



Financial Results for 1H (Interim Period) FY06/26

(July 1 to December 31, 2025)
[Non-Consolidated]

Intelligent Wave Inc.

Announced on February 6, 2026

Financial Results for 1H FY06/26

Forecast for FY06/26

Progress of the Medium-Term Management Plan

Reference

Overview

- Sales increased due to steady performance in the core payment domain.
- Operating profit increased slightly due to lower gross margin affected by quality-related measures in the payment domain and changes in product composition in the security domain.
- Orders decreased due to projects in multi-year contracts recorded in the previous term.

							Million yen	
	1H FY06/25		1H FY06/26		Change (YoY)		1H FY06/25	
	Results	Sales composition ratio	Results	Sales composition ratio			Forecast	Change (vs.Forecast)
Net sales	7,540	-	8,352	-	+811	+10.8%	8,000	+4.4%
Gross profit	2,231	29.6%	2,313	27.7%	+82	+3.7%	-	-
SG&A expenses	1,374	18.2%	1,438	17.2%	+64	+4.7%	-	-
Operating profit	857	11.4%	875	10.5%	+18	+2.1%	950	(7.9%)
Ordinary profit	887	11.8%	901	10.8%	+14	+1.6%	970	(7.0%)
Profit	610	8.1%	606	7.3%	(4)	(0.7%)	670	(9.5%)
Amount of orders	12,751	-	7,065	-	(5,685)	(44.6%)		
Orders on hand	21,795	-	19,024	-	(2,770)	(12.7%)		

Sales by Business Domain

- In the payment domain, sales were primarily driven by cloud services. Sales also rose for FEP system renewal and infrastructure operation service for financial institutions.
- In the security domain, sales increased due to product introduction to a major customer.

	1H FY06/25	1H FY06/26	Change(YoY)	
Net sales	7,540	8,352	+811	+10.8%
Payment	6,166	6,970	+804	+13.0%
FEP *	2,721	3,215	+494	+18.2%
Fraud detection	1,179	1,549	+369	+31.4%
Acquiring	1,466	1,236	(230)	(15.7%)
Others	799	969	+170	+21.3%
Security	923	993	+69	+7.5%
Data communication and Analysis infrastructure	449	387	(62)	(13.8%)
Reference) Cloud services	1,527	2,035	+507	+33.2%

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

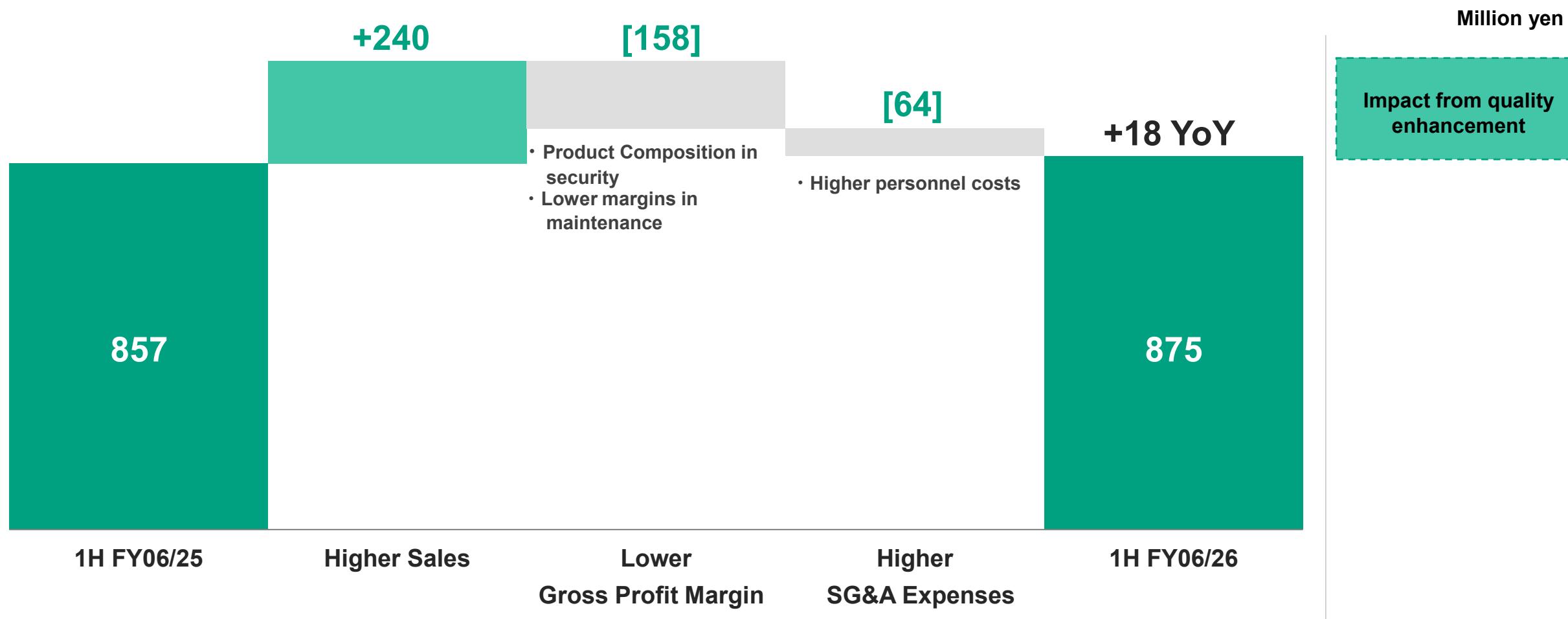
Sales by Category

- In system development, sales decreased compared to the previous period but met the initial plan targets.
- In cloud services, sales increased due to growth in the number of users and the addition of new features for existing users.
- In third party products and services, sales increased due to FEP system renewal.

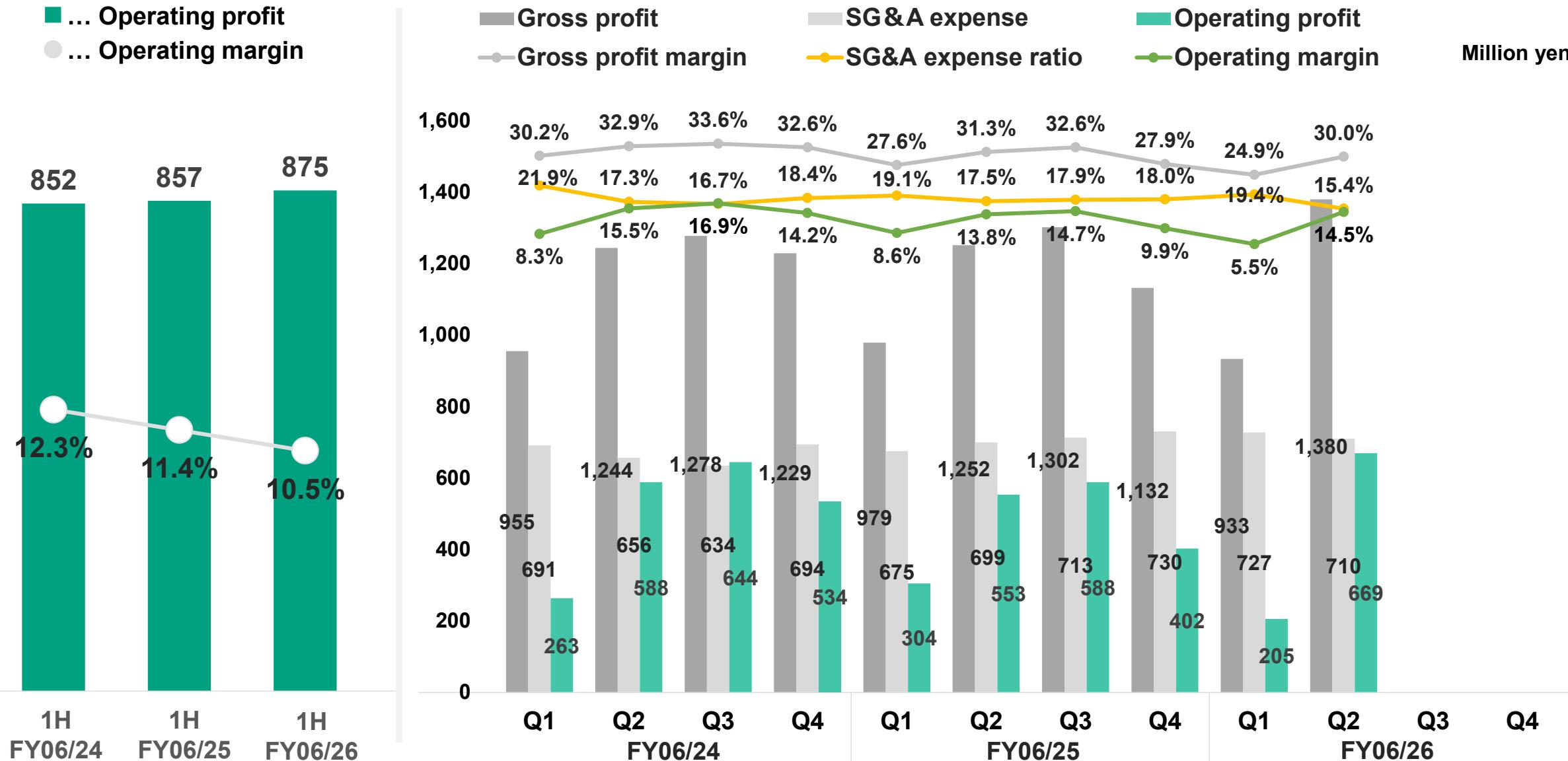
	1H FY06/25	1H FY06/26	Change(YoY)	
Net sales	7,540	8,352	+811	+10.8%
System development	3,479	2,769	(710)	(20.4%)
Maintenance	796	832	+36	+4.6%
In-house products and services	165	408	+243	+147.4%
Third-party products and services (hardware, etc.)	647	1,312	+664	+102.8%
Cloud services	1,527	2,035	+507	+33.2%
Security	923	993	+69	+7.5%

Operating Profit

- Overall gross profit margin declined in the payment domain, affected by quality enhancement⁶ measures provided to a certain client using cloud services.
- Gross profit margin declined, affected by changes in product composition in the security domain.

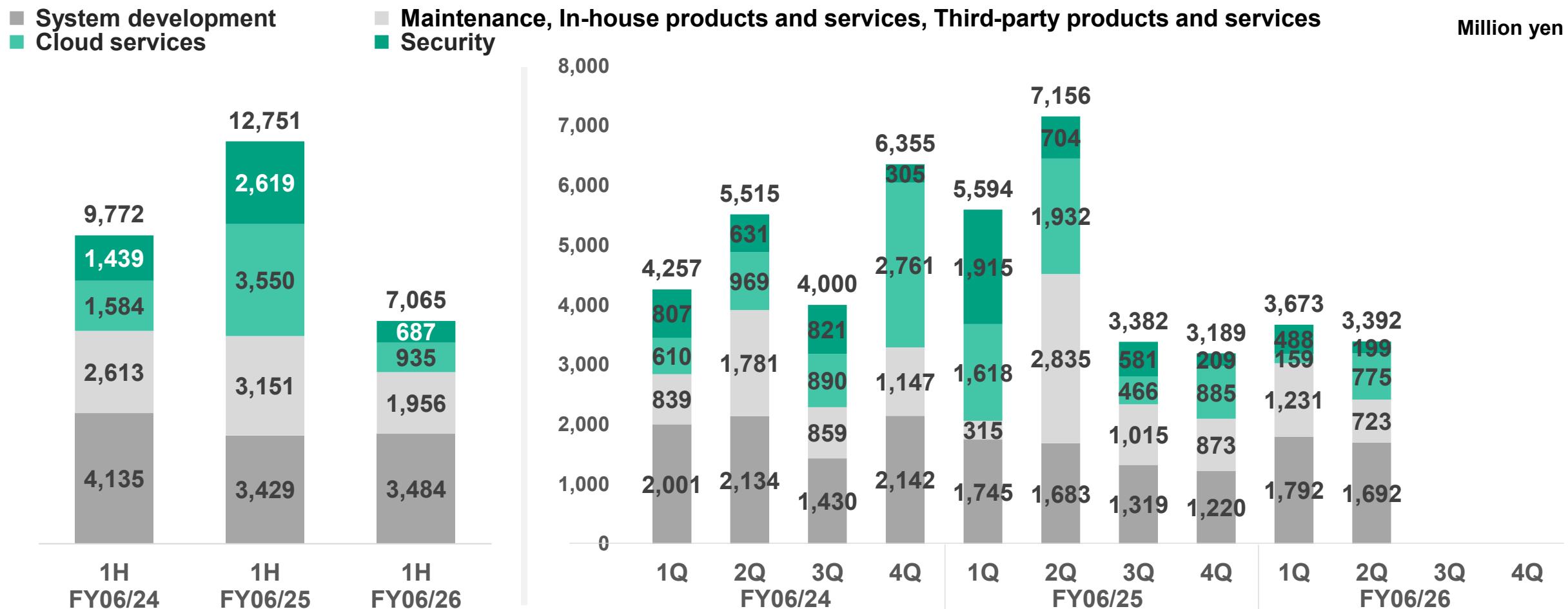


Operating Profit



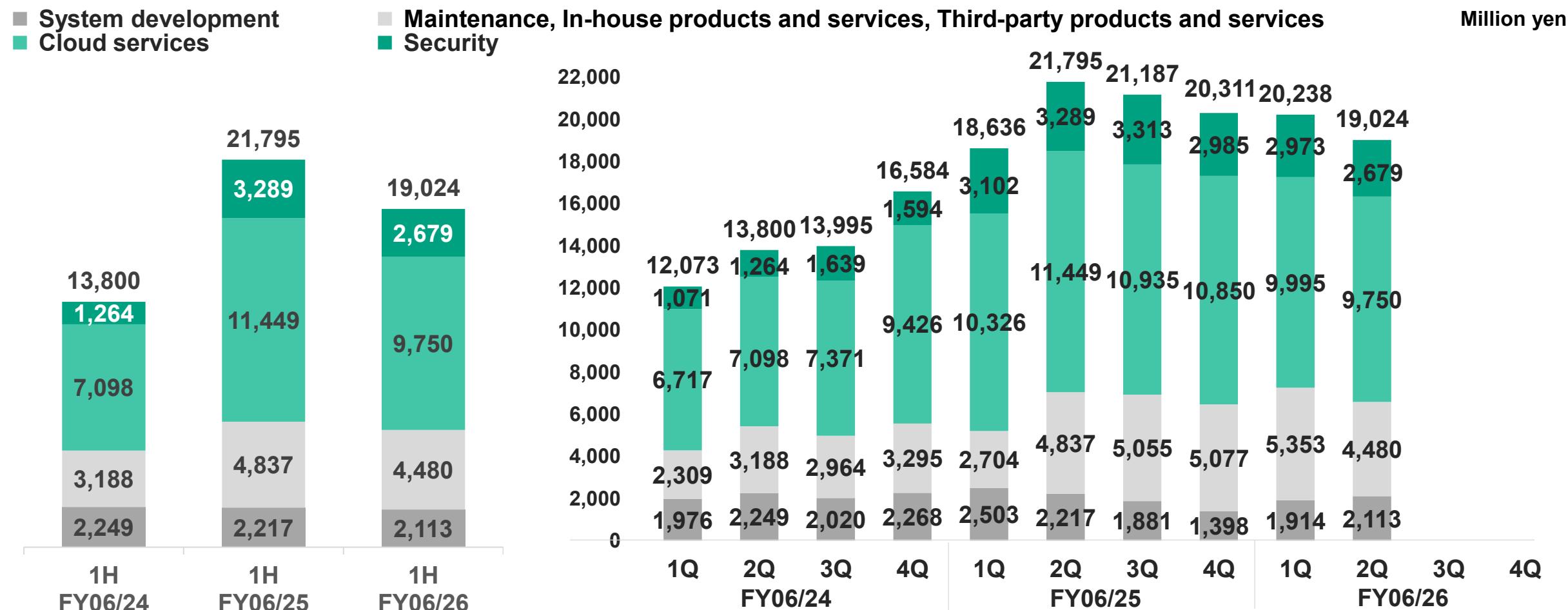
Orders Received (by Category)

- Orders for multi-year contract projects in cloud services, security, and infrastructure operations service declined.
- Orders increased slightly in system development, affected by system renewal projects from major clients.
- In line with our medium-term management plan, we are strengthening proposals and creating new opportunities in the payment and security domains.



Order Backlog (by Category)

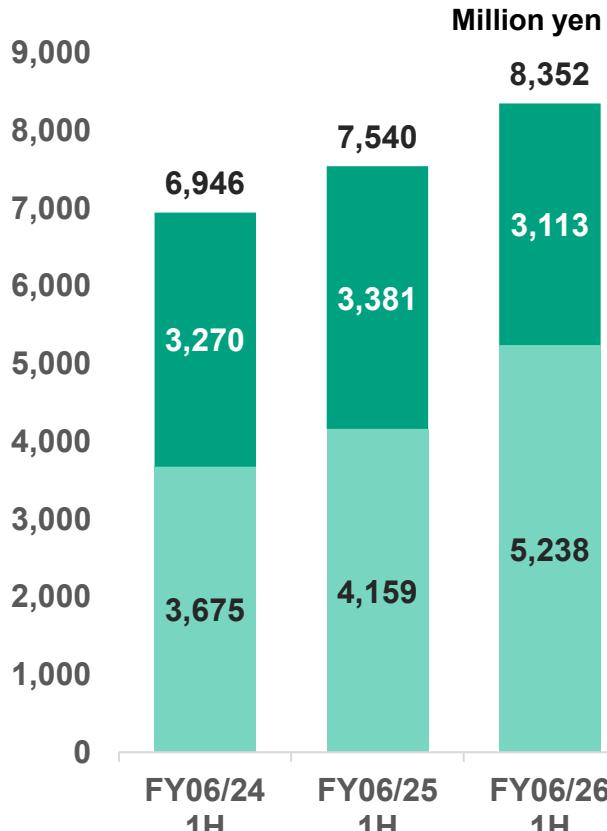
- Due to the decline in orders for multi-year contract projects such as cloud services, security, and infrastructure operation service, the order backlog also decreased.
- In line with our medium-term management plan, we are focusing on securing new projects in the payment and security domains to rebuild and expand the order backlog.



Recurring and Spot

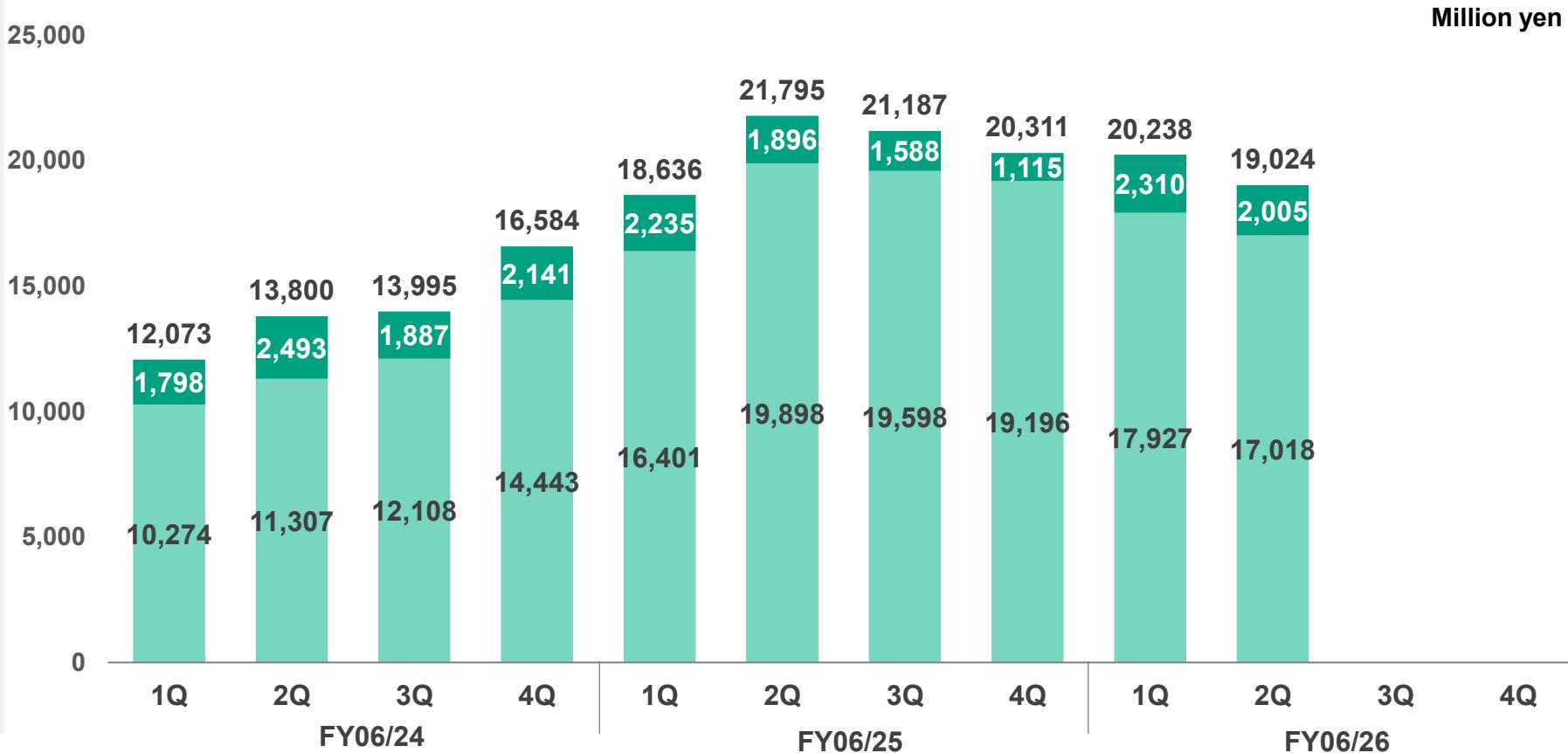
■ Sales

■ Recurring ■ Spot



■ Order Backlog

■ Recurring ■ 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

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Forecast for FY06/26

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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	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 profit [Operating Profit Margin]	857 [11.4%]	991 [12.3%]	1,848 [11.9%]	950 [11.9%]	1,450 [15.4%]	2,400 [13.8%]	+29.8%
Ordinary profit [Ordinary Profit Margin]	887 [11.8%]	1,002 [12.4%]	1,890 [12.1%]	970 [12.1%]	1,470 [5.6%]	2,440 [14.0%]	+29.1%
Profit [Profit Margin]	610 [8.1%]	738 [9.2%]	1,349 [8.7%]	670 [8.4%]	1,020 [10.9%]	1,690 [9.7%]	+25.2%

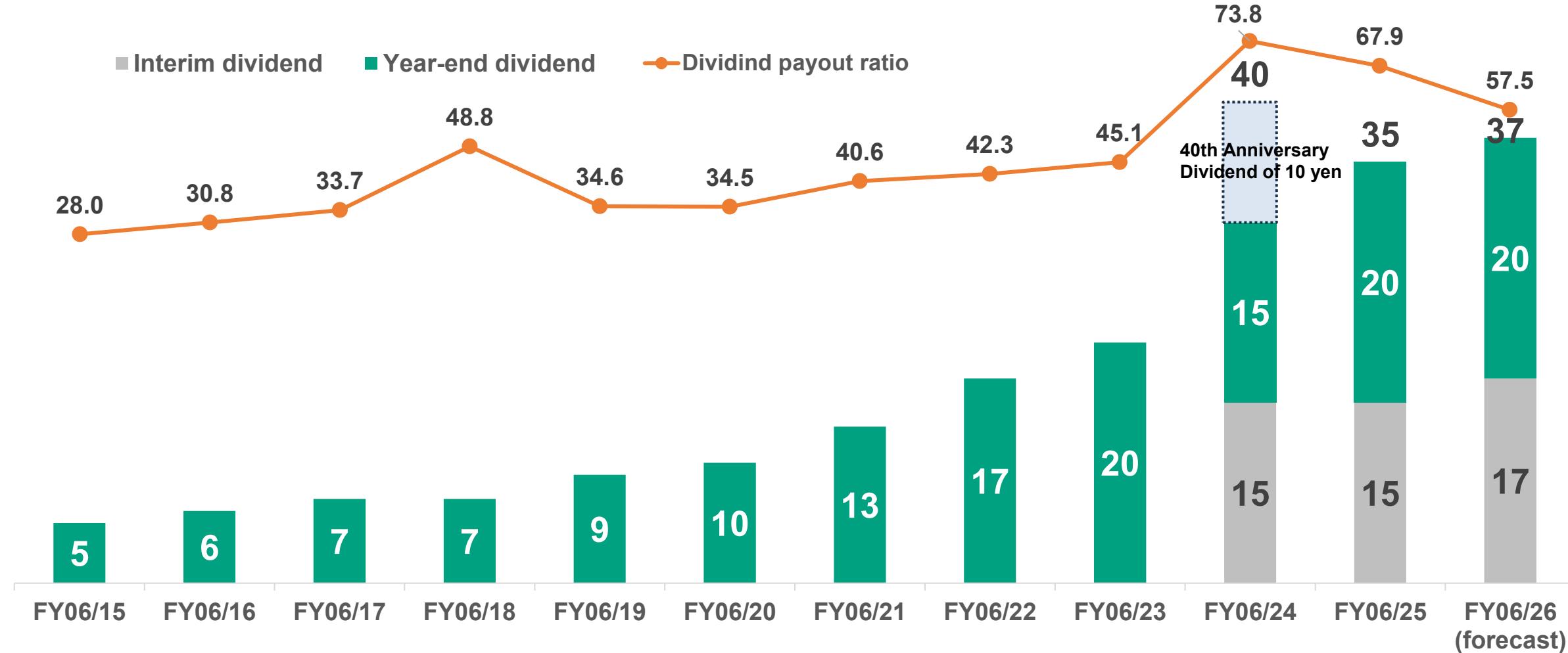
FY06/26 Forecasts

Million yen

	FY06/25 Actual			FY06/26 Forecast			YoY (Full year) (Full year)
	1H	2H	Full year	1H (actual)	2H (Full year- 1H actual)	Full year (forecast)	
Net sales	7,540	8,055	15,596	8,352	9,048	17,400	+11.6%
Payment	6,166	6,589	12,755	6,970	7,130	14,100	+10.5%
Security	923	1,098	2,022	993	1,257	2,250	+11.2%
Data communication and Analysis infrastructure	449	367	817	387	663	1,050	+28.4%
Operating profit [Operating Profit Margin]	857 [11.4%]	991 [12.3%]	1,848 [11.9%]	875 [10.5%]	1,525 [16.9%]	2,400 [13.8%]	+29.8%
Ordinary profit [Ordinary Profit Margin]	887 [11.8%]	1,002 [12.4%]	1,890 [12.1%]	901 [10.8%]	1,539 [17.0%]	2,440 [14.0%]	+29.1%
Profit [Profit Margin]	610 [8.4%]	738 [9.2%]	1,349 [8.7%]	606 [7.3%]	1,084 [12.0%]	1,690 [9.7%]	+25.2%

Shareholder Returns

The interim dividend is 17 yen per share, in line with the latest dividend forecast.
The year-end dividend is expected to be 20 yen per share.



Financial Results for 1H FY06/26

Forecast for FY06/26

Progress of the Medium-Term Management Plan

Reference

First-Half Review

Quality enhancement measures for certain projects took longer than anticipated, limiting sales activities and system development, and reducing opportunities for revenue and proposals. In the second half, we will optimize conditions and aim to increase orders through integrated manufacturing and sales activities.

Current Issues

1) Optimizing the Development Structure and Environment

- Increase in new initiatives such as larger development projects, expansion of cloud services, and new infrastructure operation service.
- Rising complexity in infrastructure and increased maintenance costs due to broader product and service lineups.
- Improve productivity through automation and standardization, and allocate development resources more effectively to new areas.

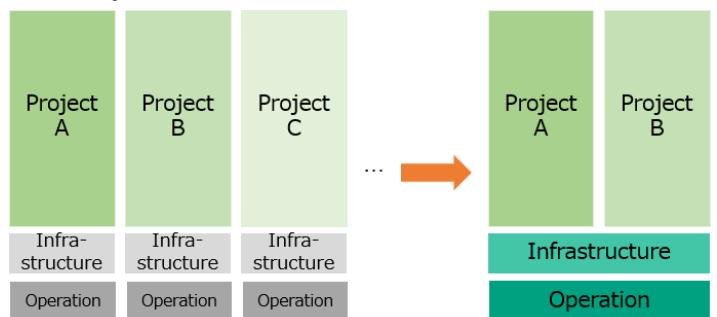
2) Enhancing the Added Value of Our Proprietary Payment Solutions and Expanding the Payment Domain

- Increase added value of proprietary payment solutions.
- Expand into adjacent areas beyond FEP and fraud detection.

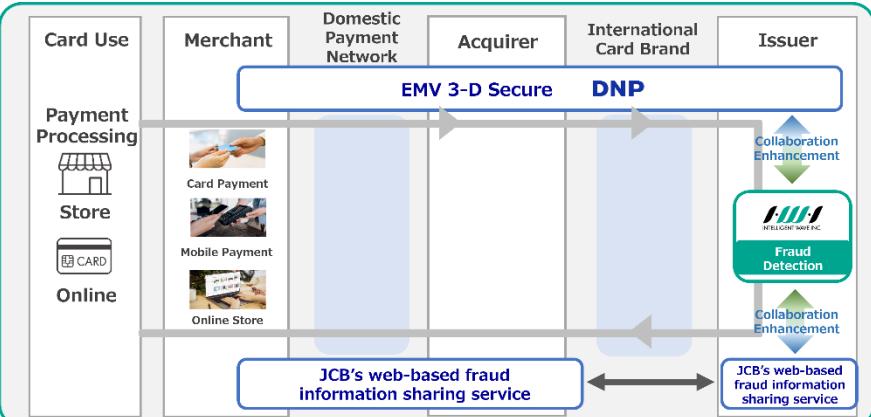
3) Growth Strategy in the Security Domain

- Strengthen the marketability and value proposition of our proprietary product “CWAT.”
- Shift away from a single-product sales model.

Strengthening the Revenue Base (Enhancing Quality and Improving Productivity)

	Initiatives	Progress Status
Quality enhancement	<ul style="list-style-type: none"> Reassessment and corrective improvement of the development process, development structure, and quality management procedures Reinforcement of the system development deliverables review process using AI agents Development of PM talent Improving quality awareness through the restructuring of the quality education program 	<ul style="list-style-type: none"> Executing corrective actions for development processes and organizational structure based on the analysis of issues from quality improvement projects. Developed AI agents for each development phase and validated improvements in review accuracy, with a company-wide rollout planned for next fiscal year. Currently restructuring our talent development program.
Centralization of operational and infrastructure functions	<ul style="list-style-type: none"> Reduce workload and improve quality through standardization and automation of operations. Optimize resources and improve availability through consolidation onto a shared infrastructure platform. Enhancing infrastructure and service operations efficiency in cloud services Establish an infrastructure platform that supports future expansion. 	<ul style="list-style-type: none"> Initiated the construction of the system operations environment and promoted the standardization and automation of operational processes. Completed the current-state analysis for the shared infrastructure; phased environment setup will follow. Advancing discussions to consolidate DNP's payment system into our company, starting with operational tasks.

Enhancing Our Payment Solutions and Expanding Business Areas

	Initiatives	Progress Status
Transition to new FEP product models and integration of product lineups	<ul style="list-style-type: none"> Shortening development timelines and improving maintainability through migration to a new version Consolidating product lineups and reducing maintenance and management costs Optimizing development resource allocation and reskilling engineers 	<ul style="list-style-type: none"> Began customer communication on the new-version migration and product lineup consolidation, with initial migration development already in progress Promoting the development of cloud engineers and the acquisition of relevant certifications.
Advancing fraud detection through cross-industry initiatives	<ul style="list-style-type: none"> Enhancing fraud detection through the sharing of fraud-related information among issuers Enhancing fraud prevention through collaboration among payment service providers 	<ul style="list-style-type: none"> Planning to begin system development in Q4 to enable information sharing between DNP's EMV 3-D Secure system and our fraud detection system Continuing to enhance system linkage with MATTE, JCB's web-based fraud information sharing service
Expanding value in the payment domain	<ul style="list-style-type: none"> Expand beyond FEP and fraud detection for major clients Develop new solutions integrating our payment solutions 	<ul style="list-style-type: none"> Considering a new service that integrates our cloud service's FEP and acquiring capabilities.

Growth Strategy in the Security Domain

	Initiatives	Progress Status
Expanding the value of our proprietary product "CWAT"	<ul style="list-style-type: none"> Enhancing the Marketability of CWAT Strengthen competitiveness in the Data Loss Prevention (DLP) domain. Begin sales collaboration with overseas local partners. 	<ul style="list-style-type: none"> CWAT is scheduled for renewal in July to enhance user convenience Distributorship Agreement has been concluded with an IT distributor in the Philippines.
Strengthening sales competitiveness and diversifying revenue models	<ul style="list-style-type: none"> Review and optimize the product lineup. Shift to consultative sales through enhanced collaboration with external partners. Transition from a "product sales" model to a "product × service" model. 	<ul style="list-style-type: none"> Expanding our network security product lineup and developing network security engineers Prepared a 24/7 security monitoring and operations structure and began offering proposals to mid-sized enterprises.

Execution of Distributorship Agreement with Ardent Networks (Philippines) for "CWAT"

On January 15, IWI executed a distributorship agreement with Ardent Networks, an IT distributor in the Philippines. Under this agreement, Ardent Networks will commence sales of "CWAT" in the Philippines in February. Through this partnership, IWI aims to accelerate the overseas expansion of "CWAT," with a primary focus on Southeast Asia.

About Ardent Networks

Ardent Networks, Inc. is a premier ICT distributor in the Philippines, specializing in computing, data management, network infrastructure, IoT, and cybersecurity. Through its extensive partner network and industry expertise, Ardent Networks is dedicated to bringing cutting-edge solutions to various enterprises.



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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	4		
Labor cost	770	747	751	742	798	795		
Expenses	819	814	790	1,003	908	945		
Subcontracting cost	1,064	1,032	969	901	854	871		
Total manufacturing cost	2,672	2,600	2,518	2,659	2,576	2,616		
Work in progress [beginning of period]	206	383	243	282	128	242		
Work in progress [end of period]	383	243	282	128	242	243		
Transfer to other accounts	385	429	271	377	207	225		
Cost of sales	2,109	2,311	2,207	2,436	2,254	2,389		

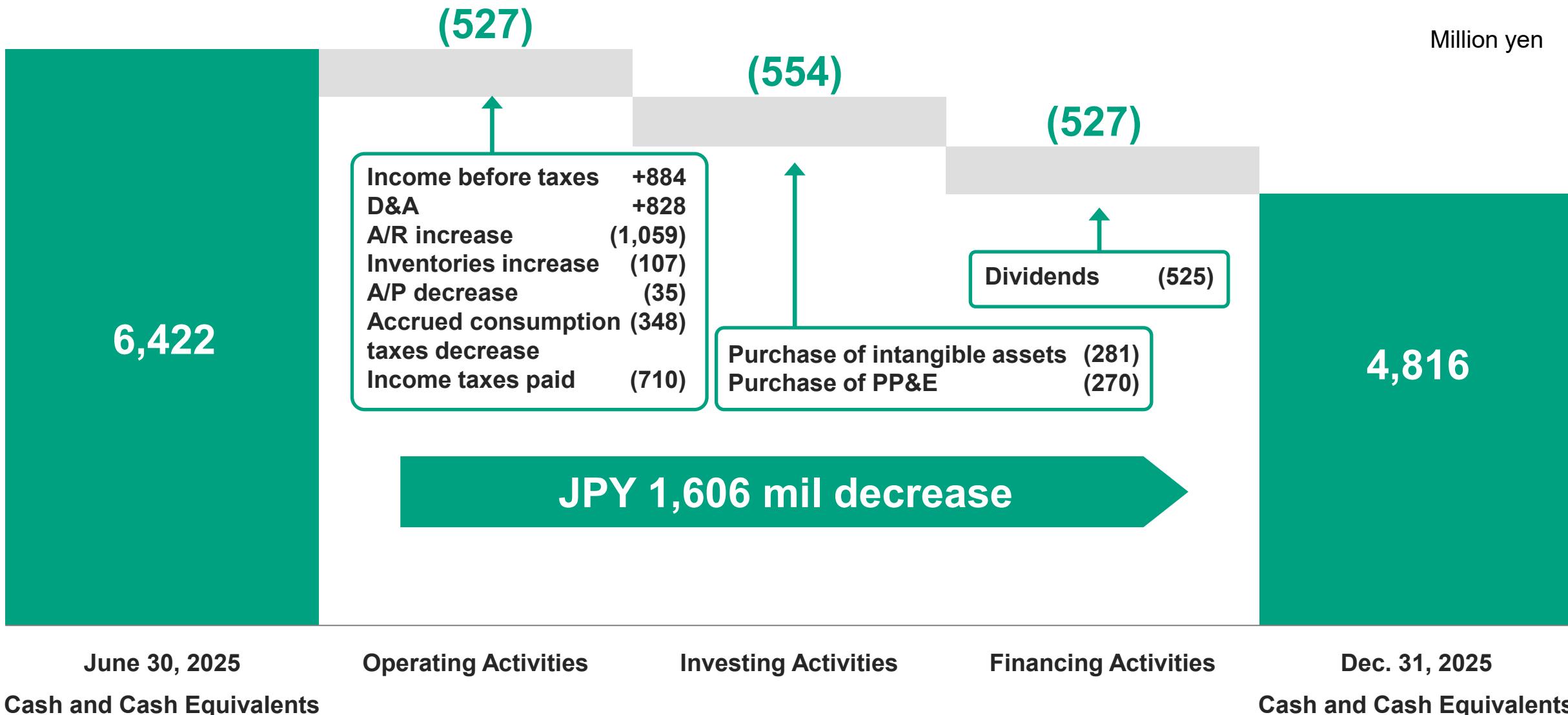
SG&A Expenses

Million yen

	FY06/25					FY06/26		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Salaries	407	428	416	431	438	434		
Training and recruiting	18	12	12	40	21	11		
Equipment and maintenance, etc.	108	112	110	115	115	116		
Advertising	13	14	26	12	5	11		
Others	127	131	146	129	146	138		
Total	675	699	713	730	727	710		

	1H FY06/25	1H FY06/26	Change
SG&A	1,374	1,438	+64
Salaries			+36
Training and recruiting			+1
Equipment and maintenance, etc.			+11
Advertising			(10)
Others			+25

Cash Flows

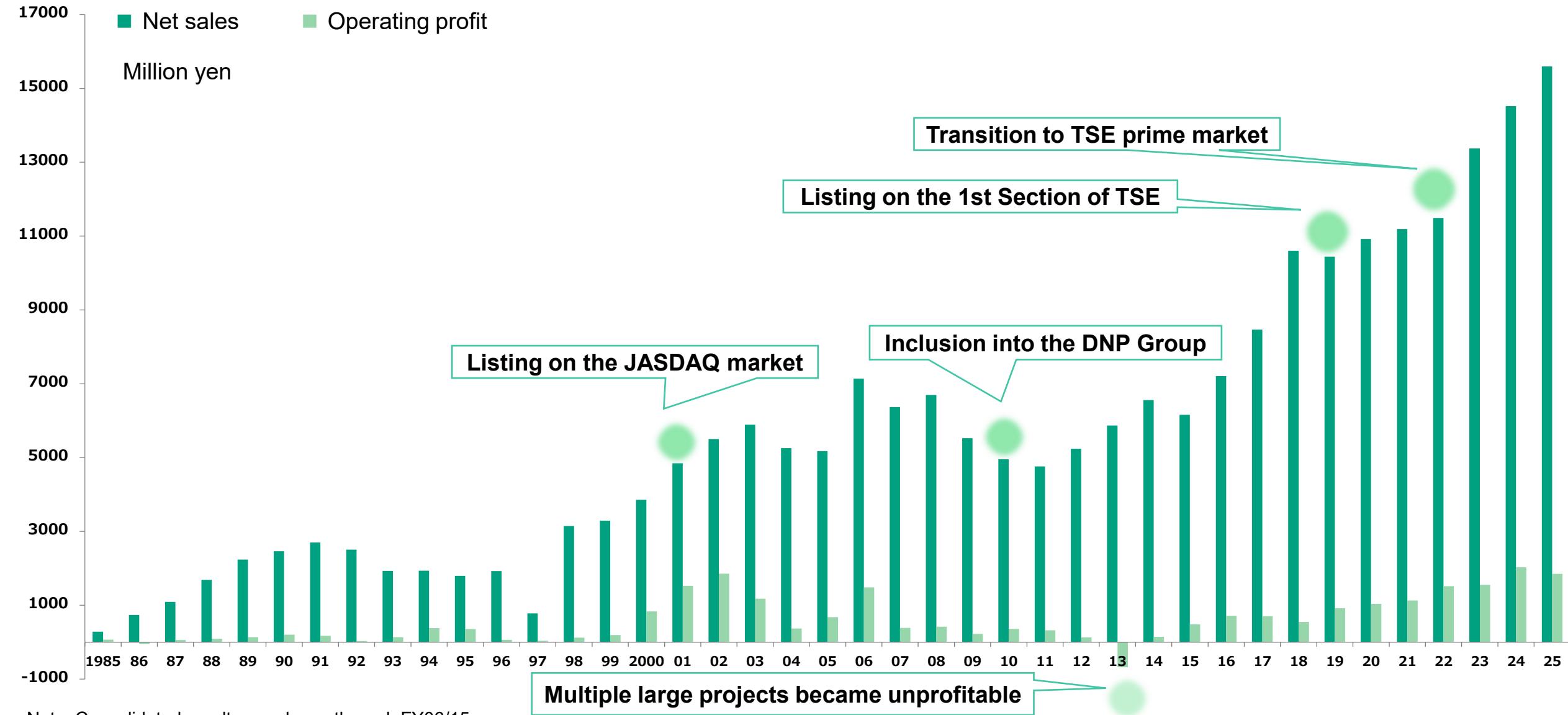


FY06/26 Forecasts by Category

Million yen

	FY06/25(actual)			FY06/26(forecast)			YoY (Full year)
	1H	2H	Full year	1H (actual)	2H (Full year- 1H actual)	Full year (forecast)	
Net sales	7,540	8,055	15,596	8,352	9,048	17,400	+11.6%
System development	3,479	3,359	6,838	2,769	3,661	6,430	(6.0%)
Maintenance	796	822	1,619	832	818	1,650	+1.9%
In-house products and services	165	383	548	408	482	890	+62.4%
Third-party products and services (hardware, etc.)	647	440	1,087	1,312	408	1,720	+58.2%
Cloud services	1,527	1,952	3,479	2,035	2,425	4,460	+28.2%
Security	923	1,098	2,022	993	1,257	2,250	+11.2%
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Historical Performance



Medium-Term Management Plan(2025–2027)

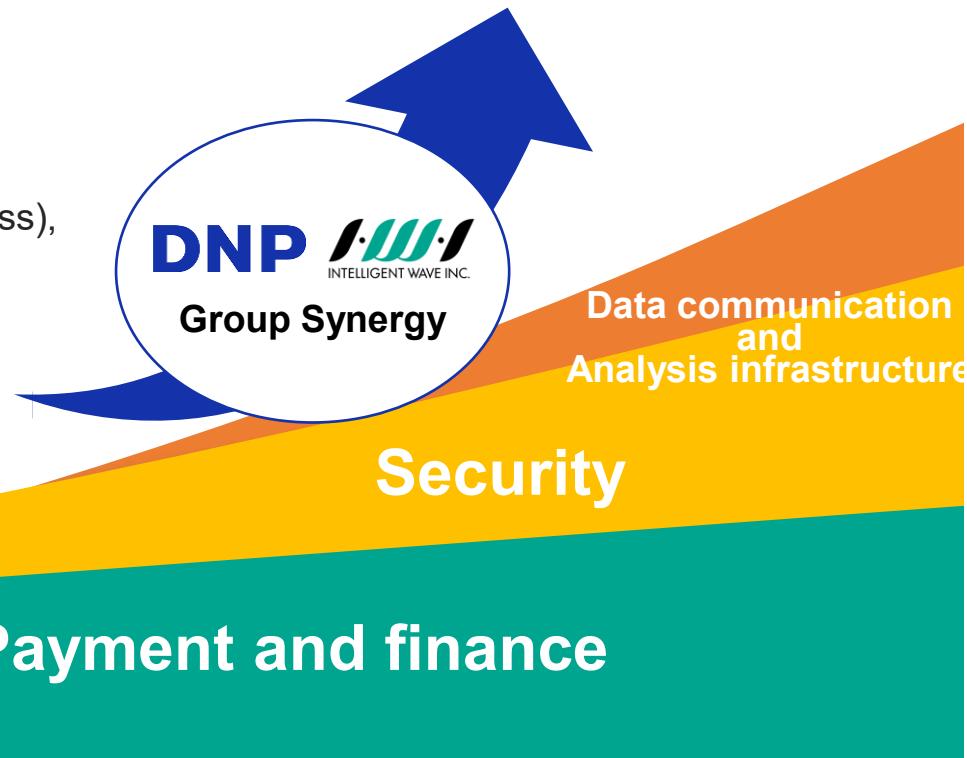
We will aim to diversify our business and establish a foundation for sustainable growth, looking ahead to the 2030s. We will also develop our business in various fields, particularly in the payment, security, and technology domains, to bring value to people's lives and build enhanced trust.

[1] In the payment domain, we will pursue sustainable growth by further expanding our business areas and leveraging our unique products and advantageous position in the payment industry.

[2] We will develop the security domain into a second pillar of our business.

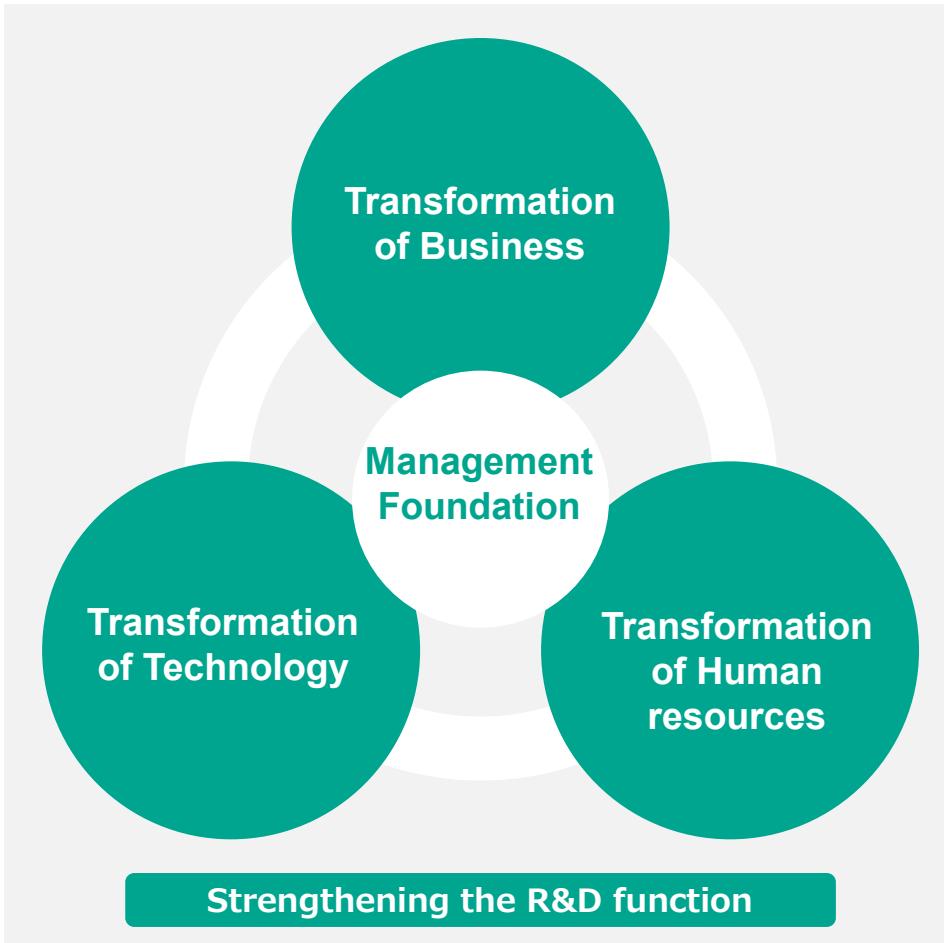
[3] In the data communication and analysis infrastructure domain (a new area of business), we will utilize our core technologies to expand into growth markets and create a third business pillar, following payment and security.

[4] By deepening our collaboration with the DNP Group and leveraging both customer bases, we will enhance our competitiveness and create synergies across the group.



Our core technologies: High-speed, large-capacity data communication/analysis processing

To prepare for the market environment of the 2030s, we will focus on three key areas of transformation: "business," "technology," and "human resources," to continue developing products and services that create new levels of reliability.



01 Transformation of Business

- ①Maximize the value of existing and new businesses and the value of our proprietary solutions
- ②Expand business from the payment domain into new domain
- ③Improving profitability through a review of the profit structure. Return to product orientation.

02 Transformation of Technology

- ①Ensure superiority, maximize value, and create value by combining core technologies with cutting-edge technologies and DX
- ②Rationalization of development, maintenance and operations

03 Transformation of Human resources

- ①Development of business planning personnel ,Strengthening our consulting functions
- ②Strengthening the R&D function
- ③Promoting the mobilization of talent in line with our business strategies

Company Overview



As of December 31, 2025

Established	December 27, 1984		
Location	Kayabacho Tower, 1-21-2 Shinkawa, Chuo-ku, Tokyo		
Employees	515		
Parent company	Dai Nippon Printing Co., Ltd. [50.73%*]		
Capital stock	JPY 843,750,000		
Shares outstanding	26,340,000	Shareholders	11,917

	Ownership [%]		% of shareholders
Individuals, others	38.43%	Individuals, others	98.45%
Japanese financial institutions	2.87%	Japanese financial institutions	0.05%
Other Japanese corporations	51.19%	Other Japanese corporations	0.42%
Foreign corporations	4.10%	Foreign corporations	0.85%
Japanese securities firms	3.18%	Japanese securities firms	0.23%
Treasury stock	0.23%	Treasury stock	0.01%

*Percentage to shares outstanding excluding treasury stock



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