

Presentation Material for Consolidated Financial Results for 1H24

(April 1, 2024 to September 30, 2024)



Internet Initiative Japan

Internet Initiative Japan Inc. (IIJ)
The Prime Market of the Tokyo Stock Exchange (Ticker symbol: 3774)
November 8, 2024

Disclaimer

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Outline

I . 1H24 Summary	P. 2
II . 1H24 Financial Results	P. 3 ~ P. 16
III. Service & Business Developments, etc.	P. 17 ~ P. 20
Appendix	P. 21 ~ P. 26
【Reference】 Presentation material for company overview	P. 27 ~ P. 46

- FY24 stands for a fiscal year from Apr. 1, 2024 to Mar. 31, 2025
- 1H24 stands for 1st half of FY24 (Apr. 1, 2024 to Sep. 30, 2024)
- 1Q24 stands for 1st quarter of FY24 (Apr. 1, 2024 to Jun. 30, 2024), others alike
- Abbreviation: NW for network, SI for systems integration, DC for data center, HD for holdings, PF for platform, ¥ (JPY) bn for JPY billion, SI O/M for systems operation and maintenance, MRR for Monthly Recurring Revenue

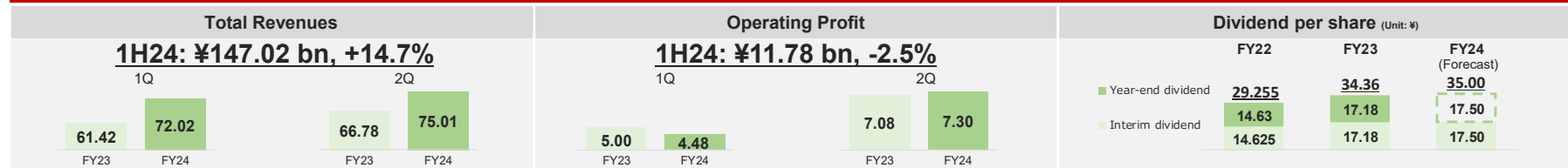
I. 1H24 Summary

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

Seeing many NW renewal projects through Service Integration Large-scale projects as a new norm

Strong revenue growth led by SI SI revenue: 1Q +32.5%, 2Q +20.9%

2Q OP returned to YoY growth with absorbing VMware issues as planned Interim dividend increase



NW Service (excl. Mobile)	<ul style="list-style-type: none"> ◆ 1H24 total revenue: ¥54.69 bn, +6.1% YoY <ul style="list-style-type: none"> • Each service revenue continued to grow IP: +6.4% YoY, Outsourcing: +10.9% YoY, of which, security: +17.2% YoY • Revised major NW services' prices upward (effective from Oct. 2024) • Launched "IJ Flex Resilience Service," preventing information leaks when PCs are lost, stolen or removed illicitly (Sep. 2024)
Mobile IoT	<ul style="list-style-type: none"> ◆ 1H24 total revenue: ¥24.26 bn, +8.1%, 1H24-end total subscription: 5,228 thousand, +827 thousand YoY <ul style="list-style-type: none"> • Business growth led by enterprise IoT with large increases in revenue & subscription by +10.0% & +685 thousand YoY respectively <ul style="list-style-type: none"> ➢ "IJ Public Safety Mobile Service" widely adopted by national & local government agencies, such as fire departments and others • MVNE & consumers: Both revenues & subscriptions steadily grew
SI	<ul style="list-style-type: none"> ◆ 1H24 total revenue: Construction ¥26.89 bn, +49.5% YoY, SI O/M ¥39.71 bn, +14.2% YoY, growth led by construction ◆ 1H24 orders received: Construction ¥30.28 bn, -0.5% YoY, SI O/M ¥42.69 bn, +2.4% YoY ◆ 1H24-end orders backlog: Construction ¥27.15 bn, +3.4% YoY, SI O/M ¥88.11 bn, +16.1% YoY <ul style="list-style-type: none"> • 1H24 orders received & orders backlog were similar to strong 1H23 which had a large-scale project for Chiba city approx. ¥7.0 bn (construction: ¥5.0 bn, SI O/M: ¥2.0 bn) • Launched "STRIGHT" a cookie consent management tool that preserves website's usability & product & service's brand (Oct. 2024)
Business Topics	<ul style="list-style-type: none"> ◆ Launched a new joint banking system platform for Japanese regional banks with IBM Japan & MUFG Bank, secured the first project approx. ¥6.0 bn & the second project proceeding ◆ DeCurret HD (our equity method investee) raised approx. ¥6.35 bn of capital through a third-party allotment to business partners (Sep. 2024) ◆ MSCI, a major ESG rating agency, upgraded IJ's ESG rating to "AA" (Sep. 2024)

(*) Service Integration: Provide in-house developed NW services with SI. Greater opportunities and proposal areas along with internal large-scale NW renewals, etc.

(*) As for the background of the VMware-related impact, please refer to P.26 of "Presentation Material for Consolidated Financial Results for FY23 and New Mid-term Plan (FY24-FY26)" (https://www.ij.ad.jp/en/ir/library/financial/pdf/IIJ4Q23E_presentation.pdf)

II - 1. Consolidated Financial Results

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

	% of revenue		YoY		% of revenue		% of revenue	
	1H24 Results <small>Apr. 2024 - Sep. 2024</small>	1H23 Results <small>Apr. 2023 - Sep. 2023</small>			1H24 Targets <small>(Announced in Aug. 2024) Apr. 2024 - Sep. 2024</small>	YoY	FY24 Targets <small>(Announced in Aug. 2024) Apr. 2024 - Mar. 2025</small>	YoY
Revenues	147.02	128.20	+14.7%	+18.82	147.0	+14.7%	312.0	+13.0%
Cost of Revenues	<small>79.1%</small> 116.35	<small>77.2%</small> 99.01	+17.5%	+17.34	<small>79.0%</small> 116.2	+17.4%	<small>77.4%</small> 241.5	+13.8%
Gross Profit	<small>20.9%</small> 30.67	<small>22.8%</small> 29.19	+5.1%	+1.48	<small>21.0%</small> 30.8	+5.5%	<small>22.6%</small> 70.5	+10.4%
SG&A etc.	<small>12.8%</small> 18.89	<small>13.3%</small> 17.11	+10.4%	+1.78	<small>13.1%</small> 19.2	+12.2%	<small>12.3%</small> 38.5	+10.5%
Operating Profit	<small>8.0%</small> 11.78	<small>9.4%</small> 12.08	(2.5%)	(0.30)	<small>7.9%</small> 11.6	(4.0%)	<small>10.3%</small> 32.0	+10.2%
Profit before tax	<small>7.6%</small> 11.12	<small>9.8%</small> 12.55	(11.4%)	(1.44)	<small>7.5%</small> 11.0	(12.4%)	<small>9.8%</small> 30.6	+5.8%
Net Profit <small>(Profit for the period attributable to owners of the parent)</small>	<small>5.1%</small> 7.47	<small>6.5%</small> 8.32	(10.2%)	(0.85)	<small>4.9%</small> 7.3	(12.9%)	<small>6.6%</small> 20.6	+3.9%

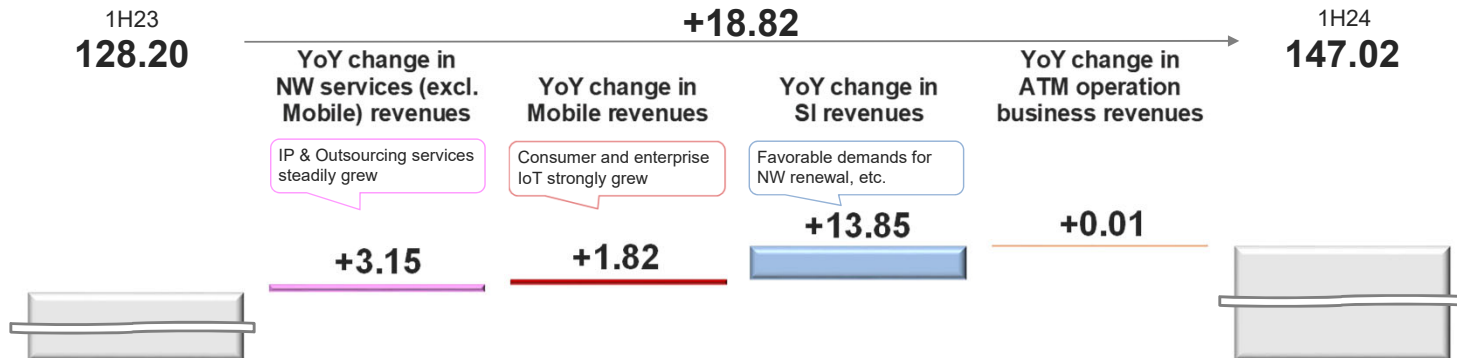
• SG&A etc. represents the sum of SG&A, which includes R&D expenses, and other income/expenses

* FY24 targets include the VMware license-related negative impact for profits of approx. -¥1.1 bn (mainly impacted 1H24 results)

II - 2. Year over Year Analysis

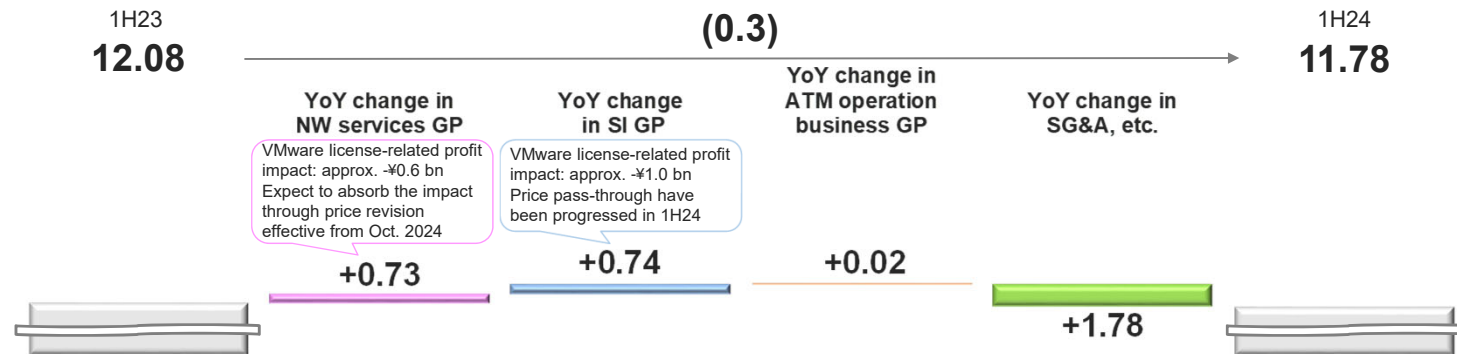
Unit: ¥ (JPY) billion (bn)
GP = Gross Profit

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 IJ Mobile Services (including MVNE) and IJmio (consumer mobile)

Operating Profit

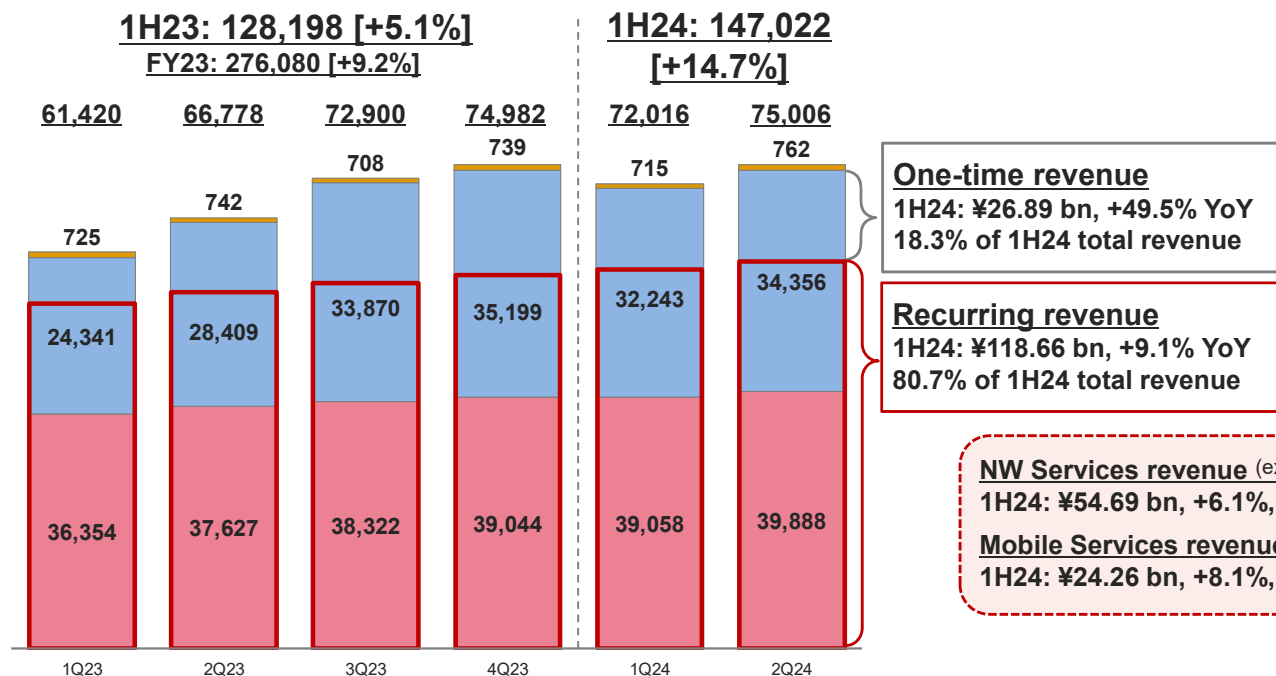
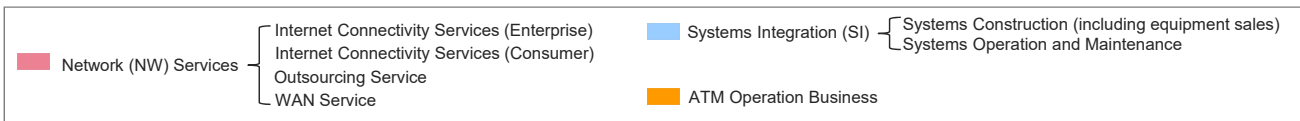


- NW services gross profit consists of gross profit related to NW revenues (excl. Mobile) and Mobile revenues (The two services have costs in common and cannot be broken down in accounting terms)
- SG&A, etc. in this slide represents the sum of SG&A, which includes R&D expenses, and other income/expenses

• As for the details of VMware issues, please refer to P.26 of "Presentation Material for Consolidated Financial Results for FY23 and New Mid-term Plan (FY24~FY26)" (https://www.ij.ad.jp/en/ir/library/financial/pdf/11J4Q23E_presentation.pdf)

II - 3. Revenues

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

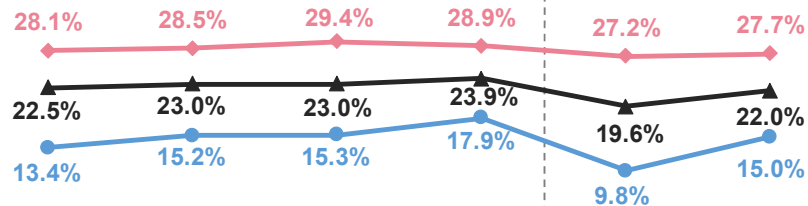


- One-time revenue, systems construction revenues which include equipment sales, is mainly recognized when systems and/or equipment are delivered and accepted by customers (Some revenues on a percentage-of-progress basis based on cost progression)
- Recurring revenue represents the following monthly recurring revenues: Internet Connectivity Services (Enterprise), Internet Connectivity Services (Consumer), Outsourcing Services, WAN Services, and Systems Operation and Maintenance
- Mobile services revenues include IJ Mobile Services (including MVNE) and IJmio (consumer mobile)

II - 4. Cost of Revenues & Gross Profit Ratio

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

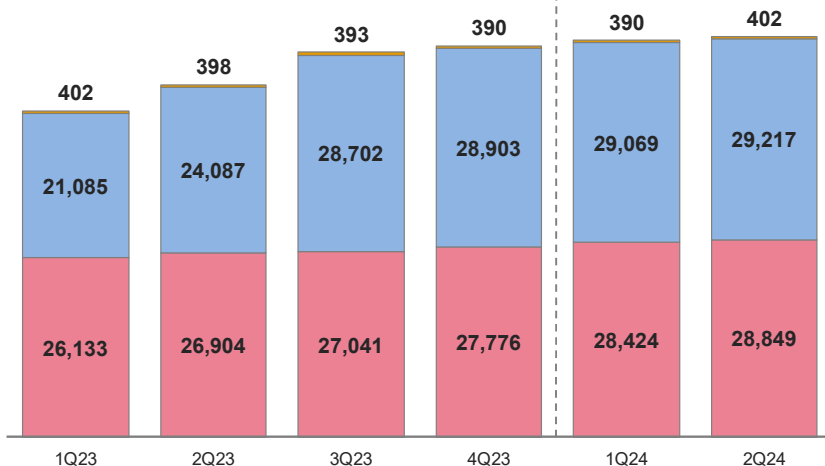
Gross margin: ◆ NW (Network) Services ● SI (Systems Integration) ▲ Total
 Cost of revenues: ■ NW (Network) Services ■ SI (Systems Integration) ■ ATM Operation Business



1H23: 99,009 [+3.7%]
FY23: 212,214 [+8.9%]

1H24: 116,351
[+17.5%]

47,620 **51,389** **56,136** **57,069** **57,883** **58,468**



◆ Total gross profit

- 1H24: ¥30.67 bn, +5.1%, +¥1.48 bn YoY
- VMware license-related profit impact : approx. -¥1.6 bn (1Q: approx. -¥1.2 bn, 2Q: approx. -¥0.4 bn)
- From the beginning of Apr. 2024, VMware license's unit price increased. Our price pass-through and revisions have been making progress without noticeable delays

◆ Gross profit for NW services

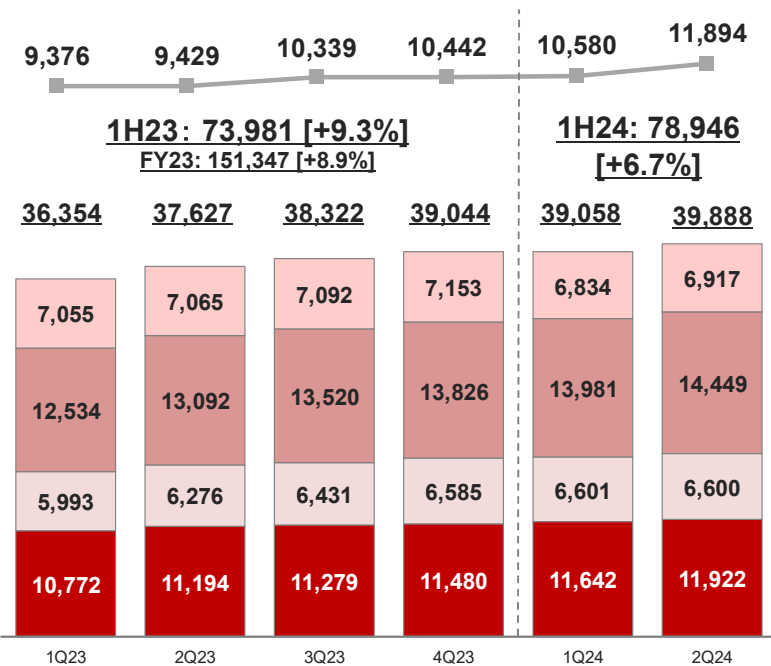
- 1H24: ¥21.67 bn, +3.5%, +¥0.73 bn YoY
- VMware license-related profit impact : approx. -¥0.6 bn (1Q: approx. -¥0.3 bn, 2Q: approx. -¥0.3 bn)
- ✓ Revised major NW services' prices upward (effective from Oct. 2024)
- Fixed type costs such as network operation, outsourcing and personnel-related costs are increasing

◆ Gross profit for SI

- 1H24: ¥8.31 bn, +9.7%, +¥0.74 bn YoY
- VMware license-related profit impact : approx. -¥1.0 bn (1Q: approx. -¥0.9 bn, 2Q: approx. -¥0.1 bn)
- ✓ Our price pass-through of cloud services has been progressed in 1H24

• 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

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



◆ Internet Connectivity (enterprise) Services

- 1H24: ¥23.56 bn, +7.3% YoY
 - Internet traffic (details in P.46) and contracted bandwidth continued to expand
 - Of which, IP: ¥8.40 bn, +6.4% YoY
 - ✓ Stable growth and steady demand for bandwidth enhancement
 - Of which, Enterprise mobile (IoT usages, etc.): ¥7.25 bn, +10.0% YoY
 - ✓ Enhanced solutions through dual-carrier and eSIM, etc.
 - Of which, MVNE (service offer to other MVNOs): ¥5.57 bn, +6.2% YoY

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

- 1H24: ¥13.20 bn, +7.6% YoY
 - Of which, consumer mobile (IIJmio): ¥11.44 bn, +7.9% YoY
 - ✓ Stable market environment. Active marketing with mobile device plan and eSIM, etc.

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

- 1H24: ¥28.43 bn, +10.9% YoY
 - Of which, security: ¥17.41 bn, +17.2% YoY
 - ✓ Strong demand for SASE and SOC (Security Operation Center) due to NW renewal projects, etc.

◆ WAN Services (Closed network services)

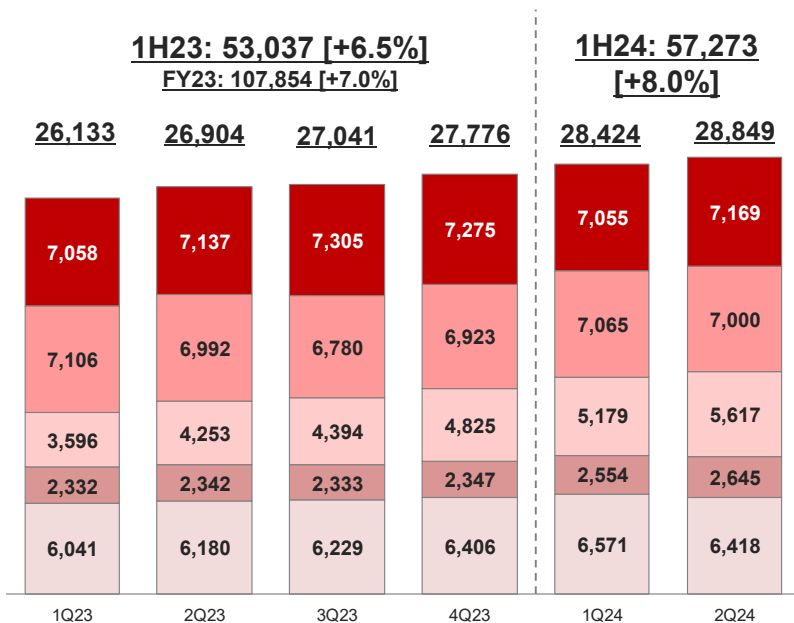
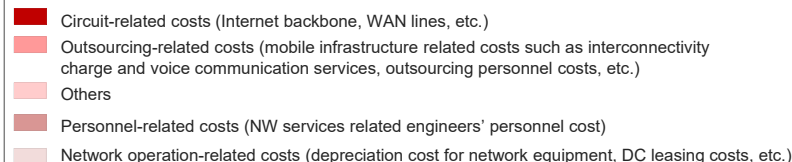
- 1H24: ¥13.75 bn, -2.6% YoY
 - Expect to increase in 2H24 due to NW renewal projects, etc.

- 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

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

Unit: ¥ (JPY) million

[], YoY = Year over year comparison



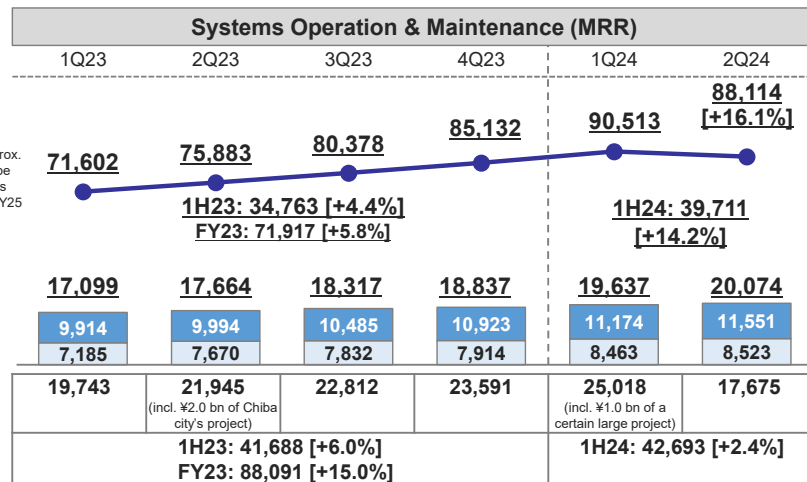
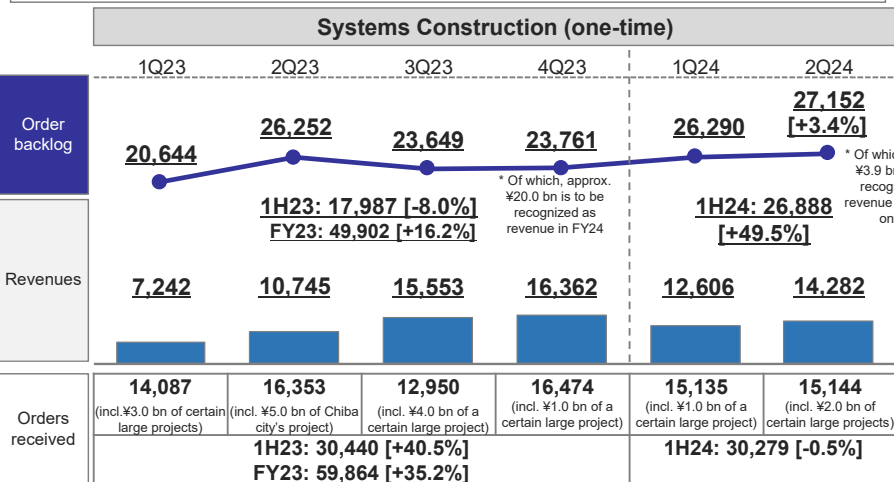
- 3Q23 outsourcing-related costs included a onetime profit contribution of over ¥0.1 bn which was the result of FY22 Docomo's mobile data interconnectivity (unit charge) revision

- 1H24 Circuit-related costs remained stable
 - Internet backbone circuit cost remains stable as we can leverage scale merit by having one of the largest Internet backbone networks
- 1H24 Outsourcing-related costs remained stable
 - Mobile data interconnectivity charge is on a continuous decreasing trend (Details in P.25)
 - Outsourcing personnel cost is on a continuous increasing trend
- 1H24 Others were on a continuous increasing trend
 - License fees such as SASE increased along with its increased revenue (in security)
 - The cost impact related to VMware licenses was approx. +¥0.6 bn YoY
 - 1H24 mobile device purchasing costs increased by approx. +¥0.1 bn YoY (1Q: approx. +¥0.3 bn, 2Q: approx. -¥0.2 bn)
- 1H24 Personnel-related costs increased due to annual salary and headcount increase, etc. at the beginning of fiscal year
- Network operation-related costs continued to increase along with facility expansions

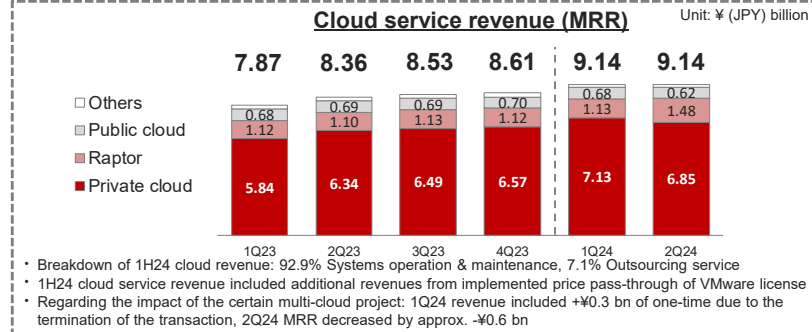
NTT Docomo's mobile data interconnectivity charge (unit charge)		
	Unit charge based on future cost method	Fixed unit charge
FY24	¥12,862, -17.8% YoY • Announced in Mar. 2024 • Have been using this unit charge from 1Q24 • Slightly lower than the previously announced unit charge of ¥13,084 in Mar. 2023	• To be fixed around at the end of Dec. 2025
FY23	¥15,644, -21.7% YoY • Announced in Mar. 2023 • Used this unit charge in FY23	• To be fixed around at the end of Dec. 2024
FY22	¥20,327, -24.8% YoY • Announced in Mar. 2022 • Used this unit charge in FY22	¥19,979, -26.1% YoY • Fixed at the end of Dec. 2023 • Onetime profit contribution of over ¥0.1 bn in 3Q23

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

- 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

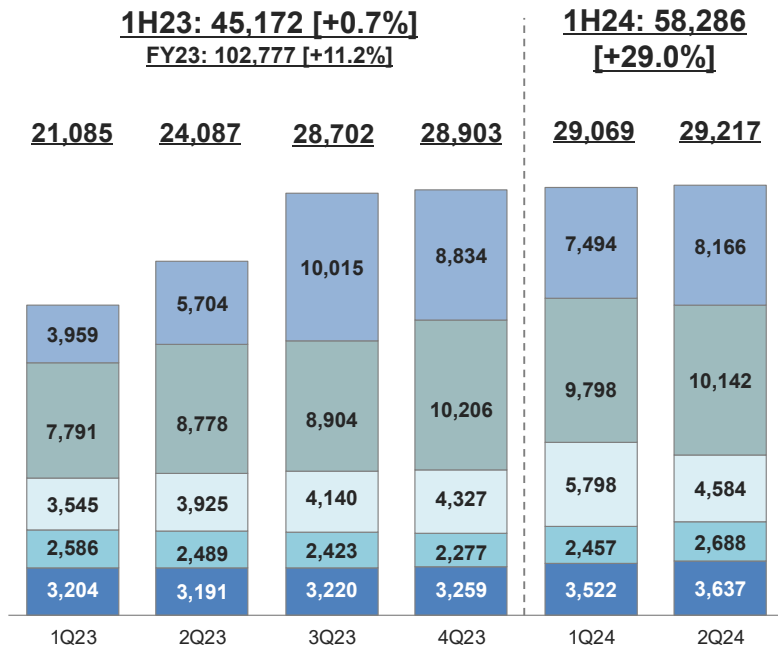
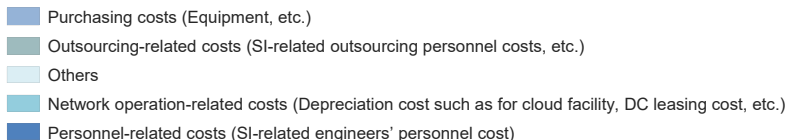


- Favorable demand from all industries continued
- 1H24 orders received & orders backlog were similar to 1H23 which had a large-scale project for Chiba city approx. ¥7.0 bn (construction: ¥5.0 bn, O/M: ¥2.0 bn)
- Consistently secured large-scale projects ranging from several billion JPY
 - Remote work environment for a public sector organization (approx. ¥1.0 bn)
 - Sales system renewal for a service provider (approx. ¥2.0 bn, 2 years)
 - The first project of the new joint banking system platform for Japanese regional banks (approx. ¥6.0 bn, 8 years) * To be recognized as NW services mostly
- The impact of a percentage-of-completion method revenue in 1H24: approx. +¥2.6 bn (1H23: approx. +¥0.9 bn)



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

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



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

- Purchasing, outsourcing-related costs, etc. are linked to the size of project and revenue to a certain degree
- Others include license purchasing costs and others
 - Revenue-linked multi-cloud license cost decreased as expected along with the termination of a large client's transaction at the end of 1Q24
 - The cost impact related to VMware license was approx. +¥1.7 bn YoY (of which, approx. ¥0.7 bn was one-time cost due to provisions in 1Q24)
- No significant change in network operation-related costs on a quarterly basis

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

1Q23-end	2Q23-end	3Q23-end	4Q23-end	1Q24-end	2Q24-end
1,367	1,395	1,456	1,521	1,513	1,525

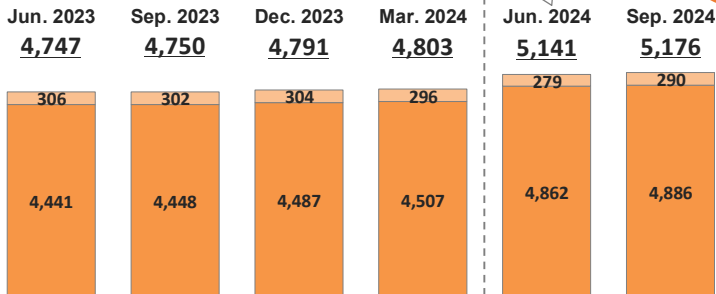
- The number of SI-related outsourcing personnel can be increased in comparison with the number of IJ's SI engineers
- Due to many ongoing projects before order-received, the number of outsourcing personnel has been at a high level

II - 7. Human Capital Disclosure

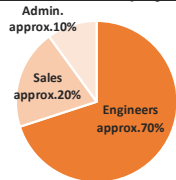
Number of Employees (consolidated basis)

Contract worker (personnel)
Full-time worker (personnel)

+416 YoY
of which, 246 were
new graduates



Breakdown of Employees

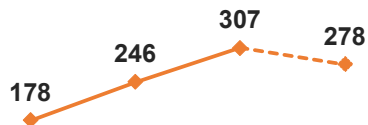


+394 YoY
of which, 307 were
new graduates

Number of new graduates

Unit: personnel (consolidated basis)

Apr. 2022 Apr. 2023 Apr. 2024 Apr. 2025
(Forecast)



Ratio of Female Managers (IIJ)

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

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

Personnel-related costs & expenses (consolidated basis)

Unit: ¥ (JPY) million

	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
Consolidated personnel-related costs & expenses (YoY)	9,358 (+14.4%)	9,252 (+6.9%)	9,410 (+12.8%)	9,622 (+13.1%)	10,333 (+10.4%)	10,665 (+15.3%)
	1H23: 18,609 (+10.6%)				1H24: 20,998 (+12.8%)	
	FY23: 37,642 (+11.8%)					
% of revenue	15.2%	13.9%	12.9%	12.8%	14.3%	14.2%

➢ FY24

- Number of employees (consolidated basis) to increase by over 400 personnel (including 307 of new graduates), recruitment process is on track
- Average salary increase of approx. 3.6% at the beginning of FY24 (IIJ)
 - ✓ Increased 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%

➢ FY25

- Number of new graduates to be smaller than that of FY24
- Plan to revise the salary table to a certain degree

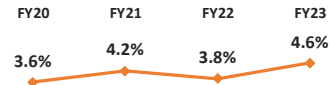
Employee Survey (IIJ)



- FY24 employee survey indicates high overall satisfaction level: 3.9(out of 5)

* The Employee Survey(IIJ) is an annual engagement survey (approx. 50 questions), and each item is rated on a five-point scale: 1 (disagree), 2 (somewhat disagree), 3 (neutral), 4 (somewhat agree), and 5 (agree). The "Overall Satisfaction" is the result of a question, "I am satisfied overall."

Turnover rates (IIJ)

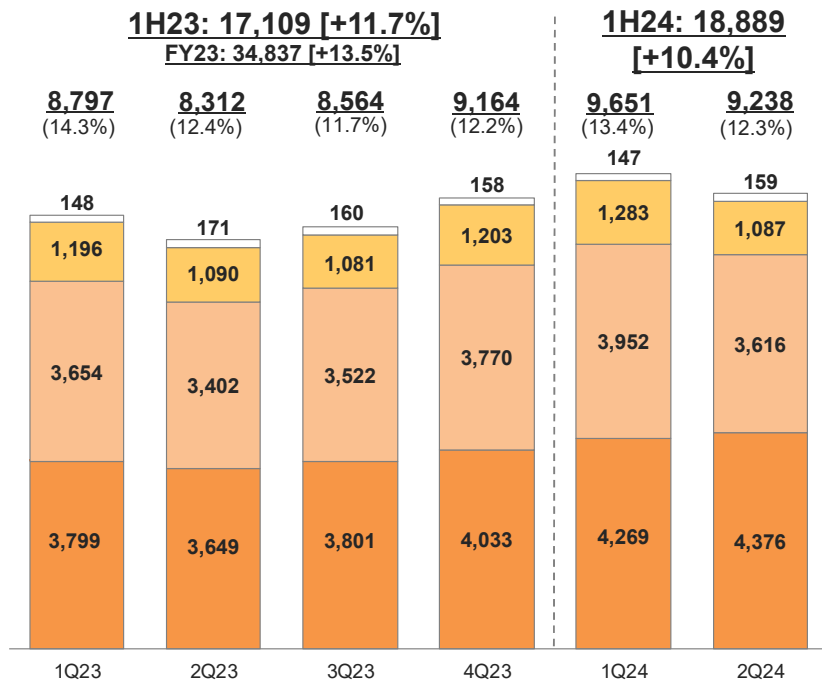
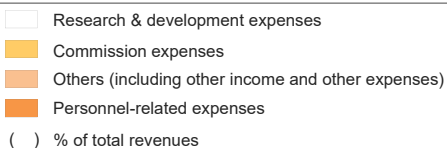


- Lower than the industry average turnover

* The turnover rate of IIJ 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

II - 8. SG&A, etc.

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

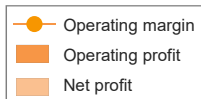


➤ SG&A, etc. is progressing as planned

- Research & development expenses are mainly personnel expenses of research institute division. No major changes
- Commission expenses are mainly recruitment expenses and credit card fees for consumers
- Others are increasing mainly because of an increase in advertisement and activity-related expenses such as travel expenses. 1Q training expenses also increased temporarily due to new graduate hire
- Personnel-related expenses (salary, employee benefits, etc.) increased as expected due to regular salary increase and new graduate hire

- Above figures are SG&A expenses plus other income and other expenses
- 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

II - 9. Profit



1H23 Operating Profit: 12,080 [+8.1%]

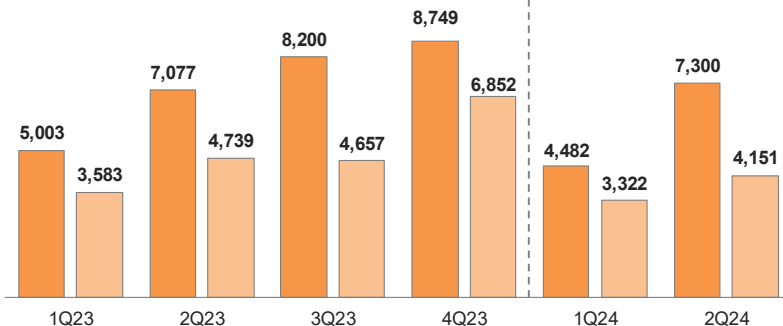
1H23 Net Profit: 8,322 [-3.7%]

1H24 Operating Profit:

11,782 [-2.5%]

1H24 Net Profit:

7,473 [-10.2%]



1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	
632	114	(957)	581	719	(1,294)	Finance income (expense), net
(154)	(119)	(150)	(42)	(162)	71	Share of profit (loss) of investments accounted for using equity method
(1,824)	(2,320)	(2,365)	(2,449)	(1,654)	(1,915)	Income tax expense
74	13	71	(13)	63	11	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

◆ Operating profit

➢ 1H24: ¥11.78 bn, -2.5% YoY

- Profit decreased by approx. ¥1.6 bn due to the VMware license-related impact
- 2Q24(3 months) operating profit: ¥7.30 bn, +3.2%, returned to YoY increase with absorbing VMware license related impact

◆ Profit before tax

➢ 1H24: ¥11.12 bn, -11.4% YoY

- Profit before tax decreased mainly due to foreign exchange gain(loss) and valuation gain(loss) on funds
- Interest expense: ¥450 million (1H23: ¥296 million)
- Foreign exchange gain(loss): -¥52 million (1H23: +¥573 million)
- Valuation gain(loss) on funds, etc.: -¥278 million (1H23: +¥323 million)

1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	FY24 plan
+310	+13	(535)	+361	+585	(863)	±0

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

- Exchange rate(per USD) at the end of 4Q23: ¥151.41, 1Q24: ¥161.07, 2Q24: ¥142.73

- Share of gain(loss) of investments accounted for using equity method: -¥91 million (1H23: -¥273 million)
DeCurret-related gain(loss) (IIJ ownership from Sep. 2024: 34.8%)

1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	FY24 plan
(125)	(124)	(143)	(143)	(182)	+25	Approx. (800)

- ✓ 2Q24 included gain of ¥209 million on change in equity interest due to DeCurret HD's capital increase in Sep. 2024
- ✓ Started Japan's first digital currency business in Aug. 2024 (Details in P.45)
- ✓ Expect cost and expenses such as personnel cost to increase in FY24 due to the service launch. After the launch. Aim to become profitable on a monthly basis within FY26 through the revenue accumulation

◆ Net profit

➢ 1H24: ¥7.47 bn, -10.2% YoY

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

Unit: ¥ (JPY) million

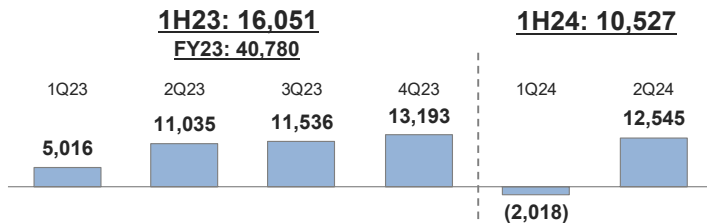
	Mar. 31, 2024	Sep. 30, 2024	Changes		Mar. 31, 2024	Sep. 30, 2024	Changes
Cash & cash equivalents	45,474	33,665	(11,809)	Trade & other payables	25,435	25,732	+297
Trade receivables	45,683	42,788	(2,895)	Borrowings (current & non-current)	30,180	28,396	(1,784)
Inventories	3,227	4,966	+1,739	Contract liabilities & Deferred income (current & non-current)	21,530	25,153	+3,623
Prepaid expenses (current & non-current)	39,496	55,167	+15,671	Income taxes payable	5,328	3,639	(1,689)
Tangible assets	29,072	33,019	+3,947	Retirement benefit liabilities	4,991	5,205	+214
Right-of-use assets	41,242	44,301	+3,059	Other financial liabilities (current & non-current)	49,138	57,030	+7,892
Of which, operating leases (rent of office, data center etc.)	26,428	26,848	+420	Of which, operating leases (rent of office, data center etc.)	26,982	27,478	+496
Of which, finance leases (network equipment etc.)	14,814	17,453	+2,639	Of which, finance leases (network equipment etc.)	15,750	18,437	+2,687
Goodwill & intangible assets	28,685	29,778	+1,093	Others	10,079	11,615	+1,536
Investments accounted for using the equity method	5,169	6,966	+1,797	Total liabilities:	146,681	156,770	+10,089
Investment securities (Equity)	14,563	15,592	+1,029	Share capital	25,562	25,577	+15
Other investments	9,805	10,036	+231	Share premium	35,737	35,724	(13)
Others	11,297	12,496	+1,199	Retained earnings	65,616	70,051	+4,435
				Other components of equity	10,863	11,256	+393
				Treasury shares	(12,027)	(11,910)	+117
				Total equity attributable to owners of the parent:	125,751	130,698	+4,947
				Non-controlling interests	1,281	1,306	+25
Total assets:	273,713	288,774	+15,061	Total liabilities and equity:	273,713	288,774	+15,061

- Prepaid expenses increased mainly due to an increase in projects for clients (in addition to constant increase, two large-scale projects' impact: approx. +¥2.0 bn), license fee (in addition to constant increase, VMware license fee: approx. +¥3.9 bn) and maintenance for facility (constant increase), etc.
- Tangible assets increased mainly due to investment in Matsue DC
- Ratio of total equity attributable to owners of the parent: 45.9% as of Mar. 31, 2024, 45.6% as of Jun. 30, 2024, 45.3% as of Sep. 30, 2024

II - 11. Consolidated Cash Flows

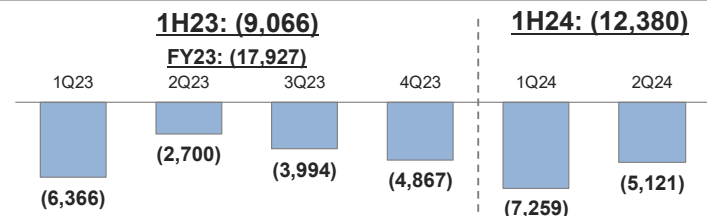
Unit: ¥ (JPY) million
YoY = Year over year comparison

Operating Activities



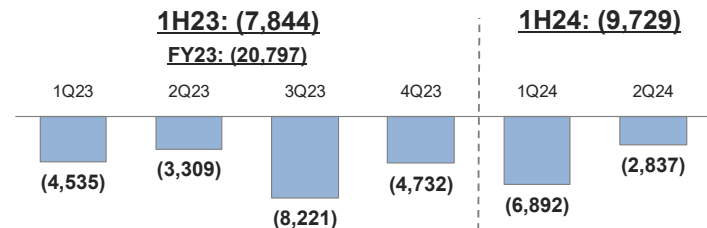
	1H24 Major Breakdown	YoY Change
Profit before tax	11,116	(1,436)
Depreciation and amortization	15,358	+760
Changes in operating assets & liabilities	(11,402)	(4,878)
Of which, decrease (increase) in prepaid expenses	(15,710)	(8,418)
Income taxes paid	(5,257)	(915)

Investing Activities



	1H24 Major Breakdown	YoY Change
Purchase of tangible assets	(6,096)	(364)
Purchase of intangible assets such as software	(4,115)	(153)

Financing Activities

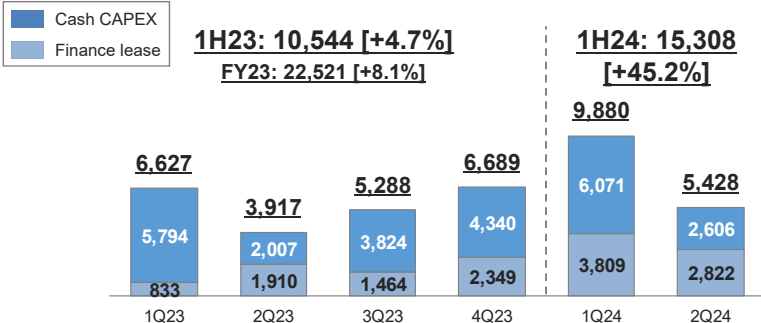


	1H24 Major Breakdown	YoY Change
Payment of operating/finance leases and other financial liabilities	(10,732)	(767)
Dividends paid	(3,038)	(394)
Repayment of long-term borrowings	(1,782)	(752)
Short-term borrowings (Borrowings for acquisition of treasury shares, etc.)	-	(12,000)
Purchase of treasury shares	-	+11,405

II - 12. Other Financial Data

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

CAPEX



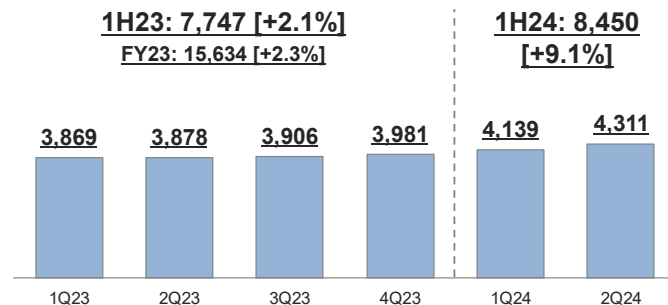
- Major breakdown of CAPEX
(Unit: ¥ bn)

	1H23	1H24
Ordinal CAPEX (NW equipment & server, etc.)	5.2	6.4
Shiroi DC second site-related	3.1	0.2
Matsue DC-related	0	1.9
Customer-related	1.1	4.6
Renewal of Full-MVNO 5G infrastructure	0.4	1.5
Renewal of Raptor service facility	0.7	0.4

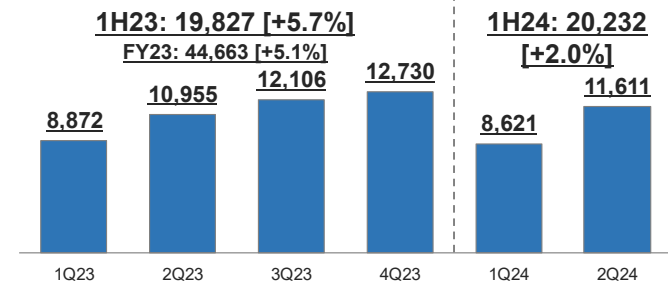
- FY24 CAPEX plan: approx. ¥23.0 bn
- Of which, approx. ¥3.7 bn is for Matsue DC's construction of additional modules
 - Of which, approx. ¥2.0 bn is for Shiroi DC's expansion investment
 - An increase in customer-related CAPEX along with the trend of acquiring of large-scale projects

- 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.

CAPEX-related depreciation and amortization



Adjusted EBITDA



III - 1. Acquisition of large-scale projects as a new norm by Service Integration model

◆ Large-scale projects acquired in FY24

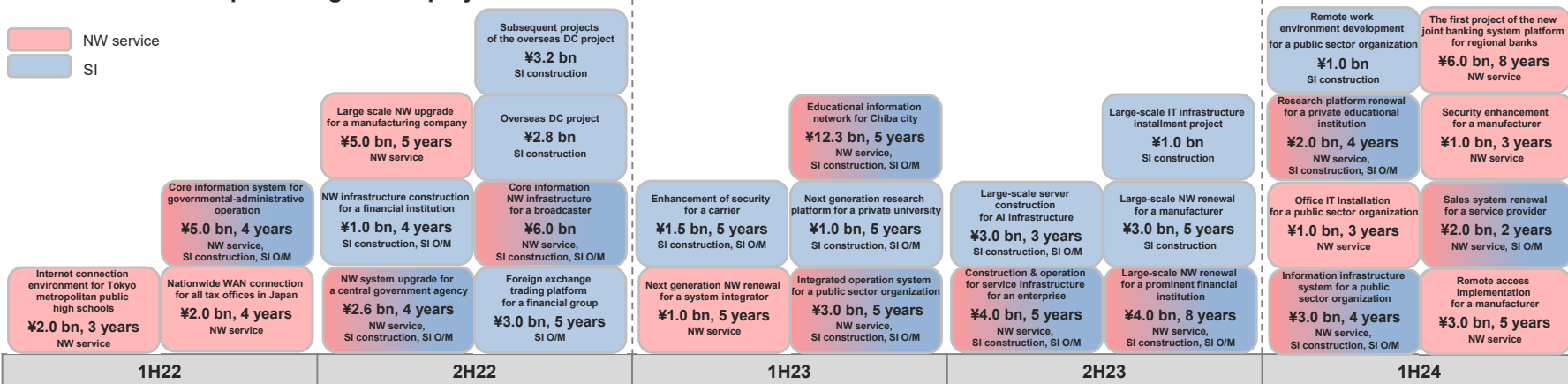
Project overview	Project size (approx.)	Main revenue recognition	Acquisition periods	Timing of revenue recognition
Information infrastructure system for a public sector organization	¥3.0 bn, 4 years	NW service, SI construction, SI O/M	1Q24	To be recognized from 3Q24
Office IT Installation for a public sector organization	¥1.0 bn, 3 years	NW service	1Q24	Recognized from 2Q24
Research platform renewal for a private educational institution	¥2.0 bn, 4 years	NW service, SI construction, SI O/M	1Q24	To be recognized from 3Q24
Remote work environment development for a public sector organization	¥1.0 bn	SI construction	2Q24	To be gradually recognized from 2Q24
Remote access implementation for a manufacturer	¥3.0 bn, 5 years	NW service	2Q24	To be recognized from 3Q24
Sales system renewal for a service provider	¥2.0 bn, 2 years	NW service, SI O/M	2Q24	Recognized from 2Q24
Security enhancement for a manufacturer	¥1.0 bn, 3 years	NW service	2Q24	Recognized from 2Q24
The first project of the new joint banking system platform for regional banks	¥6.0 bn, 8 years	NW service	2Q24	To be gradually recognized from 3Q24

Acquired
this time

- As of Nov. 8, 2024, project size and timing of revenue recognition are subject to change due to progress of projects and other factors
- SI O/M = systems operation and maintenance

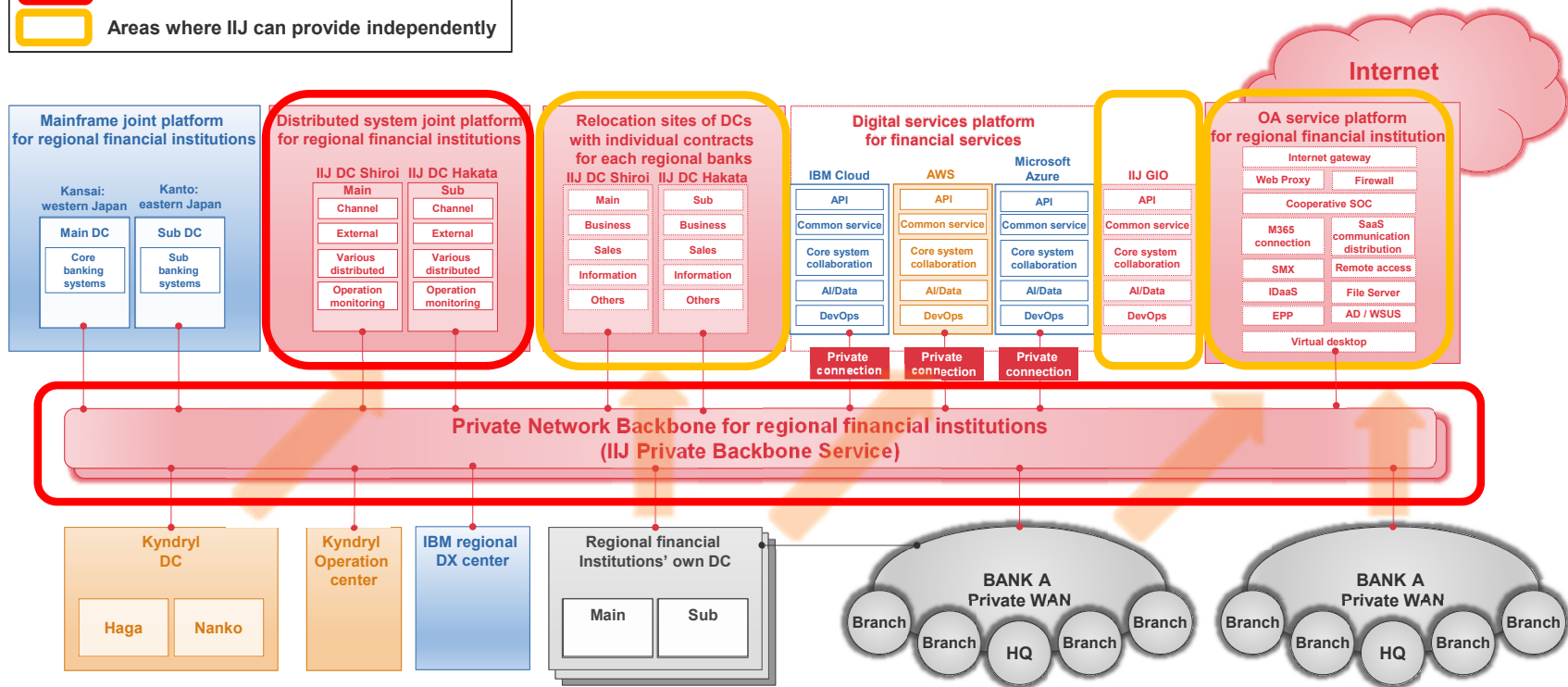
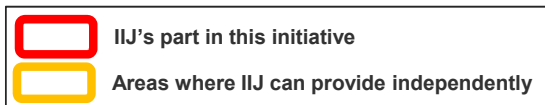
◆ Track record of acquired large-scale projects

■ NW service
■ SI



* For details, please refer to "Timing of revenue recognition for large-scale complex flagship projects" in the past financial results presentation materials

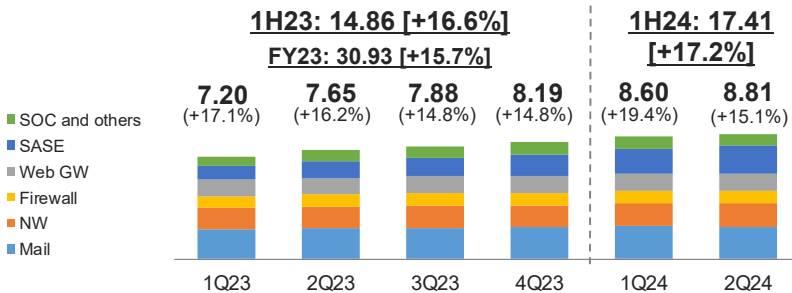
III - 2. Launched a new joint banking system platform for Japanese regional banks with IBM Japan and MUFG Bank



*IIJ Private Backbone Service (PBB): A closed network for the interconnection of various IIJ network services and cloud services

III - 3. Security Business

Security service (MRR) largely grew along with continuous strong demands



◆ Each service continued to accumulate

◆ Strong demand for "IJJ C-SOC Service"

Greater opportunity to integrate it as part of large NW renewal projects

➢ IJJ's competitive advantages:

- Collaborate with various in-house developed managed type gateway security services
- Wide monitoring scope including EDR & SASE
- Apply abundant traffic log data to develop IJJ's unique intelligence as well as detect threats

◆ Collaborate with Uzbektelecom on security service development

- Uzbektelecom plans to launch its own NW security service in Uzbekistan and Central Asia, collaborating with "IJJ Safous Service"

◆ Continued to enhance service line-ups and functions

- "IJJ Safous Service" was awarded "Global InfoSec Awards" and "Cybersecurity Excellence Awards" at RSA Conference 2024 in May 2024 (7 awards in total)
- First in the Asia-Pacific to be certified as Palo Alto Networks Partner for SP Interconnect, providing Internet connection between Prisma Access and IJJ Backbone (Apr. 2024)

- Security Service Revenue (recurring) is 100% recognized in outsourcing
- SASE (Secure Access Service Edge) is a concept to shift controls of network and security to 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) is an organization providing advices and actions regarding cyber attacks by constantly monitoring log data such as NW and device to detect and analyze cyber attacks
- EDR (Endpoint Detection and Response) is a product that realizes faster analysis on endpoint, such as laptop pc, by automatically gather behavior and associate such with cyber attack patters, etc.

Mail Security

- Full outsource of mail system, countermeasures for spam mail, etc.
 - Number of e-mail services' accounts for enterprise exceeded 10 million in Jul. 2024
- IJJ 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 data in DCs located in Japan, prevent accidental transmission/information leak with the system

NW Security

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

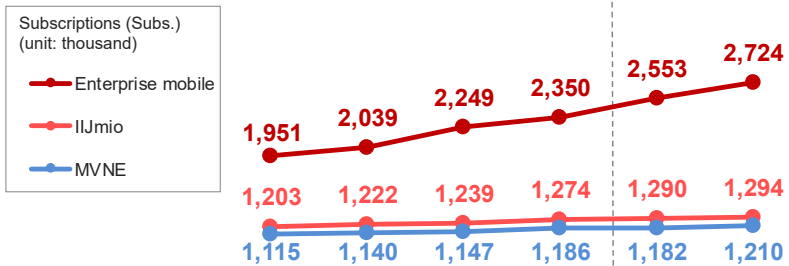
SOC and others

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

III - 4. Mobile and IoT

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

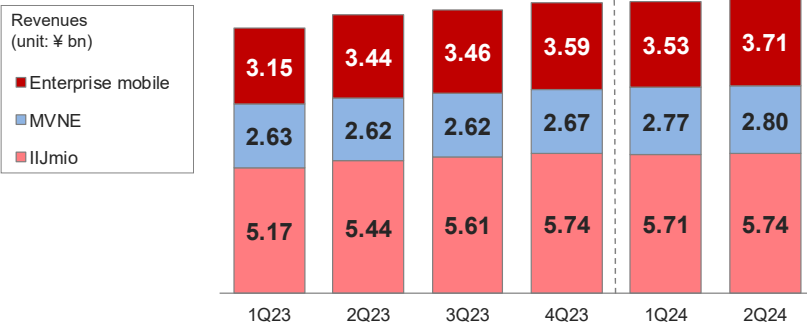
Mobile Subscription (Subs.)



Mobile Revenue

1H23: 22.44 [+6.9%] **1H24: 24.26**
FY23: 46.14 [+9.1%] **[+8.1%]**

10.94 **11.50** **11.70** **12.00** **12.01** **12.25**



◆ Enterprise mobile (deducting MVNE from IIJ Mobile)

- 1H24 revenue: ¥7.25 bn (+¥0.66 bn YoY)
- 1H24-end subs.: 2,724 thousand (+170 thousand QoQ)
 - Existing transactions such as connecting NW cameras, GPS devices, and on-board unit-related devices are becoming larger and continuously acquiring new orders
 - In the industrial IoT area, advancing from PoC to full-scale deployments
 - In the agricultural IoT area, introducing water management platforms gradually
 - "IIJ Public Safety Mobile Service" widely adopted by national and local government agencies, such as fire departments and others
 - ✓ Dedicated, multi-carrier mobile service for public institutions to share on-site information quickly and reliably in the event of disasters (launched in Apr. 2024)

◆ MVNE (providing mobile services to other MVNOs)

- 1H24 revenue: ¥5.57 bn (+¥0.32 bn YoY)
- 1H24-end subs.: 1,210 thousand (+28 thousand QoQ)
- 1H24-end MVNE clients: 197 clients (+10 clients YoY)
Of which, cable TV operators (95 operators), prominent retailer, etc.

◆ IIJmio (consumer)

- 1H24 revenue: ¥11.44 bn (+¥0.83 bn YoY)
- 1H24-end subs.: 1,294 thousand (+5 thousand QoQ)
 - Of which, the old plan's subs. were 195 thousand

GigaPlans (unit: thousand)	1Q23- end	2Q23- end	3Q23- end	4Q23- end	1Q24- end	2Q24- end
Subs.	928	963	995	1,041	1,069	1,084

FY24 Financial Targets and Dividend Forecast (Excerpt from Aug. 2024 disclosure material)

	FY24 New targets Revised in August, 2024				FY24 Previous targets Announced in May, 2024			
	% of total revenue		% of total revenue		% of total revenue		% of total revenue	
	1H24 Targets	YoY	FY24 Targets	YoY	1H24 Targets	FY24 Targets	YoY	FY24 Targets
Total Revenue	147.0	+14.7%	312.0	+13.0%	142.0 ~ 143.0	312.0 ~ 315.0		
Gross Profit	21.0% 30.8	+5.5%	22.6% 70.5	+10.4%	20.6% 21.1% 29.2 ~ 30.2	22.0% 22.7% 68.5 ~ 71.5		
SG&A etc.	13.1% 19.2	+12.2%	12.3% 38.5	+10.5%	13.5% 13.4% 19.2	12.3% 12.2% 38.5		
Operating Profit	7.9% 11.6	(4.0%)	10.3% 32.0	+10.2%	7.0% 7.7% 10.0 ~ 11.0	9.6% 10.5% 30.0 ~ 33.0		
Shares of profit(loss) of investments accounted for using equity method investee	(0.4)	-	(0.7)	-	(0.3)	(0.7)		
Profit before tax	7.5% 11.0	(12.4%)	9.8% 30.6	+5.8%	6.7% 7.4% 9.5 ~ 10.5	9.3% 10.2% 29.0 ~ 32.0		
Net Profit (Profit for the period attributable to owners of the parent)	4.9% 7.3	(12.9%)	6.6% 20.6	+3.9%	4.4% 4.9% 6.3 ~ 7.0	6.4% 7.0% 19.9 ~ 21.9		
Dividend per share	¥17.50	+¥0.32	Payout ratio 30.1% ¥35.00	+¥0.64	¥17.18 ~	¥34.36 ~ ¥37.16		

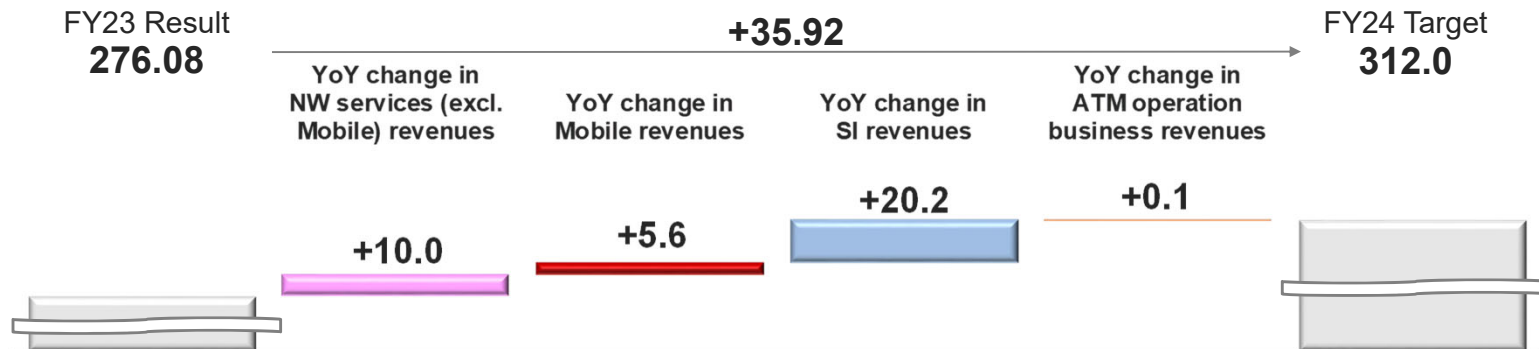
Background of FY24 Financial Targets revision	
Previously (Announced in May 2024)	New (Revised in August 2024)
<ul style="list-style-type: none"> Effective from Apr. 2024, a significant increase in license costs due to price structure changes in VMware licenses IJ has been taking actions including the revision of our service price; however, because the pricing and applicable conditions were shared in such a last minute, FY24 financial targets were disclosed as ranges of ¥3.0 bn 	<ul style="list-style-type: none"> Price pass-through of Cloud (SI) from 1Q24 and price revision of certain NW services from the beginning of 3Q24, are making progress without noticeable delays Included a decrease in multi-cloud revenue due to the termination of transaction with a certain large gaming client at the end of 1Q24 (annual revenue impact: approx. -¥2.0 bn, profit impact: quite small)

Premise and assumption of FY24 Target					
	Revenue		Gross Profit		Projected Gross Margin
	1H24	FY24	1H24	FY24	
	SI	approx. 66.0	approx. 142.0	approx. 8.0	around 15.5%
	NW service	approx. 79.5	approx. 167.0	approx. 22.0	around 28.1%
◆ NW Service:					
<ul style="list-style-type: none"> Revenue to grow by recurring revenue accumulation & Service Integration particularly in 2H24 Expect mobile services to achieve revenue & profit growth without the onetime cost reduction of data connectivity (FY23: approx. +0.1 bn) VMware-related price revision to be added sequentially from the beginning of 3Q24 					
◆ SI:					
<ul style="list-style-type: none"> SI construction revenue to largely increase by realizing FY23-end order backlog (approx. +¥10.0 bn YoY), and growing demand. An increase in percentage-of-completion revenues in 1Q24 VMware-related price pass-through to be added sequentially from 1-2Q24 					
◆ VMware license-related impact for profit: approx. -¥1.1 bn in FY24					
◆ SG&A, etc.: Increase along with business expansion and an increase in number of employees					
◆ Shares of profit (loss) of investments accounted for using equity method investees: Expect DeCurret's related loss to be around ¥0.8 bn					
◆ No consideration on 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)					

• SG&A etc. represents the sum of SG&A, which includes R&D expenses, and other income/expenses

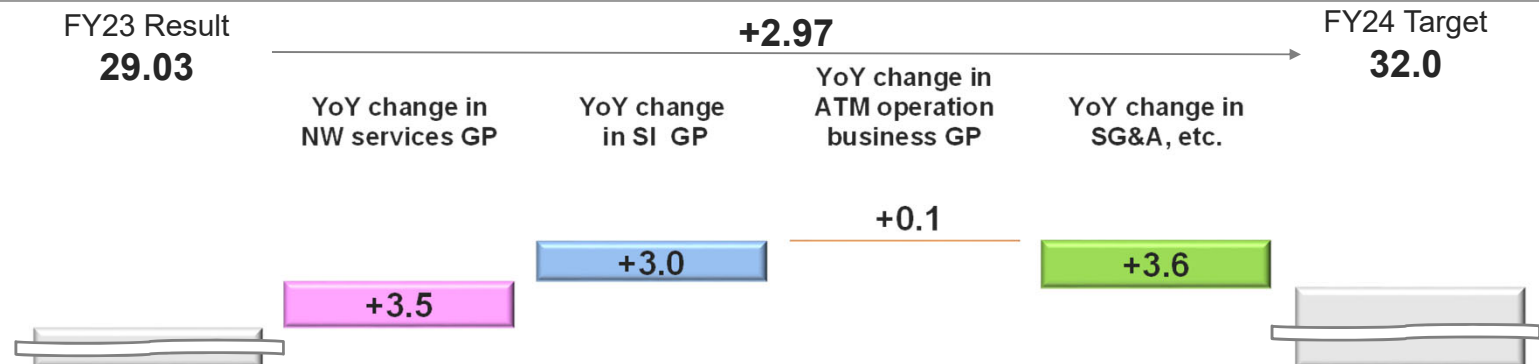
FY24 Financial Targets, Year over Year Analysis (Excerpt from Aug. 2024 disclosure material)

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 IJ Mobile Services (including MVNE) and IJmio (consumer mobile)

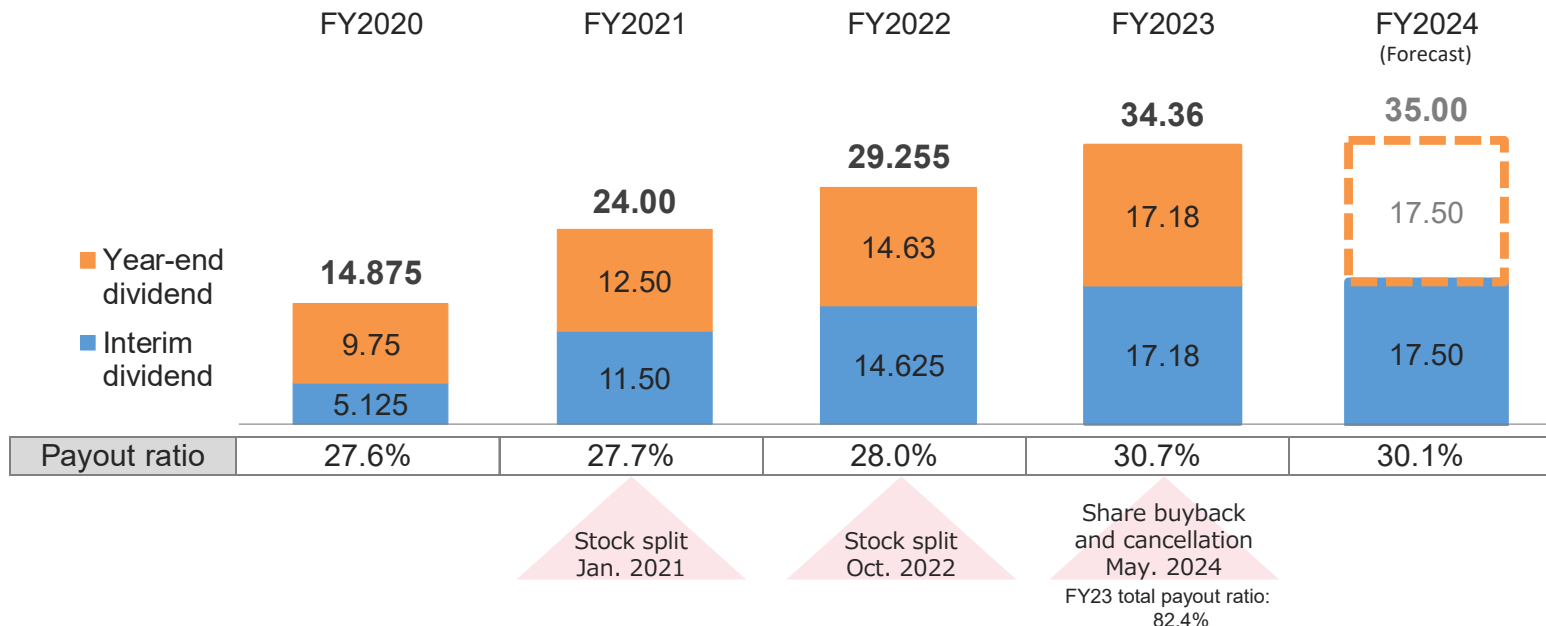
Operating profit



- 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

- ◆ **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:**

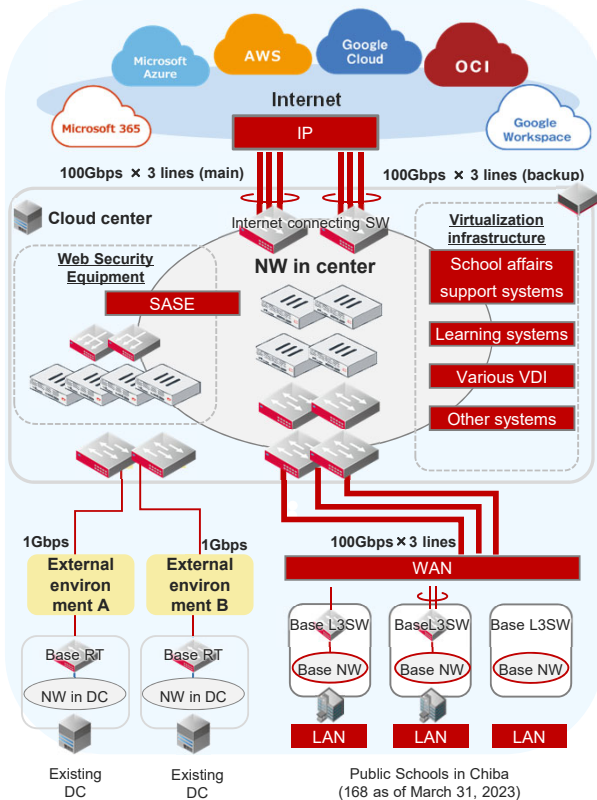


- Dividend per share is written on the post-stock-split basis
- FY21 payout ratio: adjusted payout ratio is around 30% which is calculated by deducting temporary and non-cash transaction such as valuation on funds and impairment loss
- FY22 payout ratio takes the retrospective application of IAS 12 "Income Taxes" into consideration
- FY23 payout ratio takes the share buyback with cancellation which took place in May 2023 into consideration

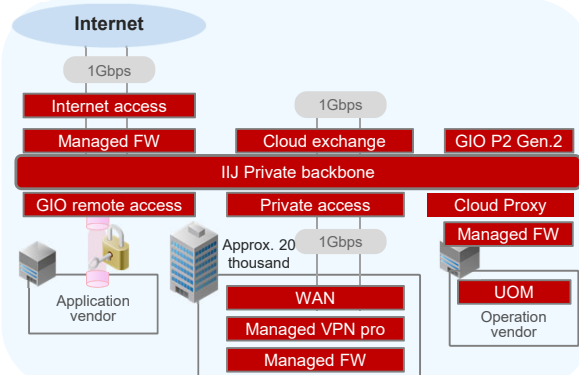
Acquired large-scale Service Integration projects

Services provided by IJ
SI provided by IJ

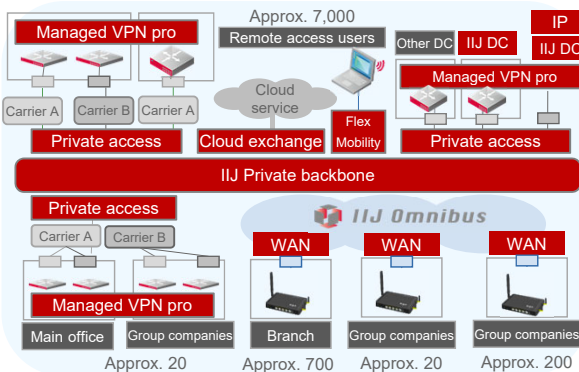
Educational Information NW for Chiba city



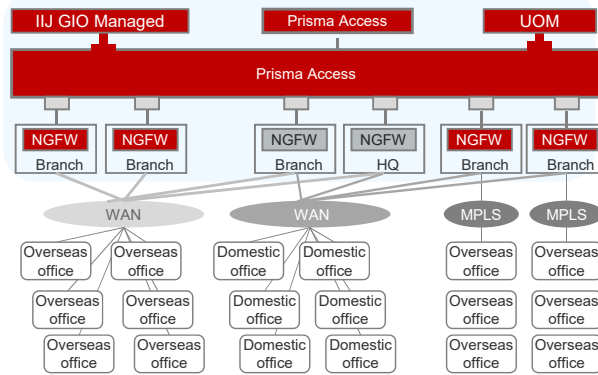
Integrated information system for public safety org.



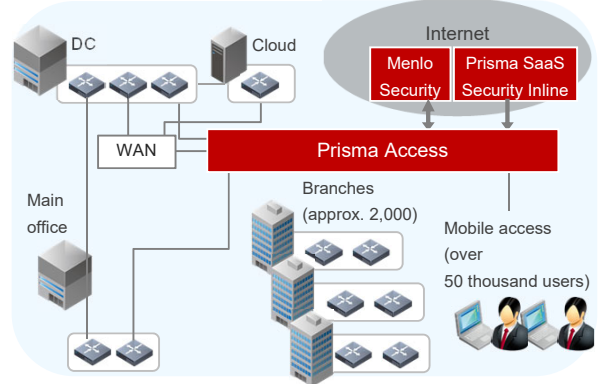
Total NW project for a prominent company group



Large-scale SASE project for a global company




Large-scale NW renewal for a financial institution



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

NTT Docomo's Mobile data interconnectivity charge (Mbps Unit charge, monthly)

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	<u>¥49,311</u> -6.0% YoY	<u>¥42,702</u> -13.4% YoY	<u>¥37,280</u> -12.7% YoY	<u>¥27,024</u> -27.5% YoY	Fixed in Dec. 2023 <u>¥19,979</u> -26.1% YoY		Slight decrease in the unit price 		(*) Impacted by the revision of allocation standards for voice & data transmission services
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				

- 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

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

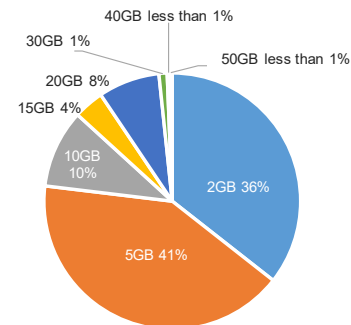
New: GigaPlans (Apr. 2021~)

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

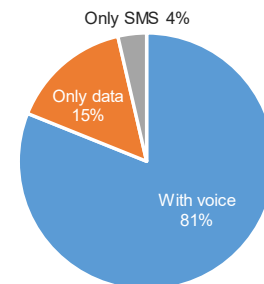
As of Sep. 30, 2024




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

GigaPlans: by plans

As of Sep. 30, 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



【Reference】
Presentation material for company overview
P. 27 ~ P. 46

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

5,176 (approx. 70% engineers)

Large Shareholders

NTT Group, KDDI, ITOCHU Techno-Solutions (CTC), Koichi Suzuki, Global Alpha Capital Management

◆ 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 (Slers) with regards to services development and operation

• Number of employees is on the consolidated basis and as of Sep. 30, 2024

• Large shareholders are as of Sep. 30 2024, except for Global Alpha whose holding is based on their Change of Major Shareholding Report filing as of Oct. 2024

Management Structure (from June 2024)

- ◆ **Outside independent directors: 5 directors, 42% of the total directors (12 directors)**
- ◆ **Female officers: 3 officers, 19% of the entire Board (12 directors, 4 Company Auditors)**

Koichi Suzuki

- Founder of IJ
- Chairman, Representative Director and co-CEO
- Holdings of IJ share: 10,643,589 shares (6.0%)*
*Suzuki's share includes his indirectly wholly owned private company portion
- Date of birth: September 1946

Eiji Katsu

- President, Representative Director and co-CEO & COO
- Career: Vice Minister of Finance
- Holdings of IJ shares: 210,795 shares (0.1%)
- Date of birth: June 1950

Satoshi Murabayashi

- Executive Vice President and Director (since June 2021)
- Career: CIO at MUFG Financial Group, Inc.
- President and Representative Director of DeCurret Holdings, IJ's equity method investees (current position)
- Holdings of IJ shares: 5,819 shares (0.0%)
- Date of birth: November 1958

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 IJ shares: 2,617 shares (0.0%)
- Date of birth: September 1960

*Holdings of IJ shares are as of Mar. 31, 2024

Full-time Directors

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

Outside Independent Directors

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

Company Auditors

(of which, 2 outside, 2 female)

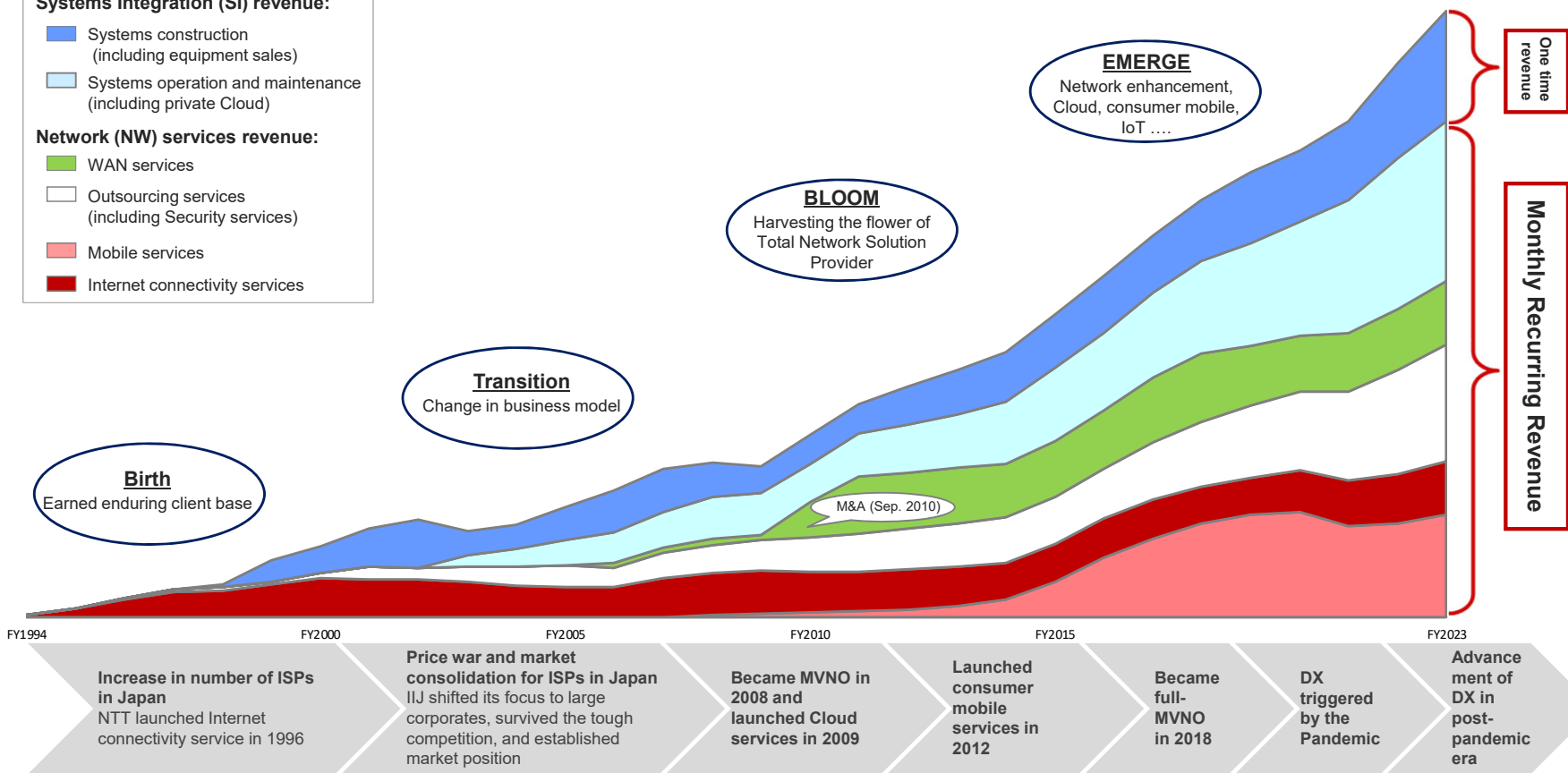
- M. Tobita
- M. Tanaka (Ms.)
- T. Michishita (Outside, attorney)
- K. Aso (Ms.) (Outside, CPA)

◆ **IJ's remuneration system for full-time directors**

- In June 2024, the previous director remuneration system was renewed to establish a new director remuneration system consisting of the following three restricted stock remunerations
 1. Remuneration that is conditional on tenure is a system: It is not linked to performance and alternative to retirement allowance for directors.
 2. Performance-linked remuneration for a single fiscal year: It is a performance-based restricted stock remuneration system after the end of a certain period of time (in principle, one (1) fiscal year) in accordance with the degree of achievement of performance targets and improvement in performance over such period.
 3. Performance-linked remuneration for the medium- to long-term: It is a performance-based restricted stock remuneration system in accordance with the degree of achievement of performance targets and improvement in performance in each fiscal year during the relevant period, the length of such period being the same as that of the Mid-term Plan. Including acquisition for nil consideration (clawback) and additional grants based on status of achievement of targets.

From ISP to Total Network Solution Provider

- Systems Integration (SI) revenue:**
- Systems construction (including equipment sales)
 - Systems operation and maintenance (including private Cloud)
- Network (NW) services revenue:**
- WAN services
 - Outsourcing services (including Security services)
 - Mobile services
 - Internet connectivity services

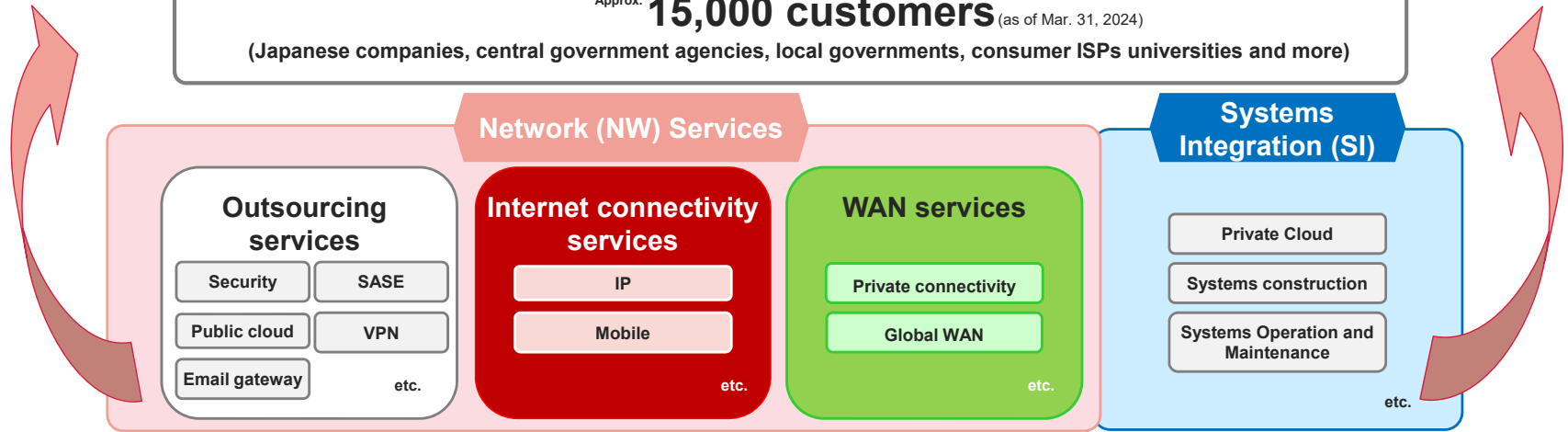


FY1994	FY2000	FY2005	FY2010	FY2015	FY2023
<p>Birth Earned enduring client base</p>	<p>Transition Change in business model</p>	<p>BLOOM Harvesting the flower of Total Network Solution Provider</p>	<p>EMERGE Network enhancement, Cloud, consumer mobile, IoT ...</p>	<p>Monthly Recurring Revenue</p>	<p>One time revenue</p>
<p>Increase in number of ISPs in Japan NTT launched Internet connectivity service in 1996</p>	<p>Price war and market consolidation for ISPs in Japan IJ shifted its focus to large corporates, survived the tough competition, and established market position</p>	<p>Became MVNO in 2008 and launched Cloud services in 2009</p>	<p>Launched consumer mobile services in 2012</p>	<p>Became full-MVNO in 2018</p>	<p>DX triggered by the Pandemic</p>
					<p>Advance of DX in post-pandemic era</p>

IJ as a Total Network Solution Provider

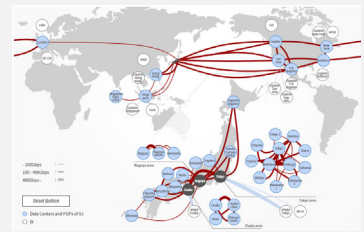
Offers various network services and systems integration together in many projects

Approx. **15,000 customers** (as of Mar. 31, 2024)
 (Japanese companies, central government agencies, local governments, consumer ISPs universities and more)



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

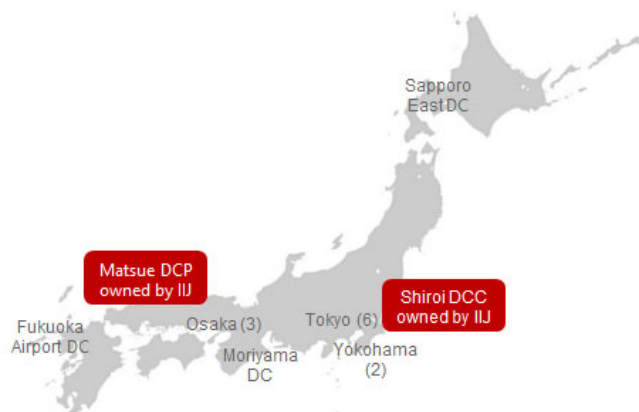


IJ's Backbone Network

Data center (DC)

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

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



Container DC at Matsue DCP



Server room at Shiroi DCC



- 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. Industry max at 1.4 or lower.

	Matsue DCP (opened in Apr. 2011)	Shiroi DCC (opened in May 2019)
Objective	Own service facility	
Features	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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
Land	Approx. 16 thousand square meters	Approx. 40 thousand square meters
Number of in placed racks	Approx. 500 racks	Approx. 1,800 racks
Plan	<ul style="list-style-type: none"> • Construction of new system module <ul style="list-style-type: none"> ✓ Construction from Jun. 2024, Scheduled operation from May 2025 ✓ Approx. 2 thousand square meters ✓ Approx. 300 racks ✓ Capex (plan): over ¥5.0 bn (to be partially covered with subsidy) 	<ul style="list-style-type: none"> • 2nd site is to be fully occupied around FY26 by own service facility and collocation • 3rd site construction is under discussion (From FY25)

◆ Sustainability targets

Major KPIs	Targets	FY2023 results
Usage of renewable energy	FY30: 85%	50% (Matsue 100%)
PUE of own DCs	Throughout FY30: Continue to be lower than 1.4	Matsue: 1.33 Shiroi: 1.36

Extensive Service Lineups

Unit: ¥ (JPY) billion (bn)

Business Model	About IJ
Growth Strategy	Strength

Revenue category		FY23 revenue	About		Business Situation & Outlook											
Network services	Internet connectivity services for enterprise	44.73	<table border="1"> <tr> <td>IP</td> <td>15.99</td> <td> <ul style="list-style-type: none"> Core service providing from the foundation Highly reliable dedicated connectivity services for enterprise (multi-carrier, redundancy etc.) Contracts are based on bandwidth Enterprises use the service for their main Internet line </td> </tr> <tr> <td>Mobile</td> <td>24.18</td> <td> <table border="1"> <tr> <td>Enterprise mobile (IoT usages etc.)</td> <td>13.63</td> </tr> <tr> <td>MVNE (Proving to other MVNOs)</td> <td>10.55</td> </tr> </table> </td> </tr> </table> <p>(Others) Broadband Internet services etc.</p>	IP	15.99	<ul style="list-style-type: none"> Core service providing from the foundation Highly reliable dedicated connectivity services for enterprise (multi-carrier, redundancy etc.) Contracts are based on bandwidth Enterprises use the service for their main Internet line 	Mobile	24.18	<table border="1"> <tr> <td>Enterprise mobile (IoT usages etc.)</td> <td>13.63</td> </tr> <tr> <td>MVNE (Proving to other MVNOs)</td> <td>10.55</td> </tr> </table>	Enterprise mobile (IoT usages etc.)	13.63	MVNE (Proving to other MVNOs)	10.55	<table border="1"> <tr> <td>IP</td> <td> <ul style="list-style-type: none"> Matured market (hard to entry) Blue-chip client base Expect the revenue to continuously increase along with traffic volume and contracted bandwidth increase </td> </tr> </table>	IP	<ul style="list-style-type: none"> Matured market (hard to entry) Blue-chip client base Expect the revenue to continuously increase along with traffic volume and contracted bandwidth increase
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IP	<ul style="list-style-type: none"> Matured market (hard to entry) Blue-chip client base Expect the revenue to continuously increase along with traffic volume and contracted bandwidth increase 															
Internet connectivity services for consumers	25.29	<table border="1"> <tr> <td>Mobile</td> <td>21.96</td> <td> <ul style="list-style-type: none"> Inexpensive SIM services (mainly data), Direct sale (via IJ web), Indirect sale (via sales partners such as retailers) </td> </tr> </table> <p>(Others) Broadband Internet services and email services for households etc.</p>	Mobile	21.96	<ul style="list-style-type: none"> Inexpensive SIM services (mainly data), Direct sale (via IJ web), Indirect sale (via sales partners such as retailers) 	<table border="1"> <tr> <td>Mobile</td> <td> <ul style="list-style-type: none"> Expect infrastructure utilization & profitability to improve by gathering various traffic such as IoT/enterprise/consumers Enterprise: Expect the demand to increase in the mid-to-long term Consumer: Maintain and increase market share subscription with GigaPlans in competitive market </td> </tr> </table>	Mobile	<ul style="list-style-type: none"> Expect infrastructure utilization & profitability to improve by gathering various traffic such as IoT/enterprise/consumers Enterprise: Expect the demand to increase in the mid-to-long term Consumer: Maintain and increase market share subscription with GigaPlans in competitive market 								
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WAN (Wide Area Network)	28.37	Closed network used to connect multiple sites		Stable market in the long-term												
Outsourcing	52.97	<p>Various in-house developed Internet-related service line-ups</p> <table border="1"> <tr> <td>Security</td> <td>30.93</td> <td> <ul style="list-style-type: none"> Managed security services, Security Operation Center services and so many more </td> </tr> <tr> <td>Public Cloud</td> <td>2.76</td> <td> <ul style="list-style-type: none"> Offered as a part of Cloud service line-ups </td> </tr> </table>		Security	30.93	<ul style="list-style-type: none"> Managed security services, Security Operation Center services and so many more 	Public Cloud	2.76	<ul style="list-style-type: none"> Offered as a part of Cloud service line-ups 	<ul style="list-style-type: none"> Have been developing services based on Zero Trust concept Acquire enterprise demand by cross-selling services. Continuous service development is important Demands for security and remote access to increase continuously 						
Security	30.93	<ul style="list-style-type: none"> Managed security services, Security Operation Center services and so many more 														
Public Cloud	2.76	<ul style="list-style-type: none"> Offered as a part of Cloud service line-ups 														
SI	Operation and Maintenance	71.92	<table border="1"> <tr> <td>On-premise Systems</td> <td>41.32</td> <td> <ul style="list-style-type: none"> Operation and maintenance of constructed systems </td> </tr> <tr> <td>Private Cloud etc.</td> <td>30.60</td> <td> <ul style="list-style-type: none"> Promote Cloud shift with abundant, highly reliable, value-added private Cloud related service line-ups </td> </tr> </table>	On-premise Systems	41.32	<ul style="list-style-type: none"> Operation and maintenance of constructed systems 	Private Cloud etc.	30.60	<ul style="list-style-type: none"> Promote Cloud shift with abundant, highly reliable, value-added private Cloud related service line-ups 	<ul style="list-style-type: none"> Expect great business opportunity in the mid-to-long term as internal IT systems migrate to Cloud Revenue to increase continuously along with accumulation of construction projects 						
	On-premise Systems	41.32	<ul style="list-style-type: none"> Operation and maintenance of constructed systems 													
Private Cloud etc.	30.60	<ul style="list-style-type: none"> Promote Cloud shift with abundant, highly reliable, value-added private Cloud related service line-ups 														
Construction (including equipment sales)	49.90	System construction related to office IT, security, Cloud, IoT, Internet-related construction such as online banking & brokerage, network for university, and E-commerce site		<ul style="list-style-type: none"> Increase in large-scale complex projects as enterprises' private NW and systems are renewed Through providing SI, offer greater value as IoT and Cloud usage penetrate 												

Monthly Recurring Revenue

81%

One time revenue

Monthly Recurring Revenue Accumulation

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

About IJ

Business Model

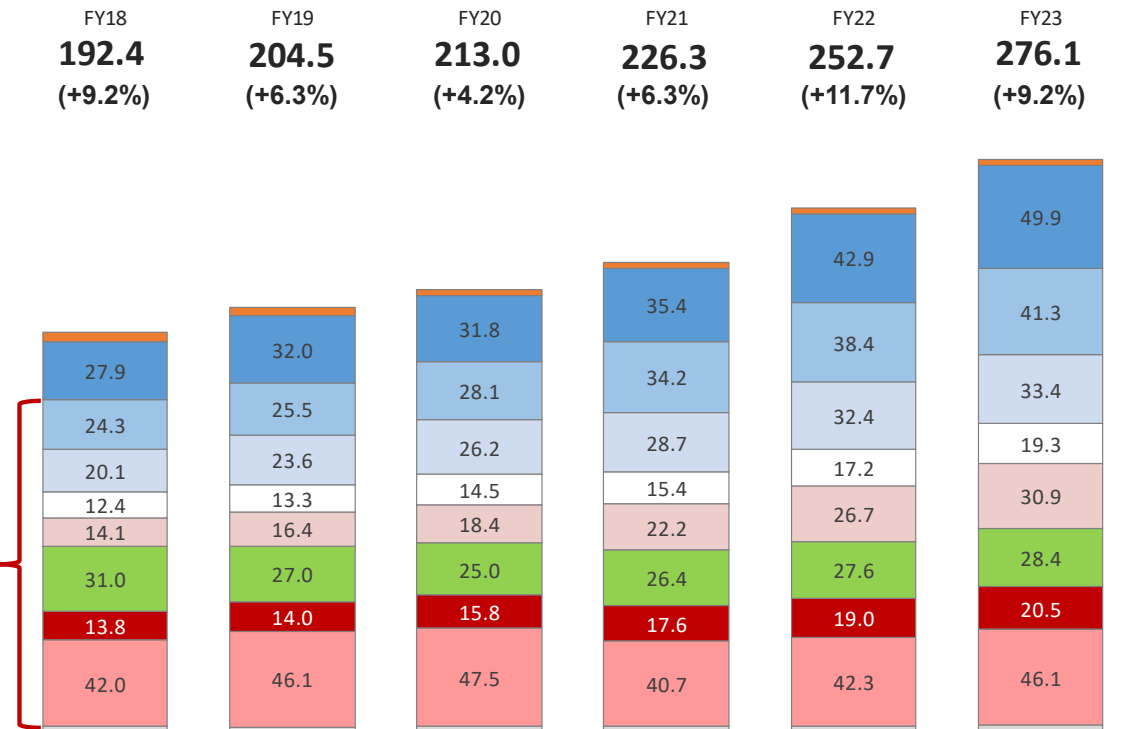
Strength

Growth Strategy

Revenues

- ATM operation business
- Systems construction
- Systems operation and maintenance (excluding cloud)
- Cloud services
- Outsourcing services (excluding security and cloud)
- Security services
- WAN services
- Internet connectivity services for enterprises (excluding mobile)
- Mobile
- Internet connectivity services for consumers (excluding mobile)

Monthly Recurring Revenue



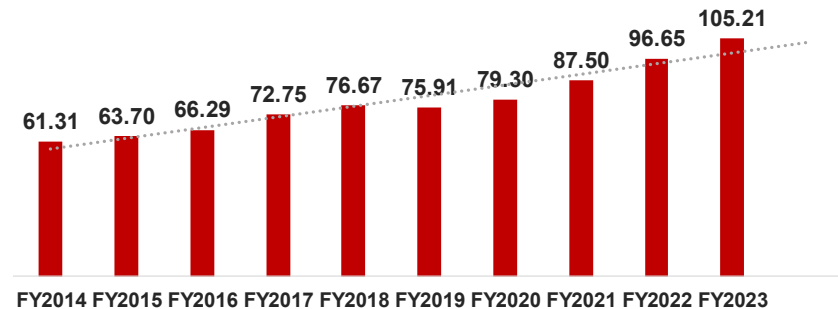
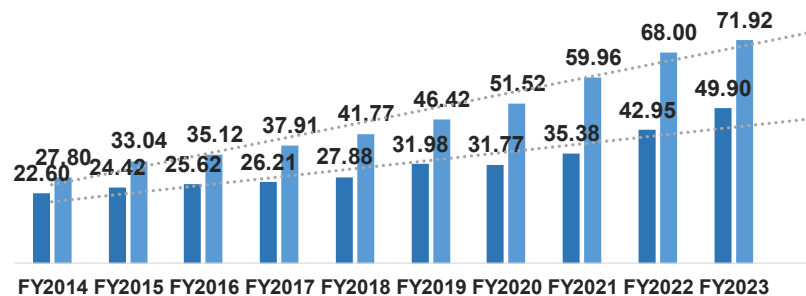
- Mobile revenue decreased year over year in FY21 due to ARPU decrease for consumers and change in unit charge for MVNE clients
- Systems construction and systems operation & maintenance revenue increase for FY21 includes PTC revenue which became IJ's consolidated subsidiary from Apr. 2021
- During FY20, 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)

Expanding economies of scale by Service Integration

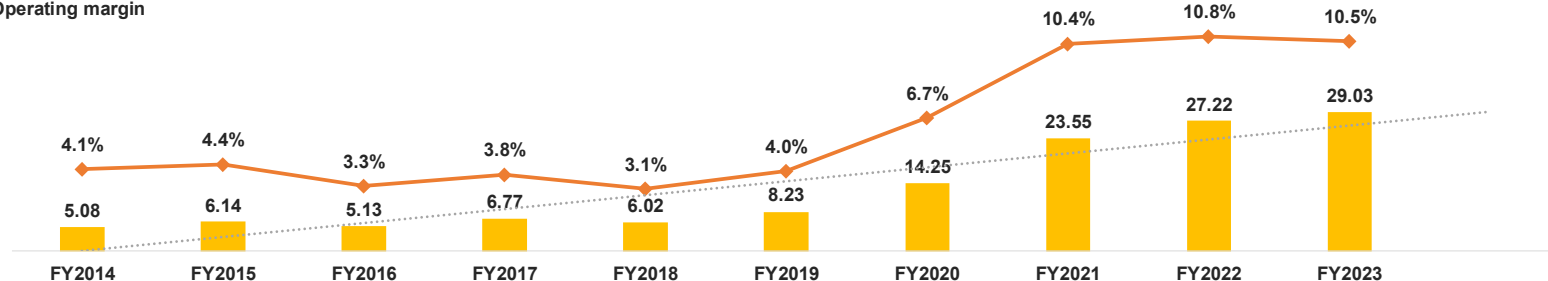
Unit: ¥ (JPY) billion
 approximate curve

- Systems construction revenues (including equipment sales)
- Systems operation & maintenance revenues

- NW service (excluding mobile) revenues



- Operating profit
- Operating margin



Consistent investment & service development

The acceleration of Japanese enterprise DX triggered by the COVID-19

Expanding economies of scale by leveraging current business assets

* Until FY2016: US-GAAP, from FY2017: IFRS

Capex and Business Developments

Unit: ¥ (JPY) billion (bn)

About IJ Business Model
Strength Growth Strategy

	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
NW service gross profit	17.9%	18.1%	14.6%	16.3%	21.4%	27.8%	27.5%	28.7%
	3.3%	3.8%	3.1%	4.0%	6.7%	10.4%	10.8%	10.5%
Operating profit	16.6	19.5	17.4	19.9	27.2	35.6	38.1	43.5
Operating margin	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
Shiroy 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

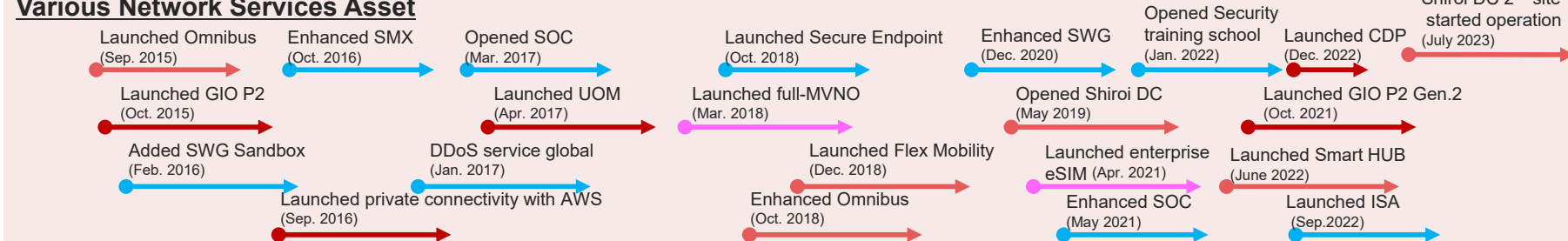
Stronger demands for enterprise network services

Large CAPEX increase due to aggressive business investment

CAPEX & its depreciation almost same volume (excl. DC)

Cost stabilizing

Various Network Services Asset

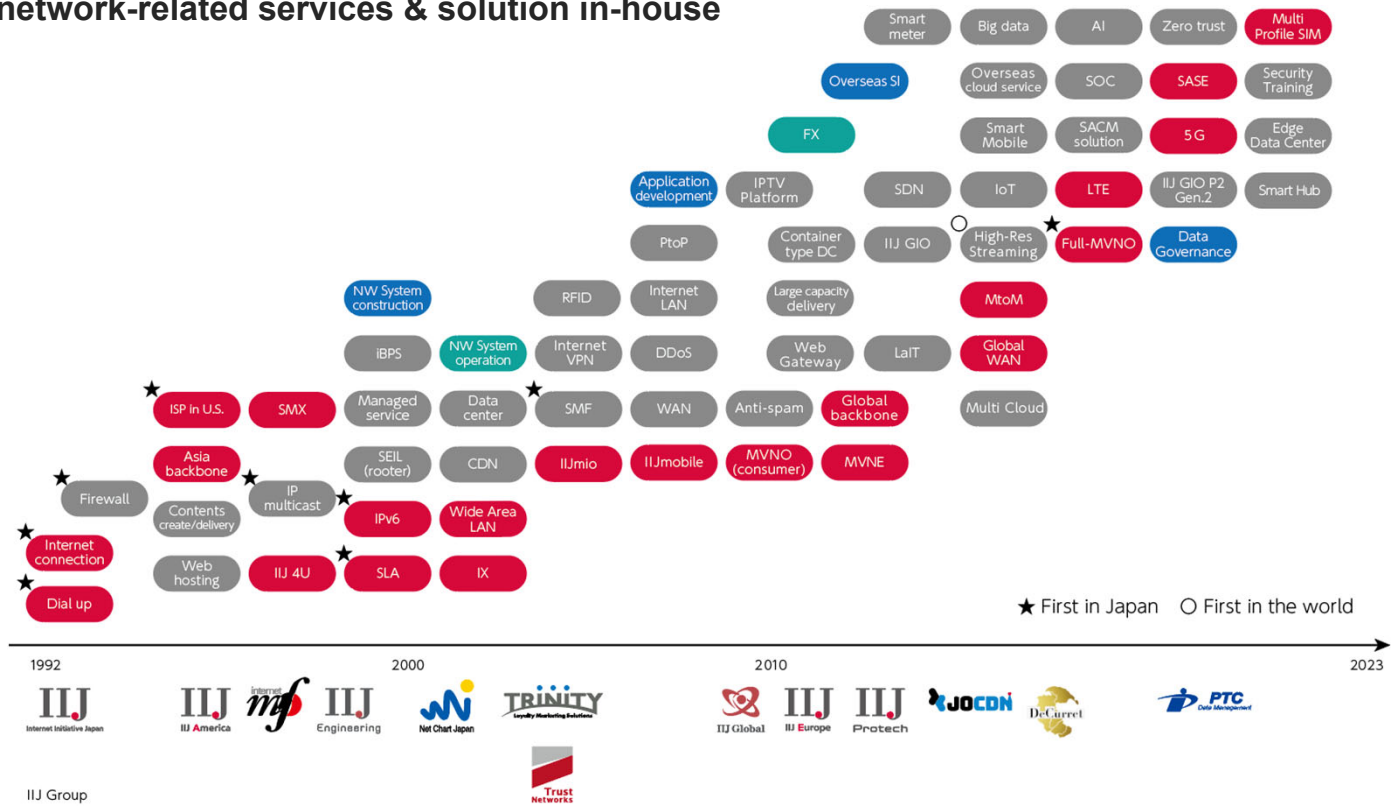


• FY16: US-GAAP, from FY17: IFRS

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

Service & Solution Development Capability

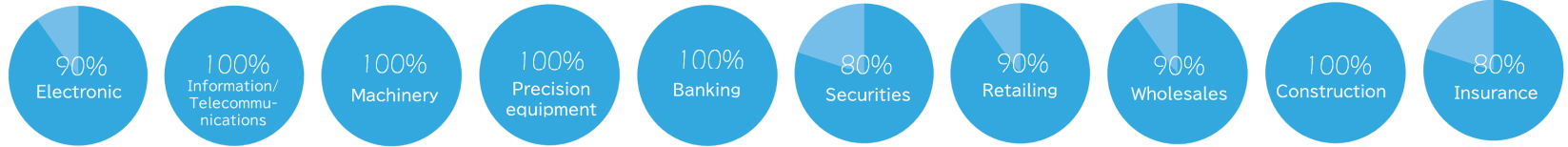
Initiate the market by continuously developing innovative various network-related services & solution in-house



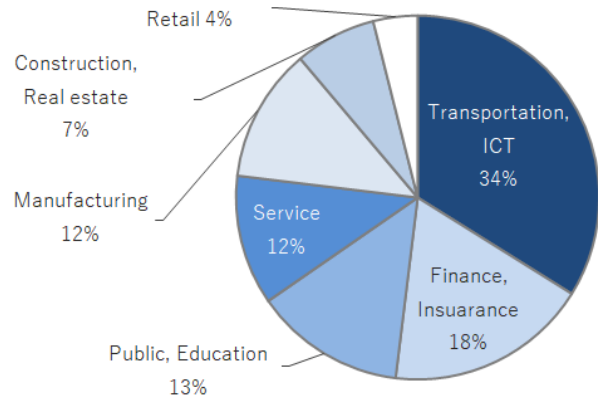
Excellent Customer Base (Number of IJ Group's clients: approx. 15,000 as of March 31, 2024)

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

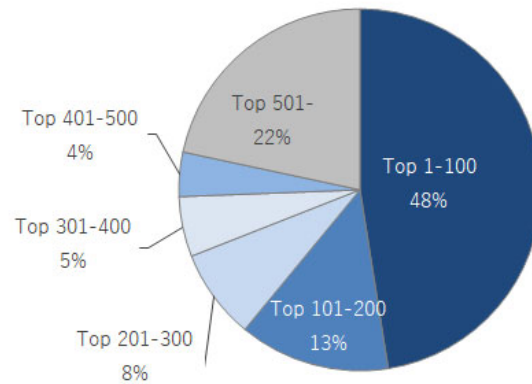
Cover Most of Top Revenue Companies



Client Distribution by Industry



Client Distribution by Revenue Volume



- Top ten firms in each industry taken from annual revenues are selected by IJ based on the Yahoo! Japan Finance website (finance/sales/whole market/daily)
- The service penetration and the revenue distributions are based on IJ's FY23

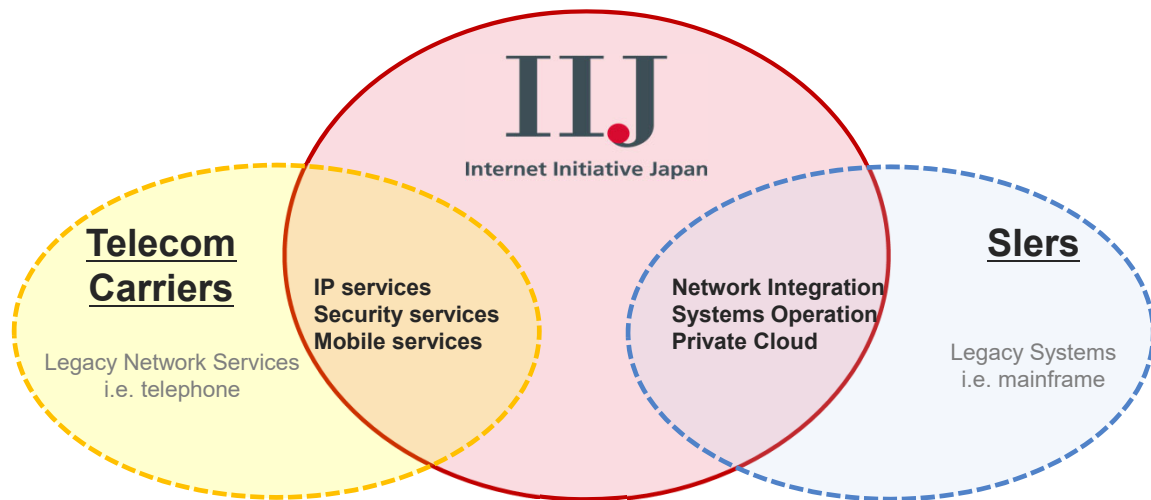
Competitive Advantages

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 (Slers), IIJ

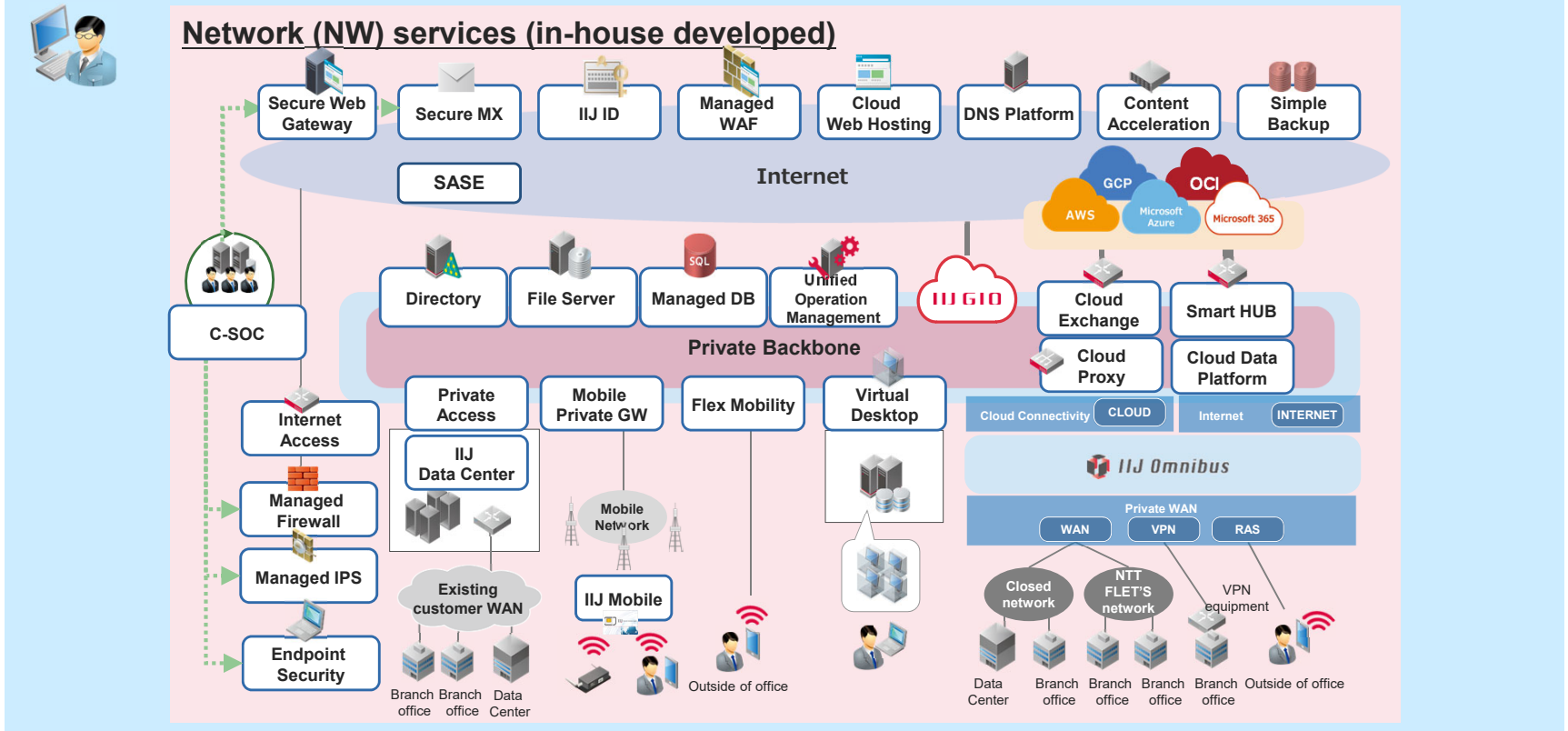
- Operates one of the largest Internet backbone (Slers do not)
- Has NW services asset and development capability (Slers do not)
- Focuses on Internet-related open type systems



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

NW Services and SI provided together as a Total Solution

Systems Integration (SI) to meet specific requirements cannot be covered by NW services



New Mid-term Plan (FY24 ~ FY26)

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
FY23 ¥276.1 bn 1.4 times FY26 ¥380.0 bn	FY23 ¥29.0 bn 1.6 times FY26 ¥46.0 bn	FY23 ¥19.8 bn 1.5 times over FY26 ¥30.0 bn	FY23 16.3% +2.7 pt. FY26 19%	FY23-end 4,803 1.3 times 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

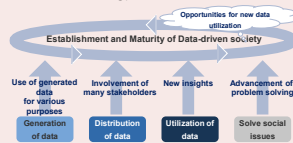
Continuous expansion of NW infrastructure Pursuit of differentiation

- Construct the third site of Shiroy 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: DeCurrent)

- 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 Shiroy 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)

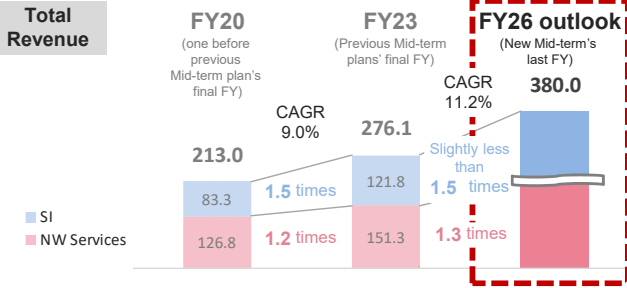
New Mid-term Plan's Financial Outlook

Unit: ¥ (JPY) billion

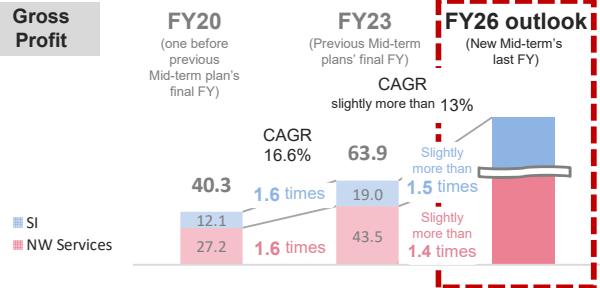
About IJ Business Model
Strength Growth Strategy

Breakdown image of financial outlook

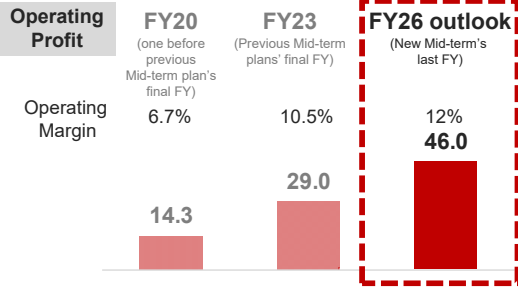
Total Revenue



Gross Profit



Operating Profit



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

Cash in

Cash generated from business approx. ¥134.0 bn(*)

(*) post-tax, pre-depreciation

Cash out

Investment: approx. ¥90.0 bn

Ordinal NW infrastructure, etc. approx. ¥51.0 bn

Stable with economies of scale

Shiroy DC 3rd Site construction approx. ¥30.0 bn

Mainly for own services

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

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

Overview

Shiroy 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

Strategic Investment

- Specific investment details have not fixed and will be discussed going forward

Increase in working capital & lease obligations

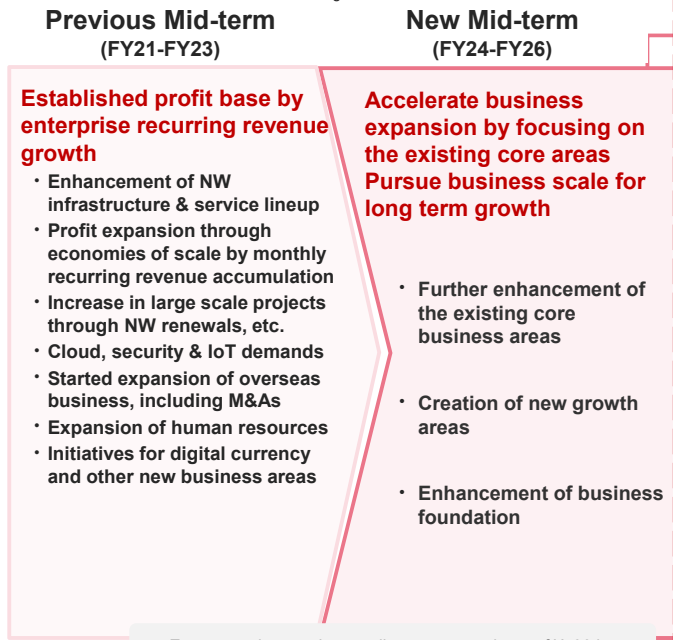
- Increase in work in process, prepayments, etc. due to an increase in large scale multi-year SI projects
 - The impact of increased working capital should gradually be reduced due to the constant revenue recognition of large scale projects

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

Mid-to-long Term Vision

The figures mentioned below are all assumed status and image



Execute actions early to realize revenue volume of ¥500 bn

Targets (consolidated)	
Total Revenue	
Operating Margin	
Payout ratio	

	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%

Beyond 5,000

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

Deliver added value as an IT full outsourcer for infrastructure operation to support realization of NW society

- Develop integrated PF to enable processing various types of data, together with security & high performance. IJ 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
- Leadership including M&As amidst a changing industry landscape
- Become leading IT service provider by leveraging domestic knowledge & SWOT in ASEAN

Enterprise internal NW & systems in Japan becoming to change

30 years ago

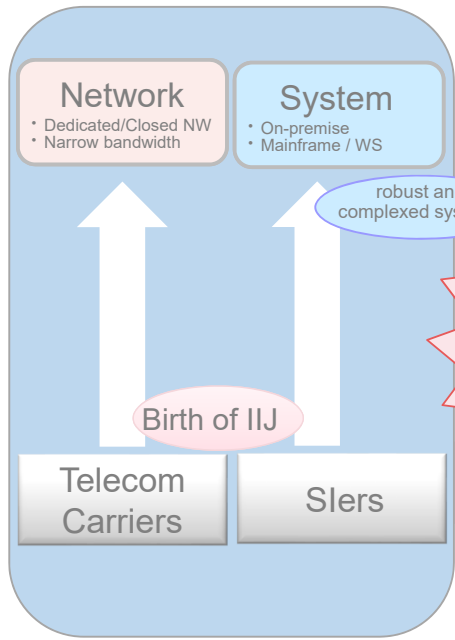
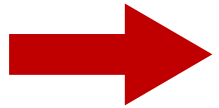
IIJ covered external NW with Internet
Carriers & Slers covered internal NW & systems

Stick to legacy NW systems

Nowadays

IIJ's opportunities rise to cover entire NW & system
utilizing various NW functions

Finally systems & NW began to change in Japan after the COVID-19



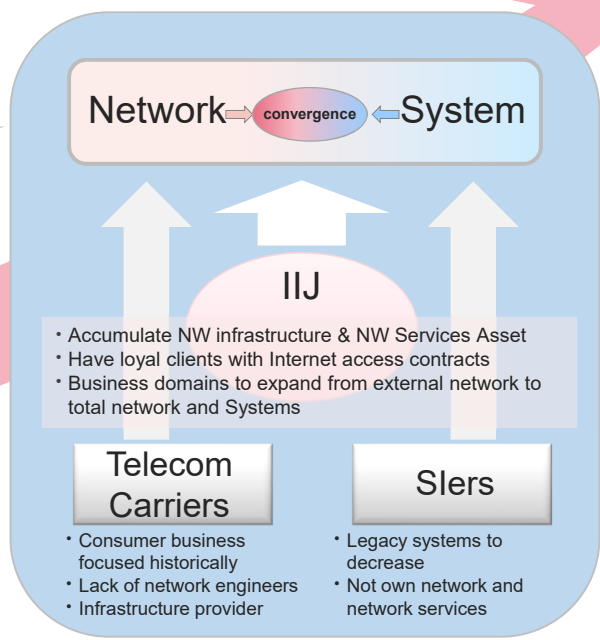
robust and complexed systems

Birth of IIJ

Emergence of Internet

Struggling switch to open systems

- High Speed/Capacity Network
- CPU/Storage Performance Improve
- Internet Usages Progressed
- Security for various incidents
- Gradual Cloud Shift
- Data Analysis and AI
- Preliminary IoT usages
- IT adoption at last forced by Pandemic



- Accumulate NW infrastructure & NW Services Asset
- Have loyal clients with Internet access contracts
- Business domains to expand from external network to total network and Systems

- Consumer business focused historically
- Lack of network engineers
- Infrastructure provider

- Legacy systems to decrease
- Not own network and network services

- Labor shortage requires more IT
- Every CEO says DX (Digital Transformation)
- Legacy NW and Systems to be reformed
- Internet traffic continues to increase
- Cyber security demands
- Cloud systems penetration
- 5G SA adoption and advanced IoT projects
- Importance of stable operation of large-scale NW remains unchanged

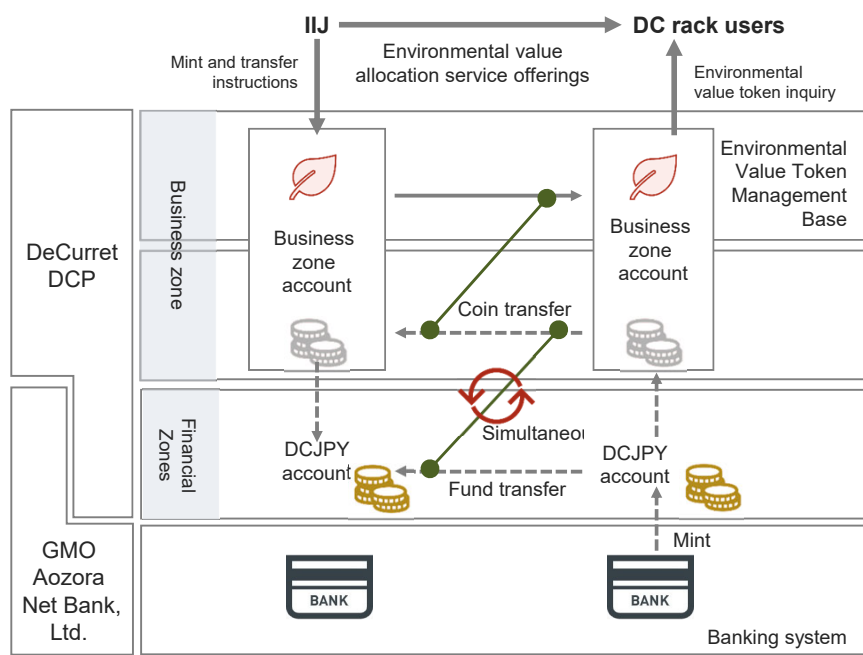
The progress of Decurret's business

About DeCurret	
DeCurret Holdings	<ul style="list-style-type: none"> Shareholder: 43 companies, IIJ ownership: 34.8% (an equity method investee) Business: Business planning and management of a digital currency business subsidiary Sep. 2024: Raised capital of approx. ¥6.35 bn through a third-party allotment (13 shareholders including 8 new shareholders: Hitachi, SHIZUOKA BANK, NSD, Fujitsu, Higo Bank, Kagoshima Bank, GMO Financial Holdings and ABeam Consulting)
DeCurret DCP	<ul style="list-style-type: none"> Shareholder: DeCurret Holdings 100% Business: Digital currency business Secretary for the "Digital Currency Forum" Focus on the core areas of digital currency issuance and management, etc., with a view to practical application, and study use cases using digital currencies As of Oct. 2024, there are 119 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	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> User needs to deposit money and set up a trust asset each time Then, stablecoins can be issued by a trust bank
Features	<ul style="list-style-type: none"> Highly compatible with the current settlement system Issuers are reliable and trustworthy banks Banks support DCJPY can use the Digital Currency services 	<ul style="list-style-type: none"> 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

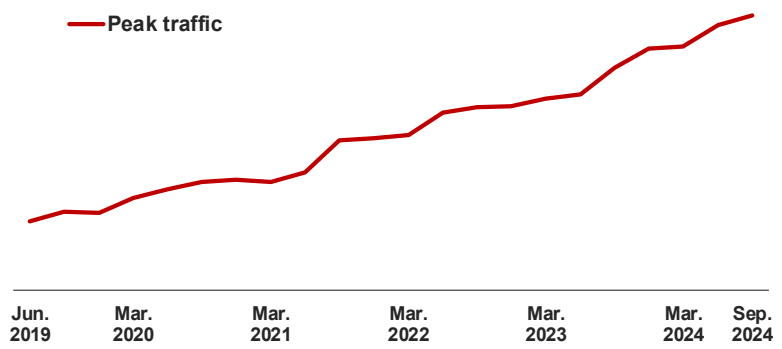
The first commercial project about digital currency(DCJPY) in Japan	
Issuer of digital currency	GMO Aozora Net Bank, Ltd.
Usages of digital currency	<ul style="list-style-type: none"> Digitalization of environmental value transaction (non-fossil certificates, etc.) Transactions and settlement in the digital currency DCJPY

Flow on DCJPY on the Two-tiered Digital Currency Platform



Market Environment & Growth Forecast, etc.

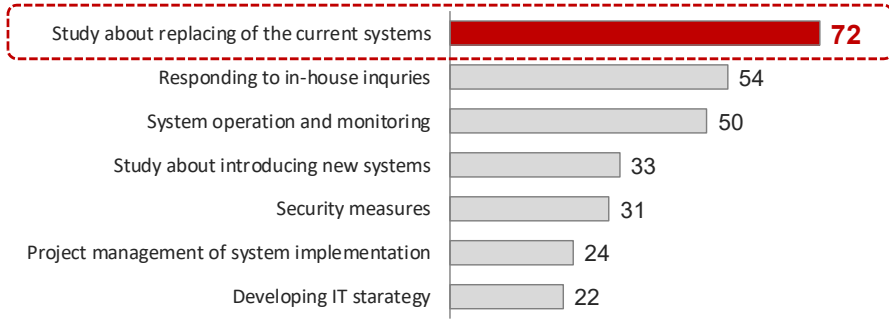
Historical traffic data of major domestic IX



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

SIM type MVNO market share in Japan

◆ Maintain top share in the domestic SIM-type MVNO market

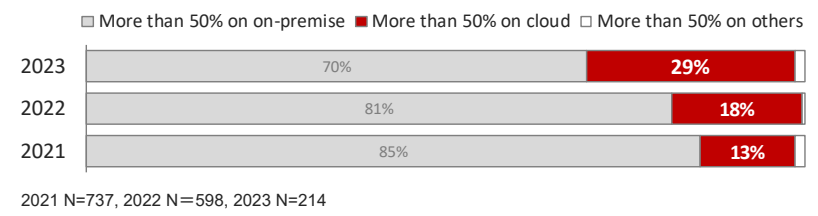
	Mar. 31, 2023		Mar. 31, 2024	
1 st	IIJ	19.8%	IIJ	21.6%
2 nd	NTT Resonant	11.9%	NTT Docomo(*)	9.7%
3 rd	Optage	9.0%	Optage	8.7%
4 th	Fujitsu	5.6%	Fujitsu	5.6%
5 th	Aeon Retail	4.8%	Aeon Retail	4.7%

Source: the Ministry of Internal Affairs and Communications,
 (*) NTT Docomo's figures as of Mar. 31, 2024 was formerly NTT Resonant's one

Status of Cloud migration by clients' annual revenue size

◆ 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 2023"



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 always starts with the future.