

# Corporate Overview of Internet Initiative Japan (IIJ)

## Internet Initiative Japan Inc. (IIJ)

The Prime Market of the Tokyo Stock Exchange (Ticker symbol: 3774)

May, June and July 2025

### Disclaimer

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.

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- FY24 (FY2024) stands for a fiscal year ended March 31, 2025. Others alike
- 1Q24 stands for the first three months results for the fiscal year ended March 31, 2025
- Abbreviation: NW stands for network, SI stands for systems integration, DC stands for data center, HD stands for holdings, PF stands for platform, ¥ (JPY) bn stands for JPY billion, SI O/M stands for systems operation and maintenance, MRR stands for Monthly Recurring Revenue

We changed our accounting principles from the Generally Accepted Accounting Principles in the U.S. (“U.S. GAAP”) to the International Financial Reporting Standards (IFRS) from the filing of FY2018 annual report “Yuka-shoken-houkokusho” which was filed on June 28, 2019. Because reporting period of foreign consolidated subsidiaries under IFRS is different from that of under U.S. GAAP, some figures disclosed in the past are different.

# Executive Summary

## ◆Key updates

1

### Expanding Business Areas with Japanese Enterprises' NW Progress

- Finally, legacy Japanese enterprises' closed internal NW moves to combined NW & system incorporating Internet technology
- Seeing strong NW re-construction demands which occur along with life-cycle of each NW (every 4-5 years)
- Our business areas expand into internal NW construction and maintenance from external gateway

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### Capturing Large Scale Network Construction projects with MRR from them gradually increasing

- Recent strong track record of large-scale NW constructions
- Replacing transactions from legacy carriers and systems integrators
- Combine NW construction in front and our monthly recurring NW Services offering thereafter
- MRR from large-scale projects acquired after FY22 1H23: approx. ¥1.4 bn, 2H23: approx. ¥1.7 bn, 1H24: approx. ¥2.3 bn, 2H24 : approx. ¥4.5 bn

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### Expect Large Business Expansion during the Mid-Term Plan and Thereafter

- Continue to pursue and enhance current business strategy
- The Mid-Term plan started from FY24 with high revenues CAGR
- The Mid-Term FY26 target ¥380 bn of revenues : 1.4 times from FY23・12% CAGR approx., ¥46bn of OP : 1.6times from FY23
- SI to become strong revenues driver, NW services to contribute as profit driver

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### To Become Network & System Operation Full Outsourcer with Sticky and Large Clients Bases

- To cover IT demands expansion, population decline in Japan, cyber attacks preventions etc.
- Ability of stable/reliable NW and systems operations to become critical differentiation
- Required continuous human resources enhancement

# 1 Enterprise internal NW & systems in Japan becoming to change

30 years ago

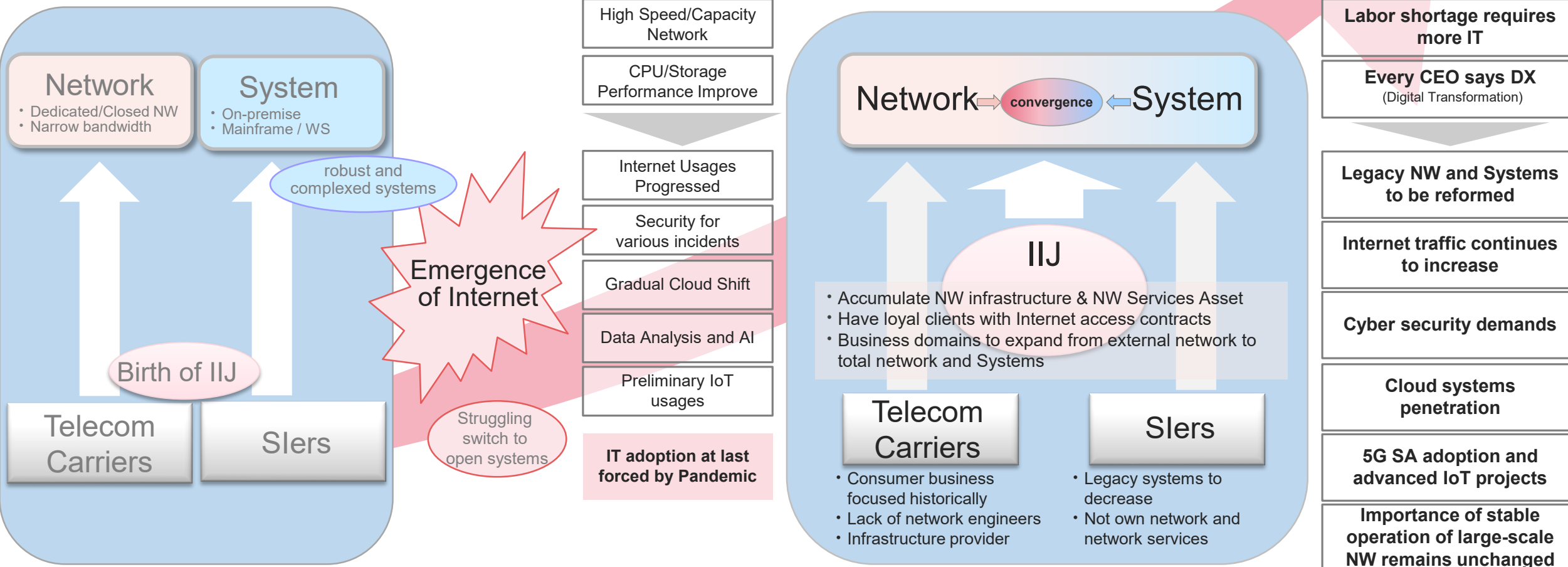
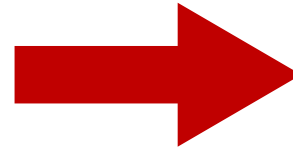
IIJ covered external NW with Internet  
Carriers & Slers covered internal NW & systems

Stick to legacy NW systems

Nowadays

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

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



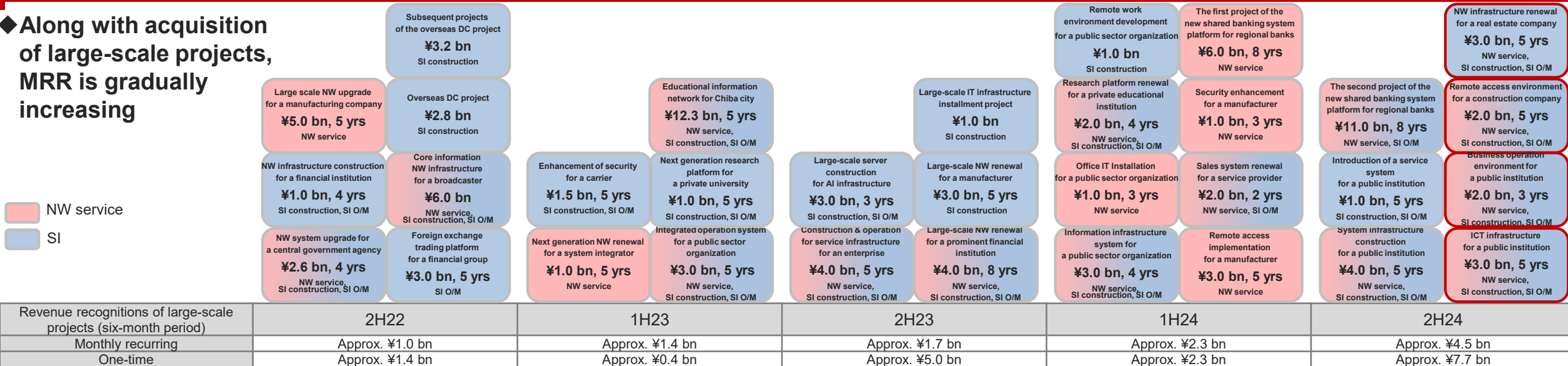
# 2 Acquisition of large-scale projects as a new norm by Service Integration model

Project overview	Project size (approx.)	Main revenue recognition	Acquisition periods	Timing of revenue recognition
Information infrastructure system for a public sector organization	¥3.0 bn, 4 yrs	NW service, SI construction, SI O/M	1Q24	From 3Q24
Office IT Installation for a public sector organization	¥1.0 bn, 3 yrs	NW service	1Q24	From 2Q24
Research platform renewal for a private educational institution	¥2.0 bn, 4 yrs	NW service, SI construction, SI O/M	1Q24	From 3Q24
Remote work environment development for a public sector organization	¥1.0 bn	SI construction	2Q24	Gradually recognized from 2Q24
Remote access implementation for a manufacturer	¥3.0 bn, 5 yrs	NW service	2Q24	From 3Q24
Sales system renewal for a service provider	¥2.0 bn, 2 yrs	NW service, SI O/M	2Q24	From 2Q24
Security enhancement for a manufacturer	¥1.0 bn, 3 yrs	NW service	2Q24	From 2Q24
The first project of the new shared banking system platform for regional banks	¥6.0 bn, 8 yrs	NW service	2Q24	From 3Q24
System infrastructure construction for a public institution	¥4.0 bn, 5 yrs	NW service, SI construction, SI O/M	3Q24	From 3Q24
Introduction of a service system for a public institution	¥1.0 bn, 5 yrs	SI construction, SI O/M	3Q24	From 4Q24
The second project of the new shared banking system platform for regional banks	¥11.0 bn, 8 yrs	NW service, SI construction, SI O/M	3Q24	Gradually recognized from 4Q24
ICT infrastructure for a public institution	¥3.0 bn, 5 yrs	NW service, SI construction, SI O/M	4Q24	Gradually recognized from 4Q24
Business operation environment for a public institution	¥2.0 bn, 3 yrs	NW service, SI construction, SI O/M	4Q24	To be from 3Q25
Remote access environment for a construction company	¥2.0 bn, 5 yrs	NW service, SI construction, SI O/M	4Q24	To be from 2Q25
NW infrastructure renewal for a real estate company	¥3.0 bn, 5 yrs	SI construction, SI O/M	4Q24	To be gradually recognized from 1Q25

Acquired this time

◆ Along with acquisition of large-scale projects, MRR is gradually increasing

■ NW service  
■ SI

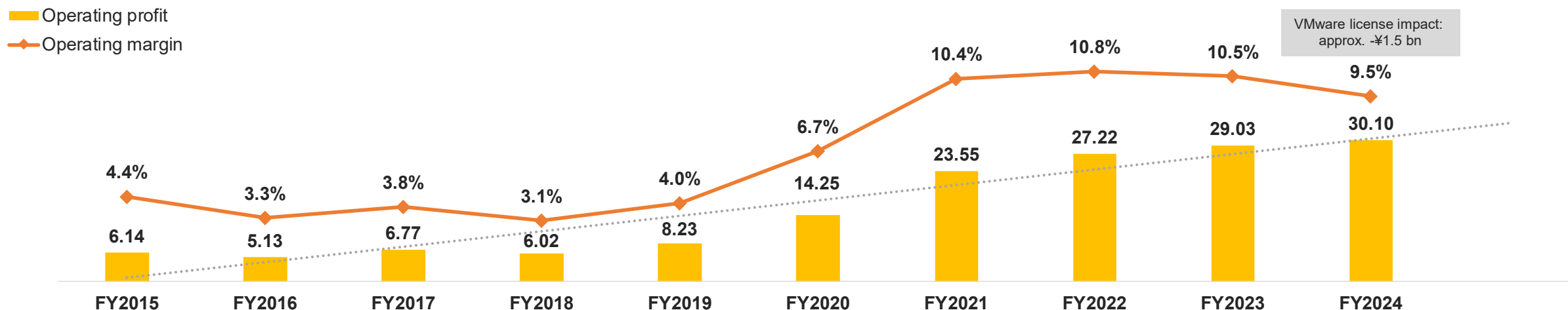
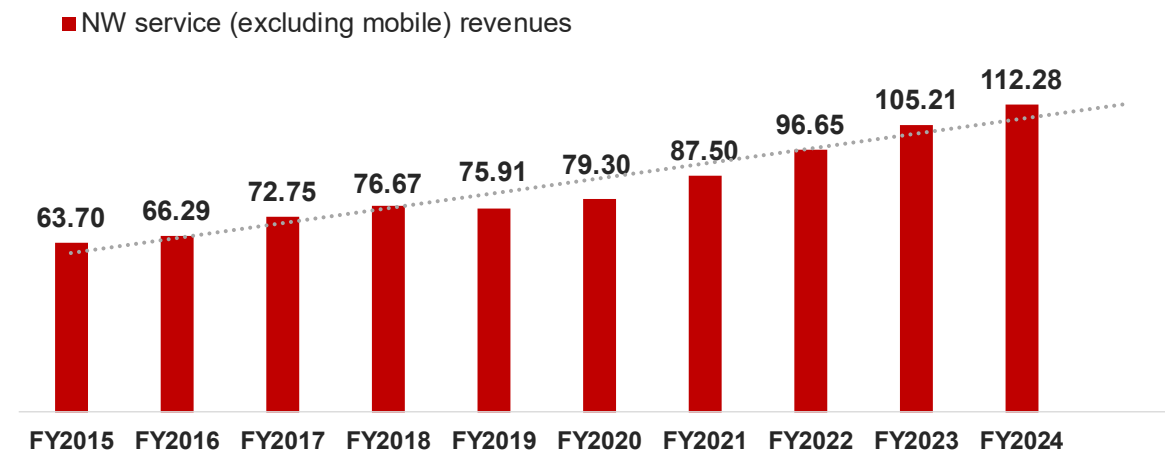
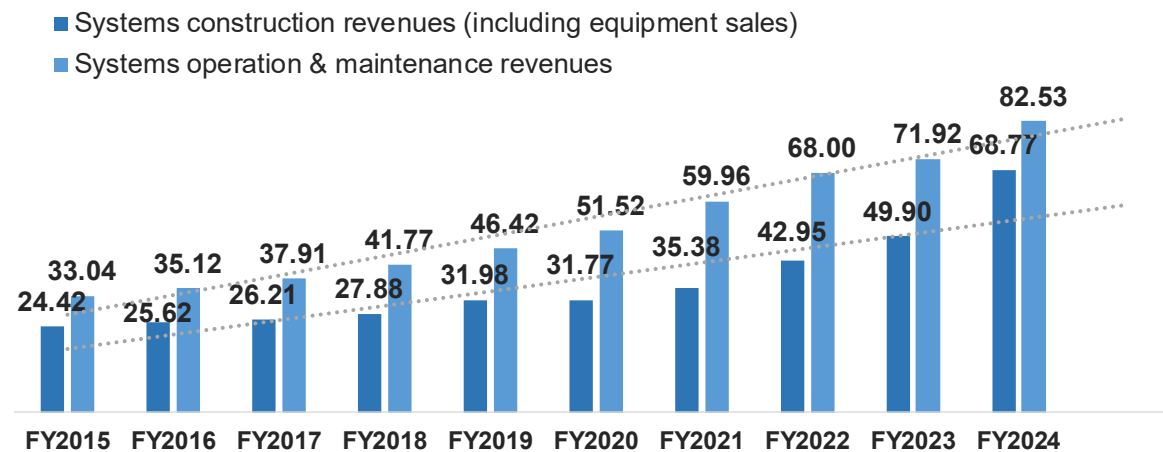


\* For details, please refer to “Timing of revenue recognition for large-scale complex flagship projects” in the past financial results presentation materials  
\* As of May 13, 2025, project size and timing of revenue recognition are subject to change due to progress of projects and other factors  
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## 2 Expanding economies of scale by Service Integration

Unit: ¥ (JPY) billion

..... approximate curve



Consistent investment & service development

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

Expanding economies of scale by leveraging current business assets

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

# 3 FY24 Summary & FY25 Targets

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

## FY2024 Summary

Acquisition of large-scale NW construction & operation projects from various industries has become a new norm

VMware license price pass-through and revision have been mostly implemented  
Stronger-than-expected revenue growth in the 1<sup>st</sup> year of the Mid-term Plan, established the foundation for business expansion

	Total Revenues		Operating Profit	
	FY24 Results	FY25 Forecast	FY24 Results	FY25 Forecast
1 <sup>st</sup> half	316.8	340.0	30.1	36.5
	+14.8%YoY	+7.3%YoY	+3.7%YoY	+21.2%YoY
2 <sup>nd</sup> half	169.8	182.0	18.3	21.0
	147.0	158.0	11.8	15.5

- ◆ SI construction revenue strongly grew by +37.8% YoY  
MRR continued to increase by +9.8%YoY

### Acquisition of large-scale projects

### Revenues of large-scale projects

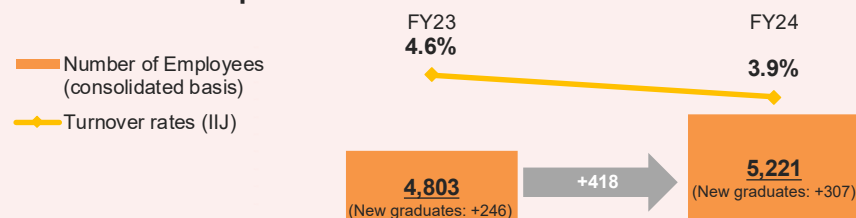
	FY23	FY24		FY23	FY24
Revenues	Approx. ¥33.8 bn	Approx. ¥45.0 bn	One-time	Approx. ¥5.4 bn	Approx. ¥10.0 bn
Number of projects	10	15	MRR	Approx. ¥3.1 bn	Approx. ¥6.8 bn

\* Total contract amount (left) & recorded revenues (right) of acquired large-scale multi-year projects over ¥1.0 bn since FY22

- ◆ Response to the price increase of VMware license

- The impact on FY24 profit: approx. -¥1.5 bn  
(1Q: approx. -¥1.2 bn, 2Q: approx. -¥0.4 bn, 3Q: -, 4Q: approx. +¥0.1 bn)
- The price pass-through to cloud services (1H24) & price revision for certain NW services (from the beginning of 3Q24), have largely progressed
- Weaker-than-expected NW services accumulation was mainly due to necessary resources allocation for sales representatives

- ◆ Expansion of human capital



## FY2025 Targets

Strengthening profit growth toward the 3<sup>rd</sup> year of the Mid-term Plan with a dual focus on continuous acquisition of large-scale Service Integration projects and accumulation of a wide range of NW Services

	Net Profit		Dividend per share	
	FY24 Results	FY25 Forecast	FY24 Results	FY25 Forecast
	19.9	23.0	¥35.00	¥39.00
	+0.5%YoY	+15.4%YoY	+1.9%YoY	+11.4%YoY
	ROE: 15.0%	ROE: 15.4%	¥17.50	¥19.50
	12.4	13.6	¥17.50	¥19.50
	7.5	9.4		

- ◆ Continue to focus on large-scale NW construction & operation projects

- Strong demands for internal and external network renewals  
Ongoing pipeline of potential projects from finance, general business enterprises and others
- Demands & projects for IT full outsource for infrastructure operation gradually emerging

- ◆ Focus on the accumulation of a wide range of NW services

- Sales departments optimized for large clients, focus on NW service expansion, and partner channels
- Focus on enhancing the functionality of NW service lineup

- ◆ New management structure from Apr. 2025

- Growth strategy and business model remain unchanged

### Reinforced organization & role, Enhance execution through CEO-led initiatives, etc.

Data Circulation & Integration Business

Enhancement of cyber security

Enhancement of innovative human capital

- ◆ Expansion of human capital

- Number of employees (consolidated) to increase by approx. 440 personnel, incl. 269 new graduates  
In Apr. 2025, average annual salary increase rate was approx. 6% (IIJ, it had been around 3.5%~4.0%)
- Revised retirement benefit system to have more focus on defined contribution plan (IIJ)  
Expect the reversal of over ¥1.0 bn provisions for retirement benefits (SG&A, expected in 2Q25)

- ◆ Macro environment

- Expect strong demand to continue. Anticipate almost no direct impact from the U.S. tariffs policy.  
Potential impacts on corporate spending due to downward pressure on the domestic economy may occur. On the other hand, demand for more efficient use of IT is expected to remain at a high level



# 3 FY25 Financial Targets (Announced in May 2025)

Unit (excluding dividend per share): ¥ (JPY) billion (bn)  
YoY = Year over year comparison

	FY25 Targets			
	% of total reveue		% of total reveue	
	1H25 (Apr. 1, 2025 - Sep. 30, 2025)	YoY	FY25 (Apr. 1, 2025 - Mar. 31, 2026)	YoY
Total Revenue	158.0	+7.5%	340.0	+7.3%
Gross Profit	22.1% 34.9	+13.8%	22.6% 77.0	+12.6%
SG&A etc.	12.3% 19.4	+2.7%	11.9% 40.5	+5.7%
Operating Profit	9.8% 15.5	+31.6%	10.7% 36.5	+21.2%
Shares of profit(loss) of investments accounted for using equity method investee	(0.2)	-	(0.5)	-
Profit before tax	8.8% 13.9	+25.0%	9.9% 33.7	+15.5%
Net Profit (Profit for the period attributable to owners of the parent)	5.9% 9.4	+25.8%	6.8% 23.0	+15.4%
Dividend per share	¥19.50	+¥2.00	¥39.00	+¥4.00

### Premise and Assumption

#### Revenues

	FY24 Result	FY25 Target
ATM	151.3 +24.2% YoY +29.5 YoY	158.4 +4.7% YoY
SI	162.6 +7.4% YoY +11.2 YoY	178.7 +9.9% YoY
NW service		

#### Gross Profit

	FY24 Result	FY25 Target
ATM	21.8 +14.2% YoY +2.7 YoY	25.9 +19.1% YoY
SI	45.3 +4.1% YoY +1.8 YoY	49.8 +10.0% YoY
NW service		

- ◆ **NW Services**
  - Revenue to grow through enhancement on service function & sales promotion. Expect monthly recurring revenues of large-scale Service Integration projects to increase (an incremental impact of approx. ¥1.7 bn compared to FY24)
  - Rebound from FY24 VMware license negative profit impact: 1H24 approx. -¥0.6 bn, FY24 approx. -¥0.1 bn
  - No consideration on mobile data interconnectivity reimbursement
- ◆ **SI**
  - Continue to meet demand for NW renewal etc.
  - SI construction revenue target has been set by considering approx. ¥5.0 bn for Chiba city project, which was recognized in FY24, and others
  - Gross margin to improve by the accumulation of operation projects and rebound from VMware license negative profit impact (1H24: approx. -¥1.0 bn, FY24: approx. -¥1.4 bn)
- ◆ **SG&A**
  - SG&A, etc. to increase along with the expansion of business scale & increase in the number of employees
  - Average annual salary increase rate: approx. 6% (IIJ, it had been around 3.5%~4.0%)
  - The reversal of over ¥1.0 bn provisions for IIJ's retirement benefits due to the revision of the retirement benefit plan which is now more centered around defined contribution plan (expected in 2Q25)
- ◆ **Non-operating income & expenses**
  - Shares of profit (loss) of investments accounted for using equity method investee: approx. ¥0.5 bn loss, of which DeCurret HD, approx. ¥0.7 bn loss
  - Assume financial expenses incl. interests, foreign exchange losses etc. (Assumed exchange rate: ¥140/USD)
- ◆ **Others**
  - CAPEX: approx. ¥30.0 bn, of which, approx. ¥8.5 bn is for Shiroy DC's 3<sup>rd</sup> site, spending over multiple yrs
  - Start constructing Shiroy DC's 3<sup>rd</sup> site from June 2025, expected to accommodate approx. 7 yrs of IIJ service demand
  - Number of employees (consolidated basis) to increase by approx. 440 personnel, of which, 269 are new graduates

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# 3 IIJ Group Mid-term Plan (FY2024-FY2026)

Consolidated base  
Net Profit is "Profit for the period attributable to owners of the parent"  
"times" are calculated by comparing FY26/FY26-end to FY23/FY23-end  
The figures below are all assumed targets

About IIJ	Business Model
Strength	Growth Strategy

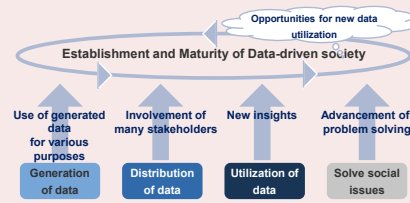
**Accelerate business scale expansion toward the Mid-to-long Term Vision by advancing the business structure transformation in FY23**  
**Revenue growth led by integration and profit growth through economies of scale as a NW service operator**

Total Revenue	Operating Profit	Net Profit	ROE	Human Capital
<b>1.4 times</b> FY23 ¥276.1 bn <b>FY26</b> <b>¥380.0 bn</b>	<b>1.6 times</b> FY23 ¥29.0 bn <b>FY26</b> <b>¥46.0 bn</b>	<b>1.5 times</b> FY23 ¥19.8 bn <b>FY26</b> <b>over ¥30.0 bn</b>	<b>+2.7 pt.</b> FY23 16.3% <b>FY26</b> <b>19%</b>	<b>1.3 times</b> FY23-end 4,803 <b>FY26-end</b> <b>around 6,100</b>

## Further enhancement of the existing core business area

<b>SI as Revenue driver</b> <ul style="list-style-type: none"> <li>Accelerate revenue growth by rolling out NW construction/renewal projects to various industry, enhancing account sales &amp; PM, expanding human resource</li> <li>Enhance SI project management</li> </ul>	<b>NW service as Profit driver</b> <ul style="list-style-type: none"> <li>Accelerate NW service accumulation through Service Integration</li> <li>Demonstrate the strength of stable NW operation in the DX era</li> </ul>
<b>Promotion of large transactions &amp; clients</b> <ul style="list-style-type: none"> <li>Comprehensive outsourcing of client's NW and open systems</li> <li>Add large volume revenue to the multi-industry recurring revenue base</li> <li>Stable additional profit source for the future</li> </ul>	<b>Further enhancement of service development &amp; operation</b> <ul style="list-style-type: none"> <li>Focus on strengthening cyber-security service development</li> <li>Respond to DX progress with DWP lineup</li> <li>Develop services that would be PF for AI, data lake, etc.</li> </ul>
<b>Enhancement of Service Control</b> <ul style="list-style-type: none"> <li>Higher efficiency for service development &amp; operation by new technology such as AI</li> <li>Implement appropriate pricing in response to inflation &amp; cost increase</li> </ul>	<b>Continuous expansion of NW infrastructure Pursuit of differentiation</b> <ul style="list-style-type: none"> <li>Construct the third site of Shiroi DC for long-term growth</li> <li>Deploy full-MVNO 5G SA</li> </ul>

## Creation of new growth area

<b>Initiatives for Data-driven society</b> <ul style="list-style-type: none"> <li>Operate data utilization business, generate meaningful data, data distribution mechanisms &amp; operations, etc.  <b>Study &amp; create business models in conjunction with the existing infrastructure &amp; services</b></li> </ul> 	<b>Achieve the spread of Digital Currency in Japan</b> (Equity method investee: DeCurret) <ul style="list-style-type: none"> <li>First in Japan to issue commercial digital currency as a practical case (scheduled in Jul. 2024) <ul style="list-style-type: none"> <li>✓ Digitalized token of environmental value transaction</li> </ul> </li> <li>Within FY26, anticipate loss to shrink &amp; become profitable on a monthly basis</li> <li>Executing STO(*) of digital currency, invoice chain(*), web3/NFT(*) &amp; other practical projects</li> </ul> <p>(*) STO (Security Token Offering): securities issued using electronic means such as blockchain, replacing traditional mechanism of stocks and bonds  (*) Invoice chain: concept of industry standard systems for corporate intercompany reimbursement  (*) NFT(Non-Fungible Token): Token issued on the blockchain that can prove uniqueness and cannot be replaced</p>
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## Enhancement of business foundation

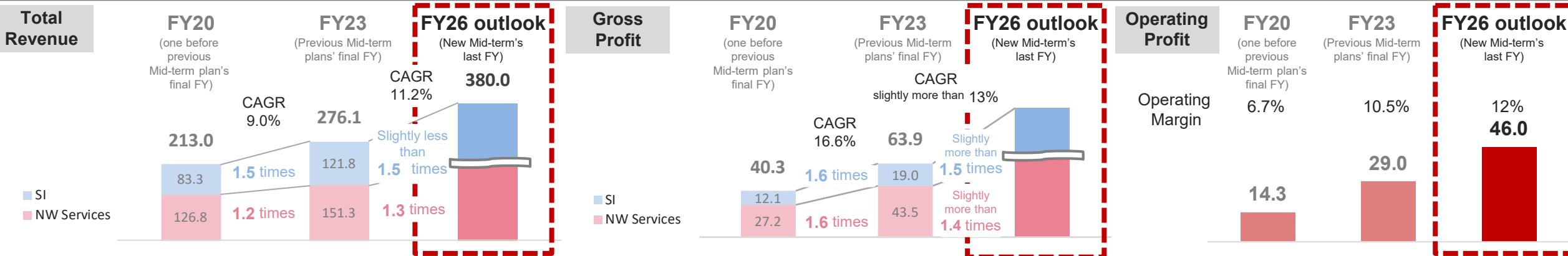
<b>Thorough expansion of Human Capital</b> <ul style="list-style-type: none"> <li>Continuous expansion of human resources</li> <li>Develop next-generation human resources for long term growth</li> <li>Maintain &amp; enhance top-tier engineering capabilities &amp; expand that to multiple layer</li> </ul>	<b>Enhancement of cash control</b> <ul style="list-style-type: none"> <li>Appropriate management of increasing SI-related working capital</li> <li>Investment allocation Shiroi DC &amp; growth areas</li> <li>Increase payout ratio when the Mid-to-long Term Vision is realized</li> </ul>
<b>Maintain &amp; improve Sustainability /Governance</b> <ul style="list-style-type: none"> <li>Strengthen governance in line with growth</li> <li>Contribute to the productivity of future society through continuous stable NW operation</li> <li>Introduce a new executive compensation scheme linked to the new Mid-term Plan</li> </ul>	<b>Complement growth through M&amp;As</b> <ul style="list-style-type: none"> <li>Pursuit M&amp;A opportunities as a supplemental means of expanding domestic resources &amp; technology</li> <li>Leverage residual borrowing capability (up to ¥70.0 bn is envisioned image)</li> </ul>

# 3 Mid-term Plan's Financial Outlook

Unit: ¥ (JPY) billion

About IIJ	Business Model
Strength	Growth Strategy

## Breakdown image of financial outlook



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

Cash in	Cash out	Overview
<b>Cash generated from business approx. ¥134.0 bn(*)</b>  (*) post-tax, pre-depreciation  <b>Debt Up to approx. ¥65.0 bn</b>	<b>Investment: approx. ¥90.0 bn</b>  <div> <b>Ordinal NW infrastructure, etc. approx. ¥51.0 bn</b>                      Stable with economies of scale                 </div> <div> <b>Shiroy DC 3<sup>rd</sup> Site construction approx. ¥30.0 bn</b>                      Mainly for own services                 </div> <div>                     Strategic investment for new growth areas                 </div>	<b>Shiroy DC 3<sup>rd</sup> site construction</b> ◆ Start the construction within the new Mid-term plan period, but the schedule is undetermined <ul style="list-style-type: none"> <li>First site: CAPEX approx. ¥8.3 bn, No. of racks: approx. 700, started operating from May 2019</li> <li>Second site: CAPEX approx. ¥12.8 bn (plan), No. of racks: approx. 1,100, started operating from Jul. 2023</li> </ul>
	<b>Along with an increase in large complex project Increase in working capital and lease obligation</b> Approx. <b>¥13.0 bn</b>	<b>Strategic Investment</b> ◆ Specific investment details have not fixed and will be discussed going forward
	<b>Payout ratio 30% Dividend</b> Approx. <b>¥24.0 bn</b>	<b>Increase in working capital &amp; lease obligations</b> ◆ Increase in work in process, prepayments, etc. due to an increase in large scale multi-year SI projects <ul style="list-style-type: none"> <li>The impact of increased working capital should gradually be reduced due to the constant revenue recognition of large scale projects</li> </ul>
	<b>Scheduled repayment of long term borrowing</b> Approx. <b>¥1.5 bn</b>	<b>M&amp;As</b> ◆ M&As to be conducted in sequence with borrowing capacity <ul style="list-style-type: none"> <li>Maintain debt/equity ratio &amp; financial discipline, Up to ¥70.0 bn of additional debt could be implemented for M&amp;As</li> </ul>
	<b>M&amp;As</b> up to <b>¥70.0 bn</b>	

# 4 Mid-to-long Term Vision

About IIJ

Business Model

Strength

Growth Strategy

The figures mentioned below are all assumed status and image

## Previous Mid-term (FY21-FY23)

### Established profit base by enterprise recurring revenue growth

- Enhancement of NW infrastructure & service lineup
- Profit expansion through economies of scale by monthly recurring revenue accumulation
- Increase in large scale projects through NW renewals, etc.
- Cloud, security & IoT demands
- Started expansion of overseas business, including M&As
- Expansion of human resources
- Initiatives for digital currency and other new business areas

## Mid-term (FY24-FY26)

### Accelerate business expansion by focusing on the existing core areas Pursue business scale for long term growth

- Further enhancement of the existing core business areas
- Creation of new growth areas
- Enhancement of business foundation

## Mid-to-long Term Vision

### Total revenue around ¥500.0 bn Operating Margin 12% ~ 15%

- **Strongest focus on the core areas as NW operator & IT provider**  
**Positioned as one of the leading IT providers in Japan**  
Reliable NW operation & service as differentiator  
Enlarge SI business driven by Service Integration  
Expand large customer base to realize business scale
- **Provide NW platforms which support the NW society**  
Create optimal NW & security platforms for the spread of AI & the advent of data-driven society, etc.
- **Maintain and develop IIJ corporate culture as a challenger**  
Unchanged since the inception, diverse employees take on new challenges autonomously

## Beyond 5,000

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

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

- Develop integrated PF to enable processing various types of data, together with security & high performance. IIJ to become a full outsourced IT providers equipped with DC (including edge computing) & cloud resources, including wired and wireless NWs
- Achieve high profit margins by managing large customers' NW & IT domains as fully outsource
- Leadership including M&As amidst a changing industry landscape
- Become leading IT service provider by leveraging domestic knowledge & SWOT in ASEAN

Execute actions early to realize revenue volume of ¥500 bn

FY23 result

¥276.1 bn

10.5%

FY26 target

¥380.0 bn

12%

30%

¥500.0 bn

12% ~ 15%

30% ~ 40%

Payout ratio to gradually increase along with an increase in business scale

## Targets

(consolidated)

Total Revenue

Operating Margin

Payout ratio

**About IIJ** (From ISP to Total NW Solution Provider, etc.)

**P. 12 – 16**

**Business Model** (Monthly recurring revenue accumulation, etc.)

**P. 17 – 21**

**Strength** (Service development capabilities, customer base, etc.)

**P. 22 – 24**

**Growth Strategy**

**P. 25**

# Company Profile

## IIJ has been taking initiatives in Internet Infrastructure field in Japan

### Established

December 1992 (The first established full-scale ISP in Japan)

### Number of Employees

5,221 (approx. 70% engineers)

### Large Shareholders

NTT Group, KDDI, ITOCHU Techno-Solutions (CTC), Koichi Suzuki

### ◆ The first established full-scale ISP (Internet Service Provider) in Japan

- ✓ Introduce many in-house developed Internet-related network services
- ✓ Highly skilled IP (Internet Protocol) engineers from the inception
- ✓ Operate one of the largest Internet backbone networks in Japan

### ◆ Well recognized “IIJ” brand among Japanese blue-chip companies’ IT division

- ✓ Differentiate by reliability and quality of network and systems operation
- ✓ Long-term (almost 30 yrs) client relationship since the establishment of IIJ

### ◆ Development of innovative Internet-related services

- ✓ Differentiate by continuous network service developments and business investments
- ✓ Focus on Cloud, mobile, security, solutions related to Big Data, IoT and data governance
- ✓ Always ahead of telecom carriers and systems integrators (Slers) with regards to services development and operation

- Number of employees is on the consolidated basis and as of Mar. 31, 2025
- Large shareholders are as of Mar. 31, 2025

# From ISP to Total Network Solution Provider

## Systems Integration (SI) revenue:

- Systems construction (including equipment sales)
- Systems operation and maintenance (including private Cloud)

## Network (NW) services revenue:

- WAN services
- Outsourcing services (including Security services)
- Mobile services
- Internet connectivity services

One time revenue

Monthly Recurring Revenue

### EMERGE

Network enhancement,  
Cloud, consumer mobile,  
IoT ....

### BLOOM

Harvesting the flower of  
Total Network Solution  
Provider

### Transition

Change in business model

### Birth

Earned enduring client base

M&A (Sep. 2010)

FY1994

FY2000

FY2005

FY2010

FY2015

FY2020

FY2024

**Increase in number of ISPs in Japan**  
NTT launched Internet connectivity service in 1996

**Price war and market consolidation for ISPs in Japan**  
IIJ shifted its focus to large corporates, survived the tough competition, and established market position

**Became MVNO in 2008 and launched Cloud services in 2009**

**Launched consumer mobile services in 2012**

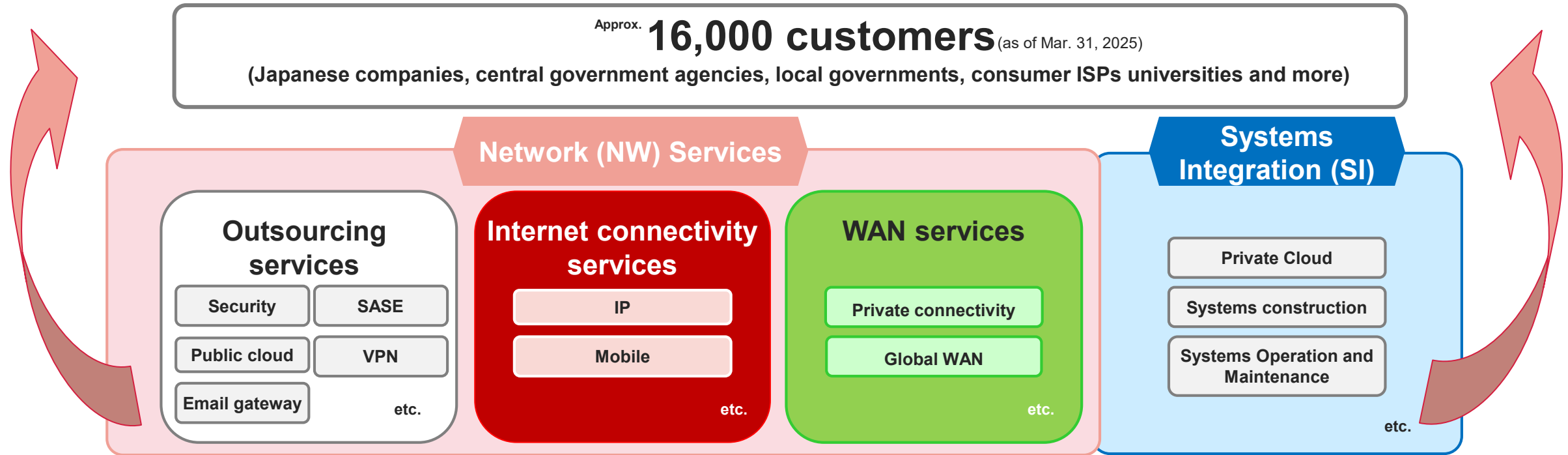
**Became full-MVNO in 2018**

**DX triggered by the Pandemic**

**Advance ment of DX in post-pandemic era**

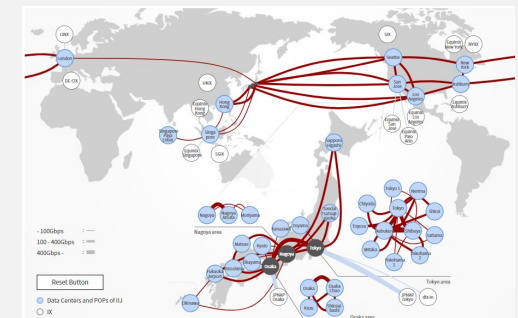
# IIJ as a Total Network Solution Provider

Offers various network services and systems integration together in many projects



## Major cost components of Network services (mostly non-revenue linked cost)

- Fiber leasing cost for Internet backbone and WAN access line
- Depreciation cost and maintenance cost of network equipment
- Personnel cost for network service development and operation and outsourcing cost
- Licenses fee such as software, etc.
- Data center operation cost etc.
- Mobile data interconnectivity and voice service purchasing cost for mobile services



IIJ's Backbone Network



# Management Structure (to be from June 2025)

## Board Members



Representative Director, Chairman,  
Executive Officer, Co-CEO  
Koichi Suzuki



Representative Director, President,  
Executive Officer, Co-CEO & COO  
Yasuhiko Taniwaki



Vice President  
Executive Officer  
Satoshi Murabayashi



Vice President  
Executive Officer  
Koichi Kitamura



Vice President  
Executive Officer  
CFO  
Akihisa Watai



Vice President  
Executive Officer  
CTO  
Junichi Shimagami



(outside)  
Takashi Tsukamoto

Former Chairman of  
Mizuho Financial Group, Inc.  
Former President and CEO of  
Mizuho Bank, Ltd.



(outside)  
Kazuo Tsukuda

Former Chairman and  
Representative Director of  
Mitsubishi Heavy  
Industries, Ltd.



(outside)  
Yoichiro Iwama

Former President and  
Representative Director of  
Tokio Marine Asset  
Management Co., Ltd.



(outside)  
Atsuhiko Okamoto

Former President and  
CEO of Iwanami Shoten,  
Publishers



(outside)  
Kaori Tonosu

Former Board Member of  
Deloitte Touche Tohmatsu  
LLC

### ◆ Message from new President

I am dedicated to firmly inheriting the growth trajectory we have established, further honing and demonstrating our group's greatest strength of technological capabilities and continuously strive to enhance corporate value over the medium to long term. To achieve further business growth, I will focus on strengthening our response to cybersecurity, which is essential for the future network society, enhancing our efforts in new business areas such as data utilization, and fostering human resources that drives innovation.

### ◆ Profile of new President

- Joined the Ministry of Posts and Telecommunications (now, the Ministry of Internal Affairs and Communications ("MIC")) in 1984. Involved in NTT's restructuring and led the telecommunications administration in the 2000s, including the formulation of a roadmap for Japan's information and telecommunications policy and a reform plan for the cellular phone industry.
- Appointed Vice-Minister for Policy Coordination of Posts and Telecommunications, MIC in 2019. Promoted policies such as lowering cell phone charges.
- After appointed Executive Vice President of IIJ in 2022, contributed to business expansion related to cybersecurity and digitalization of government & enterprises, etc.

### ◆ Vice Presidents have been assigned to oversee each business domain, enhancing the promotion of business operations

### ◆ Performance based compensation for an annual and mid-term plan have already been implemented

### ◆ Ratio of outside directors: 46.7%, ratio of female directors: 20.0%

## Company Auditors

Company Auditor Masayoshi Tobita	Company Auditor Masako Tanaka (Ms.)	Company Auditor (outside) Takashi Michishita	Company Auditor (outside) Kumiko Aso (Ms.)
		Attorney at law	Certified Public Accountant

## IIJ's Material Issues



Lead NW infrastructure advancement with technological innovations and contribute to solving various social issues

◆ Bringing innovation with IP

Online banking/brokerage	CDN	Smart Government
Online shopping	Telehealth	Remote work

From now on

Adoption of Cloud	IoT Solution
Digital Currency	Metaverse

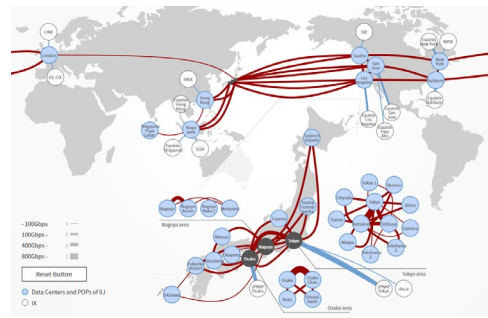
◆ Information disclosures based on the TCFD Recommendations

Measures	Targets	FY24 results
Usage of renewable energy	To increase the renewable energy usage rate of data centers (Scope 1 and 2) to 85% in FY2030	55%
Improvement of energy conservation	To keep the PUE of the data center at or below the industry's highest level (1.4) until FY2030 through continuous technological innovation	Matsue: 1.34 Shiroi: 1.32



Provide safe and robust Internet services that support social infrastructure

◆ Provide stable and safe Internet connectivity services, construct and operate Internet backbone that cover the world



◆ Support privacy protection regulations. Had acquired EU BCR and APEC CBPR



Provide an arena for people with diverse talents & values, where they can exercise their skills & actively and boldly take on challenges

◆ Corporate culture of taking initiatives and challenging new things since the inception  
◆ Human resources culture of sincerely striving to meet the demands of clients

◆ Lower than the industry average turnover

FY21	FY22	FY23	FY24
4.2%	3.8%	4.6%	3.9%

◆ Target for diversity: the ratio of female managers  
➢ Achieved FY24 and FY27 targets a year in advance

Initial targets: FY24 over 6%, FY27 over 8%

Apr. 2022	Apr. 2023	Apr. 2024	Apr. 2025
5.7%	6.3%	7.5%	8.4%

## IIJ's ESG rating by MSCI has been updated to "AA" in Sep. 2024

More information on IIJ's corporate governance: <https://www.ijj.ad.jp/en/ir/integrated-report/governance/>

Overview of corporate governance	Operation of the Board of Directors	Design of Remuneration for Directors
Operation of the Nomination and Remuneration Committee	Business Operation	Operation of the Board of Company Auditors
Operation of Internal Audit	Initiatives for Information Security	Related Party Transactions

- PUE(Power Usage Effectiveness) is a metric that shows how efficiently electricity is used at a data center. The closer to 1.0 is considered to be good
- TCFD: Task Force on Climate-related Financial Disclosures
- Scope 1 and 2 (Greenhouse gas emissions by a company): Direct emissions from the use of fuels and industrial processes at the company and indirect emissions from the use of electricity and heat purchased by the company (as defined by the GHG Protocol)
- The turnover rate of IIJ (non-consolidated basis) is calculated by dividing leavers for the fiscal year by the number of full-time employees at the beginning of that fiscal year. The industry average turnover rate of approx. 10% is announced by the Ministry of Health, Labor, and Welfare

# Extensive Service Lineup

Unit: ¥ (JPY) billion (bn)

About IIJ

Business Model

Strength

Growth Strategy

Revenue category		FY24 revenue	YoY growth	Cost Structure	About					Business situation, growth drivers and outlook					
Network services	Internet connectivity services for enterprise	48.99	+9.5%	Mostly shared cost	IP (Internet Protocol)			17.32	+8.3%	<ul style="list-style-type: none"><li>➤ IIJ's core service since the establishment</li><li>➤ Highly reliable dedicated connectivity services (multi-carrier, redundancy, etc.)</li><li>➤ Contracts are based on data bandwidth (Revenue to increase as volume per client increases)</li></ul>		IP	<ul style="list-style-type: none"><li>➤ Matured market (hard to entry)</li><li>➤ Very low churn rate, loyal clients for 30 years</li><li>➤ Expect Internet traffic volume to continuously increase along with cloud penetration, SaaS, DX, etc.</li></ul>		
	Internet connectivity services for consumers	26.83	+6.1%		Mobile			26.86	Enterprise mobile 15.48 +13.5% MVNE 11.38 +7.9%		<ul style="list-style-type: none"><li>➤ Provide data connectivity for mainly IoT usages</li><li>➤ Provide mobile services for other MVNOs</li></ul>		Mobile	<ul style="list-style-type: none"><li>➤ Provide enterprise mobile, MVNE and consumer mobile from the same infrastructure. Expect such infrastructure utilization to improve by gathering various traffic such as IoT/enterprise/ consumers<ul style="list-style-type: none"><li>• Currently procuring mobile infrastructure to meet the peak traffic of consumer whose traffic is concentrated at commuting and lunch time</li></ul></li><li>➤ Largest market share in consumer MVNO market</li><li>➤ Expect advanced IoT usages to emerge</li></ul>	
	WAN (Wide Area Network)	27.61	-2.7%		Mobile			23.44	+6.7%	<ul style="list-style-type: none"><li>➤ Provide SIM with monthly data limits (voice as option)</li></ul>		<ul style="list-style-type: none"><li>➤ Stable market</li><li>➤ Cross-selling element to make up comprehensive lineup</li></ul>			
	Outsourcing	59.15	+11.7%								<ul style="list-style-type: none"><li>➤ Legacy way of connecting multiple sites, intranet, closed NW</li><li>➤ Directly purchasing WAN line (direct cost)</li></ul>			<ul style="list-style-type: none"><li>➤ Have been developing services based on Zero Trust concept</li><li>➤ Acquire enterprise demand by cross-selling services</li><li>➤ Continuous service development is important</li><li>➤ Expect security demand to be strong continuously</li></ul>	
SI	Operation and Maintenance	82.53	+14.8%	Cost plus	On-premise Systems			48.53	+17.4%	<ul style="list-style-type: none"><li>➤ Operation and maintenance of constructed systems</li></ul>		<ul style="list-style-type: none"><li>➤ Expect great business opportunity in the mid-to-long term as internal IT systems migrate to cloud</li><li>➤ Expect revenue to increase continuously along with accumulation of construction projects</li></ul>			
	Construction (including equipment sales)	68.77	+37.8%		Private Cloud, etc.			34.01	+11.1%	<ul style="list-style-type: none"><li>➤ Promote cloud shift with abundant, highly reliable, value-added functions</li></ul>					
					<ul style="list-style-type: none"><li>➤ Design of an entire NW (location of NW equipment, needed bandwidth, etc.)</li><li>➤ Mainly NW integration projects such as server construction</li></ul>					<ul style="list-style-type: none"><li>➤ Acquiring large-scale projects as Japanese enterprises' private NW/systems are becoming more NW-based and requiring various NW function (service integration model)</li></ul>		Monthly recurring revenue 77%			
												One time revenue			

Monthly recurring revenue 77%

One time revenue

# Monthly Recurring Revenue Accumulation

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

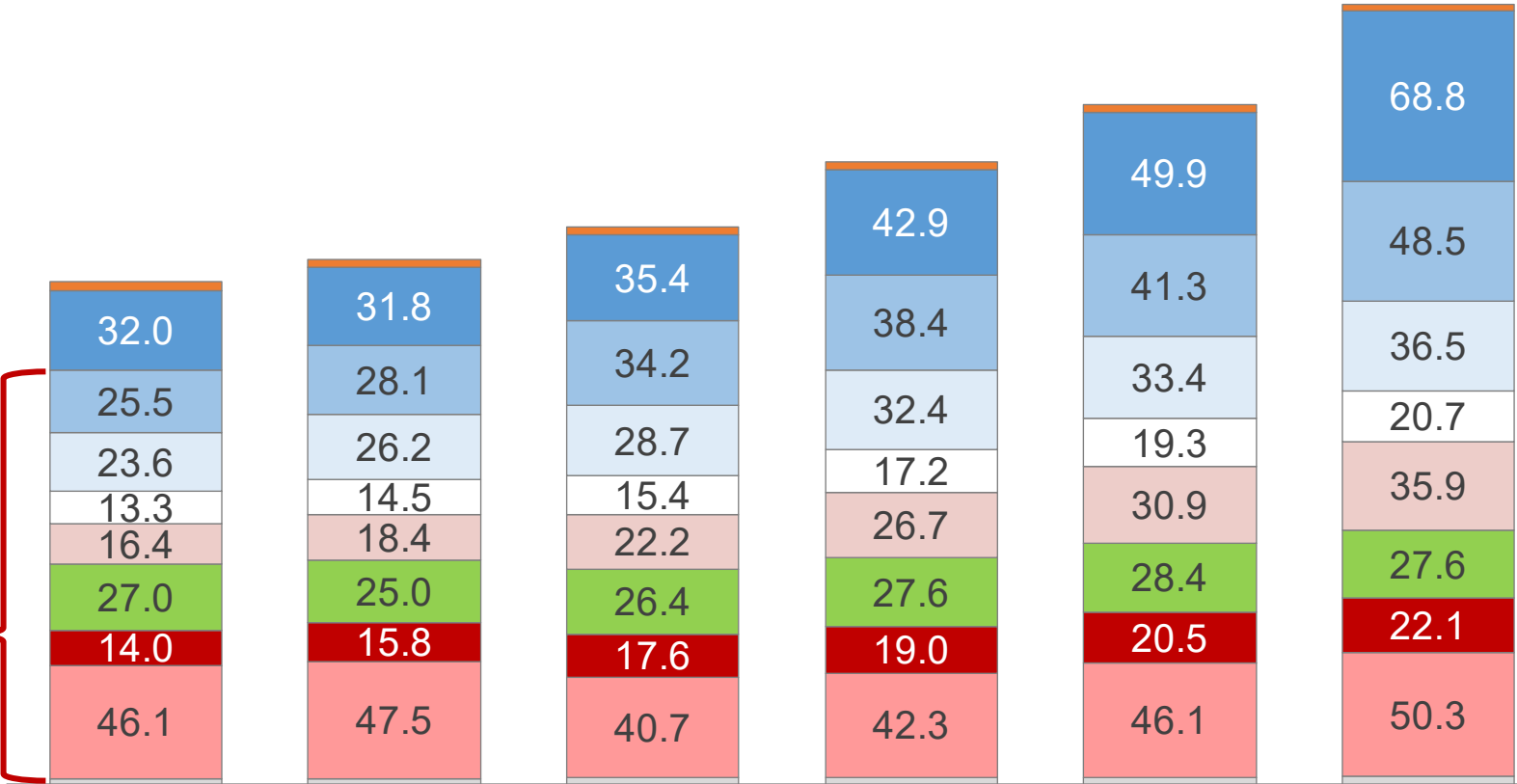
About IIJ	Business Model
Strength	Growth Strategy

	FY19	FY20	FY21	FY22	FY23	FY24
Monthly Recurring Revenue:	168.4 (+5.0%)	178.3 (+5.9%)	188.2 (+5.5%)	206.9 (+10.0%)	223.3 (+7.9%)	245.1 (+9.8%)
% to the total revenue:	82.4%	83.7%	83.1%	81.9%	80.9%	77.4%

## Revenues

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

Monthly Recurring Revenue



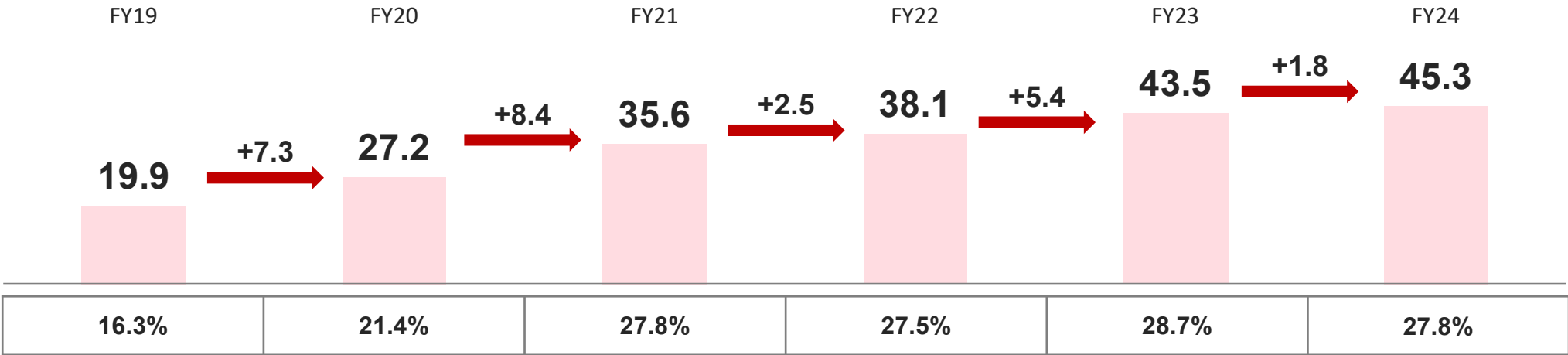
- Mobile revenue decreased year over year in FY21 due to ARPU decrease for consumers and change in unit charge for MVNE clients
- Systems construction and systems operation & maintenance revenue increase for FY21 includes PTC revenue which became IIJ's consolidated subsidiary from Apr. 2021
- During FY20, ATM operation business was impacted by the COVID-19 pandemic due for example to the store closure and smaller number of users coming to stores
- WAN revenue decreased year over year in FY19 and FY20 mainly due to certain large customers' migration to our mobile services (cheaper than WAN to connect multiple sites)

# Gross Profit and Margin Growth

NW services

Gross profit

Gross margin

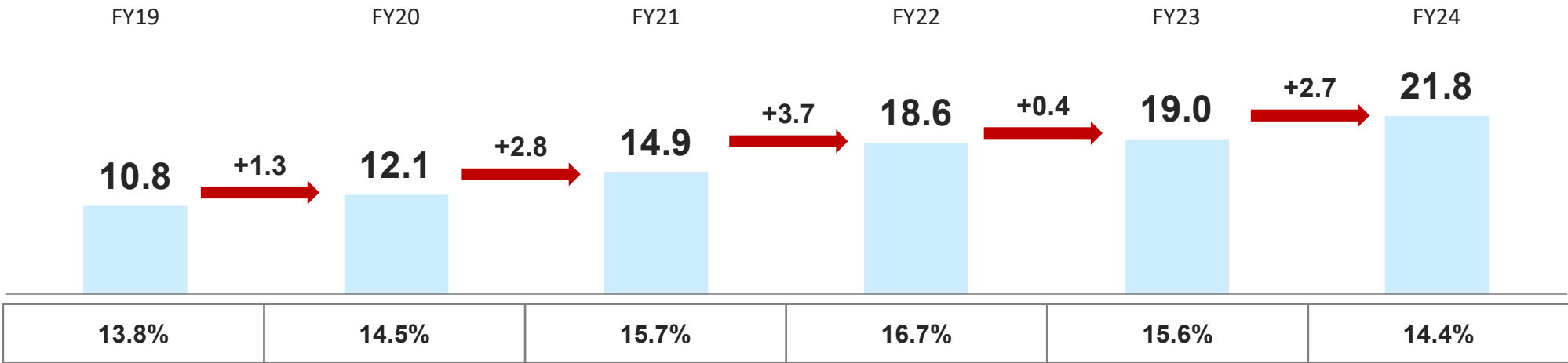


- NW services include Internet connectivity services for enterprises, Internet connectivity for consumers, Outsourcing, and WAN services. These are all monthly recurring revenue
- FY22 NW service gross margin slightly decreased due to the decrease in mobile business margin, which is part of NW services, mainly because of an increase in marketing cost such as low price hand-set offering

SI

Gross profit

Gross margin



- SI includes systems construction which is one-time revenue and systems construction and maintenance which is monthly recurring revenue
- FY21 SI includes PTC revenue which became IIJ's consolidated subsidiary from Apr. 2021
- FY23 gross margin was weak mainly due to the small construction revenue, an allocation of resources such as engineers to prospective orders of large-scale projects, and a low systems operation and maintenance revenue growth (a scheduled termination of a particular project)

# NW Services (monthly recurring revenue) as Profit Growth Driver - Economies of Scale -

## Profit Model of NW Services

### Revenue

#### Connectivity services

IP (Internet Protocol) service

Details in P.30

- Contracted based on bandwidth
- Contract period: 1 year, generally auto-renew
- Low churn rate, loyal clients for 30 years

WAN (Wide Area NW) service

Mobile service

Details in P.36 - 39

#### Security services

DDoS protection, Firewall, SOC, etc.

- Contracted based on number of accounts
- Contract period: 1 year, generally auto-renew
- Cross-selling to IP service clients

Details in P.31 - 35

#### Various in-house developed services

Remote access, DNS, monitoring, etc.

- Contracted based on number of accounts
- Contract period: 1 year, generally auto-renew
- Cross-selling to IP clients

Details in P.27 - 29

### Cost

#### Mainly common and shared cost to operate NW

#### Leasing cost

for Internet backbone, WAN lines and leased DCs, etc.

#### Depreciation & Amortization

cost for NW equipment, etc.

#### Personnel cost

for engineers  
(service development & operation, etc.)

#### Outsourcing cost

(mobile-related, outsourcing personnel, maintenance, etc.)

### Historical track record of NW services gross margin

FY18	FY19	FY20	FY21	FY22	FY23	FY24
14.6%	16.3%	21.4%	27.8%	27.5% *	28.7%	27.8%

**Intend to enhance NW services revenue accumulation by Service Integration strategy**

- FY22 gross margin slightly decreased due to the decrease in mobile business margin, which is part of NW services, mainly because of an increase in marketing cost such as low price hand-set offering
- Among NW service revenues, WAN, mobile and part of security services have variable cost which fluctuates depending on revenue



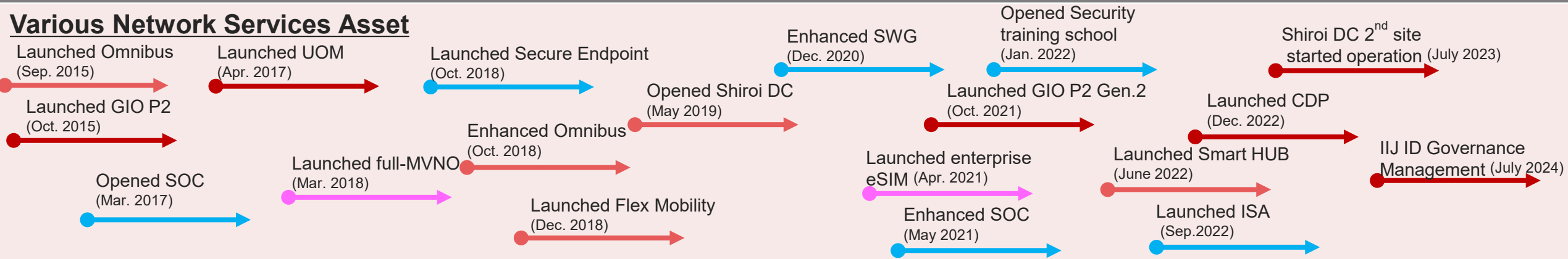
# Capex and Business Developments

Unit: ¥ (JPY) billion (bn)

About IIJ	Business Model
Strength	Growth Strategy

	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Revenues	176.2	192.4	204.5	213.0	226.3	252.7	276.1	316.8
<div><div></div> NW service gross profit</div> <div><div></div> Operating profit</div> <div><div></div> NW service gross margin</div> <div><div></div> Operating margin</div>	<div>Stronger demands for enterprise network services</div>							
	18.1%	14.6%	16.3%	21.4%	27.8%	27.5%	28.7%	27.8%
	3.8%	3.1%	4.0%	6.7%	10.4%	10.8%	10.5%	9.5%
	19.56.8	17.46.0	19.98.2	27.214.2	35.623.5	38.127.2	43.529.0	45.330.1
CAPEX	20.7	15.1	15.2	15.2	16.1	20.8	22.5	26.3
NW services, etc.	9.9	9.4	9.6	8.8	9.0	9.7	12.9	15.0
Shiroi, Matsue DCs	1.8	2.1	2.1	1.7	1.6	5.6	5.7	4.7
Cloud	7.4	1.9	2.5	2.7	2.3	2.0	1.5	2.0
SI, others	1.6	1.7	1.0	2.0	3.2	3.5	2.4	4.6
CAPEX-related depreciation and amortization	12.1	13.9	14.4	14.5	15.1	15.3	15.6	17.3
Number of employees	3,203	3,353	3,583	3,805	4,147	4,451	4,803	5,221

## Various Network Services Asset

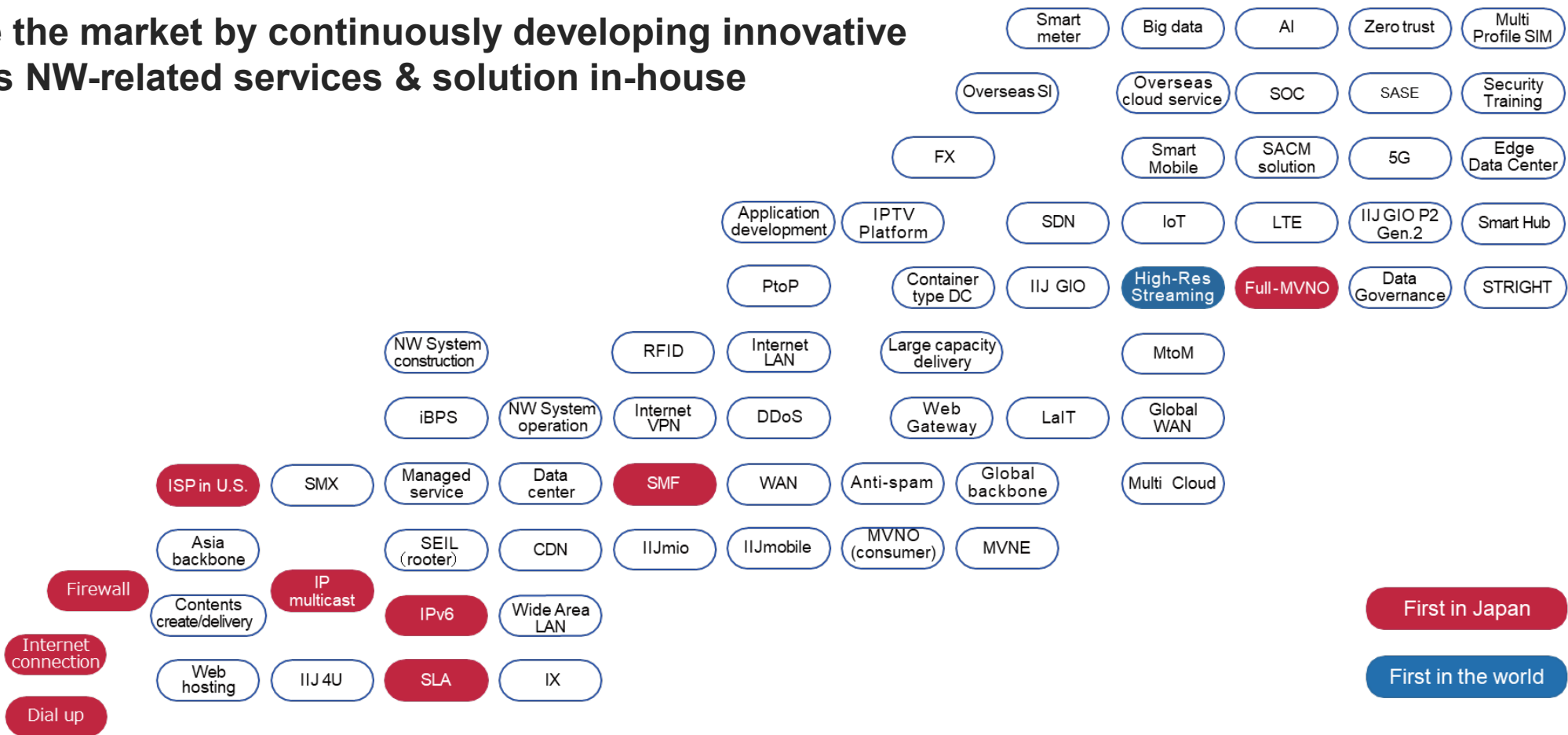


\* CAPEX-related depreciation and amortization is calculated by excluding depreciation and amortization of assets that do not have the nature of capital investment, such as right-of-use assets related to operating leases, small-amount equipment and customer relationship



# Service & Solution Development Capability

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



1992

  
Internet Initiative Japan

2000

  
IIJ America

  
msf

  
IIJ Engineering

  
Net Chart Japan

  
Loyalty Marketing Solutions

  
Trust Networks

2010

  
IIJ Global

  
IIJ Europe

  
IIJ Protech

  
JOCODN

  
DeCurret

  
PTC Data Management

2024

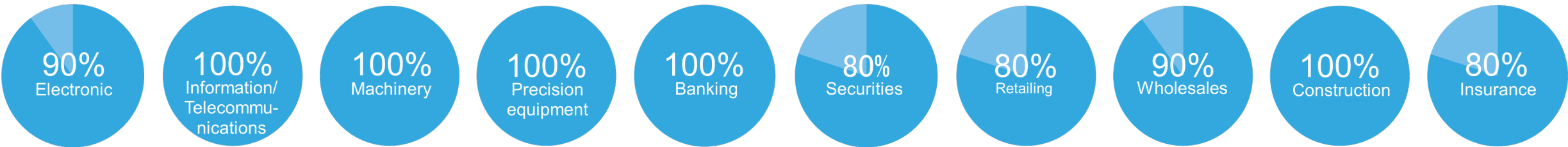
IIJ Group

# Excellent Customer Base

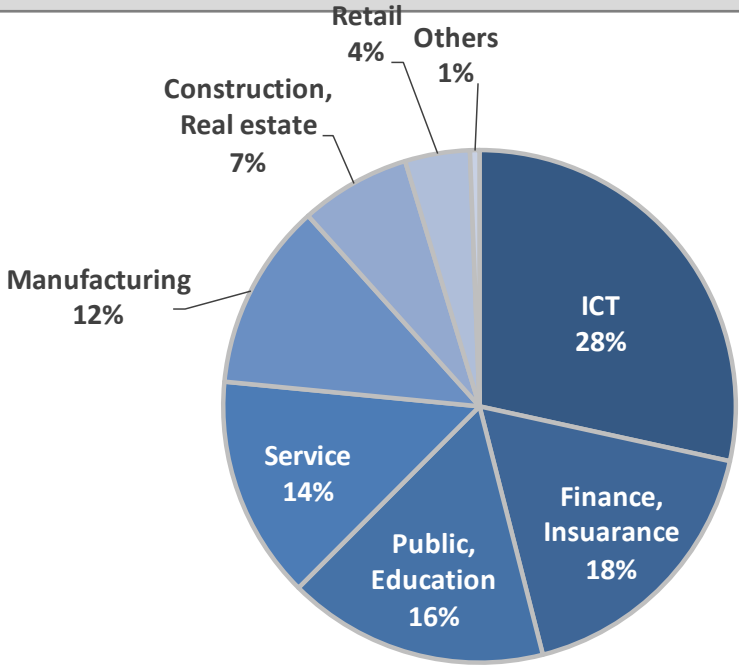
(Number of IIJ Group's clients: approx. 16,000 as of March 31, 2025)

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

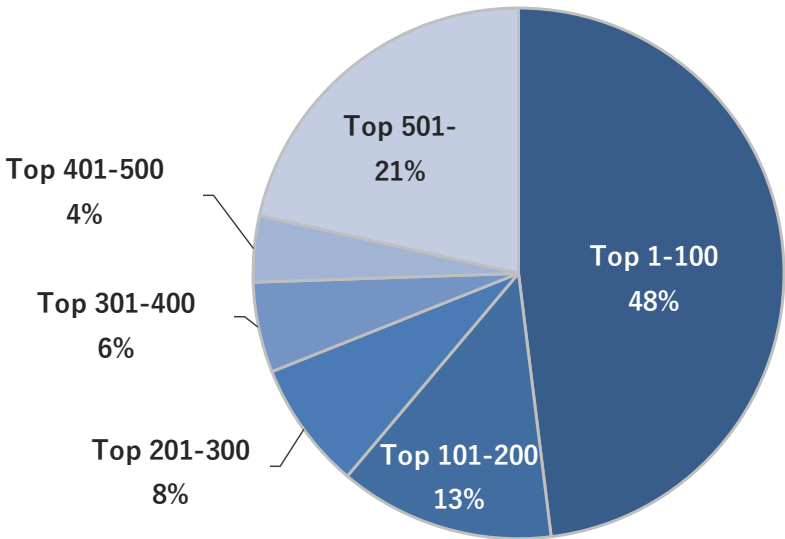
## Cover Most of Top Revenue Companies



## Client Distribution by Industry



## Client Distribution by Revenue Volume



\* Top ten firms in each industry taken from annual revenues are selected by IIJ based on the Yahoo! Japan Finance website (finance/sales/whole market/daily)  
 \* The service penetration and the revenue distributions are based on IIJ's FY24

# Competitive Advantages

About IIJ

Business Model

Strength

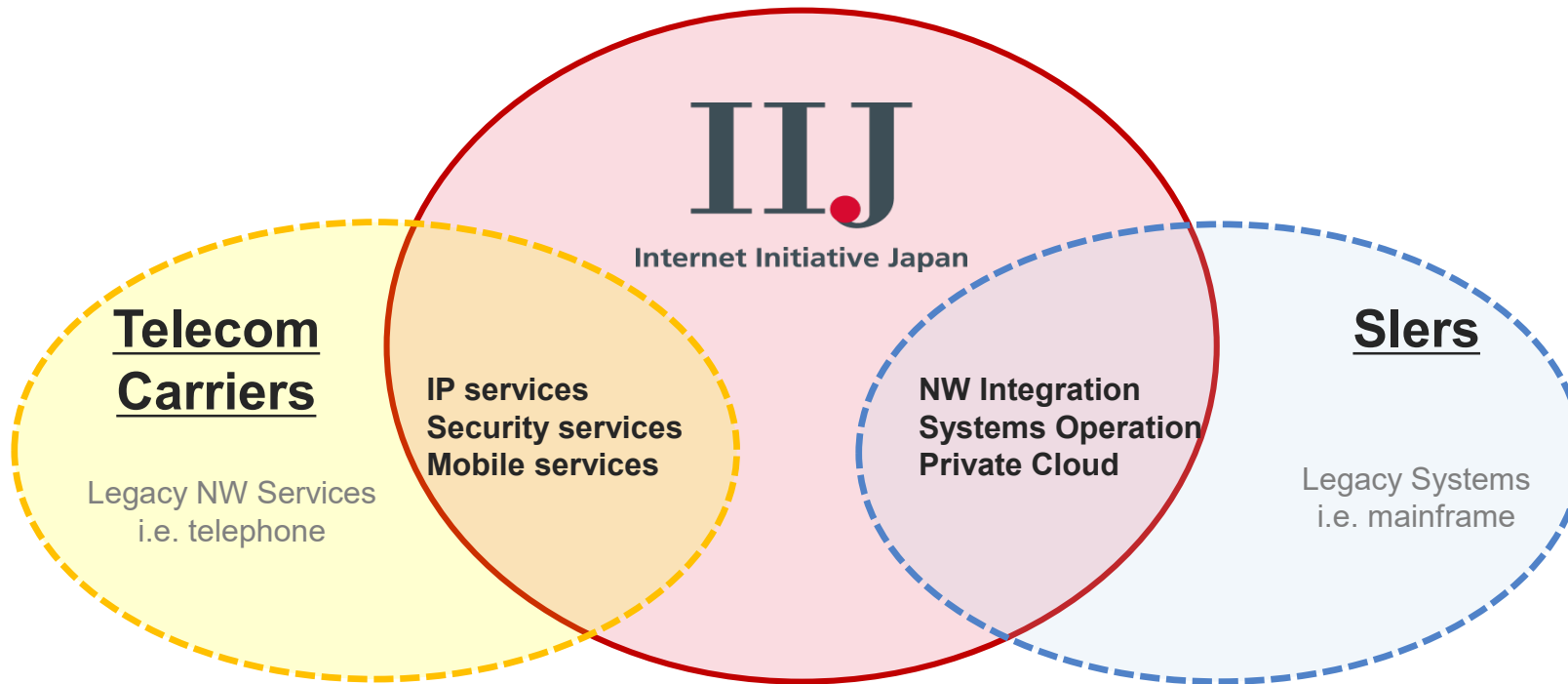
Growth Strategy

## Against telecom carriers, IIJ

- Has highly skilled IP (Internet Protocol) engineers
- Is faster to move than bureaucratic organizations
- Focuses on blue-chip companies' IT needs with SI

## Against systems integrators (Slers), IIJ

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



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

# Enhancement of Human Capital

About IIJ

Business Model

Strength

Growth Strategy

## ◆ Basic policy: continuously hire and train new graduates

- New graduates who studied NW are attracted to IIJ who is the first full-scale ISP in Japan

## ◆ Increasing the size and improving the quality of recruitment and human capital development

- Programs to promote autonomous career development by having working experiences at other departments and/or working at overseas subsidiaries
- IIJ provides a wide range of experience which leads to high employee satisfaction. Corporate culture of adopting new technology, aggressively engaging in new service development, etc.

## ◆ Expect further business expansion by seeking M&A opportunities

### Revenue Growth and Human Capital Enhancement

	FY20	FY21	FY22	FY23	FY24
<b>Total revenue</b>	<b>¥213.0 bn</b>	<b>¥226.3 bn</b>	<b>¥252.7 bn</b>	<b>¥276.1 bn</b>	<b>¥316.8 bn</b>
<i>Year over year</i>	+4.2%	+6.3%	+11.7%	+9.2%	+14.8%
	FY20-end	FY21-end	FY22-end	FY23-end	FY24-end
<b>Total number of employees</b>	<b>3,805</b>	<b>4,147</b>	<b>4,451</b>	<b>4,803</b>	<b>5,221</b>
<i>Year over year</i>	+6.2%	+9.0% *	+7.3%	+7.9%	+8.7%
Number of outsourcing personnel	1,270	1,319	1,385	1,521	1,596
	Apr. 2021	Apr. 2022	Apr. 2023	Apr. 2024	Apr. 2025
<b>Number of new graduates</b>	<b>190</b>	<b>178</b>	<b>246</b>	<b>307</b>	<b>269</b>

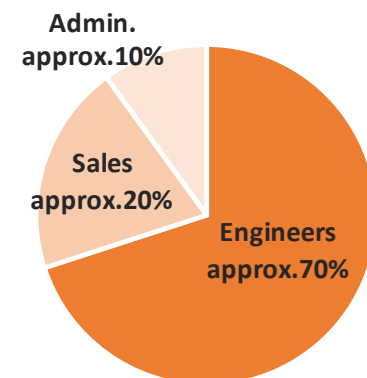
- Number of outsourcing personnel is for SI
- We added 62 personnel through PTC consolidation (Apr. 2021)

### Turnover rate

FY20	FY21	FY22	FY23	FY24
3.6%	4.2%	3.8%	4.6%	3.9%

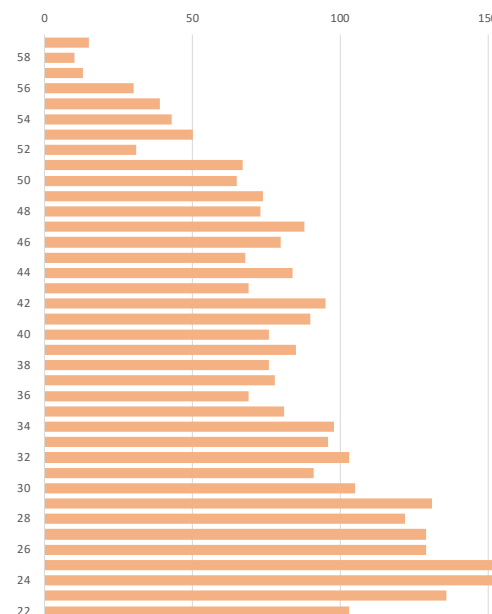
- The turnover rate of IIJ (non-consolidated basis) is calculated by dividing leavers for the fiscal year by the number of full-time employees at the beginning of that fiscal year.
- The industry average turnover rate of approx. 10% is announced by the Ministry of Health, Labor, and Welfare

### Breakdown of Employees



### Employee Age Composition

(As of Apr. 1, 2025, IIJ)



### Female Manager Ratio

(As of Apr. 1, IIJ)

FY21	FY22	FY23	FY24	FY25
5.5%	5.7%	6.3%	7.5%	8.4%

- The female manager ratio is IIJ (non-consolidated basis)
- Initial targets: FY24 over 6%, FY27 over 8%
- Achieved FY24 target a year in advance
- Brought FY27 target forward by 1 year as IIJ achieved target of over 6% a year earlier

For more information on human capital, please visit  
[https://www.ii.ad.jp/en/ir/integrated-report/human\\_capital/](https://www.ii.ad.jp/en/ir/integrated-report/human_capital/)

# Service/Business Function

Comprehensive NW system solution with NW services & SI	P. 27 – 29
Enterprise NW Services	P. 30
Security Services	P. 31 – 35
Mobile Services	P. 36 – 39
IoT Services	P. 40 – 41
Systems Integration (SI)	P. 42
Cloud Services	P. 43 – 44
Data Centers (DC)	P. 45

# Comprehensive NW system solution with NW services & SI

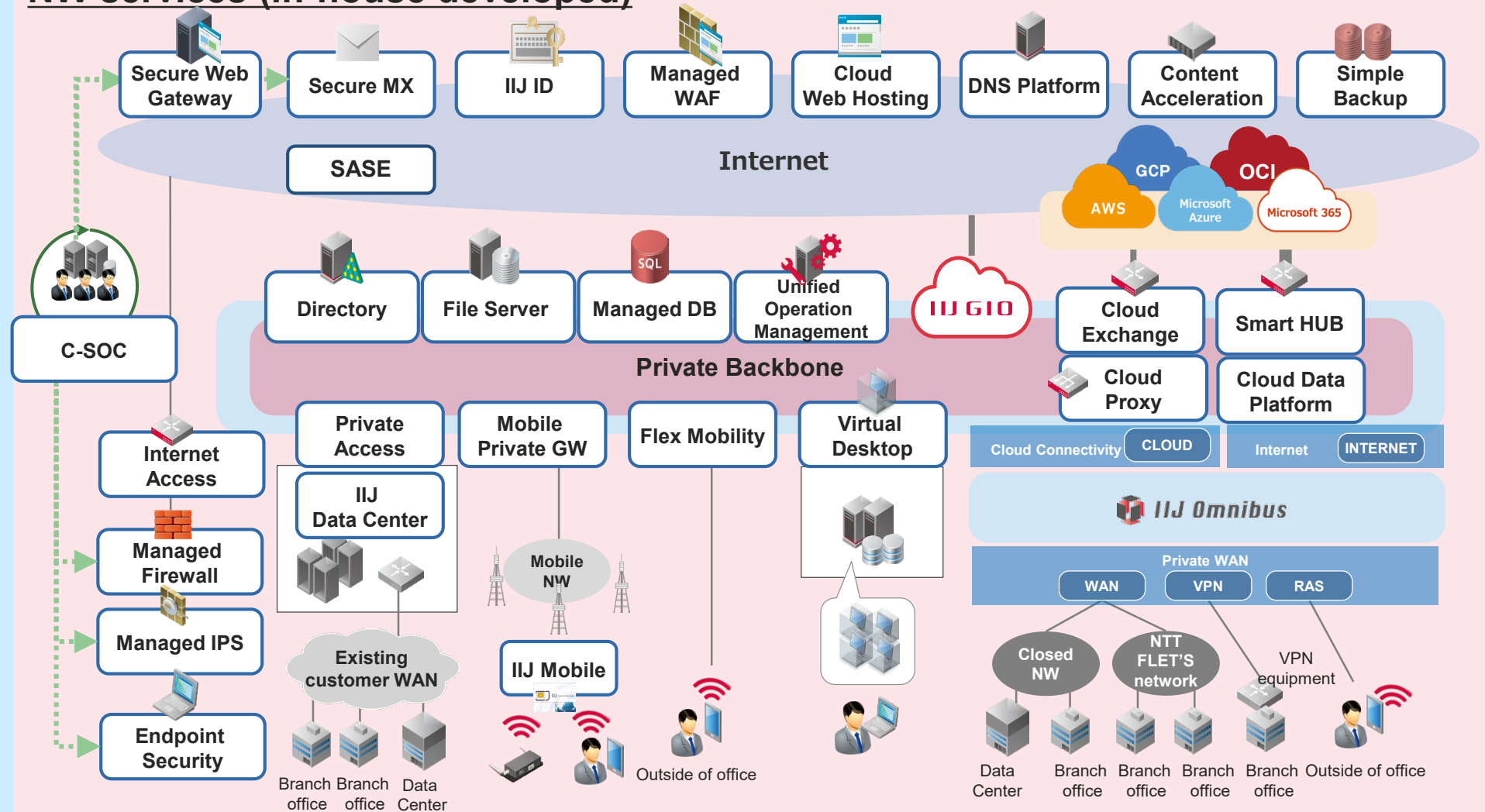
Service/Business  
Function

- By combining various in-house developed NW services with SI to provide comprehensive NW system solution

## SI to meet specific requirements cannot be covered by NW services



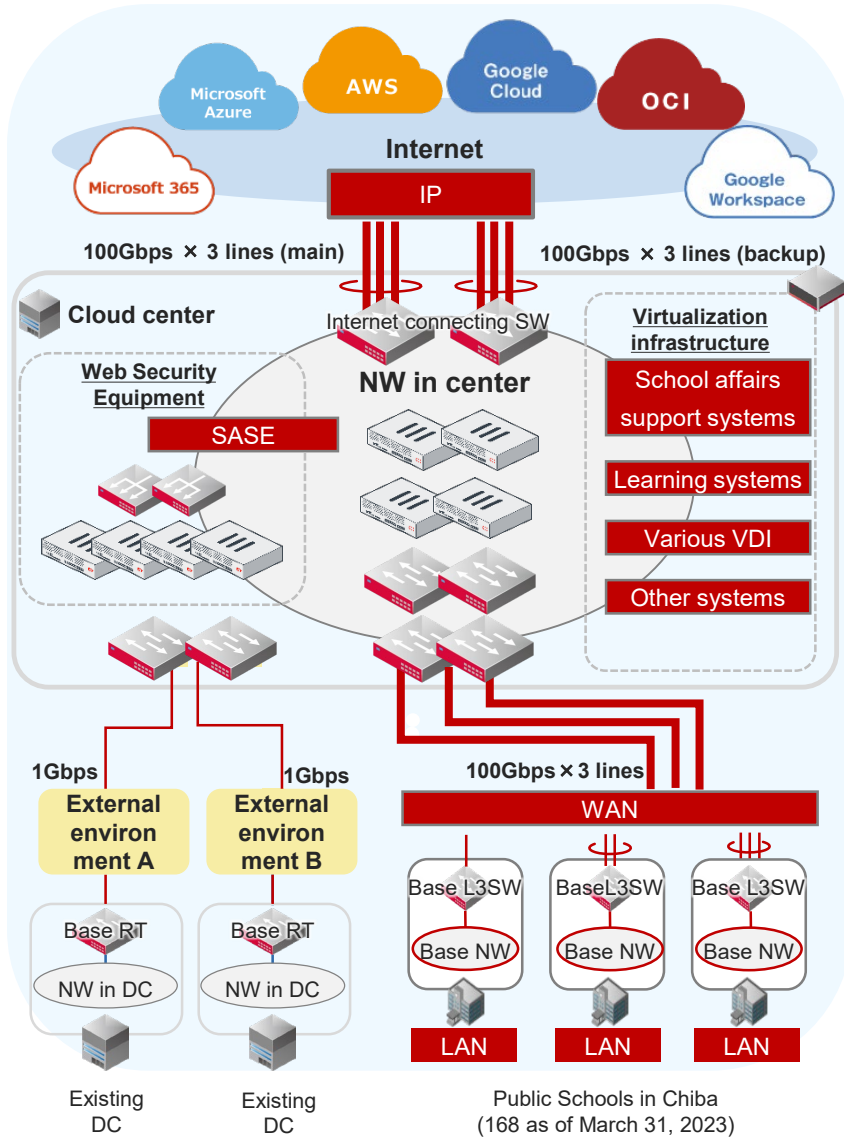
### NW services (in-house developed)



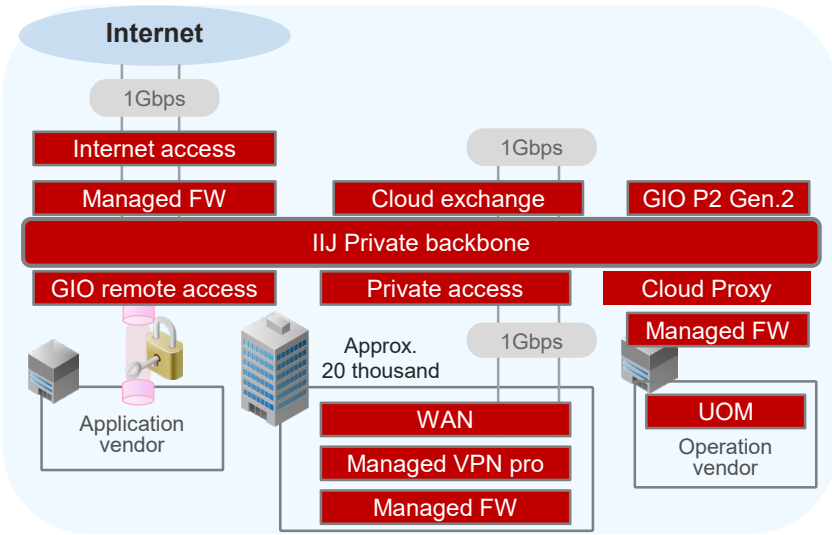
# Large-scale Service Integration Transactions

■ Services provided by IIJ  
■ SI provided by IIJ

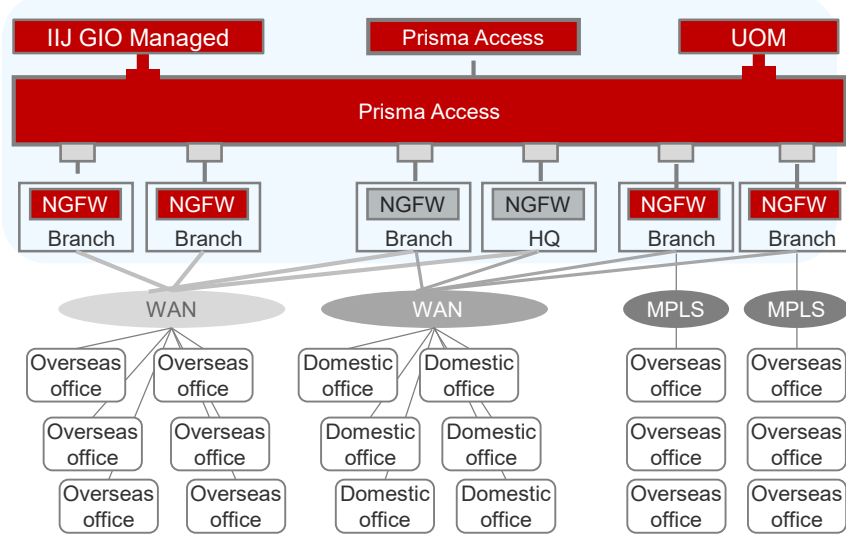
## Educational Information NW for Chiba city



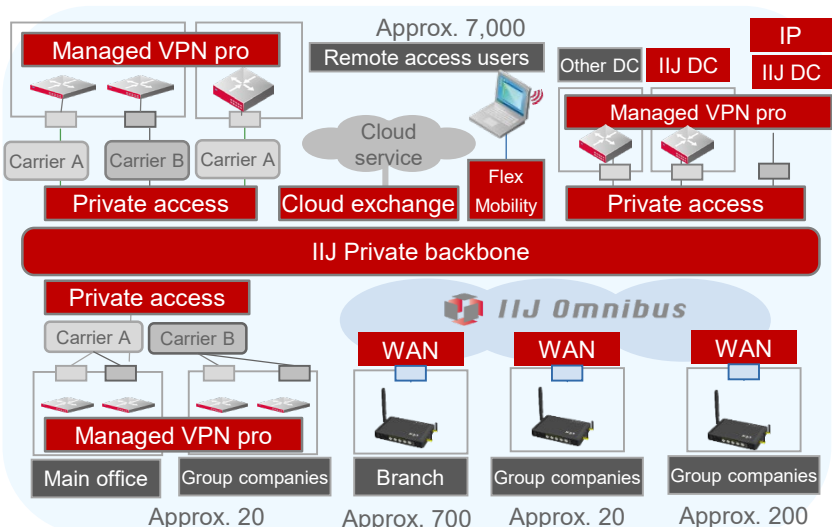
## Integrated information system for public safety org.



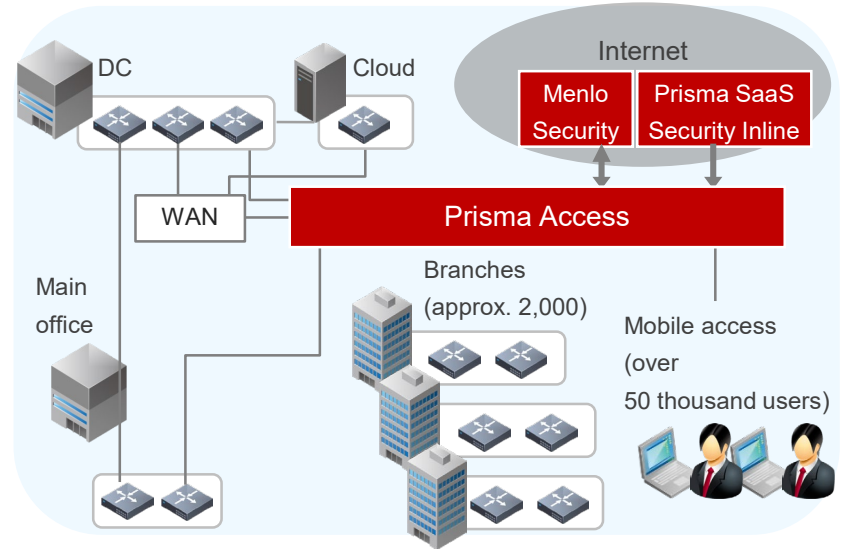
## Large-scale SASE project for a global company



## Total NW project for a prominent company group



## Large-scale NW renewal for a financial institution



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

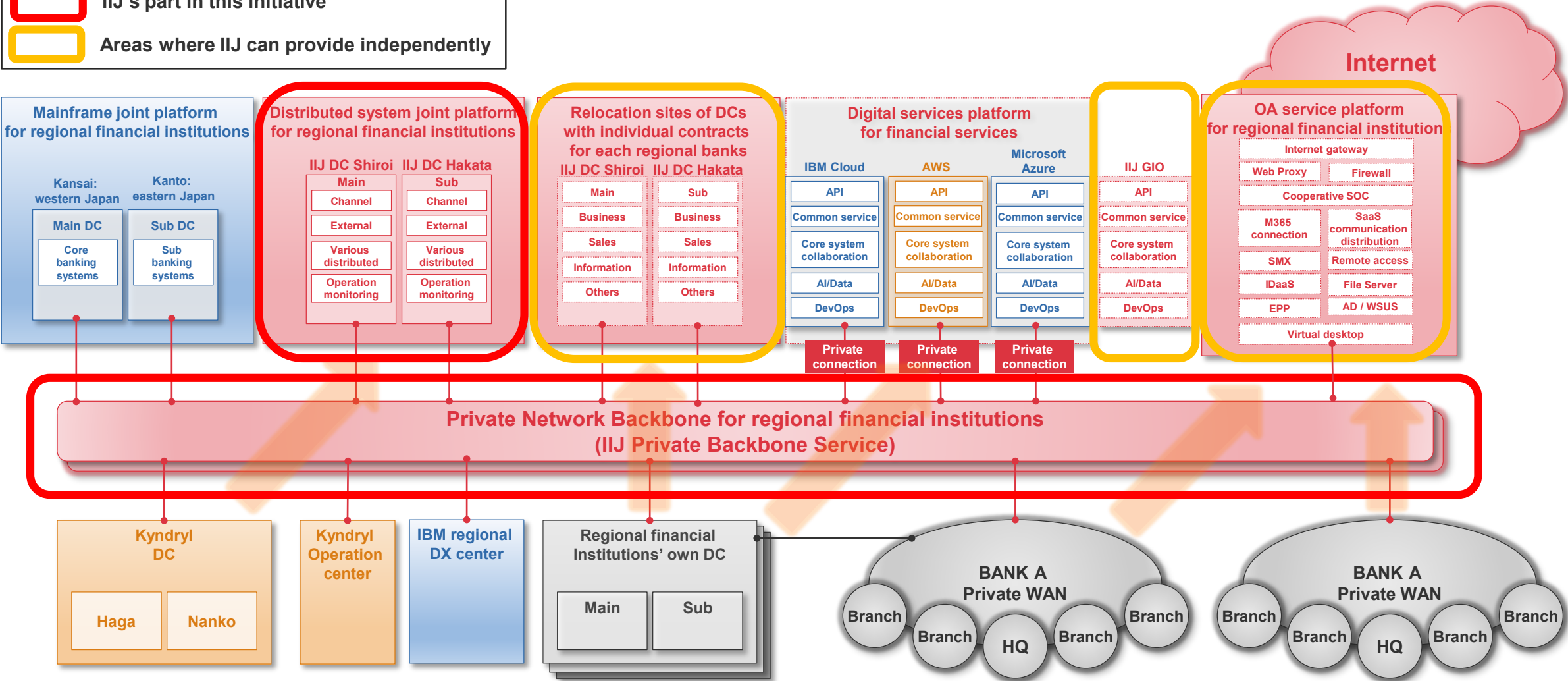


# Launched a new shared banking system platform for Japanese regional banks with IBM Japan and MUFG Bank

- ◆ The regional banking system alliance groups “Judankai” & “Chance” have adopted the platform Promoting service cross-selling for them

IIJ's part in this initiative

Areas where IIJ can provide independently



\*IIJ Private Backbone Service (PBB): A closed network for the interconnection of various IIJ network services and cloud services  
© Internet Initiative Japan Inc.

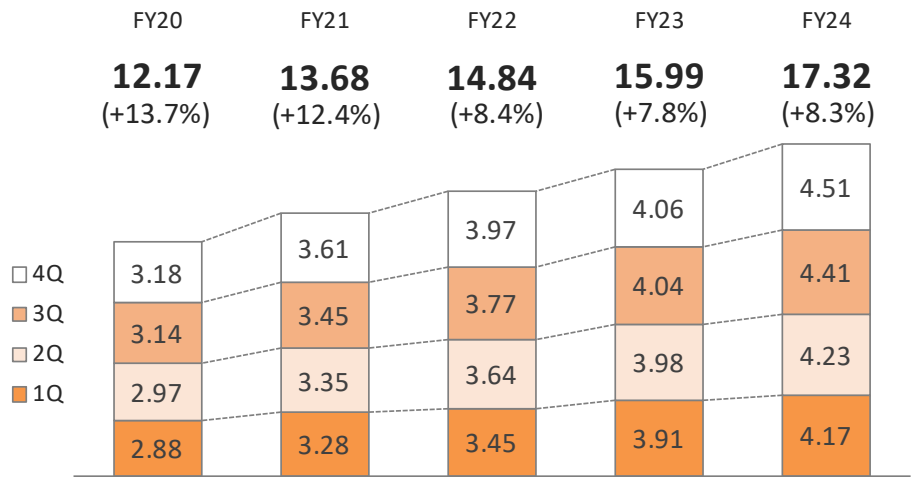
# Enterprise NW Services

IIJ’s enterprise NW services’ business model:  
Cost doesn’t have to increase at the same pace as the revenue: economies of scale

## IP service (Internet Protocol)

- ◆ IP Service is a bandwidth guaranteed dedicated Internet connectivity service for enterprises
- ◆ Service contracts are based on bandwidth. Minimum contract period is 1 year
- ◆ The revenue is 100% recognized in Internet connectivity services (Enterprise)
- ◆ Very low churn rate. Contracts are renewed every year, generally speaking
- ◆ IIJ has very high and stable market share among Japanese blue-chip
  - Difficult to newly enter the market because one will need customer base and engineers to operate Internet
    - IIJ’s IP services clients include general Japanese enterprise as well as NW operators such as consumer ISPs and cable TV operators

IP Service Revenue (unit: ¥ billion)



## Business model

### Cost

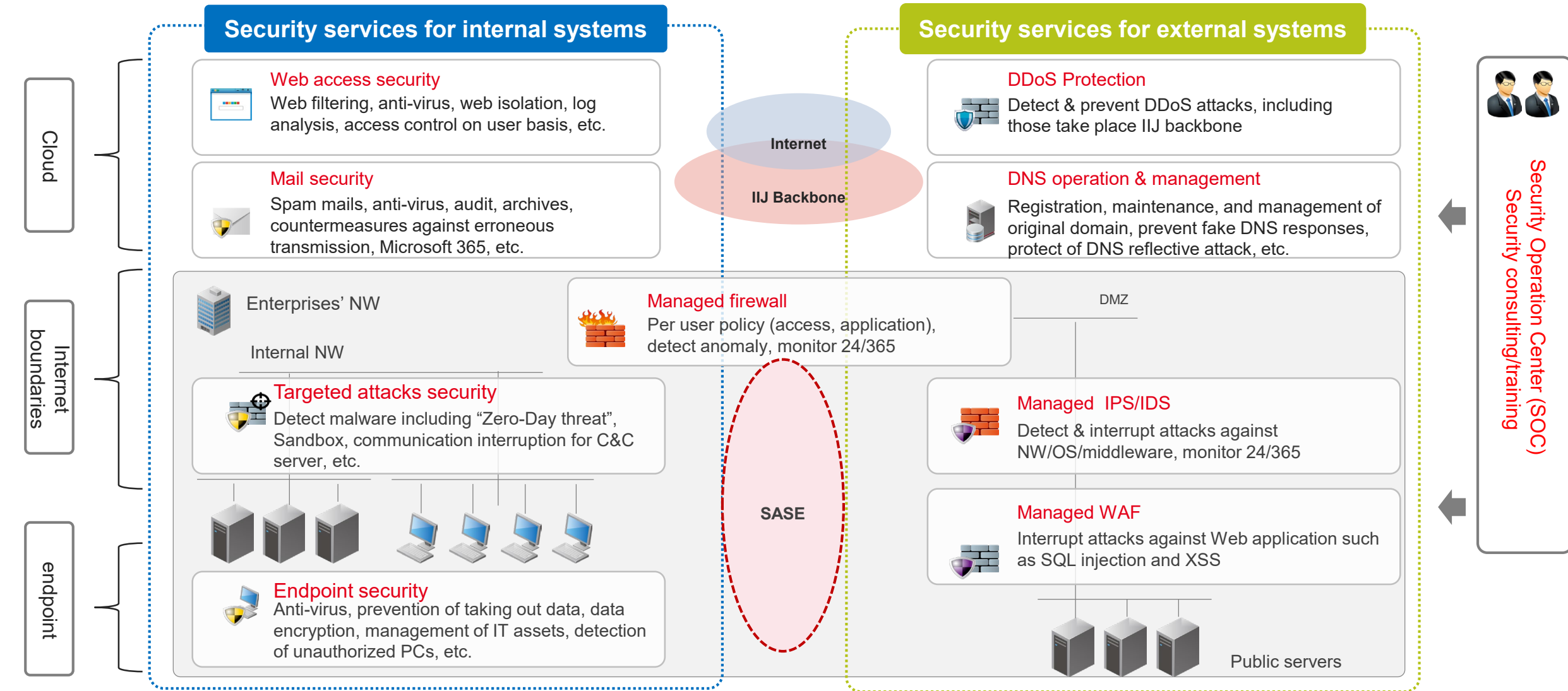
- ◆ IIJ purchases fiber from carriers
  - As one of the largest independent ISPs, IIJ has strong bargaining power
  - IIJ expands its Internet backbone continuously
- ◆ IIJ owns NW equipment that are needed for Internet backbone and NW service facility
  - NW operation cost which is many depreciation amortization costs for NW equipment is stable due to the technological innovation of servers and other NW equipment
    - In other words, ¥1 million server today is higher spec compared to the ¥1 million server a year ago

### Revenue

- ◆ Enterprise NW service revenues such as IP services and Outsourcing services are to continuously increase while their costs remain relatively stable
- ◆ By that, IIJ can enjoy an economy of scale with strong revenue accumulation which leads to gross profit expansion
- ◆ In other words, the costs for enterprise NW services do not have to increase at the same pace the revenue growth

# Security Business (1)

- Provide a wide range of security services over network
- Information analysis platform utilizing information and expertise only available to ISPs



• SASE (Secure Access Service Edge) is a concept to shift controls of NW and security on the route to Cloud services to enable secure access from any points, instead of the conventional centralized management through headquarters or data centers.

# Security Business (2)

➤ Many initiatives taken by IIJ for security

- 1994

Started providing firewall services (first in Japan)
- 1999

Started providing fully-managed firewall services (first in Japan)
- 2004

Started providing spam mail filtering (first in Japan)
- 2005

Added sender domain authorization technology/spam mail protection (first in Japan), Started providing IIJ DDoS Protection Services
- 2006

Started providing IIJ Managed IPS Service and **IIJ Secure MX Service (SMX)**
- 2009

**Started providing IIJ Secure Web Gateway Service (SWG)**
- 2015

Added sandbox option (function to detect behaviors as a countermeasure against targeted attacks)
- 2016

Constructed information analysis platform (constructed platform to analyze log data within our backbone to realize early detection and countermeasures against increasingly sophisticated threats)
- 2017

**Started providing DDoS Protection Service (terabit-compatible), Opened new Security Operation Center (SOC) and started providing C-SOC Service**
- 2018

**IIJ Security engineers provided trainings at an international security conference “Black Hat USA 2018” (first as Japanese)**
- 2018

Started providing IIJ Secure Endpoint Security Service
- 2019

Started providing IIJ Managed WAF Security Service (public web system vulnerability countermeasures)
- 2021

Started providing IIJ CSPM Solution (Cloud Security Posture Management which means cloud security management)
- 2021

**Opened IIJ Security Training School (launched business for IT division personnel assigned for security to become specialists)**
- 2022

**Started providing IIJ Secure Access Service (in-house developed SASE service)**
- 2023

IIJ Security Business division director was appointed as Kanto Regional Police Bureau’s cyber security advisor

**Certification of multiple international standards**  
Feb.2020 Mail, Web Security Services  
Apr. 2020 IIJ Managed IPS/IDS Services  
Mar. 2021 DDoS Protection Service, IIJ Managed WAF

Continued afterwards

IIJ Secure MX Service (SMX)

- ◆ Cloud-based integrated mail security service (launched in Sep. 2006)
- ◆ Differentiating by in-house developed filtering, providing support in Japanese, update, etc.
  - Minimize mail threats with multi filtering, able to store unlimited mail data in DCs located in Japan, prevent accidental transmission/information leak with the system
- ◆ Competitors withdrawing from the market



Share  
**No.1**  
Cloud based mail security

Cloud based mail security market  
Share No.1

<Source> ITR "ITR Market View: Cyber Security counter market 2023"

SMX contracted accounts (Sep. 2024)
2.9 million
E-mail services' accounts including OEM for enterprise exceeded 10 million in Jul. 2024

IIJ Secure Web Gateway Service (SWG)

- ◆ Cloud-based integrated web security service (launched in Mar. 2009)
- ◆ Differentiating by in-housed developed engines, etc. to block and isolate web functions, etc.
- ◆ SWG clients include Sumitomo Life Insurance, Fuji TV, Mitsubishi Chemical, Meiji Gakuin University, and Morinaga

10 consecutive years



SaaS Web gateway security

<Source> ITR "ITR Market View: Cyber Security counter market 2023"

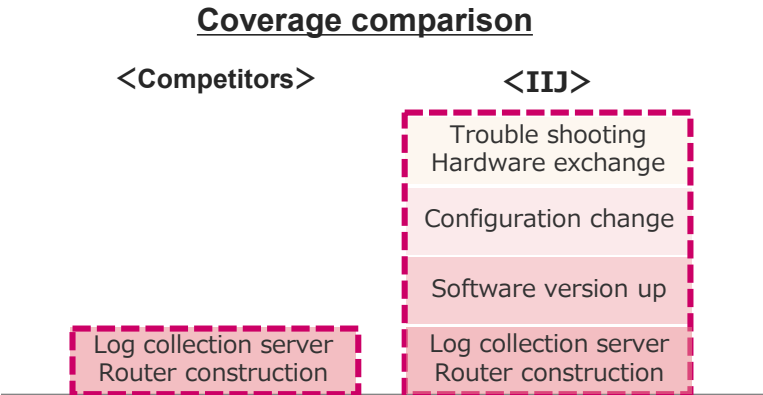
SWG contracted accounts (Sep. 2024)
1.2 million

IIJ DDoS (Distributed Denial of Service) Protection Service

- ◆ Comprehensive service to protect enterprise NW system from DDoS attacks (launched in Oct. 2005)
- ◆ Service model requires NW backbone to offer
  - Realize reliable web services by avoiding overloaded NW and server triggered by huge traffic
  - 24/365 operation by security engineers who have expertise obtained through ISP business
  - Automatically detect and prevent DDoS attacks
  - Internet access line are also within service coverage
  - Global coverage to prevent terabit level large-scale attack (Jan. 2017)
- ◆ High penetration rate toward large financial institutions

IIJ C-SOC (Security Operation Center) Service

- ◆ Comprehensive security incident response service provided by IIJ security engineers
- ◆ Operational SOC service unique to ISPs: visualize invisible threats by applying IIJ's unique intelligence, execute initial response, etc.
- ◆ Individual service operation and monitoring including other managed services
- ◆ Relatively expensive service





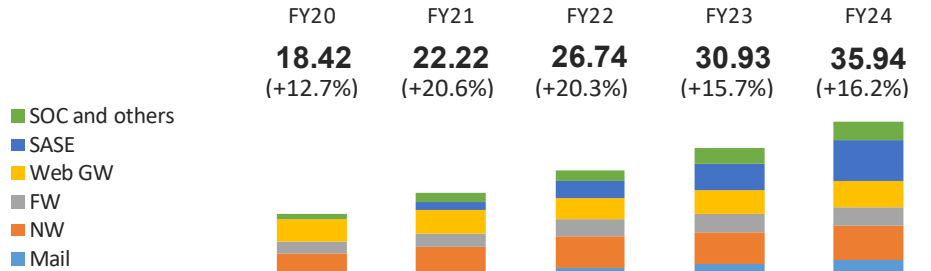
# Security Business (4)

Service/Business Function

Unit: ¥ (JPY) billion

## Security Service (monthly recurring revenue)

### ◆ Revenue strongly increasing along with continuous strong demands



### ◆ Total security business volume also growing

- Security projects outside the scope of IIJ security services are handled through SI

Total security business volume (Service+SI)	FY20	FY21	FY22	FY23	FY24
	21.47	25.44	31.25	34.81	41.58

### ◆ Strong demand for “IIJ C-SOC Service”

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

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

### ◆ Collaborate with Uzbektelecom on security service development

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

### ◆ Continued to enhance service line-ups and functions

- “IIJ Safous Service” was awarded “Global InfoSec Awards” and “Cybersecurity Excellence Awards” at RSA Conference 2024 in May 2024 (7 awards in total)
- First in the Asia-Pacific to be certified as Palo Alto Networks Partner for SP Interconnect, providing Internet connection between Prisma Access and IIJ Backbone (Apr. 2024)
- Security Service Revenue (recurring) is 100% recognized in Outsourcing
- SASE (Secure Access Service Edge) is a concept to shift controls of NW and security on the route to Cloud services to enable secure access from any points, instead of the conventional centralized management through headquarters or data centers. This concept is gaining popularity along with Cloud migration of enterprise operation systems, prevalence of flexible workstyle including teleworking.
- SOC (Security Operation Center): organization providing advices and actions regarding cyber attacks by constantly monitoring log data such as NW and device to detect and analyze cyber attacks

## Mail Security

- Full outsource of mail system, countermeasures for spam mail, etc.
  - Number of e-mail services' accounts for enterprise exceeded 10 million in Jul. 2024
- IIJ Secure MX Service (SMX)
  - Cloud-based integrated mail security service (launched in Sep. 2006)
  - Differentiating by in-house developed multi-filtering, providing support in Japanese and upgrades
  - Minimize mail threats with multi-filtering, able to store unlimited mail date in DCs located in Japan, prevent accidental transmission/information leak with the system

## NW Security

- IIJ DDoS Protection Service
  - Comprehensive service to protect enterprise network system from DDoS attacks (launched in Oct. 2005)
  - Service model unique to NW operators
  - Realize reliable web services by avoiding overloaded network and server triggered by huge traffic, global coverage to prevent terabit level large-scale attack (launched in Jan. 2017)
- IPS/IDS, WAF, etc.

## FW (Firewall)

- Outsource of firewall operation, detection system for anomaly, etc. (launched in Oct. 2006)

## Web GW

- Full outsource of web security, URL filtering,
- IIJ Secure Web GW Service (SWG)
  - Cloud-based integrated web security service (launched in Mar. 2009)
  - Differentiating by in-housed developed engines etc. to block and isolate web functions, etc.

## SASE

- Operation of Prisma Access, Zscaler etc.
  - Highly regarded as a top-class SASE implementation & operation vendor
  - From a vendor neutral position, provide all-in-one support ranging from solution selection, design, construction, implementation to operation
- IIJ Secure Access Service “ISA”
  - In-house developed SASE service (launched in Sep. 2022)
  - Differentiating by high compatibility with other IIJ security services, small start & low-price range
  - Continue to enhance the service, in the middle of setting up

## SOC and others

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

# Security Business (5)

## ◆Regarding the Breach of Customer Information in “IJ Secure MX Service”

As announced in our press releases, we disclosed a potential external breach of certain customer information associated with the relevant service

#0 Incident occurrence

The unauthorized access occurred on this date, and our investigation confirmed that the impact started from this point forward.

#2 First press release

We disclosed to the public an overview of the data breach, the types of customer information potentially exposed, and the scope of potentially affected customers

Number of customers whose information may have been breached

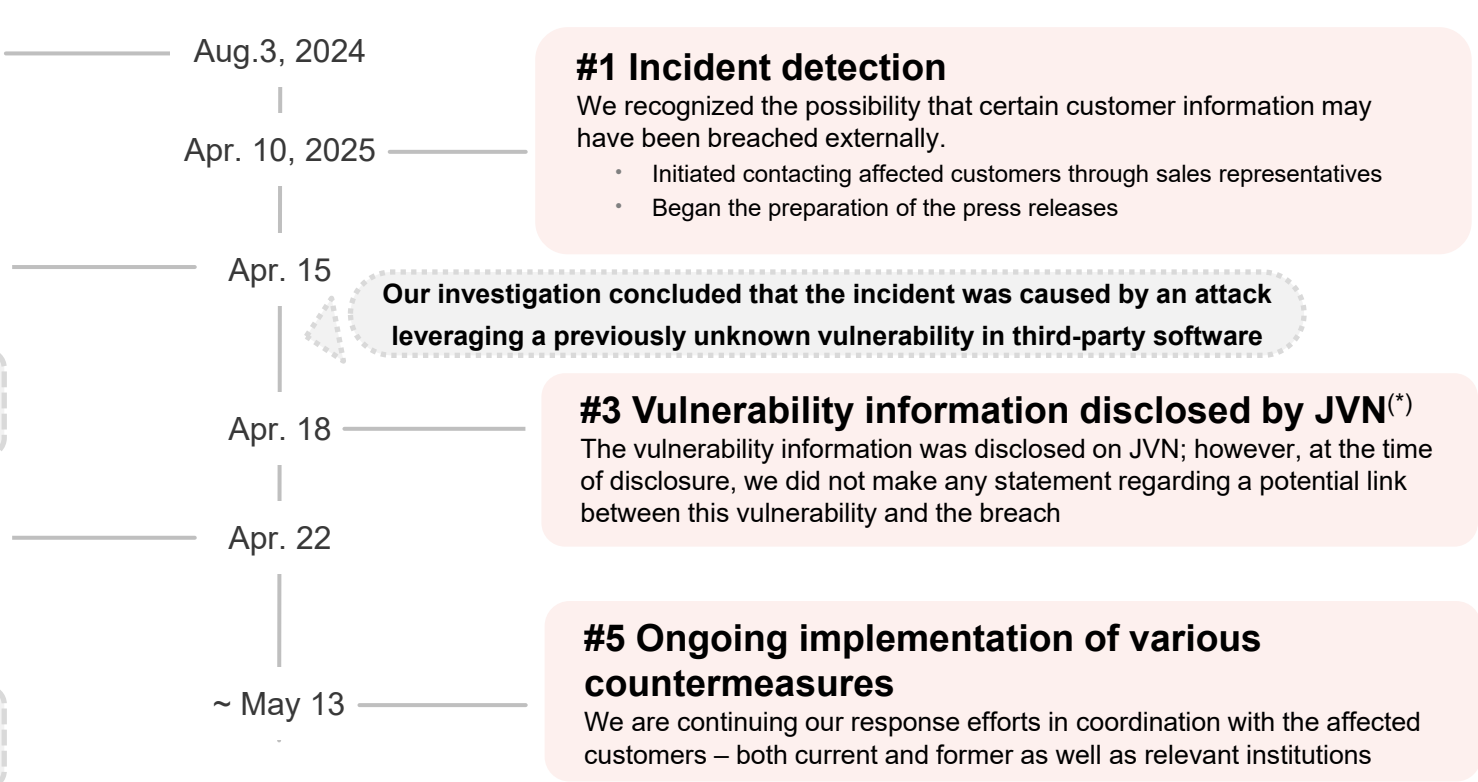
Up to 6,493 contracts, up to 4,072,650 email accounts

#4 Second press release

As part of the investigation report, we disclosed the number of affected customer contracts confirmed as affected by the breach, the cause of the unauthorized access, and the underlying vulnerability that was exploited

Number of customers contracts confirmed as affected by the breach

586 contracts, 311,288 email accounts



## Future Actions

To prevent recurrence on a permanent basis, we are continuing to consider further strengthening of our security measures & monitoring systems

- Enhancement of behavioral detection capabilities (detection) → We plan to implement this by the end of June 2025
- Consideration of multi-layered Web Application Firewall defenses (defense) → We plan to assess the feasibility of implementation by the end of May 2025

In addition, we are considering other necessary measures and will promptly implement actions to restore customer trust and ensure that they can use our services with even more confidence moving forward.

(\*) JVN (Japan Vulnerability Notes) is a vulnerability information portal site designed to help ensure Internet security by providing vulnerability information and their solutions for software products used in Japan. Under the “Information Security Early Warning Partnership,” the JVN has been operated jointly by the JPCERT Coordination Center and the Information-technology Promotion Agency (IPA) since July 2004.

© Internet Initiative Japan Inc.

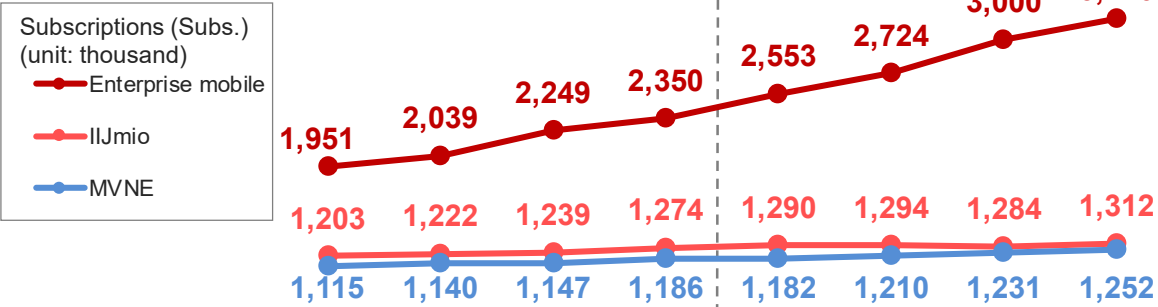


# Mobile Business (1)

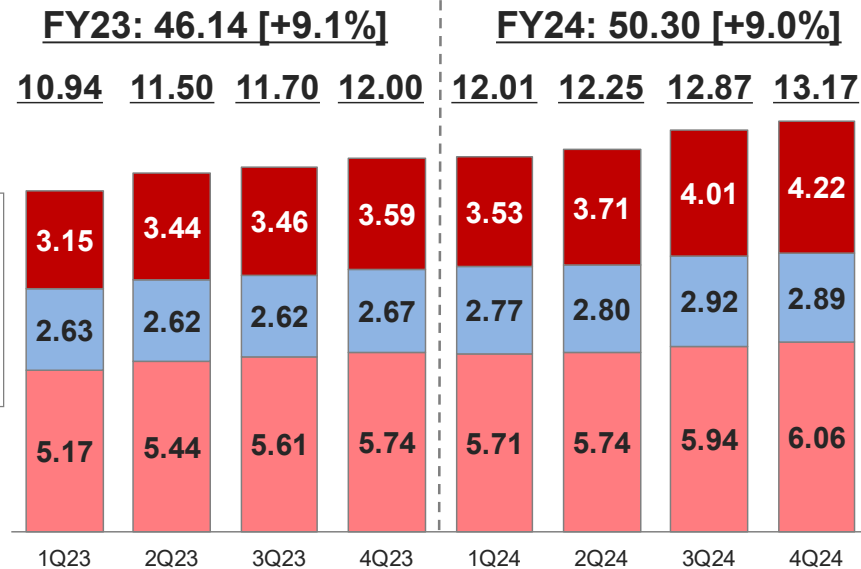
Unit: ¥ (JPY) billion (bn)  
%, YoY = Year over year comparison  
QoQ = Quarter over quarter comparison

Service/Business  
Function

## Mobile Subscription (Subs.)



## Mobile Revenue



- Accumulate enterprise IoT traffic by leveraging the blue-chip client base, various NW services & SI function - higher utilization of the mobile infrastructure
- Consumer subscription contributing to expand the infrastructure

### ◆ Enterprise mobile (deducting MVNE from IIJ Mobile)

- FY24 revenue: ¥15.48 bn (+¥1.85 bn YoY)
- 4Q24-end subs.: 3,176 thousand (+826 thousand YoY)
  - Existing transactions such as NW cameras, GPS devices, and on-board unit-related devices are becoming larger and continuously acquiring new orders
  - In the industrial IoT area: data collection and analysis system in construction site, etc.
  - In the agricultural IoT area: water management system for paddy fields, etc.

### ◆ MVNE (providing mobile services to other MVNOs)

- FY24 revenue: ¥11.38 bn (+¥0.84 bn YoY)
- 4Q24-end subs.: 1,252 thousand (+66 thousand YoY)
- 4Q24-end MVNE clients: 201 clients (+9 clients YoY)

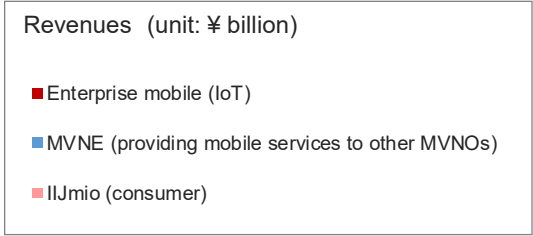
### ◆ IIJmio (consumer)

- FY24 revenue: ¥23.44 bn (+¥1.48 bn YoY)
- 4Q24-end subs.: 1,312 thousand (+38 thousand YoY)

GigaPlans (unit: thousand)	1Q23- end	2Q23- end	3Q23- end	4Q23- end	1Q24- end	2Q24- end	3Q24- end	4Q24- end
Subs.	928	963	995	1,041	1,069	1,084	1,085	1,124

# Mobile Business (2)

Service/Business  
Function



IIJ started providing 3G mobile services by becoming MVNO in Jan. 2008

Providing mobile services to enterprises for their laptops PC' data communication and Machine to Machine (M2M) usages

IIJ started providing LTE services to both enterprises and consumers from Feb. 2012

IIJ became MVNE by providing its mobile services to other MVNOs

Rapid expansion of consumer inexpensive SIM market in Japan

IIJ became full-MVNO in 2018. Expect to expand enterprise IoT business

IIJ launched GigaPlans from Apr. 2021.

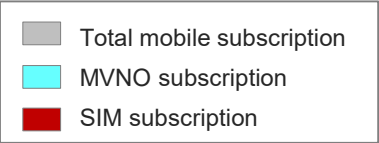
FY8 FY9 FY10 FY11 FY12 FY13 FY14 FY15 FY16 FY17 FY18 FY19 FY20 FY21 FY22 FY23 FY24

FY24  
¥23.44 bn

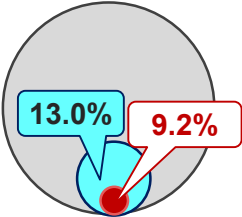
FY24  
¥11.38 bn

FY24  
¥15.48 bn

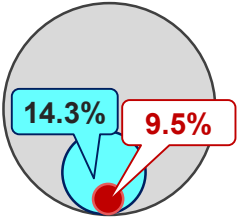
## Consumer inexpensive SIM market in Japan



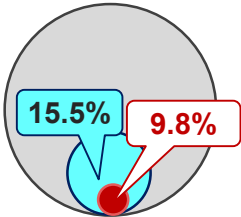
Mar. 31, 2022



Mar. 31, 2023



Mar. 31, 2024



Source: the Ministry of Internal Affairs and Communications (MIC)

## SIM type MVNO market share in Japan

	Mar. 31, 2022		Mar. 31, 2023		Mar. 31, 2024	
1 <sup>st</sup>	IIJ	18.1%	IIJ	19.8%	IIJ	21.6%
2 <sup>nd</sup>	NTT Communications	14.0%	NTT Resonant	11.9%	NTT Docomo(*)	9.7%
3 <sup>rd</sup>	Optage	9.2%	Optage	9.0%	Optage	8.7%
4 <sup>th</sup>	Rakuten mobile	6.2%	Fujitsu	5.6%	Fujitsu	5.6%
5 <sup>th</sup>	BIGLOBE	5.8%	Aeon Retail	4.8%	Aeon Retail	4.7%

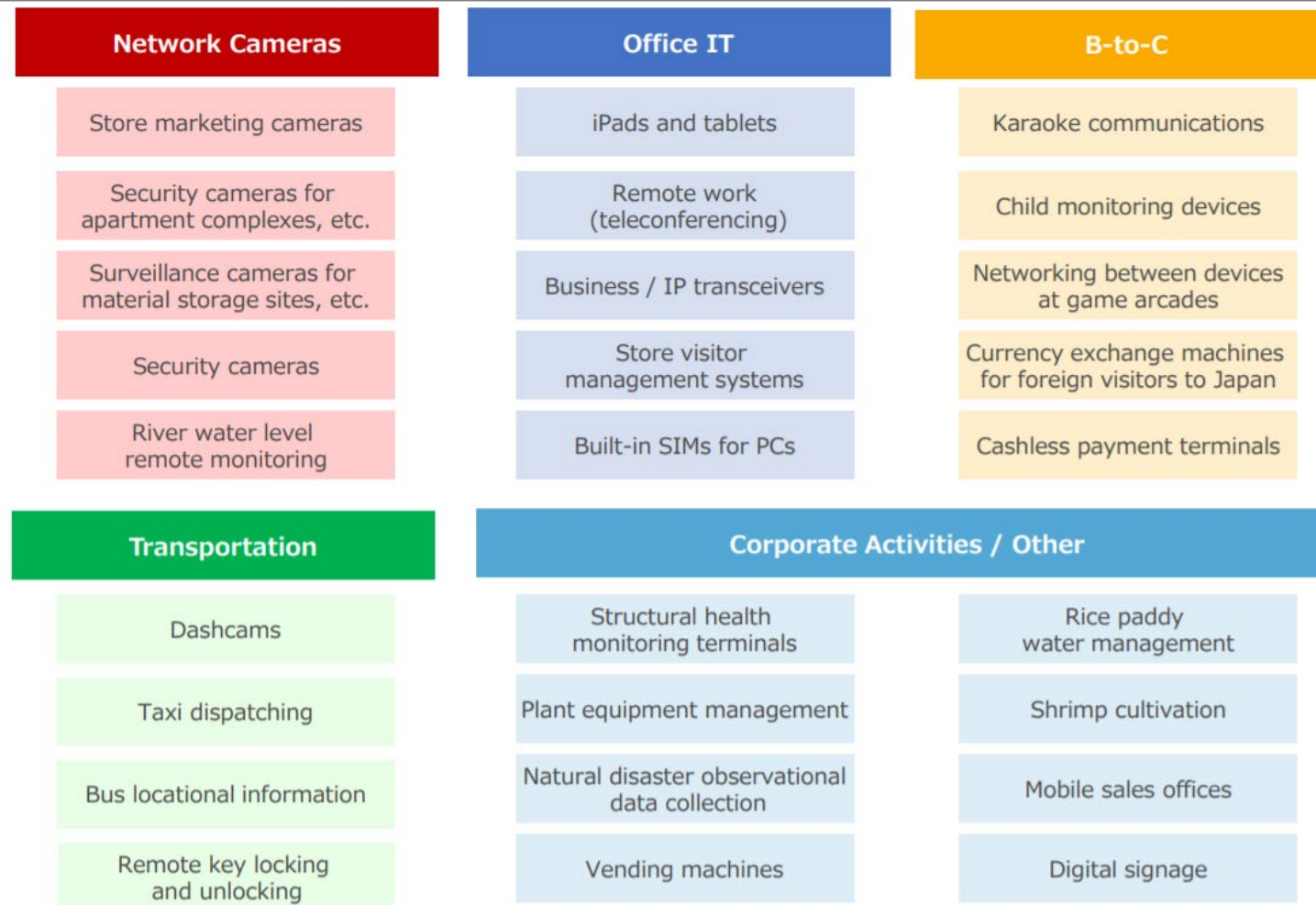
Source: the Ministry of Internal Affairs and Communications

(\*) NTT Docomo's figures as of Dec. 31, 2023 was formerly NTT Resonant's and NTT Communications' ones

# Mobile Business (3)

- Most of current enterprise mobile solution are simple usage such as connecting NW and surveillance cameras, etc.

## Accumulating various enterprise mobile solutions



# Mobile Business (4)

## IIJ's mobile business model

### ◆ Revenue

- Consumer mobile revenue is calculated by multiplying subscription by ARPU
  - Headsets sales are also recognized as consumer revenue. IIJ is recognized as MVNO with good lineups of smartphone
- Enterprise mobile revenue is to grow with IoT/M2M traffic. Because we charge by how much data is needed and an IoT device does not require much data, generally speaking, per device revenue tends to be quite small

### ◆ Cost

- All of IIJ's mobile services are provided from the same mobile infrastructure
- Purchasing mobile infrastructure on bandwidth-base from mobile carriers (mainly from Docomo, some from KDDI). Such purchasing cost is recorded as “outsourcing” in NW services’ costs
- In order to provide voice services, we purchase per usage base (no economy of scale merit for voice services)
- Sales commission expenses (SG&As) to sales partners such as BICCAMERA INC.

### ◆ Profit

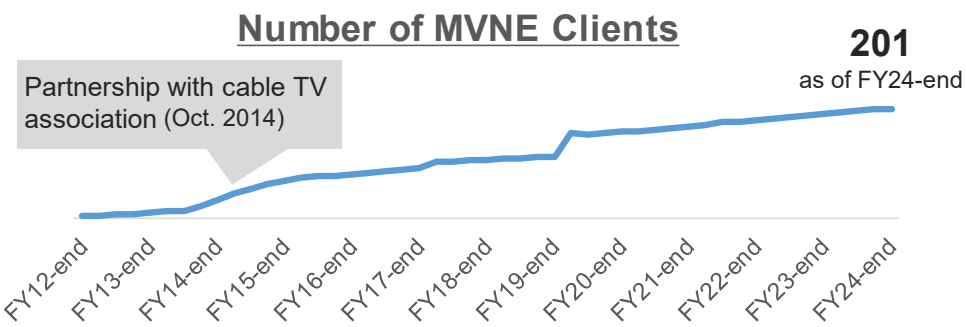
- Profitability to increase by improving infrastructure utilization through gathering various consumer & enterprise traffic
  - Traffic patterns of consumers and enterprises are different
    - ✓ Consumers’ peak time is commuting hours and lunch break. Other than these hours, our consumers tend to access Internet through their home and/or office Wi-Fi. On the other hand, there is no clear peak time for enterprise. Traffic is generated through mobile dongle and/or IoT type usages which run 24/7

## Growth Strategy

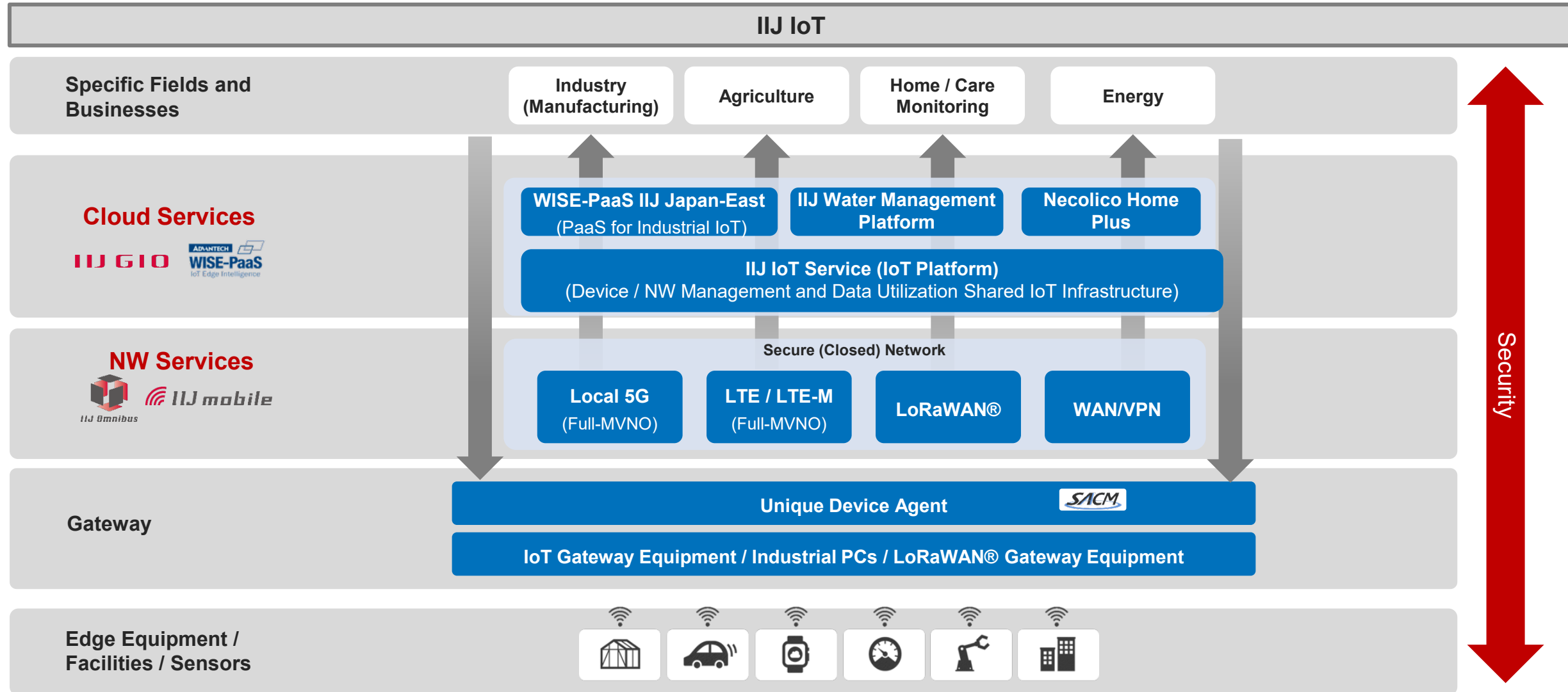
- ◆ **Aim to improve mobile infrastructure utilization by gathering IoT/M2M & various consumer traffic**
  - Currently buying mobile capacity to meet the peak hours which are concentrated on commuting hours and lunch time
- ◆ **Currently, IIJ is increasing mobile infrastructure to meet the peak of consumer traffic which is concentrated around commuting hours and lunch time. The overall mobile infrastructure utilization of other hours is relatively low**
- ◆ **By gathering various type of mobile traffics such as enterprise IoT traffic which is not concentrated at certain hours, we could aim for higher mobile infrastructure utilization**

## IIJ's sales channel for consumers

1. **Direct sales** through IIJ's website
2. **Sales partners** such as BICCAMERA INC. one of the largest retailers in Japan
  - IIJ pays sales commission expenses to sales partners
3. **MVNE “IIJ Mobile Platform Service”**
  - IIJ provides mobile services to other MVNOs
  - As of Mar. 31, 2025, IIJ had 201 MVNE clients
    - Among them, 96 MVNE clients are Japanese cable TV operators who already have direct relationship with consumers
    - Largest MVNE client is one of the largest Japanese retailers



## Combining IIJ's existing service lineups and SI to build IoT systems



## IIJ's IoT projects

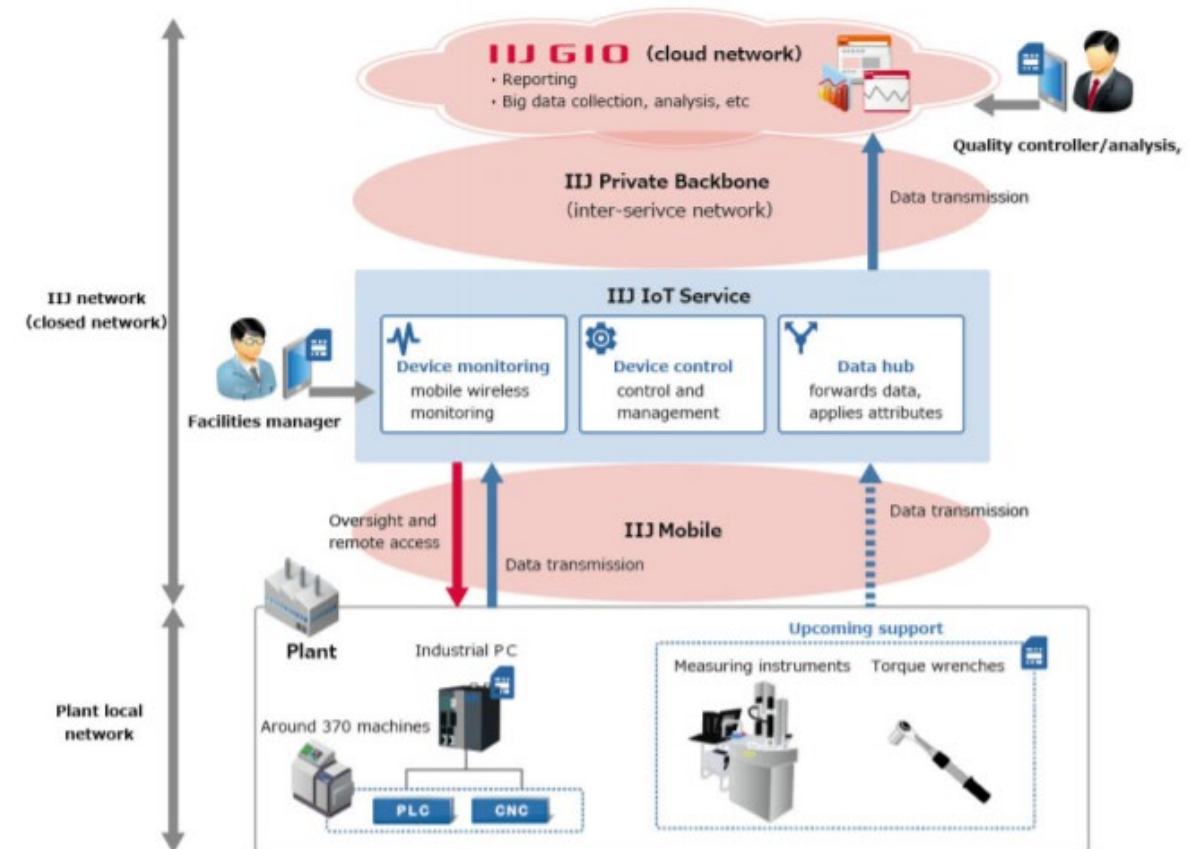
<b>Industrial machinery manufacturers</b>	Shift from reactive post-sales maintenance model to proactive field services (making predictions based on data)
<b>Car accessory manufacturers</b>	Expansion of service businesses by acquiring data through the networking of products and establishing software technology development organizations to develop services that use that data
<b>Measuring instrument manufacturers</b>	Expansion of services to streamline & improve the accuracy of recording tasks by going beyond just "measuring" things & providing linking data customers measure with their business systems
<b>Automotive manufacturers</b>	Improved efficiency of equipment management to cover personnel shortages, analyzing the expertise of skilled workers in maintaining operating capacity and implementing traceability to ensure quality
<b>Trading companies (agriculture)</b>	Shift from the sales of pesticides & chemical fertilizers to the provision of pesticide spraying technologies that reduce the amount used, & the development of cutting-edge agricultural technologies

## Advanced IoT usage: factory IoT

### ◆ IIJ provides IoT system for Toyota Motor Hokkaido

- Providing a one-stop solution by offering mobile and Cloud services from data collection via closed mobile network to creation of a cloud platform for visualizing and analyzing the collected data.

### System image

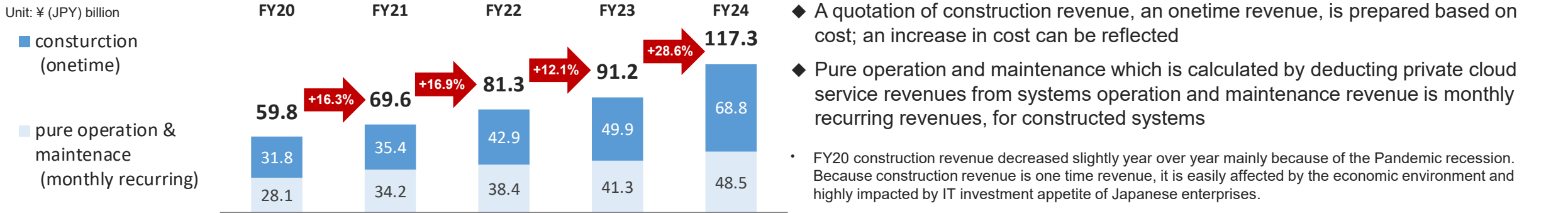




# Systems Integration (SI)

- ◆ Started offering SI to fully meet Japanese enterprises’ IT demands which are quite specific & difficult to meet solely by NW services
- ◆ Seeing greater proposal opportunities to replace legacy private NW and systems which often require customization and Service Integration

## SI revenue growth

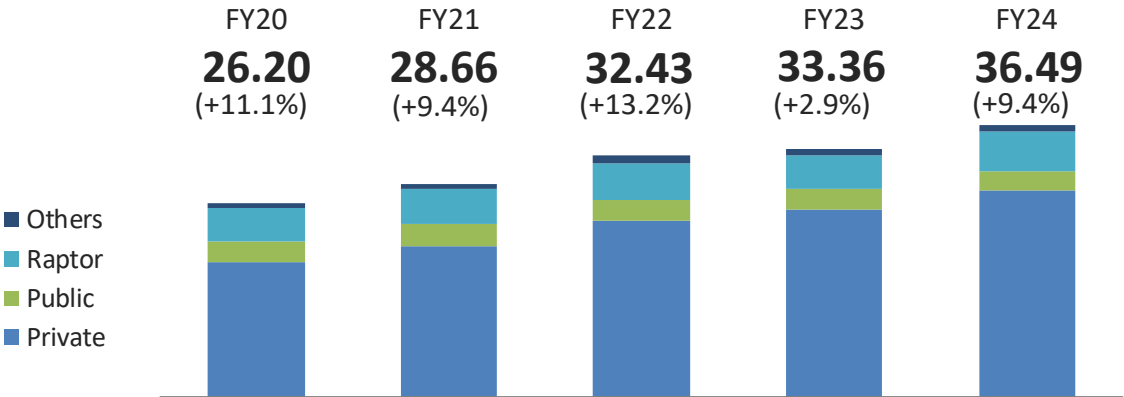


## IIJ’s SI projects are becoming larger and more complex

	Conventional contracts	Current trend
Revenue Size	Few million to tens of millions (JPY)	Few hundreds of millions (JPY)
Type	NW integration, server enhancement and other Internet related systems construction projects	Complete replacement of current enterprise NW/system
Term	Construction revenue is usually booked after 3 to 6 months from order received	<ul style="list-style-type: none"> <li>Construction revenue is sometimes booked a year later from order received</li> <li>Greater time to book order received as projects becoming more complex and larger</li> </ul>
Cost structure	Mainly hardware	Larger number of system engineers and outsourcing personnel are needed

Cloud service revenue (monthly recurring)

◆ Revenue continued to accumulate along with the constant cloud shift

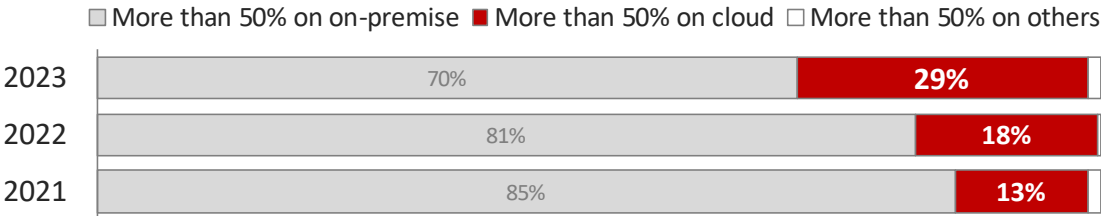


• FY24 Cloud Service revenue recognition: 93.2% in systems operation, 6.8% in Outsourcing

Private cloud	Public cloud
<ul style="list-style-type: none"><li>➤ IIJ GIO Infrastructure P2 Gen.2<ul style="list-style-type: none"><li>• Next generation IaaS enabling easy Cloud migration from on-premise (launched in Oct. 2021)</li><li>• Highly transitional VMware base hosted private Cloud</li></ul></li><li>➤ IIJ Unified Operation Management Service (UOM)<ul style="list-style-type: none"><li>• SaaS to improve efficiency of multi-cloud system operation work (launched in Apr. 2017)</li><li>• Management and operation cover wide range from cloud to on-premise, Improve efficiency with automated incident management etc.</li></ul></li><li>➤ Multi-cloud, etc.</li></ul>	<ul style="list-style-type: none"><li>➤ Low-cost servers with pay-as-you-go pricing, etc.</li></ul>
	Raptor
	<ul style="list-style-type: none"><li>➤ In-house developed SaaS base FX (Foreign Exchange) platform services for online brokers, launched in Nov. 2011</li><li>➤ Providing services to Hirose Tsusho, Line Securities, au Kabucom Securities, Nomura Securities, Sony Bank, SMBC Nikko Securities, Matsui Securities etc.</li><li>➤ New service platform (from Sep. 2023)<ul style="list-style-type: none"><li>• With cloud-native design, greater scalability, performance, and security features than the previous platform</li></ul></li></ul>
	Others
	<ul style="list-style-type: none"><li>➤ Cloud services provided through overseas subsidiaries, etc.</li></ul>

Majority of enterprise systems are still operating on-premise

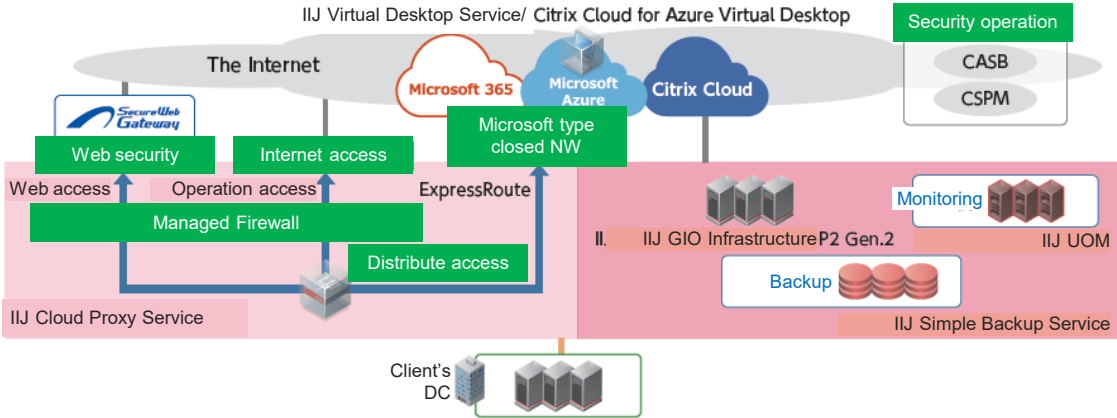
Location of servers working and/or deployed



Source: Internet Initiative Japan “Nationwide survey on IT department”  
2021 N=737, 2022 N=598, 2023 N=214

◆ Continued to accumulate cloud migration projects

- Case 1: Upon DC contract renewal, a client started considering cloud migration of the current systems
  - ✓ IIJ GIO Infrastructure P2.Gen2, Migration Solution, and UOM combined to achieve easy migration to cloud with almost no changes to the current configuration. IIJ was in charge of test and production migration work, continued use of existing IP addresses, integrated cloud and NW maintenance, etc.
- Case 2: Upon the end of service of virtual desktop systems, a client started considering cloud migration
  - ✓ On-premise environment often causes long waits for login and other usability problems, but IIJ provides multiple IIJ services including IP and security to create



# Cloud Business (2)

- Cloud services as one of the cross-selling elements
- Promoting cloud shift of the current blue-chip Japanese enterprises

## IIJ's competitive advantages

- ◆ Blue-chip client base
- ◆ Cloud as new business opportunity
  - Because blue-chip companies' internal systems have been covered by legacy system integrators (SIs), it is a new business opportunity for IIJ once such systems migrate toward Cloud. IIJ has not dealt with legacy internal enterprise systems
- ◆ Various NW service line-ups, various ways to access cloud systems
- ◆ Competitors
  - AWS (Amazon) & Azure (Microsoft): Strong scale merit. Focus on public cloud. Not so strong about meeting individual systems needs
    - Because start-ups and SMEs do not have to worry about existing systems, they tend to use cloud services much more and much faster compared to large blue-chip companies who have large and complex existing systems
  - Legacy SIs

## IIJ's cloud business model

- ◆ Revenue
  - Revenue is to increase along with an increase in the number of cloud service clients and each system volume (system volume depends on a number of cloud servers, volume of storage, etc.)
- ◆ Cost
  - Depreciation and amortization cost for servers and other NW equipment, outsourcing cost and personnel costs for service developments
- ◆ Profit
  - Currently very low profitability, need more revenue to have economy of scale

## Cloud market in Japan

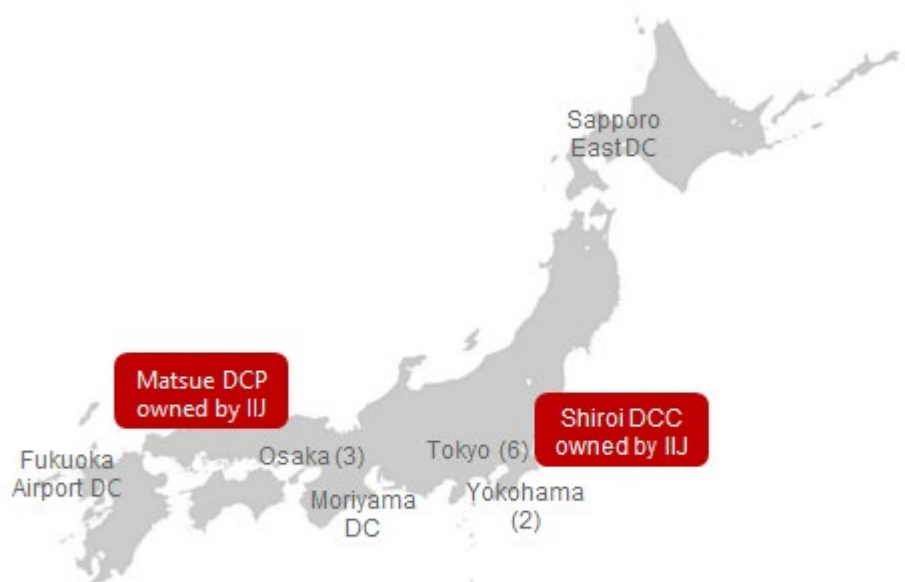
- ◆ Slow cloud shift in Japan
  - Japanese enterprises are slowly but surely using more cloud services, yet most of such usages are primitive ones: using cloud services for web and/file servers, etc.
  - Japanese blue-chip' internal systems are quite large and complicated - can't migrate all at once
  - Japanese enterprises consider whether to re-invest their on-premise systems or migrate to Cloud services when their existing systems approach to the end of life
    - Average cycle of IT system: 4-5 years
- ◆ Some advanced usages
  - Nippon Express (one of the largest logistics companies): replaced on-premise critical business operation system to IIJ Cloud (3,500 servers, 2PB storage), etc.

## Multi-cloud strategy

- ◆ Japanese enterprises avoid relying on single cloud service vendor and prefer multi-cloud systems
  - Multi-cloud demands are generating demands for "IIJ Cloud Exchange Services" (revenue recognized in NW Services) which provide private connectivity to third vendor Cloud services such as AWS (Amazon), Microsoft, and Google
  - IIJ provides operation and management services to effectively monitor an entire IT systems through IIJ UOM Service which covers IIJ's cloud services, other cloud vendors' cloud services and on-premise systems
  - "IIJ GIO Infrastructure P2 Gen.2," which was launched in Oct. 2021 to promote full-scale cloud shift of enterprise systems, is accumulating orders

# Data center (DC)

- ◆ Operate 16 DCs in Japan, 2 of which are owned by IIJ (as of Mar. 2025)
- ◆ DCs are mainly for IIJ's own service facility (IP, security, cloud, etc.)
  - Expanding own DC capacity along with growing demands for IIJ services
  - Expect higher efficiency by gradually migrating leased DC spaces to own DCs



Container DC at Matsue DCP



Server room at Shiroi DCC



	Matsue DCP (opened in Apr. 2011)	Shiroi DCC (opened in May 2019)
Objective	IIJ's own service facility	
Features	<ul style="list-style-type: none"><li>• First in Japan to use outside-air cooling container units</li><li>• Able to increase capacity responding to demand per container</li><li>• Utilize on-site solar power panels</li></ul>	<ul style="list-style-type: none"><li>• Adopt latest energy-saving method including outside-air cooling method</li><li>• More flexible and cheaper capacity expansion through system module method</li><li>• Shifting peak of air conditioning power by utilizing lithium-ion storage batteries</li><li>• Utilize on-site solar power panels</li><li>• Direct procurement of non-fossil fuel certificates toward the supply of electricity with environmental values</li></ul>
Land	Approx. 16,000m <sup>2</sup>	Approx. 40,000m <sup>2</sup>
Number of in placed racks	Approx. 500 racks	Approx. 1,800 racks
Plan	<ul style="list-style-type: none"><li>• Construction of new system module<ul style="list-style-type: none"><li>✓ Construction from June 2024, Scheduled operation from May 2025</li><li>✓ Construction area: approx. 2,000m<sup>2</sup></li><li>✓ Approx. 300 racks</li><li>✓ Expected CAPEX: over ¥5.0 bn (to be partially covered with subsidy)</li></ul></li></ul>	<ul style="list-style-type: none"><li>• 2<sup>nd</sup> site which started its operation from July 2023 is to be fully occupied around FY26 by IIJ's own service facility and collocation</li><li>• 3<sup>rd</sup> site construction<ul style="list-style-type: none"><li>✓ Expected CAPEX: approx. ¥30.0 bn</li><li>✓ Plan to start constructing from June 2025, expected to start operating from FY26</li><li>✓ Construction area: approx. 5,400m<sup>2</sup></li><li>✓ Approx. 1,000 racks</li></ul></li></ul>

- PUE(Power Usage Effectiveness) is a metric that shows how efficiently electricity is used at a data center. The closer to 1.0 is considered to be good. Industry max at 1.4 or lower.

# Financials

Financial Performance (FY20 ~ FY24 results)

P. 47

FY24 Financial Results

P. 48 – 61

		FY20	FY21	FY22	FY23	FY24
Total Revenue		213.0	226.3	252.7	276.1	316.8
	YoY	+4.2%	+6.3%	+11.7%	+9.2%	+14.8%
NW services		126.8	128.2	138.9	151.3	162.6
	YoY	+4.0%	+1.1%	+8.4%	+8.9%	+7.4%
Enterprise NW		79.3	87.5	96.6	105.2	112.3
	YoY	+4.5%	+10.3%	+10.5%	+8.9%	+6.7%
Mobile services		47.5	40.7	42.3	46.1	50.3
	YoY	+3.1%	(14.3%)	+3.8%	+9.1%	+9.0%
SI		83.3	95.3	110.9	121.8	151.3
	YoY	+6.2%	+14.5%	+16.4%	+9.8%	+24.2%
Operating Profit		14.2	23.5	27.2	29.0	30.1
	YoY	+73.2%	+65.3%	+15.6%	+6.6%	+3.7%
Operating Margin		6.7%	10.4%	10.8%	10.5%	9.5%
Net Profit		9.7	15.7	18.8	19.8	19.9
	YoY	+142.4%	+61.4%	+20.2%	+5.2%	+0.5%
ROE		11.5%	16.2%	17.0%	16.3%	15.0%
NW service gross margin		21.4%	27.8%	27.5%	28.7%	27.8%
SI gross margin		14.5%	15.7%	16.7%	15.6%	14.4%

- NW services (excluding Mobile service) revenue decreased YoY in FY19 mainly due to WAN services’ certain large customers’ migration to our mobile services
- Mobile service revenue decreased YoY in FY21 and expect to decrease in FY22 mainly due to subscriber migration to new cheaper plan
- Net profit is “Profit for the period/year attributable to owners of the parent”



# Consolidated Financial Results

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

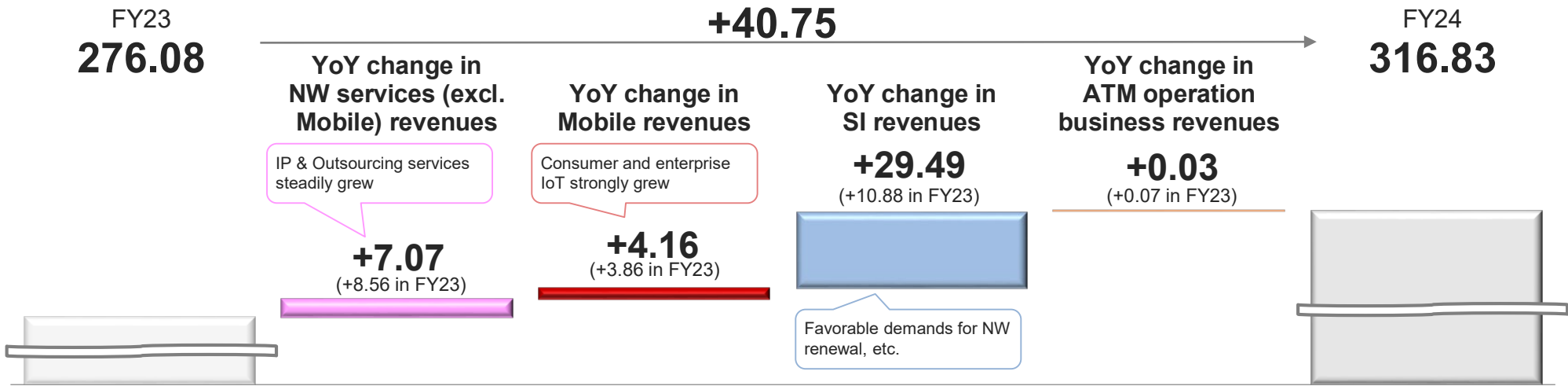
Financials

	<small>% of revenue</small> FY24 Results <small>Apr. 2024 - Mar. 2025</small>	<small>% of revenue</small> FY23 Results <small>Apr. 2023 - Mar. 2024</small>	YoY		<small>% of revenue</small> FY24 Targets <small>(Announced in Aug. 2024) Apr. 2024 - Mar. 2025</small>	YoY
Revenues	316.83	276.08	+14.8%	+40.75	312.0	+13.0%
Cost of Revenues	<small>78.4%</small> 248.43	<small>76.9%</small> 212.21	+17.1%	+36.22	<small>77.4%</small> 241.5	+13.8%
Gross Profit	<small>21.6%</small> 68.40	<small>23.1%</small> 63.87	+7.1%	+4.54	<small>22.6%</small> 70.5	+10.4%
SG&A etc.	<small>12.1%</small> 38.30	<small>12.6%</small> 34.84	+9.9%	+3.46	<small>12.3%</small> 38.5	+10.5%
Operating Profit	<small>9.5%</small> 30.10	<small>10.5%</small> 29.03	+3.7%	+1.08	<small>10.3%</small> 32.0	+10.2%
Profit before tax	<small>9.2%</small> 29.18	<small>10.5%</small> 28.93	+0.9%	+0.25	<small>9.8%</small> 30.6	+5.8%
Net Profit	<small>6.3%</small> 19.93	<small>7.2%</small> 19.83	+0.5%	+0.10	<small>6.6%</small> 20.6	+3.9%

- SG&A etc. represents the sum of SG&A, which includes R&D expenses, and other income/expenses
- Net Profit is “Profit for the period attributable to owners of the parent”

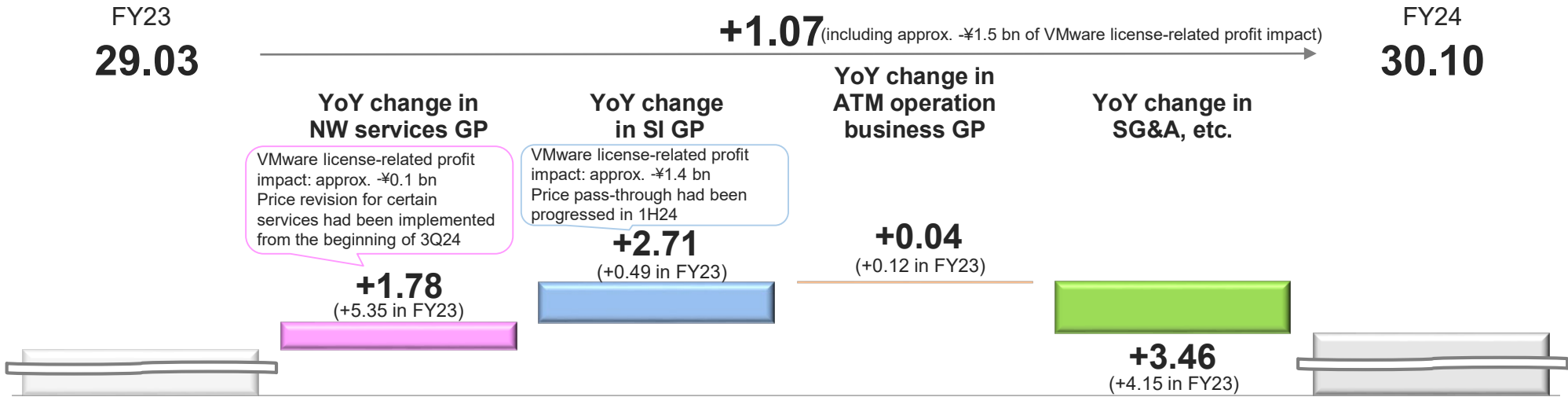
# Year over Year Analysis

## Revenues

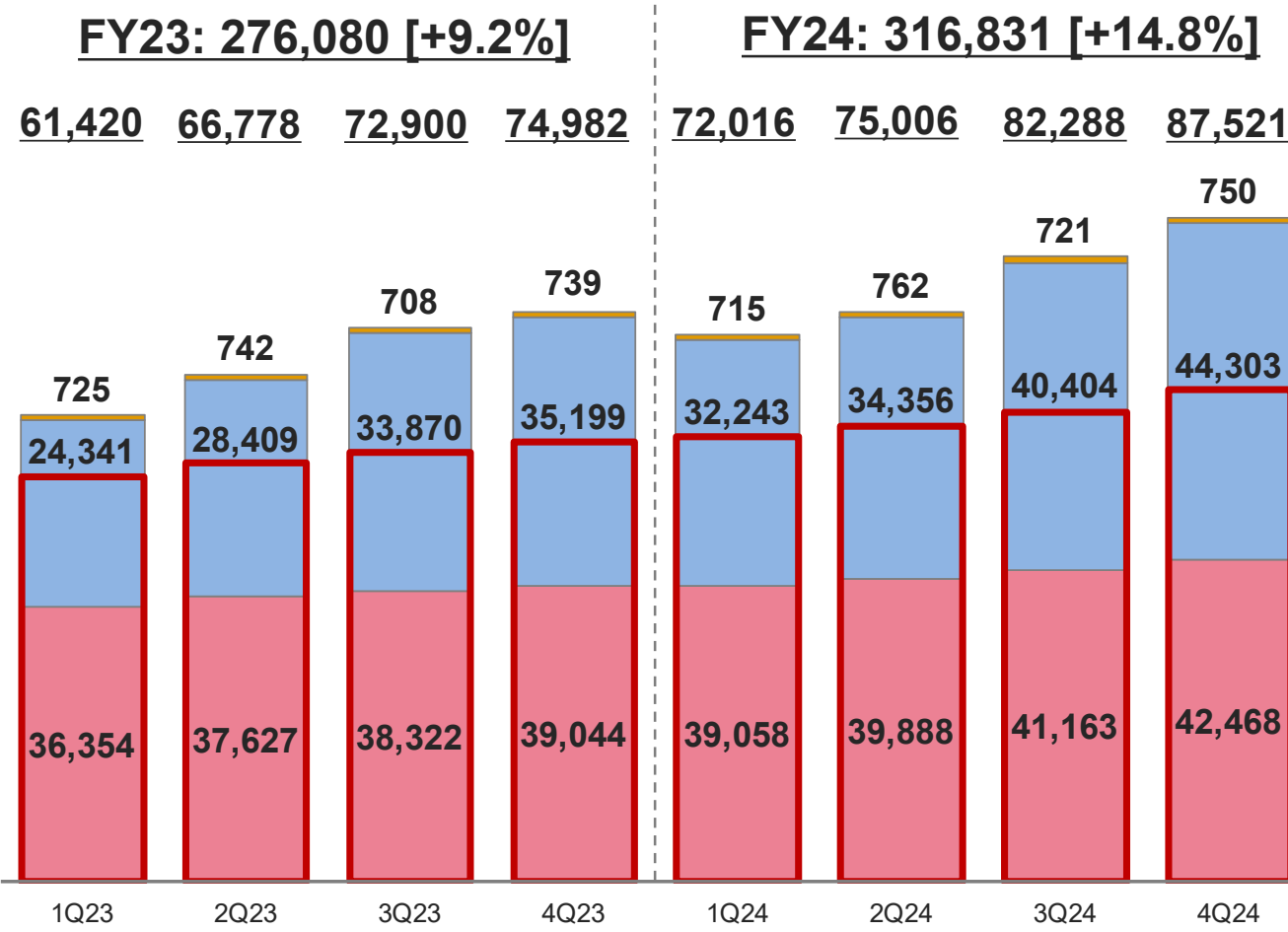
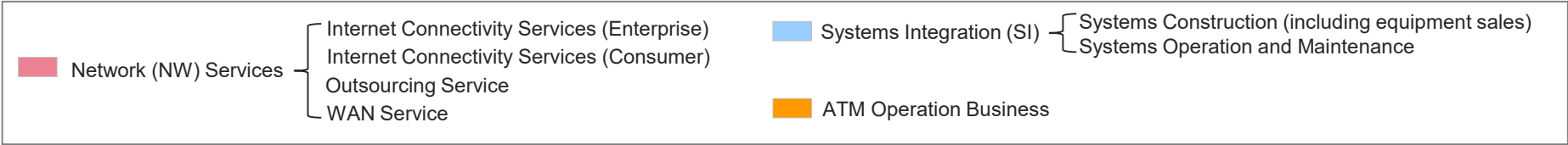


- NW services (excl. Mobile) revenues are calculated by deducting the below mentioned Mobile services revenues from total NW services revenues. The revenues include non-mobile consumer revenue which is a small amount
- Mobile services revenues include IIJ Mobile Services (including MVNE) and IIJmio (consumer mobile)

## Operating Profit



- NW services gross profit consists of gross profit related to NW revenues (excl. Mobile) and Mobile revenues (The two services have costs in common and cannot be broken down in accounting terms)
- SG&A, etc. in this slide represents the sum of SG&A, which includes R&D expenses, and other income/expenses
- As for the details of VMware issues, please refer to P.26 of "Presentation Material for Consolidated Financial Results for FY23 and New Mid-term Plan (FY24~FY26)" ([https://www.iij.ad.jp/en/ir/library/financial/pdf/IIJ4Q23E\\_presentation.pdf](https://www.iij.ad.jp/en/ir/library/financial/pdf/IIJ4Q23E_presentation.pdf))



**One-time revenue**  
FY24: ¥68.77 bn, +37.8% YoY (+16.2% YoY in FY23)  
21.7% of FY24 total revenue

**Recurring revenue**  
FY24: ¥245.11 bn, +9.8% YoY (+7.9% YoY in FY23)  
77.4% of FY24 total revenue

**NW Services revenue** (excluding Mobile Services)  
FY24: ¥112.28 bn, +6.7%, +¥7.07 bn YoY (+8.9% YoY in FY23)

**Mobile Services revenue**  
FY24: ¥50.30 bn, +9.0%, +¥4.16 bn YoY (+9.1% YoY in FY23)

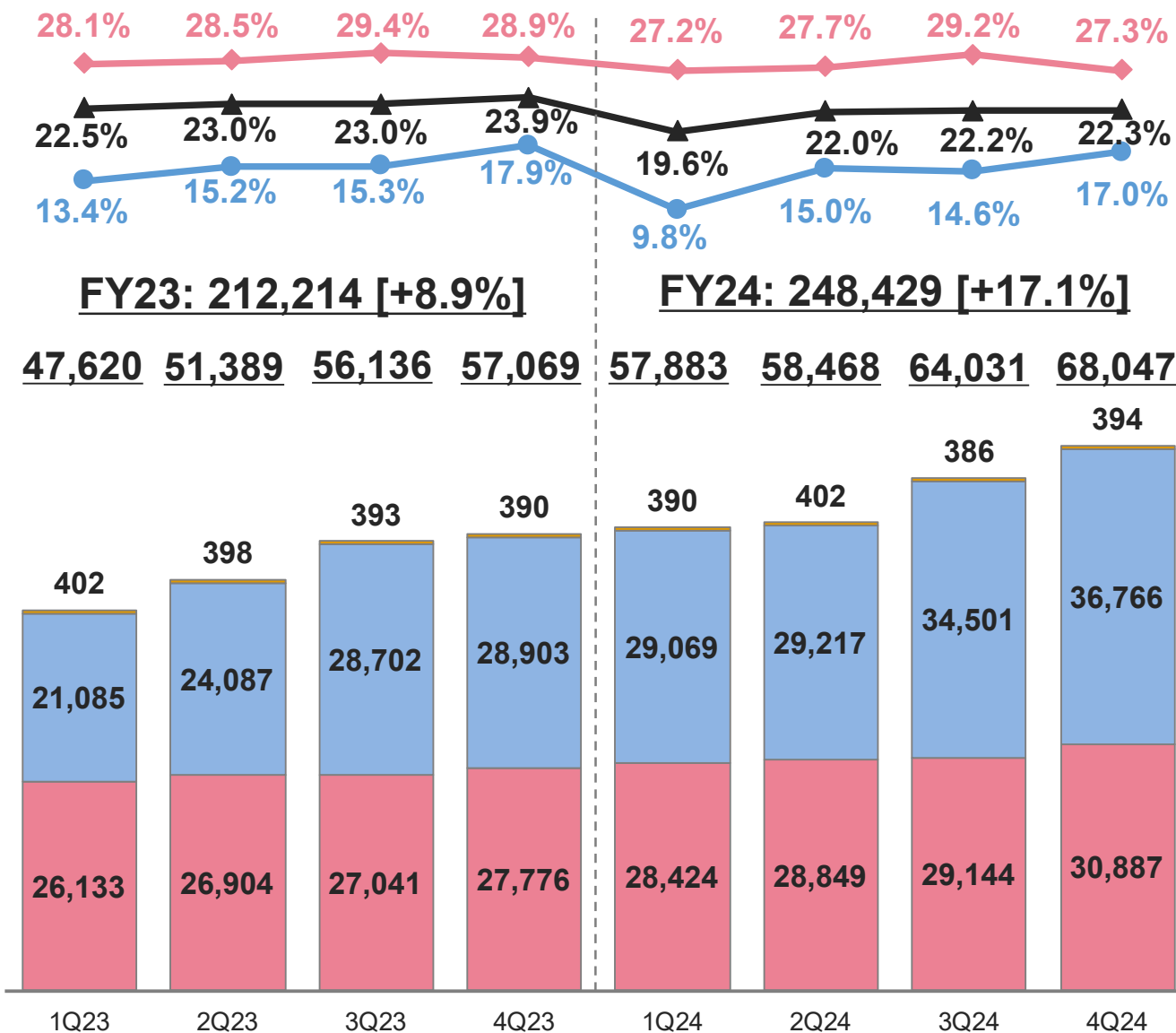
• One-time revenue, systems construction revenues which include equipment sales, is mainly recognized when systems and/or equipment are delivered and accepted by customers (Some revenues on a percentage-of-progress basis based on cost progression)

• Recurring revenue represents the following monthly recurring revenues: Internet Connectivity Services (Enterprise), Internet Connectivity Services (Consumer), Outsourcing Services, WAN Services, and Systems Operation and Maintenance

• Mobile services revenues include IIJ Mobile Services (including MVNE) and IIJmio (consumer mobile)

# Cost of Revenues & Gross Profit Ratio

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



## ◆ Total gross profit

- FY24: ¥68.40 bn, +7.1%, +¥4.54 bn YoY
  - VMware license-related profit impact improved quarterly
    - ✓ From the beginning of Apr. 2024, the license's unit price & costs in NW services & SI increased

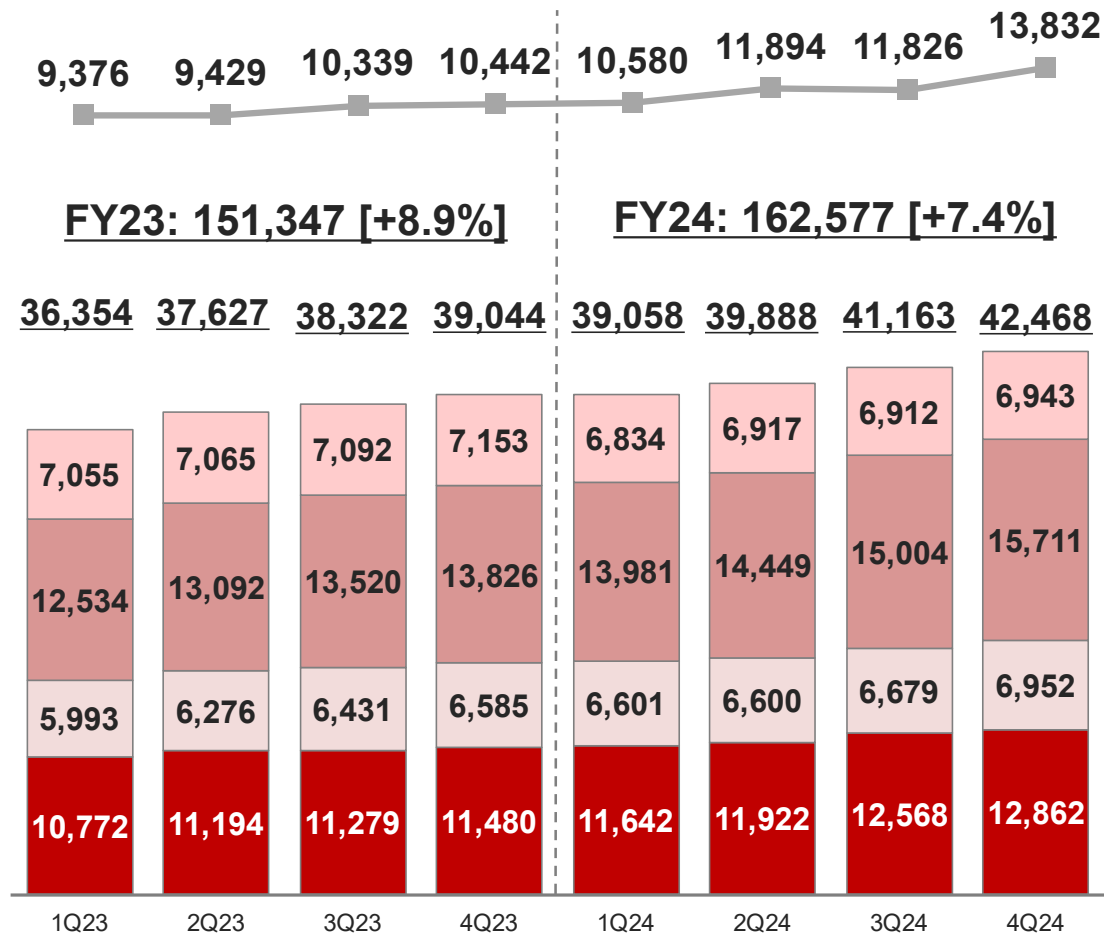
## ◆ Gross profit for NW services

- FY24: ¥45.27 bn, +4.1%, +¥1.78 bn YoY
  - VMware license-related profit impact: approx. -¥0.1 bn (1Q: approx. -¥0.3 bn, 2Q: approx. -¥0.3 bn, 3Q: approx. +¥0.2 bn, 4Q: approx. +¥0.3 bn)
    - ✓ Revised up certain NW service prices from Oct. 2024
  - Fixed type costs such as NW operation, outsourcing and personnel-related costs are on continuous increasing trend from the beginning of FY24
  - In 3Q24, there was one-time cost reimbursement related to the mobile data interconnectivity charge which was at a similar level to 3Q23

## ◆ Gross profit for SI

- FY24: ¥21.75 bn, +14.2%, +¥2.71 bn YoY
  - VMware license-related profit impact: approx. -¥1.4 bn (1Q: approx. -¥0.9 bn, including approx. ¥0.7 bn of one-time cost due to provisions, 2Q: approx. -¥0.1 bn, 3Q: approx. -¥0.2 bn, 4Q: approx. -¥0.2 bn)
    - ✓ Price pass-through of cloud services progressed in 1H24
  - 4Q24 gross margin increased QoQ due to seasonal revenue growth and economies of scale

# Network (NW) Services (1) Revenues



- Total contracted bandwidth is calculated by multiplying number of contracts by contracted bandwidths for IP service and broadband services respectively which are both under Internet connectivity services for enterprise
- IP (Internet Protocol) Service is bandwidth guaranteed dedicated Internet connectivity services for enterprises. Contracts are based on bandwidth and enterprises use the service for their core and main Internet connectivity
- MVNE is IJ Mobile MVNO Platform Service

## ◆ Internet Connectivity (enterprise) Services

- FY24: ¥48.99 bn, +9.5% YoY (+11.1% YoY in FY23)
  - Of which, IP Service (bandwidth guaranteed dedicated access service for enterprises): ¥17.32 bn, +8.3% YoY (+7.8% YoY in FY23)
    - ✓ In Mar. 2025, launched a new bandwidth guaranteed Internet connectivity solution for the next generation GIGA school concept "Next GIGA"
    - ✓ Significant total contracted bandwidth expansion in 4Q24 was achieved through multiple customers' upgrades and new contracts for over 100Gbps
  - Of which, Enterprise mobile (IoT usages, etc.): ¥15.48 bn, +13.5% YoY (+21.9% YoY in FY23)
    - ✓ In Apr. 2025, launched a comprehensive package "Energy saving IoT Package" offering an IoT sensor, network, and platform for manufacturing industries which was co-developed with Mitsubishi HC Capital Inc.
  - Of which, MVNE (service offer to other MVNOs): ¥11.38 bn, +7.9% YoY (+4.7% YoY in FY23)
    - ✓ Number of MVNE clients steadily increased including JAL MOBILE, etc.

## ◆ Internet Connectivity (consumer) Services (Mainly consumer mobile "IJmio")

- FY24: ¥26.83 bn, +6.1% YoY (+4.3% YoY in FY23)
  - Of which, consumer mobile (IJmio): ¥23.44 bn, +6.7% YoY (+4.5% YoY in FY23)
  - In 3Q24, there was approx. ¥0.18 bn of sales netting due to campaign expenses in 3Q23 for fiber optic internet service, which was confirmed after one-year usage

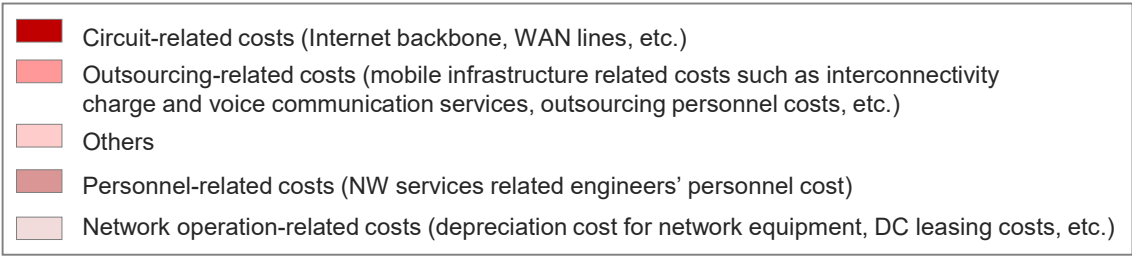
## ◆ Outsourcing Services (Various in-house developed network services)

- FY24: ¥59.15 bn, +11.7% YoY (+13.2% YoY in FY23)
  - Of which, security: ¥35.94 bn, +16.2% YoY (+15.7% YoY in FY23)
    - ✓ Strong demand for SASE and SOC (Security Operation Center) due to NW renewal projects, etc.

## ◆ WAN Services (Closed network services)

- FY24: ¥27.61 bn, -2.7% YoY (+2.7% YoY in FY23)

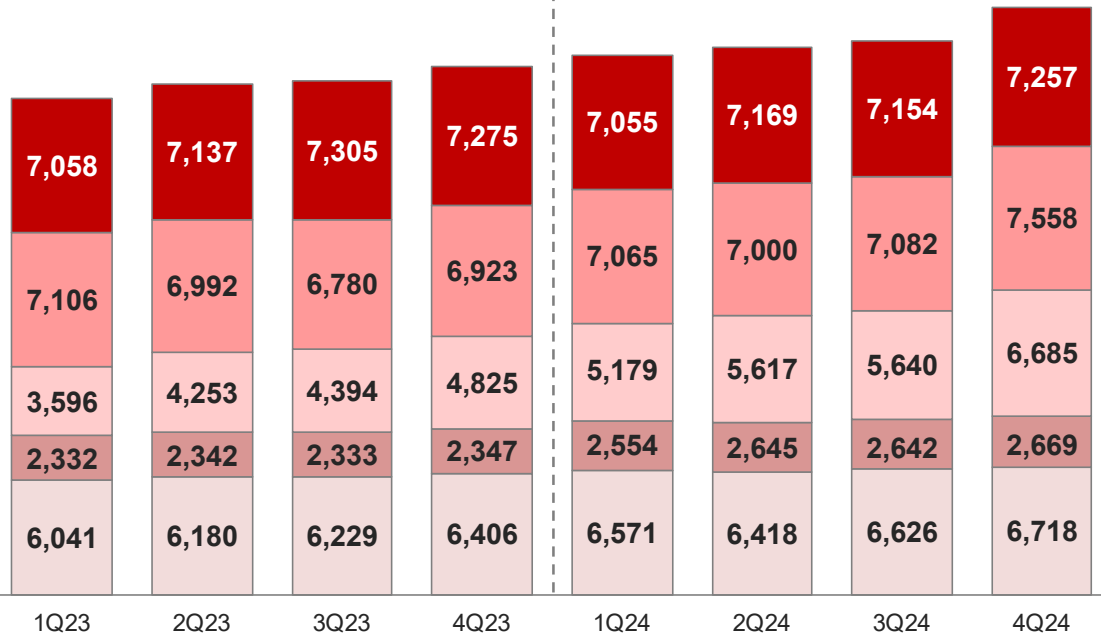
# Network (NW) Services (2) Cost of Revenues



**FY23: 107,854 [+7.0%]**

**FY24: 117,304 [+8.8%]**

**26,133   26,904   27,041   27,776   28,424   28,849   29,144   30,887**

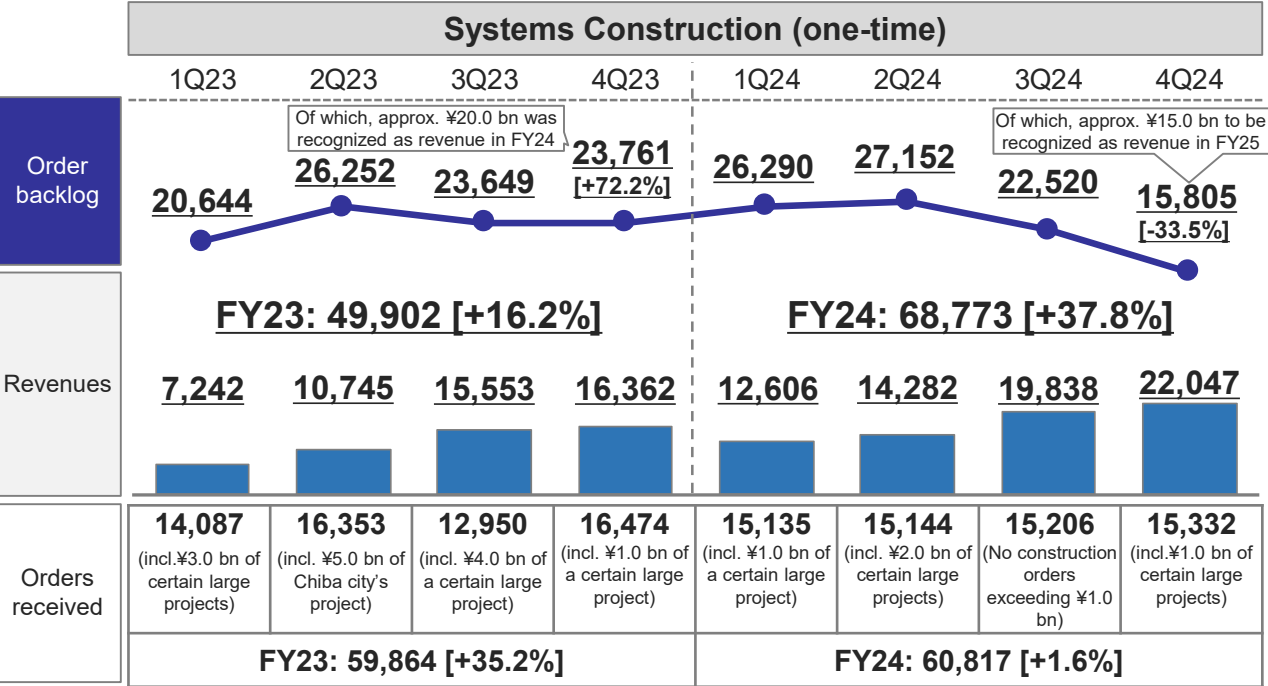


- FY24 Circuit-related costs remained stable
  - Internet backbone circuit cost remains stable as we can leverage scale merit by having one of the largest Internet backbone networks
- FY24 Outsourcing-related costs remained stable
  - Mobile data interconnectivity charge is on a continuous decreasing trend (Details in P.25)
  - As FY23 mobile interconnectivity charge was fixed in 3Q24, there was one-time cost reimbursement, which was at a similar level to 3Q23, based on the difference between future cost method figures and actual figures
  - Outsourcing personnel cost is on a continuous increasing trend
- FY24 Others were on a continuous increasing trend
  - License fees such as SASE increased along with its increased revenue
  - The cost impact related to VMware licenses was approx. +¥1.0 bn YoY
  - FY24 mobile device purchasing costs increased by approx. ¥0.5 bn from FY23, enhanced procurement for 4Q promotional season
- FY24 Personnel-related costs continued to increase mainly due to the annual salary increase at the beginning of fiscal year and headcount increase
- Network operation-related costs continued to increase along with facility expansions



# Systems Integration (SI) (1) Revenues

- Systems Construction revenues (including equipment sales)
- Systems operation & maintenance revenues for on-premise system
- Cloud revenues such as private cloud which are recognized as systems operation & maintenance revenues

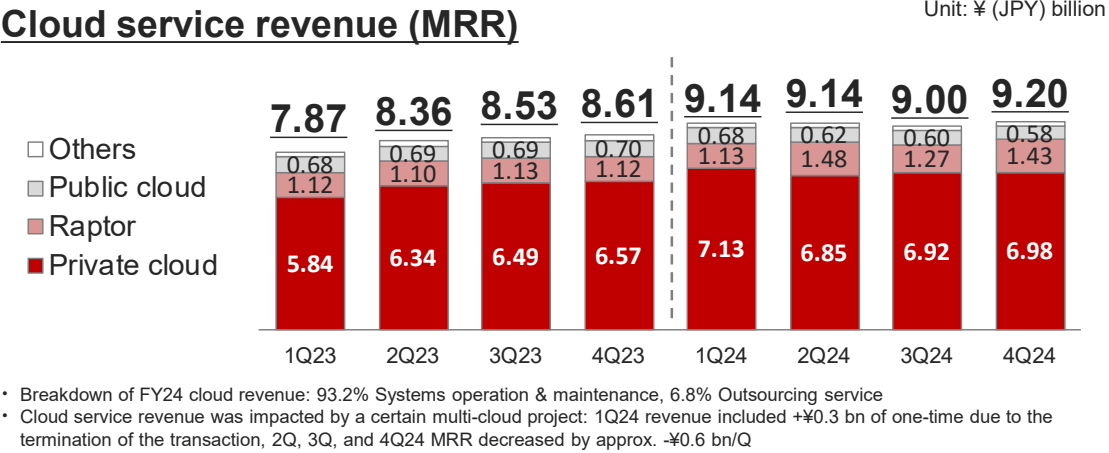
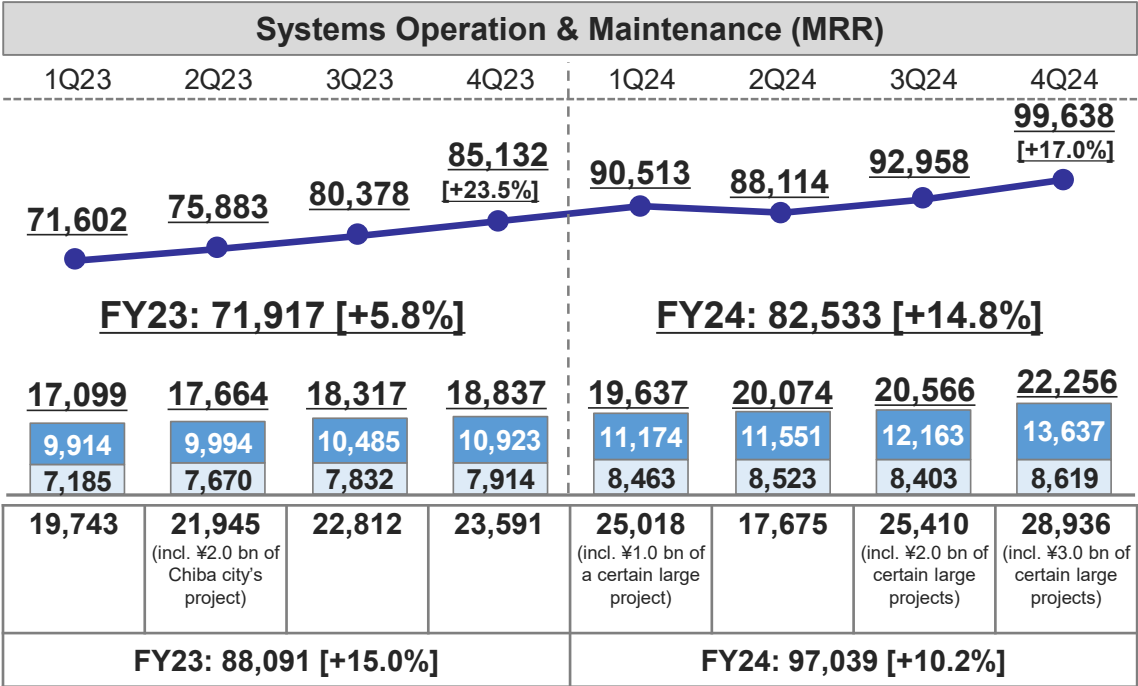


- Favorable demand from all industries continued
- Consistently secured large-scale NW & SI projects in 4Q24
  - ICT infrastructure for a public institution (approx. ¥3.0 bn, 5 yrs)
  - Business operation environment for a public institution (approx. ¥2.0 bn, 3 yrs)
  - Remote access environment for a construction company (approx. ¥2.0 bn, 5 yrs)
  - NW infrastructure renewal for a real estate company (approx. ¥3.0 bn, 5 yrs)
- While 4Q24-end order backlog decreased YoY, demand from finance and general enterprises remains strong
- The impact of a percentage-of-completion method revenue  
FY24: approx. ¥1.4 bn, FY23: approx. ¥0.9 bn

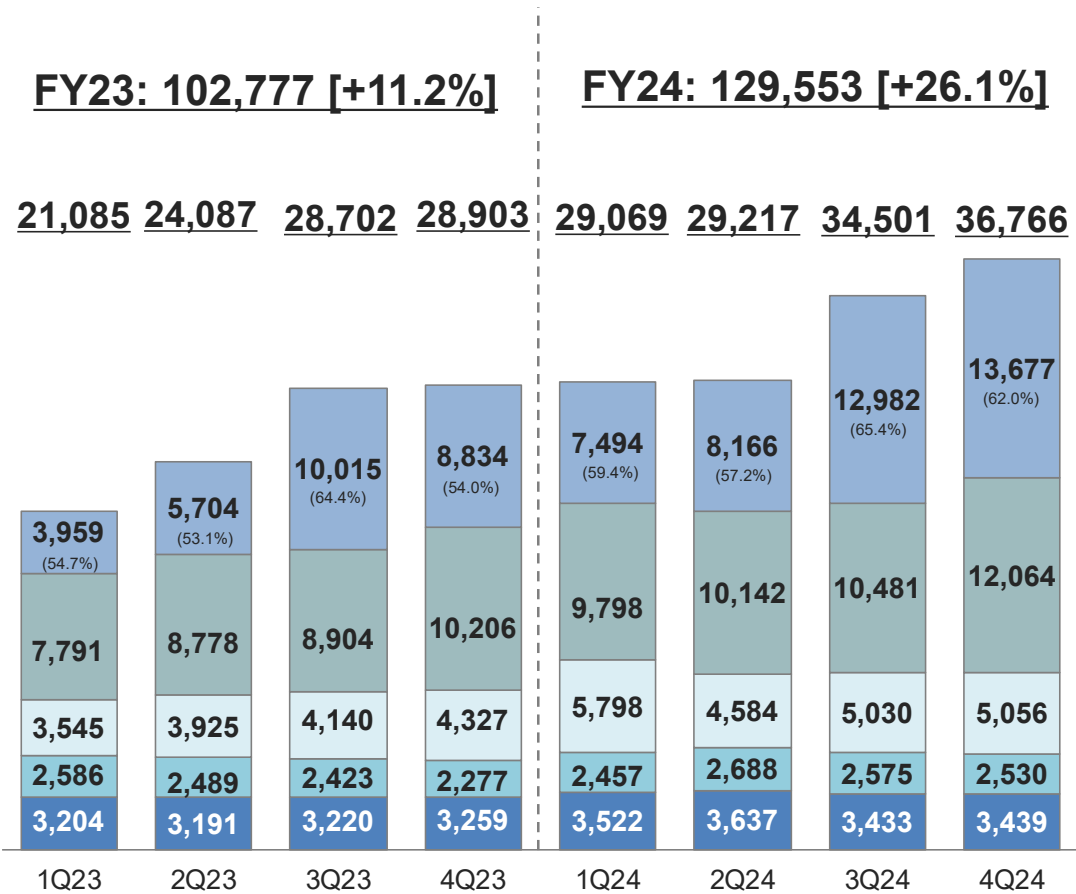
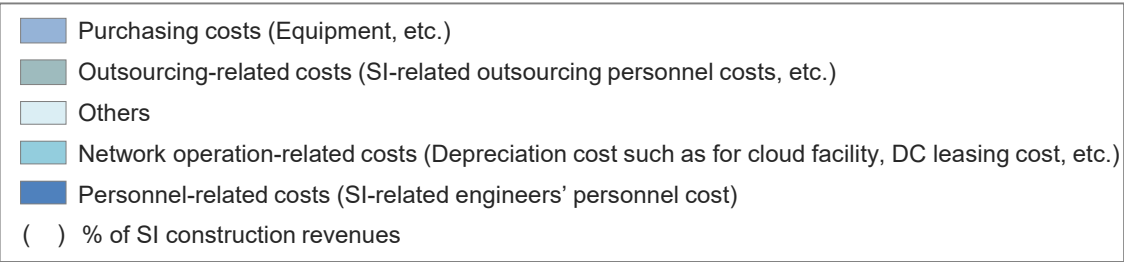
Overseas business (mainly recognized as SI revenue)

- ◆ FY24 revenue: ¥40.47 bn (+14.7% YoY), Operating Profit: ¥2.86 bn (+4.8% YoY)

Favorable momentum: global NW and server construction as well as PTC (Singaporean Sler)



# Systems Integration (SI) (2) Cost of Revenues



- Purchasing & outsourcing-related costs are linked to the size of project and revenue to a certain degree in principle
- Others include license purchasing costs and others
  - Revenue-linked multi-cloud license cost decreased as expected along with the termination of a large client's transaction at the end of 1Q24
  - FY24 cost impact related to VMware license was approx. +¥2.6 bn YoY (of which, approx. ¥0.7 bn was one-time cost due to provisions in 1Q24)
- No significant change in network operation-related costs on a quarterly basis

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

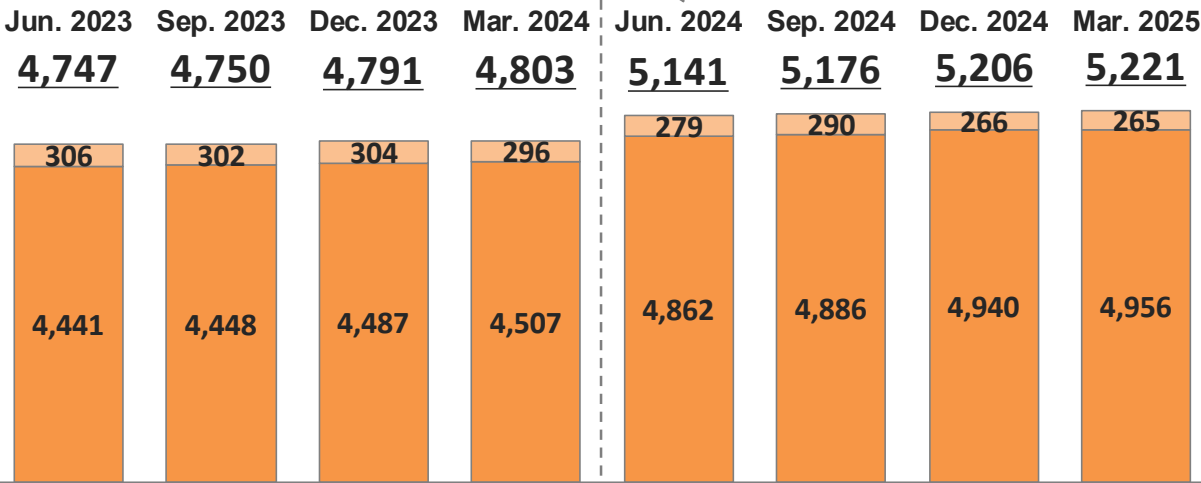
1Q23-end	2Q23-end	3Q23-end	4Q23-end	1Q24-end	2Q24-end	3Q24-end	4Q24-end
1,367	1,395	1,456	1,521	1,513	1,525	1,510	1,596

- The number of SI-related IIJ's engineers & outsourcing personnel are increasing along with an increase in projects
- Due to many ongoing projects before order-received, the number of outsourcing personnel has been at a high level

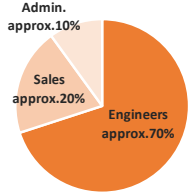
## Number of Employees (consolidated basis)

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

+416 YoY  
of which, 246 were  
new graduates



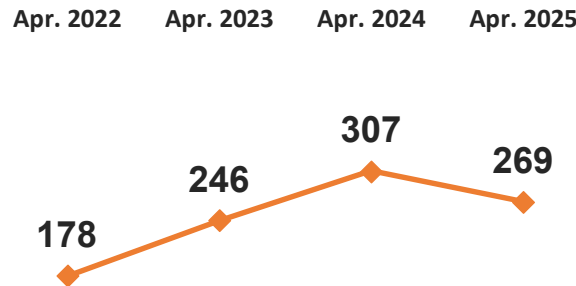
### Breakdown of Employees



+394 YoY  
of which, 307 were  
new graduates

## Number of new graduates

(consolidated basis)  
Unit: personnel



## Ratio of Female Managers

- Achieved FY24 and FY27 targets a year in advance
- Initial targets:  
FY24 over 6%, FY27 over 8%

Apr. 2022	Apr. 2023	Apr. 2024	Apr. 2025
5.7%	6.3%	7.5%	8.4%

## Personnel-related costs & expenses (consolidated basis)

Unit: ¥ (JPY) million

	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Consolidated personnel-related costs & expenses (YoY)	9,358 (+14.4%)	9,252 (+6.9%)	9,410 (+12.8%)	9,622 (+13.1%)	10,333 (+10.4%)	10,665 (+15.3%)	10,299 (+9.4%)	10,341 (+7.5%)
	FY23: 37,642 (+11.8%)				FY24: 41,638 (+10.6%)			
% of revenue	15.2%	13.9%	12.9%	12.8%	14.3%	14.2%	12.5%	11.8%

- FY24
  - Number of employees (consolidated basis) increased by 418 personnel, including 307 new graduates, mid-career recruitment was also in line with the plan
  - Average annual salary increased by approx. 3.6% in Apr. 2024 (IIJ)
- FY25
  - Number of employees to increase by approx. 440 personnel, including 269 new graduates
  - Average annual salary increased by approx. 6.0%, including the revision of salary table, in Apr. 2025 (IIJ)
    - Revisions of salary table in the past: Apr. 2019, Apr. 2023

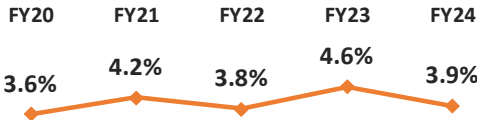
## Employee Survey (IIJ)



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

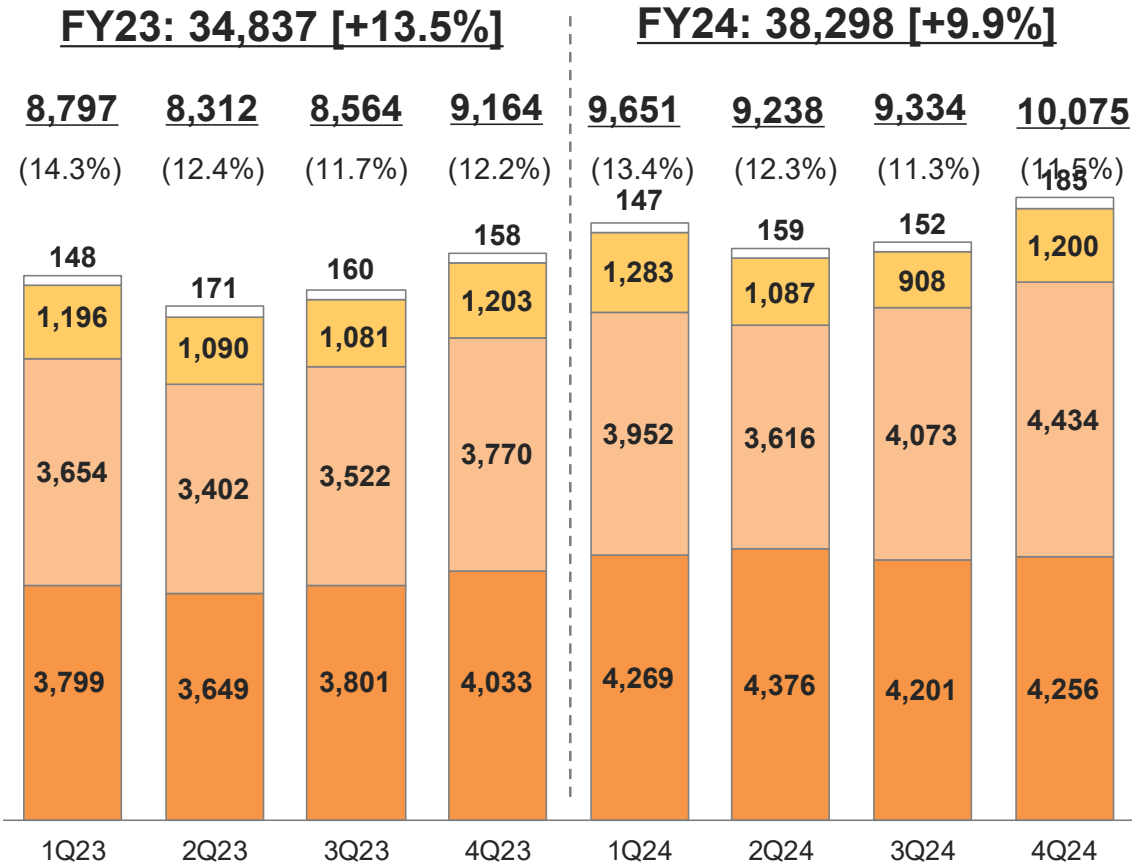
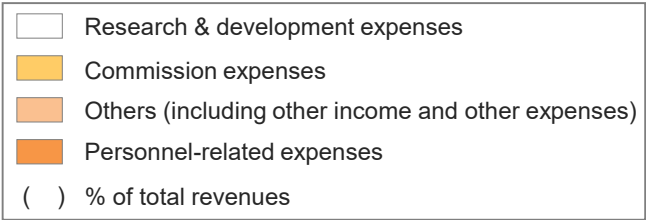
\* The Employee Survey(IIJ) is an annual engagement survey (approx. 50 questions), and each item is rated on a five-point scale: 1 (disagree), 2 (somewhat disagree), 3 (neutral), 4 (somewhat agree), and 5 (agree). The "Overall Satisfaction" is the result of a question, "I am satisfied overall."

## Turnover rates (IIJ)



- Lower than the industry average turnover

\* The turnover rate of IIJ is calculated by dividing leavers for the fiscal year by the number of full-time employees at the beginning of that fiscal year. The industry average turnover rate of approx. 10% is announced by the Ministry of Health, Labor, and Welfare

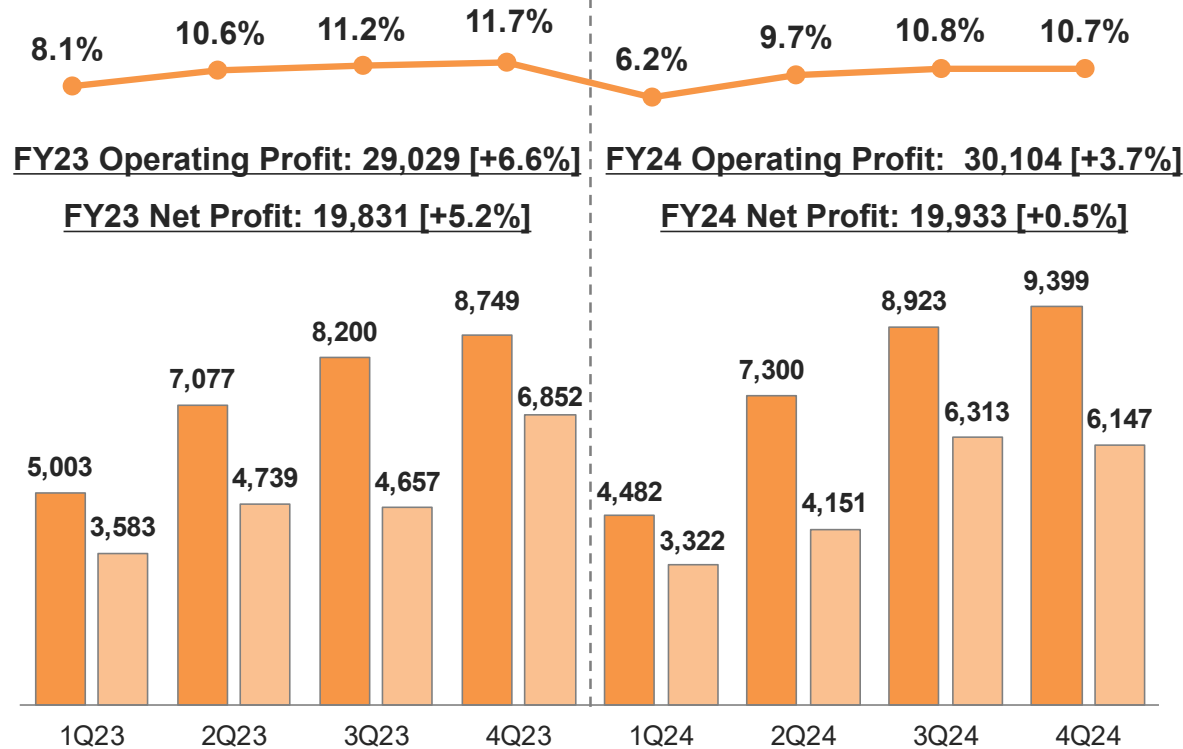
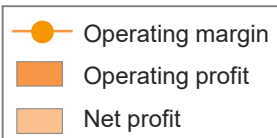


- FY24 SG&A, etc. was almost as planned
- Research & development expenses are mainly personnel expenses of research institute division. No major changes
  - Commission expenses are mainly recruitment expenses and credit card fees for consumers
  - Others are increasing mainly because of an increase in advertisement and activity-related expenses such as travel expenses. 1Q training expenses also increased temporarily due to new graduate hire
  - Personnel-related expenses (salary, employee benefits, etc.) increased as expected due to ordinal average annual salary increase and new graduate hire

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

• 1Q personnel-related and others expenses increase mainly due to an increase in training and human capital development expenses along with the entry of new graduates. Such expenses decrease in 2Q QoQ as expenses for new graduate engineers are recorded as cost of revenues from 2Q

# Profit



## ◆ Operating profit

- FY24: ¥30.10 bn, +3.7% YoY
  - Profit increased YoY by absorbing approx. -¥1.5 bn of VMware license-related profit impact

## ◆ Profit before tax

- FY24: ¥29.18 bn, +0.9% YoY
  - Interest expense: ¥1,062 million (FY23: ¥616 million)
  - Foreign exchange gain(loss): +¥47 million (FY23: +¥533 million)
  - Valuation gain(loss) on funds, etc.: +¥201 million (FY23: +¥149 million)

1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	FY24 plan
+310	+13	(535)	+361	+585	(863)	+790	(311)	±0

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

• Exchange rate (per USD) at the end of 1Q24: ¥161.07, 2Q24: ¥142.73, 3Q24: ¥158.18, 4Q24: ¥149.52

- Share of gain(loss) of investments accounted for using equity method: -¥414 million (FY23: -¥465 million)

DeCurret-related gain(loss) : -¥553 million (FY23: -¥535 million)  
(IIJ ownership from Sep. 2024: 34.8%)

1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	FY24 plan
(125)	(124)	(143)	(143)	(182)	+25	(177)	(219)	Approx. (800)

✓ 2Q24 included gain of ¥209 million on change in equity interest due to DeCurret HD's capital increase in Sep. 2024

✓ Started Japan's first digital currency business in Aug. 2024 (Details in P.44)

## ◆ Net profit

- FY24: ¥19.93 bn, +0.5% YoY
- ROE: 15.0%

1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	
632	114	(957)	581	719	(1,294)	722	(653)	Finance income (expense), net
(154)	(119)	(150)	(42)	(162)	71	(173)	(150)	Share of profit (loss) of investments accounted for using equity method
(1,824)	(2,320)	(2,365)	(2,449)	(1,654)	(1,915)	(3,092)	(2,419)	Income tax expense
74	13	71	(13)	63	11	67	30	Profit (loss) for the period attributable to non-controlling interests

- Net profit shows "Profit for the period attributable to owners of the parent"
- Under IFRS, equity securities are measured at fair value through OCI (Other Comprehensive Income) while funds are measured through profit or loss

# Consolidated Statements of Financial Position (Summary)

Unit: ¥ (JPY) million

Financials

	Mar. 31, 2024	Mar. 31, 2025	Changes		Mar. 31, 2024	Mar. 31, 2025	Changes
Cash & cash equivalents	45,474	32,534	(12,940)	Trade & other payables	25,435	30,238	+4,803
Trade receivables	45,683	56,361	+10,678	Borrowings (current & non-current)	30,180	33,616	+3,436
Inventories	3,227	4,681	+1,454	Contract liabilities & Deferred income (current & non-current)	21,530	26,043	+4,513
Prepaid expenses (current & non-current)	39,496	56,930	+17,434	Income taxes payable	5,328	5,205	(123)
Tangible assets	29,072	33,771	+4,699	Retirement benefit liabilities	4,991	4,849	(142)
Right-of-use assets	41,242	45,756	+4,514	Other financial liabilities (current & non-current)	49,138	58,578	+9,440
Of which, operating leases (rent of office, data center etc.)	26,428	28,958	+2,530	Of which, operating leases (rent of office, data center etc.)	26,982	29,714	+2,732
Of which, finance leases (network equipment etc.)	14,814	16,798	+1,984	Of which, finance leases (network equipment etc.)	15,750	19,172	+3,422
Goodwill & intangible assets	28,685	31,328	+2,643	Others	10,079	11,820	+1,741
Investments accounted for using the equity method	5,169	6,639	+1,470	Total liabilities:	146,681	170,349	+23,668
Investment securities (Equity)	14,563	15,823	+1,260	Share capital	25,562	25,577	+15
Other investments	9,805	10,711	+906	Share premium	35,737	35,865	+128
Others	11,297	17,901	+6,604	Retained earnings	65,616	79,885	+14,269
				Other components of equity	10,863	11,266	+403
				Treasury shares	(12,027)	(11,910)	+117
				Total equity attributable to owners of the parent:	125,751	140,683	+14,932
				Non-controlling interests	1,281	1,403	+122
Total assets:	273,713	312,435	+38,722	Total liabilities and equity:	273,713	312,435	+38,722

- Prepaid expenses increased mainly due to increases in projects for clients (impacted from an increase in large-scale projects), license fee (in addition to a constant increase, VMware license fee: approx. +¥3.1 bn) and maintenance for facility (constant increase), etc., Expected to be recovered gradually over multiple years
- Tangible assets increased mainly due to investment in Matsue DC
- Ratio of total equity attributable to owners of the parent: 45.9% as of Mar. 31, 2024, 45.6% as of Jun. 30, 2024, 45.3% as of Sep. 30, 2024, 44.4% as of Dec. 31, 2024, 45.0% as of Mar. 31, 2025

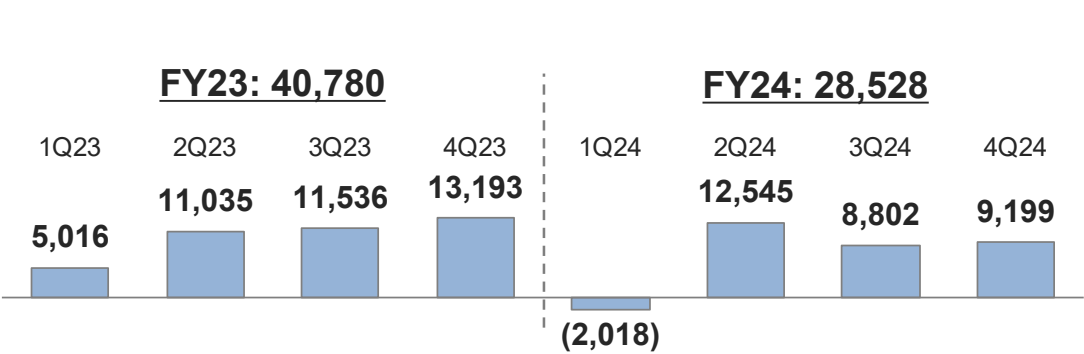


# Consolidated Cash Flows

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

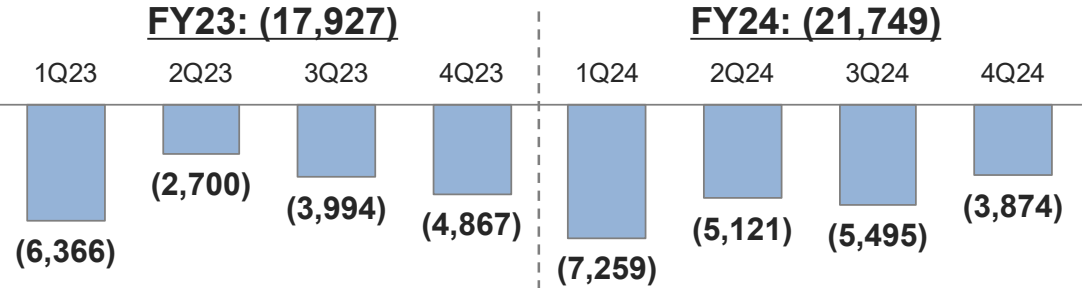
Financials

## Operating Activities



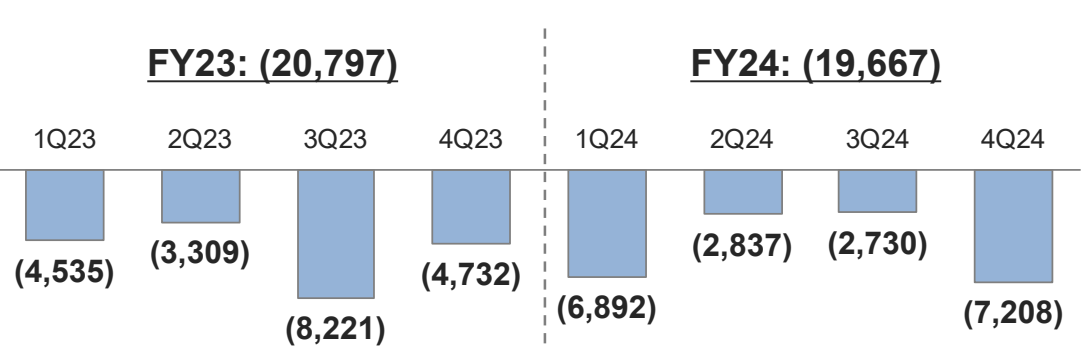
	FY24 Major Breakdown	YoY Change
Profit before tax	29,184	+250
Depreciation and amortization	31,372	+2,076
Changes in operating assets & liabilities	(25,008)	(15,128)
Of which, decrease (increase) in prepaid expenses	(17,335)	(6,518)
Income taxes paid	(9,764)	(1,634)

## Investing Activities



	FY24 Major Breakdown	YoY Change
Purchase of tangible assets	(11,904)	(160)
Of which, data center related	(4,656)	+165
Purchase of intangible assets such as software	(8,211)	(1,012)

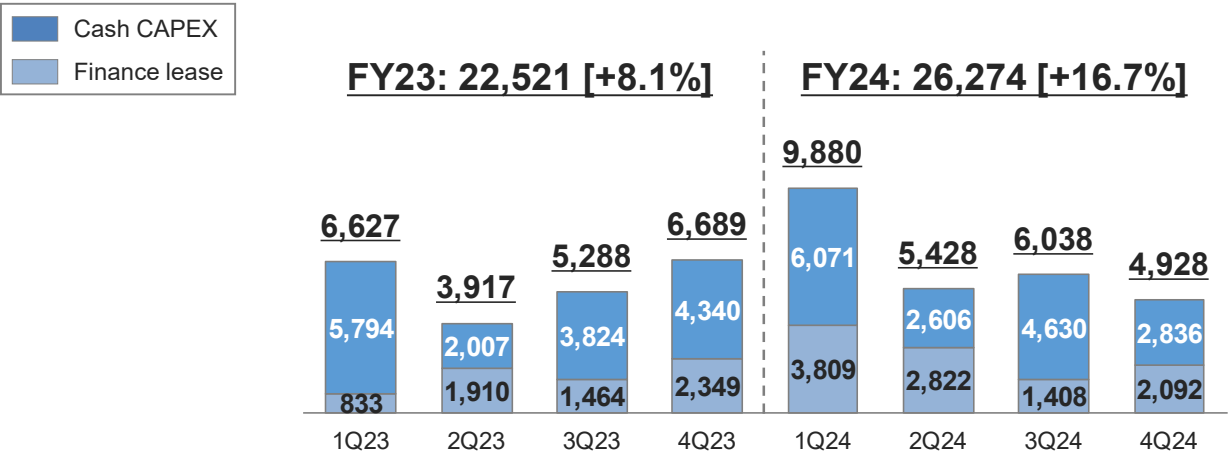
## Financing Activities



	FY24 Major Breakdown	YoY Change
Proceeds from other financial liabilities	8,497	+1,888
Payment of operating/finance leases and other financial liabilities	(25,418)	(5,410)
Dividends paid	(6,134)	(452)
Repayment of long-term borrowings	(3,563)	(1,503)
Short-term borrowings	7,000	(4,800)
Purchase of treasury shares	(0)	+11,405

# Other Financial Data

## CAPEX



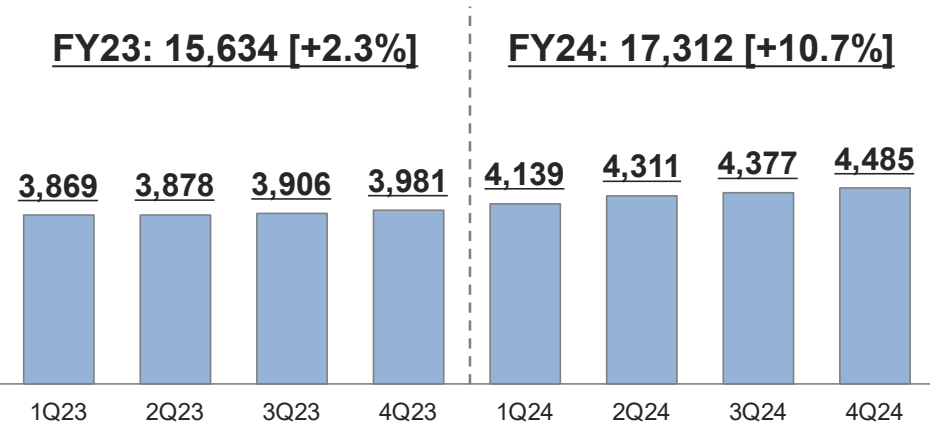
➤ Major breakdown of CAPEX (Unit: ¥ bn)

	FY23	FY24	Notes
Ordinal CAPEX (NW equipment & server, etc.)	11.6	12.5	Sustained investment
Shiroi DC second site-related	5.5	0.9	Individual investment for anticipated demand
Matsue DC-related	0.2	3.7	
Customer-related	2.3	4.3	Investment for each project
Renewal of Full-MVNO 5G infrastructure	1.7	4.1	Ad-hoc investment
Renewal of Raptor service facility	1.1	0.5	Ad-hoc investment

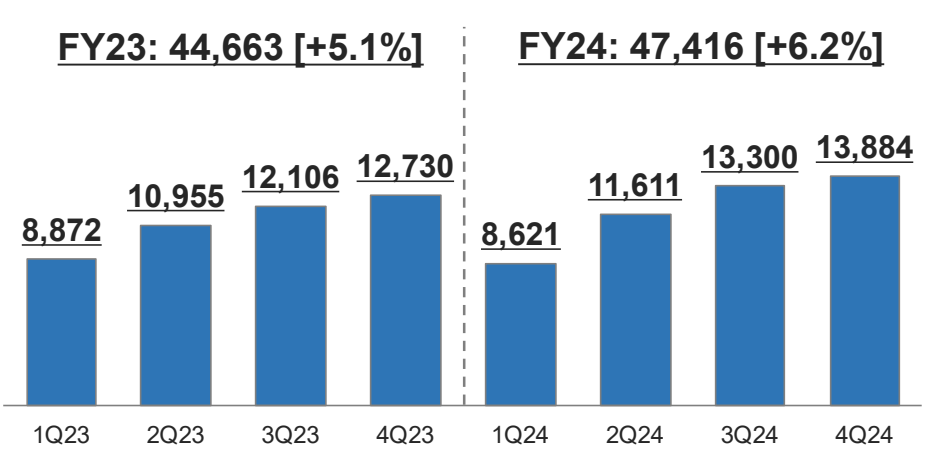
- FY25 CAPEX plan: approx. ¥30.0 bn
- Of which, approx. ¥8.5 bn is for Shiroi DC's 3<sup>rd</sup> site construction
  - An increase in customer-related CAPEX along with the trend of acquiring of large-scale projects

- Total amount of capital expenditure is the amounts of acquisition of tangible and intangible assets by cash and entering into finance leases for the fiscal year, excluding duplication due to sale and leaseback transactions and acquisition of assets that do not have the nature of investment, such as purchase of small-amount equipment.
- CAPEX-related depreciation and amortization is calculated by excluding depreciation and amortization of assets that do not have the nature of capital investment, such as right-of-use assets related to operating leases, small-amount equipment and customer relationship.
- Adjusted EBITDA is calculated by adding operating profit and CAPEX-related depreciation and amortization.

## CAPEX-related depreciation and amortization



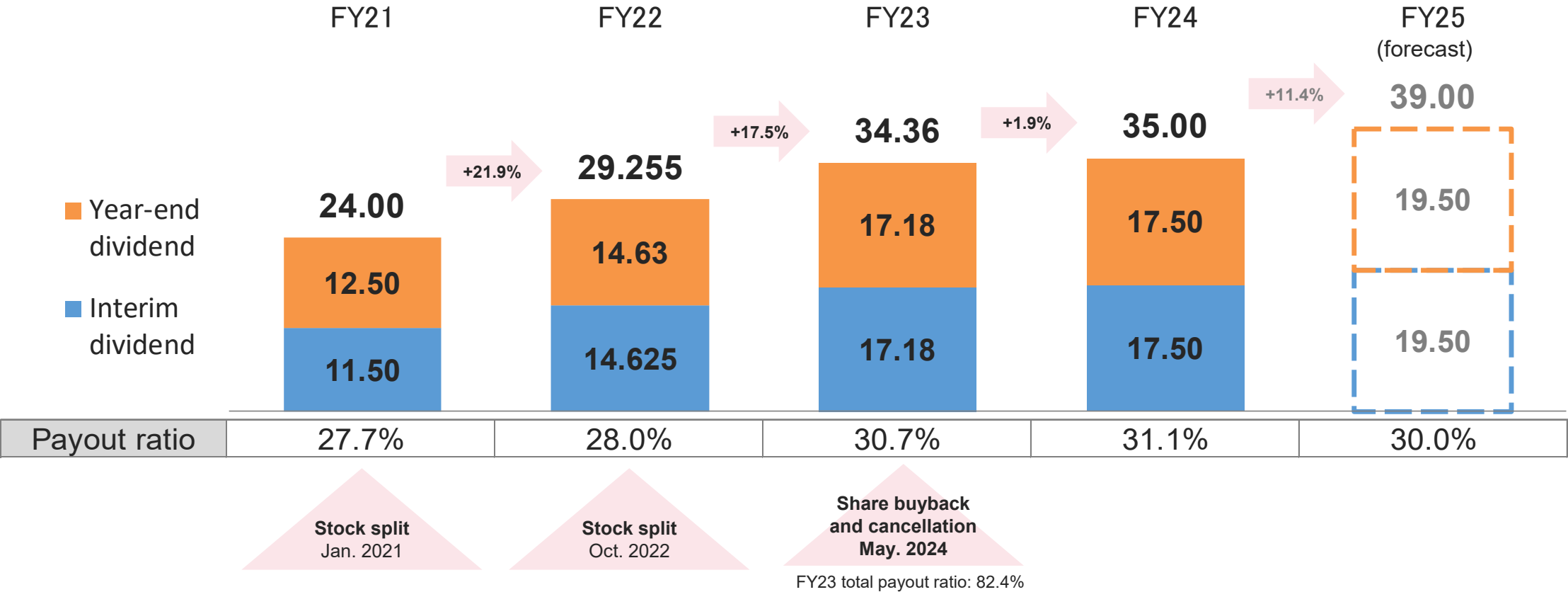
## Adjusted EBITDA



# Appendix

Shareholders' Return	P. 63
Market Environment & Growth Forecast, etc.	P. 64
NTT Docomo's Mobile data interconnectivity charge	P. 65
Consumer Mobile Price list	P. 66
Overseas Business	P. 67
ATM Operation Business	P. 68
FinTech Business: DeCurret	P. 69 – P. 71
CDN Business: JOCDN	P. 72

- ◆ **Basic shareholders' return policy:**  
Continuous and stable dividend payment while considering the need to have retained earnings for the enhancement of financial position, mid-to-long term business expansion and future investment
- ◆ **Dividend per share:**



• Dividend per share is written on the post-stock-split basis

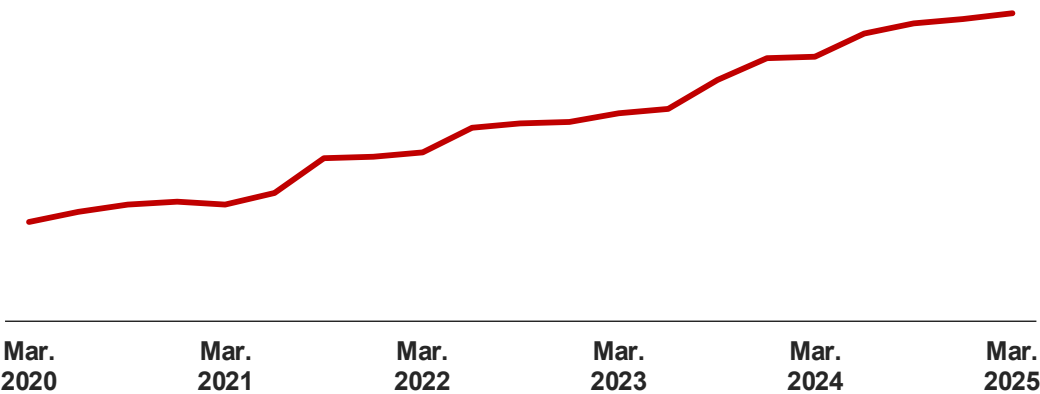
• FY21 payout ratio: adjusted payout ratio is around 30% which is calculated by deducting temporary and non-cash transaction such as valuation on funds and impairment loss

• FY22 payout ratio takes the retrospective application of IAS 12 "Income Taxes" into consideration

• FY23 payout ratio takes the share buyback with cancellation which took place in May 2023 into consideration

## Historical traffic data of major domestic IX

— Peak traffic



• Source: INTERNET MULTIFEED CO., IX = Internet Exchange

## SIM type MVNO market share in Japan

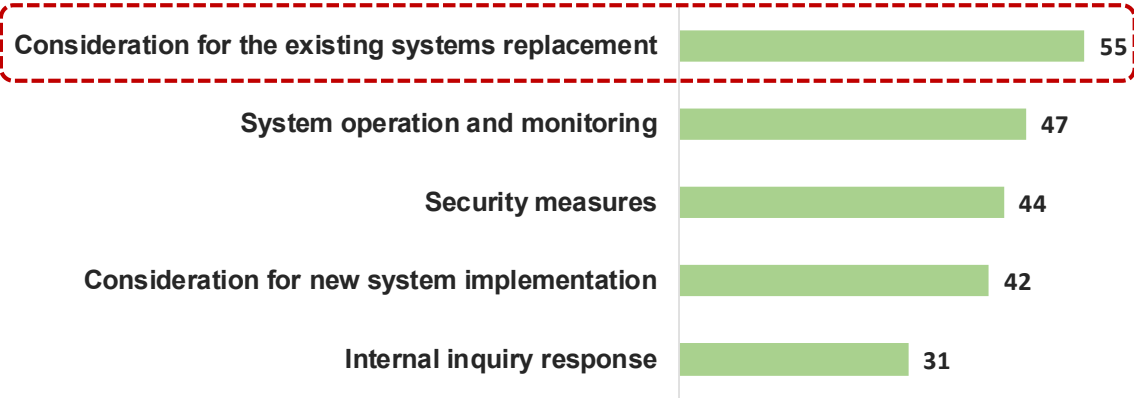
### ◆ Maintain top share in the domestic SIM-type MVNO market

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

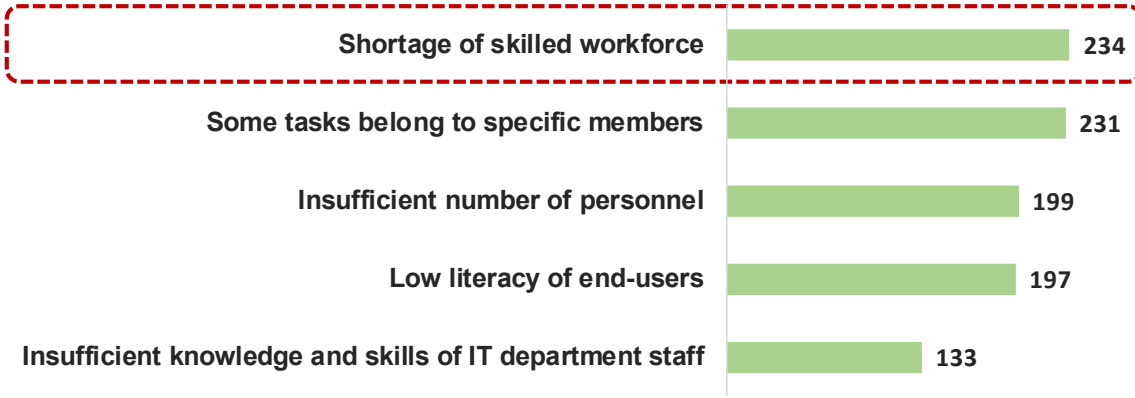
- Source: the Ministry of Internal Affairs and Communications,
- NTT Docomo's figures as of Mar. 31, 2024 was formerly NTT Resonant's one

## Nationwide survey on IT department 2024

### ◆ Operation where IT department spends the most time



### ◆ Challenges for IT department



- Source: Internet Initiative Japan “Nationwide survey on IT department 2024”
- Questionnaire conducted by IIJ since 2021 targeting information system divisions of companies, etc. Number of valid responses in 2024: 363

# NTT Docomo's Mobile data interconnectivity charge (Mbps unit charge・monthly)

Fiscal Year	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
Method	Future cost method: MNOs are to disclose the charges for next three yrs based on their prediction about cost etc.							
New						Announced in Mar. 2025 ¥10,874 -15.5% YoY	¥10,383 -4.5% YoY	¥9,052 -12.8% YoY
Fixed	¥37,280 -12.7% YoY	¥27,024 -27.5% YoY	¥19,979 -26.1% YoY	¥15,042 -24.7% YoY	To be fixed in Dec. 2025	To be fixed in Dec. 2026		
Old					Announced in Mar. 2024 ¥12,862 -14.5% YoY	¥10,874 -15.5% YoY	¥10,708 -1.5% YoY	
				Announced in Mar. 2023 ¥15,644 -21.7% YoY	¥13,084 -16.4% YoY	¥11,255 -14.0% YoY		
			Announced in Mar. 2022 ¥20,327 -24.8% YoY	¥15,697 -22.8% YoY	¥13,207 -15.9% YoY			
			Announced in Apr. 2021 ¥28,385 -23.9% YoY	¥22,190 -21.8% YoY	¥18,014 -18.8% YoY			
	Announced in Mar. 2020 ¥41,436 -3.0% YoY	¥33,211 -19.8% YoY	¥27,924 -15.9% YoY					

- The calculation: (Data communication cost + profit) /demand
- The charge disclosed based on the future cost method is to be finalized based on MNOs actual cost results etc.
- The YoY (Year over Year) decrease percentage written under each charge is compared with the previous year charge
- The charge is public information disclosed in NTT Docomo's service terms and conditions document uploaded on NTT Docomo's website (only available in Japanese) <https://www.docomo.ne.jp/binary/pdf/corporate/disclosure/mvno/business/oroshi.pdf>

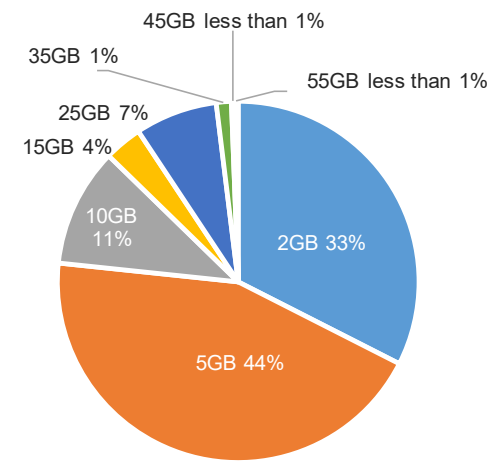


◆ IIJmio awarded No. 1 overall satisfaction in the Oricon Customer Satisfaction® Survey for low-cost SIM & mobile device sets

IIJmio “Giga Plan”		
Slight price revision in Mar. 2025		
2GB	With voice	¥850
	Data-only	¥740
5GB	With voice	From ¥990 to ¥950
	Data-only	From ¥900 to ¥860
10GB	With voice	From ¥1,500 to ¥1,400
	Data-only	From ¥1,400 to ¥1,300
15GB	With voice	¥1,800
	Data-only	¥1,730
From 20GB to 25GB	With voice	¥2,000
	Data-only	¥1,950
From 30GB to 35GB	With voice	From ¥2,700 to ¥2,400
	Data-only	From ¥2,640 to ¥2,340
From 40GB to 45GB	With voice	¥3,300
	Data-only	¥3,240
From 50GB to 55GB	With voice	¥3,900
	Data-only	¥3,840

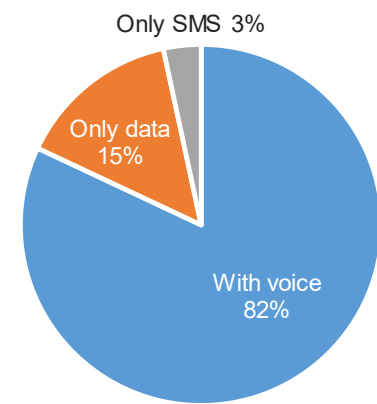
GigaPlans: by data plans

As of Mar. 31, 2025



GigaPlans: by plans

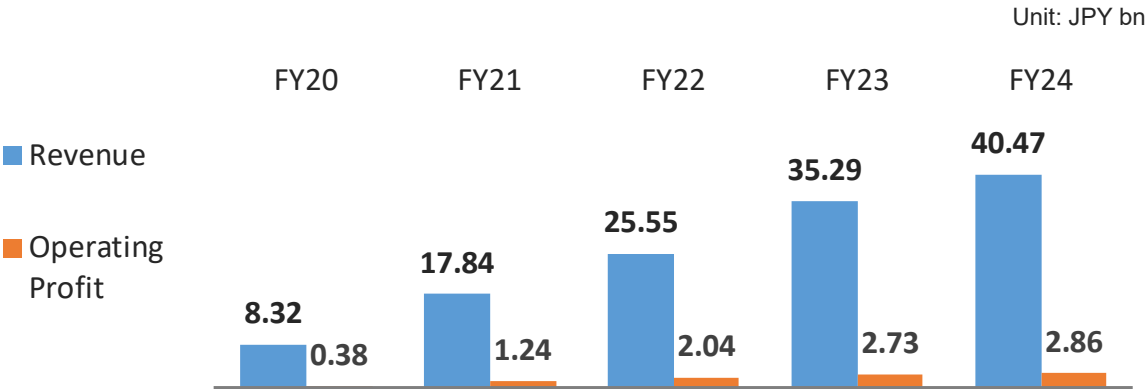
As of Mar. 31, 2025



\* Low-cost smartphones’ ranking: The survey was conducted on users who purchased a SIM card and a SIM-free handset at the same time (including transfers from other companies) at official MVNO and carrier sub-brand websites or stores in 2023 or later, set up the handset, and are currently using the handset as their main phone. The survey asked the current main users about their satisfaction with nine evaluation items, including the subscription process, ease of initial setup, handset lineup, etc.

## Revenue and Operating Profit (included in SI and NW)

- **FY24: Favorable momentum:**
- Global NW and server construction as well as PTC (Singaporean Sler)



## Overseas offices

- IIJ Group has offices in 14 cities in nine countries around the world (As of Mar. 2025)



## Business Developments

- **Started focusing on overseas business around FY11.** It was when Japanese companies started to expand their business overseas and requested us to provide the same service quality we offer in Japan
- **While IT markets in the U.S. and Europe are relatively matured, the markets in Asia are just beginning to build up**
- Increasing demand for network services and SI in China and Thailand
  - Vietnam: Cybersecurity Law (Jan. 2019), Opened another facility in Hanoi in addition to Ho Chi Min
  - In Apr. 2021, we bought a Singaporean system integrator, PTC – expect to strengthen ASEAN business
  - From Dec. 1, 2023, a small business operator “PTC Malaysia” became a new consolidated subsidiary (no significant financial impact), expect higher productivity of a support center in Malaysia
- **Providing cloud services in Indonesia, Thailand and Vietnam. Working with local prominent IT companies**
- With Biznet Networks in Indonesia (from Mar. 2015)
  - With T.C.C. Technology Co., Ltd, in Thailand (Feb. 2016)
  - With FTP Telecom Partner in Vietnam (Nov. 2016)

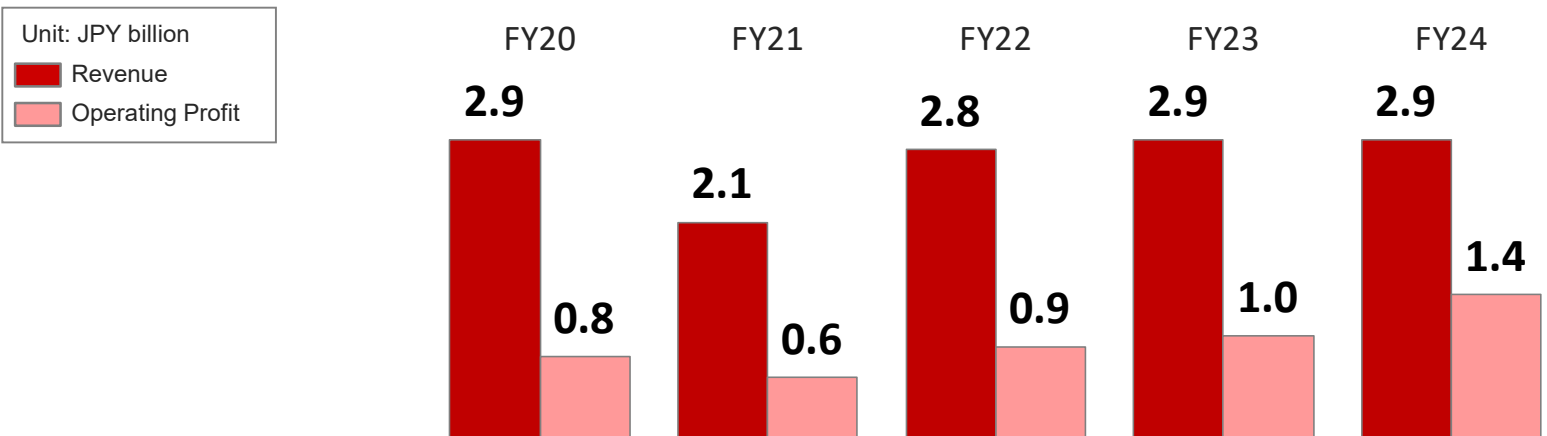
## Business Model

- Similar to “Seven Bank” model
- Placing ATMs in pachinko parlors in Japan
  - After long discussion, started to place in Kanto, Kansai, Kyushu and Tokai areas
  - 7,665 pachinko parlors in Japan as of Dec. 31, 2022 (Source: National Police Agency)
- Receive commission for each withdrawal transaction

## Trust Networks Inc.

- In charge of ATM operation business
- IIJ’s ownership: 80.6%
- Established in 2007
- Number of employees: about 10 personnel

## Revenue and Operating Profit



- FY20 revenue significantly decreased from FY19 as the stores we had placed ATMs were closed temporarily and fewer customers visited due to the COVID-19 pandemic and stay-at-home-order/request



• ATM (Automated Teller Machine)

## Launched “DCJPY Network” as the first digital currency platform service in Japan (Jul. 2024)

### About DeCurret HD & DCP

DeCurret Holdings	<ul style="list-style-type: none"> <li>Shareholder: 43 companies including IIJ</li> <li>IIJ's equity method investee (IIJ ownership: 34.8%)</li> <li>Management: Representative Director and President: Murabayashi (Mr.) (IIJ Vice President, former CIO at MUFG Financial Group, Inc.) Part-time directors: IIJ, SBI Holdings, MUFG bank, JAPAN POST BANK , NTT, KDDI</li> </ul>
DeCurret DCP	<ul style="list-style-type: none"> <li>Shareholder: DeCurret HD 100%</li> <li>Business: <ul style="list-style-type: none"> <li>Digital currency business</li> <li>Secretary for the “Digital Currency Forum” <ul style="list-style-type: none"> <li>As of Mar. 31, 2024, there are 104 companies, organization, experts, as members and related regulatory agencies (FSA, MIC, MOF, METI, BOJ)</li> </ul> </li> </ul> </li> </ul>

### ◆ Background

- In Jan. 2018, IIJ established DeCurret Inc. as an equity method investee engaging in crypto asset business and digital currency business with prominent Japanese companies
  - IIJ has been providing IIJ Raptor Service, an ASP based FX systems, which have been used by prominent Japanese security companies
- In Dec. 2021, DeCurret Inc. established DeCurret Holdings through a share transfer
- In Feb. 2022, DeCurret Holdings divested its crypto asset business to dedicate its business resources to digital currency business

### ◆ Business

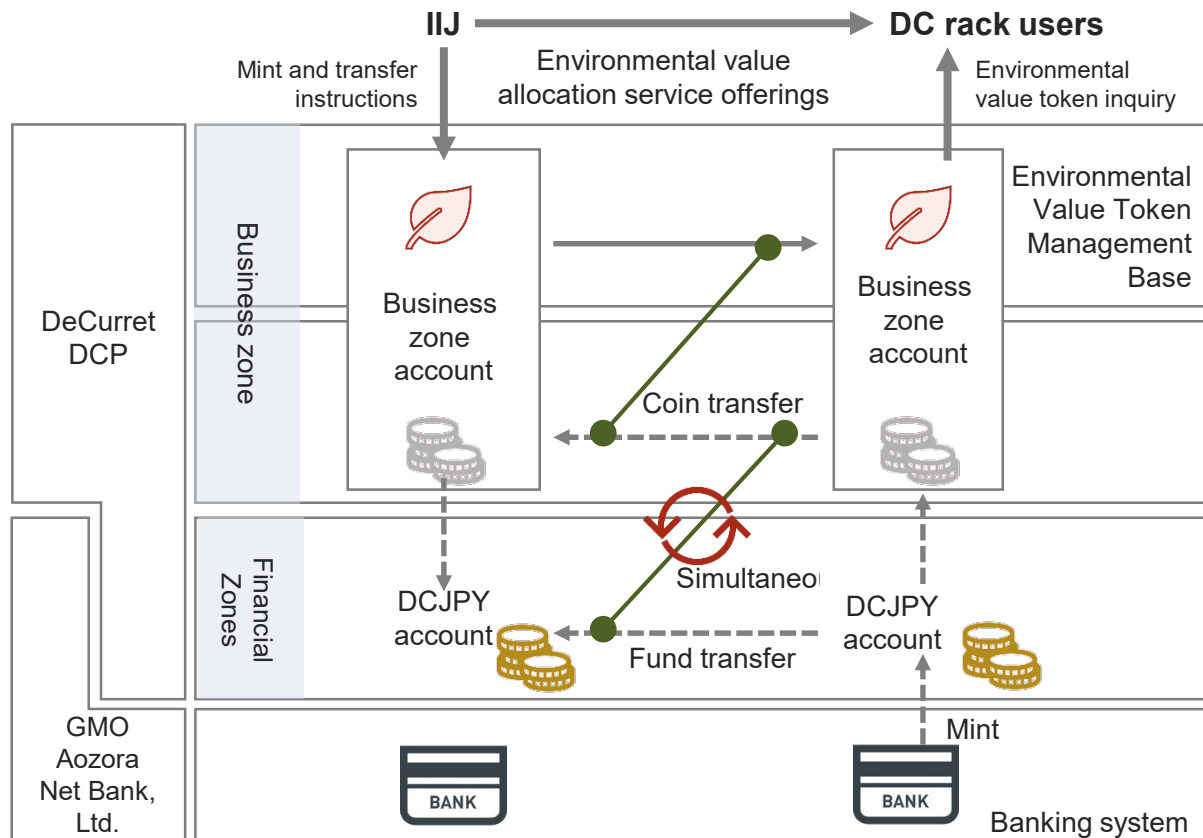
- Digital Current Platform Business (mainly BtoB)
- Have been executing various proof of concepts with various business partners
- Released “DCJPY Network” as the first digital currency business in Japan in Jul. 2024

### The first Case of Digital Currency DCJPY Settlement Transactions

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

### Flow on DCJPY on the Two-tiered Digital Currency Platform

(Aug. 2024)



**Raised capital of approx. JPY6.35 billion through a third-party allotment from 13 companies, including 8 new shareholders for further business expansion (Sep. 2024)**

- Internet Initiative Japan Inc., SBI Holdings, Inc., Hitachi, Ltd., SHIZUOKA BANK, LTD., TIS Inc., NSD Co., Ltd., FUJITSU LIMITED, KDDI CORPORATION, MUFG Bank, Ltd., Higo Bank, Ltd., Kagoshima Bank, Ltd., GMO Financial Holdings, Inc. and ABeam Consulting Ltd.

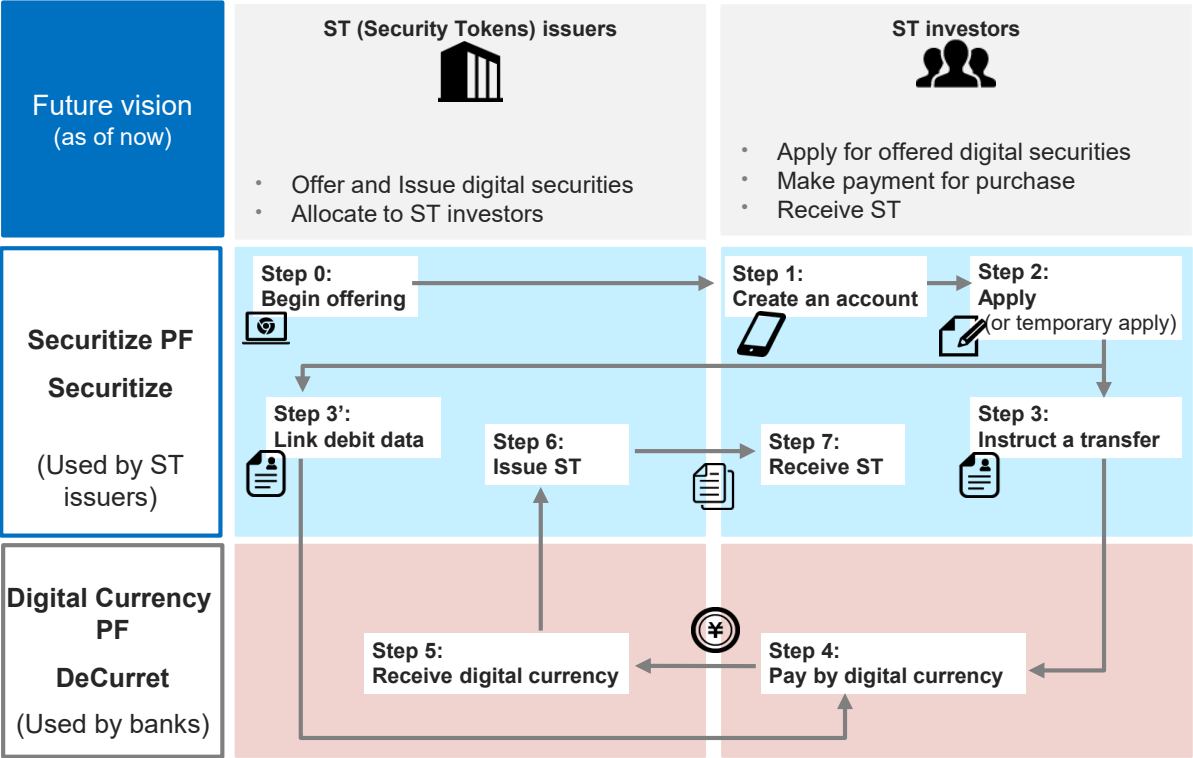
**Shareholders of DeCurret Holdings, Inc. (43 companies, as of Sep.2024)**

Internet Initiative Japan Inc.	SBI Holdings, Inc.	Hitachi, Ltd. *
KDDI CORPORATION	MUFG Bank, Ltd.	TIS Inc.
THE SHIZUOKA BANK,LTD. *	NSD Co., Ltd. *	NTT Corporation
Fujitsu Limited *	Sumitomo Mitsui Banking Corporation	JAPAN POST BANK Co., Ltd.
The Higo Bank, Ltd. *	ITOCHU Corporation	OPTAGE Inc.
QTnet, Inc.	Sumitomo Life Insurance Company	SOHGO SECURITY SERVICES CO., LTD.
SOMPO Light Vortex Inc.	The Dai-ichi Life Insurance Co., Limited	Daido Life Insurance Company
Daiwa Securities Group Inc.	Tokio Marine & Nichido Fire Insurance Co., Ltd.	Nippon Life Insurance Company
Nomura Holdings, Inc.	East Japan Railway Company	BICCAMERA INC.
Mitsui Sumitomo Insurance Company, Limited	Mitsui Fudosan Co., Ltd.	Mitsubishi Corporation
Meiji Yasuda Life Insurance Company	Yamato Holdings Co., Ltd.	The Kagoshima Bank, Ltd. *
GMO Financial Holdings, Inc. *	ABeam Consulting Ltd. *	ITOCHU Techno-Solutions Corporation
Chubu Electric Power Co., Inc.	Dentsu Group Inc.	Hankyu Hanshin Holdings Inc.
Matsui Securities Co., Ltd.	Enecom,Inc.	SECOM CO., LTD.
TOPPAN HOLDINGS INC.		

DeCurret DCP Partnership with Securitize

- ◆ Aim to adopt digital currency for digital securities' settlement
  - Securitize, Inc., a parent company of Securitize Japan K.K., was established in 2017 and proves platform to issue and manage digital securities
  - The scope of partnership includes the followings:
    - Explanation and discussion with prospective issuers and other related companies
    - Specifics of the scheme and workflow
    - Legal research and preparation of contract templates
    - Development of system integration

◆ Image of transaction/flow (idea)



Digital Currency Forum Subcommittees

(as of Sep. 2024)



- The participants include companies, local governments and others

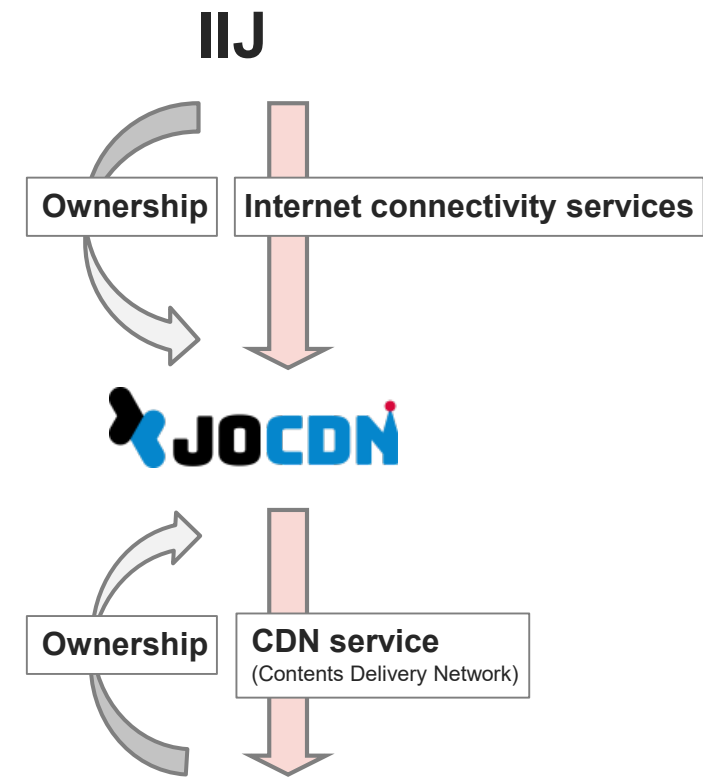
Difference between “DCJPY” and Trust Bank’s Stablecoins

	DeCurret’s digital currency “DCJPY”	Trust Bank’s stablecoins
Corresponding act	The Banking Act	The revised Payment Services Act (enforced in June 2023)
Form	Bank deposits	Stablecoins
Scheme of issuance	<ul style="list-style-type: none"><li>Withdraw from user’s bank deposit</li><li>DCJPY will be issued after booking the same amount of such withdrawal to DCJPY account on the digital currency platform</li></ul>	<ul style="list-style-type: none"><li>User needs to deposit money and set up a trust asset each time</li><li>Then, stablecoins can be issued by a trust bank</li></ul>
Features	<ul style="list-style-type: none"><li>Highly compatible with the current settlement system</li><li>Issuers are reliable and trustworthy banks</li><li>Banks support DCJPY can use the Digital Currency services</li></ul>	<ul style="list-style-type: none"><li>User needs to open an account with the Trust bank and deposit money each time</li><li>User needs to arrange a trust asset each time transferring funds other than the two companies, a trust bank and a beneficiary</li></ul>



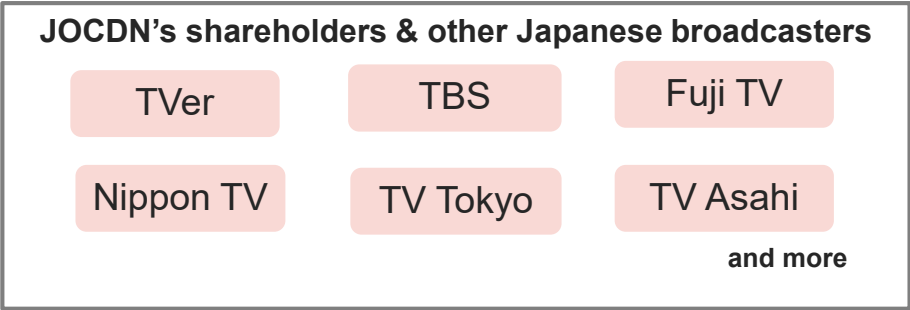
Company Profile	
Name	JOCDN Inc. (IIJ's equity method investee)
IIJ Ownership	16.8%
Capital	JPY845 million (including capital reserve)
Established	December 1, 2016
Shareholders	IIJ, Nippon TV, TV Asahi, TBS, TV Tokyo, Fuji TV, WOWOW (Prominent satellite broadcaster in Japan), NHK (Japan's only public broadcaster) and non-Tokyo local broadcasters
Directors	Chairman: Koichi Suzuki (IIJ CEO) President: Shunichi Shinozaki (Nippon TV)

## Business Model



### ◆ All Japan CDN company JOCDN

- Akamai Technologies (global leader in CDN services, US company) has been dominating CDN market in Japan.
  - Growing needs to distribute contents over Internet
  - Broadcasting companies distributing contents via Internet
    - Nippon TV bought Hulu Japan in 2014
    - Japanese broadcasting companies operate “TVer”
  - IIJ has rich and well-renowned expertise in CDN business
    - Olympics games, high school base ball games, university sport and many other popular sports events
- TVer is a web platform where viewers can watch certain TV programs for free. Its system was developed jointly by major commercial television networks in Japan to broadcast TV programs over Internet





The internet started in Japan in 1992, along with IIJ. Since that time, the IIJ Group has been building the infrastructure for a networked society, and with our technical expertise, we have continued to support its development. We have also continued to evolve our vision for the future and innovate to make it a reality. As an internet pioneer, IIJ has blazed the trail so that others could realize the full potential of a networked society, and that will never change. The middle "I" in "IIJ" stands for "initiative," and IIJ always starts with the future.