

Results of 3Q01

2002 February

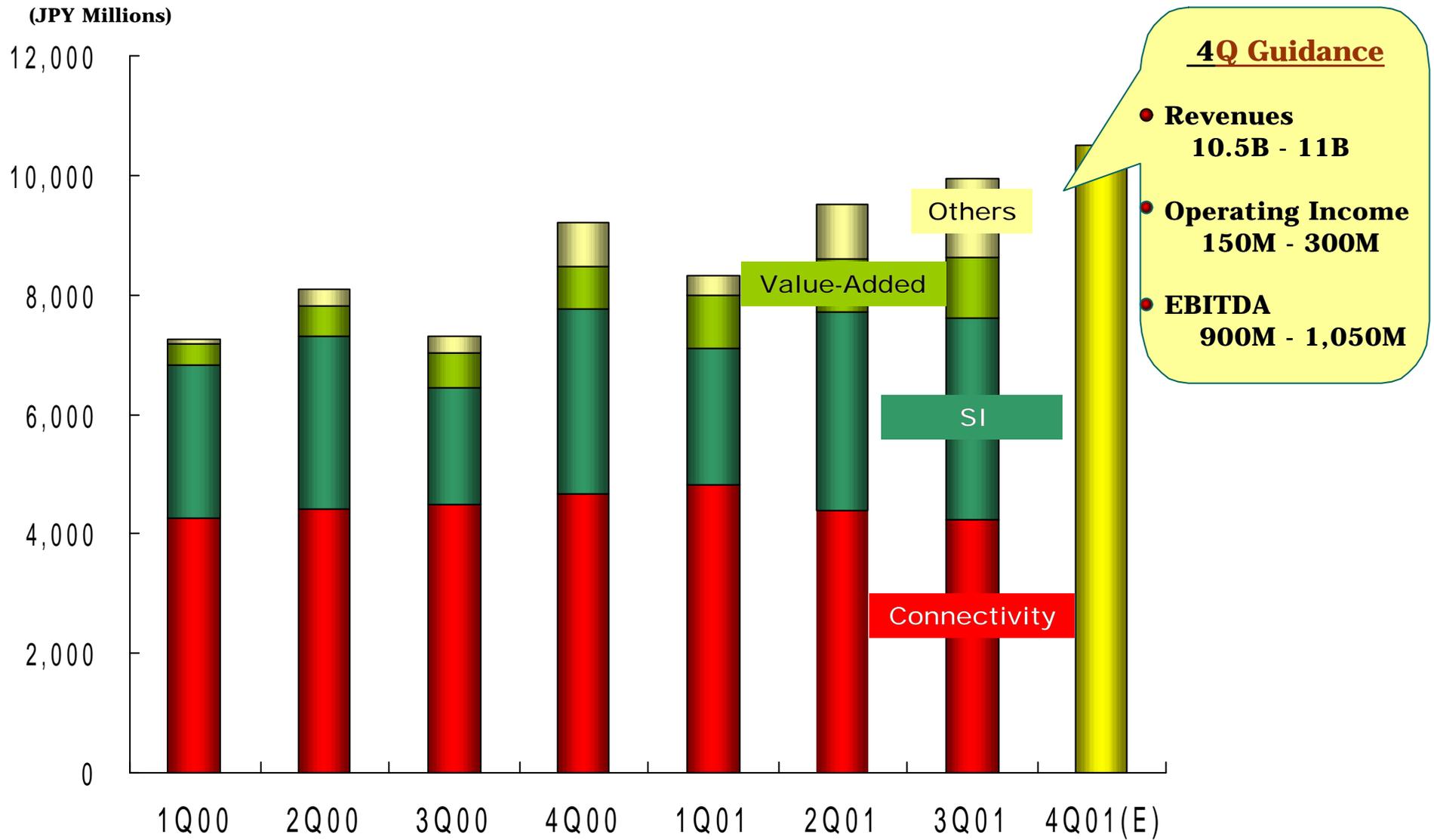
Internet Initiative Japan Inc.

The statements within this may contain forward-looking statements that involve risk and uncertainties. These statements may differ materially from actual future events or results. Readers are referred to the documents filed by Internet Initiative Japan Inc. with the SEC, specifically the most recent reports on Forms 20-F or 6-K, which identify important risk factors that could cause actual results to differ from those contained in the forward-looking statements. Important risks and factors that could cause our actual results to be materially different from our expectations include, without limitation: that we may not continue to increase subscribers to our connectivity services, particularly subscribers at higher bandwidths, that our large capital investment in Crosswave Communications Inc. may not yield the expected returns in the future or at all, that we may not generate significant revenues from our systems integration services or our value-added services, including our co-location services, and that leased line costs may not decrease as rapidly as expected or at all.

Highlights in the 3Q Results

- **Steady Growth in Total Revenues**
 - JPY9.9 billion, grew by 35.7% from 3Q00 and by 4.3% from 2Q01.
- **Continuous Decrease in International Backbone Cost**
 - Decreased by 62.4% from 3Q00 and by 14.0% from 1Q01.
- **Steady Improvement in Operating Performance**
 - Gross margin increased to 14.7%, from 6.7% in 3Q00 and from 14.1% in 2Q01.
 - Operating income continued to improve to JPY151 million
 - EBITDA continued to improve to JPY904 million
- **Expecting Further growth in 4Q01**
 - Top line to be JPY10.5-11.0 billion, grow by 14.1-19.6% from 4Q00.
 - Operating income to be JPY150 million - JPY300 million, EBITDA to be JPY900 million - JPY1,050 million
- **Expecting 20% growth for Full fiscal 2001**
 - Top line to be JPY38.3 billion - JPY38.8 billion
 - Operating income to be JPY18 million - JPY168 million
 - EBITDA to be JPY2,893 million to JPY3,043 million

Revenues Breakdown (Quarter Basis)

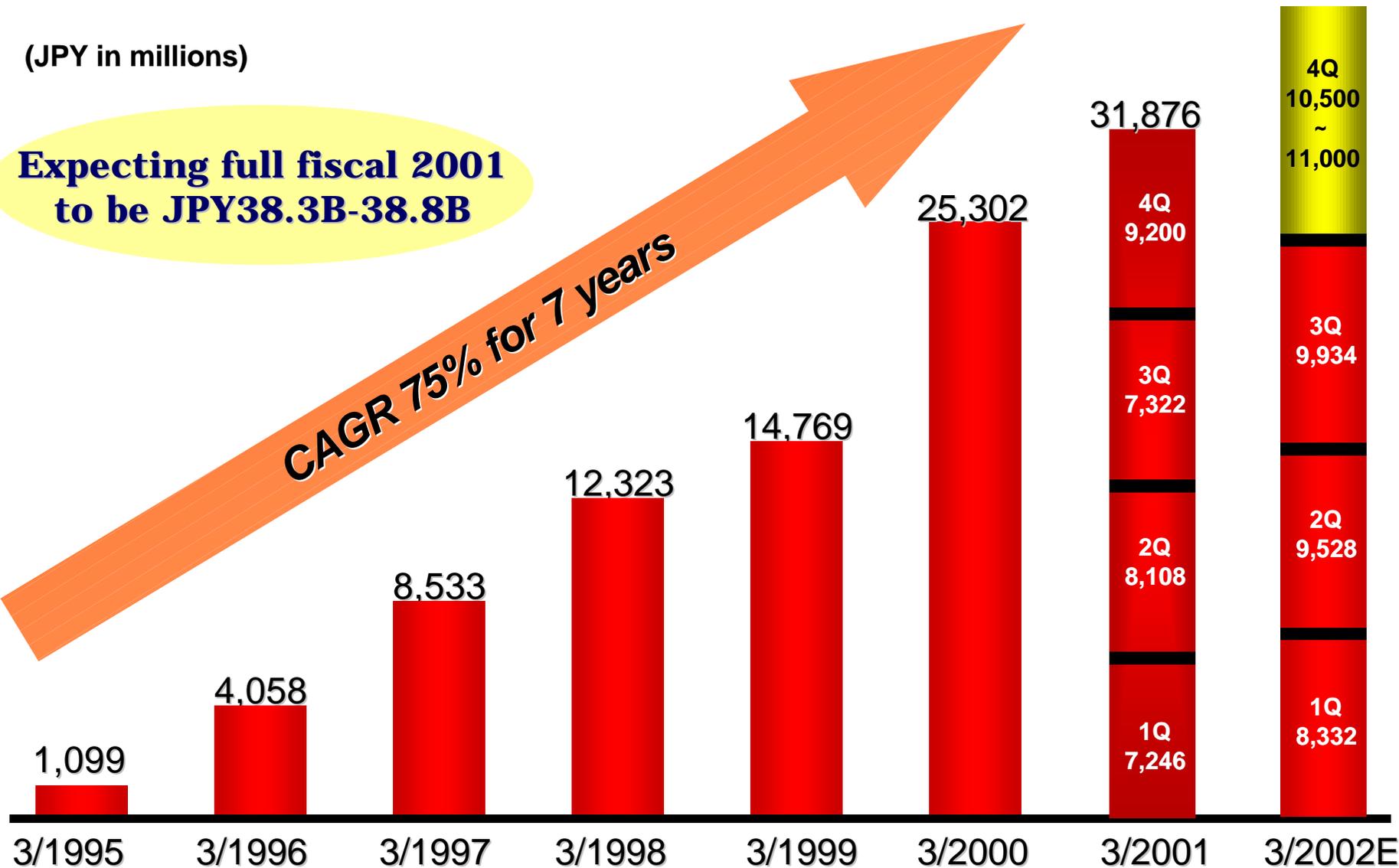


IIJ Consolidated Revenues

(JPY in millions)

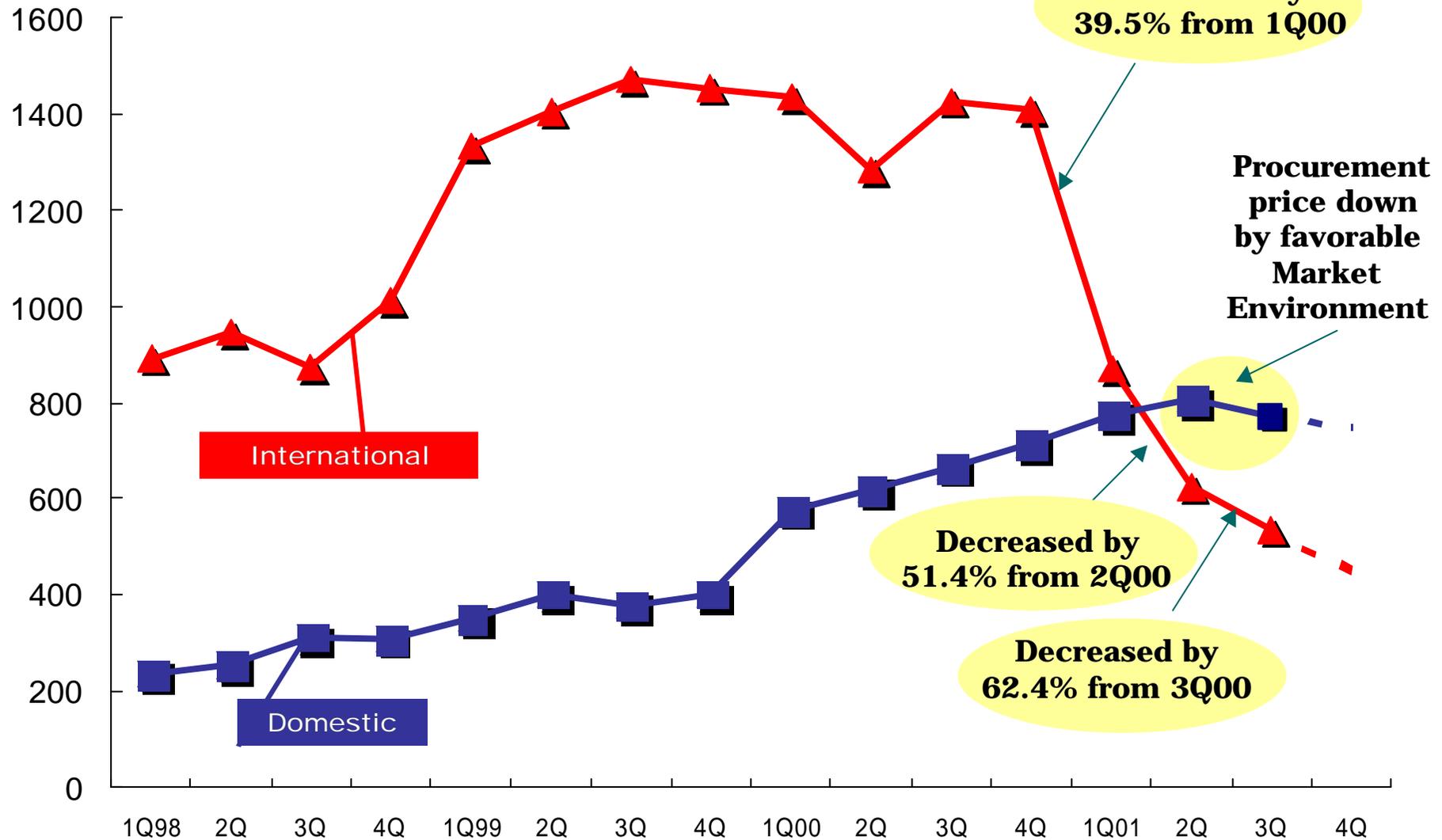
**Expecting full fiscal 2001
to be JPY38.3B-38.8B**

CAGR 75% for 7 years



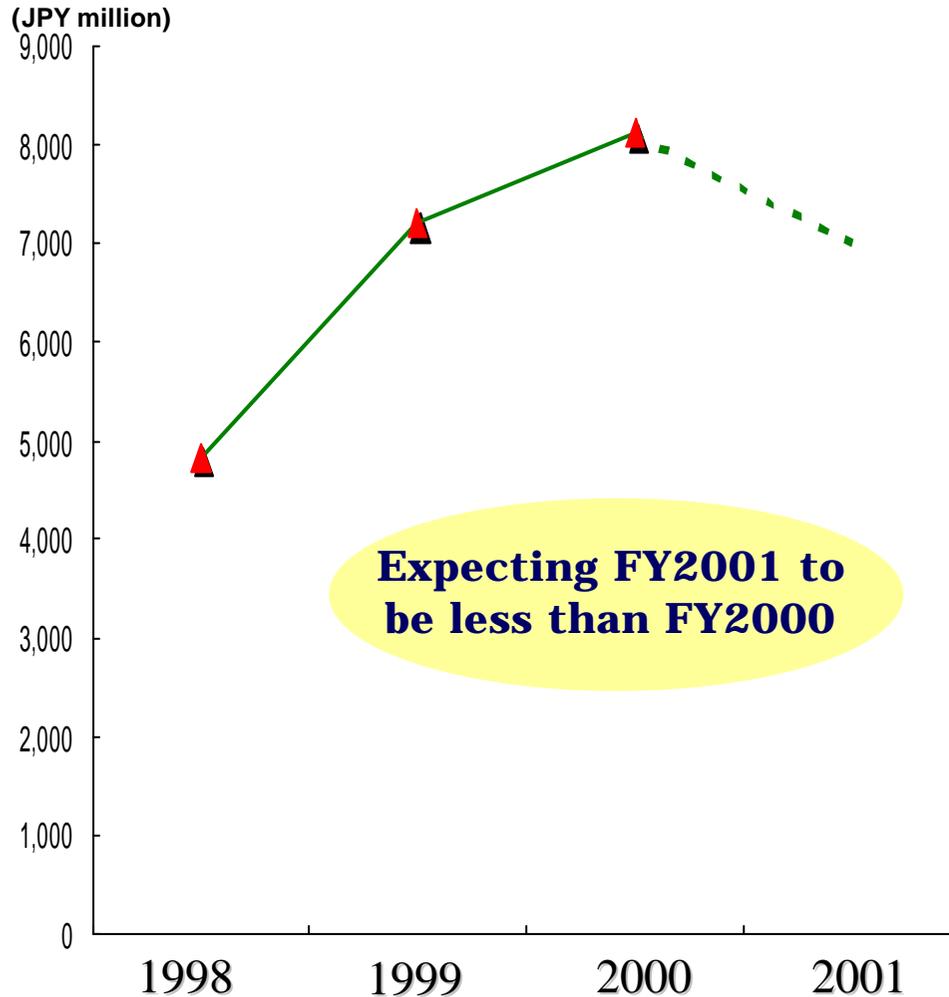
Backbone Costs (1)

(JPY Millions)

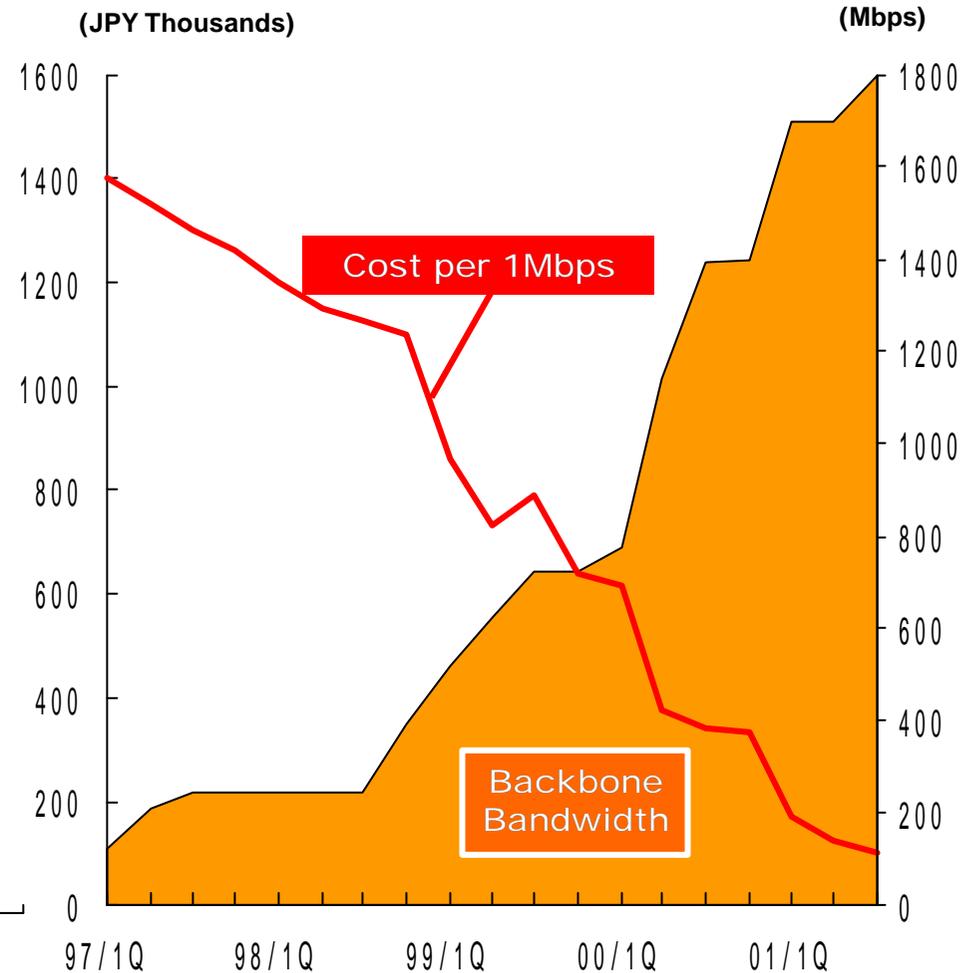


Backbone Costs (2)

Domestic & International BB Costs

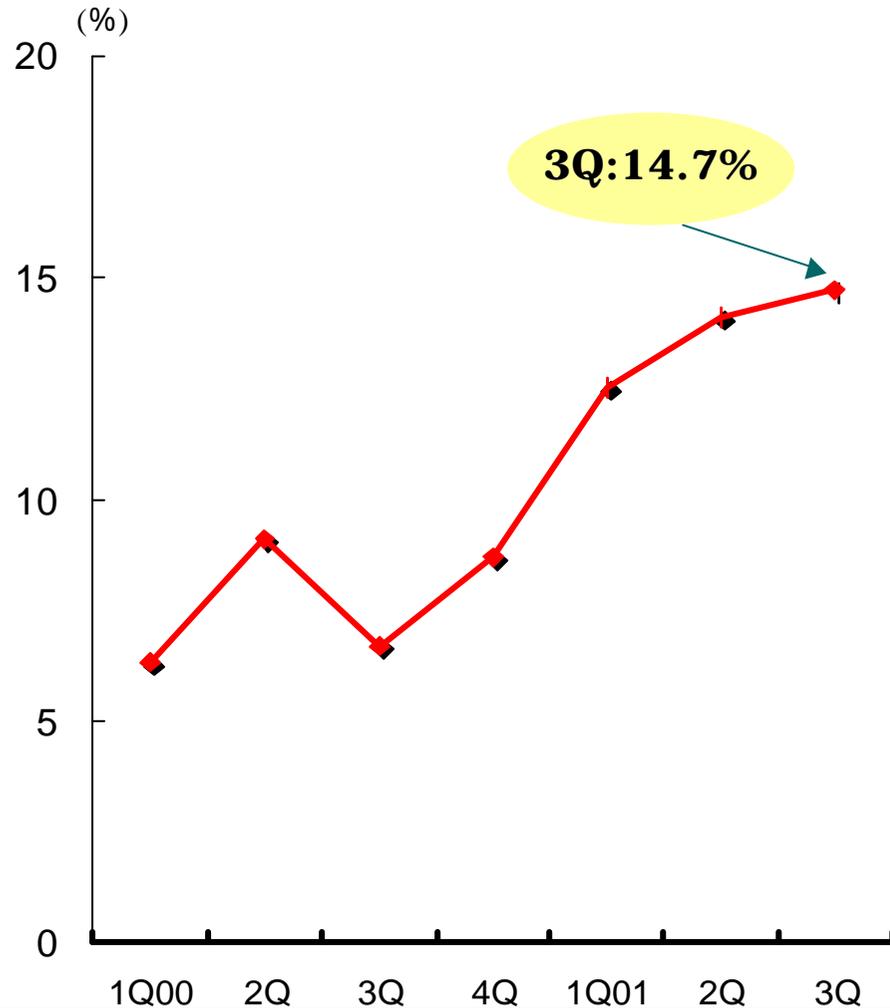


Unit Price for International BB

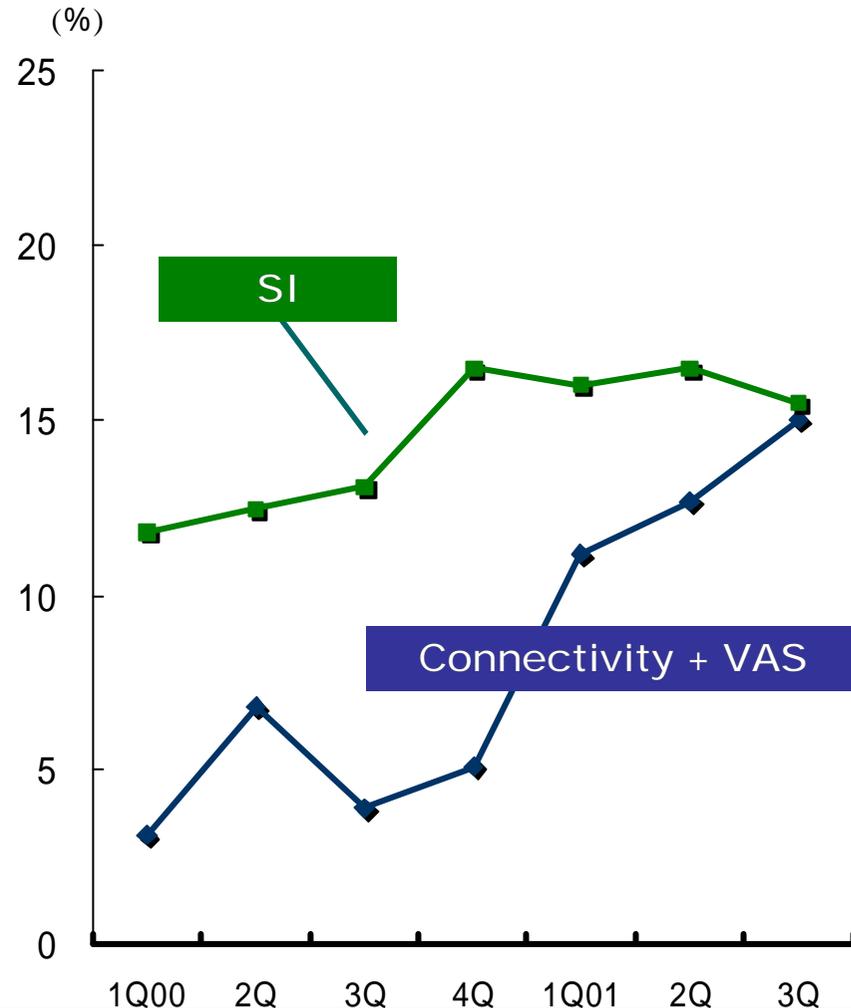


Gross Margin

Gross Margin

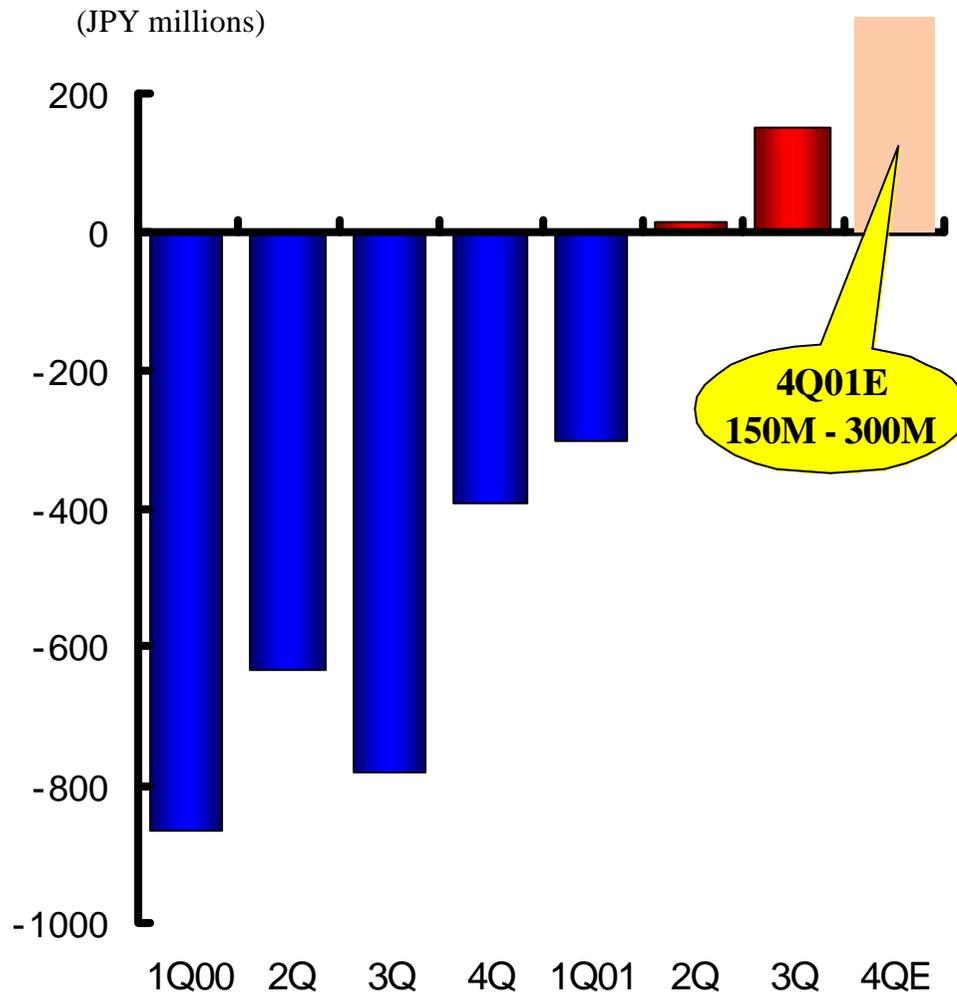


Gross Margin By Segment

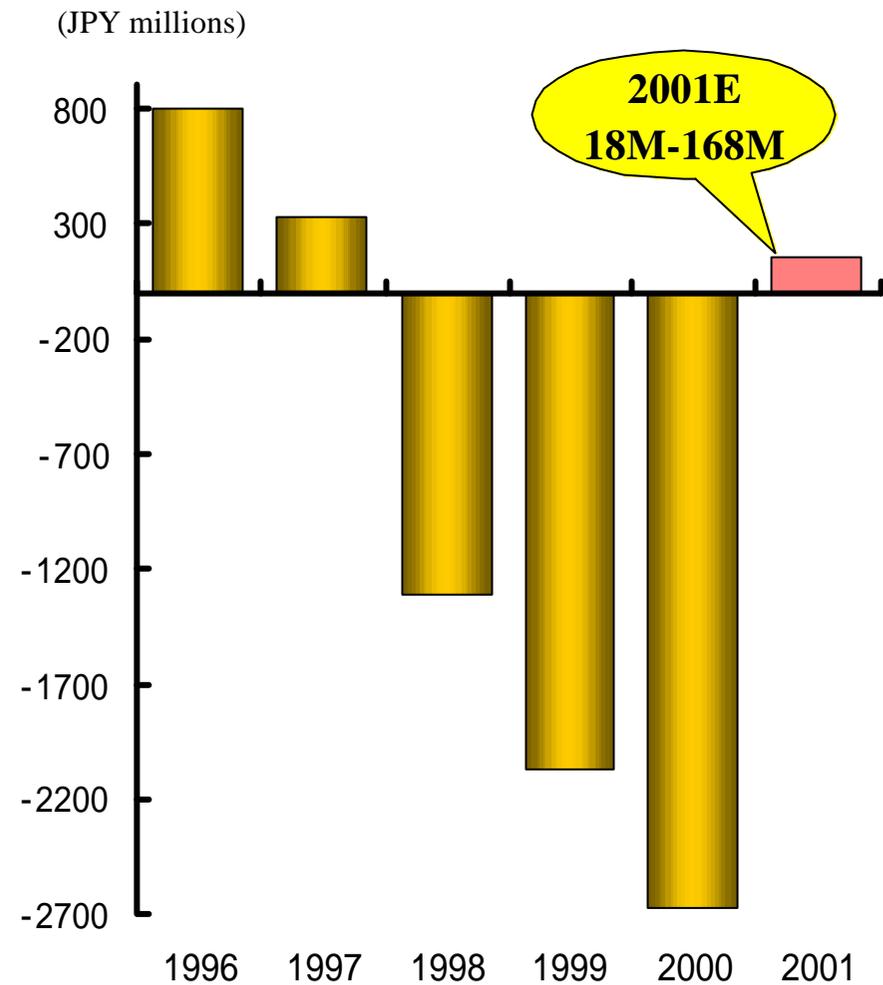


Operating Income/Loss

Quarterly



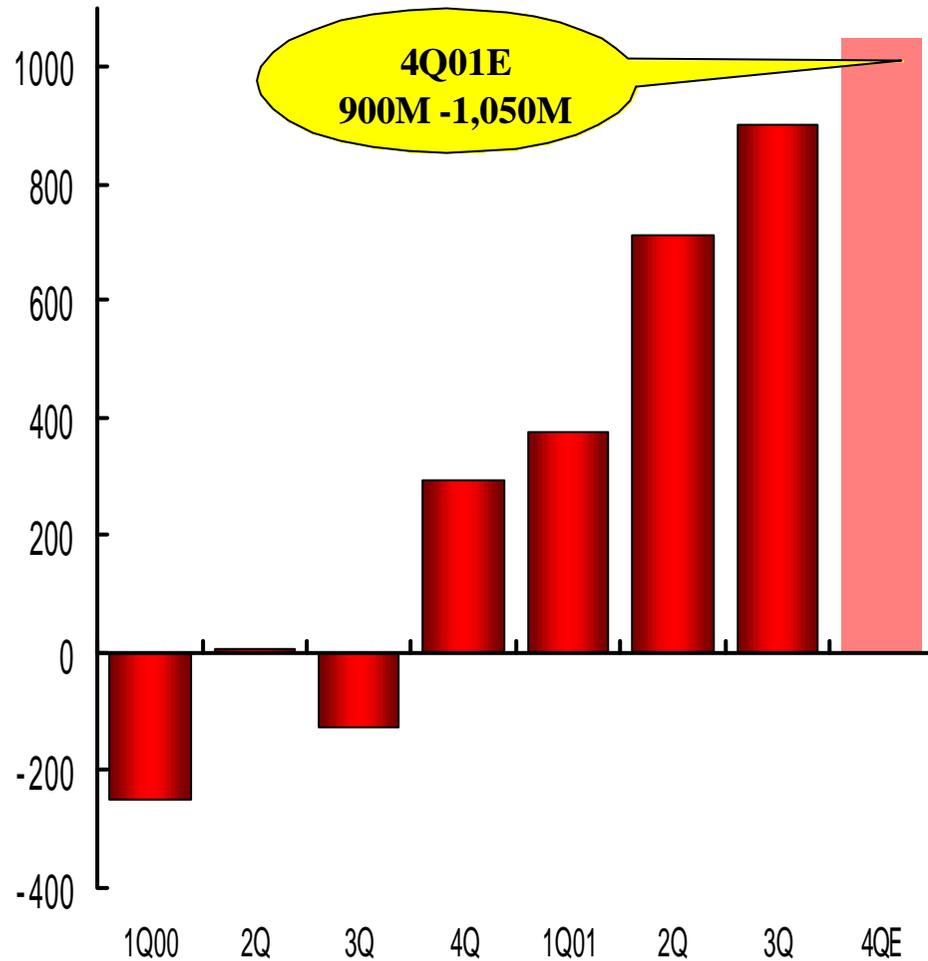
Yearly



EBITDA

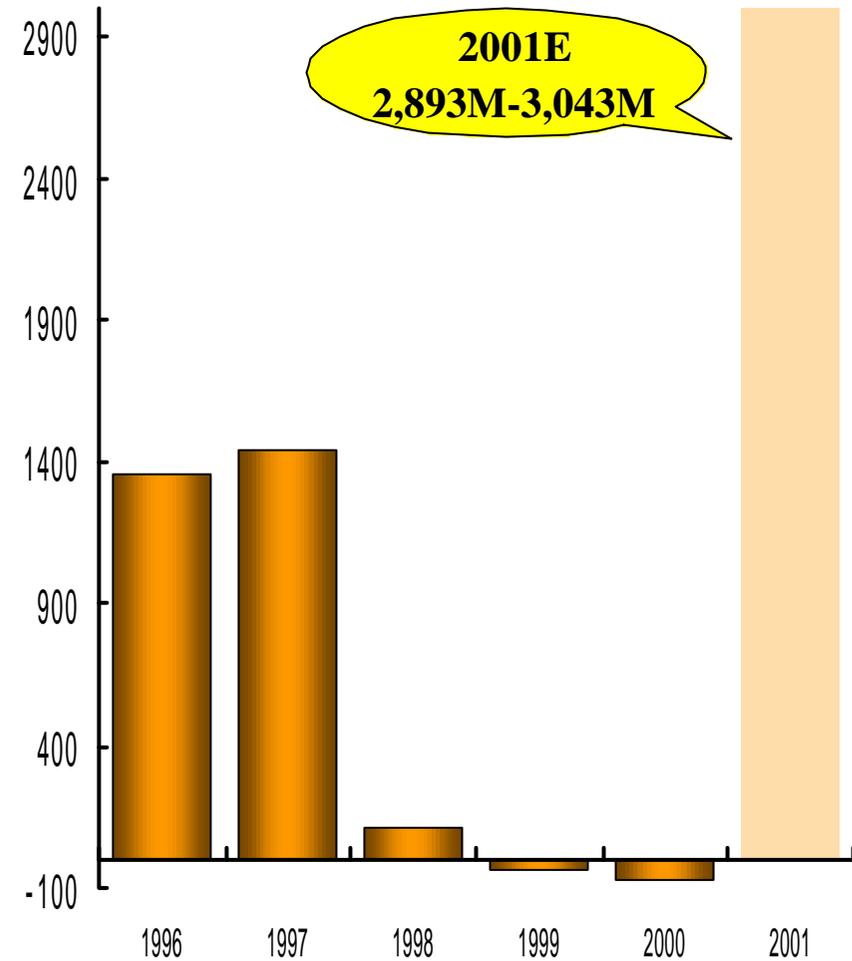
Quarterly

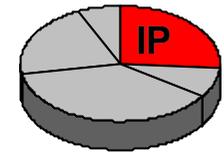
(JPY Millions)



Yearly

(JPY Millions)

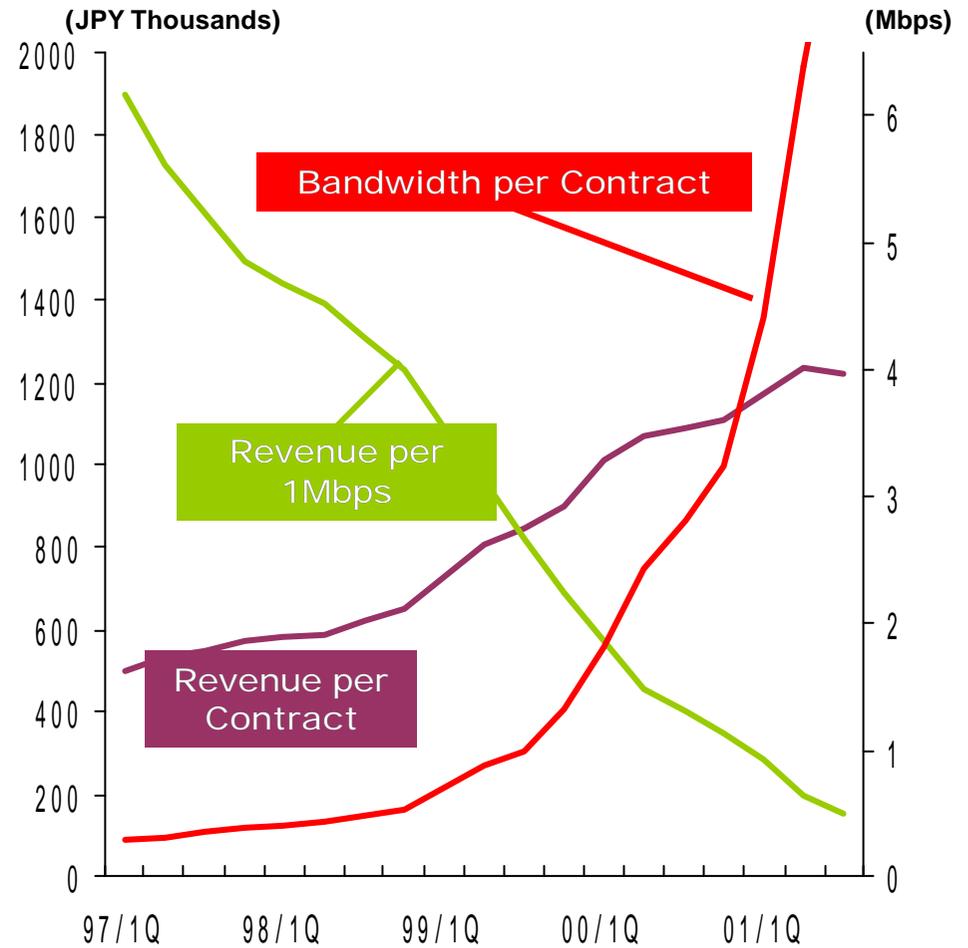
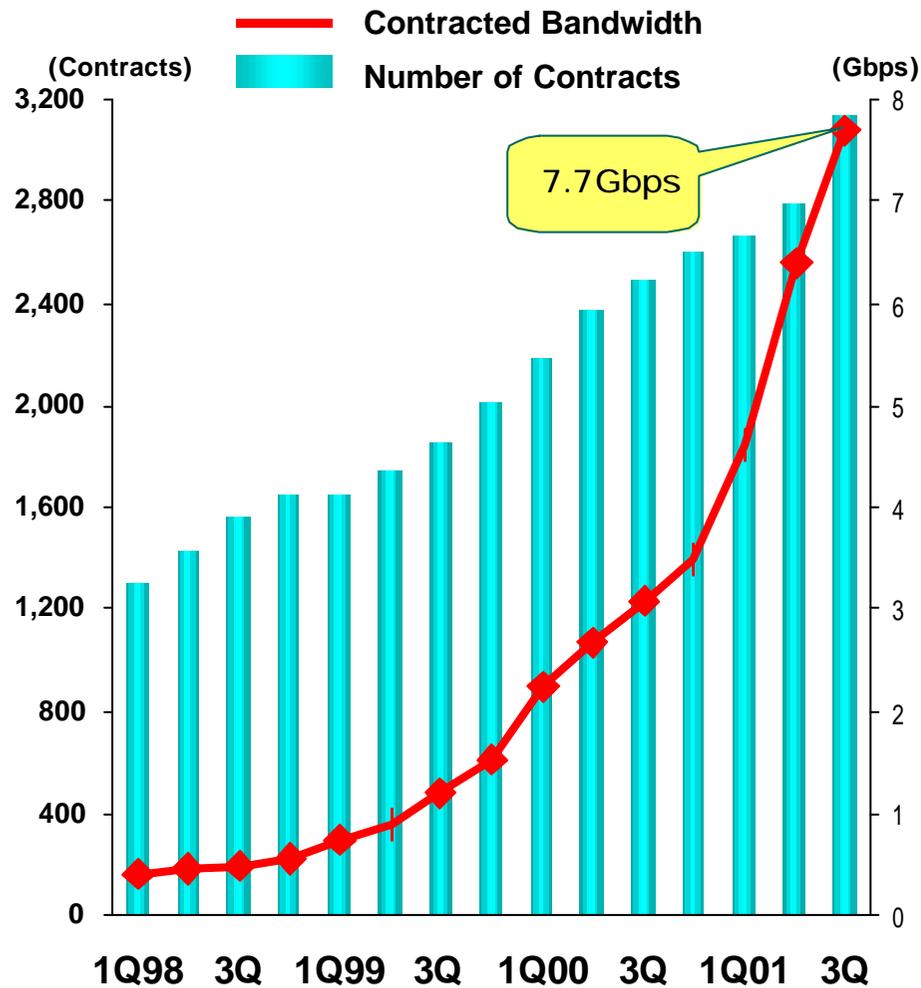




Dedicated Access Service

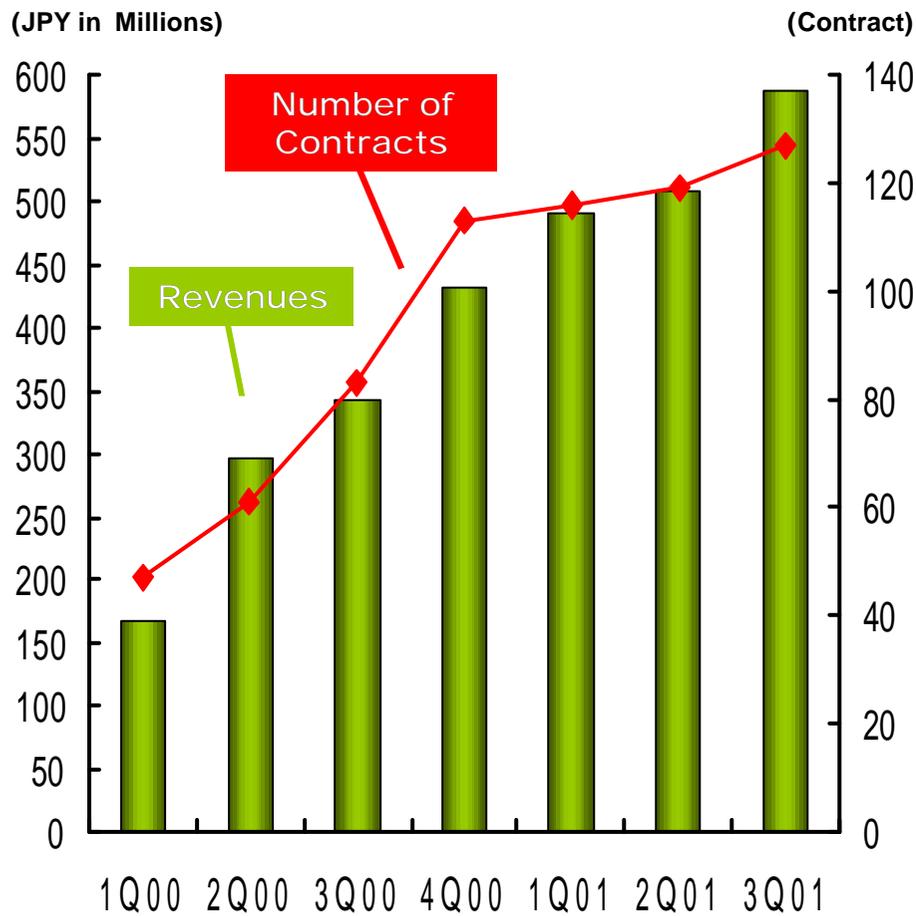
IP Service(*) ARPU

(*) Dedicated Access Service excluding IIJT1Standard/IIJ Economy

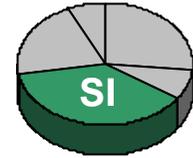




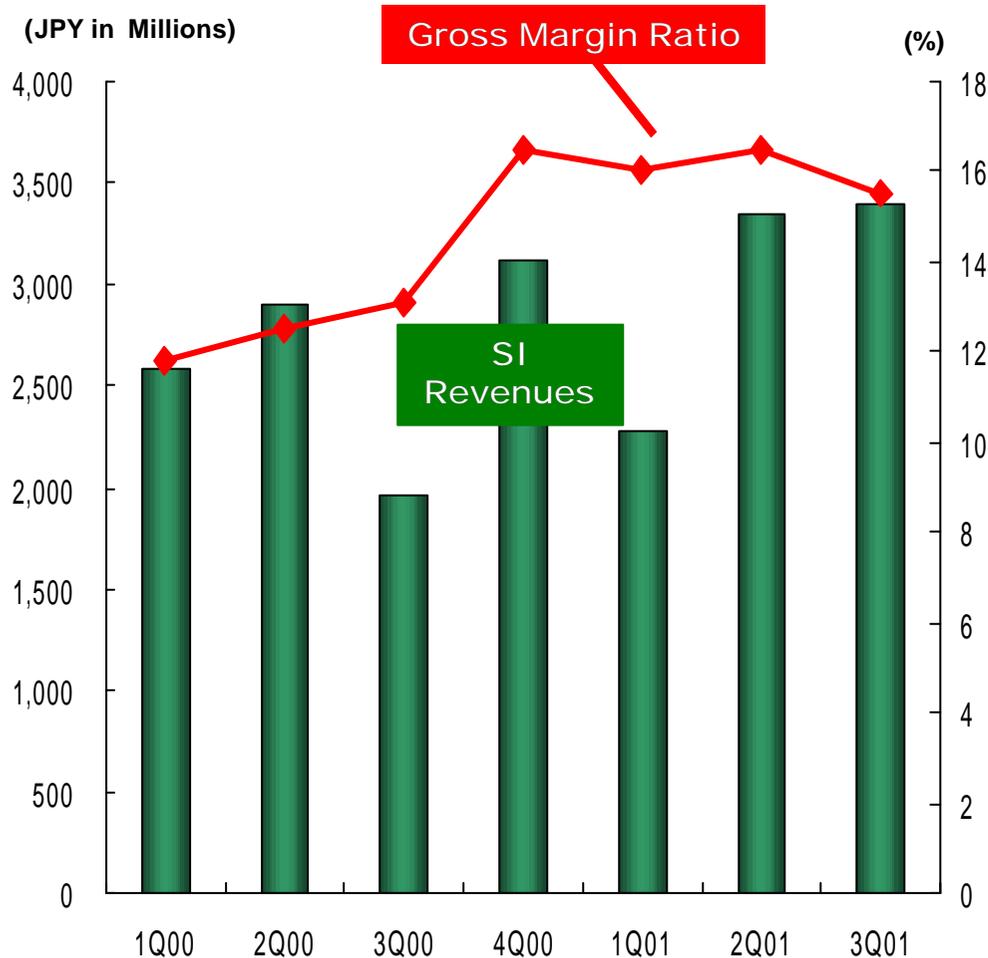
Revenues and Contracts



- **Acquired large IDC contracts**
- **Some migrations from conventional connectivity services to data center connectivity services**
- **Expecting 4Q to further grow**



Revenues and Gross Margin Ratio



- **The highest SI revenues in IIJ history**
- **Acquired large SI projects**
- **Retained the 15% level in gross margin**
- **Expecting 4Q to further grow**

Awarded as the Best Provider 2001 (1)

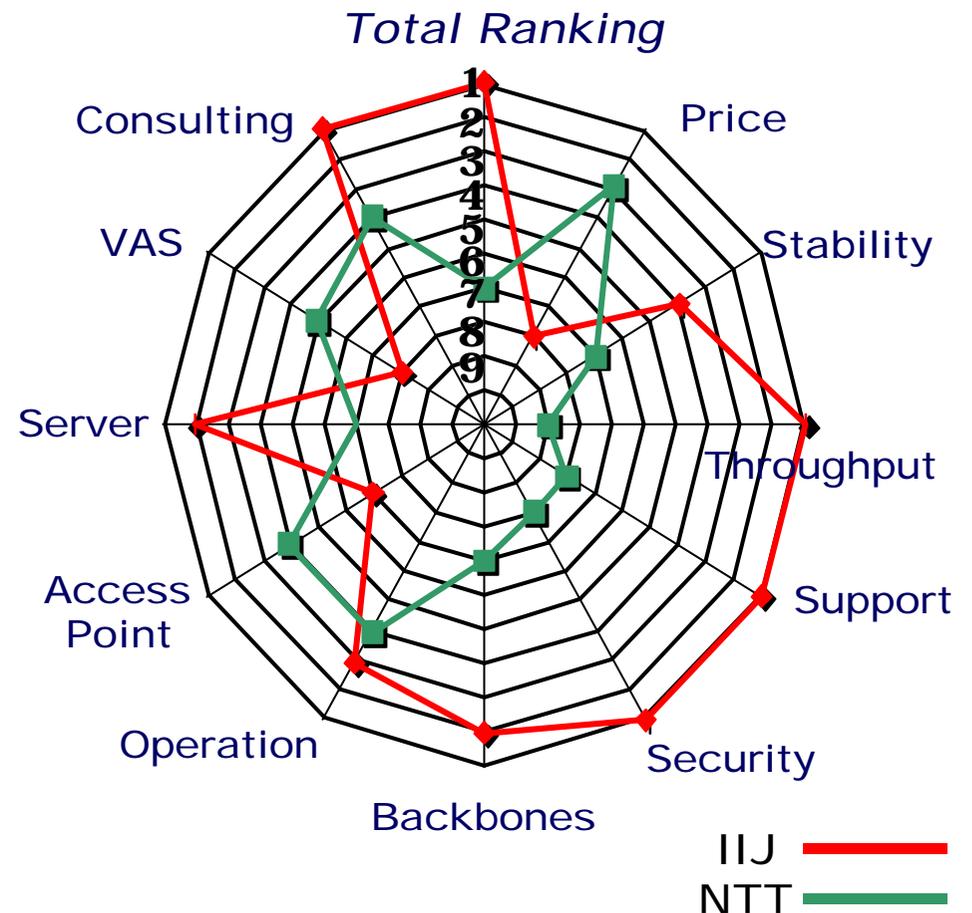
Awarded as the Best Provider 2001

1	IIJ
2	Hitachi (netSpace)
3	NTT PC (InfoSphere)
4	Jens (AT&T WorldNet)
5	Japan Telecom (ODN)
6	NTT Communications (OCN)
7	Fujitsu (FENICS)
8	PSInet
9	KDDI (DION)
10	Nifty (@nifty)
11	NEC (Biglobe)

(Source: Nikkei Communications December 2001)

Dedicated Access Service

(Source: Nikkei Communications December 2001)

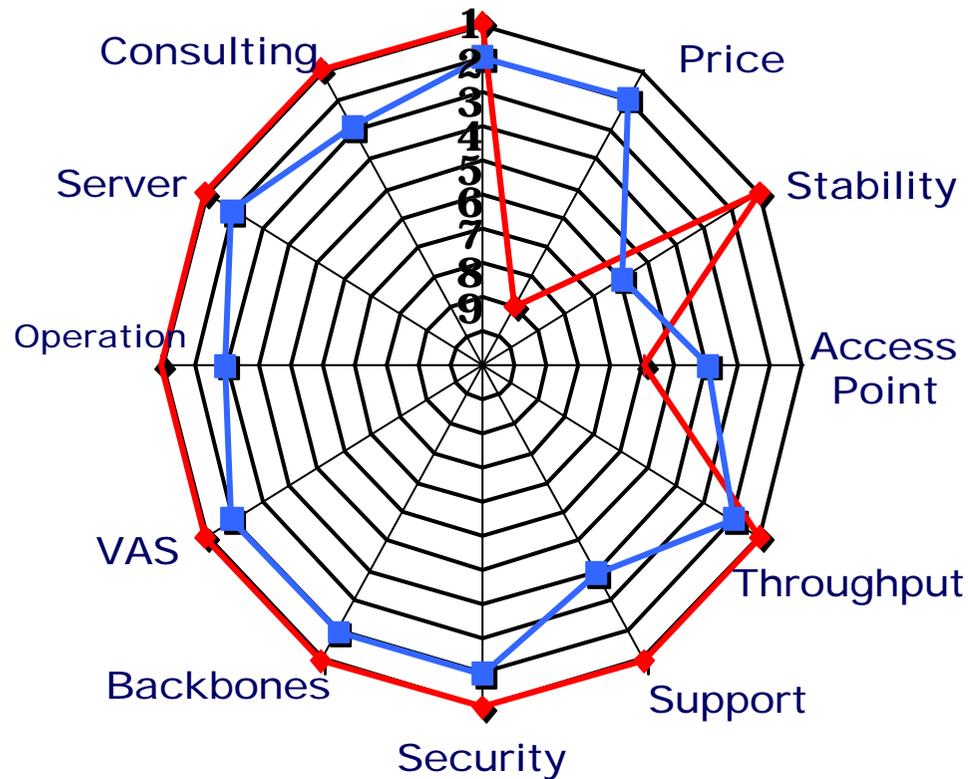


Awarded as the Best Provider 2001 (2)

Dialup Access Service

(Source: Nikkei Communications December 2001)

Total Ranking

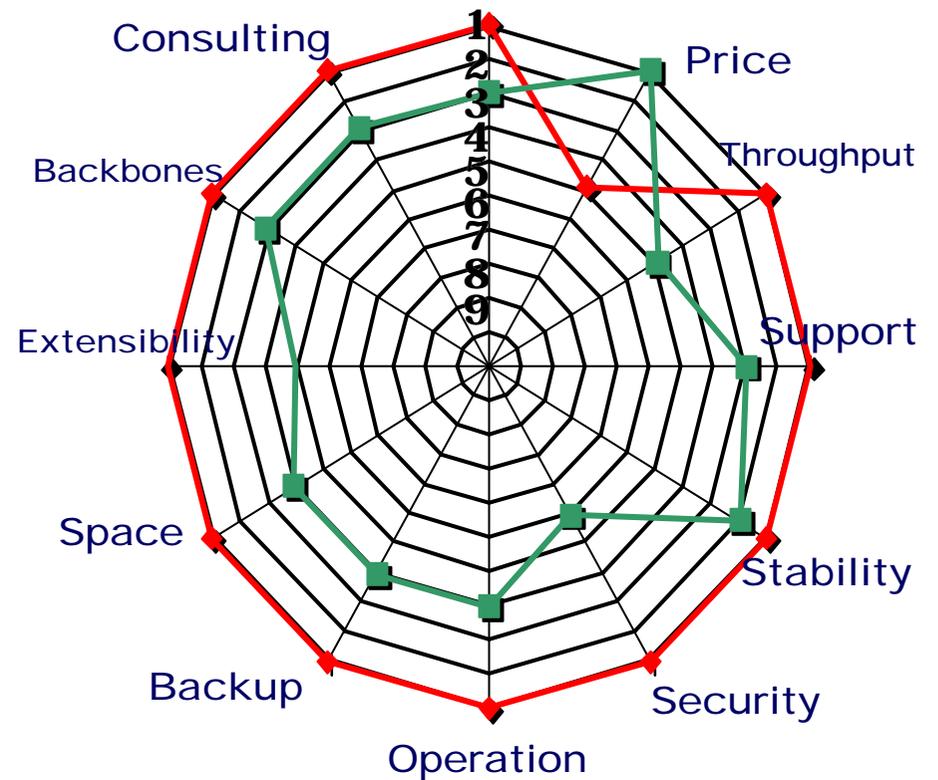


IIJ —
KDDI —

Hosting / Housing Services

(Source: Nikkei Communications December 2001)

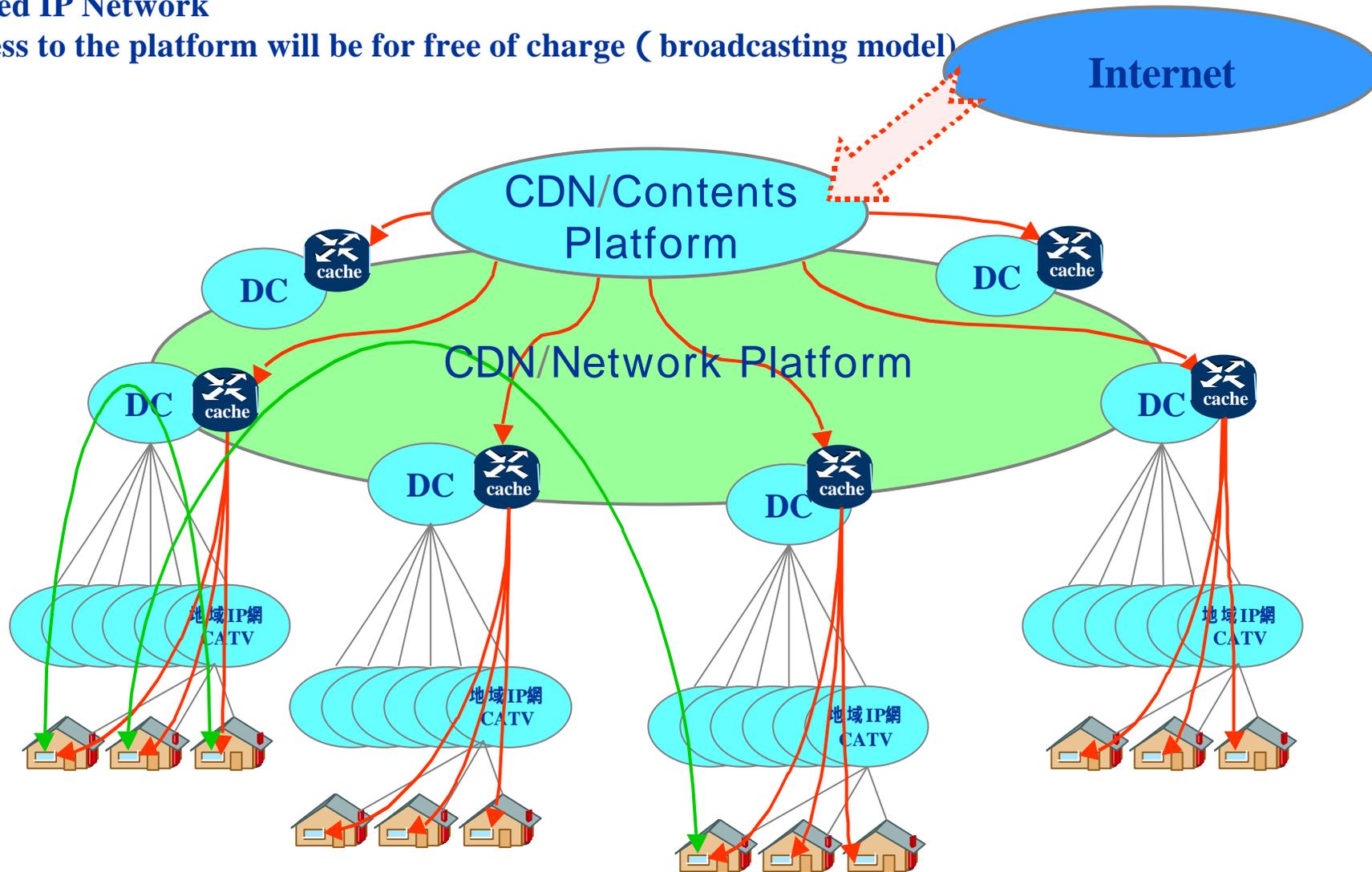
Total Ranking



IIJ —
NTT —

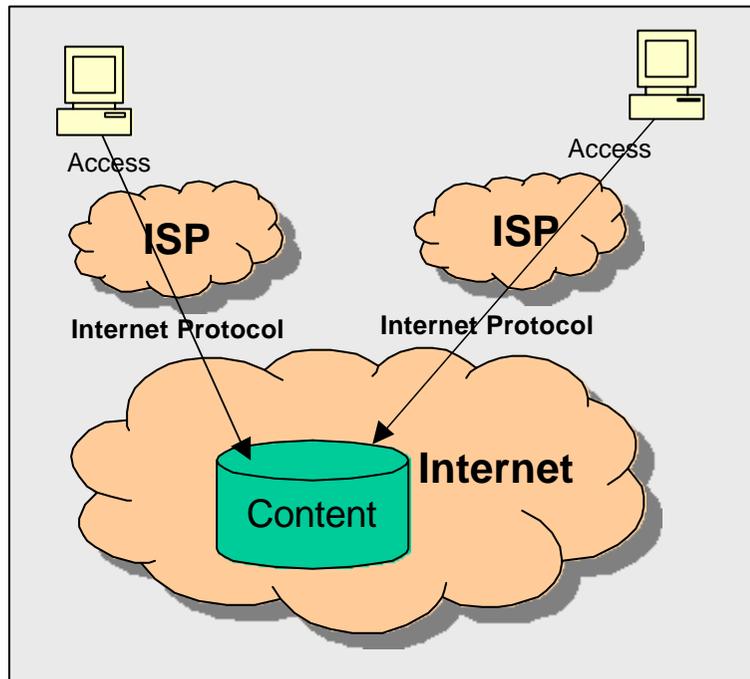
IIJ Content Delivery Network (CDN)

- Closed IP Network
- Access to the platform will be for free of charge (broadcasting model)

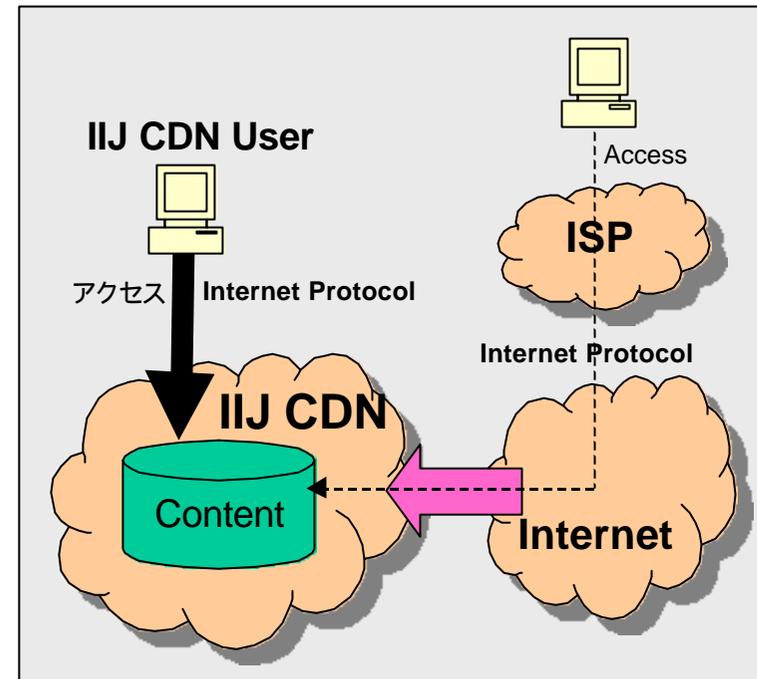


Change on End User Side

Current



IIJ CDN



IIJ CDN Platform

