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To whom it may concern

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## Plan to meet the Continued Listing Criteria for the New Market Segments

INTELLIGENT WAVE INC. applied today to Tokyo Stock Exchange, Inc. for notifying them of our intention to get listed on the Prime Market upon the restructuring of the market segments of the stock exchange scheduled for April 2022. We hereby announce that we have drawn up a plan aimed at fulfilling the criteria for maintaining the listing status for the new market segment as follows because our company does not satisfy the criteria as of the reference date of transition (June 30, 2021):

### 1. Status of our company's conformity to the listing criteria

Our company does not meet the criteria for market capitalization as of the reference date of transition to the Prime Market.

	No. of tradable shares	Market capitalization of tradable shares	Ratio of tradable shares	Average trading value per day
Out company's status (as of the reference date of transition)	124,495 shares	8.3 billion yen	47.2%	47 million yen
Listing criteria	20,000 shares	10 billion yen	35.0%	20 million yen
Mention in our plan	—	○	—	—

### 2. Basic policy and period of our efforts to fulfill the listing criteria

Our company's basic policy is to satisfy the listing criteria by increasing our corporate value through continuous efforts, such as enhancement of shareholder returns, enrichment of the corporate governance system, approaches to ESG issues, as well as by achieving our medium-term business plan.

On August 4, 2021, we disclosed a medium-term business plan that starts in fiscal year June 2022 and ends in fiscal year June 2024. On the sidelines of the business plan, we are planning to meet the listing criteria around the end of June 2024.

### 3. Issues and efforts regarding conformity to the listing criteria

#### 3-1. Medium-term business plan

Setting earnings goals for the end of June 2024, "15 ALL," which are aimed at sales of 15 billion yen and an

operating income margin of 15% (an operating income of 2,250 million yen), our company is making efforts to attain the goals. Although operating income stood at 1,130 million yen in the fiscal year June 2021, it is forecasted to increase almost by double to 2,250 million yen at the end of the fiscal year June 2024. We expect that our company's market capitalization will become significantly higher than that as of the reference date of transition when we reach the planned value.

(million yen)

	Actual results in FY 6/21	Estimates for FY 6/22	Plans for FY 6/23	Plans for FY 6/24
Sales	11,187	12,000	13,500	15,000
Operating income	1,130	1,320	1,750	2,250
Profit margin	10.1%	11.0%	13.0%	15.0%

The medium-term business plan "15 ALL" consists mainly of the following three business segments: payment and financial systems, information security, and new business. The Cloud Services Business that is expected to serve as a principal driving force for attaining the "15 ALL" goals, in particular, is currently receiving a significantly greater number of orders from new customers and will enter a phase of growth during the period of the business plan.

A development and marketing structure is being built steadily in the new business segment in which we are expanding business to other industries than the finance industry, and we also expect that this segment will deliver results during the period of the business plan.

Furthermore, we aim to enhance the reliability of our customers' businesses by offering IT infrastructure to other industries than the finance industry and providing information security products using the technologies that we possess as our unique strength.

We will strive to develop new promising domains by preparing ourselves for expanding the products and services with which our company takes large shares in the Japanese market to overseas markets. Regardless of whether a market is domestic or overseas, we will endeavor to expand our business field by not relying on what we can do on our own, but cooperating with other companies to proactively utilize their technologies and knowledge.

### 3-2. Market capitalization, and market capitalization of tradable shares

The mean and the median of the ratios of the actual net income to the share price at the end of each month during the period from the end of the fiscal year June 2019 to the end of the fiscal year June 2021 are 25.8 and 26.0, respectively. Market capitalization is estimated at about 41.3 billion yen when it is calculated using a net income of 1,589 million yen forecasted for fiscal year June 2024\* and the ratio of 26.0. Market capitalization will be about 19.5 billion yen when the rate of tradable shares is equal to the rate as of the reference date of transition, which is 47.2%, and our company is expected to meet the listing criteria in this case as well. Market capitalization and the market capitalization of tradable shares will stand at about 23.8 billion yen and 11.3 billion yen, respectively, even if a ratio of 15.0 is used, which means that our company will still satisfy the listing criteria.

\*We have made the calculation using an income before income taxes of 2,290 million yen and an effective tax rate of 30.62%.

(Changes in the actual net income per share and the share price at the end of each month)

Date	Closing price	Actual net income per share	Ratio	Date	Closing price	Actual net income per share	Ratio
2018/7/31	718	25.99	27.6	2020/1/31	792	29	27.3
2018/8/31	682	25.99	26.2	2020/2/28	612	29	21.1
2018/9/28	728	25.99	28.0	2020/3/31	496	29	17.1
2018/10/31	1,027.00	25.99	39.5	2020/4/30	580	29	20.0
2018/11/30	941	25.99	36.2	2020/5/29	773	29	26.7
2018/12/28	636	25.99	24.5	2020/6/30	823	29	28.4
2019/1/31	655	25.99	25.2	2020/7/31	783	31.98	24.5
2019/2/28	652	25.99	25.1	2020/8/31	782	31.98	24.5
2019/3/29	742	25.99	28.5	2020/9/30	830	31.98	26.0
2019/4/26	740	25.99	28.5	2020/10/30	711	31.98	22.2
2019/5/31	811	25.99	31.2	2020/11/30	710	31.98	22.2
2019/6/28	888	25.99	34.2	2020/12/30	693	31.98	21.7
2019/7/31	938	29	32.3	2021/1/29	712	31.98	22.3
2019/8/30	806	29	27.8	2021/2/26	658	31.98	20.6
2019/9/30	807	29	27.8	2021/3/31	699	31.98	21.9
2019/10/31	762	29	26.3	2021/4/30	665	31.98	20.8
2019/11/29	755	29	26.0	2021/5/31	673	31.98	21.0
2019/12/30	804	29	27.7	2021/6/30	617	31.98	19.3

### 3-3. Shareholder returns

Our company upwardly revised the payout ratio from about 30% to 40% at the end of fiscal year June 2021 to boost shareholder returns. Considering dividends as the core of our shareholder return policy and basically continuing dividend increases, we significantly raised the amount of dividends paid from 5 yen per share in fiscal year June 2015 to 13 yen per share in fiscal year June 2021.

(Upper row: amount of dividends paid; lower row: payout ratio)

FY 6/15	FY 6/16	FY 6/17	FY 6/18	FY 6/19	FY 6/20	FY 6/21
5 yen	6 yen	7 yen	7 yen	9 yen	10 yen	13 yen
28.0%	30.8%	33.7%	48.8%	34.6%	34.5%	40.6%

Our company purchased treasury shares and considers it to be an effective approach to returning profit to our shareholders. We will implement and strengthen an agile shareholder return scheme without sticking to the dividend increases and purchase of treasury shares that we did in the past.

### 3-4. Corporate governance and ESG issues

As a company listed on the Prime Market, our company strives to improve our governance framework in accordance with the rule of Comply or Explain for each principle of the Corporate Governance Code.

We, as a listed subsidiary, recognize protection of the interests of minority shareholders to be the most important issue and endeavor to establish an appropriate governance system and operate the management supervision function properly. Please refer to the Corporate Governance Report and the Securities Report for details of these efforts.

In addition, our company takes proactive action for ESG issues to improve our sustainability. Our plan is to move forward step by step by putting forth efforts to shift from health and productivity management to environmental management, formulating policies after defining the relationship of our company's way of promoting business with the SDGs, and then propelling forward concrete measures.

### 3-5. Information disclosure

Our company will strive to obtain understanding of investors broadly by disclosing our efforts to conform to the listing criteria in an appropriate manner as needed.

Our company holds information sessions for institutional investors in every quarter to ensure the frequency and quality of information dissemination.

We create opportunities to give explanations to not only institutional investors, but also individual investors to deepen their understanding of our business and products. Besides timely disclosure, we are making vigorous efforts to disseminate our public relations information.

We proactively disclose our efforts at corporate governance and ESG issues and continue endeavoring to achieve widespread praise through proactive information disclosure.