

Internet Initiative Japan Inc. Corporate Overview



Internet Initiative Japan Inc.
TSE1 (3774)
November & December 2020

We changed our accounting principles from the Generally Accepted Accounting Principles in the U.S. (“U.S. GAAP”) to the International Financial Reporting Standards (IFRS) from the filing of FY2018 annual report “Yuka-shoken-houkokusho” which was filed on June 28, 2019.

Because reporting period of foreign consolidated subsidiaries under IFRS is different from that of under U.S. GAAP, some figures disclosed in the past are different.

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Internet Technology Initiatives in Japan

About IIJ

Established	December 1992
Number of Employees	3,780 (approx. 70% engineers, 20% sales, 10% back office)
Listed Markets	Tokyo Stock Exchange 1 st Section (code: 3774)
Shareholder base	NTT group (26.0%), CEO Suzuki (5.6%), Foreign investors (23.0%)

◆ **The first established full-scale ISP (Internet Service Provider) in Japan**

- ✓ Introduced many prototype Internet-related network services
- ✓ Highly skilled IP (Internet Protocol) engineers
- ✓ In-house developed services and related back office facilities

◆ **“IIJ” brand towards blue-chips**

- ✓ Mainly among large enterprises and governmental organizations
- ✓ Differentiate by reliability and quality of network and systems operation
- ✓ Long-term client relationship with no serious systems troubles

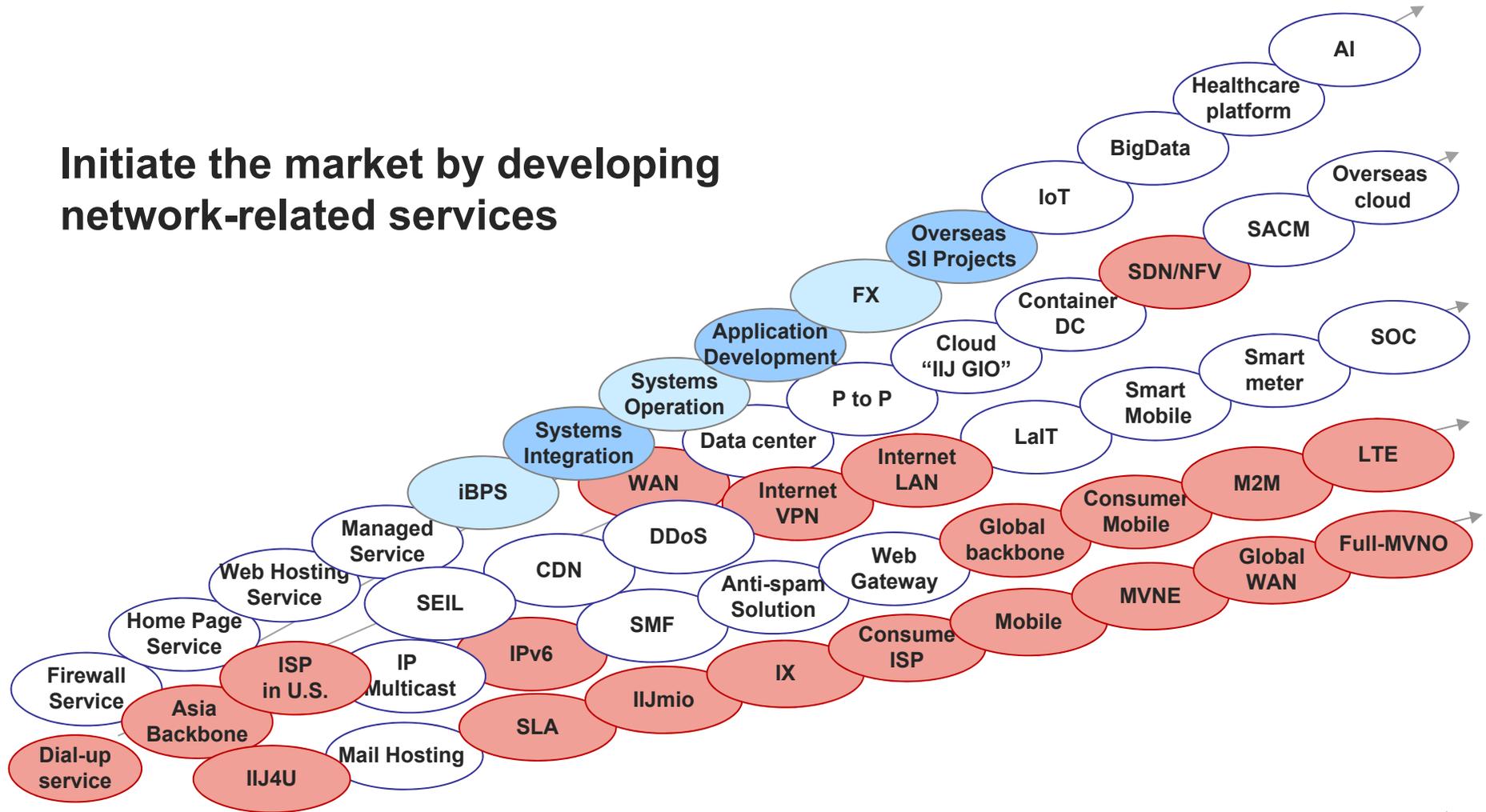
◆ **At the leading edge of IP R&D**

- ✓ Differentiate by continuous service developments and business investments
- ✓ Enhancing cloud, mobile, security, CDN (Contents Distribution Network) and solutions related to bigdata and IoT
- ✓ Participate in world-wide research and organizations ...and many more

- Number of employees are consolidated base and as of September 30, 2020
- We voluntary delisted from the U.S. NASDAQ Market in Apr. 2019. Our ticker symbol at OTC is IIJIY
- CEO Suzuki's ownership 5.6% includes his wholly owned private company portion

Technology and Service Developments

Initiate the market by developing network-related services



ISP to Total Network Solution Provider

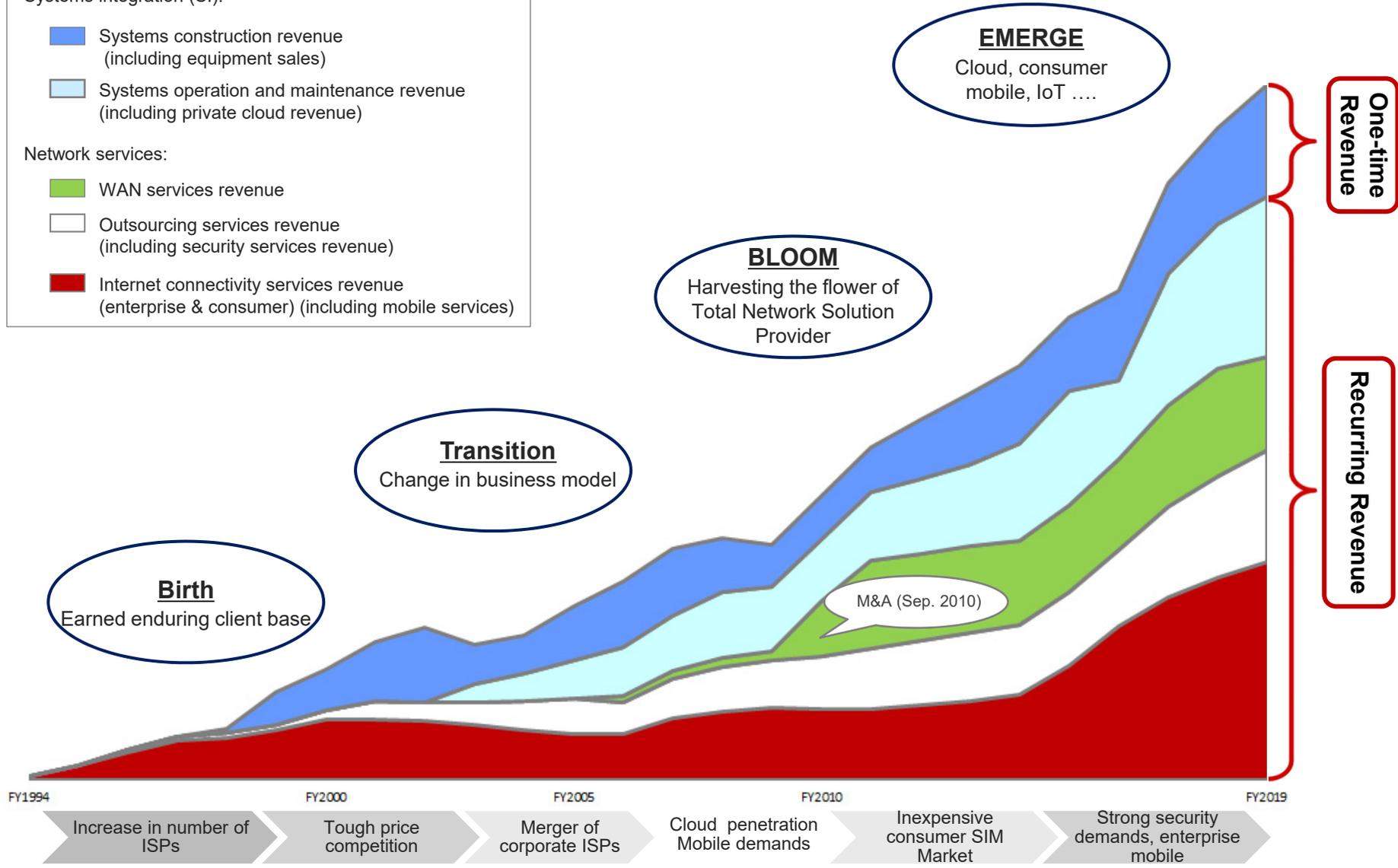
Revenue breakdown:

Systems integration (SI):

- Systems construction revenue (including equipment sales)
- Systems operation and maintenance revenue (including private cloud revenue)

Network services:

- WAN services revenue
- Outsourcing services revenue (including security services revenue)
- Internet connectivity services revenue (enterprise & consumer) (including mobile services)

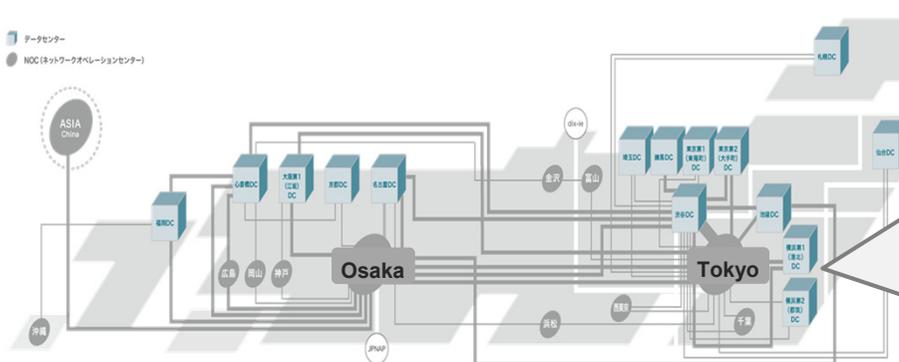
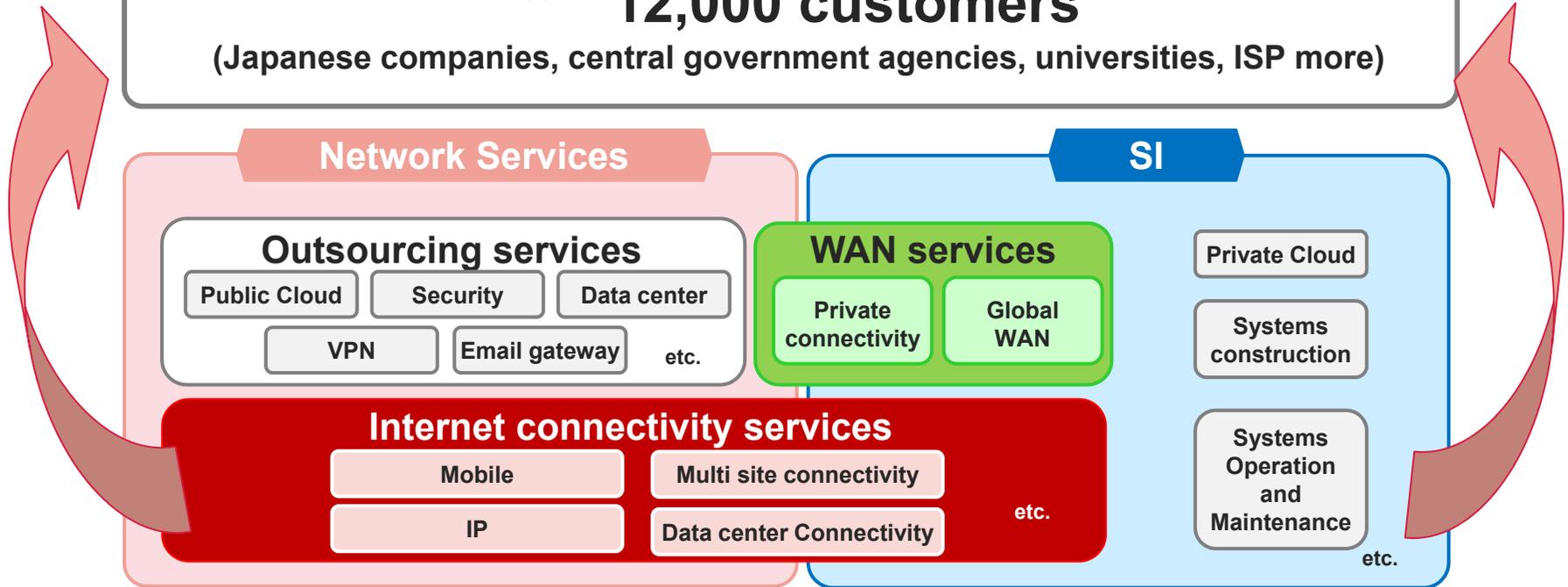


- Sudden increase in WAN services revenue is due to M&A in September 2010.

Leveraging Internet-related technology

IIJ is total network solution provider with network services and SI

Approx. **12,000 customers**
(Japanese companies, central government agencies, universities, ISP more)



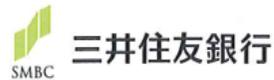
- Cost**
- **Service development** (mainly engineers' personnel cost recognized as cost of revenue in NW and SI)
 - **Network equipment depreciation** (recognized as depreciation cost)
 - **Purchasing mobile bandwidth from MNOs** (recognized as outsourcing cost in NW cost)
 - **Leasing data center space from data center owners** (recognized as outsourcing cost) Own 2 data centers
 - **Leasing fiber from carriers** (recognized as circuit related cost) etc.

• Our consumer business is mostly mobile services.

Excellent Customer Base with Many Blue-Chips

Competitive Advantages

Cover Most of Blue-Chips Companies



NOMURA

DNP

TOTO

Sompo Japan Insurance



Panasonic



JR West



Mitsui Fudosan



Ministry of Internal Affairs and Communications



Saitama Prefecture



Kanagawa Prefecture



Shibuya Ward

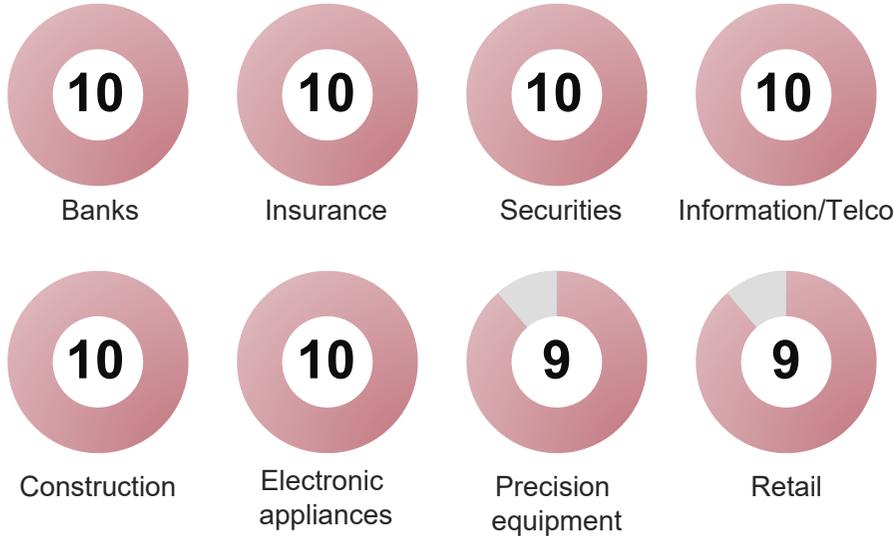
and many more...

Excellent Customer Base with Many Blue-Chips

Competitive Advantages

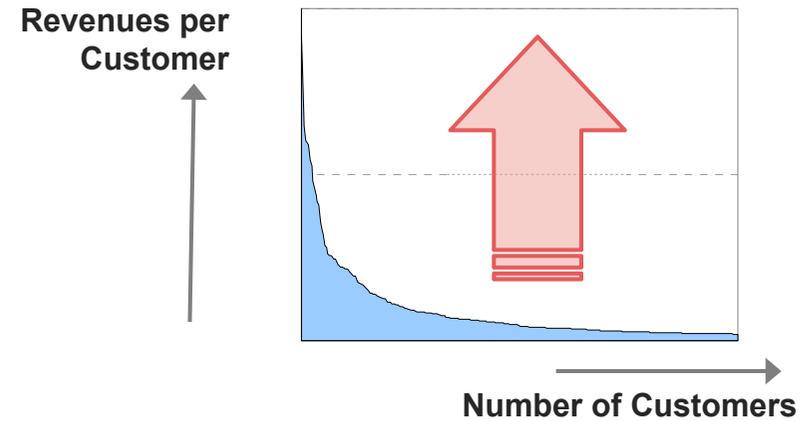
Cover Most of Top Revenue Companies

The number of clients among the top 10 companies in each industry.

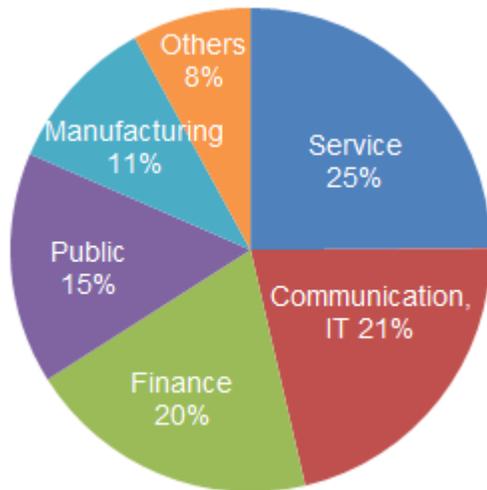


Increase Revenue per Customer

We don't expect our number of clients to increase but revenue per customer should continue to increase by cross-selling strategy.

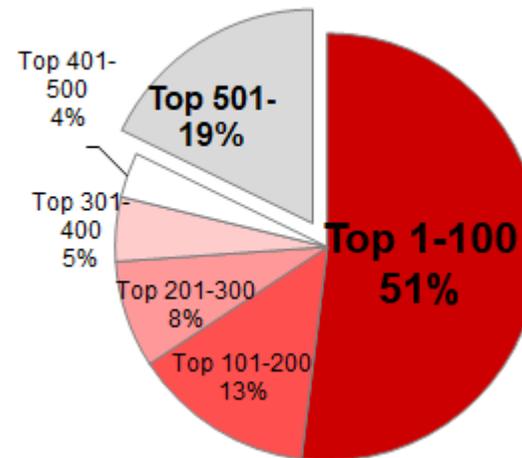


Revenue Distribution by Industry



- Client base is well diversified among industry sectors
- Revenues are generated from various industries

Revenue Distribution by Clients



- Approximately 80% of the revenue comes from top 500 clients
 - Much room to grow revenue per customer
 - Cross selling strategy is important
- A largest client revenue portion to the total is less than 3%

Source: IJ's FY2019 Financials

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Comprehensive Line-ups of IT services

Unit: JPY billion **Competitive Advantages**

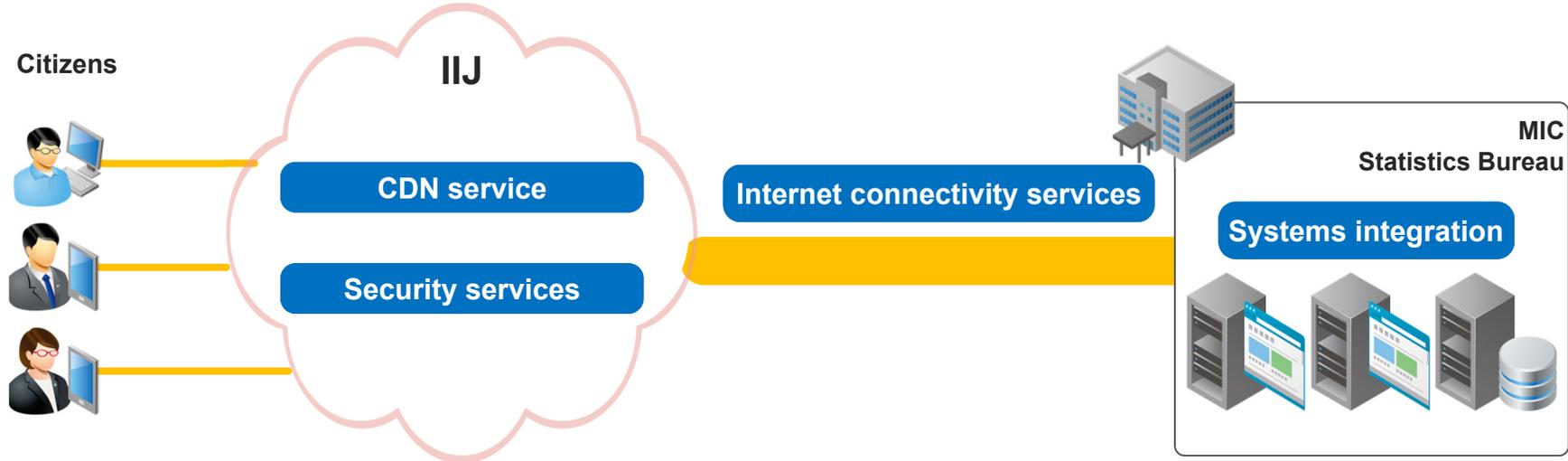
Revenue category		1H20 Revenue	About		Business Situation & Outlook		
Network Services	Internet connectivity services for enterprise	19.6	IP	5.8	Core service providing from the inception of the company, highly reliable dedicated connectivity services for enterprise (multi-carrier, redundancy etc.)	<ul style="list-style-type: none"> ➢ Matured market (new entry difficult) ➢ Blue-chip client base ➢ Expect the revenue to continuously increase along with traffic volume and contracted bandwidth increase which is increasing along with CDN traffic, remote work etc. 	
	Internet connectivity services for consumers	12.9	Mobile	11.5	IoT/M2M-related	3.5	<ul style="list-style-type: none"> ➢ Expect profitability and mobile infrastructure utilization to improve as we gather various traffic such as IoT, enterprise, consumers • IoT/M2M: Expect the demand to expand in the middle to long term • MVNE/Consumer: Focus on expanding sales channel under severe competition
					MVNE	8.6	
	WAN	12.3	Closed network used to connect multiple sites		Stable market for long-term, Large clients migrated to mobile in FY2019		
Outsourcing	17.2	In-house developed Internet-related various service line-ups (Security, datacenter, remote access related etc.)		<ul style="list-style-type: none"> ➢ Acquire enterprise demand by cross-selling services. Continuous service development is important ➢ Demands for security and remote access to increase continuously 			
SI	Operation and Maintenance	25.1	From construction	13.9	Private Cloud	11.2	<ul style="list-style-type: none"> ➢ Expect great business opportunity in the middle-to-long term as internal IT systems migrating to cloud ➢ Systems to be converted to cloud
	Construction (including Equipment sales)	13.0	System construction related to office IT, security, Cloud, IoT. Internet-related construction such as Online banking & brokerage academic backbone network for university, and E-commerce site		<ul style="list-style-type: none"> ➢ Through providing SI, offer greater value as IoT and cloud usage penetrate 		

Monthly Recurring Revenue 88%

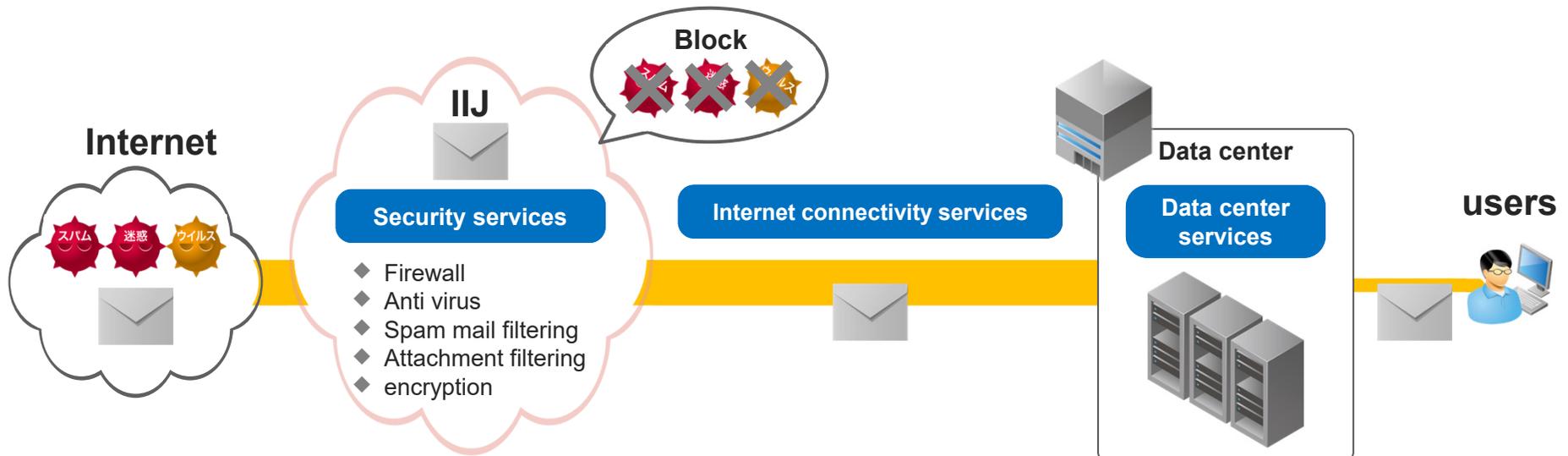
Examples of Cross-selling/Total Solution

Competitive Advantages

(Case 1) Provided and constructed systems needed for online census



(Case 2) Full outsourcing of email systems

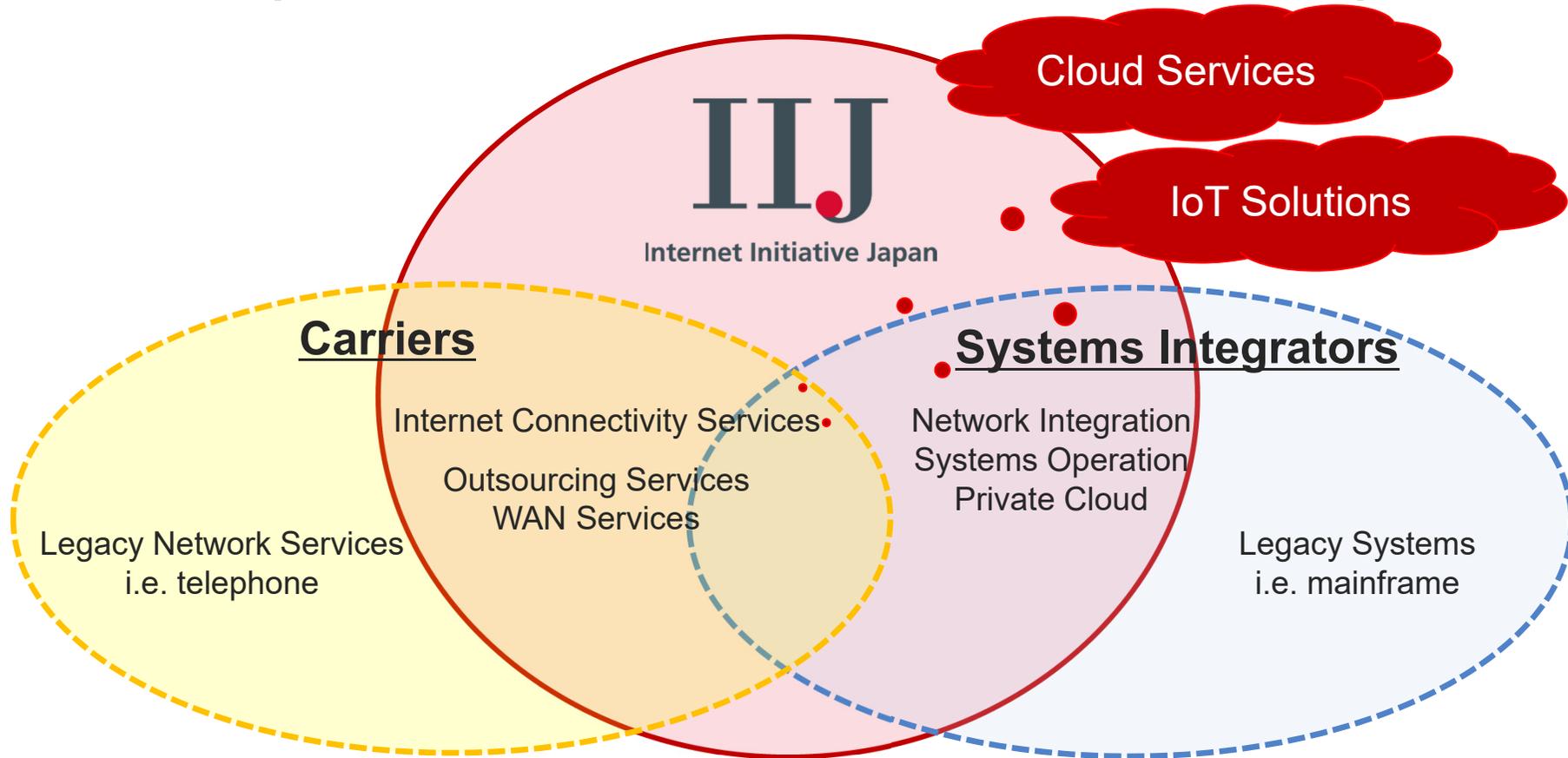


Competitive Advantage by NW services & SI

Competitive Advantages

Target Blue-chip's IT Shift

Cover Corporates' New IT Services Demands with reliable operation



IIJ's differentiation points against competitors

- Many highly skilled network engineers
- Corresponds to the Internet market rapidly
- Unbureaucratic organization structure

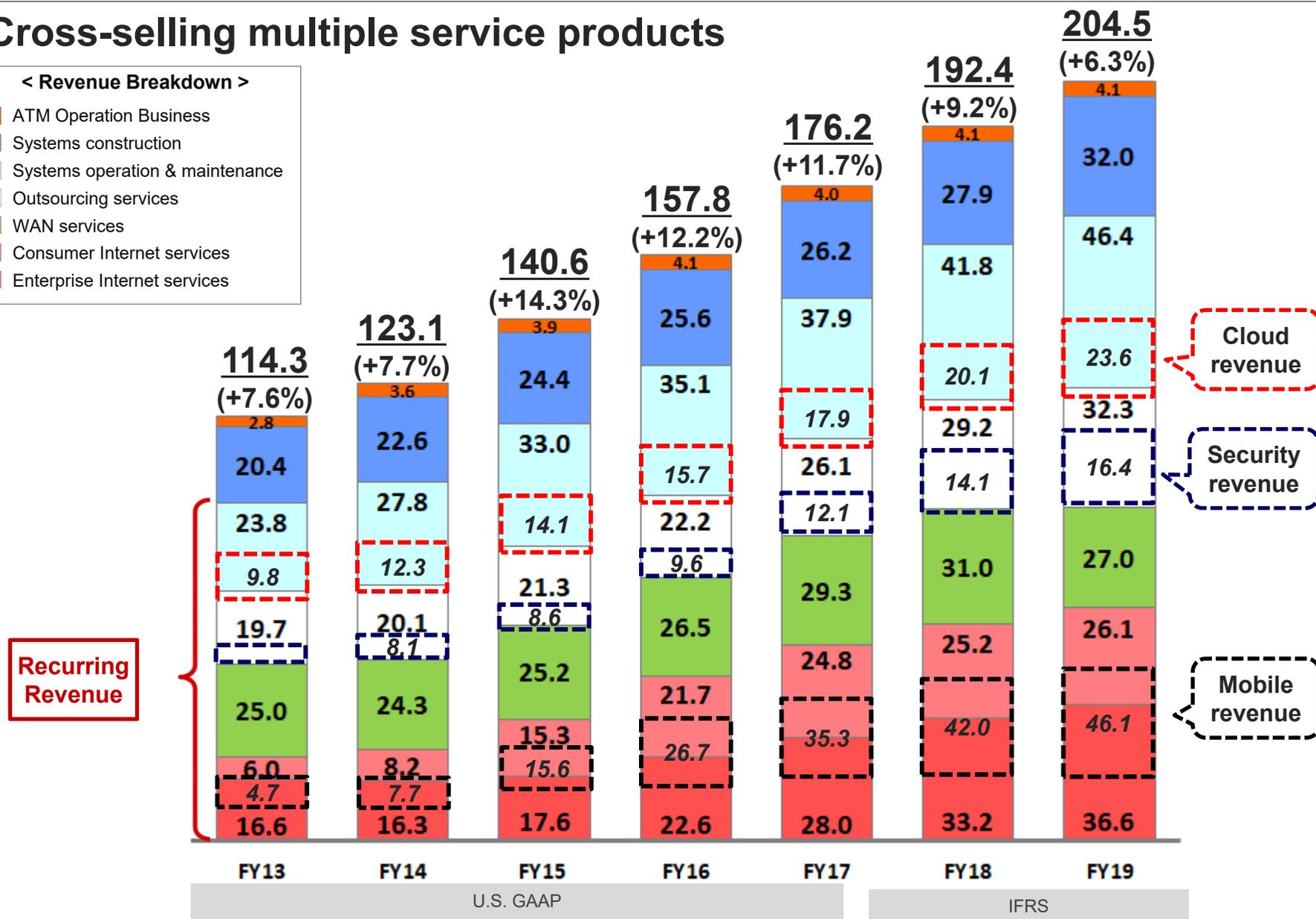
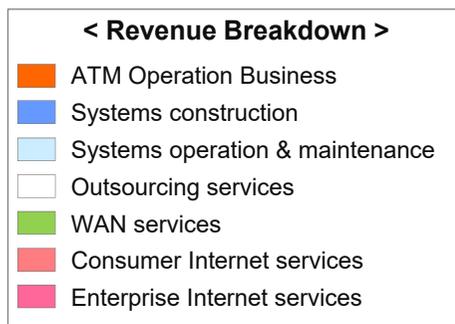
- Operates network facilities by ourselves
- Develops network services
- Moderate number of employees

Continuous Revenue Accumulation

Unit: JPY billion
% = year over year change

Growth Strategy

Cross-selling multiple service products



- System construction revenue includes equipment sales
- *YoY growth rate written for FY17 revenue is comparing FY16 revenue which is prepared with U.S. GAAP and FY17 revenue which is prepared with IFRS

Network Services

**Continuously developing various network services to promote further IT utilization by Japanese enterprises.
Cross-selling them to fully meet Japanese enterprises' needs.**

IIJ's Network Services Business Model

◆ Revenue

- Accumulation of monthly recurring service charge
 - IP services are contracted based on bandwidth base
- Very low churn rate. Minimum contract period is 1 year. Renew every year, generally speaking.
- Enterprise Internet connectivity market in Japan is already consolidated. Difficult to enter the market
 - IIJ enjoys stable and high market share among large enterprises.
 - IIJ's internet connectivity services clients include general Japanese enterprise as well as network operators such as consumer ISPs, cable TV operators
- Revenue for IP services, our core services, increasing as Japanese enterprises use more Internet and more contents are exchanged over Internet. Increase in web meetings has accelerated the growth.
 - IP services revenue growth: 1H20 +10.1% YoY (1Q +9.4% YoY, 2Q + 10.8% YoY)
- Continuously developing innovative services by ourselves to encourage Japanese enterprises to outsource their network and/or system operation
- Outsourcing services continuously and largely increasing mainly because demands for security services and remote access services are strong
 - Outsourcing services revenue growth: 1H20 +9.1% YoY (1Q +8.5% YoY, 2Q +9.8% YoY)

◆ Cost

- Internet backbone leasing costs and other costs needed to continuously operate the backbone
- IIJ purchases physical fiber from carriers. IIJ owns network equipment
 - Circuit related costs, depreciation and amortization costs, data center leasing costs, personnel costs, outsourcing costs.
 - As one of the largest independent ISPs, IIJ has strong buyer power when purchasing fiber and/or equipment

◆ Profit

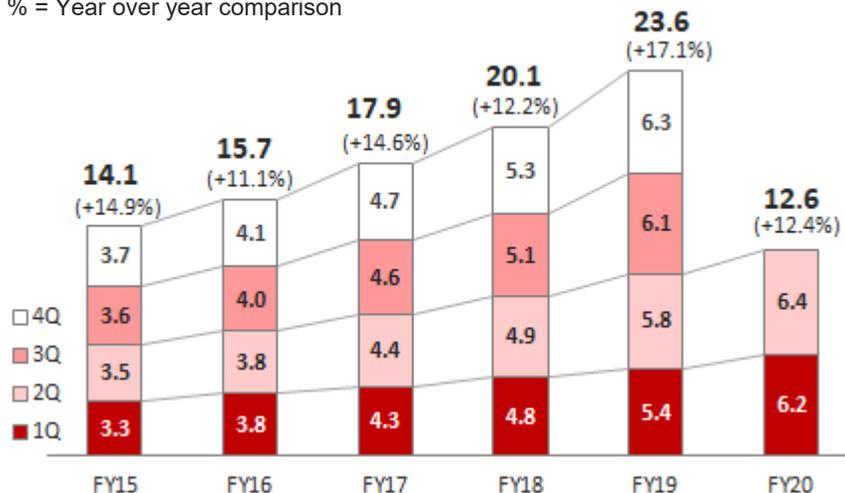
- Revenue continuously growing. Cost, mostly fixed type cost. IIJ can achieve enjoy economy of scale with strong revenue accumulation which leads to profit expansion

Cloud Business (1)

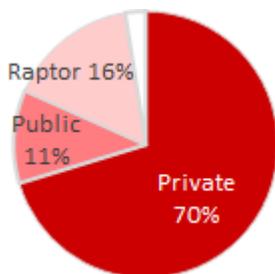
Cloud shift of Japanese enterprises' internal core systems just began Additional system area for IIJ: revenue growth opportunity

IIJ's Cloud Revenue

Unit: JPY billion
% = Year over year comparison



IIJ's Cloud Revenue Breakdown



• Based on IIJ's FY19 results

IIJ Raptor services (foreign currency ASP system) used by over 10 Japanese major financial institutions including Nomura Securities, SONY BANK and others. DeCurret is also a user

- 2Q20 Cloud revenue breakdown: 89.3% is recognized in systems operation and maintenance, 10.7% is recognized in outsourcing services
 - ✓ Private Cloud services and other services that are similar to systems integration, meeting specific needs, are recognized in systems operation and maintenance
 - ✓ Public Cloud services which are similar to conventional web hosting services or simple network services in nature are recognized in outsourcing services

Cloud Market in Japan

- Cloud penetration among Japanese enterprises
 - 58.7% as of 2018-end, 33.0% as of 2013-end (source: MIC)
 - Slowly but surely using more Cloud services, yet most of such usages are primitive ones such as web servers etc.
- Seeing some advanced and mission critical enterprise systems on Cloud services
- Cloud shift is gradually taking place as
 - Japanese blue-chips' internal systems are quite large and complicated - can't migrate all at once
 - Japanese enterprises consider whether to re-invest their on-premise systems or migrate to Cloud services when their existing systems approach to the end of life

IIJ's Cloud Service Offerings

- Mainly IaaS service lineups to target blue-chips' needs to migrate to Cloud
 - Incorporates VMware virtualization platform
 - Offers services promoting SAP ERP's Cloud shift
 - Storage services

Cross-selling Cloud services with various network services and SI function

IIJ's Competitive Advantages

◆ IIJ's competitive advantage

- Blue-chip client base: Hands-on/close relationship with clients (Cloud as a cross-selling element)
- New business opportunity: Because blue-chips' internal systems have been covered by legacy system integrators, it is a new business opportunity for IIJ once such systems migrate toward Cloud
- Various service line-ups including Multi-cloud strategy. Can meet specific needs with various network services and SI

◆ Competitors

- AWS & Microsoft:
 - Strong scale merit. Not so strong about meeting individual systems needs
- System integrators
 - Not genuine Cloud as making investment for individual projects

Multi-Cloud Strategy

- ◆ Provide private connectivity with Microsoft Azure/365, AWS (Amazon Web Service), GCP (Google Cloud Platform)
- ◆ Provide operation and management services to effectively monitor an entire IT systems, covering IIJ's cloud services, other cloud vendors' cloud services and on-premise systems.

IIJ's Cloud Business Model

◆ Revenue

- Revenue depends on system volume (i.e. number of cloud servers, volume of storage)
- Total Cloud revenue is to expand along with an increase in customer numbers and each system volume

◆ Cost

- Leasing fee for data center space, depreciation and amortization cost for servers and other network equipment, outsourcing cost and personnel costs for service developments

◆ Profit

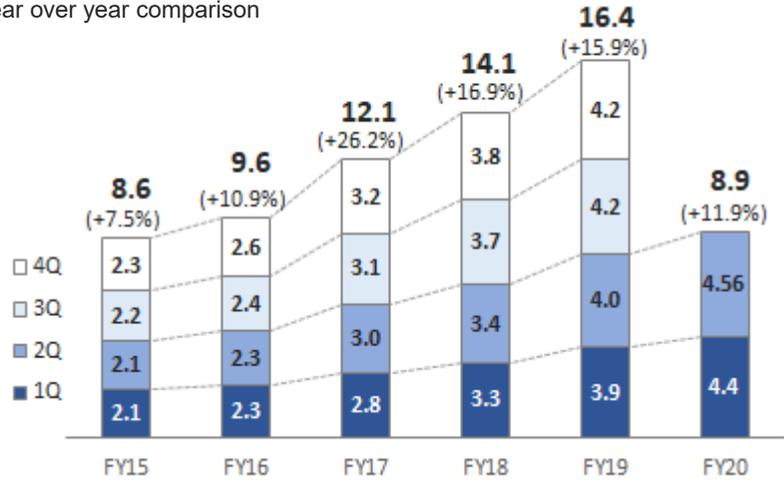
- Currently very low profitability: FY19 gross profit less JPY 1 billion (need to expand service facility and develop services)
- Need to have more revenue to have economy of scale (2 or 3 times of the current revenue volume)

Security Business

Growth Strategy

IIJ's security service revenue (recurring)

Unit: JPY billion
% = Year over year comparison

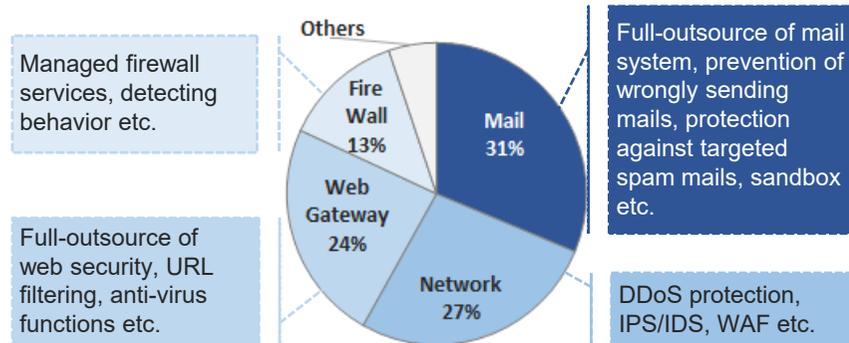


• All of security services revenue are recognized in outsourcing services

◆ Total security business volume (services + SI) In addition to the above mentioned recurring revenue, we have security-related SI revenue

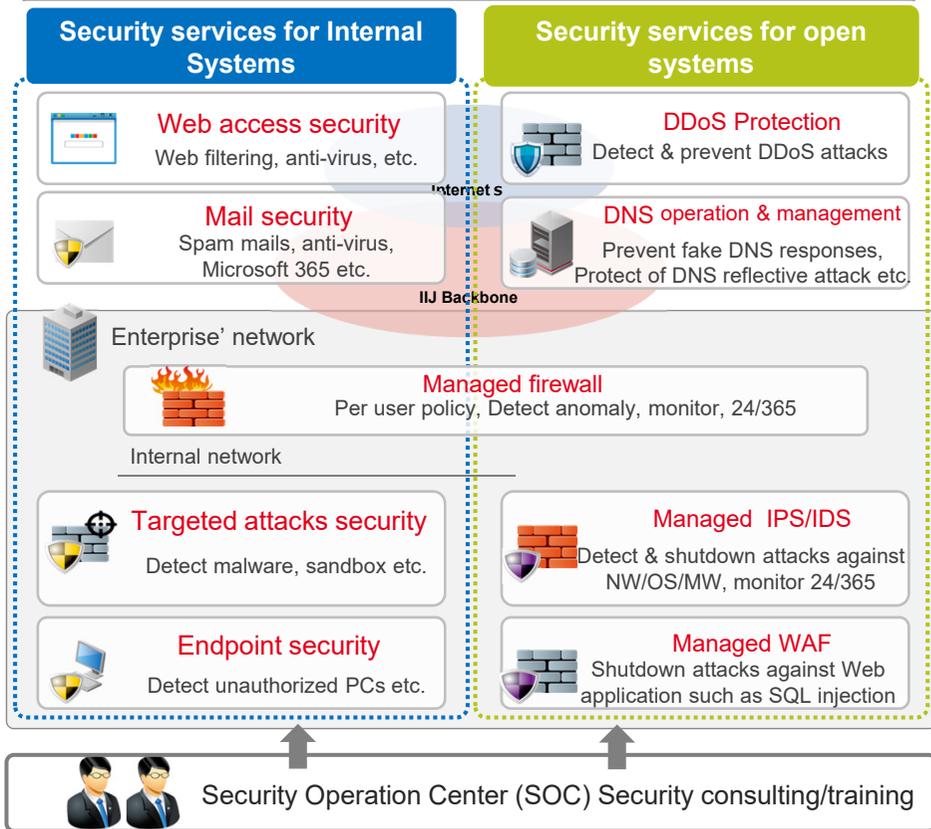
- FY17: ¥14.62 billion, FY18: ¥16.77 billion, FY19: ¥19.18 billion, 1H20: ¥10.31 billion (+12.0%)

◆ Security Service revenue breakdown



• Based on IIJ's FY19 results

IIJ's security service offerings



◆ Strong and Various Demands

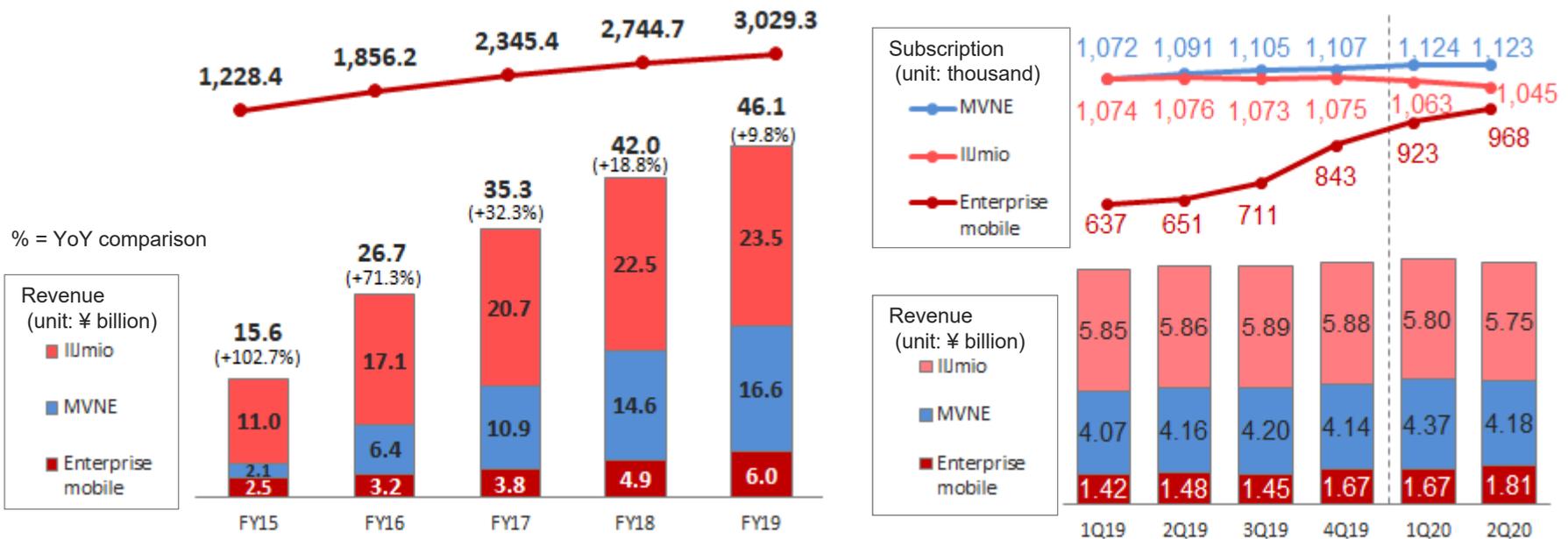
- **DDoS protection services**: handle terabit cyber attacks, widely used by central govt. agencies & major financial institutions
- **Security Operation Center services** with approx. 6 billion daily log records of network etc. (others: approx. 0.8 billion a day), Detect Internet threats & execute counter measures in early
- **Leveraging security log obtained as an ISP** to protect against latest cyber threats
- ◆ **Advising regional police departments about cyber security** such as unauthorized access and Internet network

Mobile Business (1)

Main strategy: accumulate enterprise mobile by leveraging blue-chip client base, various NW services & SI function – higher utilization of the mobile infra. Consumer subscription contributing to expand the infrastructure

IJ's Subscription & Revenue

◆ Subscription and Revenue growth led by enterprise mobile



- IJmio: Brand name for IJ's consumer mobile services. IJ provides the service through its website (direct sales) and sales partners MVNE (Mobile Virtual Network Enabler): Same as "IJ Mobile Platform Services" Revenue and Services generated by providing mobile services to other MVNOs who want to provide mobile services to their consumer customer base. Enterprise mobile: Calculated by deducting MVNE from IJ Mobile (enterprise)

IJ's History on MVNO/Mobile Business

- 2008 Became the first MVNO in Japan to connect Docomo's mobile network. Provide mobile solution to enterprises
- 2012 Started providing consumer mobile services (also launched MVNE business)
- 2018 Became the first full-MVNO (data) in Japan
- 2019 Launched Japan's first eSIM services

Mobile Business (2)

Accumulating various enterprise mobile solutions

Network Cameras

- Store marketing cameras
- Security cameras for apartment complexes, etc.
- Surveillance cameras for material storage sites, etc.
- Security cameras
- River water level remote monitoring

Office IT

- iPads and tablets
- Remote work (teleconferencing)
- Business / IP transceivers
- Store visitor management systems
- Built-in SIMs for PCs

B-to-C

- Karaoke communications
- Child monitoring devices
- Networking between devices at game arcades
- Currency exchange machines for foreign visitors to Japan
- Cashless payment terminals

Transportation

- Dashcams
- Taxi dispatching
- Bus locational information
- Remote key locking and unlocking

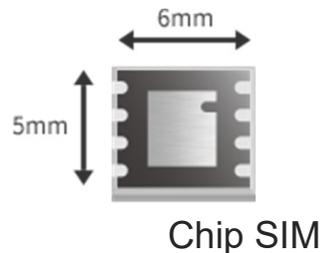
Corporate Activities / Other

- Structural health monitoring terminals
- Plant equipment management
- Natural disaster observational data collection
- Vending machines
- Rice paddy water management
- Shrimp cultivation
- Mobile sales offices
- Digital signage

Mobile Business (3) Full-MVNO & 5G Business Initiatives

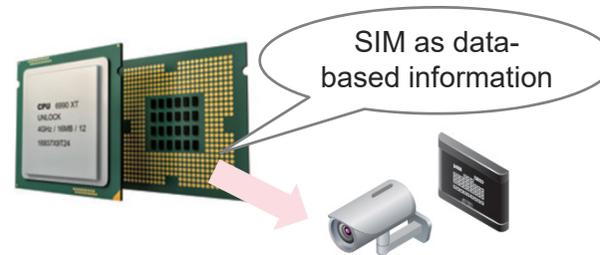
New forms of SIMs

◆ Chip SIM



- Embedded Chip-type SIM (M2M UICC)
- Compared with SIM cards, this type handles a wide range of temperature environments and is resistant to vibrations and corrosion.

◆ Soft SIM (from May 2019)



- A communication module given SIM functions where the information required for mobile communications is logically written in internal memory

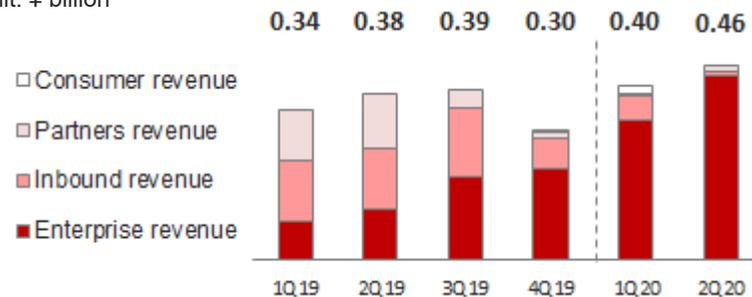
◆ eSIM



- Maintaining our own subscriber management features allows us to provide an eSIM service

IIJ's Full-MVNO Revenue Growth

unit: ¥ billion



- 2Q20 Full-MVNO revenue breakdown: 95.9% IIJ Mobile, 4.1% IIJmio
- Consumer revenue: eSIM services
- Partner revenue: IMSI for overseas enterprises such as travel agency
- Inbound revenue: Pre-paid SIM for foreigners visiting Japan
- Enterprise revenue: IoT-type usages such as connecting cameras

5G Business Initiatives

- Developed Japan's first 5G SA-compatible eSIM (Nov. 2020)
 - 5G SA (standalone) is upcoming mainstream 5G mobile communications
- Launched 5G services (au) for enterprises (Oct. 2020)
- Local 5G business: established JV (Grape One) with SUMITOMO CORPORATION and some cable TV operators
 - Local 5G networks: dedicated 5G networks operated by local governments and companies in keeping with diverse needs of their respective communities and industries
 - Cable TV operators, serving as local media, can leverage their own large-capacity bidirectional infrastructure to play key role in local 5G-based community development

Mobile Business (4)

IIJ's Consumer Mobile (IIJmio) Price List

Data volume	Monthly charge	With voice service
3GB	¥900	¥1,600
6GB	¥1,520	¥2,220
12GB	¥2,560	¥3,260

Others' price list (as of Nov. 2020)

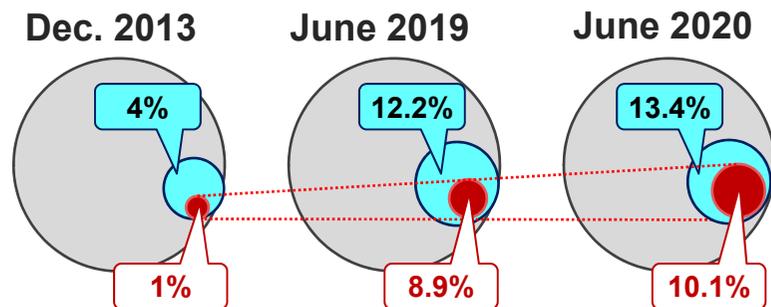
Provider	Data volume	Monthly charge (voice service included)
Y! mobile	4GB	¥2,680
UQ mobile	3GB	¥1,980
Docomo	3GB	¥2,480

IIJ's Sale Channel for Consumers

- Direct sales** through IIJ's website
 - Approximately 60% of 4Q19 IIJmio's revenue was through direct sales (sales partners' stores were temporarily closed due to the COVID-19 pandemic)
- Sales partners** such as BicCamera and other retailers who have physical stores
 - IIJ pays sales commission to sales partners
- MVNE** (through other MVNOs)
 - "IIJ Mobile Platform Service"
 - As of Sep. 2020, IIJ has 155 MVNE clients
 - Majority of MVNE clients are Japanese cable TV operators who already have direct relationship with consumers

MVNO Penetration in Japan*1

Total mobile subscription
 MVNO subscription
 SIM subscription



Source :

*1 Ministry of Internal Affairs and Communications (the MIC)

*2 As of June 2020, Among "SIM subscription," Published by the MIC in Sep. 2020

*3 "MVNO Market Maintains Upward Trajectory" by Pete Bell in Apr. 2019

<https://blog.telegeography.com/mvno-market-maintains-upward-trajectory>

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Consumer MVNO share *2

- Rakuten 16.3%
- IIJ 13.7%
- NTT Communications (brand name: OCN mobile) 10.8%
- OPTAGE (brand name: mineo) 8.8%
- LINE Mobile 6.1%

MVNO share in other countries *3

Germany	47.5%	Spain	16.8%
Canada	28.8%	The US	13.8%
France	26.9%	Italy	12.1%
The UK	18.6%	South Korea	12.1%

Business model of IJ's Mobile Business

◆ Revenue

- Consumer mobile revenue is generated by subscription growth multiplied by ARPU
 - ✓ ARPU is increasing as favorable demand for mobile device bundled offerings and the voice services are charged “pay as you go”
- Enterprise mobile revenue to grow with IoT/M2M traffic. Charge IoT projects by how much data traffic is needed

◆ Cost

- All of IJ's mobile services are provided from the same mobile infrastructure
- Mainly purchasing mobile capacity on bandwidth-base from mobile carriers (mainly from Docomo, some from KDDI)
 - ✓ Such purchasing cost is recorded as “outsourcing” among network services' costs
- In order to provide voice services, we purchase per usage base (no economy of scale merit for voice services)
- Sales commission expenses (SG&As) to sales partners such as BicCamera

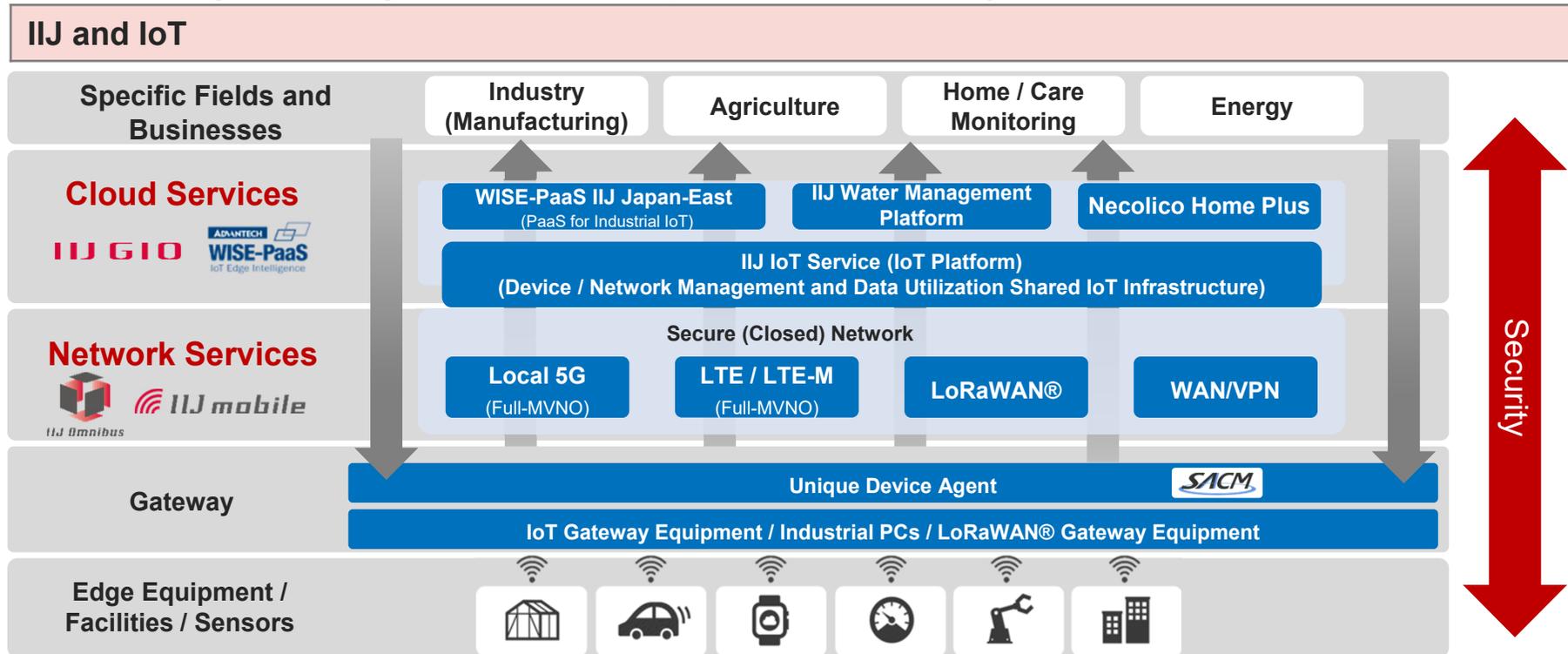
◆ Profit

- While many of consumer-oriented MVNOs are said to be in deficit, IJ's mobile business is profitable. As of 1H20, IJ's mobile business profitability is around 13% (gross profit base), lower than overall network services' gross profit
- Profitability to increase by improving infrastructure utilization through gathering various consumer & enterprise traffic
 - ✓ Traffic patterns of consumers and enterprises are different
 - Consumers: Peak time is commuting hours and lunch break. Other than these hours, our consumers tend to access Internet through their home and/or office Wi-Fi
 - Enterprise: No clear peak time. Traffic is generated through mobile dongle and/or IoT type usages which run 24/7
 - ✓ Currently, purchasing mobile capacity to meet the peak time of consumers (commuting hours and lunch break)
 - Mobile infrastructure utilization is still quite low expect for those peak time of consumers

◆ Growth Strategy

- Aim to improve mobile infrastructure utilization by gathering IoT/M2M & various consumer traffic

Combining existing service lineups to build IoT systems



Japanese enterprises' attitude toward IoT

Industrial machinery manufacturers	Shift from reactive post-sales maintenance model to proactive field services (predictions based on data)
Car accessory manufacturers	Expansion of service businesses by acquiring data through the networking of products and establishing software technology development organizations to develop services that use that data
Measuring instrument manufacturers	Expansion of services to streamline & improve the accuracy of recording tasks by going beyond just "measuring" things & providing linking data customers measure with their business systems
Automotive manufacturers	Improved efficiency of equipment management to cover personnel shortages, analyzing the expertise of skilled workers in maintaining operating capacity and implementing traceability to ensure quality
Trading companies (agriculture)	Shift from the sales of pesticides & chemical fertilizers to the provision of pesticide spraying technologies that reduce the amount used, & the development of cutting-edge agricultural technologies

Business through affiliated companies: FinTech Business (1)

Growth Strategy

Company Profile

Name	DeCurret Inc.
Est.	January 2018
Capital	JPY8.6 billion (including capital reserve)
Directors	President: Kazuhiro Tokita (from IIJ) Part-time directors: IIJ CEO, IIJ COO, IIJ CFO

◆ Equity method loss related to DeCurret (unit: JPY million)

	4Q19	1Q20	2Q20
	403	306	273

- IIJ's ownership by 4Q19: 30.0%, from 1Q20 41.6%.
Ownership increased due to the capital raise in spring 2020

Crypto Asset Exchange Services (BtoC)

◆ First & new licensed service provider after the FSA enacted registration process

- Exchange various crypto assets (BTC, BCH, LTC, XRP, ETH)
 - ✓ Highly reliable system, low bid-ask spread, and meeting security requirement such as AML/KYC
 - Trading system leveraging the existing IIJ Raptor:
 - ✓ Top share ASP FX (Foreign Exchange) system in Japan, proving to more than 10 major Japanese financial institutions.
 - ✓ Core-engine, dealing system, connecting multiple FX exchanges, investor service platform, operator management function etc.
 - ✓ Approx. 70% of DeCurret service system is leveraged from the existing IIJ Raptor system

Digital Currency Settlement Platform Business

◆ Executing many and various PoCs with business partners and shareholders

KDDI	Automated digital currency settlement
Kansai Electric Power	Automated settlement of P2P electricity trading
DAIDO LIFE INSURANCE	Use digital currency for BtoB transaction
TOYOTA SYSTEMS	Automated settlement for employee benefit programs
Local governments	Digital coupon systems

And many more

◆ Active discussion with core players on how to set up digital currency platform infrastructure in Japan

- Digital Currency Study Group: From June to September 2020
 - Members: Mega banks, Seven Bank, JR East, KDDI, NTT Group, FSA, MIC, Bank of Japan, MOF, METI etc.
- The Study Group developed into Digital Currency Forum
 - Members: the Study Group members and leading companies from various industries
 - Main discussion topics: examination of practicality of digital currencies in each use case, requirement definition, design, and development of common and additional areas, identification of issues and solutions for the actual operation of digital currencies, and creation of standards

Business through affiliated companies: FinTech Business (2)

Growth
Strategy

Shareholders of DeCurret (30 companies)

Internet Initiative Japan Inc.

ITOCHU Corporation

QTnet, Inc.

OPTAGE Inc.

KDDI CORPORATION

KONAMI HOLDINGS CORPORATION

SUMITOMO LIFE INSURANCE COMPANY

Sompo Holdings, Inc.

The Dai-ichi Life Insurance Company, Limited

DAIDO LIFE INSURANCE COMPANY

Daiwa Securities Group Inc.

Tokio Marine & Nichido Fire Insurance Co., Ltd.

Nippon Life Insurance Company

Nomura Holdings, Inc.

East Japan Railway Company

BIC CAMERA INC.

Mitsui Sumitomo Insurance Company, Limited

Sumitomo Mitsui Banking Corporation

Mitsui Fudosan Co., Ltd.

The MUFG Bank

Meiji Yasuda Insurance Company

YAMATO HOLDINGS CO., LTD.

ITOCHU Techno-Solutions Corporation

CHUBU Electric Power Co., LTD.

DENTSU INC.

Hankyu Hanshin Holdings, Inc.

MATSUI SECURITIES CO.,LTD.

Energia Communications, Inc.

SOHGO SECURITY SERVICES CO.,LTD. (ALSOK)

Toppan Printing Co., Ltd.

Source: DeCurret Webpage

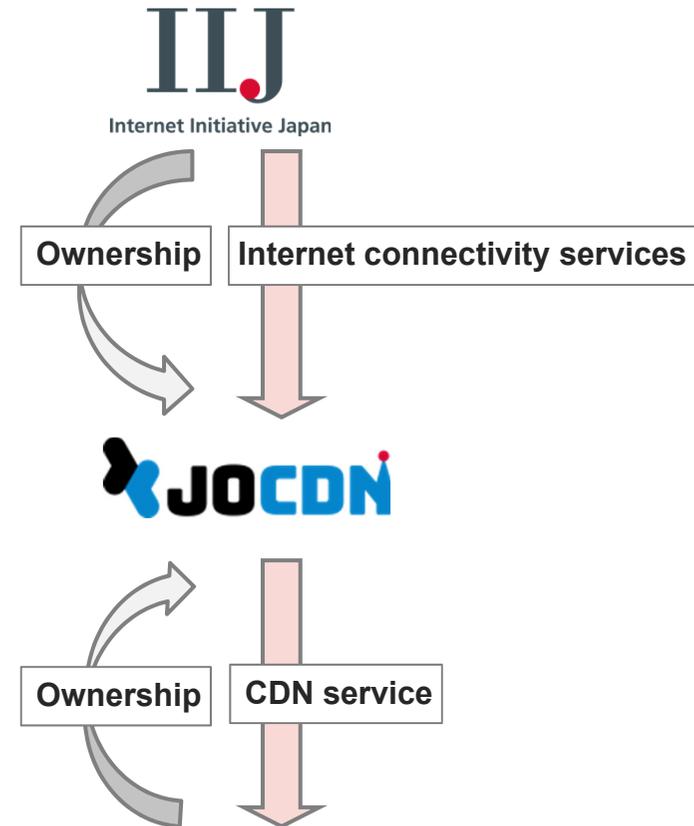
Business through affiliated companies: CDN Business

Growth Strategy

Company Profile	
Name	JOCDN Inc.
IIJ Ownership	16.8%
Capital	JPY845 million (including capital reserve)
Establishment	December 1, 2016
Shareholders	IIJ, Nippon TV, TV Asahi, TBS, TV Tokyo, Fuji TV, WOWOW (prominent satellite broadcaster), NHK (Japan's only public broadcaster) and non-Tokyo local broadcasters
Directors	Chairman: Koichi Suzuki (IIJ CEO) President: Shunichi Shinozaki (Nippon TV)

- ◆ **Conditions led to create All Japan CDN company**
 - Akamai Technologies (global leader in CDN services, US company) has had quite dominant position in Japan's CDN market
 - Growing needs to distribute contents over Internet (4K/8K contents to increase towards the Tokyo Olympics)
 - Broadcasting companies distributing contents via Internet
 - Nippon TV owns Hulu Japan
 - Broadcasting companies operate "TVer" (web platform operated by Japanese broadcasters where users can watch some TV programs for free)
 - IIJ has rich and well-renowned expertise in CDN business
 - Olympics games, high school base ball games, university sport and many other popular sports events
- ◆ **Equity method gain related to JOCDN: 1H20 ¥6 million, turned positive as planned, business developments in line with plan**

Business Model



JOCDN's shareholders & other Japanese broadcasters

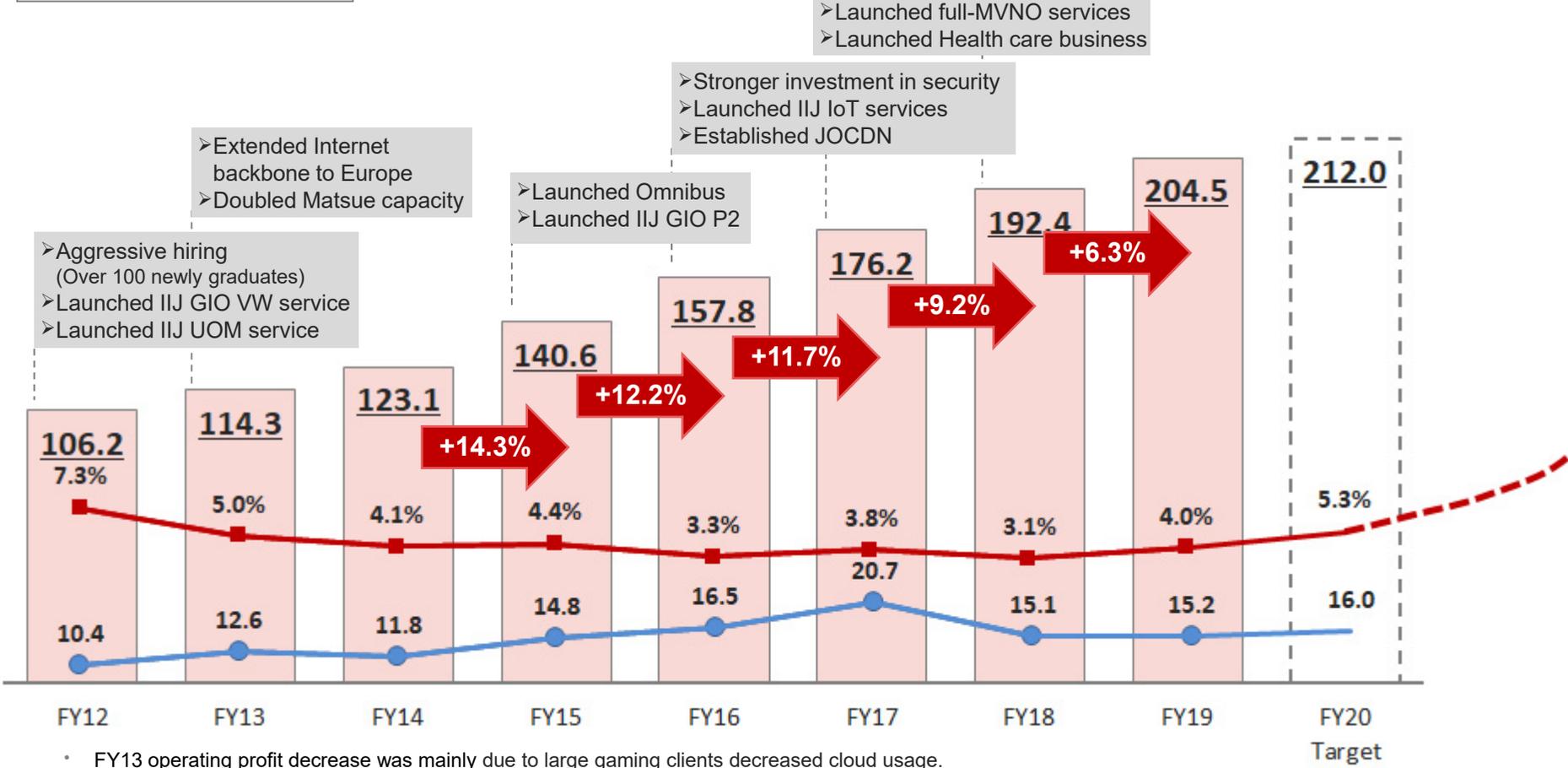
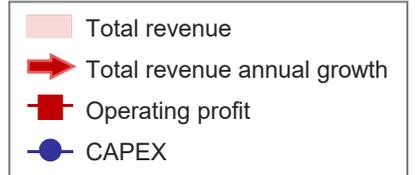
NIPPON TV hulu TVer WOWOW NHK

And more

CDN: Contents Distribution Network

Mid-to-Long term Business Growth

Unit: JPY billion **Growth Strategy**



> Aggressive hiring (Over 100 newly graduates)
 > Launched IJ GIO VW service
 > Launched IJ UOM service

> Extended Internet backbone to Europe
 > Doubled Matsue capacity

> Launched Omnibus
 > Launched IJ GIO P2

> Stronger investment in security
 > Launched IJ IoT services
 > Established JOCDN

> Established DeCurret
 > Launched full-MVNO services
 > Launched Health care business

> Full-MVNO services
 > Construct Shiroi DC

- FY13 operating profit decrease was mainly due to large gaming clients decreased cloud usage.
- FY18 operating profit decrease was because small Docomo's unit price revision made our network service gross profit decrease significantly
- FY16 and before: US-GAAP, FY17 and after: IFRS
- Total revenue annual growth rate for FY17 revenue (IFRS) is calculated with FY16 revenue (US GAAP)

FY20 Financial Targets (revised on Nov. 9, 2020)

Unit: ¥ (JPY) billion except annual cash dividend
YoY = Year over year

Financials

	% of Revenues		YoY		% of Revenues	
	New FY20 Target (revised Nov. 9, 2020) Apr. 2020 - Mar. 2021	FY19 Results Apr. 2019 - Mar. 2020			Old FY20 Target (announced on May 14, 2020) Apr. 2020 - Mar. 2021	1H20 Results Apr. 2020 - Sep. 2020
Revenues	212.0	204.5	+3.7%	+7.5	210.0	101.7
Cost of Sales	82.9% 175.7	84.1% 171.9	+2.2%	+3.8	83.9% 176.1	82.8% 84.2
Gross Profit	17.1% 36.3	15.9% 32.6	+11.4%	+3.7	16.1% 33.9	17.2% 17.5
SG&A etc. ^(*)	11.8% 25.0	11.9% 24.4	+2.6%	+0.6	12.0% 25.2	12.0% 12.2
Operating Profit	5.3% 11.3	4.0% 8.2	+37.4%	+3.1	4.1% 8.7	5.2% 5.2
Shares of profit (loss) of investments accounted for using equity method investees	(0.9)	(0.8)	-	-0.1	(0.6)	(0.4)
Profit before tax	4.7% 10.0	3.5% 7.2	+39.7%	+2.8	3.8% 8.0	4.4% 4.5
Net Profit ^(*)	2.9% 6.1	2.0% 4.0	+52.2%	+2.1	2.4% 5.0	2.7% 2.8
Annual Cash Dividend ^(*)	¥41.00	¥27.00	+51.9%	+¥14.00	¥34.00	¥20.50

Revenues	Enterprise recurring revenue exceeding the budget. Consumer revenue weaker than the initial expectation
Operating Profit	Compared with the initial expectation, network services gross profit to largely increase, SI gross profit to increase, and SG&As to increase not as much
Profit before tax	While the initial expectation for equity method loss related to DeCurret was ¥0.8 billion, due to the change in the ratio used to calculate equity method loss/gain (from 30.0% to 41.6%) ¥0.3 billion is to be added to the loss. 1H20 results of ¥0.14 billion of loss on funds (mainly foreign-exchange-related) is taken into consideration
Annual Cash Dividend	Revised upward along with profit increase. Interim dividend is revised upward too

(*1) SG&A etc. shows the sum of SG&A, which includes R&D expenses, and other income/expenses.

(*2) Net Profit is "Profit for the year (period) attributable to owners of the parent."

(*3) Annual cash dividend is per common share and is written pre-stock-split base.

© Internet Initiative Japan Inc.

Upward Revision of Dividend & Stock Split (announced on Nov. 9)

Upward Revision of Dividend (pre-stock-split base)

- ◆ Dividend increased from interim, exceeding the initial forecast

Unit: JPY

	FY19 results	Initial forecast	Revision	YoY
Interim	13.50	17.00	20.50	+7.00
Year-end	13.50	17.00	20.50	+7.00
Full year	27.00	34.00	41.00	+14.00

Stock Split

- ◆ Stock split ratio: 2-for-1
- ◆ Effective date: January 1, 2021

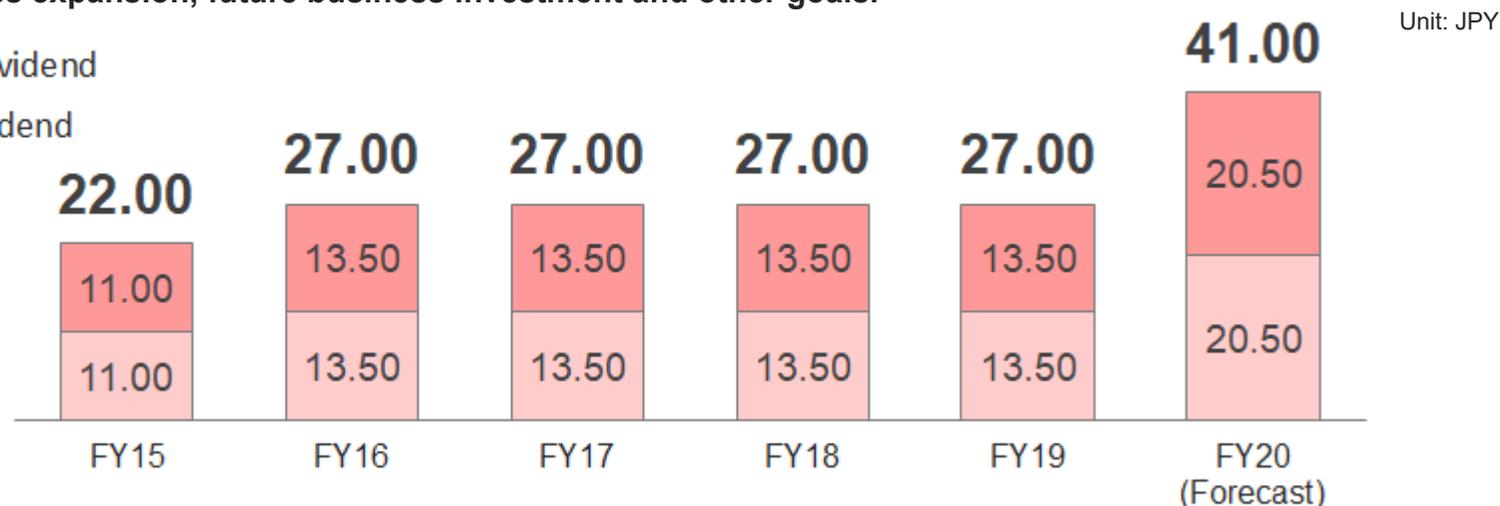
➤ Record date: December 31, 2020

*Along with the stock split, ADR ratio will be 1 common stock = 1 ADR

Cash Dividend per common share (pre-stock-split base)

- ◆ Our basic dividend policy is that we pay dividends to our shareholders continuously and in a stable manner while considering the need to have retained earnings for the enhancement of financial position, medium-to long-term business expansion, future business investment and other goals.

- Year-end dividend
- Interim dividend



Payout ratio	25.0%	38.9%	27.5%	34.6%	30.4%	30.3%
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*FY16 and before: US-GAAP, FY17 and after: IFRS

Mobile Unit Charge

- ◆ Mobile unit charge is a unit charge used when MVNOs such as IIJ purchase mobile infrastructure from MNOs such as NTT Docomo. The charge is same flat-rate for all MVNOs leasing from the same MNOs.
- ◆ Mobile unit charge YoY change

Applied Fiscal Year	FY17	FY18	FY19	FY20	FY21	FY22
Base Fiscal Year	Calculated based on MNO's FY16 actual cost and demand	Calculated based on MNO's FY17 actual cost and demand	Calculated based on MNO's FY18 actual cost and demand	Calculated based on MNOs' outlook for FY20, FY21, and FY22 cost and demand. Disclosed in March 2020		
Method	Actual Cost Method			Future Cost method		
Docomo	-18.2%	-5.0%	-6.0%	-16.0%	-19.8%	-15.9%
				Decrease by 43.3% in total		
KDDI	-10.8%	-20.2%	-13.3%	-38.0%	-15.4%	-8.6%
				Decrease by 52.1% in total		

(*) FY20 decrease rate: FY20 unit charge (based on FY20 actual cost) divided by FY19 unit charge (based on FY2018 actual cost)

◆ About future cost method:

- Revised from the previous method, calculate unit charge by using cost results, to method using predicted figures such as future cost
- FY21, FY22, and FY23 mobile unit charge are expected to be announced around February and March 2021 by MNOs

◆ Reduce uncertainty about financial outlook

- Recognize cost based on unit charge presented and calculated by MNOs prediction from 1Q. If actual differs from predicted, such difference will be recognized in a following fiscal year

◆ Calculation method & factors remain unchanged:

- Mobile unit charge (Mbps) = (Data communication cost + profit) / demand

The MIC announced in Oct. 2020 “Action Plan for setting up fair competition for mobile market”

- Further lowering mobile unit charge (Starting this FY and in the next 3 years, 50% lower than the previous FY) (Begin consideration from this FY)
- Further lowering voice wholesale charge (Publish study results by summer 2021)
- Promotion of unlocking SIM (Implement study group from fall 2020)
- Promotion of eSIM (Announce policies by summer 2021)
- Steps to lower switching costs
- and others

Further Business Developments (New DC Construction)

IIJ Data Centers

- **Operating 21 data centers in Japan** (as of Mar. 2019)
 - 20 data centers are leased from data center owners per space
 - ✓ Continuously expanding the facility to meet demands
 - Own 1 data center: Matsue Data Center Park (Shimane prefecture)
 - ✓ Japan's first container-type data center using outside-air cooling system
 - ✓ Opened in Apr. 2011, accommodate approx. 500 racks

Purposes

- **Integrate racks, currently spread out in the eastern Japan area's data centers**
 - Future cost should be approx. 20% lower than continuously expanding leasing space and with improved operation productivity
- **Absorb increasing rack demand along with further penetration of cloud & IoT**
- **Competitive advantages with latest technologies**
 - Improved facility with outside-air cooling technology & AI for cooling & energy control, and automated operations with robotics technology etc.

New Data Center Profile

Name	Shiroi Data Center Campus
Address	Shiroi city, Chiba prefecture
Land	Approx. 40,000m ² (already acquired)
Racks	Can accommodate up to 6,000 racks <ul style="list-style-type: none"> • Phase 1: approx. 1,000 racks with approx. JPY8.0 bn CAPEX
Accommodation	Service facility, data center housing services etc. <ul style="list-style-type: none"> • Mainly to meet the middle-to-long term eastern Japan data center demand
Investment	FY18 approx. JPY3.0 bn (power receiving facility, common facility racks etc.)
Plan	Gradually place system module-based*1 facility accordingly with demand
Schedule	Completed in April 2019, opened in May 2019
Estimated PUE*2	Less than Matsue DCP's 1.2

*1 Construction method systematizing the overall building production by standardizing the components used in the buildings' construction. This allows shorter construction times, cost saving, and flexible scalability while maintaining quality

*2 Power Usage Effectiveness is a metric, calculated by dividing overall data center power consumption by IT equipment power consumption, indicates the efficiency of power use at data centers. The smaller the figure, the lower the percentage of power consumed by equipment other than IT devices.

New Data Center Image

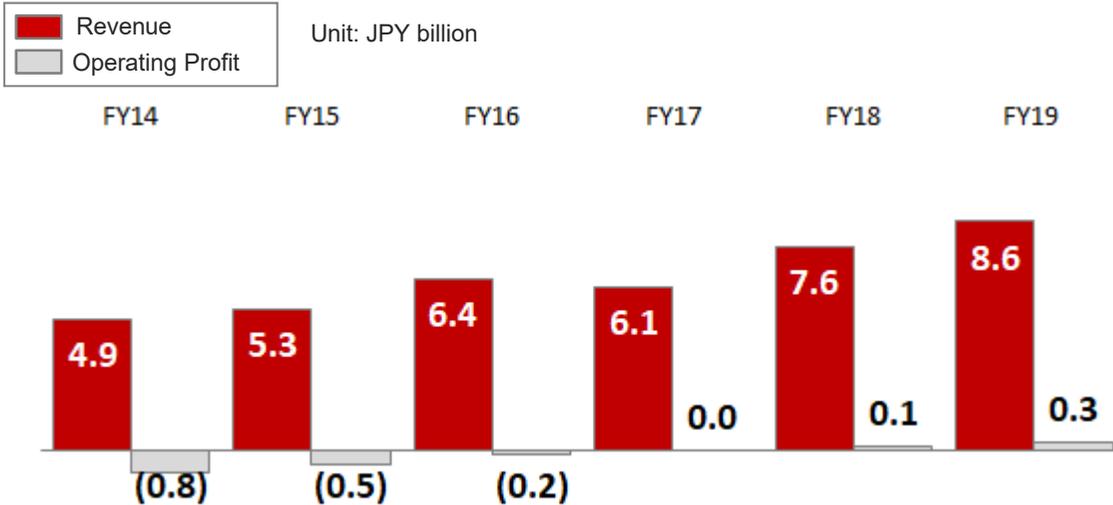


Impact on IIJ's consolidated financial results

- While CAPEX and cash flow will be impacted, this is without new investment return risk because it's an integration of our current service facilities
- Suppress incremental cost and ensure business expansion scalability for the future

Overseas Business

Revenue and operating profit



- FY16 and before: US-GAAP, FY17 and after: IFRS
- Revenue mostly recognized in SI

Overseas offices



Business Developments

- **Started focusing on overseas business around FY2011** when Japanese companies who were started expand their business overseas and requested us to provide the same service quality we offer in Japan
- **Business in Asia: gradually growing**
 - Increasing demand for NW, SI and etc. in China and Thailand, related to Japanese customers
 - Indonesia: Large public infrastructure SI project, cloud business gradually growing
 - Vietnam: Cybersecurity Law (Jan. '19), Opened another facility in Hanoi in addition to existing Ho Chi Min
- **Provide cloud services in Indonesia, Thailand and Vietnam. Working with local prominent IT companies**
 - With Biznet Networks in Indonesia (from March 2015)
 - With T.C.C. Technology Co., Ltd, in Thailand (February 2016)
 - With FTP Telecom Partner in Vietnam (November 2016)

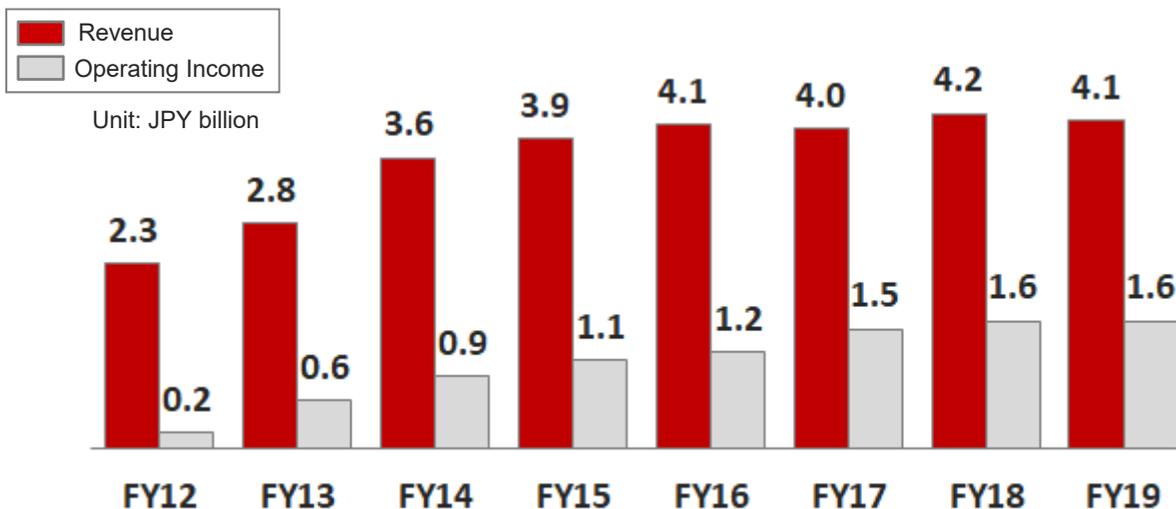
ATM Operation Business

Business Model

- Similar to “Seven Bank” model
- Placing ATMs in Pachinko parlors in Japan
 - After long discussion, started to place in Kanto, Kansai, Kyushu and Tokai areas
 - 10,596 Pachinko parlors in Japan as of December 31, 2017 (source: National Police Agency)
- Receive commission for each withdrawal transaction

Revenue and Operating Income

- 1H20 revenue decreased by ¥706 million (-33.6%) YoY as the stores we had placed ATMs were closed temporarily and fewer customers visited the stores due to the COVID-19 pandemic and stay-at-home-order. The profit decrease during April and May were severe, as expected. The stores started reopening from June. As for the latter half of FY20, we expect the number of placed ATMs to decrease by around 200 YoY. We shall maintain the number of ATMs afterwards.



• FY16 and before: US-GAAP, FY17 and after: IFRS

Trust Networks Inc.

- In charge of ATM operation business
- IIJ's ownership: 80.6%
- Established in 2007



Corporate Governance

◆ Fully Comply with the J-SOX

- Implemented outside directors since 2004
- Operate based on J-SOX (Japan's Financial Instruments and Exchange Law), Japanese version of Sarbanes-Oxley
- Evaluate the effectiveness of internal control over financial reporting based on Japanese standard overseen by the Financial Service Agency (FSA) of Japan

◆ Directors with abundant experience

- 5 outside directors among 13 BOD members, 7 independent directors among 17 directors & auditors
- Outside directors

T. Tsukamoto Former Chairman of Mizuho Bank
 K. Tsukuda Former Chairman of Mitsubishi Heavy Industries
 S. Oda Former President of HP Japan
 T. Okamura Former Chairman of Toshiba
 S. Umino Former President of NTT Comware

- Board of Auditors
 - Consisted of CPA, Attorney, female auditor

◆ Director compensation

- Based mainly on base salary, stock option: 8-14%
- Annual compensation within JPY100 million range

Business Operation Covering the entire Group

- 16 subsidiaries, 9 equity method investees (as of Mar. 2020)
- Implement group-wide Code of Ethics
- Pursue comprehensive business operation by assigning IJJ directors as group companies outside directors
- Consolidated-based internal audit

ESG in the nature of IJJ business

Have been contributing greatly to establish & expand Internet in Japan as the first comprehensive ISP in Japan

➢ Environment

- Contribute significantly by operating stable and reliable Internet
- Have developed container-based data center which emits much lesser Carbon dioxide compared to traditional building type DCs.

➢ Social

- Focus on providing a working environment that lets employees to pursue their interested subjects related to network in addition to protecting human rights, health and safety, work-life balance, anti-discrimination.
- First in Japan to introduce Service Level Agreement on categories of availability, latency, packet loss, and outage notification

➢ Governance

- Board of Auditors is liaison of Whistle-blower system
- Established code of ethics, regulations to prevent insider-trading, protection of personal information

Material issues	Related targets of SDGs
 Lead network infrastructure advancement with technological innovations and contribute to solving various social issues	 3.8 Contribute to universal health coverage  9.5 Expand open innovation  7.2, 7.3 Spread renewable energy and improve energy efficiency  13.1 Enhance adaptability to natural disasters from climate change  8.2, 8.4, 8.10 Suppress resource consumption and expand financial access to drive economic growth
 Provide safe and robust Internet services that support social infrastructure	 9.1 Develop sustainable and robust regional and cross-border infrastructures  16 All Promote a peaceful and inclusive society  11.a, 11.b Enhance cooperation between urban and rural areas and support disaster risk management structures
 Provide an arena for people with diverse talents and values, where they can exercise their skills and actively and boldly take on challenges	 4.4 Improve technical skills  8.5 Promote equal employment and a better work environment  5.b Apply ICT technologies to promote empowerment of women

First six months for FY2020 (1H20) Consolidated Financials Results

Announced on November 9, 2020

Consolidated Financial Results for 1H20

Unit: ¥ (JPY) billion
YoY = Year over year

Financials

	% of revenue		YoY		% of revenue		YoY	
	1H20 results Apr. 2020 - Sep. 2020	1H19 results Apr. 2019 - Sep. 2019			Old FY20 Targets (announced May 14, 2020) Apr. 2020 - Mar. 2021	New FY20 Targets (revised Nov. 9, 2020) Apr. 2020 - Mar. 2021		
Revenue	101.7	99.2	+2.5%	+2.4	210.0	212.0	+3.7%	+7.5
Cost of Revenue	82.8% 84.2	84.7% 84.0	+0.2%	+0.2	83.9% 176.1	82.9% 175.7	+2.2%	+3.8
Gross Profit	17.2% 17.5	15.3% 15.2	+14.8%	+2.3	16.1% 33.9	17.1% 36.3	+11.4%	+3.7
SG&A etc. ^(*)	12.0% 12.2	11.9% 11.8	+3.1%	+0.4	12.0% 25.2	11.8% 25.0	+2.6%	+0.6
Operating Profit	5.2% 5.2	3.4% 3.4	+56.3%	+1.9	4.1% 8.7	5.3% 11.3	+37.4%	+3.1
Profit before tax	4.4% 4.5	3.1% 3.0	+46.7%	+1.4	3.8% 8.0	4.7% 10.0	+39.7%	+2.8
Net Profit ^(*)	2.7% 2.8	1.8% 1.8	+57.7%	+1.0	2.4% 5.0	2.9% 6.1	+52.2%	+2.1

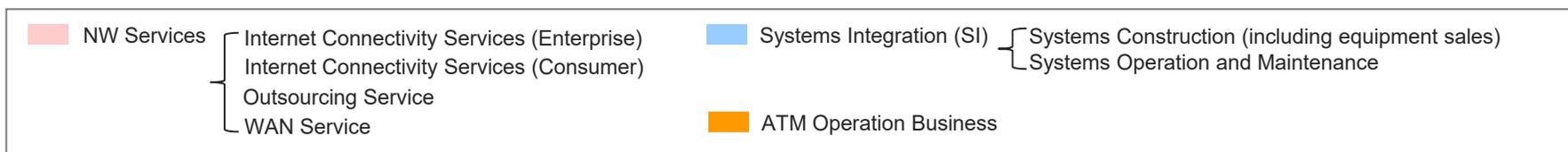
(*) SG&A etc. shows the sum of SG&A, which includes R&D expenses, and other income/expenses.

(*) Net profit is "Profit for the period/year attributable to owners of the parent."

Revenues

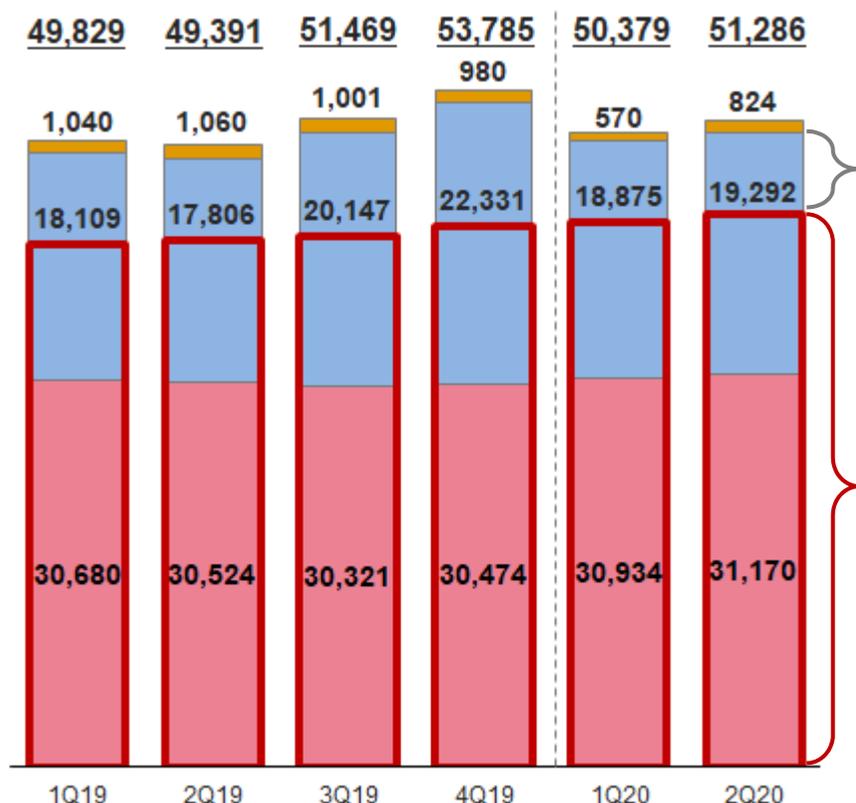
Unit: ¥ (JPY) million
[], YoY = Year over year comparison

Financials



1H19: 99,220 [+8.8%]
FY19: 204,474 [+6.3%]

1H20: 101,665
[+2.5%]



Total Revenue +2.5% YoY

Total revenue grew despite the following negative factors:

- WAN Service: -14.0%, -¥2,007 million YoY due to YoY impact of the certain large clients' migration to mobile which ended 3Q19
- ATM Operation Business: -33.6%, -¥706 million YoY mainly due to store closures and decrease in customers visiting stores

One-time Revenue (*1)

1H20: ¥13,020 million, -5.3% YoY
(12.8% of 1H20 revenues)

- Sluggish revenue growth for 1Q systems construction due to the pandemic
- 1Q -9.6%, 2Q -0.5% YoY

Recurring Revenue (*2)

1H20: ¥87,251 million, +4.7% YoY
(85.8% of 1H20 revenues)

- Recurring revenue excluding WAN:
1H20 ¥74,916 million, +8.5% YoY (1Q +8.7%, 2Q +8.4%YoY)

Enterprise Recurring Revenue (*3)

1H20: ¥53,479 million, +11.9% YoY
(52.6% of 1H20 revenues)

- 1Q +11.5%, 2Q +12.3%YoY

(*1) One-time revenue, systems construction revenues which includes equipment sales, is mainly recognized when systems or equipment are delivered and accepted by customers

(*2) Recurring revenue represent the following monthly recurring revenues: Internet Connectivity Services for Enterprise, Internet Connectivity Services for Consumer, Outsourcing Services, WAN Services, and Systems Operation and Maintenance

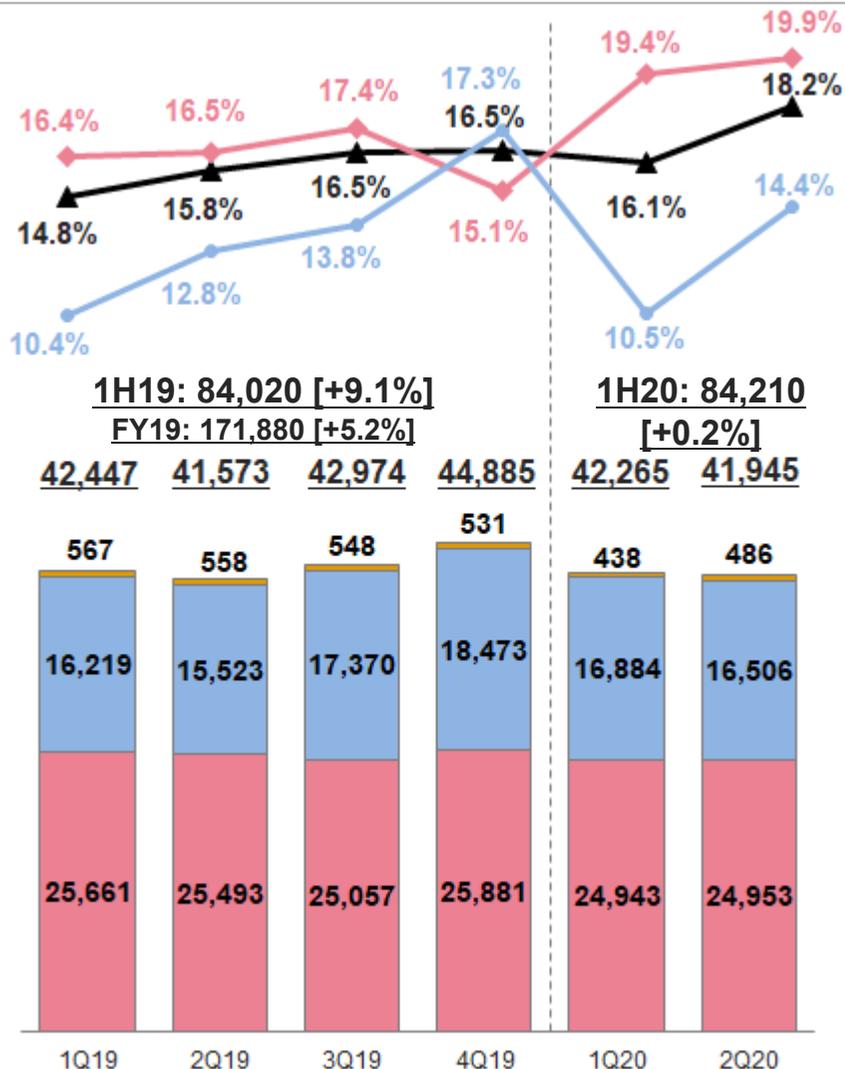
(*3) Enterprise recurring revenue: Internet Connectivity Services (Enterprise) excluding MVNE, Outsourcing Service and Systems Operation and Maintenance, which excludes WAN Services due to the impact of specific factor.

Cost of Sales & Gross Profit Ratio

Unit: ¥ (JPY) million
[], YoY = Year over year comparison

Financials

Cost of Sales: ■ NW Services ■ SI ■ ATM Operation Business
Gross profit ratio: ◆ NW Services ● SI ▲ Total



Gross Profit

◆ Total

- 1H20: ¥17,455 million (+14.8%, +¥2,255 million YoY)
 - 1Q20: ¥8,113 million (+9.9%, +¥731 million YoY)
 - 2Q20: ¥9,342 million (+19.5%, +¥1,524 million YoY)

◆ NW Services

- 1Q20: ¥5,991 million (+19.4%, +¥972 million YoY)
- 2Q20: ¥6,217 million (+23.6%, +¥1,186 million YoY)
 - Largely expanded along with enterprise NW services revenue growth and mobile interconnectivity YoY decrease rate

◆ SI

- 1Q20: ¥1,991 million (+5.4%, +¥101 million YoY)
- 2Q20: ¥2,786 million (+22.0%, +¥502 million YoY)
 - 2Q gross profit ratio improved largely due to high SE utilization rate (1Q revenue tends to be small due to seasonal factors and 1Q gross profit ratio tends to be smaller than 4Q which revenue volume is large)

◆ ATM Operation Business

- 1Q20: ¥131 million (-72.2%, -¥342 million YoY)
- 2Q20: ¥339 million (-32.6%, -¥164 million YoY)
 - 1H20 gross profit decreased along with 1H20 revenue decrease (-¥706 million YoY) due to store closure and stay-at-home order due to the COVID-19. YoY profit decrease was vivid during April and May, yet the stores reopened from June

4Q19 NW services gross profit ratio temporarily decreased because the actual decrease rate, 6.0%, of Docomo's mobile interconnectivity telecommunications charge (fixed in Mar. 2020) was smaller than our estimate 8%, we had to recognized ¥0.35 billion(*) of additional cost in 4Q19.

(*) Difference between our estimate and actual mobile interconnectivity and other charge of Docomo and KDDI

Network Services (1) Revenues

Unit: ¥ (JPY) million
 [], YoY = Year over year comparison
 QoQ = 2Q20 compared to 1Q20

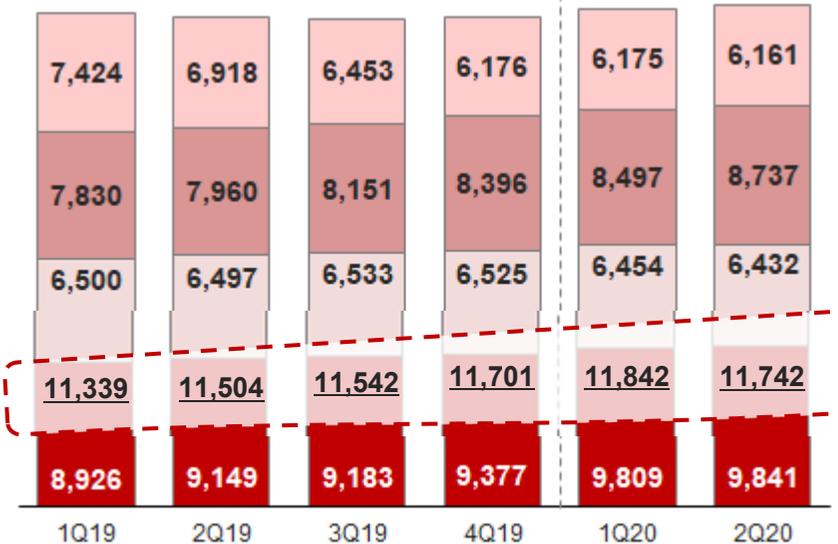
Financials



1H19: 61,204 [+5.2%]
 FY19: 121,999 [+2.8%]

1H20: 62,104
 [+1.5%]

30,680 30,524 30,321 30,474 30,934 31,170



Total contracted bandwidth is calculated by multiplying number of contracts by contracted bandwidths respectively for IP service and broadband services which are both under Internet connectivity services for enterprise

Meeting various network demand with in-house developed highly reliable & value-added services. Have been executing based on Zero Trust concept

- Flex Mobility
- ID authentication & federation
- Cloud Exchange
- Private Access
- Virtual Desktop
- Gateway security
- Remote Access
- Cloud Proxy
- Endpoint etc.

◆ Internet Connectivity (Enterprise)

- 1H20: ¥19,650 million, +8.7% YoY
 - IP (Dedicated connectivity services for enterprise): 1H20: ¥5,849 million, +10.1% YoY (1Q +9.4% YoY, 2Q +10.8% YoY)
 - IIJ Mobile (enterprise): ¥12,035 million, +8.1% YoY
 - ✓ Of which, IoT-related (non-MVNE) revenue: 1H20: ¥3,484 million, +20.2% YoY (1Q +18.2%, 2Q +22.0% YoY)
 - ✓ Of which, MVNE revenue: 1H20: ¥8,551 million, +3.9% YoY (1Q +7.5%, 2Q +0.3% YoY)
 - 1H20-end MVNE clients: 155 (+2 clients YoY)

◆ Internet Connectivity (Consumer) (mostly consumer mobile)

- 1H20: ¥12,886 million, -0.9% YoY, severe competition continued

◆ Outsourcing Services (in-house developed various NW services)

- 1H20: ¥17,233 million, +9.1% YoY (1Q +8.5%, 2Q +9.8% YoY)
 - Of which, security services 1H20: ¥8,941 million, +12.6% YoY (1Q +11.9%, 2Q +13.1% YoY)

◆ WAN Services

- 1H20: ¥12,336 million, -14.0% YoY (1Q -16.8%, 2Q -11.0% YoY)
 - Revenue decreased by the impact of the certain large clients' migration to mobile which ended in 3Q19. QoQ decrease almost stopped

Network Services (2) Cost of Sales

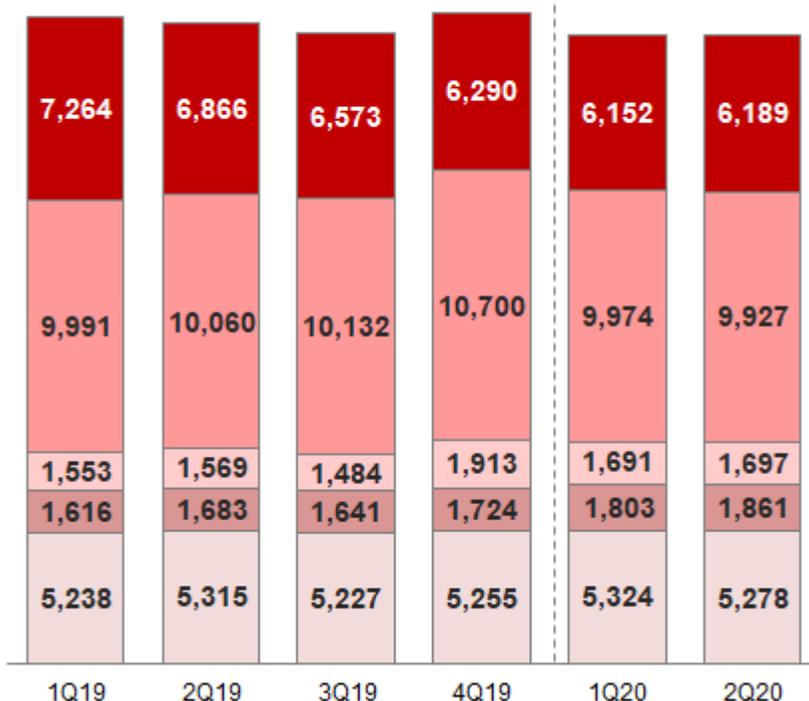
Unit: ¥ (JPY) million
 [], YoY = Year over year comparison
 QoQ = 2Q20 compared to 1Q20

- Circuit-related costs (Internet backbone, WAN lines etc.)
- Outsourcing-related costs (interconnectivity charge for mobile infrastructure, outsourcing personnel costs etc.)
- Others
- Personnel-related costs (NW services related engineers' personnel cost)
- Network operation-related costs (depreciation cost for network equipment, data center leasing costs etc.)

1H19: 51,153 [+5.5%]
FY19: 102,092 [+0.8%]

1H20: 49,896
[-2.5%]

25,661 **25,493** **25,057** **25,881** **24,943** **24,953**



- Circuit-related costs decreased YoY along with WAN revenue decrease
 - 1H20: -12.7% YoY
- Outsourcing-related costs decreased along with mobile interconnectivity YoY decrease rate
 - Decreased QoQ as well, due to other mobile-related costs reduction
- Others quarterly fluctuate along with the scale of supplies expenses
- Network operation-related costs decreased QoQ mainly due to decrease in maintenance costs, etc.

- ◆ **Regarding Docomo mobile interconnectivity cost recognition:**
 - Future cost method adopted from FY20(*). In this method, mobile interconnectivity telecommunications charge is calculated by MNOs' prediction for their future costs and etc.
 (*) The difference between prediction and result is adjusted to the next fiscal year
 - Regarding our FY20 usage charge, we use 16.0% decrease, which has been publically disclosed by Docomo, to recognize our costs from 1Q20
 - ✓ FY19 usage charge, an internal number of FY20 usage charge, which is based on Docomo's results is expected to be fixed in Dec. 2020
 - Regarding our FY19 & FY18 usage charge, Docomo's mobile interconnectivity telecommunications charge was fixed in Mar. 2020 and it decreased by 6.0% YoY. As for FY19, we recorded ¥0.35 billion(*) of additional cost in 4Q19 as a difference between our estimate (8% decrease) and actual (6.0% decrease)
 (*) Includes difference between our estimate and actual mobile interconnectivity and other charge of Docomo and KDDI

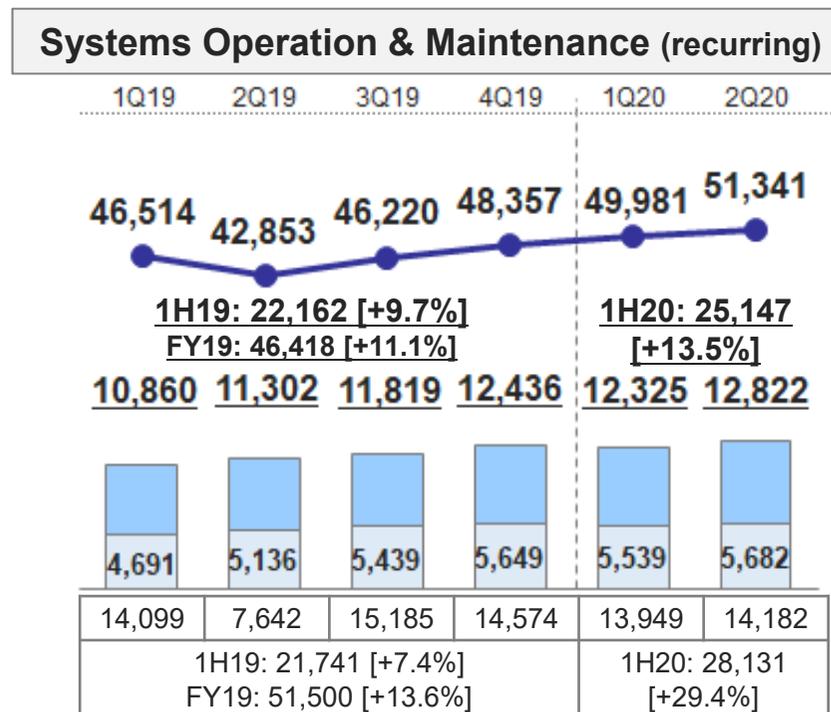
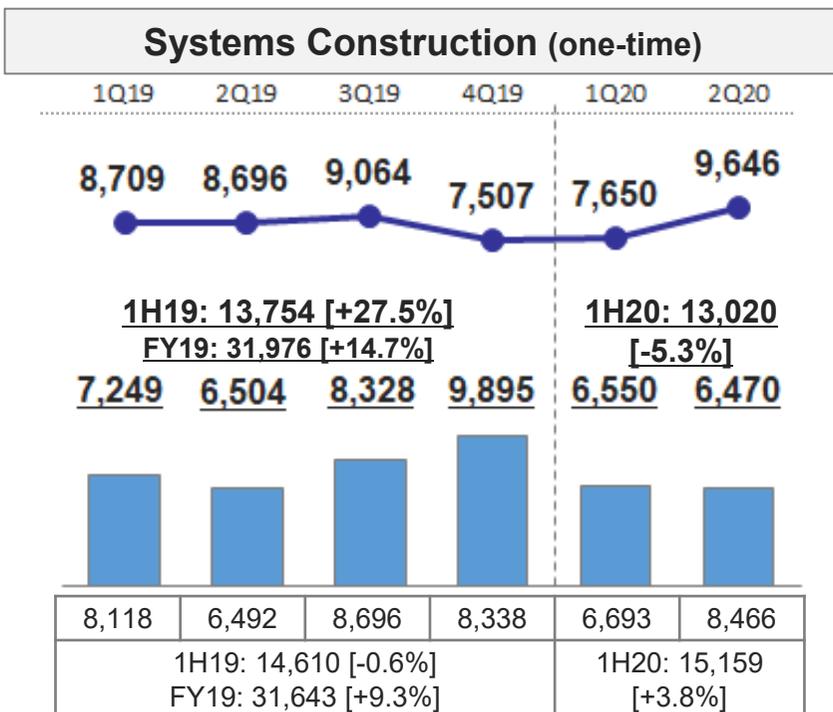
• MNO: Mobile Network Operator

Systems Integration (SI) (1) Revenues

Unit: ¥ (JPY) million
 [], YoY = Year over year comparison
 QoQ = 2Q20 compared to 1Q20

Financials

Order backlog
 Revenues
 Order received



* Systems construction's order backlog, revenue and order received include that of equipment sales.

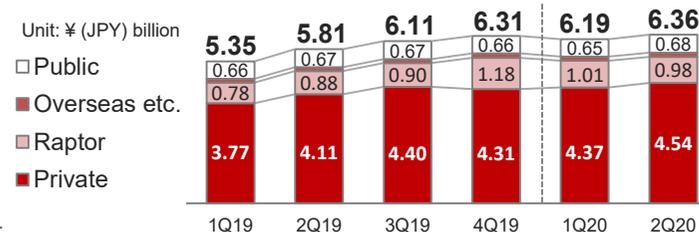
* Revenue written within systems operation and maintenance revenue is cloud revenue that is recognized in systems operation and maintenance revenue.

- Order received: 1H20 +3.8% YoY (1Q -17.6%, 2Q +30.4% YoY), order situation recovered in 2Q. Network integration project increasing
 - 1Q19 order received included a certain large scale project amounted to ¥2 billion
- Large-scale construction orders received in 2Q20
 - System infrastructure for teleworking for local governments
 - Online ticket system
 - Introduction of Microsoft 365 for a leading medical manufacturer
 - Integration of Website for a leading financial institution and others

- Revenue: 1H20 +13.5% YoY (1Q +13.5%, 2Q +13.4% YoY)
- ◆ **Cloud revenue**
 - 2Q20 Cloud revenue breakdown: 89.3% in systems operation & maintenance, 10.7% in outsourcing services
 - Revenue: 1H20 ¥12.55 billion +12.4% YoY (1Q +15.6%, 2Q +9.5% YoY)
 - FY20 revenue target ¥24.5 billion (FY19 revenue ¥23.58 billion). Progressing as expected (Strong revenue increase is not expected by the close of old facilities for services and equipment migration)
 - Raptor (foreign currency exchange ASP system) revenue decreased QoQ as it was impacted by FX trading volume volatility

◆ Overseas Business

- FY2020 Target: Revenue ¥10 billion, Operating Profit approx. ¥0.3 billion
- 1H20 results: Revenue: ¥3.85 billion, Operating profit: ¥0.12 billion
 - ✓ Accumulation of revenue mainly by service revenue. As for SI, shall continue to focus on order accumulation as some areas are still significantly impacted by the COVID-19

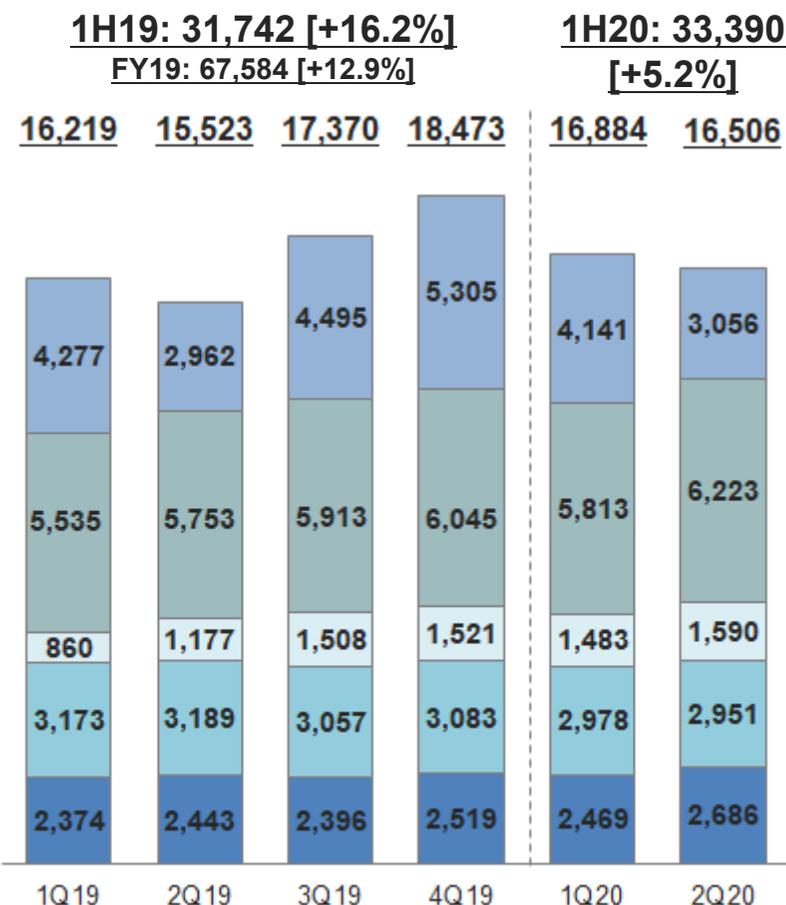


Systems Integration (SI) (2) Cost of Sales

Unit: ¥ (JPY) million
[], YoY = Year over year comparison

Financials

- Purchasing costs (Equipment etc.)
- Outsourcing-related costs (SI-related outsourcing personnel costs etc.)
- Others
- Network operation-related costs (Depreciation cost such as for cloud facility, data center leasing cost etc.)
- Personnel-related costs (SI-related engineers' personnel cost)



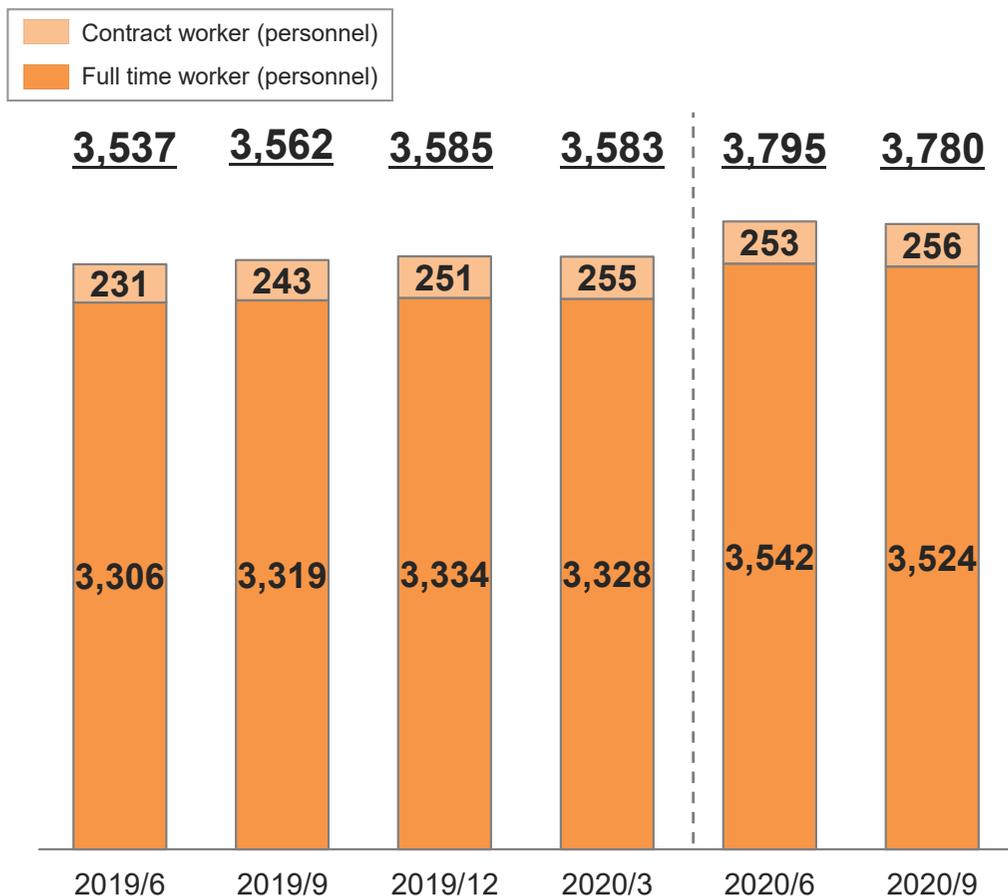
- 2Q gross profit ratio improved (1Q20 10.5%, 2Q20 14.4%) due to SI cost mixture (small purchasing costs and large outsourcing personnel costs) and high SE utilization rate
- Number of SI-related outsourcing personnel as of the end of each quarter:

1Q19	2Q19	3Q19	4Q19	1Q20	2Q20
1,075	1,104	1,065	1,123	1,094	1,181
- Others increased mainly due to an increase in license expenses along with expansion of multi-cloud demands

Number of Employees

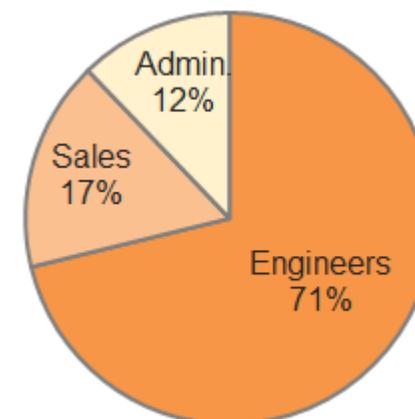
YoY = Year over year comparison
QoQ = 2Q20 compared to 1Q20

Financials



- Hired 210 new graduates in Apr. 2020 (171 in Apr. 2019, 175 in Apr. 2018)
- 191 new graduates are planned to join in Apr. 2021
- FY20 net addition of employees is planned to be approx. 290 (FY19 result: 230)

Employee Distribution



- 2Q20 personnel-related costs and expenses increased QoQ mainly due to additional employee bonus (based on financial results)

Personnel-related costs & expenses

Unit: ¥ (JPY) million
() = % of revenue

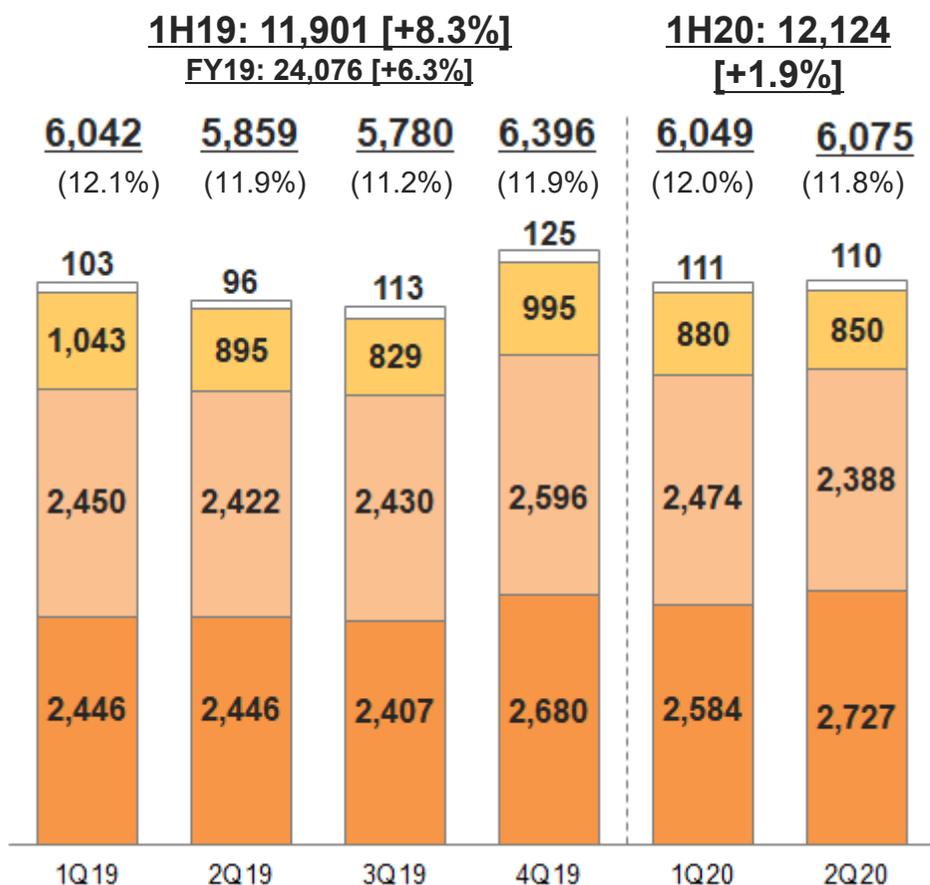
1Q19	2Q19	3Q19	4Q19	1Q20	2Q20
6,402 (12.8%)	6,573 (13.3%)	6,443 (12.5%)	6,911 (12.8%)	6,835 (13.6%)	7,281 (14.2%)
1H19: 12,975 (13.1%) +8.8% YoY FY19: 26,329 (12.9%) +10.0% YoY				1H20: 14,115 (13.9%) +8.8% YoY	

- FY19 personnel-related costs and expenses increased temporarily due to revision of personnel remuneration structure

SG&A etc.

Unit: ¥ (JPY) million
[], YoY =Year over year comparison

Financials



➤ Overall below our budget plan

- Commission expenses decreased mainly due to the decrease in sales commission expenses related to mobile offerings
- Others decreased as traveling expenses (domestic and abroad), advertising expenses and others were small due to work style reform and cost control

• SG&A etc. in this slide shows the sum of SG&A which includes R&D expenses (not including other income/expenses)

Profit

Unit: ¥ (JPY) million
[], YoY =Year over year comparison

Financials

Operating profit Net Profit (Profit for the period attributable to owners of the parent) Operating profit ratio



1H19 Operating profit: 3,352 [+2.0%]

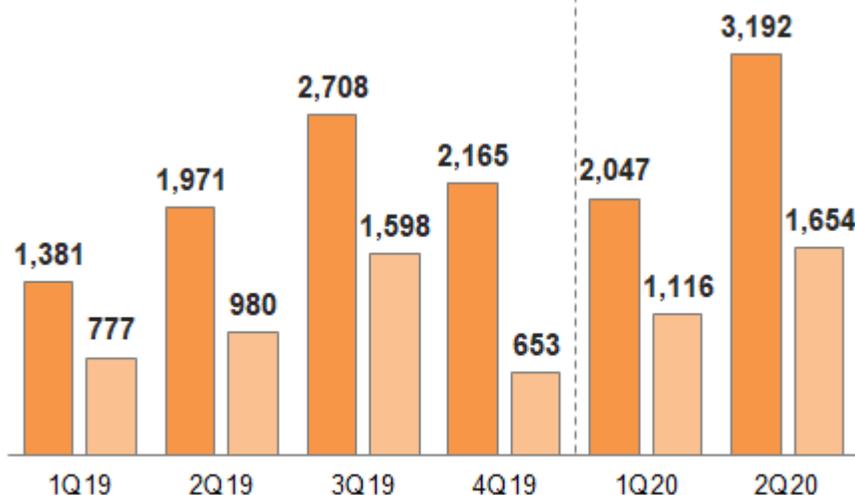
1H19 Net profit: 1,756 [-16.2%]

1H20 Operating profit:

5,239 [+56.3%]

1H20 Net profit:

2,770 [+57.7%]



4Q19 operating profit includes one-time factors such as ¥0.35 billion of additional cost regarding mobile interconnectivity, ¥0.36 billion of disposal loss, and ¥0.25 billion of additional allocation of bonus

◆ Operating profit

➢ 1H20: ¥5,239 million, +56.3% YoY (1Q +48.2%, 2Q: +61.9% YoY)

◆ Profit before tax

➢ 1H20: ¥4,466 million, +46.7% YoY (1Q +23.8%, 2Q +65.5% YoY)

- Loss on funds (mainly foreign-exchange-related): ¥141 million
- Interest expense: ¥296 million
- Dividend income: ¥75 million
- Interest income: ¥23 million
- Foreign exchange loss: ¥28 million
- Equity method loss related to DeCurret : ¥578 million (IIJ ownership: 41.6%)
 - ✓ 4Q19: loss of ¥403 million, 1Q20: loss of ¥306 million, 2Q20: loss of ¥273 million. Gradually decreasing
 - ✓ While the loss estimated was at a ratio of voting interests (30.0%) at the beginning of FY20, the loss were accounted at a ratio of ownership interests (41.6%) from 1Q20
- Equity method gain related to JOCDN: Turned to positive, 1H20 ¥6 million (IIJ ownership: 16.8%)
 - ✓ CDN usage continuously increased due to increases in contents traffic

◆ Net profit

➢ 1H20: ¥2,770 million, +57.7% YoY (1Q +43.8%, 2Q +68.8% YoY)

1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	
(124)	(51)	92	(177)	(74)	(286)	Finance income (expense), net
112	(245)	(234)	(439)	(279)	(135)	Share of profit (loss) of investments accounted for using equity method
(543)	(642)	(922)	(858)	(572)	(1,084)	Income tax expense
(49)	(53)	(46)	(39)	(6)	(34)	Less: Profit for the period attributable to non-controlling interests

Consolidated Statements of Financial Position (Summary)

Financials

Unit: ¥ (JPY) million

	Mar. 31, 2020	Sep. 30, 2020	Changes
Cash and cash equivalents	38,672	41,602	+2,931
Trade receivables	32,585	28,182	(4,403)
Inventories	2,476	2,547	+71
Prepaid expenses (current and non-current)	17,475	19,096	+1,621
Tangible assets	17,400	16,206	(1,194)
Right-of-use assets	50,560	48,144	(2,416)
Goodwill and intangible assets	24,363	23,783	(579)
Investments accounted for using the equity method	4,827	7,032	+2,205
Other investments	9,187	11,030	+1,843
Others	8,979	8,832	(147)
Total assets:	<u>206,524</u>	<u>206,455</u>	<u>(69)</u>
Trade and other payables	18,288	15,645	(2,643)
Borrowings (current and non-current)	27,750	26,835	(915)
Contract liabilities and Deferred income (current and non-current)	12,457	15,258	+2,801
Income taxes payable	2,284	1,811	(473)
Retirement benefit liabilities	3,985	4,154	+169
Other financial liabilities (current and non-current)	54,151	51,022	(3,129)
Others	7,553	7,915	+362
Total liabilities:	<u>126,467</u>	<u>122,640</u>	<u>(3,827)</u>
Share capital	25,531	25,531	-
Share premium	36,271	36,355	+84
Retained earnings	16,501	18,914	+2,413
Other components of equity	2,670	3,925	+1,255
Treasury shares	(1,897)	(1,875)	+22
Total equity attributable to owners of the parent:	<u>79,076</u>	<u>82,850</u>	<u>+3,774</u>

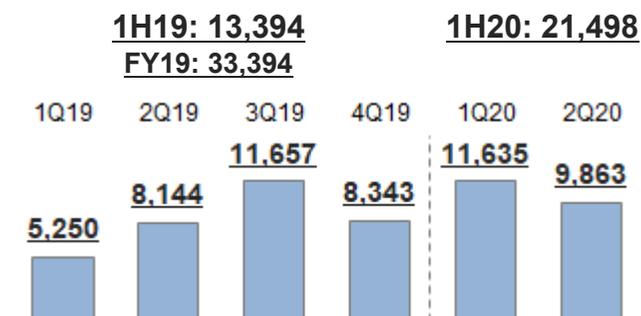
- Ratio of total equity attributable to owners of the parent: 38.3% as of March 31, 2020, 40.1% as of September 30, 2020

Consolidated Cash Flows

Unit: ¥ (JPY) million
YoY = Year over year comparison

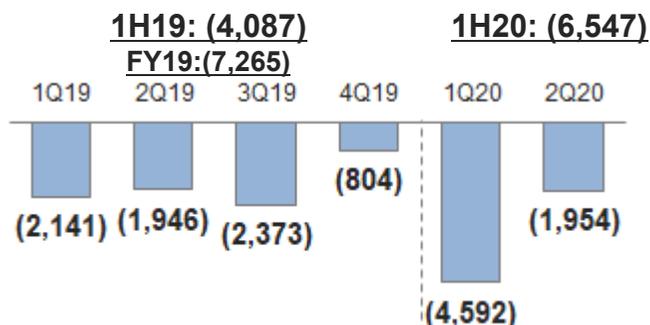
Financials

Operating Activities



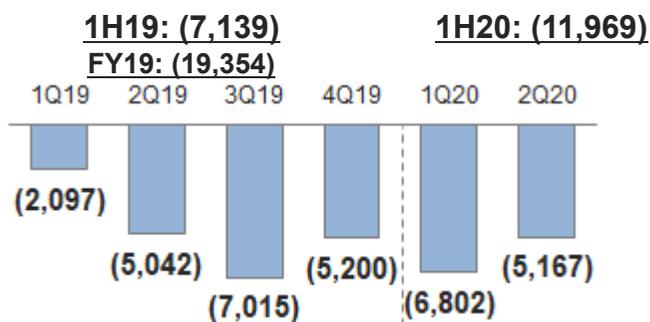
	Major Breakdown	YoY Change
Profit before tax	4,466	+1,423
Depreciation and amortization	14,156	-144
Equity method loss (gain)	414	+280
Changes in operating assets and liabilities	4,022	+6,969
Income taxes paid	(2,045)	-716

Investing Activities



	Major Breakdown	YoY Change
Purchase of tangible assets	(2,754)	+2,034
Proceeds from sales of tangible assets	1,448	+630
Purchase of intangible assets such as software	(2,772)	-350
Purchase of investments accounted for using equity method	(2,754)	-2,256

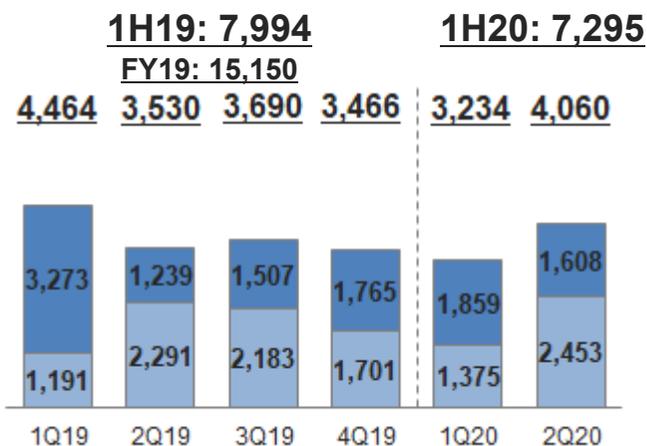
Financing Activities



	Major Breakdown	YoY Change
Repayment of long-term borrowings	(915)	-165
Payments of other financial liabilities	(10,390)	-160
Dividends paid	(609)	-0

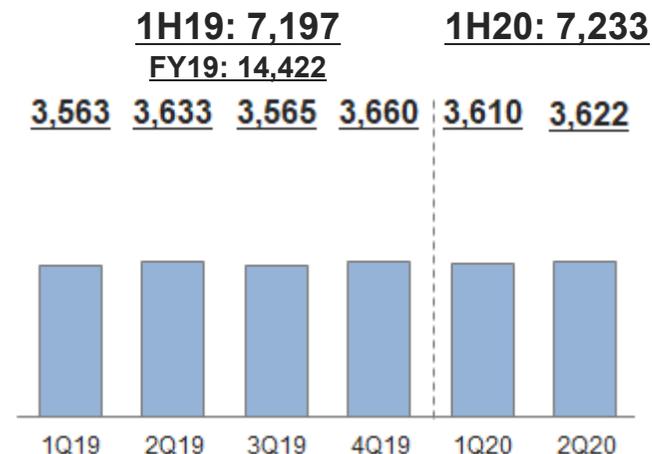
Other Financial Data

CAPEX

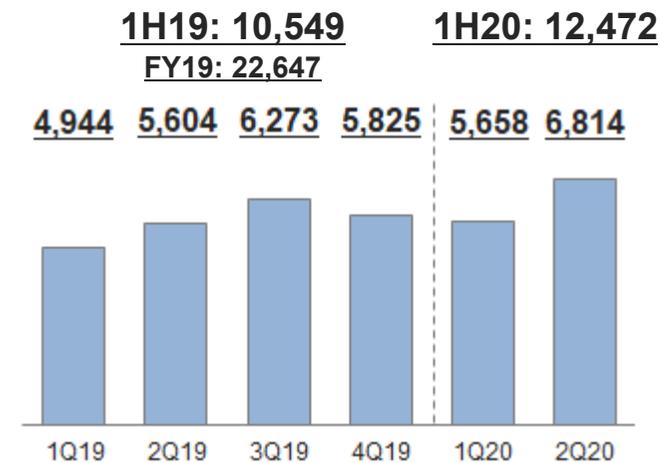


➤ FY20 CAPEX is planned to be around ¥16 billion including ¥3 billion of additional placement of modules for Shiroi data center

CAPEX-related depreciation and amortization



Adjusted EBITDA



- Total amount of capital expenditure are the amounts of acquisition of tangible and intangible assets by cash and entering into finance leases for the fiscal year, excluding duplication due to sale and leaseback transactions and acquisition of assets that do not have the nature of investment, such as purchase of small-amount equipment.
- CAPEX-related depreciation and amortization is calculated by excluding depreciation and amortization of assets that do not have the nature of capital investment, such as right-of-use assets related to operating leases, small-amount equipment and customer relationship.
- Adjusted EBITDA is calculated by adding operating profit and CAPEX-related depreciation and amortization.

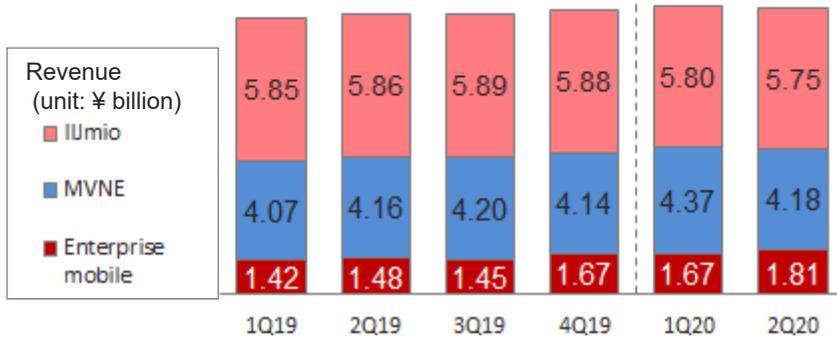
Service & Business Developments: Mobile & Security

% = Year over year comparison
bn = billion

Financials

Mobile Revenue & Subscription

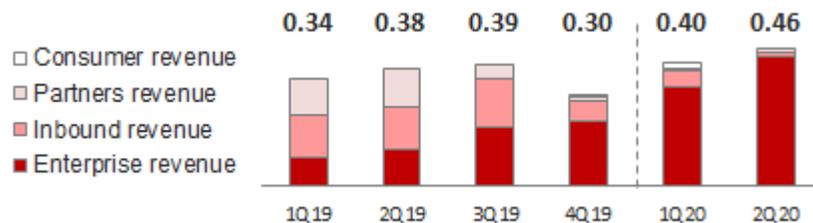
- ◆ **Subs. & revenue continuous growth led by enterprise**
 - 1H20-end total subscription: 3.140 million (+11.3%)
 - 1H20 total revenue: ¥23.58 billion (+3.2%)



- MVNE: IIJ Mobile MVNO Platform Services
- Enterprise mobile: Deducting MVNE from IIJ Mobile

- ◆ **Full-MVNO: enterprise revenue largely increased**

(included in the above mentioned total revenue) Unit: ¥ billion



- 2Q20 full-MVNO revenue recognition: 95.9% IIJ Mobile, 4.1%IIJmio
- Partner revenue: IMSI revenue for overseas enterprises such as travel agencies
- Inbound revenue: Pre-paid SIM revenue for foreign visitors

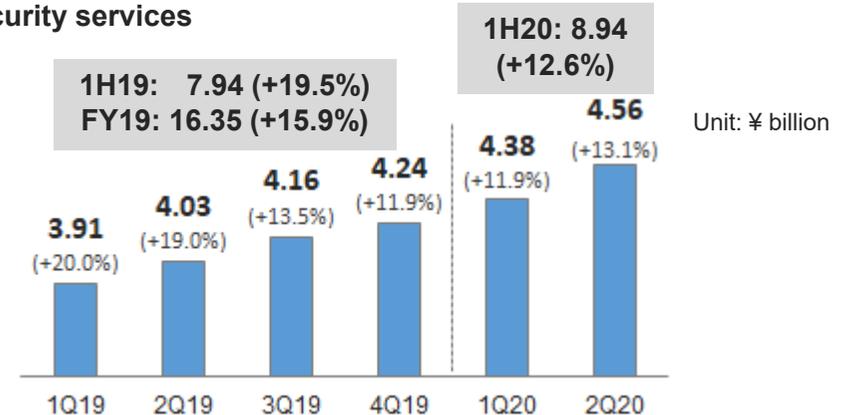
- ◆ **Enterprise mobile: High revenue growth rate continued**
Accumulating demands for web meeting and remote access
 - Revenue 1H20: ¥3.48 bn, +20.2% YoY (1Q +18.2%, 2Q +22.0% YoY)
 - Launched 5G (au) services from Oct. 2020

- ◆ **MVNE:**
 - Revenue 1H20: ¥8.55 bn, +3.9% YoY (1Q +7.5%, 2Q +0.3% YoY)
 - Smaller than expected impact regarding a large MVNE client switching to another MVNO due to M&A

- ◆ **Consumer: Sluggish growth due to severe competition, differentiating with eSIM plans etc.**
 - Revenue 1H20: ¥11.55 bn, -1.4% YoY (1Q -1.0%, 2Q -1.8% YoY)
 - SIM type share (As of June 2020, published by the MIC in Sep. 2020)
Rakuten Mobile 16.3%, IIJ 13.7%, NTT Communications 10.8%

Security services revenue (recurring)

- ◆ **Conventional services of gateway mail & web services and DDoS protection services continued to grow. Adding demands for managed WAF services and end point security services**



- 100% of security service revenue is recognized in outsourcing

- ◆ **Total security business volume (sum of service and SI)**

- 1H20: ¥10.31 billion (+12.0%)

Service & Business Developments: Mobile Unit Charge

◆ Mobile unit charge YoY change

Applied Fiscal Year	FY17	FY18	FY19	FY20	FY21	FY22
Base Fiscal Year	Calculated based on MNO's FY16 actual cost and demand	Calculated based on MNO's FY17 actual cost and demand	Calculated based on MNO's FY18 actual cost and demand	Calculated based on MNOs' outlook for FY20, FY21, and FY22 cost and demand. Disclosed in March 2020		
Method	Actual Cost Method			Future Cost method		
Docomo	-18.2%	-5.0%	-6.0%	-16.0% ^(*)	-19.8%	-15.9%
				Decrease by 43.3% in total		
KDDI	-10.8%	-20.2%	-13.3%	-38.0% ^(*)	-15.4%	-8.6%
				Decrease by 52.1% in total		

(*) FY20 decrease rate: FY20 unit charge (based on FY20 actual cost) divided by FY19 unit charge (based on FY2018 actual cost)

◆ About future cost method:

- Revised from the previous method, calculate unit charge by using cost results, to method using predicted figures such as future cost
- FY21, FY22, and FY23 mobile unit charge are expected to be announced around February and March 2021 by MNOs

◆ Reduce uncertainty about financial outlook

- Recognize cost based on unit charge presented and calculated by MNOs prediction from 1Q. If actual differs from predicted, such difference will be recognized in a following fiscal year

◆ Calculation method & factors remain unchanged: (Data communication cost + profit) /demand

The MIC announced in Oct. 2020 "Action Plan for setting up fair competition for mobile market"

- Further lowering mobile unit charge (Starting this FY and in the next 3 years, 50% lower than the previous FY) (Begin consideration from this FY)
 - Further lowering voice wholesale charge (Publish study results by summer 2021)
 - Promotion of unlocking SIM (Implement study group from fall 2020)
 - Promotion of eSIM (Announce policies by summer 2021)
 - Steps to lower switching costs
- and others

Services and Business Developments: IoT, Public Sector, DeCurret, CDN

Financials

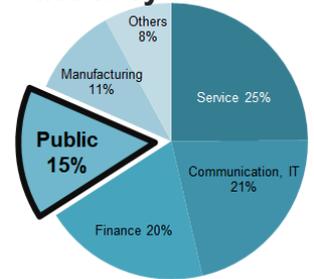
IoT Business	
Factory IoT	<ul style="list-style-type: none"> ➤ Introducing TOYOTA MOTOR HOKKAIDO's factory IoT <ul style="list-style-type: none"> • Providing closed mobile connectivity and cloud services for virtualize and analyze facility utilization information ➤ Launched "IIJ Industrial IoT Secure Remote Management" in Aug. 2020 <ul style="list-style-type: none"> • Solution to reduce factory facility maintenance cost and improve productivity • Incorporating WISE-PaaS by Advantech, global leader in industrial computer manufacturer
IoT for Maintenance	<ul style="list-style-type: none"> ➤ In-store environment sensing for a major retailer <ul style="list-style-type: none"> • Deliver humanless operation for daily check-ups such as room temperature
Agri. IoT	<ul style="list-style-type: none"> ➤ Continue to introduce ICT system for paddy water management to farmers to save energy consumption (Prefectures such as Shizuoka, Gifu, Hokkaido, Osaka etc.)
Home IoT	<ul style="list-style-type: none"> ➤ Provide care services using sensors through necolico (JV with Chubu electricity) <ul style="list-style-type: none"> • Executing trial study on frail with Japan Data Science Consortium and University of Tokyo by using AI and electricity data

DeCurret
<ul style="list-style-type: none"> ◆ Executing settlement-related PoCs with partners <ul style="list-style-type: none"> ➤ KDDI: Automated digital currency settlement ➤ Tokio Marine & Nichido Fire Insurance: Automated insurance contracts process ➤ Kansai Electric Power: Automated settlement of P2P electricity trading ➤ DAIDO LIFE INSURANCE: Use digital currency for BtoB transaction ➤ TOYOTA SYSTEMS: Automated settlement for employee benefit programs ➤ Local governments: Digital coupon systems ◆ Study group with Mega banks, FSA, BOJ and others on digital currency infrastructure ◆ Cryptocurrency trading business starting up ◆ Equity method loss related to DeCurret: <ul style="list-style-type: none"> ➤ 4Q19: ¥403 million, 1Q20: ¥306 million, 2Q20: ¥273 million (IIJ ownership: by 4Q19 30.0%, from 1Q20 41.6%)

Sales Activity for Public Sector

- ◆ **Major projects**
 - Enhance remote access for central government agencies
 - Promote telework environment for local governments
 - Hyogo Pref. Kumamoto City etc.
 - Support educational institution to become online-capable
 - Hybrid of face-to-face & online classes, remote access environment for faculty and staff etc.
 - Projects to replace "Security Cloud" for local governments etc.

Revenue by Clients Industry



- Based on IIJ's FY2019
- Others include real estate, construction, & commercial

CDN Business

- ◆ **JOCDN (IIJ ownership: 16.8%) CDN Services**
 - Turned positive (equity method loss/gain) in 1H20 progressing as expected
 - Continuously providing CDN services to large contents holders such as TVer and Hulu. Large volume of contents traffic
- ◆ **IIJ: Streaming Services**
 - Launched contents streaming platform service "IIJ Media Sphere Services" in Nov. 2020
 - Service packaging related functions provided on individual bases. Meeting streaming demands by contents holder, business enterprises, central governments, educational institutions and others

FY2020 Financial Targets (Revised on Nov. 9)

Unit: ¥ (JPY) billion except annual cash dividend
YoY = Year over year

Financials

	% of Revenues		YoY		% of Revenues	
	New FY20 Target (revised Nov. 9, 2020) Apr. 2020 - Mar. 2021	FY19 Results Apr. 2019 - Mar. 2020			Old FY20 Target (announced on May 14, 2020) Apr. 2020 - Mar. 2021	1H20 Results Apr. 2020 - Sep. 2020
Revenues	212.0	204.5	+3.7%	+7.5	210.0	101.7
Cost of Sales	82.9% 175.7	84.1% 171.9	+2.2%	+3.8	83.9% 176.1	82.8% 84.2
Gross Profit	17.1% 36.3	15.9% 32.6	+11.4%	+3.7	16.1% 33.9	17.2% 17.5
SG&A etc. ^{(*)1}	11.8% 25.0	11.9% 24.4	+2.6%	+0.6	12.0% 25.2	12.0% 12.2
Operating Profit	5.3% 11.3	4.0% 8.2	+37.4%	+3.1	4.1% 8.7	5.2% 5.2
Shares of profit (loss) of investments accounted for using equity method investees	(0.9)	(0.8)	-	-0.1	(0.6)	(0.4)
Profit before tax	4.7% 10.0	3.5% 7.2	+39.7%	+2.8	3.8% 8.0	4.4% 4.5
Net Profit ^{(*)2}	2.9% 6.1	2.0% 4.0	+52.2%	+2.1	2.4% 5.0	2.7% 2.8
Annual Cash Dividend ^{(*)3}	¥41.00	¥27.00	+51.9%	+¥14.00	¥34.00	¥20.50

Revenues	Enterprise recurring revenue exceeding the budget. Consumer revenue weaker than the initial expectation
Operating Profit	Compared with the initial expectation, network services gross profit to largely increase, SI gross profit to increase, and SG&As to increase not as much (reference: page 21)
Profit before tax	While the initial expectation for equity method loss related to DeCurret was ¥0.8 billion, due to the change in the ratio used to calculate equity method loss/gain (from 30.0% to 41.6%) ¥0.3 billion is to be added to the loss. 1H20 results of ¥0.14 billion of loss on funds (mainly foreign-exchange-related) is taken into consideration
Annual Cash Dividend	Revised upward along with profit increase. Interim dividend is revised upward too (reference: page 22)

(*1) SG&A etc. shows the sum of SG&A, which includes R&D expenses, and other income/expenses.

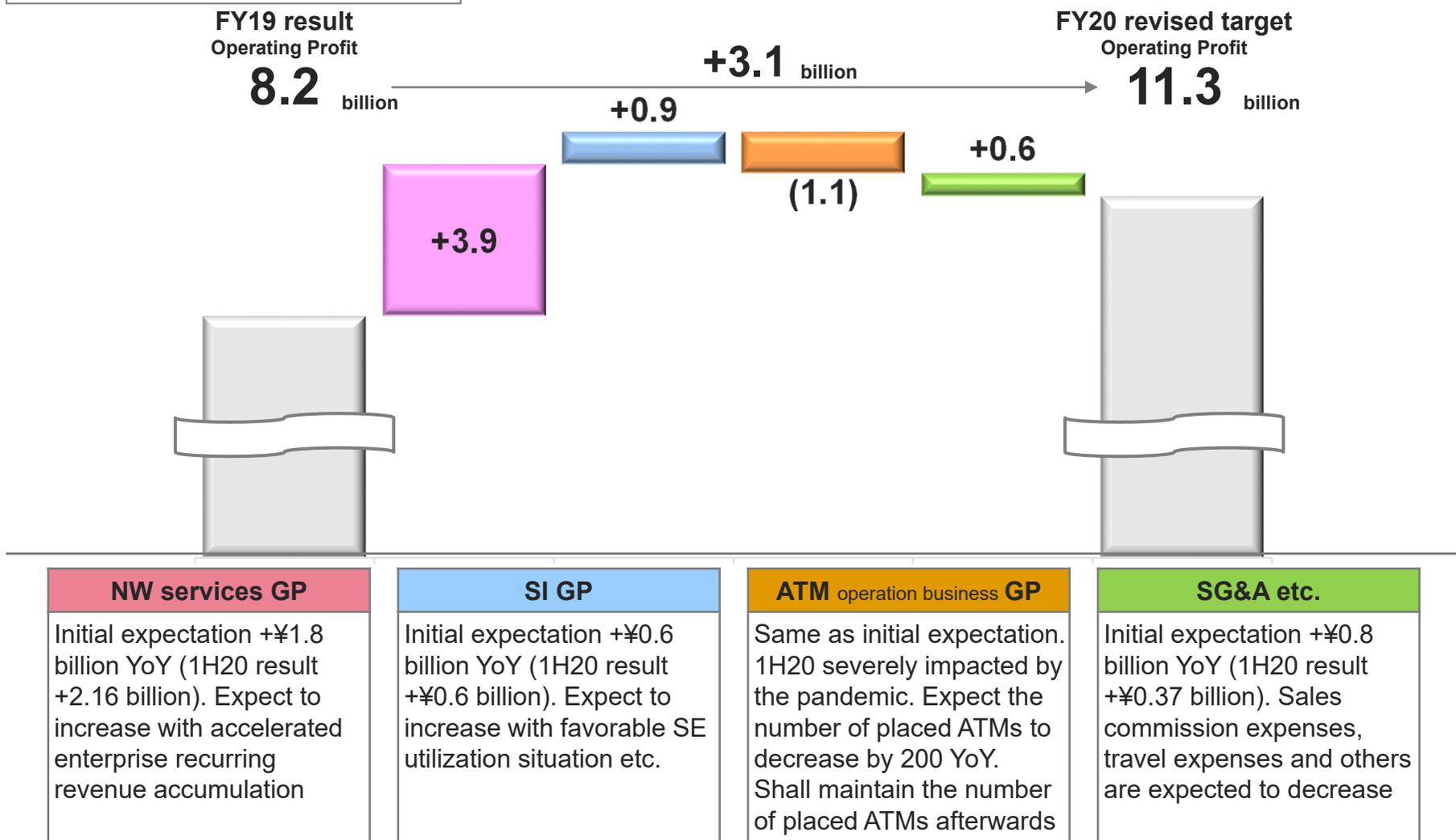
(*2) Net Profit is "Profit for the year (period) attributable to owners of the parent."

(*3) Annual cash dividend is per common share and is written pre-stock-split base.

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FY2020 Operating Profit Target

Unit: ¥ (JPY) billion
 GP = Gross Profit
 YoY = Year over year comparison



Upward Revision of Dividend & Stock Split (announced on Nov. 9)

Upward Revision of Dividend (pre-stock-split base)

- ◆ Dividend increased from interim, exceeding the initial forecast

Unit: JPY

	FY19 results	Initial forecast	Revision	YoY
Interim	13.50	17.00	20.50	+7.00
Year-end	13.50	17.00	20.50	+7.00
Full year	27.00	34.00	41.00	+14.00

Stock Split

- ◆ Stock split ratio: 2-for-1
- ◆ Effective date: January 1, 2021

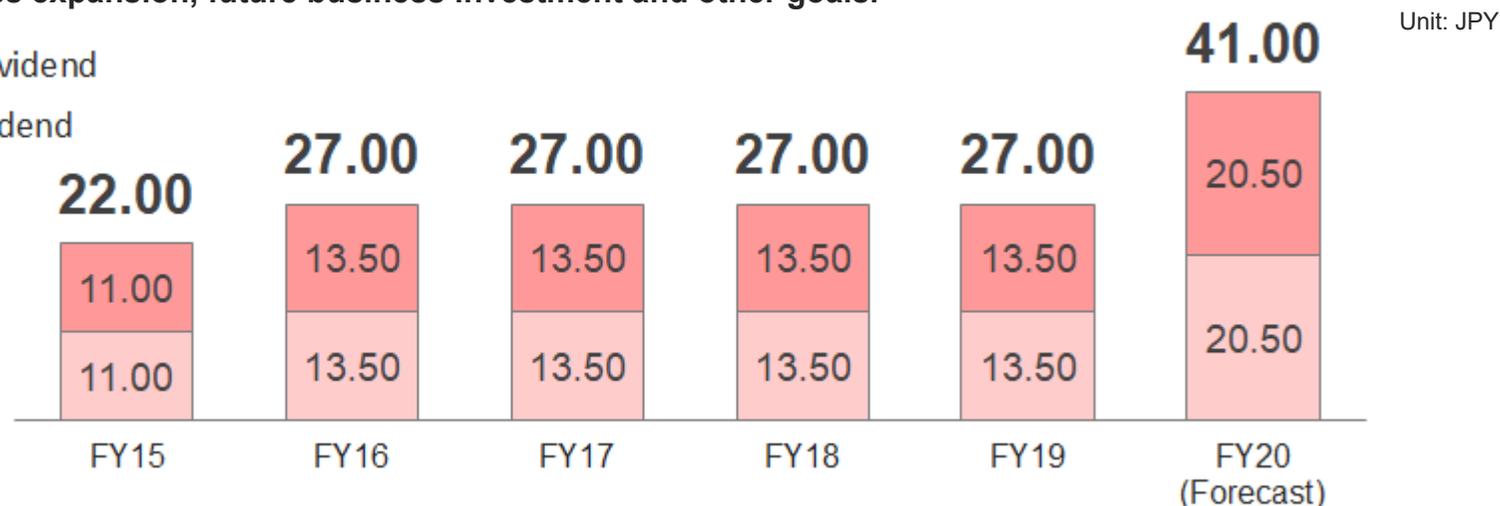
➢ Record date: December 31, 2020

*Along with the stock split, ADR ratio will be 1 common stock = 1 ADR

Cash Dividend per common share (pre-stock-split base)

- ◆ Our basic dividend policy is that we pay dividends to our shareholders continuously and in a stable manner while considering the need to have retained earnings for the enhancement of financial position, medium-to long-term business expansion, future business investment and other goals.

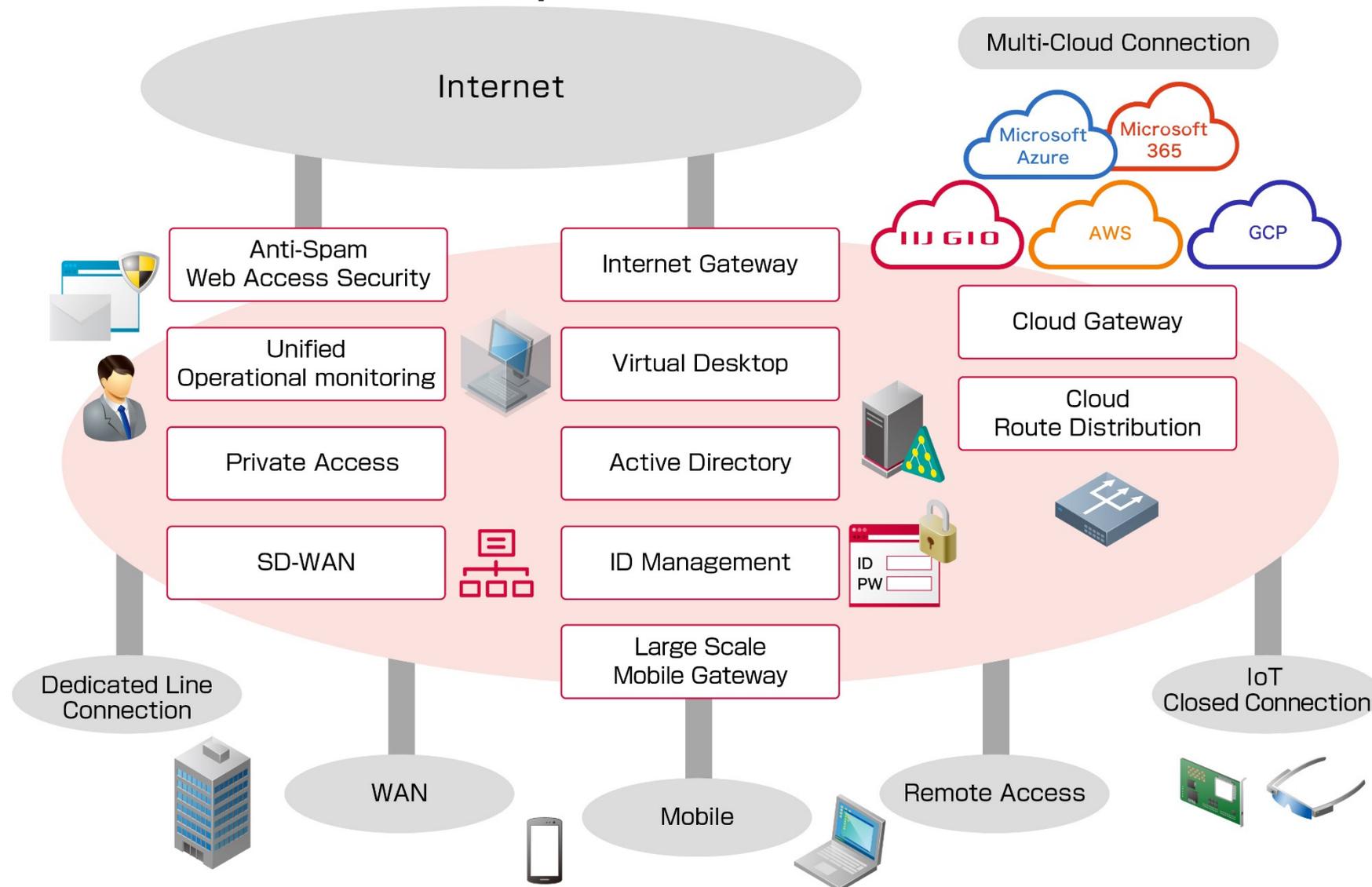
- Year-end dividend
- Interim dividend



Payout ratio	25.0%	38.9%	27.5%	34.6%	30.4%	30.3%
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*FY16 and before: US-GAAP, FY17 and after: IFRS

Support Japanese enterprises' digital shift with various highly reliable & value-added Omnibus service line-ups



Service Revenue Category

Unit: ¥ (JPY) billion

Financials

Revenue category		1H20 Revenue	About				Business Situation & Outlook	
Network Services	Internet connectivity services for enterprise	19.6	IP	5.8	Core service providing from the inception of the company, highly reliable dedicated connectivity services for enterprise (multi-carrier, redundancy etc.)		<ul style="list-style-type: none"> ➢ Matured market (new entry difficult) ➢ Blue-chip client base ➢ Expect the revenue to continuously increase along with traffic volume and contracted bandwidth increase which is increasing along with CDN traffic, remote work etc. 	
			Mobile	12.0	IoT/M2M-related	3.5		
					MVNE	8.6	<ul style="list-style-type: none"> ➢ Expect profitability and mobile infrastructure utilization to improve as we gather various traffic such as IoT, enterprise, consumers • IoT/M2M: Expect the demand to expand in the middle to long term • MVNE/Consumer: Focus on expanding sales channel under severe competition 	
	Internet connectivity services for consumers	12.9	Mobile	11.5	Inexpensive SIM services (mainly data), Direct sale (via IJ web), Indirect sale (via sales partners such as retailers)			
	WAN	12.3	Closed network used to connect multiple sites				Stable market for long-term, Large clients migrated to mobile in FY2019	
	Outsourcing	17.2	In-house developed Internet-related various service line-ups (Security, datacenter, remote access related etc.)				<ul style="list-style-type: none"> ➢ Acquire enterprise demand by cross-selling services. Continuous service development is important ➢ Demands for security and remote access to increase continuously 	
			Security	8.9	Public Cloud	1.3		
SI	Operation and Maintenance	25.1	Promote cloud shift with our abundant, highly reliable, value-added private cloud related service line-ups				<ul style="list-style-type: none"> ➢ Expect great business opportunity in the middle-to-long term as internal IT systems migrating to cloud ➢ Systems to be converted to cloud 	
			From construction	13.9	Private Cloud	11.2		
	Construction (including Equipment sales)	13.0	System construction related to office IT, security, Cloud, IoT. Internet-related construction such as Online banking & brokerage academic backbone network for university, and E-commerce site				<ul style="list-style-type: none"> ➢ Through providing SI, offer greater value as IoT and cloud usage penetrate 	

Monthly Recurring Revenue 86%



The internet started in Japan in 1992, along with IIJ. Since that time, the IIJ Group has been building the infrastructure for a networked society, and with our technical expertise, we have continued to support its development. We have also continued to evolve our vision for the future and innovate to make it a reality. As an internet pioneer, IIJ has blazed the trail so that others could realize the full potential of a networked society, and that will never change. The middle "I" in "IIJ" stands for "initiative," and IIJ always starts with the future.

Disclaimer

Statements made in this presentation regarding IIJ's or managements' intentions, beliefs, expectations, or predictions for the future are forward-looking statements that are based on IIJ's and managements' current expectations, assumptions, estimates and projections about its business and the industry. These forward-looking statements, such as statements regarding revenues, operating and net profitability are subject to various risks, uncertainties and other factors that could cause IIJ's actual results to differ materially from those contained in any forward-looking statement.