

November 8, 2019

Company name: Internet Initiative Japan Inc.  
 Company representative: Eijiro Katsu, President and Representative Director  
 (Stock Code Number: 3774, The First Section of the Tokyo Stock Exchange)  
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**Notice Regarding Differences between Financial Targets and Actual Results for the First Half of the Fiscal Year Ending March 2020 and Revision of the Full-Year Financial Targets**

TOKYO - November 8, 2019 - Internet Initiative Japan Inc. (“IIJ”, TSE1: 3774) announced differences between financial targets for the first half of the fiscal year ending March 31, 2020 (“1H19”, from April 1, 2019 to September 30, 2019), announced on May 14, 2019, and its actual results for 1H19. IIJ also announced revision of the full-year (“FY2019”, from April 1, 2019 to March 31, 2020) financial targets.

The dividend targets remain unchanged from what we announced on May 14, 2019: annual cash dividend JPY27.00 per ordinary share. The distribution of the interim dividend was resolved today by the IIJ’s Board of Directors as JPY13.50 per ordinary share.

1. Differences between Consolidated Financial Targets and Actual Results for 1H19 (From April 1, 2019 to September 30, 2019)

	Revenues	Operating Profit	Profit before Tax	Profit for the period attributable to owners of the parent	Basic earnings per share
	JPY millions	JPY millions	JPY millions	JPY millions	JPY
Previous Target (A)	97,700	2,200	1,500	550	12.20
Results (B)	99,220	3,352	3,043	1,756	38.96
Change (B-A)	1,520	1,152	1,543	1,206	
Change (%)	1.6	52.4	102.9	219.3	
< Reference > 1H18 Results *1, *2	91,224	3,285	3,430	2,095	46.48

2. Revision for the Consolidated Financial Targets for FY2019 (From April 1, 2019 to March 31, 2020)

	Revenues	Operating Profit	Profit before Tax	Profit for the year attributable to owners of the parent	Basic earnings per share
	JPY millions	JPY millions	JPY millions	JPY millions	JPY
Previous Target (A)	204,000	7,000	6,300	3,500	77.66
New Target (B)	204,000	7,600	6,800	3,800	84.29
Change (B-A)	0	600	500	300	
Change (%)	0.0	8.6	7.9	8.6	
< Reference > FY2018 Results *1	192,430	6,023	5,843	3,521	78.11

3. Reason for Differences and Revision

Our 1H19 revenue exceeded our target, mainly due to steady accumulation of recurring revenues and recognition of systems construction revenues (one-time revenue) along with construction progresses. Gross profit for both network services and systems integration services exceeded our respective targets mainly because of

\*1 We have adopted IFRS from the filing of our annual report “Yuka-shoken-houkokusho” for FY2018 (from April 1, 2018 to March 31, 2019). Along with the change, the figures for 1H18 (from April 1, 2018 to September 30, 2018) and FY2018 are different from results under U.S. GAAP disclosed in the past.

\*2 Regarding 1H18 results, one-time cost in relation to mobile services recorded in the fourth quarter of FY2018 should essentially have been allocated to attributable each quarter of FY2018 to disclose our actual profit situation. Considering such allocation, adjusted results for 1H18 were as follows:

Operating profit: JPY2,300 million, Profit before tax: JPY2,445 million, and Profit attributable to owners of the parent: JPY1,420 million.

stronger than expected revenue growth. As a result, operating profit, profit before tax and profit for the period attributable to owners of the parent exceeded our financial targets which was announced on May 14, 2019.

Considering the results of revenue and operating profit for 1H19, we revised financial targets for FY2019 operating profit, profit before tax and profit for the year attributable to owners of the parent.

< About Internet Initiative Japan Inc. >

Founded in 1992, IJ is one of Japan's leading Internet-access and comprehensive network solutions providers. IJ and its group companies provide total network solutions that mainly cater to high-end corporate customers. IJ's services include high-quality Internet connectivity services, mobile services, security services, cloud computing services, and systems integration. Moreover, IJ operates one of the largest Internet backbone networks in Japan that is connected to the United States, the United Kingdom and Asia. IJ listed on the First Section of the Tokyo Stock Exchange in 2006.

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