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February 4, 2026

Non-consolidated Financial Results for the Six Months Ended December 31, 2025 (Under Japanese GAAP)

Company name: INTELLIGENT WAVE INC.
 Listing: Tokyo Stock Exchange, Prime Market
 Securities code: 4847
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 Scheduled date to file semi-annual securities report: February 6, 2026
 Scheduled date to commence dividend payments: March 16, 2026
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Non-consolidated financial results for the six months ended December 31, 2025 (from July 1, 2025 to December 31, 2025)

(1) Non-consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
December 31, 2025	8,352	10.8	875	2.1	901	1.6	606	(0.7)
December 31, 2024	7,540	8.6	857	0.6	887	3.2	610	4.4

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
December 31, 2025	23.16	—
December 31, 2024	23.33	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of			
December 31, 2025	17,421	9,701	55.7
June 30, 2025	18,690	9,475	50.7

Reference: Equity

As of December 31, 2025: ¥9,701 million
 As of June 30, 2025: ¥9,475 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended June 30, 2025	—	15.00	—	20.00	35.00
Fiscal year ending June 30, 2026	—	17.00			
Fiscal year ending June 30, 2026 (Forecast)			—	20.00	37.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast for the Fiscal Year Ending June 30, 2026 (July 1, 2025 to June 30, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit		EPS
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	17,400	11.6	2,400	29.8	2,440	29.1	1,690	25.2	64.31

Note: Revisions to the forecast of financial results most recently announced: None

*** Notes**

- (1) Adoption of accounting treatment specific to the preparation of semi-annual non-consolidated financial statements: None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(3) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2025	26,340,000 shares
As of June 30, 2025	26,340,000 shares

- (ii) Number of treasury shares at the end of the period

As of December 31, 2025	155,942 shares
As of June 30, 2025	158,342 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended December 31, 2025	26,182,558 shares
Six months ended December 31, 2024	26,181,668 shares

Note: The company has implemented a stock compensation system called the "Board Benefit Trust (BBT)." The number of treasury shares at the end of the period includes the shares of the Company held by the trust (95,800 shares as of December 31, 2025, 98,200 shares as of June 30, 2025). Furthermore, the shares of the Company held by the trust are included in the treasury shares deducted in the calculation of the average number of shares during the period (97,300 shares as of December 31, 2025, 98,200 shares as of December 31, 2025).

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts and other special matters

Forward-looking statements contained in these materials are based on currently available information and include uncertainties. Actual results may differ from forecast figures due to changes in business conditions. Please refer to "1. Business Results (3) Business and Other Forecasts" on page 6 of the accompanying materials for the assumptions underlying the performance and notes to the use of earnings forecasts.

The Company intends to hold a financial results briefing for institutional investors and securities analysts on February 6, 2026. The materials for this presentation will be uploaded to the Company's website soon after the event.

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1. Business Result

(1) Overview of Operating Results

The Company has formulated a three-year medium-term management plan covering the period from the fiscal year ended June 30, 2025, to the fiscal year ending June 30, 2027. In this plan, the Company has set the theme of “Transformation for the Future,” focusing on business diversification and building a foundation for sustainable growth with a view to the 2030s. To achieve these goals, the Company will focus on three key areas of transformation: “business,” “technology,” and “human resources.”

In formulating the medium-term management plan, the Company reorganized its business domain into three categories based on function: “payment,” “security,” and “data communication and analysis infrastructure (new domain),” promoting measures for growth in each of these domains.

In the core payment domain, with the increasing domestic use of cashless payments, the Company’s major business partners in the payment industry have been considering system modernization and open systems initiatives. In addition to the FEP area, which is its strength, the Company is expanding its business into the acquiring area, improving the value of its total payment solutions. In the fraud detection area, with the increase in card fraud across the domestic card industry, the Company is working to enhance the value it provides to the industry through initiatives such as the launch of a new cross-industry fraud prevention solution.

In the security domain, the Company is working to enhance the value of its highly profitable proprietary products and strengthen sales, while also focusing on expanding into overseas markets, particularly in Southeast Asia. In the data communication and analysis infrastructure domain, the Company is exploring the application of its core technologies—high-speed, large-capacity data communication/analysis processing—to other industries, and is challenging itself to expand into new markets.

For the six months ended December 31, 2025, net sales were ¥8,352 million (up 10.8% year on year), operating profit was ¥875 million (up 2.1%), ordinary profit was ¥901 million (up 1.6%), and profit was ¥606 million (down 0.7%).

(Reference) Sales by business domain

(Millions of yen)

	Six months ended December 31, 2024	Six months ended December 31, 2025	Change (YoY)
Net Sales	7,540	8,352	110.8%
Payment	6,166	6,970	113.0%
Cloud services	1,527	2,035	133.2%
Security	923	993	107.5%
Data communication and analysis infrastructure	449	387	86.2%

Sales have increased due to growth in the FEP area of the payment domain driven by higher hardware sales related to system updates of FEP systems offered by existing clients; and growth in the fraud detection area, especially in cloud service. In the security domain, product introduction to a major client also contributed to the sales increase.

In terms of operating profit, gross margin declined in the payment domain due to the quality enhancement measures provided for a certain client using cloud services. It also declined in the security domain resulting from changes in product composition. Selling, general, and administrative expenses increased due to personnel costs and other factors. Meanwhile, overall operating profit exceeded the previous year, driven by higher hardware sales in the FEP area of the payment domain and reviewing order acceptance conditions.

As for orders, orders received were ¥7,065 million (down 44.6% year on year) and order backlog was ¥19,024 million (down 12.7%). The decrease in orders received and order backlog is due to a reactionary effect to the previous trend, where the Company had accumulated multi-year contract projects for cloud services, including a large order in the previous fiscal year. In the security domain, a large multi-year contract was also secured in the previous year.

In the second half of the current fiscal year, the Company will strengthen its proposal activities to enhance the value it provides in the payment domain, focusing on areas such as system renewal demand from card companies and fraud detection. In the security domain, the Company is also enhancing the marketability of in-house products, and refining product lineup and service delivery methods to meet market demand.

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

(2) Overview of Financial Position

(Assets)

As of December 31, 2025, total assets were ¥17,421 million, down ¥1,269 million from the end of the previous fiscal year. Current assets were ¥9,520 million, down ¥940 million from the end of the previous fiscal year. This was mainly due to a decrease of ¥1,605 million in cash and deposits, despite an increase of ¥542 million in notes and accounts receivable - trade, and contract assets, ¥107 million in inventories.

Non-current assets were ¥7,901 million, down ¥328 million from the end of the previous fiscal year. This was mainly due to a decrease of ¥371 million in intangible assets, despite an increase of ¥49 million in property, plant and equipment.

(Liabilities)

As of December 31, 2025, total liabilities were ¥7,720 million, down ¥1,495 million from the end of the previous fiscal year.

This was mainly due to a decrease of ¥584 million in income taxes payable, ¥516 million in advances received, as well as a decrease in other current liabilities including ¥348 million in accrued consumption taxes, and ¥110 million in accounts payable – other, despite an increase of ¥45 million in notes and accounts payable – trade.

(Net Assets)

As of December 31, 2025, net assets were ¥9,701 million, up ¥225 million from the end of the previous fiscal year. This was mainly due to an increase of ¥142 million in valuation difference on available-for-sale securities, and ¥80 million in retained earnings.

(Report of Cash Flows)

As of December 31, 2025, cash and cash equivalents were ¥4,816 million (¥4,661 million as of December 31, 2024). The status of each cash flow and the factors affecting them are as below.

(Cash Flows from Operating Activities)

Net cash used in operating activities was ¥527 million (compared with ¥1,480 million provided in the previous fiscal year). This was mainly due to the recording of profit before income taxes of ¥884 million, depreciation of ¥828 million, increase in trade receivables of ¥1,059 million, increase in inventories of ¥107 million, decrease in accrued consumption taxes of ¥348 million, and income taxes paid of ¥710 million.

(Cash Flows from Investing Activities)

Net cash used in investing activities was ¥554 million (compared with ¥974 million used in the previous fiscal year). This was mainly due to an expenditure of ¥281 million for the purchase of intangible assets for the development of software for sales purposes and internal use.

(Cash Flows from Financing Activities)

Net cash used in financing activities was ¥527 million (compared with ¥657 million used in the previous fiscal year). This was mainly due to cash dividends paid of ¥525 million.

(3) Business and Other Forecasts

There is no revision to the business forecast announced on August 6, 2025, “Summary of Non-consolidated Financial Results for the Fiscal Year Ended June 2025.”

2. Semi-Annual Financial Statements

(1) Semi-Annual Balance Sheet

Thousands of yen

	Previous term end (as of June 30, 2025)	Current term end (as of December 31, 2025)
Assets		
Current assets		
Cash and deposits	6,431,303	4,825,594
Notes and accounts receivable - trade, and contract assets	1,685,113	2,227,256
Inventories	143,321	251,236
Advance payments to suppliers	1,774,228	1,843,501
Other	426,975	372,491
Total current assets	10,460,943	9,520,080
Non-current assets		
Property, plant and equipment	1,336,246	1,385,874
Intangible assets		
Software	3,843,663	3,642,585
Other	310,529	139,824
Total intangible assets	4,154,192	3,782,409
Investments and other assets		
Investment securities	1,260,056	1,470,601
Other	1,479,166	1,262,222
Total investments and other assets	2,739,223	2,732,824
Total non-current assets	8,229,661	7,901,108
Total assets	18,690,605	17,421,188
Liabilities		
Current liabilities		
Notes and accounts payable - trade	417,402	463,329
Income taxes payable	759,366	175,045
Advances received	5,734,274	5,217,324
Provision for bonuses	305,586	311,901
Provision for bonuses for directors	34,470	17,231
Other	1,166,475	723,000
Total current liabilities	8,417,575	6,907,832
Non-current liabilities		
Provision for retirement benefits	614,155	625,949
Provision for share awards	10,165	9,657
Provision for share awards for directors	24,473	31,640
Asset retirement obligations	128,749	128,981
Other	20,102	16,034
Total non-current liabilities	797,647	812,263
Total liabilities	9,215,222	7,720,095
Net assets		
Shareholders' equity		
Share capital	843,750	843,750
Capital surplus	573,099	573,099
Retained earnings	7,717,853	7,798,631
Treasury shares	(126,634)	(124,194)
Total shareholders' equity	9,008,068	9,091,286
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	467,314	609,806
Total valuation and translation adjustments	467,314	609,806
Total net assets	9,475,383	9,701,093
Total liabilities and net assets	18,690,605	17,421,188

(2) Semi-Annual Income Statement

Thousands of yen

	Previous term (from July 1, 2024 to December 31, 2024)	Current term (from July 1, 2025 to December 31, 2025)
Net sales	7,540,320	8,352,061
Cost of sales	5,308,757	6,038,295
Gross profit	2,231,563	2,313,765
Selling, general and administrative expenses	1,374,326	1,438,461
Operating profit	857,236	875,304
Non-operating income		
Interest income	1,973	6,602
Dividend income	24,578	26,328
Foreign exchange gains	3,549	—
Other	9,422	8,056
Total non-operating income	39,525	40,986
Non-operating expenses		
Commitment fees	2,646	2,646
Foreign exchange losses	—	947
Compensation expenses	5,340	10,949
Other	1,149	44
Total non-operating expenses	9,135	14,587
Ordinary profit	887,625	901,703
Extraordinary losses		
Loss on retirement of non-current assets	—	16,963
Total extraordinary losses	—	16,963
Profit before income taxes	887,625	884,739
Income taxes - current	353,264	148,192
Income taxes - deferred	(76,485)	130,170
Total income taxes	276,779	278,363
Profit	610,846	606,375

(3) Semi-Annual Cash Flow Statement

Thousands of yen

	Previous fiscal year (from July 1,2024 to December 31,2024)	Current fiscal year (from July 1,2025 to December 31,2025)
Cash flows from operating activities		
Profit before income taxes	887,625	884,739
Depreciation	611,554	828,762
Increase (decrease) in provision for bonuses	10,361	6,315
Increase (decrease) in provision for bonuses for directors	(5,142)	(17,238)
Increase (decrease) in provision for retirement benefits	(8,021)	11,794
Increase (decrease) in provision for share awards	2,922	3,049
Increase (decrease) in provision for share awards for directors	7,166	7,166
Interest and dividend income	(26,552)	(32,930)
Commitment fee	2,646	2,646
Compensation expenses	5,340	10,949
Loss on retirement of non-current assets	—	16,963
Decrease (increase) in trade receivables	601,688	(1,059,092)
Decrease (increase) in inventories	103,576	(107,914)
Increase (decrease) in trade payables	(539,209)	(35,360)
Increase (decrease) in accrued consumption taxes	97,758	(348,233)
Other, net	203,636	(14,891)
Subtotal	1,955,352	156,725
Interest and dividends received	26,532	32,901
Commitment fee paid	(2,391)	(2,618)
Compensation expenses paid	—	(4,193)
Income taxes paid	(499,292)	(710,309)
Net cash provided by (used in) operating activities	1,480,200	(527,493)
Cash flows from investing activities		
Purchase of property, plant and equipment	(172,878)	(270,189)
Purchase of intangible assets	(798,610)	(281,893)
Purchase of investment securities	(2,421)	(2,467)
Other, net	(211)	216
Net cash provided by (used in) investing activities	(974,122)	(554,334)
Cash flows from financing activities		
Dividends paid	(656,904)	(525,653)
Repayments of lease liabilities	(603)	(1,399)
Purchase of treasury shares	(60)	—
Net cash provided by (used in) financing activities	(657,568)	(527,053)
Effect of exchange rate change on cash and cash equivalents	(597)	2,398
Net increase (decrease) in cash and cash equivalents	(152,087)	(1,606,482)
Cash and cash equivalents at beginning of period	4,813,894	6,422,975
Cash and cash equivalents at end of period	4,661,806	4,816,492

(4) Notes on the Semi-Annual Financial Statements

(Notes on the Going Concern Assumption)

Not applicable.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

For the first six months (first half) of the current fiscal year (July 1, 2025, to December 31, 2025),

Not applicable.

(Adaption of Accounting Treatment Specific to the Preparation of the Semi-Annual financial statements)

For the first six months (first half) of the current fiscal year (July 1, 2025, to December 31, 2025),

Not applicable.

(Business Segment)

Business segment information is omitted because the company has a single reportable segment.