



Presentation Materials for the FY2019 Results Briefing

Densan System Co., Ltd.

Tokyo Stock Exchange, First Section
Nagoya Stock Exchange, First Section
Securities Code: 3630

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.

Y-o-y change in parentheses

Sales

40,202 million yen

(Up 9.9%)

Operating income

2,268 million yen

(Up 36.0%)

Net income attributable to
shareholders of the parent company

1,559 million yen

(Up 52.8%)

Business results

- ✓ **Achieved plan, with solid results for the period**
- ✓ **Increased sales to over 40,000 million yen and operating income to over 2,000 million yen**
- ✓ **Strong increase in net income**

(Unit: Million yen)

✓ **Income exceeded initial plan and upward revision, profit margins increased**

	FY 12/2018	FY 12/2019	Y-o-y (%)	Plan	Attainment ratio
Sales	36,576	40,202	9.9%	40,000	100.5%
Operating income	1,668	2,268	36.0%	2,100	108.0%
Income ratio	4.6%	5.6%	1.1%pt up	5.3%	
Ordinary income	1,720	2,338	35.9%	2,170	107.8%
Income ratio	4.7%	5.8%	1.1%pt up	5.4%	
Net income	1,020	1,559	52.8%	1,440	108.3%

FY2019 Transition in Quarterly Business Results



(Unit: Million yen)

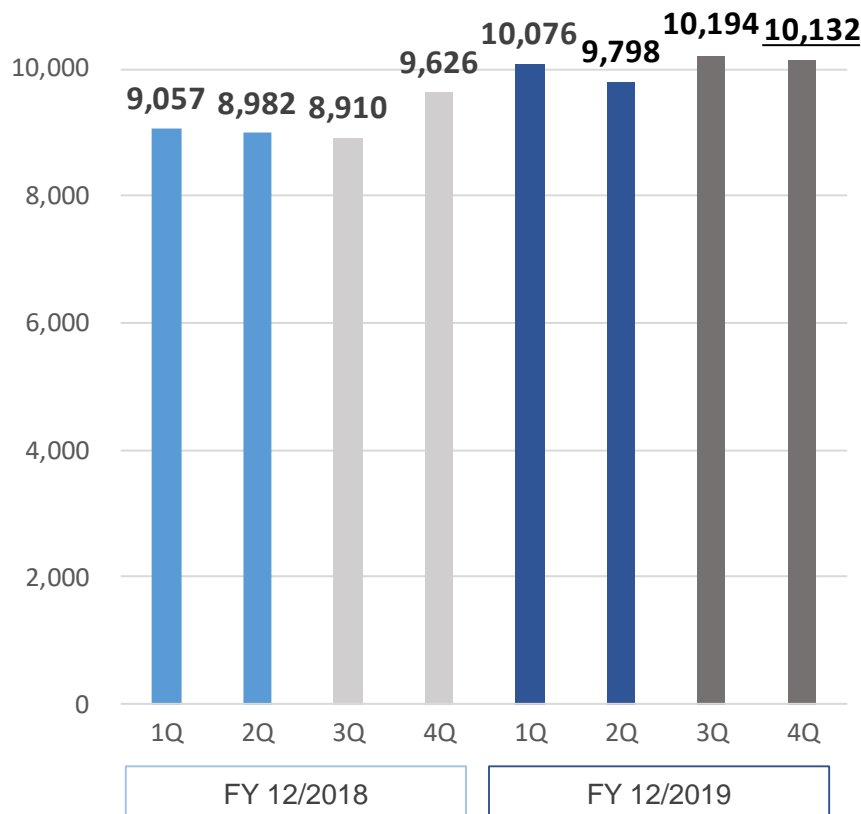
- ✓ Fluctuations in quarterly profits due to differences in the sales compositions between stock and flow
- ✓ 4Q profit reduced due to shareholder benefits, etc.

Sales

FY 12/2019 40,202

Plan 40,000

Compared with plan
(amount) 202



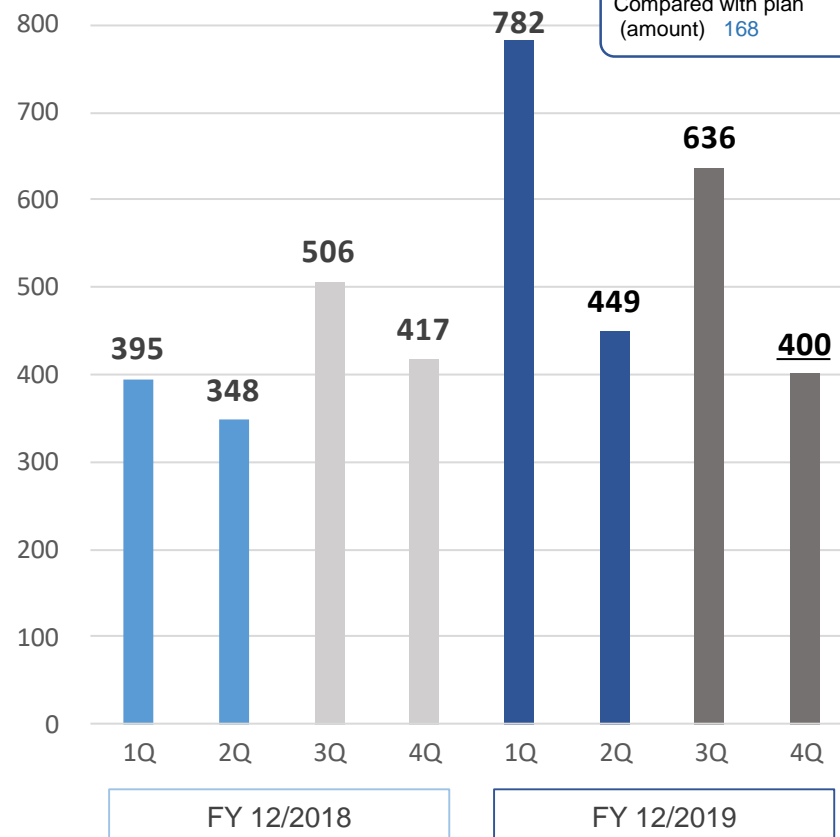
Operating income

FY 12/ 2019 2,268

Plan (start of period) 1,810

Plan (adjusted) 2,100

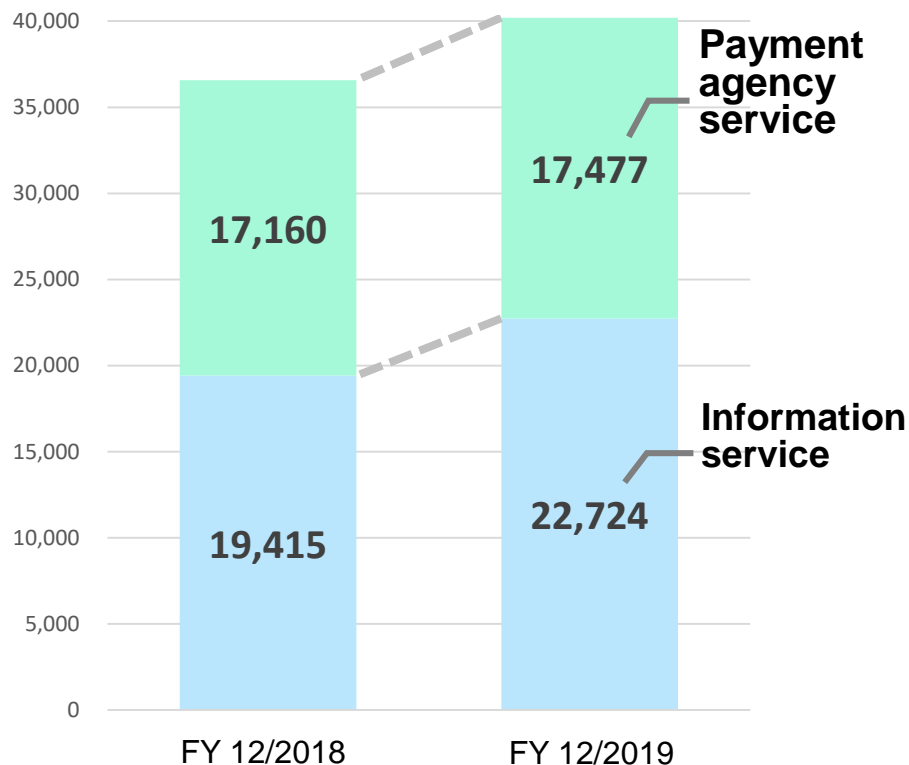
Compared with plan
(amount) 168



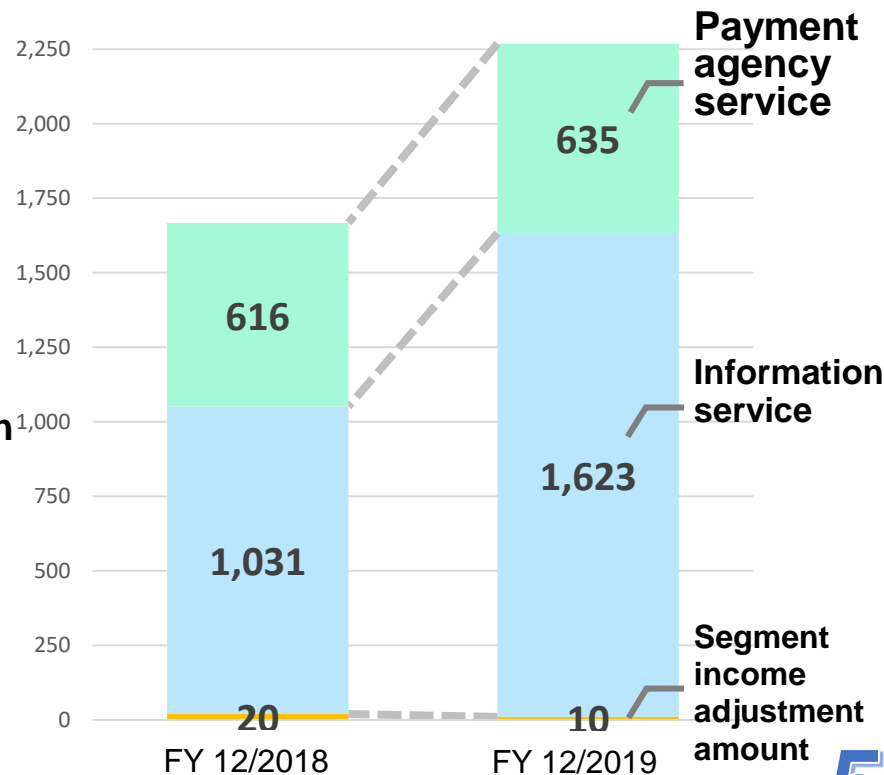
(Unit: Million yen)

- ✓ Information services business took the lead
- ✓ Payment agency services business almost attained the revised plan but missed the initial plan

Sales



Operating income



(Unit: Million yen)

- ✓ Mainstay SI and software development and information processing were strong
- ✓ Profit margin rose notably, gaining 1.8 points from last year

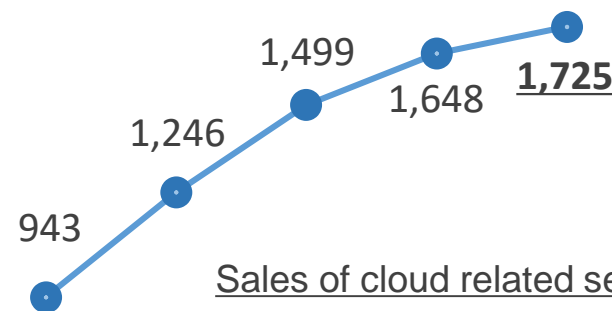
	FY 12/2018	FY 12/2019	Y-o-y		Plan	Attainment ratio
			Amount	Ratio		
Sales	19,415	22,724	3,308	17.0%	22,517	100.9%
SI and software development	11,548	14,398	2,849	24.7%	14,503	99.3%
Information processing	5,705	6,274	569	10.0%	5,932	105.8%
Merchandise sales	2,161	2,051	-110	-5.1%	2,081	98.6%
Operating income	1,031	1,623	591	57.3%	1,495	108.5%
Operating income ratio	5.3%	7.1%	1.8%pt up		6.6%	

Google business (SI and software development)

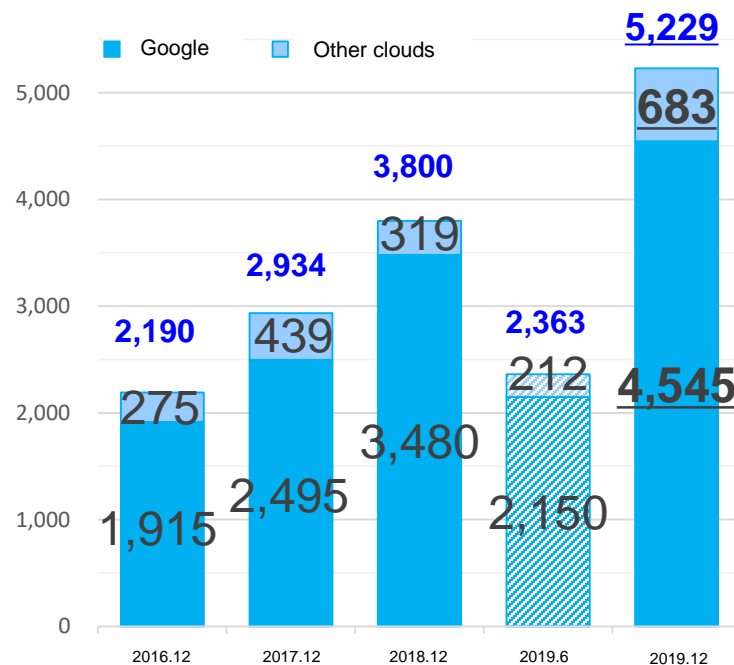
✓ Number of Google (G Suite) adopter companies
: Over 1,700 companies

✓ Sales of cloud related services
: Up 37.6%

Number of Google (G Suite) adopter companies



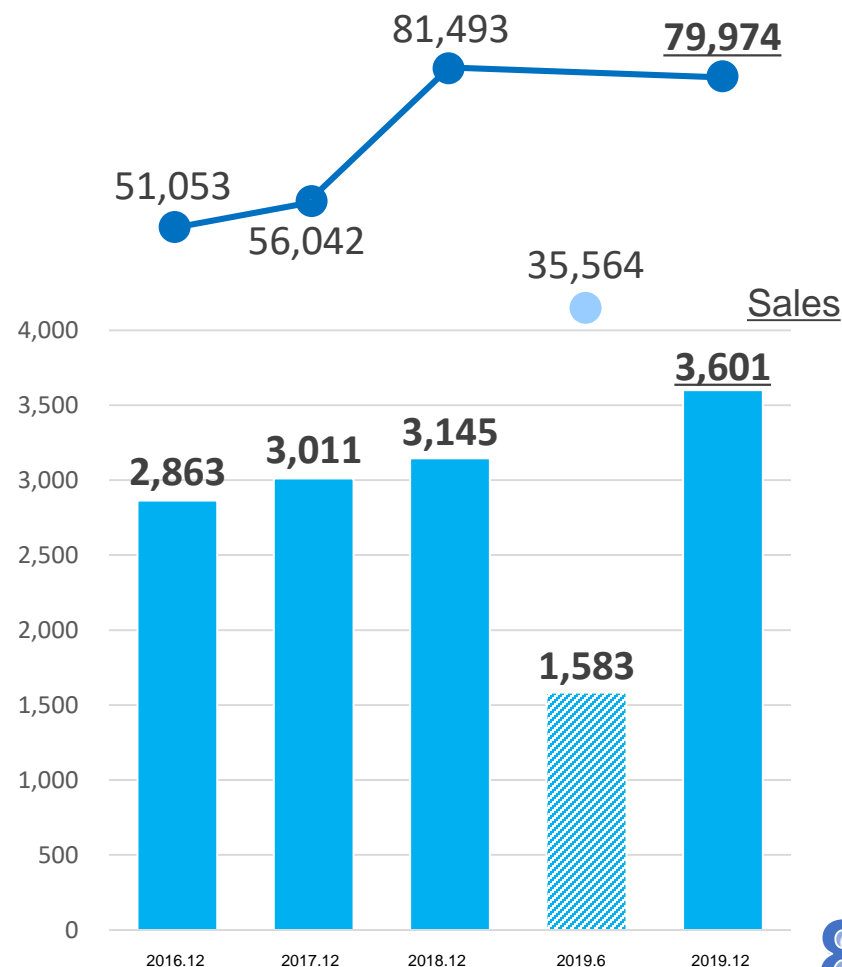
Sales of cloud related services



BPO business (information processing)

- ✓ Changes in the sales composition reflected in sales and number of items
- ✓ Sales growth rate expanded 14.5% with contributions from set sales with payment agency services

Number of items processed (in thousand items)



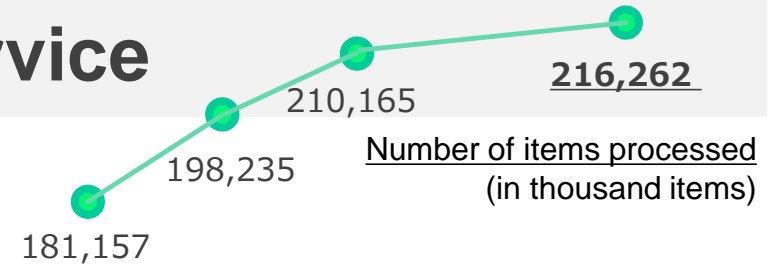
- ✓ **Natural disasters had additional adverse effects on sales growth**
- ✓ **Scarcity of cashless users held down profit margins**

(Unit: Million yen)

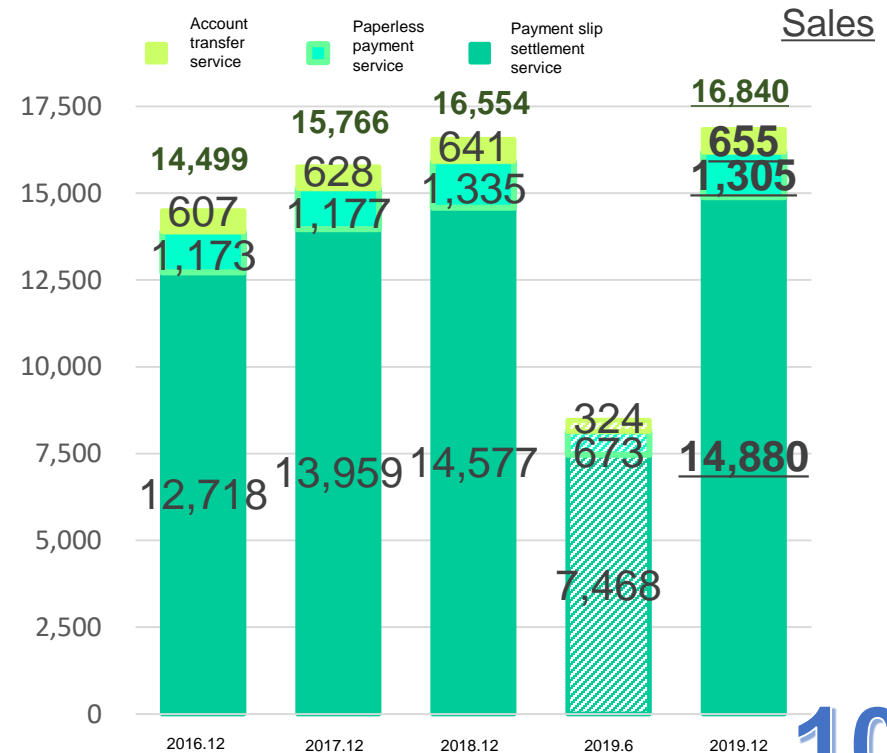
	FY 12/2018	FY 12/2019	Y-o-y		Plan	Attainment ratio
			Amount	Ratio		
Sales	17,160	17,477	316	1.8%	17,482	100.0%
Payment service	16,554	16,840	286	1.7%	16,854	99.9%
Payment slip settlement service	14,577	14,880	303	2.1%	14,911	99.8%
Paperless payment service	1,335	1,305	-29	-2.2%	1,287	101.4%
Account transfer service	641	655	13	2.0%	655	100.0%
Payment innovation	606	637	30	5.0%	628	101.3%
Remittance service	289	298	9	3.2%	—	—
Counter payment collection services	317	338	21	6.7%	—	—
Operating income	616	635	19	3.1%	610	104.1%
Operating income ratio	3.6%	3.6%	0.04%pt up		3.5%	—

(Unit: Million yen)

Payment service

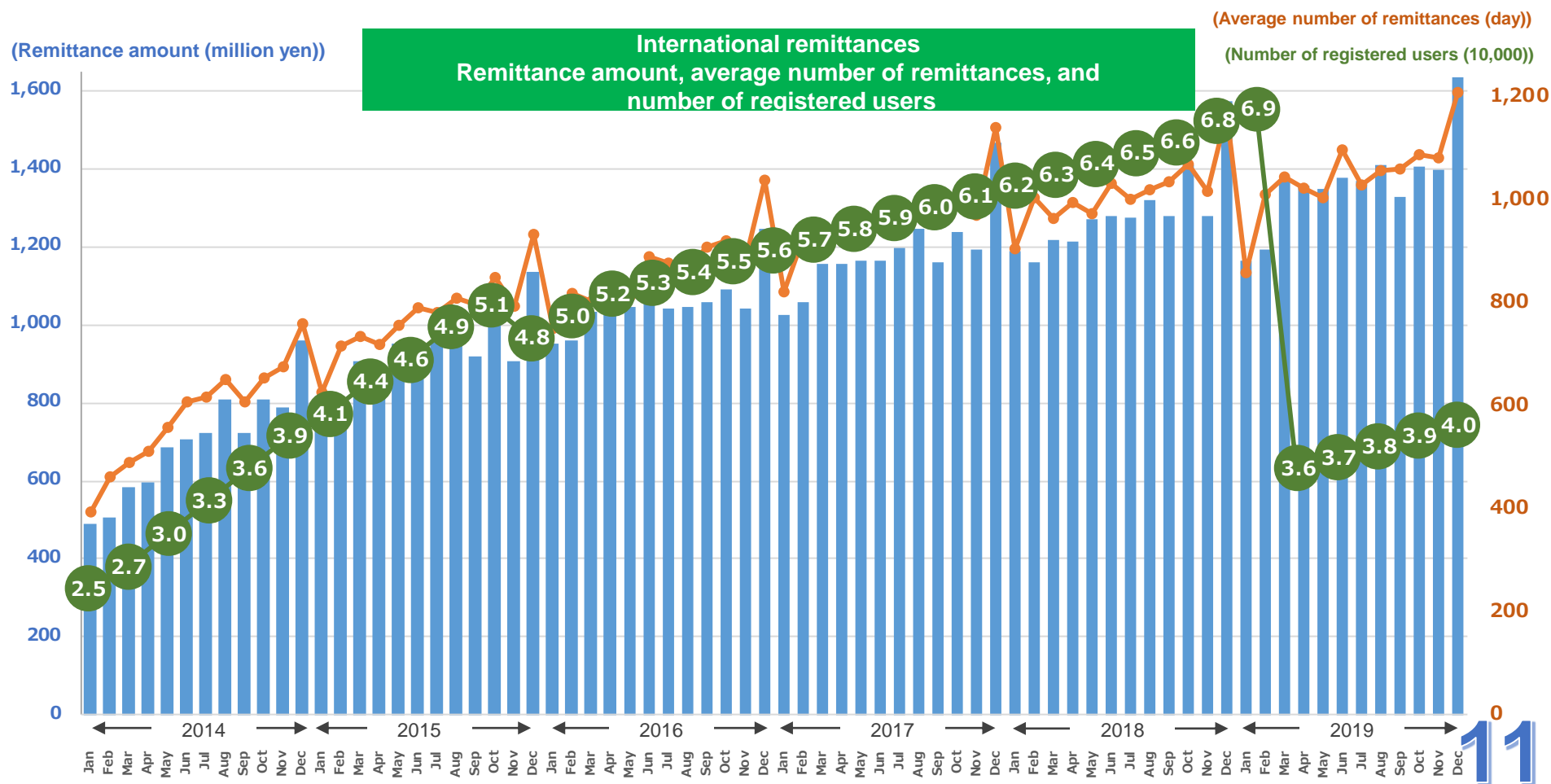


- ✓ Minimal growth due to extended lead times for large projects
- ✓ Promotion of cashless support to increase new contractors



Status of payment innovation

- ✓ Counter payment service - 3,762 adopter stores
- ✓ International remittances - Increase in Will-Call stores



✓ Organic growth in sales 44,000 million yen but aiming for PLAN 2020

	FY 12/2019			FY 12/2020 projection			Full year	
	1H	2H	Full year	1H	2H	Full year	Change in amount	Y-o-y
Sales	19,874	20,327	40,202	21,273	22,727	44,000	3,798	9.4%
Operating income	1,231	1,037	2,268	1,124	1,261	2,385	116	5.1%
Income ratio	6.2%	5.1%	5.6%	5.3%	5.5%	5.4%		
Ordinary income	1,277	1,061	2,338	1,153	1,277	2,430	91	3.9%
Income ratio	6.4%	5.2%	5.8%	5.4%	5.6%	5.5%		
Net income	856	703	1,559	748	874	1,622	63	4.0%
Segment income adjustment amount	18	-7	10	-18	-80	-98		

(Unit: Million yen)

- ✓ In SI and software development, the market continues to be strong, targeting high growth
- ✓ In information processing, growth in RPA application contributing to profit

	FY 12/2019			FY 12/2020 projection			Full year	
	1H	2H	Full year	1H	2H	Full year	Change in amount	Y-o-y
Sales	11,100	11,624	22,724	11,922	13,128	25,050	2,325	10.2%
SI and software development	7,194	7,203	14,398	8,372	8,458	16,830	2,432	16.9%
Information processing	2,966	3,308	6,274	2,797	3,872	6,669	394	6.3%
Merchandise sales	938	1,112	2,051	752	798	1,550	-501	-24.4%
Operating income	893	729	1,623	823	1,035	1,858	235	14.5%
Income ratio	8.0%	6.3%	7.1%	6.9%	7.9%	7.4%		

- ✓ Higher sales anticipated due to the expected launch of large project
- ✓ Planning for new services, with costs expected to weigh down profit margins

	FY 12/2019			FY 12/2020 projection			Full year	
	1H	2H	Full year	1H	2H	Full year	Change in amount	Y-o-y
Sales	8,774	8,702	17,477	9,352	9,598	18,950	1,472	8.4%
Payment service	8,466	8,374	16,840	9,026	9,171	18,197	1,356	8.1%
Payment slip settlement service	7,468	7,412	14,880	8,037	8,286	16,323	1,442	9.7%
Paperless payment service	673	631	1,305	660	550	1,210	-94	-7.3%
Account transfer service	324	330	655	329	335	664	9	1.3%
Payment innovation	308	328	637	325	428	753	116	18.2%
Operating income	319	315	635	320	305	625	-10	-1.6%
Income ratio	3.6%	3.6%	3.6%	3.4%	3.2%	3.3%		

Key measures

- 1. Overseas business development**
- 2. Transition from flow business to stock business**
- 3. Proactive M&A**

Medium-Term Management Plan (3-Year Plan from Dec. 2020 to Dec. 2022)



(Unit: Million yen)

	FY 12/2019 Actual	FY 12/2020 Plan	FY 12/2021 Plan	FY 12/2022 Plan	Growth rate y-o-y Average
Sales	40,202	44,000	48,700	54,000	10.3%
Information service	22,724	25,050	27,300	29,400	
Payment agency service	17,477	18,950	21,400	24,600	
Operating income	2,268	2,385	2,570	2,900	8.6%
Information service	1,623	1,858	1,945	2,178	
Payment agency service	635	625	695	792	
Income ratio	5.6%	5.4%	5.3%	5.4%	
Information service	7.1%	7.4%	7.1%	7.4%	
Payment agency service	3.6%	3.3%	3.2%	3.2%	

Transition from flow business to stock business

Tono IDC Expansion Plan Spring 2021

DSK Tono IT Business Park



✓ Start of convenience store payment service introduction for elementary school educational material sales nationwide

Schools no longer need to collect payment!

Scan QR code printed on application flyer
Visit order page

Choose product
Enter child's information

DSK Payment
Service page

The flyer contains the following sections:

- ご利用の流れ** (How to use):
 - 1 お客様情報の入力 (Input customer information)
 - 2 商品の選択 (Select products)
 - 3 注文確定 (Confirm order)
 - 4 コンビニ支払 (Convenience store payment)
 - 5 商品のお届け (Product delivery)
- ご注文フォーム** (Order form): Includes fields for school name, child's name, grade, and address.
- 商品選択** (Product selection): Displays various educational materials like calculators, rulers, and stationery.

Link between application flyer and system

さいほうセット申し込みフォーム

ご注文内容の確認

一 お客様情報

学校名
お子様のお名前
学年
性別
出身地
電話番号
メールアドレス

一 商品選択

算数6点セット
スーパーマリオ・ゴールド
X1 3,680円

6点セットの単品購入
ソーイングマシン
X1 780円

合計金額 (税込)
4,600円

注文変更 注文確定

さいほうセット申し込みフォーム

ご注文完了

ご注文ありがとうございました。

注文番号
12345678

ご登録のメールアドレスに注文詳細を送信しました。
また後ほど、携帯電話にSMS送信でコンビニ決済のご案内の案内を送信します。
10日以内にご入金が無ければキャンセル扱いになりますのでよろしくお願いします。

SMS

ご利用ガイド お問い合わせ
特定商取引法に基づく表記 個人情報保護方針
(C) BUNKEIDO CO.,LTD.

Link with payment service

お支払い方法の選択

事業者名、金額を確認下さい。

事業者名	テストショップ
お名前	電算 太郎
内容	テスト商品
金額	300円
支払期限	2018/12/06

※内容にお心当たりがない場合は、お手数ですがメッセージの削除をお願い致します。

上記お支払いがお近くのコンビニエンスストア等で出来ます。お支払い方法を選択して、お支払い番号を発行して下さい。
※メンテナンス等でご利用いただけない場合はボタンが押えません。その場合は、他の利用可能なお支払い方法を選択してください。

Payment methods shown: LAWSON, セブン-イレブン, FamilyMart, Daily, Seicomart, MINI STOP, Pay Day, PAYSOLE, Biz@Sent.

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3 fields, 7 businesses - Achieve over 80% stock-type business

● Payment field

- (1) Payment agency services business
- (2) Remittance services business
- (3) New payments business

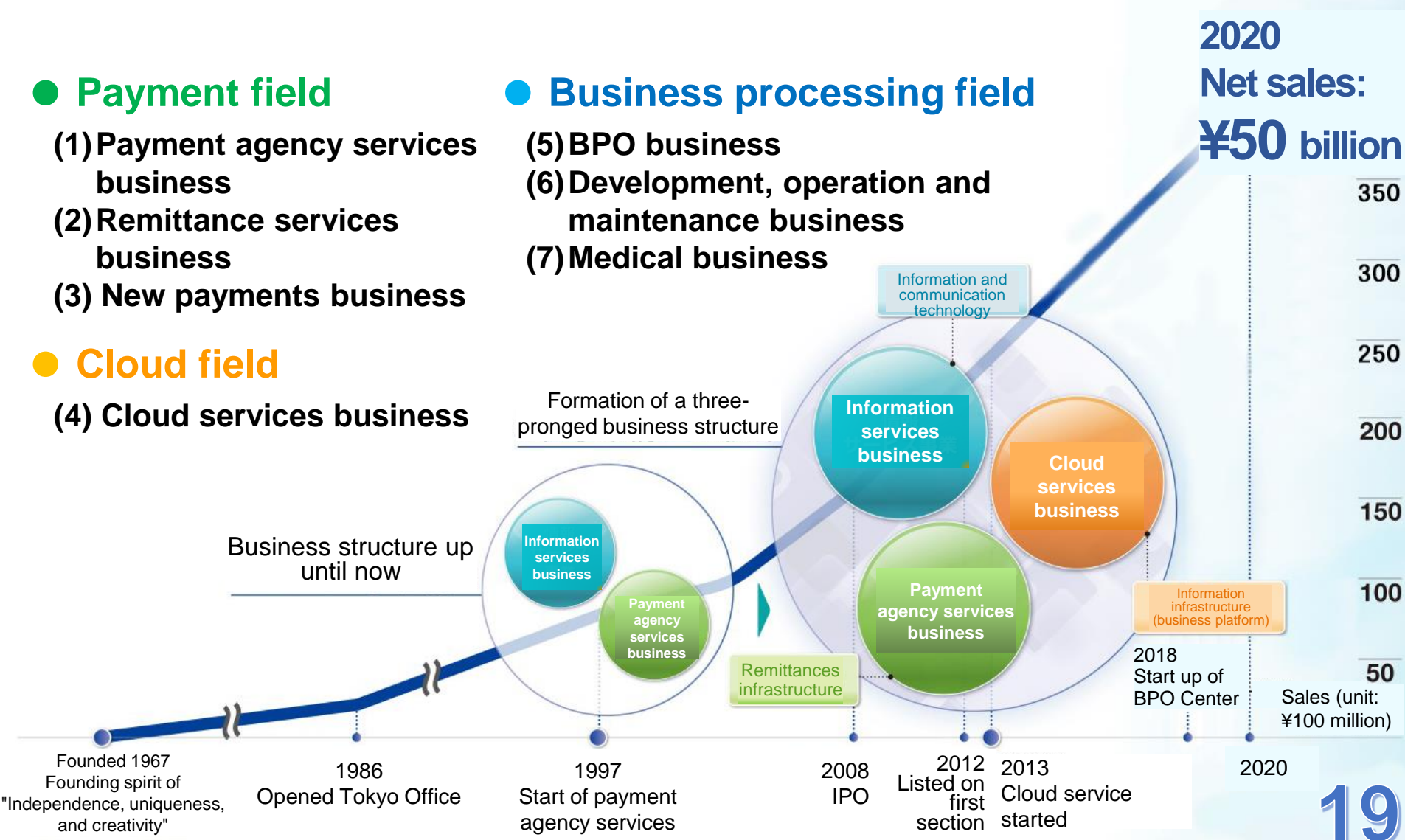
● Cloud field

- (4) Cloud services business

● Business processing field

- (5) BPO business
- (6) Development, operation and maintenance business
- (7) Medical business

2020
Net sales:
¥50 billion



Final year of PLAN 2020

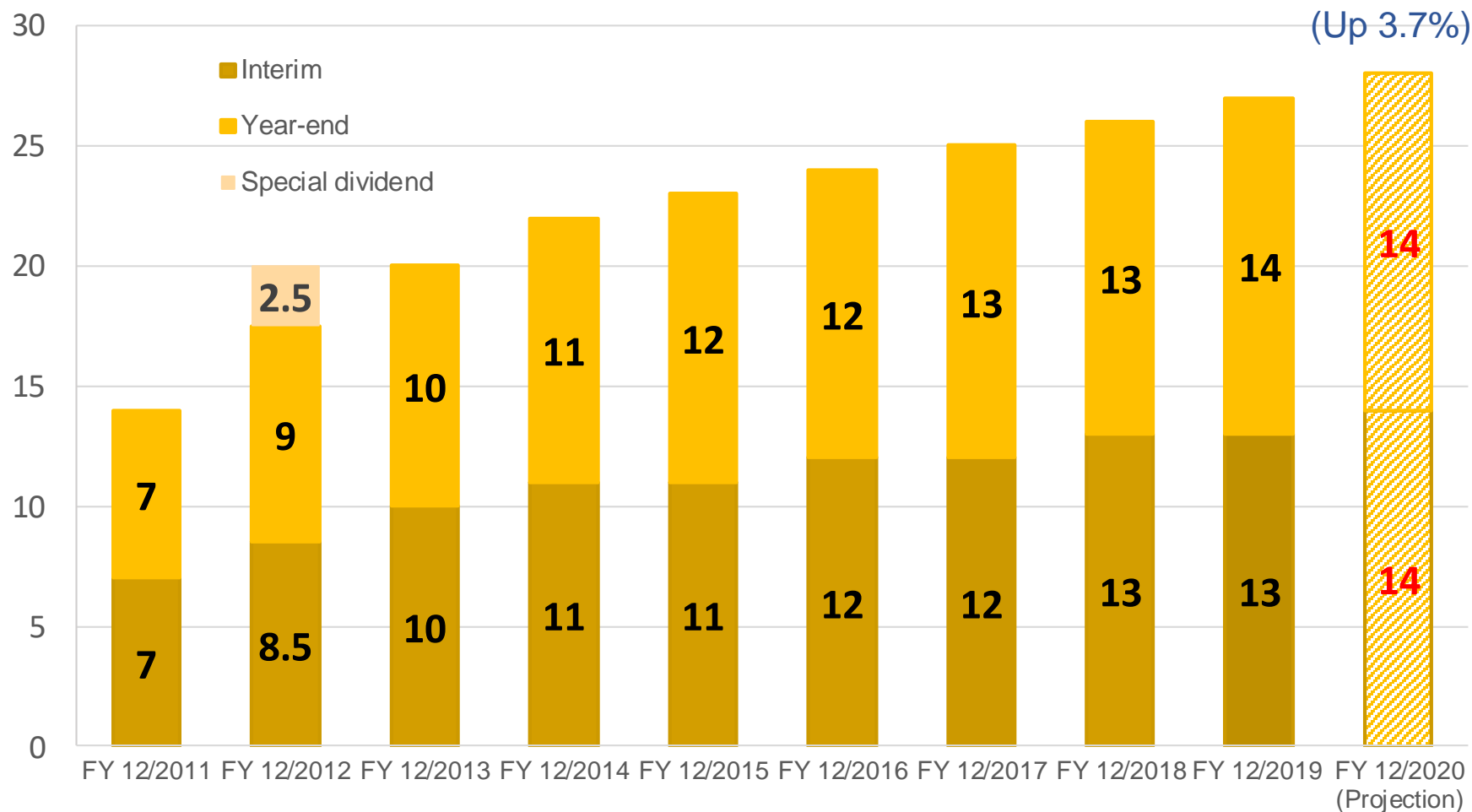
✓ Extent of achievement of PLAN 2020 (end of 2019)

**In 2020, targeting sales of 50 billion yen from seven core operations
→ including one operation in preparation (new payments business)
Sales of 44,000 million → 6,000 million not achieved**

✓ Measures for this term

**Launch of the seventh core operation (new payments business)
Transfer to BPO center, acquisition of new projects
Budgeting M&A expenses**

✓ **Annual ordinary dividend per share: ¥28**
(interim dividend of ¥14 and year-end dividend of ¥14)



Thank you for your attention.

