

(TRANSLATION)

Semiannual Securities Report

(The First Half of the 34th Business Term)
From April 1, 2025 to September 30, 2025 (“1H25”)

Internet Initiative Japan Inc.

Note for readers of this English translation

This is an English translation of the Semiannual Securities Report (*Hanki-houkokusho*) of Internet Initiative Japan Inc. (“IIJ”) filed with the Director-General of the Kanto Local Finance Bureau in Japan through EDINET (Electronic Disclosure for Investors’ NETwork). This translation includes an English translation of the Independent Auditor’s Report on Interim Review by KPMG AZSA LLC, IIJ’s accounting auditor, of the condensed consolidated financial statements included in the Japanese original Semiannual Securities Report. KPMG AZSA LLC has not audited and makes no warranty as to the accuracy or otherwise of the translation of the condensed consolidated financial statements of other financial information included in this English translation of the Semiannual Securities Report.

This document has been translated from the Japanese original for reference purpose only. In the event of any discrepancy between this English translation and the Japanese original, the Japanese original shall prevail.

TABLE OF CONTENTS

Semiannual Securities Report (Translation)

【COVER】	1
PART 1 Information on the Company	2
Item 1. Overview of the Company.....	2
1 Selected Financial Data	2
2 Description of Business	2
Item 2. Business Overview	3
1 Risk Factors	3
2 Management's Analysis of Consolidated Financial Position, Results of Operations and Cash Flows	3
3 Material Contracts, etc.....	11
Item 3. Information on IIJ.....	12
1 Information on IIJ's Shares.....	12
2 Changes in Directors and Company Auditors	14
Item 4. Financial Information.....	15
1 Condensed Interim Consolidated Financial Statements.....	15
2 Other Information	31
PART 2 Information about Guarantors of the Company.....	32
Independent Auditor's Report on Review of Condensed Interim Consolidated Financial Statements (Translation).....	33

【Cover】

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PART 1 Information on the Company

Item 1. Overview of the Company

1 Selected Financial Data

Fiscal year	IFRS		
	Six months ended September 30, 2024	Six months ended September 30, 2025	33rd business term ended March 31, 2025
Revenues (millions of yen)	147,022	161,910	316,831
Operating profit (millions of yen)	11,782	15,388	30,104
Profit before tax (millions of yen)	11,116	15,149	29,184
Profit attributable to owners of the parent (millions of yen)	7,473	10,032	19,933
Comprehensive income, attributable to owners of the parent (millions of yen)	7,866	10,711	20,806
Comprehensive income (millions of yen)	7,940	10,809	20,977
Equity attributable to owners of the parent (millions of yen)	130,698	148,377	140,683
Total assets (millions of yen)	288,774	329,260	312,435
Basic earnings per share (yen)	42.25	56.64	112.68
Diluted earnings per share (yen)	42.03	56.36	112.10
Ratio of owners' equity to gross assets (%)	45.3	45.1	45.0
Cash flows from operating activities (millions of yen)	10,527	23,378	28,528
Cash flows from investing activities (millions of yen)	(12,380)	(11,443)	(21,749)
Cash flows from financing activities (millions of yen)	(9,729)	(7,299)	(19,667)
Cash and cash equivalents, at the end of period (millions of yen)	33,665	37,298	32,534

(Notes)

- As IJJ and its subsidiaries (collectively “the Company”) prepare condensed interim consolidated financial statements reports, non-consolidated financial data etc. are not provided.
- All figures presented above are based on the condensed interim consolidated financial statements or the consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”).

2 Description of Business

There were no material changes to the business of the Company or its equity method investees during the six months ended September 30, 2025 (“1H25”).

There were no material changes with respect to the associated companies during 1H25.

Item 2. Business Overview

1 Risk Factors

There were no newly identified matters, relating to the business description or consolidated financial results described in this semiannual securities report, which could have a material effect on the decisions of investors, and there were no material changes in the risk factors described in our Annual Securities Report for the previous fiscal year filed on June 30, 2025.

2. Management's Analysis of Consolidated Financial Position, Results of Operations and Cash Flows

This semiannual securities report contains forward-looking statements that are based on our expectations, assumptions, estimates and projections as of November 14, 2025.

(1) Analysis of Results of Operations

(i) Overview of consolidated business results for 1H25

The Japanese economy experienced a moderate recovery during the six months ended September 30, 2025("1H25"). With regard to future prospects, the economy is expected to continue recovering gradually, supported by improvements in employment and income conditions, as well as the effects of various government policies. However, downside risks remain, including uncertainties related to U.S. trade policies—such as tariffs—and persistent inflationary pressures. Close attention must also be paid to volatility in financial and capital markets.

Under such an economic trend, the corporate ICT^{(*)1} related market where we belong to has seen continued growth in the use of technologies in business activities, such as cloud computing services and AI^{(*)2}. This, along with other factors, has led to sustained increases in internet traffic^{(*)3} and the importance of security measures etc. for business continuity is also steadily increasing. The architecture of corporate networks and systems is evolving from traditional internal networks to more diverse infrastructures that incorporate Internet technologies. We anticipate that the importance of stable and reliable network and system operations will continue to increase going forward.

As for business conditions during 1H25, demand for network construction and others remained consistently strong, and we have made progress in securing large-scale Service Integration^{(*)4} projects across various industries. We also focused on enhancing functionality of existing services and developing additional services to accelerate the accumulation of our monthly recurring revenues in this fiscal year, with several of these services already launched in phases^{(*)5}. Total revenue for 1H25 increased by 10.1% year-over-year (YoY), mainly due to strong accumulation of network services revenue and revenue growth for systems integration. In addition to these effects of revenue growth, operating profit for 1H25 increased significantly by 30.6% YoY, mainly due to the price pass-through measures that had largely offset the negative impact of the substantial price increases of VMware products in 1H24^{(*)6}, as well as a one-time gain of JPY1.17 billion from the revision of the retirement benefit plans. Network services revenue excluding mobile-related services increased by 10.0% YoY, mainly due to steady increases in IP services and security-related services. Mobile-related service revenue increased by 10.9% YoY, mainly due to the sales expansion of "JAL Mobile" in consumer mobile service as well as revenue growth in enterprise mobile services such as for IoT usage. As for system integration, revenues for system construction, and system operation and maintenance increased by 5.2% and 13.4% YoY, respectively. The orders received for system construction, and system operation and maintenance largely increased by 21.3% and 26.7% YoY, respectively. Turning to new business areas, JAPAN POST BANK has begun considering the issuance of tokenized bank deposits in FY2026^{(*)7}, utilizing the platform of our affiliate, DeCurret DCP Inc.^{(*)8}. They have also initiated discussions on foreign exchange services with SBI Shinsei Bank and Partior^{(*)9}. Furthermore, we have reached an agreement with Sony Semiconductor Solutions in October 2025 to establish a joint venture as a new IIJ's subsidiary promoting soil moisture sensing business^{(*)10}.

Consolidated financial results for 1H25 revenues were as follows. Total revenues were JPY161,910 million (JPY147,022 million for 1H24), up 10.1% YoY. Total cost of sales was JPY126,782 million (JPY116,351 million for 1H24), up 9.0% YoY, and gross profit was JPY35,128 million (JPY30,671 million for 1H24), up 14.5% YoY. The breakdown by services was as follows. Network services revenue was JPY87,047 million (JPY78,946 million for 1H24), up 10.3% YoY, and its gross profit was JPY23,613 million (JPY21,673 million for 1H24), up 9.0% YoY. Systems integration revenue, including equipment sales, was JPY73,344 million (JPY66,599 million for 1H24), up 10.1% YoY, and its gross profit was JPY10,786 million (JPY8,313 million for 1H24), up 29.7% YoY. Within this, systems construction revenue was JPY28,296 million (JPY26,888 million for

1H24), up 5.2% YoY, and systems operation and maintenance revenue was JPY45,048 million (JPY39,711 million for 1H24), up 13.4% YoY. ATM operation business revenue was JPY1,519 million (JPY1,477 million for 1H24), up 2.8% YoY, and its gross profit was JPY729 million (JPY685 million for 1H24), up 6.4% YoY. Selling, general and administrative expenses, including other income and expenses was JPY19,740 million (JPY18,889 million for 1H24), up 4.5% YoY, including one-time gain from the revision of the retirement benefit plans of JPY1,169 million. Operating profit was JPY15,388 million (JPY11,782 million for 1H24), up 30.6% YoY. Profit before tax was JPY15,149 million (JPY11,116 million for 1H24), up 36.3% YoY, mainly due to gains on financial instruments, mainly related to funds, of JPY431 million (loss of JPY278 million for 1H24), dividend income of JPY179 million (JPY119 million for 1H24), foreign exchange loss of JPY74 million (loss of JPY52 million for 1H24) and interest expenses of JPY651 million (JPY450 million for 1H24), mainly related to bank borrowing and lease transaction. Profit attributable to owners of the parent for 1H25 was JPY10,032 million (JPY7,473 million for 1H24), up 34.2% YoY.

Glossary:

- *1. ICT : Information and Communication Technology (ICT) is a general term of technologies in relation to hardware, software, system and data communication used for information communication by computers.
- *2. AI : Artificial Intelligence (AI) is technology that allows computer systems and machines to imitate human intelligence, such as reasoning, judgment, and learning.
- *3. Internet traffic : The quantity or flow of data transferred across Internet.
- *4 A collective term for projects in which services are provided in an integrated manner combining network services and system integration, where initial revenue is recognized from system construction such as network setup, followed by monthly revenue from network services and system operation and maintenance. Large-scale projects are defined as those with a cumulative value of over 1 billion yen during the contract period.
- *5. Energy saving IoT Package (announced on April 10, 2025), mxHERO with IIJ(announced on July 8, 2025), IIJ Data Utilization Solution (announced on August 4, 2025), IIJ Infrastructure as Code implementation support solution (announced on September 3, 2025), Enhanced features for IIJ IoT Service (announced on September 17, 2025), and Enhanced features for IIJ Flex Mobility Service/ZTNA (announced on June 4, 2025 and September 30, 2025). For details, please refer to each press.
- *6. For details, please refer to page 2 of “Presentation Material for Consolidated Financial Results for FY24” which was disclosed on May 13, 2025
- *7. For details, please refer to a press release titled “Notice on Consideration of Tokenized Deposits in Collaboration with JAPAN POST BANK” which can be found here <https://www.decurret-dcp.com/en/pressrelease/pr-20250901.html>
- *8. DeCurret DCP Inc.: A subsidiary of DeCurret Holdings, Inc., an equity method investee of IIJ.
- *9 For details, please refer to a press release titled “SBI Shinsei Bank, Partior, and DeCurret DCP Agree to Launch Full-Scale Study on Foreign Currency Transactions Using Tokenized Deposits” which can be found here <https://www.decurret-dcp.com/en/pressrelease/pr-20250916.html>
- *10 For details, please refer to a press release titled “IIJ and Sony Semiconductor Solutions Agree to Establish a Joint Venture to Promote Smart Agriculture” which can be found here <https://www.iij.ad.jp/en/news/pressrelease/2025/1107.html>

(ii) Analysis of Consolidated Results of Operations for the first six months of the 34th business term.

We provide combined network services and systems integration to customers, and therefore, Network services and Systems integration (SI) business is our main reportable segment. Our analysis by service is described below.

Operating Results Summary

	1H24	1H25	YoY Change
	JPY millions	JPY millions	%
Total revenues	147,022	161,910	10.1
Network services	78,946	87,047	10.3
Systems integration (SI)	66,599	73,344	10.1
ATM operation business	1,477	1,519	2.8
Total costs	(116,351)	(126,782)	9.0
Network services	(57,273)	(63,434)	10.8
Systems integration (SI)	(58,286)	(62,558)	7.3
ATM operation business	(792)	(790)	(0.3)
Total gross profit	30,671	35,128	14.5
Network services	21,673	23,613	9.0
Systems integration (SI)	8,313	10,786	29.7
ATM operation business	685	729	6.4
SG&A, R&D, and other operating income (expenses)	(18,889)	(19,740)	4.5
Operating profit	11,782	15,388	30.6
Profit before tax	11,116	15,149	36.3
Profit for the period attributable to owners of the parent	7,473	10,032	34.2

(Note) Systems integration revenue includes equipment sales.

Segment Results Summary

	1H24	1H25
	JPY millions	JPY millions
Total revenues	147,022	161,910
Network services and SI business	145,564	160,409
ATM operation business	1,477	1,519
Elimination	(19)	(18)
Operating profit	11,782	15,388
Network services and SI business	11,202	14,760
ATM operation business	580	628
Elimination	—	—

i) Revenues

Total revenues were JPY161,910 million, up 10.1% YoY (JPY147,022 million for 1H24).

Network services revenue was JPY87,047 million, up 10.3% YoY (JPY78,946 million for 1H24).

Revenues for Internet connectivity services for enterprise were JPY26,384 million, up 12.0% YoY from JPY23,564 million for 1H24, mainly due to an increase in revenues of enterprise mobile services and IP services.

Revenues for Internet connectivity services for consumers were JPY14,012 million, up 6.1% YoY from JPY13,201 million for 1H24, mainly due to an increase in IIJmio Mobile services revenues.

Revenues for Outsourcing services were JPY32,641 million, up 14.8% YoY from JPY28,430 million for 1H24, mainly due to an increase in security-related services revenues.

Revenues for WAN services were JPY14,010 million, up 1.9% YoY from JPY13,751 million for 1H24.

Network Services Revenues Breakdown

	1H24	1H25	YoY Change
	JPY millions	JPY millions	%
Total network services	78,946	87,047	10.3
Internet connectivity services (enterprise)	23,564	26,384	12.0
IP services (including data center connectivity services)	8,401	9,230	9.9
IIJ Mobile services	12,820	14,618	14.0
Enterprise mobile services (IoT usages etc.)	7,247	8,792	21.3
IIJ Mobile MVNO Platform Service (MVNE)	5,573	5,826	4.5
Others	2,343	2,536	8.2
Internet connectivity services (consumer)	13,201	14,012	6.1
IIJmio Mobile Services	11,440	12,291	7.4
Others	1,761	1,721	(2.3)
Outsourcing services	28,430	32,641	14.8
WAN services	13,751	14,010	1.9

Number of Contracts and Subscription for Connectivity Services (Note 1)

	As of September 30, 2024	As of September 30, 2025	YoY Change
Internet connectivity services (enterprise)	4,037,736	4,714,421	676,685
IP service (greater than or equal to 1Gbps) (Note 2)	1,451	1,501	50
IP service (less than 1Gbps) (Note 2)	1,571	1,672	101
IIJ Mobile Services	3,933,536	4,605,568	672,032
Enterprise mobile services (IoT usages etc.)	2,723,531	3,302,987	579,456
IIJ Mobile MVNO Platform Service (MVNE)	1,210,005	1,302,581	92,576
Others	101,178	105,680	4,502
Internet connectivity services (consumer)	1,620,948	1,690,538	69,590
IIJmio Mobile Services	1,294,420	1,382,080	87,660
Others	326,528	308,458	(18,070)
Total contracted bandwidth (Gbps) (Note 3)	11,893.6	14,947.0	3,053.4

(Notes)

- Numbers in the table above show number of contracts except for "IIJ Mobile Services (enterprise)" and "IIJmio Mobile Services" which show number of subscriptions.
- The numbers of IP service contracts include the numbers of IIJ data center connectivity service contracts.
- Total contracted bandwidth is calculated by multiplying number of contracts under "Internet connectivity services (enterprise)" except for "IIJ Mobile Services" and the contracted bandwidths of the services respectively.

SI revenues, including equipment sales, were JPY73,344 million, up 10.1% YoY (JPY66,599 million for 1H24).

Systems construction and equipment sales, a one-time revenue, was JPY28,296 million, up 5.2% YoY (JPY26,888 million for 1H24). Systems operation and maintenance revenue, a recurring revenue, was JPY45,048 million, up 13.4% YoY (JPY39,711 million for 1H24), mainly due to continued accumulation of systems operation orders.

Orders received for SI, including equipment sales, totaled JPY90,816 million, up 24.5% YoY (JPY72,972 million for 1H24); orders received for systems construction and equipment sales were JPY36,728 million, up 21.3% YoY (JPY 30,279 million for 1H24), and orders received for systems operation and maintenance were JPY54,088 million, up 26.7% YoY (JPY42,693 million for 1H24).

Order backlog for SI, including equipment sales, as of September 30, 2025 amounted to JPY132,915 million, up 15.3% YoY (JPY115,266 million as of September 30, 2024); order backlog for systems construction and equipment sales was JPY24,237 million, down 10.7% YoY (JPY27,152 million as of September 30, 2024) and order backlog for systems operation and maintenance was JPY108,678 million, up 23.3% YoY (JPY88,114 million as of September 30, 2024).

ATM operation business revenues were JPY1,519 million, up 2.8% YoY (JPY1,477 million for 1H24).

ii) Cost of sales

Total cost of sales was JPY126,782 million, up 9.0% YoY (JPY116,351 million for 1H24).

Cost of network services revenue was JPY63,434 million, up 10.8% YoY (JPY57,273 million for 1H24), mainly due to an increase in purchasing cost of mobile devices. Gross profit was JPY23,613 million, up 9.0% YoY (JPY21,673 million for 1H24) and gross profit ratio was 27.1% (27.5% for 1H24).

Cost of SI revenues, including equipment sales was JPY62,558 million, up 7.3% YoY (JPY58,286 million for 1H24), mainly due to an increase in outsourcing-related costs. Gross profit was JPY10,786 million, up 29.7% YoY (JPY8,313 million for 1H24). In addition to revenue growth, the negative impact in 1H24 due to the substantial price increases of VMware products was mostly offset by the price pass-through, and gross profit ratio was 14.7% (12.5% for 1H24).

Cost of ATM operation business revenues was JPY790 million, down 0.3% YoY (JPY792 million for 1H24). Gross profit was JPY729 million, up 6.4% YoY (JPY685 million for 1H24) and gross profit ratio was 48.0% (46.4% for 1H24).

iii) Selling, general and administrative expenses and other operating income and expenses

Selling, general and administrative expenses, including research and development expenses, totaled JPY20,853 million, up 10.2% YoY (JPY18,923 million for 1H24), mainly due to an increase in personnel-related expenses.

Other operating income was JPY1,219 million (JPY88 million for 1H24), mainly due to one-time gain from the revision of the retirement benefit plans of JPY1,169 million.

Other operating expenses was JPY106 million (JPY54 million for 1H24).

iv) Operating profit

Operating profit was JPY15,388 million (JPY11,782 million for 1H24), up 30.6% YoY.

v) Finance income and expenses, and share of profit (loss) of investments accounted for using equity method

Finance income was JPY743 million, compared to JPY213 million for 1H24. It included gains on financial instruments, mainly related to funds, of JPY431 million (loss of JPY278 million for 1H24), and dividend income of JPY179 million (JPY119 million for 1H24).

Finance expense was JPY756 million compared to JPY788 million for 1H24. It included interest expenses of JPY651 million (JPY450 million for 1H24), mainly related to bank borrowing and lease transaction, and foreign exchange loss of JPY74 million (loss of JPY52 million for 1H24).

Share of loss of investments accounted for using equity method was JPY226 million (loss of JPY91 million for 1H24), mainly due to loss of DeCurret Holdings, Inc. of JPY355 million (loss of JPY158 million for 1H24).

vi) Profit before tax

Profit before tax was JPY15,149 million (JPY11,116 million for 1H24), up 36.3% YoY.

vii) Profit for the period

Income tax expense was JPY5,019 million (JPY3,569 million for 1H24). As a result, profit for the period was JPY10,130 million (JPY7,547 million for 1H24), up 34.2% YoY.

Profit for the period attributable to non-controlling interests was JPY98 million (JPY74 million for 1H24), mainly related to net income of Trust Networks Inc.

Profit for the period attributable to owners of parent was JPY10,032 million (JPY7,473 million for 1H24), up 34.2% YoY.

viii) Comprehensive income for the period

Comprehensive income for the period was JPY10,809 million (JPY7,940 million for 1H24), up 36.1% YoY, mainly due to the recognition of comprehensive income related to the revision of the retirement benefit plans of JPY344 million and an increase in the market value of investment securities and others (*) of JPY63 million (JPY637 million for 1H24).

Comprehensive income for the period attributable to owners of parent was JPY10,711 million (JPY7,866 million for 1H24), up 36.2% YoY.

(*) Regarding financial instruments under IFRS, we recognize changes in the fair value of funds as net profit or loss in the consolidated statements of profit or loss, while changes in the fair value of equity securities are recognized as changes in equity through other comprehensive income.

(2) Financial Position

As of September 30, 2025, the balance of total assets was JPY329,260 million, increased by JPY16,825 million from the balance as of March 31, 2025 of JPY312,435 million.

As of September 30, 2025, the balance of current assets was JPY138,705 million, increased by JPY8,510 million from the balance as of March 31, 2025 of JPY130,195 million. As for the major breakdown of balance and fluctuation of current assets, cash and cash equivalents increased by JPY4,764 million to JPY37,298 million, trade receivables decreased by JPY4,756 million to JPY51,605 million, inventories increased by JPY1,731 million to JPY6,412 million, and prepaid expenses increased by JPY5,876 million to JPY33,998 million mainly due to increases in project costs for customers, license fees and equipment-related costs.

As of September 30, 2025, the balance of non-current assets was JPY190,555 million, increased by JPY8,315 million from the balance as of March 31, 2025 of JPY182,240 million. As for the major breakdown of balance and fluctuation of non-current assets, tangible assets increased by JPY6,590 million to JPY40,361 million mainly due to purchases related to data centers, right-of-use assets, the rights under operating lease contracts such as office and data centers and under finance lease contracts such as data communication equipment, decreased by JPY3,557 million to JPY42,199 million mainly due to depreciation, intangible assets increased by JPY595 million to JPY21,616 million, prepaid expenses increased by JPY1,802 million to JPY30,610 million, mainly due to increases in project costs for customers, license fees and equipment-related costs, and contract assets increased by JPY1,878 million to JPY2,205 million.

As of September 30, 2025, the balance of current liabilities was JPY124,319 million, increased by JPY11,004 million from the balance as of March 31, 2025 of JPY113,315 million. As for the major breakdown of balance and fluctuation of current liabilities, trade and other payables increased by JPY1,961 million to JPY32,199 million, borrowings increased by JPY1,970 million to JPY35,586 million, contract liabilities increased by JPY4,282 million to JPY19,968 million and other financial liabilities increased by JPY3,118 million to JPY23,997 million.

As of September 30, 2025, the balance of non-current liabilities was JPY55,222 million, decreased by JPY1,812 million from the balance as of March 31, 2025 of JPY57,034 million. As for the major breakdown of balance and fluctuation of non-current liabilities, retirement benefit liabilities decreased by JPY3,862 million to JPY987 million, contract liabilities increased by JPY1,898 million to JPY12,010 million and other financial liabilities increased by JPY481 million to JPY38,180 million.

As of September 30, 2025, the balance of total equity attributable to owners of the parent was JPY148,377 million, increased

by JPY7,694 million from the balance as of March 31, 2025 of JPY140,683 million. Ratio of owners' equity to total assets was 45.1% as of September 30, 2025.

(3) Cash Flows

Cash and cash equivalents as of September 30, 2025 were JPY37,298 million (JPY33,665 million as of September 30, 2024).

Net cash provided by operating activities for 1H25 was JPY23,378 million (net cash provided by operating activities of JPY10,527 million for 1H24). There were profit before tax of JPY15,149 million (JPY11,116 million for 1H24), depreciation and amortization of JPY16,072 million (JPY15,358 million for 1H24), including JPY5,764 million (JPY5,945 million for 1H24) of depreciation of right-of-use operating lease assets under IFRS 16, and income taxes paid of JPY5,206 million (JPY5,257 million for 1H24). Regarding changes in working capital, there was net cash out of JPY3,561 million compared to net cash out of JPY11,402 million for 1H24. As for the major factor for the decrease in net cash out in comparison with 1H24, there was a decrease in payments of prepaid expenses.

Net cash used in investing activities for 1H25 was JPY11,443 million (net cash used in investing activities of JPY12,380 million for 1H24), mainly due to payments for purchases of tangible assets, such as assets related to data centers, of JPY8,343 million (JPY6,096 million for 1H24) and purchases of intangible assets, such as software, of JPY3,900 million (JPY4,115 million for 1H24).

Net cash used in financing activities for 1H25 was JPY7,299 million (net cash used in financing activities of JPY9,729 million for 1H24), mainly due to payments of other financial liabilities of JPY11,721 million (JPY10,732 million for 1H24), which included payments under operating lease contracts such as office rent and finance lease contracts such as network equipment, proceeds from other financial liabilities of JPY5,710 million (JPY5,871 million for 1H24), dividends paid of JPY3,096 million (JPY3,038 million for 1H24), and net increase in short-term borrowings of JPY2,000 million.

(4) Management policy, management environment and issues to be addressed, etc.

There were no material changes or newly identified matters, relating to the management policy, management environment and issues to be addressed, etc., during 1H25.

(5) Research and developments

For 1H25, research and development expenses, which were in relation to network services and systems integration business segment, were JPY307 million, up 0.3% YoY compared to JPY306 million for 1H24.

(6) Number of employees

There were no material changes in the number of employees of the Company or IJJ during 1H25.

(i) Consolidated basis

As of September 30, 2025

Number of Employees	5,491 (105)
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(Note) The number of employees indicates the total number of full-time and contract workers. It does not include third-party employees working at the Company. The average number of part-time employees for the reporting period is shown in brackets.

(ii) IJJ (non-consolidated basis)

As of September 30, 2025

Number of Employees	3,147 (49)
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(Note) The number of employees indicates the total number of full-time and contract workers. It does not include third-party employees working at IJJ. The average number of part-time employees for the reporting period is shown in brackets.

(7) Production, Orders Received and Sales

(i) Production

Type of Services	1H25 (Six months ended September 30, 2025)	
	Production (millions of yen)	Year-over-year comparison (%)
Systems Integration, including Equipment Sales	63,905	7.3
Total	63,905	7.3

(Note) Since the Company does not engage in production activities in network services and ATM operation business, we do not present production results for network services and ATM operation business.

(ii) Orders Received

Type of Services	1H25 (Six months ended September 30, 2025)			
	Orders Received (millions of yen)	Year-over-year comparison (%)	Order Backlog (millions of yen)	Year-over-year comparison (%)
Systems Construction and Equipment Sales	36,728	21.3	24,237	(10.7)
Systems Operation and Maintenance	54,088	26.7	108,678	23.3
Total	90,816	24.5	132,915	15.3

(Note) Since the Company does not engage in make-to-order production in network services and ATM operation business, we do not present orders received and order backlog for network services and ATM operation business.

(iii) Sales

Type of services	1H25 (Six months ended September 30, 2025)	
	Revenue (millions of yen)	Year-over-year comparison (%)
Network services	87,047	10.3
Internet connectivity services (enterprise)	26,384	12.0
Internet connectivity services (consumer)	14,012	6.1
Outsourcing services	32,641	14.8
WAN services	14,010	1.9
Systems integration	73,344	10.1
Systems construction and equipment sales	28,296	5.2
Systems operation and maintenance	45,048	13.4
ATM operation business	1,519	2.8
Total revenues	161,910	10.1

(Note) Percentages of year-over-year comparison indicate year-over-year rate of change.

(8) Major property and equipment

There were no material changes in major property and equipment or in our plan in relation to property and equipment during 1H25.

3 Material Contracts, etc.

Not applicable.

Item 3. Information on IIJ

1 Information on IIJ's Shares

(1) Total Number of Shares

(i) 【Total Number of Shares】

Class	Total number of shares authorized to be issued (shares)
Common stock	302,080,000
Total	302,080,000

(ii) 【Number of shares issued】

Class	Number of shares issued as of the end of period (shares) (September 30, 2025)	Number of shares issued as of the filing date (shares) (November 14, 2025)	Stock exchange on which IIJ is listed or authorized financial instruments firms association	Description
Common stock	183,448,852	183,448,852	Tokyo Stock Exchange (the Prime market)	The number of shares constituting a unit is 100.
Total	183,448,852	183,448,852	—	—

(2) Information on Stock Acquisition Rights

(i) Description of Stock Option Plan

Not applicable.

(ii) Other Stock Acquisition Rights

Not applicable.

(3) Information on Moving Strike Convertible Bonds

Not applicable.

(4) Changes in the Total Number of Issued Shares and Capital

Date	Changes in the total number of issued shares (shares)	Balance of the total number of issued shares (shares)	Changes in capital (millions of yen)	Balance of capital (millions of yen)	Changes in capital reserve (millions of yen)	Balance of capital reserve (millions of yen)
From April 1, 2025 to September 30, 2025 (Note)	263,968	183,448,852	86	23,123	86	9,844

(Note) Increased by exercise of stock acquisition rights.

(5) Major Shareholders

As of September 30, 2025

Name	Address	Number of shares held (shares)	Ownership percentage of the total number of issued shares other than treasury stock (%) (Note 1)
KDDI CORPORATION	3-2, Nishishinjuku 2-chome, Shinjuku-ku, Tokyo	20,387,000	11.50
The Master Trust Bank of Japan, Ltd. (Trust account) (Note 2)	8-1 Akasaka 1-chome, Minato-ku, Tokyo	19,148,100	10.80
NTT, Inc.	5-1 Otemachi 1-chome, Chiyoda-ku, Tokyo	12,227,000	6.90
Custody Bank of Japan, Ltd. (Trust account) (Note 2)	8-12 Harumi 1-chome, Chuo-ku, Tokyo	9,045,400	5.10
NTT DOCOMO BUSINESS, Inc.	3-1 Otemachi 2-chome, Chiyoda-ku, Tokyo	8,160,000	4.60
ITOCHU Techno-Solutions Corporation	1-1 Toranomom 4-chome, Minato-ku, Tokyo	7,808,000	4.40
Koichi Suzuki (Note 3)	Chiyoda-ku, Tokyo	7,425,221	4.19
The Dai-ichi Life Insurance Company, Limited (Standing proxy: Custody Bank of Japan, Ltd.)	13-1 Yurakucho 1-chome, Chiyoda-ku, Tokyo (8-12 Harumi 1-chome, Chuo-ku, Tokyo)	5,198,400	2.93
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Mizuho Bank, Ltd. Settlement & Clearing Services Department)	ONE CONGRESS STREET, SUITE 1, BOSTON MASSACHUSETTS, U.S.A (15-1 Konan 2-chome, Minato-ku, Tokyo)	3,611,222	2.04
KS Holdings Inc. (Note 3)	10-2 Fujimi 2-chome, Chiyoda-ku, Tokyo	3,240,000	1.83
Total	—	96,250,343	54.30

(Notes)

- The percentages are rounded to two decimal places.
- Numbers of shares held by The Master Trust Bank of Japan, Ltd. and Custody Bank of Japan, Ltd. are those related to trust business.
- KS Holdings Inc. is a wholly owned and controlled (indirect) by Mr. Koichi Suzuki, Representative Director, Chairman and Executive Officer of IJJ.
- Global Alpha Capital Management Ltd. ("Global Alpha") filed a report of substantial shareholding with the Director General of the Kanto Bureau of the Ministry of Finance on April 22, 2025. According to the filing, Global Alpha owned 7,373,458 shares of common stock of IJJ as of April 18, 2025, representing 4.03% of the total number of issued shares at the date. Since then, we have not recognized any filings by Global Alpha. Their holdings were not verified based on the shareholder record as of September 30, 2025, therefore, Global Alpha and their holdings are not included in the above list.
- There were 6,186,775 shares of treasury stock (3.37% of the total number of issued shares), which were not included in the above list.

(6) Information on Voting Rights

(i) Issued shares

As of September 30, 2025

Classification	Number of Shares (shares)	Number of Voting Rights	Description
Shares without Voting Rights	—	—	—
Shares with Restricted Voting Rights (treasury stock, etc.)	—	—	—
Shares with Restricted Voting Rights (others)	—	—	—
Shares with Full Voting Rights (treasury stock, etc.)	Treasury Stock: 6,186,700 shares of common stock	—	—
Shares with Full Voting Rights (others)	177,223,500 shares of common stock	1,772,235	—
Shares Representing Less than One Unit (Note)	38,652 shares of common stock	—	—
Number of Issued Shares	183,448,852 shares of common stock	—	—
Total Number of Voting Rights	—	1,772,235	—

(Note) 75 shares of treasury stock held by IIJ are included in “Shares Representing Less than One Unit.”

(ii) Treasury Stock

As of September 30, 2025

Name	Address	Number of shares held under own name (shares)	Number of shares held under the name of others (shares)	Total number of shares held (shares)	Ownership percentage of total number of shares outstanding (%)
(Treasury Stock) Internet Initiative Japan Inc.	2-10-2 Fujimi, Chiyoda-ku, Tokyo	6,186,700	—	6,186,700	3.37
Total	—	6,186,700	—	6,186,700	3.37

2 Changes in Directors and Company Auditors

There were no changes in directors and company auditors during the period from the filing date of the Annual Securities Report for the fiscal year ended March 31, 2025 (filed on June 30, 2025) to September 30, 2025 (the last day of 1H25).

Item 4. Financial Information

1. Condensed Interim Consolidated Financial Statements

(1) Condensed Interim Consolidated Statements of Financial Position

	Note	March 31, 2025	September 30, 2025
		Millions of yen	Millions of yen
Assets			
Current assets			
Cash and cash equivalents		32,534	37,298
Trade receivables		56,361	51,605
Inventories		4,681	6,412
Prepaid expenses		28,122	33,998
Contract assets		6,098	4,908
Other financial assets	6,12	2,247	3,814
Other current assets		152	670
Total current assets		130,195	138,705
Non-current assets			
Tangible assets		33,771	40,361
Right-of-use assets		45,756	42,199
Goodwill		10,307	10,452
Intangible assets		21,021	21,616
Investments accounted for using equity method		6,639	6,332
Prepaid expenses		28,808	30,610
Contract assets		327	2,205
Investment securities (Equity)	12	15,823	15,586
Other investments	12	10,711	11,404
Deferred tax assets		252	259
Other financial assets	6,12	8,361	9,032
Other non-current assets		464	499
Total non-current assets		182,240	190,555
Total assets		312,435	329,260

	Note	March 31, 2025	September 30, 2025
		Millions of yen	Millions of yen
Liabilities and Equity			
Liabilities			
Current liabilities			
Trade and other payables		30,238	32,199
Borrowings	12	33,616	35,586
Income taxes payable		5,205	5,086
Provisions		316	675
Contract liabilities		15,686	19,968
Deferred income		36	76
Other financial liabilities	7,12	20,879	23,997
Other current liabilities		7,339	6,732
Total current liabilities		113,315	124,319
Non-current liabilities			
Retirement benefit liabilities		4,849	987
Provisions		1,551	1,235
Contract liabilities		10,112	12,010
Deferred income		209	195
Deferred tax liabilities		1,474	1,421
Other financial liabilities	7,12	37,699	38,180
Other non-current liabilities		1,140	1,194
Total non-current liabilities		57,034	55,222
Total liabilities		170,349	179,541
Equity			
Share capital		25,577	25,663
Share premium		35,865	35,728
Retained earnings		79,885	87,293
Other components of equity		11,266	11,448
Treasury shares		(11,910)	(11,755)
Total equity attributable to owners of the parent		140,683	148,377
Non-controlling interests		1,403	1,342
Total equity		142,086	149,719
Total liabilities and equity		312,435	329,260

(2) Condensed Interim Consolidated Statements of Profit or Loss

	Note	Six Months Ended September 30, 2024	Six Months Ended September 30, 2025
		Millions of yen	Millions of yen
Revenues			
Network services		78,946	87,047
Systems integration		66,599	73,344
ATM operation business		1,477	1,519
Total revenues	5,9	147,022	161,910
Cost of sales			
Cost of network services		(57,273)	(63,434)
Cost of systems integration		(58,286)	(62,558)
Cost of ATM operation business		(792)	(790)
Total cost of sales		(116,351)	(126,782)
Gross Profit		30,671	35,128
Selling, general and administrative expenses		(18,923)	(20,853)
Other operating income	10	88	1,219
Other operating expenses		(54)	(106)
Operating Profit	5	11,782	15,388
Finance income	12	213	743
Finance expenses	12	(788)	(756)
Share of profit (loss) of investments accounted for using equity method		(91)	(226)
Profit (loss) before tax		11,116	15,149
Income tax expense		(3,569)	(5,019)
Profit (loss) for the period		7,547	10,130
Profit (loss) for the period attributable to:			
Owners of the parent		7,473	10,032
Non-controlling interests		74	98
Total		7,547	10,130
Earnings per share	11		
Basic earnings per share (yen)		42.25	56.64
Diluted earnings per share (yen)		42.03	56.36

(3) Condensed Interim Consolidated Statements of Comprehensive Income

	Note	Six Months Ended September 30, 2024	Six Months Ended September 30, 2025
		Millions of yen	Millions of yen
Profit (loss)		7,547	10,130
Other comprehensive income, net of tax			
Items that will not be reclassified to profit or loss			
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income		637	63
Remeasurement of defined benefit plans		—	344
Total items that will not be reclassified to profit or loss		637	407
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(266)	266
Share of other comprehensive income of investments accounted for using equity method		22	(19)
Effective portion of cash flow hedges		—	25
Total of items that may be reclassified to profit or loss		(244)	272
Total other comprehensive income, net of tax		393	679
Other comprehensive income		7,940	10,809
Other comprehensive income attributable to:			
Owners of the parent		7,866	10,711
Non-controlling interest		74	98
Other comprehensive income		7,940	10,809

(4) Condensed Consolidated Statements of Changes in Shareholders' Equity
Six months ended September 30, 2024

	Note	Owners of the parent's shareholders' equity					Non-controlling interests	Total equity
		Share capital	Share premium	Retained earnings	Other components of equity	Treasury shares		
		Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance, April 1, 2024		25,562	35,737	65,616	10,863	(12,027)	1,281	127,032
Comprehensive income								
Profit (loss)		-	-	7,473	-	-	74	7,547
Other comprehensive income		-	-	-	393	-	-	393
Total comprehensive income		-	-	7,473	393	-	74	7,940
Transactions with owners								
Issuance of common stock		15	(15)	-	-	-	-	-
Purchase of treasury shares		-	-	-	-	(0)	-	(0)
Disposal of treasury shares		-	(54)	-	-	117	-	63
Dividends paid	8	-	-	(3,038)	-	-	(49)	(3,087)
Stock-based compensation		-	56	-	-	-	-	56
Total transactions with owners		15	(13)	(3,038)	-	117	(49)	(2,968)
Balance, September 30, 2024		25,577	35,724	70,051	11,256	(11,910)	1,306	132,004

Six months ended September 30, 2025

	Note	Owners of the parent's shareholders' equity					Non-controlling interests	Total equity
		Share capital	Share premium	Retained earnings	Other components of equity	Treasury shares		
		Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance, April 1, 2025		25,577	35,865	79,885	11,266	(11,910)	1,403	142,086
Comprehensive income								
Profit (loss)		-	-	10,032	-	-	98	10,130
Other comprehensive income		-	-	-	679	-	-	679
Total comprehensive income		-	-	10,032	679	-	98	10,809
Transactions with owners								
Issuance of common stock		86	(85)	-	-	-	-	1
Disposal of treasury shares		-	(3)	-	-	155	-	152
Dividends paid	8	-	-	(3,096)	-	-	(63)	(3,159)
Stock-based compensation		-	(48)	-	-	-	-	(48)
Transfer from other components of equity to retained earnings		-	-	472	(472)	-	-	-
Transfer to non-financial assets		-	-	-	(25)	-	-	(25)
Changes in ownership interest in subsidiaries		-	(1)	-	-	-	(96)	(97)
Total transactions with owners		86	(137)	(2,624)	(497)	155	(159)	(3,176)
Balance, September 30, 2025		25,663	35,728	87,293	11,448	(11,755)	1,342	149,719

(5) Condensed Interim Consolidated Statements of Cash Flows

	Note	Six Months Ended September 30, 2024	Six Months Ended September 30, 2025
		Millions of yen	Millions of yen
Cash flows from operating activities			
Profit (loss) before tax		11,116	15,149
Adjustments			
Depreciation and amortization		15,358	16,072
Loss (gain) on sales/disposals of property and equipment		29	75
Shares of loss (profit) of investments accounted for using equity method		91	226
Finance income		(213)	(743)
Finance expenses		788	756
Other		232	847
Changes in working capital			
Decrease (increase) in trade receivables		2,855	4,879
Decrease (increase) in inventories		(1,700)	(1,698)
Decrease (increase) in prepaid expenses		(15,710)	(7,530)
Decrease (increase) in contract assets		(1,823)	(688)
Decrease (increase) in other assets		547	(517)
Decrease (increase) in other financial assets		352	(1,131)
Increase (decrease) in trade and other payables		(855)	(1,280)
Increase (decrease) in contract liabilities		3,707	5,935
Increase (decrease) in deferred income		(2)	39
Increase (decrease) in provisions		732	(91)
Increase (decrease) in other liabilities		442	(579)
Increase (decrease) in other financial liabilities		(161)	2,618
Increase (decrease) in retirement benefit liabilities		214	(3,518)
Subtotal		15,999	28,821
Interest and dividends received		253	354
Interest paid		(468)	(591)
Income taxes paid		(5,257)	(5,206)
Cash flows from operating activities		10,527	23,378

	Note	Six Months Ended September 30, 2024	Six Months Ended September 30, 2025
		Millions of yen	Millions of yen
Cash flows from investing activities			
Purchases of tangible assets		(6,096)	(8,343)
Proceeds from sales of tangible assets		521	1,000
Purchases of intangible assets		(4,115)	(3,900)
Purchase of investments accounted for using equity method		(1,925)	-
Purchases of investment securities (Equity)		(100)	-
Proceeds from sales of investment securities (Equity)		-	321
Purchases of other investments		(590)	(454)
Payments for leasehold deposits and guarantee deposits		(155)	(69)
Proceeds from collection of leasehold deposits and guarantee deposits		97	40
Payments for refundable insurance policies		(37)	(37)
Other		20	(1)
Cash flows from investing activities		(12,380)	(11,443)
Cash flows from financing activities			
Repayment of long-term borrowings		(1,782)	(30)
Net increase (decrease) in short-term borrowings		-	2,000
Proceeds from other financial liabilities		5,871	5,710
Payments of other financial liabilities		(10,732)	(11,721)
Dividends paid		(3,038)	(3,096)
Payments for acquisition of interests in subsidiaries from non-controlling interests		-	(97)
Other		(48)	(65)
Cash flows from financing activities		(9,729)	(7,299)
Effect of exchange rate changes on cash and cash equivalents		(227)	128
Net increase (decrease) in cash and cash equivalents		(11,809)	4,764
Cash and cash equivalents, beginning of the period		45,474	32,534
Cash and cash equivalents, end of the period		33,665	37,298

Notes to Condensed Interim Consolidated Financial Statements

1. REPORTING ENTITY

Internet Initiative Japan Inc. (“IIJ”) is a company incorporated in Japan. The registered addresses of its headquarters and primary business offices are disclosed on IIJ’s website—URL <https://www.ij.ad.jp/en/>—. The condensed interim consolidated financial statements of IIJ for the period ended September 30, 2025 comprise the financial statements of IIJ and its subsidiaries (collectively “the Company”), and the interests in associated companies.

The details of principal businesses and activities of the Company are stated in Note 5. SEGMENTS.

2. BASIS OF PREPARATION

(1) Compliance with IFRS

The condensed interim consolidated financial statements of the Company have been prepared in accordance with IAS 34 pursuant to the provision of Article 312 of Regulations for Consolidated Financial Statements, as the Company meets the criteria of a “Designated IFRS Specified Company” defined under Article 1-2, Item 2 of the regulations.

The condensed interim consolidated financial statements, which do not contain all the information required in annual consolidated financial statements, should be read in conjunction with the annual consolidated financial statements for the previous fiscal year ended March 31, 2025.

(2) Basis of Measurement

The Company’s condensed interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments measured at fair value.

(3) Functional Currency and Presentation Currency

The Company’s condensed interim consolidated financial statements are presented in Japanese yen, which is also IIJ’s functional currency, and figures are rounded to the nearest million yen.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies applied to the condensed interim consolidated financial statements for the six months ended September 30, 2025 are the same as those applied to the consolidated financial statements for the fiscal year ended March 31, 2025. Meanwhile, income taxes for the six months ended September 30, 2025 are calculated based on the estimated annual effective tax rate.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS INVOLVING ESTIMATES

The Company’s condensed interim consolidated financial statements includes management’s estimates and assumptions, which should affect the measurements of revenues and expenses, assets and liabilities and the disclosure of contingent assets and liabilities at the end of the reporting period.

The estimates and assumptions are based on the best judgement by management considering factors deemed to be reasonable as of the end date of the reporting period according to factors regarding available past and present information, etc. However, amounts based on the estimates and assumptions may, due to the nature, differ from actual results.

Estimates and assumptions on which estimates are based are reviewed on an ongoing basis. The effects arising from revision of estimates are recognized during the period when the estimates are revised and in future periods.

Estimates and judgements with significant effects on the condensed interim consolidated financial statements for the six months ended September 30, 2025 are same as those on the consolidated financial statements for the year ended March 31, 2025.

5. SEGMENTS

(1) Overview of reportable segments

The reportable segments of the Company are defined as the Company's constituent units for which separated financial information is available and which are regularly reviewed by the Representative Director, President and Executive Officer of IIJ, who is the chief decision-maker regarding business operations in order to determine the allocation of resources and evaluate performance. The Representative Director, President and Executive Officer of IIJ evaluates the performance of each segment, with operating revenue and operating income as the primary indicator.

The Company defined two reportable segments: “Network service and systems integration business” and “ATM operation business.” Network service and systems integration business is provided comprehensively with Network services, which is composed of Internet connectivity services, WAN services, outsourcing services, and systems integration service. ATM operation business constructs and operates ATMs and network systems for them, and receives a commission for each bank withdrawal transaction when a customer uses its serviced ATMs.

(2) Revenue and results of reportable segments

Segment information for the Company is as follows:

For the six months ended September 30, 2024

	Reportable segments		Adjustments	Consolidated
	Network service and systems integration business	ATM operation business		
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Revenue				
Customers	145,545	1,477	—	147,022
Intersegment transactions	19	—	(19)	—
Total revenue	145,564	1,477	(19)	147,022
Segment operating profit	11,202	580	—	11,782
Finance income				213
Finance expense				(788)
Share of profit (loss) of investments accounted for using the equity method				(91)
Profit before tax				11,116

(Note) Intersegment transactions are based on market price. Operating income is used as segment operating profit.

For the six months ended September 30, 2025

	Reportable segments		Adjustments	Consolidated
	Network service and systems integration business	ATM operation business		
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Revenue				
Customers	160,391	1,519	—	161,910
Intersegment transactions	18	—	(18)	—
Total revenue	<u>160,409</u>	<u>1,519</u>	<u>(18)</u>	<u>161,910</u>
Segment operating profit	<u>14,760</u>	<u>628</u>	<u>—</u>	<u>15,388</u>
Finance income				743
Finance expense				(756)
Share of profit (loss) of investments accounted for using the equity method				(226)
Profit before tax				<u>15,149</u>

(Note) Intersegment transactions are based on market price. Operating income is used as segment operating profit.

6. OTHER FINANCIAL ASSETS

The components of other financial assets are as follows:

	March 31, 2025	September 30, 2025
	Millions of yen	Millions of yen
Financial assets measured at amortized cost		
Other receivable	586	1,836
Guarantee deposit	4,358	4,403
Loans receivable	27	30
Other	231	1,057
Lease receivable	5,406	5,520
Total	10,608	12,846
Current assets	2,247	3,814
Non-current assets	8,361	9,032
Total	10,608	12,846

7. OTHER FINANCIAL LIABILITIES

The components of other financial liabilities are as follows:

	March 31, 2025	September 30, 2025
	Millions of yen	Millions of yen
Financial liabilities measured at amortized cost		
Account payable—non-current (including current portion)	9,325	13,455
Deposit payable	277	351
Amount to be transferred to defined contribution pension plan	—	2,524
Others	90	111
Lease obligations (Note)	48,886	45,736
Total	58,578	62,177
Current liabilities	20,879	23,997
Non-current liabilities	37,699	38,180
Total	58,578	62,177

(Note) The Company classified lease arrangements as financial leases when the lessor transfers substantially all the risks and rewards incidental to ownership of an asset to the Company. In this case, the breakdown of lease obligations are as follows:

	March 31, 2025	September 30, 2025
	Millions of yen	Millions of yen
Financial leases	19,172	19,754
Other leases	29,714	25,982

8. DIVIDENDS PAID

Cash dividends paid are as follows:

For the six months ended September 30, 2024

(1) Cash dividends paid.

Resolution date	Total dividends	Dividends per share	Record date	Effective date
	Millions of yen	Yen		
June 27, 2024 Ordinary General Meeting of Shareholders	3,038	17.18	March 31, 2024	June 28, 2024

(2) Cash dividends of which effective date belongs to next half.

Resolution date	Total dividends	Dividends per share	Record date	Effective date
	Millions of yen	Yen		
November 8, 2024 Board of Directors meeting	3,096	17.50	September 30, 2024	December 6, 2024

For the six months ended September 30, 2025

(1) Cash dividends paid.

Resolution date	Total dividends	Dividends per share	Record date	Effective date
	Millions of yen	Yen		
June 26, 2025 Ordinary General Meeting of Shareholders	3,096	17.50	March 31, 2025	June 27, 2025

(2) Cash dividends of which effective date belongs to next half.

Resolution date	Total dividends	Dividends per share	Record date	Effective date
	Millions of yen	Yen		
November 7, 2025 Board of Directors meeting	3,457	19.50	September 30, 2025	December 5, 2025

9. REVENUE

The Company classifies the revenues into “Network services”, “Systems integration” and “ATM operation business” and breaks them down according to the contents of each service. The components of revenues recognized in the contracts with customers are as follows. The revenue provided to the customers based on the lease contract is included below due to the immateriality.

	For the six months ended September 30, 2024	For the six months ended September 30, 2024
	Millions of yen	Millions of yen
Network services	78,946	87,047
Internet connectivity services (enterprise)	23,564	26,384
WAN services	13,751	14,010
Outsourcing services	28,430	32,641
Internet connectivity services (consumer)	13,201	14,012
Systems integration	66,599	73,344
Systems construction	26,888	28,296
Systems operation and maintenance	39,711	45,048
ATM operation business	1,477	1,519
Total	147,022	161,910

On the reportable segment, Network services and Systems integration are included in “Network service and Systems integration service” and ATM operation business is included in “ATM operation business.”

Revenues by reportable segment is stated in Note 5. SEGMENTS.

10. OTHER OPERATING INCOME

A gain arising from the revision of the post-retirement benefit plans recognized in condensed interim consolidated statements of profit or loss for the six months ended September 30, 2025 was 1,169 million yen.

11. EARNINGS PER SHARE

Basic earnings per share attributable to owners of the parent and diluted earnings per share attributable to owners of the parent were as follows:

	For the six months ended September 30, 2024	For the six months ended September 30, 2025
Numerator :		
Basic earnings attributable to owners of the parent (millions of yen)	7,473	10,032
Earnings adjustment (millions of yen)	—	—
Earnings used to calculate earnings per share — diluted (millions of yen)	7,473	10,032
Denominator :		
Weighted average number of shares — basic (shares)	176,886,357	177,103,669
Dilution arising from stock options (shares)	911,296	892,446
Weighted average number of shares — diluted (shares)	177,797,653	177,996,115
Earnings per share attributable to owners of the parent		
Basic (yen)	42.25	56.64
Diluted (yen)	42.03	56.36

12. FINANCIAL INSTRUMENTS

Fair value of financial instruments

(1) Classification of fair value hierarchy by level

IFRS regulates the three levels of fair value hierarchy and inputs used for the fair value measurement are prioritized according to the observable availability. The contents of each input are as follows:

- Level 1: quoted prices in active markets
- Level 2: inputs other than quoted prices included in Level 1 that are observable either directly or indirectly
- Level 3: unobservable inputs

(2) Financial instruments measured at fair value

Measurement methods for major financial instruments measured at fair value are as follows:

Equity securities

Fair values of financial instruments traded in active markets are evaluated at quoted market prices and these instruments are classified as Level 1. If market prices do not exist, the Company evaluates fair value by using equity interest in net asset which is added appropriate adjustments based on recent available information, and these financial assets are classified as Level 3.

Investment trust and other securities

Financial instruments which do not have observable market data, the Company evaluates fair value by using equity interest in net asset which is added appropriate adjustments based on recent available information, and these financial assets are classified as Level 3.

The Company's assets measured at fair value consistent with the fair value hierarchy were as follows:

March 31, 2025

	Level 1	Level 2	Level 3	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Assets :				
Equity-based financial assets measured at FVTOCI				
Equity securities	13,924	—	1,899	15,823
Financial assets measured at FVTPL				
Investment trust and other securities	—	—	8,509	8,509
Other financial assets	—	202	—	202

September 30, 2025

	Level 1	Level 2	Level 3	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Assets :				
Equity-based financial assets measured at FVTOCI				
Equity securities	14,127	—	1,459	15,586
Financial assets measured at FVTPL				
Investment trust and other securities	—	—	9,189	9,189
Other financial assets	—	215	—	215

Financial instruments classified as Level 3 are mainly composed of non-marketable securities and investment trusts. The valuations of these financial instruments are measured using valuation method with appropriate adjustment to our equity in net assets. The result of the valuations is reviewed and authorized by the appropriate authorized person.

For financial instruments classified as Level 3, significant changes in fair value are not expected if the Company changes the unobservable input to an alternative assumption that can reasonably be considered.

The existence or non-existence of the important transfer between the levels of fair value hierarchy are recognized, assuming that the transfers occurred at the end of each reporting period.

(3) Changes in financial assets classified as Level 3

Changes in financial assets classified as Level 3 during the six months ended September 30, 2024 and 2025 were as follows:

	For the six months ended September 30, 2024	For the six months ended September 30, 2025
	Millions of yen	Millions of yen
Equity securities		
Balance at the beginning of the period	1,504	1,899
Other comprehensive income (Note 1)	(109)	(302)
Purchase	100	—
Sale	—	(138)
Balance at the end of period	1,495	1,459
	For the six months ended September 30, 2024	For the six months ended September 30, 2025
	Millions of yen	Millions of yen
Investment trust and other securities		
Balance at the beginning of the period	7,619	8,509
Profit or loss (Note 2)	(363)	239
Purchase	590	441
Balance at the end of period	7,846	9,189

(Notes)

1. Gain or loss included in other comprehensive income is related to financial assets that are measured at FVTOCI. This gain or loss is included in “Changes in fair value of financial assets measured at FVTOCI.”
2. Gain or loss included in profit or loss are related to financial assets that are measured at FVTPL as of the end of each reporting period. This gain or loss is included in finance income or finance expenses. Gain or loss included in profit or loss are due to changes in unrealized gain or loss on financial assets held at the end of each reporting period.

(4) Financial instruments not measured at fair value

Primary methods of measuring financial instruments not measured at fair value are as follows:

(i) Debt securities and Long-term borrowings

Fair values of debt securities and long-term borrowings are calculated by present value discounted by the expected rates if the Company made borrowings on equal terms for the remaining period.

Since financial assets and financial liabilities classified as current items are settled in a short period of time, the carrying amount is a reasonable approximation of fair value. Regarding non-current items, the fair value of financial assets and financial liabilities other than above is close to their carrying amount.

The Company's financial instruments not measured at fair value consistent with the fair value hierarchy were as follows:

March 31, 2025

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Assets :					
Other financial assets					
Financial assets measured at amortized cost					
Debt securities	2,000	—	1,814	—	1,814
Liabilities :					
Long-term borrowings (including current portion)	46	—	46	—	46

September 30, 2025

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Assets :					
Other financial assets					
Financial assets measured at amortized cost					
Debt securities	2,000	—	1,803	—	1,803
Liabilities :					
Long-term borrowings (including current portion)	16	—	16	—	16

13. CONTINGENT LIABILITIES

The Company is involved in litigation and claims arising in the ordinary course of business. In evaluating matters on an ongoing basis, the Company takes into account estimated amounts accrued on the condensed interim consolidated balance sheet. The Company believes that exposure to loss does not exist in excess of the amount accrued and the negative adverse outcome of such litigation and claims would not have a significant impact on the consolidated financial position or results of operations. On September 1, 2010, IJJ Global Solutions Inc. (“IJJ-Global”) entered into a Solutions Engagement Agreement with IBM Japan Ltd., IJJ-Global’s largest sales partner. This agreement, which establishes the basis for a procurement relationship between IJJ-Global and IBM Japan, contains indemnification for IJJ-Global to perform services, functions, responsibilities and others that were being performed by AT&T Japan. This agreement renews automatically every year. IJJ-Global had no obligation for the indemnification as of September 30, 2025. Through the split-up of IBM Japan Ltd. on September 1, 2021, the part of the agreement has been succeeded by Kyndryl Japan KK.

14. SUBSEQUENT EVENTS

Not applicable.

15. AUTHORIZATION OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The condensed interim consolidated financial statements were authorized by Yasuhiko Taniwaki, Representative Director, President and Executive Officer, and Akihisa Watai, Member of the Board, Executive Vice President and CFO on November 14, 2025.

2. Other Information

At the Board of Directors meeting on November 7, 2025, an interim dividend of 19.50 yen per share with a record date of September 30, 2025 was resolved. (Total interim dividend is ¥3,457 million yen. Scheduled date for interim dividend payment: December 5, 2025)

PART 2 Information about Guarantors of the Company

Not applicable.

Independent Auditor's Report on Review of Condensed Interim Consolidated Financial Statements

To the Board of Directors of Internet Initiative Japan Inc.

KPMG AZSA LLC

Tokyo Office, Japan

Hidetoshi Fukuda

Designated Limited Liability Partner

Engagement Partner

Certified Public Accountant

Yusuke Matsumoto

Designated Limited Liability Partner

Engagement Partner

Certified Public Accountant

Conclusion

We have reviewed the accompanying condensed interim consolidated financial statements of Internet Initiative Japan Inc. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group") provided in the "Financial Information" section in the Semiannual Securities Report, which comprise the condensed interim consolidated statements of financial position as at September 30, 2025, the condensed interim consolidated statements of profit or loss, the condensed interim consolidated statement of comprehensive income, the condensed interim consolidated statement of changes in shareholders' equity, the condensed interim consolidated statement of cash flows for the six-month periods then ended, and notes to the condensed interim consolidated financial statements, in accordance with Article 193-2(1) of the the Financial Instruments and Exchange Act of Japan.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2025, and its consolidated financial performance and its consolidated cash flows for the six-month periods then ended in accordance with IAS 34, 'Interim Financial Reporting' pursuant to the Article 312 of the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements.

Basis for Conclusion

We conducted our review in accordance with interim review standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Review of the Condensed Interim Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements in Japan (including those that are relevant to audits of the financial statements of public interest entities), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibilities of Management, Company Auditors and the Board of Company Auditors for the Condensed Interim Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the condensed interim consolidated financial statements in accordance with IAS 34, 'Interim Financial Reporting', and for such internal control

as management determines is necessary to enable the preparation of the condensed interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the condensed interim consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with paragraph 4 of IAS 1, 'Presentation of Financial Statements' and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Company auditors and the board of company auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Review of the Condensed Interim Consolidated Financial Statements

Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review in our report on the review of condensed interim consolidated financial statements. As part of our review in accordance with interim review standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the review. We also:

- Make inquiries, primarily of management and persons responsible for financial and accounting matters, and apply analytical and other review procedures. An interim review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Japan.
- Conclude, based on the evidence obtained, that nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements do not present fairly in accordance with paragraph 4 of IAS 1, 'Presentation of Financial Statements', if a material uncertainty relating to events or conditions comes to our attention that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report on the review of condensed interim consolidated financial statements to the related disclosures in the condensed interim consolidated financial statements or, if such disclosures are inadequate, to express a qualified conclusion or an adverse conclusion. Our conclusions are based on the evidence obtained up to the date of our report on the review of condensed interim consolidated financial statements; however, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate that nothing has come to our attention that causes us to believe that the presentation and disclosures in the condensed interim consolidated financial statements are not in accordance with IAS 34 'Interim Financial Reporting', the overall presentation, structure and content of the condensed interim consolidated financial statements, including the disclosures, and that nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements do not represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Group as a basis for forming a conclusion on the condensed interim consolidated financial statements. We are responsible for the direction, supervision and review of the interim review on the condensed interim consolidated financial statements. We remain solely responsible for our review conclusion.

We communicate with company auditors and the board of company auditors regarding, the planned scope and timing of the review, significant review findings that we identify during our review.

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

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

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

Notes to the Reader of Independent Auditor's Report on Review of Condensed Interim Consolidated Financial Statements:

The Independent Auditor's Report on Review of Condensed Interim Consolidated Financial Statements herein is the English translation of the Independent Auditor's Report on Review of Condensed Interim Consolidated Financial Statements as required by the Financial Instruments and Exchange Act of Japan.