

Densan System Holdings Co., Ltd. Presentation Materials for the 2Q 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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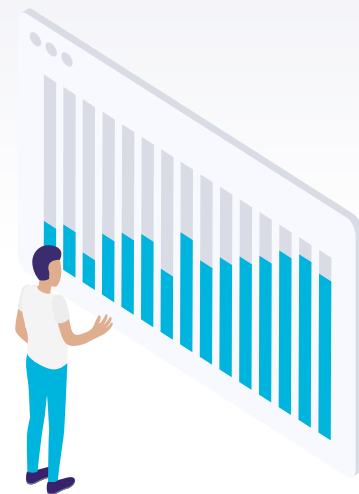
2Q FY2024 Business Results Highlights

Net sales 30.243 billion yen (1.2% ↗)

Operating income 1.548 billion yen (23.0% ↘)

Operating income ratio 5.1 %

Net income
attributable to shareholders of the parent company
1.086 billion yen (22.1% ↘)



FY12/2024 2Q Business Results Highlights

Unit: Million yen

- ▶ Sales increased 1.2% year on year.
- ▶ Each stage of income decreased year on year due to the impact of unprofitable projects in information services.
- ▶ Progress rate of the full-year plan was similar to that of an average year for sales, but slightly below that of an average year for each stage of income.
- ▶ Full-year plan remains unchanged.

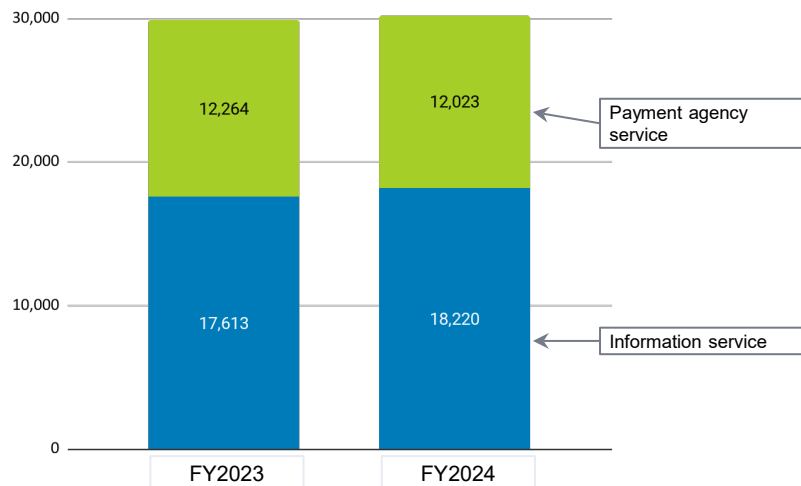
	FY2023 First six months	FY2024 First six months	YoY change		Full-year plan	Progress
			Amount	Ratio		
Net sales	29,878	30,243	364	1.2%	65,700	46.0%
Operating income	2,010	1,548	(461)	(23.0%)	4,100	37.8%
Income ratio	6.7%	5.1%	1.6% pt down		6.2%	
Ordinary income	2,073	1,600	(472)	(22.8%)	4,120	38.8%
Income ratio	6.9%	5.3%	1.6% pt down		6.3%	
Net income	1,395	1,086	(308)	(22.1%)	2,790	38.9%

FY12/2024 2Q By Segment

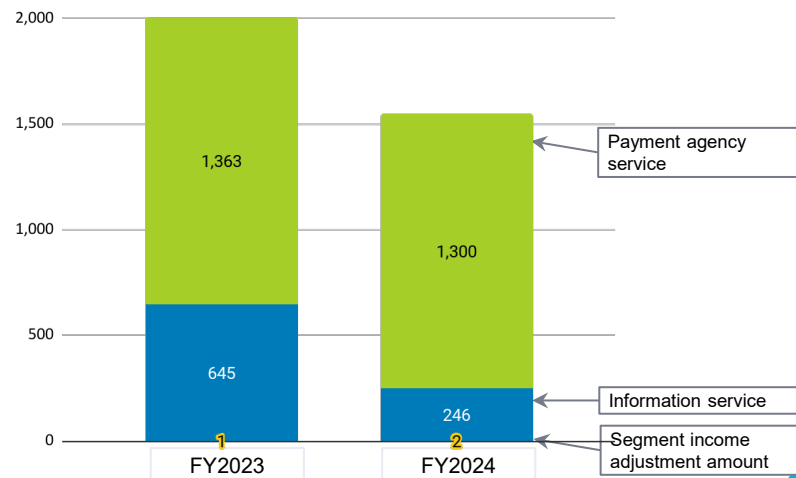
Unit: Million yen

- ▶ Net sales increased ¥600 million (3.4%) year on year for information services, but decreased ¥240 million (2%) for payment agency services.
- ▶ Operating income for information services declined ¥400 million (61.9%) year on year due to the impact of unprofitable projects.
- ▶ Operating income from payment agency services remained flat year on year.

Net sales



Operating income

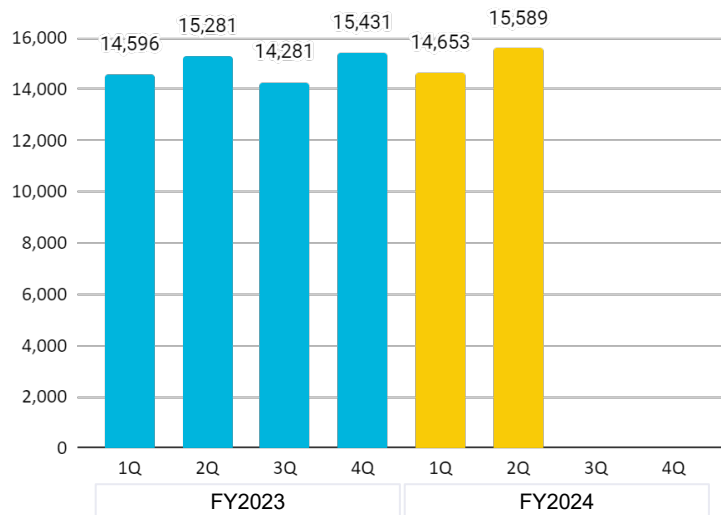


FY12/2024 2Q Transition in Quarterly Business Results

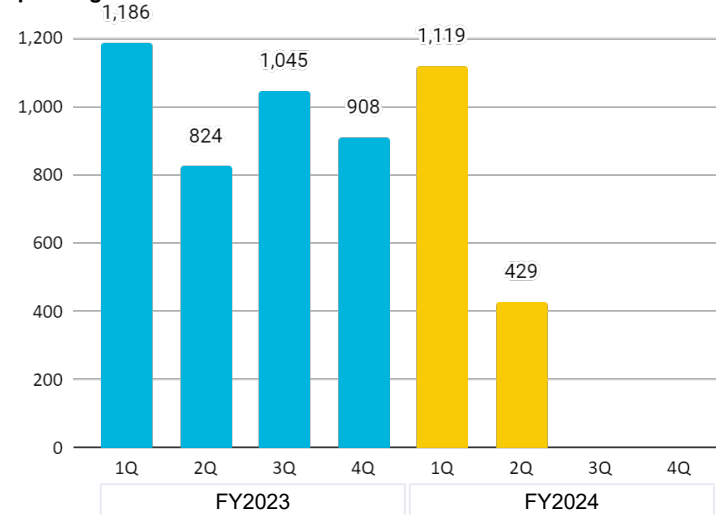
Unit: Million yen

- ▶ Net sales for 2Q alone were strong for payment agency services, which saw an increase in tax and other collections as in previous years.
- ▶ Operating income decreased by half from 2Q of the previous fiscal year due to the significant impact of unprofitable projects in information services.

Net sales



Operating income



FY12/2024 2Q Financial Condition (B/S)

Unit: Million yen

	As of December 31, 2023	As of June 30, 2024	Change in amount
Total assets	57,051	60,315	3,264
Current assets	48,228	51,507	3,278
Non-current assets	8,822	8,808	(13)
Total liabilities	36,277	38,469	2,191
Current liabilities	33,953	36,539	2,585
Non-current liabilities	2,323	1,929	(393)
Total net assets	20,774	21,846	1,072
Equity ratio	36.1%	35.9%	0.2% pt down
Deposits received in payment agency services	18,231	21,319	3,087
Equity ratio excluding deposits received in payment agency services	53.0%	55.5%	2.5% pt up

FY12/2024 2Q Information Services Summary

Unit: Million yen

- ▶ In SI and software development net sales were strong for cloud services such as Google.
- ▶ Information processing net sales increased only slightly year on year due to a decrease in the number of other BPO services processed, despite strong sales of invoice preparation services.
- ▶ Sales of merchandise and finished goods declined year on year on a cumulative basis, but were flat year on year for 2Q alone.
- ▶ Information services overall posted a loss in 2Q alone due to a review of man-hours for unprofitable projects in software development that occurred in the previous fiscal year. As a result, 2Q cumulative operating income decreased by 399 million yen or 61.9% year on year.

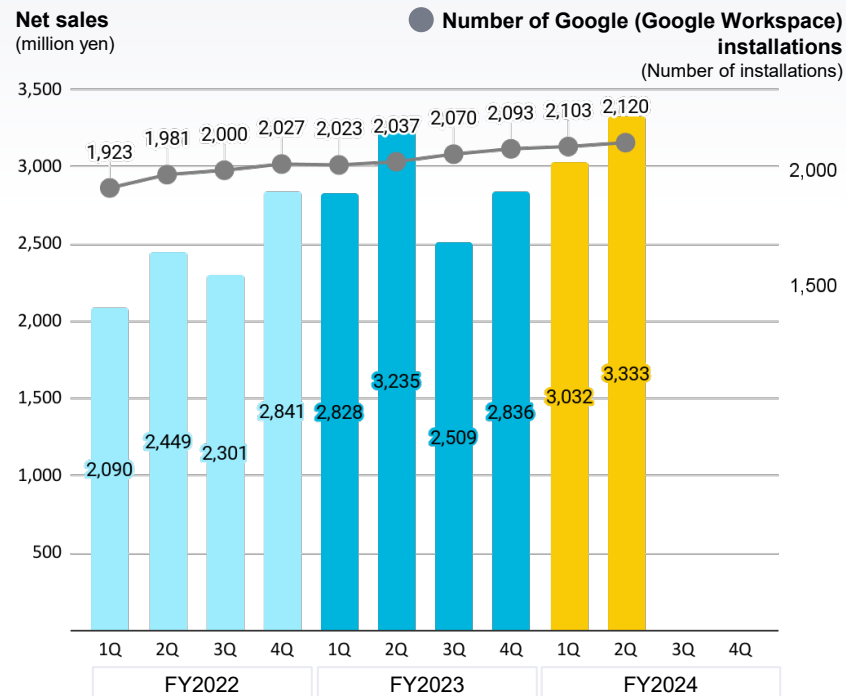
	FY2023 First six months	FY2024 First six months	YoY change		Full-year plan	Progress
			Amount	Ratio		
Net sales	17,613	18,220	606	3.4%	39,444	46.2%
SI and software development	12,321	13,168	847	6.9%	30,054	43.8%
Information processing	2,615	2,644	28	1.1%	6,221	42.5%
Sales of merchandise and finished goods	2,639	2,354	(284)	(10.8%)	3,085	76.3%
Other revenue	37	52	14	39.9%	85	61.9%
Operating income	645	246	(399)	(61.9%)	1,844	13.3%
Operating income ratio	3.7%	1.4%	2.3% pt down		4.7%	

FY12/2024 2Q Information Services in Detail (Google Business)

- ▶ Google Workspace saw steady growth in the number of business partners and licenses acquired.
- ▶ Action being taken for Next GIGA, including alliance with NEC

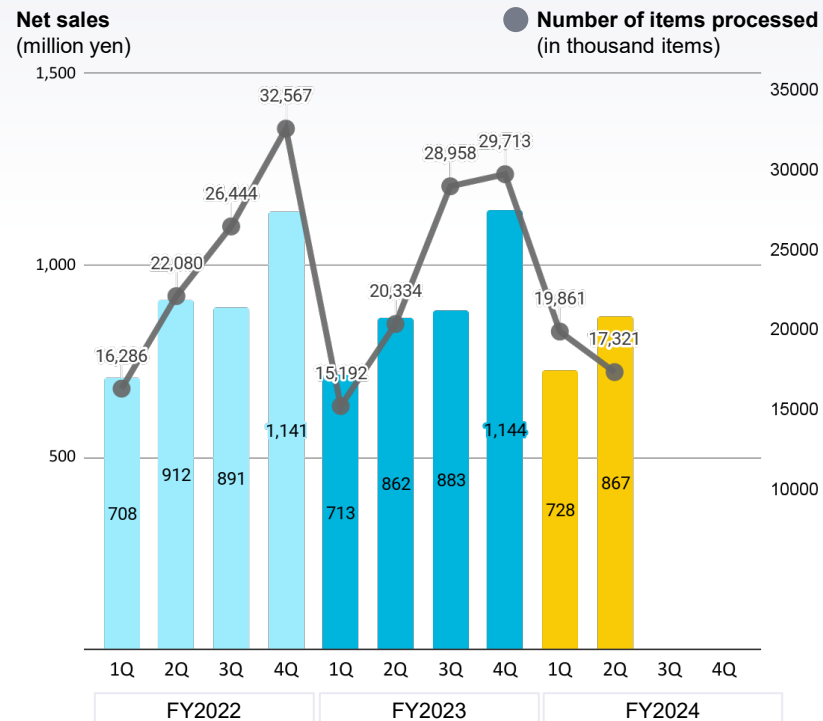
Google (Google Workspace) adopter companies: **2,120** companies

Google business sales **5.0%** up from the previous fiscal year



FY12/2024 2Q Information Services in Detail (BPO Business)

- ▶ Invoice preparation services performed well, up more than 10% year on year.
- ▶ Other BPO services saw a decline in the number of cases processed, and the BPO business overall remained flat.



FY12/2024 2Q Payment Agency Services Summary

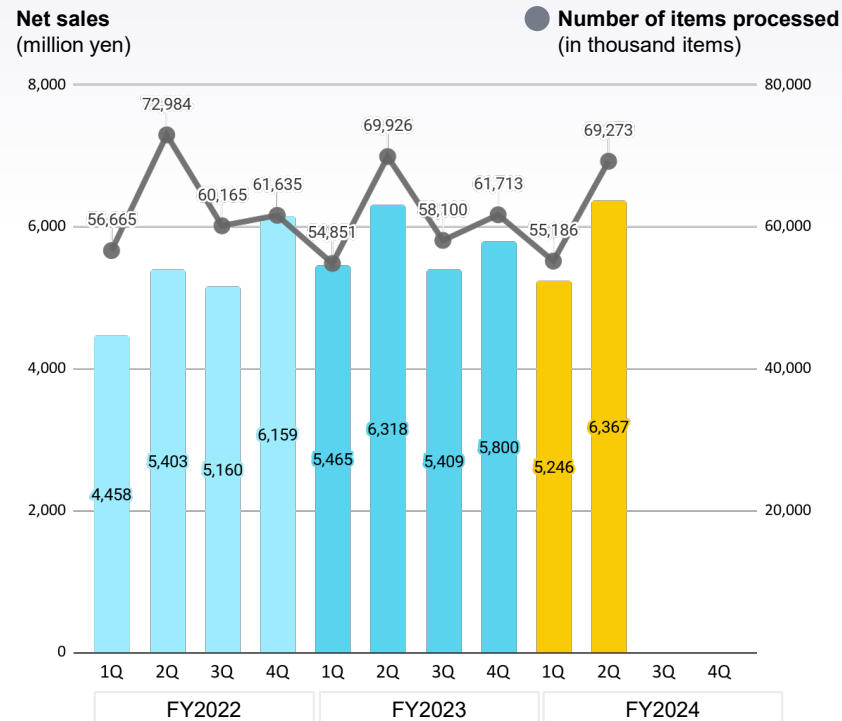
Unit: Million yen

- ▶ Revenue and earnings from payment agency services declined year on year due to the termination of transactions with a large customer in 1Q of the previous fiscal year.
- ▶ Online payment services and other revenue declined due to a decrease in the number of existing customers.
- ▶ In remittance services, sales decreased due to the termination of a part of international remittance service at the end of March.

	FY2023 First six months	FY2024 First six months	YoY change		Full-year plan	Progress
			Amount	Ratio		
Net sales	12,264	12,023	(241)	(2.0%)	26,256	45.8%
Payment and collection agency service	11,252	11,121	(130)	(1.2%)	23,821	46.7%
Online payment service	531	492	(39)	(7.4%)	1,257	39.1%
Remittance service	178	154	(23)	(13.3%)	302	51.2%
Payment agency peripheral services	159	157	(1)	(0.7%)	315	50.1%
Other revenue	144	96	(47)	(32.8%)	561	17.3%
Operating income	1,363	1,300	(63)	(4.6%)	2,256	57.7%
Operating income ratio	11.1%	10.8%	0.3%pt Down		8.6%	

FY12/2024 2Q Payment Agency Services in Detail (Payment and Collection Agency Services / Online Payment Services)

- ▶ Sales and profits of convenience store payment agency services decreased in the first half 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 ran its course in the 1Q of the current fiscal year, and both sales and profits increased year on year in the 2Q alone due to the operation of new customers from the 2Q onward.
- ▶ Due to concerns over the impact of health hazards of functional food products that occurred in March, the number of cases decreased for some business partners in April, but this was resolved in May.
- ▶ The number of payments related to local governments fell short of expectations due to a decrease in taxpayers following the flat-amount cut of personal income tax.

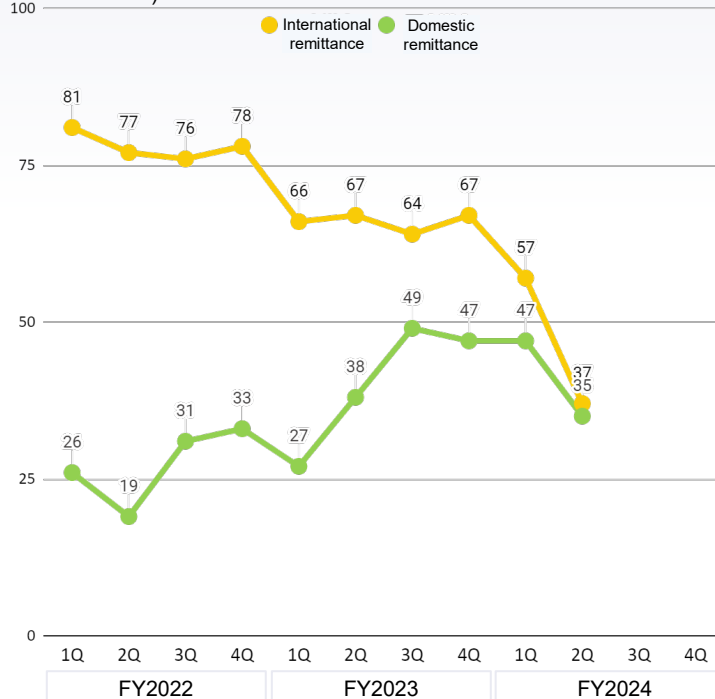


FY12/2024 2Q Payment Agency Services in Detail (Remittance Services / Payment Agency Peripheral Services)

- ▶ The number of international remittance services handled declined significantly in 2Q due to the termination of advance registration style services at the end of March.
- ▶ Furthermore, the face-to-face service business was transferred on July 1, and sales for the remittance services are expected to decline in the future.
- ▶ 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)



FY12/2024 2Q 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。



chromebook

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- 家庭での端末利用
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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 2Q 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.

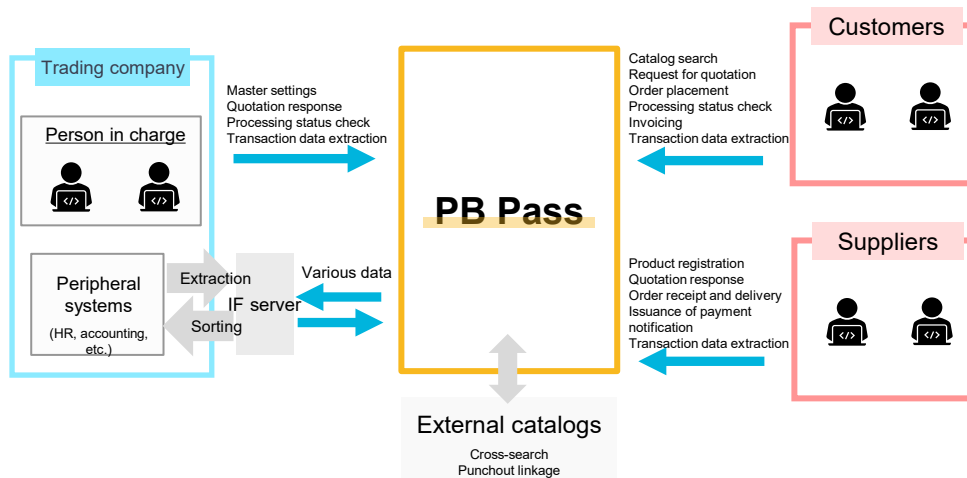
- **May 7, 2024: Capital and business alliance with JPYC inc. handling the Japanese yen stable coin JPYC.**

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

- **June 25, 2024: Business alliance with Kibidango, Inc., operator of the crowdfunding e-commerce service Kibidango, in the tourism and regional development platform business.**

FY12/2024 2Q 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.



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)

