

# Densan System Holdings Co., Ltd. Presentation Materials for the 1Q FY2024 Results Briefing

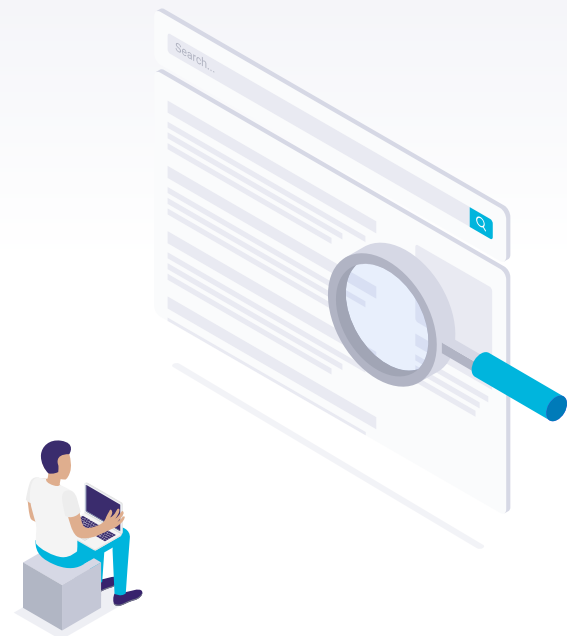
**Tokyo Stock Exchange Prime  
Nagoya Stock Exchange Premier  
Securities Code: 4072**

Forward-looking statements contained in this document are based on current estimates and projections and include potential risks and uncertainties. Future results are therefore not guaranteed. Please note that actual results may differ from projections due to changes in the business environment and other factors. Amounts are displayed rounded down to units of one million yen. Aggregate totals stated in charts may not tally with a result. Percentages are displayed rounded to the second decimal point.



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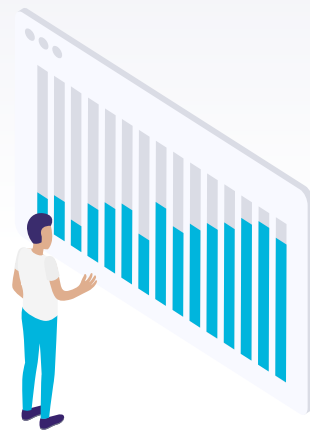
## 1Q FY2024 Business Results Highlights

Net sales 14.653 billion yen (0.4% ↑)

Operating income 1.119 billion yen (5.6% ↘)

Operating income ratio 7.6 %

Net income  
attributable to shareholders of the parent company  
786 billion yen (1.6% ↑)



## FY12/2024 1Q Business Results Highlights

Unit: Million yen

- ▶ In 1Q of the current fiscal year, net sales increased and operating income and ordinary income decreased year on year.
- ▶ Net income increased 1.6% year on year due to a decrease in the impact of unprofitable projects in information services.
- ▶ Progress rate of the full-year plan is slightly low at 22.3% for net sales, but each stage of income is on track.
- ▶ The full-year plan remains unchanged.

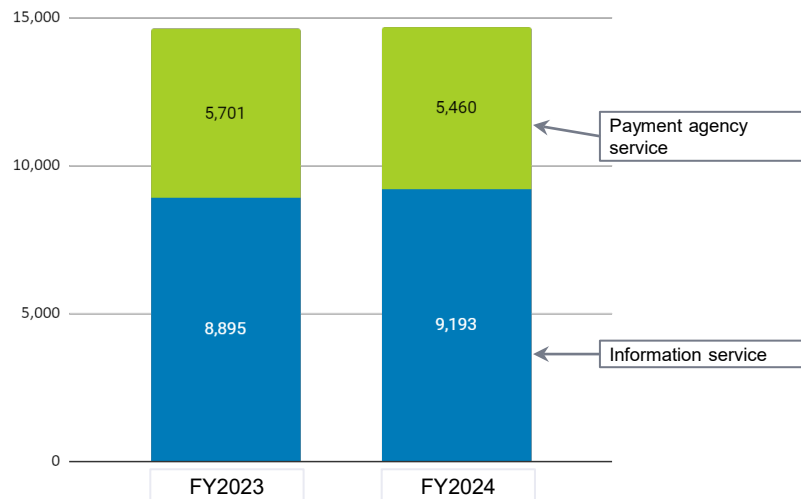
	FY2023 1Q	FY2024 1Q	YoY change		Full-year plan	Progress
			Amount	Ratio		
Net sales	14,596	14,653	57	0.4%	65,700	22.3%
Operating income	1,186	1,119	(66)	(5.6%)	4,100	27.3%
Income ratio	8.1%	7.6%	0.5%pt Down		6.2%	
Ordinary income	1,186	1,145	(40)	(3.4%)	4,120	27.8%
Income ratio	8.1%	7.8%	0.3%pt Down		6.3%	
Net income	773	786	12	1.6%	2,790	28.2%

## FY12/2024 1Q By Segment

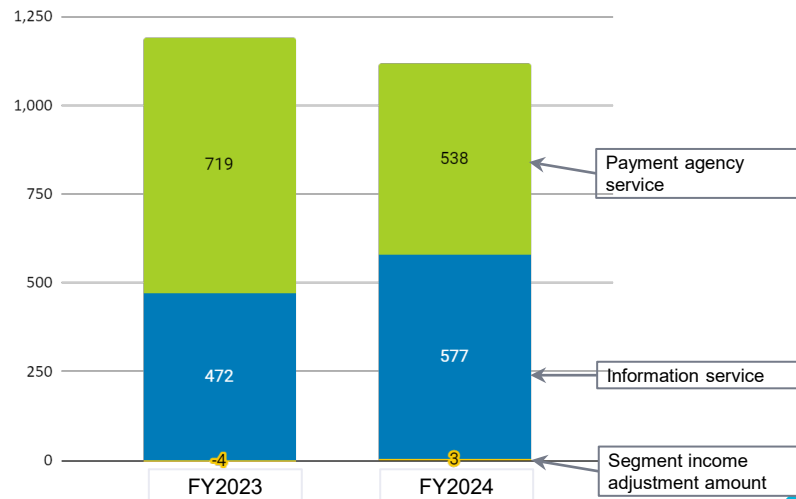
Unit: Million yen

- ▶ Net sales increased ¥300 million (3.3%) from the previous year for information services, but decreased ¥240 million (4.2%) for payment agency services.
- ▶ Operating income increased ¥105 million (22.3%) from the previous year for information services, but decreased ¥181 million (25.1%) for payment agency services.
- ▶ Net sales composition is largely unchanged from the previous year, but operating income of payment agency services has changed significantly from 61% to 48%.

Net sales



Operating income

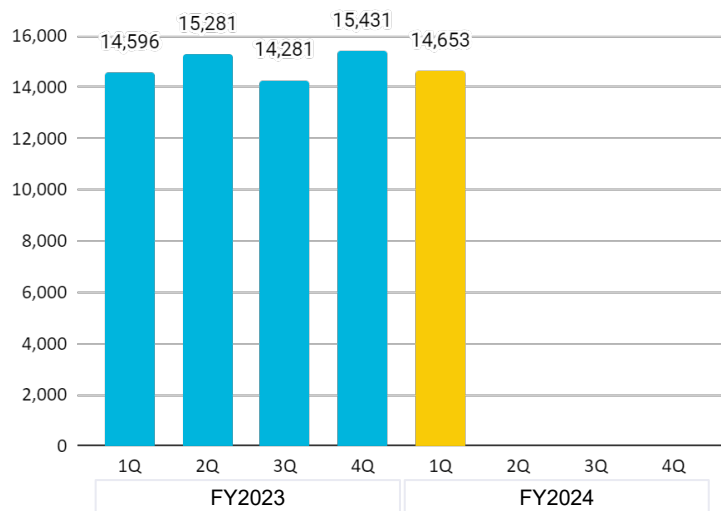


## FY12/2024 1Q Transition in Quarterly Business Results

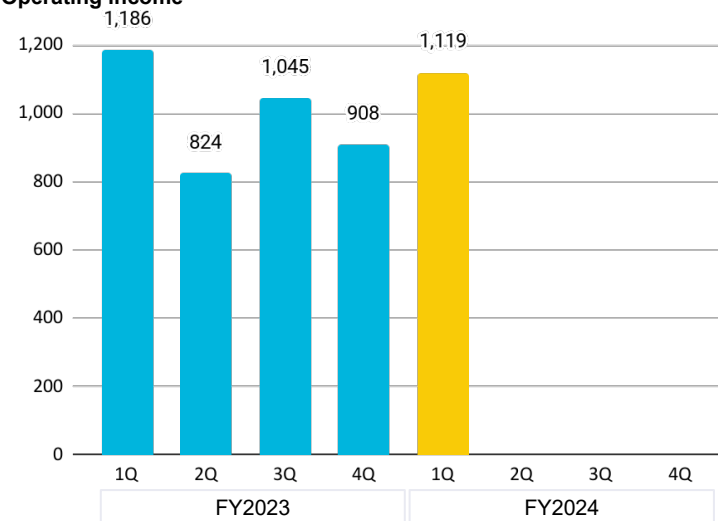
Unit: Million yen

- ▶ Net sales began quite modestly in 1Q of the current fiscal year, considering the extremely good performance in 1Q of the previous fiscal year.
- ▶ Operating income decreased from 1Q of the previous fiscal year due to an increase in the unit purchase price of payment agency services since 2Q of the previous fiscal year.

Net sales



Operating income



## FY12/2024 1Q Financial Condition (B/S)

Unit: Million yen

	FY2023	FY2024 1Q	Change in amount
Total assets	57,051	57,569	518
Current assets	48,228	48,546	317
Non-current assets	8,822	9,022	200
Total liabilities	36,277	36,070	(206)
Current liabilities	33,953	34,036	82
Non-current liabilities	2,323	2,034	(289)
Total net assets	20,774	21,498	724
Equity ratio	36.1%	37.0%	0.9%pt Up

Equity ratio for 1Q of the current fiscal year was 54.9%, excluding current liabilities for deposits received in payment agency services.

## FY12/2024 1Q Information Services Summary

Unit: Million yen

- ▶ SI/software development increased 8.0% year on year due to steady performance of Google business and various SI projects.
- ▶ Net sales in information processing remained flat due to a decline in the number of other BPO services, although BPO invoicing services were steady.
- ▶ Sales of merchandise and finished goods decreased compared to 1Q of the previous fiscal year, when there were large transactions, but progress was steady.
- ▶ Operating income increased and operating margin improved by 1.0% due to the reduced impact of unprofitable software development projects that occurred in the previous fiscal year.

	FY2023 1Q	FY2024 1Q	YoY change		Full-year plan	Progress
			Amount	Ratio		
Net sales	8,895	9,193	297	3.3%	39,444	23.3%
SI and software development	6,258	6,760	502	8.0%	30,054	22.5%
Information processing	1,268	1,262	(5)	(0.4%)	6,221	20.3%
Sales of merchandise and finished goods	1,351	1,143	(207)	(15.4%)	3,085	37.1%
Other revenue	17	26	8	50.3%	85	31.1%
Operating income	472	577	105	22.3%	1,844	31.3%
Operating income ratio	5.3%	6.3%	1.0%pt Up		4.7%	

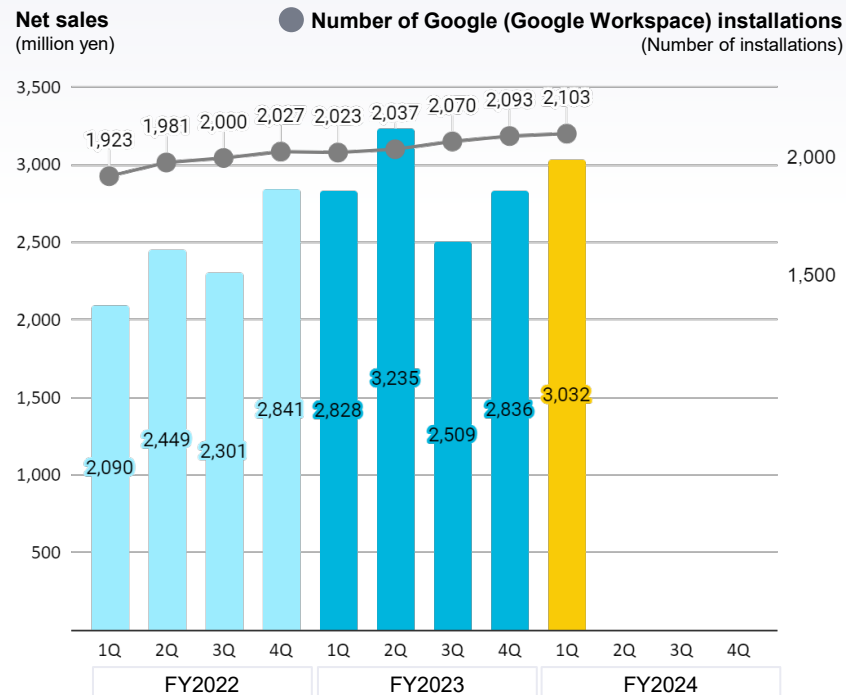


## FY12/2024 1Q Information Services in Detail (Google Business)

- ▶ Google Workspace saw steady growth in the number of business partners and licenses, and net sales increased year on year.
- ▶ We aim for further expansion in the education sector through the partnership with NEC.

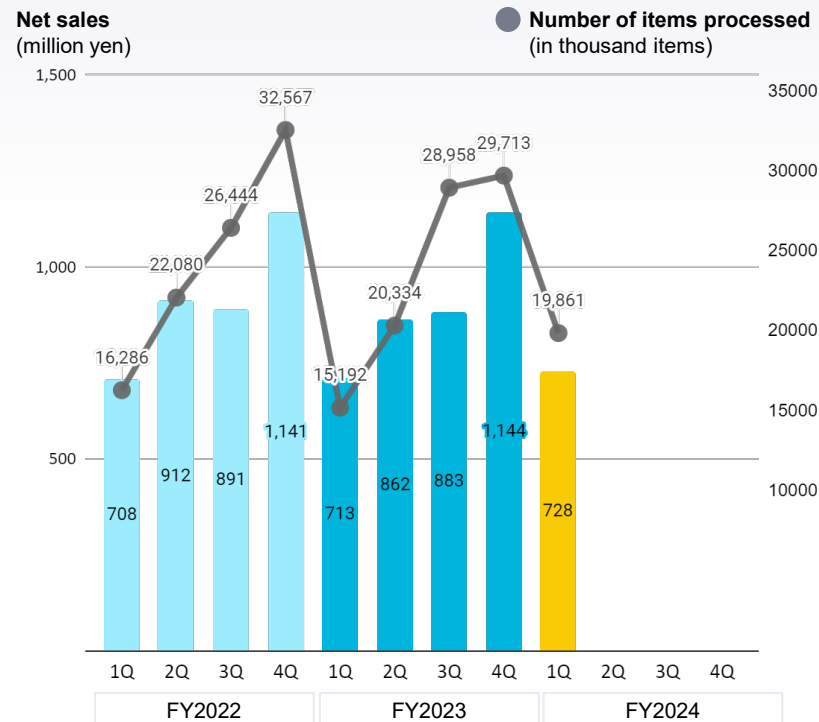
Google (Google Workspace) adopter companies: **2,103** companies

Google business sales **7.2%** up from the previous fiscal year



## FY12/2024 1Q Information Services in Detail (BPO Business)

- ▶ Invoice preparation services performed well.
- ▶ Invoice printing operations decreased, and BPO as a whole remained flat.



## FY12/2024 1Q Payment Agency Services Summary

Unit: Million yen

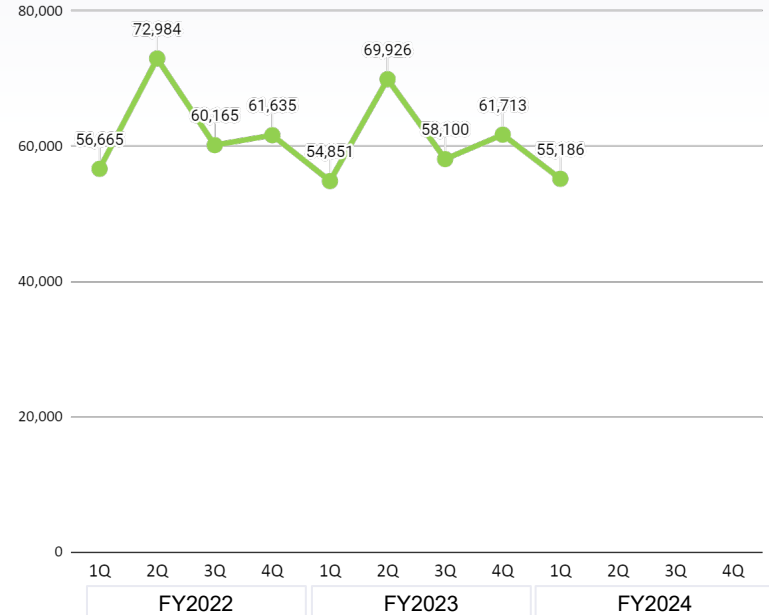
- ▶ Net sales and operating income of convenience store payment agency services decreased from the previous fiscal year due to the termination of transactions with a large customer in 1Q of the previous fiscal year and an increase in the unit price of some purchases from 2Q of the previous fiscal year.  
The impact of these ran its course in 1Q of the current fiscal year.
- ▶ Online payment services and other revenue (deferred payment services) decreased 11.6% and 26.5%, respectively, from the previous year due to a decrease in the number of existing customers.

	FY2023 1Q	FY2024 1Q	YoY change		Full-year plan	Progress
			Amount	Ratio		
Net sales	5,701	5,460	(240)	(4.2%)	26,256	20.8%
Payment and collection agency service	5,210	5,021	(189)	(3.6%)	23,821	21.1%
Online payment service	254	224	(29)	(11.6%)	1,257	17.9%
Remittance service	88	86	(2)	(2.7%)	302	28.7%
Payment agency peripheral services	80	78	(1)	(2.3%)	315	24.9%
Other revenue	66	49	(17)	(26.5%)	561	8.8%
Operating income	719	538	(180)	(25.1%)	2,256	23.9%
Operating income ratio	12.6%	9.9%	2.8%pt Down		8.6%	

## FY12/2024 1Q Payment Agency Services in Detail (Payment and Collection Agency Services / Online Payment Services)

- ▶ The decrease in the number of payments, which had been continuing since 1Q of the previous fiscal year, turned into an increase from 4Q of the previous fiscal year and continued in 1Q of the current fiscal year.
- ▶ However, the number of payments related to local governments increased compared to the private sector, and sales and income decreased from the previous year due to the unit price of transactions.

Number of items processed  
(in thousand items)



## FY12/2024 1Q Payment Agency Services in Detail (Remittance Services / Payment Agency Peripheral Services)

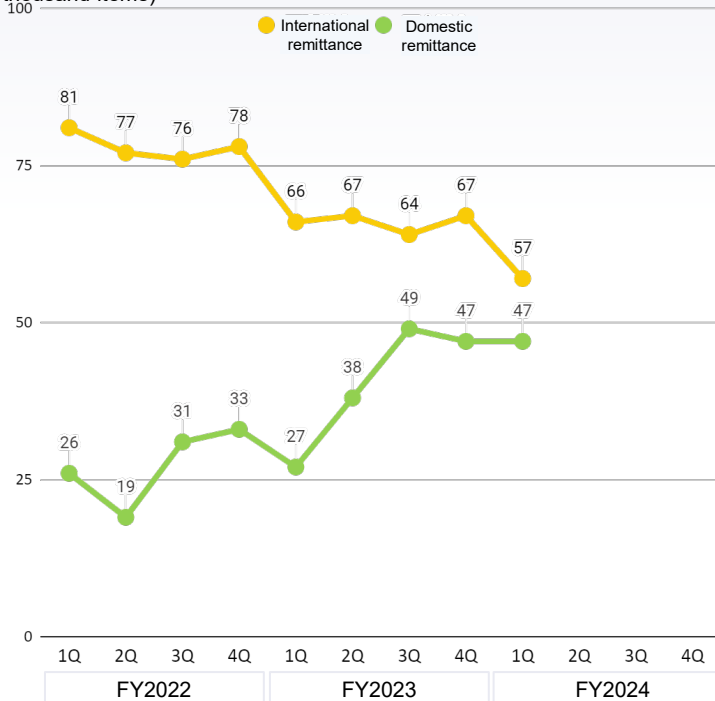
- ▶ **International remittance continued to be sluggish due to the impact of depreciation of the yen and stricter regulations.**

The number of transactions is expected to decrease because advance registration style services using convenience store counters were terminated in 1Q, and only face-to-face services will be available from 2Q.

- ▶ **Domestic remittance services continue to handle large accounts, and the number of transactions is stable.**

Number of items processed

(in thousand items)



## FY12/2024 1Q Topics

- ▶ April 16, 2024: Collaboration with NEC in the education DX field, strengthening the system for NEXT GIGA (2025)
  - Took over the “Learning Visualization Service,” a data utilization service for schools that NEC has been developing, and integrated it with “Ra:Class” to strengthen services.

### 学びの様子見える化のイメージ



1人1台端末の利用状況のデータや生徒へのアンケート結果から、学びの様子を可視化。先生方による児童・生徒一人ひとりに寄り添った指導を可能にします。



可視化した  
情報をご提供



- 授業中の端末利用
- 家庭での端末利用
- アンケート回答や相談



データをもとに  
個別指導



#### 【効果】

- 児童・生徒一人ひとりに支援
- 授業改善のヒントを得られる

## FY12/2024 1Q Topics

- ▶ **Web3, NFT, Blockchain: We started working on cutting-edge digital technologies.**
- **March 18, 2024: Signed a basic agreement on collaboration with Bucket Co., Ltd. for the purpose of developing the tourism and regional development platform business.**

### **Promoting the Web3 Digital Castle Town Project**

**We are providing the foundation for creating new experience value by working with tourist destinations.**

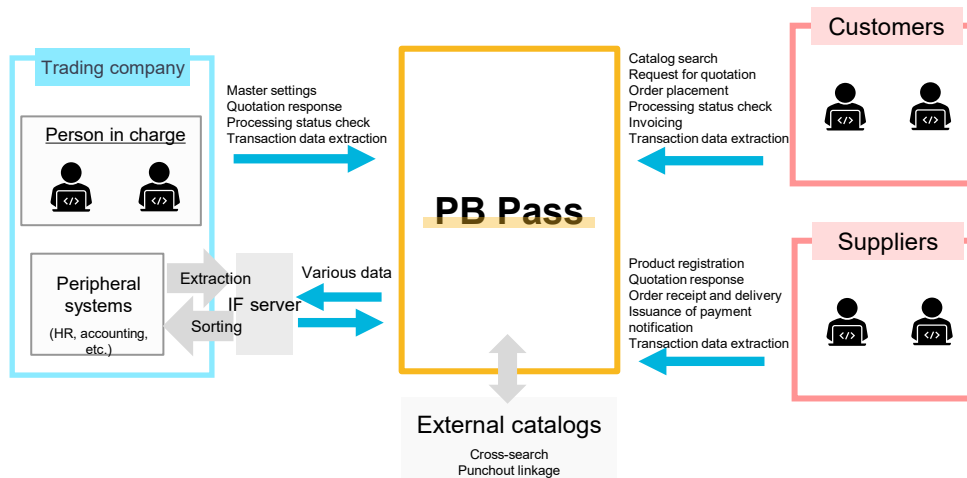
**We are considering building a foundation to provide a new gift experience to customers using NFT technology.**

- **May 7, 2024: Capital and business alliance with JPYC inc. handling the Japanese yen stable coin JPYC.**

**We are considering and developing social implementation of new payment and remittance infrastructure**

## FY12/2024 1Q Topics

- ▶ February 19, 2024: We launched PB Pass™, a purchasing solution for trading companies.
  - It solves problems faced by trading companies and their customers
    - It is possible to cross-reference all product catalogs that trading companies sell to their customers, including catalogs provided by external vendors.
    - Requests for quotations for products not listed in catalogs can be handled online, and trading companies can request quotations from multiple suppliers.





## Medium-Term Plan FY2024 to FY2026

Unit: Million yen

- ▶ Aim for sales increase of 10% or more each fiscal year.
- ▶ Improve the income ratio each fiscal year.
- ▶ Create new value and aim to grow the plan to higher levels.

	FY2023 Actual	FY2024 Plan	FY2025 Plan	FY2026 Plan	Growth rate YoY Average
Net sales	59,591	65,700	72,300	80,000	10.3%
Information service	35,623	39,444	43,215	47,243	
Payment agency service	23,967	26,256	29,085	32,757	
Operating income	3,964	4,100	4,700	5,600	12.4%
Information service	1,416	1,844	2,358	2,687	
Payment agency service	2,546	2,256	2,342	2,913	
Income ratio	6.7%	6.2%	6.5%	7.0%	
Information service	4.0%	4.7%	5.5%	5.7%	
Payment agency service	10.6%	8.6%	8.1%	8.9%	

## Medium-Term Plan FY2024 to FY2026

### Transforming into a value creator for the realization of a sustainable society

#### **DSK Transformation →**

**From contracted development to packaged services  
Be a co-creation partner that shares customer issues and considers ways to resolve them together with the customer in order to respond to a digital society**

**Strengthen collaboration among Group companies → Integrate the organization and personnel to further build cooperative ties, and create a synergy effect through business partnerships**

**Expansion of neighboring areas → Expansion of Google Business peripheral services  
Expansion of DX business  
Extend the payment agency service menu**

**Human resource development → Technical workshops, review of treatment, OJT, training and seminars**

## Long-Term Plan December 2021 to December 2027

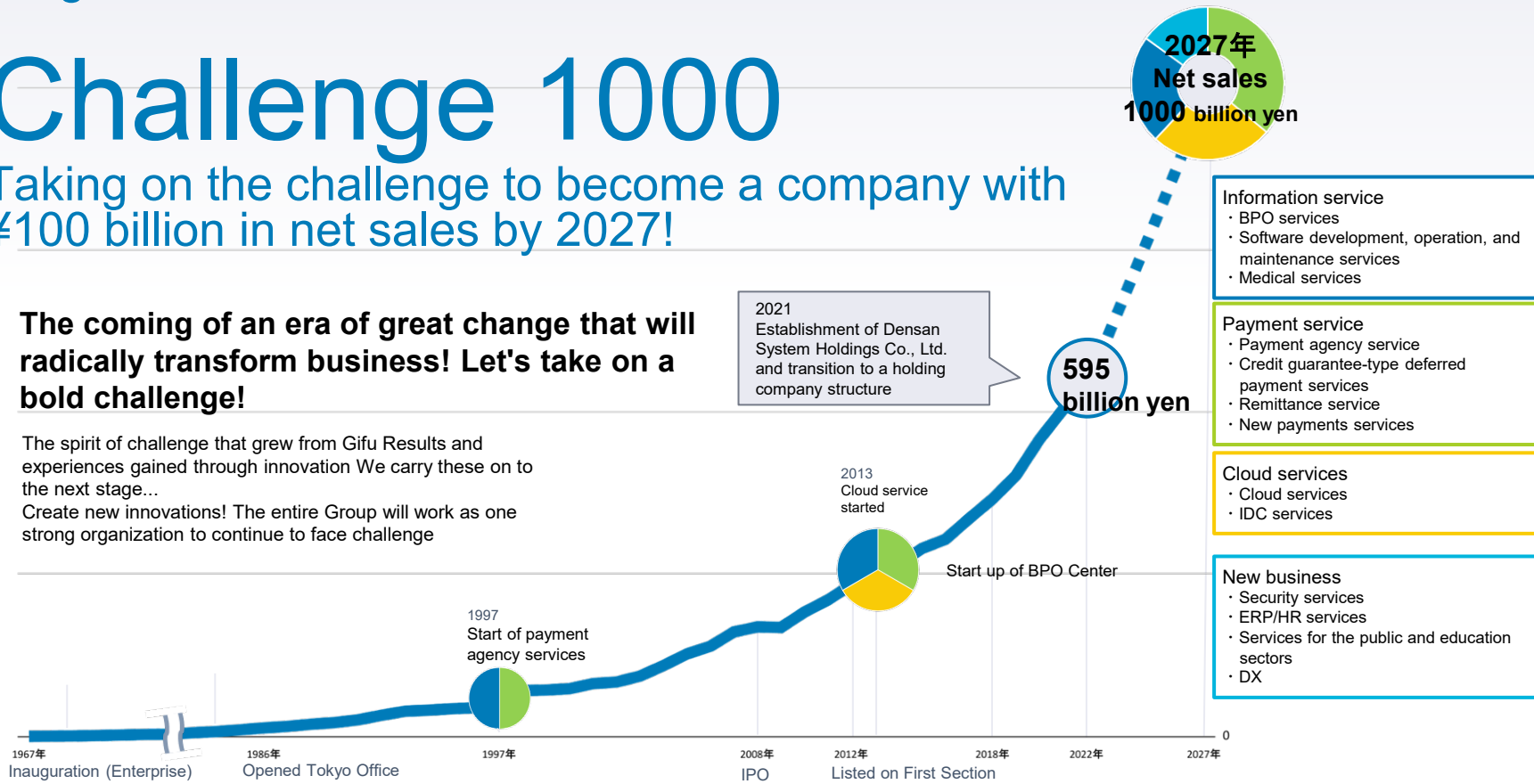
# Challenge 1000

Taking on the challenge to become a company with  
¥100 billion in net sales by 2027!

**The coming of an era of great change that will radically transform business! Let's take on a bold challenge!**

The spirit of challenge that grew from Gifu Results and experiences gained through innovation We carry these on to the next stage...

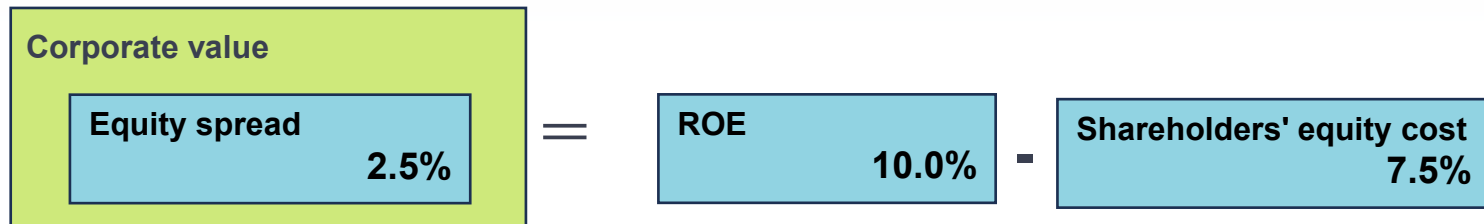
Create new innovations! The entire Group will work as one strong organization to continue to face challenge



## Response to Achieve Management with Awareness of Capital Cost and Stock Price

We will aim to further strengthen profitability while also steadily implementing measures to improve capital cost, including timely and appropriate disclosure of information as well as financial and capital policies. We will also continue to improve equity spread while "maintaining the 12% ROE."

### ▶ Current situation (for FY2023)



### ▶ Initiative policies: To achieve specific corporate value improvements

#### Strengthen ability to generate profit

- Create new business and provide training for continued business expansion
- Strengthen our structure to be a highly profitable company

#### Strengthen financial and capital strategies

- Fulfill shareholder returns with priority on continuing stable dividends
- Strengthen investment in human capital
- Reduce cross-shareholdings

#### Reduce capital cost

- Actively disclose risk information

## Dividends

- ▶ **FY2023: Annual ordinary dividend of ¥37 per share (interim dividend of ¥18 and year-end dividend of ¥19)**
- ▶ **FY2024 plan: Annual ordinary dividend of ¥40 per share (interim dividend of ¥20 and year-end dividend of ¥20)**

