

		Second quarter of the year ended May 31, 2025	Second quarter of the year ending May 31, 2026	Change	
Industry & ICT Solutions	Net sales	1,473	1,766	+292	+19.9%
	Operating income (profit margin)	265 (18.1%)	336 (19.1%)	+70 (+1.0pt)	+26.5%

Quarterly changes (net sales)



Quarterly changes (net income)



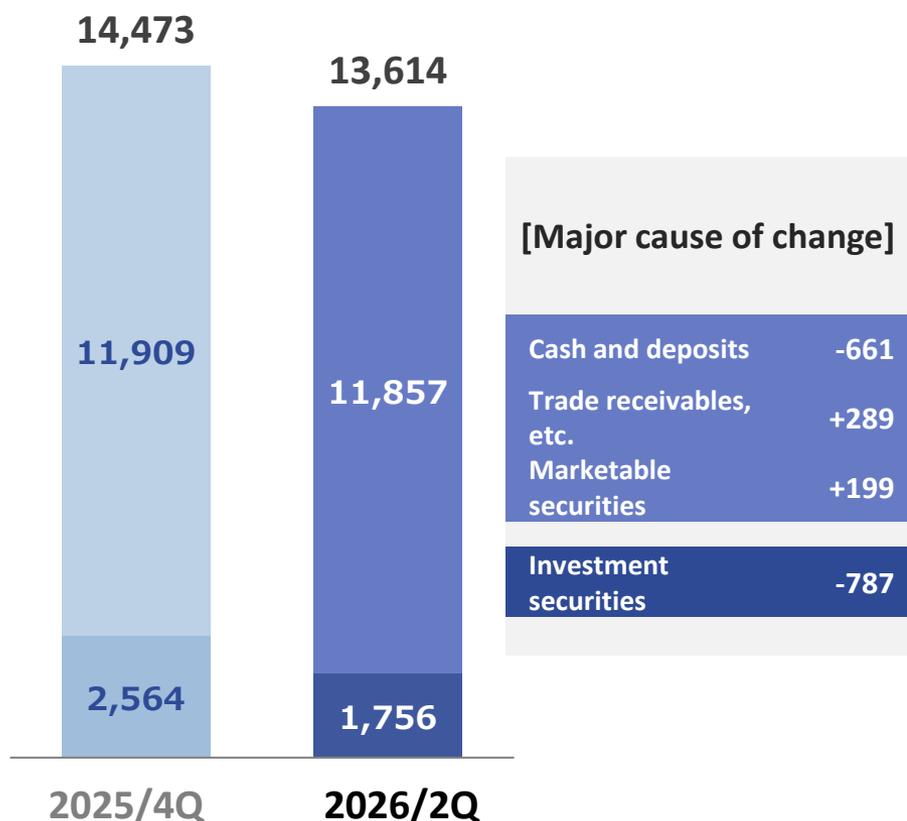
1.7 Consolidated Financial Position

(Unit: Millions of yen)

■ Assets

Total assets **¥13.6 billion** (-¥0.86 billion)

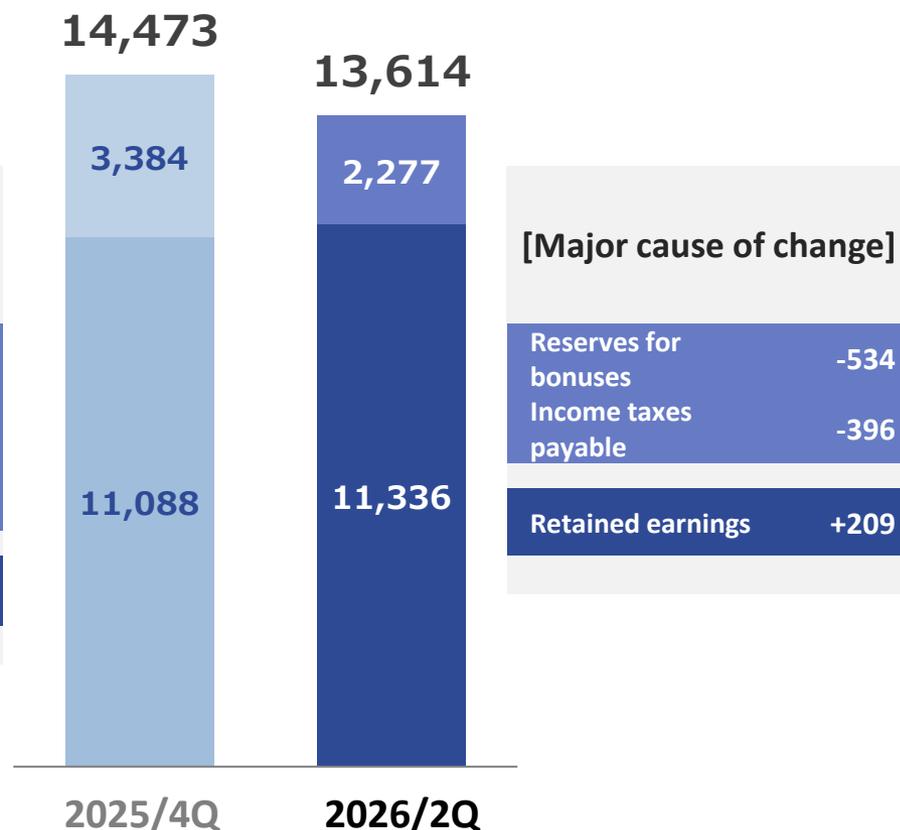
■ Fixed assets ■ Current assets



■ Liabilities and net assets

Capital-to-assets ratio **83.3%**

■ Net assets ■ Liabilities



1.8 Consolidated Financial Statements (Other)

			(Reference)
	Second quarter of the year ended May 31, 2025	Second quarter of the year ending May 31, 2026	Year ended May 31, 2025
Net assets per share	¥1,128.71	¥1,169.43	¥1,145.82
Current net income per share	¥48.06	¥57.64	¥152.76
Capital-to-assets ratio	84.4%	83.3%	76.6%
Treasury shares	965,550 shares	950,585 shares	967,350 shares
No. of employees	683	723	729

1.9 Consolidated Cash Flows

(Unit: Millions of yen)			(Reference)
	Second quarter of the year ending May 31, 2026	Major cause of change	Second quarter of the year ended May 31, 2025
Cash and cash equivalents balance at start of year	5,664		4,582
CF from operating activities	-811	<ul style="list-style-type: none"> ▪ Bonus payments ▪ Payment of income taxes 	-327
CF from investing activities	-9		-121
CF from financial activities	-345	<ul style="list-style-type: none"> ▪ Payment of dividend 	-193
Cash and cash equivalents interim period-end balance	4,503		3,936

1

Consolidated Financial Results for the Second Quarter of the Year Ending May 31, 2026

2

Initiatives Related to the Medium-Term Business Plan

3

Forecast for Year Ending May 31, 2026

4

Appendix

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%**.”

■ 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.

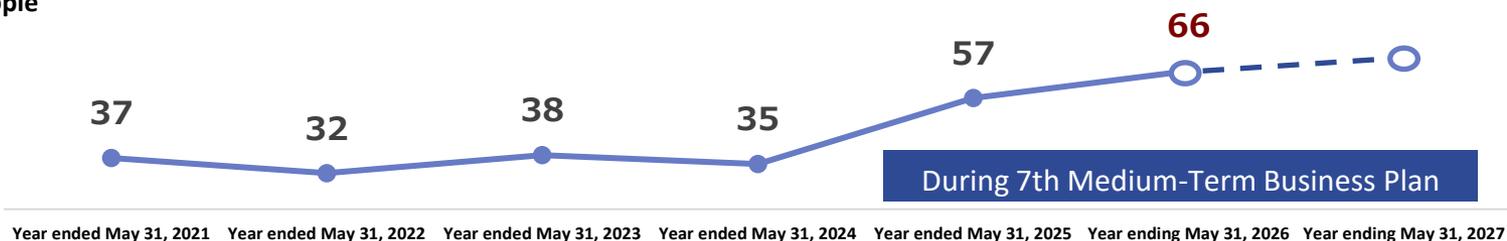
■ Human resources development

- ✓ We have continued 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 on the utilization of generative AI to raise the level of IT skills across the company

■ Securing engineers

- ✓ The number of new graduates hired for 2026 is expected to be about 10% of all employees, and securing engineers, including partners, is projected to exceed the initial plan

Number of new graduates hired
people



■ 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 are projected to increase by approximately 30% over the two-year period from the year ended May 31, 2024 to the year ending May 31, 2026
 - 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

1

Consolidated Financial Results for the Second Quarter of the Year Ending May 31, 2026

2

Initiatives Related to the Medium-Term Business Plan

3

Forecast for Year Ending May 31, 2026

4

Appendix

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

- Net sales of ¥11.5 billion (+¥1.026 billion YoY)
- Operating income of ¥1.26 billion (+¥0.115 billion 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] Power grids will expand the scope of orders for major projects
- [Rail] Systems for ATOS will expand beyond the initial plan
- [Rail] Conventional trains will gradually see more renewal projects launched, exceeding the previous year
- [Rail] Bullet trains will remain flat this fiscal year with minimal work

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

- [CASE] Securing sufficient workload for AD/ADAS (BSW) is a challenge in the second half of fiscal year
- [CASE] AD/ADAS (image sensor) will maintain the current system, with expansion planned for next fiscal year and beyond
- [CASE] For onboard information systems, the system will be downsized as operations contract during the second half of fiscal year
- [CASE] For BMS development, the system will be maintained

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

- [Aerospace] [Crisis Management] The current system will be maintained this fiscal year with expansion next fiscal year and beyond
- [Image Recognition/Identification] Workload will increase in the second half of fiscal year

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

- **[Storage] Aim to expand system in the second half of fiscal year, but training engineers remains a challenge**
- **[IoT construction equipment] Maintain the current system in the second half of fiscal year**

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

- **[Cloud] Cloud system development and system architecture fields will maintain the current system**
- **[Cloud] IoT cloud will aim to expand its system**
- **[Social Infrastructure] Railroad station equipment development will expand its system with support for thin clients, etc.**
- **[Social Infrastructure] Road equipment related work will remain flat this fiscal year with minimal work**

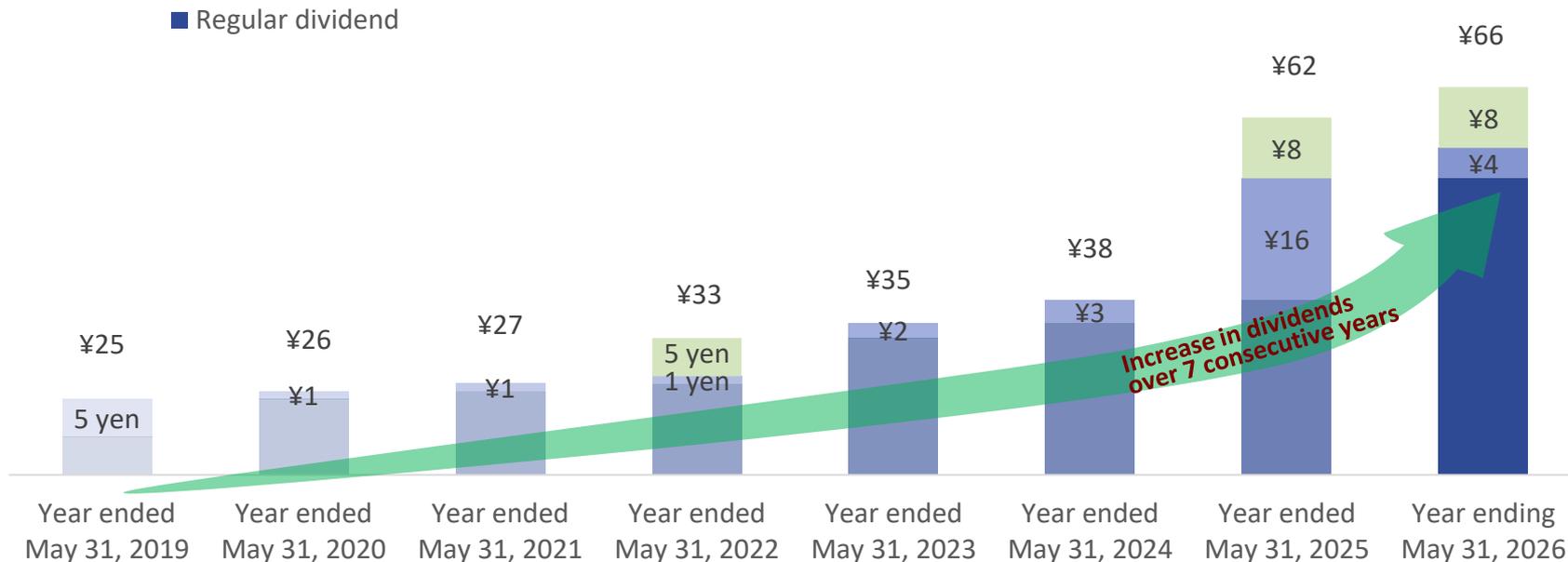
3.3 Giving Back to Shareholders

■ 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

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.



■ Details of the Business Alliance

(1) Mobility Sector*¹

- (i) Sales cooperation in software development support businesses for OEMs/suppliers*²
- (ii) Development cooperation in software development support businesses for OEMs/suppliers
- (iii) Technical and development cooperation for the planning and development of mobility products and services
- (iv) Joint planning and development of mobility products and services

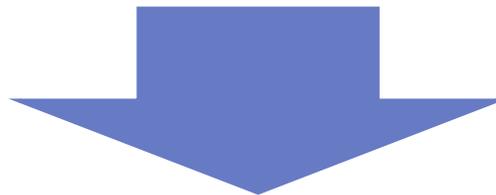
(2) Industry & ICT Solutions Sector*³

- (i) Development cooperation in the application software development support project

*1: Software-centric manufacturing and services in the mobility industry

*2: Finished car manufacturers (OEMs) and component suppliers

*3: Business systems and system architecture services in the industrial and public sectors as defined by the Company



- Consider specific measures to maximize synergy between the fields of each operational department
- No impact on this fiscal year's performance at this time

1

Consolidated Financial Results for the Second Quarter of the Year Ending May 31, 2026

2

Initiatives Related to the Medium-Term Business Plan

3

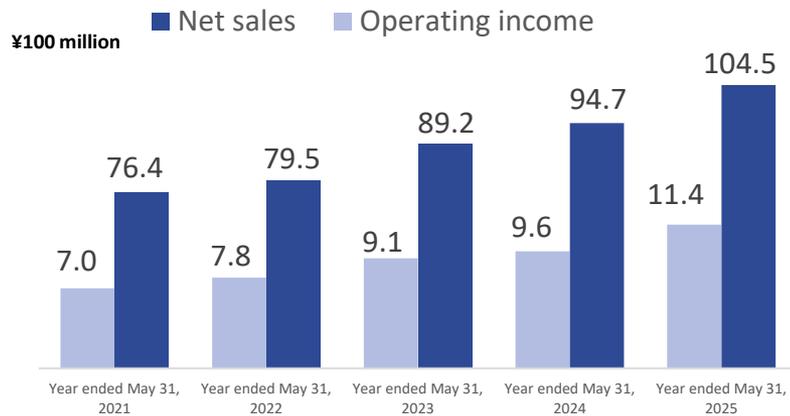
Forecast for Year Ending May 31, 2026

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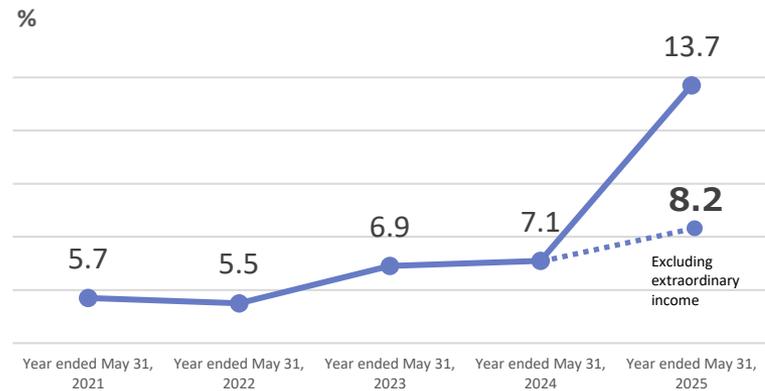
Appendix

4.1 Data (5 years)

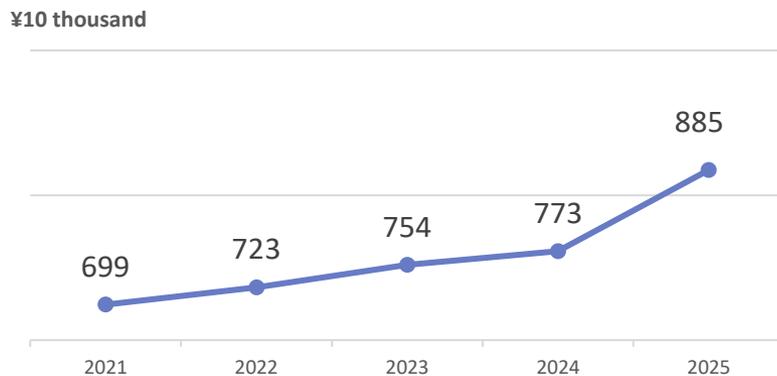
Consolidated net sales and operating income



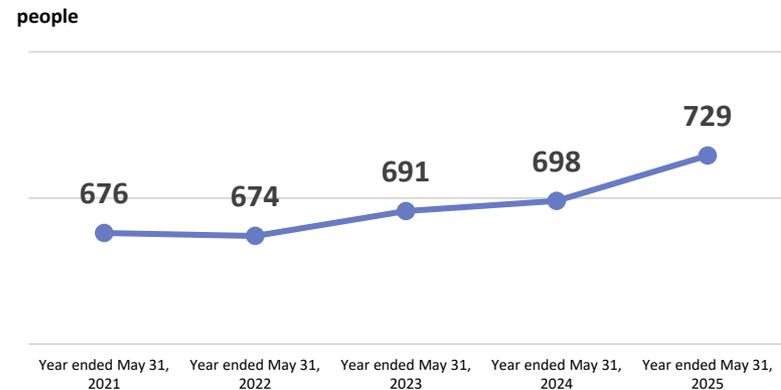
ROE



Average annual salary



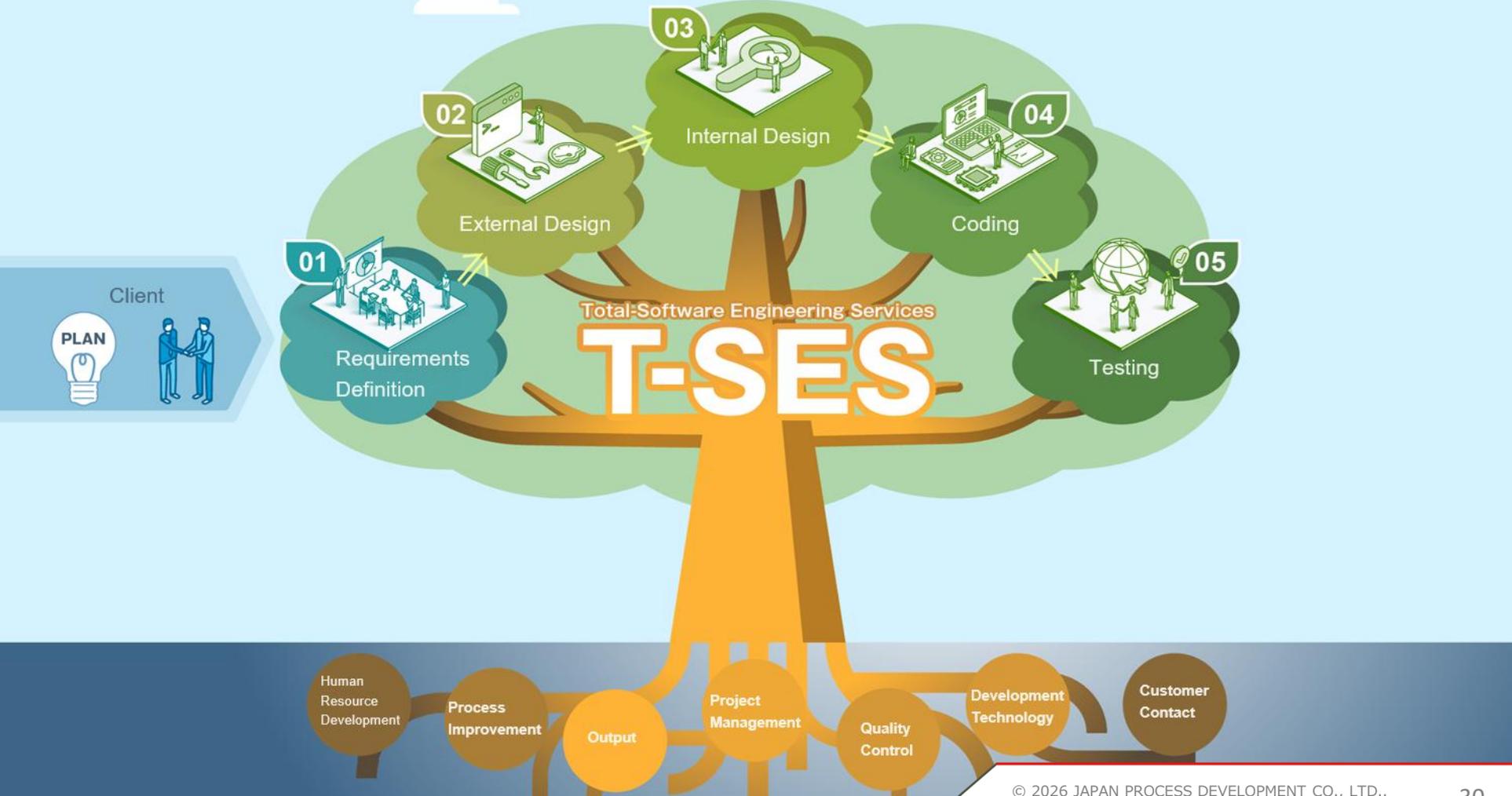
No. of employees



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.

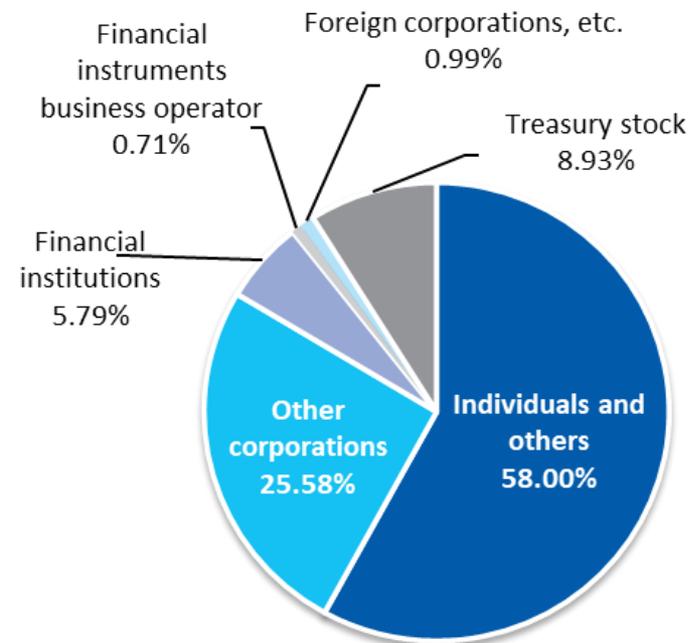
■ IoT

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	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	9,694,435 shares (as of November 30, 2025) (excluding 950,585 treasury shares)
Total number of shareholders	4,193 (As of November 30, 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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