

**Convocation Notice of the 30<sup>th</sup>  
Ordinary General Meeting of Shareholders  
of  
Internet Initiative Japan Inc.**

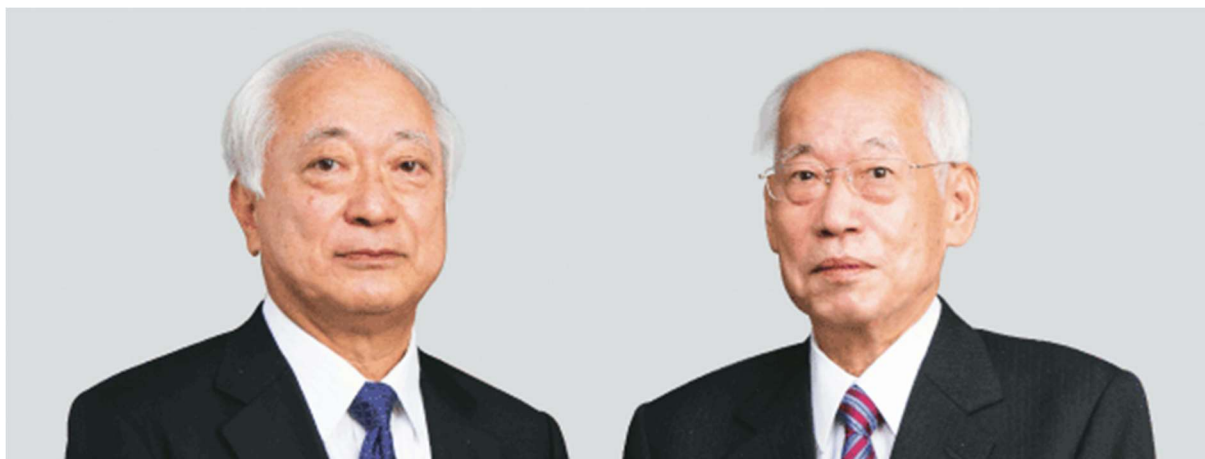
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This document is an English translation of the “Convocation notice of the 30th ordinary general meeting of shareholders” (*“Dai san-jyu-kai teiji kabunushi sokai shoshu gotsuchi”*) of Internet Initiative Japan Inc. (“IIJ” or “the Company”) to be held on June 28, 2022.

## **CAUTIONARY NOTES**

- Note 1: This document has been translated from the Japanese original for reference purpose only. In the event of any discrepancy between this English translation and the Japanese original, the Japanese original shall prevail.
- Note 2: In accordance with the applicable laws and regulations of Japan, and the provisions of Article 15 of the Company's Articles of Incorporation, we have posted the Basic Systems and Policies of IIJ, Consolidated Statements of Changes in Shareholders' Equity, Notes to Consolidated Financial Statements, Non-Consolidated Statement of changes in Shareholders' Equity and Notes to Non-Consolidated Financial Statements, which comprise the attachments to this Notice of Convocation of the 30th Ordinary General Meeting of Shareholders, at the Company's following web site:(<https://www.iij.ad.jp/en/ir/library/meeting/>) instead of including them herein.
- Note 3: IIJ's consolidated and non-consolidated financial statements audited by the accounting auditor as well as company auditors are included in the attachments to the Notice of Convocation of the 30th Ordinary General Meeting of Shareholders as well as the notes to the consolidated and non-consolidated financial statements, which are posted on the Company's website.
- Note 4: The ADRs (American depositary receipt) holders shall instruct The Bank of New York Mellon Corporation to exercise their voting rights represented by the shares underlying their ADRs but they may only provide their instructions to The Bank of New York Mellon Corporation. Otherwise, they are not entitled to exercise any voting right unless they cancel their ADRs and withdraw the shares of common stock. This means they may not be able to exercise any voting rights for IIJ and attend the ordinary general meeting of shareholders of IIJ.

## To our shareholders



A handwritten signature in black ink, appearing to read 'Eijiro Katsu'.

Eijiro Katsu  
President & Co-CEO & COO

A handwritten signature in black ink, appearing to read 'Koichi Susuki'.

Koichi Susuki  
Chairman & Co-CEO

We would like to express our gratitude for your continued support.

In the fiscal year ended March 31, 2022 (FY2021), which is the first year of our three-year Mid-term Plan, we had a strong start toward achieving it with a significant increase in profit levels by realizing economies of scale through the growth of enterprise monthly recurring revenues, as the digitalization of Japanese enterprises finally got underway. The consolidated operating margin for FY2021 was 10.4% which was significantly stronger than our initial target for FY2021. As a result of this progress, we revised upward the consolidated operating margin target for the fiscal year ending March 31, 2024 (FY2023), which is the last year of our Mid-term Plan, from the original target of "over 9%" to "11.5%." As for dividend, we increased the interim dividend from the initial forecast announced at the beginning of FY2021, and also plan to increase the year-end dividend along with our profit growth which makes the total annual dividend forecast for FY2021 as JPY48.00 per share, up 61.3% from the previous fiscal year.

We will have been operating for 30 years this coming December. Since our establishment in 1992, as Japan's first established full-scale Internet service provider, we have created Japan's Internet infrastructure, and developed and provided a wide range of highly value-added and reliable Internet-related services. For the next 30 years, we shall continue to take initiatives in Japanese Internet technology and contribute to the realization of a sustainable networked society by continuing to support the networks and system infrastructure of enterprises and government agencies, which are part of our daily life infrastructure.

We sincerely appreciate your continued understanding and support.

## **TRANSLATION**

June 8, 2022

TO OUR SHAREHOLDERS:

Eijiro Katsu  
President and Representative Director  
Internet Initiative Japan Inc.  
2-10-2 Fujimi, Chiyoda-ku, Tokyo, Japan

### **CONVOCAION NOTICE OF THE 30TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

We are pleased to announce the 30th ordinary general meeting of shareholders of Internet Initiative Japan Inc. ("IIJ" or "the Company",) which is to be held as stated below.

In the event you are unable to attend the meeting, after reviewing the referential documents below, you may exercise your voting rights by indicating approval or disapproval on the voting form attached hereto and sending it or via the Internet. Please exercise your voting rights by no later than the end of business hours (5:30 p.m.) on Wednesday, June 27, 2022 (JST).

1. **Date and Time:** Tuesday, June 28, 2022 10:00 a.m. (JST)  
\*The reception area opens at 9:00 a.m.
2. **Venue:** Bellesalle Kudan Event Hall  
3rd floor, Sumitomo Fudosan Kudan Bldg.  
1-8-10 Kudankita, Chiyoda-ku, Tokyo, Japan
3. **Agenda of the Meeting:**

#### **Subjects to be Reported:**

1. Business report, consolidated financial statements and a report on the audit results of consolidated financial statements by the accounting auditors and the board of company auditors for the 30th term (from April 1, 2021 to March 31, 2022)
2. Non-consolidated financial statements for the 30th term (from April 1, 2021 to March 31, 2022)

#### **Subjects to be Resolved:**

- Item 1: Appropriation of Retained Earnings
- Item 2: Partial Amendment to the Articles of Incorporation
- Item 3: Election of Fourteen (14) Directors
- Item 4: Changes in Details of Stock-Compensation-Type Stock Options (Stock Acquisition Rights)

**Notes to those shareholders who plan to attend:**

- The action taken is subject to change depending on factors including the status of COVID-19 spread until the day of the meeting. Please check our website <https://www.ijj.ad.jp/ir/library/meeting/> for most up to date information.
- Staffs of the company at the meeting will be wearing face masks.
- Please note that we may check bodily temperatures of attending shareholders who are identified as having fever, appear to be in poor health, and/or have not returned from overseas less than 14 days ago and we may refuse to grant admission to attending shareholders. Attending shareholders who returned from overseas less than 14 days ago are required to notify the receptionists about it.
- There will be hand sanitizers for attending shareholder near the reception desk.
- Attending shareholders are asked to bring and wear a face mask.
- No gifts will be offered to shareholders participating in the meeting.

**Notice to Shareholders:**

With regard to the documents attached hereto, if there are any changes to be notified to the shareholders up to the day prior to the ordinary general meeting of shareholders, you may be notified by mail or IJ's web site at <https://www.ijj.ad.jp/ir/library/meeting/>. (Japanese only)

## Reference Documents for the Ordinary General Meeting of Shareholders

Agenda of the meeting and reference matters:

### Item 1

### Appropriation of Retained Earnings

IJJ endeavors to return profits to shareholders through the continuous and stable distribution of dividends while giving consideration to the employment of retained earnings for the enhancement of IJJ's financial position, medium and long-term business expansion and business investment, etc.

Based on the policy described above, considering this fiscal year's financial results, IJJ proposes that the year-end dividend be distributed as follows.

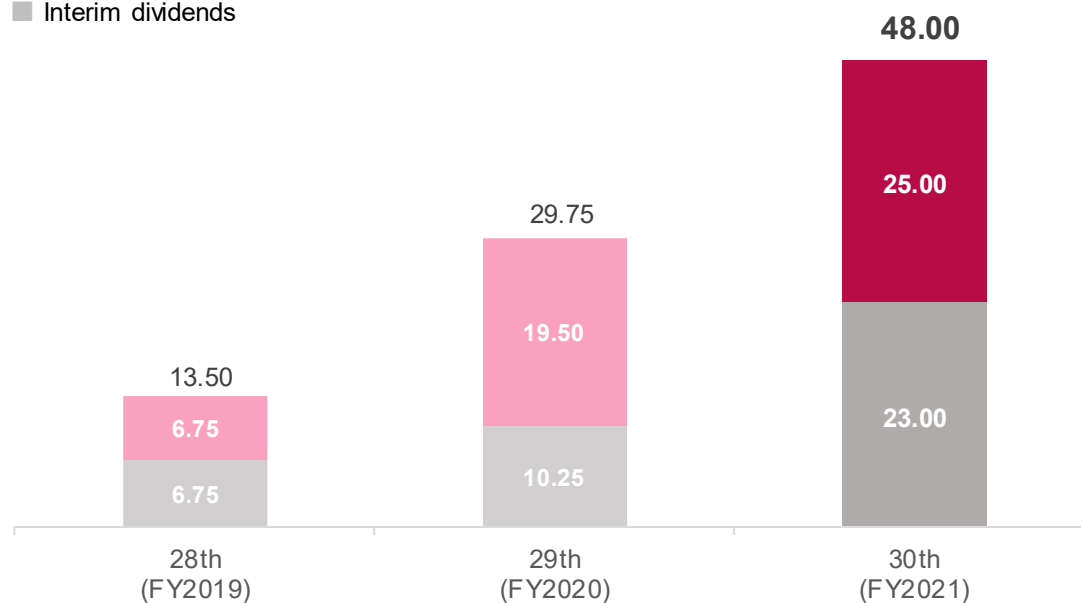
If this Item 1 is approved and resolved as proposed, the annual amount of the dividends for this fiscal year ended March 31, 2022 will be JPY (Japanese yen) 48.0 per share, including the interim dividend paid in the amount of JPY 23.0 per share in December 2021.

1. Type of dividend property  
Cash
2. Proposed appropriation of dividend assets to shareholders and total amount of dividend payment  
JPY 25.0 per share of common stock of IJJ  
Total amount of dividend payment: JPY 2,257,828,325
3. Effective date of dividend payment  
June 29, 2022

### (Reference) Historical Dividends per Share

(Unit: JPY)

- Year-end dividends
- Interim dividends



\* IJJ conducted a two-for-one stock split of its common stock on January 1, 2021. The interim and year-end dividends for the 28th fiscal years and interim dividends for the 29th fiscal year represent the dividend per share after taking into account the stock split.

**Item 2**

**Partial Amendment to the Articles of Incorporation**

Approval is requested to amend part of the present Articles of Incorporation, as follows:

1. Reason for amendment

As the revised provisions set forth in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) will come into force on September 1, 2022, IJJ proposes to make the following changes to its Articles of Incorporation in preparation for the introduction of a system for the provision of informational materials for general meetings of shareholders in electronic format.

- (1) Article 15, paragraph 1 of the "Proposed Articles" below stipulates that IJJ will take measures for providing information that constitutes contents for reference documents for general meetings of shareholders, etc. in electronic format.
- (2) Article 15, paragraph 2 of the "Proposed Articles" below will establish a provision to limit the scope of matters to be stated in paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents.
- (3) Since the provisions on Internet Disclosure and Deemed Provision of Reference Materials for a Shareholders Meeting (Article 15 of the current Articles of Incorporation) will no longer be required, they will be deleted.
- (4) Pursuant to the aforementioned creation and deletion of provisions, supplementary provisions regarding the effective date, etc. will be added.

2. Content of amendment

The content of the amendment is as follows:

(Underlined text indicates changes.)

Present Articles	Proposed Articles
<p><u>(Disclosure Internet and Deemed Provision of Reference Materials for a Shareholders Meeting)</u></p> <p><u>Article 15. For the purpose of convocation of a general meeting of shareholders, the Company may deem that it has duly provided its shareholders with the information to be listed or indicated in the reference materials for a general meeting of shareholders, the business report, financial statements and consolidated financial statements by disclosing the information via the Internet as provided for by the Ministry of Justice Ordinance.</u></p> <p>(New Provision)</p> <p>(New Provision)</p>	<p>(Deleted)</p> <p><u>(Measures for Providing Information in Electronic Format)</u></p> <p><u>Article 15.</u></p> <p><u>1. For the purpose of the convocation of a general meeting of shareholders, the Company shall take measures for providing information that constitutes contents for reference documents for general meetings of shareholders, etc. in electronic format.</u></p> <p><u>2. Among the matters for which these measures for providing information in electronic format will be taken, the Company may exclude all or some of the matters designated by the Ministry of Justice Order from statements made in paper-based documents to be delivered to shareholders who have requested the delivery of paper-based documents by the reference date for voting rights.</u></p> <p>-</p> <p><u>(Supplementary Provision)</u></p> <p><u>1. The deletion of Article 15 (Internet Disclosure and Deemed Provision of Reference Materials for a Shareholders Meeting) of the Articles of Incorporation before the amendment and the creation of Article 15 (Measures for Providing Information in Electronic Format) in the amended Articles of Incorporation shall be effective from the date on which the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) come into force (hereinafter referred to as the "Date of Enforcement").</u></p> <p><u>2. Notwithstanding the provisions of the preceding paragraph, Article 15 of the Articles of Incorporation before the amendment shall remain effective regarding any general meeting of shareholders held on a date that falls within six months from the Date of Enforcement.</u></p> <p><u>3. These Supplementary Provisions shall be deleted on the date on which six months have elapsed from the Date of Enforcement or three months have elapsed from the date of any general meeting of shareholders described in the preceding paragraph, whichever is later.</u></p>

**Item 3**
**Election of Fourteen (14) Directors**

As the term of office of all of twelve (12) incumbent Directors will expire at the conclusion of this Ordinary General Meeting of Shareholders, it is proposed that eleven (11) Directors be reappointed and three (3) new Directors be elected. Five (5) Directors, i.e., Takashi Tsukamoto, Kazuo Tsukuda, Yoichiro Iwama, Atsushi Okamoto and Kaori Tonosu are candidates for Outside Directors. The candidates for the positions as Directors are as follows:

Candidate number	Name	Current Positions/Incharge	Board of Directors Attendance (Times)
1	Koichi Suzuki <Reelection>	Chairman of the Board, Representative Director and Co-CEO	12/12
2	Eijiro Katsu <Reelection>	President and Representative Director, and Co-CEO & COO	11/12
3	Satoshi Murabayashi <Reelection>	Executive Vice President	10/10
4	Yasuhiko Taniwaki <New election>	Advisor	—
5	Koichi Kitamura <Reelection>	Senior Managing Director Unit Director of Business Unit	10/10
6	Akihisa Watai <Reelection>	Senior Managing Director CFO Division Director of Financial Division	12/12
7	Tadashi Kawashima <Reelection>	Managing Director Deputy Unit Director of Business Unit Division Director of Central Nippon Business Division	12/12
8	Junichi Shimagami <Reelection>	Managing Director CTO Unit Director of Technology Unit	12/12
9	Naoshi Yoneyama <Reelection>	Managing Director CIO Division Director of Corporate Planning Division	12/12
10	Takashi Tsukamoto <Reelection> <Outside> <Independent>	Outside Director	11/12
11	Kazuo Tsukuda <Reelection> <Outside> <Independent>	Outside Director	12/12
12	Yoichiro Iwama <Reelection> <Outside> <Independent>	Outside Director	10/10
13	Atsushi Okamoto <New election> <Outside> <Independent>	-	-
14	Kaori Tonosu <New election> <Outside> <Independent>	—	-



## (Reference) Skill matrix

	Independent	Skills						
		Top Management	IT Expertise	Sales	Technology, R&D	Global	Finance and Accounting	Governance
Koichi Suzuki		○	○		○	○		○
Eijiro Katsu		○	○			○		○
Satoshi Murabayashi		○	○		○			○
Yasuhiko Taniwaki			○		○	○		○
Koichi Kitamura			○	○		○		
Akihisa Watai			○			○	○	○
Tadashi Kawashima		○	○	○				
Junichi Shimagami			○		○			
Naoshi Yoneyama			○		○			○
Takashi Tsukamoto	●	○				○	○	○
Kazuo Tsukuda	●	○			○	○		○
Yoichiro Iwama	●	○				○	○	○
Atsushi Okamoto	●	○				○		○
Kaori Tonosu	●		○		○			○

## Definitions of skills

Skills	Requirements
Top Management	Management experience as a top management executive
IT Expertise	Business experience in the IT industry
Sales	Management experience in sales division
Technology, R&D	Management experience in technology division, Experience of developing new technologies and services, etc.
Global	Management experience in global businesses, working experience abroad
Finance and Accounting	Expertise and experience in finance and accounting division
Governance	Experience as the head of a corporate division, experience as an independent director, etc.

Candidate  
number

1

Koichi Suzuki

(September 3, 1946)

<Reelection>



■ Number of Shares Owned  
3,691,322

Career & current positions in and outside IJJ

December 1992 Director at the time of the establishment of IJJ  
April 1994 President, Representative Director and CEO of IJJ  
June 2013 Chairman of the Board, Representative Director and CEO of IJJ  
April 2021 Chairman of the Board, Representative Director and Co-CEO of IJJ (current position)

■ Important concurrent posts

Chairman of the Board, Representative Director of IJJ Engineering Inc.  
Chairman of the Board of IJJ America Inc.  
President and Representative Director of INTERNET MULTIFEED CO.  
Representative Director and Chairman of JOCDN Inc.

■ Reasons for selection as candidate

Mr. Koichi Suzuki, a candidate for Director, is presently the Chairman of the Board, Representative Director and Co-CEO of IJJ. He uses the abundant experience, leadership skills and profound knowledge of the IT industry that he acquired through his involvement in the management of the Company since its establishment to amply fulfill his duties in terms of determining significant management issues and supervising business execution. IJJ proposes to nominate him as a candidate for Director in order to continue to utilize his abundant business experience for the management of IJJ.

Candidate  
number

2

Eijiro Katsu

(June 19, 1950)

<Reelection>



■ Number of Shares Owned  
93,248

Career & current positions in and outside IJJ

April 1975 Joined Ministry of Finance ("MOF")  
July 2007 Director-General of the Financial Bureau, MOF  
July 2008 Deputy Vice Minister, MOF  
July 2009 Director-General, Budget Bureau, MOF  
July 2010 Vice Minister of Finance  
August 2012 Resigned from MOF  
November 2012 Joined IJJ as Special Advisor  
June 2013 President, Representative Director and COO of IJJ  
April 2021 President, Representative Director and Co-CEO & COO of IJJ (current position)

■ Reasons for selection as candidate

Mr. Eijiro Katsu, a candidate for Director, is presently the President, Representative Director and Co-CEO & COO of IJJ. He uses the abundant experience that he acquired as a President and Representative Director over many years and the profound knowledge that he acquired as an Administrative officer to amply fulfill his duties in terms of determining significant management issues and supervising business execution. IJJ proposes to nominate him as a candidate for Director in order to continue to utilize his abundant business experience for the management of IJJ.

Candidate number **3**

<Reelection>

## Satoshi Murabayashi

(November 8, 1958)



■ Number of Shares Owned  
0

### Career & current positions in and outside IIJ

April 1981	Joined The Sanwa Bank, Ltd. (currently MUFG Bank, Ltd.)
June 2007	Executive Officer of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.)
June 2013	Managing Director of the same
May 2015	Senior Managing Director of the same
June 2015	Senior Managing Corporate Executive of Mitsubishi UFJ Financial Group, Inc.
June 2017	President and Representative Director of Mitsubishi UFJ Research and Consulting Co., Ltd.
June 2021	Executive Vice President and Director of IIJ (current position)
April 2022	President and Representative Director of DeCurret Holdings Inc. (current position)

### ■ Important concurrent posts

President and Representative Director of DeCurret Holdings, Inc.

### ■ Reasons for selection as candidate

Mr. Satoshi Murabayashi, a candidate for Director, has held key positions such as CIO of MUFG Bank, Ltd., and President and Representative Director of Mitsubishi UFJ Research and Consulting Co., Ltd. He uses his extensive knowledge and connections in the systems field to serve as Executive Vice President of IIJ, with responsibilities that include business development and sales activities, and as President and Representative Director of DeCurret Holdings, Inc., an important equity-method affiliate of IIJ. IIJ therefore proposes to nominate him as a candidate for Director.

Candidate number **4**

<New election>

## Yasuhiko Taniwaki

(September 11, 1960)



■ Number of Shares Owned  
0

### Career & current positions in and outside IIJ

April 1984	Joined the Ministry of Posts and Telecommunications (now, the Ministry of Internal Affairs and Communications ("MIC"))
June 2013	Deputy Director-General for the National Center of Incident Readiness and Strategy for Cybersecurity (NISC) and Councilor for the Cabinet Secretariat
June 2016	Director-General of the Global ICT Strategy Bureau, MIC
July 2017	Director-General for Information Security, MIC
July 2018	Director-General of the Telecommunications Bureau, MIC
December 2019	Vice-Minister for Policy Coordination of Posts and Telecommunications, MIC
March 2021	Resigned from MIC
January 2022	Advisor of IIJ (current position)

### ■ Reasons for selection as candidate

Mr. Yasuhiko Taniwaki has established a prominent career in the MIC's telecommunications administration, etc., and has abundant experience and profound knowledge of the telecommunications business and information security. IIJ proposes to nominate him as a candidate for Director in order to utilize his abundant experience and profound knowledge for the management of IIJ. If he is appointed as a Director, he will be appointed as the Executive Vice President.

Candidate number **5**

Koichi Kitamura

(May 12, 1954 )

<Reelection>



■ Number of Shares Owned  
2,733

Career & current positions in and outside IJ

April 1978	Joined Nippon Steel Corporation
June 2004	Director of NS Solutions Corporation
April 2009	Executive Director of the same
April 2012	Managing Executive Director of the same
June 2016	Director & Vice-president Operating Officer of the same
April 2020	Senior Managing Executive Officer and Deputy Unit Director of Business Unit of IJ
April 2021	Senior Managing Executive Officer and Business Unit Director of IJ
June 2021	Senior Managing Director and Business Unit Director of IJ(current position)

■ Reasons for selection as candidate

Mr. Koichi Kitamura, a candidate for Director, has held key positions in businesses in the same industry as IJ, and is presently Business Unit Director of IJ. He uses his abundant experience and profound knowledge of sales and systems to amply fulfill his duties in terms of developing sales strategy and supervising its implementation, etc. IJ therefore proposes to nominate him as a candidate for Director.

Candidate number **6**

Akihisa Watai

(September 30, 1965)

<Reelection>



■ Number of Shares Owned  
31,445

Career & current positions in and outside IJ

April 1989	Joined Sumitomo Bank, Ltd. (currently Sumitomo Mitsui Banking Corporation)
August 1996	Temporarily seconded to IJ
February 2000	Joined IJ
June 2004	Director and Chief Financial Officer of IJ
April 2010	Managing Director and Chief Financial Officer of IJ
April 2015	Division Director of Financial Division of IJ (current position)
April 2021	Senior Managing Director and Chief Financial Officer of IJ (current position)

■ Reasons for selection as candidate

Mr. Akihisa Watai, a candidate for Director, is presently the CFO and Division Director of the Finance Division of IJ. He has served as a Director of IJ for many years and is well versed in various management issues. He uses his abundant experience and profound knowledge of finance to amply fulfill his duties in terms of developing and executing financial strategy, and supervising the strengthening of corporate governance, etc. IJ therefore proposes to nominate him as a candidate for Director.

Candidate number **7**

**Tadashi Kawashima**

(February 27, 1963)

<Reelection>



■ Number of Shares Owned  
9,221

Career & current positions in and outside IIJ

April 1987      Joined Nippon Telegraph and Telephone Corporation  
July 1988      Joined NTT DATA Communications Systems Corporation  
(currently NTT DATA Corporation)  
June 2011      Head of Public Division 2, First Public Administration Systems  
Corporate Headquarters of the same  
June 2013      Senior Specialist of Public and Financial IT Service Business  
Development Division of the same  
President and Representative Director of NTT Data Tokai  
Corporation  
June 2015      Managing Director of IIJ (current position)  
April 2016      Deputy Unit Director of Business Unit of IIJ (current position)  
April 2021      Division Director of Central Nippon Business Division (current  
position)

■ Reasons for selection as candidate

Mr. Tadashi Kawashima, a candidate for Director, is presently the Deputy Unit Director of the Business Unit of IIJ and the Division Director of Central Nippon Business Division. He uses his abundant experience and profound knowledge of sales to amply fulfill his duties in terms of developing sales strategy and supervising its implementation, etc. IIJ therefore proposes to nominate him as a candidate for Director.

Candidate number **8**

**Junichi Shimagami**

(April 17, 1967)

<Reelection>



■ Number of Shares Owned  
23,736

Career & current positions in and outside IIJ

April 1990      Joined Nomura Research Institute, Ltd  
September 1996      Joined IIJ  
June 2007      Director of IIJ  
April 2010      Executive Managing Officer of IIJ  
April 2015      Senior Executive Officer, Division Director of Network Division  
and CTO of IIJ  
June 2015      Director and CTO of IIJ  
April 2016      Unit Director of Technology Unit of IIJ (current position)  
June 2020      Managing Director and CTO of IIJ (current position)

■ Reasons for selection as candidate

Mr. Junichi Shimagami, a candidate for Director, is presently the CTO and the Unit Director of the Technology Unit of IIJ. He uses his exceptional knowledge and abundant experience in the field of network technology and security to amply fulfill his duties in terms of determining technological strategy and supervising its implementation, etc. IIJ therefore proposes to nominate him as a candidate for Director.

Candidate number **9**

## Naoshi Yoneyama

(November 25, 1965)



■ Number of Shares Owned  
43,755

<Reelection>

### Career & current positions in and outside IJ

April 1990 Joined Sumitomo Bank, Limited (currently Sumitomo Mitsui Banking Corporation)  
October 1998 Joined IJ  
April 2012 Executive Officer and Division Director of Technology Management Division of IJ  
April 2015 Executive Managing Officer, Division Director of Technology Unit, and General Manager of Corporate Planning Department of IJ  
April 2018 Senior Executive Officer and Division Director of Corporate Planning Division of IJ  
June 2019 Director and Division Director of Corporate Planning Division of IJ  
April 2021 Director, CIO and Division Director of Corporate Planning Division of IJ (current position)

### ■ Reasons for selection as candidate

Mr. Naoshi Yoneyama, a candidate for Director, is presently the Division Director of Corporate Planning Division of IJ, and has previously served as the Division Director of Technology. He uses his abundant experience and profound knowledge of corporate management, including corporate planning, to amply fulfill his duties in terms of developing business strategy and supervising its implementation, etc. IJ therefore proposes to nominate him as a candidate for Director.

Candidate number **10**

## Takashi Tsukamoto

(August 2, 1950)



■ Number of Shares Owned  
4,700

<Reelection>  
<Outside>  
<Independent>

### Career & current positions in and outside IJ

April 1974 Joined The Dai-Ichi Kangyo Bank, Ltd. (currently Mizuho Bank, Ltd.)  
April 2004 Managing Executive Officer (Head of EMEA) of Mizuho Corporate Bank, Ltd.  
April 2009 President and CEO of Mizuho Financial Group, Inc.  
June 2011 President and CEO of Mizuho Bank, Ltd. Chairman of Mizuho Financial Group, Inc.  
July 2013 Chairman of Mizuho Bank, Ltd.  
April 2014 Senior Advisor of Mizuho Financial Group, Inc.  
April 2017 Honorary Advisor of Mizuho Financial Group, Inc. (current position)  
June 2017 Director of IJ (current position)

### ■ Reasons for selection as candidate for Outside Director and overview of expected role

Mr. Takashi Tsukamoto served as the President and CEO, and Chairman, of Mizuho Bank, Ltd., and has abundant experience and profound finance-related knowledge as a bank manager. He also has a high level of knowledge in the field of global business, finance and accounting, governance, etc. He has been appointed as an Outside Director of IJ since June 2017, and has provided useful advice and supervision to IJ's management. IJ therefore proposes to continue to nominate him as a candidate for Outside Director.

Candidate number **11**

**Kazuo Tsukuda**

(September 1, 1943)

<Reelection>  
<Outside>  
<Independent>



■ Number of Shares Owned  
400

Career & current positions in and outside IJ

April 1968    Joined Mitsubishi Heavy Industries, Ltd  
June 1999    Director of the same  
April 2002    Managing Director of the same  
June 2003    President and Representative Director of the same  
April 2008    Chairman of the Board, Representative Director of the same  
April 2013    Chief Executive Adviser of the same  
June 2019    Special Advisor of the same  
June 2020    Director of IJ (current position)  
June 2021    Honorary Advisor of Mitsubishi Heavy Industries, Ltd (current position)

■ Reasons for selection as candidate for Outside Director and overview of expected role

Mr. Kazuo Tsukuda served as the President and Representative Director, and Chairman of the Board and Representative Director, of Mitsubishi Heavy Industries, Ltd, and has abundant experience and profound knowledge as a corporate manager. He also has a high level of knowledge in the field of technology, R&D, global business, governance, etc. He has been appointed as an Outside Director of IJ since June 2020, and has provided useful advice and supervision to IJ's management. IJ therefore proposes to continue to nominate him as a candidate for Outside Director.

Candidate number **12**

**Yoichiro Iwama**

(September 15, 1943)

<Reelection>  
<Outside>  
<Independent>



■ Number of Shares Owned  
0

Career & current positions in and outside IJ

April 1967    Joined Tokio Marine and Fire Insurance Co., Ltd (currently Tokio Marine and Nichido Fire Insurance Co., Ltd.)  
June 1996    Director of the same  
April 2005    Senior Managing Director of the same  
June 2005    President and Representative Director of Tokio Marine Asset Management Co., Ltd.  
June 2010    Chairman of Japan Securities Investment Advisers Association (currently Japan Investment Advisers Association)  
May 2018    Outside Director and Chairman of the Board of Nikko Asset Management Co., Ltd. (current position)  
June 2021    Director of IJ (current position)

■ Important concurrent posts

Outside Director and Chairman of the Board of Nikko Asset Management Co., Ltd.

■ Reasons for selection as candidate for Outside Director and overview of expected role

Mr. Yoichiro Iwama served as the President and Representative Director of Tokio Marine Asset Management Co., Ltd., and a member of the follow-up meetings of the Stewardship Code, the Corporate Governance Code, etc., and has abundant experience and profound knowledge as a corporate manager. He also has a high level of knowledge in the field of global business, finance and accounting, governance, etc. He has been appointed as an Outside Director of IJ since June 2021, and has provided useful advice and supervision to IJ's management. IJ therefore proposes to continue to nominate him as a candidate for Outside Director.

Candidate number **13**

**Atsushi Okamoto**

(March 26, 1954)



■ Number of Shares Owned  
0

<New election>  
<Outside>  
<Independent>

Career & current positions in and outside IJJ

April 1977	Joined Iwanami Shoten, Publishers
April 2008	Division Manager of Production Department of the same
June 2010	Director of the same
June 2013	President and CEO of the same

■Reasons for selection as candidate for Outside Director and overview of expected role

Mr. Atsushi Okamoto served as the President and CEO, etc. of Iwanami Shoten, Publishers. He also has a high level of knowledge in the field of global business, governance, etc. IJJ proposes to nominate him as a new candidate for Outside Director in order to enhance the obtaining of proposals and supervision regarding IJJ's overall management from persons in independent and diverse positions.

Candidate number **14**

**Kaori Tonosu**

(December 24, 1961)



■ Number of Shares Owned  
0

<New election>  
<Outside>  
<Independent>

Career & current positions in and outside IJJ

April 1985	Joined the Fuji Bank, Limited (currently Mizuho Bank, Ltd.)
June 2001	Joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)
June 2006	Partner of the same
November 2015	Board member of Deloitte Tohmatsu LLC
June 2018	Board member of Deloitte Touche Tohmatsu LLC

■Reasons for selection as candidate for Outside Director and overview of expected role

Ms. Kaori Tonosu served as a board member of Deloitte Touche Tohmatsu LLC. She also has a high level of knowledge in the field of IT business, governance, etc. IJJ proposes to nominate her as a new candidate for Outside Director in order to enhance the obtaining of proposals and supervision regarding IJJ's overall management from persons in independent and diverse positions.



(Notes)

- (1) There is no special interest between the candidates and IIJ.
- (2) IIJ, pursuant to the Articles of Incorporation of IIJ, entered into a Liability Limitation Agreement (Article 427, Paragraph 1 of the Companies Act) with Mr. Takashi Tsukamoto, Mr. Kazuo Tsukuda and Mr. Yoichiro Iwama which limits the liability provided for in Article 423, Paragraph 1 of the Companies Act to the higher of either 10 million yen or the amount prescribed in Article 427, Paragraph 1 of the Companies Act, provided that they are bona fide and without gross negligence in performing their duties. As the said Liability Limitation Agreement will terminate upon the expiration of their current term of office as Outside Directors, a new Liability Limitation Agreement providing the same is scheduled to be entered into after their assumption of the office of Outside Directors. If Mr. Atsushi Okamoto and Ms. Kaori Tonosu are elected as Outside Directors, IIJ plans to newly enter into a Liability Limitation Agreement with the same content.
- (3) IIJ has filed with the Tokyo Stock Exchange with regard to the appointments of Mr. Takashi Tsukamoto, Mr. Kazuo Tsukuda and Mr. Yoichiro Iwama as Independent Directors, whose appointments are required to be secured by the Tokyo Stock Exchange. If they are reappointed as our Directors, we will continue to appoint them as Independent Directors. If Mr. Atsushi Okamoto and Ms. Kaori Tonosu are appointed as Outside Directors, IIJ will submit new filings to appoint them as Independent Directors.
- (4) The candidates (except for the new candidates, Mr. Yasuhiko Taniwaki, Mr. Atsushi Okamoto and Ms. Kaori Tonosu) are currently Directors of IIJ, and IIJ has entered into an agreement regarding directors and officers liability insurance (the "D&O Insurance") with an insurance company, where these candidates are included as insured persons. The D&O Insurance provides that, in the event that a claim for damages is made against the insured persons due to acts performed by the insured persons based on their positions as officers, etc. of IIJ, the D&O Insurance will compensate for losses incurred by the insured persons, such as compensation payments and litigation expenses. However, IIJ has taken measures to ensure that the appropriateness of the performance of duties by the insured persons is not impaired by having provisions for certain exclusions of liability, such as the non-payment of compensation for losses caused by acts performed by insured persons while they were aware of violations of laws or regulations, etc., and by setting an upper limit on the amount of compensation. In addition, IIJ bears 90% of the total amount of insurance premiums and the insured persons bear the balance, where each person bears up to a maximum of 1.5% depending on his or her position. If this Item 3 is approved and resolved as proposed, all the candidates, including the new candidates, will be included as insured persons under the D&O Insurance. The contractual term of the D&O Insurance will expire during the term of office of each candidate, and IIJ plans to renew the D&O Insurance under the same terms.
- (5) The candidates for Directors who concurrently serve as Outside Directors and Company Auditors of other companies (excluding subsidiaries and affiliates of IIJ) are as follows:

Mr. Eijiro Katsu	Outside Company Auditor of the Yomiuri Shimbun (scheduled to retire in June 2022) Outside Director of Nippon Television Holdings Inc. (to be appointed in June 2022) and Nippon Television Network Corporation (to be appointed in June 2022) Outside Director of ANA HOLDINGS INC.
Mr. Takashi Tsukamoto	Outside Director of Asahi Mutual Life Insurance Company, AEON Co., Ltd., and Furukawa Electric Co., Ltd.
Mr. Kazuo Tsukuda	Outside Director of Mitsubishi Research Institute, Inc., Yamaguchi Financial Group, Inc. and Fanuc Corporation
Mr. Yoichiro Iwama	Outside Director of Nikko Asset Management Co., Ltd.
Mr. Atsushi Okamoto	Outside Director of NetAdvance Inc.
Ms. Kaori Tonosu	Outside Director of Japan Post Insurance Co., Ltd. (to be appointed in June 2022)

**Item 4**

**Changes in Details of Stock-Compensation-Type Stock Options (Stock Acquisition Rights)**

IJJ proposes to change some of the details of the stock-compensation-type stock options for Directors of IJJ (excluding part-time Directors and Outside Directors), which were approved at the 19th Ordinary General Meeting of Shareholders held on June 28, 2011.

At the above-mentioned General Meeting of Shareholders, it was resolved that (1) "the number of shares to be issued upon exercise of each stock acquisition right (hereinafter referred as "Number of Shares Granted") shall be one (1)" and (2) "the maximum number of stock acquisition rights to be allocated to Directors within one year after the date of the Ordinary General Meeting of Shareholders in each fiscal year is 600".

With regard to resolution (1) above, due to a subsequent stock split, the number of shares that are issued pursuant to the exercise of each stock acquisition right is currently 400 shares. In light of the changes in the level of share price of IJJ's common stock since 2011 and the multiple stock splits that have been undertaken to date, we propose to revise the number of shares to be issued upon exercise of each stock acquisition right to one (1) share, and pursuant to that, increase the maximum number of stock acquisition rights by a factor of 400. As mentioned above, this merely makes an inversely proportionate change to the total number of stock acquisition rights and the number of shares to be issued upon exercise of each stock acquisition right, and there will be no substantial change in the cap on the amount of stock acquisition rights in terms of the scale of the stock-compensation-type stock option scheme.

IJJ will continue to grant stock acquisition rights as stock-compensation-type stock options to Directors (excluding part-time Directors and Outside Directors) within the limit of JPY 600 million per year, which is the maximum amount of remuneration for Directors. At present, the number of Directors is twelve (12) (including four (4) Outside Directors), but will become fourteen (14) (including five (5) Outside Directors) if Item 3 is approved as originally proposed.

The details of the changes are as follows.

(Underlined text indicates changes.)

Current Details of Stock Acquisition Rights	After the Change Details of Stock Acquisition Rights
<p>(1) Class and number of shares to be issued upon the exercise of Stock Acquisition Rights</p> <p>The class of shares to be issued upon exercise of stock acquisition rights shall be common stock of the Company. The number of shares to be issued upon exercise of each stock acquisition right (hereinafter referred as "Number of Shares Granted") shall be <u>400</u>.</p> <p>On or after the date this item is resolved, in the case that the Company carries out a stock split, allotment of stock of the Company to its shareholders without any consideration, stock consolidation or the like that makes it necessary to adjust the Number of Shares Granted, the Company may make appropriate adjustment to the Number of Shares Granted within a reasonable range.</p> <p>(2) Maximum number of stock acquisition rights</p> <p>The maximum number of stock acquisition rights to be allocated to Directors within one year after the date of the Ordinary General Meeting of Shareholders in each fiscal year is <u>600</u>.</p>	<p>(1) Class and number of shares to be issued upon the exercise of Stock Acquisition Rights</p> <p>The class of shares to be issued upon exercise of stock acquisition rights shall be common stock of the Company. The number of shares to be issued upon exercise of each stock acquisition right (hereinafter referred as "Number of Shares Granted") shall be <u>one (1)</u>.</p> <p>On or after the date this item is resolved, in the case that the Company carries out a stock split, allotment of stock of the Company to its shareholders without any consideration, stock consolidation or the like that makes it necessary to adjust the Number of Shares Granted, the Company may make appropriate adjustment to the Number of Shares Granted within a reasonable range.</p> <p>(2) Maximum number of stock acquisition rights</p> <p>The maximum number of stock acquisition rights to be allocated to Directors within one year after the date of the Ordinary General Meeting of Shareholders in each fiscal year is <u>240,000</u>.</p>

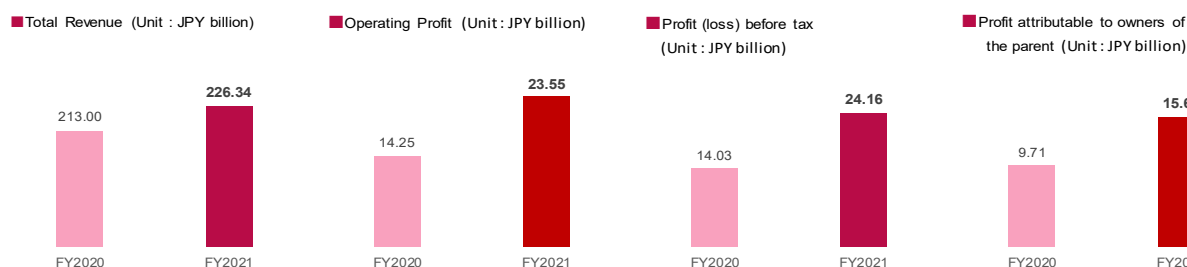
For your reference: Details of stock acquisition rights after application of above changes

- (1) Class and number of shares to be issued upon the exercise of Stock Acquisition Rights  
The class of shares to be issued upon exercise of stock acquisition rights shall be common stock of the Company. The number of shares to be issued upon exercise of each stock acquisition right (hereinafter referred as "Number of Shares Granted") shall be one (1).  
On or after the date this item is resolved, in the case that the Company carries out a stock split, allotment of stock of the Company to its shareholders without any consideration, stock consolidation or the like that makes it necessary to adjust the Number of Shares Granted, the Company may make appropriate adjustment to the Number of Shares Granted within a reasonable range.
- (2) Maximum number of stock acquisition rights  
The maximum number of stock acquisition rights to be allocated to Directors within one year after the date of the Ordinary General Meeting of Shareholders in each fiscal year is 240,000.
- (3) Amount to be paid upon allocation of each stock acquisition right  
The amount to be paid upon allocation of each stock acquisition right shall be determined by the Board of Directors, and shall be the fair price of the stock acquisition right as calculated using the Black-Scholes model based upon various conditions including the market value of the Company's stock on the allocation date of the stock acquisition right.
- (4) Value of assets to be contributed upon exercise of stock acquisition rights  
The value of assets to be contributed upon exercise of stock acquisition rights shall be determined by multiplying the price to be paid per share upon exercise of each stock acquisition right (the "exercise price") by the Number of Shares Granted, and the exercise price shall be one (1) yen.
- (5) Exercise period of stock acquisition rights  
The exercise period of stock acquisition rights shall be determined by the Board of Directors, but shall not exceed 30 years from the day immediately following the allocation date of stock acquisition rights.
- (6) Restrictions on acquisition of stock acquisition rights by transfer  
Any acquisition of stock acquisition rights by transfer shall be subject to approval by resolution of the Board of Directors of the Company.
- (7) Conditions for the exercise of stock acquisition rights
  - a) A person granted the stock acquisition rights may exercise his or her rights only within ten (10) days from the day immediately following the day on which the person has neither a position of a Director nor that of an Executive Officer of the Company, except where the person loses his or her position as a Director or an Executive Officer by reason of death.
  - b) If a person granted the stock acquisition rights dies, his or her heir may exercise such rights according to the conditions for exercising stock acquisition rights by the heir determined at the meeting of the Board of Directors resolving the terms of the stock acquisition rights.
  - c) Matters concerning other conditions for the exercise of stock acquisition rights, other than the items prescribed above, shall be determined at the meeting of the Board of Directors resolving the terms of the stock acquisition rights.
- (8) Other contents of stock acquisition rights  
Matters concerning the details of item (1) to (7) and other details of the stock acquisition rights shall be determined at the meeting of the Board of Directors resolving the terms of the stock acquisition rights.

END

## Business Report for the 30th Fiscal Year

### Consolidated Financial Results



## 1. Matters regarding the current status of the IJ Group

### (1) Progress and Results of the Business (International Financial Reporting Standards)

The Japanese economy continued to show signs of gradual recovery during the fiscal year ended March 31, 2022 (“FY2021”); however, there were some weaknesses in personal consumption and other areas impacted by the COVID-19 pandemic. With regard to future prospects, while the economy is expected to recover gradually along with the normalization of economic and social activities, supported by the effect of various policies and improvements of overseas economies, we must pay close attention to the impacts of the spread of COVID-19 pandemic, fluctuations in foreign exchange and capital markets, a rise in raw material prices and others.

Under such an economic trend, in the ICT (\*1) related market where we belong to, we expect demands for adopting safe and secure network systems from enterprises to increase steadily as we have seen the continuous growth of Internet traffic (\*2) supported by the increased IT utilization among enterprises and government agencies, the growing importance of security-related services as countermeasures against threats on Internet, the widespread of Cloud computing (\*3) related services, and the progress of practical application of IoT (\*4) that comprehensively uses these services.

In these market circumstances, our business overview for FY2021 was as follows. Network service revenues, monthly recurring revenues (excluding mobile related services (\*5)), were up 10.3% YoY, and operating profit was JPY23,547 million, up 65.3% YoY, driven by the gross profit growth. Operating profit increased significantly and exceeded the initial financial targets announced in May 2021 and also the revised financial targets announced in November 2021. FY2021, the first fiscal year of our three-year Mid-term plan which was announced on May 12, 2021, had strong operating margin of 10.4%, which was stronger than the plan. Therefore, we revised our Mid-term’s operating margin target upward for the fiscal year ending March 31, 2024 (FY2023) from “over 10%” to 11.5% (the initial target at the beginning of FY2021 was “over 9%”). As for network services, IP service revenues increased steadily from the beginning of FY2021, mainly due to an increase in contracted bandwidth of existing customers. As for Mobile related services, the net increase of consumers’ subscription continued on quarter basis while Mobile related service revenues for consumers decreased mainly due to decline in an average unit selling price such as seen in the launch of the “Giga Plan (\*6)” which reflected a decrease in our Mobile related purchasing costs. As for IoT related mobile services for enterprises, revenues and subscription increased by 31.4% and 23.7% YoY, respectively, primarily due to continuous demands for projects and an increase in subscription of existing projects. As for Outsourcing services, revenues for security related services continued to increase strongly, largely due to the enhancement of in-house developed security services’ functions, the expansion of their line-ups, and an accumulation of orders for “IJ C-SOC Service (\*7).” As for WAN services, revenues increased steadily. As for system integration, owing to strong demands for network system construction projects, system construction revenues and orders received increased stably, up 11.4% and 18.6%, YoY, respectively. Systems operation and maintenance revenues increased by 16.4% YoY, due to an accumulation of orders for systems operation and maintenance as well as an increase in Cloud computing related service revenues along with the growing demands for Multi-Cloud (\*8) and others. In addition, a new service, “IJ GIO Infrastructure P2 Gen.2 (\*9)” was developed and launched to respond to demands for the migration of enterprise systems to fully Cloud based systems. As for our facilities, we have decided to construct the second building of Shiroi Data Center Campus (\*10) to accommodate our facilities that support the growth of enterprise network services and to meet demands for co-location. As for overseas businesses, we acquired PTC SYSTEM (S) PTE LTD (“PTC”), a leading local system integrator in Singapore, which is the core of our ASEAN business, and made it as our wholly-owned subsidiary. As for the new business areas, DeCurret Holdings, Inc., an equity method investee, published a white paper (\*13) relating to activities of the Digital Currency Forum (\*12) and conducted the proof of concept with leading Japanese companies. For further developing the digital currency business (\*14), which is gradually commercialized, DeCurret Holdings, Inc. divested its crypto asset exchange business (\*15) and enhanced its management. As for our human resource development for our future business growth, we have been focusing mainly on the recruitment and training of new graduates. The number of consolidated employees as of March 31, 2022 increased by 342 personnel YoY to 4,147 personnel due to the addition of 178 new graduates joined in April 1, 2021, mid-career hires and employees of PTC through its acquisitions.

Consolidated financial results for FY2021 were as follows. Total revenues were JPY226,335 million (JPY213,002 million for FY2020), up 6.3% YoY. Total cost of sales was JPY174,707 million (JPY172,720 million for FY2020), up 1.2% YoY and gross profit was JPY51,628 million (JPY40,282 million for FY2020), up 28.2% YoY. The breakdown by services was as follows. Network service revenues were JPY128,213 million (JPY126,827 million for FY2020), up 1.1% YoY. Of these, network service revenues excluding mobile related services were JPY87,496 million, up 10.3% YoY and mobile related service revenues were JPY40,717 million, down 14.3% YoY. Gross profit for network services was JPY35,618 million (JPY27,171 million for FY2020), up 31.1% YoY, mainly due to a better-than-expected accumulation of enterprise network services, the reduction of purchase price in voice services from the beginning of FY2021 and one-time cost reimbursement of mobile unit charge as FY2020 mobile unit charge was fixed based on actual results for the corresponding period. SI revenues, including equipment sales, were JPY95,338 million (JPY83,284 million for FY2020), up 14.5% YoY and gross profit for SI was JPY14,942 million (JPY12,087 million for FY2020), up 23.6% YoY. Of these, SI revenues and gross profit of PTC, which we made a wholly-owned subsidiary in April, 2021, were JPY6,889 million and JPY765 million, respectively. ATM operation business revenue was JPY2,784 million (JPY2,891 million for FY2020), down 3.7% YoY and gross profit of ATM operation business was JPY1,068 million (JPY1,024 million for FY2020), up 4.2% YoY. Net amount of selling, general and administrative expenses, other operating income and other operating expenses were JPY28,081 million (JPY26,034 million for FY2021), up 7.9% YoY. Operating profit for FY2021 was JPY23,547 million (JPY14,248 million for FY2020), up 65.3% YoY. Profit before tax for FY2021 was JPY24,162 million (JPY14,035 million for FY2020), up 72.2% YoY. Although there was an increase in equity method loss and an impairment loss on corresponding amount of goodwill related to DeCurret Holdings, Inc. (\*11) due to a divestment of its crypto asset exchange business, an increase in valuation gains on fund investments absorbed these losses. Profit attributable to owners of the parent for FY2021 was JPY15,672 million (JPY9,712 million for FY2020), up 61.4% YoY.

As for the numbered words, such as ICT (\*1), please refer to the Glossary at page 44 in this document.

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## Network services

Network services revenue was JPY128,213 million, up 1.1% YoY (JPY126,827 million for FY2020).

Revenues for Internet connectivity services for enterprise were JPY37,911 million, down 6.0% YoY from JPY40,347 million for FY2020. The decrease was due to a decrease in IJ Mobile MVNO Platform service (MVNE) revenue (\*17), which was mainly in the response to the reduction in procurement cost, while revenues of IP services (\*18) and enterprise mobile services increased. Revenues for Internet connectivity services for consumers were JPY23,376 million, down 9.1% YoY from JPY25,722 million for FY2020, mainly due to a decrease in average revenue per user of the new plan "GigaPlans" for our consumer mobile services. Revenues for Outsourcing services were JPY40,523 million, up 13.5% YoY from JPY35,710 million for FY2020, mainly due to an increase in security-related services revenues. Revenues for WAN services were JPY26,403 million, up 5.4% YoY from JPY25,048 million for FY2020.

Cost of network services revenue was JPY92,595 million, down 7.1% YoY (JPY99,656 million for FY2020). Although the costs related to Internet backbone, facilities and personnel, etc., increased slightly, costs of mobile services were decreased due to reduction of purchase price in voice services from the beginning of FY2021 and one-time cost reimbursement of mobile unit charge by NTT DOCOMO, INC. in 3Q21 as FY2020 mobile unit charge was fixed based on its actual results for the corresponding period. Gross profit was JPY35,618 million, up 31.1% YoY (JPY27,171 million for FY2020), and gross profit ratio was 27.8% (21.4% for FY2020).

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## Systems integration

SI revenues, including equipment sales, were JPY95,338 million, up 14.5% YoY (JPY83,284 million for FY2020).

Systems construction and equipment sales, a one-time revenue, was JPY35,376 million, up 11.4% YoY (JPY31,767 million for FY2020). Of this amount, revenue of PTC was JPY4,731 million. Systems operation and maintenance revenue, a recurring revenue, was JPY59,962 million, up 16.4% YoY (JPY51,517 million for FY2020), mainly due to continued accumulation of systems operation orders as well as an increase in cloud-related services' revenues. Of this amount, revenue of PTC was JPY2,159 million.

Cost of SI revenues, including equipment sales was JPY80,396 million, up 12.9% YoY (JPY71,197 million for FY2020), mainly due to increases in outsourcing costs, license fees along with an increase in cloud-related services' revenues and purchasing costs. Of this amount, PTC's cost was JPY6,125 million. Gross profit was JPY14,942 million, up 23.6% YoY (JPY12,087 million for FY2020) and gross profit ratio was 15.7% (14.5% for FY2020).

Orders received for SI, including equipment sales, totaled JPY101,476 million, up 12.4% YoY (JPY90,314 million for FY2020); orders received for systems construction and equipment sales were JPY38,660 million, up 18.6% YoY (JPY32,590 million for FY2020), and orders received for systems operation and maintenance were JPY62,816 million, up 8.8% YoY (JPY57,724 million for FY2020).

Order backlog for SI, including equipment sales, as of March 31, 2022 amounted to JPY72,792 million, up 15.7% YoY (JPY62,894 million as of March 31, 2021); order backlog for systems construction and equipment sales was JPY12,451 million, up 49.5% YoY (JPY8,330 million as of March 31, 2021) and order backlog for systems operation and maintenance was JPY60,340 million, up 10.6% YoY (JPY54,564 million as of March 31, 2021).

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## ATM operation business

ATM operation business revenues were JPY2,784 million, down 3.7% YoY (JPY2,891 million for FY2020).

Cost of ATM operation business revenues was JPY1,716 million, down 8.1% YoY (JPY1,867 million for FY2020). Gross profit was JPY1,068 million, up 4.2% YoY (JPY1,024 million for FY2020) and gross profit ratio was 38.3% (35.4% for FY2020).

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## Business segments

In business segments results, revenues for network services and systems integration business segment were JPY223,678 million, up 6.4% YoY (JPY210,278 million for FY2020) and operating profit was JPY22,799 million, up 68.4% YoY (JPY13,541 million for FY2020). As for ATM operation business, revenues were JPY2,784 million, down 3.7% YoY (JPY2,891 million for FY2020) and operating profit was JPY834 million, up 1.0% YoY (JPY826 million for FY2020).

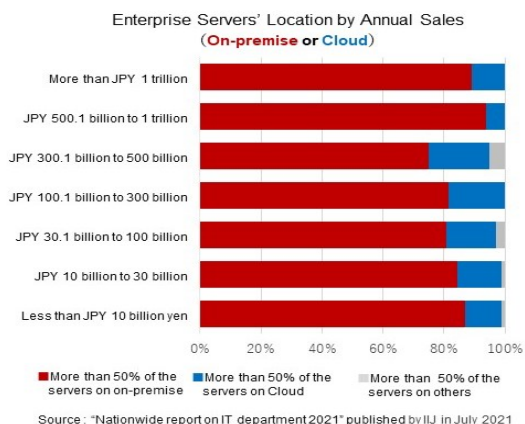
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As for the numbered words, such as IJ Mobile MVNO Platform service (MVNE) revenue (\*17), please refer to the Glossary at page 44 in this document.

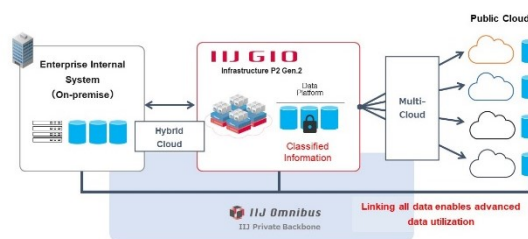
Cloud service promoting the migration of enterprise systems to fully Cloud-based systems

In Japan, less than 20% of companies have shifted more than 50% of their enterprise systems to Cloud, and the on-premise (\*19) environment in which companies operate their own systems still accounts for the majority parts of enterprise systems. “IIJ GIO Infrastructure P2 Gen.2,” launched in October 2021, is a new Cloud service that has the advantages of the “easy scalability” of Public Cloud (\*20) and the “flexibility” of Private Cloud (\*21). In order to reduce the burden on companies during migration to Cloud, we support it by offering a wide range of migration tools and dedicated engineers’ support. In addition, this service functions as a hub for Multi-Cloud environment by connecting to our various network services. While promoting the migration of legacy mission-critical systems to Cloud, this service enables hybrid utilization with AWS (\*22) and other public Cloud services already in use by enterprises, thereby contributing to the construction of a highly scalable enterprise system environment and meeting Multi-Cloud demands.

IIJ Group shall continue to develop and provide services that meet enterprise system demands to achieve our business growth.



Overview of cloud-related services



As for the numbered words, such as on-premise (\*19), please refer to the Glossary at page 44 in this document.

## Expansion of Shiroi Data Center Campus (DCC) with the construction of the second building

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Shiroi DCC started its operation of the first building in May 2019, adopting the latest energy-saving technology. As the first building, which has approximately 700 racks, is expected to be fully occupied during FY2022, we have decided to expand Shiroi DCC and construct the second building in order to meet demands for network services driven by the increased use of ICT among Japanese companies. We plan to start the construction in July 2022 and operation in July 2023.



The second-phase building is planned to have a capacity of approximately 1,100 racks to accommodate facilities that support the growth of network services, and to respond to demands for co-location (\*23) of customers' IT equipment. In addition we plan to promote carbon neutral initiatives such as the installation of solar power generation facilities.

## Introduction of substantial renewable energy at Matsue Data Center Park (DCP)

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We have introduced substantial renewable energy (\*24) at Matsue DCP from February 2022. IJ Group contributes to the efficiency of social activities and the reduction of environmental burdens by providing highly reliable network services that support a networked society, such as Internet and Cloud. Meanwhile, the use of electricity is essential in providing these services. IJ Group makes efforts to reduce greenhouse gas emissions by improving energy efficiency and introducing renewable energy in our own data centers, which consume a large amount of electricity.



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As for the numbered words, such as co-location (\*23), please refer to the Glossary at page 44 in this document.



(2) Capital expenditures

Capital expenditures (including capital leases) for FY2021 were JPY16,130 million (JPY15,151 million for FY2020). There were purchases for equipment and investment in system development for network service-related and cloud computing service-related, and investment in Shiroy data center facilities.

(3) Financing

There is nothing to report on this subject.

(4) Transfers of business, split-offs or spin-offs

There is nothing to report on this subject.

(5) Acquisition of business from other companies

There is nothing to report on this subject.

(6) Succession to the rights and responsibilities of other companies through mergers and acquisitions

There is nothing to report on this subject.

(7) Acquisition or disposal of shares or other equities or warrants of other companies

On April 1, 2021, the Company acquired all shares of PTC, which is mainly engaged in the systems integration business in Singapore, for made it our subsidiary.

(8) Business philosophy, Mid-term Plan, FY2022 Financial Targets, Sustainability and issues that the Group faces

(i) Business philosophy

IJJ Group's business philosophy (raison d'être or purpose) is as follows.

As the company name "Internet Initiative Japan Inc." suggests, we are committed to the ongoing pursuit of initiatives in the field of Internet technology, which is one of those technological innovations that might occur once in a century, and contributing to the development of the networked society by providing groundbreaking services and platforms that propose new uses for the network.

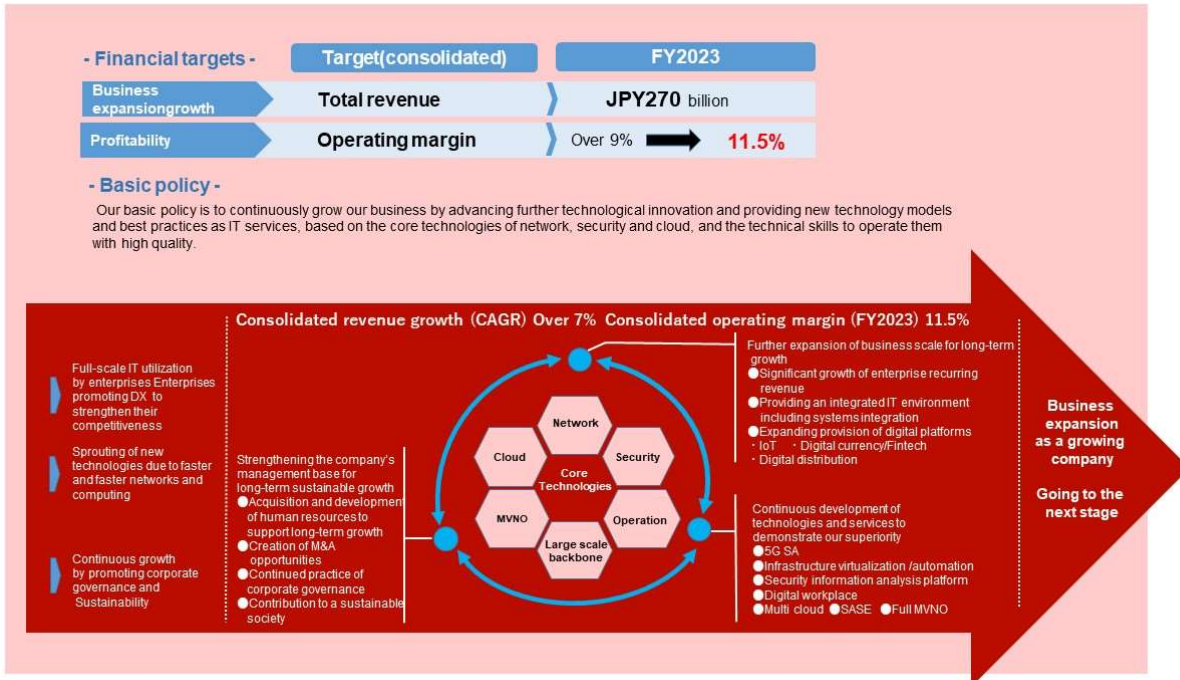
- To develop network infrastructure through technological innovation  
We are committed to the ongoing pursuit of initiatives in the field of Internet technology to open up the future of the digital society through new value created by ever faster networks and computing.
- To provide solutions (IT services) that supports a networked society  
We continuously develop and introduce highly reliable and value-added IT services that anticipate changes taking place around the world, to support the use of networks by society and individuals.
- To provide meaningful opportunities for growth to our employees (a place where human resources with diversified talents and values can play an active role)

We aim to offer meaningful working opportunities for growth through business, in which our staff can take a proactive approach to technical innovation and social contribution, and actively demonstrate their abilities with pride and a sense of satisfaction. We aspire to be a company where employees are never satisfied with the status quo, and are always thinking about the future world, contributing to social development, and achieving personal growth through work that has value for society.



(ii) Mid-term Plan (FY2021-FY2023)


FY2021 is the first year of our three-year Mid-term Plan. We finished the first year of the plan with stronger-than-expected operating margin of 10.4%. We updated our Mid-term operating margin target for FY2023 from the initial target of over 9% to over 10% in December, 2021, and furthermore to 11.5% in May, 2022.




※Forward-looking statements in the text below are based on the judgments of the Group as of March 31, 2022.

(iii) FY2022 Consolidated Financial Targets


### Total Revenue

 JPY **250.0** billion (YoY +10.5%)

### Operating Profit

 JPY **27.2** billion (YoY +15.5%)

### Dividend per share

 JPY **58.5** (YoY +JPY10.5)

With regard to our outlook for FY2022, we expect continued growth in total revenues and operating with enterprise network services' revenue and gross profit increase, an upward trend of systems integration revenues, shares of loss of investments accounted for using equity method investees to be smaller, etc.

IIJ's basic policy for the return to shareholders is to maintain stable and continuous dividends to shareholders while giving full consideration to securing its funds to strengthen its financial position and to prepare for its operation and business development. Based on the policy above, as for FY2022 dividend, our interim and year-end dividend forecasts are JPY29.25 and JPY29.25 per share of common stock respectively.

※Forward-looking statements in the text below are based on the judgments of the Group as of March 31, 2022.

## **IIJ's approach to sustainability**

IIJ was founded as the first full-scale Internet service provider in Japan and has been developing and supporting Japan's Internet infrastructure since its inception. Our business philosophy is to contribute to the development of a networked society by leading technological innovation and developing businesses in Internet field.

In recent years, a wide range of environmental and social problems have become ever more prominent, including but not limited to climate change, natural resources and energy issues, diversity and equal opportunity, declining and aging populations, remote areas being left out of reach of sufficient medical care and data privacy. We believe that these issues, as the environment and factors surrounding our business, will be highly relevant to our business from a long-term perspective, and that sincerely responding to these issues shall lead to our group's sustainable growth and long-term enhancement of corporate value.

With the development and spread of Internet, we realize that the patterns of life and behavior have changed drastically compared to those of thirty years ago. We are proud to say that our group has indirectly contributed to these significant improvements in productivity and efficiency of our society and lifestyles by continuously supporting Internet in Japan. We shall continue to contribute to improving the efficiency of society as a whole by leading the use of technologies such as Cloud computing and IoT and new applications of such technology. Meanwhile, an increase in the use of electricity is essential in providing these services. Our group plans to set targets for the usage of renewable energy and improvement of energy efficiency in order to reduce greenhouse gas emissions at data centers where a large amount of electricity is consumed.






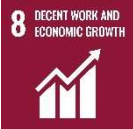






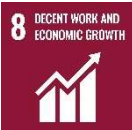

## IIJ Group Identifying material issues

In response to the mounting requests and expectations for the ICT industry to work on SDGs and other social issues, and as our business may significantly impact social issues, both positively and negatively, we have identified three material issues and eight related themes we target.

Going forward, we shall prioritize these material issues and disclose our progress and results.

 <p><b>Lead network infrastructure advancement with technological innovations and contribute to solving various social issues</b></p>	 <p><b>Provide safe and robust Internet services that support social infrastructure</b></p>	 <p><b>Provide an arena for people with diverse talents and values, where they can exercise their skills and actively and boldly take on challenges</b></p>
 <p><b>Themes we work on</b></p>	 <p><b>Themes we work on</b></p>	 <p><b>Themes we shall work on</b></p>
<p><b>Bringing innovation</b></p> <p>We shall continue to bring technological innovations to realize an even better network society and propose new values and usages.</p> <p><b>Solving social issues through our business</b></p> <p>We shall provide Internet services that will help solve social issues, such as addressing a declining working population, economic productivity, health and social welfare.</p> <p><b>Our response to climate change</b></p> <p>We shall use our Internet services to drive our environmental contributions, such as by saving energy consumption and using renewable energy at data centers, reducing human and cargo transport, and saving natural resources.</p>	<p><b>Maintaining security and privacy</b></p> <p>We aim for a world where privacy and security are protected for all users as the norm.</p> <p><b>Enhancing network resilience</b></p> <p>As a platform for industries, education, and day-to-day living, we develop and operate robust backbone networks that will withstand natural disasters, accidents, and cyber-attacks.</p>	<p><b>Promoting diversity and work-life balance</b></p> <p>We provide a workplace where all employees' values are respected and they can exercise their skills, regardless of gender, nationality, or disability.</p> <p><b>Developing human resources</b></p> <p>We maintain and develop a corporate culture that fully respects and supports employees' self-actualization and motivation to learn and contribute to society.</p> <p><b>Promoting occupational safety and health and respect for human rights</b></p> <p>We provide a workplace that protects employees' physical and mental health and enables them to work safely.</p>
<p><b>Information disclosure based on the TCFD Framework to be planned at the end of June 2022</b></p>		

## Material issues and SDGs we contribute to

Material issues	Related targets of SDGs			
 <p>Lead network infrastructure advancement with technological innovations and contribute to solving various social issues</p>	 <p>3 GOOD HEALTH AND WELL-BEING</p>	<p>3.8 Contribute to universal health coverage</p>	 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>9.5 Expand open innovation</p>
	 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>7.2, 7.3 Spread renewable energy and improve energy efficiency</p>	 <p>13 CLIMATE ACTION</p>	<p>13.1 Enhance adaptability to natural disasters from climate change</p>
	 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>8.2, 8.4, 8.10 Suppress resource consumption and expand financial access to drive economic growth</p>		
 <p>Provide safe and robust Internet services that support social infrastructure</p>	 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>9.1 Develop sustainable and robust regional and cross-border infrastructures</p>	 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p>16 All Promote a peaceful and inclusive society</p>
	 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<p>11.a, 11.b Enhance cooperation between urban and rural areas and support disaster risk management structures</p>		
 <p>Provide an arena for people with diverse talents and values, where they can exercise their skills and actively and boldly take on challenges</p>	 <p>4 QUALITY EDUCATION</p>	<p>4.4 Improve technical skills</p>	 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>8.5 Promote equal employment and a better work environment</p>
	 <p>5 GENDER EQUALITY</p>	<p>5.b Apply ICT technologies to promote empowerment of women</p>		

(v) Issues that the Group faces

Consolidated financial results of IJ Group in recent years show improving profits in line with increased revenues which is along with the advancement of ICT utilization by private and public sectors in Japan. We expect further ICT utilization for economic activities to continue which makes it important to develop and provide reliable and highly value-added network services and systems that meet such demand. By doing so, we continue to fulfill our business philosophy. To realize this, enhanced recruitment and development of human resources are extremely important. We shall further expand human capital along with business expansion.

Continued support from our shareholders would be very much appreciated.

## (9) Historical data of assets and income

(U.S. GAPP)

(JPY thousands except per share data)

	27th fiscal Year FY2018
Total revenues	192,332,340
Operating income	6,208,392
Net income attributable to IIJ	2,715,179
Basic net income attributable to IIJ per share	JPY60.24
Total assets	166,851,638
Total IIJ shareholders' equity	75,404,315
IIJ shareholders' equity per share	JPY1,673.03

(IFRS)

(JPY thousands except per share data)

	27th fiscal Year FY2018	28th fiscal Year FY2019	29th fiscal Year FY2020	30th fiscal Year FY2021
Total revenues	192,430,185	204,473,515	213,001,880	226,335,377
Operating profit	6,022,987	8,225,172	14,247,723	23,547,083
Profit attributable to owners of the parent	3,520,566	4,006,773	9,711,559	15,672,105
Basic earnings per share	JPY78.11	JPY 88.88	JPY 107.67	JPY173.56
Total assets	167,289,196	206,524,060	220,777,269	231,805,076
Equity attributable to owners of the parent	76,271,438	79,075,589	89,956,379	103,528,120
Owners' equity per share	JPY 1,692.27	JPY 1,753.97	JPY 997.24	JPY1,146.32

(Notes)

1. The Company (or IIJ)'s consolidated financial statements in the business reports based on the Corporation Law of Japan has been prepared in accordance with International Financial Reporting Standards ("IFRS") since FY2019. Therefore, the consolidated financial statements in this business reports are prepared in accordance with IFRS as well.
2. IIJ's consolidated financial statements for FY2018 in respective business report were prepared in accordance with generally accepted accounting principles in the United States of America ("US GAAP").
3. Basic net income attributable to IIJ per share or basic earnings per share are calculated based on the weighted-average number of common shares outstanding during each fiscal year.
4. IIJ shareholders' equity per share and owners' equity per share are calculated based on the total number of common shares (excluding treasury stock) outstanding at the end of each fiscal year.
5. IIJ conducted a 1:2 stock split on common stock with an effective date of January 1, 2021. Accordingly, basic earnings per share and owners' equity per share for FY2020 (the 29th fiscal year) have been calculated as if the stock split was conducted at the beginning of FY2020. The figures from FY2018 (the 27th fiscal year) to FY2019 (the 28th fiscal year) are not retroactively adjusted to the stock split.

(10) Items of the principal parent companies and subsidiaries

(i) Major subsidiaries

Name of company	Common stock (Unit : thousands)	Ownership (Note)	Primary business
IIJ Innovation Institute Inc. ("IIJ-II")	JPY75,000	100.0%	R&D for the Internet-related technology
IIJ Engineering Inc. ("IIJ-EG")	JPY400,000	100.0%	Operation and monitoring of network systems, customer service support and call centers
IIJ Global Solutions Inc. ("IIJ-GS")	JPY490,000	100.0%	Provision of network services and systems integration
IIJ Protech Inc. ("IIJ-PRO")	JPY10,000	100.0%	Provision of human resources and outsourcing services for systems development, operation, and service support
Trust Networks Inc. ("Trust Networks")	JPY100,000	79.5%	Operation of ATMs and ATMs networks
Net Chart Japan, Inc. ("Net Chart")	JPY55,000	100.0%	Development and construction of networks, operation and maintenance of networks and sales of network-related equipment
IIJ America Inc. ("IIJ-A")	USD2,180D	100.0%	Provision of network services, systems integration and other related services in the U.S.
IIJ Europe Limited ("IIJ-Europe")	143GBP	100.0%	Provision of network services, systems integration and other related service in Europe
IIJ Global Solutions Singapore Pte. Ltd. ("IIJ-GS SGP")	6,415SGD	(49.6%) 100.0%	Provision of network services, systems integration and other related service in Singapore
PTC SYSTEM (S) PTE LTD ("PTC")	2,000SGD	100.0%	Provision of systems integration and other related service in Singapore
IIJ Global Solutions China Inc. ("IIJ-GS China")	10,630USD	(100.0%) 100.0%	Provision of network services, systems integration and other related service in China

(Notes) 1. Ownership percentage in brackets above represents indirect ownership.  
2. We have merged our 100% consolidated subsidiary, IIJ-II on April 1, 2022.

As of March 31, 2022, the number of consolidated subsidiaries was 17 and the number of equity-method investees was eight (8).

(ii) Wholly-owned specified subsidiaries

There is nothing to report on this subject.

(11) Major business lines

Our major business lines are to provide network services, systems integration and ATM operation business.



## (12) Major offices of IIJ group

Name	Functions	Address
IIJ	Headquarters	Chiyoda-ku, Tokyo
	Branches and sales offices	Osaka-shi, Nagoya-shi, Fukuoka-shi, Sapporo-shi, Sendai-shi, Toyama-shi, Hiroshima-shi, Yokohama-shi, Naha-shi, Niigata-shi and Toyota-shi
IIJ-II	Headquarters	Chiyoda-ku, Tokyo
IIJ-EG	Headquarters	Chiyoda-ku, Tokyo
IIJ-GS	Headquarters	Chiyoda-ku, Tokyo
	Branches	Osaka-shi, Sapporo-shi, Nagoya-shi and Fukuoka-shi
IIJ-PRO	Headquarters	Chiyoda-ku, Tokyo
Trust Networks	Headquarters	Chiyoda-ku, Tokyo
Net Chart	Headquarters	Yokohama-shi
IIJ-A	Headquarters	California, the United States
IIJ-Europe	Headquarters	London, the United Kingdom
IIJ-GS SGP	Headquarters	Singapore
PTC	Headquarters	Singapore
IIJ-GS China	Headquarters	Shanghai, the People's Republic of China

## (13) Employees

Number of employees as of the end of FY2021	Change from the end of FY2020
4,147	+342

(Note) The above figures include employees and contracted employees, and exclude employees seconded from other companies.

## (14) Major borrowings

Source	Balance(JPY thousands)
MUFG Bank, Ltd.	6,990,000
Mizuho Bank, Ltd.	6,990,000
Sumitomo Mitsui Banking Corporation	6,990,000
SUMITOMO MITSUI TRUST BANK, LIMITED	700,000

## 2. Matters regarding shares of the Company

- (1) Number of shares authorized: 151,040,000 shares  
 (2) Number of shares issued and outstanding: 93,534,800 shares (Including treasury stock: 3,221,667 shares)  
 (3) Number of shareholders at the end of FY2021: 8,993  
 (4) Major shareholders (Top 10):

Name of shareholders	Number of shares held (shares)	Shareholding Ratio
Nippon Telegraph and Telephone Corporation	20,190,000	22.4%
The Master Trust Bank of Japan, Ltd. (Trust account)	8,804,700	9.7%
Custody Bank of Japan, Ltd. (Trust account)	5,254,700	5.8%
NTT Communications Corporation	4,080,000	4.5%
ITOCHU Techno-Solutions Corporation	3,904,000	4.3%
Koichi Suzuki	3,691,322	4.1%
The Dai-ichi Life Insurance Company, Limited	2,546,000	2.8%
KS Holdings Inc.	1,620,000	1.8%
MUFG Bank, Ltd.	1,372,000	1.5%
Sompo Japan Insurance Inc.	1,300,000	1.4%

(Notes)

- Shareholding ratio is calculated by deducting number of treasury stock from total number of shares issued.
- KS Holdings Inc. is a wholly owned and controlled (indirect) by Mr. Koichi Suzuki.

- (5) Status of stock delivered to directors or company auditors of the Company as consideration of execution of duties during the fiscal year

The details of the stock-based remuneration delivered during the fiscal year is as follows. The below is due to the allotment of restricted stock as performance-linked bonus for the fiscal year ended March 31, 2021. This restricted stock remuneration was implemented by the resolution of the ordinary general meeting of shareholders held on June 24, 2020. The number of directors and company auditors of the Company at the above-mentioned ordinary general meeting of shareholders was 13 and 4 (four), respectively.

- Total number regarding stock delivered to directors and other officers by category

	Number of shares delivered (shares)	Number of persons
Directors (Excluding outside directors)	22,687	7
Outside directors	-	-
Company auditors	-	-

[Overview of the restricted stock remuneration]

- Timing of payment and allocation: The payment details of each director is determined in or after the last month of each fiscal year, and the determined amount be allotted.
- Number of shares to be allotted per year: Up to 80,000 shares (post-split basis) or less.
- Amount to be paid in per share: The amount to be paid in per share will be determined, based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the board of directors resolution (the closing price on the most recent day on which trading has taken place if there is no trading on that day), and will be an amount that does not provide the eligible directors who receive the common stock with a particularly advantageous price.
- Transfer restrictions: From the disposal date of the Company's common stocks to be allotted under the allotment agreement (the "allotted shares") to the point in time when an eligible director resigns from the position predetermined by the board of directors (the "transfer restriction period"), it is prohibited to transfer, collateralize, or otherwise dispose the allotted shares during the transfer restriction period.
- Removing transfer restrictions: The Company shall remove the transfer restrictions with respect to the allotted shares in whole upon the expiry of the transfer restriction period, provided that an eligible director continuously served as the position predetermined by the board of directors during the transfer restriction period. If certain grounds prescribed in the allotment agreement, such as if an eligible director retires from the position during the restriction period or upon the expiration of the restriction period for any reason other than those deemed justifiable by the Company, the Company will naturally acquire the allotted shares for no consideration.
- Treatment in the event of organizational restructuring, etc.: Regardless of the above, if a matter concerning the organizational restructuring, etc. of the Company, such as a merger agreement whereby the Company will be the non-surviving party to the merger, or a share exchange agreement or share transfer plan whereby the Company will become a wholly-owned subsidiary of another entity, is approved at the Company's ordinary general meeting of shareholders (or by the Company's board of directors if such organizational restructuring, etc. does not require approval at a Company's ordinary general meeting of shareholders) during the transfer restriction period, the Company will remove, based on a resolution of the Company's board of directors, the transfer restriction on the allotted shares on a date prior to the effective date of such organizational restructuring, etc.
- Other matters: Other matters related to the restricted stock shall be determined by the board of directors.

- (6) Other important matters regarding shares

There is nothing to report on this subject.

### 3. Matters regarding the Company's stock acquisition rights

	Allotment date	Number of stock acquisition rights outstanding	Type of stock and number of shares subject to stock acquisition rights	Issue price (per stock acquisition right)	Exercise price of stock acquisition rights	Exercise period
#1 Stock Acquisition Rights	July 14, 2011	66	Common Stock 26,400 shares	JPY259,344	JPY1	From July 15, 2011 to July 14, 2041
#2 Stock Acquisition Rights	July 13, 2012	70	Common Stock 28,000 shares	JPY318,562	JPY1	From July 14, 2012 to July 13, 2042
#3 Stock Acquisition Rights	July 11, 2013	60	Common Stock 24,000 shares	JPY647,000	JPY1	From July 12, 2013 to July 11, 2043
#4 Stock Acquisition Rights	July 10, 2014	87	Common Stock 34,800 shares	JPY422,600	JPY1	From July 11, 2014 to July 10, 2044
#5 Stock Acquisition Rights	July 13, 2015	117	Common Stock 46,800 shares	JPY369,200	JPY1	From July 14, 2015 to July 13, 2045
#6 Stock Acquisition Rights	July 11, 2016	126	Common Stock 50,400 shares	JPY360,000	JPY1	From July 12, 2016 to July 11, 2046
#7 Stock Acquisition Rights	July 14, 2017	137	Common Stock 54,800 shares	JPY337,200	JPY1	From July 15, 2017 to July 14, 2047
#8 Stock Acquisition Rights	July 13, 2018	137	Common Stock 54,800 shares	JPY347,600	JPY1	From July 14, 2018 to July 13, 2048
#9 Stock Acquisition Rights	July 12, 2019	145	Common Stock 58,000 shares	JPY354,600	JPY1	From July 13, 2019 to July 12, 2049
#10 Stock Acquisition Rights	July 10, 2020	93	Common Stock 37,200 shares	JPY643,400	JPY1	From July 11, 2020 to July 10, 2050
#11 Stock Acquisition Rights	July 15, 2021	70	Common Stock 28,000 shares	JPY1,258,400	JPY1	From July 16, 2021 to July 15, 2051

(Notes)

1. A person granted the stock acquisition rights may exercise his or her rights only within ten days from the day immediately following the day on which the person loses his or her position as neither a director nor an executive officer of the Company.
2. The Company conducted a 1:200 stock split on common stock with an effective date of October 1, 2012 and also a 1:2 stock split on common stock with an effective date of January 1, 2021. In connection with these stock splits, as for the above mentioned stock acquisition rights, number of shares to be issued per stock acquisition right upon exercise of each stock acquisition right were adjusted as follows after the later record date.

#1 and #2:

Before adjustment: 1 share per stock acquisition right  
After adjustment: 400 shares per stock acquisition right

From #3 to #10:

Before adjustment: 200 shares per stock acquisition right  
After adjustment: 400 shares per stock acquisition right

(1)The Company's stock acquisition rights granted to and held by directors as of the End of FY2021

	Number of stock acquisition rights	Type of stock and number of shares subject to stock acquisition rights	Number of holders and number of stock acquisition rights
#1 Stock Acquisition Rights	54	Common Stock 21,600 shares	3 Directors 54
#2 Stock Acquisition Rights	50	Common Stock 20,000 shares	4 Directors 50
#3 Stock Acquisition Rights	48	Common Stock 19,200 shares	5 Directors 48
#4 Stock Acquisition Rights	71	Common Stock 28,400 shares	5 Directors 71
#5 Stock Acquisition Rights	89	Common Stock 35,600 shares	6 Directors 89
#6 Stock Acquisition Rights	93	Common Stock 37,200 shares	6 Directors 93
#7 Stock Acquisition Rights	103	Common Stock 41,200 shares	6 Directors 103
#8 Stock Acquisition Rights	100	Common Stock 40,000 shares	6 Directors 100
#9 Stock Acquisition Rights	99	Common Stock 39,600 shares	6 Directors 99
#10 Stock Acquisition Rights	61	Common Stock 24,400 shares	7 Directors 61
#11 Stock Acquisition Rights	41	Common Stock 16,400 shares	8 Directors 41

(Notes)

- In place of the retirement allowance plan for directors which was abolished, the stock acquisition rights mentioned in the above were issued in consideration of their execution of duties.
- There are no stock acquisition rights granted to and held by the Company's part- time directors, outside directors or company auditors at the end of FY2021.
- The Company conducted a 1:200 stock split on common stock with an effective date of October 1, 2012 and also a 1:2 stock split on common stock with an effective date of January 1, 2021. In connection with these stock splits, as for the above mentioned stock acquisition rights, number of shares to be issued per stock acquisition right upon exercise of each stock acquisition right were adjusted as follows after the later record date.  
#1 and #2:  
Before adjustment: 1 share per stock acquisition right  
After adjustment: 400 shares per stock acquisition right  
From #3 to #10:  
Before adjustment: 200 shares per stock acquisition right  
After adjustment: 400 shares per stock acquisition right

(2)The Company's stock acquisition rights granted to employees or others during FY2021

	Number of stock acquisition rights	Type of stock and number of shares subject to stock acquisition rights	Number of holders and number of stock acquisition rights
#11 Stock Acquisition Rights	29	Common Stock 11,600 shares	15 Executive Officers 29

#### **4. Matters regarding directors, company auditors and executive officers of the Company**

(1) Directors and company auditors

Position in the Company	Name	Business in charge or important concurrent posts
Chairman and Representative Director	Koichi Suzuki	Co-CEO [Important concurrent posts] Chairman and representative director of IJ Engineering Inc. Chairman of the board, IJ America Inc. President and representative director of INTERNET MULTIFEED CO. Chairman and representative director of JOCDN Inc.
President and Representative Director	Eijiro Katsu	Co-CEO COO
Executive Vice President	Satoshi Murabayashi	Corporate Management, Chairman of Data Governance Council and Director [Important concurrent posts] President and representative director of DeCurret Holdings, Inc.
Senior Managing Director	Koichi Kitamura	Unit Director of Business Unit
Senior Managing Director	Akihisa Watai	CFO Division director of Finance Division
Managing Director	Tadashi Kawashima	Deputy Unit director of Business Unit Division Director of Central Japan Business Division
Managing Director	Junichi Shimagami	CTO Unit director of Technology Unit
Managing Director	Naoshi Yoneyama	CIO Division director of Corporate Planning Division
Director	Shingo Oda	
Director	Takashi Tsukamoto	
Director	Kazuo Tsukuda	
Director	Yoichiro Iwama	Outside director and Chairman of the board, Nikko Asset Management Co., Ltd.

Position in the Company	Name	Business in charge or important concurrent posts
Full-time Company Auditor	Kazuhiro Ohira	
Full-time Company Auditor	Masako Tanaka	
Company Auditor	Takashi Michishita	Attorney at law, Partner of Nishimura & Asahi LPC
Company Auditor	Koichi Uchiyama	President of Aisan·Advisory LLC

(Notes)

1. Business in charge or important concurrent posts are stated as of March 31, 2022
2. Director and company auditor who assumed or left office during the fiscal year ended March 31, 2022, as follows:
  - Assumption of office: On June 29, 2021
    - Director: Satoshi Murabayashi
    - Director: Koichi Kitamura
    - Director: Yoichiro Iwama
  - Retirement of office: On June 29, 2021
    - Director: Takeshi Kikuchi
    - Director: Toshinori Iwasawa
    - Director: Tadashi Okamura
    - Director: Shinobu Umino
3. Shingo Oda, Takashi Tsukamoto, Kazuo Tsukuda and Yoichiro Iwama are outside directors, defined in Item 15, Article 2 of the Corporation Law of Japan.
4. Kazuhiro Ohira, Takashi Michishita and Koichi Uchiyama are outside company auditors, defined in Item 16, Article 2 of the Corporation Law of Japan.
5. Outside directors, Shingo Oda, Takashi Tsukamoto, Kazuo Tsukuda and Yoichiro Iwama, and outside company auditors, Kazuhiro Ohira, Takashi Michishita and Koichi Uchiyama are independent directors as specified by the Tokyo Stock Exchange.
6. Koichi Uchiyama, a company auditor, is a Japanese Certified Public Accountant and has extensive expertise in finance and accounting.
7. Relationship between the Company and those companies that our directors hold important concurrent posts.  
There is no special relationship between the Company and the companies where our outside directors and corporate auditors hold concurrent positions.

## (2) Executive officers (As of April 1, 2022)

Name	Title	Principal position
Masayoshi Tobita	Managing executive officer	Division director of Administrative Division
Makoto Ajisaka	Managing executive officer	Division director of Service Product Business Division
Yoshikazu Yamai	Managing executive officer	Division director of Infrastructure Engineering Division
Koichi Maruyama	Managing executive officer	Division director of Global Business Division
Masakazu Tachikui	Managing executive officer	Division director of IoT Business Division
Seiji Okita	Managing executive officer	Division director of Professional Services Division
Tadaharu Esaka	Managing executive officer	Deputy division director of IoT Business Division
Akira Sumiya	Managing executive officer	General manager of Compliance Department
Masami Kawamata	Executive officer	General manager of Accounting Department
Takenori Onishi	Executive officer	Division director of Enterprise Business Division 1
Takahiro Ide	Executive officer	Division Director of Enterprise Business Division 2
Shigeo Yabuki	Executive officer	Division director of MVNO Division
Ken Araki	Executive officer	Division director of Financial Systems Business Division
Naoshi Someya	Executive officer	Division director of Cloud Division
Hajime Shironouchi	Executive officer	Division director of Network Division
Takahiko Hiyama	Executive officer	Deputy Division Director of Finance Division
Kaori Kawakami	Executive officer	Executive Director of Sustainability Committee

(Note) Takahiko Hiyama and Kaori Kawakami were newly appointed as executive officers of the Company on April 1, 2022.

(3) Contents of company indemnity agreement with directors and etc.  
There is nothing to report on this subject

(4) Contents of directors', company auditors' and executive officers' liability insurance agreement

The Company, with our directors, company auditors, executive officers and other important employees under the Corporation Law of Japan as insured persons, entered into a directors and officers liability insurance policy, as provided for in Article 430-3, Paragraph 1 of the Corporation Law of Japan with an insurance company. The policy covers the losses due to the insured's actions based on his/her position, such as damages payable, litigation costs, etc. in damage suits. However, the scope of compensation does not cover the damages and litigation costs of the insured involved in an intentional illegal act or criminal act such as bribery, to ensure that the appropriateness of the performance of the insured's duties is not lost. As for the insurance premiums, the Company bears approximately 90% of the total and each insured bears the remaining balance within a maximum of 1.5% individually, depending on his/her position.

(5) Remuneration, etc. to directors and company auditors for FY2021

(i) Policy for determining content of remuneration for individual directors

a) Method for deciding on the policy for such determination

After consulting with the nomination and remuneration committee on the draft of the determination policy regarding the content of remuneration for individual directors, the determination policy was resolved at the board of directors meeting held on February 4, 2021.

b) Outline of content of determination policy

As for the remuneration of our full-time directors, when determining the remuneration of individual directors, our basic policy is to set an appropriate level of remuneration according to each directors' position and responsibility, with promoting directors' motivation and morale to further improve and contribute to continuous business growth and corporate value over a mid- to long-term. The remuneration of our full-time executive directors is comprised of fixed monthly remuneration (cash), performance-linked remuneration (restricted stock) and non-monetary remuneration (stock compensation-type stock options).

As for the remuneration of part-time directors or outside directors who have supervisory functions, the remuneration is only comprised of fixed monthly remuneration (Cash), based on their roles and responsibilities.

c) Reason why the board of directors has determined that content of remuneration for individual directors for FY2021 complies with the determination policy

When deciding the content of remuneration for individual directors, the nomination and remuneration committee conducted a multifaceted examination of the draft, including consistency with the determination policy, therefore the board of directors recognize that it is in line with the policy.

[Examples of directors' remuneration (excluding outside director)]

Without performance-linked remuneration	Fixed monthly remuneration (cash) 86-92%	Non-monetary remuneration (equivalent to one to two times as much as each directors' fixed monthly cash remuneration) 8-14%	
With performance-linked remuneration	Fixed monthly remuneration (cash) 67-71%	Non-monetary remuneration (equivalent to one to two times as much as each directors' fixed monthly cash remuneration) 6-11%	Performance-linked remuneration (equivalent to zero to four times as much as each directors' fixed monthly cash remuneration) 22-24%

(ii) Matters concerning the resolutions of ordinary general meeting of shareholders regarding remuneration of directors and company auditors

- The upper limits of aggregate amount of remuneration for directors and company auditors were at JPY500 million and JPY100 million or less per year respectively, approved at the 16th ordinary general meeting of shareholders held on June 27, 2008. The number of directors and company auditors were 14 and 4 at the shareholders' meeting resolution, respectively.
- At the 19th ordinary general meeting of shareholders held on June 28, 2011, the implementation of stock compensation-type stock options to directors (except for part-time and outside directors) within the said limit, as a substitution for the retirement allowance, was approved. The number of directors was 12 at the shareholders' meeting resolution.
- At the 28th ordinary general meeting of shareholders held on June 24, 2020, the implementation of restricted stock remuneration to directors (except for part-time and outside directors) within the said limit was approved. The number of directors was 13 at the shareholders' meeting resolution.
- At the 29th ordinary general meeting of shareholders held on June 29, 2021, it was resolved that the upper limit of aggregate amount of remuneration for directors shall be JPY600 million or less per year, including the upper limit of aggregate amount of JPY50 million or less per year for Outside Directors. The number of directors was 12 at the shareholders' meeting resolution.

(iii) Matters concerning delegation related to the content of remuneration for individual directors

Regarding the amount of remuneration for each individual director, the representative directors (the chairman and representative director, Koichi Suzuki and the president and representative director, Eijiro Katsu) shall be delegated the specific content based on the resolution of the board of directors, and the delegated power is the determination of the amount of basic monthly remuneration and distribution of performance-linked remuneration of each individual director. In order to ensure that this authority is properly exercised by the representative directors, the representative directors, who drafted the remuneration plan, consults the nomination and remuneration committee with the draft of the plan, therefore the board of directors recognize that it is in line with the determination policy. The reason for delegating to the representative directors is that the representative directors are the most suitable to evaluate the responsibility and performance of each director while taking a bird's eye view of the overall performance of the Company.



## (iv) Total amount, etc. of directors' and company auditors' remuneration for FY2021

Category	Total remuneration (Thousands of yen)	Breakdown of remuneration (Thousands of yen)			Number of persons
		Fixed monthly remuneration (cash)	Performance-linked remuneration (restricted stock)	Non-monetary remuneration (stock option)	
Directors	449,331	329,670	70,349	49,312	16
(Of outside directors)	(24,300)	(24,300)	(-)	(-)	(6)
Company auditors	32,853	32,853	-	-	4
(Of outside company auditors)	(17,749)	(17,749)	(-)	(-)	(3)

(Note) As for performance-linked remuneration, the above is the amount recognized as expenses for FY2021 based on our restricted stock remuneration system.

## (v) Contents of performance-linked remuneration

As a performance-linked remuneration, the amount of restricted stock remuneration to be allocated is based on the evaluation methodology using year over year growth rate and target achievement rate of the consolidated revenue and operating income, which are linked with our business growth and improvement of corporate value, and is determined equivalent to between zero and four times as much as each directors' monthly fixed cash remuneration. Each director receives the determined amount of monetary remuneration claims as a cash investment asset for the payment of restricted stock.

Historical data of consolidated revenue and operating income including FY2021 is stated in "1. Matters regarding the current status of the IJJ Group, (9) Historical data of assets and income", and an overview of the restricted stock remuneration and status of delivery is stated in "2. Matters regarding shares of the Company, (5) Status of stock delivered to directors or company auditors of the Company as consideration of execution of duties during the fiscal year" of this report, respectively.

## (vi) Contents of non-monetary remuneration

As a substitution for the directors' retirement allowance, the Company allocates stock compensation-type stock options, equivalent to between one and two times as much as each directors' monthly fixed cash remuneration which is dependent of each directors' position, to company directors.

An overview of the non-monetary remuneration and status of delivery is stated in "3. Matters regarding the Company's stock acquisition rights" of this report.

An overview of the restricted stock remuneration and status of delivery is stated in "2. Matters regarding shares of the Company, (5) Status of stock delivered to directors or company auditors of the Company as consideration of execution of duties during the fiscal year" of this report. This remuneration is included in the performance-linked remuneration of "(iv) Total amount, etc. of directors' and company auditors compensation for FY2021", above.

(6) Outside Directors and Company Auditors

(i) Important concurrent offices of executive director and outside director at other companies

This is as described in the list of (1) Directors and Company auditors above.

(ii) Main activities during the current fiscal year

Position	Name	Principal Activities
Director	Shingo Oda	Attended 11 of the 12 board of directors meetings held during the fiscal year and made necessary remarks in deliberations, based on his wealth of management experience and extensive insight. Also served as a member of the nomination and remuneration committee, which discusses the nomination and remuneration of directors of the Company, and attended all of the 2 committee meetings during the fiscal year and played an important role in management supervision, such as reflecting the evaluation of the Company's financial performance, etc. in the nomination and remuneration of directors, from an independent and objective standpoint.
	Takashi Tsukamoto	Attended 11 of the 12 board of directors meetings held during the fiscal year and made necessary remarks in deliberations, based on his wealth of management experience and extensive insight. Also served as a member of the nomination and remuneration committee, which discusses the nomination and remuneration of directors of the Company, and attended 1 of the 2 committee meetings during the fiscal year and played an important role in management supervision, such as reflecting the evaluation of the Company's financial performance, etc. in the nomination and remuneration of directors, from an independent and objective standpoint.
	Kazuo Tsukuda	Attended all of the 12 board of directors meetings held during the fiscal year and made necessary remarks in deliberations, based on his wealth of management experience and extensive insight. Also, served as a member of the nomination and compensation committee, which discusses the nomination and remuneration of directors of the Company, and attended all of the 1 committee meeting during the fiscal year and played an important role in management supervision, such as reflecting the evaluation of the Company's financial performance, etc. in the nomination and remuneration of directors, from an independent and objective standpoint.
	Yoichiro Iwama	Attended all of the 10 board of directors meetings held during the fiscal year and made necessary remarks in deliberations, based on his wealth of management experience and extensive insight. Also, after assumption of his office in June 2021, served as a member of the nomination and remuneration committee, which discusses the nomination and remuneration of directors of the Company, and attended all of the 1 committee meeting during the fiscal year and played an important role in management supervision, such as reflecting the evaluation of the Company's financial performance, etc. in the nomination and remuneration of directors, from an independent and objective standpoint.
Company Auditor	Kazuhiro Ohira	Attended all of the 12 board of directors meetings held during the fiscal year and made comments from time to time to clarify the doubt point, based on his ability for business administration and internal control. Also, attended all of the 12 board of company auditors meetings held during the fiscal year. At these meetings, he exchanged opinions about audit results and conferred about important matters concerned audit.
	Takashi Michishita	Attended all of the 12 board of directors meetings held during the fiscal year and made comments from time to time to clarify the doubt point, based on his legal expertise as a lawyer. Also, attended all of the 12 board of company auditors meetings held during the fiscal year. At these meetings, he exchanged opinions about audit results and conferred about important matters concerned audit.
	Koichi Uchiyama	Attended all of the 12 board of directors meetings held during the fiscal year and made comments from time to time to clarify the doubt point, based on many years of experience as a certified public accountant and financial expertise. Also, attended all of the 12 board of company auditors meetings held during the fiscal year. At these meetings, he exchanged opinions about audit results and conferred about important matters concerned audit.

(iii) Outline of liability limitation contracts

The Company has concluded agreements with outside directors and company auditors (excluding Full-time company auditor, Kazuhiro Ohira) to indemnify them for personal liability as provided in Article 427, Paragraph 1 of the Corporation Law of Japan. The agreements stipulates that in the event outside directors and company auditors have acted in good faith and without gross negligence, the outside directors and company auditors liability to the Company shall be limited to JPY10 million or the minimum amount of liability stipulated under Article 427, Section 1 of the Corporation Law, whichever is higher.

(iv) Total amount of remunerations received from the subsidiaries

There is nothing to report on this subject.

## **5. Accounting auditor**

(1) Name of accounting auditor:

KPMG AZSA LLC

(2) Accounting auditor remuneration for FY2021

(i) Remuneration of accounting auditor for FY2021	JPY	84,240 thousand
(ii) Total cash or proceeds from other assets that should be paid by the Company or its subsidiaries	JPY	94,240 thousand

(Notes)

1. The audit contract between the Company and the accounting auditor does not distinguish between remuneration paid for audits and quarterly reviews, therefore, the above (i) are total amounts. Remuneration for audits includes, audit performed for the financial statement for the Corporation Law of Japan, audit and quarterly reviews for the Financial Products Exchange Law in Japan, and audit for internal control in accordance with the Financial Products Exchange Law in Japan.
2. The Board of Company Auditors evaluated the audit plan, the status of performance of duties and basis for the calculation of the estimated amount of remuneration as well as the validity of those matters prepared by the accounting auditor, using the "Practical Guidelines for Cooperation with Accounting Auditors" released by Japan Corporate Auditors Association as a guide and expressed agreement that specified in Article 399, Paragraphs 1 of the Corporation Law in Japan.
3. Of our overseas subsidiaries, some have certified public accountants or auditing firms other than the accounting auditor audit their financial statements.

(3) Non-audited operations

There is nothing to report on this subject.

(4) Policy for dismissal or refusal to rehire an accounting auditor

The accounting auditor should be decided comprehensively by considering various factors, including the ability, the organization and team (including the auditing team), the performance of duties, the quality of audits and the independency. If the board of company auditors evaluates that the accounting auditor doesn't meet the above-stated various factors or it is needed, the board of company auditors will consider submitting a proposal for dismissal or non-election of the accounting auditor to the General Meeting of Shareholders. Also, If the board of company auditors evaluates that the accounting auditor falls under any Item of Paragraph 1, Article 340 of the Corporation Law in Japan, violates acts against the Corporation Law in Japan, Certified Public Accountant Law and other related laws or acts, or makes the Company lose a relationship of mutual trust, the board of company auditors will consider dismissing the accounting auditor.

## **6. Matters Regarding Corporate Governance**

### **(1) Basic policy**

The Company recognizes the importance of enhancing corporate governance to achieve its mission of supporting and operating Internet which has become indispensable social infrastructure and to consistently enhance our corporate value. The Company has social responsibilities towards a wide range of stakeholders including shareholders, vendors, customers, employees and the entire Internet users. Therefore, considering the importance of the Company's influence on society, the Company thinks it's necessary to strive to obtain understandings of various stakeholders.

The Company's board of directors consists of 12 directors, including 4 outside directors and the Company's board of company auditors consists of 4 company auditors, including 3 outside company auditors. Further, the Company has an Internal Auditing Office consisting of 5 members, including a manager. The Company adopted the executive officer system with an aim to further enhance its corporate governance by separating its decision making and supervisory function from business execution function and to realize its rapid and efficient business execution.

Oversight and supervision of business execution is carried by means of ordinary (monthly) and extraordinary meetings of the board of directors, management meetings consisting of directors, executive officers, etc., and monitoring and giving the necessary instructions to each of our business, project, subsidiary, etc. Oversight on business management and business audit are carried by means of ordinary (monthly) and extraordinary meetings of the board of company auditors, assignment of a financial expert/legal expert in the board of company auditors, conducting continuous audit including our domestic subsidiaries as well as overseas by company auditors and our Internal Auditing Office, and operation of our whistleblowers hotline system. Business activities by directors and employees of the Company and its subsidiaries are governed by the Code of Ethics, the Basic Rules for Internal Control, etc.

### **(2) Standards on the independence of outside directors and outside company auditors**

The Company deems that outside directors and outside company auditors do not fall under any one of the categories below

- (i) Major shareholders holding voting rights equivalent to 10% or more of the total voting rights of the Company, or in the case of a corporation or organization, an executive of that corporation or organization
- (ii) An executive of a major client of the Company or its subsidiaries, or executive of a corporation or organization that deals with the Company or its subsidiaries as a major business partner.
- (iii) An executive of a financial institution to which the Company owes significant borrowings.
- (iv) A person who receives significant amounts of compensation or other economic benefit (other than their remuneration as a director or company auditor) as a consultant, accountant, or lawyer for the Company or its subsidiaries, or where a corporation or organization, a person belonging thereto.
- (v) An executive of a corporation or organization that receive significant donations from the Company or its subsidiaries.
- (vi) A person who served a corporation or organization falling under any of the categories (i) to (v) above as an executive within the past 3 years
- (vii) A spouse or relative within two degrees of kinship of a person falling under any of the categories below
  - A person falling under any of the categories (i) to (v) above
  - A person who is a director or executive of a subsidiary of the Company
- (viii) Other than above, a person who is deemed to have a lack of independence by comprehensive consideration of the Company

If "Item.3 Election of Fourteen (14) Directors" be approved as originally proposed at the Ordinary General Meeting of Shareholders for the 30th Business Term, the number of independent outside directors of the Company will be 5 (five), which is more than one-third or more of the total number of directors.

### **(3) Evaluation of the effectiveness of the board of directors**

With regard to the effectiveness of the board of directors, the Company annually conducts a survey on evaluation of the effectiveness of the board of directors to all directors and company auditors, organizes and analyzes the results of the survey, and then reports it to the board of directors from FY2015. Based on the results of the survey, the Company operates to improve the effectiveness of the board of directors as necessary. Regarding the operation of the board of directors in FY2021, the system of the board of directors including independent directors is established, the information needed for discussion and judgment in the board of directors is sufficiently offered, each of the directors states from the various aspects, the operations of the board of directors such as frequency and the operation on the day is appropriately set, and therefore the Company recognizes that the effectiveness of the board of directors validly functions as a self-evaluation.

## (Reference) Glossary

1. ICT  
Information and Communication Technology (ICT) is a general term of technologies in relation to hardware, software, system and data communication used for information communication by computers.
2. Internet traffic  
The quantity or flow of data transferred across the Internet.
3. Cloud computing  
Cloud computing is the on-demand delivery of computer system functions and processing ability, software, data and etc. through the Internet.
4. IoT  
Internet of Things (IoT) enables not only physical objects but also any “things” connected to network to exchange information automatically.
5. Mobile--related services  
The services refer to IJ Mobile Services, which are enterprise IoT usages and IJ Mobile MVNO Platform Services, and IJmio Mobile Services.
6. GigaPlans  
GigaPlans is a new consumer mobile service plans, which the Company has started providing from April 1, 2021.
7. IJ C-SOC Service  
It is a service that constructs dedicated analysis platform, monitors security incidents 24 hours 365 days at Security Operation Center (SOC), notify problems as alerts and/or provide log data, and report system status.
8. Multi-cloud  
Multi-cloud means using multiple cloud services from multiple different cloud service providers, such as Amazon Web Services, Microsoft Azure and etc.
9. IJ GIO Infrastructure P2 Gen.2  
It is a Cloud service launched by the Company from October 1, 2021. The service allows smooth Cloud migration from on-premise by incorporating usefulness of both Private Cloud and Public Cloud.
10. Shiroy Data Center Campus  
It is a data center owned by the Company and located in Shiroy city, Chiba prefecture. The data center which is a system module type has been operating since May 2019.
11. DeCurret Holdings, Inc.  
It is a holdings company established on December 27, 2021 through share transfer by DeCurret Inc. It is an equity method investee of the Company whose ownership is 38.2%. For details, please refer to a press release titled “Establishment of DeCurret Holdings, Inc. and Transition to Holding Company Structure” which can be in the following URL: <https://www.decurret-dcp.com/en/pressrelease/pr-20211227-decurret-holdings.html>.
12. The Digital Currency Forum  
It is a forum facilitated by DeCurret DCP Inc., a subsidiary of DeCurret Holdings, Inc., to discuss practicality of digital currency in Japan.
13. White Paper  
It is a report written about the current status of issuance and settlement of digital currency, issues, counter measures and outlook. For details, please refer to a press release titled “The Digital Currency Forum Releases Digital Currency White Paper and Progress Report” which can be found in the following URL: <https://www.decurret-dcp.com/en/pressrelease/pr-2021124-forum-report3.html>.
14. Digital currency business  
It is a business to provide a platform that is to be used to issue and make settlement of digital currency which is promoted and prepared by DeCurret DCP Inc.
15. Transfer of Crypto Asset Business  
On February 1, 2022, DeCurret Holdings, Inc. transferred all of its shares of DeCurret Inc., a subsidiary engaging in crypto asset trading business, to a Japanese subsidiary of Amber Group. For details, please refer to a press release titled “Completion of Stock Transfer of Our Crypto Asset Business Subsidiary” which can be found in the following URL: <https://www.decurret-dcp.com/en/pressrelease/pr-20220201-stock-transfer.html>.
16. Interconnectivity charge  
Interconnectivity charge refers to the unit charge for interconnectivity data communications charge between mobile carriers such as NTT DoCoMo and MVNO such as IJ. The unit price is per Mbps
17. IJ Mobile MVNO Platform service (MVNE)  
It is a service offered to MVNOs such as to construct mobile services and provide mobile communication lines etc.
18. IP services  
IJ's dedicated-type Internet connectivity services, mainly used by corporate users.
19. On-premise  
It is a way of managing IT assets such as servers and software by locating them within enterprises facilities and operating them.
20. Public Cloud  
It is a Cloud computing that is offered to unspecified large number of user. ICT resources such as servers, storage and software are offered through network as service.
21. Private Cloud  
It is a Cloud computing constructed mainly for enterprises and others to use for their in-house use.
22. AWS  
It is an abbreviation for Amazon Web Services and it is a Cloud computing services offered by Amazon Web Services, Inc.
23. Co-location  
It means to lend a space to locate servers and other network equipment owned by a client in a third party's data centers.
24. Electricity derived from substantial renewable energy  
Electricity that is regarded as substantially 100% renewable electricity and emitting zero CO2 by adding the environmental value certificate to the power source of electricity companies.

# Consolidated financial statements

## Consolidated Statements of Financial Position

(As of March 31, 2022)

(Unit: JPY thousands)

Item	Amount	Item	Amount
Assets		Liabilities and Equity	
Current Assets		Liabilities	
Cash and cash equivalents	47,390,527	Current liabilities	
Trade receivables	37,649,104	Trade and other payables	20,741,835
Inventories	2,608,348	Borrowings	16,370,000
Prepaid expenses	13,553,353	Income taxes payable	5,795,084
Contract assets	1,870,396	Contract liabilities	9,571,064
Other financial assets	1,294,616	Deferred income	65,415
Other current assets	119,198	Other financial liabilities	17,034,706
		Other current liabilities	7,199,450
<b>Total Current Assets</b>	<b>104,485,542</b>	<b>Total current liabilities</b>	<b>76,777,554</b>
Non-current Assets		Non-current liabilities	
Tangible assets	17,845,557	Borrowings	5,500,000
Right-of-use Assets	44,874,062	Retirement benefit liabilities	4,394,707
Goodwill	9,479,464	Provisions	786,273
Intangible assets	16,423,552	Contract liabilities	7,428,629
Investments accounted for using the equity method	5,829,694	Deferred income	340,164
Prepaid expenses	10,452,179	Deferred tax liabilities	640,624
Contract assets	68,584	Other financial liabilities	30,146,338
Other investments	17,409,909	Other non-current liabilities	1,169,990
Deferred tax assets	182,641	<b>Total non-current liabilities</b>	<b>50,406,725</b>
Other financial assets	4,244,549	<b>Total liabilities</b>	<b>127,184,279</b>
Other non-current assets	509,343	Equity	
		Share capital	25,561,838
		Share premium	36,518,235
		Retained earnings	37,023,749
		Other components of equity	6,275,222
		Treasury shares	(1,850,924)
		Total equity attributable to owners of the parent	103,528,120
		Non-controlling interests	1,092,677
<b>Total non-current assets</b>	<b>127,319,534</b>	<b>Total equity</b>	<b>104,620,797</b>
<b>Total assets</b>	<b>231,805,076</b>	<b>Total liabilities and equity</b>	<b>231,805,076</b>

## Consolidated Statements of Profit or Loss

(From April 1, 2021 through March 31, 2022)

(Unit: JPY thousands)

Item	Amount
Revenues	
Network services	128,212,839
System integration	95,338,864
ATM operation business	2,783,674
<b>Total revenues</b>	<b>226,335,377</b>
Cost of sales	
Cost of network services	(92,594,448)
Cost of systems integration	(80,396,387)
Cost of ATM operation business	(1,716,341)
<b>Total cost of sales</b>	<b>(174,707,176)</b>
<b>Gross Profit</b>	<b>51,628,201</b>
Selling, general and administrative expense	(27,968,883)
Other operating income	171,128
Other operating expenses	(283,363)
<b>Operating Profit</b>	<b>23,547,083</b>
Finance income	3,506,147
Finance expenses	(556,074)
Share of profit (loss) of investments accounted for using equity method	(2,334,956)
<b>Profit (loss) before tax</b>	<b>24,162,200</b>
Income tax expense	(8,361,808)
<b>Profit (loss) for the year</b>	<b>15,800,392</b>
Profit (loss) for the year attributable to:	
Owners of the parent	15,672,105
Non-controlling interests	128,287
<b>Total</b>	<b>15,800,392</b>

## Non-Consolidated Balance Sheet

(As of March 31, 2022)

(Unit: JPY thousands)

Assets		Liabilities and net assets	
Item	Amount	Item	Amount
<b>[Current assets]</b>	<b>82,714,587</b>	<b>[Current liabilities]</b>	<b>63,987,892</b>
Cash and bank deposits	33,483,736	Accounts payable	3,905,899
Accounts receivable	31,241,463	Short-term borrowings	14,870,000
Investment in leases	1,067,449	Short-term borrowings from affiliated Companies	3,450,000
Merchandise	320,865	Long-term borrowings – Current portion	1,500,000
Work in process	572,791	Accounts payable – other	11,736,612
Supplies	1,524,285	Capital lease obligations – current	6,422,693
Prepaid expenses	11,935,444	Accrued expense	634,906
Accounts receivable – other	927,209	Accounts payable – fixed assets	1,581,359
Short-term loans to affiliated Companies	10,320	Income taxes payable	5,546,388
Contract assets	1,710,964	Consumption taxes payable	1,411,558
Current portion of guarantee deposits	2,241	Deposits received	123,456
Other current assets	132,392	Deferred income	9,735
Allowance for doubtful accounts	(214,572)	Contract liabilities	12,730,066
		Other current liabilities	65,220
<b>[Fixed assets]</b>	<b>90,222,863</b>		
<b>&lt;Property and equipment&gt;</b>	<b>27,696,995</b>	<b>[Long-term liabilities]</b>	<b>21,025,112</b>
Land	2,055,099	Long-term borrowings	5,500,000
Buildings	1,492,109	Deferred income – noncurrent	1,527
Leasehold improvements	7,719,778	Accounts payable – noncurrent	449,203
Construction other than buildings	1,801,835	Capital lease obligations – noncurrent	10,086,736
Data communication equipment and office equipment	10,545,759	Asset retirement obligations	750,763
Assets under capital leases	41,405,488	Accrued pension and severance cost	3,752,857
Construction in progress	1,987,228	Accrued directors' and company auditors' retirement benefits	198,950
Accumulated depreciation	(39,310,301)	Deferred tax liabilities	285,076
<b>&lt;Intangible assets&gt;</b>	<b>15,542,010</b>		
Goodwill	680,141		
Customer relationships	584,273		
Telephone rights	2,241		
Software	14,028,568		
Assets under capital leases	246,787		
<b>&lt;Investments and other assets&gt;</b>	<b>46,983,858</b>		
Investments in securities	9,917,122		
Money held in trust	4,547,375		
Investments in affiliated companies	20,383,147		
Guarantee deposits	3,237,160		
Long-term prepaid expenses	8,196,057		
Claims against insolvencies	4,015		
Long-term loans to affiliated Companies	109,560		
Other investments	611,860		
Allowance for doubtful accounts	(22,438)		
		<b>Total liabilities</b>	<b>85,013,004</b>
		<b>[Shareholders' equity]</b>	<b>81,457,809</b>
		<b>&lt;Capital stock&gt;</b>	<b>23,022,616</b>
		<b>&lt;Capital surplus&gt;</b>	<b>9,916,734</b>
		Legal capital surplus	9,743,300
		Other capital surplus	173,434
		<b>&lt;Earned surplus&gt;</b>	<b>50,358,007</b>
		Legal retained earnings	502,473
		Other retained earnings	49,855,534
		Reserve for advanced depreciation of fixed assets	273,653
		Retained earnings brought forward	49,581,881
		<b>&lt;Treasury stock&gt;</b>	<b>(1,839,548)</b>
		<b>[Valuation and translation adjustment]</b>	<b>5,991,942</b>
		Net unrealized gains on securities	5,991,942
		<b>[Subscription rights to shares]</b>	<b>474,695</b>
		Stock acquisition rights	474,695
		<b>Total net assets</b>	<b>87,924,446</b>
<b>Total assets</b>	<b>172,937,450</b>	<b>Total liabilities and net assets</b>	<b>172,937,450</b>



## Non-Consolidated Statement of Income

(From April 1, 2021 through March 31, 2022)

(Unit: JPY thousands)

Item	Amount	Total
<b>[Total revenues]</b>		190,180,345
<b>[Total costs of revenues]</b>		148,352,342
<b>Gross margin</b>		41,828,003
<b>[Total sales and administrative expense]</b>		22,906,808
<b>Operating income</b>		18,921,195
<b>[Non-operating income]</b>		
Interest income	5,689	
Dividend income	1,512,025	
Commissions received	46,453	
Royalty charges received	3,313	
Gains on investments on silent partnership	1,675,327	
Foreign exchange gain	603,018	
Reversal of allowance for doubtful accounts	6,921	
Other non-operating income	48,630	3,901,376
<b>[Non-operating expenses]</b>		
Interest expense	332,058	
Other non-operating expenses	35,453	367,511
<b>Ordinary income</b>		22,455,060
<b>[Extraordinary income]</b>		
Gain on sale of shares of subsidiaries and associates	774,133	774,133
<b>[Extraordinary loss]</b>		
Losses on disposal of fixed assets	137,538	
Loss on sale of fixed assets	243	
Losses on valuation of shares of affiliated companies	4,964,886	
Other extraordinary loss	200	5,102,867
<b>Income before income taxes</b>		18,126,326
<b>Income taxes – current</b>		6,649,029
<b>Income taxes – deferred</b>		(118,728)
<b>Net income</b>		11,596,025

**Independent Auditor's Report**

May 20, 2022

To the Board of Directors of Internet Initiative Japan Inc.:

KPMG AZSA LLC  
Tokyo Office

Hidetoshi Fukuda  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Yusuke Matsumoto  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

**Opinion**

We have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes ("the consolidated financial statements") of Internet Initiative Japan Inc. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), as at March 31, 2022 and for the year from April 1, 2021 to March 31, 2022 in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with the second sentence of Article 120-1 of the Ordinance of Companies Accounting that permits the Company to prepare consolidated financial statements with the omission of a part of the disclosures required under International Financial Reporting Standards.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Information**

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Responsibilities of Management, Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the second sentence of Article 120-1 of the Ordinance of Companies Accounting that permits the Company to prepare consolidated financial statements with the omission of a part of the disclosures required under International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with the second sentence of Article 120-1 of the Ordinance of Companies Accounting that permits the Company to prepare consolidated financial statements with the omission of a part of the disclosures required under International Financial Reporting Standards.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with the second sentence of Article 120-1 of the Ordinance of Companies Accounting that permits the Company to prepare consolidated financial statements with the omission of a part of the disclosures required under International Financial Reporting Standards, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## **Interest required to be disclosed by the Certified Public Accountants Act of Japan**

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

## **Notes to the Reader of Independent Auditor's Report:**

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report on the consolidated financial statements as required by the Companies Act.

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

**Independent Auditor's Report**

May 20, 2022

To the Board of Directors of Internet Initiative Japan Inc.:

KPMG AZSA LLC  
Tokyo Office

Hidetoshi Fukuda  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Yusuke Matsumoto  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

**Opinion**

We have audited the financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the accompanying supplementary schedules ("the financial statements and the accompanying supplementary schedules") of Internet Initiative Japan Inc. ("the Company") as at March 31, 2022 and for the year from April 1, 2021 to March 31, 2022 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the accompanying supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Information**

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the financial statements and the accompanying supplementary schedules does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements and the accompanying supplementary schedules, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the accompanying supplementary schedules or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Responsibilities of Management, Corporate Auditors and the Board of Corporate Auditors for the Financial Statements and the Accompanying Supplementary Schedules**

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules**

Our objectives are to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the accompanying supplementary schedules.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the accompanying supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the accompanying supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements and the accompanying supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the accompanying supplementary schedules, including the disclosures, and whether the financial statements and the accompanying supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Interest required to be disclosed by the Certified Public Accountants Act of Japan**

We do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

### **Notes to the Reader of Independent Auditor's Report:**

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report on the financial statements and the accompanying supplementary schedules as required by the Companies Act.

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

## Audit Report

Based on audit reports from each Company Auditor, and following due discussion at meetings, the Board of Company Auditors has prepared this audit report regarding the execution of the duties of Directors of the Company during the 30th fiscal year from April 1, 2021 to March 31, 2022. The Board of Company Auditors hereby reports as follows.

### 1. Auditing Methodology Employed by Company Auditors and the Board of Company Auditors and Details Thereof

- (1) The Board of Company Auditors established auditing policy, auditing plan, the assignment of the duties of each Company Auditor and etc., and received reports from each Company Auditor on the status of the implementation of audits and the results thereof, as well as reports from Directors and etc., and also the Independent Auditor regarding the status of their duties, and sought explanations as necessary.
- (2) In compliance with the auditing standards for Company Auditors established by the Board of Company Auditors and based on the auditing policy and the assignment of duties, etc., each Company Auditor had taken steps to facilitate communication with Directors of the Company and the Internal Audit Department as well as others, has endeavored to gather information and create an improved environment for auditing and conducted auditing with the following methods.
  - i) Each Company Auditor attended meetings of the Board of Directors and other important meetings, received reports from Directors, employees and others on the performance of their duties and sought explanations regarding such reports as necessary. In addition, each Company Auditor inspected important authorized documents and associated information, and examined the business and financial position of the Company at the head office and main branch offices. As for the subsidiaries of the Company, each Company Auditor had taken steps to facilitate communication with the directors, company auditors and others of the subsidiaries and to share information among them and received reports from the subsidiaries regarding their businesses as necessary.
  - ii) Each Company Auditor periodically received reports from Directors, employees and others, sought explanations as necessary, and expressed opinions, regarding the resolution of the Board of Directors on the establishment of following systems (Internal Control System) and the status of operation of the organized system based on such resolution, both of which are described in the Business Report that the system for ensuring that the performance of duties by the Directors conforms to the applicable laws and regulations and Articles of Incorporation, and the system stipulated in Article 100-1 and 100-3 of the Enforcement Regulation of the Corporation Law, which are necessary for ensuring the properness of operations of the enterprises consisting of the Company and its subsidiaries.
  - iii) Each Company Auditor monitored and verified whether the Independent Auditor maintained their independence and implemented appropriate audits, and received reports regarding the performance of their duties and sought explanations as necessary. In addition, the Company Auditors received notice from the Independent Auditor that "System to Ensure Appropriate Execution of the Duties of the Independent Auditor" (as enumerated in each item of Article 131 of the Ordinance on the Company Accounting) is organized in accordance with the "Quality Control Standards Relating to Auditing" (adopted by the Business Accounting Deliberation Council on October 28, 2005) etc., and sought explanations as necessary.

Based on the above methodology, the Company Auditors reviewed the financial statements for this fiscal year (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of shareholders' equity and notes to the non-consolidated financial statements) and the supplementary schedules thereto, and also the consolidated financial statements for this fiscal year (consolidated statements of financial position, consolidated statements of profit or loss, consolidated statements of changes in shareholders' equity and notes to the consolidated financial statements).

### 2. Audit Results

#### (1) Audit Results on the Business Report, etc.

- i) In our opinion, the Business Report and the supplementary schedules fairly represent the Company's condition in conformity with the applicable laws and regulations of Japan as well as the Articles of Incorporation of the Company.
- ii) With respect to the execution of duties by the Directors, we have found no evidence of misconduct or material facts in violation of the applicable laws and regulations of Japan or the Articles of Incorporation of the Company in the course of the execution of duties of the Directors.
- iii) In our opinion, the content of the resolutions made by the Board of Directors of the Company regarding the internal control systems is appropriate, and furthermore, we have not found anything to be pointed out on the performance of duties of the Directors concerning the internal control systems.

#### (2) Results of Audit of the Financial Statements and Supplementary Schedules

In our opinion, the methodology and results of the audit employed and rendered by KPMG AZSA LLC, the Independent Auditor, are fair and reasonable.

#### (3) Results of Audit of the Consolidated Financial Statements

In our opinion, the methodology and results of the audit employed and rendered by KPMG AZSA LLC, the Independent Auditor, are appropriate.

May 26, 2022

Board of Company Auditors

Internet Initiative Japan Inc

Full-time Company Auditor	Kazuhiro Ohira	(seal)
Full-time Company Auditor	Masako Tanaka	(seal)
Company Auditor	Takashi Michishita	(seal)
Company Auditor	Koichi Uchiyama	(seal)

Note: Full-time Company Auditor, Kazuhiro Ohira and two Company Auditors, Takashi Michishita and Koichi Uchiyama, are outside company auditors as provided in Article 2-16 and Article 335-3 of the Corporation Law.