



Densan System Holdings Co.,Ltd.

# Densan System Holdings Presentation Materials for the 3Q FY2022 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.



# Table of Contents

- 3Q FY2022 Business Results Highlights P3
- 3Q FY2022 Transition in Quarterly Business Results P5
- 3Q FY2022 By Segment P6
- 3Q FY2022 Information Services Summary P7
- 3Q FY2022 Information Services in Detail P8
- 3Q FY2022 Payment Agency Services Summary P10
- 3Q FY2022 Payment Agency Services in Detail P11
- 3Q FY2022 Topics P13
- Reference Documents Payment Agency Service Subsegments P14
- Dividends P15

Y-o-y change in parentheses

<p>Net sales</p> <p><b>¥37,995 million</b> (5.1% up)</p>	<p>Operating income</p> <p><b>¥1,848 million</b> (9.0% down)</p>	<p>Net income attributable to shareholders of the parent company</p> <p><b>¥1,385 million</b> (8.4% up)</p>
--	--	---

## Business results

- ✓ Although sales exceeded the previous year, operating income fell below the previous year.
- ✓ PSI contract resulted in the provision of a reserve.
- ✓ The new revenue standard and yen depreciation affected results.
- ✓ Full-year forecasts are expected to be achieved.



## 3Q FY2022 Business Results Highlights

(Unit: Million yen)

- ✓ **Although harvesting began in September as planned, the impact of the provision of a reserve for the PSI contract in the 3Q remained.**
- ✓ **While the progress rate is not encouraging, it is expected to be in line with the plan.**

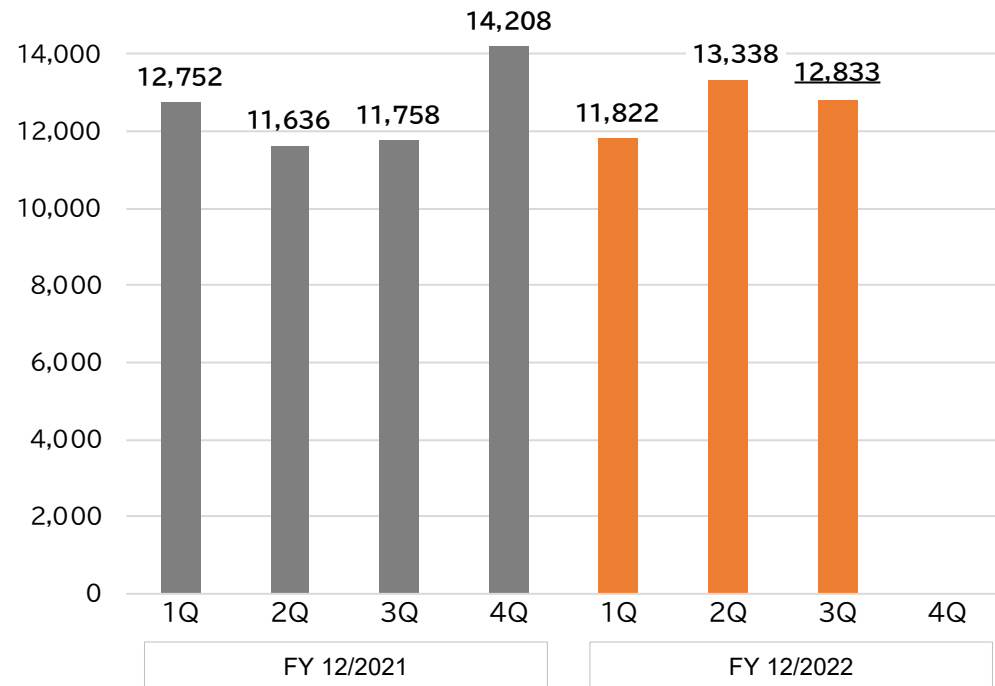
	2021.12期 3Q累計	2022.12期 3Q累計	前年同期比率	通期計画	進捗率
売上高	36,147	37,995	5.1%	55,500	68.5%
営業利益	2,031	1,848	▲9.0%	3,270	56.5%
利益率	5.6%	4.9%	-	5.9%	
経常利益	2,097	2,109	0.6%	3,290	64.1%
利益率	5.8%	5.6%	-	5.9%	
当期純利益	1,278	1,385	8.4%	2,247	61.7%

# 3Q FY2022 Transition in Quarterly Business Results

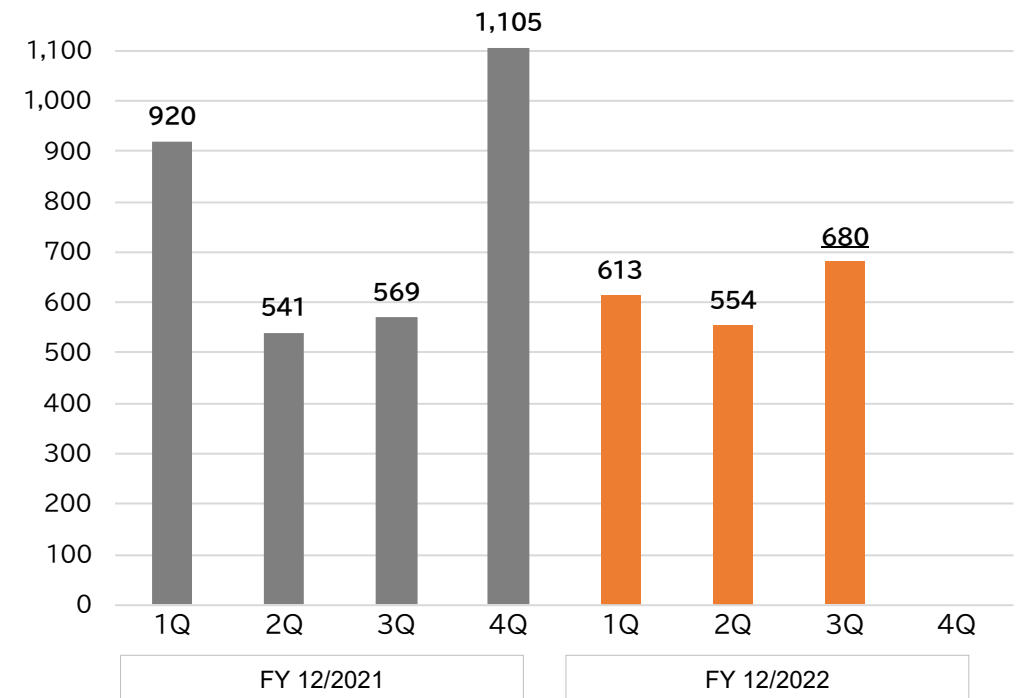
(Unit: Million yen)

- ✓ Operating income ratio increased in 3Q compared to 1Q and 2Q.
- ✓ Profit would have been better in 3Q if a reserve for PSI had not been provided.

### Net sales



### Operating income

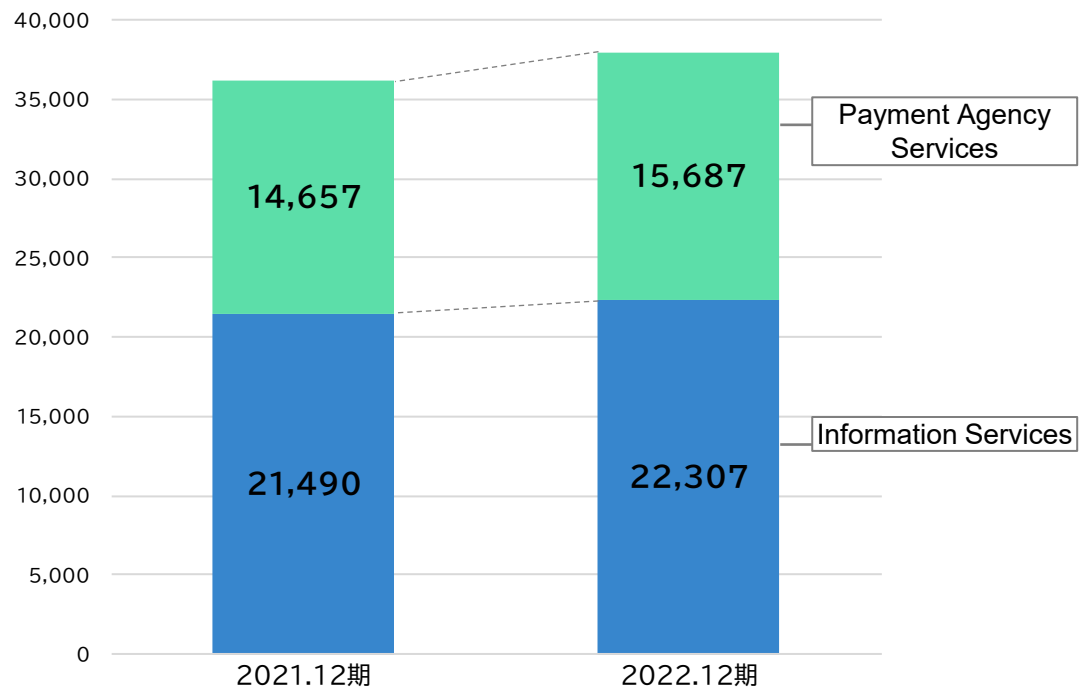


# 3Q FY2022 By Segment

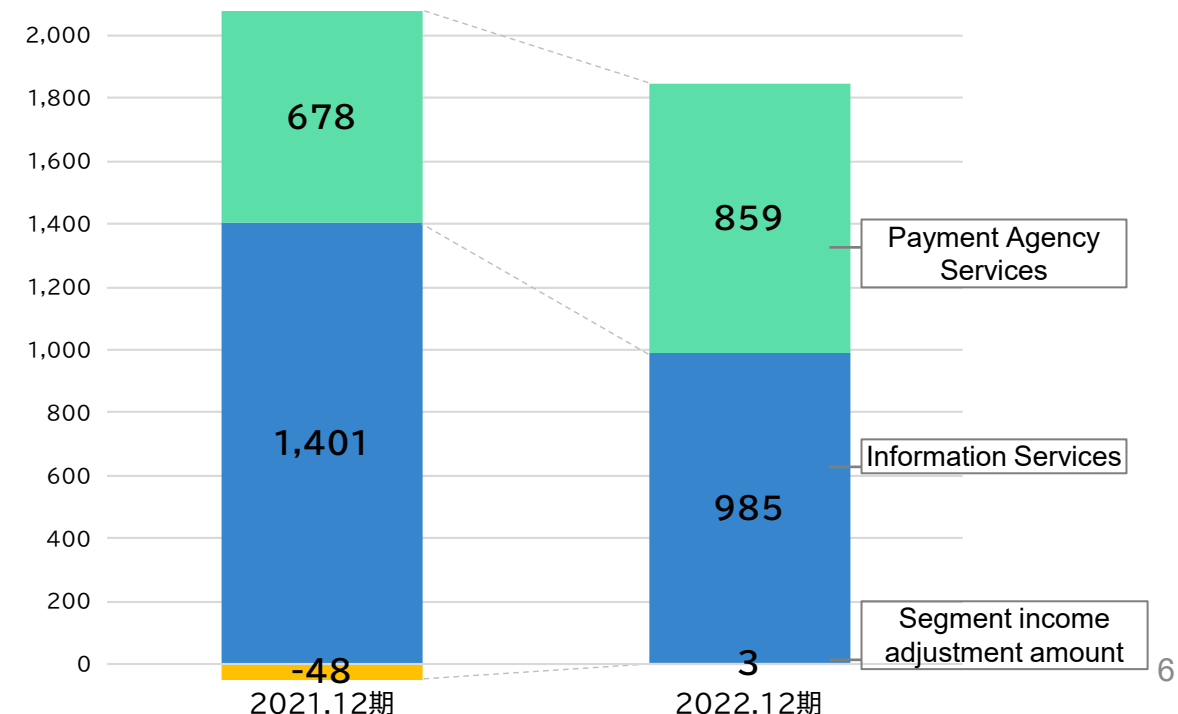
(Unit: Million yen)

- ✓ Sales of both information processing services and payment agency services exceeded the previous year's level.
- ✓ Operating income for information processing services declined due to the new revenue standard and yen depreciation.
- ✓ The increase in operating income from payment agency services was due to newly acquired customers that were not yet in operation.

**Net sales**



**Operating income**



(Unit: Million yen)

- ✓ In SI and software development, sales did not grow significantly due to the reactionary drop from GIGA School, but software development and Google Workspace performed well.
- ✓ In information processing, net sales of invoice preparation increased.
- ✓ Sales of merchandise and finished goods increased due to the inclusion of Micro Research in the scope of consolidation.
- ✓ Operating income declined due to the impact of the new revenue standard and yen depreciation.

	2021.12期 3Q累計	2022.12期 3Q累計	前年同期比率		通期計画	進捗率
			金額	率		
売上高	21,490	22,307	816	3.8%	34,110	65.4%
SI・ソフト開発	15,801	16,048	246	1.6%	25,470	63.0%
情報処理	4,250	4,438	188	4.4%	6,072	73.1%
商品及び製品販売	1,438	1,785	347	24.2%	2,568	69.6%
その他の収益	0	34	34		0	
営業利益	1,401	985	▲ 415	▲ 29.7%	2,312	42.6%
営業利益率	6.5%	4.4%	2.1%pt Down		6.8%	

(Unit: Million yen)

## Google business

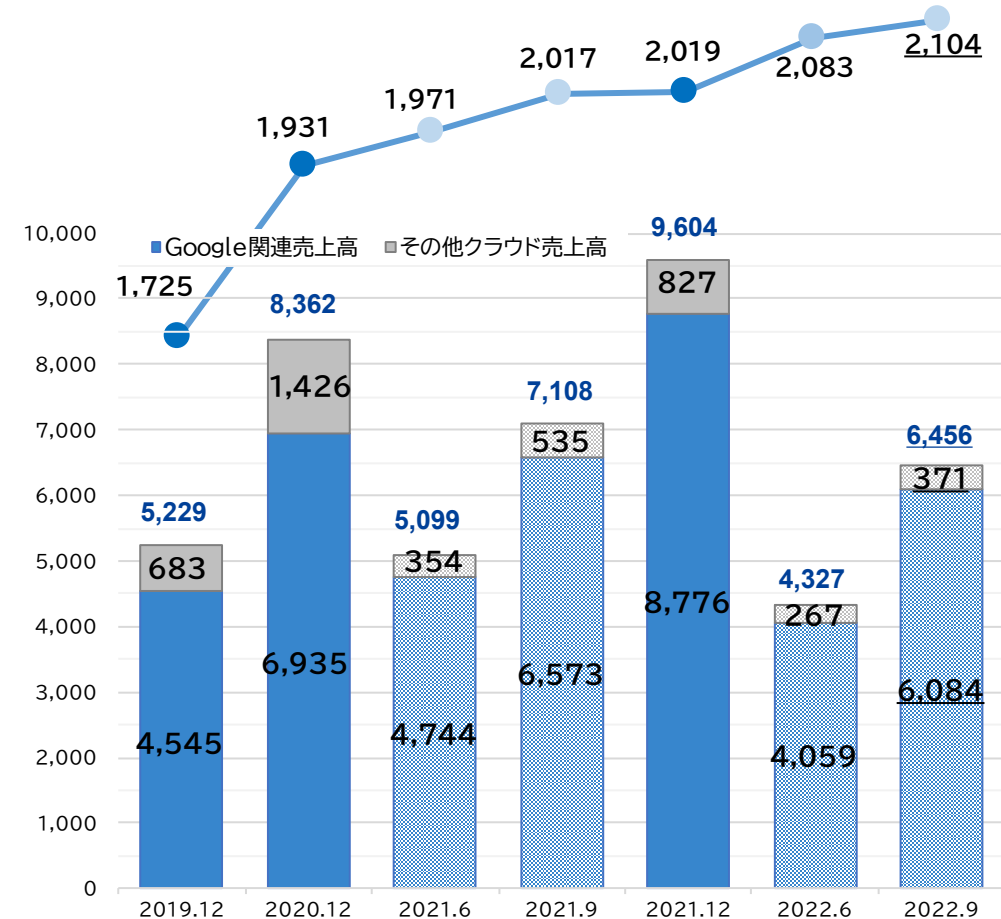
- ✓ Sales and income fell due to Chromebooks and the new revenue standard.
- ✓ The number of Chromebooks fell to less than half.
- ✓ Income fell due to the impact of yen depreciation.

Number of Google (Google Workspace) adopter companies : 2,104 companies

Sales of cloud related services: 9.2 % Down

\*Does not include GOGA packages or MAP.

Number of Google (Google Workspace) implementations  
Cloud-related net sales

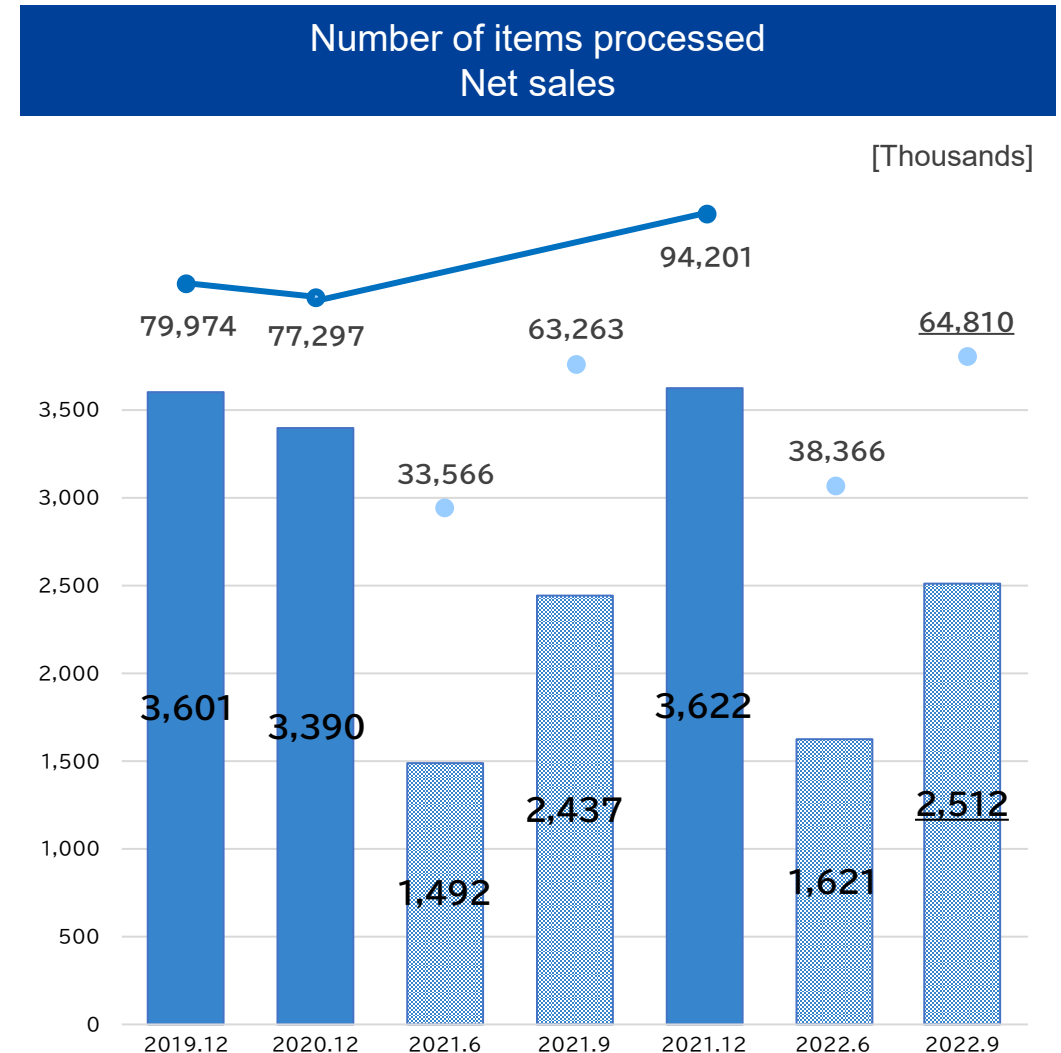




(Unit: Million yen)

### BPO business

- ✓ The number of items processed is steadily increasing.
- ✓ The number of invoice preparation services has increased to 50% of total processing.
- ✓ There are also expectations for DSK Multi-invoice Service.
- ✓ Rising purchase prices of parts and materials are putting pressure on profits.



(Unit: Million yen)

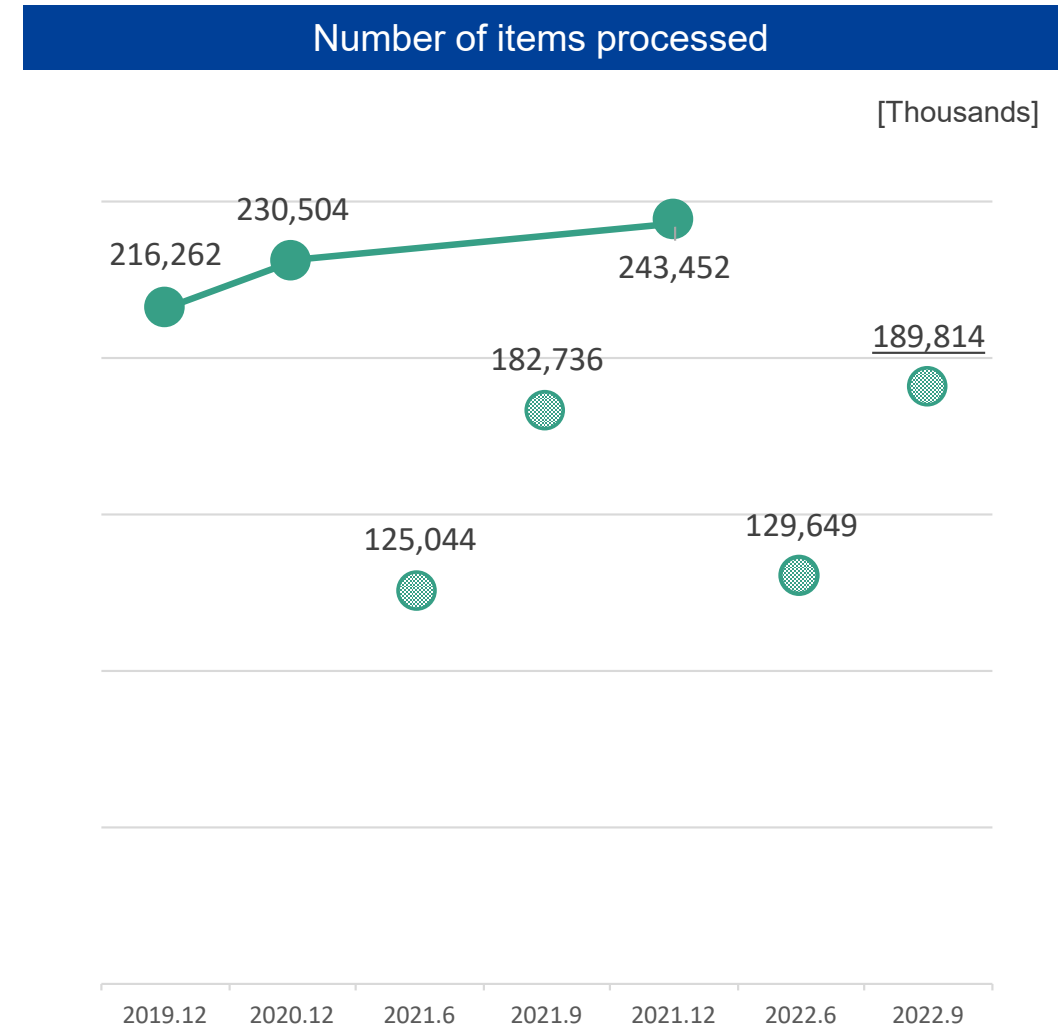
- ✓ **Mainstay payment and collection agency services are steadily increasing due to sequential operation of newly acquired customers.**
- ✓ **In remittance services, in addition to the impact of the COVID-19 pandemic, yen depreciation has caused a dip in services.**
- ✓ **Operating income turned to increase due to the impact of newly acquired customers.**

	2021.12期 3Q累計	2022.12期 3Q累計	前年同期比率		通期計画	進捗率
			金額	率		
売上高	14,657	15,687	1,030	7.0%	21,390	73.3%
収納・集金代行サービス	13,315	14,262	947	7.1%	19,068	74.8%
オンライン決済サービス	712	760	48	6.8%	964	79.0%
送金サービス	311	301	▲ 9	▲3.2%	522	57.8%
収納代行周辺サービス	265	268	3	1.2%	387	69.3%
その他の収益	53	94	41	78.2%	450	21.0%
営業利益	678	859	181	26.7%	958	89.7%
営業利益率	4.6%	5.5%	0.85%pt Up		4.5%	—

(Unit: Million yen)

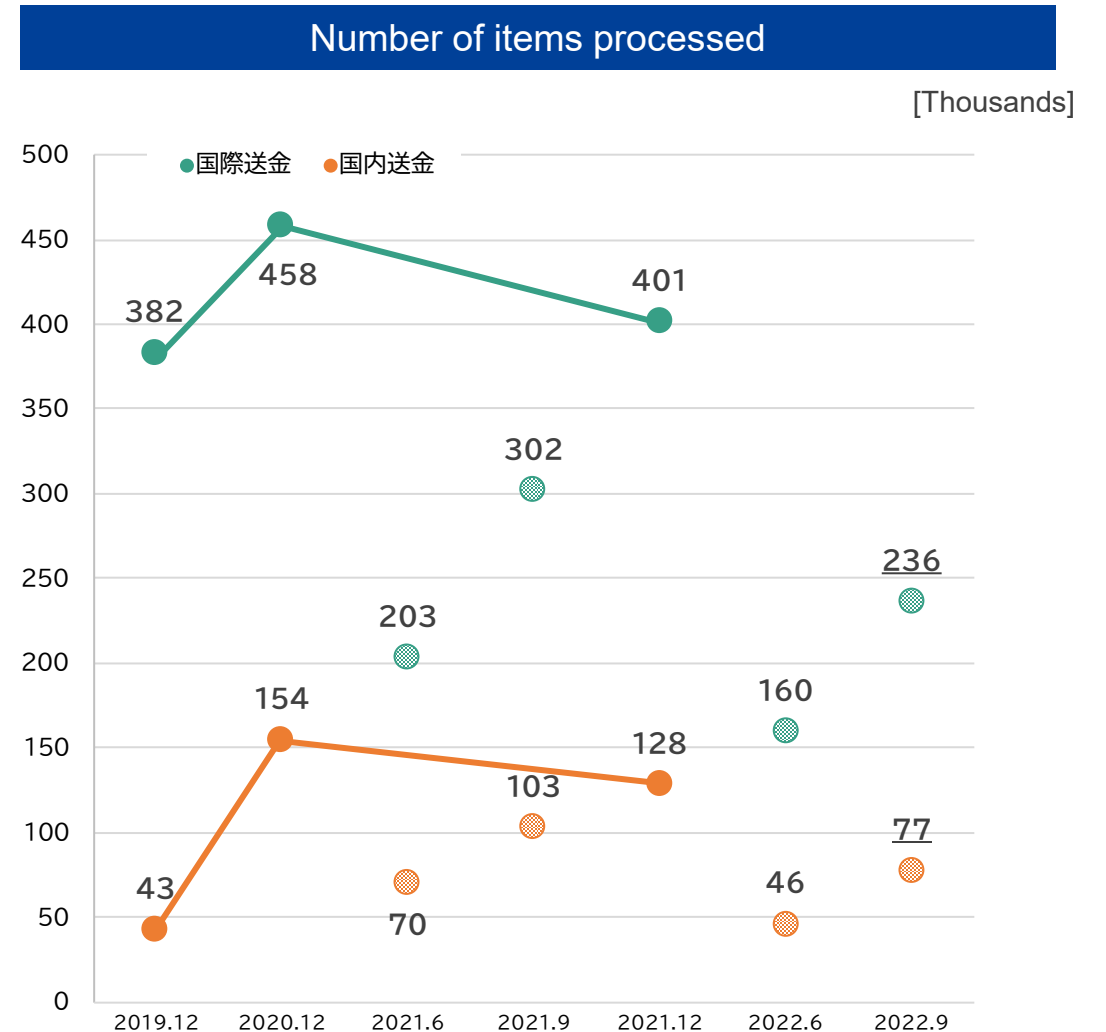
**Payment and collection agency service/Online payment service**

- ✓ **Business partners are increasing, and profit margins are increasing and remaining steady.**
- ✓ **Cashless payments contributed to profit.**



**Remittance service/Payment agency peripheral services**

✓ While a year-on-year decline is continuing, the business is still profitable.



### Information service segment

Although customers seem to have become more receptive to non face-to-face sales, closing sales with new customers still takes time. No more special demand for remote work and remote meetings due to COVID-19.

The shortage of semiconductors has caused delays in deliveries to customers and in construction work for customers, and affected schedules. Additionally, while some sectors are making do with alternative equipment for H/W, the longer the delay the more significant the impact will be. The steep rise in the price of raw materials will also have an effect. The impact of yen depreciation is felt in procuring Google, etc. In the BPO business, rising purchase prices of parts and materials will also put pressure on profits.

Some tasks cannot be accomplished while working from home, and although measures are being taken to prevent the spread of COVID-19 and avoid operational stoppages, further increases in infection amongst younger people or a rapid spread in infection would make it difficult to secure the personnel required.

Currently, IT-focused investment in areas such as promotion of DX, the move to the cloud, and security measures is strong, and we are also moving to be compliant with the Electronic Storage of Accounts Law and the qualified invoice system. The situation in Ukraine and COVID-19 are also seen as a factor and we are working to develop new solutions with appropriate timing. Labor shortage issues, and the gap in remuneration and motivation will grow.

### Payment agency service segment

With face-to-face activities subject to limits depending on the status of COVID-19 infection, our sales efforts remain hindered, and we are not yet in a "working with COVID-19" situation.

Although our payment slip service has yet to be affected significantly, the possibility that a decrease in the need to pay at locations such as convenience stores, for which customers must come to the store and pay in cash, etc., may require us to focus on online and cashless payment services.

With regard to international remittances, the situation in Ukraine, under which remittances to Russia have been halted while fees for remitting money to accounts in Ukraine are waived, will have little impact on results for this fiscal year. However, the impact of COVID-19 and the weak yen has acted as a negative factor for our Japan remittance business (and also possibly accelerating the departure of foreign workers from Japan), which remains negative.



## ✓ Created subsegments to match financial statements

New subsegments	Subsegments for past financial statements	Details
<b>Payment and collection agency service</b>	Payment slip settlement service Account transfer service	Payment slip services and bank account transfer services that allow payment at major convenience stores, etc. Convenience store payment agency services (not including DSK deferred payment service) Japan Post Bank transfer payment service Cashless payment services (PayPay, LINEPay, Bank Pay...) Mobarai ☆ DSK (Mobile payment service) Account transfer service
<b>Online payment service</b>	Paperless payment service	Credit payment service Paperless payment service Convenient payment at a range of venues without using payment slips or requiring postage Business operators simply need to send a payment information e-mail to the customer
<b>Remittance service</b>	Remittance service	Domestic remittance (Type 2 fund transfer business) Accurate handling of complex operations such as refunds and remittances to customers in Japan Convenient for providing refunds associated with the cancellation of events, etc. International remittances Linked with the Western Union international remittance service Remittances possible to 500,000 locations in more than 200 countries around the world FamilyMart's Famiport (advance registration style) WillCall stores (no advance registration required)
<b>Payment agency peripheral services</b>	Counter payment collection services	A service enabling payment in not only convenience stores and financial institutions, but also stores other than convenience stores such as supermarkets and drug stores as a payment location for "payment slips."
<b>Other revenue</b>	Payment slip settlement service	DSK deferred payment service

# Dividends

- ✓ **FY2021: ¥5 commemorative dividend for the transition to a holding company structure**
- ✓ **FY2022: Annual ordinary dividend of ¥35 per share (forecast interim dividend of ¥17 and year-end dividend of ¥18)**

