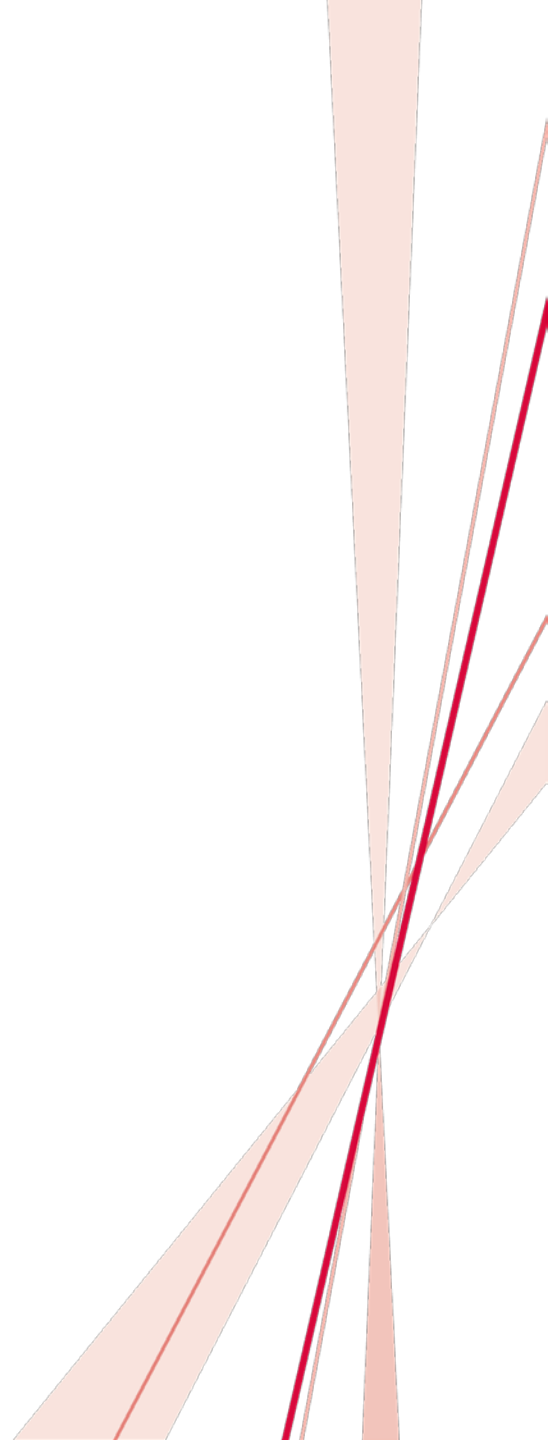


Internet Initiative Japan Inc. Corporate Overview

February and March 2019
TSE1: 3774 NASDAQ: IIJI

Ongoing Innovation



Outline

- ◆ **Strengths and competitive advantages**
 - Business accumulation P. 3 – 5
 - Business model P. 6
 - Blue-chip customer base P. 7
 - Comprehensive service line-up P. 8
 - Positioning P. 9
 - Leveraging Blue-chip Customer Base P. 10
 - Recent growth P. 11

- ◆ **Growth strategy**
 - Cloud P. 12 – 14
 - Mobile P. 15 – 17
 - Security P. 18
 - IoT P. 19
 - FinTech P. 20 – 21
 - CDN P. 22
 - Middle-to-long term business growth P. 23 – 24

- ◆ **Financials**
 - 1Q-3Q18 results summary P. 25
 - FY18 plan summary P. 26
 - 1Q-3Q18 results in details P. 35 – 52
 - Dividend P. 27

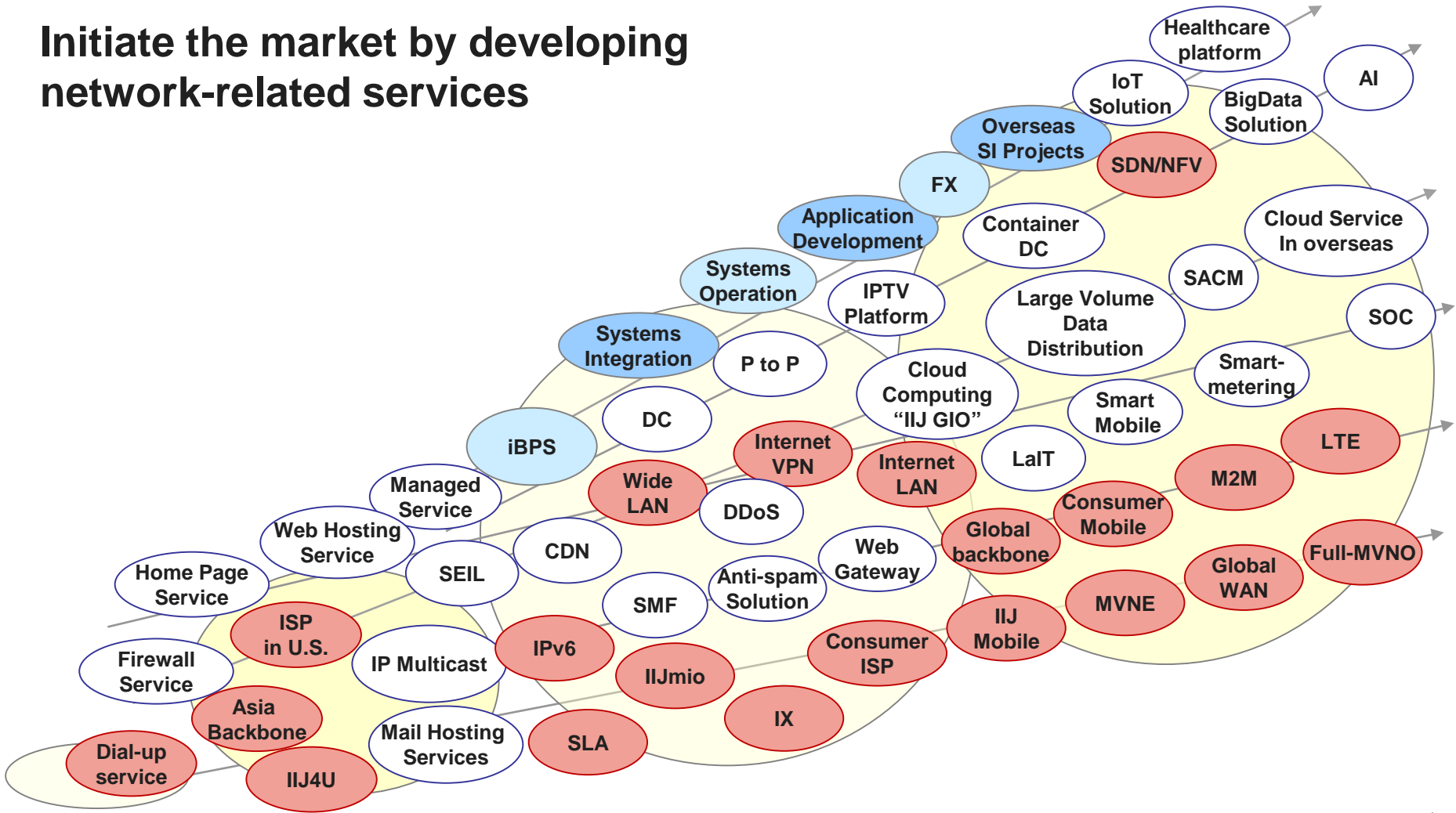
- ◆ **Appendix** P. 28 – 32

Established	December 1992
Number of Employees	3,346 (approx. 70% engineers) Consolidated As of December 31, 2018
Listed Markets	NASDAQ (IIJI)*, TSE1 (3774) *We plan to delist from the NASDAQ as announced on Feb. 7, 2019
Large Shareholders	NTT group (26.0%), Dalton (7.3%), CEO Suzuki (5.6%*), Global Alpha (5.0%) *Jointly owned by Mr. Suzuki's wholly owned private company

- ◆ **The first established full-scale ISP (Internet Service Provider) in Japan**
 - Introduced many prototype Internet-related network services
 - Highly skilled IP (Internet Protocol) engineers
 - In-house service development and related back office facilities
- ◆ **“IIJ” brand towards blue-chips**
 - Mainly large enterprises and governmental organizations
 - Differentiate by reliability and quality of network and systems operation
 - Long-term client relationship with no serious systems troubles
- ◆ **At the leading edge of IP R&D**
 - Differentiate by continuous service developments and business investments
 - Enhancing cloud, mobile, security, CDN (Contents Distribution Network) and solutions related to bigdata and IoT
 - Participate in world-wide research and organizations ...and many more

Technology and Service Developments

Initiate the market by developing network-related services



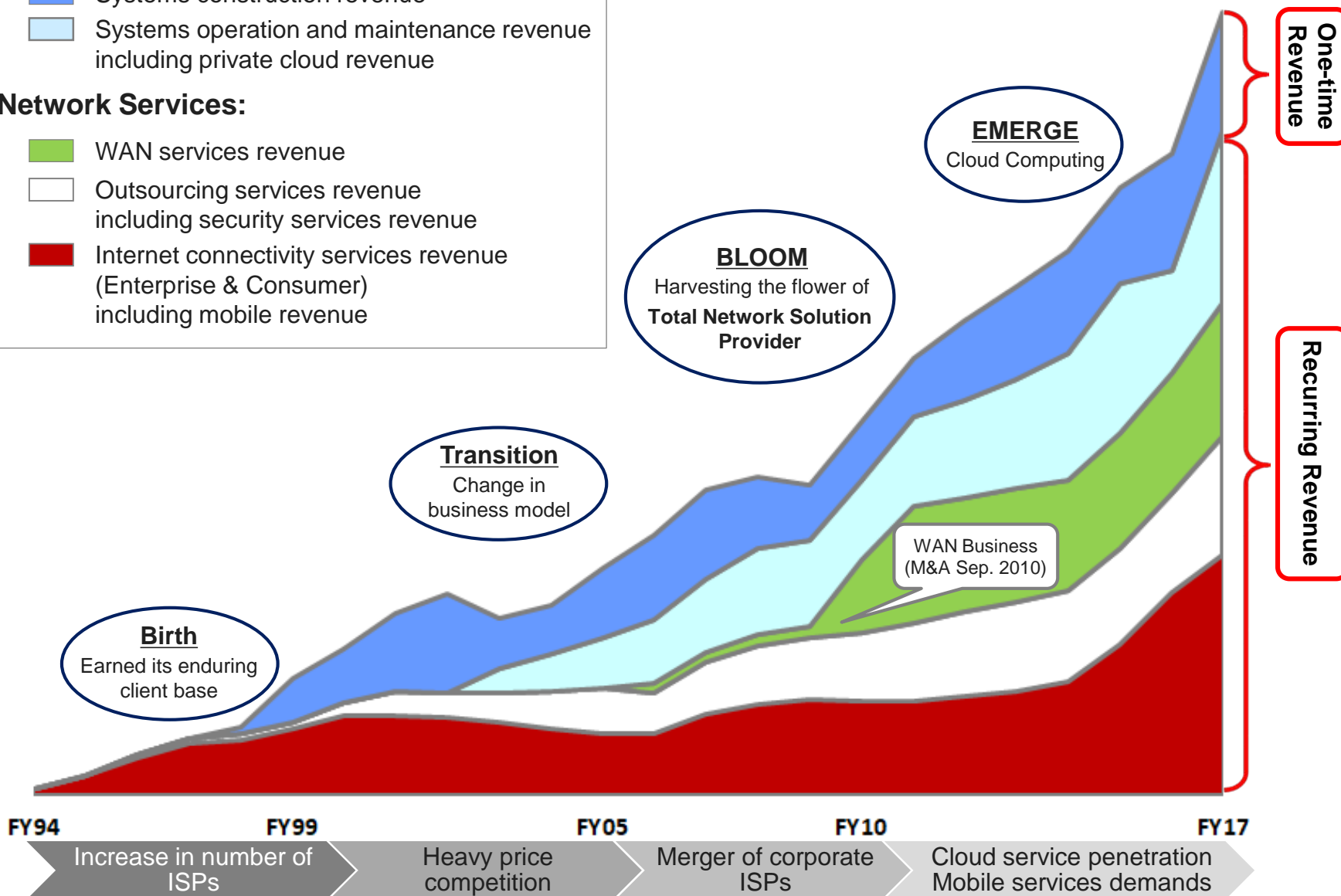
ISP to Total Network Solution Provider

Systems Integration:

- Systems construction revenue
- Systems operation and maintenance revenue including private cloud revenue

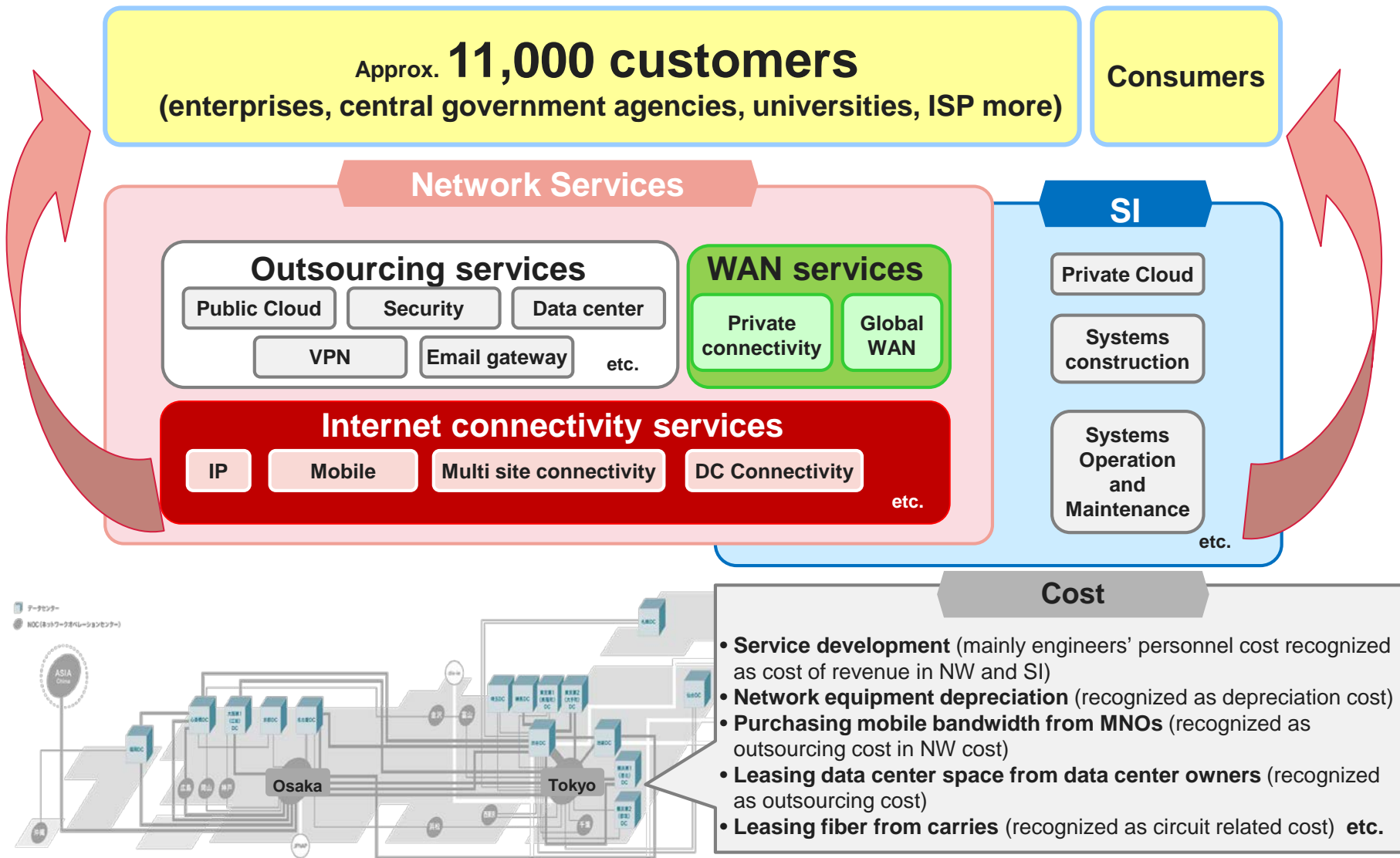
Network Services:

- WAN services revenue
- Outsourcing services revenue including security services revenue
- Internet connectivity services revenue (Enterprise & Consumer) including mobile revenue



Leveraging Internet-related technology

Total network solution provider with services and SI

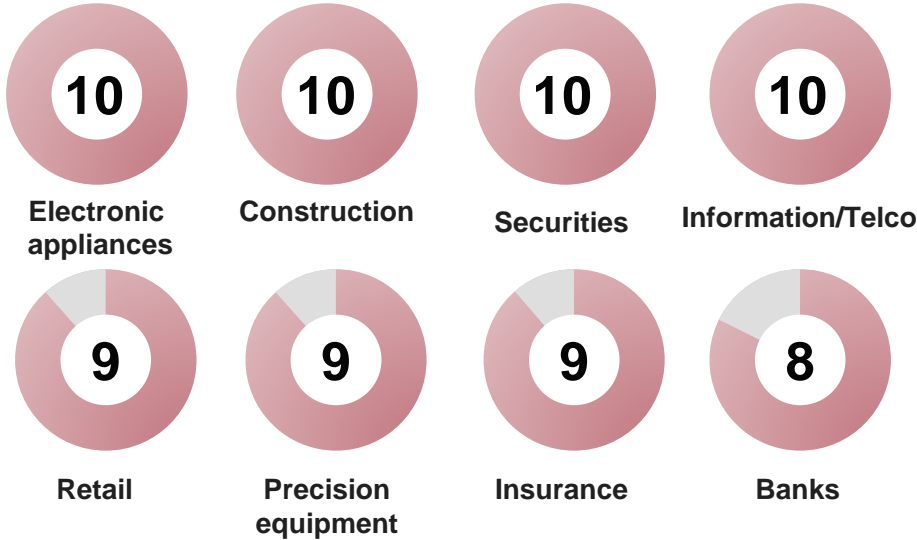


Excellent Customer Base with Many Blue-Chips

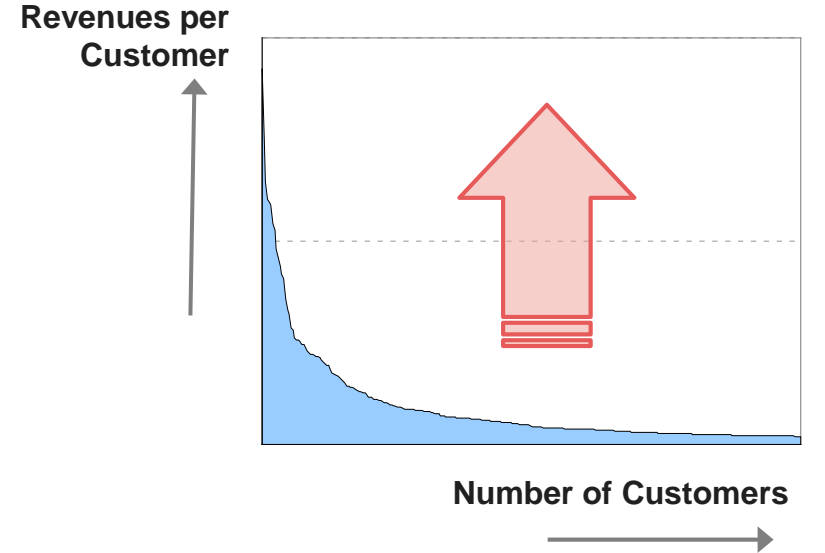
Competitive Advantages

Cover Most of Top Revenue Companies

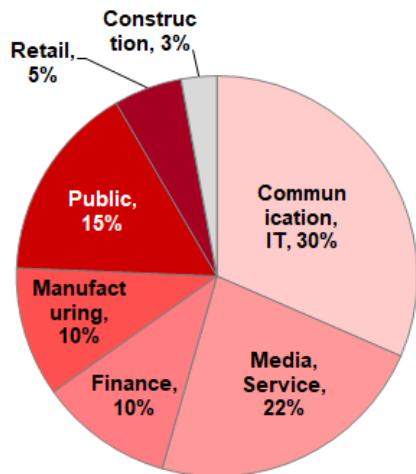
The number of clients among the top 10 companies in each industry.



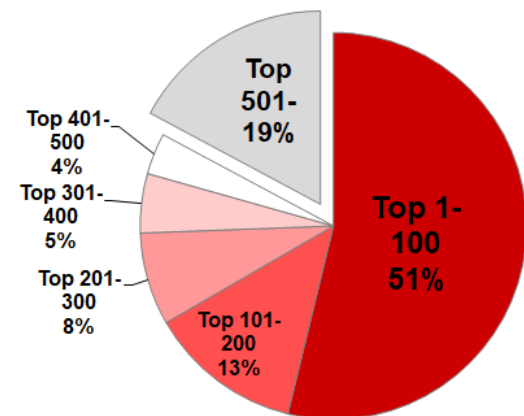
Increase Revenue per Customer



Revenue Distribution by Industry



Revenue Distribution by Clients

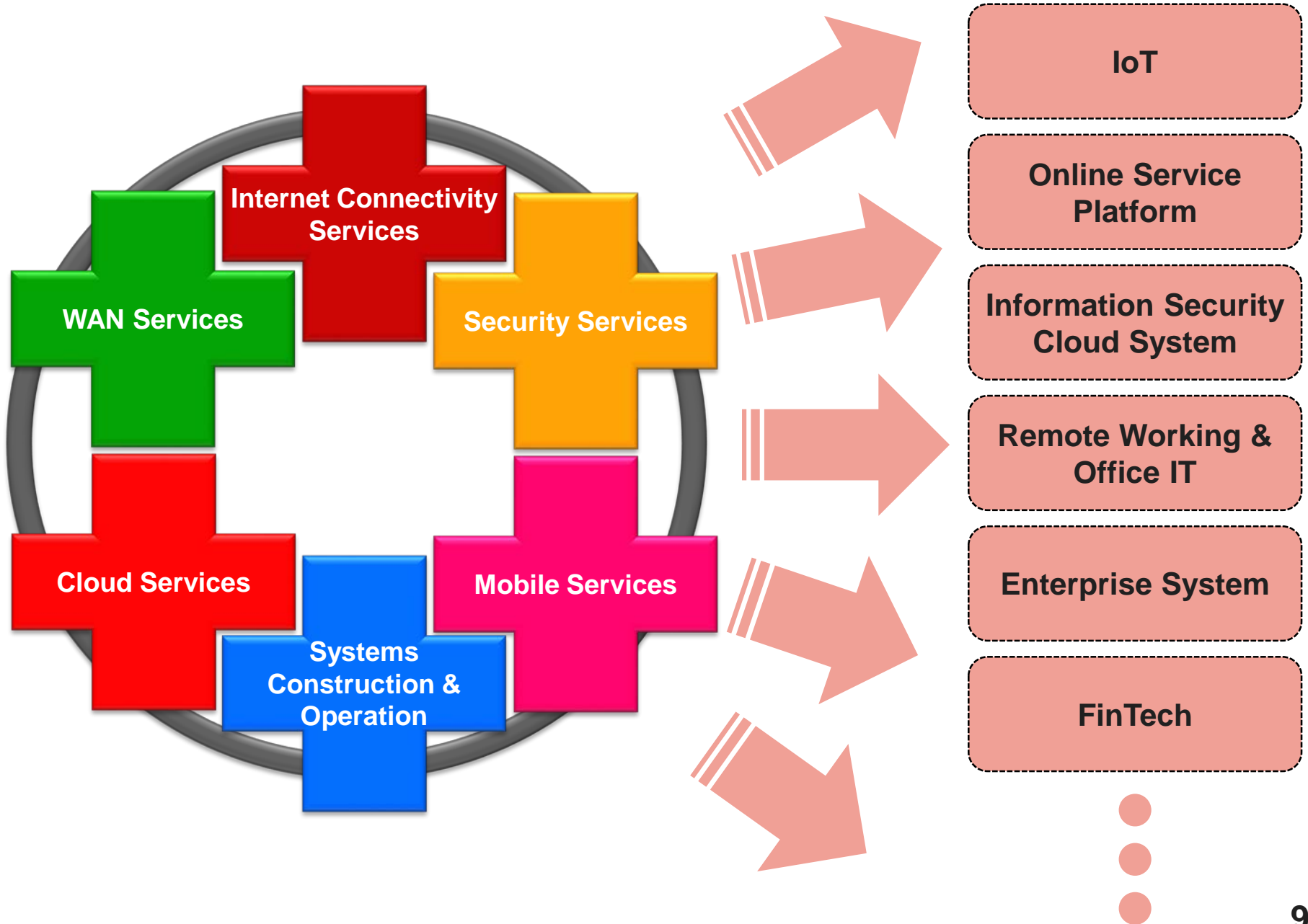


Comprehensive Line-ups of IT services

Revenues		Services	Business status
NW Services	Internet Connectivity (Enterprise)	<ul style="list-style-type: none"> • Primary connectivity for head offices • High-performance dedicated connectivity • Redundant connectivity for multi-site 	<ul style="list-style-type: none"> • Dominate the matured market • Revenue gradually increase with greater contracted bandwidth/traffic • Anticipate to grow with CDN traffic & further cloud service penetration • Continuous network expansion
	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"> • Accumulate subscription with MVNE and IoT • Further capture IoT demand with full-MVNO supporting data services
	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. • Over 60 in-house developed services 	<ul style="list-style-type: none"> • Cross-sell and accumulate various outsourcing services • Growing demands for security • Continuous service development
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, IJ Raptor (FX application) etc. 	<ul style="list-style-type: none"> • Competitive advantage of SI with multi/private cloud • Continuous service enhancement including GIO P2
	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 functions to promote cloud, mobile systems etc.
Equipment Sales			

Example of Total Solution

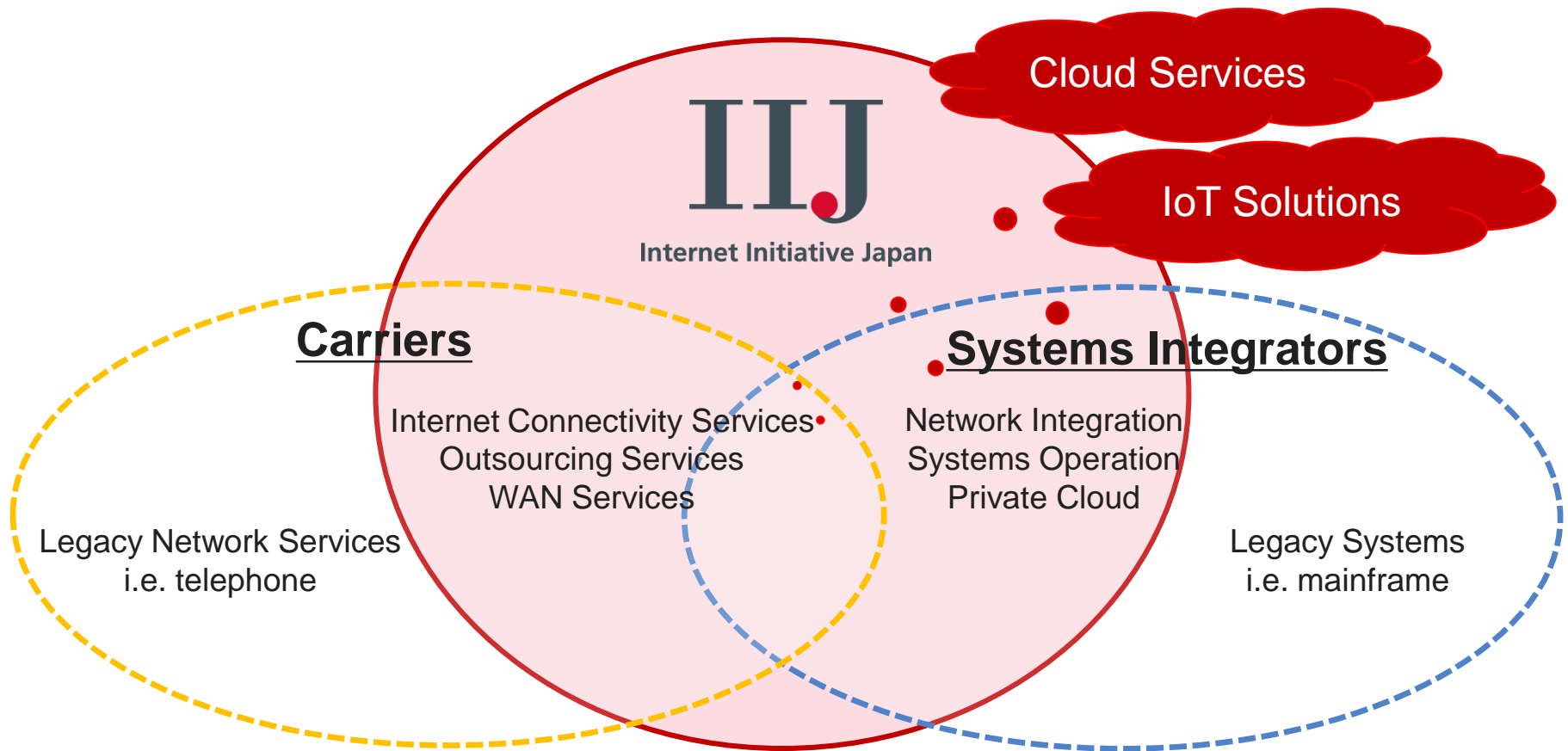
Competitive Advantages



Target Blue-chip's IT Shift

Competitive Advantages

Cover Corporates' New IT Services Demands with reliable operation



IIJ's differentiation points towards competitors

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

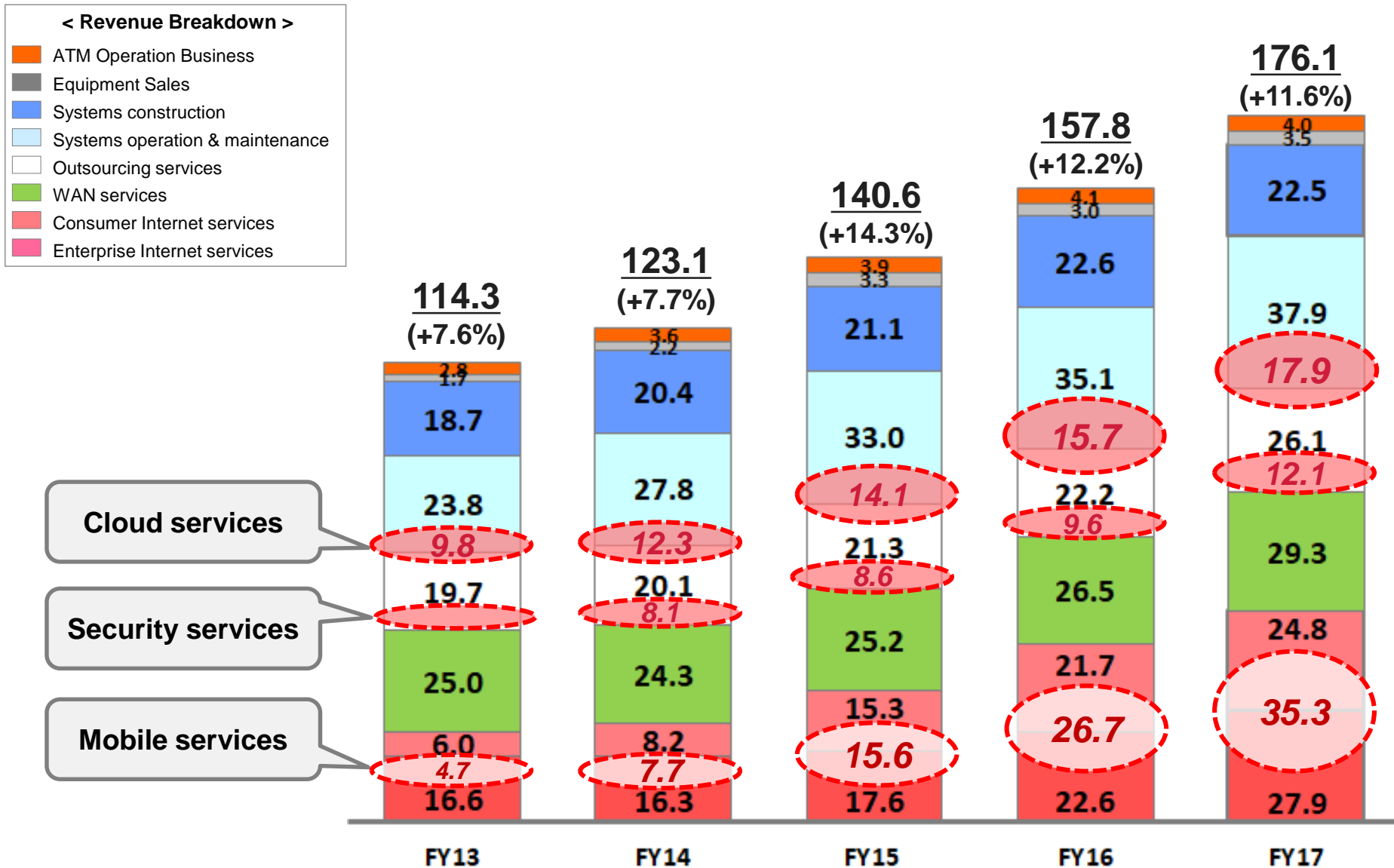
- Operates network facilities by ourselves
- Develops network services
- Moderate number of employees

Leveraging Blue-chip Customer Base

Growth Strategy

Cross-selling multiple service products

Unit: JPY billion
% = year over year change



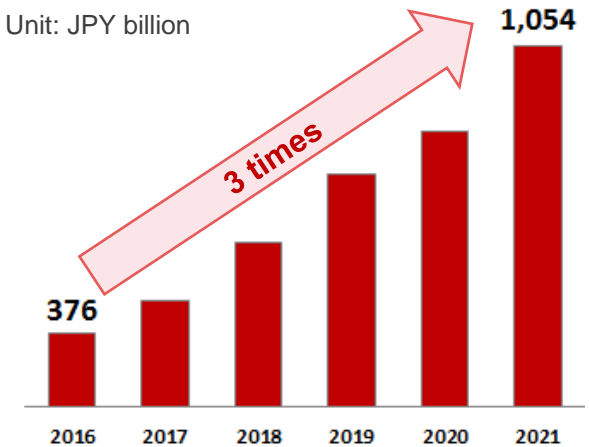
Cloud Business (1)

Cloud Market in Japan

- Cloud penetration among Japanese enterprises
 - 56.9% as of 2017-end, 33.0% as of 2013-end (MIC)
- Some advanced and mission critical enterprise systems on cloud services, but mostly web server and such light usage
- Average system life cycle: 5 years
 - Enterprises consider re-investing in their on premise systems or migrate to cloud service when their existing systems approach to the end of life
- Systems don't migrate at once, especially large internal systems
 - Customization (SI) is required when migrating to cloud
- Japanese companies require needs specific functions, IIJ continuously upgrade, enhance and expand service line-ups
- Great business opportunity with IoT and BigData

Cloud Market Growth in Japan

Unit: JPY billion



Published in Mar. 2017 by IDC Japan "Domestic Public Cloud Market Estimation revenue-base (2016-2021)"

IIJ's Competitive Advantages

IIJ

- ◆ Integrate full-MVNO (data services), security, SI and other IIJ services
- ◆ Operate and manage not only IIJ's cloud services but also other vendors' cloud services and on premise systems seamlessly through UOM (Unified Operation Management) Service
- ◆ Target blue-chip's large internal IT systems which are traditionally covered by Slers
- ◆ Experience, reputation, reliable operation
 - One of the first cloud service providers in Japan (since FY2010)
- ◆ Deep relationships with blue-chip customers
 - Leverage network service clients customer base
- ◆ Various options for CPUs/OSs/storage/network usage etc.

Competitors

AWS/Azure

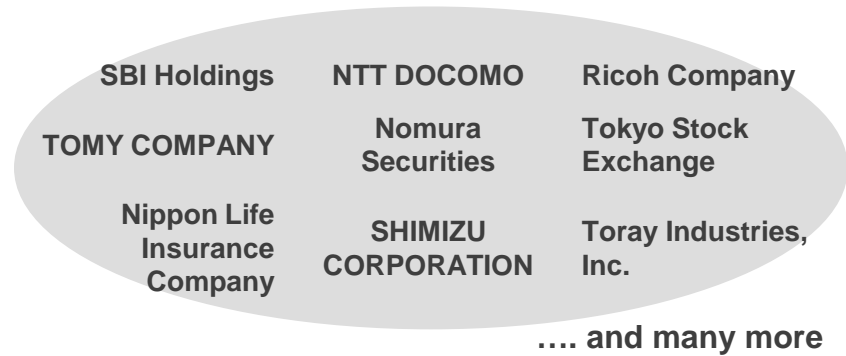
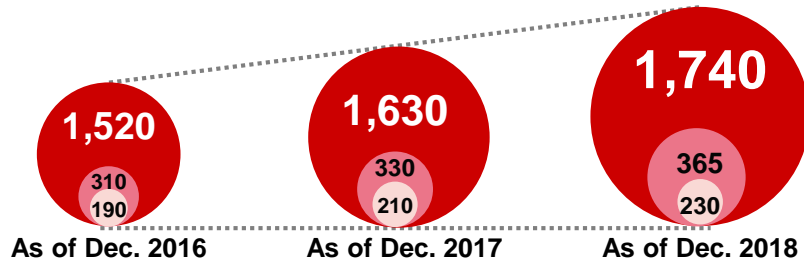
- ◆ Strong scale merit
- ◆ Not so strong about meeting individual system needs
 - Service specs
 - SI expertise
 - Customer support

Slers

- ◆ Tailored toward individual private cloud, in principal
- ◆ Target current clients, in principal

IIJ's Cloud Customer Base

■ Total number of customer ■ MRR over JPY1.0 million
■ MRR over JPY0.5 million MRR=Monthly Recurring Revenue



Flagship IIJ GIO P2 Projects

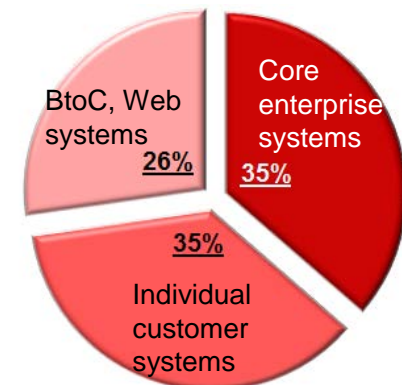
➤ One of the largest global logistics companies, chose IIJ's cloud service for its fully-outsourced internal systems (3,500 servers and 2PT storage) → MRC JPY9 million

➤ One of the largest prefectures, chose IIJ's cloud services for "Local Government Information Security Cloud" systems → MRC JPY60 million

➤ One of the largest online ticketing companies chose IIJ's cloud service for its main and prominent service platform → MRC JPY14 million

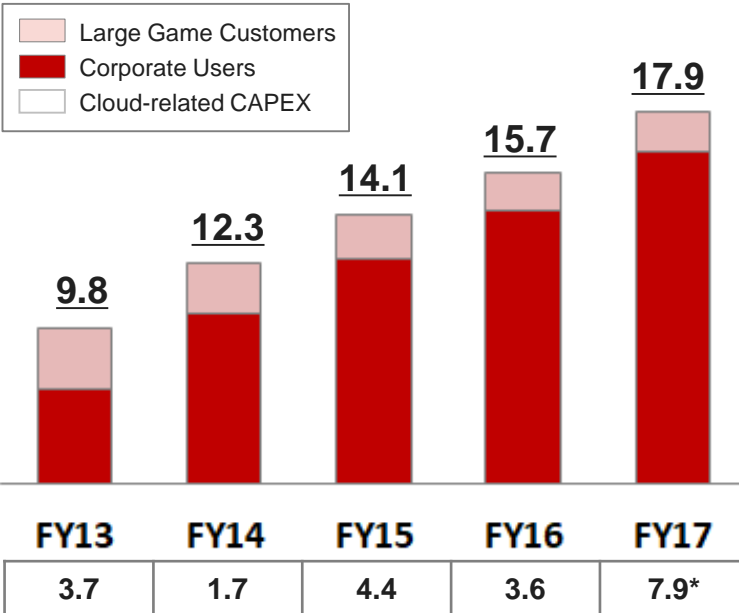
➤ One of the largest travel agencies chose IIJ's cloud services for its core business operation systems → MRC JPY12 million

IIJ GIO P2 System Usage



Cloud Business (3)

IIJ's Cloud Revenue Growth Unit: JPY billion



*Including GIO P2 facility in Western Japan of approx. JPY3 billion which is for FY18 usage

Business model

◆ Revenue

- Enterprise systems life cycle: 4 to 5 years on average
- Along with Japanese enterprises' internal IT systems migration to cloud, types of systems IIJ can deal should expand
- Revenue depends on system volume (i.e. number of cloud servers)
- Revenue to expand along with increase in customers and system volume

◆ Cost

- Leasing fee for data center space, depreciation and amortization cost for services and other network equipment, outsourcing cost and personnel costs

◆ Profit

- Currently very low profitability as still in investment phase (need to expand service facility and develop services)
- Should be able to enjoy economy of scale once large volume of cloud services are used by customers

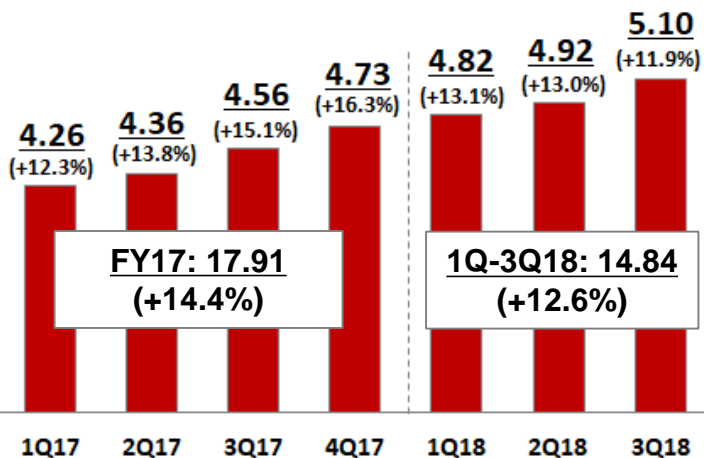
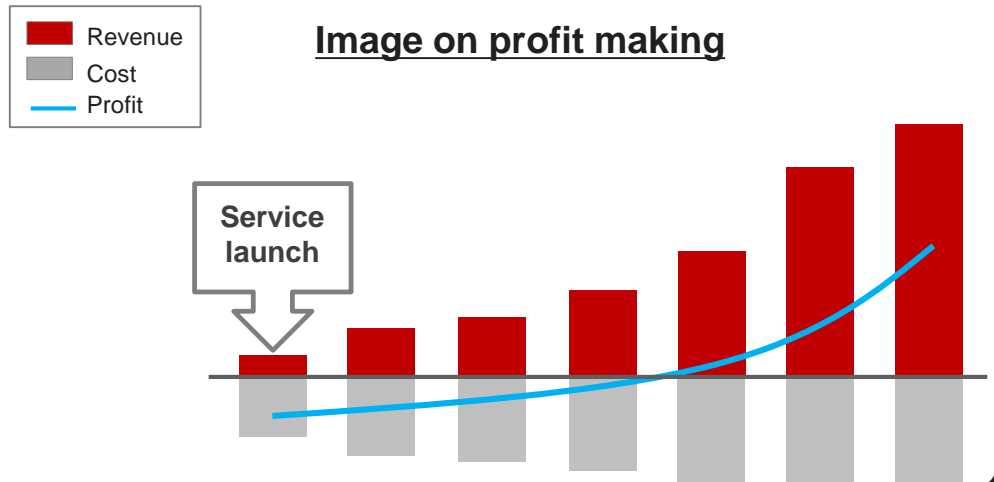


Image on profit making

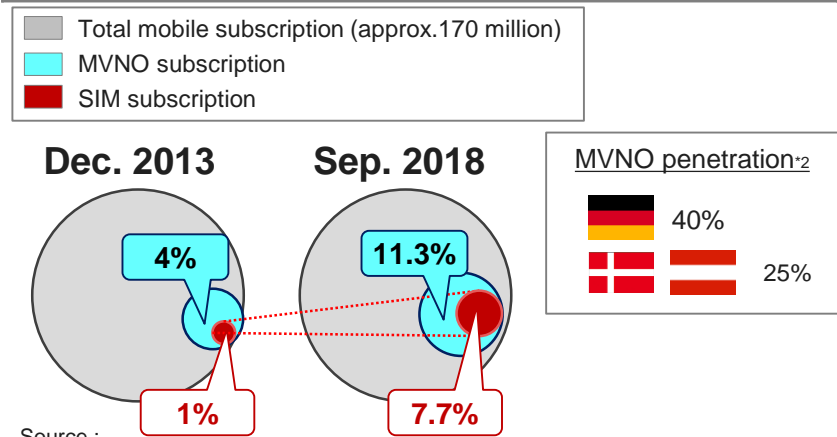


Mobile Business (1)

Unit for revenue: JPY billion
Unit for subscription: thousand

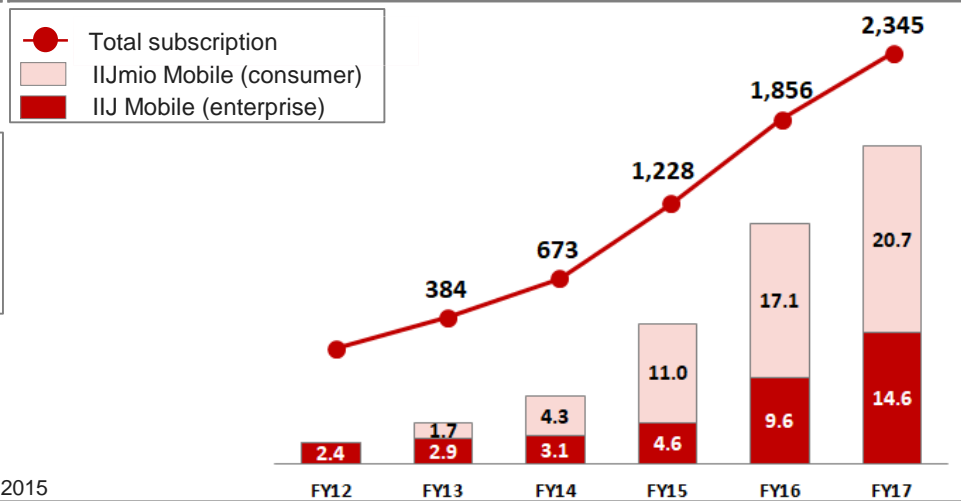
Growth Strategy

MVNO Penetration in Japan*1

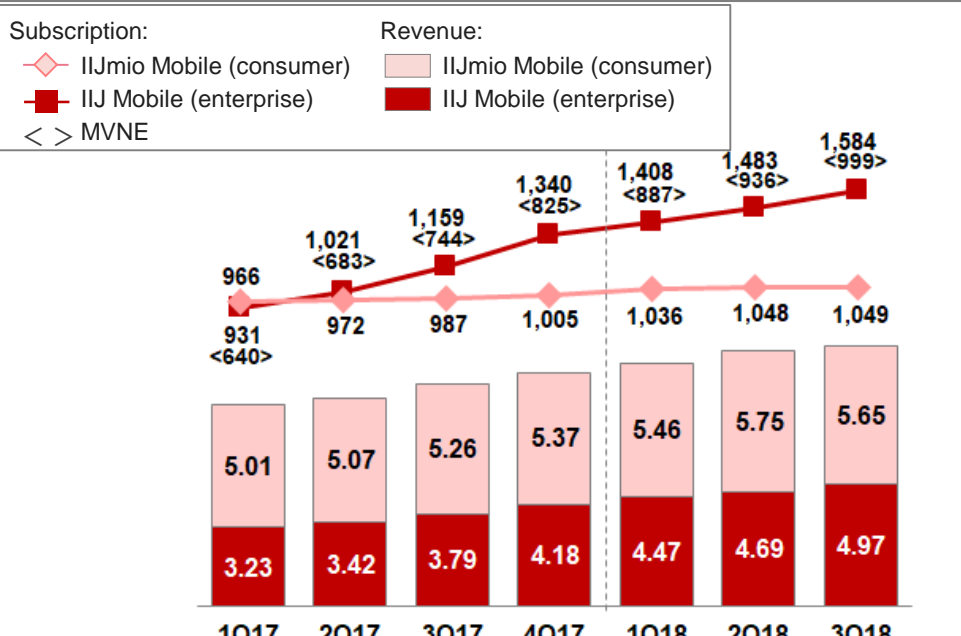
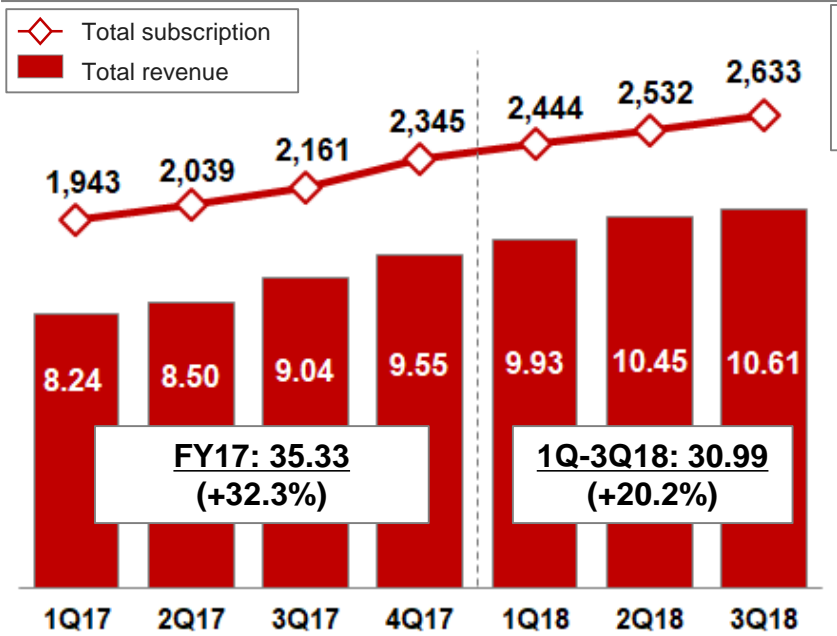


Source :
 *1 Ministry of Internal Affairs and Communications
 *2 "Promoting a vibrant mobile market in New Zealand" by Trustpower Limited in Nov, 2015

IJ's Subscription and Revenue Growth



IJ's Subscription and Revenue Quarterly Growth



* MVNE revenue for FY17 was JPY10.9 billion, for 1H18 was JPY6.9 billion Internet Initiative Japan Inc.

Business model

◆ Revenue

- Expect consumer market to grow more as currently only 7.6% are SIM subscribers
 - Consumer mobile revenue = Subscription multiplied by ARPU
- Enterprise mobile revenue to grow with IoT/M2M traffic
 - Charge IoT projects by how much data traffic is needed for that usage

◆ Cost

- Consumer & enterprise mobile services are provided from the same mobile infrastructure
- Mainly buying mobile capacity on bandwidth-base from Docomo (some from KDDI)
- In order to provide voice services, we purchase per usage base (no economy of scale merit for voice services)
- Sales commission to sales partners such as Bic Camera
- Gross margin ratio tends to decrease along with expansion of MVNE business because we sell down our mobile services lower than market price

◆ Profit

- Profitability to increase by improving infrastructure utilization through gathering various consumer (young, old, student, households, office works) & enterprise traffic (IoT)
- Profitable but still low profitability as continuously expanding infrastructure to meet the peak traffic of consumers (morning commuting and lunch hours)

Consumer SIM Market Share

- ◆ IIJ: over 20% including MVNE subscription
- ◆ Rakuten: 16.1%

(Source: MIC published in Dec. 2018 based on Sep. 2018 data)

Typical Mobile Monthly Fee in Japan

JPY6,000~7,000



MNOs (NTT Docomo, au, Softbank)

Example of NTT Docomo (JPY6,480)

- JPY1,836: voice service charge
- JPY4,320: bundled 3GB data volume
- JPY324: internet connectivity charge
- Minimum contract period: 2 years

JPY2,980



Sub-brand (Y! Mobile, UQ Mobile, etc.)

Example of Y! Mobile (JPY2,980)

- Bundled data volume increases to 3GB from 2GB for the first 2 years
- 1st year JPY1,980 if promised to use at least for a year

JPY1,600



MVNOs (IIJ, NTT Communications etc.)

Example of IIJ (JPY1,600)

- JPY900: bundled 3GB data volume
- JPY700: basic voice service charge

Mobile Business (3)

First in Japan to launch full-MVNO services supporting data services

➤ Full-MVNO service offerings

- **“SIM Life Cycle Management”** (from Mar. 2018); able to remotely check and change status of SIMs, suited for IoT usages such as inventory management
 - ✓ Already been used for Panasonic “Let’s Note,” Mitsui Bussan Electronics “FORKERS” etc.
- Small data volume-bundle services targeting IoT usages (from Aug. 2018) attracting orders
- Started trial of **eSIM platform** on Microsoft Surface and others, official service to be launched in FY19
- **“Japan Travel SIM”** (from Apr.); prepaid SIMs for foreigners visiting Japan, partnering with local partners in overseas to provide SIMs before tourists leave their home counties
- International roaming services for enterprise customers (from Jul.)

➤ Fixed-type cost increased by approx. JPY0.1 billion per month

➤ Revenue: 1Q-3Q18 JPY0.43 billion, FY18 revenue target of approx. JPY0.5 billion

➤ Expected total investment: approx. JPY4.5 billion

- HSS/HLR systems depreciation and NTT DOCOMO’s network remodeling fee

Accumulating Enterprise Mobile Solutions

- **IIJ started providing enterprise mobile solutions from 2008** by becoming the 1st MVNO in Japan to connect Docomo’s mobile network
 - Wireless solution to enterprise customers
 - Leveraging blue-chip customer base
 - Provide with SI, if necessary
- **Accumulating IoT-type M2M projects continuously**
 - Surveillance & dashboard cameras, digital signage, sensors, ticket vending machine etc.
 - 3Q18 non-MVNE mobile subscription 585 thousand (+41.1% from 3Q17-end)

IIJ’s Growth Strategy

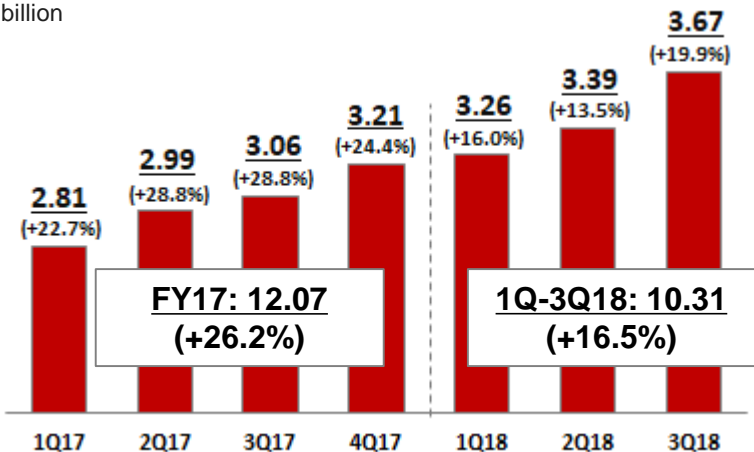
◆ Improve mobile infrastructure utilization by gathering IoT/M2M & various consumer traffic*

- Launched full-MVNO services (supporting data services) targeting further IoT traffic (private global network, inventory control with flexible billing management for IoT usage, direct overseas roaming, chip SIM etc.)
- 145 MVNE clients as of Sep. 2018 (retailers, CATV, EC vendors, SIers, manufacturers etc.)

*young, old, student, households, business persons etc.

IIJ's Security Services Revenue Growth

Unit: JPY billion



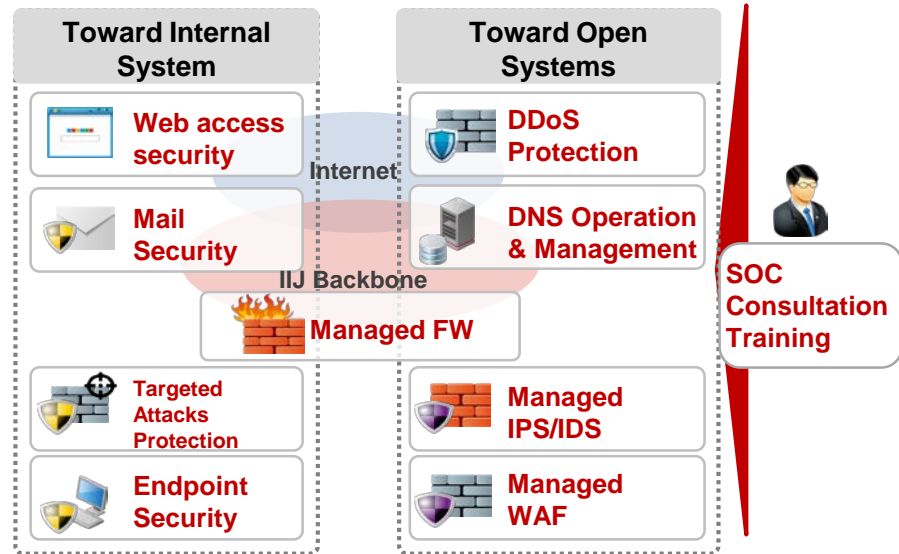
<About security service revenue> Recognized in Outsourcing Services. In FY17, large security Cloud project for local government. In addition to services, providing SI for security needs

IIJ's Competitive Advantages

- ◆ **DDoS protection services** which are able to handle terabit cyber attacks, widely used among central government agencies and major financial institutions
- ◆ **Security Operation Center services** with approx. 6 billion daily log records of network etc. (others: approx. 0.8 billion records a day), able to detect Internet threats and execute countermeasures in early stage
 - Providing to local government. Leveraging security log obtained as an ISP to protect against latest cyber threats
 - Assist enterprise security systems with establishment of CERT, SOC service & wide-range of security services
- ◆ **Advising regional police departments about cyber security** such as unauthorized access and Internet network

IIJ's Security Service line-ups

◆ Provide together with NW and SI as comprehensive



Business Developments

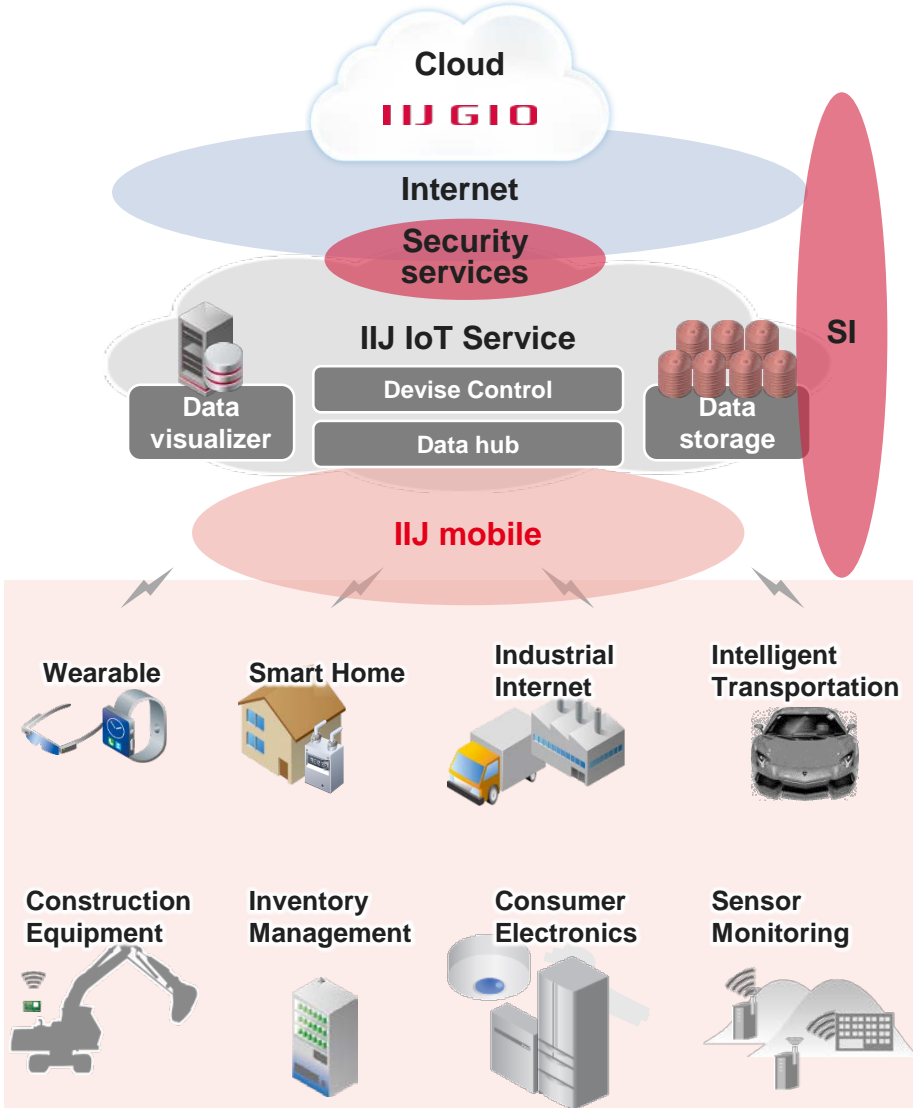
- ◆ **DDoS protection service strongly growing**
 - Growing penetration toward BtoC service providers
 - Expanded facility globally, able to protect from over terabit scale attacks
- ◆ **Email & Web gateway service continuously expanding**

Mail service: approx. 2.1 million accounts
Web gateway service: approx. 1.2 million accounts

 - Protecting **several hundreds of thousands email accounts** with our services for such as global manufacturing companies, local governments and more from external threats and information leaks
 - Fully-manage over several hundred thousand a/c for global manufacturing company's mail gateway and more
 - 10yrs+ of service operation, filter logics in-house developed

IJJ as IoT platform

IJJ provides necessary elements for IoT comprehensively



Further Accumulation of IoT Projects

- ◆ IoT-related discussion & PoC prj. with our blue-chip customers as they seek business opportunities with IoT
- ◆ Prospective orders increasing after the announcement of to engage in full-MVNO supporting data services

Sector	Examples of usage
Factory	<ul style="list-style-type: none"> • Remote mgmt. and control of factory facility • Predict machine failures, reduction in maintenance cost
Agri.	<ul style="list-style-type: none"> • Paddy mgmt. (control of water level & temp.)
Log.	<ul style="list-style-type: none"> • Mgmt. of vehicle location & delivery status • Connected Cars, data monitoring of racing cars
Retail	<ul style="list-style-type: none"> • Analysis on consumers' movement from in-store cameras to create marketing data • Monitoring waiting customers
Housing	<ul style="list-style-type: none"> • Mgmt. of electricity with info from smart-meter • IoT to consumer electronics and nursing care
Others	<ul style="list-style-type: none"> • Mgmt. for solar panels & windmills • Tracing products

< Glossary >

PoC	Proof of Concept	Agri.	Agriculture
Prj.	Projects	Log.	Logistics
Mgmt.	Management	Inst.	Institution
Temp.	Temperature	Govt.	Government
		a/c	account

Company Profile

Name	DeCurret Inc. (IIJ ownership 35%)
Est.	January 2018
Capital	JPY5.23 billion (as of mid-Feb.)
Directors	President: Kazuhiro Tokita (IIJ senior managing executive officer) Part-time directors: IIJ CEO, IIJ COO, IIJ CFO

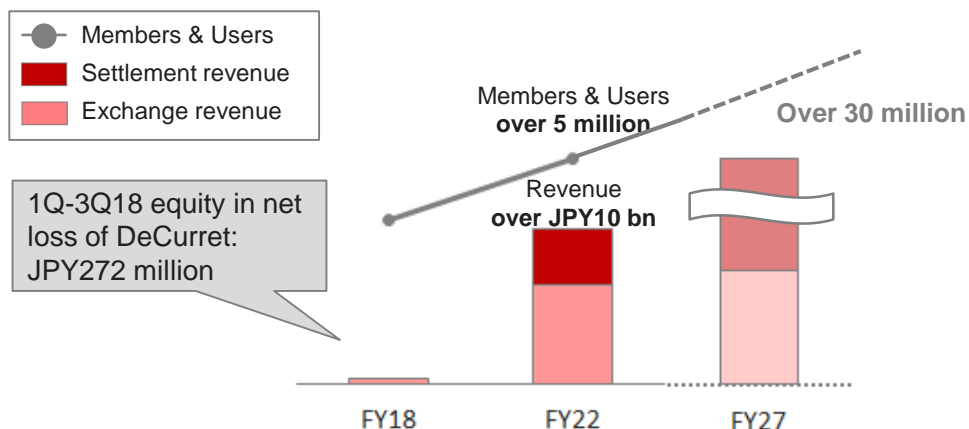
Business

- Provide cryptocurrency exchange & settlement services altogether
- In 3Q18, completed systems developments and business operation preparation needed to launch cryptocurrency exchange service, Going through process to become a registered cryptocurrency exchange service vendor
- Exchange service (from FY18)
 - 24 hours 365 days exchange platform to exchange various cryptocurrencies, mainly for consumers
 - ✓ Revenue: bid-ask spread
 - ✓ Cost: service infrastructure
 - ✓ Competitive advantage: highly reliable system, low bid-ask spread, and meeting security requirement such as AML/KYC with existing IIJ services that have been used by major financial and central government agencies for many years
- Settlement service (from FY19)
 - Cryptocurrency settlement at location such as E-commerce, retail shops, BtoBtoC and BtoC business model
 - ✓ Co-working with capital partners
 - ✓ Revenue: bid-ask spread and system usage

Competitive Advantages

- **Trading system leveraging the existing IIJ Raptor system**
 - Top share ASP FX (Foreign Exchange) system in Japan, proving to 13 major Japanese financial institutions
 - ✓ Core-engine, dealing system, connecting multiple FX exchanges, investor service platform, operator management function etc.
 - Able to launch services by expanding IIJ Raptor function
 - ✓ Approx. 70% of DeCurret service system is leveraged from the existing IIJ Raptor system
- **Executing business with prominent capital partners**
 - Expect to include electronic money, bank coins and more
 - ✓ Aim to be a common platform for partners' cryptocurrency distribution
 - Future potential: connecting payment data and accounting, smart contract, BtoB settlement and more by leveraging blockchain technology

Business Target



Impact on IIJ's consolidated financial results etc.

<PL> Impacted by equity in net income/loss of equity method investees
FY20: Turn positive, equity in net income to expand thereafter

<Business>

- Raptor & cloud to grow, IIJ owns 35% of DeCurret's value

Shareholders of DeCurret



By your side, for life

DAI-ICHI LIFE

Dai-ichi Life Group

大和証券グループ本社
Daiwa Securities Group Inc.



NOMURA



MS&AD Mitsui Sumitomo Insurance



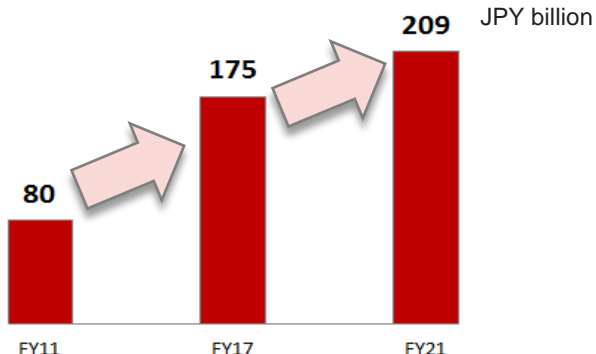
dentsu

CDN (Contents Distribution Network) Business

CDN Market in Japan

- Growing needs to distribute contents over Internet
 - 4K/8K and high-definition contents to increase towards the Tokyo Olympics
- Broadcasting companies distributing contents via Internet
 - Nippon TV owns Hulu Japan,
 - Broadcasting companies operate “TVer”
- Akamai is strong in Japan CDN market, no prominent Japanese provider currently
- IIJ has rich and long experience in CDN business
 - ✓ Olympics games, high school base ball games, and many more

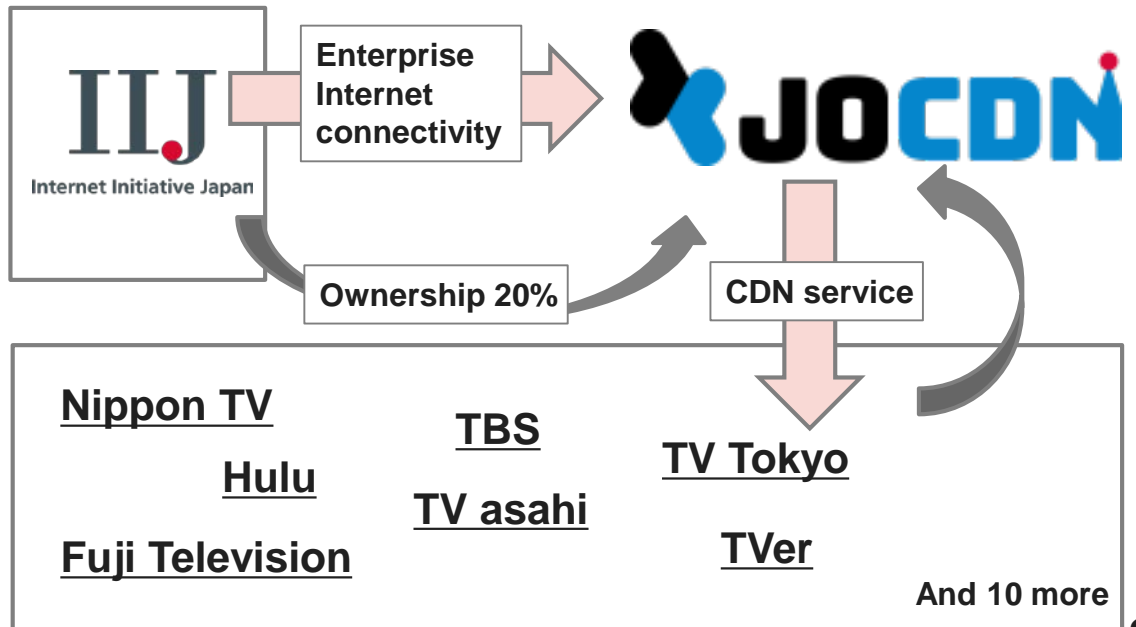
CDN Market Growth in Japan



Source: Nomura Research Institute “ICT and Media Market Growth Outlook and Trend through FY2021”, published in Nov. 2015

JV with Japanese Major Broadcasting Companies

Company name	JOCDN Inc.
Capital	JPY710 million
Establishment	December 1, 2016
Shareholders	IIJ (20%), Nippon TV (14%), TV asahi (14%), TBS (14%), TV Tokyo (14%), Fuji TV (14%) and 10 more
Management	Chairman: Koichi Suzuki (IIJ) President: Shunichi Shinozaki (Nippon TV)
Business	<ul style="list-style-type: none"> ➤ Provide a video content distribution platform service for use within Japan ➤ Construct and operate broadcasting systems



Mid-to-Long term Business Growth

Unit: JPY billion

Growth Strategy

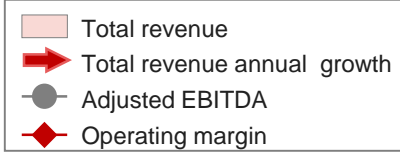
Business foundation enhancement with aggressive investment

Further business developments

Revenue growth accelerating

Scale-merit

Income improvement



FY11:
 > Started to enhance overseas business
 > Opened Matsue DCP
 FY10: Launched IJJ Raptor
 FY09: Launched IJJ GIO
 FY08: Launched MVNO

> Extended Internet backbone to Europe
 > Doubled Matsue capacity

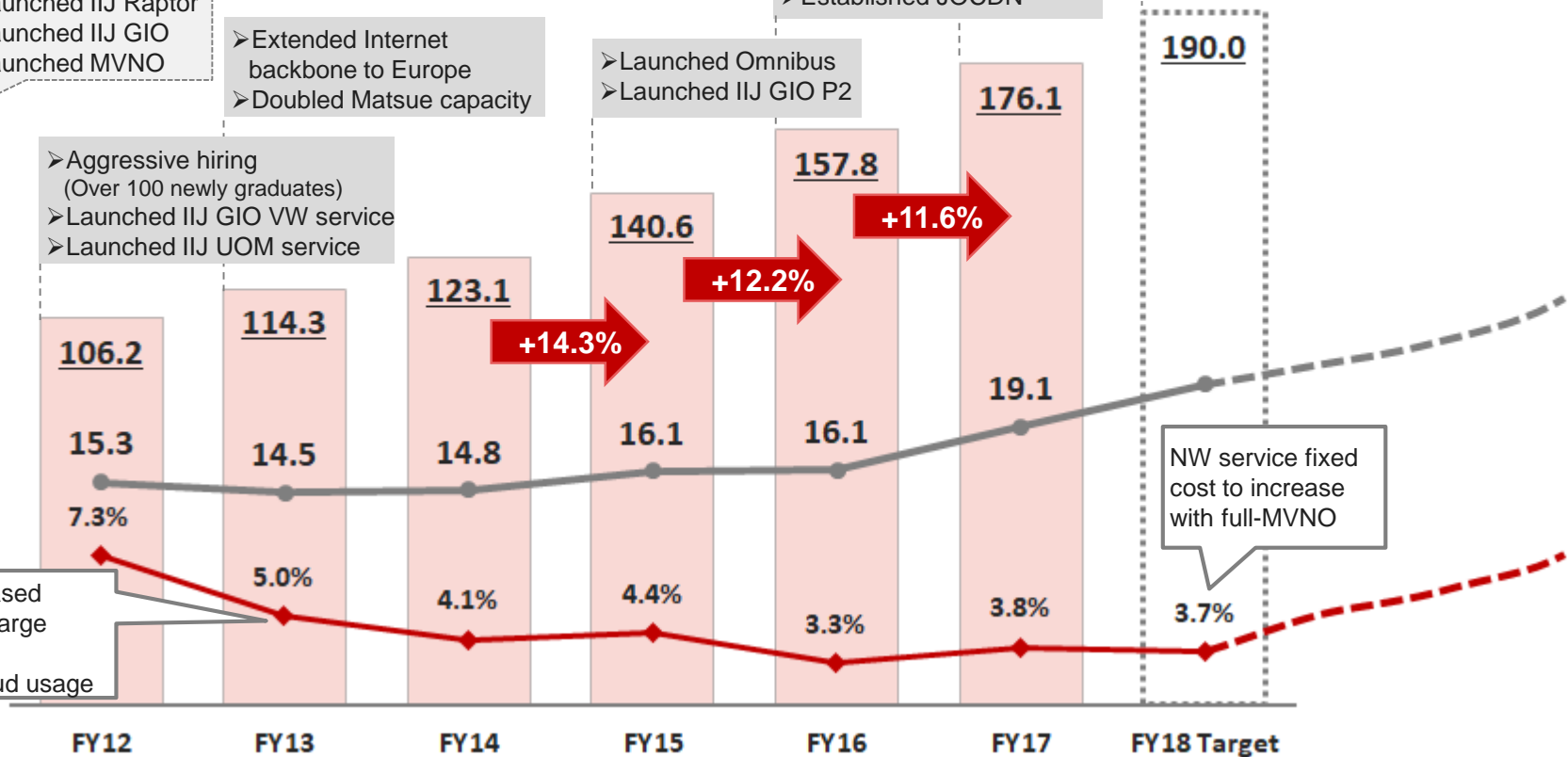
> Aggressive hiring (Over 100 newly graduates)
 > Launched IJJ GIO VW service
 > Launched IJJ UOM service

> Stronger investment in security
 > Launched IJJ IoT services
 > Established JOCDN

> Established DeCurret
 > Launched full-MVNO services
 > Launched Health care business

> Full-MVNO services
 > Construct Shiroy DC

Income decreased mainly due to large gaming clients decreased cloud usage

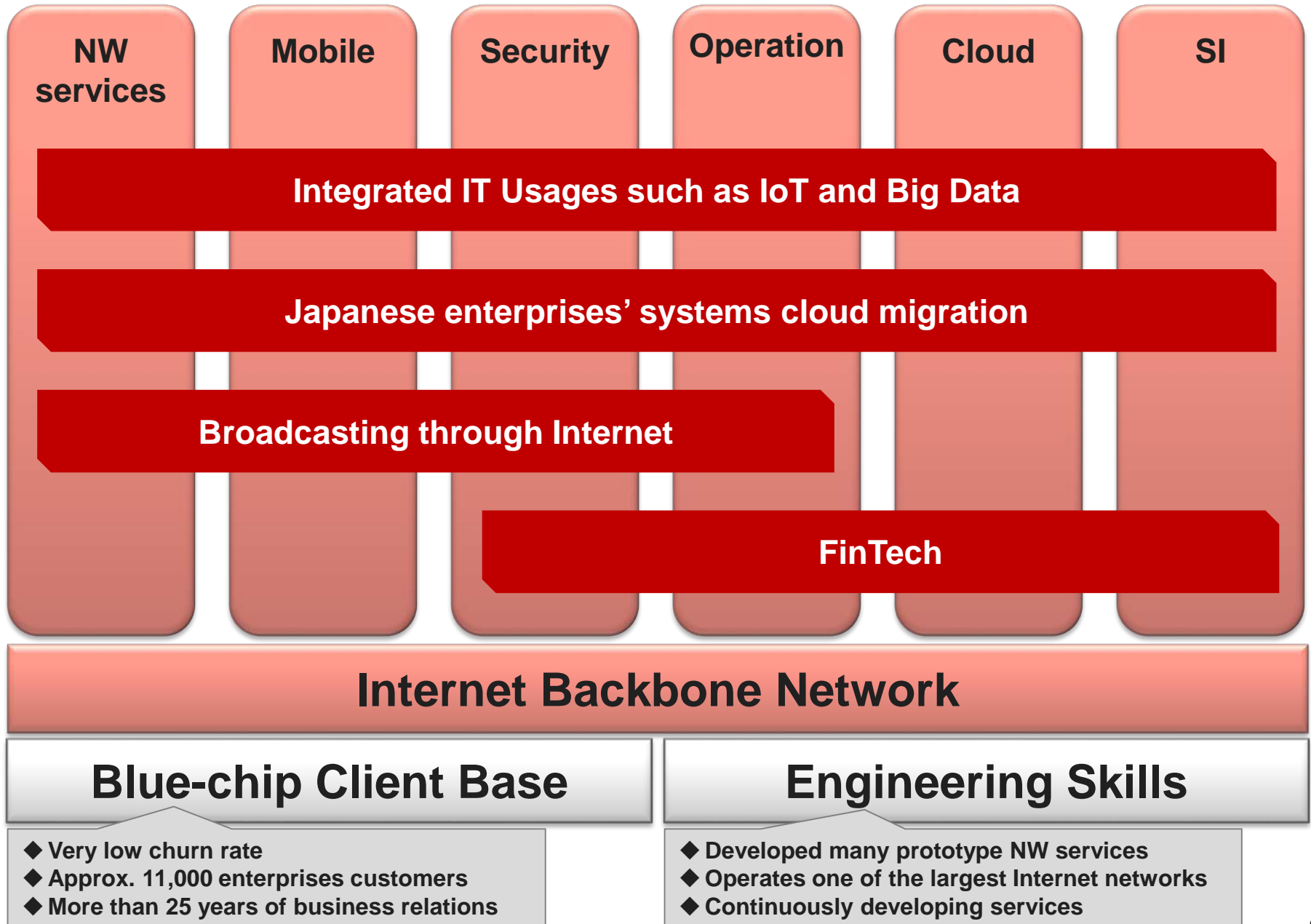


Outsourcing trend

Inexpensive SIM card boom

Advanced IT usage by enterprises

Established Business Elements Ready for Coming IT Future



Summary of 1Q-3Q18 Financial Results

Financials

**Revenue growth & SI gross margin improvement absorbed cost increase
Gross Margin expansion led operating income growth, Exceeded initial plan**

	1Q-3Q18 Results		3Q18 Results			1Q-3Q18 Results		3Q18 Results	
Revenue	139.4	+9.2%	48.4	+8.5%	Adjusted EBITDA ^(*1)	15.4	+19.3%	5.8	+25.4%
Gross Margin	22.0	+11.4%	7.9	+17.8%	Adjusted pre-tax income ^(*) _(*2)	5.1	+35.7%	2.2	+53.1%
Operating Income	5.1	+36.0%	2.2	+52.3%	Adjusted net income ^(*) _(*3)	3.1	+35.2%	1.4	+54.9%

Unit: JPY billion (bn), % = YoY comparison (*) Adjusted incomes exclude effect of the revision of U.S GAAP related to gains/losses on equity securities & funds

Enterprise NW Service

Revenue strongly increasing with continuous function enhancement

Recurring Revenue ^(*4): +10.2%, including Security Revenue: +16.5%

➤ Effective collaboration between service development & order accumulation

- Omnibus 2.0 meeting enterprises' NW replacement demands by continuously adding new functions such as SD-LAN
- Strong demand for security continued: SOC, Secure Browsing, Virtual desktop, DDoS Protection services etc.
- Promoting full-scale adoption of cloud with seamless/real time cloud migration solution & multi-cloud strategy

Mobile

Strongly executing Enterprise mobile/IoT/MVNE strategies

Total Mobile Subs: 2.633 million ^(*5) Total Mobile Revenue: JPY30.99 bn

- Accumulation of IoT/enterprise mobile transactions with full-MVNO functions: SIM life cycle management, chipSIM (Jan.)
- Focusing consumer subscription with MVNE strategy under competitive market, MVNE Subs 999 thousand, +34.2%YoY. Seeking to diversify traffic patterns

SI

Favorable SI demand, Improving engineer utilization

SI gross margin: +35.4% 3Q18 SI construction order-received: +22.3%

- Reorganization of systems engineers unit from the beginning of FY18 contributed to margin improvement. Prevention of unprofitable projects & engineer allocation for pre-sales activity through improved quality control

DeCurret

Completed System development & Business Operation

- Completed systems developments & business operation preparation needed to launch cryptocurrency exchange services. Going through process to become a registered cryptocurrency exchange service vender.

(*1)Operating income before depreciation and amortization (*2)Pre-tax income is an abbreviation for income before income tax expense (*3)Net income is an abbreviation for net income attributable to IIJ (*4)Revenues in this slide show 1Q-3Q18 (*5) 3Q18-end subscription

Aim to increase income with continuous recurring revenue growth while full-MVNO-related costs increase, Seek significant income growth in FY19 by strengthening revenue accumulation

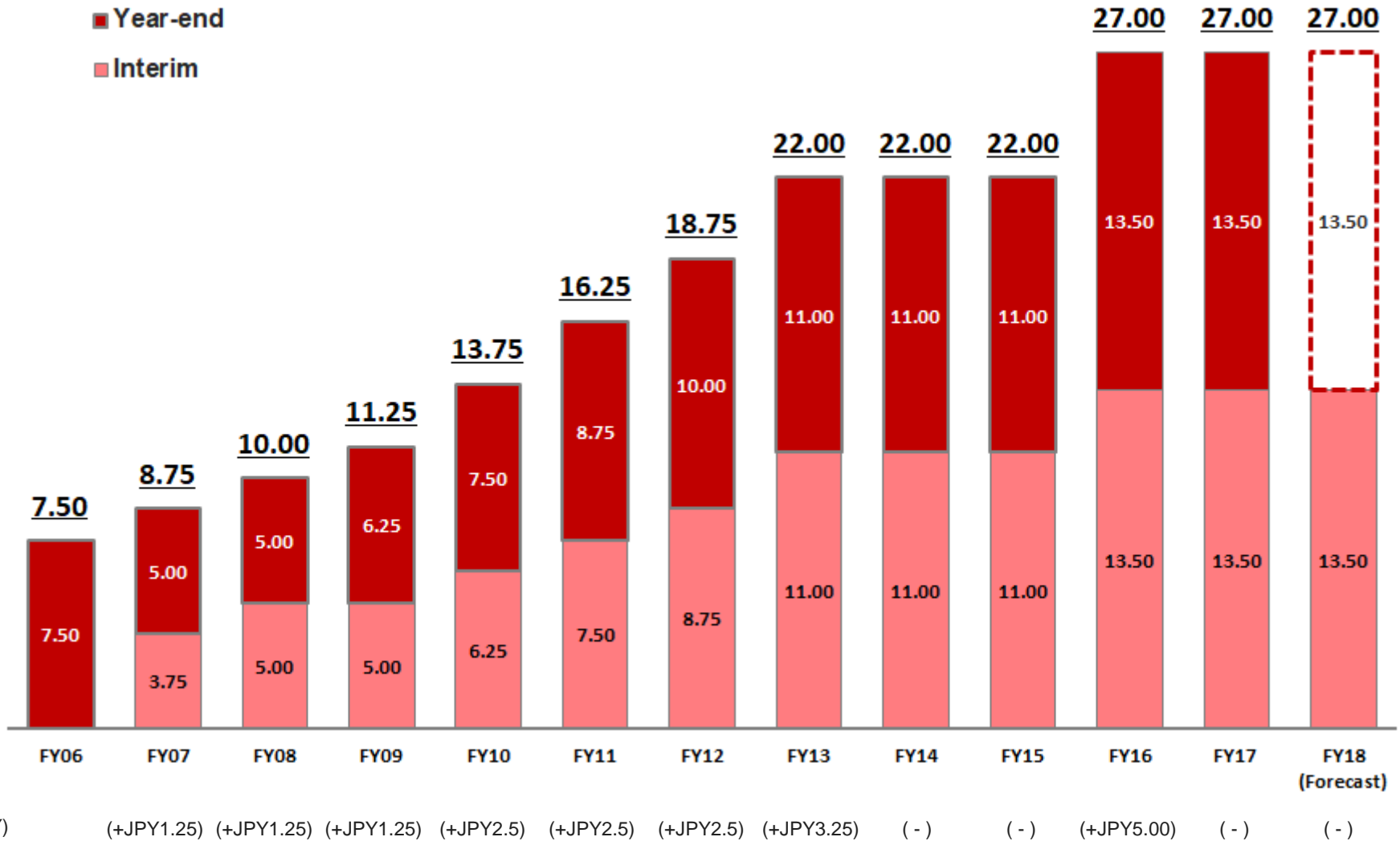
	% of Revenues		YoY Change	
	FY17 Results <small>(Apr. 2017 - Mar. 2018)</small>	FY18 Target <small>(Apr. 2018 - Mar. 2019)</small>		
Total Revenues	176.1	190.0	+13.9	+7.9%
Total Cost of Revenues	147.8 <small>84.0%</small>	160.2 <small>84.3%</small>	+12.4	+8.4%
Gross Margin	28.2 <small>16.0%</small>	29.8 <small>15.7%</small>	+1.6	+5.6%
SG&A/R&D	21.5 <small>12.2%</small>	22.8 <small>12.0%</small>	+1.3	+6.3%
Operating Income	6.8 <small>3.8%</small>	7.0 <small>3.7%</small>	+0.2	+3.5%
Cash Dividend per common share	JPY27.00	JPY27.00	-	-

Dividends	➤ Accordingly with our basic policy of continuous and stable dividend policy, JPY27.00 per common share
------------------	---

* Middle Term Plan: Regarding our total revenue target of approx. JPY250 billion for FY2020, we now estimate it should be around JPY220 billion by mainly taking into the followings: financial results by FY2018 and gradual market expansion pace for enterprise IoT and cloud in Japan.

Target & Assumption	
Enterprise NW	<ul style="list-style-type: none"> ➤ Strengthen income level with continuous revenue accumulation of already invested service line-ups ➤ Enhance xSP-targeted sales structure ➤ Security services to further increase with DDoS protection and SOC <ul style="list-style-type: none"> • Leveraging security log and cyber threats information obtained as an ISP to apply to our services ➤ IP service to expand with CDN traffic through JOCDN
Mobile & IoT	<ul style="list-style-type: none"> ➤ Focus on acquiring and gathering enterprise traffic through IoT/M2M <ul style="list-style-type: none"> • Expect mobile profitability to improve in the mid-term • Security, Cloud, SI revenues to increase with IoT projects • MVNE business to grow continuously along with increase in clients and subscription ➤ Collaborate IJ IoT Services & full-MVNO functions to establish B2B2X scheme; Leverage case studies to accelerate the penetration
Cloud/SI	<ul style="list-style-type: none"> ➤ SI profitability to improve with an increase in SE utilization rate etc. ➤ Further enhance to acquire Multi/Private cloud demands <ul style="list-style-type: none"> • Collaboration with NW services such as security • Focus on Unified Operation Management (UOM) services ➤ Cloud revenue JPY20 billion (+11.7% YoY) <ul style="list-style-type: none"> • Cloud gross margin to improve with revenue growth
Others	<ul style="list-style-type: none"> ➤ Overseas: Revenue JPY7.0 billion, OP JPY0.1 billion <ul style="list-style-type: none"> • In addition to NW services and SI, GDPR consultation and others to expand global solution offerings • Consolidated subsidiaries in Asia as a whole turn positive ➤ JOCDN to provide full-scale CDN service ➤ DeCurret plans to launch cryptocurrency exchange service

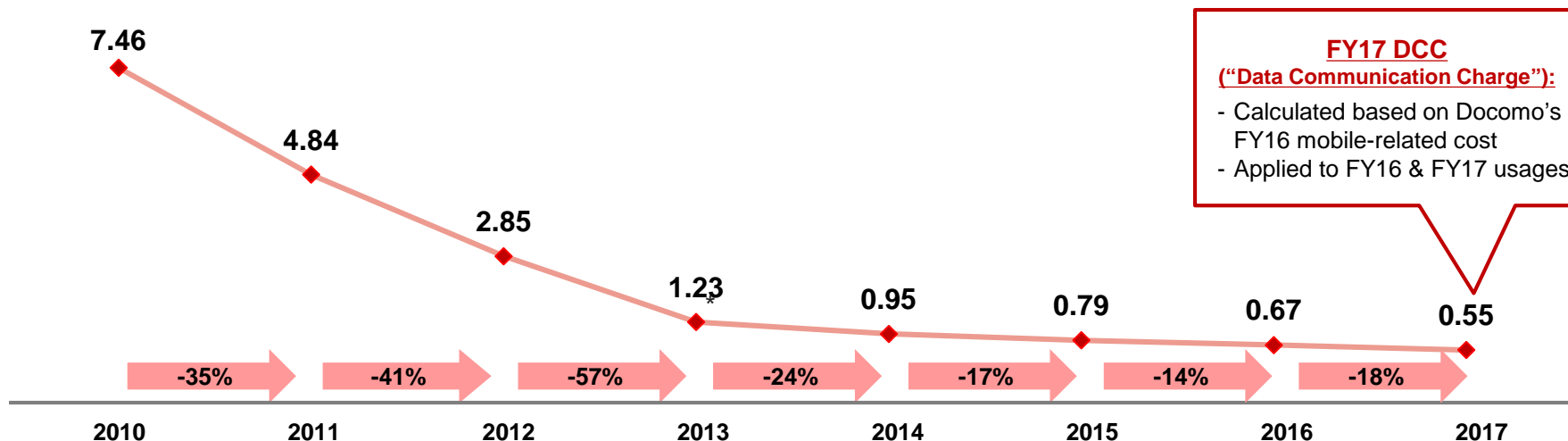
Dividend Forecast



*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.

Data Communication Charge for MVNO (NTT Docomo)

NTT Docomo's monthly DCC per 10Mbps



FY17 DCC
 ("Data Communication Charge"):
 - Calculated based on Docomo's FY16 mobile-related cost
 - Applied to FY16 & FY17 usages

*From FY16, SIM issue fee has been excluded from the DCC calculation(MVNOs need to pay the fee separately to Docomo)

IIJ's estimate vs. actual decrease rate

MVNO infrastructure cost for Docomo

	(1) Docomo's payment arrangement	(2) IIJ's estimation	(3) Actual results
FY14	40%	40%	24%
FY15	25%	15%	17%
FY16	15%	12%	14%
FY17**	15%	14%	18.2%*

- Mobile infrastructure leasing fee from Docomo
- A fixed charge by bandwidth
- Regulated price by the government (MIC & guideline)
- Same flat-rate for all MVNOs
- Renews every year based on Docomo's actual cost etc.
- Continuously decreasing
- Fixed 1 year after, applied to current and a previous year
- FY18 DCC payment has been deducted 15% from 1Q18 by Docomo's arrangement

(1) Fixed in April
 (2) Fixed based on (1)
 (3) Fixed next March

(*) Fixed in March 2018
 (**) IIJ's fiscal year ended March 31, 2018

IIJ Data Centers

- **Operating 21 data centers in Japan** (as of Dec. 2017)
 - 20 data centers are leased from data center owners per space
 - ✓ Continuously expanding the facility to meet demands
 - Own 1 data center: Matsue Data Center Park (Shimane prefecture)
 - ✓ Japan's first container-type data center using outside-air cooling system
 - ✓ Opened in Apr. 2011, accommodate approx. 500 racks

Purposes

- **Integrate racks, currently spread out in the eastern Japan area's data centers**
 - Future cost should be approx. 20% lower than continuously expanding leasing space and with improved operation productivity
- **Absorb increasing rack demand along with further penetration of cloud & IoT**
- **Competitive advantages with latest technologies**
 - Improved facility with outside-air cooling technology & AI for cooling & energy control, and automated operations with robotics technology etc.

New Data Center Profile

Name	Shiroi Data Center Campus
Address	Shiroi city, Chiba prefecture
Land	Approx. 40,000m ² (already acquired)
Racks	Can accommodate up to 6,000 racks <ul style="list-style-type: none"> • Phase 1: approx. 1,000 racks with approx. JPY8.0 bn CAPEX
Accommodation	Service facility, data center housing services etc. <ul style="list-style-type: none"> • Mainly to meet the middle-to-long term eastern Japan data center demand
Investment	FY18 approx. JPY3.0 bn (power receiving facility, common facility racks etc.)
Plan	Gradually place system module-based*1 facility accordingly with demand
Schedule	Begin operations in Spring 2019
Estimated PUE*2	Less than Matsue DCP's 1.2

New Data Center Image



*1 Construction method systematizing the overall building production by standardizing the components used in the buildings' construction. This allows shorter construction times, cost saving, and flexible scalability while maintaining quality

*2 Power Usage Effectiveness is a metric, calculated by dividing overall data center power consumption by IT equipment power consumption, indicates the efficiency of power use at data centers. The smaller the figure, the lower the percentage of power consumed by equipment other than IT devices.

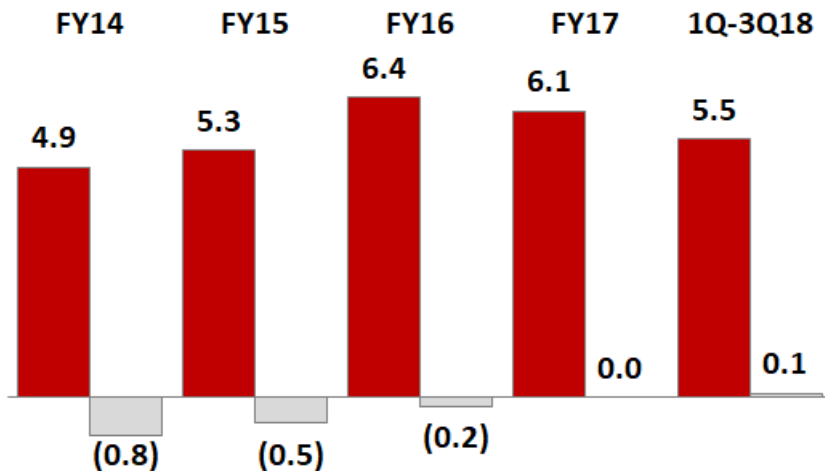
Impact on IIJ's consolidated financial results

- While CAPEX and cash flow will be impacted, this is without new investment return risk because it's an integration of our current service facilities
- Suppress incremental cost and ensure business expansion scalability for the future

Financials

Unit: JPY billion

Revenue Operating income



FY18 target

Revenue:
Approx. JPY7.0 billion

Operating Income:
Approx. JPY0.1 billion

Overseas offices



Business Developments

- **Started focusing on overseas business around FY2011** when Japanese companies who were started expand their business overseas and requested us to provide the same service quality we offer in Japan
- **GDPR-related business expanding.**
- ◆ **Business in Asia: gradually growing**
 - Increasing demand for NW, SI and etc. in China and Thailand, related to Japanese customers
 - Indonesia: Large public infrastructure SI project, cloud business gradually growing
 - Vietnam: Cybersecurity Law (Jan. '19), Opened another facility in Hanoi in addition to existing Ho Chi Min
- **Provide cloud services in Indonesia, Thailand and Vietnam together with local prominent IT companies**
 - With Biznet Networks in Indonesia (from March 2015)
 - With T.C.C. Technology Co., Ltd, in Thailand (February 2016)
 - With FTP Telecom Partner in Vietnam (November 2016)
- **Export container datacenters, Expect transactions to expand in the middle-to-long term**
 - Exported to Russia (FY15)
 - Exported to Laos (FY16)
 - Accumulating similar prospective orders from other emerging countries

Business Model

- Similar to “Seven Bank” model, high profitability
 - Seven Bank: 24,392 ATMs, revenue JPY127.7 billion, profit ratio 30.0% (as of March 31, 2018)
- Placing ATMs in Pachinko parlors in Japan with dominant position
 - After long discussion, started to place in Kanto, Kansai, Kyushu and Tokai areas
 - 10,596 Pachinko parlors in Japan as of December 31, 2017 (source: National Police Agency)
- Receive commission for each withdrawal transaction

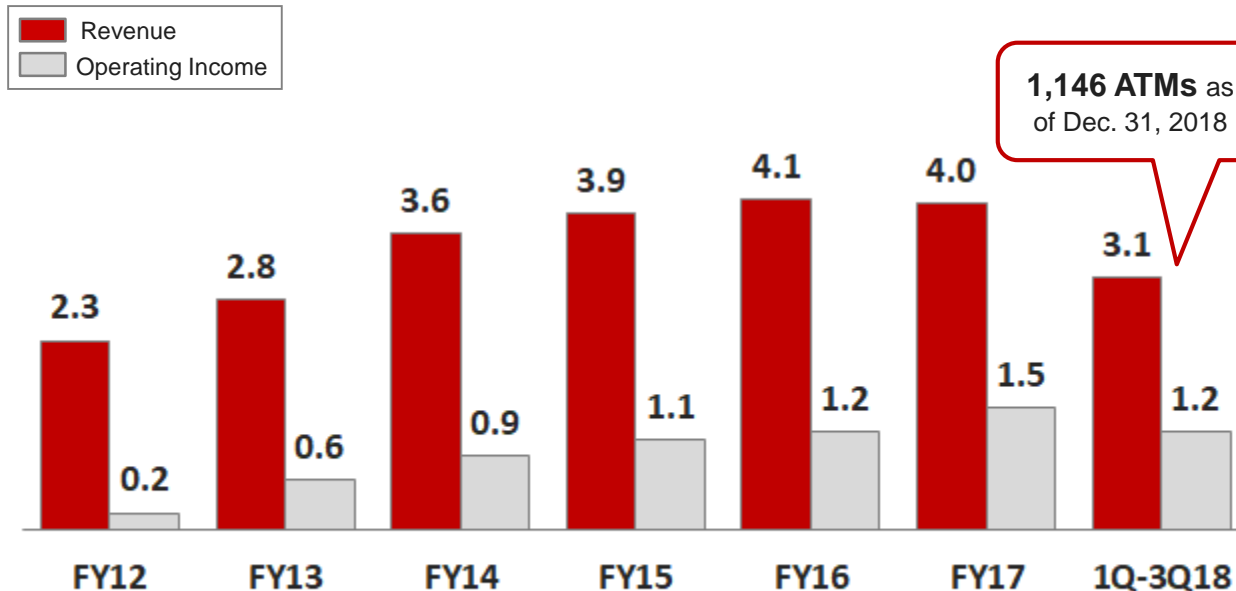
Trust Networks Inc.

- In charge of ATM operation business
- IJ's ownership: 80.9%
- Established in 2007



Revenue and Operating Income

Unit: JPY billion



Fully Complied with the Sarbanes-Oxley Act

- Have implemented outside directors since 2004
- Have implemented SOX-based operation from the enactment of the SOX Act
- Evaluate the effectiveness of internal control over financial reporting based on COSO
- Report to the U.S. Security and Exchange Commission (“SEC”) with the U.S. GAAP

Business Operation Covering the entire Group

- 16 subsidiaries, 8 equity method investees
- Implement group-wide Code of Ethics
- Pursue comprehensive business operation by assigning IJ directors as group companies outside directors
- Consolidated-based internal audit

Directors with Abundant Experience

5 outside directors among 13 BOD members, 6 independent directors among 17 directors & auditors

➤ Outside directors

T. Tsukamoto	Former Chairman of Mizuho Bank
Y. Tanahashi	Former Chairman of NSSOL
S. Oda	Former President of HP Japan
T. Okamura	Former Chairman of Toshiba
S. Umino	Former President of NTT Comware

➤ Board of Auditors

Consisted of CPA, Attorney, female auditors

➤ Director compensation

- Based mainly on base salary, stock option: 8-14%
- Annual compensation within JPY100 million range

ESG in the nature of IJ business

Have been contributing greatly to establish and expand Internet in Japan as the first comprehensive commercial ISP in Japan

➤ Environment

- Contribute significantly by operating stable and reliable Internet
- Have developed container-based data center which emits much lesser Carbon dioxide compared to traditional building type datacenters.

➤ Social

- Focus on providing a working environment that lets employees to pursue their interested subjects related to network in addition to protecting human rights, health and safety, work-life balance, anti-discrimination.
- First in Japan to introduce Service Level Agreement on categories of availability, latency, packet loss, and outage notification

➤ Governance

- Board of Auditors is liaison of Whistle-blower system
- Established code of ethics, regulations to prevent insider-trading, protection of personal information

Intentionally blank

1Q-3Q FY2018
Consolidated Financials Results

Announced on February 7, 2019

Consolidated Financials for 1H18

Unit: JPY billion

	<i>% of Revenues</i>	<i>% of Revenues</i>	Year over Year Change		<i>% of Revenues</i>
	1Q-3Q18 Results	1Q-3Q17 Results			FY18 Targets
	(Apr. 2018 - Dec. 2018)	(Apr. 2017 - Dec. 2017)			(Apr. 2018 - Mar. 2019)
Total Revenues	139.4	127.6	+9.2%	+11.8	190.0
Total Cost of Revenues	117.4	107.9	+8.8%	+9.5	160.2
Gross Margin	22.0	19.8	+11.4%	+2.3	29.8
SG&A/R&D	16.9	16.0	+5.6%	+0.9	22.8
Adjusted EBITDA*1	15.4	12.9	+19.3%	+2.5	-
Operating Income	5.1	3.8	+36.0%	+1.4	7.0
Adjusted Pre-tax Income*2	5.1	3.8	+35.7%	+1.3	-
Adjusted Net Income*2,*3	3.1	2.3	+35.2%	+0.8	-

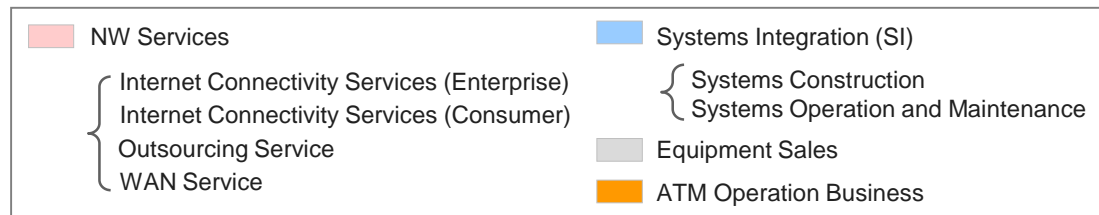
*1: Operating income before depreciation and amortization

*2: Adjusted incomes exclude effect of the revision of U.S GAAP related to gains/losses on equity securities and funds

*3: Net income is an abbreviation for net income attributable to IIJ

Unit: JPY million

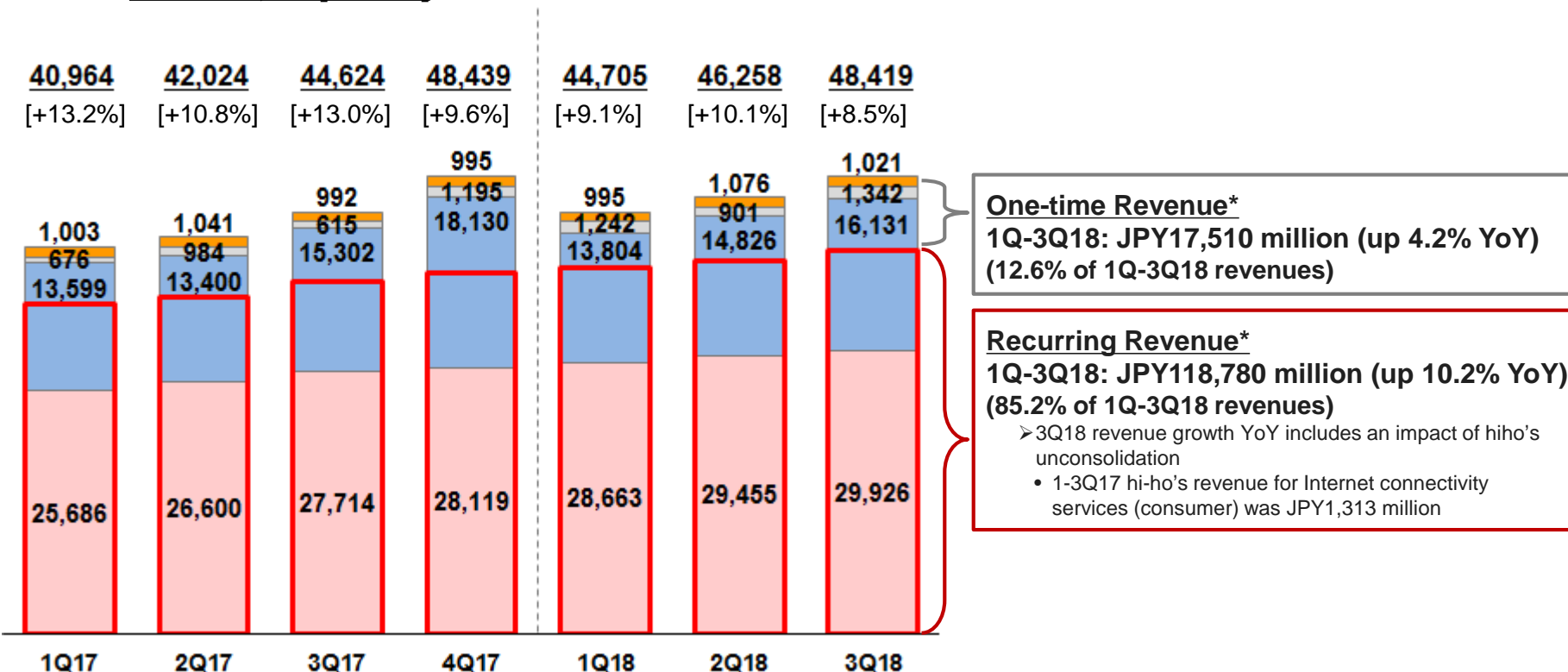
[], YoY = Year over year comparison



1Q-3Q17: 127,612 [+12.3%]

1Q-3Q18: 139,382 [+9.2%]

FY17: 176,051 [+11.6%]



* One-time revenues, which are systems construction and equipment sales, are recognized when systems or equipment are delivered and accepted by customers

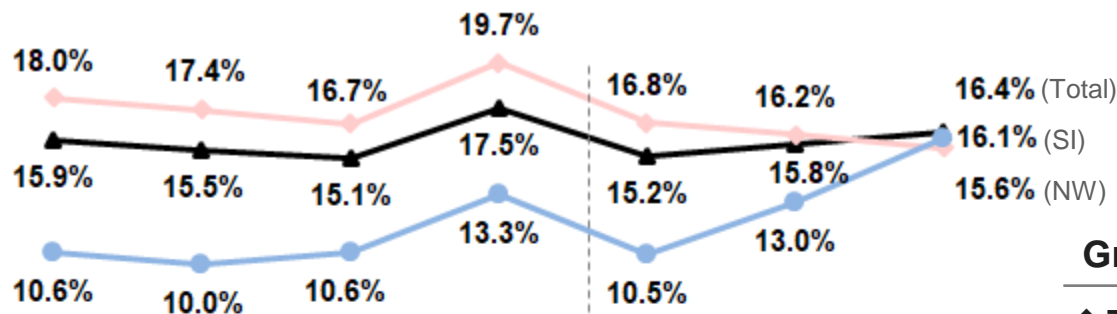
* Recurring revenues represent the following monthly recurring revenues: Internet Connectivity Services for Enterprise, Internet Connectivity Services for Consumer, Outsourcing Services, WAN Services, and Systems Operation and Maintenance

Cost of Revenues & Gross Margin Ratio

Unit: JPY million

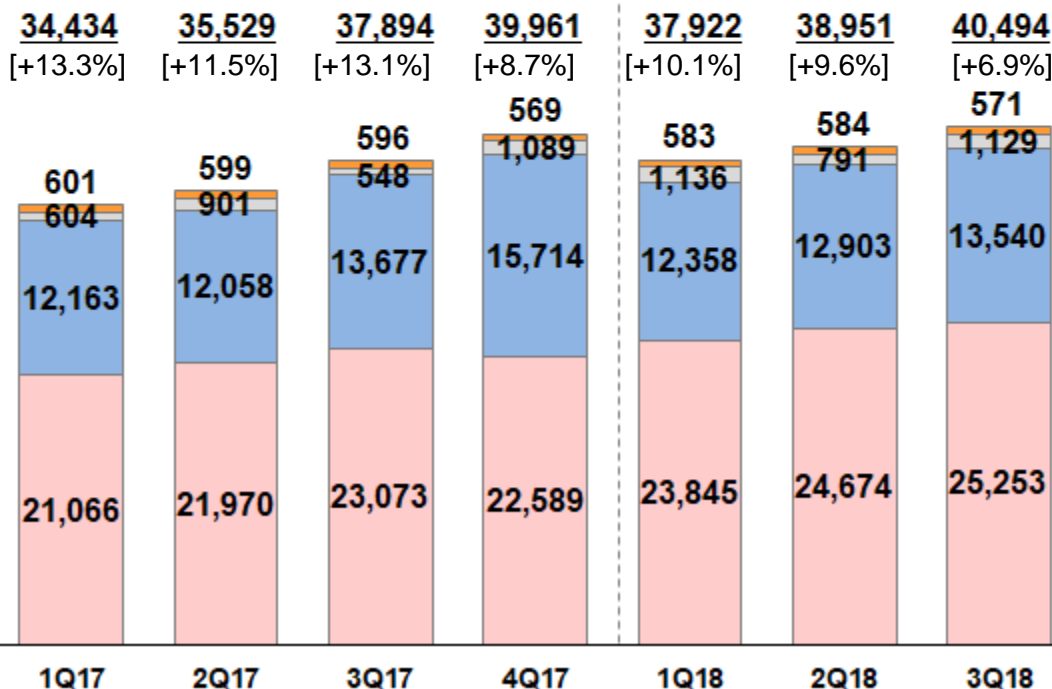
Cost of revenues: ■ NW Services ■ SI ■ Equipment Sales ■ ATM Operation Business
 Gross margin ratio: ◆ NW Services ◆ SI ▲ Total

[], YoY = Year over year comparison



1Q-3Q17: 107,856 [+12.6%]
FY17: 147,818 [+11.5%]

1Q-3Q18: 117,368 [+8.8%]



Gross Margin

◆ Total

1Q-3Q18: JPY22,014 million (up 11.4% YoY)
 1Q-3Q17: JPY19,756 million (up 10.8% YoY)
 ➤ Gross margin ratio: 15.8% (up 0.3 points YoY)

◆ NW Services

1Q-3Q18: JPY14,272 million (up 2.7% YoY)
 1Q-3Q17: JPY13,890 million (up 13.8% YoY)
 ➤ The revised NTT DOCOMO's mobile interconnectivity telecommunications charge was fixed in Mar. 2018 and its unit price decreased by 18.2% YoY. As a result, cost reduced by JPY0.89 billion in 4Q17. (Gap to initial expectation of 14.2% decrease)
 ➤ Full-MVNO related fixed-type cost increased by over JPY0.3 billion per quarter (from Mar. 2018)

◆ SI

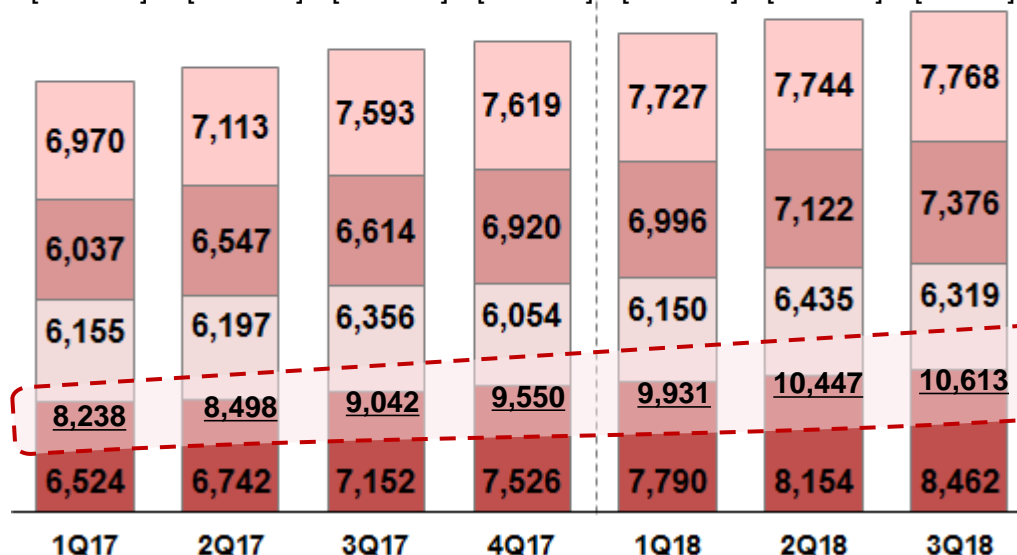
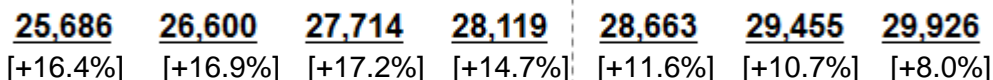
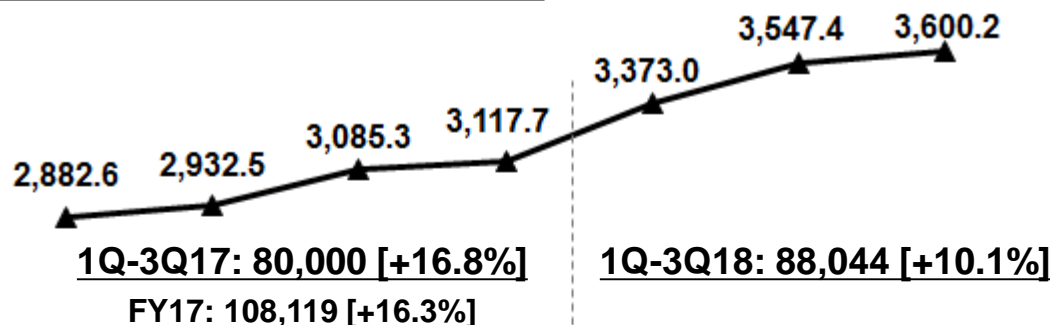
1Q-3Q18: JPY5,960 million (up 35.4% YoY)
 1Q-3Q17: JPY4,403 million (up 4.5% YoY)
 ➤ Gross margin ratio is improving
 • Reorganization of systems engineers unit and management improvement contributed to quality control with prevention of unprofitable projects.

Network Services (1)Revenues

Unit: JPY million

[], YoY =Year over year comparison
QoQ = 3Q18 compared to 2Q18

Financials



NW Services Revenues

◆ Internet Connectivity (Enterprise)

- 1Q-3Q18: up 19.5% YoY
- 3Q18: up 18.3% YoY, up 3.8% QoQ
 - Mobile services revenue continued to increase
 - ✓ 3Q18 IP services revenue increased by 5.2% YoY

◆ Internet Connectivity (Consumer)

- 1Q-3Q18: up 1.1% YoY
- Revenue increased including a negative impact of hiho's unconsolidation (Dec. 2017)
 - ✓ Hi-ho's revenue for Internet connectivity services (consumer): 3Q17 JPY420 million, 1Q-3Q17 JPY1,313 million

◆ Outsourcing Services

- 1Q-3Q18: up 12.0% YoY
- 3Q18: up 11.5% YoY, up 3.6% QoQ
- Strong demands for security and new network service 「IIJ Omnibus」
 - ✓ 1Q-3Q18 Security-related revenue: up 16.5% YoY
 - ✓ 1Q-3Q18 IIJ Omnibus revenue: up 93.8% YoY

◆ WAN Services

- 1Q-3Q18: up 7.2% YoY
- 3Q18: up 2.3% YoY, up 0.3% QoQ
- FY18 revenue continues to increase with accumulation of projects and postponement of a large WAN project migrating to mobile access. FY19 revenue is expected to decrease due to above large WAN project migration.

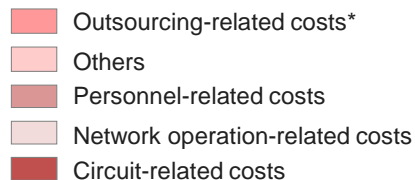
* Total contracted bandwidth is calculated by multiplying number of contracts by contracted bandwidths respectively for IP service (including data center connectivity service) and IIJ FiberAccess/F and IIJ DSL/F of Internet connectivity services (Enterprise).

Network Services (1) Cost of Revenues

Unit: JPY million

[], YoY = Year over year comparison
QoQ = 3Q18 compared to 2Q18

Financials



Cost of NW Services

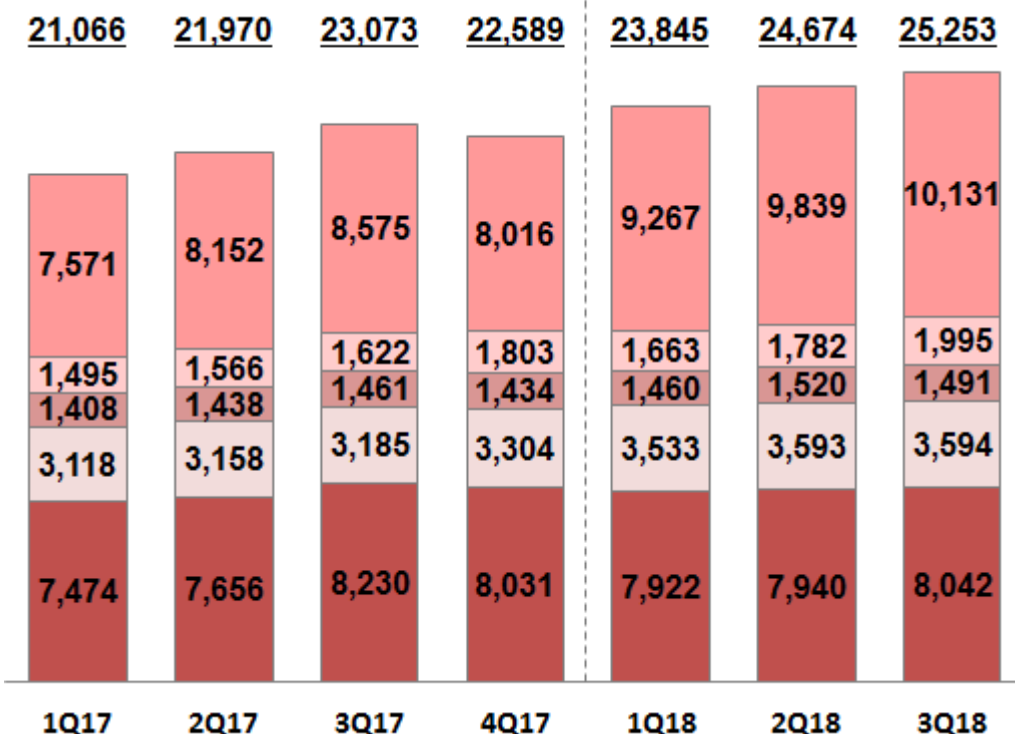
➤ 3Q18: up 9.4% YoY, up 2.3% QoQ

- Along with an increase in mobile subscriptions and network quality enhancement, mobile-related costs such as mobile infrastructure and purchase of voice data (mainly in outsourcing-related costs) increased. Leased mobile infrastructure bandwidth was irregularly enlarged to maintain our mobile network quality (July.-Sep.)
- Along with continuous service developments and enhance functions for Omnibus, security, etc., outsourcing-related costs, personnel-related costs and operation-related costs increased

1Q-3Q17: 66,109 [+17.5%]

FY17: 88,698 [+16.1%]

1Q-3Q18: 73,772 [+11.6%]



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

- Regarding our FY17 & FY16 usage charge, DOCOMO's mobile interconnectivity telecommunications charge was fixed in Mar. 2018 and its unit price decreased by 18.2% YoY. The positive impact of cost reversal in 4Q 17 was JPY0.89 billion.
- Regarding our FY18 & FY17 usage charge, DOCOMO's mobile interconnectivity telecommunications charge, which is calculated based on DOCOMO's FY17 mobile-related cost, is expected to be fixed in Mar. 2019. DOCOMO's payment arrangement is 15% off temporarily from Apr. 2018 which is the same level as FY17.
- During FY18, IJ estimates certain decrease of the charge, based on the past results and the above mentioned payment arrangement, and applies to every quarter earnings (same procedure as in the past). The difference, if any, between estimate and result will be recognized in 4Q18 as adjustment

* Outsourcing-related costs include interconnectivity charge for mobile infrastructure, datacenter leasing costs and customer support center operation costs etc.

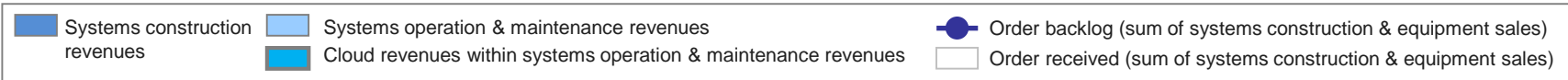
Systems Integration (SI) (1) Revenues

Unit: JPY million

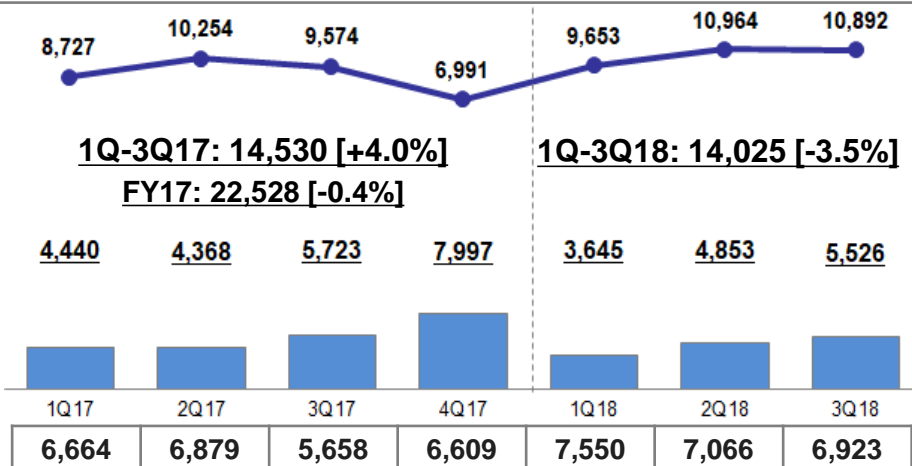
[], YoY = Year over year comparison

QoQ = 3Q18 compared to 2Q18

Financials

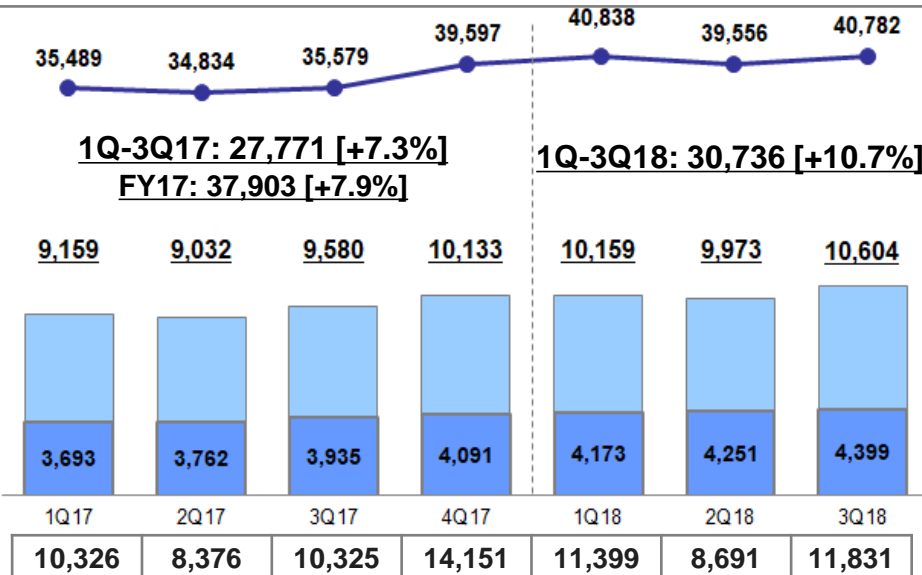


Systems Construction (one-time revenue)



- 3Q18 revenue: up 13.9% QoQ
- Favorable systems construction order environment continued;
 - 3Q18 order received: up 22.3% YoY
 - 3Q18-end order backlog: up 13.8% YoY
- Representative construction orders received in 3Q18 such as:
 - Front-end system for a major financial institution
 - Education and research systems for a university
 - System for the integrated information infrastructure for a central government agency
 - Mail system for a major broadcasting company
 - Mail audit system for a major machinery manufacturer etc.

Systems Operation & Maintenance (recurring revenue)

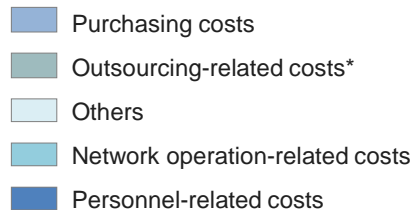


- 3Q18 revenue: up 10.7% YoY, up 6.3% QoQ
- Continuous revenue growth mainly due to the accumulation of systems construction which are migrated to systems operation & maintenance phase as well as continuous increase in private cloud revenue
 - 1Q-3Q18 revenue from private cloud: up 12.6% YoY
 - 1Q-3Q18 revenue from SI construction: up 9.4% YoY
- 86.3% of 3Q18 cloud-related revenue is recognized in systems operation and maintenance revenues (13.7% in outsourcing)

Systems Integration (SI) (2) Cost of Revenues

Unit: JPY million

Financials

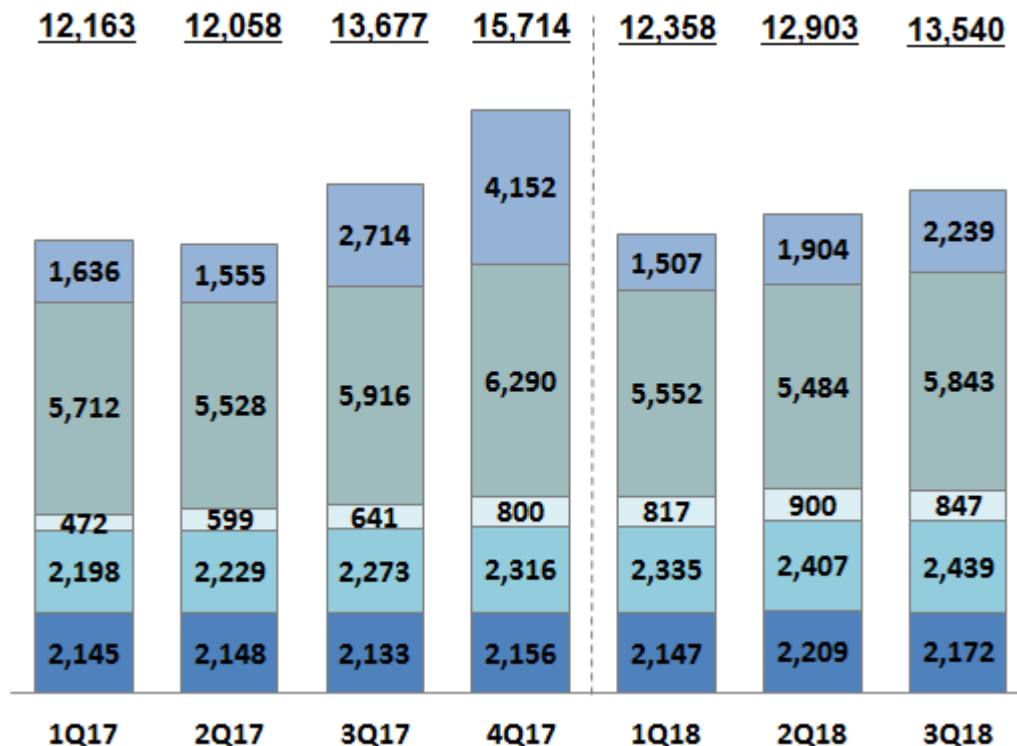


[], YoY = Year over year comparison
QoQ = 3Q18 compared to 2Q18

1Q-3Q17: 37,898 [+6.3%]

1Q-3Q18: 38,801 [+2.4%]

FY17: 53,612 [+5.1%]



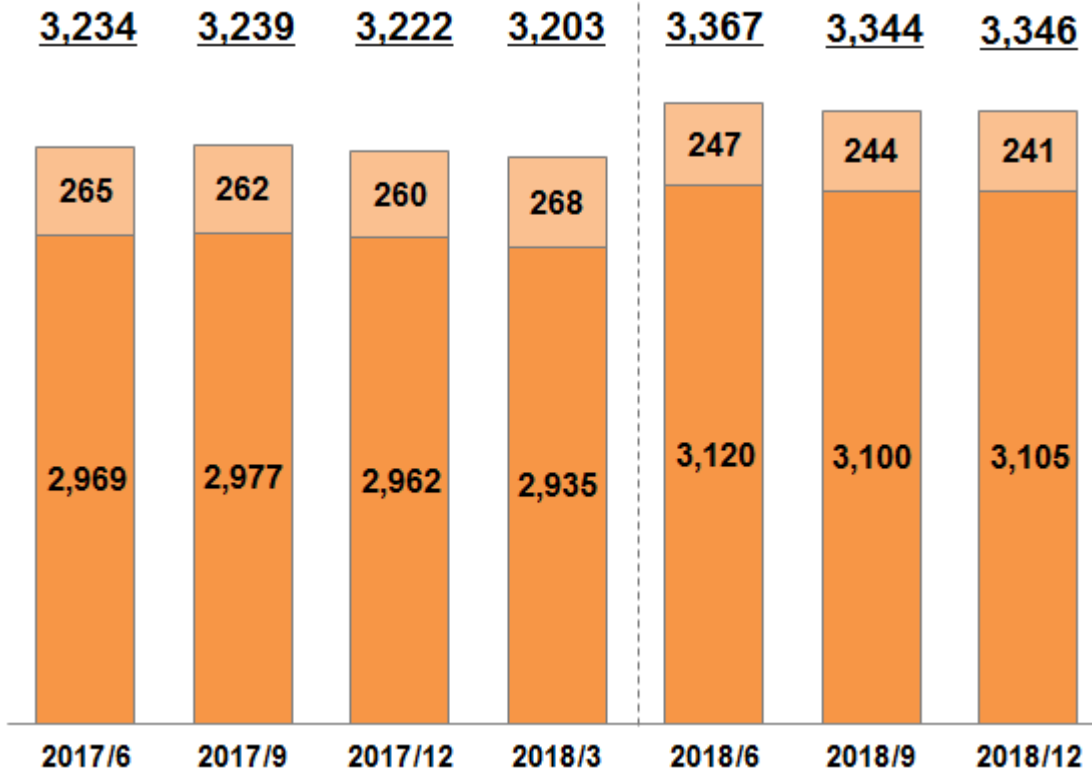
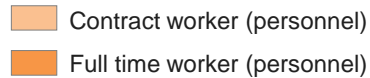
Cost of SI

- 3Q18: down JPY137 million YoY, up JPY637 million QoQ
- 3Q18 outsourcing-related costs decreased YoY as 3Q18 systems construction revenues slightly decreased YoY
 - 3Q18-end number of SI-related outsourcing personnel: 1,108 personnel (decreased by 14 personnel YoY, increased by 15 personnel QoQ)
- Network operation-related costs slightly increased QoQ
 - IJ GIO P2 facility in western Japan (Matsue data center) started to provide services from June. Depreciation and equipment maintenance costs to gradually increase
- Gross margin ratio is improving
 - Reorganization of systems engineers unit and management improvement affected quality control with prevention of unprofitable projects.

*Outsourcing-related costs include

Number of Employees

YoY = Year over year comparison

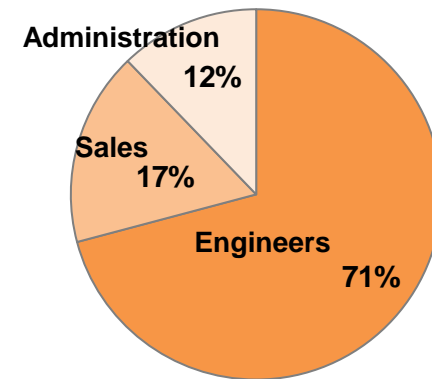


Personnel-related costs & expenses

Unit: JPY million
() = % of total revenue

1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18
5,797 (14.2%)	5,784 (13.8%)	5,775 (12.9%)	5,843 (12.1%)	5,909 (13.2%)	6,053 (13.1%)	5,875 (12.1%)
1Q-3Q17: 17,356 (13.6%)+6.2%YoY FY17: 23,199 (13.2%)+5.6%YoY				1Q-3Q18: 17,837 (12.8%) +2.8%YoY		

Employee Distribution



- ◆ Hired 175 new graduates in Apr. 2018 (148 in Apr. 2017, 137 in Apr. 2016)
- ◆ 176 new graduates are planned to join in Apr. 2019
- ◆ Increase of FY19 annual personnel-related costs and expenses is expected to be larger than usual level, due to revision of personnel remuneration structure scheduled on Apr. 2019 and etc.

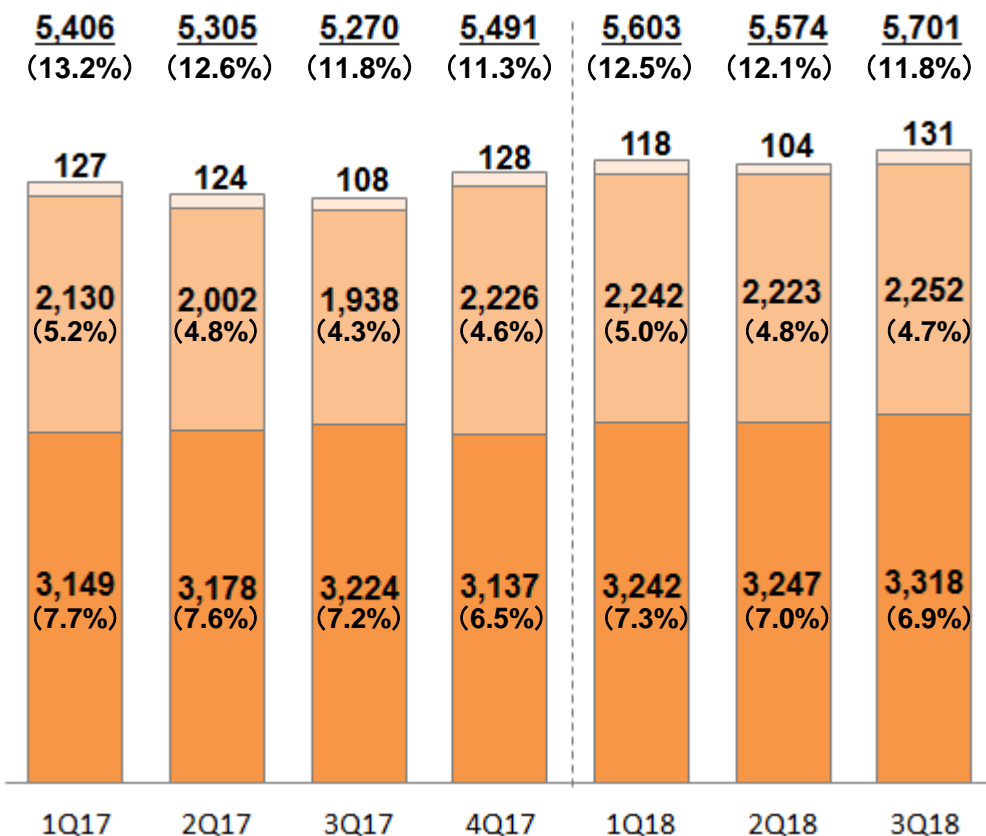
- Research & development expenses
- General & administrative expenses
- Sales & marketing expenses
- () % of total revenues

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

1Q-3Q17: 15,980 [+8.9%]

1Q-3Q18: 16,878 [+5.6%]

FY17: 21,471 [+6.8%]



SG&A

- ◆ Sales & marketing expenses
 - 1Q-3Q18: up 2.7% YoY
 - Personnel-related expenses and outsourcing expenses increased
- ◆ General & administrative expenses
 - 1Q-3Q18: up 10.7% YoY
 - Personnel-related expenses increased
- ◆ SG&A progress within the plan
 - FY18 SG&A plan: JPY22.8 billion

◆ SG&A related to ATM operation business

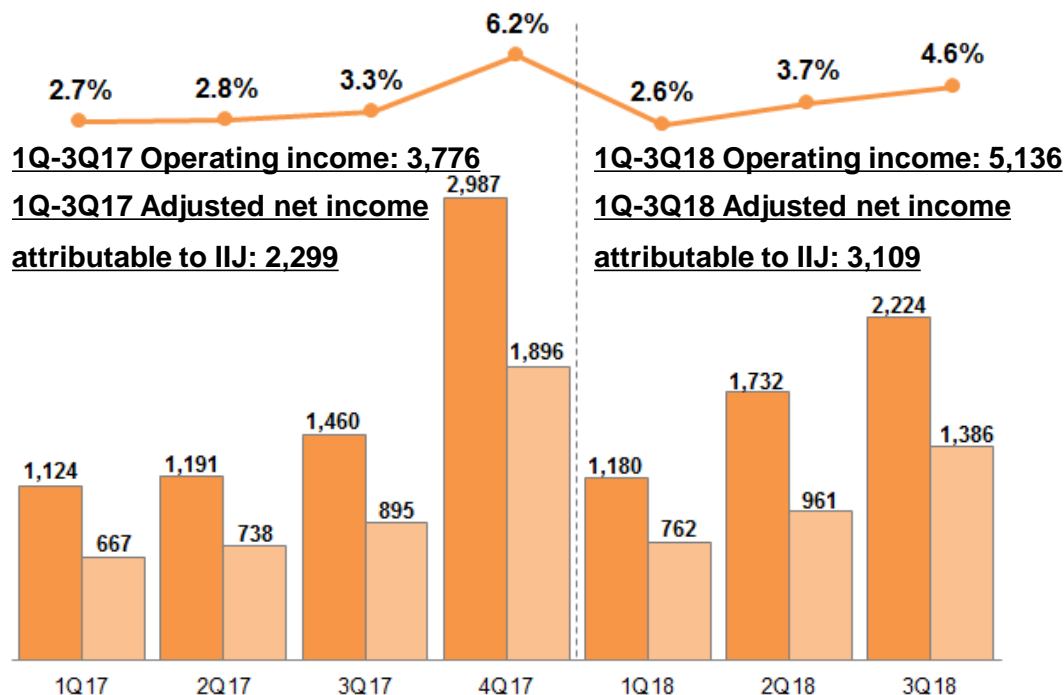
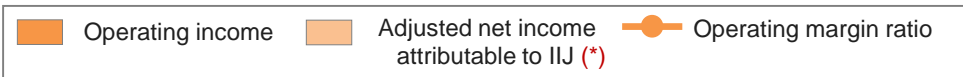
1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18
35.5	44.8	36.4	38.4	47.0	50.8	46.1

- Placed 1,146 ATMs as of December 31, 2018

Operating Income & Net Income

Unit: JPY million
YoY = Year over year comparison

Financials



Income

◆ Adjusted income before income tax expense: (*)

- 1Q-3Q18: JPY5,102 million (up 35.7% YoY)
 - Miscellaneous income: JPY143 million
 - Dividend income: JPY96 million
 - Interest expense: JPY298 million

◆ Adjusted net income attributable to IIJ: (*)

- 1Q-3Q18: up 35.2% YoY
 - Equity in net loss of DeCurret was JPY272 million, within the plan (1Q18 JPY62 million, 2Q18 JPY86 million, 3Q18 JPY124 million)
 - ✓ FY18 equity in net loss of DeCurret is expected to be approx. JPY0.6 billion
 - Net income attributable to noncontrolling interests including Trust Networks: JPY131 million

(*) These amount exclude effect of the revision of U.S GAAP related to gains/losses on equity securities and funds.

◆ Dividend plan:

- Will not take unrealized loss, which has no effect on cash flows, into consideration for dividend level.

1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	
324	743	390	1,128	424	932	743	Current income tax expense (*)
109	(245)	113	(290)	(26)	(223)	(57)	Deferred tax expense (benefit) (*)
36	41	24	33	(31)	7	(46)	Equity in net income (loss) of equity method investees
(42)	(47)	△39	(42)	(41)	(45)	(45)	Less: Net income attributable to noncontrolling interests

Consideration of IFRS Adoption

- Plan to adopt IFRS from the filing of FY18 Annual Report “Yuka-shoken Houkokusho”
 - Because of different accounting principles, P/L impact due to gains/losses on marketable equity securities are not recognized under IFRS (recognized in accumulated other comprehensive income (loss) on B/S)
- FY18 earnings press releases and documents for ordinary general meeting of shareholders will be prepared under U.S. GAAP; P/L will be impacted by stock price fluctuation, FY18 Annual Report “Yuka-shoken Houkokusho” will be prepared under IFRS as above; P/L will not be impacted by stock price fluctuation; Retained earnings & Accumulated Other Comprehensive Income will be different from the U.S. GAAP etc.

Consolidated Balance Sheets (Summary)

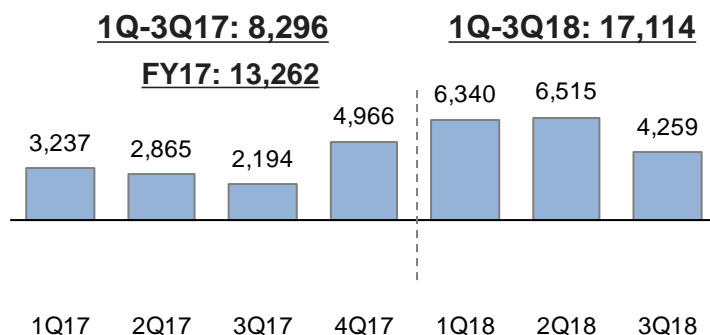
Unit: JPY million

	Mar. 31, 2018	Dec. 2018	Changes
Cash and Cash Equivalents	21,403	28,878	+7,475
Accounts Receivable	31,831	30,615	(1,215)
Inventories	1,715	4,748	+3,034
Prepaid Expenses (Current and Noncurrent)	16,409	19,012	+2,604
Investments in Equity Method Investees	5,246	5,089	(158)
Other Investments	11,374	9,307	(2,067)
Property and Equipment	46,414	47,184	+770
Goodwill and Other Intangible Assets	8,787	8,515	(272)
Guarantee Deposits	3,422	3,385	(37)
Total Assets:	<u>153,449</u>	<u>163,621</u>	<u>+10,172</u>
Accounts Payable	16,399	21,346	+4,946
Income Taxes Payable	1,928	595	(1,333)
Borrowings (Short-term and Long-term)	24,750	26,750	+2,000
Capital Lease Obligations (Current and Noncurrent)	16,577	17,896	+1,320
Total Liabilities:	<u>79,460</u>	<u>88,420</u>	<u>+8,960</u>
Common Stock	25,512	25,519	+7
Additional Paid-in Capital	36,176	36,212	+36
Retained earnings	8,404	14,608	+6,203
Accumulated Other Comprehensive Income (Loss)	5,075	(41)	(5,116)
Treasury stock	(1,897)	(1,897)	(0)
Total IJ Shareholders' Equity:	<u>73,270</u>	<u>74,400</u>	<u>+1,130</u>

Due to the revision of U.S. GAAP on other investments. Please refer to page 20 of this document for details

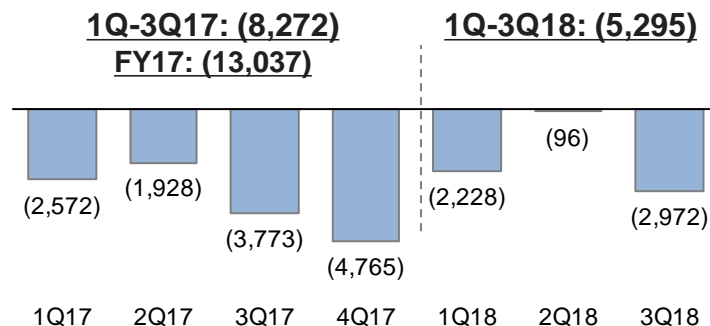
➤ Total IJ Shareholders' Equity to Total Assets: 45.5% as of Dec. 31, 2018; 47.7% as of Mar. 31, 2018

Operating Activities



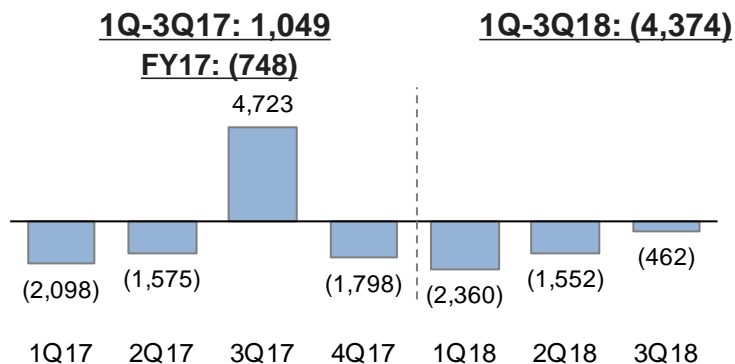
	Major Breakdown	YoY Change
Net income	1,430	(1,385)
Depreciation and amortization	10,288	+1,132
Fluctuations of operating assets and liabilities	3,355	+6,841
Realized and unrealized loss on other investments	2,642	+3,015

Investing Activities



	Major Breakdown	YoY Change
Purchase of property and equipment	(8,355)	(3,430)
Proceeds from sales of property & equipment (mainly lease-back transaction)	2,588	(168)
Proceeds from sales of funds and nonmarketable equity securities	514	+358

Financing Activities



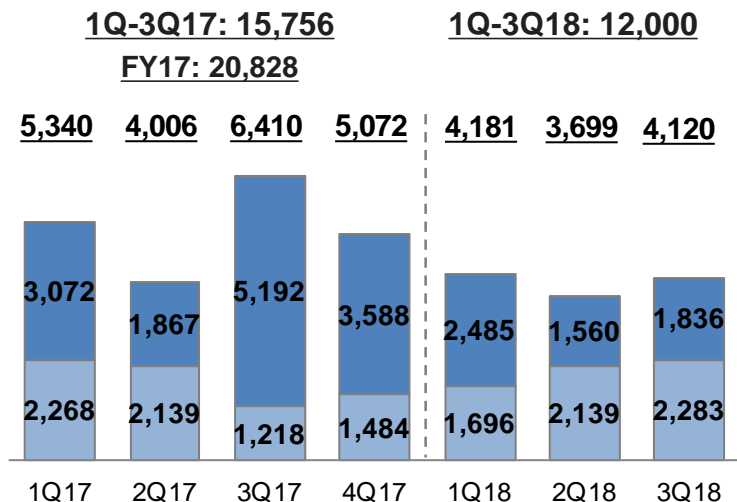
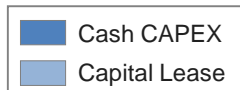
	Major Breakdown	YoY Change
Principal payments under capital leases	(4,795)	(565)
Dividends paid	(1,217)	(0)
Bank borrowings	2,000	(5,000)

Other Financial Data

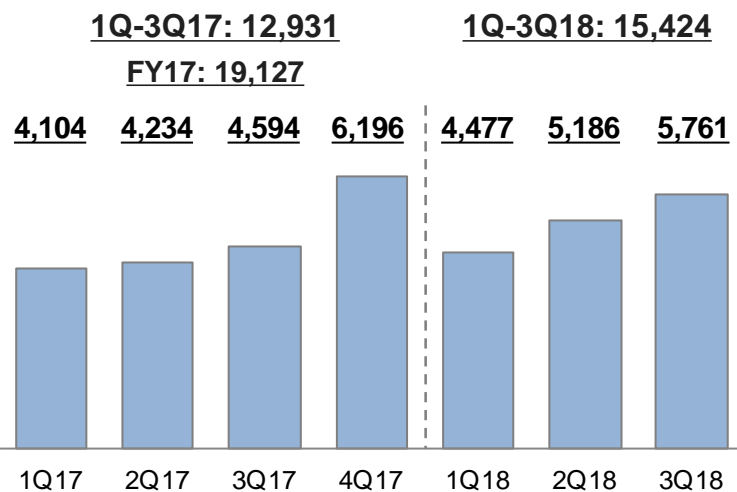
Unit: JPY million
[] = Year over year comparison

Financials

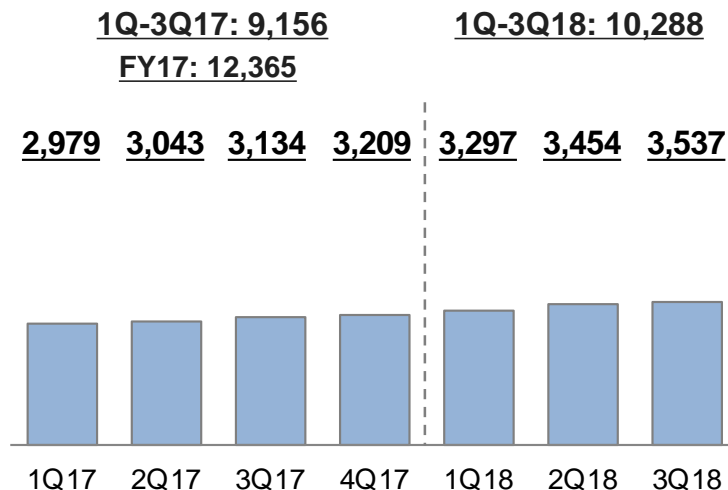
CAPEX



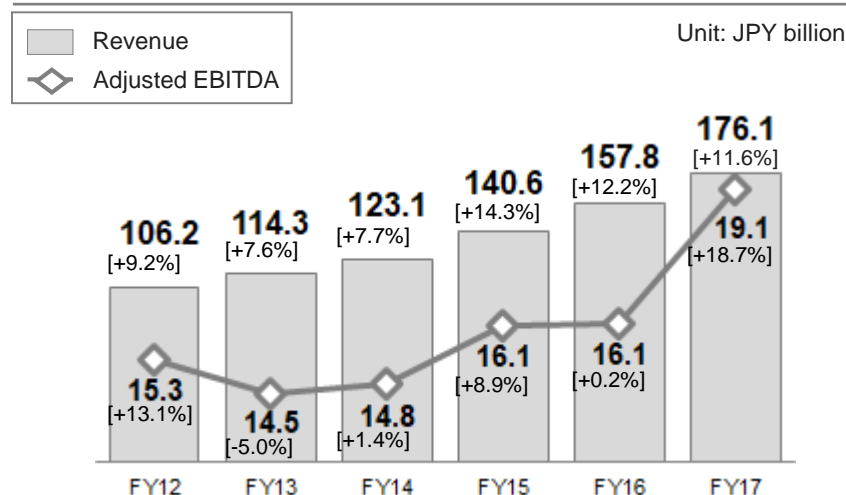
Adjusted EBITDA



Depreciation and Amortization



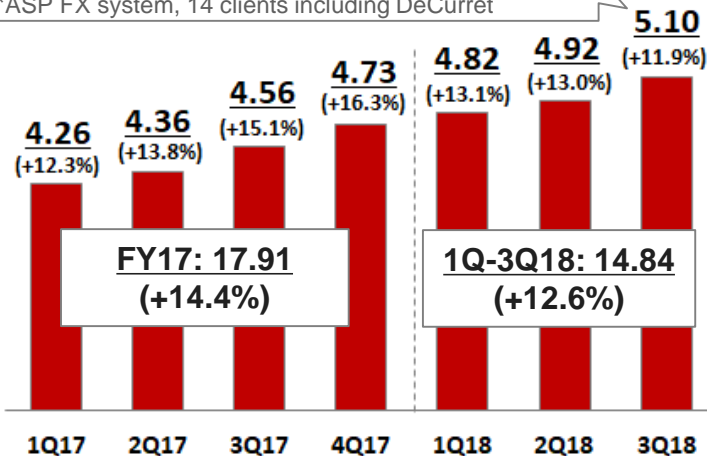
Revenue & Adjusted EBITDA Annual Growth



Cloud-related revenue

Major Breakdown of 3Q18 Revenue
Private 3.66, Public 0.70, IIJ Raptor* 0.64

*ASP FX system, 14 clients including DeCurret

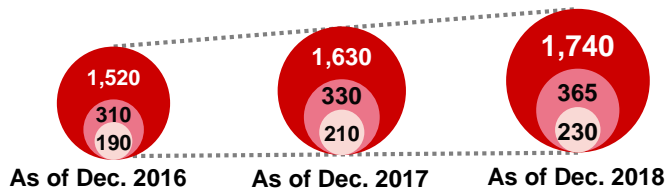


Continuously accumulating revenue toward FY18 revenue target JPY20.0 billion

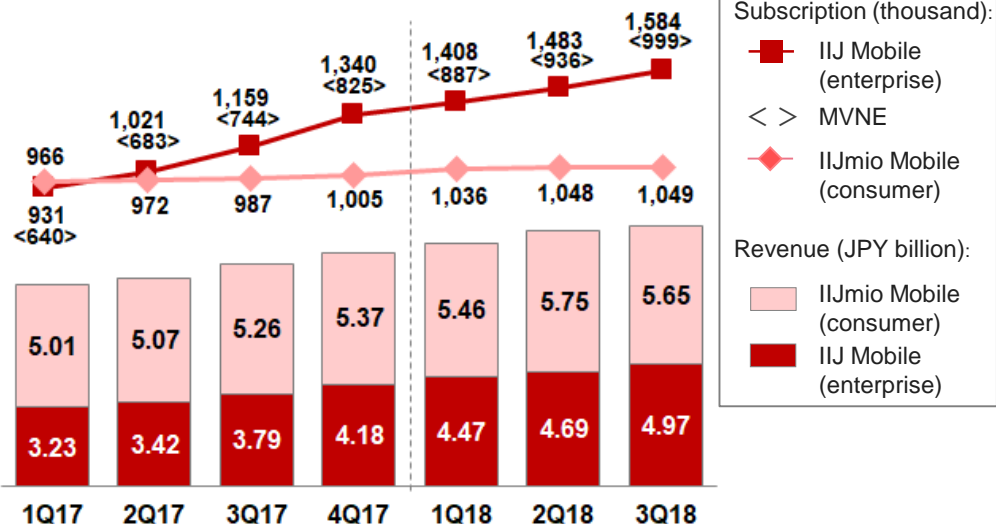
- Continuously expanding function and item line-ups to promote cloud migration of enterprise systems
 - Seamless connection with VMware, Added item line-ups of GIO P2 and "IIJ Managed Database Service"
- Unified Operation Management (UOM) Service revenue continuously accumulating
 - Comprehensive management service covering on-premise, cloud and other vendors' cloud services

Customer Base

■ Total number of customer ■ MRR over JPY1.0 million
■ MRR over JPY0.5 million ■ MRR=Monthly Recurring Revenue



Mobile revenue & subscription



3Q18-end subs: 2.633 million, 1Q-3Q18 total revenue: JPY30.99 billion

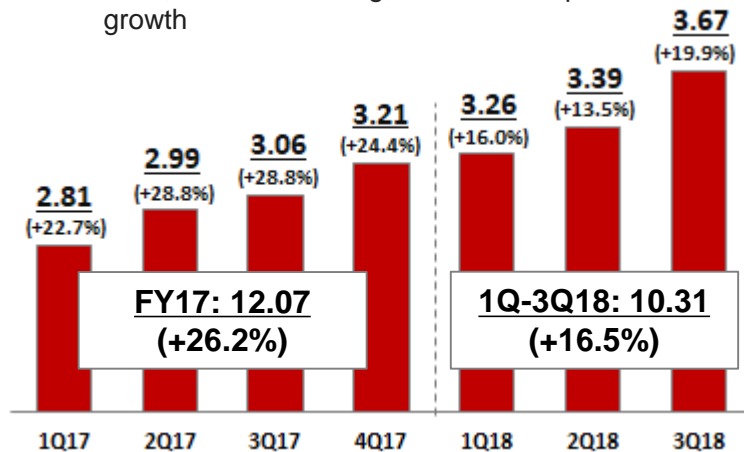
- 1Q-3Q18 MVNE revenue: JPY10.65 billion, up 37.6% YoY
- 3Q18 consumer mobile revenue slightly decreased from 2Q due to drop in smartphone-bundled sales and voice call volume (charge by minutes)

Focusing accumulation of IoT/enterprise mobile demands with full-MVNO functions

- 1Q-3Q18 full-MVNO revenue (consumer & enterprise): JPY0.43 billion
- Prepaid SIMs for foreigners visiting Japan continued to accumulate orders
- To start offering Chip SIM.(Jan.) Accumulating orders including projects to verify technology issues to build our SIMs into devices/equipment
- Enterprise mobile (excluding MVNE) 3Q18-end subs: 585 thousand, 1Q-3Q18 revenue: +29.1%
 - Acquiring surveillance cameras/network cameras from stores & transportation and others. Accumulating dashboard camera, vending machine, digital signage, remote work, SIM built-in laptop.
 - Continuously accumulating orders of the small data bundled services, which incorporates full-MVNO functions, targeting IoT usages
 - Adding to agriculture & factory, targeting healthcare and medical

Security

- ◆ **Strong revenue growth supported by strong demands, 3Q revenue grew by 8.3% from 2Q**
 - SOC, secure browsing, virtual desktop services led the growth



<About security service revenue> Recognized in Outsourcing Services. In FY17, large security Cloud project for local government. In addition to services, providing SI for security needs.

- ◆ **Renewed Virtual Desktop Services**
 - Increased concurrent user-connection, installed high spec equipment etc.
 - Expect to capture orders strongly as the increasing demands for remote working along with Work Style Reform trend in Japan
- ◆ **Expanded function for cloud-based ID management service “IJJ ID Service”**
 - Improved convenience as allowing single-sign-on by adding collaboration function with partner products such as Office365
- ◆ **Awarded by Japan Network Security Association**
 - IJJ security engineers were the first Japanese to conduct education at “Black Hat USA 2018,” one of the most prominent information security events

Overseas Business

- ◆ **1Q-3Q18 revenue JPY5.46 billion, operating income (excluding that of JV) apx. JPY0.1 billion**
 - FY18 target (revenue apx. JPY 7.0 bn, operating income: apx. JPY 0.1 bn) is expected to be exceeded
- ◆ **Business in Asia: gradually growing**
 - Increasing demand for NW, SI and etc. in China and Thailand, related to Japanese customers
 - Indonesia: Large public infrastructure SI project, cloud business gradually growing
 - Vietnam: Cybersecurity Law (Jan. '19), Opened another facility in Hanoi in addition to existing Ho Chi Min

Shiroi Data Center (Chiba prefecture)

- ◆ **Will start operating from April as planned**
 - Integrate racks, spread out in the eastern Japan, with Shiroi system modular facility
 - FY18 investment: over JPY3.0 billion (power receiving facility, common facility, racks etc.) will be recognized in 4Q
 - MAX 6,000 racks. Initially starting with apx. 300 racks, to be gradually expanded with investment stepwise
 - Without new investment return risk as it's an integration of our current service facilities. Suppress incremental cost and ensure future scalability for expansion
 - Improvement of operation productivity·cost reduction; expecting 20% reduction of DC infrastructure cost in future

DeCurret

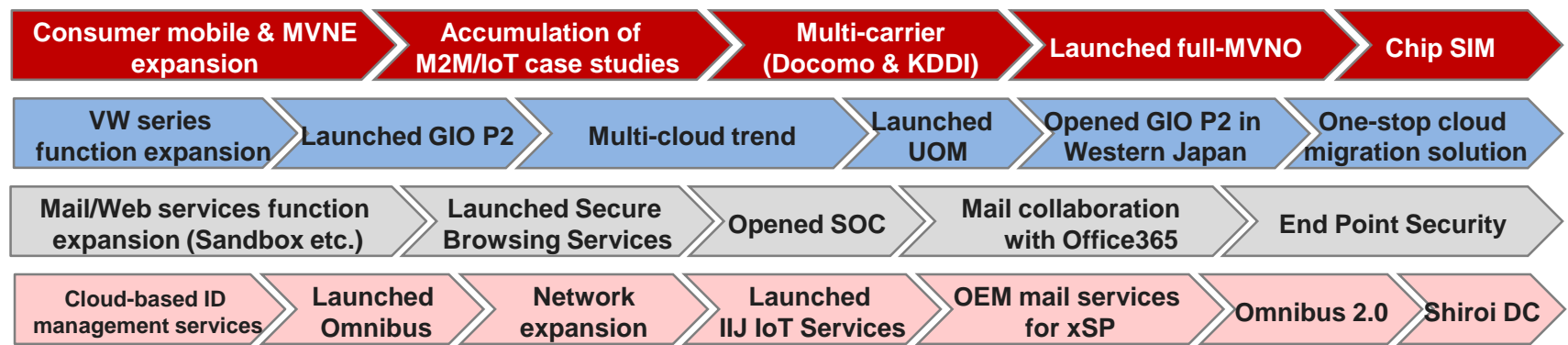
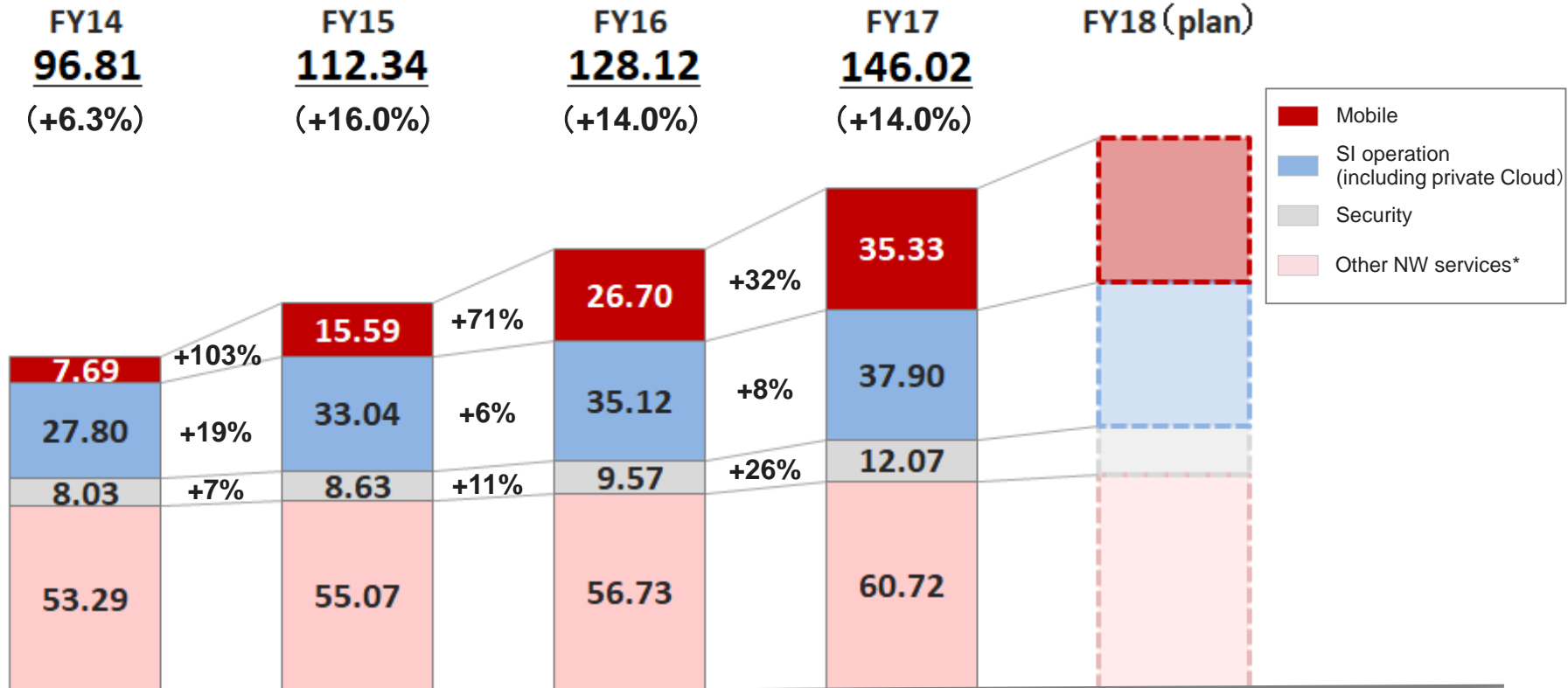
- ◆ **Completed systems developments and business operation necessary to launch cryptocurrency exchange service. Preparing FSA registration process***
 - ◆ **Constructed systems based on IJJ Raptor service technology**
 - ◆ **Registered with Japan Virtual Currency Exchange Association**
- * In Japan, in order to operate cryptocurrency related business such as exchange and settlement, registration by Japan's Financial Service Agency (FSA) is required.

JOCDN

- ◆ **Handling increasing traffic along with growing demands from broadcasting and contents holders for distributing contents online**
- ◆ **Provided CDN services to various popular sports events took place during year-end and new-year holidays.**

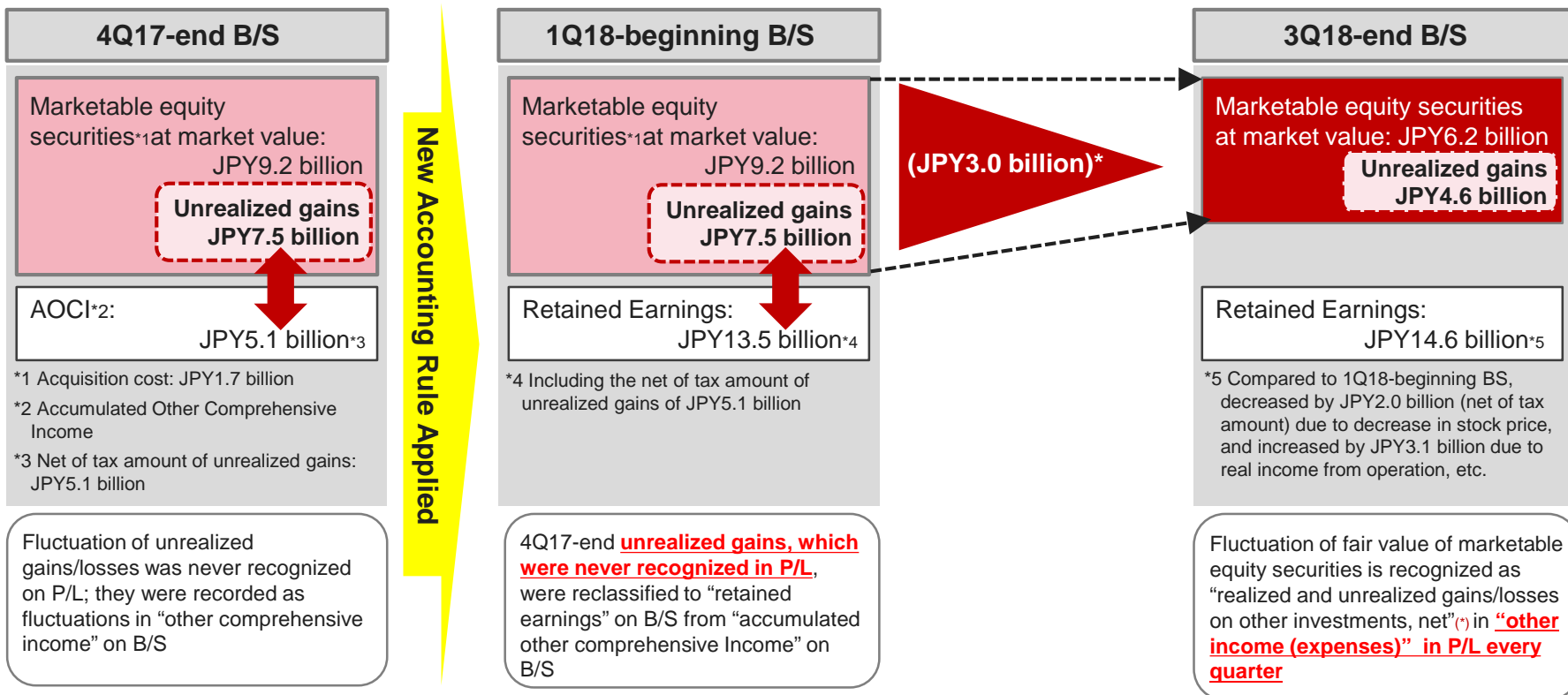
Recurring Revenue Growth

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



*Other network services is the sum of Internet connectivity services for enterprise (excluding IJ Mobile), Internet connectivity services for consumers (excluding IJmio), Outsourcing services (excluding security) and WAN

Gains/Losses on Marketable Equity Securities



* Major breakdown of gains/losses on marketable equity securities

Stock	IIJ holdings (shares)	Stock Price (JPY)		Gains/losses for 1Q18 P/L (JPY0.86 billion)	Stock Price (JPY) 2Q18-end	Gains/losses for 2Q18 P/L +JPY1.0 billion	Stock Price (JPY) 3Q18-end	Gains/losses for 3Q18 P/L (JPY3.1 billion)	Gains/Losses for 1Q-3Q18 P/L (JPY3.0 billion)
		4Q17-end	1Q18-end						
SIGMAXYZ Inc.	1.98 million	2,137	1,331	(JPY1.6 billion)	1,306	(JPY0.1 billion)	766	(JPY1.1 billion)	(JPY2.7 billion)
Recruit HLDG	1.5 million	2,645	3,066	+JPY0.6 billion	3,792	+JPY1.1 billion	2,663	(JPY1.7 billion)	+JPY0 billion
PIA Corp.	0.15 million	5,450	6,230	+JPY0.1 billion	5,880	(JPY0.1 billion)	3,825	(JPY0.3 billion)	(JPY0.2 billion)

(*) "Realized and unrealized gain/loss on other investments, net" 1Q18: JPY0.75 billion of loss (of which losses of JPY0.86 billion on marketable equity securities, others gains of JPY0.12 billion), 2Q18: JPY1.12 billion of gain (of which gains of JPY1.0 billion on marketable equity securities, others: gains of JPY0.13 billion), 3Q18: JPY3.02 billion of loss (of which losses of JPY3.08 billion on marketable equity securities, others gains of JPY0.06 billion)

※ 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,
- fluctuations of equity in net income (loss) of equity method investees

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, Japan 102-0071

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

