



Financial Results for Q1 FY06/26 (July 1 to September 30, 2025) [Non-Consolidated]

Intelligent Wave Inc.
Announced on November 7, 2025

Financial Results for Q1 FY06/26

Forecast for FY06/26

Reference

Overview

- Sales increased due to steady performance in the core payment domain.
- Profit declined due to lower gross profit margin affected by quality enhancement measures in the payment domain and changes in product composition in the security domain. SG&A expenses increased.
- Orders decreased due to projects in multi-year contracts recorded in the previous term.

Million yen

	Q1 FY06/25		Q1 FY06/26		Change [YoY]	
	Results	Sales composition ratio	Results	Sales composition ratio		
Net sales	3,542	-	3,746	-	+203	+5.7%
Gross profit	979	27.6%	933	24.9%	(45)	(4.7%)
SG&A expenses	675	19.1%	727	19.4%	+52	+7.8%
Operating income	304	8.6%	205	5.5%	(98)	(32.4%)
Ordinary income	304	8.6%	204	5.5%	(99)	(32.7%)
Net income	208	5.9%	139	3.7%	(68)	(32.9%)
Amount of orders	5,594	-	3,673	-	(1,920)	(34.3%)
Orders on hand	18,636	-	20,238	-	+1,601	+8.6%

Sales by Business Domain

- In the payment domain, sales rose in the fraud detection area, particularly in cloud services. In other areas, sales rose in infrastructure operating services for financial institutions.
- In the security domain, sales increased due to the product introduction to a major customer.

	Q1 FY06/25	Q1 FY06/26	Change(YoY)		Million yen
Net sales	3,542	3,746	+203	+5.7%	
Payment	2,930	3,068	+138	+4.7%	
FEP	1,319	1,160	(159)	(12.1%)	
Fraud detection	502	769	+266	+53.1%	
Acquiring	748	612	(135)	(18.1%)	
Others	359	526	+166	+46.3%	
Security	407	499	+92	+22.8%	
Data communication and Analysis infrastructure	204	177	(27)	(13.2%)	
*Reference) Cloud services	718	1,014	+296	+41.2%	

* Front-end processor (FEP) system: Hardware and software with network connectivity, card usage authentication, and other functions required for credit card payment processing

Sales by Category

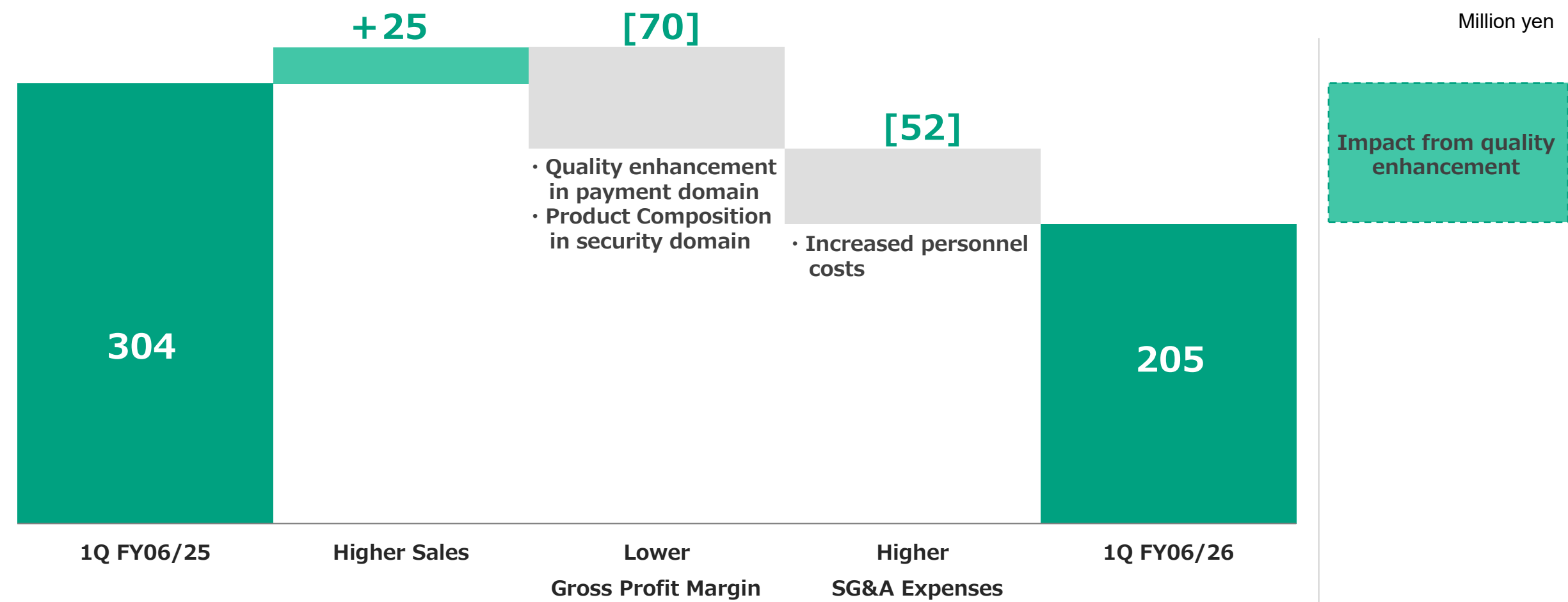
- Sales increased in cloud services and infrastructure operating services for financial institutions in In-house products and services.

	Q1 FY06/25	Q1 FY06/26	Change(YoY)	
Net sales	3,542	3,746	+203	+5.7%
System development	1,510	1,275	(234)	(15.5%)
Maintenance	398	414	+15	+4.0%
In-house products and services	74	177	+103	+139.9%
Third-party products and services (hardware, etc.)	434	364	(70)	(16.2%)
Cloud services	718	1,014	+296	+41.2%
Security	407	499	+92	+22.8%

Million yen

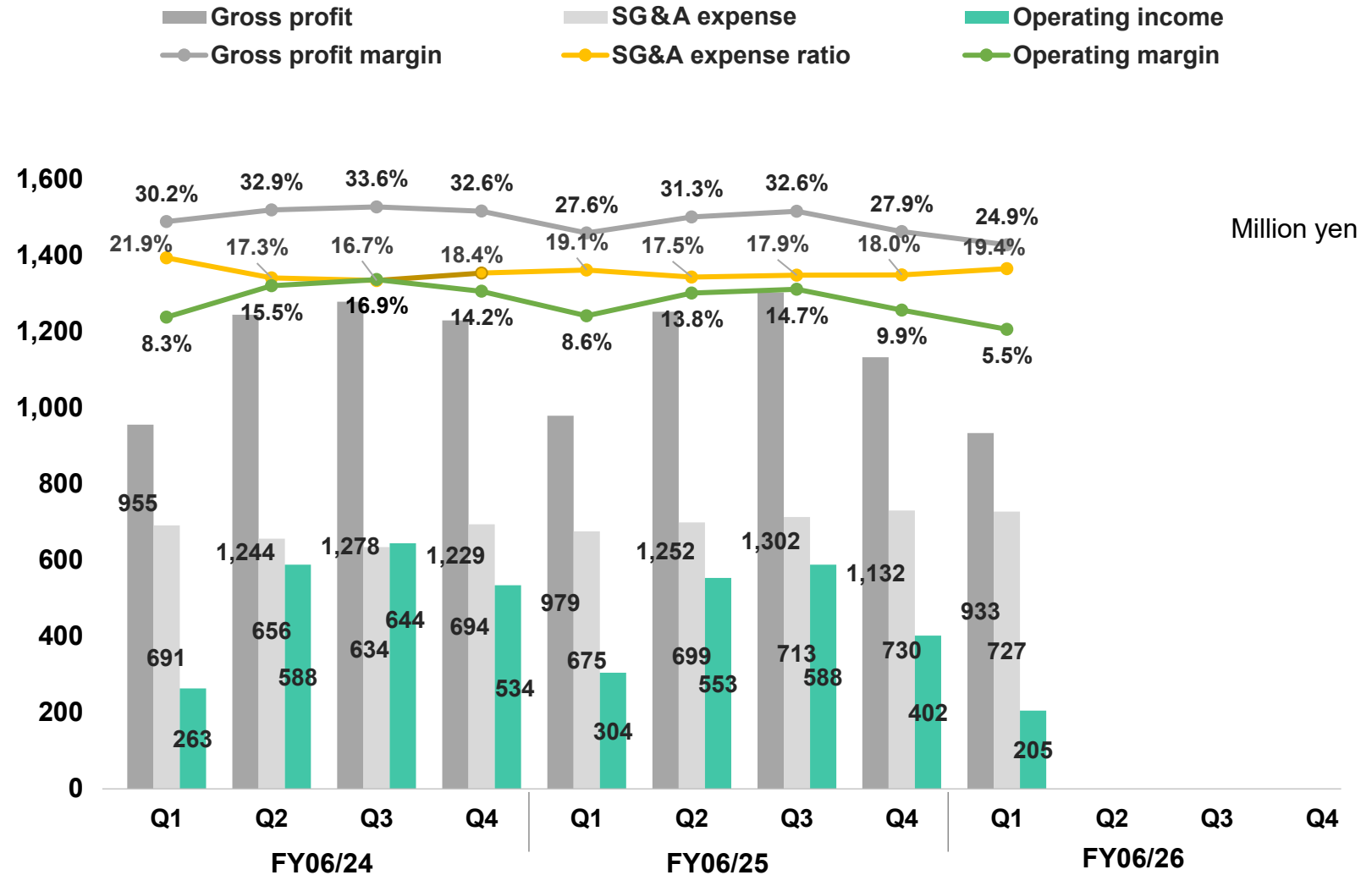
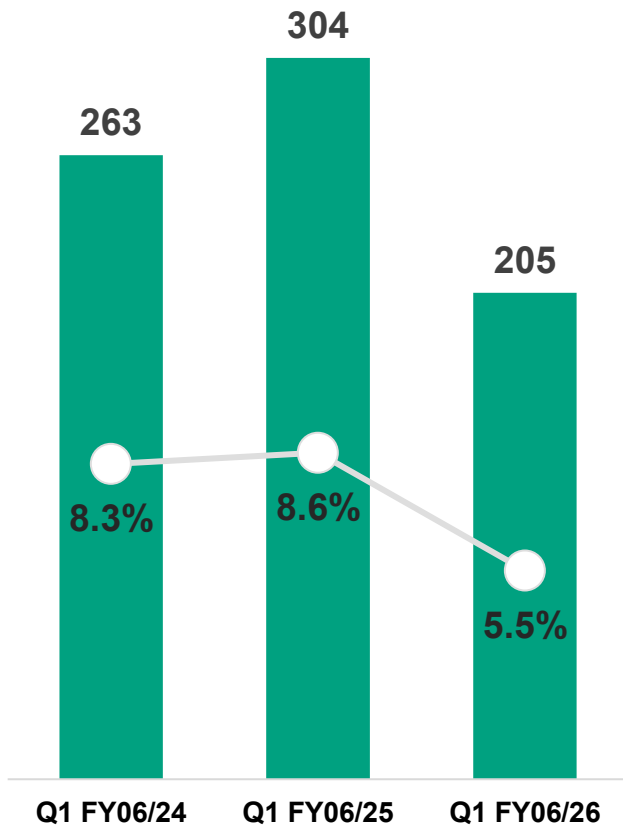
Operating Income

- Overall gross profit margin declined in the payment domain, affected by quality enhancement measures provided to a certain client using cloud services.
- Gross profit margin declined, affected by changes in product composition in the security domain.



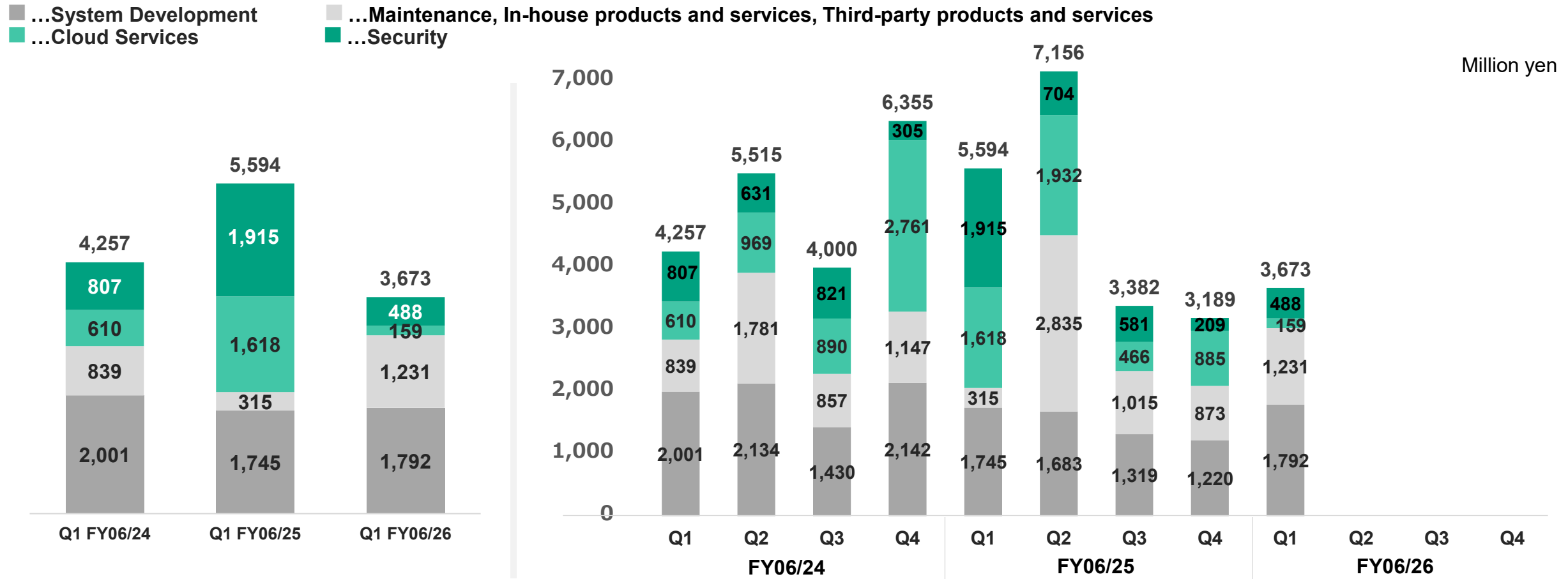
Operating income

- ... Operating income
- ... Operating margin



Amount of Orders (by Category)

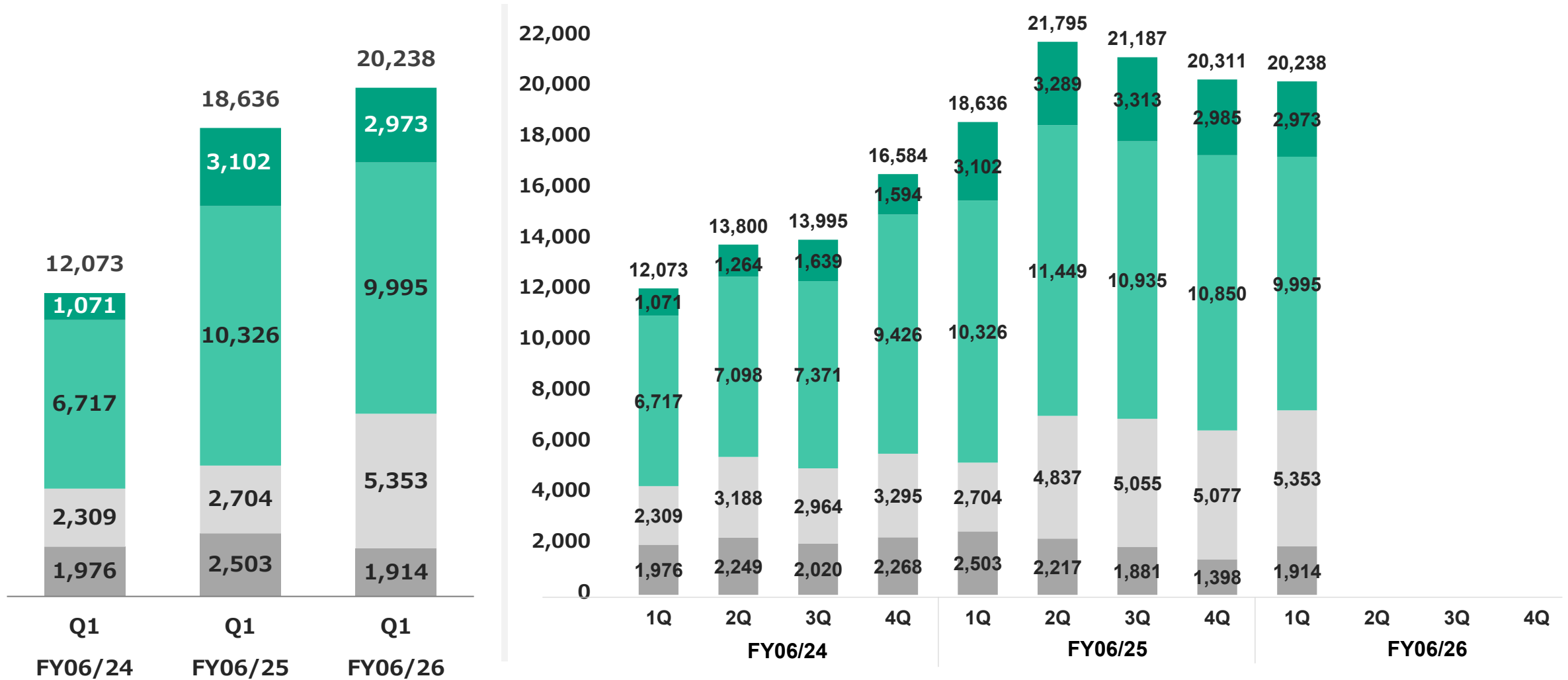
- Orders decreased affected by projects in multi-year contracts in the security and cloud services recorded in the previous term. In third-party products and services, orders of hardware increased for the FEP system updates.
- We will strengthen proposal activities for the second half of the current fiscal year to meet the credit card companies' need of system updates and expand our business in the payment domain.



Orders on Hand (by Category)

■ ...System Development
■ ...Maintenance, In-house products and services, Third-party products and services
■ ...Cloud Services
■ ...Security

Million yen



■ Conducting a Proof-of-Concept Experiment with DNP to Strengthen Countermeasures Against Fraudulent Card Use in Contactless Payment

Payment

We are promoting countermeasures against fraudulent card use in contactless payments in corporations with DNP. We aim to achieve automatic sharing of information on fraudulent card use registered in authentication service “EMV 3-D Secure,” provided by DNP, and “Fraud Detection Solutions,” provided by IWI. We conducted proof-of-concept experiments analyzing and cross-referencing transaction data held by each system. Matching was successful in 86.4% of transactions.

Automatic sharing of information will enable expected realization of quick and highly accurate fraud detection, significantly streamlining the manual registration process for cases of fraud. We will further analyze the verification results and quantify their effectiveness, exploring systemization to improve fraud detection accuracy and reduce operational burden.

■ Providing a Free Quantum Computer Development Environment for NEDO's Bounty Program

Data Comm &
Analysis Infra

We will prepare and provide a quantum computer development environment to participants who pass the screening review of the “NEDO Challenge, Quantum Computing ‘Solve Social Issues!’,” a bounty program for quantum computing technology promoted by the New Energy and Industrial Technology Development Organization (NEDO). This development environment will be built collaboratively by NEDO, the National Institute of Advanced Industrial Science and Technology (AIST), RIKEN, IWI, Quantinuum K.K., IBM, TOSHIBA DIGITAL SOLUTIONS CORPORATION, and Fixstars Amplify Corporation. This initiative aims to accelerate quantum technology research and development by supporting participants, including those who cannot afford to prepare their own computing environment, in conducting advanced experiments and verifications to prepare for deliverable submission.

Financial Results for Q1 FY06/26

Forecast for FY06/26

Reference

FY06/26 Full-year Forecasts

Million yen

	FY06/25 Actual			FY06/26 Forecast			Change [YoY]
	1H	2H	Full year	1H	2H	Full year	
Net sales	7,540	8,055	15,596	8,000	9,400	17,400	+11.6%
Payment and finance	6,166	6,589	12,755	6,540	7,560	14,100	+10.5%
Security	923	1,098	2,022	1,040	1,210	2,250	+11.2%
Data communication and Analysis infrastructure	449	367	817	420	630	1,050	+28.4%
Operating income [OM]	857 [11.4%]	991 [12.3%]	1,848 [11.9%]	950 [11.9%]	1,450 [15.4%]	2,400 [13.8%]	+29.8%
Ordinary income [OM]	887 [11.8%]	1,002 [12.4%]	1,890 [12.1%]	970 [12.1%]	1,470 [5.6%]	2,440 [14.0%]	+29.1%
Net income [NM]	610 [8.1%]	738 [9.2%]	1,349 [8.7%]	670 [8.4%]	1,020 [10.9%]	1,690 [9.7%]	+25.2%

FY06/26 Progress on Forecast

Million yen

	FY06/25 Actual			FY06/26 Forecast			Change [YoY]
	Q1	Q2	1H	Q1 (actual)	Q2 (1H forecast - Q1 actual)	1H (forecast)	YoY (1H)
Net sales	3,542	3,997	7,540	3,746	4,254	8,000	+6.1%
Payment and finance	2,930	3,235	6,166	3,068	3,472	6,540	+6.1%
Security	407	516	923	499	541	1,040	+12.6%
Data communication and Analysis infrastructure	204	244	449	177	243	420	(6.6%)
Operating income [OM]	304 [8.6%]	553 [13.8%]	857 [11.4%]	205 [5.5%]	745 [17.5%]	950 [11.9%]	+10.8%
Ordinary income [OM]	304 [8.6%]	583 [14.6%]	887 [11.8%]	204 [5.4%]	766 [18.0%]	970 [12.1%]	+9.3%
Net income [NM]	208 [5.9%]	402 [10.1%]	610 [8.1%]	139 [3.7%]	531 [12.5%]	670 [8.4%]	+9.7%

Financial Results for Q1 FY06/25

Forecast for FY06/25

Reference

Cost of manufacturing

Million yen

	FY06/25				FY06/26			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Materials cost	17	5	6	11	15			
Labor cost	770	747	751	742	798			
Expenses	819	814	790	1,003	908			
Subcontracting cost	1,064	1,032	969	901	854			
Total manufacturing cost	2,672	2,600	2,518	2,659	2,576			
Work in progress [beginning of period]	206	383	243	282	128			
Work in progress [end of period]	383	243	282	128	242			
Transfer to other accounts	385	429	271	377	207			
Cost of sales	2,109	2,311	2,207	2,436	2,254			

SG&A expenses

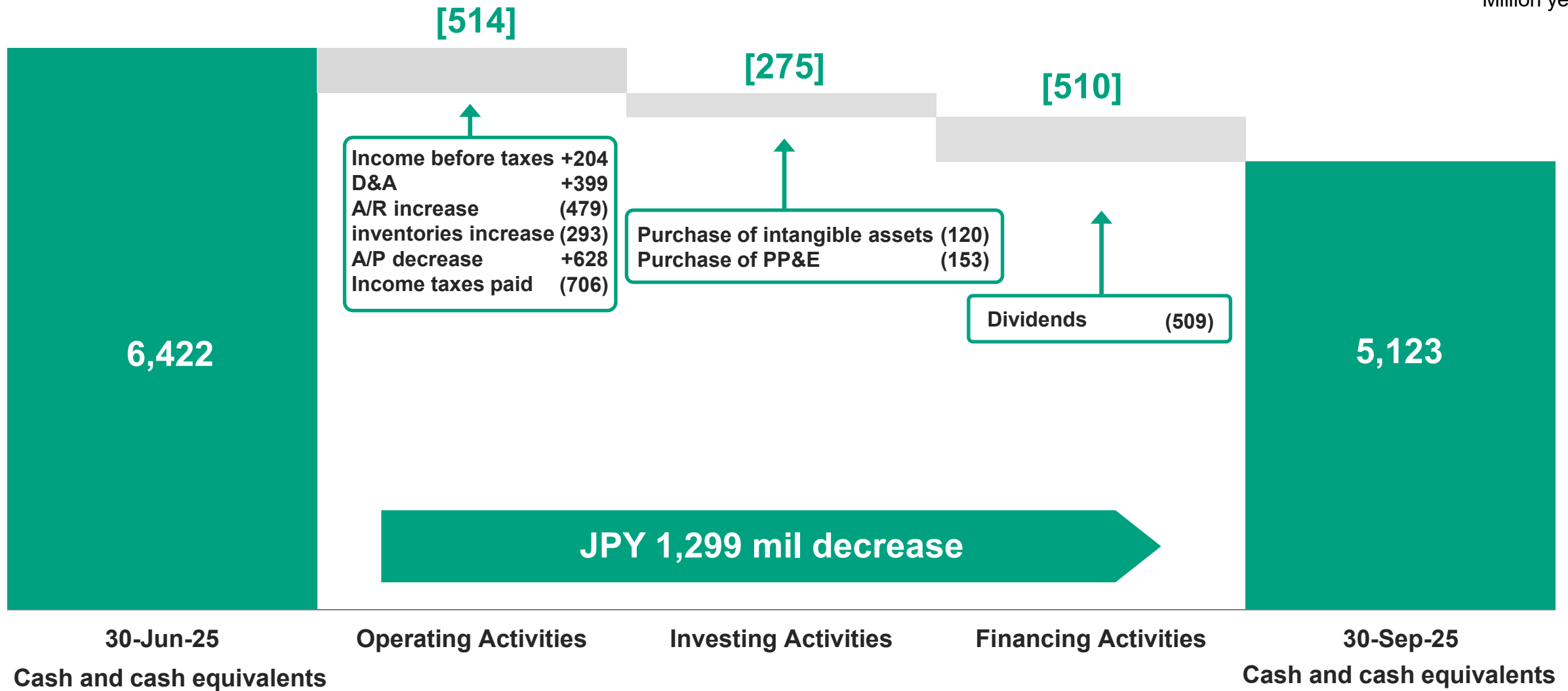
Million yen

	FY06/25				FY06/26			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Salaries	407	428	416	431	438			
Training and recruiting	18	12	12	40	21			
Equipment and maintenance, etc.	108	112	110	115	115			
Advertising	13	14	26	12	5			
Others	127	131	146	129	146			
Total	675	699	713	730	727			

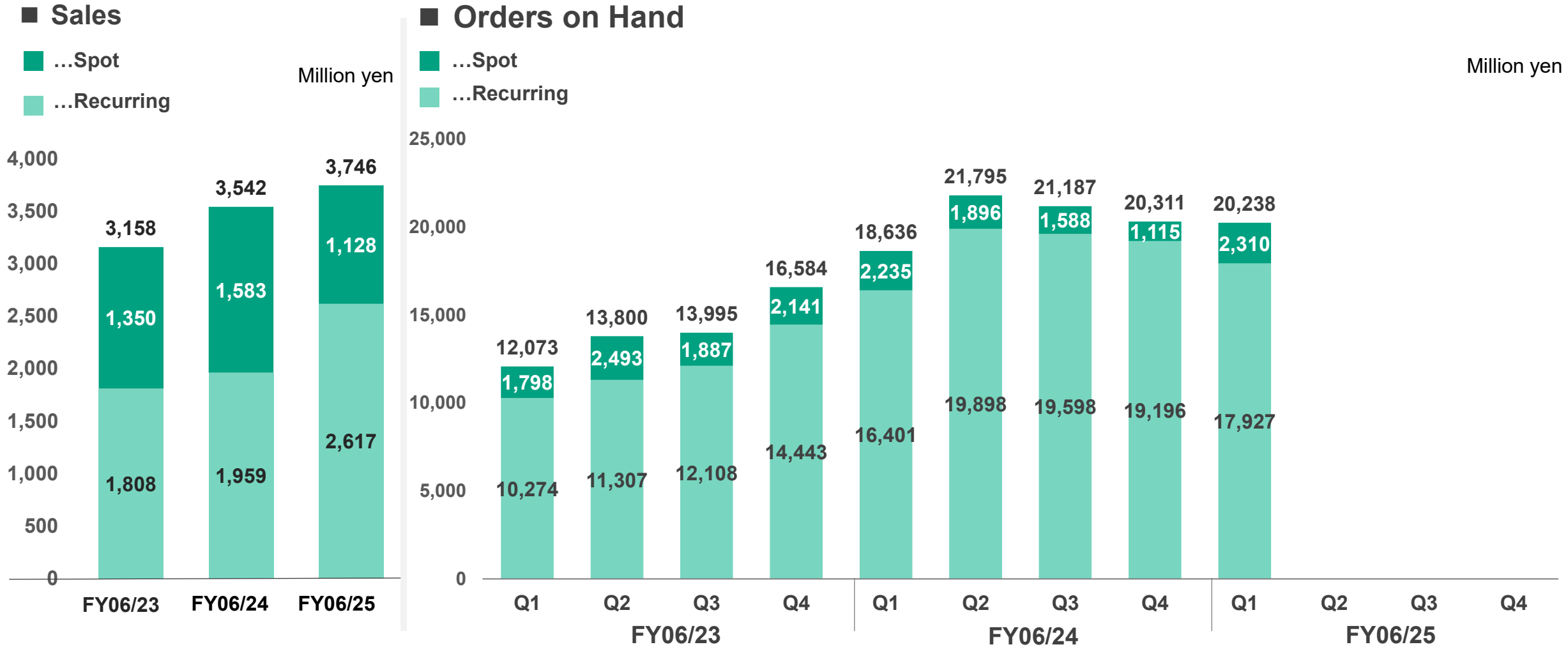
	Q1 FY06/25	Q1 FY06/26	Change [YoY]
SG&A	675	727	+52
Salaries			+30
Training and recruiting			+2
Equipment and maintenance, etc.			+6
Advertising			(7)
Others			+19

Cash Flows

Million yen



Recurring and Spot



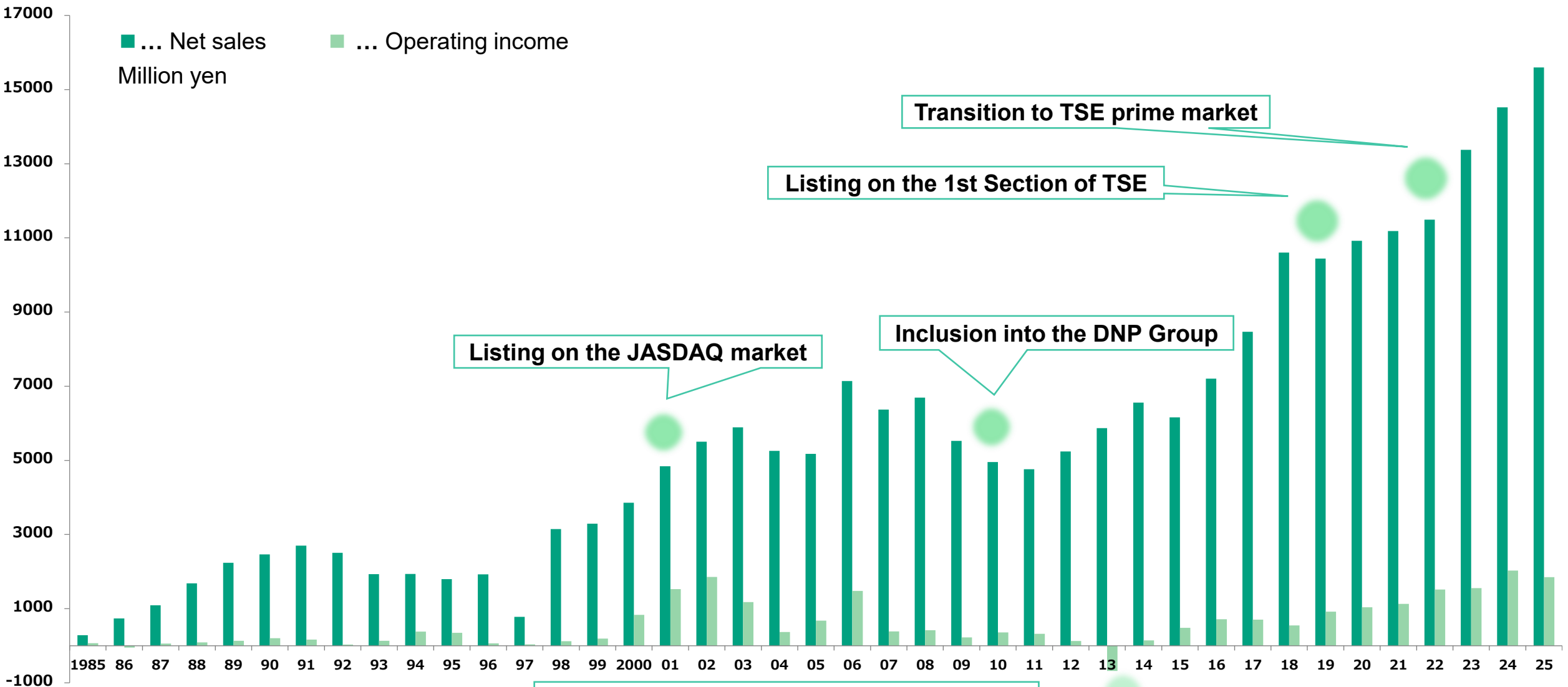
Recurring: Categories with contracts that allow us to record sales of a fixed amount on a regular basis
 Spot: Categories with contracts that are not fixed in terms of amount or timing

FY06/26 Forecasts by Category

Million yen

	FY06/25 Actual			FY06/26 Forecast			Change (YoY)
	1H	2H	Full year	1H	2H	Full year	
Net sales	7,540	8,055	15,596	8,000	9,400	17,400	+11.6%
System development	3,479	3,359	6,838	2,670	3,760	6,430	(6.0%)
Maintenance	796	822	1,619	820	830	1,650	+1.9%
In-house products and services	165	383	548	380	510	890	+62.4%
Third-party products and services (hardware, etc.)	647	440	1,087	900	820	1,720	+58.2%
Cloud services	1,527	1,952	3,479	2,190	2,270	4,460	+28.2%
Security	923	1,098	2,022	1,040	1,210	2,250	+11.2%
Net income [NM]	857 [11.4%]	991 [12.3%]	1,848 [11.9%]	950 [11.9%]	1,450 [15.4%]	2,400 [13.8%]	+29.8%

Historical performance



Note: Consolidated results are shown through FY06/15.

Note: The results for 1997 are for six months due to a change in the fiscal year.

Company overview

As of June 30, 2025

Established	December 27, 1984
Location	Kayabacho Tower, 1-21-2 Shinkawa, Chuo-ku, Tokyo
Employees	519
Parent company	Dai Nippon Printing Co., Ltd. [50.73%*]
Capital stock	JPY843.75k
Shares outstanding	26,340,000
Shareholders	11,536

Ownership [%]		% of shareholders	
Individuals, others	35.60%	Individuals, others	98.43%
Japanese financial institutions	3.39%	Japanese financial institutions	0.05%
Other Japanese corporations	51.30%	Other Japanese corporations	0.45%
Foreign corporations	7.23%	Foreign corporations	0.82%
Japanese securities firms	2.25%	Japanese securities firms	0.23%
Treasury stock	0.23%	Treasury stock	0.01%

*Percentage to shares outstanding excluding treasury stock



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Intelligent Wave Inc.

Investor Relations Office
Business Administration Division.
E-mail: ir_info@iwi.co.jp