

**Convocation Notice of the 31st
Ordinary General Meeting of Shareholders
of
Internet Initiative Japan Inc.**

This document is an English translation of the “Convocation notice of the 31st ordinary general meeting of shareholders” (“*Dai san-jyu-ikkai teiji kabunushi sokai shoshu gotsuchi*”) of Internet Initiative Japan Inc. (“IIJ” or “the Company”) to be held on June 28, 2023.

CAUTIONARY NOTES

- Note 1: 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.
- Note 2: In accordance with the applicable laws and regulations of Japan, and the provisions of Article 15 of the Company's Articles of Incorporation, we have not included the Basic Systems and Policies of IIJ, Consolidated Statements of Changes in Shareholders' Equity, Notes to Consolidated Financial Statements, Non-Consolidated Statement of changes in Shareholders' Equity and Notes to Non-Consolidated Financial Statements, which comprise the items provided in electronic format, in the documents provided to shareholders who have made a written request. Therefore, the documents provided to shareholders who have made a written request are part of documents audited by the accounting auditor as well as company auditors when preparing the audit report.
- Note 3: IIJ's consolidated and non-consolidated financial statements audited by the accounting auditor as well as company auditors are included in the attachments to the Notice of Convocation of the 31st Ordinary General Meeting of Shareholders as well as the notes to the consolidated and non-consolidated financial statements, which are posted on the Company's website.
- Note 4: The ADRs (American depositary receipt) holders shall instruct The Bank of New York Mellon Corporation to exercise their voting rights represented by the shares underlying their ADRs but they may only provide their instructions to The Bank of New York Mellon Corporation. Otherwise, they are not entitled to exercise any voting right unless they cancel their ADRs and withdraw the shares of common stock. This means they may not be able to exercise any voting rights for IIJ and attend the ordinary general meeting of shareholders of IIJ.

To our shareholders



A handwritten signature in black ink, appearing to be 'Eijiro Katsu'.

Eijiro Katsu
President & Co-CEO & COO

A handwritten signature in black ink, appearing to be 'Koichi Suzuki'.

Koichi Suzuki
Chairman & Co-CEO

We would like to express our gratitude for your continued support.

With regard to the consolidated fiscal year ended March 31, 2023 (FY2022), while the COVID-19 behavioral restrictions were eased, our revenue growth was further accelerated because, in addition to steady accumulation of network services, our opportunities to propose and acquire large scale projects which require the combination of network services and systems integration increased due to continuous favorable demands by the progress of IT utilization of enterprises and government agencies in Japan. Considering these business progresses, we revised consolidated revenues and operating profit targets (*) for the fiscal year ending March 31, 2024 (FY2023), which is the last fiscal year of our three-year Mid-term Plan, to JPY286.0 billion and JPY31.5 billion, respectively. As for dividend, our annual dividend forecast for FY2022 is JPY29.255 per share, up 21.9% from the previous fiscal year.

The era of "everything is connected to Internet, and everything is built on Internet," which has been foreseen since our inception, appears to be arriving. Our mission is to realize such a network society, and we shall support it with our high-quality and reliable network operations capabilities, which we have cultivated over years. In addition, as a social contribution program to commemorate our 30th anniversary, we launched "IIJ Academy" to respond to society's demand to educate of engineers who will support the network society. We will continuously contribute to the development of Internet technologies in Japan.

We sincerely appreciate your continued understanding and support.

(*) Initial target (announced in May 2021): revenues JPY270.0 billion, operating margin over 9%. Revised in November 2021: revenues JPY270.0 billion, operating margin over 10%. Revised in May 2022: revenues JPY270.0 billion, operating margin 11.5% (Operating profit JPY 31.5 billion)

TRANSLATION

Securities code : 3774

June 9, 2023

(Start date of measures for provision in electronic format: June 2, 2023)

TO OUR SHAREHOLDERS:

Eijiro Katsu
President and Representative Director
Internet Initiative Japan Inc.
2-10-2 Fujimi, Chiyoda-ku, Tokyo, Japan

CONVOCATION NOTICE OF THE 31st ORDINARY GENERAL MEETING OF SHAREHOLDERS

We are pleased to announce the 31st ordinary general meeting of shareholders of Internet Initiative Japan Inc. ("IIJ" or "the Company"), which is to be held as stated below.

When giving notice of the ordinary general meeting of shareholders, information that constitutes the content of reference documents for the ordinary general meeting of shareholders, etc. (items provided in electronic format) is provided in electronic format on the internet via the Company website as "Convocation notice of the 31st ordinary general meeting of shareholders."

<https://www.iij.ad.jp/en/ir/library/meeting/>

In addition to being uploaded to the above-mentioned website, the items provided in electronic format have been made available on the website of the Tokyo Stock Exchange (TSE). Please navigate to the TSE's website below ("Tokyo Stock Exchange Listed Company Search Service"), enter "Internet Initiative Japan Inc." or "3774" in the stock (company) name or code to search, then select "Basic information," followed by "Documents for public inspection/ PR information."

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

In the event you are unable to attend the meeting, after reviewing the referential documents below, you may exercise your voting rights by indicating approval or disapproval on the voting form attached hereto and sending it or via the Internet. Please exercise your voting rights by no later than the end of business hours (5:30 p.m.) on Tuesday, June 27, 2023 (JST).

- Date and Time:** Wednesday, June 28, 2023 10:00 a.m. (JST)
*The reception area opens at 9:00 a.m.
- Venue:** Bellesalle Kudan Event Hall
3rd floor, Sumitomo Fudosan Kudan Bldg.
1-8-10 Kudankita, Chiyoda-ku, Tokyo, Japan
- Agenda of the Meeting:**

Subjects to be Reported:

- Business report, consolidated financial statements and a report on the audit results of consolidated financial statements by the accounting auditors and the board of company auditors for the 31st term (from April 1, 2022 to March 31, 2023)
- Non-consolidated financial statements for the 31st term (from April 1, 2022 to March 31, 2023)

Subjects to be Resolved:

- Item 1: Appropriation of Retained Earnings
- Item 2: Election of Fourteen (14) Directors

Notice to Shareholders:

With regard to the documents attached hereto, if there are any changes to be notified to the shareholders up to the day prior to the ordinary general meeting of shareholders, you may be notified by mail or IJ's web site at <https://www.ij.ad.jp/ir/library/meeting/>. (Japanese only)

Reference Documents for the Ordinary General Meeting of Shareholders

Agenda of the meeting and reference matters:

Item 1

Appropriation of Retained Earnings

IJJ endeavors to return profits to shareholders through the continuous and stable distribution of dividends while giving consideration to the employment of retained earnings for the enhancement of IJJ's financial position, medium and long-term business expansion and business investment, etc.

Based on the policy described above, considering this fiscal year's financial results, IJJ proposes that the year-end dividend be distributed as follows.

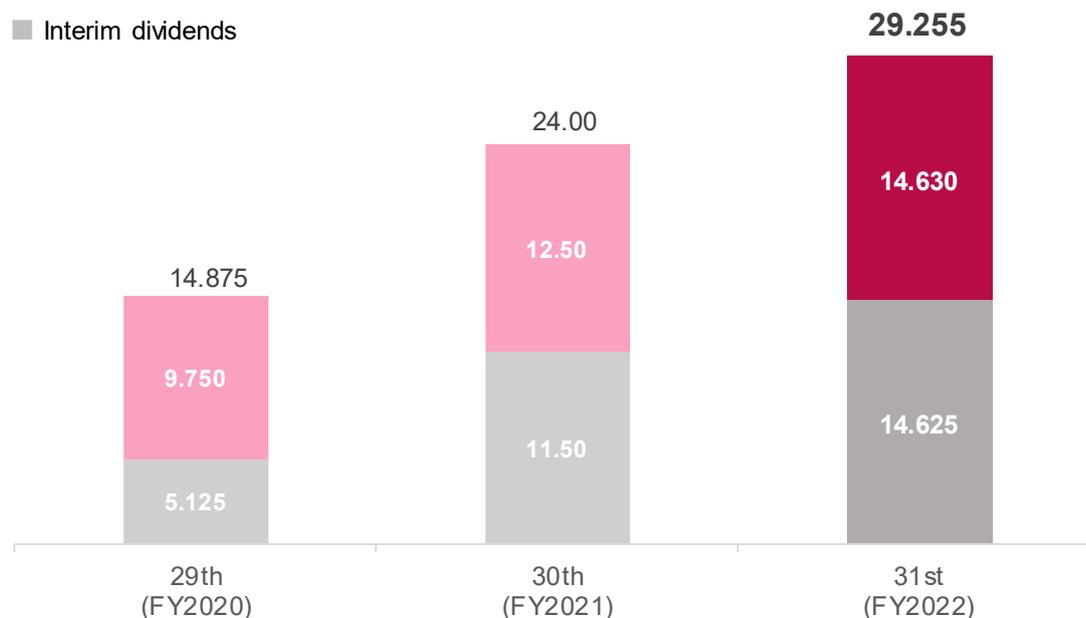
If this Item 1 is approved and resolved as proposed, the annual amount of the dividends for this fiscal year ended March 31, 2023 will be JPY (Japanese yen) 43.88 per share, including the interim dividend paid in the amount of JPY 29.25 per share in December 2022.

1. Type of dividend property
Cash
2. Proposed appropriation of dividend assets to shareholders and total amount of dividend payment
JPY 14.63 per share of common stock of IJJ
Total amount of dividend payment: JPY 2,643,609,809
3. Effective date of dividend payment
June 29, 2023

(Reference) Historical Dividends per Share

(Unit: JPY)

- Year-end dividends
- Interim dividends



* IJJ conducted a two-for-one stock split of its common stock on October 1, 2022. The interim and year-end dividends for the 29th and 30th fiscal years and interim dividends for the 31st fiscal year represent the dividend per share after taking into account the stock split.

Item 2
Election of Fourteen (14) Directors

As the term of office of all of the fourteen (14) incumbent Directors will expire at the conclusion of this Ordinary General Meeting of Shareholders, it is proposed that all fourteen (14) Directors be reappointed. Five (5) of these Directors, i.e., Takashi Tsukamoto, Kazuo Tsukuda, Yoichiro Iwama, Atsushi Okamoto and Kaori Tonosu are candidates for Outside Directors. The candidates for the positions of Directors are as follows:

Candidate number	Name	Gender	Current Positions/Incharge	Board of Directors Attendance (Times)
1	Koichi Suzuki <Reelection>	Male	Chairman of the Board, Representative Director and Co-CEO	12/12
2	Eijiro Katsu <Reelection>	Male	President and Representative Director, and Co-CEO & COO	12/12
3	Satoshi Murabayashi <Reelection>	Male	Executive Vice President	11/12
4	Yasuhiko Taniwaki <Reelection>	Male	Executive Vice President	10/10
5	Koichi Kitamura <Reelection>	Male	Senior Managing Director Unit Director of Business Unit	12/12
6	Akihisa Watai <Reelection>	Male	Senior Managing Director CFO Division Director of Financial Division	12/12
7	Tadashi Kawashima <Reelection>	Male	Managing Director Deputy Unit Director of Business Unit Division Director of Central Nippon Business Division	12/12
8	Junichi Shimagami <Reelection>	Male	Managing Director CTO Unit Director of Technology Unit	12/12
9	Naoshi Yoneyama <Reelection>	Male	Managing Director CIO Division Director of Corporate Planning Division	12/12
10	Takashi Tsukamoto <Reelection> <Outside> <Independent>	Male	Outside Director	11/12
11	Kazuo Tsukuda <Reelection> <Outside> <Independent>	Male	Outside Director	12/12
12	Yoichiro Iwama <Reelection> <Outside> <Independent>	Male	Outside Director	12/12
13	Atsushi Okamoto <Reelection> <Outside> <Independent>	Male	Outside Director	10/10
14	Kaori Tonosu <Reelection> <Outside> <Independent>	Female	Outside Director	10/10

(Reference) Skill matrix

	Independent	Skills						
		Top Management	IT Expertise	Sales	Technology, R&D	Global	Finance and Accounting	Governance
Koichi Suzuki		○	○		○	○		○
Eijiro Katsu		○	○			○		○
Satoshi Murabayashi		○	○		○			○
Yasuhiko Taniwaki			○		○	○		○
Koichi Kitamura			○	○		○		
Akihisa Watai			○			○	○	○
Tadashi Kawashima		○	○	○				
Junichi Shimagami			○		○			
Naoshi Yoneyama			○		○			○
Takashi Tsukamoto	●	○				○	○	○
Kazuo Tsukuda	●	○			○	○		○
Yoichiro Iwama	●	○				○	○	○
Atsushi Okamoto	●	○				○		○
Kaori Tonosu	●		○		○			○

Definitions of skills

Skills	Requirements
Top Management	Management experience as a top management executive
IT Expertise	Business experience in the IT industry
Sales	Management experience in sales division
Technology, R&D	Management experience in technology division, Experience of developing new technologies and services, etc.
Global	Management experience in global businesses, working experience abroad
Finance and Accounting	Expertise and experience in finance and accounting division
Governance	Experience as the head of a corporate division, experience as an independent director, etc.

Candidate
number

1 Koichi Suzuki

(September 3, 1946)

<Reelection>



■ Number of Shares Owned
7,395,222

Career & current positions in and outside IJ

December 1992	Director at the time of the establishment of IJ
April 1994	President, Representative Director and CEO of IJ
June 2013	Chairman of the Board, Representative Director and CEO of IJ
April 2021	Chairman of the Board, Representative Director and Co-CEO of IJ (current position)

■ Important concurrent posts

Chairman of the Board, Representative Director of IJ Engineering Inc.
Chairman of the Board of IJ America Inc.
President and Representative Director of INTERNET MULTIFEED CO.
Representative Director and Chairman of JOCDN Inc.

■ Reasons for selection as candidate

Mr. Koichi Suzuki, a candidate for Director, is presently the Chairman of the Board, Representative Director and Co-CEO of IJ. He uses the abundant experience, leadership skills and profound knowledge of the IT industry that he acquired through his involvement in the management of the Company since its establishment to amply fulfill his duties in terms of determining significant management issues and supervising business execution. IJ proposes to nominate him as a candidate for Director in order to continue to utilize his abundant business experience for the management of IJ.

Candidate
number

2 Eijiro Katsu

(June 19, 1950)

<Reelection>



■ Number of Shares Owned
201,200

Career & current positions in and outside IJ

April 1975	Joined Ministry of Finance ("MOF")
July 2007	Director-General of the Financial Bureau, MOF
July 2008	Deputy Vice Minister, MOF
July 2009	Director-General, Budget Bureau, MOF
July 2010	Vice Minister of Finance
August 2012	Resigned from MOF
November 2012	Joined IJ as Special Advisor
June 2013	President, Representative Director and COO of IJ
April 2021	President, Representative Director and Co-CEO & COO of IJ (current position)

■ Reasons for selection as candidate

Mr. Eijiro Katsu, a candidate for Director, is presently the President, Representative Director and Co-CEO & COO of IJ. He uses the abundant experience that he acquired as a President and Representative Director over many years and the profound knowledge that he acquired as an administrative officer to amply fulfill his duties in terms of determining significant management issues and supervising business execution. IJ proposes to nominate him as a candidate for Director in order to continue to utilize his abundant business experience for the management of IJ.

Candidate number **3**

<Reelection>

Satoshi Murabayashi

(November 8, 1958)



■ Number of Shares Owned
3,802

Career & current positions in and outside IJ

April 1981	Joined The Sanwa Bank, Ltd. (currently MUFG Bank, Ltd.)
June 2007	Executive Officer of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.)
June 2013	Managing Director of the same
May 2015	Senior Managing Director of the same
June 2015	Senior Managing Corporate Executive of Mitsubishi UFJ Financial Group, Inc.
June 2017	President and Representative Director of Mitsubishi UFJ Research and Consulting Co., Ltd.
June 2021	Executive Vice President and Director of IJ (current position)
April 2022	President and Representative Director of DeCurret Holdings Inc. (current position)

■ Important concurrent posts

President and Representative Director of DeCurret Holdings, Inc.

■ Reasons for selection as candidate

Mr. Satoshi Murabayashi, a candidate for Director, has held key positions such as CIO of MUFG Bank, Ltd., and President and Representative Director of Mitsubishi UFJ Research and Consulting Co., Ltd. He uses his extensive knowledge and connections in the systems field to serve as Executive Vice President of IJ, with responsibilities that include business development and sales activities, and as President and Representative Director of DeCurret Holdings, Inc., an important equity-method affiliate of IJ. IJ therefore proposes to continue to nominate him as a candidate for Director.

Candidate number **4**

<Reelection>

Yasuhiko Taniwaki

(September 11, 1960)



■ Number of Shares Owned
200

Career & current positions in and outside IJ

April 1984	Joined the Ministry of Posts and Telecommunications (now, the Ministry of Internal Affairs and Communications ("MIC"))
June 2013	Deputy Director-General for the National Center of Incident Readiness and Strategy for Cybersecurity (NISC) and Councilor for the Cabinet Secretariat
June 2016	Director-General of the Global ICT Strategy Bureau, MIC
July 2017	Director-General for Information Security, MIC
July 2018	Director-General of the Telecommunications Bureau, MIC
December 2019	Vice-Minister for Policy Coordination of Posts and Telecommunications, MIC
March 2021	Resigned from MIC
January 2022	Advisor of IJ
June 2022	Executive Vice President and Director of IJ (current position)

■ Reasons for selection as candidate

Mr. Yasuhiko Taniwaki, a candidate for Director, has held key positions such as Vice-Minister for Policy Coordination of Posts and Telecommunications of the MIC. He uses his extensive knowledge in the telecommunications business and information security field to serve as Executive Vice President of IJ, with responsibilities that include public relations activities and sales activities. IJ therefore proposes to continue to nominate him as a candidate for Director.

Candidate number **5**

<Reelection>

Koichi Kitamura

(May 12, 1954)



■ Number of Shares Owned
8,924

Career & current positions in and outside IIJ

April 1978	Joined Nippon Steel Corporation
June 2004	Director of NS Solutions Corporation
April 2009	Executive Director of the same
April 2012	Managing Executive Director of the same
June 2016	Director & Vice-president Operating Officer of the same
April 2020	Senior Managing Executive Officer and Deputy Unit Director of Business Unit of IIJ
April 2021	Senior Managing Executive Officer and Business Unit Director of IIJ
June 2021	Senior Managing Director and Business Unit Director of IIJ (current position)

■ Reasons for selection as candidate

Mr. Koichi Kitamura, a candidate for Director, has held key positions in businesses in the same industry as IIJ, and is presently Business Unit Director of IIJ. He uses his abundant experience and profound knowledge of sales and systems to amply fulfill his duties in terms of developing sales strategy and supervising its implementation, etc. IIJ therefore proposes to continue to nominate him as a candidate for Director.

Candidate number **6**

<Reelection>

Akihisa Watai

(September 30, 1965)



■ Number of Shares Owned
66,168

Career & current positions in and outside IIJ

April 1989	Joined Sumitomo Bank, Ltd. (currently Sumitomo Mitsui Banking Corporation)
August 1996	Temporarily seconded to IIJ
February 2000	Joined IIJ
June 2004	Director and Chief Financial Officer of IIJ
April 2010	Managing Director and Chief Financial Officer of IIJ
April 2015	Division Director of Financial Division of IIJ (current position)
April 2021	Senior Managing Director and Chief Financial Officer of IIJ (current position)

■ Reasons for selection as candidate

Mr. Akihisa Watai, a candidate for Director, is presently the CFO and Division Director of the Finance Division of IIJ. He has served as a Director of IIJ for many years and is well versed in various management issues. He uses his abundant experience and profound knowledge of finance to amply fulfill his duties in terms of developing and executing financial strategy, and supervising the strengthening of corporate governance, etc. IIJ therefore proposes to continue to nominate him as a candidate for Director.

Candidate number **7**

<Reelection>

Tadashi Kawashima

(February 27, 1963)



■ Number of Shares Owned
21,098

Career & current positions in and outside IIJ

April 1987 Joined Nippon Telegraph and Telephone Corporation
July 1988 Joined NTT DATA Communications Systems Corporation
(currently NTT DATA Corporation)
June 2011 Head of Public Division 2, First Public Administration Systems
Corporate Headquarters of the same
June 2013 Senior Specialist of Public and Financial IT Service Business
Development Division of the same
President and Representative Director of NTT Data Tokai
Corporation
June 2015 Managing Director of IIJ (current position)
April 2016 Deputy Unit Director of Business Unit of IIJ (current position)
April 2021 Division Director of Central Nippon Business Division (current
position)

■ Reasons for selection as candidate

Mr. Tadashi Kawashima, a candidate for Director, is presently the Deputy Unit Director of the Business Unit of IIJ and the Division Director of Central Nippon Business Division. He uses his abundant experience and profound knowledge of sales to amply fulfill his duties in terms of developing sales strategy and supervising its implementation, etc. IIJ therefore proposes to continue to nominate him as a candidate for Director.

Candidate number **8**

<Reelection>

Junichi Shimagami

(April 17, 1967)



■ Number of Shares Owned
50,040

Career & current positions in and outside IIJ

April 1990 Joined Nomura Research Institute, Ltd
September 1996 Joined IIJ
June 2007 Director of IIJ
April 2010 Executive Managing Officer of IIJ
April 2015 Senior Executive Officer, Division Director of Network Division
and CTO of IIJ
June 2015 Director and CTO of IIJ
April 2016 Unit Director of Technology Unit of IIJ (current position)
June 2020 Managing Director and CTO of IIJ (current position)

■ Reasons for selection as candidate

Mr. Junichi Shimagami, a candidate for Director, is presently the CTO and the Unit Director of the Technology Unit of IIJ. He uses his exceptional knowledge and abundant experience in the field of network technology and security to amply fulfill his duties in terms of determining technological strategy and supervising its implementation, etc. IIJ therefore proposes to continue to nominate him as a candidate for Director.

Candidate number **9**

<Reelection>

Naoshi Yoneyama

(November 25, 1965)



■ Number of Shares Owned
89,930

Career & current positions in and outside IJ

April 1990 Joined Sumitomo Bank, Limited (currently Sumitomo Mitsui Banking Corporation)
October 1998 Joined IJ
April 2012 Executive Officer and Division Director of Technology Management Division of IJ
April 2015 Executive Managing Officer, Division Director of Technology Unit, and General Manager of Corporate Planning Department of IJ
April 2018 Senior Executive Officer and Division Director of Corporate Planning Division of IJ
June 2019 Director and Division Director of Corporate Planning Division of IJ
April 2021 Director, CIO and Division Director of Corporate Planning Division of IJ (current position)

■ Reasons for selection as candidate

Mr. Naoshi Yoneyama, a candidate for Director, is presently the Division Director of Corporate Planning Division of IJ, and has previously served as the Division Director of Technology. He uses his abundant experience and profound knowledge of corporate management, including corporate planning, to amply fulfill his duties in terms of developing business strategy and supervising its implementation, etc. IJ therefore proposes to continue to nominate him as a candidate for Director.

Candidate number **10**

<Reelection>
<Outside>
<Independent>

Takashi Tsukamoto

(August 2, 1950)



■ Number of Shares Owned
11,000

Career & current positions in and outside IJ

April 1974 Joined The Dai-Ichi Kangyo Bank, Ltd. (currently Mizuho Bank, Ltd.)
April 2004 Managing Executive Officer (Head of EMEA) of Mizuho Corporate Bank, Ltd.
April 2009 President and CEO of Mizuho Financial Group, Inc.
June 2011 President and CEO of Mizuho Bank, Ltd. Chairman of Mizuho Financial Group, Inc.
July 2013 Chairman of Mizuho Bank, Ltd.
April 2014 Senior Advisor of Mizuho Financial Group, Inc.
April 2017 Honorary Advisor of Mizuho Financial Group, Inc. (current position)
June 2017 Director of IJ (current position)

■ Reasons for selection as candidate for Outside Director and overview of expected role

Mr. Takashi Tsukamoto served as the President and CEO, and Chairman, of Mizuho Bank, Ltd. He also has an extensive knowledge and a high level of understanding in the field of global business, finance and accounting, governance, etc. He has been appointed as an Outside Director of IJ since June 2017, and has provided useful advice and supervision to IJ's management. IJ therefore proposes to continue to nominate him as a candidate for Outside Director.

Candidate number 11

Kazuo Tsukuda

(September 1, 1943)

<Reelection>
<Outside>
<Independent>



■ Number of Shares Owned
1,900

Career & current positions in and outside IJ

April 1968 Joined Mitsubishi Heavy Industries, Ltd
June 1999 Director of the same
April 2002 Managing Director of the same
June 2003 President and Representative Director of the same
April 2008 Chairman of the Board, Representative Director of the same
April 2013 Chief Executive Adviser of the same
June 2019 Special Advisor of the same
June 2020 Director of IJ (current position)
June 2021 Honorary Advisor of Mitsubishi Heavy Industries, Ltd (current position)

■ Reasons for selection as candidate for Outside Director and overview of expected role

Mr. Kazuo Tsukuda served as the President and Representative Director, and Chairman of the Board and Representative Director, of Mitsubishi Heavy Industries, Ltd. He also has an extensive knowledge and a high level of understanding in the field of technology, R&D, global business, governance, etc. He has been appointed as an Outside Director of IJ since June 2020, and has provided useful advice and supervision to IJ's management. IJ therefore proposes to continue to nominate him as a candidate for Outside Director.

Candidate number 12

Yoichiro Iwama

(September 15, 1943)

<Reelection>
<Outside>
<Independent>



■ Number of Shares Owned
1,000

Career & current positions in and outside IJ

April 1967 Joined Tokio Marine and Fire Insurance Co., Ltd (currently Tokio Marine and Nichido Fire Insurance Co., Ltd.)
June 1996 Director of the same
April 2005 Senior Managing Director of the same
June 2005 President and Representative Director of Tokio Marine Asset Management Co., Ltd.
June 2010 Chairman of Japan Securities Investment Advisers Association (currently Japan Investment Advisers Association)
May 2018 Outside Director and Chairman of the Board of Nikko Asset Management Co., Ltd. (current position)
June 2021 Director of IJ (current position)

■ Important concurrent posts

Outside Director and Chairman of the Board of Nikko Asset Management Co., Ltd.

■ Reasons for selection as candidate for Outside Director and overview of expected role

Mr. Yoichiro Iwama served as the President and Representative Director of Tokio Marine Asset Management Co., Ltd., and a member of the follow-up meetings of the Stewardship Code, the Corporate Governance Code, etc. He also has an extensive knowledge and a high level of understanding in the field of global business, finance and accounting, governance, etc. He has been appointed as an Outside Director of IJ since June 2021, and has provided useful advice and supervision to IJ's management. IJ therefore proposes to continue to nominate him as a candidate for Outside Director.

Candidate number **13**

<Reelection>
<Outside>
<Independent>

Atsushi Okamoto

(March 26, 1954)



■ Number of Shares Owned
400

Career & current positions in and outside IJJ

April 1977	Joined Iwanami Shoten, Publishers
April 2008	Division Manager of Production Department of the same
June 2010	Director of the same
June 2013	President and CEO of the same
June 2022	Director of IJJ (current position)

■Reasons for selection as candidate for Outside Director and overview of expected role

Mr. Atsushi Okamoto served as the President and CEO, etc. of Iwanami Shoten, Publishers. He also has an extensive knowledge and a high level of understanding in the field of global business, governance, etc. He has been appointed as an Outside Director of IJJ since June 2022, and has provided useful advice and supervision to IJJ's management. IJJ therefore proposes to continue to nominate him as a candidate for Outside Director.

Candidate number **14**

<Reelection>
<Outside>
<Independent>

Kaori Tonosu

(December 24, 1961)



■ Number of Shares Owned
0

Career & current positions in and outside IJJ

April 1985	Joined the Fuji Bank, Limited (currently Mizuho Bank, Ltd.)
June 2001	Joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)
June 2006	Partner of the same
November 2015	Board member of Deloitte Tohmatsu LLC
June 2018	Board member of Deloitte Touche Tohmatsu LLC
June 2022	Director of IJJ (current position)

■Reasons for selection as candidate for Outside Director and overview of expected role

Ms. Kaori Tonosu served as a board member of Deloitte Touche Tohmatsu LLC. She also has an extensive knowledge and a high level of understanding in the field of IT business, governance, etc. She has been appointed as an Outside Director of IJJ since June 2022, and has provided useful advice and supervision to IJJ's management. IJJ therefore proposes to continue to nominate her as a candidate for Outside Director.

(Notes)

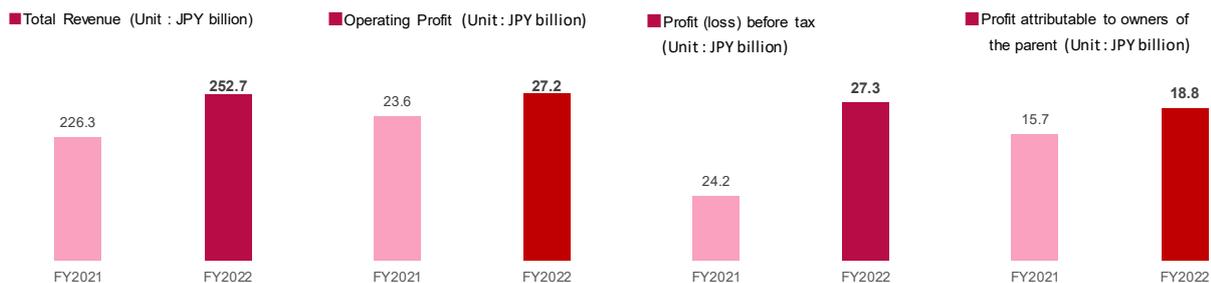
- (1) There is no special interest between the candidates and IJJ.
- (2) IJJ, pursuant to the Articles of Incorporation of IJJ, entered into a Liability Limitation Agreement (Article 427, Paragraph 1 of the Companies Act) with Mr. Takashi Tsukamoto, Mr. Kazuo Tsukuda, Mr. Yoichiro Iwama, Mr. Atsushi Okamoto and Ms. Kaori Tonosu which limits the liability provided for in Article 423, Paragraph 1 of the Companies Act to the higher of either 10 million yen or the amount prescribed in Article 427, Paragraph 1 of the Companies Act, provided that they are bona fide and without gross negligence in performing their duties. As the said Liability Limitation Agreement will terminate upon the expiration of their current term of office as Outside Directors, a new Liability Limitation Agreement providing the same is scheduled to be entered into after their assumption of the office of Outside Directors.
- (3) IJJ has filed with the Tokyo Stock Exchange with regard to the appointments of Mr. Takashi Tsukamoto, Mr. Kazuo Tsukuda, Mr. Yoichiro Iwama, Mr. Atsushi Okamoto and Ms. Kaori Tonosu as Independent Directors, whose appointments are required to be secured by the Tokyo Stock Exchange. If they are reappointed as our Directors, we will continue to appoint them as Independent Directors. Mr. Takashi Tsukamoto was previously an executive officer of Mizuho Bank, Ltd., one of our lenders, and its parent company, Mizuho Financial Group, Inc. More than nine years have passed since he left such executive officer positions in 2014, and he currently serves as an Honorary Advisor to Mizuho Financial Group, Inc. and is not involved in the execution of its business. Based on these facts, the guidelines of the Tokyo Stock Exchange and the Standards on the Independence of Outside Directors and Outside Company Auditors of IJJ, IJJ has determined that he is independent and a notification of his status as an Independent Director has been submitted to and received by the Tokyo Stock Exchange.
- (4) The candidates are currently Directors of IJJ, and IJJ has entered into an agreement regarding directors and officers liability insurance (the "D&O Insurance") with an insurance company, where these candidates are included as insured persons. The D&O Insurance provides that, in the event that a claim for damages is made against the insured persons due to acts performed by the insured persons based on their positions as officers, etc. of IJJ, the D&O Insurance will compensate for losses incurred by the insured persons, such as compensation payments and litigation expenses. However, IJJ has taken measures to ensure that the appropriateness of the performance of duties by the insured persons is not impaired by having provisions for certain exclusions of liability, such as the non-payment of compensation for losses caused by acts performed by insured persons while they were aware of violations of laws or regulations, etc., and by setting an upper limit on the amount of compensation. In addition, IJJ bears 90% of the total amount of insurance premiums and the insured persons bear the balance, where each person bears up to a maximum of 1.3% depending on his or her position. If this Item 3 is approved and resolved as proposed, all the candidates, , will be included as insured persons under the D&O Insurance. The contractual term of the D&O Insurance will expire during the term of office of each candidate, and IJJ plans to renew the D&O Insurance under the same terms.
- (5) The candidates for Directors who concurrently serve as Outside Directors and Company Auditors of other companies (excluding subsidiaries and affiliates of IJJ) are as follows:

Mr. Eijiro Katsu	Outside Director of Nippon Television Holdings Inc., Nippon Television Network Corporation and ANA HOLDINGS INC.
Mr. Takashi Tsukamoto	Outside Director of Asahi Mutual Life Insurance Company, AEON Co., Ltd., and Furukawa Electric Co., Ltd.
Mr. Kazuo Tsukuda	Outside Director of Yamaguchi Financial Group, Inc. (scheduled to retire in June 2023) and Fanuc Corporation(scheduled to retire in June 2023)
Mr. Yoichiro Iwama	Outside Director of Nikko Asset Management Co., Ltd.
Mr. Atsushi Okamoto	Outside Director of NetAdvance Inc.
Ms. Kaori Tonosu	Outside Director of Japan Post Insurance Co., Ltd.

END

Business Report for the 31st Fiscal Year

Consolidated Financial Results



1. Matters regarding the current status of the IJ Group

(1) Progress and Results of the Business (International Financial Reporting Standards)

The Japanese economy gradually recovered during the fiscal year ended March 31, 2023 ("FY2022"). With regard to future prospects, while the economic recovery is expected to continue supported by the effect of various policies, we must pay close attention to the impacts of the inflation, restrictions on supply chain, fluctuations in interest rates and foreign exchange by global monetary tightening and others.

Under such an economic trend, in the ICT (*1) related market where we belong to, we expect demands for adopting safe and secure network systems from enterprises to steadily increase as we have seen the continuous growth of Internet traffic (*2) supported by the increased IT service adoption among private and public sectors in Japan, the growing importance of security-related services as countermeasures against threats on Internet, the widespread of cloud computing (*3) related services, and the progress of practical application of IoT (*4) that comprehensively uses these services.

With regard to our business overview for FY2022, demands for IT utilization stably increased even after the COVID-19 pandemic was eased. In addition, our proposal opportunities for large scale projects which require a combination of network services and system integration such as internal and external network renewals increased. As a result, revenues increased stronger than our expectation, and orders received and orders backlog for systems integration also increased steadily. In network services, monthly recurring revenues for network services for enterprises which exclude mobile-related services(*5) steadily increased by 10.5% Year over Year(YoY). The breakdown was as follows. IP(*6) service revenues and total contracted bandwidth increased mainly due to an increase in contracted bandwidth of the existing customers along with increasing IT utilization and acquisition of new projects. Outsourcing service revenues increased by 15.5% YoY which was led by an increase in demands for security related services as countermeasures against threat of cyber attacks. As for WAN(*7) services, network projects such as internal network projects, which connect many locations, increased steadily. In mobile-related services, as for mobile services for enterprises, revenues and subscriptions increased due to continuous demands for new projects and increasing subscriptions of existing projects. As for mobile services for consumers, the revenues increased by a large increase in the subscription of IJmio Mobile service which absorbed a decrease in revenues due to a decline in average revenue per user along with continued migration of old plan's customers to our plan "GigaPlans(*8)," which was launched at the beginning of the fiscal year ended March 31, 2022 ("FY2021"). In systems integration (SI), systems construction revenues increased by 21.4% YoY mainly due to strong demands for network constructions, and orders received and order backlog increased by 14.6% and 10.8% YoY, respectively. Systems operation and maintenance revenues increased by 13.4% YoY mainly due to a continuous increase in revenues followed by the completion of SI construction which were added cloud computing related services revenue backed by growing demands for multi-cloud(*9), and orders received and order backlog increased by 22.0% and 14.3% YoY, respectively. Overseas business revenues, which were included in network service and system integration revenues, increased by 43.2% mainly due to the acquisitions of several global SASE(*10) projects and an increase in revenues of PTC SYSTEM (S) PTE LTD which was a system integrator in Singapore and became our wholly-owned subsidiary at the beginning of FY2021. In addition, we have recently acquired a data center project in overseas whose revenue is about JPY3 billion. As for service developments, in addition to the enhancement of existing services by continued functional expansions, we developed new services such as "IJ Private Backbone Service/Smart HUB" which is a connectivity service between on-premise(*11) and cloud, "IJ Secure Access Service," an in-house developed SASE service, "IJ Cloud Data Platform Service" which enables data integration between on-premise and cloud, and "IJ Mobile Service/type D for IJmio Biz," an inexpensive and simple mobile service for enterprise. As for capital expenditure, we have been responding to strong demands for our services by continuously expanding Internet backbone and own data centers capacity. As for human resources, the number of consolidated employees at the end of FY2022 increased by 304 from the end of FY2021 to 4,451 due to the hiring of 178 new graduates and mid-careers. In addition, the number of new graduates hired in April 2023 increased to 246 to aim for further business growth. As for sustainability initiatives, we disclosed information based on the TCFD Recommendations and started on-site solar power generations at our own data centers to reduce greenhouse gas emissions.

Consolidated financial results for FY2022 were as follows. Total revenues were JPY 252,708 million (JPY226,335 million for FY2021), up 11.7% YoY. Total cost of sales was JPY194,800 million (JPY174,707 million for FY2021), up 11.5% YoY and gross profit was JPY57,908 million (JPY51,628 million for FY2021), up 12.2% YoY. The breakdown by services was as follows. Network service revenues were JPY138,922 million (JPY128,213 million for FY2021), up 8.4% YoY and gross profit for network services was JPY38,146 million (JPY35,618 million for FY2021), up 7.1% YoY. As for the cost of Network services, there was onetime cost reimbursement, which was related to a mobile unit charge(*12) by NTT DOCOMO, INC., of over JPY0.5 billion in 3Q22 (a similar impact of approximately JPY1.08 billion in 3Q21) as FY2021 mobile unit charge was fixed based on its actual results for the corresponding period. SI revenues, including equipment sales, were JPY110,944 million (JPY95,338 million for FY2021), up 16.4% YoY and gross profit for SI was JPY18,553 million (JPY14,942 million for FY2021), up 24.2% YoY. ATM operation business revenues were JPY2,842 million (JPY2,784 million for FY2021), up 2.1% YoY and gross profit for ATM operation business was JPY1,209 million (JPY1,068 million for FY2021), up 13.2% YoY. Net amount of selling, general and administrative expenses, other operating income and other operating expenses were JPY30,687 million (JPY28,081 million for FY2021), up 9.3% YoY. Operating profit was JPY27,221 million (JPY23,547 million for FY2021), up 15.6% YoY. Profit before tax was JPY27,309 million (JPY24,162 million for FY2021), up 13.0% YoY. There were gains on financial instruments, related to funds, of JPY303 million (JPY3,055 million for FY2021), foreign exchange gain of JPY365 million (JPY327 million for FY2021), finance expense including interest expenses of JPY552 million (JPY556 million for FY2021) and share of loss of investments accounted for using equity method of JPY204 million (loss of JPY2,335 million for FY2021). Profit attributable to owners of the parent for FY2022 was JPY18,838 million (JPY15,672 million for FY2021), up 20.2% YoY.

As for the numbered words, such as ICT (*1), please refer to the Glossary at page 37 in this document.

Network services

Network services revenue was JPY138,922 million, up 8.4% YoY (JPY128,213 million for FY2021).

Revenues for Internet connectivity services for enterprise were JPY40,253 million, up 6.2% YoY from JPY37,911 million for FY2021, mainly due to an increase in revenues of IP services, enterprise mobile services and broadband services, which absorbed a decrease in IJ Mobile MVNO Platform service (MVNE) revenue (*13) in the response to the reduction in procurement cost. Revenues for Internet connectivity services for consumers were JPY24,235 million, up 3.7% YoY from JPY23,376 million for FY2021, mainly due to an increase in revenue of IJmio Mobile services led by an increase in subscription, which absorbed a decrease in revenue resulted from a decrease in average revenue per user along with continued migration of old plan's customers to "GigaPlans" launched at the beginning of the previous fiscal year, and an increase in optical fiber internet access service for consumers in others. Revenues for Outsourcing services were JPY46,808 million, up 15.5% YoY from JPY40,523 million for FY2021, mainly due to an increase in security-related services revenues. Revenues for WAN services were JPY27,626 million, up 4.6% YoY from JPY26,403 million for FY2021.

Cost of network services revenue was JPY100,776 million, up 8.8% YoY (JPY92,595 million for FY2021). There were an increase in purchasing cost of mobile devices and one-time cost reimbursement, which was related to a mobile unit charge by NTT DOCOMO, INC., of over JPY0.5 billion in 3Q22 (a similar impact of approximately JPY1.08 billion in 3Q21) as FY2021 mobile unit charge was fixed based on its actual results for the corresponding period. Gross profit was JPY38,146 million, up 7.1% YoY (JPY35,618 million for FY2021), and gross profit ratio was 27.5% (27.8% for FY2021).

Systems integration

SI revenues, including equipment sales, JPY110,944 million, up 16.4% YoY (JPY95,338 million for FY2021).

Systems construction and equipment sales, a one-time revenue, was JPY42,945 million, up 21.4% YoY (JPY35,376 million for FY2021). Systems operation and maintenance revenue, a recurring revenue, was JPY67,999 million, up 13.4% YoY (JPY59,962 million for FY2021), mainly due to continued accumulation of systems operation orders as well as an increase in cloud-related services' revenues.

Cost of SI revenues, including equipment sales was JPY92,391 million, up 14.9% YoY (JPY80,396 million for FY2021), mainly due to increases in purchasing costs and multi-cloud related services' license fees along with an increase in revenues. Gross profit was JPY18,553 million, up 24.2% YoY (JPY14,942 million for FY2021) and gross profit ratio was 16.7% (15.7% for FY2021).

Orders received for SI, including equipment sales, totaled JPY120,910 million, up 19.2% YoY (JPY101,476 million for FY2021); orders received for systems construction and equipment sales were JPY44,293 million, up 14.6% YoY (JPY38,660 million for FY2021), and orders received for systems operation and maintenance were JPY76,617 million, up 22.0% YoY (JPY62,816 million for FY2021).

Order backlog for SI, including equipment sales, as of March 31, 2023 amounted to JPY82,757 million, up 13.7% YoY (JPY72,791 million as of March 31, 2022); order backlog for systems construction and equipment sales was JPY13,799 million, up 10.8% YoY (JPY12,451 million as of March 31, 2022) and order backlog for systems operation and maintenance was JPY68,958 million, up 14.3% YoY (JPY60,340 million as of March 31, 2022).

ATM operation business

ATM operation business revenues were JPY2,842 million, up 2.1% YoY (JPY2,784 million for FY2021).

Cost of ATM operation business revenues was JPY1,633 million, down 4.8% YoY (JPY1,716 million for FY2021). Gross profit was JPY1,209 million, up 13.2% YoY (JPY1,068 million for FY2021), and gross profit ratio was 42.5% (38.3% for FY2021).

Business segments

In business segments results, revenues for network services and systems integration business segment were JPY249,970 million, up 11.8% YoY (JPY223,678 million for FY2021) and operating profit was JPY26,322 million, up 15.5% YoY (JPY22,799 million for FY2021). As for ATM operation business, revenues were JPY2,842 million, up 2.1% YoY (JPY2,784 million for FY2021) and operating profit was JPY919 million, up 1.0% YoY (JPY834 million for FY2021).

As for the numbered words, such as IJ Mobile MVNO Platform service (MVNE) revenue (*13), please refer to the Glossary at page 37 in this document.

(2) Capital expenditures

Capital expenditures (including capital leases) for FY2022 were JPY20,825 million (JPY16,130 million for FY2021). There were purchases for equipment and investment in system development for network service-related and cloud computing service-related, and investment in Shiroy data center facilities.

(3) Financing

There is nothing to report on this subject.

(4) Transfers of business, split-offs or spin-offs

There is nothing to report on this subject.

(5) Acquisition of business from other companies

There is nothing to report on this subject.

(6) Succession to the rights and responsibilities of other companies through mergers and acquisitions

There is nothing to report on this subject.

(7) Acquisition or disposal of shares or other equities or warrants of other companies

There is nothing to report on this subject.

(8) Business philosophy, FY2023 Financial Targets and Mid-term Plan(FY2021-FY2023), Sustainability and issues that the Group faces

(i) Business philosophy

IIJ Group's business philosophy (raison d'etre or purpose) is as follows.

As the company name "Internet Initiative Japan Inc." suggests, we are committed to the ongoing pursuit of initiatives in the field of Internet technology, which is one of those technological innovations that might occur once in a century, and contributing to the development of the networked society by providing groundbreaking services and platforms that propose new uses for the network.

- To develop network infrastructure through technological innovation
We are committed to the ongoing pursuit of initiatives in the field of Internet technology to open up the future of the digital society through new value created by ever faster networks and computing.
- To provide solutions (IT services) that supports a networked society
We continuously develop and introduce highly reliable and value-added IT services that anticipate changes taking place around the world, to support the use of networks by society and individuals.
- To provide meaningful opportunities for growth to our employees (a place where human resources with diversified talents and values can play an active role)
We aim to offer meaningful working opportunities for growth through business, in which our staff can take a proactive approach to technical innovation and social contribution, and actively demonstrate their abilities with pride and a sense of satisfaction. We aspire to be a company where employees are never satisfied with the status quo, and are always thinking about the future world, contributing to social development, and achieving personal growth through work that has value for society.

(ii) FY2023 Financial Targets and Mid-term Plan(FY2021-FY2023)

Total Revenue

JPY **286.0** billion (YoY +13.2%)

Operating Profit

JPY **31.5** billion (YoY +15.7%)

Dividend per share

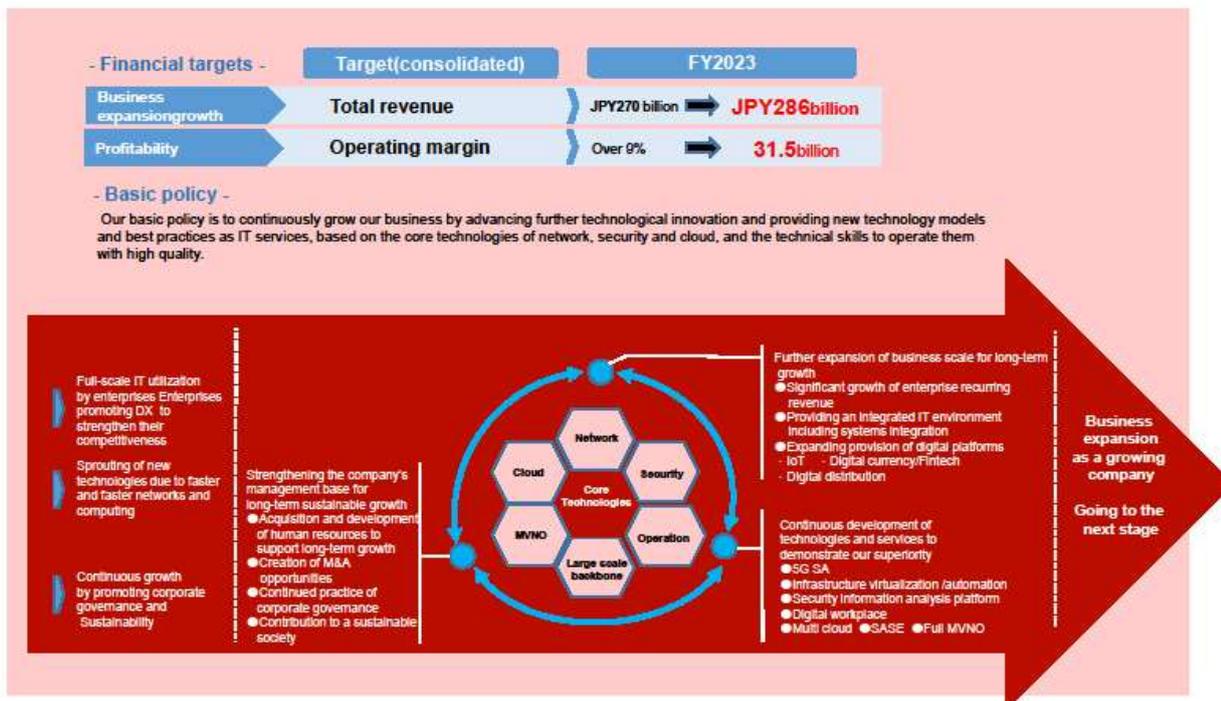
JPY **34.36** (YoY +JPY5.105)

With regard to our outlook for FY2023, we expect revenue growth and profit expansion to advance furthermore as we expect steady revenue growth of enterprise network services as well as the contribution from large complex projects requiring network services and systems integration.

Our consolidated financial targets for FY2023 are as follows: total revenues of JPY286.0 billion, up 13.2% YoY and operating profit of JPY31.5 billion, up 15.7% YoY.

The basic dividend policy of IJ is that IJ pays dividends to its shareholders continuously and stably while considering the need to have retained earnings for the enhancement of financial position, medium- to long-term business expansion, future business investment. Based on this policy, as for FY2023 dividend, our interim and year-end dividend forecasts are JPY17.18 and JPY17.18 per share of common stock respectively.

As for the three-year mid-term plan (FY2021-FY2023), we have updated the revised financial targets, which were announced in May 2022, of total revenues JPY270.0 billion (FY2021) and operating margin 11.5% to the above mentioned FY2023 targets of total revenues JPY286.0 billion and operating profit JPY31.5 billion. Operating margin's target was originally over 9% which was announced in May 2021 and was revised to over 10% which was announced in November 2021.



※Forward-looking statements in the text below are based on the judgments of the Group as of March 31, 2023.

IIJ's Material Issues



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

◆ Bringing innovation with IP



◆ Own highly energy effective data centers

- Industry top level PUE (FY22): Matsue 1.2s, Shiroy 1.3s

◆ Information disclosures based on the TCFD Recommendations

- Reduce greenhouse gas emissions at its own data centers which account for more than 70% of greenhouse gas emissions (Scope 1 and 2) through "usage of renewable energy" and "improvement of energy conservation"

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

- PUE(Power Usage Effectiveness) is a metric that shows how efficiently electricity is used at a data center. The closer to 1.0 is considered to be good.
- TCFD: Task Force on Climate-related Financial Disclosures
- Scope 1 and 2 (Greenhouse gas emissions by a company): Direct emissions from the use of fuels and industrial processes at the company and indirect emissions from the use of electricity and heat purchased by the company (as defined by the GHG Protocol)



Provide safe and robust Internet services that support social infrastructure

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



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



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

- ◆ Corporate culture of taking initiatives and challenging new things since the inception
- ◆ Human resources culture of sincerely striving to meet the demands of clients
- ◆ Lower than the industry average turnover

FY19	FY20	FY21	FY22
4.6%	3.6%	4.2%	3.8%

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

- ◆ Target for diversity: the ratio of female managers

Apr. 2022	Apr. 2023	FY24 target	FY27 target
5.7%	6.3%	6% or more	8% or more

(v) Issues that the Group faces

Consolidated financial results of IIJ Group in recent years show improving profits in line with increased revenues which is along with the advancement of ICT utilization by private and public sectors in Japan. We expect further ICT utilization for economic activities to continue which makes it important to develop and provide reliable and highly value-added network services and systems that meet such demand. By doing so, we continue to fulfill our business philosophy. To realize this, enhanced recruitment and development of human resources are extremely important. We shall further expand human capital along with business expansion.

Continued support from our shareholders would be very much appreciated.

(9) Historical data of assets and income

(JPY millions except per share data)

	28th fiscal Year FY2019	29th fiscal Year FY2020	30th fiscal Year FY2021	31st fiscal Year FY2022
Total revenues	204,474	213,002	226,335	252,708
Operating profit	8,225	14,248	23,547	27,221
Profit attributable to owners of the parent	4,007	9,712	15,672	18,838
Basic earnings per share	JPY 88.88	JPY 107.67	JPY173.56	JPY104.26
Total assets	206,524	220,777	231,805	246,193
Equity attributable to owners of the parent	79,076	89,956	103,528	118,117
Owners' equity per share	JPY 1,753.97	JPY 997.24	JPY1,146.32	JPY653.67

(Notes)

1. Basic earnings per share are calculated based on the weighted-average number of common shares outstanding during each fiscal year.
2. Owners' equity per share are calculated based on the total number of common shares (excluding treasury stock) outstanding at the end of each fiscal year.
3. IIJ conducted a 1:2 stock split on common stock with an effective date of January 1, 2021. Accordingly, basic earnings per share and owners' equity per share for FY2020 (the 29th fiscal year) have been calculated as if the stock split was conducted at the beginning of FY2020. The figures for FY2019 (the 28th fiscal year) are not retroactively adjusted to the stock split.
4. IIJ conducted a 1:2 stock split on common stock with an effective date of October 1, 2022. Accordingly, basic earnings per share and owners' equity per share for FY2022 (the 31st fiscal year) have been calculated as if the stock split was conducted at the beginning of FY2022. The figures from FY2019 (the 28th fiscal year) to FY2021 (the 30th fiscal year) are not retroactively adjusted to the stock split.

(10) Items of the principal parent companies and subsidiaries

(i) Major subsidiaries

Name of company	Common stock (Unit : thousands)	Ownership (Note)	Primary business
IJ Engineering Inc. ("IJ-EG")	JPY400,000	100.0%	Operation and monitoring of network systems, customer service support and call centers
IJ Global Solutions Inc. ("IJ-GS")	JPY490,000	100.0%	Provision of network services and systems integration
IJ Protech Inc. ("IJ-PRO")	JPY10,000	100.0%	Provision of human resources and outsourcing services for systems development, operation, and service support
Trust Networks Inc. ("Trust Networks")	JPY100,000	79.5%	Operation of ATMs and ATMs networks
Net Chart Japan, Inc. ("Net Chart")	JPY55,000	100.0%	Development and construction of networks, operation and maintenance of networks and sales of network-related equipment
IJ America Inc. ("IJ-A")	USD2,180D	100.0%	Provision of network services, systems integration and other related services in the U.S.
IJ Europe Limited ("IJ-Europe")	143GBP	100.0%	Provision of network services, systems integration and other related service in Europe
IJ Global Solutions Singapore Pte. Ltd. ("IJ-GS SGP")	6,415SGD	(49.6%) 100.0%	Provision of network services, systems integration and other related service in Singapore
PTC SYSTEM (S) PTE LTD ("PTC")	2,000SGD	100.0%	Provision of systems integration and other related service in Singapore
IJ Global Solutions China Inc. ("IJ-GS China")	10,630USD	(100.0%) 100.0%	Provision of network services, systems integration and other related service in China

(Note) Ownership percentage in brackets above represents indirect ownership.

As of March 31, 2023, the number of consolidated subsidiaries was 16 and the number of equity-method investees was seven (7).

(ii) Wholly-owned specified subsidiaries

There is nothing to report on this subject.

(11) Major business lines

Our major business lines are to provide network services, systems integration and ATM operation business.

(12) Major offices of IIJ group

Name	Functions	Address
IIJ	Headquarters	Chiyoda-ku, Tokyo
	Branches and sales offices	Osaka-shi, Nagoya-shi, Fukuoka-shi, Sapporo-shi, Sendai-shi, Toyama-shi, Hiroshima-shi, Yokohama-shi, Naha-shi, Niigata-shi and Toyota-shi
IIJ-EG	Headquarters	Chiyoda-ku, Tokyo
IIJ-GS	Headquarters	Chiyoda-ku, Tokyo
	Branches	Osaka-shi, Sapporo-shi, Nagoya-shi and Fukuoka-shi
IIJ-PRO	Headquarters	Chiyoda-ku, Tokyo
Trust Networks	Headquarters	Chiyoda-ku, Tokyo
Net Chart	Headquarters	Yokohama-shi
IIJ-A	Headquarters	California, the United States
IIJ-Europe	Headquarters	London, the United Kingdom
IIJ-GS SGP	Headquarters	Singapore
PTC	Headquarters	Singapore
IIJ-GS China	Headquarters	Shanghai, the People's Republic of China

(13) Employees

Number of employees as of the end of FY2022	Change from the end of FY2021
4,451	+304

(Note) The above figures include employees and contracted employees, and exclude employees seconded from other companies.

(14) Major borrowings

Source	Balance(JPY millions)
MUFG Bank, Ltd.	6,490
Mizuho Bank, Ltd.	6,490
Sumitomo Mitsui Banking Corporation	6,490
SUMITOMO MITSUI TRUST BANK, LIMITED	600

2. Matters regarding shares of the Company

(1) Number of shares authorized: 302,080,000 shares

(2) Number of shares issued and outstanding: 187,069,600 shares (Including treasury stock: 6,371,732 shares)

(3) Number of shareholders at the end of FY2022: 8,626

(4) Major shareholders (Top 10):

Name of shareholders	Number of shares held (shares)	Shareholding Ratio
Nippon Telegraph and Telephone Corporation	40,380,000	22.3%
The Master Trust Bank of Japan, Ltd. (Trust account)	18,686,800	10.3%
Custody Bank of Japan, Ltd. (Trust account)	12,141,900	6.7%
NTT Communications Corporation	8,160,000	4.5%
ITOCHU Techno-Solutions Corporation	7,808,000	4.3%
Koichi Suzuki	7,395,222	4.1%
The Dai-ichi Life Insurance Company, Limited	5,092,000	2.8%
KS Holdings Inc.	3,240,000	1.8%
MUFG Bank, Ltd.	2,744,000	1.5%
Sompo Japan Insurance Inc.	2,600,000	1.4%

(Notes)

1. The above figures are as of March 31, 2023.
2. Shareholding ratio is calculated by deducting number of treasury stock from total number of shares issued.
3. KS Holdings Inc. is a wholly owned and controlled (indirect) by Mr. Koichi Suzuki.

(5) Status of stock delivered to directors or company auditors of the Company as consideration of execution of duties during the fiscal year

The details of the stock-based remuneration delivered during the fiscal year is as follows. The below is due to the allotment of restricted stock as performance-linked bonus for the fiscal year ended March 31, 2022. This restricted stock remuneration was implemented by the resolution of the ordinary general meeting of shareholders held on June 24, 2020. The number of directors and company auditors of the Company at the above-mentioned ordinary general meeting of shareholders was 13 and 4 (four), respectively.

· Total number regarding stock delivered to directors and other officers by category

	Number of shares delivered (shares)	Number of persons
Directors (Excluding outside directors)	16,692	8
Outside directors	-	-
Company auditors	-	-

[Overview of the restricted stock remuneration]

- Timing of payment and allocation: The payment details of each director is determined in or after the last month of each fiscal year, and the determined amount be allotted.
- Number of shares to be allotted per year: Up to 160,000 shares (After adjustment for stock splits effective January 1, 2021 and October 1, 2022) or less.
- Amount to be paid in per share: The amount to be paid in per share will be determined, based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the board of directors resolution (the closing price on the most recent day on which trading has taken place if there is no trading on that day), and will be an amount that does not provide the eligible directors who receive the common stock with a particularly advantageous price.
- Transfer restrictions: From the disposal date of the Company's common stocks to be allotted under the allotment agreement (the "allotted shares") to the point in time when an eligible director resigns from the position predetermined by the board of directors (the "transfer restriction period"), it is prohibited to transfer, collateralize, or otherwise dispose the allotted shares during the transfer restriction period.
- Removing transfer restrictions: The Company shall remove the transfer restrictions with respect to the allotted shares in whole upon the expiry of the transfer restriction period, provided that an eligible director continuously served as the position predetermined by the board of directors during the transfer restriction period. If certain grounds prescribed in the allotment agreement, such as if an eligible director retires from the position during the restriction period or upon the expiration of the restriction period for any reason other than those deemed justifiable by the Company, the Company will naturally acquire the allotted shares for no consideration.
- Treatment in the event of organizational restructuring, etc.: Regardless of the above, if a matter concerning the organizational restructuring, etc. of the Company, such as a merger agreement whereby the Company will be the non-surviving party to the merger, or a share exchange agreement or share transfer plan whereby the Company will become a wholly-owned subsidiary of another entity, is approved at the Company's ordinary general meeting of shareholders (or by the Company's board of directors if such organizational restructuring, etc. does not require approval at a Company's ordinary general meeting of shareholders) during the transfer restriction period, the Company will remove, based on a resolution of the Company's board of directors, the transfer restriction on the allotted shares on a date prior to the effective date of such organizational restructuring, etc.
- Other matters: Other matters related to the restricted stock shall be determined by the board of directors.

(6) Other important matters regarding shares

There is nothing to report on this subject.

3. Matters regarding the Company's stock acquisition rights

	Allotment date	Number of stock acquisition rights outstanding	Type of stock and number of shares subject to stock acquisition rights	Issue price (per stock acquisition right)	Exercise price of stock acquisition rights	Exercise period
#1 Stock Acquisition Rights	July 14, 2011	66	Common Stock 52,800 shares	JPY259,344	JPY1	From July 15, 2011 to July 14, 2041
#2 Stock Acquisition Rights	July 13, 2012	70	Common Stock 56,000 shares	JPY318,562	JPY1	From July 14, 2012 to July 13, 2042
#3 Stock Acquisition Rights	July 11, 2013	60	Common Stock 48,000 shares	JPY647,000	JPY1	From July 12, 2013 to July 11, 2043
#4 Stock Acquisition Rights	July 10, 2014	87	Common Stock 69,600 shares	JPY422,600	JPY1	From July 11, 2014 to July 10, 2044
#5 Stock Acquisition Rights	July 13, 2015	117	Common Stock 93,600 shares	JPY369,200	JPY1	From July 14, 2015 to July 13, 2045
#6 Stock Acquisition Rights	July 11, 2016	126	Common Stock 100,800 shares	JPY360,000	JPY1	From July 12, 2016 to July 11, 2046
#7 Stock Acquisition Rights	July 14, 2017	137	Common Stock 109,600 shares	JPY337,200	JPY1	From July 15, 2017 to July 14, 2047
#8 Stock Acquisition Rights	July 13, 2018	137	Common Stock 109,600 shares	JPY347,600	JPY1	From July 14, 2018 to July 13, 2048
#9 Stock Acquisition Rights	July 12, 2019	145	Common Stock 116,000 shares	JPY354,600	JPY1	From July 13, 2019 to July 12, 2049
#10 Stock Acquisition Rights	July 10, 2020	93	Common Stock 74,400 shares	JPY643,400	JPY1	From July 11, 2020 to July 10, 2050
#11 Stock Acquisition Rights	July 15, 2021	70	Common Stock 56,000 shares	JPY1,258,400	JPY1	From July 16, 2021 to July 15, 2051
#12 Stock Acquisition Rights	July 14, 2022	17,497	Common Stock 34,994 shares	JPY4,361	JPY1	From July 15, 2022 to July 14, 2052

(Notes)

1. A person granted the stock acquisition rights may exercise his or her rights only within ten days from the day immediately following the day on which the person loses his or her position as neither a director nor an executive officer of the Company.
2. The Company conducted a 1:200 stock split on common stock with an effective date of October 1, 2012. In addition, the Company conducted 1:2 stock splits on common stock with respective effective dates of January 1, 2021 and October 1, 2022. In connection with these stock splits, as for the above mentioned stock acquisition rights, number of shares to be issued per stock acquisition right upon exercise of each stock acquisition right were adjusted as follows after the later record date.
#1 and #2:
Before adjustment: 1 share per stock acquisition right
After adjustment: 800 shares per stock acquisition right
From #3 to #10:
Before adjustment: 200 shares per stock acquisition right
After adjustment: 800 shares per stock acquisition right
#11
Before adjustment: 400 shares per stock acquisition right
After adjustment: 800 shares per stock acquisition right
#12
Before adjustment: 1 shares per stock acquisition right
After adjustment: 2 shares per stock acquisition right

(1)The Company's stock acquisition rights granted to and held by directors as of the End of FY2022

	Number of stock acquisition rights	Type of stock and number of shares subject to stock acquisition rights	Number of holders and number of stock acquisition rights
#1 Stock Acquisition Rights	54	Common Stock 43,200 shares	3 Directors 54
#2 Stock Acquisition Rights	50	Common Stock 40,000 shares	4 Directors 50
#3 Stock Acquisition Rights	48	Common Stock 38,400 shares	5 Directors 48
#4 Stock Acquisition Rights	71	Common Stock 56,800 shares	5 Directors 71
#5 Stock Acquisition Rights	89	Common Stock 71,200 shares	6 Directors 89
#6 Stock Acquisition Rights	93	Common Stock 74,400 shares	6 Directors 93
#7 Stock Acquisition Rights	103	Common Stock 82,400 shares	6 Directors 103
#8 Stock Acquisition Rights	100	Common Stock 80,000 shares	6 Directors 100
#9 Stock Acquisition Rights	99	Common Stock 79,200 shares	6 Directors 99
#10 Stock Acquisition Rights	61	Common Stock 48,800 shares	7 Directors 61
#11 Stock Acquisition Rights	41	Common Stock 32,800 shares	8 Directors 41
#12 Stock Acquisition Rights	11,650	Common Stock 23,300 shares	9 Directors 11,650

(Notes)

- In place of the retirement allowance plan for directors which was abolished, the stock acquisition rights mentioned in the above were issued in consideration of their execution of duties.
- There are no stock acquisition rights granted to and held by the Company's part- time directors, outside directors or company auditors at the end of FY2022.
- The Company conducted a 1:200 stock split on common stock with an effective date of October 1, 2012. In addition, the Company conducted 1:2 stock splits on common stock with respective effective dates of January 1, 2021 and October 1, 2022. In connection with these stock splits, as for the above mentioned stock acquisition rights, number of shares to be issued per stock acquisition right upon exercise of each stock acquisition right were adjusted as follows after the later record date.
 - #1 and #2:
 - Before adjustment: 1 share per stock acquisition right
 - After adjustment: 800 shares per stock acquisition right
 - From #3 to #10:
 - Before adjustment: 200 shares per stock acquisition right
 - After adjustment: 800 shares per stock acquisition right
 - #11
 - Before adjustment: 400 shares per stock acquisition right
 - After adjustment: 800 shares per stock acquisition right
 - #12
 - Before adjustment: 1 shares per stock acquisition right
 - After adjustment: 2 shares per stock acquisition right

(2)The Company's stock acquisition rights granted to employees or others during FY2022

	Number of stock acquisition rights	Type of stock and number of shares subject to stock acquisition rights	Number of holders and number of stock acquisition rights
#12 Stock Acquisition Rights	5,847	Common Stock 5,847 shares	17 Executive Officers 5,847

(Note)

The Company conducted a 1:2 stock split on common stock with an effective date of October 1, 2022. In connection with the stock split, as for the above mentioned stock acquisition rights granted, number of shares to be issued per stock acquisition right upon exercise of stock acquisition rights were adjusted as below after the record date. As a result, the total number of shares were adjusted from 5,847 shares to 11,694 shares.

4. Matters regarding directors, company auditors and executive officers of the Company

(1) Directors and company auditors

Position in the Company	Name	Business in charge or important concurrent posts
Chairman and Representative Director	Koichi Suzuki	Co-CEO [Important concurrent posts] Chairman and representative director of IJ Engineering Inc. Chairman of the board, IJ America Inc. President and representative director of INTERNET MULTIFEED CO. Chairman and representative director of JOCDN Inc.
President and Representative Director	Eijiro Katsu	Co-CEO COO
Executive Vice President	Satoshi Murabayashi	Corporate Management, Chairman of Data Governance Council and Director [Important concurrent posts] President and representative director of DeCurret Holdings, Inc.
Executive Vice President	Yasuhiko Taniwaki	Corporate Management
Senior Managing Director	Koichi Kitamura	Unit Director of Business Unit
Senior Managing Director	Akihisa Watai	CFO Division director of Finance Division
Managing Director	Tadashi Kawashima	Deputy Unit director of Business Unit Division Director of Central Japan Business Division
Managing Director	Junichi Shimagami	CTO Unit director of Technology Unit
Managing Director	Naoshi Yoneyama	CIO Division director of Corporate Planning Division
Director	Takashi Tsukamoto	
Director	Kazuo Tsukuda	
Director	Yoichiro Iwama	Outside director and Chairman of the board, Nikko Asset Management Co., Ltd.
Director	Atsushi Okamoto	
Director	Kaori Tonosu	

Position in the Company	Name	Business in charge or important concurrent posts
Full-time Company Auditor	Kazuhiro Ohira	
Full-time Company Auditor	Masako Tanaka	
Company Auditor	Takashi Michishita	Attorney at law, Partner of Nishimura & Asahi LPC
Company Auditor	Koichi Uchiyama	President of Aisan·Advisory LLC

(Notes)

1. Business in charge or important concurrent posts are stated as of March 31, 2023
2. Director and company auditor who assumed or left office during the fiscal year ended March 31, 2023, as follows:
 - Assumption of office: On June 28, 2022
 - Director: Yasuhiko Taniwaki
 - Director: Atsushi Okamoto
 - Director: Kaori Tonosu
 - Retirement of office: On June 28, 2022
 - Director: Shingo Oda
3. Takashi Tsukamoto, Kazuo Tsukuda, Yoichiro Iwama, Atsushi Okamoto and Kaori Tonosu are outside directors, defined in Item 15, Article 2 of the Corporation Law of Japan.
4. Kazuhiro Ohira, Takashi Michishita and Koichi Uchiyama are outside company auditors, defined in Item 16, Article 2 of the Corporation Law of Japan.
5. Outside directors, Takashi Tsukamoto, Kazuo Tsukuda, Yoichiro Iwama, Atsushi Okamoto and Kaori Tonosu and outside company auditors, Kazuhiro Ohira, Takashi Michishita and Koichi Uchiyama are independent directors as specified by the Tokyo Stock Exchange.
6. Koichi Uchiyama, a company auditor, is a Japanese Certified Public Accountant and has extensive expertise in finance and accounting.
7. Relationship between the Company and those companies that our directors hold important concurrent posts.
 - There is no special relationship between the Company and the companies where our outside directors and corporate auditors hold concurrent positions.

(2) Executive officers (As of April 1, 2023)

Name	Title	Principal position
Masayoshi Tobita	Managing executive officer	Division director of Administrative Division
Makoto Ajisaka	Managing executive officer	Division director of Service Product Business Division
Yoshikazu Yamai	Managing executive officer	Division director of Infrastructure Engineering Division
Koichi Maruyama	Managing executive officer	Division director of Global Business Division
Masakazu Tachikui	Managing executive officer	Division director of IoT Business Division
Seiji Okita	Managing executive officer	Division director of Professional Services Division
Tadaharu Esaka	Managing executive officer	Deputy division director of IoT Business Division
Akira Sumiya	Managing executive officer	General manager of Compliance Department
Masami Kawamata	Executive officer	General manager of Accounting Department
Takenori Onishi	Executive officer	Division director of Enterprise Business Division 1
Takahiro Ide	Executive officer	Division Director of Enterprise Business Division 2
Shigeo Yabuki	Executive officer	Division director of MVNO Division
Ken Araki	Executive officer	Division director of Financial Systems Business Division
Naoshi Someya	Executive officer	Division director of Cloud Division
Hajime Shironouchi	Executive officer	Division director of Network Division
Takahiko Hiyama	Executive officer	Deputy Division Director of Finance Division
Kaori Kawakami	Executive officer	Executive Director of Sustainability Committee
Hiroo Shirasaki	Executive officer	Deputy Division Director Network Division
Takeshi Hatano	Executive officer	Division Director of Government Public & Educational Organization Business Division

(Note) Hiroo Shirasaki and Takeshi Hatano were newly appointed as executive officers of the Company on April 1, 2023.

(3) Contents of company indemnity agreement with directors and etc.
There is nothing to report on this subject

(4) Contents of directors', company auditors' and executive officers' liability insurance agreement

The Company, with our directors, company auditors, executive officers and other important employees under the Corporation Law of Japan as insured persons, entered into a directors and officers liability insurance policy, as provided for in Article 430-3, Paragraph 1 of the Corporation Law of Japan with an insurance company. The policy covers the losses due to the insured's actions based on his/her position, such as damages payable, litigation costs, etc. in damage suits. However, the scope of compensation does not cover the damages and litigation costs of the insured involved in an intentional illegal act or criminal act such as bribery, to ensure that the appropriateness of the performance of the insured's duties is not lost. As for the insurance premiums, the Company bears approximately 90% of the total and each insured bears the remaining balance within a maximum of 1.3% individually, depending on his/her position.

(5) Remuneration, etc. to directors and company auditors for FY2022

(i) Policy for determining content of remuneration for individual directors

a) Method for deciding on the policy for such determination

After consulting with the nomination and remuneration committee on the draft of the determination policy regarding the content of remuneration for individual directors, the determination policy was resolved at the board of directors meeting held on February 4, 2021.

b) Outline of content of determination policy

As for the remuneration of our full-time directors, when determining the remuneration of individual directors, our basic policy is to set an appropriate level of remuneration according to each directors' position and responsibility, with promoting directors' motivation and morale to further improve and contribute to continuous business growth and corporate value over a mid- to long-term. The remuneration of our full-time executive directors is comprised of fixed monthly remuneration (cash), performance-linked remuneration (restricted stock) and non-monetary remuneration (stock compensation-type stock options).

As for the remuneration of part-time directors or outside directors who have supervisory functions, the remuneration is only comprised of fixed monthly remuneration (Cash), based on their roles and responsibilities.

c) Reason why the board of directors has determined that content of remuneration for individual directors for FY2022 complies with the determination policy

When deciding the content of remuneration for individual directors, the nomination and remuneration committee conducted a multifaceted examination of the draft, including consistency with the determination policy, therefore the board of directors recognize that it is in line with the policy.

[Examples of directors' remuneration (excluding outside director)]

Without performance-linked remuneration	Fixed monthly remuneration (cash) 86-92%	Non-monetary remuneration (equivalent to one to two times as much as each directors' fixed monthly cash remuneration) 8-14%	
With performance-linked remuneration	Fixed monthly remuneration (cash) 67-71%	Non-monetary remuneration (equivalent to one to two times as much as each directors' fixed monthly cash remuneration) 6-11%	Performance-linked remuneration (equivalent to zero to four times as much as each directors' fixed monthly cash remuneration) 22-24%

(ii) Matters concerning the resolutions of ordinary general meeting of shareholders regarding remuneration of directors and company auditors

- The upper limits of aggregate amount of remuneration for directors and company auditors were at JPY500 million and JPY100 million or less per year respectively, approved at the 16th ordinary general meeting of shareholders held on June 27, 2008. The number of directors and company auditors were 14 and 4 at the shareholders' meeting resolution, respectively.
- At the 19th ordinary general meeting of shareholders held on June 28, 2011, the implementation of stock compensation-type stock options to directors (except for part-time and outside directors) within the said limit, as a substitution for the retirement allowance, was approved. The number of directors was 12 at the shareholders' meeting resolution.
- At the 28th ordinary general meeting of shareholders held on June 24, 2020, the implementation of restricted stock remuneration to directors (except for part-time and outside directors) within the said limit was approved. The number of directors was 13 at the shareholders' meeting resolution.
- At the 29th ordinary general meeting of shareholders held on June 29, 2021, it was resolved that the upper limit of aggregate amount of remuneration for directors shall be JPY600 million or less per year, including the upper limit of aggregate amount of JPY50 million or less per year for Outside Directors. The number of directors was 12 at the shareholders' meeting resolution.
- At the 30th ordinary general meeting of shareholders held on June 28, 2022, it was resolved that the number of shares to be issued upon exercise of each stock acquisition right of stock compensation-type stock option was revised from 400 to 1 share, and the maximum number of stock acquisition right was revised from 600 to 240,000. The number of directors was 12 at the shareholders' meeting resolution.

(iii) Matters concerning delegation related to the content of remuneration for individual directors

Regarding the amount of remuneration for each individual director, the representative directors (the chairman and representative director, Koichi Suzuki and the president and representative director, Eijiro Katsu) shall be delegated the specific content based on the resolution of the board of directors, and the delegated power is the determination of the amount of basic monthly remuneration and distribution of performance-linked remuneration of each individual director. In order to ensure that this authority is properly exercised by the representative directors, the representative directors, who drafted the remuneration plan, consults the nomination and remuneration committee with the draft of the plan, therefore the board of directors recognize that it is in line with the determination policy. The reason for delegating to the representative directors is that the representative directors are the most suitable to evaluate the responsibility and performance of each director while taking a bird's eye view of the overall performance of the Company.

(iv) Total amount, etc. of directors' and company auditors' remuneration for FY2022

Category	Total remuneration (Millions of yen)	Breakdown of remuneration (Millions of yen)			Number of persons
		Fixed monthly remuneration (cash)	Performance-linked remuneration (restricted stock)	Non-monetary remuneration (stock option)	
Directors	499	373	75	51	15
(Of outside directors)	(29)	(29)	(-)	(-)	(6)
Company auditors	32	32	-	-	4
(Of outside company auditors)	(17)	(17)	(-)	(-)	(3)

(Note) As for performance-linked remuneration, the above is the amount recognized as expenses for FY2022 based on our restricted stock remuneration system.

(v) Contents of performance-linked remuneration

As a performance-linked remuneration, the amount of restricted stock remuneration to be allocated is based on the evaluation methodology using year over year growth rate and target achievement rate of the consolidated revenue and operating income, which are linked with our business growth and improvement of corporate value, and is determined equivalent to between zero and four times as much as each directors' monthly fixed cash remuneration. Each director receives the determined amount of monetary remuneration claims as a cash investment asset for the payment of restricted stock.

Historical data of consolidated revenue and operating income including FY2022 is stated in "1. Matters regarding the current status of the IJJ Group, (9) Historical data of assets and income", and an overview of the restricted stock remuneration and status of delivery is stated in "2. Matters regarding shares of the Company, (5) Status of stock delivered to directors or company auditors of the Company as consideration of execution of duties during the fiscal year" of this report, respectively.

(vi) Contents of non-monetary remuneration

As a substitution for the directors' retirement allowance, the Company allocates stock compensation-type stock options, equivalent to between one and two times as much as each directors' monthly fixed cash remuneration which is dependent of each directors' position, to company directors.

An overview of the non-monetary remuneration and status of delivery is stated in "3. Matters regarding the Company's stock acquisition rights" of this report.

An overview of the restricted stock remuneration and status of delivery is stated in "2. Matters regarding shares of the Company, (5) Status of stock delivered to directors or company auditors of the Company as consideration of execution of duties during the fiscal year" of this report. This remuneration is included in the performance-linked remuneration of "(iv) Total amount, etc. of directors' and company auditors compensation for FY2022", above.

(6) Outside Directors and Company Auditors

(i) Important concurrent offices of executive director and outside director at other companies

This is as described in the list of (1) Directors and Company auditors above.

(ii) Main activities during the current fiscal year

Position	Name	Principal Activities
Director	Takashi Tsukamoto	Attended 11 of the 12 board of directors meetings held during the fiscal year and made necessary remarks in deliberations, based on his wealth of management experience and extensive insight. Also served as a member of the nomination and remuneration committee, which discusses the nomination and remuneration of directors of the Company, and attended all of the 1 committee meetings during the fiscal year and played an important role in management supervision, such as reflecting the evaluation of the Company's financial performance, etc. in the nomination and remuneration of directors, from an independent and objective standpoint.
	Kazuo Tsukuda	Attended all of the 12 board of directors meetings held during the fiscal year and made necessary remarks in deliberations, based on his wealth of management experience and extensive insight. Also, served as a member of the nomination and compensation committee, which discusses the nomination and remuneration of directors of the Company, and attended all of the 1 committee meeting during the fiscal year and played an important role in management supervision, such as reflecting the evaluation of the Company's financial performance, etc. in the nomination and remuneration of directors, from an independent and objective standpoint.
	Yoichiro Iwama	Attended all of the 12 board of directors meetings held during the fiscal year and made necessary remarks in deliberations, based on his wealth of management experience and extensive insight. Also, served as a member of the nomination and compensation committee, which discusses the nomination and remuneration of directors of the Company, and attended all of the 1 committee meeting during the fiscal year and played an important role in management supervision, such as reflecting the evaluation of the Company's financial performance, etc. in the nomination and remuneration of directors, from an independent and objective standpoint.
	Atsushi Okamoto	Attended all of the 10 board of directors meetings held during the fiscal year and made necessary remarks in deliberations, based on his wealth of management experience and extensive insight. Also, after assumption of his office in June 2022, served as a member of the nomination and remuneration committee, which discusses the nomination and remuneration of directors of the Company, and attended all of the 1 committee meeting during the fiscal year and played an important role in management supervision, such as reflecting the evaluation of the Company's financial performance, etc. in the nomination and remuneration of directors, from an independent and objective standpoint.
	Kaori Tonosu	Attended all of the 10 board of directors meetings held during the fiscal year and made necessary remarks in deliberations, based on his wealth of management experience and extensive insight. Also, after assumption of his office in June 2022, served as a member of the nomination and remuneration committee, which discusses the nomination and remuneration of directors of the Company, and attended all of the 1 committee meeting during the fiscal year and played an important role in management supervision, such as reflecting the evaluation of the Company's financial performance, etc. in the nomination and remuneration of directors, from an independent and objective standpoint.
Company Auditor	Kazuhiro Ohira	Attended all of the 12 board of directors meetings held during the fiscal year and made comments from time to time to clarify the doubt point, based on his ability for business administration and internal control. Also, attended all of the 14 board of company auditors meetings held during the fiscal year. At these meetings, he exchanged opinions about audit results and conferred about important matters concerned audit.
	Takashi Michishita	Attended 11 of the 12 board of directors meetings held during the fiscal year and made comments from time to time to clarify the doubt point, based on his legal expertise as a lawyer. Also, attended 13 of the 14 board of company auditors meetings held during the fiscal year. At these meetings, he exchanged opinions about audit results and conferred about important matters concerned audit.
	Koichi Uchiyama	Attended all of the 12 board of directors meetings held during the fiscal year and made comments from time to time to clarify the doubt point, based on many years of experience as a certified public accountant and financial expertise. Also, attended all of the 14 board of company auditors meetings held during the fiscal year. At these meetings, he exchanged opinions about audit results and conferred about important matters concerned audit.

(iii) Outline of liability limitation contracts

The Company has concluded agreements with outside directors and company auditors (excluding Full-time company auditor, Kazuhiro Ohira) to indemnify them for personal liability as provided in Article 427, Paragraph 1 of the Corporation Law of Japan. The agreements stipulates that in the event outside directors and company auditors have acted in good faith and without gross negligence, the outside directors and company auditors liability to the Company shall be limited to JPY10 million or the minimum amount of liability stipulated under Article 427, Section 1 of the Corporation Law, whichever is higher.

(iv) Total amount of remunerations received from the subsidiaries

There is nothing to report on this subject.

5. Accounting auditor

(1) Name of accounting auditor:

KPMG AZSA LLC

(2) Accounting auditor remuneration for FY2022

(i) Remuneration of accounting auditor for FY2022	JPY	75 million
(ii) Total cash or proceeds from other assets that should be paid by the Company or its subsidiaries	JPY	85 million

(Notes)

1. The audit contract between the Company and the accounting auditor does not distinguish between remuneration paid for audits and quarterly reviews, therefore, the above (i) are total amounts. Remuneration for audits includes, audit performed for the financial statement for the Corporation Law of Japan, audit and quarterly reviews for the Financial Products Exchange Law in Japan, and audit for internal control in accordance with the Financial Products Exchange Law in Japan.
2. The Board of Company Auditors evaluated the audit plan, the status of performance of duties and basis for the calculation of the estimated amount of remuneration as well as the validity of those matters prepared by the accounting auditor, using the "Practical Guidelines for Cooperation with Accounting Auditors" released by Japan Corporate Auditors Association as a guide and expressed agreement that specified in Article 399, Paragraphs 1 of the Corporation Law in Japan.
3. Of our overseas subsidiaries, some have certified public accountants or auditing firms other than the accounting auditor audit their financial statements.

(3) Non-audited operations

There is nothing to report on this subject.

(4) Policy for dismissal or refusal to rehire an accounting auditor

The accounting auditor should be decided comprehensively by considering various factors, including the ability, the organization and team (including the auditing team), the performance of duties, the quality of audits and the independency. If the board of company auditors evaluates that the accounting auditor doesn't meet the above-stated various factors or it is needed, the board of company auditors will consider submitting a proposal for dismissal or non-election of the accounting auditor to the General Meeting of Shareholders. Also, If the board of company auditors evaluates that the accounting auditor falls under any Item of Paragraph 1, Article 340 of the Corporation Law in Japan, violates acts against the Corporation Law in Japan, Certified Public Accountant Law and other related laws or acts, or makes the Company lose a relationship of mutual trust, the board of company auditors will consider dismissing the accounting auditor.

6. Matters Regarding Corporate Governance

(1) Basic policy

The Company recognizes the importance of enhancing corporate governance to achieve its mission of supporting and operating Internet which has become indispensable social infrastructure and to consistently enhance our corporate value. The Company has social responsibilities towards a wide range of stakeholders including shareholders, vendors, customers, employees and the entire Internet users. Therefore, considering the importance of the Company's influence on society, the Company thinks it's necessary to strive to obtain understandings of various stakeholders.

The Company's board of directors consists of 14 directors, including 5 outside directors and the Company's board of company auditors consists of 4 company auditors, including 3 outside company auditors. Further, the Company has an Internal Auditing Office consisting of 5 members, including a manager. The Company adopted the executive officer system with an aim to further enhance its corporate governance by separating its decision making and supervisory function from business execution function and to realize its rapid and efficient business execution.

Oversight and supervision of business execution is carried by means of ordinary (monthly) and extraordinary meetings of the board of directors, management meetings consisting of directors, executive officers, etc., and monitoring and giving the necessary instructions to each of our business, project, subsidiary, etc. Oversight on business management and business audit are carried by means of ordinary (monthly) and extraordinary meetings of the board of company auditors, assignment of a financial expert/legal expert in the board of company auditors, conducting continuous audit including our domestic subsidiaries as well as overseas by company auditors and our Internal Auditing Office, and operation of our whistleblowers hotline system. Business activities by directors and employees of the Company and its subsidiaries are governed by the Code of Ethics, the Basic Rules for Internal Control, etc.

(2) Standards on the independence of outside directors and outside company auditors

The Company deems that outside directors and outside company auditors do not fall under any one of the categories below

- (i) Major shareholders holding voting rights equivalent to 10% or more of the total voting rights of the Company, or in the case of a corporation or organization, an executive of that corporation or organization
- (ii) An executive of a major client of the Company or its subsidiaries, or executive of a corporation or organization that deals with the Company or its subsidiaries as a major business partner.
- (iii) An executive of a financial institution to which the Company owes significant borrowings.
- (iv) A person who receives significant amounts of compensation or other economic benefit (other than their remuneration as a director or company auditor) as a consultant, accountant, or lawyer for the Company or its subsidiaries, or where a corporation or organization, a person belonging thereto.
- (v) An executive of a corporation or organization that receive significant donations from the Company or its subsidiaries.
- (vi) A person who served a corporation or organization falling under any of the categories (i) to (v) above as an executive within the past 3 years
- (vii) A spouse or relative within two degrees of kinship of a person falling under any of the categories below
 - A person falling under any of the categories (i) to (v) above
 - A person who is a director or executive of a subsidiary of the Company
- (viii) Other than above, a person who is deemed to have a lack of independence by comprehensive consideration of the Company

If "Item.2 Election of Fourteen (14) Directors" be approved as originally proposed at the Ordinary General Meeting of Shareholders for the 30th Business Term, the number of independent outside directors of the Company will be 5 (five), which is more than one-third or more of the total number of directors.

(3) Evaluation of the effectiveness of the board of directors

With regard to the effectiveness of the board of directors, the Company annually conducts a survey on evaluation of the effectiveness of the board of directors to all directors and company auditors, organizes and analyzes the results of the survey, and then reports it to the board of directors from FY2015. Based on the results of the survey, the Company operates to improve the effectiveness of the board of directors as necessary. Regarding the operation of the board of directors in FY2022, the system of the board of directors including independent directors is established, the information needed for discussion and judgment in the board of directors is sufficiently offered, each of the directors states from the various aspects, the operations of the board of directors such as frequency and the operation on the day is appropriately set, and therefore the Company recognizes that the effectiveness of the board of directors validly functions as a self-evaluation.

(Reference) 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. Internet traffic
The quantity or flow of data transferred across the Internet.
3. Cloud computing
Cloud computing is the on-demand delivery of computer system functions and processing ability, software, data and etc. through the Internet.
4. IoT
Internet of Things (IoT) enables not only physical objects but also any “things” connected to network to exchange information automatically.
5. Mobile-related services
The services refer to IJ Mobile services, which are enterprise IoT usages, IJ Mobile MVNO platform services, and IJmio Mobile services.
6. IP(Internet Protocol) services
IJ's dedicated-type Internet connectivity services, mainly used by corporate users.
7. WAN services
WAN (Wide Area Network) is wide area network services exchanging data by connecting physically distant LAN such as headquarters and branches through dedicated lines and others.
8. GigaPlans
GigaPlans is a new consumer mobile service plans, which the Company has started providing from April 1, 2021.
9. Multi-cloud
Multi-cloud means using multiple cloud services from multiple different cloud service providers, such as Amazon Web Services, Microsoft Azure and etc.
10. SASE
SASE (Secure Access Service Edge) is a concept to shift controls of network and security on the route to cloud services to enable secure access from any points, instead of the conventional centralized management through headquarters or data centers.
11. On-premise
It is a way of managing IT assets such as servers and software by locating them within enterprises facilities and operating them.
12. Mobile unit charge
Cost of connection with other network operators. As for mobile services, interconnectivity charge refers to the unit charge for interconnectivity data communications between mobile carriers such as NTT DOCOMO, INC. and MVNO(Mobile Virtual Network Operator)s such as IJ. The unit price is per Mbps.
13. IJ Mobile MVNO Platform service (MVNE)
It is a service offered to MVNOs such as to construct mobile services and provide mobile communication lines etc.

Consolidated financial statements

Consolidated Statements of Financial Position

(As of March 31, 2023)

(Unit: JPY millions)

Item	Amount	Item	Amount
Assets		Liabilities and Equity	
Current Assets		Liabilities	
Cash and cash equivalents	42,472	Current liabilities	
Trade receivables	41,340	Trade and other payables	22,313
Inventories	3,188	Borrowings	16,828
Prepaid expenses	15,341	Income taxes payable	4,034
Contract assets	2,178	Contract liabilities	10,169
Other financial assets	1,918	Deferred income	79
Other current assets	241	Other financial liabilities	18,105
		Other current liabilities	6,336
Total Current Assets	106,678	Total current liabilities	77,864
Non-current Assets		Non-current liabilities	
Tangible assets	23,321	Borrowings	3,602
Right-of-use Assets	46,675	Retirement benefit liabilities	4,513
Goodwill	9,859	Provisions	794
Intangible assets	16,616	Contract liabilities	7,411
Investments accounted for using the equity method	5,785	Deferred income	319
Prepaid expenses	12,579	Deferred tax liabilities	610
Contract assets	106	Other financial liabilities	30,695
Other investments	19,150	Other non-current liabilities	1,083
Deferred tax assets	200	Total non-current liabilities	49,027
Other financial assets	4,637	Total liabilities	126,891
Other non-current assets	587	Equity	
		Share capital	25,562
		Share premium	36,738
		Retained earnings	51,077
		Other components of equity	6,571
		Treasury shares	(1,831)
		Total equity attributable to owners of the parent	118,117
		Non-controlling interests	1,185
Total non-current assets	139,515	Total equity	119,302
Total assets	246,193	Total liabilities and equity	246,193

Consolidated Statements of Profit or Loss

(From April 1, 2022 through March 31, 2023)

(Unit: JPY millions)

Item	Amount
Revenues	
Network services	138,922
System integration	110,944
ATM operation business	2,842
Total revenues	252,708
Cost of sales	
Cost of network services	(100,776)
Cost of systems integration	(92,391)
Cost of ATM operation business	(1,633)
Total cost of sales	(194,800)
Gross Profit	57,908
Selling, general and administrative expense	(30,897)
Other operating income	281
Other operating expenses	(71)
Operating Profit	27,221
Finance income	844
Finance expenses	(552)
Share of profit (loss) of investments accounted for using equity method	(204)
Profit (loss) before tax	27,309
Income tax expense	(8,330)
Profit (loss) for the year	18,979
Profit (loss) for the year attributable to:	
Owners of the parent	18,838
Non-controlling interests	141
Total	18,979

Non-Consolidated Balance Sheet

(As of March 31, 2023)

(Unit: JPY millions)

Assets		Liabilities and net assets	
Item	Amount	Item	Amount
[Current assets]	82,904	[Current liabilities]	61,273
Cash and bank deposits	28,452	Accounts payable	4,765
Accounts receivable	34,724	Short-term borrowings	14,770
Investment in leases	1,321	Short-term borrowings from affiliated companies	3,300
Merchandise	67	Long-term borrowings – Current portion	2,000
Work in process	106	Accounts payable – other	12,077
Supplies	2,132	Capital lease obligations – current	5,730
Prepaid expenses	13,382	Accrued expense	345
Accounts receivable – other	599	Accounts payable – fixed assets	1,503
Short-term loans to affiliated Companies	144	Income taxes payable	3,769
Contract assets	2,155	Consumption taxes payable	503
Current portion of guarantee deposits	1	Deposits received	130
Other current assets	123	Deferred income	2
Allowance for doubtful accounts	(302)	Contract liabilities	12,213
		Other current liabilities	166
[Fixed assets]	95,185		
<Property and equipment>	30,452	[Long-term liabilities]	17,358
Land	1,522	Long-term borrowings	3,500
Buildings	1,543	Accounts payable – noncurrent	218
Leasehold improvements	9,546	Capital lease obligations – noncurrent	8,641
Construction other than buildings	1,945	Asset retirement obligations	764
Data communication equipment and office equipment	11,617	Accrued pension and severance cost	4,036
Assets under capital leases	39,412	Accrued directors' and company auditors' retirement benefits	199
Construction in progress	5,239		
Accumulated depreciation	(40,372)		
<Intangible assets>	15,483	Total liabilities	78,631
Goodwill	536		
Customer relationships	713	[Shareholders' equity]	94,146
Telephone rights	2	<Capital stock>	23,023
Software	14,099	<Capital surplus>	10,064
Assets under capital leases	133	Legal capital surplus	9,743
<Investments and other assets>	49,250	Other capital surplus	321
Investments in securities	8,500	<Earned surplus>	62,879
Money held in trust	4,751	Legal retained earnings	502
Investments in affiliated companies	20,494	Other retained earnings	62,377
Bonds of affiliated companies	2,000	Reserve for advanced depreciation of fixed assets	261
Guarantee deposits	3,222	Retained earnings brought forward	62,116
Long-term prepaid expenses	9,328	<Treasury stock>	(1,820)
Claims against insolvencies	4	[Valuation and translation adjustment]	4,758
Long-term loans to affiliated companies	110	Net unrealized gains on securities	4,758
Deferred tax assets	140	[Subscription rights to shares]	554
Other investments	723	Stock acquisition rights	554
Allowance for doubtful accounts	(22)		
		Total net assets	99,458
Total assets	178,089	Total liabilities and net assets	178,089

Non-Consolidated Statement of Income

(From April 1, 2022 through March 31, 2023)

(Unit: JPY millions)

Item	Amount	Total
[Total revenues]		209,819
[Total costs of revenues]		162,868
Gross margin		46,951
[Total sales and administrative expense]		24,778
Operating income		22,173
[Non-operating income]		
Interest income	52	
Dividend income	1,603	
Commissions received	41	
Royalty charges received	4	
Gain on investments on silent partnership	149	
Foreign exchange gain	602	
Other non-operating income	86	2,537
[Non-operating expenses]		
Interest expense	299	
Provision of allowance for doubtful accounts	5	
Other non-operating expenses	23	327
Ordinary income		24,383
[Extraordinary income]		
Gain on sale of investment securities	7	
Gain on sale of fixed assets	169	
Gain on extinguishment of tie-in shares	48	224
[Extraordinary loss]		
Loss on disposal of fixed assets	297	
Loss on valuation of investment securities	1	298
Income before income taxes		24,309
Income taxes – current		6,766
Income taxes – deferred		121
Net income		17,422

Independent Auditor's Report

May 22, 2023

To the Board of Directors of Internet Initiative Japan Inc.:

KPMG AZSA LLC
Tokyo Office

Hidetoshi Fukuda
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yusuke Matsumoto
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes ("the consolidated financial statements") of Internet Initiative Japan Inc. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), as at March 31, 2023 and for the year from April 1, 2022 to March 31, 2023 in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with the second sentence of Article 120-1 of the Ordinance of Companies Accounting that permits the Company to prepare consolidated financial statements with the omission of a part of the disclosures required under International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

1. As discussed in Note 8. Subsequent Events, the Company resolved to purchase and cancel its treasury stock at the extraordinary meeting of the Board of Directors on May 18, 2023.
2. As discussed in Note 8. Subsequent Events, the Company resolved to borrow funds at the extraordinary meeting of the Board of Directors on May 18, 2023.

Our opinion is not modified in respect of this matter.

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the second sentence of Article 120-1 of the Ordinance of Companies Accounting that permits the Company to prepare consolidated financial statements with the omission of a part of the disclosures required under International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 the second sentence of Article 120-1 of the Ordinance of Companies Accounting that permits the Company to prepare consolidated financial statements with the omission of a part of the disclosures required under International Financial Reporting Standards.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with the second sentence of Article 120-1 of the Ordinance of Companies Accounting that permits the Company to prepare consolidated financial statements with the omission of a part of the disclosures required under International Financial Reporting Standards, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate 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, related safeguards.

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:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report on the consolidated financial statements as required by the Companies Act.

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

Independent Auditor's Report

May 22, 2023

To the Board of Directors of Internet Initiative Japan Inc.:

KPMG AZSA LLC
Tokyo Office

Hidetoshi Fukuda
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yusuke Matsumoto
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the accompanying supplementary schedules ("the financial statements and the accompanying supplementary schedules") of Internet Initiative Japan Inc. ("the Company") as at March 31, 2023 and for the year from April 1, 2022 to March 31, 2023 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the accompanying supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

1. As discussed in Note 12. Subsequent Events, the Company resolved to purchase and cancel its treasury stock at the extraordinary meeting of the Board of Directors on May 18, 2023.
2. As discussed in Note 12. Subsequent Events, the Company resolved to borrow funds at the extraordinary meeting of the Board of Directors on May 18, 2023.

Our opinion is not modified in respect of this matter.

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the financial statements and the accompanying supplementary schedules does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements and the accompanying supplementary schedules, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the accompanying supplementary schedules or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, Corporate Auditors and the Board of Corporate Auditors for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our objectives are to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the accompanying supplementary schedules.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the accompanying supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the accompanying supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements and the accompanying supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the accompanying supplementary schedules, including the disclosures, and whether the financial statements and the accompanying supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate 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, related safeguards.

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

We do not have any interest in the Company 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:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report on the financial statements and the accompanying supplementary schedules as required by the Companies Act.

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

Audit Report

Based on audit reports from each Company Auditor, and following due discussion at meetings, the Board of Company Auditors has prepared this audit report regarding the execution of the duties of Directors of the Company during the 31st fiscal year from April 1, 2022 to March 31, 2023. The Board of Company Auditors hereby reports as follows.

1. Auditing Methodology Employed by Company Auditors and the Board of Company Auditors and Details Thereof

- (1) The Board of Company Auditors established auditing policy, auditing plan, the assignment of the duties of each Company Auditor and etc., and received reports from each Company Auditor on the status of the implementation of audits and the results thereof, as well as reports from Directors and etc., and also the Independent Auditor regarding the status of their duties, and sought explanations as necessary.
- (2) In compliance with the auditing standards for Company Auditors established by the Board of Company Auditors and based on the auditing policy and the assignment of duties, etc., each Company Auditor had taken steps to facilitate communication with Directors of the Company and the Internal Audit Department as well as others, has endeavored to gather information and create an improved environment for auditing and conducted auditing with the following methods.
 - i) Each Company Auditor attended meetings of the Board of Directors and other important meetings, received reports from Directors, employees and others on the performance of their duties and sought explanations regarding such reports as necessary. In addition, each Company Auditor inspected important authorized documents and associated information, and examined the business and financial position of the Company at the head office and main branch offices. As for the subsidiaries of the Company, each Company Auditor had taken steps to facilitate communication with the directors, company auditors and others of the subsidiaries and to share information among them and received reports from the subsidiaries regarding their businesses as necessary.
 - ii) Each Company Auditor periodically received reports from Directors, employees and others, sought explanations as necessary, and expressed opinions, regarding the resolution of the Board of Directors on the establishment of following systems (Internal Control System) and the status of operation of the organized system based on such resolution, both of which are described in the Business Report that the system for ensuring that the performance of duties by the Directors conforms to the applicable laws and regulations and Articles of Incorporation, and the system stipulated in Article 100-1 and 100-3 of the Enforcement Regulation of the Corporation Law, which are necessary for ensuring the properness of operations of the enterprises consisting of the Company and its subsidiaries.
 - iii) Each Company Auditor monitored and verified whether the Independent Auditor maintained their independence and implemented appropriate audits, and received reports regarding the performance of their duties and sought explanations as necessary. In addition, the Company Auditors received notice from the Independent Auditor that "System to Ensure Appropriate Execution of the Duties of the Independent Auditor" (as enumerated in each item of Article 131 of the Ordinance on the Company Accounting) is organized in accordance with the "Quality Control Standards Relating to Auditing" (adopted by the Business Accounting Deliberation Council on October 28, 2005) etc., and sought explanations as necessary.

Based on the above methodology, the Company Auditors reviewed the financial statements for this fiscal year (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of shareholders' equity and notes to the non-consolidated financial statements) and the supplementary schedules thereto, and also the consolidated financial statements for this fiscal year (consolidated statements of financial position, consolidated statements of profit or loss, consolidated statements of changes in shareholders' equity and notes to the consolidated financial statements).

2. Audit Results

(1) Audit Results on the Business Report, etc.

- i) In our opinion, the Business Report and the supplementary schedules fairly represent the Company's condition in conformity with the applicable laws and regulations of Japan as well as the Articles of Incorporation of the Company.
- ii) With respect to the execution of duties by the Directors, we have found no evidence of misconduct or material facts in violation of the applicable laws and regulations of Japan or the Articles of Incorporation of the Company in the course of the execution of duties of the Directors.
- iii) In our opinion, the content of the resolutions made by the Board of Directors of the Company regarding the internal control systems is appropriate, and furthermore, we have not found anything to be pointed out on the performance of duties of the Directors concerning the internal control systems.

(2) Results of Audit of the Financial Statements and Supplementary Schedules

In our opinion, the methodology and results of the audit employed and rendered by KPMG AZSA LLC, the Independent Auditor, are fair and reasonable.

(3) Results of Audit of the Consolidated Financial Statements

In our opinion, the methodology and results of the audit employed and rendered by KPMG AZSA LLC, the Independent Auditor, are appropriate.

May 25, 2023

Board of Company Auditors

Internet Initiative Japan Inc

Full-time Company Auditor	Kazuhiro Ohira	(seal)
Full-time Company Auditor	Masako Tanaka	(seal)
Company Auditor	Takashi Michishita	(seal)
Company Auditor	Koichi Uchiyama	(seal)

Note: Full-time Company Auditor, Kazuhiro Ohira and two Company Auditors, Takashi Michishita and Koichi Uchiyama, are outside company auditors as provided in Article 2-16 and Article 335-3 of the Corporation Law.