Financial Results for 3M FY06/27
（July 1 to September 30, 2026）
[Non-Consolidated]

Intelligent Wave Inc.

November 4, 2026

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Financial Results for 3M FY06/27

Earnings Forecasts for FY06/27

Reference

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Overview

- Sales and profit increased, due in part to strong performance of system upgrade and other projects for major clients as well as the completion of work undertaken to address quality issues for a specific customer that arose in the previous fiscal year
- Orders received declined due to the high comparison base resulting from a large system upgrade project for which an order was received in the same period of the previous fiscal year, while investment demand from credit card companies remained solid

(Millions of yen)	3M FY06/26		3M FY06/27		YoY change	
	Results	% of sales	Results	% of sales	Amount	%
Net Sales	3,746	-	4,638	-	+892	+23.8%
Gross Profit	933	24.9%	1,384	29.8%	+450	+48.3%
SG&A expenses	727	19.4%	709	15.3%	(18)	-2.5%
Operating profit	205	5.5%	674	14.5%	+468	+227.9%
Ordinary profit	204	5.5%	676	14.6%	+471	+230.3%
Profit	139	3.7%	457	9.9%	+317	+226.9%
Orders received	3,673	-	2,979	-	(693)	-18.9%
Order backlog	20,238	-	16,770	-	(3,468)	-17.1%

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Sales by Business Domain

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

(Millions of yen)	3M FY06/26	3M FY06/27	YoY change	
			Amount	%
Net Sales	3,746	4,638	+892	+23.8%
Payment	3,068	3,905	+836	+27.3%
FEP*	1,160	1,756	+595	+51.3%
Fraud detection	769	920	+151	+19.7%
Acquiring	612	748	+135	+22.2%
Others	526	479	(46)	-8.8%
Security	499	537	+37	+7.5%
Data communication and analysis infrastructure	177	196	+18	+10.3%
(Reference) Cloud services	1,014	1,142	+128	+12.6%

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

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Sales by Category

- Sales of system development increased, driven by system upgrade and other projects for major clients
- Sales of third-party products increased, driven by hardware sales related to system upgrade projects for major clients
- Sales of cloud services increased, driven by the addition of new features for existing users, among other factors

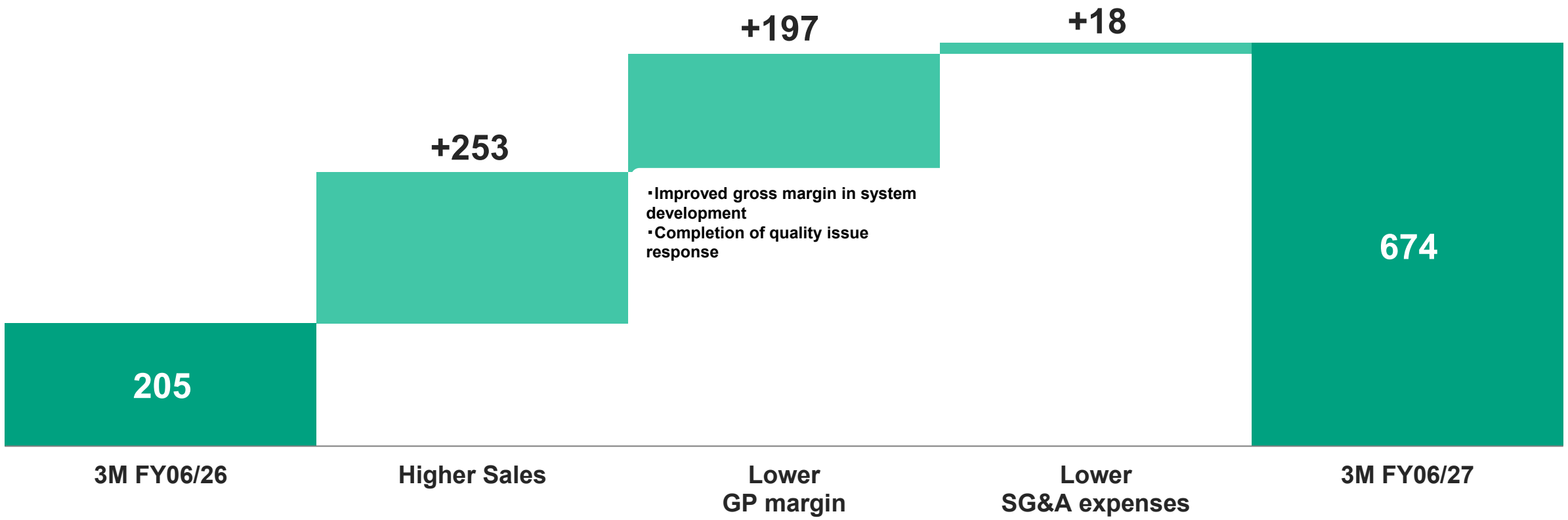
(Millions of yen)	3M FY06/26	3M FY06/27	YoY change	
			Amount	%
Net sales	3,746	4,638	+892	+23.8%
System development	1,275	1,647	+371	+29.1%
Maintenance	414	420	+6	+1.6%
In-house products and services	177	200	+22	+12.8%
Third-party products and services (hardware, etc.)	364	690	+326	+89.6%
Cloud services	1,014	1,142	+128	+12.6%
Security	499	537	+37	+7.5%

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Operating Profit: Analysis of YoY Change

- The gross margin improved, driven by increased sales, solid profitability of system development projects, and the completion of work undertaken to address quality issues that arose in the previous fiscal year
- Regarding SG&A expenses, some investments in improving the internal environment planned for Q1 were postponed, while spending for the full year is expected to be largely in line with the plan

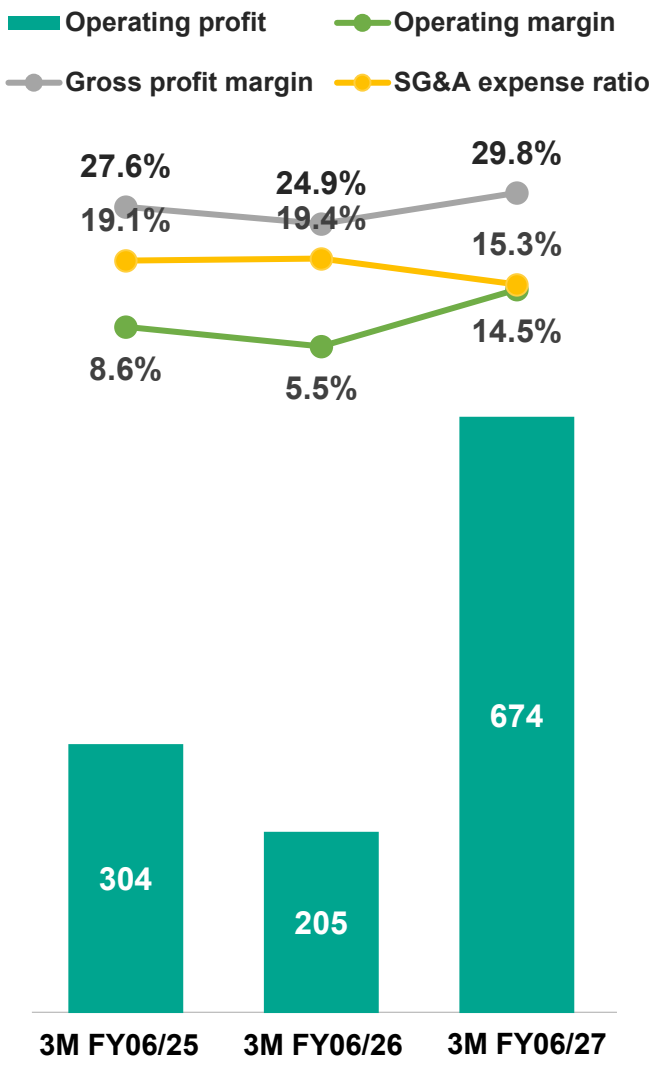
(Millions of yen)

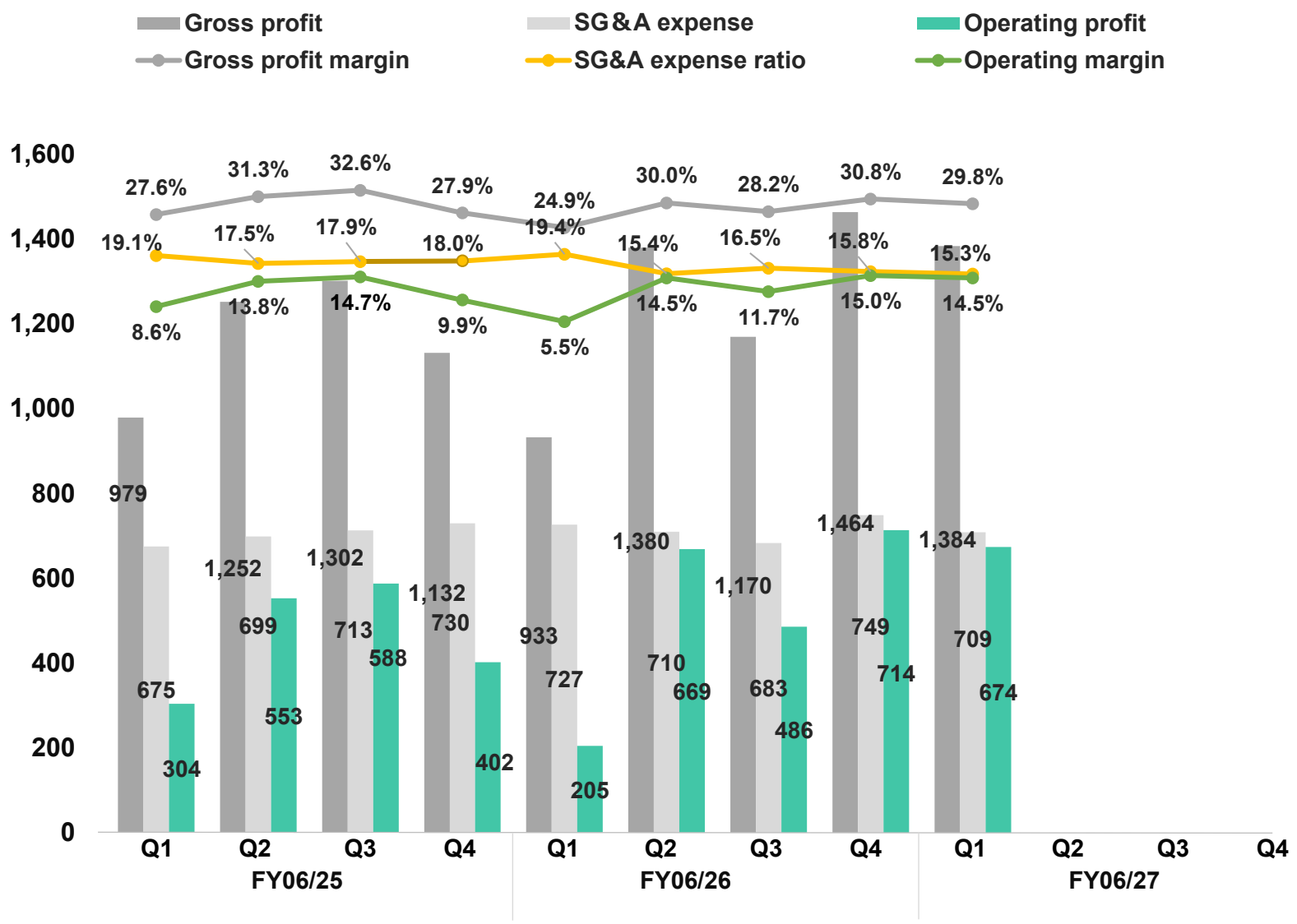


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Operating Profit: Annual and Quarterly Trends

(Millions of yen)

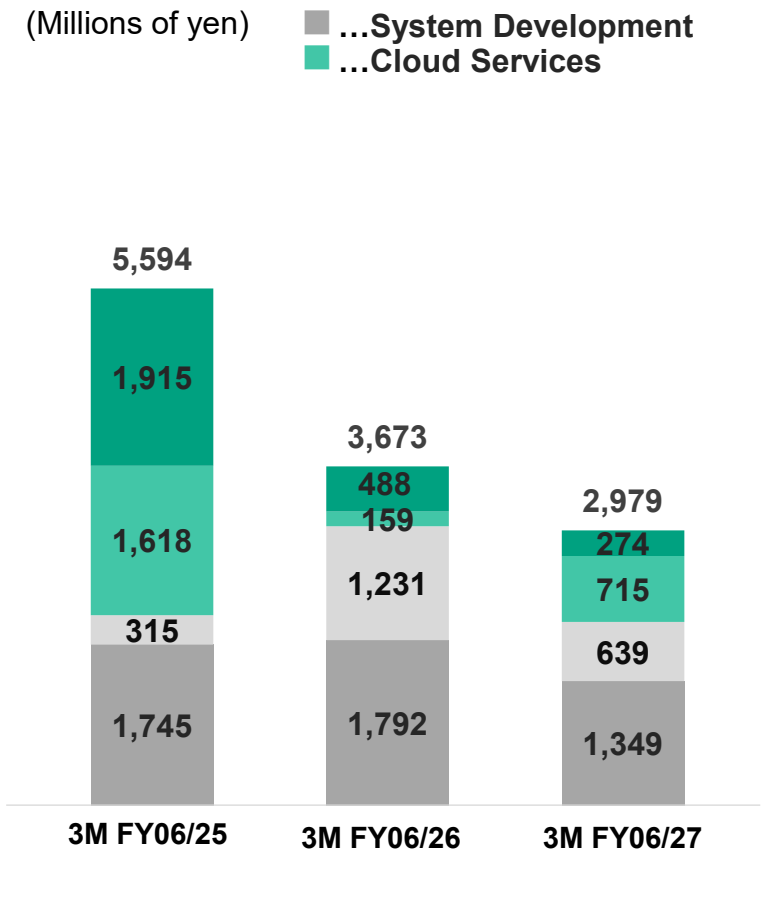


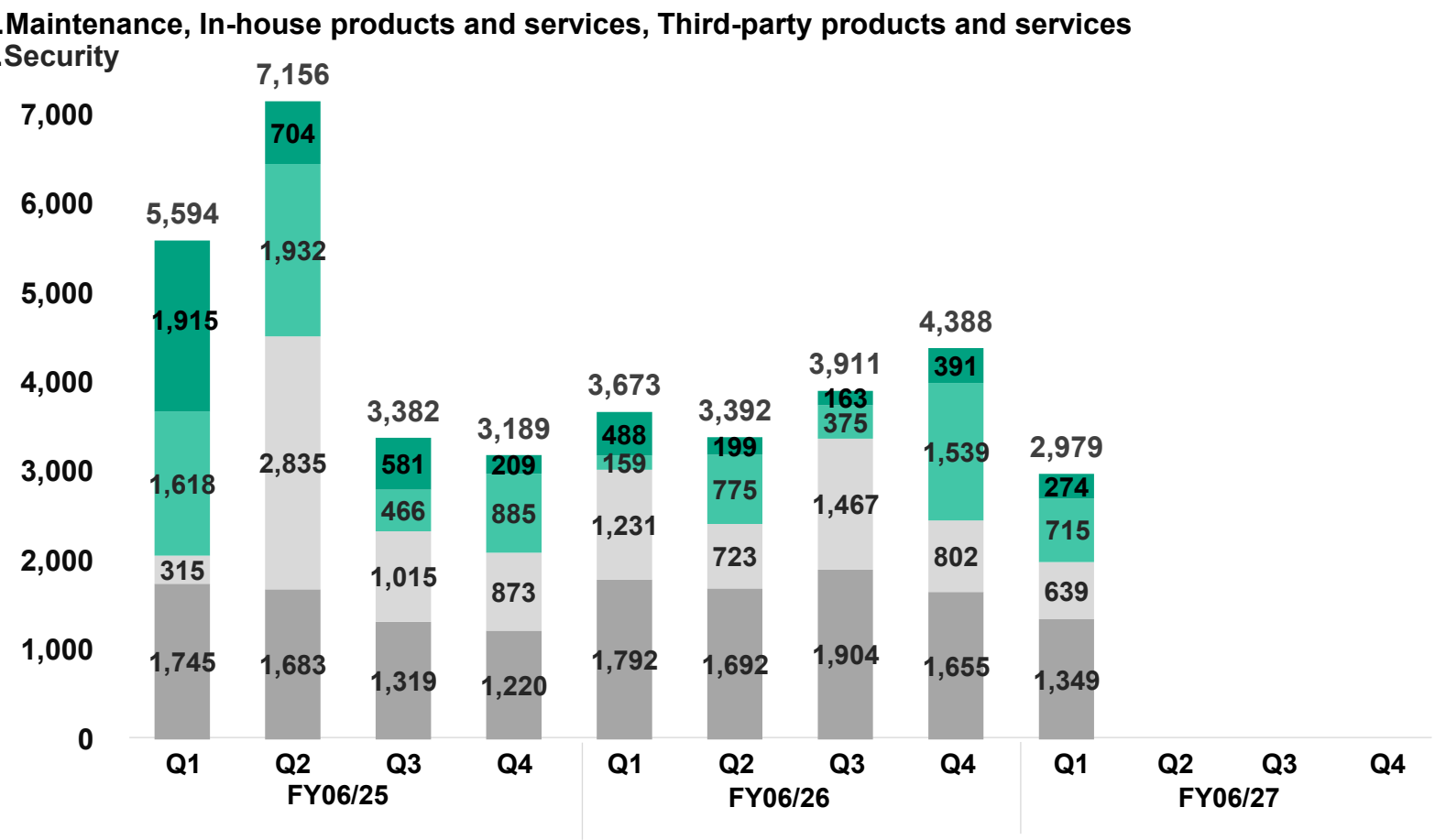


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Orders Received by Category

- Orders received decreased year on year, particularly in system development and hardware sales, due to the high comparison base resulting from a large system upgrade project for which an order was received in the same period of the previous fiscal year
- System investment demand from credit card companies remained solid, and efforts to steadily secure projects will continue

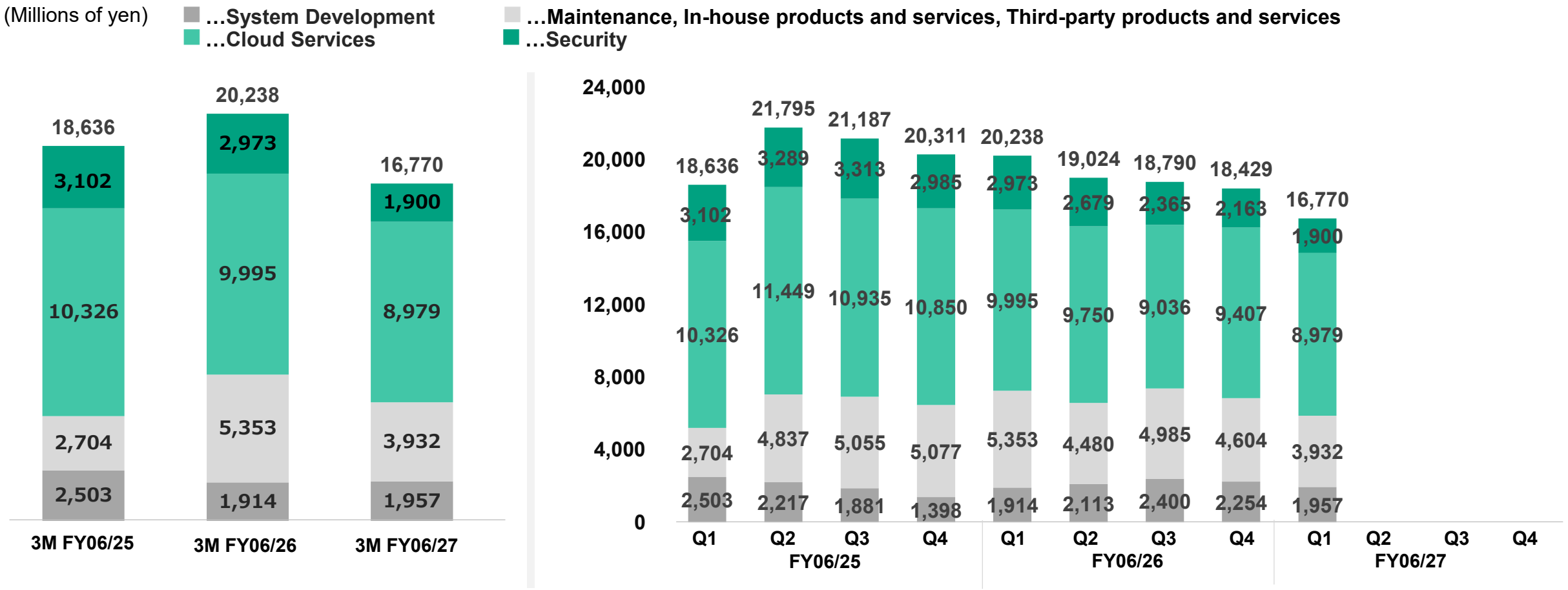




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Order Backlog by Category

- Order backlog decreased year on year due in part to the impact of large projects in the same period of the previous fiscal year
- Order backlog for system development projects increased year on year, driven by system upgrade and other projects from major clients



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FY06/27 Earnings Forecasts

(Millions of yen)	FY06/26 (actual)			FY06/27 (forecast)			YoY change
	1H	2H	Full year	1H	2H	Full year	
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%

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Progress toward FY06/27 Earnings Forecasts

(Millions of yen)	FY06/26 (actual)			FY06/27 (forecast)			YoY change
	Q1	Q2	1H	Q1 (actual)	Q2 (1H forecast - Q1 actual)	1H (forecast)	YoY (1H)
Net sales	3,746	4,605	8,352	4,638	4,162	8,800	+5.4%
Payment	3,068	3,901	6,970	3,905	3,445	7,350	+5.4%
Security	499	493	993	537	433	970	-2.4%
Data communication and analysis infrastructure	177	210	387	196	284	480	+23.7%
Operating profit (Operating profit Margin)	205 (5.5%)	669 (14. 5%)	875 (10.5%)	674 (14.5%)	326 (7.8%)	1,000 (11.4%)	+14.2%
Ordinary profit (Ordinary profit Margin)	204 (5.5%)	696 (15.1%)	901 (10.8%)	676 (14.6%)	344 (8.3%)	1,020 (11.6%)	+13.1%
Profit (Profit Margin)	139 (3.7%)	466 (10.1%)	606 (7.3%)	457 (9.9%)	243 (5.8%)	700 (8.0%)	+15.4%

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Review of FY06/2026 and Key Initiatives Going Forward

Business Domain	Key Initiatives for FY06/2027	Key Actions
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	• 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
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	• Progressing toward a controllable and standardized operating environment through operational standardization and consolidation; development of an operational platform will begin in FY06/27
Data communication and analysis infrastructure	• Accelerate efforts to create new solutions leveraging core technologies	• 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

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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)

Implementing AI in in-house development and quality assuranceto improve productivity and quality

- 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

◆ **Objective**
Improve development productivity and quality to free up resources for reinvestment

(II) Enhancement of Existing Businesses

Integrating AI into existing businesses to enhance the value we provide

- 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

◆ **Objective**
Enhance the competitiveness and added value of existing services to strengthen earnings capacity

(III) Creation of New Businesses

Building on existing strengths to develop new revenue streams in growth markets in the AI era

- 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**
Establish new medium- to long-term growth drivers

Reinvesting the resources and practical know-how generated through (i) in initiatives (ii) and (iii)

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

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Framework for Creating New Solutions

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.

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Manufacturing Costs

(Millions of yen)	FY06/26				FY06/27			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Material costs	15	4	4	2	7			
Labor costs	798	795	804	797	866			
Overhead costs	908	945	954	1,019	986			
Subcontract processing costs	854	871	914	986	1,021			
The manufacturing costs for the period	2,576	2,616	2,678	2,806	2,882			
Beginning work in progress	128	242	243	248	198			
Ending work in progress	242	243	248	198	291			
Transfer to other accounts	207	225	228	289	353			
Cost of goods manufactured for the period	2,254	2,389	2,445	2,567	2,436			

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SG&A Expenses

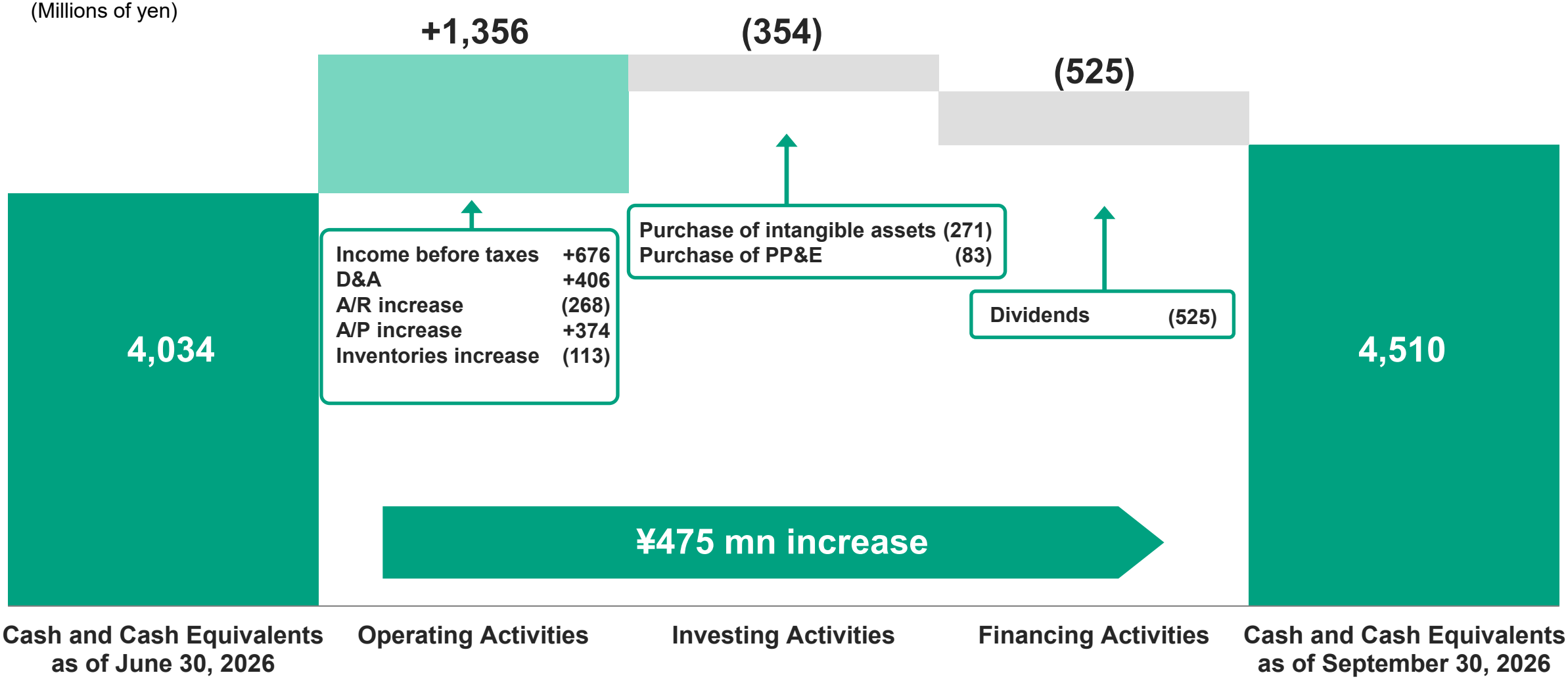
(Millions of yen)	FY06/26				FY06/27			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Personnel	438	434	427	447	444			
Recruiting and training	21	11	21	46	12			
Equipment and maintenance, etc.	115	116	114	120	116			
Advertising	5	11	7	9	3			
Other	146	138	114	126	132			
Total	727	710	683	749	709			

	3M FY06/26	3M FY06/27	YoY change
SG&A expenses	727	709	(18)
		Personnel	+6
		Recruiting and training	(9)
		Equipment and maintenance, etc.	+1
		Advertising	(2)
		Other	(14)

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Cash Flows

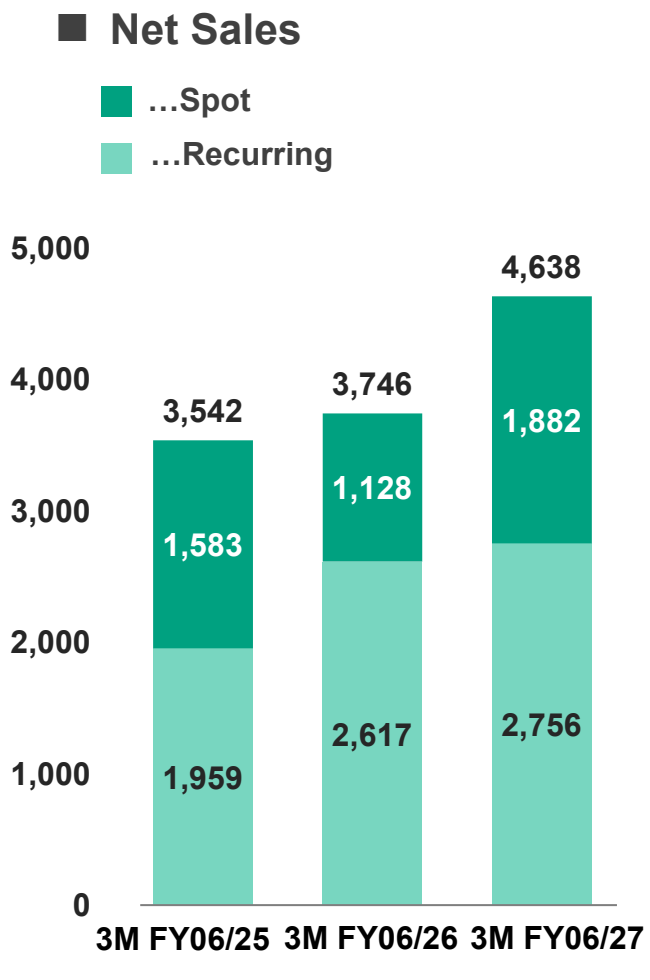
(Millions of yen)

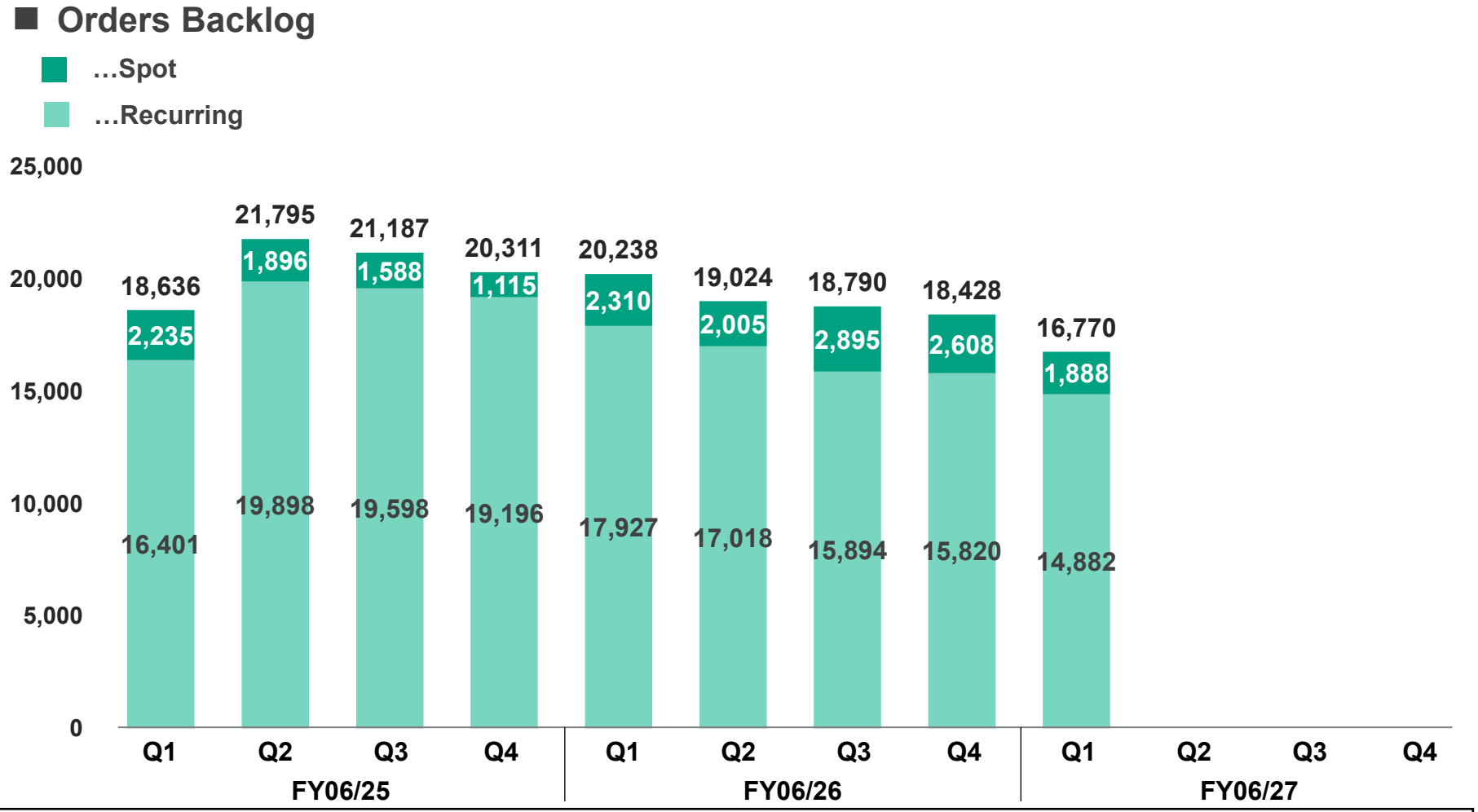


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Revenue Type: Recurring and Spot

(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.

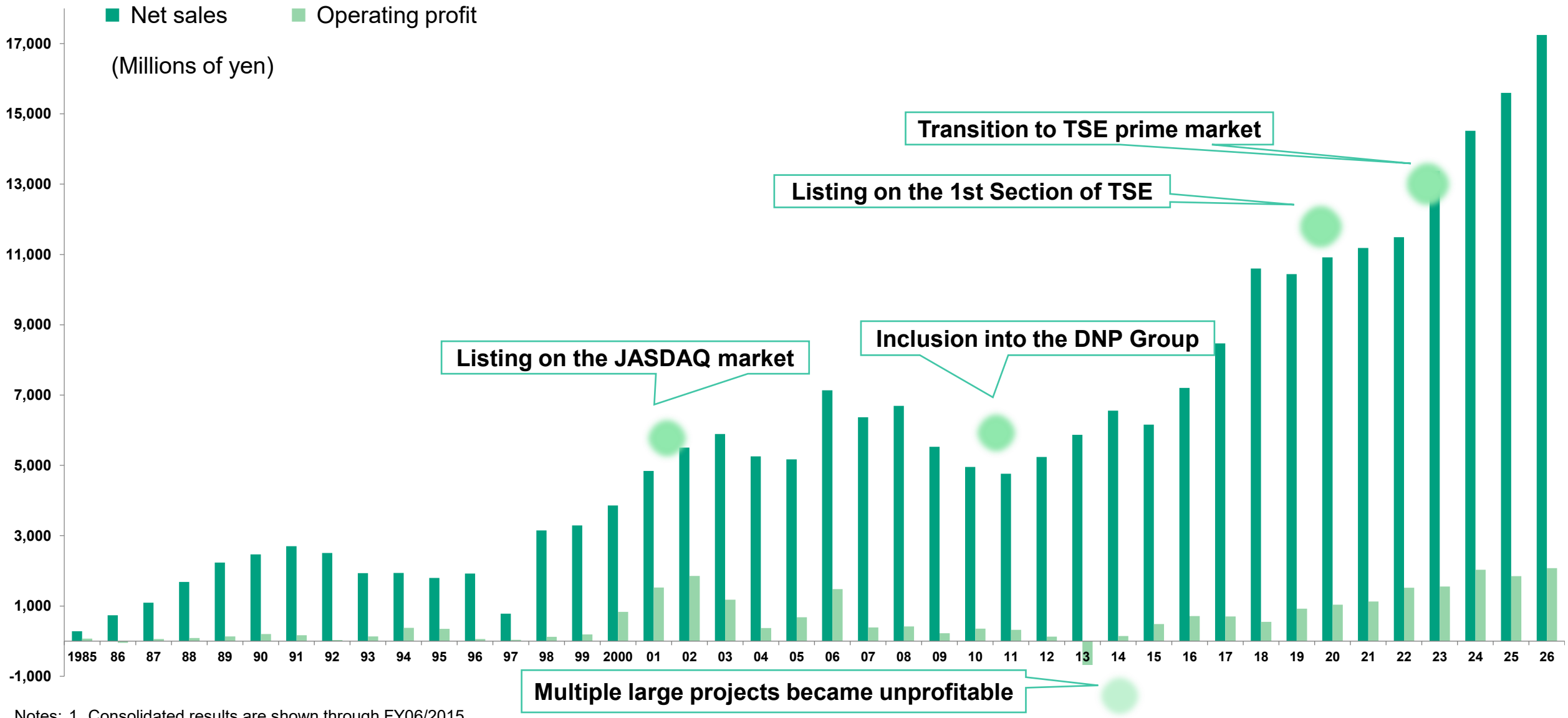
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FY06/27 Earnings Forecasts by Category

(Millions of yen)	FY06/26 (actual)			FY06/27 (forecast)			YoY change
	1H	2H	Full year	1H	2H	Full year	
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%

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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.

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Company Overview

(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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