

Aug 7, 2019

 INTELLIGENT WAVE INC.
 (Code : 4847 TSE First Section)

Notice of the revision of mid-term business plan

Intelligent Wave Inc. hereby announces that it revised the existing mid-term business plan (Previous plan), which was released on August 1, 2018, and drew up the new plan, Fiscal Year ending June 2020 to Fiscal Year ending June 2022, (Revised plan).

(Revised plan)

(Million yen)

	FY06/2019 (Actual)	FY06/2020 (Forecast)	FY06/2021 (Plan)	FY06/2022 (Plan)
Net sales	10,443	10,600	11,200	12,000
Financial Systems Solutions	9,336	9,400	9,900	10,600
Product Solutions	1,106	1,200	1,300	1,400
Operating income (OM)	921 (8.8%)	1,000 (9.4%)	1,080 (9.6%)	1,200 (10.0%)

(Previous plan)

(Million yen)

	FY06/2019 (Forecast)	FY06/2020 (Plan)	FY06/2021 (Plan)
Net sales	10,700	11,000	11,200
Financial Systems Solutions	9,300	9,500	9,600
Product Solutions	1,400	1,500	1,600
Operating income (OM)	880 (8.2%)	930 (8.5%)	1,000 (8.9%)

Revising the plan

For the FY06/2019, net sales were 10,443 million yen (initial forecast of 10,700 million yen) and operating income was 921 million yen (initial forecast of 880 million yen).

Operating income exceeded the initial forecast and reached almost similar to 930 million yen for the FY06/2020 in the Previous plan disclosed on August 1, 2018.

In the FY06/2019, although one large scale development project was aborted despite was not expected at the beginning of the year, there had been no significant change in our business environment.

We reviewed the mid-term business plan on the premise that the business environment had kept its momentum as before and disclose it today as the Revised plan.

The company set the goal, its net sales of 12,000 million yen, operating income of 1,200 million yen and operating margin 10.0% for the fiscal year ending June 2022 in the revised plan.

We have projected the amount of net sales without counting the expect for the next large scale development projects in the Revised plan. Given the current business environment, even if there are no large scale projects expected, the mid-term growth trend can be maintained.

Our cloud service business has provided system services for acquiring operations (merchant acquiring business) and fraud detection operations to customers in the financial industry. We will aim for the net sales of 1,400 million yen for the FY06/2022, which resulted 637 million yen for the FY06/2019, as a driver for our growth over the mid-term.

NET+1, the in-house developed product providing features such as network-gateway and authorization, for the payment transaction of credit card, is under renewal development to the " next generation NET+1".

The development of new products both fraud detection for credit card transaction and the next generation NET+1 are progressing well. In addition, new product for the broadcasting industry is scheduled to launch marketing activities from this year.

These new products line-up are expected to increase net sales in the mid-term. The scale of each sales remain uncertain at present and we have not included clear figures in the plan, but we will challenge to raise the net sales of the Revised plan (10,600 million yen, 11,200 million yen, 12,000 million yen) to the upside with the new products.

The policy of the Revised plan is to work for strengthening profitability by setting the goal of reaching the operating margin of 10.0% in the FY06/2022.

We are keeping to improve the quality of our deliverables. We expect the profitability of the cloud service business will be gradually improve by net sales increase.

We forecast the operating income to be 1,000 million yen for the FY06/2020, one year ahead of the previous plan.

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