

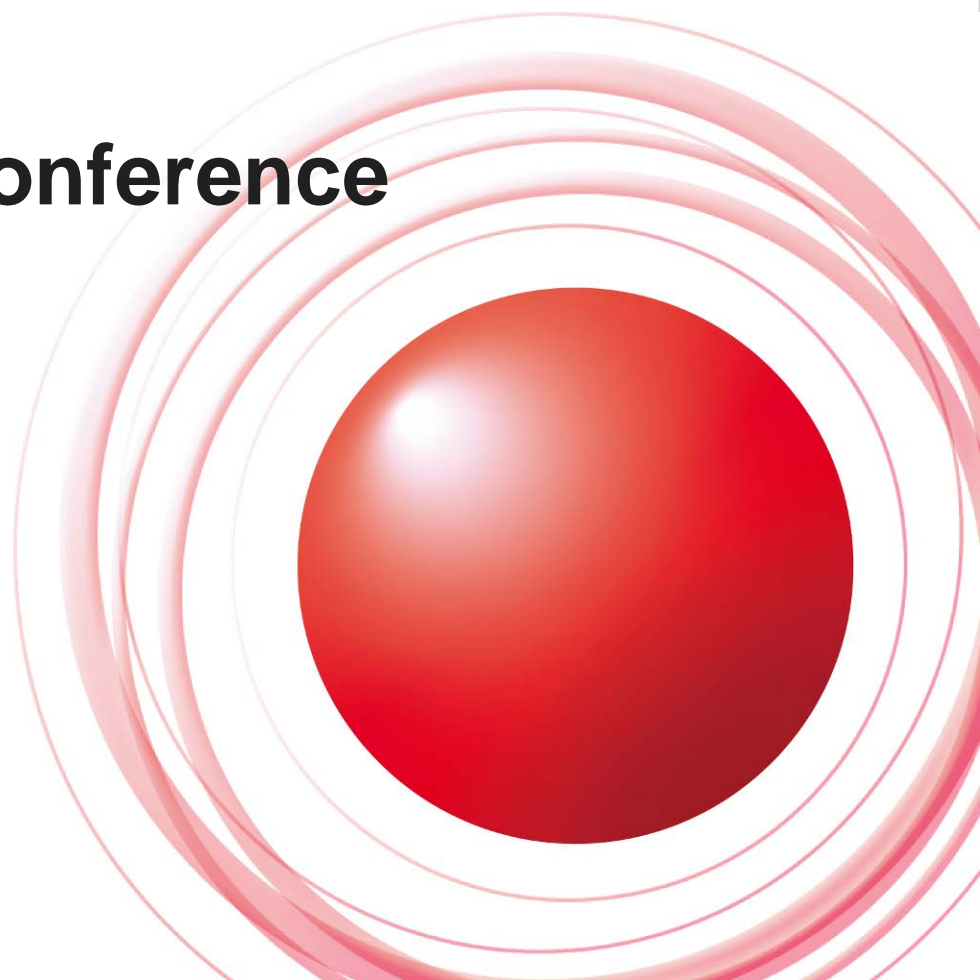


Internet Initiative Japan Inc. Corporate Overview

Daiwa Investment Conference Hong Kong 2015

November 2015
TSE1:3774 NASDAQ:IIJI

Ongoing Innovation



Key Investment Highlights

- ◆ **Pioneer & top IP engineering company in Japan**
- ◆ **Maintain one of largest IP networks in Japan and develop various network services by ourselves**
- ◆ **Target blue-chip & governmental organizations**
(over 8,500 excellent Japanese customers as of FY14-end)
- ◆ **Accumulating recurring revenue with cross-selling and continuous business enhancement**
(network services, cloud, mobile, security, SI, etc.)
- ◆ **Enterprise systems at turning point toward mid-term**
 - ✓ Internal IT systems migration to cloud
 - ✓ Rapidly expanding mobile market
 - ✓ Explosion of data traffic

details to follow

TOP IP Engineering Company in Japan

| | |
|-----------------------------|---|
| Established | December 1992 |
| Number of Employees* | Consolidated: 2,981 (approx. 70% engineers) |
| Listed Markets | NASDAQ (IIJI), TSE1 (3774) |
| Large Shareholders* | NTT (21.6%), Koichi Suzuki (5.6%*), NTT Communications (4.4%) *Jointly owned by Mr. Suzuki's wholly owned private company |

◆ The first established full-scale ISP in Japan

- Introduced many prototype Internet-related network services
- Highly skilled top level IP engineers
- Pioneer of network technologies in Japan
- Operates one of the largest Internet backbone networks in Japan
- Self-develop services and the related back office facilities

◆ Established “IIJ” brand among the Japanese IT market

- Known for its engineering & network operation skills
- High customer satisfaction & long term relationship
- Over 8,500 clients: mainly large enterprises & governmental organizations

◆ At the leading edge of IP R&D

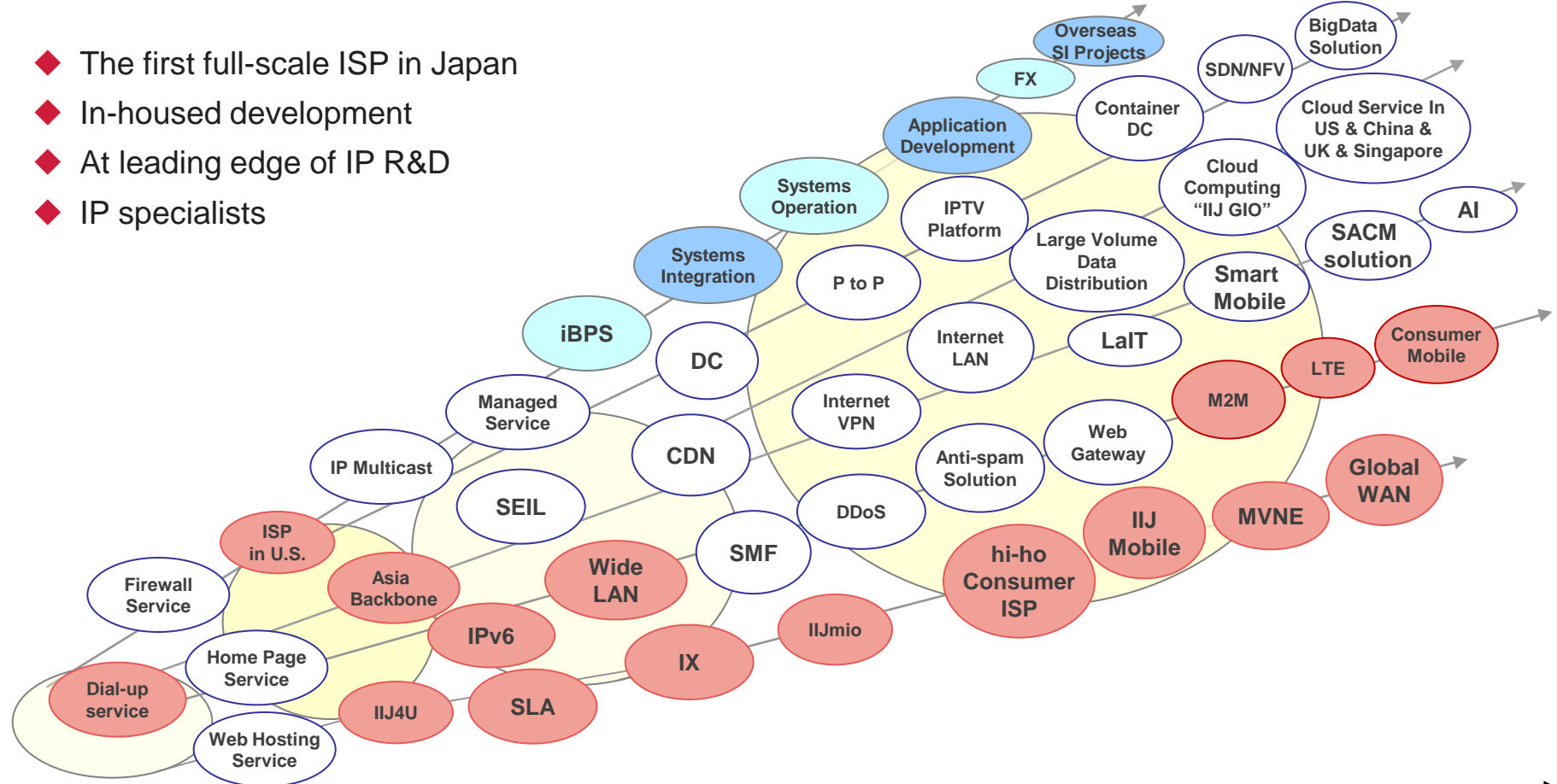
- Engaged in software development of SDN
- Founding member of JEAG
- Co-work with Ministry of Internal Affairs and Communications
- Participates in world-wide research and organizations ...and many more

*Figures as of Sep. 2015

Entrepreneur of Network Technologies

Business and Service Development to Initiate the Market

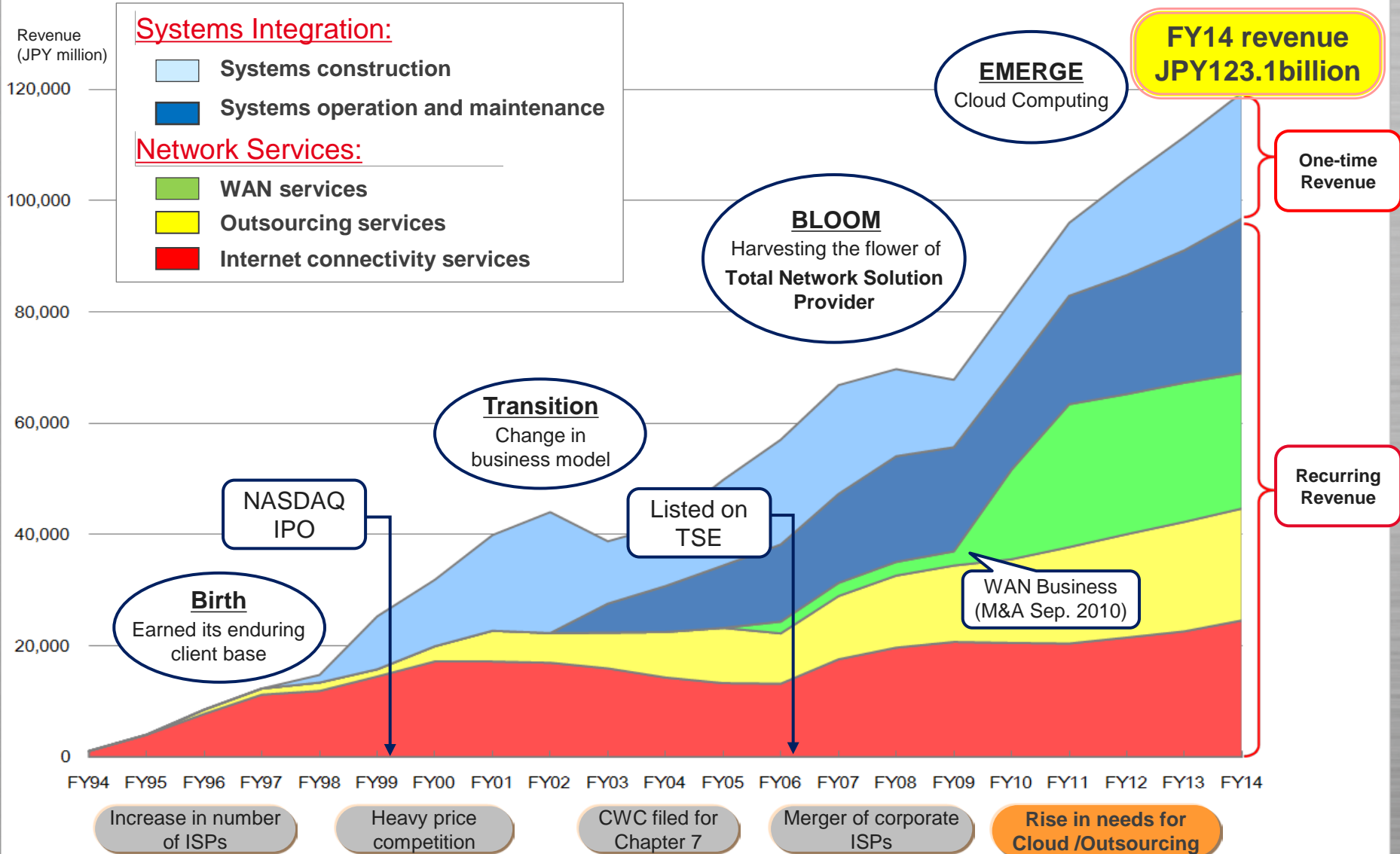
- ◆ The first full-scale ISP in Japan
- ◆ In-housed development
- ◆ At leading edge of IP R&D
- ◆ IP specialists



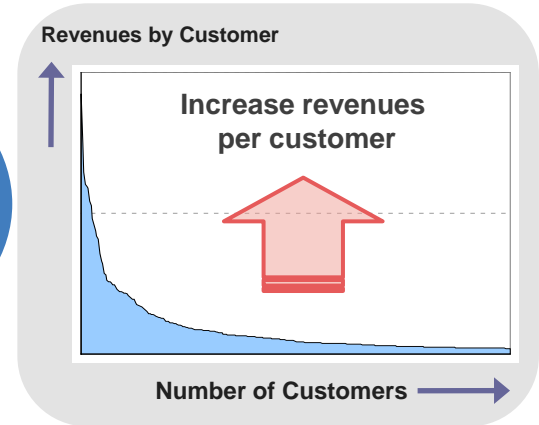
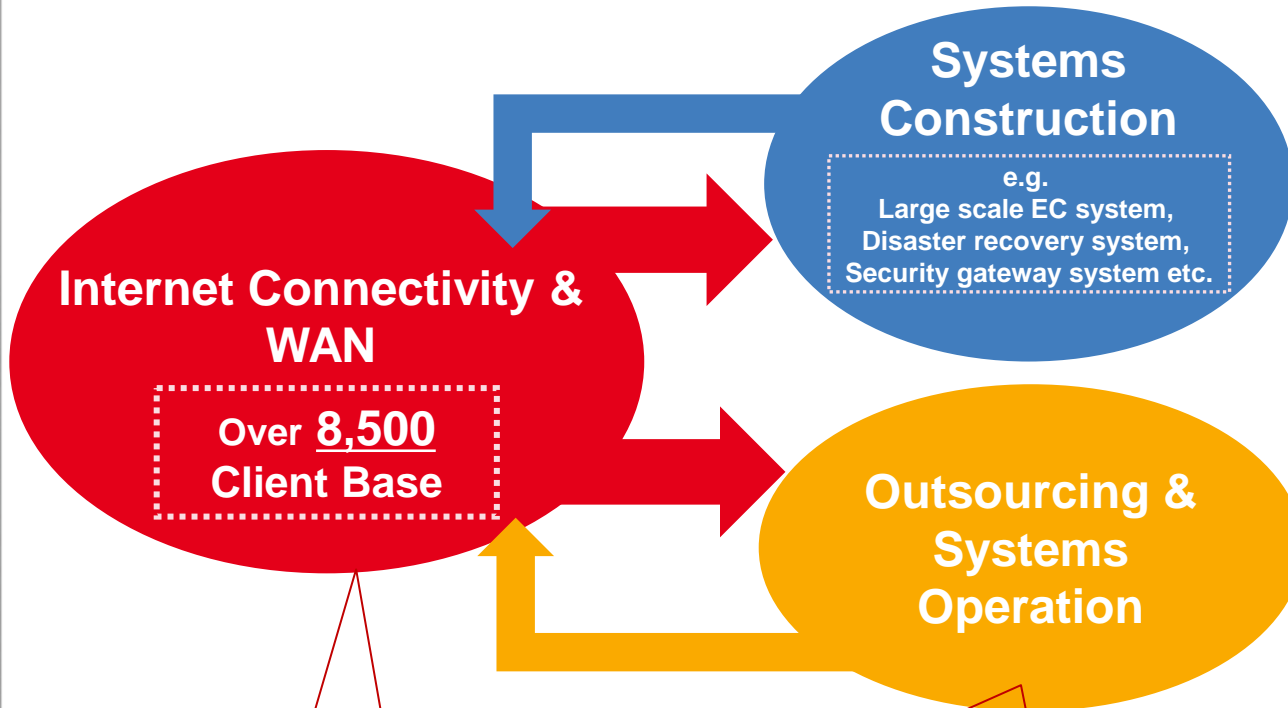
| | | | | | | | | | |
|------------------|------|------|------|------|------|------|------|------|------|
| 1992 | 1996 | 1997 | 2006 | 2007 | 2008 | 2010 | 2012 | 2013 | 2014 |
| | | | | | | | | | |
| IIJ Group | | | | | | | | | |

Strategic Shift in Business Model

From “ISP” to “Total Network Solution Provider”



Business Model: Cross-selling of Network Solutions



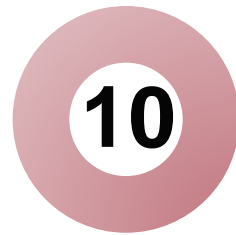
- **Dedicated line connectivity**
 - IP service (cover over Gbps)
 - IPv6 service
- **Broadband connectivity**
 - Optical Fiber/ADSL
- **Mobile connectivity (IIJ Mobile)**
 - LTE/3G
- **WAN services**
 - Wide area Ethernet/VPN
 - Global WAN

- Outsourcing services include:**
- **Security-related services** (managed-FW and IPS, DDoS protection, URL filtering, anti-spam etc.)
 - **Data center-related services** (housing, facility management and operation)
 - **Server-related services** (E-mail services, web hosting, online storage, CDN etc.)
 - **Network-related services** (network management and monitoring, VPN, SEIL, SMF etc.)
 - **IIJ GIO Hosting Package Services** (15% of 2Q15 Cloud-related revenues)
- Systems operation includes:**
- **Operation and maintenance** of a system constructed in Systems Construction
 - **IIJ GIO Component Services** (85% of 2Q15 Cloud-related revenues)

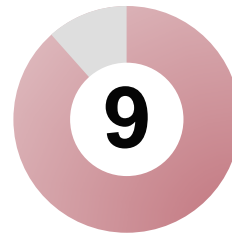
Excellent Blue-chip Client Base

High Market Penetration towards
Top Tiers

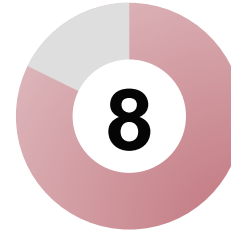
The number of clients among the top 10 companies in each industry.



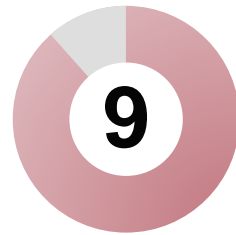
Electronic
appliances



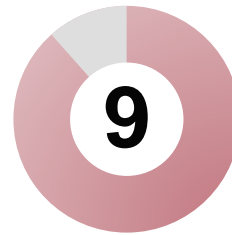
Information/Telco



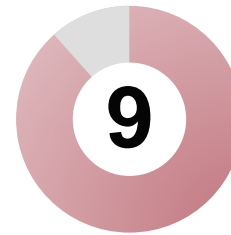
Machinery



Securities



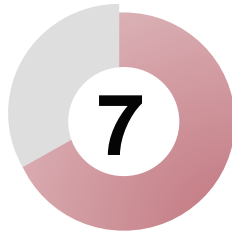
Retail



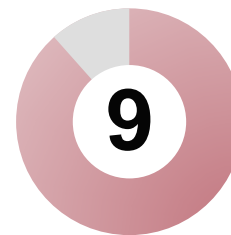
Wholesale



Construction



Insurance

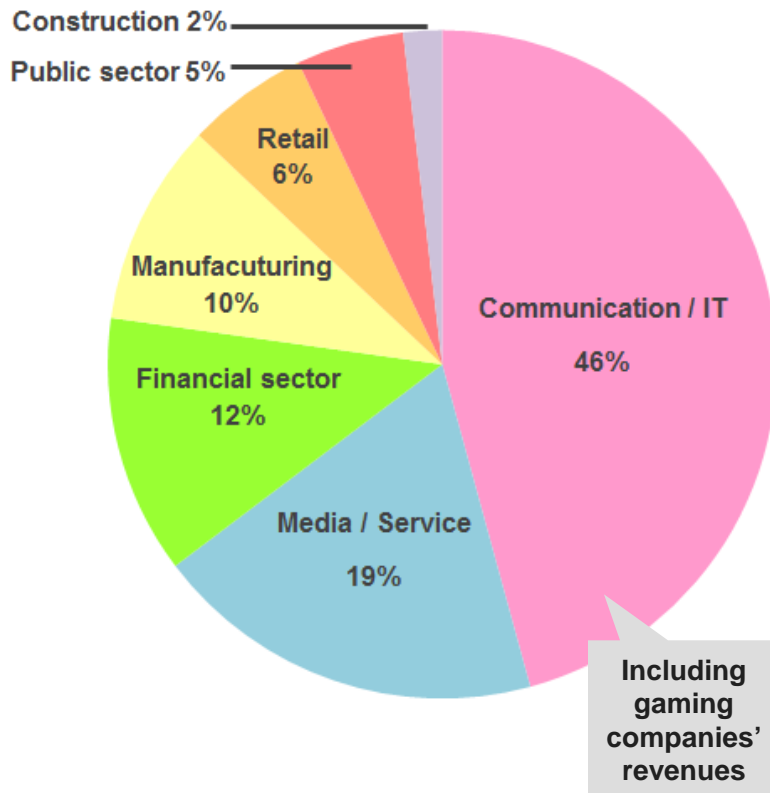


Precision
equipment

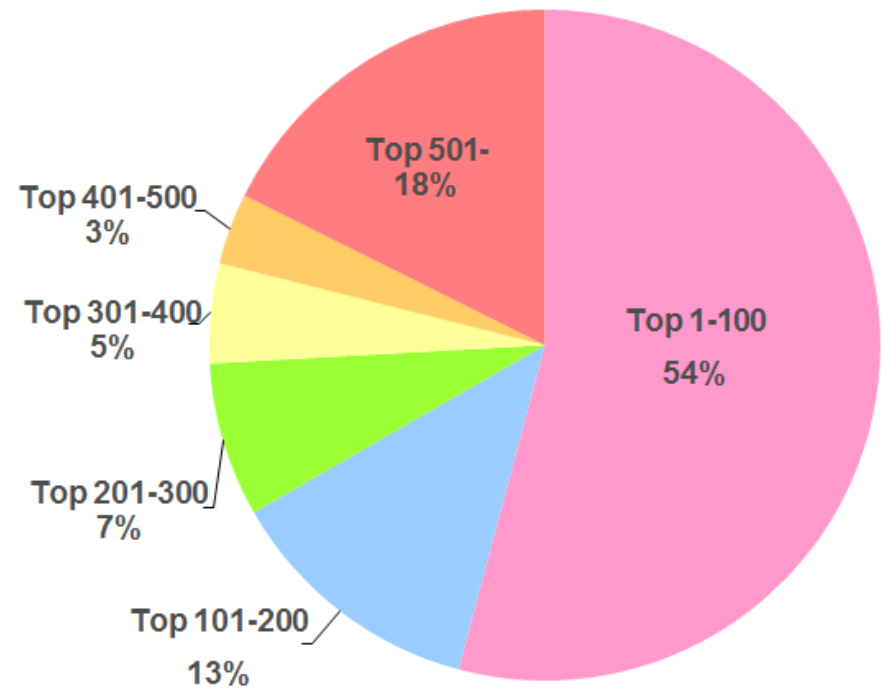
Revenue Composition by Clients

- Largest customer's revenue is less than 3% of the total revenue
- Much room to increase revenue per customer

Revenue Distribution by Industry



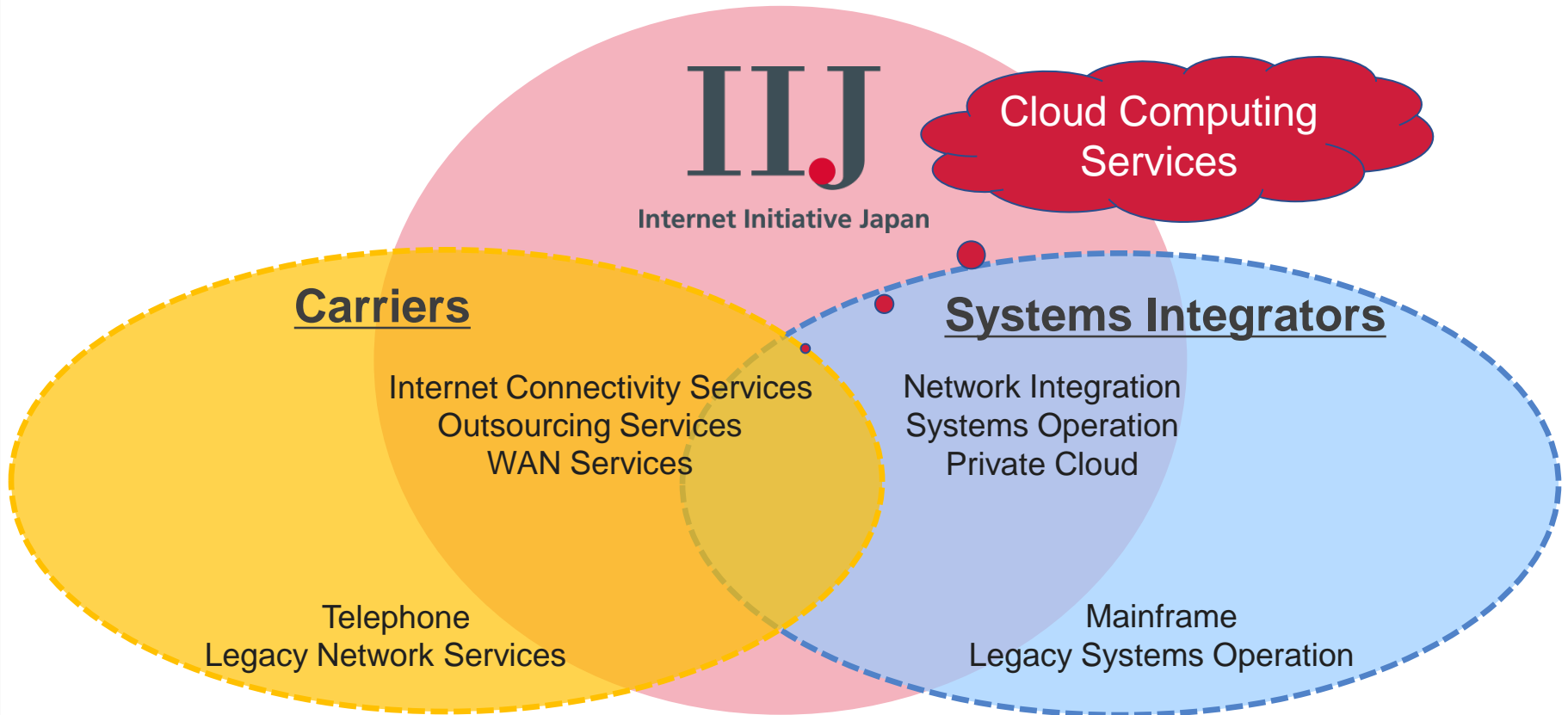
Revenue Distribution by Clients



Source: IJ's FY2014 financial results

Competitive Advantages

IIJ can offer NW, Cloud, SI, and MVNO all at once



IIJ...

has many **highly skilled network engineers**
corresponds to the Internet market rapidly
focuses on enterprises
has **an established brand** among blue-chips
has flat organization structure

IIJ...

operates its **own backbone network**
develops network services in-housed
targets new IT market, not legacy SI
has long and rich experience in server operation
has moderate number of employees

The Way Forward in Mid-Term

Environment

Enterprise Systems at Turning Point in Japan

- Business models change by cloud, M2M, IoT, Big-Data
- Legacy systems shifting to cloud NW, securities features and SI required
- 4K/8K broadcasting over IP Devices revolution
- Collapse of legacy SI business models

Position

Capture Growing Demand

- Long term relations with over 8,500 blue-chip clients
- Best NW engineers operate large-scale networks and develop NW services on own
- Accumulated business elements of NW, securities, cloud, mobile, SI
- No legacy asset, No decrease in old SI revenues

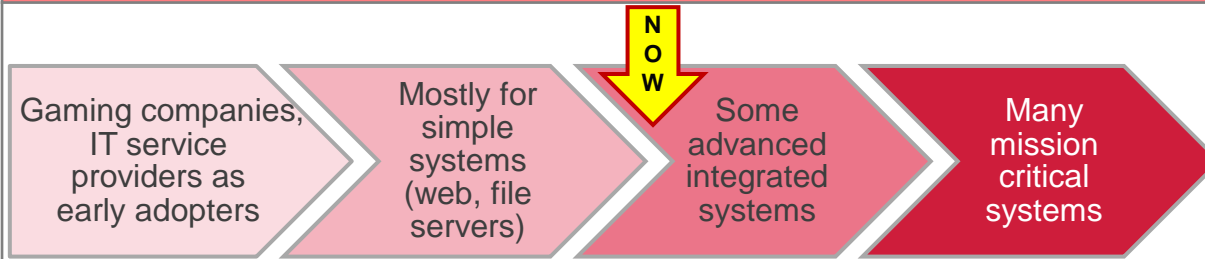
Action

Scale Up with Business Investment

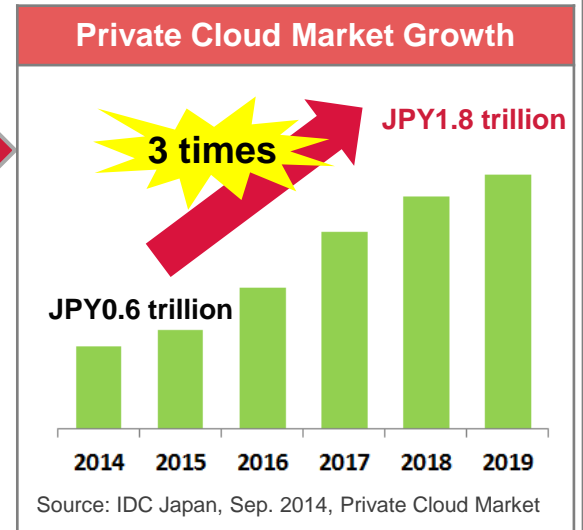
- Human resources enhancement Increasing employees by approx. 10% YoY
- Keep investing and developing innovative services GIO P2 and IIJ Omnibus
- Cloud and mobile as key drivers
- NW business in full bloom with genuine contents delivery
- Supplemented by M&As
- Revenues increase indicates

Cloud Business Developments

Cloud Market in Japan



- Average system life cycle: 5 years
- Cloud migration expected to further penetrate
- Systems don't migrate all at once, especially large internal systems
 - ✓ Customization (SI feature) is required when migrating to cloud
- Great business opportunity with IoT and BigData



IIJ's Cloud Services

- Public cloud infrastructure (virtual servers, storage, etc.)
- Target large business enterprises' internal IT systems, traditionally covered by Slers
- Promote cloud shift of blue-chips by continuously enhancing service line-ups
- Partnership with approx. 600 companies (Microsoft, VMware, SAP, IBM, etc.)
- Engage in new service and solution development (BigData, M2M, etc.)

IIJ's Competitive Advantage

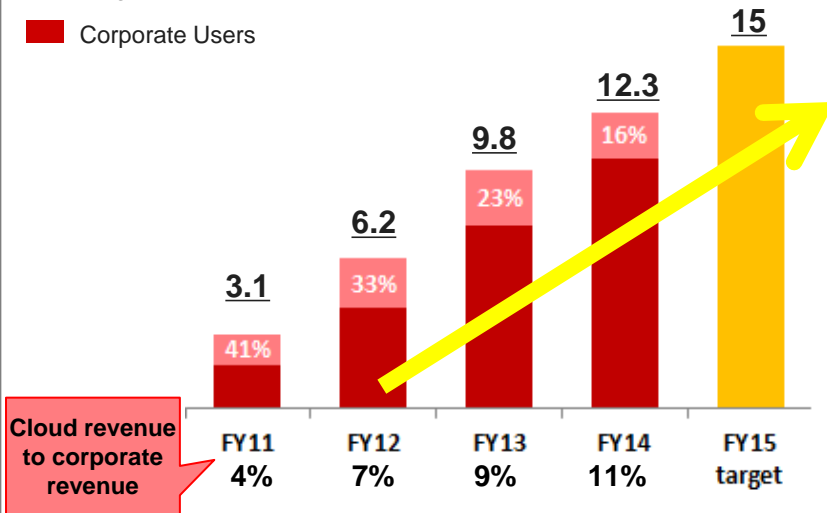
| | | | |
|---|---------------------------------|--------------------|--------------------------|
| Experience, Reputation | One of Largest Providers | Reliable Operation | Own Services Development |
| Deep Relationships with Blue-chip Customers | Genuine Public Cloud as Private | SI + MVNO + NW | Container Datacenters |

Cloud Business Developments

Revenue Growth

(unit JPY billion)

- Large Game Customers
- Corporate Users



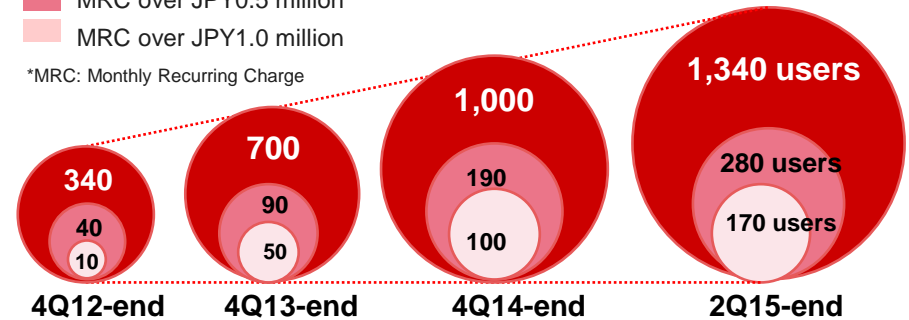
Cloud revenue to corporate revenue

Customer Base



- MRC over JPY0.5 million
- MRC over JPY1.0 million

*MRC: Monthly Recurring Charge



Business Model

- Continuously invest in service facility such as servers, storage and datacenter

Cloud-related CAPEX:
JPY1.7 billion (FY14), JPY3.7 billion (FY13)

- Benefit from large-scale service facility by improving utilization

- Turned positive in 4Q13

Cloud-business gross margin:
FY14: approx. JPY 0.5 billion
FY15: target approx. JPY0.9 billion

Prominent User Cases



Migrating all of its internal business operation systems to IIJ's cloud services



Replacing its marketing solution platform by IIJ's hybrid cloud solution



Replacing its group communication platform to IIJ's cloud services



"Cloud first" Fully outsource their internal servers, multi-cloud arrange

and many more

MVNO Business

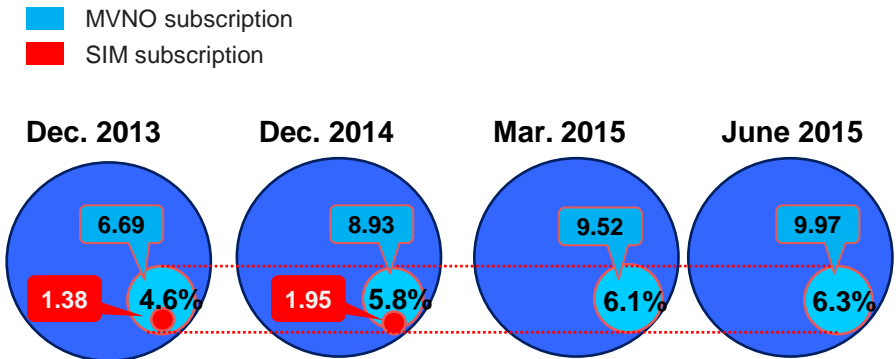
MVNO Market in Japan

- **160 million** mobile subscription in total
- 3 MNOs dominate
- MVNO in early stage, Consumer services began 2012
- MVNO penetration
 - 10%
 - 15%
 - 14%
 - 6%
- Government promotes MVNO strongly
 - ✓ SIM lock free, PM's comment, more variety of pricing, 2 years contract in dispute, HLR discussion
- MVNO infra. cost by Docomo decrease dramatically
 - ✓ By 23.5% in FY14, 56.6% in FY13, 41.2% in FY12 YoY

| | | | |
|-------------|---|--------------|-------------------------------------|
| MNOs | ¥6-7,000 per month full package service | MVNOs | ¥1,600 per month upper limit of 3GB |
|-------------|---|--------------|-------------------------------------|

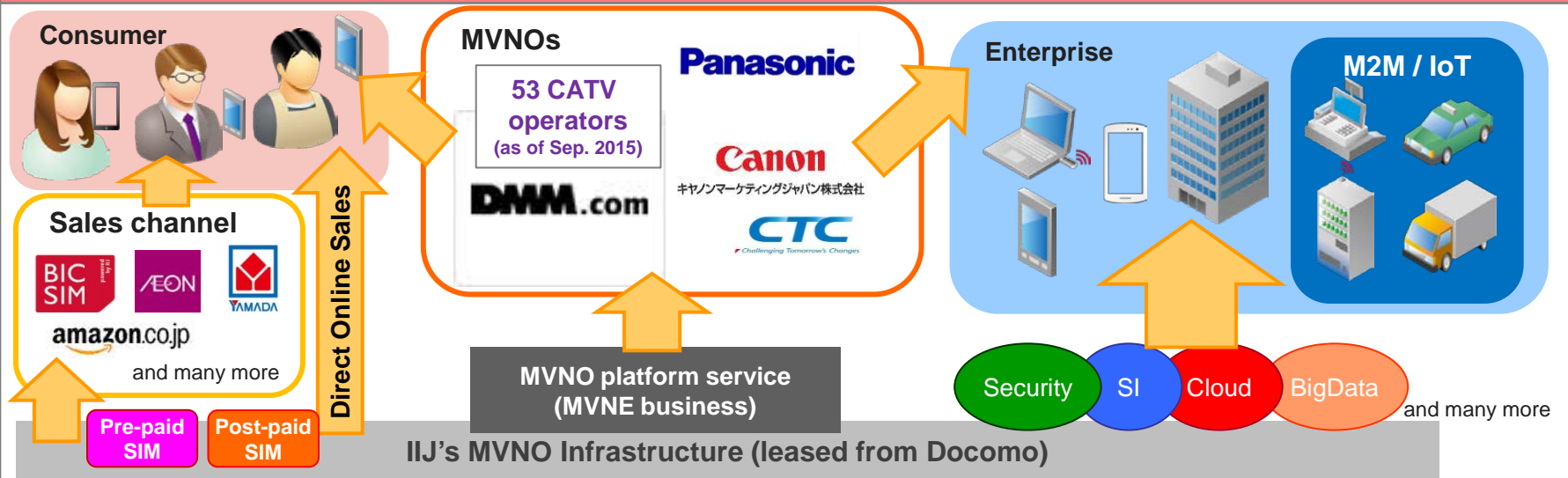
MVNO Penetration in Japan

(unit JPY billion)



Source: Ministry of Internal Affairs and Communications
* March and June end SIM subscription have not been reported

IJJ's MVNO Business Model



MVNO Business Developments

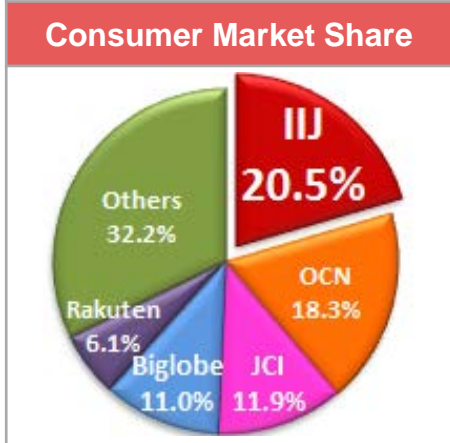
IIJ's Competitive Advantage

➤ For corporate

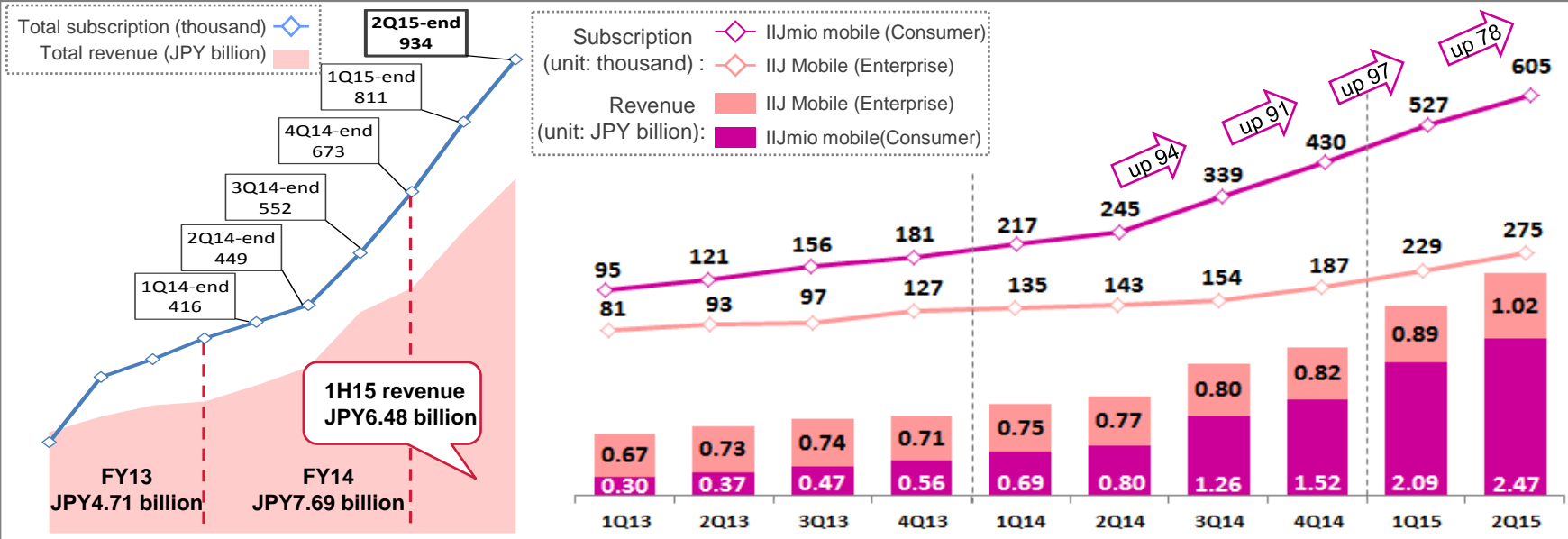
| | | |
|-----------------------|------------------------|-----------------------|
| Blue-Chip Client Base | SI + Cloud for M2M/IoT | Large Scale NW Infra. |
| Reliable, Redundant | Security, GW Solution | Services Development |

➤ For consumer

| | | |
|-------------------|----------------|--------------------|
| High Satisfaction | MVNE Strategy | Sales Partnerships |
| Fast, Reputation | NW Utilization | Improving Services |

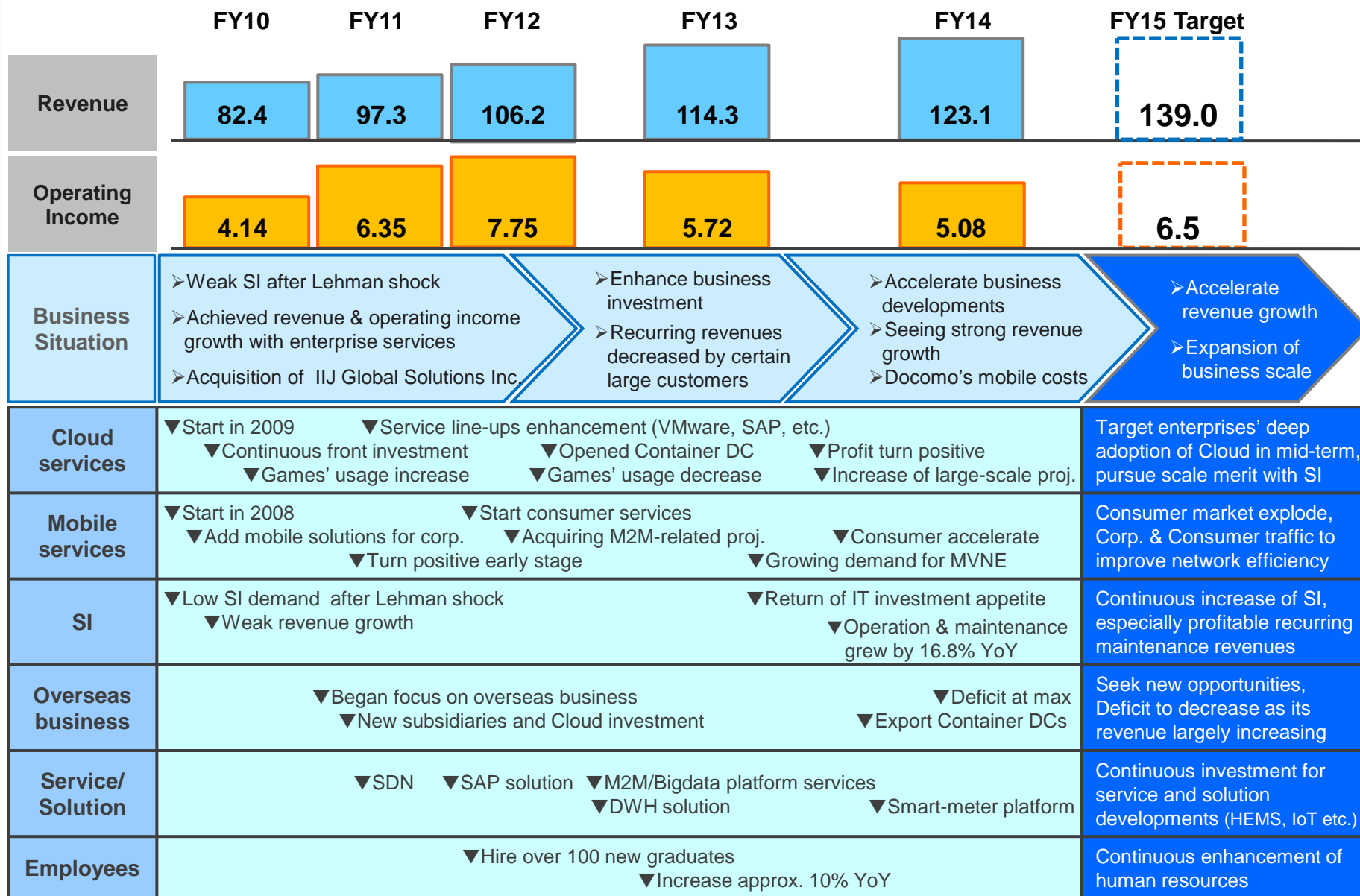


Subscription and Revenue



Business/Services Developments for Mid Term Growth

Unit: JPY billion



Summary of 1H FY2015 Financial Results

| | < 1H15 Results > | | < FY15 Targets > | | %: YoY change |
|--------------------------------|------------------|----------|------------------|----------|---------------|
| Revenues | JPY65.33 billion | up 14.3% | JPY139.0 billion | up 13.0% | |
| Gross margin | JPY11.71 billion | up 7.4% | JPY25.1 billion | up 13.7% | |
| Operating income | JPY2.56 billion | up 6.1% | JPY6.5 billion | up 28.1% | |
| Net Income attributable to IIJ | JPY1.65 billion | up 14.4% | JPY4.0 billion | up 20.4% | |

Operating income increased with strong revenue accumulation, absorbed annual operating costs increase, Seek income growth with further enhancement of revenue growth

◆ 2Q15 3-month financials

YoY: compared to the same period in a previous year

- Revenue JPY33.87 billion (up 14.3% YoY), 1Q15 up 14.2%, 4Q14 up 11.7%, 3Q14 up 8.2%, 2Q14 up 6.0% YoY
- Operating income decreased from JPY1.65 billion (2Q14) to JPY1.42 billion mainly because of a temporary positive impact of approx. JPY0.29 billion we recognized in 2Q14 due to MVNO data communication charge with NTT Docomo (same impact of approx. JPY0.27 billion in 1Q15)

◆ Consumer mobile market expanding, MVNE business transactions growing

(*) as of Sep. 30 2015
QoQ: 2Q15 compared with 1Q15

- Subscription^(*) (unit: thousand): total 934 (up 123 QoQ), consumer 605 (up 78 QoQ), MVNE 136 (up 32 QoQ)
 - ✓ More SIM lock-free devices (iPhone6s etc.) in the market, OTA, headsets-bundle services, enhancement of advertisement etc.
 - ✓ MVNE business largely expanding: approx. 80 MVNE partners including CATV operators and a prominent contents business provider
 - ✓ M2M demands expanding While large projects tend to require longer negotiation, executing small-to-mid size projects
 - ✓ Started providing voice call function via SIM card to corporate customers (Sep. 2015)

◆ Accumulating SI orders along with a return of corporates' systems investment appetite

- 1H15 Systems operation and maintenance revenue: up 23.7% YoY, Order received including systems construction: up 17.5% YoY
- Virtualization platform VMware services continued to grow, new "IIJ GIO Infrastructure P2" services accumulating prospective orders

◆ Aggressively expanding business opportunities in ASEAN region

- SI and global WAN projects in 1H15, Executing container datacenter export projects for 2H15, Cloud business in Indonesia etc.

◆ Continuously focusing on service development and line-up enhancement

- Launch of new services "IIJ Omnibus Service" (Sep. 2015) and "IIJ GIO Infrastructure P2" (Nov. 2015)
- Increasing demands for security services, Continuously enhancing line-up including solution for targeted email attacks

FY2015 Financial Target (Disclosed on May 15, 2015)

YoY = FY15 target compared to FY14 results

Unit: JPY billion

| | FY15 Target (Apr. 2015 -Mar.2016) | FY14 Actual (Apr. 2014 -Mar.2015) | YoY (FY15 Target to FY14 Actual) | |
|---|---|---|--|--------|
| Total Revenues | 139.0 | 123.1 | +15.9 | +13.0% |
| Gross Margin | 25.1 | 22.1 | +3.0 | +13.7% |
| Operating Income | 6.5 | 5.1 | +1.4 | +28.1% |
| Income before Income Tax Expense | 6.4 | 5.1 | +1.3 | +24.5% |
| Net Income attributable to IJ | 4.0 | 3.3 | +0.7 | +20.4% |
| Net Income attributable to IJ per Share | JPY 87.07 | JPY 72.31 | + JPY 14.76 | +20.4% |
| Cash Dividends per Share | JPY 22.00 (Annual) | JPY 22.00 (Annual) | - | - |

● Mobile-related services

Target over 1 million subscription by Dec. 2015, Target revenue of approx. JPY13 billion for FY2015 (up JPY5.3 billion YoY). Expect a slight decrease in gross margin ratio due to an increase in unprofitable voice service revenues. Expect Docomo's mobile connectivity charge per bandwidth to decrease by 15% from the charge fixed in Mar. 2015.

● Cloud-related services

Target revenue of over JPY15 billion (up JPY2.7 billion YoY) by accumulating enterprise needs. Expect gross margin to increase by over JPY0.4 billion along with revenue growth.

● Overseas business

Target revenue of over JPY6.5 billion (up JPY1.6 billion YoY). Expect margin to increase by approx. JPY0.4 billion with revenue growth.

● Enterprise network services

Target revenue (excluding Cloud and mobile related) to increase by approx. JPY1.8 billion, considering an enhanced sales activity and expecting no large revenue decrease in WAN services.

● SI

Target revenue (excluding Cloud and overseas business related) to increase by approx. JPY3.8 billion with strong economy and accumulation of systems operation and maintenance revenue.

● SG&A and R&D expenses

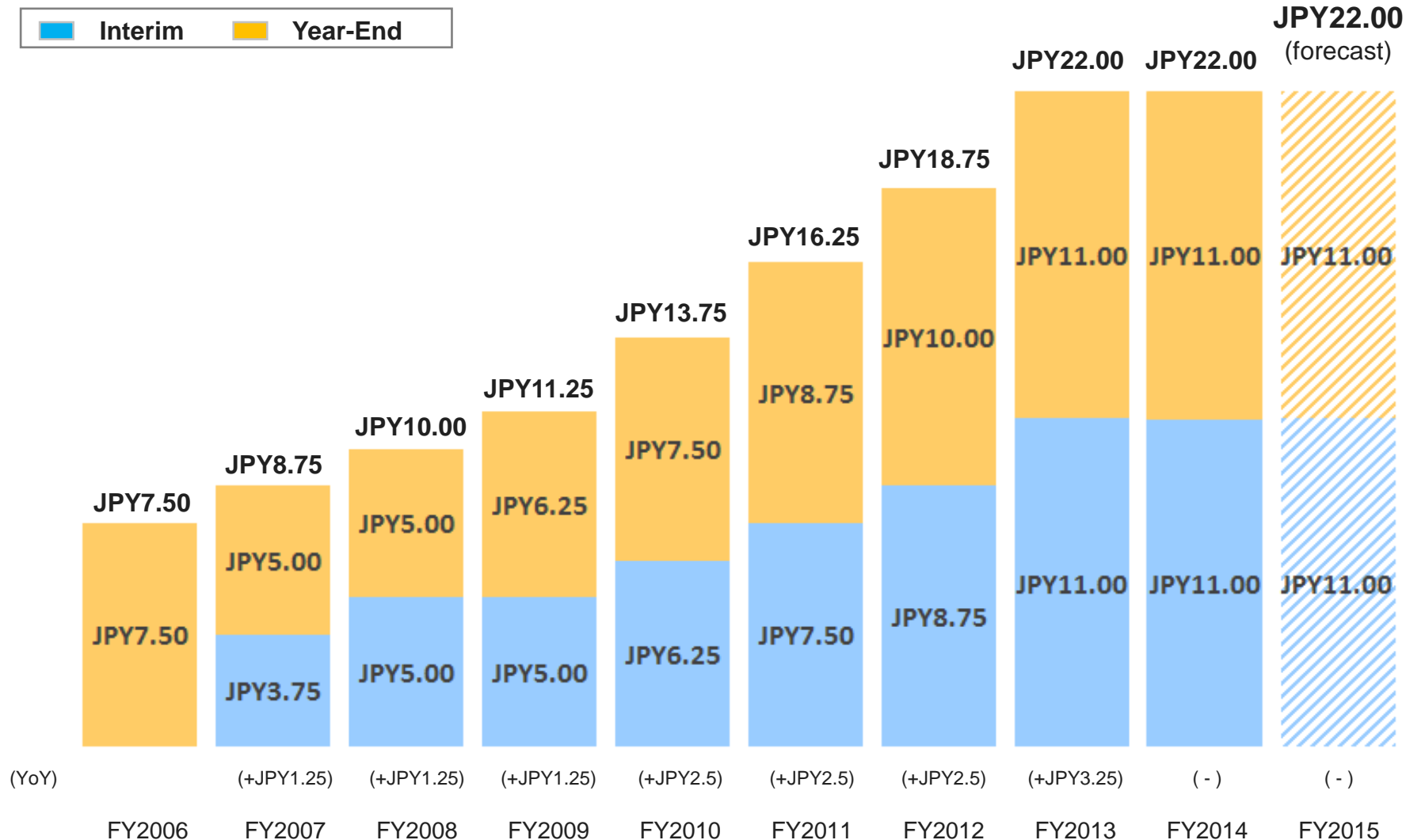
Expect to increase by approx. JPY1.6 billion which is almost the same amount increased in FY14, expecting the increase in personnel-related costs and sales commission fee etc.

● Human resources

Hired 155 new graduates. Plan to hire 160 second-career personnel (including approx. 140 personnel to replace outsourcing resource). Expect personnel-related cost to increase by approx. JPY3.0 billion.

FY2015 Dividend Forecast

IIJ conducted a 1:200 stock split on common stock with an effective date of October 1, 2012. Dividend figures shown below are retroactively adjusted to reflect the stock split.



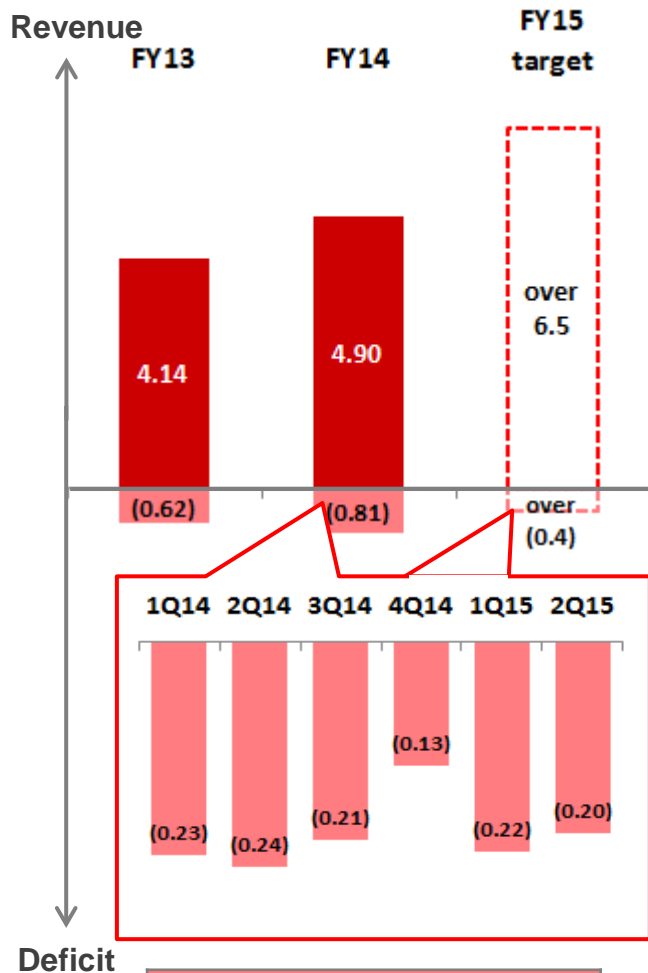
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APPENDIX

Overseas Business Developments

Financial Results

(Unit: JPY billion)



| Game customers' revenue | |
|-------------------------|-----------------|
| FY13 | FY14 |
| JPY1.38 billion | JPY0.50 billion |

Overseas offices

| Main subsidiaries | Est. | Employees | Business |
|--|--------------------|------------------|---|
| IIJ America Inc. | 1996 | 39 | Provide mainly ISP services , Cloud services and SI to the Japanese companies in the U.S.A. |
| IIJ Europe Limited | 2012* ₁ | 54* ₂ | Provide mainly SI and Cloud services to the Japanese companies in Europe |
| IIJ Global Solutions China Inc. | 2012 | 18 | Provide mainly SI and Cloud services in China |
| IIJ Global Solutions Singapore Pte. Ltd. | 2012* ₁ | 18 | Provide mainly SI and Cloud services to local and Japanese companies in Singapore |
| Pt. IIJ Global Solutions Indonesia | 2015 | - | Provide Cloud-related services operation in Indonesia |

Business Developments

- **Requests to support build Cloud infrastructure from Asian countries**
 - Jointly provide Cloud services with a local carrier in Indonesia (Mar. 2015)
- **Export container DCs to Laos and Russia, Expect transactions to expand in the middle-to-long term**
 - Accumulating similar prospective orders from other emerging countries
- **Enhance network infrastructure including an expansion of Internet backbone**
- **Overseas Cloud business developments**
 - Enhanced Cloud service lineups for Europe, Providing VMware hypervisor services (Oct. 2014)
 - Launched Cloud services in Singapore (June 2014)



*1 Became our subsidiaries

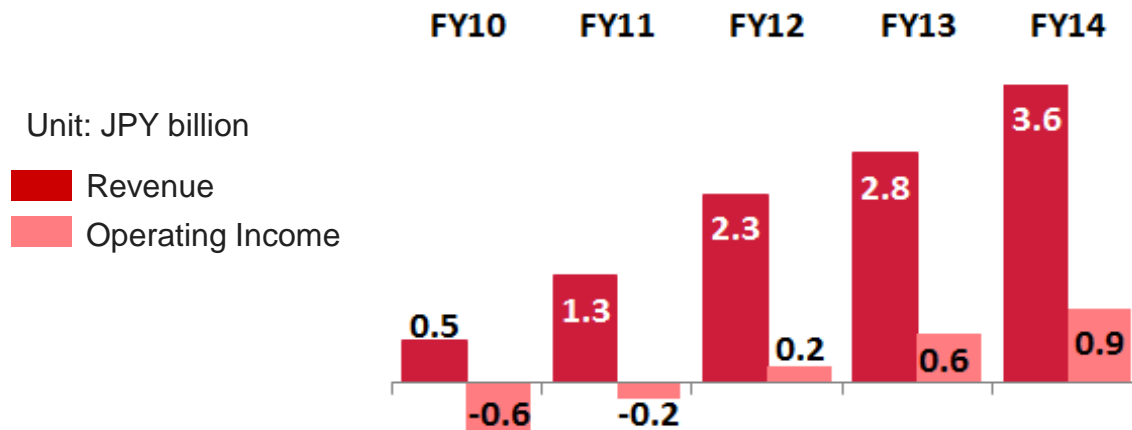
*2 Includes IIJ Europe's subsidiary of IIJ Deutschland GmbH

ATM Operation Business Developments

Business Model

- Similar to “Seven Bank” model, high profitability
 - Seven Bank: 21,056 ATMs, revenue JPY106.0 billion, profit ratio 32.5% as of March 31, 2015
- Placing ATMs in Pachinko parlors in Japan with dominant position
 - After long discussion, started to place in Kanto, Kansai, Kyushu and Tokai areas
- Receive commission for each withdrawal transaction
- Strong revenue & income driver in mid-term
 - Approx.11,900 Pachinko parlors in Japan as of Dec. 2013 (Metropolitan Police Dept.)

Financial Results



| Number of placed ATMs* | 280 | 440 | 625 | 855 | 1,059 |
|------------------------|-----|-----|-----|-----|-------|
|------------------------|-----|-----|-----|-----|-------|

*Number of placed ATMs are as of May each year except for FY14 which is the number as of Mar. 2015

< Trust Networks Inc. >

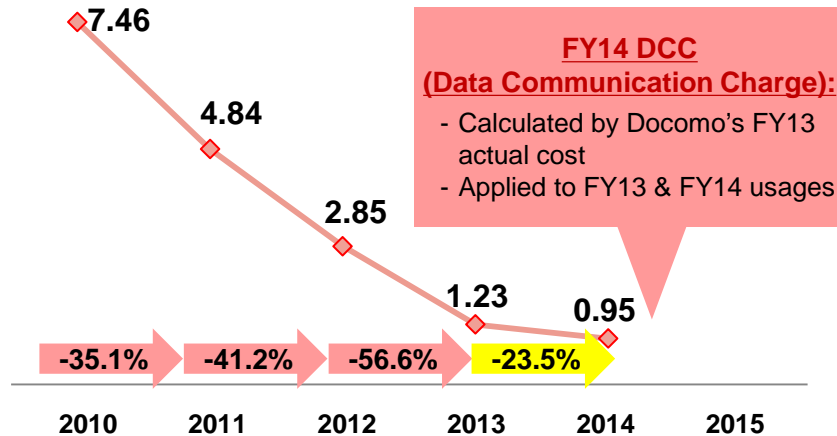
- 79.5% subsidiary
- Established in July 2007
- Pursue ATM operation business



MVNO infrastructure cost & its impact for FY14 financial

NTT Docomo's Monthly DCC per 10Mbps

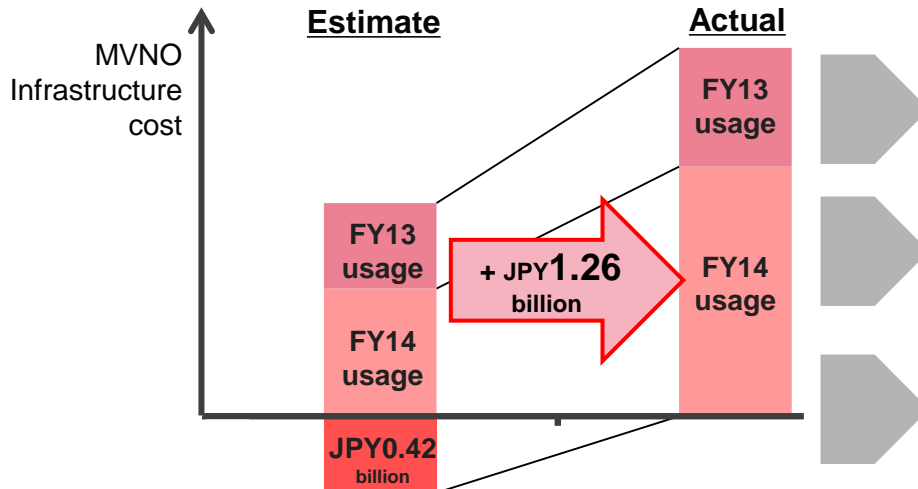
(JPY million)



MVNO infrastructure cost for NTT Docomo: Data Communication Charge ("DCC")

- Mobile infrastructure leasing fee from Docomo
- Fixed charge by bandwidth
- Regulated price by government (MIC & guideline)
- Same flat-rate for all MVNOs
- Renews every year based on Docomo's actual cost
- Decreased dramatically in recent years
- Fixed 1 year after, applied to current and a previous year
- DCC payment for FY14 has been deducted 40% from 1Q14 by Docomo's arrangement
- FY14 DCC fixed in March 2015

- FY14 DCC decrease is not so large, against our expectation
- FY14 DCC gap between estimate & actual impacted FY14 profit by JPY1.26 billion



GAP : + JPY 0.20 billion
 FY14 DCC applied to FY13 usage, reflected in FY14 financial results (Should have in FY13)

GAP : + JPY 0.64 billion
 FY14 DCC applied to FY14 usage, reflected in FY14 financial results

GAP : + JPY 0.42 billion
 FY14 DCC will down in FY15. But, not to record its impact in FY14 financial results (due to accounting reason)

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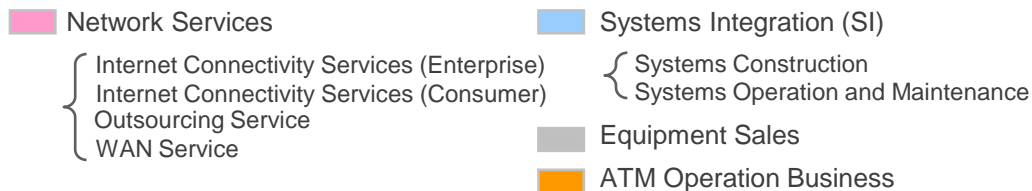
**Consolidated Financial Results
for 1H FY2015
Announced on November 9, 2015**

II - 1. Consolidated Financial Results for 1H FY2015

Unit: JPY billion

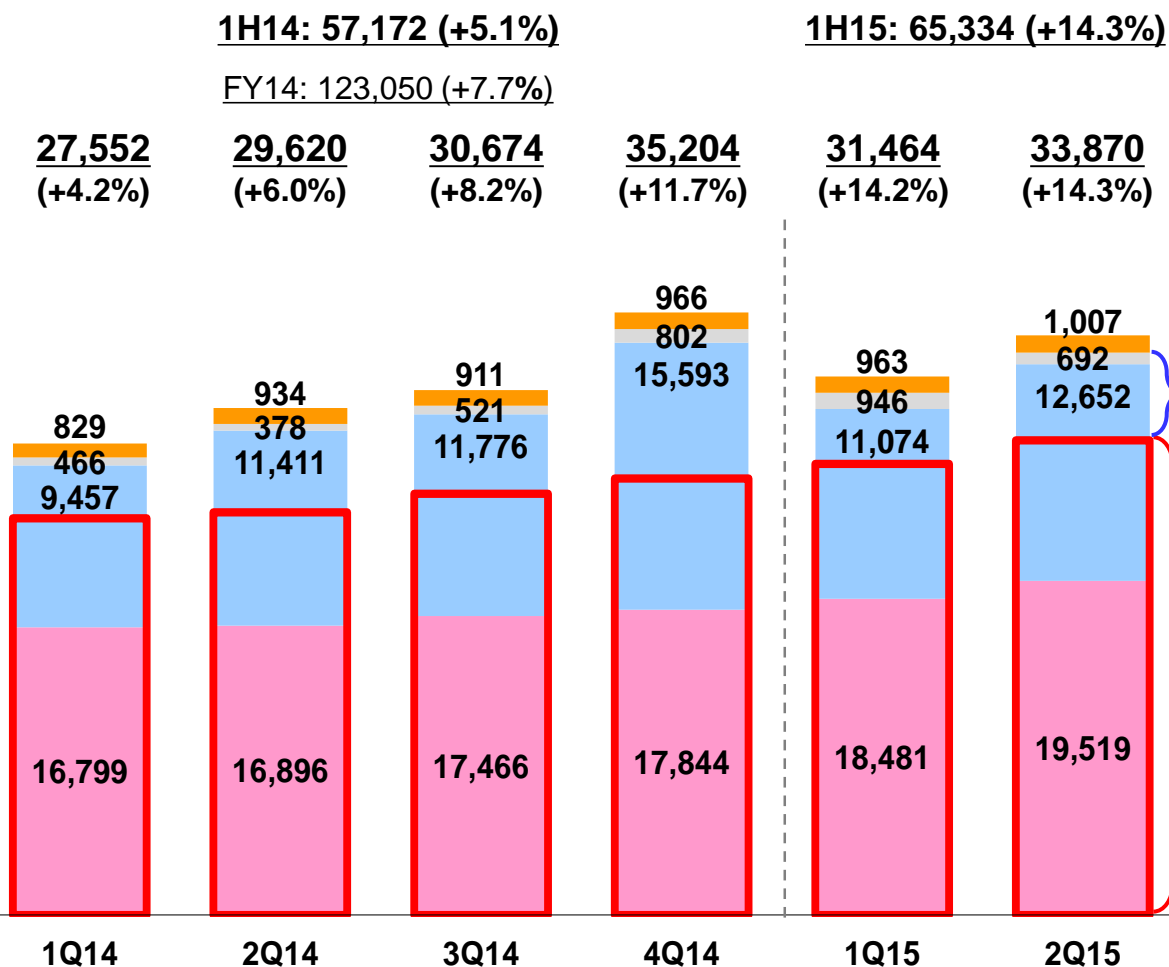
| | <i>% of Revenues</i> | <i>% of Revenues</i> | YoY Change in % | <i>% of Revenues</i> | Actual against Target | <i>% of Revenues</i> |
|----------------------------------|--|--|--------------------|---|-----------------------------|---|
| | 1H15 (Apr. 2015 -Sep. 2015) | 1H14 (Apr. 2014 -Sep. 2014) | | 1H15 Target (Apr. 2015 -Sep. 2015) | | FY15 Target (Apr. 2015 -Mar. 2016) |
| Total Revenues | 65.3 | 57.2 | +14.3% | 64.0 | +2.1% | 139.0 |
| Total Cost of Revenues | 82.1% 53.6 | 80.9% 46.3 | +15.9% | — | — | 81.9% 113.9 |
| Gross Margin | 17.9% 11.7 | 19.1% 10.9 | +7.4% | — | — | 18.1% 25.1 |
| SG&A/R&D | 14.0% 9.1 | 14.8% 8.5 | +7.7% | — | — | 13.4% 18.6 |
| Operating Income | 3.9% 2.6 | 4.2% 2.4 | +6.1% | 3.8% 2.5 | +4.6% | 4.7% 6.5 |
| Income before Income Tax Expense | 4.1% 2.6 | 4.4% 2.5 | +6.2% | 3.8% 2.4 | +10.3% | 4.6% 6.4 |
| Net Income attributable to IIJ | 2.5% 1.7 | 2.5% 1.4 | +14.4% | 2.3% 1.5 | +10.2% | 2.9% 4.0 |

II - 2. Revenues



Unit: JPY million

(), YoY = compared to the same period in a previous year



One-time Revenue *
 1H15: JPY9,281 million (up 6.5% YoY)
 1H14: JPY8,713 million (up 10.2% YoY)
 (14.2% of 1H15 revenue)

* Revenue which is recognized when systems or equipment are delivered and accepted by customers

1. Systems Construction
2. Equipment Sales

Recurring Revenue*
 1H15: JPY54,082 million (up 15.8% YoY)
 1H14: JPY46,696 million (up 3.5% YoY)
 (82.8% of 1H15 revenue)

*Represents the following monthly recurring revenues

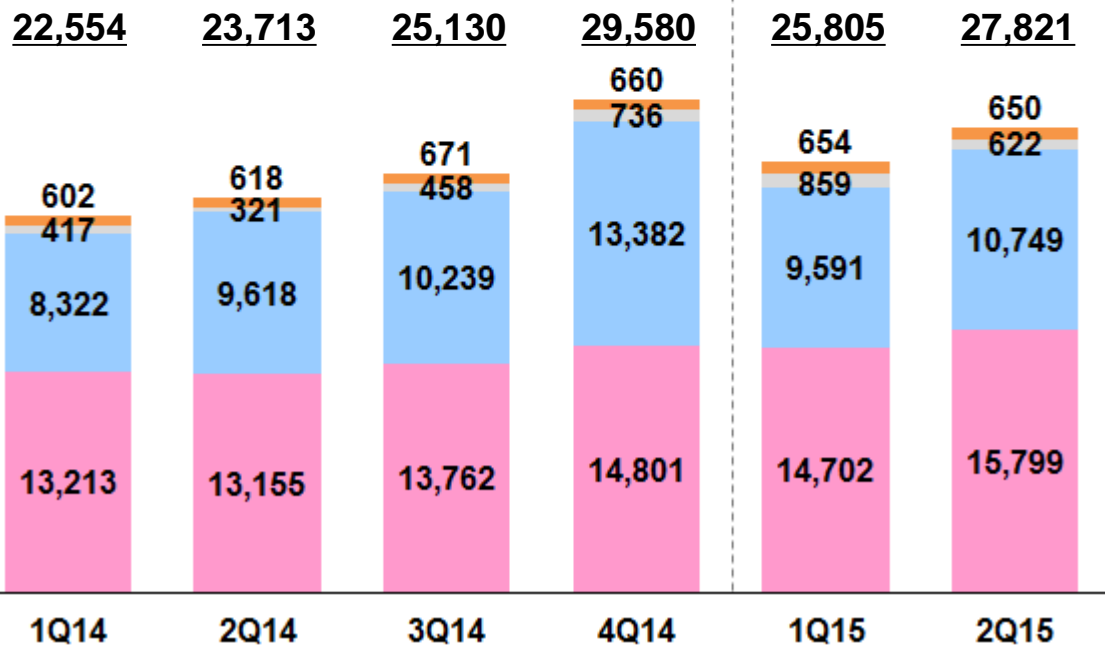
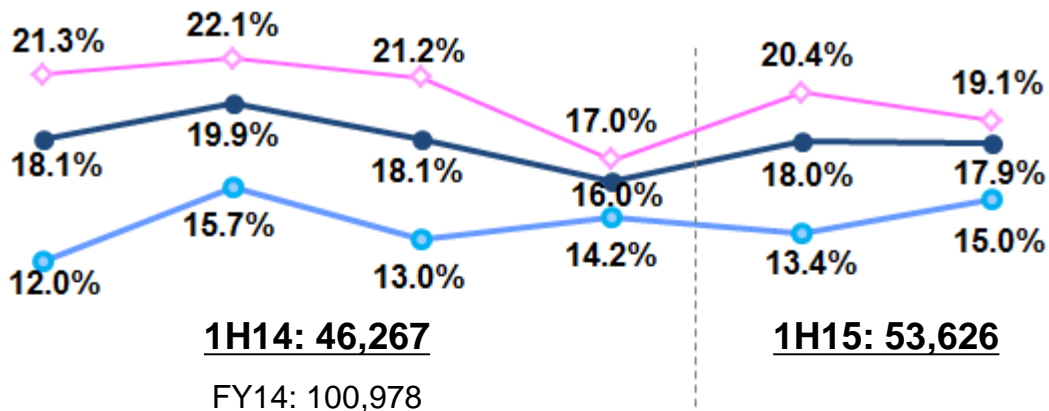
1. Internet Connectivity Services(Enterprise/Consumer)
2. Outsourcing Services
3. WAN Services
4. Systems Operation and Maintenance

II - 3. Cost of Revenues and Gross Margin Ratio

Cost of revenues: Network Services (Pink), Systems Integration(SI) (Blue), Equipment Sales (Grey), ATM Operation Business (Orange)
 Gross margin ratio: Network Services (Pink diamond), Systems Integration(SI) (Blue circle), Total Revenues (Dark Blue circle)

Unit: JPY million

YoY = 1H15 compared to 1H14



1H15 Gross Margin

◆ Total:

- JPY11,708 million (up JPY803 million, up 7.4% YoY)
- Gross margin ratio: 17.9% (down 1.2 points YoY)

◆ Network Services:

- JPY7,498 million (up JPY171 million, up 2.3% YoY)
- Gross margin ratio: 19.7% (down 2.0 points YoY)
- The below table shows the actual network service gross margin ratio which is calculated by excluding temporary positive impact(*) and recalculating FY2014 mobile interconnectivity cost by applying the final wholesale data communication charge which decreased by 23.5% from a year before:

| | 1Q14 | 2Q14 | 3Q14 | 4Q14 | 1Q15 | 2Q15 |
|--------|------|------|------|------|------|------|
| Unit:% | 20.7 | 20.3 | 20.6 | 19.0 | 19.0 | 19.1 |

(*) IJ recognized a temporary positive cost impact of approx. JPY0.27 billion in 1Q15 for FY14 mobile interconnectivity usage. The same positive impact of approx. JPY0.29 billion was recognized in 2Q14 for FY13 usage.

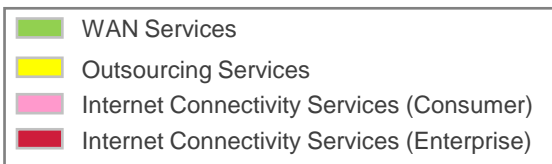
◆ SI:

- JPY3,385 million (up JPY456 million, up 15.6% YoY)
- Gross margin ratio: 14.3% (up 0.2 points YoY)

◆ ATM Operation Business:

- JPY666 million (up JPY123 million, up 22.7% YoY)
- Gross margin ratio: 33.8% (up 3.0 points YoY)

II - 4. Network Services (1)Revenues

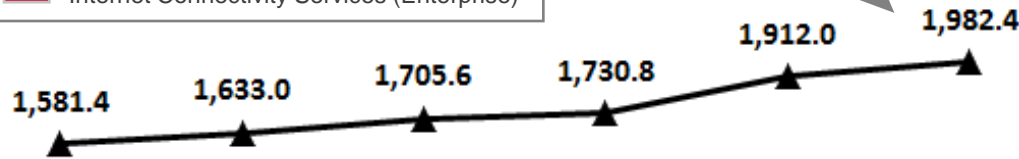


Unit: JPY million

YoY = 1H15 compared to 1H14
QoQ = 2Q15 compared to 1Q15

() = compared to the same period in a previous year

Total Contracted Bandwidth (Gbps)

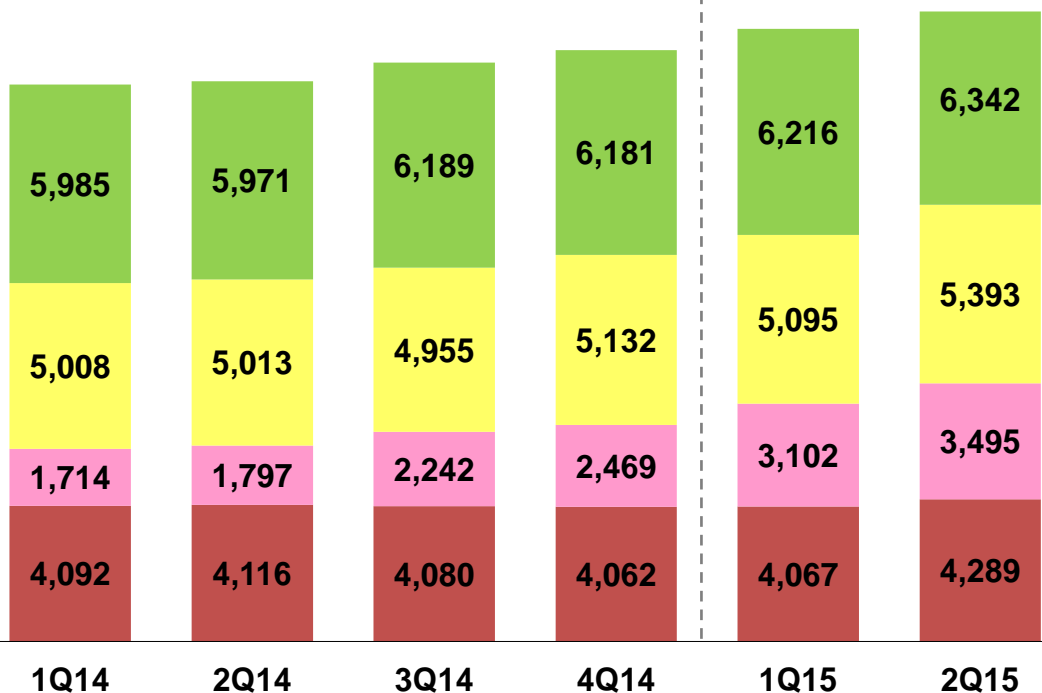


1H14: 33,696 (+0.3%)

1H15: 38,000 (+12.8%)

FY14: 69,006 (+2.6%)

| | | | | | |
|--------------------------|--------------------------|--------------------------|--------------------------|---------------------------|---------------------------|
| <u>16,799</u> (+0.1%) | <u>16,896</u> (+0.4%) | <u>17,466</u> (+4.6%) | <u>17,844</u> (+5.1%) | <u>18,481</u> (+10.0%) | <u>19,519</u> (+15.5%) |
|--------------------------|--------------------------|--------------------------|--------------------------|---------------------------|---------------------------|



◆ 1H15 Internet Connectivity (Enterprise)

- JPY8,357 million (up JPY149 million, up 1.8% YoY)
 - Mobile services revenue continued to increase
 - Over 1Gbps contracts:
 - ✓ as of 2Q15-end: 343 contracts
 - ✓ as of 2Q14-end: 305 contracts
 - 2Q15 IP services revenue increased from 1Q15

◆ 1H15 Internet Connectivity (Consumer)

- JPY6,597 million (up JPY3,068 million, up 87.9% YoY)
 - IJmio mobile services continued to increase
 - ✓ 2Q15-end subscription: 605 thousand (up 359 thousand YoY, up 78 thousand QoQ)
 - ✓ 1H15 revenue: JPY4.57 billion (up 3.07 billion YoY)
 - ✓ 2Q15 revenue: JPY2.47 billion (up 0.38 billion QoQ)
 - ✓ 2Q15 net addition was slightly weaker than 1Q15 due to seasonality. Expect pace to increase from Oct. along with the sales of iPhone6s and other SIM-lock free devices

◆ 1H15 Outsourcing Services

- JPY10,489 million (up JPY468 million, up 4.7% YoY)
 - Demands for security-related services increased, overseas hosting services accumulated revenue

◆ 1H15 WAN Services

- JPY12,558 million (up JPY601 million, up 5.0% YoY)
- Revenue increased, no major revenue decrease from large customers

II - 4. Network Services (2) Cost of Revenues

1H14: 26,369 (21.7%)

1H15: 30,501 (19.7%)

FY14: 54,932 (20.4%)

Unit: JPY million

YoY = 1H15 compared to 1H14

13,213
(21.3%)

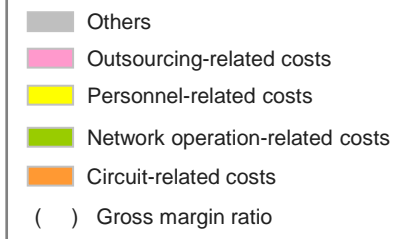
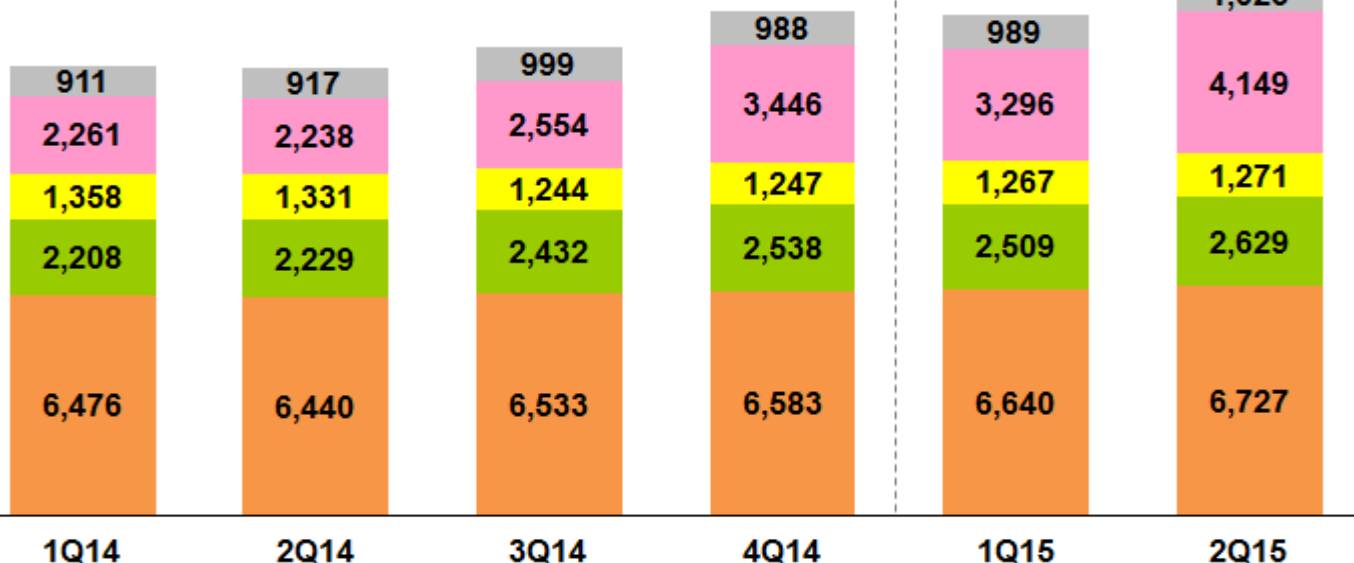
13,155
(22.1%)

13,762
(21.2%)

14,801
(17.0%)

14,702
(20.4%)

15,799
(19.1%)



◆ 1H15 Cost of network services: up JPY4,133 million, up 15.7% YoY

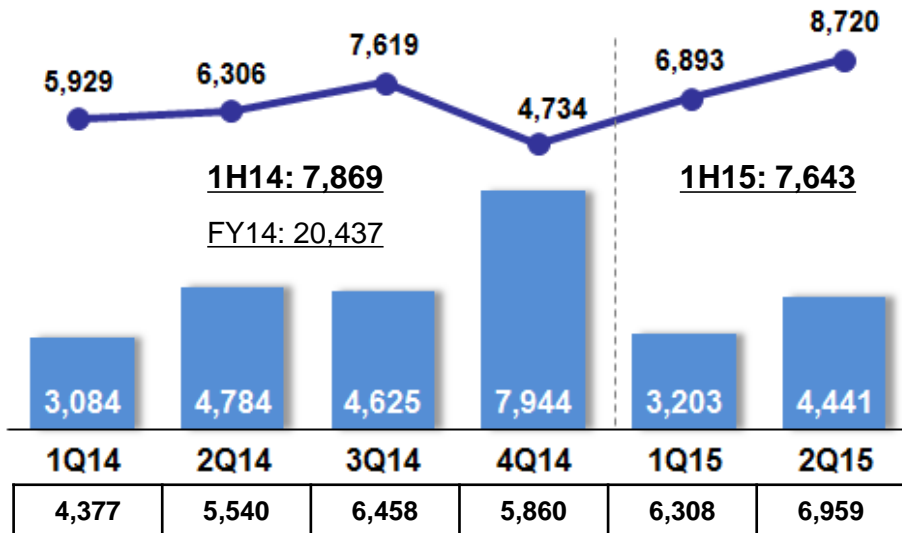
- Mobile-related costs (recognized in outsourcing-related costs) increased with the increase in mobile subscription and traffic
- Network operation-related costs increased by JPY702 million YoY mainly due to upgrading our network to 100Gbps compatible environment and enhancing mobile infrastructure. The costs are expected to increase slightly from 3Q with the launch of new services
- Circuit-related costs increased by JPY451 million YoY mainly due to an increase in WAN services revenue

◆ Regarding NTT Docomo's ("Docomo") mobile interconnectivity cost recognition:

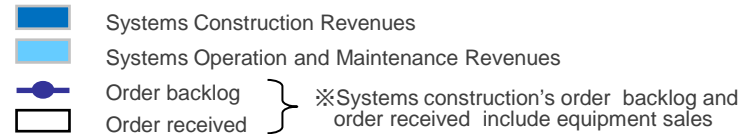
- Docomo's interconnectivity telecommunications service charge, which was calculated by Docomo's FY13 mobile-related cost, was fixed in Mar. 2015 and it decreased by 23.5% from a year ago.
- The same charge based on Docomo's FY14 mobile-related cost should be fixed in Mar. 2016. In the meantime, Docomo's bill for FY15 mobile interconnectivity usage has been 25% off temporarily from Apr. 2015. During FY2015, IJ calculates its mobile interconnectivity cost by applying a supposed annual decrease rate of 15%.
- In 1Q15, IJ recognized a temporary positive cost impact of approx. JPY0.27 billion for FY14 mobile interconnectivity usage by applying supposed annual decrease rate of 15%. The same positive impact of approx. JPY0.29 billion was recognized in 2Q14 for FY13 usage.

II - 5. Systems Integration (SI) (1)Revenues

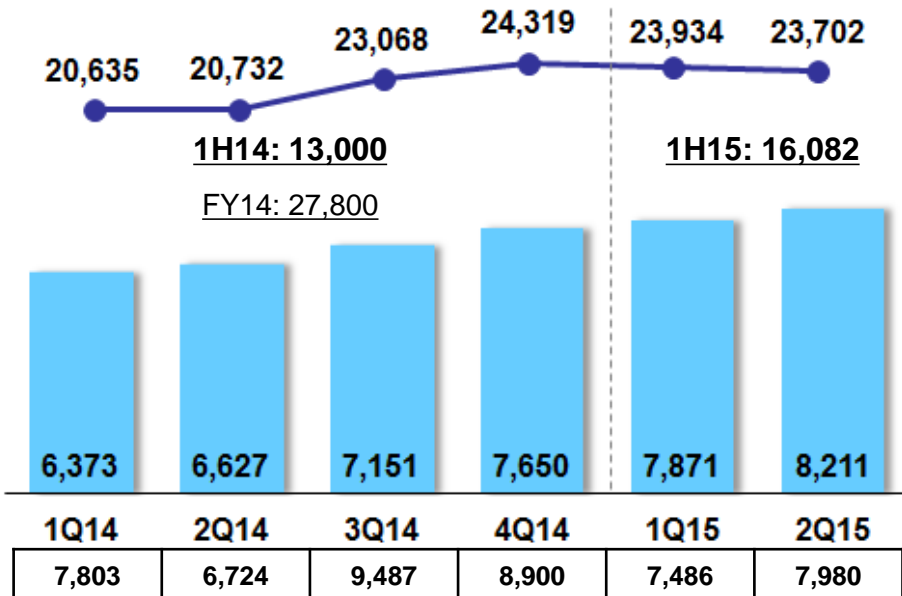
< Systems Construction >



YoY = compared to the same period a previous year Unit: JPY million



< Systems Operation and Maintenance >



Systems construction revenues

- ◆ **1H15 revenue: down JPY226 million, down 2.9% YoY**
 - 1H15 revenues are almost the same level with 1H14. Number and scale of projects in FY15 are exceeding those of FY14 along with economic recovery. Accumulating order-received
- ◆ **2Q15 order received: up JPY1,419 million, up 25.6% YoY**
 - Revenue continued to increase along with economic recovery
 - Large-scale construction projects orders received in 2Q15:
 - Upgrading DDoS systems for a major bank
 - Virtualizing global merchandising platform system for a major retailer
 - Back office systems for a major travel agency etc.
 - 2Q15 order backlog includes a large network integration project which we received in 1Q15 (approx. JPY2.1 billion)

Systems operation and maintenance revenues

- ◆ **1H15 revenue: up JPY3,082 million, up 23.7% YoY**
 - Private cloud-related revenue continued to increase (up JPY1,128 million, up 24.2% YoY), Systems construction projects which migrated to systems operation and maintenance phase also continued to increase strongly (up JPY1,954 million, up 23.5% YoY)
- ◆ **2Q15 order received: up JPY1,256 million, up 18.7% YoY**
 - 85% of 2Q15 cloud-related revenue is recognized in systems operation and maintenance revenues (15% in outsourcing)

< Overseas business >

1H15 revenue: approx. JPY2.40 billion, loss: approx. JPY0.42 billion
(1H14 revenue: approx. JPY2.20 billion, loss: approx. JPY0.46 billion)

II - 5. Systems Integration (SI) (2)Cost of Revenues

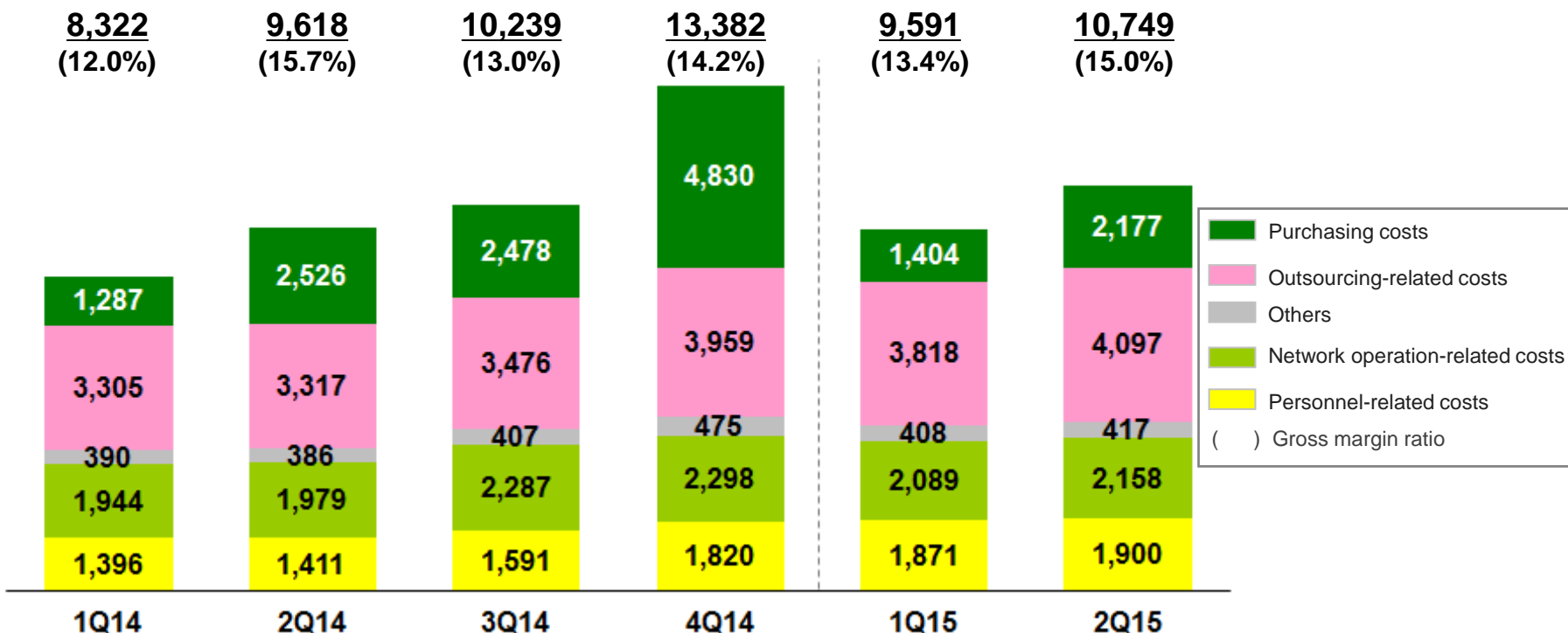
1H14: 17,940 (14.0%)

FY14: 41,562 (13.8%)

1H15: 20,341 (14.3%)

Unit: JPY million

YoY = 1H15 compared to 1H14
QoQ = 2Q15 compared to 1Q15



◆ **1H15 Cost of SI: up JPY2,401 million, up 13.4% YoY**

- Number of outsourcing personnel as of 2Q15-end: 979 personnel (up 72 personnel YoY, down 6 personnel QoQ)
- Outsourcing-related costs increased along with the increase in the number of construction projects and the accumulation of operation and maintenance projects which were migrated from construction phase
- Outsourcing-related and personnel-related costs increased due to new services and solutions developments
- Recognized loss provision of approx. JPY30 million for a project in 2Q15
- Network operation-related costs (such as depreciation and amortization costs) are expected to increase from 3Q15 due to the launch of new services "IIJ GIO Infrastructure P2" (Nov. 2015)

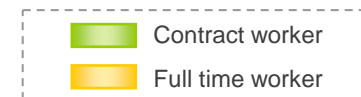
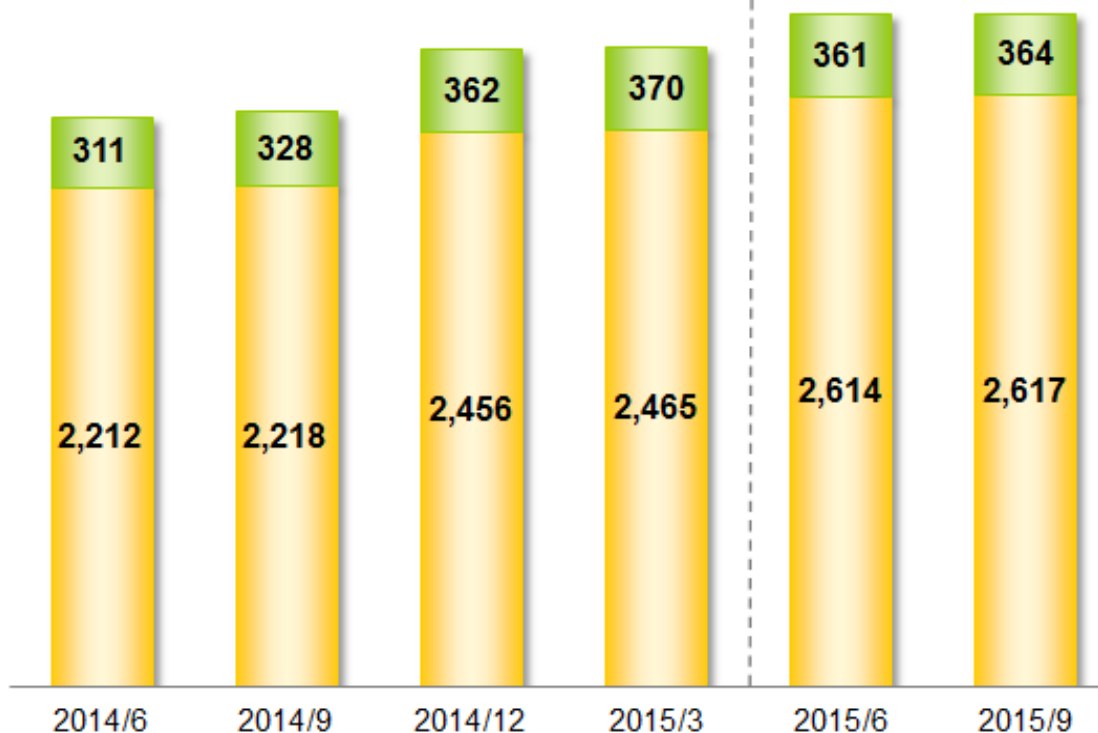
II - 6. Number of Employees

(Number of employees)

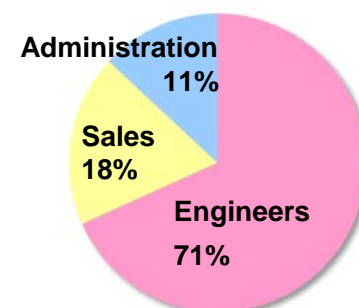
2,523 **2,546** **2,818** **2,835** **2,975** **2,981**

Unit: JPY million

YoY = 1H15 compared to 1H14



[Employee Distribution]



Personnel related costs & expenses (% of revenue)

| | 1Q14 | 2Q14 | 3Q14 | 4Q14 | 1Q15 | 2Q15 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 4,641 (16.8%) | 4,643 (15.7%) | 4,704 (15.3%) | 5,114 (14.5%) | 5,266 (16.7%) | 5,297 (15.6%) |

- ◆ 1H15 personnel-related costs and expenses: JPY10,563 million (up JPY1,279 million YoY, up 13.8% YoY)
- ◆ Number of employees increased by 264 personnel with RYUKOSHA M&A (Dec. 2014) in 3Q14, personnel-related expenses increased
- ◆ Hired 155 new graduates in Apr. 2015 (129 in Apr. 2014, 136 in Apr. 2013). Planning to hire 128 new graduates in Apr. 2016
- ◆ Number of employees is within our plan

II - 7. SG&A Expenses/R&D

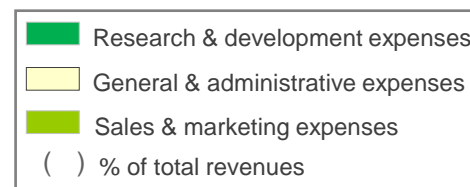
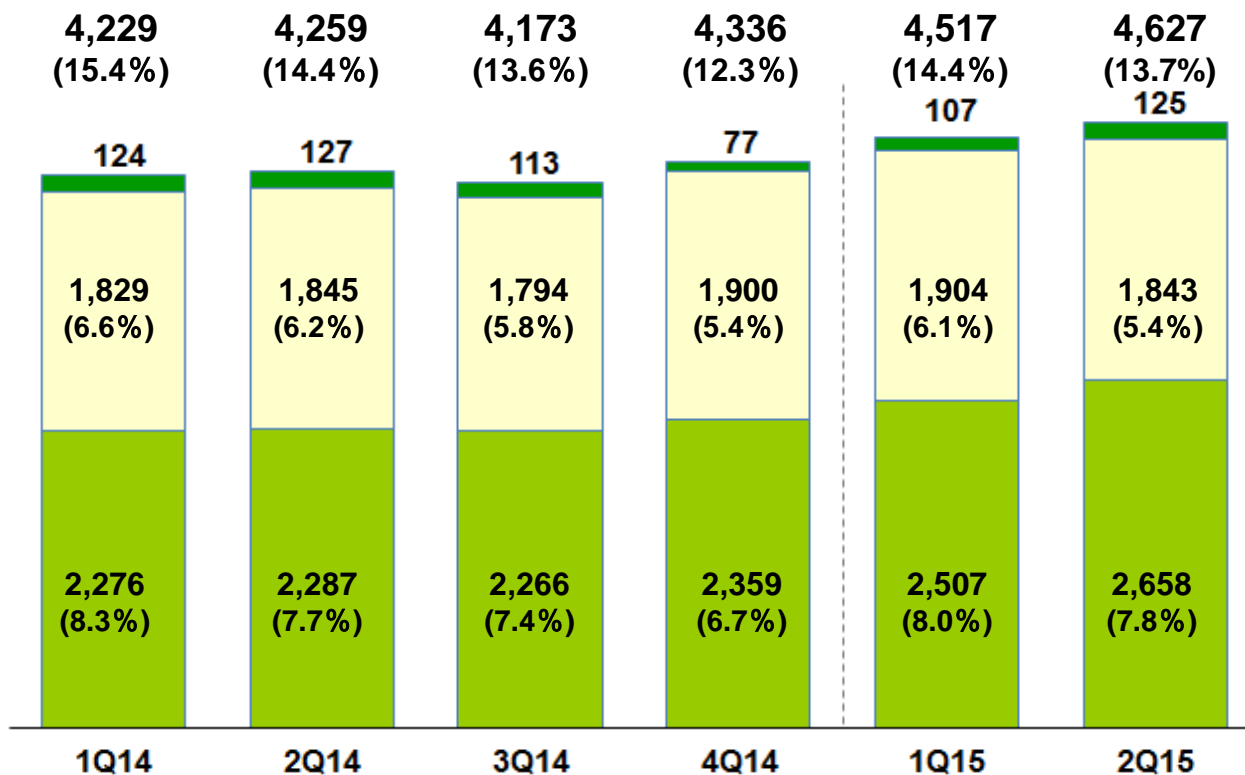
1H14: 8,488 (14.8%)

FY14: 16,997 (13.8%)

1H15: 9,145 (14.0%)

Unit: JPY million

YoY = 1H15 compared to 1H14
QoQ = 2Q15 compared to 1Q15



◆ 1H15 SG&A Expenses/R&D: up JPY656 million, up 7.7% YoY

- Personnel-related and mobile services' sales commission expenses increased
- SG&A Expenses/R&D slightly exceeding our plan mainly due to sales commission expenses

◆ 2Q15 SG&A Expenses/R&D: up JPY110 million, up 2.4% QoQ

- Expenses related to mobile services' sales commission and advertising increased

◆ SG&A related to ATM operation business:

Unit: JPY million

| 1Q14 | 2Q14 | 3Q14 | 4Q14 | 1Q15 | 2Q15 |
|------|------|------|------|------|------|
| 37.6 | 45.4 | 45.9 | 73.4 | 44.9 | 45.1 |

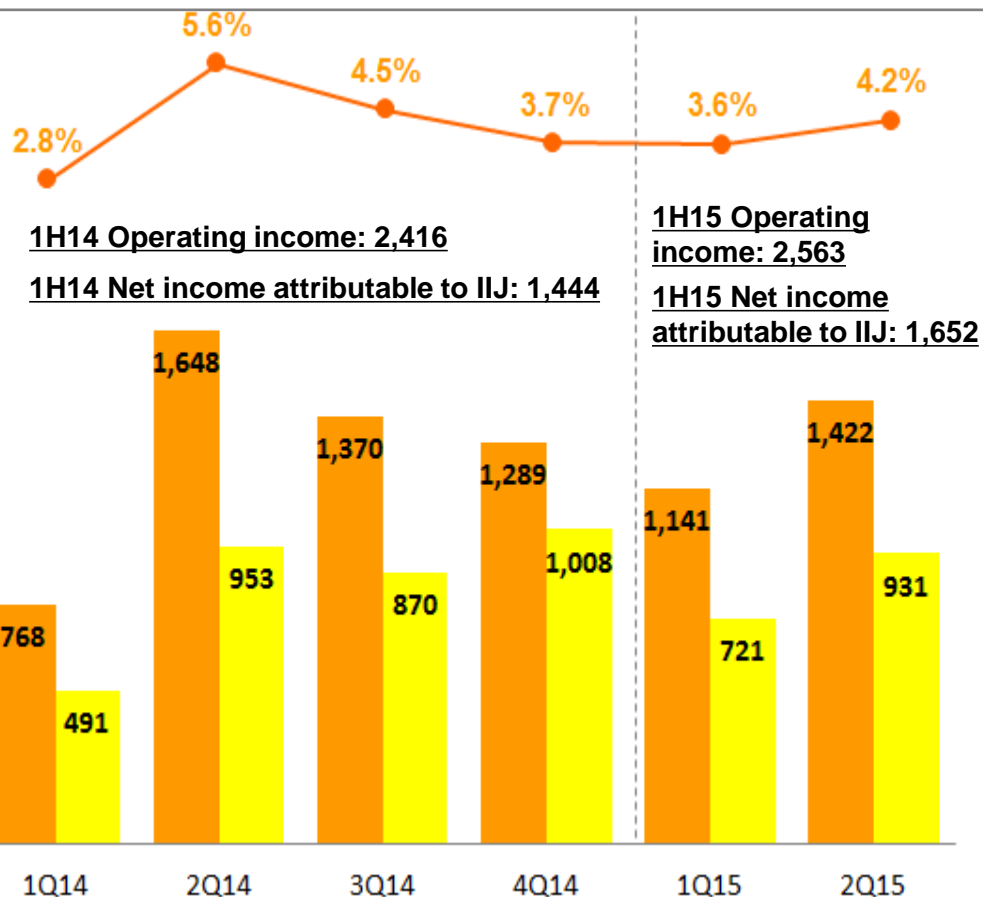
- Placed 1,097 ATMs as of Sep. 30, 2015

II - 8 Operating Income and Net Income

Operating Income Net Income Attributable to IIJ Operating Margin Ratio

Unit: JPY million

YoY = compared to the same period in a previous year



◆ Operating income:

- 2Q15: JPY1,422 million
(down JPY226 million, down 13.7% YoY)
- Temporary positive cost impact of approx. JPY0.29 billion related Docomo's mobile interconnectivity cost in 2Q14 (Recognized the same temporary positive impact of approx. JPY0.27 billion in 1Q15)

◆ Income before income tax expenses:

- 1H15: JPY2,647 million
(up JPY156 million, up 6.2% YoY)
- Dividend income: JPY74 million
- Distribution from fund investments: JPY115 million
- Interest expense: JPY112 million
- 1Q15 foreign exchange gains were mostly offset by 2Q15 foreign exchange losses

◆ Net income attributable to IIJ:

- 1H15: JPY1,652 million
(up JPY208 million, up 14.4% YoY)
- Mainly due to equity in net income of Internet Multifeed: JPY137 million
- Net income attributable to noncontrolling interests including Trust Networks: JPY92 million

| 1Q14 | 2Q14 | 3Q14 | 4Q14 | 1Q15 | 2Q15 | |
|------|------|------|------|------|------|---|
| 220 | 624 | 523 | 319 | 450 | 472 | Current income tax expense |
| 132 | 98 | 36 | (55) | 111 | 6 | Deferred tax expense (benefit) |
| 34 | 35 | 46 | 40 | 61 | 76 | Equity in net income of equity method investees |
| (18) | (24) | (15) | (18) | (57) | (35) | Less: Net income attributable to noncontrolling interests |

II - 9. Consolidated Balance Sheets (Summary)

Unit: JPY million

| | Mar. 31, 2015 | Sep. 30, 2015 | Changes |
|---|----------------|----------------|---------------|
| Cash and Cash Equivalents | 21,094 | 20,098 | (995) |
| Accounts Receivable | 22,252 | 20,067 | (2,184) |
| Inventories and Prepaid Expenses (Current and Noncurrent) | 7,835 | 10,079 | +2,243 |
| Investments in Equity Method Investees | 2,561 | 2,657 | +97 |
| Other Investments | 6,661 | 6,395 | (266) |
| Property and Equipment | 29,370 | 32,651 | +3,281 |
| Goodwill and Other Intangible Assets | 10,111 | 9,918 | (193) |
| Guarantee Deposits | 2,800 | 2,815 | +15 |
| Total Assets | 108,705 | 110,806 | +2,101 |
| Accounts Payable | 13,626 | 14,159 | +533 |
| Income Taxes Payable | 499 | 799 | +300 |
| Short-term Borrowings | 9,250 | 9,250 | - |
| Capital Lease Obligations (Current and Noncurrent) | 7,863 | 8,467 | +604 |
| Total Liabilities | 45,862 | 46,852 | +990 |
| Common Stock | 25,500 | 25,509 | +10 |
| Additional Paid-in Capital | 36,014 | 36,032 | +18 |
| Retained earnings (Accumulated deficit) | (556) | 591 | +1,147 |
| Accumulated Other Comprehensive Income | 1,939 | 1,779 | (160) |
| Total IIJ Shareholders' Equity | 62,504 | 63,519 | +1,015 |

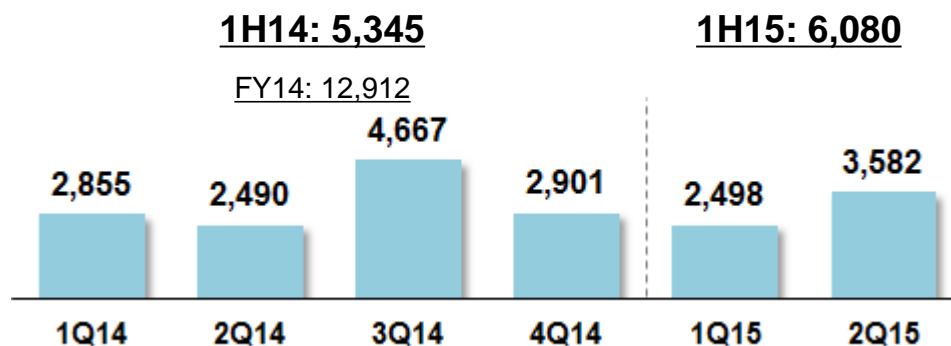
➤ Total IIJ Shareholders' Equity to Total Assets: 57.5% as of Mar. 31, 2015, 57.3% as of Sep. 30, 2015

II - 10. Consolidated Cash Flows

< Operating Activities >

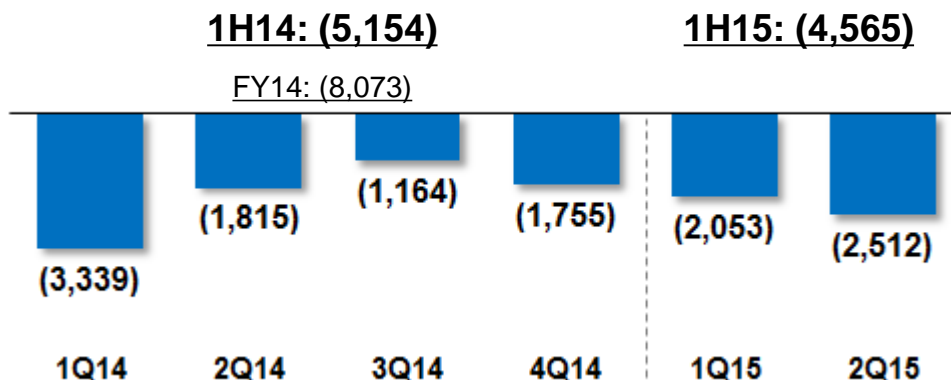
Unit: JPY million

YoY = 1H15 compared to 1H14



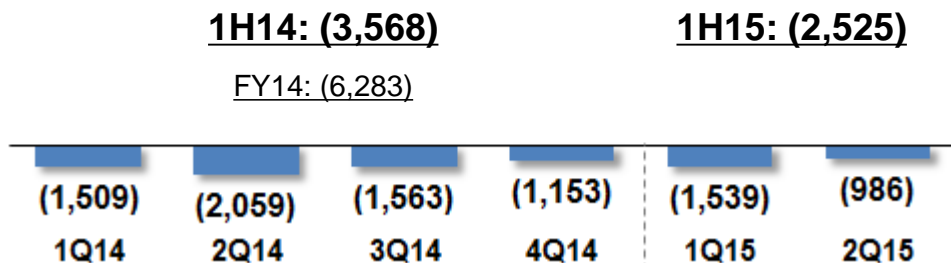
| Operating Activities | 1H15 Breakdown | YoY Change |
|---|----------------|------------|
| Net income | 1,744 | +258 |
| Depreciation and amortization | 4,800 | +117 |
| Net gain on other non-cash transactions | 119 | (191) |
| Fluctuation of operating assets and liabilities | (584) | +552 |

< Investing Activities >



| Investing Activities | 1H15 Breakdown | YoY Change |
|------------------------------------|----------------|------------|
| Purchase of property and equipment | (5,321) | (1,311) |

< Financing Activities >

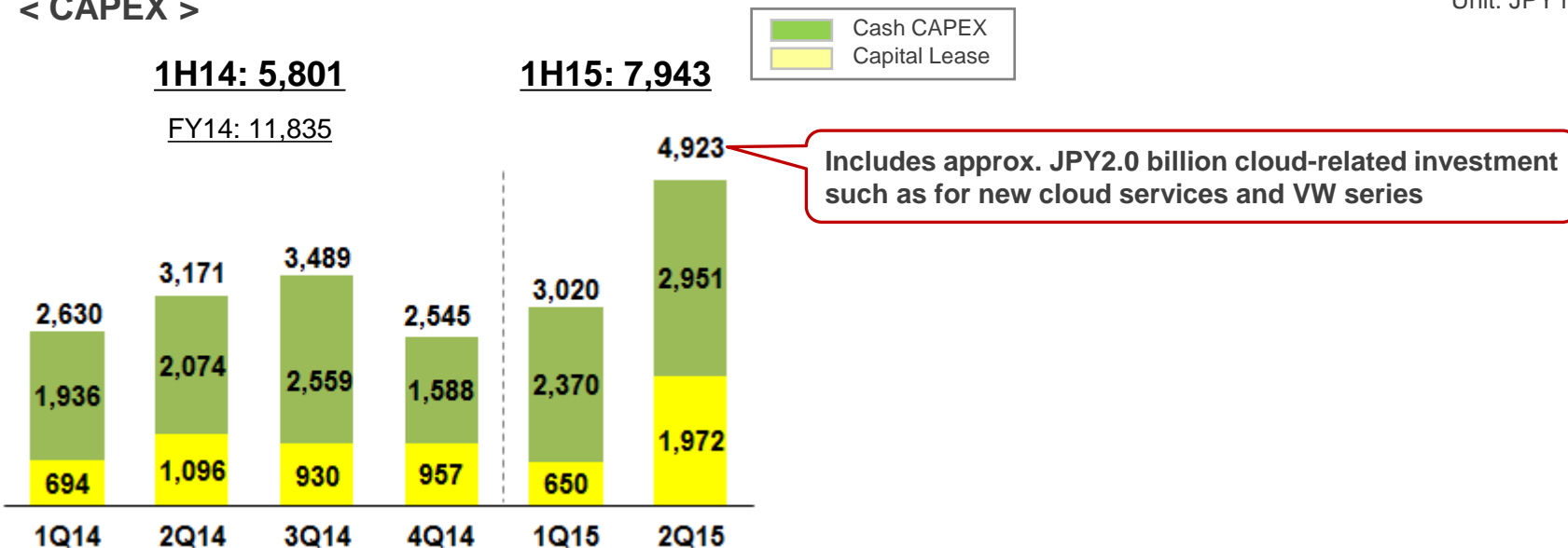


| Financing Activities | 1H15 Breakdown | YoY Change |
|---|----------------|------------|
| Principal payments under capital leases | (2,020) | +63 |
| Dividends paid | (505) | (0) |

II - 11. Other Financial Data (CAPEX etc.)

< CAPEX >

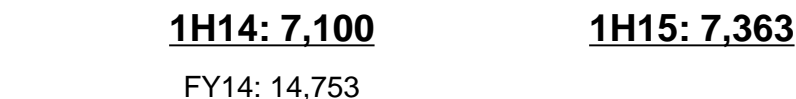
Unit: JPY million



< Depreciation and Amortization >



< Adjusted EBITDA >



III-1. Cloud Business Developments

Cloud-related revenue

(Unit: JPY billion)

- Large game customers
- Business enterprise customers

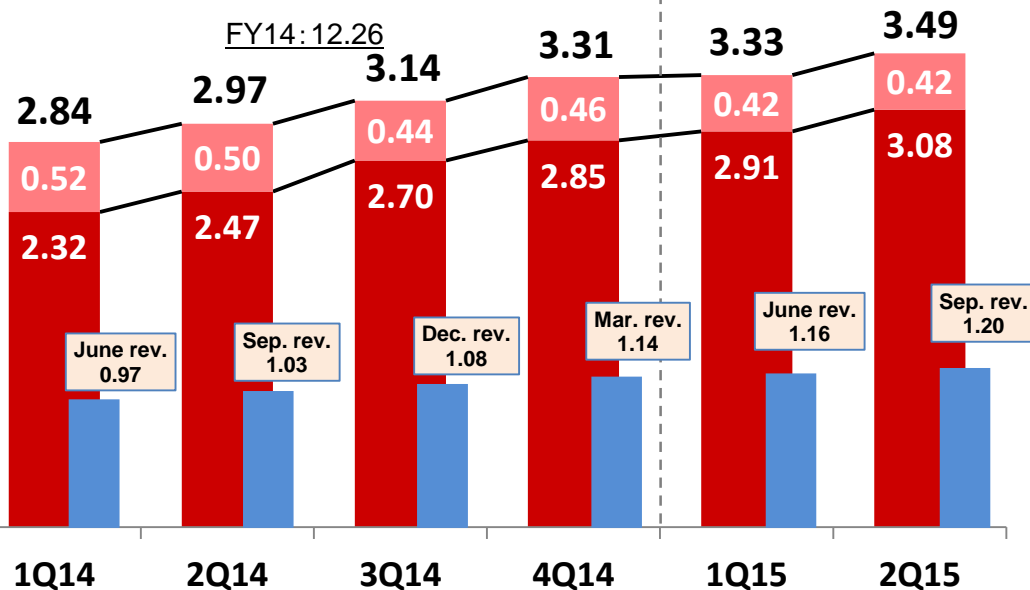
2Q15 cloud-related revenue recognition:
85% in systems operation and maintenance, 15% in outsourcing

() = compared to the same period in a previous year

1H14: 5.81 (+23.3%)

1H15: 6.82 (+17.4%)

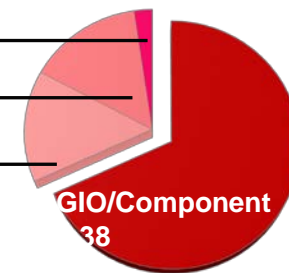
FY14: 12.26



Breakdown of 2Q15 revenue

(Unit: JPY billion)

- General purpose SaaS 0.08 (groupware etc.)
- Task-specific SaaS 0.52 (FX, POS etc.)
- GIO/Hosting 0.51



Business progress

2Q15 revenue:

- Virtualization platform VMware services continue to grow
- Large game customers' revenue stayed at the same level as 1Q15

New cloud service:

- "IIJ GIO Infrastructure P2" (Nov. 2015) accumulating over 100 prospective orders, including MRC over JPY10 million projects, expect revenue contribution from 2H15 forward
 - Cloud migration of core business platform, next generation infrastructure, new business platform, and hybrid cloud projects etc.)

IIJ Raptor services (FinTech* business):

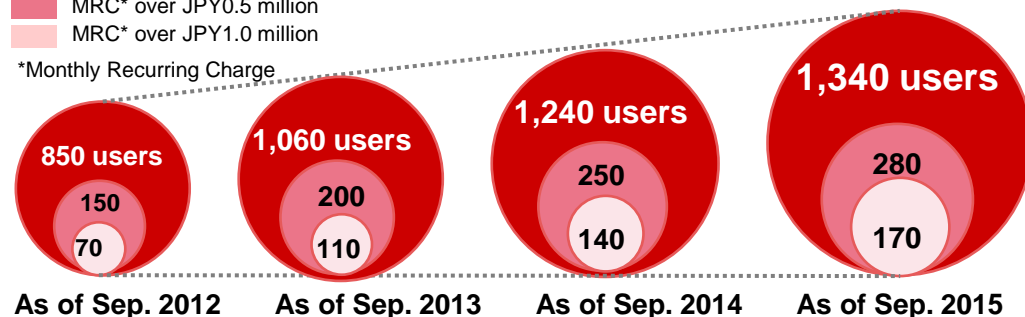
Providing FX system as ASP services (Nov. 2010), Nomura Securities, Sony Bank and other prominent financial institutions as users, revenue increase along with FX transaction increase

(*) Financial Technology, also known as FinTech, points to a line of business using software technology to provide financial services.

Cloud customer base

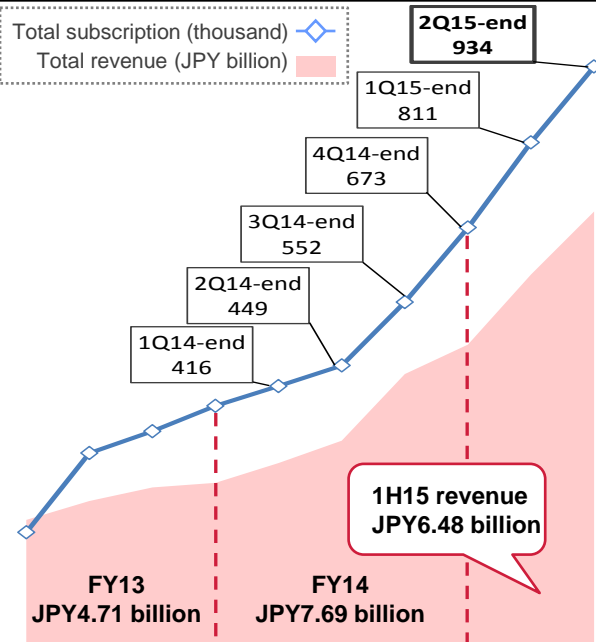
- MRC* over JPY0.5 million
- MRC* over JPY1.0 million

*Monthly Recurring Charge

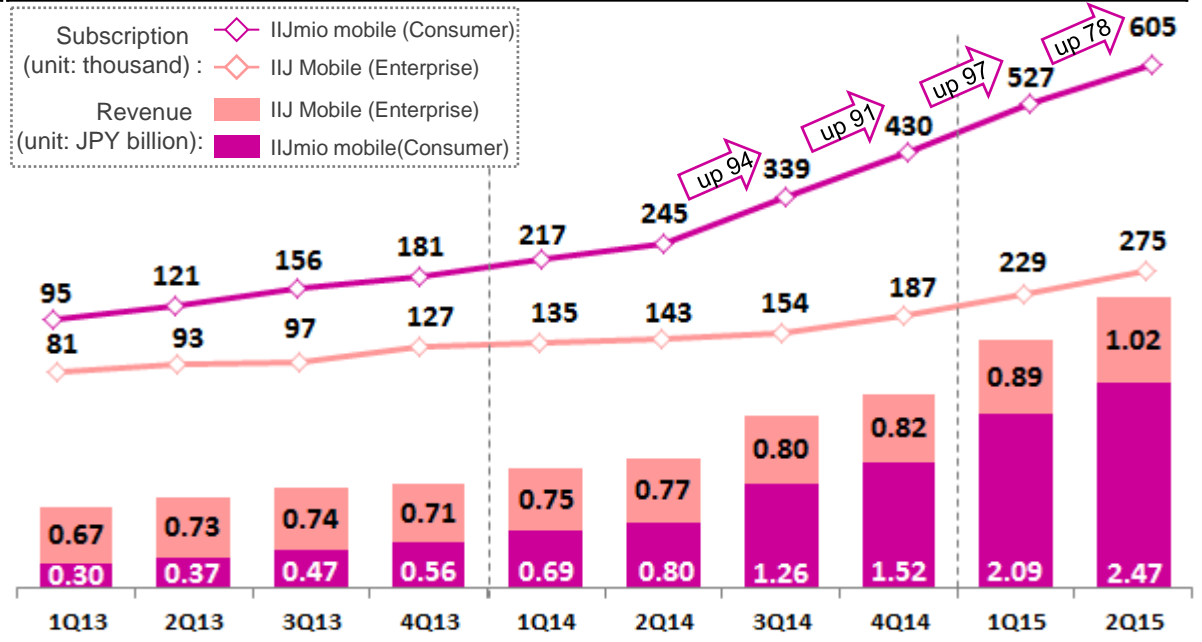


III-2. Mobile Business Developments

Total subscription & revenue

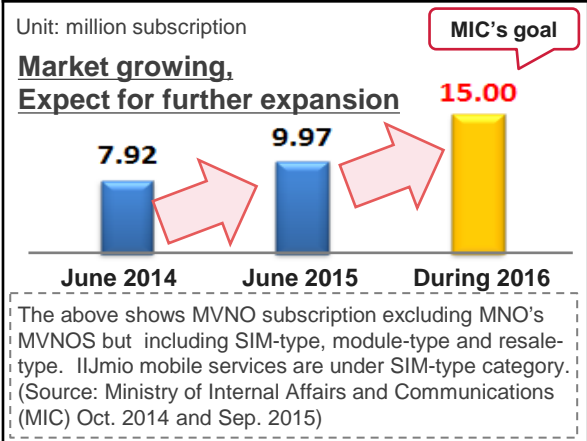


IIJmio mobile & IIJ Mobile subscription & revenue



From 1Q15, IIJ Mobile subscription includes the subscription of "IIJ Mobile MVNO Platform Services" which is our MVNE service (exclude hi-ho) <MVNE subscription> 1Q14: 35 thousand, 2Q14: 36 thousand, 3Q14: 40 thousand, 4Q14: 67 thousand, 1Q15: 104 thousand, 2Q15: 136 thousand

MVNO Market in Japan



| | |
|-------------------|--|
| Enterprise | <p>➤ Demands for MVNE continues to be strong:</p> <ul style="list-style-type: none"> ✓ 1H15 revenue: approx. JPY0.77 billion (up 315.0% YoY) ✓ 1H15-end subscription: approx. 136 thousand (up 100 thousand YoY) ✓ 2Q15-end MVNE partners: approx. 80 (increased by more than 60 partners from 2Q14-end) ✓ Each MVNE transaction becoming larger - more CATV operators starting MVNE business <p>➤ Enhanced M2M-related service line-ups to aggressively capture demand</p> <ul style="list-style-type: none"> ✓ 1H15 revenue: approx. JPY0.26 billion (up 37.6% YoY) |
| | <p>➤ 2Q15 subs. accumulating, Pace increasing from Oct. with iPhone6s launch</p> <p>➤ Maintaining high user satisfaction with continuous infrastructure expansion</p> <p>➤ Further business development</p> <ul style="list-style-type: none"> ✓ Expansion of headsets-bundle service line-ups (Fujitsu, ASUS, HUAWEI) ✓ MNP transaction taken place at over 250 electronic stores nationwide and home ✓ Pre-paid SIM card services to foreigners visiting Japan sold at airports, convenience stores, electronic stores, tourist centers etc. |

YoY = 1H15 compared to 1H14

Ⅲ-3. FY2015 Financial Target (Remain unchanged)

Unit: JPY billion

| | FY15 Target (Apr. 2015 - Mar.2016) | FY14 Actual (Apr. 2014 - Mar.2015) | FY15 Target to FY14 Actual | |
|---|--|--|---------------------------------------|---------------|
| Total Revenues | 139.0 | 123.1 | +15.9 | +13.0% |
| Gross Margin | 25.1 | 22.1 | +3.0 | +13.7% |
| Operating Income | 6.5 | 5.1 | +1.4 | +28.1% |
| Income before Income Tax Expense | 6.4 | 5.1 | +1.3 | +24.5% |
| Net Income attributable to IIJ | 4.0 | 3.3 | +0.7 | +20.4% |
| Net Income attributable to IIJ per Share | JPY 87.07 | JPY 72.31 | + JPY 14.76 | +20.4% |
| Cash Dividends per Share | JPY 22.00 (Annual) | JPY 22.00 (Annual) | - | - |

※ Forward-looking Statements

Statements made in this presentation regarding IIJ's or managements' intentions, beliefs, expectations, or predictions for the future are forward-looking statements that are based on IIJ's and managements' current expectations, assumptions, estimates and projections about its business and the industry. These forward-looking statements, such as statements regarding revenues, operating and net profitability are subject to various risks, uncertainties and other factors that could cause IIJ's actual results to differ materially from those contained in any forward-looking statement. These risks, uncertainties and other factors include but not limited to:

- a decrease of corporate spending or capital expenditure due to depression in the Japanese economy and/or corporate earnings decreased,
- an inability to achieve anticipated results and cause negative impact on profitability,
- a possibility that less of reliability for our services and loss of business chances due to interruption or suspension of our services,
- an excess increase and fluctuation in network related cost, mobile-related cost, outsourcing cost, personnel cost etc,
- a possibility to lose business opportunity due to our inadequate resources in personnel and others,
- an increase in competition and strong pricing pressure,
- the recording of an impairment loss as a result of an impairment test on the non-amortized intangible assets such as goodwill,
- a decline in value and trading value of our holding securities.

Please refer to IIJ's filings on Form 20-F of its annual report and other filings with the United States Securities and Exchange Commission ("SEC") for other risks.

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