Corporate Overview of Internet Initiative Japan (IIJ)

Internet Initiative Japan Inc. (IIJ)
The Prime Market of the Tokyo Stock Exchange (Ticker symbol: 3774)
May and June 2024

Disclaimer
Statements made in this presentation regarding IIJ's or managements' intentions, beliefs, expectations, or predictions for the future are forward-looking statements that are based on IIJ's and managements' current expectations, assumptions, estimates and projections about its business and the industry. These forward-looking statements, such as statements regarding revenues, operating and net profitability are subject to various risks, uncertainties and other factors that could cause IIJ's actual results to differ materially from those contained in any forward-looking statement.

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- FY23 (FY2023) stands for a fiscal year ended March 31, 2024. Others alike
- Abbreviation: NW stands for network, SI stands for systems integration, DC stands for data center, ¥ (JPY) bn stands for JPY billion

We changed our accounting principles from the Generally Accepted Accounting Principles in the U.S. ("U.S. GAAP") to the International Financial Reporting Standards (IFRS) from the filing of FY2018 annual report "Yuka-shoken-houkokusho" which was filed on June 28, 2019. Because reporting period of foreign consolidated subsidiaries under IFRS is different from that of under U.S. GAAP, some figures disclosed in the past are different.

Key Updates

1

Summary of Recent Announcements

- Result of the previous Mid-term Plan (FY21-FY23), New Mid-term Plan (FY24-FY26), Mid-to-long Term Vision, and FY24 financial targets

2

Business domain expanding with Service Integration model

- Enterprise private network and systems in Japan are finally becoming to change
- Increasing track record of large-scale projects covering an entire enterprise private NW & systems
- Service Integration (providing in-house developed network services as part of SI) is increasing, covering these demands

3

Network expertise becoming a very critical differentiator

- Reliable and stable network operation is indispensable
- Large number of talented network engineers
- Wide range of in-house developed network services

4

Revenue growth to be stronger, which results in economics of scale

- Leveraging the current royal Internet access services' client base
- Accelerated growth of MRR (monthly recurring revenue) through Service Integration
- Margin to improve with an accumulation of MRR whose the cost are mainly network operation's common ones

Result of the Previous Mid-tern Plan (FY21~FY23)

Consolidated base
"times" are appropriate terms & were calculated by comparing FY23/FY23-end to FY20/FY20-end
Subs. = subscription, m = million

ICT usage & its advancement by Japanese enterprises finally kicked off, triggered by the Pandemic
Realized economies of scale in NW service model due to continued increase in traffic & security demand, etc.
Established profit base along with continuing to expand NW infrastructure & service lineup

Total Revenue

1.3 times
FY20 ¥213.0 bn → FY23 ¥276.1 bn

Enterprise MRR 1.4 times
Sum of SI M/O & NW Service (excl. consumer & MVNE)

Operating Profit

Doubled
FY20 ¥14.3 bn → FY23 ¥29.0 bn

Operating Margin: FY20 6.7% FY23 10.5%
ROE: FY20 11.5% FY23 16.3%

Human Capital (unit: personnel)

+1.3 times
FY20-end 3,805 → FY23-end 4,803

Stable turnover rate (IIJ) the level of 3% to 4%

Dividend Per Share (annual)

2.3 times
FY20 ¥14.875 → FY23 ¥34.36

Market Capitalization

2.2 times
FY20-end ¥240 bn → FY23-end ¥520 bn

Remarkable increase in large scale projects & Service Integration orders

Revenue: SI 1.5 times, NW services 1.2 times

- FY-end SI construction order-backlog: 2.9 times (FY23-end ¥23.8 bn)
- Visible increase in large-scale complex projects by Service Integration model
- Public & finance sectors transaction expanded
  - Public: GIGA school, construction of large NW system infrastructure, etc.
  - Finance: Renewal of large NW, construction of FX trading infrastructure, etc.

Overseas business: ASEAN expansion

Revenue: 4.2 times, ¥8.3 bn ➡ ¥35.3bn
Business Profit: 7.2 times, ¥0.4 bn ➡ ¥2.7 bn
(overwrapping with enterprise MRR)

- Expanded ASEAN local business through PTC M&As (Singapore & Malaysia)
- Completed large-scale overseas DC construction, executing its subsequent projects
- Operating several global SASE projects (Top partner of Palo Alto & Zscaler in Japan)

Expanded service & solution development

- DWP(*)-related services such as Flex Mobility grew along with enterprises' DX advancement even after the pandemic
- Continued developing services to promote cloud migration
  - "GIO P2 Gen. 2" to realize easy cloud migration
  - "Smart Hub" to connect on-premise & third party cloud
  - "CDP" to integrate data, etc.

(*) Digital Work Place: Office IT environment for client company & its employees

Continued expanding NW service infra.

- Contracted bandwidth(*): 1.6 times
- Mobile bandwidth(*): doubled
- No. of operating racks at Shiroi DC: 3 times
  - Continued to expand our owned DCs of Shiroi & Matsue
  - Promoted carbon neutral initiatives through on-site solar power generation & non-fossil certificate direct procurement, etc.
  - Developed & launched micro DC solution, the core infrastructure for edge computing

(*) Calculated by multiplying number of contracts by contracted bandwidths for IP & broadband services respectively
(*) Sum of our purchase of mobile data bandwidth from NTT Docomo & KDDI

Significant growth in Security Service

Revenue 1.7 times ¥18.4 bn ➡ ¥30.9 bn
Within enterprise MRR (excl. security related SI)

- Cross-selling opportunity increased such as SOC(Security Operation Center) along with an increase in large scale NW renewal projects
- Increased the overwhelming market share of long-standing mail & web securities
- Expanded value-added function through continuous development of new service & function

Continued enhancing Governance & Sustainability

- Enhanced management structure by inviting two VPs from outside, etc.
- Maintained A rating on MSCI ESG through proactive communication & disclosure enlargement
  - Opened Integrated Report Portal (web)
  - Disclosure on TCFD & human capital, etc.
- Contributed to NW society of Japan and education of NW engineers by opening "IIJ Academy"

Demonstrated competitive advantages of full-MVNO

Mobile subs. 1.5 times 3.24 m ➡ 4.81 m

- Enterprise IoT subs. 2.1 times (FY23-end 2.35 m)
- Developed & launched "IIJ Public Safety Mobile Services" to pubic agencies for secure reliable connectivity in case of disasters
- Gained & maintained No.1 market share for the consumer SIM (MVNO) with Giga Plans and others (MM Research Institute)

Start-up Digital Currency Business

(Equity method investee: DeCurret)

No. of participants in Digital Currency Forum 2.7 times 38 ➡ 104

- Issue & settle using DCJPY (digital currency) for non-fossil certificate transaction as a first service (first in Japan, from Jul. 2024)
- PoCs through various study groups
  - Invoice chain, electricity trading, retail & distribution, regional currency, wallet security, e-money, security token payment practices & systems study, merchant settlement, NFT(Non-fungible Token), and administrative affairs

New Mid-term Plan (FY24 ~ FY26)

Consolidated base
Net Profit is "Profit for the period attributable to owners of the parent"
"times" are calculated by comparing FY26/FY26-end to FY23/FY23-end
The figures below are all assumed targets

Accelerate business scale expansion toward the Mid-to-long Term Vision by advancing the business structure transformation in FY23
Revenue growth led by integration and profit growth through economies of scale as a NW service operator

Total Revenue	Operating Profit	Net Profit	ROE	Human Capital
1.4 times	1.6 times	1.5 times	+2.7 pt.	1.3 times
FY23 ¥276.1 bn → FY26 ¥380.0 bn	FY23 ¥29.0 bn → FY26 ¥46.0 bn	FY23 ¥19.8 bn → FY26 over ¥30.0 bn	FY23 16.3% → FY26 19%	FY23-end 4,803 → FY26-end around 6,100

Further enhancement of the existing core business area

SI as Revenue driver

- Accelerate revenue growth by rolling out NW construction/renewal projects to various industry, enhancing account sales & PM, expanding human resource
- Enhance SI project management

NW service as Profit driver

- Accelerate NW service accumulation through Service Integration
- Demonstrate the strength of stable NW operation in the DX era

Promotion of large transactions & clients

- Comprehensive outsourcing of client's NW and open systems
- Add large volume revenue to the multi-industry recurring revenue base
- Stable additional profit source for the future

Further enhancement of service development & operation

- Focus on strengthening cyber-security service development
- Respond to DX progress with DWP lineup
- Develop services that would be PF for AI, data lake, etc.

Enhancement of Service Control

- Higher efficiency for service development & operation by new technology such as AI
- Implement appropriate pricing in response to inflation & cost increase

Continuous expansion of NW infrastructure Pursuit of differentiation

- Construct the third site of Shiroi DC for long-term growth
- Deploy full-MVNO 5G SA

Creation of new growth area

Initiatives for Data-driven society

- Operate data utilization business, generate meaningful data, data distribution mechanisms & operations, etc.
  ➡ Study & create business models in conjunction with the existing infrastructure & services

Achieve the spread of Digital Currency in Japan

(Equity method investee: DeCurret)

- First in Japan to issue commercial digital currency as a practical case (scheduled in Jul. 2024)
  - ✓ Digitalized token of environmental value transaction
- Within FY26, anticipate loss to shrink & become profitable on a monthly basis
- Executing STO(*) of digital currency, invoice chain(*), web3/NFT(*) & other practical projects

(*) STO (Security Token Offering): securities issued using electronic means such as blockchain, replacing traditional mechanism of stocks and bonds
(*) Invoice chain: concept of industry standard systems for corporate intercompany reimbursement
(*) NFT(Non-Fungible Token): Token issued on the blockchain that can prove uniqueness and cannot be replaced

Enhancement of business foundation

Thorough expansion of Human Capital

- Continuous expansion of human resources
- Develop next-generation human resources for long term growth
- Maintain & enhance top-tier engineering capabilities & expand that to multiple layer

Enhancement of cash control

- Appropriate management of increasing SI-related working capital
- Investment allocation Shiroi DC & growth areas
- Increase payout ratio when the Mid-to-long Term Vision is realized

Maintain & improve Sustainability /Governance

- Strengthen governance in line with growth
- Contribute to the productivity of future society through continuous stable NW operation
- Introduce a new executive compensation scheme linked to the new Mid-term Plan

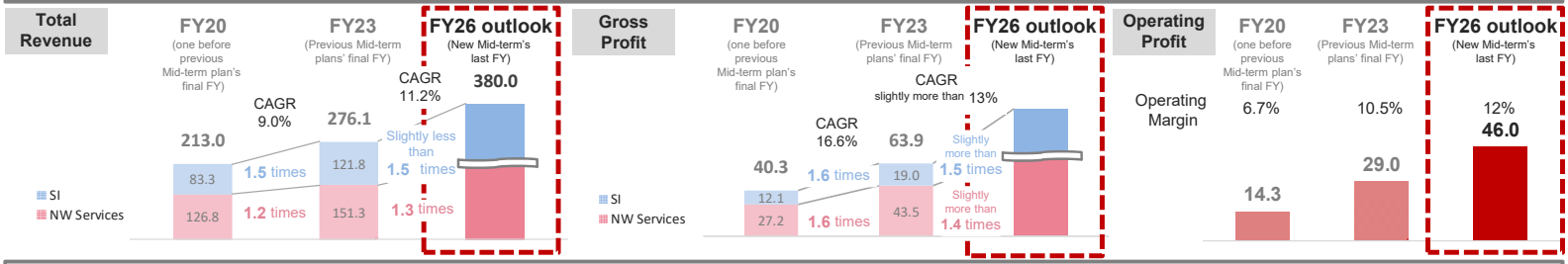
Complement growth through M&As

- Pursuit M&A opportunities as a supplemental means of expanding domestic resources & technology
- Leverage residual borrowing capability (up to ¥70.0 bn is envisioned image)

New Mid-term Plan's Financial Outlook

Unit: ¥ (JPY) billion

Breakdown image of financial outlook



Capital allocation (FY24-FY26, 3 years in total)

Cash in	Cash out		Overview	
Cash generated from business approx. ¥134.0 bn(*)	**Investment: approx. ¥90.0 bn**		**Shiroi DC 3rd site construction**	◆ Start the construction within the new Mid-term plan period, but the schedule is undetermined ・ First site: CAPEX approx. ¥8.3 bn, No. of racks: approx. 700, started operating from May 2019 ・ Second site: CAPEX approx. ¥12.8 bn (plan), No. of racks: approx. 1,100, started operating from Jul. 2023
	Ordinal NW infrastructure, etc. approx. ¥51.0 bn Stable with economies of scale	**Shiroi DC 3rd Site construction** approx. ¥30.0 bn Mainly for own services	**Strategic Investment**	◆ Specific investment details have not fixed and will be discussed going forward
	Strategic investment for new growth areas			
	Along with an increase in large complex project **Increase in working capital and lease obligation**	Approx. **¥13.0 bn**	**Increase in working capital & lease obligations**	◆ Increase in work in process, prepayments, etc. due to an increase in large scale multi-year SI projects ・ The impact of increased working capital should gradually be reduced due to the constant revenue recognition of large scale projects
	Payout ratio 30% **Dividend**	Approx. **¥24.0 bn**		
	Scheduled repayment of long term borrowing	Approx. **¥1.5 bn**		
	M&As	up to **¥70.0 bn**	**M&As**	◆ M&As to be conducted in sequence with borrowing capacity ・ Maintain debt/equity ratio & financial discipline, Up to ¥70.0 bn of additional debt could be implemented for M&As
Debt Up to approx. ¥65.0 bn				

(*) post-tax, pre-depreciation

Mid-to-long Term Vision

The figures mentioned below are all assumed status and image

Previous Mid-term (FY21-FY23)

Established profit base by enterprise recurring revenue growth

- Enhancement of NW infrastructure & service lineup
- Demonstration of profit expansion through economies of scale by monthly recurring revenue accumulation
- Increase in large scale projects through NW renewals, etc.
- Large increase in security and DWP related services
- Demonstration of full-MVNO competitive advantages, Accumulation of IoT projects
- Significant expansion of overseas business, including M&As
- Expansion of human resources
- Initiatives for digital currency and other new business areas

New Mid-term (FY24-FY26)

Accelerate business expansion by focusing on the existing core areas
Pursue business scale for long term growth

- Further enhancement of the existing core business areas
- Creation of new growth areas
- Enhancement of business foundation

Execute actions early to realize revenue volume of ¥500 bn

Mid-to-long Term Vision

Total revenue around ¥500.0 bn
Operating Margin 12% ~ 15%

- **Strongest focus on the core areas as NW operator & IT provider**
  Positioned as one of the leading IT providers in Japan
  Thoroughly continue to differentiate through NW operation & service offering model
  Enlarge SI business driven by Service Integration
  Realize business scale by expanding large customer base
- **Provide NW platforms that support the NW society**
  Strive to develop technologies
  Create optimal NW & security platforms for the spread of AI & the advent of data-driven society, etc.
- **Succession & development of IIJ corporate culture as a challenger**
  Unchanged since the inception, diverse employees take on new challenges autonomously

Beyond 5,000

*5,000 is derived from the Japanese unit of ¥5,000 oku (oku = one hundred million) which is ¥500 bn

Demonstrate competitive advantage of fully-outsourcing infrastructure operation to support realization of NW society

- Develop integrated PF to enable processing various types of data, together with security & high performance. IIJ to become a full outsourced IT providers equipped with DC (including edge computing) & cloud resources, including wired and wireless NWs
- Achieve high profit margins by managing large customers' NW & IT domains as fully outsource
- Business domain expansion and diversification
- Demonstrate leadership including M&As amidst a changing industry landscape
- Become Asia's leading IT service provider by leveraging domestic knowledge & SWOT in ASEAN region

Targets (consolidated)	FY23 result	FY26 target	
Total Revenue	¥276.1 bn	¥380.0 bn	¥500.0 bn
Operating Margin	10.5%	12%	12% ~ 15%
Payout ratio		30%	30% ~ 40%
Market Cap.		1 trillion	

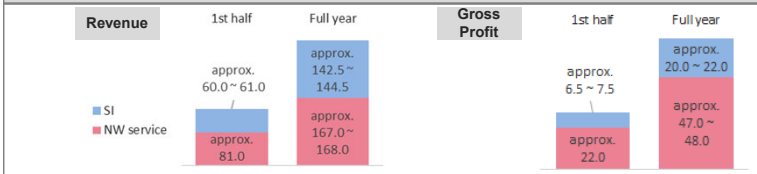
Payout ratio to gradually increase along with an increase in business scale

FY24 Financial Targets

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

	First Half Targets (Apr. 2024 to Sep. 2024)	% of total revenue	YoY	Full Year Targets (Apr. 2024 to Mar. 2025)	% of total revenue	YoY
Total Revenue	142.0 ~ 143.0		+10.8% ~ +11.5%	312.0 ~ 315.0		+13.0% ~ +14.1%
Gross Profit	29.2 ~ 30.2	20.6% ~ 21.1%	+0.0% ~ +3.5%	68.5 ~ 71.5	22.0% ~ 22.7%	+7.3% ~ +12.0%
SG&A, etc.	19.2	13.5% ~ 13.4%	+12.2%	38.5	12.3% ~ 12.2%	+10.5%
Operating Profit	10.0 ~ 11.0	7.0% ~ 7.7%	(17.2%) ~ (8.9%)	30.0 ~ 33.0	9.6% ~ 10.5%	+3.3% ~ +13.7%
shares of profit(loss) of investments accounted for using equity method investees	(0.3)		-	(0.7)		-
Profit before tax	9.5 ~ 10.5	6.7% ~ 7.4%	(24.3%) ~ (16.4%)	29.0 ~ 32.0	9.3% ~ 10.2%	+0.2% ~ +10.6%
Net Profit (Profit for the period attributable to owners of the parent)	6.3 ~ 7.0	4.4% ~ 4.9%	(24.3%) ~ (15.9%)	19.9 ~ 21.9	6.4% ~ 7.0%	+0.3% ~ +10.4%
Dividend per share	¥17.18 ~ ¥18.58		¥0.00 ~ +¥1.40	¥34.36 ~ ¥37.16		¥0.00 ~ +¥2.80

Assumption

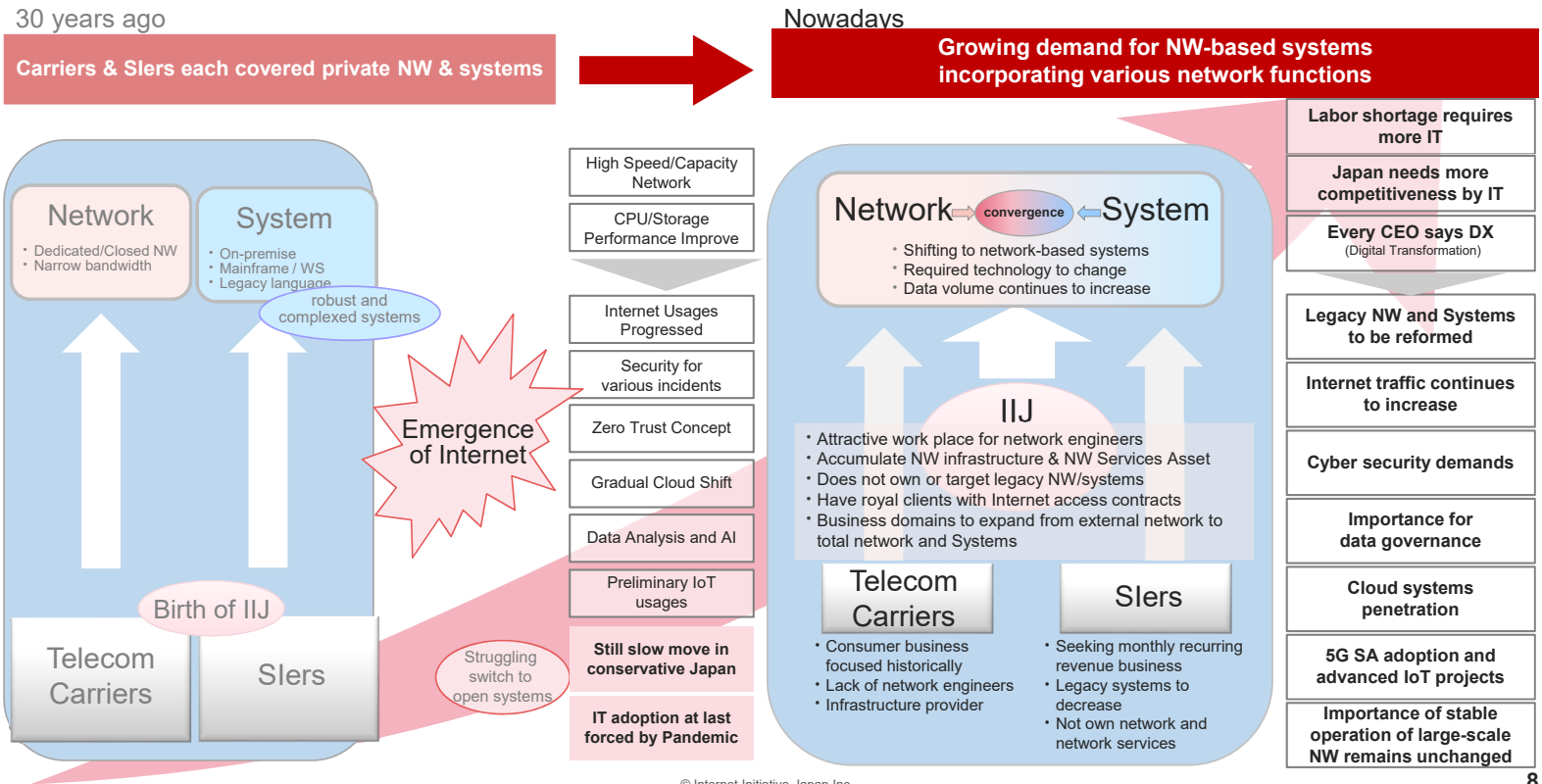


- NW Service:
  - ➢Revenue to grow by recurring revenue accumulation & Service Integration
  - ➢Expect mobile to achieve revenue & profit growth without the onetime cost reduction of data connectivity
  - ➢At the upper limit, expect gross margin to improve YoY (1H: decrease, 2H: increase)
- SI:
  - ➢Revenue to largely increase by realizing FY23-end order backlog & strong demand
  - ➢At the upper limit, expect gross margin to slightly decrease YoY (1H: decrease, 2H: increase)
- VMware impact: We are taking actions of passing through of the cost increase which would require some time to be adopted thoroughly. Thus, we have set some ranges.
- SG&A, etc.: Increase along with an increase in number of employees and others (No modification of the salary table for FY24 new graduates)
- Shares of profit (loss) of investments accounted for using equity method investees: Expect DeCurret's related loss to be around ¥0.8 bn as they approach near to the service launch the cost should increase
- No consideration on any valuation gain (loss) on funds & foreign exchange gain (loss)
- Others: Number of employees to increase slightly over 400 personnel (of which, 307 are new graduates), CAPEX: ¥23.0 bn (of which, approx. ¥5.7 bn is for own DCs expansion)

The impact from VMware license for virtualization software

- Effective from Apr. 2024, there were major changes in VMware product lineup & IIJ was migrated to a new partner program
- Under the new product lineup, generally, individual products are no longer sold separately, which was the case previously, and they are now bundled together. This leads to a substantial increase in price & cost
- IIJ is taking actions including the revision of our service price; however, because the product lineup & the terms & conditions were shared in such a last minute, the full year financial targets are disclosed as ranges of ¥3.0 bn. The upper limit indicates that the impact of VMware license is mostly passed through in the second half. The lower limit indicates that the impact of VMware license is passed through with delay, except to the extent that can be assumed

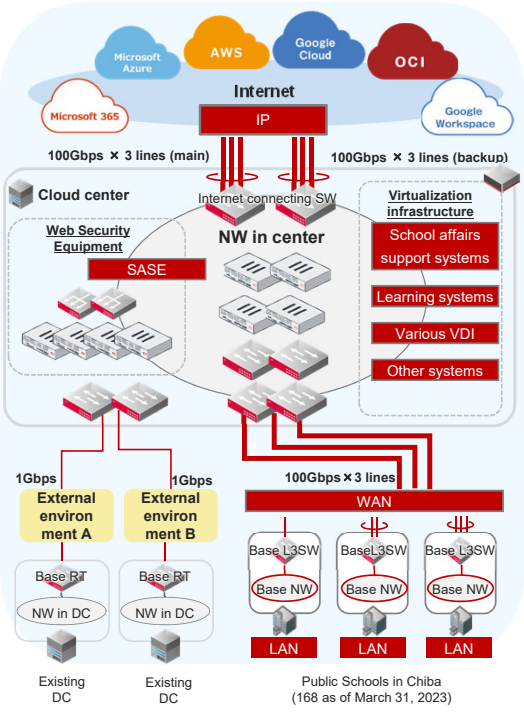
Enterprise private NW and systems in Japan becoming to change



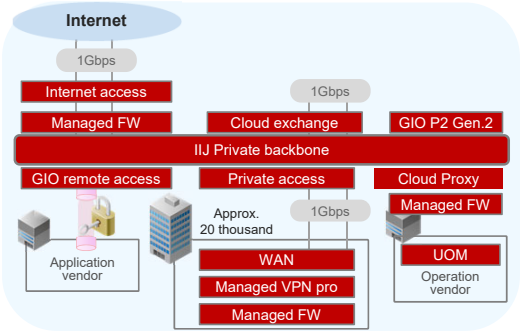
Large-scale Service Integration Transactions

Services provided by IIJ
SI provided by IIJ

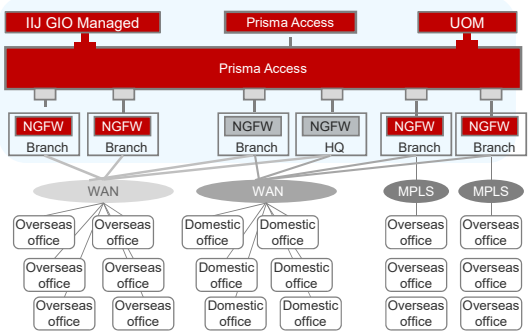
Educational Information NW for Chiba city



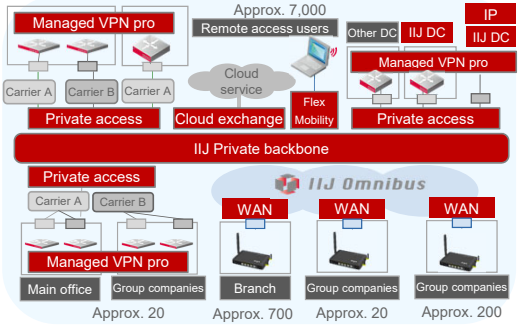
Integrated information system for public safety org.



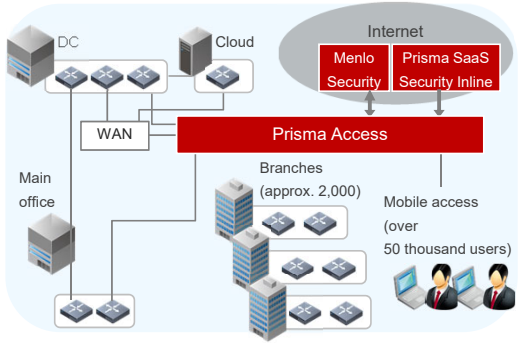
Large-scale SASE project for a global company



Total NW project for a prominent company group



Large-scale NW renewal for a financial institution



・ UOM: Unified Operation Management, NGFW: Next Generation FireWall, MPLS: MultiProtocol Label Switching

Track record of large-scale Service Integration projects (IIJ as a primary contractor)

- **Strong revenue growth drivers for SI construction and NW services**
- **Competitors are often current vendors such as legacy SIers and Carriers**

Project overview	Project size (approx.)	Main revenue recognition	Order received	Timing of revenue recognition
Foreign exchange trading platform for a prominent financial group	¥3.0 bn, 5 years	SI O/M	Dec. 2022	To be recognized from 3Q24
Core information NW infrastructure for a broadcaster	¥6.0 bn, from FY24	NW service, SI construction, SI O/M	Dec. 2022 & Jan. 2023	To be recognized from 4Q24
Overseas DC project	¥2.8 bn in 3Q23	SI construction	Nov. 2022	Dec. 2023
Subsequent projects of the overseas DC project	¥1.2 bn in FY24 ¥2.0 bn in or after FY25	SI construction	2H22	To be recognized in 1Q24 In or after FY25
Next generation NW renewal for a major system integrator	¥1.0 bn, 5 years	NW service	Apr. 2023	From Nov. 2023
Enhancement of security for a prominent carrier	¥1.5 bn, 5 years	SI construction, SI O/M	Apr. 2023	From Aug. 2023
Integrated operation system for a public sector organization	¥3.0 bn, 5 years	NW service, SI construction, SI O/M	Apr. 2023	From 4Q23
Next generation research platform for a private university	¥1.0 bn, 5 years	SI construction, SI O/M	May. 2023	From 4Q23
Educational information network for Chiba City	¥12.3 bn, 5 years (¥5.0 bn in SI construction, ¥2.0 bn in SI O/M, the rest in NY Service)	NW service, SI construction, SI O/M	Sep. 2023	To be recognized from 4Q24 (approx. ¥5.0 bn in FY24)
Construction & operation for service infrastructure for an enterprise	¥4.0 bn, 5 years	NW service, SI construction, SI O/M	Dec. 2023	To be recognized from 2Q24
Large-scale server construction for AI infrastructure (Acquired by PTC, Singaporean SIer subsidiary)	¥3.0 bn, 3 years	SI construction, SI O/M	Dec. 2023	From 4Q23
Large-scale NW renewal for a prominent financial institution	¥4.0 bn, 8 years	NW service, SI construction, SI O/M	Mar. 2024	To be recognized from 1Q25
Large-scale NW renewal for a prominent manufacturer	¥3.0 bn, 5 years	SI construction, SI O/M	Mar. 2024	To be recognized from 1Q24
Large-scale IT infrastructure installment project	¥1.0 bn	SI construction	Mar. 2024	To be recognized mainly in 1Q25

- The timing of revenue recognition is based on the assumption as of May 2024. It could change due to the progress of project and other factors
- SI O/M = systems operation and maintenance

About IIJ (From ISP to Total NW Solution Provider, etc.) **P. 12 – 16**

Business Model (Monthly recurring revenue accumulation, etc.) **P. 17 – 21**

Strength (Service development capabilities, customer base, etc.) **P. 22 – 24**

Growth Strategy **P. 25**

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	4,803 (approx. 70% engineers)
Large Shareholders	NTT Group, KDDI, ITOCHU Techno-Solutions (CTC), Koichi Suzuki, Global Alpha Capital Management

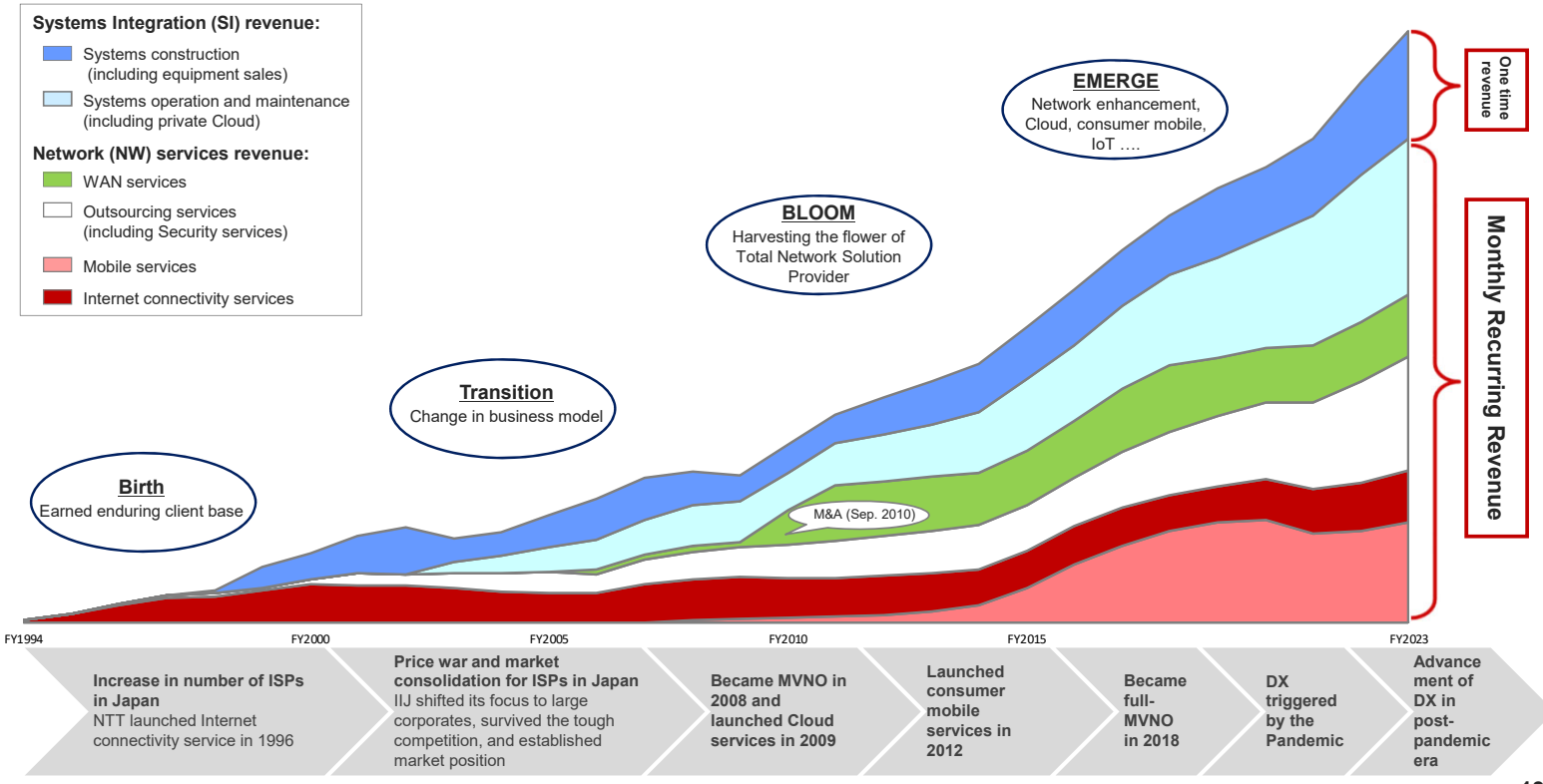
*Foreign ownership is 24.9% as of Mar. 31, 2024

- **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 on the consolidated basis and as of Mar. 31, 2024
- Large shareholders are as of Mar. 31, 2024, except for Global Alpha whose holding is based on their Large Volume Holding Report filing as of Oct. 2023

From ISP to Total Network Solution Provider



IIJ as a Total Network Solution Provider

Offers various network services and systems integration together in many projects

Approx. **15,000 customers** (as of Mar. 31, 2024)

(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.

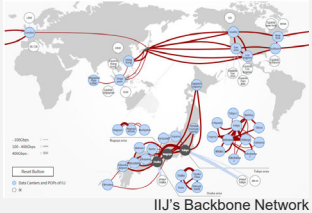
Systems Integration (SI)

- 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 (planned from June 2024)

- **Outside independent directors: 5 directors, 42% of the total directors**
- **Female officers: 3 officers, 19% of the entire Board (including Company Auditors)**

Koichi Suzuki

- Founder of IIJ
- Chairman, Representative Director and co-CEO
- Holdings of IIJ share: 10,643,589 shares (6.0%)*
  *Suzuki's share includes his indirectly wholly owned private company portion
- 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: 5,819 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: 210,795 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: 2,617 shares (0.0%)
- Date of birth: September 1960

Full-time Directors

Senior Managing Directors

- K. Kitamura
- A. Watai (CFO)
- J. Shimagami (CTO)

Outside Independent Directors

T. Tsukamoto	Senior Advisor of Mizuho Financial Group, Inc.
K. Tsukuda	Former Chairman and Representative Director 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, 2 outside, 2 female)

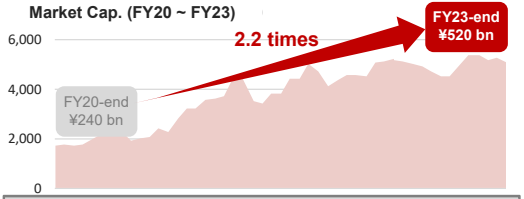
- K. Aso (Ms.) (New, CPA)
- M. Tanaka (Ms.)
- T. Michishita (attorney)
- M. Tobita (New)

・ Holdings of IIJ shares are as of Mar. 31, 2024

Initiatives to achieve sustainable corporate value expansion

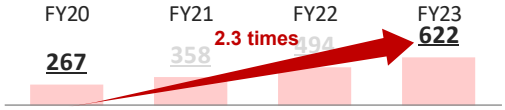
Key KPIs

	PER	PBR	ROE
FY20-end	24.1	2.6	11.5%
FY23-end	**25.4**	**4.0**	**16.3%**



IR engagement

- Number of IR dialogues (Total number of IR meetings per year)



- Practice IR at the management level
  - Domestic/foreign institutional investors (FY23: 5 overseas roadshows, 4 large conference, and one-on-one meetings), analysts, individual investors
- In response to increase in market capitalization, focusing on new access to long-term and large-cap investors such as pension funds (FY23: approx. 60 contacts)
- Expanding non-financial disclosure such as Integrated Report Portal, human capital disclosure, TCFD disclosure, etc.

Business Evaluation by IRR

- Calculate WACC every FY and report it to the Board of Directors, and apply to the entire company
- Continuously evaluate each business project using IRR & implement portfolio management
- A business model that flexibly pursues overall optimization & economies of scale, rather than making individual judgments for each business or service because NW infrastructure has many common cost
- B/S management to control increasing the work-in-process and prepayment due to an increase in acquisition of large multi-year projects, etc.
  For the time being, continue to increase working capital as the scale of SI expands

Continuous enhancement of Governance

- **New structure from Jun. 2024**
  - 5 outside independent directors; 42% of the total directors
    - ✓ Have been inviting outside independent directors since Jun. 2004 as the U.S. SOX compliance
  - 3 female officers; 19% of the entire Board (including company auditors)
- **Introduction of a new officer compensation scheme linking with the new Mid-term Plan (from Jun. 2024)**
  Evaluate based on business performance (revenue, operating profit, performance of assigned business area), engagement (employee satisfaction, etc.), ROE 19% & market capitalization of ¥1 trillion to be realized in FY26, & achievement/progress of sustainability and other targets, provision of restricted stocks. Through these, enhance both shareholder & corporate value
- **Implementation of efficient & productive management monitoring system that encourages self-autonomous activity based on business philosophy**
  - BOD is annually leveled-up through continuous evaluation, the Nomination & Remuneration Committee, monitoring of Board of Company Auditors and Internal audit, whistle blower system, etc.
  - Continuously assign employees who have been involved in setting up each technology and/or business area as officers

Enhancement of Human Capital

	FY20-end	FY21-end	FY22-end	FY23-end
No. of employees (consolidated)	3,805	4,147	4,451	4,803
Of which, new graduates	210	190	178	246
	FY20	FY21	FY22	FY23
Turn over (IIJ)	3.6%	4.2%	3.8%	4.6%
Engagement (employee satisfaction(*))	3.9	3.9	3.9	3.9

- Strengthen & promote human resources development
  - OJT (On the Job Training) as the foundation of human resource development, supplemented by training by job level for each employee's year & role, training by department to acquire specialized knowledge & skills

(*) Based on annual employee survey's satisfaction questionnaires

Initiatives for Sustainability and ESG

- The core of our social contribution and sustainable development is to support Internet in Japan through stable operation and contribute to IT society

Major KPIs	Target	FY23 result
Usage of renewable energy	FY30 85%	50% Matsue 100%
PUE of own DCs (Power Usage Effectiveness at DCs, industry max at 1.4 or lower))	Throughout FY30 Continue to be lower than 1.4	Matue: 1.33 Shiroi: 1.36
Self evaluation of employees on ①Challenge, ②Growth, ③Support from supervisors	Continue to be higher than 3.5 (5 levels: 1(disagree), 2(rather disagree) 3 (neither), 4 (rather agree), 5 (agree))	①3.9 ②4.0 ③ 4.3
Female manager ratio	FY26: over 8% (Brought FY27 target forward by 1 year)	6.5% (Achieved FY24 target early

Extensive Service Lineup

Unit: ¥ (JPY) billion (bn)

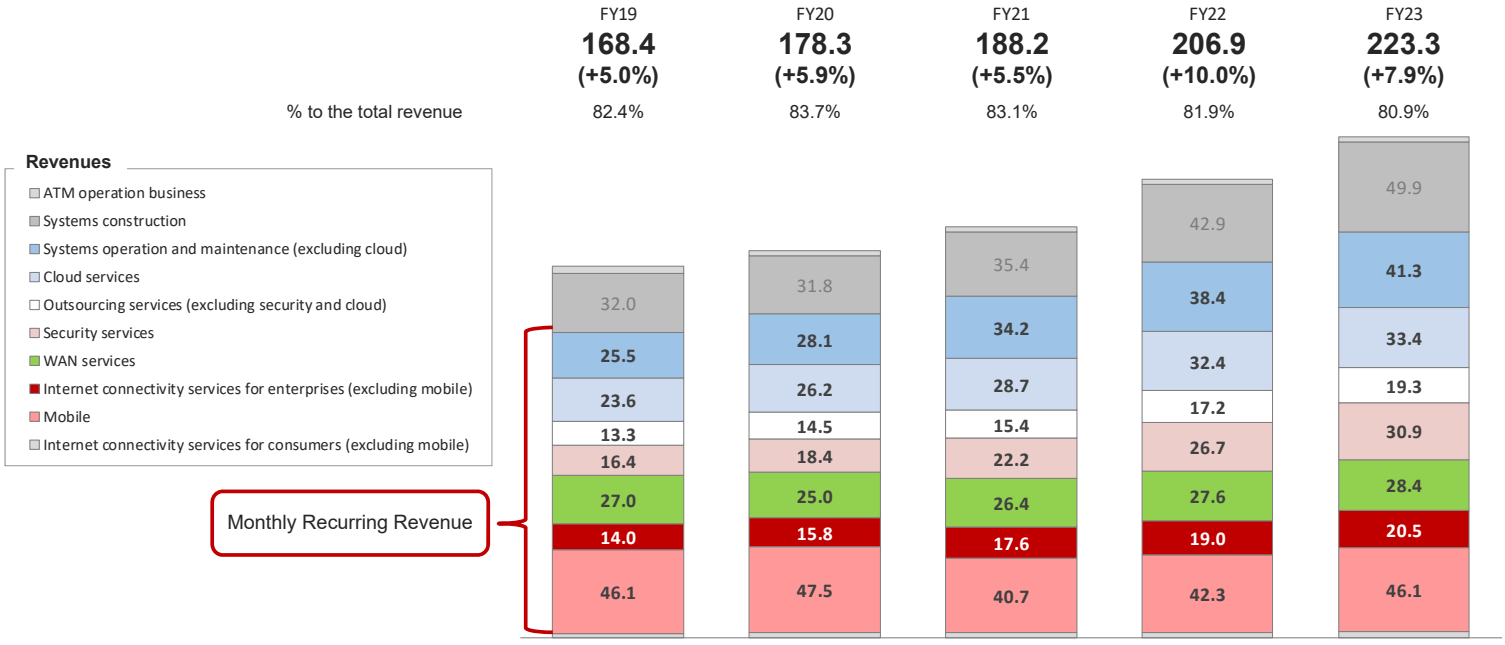
Revenue category		FY23 revenue	YoY growth	Cost Structure	About	Business situation, growth drivers and outlook
Network services	Internet connectivity services for enterprise	44.73	+11.1%	Mostly shared cost	IP (Internet Protocol) 16.0 +7.8% ➢ IIJ's core service since the establishment ➢ Highly reliable dedicated connectivity services (multi-carrier, redundancy, etc.) ➢ Contracts are based on data bandwidth (Revenue to increase as volume per client increases) Mobile 24.2 Enterprise mobile 13.6 +21.9% ➢ Provide data connectivity for mainly IoT usages MVNE 10.5 +4.7% ➢ Provide mobile services for other MVNOs (Others) Broadband Internet services, etc.	IP ➢ Matured market (hard to entry) ➢ Very low turn rate, royal clients for 30 years ➢ Expect Internet traffic volume to continuously increase along with cloud penetration, SaaS, DX, etc. Mobile ➢ Provide enterprise mobile, MVNE and consumer mobile from the same infrastructure. Expect such infrastructure utilization to improve by gathering various traffic such as IoT/enterprise/ consumers • Currently procuring mobile infrastructure to meet the peak traffic of consumer whose traffic is concentrated at commuting and lunch time ➢ Largest market share in consumer MVNO market ➢ Expect advanced IoT usages to emerge
	Internet connectivity services for consumers	25.29	+4.3%		Mobile 22.0 +4.5% ➢ Provide SIM with monthly data limits (voice as option) (Others) Broadband Internet services and email services for households, etc.	
	WAN (Wide Area Network)	28.37	+2.7%		➢ Legacy way of connecting multiple sites, intranet, closed NW ➢ Directly purchasing WAN line (direct cost)	➢ Stable market ➢ Cross-selling element to make up comprehensive lineup
	Outsourcing	52.97	+13.2%		Various in-house developed Internet-related service line-ups Security 30.9 +15.7% ➢ Managed security services, Security Operation Center services and so many more (Others) NW monitoring, VPN services, public cloud services, and many more	➢ Have been developing services based on Zero Trust concept ➢ Acquire enterprise demand by cross-selling services ➢ Continuous service development is important ➢ Expect security demand to be strong continuously
SI	Operation and Maintenance	71.92	+5.8%	Cost plus	On-premise Systems 41.3 +7.6% ➢ Operation and maintenance of constructed systems Private Cloud, etc. 30.6 +3.4% ➢ Promote cloud shift with abundant, highly reliable, value-added functions	➢ Expect great business opportunity in the mid-to-long term as internal IT systems migrate to cloud ➢ Expect revenue to increase continuously along with accumulation of construction projects
	Construction (including equipment sales)	49.90	+16.2%		➢ Design of an entire NW (location of NW equipment, needed bandwidth, etc.) ➢ Mainly NW integration projects such as server construction	➢ Acquiring large-scale projects as Japanese enterprises' private NW/systems are becoming more NW-based and requiring various NW function (service integration model)

Monthly recurring revenue 81%

One time revenue

Monthly Recurring Revenue Accumulation

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



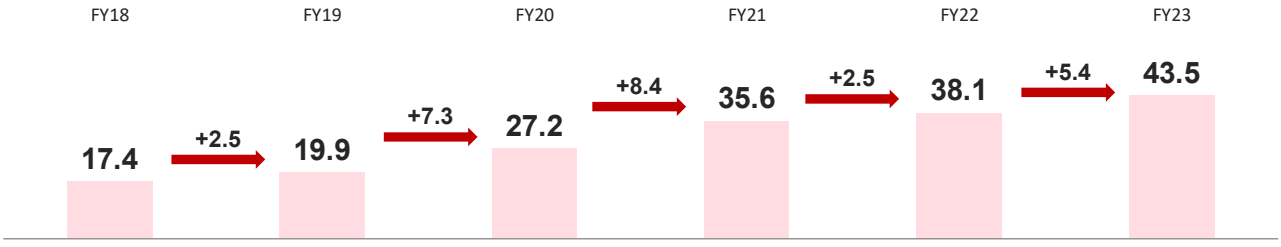
- Mobile revenue decreased year over year in FY21 due to ARPU decrease for consumers and change in unit charge for MVNE clients
- Systems construction and systems operation & maintenance revenue increase for FY21 includes PTC revenue which became IIJ's consolidated subsidiary from Apr. 2021
- During 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)

Gross Profit and Margin Growth

Unit: ¥ (JPY) billion (bn)

NW services

Gross profit



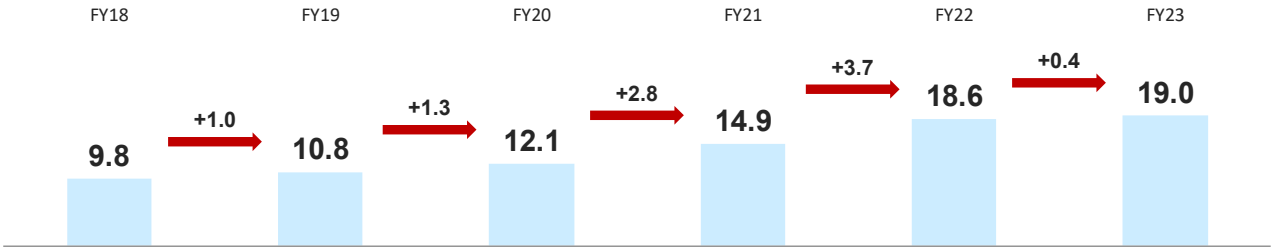
Gross margin

FY18	FY19	FY20	FY21	FY22	FY23
14.6%	16.3%	21.4%	27.8%	27.5%	28.7%

- NW services include Internet connectivity services for enterprises, Internet connectivity for consumers, Outsourcing, and WAN services. These are all monthly recurring revenue
- FY22 NW service gross margin slightly decreased due to the decrease in mobile business margin, which is part of NW services, mainly because of an increase in marketing cost such as low price hand-set offering

SI

Gross profit



Gross margin

FY18	FY19	FY20	FY21	FY22	FY23
14.0%	13.8%	14.5%	15.7%	16.7%	15.6%

- SI includes systems construction which is one-time revenue and systems construction and maintenance which is monthly recurring revenue
- FY21 SI includes PTC revenue which became IIJ's consolidated subsidiary from Apr. 2021
- FY23 gross margin was weak mainly due to the small construction revenue, an allocation of resources such as engineers to prospective orders of large-scale projects, and a low systems operation and maintenance revenue growth (a scheduled termination of a particular project)

NW Services (monthly recurring revenue) as Profit Growth Driver - Economies of Scale -

Profit Model of NW Services

Revenue

Connectivity services

IP (Internet Protocol) service Details in P.28

- Contracted based on bandwidth
- Contract period: 1 year, generally auto-renew
- Low churn rate, royal clients for 30 years

WAN (Wide Area NW) service

Mobile service Details in P.33 - 36

Security services

DDoS protection, Firewall, SOC, etc.

- Contracted based on number of accounts
- Contract period: 1 year, generally auto-renew
- Cross-selling to IP service clients

Details in P.29 - 32

Various in-house developed services

Remote access, DNS, monitoring, etc.

- Contracted based on number of accounts
- Contract period: 1 year, generally auto-renew
- Cross-selling to IP clients

Details in P.27

Cost

Mainly common and shared cost to operate NW

- **Leasing** cost for Internet backbone, WAN lines and leased DCs, etc.
- **Depreciation & Amortization** cost for NW equipment, etc.
- **Personnel** cost for engineers (service development & operation, etc.)
- **Outsourcing** cost (mobile-related, outsourcing personnel, maintenance, etc.)

Historical track record of NW services gross margin					
FY18	FY19	FY20	FY21	FY22	FY23
14.6%	**16.3%**	**21.4%**	**27.8%**	**27.5% ***	**28.7%**

Intend to enhance NW services revenue accumulation by Service Integration strategy

- FY22 gross margin slightly decreased due to the decrease in mobile business margin, which is part of NW services, mainly because of an increase in marketing cost such as low price hand-set offering
- Among NW service revenues, WAN, mobile and part of security services have variable cost which fluctuates depending on revenue

Capex and Business Developments

Unit: ¥ (JPY) billion (bn)

	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Revenues	157.8	176.2	192.4	204.5	213.0	226.3	252.7	276.1
Operating margin	3.3%	3.8%	3.1%	4.0%	6.7%	10.4%	10.8%	10.5%
Operating profit	5.1	6.8	6.0	8.2	14.2	23.5	27.2	29.0
CAPEX	16.5	20.7	15.1	15.2	15.2	16.1	20.8	22.5
NW services, etc.	*12.6*	*9.4*	*9.4*	*9.6*	*8.8*	*9.1*	*10.0*	*13.2*
Cloud	*3.6*	*7.9*	*1.9*	*2.6*	*2.8*	*2.3*	*2.0*	*1.5*
Shiroi DC	*-*	*1.2*	*2.1*	*2.0*	*1.5*	*1.5*	*5.4*	*5.5*
SI, others	*0.3*	*2.3*	*1.7*	*1.0*	*2.0*	*3.2*	*3.4*	*2.3*
CAPEX-related depreciation and amortization	10.9	12.1	13.9	14.4	14.5	15.1	15.3	15.6
Number of employees	3,104	3,203	3,353	3,583	3,805	4,147	4,451	4,803

Stronger demands for enterprise network services

Large CAPEX increase due to aggressive business investment

CAPEX & its depreciation almost same volume

Cost stabilizing

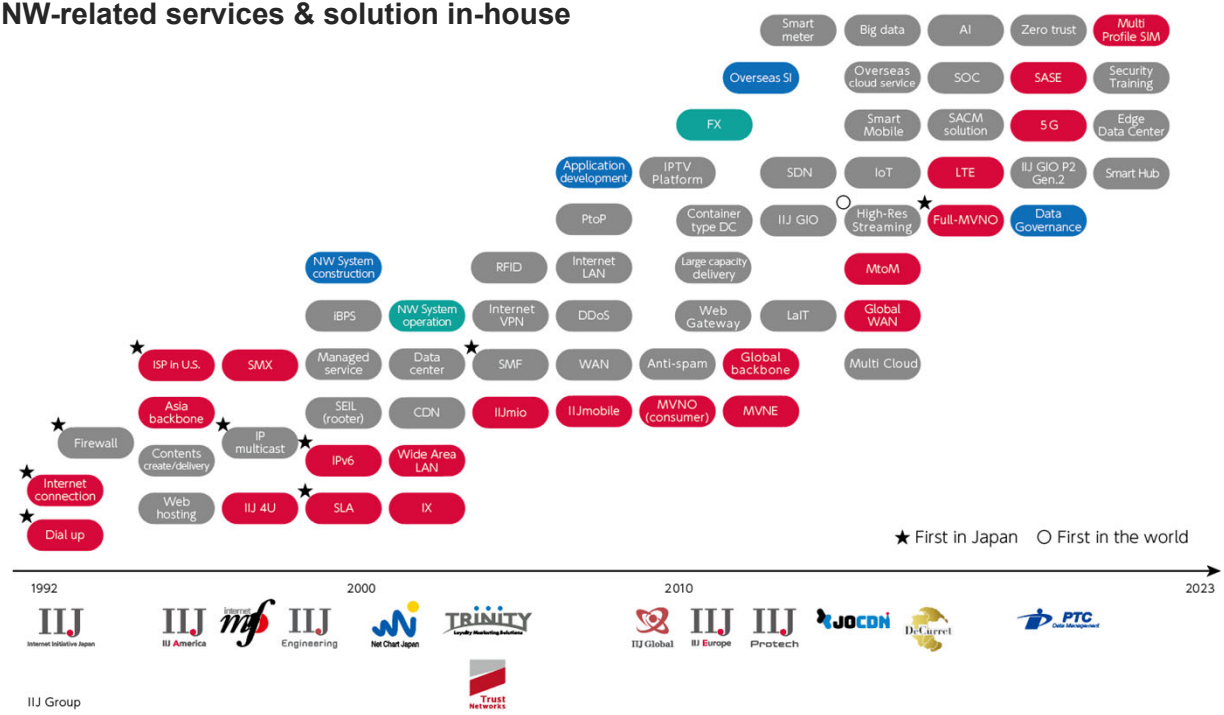
Various Network Services Asset

- Launched Omnibus (Sep. 2015)
- Launched GIO P2 (Oct. 2015)
- Added SWG Sandbox (Feb. 2016)
- Enhanced SMX (Oct. 2016)
- Launched private connectivity with AWS (Sep. 2016)
- Opened SOC (Mar. 2017)
- DDoS service global (Jan. 2017)
- Launched UOM (Apr. 2017)
- Launched Secure Endpoint (Oct. 2018)
- Launched full-MVNO (Mar. 2018)
- Launched Flex Mobility (Dec. 2018)
- Enhanced Omnibus (Oct. 2018)
- Enhanced SWG (Dec. 2020)
- Opened Shiroi DC (May 2019)
- Launched enterprise eSIM (Apr. 2021)
- Enhanced SOC (May 2021)
- Opened Security training school (Jan. 2022)
- Launched CDP (Dec. 2022)
- Launched GIO P2 Gen.2 (Oct. 2021)
- Launched Smart HUB (June 2022)
- Launched ISA (Sep.2022)
- Shiroi DC 2nd site started operation (July 2023)

- 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

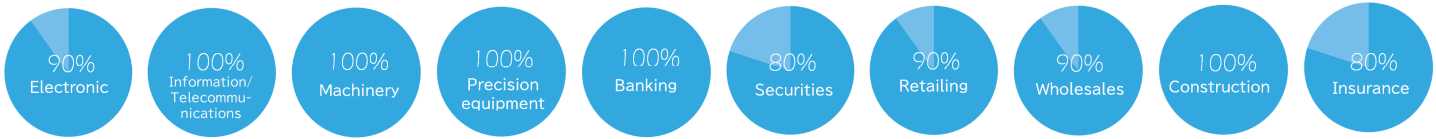
Initiate the market by continuously developing innovative various NW-related services & solution in-house



Excellent Customer Base (Number of IIJ Group's clients: approx. 15,000 as of March 31, 2024)

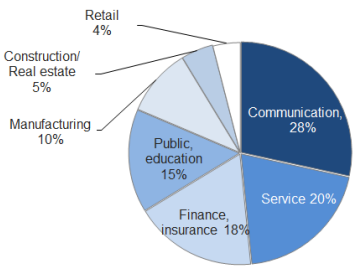
- **Through reliable operation, continuous use of Internet connectivity services since the inception of IIJ**
- **Our reliable infrastructure operation and cross-sell strategy have led to low churn rate**

Cover Most of Top Revenue Companies

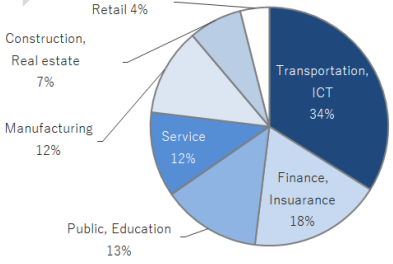


Client Distribution by Industry

FY20

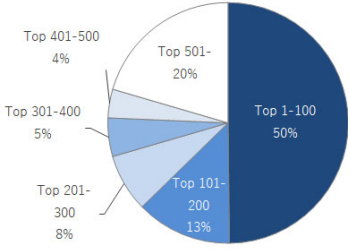


FY23

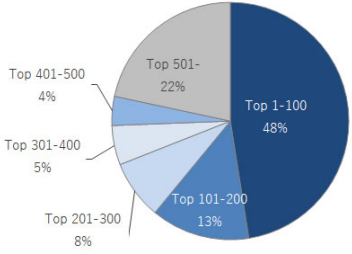


Client Distribution by Revenue Volume

FY20



FY23



- 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 FY23

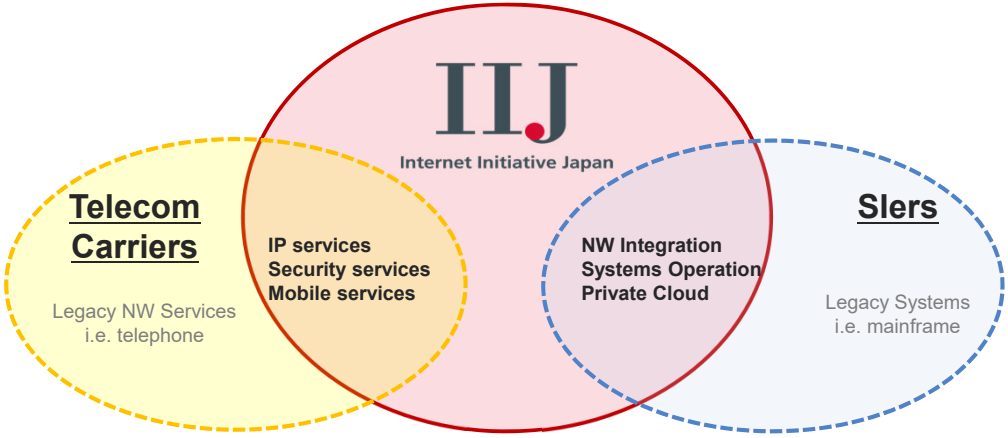
Competitive Advantages

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)

Enhancement of Human Capital

- **Basic policy: continuously hire and train new graduates**
  - New graduates who studied NW are attracted to IIJ who is the first full-scale ISP in Japan
- **Increasing the size and improving the quality of recruitment and human capital development**
  - Programs to promote autonomous career development by having working experiences at other departments and/or working at overseas subsidiaries
  - IIJ provides a wide range of experience which leads to high employee satisfaction. Corporate culture of adopting new technology, aggressively engaging in new service development, etc.
- **Expect further business expansion by seeking M&A opportunities**

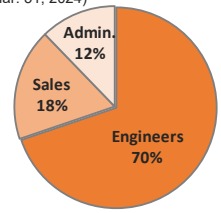
Turnover rate

FY19	FY20	FY21	FY22	FY23
4.6%	3.6%	4.2%	3.8%	4.6%

- 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 approx. 10% is announced by the Ministry of Health, Labor, and Welfare

Breakdown of Employees

(As of Mar. 31, 2024)



- Breakdown of new graduates is almost identical

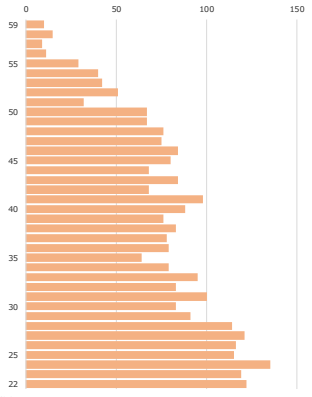
Revenue Growth and Human Capital Enhancement

	FY19	FY20	FY21	FY22	FY23
Total revenue	**¥204.5 bn**	**¥213.0 bn**	**¥226.3 bn**	**¥252.7 bn**	**¥276.1 bn**
Year over year	*+6.3%*	*+4.2%*	*+6.3%*	*+11.7%*	*+9.2%*
	FY19-end	**FY20-end**	**FY21-end**	**FY22-end**	**FY23-end**
Total number of employees	**3,583**	**3,805**	**4,147**	**4,451**	**4,803**
Year over year	*+6.9%*	*+6.2%*	*+9.0% **	*+7.3%*	*+7.9%*
Number of outsourcing personnel	1,123	1,270	1,319	1,385	1,521
	Apr. 2020	**Apr. 2021**	**Apr. 2022**	**Apr. 2023**	**Apr. 2024**
Number of new graduates	210	190	178	246	307

- Number of outsourcing personnel is for SI
- We added 62 personnel through PTC consolidation (Apr. 2021)

Employee Age Composition

(As of Apr. 1, 2024, IIJ)



Female Manager Ratio

FY20	FY21	FY22	FY23	FY24
4.6%	5.5%	5.7%	6.3%	7.5%

- The female manager ratio is IIJ (non-consolidated basis)
- Brought FY27 target forward by 1 year as IIJ achieved target of over 6% a year earlier
- IIJ targets over 8% or more in FY26

For more information on human capital, please visit

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

Service/Business Function

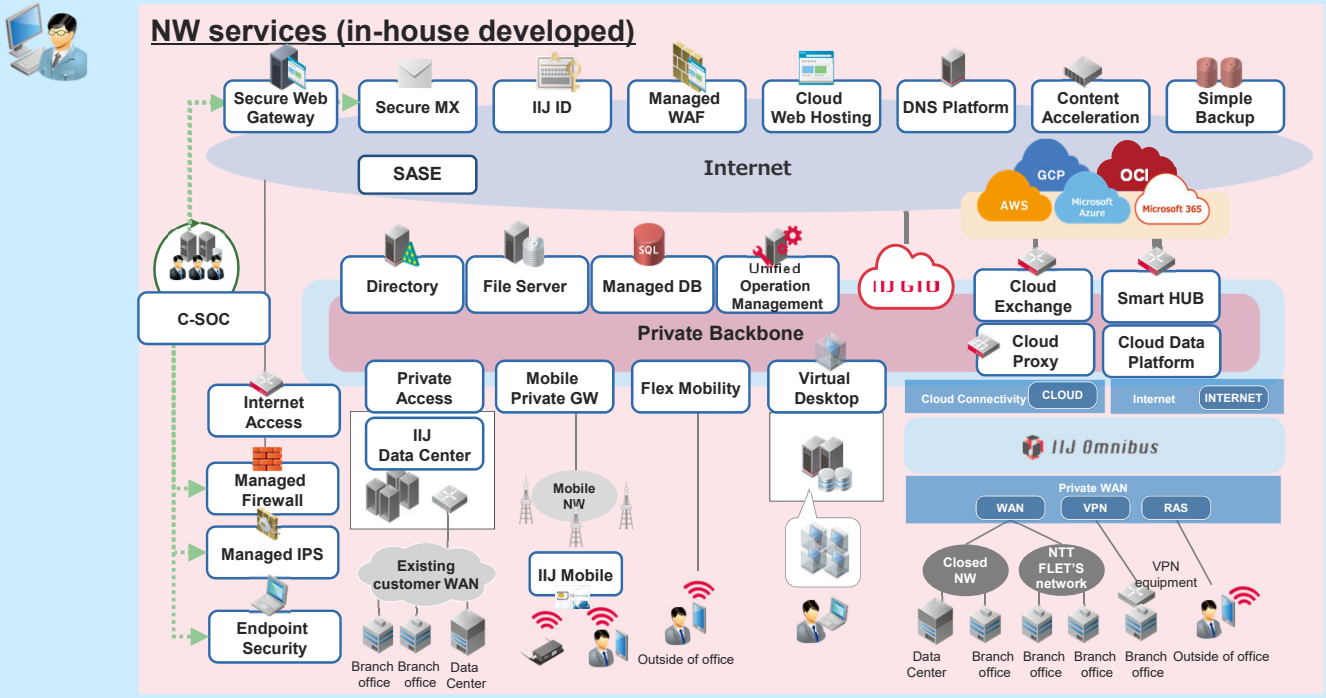
Comprehensive NW system solution with NW services and SI	P. 27
Enterprise NW Services	P. 28
Security Services	P. 29 – 32
Mobile Services	P. 33 – 36
IoT Services	P. 37 – 38
Systems Integration (SI)	P. 39
Cloud Services	P. 40 – 41
Data Centers (DC)	P. 42

Comprehensive NW system solution with NW services & SI

Service/Business Function

- By combining various in-house developed NW services with SI to provide comprehensive NW system solution

SI to meet specific requirements cannot be covered by NW services



Enterprise NW Services

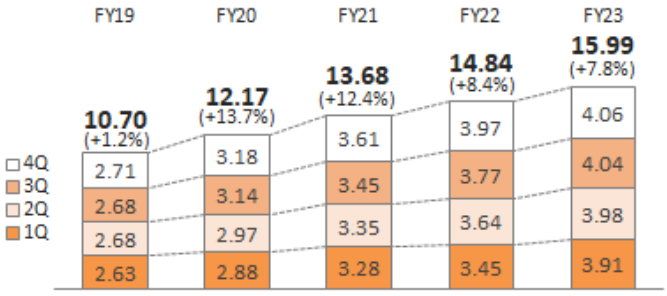
Service/Business Function

IIJ's enterprise NW services' business model: Cost doesn't have to increase at the same pace as the revenue: economies of scale

IP service (Internet Protocol)

- IP Service is a bandwidth guaranteed dedicated Internet connectivity service for enterprises
- Service contracts are based on bandwidth. Minimum contract period is 1 year
- The revenue is 100% recognized in Internet connectivity services (Enterprise)
- Very low churn rate. Contracts are renewed every year, generally speaking
- IIJ has very high and stable market share among Japanese blue-chip
  - Difficult to newly enter the market because one will need customer base and engineers to operate Internet
    - IIJ's IP services clients include general Japanese enterprise as well as NW operators such as consumer ISPs and cable TV operators

IP Service Revenue (unit: ¥ billion)



Business model

Cost

- IIJ purchases fiber from carriers
  - As one of the largest independent ISPs, IIJ has strong burgeoning power
  - IIJ expands its Internet backbone continuously
- IIJ owns NW equipment that are needed for Internet backbone and NW service facility
  - NW operation cost which is many depreciation amortization costs for NW equipment is stable due to the technological innovation of servers and other NW equipment
    - In other words, ¥1 million server today is higher spec compared to the ¥1 million server a year ago.

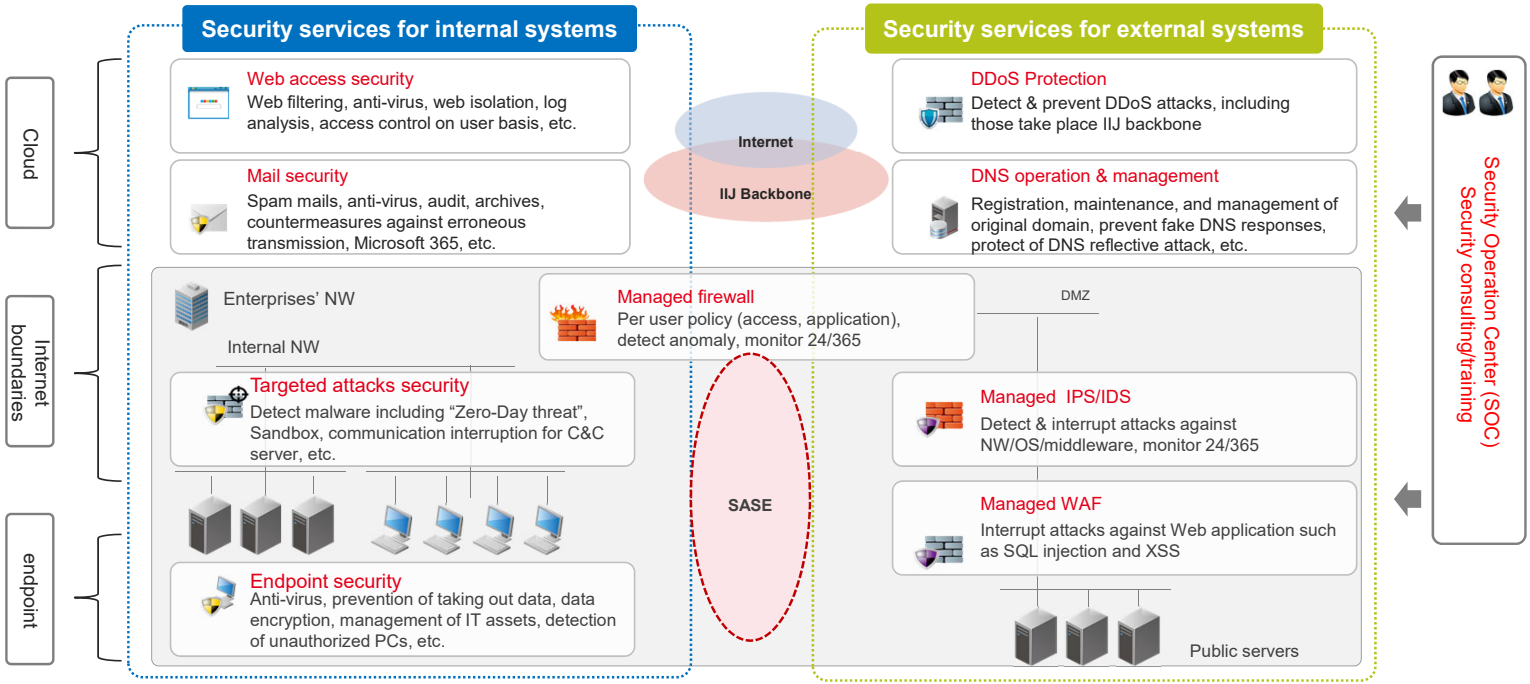
Revenue

- Enterprise NW service revenues such as IP services and Outsourcing services are to continuously increase while their costs remain relatively stable
- By that, IIJ can enjoy an economy of scale with strong revenue accumulation which leads to gross profit expansion
- In other words, the costs for enterprise NW services do not have to increase at the same pace the revenue growth

Security Business (1)

Service/Business Function

- Provide a wide range of security services over network
- Information analysis platform utilizing information and expertise only available to ISPs



- SASE (Secure Access Service Edge) is a concept to shift controls of NW 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.

Security Business (2)

Service/Business Function

➢ Many initiatives taken by IIJ for security

1994	Started providing firewall services (first in Japan)
1999	Started providing fully-managed firewall services (first in Japan)
2004	Started providing spam mail filtering (first in Japan)
2005	Added sender domain authorization technology/spam mail protection (first in Japan), Started providing IIJ DDoS Protection Services
2006	Started providing IIJ Managed IPS Service and **IIJ Secure MX Service (SMX)**
2009	**Started providing IIJ Secure Web Gateway Service (SWG)**
2015	Added sandbox option (function to detect behaviors as a countermeasure against targeted attacks)
2016	Constructed information analysis platform (constructed platform to analyze log data within our backbone to realize early detection and countermeasures against increasingly sophisticated threats)
2017	**Started providing DDoS Protection Service (terabit-compatible), Opened new Security Operation Center (SOC) and started providing C-SOC Service**
2018	**IIJ Security engineers provided trainings at an international security conference "Black Hat USA 2018" (first as Japanese)**
2018	Started providing IIJ Secure Endpoint Security Service
2019	Started providing IIJ Managed WAF Security Service (public web system vulnerability countermeasures)
2021	Started providing IIJ CSPM Solution (Cloud Security Posture Management which means cloud security management)
2021	**Opened IIJ Security Training School (launched business for IT division personnel assigned for security to become specialists)**
2022	**Started providing IIJ Secure Access Service (in-house developed SASE service)**
2023	IIJ Security Business division director was appointed as Kanto Regional Police Bureau's cyber security advisor

Invited and trained police officers to our SOC

Apr. 2017 Hyogo prefecture (1 year)
Oct. 2018 Shimane prefecture (3 months)
July 2019 Hokkaido prefecture (3 months)

Certification of multiple international standards

Feb.2020 Mail, Web Security Services
Apr. 2020 IIJ Managed IPS/IDS Services
Mar. 2021 DDoS Protection Service, IIJ Managed WAF

Continued afterwards

Training programs by experienced lecturers and active SOC analysts

Security Business (3)

Service/Business Function

IIJ Secure MX Service (SMX)

- Cloud-based integrated mail security service (launched in Sep. 2006)
- Differentiating by in-house developed filtering, providing support in Japanese, update, etc.
  - Minimize mail threats with multi filtering, able to store unlimited mail data in DCs located in Japan, prevent accidental transmission/information leak with the system
- Competitors withdrawing from the market

Cloud based mail security market
Share No.1
<Source> ITR "ITR Market View: Cyber Security counter market 2023"

SMX contracted accounts	
Sep. 2023	2.84 million
Sep. 2022	2.83 million
Sep. 2021	2.65 million

Over 9 million accounts if include OEM

IIJ Secure Web Gateway Service (SWG)

- Cloud-based integrated web security service (launched in Mar. 2009)
- Differentiating by in-housed developed engines, etc. to block and isolate web functions, etc.
- SWG clients include Sumitomo Life Insurance, Fuji TV, Mitsubishi Chemical, Meiji Gakuin University, and Morinaga

SWG contracted accounts	
Mar. 2023	1.24 million
Sep. 2022	1.23 million
Sep. 2021	1.19 million
Sep. 2020	1.12 million

<Source> ITR "ITR Market View: Cyber Security counter market 2023"

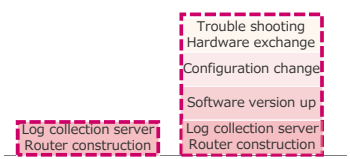
IIJ DDoS (Distributed Denial of Service) Protection Service

- Comprehensive service to protect enterprise NW system from DDoS attacks (launched in Oct. 2005)
- Service model requires NW backbone to offer
  - Realize reliable web services by avoiding overloaded NW and server triggered by huge traffic
  - 24/365 operation by security engineers who have expertise obtained through ISP business
  - Automatically detect and prevent DDoS attacks
  - Internet access line are also within service coverage
  - Global coverage to prevent terabit level large-scale attack (Jan. 2017)
- High penetration rate toward large financial institutions

IIJ C-SOC (Security Operation Center) Service

- Comprehensive security incident response service provided by IIJ security engineers
- Operational SOC service unique to ISPs: visualize invisible threats by applying IIJ's unique intelligence, execute initial response, etc.
- Individual service operation and monitoring including other managed services
- Relatively expensive service

Coverage comparison



Information resource of IIJ	
Security equipment log	170 billion lines per month
Mail access log	3.8 billion lines per month
Web access log	90 billion lines per month
Monitoring node	48 thousand
Number research sites by web crawler	Over 400 thousand per day

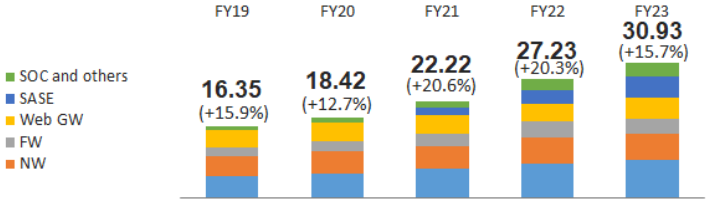
Security Business (4)

Unit: ¥ (JPY) billion

Service/Business Function

Security Service (monthly recurring revenue)

◆ **Revenue strongly increasing 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)	FY19	FY20	FY21	FY22	FY23
	19.18	21.47	25.44	31.25	34.81

◆ **Strong demand for "IIJ C-SOC Service"**
Greater opportunity to integrate it as part of large NW renewal project

➢ IIJ's competitive advantages:
- Collaborate with various in-house devolved managed type gateway security services
- Wide monitoring scope including EDR & SASE
- Apply abundant traffic log data to develop IIJ's unique intelligence as well as detect threat

◆ **Continued to enhance service line-ups and functions**

➢ First in the Asia-Pacific to be certified as Palo Alto Networks Partner for SP Interconnect, providing Internet connection between Prisma Access and IIJ Backbone (Apr. 2024)

➢ Expanded functions of "IIJ Managed WAF Service" by adding DDoS protection function in Oct. 2023

➢ Launched "IIJ leaked account detection solution" in Nov. 2023

➢ Launched "IIJ Attack Surface Assessment Solution" in Nov. 2023

- Security Service Revenue (recurring) is 100% recognized in Outsourcing
- SASE (Secure Access Service Edge) is a concept to shift controls of NW 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 (launched in Sep. 2006)
- 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 (launched in Oct. 2005)
- 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 (launched in Jan. 2017)

➢ IPS/IDS, WAF, etc.

FW (Firewall)

➢ Outsource of firewall operation, detection system for anomaly, etc. (launched in Oct. 2006)

Web GW

➢ Full outsource of web security, URL filtering,

➢ IIJ Secure Web GW Service (SWG)
- Cloud-based integrated web security service (launched in Mar. 2009)
- Differentiating by in-housed developed engines etc. to block and isolate web functions, etc.

SASE

➢ Operation of Prisma Access, Zscaler etc.
- Highly regarded as a top-class SASE implementation & operation vendor
- From a vendor neutral position, provide all-in-one support ranging from solution selection, design, construction, implementation to operation

➢ IIJ Secure Access Service "ISA"
- In-house developed SASE service (launched in Sep. 2022)
- Differentiating by high compatibility with other IIJ security services, small start & low-price range
- Continue to enhance the service, in the middle of setting up

SOC and 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

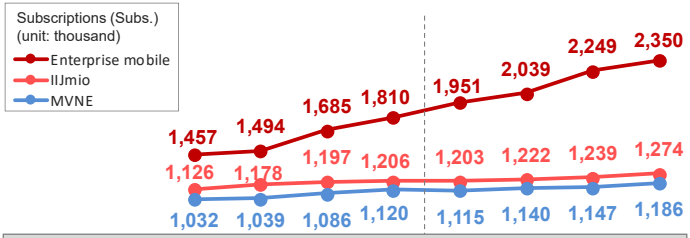
➢ Endpoint Security, etc.

Mobile Business (1)

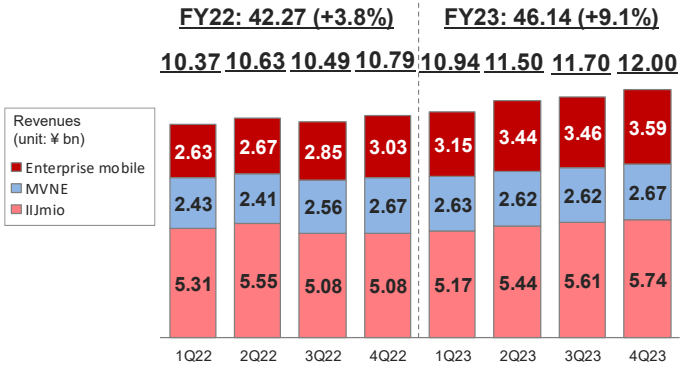
Unit: ¥ (JPY) billion (bn)
%, YoY = Year over year comparison
QoQ = Quarter over quarter comparison

Service/Business Function

Mobile Subscription (Subs.)



Mobile Revenue



- 4Q22 enterprise mobile revenue includes approx. ¥0.1 bn of lump-up revenue related to a large mobile project which consists of several phases
- Enterprise mobile subs.: 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

- **Accumulate enterprise IoT traffic by leveraging the blue-chip client base, various NW services & SI function – higher utilization of the mobile infrastructure**
- **Consumer subscription contributing to expand the infrastructure**

◆ Enterprise mobile

- FY23 revenue: ¥13.63 bn (+¥2.45 bn YoY)
- FY23-end subs.: 2,350 thousand (+101 thousand QoQ)
  - Existing transaction such as connecting NW cameras, GPS devices, and on-board unit–related devices are becoming larger and continuously acquiring new orders

◆ MVNE

- FY23 revenue: ¥10.55 bn (+¥0.48 bn YoY)
- FY23-end subs.: 1,186 thousand (+38 thousand QoQ)
- 3Q23-end MVNE clients: 192 clients (+11 clients YoY)
  - Cable TV operators (94 operators), prominent retailer, etc.

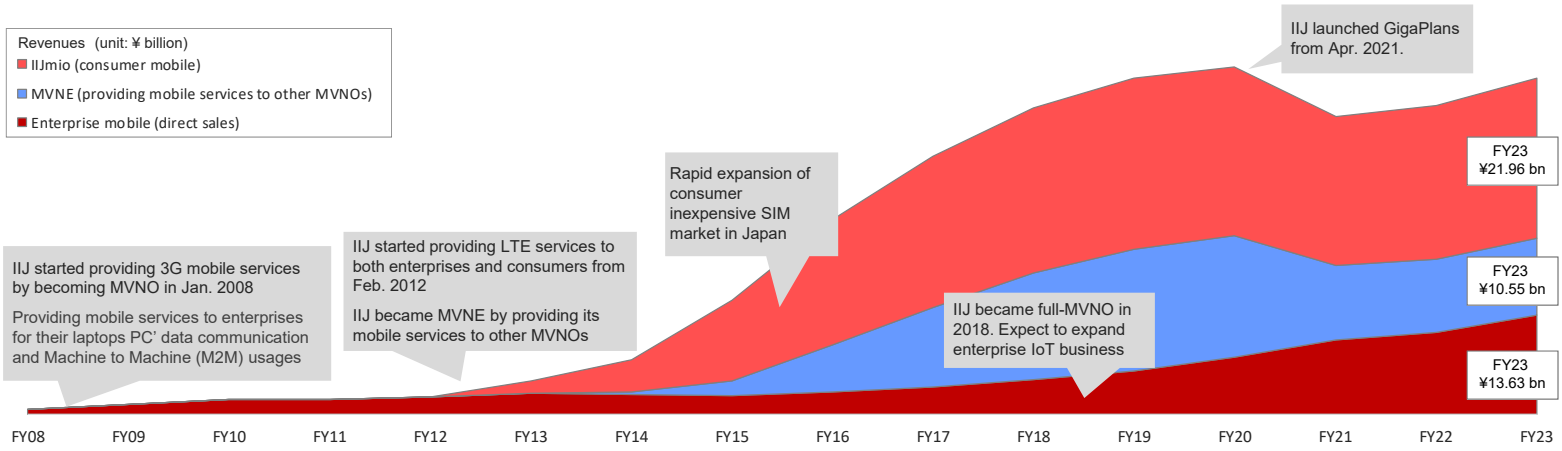
◆ IIJmio

- FY23 revenue: ¥21.96 bn (+¥0.94 bn YoY)
  - Started offering large data volume plans from Mar. 2024, maximum of 50GB
- FY23-end subs.: 1,274 thousand (+36 thousand QoQ)
  - Of which, the old plan's subs. were 218 thousand

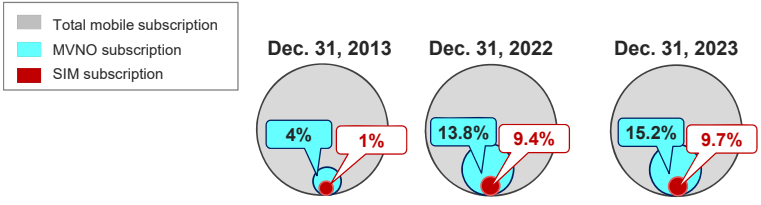
GigaPlans (unit: thousand)	1Q22-end	2Q22-end	3Q22-end	4Q22-end	1Q23-end	2Q23-end	3Q23-end	4Q23-end
Subs.	757	837	878	908	928	963	995	1,041

Mobile Business (2)

Service/Business Function



Consumer inexpensive SIM market in Japan



- Source: the Ministry of Internal Affairs and Communications (MIC)

SIM type MVNO market share in Japan

	Dec. 31, 2022		Mar. 31, 2023		June 30, 2023		Dec. 31, 2023	
1st	**IIJ**	**19.7%**	**IIJ**	**19.8%**	**IIJ**	**20.0%**	**IIJ**	**21.3%**
2nd	NTT Resonant	11.1%	NTT Resonant	11.9%	NTT Resonant	12.2%	NTT Docomo(*)	10.4%
3rd	Optage	9.1%	Optage	9.0%	Optage	9.0%	Optage	8.7%
4th	Fujitsu	5.6%	Fujitsu	5.6%	Fujitsu	5.6%	Fujitsu	5.7%
5th	Biglobe	4.9%	Aeon Retail	4.8%	Aeon Retail	4.7%	Aeon Retail	4.7%

- Source: the Ministry of Internal Affairs and Communications

(*) NTT Docomo's figures as of Dec. 31, 2023 was formerly NTT Resonant's one

Mobile Business (3)

Service/Business Function

- **Most of current enterprise mobile solution are simple usage such as connecting NW and surveillance cameras, etc.**
  - Seeing some advanced usage such as Factory IoT for Toyota Motor Hokkaido https://www.iij.ad.jp/en/news/pressrelease/2020/0803.html

Accumulating various enterprise mobile solutions

Network Cameras	Office IT	B-to-C
Store marketing cameras	iPads and tablets	Karaoke communications
Security cameras for apartment complexes, etc.	Remote work (teleconferencing)	Child monitoring devices
Surveillance cameras for material storage sites, etc.	Business / IP transceivers	Networking between devices at game arcades
Security cameras	Store visitor management systems	Currency exchange machines for foreign visitors to Japan
River water level remote monitoring	Built-in SIMs for PCs	Cashless payment terminals

Transportation	Corporate Activities / Other	
Dashcams	Structural health monitoring terminals	Rice paddy water management
Taxi dispatching	Plant equipment management	Shrimp cultivation
Bus locational information	Natural disaster observational data collection	Mobile sales offices
Remote key locking and unlocking	Vending machines	Digital signage

Mobile Business (4)

Service/Business Function

IIJ's mobile business model

◆ **Revenue**

- Consumer mobile revenue is calculated by multiplying subscription by ARPU
  - Headsets sales are also recognized as consumer revenue. IIJ is recognized as MVNO with good lineups of smartphone
- Enterprise mobile revenue is to grow with IoT/M2M traffic. Because we charge by how much data is needed and an IoT device does not require much data, generally speaking, per device revenue tends to be quite small

◆ **Cost**

- All of IIJ's mobile services are provided from the same mobile infrastructure
- Purchasing mobile infrastructure on bandwidth-base from mobile carriers (mainly from Docomo, some from KDDI). Such purchasing cost is recorded as "outsourcing" in NW services' costs
- In order to provide voice services, we purchase per usage base (no economy of scale merit for voice services)
- Sales commission expenses (SG&As) to sales partners such as BicCamera

◆ **Profit**

- Profitability to increase by improving infrastructure utilization through gathering various consumer & enterprise traffic
  - Traffic patterns of consumers and enterprises are different
    - ✓ Consumers' peak time is commuting hours and lunch break. Other than these hours, our consumers tend to access Internet through their home and/or office Wi-Fi. On the other hand, there is no clear peak time for enterprise. Traffic is generated through mobile dongle and/or IoT type usages which run 24/7

Growth Strategy

◆ **Aim to improve mobile infrastructure utilization by gathering IoT/M2M & various consumer traffic**

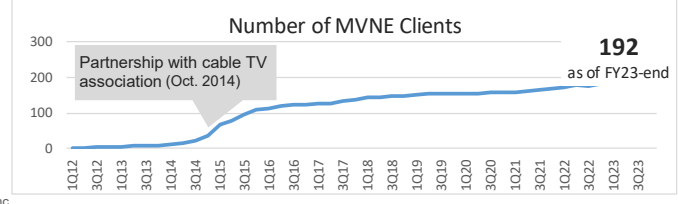
- Currently buying mobile capacity to meet the peak hours which are concentrated on commuting hours and lunch time

◆ **Currently, IIJ is increasing mobile infrastructure to meet the peak of consumer traffic which is concentrated around commuting hours and lunch time. The overall mobile infrastructure utilization of other hours is relatively low**

◆ **By gathering various type of mobile traffics such as enterprise IoT traffic which is not concentrated at certain hours, we could aim for higher mobile infrastructure utilization**

IIJ's sales channel for consumers

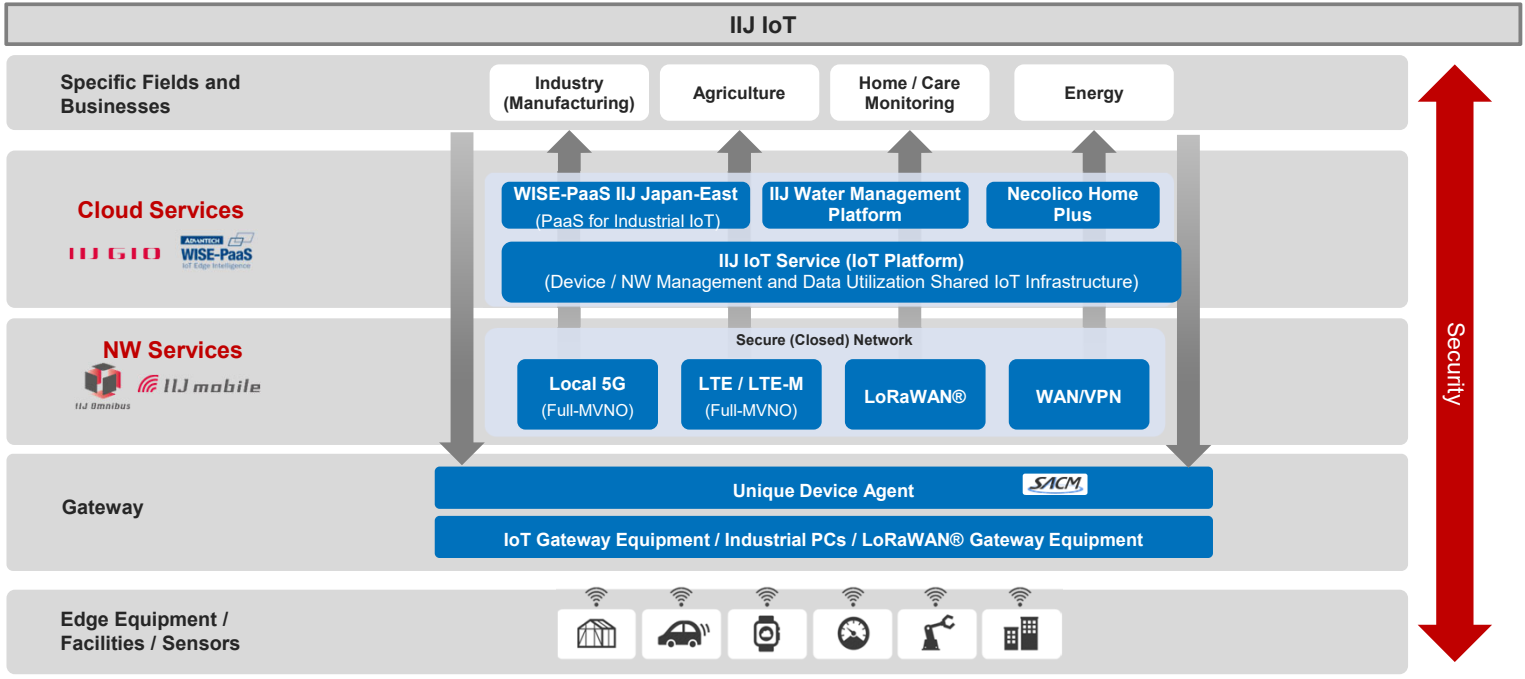
1. **Direct sales** through IIJ's website
2. **Sales partners** such as BICCAMERA INC. one of the largest retailers in Japan
   - IIJ pays sales commission expenses to sales partners
3. **MVNE** "IIJ Mobile Platform Service"
   - IIJ provides mobile services to other MVNOs
   - As of Mar. 31, 2024, IIJ had 192 MVNE clients
     - Among them, 94 MVNE clients are Japanese cable TV operators who already have direct relationship with consumers
     - Largest MVNE client is one of the largest Japanese retailers



IoT Business (1)

Service/Business Function

Combining IIJ's existing service lineups and SI to build IoT systems



IoT Business (2)

Service/Business Function

IIJ's IoT projects

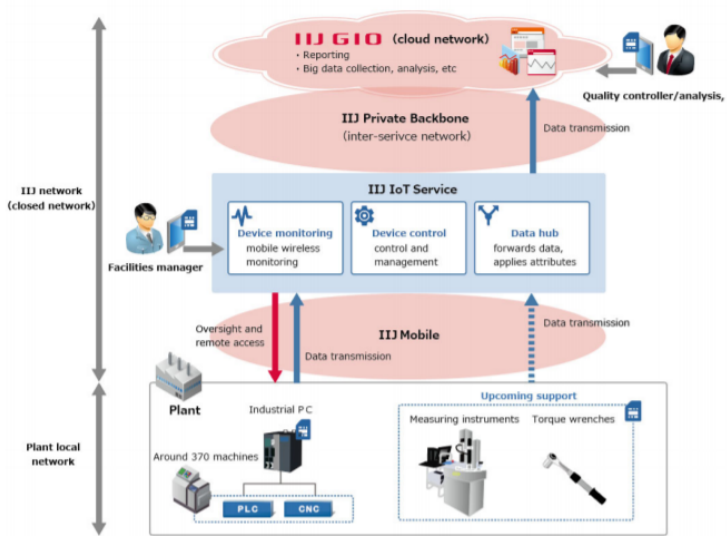
Industrial machinery manufacturers	Shift from reactive post-sales maintenance model to proactive field services (making predictions based on data)
Car accessory manufacturers	Expansion of service businesses by acquiring data through the networking of products and establishing software technology development organizations to develop services that use that data
Measuring instrument manufacturers	Expansion of services to streamline & improve the accuracy of recording tasks by going beyond just "measuring" things & providing linking data customers measure with their business systems
Automotive manufacturers	Improved efficiency of equipment management to cover personnel shortages, analyzing the expertise of skilled workers in maintaining operating capacity and implementing traceability to ensure quality
Trading companies (agriculture)	Shift from the sales of pesticides & chemical fertilizers to the provision of pesticide spraying technologies that reduce the amount used, & the development of cutting-edge agricultural technologies

Advanced IoT usage: factory IoT

◆ **IIJ provides IoT system for Toyota Motor Hokkaido**

- Providing a one-stop solution by offering mobile and Cloud services from data collection via closed mobile network to creation of a cloud platform for visualizing and analyzing the collected data.

System image

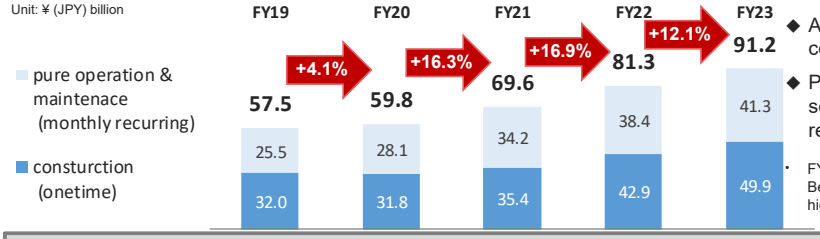


Systems Integration (SI)

Service/Business Function

- **Started offering SI to fully meet Japanese enterprises' IT demands which are quite specific & difficult to meet solely by NW services**
- **Seeing greater proposal opportunities to replace legacy private NW and systems which often require customization and Service Integration**

SI revenue growth



- A quotation of construction revenue, a onetime revenue, is prepared based on cost; an increase in cost can be reflected
- Pure operation and maintenance which is calculated by deducting private cloud service revenues from systems operation and maintenance revenue is monthly recurring revenues, for constructed systems

FY20 construction revenue decreased slightly year over year mainly because of the Pandemic recession. Because construction revenue is one time revenue, it is easily affected by the economic environment and highly impacted by IT investment appetite of Japanese enterprises.

IIJ's SI projects are becoming larger and more complex

	Conventional contracts	Current trend
Revenue Size	Few million to tens of millions (JPY)	Few hundreds of millions (JPY)
Type	NW integration, server enhancement and other Internet related systems construction projects	Complete replacement of current enterprise NW/system
Term	Construction revenue is usually booked after 3 to 6 months from order received	• Construction revenue is sometimes booked a year later from order received • Greater time to book order received as projects becoming more complex and larger
Cost structure	Mainly hardware	Larger number of system engineers and outsourcing personnel are needed

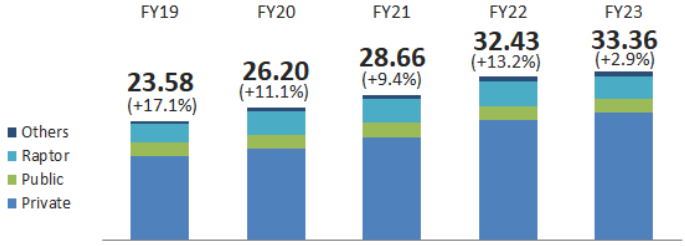
Cloud Business (1)

Unit: ¥ (JPY) billion

Service/Business Function

Cloud service revenue (monthly recurring)

◆ **Revenue continued to accumulate along with the constant cloud shift**



- FY23 Cloud Service revenue recognition: 91.7% in systems operation, 8.3% in Outsourcing

Private cloud

- IIJ GIO Infrastructure P2 Gen.2
  - Next generation IaaS enabling easy Cloud migration from on-premise (launched in Oct. 2021)
  - Highly transitional VMware base hosted private Cloud
- IIJ Unified Operation Management Service (UOM)
  - SaaS to improve efficiency of multi-cloud system operation work (launched in Apr. 2017)
  - 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

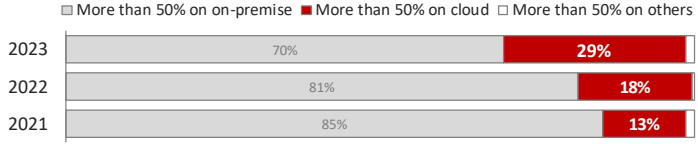
- In-house developed SaaS base FX (Foreign Exchange) platform services for online brokers, launched in Nov. 2011
- Providing services to Hirose Tsusho, Line Securities, au Kabucom Securities, Nomura Securities, Sony Bank, SMBC Nikko Securities, Matsui Securities etc.
- New service platform (from Sep. 2023)
  - With cloud-native design, greater scalability, performance, and security features than the previous platform

Others

- Cloud services provided through overseas subsidiaries, etc.

Majority of enterprise systems are still operating on-premise

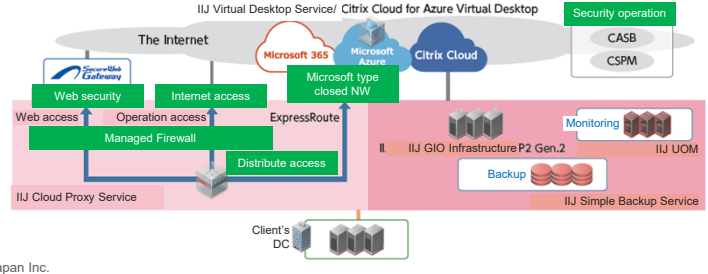
Location of servers working and/or deployed



Source: Internet Initiative Japan "Nationwide survey on IT department"
2021 N=737, 2022 N=598, 2023 N=214

◆ **Continued to accumulate cloud migration projects**

- Case 1: Upon DC contract renewal, a client started considering cloud migration of the current systems
  - ✓ IIJ GIO Infrastructure P2.Gen2, Migration Solution, and UOM combined to achieve easy migration to cloud with almost no changes to the current configuration. IIJ was in charge of test and production migration work, continued use of existing IP addresses, integrated cloud and NW maintenance, etc.
- Case 2: Upon the end of service of virtual desktop systems, a client started considering cloud migration
  - ✓ On-premise environment often causes long waits for login and other usability problems, but IIJ provides multiple IIJ services including IP and security to create



Cloud Business (2)

Service/Business Function

- **Cloud services as one of the cross-selling elements**
- **Promoting cloud shift of the current blue-chip Japanese enterprises**

IIJ's competitive advantages

◆ **Blue-chip client base**

◆ **Cloud as new business opportunity**

- Because blue-chip companies' internal systems have been covered by legacy system integrators (SIers), it is a new business opportunity for IIJ once such systems migrate toward Cloud. IIJ has not dealt with legacy internal enterprise systems

◆ **Various NW service line-ups, various ways to access cloud systems**

◆ **Competitors**

- AWS (Amazon) & Azure (Microsoft): Strong scale merit. Focus on public cloud. Not so strong about meeting individual systems needs
  - Because start-ups and SMEs do not have to worry about existing systems, they tend to use cloud services much more and much faster compared to large blue-chip companies who have large and complex existing systems
- Legacy SIers

Cloud market in Japan

◆ **Slow cloud shift in Japan**

- Japanese enterprises are slowly but surely using more cloud services, yet most of such usages are primitive ones: using cloud services for web and/file servers, etc.
- Japanese blue-chip' internal systems are quite large and complicated - can't migrate all at once
- Japanese enterprises consider whether to re-invest their on-premise systems or migrate to Cloud services when their existing systems approach to the end of life
  - Average cycle of IT system: 4-5 years

◆ **Some advanced usages**

- Nippon Express (one of the largest logistics companies): replaced on-premise critical business operation system to IIJ Cloud (3,500 servers, 2PB storage), etc.

IIJ's cloud business model

◆ **Revenue**

- Revenue is to increase along with an increase in the number of cloud service clients and each system volume (system volume depends on a number of cloud servers, volume of storage, etc.)

◆ **Cost**

- Depreciation and amortization cost for servers and other NW equipment, outsourcing cost and personnel costs for service developments

◆ **Profit**

- Currently very low profitability, need more revenue to have economy of scale

Multi-cloud strategy

◆ **Japanese enterprises avoid relying on single cloud service vendor and prefer multi-cloud systems**

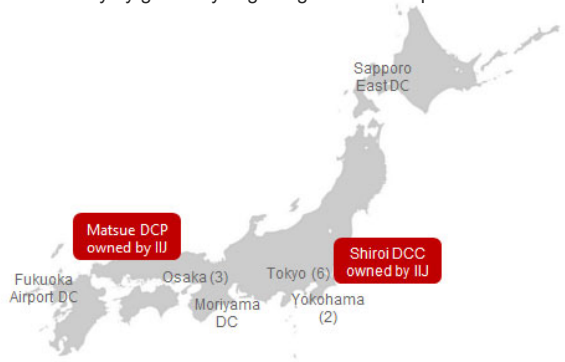
- Multi-cloud demands are generating demands for "IIJ Cloud Exchange Services" (revenue recognized in NW Services) which provide private connectivity to third vendor Cloud services such as AWS (Amazon), Microsoft, and Google
- IIJ provides operation and management services to effectively monitor an entire IT systems through IIJ UOM Service which covers IIJ's cloud services, other cloud vendors' cloud services and on-premise systems
- "IIJ GIO Infrastructure P2 Gen.2," which was launched in Oct. 2021 to promote full-scale cloud shift of enterprise systems, is accumulating orders

Data center

Service/Business Function

◆ **Operate 16 DCs in Japan, 2 of which are owned by IIJ (as of Mar. 2024)**

- Expanding own DC capacity along with growing demands for IIJ services
- Expect higher efficiency by gradually migrating leased DC spaces to own DCs



Tesla's power pack

Edge computing

	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 • Shifting peak of air conditioning power by utilizing lithium-ion storage batteries • Utilize on-site solar power panels • Direct procurement of non-fossil fuel certificates toward the supply of electricity with environmental values (Apr. 2023)
Land	Approx. 16 thousand square meters	Approx. 40 thousand square meters
Number of in placed racks	Approx. 500 racks	Over 700 racks
FY23 PUE	1.33	1.36
Plan	• Construction of new system module ✓ Construction from Feb. 2024, Scheduled operation from May 2025 ✓ Approx. 2 thousand square meters ✓ Approx. 300 racks ✓ FY23 capex (plan): over ¥5.0 bn (to be partially covered with subsidy)	• 2nd site is to be fully occupied around FY26 by own service facility and collocation • 3rd site construction is under discussion (From FY25)

- 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.

Financials

Financial Performance (FY19 ~ FY23 results)	P. 44
FY23 Financial Results	P. 45 – 59
FY24 Financial Targets	P. 60

Financial Performance (FY19 ~ FY23 results)

Unit: ¥ (JPY) billion (bn)
YoY = Year over Year

		FY19	FY20	FY21	FY22	FY23
Total Revenue		**204.5**	**213.0**	**226.3**	**252.7**	**276.1**
	YoY	+6.3%	+4.2%	+6.3%	+11.7%	+9.2%
NW services		122.0	126.8	128.2	138.9	151.3
	YoY	+2.8%	+4.0%	+1.1%	+8.4%	+8.9%
Enterprise NW		75.9	79.3	87.5	96.6	105.2
	YoY	(-0.1%)	+4.5%	+10.3%	+10.5%	+8.9%
Mobile services		46.1	47.5	40.7	42.3	46.1
	YoY	+9.8%	+3.1%	(14.3%)	+3.8%	+9.1%
SI		78.4	83.3	95.3	110.9	121.8
	YoY	+12.5%	+6.2%	+14.5%	+16.4%	+9.8%
Operating Profit		**8.2**	**14.2**	**23.5**	**27.2**	**29.0**
	YoY	+36.6%	+73.2%	+65.3%	+15.6%	+6.6%
Operating Margin		**4.0%**	**6.7%**	**10.4%**	**10.8%**	**10.5%**
Net Profit		**4.0**	**9.7**	**15.7**	**18.8**	**19.8**
	YoY	+13.8%	+142.4%	+61.4%	+20.2%	+5.2%
ROE		**5.2%**	**11.5%**	**16.2%**	**17.0%**	**16.3%**
NW service gross margin		**16.3%**	**21.4%**	**27.8%**	**27.5%**	**28.7%**
SI gross margin		**13.8%**	**14.5%**	**15.7%**	**16.7%**	**15.6%**

- NW services (excluding Mobile service) revenue decreased YoY in FY19 mainly due to WAN services' certain large customers' migration to our mobile services
- Mobile service revenue decreased YoY in FY21 and expect to decrease in FY22 mainly due to subscriber migration to new cheaper plan
- Net profit is "Profit for the period/year attributable to owners of the parent"

FY23 Summary

Unit; JPY/¥ billion (bn), +%, YoY = Year over year comparison, QoQ = Quarter over quarter comparison
Net Profit is "Profit for the period attributable to owners of the parent"

Expanded business domain to Service Integration in response to the advancement & renewal of enterprise NW
Pivotal fiscal year for the further revenue growth in SI construction and NW service

Total Revenue: ¥276.1 bn, +9.2% | **Operating Profit: ¥29.0 bn, +6.6%** | **Net Profit: ¥19.8 bn, +5.2%** | **ROE: 16.3%** | **Total Shareholders' Return: 82.4%**
(Executed share buyback and its cancellation of ¥11.4 bn in May 2023)

NW Services

SI

NW Service (exc. Mobile)

- **FY23 total revenue: ¥105.2 bn, +8.9% YoY**
  - Each service revenue continued to grow. IP: +7.8% YoY, Outsourcing: +13.2% YoY (of which, security: +15.7% YoY), WAN: +2.7% YoY
  - IP & Outsourcing revenue growth continued to expand gross profit through economies of scale

Mobile IoT

- **FY23 total revenue: ¥46.1 bn, +9.1% YoY (FY22: +3.8% YoY), FY23-end total subs.: 4,810 k, +674 k YoY (FY22-end: +639 k YoY)**
  - Business growth led by enterprise IoT with large increase in revenue sand subscription (subs.) by +21.9% and 540 thousand YoY respectively
    Existing transaction such as connecting NW cameras, GPS devices, & on-board devices are becoming larger & continuously acquiring new orders
  - Revenues & subs. for MVNE & consumer were back to QoQ net addition. No.1 MVNO market share since Dec. 2020 (MIC, SIM type), No.1 customer satisfaction 3 years in a row (J.D. Power)

SI

- **FY23 order-received: Construction ¥59.86 bn, +35.2% YoY, Operation & maintenance ¥88.09 bn, +15.0% YoY**
  FY23-end order backlog: Construction ¥23.76 bn, +72.2% YoY, Operation & maintenance ¥85.13 bn, +23.5% YoY
  - FY23 revenue recognition was weak because of a structural change of longer lead time which was due to projects becoming larger in sizes & more complex
  - In 4Q23, received orders of large-scale NW renewal project for a prominent manufacturer (¥3.0 bn, 5 years), large-scale IT infrastructure installment project (¥1.0 bn, SI construction), etc.

FY23 Business Topics

- **Acquired large scale projects with multi-year contract consecutively through Service Integration(*) model**
  - Renewal of Chiba-city's educational information NW (¥12.3 bn), NW renewal for a large financial institution (¥4.0 bn), service infrastructure construction & operation for an enterprise (¥4.0 bn), Integrated operation system construction for a public sector organization (¥3.0 bn)

  (*) Provide in-house developed NW services with SI, Greater opportunities and proposal areas along with internal large-scale NW renewals, etc.
- **Expansion of own DCs**: Shiroi second site started operating from Jul. 2023, to be fully occupied by around FY26 due to own service facility expansion and collocation demand
- **Significant revenue growth for overseas business, FY23 revenue ¥35.3 bn (+38.1% YoY)**
  ASEAN business growing as strong demands for global NW, large-scale DC construction project (¥2.8 bn) & increased momentum for PTC(*)

  (*) Singaporean SIer, consolidated subsidiary since Apr. 2021
- **Change in shareholders structure**: NTT Group & KDDI both own 11.1% as leading shareholders (May 2023). As a part of the transaction, executed ¥11.4 bn of share buyback
- **DeCurret progressing**: Working toward Japan's first digital currency platform service to be launched in Jul. 2024

Consolidated Financial Results

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

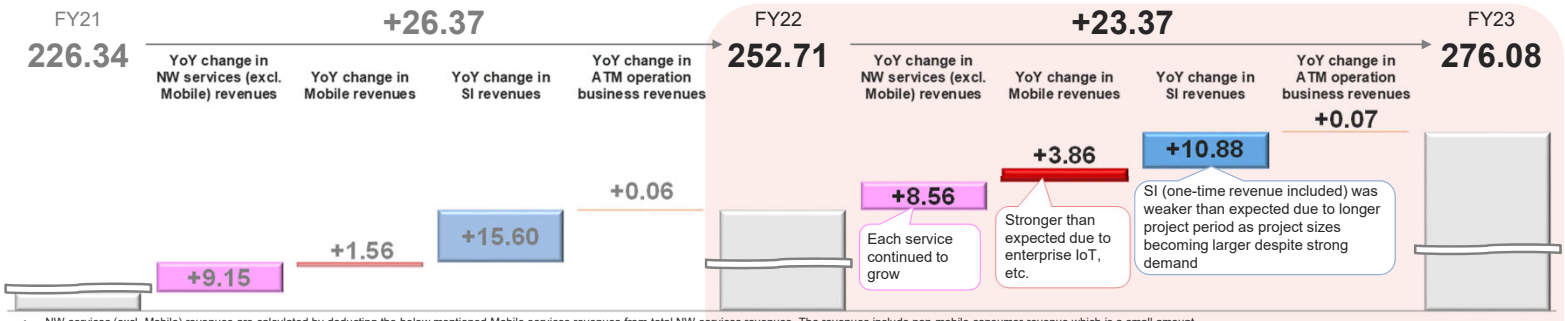
	% of revenue FY23 Results Apr. 2023 - Mar. 2024	% of revenue FY22 Results Apr. 2022 - Mar. 2023	YoY		% of revenue FY2023 Targets (Annunced in May 2023) Apr. 2023 - Mar. 2024
Revenues	276.08	252.71	+9.2%	+23.37	286.0
Cost of Revenues	76.9% 212.21	77.1% 194.80	+8.9%	+17.41	77.1% 220.5
Gross Profit	23.1% 63.87	22.9% 57.91	+10.3%	+5.96	22.9% 65.5
SG&A etc.	12.6% 34.84	12.1% 30.69	+13.5%	+4.15	11.9% 34.0
Operating Profit	10.5% 29.03	10.8% 27.22	+6.6%	+1.81	11.0% 31.5
Profit before tax	10.5% 28.93	10.8% 27.31	+6.0%	+1.63	10.6% 30.4
Net Profit	7.2% 19.83	7.5% 18.85	+5.2%	+0.98	7.2% 20.7

- 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”
- YoY change of net profit is based on the retrospective application of IAS 12 "Income Taxes"

Year over Year Analysis

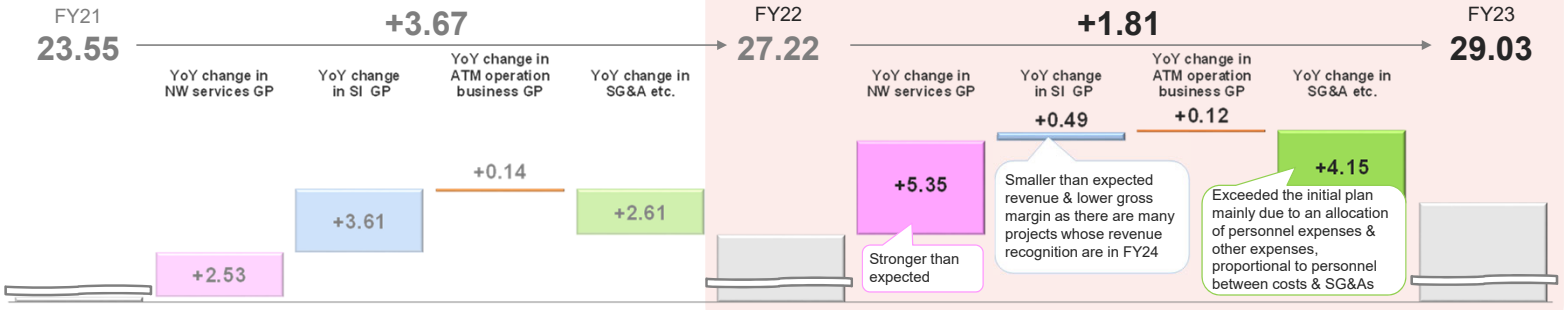
Unit: ¥ (JPY) billion (bn)
GP = Gross Profit
YoY = Year over year comparison

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

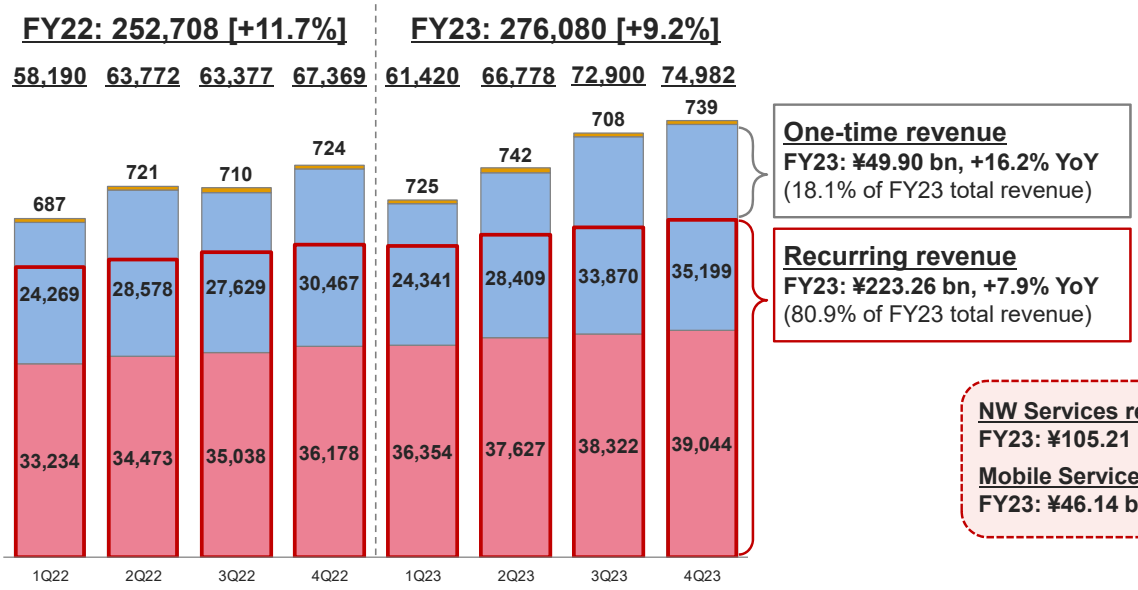


- NW services gross profit consists of gross profit related to NW revenues (excl. Mobile) and Mobile revenues (The two have costs in common and cannot be broken down in accounting terms)
- SG&A etc. in this slide represents the sum of SG&A, which includes R&D expenses, and other income/expenses

Revenues

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

- Network (NW) Services
  - Internet Connectivity Services (Enterprise)
  - Internet Connectivity Services (Consumer)
  - Outsourcing Service
  - WAN Service
- Systems Integration (SI)
  - Systems Construction (including equipment sales)
  - Systems Operation and Maintenance
- ATM Operation Business



One-time revenue
FY23: ¥49.90 bn, +16.2% YoY
(18.1% of FY23 total revenue)

Recurring revenue
FY23: ¥223.26 bn, +7.9% YoY
(80.9% of FY23 total revenue)

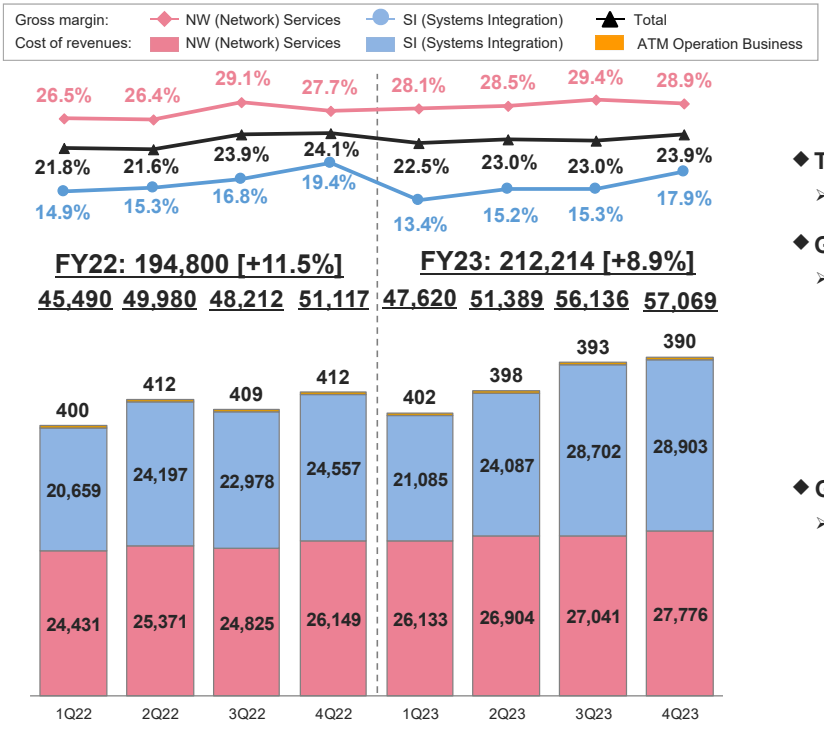
NW Services revenue (excluding Mobile Services)
FY23: ¥105.21 bn (+8.9%, +¥8.56 bn YoY)

Mobile Services revenue
FY23: ¥46.14 bn (+9.1%, +¥3.86 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)

Cost of Revenues & Gross Profit Ratio

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



- NW service gross margin:
  - 3Q23 gross margin included a onetime profit contribution of over ¥0.1 bn which was the result of FY22 Docomo's mobile data interconnectivity (unit charge) revision
  - 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

◆ Total gross profit

- FY23: ¥63.87 bn (+10.3% YoY)

◆ Gross profit for NW services

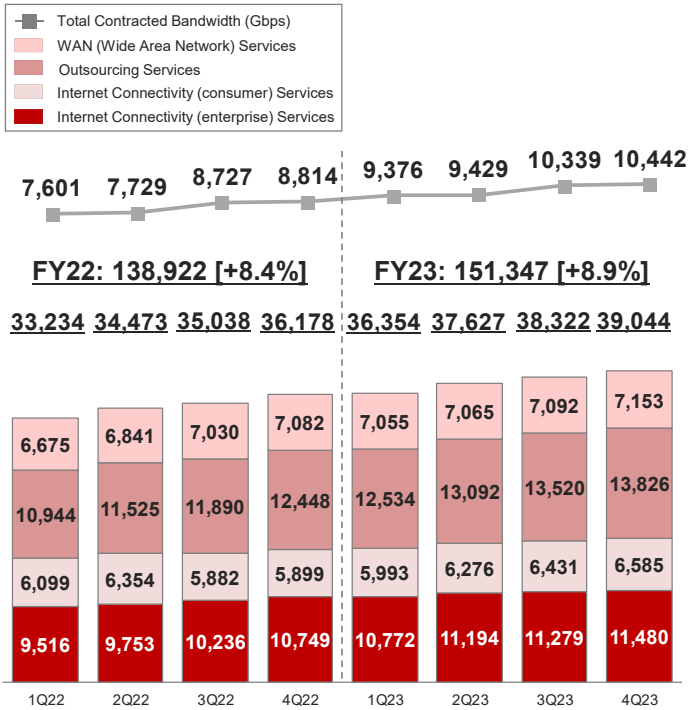
- FY23: ¥43.49 bn (+14.0%, +¥5.35 bn YoY)
  - Gross margin improved by 1.3 points YoY along with revenue growth
  - Among ¥5.35 bn of gross profit increase, which is based on managerial accounting, NW service (excluding Mobile services) gross profit increased slightly more than ¥4.2 bn YoY
  - Gross profit of mobile services also nicely increased along with an increase in enterprise IoT revenue, etc.

◆ Gross profit for SI

- FY23: ¥19.04 bn (+2.6%, +¥0.49 bn YoY)
  - FY23 gross margin was weak mainly due to the small construction revenue, an allocation of resources such as engineers to prospective orders of large-scale projects, and a low systems operation and maintenance revenue growth (a scheduled termination of a particular project)
    FY23 gross margin decreased by 1.1 points YoY

Network (NW) Services (1) Revenues

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



◆Internet Connectivity (enterprise) Services

- FY23: ¥44.73 bn, +11.1% YoY
  - Internet traffic (please refer to P.45) and contracted bandwidth continued to expand
  - Of which, IP: ¥15.99 bn, +7.8% YoY
  - Of which, Enterprise mobile (IoT usages etc.): ¥13.63 bn, +21.9% YoY
  - Of which, MVNE (service offer to other MVNOs): ¥10.55 bn, +4.7% YoY
    - ✓ Revenue growth absorbed a decrease in revenue due to reflecting a decreased procurement costs in selling prices at the beginning of FY23

◆Internet Connectivity (consumer) Services (Mainly consumer mobile "IIJmio")

- FY23: ¥25.29 bn, +4.3% YoY
  - Of which, consumer mobile (IIJmio): ¥21.96 bn, +4.5% YoY

◆Outsourcing Services (Various in-house developed network services)

- FY23: ¥52.97 bn, +13.2% YoY
  - Of which, security: ¥30.93 bn, +15.7% YoY
    - ✓ Strong demand for SASE mainly due to NW renewal projects
    - ✓ Demand for SOC (Security Operation Center) is significantly increasing as it is often included in NW renewal projects with its number increasing

WAN Services (Closed network services)

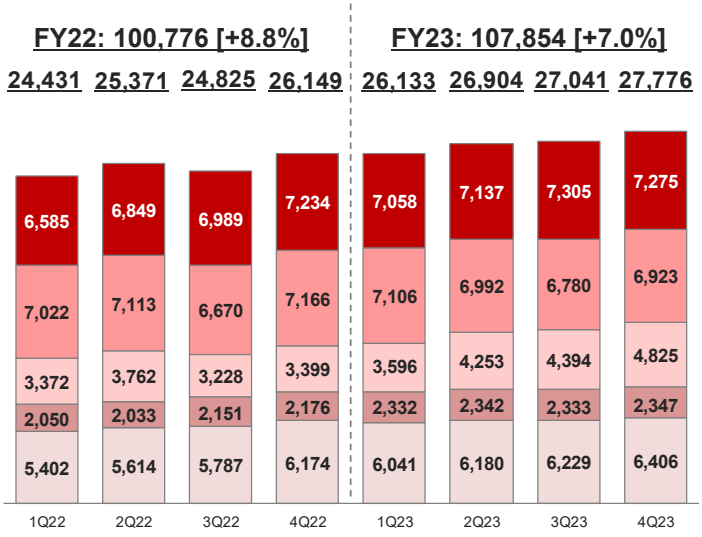
- FY23: ¥28.37 bn, +2.7% YoY

- 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
- 3Q22 contracted bandwidth increased due to Tokyo public school project by approx. 500Gbps
- 4Q22 enterprise mobile revenue included slightly over ¥0.1 bn of lump-sum revenue related to a large mobile project which consists of several phases

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, DC leasing costs etc.)



- 3Q23 outsourcing-related costs included a onetime profit contribution of over ¥0.1 bn which was the result of FY22 Docomo's mobile data interconnectivity (unit charge) revision
- 3Q22 outsourcing-related costs included a onetime profit contribution of over ¥0.5 bn which was the result of FY21 Docomo's mobile data interconnectivity (unit charge) revision

- FY23 Circuit-related costs increased stably
  - Internet backbone circuit cost remains stable as we can leverage scale merit by having one of the largest Internet backbone networks
- FY23 Outsourcing-related costs increased stably
- FY23 Others increased YoY mainly due to an increase in the purchasing license fees such as SASE in line with increased revenues
  - FY23 purchasing mobile devices increased by approx. ¥0.24 bn YoY (YoY breakdown: 1Q23 -¥0.41bn, 2Q23 -¥0.20 bn, 3Q23 +¥0.42 bn, 4Q23 +¥0.43 bn)
  - 4Q23 temporarily increased due to supplies expenses
- Network operation-related continued to increase along with facility expansions

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

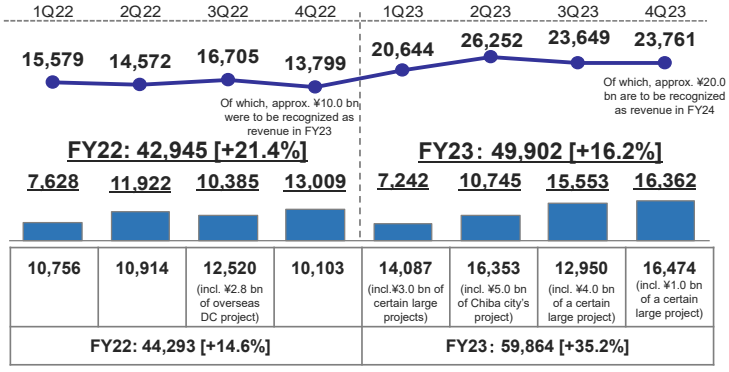
	Unit charge based on future cost method	Fixed unit charge
FY24	¥12,862 • Announced in Mar. 2024 • Will use this unit charge from 1Q24 • Slightly lower than the previously announced unit charge in Mar. 2023 which was ¥13,084	• To be fixed around at the end of Dec. 2025
FY23	¥15,644 • Announced in Mar. 2023 • Used this unit charge in FY23 • Decreased by 21.7% from the FY22 fixed unit charge • Previously announced unit charge in Mar. 2022 was ¥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 by 24.8% from the FY21 fixed unit charge	¥19,979 • Fixed at the end of Dec. 2023 • Onetime profit contribution of over ¥0.1 bn in 3Q23 • Decreased by 26.1% from the FY21 fixed unit charge

Systems Integration (SI) (1) Revenues

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

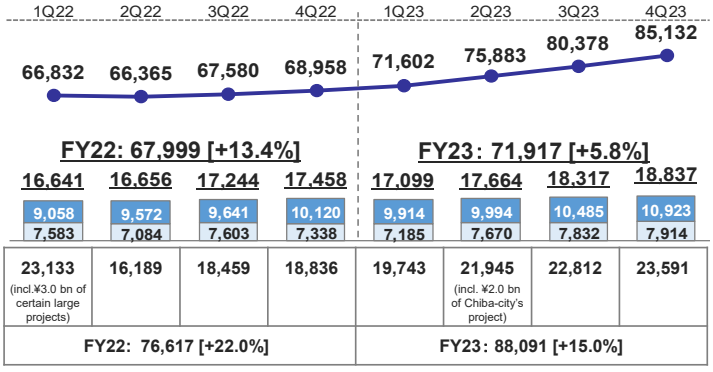
Systems Construction revenues (including equipment sales)
Systems operation & maintenance revenues for on-premise system
Cloud revenues such as private cloud which are recognized as systems operation & maintenance revenues

Systems Construction (one-time)



Orders received	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
	10,756	10,914	12,520 (incl. ¥2.8 bn of overseas DC project)	10,103	14,087 (incl.¥3.0 bn of certain large projects)	16,353 (incl. ¥5.0 bn of Chiba city's project)	12,950 (incl. ¥4.0 bn of a certain large project)	16,474 (incl. ¥1.0 bn of a certain large project)
	FY22: 44,293 [+14.6%]				FY23: 59,864 [+35.2%]			

Systems Operation & Maintenance (MRR)



Orders received	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
	23,133 (incl.¥3.0 bn of certain large projects)	16,189	18,459	18,836	19,743	21,945 (incl. ¥2.0 bn of Chiba-city's project)	22,812	23,591
	FY22: 76,617 [+22.0%]				FY23: 88,091 [+15.0%]			

- Favorable demand from all industries continued (below projects were acquired in 4Q23)
  - Large-scale NW renewal project for a prominent manufacturer (¥3.0 bn, 5 years)
  - Large-scale IT infrastructure installment project (¥1.0 bn, SI construction, included in 4Q23 SI constrution orders received)
- FY23 construction revenue was weak mainly due to longer project period as project becoming larger in sizes and more complex

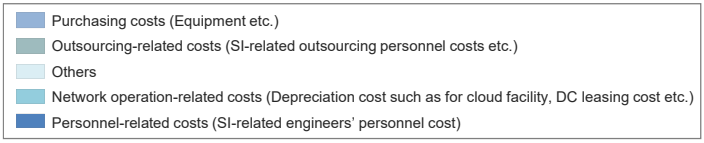
- 1Q23 operation & maintenance revenue was negatively impacted by approx. ¥0.2 bn QoQ as a large system operation project was ended at the end of 4Q22 as scheduled
- Operation & maintenance orders received fluctuate quarterly due to the impact of large-scale projects with multi year contract. (Generally, orders received is 1 year contract and automatically renewed)

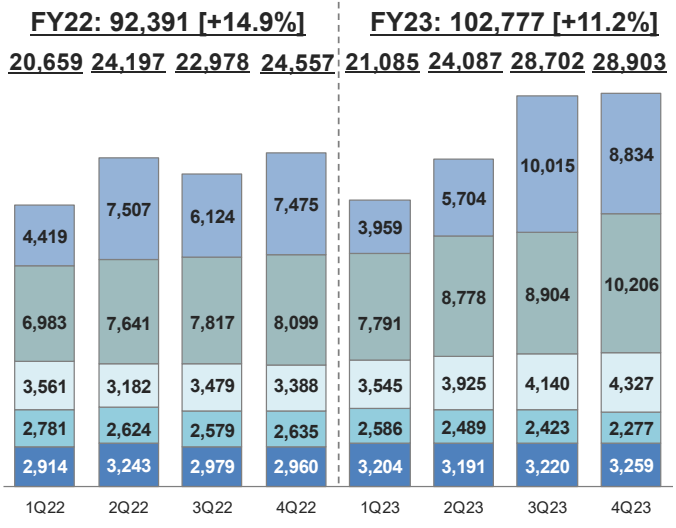
Overseas business

- FY23 revenue: ¥35.29 bn (+38.1%YoY), business profit: ¥2.73 bn (+33.6%YoY)
  - Completed the overseas DC construction project (¥2.8 bn), executing its subsequent projects (¥3.2 bn in total, multi-year)
  - Increased momentum for PTC (Singaporean SIer): NVIDIA's "ASEAN Top Value Partners of the Year" (sole recipient in ASEAN). Received large-scale AI infrastructure construction project, ASEAN business growing with M&A of PTC Malaysia, etc.
- Expect in FY24 to also achieve revenue & profit growth through global SASE and ASEAN business expansion, compared to FY23 results including the overseas DC construction project

Systems Integration (SI) (2) Cost of Revenues

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





- 3Q23 purchasing costs included most of the cost related to the overseas DC construction project (revenue approx. ¥2.8 bn)

- Purchasing, outsourcing-related, and others are linked to the size of project and revenue to a certain degree
- Others include license purchasing costs for multi-cloud which fluctuates along with customers' demand
- No significant change in network operation-related costs on a quarterly basis

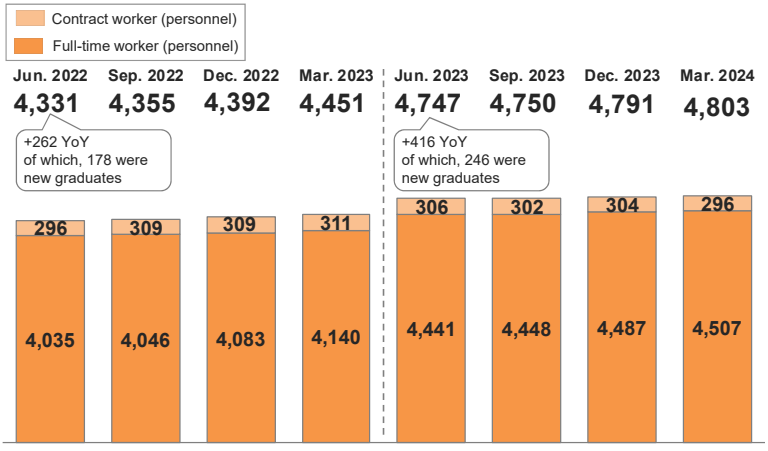
Number of SI-related outsourcing personnel (unit: personnel)

1Q22-end	2Q22-end	3Q22-end	4Q22-end	1Q23-end	2Q23-end	3Q23-end	4Q23-end
1,327	1,390	1,393	1,385	1,367	1,395	1,456	1,521

- The number of SI-related outsourcing personnel can be increased in comparison with the number of IIJ's SI engineers
- Due to many ongoing projects before order-received, the number of outsourcing personnel has been high level

Human Capital Disclosure

Number of Employees (consolidated basis)



Personnel-related costs & expenses (consolidated basis)

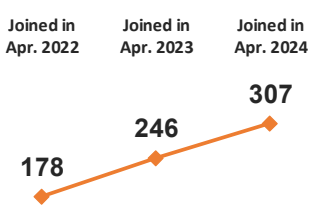
Unit: ¥ (JPY) million

	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Consolidated personnel-related costs & expenses (YoY)	8,177 (+5.4%)	8,655 (+9.7%)	8,341 (+6.1%)	8,506 (+6.5%)	9,358 (+14.4%)	9,252 (+6.9%)	9,410 (+12.8%)	9,622 (+13.1%)
	FY22: 33,678 (+6.9%)				FY23: 37,642 (+11.8%)			
% of revenue	14.1%	13.6%	13.2%	12.6%	15.2%	13.9%	12.9%	12.8%

- FY23 personnel-related costs & expenses increased as expected due to an increase in number of employees and the modification of monthly salary table
  - FY23 result: increased by 352 personnel
  - Revised the new graduates salary table in Apr. 2023 (previous revision in Apr. 2019). New graduates with bachelor's degree: ¥256,667 per month, up 4.8%, Salary ranges for the existing employees were revised along with it
- FY24 outlook
  - Number of employees (consolidated basis) to increase by over 400 personnel (including 307 of new graduates)
  - No change in salary table at the beginning of FY24

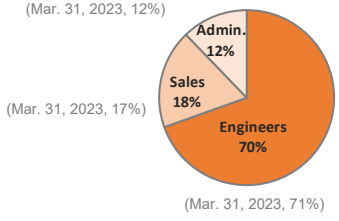
Number of new graduates

Unit: personnel



Breakdown of Employees

(As of Mar. 31, 2024)



Ratio of Female Managers

- Achieved FY24 target (6% or more) a year in advance
- Brought FY27 target forward by 1 year

(IIJ)

Apr. 2022	Apr. 2023	Apr. 2024	FY26 target
5.7%	6.3%	7.5%	8% or more

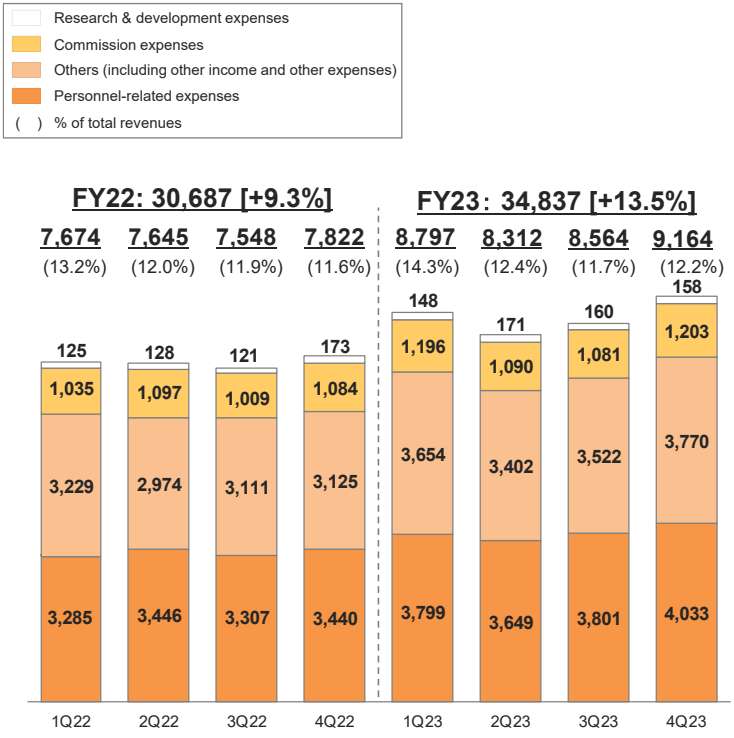
Turnover rates

- Lower than the industry average turnover

FY19	FY20	FY21	FY22	FY23
4.6%	3.6%	4.2%	3.8%	4.6%

- 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 approx. 10% is announced by the Ministry of Health, Labor, and Welfare

SG&A, etc.

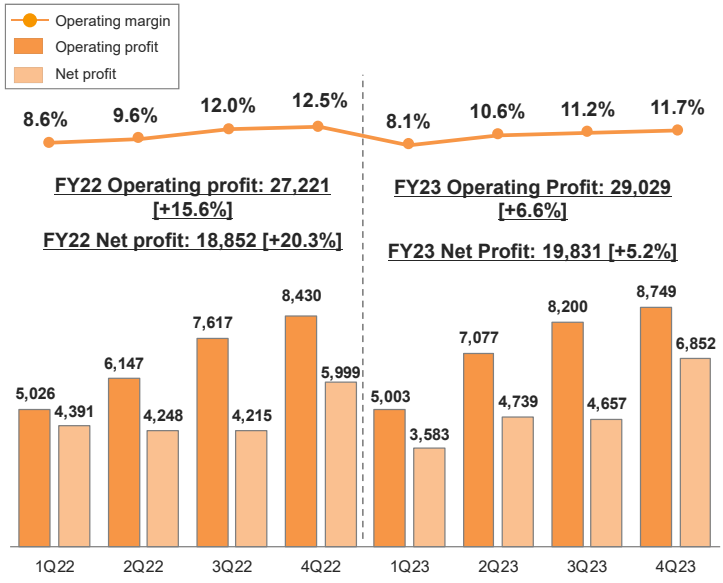


- FY23 SG&As exceeded the initial plan mainly due to an allocation of personnel expenses & other expenses, proportional to personnel between costs & SG&As
- Commission expenses are mainly consumer sales commissions and recruitment expenses (Recruitment expenses tend to be concentrated in FY-end)
- Others are increasing mainly because of an increase in activity-related expenses such as advertisement and travel expenses
- Personnel-related expenses are increasing along with an increase in number of employees, etc.

- Above figures are SG&A expenses plus other income and other expenses
- 1Q22 others included ¥0.17 bn of gain on sales of tangible assets
- 1Q personnel-related and others expenses increase mainly due to an increase in training and human capital development expenses along with the entry of new graduates. Such expenses decrease in 2Q QoQ as expenses for new graduate engineers are recorded as cost of revenues from 2Q

Profit

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



◆ Operating profit
- ➢ FY23: ¥29.03 bn, +6.6% YoY

◆ Profit before tax
- ➢ FY23: ¥28.93 bn, +6.0% YoY
  - Foreign exchange gain: +¥533 million (FY22: +¥365 million)
  - Valuation gain(loss) on funds etc.: +¥149 million (FY22: +¥303 million)

1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	FY24 plan
+1,200	(5)	(820)	(73)	+310	+13	(535)	+361	±0

✓ Foreign exchange impacts were also included as lots of assets are dominated in USD

  - Share of loss of investments accounted for using equity method: ¥465 million (FY22: ¥204 million)
    DeCurret-related loss (IIJ ownership: 38.2%)

1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	FY24 plan
78	102	94	109	125	124	143	143	Approx. 800

✓ Plan to provide first in Japan commercial digital currency (DCJPY) in Jul. 2024 (For detail, please refer to P.71)

✓ Expect cost and expenses such as personnel are to increase in FY24 toward the service launch. After the launch, anticipate to become profitable on a monthly basis within FY26 by the revenue accumulation

◆ Net profit
- ➢ FY23: ¥19.83 bn, +5.2% YoY

1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	
1,611	152	(1,374)	(97)	632	114	(957)	581	Finance income (expense), net
(14)	(64)	(83)	(42)	(154)	(119)	(150)	(42)	Share of profit (loss) of investments accounted for using equity method
(2,136)	(1,982)	(1,931)	(2,266)	(1,824)	(2,320)	(2,365)	(2,449)	Income tax expense
96	5	14	26	74	13	71	(13)	Profit (loss) 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
- Figures for the fiscal year ended March 31, 2023 are based on the retrospective application of IAS 12 "Income Taxes"

Consolidated Statements of Financial Position (Summary)

Unit: ¥ (JPY) million

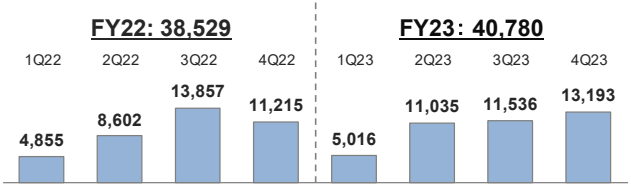
	Mar. 31, 2023	Mar. 31, 2024	Changes		Mar. 31, 2023	Mar. 31, 2024	Changes
Cash & cash equivalents	42,472	**45,474**	+3,002	**Trade & other payables**	22,313	**25,435**	+3,122
Trade receivables	41,340	**45,683**	+4,343	**Borrowings (current & non-current)**	20,430	**30,180**	+9,750
Inventories	3,188	**3,227**	+39	**Contract liabilities & Deferred income (current & non-current)**	17,978	**21,530**	+3,552
Prepaid expenses (current & non-current)	27,920	**39,496**	+11,576	**Income taxes payable**	4,034	**5,328**	+1,294
Tangible assets	23,321	**29,072**	+5,751	**Retirement benefit liabilities**	4,513	**4,991**	+478
Right-of-use assets	46,675	**41,242**	(5,433)	**Other financial liabilities (current & non-current)**	48,800	**49,138**	+338
Of which, operating leases (rent of office, data center etc.)	31,233	**26,428**	(4,805)	Of which, operating leases (rent of office, data center etc.)	31,610	26,982	(4,628)
Of which, finance leases (network equipment etc.)	15,442	**14,814**	(628)	Of which, finance leases (network equipment etc.)	16,447	15,750	(697)
Goodwill & intangible assets	26,475	**28,685**	+2,210	**Others**	8,823	**10,079**	+1,256
Investments accounted for using the equity method	5,785	**5,169**	(616)	**Total liabilities:**	126,891	**146,681**	+19,790
Investment securities (Equity)	10,031	**14,563**	+4,532	**Share capital**	25,562	**25,562**	-
Other investments	9,119	**9,805**	+686	**Share premium**	36,738	**35,737**	(1,001)
Others	9,992	**11,297**	+1,305	**Retained earnings**	51,202	**65,616**	+14,414
				Other components of equity	6,571	**10,863**	+4,292
				Treasury shares	(1,831)	(12,027)	(10,196)
				Total equity attributable to owners of the parent:	118,242	**125,751**	+7,509
				Non-controlling interests	1,185	**1,281**	+96
Total assets:	246,318	**273,713**	27,395	**Total liabilities and equity:**	246,318	**273,713**	+27,395

- Prepaid expenses increased mainly due to an increase in projects for clients and maintenance for license and facility
- Tangible assets increased mainly due to investment in Shiroi DC
- Borrowings increased mainly due to the share buyback
- Ratio of total equity attributable to owners of the parent: 48.0% as of Mar. 31, 2023, 45.9% as of Mar. 31, 2024, decreased due to the share buyback with cancellation

Consolidated Cash Flows

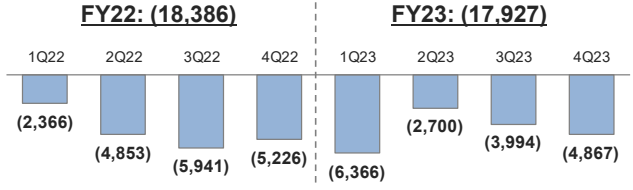
Unit: ¥ (JPY) million
YoY = Year over year comparison

Operating Activities



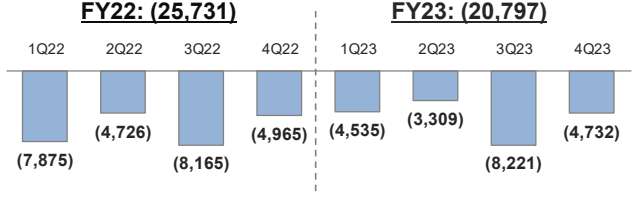
	FY23 Major Breakdown	YoY Change
Profit before tax	28,934	+1,625
Depreciation and amortization	29,296	+495
Changes in operating assets & liabilities	(9,880)	(2,168)
Income taxes paid	(8,130)	+1,828

Investing Activities



	FY23 Major Breakdown	YoY Change
Purchase of tangible assets	(11,744)	+43
Purchase of intangible assets such as software	(7,199)	(1,728)

Financing Activities

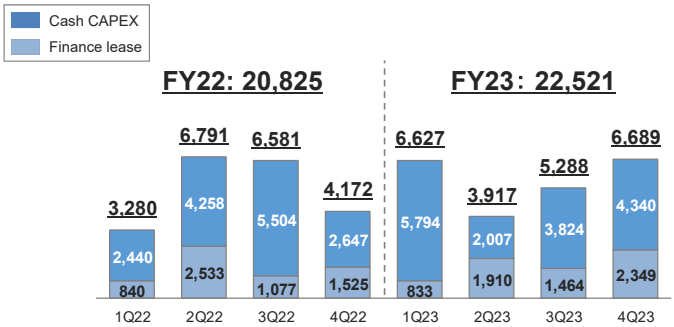


	FY23 Major Breakdown	YoY Change
Payment of operating/finance leases and other financial liabilities	(20,008)	(664)
Dividends paid	(5,682)	(781)
Repayment of long-term borrowings	(2,060)	(545)
Short-term borrowings (Borrowings for acquisition of treasury shares, etc.)	11,800	+11,900
Purchase of treasury shares	(11,405)	(11,405)

Other Financial Data

Unit: ¥ (JPY) million

CAPEX

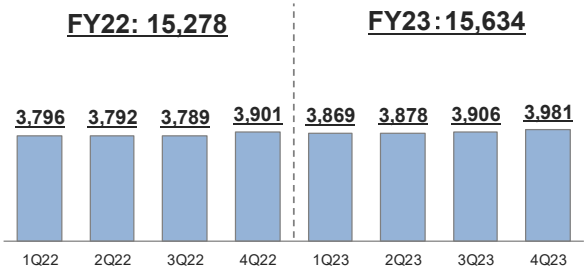


- Major breakdown of CAPEX (Unit: ¥ bn)

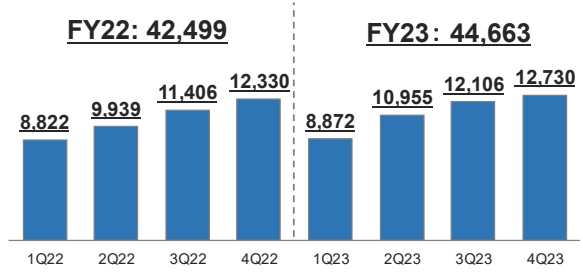
	FY22	FY23
Ordinal NW CAPEX (NW equipment, etc.)	9.0	10.4
Cloud-related	2.0	1.5
Shiroi DC second site -related	5.4	5.5
Customer-related	2.9	2.3
Renewal of Raptor service facility	0.2	1.1
Renewal of Full-MVNO 5G infrastructure	0.8	1.7

- FY23 CAPEX plan: ¥22.5 bn (including approx. ¥7.0 bn for Shiroi DC second site)
  - Almost as expected in the total amount
  - Part of Shiroi DC second site expansion investment was postponed to FY24
- FY24 CAPEX plan: ¥23.0 bn
  - Of which, approx. ¥3.7 bn is for Matsue DC's construction of its additional modules
  - Of which, approx. ¥2.0 bn is for Shiroi DC's expansion investment

CAPEX-related depreciation and amortization



Adjusted EBITDA



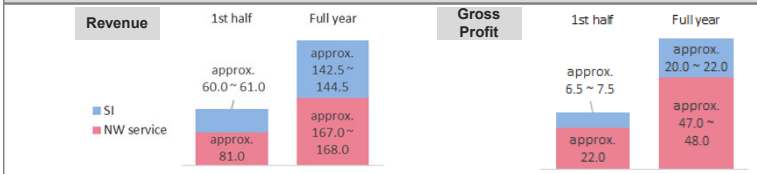
- Total amount of capital expenditure is the amounts of acquisition of tangible and intangible assets by cash and entering into finance leases for the fiscal year, excluding duplication due to sale and leaseback transactions and acquisition of assets that do not have the nature of investment, such as 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.

FY24 Financial Targets

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

	First Half Targets (Apr. 2024 to Sep. 2024)	% of total revenue	YoY	Full Year Targets (Apr. 2024 to Mar. 2025)	% of total revenue	YoY
Total Revenue	142.0 ~ 143.0		+10.8% ~ +11.5%	312.0 ~ 315.0		+13.0% ~ +14.1%
Gross Profit	29.2 ~ 30.2	20.6% ~ 21.1%	+0.0% ~ +3.5%	68.5 ~ 71.5	22.0% ~ 22.7%	+7.3% ~ +12.0%
SG&A, etc.	19.2	13.5% ~ 13.4%	+12.2%	38.5	12.3% ~ 12.2%	+10.5%
Operating Profit	10.0 ~ 11.0	7.0% ~ 7.7%	(17.2%) ~ (8.9%)	30.0 ~ 33.0	9.6% ~ 10.5%	+3.3% ~ +13.7%
shares of profit(loss) of investments accounted for using equity method investees	(0.3)		-	(0.7)		-
Profit before tax	9.5 ~ 10.5	6.7% ~ 7.4%	(24.3%) ~ (16.4%)	29.0 ~ 32.0	9.3% ~ 10.2%	+0.2% ~ +10.6%
Net Profit (Profit for the period attributable to owners of the parent)	6.3 ~ 7.0	4.4% ~ 4.9%	(24.3%) ~ (15.9%)	19.9 ~ 21.9	6.4% ~ 7.0%	+0.3% ~ +10.4%
Dividend per share	¥17.18 ~ ¥18.58		¥0.00 ~ +¥1.40	¥34.36 ~ ¥37.16		¥0.00 ~ +¥2.80

Assumption



- NW Service:
  - ➢Revenue to grow by recurring revenue accumulation & Service Integration
  - ➢Expect mobile to achieve revenue & profit growth without the onetime cost reduction of data connectivity
  - ➢At the upper limit, expect gross margin to improve YoY (1H: decrease, 2H: increase)
- SI:
  - ➢Revenue to largely increase by realizing FY23-end order backlog & strong demand
  - ➢At the upper limit, expect gross margin to slightly decrease YoY (1H: decrease, 2H: increase)
- VMware impact: We are taking actions of passing through of the cost increase which would require some time to be adopted thoroughly. Thus, we have set some ranges.
- SG&A, etc.: Increase along with an increase in number of employees and others (No modification of the salary table for FY24 new graduates)
- Shares of profit (loss) of investments accounted for using equity method investees: Expect DeCurret's related loss to be around ¥0.8 bn as they approach near to the service launch the cost should increase
- No consideration on any valuation gain (loss) on funds & foreign exchange gain (loss)
- Others: Number of employees to increase slightly over 400 personnel (of which, 307 are new graduates), CAPEX: ¥23.0 bn (of which, approx. ¥5.7 bn is for own DCs expansion)

The impact from VMware license for virtualization software

- Effective from Apr. 2024, there were major changes in VMware product lineup & IIJ was migrated to a new partner program
- Under the new product lineup, generally, individual products are no longer sold separately, which was the case previously, and they are now bundled together. This leads to a substantial increase in price & cost
- IIJ is taking actions including the revision of our service price; however, because the product lineup & the terms & conditions were shared in such a last minute, the full year financial targets are disclosed as ranges of ¥3.0 bn. The upper limit indicates that the impact of VMware license is mostly passed through in the second half. The lower limit indicates that the impact of VMware license is passed through with delay, except to the extent that can be assumed

Appendix

Shareholders' Return	P. 62
Market Growth Forecast	P. 63
Sales activity for Public Sector	P. 64
NTT Docomo's Mobile data interconnectivity charge	P. 65
Consumer Mobile Price list	P. 66
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Fintech Business: DeCurret (1) - (4)	P. 69 – 72
CDN Business: JOCDN	P. 73

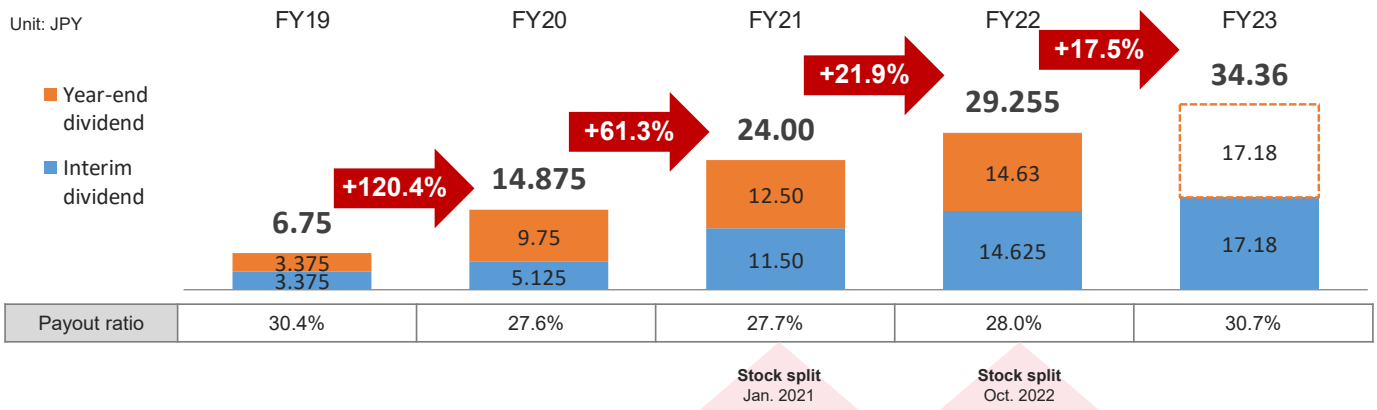
Shareholders' Return

- **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

FY23 total payout ratio: 82.4%

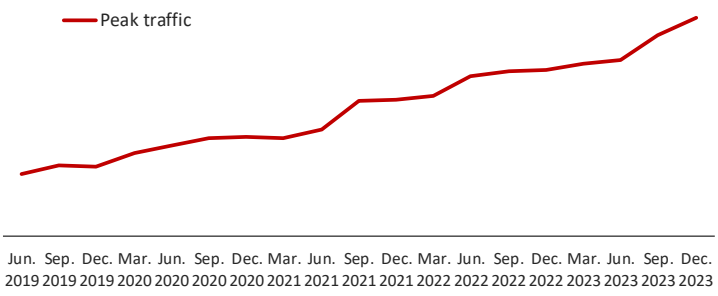
In May 2023, IIJ executed share buyback of ¥11.4 bn
and cancellation of shares



- Dividend per share is written on the post-stock-split basis
- 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
- FY22 payout ratio takes the retrospective application of IAS 12 "Income Taxes" into consideration
- FY23 payout ratio takes the share buyback with cancellation which took place in May 2023 into consideration

Market Growth Forecast

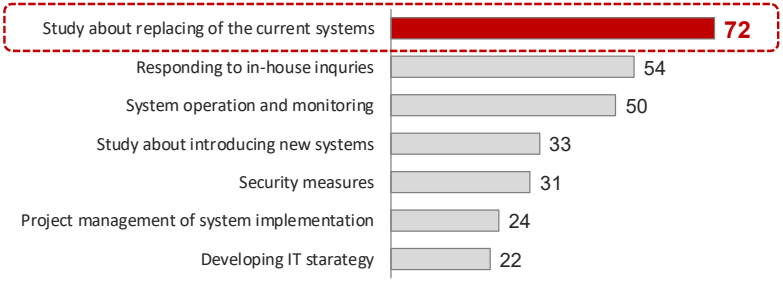
Historical traffic data of major domestic IX



Source: INTERNET MULTIFEED CO., IX = Internet Exchange

Operation where IT department spends the most time

Top 7 items are shown below



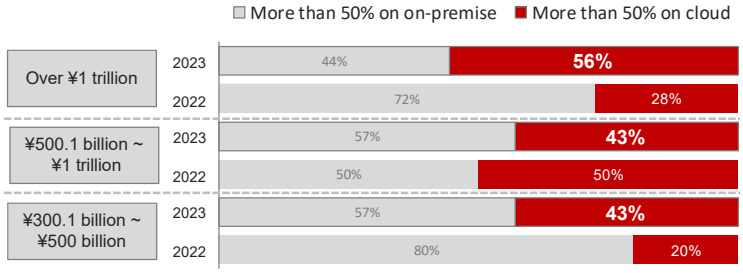
Source: Internet Initiative Japan “Nationwide survey on IT department 2023” Dec. 2023, N=359

Digital Competitiveness Ranking 2023

1	U.S.A
2	The Netherlands
3	Singapore
4	Denmark
5	Switzerland
6	South Korea
(omission)	
31	Spain
32	Japan
33	Malaysia

Source: IMD WORLD DIGITAL COMPETITIVENESS RANKING 2023

Status of Cloud migration by clients’ annual revenue size



Source: Internet Initiative Japan “Nationwide survey on IT department” Nov. 2022
2022 N = 598, 2023 N = 359

Sales Activity for Public Sector

- **Long and enduring relationship**
  - We have been providing reliable Internet connectivity services to central government agencies and local governments from the early 1990s
  - They are also using our security services such as firewall services, DDoS Protection services and other network services such as WAN. We also receive network related integration projects from them as well.
- **Not only private sector, but also public sector is changing their attitude toward IT and network**
- **Growing demands for network related projects**
  - Enhance remote access for central government agencies
  - Promote telework environment for local governments
  - Support educational institution to become online-capable
    - Hybrid of face-to-face & online classes, remote access, environment for faculty and staff, etc.
  - Projects to replace “Security Cloud” for local governments
- **Social Security and Tax Number System which is often called “my number” was first introduced in October 2015. As of February 12, 2023, 68.8% to the total Japanese population has received their ID according to the Ministry of Internal affairs and Communications**
  https://www.soumu.go.jp/kojinbango_card/

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

Appendix

Fiscal Year	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
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. 2024 To be fixed around the end of Dec. 2025 ¥12,862 -17.8% YoY	¥10,874 -15.5% YoY	¥10,708 -1.5% YoY(*)
Fixed	¥49,311 -6.0% YoY	¥42,702 -13.4% YoY	¥37,280 -12.7% YoY	Fixed in Dec. 2022 ¥27,024 -27.5% YoY	Fixed in Dec. 2023 ¥19,979 -26.1% YoY				
Old						Announced in Mar. 2023 To be fixed around the end of Dec. 2024 ¥15,644 -21.7% YoY	¥13,084 -16.4% YoY	¥11,255 -14.0% YoY	
					Announced in Mar. 2022 ¥20,327 -24.8% YoY	¥15,697 -22.8% YoY	¥13,207 -15.9% 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				

Slight decrease in the unit price

(*) Impacted by the revision of allocation standards for voice & data transmission services

- 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.
- 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
- The impact of the revision of allocation standards for voice & data transmission services refers to the fact that, from 2023, with regard to the calculation of data communication cost (MNO investment) as the numerator of the MIC formula, a part of the costs that were previously recognized as voice related costs are to be recognized as data communication related costs

Comparison between the old & new plans of consumer mobile

Appendix

Old

Minimum Start Plan (3GB)	With voice	¥1,760
	Data-only	¥990
Light Start Plan (6GB)	With voice	¥2,442
	Data-only	¥1,672
Family Share Plan (12GB)	With voice	¥3,586
	Data-only	¥2,816

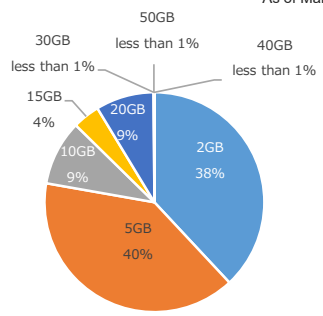
New: GigaPlans (Apr. 2021~)

2Giga Plan (2GB)	With voice	¥850
	Data-only	¥740
5Giga Plan (5GB)	With voice	¥990
	Data-only	¥900
10Giga Plan (10GB)	With voice	¥1,500
	Data-only	¥1,400
15Giga Plan (15GB)	With voice	¥1,800
	Data-only	¥1,730
20Giga Plan (20GB)	With voice	¥2,000
	Data-only	¥1,950
30Giga Plan (30GB)	With voice	¥2,700
	Data-only	¥2,640
40Giga Plan (40GB)	With voice	¥3,300
	Data-only	¥3,240
50Giga Plan (50GB)	With voice	¥3,900
	Data-only	¥3,840

Launched large data volume plan (Mar. 1, 2024)

GigaPlans: by data plans

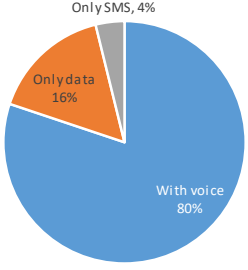
As of Mar. 31, 2024



- Current users' migration as well as the start of the large data volume was from Apr. 1, 2024

GigaPlans: by plans

As of Mar. 31, 2024

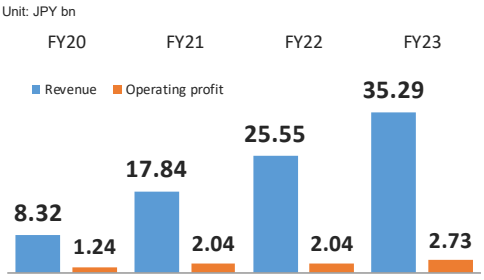


- The above table briefly indicates service prices for major functions to show the differences between the old and new plans
- GigaPlans pricings are as of Mar. 2024. eSIM with voice function services are offered at the same price.
- Voice call charge is only for domestic calls. Old plan: ¥22 for 30 seconds, new plan: ¥11 for 30 seconds

Overseas Business

Revenue and Operating Profit (included in SI and NW)

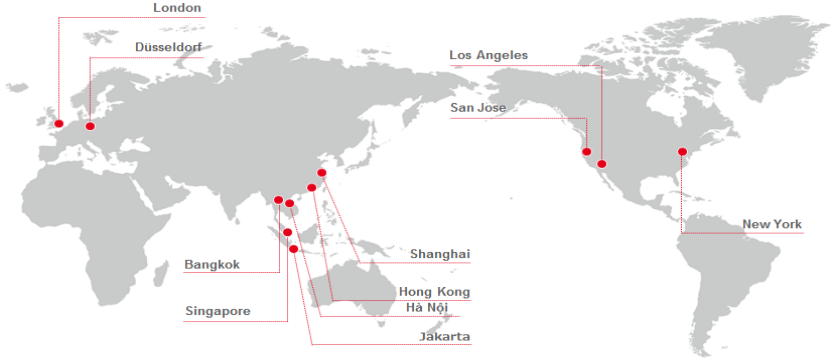
Unit: JPY bn



- 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

- FY23: Significant revenue growth for overseas business
  - Completed the overseas DC construction project (¥2.8 bn), executing its subsequent projects (¥3.2 bn in total, multi-year)
  - Increased momentum for PTC (Singaporean SIer): NVIDIA's "ASEAN Top Value Partners of the Year" (sole recipient in ASEAN). Received large-scale AI infrastructure construction project, ASEAN business growing with M&A of PTC Malaysia, etc.
- Expect in FY24 to also achieve revenue & profit growth through global SASE and ASEAN business expansion, compared to FY23 results including the overseas DC construction project

Overseas offices



Business Developments

- **Started focusing on overseas business around FY11.** It was when Japanese companies started to expand their business overseas and requested us to provide the same service quality we offer in Japan
- **While IT markets in the U.S. and Europe are relatively matured, the markets in Asia are just beginning to build up**
  - Increasing demand for network services and SI in China and Thailand
  - Vietnam: Cybersecurity Law (Jan. 2019), Opened another facility in Hanoi in addition to Ho Chi Min
  - In Apr. 2021, we bought a Singaporean system integrator, PTC – expect to strengthen ASEAN business
  - From Dec. 1, 2023, a small business operator "PTC Malaysia" became a new consolidated subsidiary (no significant financial impact), expect higher productivity of a support center in Malaysia
- **Providing cloud services in Indonesia, Thailand and Vietnam. Working with local prominent IT companies**
  - With Biznet Networks in Indonesia (from Mar. 2015)
  - With T.C.C. Technology Co., Ltd, in Thailand (Feb. 2016)
  - With FTP Telecom Partner in Vietnam (Nov. 2016)

ATM Operation Business

Business Model

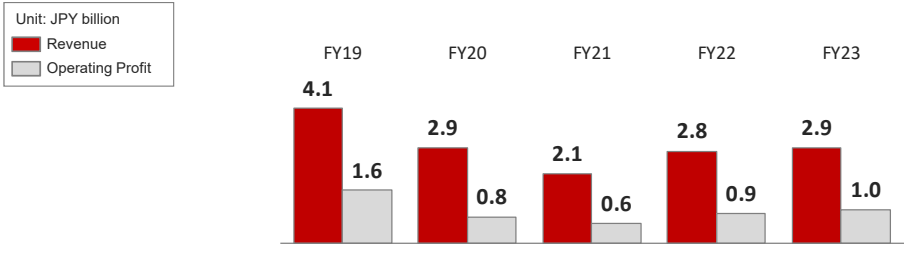
- Similar to “Seven Bank” model
- Placing ATMs in pachinko parlors in Japan
  - After long discussion, started to place in Kanto, Kansai, Kyushu and Tokai areas
  - 7,665 pachinko parlors in Japan as of Dec. 31, 2022 (Source: National Police Agency)
- Receive commission for each withdrawal transaction

- ATM (Automated Teller Machine)

Trust Networks Inc.

- In charge of ATM operation business
- IIJ’s ownership: 80.6%
- Established in 2007
- Number of employees: about 10 personnel

Revenue and Operating Profit



- FY20 revenue significantly decreased from FY19 as the stores we had placed ATMs were closed temporally and fewer customers visited due to the COVID-19 pandemic and stay-at-home-order/request

FinTech Business through DeCurret (1)

About DeCurret Holdings (IIJ's equity method investee)

◆ Management (from Apr. 2022)

- DeCurret Holdings (Shareholders: 35 companies including IIJ)
  - Representative Director and President: Murabayashi (Mr.)
    (IIJ Vice President, former CIO at MUFG Financial Group, Inc.)
  - Part-time directors: IIJ, MUFG bank, au Financial Holdings, NTT, JAPAN POST bank

◆ Background

- In Jan. 2018, IIJ established DeCurret Inc. as an equity method investee engaging in crypto asset business and digital currency business with prominent Japanese companies
  - IIJ has been providing IIJ Raptor Service, an ASP based FX systems, which have been used by prominent Japanese security companies
- In Dec. 2021, DeCurret Inc. established DeCurret Holdings through a share transfer
- In Feb. 2022, DeCurret Holdings divested its crypto asset business to dedicate its business resources to digital currency business

◆ Business

- Digital Current Platform Business (mainly BtoB)
- Have been executing various proof of concepts with various business partners (please refer to page 71)
- Plan to issue Japan's first digital currency in July 2024

◆ DeCurret-related loss (IIJ ownership: 38.2%)

unit: JPY million

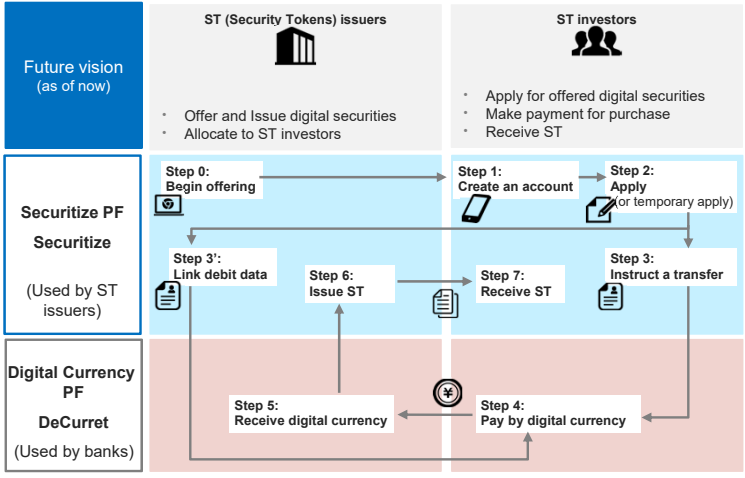
1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	FY24
78	102	94	109	125	124	143	143	Approx. 800

DeCurret DCP Partnership with Securitize

◆ Aim to adopt digital currency for digital securities' settlement

- Securitize, Inc., a parent company of Securitize Japan K.K., was established in 2017 and proves platform to issue and manage digital securities
- The scope of partnership includes the followings:
  - Explanation and discussion with prospective issuers and other related companies
  - Specifics of the scheme and workflow
  - Legal research and preparation of contract templates
  - Development of system integration

◆ Image of transaction/flow (idea)

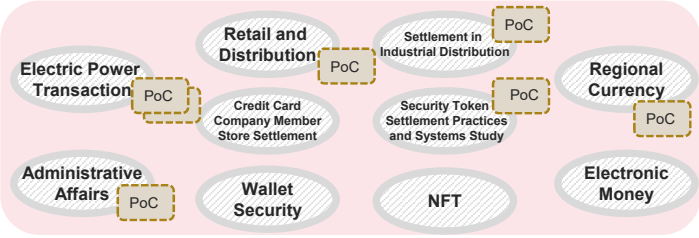


FinTech Business through DeCurret (2)

For more details
https://www.decurret-dcp.com/en/news.html

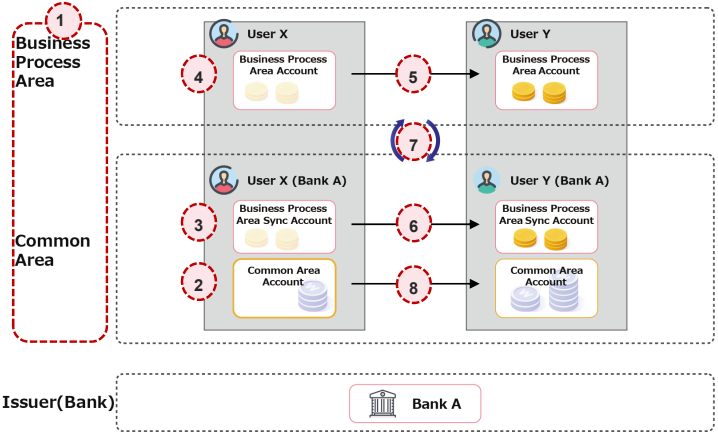
Appendix

Digital Currency Forum Subcommittees (over 100 participants as of Oct. 2023)



- The participants include companies, local governments and others

Two-tiered Digital Currency Platform



Promoting Proof of Concept (PoC) for DCJPY * (approx. 40 companies participating)

*DCJPY: tentative name of digital currency issued by banks that is able to be issued, transfer, and repay through the Two-tiered Digital Currency Platform

Subcommittees	Participators	Outline
Industrial distribution	Mitsubishi Corporation, NTT, etc.	Feasibility studies to use DCJPY for Mitsubishi's trading transaction settlement with smart contracts
Electricity power transaction A	Kansai Electric Power Company, etc.	Purchase of goods at convenience stores by using DCJPY which is obtained through electricity Peer to Peer (P2P) transactions
	ENERES, etc.	Feasibility studies to launch new services by utilizing DCJPY and electric power transaction data
Regional currency	Mitsubishi UFJ Research & Consulting, TIS, etc. .	Digitalization of local governments' benefits for selective usages through DCJPY so that local governments' administrative process such as printing, mailing and others are improved
Administrative process		
Retail and Distribution	Seven Bank, etc.	Feasibility studies to apply DCJPY transaction among retail, wholesale and banking through EDI (Electronic Data Interchange)
Security token	Nomura HD, Future Architect, etc.	Feasibility studies to use security token and DCJPY for DVP (Delivery Versus Payment) settlement to learn about potential issues, etc.

Patented "Two-tiered Digital Currency Platform"

	Outline of the patent（Electronic Currency Management System）
①	Two-tired system consisting of Common Area and Business Process Area
②	Issuance of digital currency within Common Area
③④	Issuance of Business Process Area's token tied to Common Area's digital currency
⑤⑥	Transfer of token within Business Process Area, and transfer of digital currency, being tied to those transfer of token, within Common Area
⑦	Synchronous processing of Common Area and Business Process Area
⑧	Transfer of digital currency, not being tied to Business Process Area, within Common Area

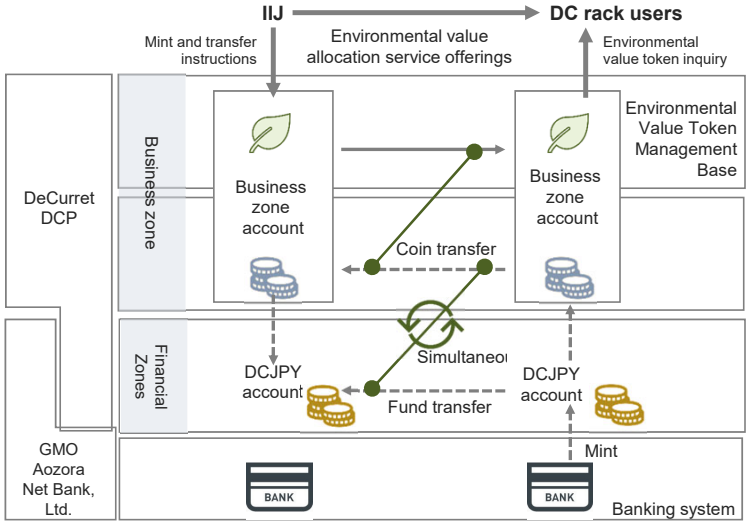
FinTech Business through DeCurret (3)

DeCurret shall be the first in Japan to issue commercial digital currency (July 2024)

About the Case

Issuer of digital currency	GMO Aozora Net Bank, Ltd.
Usages of digital currency	• Digitalization of environmental value transaction (non-fossil certificates, etc.) • Transactions and settlement in the digital currency DCJPY

Flow on DCJPY on the Two-tiered Digital Currency Platform



About DeCurret

DeCurret HLD	Shareholder: 35 companies including IIJ
DeCurret DCP	Shareholder: DeCurret HLD 100% Business: ➢ Digital currency business ➢ Secretary for the "Digital Currency Forum" • As of Mar. 31, 2024, there are 104 companies, organization, experts, as members and related regulatory agencies (FSA, MIC, MOF, METI, BOJ)

Difference between "DCJPY" and Trust Bank's Stablecoins

	DeCurret's digital currency "DCJPY"	Trust Bank's stablecoins
Corresponding act	The Banking Act	The revised Payment Services Act (enforced in June 2023)
Form	Bank deposits	Stablecoins
Scheme of issuance	• Withdraw from user's bank deposit • DCJPY will be issued after booking the same amount of such withdrawal to DCJPY account on the digital currency platform	• User needs to deposit money and set up a trust asset each time • Then, stablecoins can be issued by a trust bank
Features	• Highly compatible with the current settlement system • Issuers are reliable and trustworthy banks • Banks support DCJPY can use the Digital Currency services	• User needs to open an account with the Trust bank and deposit money each time • User needs to arrange a trust asset each time transferring funds other than the two companies, a trust bank and a beneficiary

FinTech Business through DeCurret (4)

Source: DeCurret Web Page

Shareholders of DeCurret (35 companies)

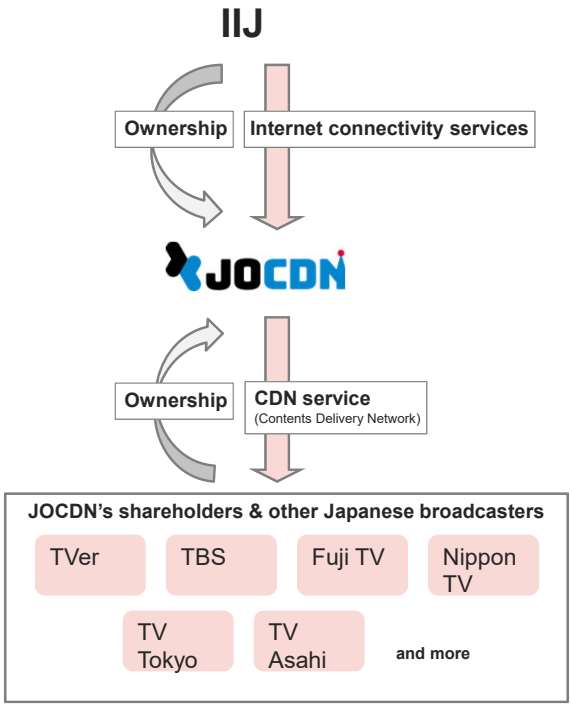
- Internet Initiative Japan Inc. (Ownership: 38.2% as of Mar. 31, 2024)
- KDDI CORPORATION
- NTT Corporation
- Sumitomo Mitsui Banking Corporation
- MUFG Bank, Ltd.
- JAPAN POST BANK Co., Ltd.
- ITOCHU Corporation
- OPTAGE Inc.
- QTnet, Inc.
- Sumitomo Life Insurance Company
- SOHGO SECURITY SERVICES CO., LTD.
- SOMPO Light Vortex Inc.
- The Dai-ichi Life Insurance Co., Limited
- Daido Life Insurance Company
- Daiwa Securities Group Inc.
- TIS Inc.
- Tokio Marine & Nichido Fire Insurance Co., Ltd.
- Nippon Life Insurance Company
- Nomura Holdings, Inc.
- East Japan Railway Company
- BicCamera Inc.
- Mitsui Sumitomo Insurance Company, Limited
- Mitsui Fudosan Co., Ltd.
- Mitsubishi Corporation
- Meiji Yasuda Life Insurance Company
- Yamato Holdings Co., Ltd.
- ITOCHU Techno-Solutions Corporation
- Chubu Electric Power Co., Inc.
- Dentsu Group Inc.
- Hankyu Hanshin Holdings Inc.
- Matsui Securities Co., Ltd.
- Enecom,Inc.
- TOPPAN HOLDINGS INC.
- SBI Holdings, Inc.
- SECOM CO., LTD.

CDN Business through JOCDN

Company Profile

Name	JOCDN Inc. (IIJ's equity method investee)
IIJ Ownership	16.8%
Capital	JPY845 million (including capital reserve)
Established	December 1, 2016
Shareholders	IIJ, Nippon TV, TV Asahi, TBS, TV Tokyo, Fuji TV, WOWOW (Prominent satellite broadcaster in Japan), NHK (Japan's only public broadcaster) and non-Tokyo local broadcasters
Directors	Chairman: Koichi Suzuki (IIJ CEO) President: Shunichi Shinozaki (Nippon TV)

Business Model



◆All Japan CDN company JOCDN

- Akamai Technologies (global leader in CDN services, US company) has been dominating CDN market in Japan.
- Growing needs to distribute contents over Internet
- Broadcasting companies distributing contents via Internet
  - Nippon TV bought Hulu Japan in 2014
  - Japanese broadcasting companies operate "TVer"
- IIJ has rich and well-renowned expertise in CDN business
  - Olympics games, high school base ball games, university sport and many other popular sports events

- TVer is a web platform where viewers can watch certain TV programs for free. Its system was developed jointly by major commercial television networks in Japan to broadcast TV programs over Internet

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.