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May 13, 2026

Non-consolidated Financial Results for the Nine Months Ended March 31, 2026 (Under Japanese GAAP)

Company name: INTELLIGENT WAVE INC.
 Listing: Tokyo Stock Exchange, Prime Market
 Securities code: 4847
 URL: <https://www.iwi.co.jp/en/>
 Representative: Koji Kawakami, Chief Executive Officer, Representative Director
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 Scheduled date to commence dividend payments: –
 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 nine months ended March 31, 2026 (July 1, 2025–March 31, 2026)

(1) Non-consolidated operating results

(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	%
Nine months ended								
March 31, 2026	12,497	8.4	1,361	(5.8)	1,391	(4.7)	951	(7.1)
March 31, 2025	11,530	7.2	1,445	(3.4)	1,460	(2.9)	1,024	(0.3)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
March 31, 2026	36.35	–
March 31, 2025	39.13	–

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of			
March 31, 2026	16,990	9,612	56.6
June 30, 2025	18,690	9,475	50.7

Reference: Equity
 As of March 31, 2026: ¥9,612 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	Year-end	Total
Fiscal year ended June 30, 2025	Yen –	Yen 15.00	Yen –	Yen 20.00	Yen 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 dividend forecast most recently announced: None

3. Earnings Forecasts for the Fiscal Year Ending June 30, 2026 (July 1, 2025–June 30, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	17,200	10.3	2,000	8.2	2,050	8.4	1,420	5.2	54.23

Note: Revisions to the earnings forecasts most recently announced: Yes

* **Notes**

- (1) Adoption of accounting treatment specific to the preparation of quarterly 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 March 31, 2026	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 March 31, 2026	155,942 shares
As of June 30, 2025	158,342 shares

- (iii) Average number of shares outstanding during the period

Nine months ended March 31, 2026	26,183,051 shares
Nine months ended March 31, 2025	26,181,665 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 March 31, 2026, 98,200 shares as of June 30, 2025). Furthermore, the shares of the Company held by the trust are included in treasury shares deducted in the calculation of the average number of shares outstanding during the period (96,807 shares for the nine months ended March 31, 2026, 98,200 shares for the nine months ended March 31, 2025).

- * Review of the Japanese-language originals of the attached quarterly non-consolidated financial statements by certified public accountants or an audit firm: None

- * Proper use of earnings forecasts, and other special matters

The forecast figures stated above are based on judgments made using information currently available and involve a number of uncertainties. Actual results and other outcomes may differ from these forecast figures due to changes in business conditions and other factors. Please refer to “1. Financial Results and Forecasts (3) Forward-Looking Information, Including Earnings Forecasts” on page 6 of the Attachment 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 analysts on May 15, 2026. The material for this presentation will be uploaded to the Company’s website soon after the event.

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1. Financial Results and Forecasts

(1) Operating Results

The Company has formulated a three-year medium-term management plan beginning in the fiscal year ended June 30, 2025. Under the plan's theme of "Transformation for the Future," the Company is working to diversify its businesses and build a foundation for sustainable growth, with a view to the 2030s. To achieve these goals, the Company is focusing over this three-year period on transformation in three key areas: business, technology, and human resources.

Under the medium-term management plan, the Company has reorganized its business domains into three function-based domains: payment, security, and data communication and analysis infrastructure (new domain). In each of these domains, the Company is promoting initiatives aimed at growth.

In the core payment domain, with the increasing adoption of cashless payments in Japan, the Company's major clients, which are payment service providers, are making progress in modernizing and opening up their mission-critical systems. In addition to the FEP* area, one of its strength, the Company is working to enhance the value of its payment solutions by expanding into the acquiring area. In the fraud detection area, amid the diversification of card fraud, the Company is working to enhance the value it provides in the payment domain through initiatives such as the launch of a card industry-wide fraud prevention solution.

In the security domain, the Company is developing its highly profitable proprietary products to further enhance their value, while also focusing on expanding into overseas markets, particularly in Southeast Asia. In the data communication and analysis infrastructure domain, the Company is exploring applications of its core technologies, namely high-speed, high-volume data communication and analysis/processing technologies, in other industries as it seeks to capture new markets.

For the nine months ended March 31, 2026, net sales were ¥12,497 million, up 8.4% year on year; operating profit was ¥1,361 million, down 5.8%; ordinary profit was ¥1,391 million, down 4.7%; and profit was ¥951 million, down 7.1%. Net sales remained firm, while profit decreased due to the impact of the quality-related response for a specific project. For the full fiscal year, however, the Company expects increases in both net sales and profit.

Reference: Sales by business domain

(millions of yen)

	Nine months ended March 31, 2025	Nine months ended March 31, 2026	YoY % change
Net Sales	11,530	12,497	8.4%
Payment	9,452	10,374	9.8%
Of which: Cloud services	2,508	3,124	24.5%
Security	1,481	1,470	-0.7%
Data communication and analysis infrastructure	597	652	9.2%

Sales increased in the payment domain, mainly in the core FEP and fraud detection areas, driven by system updates and other projects for major clients. Demand in the payment domain remained firm, supported by continued system investments by credit card companies, including the modernization of mainframe systems and measures to address card fraud. In the data communication and analysis infrastructure domain, system development projects for securities companies increased.

Operating profit decreased partly because the gross margin declined in the payment domain due to the quality-related response for a specific project for a client using cloud services. The gross margin also declined in the security domain due to the impact of the product mix. The project that required the quality-related response is now moving toward resolution, and revenue opportunities are recovering. Selling, general and administrative expenses increased year on year due to higher personnel costs and other factors.

Orders received were ¥10,976 million, down 32.0% year on year, and order backlog was ¥18,790 million, down 11.3%. The decrease in orders received and order backlog reflected the impact of new orders recorded in the same period of the previous fiscal year for multi-year, recurring-revenue contracts, primarily in the cloud services and the security domain. Meanwhile, orders for system development increased, driven by multiple orders received for system renewal projects and other projects from major clients. For cloud services, the Company expects to receive new orders for multi-year contracts toward the beginning of the next fiscal year.

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

(2) Financial Position

Assets

As of March 31, 2026, total assets were ¥16,990 million, down ¥1,699 million from the end of the previous fiscal year. Current assets were ¥9,210 million, down ¥1,250 million from the end of the previous fiscal year. This was mainly due to a decrease of ¥1,801 million in cash and deposits, despite increases of ¥351 million in notes and accounts receivable – trade, and contract assets, and ¥126 million in inventories.

Non-current assets were ¥7,780 million, down ¥449 million from the end of the previous fiscal year. This was mainly due to a decrease of ¥568 million in intangible assets, despite an increase of ¥93 million in property, plant and equipment.

Liabilities

As of March 31, 2026, total liabilities were ¥7,378 million, down ¥1,837 million from the end of the previous fiscal year. This was mainly due to decreases of ¥759 million in income taxes payable, ¥717 million in advances received, and ¥387 million in accrued consumption taxes included in other current liabilities.

Net Assets

As of March 31, 2026, net assets were ¥9,612 million, up ¥137 million from the end of the previous fiscal year. This was mainly due to an increase of ¥155 million in valuation difference on available-for-sale securities, despite a decrease of ¥20 million in retained earnings.

(3) Forward-Looking Information, Including Earnings Forecasts

The Company has revised its earnings forecasts previously announced in the “Summary of Non-consolidated Financial Results for the Fiscal Year Ended June 2025,” dated August 6, 2025. For details, please refer to the “Notice Concerning Revisions to Full-Year Earnings Forecasts” announced today, May 13, 2026.

For its full-year earnings forecasts, the Company has revised downward its forecasts for both net sales and profit, as the quality-related response for a client-specific project took longer than initially anticipated, resulting in higher costs associated with the project and delays in revenue opportunities. Meanwhile, across the payment market as a whole, IT investments by credit card companies and payment service providers remain firm.

With respect to the recent quality-related response, the Company does not view it merely as an issue specific to an individual project, but rather recognizes it as a company-wide issue that was brought to light by the quality problem. Based on this recognition, the Company is proceeding with reviews of its development processes, development structure, and quality management processes, while sequentially implementing necessary corrective measures.

Meanwhile, against the backdrop of growing demand for the modernization of payment systems and more advanced measures to prevent fraudulent card use, the Company is advancing initiatives to enhance the added value of its payment solutions. In the security domain, the Company continues to pursue initiatives to transition to a service-oriented business model centered on its proprietary products.

The Company will continue its initiatives aimed at achieving sustainable growth and securing profitability, while steadily strengthening its business foundation and enhancing its operational structure.

The forecast figures presented in this document are based on judgments made using information currently available and involve uncertainties. Actual results and other outcomes may differ from these forecast figures due to changes in business conditions and other factors.

2. Financial Statements

(1) Balance Sheets

(Thousands of yen)

	As of June 30, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	6,431,303	4,629,315
Notes and accounts receivable – trade, and contract assets	1,685,113	2,036,852
Inventories	143,321	269,585
Other	2,201,204	2,274,677
Total current assets	10,460,943	9,210,431
Non-current assets		
Property, plant and equipment	1,336,246	1,429,361
Intangible assets		
Software	3,843,663	3,341,754
Other	310,529	243,696
Total intangible assets	4,154,192	3,585,450
Investments and other assets		
Investment securities	1,260,056	1,490,218
Other	1,479,166	1,275,402
Total investments and other assets	2,739,223	2,765,620
Total non-current assets	8,229,661	7,780,433
Total assets	18,690,605	16,990,864
Liabilities		
Current liabilities		
Notes and accounts payable – trade	417,402	376,052
Income taxes payable	759,366	–
Advances received	5,734,274	5,016,756
Provision for bonuses	305,586	566,072
Provision for bonuses for directors	34,470	22,833
Other	1,166,475	580,149
Total current liabilities	8,417,575	6,561,865
Non-current liabilities		
Provision for retirement benefits	614,155	625,640
Provision for share awards	10,165	11,182
Provision for share awards for directors	24,473	34,613
Asset retirement obligations	128,749	129,096
Other	20,102	15,636
Total non-current liabilities	797,647	816,170
Total liabilities	9,215,222	7,378,035
Net assets		
Shareholders' equity		
Share capital	843,750	843,750
Capital surplus	573,099	573,099
Retained earnings	7,717,853	7,697,159
Treasury shares	(126,634)	(124,194)
Total shareholders' equity	9,008,068	8,989,814
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	467,314	623,014
Total valuation and translation adjustments	467,314	623,014
Total net assets	9,475,383	9,612,829
Total liabilities and net assets	18,690,605	16,990,864

(2) Statements of Income

	Thousands of yen	
	Nine months ended March 31, 2025 (July 1, 2024– March 31, 2025)	Nine months ended March 31, 2026 (July 1, 2025– March 31, 2026)
Net sales	11,530,985	12,497,994
Cost of sales	7,997,421	9,014,092
Gross profit	3,533,563	3,483,901
Selling, general and administrative expenses	2,088,005	2,122,191
Operating profit	1,445,557	1,361,709
Non-operating income		
Interest income	3,977	10,660
Dividend income	24,578	26,328
Other	11,277	8,808
Total non-operating income	39,834	45,797
Non-operating expenses		
Commitment fees	3,941	3,941
Foreign exchange losses	3,561	1,304
Compensation expenses	14,190	10,705
Other	3,350	45
Total non-operating expenses	25,043	15,996
Ordinary profit	1,460,348	1,391,510
Extraordinary losses		
Loss on retirement of non-current assets	–	16,963
Total extraordinary losses	–	16,963
Profit before income taxes	1,460,348	1,374,546
Income taxes – current	1,027,178	320,745
Income taxes – deferred	(591,258)	102,140
Total income taxes	435,919	422,885
Profit	1,024,428	951,661

(3) Notes to Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in the Amount of Shareholders' Equity

For the nine months ended March 31, 2026 (July 1, 2025–March 31, 2026)

Not applicable.

Adaption of Accounting Treatment Specific to the Preparation of the Quarterly Non-Consolidated Financial Statements

For the nine months ended March 31, 2026 (July 1, 2025–March 31, 2026)

Not applicable.

Segment Information

Segment information is omitted because the Company has a single reportable segment.

Statements of Cash Flows

The Company has not prepared a quarterly statement of cash flows for the nine months ended March 31, 2026.

Depreciation, including amortization of intangible assets, for the nine-month period was as follows.

(Thousands of yen)

	Nine months ended March 31, 2025 (July 1, 2024–March 31, 2025)	Nine months ended March 31, 2026 (July 1, 2025–March 31, 2026)
Depreciation	978,157	1,263,023