



Financial Results for 1H (Interim Period) FY06/25

(July 1 to December 31, 2024)
[Non-Consolidated]

Intelligent Wave Inc.
Announced on February 7, 2025

Financial Results for 1H FY06/25

Forecast for FY06/25

Progress of the Medium-Term Management Plan

Reference

Overview



- Sales and profits increased due to steady growth in the mainstay payment domain.
- Sales and profits are almost in line with the plan.
- Orders on hand increased significantly due to a large project for infrastructure operation services and multi-year contracts for cloud services.

Million yen

	1H FY06/24		1H FY06/25		Change (YoY)		1H FY06/24	
	Results	Sales composition ratio	Results	Sales composition ratio			Forecast	Change (vs.Forecast)
Net sales	6,946	-	7,540	-	+594	+8.6%	7,500	+0.5%
Gross profit	2,200	31.7%	2,231	29.6%	+31	+1.4%	-	-
SG&A expenses	1,348	19.4%	1,374	18.2%	+26	+1.9%	-	-
Operating income	852	12.3%	857	11.4%	+5	+0.6%	860	(0.3%)
Ordinary income	859	12.4%	887	11.8%	+27	+3.2%	880	+0.9%
Net income	584	8.4%	610	8.1%	+25	+4.4%	610	+0.1%
Amount of orders	9,772	-	12,751	-	+2,978	+30.5%		
Orders on hand	13,800	-	21,795	-	+7,994	+57.9%		

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 areas decreased temporarily on a decline in the number of projects for existing customer.
- In the security domain, sales increased due to product introductions to a major customer.
- In the data communication and analysis infrastructure domain, sales increased mainly due to system development for securities companies.

Million yen

	1H FY06/24	1H FY06/25	Change(YoY)	
Net sales	6,946	7,540	+594	+8.6%
Payment	5,784	6,166	+381	+6.6%
FEP *	2,493	2,721	+227	+9.1%
Fraud detection	750	1,179	+428	+57.1%
Acquiring	1,463	1,466	+2	+0.2%
Others	1,077	799	(277)	(25.8%)
Security	757	923	+166	+22.0%
Data communication and Analysis infrastructure	403	449	+46	+11.4%
Reference) Cloud services	1,180	1,527	+347	+29.4%

* 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 both the second and third “System Integrator” declined due to a large project for a credit card company that was shifted to the system development phase.

Million yen

	1H FY06/24	1H FY06/25	Change (YoY)	Main projects
1. DNP	871	930	+58	
2. System Integrator	784	607	(176)	System development for credit card company
3. System Integrator	317	454	+137	System development for credit card company
4. Credit card company	504	426	(77)	
5. Credit card company	330	402	+72	

Sales by Category



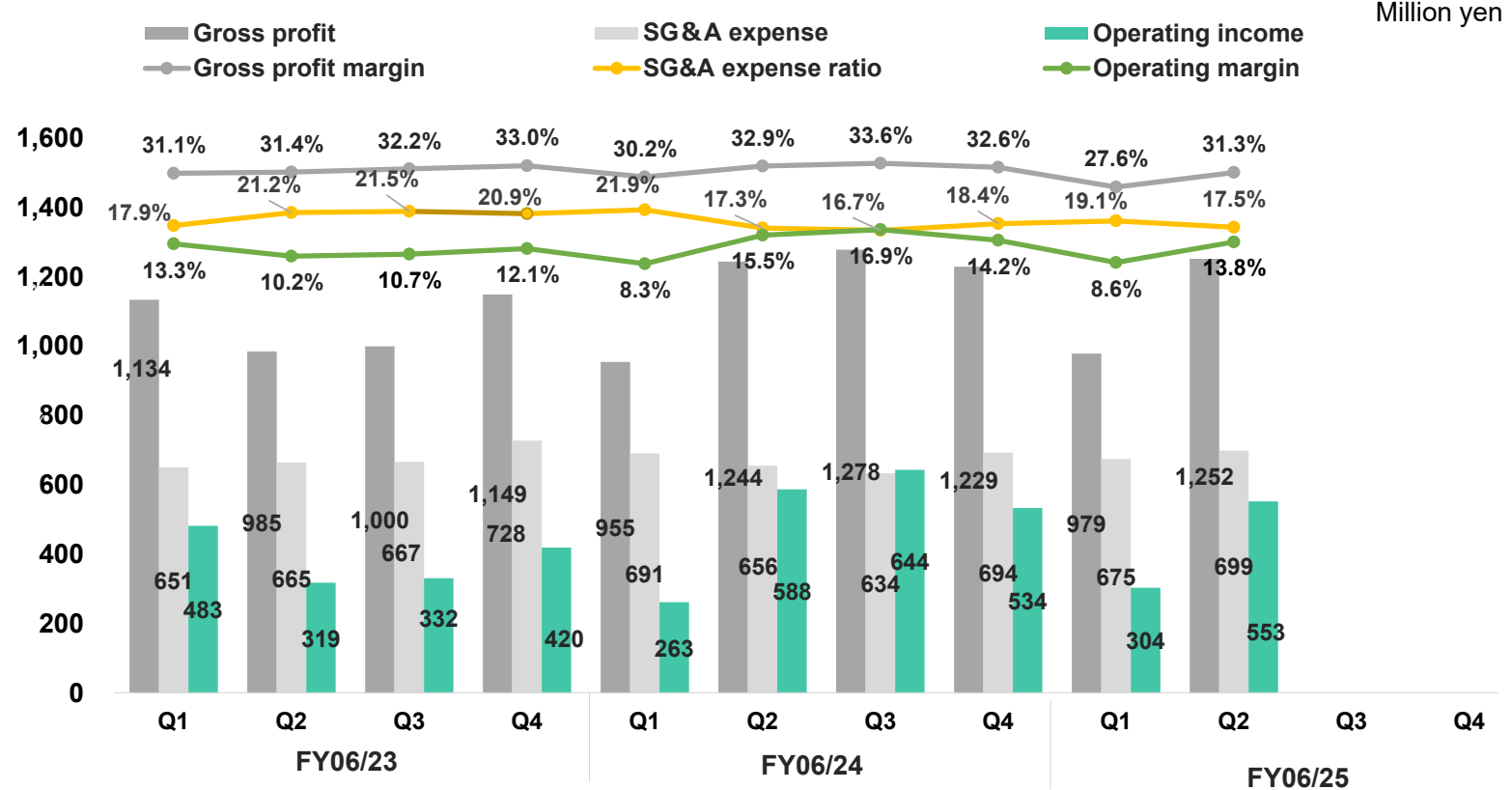
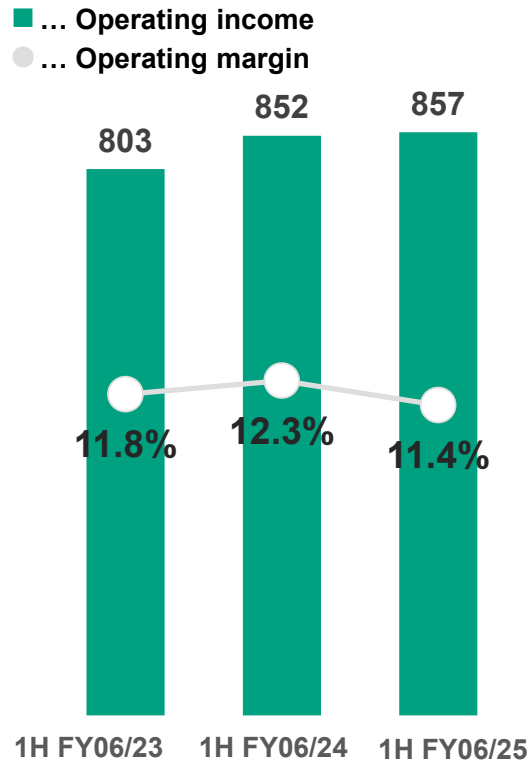
- System development sales decreased due to the shift of development phases for a large project, but increased due to system upgrades for existing customers.
- Cloud services sales increased due to an increase in the number of users and addition of functions for existing users.
- Security rose, mainly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

Million yen

	1H FY06/24	1H FY06/25	Change(YoY)	
Net sales	6,946	7,540	+594	+8.6%
System development	3,457	3,479	+21	+0.6%
Maintenance	798	796	(1)	(0.2%)
In-house products and services	173	165	(8)	(4.8%)
Third-party products and services (hardware, etc.)	578	647	+68	+11.9%
Cloud services	1,180	1,527	+347	+29.4%
Security	757	923	+166	+22.0%

Operating income

- Gross margins in system development and maintenance in the payment domain remained steady, but gross profit margins declined as gross margins in cloud services declined. We will continue to improve gross margins by 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 labor costs, but the SG&A-to-sales ratio declined.



Cloud Service Business



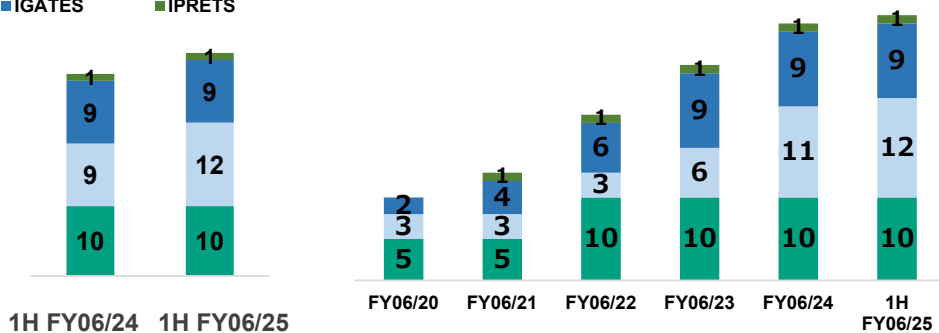
- Sales increased due to an increase in the number of users and addition of functions for existing users.
- Infrastructure costs have increased due to delays in the infrastructure migration for cloud services. We will work on improving operational efficiency and adjusting service prices to better reflect the value provided, and will continue to improve gross margins.

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		
Net sales	592	587	618	705	718	809		
Orders on hand	6,717	7,098	7,371	9,426	10,326	11,449		
Gross profit	96	84	94	75	(20)	128		

Number of customers

■ IOASIS
■ IFINDS
■ IGATES
■ IPRETS



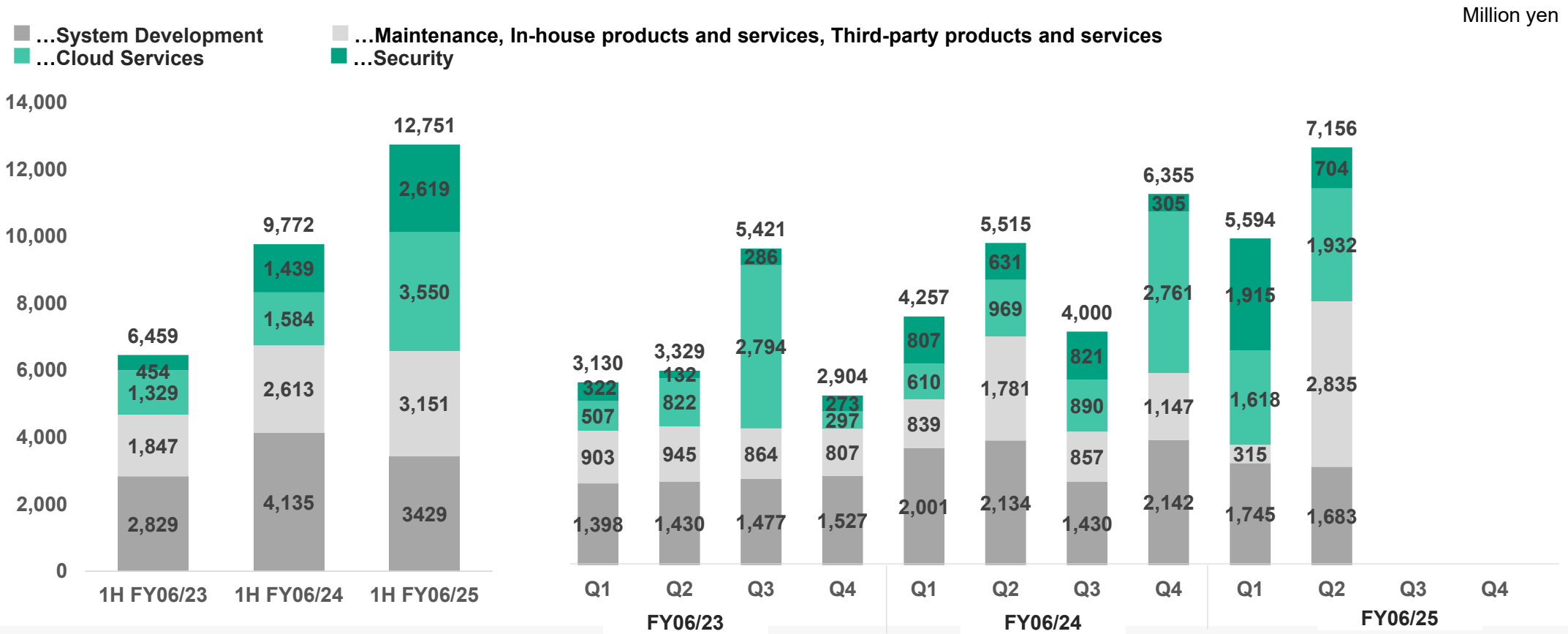
Overview

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)



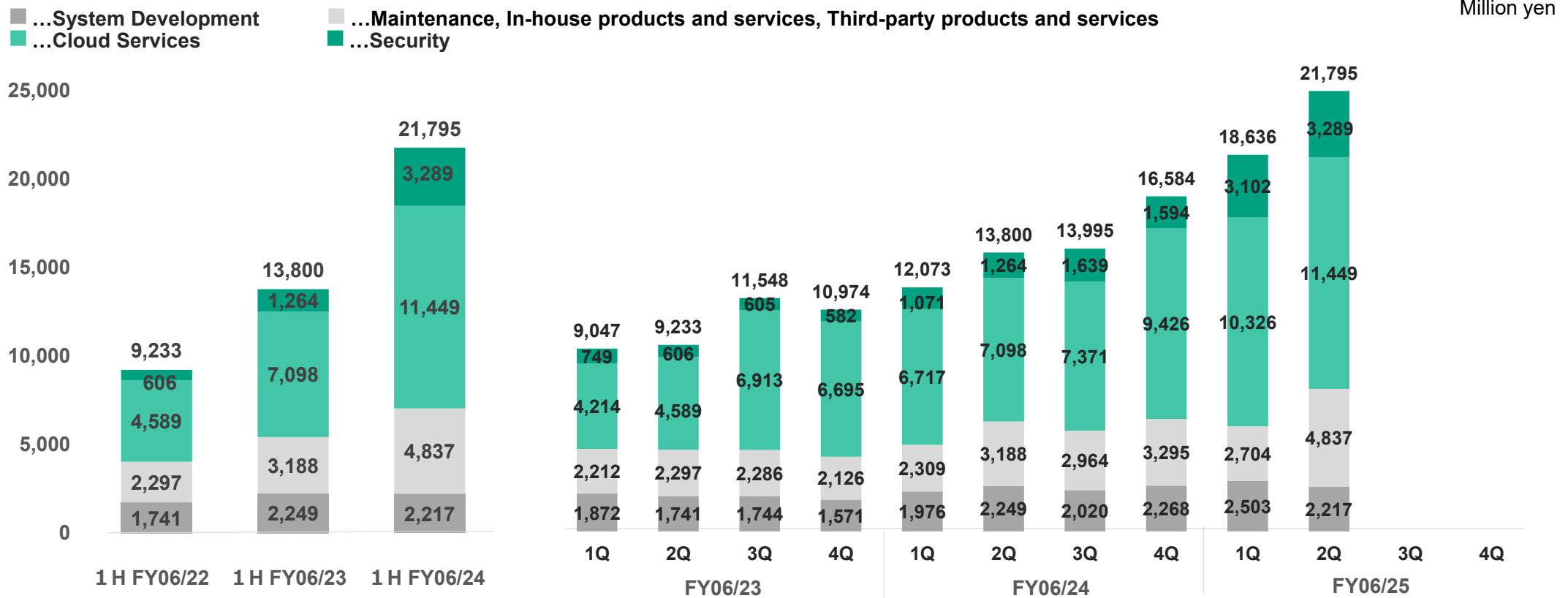
- Received a large order for infrastructure operation services for a financial institution and will start providing such services from January 2025.
- System development decreased due to the shift of development phases for a large project.
- Cloud services increased due to new projects and addition of functions for existing customers.



Orders on Hand (by Category)



- The order backlog for infrastructure operation services for financial institutions and multi-year contracts for cloud services and security increased.
- System development decreased due to the shift of development phases for a large project.



Financial Results for 1H 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	
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	+ 17.6%
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



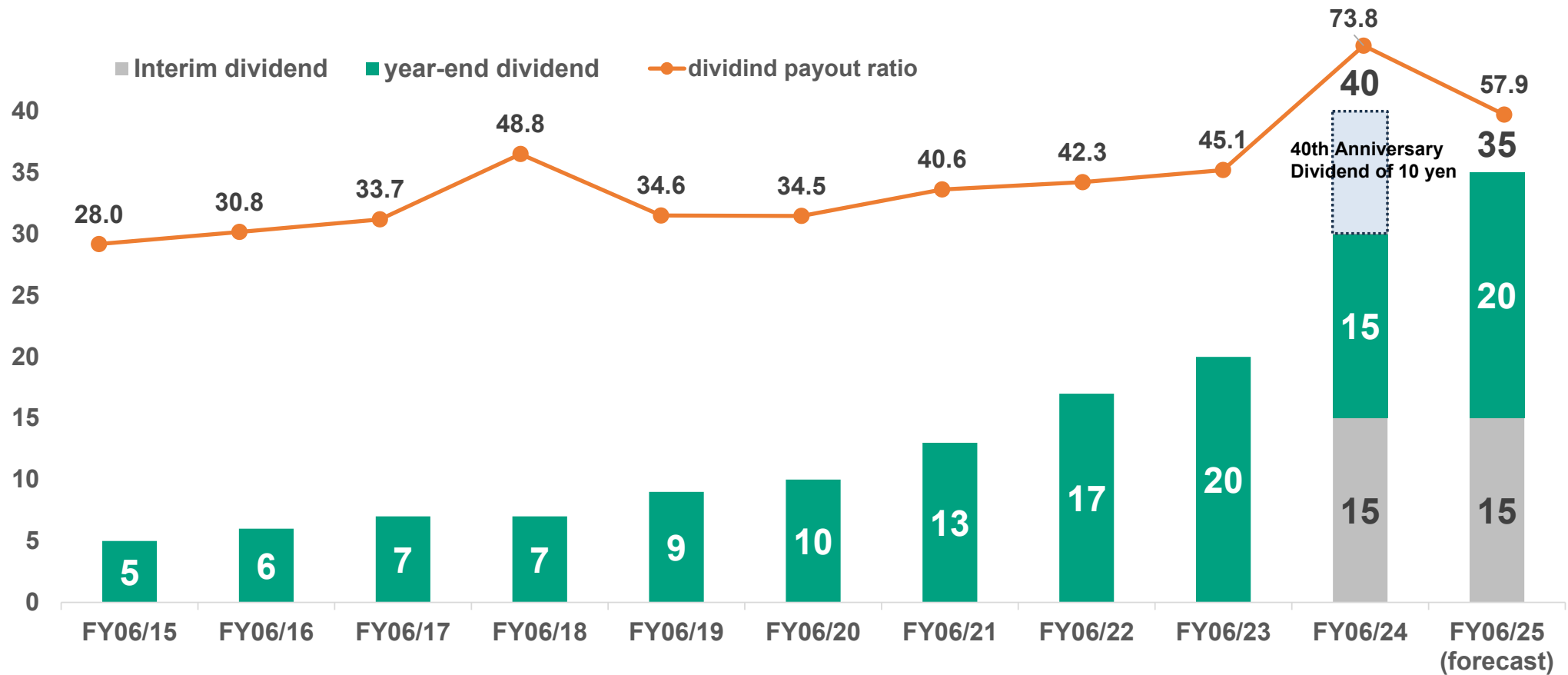
Million yen

	FY06/24(actual)			FY06/25(forecast)			YoY (2H)
	1H	2H	Full year	1H (actual)	2H (Full year- 1H actual)	Full year (forecast)	
Net sales	6,946	7,572	14,518	7,540	8,459	16,000	+11.7%
Payment	5,784	6,366	12,151	6,166	6,783	12,950	+6.5%
Security	757	800	1,558	923	1,176	2,100	+46.9%
Data communication and Analysis infrastructure	403	404	808	449	500	950	+23.6%
Operating income [OM]	852 [12.3%]	1,178 [15.6%]	2,030 [14.0%]	857 [11.4%]	1,392 [16.5%]	2,250 [14.1%]	+18.2%
Ordinary income [OM]	859 [12.4%]	1,212 [16.0%]	2,072 [14.3%]	887 [11.8%]	1,402 [16.6%]	2,290 [14.3%]	+15.6%
Net income [NM]	584 [8.4%]	835 [11.0%]	1,420 [9.8%]	610 [8.1%]	979 [11.6%]	1,590 [9.9%]	+17.1%

Shareholder Returns



The interim dividend is 15 yen per share, in line with the latest dividend forecast.
The year-end dividend is expected to be 20 yen per share.



Financial Results for 1H FY06/25

Forecast for FY06/25

Progress of the Medium-Term Management Plan

Reference

Medium-Term Management Plan(2025–2027)



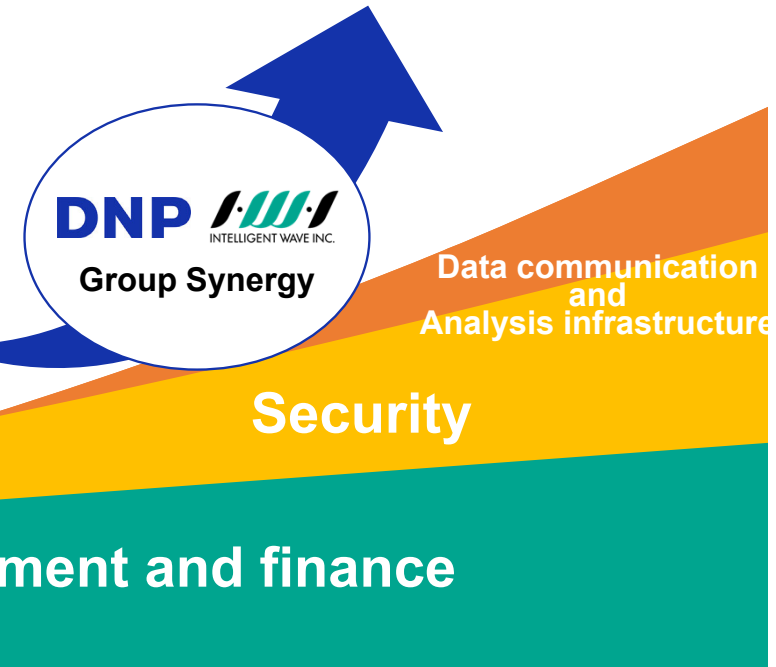
We will aim to diversify our business and establish a foundation for sustainable growth, looking ahead to the 2030s. We will also develop our business in various fields, particularly in the payment, security, and technology domains, to bring value to people's lives and build enhanced trust.

[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.

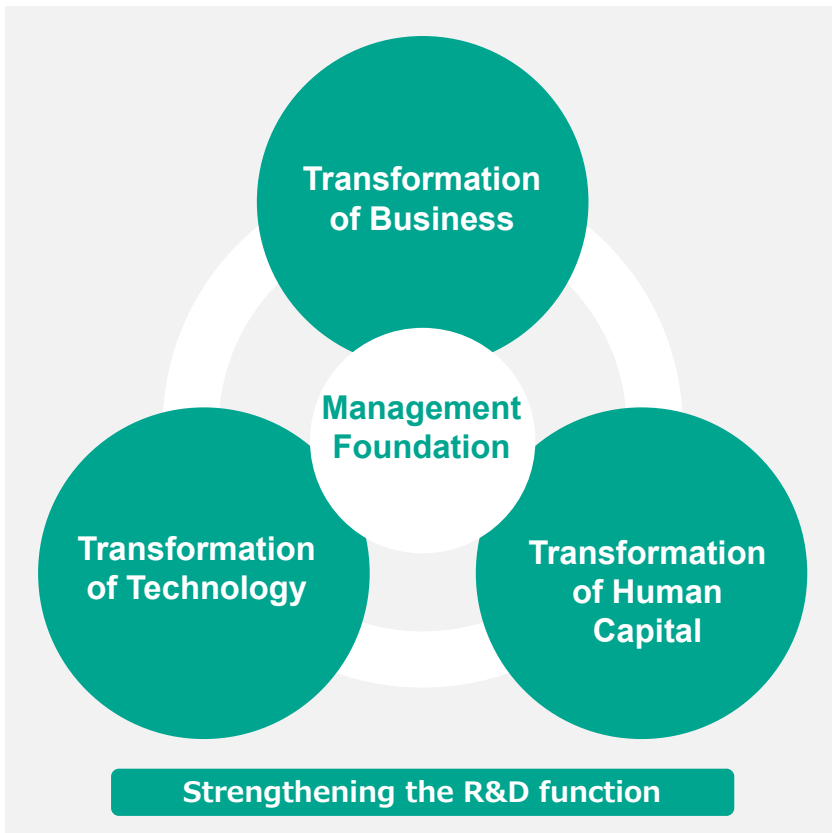
[4] By deepening our collaboration with the DNP Group and leveraging both customer bases, we will enhance our competitiveness and create synergies across the group.



Our core technologies: High-speed, large-capacity data communication/analysis processing

Basic Policies

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

- Received a large order 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.

Increase sales of proprietary products AIMD

- Roll out AIMD (Analyze Intelligence in media data) to manufacturers

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

Financial Results for 1H 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		
Labor cost	745	744	737	718	770	747		
Expenses	569	667	661	780	819	814		
Subcontracting cost	1,085	1,124	1,163	1,151	1,064	1,032		
Total manufacturing cost	2,411	2,544	2,571	2,656	2,672	2,600		
Work in progress [beginning of period]	216	269	227	275	206	383		
Work in progress [end of period]	269	227	275	206	383	243		
Transfer to other accounts	434	532	539	503	385	429		
Cost of sales	1,923	2,054	1,984	2,221	2,109	2,311		

SG&A expenses



Million yen

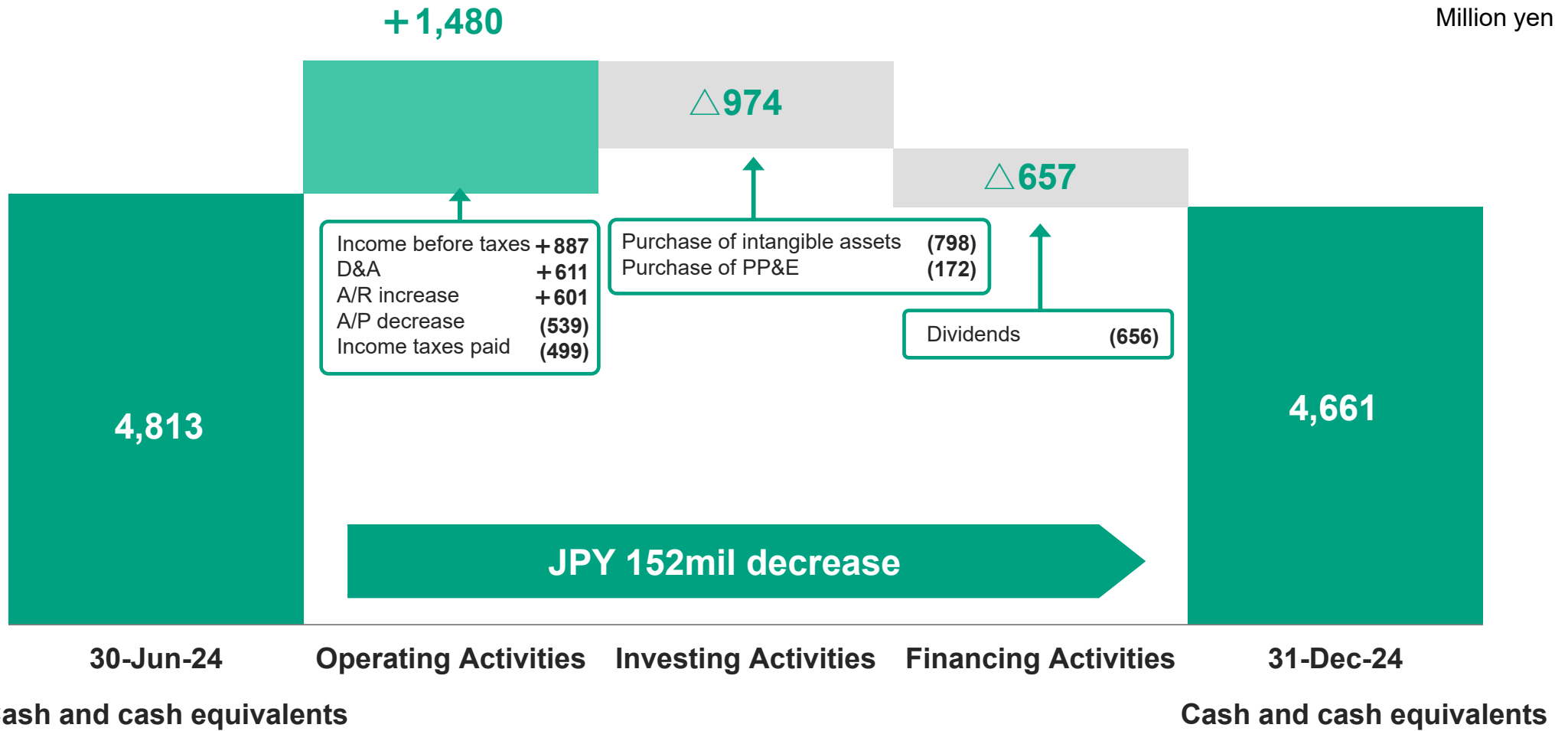
	FY06/24				FY06/25			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Salaries	387	382	381	405	407	428		
Training and recruiting	24	12	9	35	18	12		
Equipment and maintenance, etc.	127	108	113	111	108	112		
Advertising	14	17	16	15	13	14		
Others	137	137	115	128	127	131		
Total	691	656	634	694	675	699		

	1H FY06/24	1H FY06/25	Change
SG&A	1,348	1,374	+26
		Salaries	+67
		Training and recruiting	(5)
		Equipment and maintenance, etc.	(16)
		Advertising	(4)
		Others	(15)

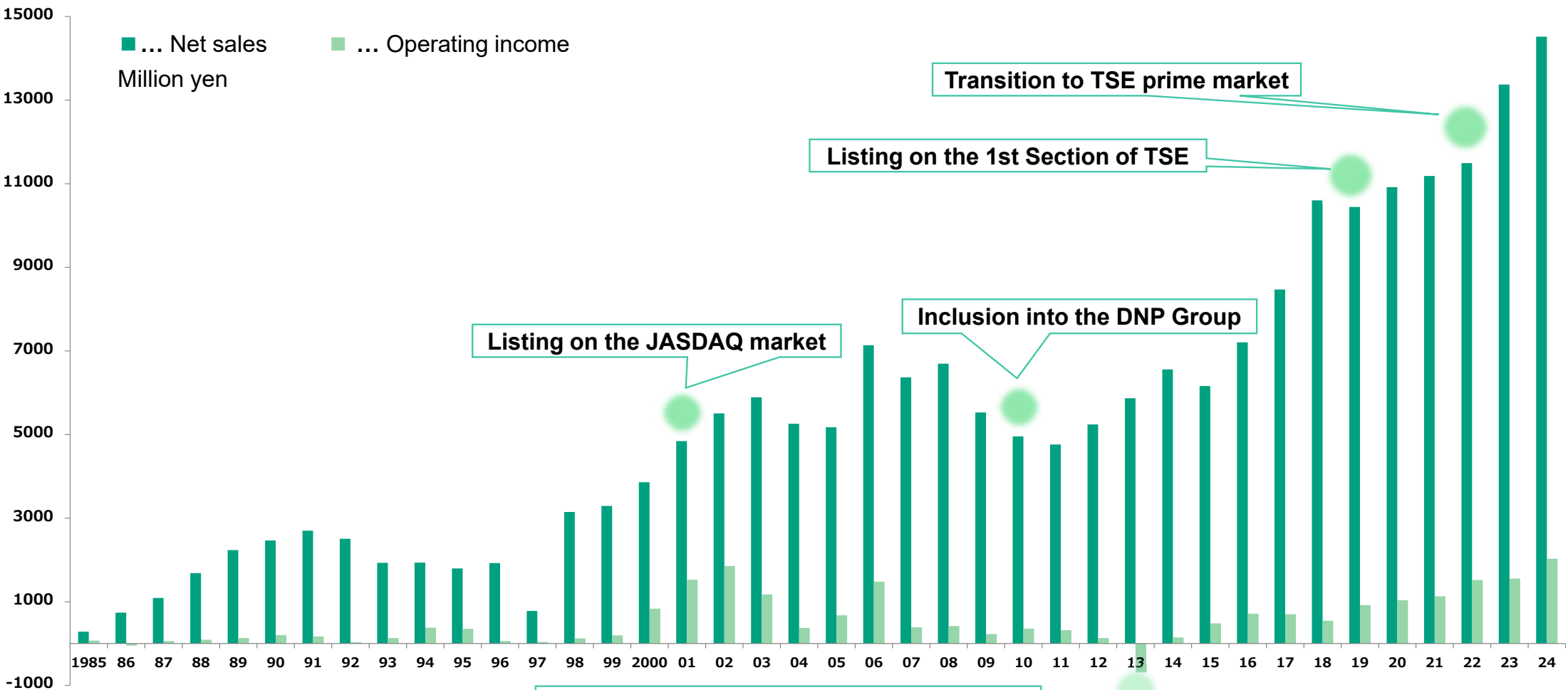
Cash Flows



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

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.

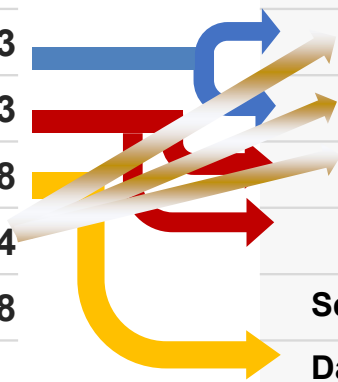
- Sales of the four cloud services are now recorded separately for each function we offer in the payment domain.
- Sales of security and new domain businesses (e.g., broadcasting), which were previously recorded within “Payment and finance,” are now recorded in “Data communication and analysis infrastructure.”
- 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
Fraud detection	1,697
Acquiring	3,060
Others	2,024
Security	1,558
Data communication and Analysis infrastructure	808



- NET+1 ■ IGATES
- ACEplus ■ IFINDS FARIS
- IOASIS ■ IPRETS
- Others, system development, etc.
- 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)			YoY (2H)
	1H	2H	Full year	1H (actual)	2H (Full year- 1H actual)	Full year (forecast)	
Net sales	6,946	7,572	14,518	7,540	8,459	16,000	+11.7%
System development	3,457	3,551	7,009	3,479	3,860	7,340	+8.7%
Maintenance	798	832	1,630	796	793	1,590	(4.7%)
In-house products and services	173	213	386	165	394	560	+85.0%
Third-party products and services (hardware, etc.)	578	850	1,428	647	362	1,010	(57.3%)
Cloud services	1,180	1,323	2,504	1,527	1,872	3,400	+41.4%
Security	757	800	1,558	923	1,176	2,100	+46.9%

Company overview



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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Intelligent Wave Inc.

Investor Relations Office
Business Administration Division.
E-mail: ir_info@iwi.co.jp