



# Financial Results for FY06/24

(July 1, 2023 to June 30, 2024)  
[Non-Consolidated]

Intelligent Wave Inc.  
Announced on August 9, 2024

# Financial Results for FY06/24

**Forecast for FY06/25**

**Reference**

# Overview

Both sales and profits increased from the previous year, with growth in systems development, cloud services and security, and both sales and profits reached record highs. On the other hand, both sales and profits fell just short of the initial plan. Sales in existing fields exceeded the initial plan, but sales in new businesses did not grow as much as initially expected.

Million yen

	FY06/23		FY06/24		Change (YoY)		Initial forecast
	Results	Sales composition ratio	Results	Sales composition ratio			
Net sales	13,374	-	14,518	-	+1,144	+8.6%	15,000
Gross profit	4,269	31.9%	4,707	32.4%	+438	+10.3%	-
SG&A expenses	2,713	20.3%	2,677	18.4%	(36)	(1.3%)	-
Operating income	1,556	11.6%	2,030	14.0%	+474	+30.5%	2,250
Ordinary income	1,603	12.0%	2,072	14.3%	+469	+29.3%	2,290
Net income	1,165	8.7%	1,420	9.8%	+255	+21.9%	1,590
Amount of orders	14,785	-	20,128	-	+5,343	+36.1%	
Orders on hand	10,974	-	16,584	-	+5,610	+51.1%	

# Sales by Category

Sales in system development, cloud services, and security grew. Third-party products and services decreased YoY due to large-scale hardware sales for FEP\* system renewal in the previous fiscal year.

Million yen

	FY06/23	FY06/24	Change(YoY)	
<b>Net sales</b>	<b>13,374</b>	<b>14,518</b>	<b>+1,144</b>	<b>+8.6%</b>
<b>Payment and finance</b>	<b>10,408</b>	<b>10,455</b>	<b>+47</b>	<b>+0.5%</b>
<b>System development</b>	<b>6,015</b>	<b>7,009</b>	<b>+994</b>	<b>+16.5%</b>
<b>Maintenance</b>	<b>1,638</b>	<b>1,630</b>	<b>(8)</b>	<b>(0.5%)</b>
<b>In-house products and services</b>	<b>505</b>	<b>386</b>	<b>(119)</b>	<b>(23.6%)</b>
<b>Third-party products and services (hardware, etc.)</b>	<b>2,249</b>	<b>1,428</b>	<b>(821)</b>	<b>(36.5%)</b>
<b>Cloud services</b>	<b>1,867</b>	<b>2,504</b>	<b>+637</b>	<b>+34.1%</b>
<b>Security</b>	<b>1,098</b>	<b>1,558</b>	<b>+460</b>	<b>+41.9%</b>

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

# Sales by Business Domain

Payment systems, etc., an area of expansion in the payment business domain, grew due to acquiring system for a major credit card company. FEP and fraud detection declined due to large-scale hardware sales in the previous year. Security grew in the current financial year due to contributions from sales of cryptographic key management solutions (HSM) and ID management solutions.

Million yen

	FY06/23	FY06/24	Change(YoY)	
<b>Net sales</b>	<b>13,374</b>	<b>14,518</b>	<b>+1,144</b>	<b>+ 8.6%</b>
<b>Payment and finance</b>	<b>10,408</b>	<b>10,455</b>	<b>+47</b>	<b>+ 0.5%</b>
FEP and fraud detection	6,787	5,673	(1,114)	(16.4%)
Payment systems, etc.	2,747	3,973	+1,226	+ 44.6%
Finance and others	873	808	(65)	(7.4%)
<b>Cloud services</b>	<b>1,867</b>	<b>2,504</b>	<b>+637</b>	<b>+ 34.1%</b>
<b>Security</b>	<b>1,098</b>	<b>1,558</b>	<b>+460</b>	<b>+ 41.9%</b>

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

# Top Three Clients by Sales

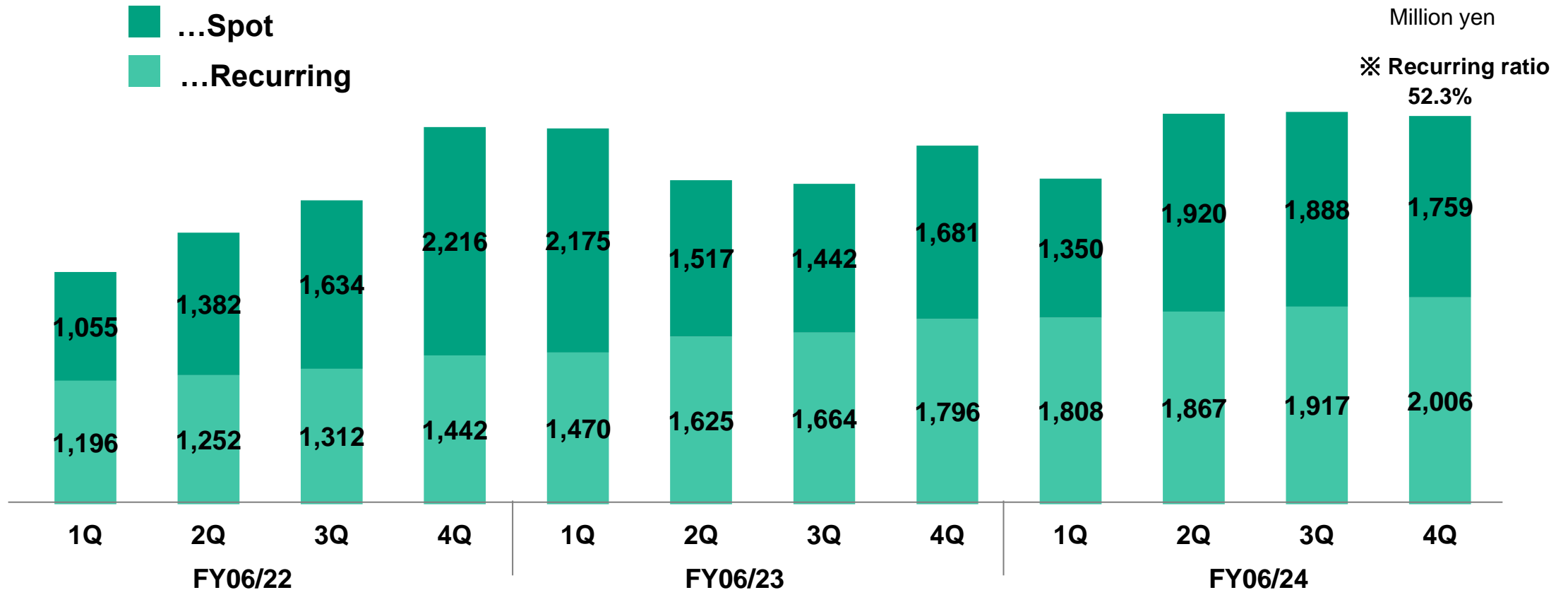
As for DNP, sales increased, particularly for security products. System Integrator increased YoY due to large-scale project for credit card company. Credit card company increased YoY due to an expanded scale of system development in multiple areas.

Million yen

				FY06/23	FY06/24	Change (YoY)	Main projects
1.	D	N	P	1,665	1,675	+10	TSP development (smartphone payment) System operation (24/365) Key management system
2.	System Integrator			1,177	1,670	+493	System development for credit card company
3.	Credit card company			648	980	+332	System development in multiple areas (FEP, fraud detection, Digital transformation of payments)

# Sales by Type (Recurring and Spot)

Recurring revenue is increasing steadily due to higher sales of cloud services. In the future, the company aims to expand the scale of its business in combination with the growth of flow sales such as system development.

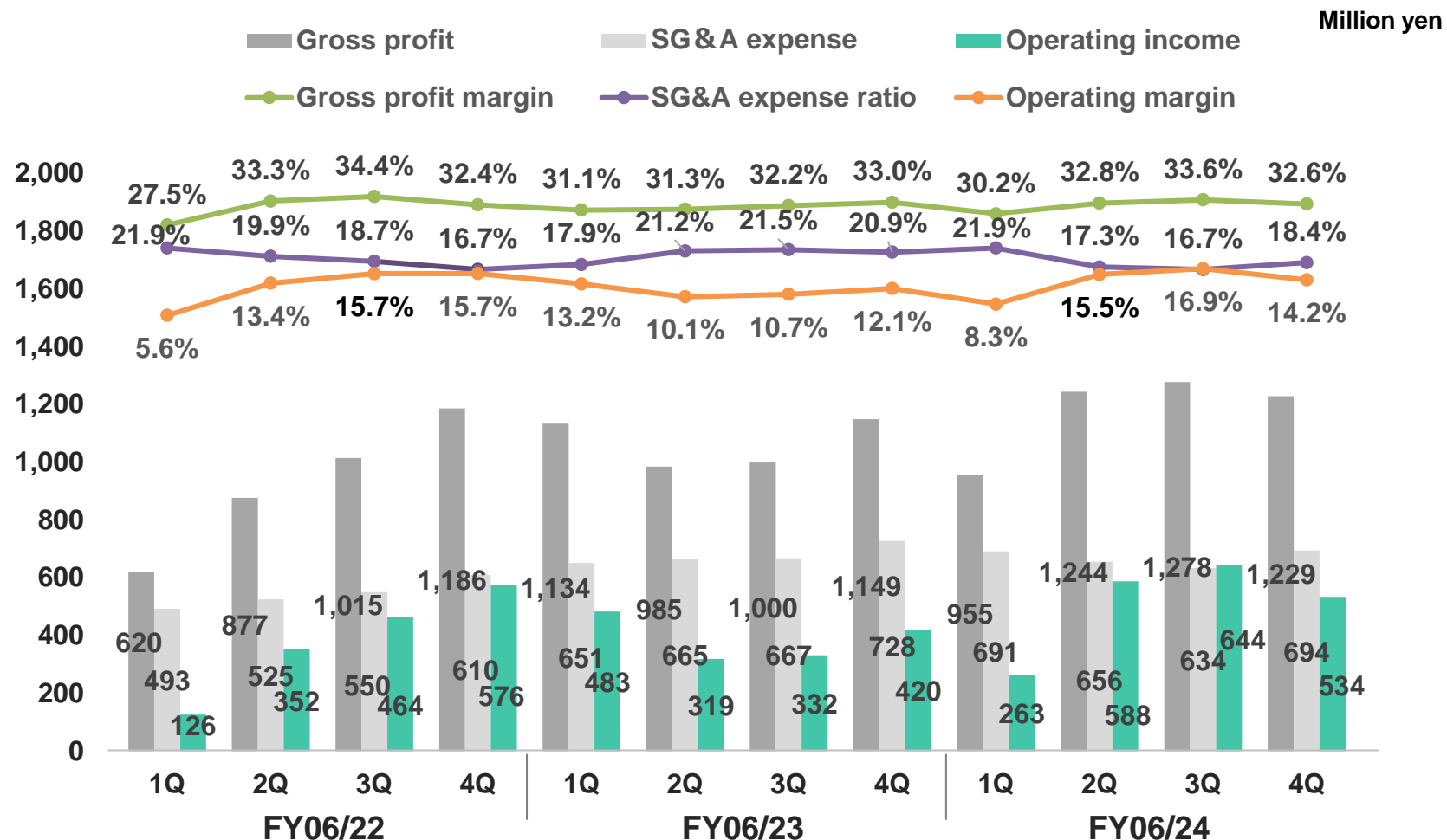
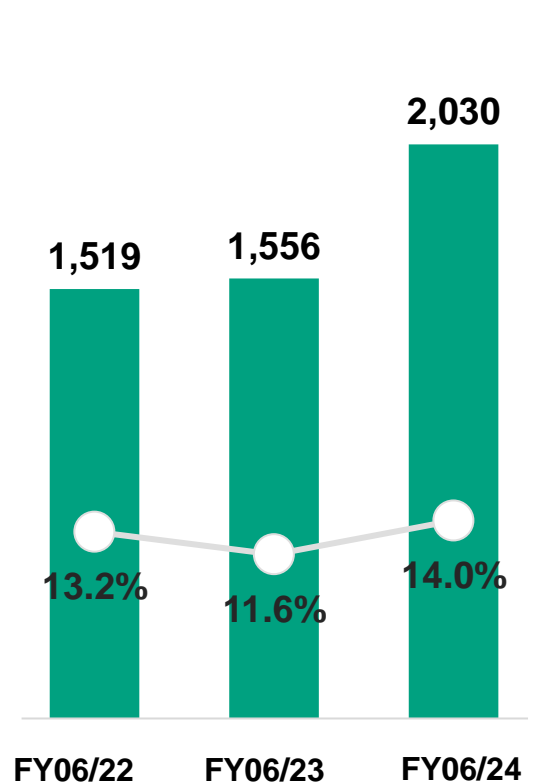


Recurring: Categories with contracts that allow us to record sales of a fixed amount on a regular basis  
 Spot: Categories with contracts that are not fixed in terms of amount or timing

# Operating income

Gross profit increased due to higher sales and improved gross margins in system development and cloud services. Selling, general and administrative (SG&A) remained at the same level as in the previous fiscal year due to cost optimisation efforts, and operating profit increased significantly compared to the previous year.

■ ... Operating income  
● ... Operating margin





# Cloud Service Business

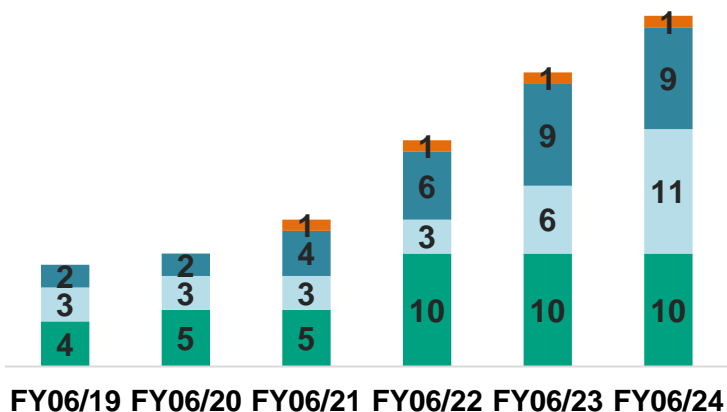
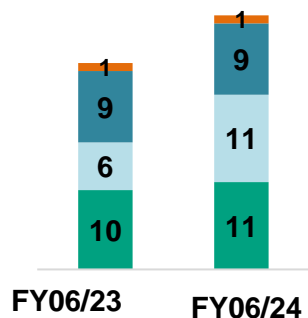
Net sales increased YoY due to an expanded user base (five companies in total), mainly due to the fraud detection service IFINDS. Profits increased YoY due to higher sales and changes in the service composition ratio. Orders received increased YoY, due to large IGATES projects; orders on hand rose.

Million yen

	FY06/23				FY06/24			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Amount of orders	507	822	2,794	297	614	969	890	2,761
Net sales	434	447	469	515	592	587	618	705
Orders on hand	4,214	4,589	6,913	6,695	6,717	7,098	7,371	9,426
Gross profit	(4)	29	44	71	96	84	94	75

## Number of customers

■ IOASIS    ■ IFINDS  
■ IGATES    ■ IPRETS

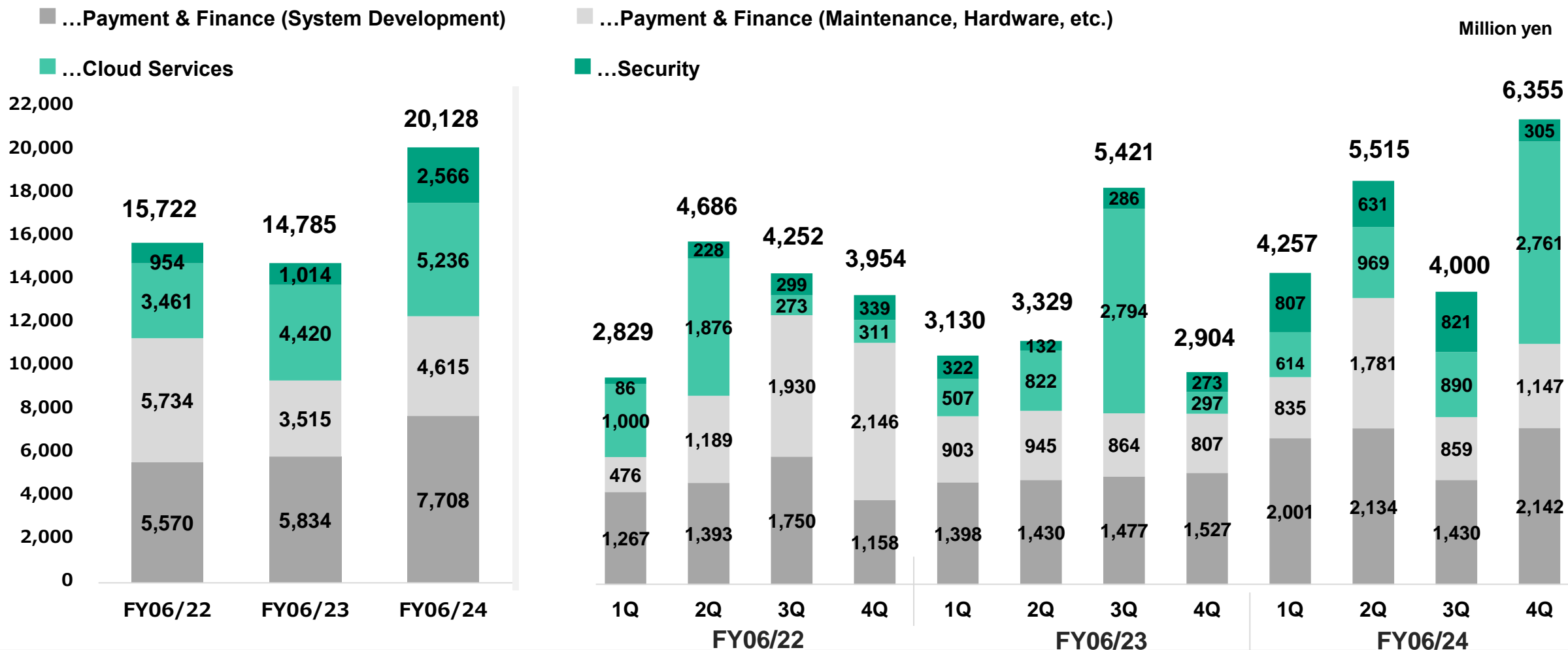


## Overview

Service	Overview
■ IOASIS	Demand from existing customers for additional functionality and expansion in response to increased transaction volumes increased.
■ IFINDS	The number of companies introducing “FARIS Shared Scoring Service Powered by PKSHA Security”, which prevents fraud by fraud-data-sharing among issuers, increased. New services are launched progressively in our next-generation fraud prevention project, “FARIS.”
■ IGATES	We received a large-scale project for the development of a multi-user platform. (The platform is scheduled to begin operating in autumn 2024.)

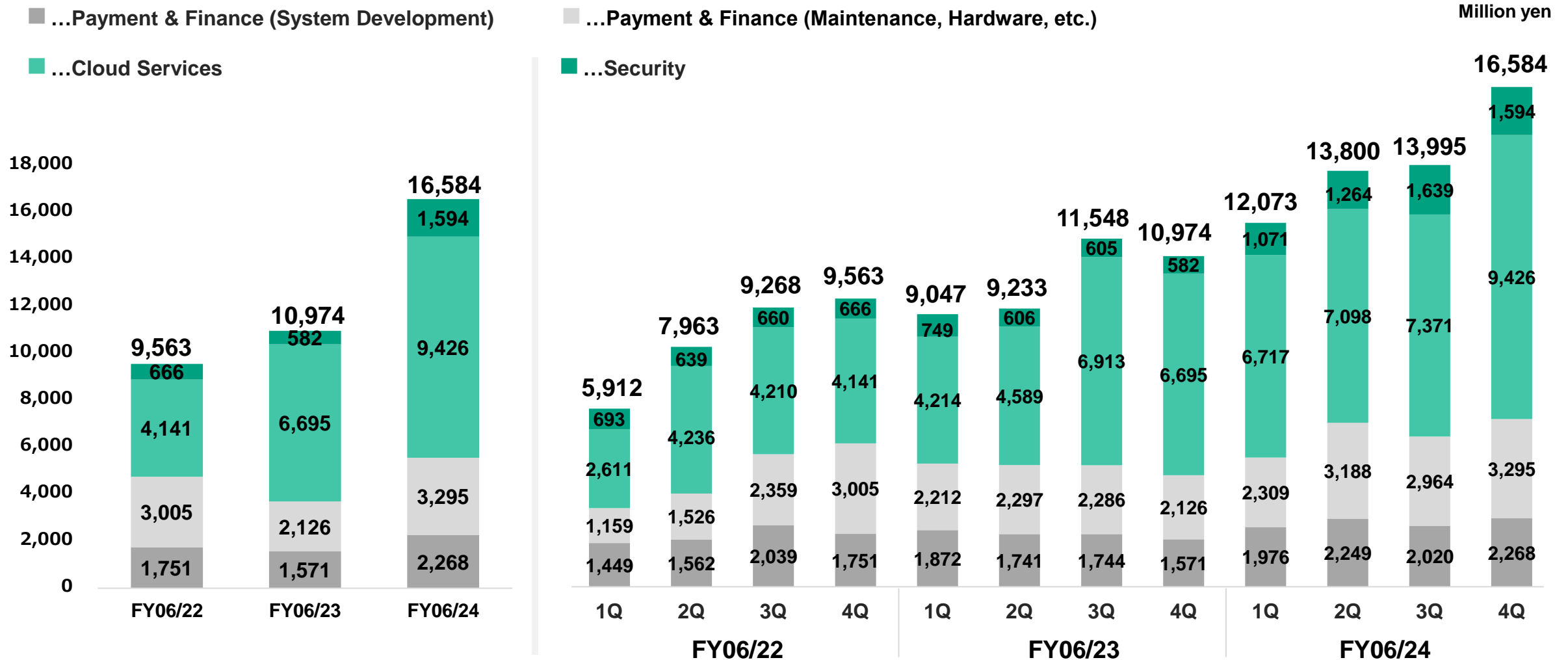
# Amount of orders

The amount of orders rose in Payment and finance due to a large-scale project for a credit card company as well as a large-scale infrastructure construction and operation project. Cloud services increased due to a large-scale project. In Security, orders grew in existing security products along with cryptographic key management solutions (HSM) and ID management solutions.



# Orders on Hand

Orders on hand increased significantly due to projects in multi-year contracts for infrastructure construction and operation, cloud services and security, in addition to a large-scale project for credit card company.



# Financial Results for FY06/24

## Forecast for FY06/25

## Reference

# FY06/25 Full-year Forecasts

Sales are expected to increase due to higher sales of cloud services and the introduction of products to a major company in the security domain. In terms of profits, we will work to strengthen our profit base as we diversify our business.

Million yen

	FY06/24 Actual			FY06/25 Forecast			Change (YoY)
	1 H	2 H	Full year	1 H	2 H	Full year	
Net sales	6,946	7,572	14,518	7,500	8,500	16,000	+10.2%
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%]	+10.6%
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 (Business Domain)

Sales are expected to increase due to increased sales from cloud services for FEP and fraud detection, and the introduction of products to a major company in security domain.

Million yen

	FY 06/24 Actual			FY06/25 Forecast			Change (YoY)
	1H	2H	Full year	1H	2H	Full year	
<b>Net sales</b>			<b>14,518</b>	<b>7,500</b>	<b>8,500</b>	<b>16,000</b>	<b>+1,482</b>
<b>Payment</b>			<b>12,152</b>	<b>6,150</b>	<b>6,800</b>	<b>12,950</b>	<b>+798</b>
<b>FEP</b>			<b>5,370</b>	<b>2,870</b>	<b>2,800</b>	<b>5,670</b>	<b>+300</b>
<b>Fraud detection</b>			<b>1,697</b>	<b>1,000</b>	<b>1,110</b>	<b>2,110</b>	<b>+413</b>
<b>Acquiring</b>			<b>3,060</b>	<b>1,470</b>	<b>1,600</b>	<b>3,070</b>	<b>+10</b>
<b>Others</b>			<b>2,025</b>	<b>800</b>	<b>1,300</b>	<b>2,100</b>	<b>+75</b>
<b>Security</b>			<b>1,558</b>	<b>930</b>	<b>1,170</b>	<b>2,100</b>	<b>+542</b>
<b>Data communication and Analysis infrastructure</b>			<b>808</b>	<b>430</b>	<b>520</b>	<b>950</b>	<b>+142</b>
<b>Reference) Cloud services</b>			<b>2,505</b>	<b>1,540</b>	<b>1,860</b>	<b>3,400</b>	<b>+895</b>

# FY06/25 Forecasts (Category)

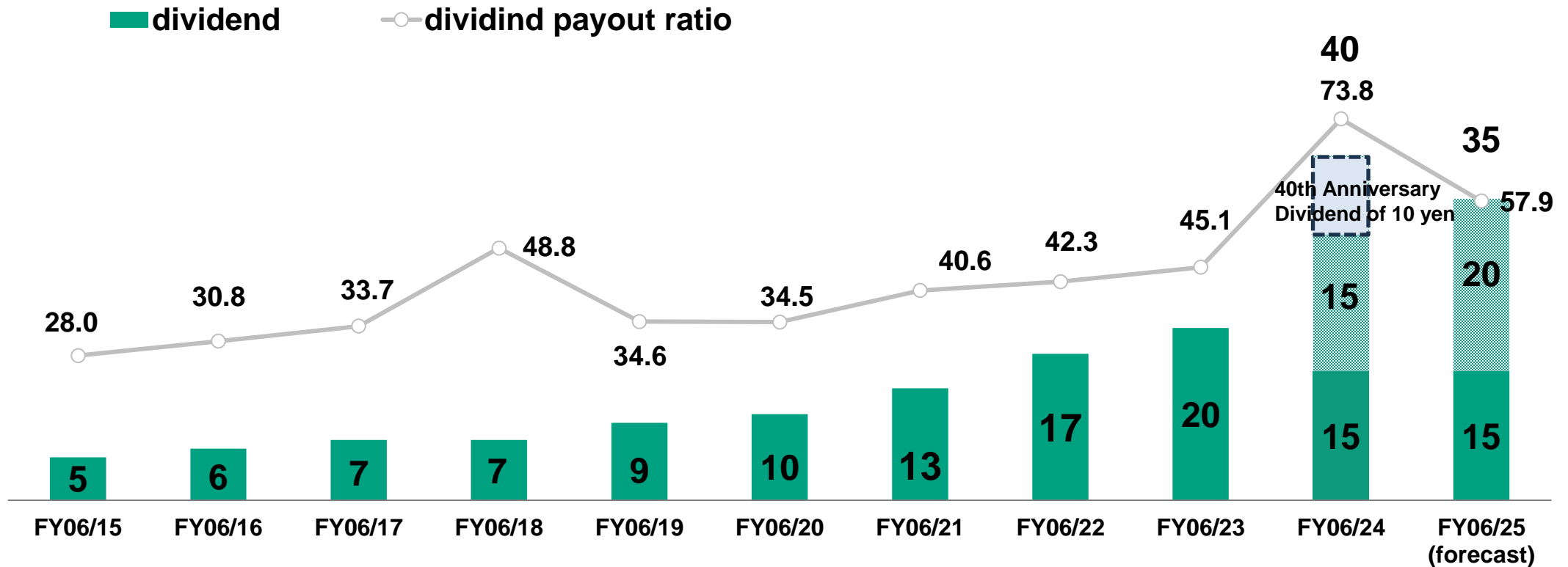
Sales are expected to increase in cloud services and security. Hardware sales are expected to decrease.

Million yen

	FY 06/24 Actual			FY06/25 Forecast			Change (YoY)
	1H	2H	Full year	1H	2H	Full year	
<b>Net sales</b>	<b>6,946</b>	<b>7,572</b>	<b>14,518</b>	<b>7,500</b>	<b>8,500</b>	<b>16,000</b>	<b>+1,482</b>
System development	3,457	3,551	7,009	3,455	3,885	7,340	+331
Maintenance	798	832	1,630	800	790	1,590	(41)
In-house products and services	173	213	386	150	410	560	+173
Third-party products and services (hardware, etc.)	578	850	1,428	625	385	1,010	(419)
Cloud services	1,180	1,323	2,504	1,540	1,860	3,400	+895
Security	757	800	1,558	930	1,170	2,100	+542

# Shareholder Returns

The year-end dividend for FY2024 will be 25 yen per share (including a commemorative dividend of 10 yen), as forecast at the beginning of the year. Including the interim dividend of 15 yen per share already paid, the annual dividend will be 40 yen per share, an increase of 20 yen from the previous year. The annual dividend for FY2025 is planned to be 35 yen per share, consisting of an interim dividend of 15 yen per share and a year-end dividend of 20 yen per share.





# Financial Results for FY06/24

## Forecast for FY06/25

### Reference

# Cost of manufacturing

Million yen

	FY06/23				FY06/24			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Materials cost	21	6	13	9	10	7	9	5
Labor cost	731	737	696	721	745	744	737	718
Expenses	486	517	512	519	569	667	661	780
Subcontracting cost	892	911	929	1,047	1,085	1,124	1,163	1,151
Total manufacturing cost	2,132	2,173	2,152	2,298	2,411	2,544	2,571	2,656
Work in progress (beginning of period)	257	317	262	276	216	269	227	275
Work in progress (end of period)	317	262	276	216	269	227	275	206
Transfer to other accounts	337	382	380	378	434	532	539	503
Cost of sales	1,734	1,846	1,758	1,979	1,923	2,054	1,984	2,221

# SG&A expenses

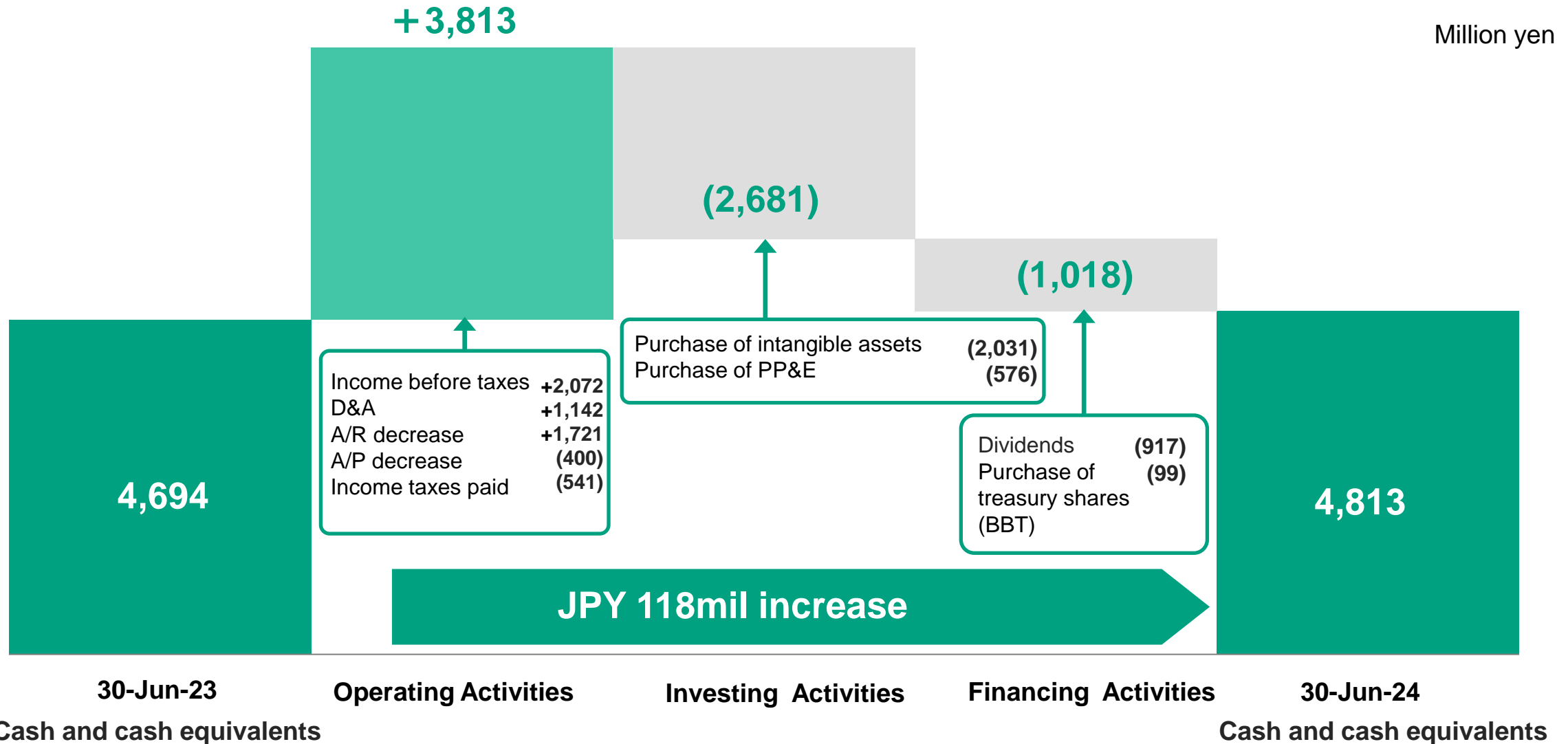
Million yen

	FY06/23				FY06/24			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Salaries	384	388	372	417	387	382	381	405
Training and recruiting	14	22	18	23	24	12	9	35
Equipment and maintenance, etc.	120	118	125	133	127	108	113	111
Advertising	9	13	20	17	14	17	16	15
Others	124	124	132	138	139	137	115	128
<b>Total</b>	<b>651</b>	<b>665</b>	<b>667</b>	<b>728</b>	<b>691</b>	<b>656</b>	<b>634</b>	<b>694</b>

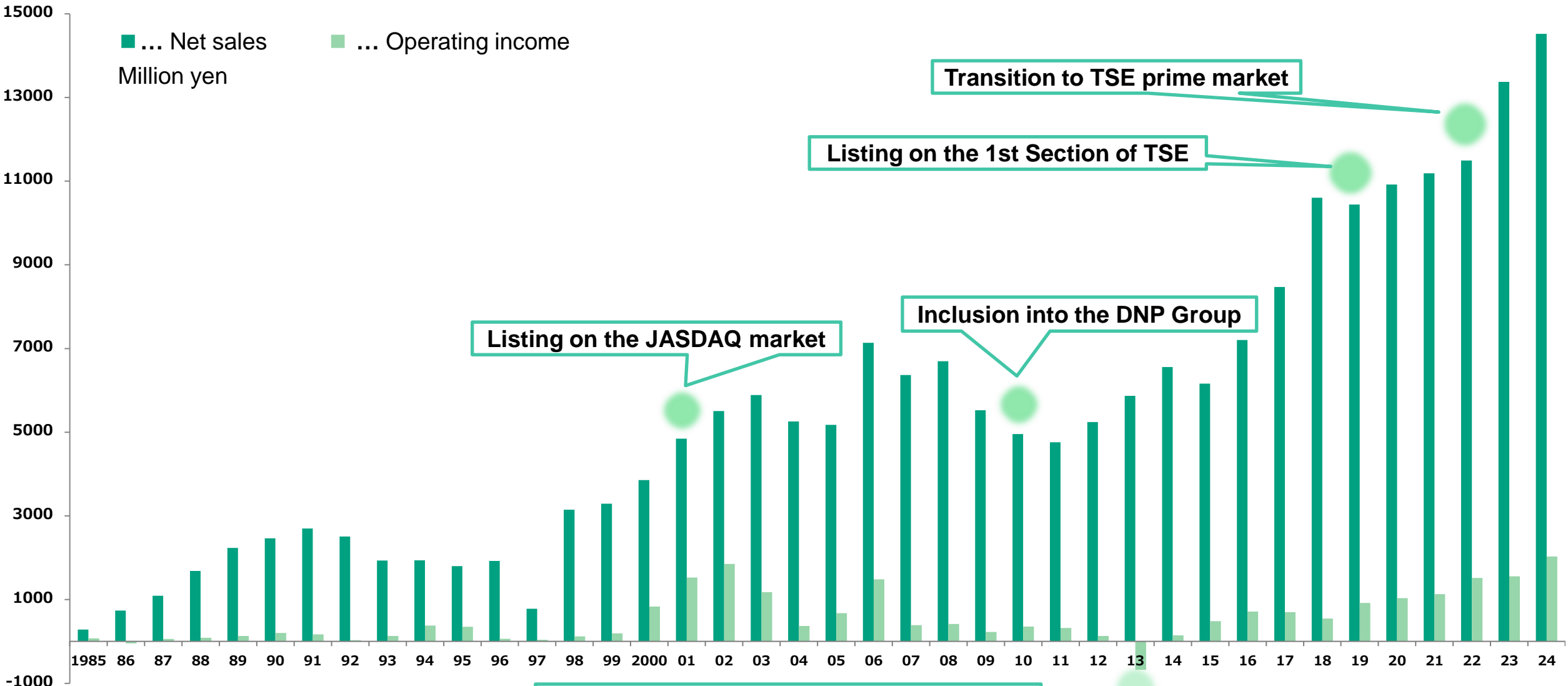
	FY06/23	FY06/24	Change
<b>SG&amp;A</b>	<b>1,563</b>	<b>1,556</b>	<b>(7)</b>
		<b>Salaries</b>	<b>+3</b>
		<b>Training and recruiting</b>	<b>(37)</b>
		<b>Equipment and maintenance, etc.</b>	<b>+3</b>
		<b>Advertising</b>	<b>+2</b>
		<b>Others</b>	<b>+2</b>

# 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.

Multiple large projects became unprofitable

# Company overview



As of June 30,2024

Established	December 27, 1984		
Location	Kayabacho Tower, 1-21-2 Shinkawa, Chuo-ku, Tokyo		
Employees	492		
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	35.51%	Individuals, others	98.19%
Japanese financial institutions	5.05%	Japanese financial institutions	0.12%
Other Japanese corporations	51.35%	Other Japanese corporations	0.55%
Foreign corporations	5.93%	Foreign corporations	0.89%
Japanese securities firms	1.93%	Japanese securities firms	0.25%
Treasury stock	0.23%	Treasury stock	0.01%



These materials were produced to provide information concerning the company and its businesses. They are not intended as a solicitation for investment in securities issued by Intelligent Wave Inc.

The opinions, forecasts, and other forward-looking statements in these materials are based on the company's judgment at the time they were produced, and Intelligent Wave Inc. makes no guarantees concerning the accuracy and completeness of the information contained herein. Please be aware that this information may also be revised without prior notice in the future.

**Intelligent Wave Inc.**

Management Planning Dept.  
E-mail: [ir\\_info@iwi.co.jp](mailto:ir_info@iwi.co.jp)