



Financial Results for Q3 FY06/25

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

Intelligent Wave Inc.
Announced on May 9, 2025

Financial Results for Q3 FY06/25

Forecast for FY06/25

Progress of the Medium-Term Management Plan

Reference

Overview

- Net sales increased due to firm sales in the mainstay payment domain and the introduction of products to a major customer in the security domain.
- Profit was lower than in the previous year due to lower gross profit margins in cloud services and security.
- Order backlogs increased due to recurring revenue projects for cloud services, security products, and infrastructure operation services.

Million yen

	Cumulative Q3 FY06/24		Cumulative Q3 FY06/25		Change (YoY)	
	Results	Sales composition ratio	Results	Sales composition ratio		
Net sales	10,751	-	11,530	-	+778	+7.2%
Gross profit	3,478	32.4%	3,533	30.6%	+54	+1.6%
SG&A expenses	1,982	18.4%	2,088	18.1%	+105	+5.3%
Operating income	1,496	13.9%	1,445	12.5%	(50)	(3.4%)
Ordinary income	1,503	14.0%	1,460	12.7%	(43)	(2.9%)
Net income	1,027	9.6%	1,024	8.9%	(2)	(0.3%)
Amount of orders	13,773	-	16,133	-	+2,360	+17.1%
Orders on hand	13,995	-	21,187	-	+7,191	+51.4%

Sales by Business Domain

- In the payment domain, sales in the FEP and fraud detection areas increased due to system upgrades by existing customers, and the number of companies using cloud service rose. Sales in others area decreased on a temporary fall in the number of projects for existing customers.
- In the security domain, sales increased as a result of product deployment at a major customer.
- In the data communication and analysis infrastructure domain, sales increased mainly due to system development for securities companies.

	Cumulative Q3 FY06/24	Cumulative Q3 FY06/25	Change(YoY)	
Net sales	10,751	11,530	+778	+7.2%
Payment	8,960	9,452	+491	+5.5%
FEP *	4,061	4,091	+30	+0.7%
Fraud detection	1,148	1,866	+717	+62.5%
Acquiring	2,208	2,191	(16)	(0.7%)
Others	1,542	1,302	(239)	(15.6%)
Security	1,207	1,481	+274	+22.7%
Data communication and Analysis infrastructure	583	597	+13	+2.3%
Reference) Cloud services	1,799	2,508	+709	+39.5%

Million yen

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

Top Five Clients by Sales

- For DNP, security-related sales increased due to the introduction of new security products.
- Sales for “System Integrator” in both 2. and 3. declined due to a large project for a credit card company that was shifted to the system development phase.
- Sales for “Credit card company” in 5. increased in new areas of the payment domain.

Million yen

	Cumulative Q3 FY06/24	Cumulative Q3 FY06/25	Change (YoY)	Main projects
1. DNP	1,332	1,439	+106	TSP development (smartphone payment) System operation (24/365) Cryptographic key management system Security product introduction
2. System Integrator	1,205	839	(366)	System development for credit card company
3. System Integrator	479	682	+202	System development for credit card company
4. Credit card company	741	668	(73)	System development in the FEP, Fraud detection, Payment DX area
5. Credit card company	450	582	+131	System development in the FEP, Fraud detection, Payment DX area

Sales by Category

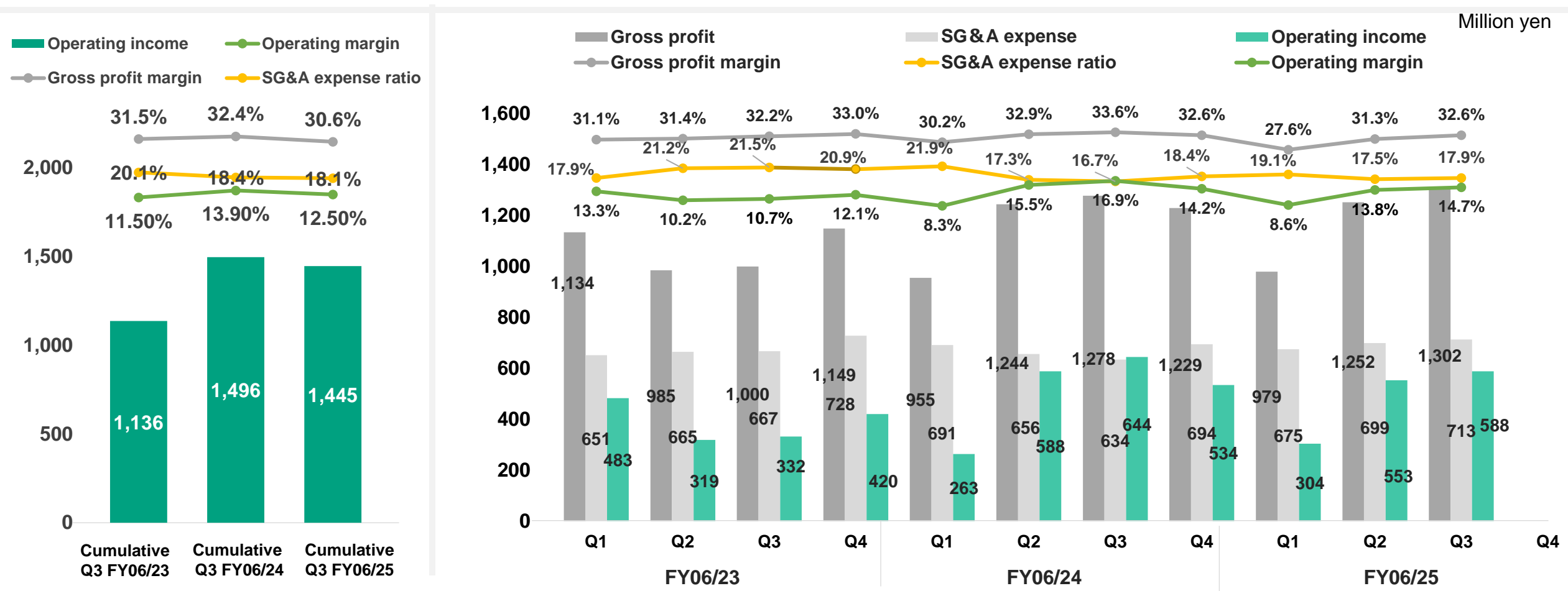
- System development sales decreased due to the shift of development phases for a large project, but increased due to system upgrades for existing customers.
- Cloud services sales increased due to an increase in the number of users and addition of functions for existing users.
- Sales in the security domain increased, mainly due to product deployments at a major customer.

Million yen

	Cumulative Q3 FY06/24	Cumulative Q3 FY06/25	Change(YoY)	
Net sales	10,751	11,530	+778	+7.2%
System development	5,114	5,135	+20	+0.4%
Maintenance	1,210	1,195	(14)	(1.2%)
In-house products and services	229	346	+117	+51.2%
Third-party products and services (hardware, etc.)	1,191	863	(328)	(27.6%)
Cloud services	1,799	2,508	+709	+39.5%
Security	1,207	1,481	+274	+22.7%

Operating income

- Gross margins for system development and maintenance in the payment domain remained strong, but overall profitability declined due to higher infrastructure costs for cloud services and the impact of the product mix in the security domain. We will continue to improve gross margins by reducing infrastructure and operating costs for cloud services, enhancing productivity in system development and maintenance, and adjusting prices to better reflect the value provided.
- Selling, general and administrative (SG&A) expenses increased due to higher personnel expenses, but the SG&A-to-sales ratio declined.



Cloud Service Business

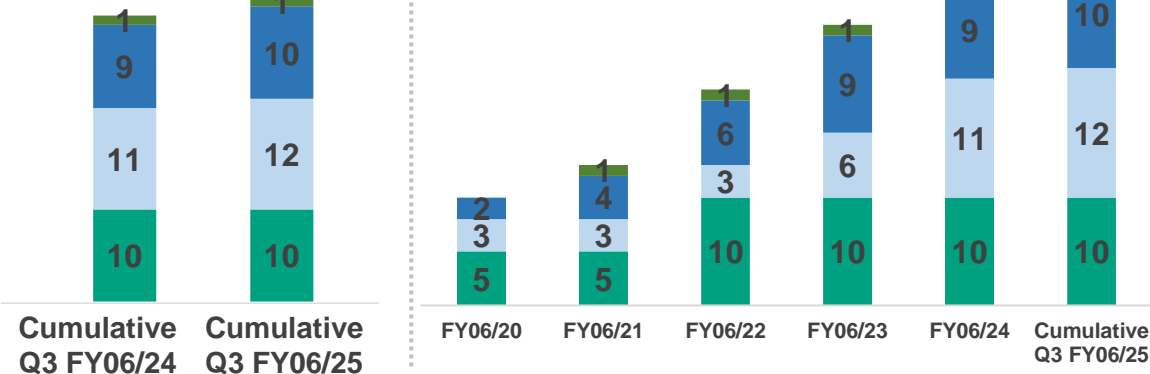
- Net sales increased due to an increase in the number of users of IFINDS, additional functions for existing users of IOASIS, and new releases of IGATES.
- Gross profit was impacted by rising infrastructure costs; however, we are working to improve margins by reducing infrastructure and operating costs and revising pricing to better reflect the value provided.

Million yen

	FY06/24				FY06/25			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Amount of orders	614	969	890	2,761	1,618	1,932	466	
Net sales	592	587	618	705	718	809	981	
Orders on hand	6,717	7,098	7,371	9,426	10,326	11,449	10,935	
Gross profit	96	84	94	75	(20)	128	178	

■ Number of customers

■ IOASIS
■ IGATES
■ IFINDS
■ IPRETS

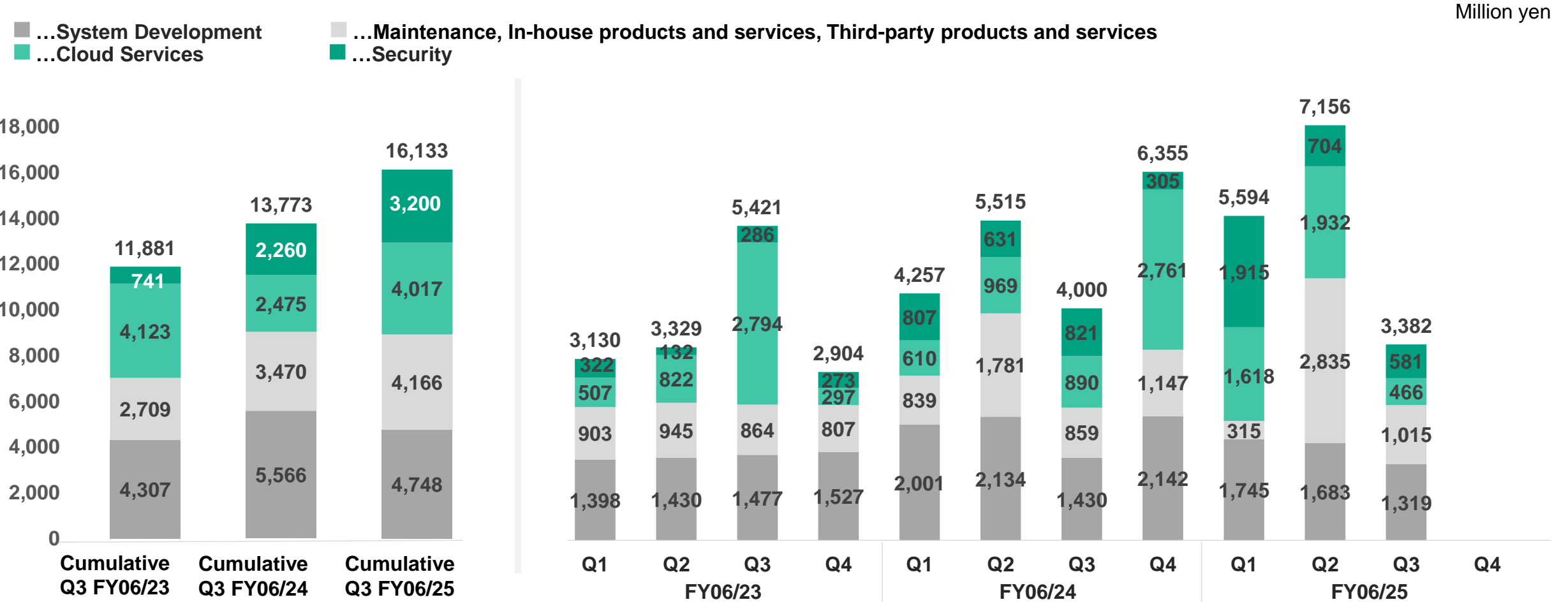


■ Overview

Service	Overview
■ IOASIS	Demand grew from existing customers for additional functionality and expansion in response to increased transaction volumes.
■ IFINDS	A growing number of companies are adopting “FARIS Shared Scoring Service Powered by PKSHA Security,” which enables issuers to share AI-based fraud analysis data to prevent fraud. New services are being progressively rolled out as part of our next-generation fraud prevention project “FARIS.”
■ IGATES	A large-scale project to develop a cross-industry multi-user platform for was released in January 2025.

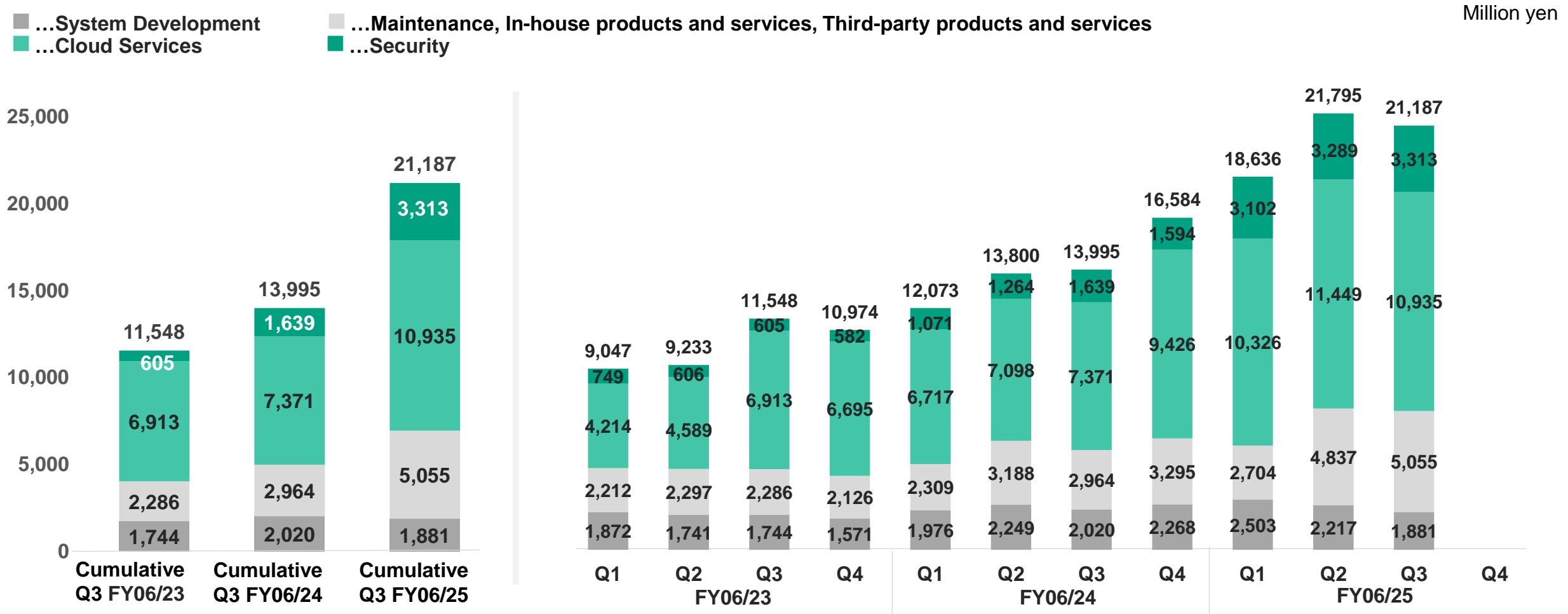
Amount of orders (by Category)

- Orders increased mainly in cloud services, security, and infrastructure operation services.
- Orders for system development decreased due to the shift of development phases for a large project and temporary investment restraints by existing customers. Proposal activities are underway to expand the payment domain with a focus on the acquiring area in order to achieve the medium-term management plan.



Orders on Hand (by Category)

Order backlogs increased due to recurring revenue projects for cloud services, security, and infrastructure operation services for financial institutions.

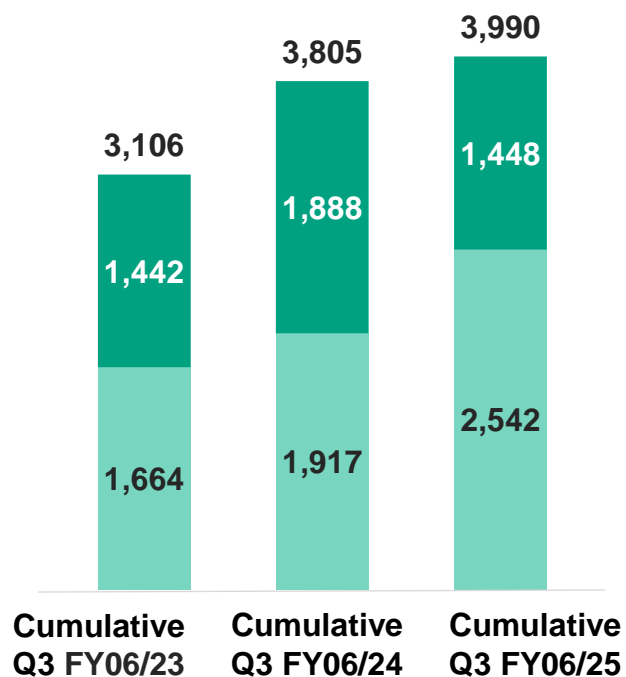


Recurring and Spot

■ Sales by Type
(Recurring and Spot)

■ ...Spot
■ ...Recurring

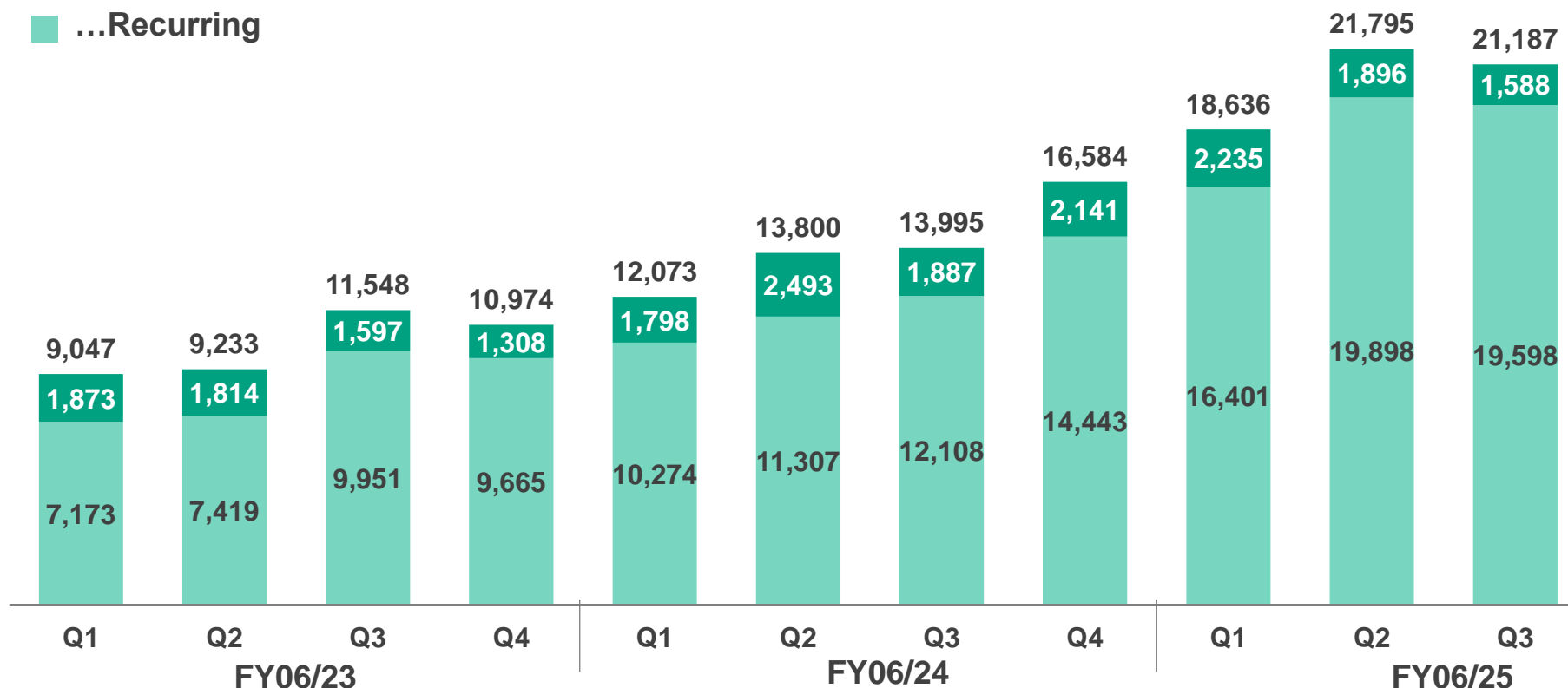
Million yen



■ Orders on Hand (Recurring and Spot)

■ ...Spot
■ ...Recurring

Million yen



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

Financial Results for Q3 FY06/25

Forecast for FY06/25

Progress of the Medium-Term Management Plan

Reference

FY06/25 Full-year Forecasts

Million yen

	FY06/24 Actual			FY06/25 Forecast			Change [YoY]
	1H	2H	Full year	1H	2H	Full year	YoY (full-year)
Net sales	6,946	7,572	14,518	7,500	8,500	16,000	+ 10.2%
Payment	5,784	6,366	12,151	6,140	6,810	12,950	+ 6.6%
Security	757	800	1,558	930	1,170	2,100	+ 34.8%
Data communication and Analysis infrastructure	403	404	808	430	520	950	+ 17.5%
Operating income [OM]	852 [12.3%]	1,178 [15.6%]	2,030 [14.0%]	860 [11.5%]	1,390 [16.4%]	2,250 [14.1%]	+ 10.8%
Ordinary income [OM]	859 [12.4%]	1,212 [16.0%]	2,072 [14.3%]	880 [11.7%]	1,410 [16.6%]	2,290 [14.3%]	+ 10.5%
Net income [NM]	584 [8.4%]	835 [11.0%]	1,420 [9.8%]	610 [8.1%]	980 [11.5%]	1,590 [9.9%]	+ 11.9%

FY06/25 Forecasts

Although progress is slightly behind forecast due to changes of release date for a large project and revised investment plans from clients, we will work to achieve the plan by steadily executing major projects, accumulating new ones, and improving productivity.

Million yen

	FY06/24(actual)			FY06/25(forecast)			
	Cumulative Q1–Q3	Q4	Full year	Cumulative Q1–Q3 (actual)	Q4 (Full year- Q1–Q3 actual)	Full year	YoY (full-year)
Net sales	10,751	3,766	14,518	11,530	4,469	16,000	+ 10.2%
Payment	8,960	3,190	12,151	9,452	3,497	12,950	+ 6.6%
Security	1,207	351	1,558	1,481	618	2,100	+ 34.8%
Data communication and Analysis infrastructure	583	224	808	597	352	950	+ 17.5%
Operating income [OM]	1,496 [13.9%]	534 [14.2%]	2,030 [14.0%]	1,445 [12.5%]	804 [18.0%]	2,250 [14.1%]	+ 10.8%
Ordinary income [OM]	1,503 [14.0%]	569 [15.1%]	2,072 [14.3%]	1,460 [12.7%]	829 [18.6%]	2,290 [14.3%]	+ 10.5%
Net income [NM]	1,027 [9.6%]	393 [10.4%]	1,420 [9.8%]	1,024 [8.9%]	565 [12.7%]	1,590 [9.9%]	+ 11.9%

Financial Results for Q3 FY06/25

Forecast for FY06/25

Progress of the Medium-Term Management Plan

Reference

Medium-Term Management Plan(2025–2027)

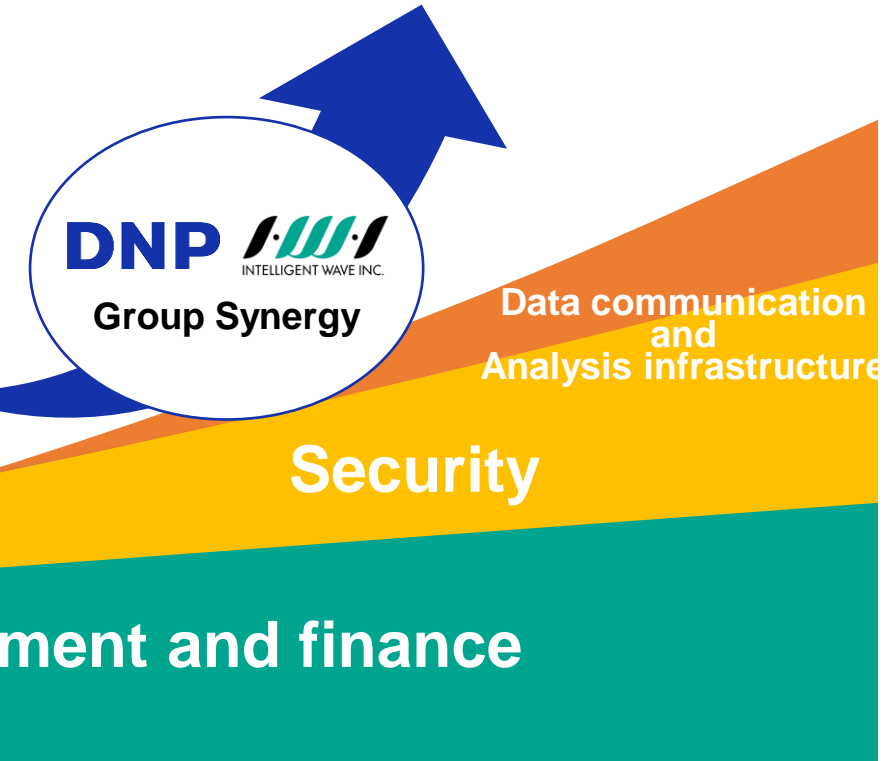
We will aim to diversify our business and establish a foundation for sustainable growth, looking ahead to the 2030s. We will also develop our business in various fields, particularly in the payment, security, and technology domains, to bring value to people's lives and build enhanced trust.

[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.

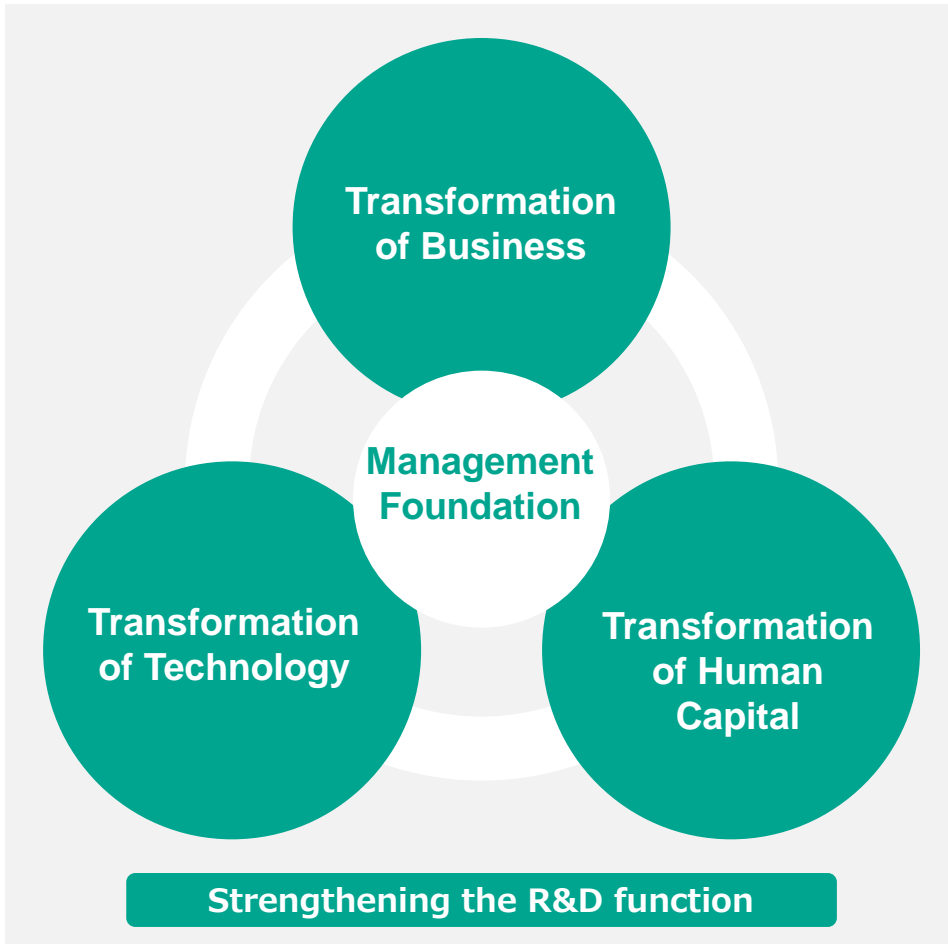
[3] In the data communication and analysis infrastructure domain (a new area of business), we will utilize our core technologies to expand into growth markets and create a third business pillar, following payment and security.

[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

- 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 Capital

- 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

Progress of the Medium-Term Management Plan (Payment Domain)

While advancing the maximization of value and productivity in the mainstay areas of FEP and fraud detection, we are also working to enlarge the payment domain and expand system operation services.

Maximize value in existing businesses

Develop a new version of our core FEP product, NET+ 1

- Significantly reduce development lead time and enhance scalability.
Respond to a shift to the cloud
- Gradually transition existing customers to new versions of products

Diversify fraud detection solutions

- Increase the number of companies using issuer shared solutions, and develop new services
- Develop cross-industry solutions and expand collaboration with other companies
- Enhance added value by adding new features to existing products



Shift to more highly productive models

- Promote generative AI/low-code/no-code development
- Encourage standardization and commonization
- Consolidate and streamline system operations

Expand new domain

Expand the domain from the areas of FEP and fraud detection

- Further expand the acquiring area
- Modernize and achieve openness of core systems through functional separation
- Streamline system update responses through the use of generative AI

Increase sales from core customers

- Expand domain from the areas of FEP and fraud detection
- Reinforce the business planning and consulting functions

Grow system operation services

- Released a large project for infrastructure operation services from a financial institution.
- Expand the operation of FEP and fraud detection systems for existing customers



▶ We will promote the rotation of personnel from existing to new areas, develop talent in new areas, and encourage reskilling.

Progress of the Medium-Term Management Plan

We will focus on expanding our scale of business in the security and data communication and analysis infrastructure domains. In terms of R&D, we will incorporate cutting-edge technologies such as AI and leverage core technologies to enhance the functionality of our in-house products and services in the payment and security domains. We will also streamline system development and operations.

Security domain



Increase sales of CWAT, a proprietary product

- Earn a market position in the field of data leak protection (DLP)
- Add new functionality to increase products' added value
- Sales collaboration with overseas local partners

Expand domain from endpoint security

- Boost sales of threat intelligence products

Grow operational services

- Provide operational support services EDR products
- Provision of SOC services in collaboration with the DNP Group

Data Communication and Analysis Infrastructure domain



Expand business in market-based systems

- Expand the areas from the front system field of securities firms
- Develop client base among major securities firms, banks, trust companies, life insurance companies, etc.

Expand business by leveraging core technologies

- In the CEP field, consider expanding our core technology to other industries

R&D

■ Enhance value of existing businesses

- Apply to existing products and services such as RAG/AIOPS/AI agents, and plan new services

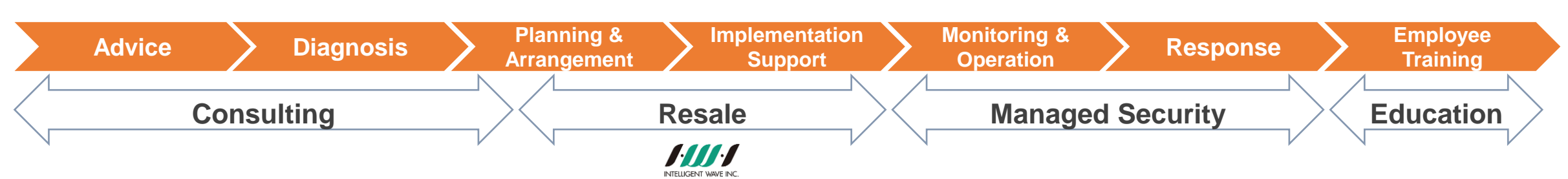
■ Verify new business launch technologies

Progress of the Medium-Term Management Plan (Security domain)

By actively participating in the DNP Group's Security BPO Service, we are working to expand both our customer base and security business area.

■ DNP Group's Security BPO Service

- Support services that leverage DNP Group's proprietary security countermeasures and know-how
- One-stop service including consulting, implementation, monitoring/operations, and training



Strategy
1

Expanding our customer base and security business area by participating in the DNP Service.

Strategy
2

Based on the technical capabilities and know-how developed through resale operations, we will expand into consulting, managed services and education.

Our Security Area

- Internal fraud countermeasures
- Network countermeasures
- Endpoint countermeasures

DNP Group's Security Area

- Public IT asset management
- Vulnerability management
- Factory security measures
- Overseas base support
- Incident response/forensics

Financial Results for Q3 FY06/25

Forecast for FY06/25

Progress of the Medium-Term Management Plan

Reference

Cost of manufacturing

Million yen

	FY06/24				FY06/25			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Materials cost	10	7	9	5	17	5	6	
Labor cost	745	744	737	718	770	747	751	
Expenses	569	667	661	780	819	814	790	
Subcontracting cost	1,085	1,124	1,163	1,151	1,064	1,032	969	
Total manufacturing cost	2,411	2,544	2,571	2,656	2,672	2,600	2,518	
Work in progress [beginning of period]	216	269	227	275	206	383	243	
Work in progress [end of period]	269	227	275	206	383	243	282	
Transfer to other accounts	434	532	539	503	385	429	271	
Cost of sales	1,923	2,054	1,984	2,221	2,109	2,311	2,207	

SG&A expenses

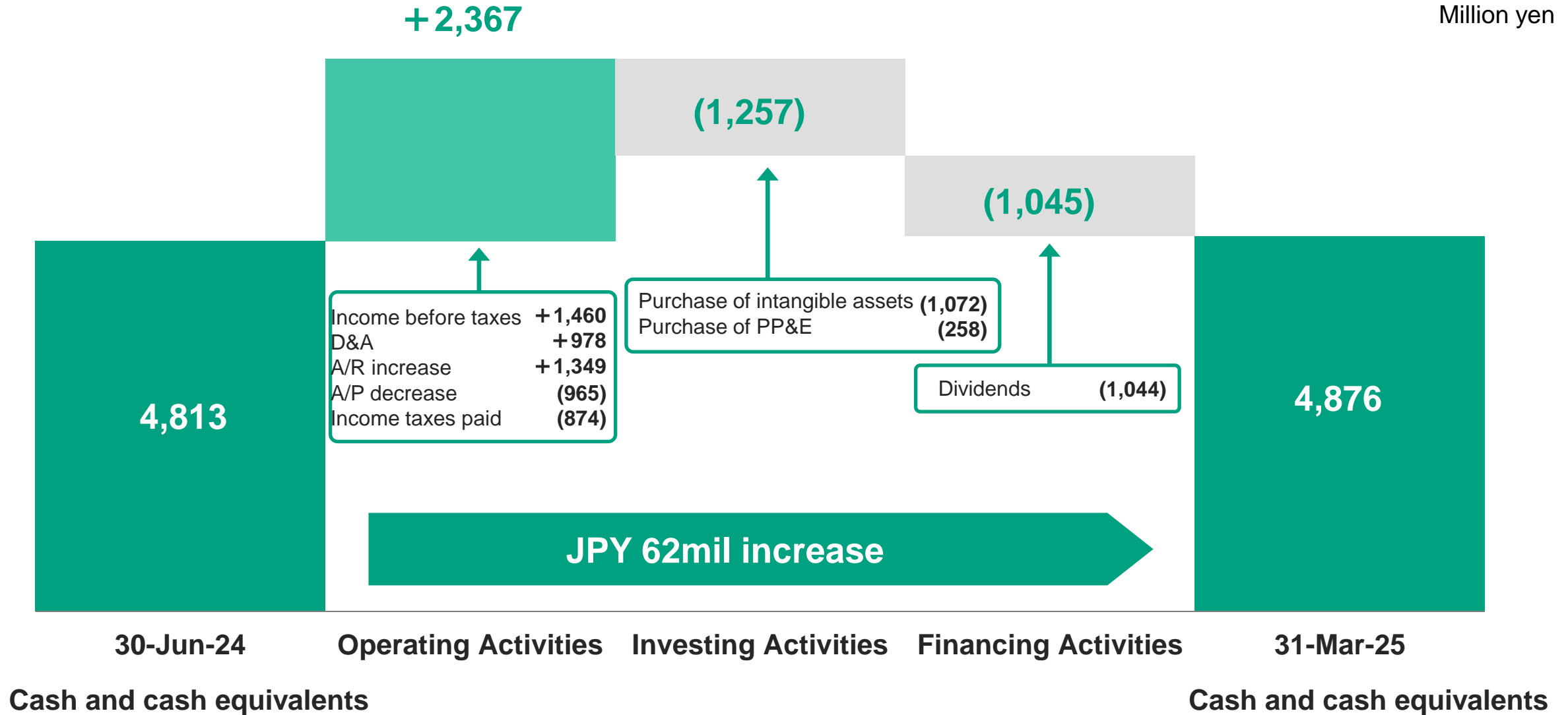
Million yen

	FY06/24				FY06/25			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Salaries	387	382	381	405	407	428	416	
Training and recruiting	24	12	9	35	18	12	12	
Equipment and maintenance, etc.	127	108	113	111	108	112	110	
Advertising	14	17	16	15	13	14	26	
Others	137	137	115	128	127	131	146	
Total	691	656	634	694	675	699	713	

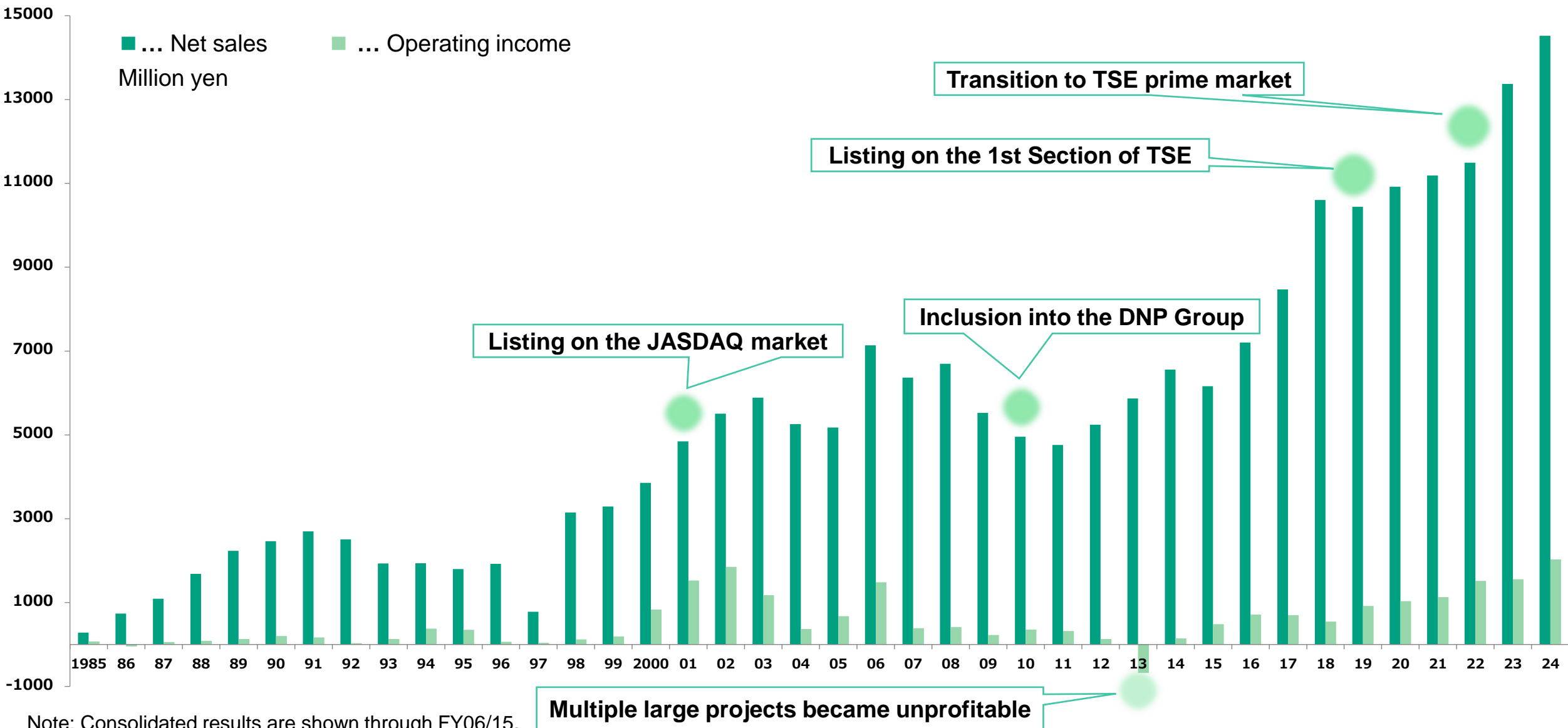
	Cumulative Q3 FY06/24	Cumulative Q3 FY06/25	Change
SG&A	1,982	2,088	+105
		Salaries	+102
		Training and recruiting	(1)
		Equipment and maintenance, etc.	(18)
		Advertising	+5
		Others	+17

Cash Flows

Million yen



Historical performance



Note: Consolidated results are shown through FY06/15.

Note: The results for 1997 are for six months due to a change in the fiscal year.

Reference) Redefinition of Business Domain Classification

We have reorganized our sales by business domain according to the functions we provide.
 We have also separated the sales of businesses that utilize our core technologies into the area of “data communication and analysis infrastructure,” with the goal of swiftly establishing new businesses.

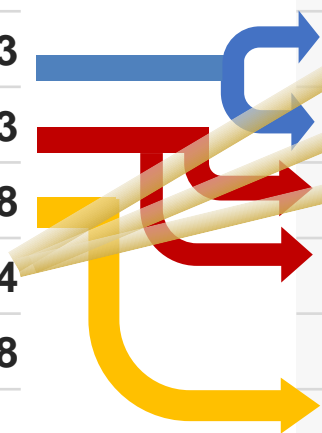
- Sales of the four cloud services are now recorded separately for each function we offer in the payment domain.
- Sales of security and new domain businesses (e.g., broadcasting), which were previously recorded within “Payment and finance,” are now recorded in “Data communication and analysis infrastructure.”
- Sales of new businesses in the payment and security domains are recorded within each respective business domain.

■ Sales by Business Domain (Before the change)

	FY06/24
Net sales	14,518
Payment and finance	10,455
FEP and fraud detection	5,673
Payment systems, etc.	3,973
Finance and others	808
Cloud services	2,504
Security	1,558

■ Sales by New Business Domain (After the change)

	FY06/24	
Net sales	14,518	
Payment	12,151	
FEP	5,370	NET+1 ■ IGATES
Fraud detection	1,697	ACEplus ■ IFINDS FARIS
Acquiring	3,060	■ IOASIS ■ IPRETS
Others	2,024	Others, system development, etc.
Security	1,558	
Data communication and Analysis infrastructure	808	Securities, broadcasting, etc.



Reference) Sales by Business Domain

Million yen

FY 06/24					
	Q1	Q2	Q3	Q4	Full year
Net sales	3,158	3,787	3,805	3,766	14,518
Payment	2,678	3,106	3,176	3,190	12,151
FEP	1,150	1,342	1,568	1,308	5,370
Fraud detection	385	365	397	548	1,697
Acquiring	672	791	744	851	3,059
Others	470	607	465	482	2,024
Security	319	437	449	351	1,558
Data communication and Analysis infrastructure	160	243	180	224	808

FY06/25 Forecasts by Category

Million yen

	FY06/24(actual)			FY06/25(forecast)			
	Cumulative Q1–Q3	Q4	Full year	Cumulative Q1–Q3 (actual)	Q4 (Full year- Q1–Q3 actual)	Full year	YoY (full-year)
Net sales	10,751	3,766	14,518	11,530	4,469	16,000	+10.2%
System development	5,114	1,894	7,009	5,135	2,204	7,340	+4.7%
Maintenance	1,210	420	1,630	1,195	394	1,590	(2.5%)
In-house products and services	229	157	386	346	213	560	+44.8%
Third-party products and services (hardware, etc.)	1,191	236	1,428	863	146	1,010	(29.3%)
Cloud services	1,799	705	2,504	2,508	891	3,400	+35.7%
Security	1,207	351	1,558	1,481	618	2,100	+34.8%
Net income [NM]	1,496 [13.9%]	534 [14.2%]	2,030 [14.0%]	1,445 [12.5%]	804 [18.0%]	2,250 [14.1%]	+10.8%

As of December 31,2024

Established	December 27, 1984
Location	Kayabacho Tower, 1-21-2 Shinkawa, Chuo-ku, Tokyo
Employees	487
Parent company	Dai Nippon Printing Co., Ltd. [50.73%]
Capital stock	JPY843.75k
Shares outstanding	26,340,000
	Shareholders 10,432

Ownership [%]		% of shareholders	
Individuals, others	35.41%	Individuals, others	98.22%
Japanese financial institutions	4.25%	Japanese financial institutions	0.12%
Other Japanese corporations	51.30%	Other Japanese corporations	0.48%
Foreign corporations	6.94%	Foreign corporations	0.93%
Japanese securities firms	1.87%	Japanese securities firms	0.24%
Treasury stock	0.23%	Treasury stock	0.01%



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