



Densan System Holdings Co., Ltd. Presentation Materials for the 2Q 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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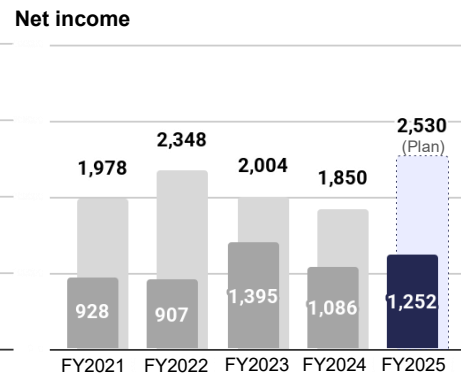
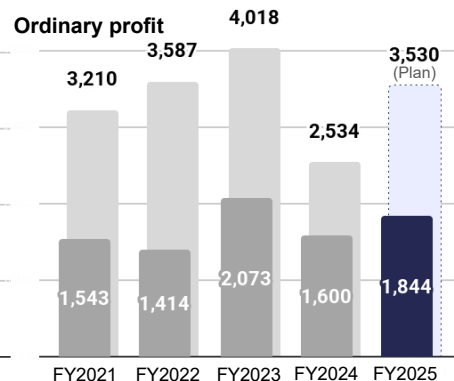
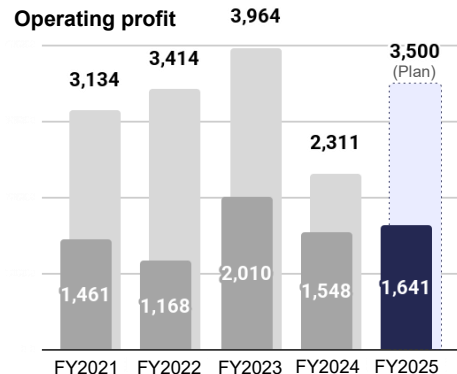
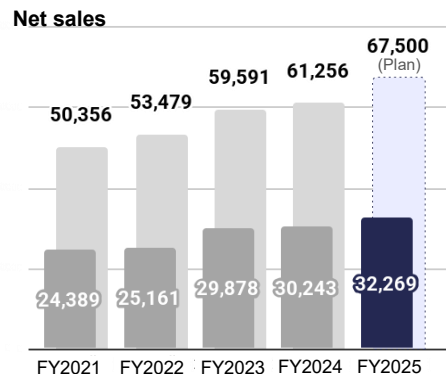
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2Q FY2025 Business Results Highlights

Unit: Millions of yen

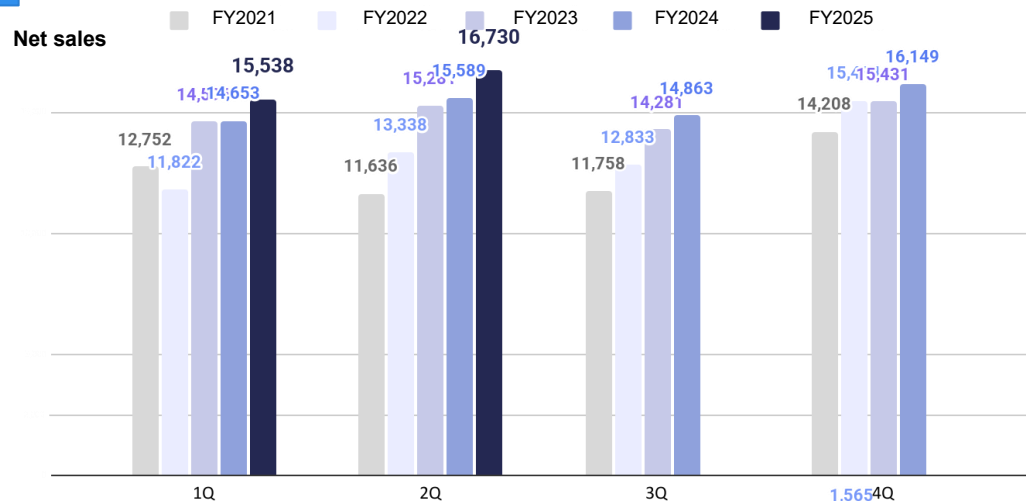
- Net sales increased steadily due to growth of the Google business and payment agency services.
- Operating profit increased year on year driven by the increase in sales, despite higher unit purchase prices and labor costs.
- As net sales and each stage of profit are progressing largely in line with plans, the forecast for the current fiscal year remains unchanged from the plan at the beginning of the fiscal year.

	FY2024 First six months	FY2025 First six months	YoY		Full-year plan	Progress
			Amount	Ratio		
Net sales	30,243	32,269	2,026	6.7%	67,500	47.8%
Operating profit	1,548	1,641	92	6.0%	3,500	46.9%
Profit margin	5.1%	5.1%	0.0% points		5.2%	
Ordinary profit	1,600	1,844	244	15.2%	3,530	52.2%
Profit margin	5.3%	5.7%	Up 0.4% points		5.2%	
Net income	1,086	1,252	166	15.3%	2,530	49.5%

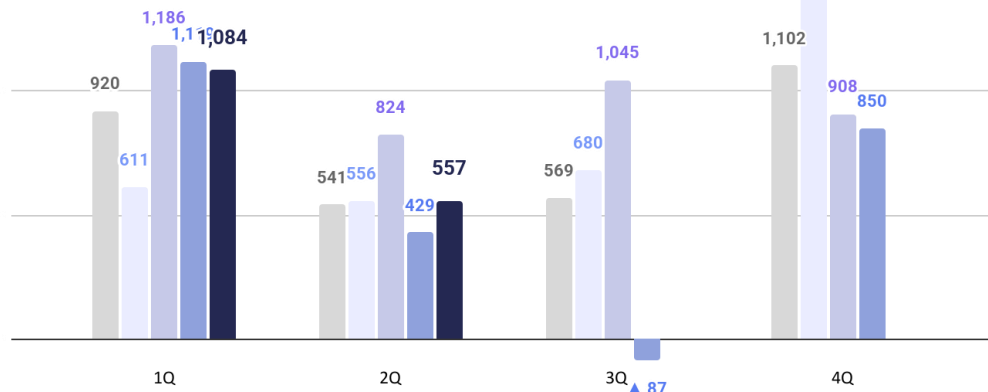


2Q FY2025 Business Results Quarterly Trends

Unit: Millions of yen



- Net sales increased steadily every fiscal year.
- In 2Q, net sales increased by ¥1,141 million, or 7.3% year on year, marking a record high again following 1Q.

Operating profit

- In 2Q, higher sales in payment agency services and the Google business led to higher profits year on year.
- However, due to the cancellation of a system development project contract in the information services business, operating profit fell below the record high posted in 2Q two years ago (FY2023).

2Q FY2025 Business Results Financial Condition (B/S)

Unit: Millions of yen

- Total assets at the end of 1Q increased by ¥14.7 billion from the end of the previous fiscal year. This was mainly due to increases in monetary trusts and cash and deposits.
- Liabilities increased by ¥13.8 billion from the end of the previous fiscal year. This was mainly due to increases in deposits received in payment agency services and short-term borrowings.
- Short-term borrowings arose from temporary overdrafts in connection with advance payments in payment agency services.

	FY2024	FY2025 2Q	Change in amount
Total assets	61,747	76,478	14,731
Current assets	53,876	68,869	14,993
Non-current assets	7,870	7,608	(261)
Total liabilities	39,452	53,281	13,828
Current liabilities	37,804	51,773	13,969
Non-current liabilities	1,648	1,507	(140)
Total net assets	22,294	23,197	902
Equity ratio	35.8%	30.1%	Down 5.7% points
Deposits received in payment agency services	19,370	30,489	11,119
Equity ratio excluding deposits received in payment agency services	52.1%	50.0%	Down 2.1% points

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

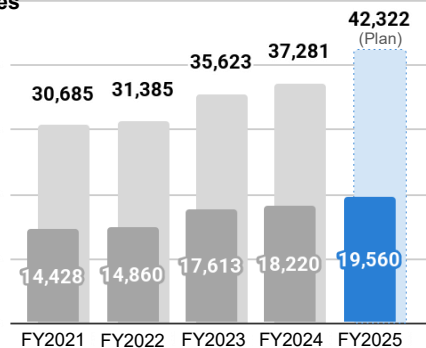
2Q FY2025 Business Results Information Services Segment Summary

Unit: Millions of yen

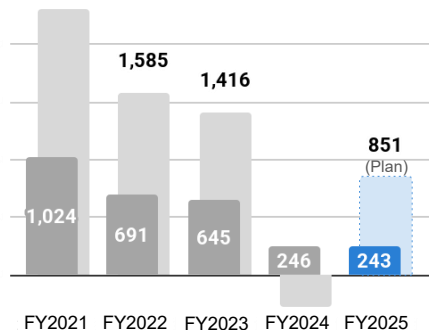
- Net sales amounted to ¥19,560 million, a 7.4% year on year increase.
- In SI and software development, system projects for the auto auction industry performed well, as did cloud services such as Google Workspace and Google Maps.
- Although sales of merchandise and finished goods exceeded last year, the introduction of GIGA School has been delayed, resulting in a low progress rate. However, recovery is expected from 3Q onward.
- Operating profit declined due to higher purchase prices and personnel expenses, new investments, and the cancellation of a system development project contract.

	FY2024 First six months	FY2025 First six months	YoY		Full-year plan	Progress
			Amount	Ratio		
Net sales	18,220	19,560	1,340	7.4%	42,322	46.2%
SI and software development	13,168	14,252	1,083	8.2%	29,475	48.4%
Information processing	2,644	2,849	205	7.8%	6,397	44.5%
Sales of merchandise and finished goods	2,354	2,413	59	2.5%	6,366	37.9%
Other revenue	52	45	(7)	(13.6%)	83	54.2%
Operating profit	246	243	(2)	(1.2%)	851	28.6%
Operating profit margin	1.4%	1.2%	Down 0.1% points		2.0%	

Net sales

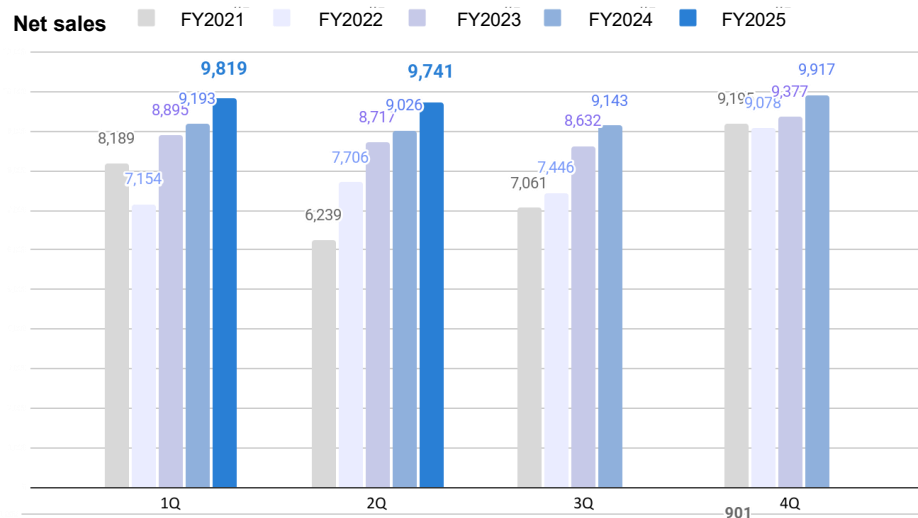


Operating profit 2,302

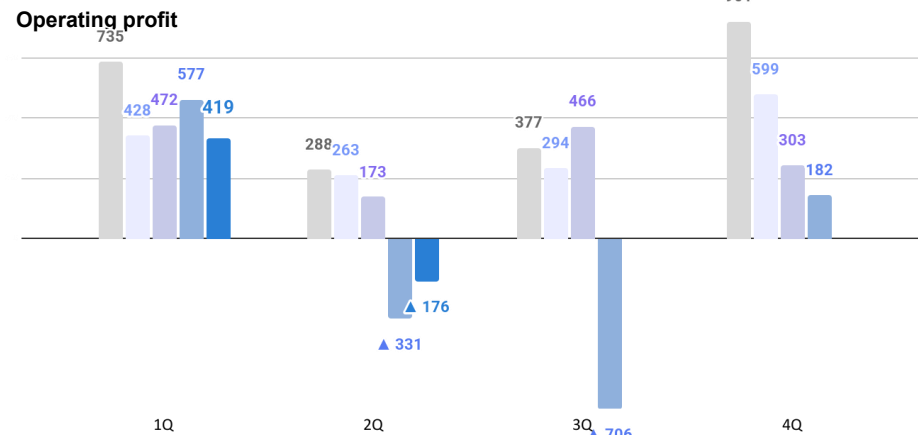


2Q FY2025 Business Results Information Services Segment Quarterly Trends

Unit: Millions of yen



- Quarterly net sales has grown steadily every year, except for 1Q FY2022, when there was a reactionary decline from an increase in GIGA School revenue.
- 2Q net sales reached a record high, following 1Q.



- Higher purchase prices and personnel expenses, combined with the cancellation of a previously received system development contract, led to an operating loss in 2Q.

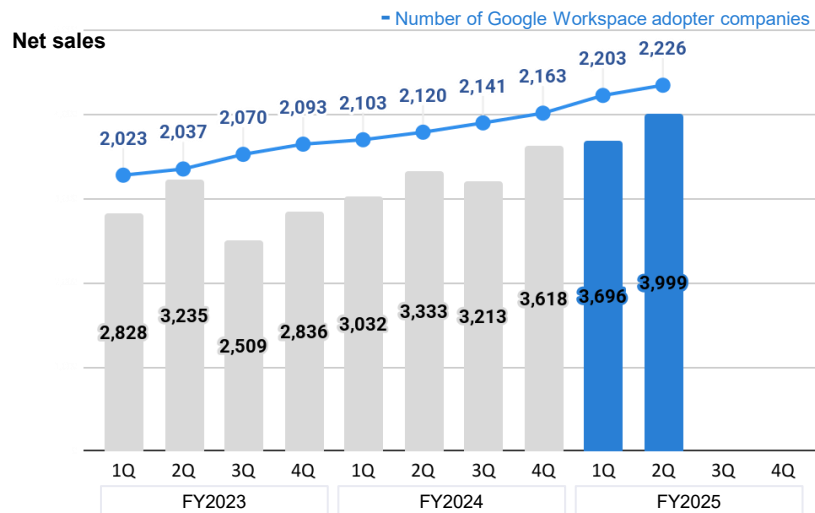
2Q FY2025 Business Results Information Services Segment in Detail (Google Business)

Unit: Millions of yen

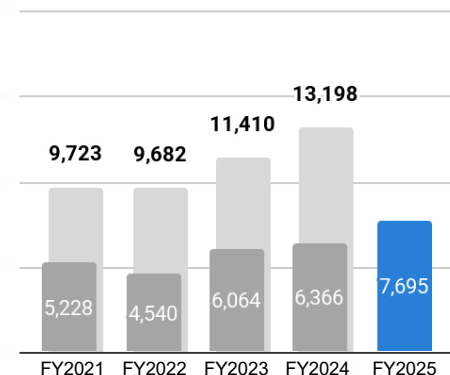
- Google Workspace saw steady growth in the number of business partners.
- Although we received orders for GIGA School projects, their implementation has been delayed. Recovery is expected from 3Q onward.

Google Workspace adopter companies 2,226

Google business sales 20.0% up from the previous fiscal year



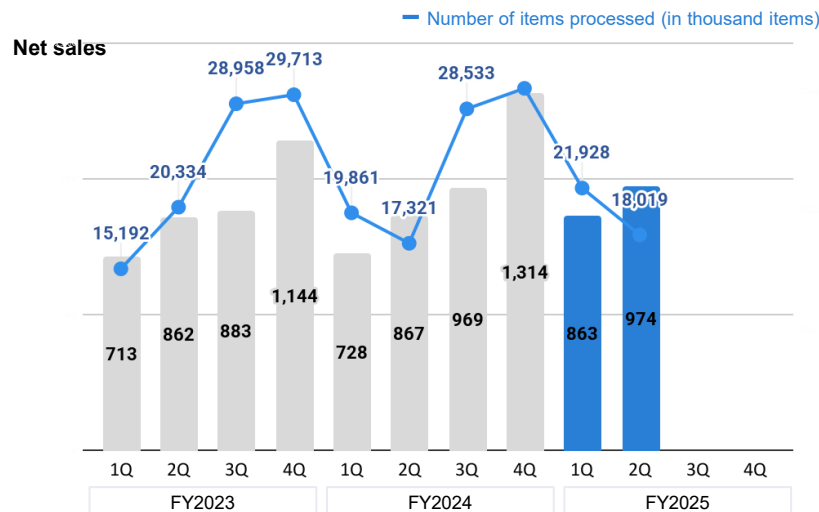
(Cumulative)



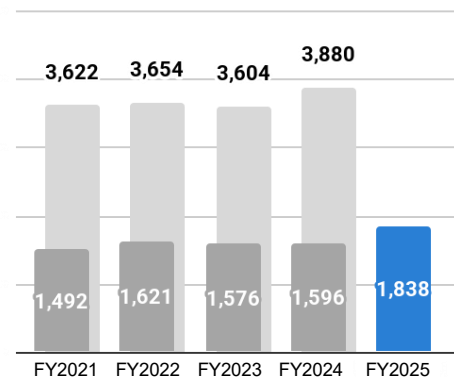
2Q FY2025 Business Results Information Services Segment in Detail (BPO Business)

Unit: Millions of yen

- Net sales in 2Q amounted to ¥974 million, an 12.3% year on year increase. For the cumulative total up to 2Q, sales increased by 15.2%.
- Invoice preparation services performed well in terms of acquiring new customers, with the number of items processed up 12.2%.
- Call centers remained flat, while data entry and invoice printing services declined.
- As a new menu item for call center order processing services, we have launched a fax order automatic reading service.



(Cumulative)

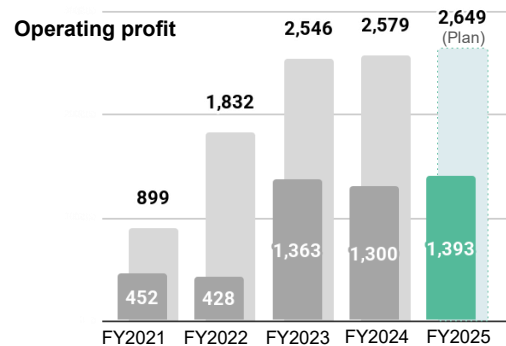
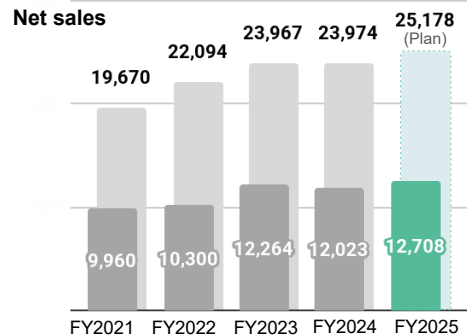


2Q FY2025 Business Results Payment Agency Services Segment Summary

Unit: Millions of yen

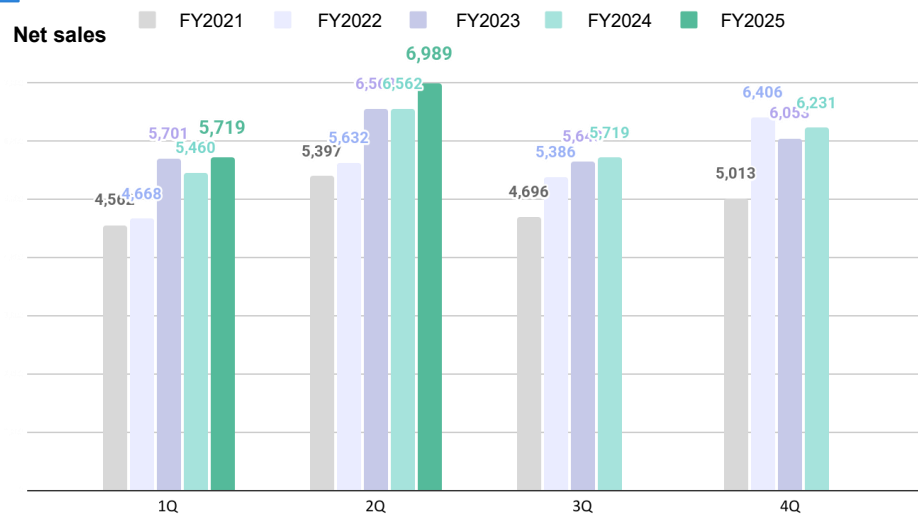
- Sales increased in payment and collection agency, online payment, and deferred payment services due to steady growth in usage by customers that started operations in the second half of the previous fiscal year and beyond.
- Sales in the deferred payment services increased by 95.4% year on year due to new customer activations.
- Operating profit also increased due to the increase in sales of each service.

	FY2024 First six months	FY2025 First six months	YoY		Full-year plan	Progress
			Amount	Ratio		
Net sales	12,023	12,708	685	5.7%	25,178	50.5%
Payment and collection agency service	11,121	11,718	597	5.4%	23,187	50.5%
Online payment service	492	609	117	24.0%	1,067	57.2%
Remittance service	154	31	(122)	(79.5%)	49	65.0%
Payment agency peripheral services	157	158	0	0.6%	315	50.4%
Other revenue	96	189	92	95.4%	560	33.8%
Operating profit	1,300	1,393	93	7.2%	2,649	52.6%
Operating profit margin	10.8%	11.0%	Up 0.1% points		10.5%	

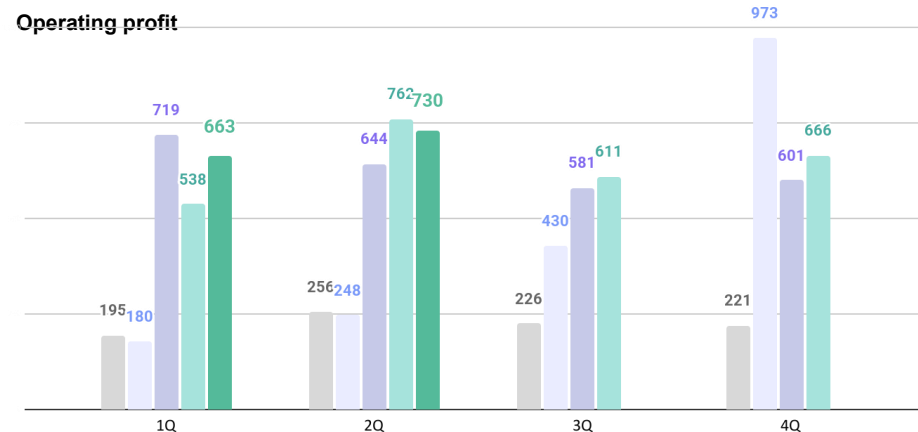


2Q FY2025 Business Results Payment Agency Services Segment Quarterly Trends

Unit: Millions of yen



- In 2Q, net sales increased by ¥427 million, or 6.5% year on year, marking a record high due to the launch of operations with new customers and revision of unit sales prices.

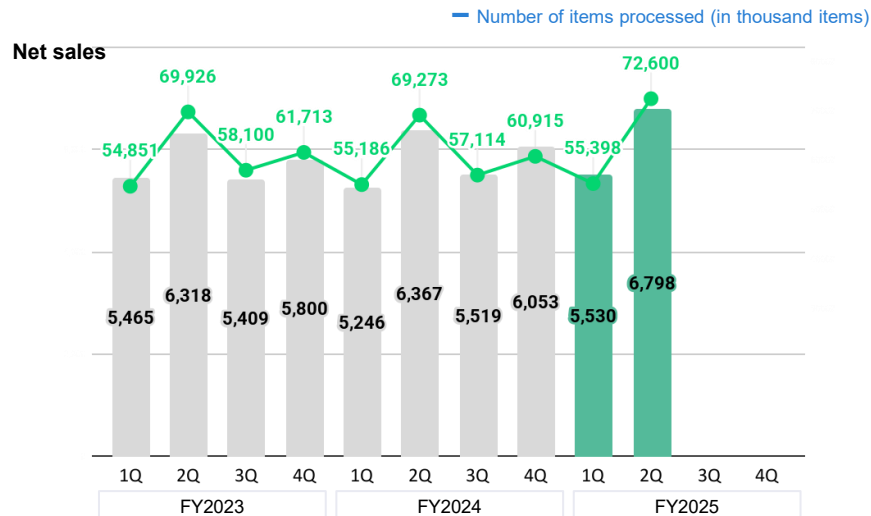


- Although net sales increased, higher purchase prices and other factors caused 2Q operating profit to decrease by ¥32 million, or 4.2% year on year.

2Q FY2025 Business Results Payment Agency Services Segment in Detail (Payment and Collection Agency Services / Online Payment Services)

Unit: Millions of yen

- The number of large customers that began operations last year increased, and new customers, primarily local governments, began operations smoothly. Although the number of payments decreased in the previous fiscal year, it increased in the current fiscal year.
- Furthermore, price increases to reflect higher unit purchase prices progressed, and sales growth continued from the second half of the previous year.
- 2Q of each year tends to see an increase in the number of transactions and net sales compared to other quarters due to the concentration of tax collections, including automobile taxes.



Initial Plan for FY2025

Unit: Millions of yen

- 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 FY2024.
- 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 FY2024.

- 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 Services 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%	Up 1.4% points	
Information Services Segment	(278)	851	1,129	-
Operating profit margin	(0.7%)	2.0%	Up 2.8% points	
Payment Agency Segment	2,579	2,649	70	2.7%
Operating profit margin	10.8%	10.5%	Down 0.2% points	
Ordinary profit	2,534	3,530	995	39.3%
Ordinary profit margin	4.1%	5.2%	Up 1.1% points	
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

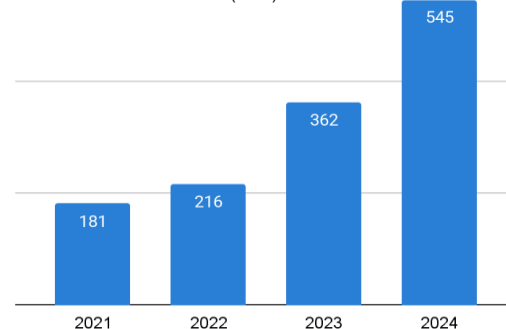
Hired 36 new graduates in April 2025 (25 new graduates and 89 mid-career hires in 2024).

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).

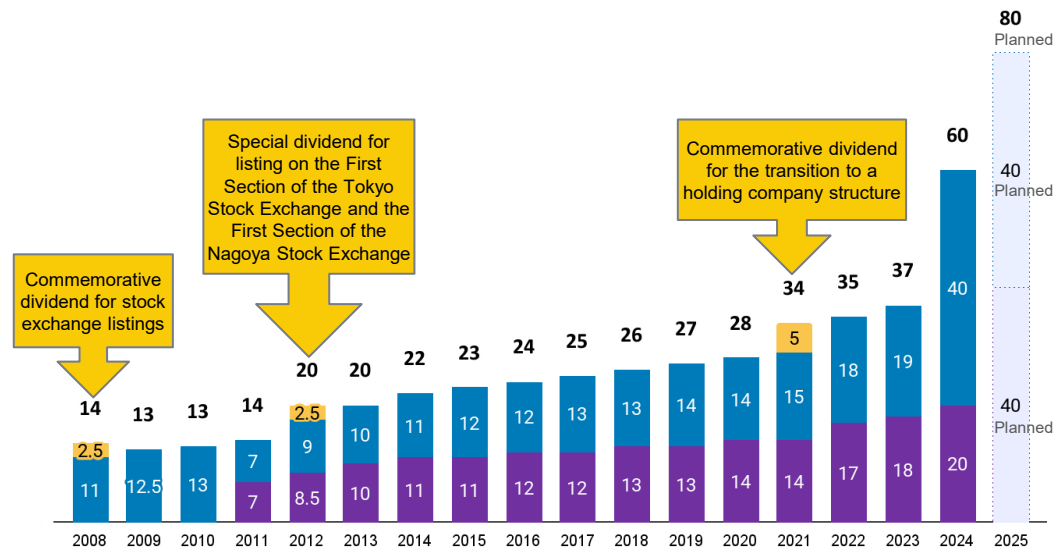
Qualified Cloud Technicians (Total)



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/

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

Sustainability Policy



Aiming to be a company where women can actively participate

The Group company, Densan System Co., Ltd., has obtained the two-star Eruboshi Certification (Level 2) established by the Minister of Health, Labour and Welfare for companies with excellent conditions for promoting the active participation of women in the workplace. We will further work to create a workplace environment where women and other diverse human resources can actively participate, and we will promote human capital and health management.

Aiming for three-star Eruboshi Certification (Level 3) (key indicators)

- Ratio of female employees: FY2024 28.7% ⇒ June 2025 30.8% (up 2.1 points)
- Ratio of female managers: FY2024 7.1% ⇒ June 2025 9.1% (up 2.0 points) *Targeting the industry average of 12.6%

We will enhance female employees' trust in and engagement with the Company by appointing women to management levels.

In addition, by developing an environment in which people who are raising children or considering doing so in the future can work comfortably with work-life balance, we will secure talented personnel and improve the motivation of employees toward their work.

Aiming for Kurumin Certification (new) (key indicators)

- Childcare leave acquisition rate (men): target 30% or higher / June 2025 66.7%
- Childcare leave acquisition rate (women): target 75% or higher / June 2025 100.0%
- Annual paid leave acquisition rate: target 75% or higher / End of June 2025 71.7%
- Average monthly overtime hours: target under 30 hours / June 2025 8.3 hours(Full-time employees only)

By considering measures such as developing systems for taking long consecutive leave, we will raise the annual paid leave acquisition rate and achieve employee well-being (physical and mental fulfillment).

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)**

The diagram illustrates the components of corporate value. A large light green box labeled 'Corporate value' contains a smaller light blue box labeled 'Equity spread' with the value '2.4 %'. To the right of this box is an equals sign, followed by a light blue box labeled 'ROE' with the value '8.7 %', then a minus sign, and finally a light blue box labeled 'Shareholders' equity cost' with the value '6.3 %'.

$$\text{Corporate value} = \text{ROE} - \text{Shareholders' equity cost}$$

Equity spread: 2.4 %
ROE: 8.7 %
Shareholders' equity cost: 6.3 %

▶ **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

- 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

This will enable citizens to pay their municipal and prefectural taxes using SaiCoin by scanning a barcode through the Saitama City App.

Topics

- June 2, 2025 DSHD, DSK Launch of EZASSIST FAX Order Automatic Reading to streamline fax order processing

We will support the promotion of DX and improvements in operational efficiency in the manufacturing and wholesale industries by drastically reducing the time and effort required for analog tasks in fax order processing and streamlining operations through paperless and digitized workflows, reducing the burden and errors of manual entry.

- June 12, 2025 DSHD, DSK Entered a collaboration agreement with Gifu Pharmaceutical University to promote DX utilizing AI and cloud services

This agreement aims to contribute to the development of the local community and the development of highly specialized human resources by enhancing the university's education, research, and administrative systems through the use of Google Workspace and AI.

We plan to create advanced DX cases in the pharmaceutical field by combining the expertise of Densan System and the cooperation of Gifu Pharmaceutical University.

- June 18, 2025 DSHD, DSK Began offering two support packages for Google Cloud's new service, Google Agentspace.

There are two types of packages, the Quick Start Support Package and the Utilization Promotion Support Package, which provide support tailored to the needs and implementation stage of each company, with the goal of promoting DX through AI adoption.

Densan System will maximize the potential of AI agents to strongly support companies in improving productivity and solving business challenges.

- June 30, 2025 DSHD, DSK Joined the ERP Cloud 360 Consortium to promote cloud ERP for mid-sized companies

We aim to strengthen our presence in the mid-sized company market by handling everything from sales to support for the cloud ERP solution ERP Cloud 360, which is built on Salesforce.

- August 1, 2025 DSK Started providing an integration service between Google Agentspace and the cloud-based data integration tool Reckoner

This service enables data from domestic SaaS (such as kintone and kaonavi) and on-premises environments to be easily utilized in Google Agentspace.