



Financial Results for 9M FY06/26

(July 1 to March 31, 2026)
[Non-Consolidated]

Intelligent Wave Inc.

May 15, 2026

Financial Results for 9M FY06/26

Full-Year Forecast Revision and Future Outlook

Reference

Overview

- Sales remained steady; profit declined amid quality-related measures and product mix changes in the security domain
- Orders decreased overall, reflecting multi-year contract projects recorded in the previous term; system development orders increased

(Millions of yen)	9M FY06/25		9M FY06/26		YoY change	
	Results	% of sales	Results	% of sales	Amount	%
Net sales	11,530	—	12,497	—	+967	+8.4%
Gross profit	3,533	30.6%	3,483	27.9%	(49)	-1.4%
SG&A expenses	2,088	18.1%	2,122	17.0%	+34	+1.6%
Operating profit	1,445	12.5%	1,361	10.9%	(83)	-5.8%
Ordinary profit	1,460	12.7%	1,391	11.1%	(68)	-4.7%
Profit	1,024	8.9%	951	7.6%	(72)	-7.1%
Orders received	16,133	—	10,976	—	(5,156)	-32.0%
Order backlog	21,187	—	18,790	—	(2,396)	-11.3%

Sales by Business Domain

- Payment domain sales increased, driven by growth in the core FEP and fraud detection
- Data communications and analysis infrastructure domain sales increased, driven by system development projects for securities firms

(Millions of yen)	9M FY06/25	9M FY06/26	YoY change	
			Amount	%
Net sales	11,530	12,497	+967	+8.4%
Payment	9,452	10,374	+922	+9.8%
FEP*	4,091	4,521	+430	+10.5%
Fraud detection	1,866	2,541	+674	+36.2%
Acquiring	2,191	1,904	(287)	-13.1%
Others	1,302	1,406	+104	+8.0%
Security	1,481	1,470	(10)	-0.7%
Data communication and analysis infrastructure	597	652	+55	+9.2%
(Reference) Cloud services	2,508	3,124	+615	+24.5%

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

Sales by Category

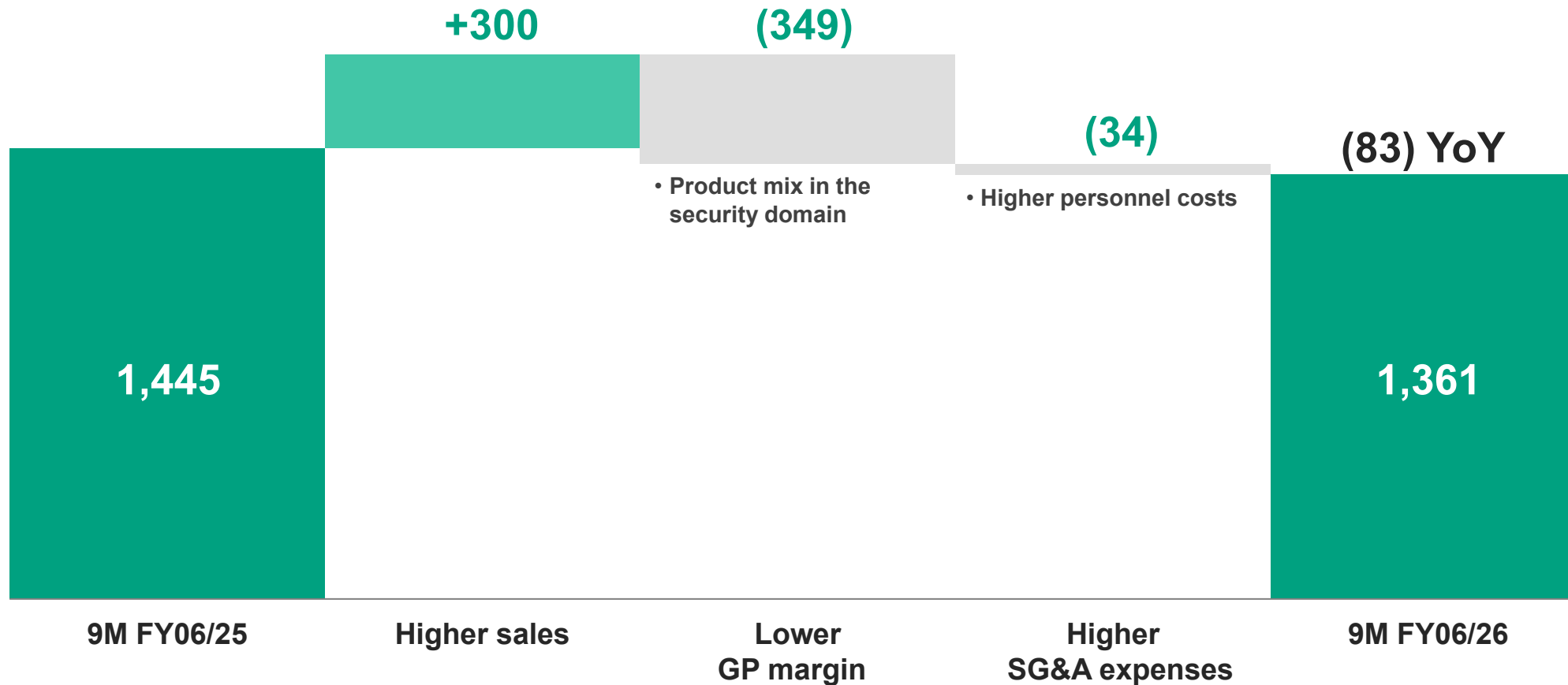
- System development sales decreased YoY, but secured a certain level against the plan
- Cloud services sales increased, driven by user growth and the addition of new features for existing users
- Third-party products and services sales increased, driven by an FEP system renewal project.

(Millions of yen)	9M FY06/25	9M FY06/26	YoY change	
			Amount	%
Net sales	11,530	12,497	+967	+8.4%
System development	5,135	4,385	(749)	-14.6%
Maintenance	1,195	1,250	+54	+4.5%
In-house products and services	346	601	+254	+73.6%
Third-party products and services (hardware, etc.)	863	1,665	+801	+92.8%
Cloud services	2,508	3,124	+615	+24.5%
Security	1,481	1,470	(10)	-0.7%

Operating Profit: Analysis of YoY Change

- Higher sales had a positive impact; the overall gross profit margin declined amid quality-related measures for a specific cloud service client and changes in the product mix in the security domain

(Millions of yen)

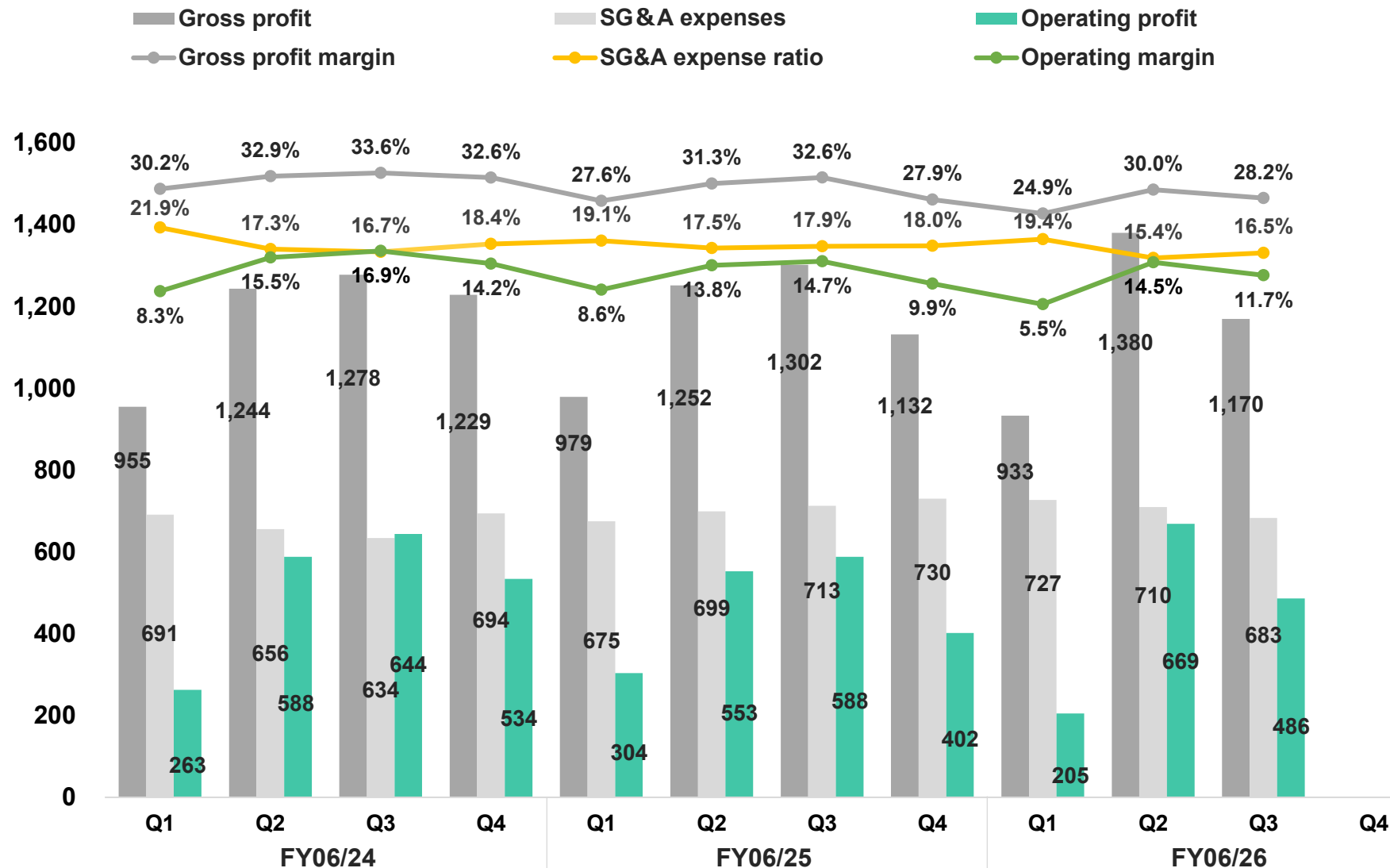
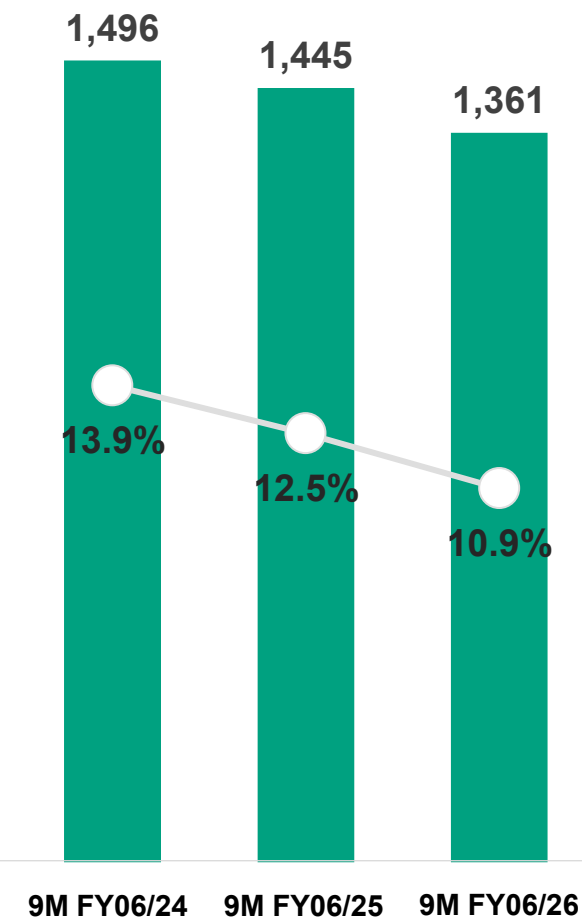


Impact of quality-related measures

Operating Profit: Annual and Quarterly Trends

(Millions of yen)

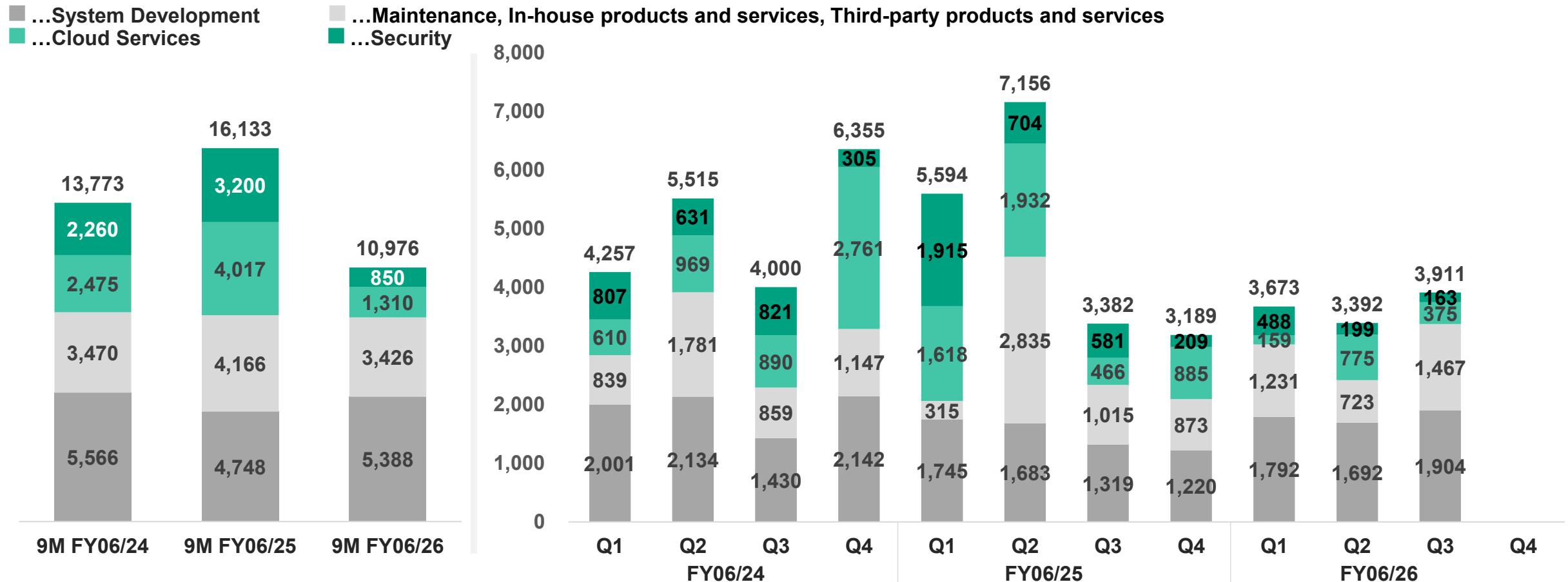
■ ... Operating profit
● ... Operating margin



Orders Received by Category

- System development orders increased, driven by multiple system renewal projects from major clients
- Orders for recurring revenue, multi-year contract projects declined, including cloud services, security, and infrastructure operation services
- Multiple cloud services orders expected through the beginning of the next fiscal year

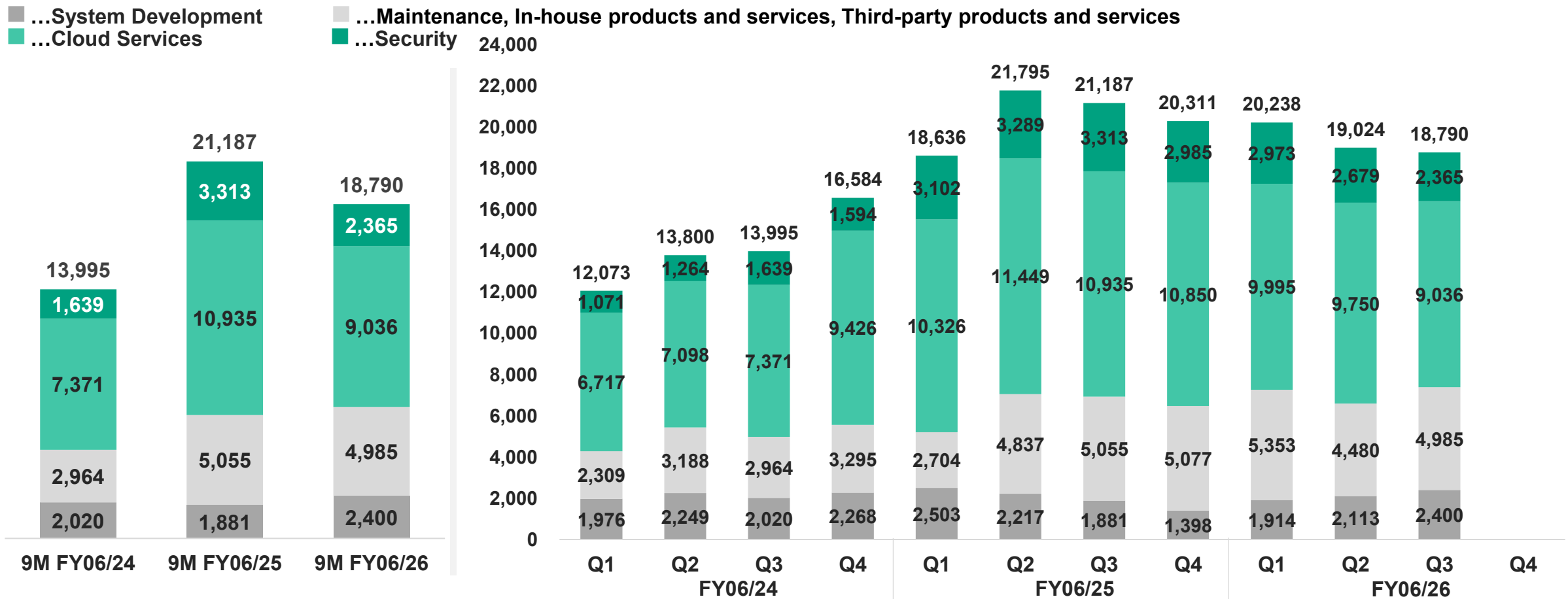
(Millions of yen)



Order Backlog by Category

- System development order backlog increased, driven by system renewal projects from major clients
- Order backlog for recurring revenue projects decreased, including cloud services, security, and infrastructure operation services

(Millions of yen)



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Full-Year Forecast Revision and Future Outlook

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Revision to Full-Year Earnings Forecasts

- Full-year earnings forecasts revised downward, reflecting prolonged quality-related responses for a specific client project
- IT investment by credit card companies and payment service providers remained steady in the payment market
- Company-wide issues recognized following quality-related matters, with corrective measures implemented sequentially

(Millions of yen)	FY06/25		FY06/26		YoY change	
	Results	Initial forecasts*1	Revised forecasts*2	Change	vs. Initial forecasts*1	vs. Revised forecasts*2
Net sales	15,596	17,400	17,200	(200)	+11.6%	+10.3%
Operating profit [Operating margin]	1,848 [11.9%]	2,400 [13.8%]	2,000 [11.6%]	(400)	+29.8%	+8.2%
Ordinary profit [Ordinary margin]	1,890 [12.1%]	2,440 [14.0%]	2,050 [11.9%]	(390)	+29.1%	+8.4%
Profit [Profit margin]	1,349 [8.7%]	1,690 [9.7%]	1,420 [8.3%]	(270)	+25.2%	+5.2%

Future Outlook and Key Initiatives

- Current situation and key challenges outlined below
- Continue initiatives under the Medium-Term Management Plan; strengthen the business foundation and improve profitability

Current Situation and Key Challenges

(1) Addressing the Increasing Scale and Diversification of Payment Projects

- Respond to larger development projects, expanded cloud services, and infrastructure operation services
- Optimize the infrastructure environment; consolidate into shared infrastructure
- Improve development productivity in existing areas through automation and standardization; optimally allocate development resources to new areas.

(2) Enhancing the Value of Payment Solutions and Expanding Business Areas

- Enhance the value provided by payment solutions
- Expand into areas beyond FEP and fraud detection

(3) Advancing the Growth Strategy in the Security Domain

- Review the marketability and value proposition of the proprietary CWAT product
- Shift away from a single-product sales model

Medium-Term Management Plan Initiatives

(1) Strengthening the Revenue Base: Enhancing Quality and Improving Productivity

- Reassess and correct the development process, development structure, and quality management procedures
- Develop PM talent; restructure the quality education program
- Centralize and streamline system operation and infrastructure functions

(2) Enhancing the Value of Payment Solutions and Expanding Business Areas

- Transition to the new version of FEP products; consolidate the product lineup
- Enhance measures against credit card fraud
- Expand the value provided in the payment domain

(3) Advancing the Growth Strategy in the Security Domain

- Expand the value provided by the proprietary CWAT product
- Strengthen sales competitiveness; diversify revenue models

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Manufacturing Costs

(Millions of yen)	FY06/25				FY06/26			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Material costs	17	5	6	11	15	4	4	
Labor costs	770	747	751	742	798	795	804	
Overhead costs	819	814	790	1,003	908	945	954	
Subcontract processing costs	1,064	1,032	969	901	854	871	914	
Total manufacturing costs for the period	2,672	2,600	2,518	2,659	2,576	2,616	2,678	
Beginning work in progress	206	383	243	282	128	242	243	
Ending work in process	383	243	282	128	242	243	248	
Transfer to other accounts	385	429	271	377	207	225	228	
Cost of goods manufactured for the period	2,109	2,311	2,207	2,436	2,254	2,389	2,445	

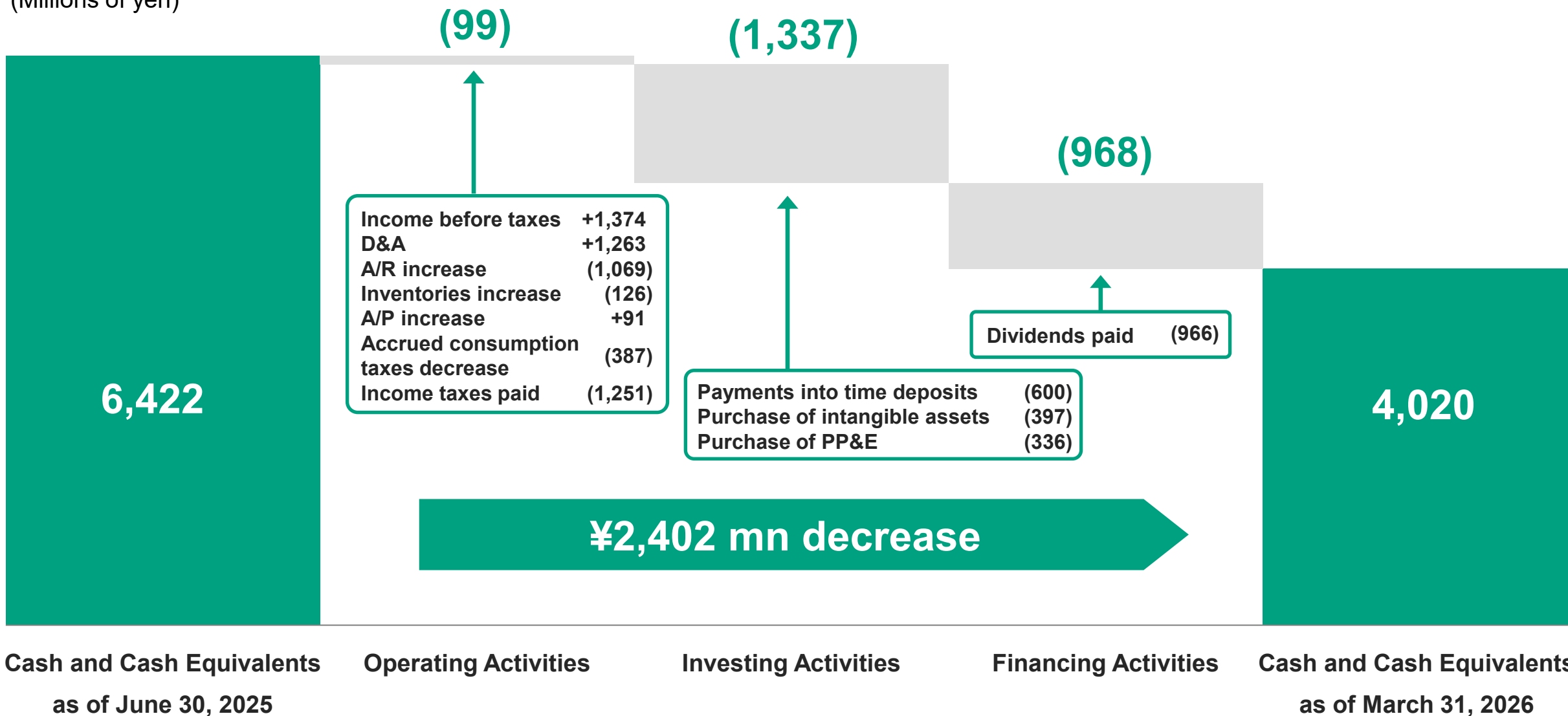
SG&A Expenses

(Millions of yen)	FY06/25				FY06/26			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Personnel	407	428	416	431	438	434	427	
Recruiting and training	18	12	12	40	21	11	21	
Equipment and maintenance, etc.	108	112	110	115	115	116	114	
Advertising	13	14	26	12	5	11	7	
Other	127	131	146	129	146	138	114	
Total	675	699	713	730	727	710	683	

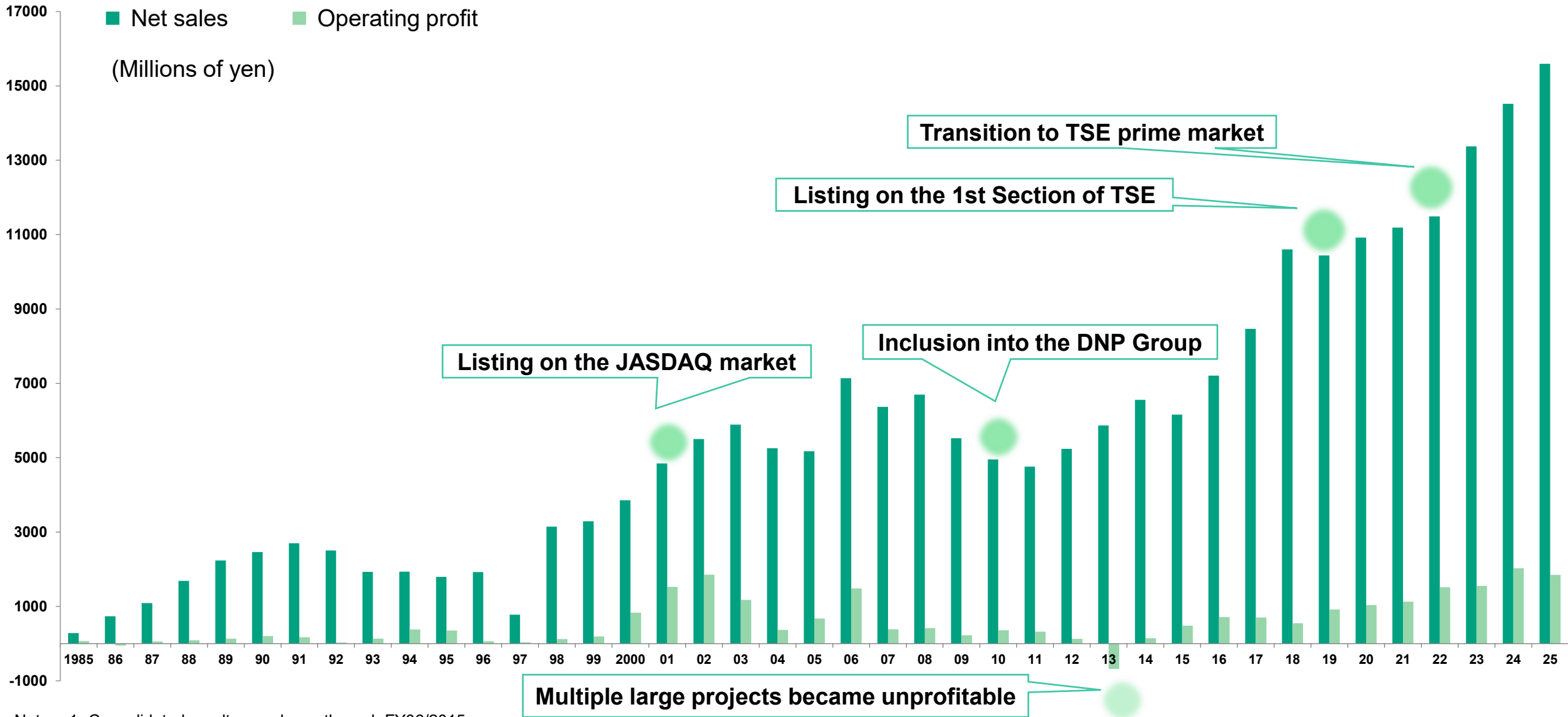
	9M FY06/25	9M FY06/26	YoY change
SG&A expenses	2,088	2,122	+34
		Personnel	+47
		Recruiting and training	+9
		Equipment and maintenance, etc.	+14
		Advertising	(30)
		Other	(6)

Cash Flows

(Millions of yen)



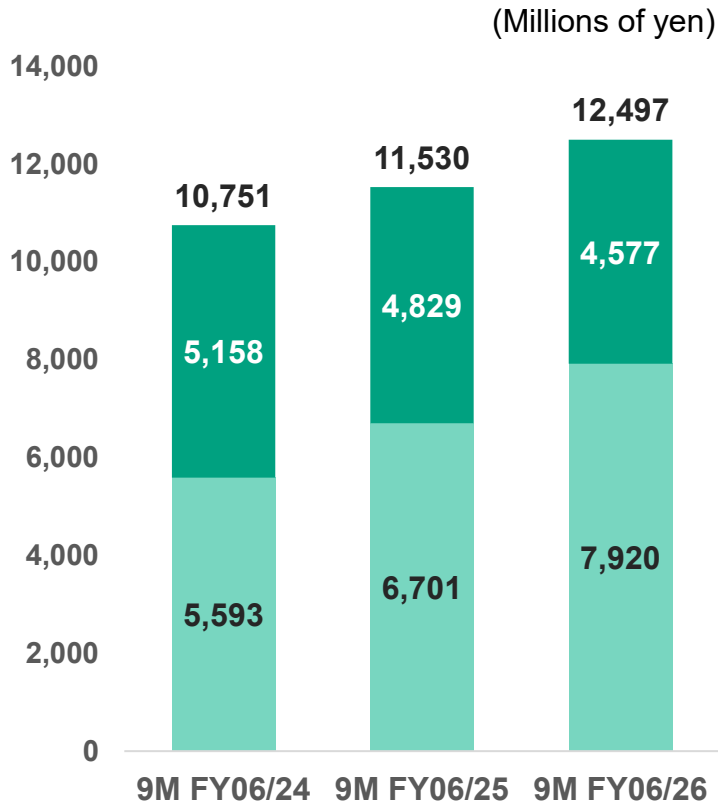
Historical Performance



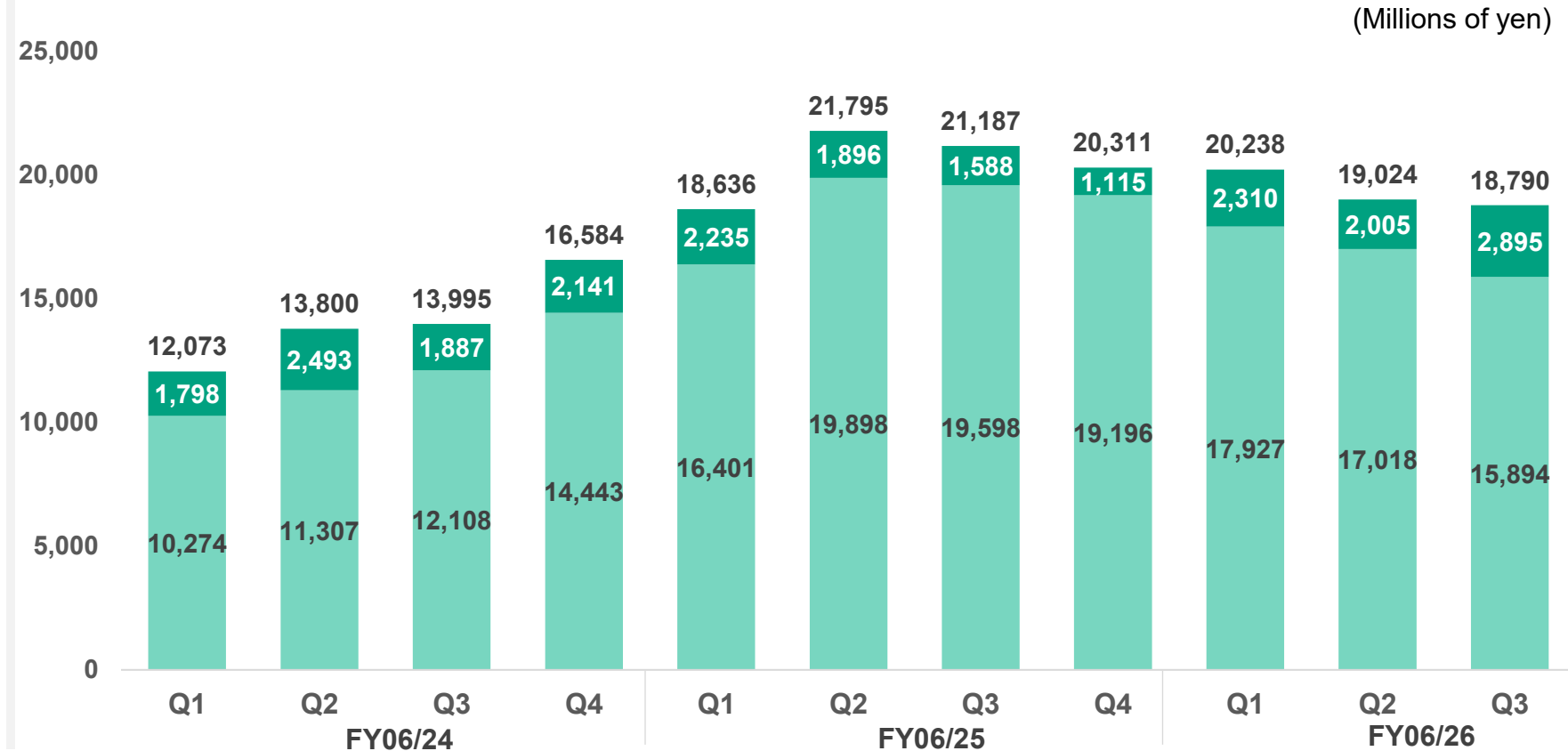
Notes: 1. Consolidated results are shown through FY06/2015.
 2. The results for 1997 represents six months of performance due to the change in the fiscal year-end.

Revenue Type: Recurring and Spot

■ Net Sales
■ ...Recurring ■ ...Spot



■ Order Backlog
■ ...Recurring ■ ...Spot



Recurring: Consisting of projects expected to generate a steady level of recurring net sales, based on the contract type, business substance, and other factors, including fees for cloud services and security products, in-house services, system operation and maintenance, and maintenance of in-house and third-party products.

Spot: Consisting of projects with non-recurring contract size and timing, including system development and sales of in-house and third-party products.

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.



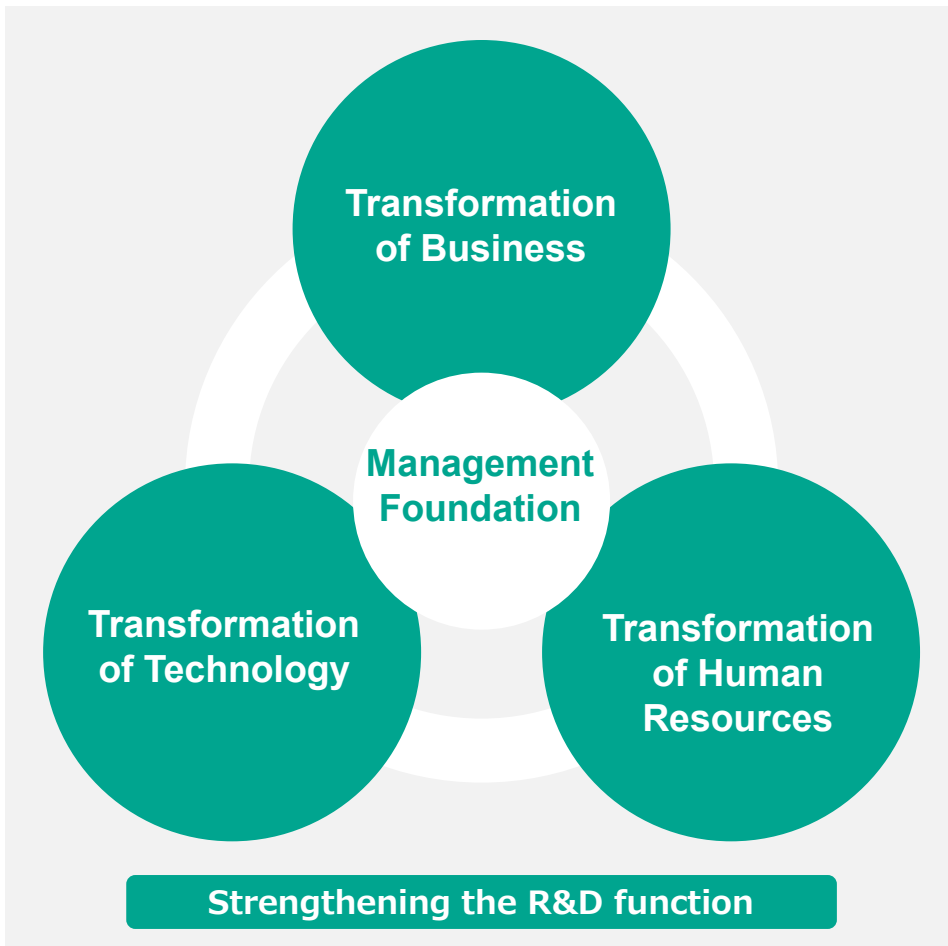
Data communication
and
Analysis infrastructure

Security

Payment and finance

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

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

02 Transformation of Technology

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

03 Transformation of Human Resources

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

Numerical Targets

We aim to achieve sales of ¥19 billion, operating profit of ¥2.85 billion, and ROE of at least 17.0% by the fiscal year ending June 30, 2027.

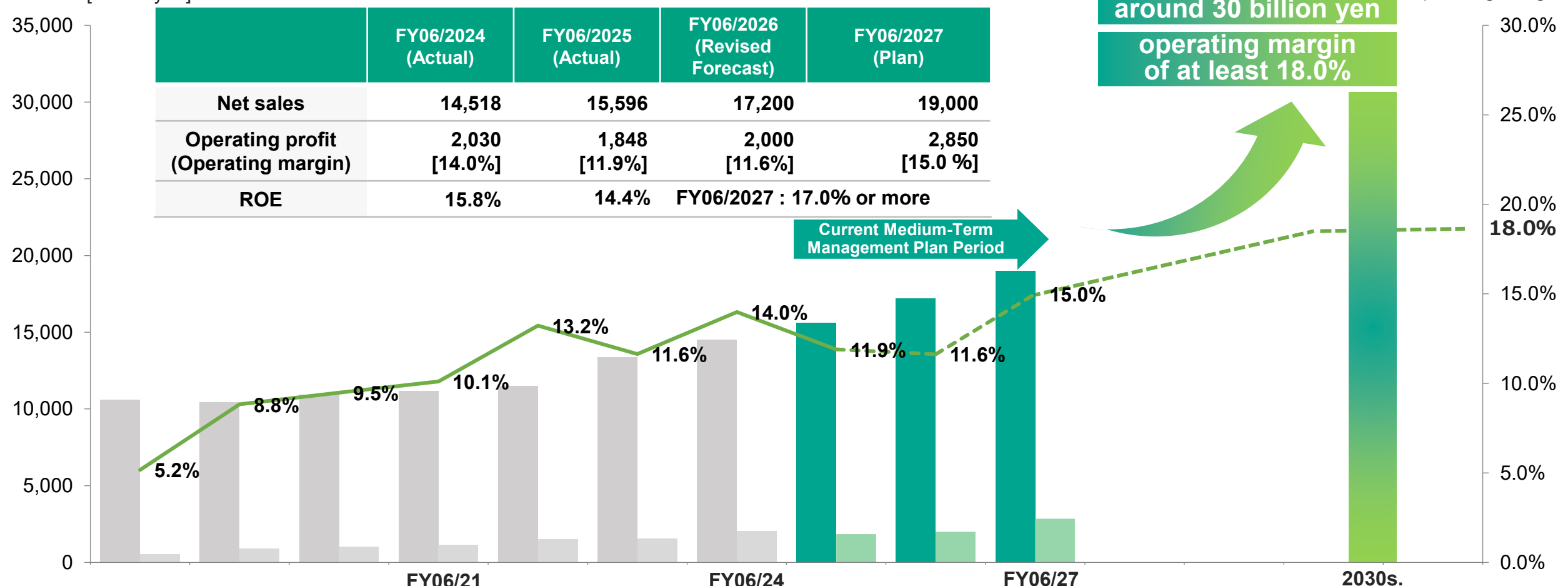
By expanding our business areas and improving profitability in each domain, we aim to achieve sales of around ¥30 billion and an operating margin of at least 18.0% in the medium to long term.

Net sales[Million yen]

	FY06/2024 (Actual)	FY06/2025 (Actual)	FY06/2026 (Revised Forecast)	FY06/2027 (Plan)
Net sales	14,518	15,596	17,200	19,000
Operating profit (Operating margin)	2,030 [14.0%]	1,848 [11.9%]	2,000 [11.6%]	2,850 [15.0%]
ROE	15.8%	14.4%	FY06/2027 : 17.0% or more	

Net sales of
around 30 billion yen
operating margin
of at least 18.0%

Operating margin



Company Overview



Established	December 27, 1984	(As of December 31, 2025)	
Location	Kayabacho Tower, 1-21-2 Shinkawa, Chuo-ku, Tokyo		
No. of employees	513		
Parent company	Dai Nippon Printing Co., Ltd. (50.73%*)		
Share capital	¥843,750 thousand		
Issued shares	26,340,000 shares	No. of shareholders	11,917

	Shareholding ratio		% of total 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 shares	0.23%	Treasury shares	0.01%

*Percentage of total issued shares excluding treasury shares



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