Consolidated Financial Results for FY22

(April 1, 2022 to March 31, 2023)

Internet Initiative Japan Inc. (IIJ)
The Prime Market of the Tokyo Stock Exchange (Ticker symbol: 3774)
May 12, 2023

Outline

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- FY22 (FY2022) stands for a fiscal year ending March 31, 2023. Others alike
- Abbreviation: NW stands for network, SI stands for systems integration, DC stands for data center, ¥ (JPY) bn stands for JPY billion

Ⅰ. FY22 Summary and FY23 Outlook

+%, YoY = Year over year comparison
Net Profit is "Profit for the period attributable to owners of the parent"
Mobile total subscription (subs) and total number of employees are as of Mar.31. 2023 (FY21 YoY personnel is excluding PTC)

FY22 Summary

Revenue growth rate accelerated as strong demands continued even after the Pandemic eased FY20: +4.2%, FY21: +6.3%, FY22: +11.7%

Opportunities to make proposals and acquire large complex projects increased by leveraging IIJ's collective strength

Moving toward a new growth stage

Revenues	Operating Profit	Operating Margin	Net Profit	ROE
¥252.71 bn	¥27.22 bn	10.8%	¥18.84 bn	17.0%
+11.7%	+15.6%	+0.4 points	+20.2%	+0.8 points

NW service (excluding mobile)
- Each service revenue steadily grew as the IT usages continued to advance IP: +8.4%, WAN: +4.6%
- Strong demands for cyber security counter measures etc.: security +20.3%
- Service line-up continued to expand by developing new services
  - In-house developed SASE service, Multi-cloud data collaboration etc.

SI
- Strong demand continued, Revenue exceeded initial expectation Large complex NW/SI projects also contributed
- SI order-received: ¥120.91 bn (+19.2%), Revenue: ¥110.94 bn (+16.4%)
  - Of construction, order-received: ¥44.29 bn (+14.6%), revenue: ¥42.95 bn (+21.4%)
  - Of operation, order-received: ¥76.62 bn (+22.0%), revenue: ¥68.00 bn (+13.4%)

Mobile
- Total subs.: 4,136 thousand (+639 thousand), total revenue: ¥42.27 bn (+¥1.56 bn)
  - Stronger-than-expected consumer acquisition due to changes in competitive landscape, Enterprise mobile (IoT usage) subs. largely increased (FY21: +264 thousand, FY22: +436 thousand), SIMs for foreigners visiting Japan picking up

HR and others
- Enhanced recruitment and training: total number of employees (consolidated) 4,451 personnel, +304 personnel (FY21-end: 4,147 personnel, +286 personnel)
  - IIJ turnover rate 3.8% (FY21: 4.2%)
  - New graduates joined in Apr. 2023: 246 personnel (up approx. 1.4 times YoY, Apr. 2022: 178 personnel)
- Opened "IIJ Academy" to educate NW engineers (First session began in May 2023)

FY23 Outlook

Revenue to largely grow and profit to expand along with it by steadily executing growth strategy

Accomplish the current mid-term plan and aim to achieve further growth through the next plan (FY24~) **with the competitive advantage of being a service integrator**

Revenue	Operating Profit	Operating Margin	Net Profit
¥286.0 bn	¥31.5 bn	11.0%	¥20.72 bn
+13.2%	+15.7%	+0.2 point	+10.0%

Business environment
- Projects becoming larger and more complex (NW replacement etc.)
- Demands for cyber security countermeasure to expand
- DX trend everywhere
- Stable operation of NW system becoming very crucial

Business/service area
- WAN
- mobile
- Operation and monitoring
- security
- Cloud
- Internet
- IoT
- SI

Strategy
- Continuously develop service & function
- Integrated service offering
- Differentiate by operation skills

Strength
- Engineers with IP-related technology, expertise to develop and operate
- Highly value added & reliable NW infrastructure and service asset
- Blue-chip client base covering all industries

Dividend per share

	Interim	Year-end	Annual	Payout ratio
FY22	¥14.625	¥14.63	¥29.255 +21.9%	28.1%
FY23	¥17.18	¥17.18	¥34.36 +17.5%	30.0%

Post-stock split basis

Ⅱ- 1. Consolidated Financial Results

Unit: ¥ (JPY) billion
YoY = Year over year comparison

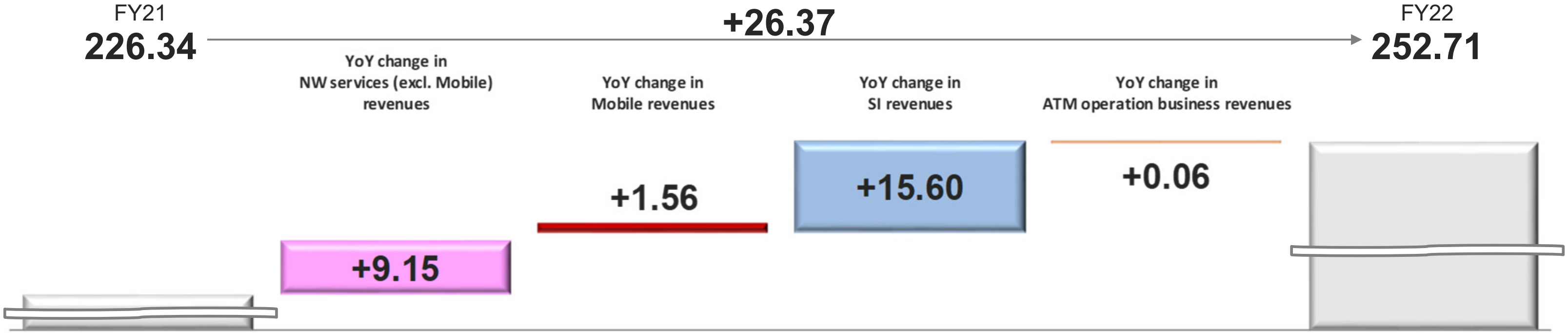
	FY2022 Results (% of revenue) Apr. 2022 - Mar. 2023	FY2021 Results (% of revenue) Apr. 2021 - Mar. 2022	YoY		FY2022 Targets (Announced in May 2022) (% of revenue) Apr. 2022 - Mar. 2023	YoY	
Revenues	252.71	226.34	+11.7%	+26.37	250.0	+10.5%	+23.66
Cost of Revenues	77.1% 194.80	77.2% 174.71	+11.5%	+20.09	76.9% 192.2	+10.0%	+17.49
Gross Profit	22.9% 57.91	22.8% 51.63	+12.2%	+6.28	23.1% 57.8	+12.0%	+6.17
SG&A etc.	12.1% 30.69	12.4% 28.08	+9.3%	+2.61	12.2% 30.6	+9.0%	+2.52
Operating Profit	10.8% 27.22	10.4% 23.55	+15.6%	+3.67	10.9% 27.2	+15.5%	+3.65
Profit before tax	10.8% 27.31	10.7% 24.16	+13.0%	+3.15	10.5% 26.3	+8.8%	+2.14
Net Profit	7.5% 18.84	6.9% 15.67	+20.2%	+3.17	7.0% 17.5	+11.7%	+1.83
ROE	17.0%	16.2%	+0.8 points		-	-	-

- SG&A etc. represents the sum of SG&A, which includes R&D expenses, and other income/expenses
- Net profit is "Profit for the period/year attributable to owners of the parent"

Unit: ¥ (JPY) billion (bn)
GP = Gross Profit
YoY = Year over year comparison

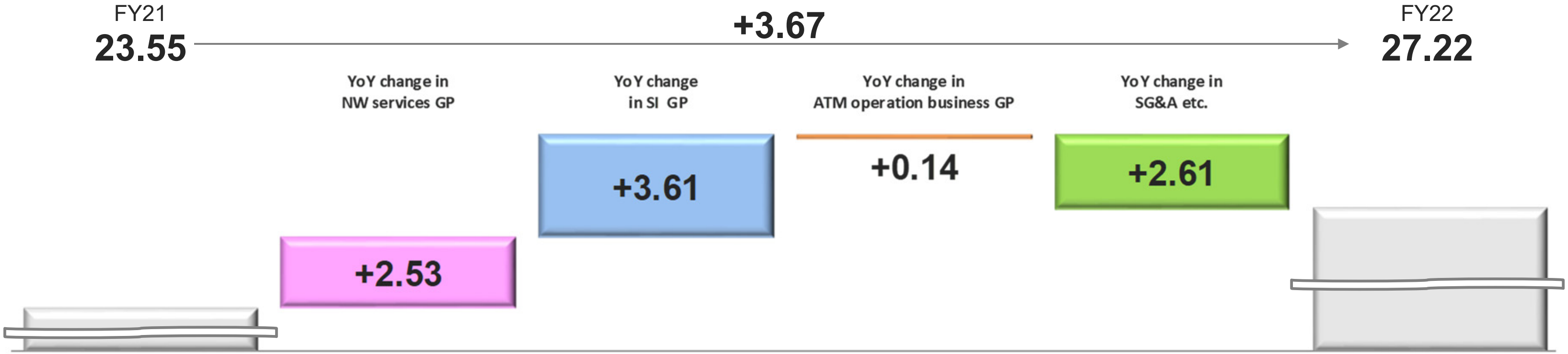
Ⅱ - 2. Year over Year Analysis

Revenues



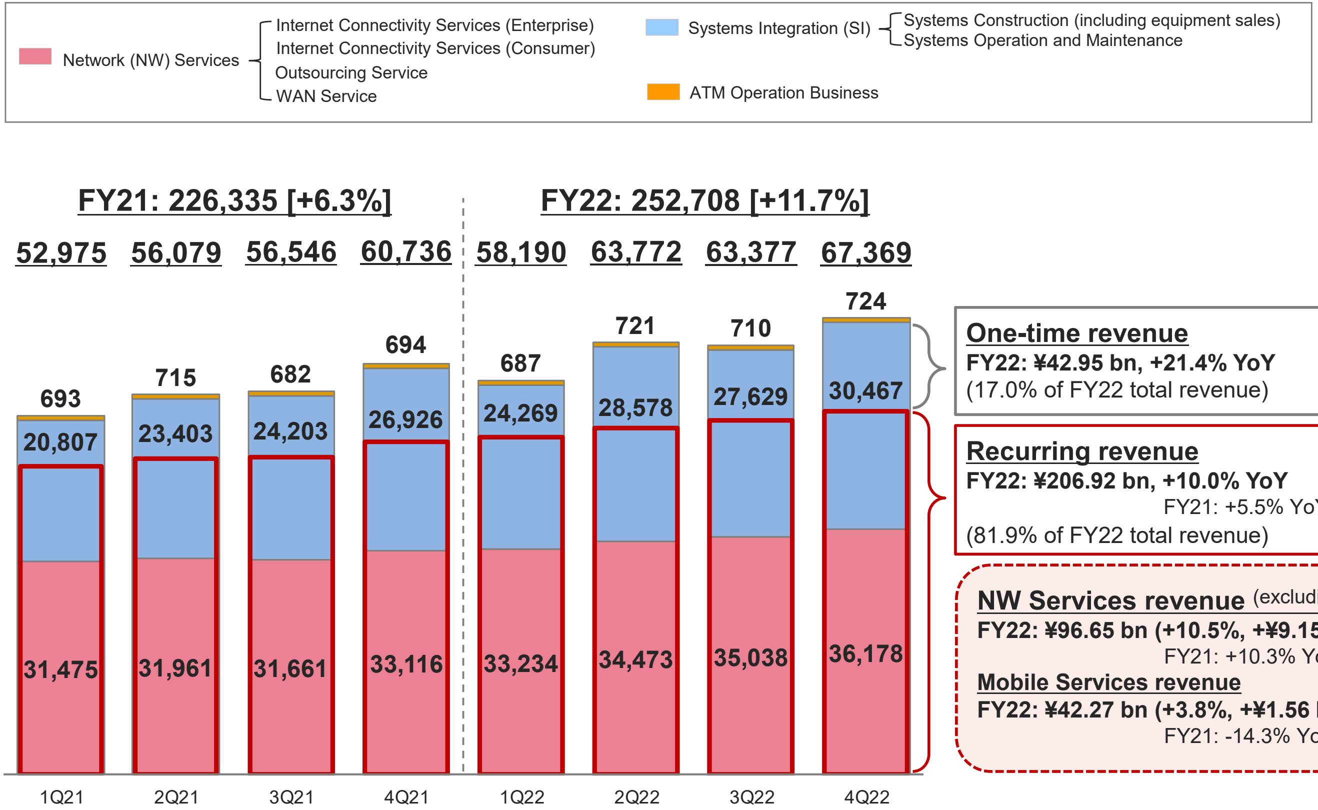
- NW services (excl. Mobile) revenues are calculated by deducting the below mentioned Mobile services revenues from total NW services revenues. The revenues include non-mobile consumer revenue which is a small amount
- Mobile services revenues include IIJ Mobile Services (including MVNE) and IIJmio (consumer mobile)

Operating Profit



- NW services gross profit consists of gross profit related to NW revenues (excl. Mobile) and Mobile revenues (These two are not decomposable because some costs are common among them)
- SG&A etc. in this slide represents the sum of SG&A, which includes R&D expenses, and other income/expenses

Ⅱ - 3. Revenues



One-time revenue
FY22: ¥42.95 bn, +21.4% YoY
(17.0% of FY22 total revenue)

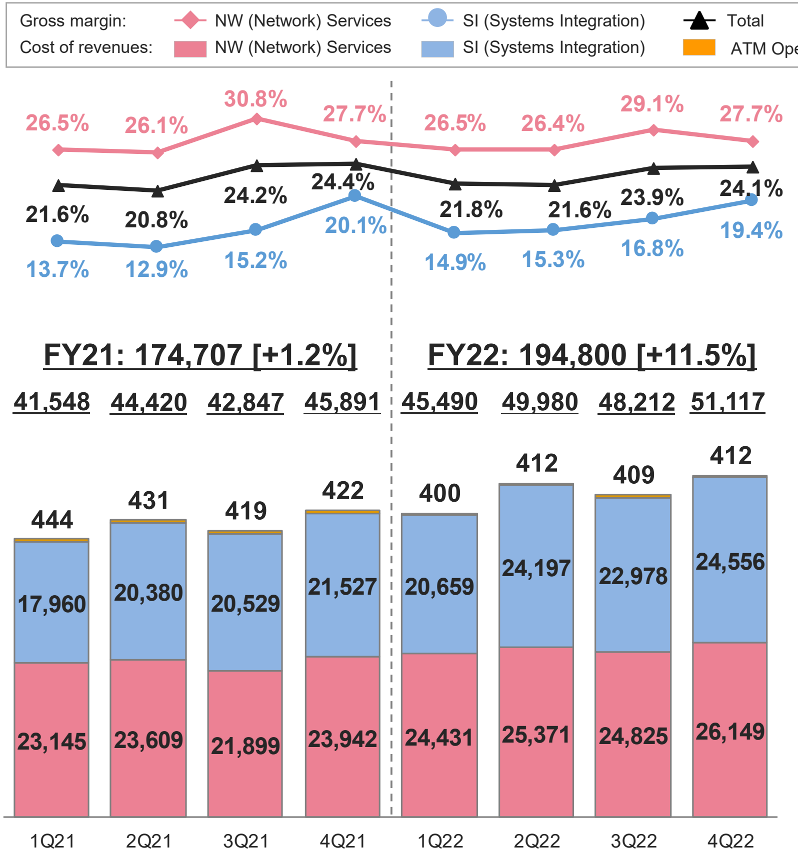
Recurring revenue
FY22: ¥206.92 bn, +10.0% YoY
FY21: +5.5% YoY
(81.9% of FY22 total revenue)

NW Services revenue (excluding Mobile Services)
FY22: ¥96.65 bn (+10.5%, +¥9.15 bn YoY)
FY21: +10.3% YoY +¥8.19 bn YoY
Mobile Services revenue
FY22: ¥42.27 bn (+3.8%, +¥1.56 bn YoY)
FY21: -14.3% YoY, -¥6.81 bn YoY

- One-time revenue, systems construction revenues which include equipment sales, is mainly recognized when systems and/or equipment are delivered and accepted by customers
- Recurring revenue represents the following monthly recurring revenues: Internet Connectivity Services (Enterprise), Internet Connectivity Services (Consumer), Outsourcing Services, WAN Services, and Systems Operation and Maintenance
- Mobile services revenues include IIJ Mobile Services (including MVNE) and IIJmio (consumer mobile)

Ⅱ - 4. Cost of Revenues & Gross Profit Ratio

Unit: ¥ (JPY) million
[ ], YoY = Year over year comparison



◆ Total gross profit

- FY22: ¥57.91 bn (+12.2% YoY)

◆ Gross profit for NW services

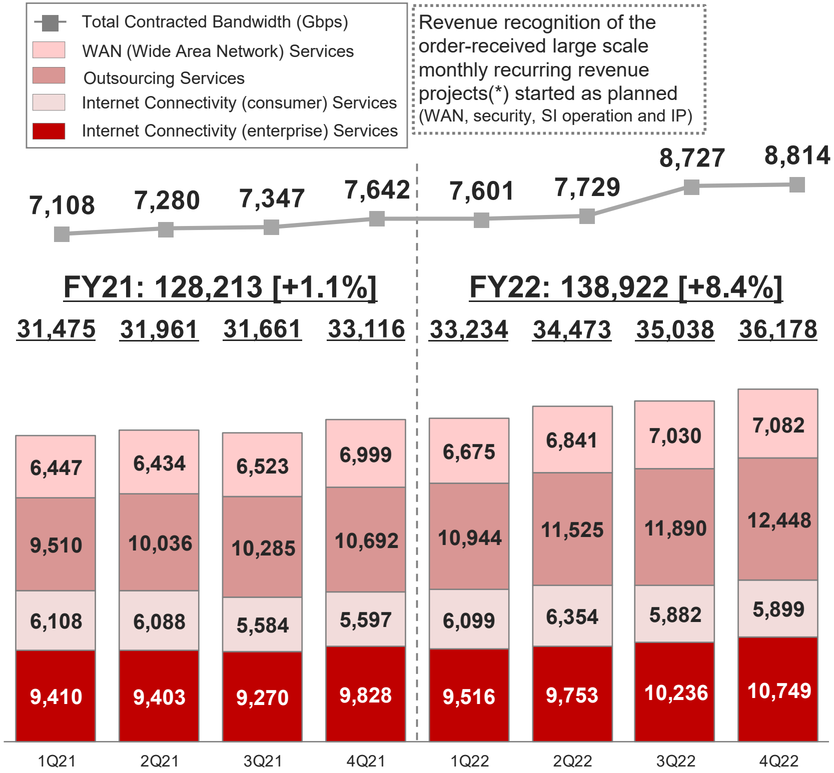
- FY22: ¥38.15 bn (+7.1% YoY)
  - FY22 gross margin 27.5% (FY21: 27.8%) decreased by 0.3 points YoY as Mobile services' profitability decreased temporarily due to smaller onetime profit contribution related to the mobile interconnectivity (unit charge) revision, the user migration from the old plan, whose voice plan's margin is higher, to the new plan and the enhanced procurement of mobile devices for marketing purposes with low margin
  - FY22 gross profit increased by +¥2.53 bn YoY
    - ✓ Of which, NW service (excluding Mobile services) gross profit YoY increase was approx. +¥3.6 bn YoY
  - 4Q22 gross margin slightly decreased from 3Q22 because 3Q22 gross margin included a onetime profit contribution of over ¥0.5 bn which was the result of FY21 Docomo's mobile data interconnectivity (unit charge) revision. In 3Q21, such onetime profit contribution was ¥1.08 bn

◆ Gross profit for SI

- FY22: ¥18.55 bn (+24.2% YoY)
  - FY22 gross margin 16.7% (FY21: 15.7%) increased by 1.0 points YoY mainly due to an increase in SI revenue volume

Unit: ¥ (JPY) million
[ ] , YoY = Year over year comparison
QoQ = Quarter over quarter comparison

Ⅱ- 5. Network (NW) Services (1) Revenues



◆ **Internet Connectivity (enterprise) Services**
- FY22: ¥40.25 bn, +6.2% YoY
  - Internet traffic (please refer to page 45) and contracted bandwidth continue to expand
  - Of which, IP: ¥14.84 bn, +8.4% YoY
    - ✓ 3 months YoY revenue growth rate: 4Q22 +9.9%, 3Q22 +9.4%, 2Q22 +8.9%, 1Q22 +5.2%
    - ✓ Number of contracts & contracted bandwidth increased in 3Q22 due to Tokyo public high school project by approx. 500 and approx. 500 Gbps, respectively
  - Of which, Enterprise mobile (IoT usages etc.): ¥11.18 bn, +9.0% YoY
    - ✓ Same as 4Q21, 4Q22 included slightly over ¥0.1 bn of lump-sum revenue related to a large mobile project which consists of several phases (in 4Q21, ¥0.21 bn)
  - Of which, MVNE (service offer to other MVNOs): ¥10.07 bn, -0.2% YoY
    - ✓ Degree of revenue decrease in response to a decrease in procurement cost at the beginning of FY22 was as expected

◆ **Internet Connectivity (consumer) Services** (Mainly consumer mobile "IIJmio")
- FY22: ¥24.24 bn, +3.7% YoY
  - Of which, consumer mobile (IIJmio): ¥21.03 bn, +3.2% YoY
  - Fixed line connectivity "IIJmio Hikari" also increased mainly due to packed offering with mobile services

◆ **Outsourcing Services** (Various in-house developed network services)
- FY22: ¥46.81 bn, +15.5% YoY
  - 3 months YoY revenue growth rate: 4Q22 +16.4%, 3Q22 +15.6%, 2Q22 +14.8%, 1Q22 +15.1%
  - Of which, security: ¥26.74 bn, +20.3% YoY
    - ✓ Growth accelerating as SASE's growing demand added to conventional services growth

◆ **WAN Services** (Closed network services)
- FY22: ¥27.63 bn, +4.6% YoY
  - 3 months YoY revenue growth rate: 4Q22 +1.2%, 3Q22 +7.8%, 2Q22 +6.3%, 1Q22 +3.5%

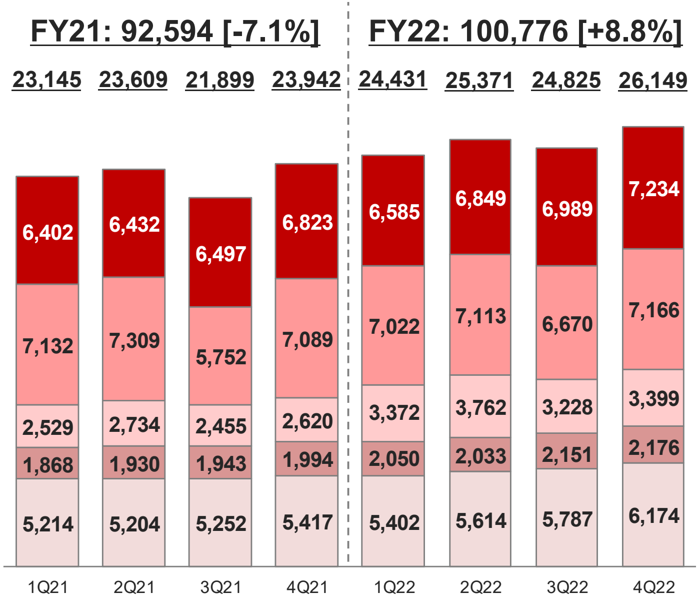
- Total contracted bandwidth is calculated by multiplying number of contracts by contracted bandwidths for IP service and broadband services respectively which are both under Internet connectivity services for enterprise
- IP (Internet Protocol) Service is bandwidth guaranteed dedicated Internet connectivity services for enterprises. Contracts are based on bandwidth and enterprises use the service for their core and main Internet connectivity
- MVNE is IIJ Mobile MVNO Platform Service
- 1Q22 IP, enterprise mobile & WAN revenues decreased QoQ mainly due to a certain large scale NW replacement project whose initial revenue concentrated in 4Q21, which led 1Q22 revenue to decrease by ¥0.29 bn from 4Q21. A large mobile project whose revenue recognized per phase, which led 1Q22 revenue to decrease by ¥0.21 bn from 4Q21

(*) Details of the order-received large scale monthly recurring revenue projects: around 4Q21-end: Total contracted revenue: over ¥10.0 bn (approximately 70% of the revenues in NW services), 5 projects, contract period: 3 to 4 years. In 1Q22: Total contracted revenue: approximately ¥3.5 bn (most of the revenues in NW services), 9 projects, contract period: 3 to 5 years. Outlook for these monthly recurring revenue recognition: 3Q22 approximately ¥0.5 bn, 4Q22 approximately ¥0.7 billion

Ⅱ - 5. Network (NW) Services (2) Cost of Revenues

Unit: ¥ (JPY) million
[ ], YoY = Year over year comparison

- Circuit-related costs (Internet backbone, WAN lines etc.)
- Outsourcing-related costs (mobile infrastructure related costs such as interconnectivity charge and voice communication services, outsourcing personnel costs etc.)
- Others
- Personnel-related costs (NW services related engineers' personnel cost)
- Network operation-related costs (depreciation cost for network equipment, data center leasing costs etc.)



- Regarding Outsourcing-related costs:
  - ✓ Voice purchasing cost (unit charge) was revised lower at the beginning of FY21 and Sep. 2021 (switched to auto-prefix appending)

- FY22 Circuit-related costs increased by 5.7%, +¥1.50 bn YoY, along with an increase in WAN revenue which increased by +¥1.22 bn YoY
  - Internet backbone circuit cost remains stable as we can leverage scale merit by having one of the largest Internet backbone networks
- FY22 Outsourcing-related costs increased by 2.5%, +¥0.69 bn YoY
  - In 3Q22, recorded over ¥0.5 bn of a onetime profit contribution which was a result of FY21 Docomo's mobile interconnectivity (unit charge) revision (3Q21 ¥1.08 bn plus impact)
- FY22 Others increased by 33.1%,+¥3.42 bn YoY mainly due to the increase in the purchasing mobile devices, license fees such as SASE, supplies expenses and others in line with increased revenues
  - YoY increase for purchasing cost of mobile devices:
1Q22: +¥0.44 bn, 2Q22: +¥0.52 bn, 3Q22: +¥0.16 bn, 4Q22: +¥0.29 bn (FY22: +¥1.42 bn)
- Network operation-related costs slightly increase on a quarterly basis

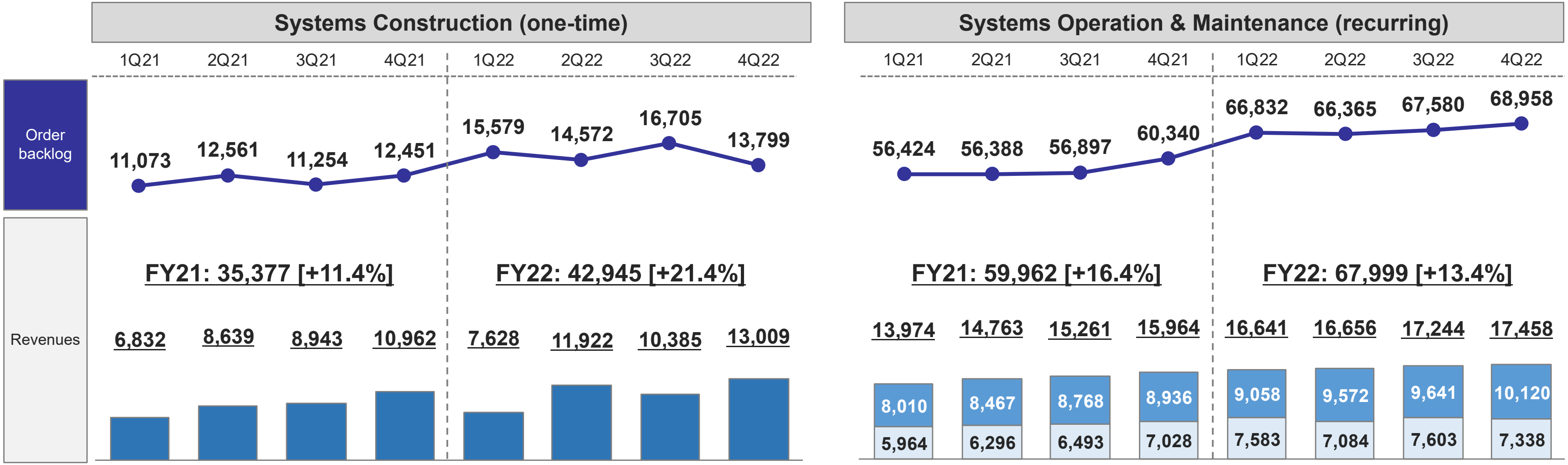
NTT Docomo's mobile data interconnectivity charge (unit charge)

	Unit charge based on future cost method	Fixed unit charge
FY23	¥15,644 • Announced in Mar. 2023 • Have been using this unit charge from 1Q23 • Previously announced unit charge in Mar.2022: ¥15,697	• To be fixed around at the end of Dec. 2024
FY22	¥20,327 • Announced in Mar. 2022 • Used this unit charge in FY22 • Decreased 24.8% from the FY21 fixed unit charge	• To be fixed around at the end of Dec. 2023
FY21	¥28,385 • Announced in Apr. 2021 • Used this unit charge in FY21 • Decreased 23.9% from the FY20 fixed unit charge	¥27,024 • Fixed at the end of Dec. 2022 • Onetime profit contribution of over ¥0.5 bn in 3Q22 • Decreased by 27.5% from the FY20 fixed unit charge
FY20	¥41,436 • Announced in Mar. 2020 • Used this unit charge in FY20 • Decreased 3.0% from the FY19 fixed unit charge	¥37,280 • Fixed at the end of Dec. 2021 • Onetime profit contribution of ¥1.08 bn in 3Q21 • Decreased 12.7% from the FY19 fixed unit charge

Ⅱ- 6. Systems Integration (SI) (1) Revenues

Unit: ¥ (JPY) million
[ ] , YoY = Year over year comparison

- Systems Construction revenues (including equipment sales)
- Systems operation & maintenance revenues for on-premise system
- Cloud revenues such as private Cloud which are recognized as systems operation & maintenance revenues



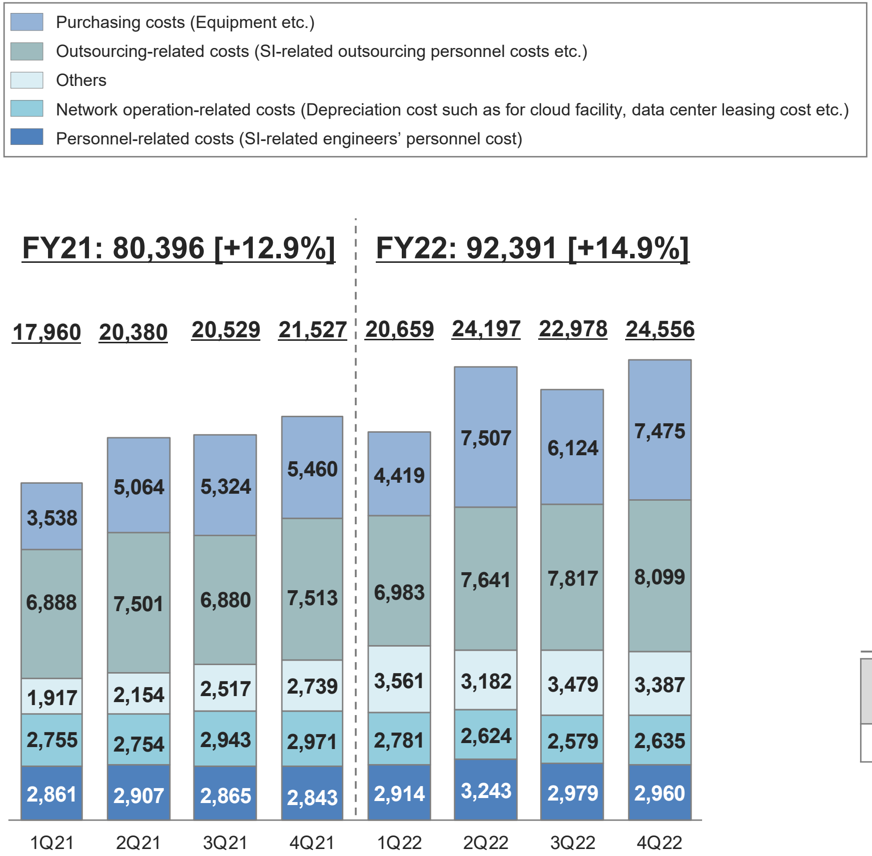
Orders received	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
Systems Construction	8,737	10,128	7,636	12,159	10,756	10,914	12,520	10,103
	FY21: 38,660 [+18.6%]				FY22: 44,293 [+14.6%]			
Systems Operation & Maintenance	12,911	14,727	15,770	19,407	23,133	16,189	18,459	18,836
	FY21: 62,816 [+8.8%]				FY22: 76,617 [+22.0%]			

- 1Q22 order-received includes multi-year-fixed large-scale projects (approximately ¥3.0 bn)
  (Generally speaking, orders received is for 1 year and automatically renewed)

- Favorable order situation, continued to accumulate NW integration projects and others from all industries
- PTC (Singaporean SIer, consolidated from 1Q21) steadily progressing FY22 revenue ¥10.68 bn, operating profit ¥0.47 bn
- Continued to acquire large scale flagship complex projects combining NW services whose revenue volume are over a few ¥ bn (please refer to page 21)

Ⅱ - 6. Systems Integration (SI) (2) Cost of Revenues

Unit: ¥ (JPY) million
[ ] , YoY = Year over year comparison



- Purchasing, outsourcing-related, and others are linked to the size of project and revenue to certain degree
- Portion of purchasing cost to SI construction revenue:
  In general, when purchasing (equipment) portion is high, gross margin tends to be low
  - FY22: 59%, 4Q22: 57% (Gross margin: FY22: 16.7%, 4Q22: 19.4%)
  - FY21: 55%, 4Q21: 50% (Gross margin: FY22: 15.7%, 4Q21: 20.1%)
- Others, which include license purchasing for multi-cloud, fluctuate along with multi-cloud demand and overall activity
- No significant change in network operation-related costs on a quarterly basis

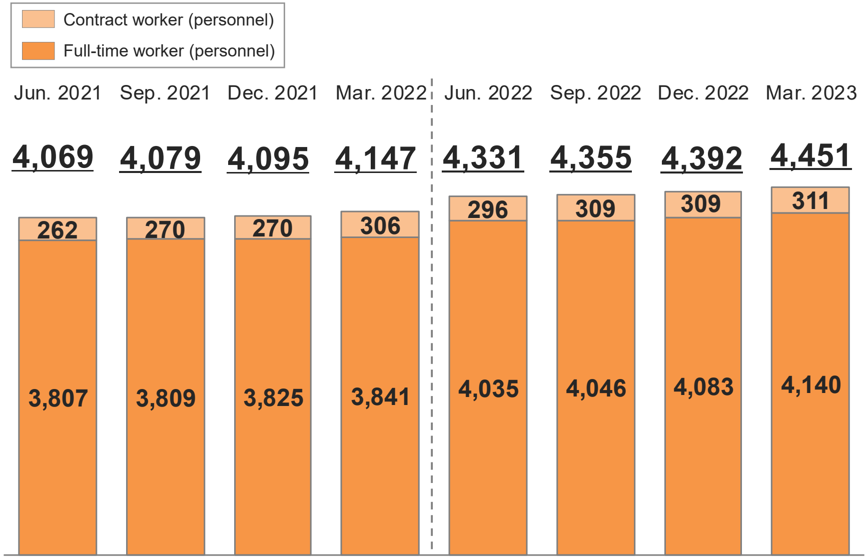
Number of SI-related outsourcing personnel (unit: personnel)

1Q21-end	2Q21-end	3Q21-end	4Q21-end	1Q22-end	2Q22-end	3Q22-end	4Q22-end
1,244	1,300	1,302	1,319	1,327	1,390	1,393	1,385

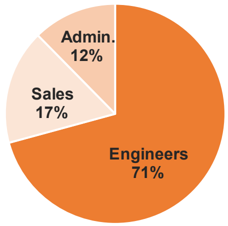
- Number of SI-related outsourcing personnel can be increased in comparison with the number of IIJ's SI engineers

Ⅱ - 7. Human Capital Disclosure

Number of Employees (consolidated basis)



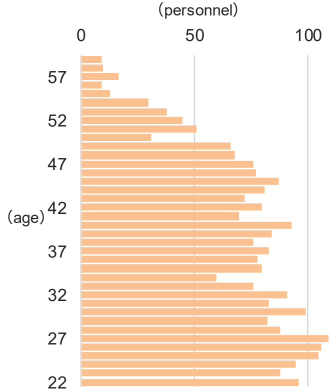
Breakdown of Employees



(As of Mar. 2023)

- Breakdown of new graduates is almost identical

Age Composition (as of Apr. 2023, IIJ)

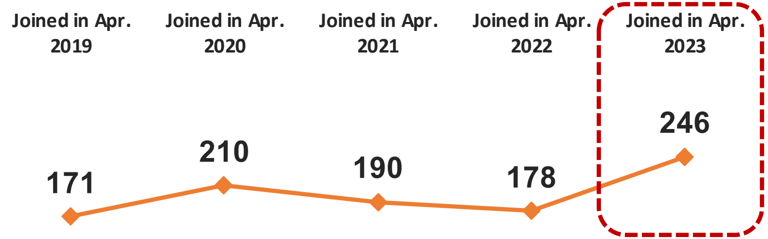


Personnel-related costs & expenses

Unit: ¥ (JPY) million, ( ) = % of revenue

1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
7,756 (14.6%)	7,892 (14.1%)	7,859 (13.9%)	7,985 (13.1%)	8,177 (14.1%)	8,655 (13.6%)	8,341 (13.2%)	8,506 (12.6%)
FY21: 31,491 (13.9%) +10.3% YoY				FY22: 33,678 (13.3%) +6.9% YoY			

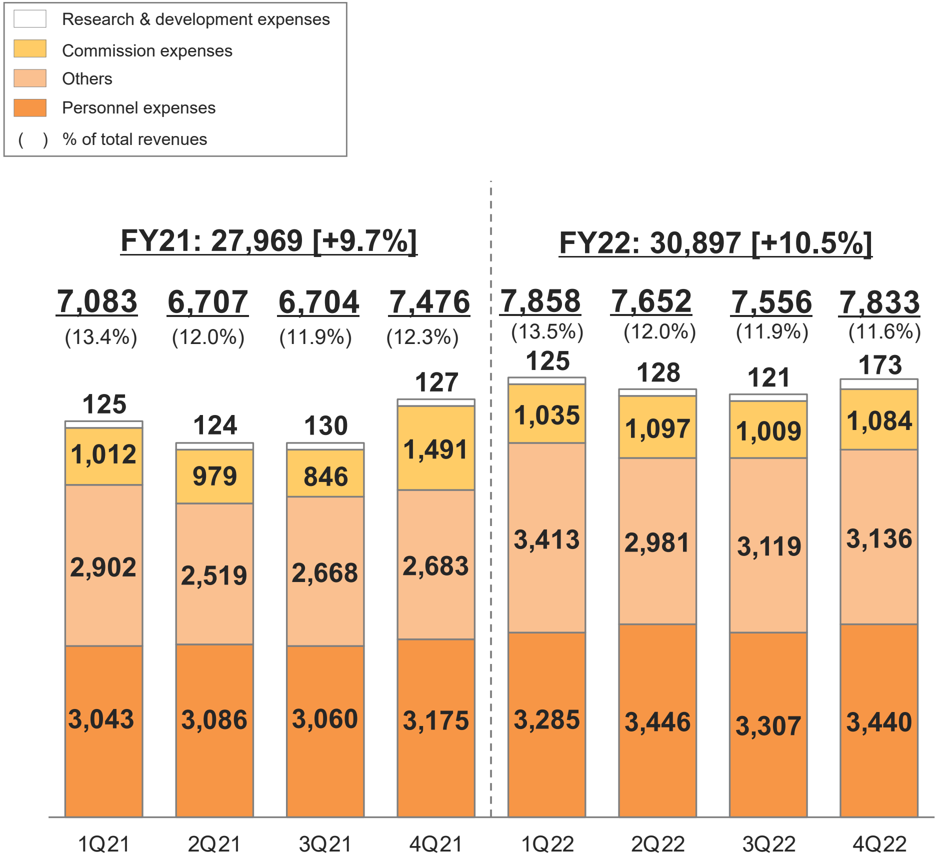
Number of new graduates (consolidated basis)



- The monthly salary table for new graduates was modified in Apr. 2023 (the previous modification was in Apr. 2019)
  - Graduates with bachelor's degree: ¥256,667 per month, up 4.8%
  - Salary ranges for the existing employees were revised along with it

Ⅱ - 8. SG&A

Unit: ¥ (JPY) million
[ ] , YoY = Year over year comparison



◆ **Other income/expenses** (not included in the left graph)

- FY22: ¥0.21 bn of income
  - ¥0.17 bn of gain on sales of tangible assets etc.
- FY21: ¥0.11 bn of expense
  - Loss on disposals of tangible assets etc.

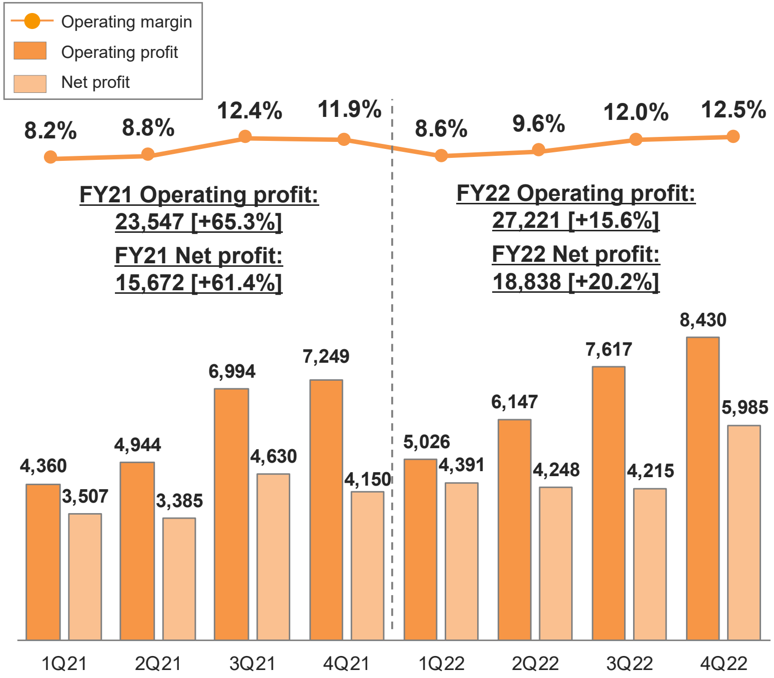
◆ **SG&A** (sum of SG&A and other income/expenses)

- FY22: ¥30.69 bn, +9.3% YoY
  - 12.1% of FY22 total revenues
- FY21: ¥28.08 bn, +7.9% YoY
  - 12.4% of FY21 total revenues

- The above graph of SG&A includes R&D expenses (not including other income/expenses)
- In 4Q21, mobile marketing expenses increased due to a seasonal factor

Ⅱ- 9. Profit

Unit: ¥ (JPY) million
[ ] , YoY = Year over year comparison



- FY22 Operating profit: ¥27.22 bn, +15.6% YoY
- FY22 Profit before tax: ¥27.31 bn, +13.0% YoY
  - Foreign exchange gain: +¥365 million (FY21: +¥327 million)
  - Valuation gain on funds etc.: +¥303 million (FY21: +¥3,055 million)
    - 1Q22: +¥1,200 million, 2Q22: -¥5 million, 3Q22: -¥820 million (includes approx. ¥0.6 bn of foreign exchange loss), 4Q22: -¥73 million
  - Share of loss of investments accounted for using equity method: ¥204 million (FY21: ¥2,335 million)
    DeCurret-related loss (IIJ ownership:38.2%):

1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
296	256	780	1,456	78	102	94	109
FY21: 2,788				FY22: 382			

    - DeCurret divested its crypto asset business on Feb. 1, 2022 to dedicate its business resources to digital currency business for full-scale service launch (planned in 4Q23). 3Q21 loss increased as it included temporary loss of ¥0.48 bn due to the divestiture in addition to ordinal loss. 4Q21 loss includes ¥1.18 bn of loss as impairment on corresponding amount of goodwill (No more loss related to the divestiture). Tax effects were not recognized to these
- FY22 Net profit: ¥18.84 bn, +20.2% YoY
  - Tax deduction effect from tax incentives to promote wage increase: +406 million (none in FY21, scheduled to be applied throughout FY23)

1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	
1,208	292	855	595	1,611	152	(1,374)	(97)	Finance income (expense), net
(217)	(155)	(684)	(1,278)	(14)	(64)	(83)	(43)	Share of profit (loss) of investments accounted for using equity method
(1,807)	(1,667)	(2,500)	(2,388)	(2,136)	(1,982)	(1,931)	(2,281)	Income tax expense
36	30	35	27	96	5	14	26	Profit for the period attributable to non-controlling interests

- Net profit shows “Profit for the period attributable to owners of the parent”
- Under IFRS, equity securities are measured at fair value through OCI (Other Comprehensive Income) while funds are measured through profit or loss

Ⅱ - 10. Consolidated Statements of Financial Position (Summary)

Unit: ¥ (JPY) million

	Mar. 31, 2022	Mar. 31, 2023	Changes
Cash & cash equivalents	47,391	**42,472**	(4,919)
Trade receivables	37,649	**41,340**	+3,691
Inventories	2,608	**3,188**	+580
Prepaid expenses (current & non-current)	24,005	**27,920**	+3,915
Tangible assets	17,846	**23,321**	+5,475
Right-of-use assets	44,874	**46,675**	+1,801
Of which, operating leases (rent of office, data center etc.)	27,859	**31,233**	+3,374
Of which, finance leases (network equipment etc.)	17,015	**15,442**	(1,573)
Goodwill & intangible assets	25,903	**26,475**	+572
Investments accounted for using the equity method	5,830	**5,785**	(45)
Other investments	17,410	**19,150**	+1,740
Others	8,289	**9,867**	+1,578
Total assets:	231,805	**246,193**	+14,388

	Mar. 31, 2022	Mar. 31, 2023	Changes
Trade & other payables	20,742	**22,313**	+1,571
Borrowings (current & non-current)	21,870	**20,430**	(1,440)
Contract liabilities & Deferred income (current & non-current)	17,405	**17,978**	+573
Income taxes payable	5,795	**4,034**	(1,761)
Retirement benefit liabilities	4,395	**4,513**	+118
Other financial liabilities (current & non-current)	47,181	**48,800**	+1,619
Of which, operating leases (rent of office, data center etc.)	28,157	**31,610**	+3,453
Of which, finance leases (network equipment etc.)	18,069	**16,447**	(1,622)
Others	9,796	**8,823**	(973)
Total liabilities:	127,184	**126,891**	(293)
Share capital	25,562	**25,562**	-
Share premium	36,518	**36,738**	+220
Retained earnings	37,024	**51,077**	+14,053
Other components of equity	6,275	**6,571**	+296
Treasury shares	(1,851)	(1,831)	+20
Total equity attributable to owners of the parent:	103,528	**118,117**	+14,589
Non-controlling interests	1,093	**1,185**	+92
Total liabilities and equity:	231,805	**246,193**	+14,388

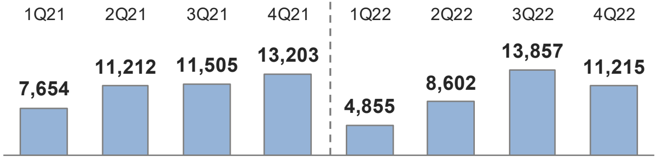
- Cash & cash equivalents as of Mar. 31, 2023 decreased mainly due to Shiroi DC construction-related, increase in inventories and prepaid expenses along with business expansion, increase in tangible assets, and repayment of borrowings
- Ratio of total equity attributable to owners of the parent: 44.7% as of Mar. 31, 2022, 48.0% as of Mar. 31, 2023

Ⅱ- 11. Consolidated Cash Flows

Unit: ¥ (JPY) million
YoY = Year over year comparison

Operating Activities

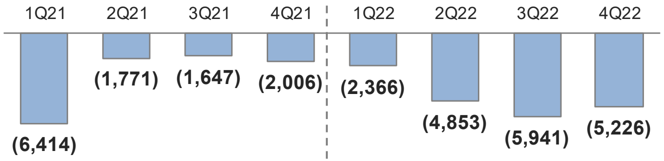
FY21: 43,573 FY22: 38,529



	FY22 Major Breakdown	YoY Change
Profit before tax	27,309	+3,147
Depreciation and amortization	28,801	+357
Changes in operating assets & liabilities	(7,712)	(4,820)
Income taxes paid	(9,958)	(4,258)

Investing Activities

FY21: (11,838) FY22: (18,386)

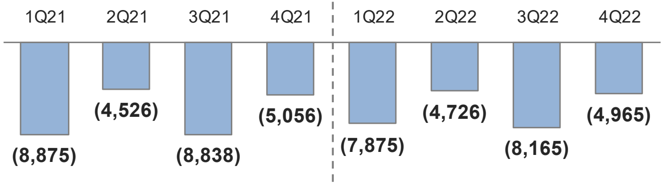


	FY22 Major Breakdown	YoY Change
Purchase of tangible assets	(11,787)	(5,004)
Purchase of intangible assets such as software	(5,471)	(737)
Purchase of other investment (bonds of DeCurret DCP Inc.* etc.)	(2,511)	(1,794)
Proceeds from sales of tangible assets (leaseback)	1,546	(604)

*Unsecured straight bonds of ¥2.0 bn with maturity of 10 years

Financing Activities

FY21: (27,296) FY22: (25,731)

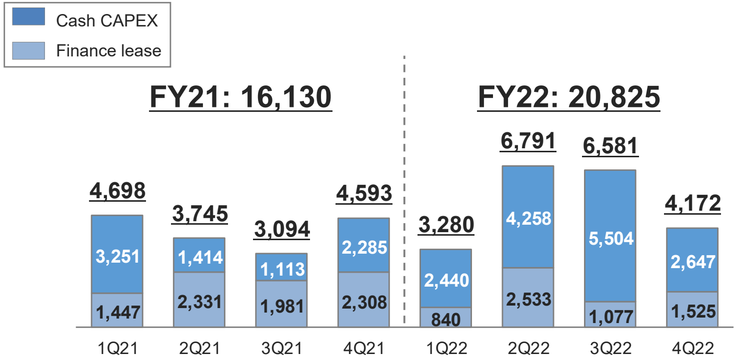


	FY22 Major Breakdown	YoY Change
Payment of operating/finance leases and other financial liabilities	(19,344)	+639
Dividends paid	(4,901)	(1,065)
Repayment of long-term borrowings	(1,515)	+3,655

Ⅱ- 12. Other Financial Data

Unit: ¥ (JPY) million

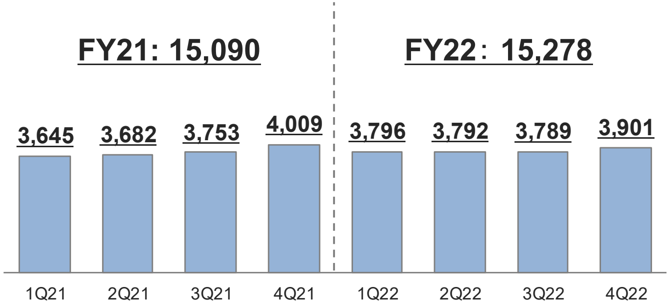
CAPEX



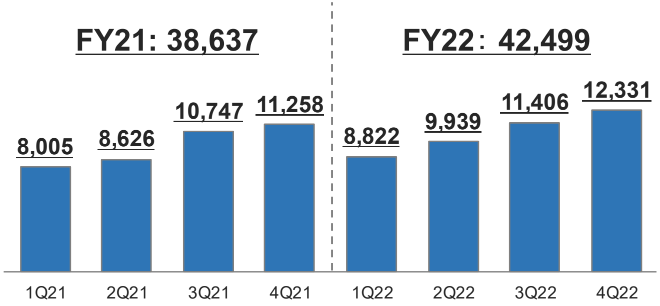
➢ Breakdown of CAPEX (Unit: ¥ bn)

	FY21	FY22
NW usual Capex	9.1	10.0
Cloud-related	2.3	2.0
Shiroi DC-related	1.5	5.4
Customer-related	2.6	2.9
ATM-related	0.6	0.5

CAPEX-related depreciation and amortization



Adjusted EBITDA

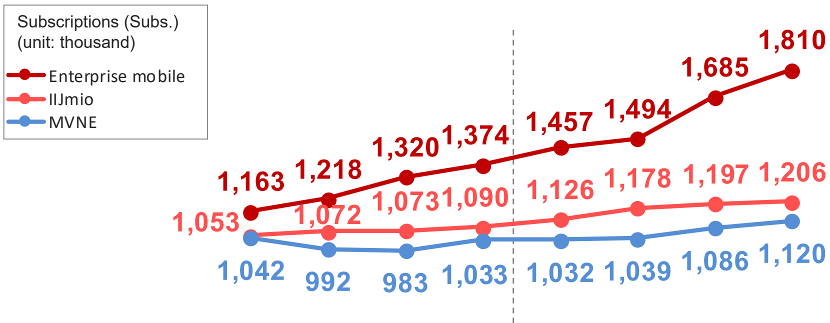


- Total amount of capital expenditure is the amounts of acquisition of tangible and intangible assets by cash and entering into finance leases for the fiscal year, excluding duplication due to sale and leaseback transactions and acquisition of assets that do not have the nature of investment, such as purchase of small-amount equipment.
- CAPEX-related depreciation and amortization is calculated by excluding depreciation and amortization of assets that do not have the nature of capital investment, such as right-of-use assets related to operating leases, small-amount equipment and customer relationship.
- Adjusted EBITDA is calculated by adding operating profit and CAPEX-related depreciation and amortization.

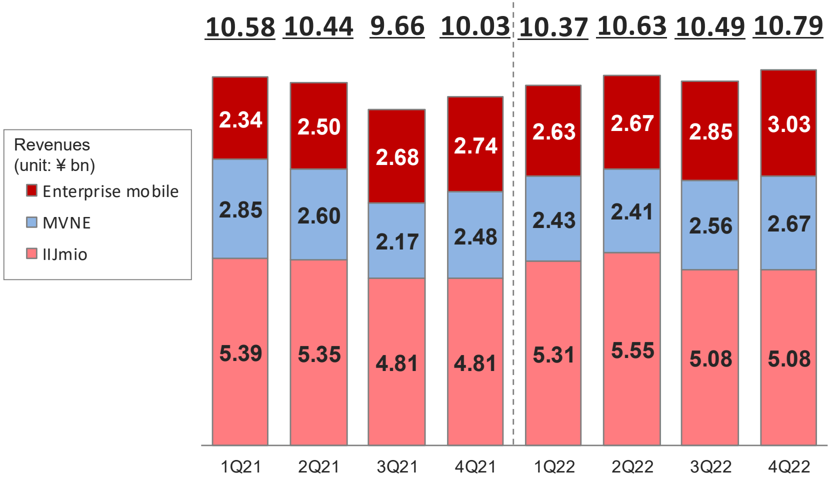
Ⅲ- 1. Mobile & IoT

Unit: ¥ (JPY) billion (bn)
%, YoY = Year over year comparison
QoQ = Quarter over quarter comparison

Mobile Subscription (Subs.)



Mobile Revenue



◆ **Enterprise mobile** (deducting MVNE from IIJ Mobile)

- FY22 revenue: ¥11.18 bn (+¥0.92 bn YoY)
  - Same as 4Q21, 4Q22 included approx. ¥0.1 bn of lump-up revenue related to a large mobile project which consists of several phases (in 4Q21, ¥0.21 bn)
- 4Q22-end subs.: 1,810 thousand (+124 thousand QoQ)
  - In 4Q22, the subs. consistently increased by 124 thousand QoQ mainly due to additional line orders from the existing project for a taxi payment devices and increased demands from foreigners visiting Japan. In 3Q22, the subs. increased by 192 thousand QoQ as the existing project for a GPS tracker for children security largely increased by approx. 60 thousand

◆ **MVNE** (providing mobile services to other MVNOs)

- FY22 revenue: ¥10.07 bn (-¥0.02 bn YoY)
  - Degree of revenue decrease in response to a decrease in procurement cost at the beginning of FY22 was as expected
- 4Q22-end subs.: 1,120 thousand (+34 thousand QoQ)
  - General enterprises' subscriptions are increasing. The subscribers related to one particular client being bought by an MNO are decreasing
- 4Q22-end MVNE clients: 181 clients (+11 clients YoY)
  - Cable TV operators (91 operators), prominent retailer etc.

◆ **IIJmio** (consumer)

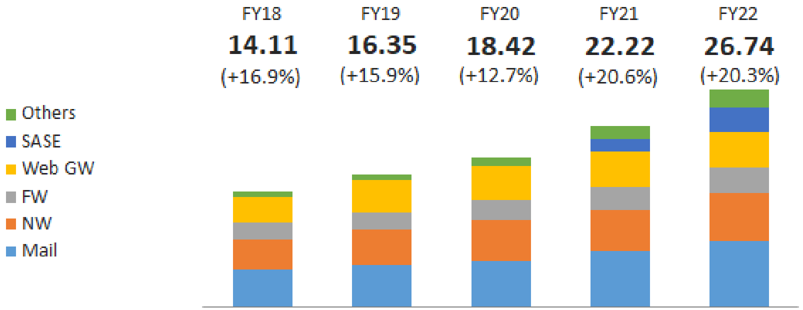
- FY22 revenue: ¥21.03 bn (+¥0.66 bn YoY)
  - Updated a part of the price list as of Apr. 1, 2023. Increased the bundled data volume while unchanging monthly charges for 4GB plan (now 5GB) and 8GB plan (now 10GB), Subscribers for 5GB plan are increasing
- 4Q22-end subs.: 1,206 thousand (+10 thousand QoQ)
  - Of which, the old plan's subs. were 286 thousand

GigaPlans (unit: thousand)	1Q21-end	2Q21-end	3Q21-end	4Q21-end	1Q22-end	2Q22-end	3Q22-end	4Q22-end
Subs.	462	556	607	667	757	837	878	908

Ⅲ- 2. Security Business

Unit: ¥ (JPY) billion

- **Security service (recurring revenue) largely grew along with continuous strong demands**



- **Total security business volume also growing**
  - Security projects outside the scope of IIJ security services are handled through SI

Total security business volume (Service＋SI)	FY18	FY19	FY20	FY21	FY22
	16.77	19.18	21.47	25.44	31.25

- **IIJ Security Business division director has been appointed as Kanto Regional Police Bureau's cyber security advisor (Feb. 2023)**
  - Invited and trained police offers of Hyogo, Shimane and Hokkaido prefectures to IIJ SOC for a certain period
- **Opened "IIJ Security Training School" (Dec. 2021) to educate security specialist. Added beginners' course in Apr. 2023**

- Security Service Revenue (recurring) is 100% recognized in Outsourcing
- SASE (Secure Access Service Edge) is a concept to shift controls of network and security on the route to Cloud services to enable secure access from any points, instead of the conventional centralized management through headquarters or data centers. This concept is gaining popularity along with Cloud migration of enterprise operation systems, prevalence of flexible workstyle including teleworking.
- SOC (Security Operation Center): organization providing advices and actions regarding cyber attacks by constantly monitoring log data such as NW and device to detect and analyze cyber attacks

Mail Security

- Full outsource of mail system, countermeasures for spam mail etc.
- IIJ Secure MX Service (SMX)
  - Cloud-based integrated mail security service (17 years in operation)
  - Differentiating by in-house developed multi-filtering, providing support in Japanese and upgrades
  - Minimize mail threats with multi-filtering, able to store unlimited mail date in DCs located in Japan, prevent accidental transmission/information leak with the system

NW Security

- IIJ DDoS Protection Service
  - Comprehensive service to protect enterprise network system from DDoS attacks (18 years in operation)
  - Service model unique to NW operators
  - Realize reliable web services by avoiding overloaded network and server triggered by huge traffic, global coverage to prevent terabit level large-scale attack (Jan. 17)
- IPS/IDS, WAF etc.

FW (Firewall)

- Outsource of firewall operation, detection system for anomaly etc.(17 years in operation)

Web GW

- Full outsource of web Security, URL filtering etc.
- IIJ Secure Web GW Service (SWG)
  - Cloud-based integrated web security service (13 years in operation)
  - Differentiating by in-housed developed engines etc. to block and isolate web functions etc.

SASE

- Operation of Prisma Access, Zscaler etc.
- IIJ Secure Access Service "ISA"
  - Launched in Sep. 2022
  - In-house developed SASE service
  - Differentiating by operating in Japan, high compatibility with other IIJ security services such as C-SOC, small start and low-price range

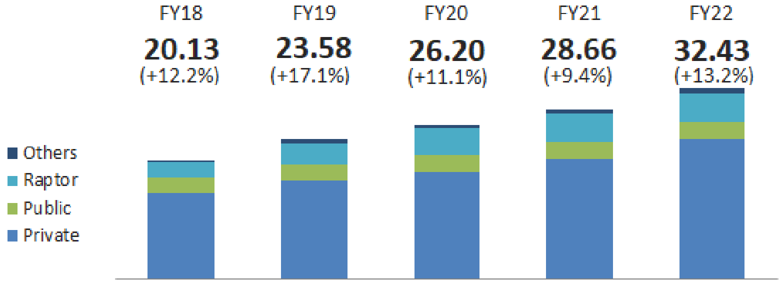
Others

- IIJ C-SOC Service
  - Launched in Oct. 2018
  - Operational SOC service unique to ISPs: visualize invisible threats by applying IIJ's unique intelligence, execute initial response as well as notification etc.
  - Continuously expanding functions including recently launched "Premium" in May 2021 which offers primary responses against attacks
- Endpoint Security etc.

Ⅲ- 3. Cloud Business

Unit: ¥ (JPY) billion

◆ **Cloud service revenue (recurring) continued to accumulate along with constant Cloud migration**



- FY22 Cloud Service revenue recognition: 91.3% in systems operation, 8.7% in Outsourcing

Private cloud
➢ IIJ GIO Infrastructure P2 Gen.2 • Next generation IaaS enabling easy Cloud migration from on-premise • Highly transitional VMware base hosted private Cloud ➢ IIJ Unified Operation Management Service (UOM) • SaaS to improve efficiency of multi-cloud system operation work • Management and operation cover wide range from cloud to on-premise, Improve efficiency with automated incident management etc. ➢ Multi-cloud etc.

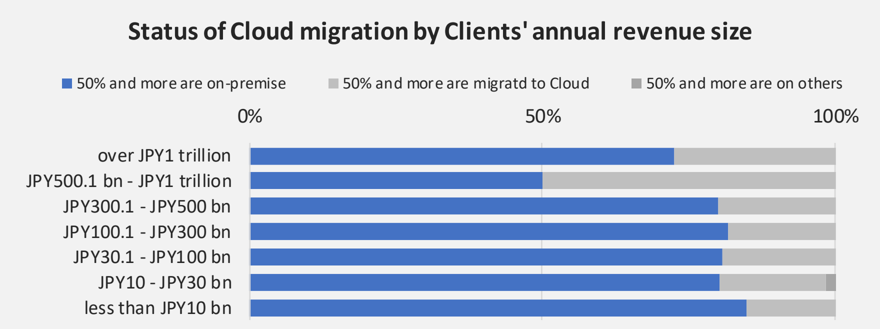
Public cloud
➢ Low-cost servers with pay-as-you-go pricing etc.

Raptor
➢ In-house developed SaaS base FX (Foreign Exchange) platform services for online brokers ➢ Providing services to Hirose Tsusho, Line Securities, au Kabucom Securities, Nomura Securities, Sony Bank, SMBC Nikko Securities, Matsui Securities etc.

Others
➢ Cloud services provided through overseas subsidiaries etc.

◆ **Majority of enterprise systems are operating on-premise**

- IIJ offers various services to promote Cloud migration



Source: Internet Initiative Japan "Nationwide survey on IT department 2022" published in Nov. 2022, N=598

◆ **Extensive service line-up promoting multi-cloud usages**

- Multi-cloud usages increasing as companies prefer to avoid "vendor lock-in" which is a dependence on a specific cloud vendor, flexible system design by combining multiple cloud services, and BCP measures such as redundancy and risk diversification
- "IIJ Unified Operation Management Service (UOM)" reducing IT department's operational burden by fully outsourcing the operation and management of multi-cloud that is becoming more complexed
- "IIJ Cloud Exchange Services" enabling private connectivity to third party cloud services: offers connectivity to Amazon AWS, Microsoft Azure, Microsoft 365, GCP (Google Cloud Platform), OCI (Oracle Cloud Infrastructure) etc.
- "IIJ Cloud Data Platform Service (CDP)" enabling secure data collaboration on multi-cloud

- Multi-Cloud: Cloud that is comprise of combining multiple cloud services
- "IIJ Cloud Exchange Services" revenue are recognized in NW Service Revenue

Ⅲ- 4. Service & Business Developments etc.

Data Centers (DC)

- **Operate 16 DCs in Japan, 2 of which are owned by IIJ (as of Mar. 2023)**
  - Expanding own DC capacity along with growing demands for IIJ services
  - Expect higher efficiency by gradually migrating leased DC spaces to own DCs

	Matsue DCP (opened in Apr. 2011)	Shiroi DCC (Opened in May 2019)
Objective	Own service facility	
Features	• First in Japan to use outside-air cooling container units • Able to increase capacity responding to demand per container • Utilize on-site solar power panels	• Adopt latest energy-saving method including outside-air cooling method • More flexible and cheaper capacity expansion through system module method • Utilize on-site solar power panels
Land	Approx. 16 thousand square meters	Approx. 40 thousand square meters
Number of in placed racks	Approx. 500 racks	Approx. 700 racks
FY22 PUE	1.2s	1.4s
FY23 plan	• Constructing new system module ✓ Schedule: begin construction in Feb. 2024, operation in May 2025 ✓ Approx. 2 thousand square meters ✓ Approx. 300 racks ✓ FY23 capex ¥5.0 bn (to be partially covered with subsidy)	• 2nd site to start operation in July 2023 (Expandable up to 4th site) ✓ Approx. 8 thousand square meters ✓ Approx. 1,100 racks (1st site: approx. 700) ✓ FY23 CAPEX (plan): approx. ¥7.0 bn (FY22: ¥5.4 bn) • Begin direct procurement of Non-Fossil Fuel Certificates toward supply of green electricity (summer 2023)

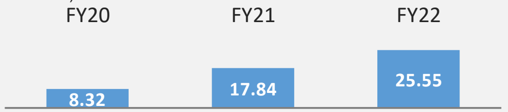
- PUE(Power Usage Effectiveness) is a metric that shows how efficiently electricity is used at a data center. The closer to 1.0 is considered to be good.

Overseas Business

- **FY22: Stronger than expected revenue growth**
- **FY23 outlook: Revenue and profit to continue to increase due to an overseas DC project, global SASE projects etc.**

Unit: JPY bn

Overseas business's revenue and operating profit
(included in SI and NW)



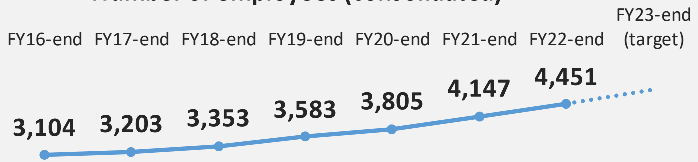
	FY20	FY21	FY22
Operating profit	0.38	1.24	2.04

- PTC financial results (included in the above results) : FY21 revenue ¥6.89 bn, operating profit ¥0.31 bn, FY22 revenue ¥10.68 bn, operating profit: ¥0.47 bn

Human Resources

Unit: personnel

Number of employees (consolidated)



	FY16-end	FY17-end	FY18-end	FY19-end	FY20-end	FY21-end	FY22-end	FY23-end (target)
New graduates	137	148	175	171	210	190	178	246

- **Targeting the same level of new graduates in Apr. 2024 as in Apr. 2023**
- **The ratio of female managers (IIJ, non-consolidated)**

	FY19	FY20	FY21	FY22	FY23	FY24	FY27
Target	-	-	-	-	-	6% or more	8% or more
Result	4.5%	4.6%	5.5%	5.7%	6.3%	-	-

Ⅲ- 5. Large-scale Complex Flagship projects incorporating NW services

Acquired	About the project	Project size (approx.)	Main revenue recognition
4Q20	Nationwide NW replacement for a prominent financial institution	¥5 bn, 5 years	NW service・SI operation
1H22	Nationwide WAN connection for all tax offices in Japan	¥2 bn, 4 years	NW service
	Internet connection environment for all Tokyo metropolitan public high schools	¥2 bn, 3 years	NW service
	Core information system for governmental-administrative operation	¥5 bn, 4 years	NW service・SI
	NW infrastructure construction for a central government agency	¥0.8 bn, 4 years	NW service
	Mobile connection environment for a central government agency	¥0.7 bn, 4 years	NW service
	Core IT system construction for a central government agency	¥0.5 bn, 3 years	NW service
	NW infrastructure construction for a prominent financial institution	¥0.5 bn, 5 years	NW service
	★NW system upgrade for a central government agency	¥2.6 bn, 4 years	NW service・SI
	Large scale SASE for enterprises (6 projects)	¥0.2 - 0.8 bn, 3 - 5 years	NW service
2H22	Core NW system upgrade for a prominent enterprise	¥0.4 bn, 4 years	NW service
	★NW infrastructure construction for a prominent financial institution	¥1 bn, 4 years	SI
	★Main DC migration for a prominent mail-order company	¥0.6 bn, 2 years	SI
	★NW integration for a prominent real estate group	¥0.9 bn, 2 years	NW service・SI
	Large scale NW upgrade for a prominent manufacturing company	¥5 bn, 5 years	NW service
	Foreign exchange trading platform for a prominent financial group	¥3 bn, 5 years	SI operation
	Core information NW infrastructure for a broadcaster	¥6 bn, from FY24	NW service・SI
	Overseas DC construction	¥3 bn, to be launched in FY23	SI construction

- Newly disclosed projects are highlighted with ★mark

Ⅳ- 1. FY23 Financial Targets (1)

Unit: ¥ (JPY) billion
YoY = Year over year comparison

	FY23 Targets (Apr. 2023 - Mar. 2024)	% of Revenues	FY22 Results (Apr. 2022 - Mar. 2023)	% of Revenues	YoY	
Revenues	286.0		252.7		+13.2%	+33.29
Cost of Sales	220.5	77.1%	194.8	77.1%	+13.2%	+25.70
Gross Profit	65.5	22.9%	57.9	22.9%	+13.1%	+7.59
SG&A etc.	34.0	11.9%	30.7	12.1%	+10.8%	+3.31
Operating Profit	31.5	11.0%	27.2	10.8%	+15.7%	+4.28
Shares of profit (loss) of investments accounted for using equity method investees	(0.6)		(0.2)		-	(0.4)
Profit before tax	30.4	10.6%	27.3	10.8%	+11.1%	+3.04
Net Profit	20.7	7.2%	18.8	7.5%	+10.0%	+1.88

	FY23 1H Target (Apr. 2023 - Sep. 2023)	% of Revenues	YoY	
Revenues	138.0		+13.1%	+16.04
Cost of Sales	107.9	78.2%	+13.0%	+12.38
Gross Profit	30.2	21.8%	+13.8%	+3.66
SG&A etc.	16.8	12.1%	+9.3%	+1.43
Operating Profit	13.4	9.7%	+19.9%	+2.23
Shares of profit (loss) of investments accounted for using equity method investees	(0.2)		-	(0.1)
Profit before tax	13.0	9.4%	+1.1%	+0.14
Net Profit	8.9	6.4%	+2.5%	+0.21

	Assumptions for Revenue Targets	Assumptions for Gross Profit Targets
NW service (excluding Mobile)	• Each service to grow along with continuous IT advancement • Stronger growth than FY22 as the revenue contribution of the large complex projects starts	• Structural profit increase along with revenue growth • Gross margin to slightly improve
Mobile	• Return to high revenue growth in enterprise mobile (IoT usages) as better semiconductor procurement situation and the post-Pandemic • Consumer revenue to be flat growth due to a decrease in mobile devices sales, MVNE revenue to decrease mainly due to reflecting a decrease in procurement cost at the beginning of FY23	• Increase as a rebound from FY22 (decrease in device procurement cost & smaller YoY negative profit impact than FY22 due to the migration to the new plan whose voice service margin is lower than the old plan. No gain from the unit charge revision
SI	• Strong demands as favorable business environment continues • Largely increase backed by trend and outlook for large projects • Expect to recognize approx. ¥3.0 bn of overseas DC construction in 1H23	• Increase as the revenue volume to expand • Gross margin to be almost the same level as FY22

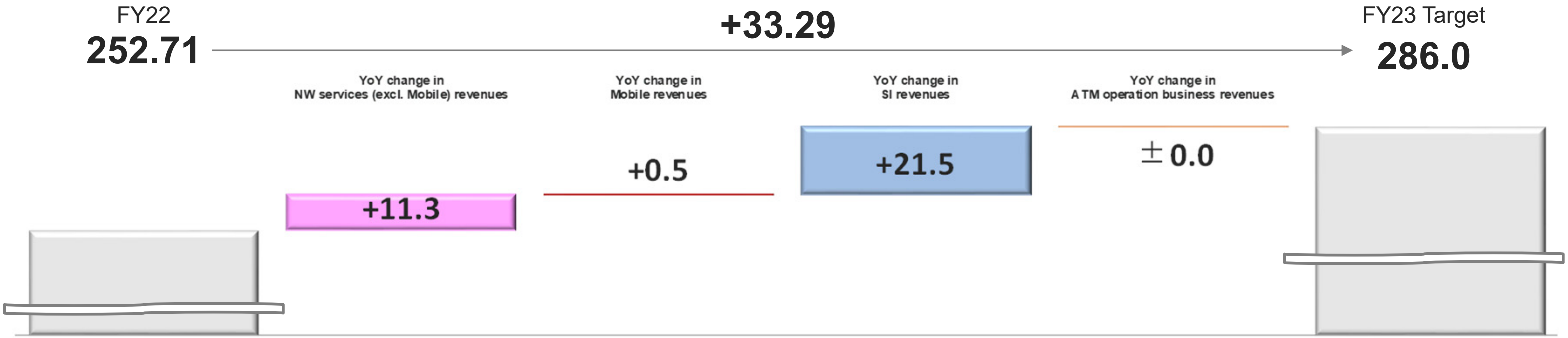
Other Assumptions

- SG&A etc.to increase due to business expansion, including personnel expenses
- Shares of profit (loss) of investments accounted for using equity method investees: Expect DeCurret's related loss to be around ¥0.8 bn
- No consideration on any valuation gain (loss) on funds & foreign exchange gain (loss)
- Number of employees (consolidated base) to increase by approx. 400 personnel (of which 246 new graduates)
- CAPEX: ¥22.5 bn (including ¥7.0 bn for Shiroi DC 2nd site)

Ⅳ- 1. FY23 Financial Targets (2)

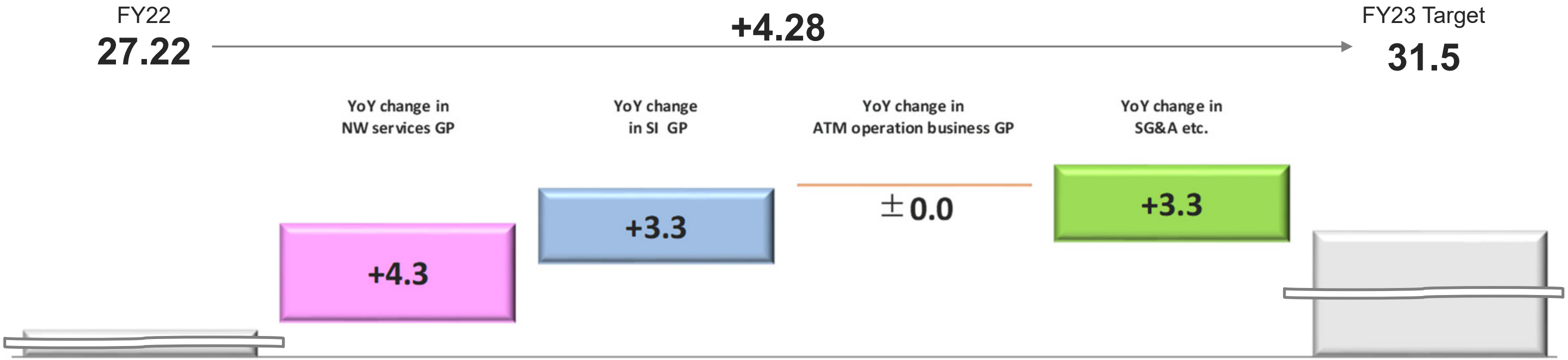
Unit: ¥ (JPY) billion (bn)
GP = Gross Profit
YoY = Year over year comparison

Revenues



- NW services (excl. Mobile) revenues are calculated by deducting the below mentioned Mobile services revenues from total NW services revenues. The revenues include non-mobile consumer revenue which is a small amount
- Mobile services revenues include IIJ Mobile Services (including MVNE) and IIJmio (consumer mobile)

Operating Profit



- NW services gross profit consists of gross profit related to NW revenues (excl. Mobile) and Mobile revenues (These two are not decomposable because some costs are common among them)
- SG&A etc. in this slide represents the sum of SG&A, which includes R&D expenses, and other income/expenses

V. Status of Mid-term Plan (FY21-23)

Unit: ¥ (JPY) billion (bn)
+% = Year over year (YoY) comparison

◆ Updates of Mid-term Plan Targets

FY23 targets	Initial target (Announced in May 2021)	First update (Announced in Nov. 2021)	Second update (Announced in May 2022)	Current target (Announced in May 2023)
Revenues	270.0	270.0	270.0	**286.0** (+13.2%)
Operating Margin (Operating Profit)	Over 9% 24.3	Over 10% 27.0	11.5% 31.1	11.0% **31.5** (+15.7%)

Stronger than expected revenue growth

- Revenue growth accelerating by continuously acquiring large NW/SI complex projects
- Profit to increase due to an economy of scale along with revenue expansion

◆ Continue to execute growth strategy to support the advancement of IT usages as a highly value-added and reliable NW service provider

	Major initiatives in the current Mid-term plan period
NW	• Launched "IIJ Private Backbone Service/Smart Hub," connecting Cloud & on-premise through wide bandwidth (June 2022) • Launched "IIJ Flex Mobility/ZNTA," secure new remote access (Jan. 2022)
Security	• Launched "IIJ Secure Access (ISA)," inhouse-developed SASE service (Sep. 2022) • Expanded function for C-SOC Service: primary incident response "Premium" (May 2021), Added EDR Operation option (Aug. 2021)
Mobile, IoT	• Lunched new consumer plan "GigaPlans" (Apr. 2021) • Developed multi-profile SIM (Oct. 2022) • Launched eSIM for enterprises (Apr. 2021) • IoT business alliance with Murata Manufacturing (plan to launch the service in summer 2023) • Launched inexpensive and simple plan for enterprises "IIJmio Biz" (Jan. 2023)
Cloud	• Launched "IIJ GIO Infrastructure P2 Gen.2" to promote full-cloud migration of enterprise systems (Oct. 2021) • Launched "IIJ Cloud Data Platform Service (CDP)" for easy and secure data collaboration on multi-cloud (Dec. 2022) • "IIJ GIO Infrastructure P2" registered with ISMAP "Information System Security Management and Assessment Program"(Dec. 2021)
Own DC	• Enhanced facility along with growing demand for IIJ's own services, Shiroi: Construction of the 2nd site (began in May 2022, plan to operate from July 2023), Matsue: Construction of system module site (will begin in Feb. 2024, plan to operate from May 2025)
Overseas business	• Singaporean SIer "PTC" consolidated from Apr. 2021 • Construction of container module for Uzbekistan • Data governance: BCR and CBPR approved for privacy protection law of EU and APEC, respectively (Aug. 2021, Feb. 2022)
Corporate foundation	• Enhanced recruitment New graduates joined in Apr. 2023 was approx. 1.4 times YoY, mid-carrier personnel: FY22: s147 personnel, FY21: 113 personnel (IIJ, non-consolidated) • Enhancement of senior management, 2 vice presidents (June 2021: Mr. Murabayashi, June 2022: Mr. Taniwaki)
Others	• Opened "IIJ Academy" (May 2023) to educate NW engineers, contribute to Japan's NW society development • Expanded non-financial disclosure, opened Integrated Report Portal, information disclosure based on the TCFD recommendations. Human capital etc. • DeCurret DCP(equity method investee) divested crypto asset business (Feb. 2022), dedicated resources onto settlement business, patented "The two –tiered digital currency platform" (July 2022), Executed multiple proof of concepts through the Digital Currency Forum (over 100 participates from both public and private sector), published White Paper and Progress Report

Major accomplishments

Contracted bandwidth approx. 1.5 times	Mar. 2021: 6Tbps	Mar. 2023: **9Tbps**
Security business approx. 1.5 times	FY20: ¥21.5 bn	FY22: **¥31.3 bn**
Total mobile subs. approx. 1.3 times	Mar. 2021: 3.25 million	Mar. 2023: **4.14 million**
Overseas revenue approx. 3.1 times	FY20: ¥8.3 bn	FY22: **¥25.6 bn**
Number of employees approx. 1.2 times	Mar. 2021: 3,805	Mar. 2023: **4,451**

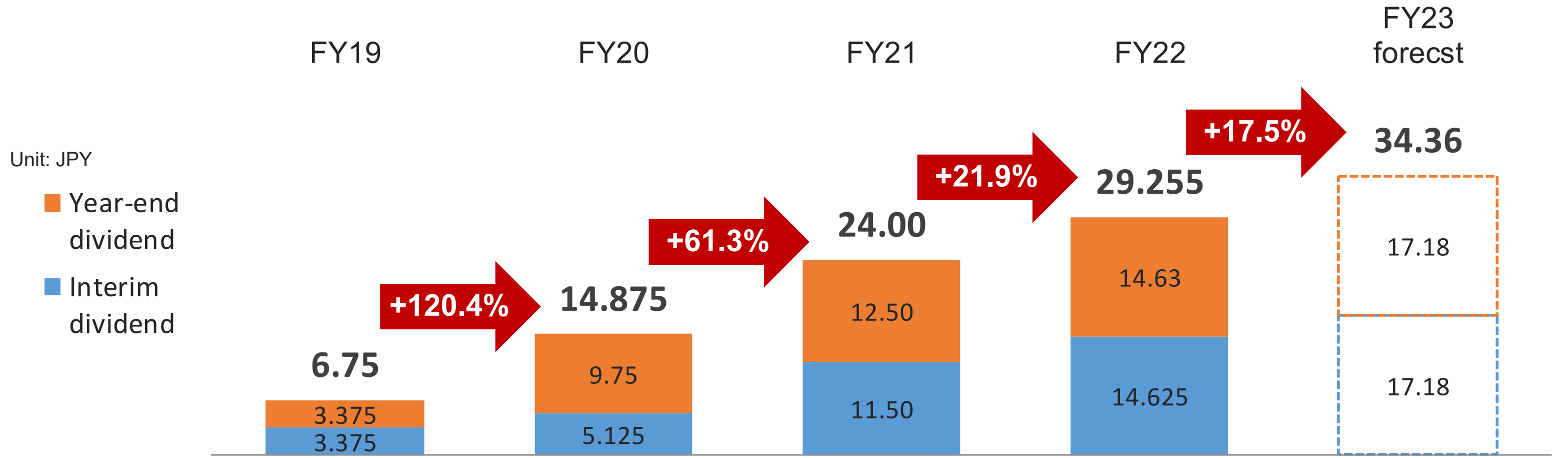
Ⅵ. FY23 Dividend Forecast

- **Basic shareholders' return policy:**

  Continuous and stable dividend payment while considering the need to have retained earnings for the enhancement of financial position, mid-to-long term business expansion and future investment

- **Dividend per share:**

  Continued to increase dividend in line with profit increase due to revenue growth, 5 times in 4 years



Payout ratio	30.4%	27.6%	27.7%	28.1%	30.0%

Stock split Jan. 2021	**Stock split** Oct. 2022

- FY21 payout ratio: adjusted payout ratio is around 30% which is calculated by deducting temporary and non-cash transaction such as valuation on funds and impairment loss
- Dividend per share is written on the post-stock-split basis

Appendix

NTT Docomo's Mobile data interconnectivity charge (Mbps unit charge･monthly)

Fiscal Year	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Method	Actual cost method		Future cost method MNOs are to disclose the charges for next three years based on their prediction about cost etc.					
New						Announced in Mar. 2023 ¥15,644 -23.0% YoY	¥13,084 -16.4% YoY	¥11,255 -14.0% YoY
Current	¥49,311 -6.0% YoY	¥42,702 -13.4% YoY	¥37,280 -12.7% YoY	Fixed in Dec. 2022 ¥27,024 -27.5% YoY	Announced in Mar. 2022 To be fixed around the end of Dec. 2023 ¥20,327 -24.8% YoY	¥15,697 -22.8% YoY	¥13,207 -15.9% YoY	
Old	¥49,311 -6.0% YoY	¥42,702 -13.4% YoY	¥37,280 -12.7% YoY	Announced in Apr. 2021 ¥28,385 -23.9% YoY	¥22,190 -21.8% YoY	¥18,014 -18.8% YoY		
			Announced in Mar. 2020 ¥41,436 -3.0% YoY	¥33,211 -19.8% YoY	¥27,924 -15.9% YoY			

- The same calculation method is applied to both the actual cost method and the future cost method: (Data communication cost + profit) /demand
- The charge disclosed based on the future cost method is to be finalized based on MNOs actual cost results etc.
- Mobile interconnectivity charges, which are underlined above, had been fixed based on the results
- The YoY (Year over Year) decrease percentage written under each charge is compared with the previous year charge
- The charge is public information disclosed in NTT Docomo's service terms and conditions document uploaded on NTT Docomo's website (only available in Japanese)
  https://www.docomo.ne.jp/binary/pdf/corporate/disclosure/mvno/business/oroshi.pdf

Comparison between the old & new plans of consumer mobile

Including tax

	Old			New: GigaPlans (Apr. 2021~)			Most up-to-date Price list as of Apr. 1, 2023		
Basic Monthly Charge	Minimum Start Plan (3GB)	With voice	¥1,760	2Giga Plan (2GB)	With voice	~~¥858~~	2Giga Plan (2GB)	With voice	¥850
		Data-only	¥990		Data-only	~~¥748~~		Data-only	¥740
	Light Start Plan (6GB)	With voice	¥2,442	4Giga Plan (4GB)	With voice	~~¥1,078~~	5Giga Plan (5GB)	With voice	¥990
		Data-only	¥1,672		Data-only	~~¥968~~		Data-only	¥900
	Family Share Plan (12GB)	With voice	¥3,586	8Giga Plan (8GB)	With voice	~~¥1,518~~	10Giga Plan (10GB)	With voice	¥1,500
		Data-only	¥2,816		Data-only	~~¥1,408~~		Data-only	¥1,400
				15Giga Plan (15GB)	With voice	~~¥1,848~~	15Giga Plan (15GB)	With voice	¥1,800
					Data-only	~~¥1,738~~		Data-only	¥1,730
				20Giga Plan (20GB)	With voice	~~¥2,068~~	20Giga Plan (20GB)	With voice	¥2,000
					Data-only	~~¥1,958~~		Data-only	¥1,950
Pay as you go	Voice call charge as you go	¥22 per 30 seconds		Voice call charge as you go	¥11 per 30 second (from Sep. 2021)				

- The above table briefly indicates service prices for major functions to show the differences between the old and new plans
- Voice call charge is only for domestic calls. New voice call charge as you go was revised on September 11, 2021 and is applied to old plan's users
- eSIM service for consumers: "IIJmio eSIM Service Data Plan Zero" launched in Mar. 2020, Data communication service using NTT Docomo's LTE and 3G network
  Pricing: monthly charge (bundled data volume: 0 GB), ¥165 per month. Additional data volume: First 1GB ¥330, 2GB to 10GB: ¥495 per GB

Appendix

Creation of Guiding Principles for Employees “Backbone of IIJ”

- “Backbone of IIJ” was created by volunteer members across departments as a guideline for realizing IIJ's business philosophy and accelerating future growth on the occasion of IIJ’s 30th anniversary.
- The name “Backbone of IIJ" was chosen in the hope that it would become a "spiritual pillar" that IIJ employees would carry on as well as making a reference to "backbone network" which is the foundation of IIJ

1. Challenge: Every action is for achievement

We make action and get others involved toward realizing not only big ambition but also small improvement.
With flexible mindset and active discussion, we deepen our ideas not only for innovation but also for improvement.
If somebody has an exciting idea and is seeking to make it happen, we shall join such initiatives.
We will continue to have discussions and take challenges which has been our tradition since the company’s inception.

2. Curiosity：Don’t stop at “Just being interested”

Every curiosity counts because it could read to something extraordinary. This is why we sincerely value ours as well as others’ curiosity.
Curiosity is one of our driving force which has led to “IIJ as first in the world/Japan” and high customer satisfaction.
The curiosity of employees is our important asset which can neither be visualized nor quantified.
We believe that such asset is opening up the possibility of Internet and making network society even better.

3. Passion：Pursuing “My Interests” is the path to becoming a professional

We work with commitment and passion when we see something interesting in front of us.
Such approach allows us to make more decisions on our own, enlarge what we can do, and make work more enjoyable.
We continue to strive with passion to be professionals and leading experts.

4. Responsibility：Never compromise. Not accepting “this should be good enough"

We contribute to society by providing “Internet infrastructure.”
We have a commitment to society that we shall provide uninterrupted and protected Internet connectivity, continue to improve Internet and show new possibility of Internet.
Going forward, we shall continue to be sincere for those beyond each job and never compromise.

5. Respect：Listen, especially when you are not sure

We aim for an organization in which people with diverse background and values can exercise one’s strength and have discussion from various view points.
Even it seems difficult, we are committed to mutual respect and honest communication.
Sincere communication means never cheat on the spot, speaking honestly and avoiding misunderstandings.
This is how we have been creating a working environment where diversified talents can demonstrate their abilities and achieve great satisfaction.

【Reference】
Presentation material for company overview
P. 29 – 45

Company Profile

IIJ has been taking initiatives in Internet Infrastructure field in Japan

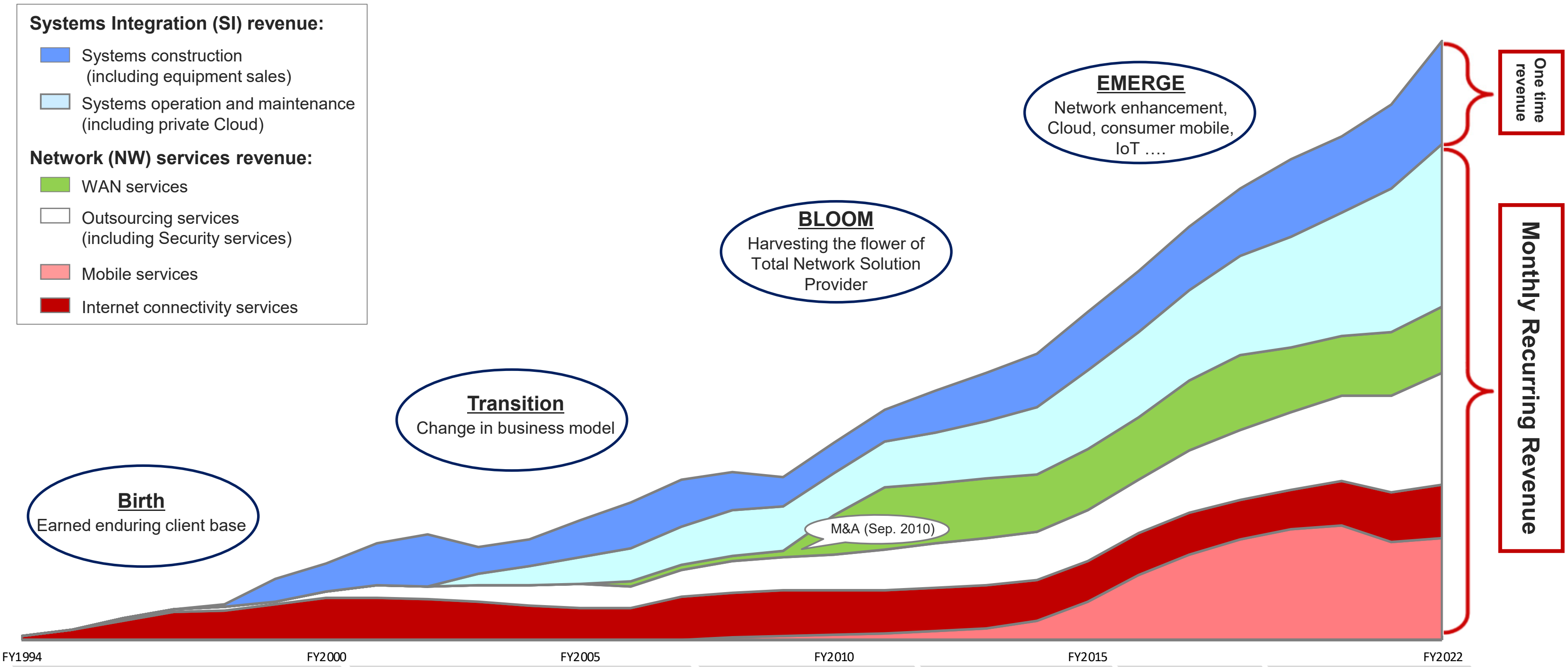
Established	December 1992 (The first established full-scale ISP in Japan)
Number of Employees	4,451 (approx. 70% engineers)
Large Shareholders	NTT group 26.9%, Koichi Suzuki 5.9%

- **The first established full-scale ISP (Internet Service Provider) in Japan**
  - ✓ Introduce many in-house developed Internet-related network services
  - ✓ Highly skilled IP (Internet Protocol) engineers from the inception
  - ✓ Operate one of the largest Internet backbone networks in Japan
- **Well recognized "IIJ" brand among Japanese blue-chip companies' IT division**
  - ✓ Differentiate by reliability and quality of network and systems operation
  - ✓ Long-term (almost 30 years) client relationship since the establishment of IIJ
- **Development of innovative Internet-related services**
  - ✓ Differentiate by continuous network service developments and business investments
  - ✓ Focus on Cloud, mobile, security, solutions related to Big Data, IoT and data governance
  - ✓ Always ahead of telecom carriers and systems integrators (SIers) with regards to services development and operation

…and many more

- Number of employees is consolidated basis and as of Mar 31, 2023.
- Large shareholders are as of Mar. 31, 2023 and their shareholding ratios (%) are calculated by deducting number of treasury stock from the total number of shares issued. The ownership of Koichi Suzuki, IIJ's Chairman, includes his wholly owned private company portion.

From ISP to Total Network Solution Provider



Increase in number of ISPs in Japan
NTT launched Internet connectivity service in 1996

Price war and market consolidation for ISPs in Japan
IIJ shifted its focus to large corporates, survived the tough competition, and established market position

Became MVNO in 2008 and launched Cloud services in 2009

Launched consumer mobile services in 2012

Became full-MVNO in 2018

DX triggered by the Pandemic

IIJ as a Total Network Solution Provider

Offers various network services and systems integration together in many projects

Approx. **14,000 customers** (as of Mar. 31, 2023)
(Japanese companies, central government agencies, local governments, consumer ISPs universities and more)

Network (NW) Services

Outsourcing services
- Security
- SASE
- Public Cloud
- VPN
- Email gateway
- etc.

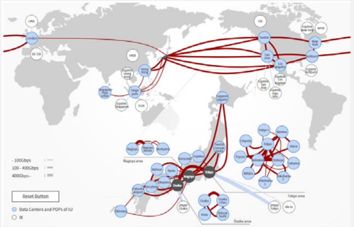
Internet connectivity services
- Internet Access
- Mobile
- etc.

WAN services
- Private connectivity
- Global WAN
- etc.

Systems Integration (SI)
- Private Cloud
- Systems construction
- Systems Operation and Maintenance
- etc.

Major cost components of Network services (mostly non-revenue linked cost)

- Fiber leasing cost for Internet backbone and WAN access line
- Depreciation cost and maintenance cost of network equipment
- Personnel cost for network service development and operation and outsourcing cost
- Data center operation cost etc.
- Mobile data interconnectivity and voice service purchasing cost for mobile services


IIJ's Backbone Network

Management Structure

https://www.iij.ad.jp/en/ir/integrated-report/directors/
Holdings of IIJ shares are as of Mar. 31, 2023
Suzuki's share includes his wholly owned private company portion

Koichi Suzuki

- Founder of IIJ
- Chairman, Representative Director and co-CEO
- Holdings of IIJ share: 10,635,222 shares (5.9%)
- Date of birth: September 1946

Satoshi Murabayashi

- Executive Vice President and Director (since June 2021)
- Career: CIO at MUFG Financial Group, Inc.
- President and Representative Director of DeCurret Holdings, IIJ's affiliated company, as a concurrent position
- Holdings of IIJ shares: 3,802 shares (0.0%)
- Date of birth: November 1958

Eijiro Katsu

- President, Representative Director and co-CEO & COO
- Career: Vice Minister of Finance
- Holdings of IIJ shares: 201,200 shares (0.1%)
- Date of birth: June 1950

Yasuhiko Taniwaki

- Executive Vice President and Director (since June 2022)
- Career: Vice-Minister for Policy Coordination of Posts and Telecommunications at the Ministry of Internal Affairs and Communications (MIC)
- Holdings of IIJ shares: 200 shares (0.0%)
- Date of birth: September 1960

Full-time Directors

Senior Managing Directors
- K. Kitamura
- A. Watai (CFO)

Managing Directors
- T. Kawashima
- J. Shimagami (CTO)
- N. Yoneyama (CIO)

Outside Independent Directors: (of which, 1 female. Outside independent director is 35.7% to the total directors)

T. Tsukamoto	Honorary Advisor of Mizuho Financial Group
K. Tsukuda	Honorary Advisor of Mitsubishi Heavy Industries, Ltd.
Y. Iwama	Outside Director and Chairman of the Board of Nikko Asset Management Co., Ltd. Former Chairman of Japan Securities Investment Advisers Association
A. Okamoto	Former President and CEO of Iwanami Shoten, Publishers (one of the best publishing houses in Japan)
K. Tonosu (Ms.)	Outside Director of JAPAN POST INSURANCE Co., Ltd. Former Board member of Deloitte Touche Tohmatsu LLC

Company Auditors
(of which, 3 outside, 1 female)

- K. Ohira
- M. Tanaka (Ms.)
- T. Michishita (attorney)
- K. Uchiyama (CPA)

Remuneration for full-time directors

Annual salary	Fixed monthly remuneration	Cash	**67% - 71%**
Substitution for retirement allowance	Fixed remuneration	Stock-option	**6% - 11%**
Performance-linked remuneration	Variable remuneration	Restricted stock	**22% - 24%**

(Note) Above percentages are in the case of full paid performance-linked remuneration. Performance-linked remuneration varies (0 - 4 months) along with financial performance

Interview with outside director, Mr. Tsukamoto, can be found here

- https://www.iij.ad.jp/en/ir/integrated-report/outside_director/

Initiatives for Sustainability

PDF download link for Integrated Report Portal can be here
https://www.iij.ad.jp/en/ir/integrated-report/archives/pdf/integrated-repot2022_en.pdf

IIJ's Material Issues

Lead network infrastructure advancement with technological innovations and contribute to solving various social issues

- **Bringing innovation with IP**

Online banking/brokerage	CDN	Smart Government
Online shopping	Telehealth	Remote work

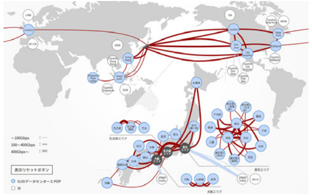
From now on → Adoption of Cloud, IoT Solution, Digital Currency, Metaverse

- **Own highly energy effective data centers**
  - Industry top level PUE (FY22): Matsue 1.2s, Shiroi 1.3s
- **Information disclosures based on the TCFD Recommendations**
  - Reduce greenhouse gas emissions at its own data centers which account for more than 70% of greenhouse gas emissions (Scope 1 and 2) through "usage of renewable energy" and "improvement of energy conservation"

Measures	Targets
Usage of renewable energy	To increase the renewable energy usage rate of data centers (Scope 1 and 2) to 85% in FY2030.
Improvement of energy conservation	To keep the PUE of the data center at or below the industry's highest level (1.4) until FY2030 through continuous technological innovation.

Provide safe and robust Internet services that support social infrastructure

- **Provide stable and safe Internet connectivity services, construct and operate Internet backbone that cover the world**



- **Support privacy protection regulations. Had acquired EU BCR and APEC CBPR**

Provide an arena for people with diverse talents & values, where they can exercise their skills & actively and boldly take on challenges

- **Corporate culture of taking initiatives and challenging new things since the inception**
- **Human resources culture of sincerely striving to meet the demands of clients**
- **Lower than the industry average turnover**

FY19	FY20	FY21	FY22
4.6%	3.6%	4.2%	3.8%

- **Target for diversity: the ratio of female managers**

Apr. 2022	Apr. 2023	FY24 target	FY27 target
5.7%	6.3%	6% or more	8% or more

For more information about IIJ's corporate governance, please visit

➢ https://www.iij.ad.jp/en/ir/integrated-report/governance/

Overview of corporate governance	Operation of the Board of Directors	Operation of the Board of Company Auditors
Operation of the Nomination and Remuneration Committee	Design of Remuneration for Directors	Business Operation
Operation of Internal Audit	Initiatives for Information Security	Related Party Transactions

- PUE(Power Usage Effectiveness) is a metric that shows how efficiently electricity is used at a data center. The closer to 1.0 is considered to be good.
- TCFD: Task Force on Climate-related Financial Disclosures
- Scope 1 and 2 (Greenhouse gas emissions by a company): Direct emissions from the use of fuels and industrial processes at the company and indirect emissions from the use of electricity and heat purchased by the company (as defined by the GHG Protocol)
- The turnover rate of IIJ (non-consolidated basis) is calculated by dividing leavers for the fiscal year by the number of full-time employees at the beginning of that fiscal year. The industry average turnover rate of approximately 10% is announced by the Ministry of Health, Labor, and Welfare

SWOT of IIJ

Strength

High technological capabilities

- First full-scale ISP in Japan
- Highly skilled Internet-related engineers
- NW service development & operation capabilities
- One of the largest Internet backbone networks in Japan
- Reliable Internet backbone operation
- Excellent customer base
- Corporate culture of pioneering spirit

Weakness

- Business domain mostly in Japan
  - IIJ's overseas business is mainly global network operation and is to increase Japanese clients' loyalty
- Smaller in size compared to competitors
  - IIJ continuously develops innovative network services and solutions to be ahead of the market needs

Opportunity

Digitalization (DX) in Japan

- Network, CPU and storage are becoming faster and larger, Domains of network and systems are converging
- Internet traffic increasing
- Security demands expanding: zero trust and cyber security
- Cloud shift
- Japan, slow IT adopter, including public sector is changing triggered by the Pandemic･Digitalization to advance

Threat

- Slow IT adoption in Japan
  - IIJ focuses on promoting digitalization of large Japanese companies with various network services and systems integration to fully meet their needs

Extensive Service Lineup

Unit: ¥ (JPY) billion (bn)

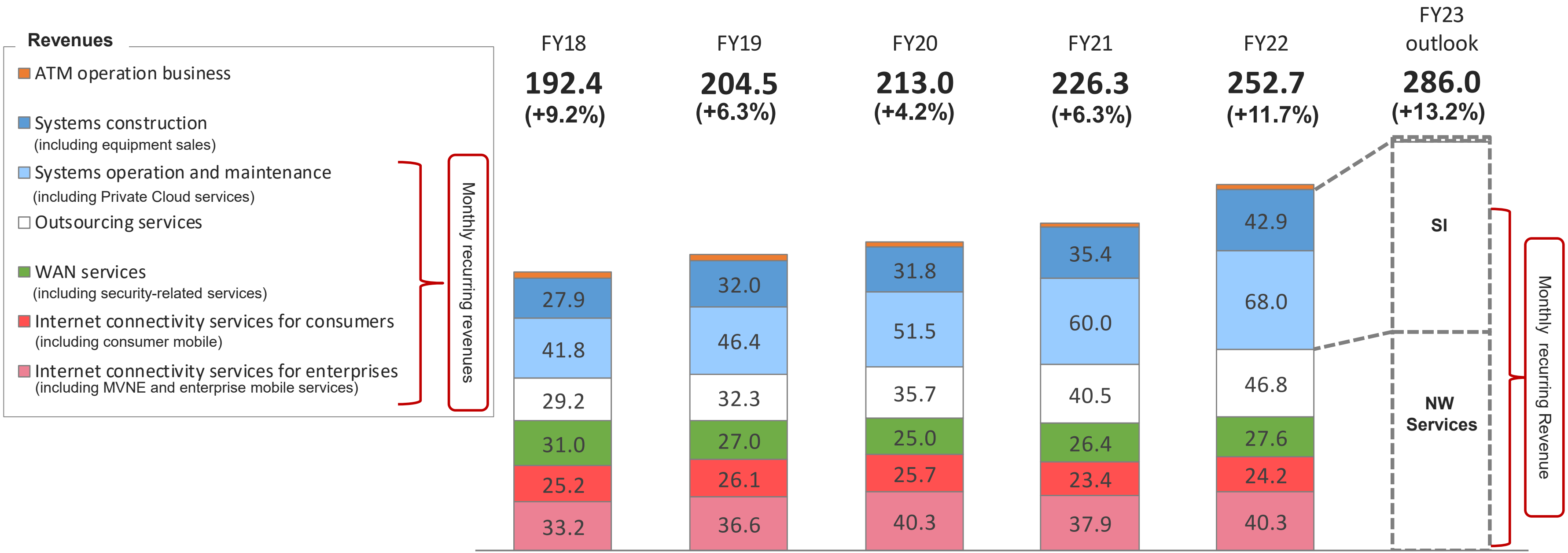
	Revenue category	FY22 revenue	About	Business Situation & Outlook
Network services	Internet connectivity services for enterprise	40.25	IP 14.84: ➢ Core service providing from the foundation ➢ Highly reliable dedicated connectivity services for enterprise (multi-carrier, redundancy etc.) ➢ Contracts are based on bandwidth ➢ Enterprises use the service for their main Internet line Mobile 21.25: Enterprise mobile (IoT usages etc.) 11.18; MVNE (Proving to other MVNOs) 10.07 (Others) Broadband Internet services etc.	IP: ➢ Matured market (hard to entry) ➢ Blue-chip client base ➢ Expect the revenue to continuously increase along with traffic volume and contracted bandwidth increase
	Internet connectivity services for consumers	24.24	Mobile 21.03: ➢ Inexpensive SIM services (mainly data), ➢ Direct sale (via IIJ web), Indirect sale (via sales partners such as retailers) (Others) Broadband Internet services and email services for households etc.	Mobile: ➢ Expect infrastructure utilization & profitability to improve by gathering various traffic such as IoT/enterprise/ consumers • Enterprise: Expect the demand to increase in the mid-to-long term • Consumer: Maintain and increase market share subscription with GigaPlans in competitive market
	WAN (Wide Area Network)	27.63	Closed network used to connect multiple sites	Stable market in the long-term
	Outsourcing	46.81	Various in-house developed Internet-related service line-ups Security 26.74: ➢ Managed security services, Security Operation Center services and so many more Public Cloud 2.82: ➢ Offered as a part of Cloud service line-ups	➢ Have been developing services based on Zero Trust concept ➢ Acquire enterprise demand by cross-selling services. ➢ Continuous service development is important ➢ Demands for security and remote access to increase continuously
SI	Operation and Maintenance	68.00	On-premise Systems 38.39: ➢ Operation and maintenance of constructed systems Private Cloud etc. 29.61: ➢ Promote Cloud shift with abundant, highly reliable, value-added private Cloud related service line-ups	➢ Expect great business opportunity in the mid-to-long term as internal IT systems migrate to Cloud ➢ Revenue to increase continuously along with accumulation of construction projects
	Construction (including equipment sales)	42.95	System construction related to office IT, security, Cloud, IoT, Internet-related construction such as online banking & brokerage, network for university, and E-commerce site	➢ Through providing SI, offer greater value as IoT and Cloud usage penetrate

Monthly Recurring Revenue 82% (Network services through SI Operation and Maintenance)

One time revenue (Construction)

Monthly Recurring Revenue Accumulation

Unit: ¥ (JPY) billion (bn)
% = Year over year change



	FY18	FY19	FY20	FY21	FY22
Cloud service revenues	20.1	23.6	26.2	28.7	32.4
Security-related service revenues	14.1	16.4	18.4	22.2	26.7
Mobile service revenues	42.0	46.1	47.5	40.7	42.3

- Mobile revenue decreased year over year in FY21 due to ARPU decrease for consumers and change in unit charge for MVNE clients
- Systems construction and systems operation & maintenance revenue increase for FY21 includes PTC revenue which became IIJ's consolidated subsidiary from Apr. 2021
- During FY20, ATM operation business was impacted by the COVID-19 pandemic due for example to the store closure and smaller number of users coming to stores
- WAN revenue decreased year over year in FY19 and FY20 mainly due to certain large customers' migration to our mobile services (cheaper than WAN to connect multiple sites)

Capex and Business Developments

Unit: ¥ (JPY) billion (bn)

	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23 targets
Revenues (¥ bn)	157.8	176.2	192.4	204.5	213.0	226.3	252.7	286.0
Operating margin	3.3%	3.8%	3.1%	4.0%	6.7%	10.4%	10.8%	11.0%
Operating profit (¥ bn)	5.1	6.8	6.0	8.2	14.2	23.5	27.2	31.5
CAPEX (¥ bn)	**16.5**	**20.7**	**15.1**	**15.2**	**15.2**	**16.1**	**20.8**	**22.5**
NW services	*12.6*	*9.4*	*9.4*	*9.6*	*8.8*	*9.1*	*10.0*	-
Cloud	*3.6*	*7.9*	*1.9*	*2.6*	*2.8*	*2.3*	*2.0*	-
Shiroi DC	-	*1.2*	*2.1*	*2.0*	*1.5*	*1.5*	*5.4*	-
SI, others	*0.3*	*2.3*	*1.7*	*1.0*	*2.0*	*3.2*	*3.4*	-
CAPEX-related depreciation and amortization (¥ bn)	**10.9**	**12.1**	**13.9**	**14.4**	**14.5**	**15.1**	**15.3**	**-**
Number of employees	3,104	3,203	3,353	3,583	3,805	4,147	4,451	-

Stronger demands for enterprise network services

Large CAPEX increase due to aggressive business investment

CAPEX & its depreciation almost same volume

Including ¥7.0 bn for Shiroi DC 2nd site

Cost stabilizing

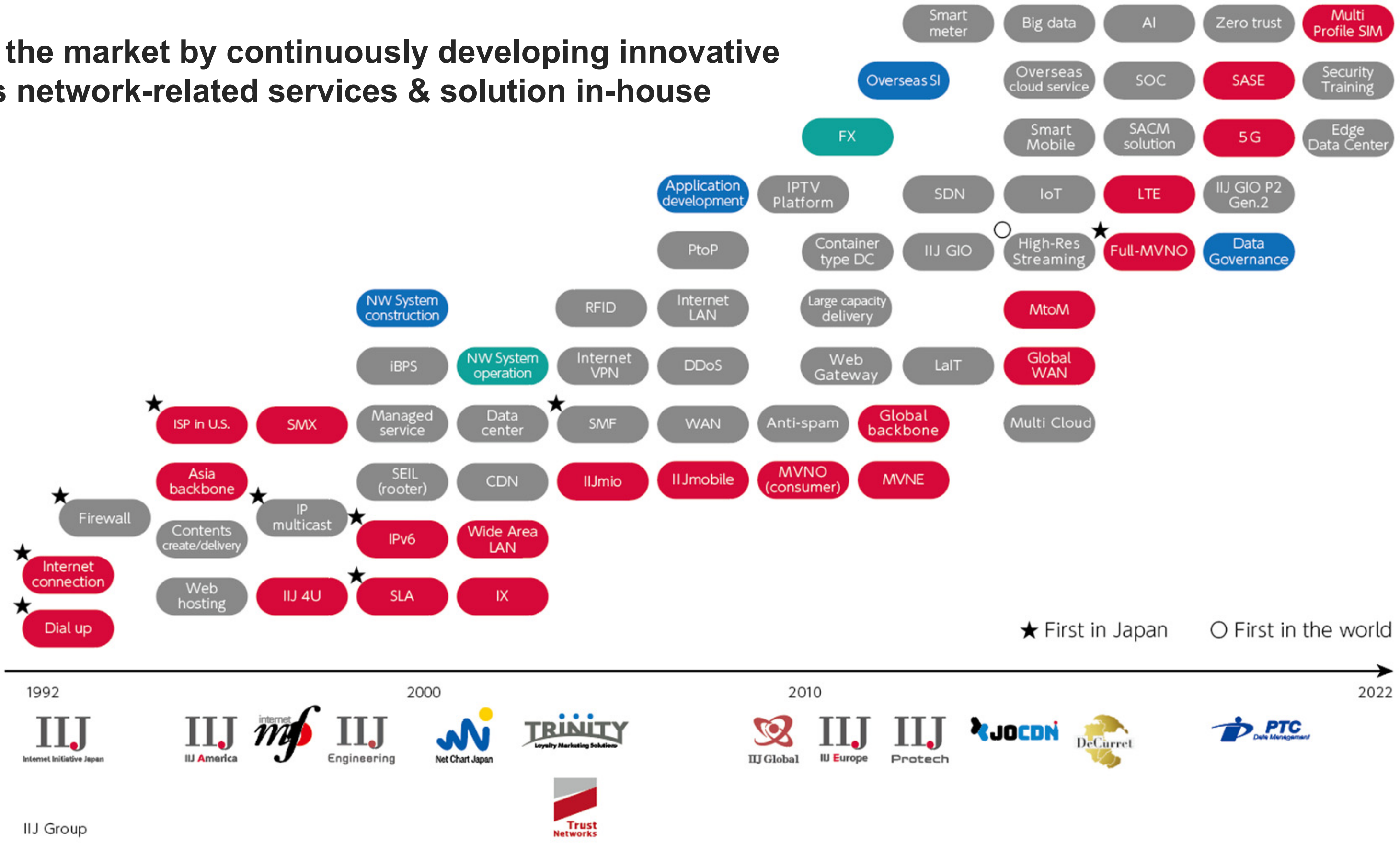
Various Network Services Asset

- Launched Omnibus (Sep. 2015)
- Launched GIO P2 (Oct. 2015)
- Added SWG Sandbox (Feb. 2016)
- Launched private connectivity with AWS (Sep. 2016)
- Enhanced SMX (Oct. 2016)
- DDoS service global (Jan. 2017)
- Opened SOC (Mar. 2017)
- Launched UOM (Apr. 2017)
- Launched full-MVNO (Mar. 2018)
- Launched Secure Endpoint (Oct. 2018)
- Enhanced Omnibus (Oct. 2018)
- Launched Flex Mobility (Dec. 2018)
- Opened Shiroi DC (May 2019)
- Enhanced SWG (Dec. 2020)
- Launched enterprise eSIM (Apr. 2021)
- Enhanced SOC (May 2021)
- Launched GIO P2 Gen.2 (Oct. 2021)
- Opened Security training school (Jan. 2022)
- Launched Smart HUB (June 2022)
- Launched ISA (Sep.2022)
- Launched CDP (Dec. 2022)

- FY16: US-GAAP, from FY17: IFRS
- CAPEX-related depreciation and amortization is calculated by excluding depreciation and amortization of assets that do not have the nature of capital investment, such as right-of-use assets related to operating leases, small-amount equipment and customer relationship

Service & Solution Development Capability

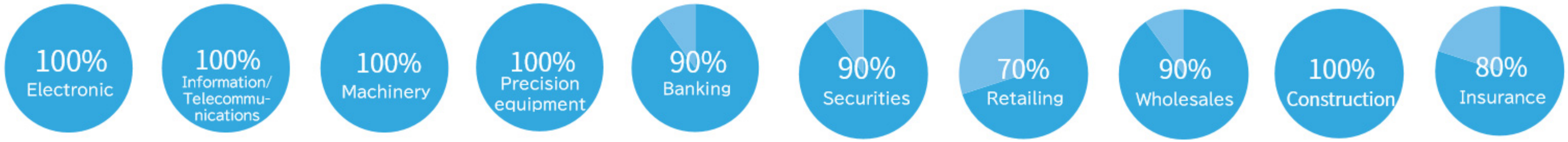
Initiate the market by continuously developing innovative various network-related services & solution in-house



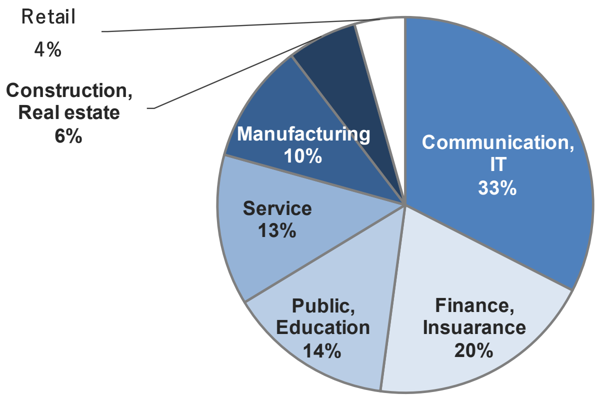
Excellent Customer Base (Number of IIJ Group's clients: approximately 14,000 as of March 31, 2023)

- **Through reliable operation, continuous use of Internet connectivity services since the inception of IIJ**
- **Our reliable infrastructure operation and cross-sell strategy have led to low churn rate**

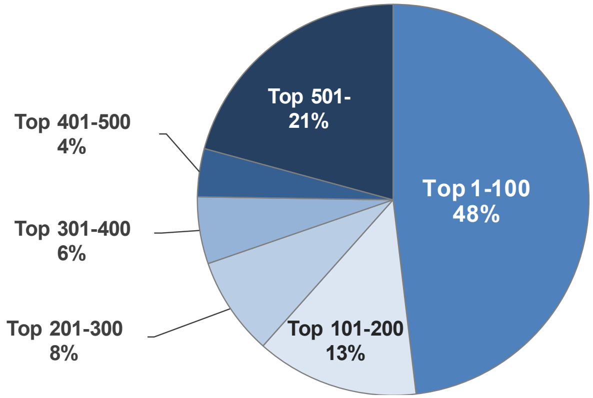
Cover Most of Top Revenue Companies



Client Distribution by Industry



Client Distribution by Revenue Volume

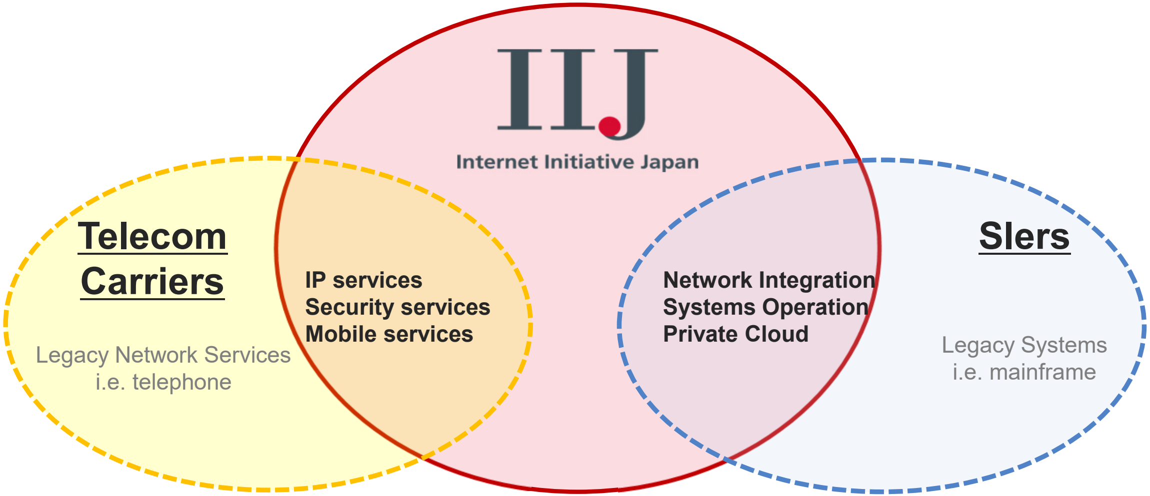


- Top ten firms in each industry taken from annual revenues are selected by IIJ based on the Yahoo! Japan Finance website (finance/sales/whole market/daily).
- The service penetration and the revenue distributions are based on IIJ's FY22

Competitive Advantages

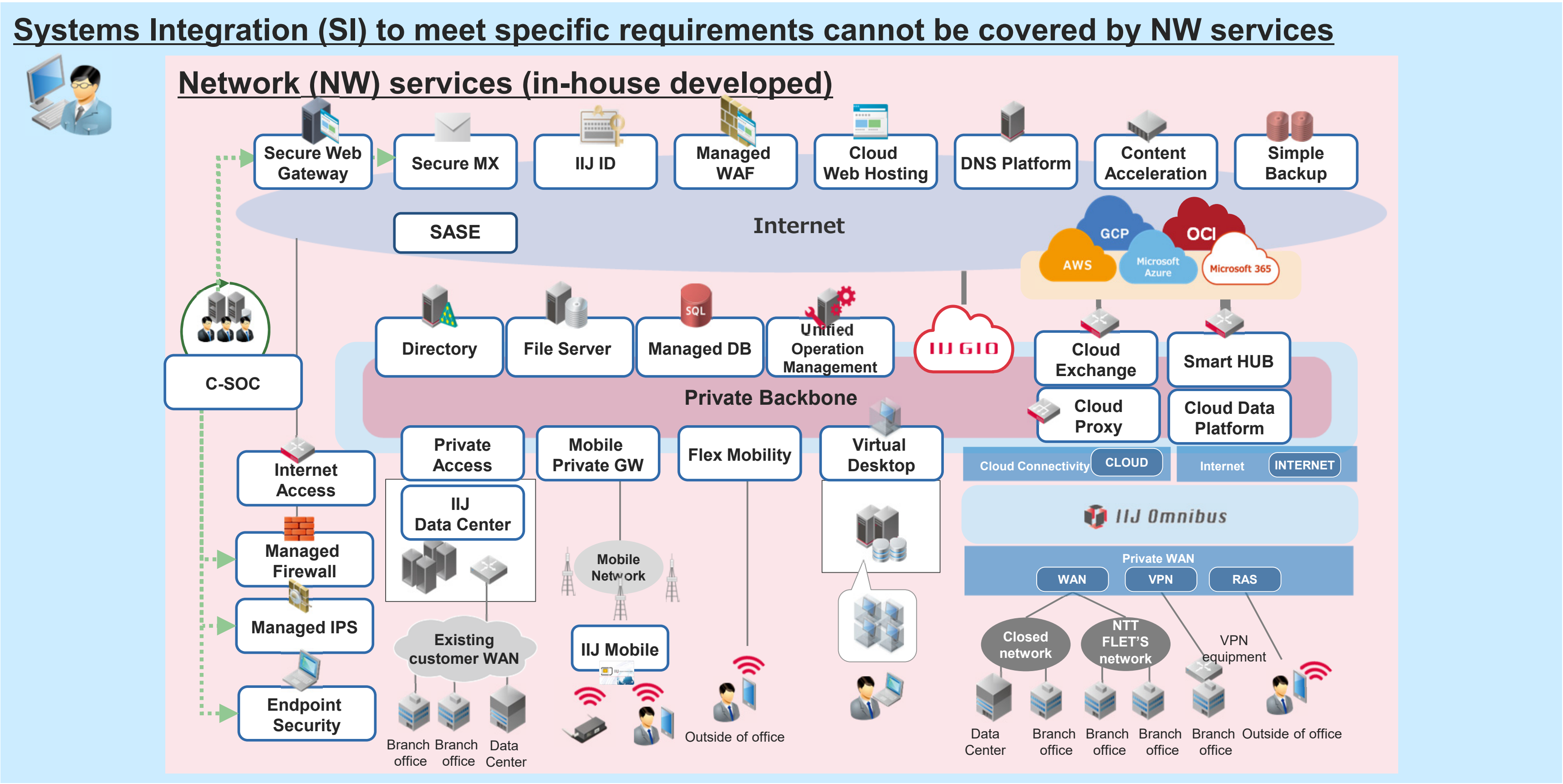
Against telecom carriers, IIJ
- Has highly skilled IP (Internet Protocol) engineers
- Is faster to move than bureaucratic organizations
- Focuses on blue-chip companies' IT needs with SI

Against systems integrators (SIers), IIJ
- Operates one of the largest Internet backbone (SIers do not)
- Has NW services asset and development capability (SIers do not)
- Focuses on Internet-related open type systems



IIJ deals with newer systems and growing IT market
(Not involved in heavy and legacy systems)

NW Services and SI provided together as a Total Solution



Mid-term Plan (FY21-FY23)

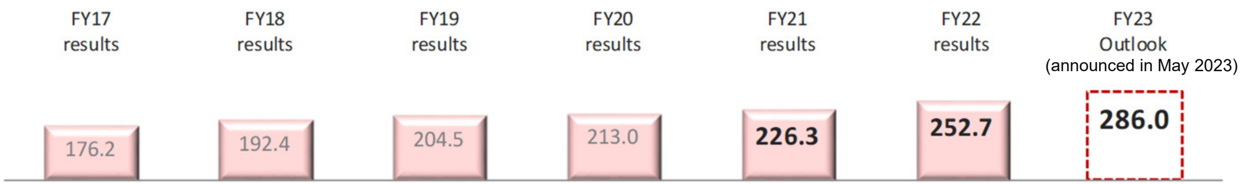
Unit: ¥ (JPY) bn

Previous Mid-term (FY15 - FY20) → **Current Mid-term (FY21 - FY23)** → Longer term growth (FY24 -)

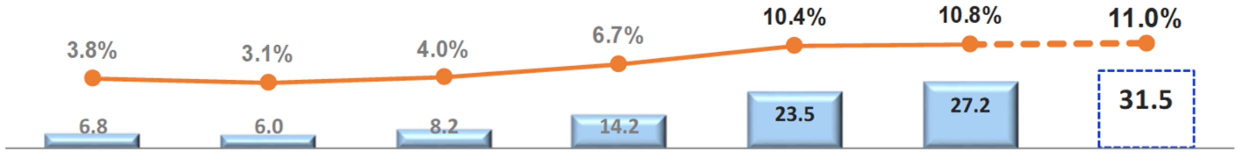
Initial mid-term plan target (announced in May 2021)

Revenue: ¥270 bn, Operating margin: over 9%
(updated to 11.5% in May 2022)

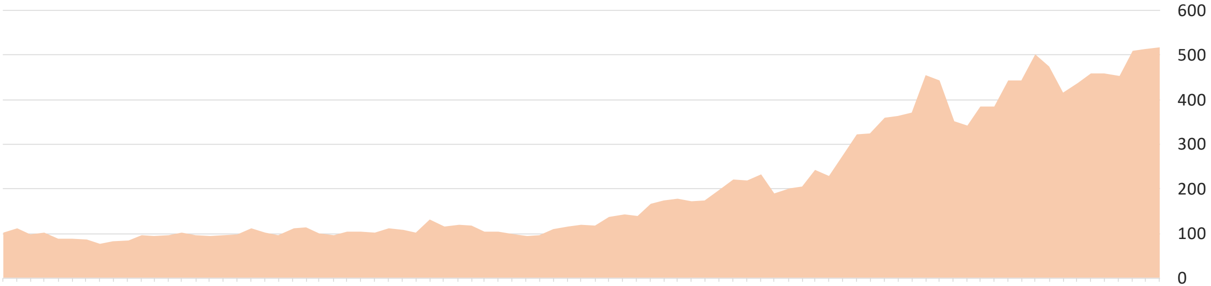
Revenue



Operating Margin and Operating Profit

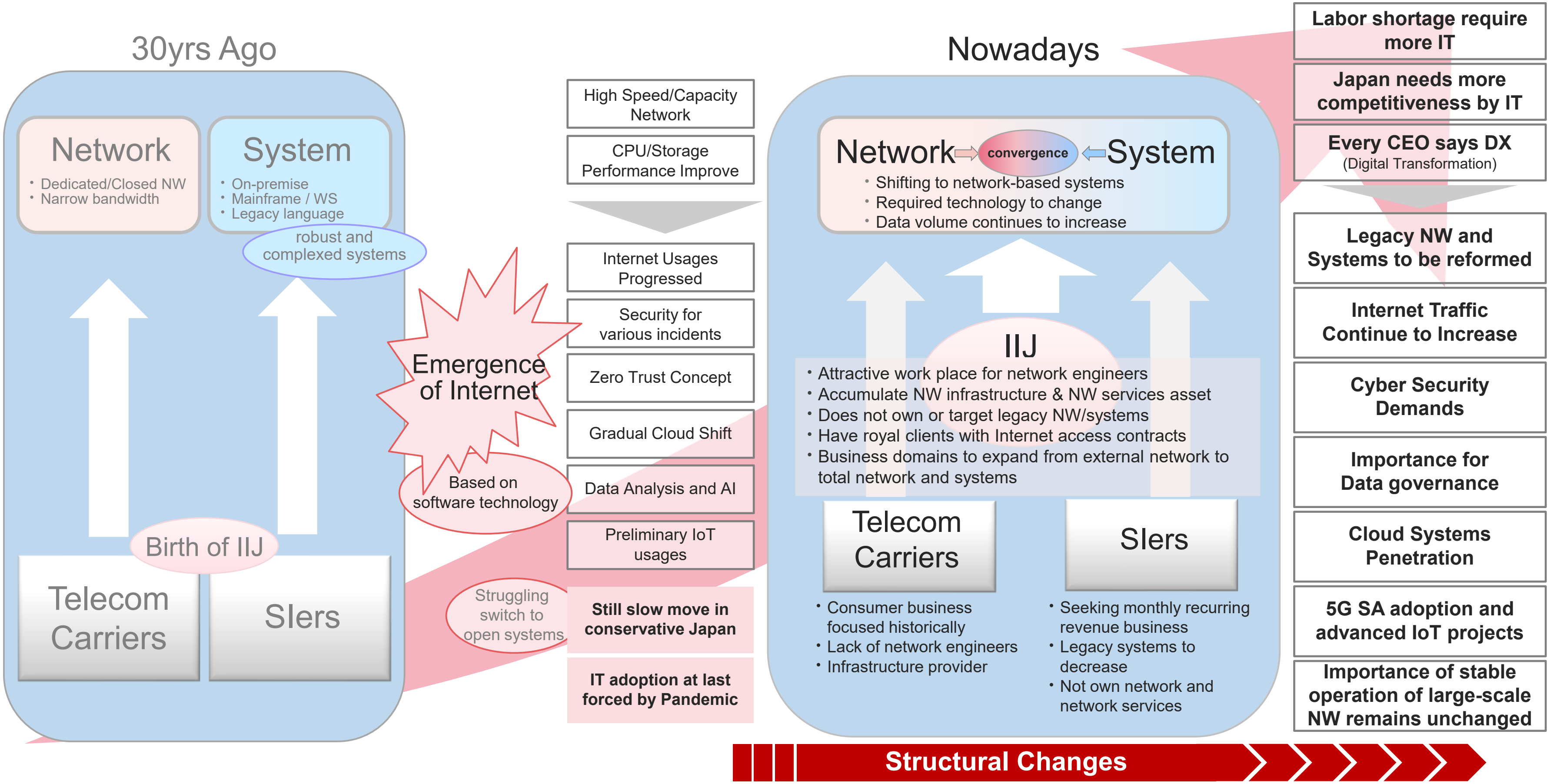


Market capitalization



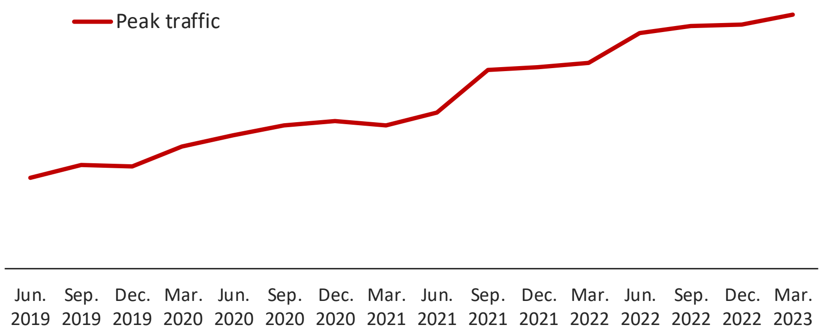
- **Plan to largely expand business in the long term**
- **Continuously seek business investment & M&A opportunities**
- **Expect market capitalization to further increase**

Drastically Changing Enterprises Circumstance



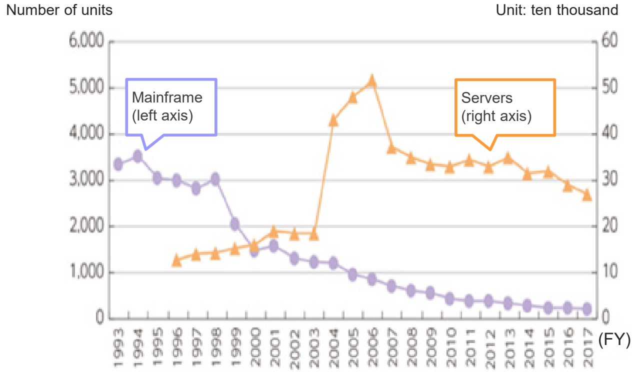
Market Growth Forecast etc.

Historical traffic data of major domestic IX



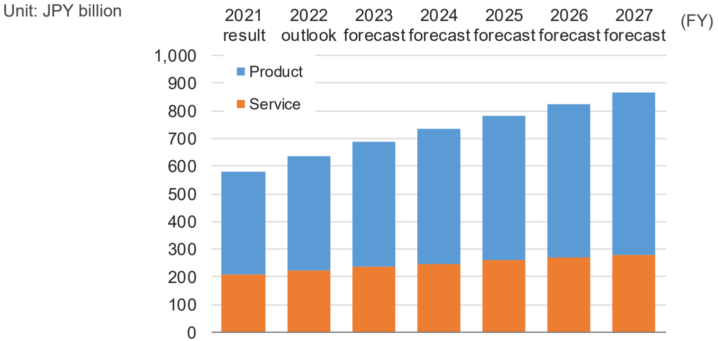
Source: INTERNET MULTIFEED CO.

Domestic shipments of mainframe and servers



Source: JEITA (Japan Electronics and Information Technology Association)
https://www.soumu.go.jp/johotsusintokei/whitepaper/ja/r01/html/nd111140.html

Network security business market forecast



Source: Fuji Chimera Research Institute “2022 Network Security Business Survey” https://www.fcr.co.jp/pr/21117.htm

Digital competitiveness ranking (2022)

1	Denmark
2	U.S.A.
3	Sweden
4	Singapore
5	Switzerland
(omission)	
28	Spain
29	Japan

Source: IMD WORLD DIGITAL COMPETITIVENESS RANKING 2022
https://www.imd.org/centers/world-competitiveness-center/rankings/world-digital-competitiveness/

IIJ

Internet Initiative Japan

The internet started in Japan in 1992, along with IIJ. Since that time, the IIJ Group has been building the infrastructure for a networked society, and with our technical expertise, we have continued to support its development. We have also continued to evolve our vision for the future and innovate to make it a reality. As an internet pioneer, IIJ has blazed the trail so that others could realize the full potential of a networked society, and that will never change. The middle "I" in "IIJ" stands for "initiative," and IIJ alway starts with the future.