

**IIJ Announces its First Three Months Results
for the Fiscal Year Ending March 31, 2026**

Tokyo, August 7, 2025 - Internet Initiative Japan Inc. (“IIJ”, TSE Prime: 3774) today announced its consolidated financial results for the first three months for the fiscal year ending March 31, 2026 (“1Q25”, from April 1, 2025 to June 30, 2025) under International Financial Reporting Standards (IFRS).¹

Highlights of Financial Results for 1Q25				FY2025 Targets	
				First Half	Full Year
Total revenues	JPY 76.8 billion	up	6.7 % YoY ²	JPY158.0 billion	JPY340.0 billion
Operating profit	JPY 6.0 billion	up	34.6 % YoY	JPY15.5 billion	JPY36.5 billion
Profit before tax	JPY 5.7 billion	up	13.9 % YoY	JPY13.9 billion	JPY33.7 billion
Net profit ³	JPY 3.8 billion	up	13.7 % YoY	JPY9.4 billion	JPY23.0 billion

Overview of 1Q25 Financial Results and Business Outlook

“We started the second year of our mid-term plan with increasing demand for Japanese institutions’ networks and systems enhancement. In this 1Q, we continued to acquire several large Service Integration⁴ projects with multi-year contracts including approximately JPY5.5 billion of global network renewal for a Japanese major commercial bank. We recognize that medium to large enterprises have been steadily replacing legacy internal networks and systems with advanced ones utilizing Internet-related technologies, and this has become a strong trend. As for the 1Q25 financial results, they progressed as planned and we had JPY6.0 billion of operating profit, 34.6% increase YoY. For this fiscal year, we aim to enhance YoY margin recovery from last fiscal year’s VMware-related negative impact⁵ through the further accumulation of monthly recurring revenues (MRR), which would contribute toward the mid-term plan targets next year. I have been engaging as COO and Co-CEO since this April. Our growth strategy remains unchanged, and I will implement each individual strategy sequentially. During 1Q25, although we had a security incident⁶, we immediately implemented measures to prevent its reoccurrence,” said Yasuhiko Taniwaki, President of IIJ.

“Currently, as Japan is facing population decline, enterprises aim to drive operational efficiency through further IT utilization. In addition, due to the adoption of AI in business activities and progress of digital transformation, their networks and systems are to become more complex. In this environment, our differentiation of stable network operations and value-added Internet-related services serves as a key competitive advantage, MRR from network services and system operation maintenance are expected to grow more. Additionally, we anticipate capturing enterprises’ needs for the expansion of IT related outsourcing area, which leads to further business growth,” concluded Koichi Suzuki, Founder, Co-CEO and Chairman of IIJ.

¹ Unless otherwise stated, all financial figures discussed in this announcement are prepared in accordance with IFRS, unaudited and consolidated.

² YoY is an abbreviation for year over year change.

³ Net profit is “profit for the year attributable to owners of the parent.”

⁴ Service Integration offers our accumulated network services line-up with systems integration.

⁵ For details, please refer to page 2 of “Presentation Material for Consolidated Financial Results for FY24” which was disclosed on May 13, 2025.

⁶ For details, please refer to our press release titled “Notice Regarding the Breach of Customer Information in “IIJ Secure MX Service””

(https://www.ij.ad.jp/en/news/pressrelease/2025/pdf/20250415_SMX_E.pdf) which was announced on April 15, 2025 and “Notice and Apology Regarding the Breach of Customer Information in “IIJ Secure MX Service”” (https://www.ij.ad.jp/en/news/pressrelease/2025/pdf/20250422_SMX_E.pdf) which was announced on April 22, 2025.

1Q25 Financial Results Summary

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

	1Q24	1Q25	YoY Change
	JPY millions	JPY millions	%
Total revenues	72,016	76,821	6.7
Network services	39,058	42,512	8.8
Systems integration (SI)	32,243	33,560	4.1
ATM operation business	715	749	4.8
Total costs	(57,883)	(60,128)	3.9
Network services	(28,424)	(30,912)	8.8
Systems integration (SI)	(29,069)	(28,822)	(0.8)
ATM operation business	(390)	(394)	1.0
Total gross profit	14,133	16,693	18.1
Network services	10,634	11,600	9.1
Systems integration (SI)	3,174	4,738	49.3
ATM operation business	325	355	9.2
SG&A, R&D, and other operating income (expenses)	(9,651)	(10,662)	10.5
Operating profit	4,482	6,031	34.6
Profit before tax	5,039	5,737	13.9
Profit for the attributable to owners of the parent	3,322	3,777	13.7

(Note) Systems integration includes equipment sales.

Segment Results Summary

	1Q24	1Q25
	JPY millions	JPY millions
Total revenues	72,016	76,821
Network services and SI business	71,309	76,081
ATM operation business	715	749
Elimination	(8)	(9)
Operating profit	4,482	6,031
Network services and SI business	4,208	5,744
ATM operation business	274	287
Elimination	-	-

1Q25 Revenues and Income

Revenues

Total revenues were JPY76,821 million, up 6.7% YoY (JPY72,016 million for 1Q24).

Network services revenue was JPY42,512 million, up 8.8% YoY (JPY39,058 million for 1Q24).

Revenues for Internet connectivity services for enterprise were JPY12,731 million, up 9.4% YoY from JPY11,642 million for 1Q24, mainly due to an increase in revenues of enterprise mobile services and IP services.

Revenues for Internet connectivity services for consumers were JPY6,958 million, up 5.4% YoY from JPY6,601 million for 1Q24, mainly due to an increase in revenues of IIJmio Mobile services.

Revenues for Outsourcing services were JPY15,898 million, up 13.7% YoY from JPY13,981 million for 1Q24, mainly due to an increase in security-related services revenues.

Revenues for WAN services were JPY6,925 million, up 1.3% YoY from JPY6,834 million for 1Q24.

Network Services Revenues Breakdown

	1Q24	1Q25	YoY Change
	JPY millions	JPY millions	%
Total network services	39,058	42,512	8.8
Internet connectivity services (enterprise)	11,642	12,731	9.4
IP services (including data center connectivity services)	4,171	4,568	9.5
IIJ Mobile Services	6,304	6,899	9.4
Enterprise mobile services (IoT usages etc.)	3,534	4,013	13.6
IIJ Mobile MVNO Platform Service (MVNE)	2,770	2,886	4.2
Others	1,167	1,264	8.3
Internet connectivity services (consumer)	6,601	6,958	5.4
IIJmio Mobile Services	5,705	6,107	7.0
Others	896	851	(5.0)
Outsourcing services	13,981	15,898	13.7
WAN services	6,834	6,925	1.3

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

	As of June 30, 2024	As of June 30, 2025	YoY Change
Internet connectivity services (enterprise)	3,837,309	4,530,747	693,438
IP service (greater than or equal to 1Gbps) (Note 2)	1,440	1,474	34
IP service (less than 1Gbps) (Note 2)	1,472	1,567	95
IIJ Mobile Services	3,734,976	4,422,233	687,257
Enterprise mobile services (IoT usages etc.)	2,553,311	3,173,529	620,218
IIJ Mobile MVNO Platform Service (MVNE)	1,181,665	1,248,704	67,039
Others	99,421	105,473	6,052
Internet connectivity services (consumer)	1,618,937	1,663,459	44,522
IIJmio Mobile Services	1,289,540	1,350,225	60,685
Others	329,397	313,234	(16,163)
Total contracted bandwidth (Gbps) (Note 3)	10,579.8	14,328.8	3,749.0

(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 JPY33,560 million, up 4.1% YoY (JPY32,243 million for 1Q24). Systems construction and equipment sales, a one-time revenue, was JPY11,689 million, down 7.3% YoY (JPY12,606 million for 1Q24), in line with our expectations, mainly due to lower order backlog as of the end of 4Q24 compared to 4Q23. Systems operation and maintenance revenue, a recurring revenue, was JPY21,871 million, up 11.4% YoY (JPY19,637 million for 1Q24), mainly due to continued accumulation of systems operation orders.

Orders received for SI, including equipment sales, totaled JPY45,317 million, up 12.9% YoY (JPY40,153 million for 1Q24); orders received for systems construction and equipment sales were JPY17,073 million, up 12.8% YoY (JPY15,135 million for 1Q24), and orders received for systems operation and maintenance were JPY28,244 million, up 12.9% YoY (JPY25,018 million for 1Q24).

Order backlog for SI, including equipment sales, as of June 30, 2025 amounted to JPY127,200 million, up 8.9% YoY (JPY116,803 million as of June 30, 2024); order backlog for systems construction and equipment sales was JPY21,189 million, down 19.4% YoY (JPY26,290 million as of June 30, 2024) and order backlog for systems operation and maintenance was JPY106,011 million, up 17.1% YoY (JPY90,513 million as of June 30, 2024).

ATM operation business revenues were JPY749 million, up 4.8% YoY (JPY715 million for 1Q24).

Cost of sales

Total cost of sales was JPY60,128 million, up 3.9% YoY (JPY57,883 million for 1Q24).

Cost of network services revenue was JPY30,912 million, up 8.8% YoY (JPY28,424 million for 1Q24). Gross profit was JPY11,600 million, up 9.1% YoY (JPY10,634 million for 1Q24). In addition to revenue growth, the negative impact in 1Q24 due to the substantial price increases of VMware products was mostly offset by part of network service prices' revision, and gross profit ratio was 27.3% (27.2% for 1Q24).

Cost of SI revenues, including equipment sales was JPY28,822 million, down 0.8% YoY (JPY29,069 million for 1Q24). Gross profit was JPY4,738 million, up 49.3% YoY (JPY3,174 million for 1Q24). In addition to revenue growth, the negative impact in 1Q24 due to the substantial price increases of VMware products was mostly offset by the price pass-through, and gross profit ratio was 14.1% (9.8% for 1Q24).

Cost of ATM operation business revenues was JPY394 million, up 1.0% YoY (JPY390 million for 1Q24). Gross profit was JPY355 million, up 9.2% YoY (JPY325 million for 1Q24) and gross profit ratio was 47.4% (45.5% for 1Q24).

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

Selling, general and administrative expenses, including research and development expenses, totaled JPY10,584 million, up 9.8% YoY (JPY9,641 million for 1Q24), mainly due to an increase in personnel-related expenses associated with the hiring of new graduates and annual revision of salary levels.

Other operating income was JPY16 million (JPY27 million for 1Q24).

Other operating expenses was JPY94 million (JPY37 million for 1Q24).

Operating profit

Operating profit was JPY6,031 million (JPY4,482 million for 1Q24), up 34.6% YoY.

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

Finance income was JPY223 million, compared to JPY929 million for 1Q24. It included dividend income of JPY179 million (JPY119 million for 1Q24).

Finance expense was JPY409 million compared to JPY210 million for 1Q24. It included interest expenses of JPY327 million (JPY206 million for 1Q24), mainly related to bank borrowing and lease transaction, foreign exchange loss of JPY67 million (gain of JPY196 million for 1Q24) and loss on financial instruments, mainly related to funds which were impacted by foreign exchange, of JPY14 million (gain of JPY585 million for 1Q24). Foreign exchange gain or loss for 1H24 and FY2024 were a loss of JPY52 million and a gain of JPY 47 million respectively, and gain or loss on financial instruments for 1H24 and FY2024 were a loss of JPY 278 million and a gain of JPY 201 million respectively, which fluctuated quarterly due to foreign exchange. These gains and losses for 1Q25 were within our expectations.

Share of loss of investments accounted for using equity method was JPY108 million (loss of JPY162 million for 1Q24), mainly due to loss of DeCurret Holdings, Inc. of JPY174 million (loss of JPY182 million for 1Q24).

Profit before tax

Profit before tax was JPY5,737 million (JPY5,039 million for 1Q24), up 13.9% YoY.

Profit for the period

Income tax expense was JPY1,928 million (JPY1,654 million for 1Q24). As a result, profit for the period was JPY3,809 million (JPY3,385 million for 1Q24), up 12.5% YoY.

Profit for the period attributable to non-controlling interests was JPY32 million (JPY63 million for 1Q24), mainly related to net income of Trust Networks Inc.

Profit for the period attributable to owners of parent was JPY3,777 million (JPY3,322 million for 1Q24), up 13.7% YoY.

Comprehensive income for the period

Comprehensive income for the period was JPY6,092 million (JPY4,509 million for 1Q24), up 35.1% YoY, mainly due to an increase in the market value of investment securities and others (*) of JPY2,278 million (gain of JPY410 million for 1Q24).

Comprehensive income for the period attributable to owners of parent was JPY6,060 million (JPY4,446 million for 1Q24), up 36.3% 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.

Financial Position as of June 30, 2025

As of June 30, 2025, the balance of total assets was JPY312,998 million, increased by JPY563 million from the balance as of March 31, 2025 of JPY312,435 million.

As of June 30, 2025, the balance of current assets was JPY123,160 million, decreased by JPY7,035 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 decreased by JPY2,514 million to JPY30,020 million, trade receivables decreased by JPY9,602 million to JPY46,759 million, and prepaid expenses increased by JPY6,191 million to JPY34,313 million mainly due to increases in project costs for customers, license fees and equipment-related costs, and bonus, and inventories increased by JPY1,094 million to JPY5,775 million.

As of June 30, 2025, the balance of non-current assets was JPY189,838 million, increased by JPY7,598 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 JPY3,594 million to JPY37,365 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 JPY1,528 million to JPY44,228 million mainly due to amortization, intangible assets increased by JPY169 million to JPY21,190 million, prepaid expenses decreased by JPY608 million to JPY28,200 million and investment securities (equity) increased by JPY3,184 million to JPY19,007 million.

As of June 30, 2025, the balance of current liabilities was JPY111,290 million, decreased by JPY2,025 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 decreased by JPY3,695 million to JPY26,543 million, borrowings decreased by JPY16 million to JPY33,600 million, income taxes payable decreased by JPY3,055 million to JPY2,150 million, contract liabilities increased by JPY3,312 million to JPY18,998 million mainly due to an increase in deposits received and other financial liabilities increased by JPY2,266 million to JPY23,145 million mainly due to increases in account payable-non-current and lease liabilities.

As of June 30, 2025, the balance of non-current liabilities was JPY56,671 million, decreased by JPY363 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, contract liabilities increased by JPY1,059 million to JPY11,171 million mainly due to an increase in deposits received and other financial liabilities decreased by JPY2,116 million to JPY35,583 million.

As of June 30, 2025, the balance of total equity attributable to owners of the parent was JPY143,665 million, increased by JPY2,982 million from the balance as of March 31, 2025 of JPY140,683 million. Ratio of owners' equity to total assets was 45.9% as of June 30, 2025.

1Q25 Cash Flows

Cash and cash equivalents as of June 30, 2025 were JPY30,020 million (JPY29,784 million as of June 30, 2024).

Net cash provided by operating activities for 1Q25 was JPY12,106 million (net cash used in operating activities of JPY2,018 million for 1Q24). There were profit before tax of JPY5,737 million (JPY5,039 million for 1Q24), depreciation and amortization of JPY7,963 million (JPY7,599 million for 1Q24), including JPY2,890 million (JPY2,964 million for 1Q24) of depreciation of right-of-use operating lease assets under IFRS 16, and income taxes paid of JPY5,043 million (JPY5,286 million for 1Q24). Regarding changes in working capital, there was net cash in of JPY2,952 million compared to net cash out of JPY9,052 million for 1Q24. As for the major factors for the increase in net cash inflow, there was an increase in proceeds mainly from trade receivables and contract liabilities, which exceeded an increase in payments of prepaid expenses, trade payables and others.

Net cash used in investing activities for 1Q25 was JPY6,825 million (net cash used in investing activities of JPY7,259 million for 1Q24), mainly due to payments for purchases of tangible assets, such as assets related to data centers, of JPY4,470 million (JPY4,220 million for 1Q24) and purchases of intangible assets, such as software, of JPY2,458 million (JPY2,513 million for 1Q24).

Net cash used in financing activities for 1Q25 was JPY7,759 million (net cash used in financing activities of JPY6,892 million for 1Q24), mainly due to payments of other financial liabilities of JPY5,576 million (JPY5,281 million for 1Q24), which included payments under operating lease contracts such as office rent and finance lease contracts such as network equipment, and dividends paid of JPY3,096 million (JPY3,038 million for 1Q24).

Future Prospects including FY2025 Financial Targets

1Q25 financial results were in line with our expectations. Therefore, financial targets for the fiscal year ending March 31, 2026 (FY2025) announced on May 13, 2025 remain unchanged.

Presentation

Presentation materials will be posted on our web site (<https://www.ij.ad.jp/en/ir/>) on August 7, 2025.

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 ("TSE") in 2006 and transitioned to the Prime Market of TSE from April 2022.

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Condensed Consolidated Statements of Financial Position (Unaudited)

	March 31, 2025	June 30, 2025
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	32,534	30,020
Trade receivables	56,361	46,759
Inventories	4,681	5,775
Prepaid expenses	28,122	34,313
Contract assets	6,098	3,345
Other financial assets	2,247	2,821
Other current assets	152	127
Total current assets	130,195	123,160
Non-current assets		
Tangible assets	33,771	37,365
Right-of-use assets	45,756	44,228
Goodwill	10,307	10,383
Intangible assets	21,021	21,190
Investments accounted for using equity method	6,639	6,451
Prepaid expenses	28,808	28,200
Contract assets	327	2,331
Investment securities (Equity)	15,823	19,007
Other investments	10,711	10,888
Deferred tax assets	252	253
Other financial assets	8,361	9,059
Other non-current assets	464	483
Total non-current assets	182,240	189,838
Total assets	312,435	312,998

	March 31, 2025	June 30, 2025
	Millions of yen	Millions of yen
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	30,238	26,543
Borrowings	33,616	33,600
Income taxes payable	5,205	2,150
Provisions	316	436
Contract liabilities	15,686	18,998
Deferred income	36	58
Other financial liabilities	20,879	23,145
Other current liabilities	7,339	6,360
Total current liabilities	113,315	111,290
Non-current liabilities		
Retirement benefit liabilities	4,849	4,960
Provisions	1,551	1,130
Contract liabilities	10,112	11,171
Deferred income	209	198
Deferred tax liabilities	1,474	2,505
Other financial liabilities	37,699	35,583
Other non-current liabilities	1,140	1,124
Total non-current liabilities	57,034	56,671
Total liabilities	170,349	167,961
Equity		
Share capital	25,577	25,584
Share premium	35,865	35,808
Retained earnings	79,885	80,663
Other components of equity	11,266	13,427
Treasury shares	(11,910)	(11,817)
Total equity attributable to owners of the parent	140,683	143,665
Non-controlling interests	1,403	1,372
Total equity	142,086	145,037
Total liabilities and equity	312,435	312,998

Condensed Consolidated Statements of Profit or Loss (Unaudited)

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2025
	Millions of yen	Millions of yen
Revenues		
Network services	39,058	42,512
Systems integration	32,243	33,560
ATM operation business	715	749
Total revenues	72,016	76,821
Cost of sales		
Cost of network services	(28,424)	(30,912)
Cost of systems integration	(29,069)	(28,822)
Cost of ATM operation business	(390)	(394)
Total cost of sales	(57,883)	(60,128)
Gross Profit	14,133	16,693
Selling, general and administrative expenses	(9,641)	(10,584)
Other operating income	27	16
Other operating expenses	(37)	(94)
Operating Profit	4,482	6,031
Finance income	929	223
Finance expenses	(210)	(409)
Share of profit (loss) of investments accounted for using equity method	(162)	(108)
Profit (loss) before tax	5,039	5,737
Income tax expense	(1,654)	(1,928)
Profit (loss) for the period	3,385	3,809
Profit (loss) for the period attributable to:		
Owners of the parent	3,322	3,777
Non-controlling interests	63	32
Total	3,385	3,809
Earnings per share		
Basic earnings per share (yen)	18.78	21.35
Diluted earnings per share (yen)	18.69	21.24

Condensed Consolidated Statements of Comprehensive Income (Unaudited)

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2025
	Millions of yen	Millions of yen
Profit (loss)	3,385	3,809
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	410	2,278
Total items that will not be reclassified to profit or loss	410	2,278
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	702	(4)
Share of other comprehensive income of investments accounted for using equity method	12	(16)
Effective portion of cash flow hedges	—	25
Total of items that may be reclassified to profit or loss	714	5
Total other comprehensive income, net of tax	1,124	2,283
Other comprehensive income	4,509	6,092
Other comprehensive income attributable to:		
Owners of the parent	4,446	6,060
Non-controlling interest	63	32
Other comprehensive income	4,509	6,092

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Unaudited)

Three months ended June 30, 2024

	Owners of the parent's shareholders' equity						Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Other components of equity	Treasury shares	Total		
	Millions of yen	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)	125,751	1,281	127,032
Comprehensive income								
Profit (loss)	-	-	3,322	-	-	3,322	63	3,385
Other comprehensive income	-	-	-	1,124	-	1,124	-	1,124
Total comprehensive income	-	-	3,322	1,124	-	4,446	63	4,509
Transactions with owners								
Issuance of common stock	15	(15)	-	-	-	-	-	-
Disposal of treasury shares	-	(34)	-	-	57	23	-	23
Dividends paid	-	-	(3,038)	-	-	(3,038)	(49)	(3,087)
Stock-based compensation	-	20	-	-	-	20	-	20
Total transactions with owners	15	(29)	(3,038)	-	57	(2,995)	(49)	(3,044)
Balance, June 30, 2024	25,577	35,708	65,900	11,987	(11,970)	127,202	1,295	128,497

Three months ended June 30, 2025

	Owners of the parent's shareholders' equity						Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Other components of equity	Treasury shares	Total		
	Millions of yen	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)	140,683	1,403	142,086
Comprehensive income								
Profit (loss)	-	-	3,777	-	-	3,777	32	3,809
Other comprehensive income	-	-	-	2,283	-	2,283	-	2,283
Total comprehensive income	-	-	3,777	2,283	-	6,060	32	6,092
Transactions with owners								
Issuance of common stock	7	(7)	-	-	-	-	-	-
Disposal of treasury shares	-	24	-	-	93	117	-	117
Dividends paid	-	-	(3,096)	-	-	(3,096)	(63)	(3,159)
Stock-based compensation	-	(74)	-	-	-	(74)	-	(74)
Transfer from other components of equity to retained earnings	-	-	97	(97)	-	-	-	-
Transfer to non-financial assets	-	-	-	(25)	-	(25)	-	(25)
Total transactions with owners	7	(57)	(2,999)	(122)	93	(3,078)	(63)	(3,141)
Balance, June 30, 2025	25,584	35,808	80,663	13,427	(11,817)	143,665	1,372	145,037

Condensed Consolidated Statements of Cash Flows (Unaudited)

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2025
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit (loss) before tax	5,039	5,737
Adjustments		
Depreciation and amortization	7,599	7,963
Loss (gain) on sales/disposals of property and equipment	29	64
Shares of loss (profit) of investments accounted for using equity method	162	108
Finance income	(929)	(223)
Finance expenses	210	409
Other	218	152
Changes in working capital		
Decrease (increase) in trade receivables	3,171	9,610
Decrease (increase) in inventories	(1,725)	(1,073)
Decrease (increase) in prepaid expenses	(15,185)	(5,520)
Decrease (increase) in contract assets	(535)	749
Decrease (increase) in other assets	(423)	22
Decrease (increase) in other financial assets	359	(934)
Increase (decrease) in trade and other payables	1,008	(4,170)
Increase (decrease) in contract liabilities	2,281	4,248
Increase (decrease) in deferred income	(1)	18
Increase (decrease) in provisions	-	(330)
Increase (decrease) in other liabilities	1,063	(1,004)
Increase (decrease) in other financial liabilities	799	1,224
Increase (decrease) in retirement benefit liabilities	136	112
Subtotal	3,276	17,162
Interest and dividends received	197	282
Interest paid	(205)	(295)
Income taxes paid	(5,286)	(5,043)
Cash flows from operating activities	(2,018)	12,106

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2025
	Millions of yen	Millions of yen
Cash flows from investing activities		
Purchases of tangible assets	(4,220)	(4,470)
Proceeds from sales of tangible assets	169	433
Purchases of intangible assets	(2,513)	(2,458)
Purchases of investment securities (Equity)	(100)	-
Purchases of other investments	(480)	(267)
Payments for leasehold deposits and guarantee deposits	(78)	(55)
Proceeds from collection of leasehold deposits and guarantee deposits	6	11
Payments for refundable insurance policies	(19)	(19)
Other	(24)	0
Cash flows from investing activities	(7,259)	(6,825)
Cash flows from financing activities		
Repayment of long-term borrowings	(1,766)	(15)
Proceeds from other financial liabilities	3,241	991
Payments of other financial liabilities	(5,281)	(5,576)
Dividends paid	(3,038)	(3,096)
Other	(48)	(63)
Cash flows from financing activities	(6,892)	(7,759)
Effect of exchange rate changes on cash and cash equivalents	479	(36)
Net increase (decrease) in cash and cash equivalents	(15,690)	(2,514)
Cash and cash equivalents, beginning of the period	45,474	32,534
Cash and cash equivalents, end of the period	29,784	30,020

Notes to Condensed Consolidated Financial Statements (Unaudited)

Going Concern Assumption

Nothing to be reported.

Changes in Accounting Policies

Nothing to be reported.

Segment Information

The reportable segments of IIJ and its subsidiaries (collectively “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 profit 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.

Segment information for the Company is as follows:

Three months ended June 30, 2024

	Reportable segments		Adjustments	Consolidated
	Network service and systems integration business	ATM operation business		
	JPY millions	JPY millions	JPY millions	JPY millions
Revenue				
Customers	71,301	715	—	72,016
Intersegment transactions	8	—	(8)	—
Total revenue	71,309	715	(8)	72,016
Segment operating profit	4,208	274	—	4,482
Finance income				929
Finance expense				(210)
Share of profit (loss) of investments accounted for using the equity method				(162)
Profit before tax				5,039

Three months ended June 30, 2025

	Reportable segments		Adjustments	Consolidated
	Network service and systems integration business	ATM operation business		
	JPY millions	JPY millions	JPY millions	JPY millions
Revenue				
Customers	76,072	749	—	76,821
Intersegment transactions	9	—	(9)	—
Total revenue	76,081	749	(9)	76,821
Segment operating profit	5,744	287	—	6,031
Finance income				223
Finance expense				(409)
Share of profit (loss) of investments accounted for using the equity method				(108)
Profit before tax				5,737

Intersegment transactions are based on market price.

Subsequent Events

Nothing to be reported.

Note: The following information is provided to disclose Internet Initiative Japan Inc. (“IIJ”) financial results (unaudited) for the first three months ended June 30, 2025 (“1Q25”) in the form defined by the Tokyo Stock Exchange.

Consolidated Financial Results for the First Three Months ended June 30, 2025 [Under IFRS]

August 7, 2025

Company name: Internet Initiative Japan Inc.

Exchange listed: Tokyo Stock Exchange

Ticker symbol: 3774

URL: <https://www.iij.ad.jp/>

Representative: Yasuhiko Taniwaki, Representative Director, President and Executive Officer

Contact: Akihisa Watai, Member of the Board, Executive Vice President and CFO

TEL: +81-3- 5205-6500

Scheduled date for dividend payment: -

Supplemental material on quarterly results: Yes

Presentation on quarterly results: Yes (for institutional investors and analysts)

(Amounts of less than JPY one million are rounded)

1. Consolidated Financial Results for the Three Months ended June 30, 2025 (April 1, 2025 to June 30, 2025)

(1) Consolidated Results of Operations

(% shown is YoY change)

	Revenues		Operating profit		Profit (loss) before tax		Profit (loss) for the period		Profit (loss) attributable to owners of the parent		Comprehensive income for the period	
	JPY millions	%	JPY millions	%	JPY millions	%	JPY millions	%	JPY millions	%	JPY millions	%
Three Months ended June 30, 2025	76,821	6.7	6,031	34.6	5,737	13.9	3,809	12.5	3,777	13.7	6,092	35.1
Three Months ended June 30, 2024	72,016	17.3	4,482	(10.4)	5,039	(8.1)	3,385	(7.4)	3,322	(7.3)	4,509	(22.2)

	Basic earnings per share	Diluted earnings per share
	JPY	JPY
Three Months ended June 30, 2025	21.35	21.24
Three Months ended June 30, 2024	18.78	18.69

(2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of the parent	Ratio of owners' equity to total assets
	JPY millions	JPY millions	JPY millions	%
As of June 30, 2025	312,998	145,037	143,665	45.9
As of March 31, 2025	312,435	142,086	140,683	45.0

2. Dividends

	Annual Dividends				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	JPY	JPY	JPY	JPY	JPY
Fiscal Year Ended March 31, 2025	—	17.50	—	17.50	35.00
Fiscal Year Ending March 31, 2026	—				
Fiscal Year Ending March 31, 2026 (forecast)		19.50	—	19.50	39.00

(Note) Changes from the latest forecasts disclosed: None

3. Targets of Consolidated Financial Results for the Fiscal Year ending March 31, 2026 (April 1, 2025 to March 31, 2026)

(% shown is YoY change)

	Revenues		Operating profit		Profit (loss) before tax		Profit (loss) for the year attributable to owners of the parent		Basic earnings per share
	JPY millions	%	JPY millions	%	JPY millions	%	JPY millions	%	JPY
Interim Period Ending September 30, 2025	158,000	7.5	15,500	31.6	13,900	25.0	9,400	25.8	53.13
Fiscal Year Ending March 31, 2026	340,000	7.3	36,500	21.2	33,700	15.5	23,000	15.4	130.00

(Notes)

- Changes from the latest forecasts disclosed: None
- As for the details about our financial targets for the fiscal year ending March 31, 2026, please refer to “Future Prospects including FY2025 Financial Targets” which is disclosed on page 8 of this earnings release.

* Notes:

(1) Changes in significant subsidiaries: None

(2) Changes in accounting policies and estimate

- Changes in accounting policies required by IFRS: None
- Other changes in accounting policies: None
- Changes in accounting estimates: None

(3) Number of shares issued (common stock)

i. Number of shares issued (inclusive of treasury stock):

As of June 30, 2025: 183,206,294 shares
As of March 31, 2025: 183,184,884 shares

ii. Number of treasury stock:

As of June 30, 2025: 6,219,310 shares
As of March 31, 2025: 6,268,144 shares

iii. Number of weighted average common shares outstanding:

For the three months ended June 30, 2025: 176,948,883 shares
For the three months ended June 30, 2024: 176,861,483 shares

* Review of quarterly consolidated financial statements by certified public accountants or auditing firms: None

* Explanation on the Appropriate Use of Future Outlook and other special instructions

i) Forward-looking statements

Forward-looking statements disclosed in this document are based on IIJ Group’s expectation, estimates, and projections based on information available to IIJ Group as of August 7, 2025. As these forward-looking statements are subject to known and unknown risks and uncertainties, actual results may differ from those disclosed due, for example, to but not limited to changes in business climate and/or market trends. As for our latest forecast of our financial targets, please refer to “Future Prospects including FY2025 Financial Targets” written on page 8 of this document.

ii) Others

Presentation material will be disclosed on TDnet as well as posted on our website on August 7, 2025.