INTELLIGENT WAVE INC.

Financial Results for FY06/26

(July 1, 2025 to June 30, 2026)

[Non-Consolidated]

Intelligent Wave Inc.

August 7, 2026

Results Highlights

FY06/26 Results

- **Sales and operating profit reached record highs, driven by strong contributions from system upgrade and other projects for major customers**
- **The work to address quality issues that had continued since the beginning of the fiscal year was completed during the year, and revenue opportunities began to recover**
- **Sales and profit exceeded the revised forecast announced in May**

FY06/27 Earning Forecasts

- **Revenue and profit growth is planned alongside growth investments in building the infrastructure operations platform, enhancing proprietary products, and utilizing AI**
- **Strengthening corporate foundations with an eye to the next Medium-Term Management Plan**

Financial Results for FY06/26

Progress of the Medium-Term Management Plan and Earnings Forecasts for FY06/27

Reference

Overview

- Sales and profit increased as system upgrade and other projects for major clients progressed
- Quality-related work underway since the beginning of the fiscal year was completed during the year, and profitability continued to recover
- Orders received and backlog declined from the high comparison base created by large, multi-year contracts secured in the previous fiscal year, while system development orders increased, mainly for major clients

(Millions of yen)	FY06/25		FY06/26		YoY change		Revised forecasts for FY06/26＊	Progress against forecasts
	Results	% of sales	Results	% of sales	Amount	%		
Net Sales	15,596	–	17,247	-	+1,650	+10.6%	17,200	100.3%
Gross Profit	4,666	29.9%	4,948	28.7%	+281	+6.0%	-	-
SG&A expenses	2,818	18.1%	2,872	16.7%	+53	+1.9%	-	-
Operating profit	1,848	11.9%	2,076	12.0%	+227	+12.3%	2,000	103.8%
Ordinary profit	1,890	12.1%	2,129	12.3%	+238	+12.6%	2,050	103.9%
Profit	1,349	8.7%	1,487	8.6%	+137	+10.2%	1,420	104.7%
Orders received	19,322	–	15,365	-	(3,957)	-20.5%		
Order backlog	20,311	–	18,429	-	(1,881)	-9.3%		

＊Announced in May 2026

Sales by Business Domain

- Sales in the payment domain increased, particularly in the core FEP and fraud detection areas, as system upgrade and other projects for major clients progressed
- In the data communications and analytics infrastructure domain, revenue from system development projects for securities firms increased

(Millions of yen)	FY06/25	FY06/26	YoY change	
			Amount	%
Net Sales	15,596	17,247	+1,650	+10.6%
Payment	12,755	14,285	+1,529	+12.0%
FEP*	5,525	6,315	+789	+14.3%
Fraud detection	2,604	3,467	+862	+33.1%
Acquiring	2,851	2,693	(158)	-5.6%
Others	1,772	1,809	+36	+2.0%
Security	2,022	2,067	+44	+2.2%
Data communication and analysis infrastructure	817	894	+77	+9.4%
(Reference) Cloud services	3,479	4,293	+813	+23.4%

*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

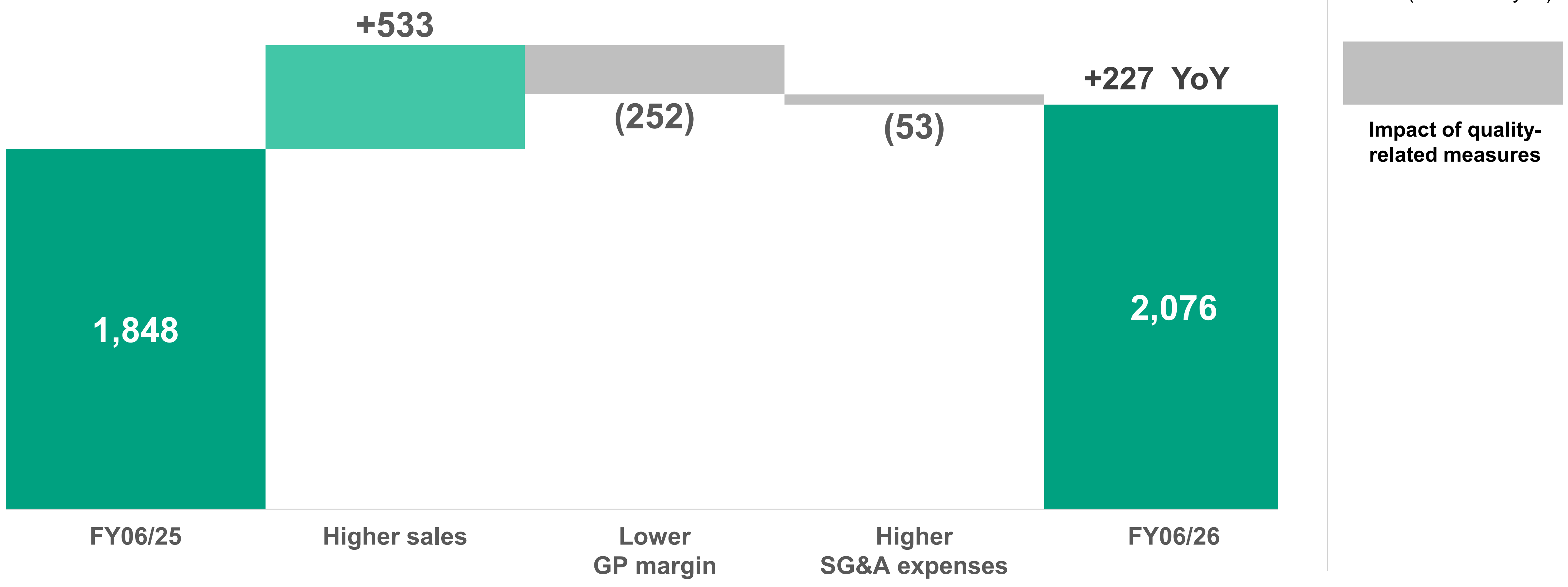
- System development projects, including system upgrade and other projects for major clients, progressed in the second half
- Cloud services sales increased, driven by user growth and the addition of new features for existing users
- Sales of third-party products increased significantly, driven by hardware sales related to an FEP system upgrade for major clients

(Millions of yen)	FY06/25	FY06/26	YoY change	
			Amount	%
Net sales	15,596	17,247	+1,650	+10.6%
System development	6,838	6,187	(651)	-9.5%
Maintenance	1,619	1,677	+57	+3.6%
In-house products and services	548	807	+259	+47.3%
Third-party products and services (hardware, etc.)	1,087	2,214	+1,127	+103.7%
Cloud services	3,479	4,293	+813	+23.4%
Security	2,022	2,067	+44	+2.2%

Operating Profit: Analysis of YoY Change

- Operating profit increased on higher sales, despite the impact of work undertaken to address quality issues for certain customers and a decline in the gross margin in the security domain
- The work to address quality issues that had continued since the beginning of the fiscal year was completed during the year, and profitability continued to improve from Q3 onward
- In Q4, the gross margin on system development projects remained solid, particularly for major projects

(Millions of yen)



Performance by Half-Year

(Millions of yen)	FY06/25		FY06/26	
	1H	2H	1H	2H
Net sales	7,540	8,055	8,352	8,894
System development	3,479	3,359	2,769	3,417
Maintenance	796	822	832	844
In-house products and services	165	383	408	398
Third-party products and services (hardware, etc.)	647	440	1,312	902
Cloud services	1,527	1,952	2,035	2,257
Security	923	1,098	993	1,073
Operating profit (Operating profit Margin)	857 (11.4%)	991 (12.3%)	875 (10.5%)	1,200 (13.5%)

Operating Profit: Annual and Quarterly Trends

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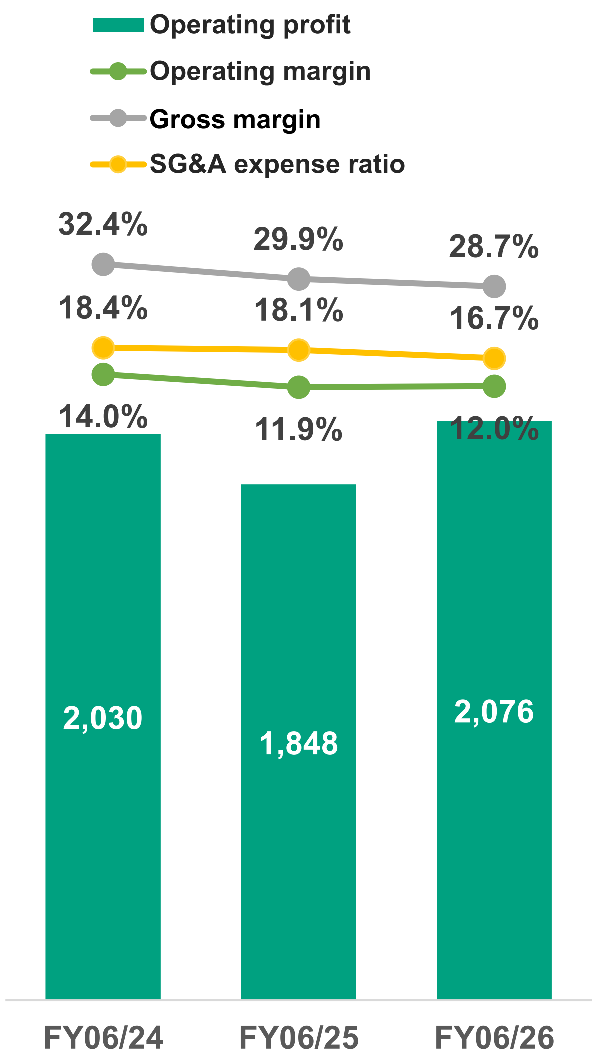
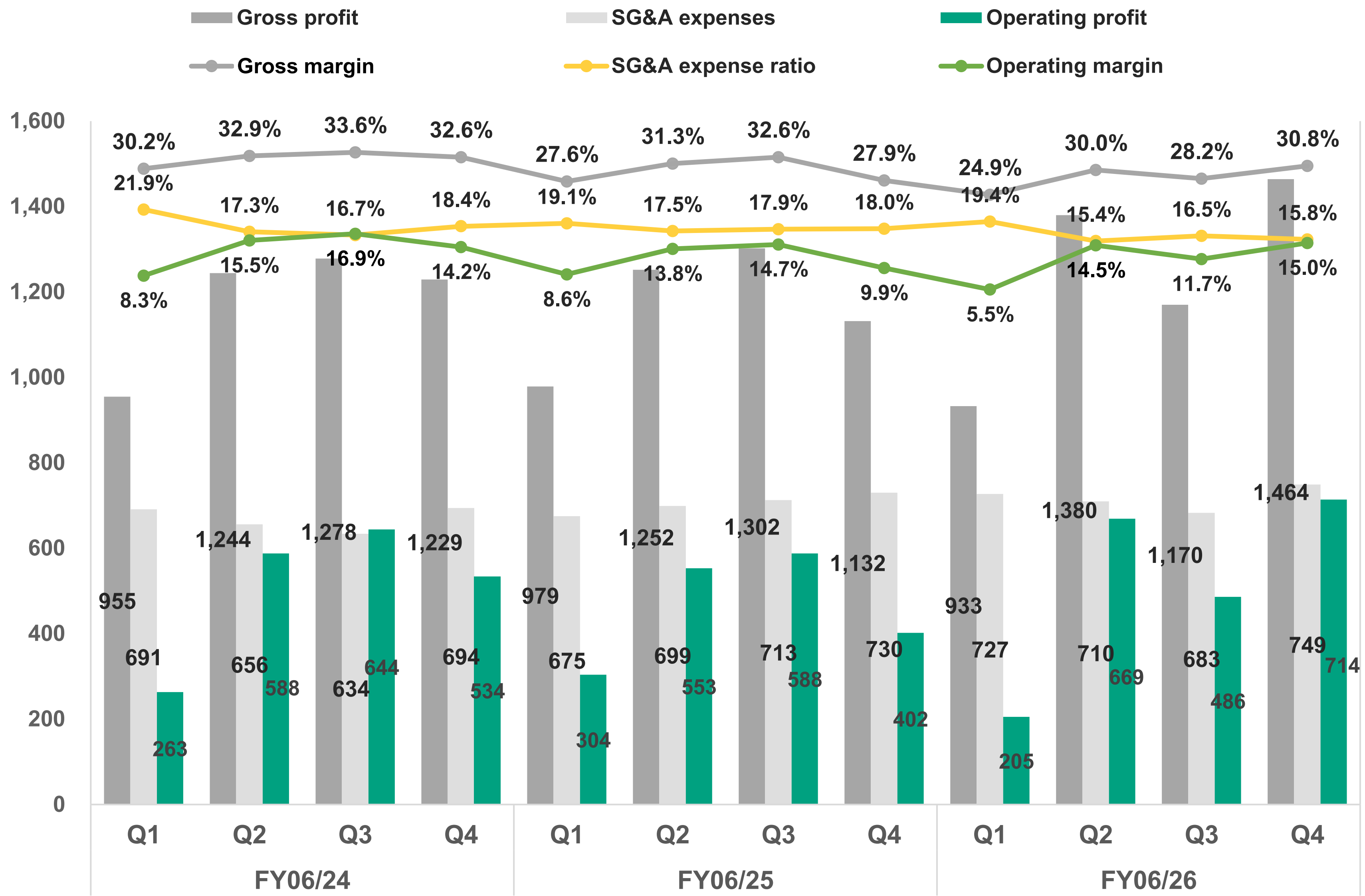
(Millions of yen)

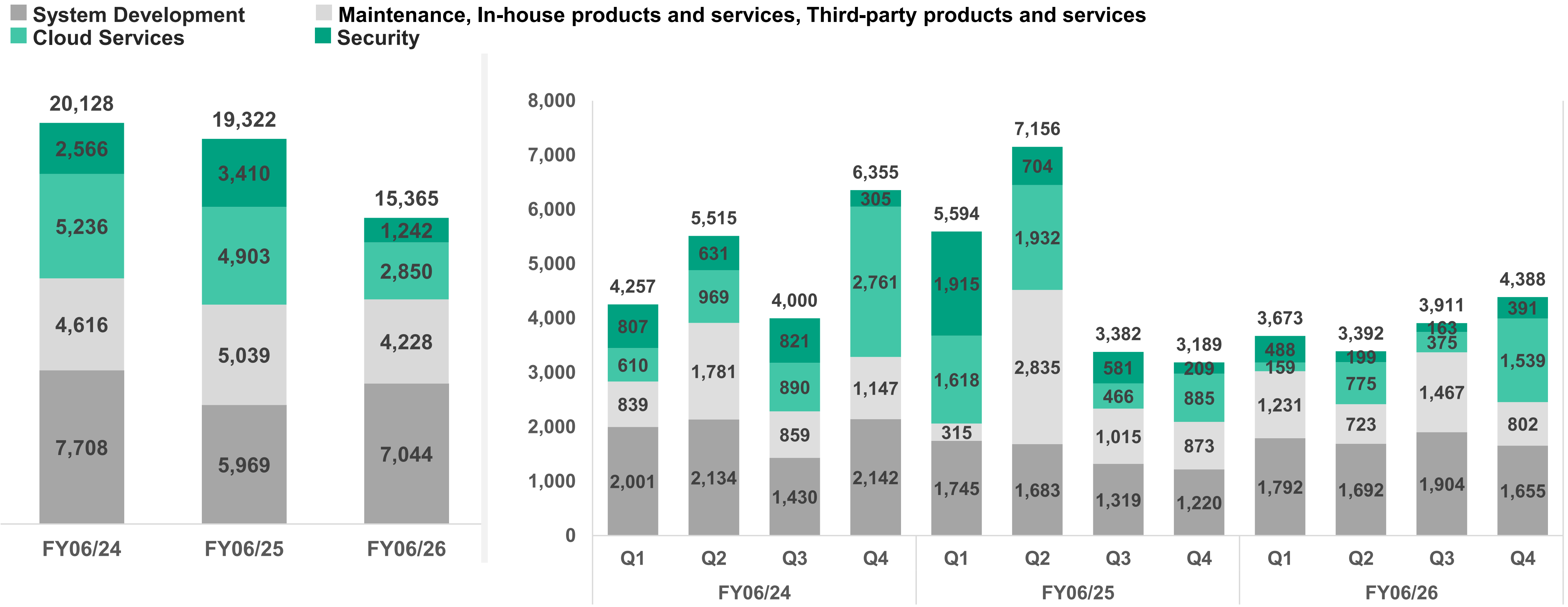




Orders Received by Category

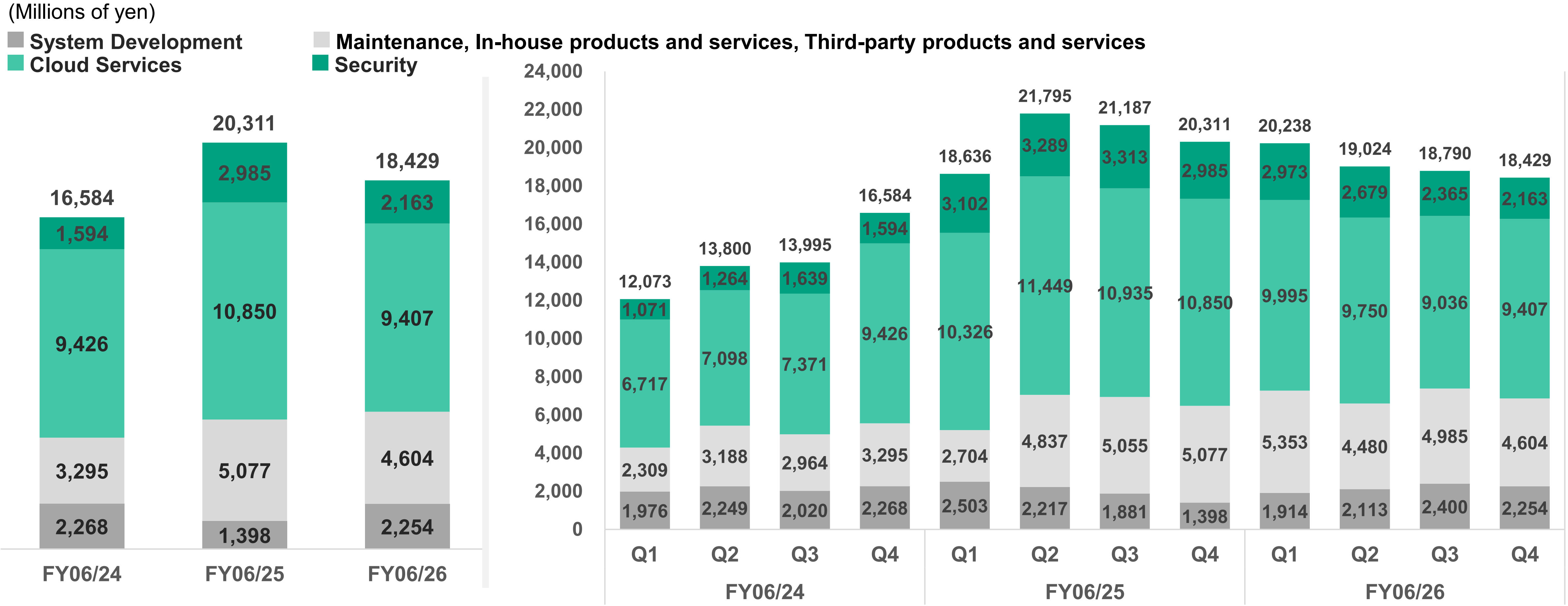
- Orders received declined against a high comparison base created by large, multi-year contracts secured in cloud services, the security domain, and other areas in the previous fiscal year
- Orders for system development projects increased, driven by system upgrade and other projects from major clients

(Millions of yen)

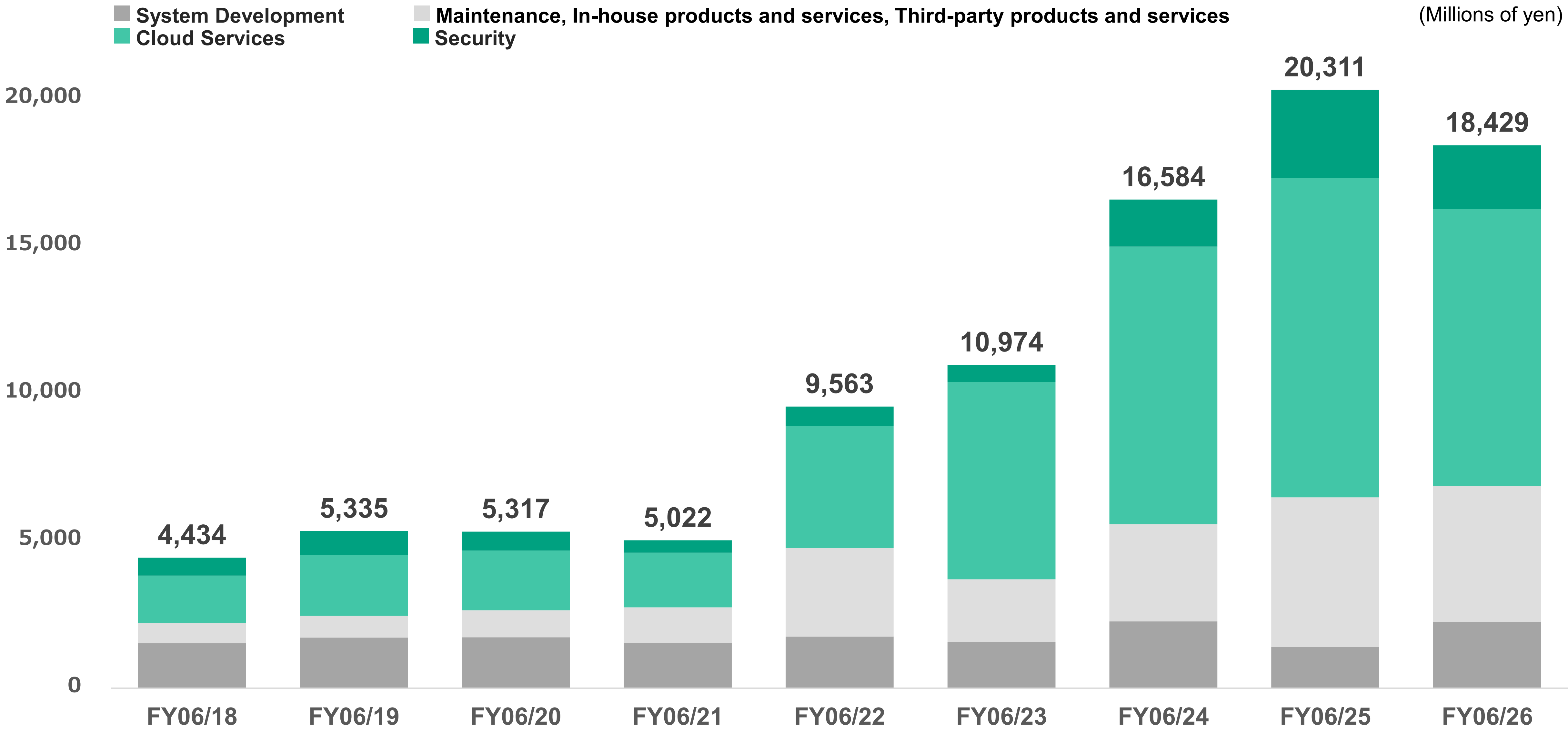


Order Backlog by Category

- Order backlog declined against a high comparison base created by large, multi-year contracts secured in the previous fiscal year.
- Order backlog for system development projects increased, driven by system upgrade and other projects from major clients.
- Although down year on year, order backlog was higher than in FY06/2024



Long-term Order Backlog Trend



Financial Results for FY06/26

Progress of the Medium-Term Management Plan and Forecast for FY06/27

Reference

Progress of the Medium-Term Management Plan

INTELLIGENT WAVE INC.

- Sales were largely in line with the plan, driven by the payment business, while progress in the security and data communication & analytics infrastructure businesses fell short of the Medium-Term Management Plan
- Promoted the strengthening of the earnings base and growth foundations for sustainable growth, while advancing more sophisticated business operations through AI utilization

(Millions of yen)	FY06/25 (actual)	FY06/26 (actual)	FY06/26 (MTMP Target)	vs. MTMP Target	FY06/26 (MTMP Target)
Net Sales	15,596	17,247	17,400	99.1%	19,000
Payment	12,755	14,285	14,100	101.3%	14,600
Security	2,022	2,067	2,250	91.9%	2,800
Data communication and analysis infrastructure	817	894	1,050	85.2%	1,600
Operating profit	1,848	2,076	2,400	86.5%	2,850
Operating profit margin	11.9%	12.0%	13.8%	-1.8%	15.0%
ROE	14.4%	15.2%	—	—	17.0% or more

Review of FY06/2026 and Key Initiatives Going Forward

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Business Domain	Key Initiatives for FY06/2027
Payment	• Enhance and embed the quality management framework • Enhance development and quality through AI • Develop engineers with cloud expertise • Consolidate and streamline system operations and infrastructure platforms • Improve cloud service profitability • Deliver greater value through more advanced payment solutions
Security	• Develop upgraded versions of CWAT and integrate AI • Shift from a "product sales" model to a "product × service" model • Establish a 24/7/365 operations monitoring framework
Data communication and analysis infrastructure	• Accelerate efforts to create new solutions leveraging core technologies

Key Actions

- Development of AI agents for quality management
- Implementation of AI-driven development and other initiatives to improve productivity (targeting a 1.9 percentage point improvement in gross profit margin)

- A new service combining our cloud-based FEP and acquiring functions has already been deployed to one customer; expansion to additional customers is planned in FY06/27, with implementation currently underway for one company

- Progressing toward a controllable and standardized operating environment through operational standardization and consolidation; development of an operational platform will begin in FY06/27

- Addition of AI-powered capabilities to existing products
  - Enhancement of credit card fraud prevention measures
  - Scheduled release of CWAT v7.0 in November, featuring improved usability as well as AI-powered manual assistance and guideline support functions
  - Advancing transaction sophistication and anomaly detection in financial and capital markets

Company-wide Initiatives：

- AI utilization
- Strengthen the human capital strategy by clarifying target talent profiles and priority roles, transitioning to AI-embedded operations, and transforming talent management through standardization and knowledge utilization

Strengthening Corporate Foundations through AI

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Integrate AI into development and quality assurance processes to enhance development productivity and quality, while advancing existing services and creating new business opportunities.

(I) Internal Transformation (Defense and Efficiency)	(II) Enhancement of Existing Businesses	(III) Creation of New Businesses
	Reinvesting the resources and practical know-how generated through (i) in initiatives (ii) and (iii)	
Implementing AI in in-house development and quality assuranceto improve productivity and quality	**Integrating AI into existing businesses to enhance the value we provide**	**Building on existing strengths to develop new revenue streams in growth markets in the AI era**
・ AI-driven development – Starting with CWAT product development and expanding AI use across all stages of design, implementation, and testing ・ AI-enhanced quality assurance — AI-based monitoring of QCD*1 and quality governance for AI-driven development ・ Expanding adoption and advancing the use of AI-driven development tools — Led by core AI personnel	・Payments × AI — Applications such as enhanced fraud detection ・Security × AI — Applying AI to CWAT and other security solutions ・Operations × AI — Enhancing monitoring and system operation services	・Creation of AI-embedded services ・Connectivity to new payment rails, together with fraud detection and monitoring ・AI agent governance — Extending CWAT expertise to address threats in the AI era
◆ Objective **Improve development productivity and quality to free up resources for reinvestment**	◆ Objective **Enhance the competitiveness and added value of existing services to strengthen earnings capacity**	◆ Objective **Establish new medium- to long-term growth drivers**

Company-wide Foundation

- **Establishment of AI governance (usage guidelines, standard tools, and safe-use practices)**
- **Development and deployment of core AI talent**

※1 QCD＝ Quality, Cost, Delivery

Framework for Creating New Solutions

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Leveraging technology assets developed through existing businesses, the Company will pursue proof-of-concept initiatives and collaboration in growth areas such as next-generation payments, financial and capital markets, and data utilization and governance.

	(I) Strengthening and Expanding Existing Areas		(II) Repurposing and Deployment of Core Technologies		(III) Laying the Groundwork for the Future
Area	**Next-Generation Payments** Payments in the era of AI agents and digital currencies	**Financial and Capital Markets** Advanced market trading and anomaly detection	**Data Utilization and Governance** Utilization of unstructured data and audit trail management	**Open Innovation** Incorporation of external technologies and exploration of business opportunities	**Advanced Technology Research** Research on next-generation computing and advanced cryptography
Relevant IWI Technologies	**Payment processing and fraud detection**	**Fraud detection and securities systems**	**Insider Threat Countermeasures (CWAT)**	**Technological assets in payments, finance, and security**	**High-Speed Processing Technology (FPGA*)**
Status of Key Initiatives	The Company is currently testing the underlying technologies for AI agent-based payments and evaluating commercialization in collaboration with two partners. In-House × Collaboration	The Company has begun testing anomaly detection technology developed through its securities-related business for use in detecting unfair trading and high-risk customers. Accuracy testing using real-world data is planned. Led In-House	Customer proof-of-concept trials for new applications centered on CWAT are underway, and commercialization is now being evaluated. Two additional projects are also under consideration. In-House × Collaboration	The Company is developing new solutions by integrating external technologies and expects to launch one new collaboration this fiscal year. Pursued through Collaboration	Currently researching neuromorphic computing based on FPGAs. Building technological expertise toward the practical application of ultra-low-power, real-time AI processing Research

Technological Assets Developed Through Existing Businesses
Development of payment and financial systems / Real-time, high-speed processing technology (FPGA) / Fraud detection and anomaly detection / Insider threat countermeasures and audit trail management

*FPGA: A type of semiconductor whose processing circuits can be freely reconfigured. FPGA technology is one of the Company's core technologies, having long enabled the ultra-high-speed, low-latency processing required for financial transactions, and provides the foundation for its advanced technology research.

FY06/2027 Earnings Forecast

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- IT investment demand from credit card companies and payment service providers is expected to remain firm
- On the profit front, the impact of the work undertaken in the fiscal year under review to address quality issues has subsided. We will seek to improve profitability by strengthening quality management and pursuing productivity improvements
- The Company will invest in growth by developing infrastructure operations platforms, strengthening in-house products, and leveraging AI

(Millions of yen)	FY06/26(actual)		FY06/27(forecast)		YoY change	
	Results	% of sales	Results	% of sales	Amount	%
Net sales	17,247	-	17,700	-	+452	+2.6%
Gross profit	4,948	28.7%	5,350	30.2%	+401	+8.1%
SG&A expenses	2,872	16.7%	3,150	17.8%	+277	+9.7%
Operating profit	2,076	12.0%	2,200	12.4%	+123	+6.0%
Ordinary profit	2,129	12.3%	2,240	12.7%	+110	+5.2%
Profit	1,487	8.6%	1,530	8.6%	+42	+2.9%

FY06/2027 Earnings Forecast

INTELLIGENT WAVE INC.

(Millions of yen)	FY06/26(actual)			FY06/27(forecast)			
	1H	2H	Full year	1H	2H	Full year	YoY
Net Sales	8,352	8,894	17,247	8,800	8,900	17,700	+2.6%
Payment	6,970	7,314	14,285	7,350	7,200	14,550	+1.9%
Security	993	1,073	2,067	970	1,180	2,150	+4.0%
Data communication and analysis infrastructure	387	506	894	480	520	1,000	+11.8%
Operating profit (Operating profit Margin)	875 (10.5%)	1,200 (13.5%)	2,076 (12.0%)	1,000 (11.4%)	1,200 (13.5%)	2,200 (12.4%)	+6.0%
Ordinary profit (Ordinary profit Margin)	901 (10.8%)	1,227 (13.8%)	2,129 (12.3%)	1,020 (11.6%)	1,220 (13.7%)	2,240 (12.7%)	+5.2%
Profit (Profit Margin)	606 (7.3%)	880 (9.9%)	1,487 (8.6%)	700 (8.0%)	830 (9.3%)	1,530 (8.6%)	+2.9%

FY06/2027 Earnings Forecast by Category

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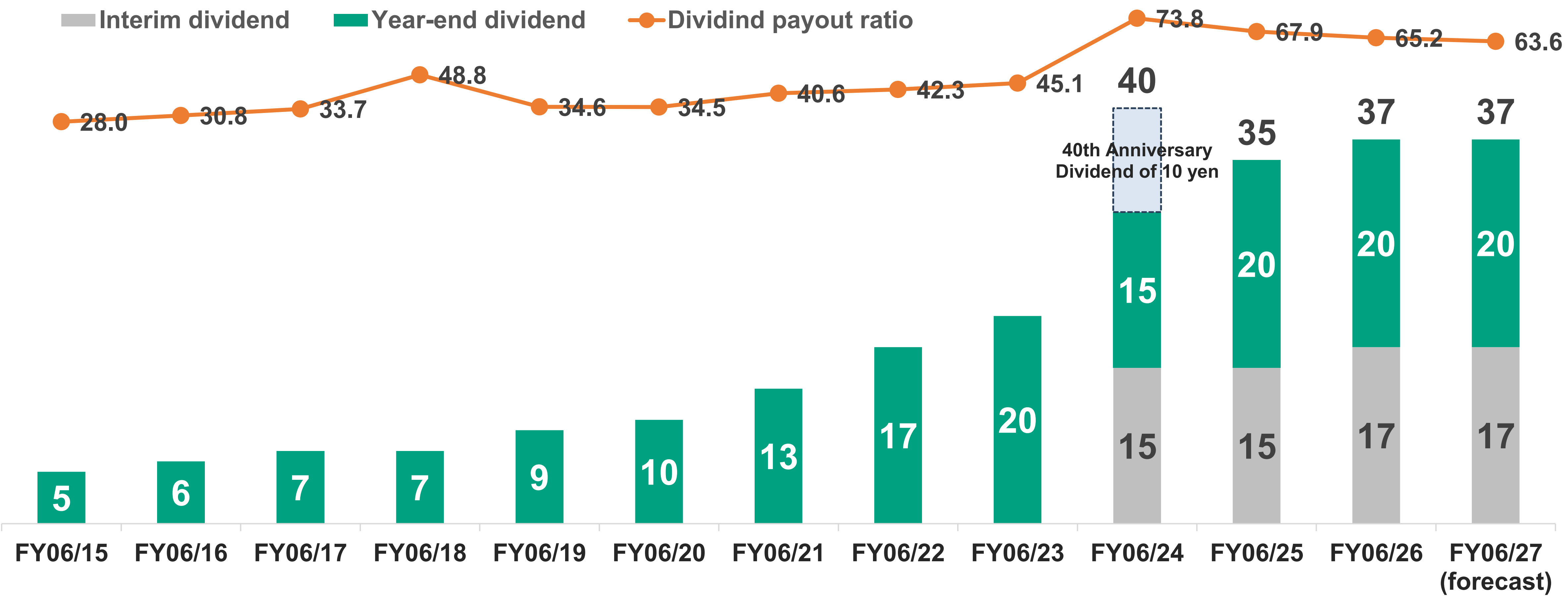
- System development is expected to remain robust, driven primarily by system renewal projects for major customers
- Hardware sales are expected to remain at a level comparable to the previous fiscal year, with growth normalizing following the substantial increase recorded in the prior year
- Cloud services are expected to maintain steady growth, supported by the continued expansion of the customer base

(Millions of yen)	FY06/26(actual)			FY06/26(forecast)			
	1H	2H	Full year	1H	2H	Full year	YoY
Net sales	8,352	8,894	17,247	8,800	8,900	17,700	+2.6%
System development	2,769	3,417	6,187	3,190	3,130	6,320	+2.1%
Maintenance	832	844	1,677	830	870	1,700	+1.4%
In-house products and services	408	398	807	420	380	800	-0.9%
Third-party products and services (hardware, etc.)	1,312	902	2,214	1,120	1,060	2,180	-1.6%
Cloud services	2,035	2,257	4,293	2,270	2,280	4,550	+6.0%
Security	993	1,073	2,067	970	1,180	2,150	+4.0%
Operating profit (Operating profit Margin)	875 (10.5%)	1,200 (13.5%)	2,076 (12.0%)	1,000 (11.4%)	1,200 (13.5%)	2,200 (12.4%)	+6.0%

Shareholder Returns

- Our basic dividend policy is to maintain stable dividends with a target payout ratio of 50%
- The Company plans to pay a year-end dividend of ¥20 per share for FY06/26, in line with its initial forecast
- The Company plans annual dividends totaling ¥37 per share for FY06/27, comprising an interim dividend of ¥17 and a year-end dividend of ¥20



Financial Results for FY06/26

Progress of the Medium-Term Management Plan and Forecast for FY06/27

Reference

Manufacturing Costs

(Millions of yen)	FY06/25				FY06/26			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Materiak costs	17	5	6	11	15	4	4	2
Labor costs	770	747	751	742	798	795	804	797
Overhead costs	819	814	790	1,003	908	945	954	1,019
Subcontract processing costs	1,064	1,032	969	901	854	871	914	986
The manufacturing costs for the period	2,672	2,600	2,518	2,659	2,576	2,616	2,678	2,806
Beginning work in progress	206	383	243	282	128	242	243	248
Ending work in progress	383	243	282	128	242	243	248	198
Transfer to other accounts	385	429	271	377	207	225	228	289
Cost of goods manufactured for the period	2,109	2,311	2,207	2,436	2,254	2,389	2,445	2,567

SG&A Expenses

INTELLIGENT WAVE INC.

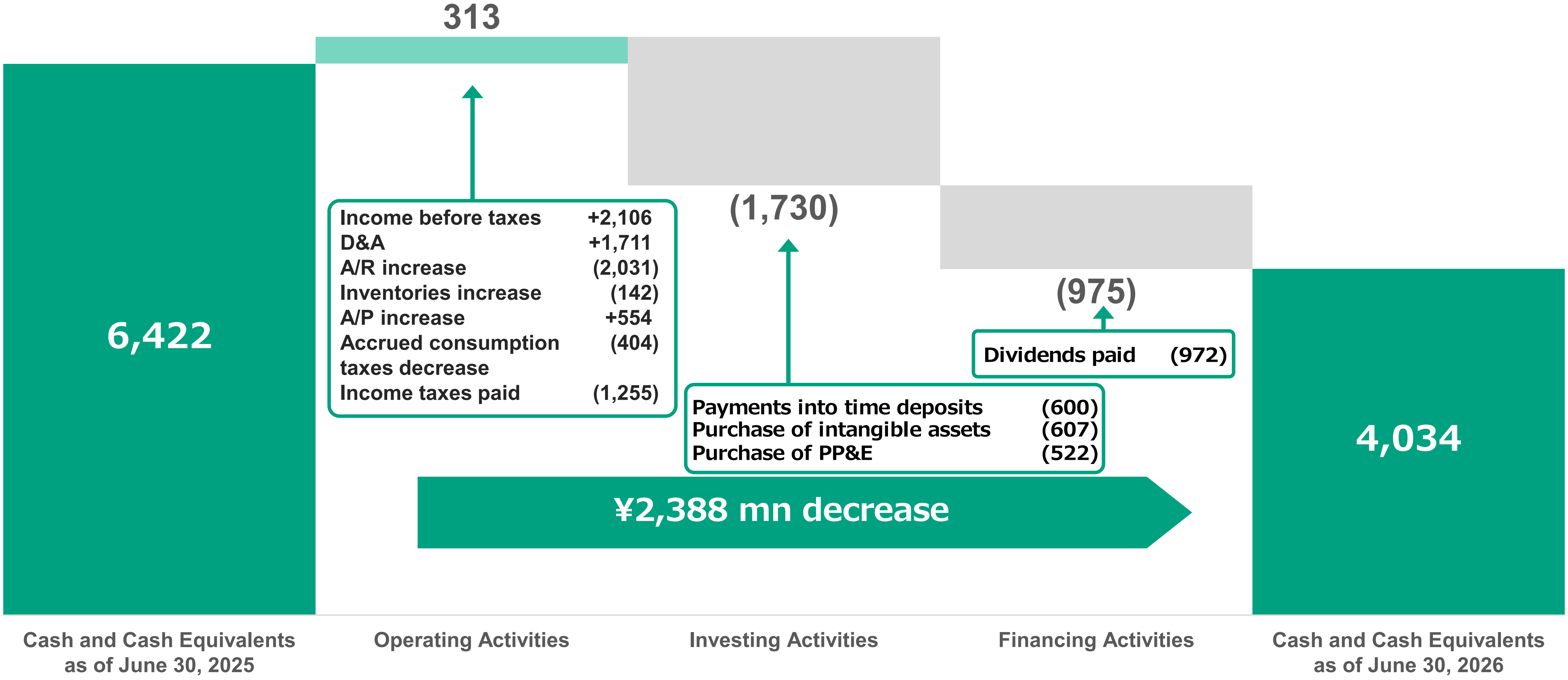
(Millions of yen)	FY06/25				FY06/26			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Personnel	407	428	416	431	438	434	427	447
Recruiting and training	18	12	12	40	21	11	21	46
Equipment and maintenance, etc.	108	112	110	115	115	116	114	120
Advertising	13	14	26	12	5	11	7	9
Other	127	131	146	129	146	138	114	126
Total	675	699	713	730	727	710	683	749

	FY06/25	FY06/26	YoY change
SG&A expenses	2,818	2,872	+53
		Personnel	+63
		Recuriting and training	+15
		Equipment and maintenance, etc.	+19
		Advertising	(33)
		Other	(10)

Cash Flows

INTELLIGENT WAVE INC.

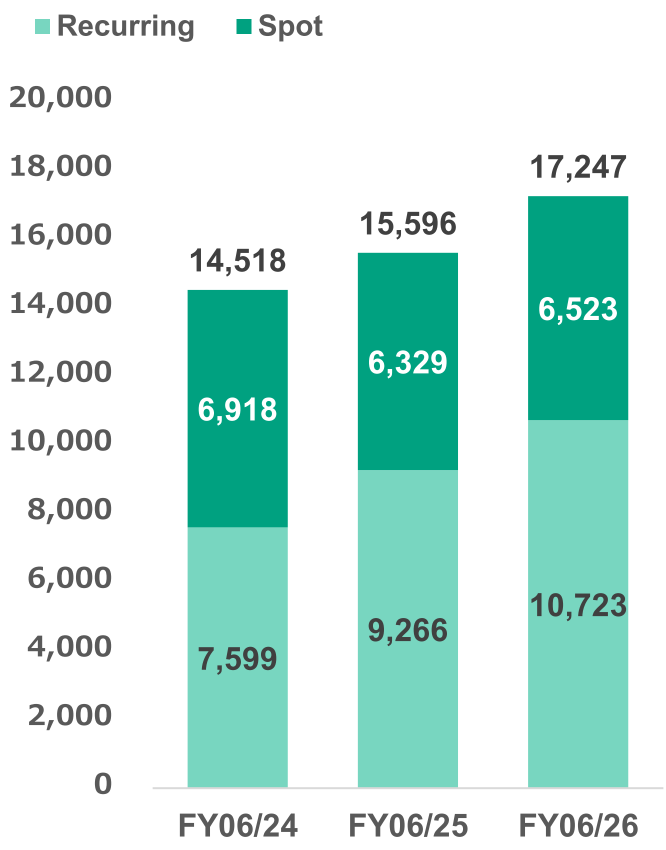
(Millions of yen)



Revenue Type: Recurring and Spot

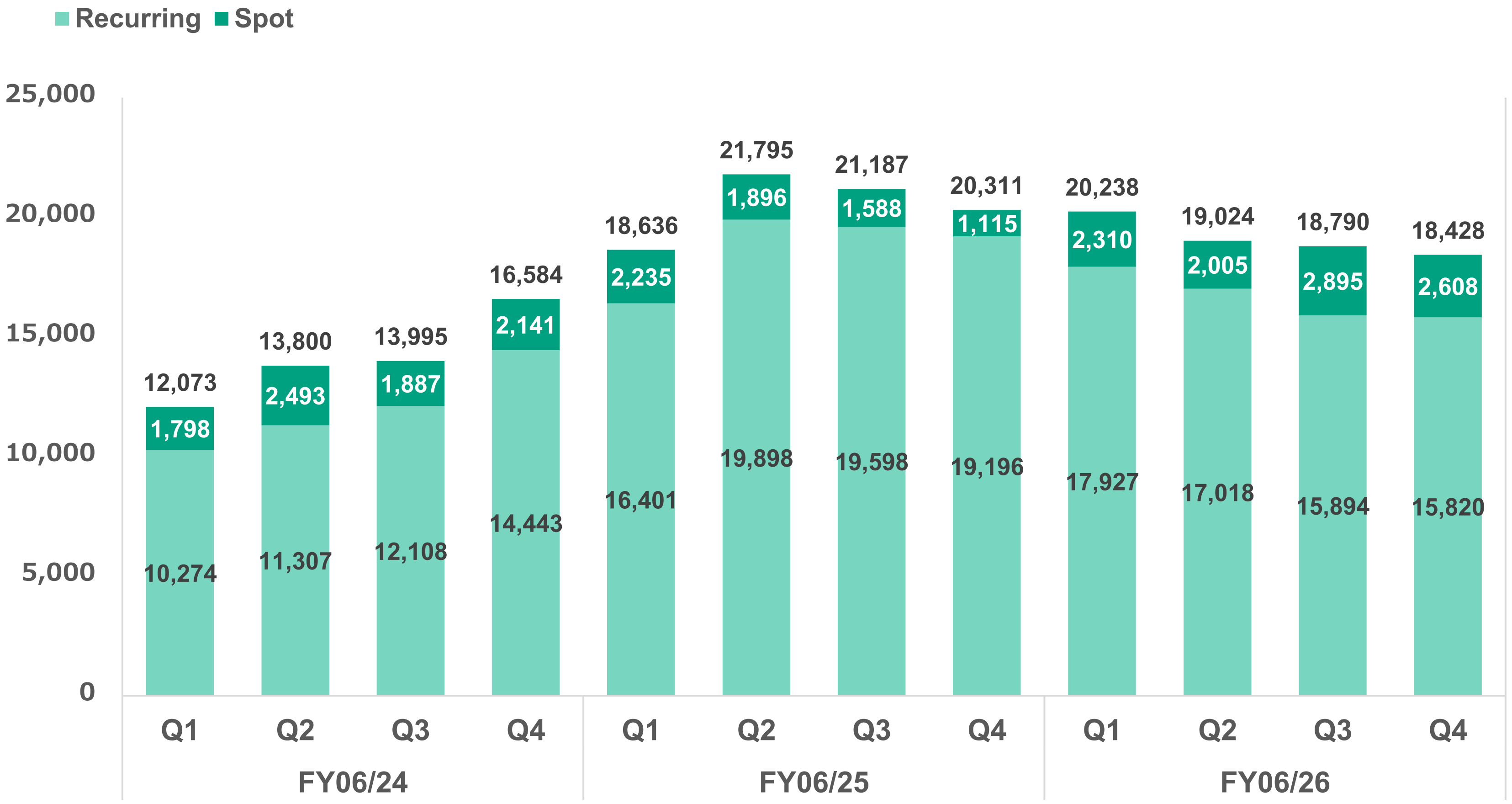
■ Net Sales

(Millions of yen)



■ Order Backlog

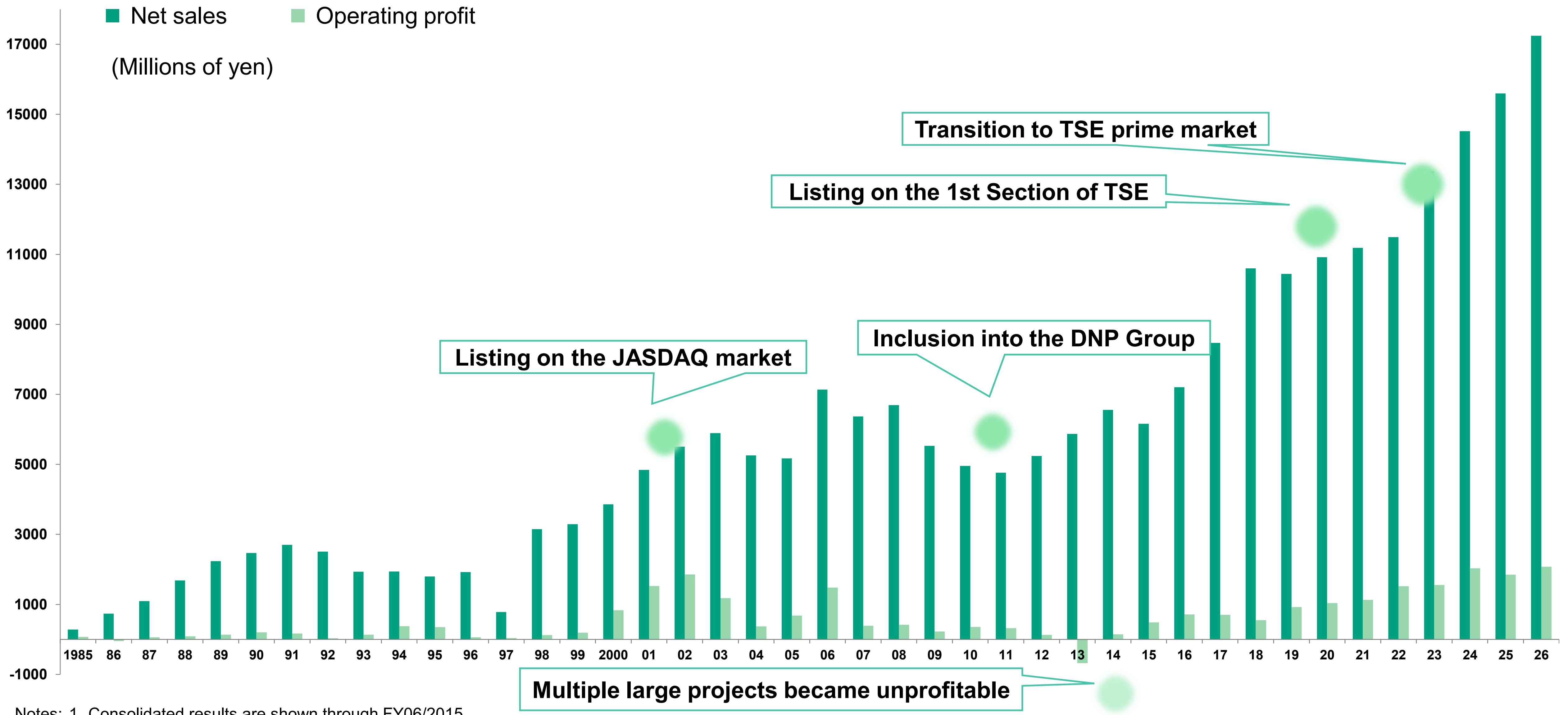
(Millions of yen)



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.

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.

Company Overview

INTELLIGENT WAVE INC.

(As of June 30, 2026)

Established	December 27, 1984		
Location	Kayabacho Tower, 1-21-2 Shinkawa, Chuo-ku, Tokyo		
No. of employees	534		
Parent company	Dai Nippon Printing Co., Ltd. (50.73%*)		
Share capital	¥843,750 thousand		
Issued shares	26,340,000 shares	No. of shareholders	12,055

	Shareholding ratio
Individuals, others	39.79%
Japanese financial institutions	2.72%
Other Japanese corporations	51.19%
Foreign corporations	3.30%
Japanese securities firms	2.77%
Treasury shares	0.23%

	% of total shareholders
Individuals, others	98.57%
Japanese financial institutions	0.05%
Other Japanese corporations	0.41%
Foreign corporations	0.77%
Japanese securities firms	0.19%
Treasury shares	0.01%

*Percentage of total issued shares excluding treasury shares

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