



# Densan System Holdings Co., Ltd. Presentation Materials for the 1Q FY2025 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.

\*Information from 2Q FY2021 and before is that of Densan System Co., Ltd.

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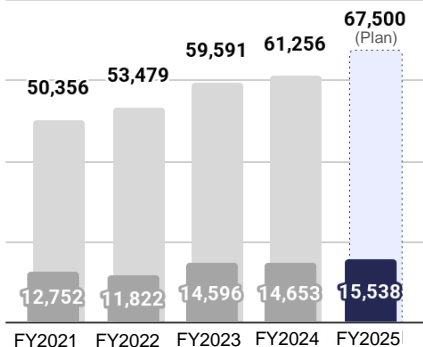
# 1Q FY2025 Business Results Highlights

Unit: Millions of yen

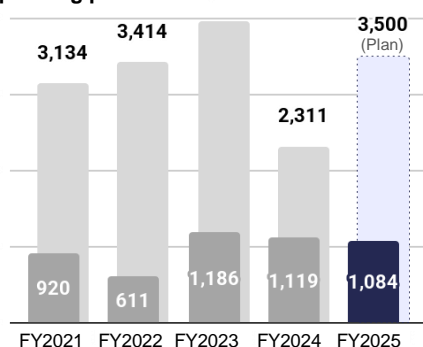
- Net sales increased steadily due to growth of the Google business.
- Operating profit declined year on year due to higher unit purchase prices and labor costs, new investments, etc.
- Although the progress rate against the plan for net sales was lower than that for operating profit, the trend is the same as in past years. As such, the forecast for the current fiscal year remains unchanged from the plan at the beginning of the fiscal year.

|                  | FY2024<br>1Q | FY2025<br>1Q | YoY          |        | Full-year<br>plan | Progress |
|------------------|--------------|--------------|--------------|--------|-------------------|----------|
|                  |              |              | Amount       | Ratio  |                   |          |
| Net sales        | 14,653       | 15,538       | 884          | 6.0%   | 67,500            | 23.0%    |
| Operating profit | 1,119        | 1,084        | (35)         | (3.2%) | 3,500             | 31.0%    |
| Profit margin    | 7.6%         | 7.0%         | 0.7% pt down |        | 5.2%              |          |
| Ordinary profit  | 1,145        | 1,242        | 97           | 8.5%   | 3,530             | 35.2%    |
| Profit margin    | 7.8%         | 8.0%         | 0.2% pt up   |        | 5.2%              |          |
| Net income       | 786          | 820          | 33           | 4.3%   | 2,530             | 32.4%    |

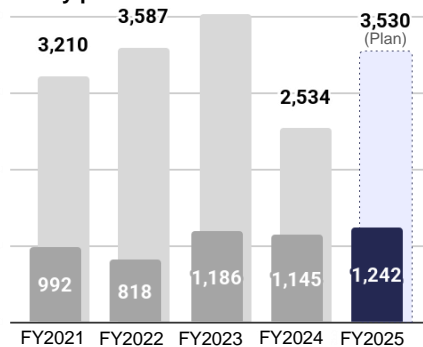
Net sales



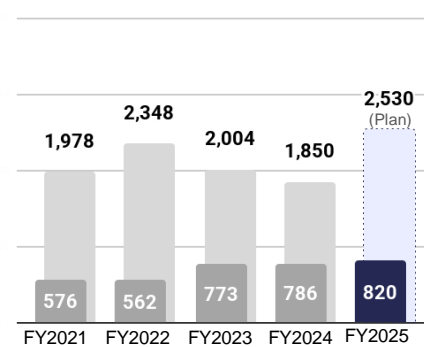
Operating profit



Ordinary profit

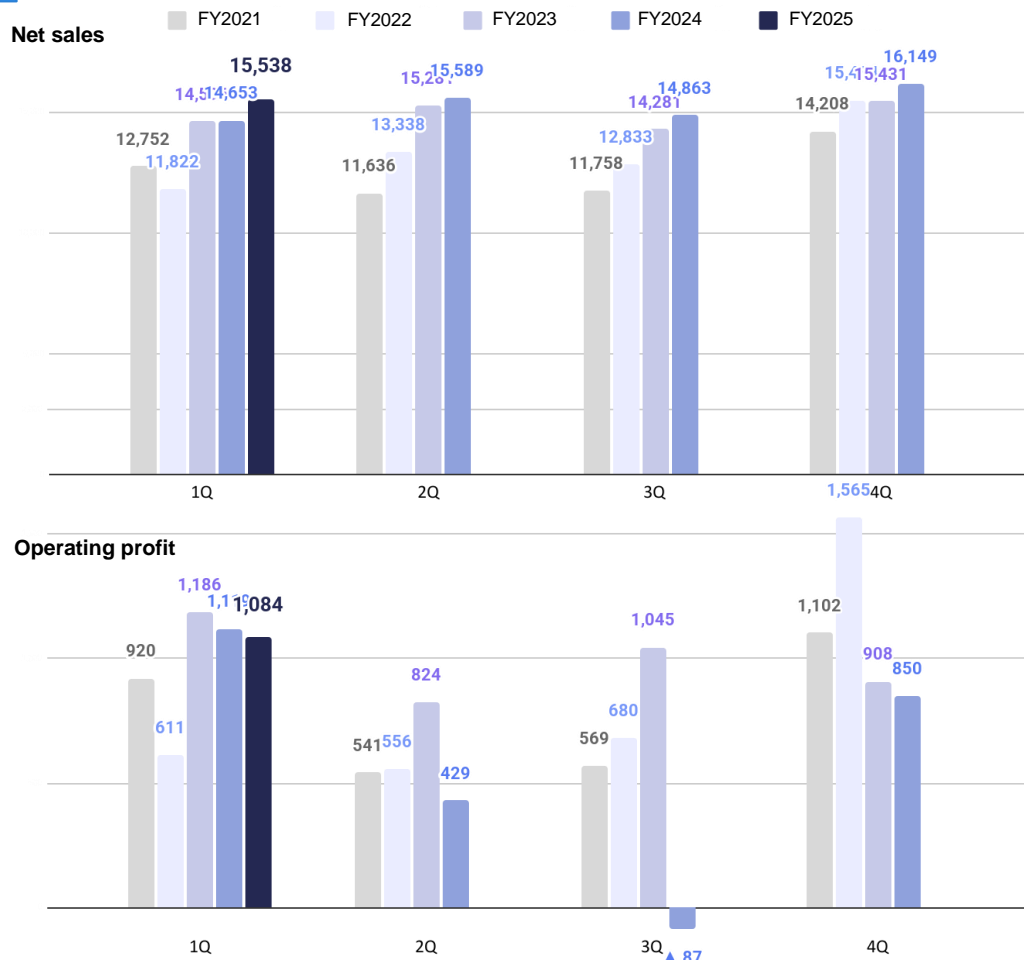


Net income



## 1Q FY2025 Business Results Quarterly Trends

Unit: Millions of yen



- Net sales increased steadily every fiscal year, reaching a record high for 1Q this fiscal year.
- The earnings decline in 1Q of the current fiscal year was due primarily to higher procurement and labor costs in the Information Services segment.
- The decline in earnings in 1Q FY2022 was due to a change in the standard for revenue recognition.
- Other quarters saw fluctuations due to factors such as higher unit purchase prices, termination of contracts with some large customers, and launch of operations with new customers in Payment Agency Services, as well as unprofitable projects in Information Services.

# 1Q FY2025 Business Results Financial Condition (B/S)

Unit: Millions of yen

|   | FY2024 | FY2025<br>1Q | Change in amount |
|---|--------|--------------|------------------|
| Total assets  | 61,747 | 68,755       | 7,008            |
| Current assets  | 53,876 | 60,990       | 7,114            |
| Non-current assets  | 7,870  | 7,764        | (105)            |
| Total liabilities   | 39,452 | 46,038       | 6,586            |
| Current liabilities   | 37,804 | 44,444       | 6,640            |
| Non-current liabilities   | 1,648  | 1,593        | (54)             |
| Total net assets  | 22,294 | 22,716       | 422              |
| Equity ratio  | 35.8%  | 32.7%        | 3.1% pt down     |
| Deposits received in Payment Agency Services                        | 19,370 | 24,804       | 5,434            |
| Equity ratio excluding deposits received in Payment Agency Services | 52.1%  | 51.2%        | 0.9% pt down     |

- Total assets at the end of 1Q were ¥68,755 million, an increase of ¥7,008 million from the end of the previous fiscal year. This was mainly due to a ¥5,400 million increase in deposits received in Payment Agency Services.
- Liabilities increased by ¥6,586 million due to an increase in deposits received in Payment Agency Services and borrowings.

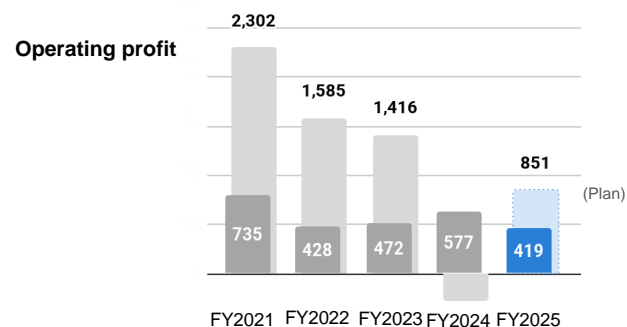
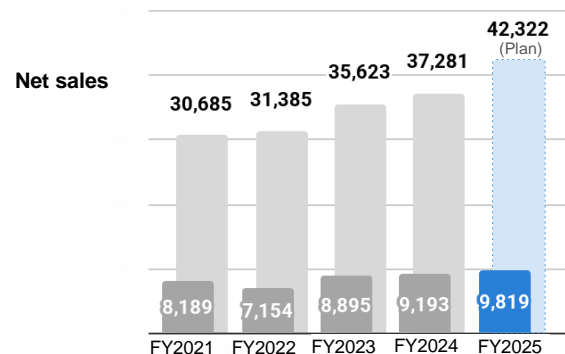
\*Deposits received in Payment Agency Services refers to funds deposited with payment slips, etc. As they appear on the balance sheet, they included in the calculation of the equity ratio for accounting purposes.

# 1Q FY2025 Business Results Information Services Segment Summary

Unit: Millions of yen

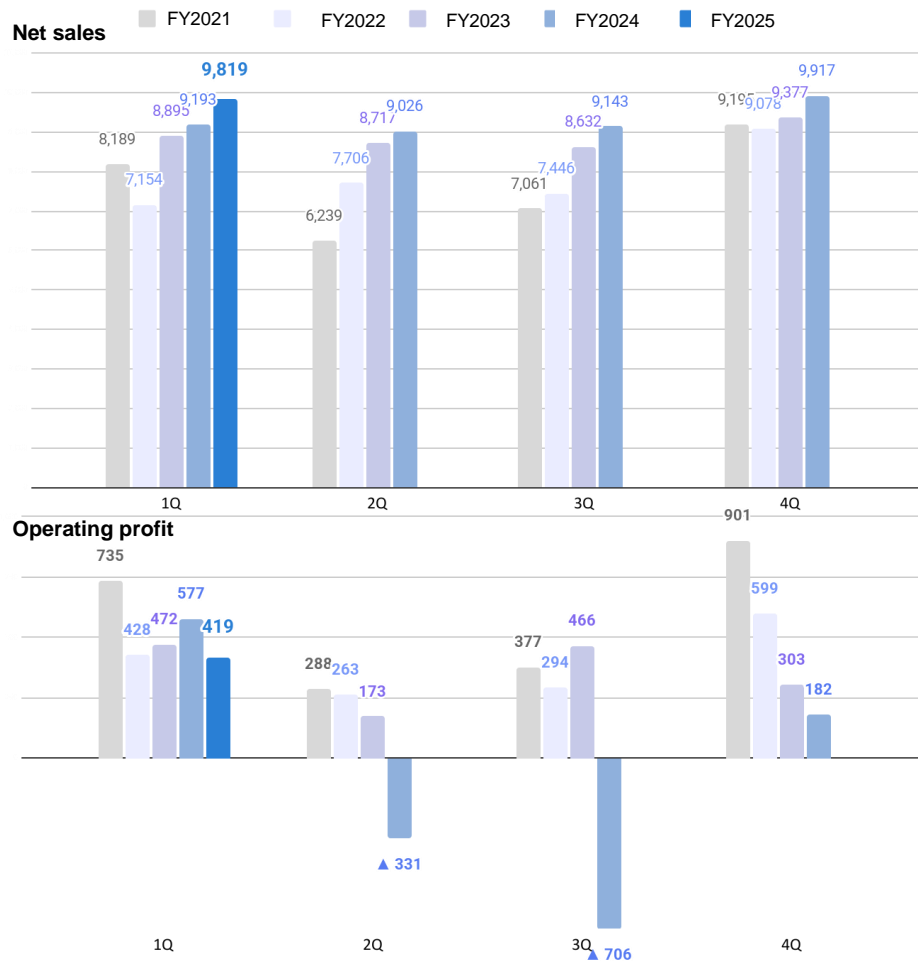
- Net sales amounted to ¥9,819 million, a 6.8% year on year increase.
- In SI and software development, business system projects for manufacturing companies performed well, as did cloud services such as Google Workspace and Google Maps.
- Information processing services remained strong, particularly in the BPO business.
- Operating profit is trending downward since FY2022 due to unprofitable projects and increased investment in the DX business.
- Operating profit for the current fiscal year is expected to fall below that of the previous two fiscal years due to higher unit purchase prices (in the Google and BPO businesses, etc.) and labor costs, as well as new investments.

|   | FY2024<br>1Q | FY2025<br>1Q | YoY         |         | Full-year plan | Progress |
|---|--------------|--------------|-------------|---------|----------------|----------|
|   |              |              | Amount      | Ratio   |                |          |
| Net sales                               | 9,193        | 9,819        | 625         | 6.8%    | 42,322         | 23.2%    |
| SI and software development             | 6,760        | 7,206        | 445         | 6.6%    | 29,475         | 24.4%    |
| Information processing                  | 1,262        | 1,375        | 112         | 8.9%    | 6,397          | 21.5%    |
| Sales of merchandise and finished goods | 1,143        | 1,214        | 71          | 6.2%    | 6,366          | 19.1%    |
| Other revenue                           | 26           | 22           | (3)         | (14.9%) | 83             | 26.9%    |
| Operating profit                        | 577          | 419          | (157)       | (27.3%) | 851            | 49.4%    |
| Operating profit margin                 | 6.3%         | 4.3%         | 2.0 pt down |         | 2.0%           |          |



# 1Q FY2025 Business Results Information Services Segment Quarterly Trends

Unit: Millions of yen



- Quarterly net sales has grown steadily every year, except for 1Q FY2022, when there was a reactionary decline from GIGA School.

- Operating profit had fluctuated widely due to the reactionary decline from GIGA School, as well as other factors such as unprofitable projects and the change in standard for revenue recognition.

# 1Q FY2025 Business Results Information Services Segment in Detail (Google Business)

Unit: Millions of yen

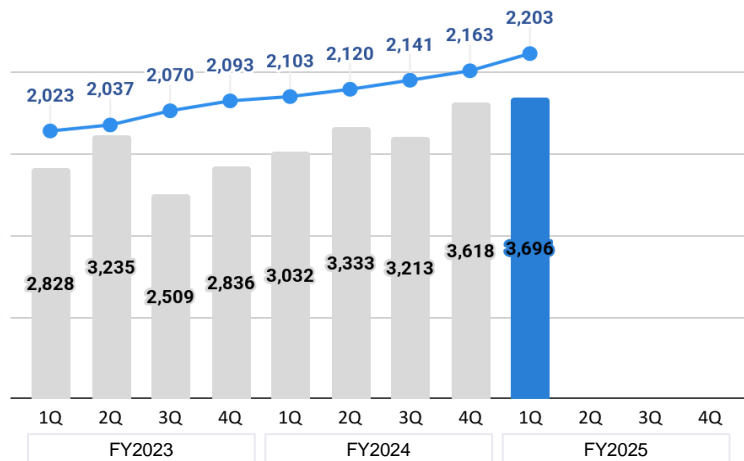
- Google Workspace saw steady growth in the number of business partners.
- ChromeBook adoption is expected to expand from 2Q onward with phase two of the GIGA School concept.
- Hardware sales went forward in 1Q. Software services (Manamie, etc.) are expected to follow in 2H and beyond.

**Google Workspace adopter companies 2,203**

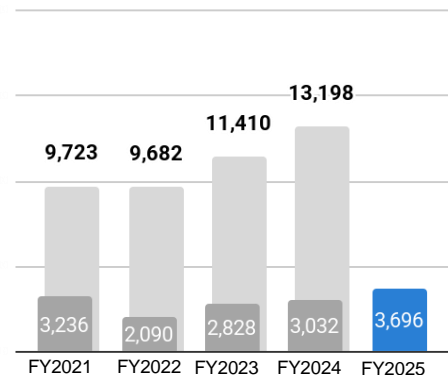
**Google business sales 21.9% up from the previous fiscal year**

Net sales

■ Number of Google Workspace adopter companies



(Cumulative)



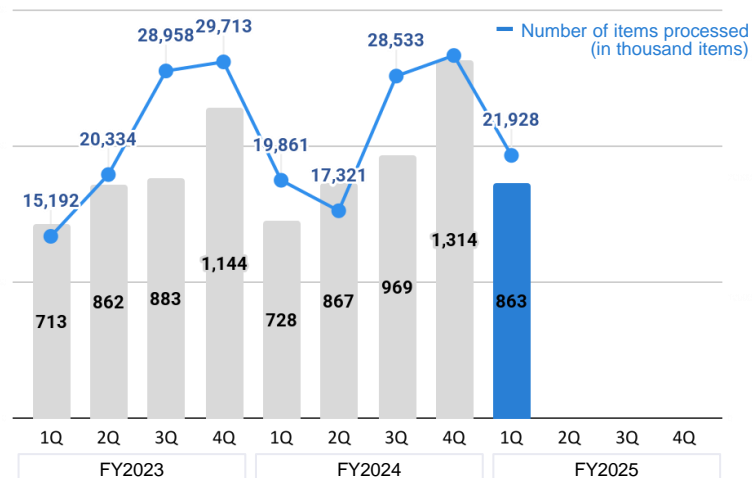


# 1Q FY2025 Business Results Information Services Segment in Detail (BPO Business)

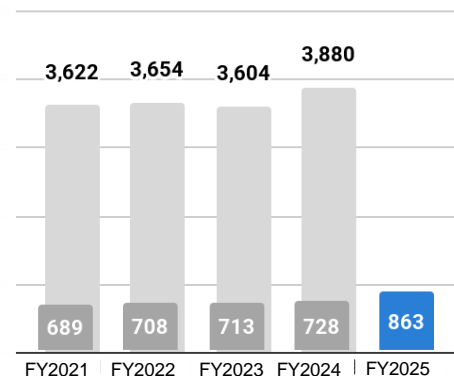
Unit: Millions of yen

- Net sales in 1Q amounted to ¥863 million, an 18.5% year on year increase.
- Invoice preparation services performed well, with the number of items processed up 16%.
- Data entry and call centers remained flat, while invoice printing services declined 13%.

Net sales



(Cumulative)

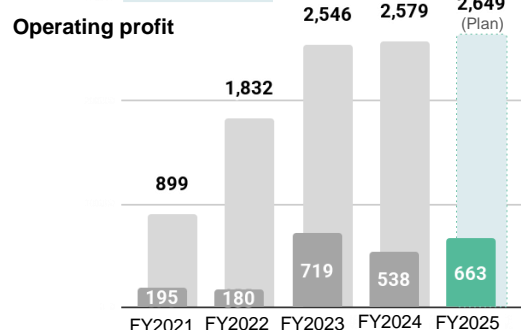
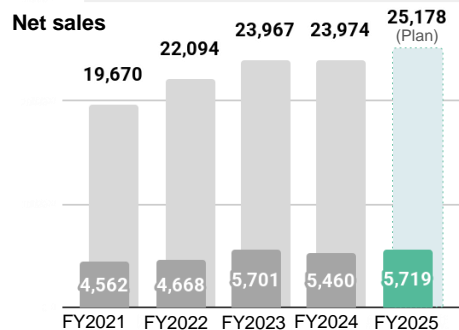


# 1Q FY2025 Business Results Payment Agency Services Segment Summary

- Sales increased in payment and collection agency, online payment, and deferred payment services due to steady growth in usage by customers that started operations in the second half of the previous fiscal year and beyond.
- In remittance services, sales decreased 81.4% year on year due to the termination of international remittance services last year.
- Operating profit increased due to the increase in sales of each service.

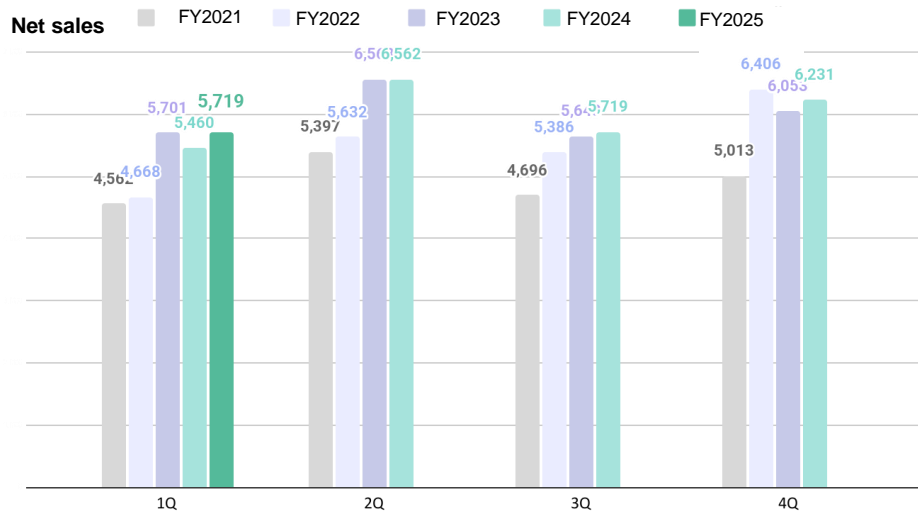
Unit: Millions of yen

|                                       | FY2024<br>1Q | FY2025<br>1Q | YoY        |         | Full-year<br>plan | Progress |
|---------------------------------------|--------------|--------------|------------|---------|-------------------|----------|
|                                       |              |              | Amount     | Ratio   |                   |          |
| Net sales                             | 5,460        | 5,719        | 259        | 4.7%    | 25,178            | 22.7%    |
| Payment and collection agency service | 5,021        | 5,248        | 227        | 4.5%    | 23,187            | 22.6%    |
| Online payment service                | 224          | 281          | 56         | 25.2%   | 1,067             | 26.4%    |
| Remittance service                    | 86           | 16           | (70)       | (81.4%) | 49                | 33.1%    |
| Payment agency peripheral services    | 78           | 79           | 1          | 1.8%    | 315               | 25.3%    |
| Other revenue                         | 49           | 93           | 43         | 89.4%   | 560               | 16.6%    |
| Operating profit                      | 538          | 663          | 125        | 23.3%   | 2,649             | 25.1%    |
| Operating profit margin               | 9.9%         | 11.6%        | 1.7% pt up |         | 10.5%             |          |

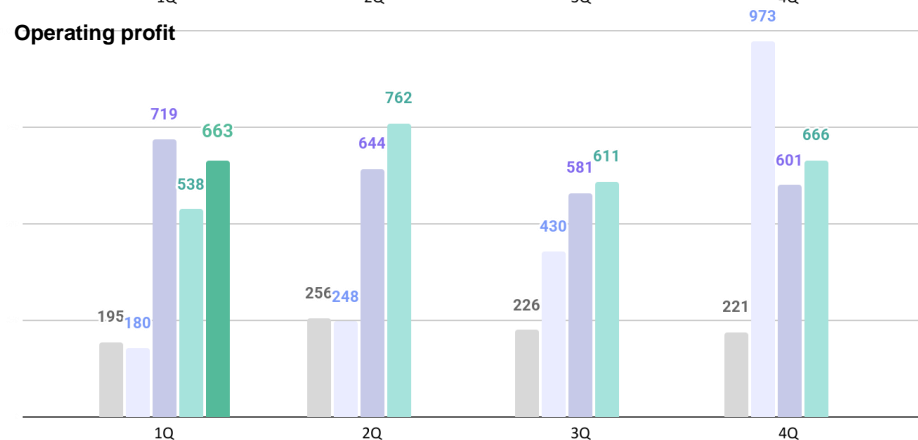


# 1Q FY2025 Business Results Payment Agency Services Segment Quarterly Trends

Net sales Unit: Millions of yen



Operating profit



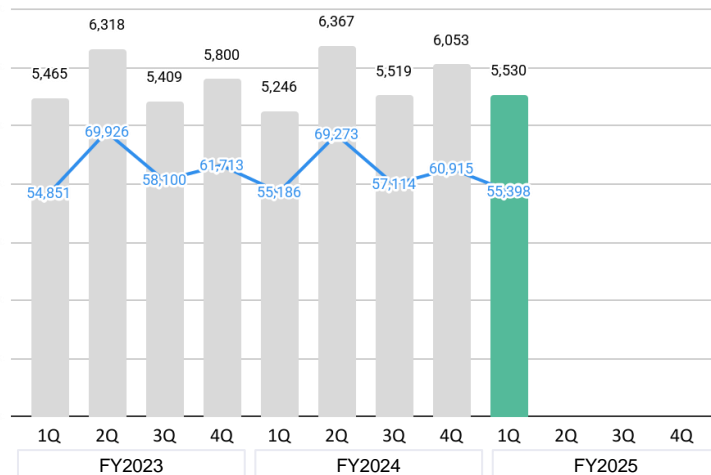
- Net sales are generally trending upward despite fluctuations due to termination of contracts with some large customers, launch of operations with new customers, revision of unit sales prices, and other factors.
- Despite fluctuations due to the increase in unit purchase prices, in addition to the above factors behind fluctuations in net sales, profits have continued to increase since 2Q FY2024.

# 1Q FY2025 Business Results Payment Agency Services Segment in Detail (Payment and Collection Agency Services / Online Payment Services)

Unit: Millions of yen

- Convenience store payment agency services saw upward momentum in sales. This was due to the start of operations at a new large customer for which the start of operations had previously been delayed, as well as progress achieved in ensuring that prices reflect higher unit purchase prices.
- While the number of transactions handled on behalf of some existing customers decreased, the number of payments increased due to the start of operations with new clients, primarily local governments.

Net sales

— Number of items processed  
(in thousand items)

## FY2025 Business Results Projections

- Net sales are projected to increase by 10% or more due to growth in information services.
- Each stage of profit is projected to increase substantially amid improvement in negative factors associated with the current fiscal year.
- The rates of increase with respect to ordinary profit and net profit are low relative to that of operating profit due to a reduction in dividend income and gain on sale of investment securities, which were recorded for the current fiscal year.

- Robust performance is likely given substantial market needs with respect to the cloud, AI, and BPO.
- A substantial increase is projected in sales of merchandise and finished goods associated with NEXT GIGA.
- We will increase investment in new service platforms utilizing Web3, NFT, blockchain, etc.
- Upward momentum in sales persists due to a new large customer having embarked on operations and progress achieved in ensuring that prices reflect higher unit purchase prices.
- We are promoting differentiation through PAYSLE electronic payment slip services and TREE PAYMENT services for enabling customers to select preferred payment options.
- We are developing markets by enhancing functionality of our comprehensive payment services platform.

|                                  | FY2024 | FY2025 Plan | Change in amount | Y-o-y |
|----------------------------------|--------|-------------|------------------|-------|
| Net sales                        | 61,256 | 67,500      | 6,244            | 10.2% |
| Information Services Segment     | 37,281 | 42,322      | 5,040            | 13.5% |
| Payment Agency Service Segment   | 23,974 | 25,178      | 1,203            | 5.0%  |
| Operating profit                 | 2,311  | 3,500       | 1,188            | 51.4% |
| Operating profit margin          | 3.8%   | 5.2%        | 1.4% pt up       |       |
| Information Services Segment     | (278)  | 851         | 1,129            | -     |
| Operating profit margin          | (0.7%) | 2.0%        | 2.8% pt up       |       |
| Payment Agency Segment           | 2,579  | 2,649       | 70               | 2.7%  |
| Operating profit margin          | 10.8%  | 10.5%       | 0.2% pt down     |       |
| Ordinary profit                  | 2,534  | 3,530       | 995              | 39.3% |
| Ordinary profit margin           | 4.1%   | 5.2%        | 1.1% pt up       |       |
| Net profit                       | 1,850  | 2,530       | 679              | 36.7% |
| Segment profit adjustment amount | 10     | 0           |                  |       |

| Information Services Segment Sales      | FY2024 | FY2025 Plan | Change in amount | Y-o-y   |
|---|--------|-------------|------------------|---------|
| SI and software development             | 27,188 | 29,475      | 2,287            | 8.4%    |
| Information processing                  | 5,850  | 6,397       | 547              | 9.4%    |
| Sales of merchandise and finished goods | 4,138  | 6,366       | 2,227            | 53.8%   |
| Other revenue                           | 104    | 83          | (21)             | (20.3%) |
| Payment Agency Services Segment Sales   | FY2024 | FY2025 Plan | Change in amount | Y-o-y   |
| Payment and collection agency service   | 22,204 | 23,187      | 983              | 4.4%    |
| Online payment service                  | 982    | 1,067       | 85               | 8.6%    |
| Remittance service                      | 226    | 49          | (178)            | (78.5%) |
| Payment agency peripheral services      | 321    | 315         | (6)              | (2.0%)  |
| Other revenue                           | 853    | 560         | 320              | 133.5%  |

## FY2025 Key Measures

### Transforming into a Value Creator

- DSK Transformation

Transition to a service-based business. Expansion of stock ratio.

Establishment of a new Business Design Planning and Promotion Headquarters in charge of promoting the information processing service business.

Planning and promotion of new business initiatives and services.

- Strengthening of coordination between Group companies.

Assignment of a Director in charge of managing intra-Group coordination.

Establishment of a new Sales Promotion Office inside of Densan System in charge of promoting the sales activities of the Group as a whole (under the direct control of the president).

We will promote sales activities that aren't restricted by organizational boundaries.

- Expansion into Adjacent Areas.

Establishment of a Co-Creation Ecosystem Planning Office within the Business Design Planning and Promotion Headquarters.

Planning and promotion of payment services utilizing web3 and blockchain technology.

- Human Resource Development

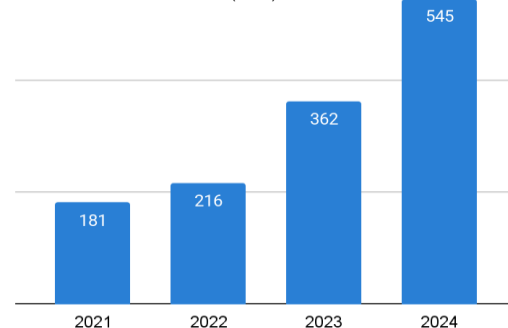
Hired 36 new graduates in April 2025 (25 new graduates and 89 mid-career hires in 2024).

Changes to education, incentives, etc.: Qualified Cloud Technicians: 545 (total)

Since 2023, the Company has encouraged and supported the acquisition of cloud-related qualifications

(incentives will be several times higher in 2023/2024 compared with 2022).

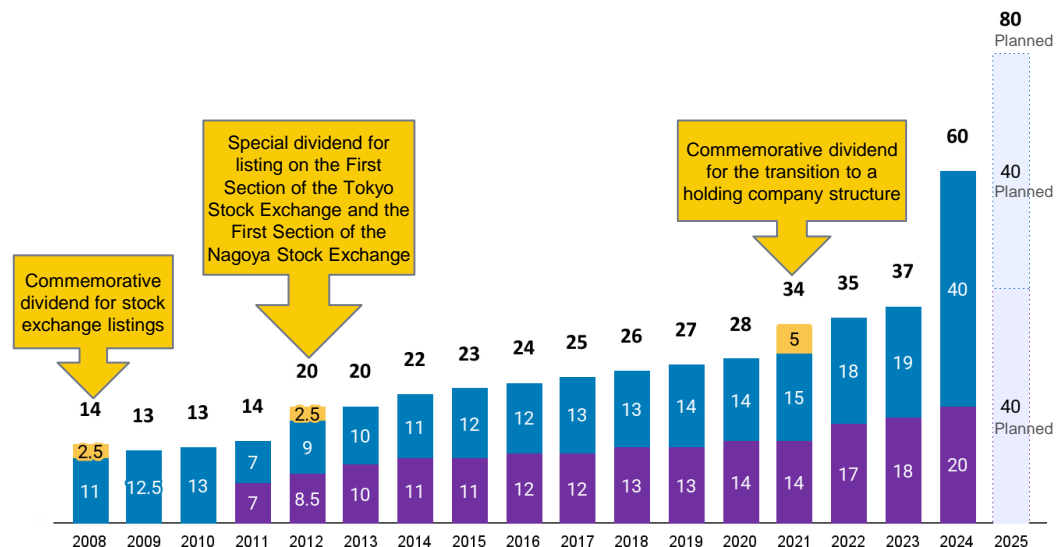
Qualified Cloud Technicians (Total)



## Shareholder Returns

Our basic policy will be to conduct stable and continuous distribution of profits based on a comprehensive assessment of our financial position and business performance, while retaining sufficient reserves.

- FY2024: Ordinary dividend: ¥60 per share per annum (interim ¥20, year-end ¥40)  
Shareholder benefits: Specialties of Gifu Prefecture or a donation equivalent to ¥3,000 (for shareholders who have held one unit (100 shares) or more for at least one year)
- FY2025 plan: Annual ordinary dividend of ¥80 per share (interim ¥40, year-end ¥40)



## Sustainability Policy

### We will create new innovations through sustainability.

Based on our Sustainability Policy, the Densan System Group considers diversity as an important management strategy because respecting the diverse individuality and values of each of our employees and maximizing each other's strengths are essential to continue providing valuable services that meet the diverse needs of our customers.

Furthermore, with the aim of achieving an organization where each of our employees can embrace their work and thrive in the company, we will continue to promote initiatives for human capital and health management.

#### Initiatives in 2024

- We strove to establish workplaces that enable all of our employees to work with peace of mind over the long term while fully demonstrate their individual abilities.  
We acquired L-boshi (two stars) certification as a company that promotes active participation of women in the workplace.
- Health Management  
Reduction in designated working hours (from 8 hours to 7.5 hours) / adoption of flextime system across the entire Company (overtime reduced by 3.8 hours) / paid leave granted upon joining the Company (ten days) / introduction of employee benefits club / employees provided with health and wellness application

### Certified as a 2025 KIH Outstanding Organization (Large Enterprise Category)

We were recognized as a company committed to health management with a 2025 KIH Outstanding Organization (Large Enterprise Category) certification.

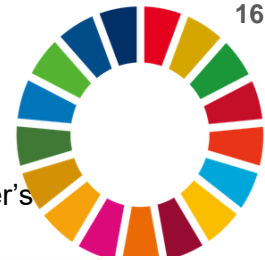
What is the KENKO Investment for Health (KIH) certification system?

It is an award system operated by the Japan Health Council with the aim of creating an environment in which large corporations, small and medium-sized enterprises, and other corporations that practice especially excellent health management can receive social recognition from employees, job seekers, partner companies, financial institutions, and others by shedding a spotlight on these companies and their efforts.

[Health Management Initiatives] [https://www.ds-hd.co.jp/sustainability/social/health\\_management/](https://www.ds-hd.co.jp/sustainability/social/health_management/)

In order to realize sustainable corporate management, we will continue to build a safe and comfortable workplace environment where each and every employee can perform to the best of their abilities.

We will also further promote health management through activities worthy of the title of KIH Outstanding Organization.



2025  
健康経営優良法人  
KENKO Investment for Health  
大規模法人部門



## 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 FY2024)**

$$\begin{array}{|c|} \hline \text{Corporate value} \\ \hline \begin{array}{|c|} \hline \text{Equity spread} \\ \hline 2.4 \% \end{array} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{ROE} \\ \hline 8.7 \% \end{array} - \begin{array}{|c|} \hline \text{Shareholders' equity cost} \\ \hline 6.3 \% \end{array}$$

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

**Strengthen ability to generate profit**

- Create and develop new business 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

## Topics

DSHD: Densan System Holdings / DSK: Densan System

- January 6, 2025: DSK We expanded our convenience store payment agency business with a contract for national tax collection agency services! We expanded our role as public infrastructure with a new contract for national tax collection agency services.  
We aim to further expand the business by contributing to improved convenience for society as a whole, strengthening our stable revenue base, and building trust and our track record in the public sector.
- March 11, 2025: DSK We were recognized as a 2025 KIH Outstanding Organization (Large Enterprise Category)  
Improving the wellbeing of employees is an important initiative that will lead to higher productivity and corporate value. We will continue to promote it further to enhance our corporate value.
- March 21, 2025 DSK We were contracted to develop systems for GYOSEI CORPORATION's "My Roppo" mobile app  
- Development of a legal code reader app utilizing generative AI -  
This is an example of the use of generative AI leveraging Amazon Bedrock's RAG (Retrieval Augmented Generation) technology to enable natural language searches.
- April 17, 2025 DSHD, DSK Announcement of increases to employee base pay and starting pay for new graduates  
Based on the belief that people are the source of our sustainable growth, we have revised our salary system with the aim of improving employee engagement and securing quality talent. In addition to increasing base pay for current employees, we have also raised starting pay for new graduates with the aim of enhancing our long-term corporate value.
- April 28, 2025 DSK We opened a Kyushu Branch in Fukuoka Prefecture, making a full-scale entry into the Kyushu/Okinawa DX market, promoting DX of local governments and companies in the region  
We aim to further accelerate customers' promotion of DX by building a service provision system rooted in the region.
- April 28, 2025 DSK Start of acceptance of the SaiCoin local digital currency in our Payment Agency Services