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Submitted document	Internal Control Report
Applicable provision	Article 24-4-4 (1) of the Financial Instruments and Exchange Act
Submitted to	Director-general of Kanto Local Finance Bureau
Date of submission	September 25, 2020
Corporate name	Kabushiki Kaisha Intelligent Wave
English name	INTELLIGENT WAVE INC.
Post and name of the representative	Representative Director and President: Kunimitsu Sato
Post and name of the chief financial officer	----
Location of the principal office	1-21-2 Shinkawa, Chuo-ku, Tokyo
Place for browsing	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo)

1 Basic Framework of Internal Control over Financial Reporting

The Representative Director and President, Kunimitsu Sato, is responsible for establishment and operation of internal control over financial reporting of our company, and has established and operates internal control over financial reporting in accordance with the basic framework of internal control specified in “On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions),” which was published by the Business Accounting Council.

Internal control is aimed at achieving its goal to a reasonable extent through organic connection between its basic elements and integrated function. Therefore, internal control over financial reporting may not completely prevent or detect all misstatements in financial reports.

2 Scope, Record Date, and Assessment Procedures

Our company assessed our internal control over financial reporting on June 30, 2020, the final day of the current fiscal year that is deemed as the record date, in accordance with the standards for assessment of internal control over financial reporting generally accepted in Japan.

In this assessment, we took into account the results of the assessment that we conducted earlier regarding the internal control that had significant impact on the financial report as a whole (company-wide internal control) when selecting business processes to assess. We assessed the effectiveness of our internal control over the business processes so selected by analyzing the processes, identifying the points of the internal control that had significant impact on the reliability of the financial report, and then assessing the status of establishment and operation of the internal control.

We determined the scope of the assessment of our internal control over financial reporting from the perspective of the significance of the impact on the reliability of the financial report. The significance of the impact on the reliability of the financial report was determined from the financial and qualitative perspectives, and the scope of the assessment of our internal control over the business processes was reasonably determined based on the results of the assessment of our company-wide internal control.

Regarding the scope of the assessment of our internal control over the business processes, we considered our company to be the “significant business location” because we have only one single business base. For the business location so selected, we assessed the business processes relating to the following account titles that significantly influence the business purposes of our company: net sales, accounts receivable, inventory, software (for sale), accounts payable, cost of goods sold, and research and development expenses. Furthermore, we added the business processes related to the important account titles that entail high risks of significant misstatements and require estimates and forecasts, and the business processes associated with businesses or duties in which highly risky transactions are conducted as business processes with great significance with their potential impact on the financial report taken into consideration.

3 Assessment Results

According to the results of the assessment mentioned above, our company has considered our internal control over financial reporting to be effective as of the end of the current fiscal year.

4 Additional Notes

Not applicable.

5 Special Notes

Not applicable.