

Aug 5, 2020

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

# Notice of the revision of mid-term business plan

The company announces that it revised the existing mid-term business plan ( Previous plan ), which was released on August 7, 2019, and drew up the new plan, Fiscal Year ending June 2021 to Fiscal Year ending June 2022, (Revised plan).

(Revised plan)

(Million yen)

	FY06/2020 (Actual)	FY06/2021 (Forecast)	FY06/2022 (Plan)	FY06/2023 (Plan)
Net sales	10,920	11,000	12,000	13,500
Operating income (Operating margin)	1,036 (9.5%)	1,150 (10.5%)	1,250 (10.4%)	1,500 (11.1%)

(Previous plan)

(Million yen)

	FY06/2020 (Forecast)	FY06/2021 (Plan)	FY06/2022 (Plan)
Net sales	10,600	11,200	12,000
Financial systems Solutions	9,400	9,900	10,600
Product Solutions	1,200	1,300	1,400
Operating income (Operating margin)	1,000 (9.4%)	1,080 (9.6%)	1,200 (10.0%)

## Revision of the plan

The board of director held on today revised the mid-term business plan (previous plan) in view of the spread of new corona virus infection and resolved the (revised plan).

We have not experienced any major disruptions to the continuity of our system development and system operations by the infection. Currently, the Company's production activities are performing well.

On the other hand, the chance of direct contact with customers are reducing in the sales activities and some new project negotiations have been stalled by customers' convenience.

By the spread of the infection, it is quite difficult to predict precisely the size of the expecting impact to the company's business, and the extent to which each sales activity will affect orders and sales.

However, we have revised our mid-term business plan on the assumption that delays in receiving orders for new projects and other factors may constrain the mid-term growth rate in sales.

Regarding the business environment, we anticipate that there will be no significant change in the trend of

growth of credit card payment transaction volume over the long term, and that our business opportunities will continue to expand.

For the FY06/2021, the company forecasts net sales to be essentially flat. However, from FY06/2022 to FY06/2023, the sales growth is expected to recover by development projects for major credit card companies, new customers starting the credit card business by their own, and new projects for cloud services.

With maintaining a profit margin of 10% or higher in mid-term, we plan to achieve an operating income of 1,500 million yen and an operating margin of approximately 11% in the FY06/2023.

In addition, we have made changes to our reporting segments from the FY06/2021, and disclosed today.

The Company aims to achieve a 15% operating margin over the longer term. We will add so-called recurring\* and subscription\* revenue streams to system development business, our main source of revenue, to achieve more stable sales growth and higher margins over the longer term.

In accordance with this plan, the reporting segment of the revised plan was changed.

**\*Recurring**

A business model that continuously generates revenue from customers even after a product is sold.

**\*Subscription**

A business model that generates revenue based on the duration of use of the product, rather than selling it.

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