

August 4, 2022

Company name: Internet Initiative Japan Inc.  
Company representative: Eijiro Katsu, President and Representative Director  
(Stock Code Number: 3774, The Prime Market of the Tokyo Stock Exchange)  
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**Notice Regarding Business Succession through Company Split (Simplified Absorption-type Company Split)**

TOKYO - August 4, 2022 - Internet Initiative Japan Inc. (hereinafter “IIJ”, TSE Prime Market: 3774) hereby announces that at the IIJ’s Board of Directors today resolved to succeed Internet service provider business for enterprises and reseller business of Cloud computing services from Internet Revolution, Inc. (hereinafter “i-revo”), through company split (simplified absorption-type company split).

The company split which is an absorption-type is expected to result in an increase or a decrease in IIJ’s total assets of no greater than 10% of net assets as of the last day of the previous fiscal year, and an increase in revenues of no greater than 3% of revenues in the previous fiscal year. Therefore, some disclosure items and details are partially omitted.

1. Purpose of the company split

Internet service provider business for enterprises (providing Internet connectivity services for enterprises, etc.) and reseller business of Cloud computing services (reselling public Cloud services) of i-revo are highly compatible with IIJ’s business. Based on discussions with i-revo, IIJ is to succeed these businesses through a simplified absorption-type company split and expects to expand those businesses.

2. Summary of the company split

(1) Schedule for the company split

Board of Directors’ Resolution Date	August 4, 2022
Contract Date	August 8, 2022 (scheduled)
Effective Date	October 1, 2022 (scheduled)

Note: This company split is regarded as a simplified absorption-type company split under Article 796, Paragraph 2 of the Companies Act. Accordingly, an approval by a general meeting of shareholders is not required at either company.

(2) Method of the company split

An absorption-type company split in which IIJ will be the succeeding company and i-revo will be the splitting company.

(3) Allotments relating to the company split

IIJ is scheduled to deliver i-revo with JPY249,000,000 in cash as compensation for the company split.

(4) Treatment of new share subscription rights and new share subscription bonds in relation to the company split

Not applicable.

(5) Change in capital due to the company split

The company split will not result in an increase/decrease in capital.

(6) Rights and obligations to be succeeded by the succeeding company

Among the contractual positions, other rights and obligations in relation to the succeeding businesses, IIJ will succeed to those stipulated in the absorption-type company split agreement.

(7) Prospects for performance of debt obligations

IIJ has determined that no issues are to be expected in regard to the performance of its obligations that it would bear on and after the effective date of the company split.

3. Basis of allotment related to the company split, etc.

In regards to calculating the value of the businesses to be succeeded, IIJ adopted the discounted cash flow method (hereinafter “DCF method”) in order to reflect the future business activities. The amount of cash to be delivered was determined through negotiations based on the valuation using the DCF method, which is premised on financial forecasts of the business to be succeeded based on the business plan of i-revo. The business plan does not include any significant increase or decrease in profit.

4. Overview of the companies involved in the company split (As of March 31, 2022)

	Succeeding Company	Splitting Company
1. Name of the company	Internet Initiative Japan Inc.	Internet Revolution, Inc.
2. Address	2-10-2, Fujimi, Chiyoda-ku, Tokyo	1-11-1, Ginza, Chuo-ku, Tokyo
3. Name and position of representative	Representative Director and President, Eijiro Katsu	Representative Director and President, Mitsuhiro Masanobu
4. Business objectives	Provision of Internet connectivity and outsourcing services, provision of systems integration and equipment sales	Systems operation for digital entertainment business, development and operation of internet services
5. Share capital	JPY23,023 million	JPY100 million
6. Establishment	December 3, 1992	February 1, 2006
7. Number of shares issued	93,534,800 shares	25,000 shares
8. Fiscal year end	March 31	March 31
9. Major shareholders and shareholding ratios	Nippon Telegraph and Telephone Corporation 22.4% The Master Trust Bank of Japan, Ltd. (Trust account) 9.7%	Konami Digital Entertainment Co., Ltd. 100%
10. Financial position and results of operations for the most recent fiscal year		
Fiscal year	Fiscal year ended March 31, 2022 (Consolidated, IFRS)	Fiscal year ended March 31, 2022 (Non-consolidated, Japanese GAAP)
Equity attributable to owners of the parent or net assets	JPY103,528 million	JPY2,660 million
Total assets	JPY231,805 million	JPY2,899 million
Owner's equity per share or net assets per share	JPY1,146.32	JPY106,417.04
Revenues	JPY226,335 million	JPY1,106 million
Operating profit or ordinary income	JPY23,547 million	JPY40 million
Profit attributable to owners of the parent or net income	JPY15,672 million	JPY25 million
Basic earnings per share or net Income per share	JPY173.56	JPY981.92

5. Overview of the business succession

(1) Details of business to be split

Internet service provider business for enterprises and reseller business of Cloud computing services by i-revo.

(2) Business results of the business to be succeeded (As of March 31, 2022)

Revenues JPY691 million

(3) Assets and liabilities to be succeeded

IIJ will succeed to the contractual positions, other rights and obligations relating to the businesses to be succeeded that are stipulated in the absorption-type company split agreement. There are no asset and debt to be succeeded.

6. Status following the Company Split

There will be no change in the name, address, name and position of representative, business objectives, share capital, and fiscal year end of IIJ, as a result of this company split.

7. Forecasts

The company split is not expected to have a material impact on the consolidated financial targets of IIJ.

Reference: Consolidated financial targets for the fiscal year ending March 31, 2023 (JPY million)

	Revenues	Operating profit	Profit before tax	Net income attributable to owners of the parent
Consolidated financial targets (Fiscal year ending March 31, 2023)	250,000	27,200	26,300	17,500
Consolidated financial results (Fiscal year ended March 31, 2022)	226,335	23,547	24,162	15,672

< About Internet Initiative Japan Inc. >

Founded in 1992, IIJ is one of Japan's leading Internet-access and comprehensive network solutions providers. IIJ and its group companies provide total network solutions that mainly cater to high-end corporate customers. IIJ's services include high-quality Internet connectivity services, mobile services, security services, cloud computing services, and systems integration. Moreover, IIJ operates one of the largest Internet backbone networks in Japan that is connected to the United States, the United Kingdom and Asia. IIJ listed on the First Section of the Tokyo Stock Exchange ("TSE") in 2006 and transitioned to the Prime Market of TSE from April, 2022.

< IIJ Investor Relations >

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