

Densan System Holdings Co., Ltd. Presentation Materials for the 3Q 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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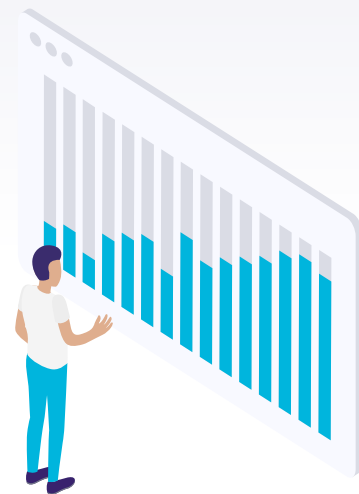
3Q FY2024 Business Results Highlights

Net sales 45.106 billion yen (2.1%↗)

Operating income 1.461 billion yen (52.2%↘)

Operating income ratio 3.2 %

Net income
attributable to shareholders of the parent company
847 billion yen (59.2%↘)



FY2024 3Q Business Results Highlights Revision of the Financial Results Forecast

Unit: Million yen

- ▶ Full-year plan has been revised based on results up to the 3Q and the outlook for the 4Q
- ▶ Net sales were affected by factors including difficulties in acquiring new projects in the information services, delays in the development of large projects, a decrease in the number of payments for some existing customers in payment agency services, and delays in the start of operations for new large-scale projects.
- ▶ Operating income was affected by factors including the occurrence of unprofitable projects, increases in purchasing costs and personnel expenses, and growth of investments
- ▶ Net income was affected by the above, as well as the impairment of goodwill and loss on valuation of investment securities

	FY2023	Revised full-year plan	Change	
			Amount	Ratio
Net sales	59,591	61,200	1,609	2.7%
Operating income	3,964	2,300	(1,664)	(42.0%)
Ordinary income	4,018	2,470	(1,549)	(38.5%)
Net income	2,004	1,410	(594)	(29.7%)

Initial full-year plan	Change	
	Amount	Ratio
65,700	(4,500)	(6.8%)
4,100	(1,800)	(43.9%)
4,120	(1,650)	(40.0%)
2,790	(1,380)	(49.5%)

FY2024 3Q Business Results Highlights

Unit: Million yen

- ▶ Net sales increased 2.1% year on year due to strong cloud projects for Google and other companies
- ▶ Operating income decreased year on year due to the impact of an increase in costs and unprofitable projects in information services
- ▶ Net income decreased year on year due to the impairment of goodwill and loss on valuation of investment securities

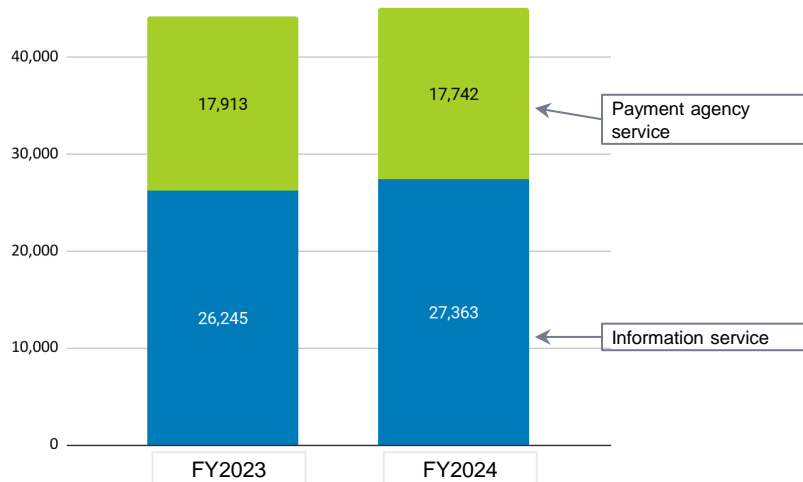
	FY2023 3Q cumulative total	FY2024 3Q cumulative total	YoY change		Full-year plan (revised)	Progress
			Amount	Ratio		
Net sales	44,159	45,106	946	2.1%	61,200	73.7%
Operating income	3,056	1,461	(1,594)	(52.2%)	2,300	63.5%
Income ratio	6.9%	3.2%	3.7% pt Down		3.8%	
Ordinary income	3,119	1,622	(1,496)	(48.0%)	2,470	65.7%
Income ratio	7.1%	3.6%	3.5% pt Down		4.0%	
Net income	2,075	847	(1,227)	(59.2%)	1,410	60.1%

FY2024 3Q By Segment

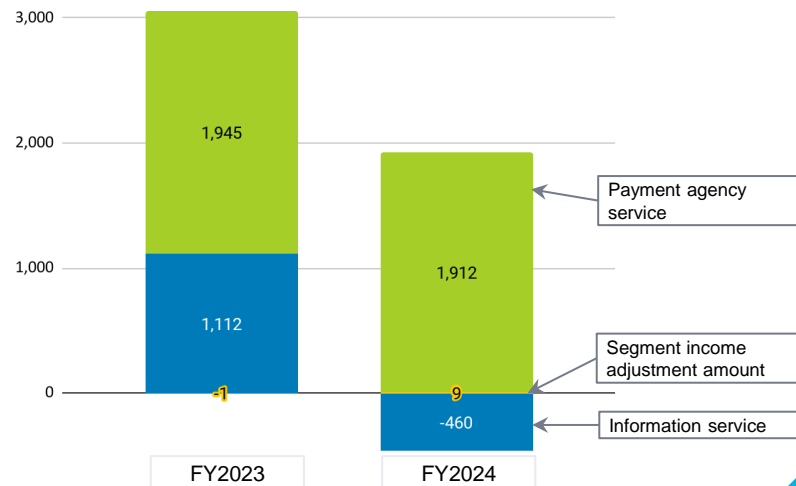
Unit: Million yen

- ▶ Net sales increased ¥1.1 billion (4.3%) year on year for information services, but decreased ¥170 million (1.0%) for payment agency services
- ▶ Operating income for information services declined ¥1.57 billion year on year due to the impact of an increase in costs and unprofitable projects
- ▶ Operating income for payment agency services decreased by ¥33 million year on year for the first nine months, but increased for the 3Q alone, following the 2Q

Net sales



Operating income

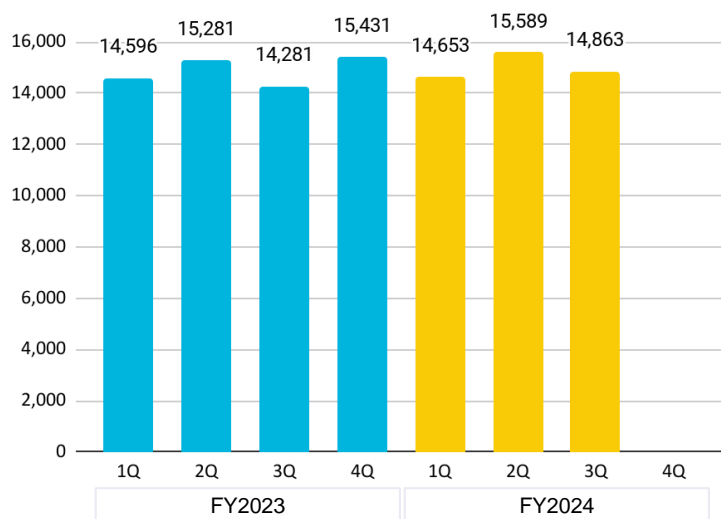


FY2024 3Q Transition in Quarterly Business Results

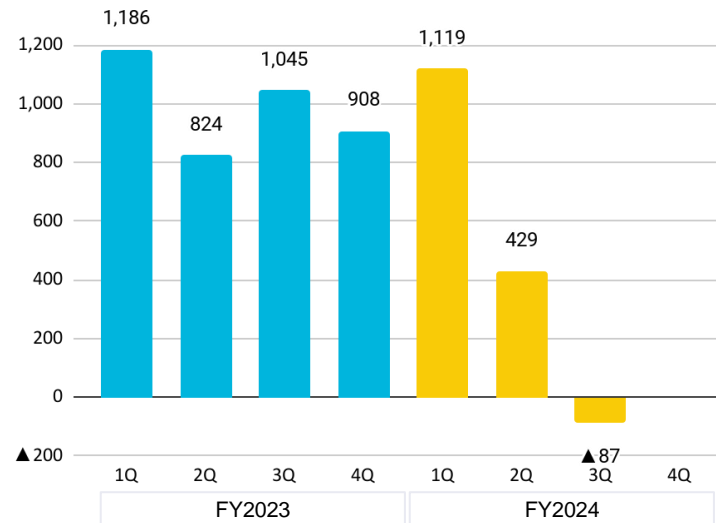
Unit: Million yen

- ▶ Net sales for the 3Q alone increased by ¥580 million, or 4.1%, year on year
- ▶ In terms of operating income, an operating loss was recorded for the 3Q alone due to the impact of an increase in costs and unprofitable projects in information services

Net sales



Operating income



FY12/2024 3Q Financial Condition (B/S)

Unit: Million yen

	As of December 31, 2023	As of September 30, 2024	Change in amount
Total assets	57,051	69,400	12,348
Current assets	48,228	60,829	12,600
Non-current assets	8,822	8,570	(251)
Total liabilities	36,277	48,073	11,796
Current liabilities	33,953	46,319	12,365
Non-current liabilities	2,323	1,754	(569)
Total net assets	20,774	21,326	552
Equity ratio	36.1%	30.4%	5.7% pt Down
Deposits received in payment agency services	18,231	26,033	7,801
Equity ratio excluding deposits received in payment agency services	53.0%	48.7%	4.3% pt Down

FY2024 3Q Information Services Summary

Unit: Million yen

- ▶ SI and software development performed well in the new fields of cloud services such as Google and generative AI
- ▶ Sales decreased year on year in information processing due to a decline in the number of cases processed in other services, despite strong performance in invoice preparation services
- ▶ Sales of merchandise and finished goods declined year on year on a cumulative basis, but increased by ¥160 million, or 21%, for 3Q alone
- ▶ An operating loss of ¥460 million was recorded due to delays in development work and further revisions to man-hours required to improve quality in unprofitable projects in software development and the recording of provisions for excess costs in the following period
- ▶ Although operating income is expected for the 4Q alone, an operating loss of ¥160 million is expected for the full year

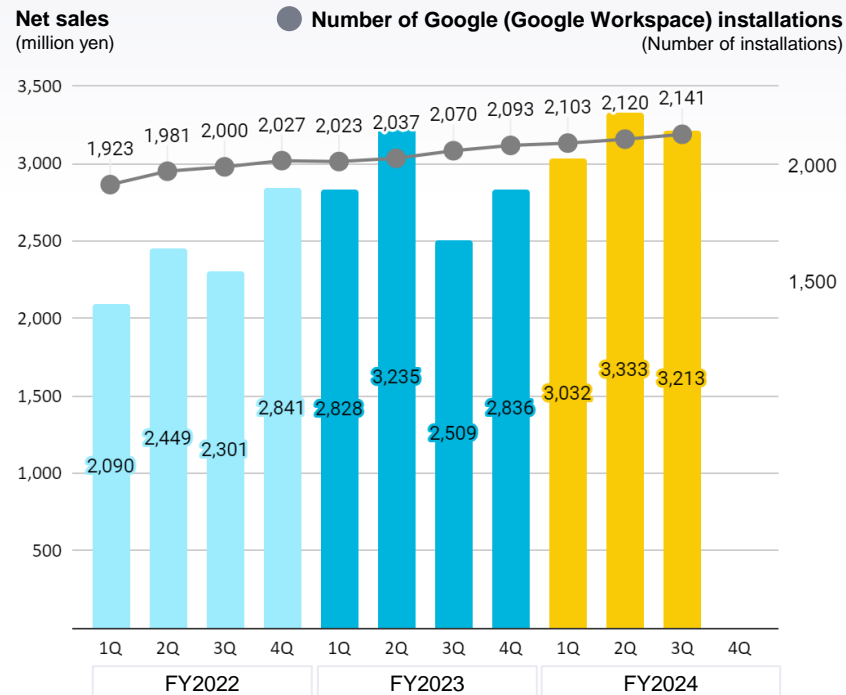
	FY2023 3Q cumulative total	FY2024 3Q cumulative total	YoY change		Full-year plan (revised)	Progress
			Amount	Ratio		
Net sales	26,245	27,363	1,118	4.3%	37,527	72.9%
SI and software development	18,581	19,949	1,367	7.4%	27,695	72.0%
Information processing	4,210	4,065	(145)	(3.4%)	5,802	70.1%
Sales of merchandise and finished goods	3,395	3,270	(124)	(3.7%)	3,925	83.3%
Other revenue	58	78	20	35.1%	105	75.1%
Operating income	1,112	(460)	(1,572)	(141.4%)	(165)	-
Operating income ratio	4.2%	(1.7%)	5.9% pt Down		(0.4%)	

FY2024 3Q Information Services in Detail (Google Business)

- ▶ Google Workspace saw steady growth in the number of business partners and licenses acquired.
- ▶ Cumulative total sales for the first nine months of the fiscal year were ¥9.57 billion
- ▶ In partnership with NEC, we have started to offer a new service called Manamie for Next GIGA

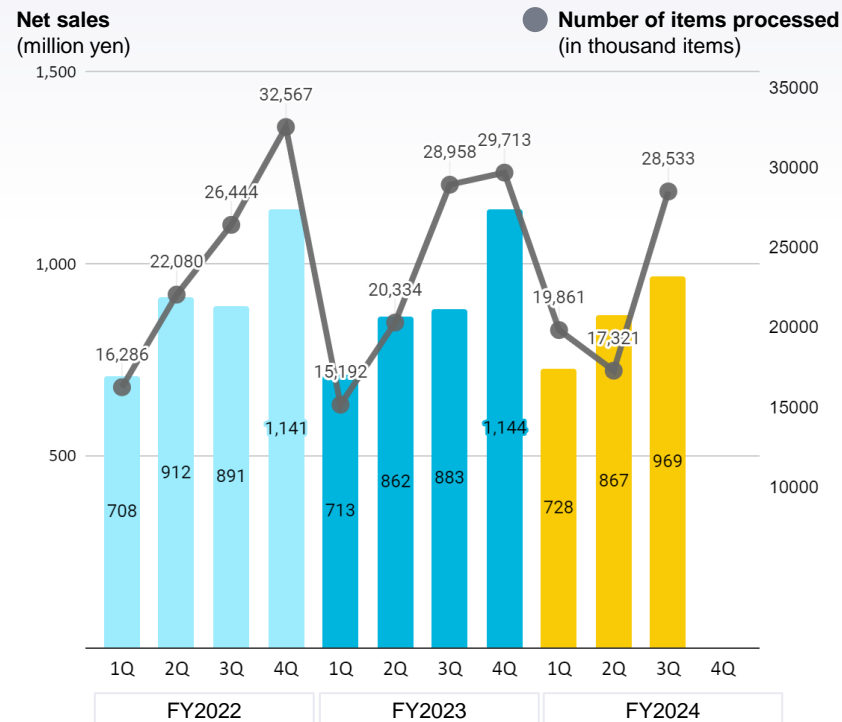
Google (Google Workspace) adopter companies: 2,141 companies

Google business sales 11.7% up from the previous fiscal year



FY2024 3Q Information Services in Detail (BPO Business)

- ▶ Invoice preparation services performed well, up 16.2%
- ▶ Other BPO services saw a decline in the number of cases processed, and the BPO business overall only increased by 4.3%



FY2024 3Q Payment Agency Services Summary

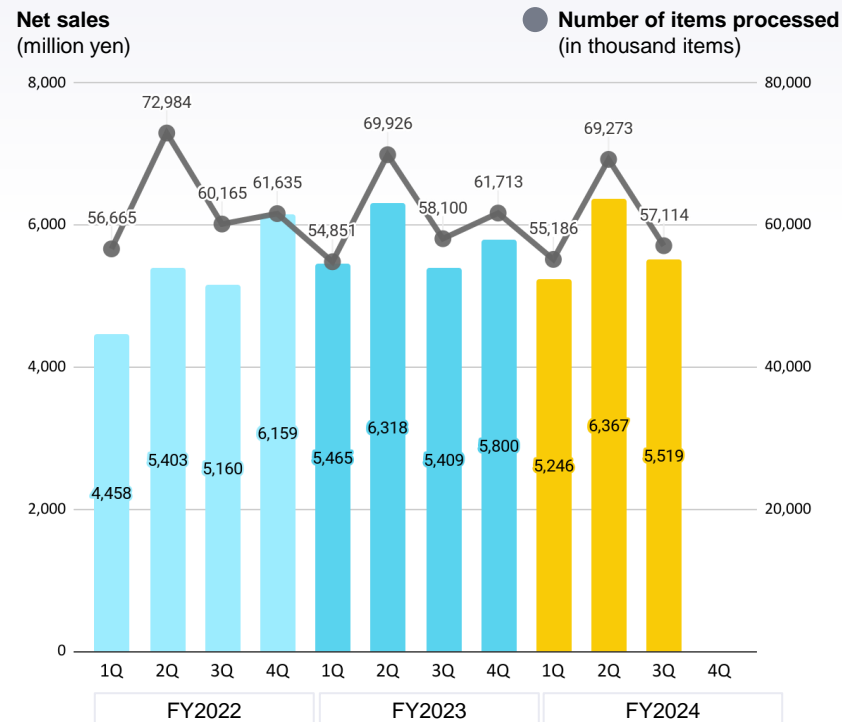
Unit: Million yen

- ▶ Sales and profits declined year on year due to the termination of transactions with a large customer in 1Q of the previous fiscal year
- ▶ In online payment services, sales decreased year on year due to a decline in the number of existing customers
- ▶ In remittance services, sales decreased due to the termination of international remittance service at the end of June
- ▶ Other revenue (deferred payment services) decreased year on year, but increased for the 3Q alone due to new large customers who launched operations
- ▶ In addition to the above, there was also a delay in the start of operations for new large customers, so a decrease in sales and profits is expected for the revised full-year plan

	FY2023 3Q cumulative total	FY2024 3Q cumulative total	YoY change		Full-year plan (revised)	Progress
			Amount	Ratio		
Net sales	17,913	17,742	(171)	(1.0%)	23,673	74.9%
Payment and collection agency service	16,432	16,419	(13)	(0.1%)	21,886	75.0%
Online payment service	761	713	(47)	(6.2%)	976	73.1%
Remittance service	270	207	(63)	(23.3%)	233	88.9%
Payment agency peripheral services	237	236	(1)	(0.7%)	315	75.0%
Other revenue	212	166	(46)	(21.7%)	263	63.2%
Operating income	1,945	1,912	(32)	(1.7%)	2,465	77.6%
Operating income ratio	10.9%	10.8%	0.1% pt Down		10.4%	

FY2024 3Q Payment Agency Services in Detail (Payment and Collection Agency Services / Online Payment Services)

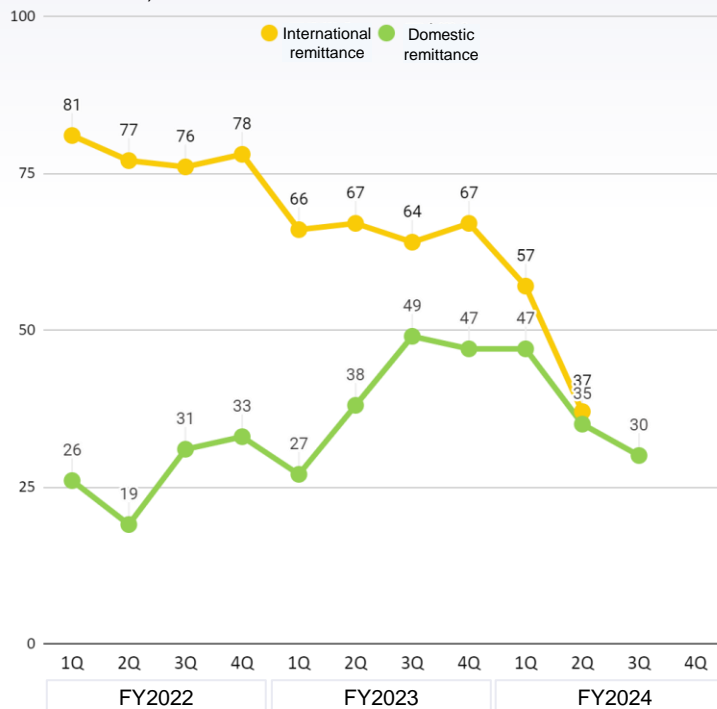
- ▶ Sales and profits for the convenience store payment agency services decreased in the first nine months of the current fiscal year due to the termination of a large customer in the 1Q of the previous fiscal year and the impact of a partial increase in unit purchase prices in the 2Q of the previous fiscal year.
- ▶ This situation has run its course in the 1Q of the current fiscal year, and sales increased in the 3Q alone, continuing from the 2Q
- ▶ The number of transactions handled by some existing customers decreased
The number of transactions decreased overall, as the decrease in the number of transactions could not be compensated for by new customers



FY2024 3Q Payment Agency Services in Detail (Remittance Services / Payment Agency Peripheral Services)

- ▶ **The international remittance service terminated advance registration style services at the end of March**
The face-to-face service business was also transferred on July 1, and the service was fully terminated
- ▶ **Domestic remittance services saw a decline in the number of transactions, as new customers were unable to make up for the decline in the number of existing customers**

Number of items processed
(in thousand items)

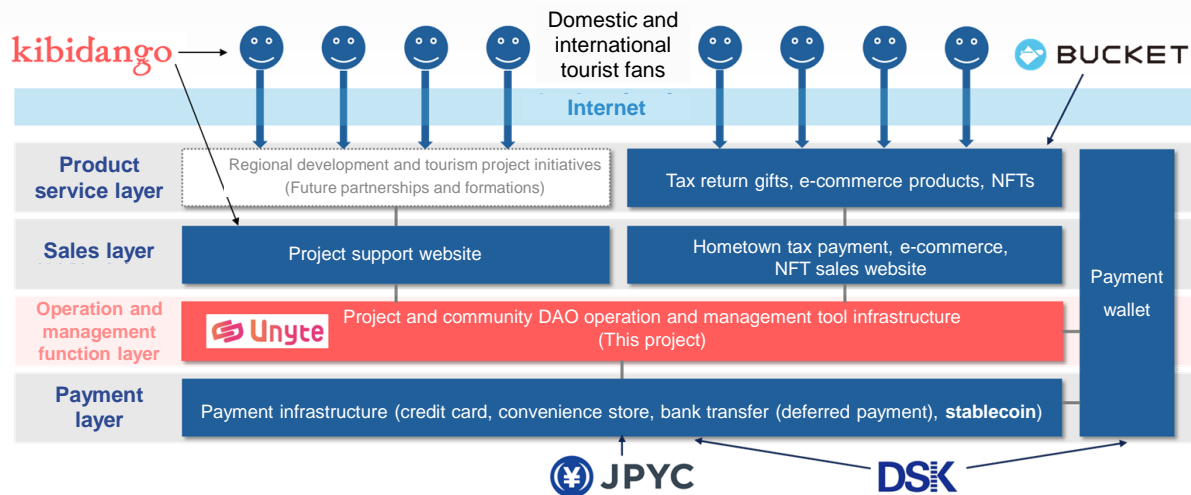


FY2024 3Q Topics

- ▶ **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.
- ▶ **September 27, 2024: Started providing Manamie, a service promoting the utilization of educational data**
 - **October 1, 2024: Gradually launched the educational DX service Manamie, which supports the comprehensive enhancement of personalized and collaborative learning through data analysis**
 - **January 2025: Scheduled launch of the Manamie Data Analysis Support Service Pack, aimed at promoting the utilization of educational data**

FY2024 3Q Topics

- ▶ **Web3, NFT, Blockchain: We started working on cutting-edge digital technologies.**
 - **October 30, 2024: Business alliance with Unyte Inc., which provides an integrated platform that supports the construction and advanced management of DAOs, for joint efforts toward the social implementation of a DAO**



* A DAO (decentralized autonomous organization) is a new form of organization based on blockchain technology. A DAO is operated by a self-executing contract called a smart contract, and does not require a conventional centralized manager or middleman. This mechanism enables highly transparent management and efficient decision-making.

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 ¥60 per share (interim dividend of ¥20 and year-end dividend of ¥40)

