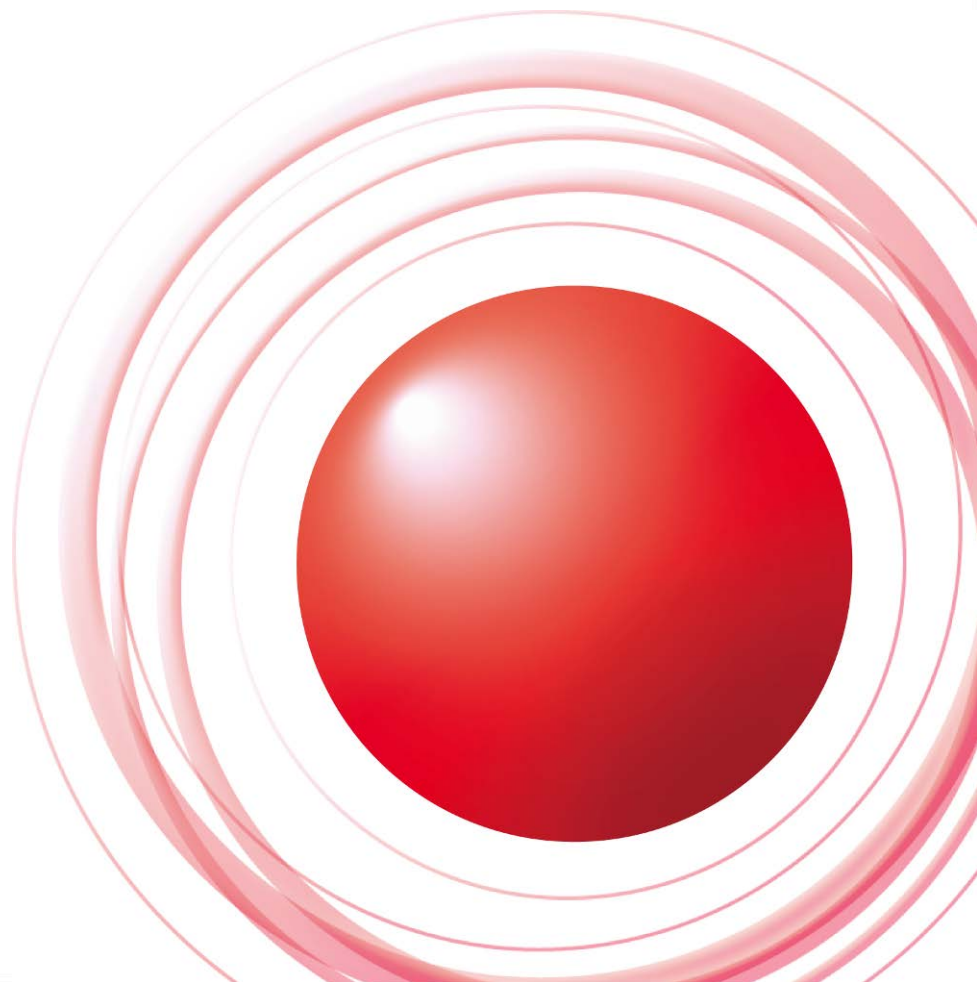


Internet Initiative Japan Inc. Corporate Overview

February and March 2016
TSE1:3774 NASDAQ:IIJI

Ongoing Innovation



About IIJ

- Internet Technology Initiatives in Japan
- Technology and Service Developments
- ISP to Total Network Solution Provider

Competitive Advantages

- Over 8,500 Excellent Enterprise Customers
- Comprehensive Line-up of IT Services
- Target Blue-chip's IT Shift

Growth Strategy

- Leveraging Blue-chip Customer Base by Cross-selling
- Cloud Business Developments
- Mobile Business Developments
- Enhancing Business Investments
- Line-ups to be Integrated for New IT Demands

Financials

Appendix

About IIJ

- **Internet Technology Initiatives in Japan**
- **Technology and Service Developments**
- **ISP to Total Network Solution Provider**

Competitive Advantages

- **Over 8,500 Excellent Enterprise Customers**
- **Comprehensive Line-up of IT Services**
- **Target Blue-chip's IT Shift**

Growth Strategy

- **Leveraging Blue-chip Customer Base by Cross-selling**
- **Cloud Business Developments**
- **Mobile Business Developments**
- **Enhancing Business Investments**
- **Line-ups to be Integrated for New IT Demands**

Financials

Appendix

Internet Technology Initiatives in Japan

Established	December 1992
Number of Employees* (Consolidated)	2,977 (approx. 70% engineers)
Listed Markets	NASDAQ (IIGI), TSE1 (3774)
Large Shareholders**	NTT (21.6%), Koichi Suzuki (5.6%*), NTT Communications (4.4%) <small>*Jointly owned by Mr. Suzuki's wholly owned private company</small>

◆ The first established full-scale ISP in Japan

- Introduced many prototype Internet-related network services
- Highly skilled IP engineers
- Self-develop services and the related back office facilities

◆ “IIJ” brand towards blue-chips market

- Over 8,500 customers: mainly large enterprises & governmental organizations
- Differentiate by reliability and quality of network and systems operation
- Long term relationship with blue-chips based on no serious systems troubles

◆ At the leading edge of IP R&D

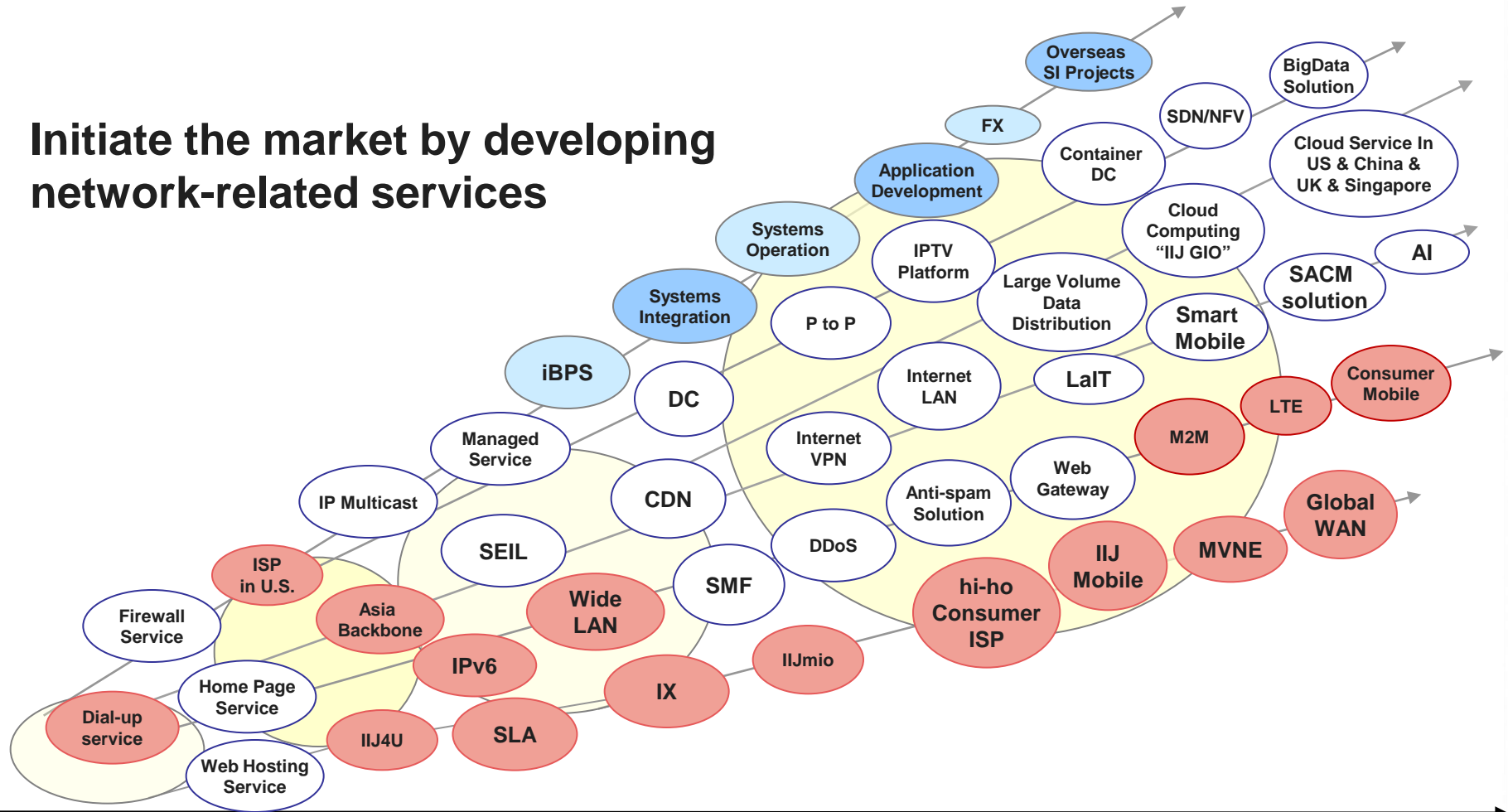
- Engaged in software development of SDN
- Founding member of JEAG
- Participates in world-wide research and organizations ...and many more

*as of Dec. 31, 2015

** as of Sep. 30, 2015

Technology and Service Developments

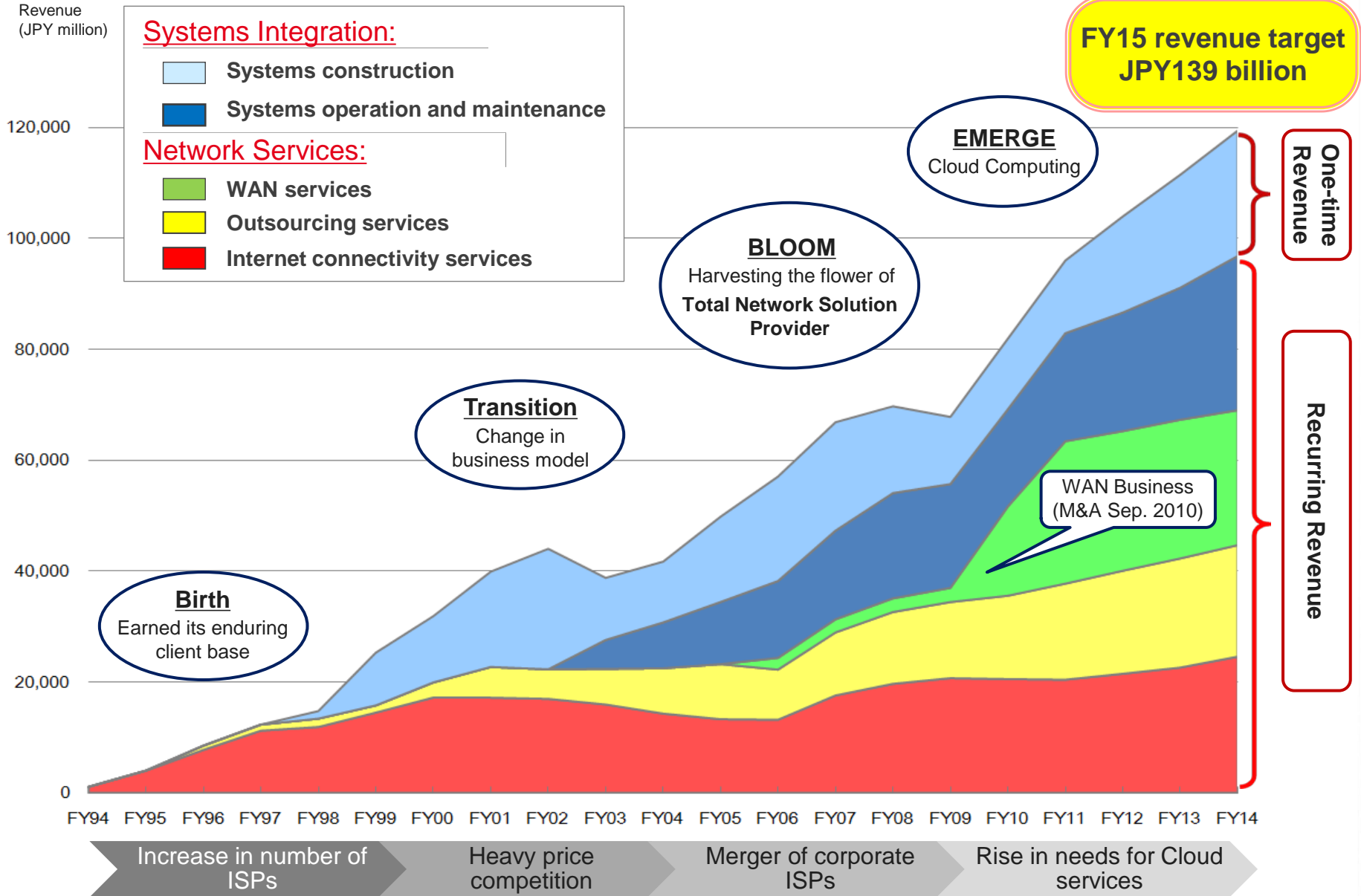
Initiate the market by developing network-related services



1992  Internet Initiative Japan	1996  IIJ America	1997 	2006  Net Chart Japan i-revo	2007  hi-ho	2008  INNOVATION INSTITUTE IIJ Global	2010  TRINITY Loyalty Marketing Solutions	2012  Trust Networks	2013  IIJ Europe	2014  ATKINSIA NETWORKS
--	--	---	---	---	---	--	---	---	--

IIJ Group

ISP to Total Network Solution Provider



About IIJ

- Internet Technology Initiatives in Japan
- Technology and Service Developments
- ISP to Total Network Solution Provider

Competitive Advantages

- Over 8,500 Excellent Enterprise Customers
- Comprehensive Line-up of IT Services
- Target Blue-chip's IT Shift

Growth Strategy

- Leveraging Blue-chip Customer Base by Cross-selling
- Cloud Business Developments
- Mobile Business Developments
- Enhancing Business Investments
- Line-ups to be Integrated for New IT Demands

Financials

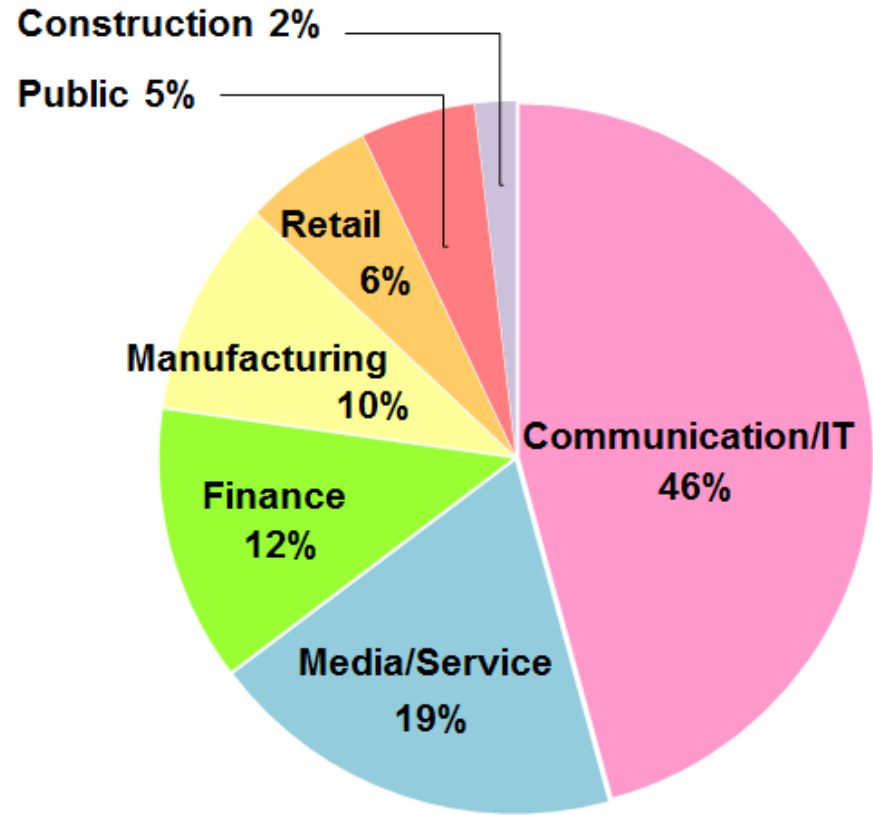
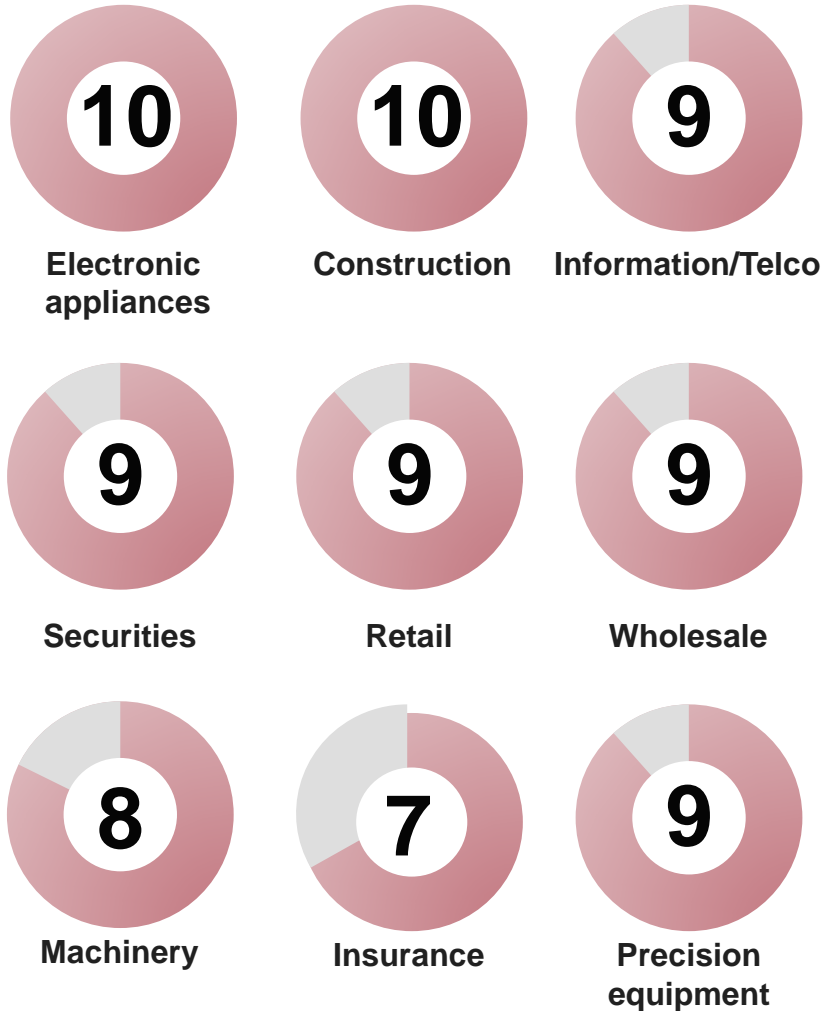
Appendix

Over 8,500 Excellent Enterprise Customers

Cover Most of Top 10 Revenue Companies

Revenue Distribution by Industry

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

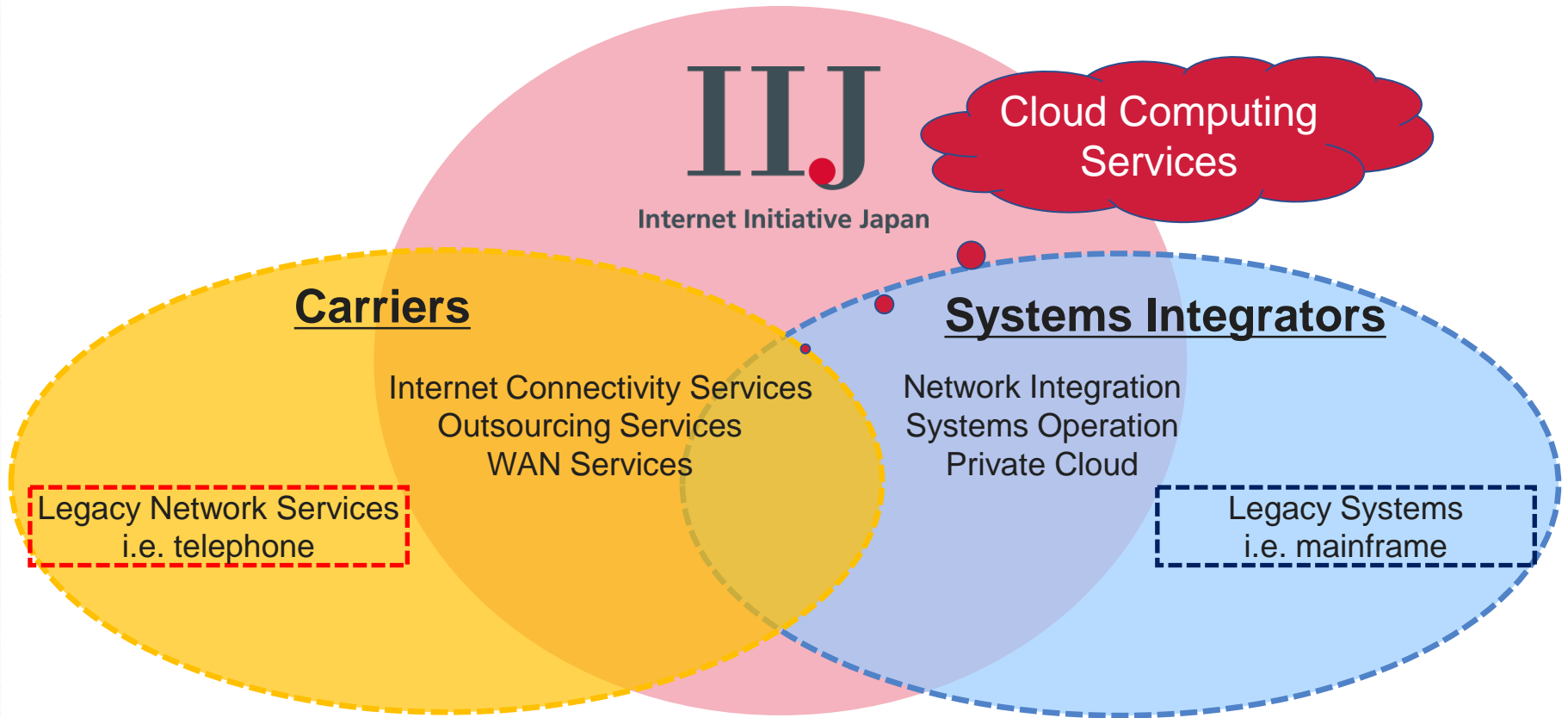


Source: IJ's FY2014 financial results

Comprehensive Line-ups of IT services

Revenues		Services	Business status
NW Services	Internet Connectivity (Enterprise)	<ul style="list-style-type: none"> • Primary connectivity for HQ • High-performance dedicated connectivity • Redundant connectivity for multi-site 	<ul style="list-style-type: none"> • Enjoy/dominate matured market • Gradual revenue increase by increasing contracted bandwidth/traffic
	Internet Connectivity (Consumer)	Mobile <ul style="list-style-type: none"> • Mobile solutions, M2M/IoT, MVNE for enterprises • Inexpensive SIM card services for consumers 	<ul style="list-style-type: none"> • Emerging market, consumer rapidly expanding • M2M/IoT for enterprises grow for mid-term
	WAN	<ul style="list-style-type: none"> • Closed NW for multi-site connection 	<ul style="list-style-type: none"> • Stable market for long term
	Outsourcing	<ul style="list-style-type: none"> • Security, Data center, email outsource, NW/Server management service line-ups etc. • Approx. 60 own-developed services 	<ul style="list-style-type: none"> • Cross-sell and accumulate various outsourcing services • Growing demands for security
SI	Operation & Maintenance	Cloud <ul style="list-style-type: none"> • Full service line-ups for IaaS • SaaS/PaaS with partners • Hybrid/Multi cloud solutions • BigData, FX application etc. 	<ul style="list-style-type: none"> • Enormous opportunities with cloud shift of large enterprises' systems • Core area of the mid-long term growth
	Construction	<ul style="list-style-type: none"> • Internet-related SI, NW integration • Cloud-related, mobile-related SI • Operation & maintenance after construction 	<ul style="list-style-type: none"> • Value-added function to promote cloud, mobile systems etc.
Equipment Sales			

Target Blue-chip's IT Shift



IIJ's differentiation points towards competitors

- Many highly skilled network engineers
- Corresponds to the Internet market rapidly
- Flat organization structure

- Operates backbone network
- Develops network services
- Moderate number of employees

About IIJ

- Internet Technology Initiatives in Japan
- Technology and Service Developments
- ISP to Total Network Solution Provider

Competitive Advantages

- Over 8,500 Excellent Enterprise Customers
- Comprehensive Line-up of IT Services
- Target Blue-chip's IT Shift

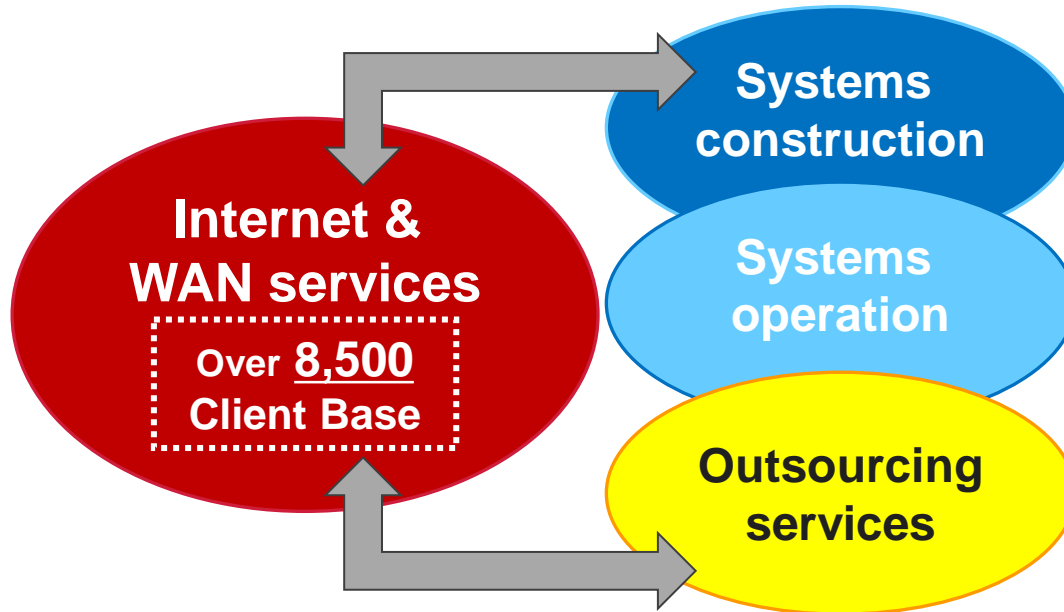
Growth Strategy

- Leveraging Blue-chip Customer Base by Cross-selling
- Cloud Business Developments
- Mobile Business Developments
- Enhancing Business Investments
- Line-ups to be Integrated for New IT Demands

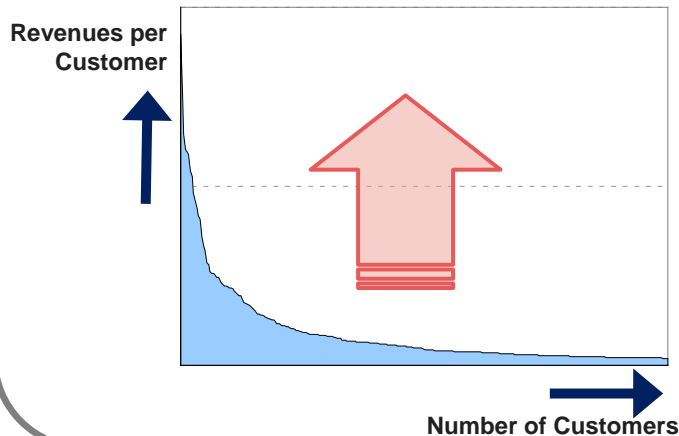
Financials

Appendix

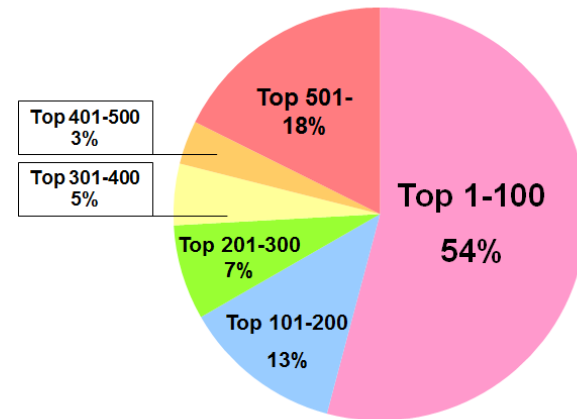
Leveraging Blue-chip Customer Base by Cross-selling



Increase revenues per customer



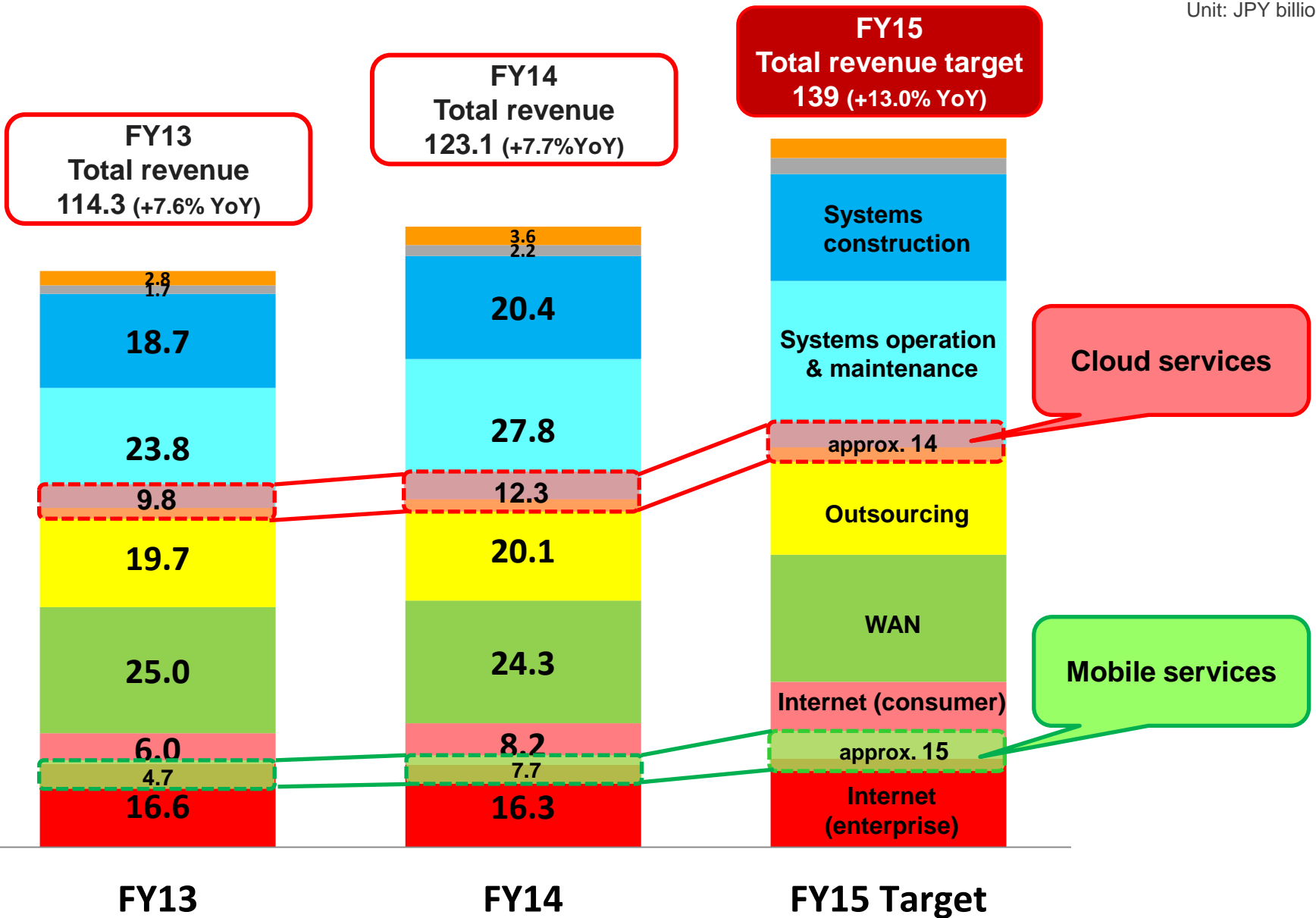
Room to increase revenue from the existing customers



Source: IJ's FY2014 financial results

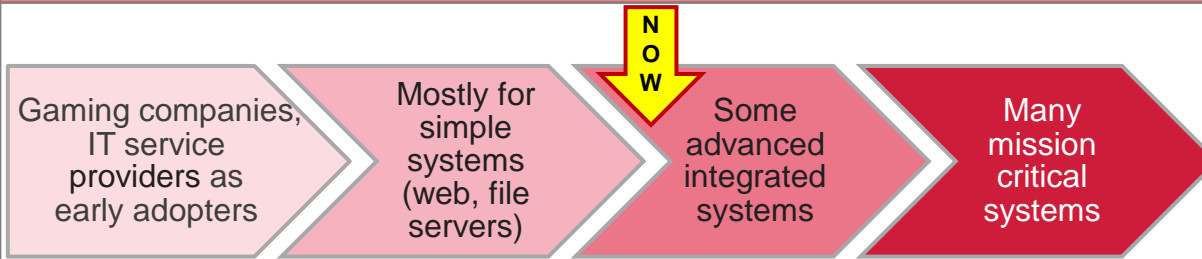
Leveraging Blue-chip Customer Base by Cross-selling

Unit: JPY billion

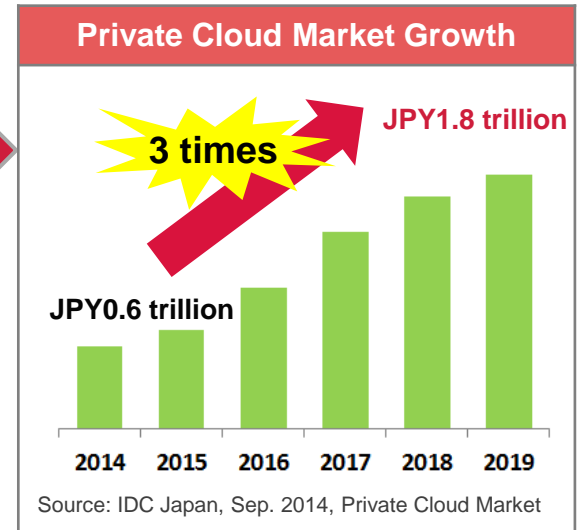


Cloud Business Developments

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
- Approx. 600 partners (Microsoft, VMware, SAP, IBM, etc.)
- Engage in new service and solution development (BigData, M2M, etc.)

IIJ's Competitive Advantage

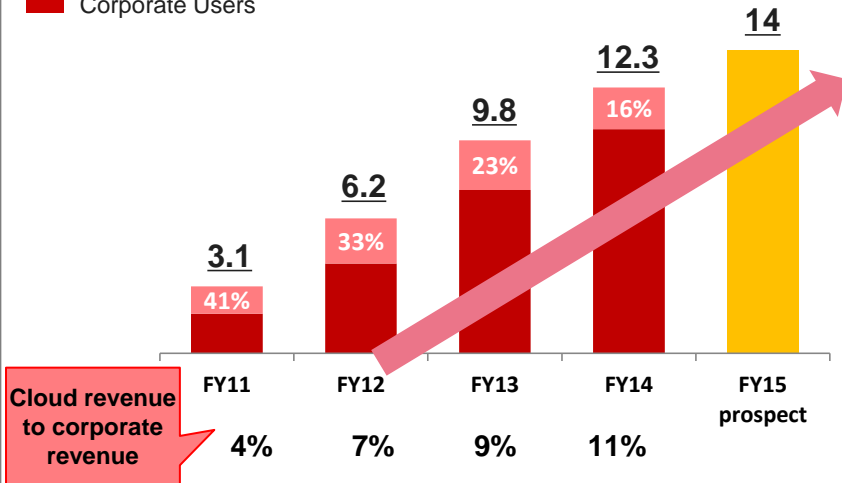
Experience, Reputation	One of Largest Providers	Reliable Operation	Own-Services Development
Deep Relationships with Blue-chip Customers	Genuine Public Cloud as Private	SI + MVNO + NW	Container Datacenters

Cloud Business Developments

Revenue Growth

(unit JPY billion)

Large Game Customers
Corporate Users



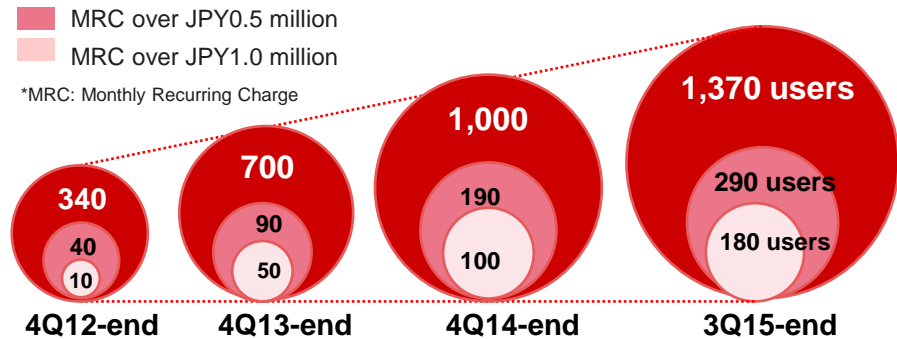
Customer Base

SBI Holdings
TOMY COMPANY
Nippon Life Insurance Company

NTT DOCOMO
Nomura Securities
SHIMIZU CORPORATION

Ricoh Company
Tokyo Stock Exchange
Toray Industries, Inc.

.... and many more



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

Prominent User Cases

Nippon Express

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

ISID

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

Sompo Japan Nipponkoa

Replacing its group communication platform to IIJ's cloud services

Daiwa House

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

and many more

Mobile Business Developments

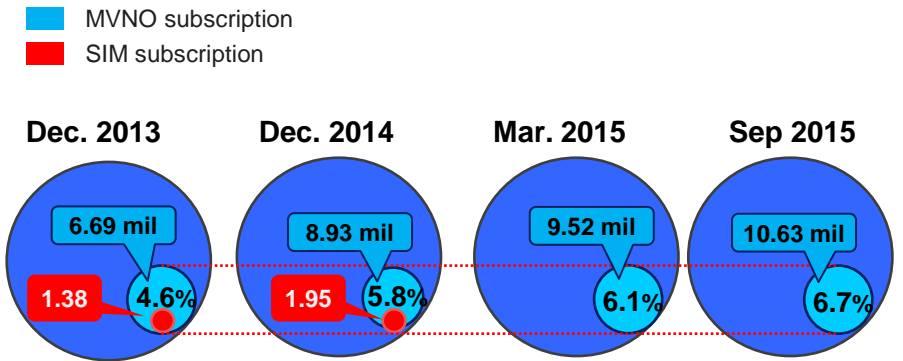
MVNO Market in Japan

- **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
-------------	---	--------------	-------------------------------------

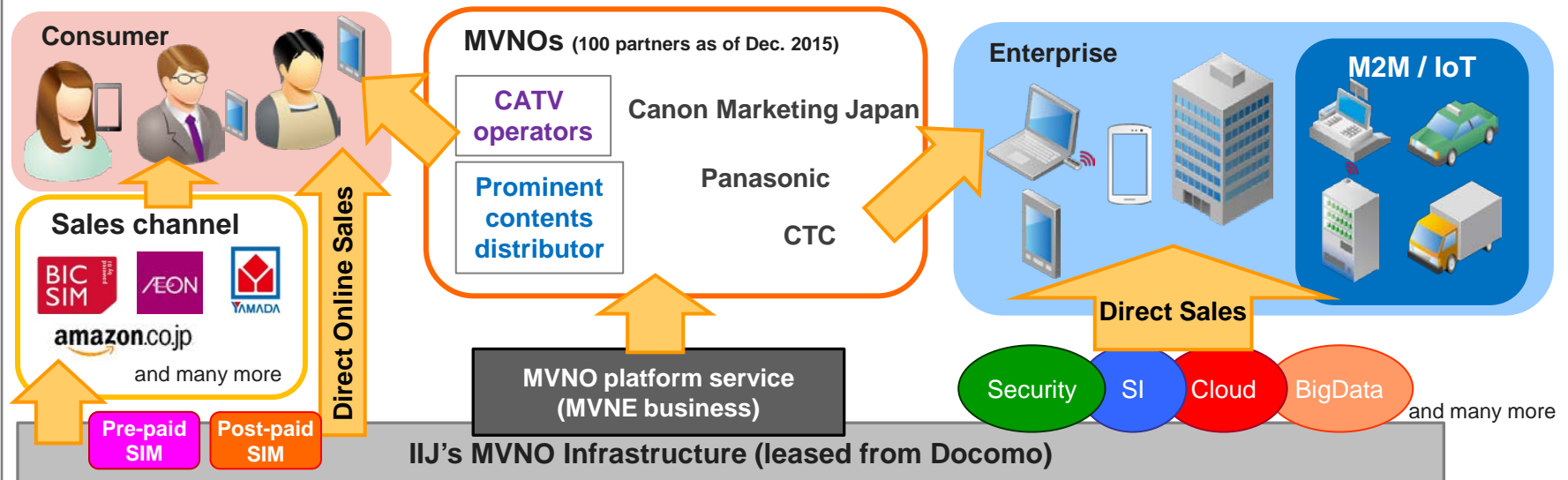
MVNO Penetration in Japan

(unit JPY billion)



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

IJ's MVNO Business Model



Mobile 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 consumers

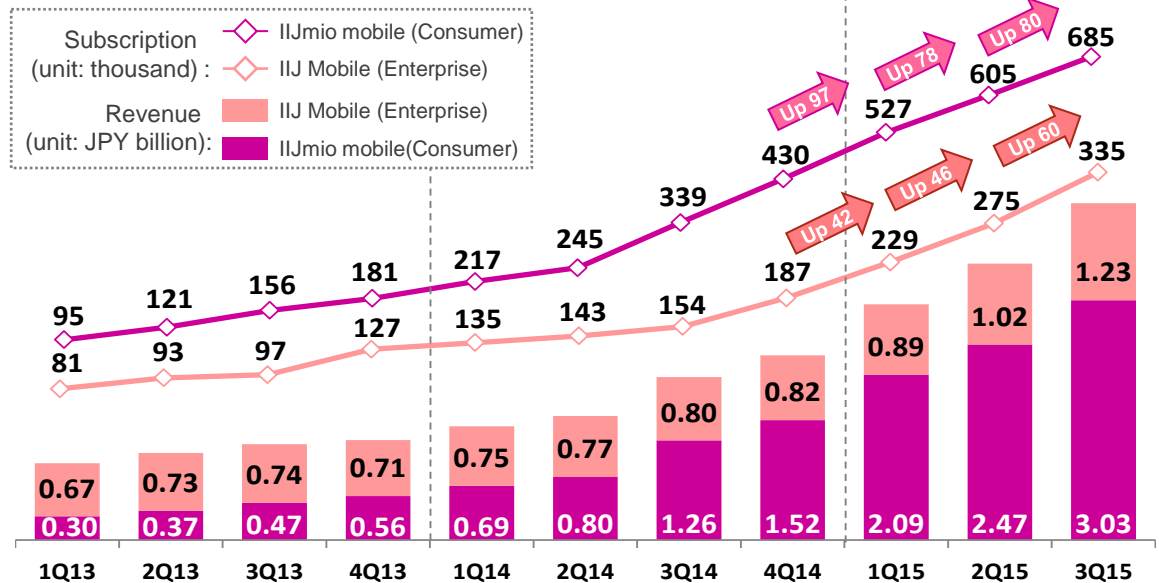
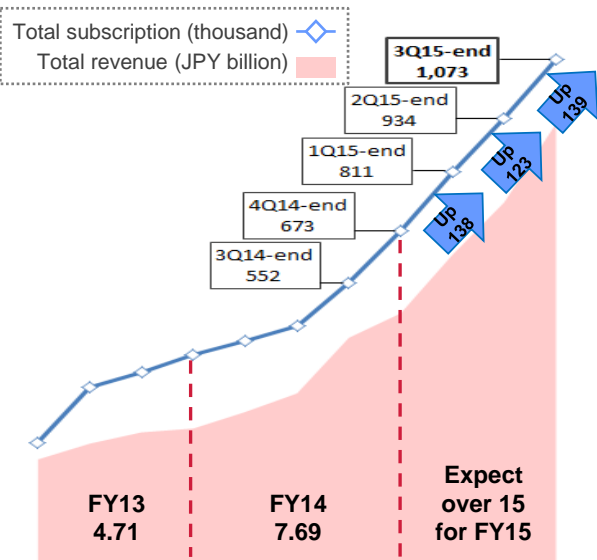
High Satisfaction	MVNE Strategy	Sales Partnerships
Fast, Reputation	NW Utilization	Improving Services



Consumer Market Share



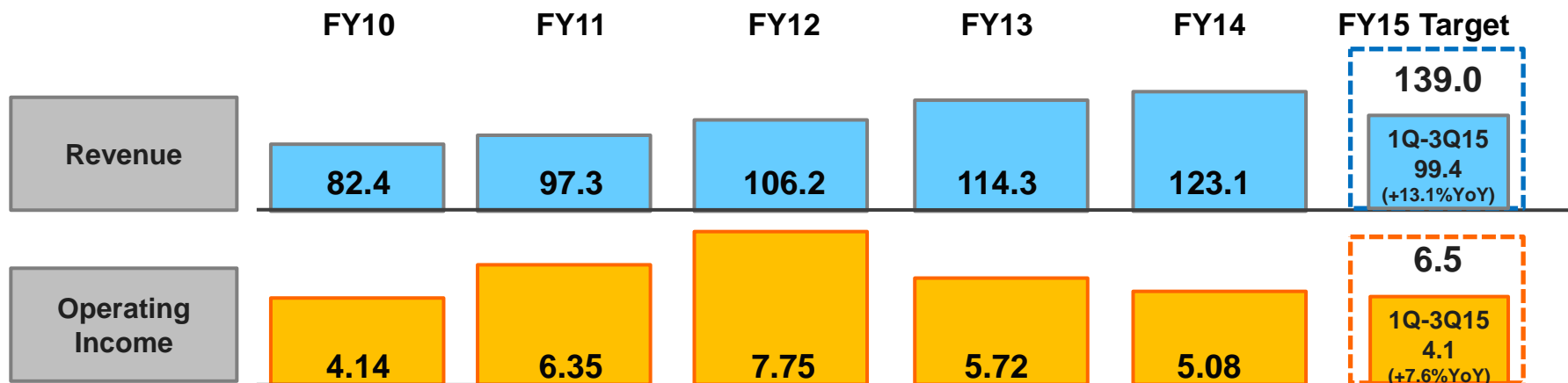
Subscription and Revenue



➔ Improve margin with network infra. utilization improvement by gathering various traffic

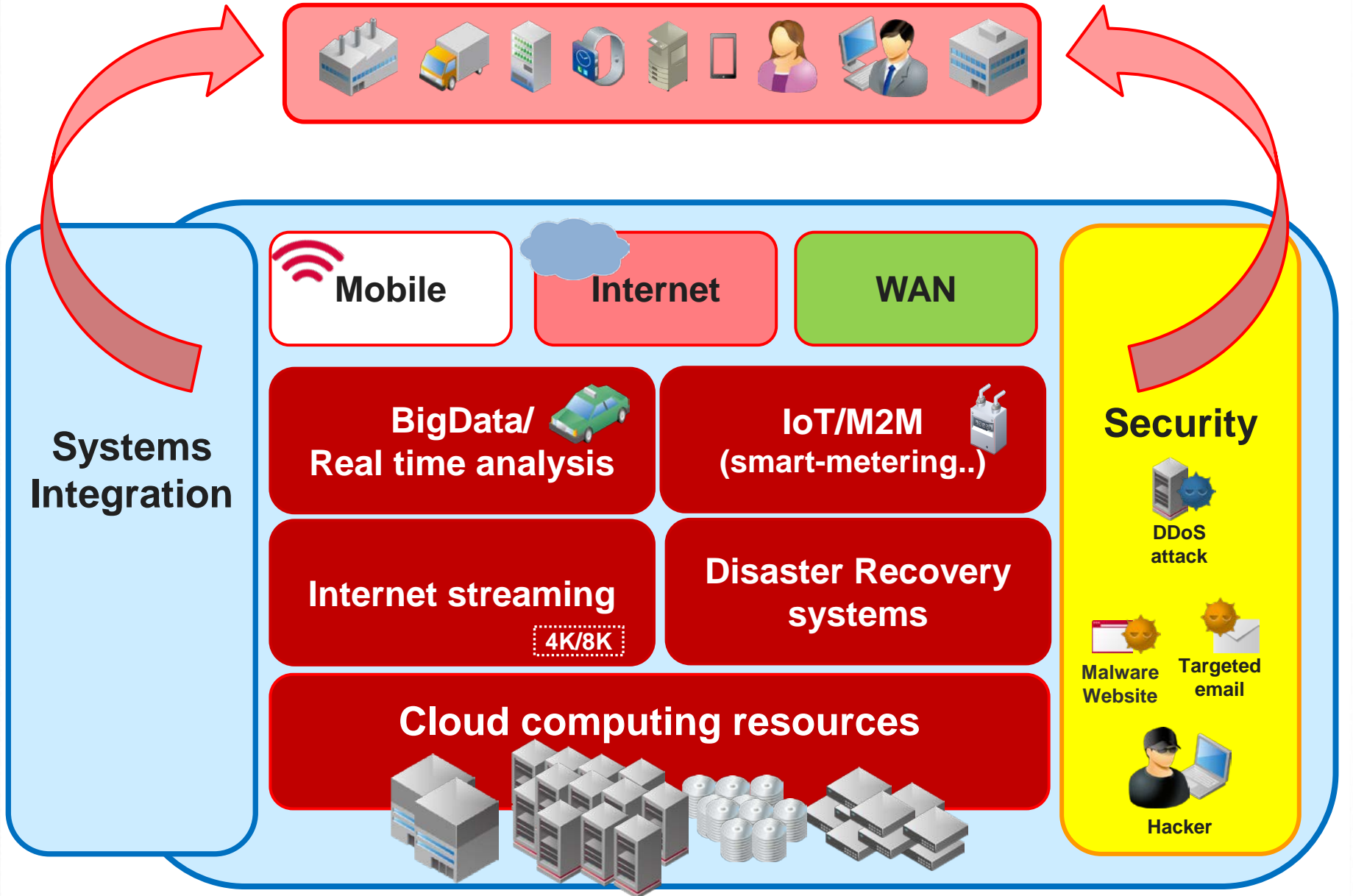
Enhancing Business Investments

Unit: JPY billion



Financials Status	Year	Summary
	FY13	<p>Operating income decreased</p> <ul style="list-style-type: none"> • Cost increased/proactive business investment • Certain large customers (game and carriers) recurring revenue decreased
	FY14	<p>Operating income decreased</p> <ul style="list-style-type: none"> • Cost increased/proactive business investment, especially for mobile • Smaller than expected mobile infra. charge decrease
	FY15	<p>Strong revenue growth, turning to income growth</p> <ul style="list-style-type: none"> • Revenue growth absorbs cost increase

Line-ups to be Integrated for New IT Demands



About IIJ

- Internet Technology Initiatives in Japan
- Technology and Service Developments
- ISP to Total Network Solution Provider

Competitive Advantages

- Over 8,500 Excellent Enterprise Customers
- Comprehensive Line-up of IT Services
- Target Blue-chip's IT Shift

Growth Strategy

- Leveraging Blue-chip Customer Base by Cross-selling
- Cloud Business Developments
- Mobile Business Developments
- Enhancing Business Investments
- Line-ups to be Integrated for New IT Demands

Financials

Appendix

Summary of 1Q-3Q15 Financial Results

Resulted as planned: continuous revenue growth absorbed costs increase, led to Income growth

	< 1Q-3Q15 >		< FY15 Targets >	
Revenues	JPY99.38 billion	up 13.1%	JPY139.0 billion	up 13.0%
Gross margin	JPY17.79 billion	up 8.2%	JPY25.1 billion	up 13.7%
Operating income	JPY4.07 billion	up 7.6%	JPY6.5 billion	up 28.1%
Net Income attributable to IJ	JPY2.57 billion	up 11.2%	JPY4.0 billion	up 20.4%

- **Total mobile subscription⁽¹⁾: 1,073 (up 139 QoQ)** stronger than 2Q net addition
 - **Consumer: 685 (up 80 QoQ)**, more SIM lock-free devices, continuous sales channels enhancement
 - **MVNE: 182 (up 46 QoQ)**, stronger than 2Q net addition, with approx.100 partners (CATV etc.)
- **SI: operation and maintenance revenue grew by accumulated construction orders and private cloud**
 - **Systems construction demands from overall every sectors: service, manufacturing, finance, public etc.**
 - **1Q-3Q15 systems operation and maintenance revenue: up 21.0% YoY, 1Q-3Q15 private cloud revenue: up 21.6% YoY**
 - Enterprise cloud revenue accumulating, contribution from SAP & Microsoft alliances, 1Q-3Q15 FX services revenue: up 54.3% YoY
- **Continuous demand for security, information leaks, targeted attacks incidents**
 - Introduction of CSIRT⁽²⁾, consultation, FireEye-related SI and gateway services, Sandbox, DDoS protection services etc.
 - Enforcement of “Basic law for cyber security” and the launch of “My Number (Social Security and Tax Number System)” as tailwind

(1)Subscription as of Dec. 2015, unit: thousand
QoQ = Dec. 2015 compared with Sep. 2015
YoY = 1Q-3Q15 compared with 1Q-3Q14
(2)Computer Security Incident Response Team

Expand business scale continuously with aggressive business developments execution

- ◆ **Overseas business:**
 - **Cloud JV business in ASEAN:** Indonesia (Jan. 2015), Thailand (Jan. 2016), working with prominent local companies
 - **Container type datacenter export projects** to Laos officially started from Jan. 2016, interests from other countries
- ◆ **Service developments & continuously upgrading service functions:**
 - “IJJ Omnibus”: SDN & NFV technology-based network services, our future core network service
 - “IJJ GIO Infrastructure P2”: hybrid cloud platform services, promoting enterprises’ adoption of cloud
- ◆ **New area of potential growth:**
 - **Internet-based contents distribution/streaming business:** providing a live streaming service of high-resolution audio etc.
 - **Developing smart metering & B-route data related solutions,** Japanese electricity market to be liberated (Apr. 2016)

FY2015 Financial Target (Disclosed on May 15, 2015)

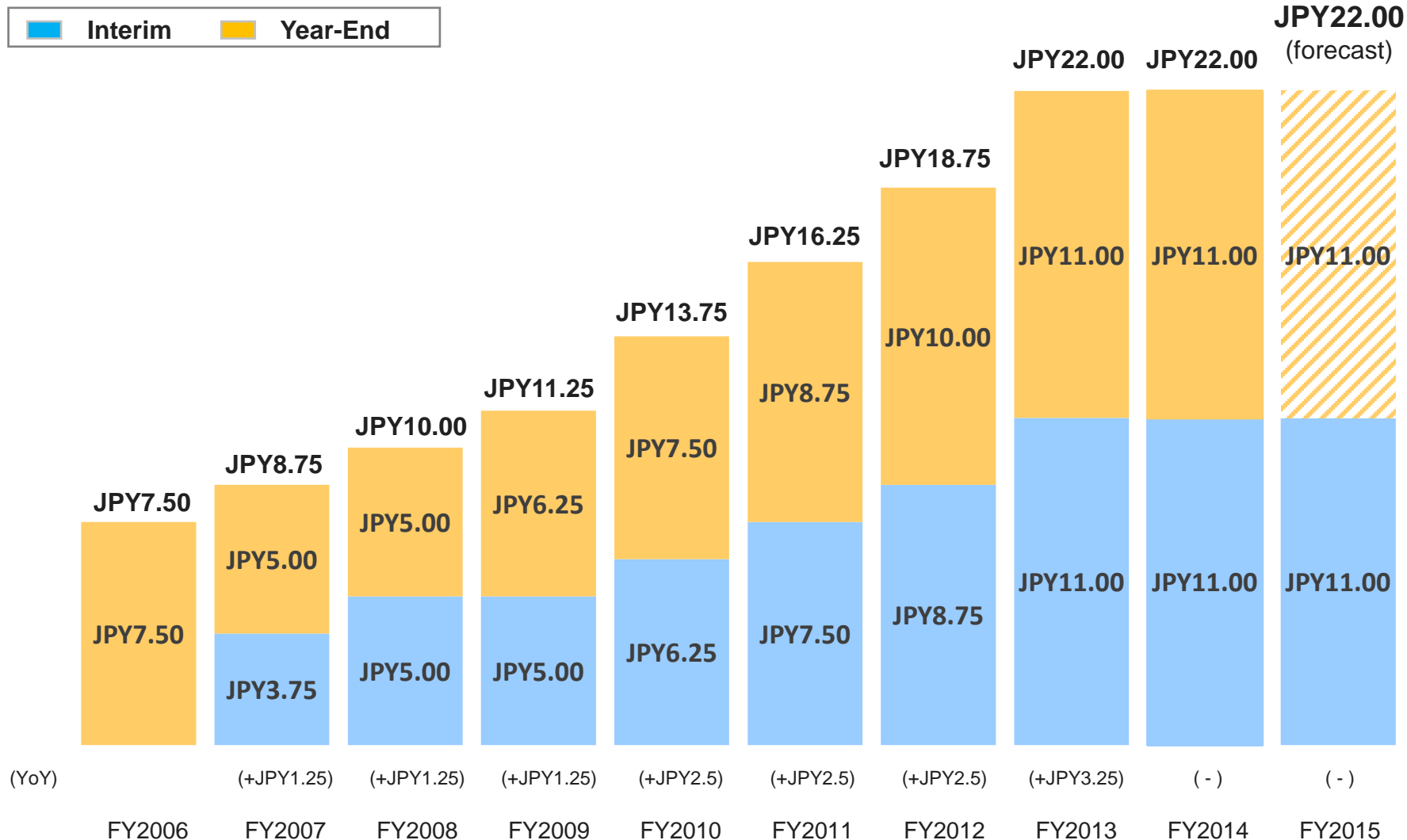
Unit: JPY billion

	FY15 Target	FY14 Actual	FY15 Target to FY14 Actual	
	(Apr. 2015 - Mar. 2016)	(Apr. 2014 - Mar. 2015)		
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	JPY87.07	JPY72.31	+ JPY14.76	+20.4%
Cash Dividends per Share	JPY22.00 (Annual)	JPY22.00 (Annual)	-	-

- ◆ 1Q-3Q15 revenues and operating income resulted almost in line with our plan.
- ◆ 4Q15 uncertainties include weaker than expected cloud revenues and the timing of revenue recognition of an overseas container type datacenter export project (potentially to FY2016). On the other hand, 4Q systems construction revenues tend to be largest and mobile services and systems operation and maintenance revenues have been exceeding our plan from 1Q15.
- ◆ NTT Docomo's wholesale telecommunications service charge, which is revised annually in 4Q and costs related to our MVNO infrastructure, will be another uncertainty. (The charge decreased by 23.5% from a previous year in FY2014. For FY2015, a 15% decrease has been applied to our financial results and FY2015 targets)

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.



About IIJ

- Internet Technology Initiatives in Japan
- Technology and Service Developments
- ISP to Total Network Solution Provider

Competitive Advantages

- Over 8,500 Excellent Enterprise Customers
- Comprehensive Line-up of IT Services
- Target Blue-chip's IT Shift

Growth Strategy

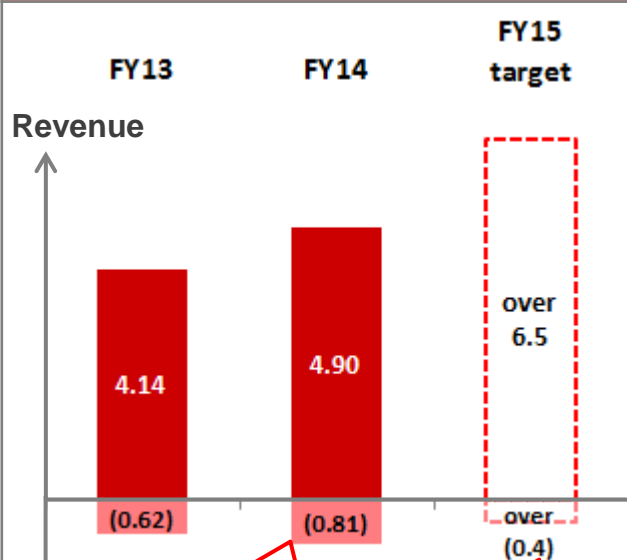
- Leveraging Blue-chip Customer Base by Cross-selling
- Cloud Business Developments
- Mobile Business Developments
- Enhancing Business Investments
- Line-ups to be Integrated for New IT Demands

Financials

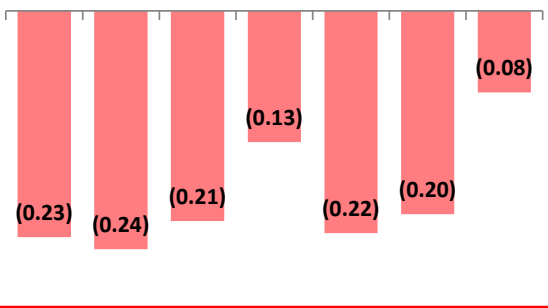
Appendix

Overseas Business Developments

Financial Results (Unit: JPY billion)



1Q14 2Q14 3Q14 4Q14 1Q15 2Q15 3Q15



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. IJ 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

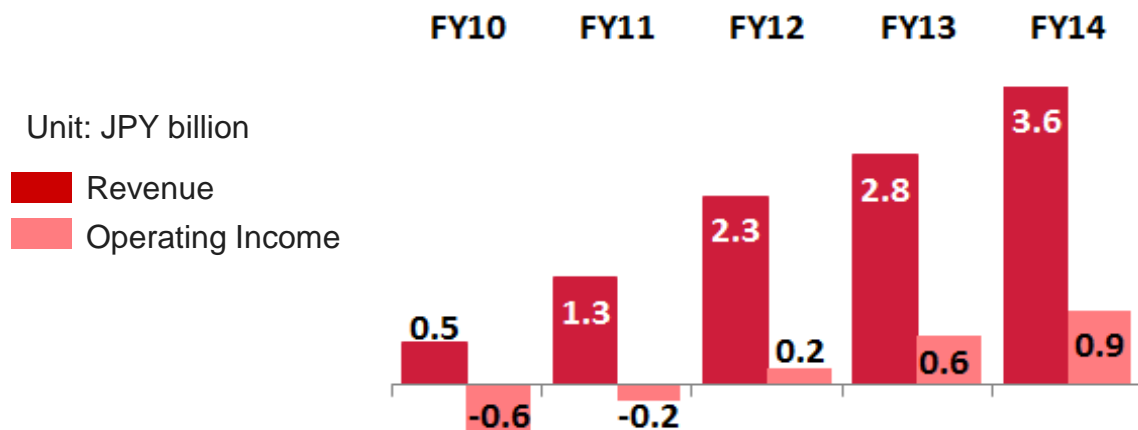
*2 Includes IJ Europe's subsidiary of IJJ Deutschland GmbH

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. >

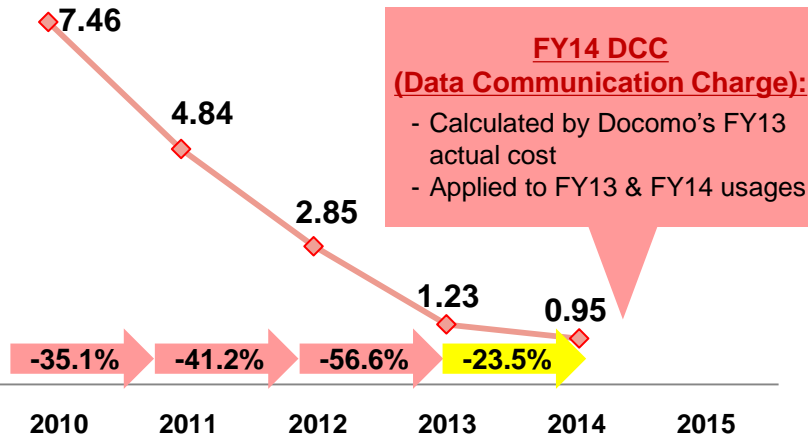
- 79.5% subsidiary
- Established in July 2007
- Pursue ATM operation business



MVNO infrastructure cost & its impact for FY14 financial

NTT Docomo's Monthly DCC per 10Mbps

(JPY million)

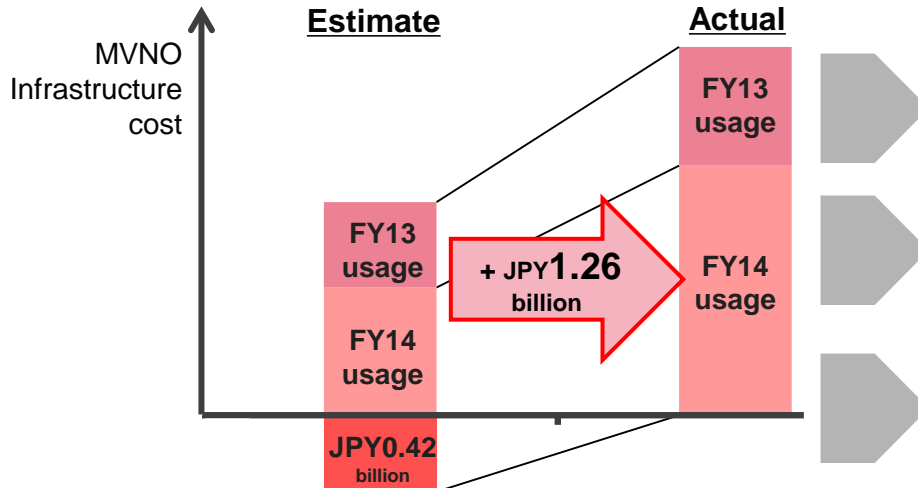


FY14 DCC (Data Communication Charge):
 - Calculated by Docomo's FY13 actual cost
 - Applied to FY13 & FY14 usages

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)

Consolidated Financial Results for 3Q FY2015

Announced on February 9, 2016

II - 1. Consolidated Financial Results for 1Q-3Q FY2015

Unit: JPY billion

	<i>% of Revenues</i>	<i>% of Revenues</i>	YoY Change in %	<i>% of Revenues</i>
	1Q-3Q15 (Apr. 2015 - Dec. 2015)	1Q-3Q14 (Apr. 2014 - Dec. 2014)		FY15 Target (Apr. 2015 - Mar. 2016)
Total Revenues	99.4	87.8	+13.1%	139.0
Total Cost of Revenues	81.6 <i>82.1%</i>	71.4 <i>81.3%</i>	+14.3%	113.9 <i>81.9%</i>
Gross Margin	17.8 <i>17.9%</i>	16.4 <i>18.7%</i>	+8.2%	25.1 <i>18.1%</i>
SG&A/R&D	13.7 <i>13.8%</i>	12.7 <i>14.4%</i>	+8.4%	18.6 <i>13.4%</i>
Operating Income	4.1 <i>4.1%</i>	3.8 <i>4.3%</i>	+7.6%	6.5 <i>4.7%</i>
Income before Income Tax Expense	4.2 <i>4.2%</i>	3.9 <i>4.4%</i>	+7.4%	6.4 <i>4.6%</i>
Net Income attributable to IIJ	2.6 <i>2.6%</i>	2.3 <i>2.6%</i>	+11.2%	4.0 <i>2.9%</i>

II - 2. Revenues



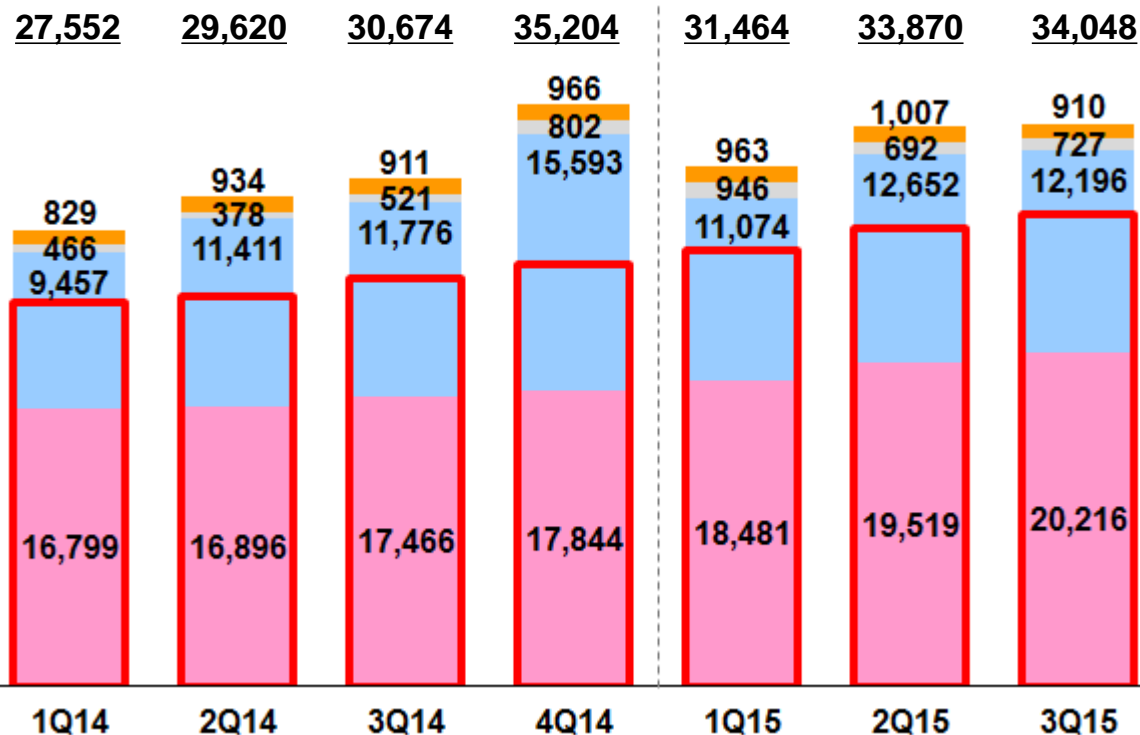
Unit: JPY million

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

1Q-3Q FY14: 87,846 (+6.2%)

FY14: 123,050 (+7.7%)

1Q-3Q FY15: 99,382 (+13.1%)



One-time Revenue *

1Q-3Q15: JPY13,912 million (up 0.4% YoY)
 1Q-3Q14: JPY13,859 million (up 8.2% YoY)
 (14.0% of 1Q-3Q15 revenue)

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

1. Systems Construction
2. Equipment Sales

Recurring Revenue*

1Q-3Q15: JPY82,590 million (up 15.8% YoY)
 1Q-3Q14: JPY71,312 million (up 5.1% YoY)
 (83.1% of 1Q-3Q15 revenue)

*Represents the following monthly recurring revenues

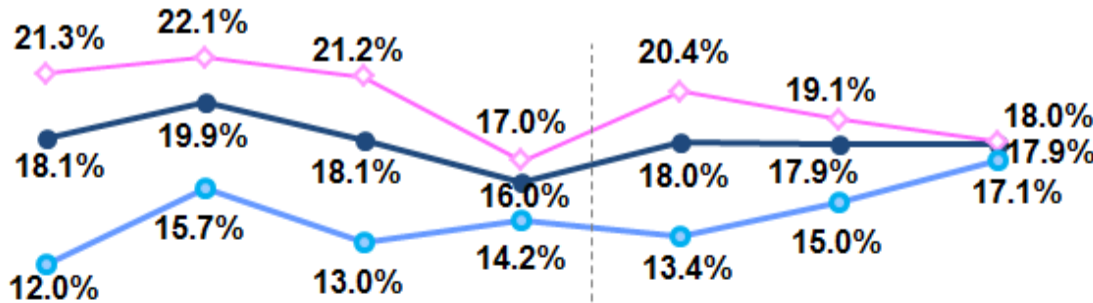
1. Internet Connectivity Services(Enterprise/Consumer)
2. Outsourcing Services
3. WAN Services
4. Systems Operation and Maintenance

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

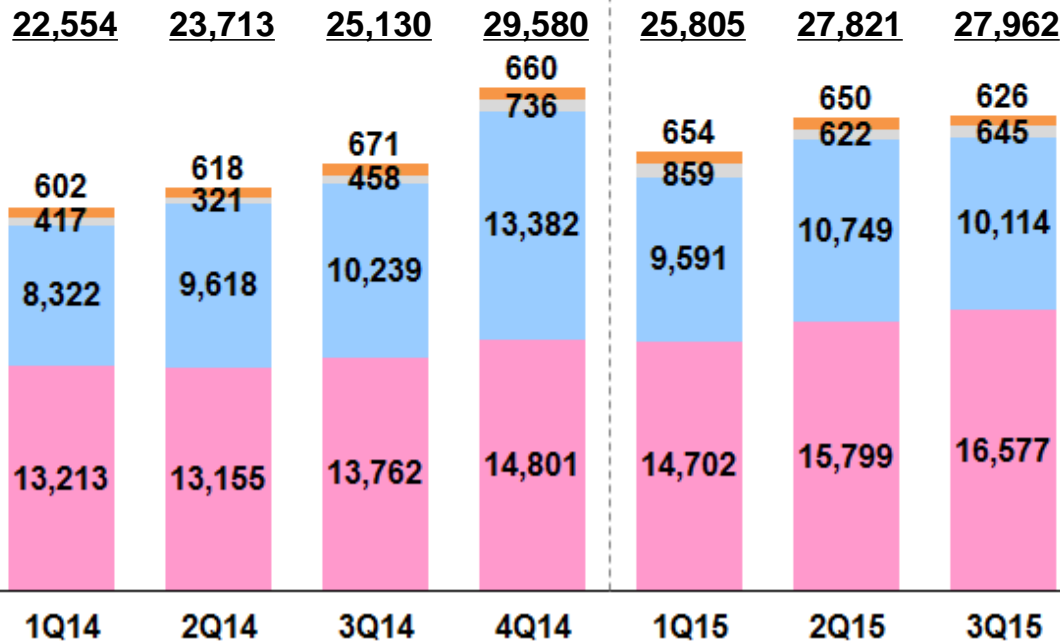
YoY = compared to the same period in a previous year



1Q-3Q FY14: 71,398

1Q-3Q FY15: 81,588

FY14: 100,978



1Q-3Q15 Gross Margin:

◆ Total:

- JPY17,793 million (up JPY1,345 million, up 8.2% YoY)
- Gross margin ratio: 17.9% (down 0.8 points YoY)

◆ Network Services:

- JPY11,137 million (up JPY106 million, up 1.0% YoY)
- Gross margin ratio: 19.1% (down 2.4 points YoY)
- Gross margin ratio on a decreasing trend because of mobile revenues increase, especially voice call revenue
- 4Q14 network services cost includes excessive cost of JPY371 million, resulted from retroactively reflecting FY13 and FY14 mobile interconnectivity costs
- The below table shows the actual network service gross margin ratio which is calculated by excluding temporary positive impact^(*) and recalculating FY14 mobile interconnectivity cost by applying the final wholesale data communication charge which decreased by 23.5% from a year before:

Unit: %						
1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15
20.7	20.3	20.6	19.0	19.0	19.1	18.0

(*) 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.

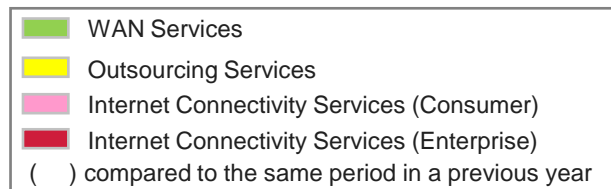
◆ SI:

- JPY5,467 million (up JPY1,002 million, up 22.4% YoY)
- Gross margin ratio: 15.2% (up 1.5 points YoY)
- Gross margin ratio increased mainly because of the accumulation of systems operation and maintenance, which includes private cloud revenues, and an improved systems construction's gross margin ratio

◆ ATM Operation Business:

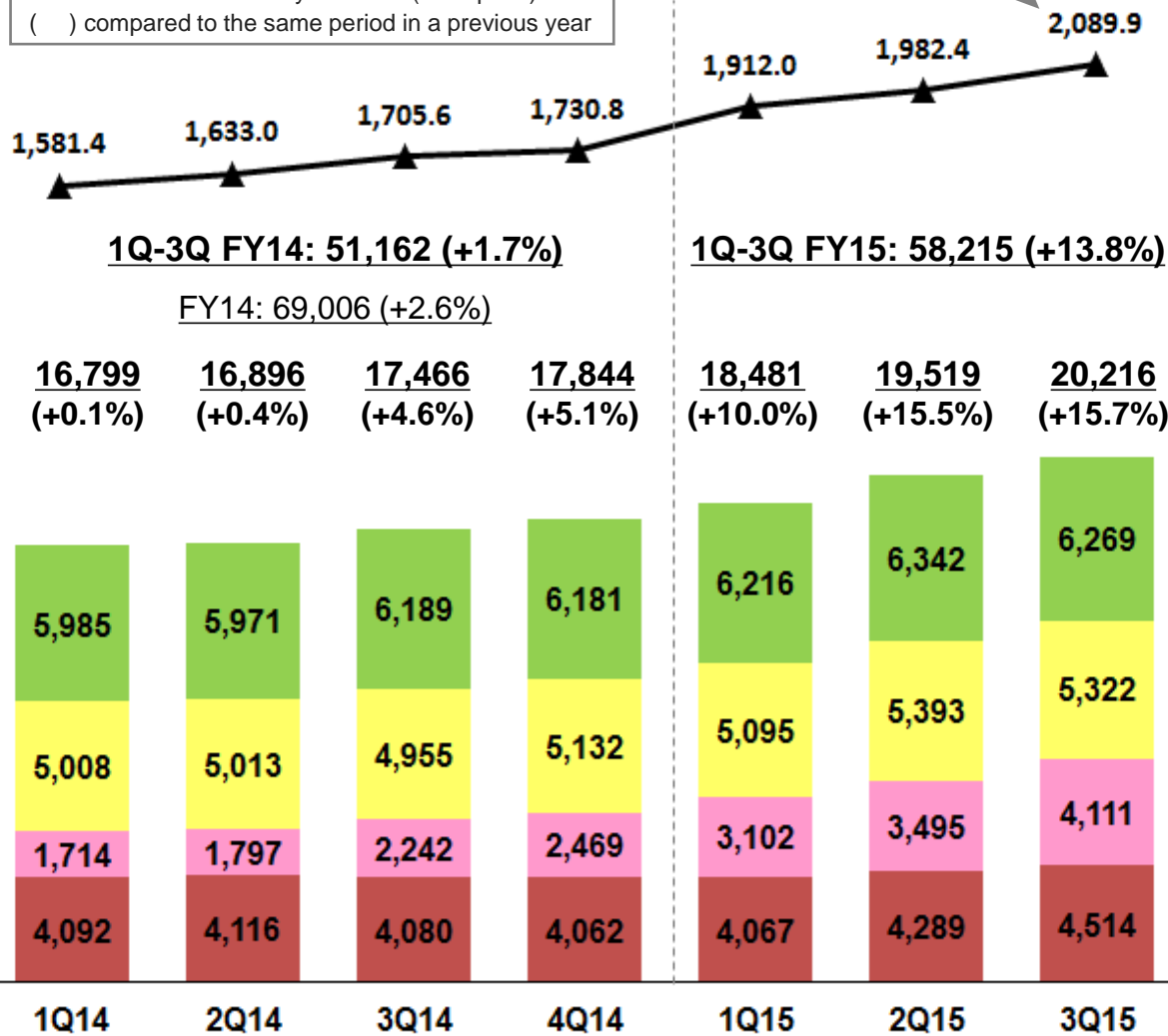
- JPY950 million (up JPY167 million, up 21.3% YoY)
- Gross margin ratio: 33.0% (up 3.7 points YoY), steady progress

II - 4. Network Services (1)Revenues



Unit: JPY million

YoY = compared to the same period in a previous year
 QoQ = 3Q15 compared to 2Q15

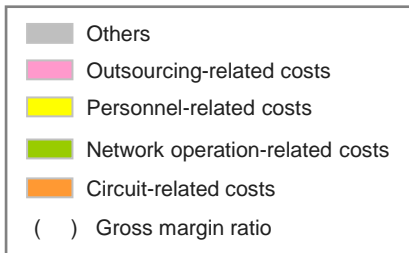


- ◆ **Internet Connectivity (Enterprise)**
 - 1Q-3Q15: up JPY582 million, up 4.7% YoY
 - 3Q15: up JPY434 million, up 10.6% YoY
 - Strong MVNE contributes to mobile service revenue's continuous growth
 - IP services revenues continued to increase
- ◆ **Internet Connectivity (Consumer)**
 - 1Q-3Q15: up JPY4,955 million, up 86.1% YoY
 - 3Q15: up JPY1,869 million, up 83.3% YoY
 - IJmio mobile services continued to increase
 - ✓ Subscription (unit: thousand):
3Q15-end: 685 (up 346 YoY, up 80 QoQ)
 - ✓ Revenue:
1Q-3Q15: JPY7.60 billion (up JPY4.85 billion YoY)
3Q15: JPY3.03 billion (up JPY0.56 billion QoQ)
- ◆ **Outsourcing Services**
 - 1Q-3Q15: up JPY835 million, up 5.6% YoY
 - 3Q15: up JPY367 million, up 7.4% YoY
 - Revenues for security-related services and overseas hosting services increased.
 - There were terminations of data center contracts with a large game customer
- ◆ **WAN Services**
 - 1Q-3Q15: up JPY681 million, up 3.8% YoY
 - 3Q15: up JPY80 million, up 1.3% YoY

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

Unit: JPY million

YoY = compared to the same period in a previous year

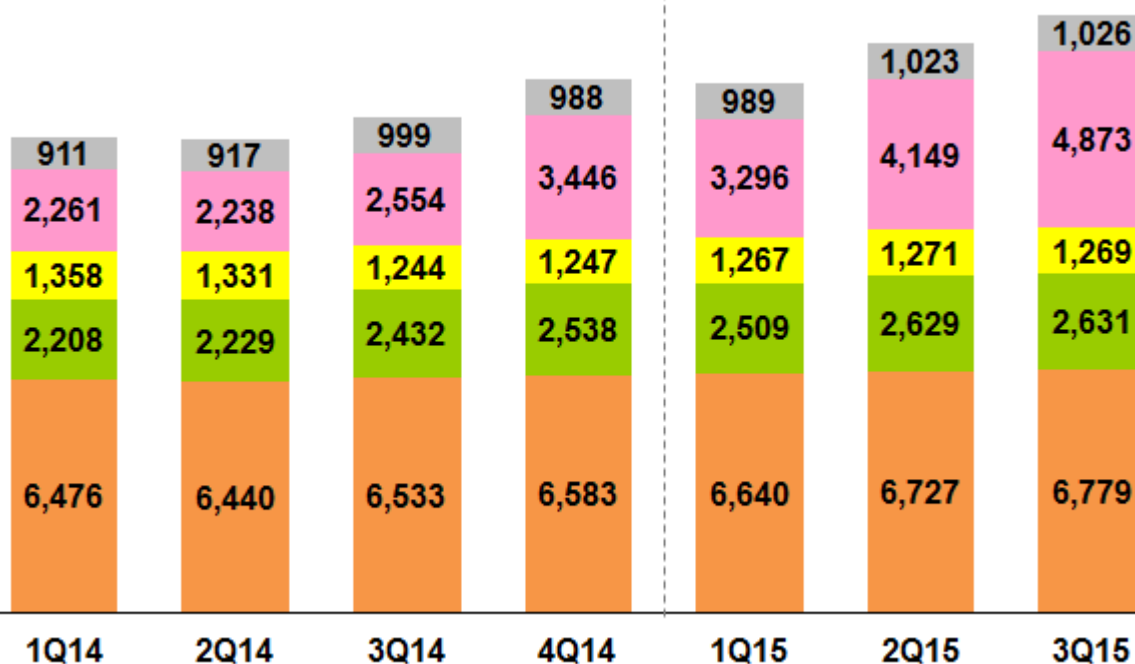


1Q-3Q FY14: 40,131 (21.6%)

FY14: 54,932 (20.4%)

1Q-3Q FY15: 47,079 (19.1%)

13,213 (21.3%)	13,155 (22.1%)	13,762 (21.2%)	14,801 (17.0%)	14,702 (20.4%)	15,799 (19.1%)	16,577 (18.0%)
--------------------------	--------------------------	--------------------------	--------------------------	--------------------------	--------------------------	--------------------------



◆ Cost of network services:

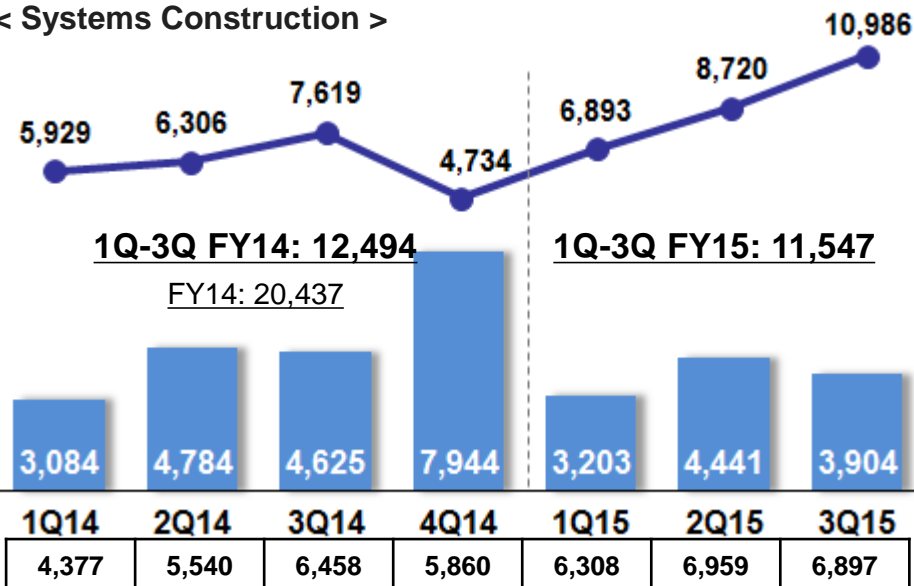
- 1Q-3Q15: up JPY6,948 million, up 17.3% YoY
 - Mobile-related costs (recognized in outsourcing-related costs) increased along with the increase in mobile subscription and traffic
 - Network operation-related costs increased by JPY901 million YoY mainly due to network enhancement and depreciation and amortization related to new services
 - Circuit-related costs increased by JPY696 million YoY mainly due to an increase in WAN services revenue
- 3Q15: up JPY2,815 million, up 20.5% YoY

◆ 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 new price based on Docomo's FY14 mobile-related cost should be fixed in Mar.-Apr. 2016.
- During FY2015, IJJ calculates its mobile interconnectivity cost by applying a supposed annual decrease rate of 15% (In the meantime, Docomo's bill for FY15 mobile interconnectivity usage has been 25% off temporarily from Apr. 2015)
- In 1Q15, IJJ 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

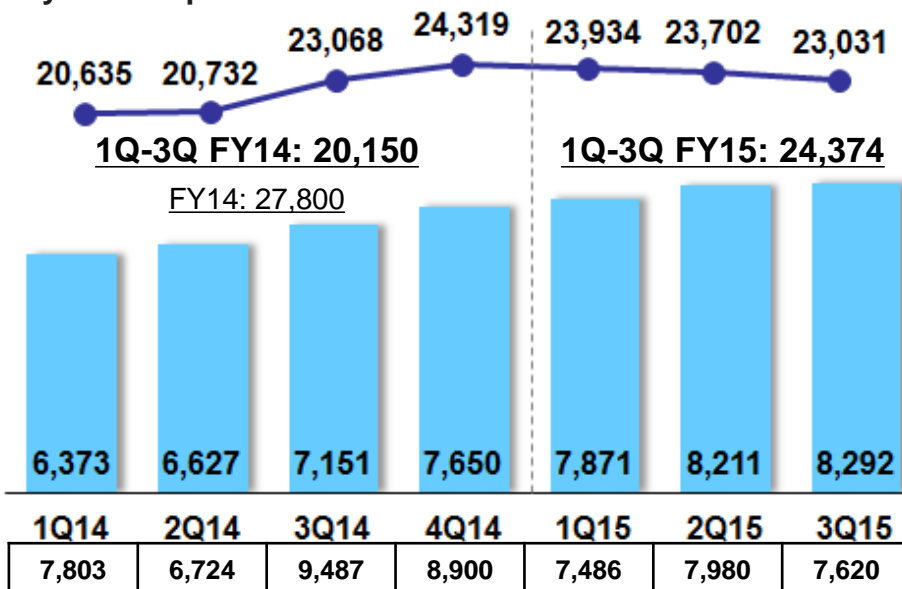
< Systems Construction >



Systems construction revenues

- ◆ 1Q-3Q15 revenue: down JPY947 million, down 7.6% YoY
- ◆ 3Q15 revenue: down JPY721 million, down 15.6% YoY
- ◆ 3Q15-end backlog: up JPY439 million, up 6.8% YoY
 - Favorable orders received situation continued along with economic recovery
 - Large-scale construction projects orders received in 3Q15:
 - Renewing emails system to especially prevent information from leaking for a major manufacturer
 - Replacing network systems for a hospital
 - Renewing campus network for a university
 - Exporting container type data centers (approx. JPY1.5 billion) etc.
 - 3Q15 order backlog includes a large network integration project which we received in 1Q15 and likely to be recognized in 4Q15 (approx. JPY2.1 billion)

< Systems Operation and Maintenance >



Systems operation and maintenance revenues

- ◆ 1Q-3Q15 revenue: up JPY4,224 million, up 21.0% YoY
 - Private cloud revenues continued to increase: up JPY1,570 million, up 21.6% YoY
 - Systems construction projects which migrated to systems operation and maintenance phase also continued to increase strongly: up JPY2,653 million, up 20.6% YoY
- ◆ 3Q15 revenue: up JPY1,141 million, up 16.0% YoY
 - 86% of 3Q15 cloud-related revenue is recognized in systems operation and maintenance revenues (14% in outsourcing)

< Overseas business >

1Q-3Q15 revenue: approx. JPY3.74 billion, loss: approx. JPY0.51 billion
 1Q-3Q14 revenue: approx. JPY3.20 billion, loss: approx. JPY0.68 billion

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

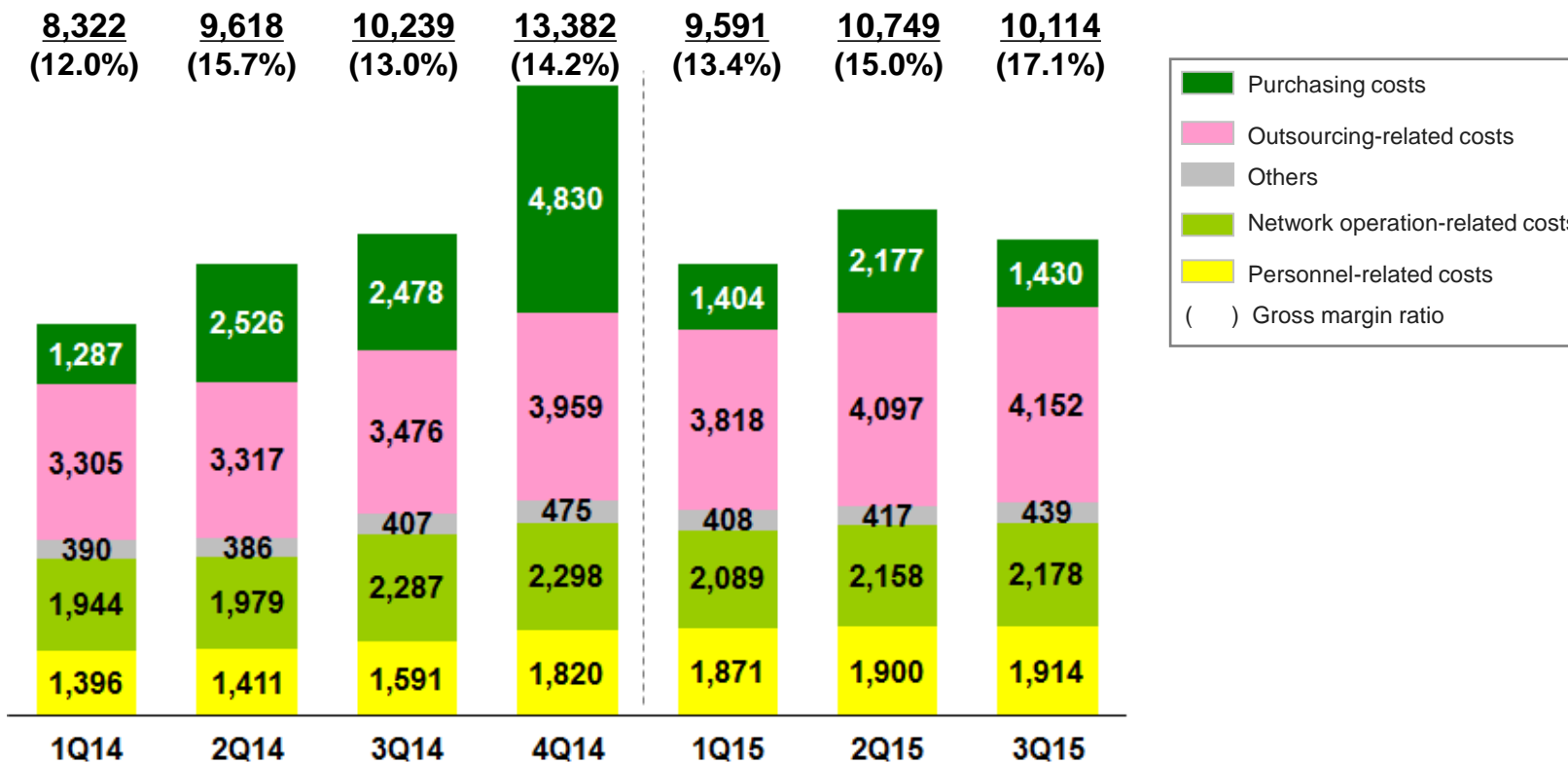
1Q-3Q14: 28,179 (13.7%)

1Q-3Q15: 30,454 (15.2%)

Unit: JPY million

FY14: 41,562 (13.8%)

YoY = compared to the same period in a previous year
QoQ = 3Q15 compared to 2Q15



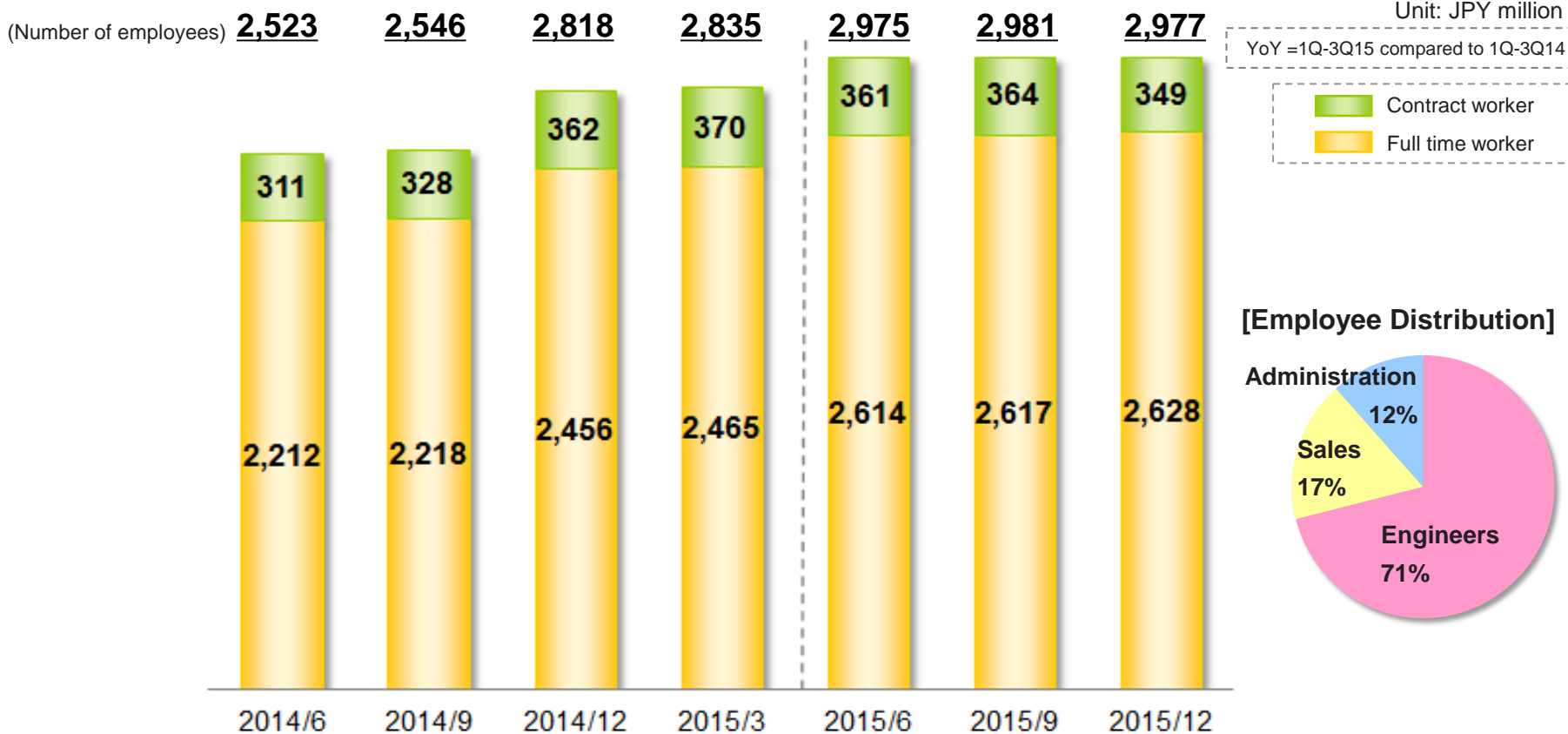
◆ Cost of SI

➢ 1Q-3Q15: up JPY2,275 million, up 8.1% YoY

➢ 3Q15: down JPY125 million, down 1.2% YoY

- Number of outsourcing personnel as of 3Q15-end: 1,020 personnel (up 72 personnel YoY, up 41 personnel QoQ)
- Outsourcing-related costs increased along with the accumulation of operation and maintenance projects
- Outsourcing-related and personnel-related costs increased due to new services and solutions developments
- Purchasing costs decreased along with the decrease in systems construction revenues QoQ, SI gross margin improved with a decrease in purchasing costs portion toward the systems construction revenues

II - 6. Number of Employees



	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15
Personnel related costs & expenses (% of revenue)	4,641 (16.8%)	4,643 (15.7%)	4,704 (15.3%)	5,114 (14.5%)	5,266 (16.7%)	5,297 (15.6%)	5,271 (15.5%)

- ◆ 1Q-3Q15 personnel-related costs and expenses: JPY15,834 million (up JPY1,845 million YoY, up 13.2% YoY)
- ◆ Number of employees increased by 264 personnel with acquisition of RYUKOSHA in 3Q14 (Dec. 2014), 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

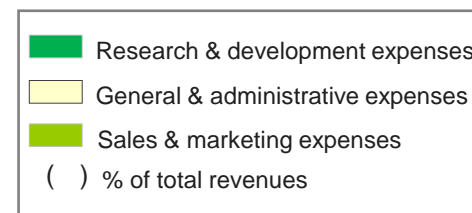
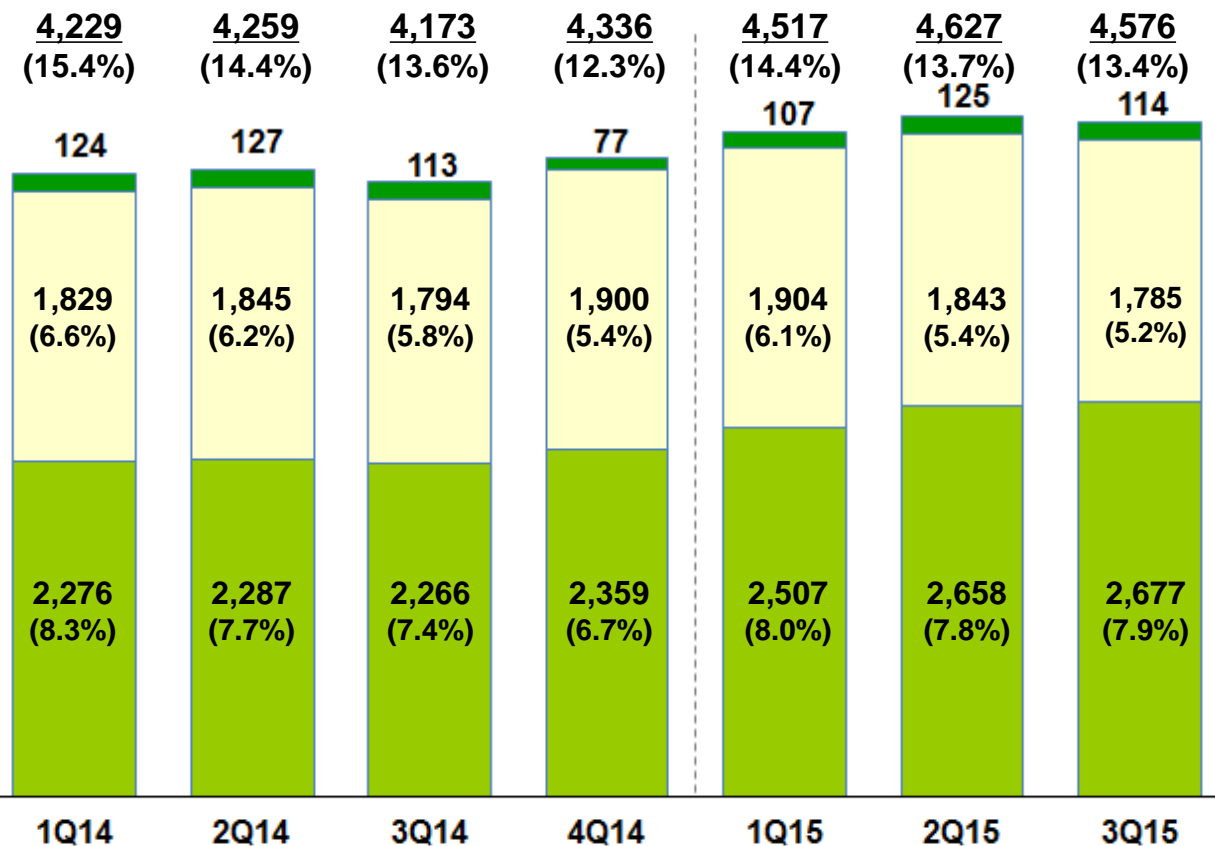
1Q-3Q14: 12,662 (14.4%)

1Q-3Q15: 13,720 (13.8%)

FY14: 16,997 (13.8%)

Unit: JPY million

YoY = 1Q-3Q15 compared to 1Q-3Q14



- ◆ 1Q-3Q15 SG&A Expenses/R&D: up JPY1,059 million, up 8.4% YoY
 - Personnel-related and mobile services' sales commission expenses increased
- ◆ 3Q15 SG&A Expenses/R&D was about the same level as 2Q15

- ◆ SG&A related to ATM operation business:

Unit: JPY million

1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15
37.6	45.4	45.9	73.4	44.9	45.1	41.3

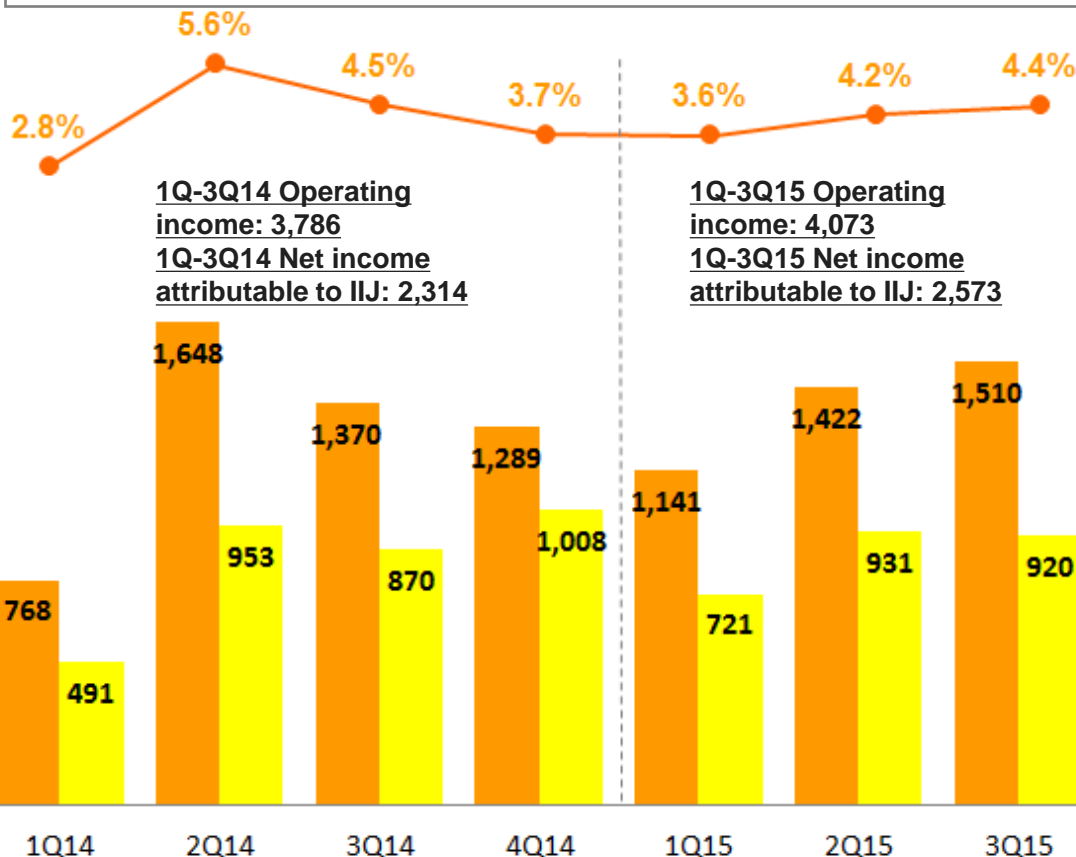
- Placed 1,106 ATMs as of Dec. 31, 2015

II - 8. Operating Income and Net Income

Operating Income Net Income Attributable to IIJ Operating Margin Ratio

Unit: JPY million

YoY = 1Q-3Q15 compared to 1Q-3Q14



◆ Income before income tax expenses:

- 1Q-3Q15: JPY4,178 million
(up JPY289 million, up 7.4% YoY)
- Dividend income: JPY88 million
- Distribution from fund investments: JPY144 million
- Interest expense: JPY171 million

◆ Net income attributable to IIJ:

- 1Q-3Q15: JPY2,573 million
(up JPY259 million, up 11.2% YoY)
- Mainly due to equity in net income of Internet Multifeed: JPY207 million
- Net income attributable to noncontrolling interests including Trust Networks: JPY115 million

	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	
	220	624	523	319	450	472	466	Current income tax expense
	132	98	36	△55	111	6	191	Deferred tax expense (benefit)
	34	35	46	40	61	76	69	Equity in net income of equity method investees
	△18	△24	△15	△18	△57	△35	△23	Less: Net income attributable to noncontrolling interests

II - 9. Consolidated Balance Sheets (Summary)

Unit: JPY million

	Mar. 31, 2015	Dec. 31, 2015	Changes
Cash and Cash Equivalents	21,094	18,234	(2,860)
Accounts Receivable	22,252	20,226	(2,026)
Inventories and Prepaid Expenses (Current and Noncurrent)	7,835	12,061	+4,226
Investments in Equity Method Investees	2,561	2,697	+136
Other Investments	6,661	6,099	(561)
Property and Equipment	29,370	33,014	+3,644
Goodwill and Other Intangible Assets	10,111	9,820	(290)
Guarantee Deposits	2,800	2,809	+9
Total Assets	108,705	110,602	+1,896
Accounts Payable	13,626	12,941	(685)
Income Taxes Payable	499	509	+10
Short-term Borrowings	9,250	9,250	-
Capital Lease Obligations (Current and Noncurrent)	7,863	8,579	+717
Total Liabilities	45,862	46,197	+336
Common Stock	25,500	25,509	+10
Additional Paid-in Capital	36,014	36,046	+32
Retained earnings (Accumulated deficit)	(556)	1,006	+1,562
Accumulated Other Comprehensive Income	1,939	1,774	(165)
Total IJ Shareholders' Equity	62,504	63,943	+1,439

➤ Total IJ Shareholders' Equity to Total Assets: 57.5% as of Mar. 31, 2015, 57.8% as of Dec. 31, 2015

II - 10. Consolidated Cash Flows

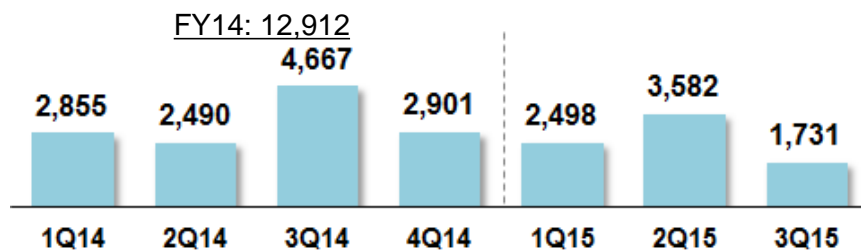
< Operating Activities >

Unit: JPY million

YoY = 1Q-3Q15 compared to 1Q-3Q14

1Q-3Q FY14: 10,012

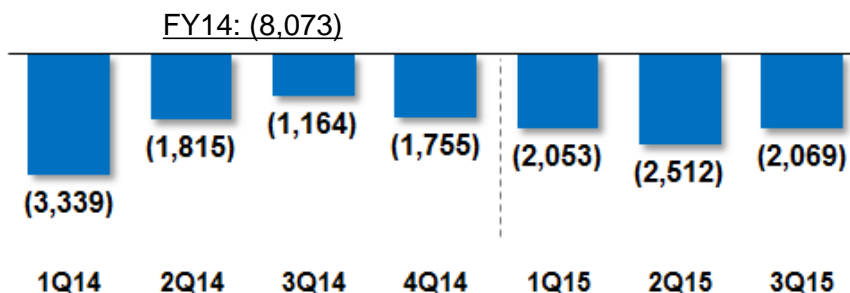
1Q-3Q FY15: 7,811



< Investing Activities >

1Q-3Q FY14: (6,318)

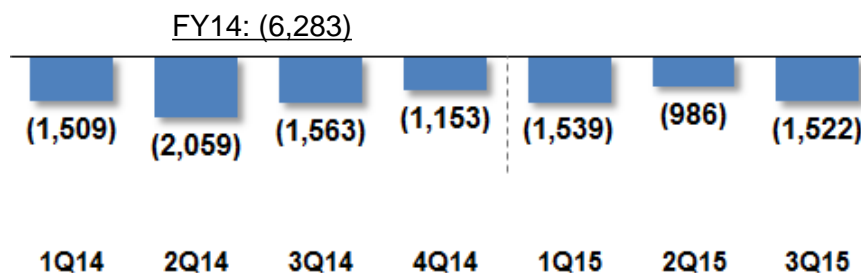
1Q-3Q FY15: (6,634)



< Financing Activities >

1Q-3Q FY14: (5,131)

1Q-3Q FY15: (4,047)



1Q-3Q15 Operating Activities

	Major Breakdown	YoY Change
Net income	2,688	+316
Depreciation and amortization	7,294	+77
Fluctuation of operating assets and liabilities*	(2,427)	(2,463)

(*FY14 result was mitigated because of free-rent with headquarter relocation)

1Q-3Q15 Investing Activities

	Major Breakdown	YoY Change
Purchase of property and equipment	(8,454)	(1,885)
Proceeds from sales of property and equipment	1,093	+558

1Q-3Q15 Financing Activities

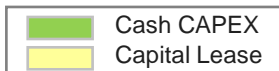
	Major Breakdown	YoY Change
Principal payments under capital leases	(3,040)	+100
Dividends paid	(1,011)	(0)

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

< CAPEX >

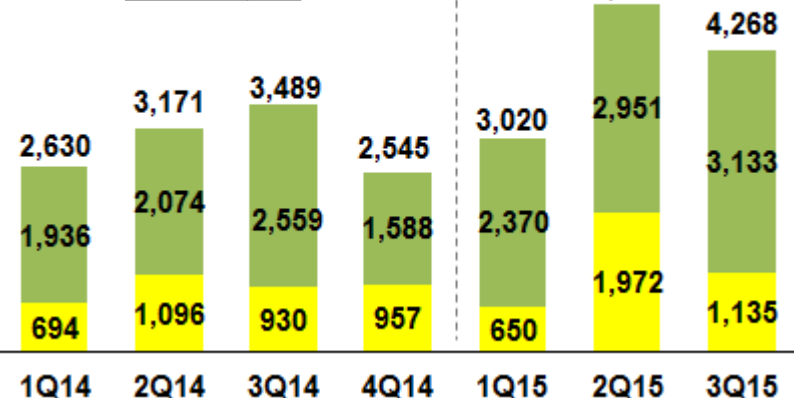
1Q-3Q FY14: 9,290

1Q-3Q FY15: 12,211



Unit: JPY million

FY14: 11,835



< Breakdown of CAPEX (unit: JPY billion) >

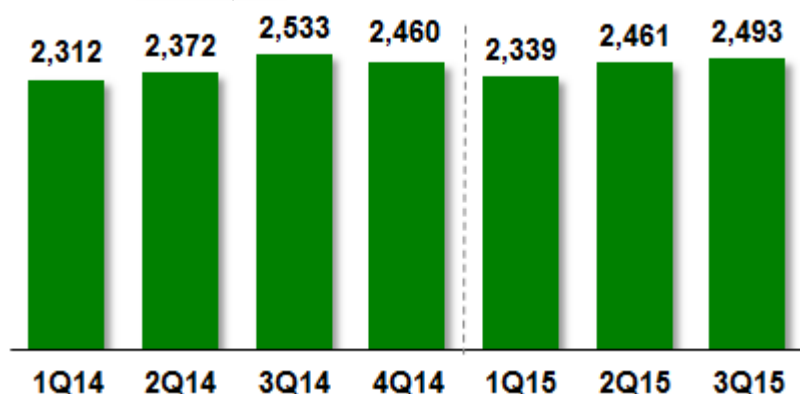
	FY13	FY14	1Q-3Q15
TOTAL CAPEX	12.6	11.8	12.2
Network update, back office investment and others	8.0	8.9	7.7
Cloud-related	3.7	1.7	4.4
Headquarter relocation	0.4	0.6	-
ATM operation business	0.5	0.6	0.2

< Depreciation and Amortization >

1Q-3Q FY14: 7,217

1Q-3Q FY15: 7,294

FY14: 9,677

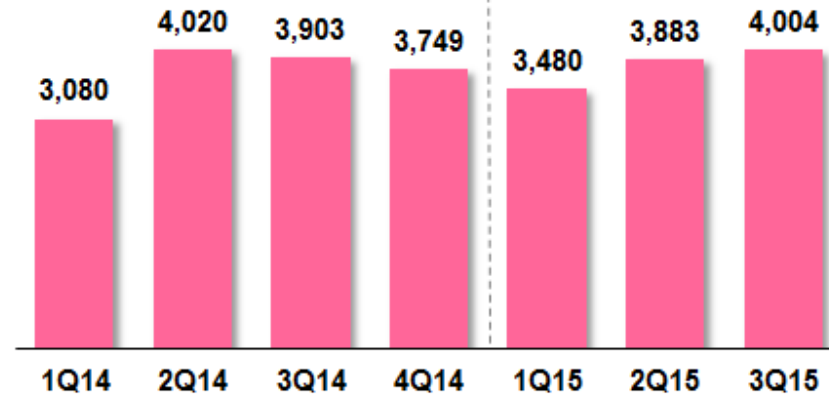


< Adjusted EBITDA >

1Q-3Q FY14: 11,003

1Q-3Q FY15: 11,367

FY14: 14,753



III - 1. Cloud Business Developments



Cloud-related revenue

(Unit: JPY billion)

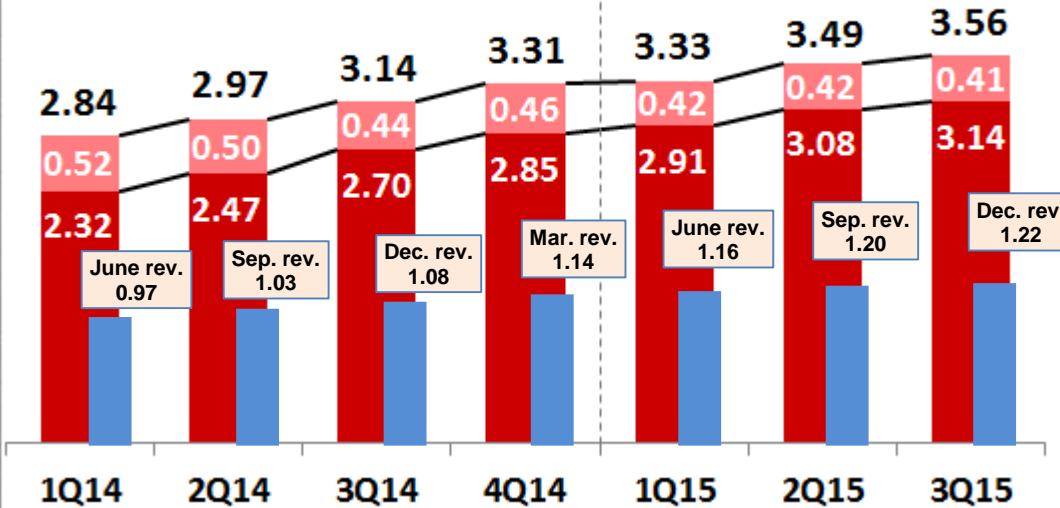
- Large game customers
- Business enterprise customers

3Q15 cloud-related revenue recognition:
86% in systems operation and maintenance, 14% in outsourcing
() year over year growth

1Q-3Q14: 8.95 (+24.5%)

1Q-3Q15: 10.38 (+16.0%)

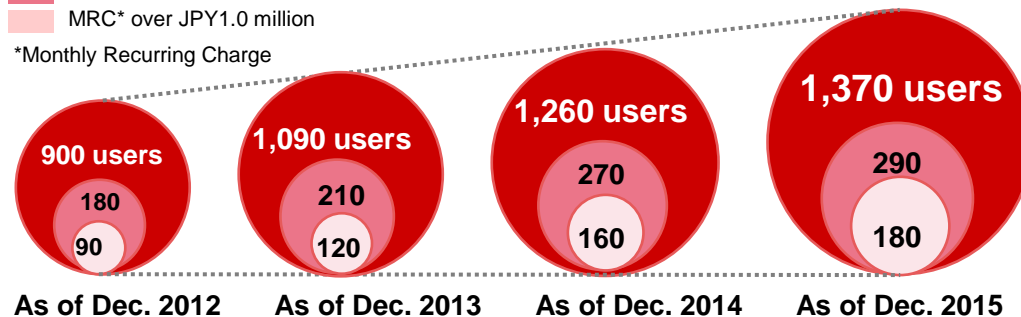
FY14:12.26



Cloud customer base

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

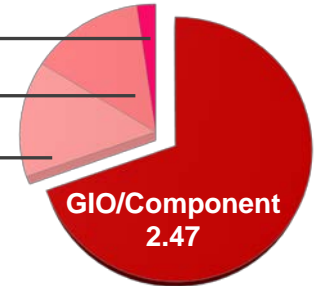
*Monthly Recurring Charge



3Q15 revenue

(Unit: JPY billion)

- General purpose SaaS 0.08 (groupware etc.)
- Task-specific SaaS 0.49 (FX, POS etc.)
- GIO/Hosting 0.51



Business progress

3Q15 revenue:

- Virtualization platform services using VMware ("VW series") leading the growth
- Large game customers' revenue stayed at the same level as 2Q15

IIJ GIO Infrastructure P2 (Launched in Nov. 2015):

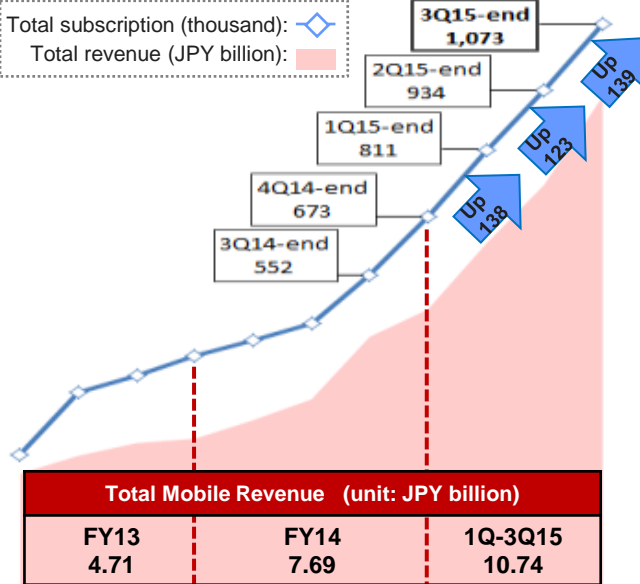
- Prospective orders includes MRC over JPY10 million projects such as on-premise core business operation system on hybrid cloud system, renewal of newly implemented EC system, DR systems etc.
- Expect revenue per customer to increase and contribution for the middle to long term.
- Details about the prospective orders:
 - ✓ Number of orders: approx. 200 (almost doubled from 2Q15)
 - ✓ Approx. 36% are for core business platform
 - ✓ Approx. 45% are new customers
 - ✓ Approx. 21% are hybrid cloud systems

Bigdata-related projects:

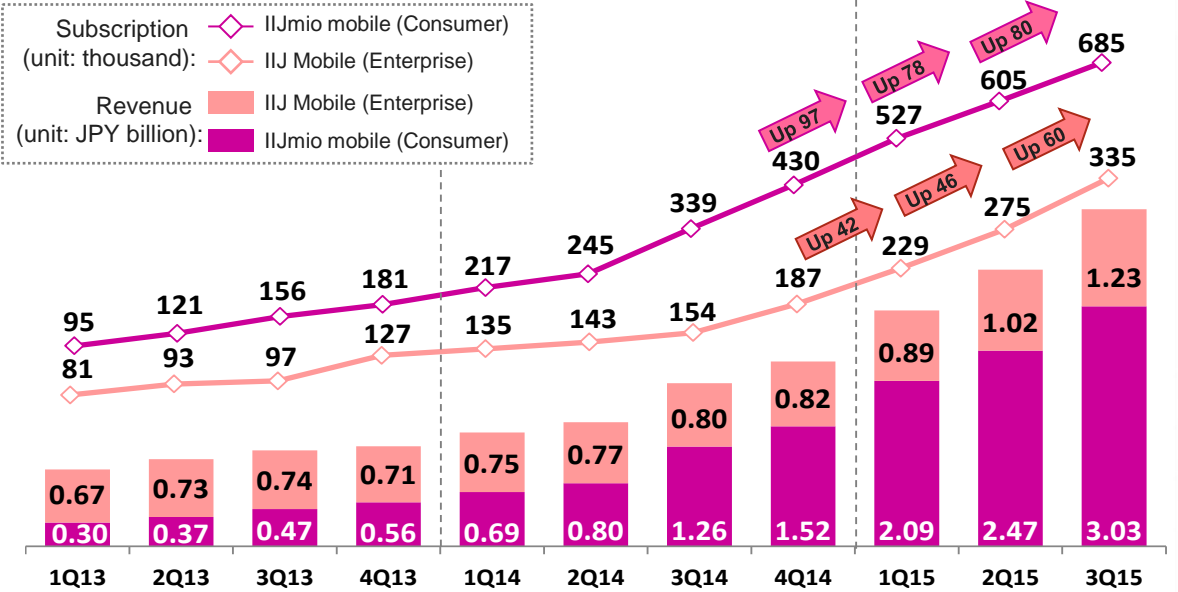
- Predictive analysis and some advanced usage projects
- Offer comprehensive one-stop solution from data collection to analysis with PwC (Dec. 2015)

III - 2. Mobile Business Developments

Total subscription & revenue



IIJmio mobile & IIJ Mobile subscription & revenue



Actions by Government

◆ **MIC's Mobile Business Revitalization Plan:**

- Announced in Oct. 2014
- Mandated SIM lock free, Promotion of MVNOs, Encouragement between MVNOs and MNOs on sharing mobile related technologies etc.
- MVNO subscription goal: 15 million (during 2016)



◆ **MIC Taskforce and its Ideas:**

- Announced in Dec. 2015
- Prepare service plans for light users, Lighten burden for long-term subscribers, Streamline extreme subsidies on mobile devices etc.

Enterprise

- **Demands for MVNE continues to be strong:**
 - 1Q-3Q15 revenue: approx. JPY1.39 billion (up by approx. 5 times YoY)
 - Approx. 100 partners including precision parts manufacturer, etc. Prominent contents distributor's transaction volume strongly increasing

MVNE subscriptions (*)							unit: thousand
1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	
35	36	40	67	104	136	182	

(*)IIJ Mobile MVNO platform services excluding hi-ho

- **Accumulating M2M-related projects continuously**
 - 1Q-3Q15 revenue: approx. JPY0.41 billion (up 33.3% YoY)

Consumer

- **Subscription accumulating along with market expansion**
 - iPhone6s(Sep-end), Increase in popular Android SIM lock-free devices, IIJ equipment sales growing along with increase in portable devices sales
 - Adding to existing metropolitan store, suburb area stores also dealing with OTA transaction, seeing more diversified customer portfolio
- Pre-paid SIM cards to foreigners visiting Japan sold on-flight, airports, station convenience store, electronic stores etc.

※ 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.

※ Contact Information IIJ Investor Relations

Iidabashi Grand Bloom, 2-10-2 Fujimi, Chiyoda-ku, Tokyo, 102-0071, Japan

TEL: 81-3-5205-6500 URL: <http://www.ij.ad.jp/en/ir/> E-Mail: ir@ij.ad.jp

