

---

# Financial Results for FY06/21

(July 1, 2020 to June 30, 2021)  
[Non-Consolidated]

---

Announced on Aug 6 , 2021  
Intelligent Wave Inc.





# Financial Results FY06/21

Medium-term business plan FY06/22 to FY06/24

Forecast for FY06/22

Reference

# FY06/21: Overview of results YoY comparison



Million yen

	FY06/20	FY06/21	Change	%
Net sales	10,920	11,187	+267	+2.4%
Operating income	1,036	1,130	+94	+9.1%
Ordinary income	1,074	1,171	+97	+9.0%
Net income	762	840	+78	+10.2%

# FY06/21: Overview of results vs. forecast



Million yen

	FY06/21 forecast	FY06/21 actual	Change %
Net sales	11,000	11,187	+1.7%
Operating income	1,150	1,130	-1.7%
Ordinary income	1,190	1,171	-1.6%
Net income	820	840	+2.4%

# FY06/21 Sales by segment category



- (+) Increased in sales of Hardware and Third-party products, steadily increase in Cloud service
- (△) System Development declined due to the previous period's large-scale project closed.

	FY06/20	FY06/21	Change
Net Sales	10,920	11,187	+267
System Development	5,791	5,272	-519
Maintenance	1,246	1,357	+111
In-house products	244	335	+91
Cloud service	828	942	+114
Hardware	1,526	1,638	+112
Third-party products	220	509	+289
Security products	1,063	1,131	+68

Million yen

# FY06/21 Top three clients, by sales YoY comparison

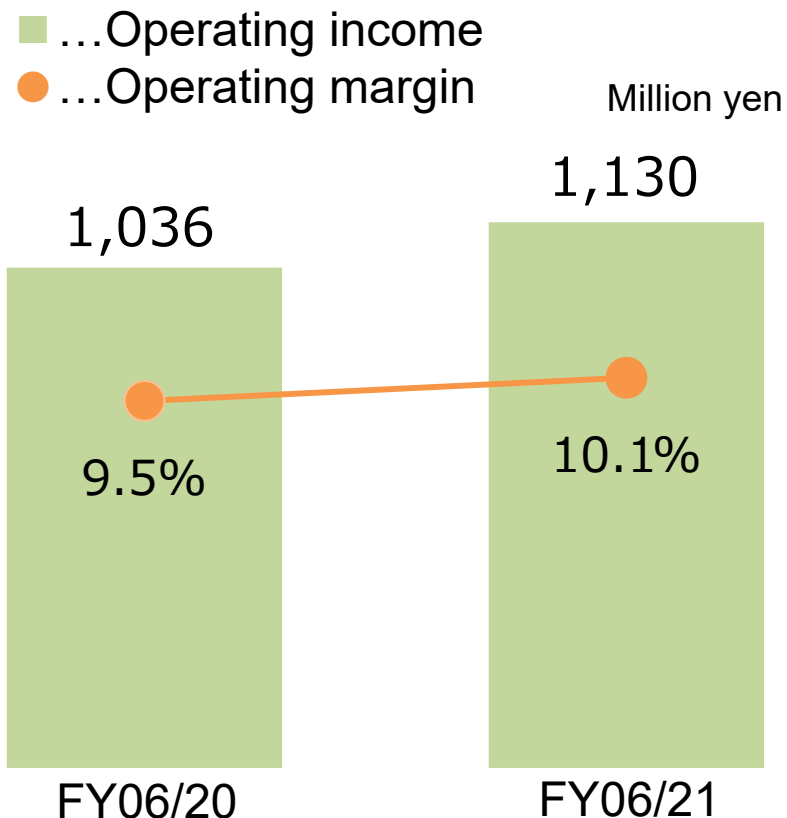


Million yen

	FY06/20	FY06/21	Change	Main projects
1. DNP	2,270	1,647	-623	TSP system (Smartphone payment) , System operations(24/365), Payment Platform
2. System Integrator	531	1,213	682	FEP system and Fraud detection for new entry to the industry
3. Credit card company	705	1,202	497	Development and hardware sales for FEP replacement

# FY06/21 Operating income

- (+) Hardware and other sales increased.  
Improved stability of System Development projects.
- (△) Decreased in sales of System Development



**+94 YoY**

## Reasons for changes

### (Increase)

- Increased in sales of hardware and third-party products
- Improved quality of development products
- Improved profitability of information security business

### (Decrease)

- Decreased in sales of System Development



Financial Results FY06/21

Medium-term business plan FY06/22 to FY06/24

Forecast for FY06/22

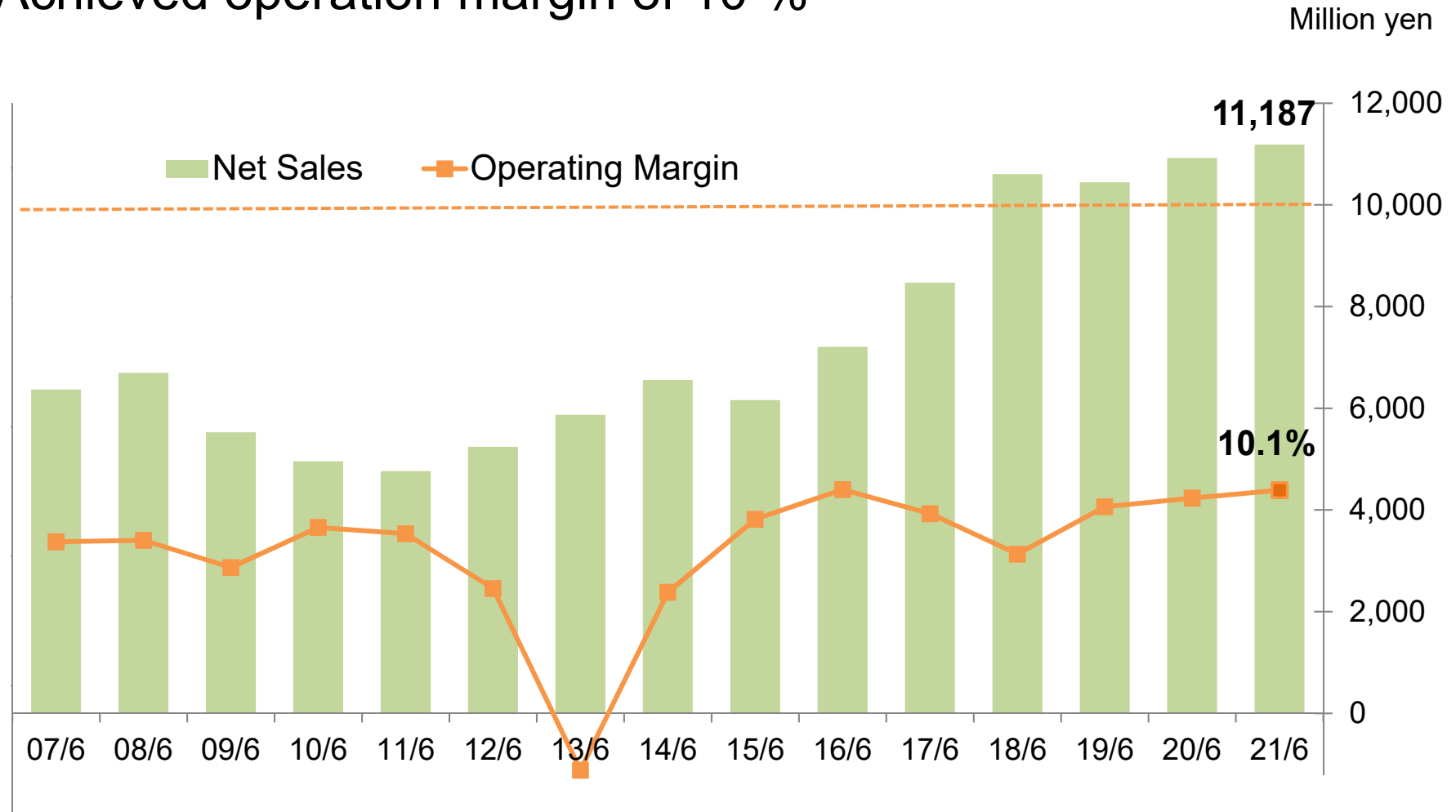
Reference



# Historical performance



Secured net sales of over 10 billion yen  
Achieved operation margin of 10 %



# Redefinition of our mission



With providing IT service and BPO service powered by cloud-computing in addition to conventional on-premise contract products, IWI will transform from System Integrator of credit card payment system to IT Service Provider supporting companies' Business Reliability in business domains of payment, finance and security.

Realize “Business Reliability”

## **Business Reliability:**

**to keep improving the reliability of the business both of clients and ours**

\*Business Reliability is a word coined by the company.

# Medium-term business plan



Target 15 billion of net sales and 15% of operation margin in FY06/24

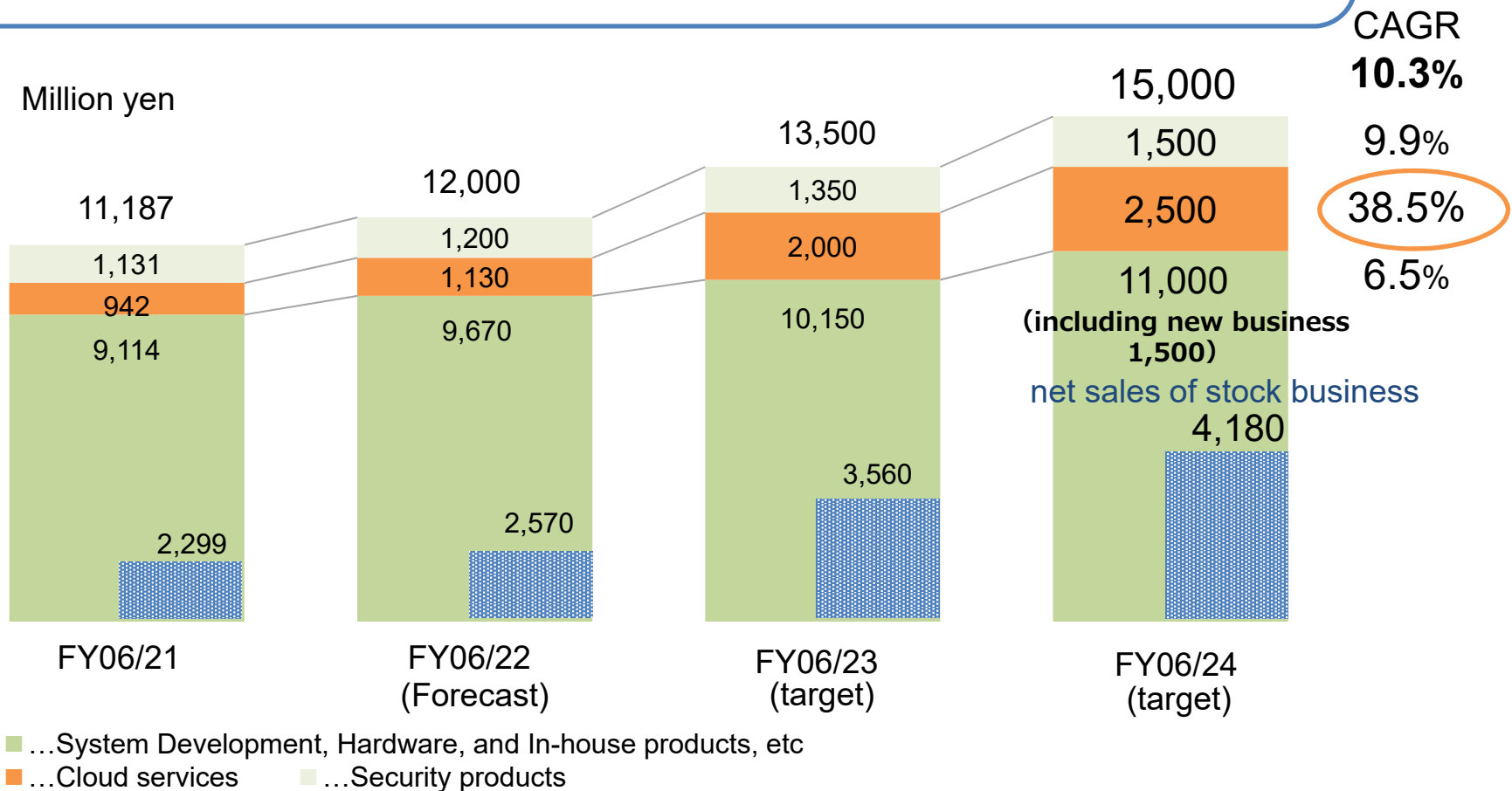
## 15ALL “Fifteen All”

Million yen

	FY06/21 (actual)	FY06/22 (Forecast)	FY06/23 (target)	FY06/24 (target)	CAGR
Net sales	11,187	12,000	13,500	15,000	10.3%
Operating income [OM]	1,130 (10.1%)	1,320 (11.0%)	1,750 (13.0%)	2,250 (15.0%)	25.8%

# Roadmap to 15ALL

- ① Hybrid IT infrastructure in payment business market
- ② Expansion of business domain
- ③ DNP Group Synergies



# ① Hybrid IT infrastructure in payment market

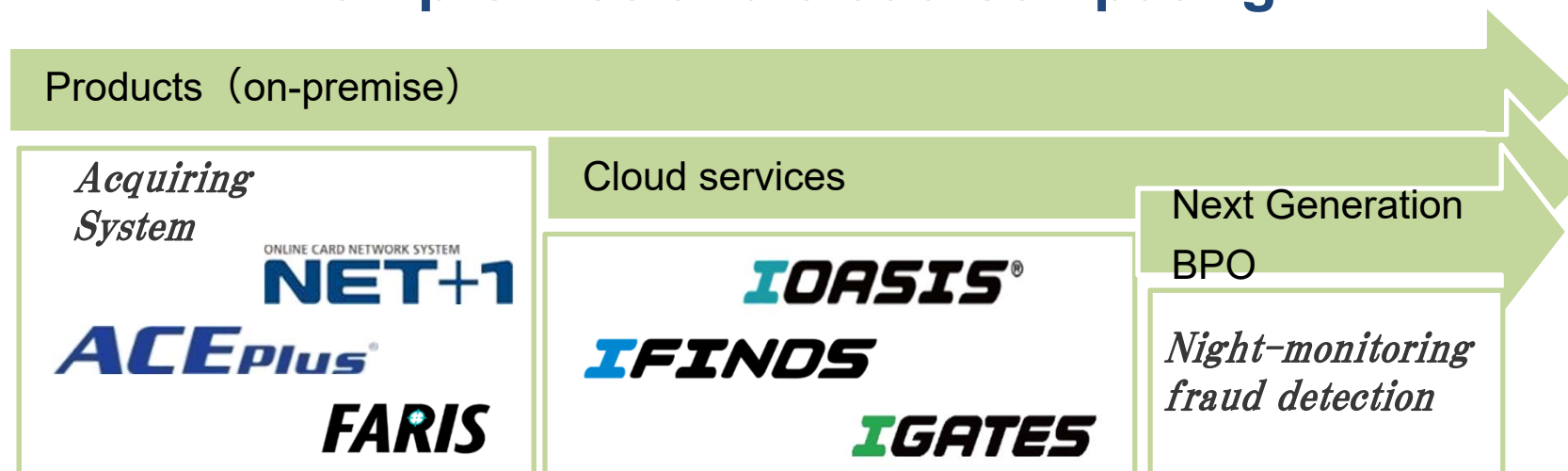


Our business opportunity is growing further through the promotion of cashless society and diversification of payment methods.

Credit card companies aim to reduce operating costs under the declining transaction charge and seek cloud-computing services, which does not cost physical machinery such as servers.

The company is working on enhancing cloud service business and we will promote “Cloud-First” and develop new services to support consumers and businesses.

## Develop and expand hybrid business of “on-premise and cloud-computing”



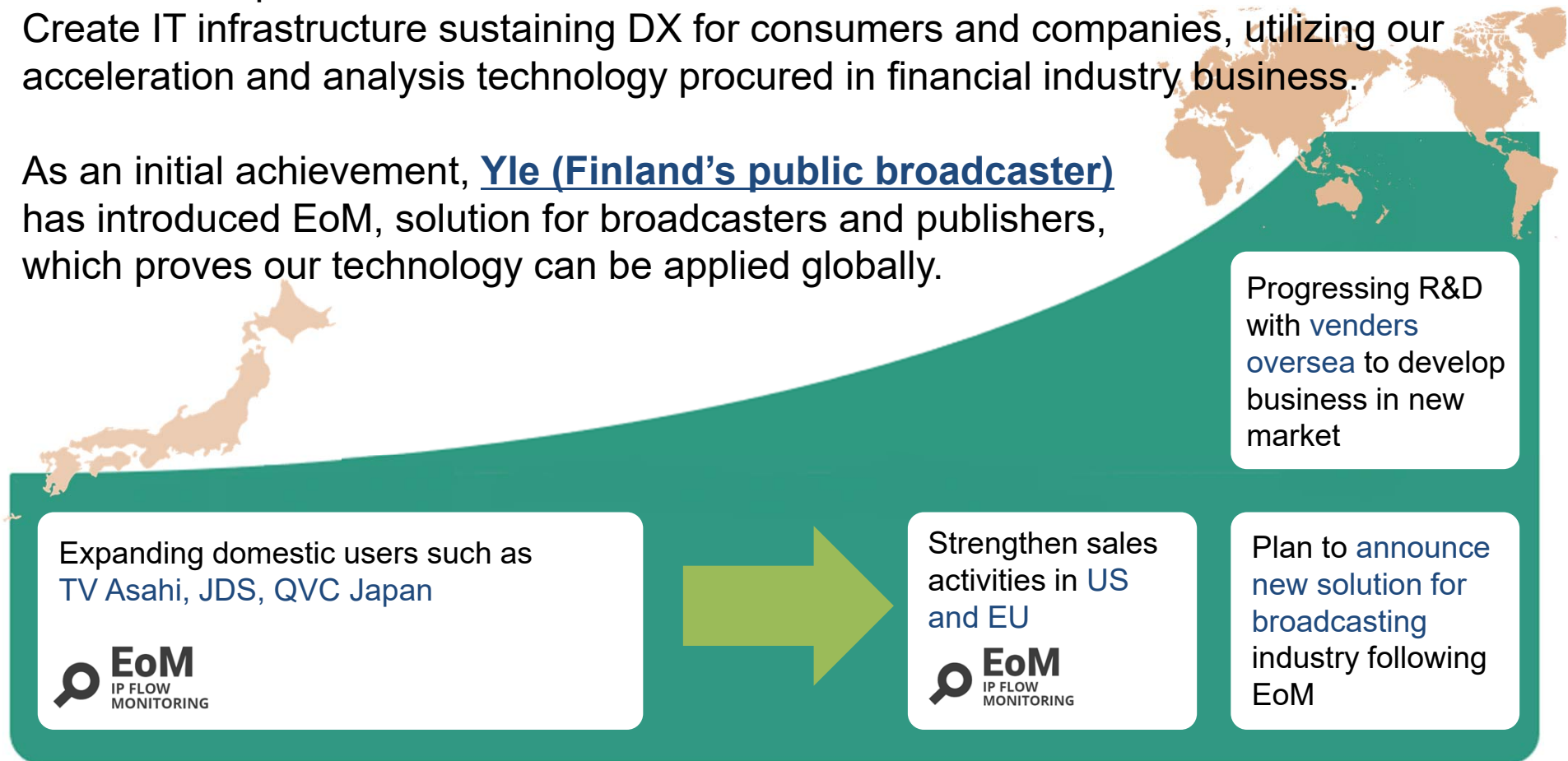
## ② Expansion of business domain

Promotion for DX leads any industry in the world to requiring real-time and high-speed bulk data processing.

In order to expand our business domain...

Create IT infrastructure sustaining DX for consumers and companies, utilizing our acceleration and analysis technology procured in financial industry business.

As an initial achievement, [Yle \(Finland's public broadcaster\)](#) has introduced EoM, solution for broadcasters and publishers, which proves our technology can be applied globally.



# ③ DNP Group Synergies

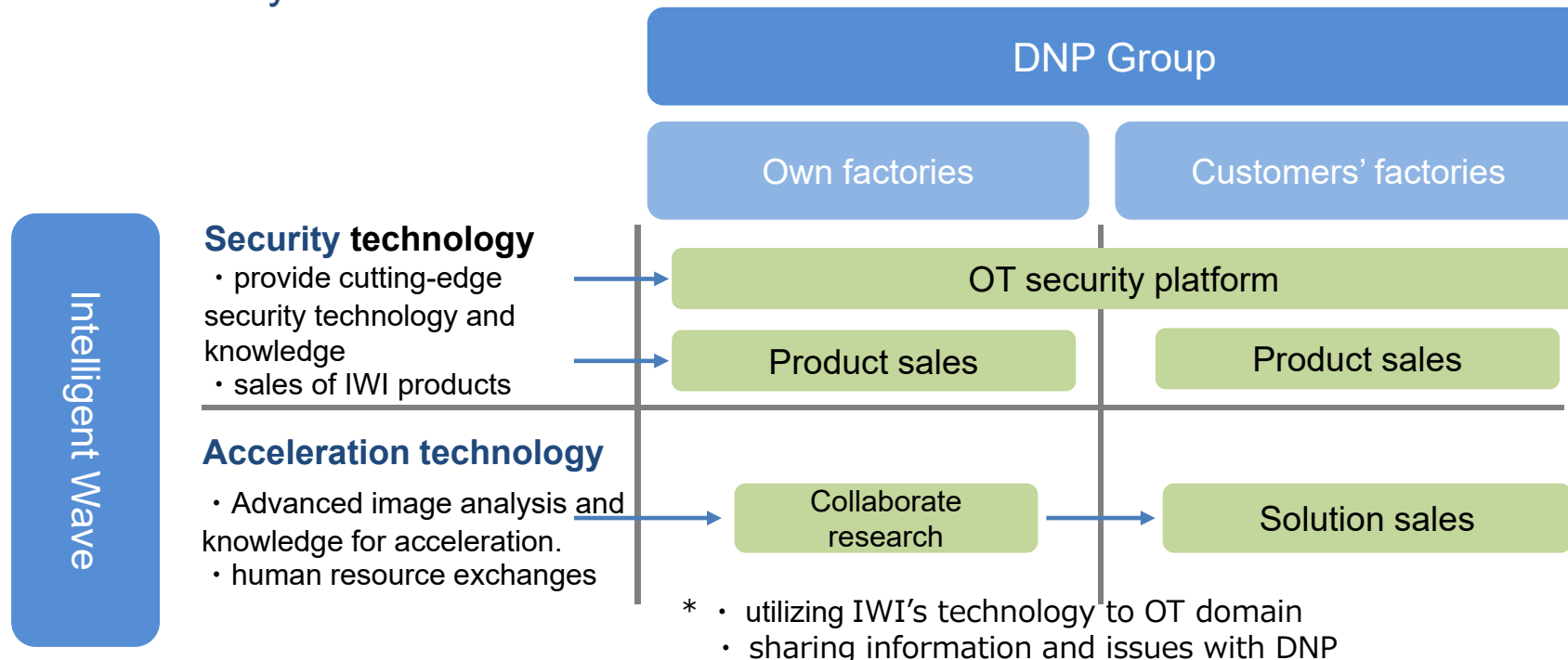


Catching the cashless payment trend, the synergy between DNP and IWI was centered in payment business domain.

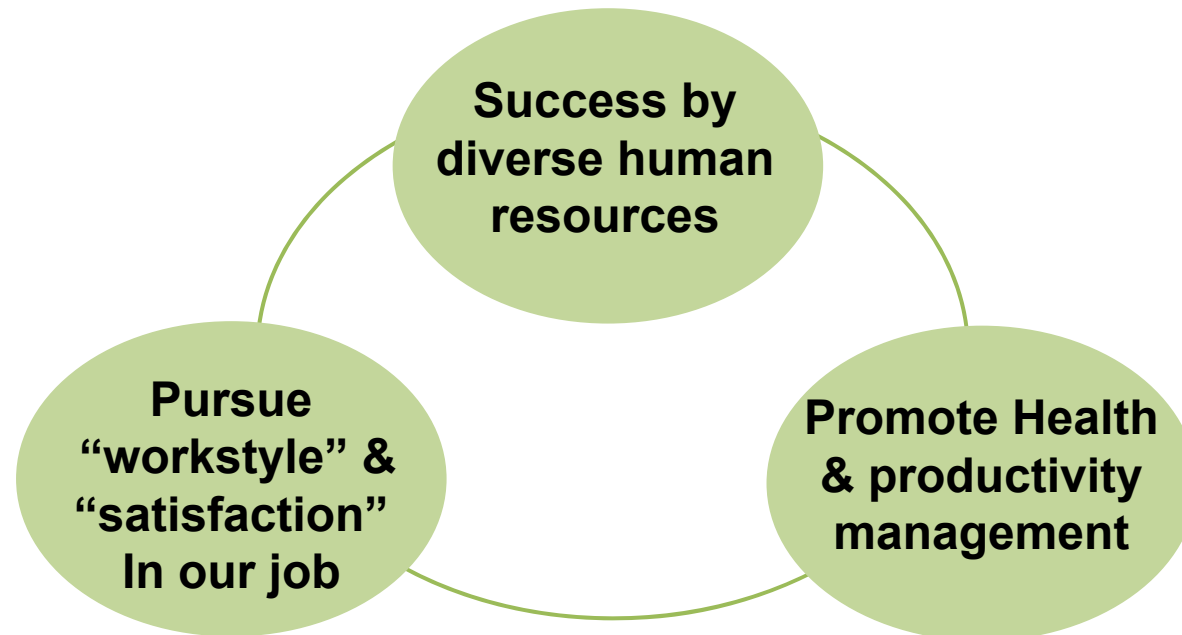
Promote the business synergy, **DNP's assets and IWI's technology**, into the activity without limiting specific domains.

As an initial step...

Focusing on factories and facilities, deliver on the Group Synergy strategy for "Smart Factory" in OT area



Activities for improving human capital are important elements for our business model. By respecting a **broad range of workstyles and individual employees**, we ensure the stable operation of the IT structure and the creation of new business.



## Value

**“All employees being friends who grow together”**

Friends mean team members who share our mission and vision and grow together while taking on new challenges.



Announced the policy to choose to be listed in the Prime market segment  
(28th July, 2021)

## Enhance the corporate value by executing mid-term business plan

- To double operating income by “15ALL” strategy  
(FY06/21 1,130 million yen → FY06/24 2,250 million yen)

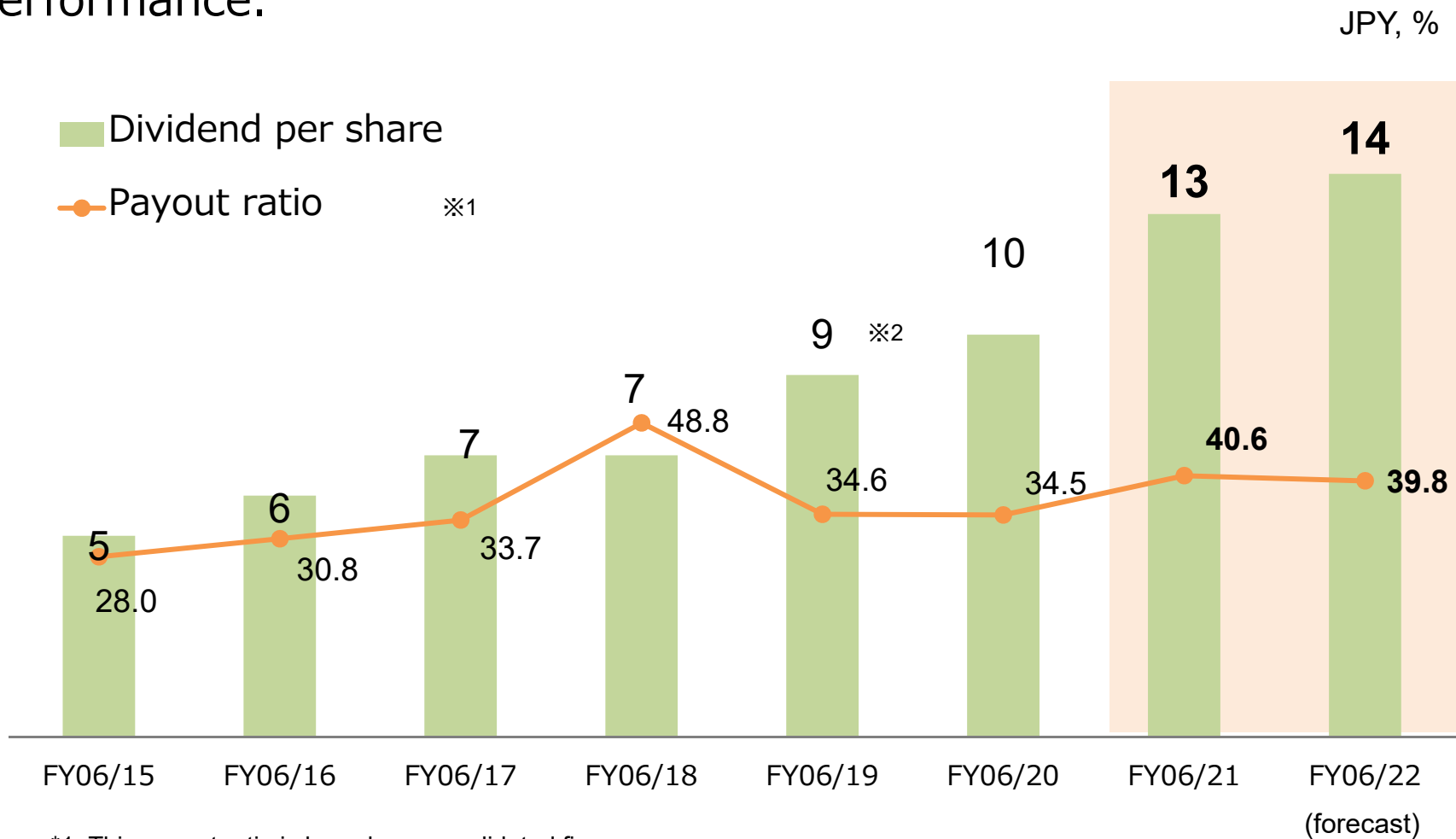
## Strengthen shareholder returns

- Revised upwardly of payout ratio from 30% to 40%
- Increased dividend in FY06/21 from JPY10 to JPY13

# Shareholder returns



Trends of increasing dividends with improvement of the business performance.



\*1. This payout ratio is based on consolidated figures.

\*2. Includes a JPY1 dividend commemorating our listing on the First Section of the Tokyo Stock Exchange.



Financial Results FY06/21

Medium-term business plan FY06/22 to FY06/24

Forecast for FY06/22

Reference

# FY06/22 Full-year Forecasts



Million yen

	FY06/21 actual			FY06/22 forecast			YoY (full year)
	1H	2H	Full year	1H	2H	Full year	
Net sales	5,247	5,940	11,187	5,000	7,000	12,000	+7.3%
Operating income [OM]	405 (7.7%)	725 (12.2%)	1,130 (10.1%)	410 (8.2%)	910 (13.0%)	1,320 (11.0%)	+16.8%
Ordinary income [OM]	421 (8.0%)	750 (12.6%)	1,171 (10.5%)	430 (8.6%)	930 (13.3%)	1,360 (11.3%)	+16.1%
Net income [NM]	285 (5.4%)	555 (9.3%)	840 (7.5%)	300 (6.0%)	640 (9.1%)	940 (7.8%)	+11.9%

# FY06/22: Forecasts Sales by segment category



Million yen

	FY06/21 actual			FY06/22 forecast			YoY (full year)
	1H	2H	Full year	1H	2H	Full year	
Net Sales	5,247	5,940	11,187	5,000	7,000	12,000	+7.3%
System Development	2,437	2,835	5,272	2,713	3,137	5,850	+11.0%
Maintenance	647	710	1,357	725	715	1,440	+6.1%
In-house products	210	126	335	265	135	400	+19.4%
Cloud service	470	472	942	489	641	1,130	+20.0%
Hardware	872	766	1,638	188	1,542	1,730	+5.6%
Third-party products	240	269	509	120	130	250	△50.9%
Security products	369	762	1,131	500	700	1,200	+6.1%

# Initial FY06/22 forecast for sales of cloud services (service charge)



IOASIS greatly contributes to net sales from second half of the fiscal year, becoming profitable for the first time after the service launched.

Million yen

		FY06/21	FY06/22				
		Full-year	1Q	2Q	3Q	4Q	Full-year
Net sales	Initial plan		240	248	296	343	1,130
	Actual	942					
Gross profit	Initial plan		△18	18	46	33	80
	Actual	△81					

No. of customers (Initial plan)	■ IPRETS	1	Point system
	■ IGATES	5 (YoY +1)	Switching gateway
	■ IFINDS	3	Fraud detection
	■ IOASIS	9 (YoY +4)	Acquiring operation



Financial Results FY06/21

Medium-term business plan FY06/22 to FY06/24

Forecast for FY06/22

Reference

# FY06/21 sales of cloud services (service charge)



Million yen

		FY06/20	FY06/21				
		Full-year	1Q	2Q	3Q	4Q	Full-year
Net sales	plan		224	235	235	246	940
	Actual	828	224	246	232	239	942
Gross profit	plan		-14	-10	-29	-22	-75
	Actual	-24	-37	-12	-28	-3	-81

- No. of customers (Actual)
- IPRETS 1 (YoY +1) Point system
  - IGATES 4 (YoY +2) Switching gateway
  - IFINDS 3 Fraud detection
  - IOASIS 5 Acquiring operation

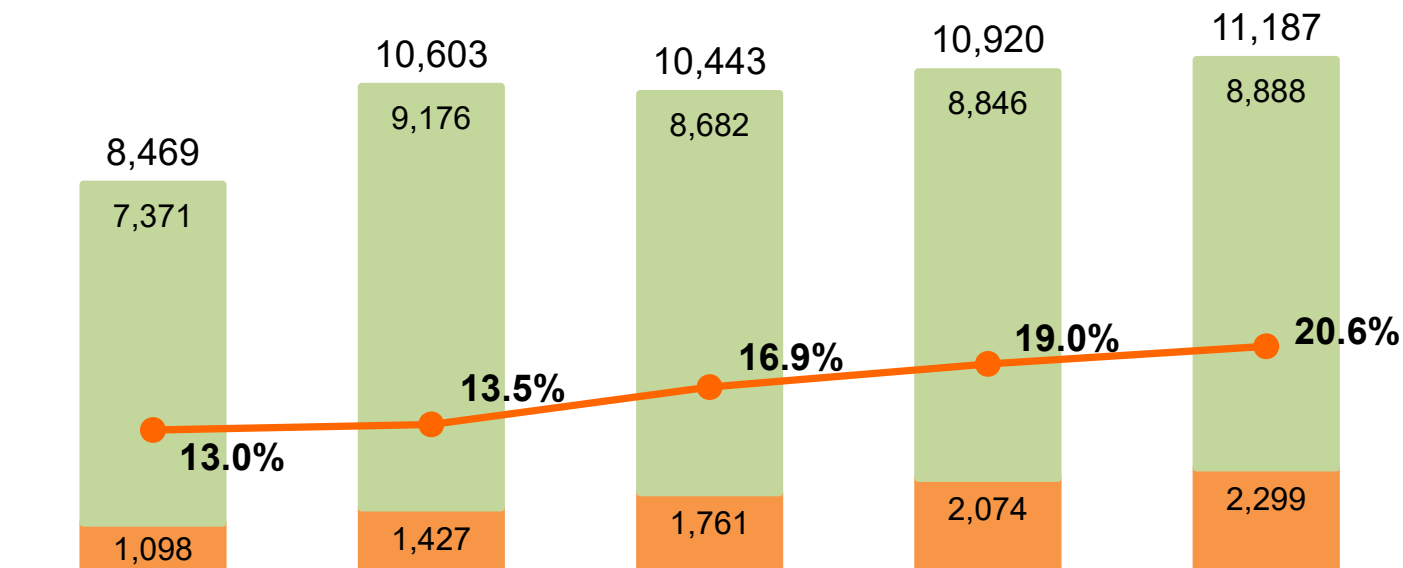


# Historical net sales (Stock/Flow)



Million yen

Stock Flow the rate of stock business



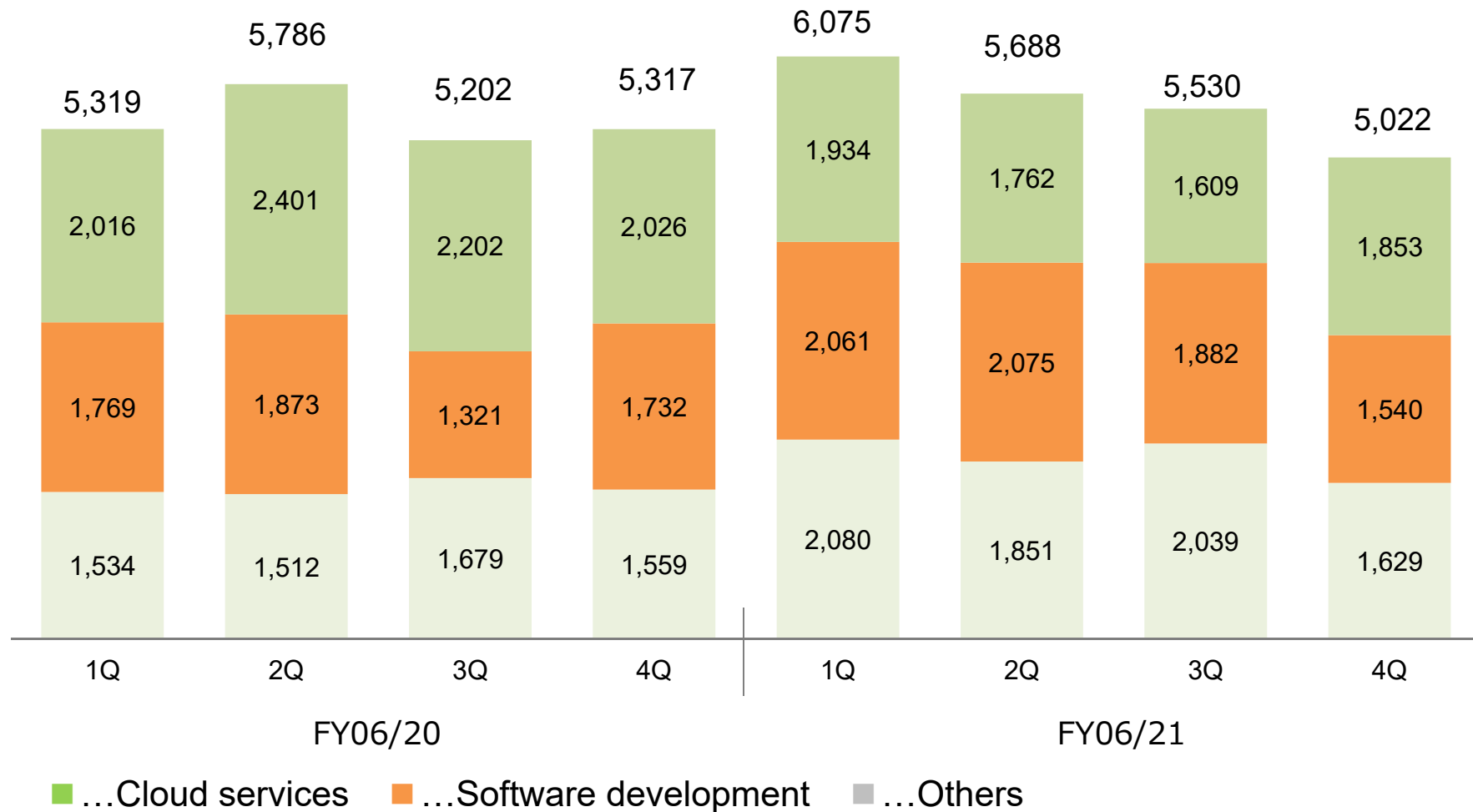
	FY06/17	FY06/18	FY06/19	FY06/20	FY06/21
Stock	1,098	1,427	1,761	2,074	2,299
(YoY)		+30.0%	+23.4%	+17.8%	+10.8%
Flow	7,371	9,176	8,682	8,846	8,888
(YoY)		+24.5%	△5.4%	+1.9%	+0.5%

\* Stock: categories with contracts that allow us to record sales of a fixed amount on a regular basis  
 Flow : categories with contracts that are not stationary in terms of the amount and timing

# Orders on hand



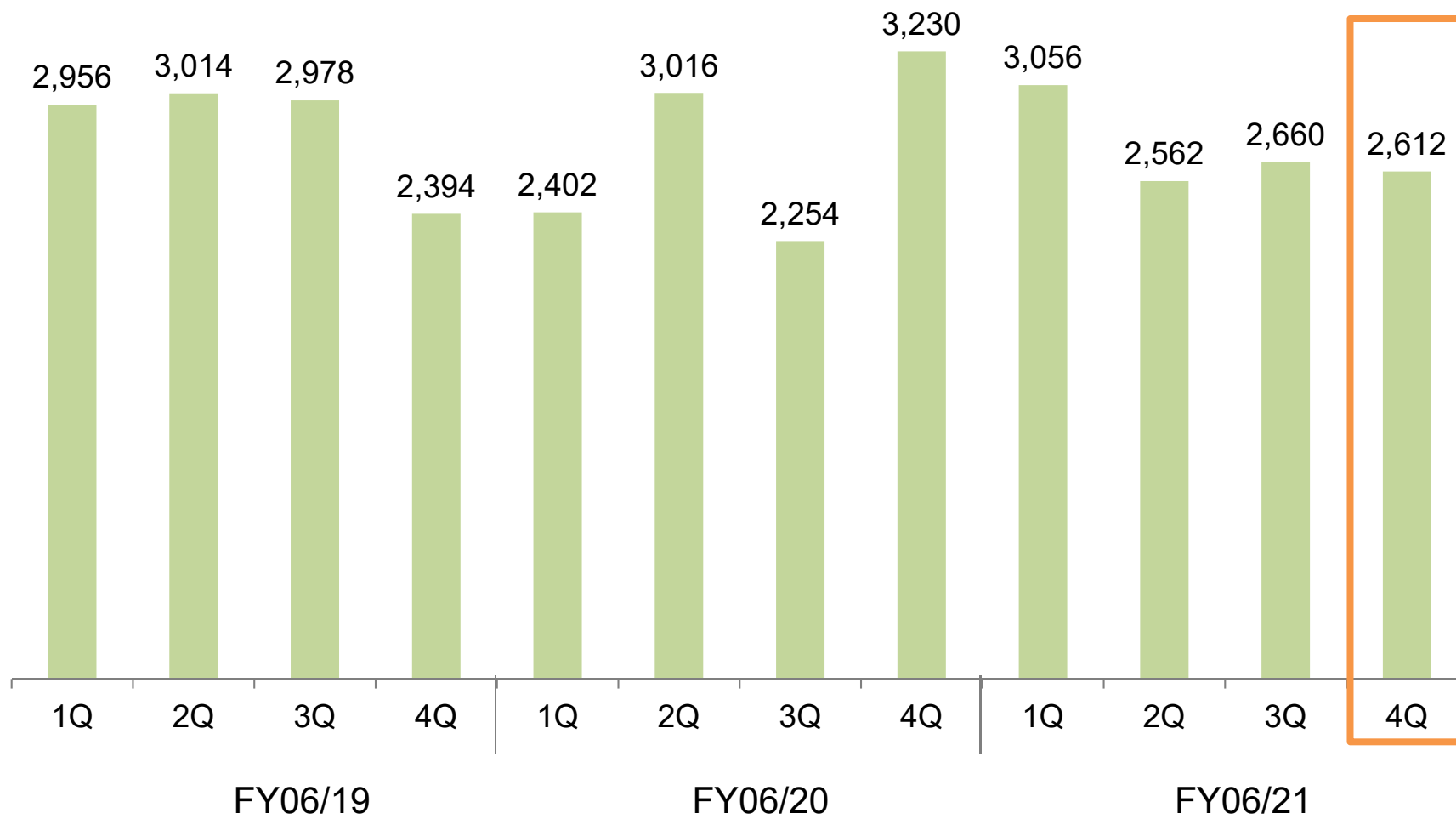
Million yen



# Amount of orders



Million yen



# FY06/21 production costs



Thousand yen

	FY06/20				FY06/21			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Materials cost	13,473	15,597	10,163	4,078	4,890	6,337	8,255	8,940
Labor cost	669,478	677,925	676,878	705,015	708,202	739,778	712,358	732,866
Expenses	322,071	324,894	324,855	333,834	363,448	353,011	368,936	399,624
Subcontracting cost	636,415	679,101	640,094	603,288	581,894	546,583	565,629	555,601
Total manufacturing cost	1,641,439	1,697,518	1,651,991	1,646,216	1,658,435	1,645,711	1,655,180	1,697,032
Work in progress (beginning of period)	626,309	741,783	839,812	460,178	381,557	515,004	503,982	534,449
Work in progress (end of period)	741,783	839,812	460,178	381,557	515,004	503,982	534,449	355,789
Transfer to other accounts	166,499	136,522	150,296	142,737	100,020	87,206	124,252	182,951
Cost of sales	1,359,465	1,462,967	1,881,328	1,582,100	1,424,967	1,569,526	1,500,459	1,692,741

# FY06/21 SG&A expenses

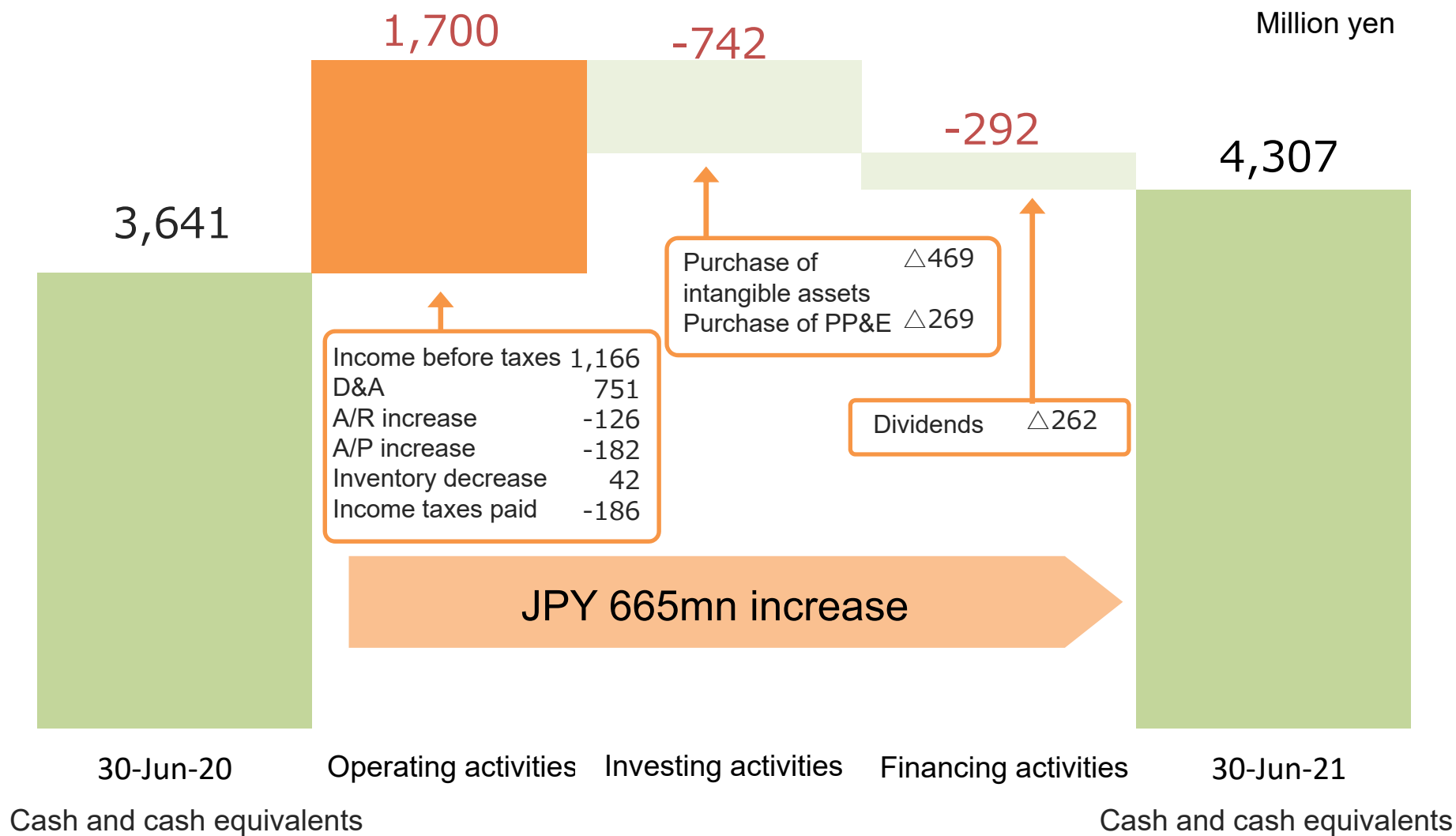


Thousand yen

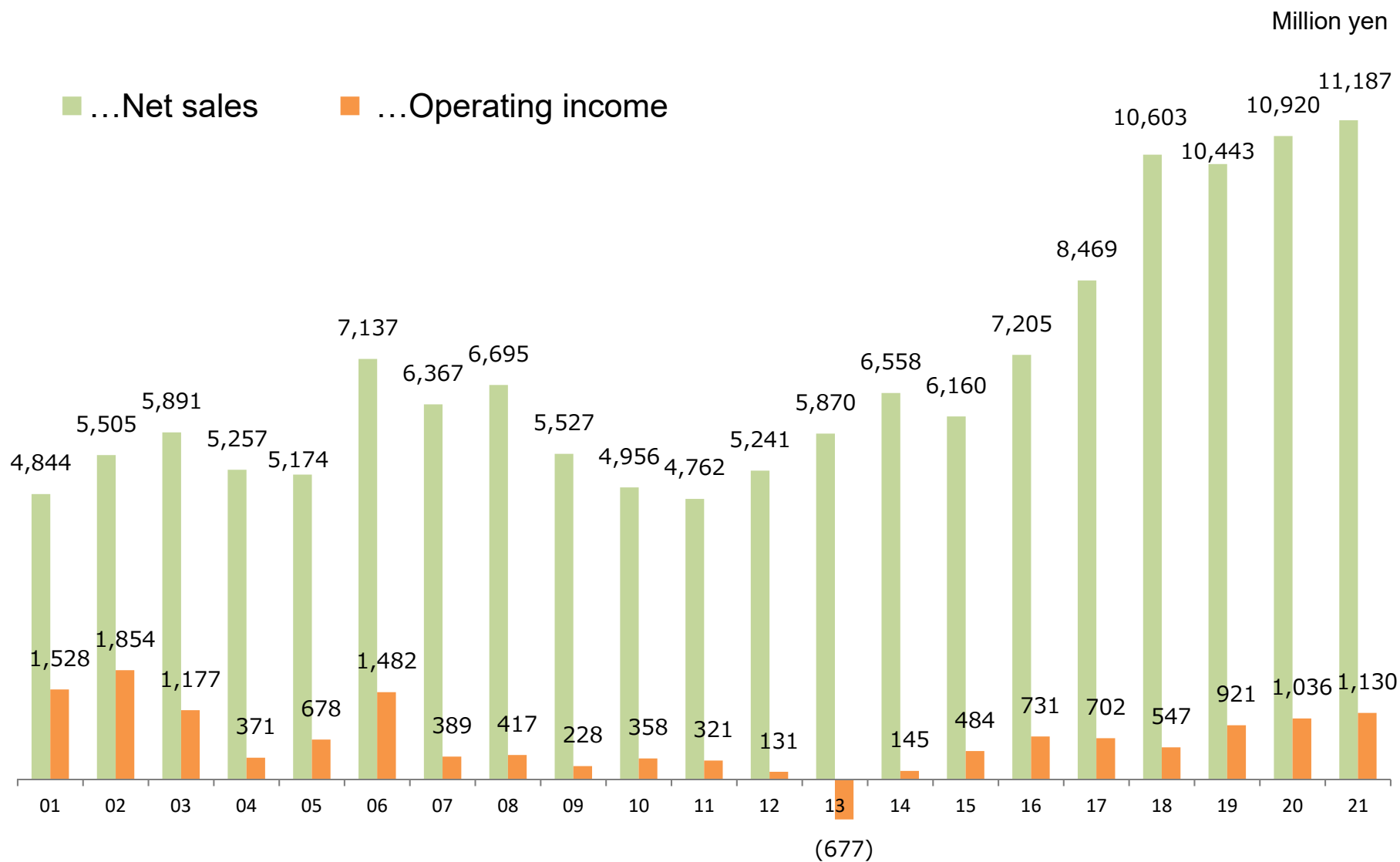
	FY06/20				FY06/21			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Salaries	302,437	294,538	295,482	342,620	287,425	323,927	312,972	339,842
Training and recruiting	13,243	18,471	18,739	6,860	5,321	17,463	13,352	16,789
Rent	21,204	17,334	17,849	18,116	17,621	17,615	17,918	18,164
Advertising	9,917	8,219	2,088	1,463	1,586	4,239	3,228	7,145
R&D	4,914	6,344	13,371	7,179	8,723	22,254	19,250	30,232
Depreciation and amortization	8,826	9,148	9,969	11,010	9,457	9,952	10,291	10,674

	FY06/20	FY06/21	Change	Million yen
SG&A	1,944	2,026	82	
(breakdown)		salaries	+29	
		Training and recruiting	-4	
		Advertising	-5	
		Research and development	+48	
		Others	+14	

# FY06/21 Cash flows



# Historical performance

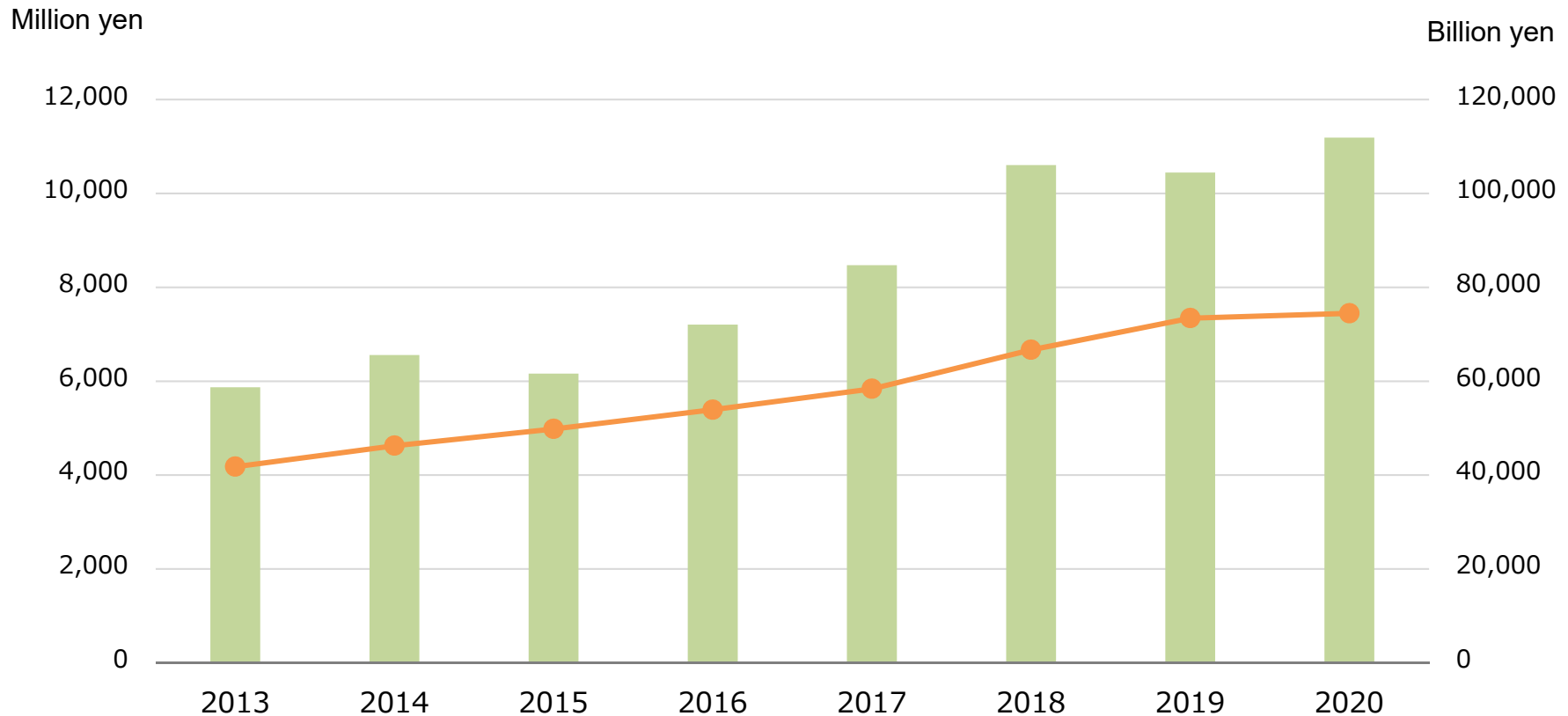


Note: Consolidated results are shown through FY06/15.

# (Reference) Relationship between company performance and credit card use



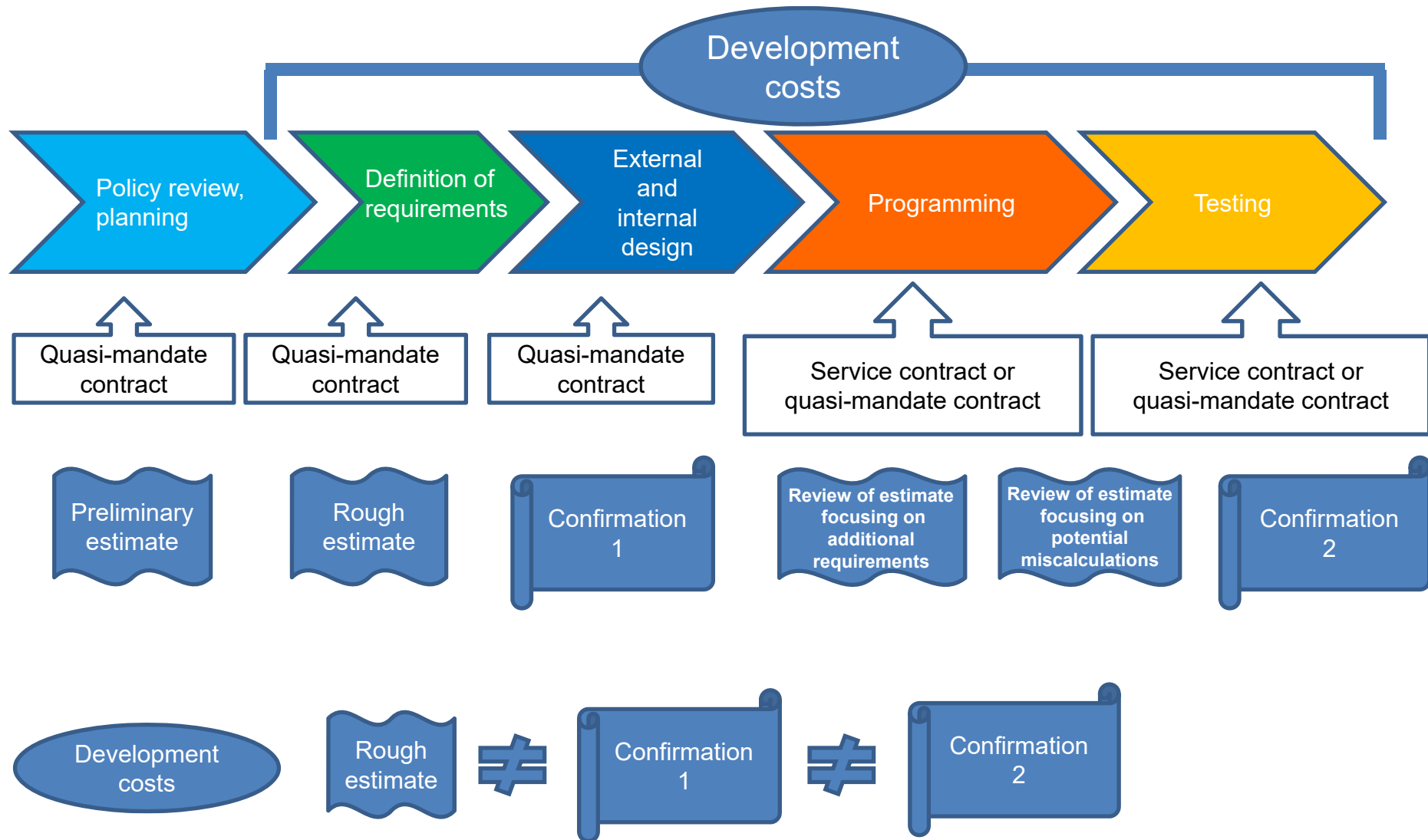
- Net sales (left-hand scale): CAGR of 11.3%
- Expenditure on credit card shopping (right-hand scale): CAGR of 10.1%



Source: Compiled from "Credit Statistics of Japan (2020)," Japan Consumer Credit Association  
Consolidated results are shown for the company's net sales through FY06/15.



# (Reference) System development process, contract types, and accuracy of estimates



# Company overview



As of June 30, 2021

Established	December 27, 1984
Location	Kayabacho Tower, 1-21-2 Shinkawa, Chuo-ku, Tokyo
Employees	441
Parent company	Dai Nippon Printing Co., Ltd. (50.71%)
Capital stock	JPY843.75k
Shares outstanding	26,340,000
	Shareholders 9,889

	Ownership (%)		% of shareholders
Individuals, others	37.13%	Individuals, others	98.31%
Japanese financial institutions	8.40%	Japanese financial institutions	0.16%
Other Japanese corporations	51.11%	Other Japanese corporations	0.48%
Foreign corporations	2.19%	Foreign corporations	0.76%
Japanese securities firms	0.98%	Japanese securities firms	0.28%
Treasury stock	0.19%	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 Office    E-mail: [ir\\_info@iwi.co.jp](mailto:ir_info@iwi.co.jp)