



The Infcurion IPO

Infcurion Inc (438A) ⓘ

• Tokyo Currency in JPY

1,451.00 -229.00 (-13.63%) ▼

🕒 Closed · 02:30:29



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Day's Range

1,451.00 ▼ 1,660.00

52 wk Range

1,451.00 ▼ 1,680.00

I. Executive Summary and Investment Thesis

1.1 Summary

Infcurion debuted on the TSE's Growth Segment on Friday, October 24, 2025. After bookbuilding resulted in a ¥1,680 reference price, above the indicated range up to ¥1,600, the stock's first quote was ¥1,560, and the closing price ¥1,451, altogether an underwhelming debut. At the closing price, Infcurion is valued at approximately ¥30 billion, largely in line with the ¥10 billion investment SMBC Group made in September 2024 for what now turns out to be a 29% stake. "Dressed for success" for the IPO with operating expenses down 13 percentage points year-on-year, first-time consolidated profitability, and a stock market near record highs had many believe in a more dynamic debut. Even the recent Sony Financial spin-off popped 40% before settling back to its reference price since.

Infcurion operates as a financial technology entity within Japan, positioning itself as a "Payments Enabler" (決済イネーブラー). Its core business involves providing embedded finance solutions and platforms, facilitating the integration of payment and financial functions for a diverse client base spanning financial institutions, SaaS providers, and large enterprises across both business-to-business (B2B) and business-to-consumer (B2C) domains. Infcurion's operations are structured into three distinct segments: Payment Platform, Merchant Platform, and Consulting. Infcurion aims to transform economic activities by making sophisticated payment functionalities accessible, thereby enabling new business models under its mission statement: "Making yesterday's impossible possible, starting with payments" (決済から、きのうの不可能を可能にする).

For the fiscal year ended March 31, 2025 (FYE 2025), Infcurion reported consolidated revenues of ¥7,174 million, representing a significant Year-over-Year (YoY) increase of 22.9%. This growth was primarily propelled by the Payment Platform segment, which saw its revenue expand by 42.1% YoY. A notable financial milestone was achieved in FYE 2025 as Infcurion transitioned to consolidated profitability, recording an Operating Income of ¥143 million, a substantial improvement from an Operating Loss of ¥528 million in the prior fiscal year. Similarly, Net Income attributable to parent shareholders reached ¥74 million, reversing a Net Loss of ¥557 million in FYE 2024. Despite this consolidated turnaround, the strategic Payment Platform segment continued to operate at a loss of ¥223 million, albeit reduced from the previous year.

Infcurion offers a comprehensive suite of cloud-native, API-driven payment infrastructure solutions, encompassing card issuing (via its "Xard" platform), wallet and payment application development ("Wallet Station"), and merchant acquiring services including point-of-sale terminals and gateways



("Anywhere"). A key strategic element underpinning its market position is the capital and business alliance established with Sumitomo Mitsui Financial Group (SMBC Group). Following investment, SMBC Group holds an indirect 29.0% equity stake, making Infcurion an equity-method affiliate. This partnership involves joint development initiatives, notably the "Trunk" platform aimed at corporate clients, and provides Infcurion with enhanced market credibility and access to SMBC Group's extensive client network.

1.2 Investment Thesis

Based on the analysis of the IPO filing documentation, several key factors support a potentially positive investment case, balanced by associated risks.

1. **Rapid Expansion in Core B2B Market:** Infcurion exhibits substantial traction in the large B2B payments sector, evidenced by the 115.5% YoY surge in B2B Gross Transaction Value (GTV) to ¥2,182 billion in FYE 2025. This growth, driven by the "Xard" card issuing and "Winvoice" invoice payment platforms, signals strong market acceptance and adoption, particularly among SaaS providers integrating Infcurion's solutions. This high GTV growth serves as a primary engine for future expansion of high-margin, recurring "Stock Revenue," identified by Infcurion as usage-based fees. The 30.1% YoY increase in overall Stock Revenue to ¥2,207 million in FYE 2025 underscores the translation of platform usage into a more predictable revenue stream. The strategic focus on the B2B segment, relatively less penetrated by modern FinTech solutions compared to B2C in Japan, represents a significant growth opportunity.
2. **Turnaround to Consolidated Profitability:** Infcurion achieved a critical inflection point in FYE 2025, transitioning from substantial operating and net losses in the prior year to positive Operating Income (¥143 million) and Net Income attributable to parent (¥74 million). This turnaround suggests improving operational efficiency and the potential realization of operating leverage as revenues scale. While profitability is newly achieved and relatively modest, it differentiates Infcurion from persistently loss-making high-growth peers and may reduce the perceived investment risk. However, this profitability currently relies on the contributions from the established Consulting (¥395 million profit) and Merchant Platform (¥79 million profit) segments, which are offsetting the continued investment and resulting loss (-¥223 million) in the high-growth Payment Platform segment. The sustainability and expansion of overall profitability hinge critically on the Payment Platform achieving breakeven and contributing positively in the future.
3. **Strategic Validation and Channel via SMBC Group Partnership:** The capital and business alliance with SMBC Group provides significant strategic advantages. SMBC Group's indirect 29.0% ownership stake signifies strong validation from a major financial institution. The collaboration extends to joint product development, most notably the "Trunk" digital financial services platform for corporate clients, launched in April 2025. This partnership integrates Infcurion's core B2B technologies (Xard, Winvoice) into SMBC's offering, providing a powerful distribution channel to SMBC's vast corporate customer base. SMBC Group's publicly stated ambition for "Trunk" (targeting 300,000 accounts and ¥3 trillion in deposits within three years) highlights the potential scale of this collaboration. This alliance significantly de-risks Infcurion's B2B go-to-market strategy and provides access to resources, credibility, and market reach that would be challenging to attain independently.
4. **Modern and Comprehensive Technology Platform:** Infcurion distinguishes itself through a technologically advanced platform architecture. Its solutions are built on a full-cloud, API-centric model, offering greater flexibility, scalability, and potentially lower implementation and maintenance costs compared to the legacy systems prevalent among traditional financial institutions and payment processors. The platform's comprehensive nature, spanning the payments value chain from issuing (Xard, Wallet Station) to acquiring (Anywhere), allows clients to source a broader range of functionalities from a single provider, potentially streamlining integration and enabling more innovative embedded finance use cases. This modern technology stack positions Infcurion favorably to capture growing demand from businesses seeking agile, integrated payment solutions and facilitates faster adaptation to market changes.



II. Company and Business Deep Dive

2.1 Business Model

Infcurion operates as a comprehensive "Payments Enabler," providing the technological infrastructure and services necessary for businesses, financial institutions, and other entities to integrate and offer modern payment and financial functionalities. The business model revolves around three synergistic segments delivering distinct revenue streams.

- **Flow Income (フロー収入):** This category encompasses revenues generated primarily at the initiation or expansion phase of client relationships. It includes fees for initial system development, customization, and platform implementation, as well as revenue from the sale of hardware, such as the "Anywhere" payment terminals used in the Merchant Platform segment. In FYE 2025, Flow Income, combined with Consulting Income, amounted to ¥4,966 million, growing 20.0% YoY. Based on the Stock Revenue figure, Flow Income alone constituted approximately 47% of total consolidated revenue in FYE 2025. While project-based, this revenue stream is essential for onboarding clients onto the platforms that generate recurring revenue.
- **Stock Income (ストック収入):** This represents recurring revenues derived from the ongoing usage of Infcurion's platforms and services. It consists of two main components: fixed monthly base fees (基本料収入) for platform access and functionalities, and volume-based usage fees (従量型収入) calculated based on metrics such as Gross Transaction Value (GTV) processed through platforms like Xard and Winvoice, the number of active users or transactions on Wallet Station, or the number of active "Anywhere" terminals. Stock Income reached ¥2,207 million in FYE 2025, exhibiting strong growth of 30.1% YoY and accounting for approximately 31% of total revenue. This revenue stream is considered high quality due to its recurring nature and scalability linked to client activity, forming the core of Infcurion's long-term growth strategy.
- **Consulting Income (コンサルティング収入):** Generated by the specialized consulting arm, this revenue comprises fees for providing strategic advice, project planning, implementation support, and operational guidance to financial institutions and large enterprises navigating the complexities of the payments and fintech landscape. In FYE 2025, Consulting Income was ¥1,507 million, showing stable growth of 3.8% YoY and contributing roughly 21% to total revenue. Infcurion highlights that over 80% of this revenue originates from repeat engagements with existing clients within a 12-month period, positioning it alongside Stock Income as a stable component of the overall revenue base. Furthermore, the consulting segment serves as a crucial channel for identifying client needs and generating leads for the platform businesses.



2.2 Product Suite Overview

- **Payment Platform:** This segment is positioned as the primary growth engine.
 - *Xard:* A platform enabling businesses (fintechs, FIs, SaaS providers) to issue their own branded international scheme cards (e.g., Visa, Mastercard). It handles complex processes like licensing, balance management, transaction processing, and provides APIs for integration.
 - *Winvoice:* A B2B platform facilitating credit card payments for invoices. It allows businesses receiving invoices to pay via corporate card (extending payment cycles) and integrates with accounting/expense systems. Infcurion provides the necessary workflow and system infrastructure.
 - *Wallet Station:* A BaaS platform enabling clients (FIs, retailers) to build their own digital wallets or "Original Pay" services, incorporating features like QR code payments, P2P transfers, loyalty points, and couponing.
 - *CharG:* An API service allowing clients to easily add various funding sources (bank accounts, convenience store ATMs) to their digital wallets or regional currencies.
 - *finbee:* An automated savings application offered via subsidiary Nest Egg, leveraging bank APIs.
- **Merchant Platform:** Focuses on enabling merchants to accept cashless payments.
 - *Anywhere:* Offers a range of payment terminals (mPOS and EFT-POS) compatible with numerous Japanese payment methods (39 as of Aug 2025), along with payment gateway services and backend processing. The platform has achieved significant scale with over 160,000 active terminal IDs as of March 2025, particularly in sectors like insurance and transportation.
 - *Acquiring System Development:* Involves building next-generation, cloud-based acquiring systems, exemplified by the ongoing project with Hokkoku Financial Holdings (now CCI Group) utilizing Visa solutions.
- **Consulting:** Provides specialized advisory services leveraging deep expertise in payments, fintech, and related technologies to help clients develop strategies, launch new businesses, and navigate digital transformation.



2.3 Regulatory Environment

Infcurion's operations are subject to oversight under several key Japanese financial and telecommunications regulations, reflecting the sensitive nature of handling payments, financial data, and related communications. Compliance is integral to maintaining its licenses to operate.

- **Payment Services Act (資金決済に関する法律):** Infcurion holds a registration as an Issuer of Third-Party Prepaid Payment Instruments (第三者型前払式支払手段発行者). This is pertinent to functionalities within Wallet Station and Xard that involve stored value or prepaid elements (e.g., wallet balances, prepaid card issuance). Compliance involves requirements related to user fund protection (e.g., segregation or guarantees), information security, anti-money laundering (AML), and countering the financing of terrorism (CFT).
- **Banking Act (銀行法) - Amendments related to Electronic Payment Service Providers:** Due to its services involving connections to bank systems via APIs (e.g., for account funding in CharG or account aggregation in finbee), Infcurion's subsidiary, Nest Egg, is registered as an Electronic Payment Service Provider (電子決済等代行業者). This registration mandates adherence to specific standards regarding system security, user protection, data handling, and operational agreements with partner financial institutions, under the oversight of the Financial Services Agency (FSA).
- **Telecommunications Business Act (電気通信事業法):** Both Infcurion, Inc. and its subsidiary Link Processing are registered as telecommunications carriers (電気通信事業者). This likely relates to their operation of payment gateways, communication networks, or data centers involved in processing payment transactions, subjecting them to regulations concerning network integrity, security, and potentially data privacy.

Operating within this regulated environment presents specific risks and necessitates ongoing compliance investment:

- **Regulatory Change Risk:** The FinTech landscape is subject to evolving regulations. Future amendments to existing laws (e.g., Payment Services Act, Banking Act), new legislation, changes in enforcement priorities, or stricter guidance from regulatory bodies like the FSA could necessitate modifications to Infcurion's business practices, systems, or product offerings. Such changes could impose significant compliance costs or potentially restrict certain activities.
- **License/Registration Risk:** Failure to maintain compliance with regulatory requirements could lead to penalties, operational restrictions, or, in severe cases, the suspension or revocation of essential licenses and registrations, which would critically impact the business.
- **Compliance Burden:** Adherence to these regulations entails substantial ongoing costs. These include investments in robust security infrastructure (e.g., meeting PCIDSS standards where applicable), developing and maintaining AML/CFT programs, ensuring data privacy, managing user fund protection mechanisms, engaging in regulatory reporting, and dedicating personnel to compliance functions. While specific costs are not itemized, they represent a significant component of operational overhead.

Conversely, certain regulatory developments act as positive market drivers for Infcurion. Government initiatives promoting digitization, such as the Revised Electronic Book Storage Act (改正電子帳簿保存法) and the mandatory Invoice System (インボイス制度), increase the demand for B2B payment automation and digital solutions like Winvoice. Similarly, the introduction of Digital Salary Payments (デジタル給与払い) expands the potential market for wallet and payment platforms like Wallet Station.



III. Financial Performance and Metrics Review

3.1 Revenue Growth

Infcurion has demonstrated consistent and strong top-line growth, driven significantly by its strategic focus on the Payment Platform segment.

Historical Year-over-Year (YoY) Growth:

Consolidated revenue reached ¥7,174 million in FYE 2025, marking a 22.9% increase from ¥5,836 million in FYE 2024. This builds upon a 19.1% growth rate recorded in the preceding fiscal year (FYE 2024 vs FYE 2023). The growth trajectory indicates sustained market demand for Infcurion's offerings.

Segmental Growth Analysis (FYE 2025):

The overall growth masks varying dynamics across the three business segments:

- **Payment Platform:** Revenue surged by 42.1% YoY to ¥3,659 million. This segment is clearly the primary growth engine, reflecting successful adoption of platforms like Xard and Winvoice.
- **Merchant Platform:** Revenue grew by a more moderate 11.0% YoY to ¥2,006 million. This suggests steady expansion, likely driven by continued deployment of "Anywhere" terminals and associated services.
- **Consulting:** Revenue increased by 3.8% YoY to ¥1,507 million. While the slowest growing segment, it provides a stable revenue base and strategic value.

Quality of Revenue Analysis:

The composition of revenue highlights a positive trend towards more predictable income streams, although project-based revenue remains significant:

- **Stock Revenue (Recurring):** Amounted to ¥2,207 million in FYE 2025, representing approximately 31% of total revenue. Its growth rate of +30.1% YoY significantly outpaced the overall company revenue growth, indicating successful scaling of platform usage and monetization. This component includes fixed monthly fees and volume-based charges, providing a foundation for future profitability and valuation.
- **Flow & Consulting Revenue (Less Recurring/Project-Based):** Combined, these streams totaled ¥4,966 million (approx. 69% of total revenue) in FYE 2025, growing at 20.0% YoY. Flow Revenue (initial development, terminal sales) is inherently more variable. Consulting Revenue, while project-based, benefits from high repeat business (>80%), lending it a degree of stability.

The faster expansion of Stock Revenue relative to other streams is a favorable development, gradually improving the overall quality and predictability of Infcurion's revenue base. Continued growth in this segment is essential for enhancing margin profiles and justifying potentially higher valuation multiples typically associated with recurring revenue models.



3.2 Profitability Analysis

FYE 2025 marked a significant turning point for Infcurion as it achieved consolidated profitability after prior periods of investment-driven losses.

Margin Trends:

- **Gross Profit:** Reached ¥3,189 million in FYE 2025, up 16.9% YoY. However, the Gross Margin slightly contracted to 44.4% from 46.7% in FYE 2024. This modest compression, despite higher revenue, could reflect shifts in revenue mix (e.g., temporary increase in lower-margin development work), investments in platform operations, or cost pressures. Management targets a Gross Margin above 50% in the medium term.
- **Operating Expenses (OPEX):** Selling, General & Administrative (SG&A) expenses decreased significantly as a percentage of revenue, falling to 42.4% (¥3,046 million) in FYE 2025 from 55.8% (¥3,256 million) in FYE 2024. This demonstration of operating leverage was the principal factor behind the swing to operating profitability. Total Research and Development (R&D) expenditure, primarily within the Payment Platform segment, was ¥353 million in FYE 2025. While not explicitly broken out in the main SG&A line, this investment is crucial for future platform enhancements.
- **Operating Income/Loss:** Infcurion reported an Operating Income of ¥143 million in FYE 2025 (Operating Margin: 2.0%), a substantial improvement from an Operating Loss of ¥528 million (Operating Margin: -9.0%) in FYE 2024.
- **Net Income/Loss:** Net Income attributable to parent shareholders was ¥74 million in FYE 2025 (Net Margin: 1.0%), compared to a Net Loss of ¥557 million (Net Margin: -9.6%) in FYE 2024. Preliminary results for Q1 FYE 2026 indicated continued net profitability at ¥230 million, though this figure appears significantly influenced by the recognition of deferred tax assets rather than purely operational performance (Operating Income in Q1 was ¥45 million).

Segment Profitability (FYE 2025):

- **Payment Platform:** Recorded a segment loss of ¥223 million. While still loss-making, this represents a significant improvement from the ¥712 million loss in FYE 2024, suggesting scaling benefits or improved cost management within the growth engine.
- **Merchant Platform:** Generated a profit of ¥79 million, demonstrating strong growth of 54.1% YoY.
- **Consulting:** Remained the most profitable segment, contributing ¥395 million in profit, up 27.9% YoY.

Currently, the profitability of the Consulting and Merchant Platform segments supports the ongoing investment required to scale the strategic Payment Platform business. Achieving segment-level profitability in the Payment Platform is a key future milestone.



3.3 Key Operating Metrics

Infcurion tracks several non-GAAP operating metrics that provide insight into platform adoption, usage scale, and revenue quality trends. Management highlights B2B GTV and Payment Platform User Companies as particularly important indicators.

- **B2B GTV:** This metric, encompassing transaction volumes processed through the Xard and Winvoice platforms, reached ¥2,182 billion in FYE 2025. This represents explosive growth of 115.5% YoY from ¥1,012 billion in FYE 2024. The rapid scaling of B2B GTV underscores the strong market demand for Infcurion's B2B payment solutions and serves as the fundamental driver for volume-based Stock Revenue within the high-growth Payment Platform segment. Management targets a ~50% CAGR for this metric medium-term.
- **Payment Platform User Companies (ペイメントプラットフォーム利用企業数):** This metric represents the number of end-businesses utilizing services powered by the Xard and Winvoice platforms (often via Infcurion's direct SaaS clients). As of March 31, 2025, this count stood at 70,036, an increase of 55.1% from 45,156 a year prior. This demonstrates the expanding reach and ecosystem penetration of Infcurion's core platforms. (Note: The IPO filing states this is a simple sum and may include double counting if a business uses services from multiple Infcurion clients).
- **Anywhere Active Terminal IDs (稼働端末 ID 数):** The number of active payment terminals connected to Infcurion's processing center via the "Anywhere" solution exceeded 160,000 as of March 31, 2025. While the specific YoY growth rate for FYE 2025 is not provided, the IPO filing indicates steady increases (着実に増加). This large installed base generates recurring processing and service fees within the Merchant Platform segment.
- **Stock Revenue Growth:** As previously noted, Stock Revenue grew 30.1% YoY in FYE 2025, outpacing the overall company growth rate. This reflects the successful conversion of platform adoption (indicated by GTV and user/terminal growth) into recurring revenue streams.
- **EBITDA:** Consolidated EBITDA turned positive in FYE 2025, reaching ¥188 million compared to a negative ¥481 million in FYE 2024.¹ Management utilizes EBITDA as a key performance indicator, likely to assess underlying cash generation potential before non-cash depreciation and amortization charges, particularly as software development investments may lead to higher amortization in the future. Depreciation and amortization were relatively low at ¥45 million in FYE 2025. Management targets an EBITDA margin exceeding 15% medium-term.



3.4 Balance Sheet Health

Infcurion's balance sheet reflects significant strengthening following pre-IPO capital raising activities, positioning it with adequate liquidity and moderate leverage entering the public markets, although rapid growth introduces working capital demands.

Liquidity:

As of March 31, 2025, Infcurion held ¥1,616 million in Cash and Cash Equivalents. Current Assets totaled ¥4,002 million, while Current Liabilities stood at ¥1,661 million, implying a Current Ratio of approximately 2.4x. Key components influencing working capital include:

- **Receivables:** Trade Receivables (売掛金) were ¥1,127 million. A significant item is Other Receivables (未収入金) at ¥719 million, primarily driven by the timing of settlements related to the rapidly growing "Winvoice" platform, where Infcurion may temporarily fund payments to suppliers before receiving funds from client credit card issuers.
- **Payables:** Trade Payables (買掛金) were ¥272 million.
- **Short-Term Debt:** Included ¥110 million (current portion of long-term debt and other short-term borrowings) and the ¥200 million convertible bond maturing within the year.

The substantial increase in Other Receivables highlights the working capital intensity associated with scaling the Winvoice B2B payment solution. This was further evidenced by a ¥652 million increase in short-term borrowings during Q1 FYE 2026, explicitly linked to managing Winvoice transaction growth. Maintaining sufficient liquidity to manage these fluctuations is crucial.

Solvency:

- **Debt:** Total interest-bearing debt as of March 31, 2025, comprised approximately ¥1,469 million (¥110m ST + ¥200m current CB + ¥1,159m LT). This represents a significant reduction in reliance on short-term bank debt compared to the prior year-end (Short-Term Borrowings were ¥800 million at Mar 31, 2024 ¹).
- **Convertible Bond:** The ¥200 million convertible bond issued in September 2020 matures within FYE 2026. Its terms allow for conversion based on valuations set in subsequent funding rounds or pre-defined valuation ranges, potentially leading to equity dilution upon conversion or requiring repayment if not converted.
- **Equity:** Total Equity increased substantially to ¥2,414 million as of March 31, 2025, primarily due to capital injections from the issuance of new shares (including the D-round funding involving SMBC Group in September 2024). This significantly bolstered Infcurion's solvency position.
- **Leverage:** The Debt-to-Equity ratio stood at approximately 0.61x as of March 31, 2025, indicating a moderate level of financial leverage.

The pre-IPO equity funding rounds have materially improved Infcurion's balance sheet structure and solvency profile. Ongoing management of working capital, particularly related to Winvoice, and addressing the upcoming convertible bond maturity are key financial management priorities. The filing snippets reviewed do not disclose specific debt covenants.



IV. Growth Strategy and Capital Deployment

4.1 Future Drivers

Management outlines a multi-faceted strategy focused on solidifying Infcurion's position as a leading "Payments Enabler" in Japan, leveraging its technology platform, market position, and strategic partnerships. Key strategic pillars include:

- **Broad Market Penetration ("Omnidirectional Approach"):** Continue targeting a diverse customer base encompassing rapidly growing SaaS companies (embedding Infcurion's functions into their offerings), large enterprises seeking payment modernization and efficiency, and traditional financial institutions looking to upgrade legacy systems or launch new digital services. This involves enhancing integration support capabilities, particularly for large, complex enterprise deployments.
- **Platform Enhancement and Service Expansion:** Continuously invest in developing the core platforms (Xard, Winvoice, Wallet Station) to add new functionalities, improve performance, and enhance user experience. This includes exploring the integration of Artificial Intelligence (AI) for applications such as advanced fraud detection, dynamic credit assessment, and operational automation within the payment lifecycle. The strategy aims to expand the scope of the platform to cover a wider range of adjacent services (e.g., core processing, operational support) to provide more comprehensive, one-stop solutions for clients.
- **Deepening the SMBC Group Alliance:** Leverage the strategic partnership as a core growth driver. This involves co-developing and supporting the "Trunk" platform, utilizing it as a primary channel to distribute Infcurion's B2B solutions (Xard, Winvoice) to SMBC's extensive corporate client base. The collaboration aims to create integrated solutions that address broader corporate needs beyond pure payments, contributing significantly to Infcurion's B2B GTV and revenue growth.
- **Focus on High-Quality Revenue Growth:** Prioritize initiatives that drive the adoption and usage of platforms generating recurring Stock Revenue. This involves scaling B2B GTV through existing and new client acquisition and expanding the user base across all platforms. The medium-term financial targets reflect this focus, aiming for significant GTV and revenue growth coupled with margin expansion (targeting 50%+ Gross Margin and 15%+ EBITDA Margin).



4.2 Use of Proceeds

The capital raised from the IPO is primarily earmarked for strategic investments in software development to fuel Infcurion's growth strategy and enhance its technological capabilities.

The filing details specific, substantial investments planned for software development across key business areas, funded by a combination of existing resources (自己資金) and IPO proceeds (増資資金):

- **Xard Platform Enhancement:** ¥520 million allocated to ongoing development (started Nov 2023) focusing on adding functionalities, including those for individual users, with completion targeted for FYE March 2026.
- **Payment Platform Development (General):** Multiple phases of investment totaling ¥710 million are planned:
 - ¥350 million (started Oct 2024, completion FYE Mar 2026)
 - ¥250 million (starting Apr 2026, completion FYE Mar 2027)
 - ¥110 million (starting Apr 2027, completion FYE Mar 2028)
- **Merchant Platform ("Anywhere") Enhancement:** ¥340 million allocated to software development, terminal application upgrades, and operational system improvements within the subsidiary Link Processing (ongoing, started May 2024, completion FYE Mar 2028). A portion of this investment will be funded via capital injection or loans from Infcurion using IPO proceeds (当社からの投融資資金).

The proposed allocation of IPO proceeds demonstrates strong alignment with Infcurion's stated growth strategy. The significant investments designated for enhancing the Xard, Winvoice (implicitly covered under Payment Platform), and Anywhere platforms directly support the objectives of expanding service capabilities, improving technological differentiation, and attracting a broader customer base across all target segments (SaaS, enterprise, FIs). This focus on product development is fundamental to driving future GTV growth, expanding the Stock Revenue base, and maintaining a competitive edge in the rapidly evolving fintech market. The investments are consistent with management's emphasis on technological leadership and platform evolution as key future drivers.



V. Risks and Challenges

Infcurion faces several risks inherent to its business model, the dynamic fintech sector, and its stage of development. The filing highlights the following material risks:

5.1 Categorized Risks

Based on the disclosures, the five most material risks appear to be:

1. **Technology Obsolescence and Adaptation Risk (技術革新への対応):** The FinTech market is characterized by rapid technological advancements and shifting customer expectations. Infcurion's success depends on its ability to continuously innovate and adapt its platforms. Failure to anticipate or respond effectively to new technologies (e.g., AI advancements, new payment rails, evolving security threats) or changing client needs could lead to a loss of competitive advantage, customer attrition, and impaired financial performance. Significant investment may be required to maintain technological parity or leadership. (Potential Impact: High / Assessed Likelihood: Medium).
2. **Regulatory Compliance and Change Risk (法的規制):** Infcurion operates under multiple regulatory frameworks (Payment Services Act, Banking Act, Telecommunications Business Act) requiring various licenses and registrations. Non-compliance could result in penalties, operational halts, or license revocation. Furthermore, changes in regulations, new interpretations, or increased regulatory scrutiny specific to fintech, BaaS, or B2B payments could impose additional burdens, necessitate costly system modifications, or restrict business activities. (Potential Impact: High / Assessed Likelihood: Medium).
3. **System Security, Stability, and Resilience Risk (不正アクセスへの対応, システムトラブル):** As a provider of critical payment infrastructure handling sensitive financial data, Infcurion is a target for cyberattacks (unauthorized access, data theft, service disruption). System failures due to software bugs, hardware issues, excessive traffic load, natural disasters, or disruptions in third-party infrastructure (e.g., cloud providers, networks) could lead to service outages. Any significant security breach or system failure could result in severe reputational damage, loss of customer trust, regulatory penalties, and significant financial liabilities. (Potential Impact: High / Assessed Likelihood: Medium).
4. **Competitive Environment Risk (競争環境の変化):** The attractive growth profile of the embedded finance and B2B payments markets in Japan may attract new, well-funded competitors, both domestic and international. Existing players (traditional processors, other fintechs) may also enhance their offerings. Increased competition could lead to pricing pressure, higher customer acquisition costs, and potential loss of market share if Infcurion cannot effectively differentiate its offerings and maintain its value proposition. (Potential Impact: Medium / Assessed Likelihood: Medium).
5. **Execution Risk and Path to Sustainable Profitability (ペイメントプラットフォーム事業の営業損失):** While achieving consolidated profitability is a positive milestone, the core Payment Platform segment, designated as the primary growth driver, remains loss-making. Sustained overall profitability depends on effectively scaling this segment, achieving positive operating leverage, and managing associated costs. Failure to execute on customer acquisition targets, successfully integrate large enterprise clients, manage working capital needs (especially for Winvoice), or realize the anticipated synergies from the SMBC partnership could delay or prevent the achievement of sustainable, profitable growth. (Potential Impact: Medium / Assessed Likelihood: Medium).

Other notable risks mentioned include reliance on key personnel (specifically CEO Maruyama Hiroki), potential fluctuations in performance due to large projects, risks associated with M&A or investments, intellectual property disputes, software asset impairment, and potential dilution from outstanding stock options and convertible bonds.



5.2 Risk Mitigation

Infcurion outlines several strategies and processes aimed at mitigating these key risks:

- **Technology Risk:** Maintaining internal structures (体制) to continuously monitor technological trends and market needs. Investing significantly in R&D, including the substantial software development investments funded by the IPO, to enhance platform capabilities. Focusing on attracting and retaining skilled engineering talent through competitive compensation (including stock options) and fostering a positive work environment.
- **Regulatory Risk:** Maintaining dedicated compliance resources to monitor regulatory developments and ensure adherence to existing requirements for its various licenses and registrations (Third-Party Prepaid Issuer, Electronic Payment Service Provider, Telecom Carrier). Engaging with industry associations (e.g., Fintech Association, Cashless Promotion Council, where CEO Maruyama has held leadership roles) likely provides insight into potential regulatory shifts.
- **System Security & Stability:** Implementing robust technical security measures (firewalls, WAFs, data encryption). Conducting regular external security audits and vulnerability assessments. Maintaining operational monitoring and incident response capabilities. Adhering to relevant industry standards and certifications where required (e.g., ISO 27001, potentially PCIDSS). Utilizing resilient cloud infrastructure and disaster recovery planning (BCP mentioned). Governance oversight is provided by the Risk & Compliance Committee.
- **Competition Risk:** Leveraging accumulated expertise and know-how from its long history in payment consulting and platform development. Continuously innovating and adding value-added services to differentiate its platforms. Utilizing the consulting arm for market intelligence and lead generation. Strengthening strategic partnerships, particularly the deep alliance with SMBC Group, to secure distribution and credibility.
- **Execution & Profitability Risk:** Implementing disciplined project management for large client integrations. Closely monitoring key performance indicators (GTV, user growth, Stock Revenue) to track progress towards scaling the Payment Platform. Managing the business portfolio with attention to segment-level profitability and growth potential. Applying prudent capital allocation, including the strategic use of IPO proceeds for core platform development. Maintaining operational autonomy within the SMBC partnership as agreed in the alliance contract. Employing strong corporate governance structures, including independent directors and auditors, for oversight.

The effectiveness of these mitigation strategies depends on consistent execution and adaptation to the evolving risk landscape.



Norbert Gehrke
Japan FinTech Observer
norbert@tokyofintech.com