

Convocation Notice of the 33rd
Ordinary General Meeting of Shareholders

of

Internet Initiative Japan Inc.

This document is an English translation of the “Convocation notice of the 33rd ordinary general meeting of shareholders” (“*Dai san-jyu-san teiji kabunushi sokai shoshu gotsuchi*”) of Internet Initiative Japan Inc. (“IIJ” or “the Company”) to be held on June 26, 2025.

CAUTIONARY NOTES

- Note 1: This document has been translated from the Japanese original for reference purpose only. In the event of any discrepancy between this English translation and the Japanese original, the Japanese original shall prevail.
- Note 2: In accordance with the applicable laws and regulations of Japan, and the provisions of the Company's Articles of Incorporation, we have not included the Basic Systems and Policies of IIJ, Consolidated Statements of Changes in Shareholders' Equity, Notes to Consolidated Financial Statements, Non-Consolidated Statement of changes in Shareholders' Equity and Notes to Non-Consolidated Financial Statements, which comprise the items provided in electronic format, in the documents provided to shareholders who have made a written request. Therefore, the documents provided to shareholders who have made a written request are part of documents audited by the accounting auditor as well as company auditors when preparing the audit report.
- Note 3: IIJ's consolidated and non-consolidated financial statements audited by the accounting auditor as well as company auditors are included in the attachments to the Notice of Convocation of the 33rd Ordinary General Meeting of Shareholders as well as the notes to the consolidated and non-consolidated financial statements, which are posted on the Company's website.
- Note 4: The ADRs (American depositary receipt) holders shall instruct The Bank of New York Mellon Corporation to exercise their voting rights represented by the shares underlying their ADRs but they may only provide their instructions to The Bank of New York Mellon Corporation. Otherwise, they are not entitled to exercise any voting right unless they cancel their ADRs and withdraw the shares of common stock. This means they may not be able to exercise any voting rights for IIJ and attend the ordinary general meeting of shareholders of IIJ.

To our shareholders



Koichi Suzuki
Chairman & Co-CEO

Yasuhiko Taniwaki
President & Co-CEO & COO

We would like to express our sincere appreciation for your continued support.

The fiscal year ended March 31, 2025 (FY2024) marked the first year of our Mid-term Plan. In this period, the acquisition of large-scale projects has become a new norm, driven by our “Service Integration” model which combines our network services line-up with systems integration. This was supported by strong demand for network renewals among both private and public sector clients. Consolidated revenues increased strongly to JPY316.83 billion, up 14.8% YoY, driven by growth in systems construction revenues along with monthly recurring revenues from network services and systems operation and maintenance following systems construction. As for profits, although there was a substantial increase in VMware license fees at the beginning of FY2024, we absorbed the impact through proactive sales efforts, price pass-through and price revision, resulting in operating profit of JPY30.10 billion, up 3.7% YoY.

Since our foundation as Japan's first full-scale Internet service provider, we have played an important role in supporting the evolution of Internet in Japan. Looking ahead, we see this new phase of our journey under a new management structure as the beginning of our “second foundation.” We are committed to driving further business growth and enhancing corporate value.

We deeply appreciate your ongoing understanding and support.

TRANSLATION

Securities code: 3774

June 6, 2025

(Start date of measures for provision in electronic format: May 31, 2025)

TO OUR SHAREHOLDERS:

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

CONVOCATION NOTICE OF THE 33rd ORDINARY GENERAL MEETING OF SHAREHOLDERS

We are pleased to announce the 33rd ordinary general meeting of shareholders of Internet Initiative Japan Inc. (“IIJ” or “the Company”), which is to be held as stated below.

When giving notice of the ordinary general meeting of shareholders, information that constitutes the content of reference documents for the ordinary general meeting of shareholders, etc. (items provided in electronic format) is provided in electronic format on the internet via the Company website as “Convocation notice of the 33rd ordinary general meeting of shareholders.”

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

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

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

In the event you are unable to attend the meeting, after reviewing the referential documents below, you may exercise your voting rights by indicating approval or disapproval on the voting form attached hereto and sending it or via the Internet. Please exercise your voting rights by no later than the end of business hours (5:30 p.m.) on Wednesday, June 25, 2025 (JST).

1. **Date and Time:** Thursday, June 26, 2025 10:00 a.m. (JST)
*The reception area opens at 9:00 a.m.
2. **Venue:** Bellesalle Kudan Event Hall
3rd floor, Sumitomo Fudosan Kudan Bldg.
1-8-10 Kudankita, Chiyoda-ku, Tokyo, Japan
3. **Agenda of the Meeting:**

Subjects to be Reported:

1. Business report, consolidated financial statements and a report on the audit results of consolidated financial statements by the accounting auditors and the board of company auditors for the 33rd term (from April 1, 2024 to March 31, 2025)
2. Non-consolidated financial statements for the 33rd term (from April 1, 2024 to March 31, 2025)

Subjects to be Resolved:

- Item 1: Appropriation of Retained Earnings
- Item 2: Election of Eleven (11) Directors
- Item 3: Election of One (1) Company Auditor

Notice to Shareholders:

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

Reference Documents for the Ordinary General Meeting of Shareholders

Agenda of the meeting and reference matters:

Item 1

Appropriation of Retained Earnings

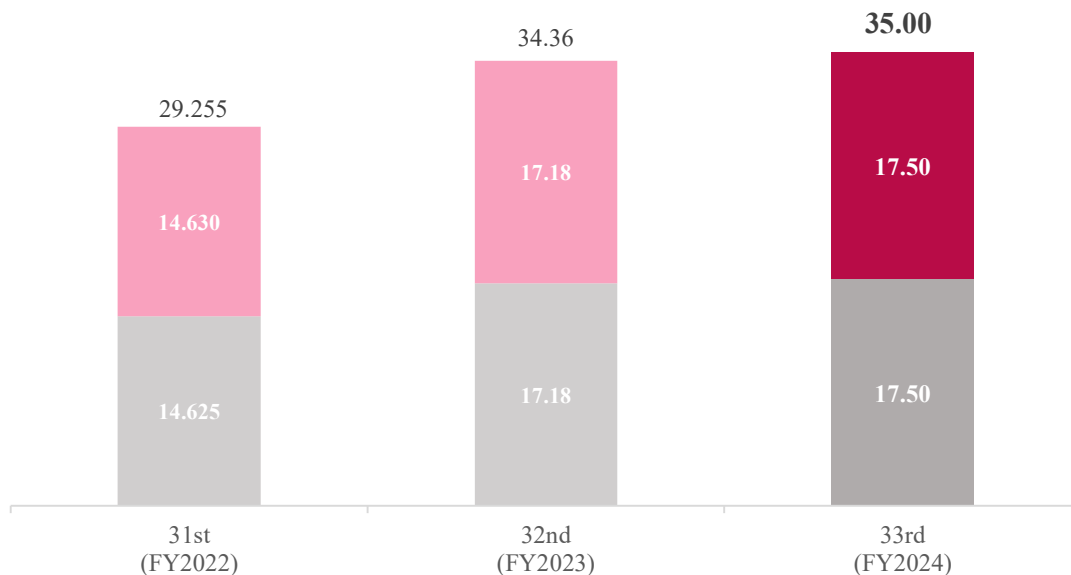
IIJ endeavors to return profits to shareholders through the continuous and stable distribution of dividends while giving consideration to the employment of retained earnings for the enhancement of IIJ's financial position, medium and long-term business expansion and business investment, etc.

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

If this Item 1 is approved and resolved as proposed, the annual amount of the dividends for this fiscal year ended March 31, 2025 will be JPY (Japanese yen) 35.00 per share, including the interim dividend paid in the amount of JPY 17.50 per share in December 2024.

1. Type of dividend property
Cash
2. Proposed appropriation of dividend assets to shareholders and total amount of dividend payment
JPY 17.50 per share of common stock of IIJ
Total amount of dividend payment: JPY 3,096,042,950
3. Effective date of dividend payment
June 27, 2025

(Reference) Historical Dividends per Share



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

Item 2
Election of Eleven (11) Directors

The term of office of all of the twelve (12) incumbent Directors will expire at the conclusion of this Ordinary General Meeting of Shareholders. It is proposed that the number of Inside Directors be reduced by one (1) and that eleven (11) Directors be reappointed, with the aim of achieving swift and agile management. Five (5) of these Directors, i.e., Takashi Tsukamoto, Kazuo Tsukuda, Yoichiro Iwama, Atsushi Okamoto and Kaori Tonosu, are candidates for Outside Directors.

The candidates for the positions of Directors are as follows:

Candidate number	Name	Gender	Current Positions/Incharge	Board of Directors Attendance (Times)
1	Koichi Suzuki <Reelection>	Male	Representative Director Chairman, Executive Officer and Co-CEO	12/12
2	Yasuhiko Taniwaki <Reelection>	Male	Representative Director President, Executive Officer and Co-CEO & COO	12/12
3	Satoshi Murabayashi <Reelection>	Male	Director Executive Vice President, Executive Officer	11/12
4	Koichi Kitamura <Reelection>	Male	Director Executive Vice President, Executive Officer Enterprise Sales Unit Director	12/12
5	Akihisa Watai <Reelection>	Male	Director Executive Vice President, Executive Officer and CFO	12/12
6	Junichi Shimagami <Reelection>	Male	Director Executive Vice President, Executive Officer and CTO	12/12
7	Takashi Tsukamoto <Reelection> <Outside> <Independent>	Male	Outside Director	12/12
8	Kazuo Tsukuda <Reelection> <Outside> <Independent>	Male	Outside Director	10/12
9	Yoichiro Iwama <Reelection> <Outside> <Independent>	Male	Outside Director	11/12
10	Atsushi Okamoto <Reelection> <Outside> <Independent>	Male	Outside Director	12/12
11	Kaori Tonosu <Reelection> <Outside> <Independent>	Female	Outside Director	12/12

(Reference) Skill matrix

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

※ IJ has made filings with the Tokyo Stock Exchange with regard to the appointments of Independent Directors, whose appointments are required to be secured by the Tokyo Stock Exchange. If these individuals are reappointed as our Directors, we will continue to appoint them as Independent Directors.

Definitions of skills

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

Candidate
number

1 Koichi Suzuki

<Reelection>

(September 3, 1946 • Male)



■ Number of Shares Owned
7,415,215

Career & current positions in and outside IJJ

December 1992	Director at the time of the establishment of IJJ
April 1994	President, Representative Director and CEO of IJJ
June 2013	Chairman of the Board, Representative Director and CEO of IJJ
April 2021	Chairman of the Board, Representative Director and Co-CEO of IJJ
April 2024	Representative Director, Chairman, Executive Officer and Co-CEO of IJJ (current position)

■ Important concurrent posts

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

■ Reasons for selection as candidate

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

Candidate
number

2 Yasuhiko Taniwaki

<Reelection>

(September 11, 1960 • Male)



■ Number of Shares Owned
6,112

Career & current positions in and outside IJJ

April 1984	Joined the Ministry of Posts and Telecommunications (now, the Ministry of Internal Affairs and Communications ("MIC"))
June 2013	Deputy Director-General for the National Center of Incident Readiness and Strategy for Cybersecurity (NISC) and Councilor for the Cabinet Secretariat
June 2016	Director-General of the Global ICT Strategy Bureau, MIC
July 2017	Director-General for Information Security, MIC
July 2018	Director-General of the Telecommunications Bureau, MIC
December 2019	Vice-Minister for Policy Coordination of Posts and Telecommunications, MIC
March 2021	Resigned from MIC
January 2022	Advisor of IJJ
June 2022	Executive Vice President and Director of IJJ
April 2024	Director, Executive Vice President and Executive Officer of IJJ
April 2025	Representative Director, President, Executive Officer and Co-CEO & COO of IJJ (current position)

■ Reasons for selection as candidate

Mr. Yasuhiko Taniwaki, a candidate for Director, is presently the Representative Director, President, Executive Officer and Co-CEO & COO of IJJ. He has extensive experience as a Director, Executive Vice President and Executive Officer of IJJ, and broad knowledge of the telecommunications business and information security that he gained through holding important positions such as the Vice-Minister for Policy Coordination of Posts and Telecommunications of the MIC. IJJ proposes to nominate him as a candidate for Director in order to continue to utilize his abundant business experience for the management of IJJ.

Candidate
number

3 Satoshi Murabayashi

<Reelection>

(November 8, 1958 • Male)



■ Number of Shares Owned
8,914

Career & current positions in and outside IIJ

April 1981	Joined The Sanwa Bank, Ltd. (currently MUFG Bank, Ltd.)
June 2007	Executive Officer of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.)
June 2013	Managing Director of the same
May 2015	Senior Managing Director of the same
June 2015	Senior Managing Corporate Executive of Mitsubishi UFJ Financial Group, Inc.
June 2017	President and Representative Director of Mitsubishi UFJ Research and Consulting Co., Ltd.
June 2021	Director, Executive Vice President of IIJ
April 2022	President and Representative Director of DeCurret Holdings Inc. (current position)
April 2024	Director, Executive Vice President and Executive Officer of IIJ (current position)

■ Important concurrent posts

President and Representative Director of DeCurret Holdings, Inc.

■ Reasons for selection as candidate

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

Candidate
number

4 Koichi Kitamura

<Reelection>

(May 12, 1954 • Male)



■ Number of Shares Owned
13,484

Career & current positions in and outside IIJ

April 1978	Joined Nippon Steel Corporation
June 2004	Director of NS Solutions Corporation
April 2009	Executive Director of the same
April 2012	Managing Executive Director of the same
June 2016	Director & Vice-president Operating Officer of the same
April 2020	Senior Managing Executive Officer and Deputy Unit Director of Business Unit of IIJ
April 2021	Senior Managing Executive Officer and Business Unit Director of IIJ
June 2021	Senior Managing Director and Business Unit Director of IIJ
April 2024	Director, Senior Managing Executive Officer and Business Unit Director of IIJ
April 2025	Director, Executive Vice President, Executive Officer and Enterprise Sales Unit Director of IIJ (current position)

■ Reasons for selection as candidate

Mr. Koichi Kitamura, a candidate for Director, has held key positions in businesses in the same industry as IIJ, and is presently Director, Executive Vice President, Executive Officer and Enterprise Sales Unit Director of IIJ. He uses his abundant experience and profound knowledge of sales and systems to amply fulfill his duties in terms of developing sales strategies and implementing them, etc. IIJ therefore proposes to continue to nominate him as a candidate for Director.

Candidate
number

5 Akihisa Watai

<Reelection>

(September 30, 1965 • Male)



■ Number of Shares Owned
71,046

Career & current positions in and outside IJJ

April 1989	Joined Sumitomo Bank, Ltd. (currently Sumitomo Mitsui Banking Corporation)
August 1996	Temporarily seconded to IJJ
February 2000	Joined IJJ
June 2004	Director and Chief Financial Officer of IJJ
April 2010	Managing Director and Chief Financial Officer of IJJ
April 2015	Division Director of Financial Division of IJJ (current position)
April 2021	Senior Managing Director and Chief Financial Officer of IJJ
April 2024	Director, Senior Managing Executive Officer and Chief Financial Officer of IJJ
April 2025	Director, Executive Vice President, Executive Officer and Chief Financial Officer of IJJ (current position) Division Director of Corporate Strategy Unit of IJJ (current position)

■ Reasons for selection as candidate

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

Candidate
number

6 Junichi Shimagami

<Reelection>

(April 17, 1967 • Male)



■ Number of Shares Owned
53,834

Career & current positions in and outside IJJ

April 1990	Joined Nomura Research Institute, Ltd
September 1996	Joined IJJ
June 2007	Director of IJJ
April 2010	Executive Managing Officer of IJJ
April 2015	Senior Executive Officer, Division Director of Network Division and CTO of IJJ
June 2015	Director and CTO of IJJ
April 2016	Unit Director of Technology Unit of IJJ
June 2020	Managing Director and CTO of IJJ
April 2024	Director, Senior Managing Executive Officer and CTO of IJJ
April 2025	Director, Executive Vice President, Executive Officer and CTO of IJJ (current position)

■ Reasons for selection as candidate

Mr. Junichi Shimagami, a candidate for Director, is presently the Director, Executive Vice President, Executive Officer and CTO of IJJ. He uses his exceptional knowledge and abundant experience in the field of network technology and security to amply fulfill his duties in terms of determining technological strategies and implementing them, etc. IJJ therefore proposes to continue to nominate him as a candidate for Director.

Candidate
number

7 Takashi Tsukamoto

(August 2, 1950 • Male)



■ Number of Shares Owned
13,600

<Reelection>
<Outside>
<Independent>

Career & current positions in and outside IJJ

April 1974	Joined The Dai-Ichi Kangyo Bank, Ltd. (currently Mizuho Bank, Ltd.)
April 2004	Managing Executive Officer (Head of EMEA) of Mizuho Corporate Bank, Ltd.
April 2009	President and CEO of Mizuho Financial Group, Inc.
June 2011	President and CEO of Mizuho Bank, Ltd. Chairman of Mizuho Financial Group, Inc.
July 2013	Chairman of Mizuho Bank, Ltd.
April 2014	Senior Advisor of Mizuho Financial Group, Inc.
April 2017	Honorary Advisor of Mizuho Financial Group, Inc.
June 2017	Director of IJJ (current position)
July 2023	Special Advisor of Mizuho Financial Group, Inc. (current position)

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

Mr. Takashi Tsukamoto served as the President and CEO, and Chairman, of Mizuho Bank, Ltd. He also has an extensive knowledge and a high level of understanding in the field of global business, finance and accounting, governance, etc. He has been appointed as an Outside Director of IJJ since June 2017, and has provided useful advice and supervision to IJJ's management. IJJ therefore proposes to continue to nominate him as a candidate for Outside Director. His total term of office as an Outside Director will be eight (8) years at the conclusion of this Ordinary General Meeting of Shareholders.

■ Independence

IJJ Group has business transactions with Mizuho Bank, Ltd. and Mizuho Financial Group, Inc., at which he held executive positions in the past, but the total amount of these transactions is less than 2% of IJJ's consolidated net sales. In addition, since more than ten (10) years have elapsed since he left his executive positions at these companies, IJJ believes that he is sufficiently independent.

Candidate
number

8 Kazuo Tsukuda

(September 1, 1943 • Male)



■ Number of Shares Owned
3,600

<Reelection>
<Outside>
<Independent>

Career & current positions in and outside IJJ

April 1968	Joined Mitsubishi Heavy Industries, Ltd.
June 1999	Director of the same
April 2002	Managing Director of the same
June 2003	President and Representative Director of the same
April 2008	Chairman of the Board, Representative Director of the same
April 2013	Chief Executive Adviser of the same
June 2019	Special Advisor of the same
June 2020	Director of IJJ (current position)
June 2021	Honorary Advisor of Mitsubishi Heavy Industries, Ltd (retired in June 2023)

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

Mr. Kazuo Tsukuda served as the President and Representative Director, and Chairman of the Board and Representative Director, of Mitsubishi Heavy Industries, Ltd. He also has an extensive knowledge and a high level of understanding in the field of technology, R&D, global business, governance, etc. He has been appointed as an Outside Director of IJJ since June 2020, and has provided useful advice and supervision to IJJ's management. IJJ therefore proposes to continue to nominate him as a candidate for Outside Director. His total term of office as an Outside Director will be five (5) years at the conclusion of this Ordinary General Meeting of Shareholders.

■ Independence

IJJ Group has business transactions with Mitsubishi Heavy Industries, Ltd., at which he held executive positions in the past. However, since the total amount of these transactions is less than 1% of IJJ's consolidated net sales, IJJ believes that he is sufficiently independent.

Candidate
number

9

Yoichiro Iwama

(September 15, 1943 • Male)

<Reelection>
<Outside>
<Independent>



■ Number of Shares Owned
3,700

Career & current positions in and outside IIJ

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

■ Important concurrent posts

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

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

Mr. Yoichiro Iwama served as the President and Representative Director of Tokio Marine Asset Management Co., Ltd., and a member of the follow-up meetings of the Stewardship Code, the Corporate Governance Code, etc. He also has an extensive knowledge and a high level of understanding in the field of global business, finance and accounting, governance, etc. He has been appointed as an Outside Director of IIJ since June 2021, and has provided useful advice and supervision to IIJ's management. IIJ therefore proposes to continue to nominate him as a candidate for Outside Director. His total term of office as an Outside Director will be four (4) years at the conclusion of this Ordinary General Meeting of Shareholders.

■ Independence

IIJ Group has business transactions with Nikko Asset Management Co., Ltd. and Tokio Marine Asset Management Co., Ltd., at which he held executive positions in the past. However, since the total amount of these transactions is less than 1% of IIJ's consolidated net sales, IIJ believes that he is sufficiently independent.

Candidate
number

10

Atsushi Okamoto

(March 26, 1954 • Male)

<Reelection>
<Outside>
<Independent>



■ Number of Shares Owned
2,200

Career & current positions in and outside IIJ

April 1974	Joined Iwanami Shoten, Publishers
April 2008	Division Manager of Production Department of the same
June 2010	Director of the same
June 2013	President and CEO of the same (retired in May 2021)
June 2022	Director of IIJ (current position)

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

Mr. Atsushi Okamoto served as the President and CEO, etc. of Iwanami Shoten, Publishers. He also has an extensive knowledge and a high level of understanding in the field of global business, governance, etc. He has been appointed as an Outside Director of IIJ since June 2022, and has provided useful advice and supervision to IIJ's management. IIJ therefore proposes to continue to nominate him as a candidate for Outside Director. His total term of office as an Outside Director will be three (3) years at the conclusion of this Ordinary General Meeting of Shareholders.

■ Independence

IIJ Group has no business transactions with Iwanami Shoten, Publishers, at which he held executive positions in the past.

<Reelection>
<Outside>
<Independent>

(December 24, 1961 • Female)



■ Number of Shares Owned
700

Career & current positions in and outside IJJ

April 1985	Joined the Fuji Bank, Limited (currently Mizuho Bank, Ltd.)
June 2001	Joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)
June 2006	Partner of the same
November 2015	Board member of Deloitte Tohmatsu LLC
June 2018	Board member of Deloitte Touche Tohmatsu LLC
September 2021	Resigned from Deloitte Touche Tohmatsu LLC
June 2022	Director of IJJ (current position)

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

Ms. Kaori Tonosu served as a board member of Deloitte Touche Tohmatsu LLC as a Certified Information Systems Auditor. She also has an extensive knowledge and a high level of understanding in the field of IT business, technology, R&D, governance, etc. She has been appointed as an Outside Director of IJJ since June 2022, and has provided useful advice and supervision to IJJ's management. IJJ therefore proposes to continue to nominate her as a candidate for Outside Director. Her total term of office as an Outside Director will be three (3) years at the conclusion of this Ordinary General Meeting of Shareholders.

■ Independence

IJJ Group has business transactions with Deloitte Touche Tohmatsu LLC, at which she held executive positions in the past, but the total amount of these transactions is less than 1% of IJJ's consolidated net sales. Deloitte Touche Tohmatsu LLC, at which she held executive positions, was IJJ's Financial Auditor, but IJJ changed its Financial Auditor to another company in June 2019. Therefore, IJJ believes that she is sufficiently independent.

(Notes)

- (1) There is no special interest between the candidates and IJJ.
- (2) IJJ, pursuant to the Articles of Incorporation of IJJ, entered into a Liability Limitation Agreement (Article 427, Paragraph 1 of the Companies Act) with each of Mr. Takashi Tsukamoto, Mr. Kazuo Tsukuda, Mr. Yoichiro Iwama, Mr. Atsushi Okamoto and Ms. Kaori Tonosu which limits the liability provided for in Article 423, Paragraph 1 of the Companies Act to the higher of either 10 million yen or the amount prescribed in Article 425, Paragraph 1 of the Companies Act, provided that they are bona fide and without gross negligence in performing their duties. The said Agreements will continue to be effective if their reappointments are approved.
- (3) IJJ has filed with the Tokyo Stock Exchange with regard to the appointments of Mr. Takashi Tsukamoto, Mr. Kazuo Tsukuda, Mr. Yoichiro Iwama, Mr. Atsushi Okamoto and Ms. Kaori Tonosu as Independent Directors, whose appointments are required to be secured by the Tokyo Stock Exchange. If they are reappointed as our Directors, we will continue to appoint them as Independent Directors. Mr. Takashi Tsukamoto was previously an executive officer of Mizuho Bank, Ltd., one of our lenders, and its parent company, Mizuho Financial Group, Inc. More than ten years have passed since he left such executive officer positions in 2014, and he currently serves as a Special Advisor to Mizuho Financial Group, Inc. and is not involved in the execution of its business. Based on these facts, the guidelines of the Tokyo Stock Exchange and the Standards on the Independence of Outside Directors and Outside Company Auditors of IJJ, IJJ has determined that he is independent and a notification of his status as an Independent Director has been submitted to and received by the Tokyo Stock Exchange.
- (4) The candidates are currently Directors of IJJ, and IJJ has entered into an agreement regarding directors and officers liability insurance (the "D&O Insurance") with an insurance company, where these candidates are included as insured persons. The D&O Insurance provides that, in the event that a claim for compensation is made against the insured persons due to acts performed by the insured persons based on their positions as officers, etc. of IJJ, the D&O Insurance will provide cover for losses incurred by the insured persons, such as compensation payments and litigation expenses. However, IJJ has taken measures to ensure that the appropriateness of the performance of duties by the insured persons is not impaired, such as by having certain liability exclusion clauses, including the exclusion of payments for losses caused by acts performed by insured persons while they were aware of violations of laws or regulations, and by setting a cap on the amount of payouts. In addition, IJJ bears 90% of the total amount of insurance premiums and the insured persons bear the balance, where each person bears up to a maximum of 1.6% of the premiums depending on his or her position. If this Item 2 is approved and resolved as proposed, all the candidates will be included as insured persons under the D&O Insurance. The contractual term of the D&O Insurance will expire during the term of office of each candidate, and IJJ plans to renew the D&O Insurance under the same terms.
- (5) JAPAN POST INSURANCE Co., Ltd., where Ms. Kaori Tonosu is serving as an outside director since June 2022, announced in September 2024 that it had sent promotional materials for its insurance products using customers' non-public financial information without obtaining their prior consent. Also, JAPAN POST INSURANCE Co., Ltd. announced in March 2025 that it had solicited customers for single-premium whole life insurance before obtaining government approval under the Insurance Business Act for the sale of this type of insurance product. Ms. Kaori Tonosu was not aware of any of these matters until after they came to light, but has always made suggestions from the perspective of ensuring awareness of compliance, and after learning of these matters, has fulfilled her responsibilities by making proposals for necessary measures from the perspective of legal compliance.
- (6) The candidates for Directors who concurrently serve as Outside Directors and Company Auditors of other companies (excluding subsidiaries and affiliates of IJJ) are as follows:

Mr. Satoshi Murabayashi	Outside Director of PERSOL HOLDINGS CO., LTD.
Mr. Takashi Tsukamoto	Outside Director of Asahi Mutual Life Insurance Company, AEON Co., Ltd., and Furukawa Electric Co., Ltd.
Mr. Yoichiro Iwama	Outside Director of Nikko Asset Management Co., Ltd.
Ms. Kaori Tonosu	Outside Director of Japan Post Insurance Co., Ltd.

Item 3

Election of One (1) Company Auditor

As the term of office of the incumbent Company Auditor, Masako Tanaka will expire at the close of this Ordinary General Meeting of Shareholders, it is proposed that one (1) Company Auditor be reappointed.

The candidate for the positions of Company Auditor is as follows:

With respect to the submission of this proposed item, IJJ has already obtained the consent of the Board of Company Auditors.

< Reelection >

Masako Tanaka

(April 4, 1958 • Female)



■ Number of Shares Owned
692,800

Career & current positions in and outside IJJ

December 1992	Joined IJJ
May 1993	General Manager of Administrative Department of IJJ
February 2002	General Manager of Human Resources Department of IJJ
April 2014	General Manager of Administrative Division Human Resources Department of IJJ
June 2018	Fulltime Company Auditor of IJJ (current position)

■ Reasons for selection as candidate for Company Auditor

Ms. Masako Tanaka has abundant experience and a high level of knowledge in the field of internal control and governance as the person in charge of the human resources department and other administrative departments of IJJ, she is fit to audit the performance of duties by the Directors. Therefore, IJJ proposes to appoint her as a candidate for Company Auditor.

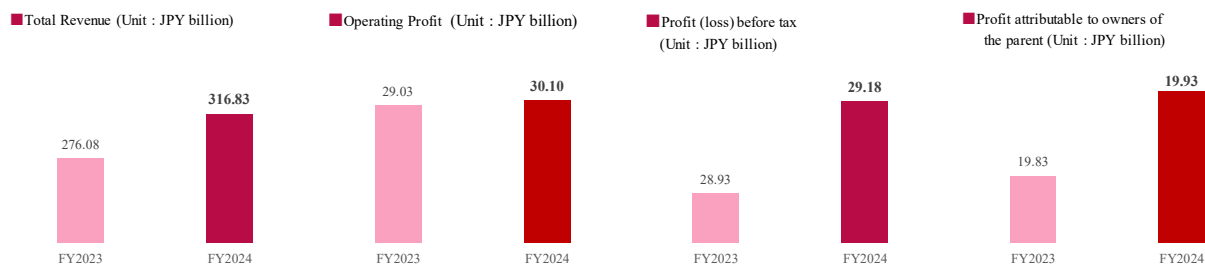
(Notes)

- (1) There is no special interest between the candidate and IJJ.
- (2) Ms. Masako Tanaka is currently a Company Auditor of IJJ, and IJJ has entered into an agreement regarding directors and officers liability insurance (the "D&O Insurance") with an insurance company, where she is included as an insured person. The D&O Insurance provides that, in the event that a claim for compensation is made against the insured persons due to acts performed by the insured persons based on their positions as officers, etc. of IJJ, the D&O Insurance will provide cover for losses incurred by the insured persons, such as compensation payments and litigation expenses. However, IJJ has taken measures to ensure that the appropriateness of the performance of duties by the insured persons is not impaired, such as by having certain liability exclusion clauses, including the exclusion of payments for losses caused by acts performed by insured persons while they were aware of violations of laws or regulations, and by setting a cap on the amount of payouts. In addition, IJJ bears 90% of the total amount of insurance premiums and the insured persons bear the balance, where each person bears up to a maximum of 1.6% of the premiums depending on his or her position. If this Item 3 is approved and resolved as proposed, she will be included as insured persons under the D&O Insurance. The contractual term of the D&O Insurance will expire during her term of office, and IJJ plans to renew the D&O Insurance under the same terms.

End of document

Business Report for the 33rd Fiscal Year

Consolidated Financial Results



1. Matters regarding the current status of the IIJ Group

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

During the fiscal year ended March 31, 2025 (FY2024), the Japanese domestic economy experienced a moderate recovery, albeit with some signs of stagnation in certain areas. Looking ahead, the economy is expected to continue recovering gradually, supported by improvements in employment and income conditions, as well as the effects of various government policies. However, downside risks remain, including uncertainties related to U.S. trade policies—such as tariffs—and persistent inflationary pressures. Close attention must also be paid to volatility in financial and capital markets.

Amid such economic conditions, the corporate ICT (*1) market—IIJ Group's primary area of involvement—has seen continued growth in the use of new technologies in business activities, such as cloud computing services and AI (*2). This, along with other factors, is expected to drive sustained increases in internet traffic (*3) and further heighten the importance of cybersecurity measures. The scope of corporate networks and systems is evolving from traditional internal networks to more diverse infrastructures that incorporate Internet technologies. We anticipate that the importance of stable and reliable network and system operations will continue to increase going forward.

As for our business progress during FY2024, strong demand persisted for corporate and government-related network renewals. IIJ Group successfully secured several large-scale, multi-year Service Integration (*4) projects, each valued between JPY one billion and over JPY ten billion. These large projects contributed to a significant increase in one-time revenue of system construction, while monthly recurring revenue from Network services and system operation and maintenance also began to accumulate steadily. Total revenue rose substantially by 14.8% year-over-year (YoY), driven by significant growth in system integration and steady growth in Network Services. In Network Services (excluding mobile-related services), Outsourcing services such as IP (*5) and security-related offerings performed well in line with continued Internet traffic growth, resulting in a 6.7% YoY increase in revenue to JPY112.28 billion. In mobile-related services, IoT (*6)-related demand remained strong in the corporate market, including for network cameras and device connectivity. In the consumer market, while the market is maturing, the number of subscriptions continued to rise, with total subscription increasing by 929 thousand from the previous fiscal year-end to 5,739 thousand. Revenue from mobile-related services increased 9.0% YoY. In system integration, strong demand for network upgrades across various industries led to a 37.8% YoY increase in system construction revenue. Revenue from system operation and maintenance rose 14.8% YoY, reflecting the accumulation of post-construction operation contracts and increased demand for multi-cloud (*7) services. In overseas business, revenue increased 14.7% YoY to JPY40.5 billion (*8), supported by demand for global network initiatives for Japanese companies and strong performance from PTC SYSTEM (S) PTE LTD, which handled robust server construction projects. On the infrastructure side, we continued expanding the scale and reach of our network and launched initiatives to ensure long-term capacity, including new building construction at the Matsue Data Center Park and preparations for the third-phase building at the Shirai Data Center Campus. As for human capital, we reinforced efforts primarily focused on hiring and training new graduates. The total number of consolidated employees increased by 418 YoY to 5,221. The turnover rate (*9) during FY2024 was 3.9%. Regarding profitability, we incurred approximately JPY3.6 billion in additional costs due to a significant price increase (*10) for VMware products from the beginning of FY2024. To address this, we implemented price adjustments for cloud computing-related services and revised prices for some Network Services during FY2024, limiting the full-year negative impact on profit to around JPY1.5 billion. Our affiliate, DeCurret DCP Inc., launched the first commercial transaction using “DCJPY,” Japan’s first digital currency (*11). Its parent company, DeCurret Holdings Inc., raised approximately JPY6.35 billion through a third-party allotment of shares to thirteen corporate partners, strengthening collaborative efforts for future business expansion.

Consolidated Financial Results for FY2024 were as follows. Total revenue was JPY316,831 million (FY2023: JPY276,080 million), up 14.8% YoY. Total cost of sales was JPY248,429 million (FY2023: JPY212,214 million), up 17.1% YoY, and gross profit was JPY68,402 million (FY2023: JPY63,866 million), up 7.1% YoY. The breakdown by service was as follows. Network services revenue was JPY162,577 million (FY2023: JPY151,347 million), up 7.4% YoY and its gross profit was JPY45,273 million (FY2023: JPY43,493 million), up 4.1% YoY. System integration, including equipment sales, revenue was JPY151,306 million (FY2023: JPY121,819 million), up 24.2% YoY and its gross profit was JPY21,753 million (FY2023: JPY19,042 million), up 14.2% YoY. Within this, system construction revenue was JPY68,773 million (FY2023: JPY49,902 million), up 37.8% YoY and system operation and maintenance revenue was JPY82,533 million (FY2023: JPY71,917 million), up 14.8% YoY. ATM Operation Business revenue was JPY2,948 million (FY2023: JPY2,914 million), up 1.2% YoY and its gross profit was JPY1,376 million (FY2023: JPY1,331 million), up 3.4% YoY. Selling, general and administrative expenses, including other income and expenses, was JPY38,298 million (FY2023: JPY34,837 million), up 9.9% YoY. Operating profit was JPY30,104 million (FY2023: JPY29,029 million), up 3.7%. Profit before tax was JPY29,184 million (FY2023: JPY28,934 million), up 0.9% YoY mainly due to gains on valuation of financial assets related to investment funds of JPY201 million (FY2023: JPY149 million), dividends received of JPY145 million (FY2023: JPY106 million), foreign exchange gains of JPY47 million (FY2023: JPY533 million), and interest expenses from bank borrowings and lease transactions of JPY1,062 million (FY2023: JPY616 million). Profit attributable to owners of the parent was JPY19,933 million (FY2023: JPY19,831 million), up 0.5% YoY. Return on equity (ROE) attributable to owners of the parent was 15.0%.

As for terms marked with an asterisk (*), please refer to the Glossary at page 38 in this document.

Network services

Network services revenue was JPY162,577 million, up 7.4% YoY (JPY151,347 million for FY2023). Part of network service prices were revised from the beginning of 3Q24.

Revenues for Internet connectivity services for enterprise were JPY48,994 million, up 9.5% YoY from JPY44,725 million for FY2023, mainly due to an increase in revenues of enterprise mobile services and IP services. Revenues for Internet connectivity services for consumers were JPY26,832 million, up 6.1% YoY from JPY25,285 million for FY2023, mainly due to an increase in revenues of IJmio Mobile services. Revenues for Outsourcing services were JPY59,145 million, up 11.7% YoY from JPY52,972 million for FY2023, mainly due to an increase in security-related services revenues. Revenues for WAN services were JPY27,606 million, down 2.7% YoY from JPY28,365 million for FY2023.

Cost of network services revenue was JPY117,304 million, up 8.8% YoY (JPY107,854 million for FY2023), mainly due to an increase in license fees. There was one-time cost reimbursement, which was related to a mobile unit charge (*12), by mobile carriers in 3Q24 at a similar level to 3Q23 as FY2023 mobile unit charge was fixed based on its actual results for the corresponding period. Gross profit was JPY45,273 million, up 4.1% YoY (JPY43,493 million for FY2023), with absorbing the cost increase related to substantial price increases of VMware products by part of network service prices' revision from the beginning of 3Q24, and gross profit ratio was 27.8% (28.7% for FY2023).

Systems integration

SI revenues, including equipment sales, were JPY151,306 million, up 24.2% YoY (JPY121,819 million for FY2023).

Systems construction and equipment sales, a one-time revenue, was JPY68,773 million, up 37.8% YoY (JPY49,902 million for FY2023). Systems operation and maintenance revenue, a recurring revenue, was JPY82,533 million, up 14.8% YoY (JPY71,917 million for FY2023), mainly due to continued accumulation of systems operation orders as well as growing demand for multi-cloud related services.

Cost of SI revenues, including equipment sales was JPY129,553 million, up 26.1% YoY (JPY102,777 million for FY2023), mainly due to increases in purchasing costs, outsourcing-related costs and license fees. Gross profit was JPY21,753 million, up 14.2% YoY (JPY19,042 million for FY2023), with absorbing the cost increase related to substantial price increases of VMware products mainly by progressing price pass-through to our cloud services in the first half of FY2024, and gross profit ratio was 14.4% (15.6% for FY2023).

Orders received for SI, including equipment sales, totaled JPY157,856 million, up 6.7% YoY (JPY147,955 million for FY2023); orders received for systems construction and equipment sales were JPY60,817 million, up 1.6% YoY (JPY59,864 million for FY2023), and orders received for systems operation and maintenance were JPY97,039 million, up 10.2% YoY (JPY88,091 million for FY2023).

Order backlog for SI, including equipment sales, as of March 31, 2025 amounted to JPY115,443 million, up 6.0% YoY (JPY108,893 million as of March 31, 2024); order backlog for systems construction and equipment sales was JPY15,805 million, down 33.5% YoY (JPY23,761 million as of March 31, 2024) and order backlog for systems operation and maintenance was JPY99,638 million, up 17.0% YoY (JPY85,132 million as of March 31, 2024).

ATM operation business

ATM operation business revenues were JPY2,948 million, up 1.2% YoY (JPY2,914 million for FY2023).

Cost of ATM operation business revenues was JPY1,572 million, down 0.7% YoY (JPY1,583 million for FY2023). Gross profit was JPY1,376 million, up 3.4% YoY (JPY1,331 million for FY2023) and gross profit ratio was 46.7% (45.7% for FY2023).

Business segments

In business segments results, revenues for network services and systems integration business segment were JPY313,920 million, up 14.9% YoY (JPY273,247 million for FY2023) and operating profit was JPY28,932 million, up 3.3% YoY (JPY28,014 million for FY2023). As for ATM operation business, revenues were JPY2,948 million, up 1.2% YoY (JPY2,914 million for FY2023) and operating profit was JPY1,172 million, up 15.5% YoY (JPY1,015 million for FY2023).

(2) Capital expenditures

Capital expenditures (including capital leases) for FY2024 were JPY26,274 million (JPY22,521 million for FY2023). There were purchases for equipment and investment in system development for network service-related and cloud computing service-related, and investment in Matsue data center facilities.

(3) Financing

For acquisition of working capital, we financed JPY7,000 million in borrowings from Japanese banks in FY2024.

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

There is nothing to report on this subject.

(5) Acquisition of business from other companies

There is nothing to report on this subject.

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

There is nothing to report on this subject.

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

There is nothing to report on this subject.

(8) Mid-term Plan, etc. and FY2025 Financial Targets

(i) Mid-term Plan, etc.

●Financial Targets

	Consolidated indicator	FY2026
Business Expansion	Total revenue	Around JPY380 billion
Profitability	Operating Profit	Around JPY46 billion

●Business philosophy

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

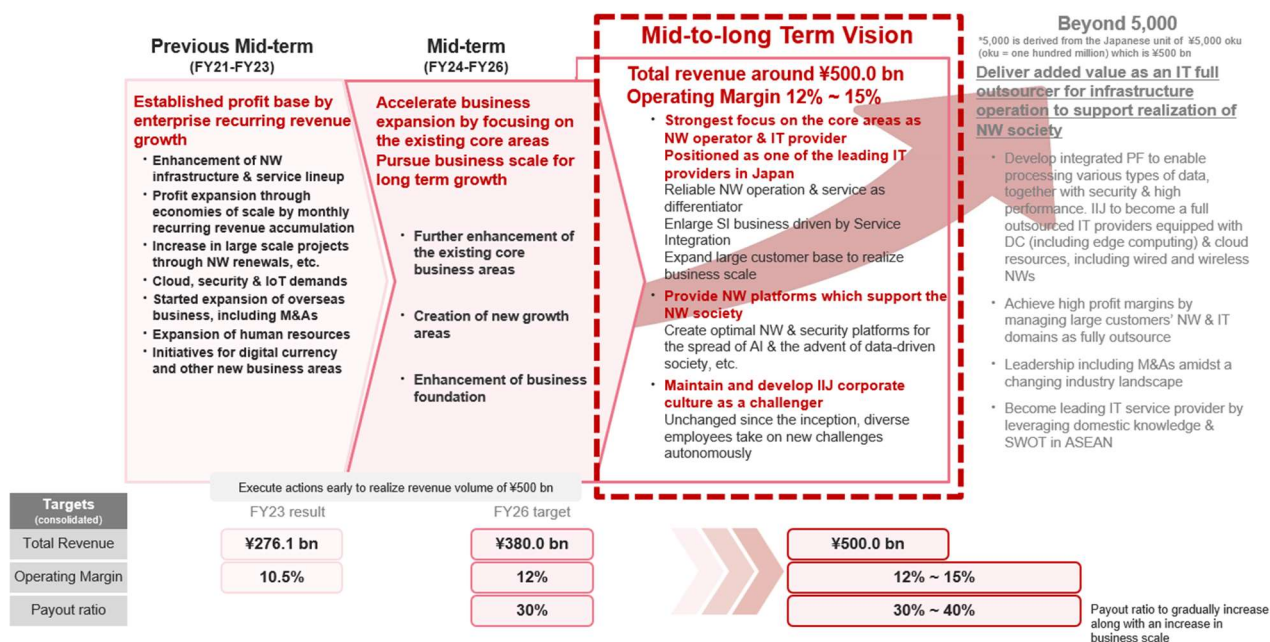
As the company name "Internet Initiative Japan Inc." suggests, we are committed to the ongoing pursuit of initiatives in the field of Internet technology, which is one of those technological innovations that might occur once in a century, and contributing to the development of the networked society by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

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

●Mid-to-Long Term Vision and the positioning of the Mid-term Plan

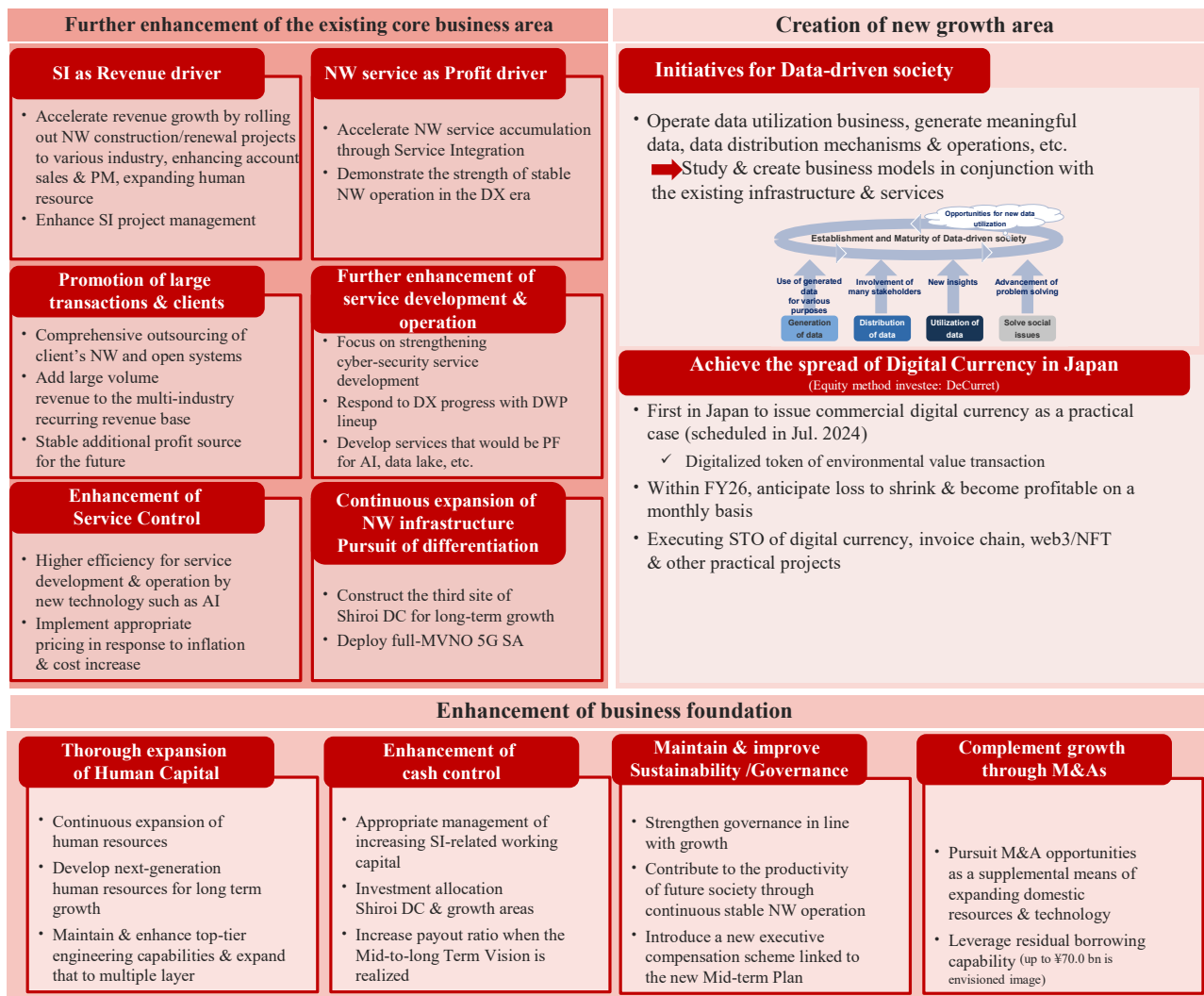
In order to effectively fulfill our business philosophy, we recognize that it is highly important to continuously expand our business scale while leveraging the strengths of our group. Triggered by the COVID-19, IT utilization among Japanese private and public sectors has finally accelerated, and the market is expected to continuously expand further over the mid-to-long term. Under such recognition, we have formulated the Mid-to-Long Term Vision that includes growth to total revenue volume of JPY500.0 billion (consolidated) as a milestone we should aim for in the mid-to-long term, as described below. The Mid-term Plan is positioned as an important growth path and process to reach toward the Mid-to-Long Term Vision over the three years.

[Mid-to-Long Term Vision]



●Mid-term Plan (FY2024-FY2026)

Under the Mid-term Plan, the fundamental vision of our business remains unchanged. We are proud that we had created Internet in Japan as a communication infrastructure and environment by bringing in diverse talents who autonomously demonstrate their abilities. Based on our advanced Internet-related technology, we will develop high value-added network services, stably operate Internet-related networks and systems, and provide systems integration functions to meet the IT demands of Japanese companies. Through implementing these actions, we play our role fully and pursue our business expansion. In particular, considering our business situation such as the increase in large-scale network construction projects with multi-year contracts through Service Integration, we will accelerate revenue growth and thereby enhance profit levels by rigorously strengthening our existing core business areas. We will also focus our efforts on new areas for the next phase of growth. We also continue to enhance our business foundation to realize these. Details and targets are as follows.



[Capital Allocation]

Capital allocation (FY24-FY26, 3 years in total)				
Cash in	Cash out		Overview	
Cash generated from business approx. ¥134.0 bn(*)	Investment: approx. ¥90.0 bn			
	Ordinal NW infrastructure, etc. approx. ¥51.0 bn Stable with economies of scale	Shiroy DC 3 rd Site construction approx. ¥30.0 bn Mainly for own services	Strategic investment for new growth areas	Shiroy DC 3rd site construction <ul style="list-style-type: none"> Start the construction within the new Mid-term plan period, but the schedule is undetermined First site: CAPEX approx. ¥8.3 bn, No. of racks: approx. 700, started operating from May 2019 Second site: CAPEX approx. ¥12.8 bn (plan), No. of racks: approx. 1,100, started operating from Jul. 2023
	Along with an increase in large complex project Increase in working capital and lease obligation		Approx. ¥13.0 bn	Strategic Investment <ul style="list-style-type: none"> Specific investment details have not fixed and will be discussed going forward
	Payout ratio 30% Dividend		Approx. ¥24.0 bn	Increase in working capital & lease obligations <ul style="list-style-type: none"> Increase in work in process, prepayments, etc. due to an increase in large scale multi-year SI projects The impact of increased working capital should gradually be reduced due to the constant revenue recognition of large scale projects
	Scheduled repayment of long term borrowing		Approx. ¥1.5 bn	
	M&As		up to ¥70.0 bn	M&As <ul style="list-style-type: none"> M&As to be conducted in sequence with borrowing capacity Maintain debt/equity ratio & financial discipline, Up to ¥70.0 bn of additional debt could be implemented for M&As
Debt Up to approx. ¥65.0 bn				

(ii) FY2025 Financial Targets

Total revenue	◆ JPY340.0 billion (YoY +7.3%)
Operating Profit	◆ JPY36.5 billion (YoY +21.2%)
Dividend per share	◆ JPY39.0 (YoY +JPY4.0)

With regard to our outlook for FY2025 outlook for IIJ Group, in network services, we expect an increase in monthly recurring revenues from the large-scale Service Integration projects acquired by FY2024, in addition to strengthening sales driven mainly by the continuous enhancement of service functions and optimized sales deployment. In systems integration, while we anticipate strong demand for network renewals to continue, we are also mindful of potential impacts on corporate spending mainly due to downward pressure on the domestic economy partly caused by the U.S. trade policies, including tariffs.

Considering these factors, we set our consolidated financial targets for FY2025 as follows: total revenues of JPY340.0 billion, up 7.3% YoY and operating profit of JPY36.5 billion, up 21.2% YoY. As for profit before tax, we target JPY33.7 billion, up 15.5% YoY, which takes share of profit or loss of investment accounted for using equity method, finance expenses, foreign exchange loss and others into consideration. As for profit for the year attributable to owners of the parent, we target JPY23.0 billion, up 15.4% YoY, which takes income tax expenses at the normal effective tax rate and others into consideration.

※Forward-looking statements in the text are based on the judgments of the Group as of March 31, 2025.

(9) Initiatives for Sustainability and ESG

[IIJ's approach to sustainability]

IIJ was founded as the first full-scale Internet service provider in Japan. The group has since consistently been the leader of Japan's Internet development, under the management philosophy of developing and supporting Japan's Internet infrastructure to contribute toward realizing the network society of the future, and has provided stable networks and reliable and high value-added services.

We develop our businesses and continue taking the initiative in Internet technologies, with a strong belief that new industries, economies, and lifestyles can be created through continuous innovation. Meanwhile, we recognize our responsibility as a supporter of social infrastructure and continue supporting social and corporate system platforms, providing stable network services 24 hours a day, 365 days a year.

In recent years, a wide range of environmental and social problems have become ever more prominent, including but not limited to climate change, natural resources and energy issues, diversity and equal opportunity, declining and aging populations, remote areas being left out of reach of sufficient medical care and data privacy. SDGs, or sustainable development goals, adopted by the United Nations demand that business enterprises actively take part in tackling these social issues.

Based on Internet technologies, ICT are technologies that can fundamentally change the way the world works. We believe that we can make significant contribution to solving social issues including SDGs through the use of new technologies such as IoT and AI.

With our management philosophy at our core, we contribute to realizing a sustainable society through developing and offering reliable and high value-added network services.

[Identifying material issues]

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

◆ Bringing innovation with IP

Online banking/brokerage	CDN	Smart Government
Online shopping	Telehealth	Remote work

➔

From now on

IoT Solution	Adoption of Cloud
Digital Currency	Metaverse

◆ TCFD and Own energy effective

Major KPIs	Target	FY24 result
Usage of renewable energy	FY30 85%	55% Matsue 100%
PUE of own DCs <small>(Power Usage Effectiveness at DCs, industry max at 1.4 or lower)</small>	Throughout FY30 Continue to be lower than 1.4	Matsue: 1.34 Shiroi: 1.32

Provide safe and robust Internet services that support social infrastructure

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

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

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

◆ Corporate culture of taking initiatives and challenging new things since the inception

◆ Human resources culture of sincerely striving to meet the demands of clients

◆ Lower than the industry average turnover

	FY21	FY22	FY23	FY24
Turn over (III)	4.2%	3.8%	4.6%	3.9%
Engagement (employee satisfaction ^(*))	3.9	3.9	3.9	3.9

Major KPIs	Target	Result
Self evaluation of employees on ①Challenge, ②Growth, ③Support from supervisors	Continue to be higher than 3.5 <small>5 levels: 1(disagree), 2(rather disagree) 3 (neither), 4 (rather agree), 5 (agree)</small>	FY24 ①4.0 ②4.1 ③ 4.3
Female manager ratio	FY24: over 6% FY26: over 8%	April 2024: 7.5% April 2025: 8.4% <small>(Achieved FY26 target early)</small>

(*) Based on annual employee survey's satisfaction questionnaires

(10) Issues that the Group faces

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

Continued support from our shareholders would be very much appreciated.

Mr. Yasuhiko Taniwaki, IIJ's President, Co-CEO, and COO



Q1 Could you share your views on IIJ's current status and future direction?

We have been providing services since the early days of Internet in Japan. IIJ is recognized for its strong technological expertise, with approximately 70% of our employees being engineers. Continuing to enhance this key capability remains a fundamental priority. Internet is not a static or mature technology; it is continuously evolving. As such, we are expected to consistently absorb the latest advancements and deliver them to our customers in an easily understandable way.

In recent years, we have seen a growing trend toward the integration of network services and solution services, referred to as “Service Integration,” particularly in the system and network domains of both private and public sectors. As society increasingly relies on Internet as the core infrastructure, utilizes solution services via networks, and enters an era in which large volumes of data are exchanged, we aim to actively develop and deliver new services by fully leveraging our strength in providing one-stop services that combine network and solution offerings.

As digitalization breaks down the barriers between traditional business domains, IT system operations are rapidly becoming more complex and sophisticated. In light of these developments, we remain committed to providing services that respond quickly and flexibly to the diverse needs of our customers.

Q2 What are the key areas of focus under the new management structure?

As mentioned earlier, our strength lies in the integration of networks and solutions backed by strong technological expertise. Our foremost priority is to thoroughly reinforce this foundation. Building upon that, we are advancing three strategic focus areas under project teams directly reporting to the president: “Data circulation and integration business,” “Enhancement of cybersecurity,” and “Enhancement of innovative human capital.”

First, regarding the “Data circulation and integration business,” the effective use of data is becoming critically important in today’s networked society. Generative AI, which has rapidly gained popularity in recent years, can be seen as an accelerator for data circulation and processing. We believe there is significant growth potential in the “Data circulation and integration business,” which creates new value through the seamless integration and circulation of data. We already provide “IIJ Cloud Data Platform Service,” which securely connects various types of data, and we plan to further enhance and expand network services.

Next, regarding the “Enhancement of cybersecurity,” as everything becomes connected to networks, it is necessary to consider security in all aspects of digital infrastructure. Traditionally, cybersecurity has emphasized ensuring “confidentiality” to prevent data breaches. However, going forward, “integrity,” such as preventing AI from being trained on inappropriate, will also become important. While awareness of cybersecurity has spread among corporate executives in Japan, there still exists a tendency to view “security as a cost.” We seek to change this perception by fostering the mindset of “security as an investment,” emphasizing that robust security measures can enhance corporate value.

Lastly, regarding the “Enhancement of innovative human capital,” we believe that IIJ should not only be “Internet Initiative” but also “Innovation Initiative. Therefore, we will intensify our focus on developing our most valuable asset—our human resources. By fostering a work environment that encourages continuous innovation, promoting training programs and community building, we aim to strengthen collaboration across departments to create synergies and cultivate talent capable of generating innovation through advanced technological expertise.

While maintaining the growth trajectory we have built over the years, we will also pursue these three strategic areas in order to contribute to Japan's DX and further enhance our corporate value.

Mr. Yasuhiko Taniwaki, IIJ's President, Co-CEO, and COO**Career & current positions in and outside IIJ**

April 1984	Joined the Ministry of Posts and Telecommunications (now, the Ministry of Internal Affairs and Communications ("MIC"))
June 2013	Deputy Director-General for the National Center of Incident Readiness and Strategy for Cybersecurity (NISC) and Councilor for the Cabinet Secretariat
June 2016	Director-General of the Global ICT Strategy Bureau, MIC
July 2017	Director-General for Information Security, MIC
July 2018	Director-General of the Telecommunications Bureau, MIC
December 2019	Vice-Minister for Policy Coordination of Posts and Telecommunications, MIC
March 2021	Resigned from MIC
January 2022	Executive Vice President and Director of IIJ
April 2024	Member of the Board, Executive Vice President and Executive Officer of IIJ
April 2025	Representative Director, President, Executive Officer and Co-CEO & COO of IIJ (current position)

(11) Historical data of assets and income

(JPY millions except per share data)

	30th fiscal Year FY2021	31st fiscal Year FY2022	32nd fiscal Year FY2023	33rd fiscal Year FY2024
Total revenues	226,335	252,708	276,080	316,831
Operating profit	23,547	27,221	29,029	30,104
Profit attributable to owners of the parent	15,672	18,852	19,831	19,933
Basic earnings per share	JPY173.56	JPY104.34	JPY111.81	JPY112.68
Total assets	231,805	246,318	273,713	312,435
Equity attributable to owners of the parent	103,528	118,242	125,751	140,683
Owners' equity per share	JPY1,146.32	JPY654.36	JPY711.22	JPY795.19

(Notes)

1. Basic earnings per share are calculated based on the weighted-average number of common shares outstanding during each fiscal year.
2. Owners' equity per share are calculated based on the total number of common shares (excluding treasury stock) outstanding at the end of each fiscal year.
3. IIJ conducted a 1:2 stock split on common stock with an effective date of October 1, 2022. Accordingly, basic earnings per share and owners' equity per share for FY2022 (the 31st fiscal year) have been calculated as if the stock split was conducted at the beginning of FY2022. The figures FY2021 (the 30th fiscal year) are not retroactively adjusted to the stock split.
4. Effective from FY2023 (the 32nd fiscal year), IIJ has adopted International Accounting Standard No. 12, "Income Taxes" (revised in May 2021). As a result, the following indicators for FY2022 (the 31st fiscal year) have been retrospectively applied: profit attributable to owners of the parent, basic earnings per share, total assets, equity attributable to owners of the parent and owners' equity per share.

(12) Items of the principal parent companies and subsidiaries

(i) Major subsidiaries

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

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

As of March 31, 2025, the number of consolidated subsidiaries was 17 and the number of equity-method investees was six (6).

(ii) Wholly-owned specified subsidiaries

There is nothing to report on this subject.

(13) Major business lines

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

(14) Major offices of IIJ group

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

(15) Employees

Number of employees as of the end of FY2024	Change from the end of FY2023
5,221	+418

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

(16) Major borrowings

Source	Balance(JPY millions)
MUFG Bank, Ltd.	10,740
Mizuho Bank, Ltd.	10,740
Sumitomo Mitsui Banking Corporation	10,740
SUMITOMO MITSUI TRUST BANK, LIMITED	1,150

2. Matters regarding shares of IIJ

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

(2)Number of shares issued and outstanding: 183,184,884 shares (Including treasury stock: 6,268,144 shares)

(3)Number of shareholders at the end of FY2024:11,317

(4)Major shareholders (Top 10):

Name of shareholders	Number of shares held (shares)	Shareholding Ratio
KDDI Corporation	20,387,000	11.5%
The Master Trust Bank of Japan, Ltd. (Trust account)	20,300,400	11.5%
Nippon Telegraph and Telephone Corporation	12,227,000	6.9%
Custody Bank of Japan, Ltd. (Trust account)	11,782,700	6.7%
NTT Communications Corporation	8,160,000	4.6%
ITOCHU Techno-Solutions Corporation	7,808,000	4.4%
Koichi Suzuki	7,415,215	4.2%
The Dai-ichi Life Insurance Company, Limited	5,092,000	2.9%
STATE STREET BANK AND TRUST COMPANY 505001	3,262,300	1.8%
KS Holdings Inc.	3,240,000	1.8%

(Notes)

1. The above figures are as of March 31, 2025.

2. Shareholding ratio is calculated by deducting number of treasury stock from total number of shares issued.

3. KS Holdings Inc. is a wholly owned and controlled (indirect) by Mr. Koichi Suzuki.

4. Global Alpha Capital Management Ltd. ("Global Alpha") filed a report of substantial shareholding with the Director General of the Kanto Bureau of the Ministry of Finance on August 9, 2024. According to the filing, Global Alpha owned 11,110,088 shares of common stock of IIJ as of August 7, 2024, representing 6.06% of the total number of issued shares at the date. Global Alpha filed a report of substantial shareholding with the Director General of the Kanto Bureau of the Ministry of Finance on April 22, 2025. According to the filing, Global Alpha owned 7,373,458 shares of common stock of IIJ as of April 18, 2025, representing 4.03% of the total number of issued shares at the date. Since then, we have not recognized any filings by Global Alpha. Their holdings were not verified based on the shareholder record as of March 31, 2025, therefore, Global Alpha and their holdings are not included in the above list.

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

The details of the stock-based remuneration delivered during the fiscal year are as follows.

(i) below is due to the allotment of restricted stock as performance-linked bonus for the fiscal year ended March 31, 2024 (the “former performance-linked bonus system”). This restricted stock remuneration was implemented by the resolution of the ordinary general meeting of shareholders held on June 24, 2020. The number of directors and company auditors of IIJ at the ordinary general meeting of shareholders was 13 and 4 (four), respectively.

(ii) below is due to the allotment of restricted stock as remuneration that is conditional on tenure for the fiscal year ended March 31, 2025 (the “new conditional on tenure system”). This restricted stock remuneration was implemented by the resolution of the ordinary general meeting of shareholders held on June 27, 2024. The number of directors (limited to executive directors) of IIJ at the ordinary general meeting of shareholders was 7 (seven).

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

	Number of shares delivered (shares)	Number of persons
Directors		
(i) Former performance-linked bonus system : Excluding outside directors	(i) Former performance-linked bonus system 12,766	(i) Former performance-linked bonus system 9
(ii) New conditional on tenure system : Limited to Executive Directors	(ii) New conditional on tenure system 18,390	(ii) New conditional on tenure system 7
Outside directors	-	-
Company auditors	-	-

[Overview of the restricted stock remuneration]

• Timing of payment and allocation:

- (i) Former performance-linked bonus system: The payment detail of each director is determined in or after the last month of each fiscal year, and the determined amount be allotted.
- (ii) New conditional on tenure system: The payment detail of each director is determined after the beginning of each fiscal year, and the determined amount be allotted.

• Number of shares to be allotted per year:

- (i) Former performance-linked bonus system: Up to 160,000 shares (After adjustment for stock splits effective January 1, 2021 and October 1, 2022) or less.
- (ii) New conditional on tenure system: Up to 140,000 shares (Total number of the remuneration that is conditional on tenure, the performance-linked remuneration for a single fiscal year and the performance-linked remuneration for the mid- to long-term, which were introduced by the resolution of the ordinary general meeting of shareholders held on June 27, 2024) or less.

• Amount to be paid in per share:

- (i) Former performance-linked bonus system: The amount to be paid in per share will be determined, based on the closing price of IIJ’s common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the board of directors resolution (the closing price on the most recent day on which trading has taken place if there is no trading on that day), and will be an amount that does not provide the eligible directors who receive the common stock with a particularly advantageous price.
- (ii) New conditional on tenure system: The amount to be paid in per share will be determined, based on the closing price of IIJ’s common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the board of directors resolution (the closing price on the most recent day on which trading has taken place if there is no trading on that day).

• Transfer restrictions: From the disposal date of IIJ’s common stocks to be allotted under the allotment agreement (the “allotted shares”) to the point in time when an eligible director resigns from the position predetermined by the board of directors (the “transfer restriction period”), it is prohibited to transfer, collateralize, or otherwise dispose the allotted shares during the transfer restriction period.

• Removing transfer restrictions: IIJ shall remove the transfer restrictions with respect to the allotted shares in whole upon the expiry of the transfer restriction period, provided that an eligible director continuously served as the position predetermined by the board of directors during the transfer restriction period.

• Misconduct or illegal acts, etc.:

- (i) Former performance-linked bonus system: If certain events prescribed in the allotment agreement occur, such as the retirement of an eligible director from his/her position during the restriction period or upon the expiration of the restriction period for any reason other than those deemed justifiable by IIJ, IIJ will naturally acquire the allotted shares for no consideration.
- (ii) New conditional on tenure system: If certain events prescribed in the allotment agreement occur, such as the retirement of an eligible director from his/her position during the restriction period or upon the expiration of the restriction period for any reason other than those deemed justifiable by IIJ, or the commitment by an eligible director of certain misconduct or illegal acts, IIJ may acquire all of the allotted shares for no consideration. In addition, if a similar event occurs with respect to an eligible director during the relevant period, IIJ might not grant monetary remuneration receivables or deliver shares to the director.

• Treatment in the event of organizational restructuring, etc.: Regardless of the above, if a matter concerning the organizational restructuring, etc. of IIJ, such as a merger agreement whereby IIJ will be the non-surviving party to the merger, or a share exchange agreement or share transfer plan whereby IIJ will become a wholly-owned subsidiary of another entity, is approved at IIJ’s ordinary general meeting of shareholders (or by IIJ’s board of directors if such organizational restructuring, etc. does not require approval at IIJ’s ordinary general meeting of shareholders) during the transfer restriction period, IIJ will remove, based on a resolution of IIJ’s board of directors, the transfer restriction on the allotted shares on a date prior to the effective date of such organizational restructuring, etc.

• Other matters: Other matters related to the restricted stock shall be determined by the board of directors.

(6) Other important matters regarding shares

There is nothing to report on this subject.

3. Matters regarding directors, company auditors and executive officers of IIJ

(1) Directors and company auditors

Position in IIJ	Name	Gender	Business in charge or important concurrent posts
Representative Director	Koichi Suzuki	Male	Co-CEO [Important concurrent posts] Chairman and representative director of IIJ Engineering Inc. Chairman of the board, IIJ America Inc. President and representative director of INTERNET MULTIFEED CO. Chairman and representative director of JOCDN Inc.
Representative Director	Eijiro Katsu	Male	Co-CEO COO
Director	Satoshi Murabayashi	Male	Corporate Management, in charge of Corporate Planning Division [Important concurrent posts] President and representative director of DeCurret Holdings, Inc.
Director	Yasuhiko Taniwaki	Male	Corporate Management
Director	Koichi Kitamura	Male	Unit Director of Business Unit
Director	Akihisa Watai	Male	CFO Division director of Finance Division
Director	Junichi Shimagami	Male	CTO Unit director of Technology Unit
Director	Takashi Tsukamoto	Male	
Director	Kazuo Tsukuda	Male	
Director	Yoichiro Iwama	Male	Outside director and Chairman of the board, Nikko Asset Management Co., Ltd.
Director	Atsushi Okamoto	Male	
Director	Kaori Tonosu	Female	
Full-time Company Auditor	Masayoshi Tobita	Male	
Full-time Company Auditor	Masako Tanaka	Female	
Company Auditor	Takashi Michishita	Male	Attorney at law, Partner of Nishimura & Asahi (Gaikokuho Kyodo Jigyo)
Company Auditor	Kumiko Aso	Female	

(Notes)

- Business in charge or important concurrent posts are stated as of March 31, 2025.
- Director and company auditor who assumed or left office during the fiscal year ended March 31, 2025, as follows:
Assumption of office: On June 27, 2024
Company Auditor Masayoshi Tobita and Kumiko Aso
Retirement of office: On June 27, 2024
Director Tadashi Kawashima and Naoshi Yoneyama
Company Auditor Kazuhiro Ohira and Koichi Uchiyama
- Takashi Tsukamoto, Kazuo Tsukuda, Yoichiro Iwama, Atsushi Okamoto and Kaori Tonosu are outside directors, defined in Item 15, Article 2 of the Corporation Law of Japan.
- Takashi Michishita and Kumiko Aso are outside company auditors, defined in Item 16, Article 2 of the Corporation Law of Japan.
- Outside directors, Takashi Tsukamoto, Kazuo Tsukuda, Yoichiro Iwama, Atsushi Okamoto and Kaori Tonosu and outside company auditors, Takashi Michishita and Kumiko Aso are independent directors/company auditors as specified by the Tokyo Stock Exchange and IIJ has notified the Tokyo Stock Exchange to that effect.
- Kumiko Aso, a company auditor, is a Japanese Certified Public Accountant and has extensive expertise in finance and accounting.
- Relationship between IIJ and those companies that our directors hold important concurrent posts.
There is no special relationship between IIJ and the companies where our outside directors and company auditors hold concurrent positions.

(2) Executive officers (As of April 1, 2025)

Name	Title	Principal position
Koichi Suzuki	Chairman	Co-CEO
Yasuhiko Taniwaki	President	Co-CEO & COO, direct control of organizations under the direct control of management
Satoshi Murabayashi	Executive Vice President	In charge of Administrative Unit and Risk Management Unit
Koichi Kitamura	Executive Vice President	Unit Manager of Enterprise Sales Unit, In charge of Financial Sales Unit, Government Public & Educational Organization Sales Unit and Alliance Sales Unit, Integration Business Unit, Global Business Unit and Marketing Management Unit (Joint)
Akihisa Watai	Executive Vice President	CFO Unit Manager of Corporate Strategy Unit, Unit Manager of Finance Unit
Junichi Shimagami	Executive Vice President	CTO In charge of Network Services Business Unit and Mobile Services Business Unit, Marketing Management Unit (Joint)
Tadashi Kawashima	Senior Managing Executive Officer	Executive of Special Mission
Naoshi Yoneyama	Senior Managing Executive Officer	CIO Unit Manager of Administrative Unit
Makoto Ajisaka	Managing executive officer	Unit Manager of Alliance Sales Unit and Unit Manager of Marketing Management Unit
Yoshikazu Yamai	Managing executive officer	Unit Manager of Network Services Business Unit
Koichi Maruyama	Managing executive officer	Unit Manager of Global Business Unit
Masakazu Tachikui	Managing executive officer	Executive of Special Mission
Akira Sumiya	Managing executive officer	CISO, CRO, CPO Unit Manager of Risk Management Unit
Takenori Onishi	Managing Executive officer	In charge of domestic branches, Deputy Unit Manager of Enterprise Sales Unit
Shigeo Yabuki	Managing Executive officer	Unit Manager of Mobile Services Business Unit
Ken Araki	Managing Executive officer	Unit Manager of Financial Sales Unit, Deputy Unit Manager of Enterprise Sales Unit
Hajime Shironouchi	Managing Executive officer	Deputy Unit Manager of Network Services Business Unit and Division Director of Network Division, in charge of Broadcasting Systems Division, General Manager of Telecommunications Facilities
Takahiro Ide	Managing Executive officer	Deputy Unit Manager of Enterprise Sales Unit, Division Director of Central Japan Business Division
Naoshi Someya	Managing Executive officer	Deputy Unit Manager of Network Services Business Unit, Division Director of Cloud Division
Takahiko Hiyama	Managing Executive officer	Deputy Unit Manager of Finance Unit
Masami Kawamata	Executive officer	General Manager of Accounting Department, Finance Unit
Kaori Kawakami	Executive officer	Executive Director of Sustainability Committee, Corporate Strategy Unit
Hiroo Shirasaki	Executive officer	Division Director of System Development Division, Network Services Business Unit
Takeshi Hatano	Executive officer	Unit Manager of Government Public & Educational Organization Sales Unit
Mamoru Saito	Executive officer	Division Director of Advanced Security Division, Network Services Business Unit
Kentaro Kurosawa	Executive officer	Division Director of Service Administration Division, Network Services Business Unit
Kaichiro Naka	Executive officer	Unit Manager of Integration Business Unit

(Notes)

1. Kentaro Kurosawa and Kaichiro Naka were newly appointed as executive officer of IIJ on April 1, 2025.
2. Seiji Okita retired from his position on March 31, 2025. He continues to be Senior Managing Executive Officer of DeCurret DCP Inc.

(3) Contents of company indemnity agreement with directors and etc.

There is nothing to report on this subject

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

IIJ, with our directors, company auditors, executive officers and other important employees under the Corporation Law of Japan as insured persons, entered into a directors and officers liability insurance policy, as provided for in Article 430-3, Paragraph 1 of the Corporation Law of Japan with an insurance company. The policy covers the losses due to the insured's actions based on his/her position, such as damages payable, litigation costs, etc. in damage suits. However, the scope of compensation does not cover the damages and litigation costs of the insured involved in an intentional illegal act or criminal act such as bribery, to ensure that the appropriateness of the performance of the insured's duties is not lost. As for the insurance premiums, IIJ bears approximately 90% of the total and each insured bears the remaining balance within a maximum of 1.6% individually, depending on his/her position.

(5) Remuneration, etc. to directors and company auditors for FY2024

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

a) Method for deciding on the policy for such determination

After consulting with the nomination and remuneration committee on the draft of the determination policy regarding the content of remuneration for individual directors, the determination policy was resolved at the board of directors meeting held on May 24, 2024.

b) Outline of content of determination policy

As for the remuneration of our full-time directors, when determining the remuneration of individual directors, our basic policy is to set an appropriate level of remuneration according to each directors' position and responsibility, with promoting directors' motivation and morale to further improve and contribute to continuous business growth and corporate value over a mid- to long-term. In particular, remuneration for our executive directors is comprised of a fixed base remuneration (cash remuneration), remuneration that is conditional on tenure (restricted stock remuneration), a performance-linked remuneration for a single fiscal year (restricted stock remuneration) and a performance-linked remuneration for the mid- to long-term (restricted stock remuneration).

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

c) Reason why the board of directors has determined that content of remuneration for individual directors for FY2024 complies with the determination policy

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

[Examples of percentages of remuneration for Executive Directors]

Without performance-linked remuneration	Fixed remuneration: Cash 86%	Remuneration that is conditional on tenure: RS Approx. 1 to 2 months 14%	
With performance- linked remuneration	Fixed remuneration: Cash 52%	Remuneration that is conditional on tenure: RS Approx. 1 to 2 months 9%	Performance-linked remuneration for a single fiscal year: RS Approx. 0-4 months 17%
			Performance-linked remuneration for the mid-to-long term: RS Approx. 0-5 months 22%

(Notes)

• “RS” means restricted stock.

• For the remuneration that is conditional on tenure, the number of months for which a relevant director would be eligible for payment would vary depending on the position held by the director.

• The percentages (%) stated in the above table are estimated figures to be paid in the case where the remuneration that is conditional on tenure is equivalent to two (2) months' remuneration, the performance-linked remuneration for a single fiscal year is equivalent to four (4) months' remuneration, and the performance-linked remuneration for the mid-to-long term is equivalent to five (5) months' remuneration (maximum amount).

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

- At the 16th ordinary general meeting of shareholders held on June 27, 2008, it was approved that the maximum aggregate amount of remuneration for directors and company auditors were at JPY500 million or less per year and JPY100 million or less per year respectively. The number of directors and company auditors were 14 and four (4) at the shareholders' meeting resolution, respectively.
- At the 19th ordinary general meeting of shareholders held on June 28, 2011, the implementation of stock compensation-type stock options to directors (except for part-time and outside directors) within the said limit was approved. The number of directors was 12 at the shareholders' meeting resolution.
- At the 28th ordinary general meeting of shareholders held on June 24, 2020, the implementation of restricted stock remuneration to directors (except for part-time and outside directors) within the said limit was approved. The number of directors was 13 at the shareholders' meeting resolution.
- At the 29th ordinary general meeting of shareholders held on June 29, 2021, it was resolved that the upper limit of aggregate amount of remuneration for directors shall be JPY600 million or less per year, including the upper limit of aggregate amount of JPY50 million or less per year for outside directors. The number of directors was 12, including four (4) outside directors at the shareholders' meeting resolution.
- At the 30th ordinary general meeting of shareholders held on June 28, 2022, it was resolved that the number of shares to be issued upon exercise of each stock acquisition right of stock compensation-type stock option was revised from 400 to one (1) share, and the maximum number of stock acquisition right was revised from 600 to 240,000. The number of directors was 12 at the shareholders' meeting resolution.
- At the 32nd ordinary general meeting of shareholders held on June 27, 2024, it was resolved that the upper limit of aggregate amount of cash remuneration for directors were JPY600 million or less per year, including upper limit of aggregate amount of JPY50 million or less per year for outside directors. In addition, for granting restricted stock with the following contents to directors (limited to executive directors), it was resolved that the upper limit of aggregate amount of monetary remuneration receivables for restricted stock remuneration shall be JPY700 million or less per year, and the maximum number of shares to be allotted as restricted stock remuneration shall be 140,000 shares per year. The number of directors was 12, including five (5) outside directors and seven (7) executive directors at the shareholders' meeting resolution.
 - (i) a restricted stock remuneration that is conditional on tenure, under which IIJ grants to an eligible director restricted stock on the condition that the director has served in a position such as a director of IIJ for a certain period of time.
 - (ii) a performance-based restricted stock remuneration, under which IIJ grants to an eligible director restricted stock in accordance with the degree of achievement of performance targets and improvement in performance over a certain period of time (in principle, one (1) fiscal year).
 - (iii) a performance-based restricted stock remuneration, under which IIJ grants to an eligible director restricted stock in accordance with the degree of achievement of performance targets and improvement in performance in each fiscal year during the relevant period, the length of such period being the same as that of the Mid-term Plan.

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

Regarding the amount of remuneration for each individual director, the representative directors (the chairman and representative director, Koichi Suzuki and the president and representative director, Eijiro Katsu) shall be delegated the specific content based on the resolution of

the board of directors, and the delegated power is the determination of the amount of basic monthly remuneration and allocation of the remuneration that is conditional on tenure, the performance-linked remuneration for a single fiscal year and the performance-linked remuneration for the mid-to-long term of each individual director. In order to ensure that this authority is properly exercised by the representative directors, the representative directors, who drafted the remuneration plan, consults the nomination and remuneration committee with the draft of the plan prior to deciding the amount of remuneration for each individual director, therefore the board of directors recognize that it is in line with the determination policy. The reason for delegating to the representative directors is that the representative directors are the most suitable to evaluate the responsibility and performance of each director while taking a bird's eye view of the overall performance of IIJ.

(iv) Total amount, etc. of directors' and company auditors' remuneration for FY2024

Category	Total remuneration (Millions of yen)	Breakdown of remuneration (Millions of yen)					Number of persons
		Fixed monthly remuneration (cash)	Remuneration that is conditional on tenure (restricted stock)	Performance-linked remuneration for a single fiscal year (restricted stock)	Performance-linked remuneration for the mid- to long-term (restricted stock)	Non-monetary remuneration	
Directors	469	345	33	57	21	13	14
(Of outside directors)	(36)	(36)	(-)	(-)	(-)	(-)	(5)
Company auditors	44	44	-	-	-	-	6
(Of outside company auditors)	(13)	(13)	(-)	(-)	(-)	(-)	(4)

(Notes)

- As for remuneration that is conditional on tenure, performance-linked remuneration for a single fiscal year and performance-linked remuneration for the mid- to long-term, the above is the amount recognized as expenses in FY2024 based on our restricted stock remuneration system.
- As for non-monetary remuneration, the above is the amount recognized as expenses in FY2024 for acquisition right of stock compensation-type stock option under the former system. Contents of non-monetary remuneration and status of delivery is stated in "Matters Omitted from the Notice of Convocation of the Ordinary General Meeting of Shareholders for the 33rd Business Term Matters regarding IIJ's stock acquisition rights".

(v) Contents of remuneration that is conditional on tenure

IIJ grants to an eligible director, depending on the position held by the director, restricted stock, in relation to which the transfer restriction will be removed on the condition that the director has served in a position such as a director of IIJ for a certain period of time. The value of the restricted stock to be granted shall be based on approximately one (1) to two (2) months' fixed monthly remuneration for each director. Each director receives the determined amount of monetary remuneration receivables as a cash investment asset for the payment of restricted stock. An overview of the restricted stock remuneration and status of delivery is stated in "2. Matters regarding shares of IIJ, (5) Status of stock delivered to directors or company auditors of IIJ as consideration of execution of duties during the fiscal year" of this report.

(vi) Contents of performance-linked remuneration for a single fiscal year

In order to provide incentives to continuously enhance IIJ's corporate value and to further facilitate the sharing of value with shareholders, IIJ grants to an eligible director restricted stock after the end of a certain period of time (in principle, one (1) fiscal year) in accordance with the degree of achievement of performance targets and improvement in performance over such period. The value of the restricted stock to be granted shall be based on approximately four (4) months' fixed monthly remuneration for each director. Each director receives the determined amount of monetary remuneration receivables as a cash investment asset for the payment of restricted stock. The payment rate shall vary between 0% and 100%, taking into account factors such as the achievement of performance targets and year-on-year growth during the relevant period. There was no granting of restricted stock for FY2024. Financial results including the FY2024 is stated in "1. Matters regarding the current status of the IIJ Group, (11) Historical data of assets and income" of this report.

(vii) Contents of performance-linked remuneration for the mid- to long-term

In order to optimally incentivize the increase of IIJ's corporate value over the mid- to long-term pursuant to the achievement of the goals set forth in the Mid-term Plan, and to further facilitate the sharing of value with shareholders, IIJ grants such number of shares of restricted stock as determined in accordance with the degree of achievement of performance targets and improvement in performance in each fiscal year during the relevant period, the length of such period being the same as that of the Mid-term Plan. The value of the restricted stock to be granted shall be based on approximately four (4) months' fixed monthly remuneration for each director. Each director receives the determined amount of monetary remuneration receivables as a cash investment asset for the payment of restricted stock. The first evaluation indicators and evaluation weights used to determine the payment rate (the Mid-term Plan to be launched in 2024) shall be as follows:

<Fiscal Years Subject to Evaluation excluding final fiscal year>

The consolidated revenue (30%), consolidated operating profit (30%), engagement index (15%), and performance contribution regarding responsible business (25%).

The value of the evaluation weight that is determined for each indicator represents the percentage of evaluation points allocated according to the degree of achievement of the indicators, and the payment rate will be calculated based on the sum of those evaluation points.

<Final fiscal year>

The consolidated revenue (30%), consolidated operating profit (30%), engagement index (15%), and performance contribution regarding responsible business (25%), as well as ROE (a requirement for maximizing the payment rate), market value (a requirement for maximizing the payment rate), and ESG management index (a requirement for maximizing the payment rate).

<Payment rate>

Based on the aforementioned evaluation indicators, the payment rate will vary between 0% to 100% (for the final fiscal year, 0% to 125%).

There was no granting of restricted stock for FY2024.

Financial results including the FY2024 is stated in "1. Matters regarding the current status of the IIJ Group, (11) Historical data of assets and income" of this report.

[Overview of the performance-linked remuneration for a single fiscal year and the performance-linked remuneration for the mid- to long-term]

- Timing of payment and allocation: The payment detail of each director is determined in or after the last month of each fiscal year, and the determined amount be allotted.
- Number of shares to be allotted per year: Up to 140,000 shares (Total number of the remuneration that is conditional on tenure, the performance-linked remuneration for a single fiscal year and the performance-linked remuneration for the mid- to long-term) or less.
- Amount to be paid in per share: The amount to be paid in per share will be determined, based on the closing price of IIJ's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the board of directors resolution (the closing price on the most recent day on which trading has taken place if there is no trading on that day).
- Transfer restrictions: From the disposal date of IIJ's common stocks to be allotted under the allotment agreement (the "allotted shares") to the point in time when an eligible director resigns from the position predetermined by the board of directors (the "transfer restriction period"), it is prohibited to transfer, collateralize, or otherwise dispose the allotted shares during the transfer restriction period.
- Removing transfer restrictions: IIJ shall remove the transfer restrictions with respect to the allotted shares in whole upon the expiry of the transfer restriction period, provided that an eligible director continuously served as the position predetermined by the board of directors during the transfer restriction period.
- Misconduct or illegal acts, etc.: If certain events prescribed in the allotment agreement occur, such as the retirement of an eligible director from his/her position during the restriction period or upon the expiration of the restriction period for any reason other than those deemed justifiable by IIJ, or the commitment by an eligible director of certain misconduct or illegal acts, IIJ may acquire all of the allotted shares for no consideration. In addition, if a similar event occurs with respect to an eligible director during the relevant period, IIJ might not grant monetary remuneration receivables or deliver shares to the director.
- Acquisition for nil consideration (clawback) and additional grants based on status of achievement of targets: If, in the final fiscal year of the Mid-term Plan, the status of achievement of the various targets for the first and second years and the corresponding payment rates decline significantly, IIJ shall, based on the report of the nomination and remuneration committee, acquire part of the restricted shares already delivered as the performance-linked remuneration for the mid- to long-term for nil consideration (clawback). In addition, if, in the final fiscal year of the Mid-term Plan, the status of achievement of the various targets for the first and second years and the corresponding payment rates are significantly elevated, IIJ may, based on the report of the nomination and remuneration committee, make certain additional grants with respect to the number of shares to be granted that is calculated in the final year based on the performance-linked remuneration for the mid- to long-term.
- Treatment in the event of organizational restructuring, etc.: Regardless of the above, if a matter concerning the organizational restructuring, etc. of IIJ, such as a merger agreement whereby IIJ will be the non-surviving party to the merger, or a share exchange agreement or share transfer plan whereby IIJ will become a wholly-owned subsidiary of another entity, is approved at IIJ's ordinary general meeting of shareholders (or by IIJ's board of directors if such organizational restructuring, etc. does not require approval at IIJ's ordinary general meeting of shareholders) during the transfer restriction period, IIJ will remove, based on a resolution of IIJ's board of directors, the transfer restriction on the allotted shares on a date prior to the effective date of such organizational restructuring, etc.
- Other matters: Other matters related to the restricted stock shall be determined by the board of directors.

(6) Outside Directors and Company Auditors

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

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

(ii) Main activities during the current fiscal year

Position	Name	Principal Activities
Director	Takashi Tsukamoto	Attended all of the 12 board of directors meetings held during the fiscal year and made necessary remarks in deliberations, based on his wealth of management experience and extensive insight. Also served as a member of the nomination and remuneration committee, which discusses the nomination and remuneration of directors of IIJ, and attended all of the 3 committee meetings during the fiscal year and played an important role in management supervision, such as reflecting the evaluation of IIJ's financial performance, etc. in the nomination and remuneration of directors, from an independent and objective standpoint.
	Kazuo Tsukuda	Attended 10 of the 12 board of directors meetings held during the fiscal year and made necessary remarks in deliberations, based on his wealth of management experience and extensive insight. Also, served as a member of the nomination and remuneration committee, which discusses the nomination and remuneration of directors of IIJ, and attended 2 of the 3 committee meeting during the fiscal year and played an important role in management supervision, such as reflecting the evaluation of IIJ's financial performance, etc. in the nomination and remuneration of directors, from an independent and objective standpoint.
	Yoicihro Iwama	Attended 11 of the 12 board of directors meetings held during the fiscal year and made necessary remarks in deliberations, based on his wealth of management experience and extensive insight. Also, served as a member of the nomination and remuneration committee, which discusses the nomination and remuneration of directors of IIJ, and attended all of the 3 committee meeting during the fiscal year and played an important role in management supervision, such as reflecting the evaluation of IIJ's financial performance, etc. in the nomination and remuneration of directors, from an independent and objective standpoint.
	Atsushi Okamoto	Attended all of the 12 board of directors meetings held during the fiscal year and made necessary remarks in deliberations, based on his wealth of management experience and extensive insight. Also, served as a member of the nomination and remuneration committee, which discusses the nomination and remuneration of directors of IIJ, and attended all of the 3 committee meeting during the fiscal year and played an important role in management supervision, such as reflecting the evaluation of IIJ's financial performance, etc. in the nomination and remuneration of directors, from an independent and objective standpoint.
	Kaori Tonosu	Attended all of the 12 board of directors meetings held during the fiscal year and made necessary remarks in deliberations, based on her wealth of management experience and extensive insight. Also, served as a member of the nomination and remuneration committee, which discusses the nomination and remuneration of directors of IIJ, and attended all of the 3 committee meeting during the fiscal year and played an important role in management supervision, such as reflecting the evaluation of IIJ's financial performance, etc. in the nomination and remuneration of directors, from an independent and objective standpoint.
Company Auditor	Takashi Michishita	Attended all of the 12 board of directors meetings held during the fiscal year and made comments from time to time to clarify the doubt point, based on his legal expertise as a lawyer. Also, attended 13 of the 14 board of company auditors meetings held during the fiscal year. At these meetings, he exchanged opinions about audit results and conferred about important matters concerned audit.
	Kumiko Aso	After assumption of her office in June 2024, attended 8 of the 10 board of directors meetings held during the fiscal year and made comments from time to time to clarify the doubt point, based on many years as a certified public account and financial expertise. Also, after assumption of her office in June 2024, attended 8 of the 10 board of company auditors meetings held during the fiscal year. At these meetings, she exchanged opinions about audit results and conferred about important matters concerned audit.

(iii) Outline of liability limitation contracts

IIJ has concluded agreements with outside directors and company auditors to indemnify them for personal liability as provided in Article 427, Paragraph 1 of the Corporation Law of Japan. The agreements stipulates that in the event outside directors and company auditors have acted in good faith and without gross negligence, the outside directors and company auditors liability to IIJ shall be limited to JPY10 million or the minimum amount of liability stipulated under Article 425, Section 1 of the Corporation Law, whichever is higher.

(iv) Total amount of remunerations received from the subsidiaries

There is nothing to report on this subject.

4. Accounting auditor

(1) Name of accounting auditor:

KPMG AZSA LLC

(2) Accounting auditor remuneration for FY2024

(i) Remuneration of accounting auditor for FY2024	JPY	76 million
(ii) Total cash or proceeds from other assets that should be paid by IIJ or its subsidiaries	JPY	86 million

(Notes)

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

(3) Non-audited operations

There is nothing to report on this subject.

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

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

5. Matters Regarding Corporate Governance

(1) Basic policy

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

The Company's Board of Directors consists of twelve directors, including five independent outside directors and the Company's Board of Company Auditors consists of four company auditors, including two independent outside company auditors. Further, the Company has the Internal Auditing Office consisting of six members, including a manager. The Company has adopted the executive officer system to realize its rapid and efficient business execution.

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

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

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

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

If "Item.2 Election of Eleven (11) Directors" be approved as originally proposed at the Ordinary General Meeting of Shareholders for the 33rd Business Term, the number of independent outside directors of the Company will be 5 (five), which is more than one-third or more of the total number of directors.

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

With regard to the effectiveness of the board of directors, the Company annually conducts a survey on evaluation of the effectiveness of the board of directors to all directors and company auditors, organizes and analyzes the results of the survey, and then reports it to the board of directors from FY2015. Based on the results of the survey, the Company operates to improve the effectiveness of the board of directors as necessary. Regarding the operation of the board of directors in FY2024, the system of the board of directors including independent directors is established, the information needed for discussion and judgment in the board of directors is sufficiently offered, each of the directors states from the various aspects, the operations of the board of directors such as frequency and the operation on the day is appropriately set, and therefore the Company recognizes that the effectiveness of the board of directors validly functions as a self-evaluation.

(Reference) Glossary

1. ICT
Information and Communication Technology (ICT) is a general term of technologies in relation to hardware, software, system and data communication used for information communication by computers.
2. AI
Artificial Intelligence is technology that allows computer systems and machines to imitate human intelligence, such as reasoning, judgment, and learning.
3. Internet traffic
The quantity or flow of data transferred across the Internet.
4. Service Integration
A collective term for projects in which services are provided in an integrated manner combining network services and system integration, where initial revenue is recognized from system construction such as network setup, followed by monthly revenue from network services and system operation and maintenance.
5. IP Service
IP Service is bandwidth guaranteed dedicated Internet connectivity services for enterprises. Contracts are based on bandwidth and enterprises use the service for their core and main Internet connectivity.
6. IoT
Internet of Things (IoT) enables not only physical objects but also any “things” connected to network to exchange information automatically.
7. Multi-cloud
Multi-cloud means using multiple cloud services from multiple different cloud service providers, such as Amazon Web Services, Microsoft Azure and etc.
8. The revenue from overseas business is included in the revenue of Network Services and System Integration.
9. The turnover rate of IIJ is calculated by dividing leavers for the fiscal year by the number of full-time employees at the beginning of that fiscal year.
10. For details, please refer to page 26 of “Presentation Material for Consolidated Financial Results for FY23” which was disclosed on May 10, 2024.
11. Digital currency
The general term for a variety of virtual currencies such as bitcoin and digital currency pegged to the Japanese yen which some banks are considering to issue.
12. Mobile unit charge
Costs related to data communication bandwidth for the usage of mobile facilities. The unit price is per Mbps.

Consolidated financial statements

Consolidated Statements of Financial Position

(As of March 31, 2025)

(Unit: JPY millions)

Item	Amount	Item	Amount
Assets		Liabilities and Equity	
Current Assets		Liabilities	
Cash and cash equivalents	32,534	Current liabilities	
Trade receivables	56,361	Trade and other payables	30,238
Inventories	4,681	Borrowings	33,616
Prepaid expenses	28,122	Income taxes payable	5,205
Contract assets	6,098	Provisions	316
Other financial assets	2,247	Contract liabilities	15,686
Other current assets	152	Deferred income	36
		Other financial liabilities	20,879
		Other current liabilities	7,339
Total Current Assets	130,195	Total current liabilities	113,315
Non-current Assets		Non-current liabilities	
Tangible assets	33,771	Retirement benefit liabilities	4,849
Right-of-use Assets	45,756	Provisions	1,551
Goodwill	10,307	Contract liabilities	10,112
Intangible assets	21,021	Deferred income	209
Investments accounted for using the equity method	6,639	Deferred tax liabilities	1,474
Prepaid expenses	28,808	Other financial liabilities	37,699
Contract assets	327	Other non-current liabilities	1,140
Investment securities (Equity)	15,823	Total non-current liabilities	57,034
Other investments	10,711	Total liabilities	170,349
Other investments	252	Equity	
Deferred tax assets	8,361	Share capital	25,577
Other financial assets	464	Share premium	35,865
		Retained earnings	79,885
		Other components of equity	11,266
		Treasury shares	(11,910)
		Total equity attributable to owners of the parent	140,683
		Non-controlling interests	1,403
Other non-current assets	182,240	Total equity	142,086
Total non-current assets	312,435	Total liabilities and equity	312,435

Consolidated Statements of Profit or Loss

(From April 1, 2024 through March 31, 2025)

(Unit: JPY millions)

Item	Amount
Revenues	
Network services	162,577
System integration	151,306
ATM operation business	2,948
Total revenues	316,831
Cost of sales	
Cost of network services	(117,304)
Cost of systems integration	(129,553)
Cost of ATM operation business	(1,572)
Total cost of sales	(248,429)
Gross Profit	68,402
Selling, general and administrative expense	(38,312)
Other operating income	149
Other operating expenses	(135)
Operating Profit	30,104
Finance income	580
Finance expenses	(1,086)
Share of profit (loss) of investments accounted for using equity method	(414)
Profit (loss) before tax	29,184
Income tax expense	(9,080)
Profit (loss) for the year	20,104
Profit (loss) for the year attributable to:	
Owners of the parent	19,933
Non-controlling interests	171
Total	20,104

Non-Consolidated Balance Sheet

(As of March 31, 2025)

(Unit: JPY millions)

Assets		Liabilities and net assets	
Item	Amount	Item	Amount
[Current assets]	100,249	[Current liabilities]	91,146
Cash and bank deposits	16,367	Accounts payable	6,491
Accounts receivable	47,063	Short-term borrowings	33,570
Investment in leases	4,660	Short-term borrowings from affiliated companies	3,600
Merchandise	132	Accounts payable – other	15,179
Work in process	590	Capital lease obligations – current	5,950
Supplies	3,206	Accrued expense	837
Prepaid expenses	21,430	Accounts payable – fixed assets	2,609
Accounts receivable – other	395	Income taxes payable	4,199
Short-term loans to affiliated Companies	69	Consumption taxes payable	791
Contract assets	6,370	Deposits received	148
Current portion of guarantee deposits	3	Contract liabilities	17,250
Other current assets	138	Provision for loss on contracts	316
Allowance for doubtful accounts	(174)	Provision for share based compensation expenses	100
		Other current liabilities	106
[Fixed assets]	126,866		
<Property and equipment>	40,597	[Long-term liabilities]	19,258
Land	1,522	Accounts payable – noncurrent	657
Buildings	3,377	Capital lease obligations – noncurrent	11,184
Leasehold improvements	17,199	Asset retirement obligations	957
Construction other than buildings	1,924	Accrued pension and severance cost	4,733
Data communication equipment and office equipment	15,703	Accrued directors' and company auditors' retirement benefits	195
Assets under capital leases	37,937	Deferred tax liabilities	1,082
Construction in progress	6,256	Provision for loss on contracts – noncurrent	450
Accumulated depreciation	(43,321)		
<Intangible assets>	20,492	Total liabilities	110,404
Goodwill	251	[Shareholders' equity]	107,451
Customer relationships	467	<Capital stock>	23,037
Telephone rights	2	<Capital surplus>	9,785
Software	18,592	Legal capital surplus	9,758
Assets under capital leases	1,177	Other capital surplus	27
Other intangible assets	3	<Earned surplus>	86,530
<Investments and other assets>	65,777	Legal retained earnings	502
Investments in securities	15,226	Other retained earnings	86,028
Money held in trust	5,121	Reserve for advanced depreciation of fixed assets	162
Investments in affiliated companies	22,293	Retained earnings brought forward	85,866
Bonds of affiliated companies	2,000	<Treasury stock>	(11,901)
Guarantee deposits	3,866	[Valuation and translation adjustment]	8,637
Long-term prepaid expenses	16,703	Net unrealized gains on securities	8,637
Claims against insolvencies	4	[Subscription rights to shares]	623
Long-term loans to affiliated companies	105	Stock acquisition rights	623
Other investments	482	Total net assets	116,711
Allowance for doubtful accounts	(23)	Total liabilities and net assets	227,115
Total assets	227,115		

Non-Consolidated Statement of Income

(From April 1, 2024 through March 31, 2025)

(Unit: JPY millions)

Item	Amount	Total
[Total revenues]		259,314
[Total costs of revenues]		206,216
Gross margin		53,098
[Total sales and administrative expense]		30,429
Operating income		22,669
[Non-operating income]		
Interest income	57	
Dividend income	1,989	
Commissions received	49	
Royalty charges received	4	
Gain on investments on silent partnership	145	
Gain on reversal of allowance for doubtful accounts	7	
Other non-operating income	112	2,363
[Non-operating expenses]		
Interest expense	473	
Foreign exchange loss	32	
Other non-operating expenses	26	531
Ordinary income		24,501
[Extraordinary loss]		
Loss on disposal of fixed assets	37	
Loss on sale of fixed assets	31	
Other extraordinary loss	2	70
Income before income taxes		24,431
Income taxes – current		7,349
Income taxes – deferred		(579)
Net income		17,661

Independent Auditor's Report

May 20, 2025

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

KPMG AZSA LLC
Tokyo Office

Hidetoshi Fukuda
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yusuke Matsumoto
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the consolidated financial statements, which comprise the consolidated statements of financial position, the consolidated statements of profit or loss, the consolidated statements of changes in shareholders' equity and the notes to consolidated financial statements ("the consolidated financial statements") of Internet Initiative Japan Inc. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group") as at March 31, 2025 and for the year from April 1, 2024 to March 31, 2025 in accordance with Article 444-4 of the Companies Act.

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

Basis for Opinion

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

Other Information

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

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

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

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

We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with the second sentence of Article 120-1 of the Ordinance of Companies Accounting that permits the Company to prepare consolidated financial statements with the omission of a part of the disclosures required under IFRS Accounting Standards.

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

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

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

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

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

accordance with the second sentence of Article 120-1 of the Ordinance of Companies Accounting that permits the Company to prepare consolidated financial statements with the omission of a part of the disclosures required under IFRS Accounting Standards, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

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

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

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

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

[English Translation of the Independent Auditor's Report Originally Issued in Japanese Language]

Independent Auditor's Report

May 20, 2025

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

KPMG AZSA LLC
Tokyo Office

Hidetoshi Fukuda
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yusuke Matsumoto
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the financial statements, which comprise the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in net assets and the notes to non-consolidated financial statements, and the accompanying supplementary schedules ("the financial statements and the accompanying supplementary schedules") of Internet Initiative Japan Inc. ("the Company") as at March 31, 2025 and for the year from April 1, 2024 to March 31, 2025 in accordance with Article 436-2-1 of the Companies Act.

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

Basis for Opinion

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

Other Information

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

Our opinion on the financial statements and the accompanying supplementary schedules does not cover the

other information and we do not express any form of assurance conclusion thereon.

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

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

We have nothing to report in this regard.

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

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

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

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

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

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

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

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

Company to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the financial statements and the accompanying supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the accompanying supplementary schedules, including the disclosures, and whether the financial statements and the accompanying supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

We do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

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

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

Audit Report

Based on audit reports from each Company Auditor, and following due discussion at meetings, the Board of Company Auditors has prepared this audit report regarding the execution of the duties of Directors of the Company during the 33rd fiscal year from April 1, 2024 to March 31, 2025. The Board of Company Auditors hereby reports as follows.

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

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

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

2. Audit Results

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

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

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

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

(3) Results of Audit of the Consolidated Financial Statements

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

May 23, 2025

Board of Company Auditors
Internet Initiative Japan Inc

Full-time Company Auditor	Masayoshi Tobita
Full-time Company Auditor	Masako Tanaka
Company Auditor	Takashi Michishita
Company Auditor	Kumiko Aso

Note: Two Company Auditors, Takashi Michishita and Kumiko Aso, are outside company auditors as provided in Article 2-16 and Article 335-3 of the Corporation Law.