



Internet Initiative Japan

***For Immediate Release***  
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**IIJ Announces its First Six Months Results  
for the Fiscal Year Ending March 31, 2025**

**Tokyo, November 8, 2024** - Internet Initiative Japan Inc. (“IIJ”, TSE Prime: 3774) today announced its consolidated financial results for the first six months for the fiscal year ending March 31, 2025 (“1H24”, from April 1, 2024 to September 30, 2024) under International Financial Reporting Standards (IFRS).<sup>1</sup>

Highlights of Financial Results for 1H24			FY24 Financial Targets	
			First Half	Full Year
Total revenues	JPY147.0 billion	up 14.7% YoY <sup>2</sup>	JPY147.0 billion	JPY312.0 billion
Operating profit	JPY11.8 billion	down 2.5% YoY	JPY11.6 billion	JPY32.0 billion
Profit before tax	JPY11.1 billion	down 11.4% YoY	JPY11.0 billion	JPY30.6 billion
Net profit <sup>3</sup>	JPY7.5 billion	down 10.2% YoY	JPY7.3 billion	JPY20.6 billion

**Overview of 1H24 Financial Results and Business Outlook**

“Throughout 1H24, we have continued to see very strong demands for network constructions from various industries. We have been well dealing with these demands by implementing our “Service Integration” function that totally offers our accumulated network services line-up together with systems integration. Thus, we have recently acquired our first transaction of a new joint banking system platform for Japanese regional banks through collaboration with IBM Japan, Ltd. and MUFG bank, Ltd.<sup>4</sup> which amounted to approximately JPY6.0 billion with an eight year contract. In this 1H24, we delivered a strong YoY revenue growth of 14.7%, driven by systems integration (SI) YoY revenue expansion of 26.3% and continuous accumulation of monthly recurring revenues (MRR). As for the operating profit result, although 1H24 decreased YoY due to approximately JPY1.6 billion of negative impact by the VMware issue<sup>5</sup>, it returned to a YoY profit growth in 2Q24, three-month period, with absorbing this impact mainly by price pass-through. With regard to the second half, we expect our revenues to expand further in addition to the ordinal growth, mainly by more MRR accumulation after large network construction project completions and upward price revisions for certain NW services primarily responding to increased VMware related costs, which would result in margin recovery. As for the progress of digital currency business, DeCurret DCP Inc.<sup>6</sup> has started the Japan’s first digital currency platform service in August,<sup>7</sup> and its parent company, DeCurret Holdings, Inc., raised additional capital of JPY6.3 billion, inviting business partners of Japanese prominent institutions as shareholders<sup>8</sup>. Our ongoing strategies are now steadily accelerating the business growth,” said Eijiro Katsu, President of IIJ.

“IIJ’s key differentiation lies in Internet-related stable network operation and value-added services offering. These capabilities have been established by our deep expertise in Internet and business assets accumulated over thirty years as a pioneer of the Internet society in Japan. Large commercial transactions we recently acquired show that our value of network services operation would become stronger differentiation along with the advancement in Japanese institutions’ IT usage. Given the supposed decline in the population in Japan, which would increase demands for IT technology in various areas, IIJ aims to strengthen its position as a full network outsourcer,” concluded Koichi Suzuki, Founder and Chairman of IIJ.

<sup>1</sup> Unless otherwise stated, all financial figures discussed in this announcement are prepared in accordance with IFRS, unaudited and consolidated.

<sup>2</sup> YoY is an abbreviation for year over year change.

<sup>3</sup> Net profit is “profit for the year attributable to owners of the parent.”

<sup>4</sup> For details, please refer to our press release titled “IBM Japan and IIJ Form a Strategic Partnership, Begin Provision of a “Distributed System Joint Platform” for Regional Financial Institutions” ([https://www.ij.ad.jp/en/news/pressrelease/2024/pdf/20241001\\_E.pdf](https://www.ij.ad.jp/en/news/pressrelease/2024/pdf/20241001_E.pdf)) which was announced on October 1, 2024.

<sup>5</sup> For details, please refer to page 26 of “Presentation Material for Consolidated Financial Results for FY23 and New Mid-term Plan (FY24–FY26)” which was disclosed on May 10, 2024.

<sup>6</sup> DeCurret DCP Inc. is a wholly-owned subsidiary of DeCurret Holdings, Inc. which is IIJ’s equity method investee.

<sup>7</sup> For details, please refer to our press release titled “Digital Assetization of Environmental Value and Launch of Digital Currency DCJPY Settlement Transactions” ([https://www.ij.ad.jp/en/news/pressrelease/2024/pdf/decurret\\_dcjpy\\_E.pdf](https://www.ij.ad.jp/en/news/pressrelease/2024/pdf/decurret_dcjpy_E.pdf)) which was announced on August 28, 2024.

<sup>8</sup> For details, please refer to DeCurret Holdings’ press release titled “Raised a total of 6,349 million yen through a third-party allotment of new shares” ([https://www.decurret-dcp.com/en/assets/EN\\_WEB\\_20240912fundraising.pdf](https://www.decurret-dcp.com/en/assets/EN_WEB_20240912fundraising.pdf)) which was announced on September 12, 2024.

## 1H24 Financial Results Summary

We provide combined network services and systems integration to customers, and therefore, “Network services and Systems integration (SI) business” is our main reportable segment. Our analysis by service is described below.

### Operating Results Summary

	1H23	1H24	YoY Change
	JPY millions	JPY millions	%
<b>Total revenues</b>	128,198	<b>147,022</b>	14.7
Network services	73,981	<b>78,946</b>	6.7
Systems integration (SI)	52,750	<b>66,599</b>	26.3
ATM operation business	1,467	<b>1,477</b>	0.7
<b>Total costs</b>	(99,009)	<b>(116,351)</b>	17.5
Network services	(53,037)	<b>(57,273)</b>	8.0
Systems integration (SI)	(45,172)	<b>(58,286)</b>	29.0
ATM operation business	(800)	<b>(792)</b>	(1.0)
<b>Total gross profit</b>	29,189	<b>30,671</b>	5.1
Network services	20,944	<b>21,673</b>	3.5
Systems integration (SI)	7,578	<b>8,313</b>	9.7
ATM operation business	667	<b>685</b>	2.7
<b>SG&amp;A, R&amp;D, and other operating income (expenses)</b>	(17,109)	<b>(18,889)</b>	10.4
<b>Operating profit</b>	12,080	<b>11,782</b>	(2.5)
<b>Profit before tax</b>	12,552	<b>11,116</b>	(11.4)
<b>Profit for the period attributable to owners of the parent</b>	8,322	<b>7,473</b>	(10.2)

(Note) Systems integration includes equipment sales.

### Segment Results Summary

	1H23	1H24
	JPY millions	JPY millions
<b>Total revenues</b>	128,198	<b>147,022</b>
Network services and SI business	126,771	<b>145,564</b>
ATM operation business	1,467	<b>1,477</b>
Elimination	(40)	<b>(19)</b>
<b>Operating profit</b>	12,080	<b>11,782</b>
Network services and SI business	11,543	<b>11,202</b>
ATM operation business	537	<b>580</b>
Elimination	-	<b>-</b>

## 1H24 Revenues and Income

### Revenues

Total revenues were JPY147,022 million, up 14.7% YoY (JPY128,198 million for 1H23).

Network services revenue was JPY78,946 million, up 6.7% YoY (JPY73,981 million for 1H23).

Revenues for Internet connectivity services for enterprise were JPY23,564 million, up 7.3% YoY from JPY21,966 million for 1H23, mainly due to increases in revenues of enterprise mobile services and IP services.

Revenues for Internet connectivity services for consumers were JPY13,201 million, up 7.6% YoY from JPY12,269 million for 1H23, mainly due to an increase in IIJmio Mobile services revenues.

Revenues for Outsourcing services were JPY28,430 million, up 10.9% YoY from JPY25,626 million for 1H23, mainly due to an increase in security-related services revenues.

Revenues for WAN services were JPY13,751 million, down 2.6% YoY from JPY14,120 million for 1H23.

### Network Services Revenues Breakdown

	1H23	1H24	YoY Change
	JPY millions	JPY millions	%
<b>Total network services</b>	73,981	<b>78,946</b>	6.7
<b>Internet connectivity services (enterprise)</b>	21,966	<b>23,564</b>	7.3
<b>IP services (including data center connectivity services)</b>	7,893	<b>8,401</b>	6.4
<b>IIJ Mobile Services</b>	11,835	<b>12,820</b>	8.3
<b>Enterprise mobile services (IoT usages etc.)</b>	6,586	<b>7,247</b>	10.0
<b>IIJ Mobile MVNO Platform Service (MVNE)</b>	5,249	<b>5,573</b>	6.2
<b>Others</b>	2,238	<b>2,343</b>	4.7
<b>Internet connectivity services (consumer)</b>	12,269	<b>13,201</b>	7.6
<b>IIJmio Mobile Services</b>	10,607	<b>11,440</b>	7.9
<b>Others</b>	1,662	<b>1,761</b>	6.0
<b>Outsourcing services</b>	25,626	<b>28,430</b>	10.9
<b>WAN services</b>	14,120	<b>13,751</b>	(2.6)

### Number of Contracts and Subscription for Connectivity Services (Note 1)

	As of Sep. 30, 2023	As of Sep. 30, 2024	YoY Change
<b>Internet connectivity services (enterprise)</b>	3,278,337	<b>4,037,736</b>	759,399
<b>IP service (greater than or equal to 1Gbps) (Note 2)</b>	1,368	<b>1,451</b>	83
<b>IP service (less than 1Gbps) (Note 2)</b>	1,416	<b>1,571</b>	155
<b>IIJ Mobile Services</b>	3,178,183	<b>3,933,536</b>	755,353
<b>Enterprise mobile services (IoT usages etc.)</b>	2,038,522	<b>2,723,531</b>	685,009
<b>IIJ Mobile MVNO Platform Service (MVNE)</b>	1,139,661	<b>1,210,005</b>	70,344
<b>Others</b>	97,370	<b>101,178</b>	3,808
<b>Internet connectivity services (consumer)</b>	1,560,307	<b>1,620,948</b>	60,641
<b>IIJmio Mobile Services</b>	1,222,376	<b>1,294,420</b>	72,044
<b>Others</b>	337,931	<b>326,528</b>	(11,403)
<b>Total contracted bandwidth (Gbps) (Note 3)</b>	9,429.3	<b>11,893.6</b>	2,464.3

(Notes)

- Numbers in the table above show number of contracts except for "IIJ Mobile Services (enterprise)" and "IIJmio Mobile Services" which show number of subscriptions.
- The numbers of IP service contracts include the numbers of IIJ data center connectivity service contracts.
- Total contracted bandwidth is calculated by multiplying number of contracts under "Internet connectivity services (enterprise)" except for "IIJ Mobile Services" and the contracted bandwidths of the services respectively.

SI revenues, including equipment sales, were JPY66,599 million, up 26.3% YoY (JPY52,750 million for 1H23). Systems construction and equipment sales, a one-time revenue, was JPY26,888 million, up 49.5% YoY (JPY17,987 million for 1H23). Systems operation and maintenance revenue, a recurring revenue, was JPY39,711 million, up 14.2% YoY (JPY34,763 million for 1H23), mainly due to continued accumulation of systems operation orders.

Orders received for SI, including equipment sales, totaled JPY72,972 million, up 1.2% YoY (JPY72,128 million for 1H23), which was at a similar level to 1H23, including an individual large-scale project for Chiba city, of which systems construction and equipment sales, and systems operation and maintenance for JPY5 billion and JPY2 billion respectively; orders received for systems construction and equipment sales were JPY30,279 million, down 0.5% YoY (JPY30,440 million for 1H23), and orders received for systems operation and maintenance were JPY42,693 million, up 2.4% YoY (JPY41,688 million for 1H23).

Order backlog for SI, including equipment sales, as of September 30, 2024 amounted to JPY115,266 million, up 12.9% YoY (JPY102,135 million as of September 30, 2023); order backlog for systems construction and equipment sales was JPY27,152 million, up 3.4% YoY (JPY26,252 million as of September 30, 2023) and order backlog for systems operation and maintenance was JPY88,114 million, up 16.1% YoY (JPY75,883 million as of September 30, 2023).

ATM operation business revenues were JPY1,477 million, up 0.7% YoY (JPY1,467 million for 1H23).

### **Cost of sales**

Total cost of sales was JPY116,351 million, up 17.5% YoY (JPY99,009 million for 1H23).

Cost of network services revenue was JPY57,273 million, up 8.0% YoY (JPY53,037 million for 1H23), mainly due to an increase in license fees. Gross profit was JPY21,673 million, up 3.5% YoY (JPY20,944 million for 1H23), with absorbing the VMware related cost increase due to the revision of its price structure, and gross profit ratio was 27.5% (28.3% for 1H23).

Cost of SI revenues, including equipment sales was JPY58,286 million, up 29.0% YoY (JPY45,172 million for 1H23), mainly due to increases in purchasing costs, outsourcing-related costs and license fees. Gross profit was JPY8,313 million, up 9.7% YoY (JPY7,578 million for 1H23), absorbing the VMware related cost increase due to the revision of its price structure and gross profit ratio was 12.5% (14.4% for 1H23).

Cost of ATM operation business revenues was JPY792 million, down 1.0% YoY (JPY800 million for 1H23). Gross profit was JPY685 million, up 2.7% YoY (JPY667 million for 1H23) and gross profit ratio was 46.4% (45.5% for 1H23).

### **Selling, general and administrative expenses and other operating income and expenses**

Selling, general and administrative expenses, including research and development expenses, totaled JPY18,923 million, up 11.0% YoY (JPY17,041 million for 1H23), mainly due to an increase in personnel-related expenses.

Other operating income was JPY88 million (JPY70 million for 1H23).

Other operating expenses was JPY54 million (JPY138 million for 1H23).

### **Operating profit**

Operating profit was JPY11,782 million (JPY12,080 million for 1H23), down 2.5% YoY.

**Finance income and expenses, and share of profit (loss) of investments accounted for using equity method**

Finance income was JPY213 million, compared to JPY1,072 million for 1H23. It included dividend income of JPY119 million (JPY74 million for 1H23).

Finance expense was JPY788 million, compared to JPY327 million for 1H23. It included loss on financial instruments, mainly related to funds which were impacted by foreign exchange, of JPY278 million (gain of JPY323 million for 1H23), foreign exchange loss of JPY52 million (gain of JPY573 million for 1H23), and interest expenses of JPY450 million (JPY296 million for 1H23).

Share of loss of investments accounted for using equity method was JPY91 million (loss of JPY273 million for 1H23), mainly due to loss of DeCurret Holdings, Inc. of JPY158 million, which included gain on changes in equity interest of JPY209 million.

**Profit before tax**

Profit before tax was JPY11,116 million (JPY12,552 million for 1H23), down 11.4% YoY.

**Profit for the period**

Income tax expense was JPY3,569 million (JPY4,143 million for 1H23). As a result, profit for the period was JPY7,547 million (JPY8,409 million for 1H23), down 10.3% YoY.

Profit for the period attributable to non-controlling interests was JPY74 million (JPY87 million for 1H23), mainly related to net income of Trust Networks Inc.

Profit for the period attributable to owners of parent was JPY7,473 million (JPY8,322 million for 1H23), down 10.2% YoY.

**Other comprehensive income for the period**

Other comprehensive income for the period was JPY7,940 million (JPY11,132 million for 1H23), down 28.7% YoY, mainly due to a reactionary drop relating to increases in the market value of investment securities and others of JPY637 million (JPY1,745 million for 1H23).

Other comprehensive income for the period attributable to owners of parent was JPY7,866 million (JPY11,045 million for 1H23), down 28.8% YoY.

## **Financial Position as of September 30, 2024**

As of September 30, 2024, the balance of total assets was JPY288,774 million, increased by JPY15,061 million from the balance as of March 31, 2024 of JPY273,713 million.

As of September 30, 2024, the balance of current assets was JPY115,677 million, decreased by JPY4,212 million from the balance as of March 31, 2024 of JPY119,889 million. As for the major breakdown of balance and fluctuation of current assets, cash and cash equivalents decreased by JPY11,809 million to JPY33,665 million, trade receivables decreased by JPY2,895 million to JPY42,788 million, prepaid expenses increased by JPY7,508 million to JPY27,592 million mainly due to increases in project costs for customers, license fees and equipment-related costs, and inventories increased by JPY1,739 million to JPY4,966 million.

As of September 30, 2024, the balance of non-current assets was JPY173,097 million, increased by JPY19,273 million from the balance as of March 31, 2024 of JPY153,824 million. As for the major breakdown of balance and fluctuation of non-current assets, tangible assets increased by JPY3,947 million to JPY33,019 million mainly due to purchases related to Matsue Data Center Park, right-of-use assets, the rights under operating lease contracts such as office and data centers and under finance lease contracts such as data communication equipment, increased by JPY3,059 million to JPY44,301 million mainly due to acquisition, intangible assets increased by JPY1,114 million to JPY19,471 million, prepaid expenses increased by JPY8,163 million to JPY27,575 million mainly due to increases in project costs for customers, license fees and equipment-related costs, and investment securities (equity) increased by JPY1,029 million to JPY15,592 million.

As of September 30, 2024, the balance of current liabilities was JPY100,000 million, increased by JPY1,642 million from the balance as of March 31, 2024 of JPY98,358 million. As for the major breakdown of balance and fluctuation of current liabilities, trade and other payables increased by JPY297 million to JPY25,732 million, borrowings decreased by JPY1,752 million to JPY28,381 million mainly due to a decrease of JPY1,782 million from repayment and an increase of JPY32 million owing to a transfer from non-current liabilities, income taxes payable decreased by JPY1,689 million to JPY3,639 million, contract liabilities increased by JPY2,794 million to JPY15,479 million and other financial liabilities increased by JPY1,367 million to JPY19,402 million.

As of September 30, 2024, the balance of non-current liabilities was JPY56,770 million, increased by JPY8,447 million from the balance as of March 31, 2024 of JPY48,323 million. As for the major breakdown of balance and fluctuation of non-current liabilities, contract liabilities increased by JPY856 million to JPY9,408 million and other financial liabilities increased by JPY6,525 million to JPY37,628 million.

As of September 30, 2024, the balance of total equity attributable to owners of the parent was JPY130,698 million, increased by JPY4,947 million from the balance as of March 31, 2024 of JPY125,751 million. Ratio of owners' equity to total assets was 45.3% as of September 30, 2024.

## 1H24 Cash Flows

Cash and cash equivalents as of September 30, 2024 were JPY33,665 million (JPY42,587 million as of September 30, 2023).

Net cash provided by operating activities for 1H24 was JPY10,527 million (net cash provided by operating activities of JPY16,051 million for 1H23). There were profit before tax of JPY11,116 million (JPY12,552 million for 1H23), depreciation and amortization of JPY15,358 million (JPY14,598 million for 1H23), including JPY5,945 million (JPY5,907 million for 1H23) of depreciation of right-of-use operating lease assets under IFRS 16, and income taxes paid of JPY5,257 million (JPY4,342 million for 1H23). Regarding changes in working capital, there was net cash out of JPY11,402 million compared to net cash out of JPY6,524 million for 1H23, mainly due to an increase in payments of prepaid expenses.

Net cash used in investing activities for 1H24 was JPY12,380 million (net cash used in investing activities of JPY9,066 million for 1H23), mainly due to payments for purchases of tangible assets, such as assets related to Matsue Data Center Park, of JPY6,096 million (JPY5,732 million for 1H23) and purchases of intangible assets, such as software, of JPY4,115 million (JPY3,962 million for 1H23).

Net cash used in financing activities for 1H24 was JPY9,729 million (net cash used in financing activities of JPY7,844 million for 1H23), mainly due to payments of other financial liabilities of JPY10,732 million (JPY9,965 million for 1H23), which included payments under operating lease contracts such as office rent and finance lease contracts such as network equipment, proceeds from other financial liabilities of JPY5,871 million (JPY5,244 million for 1H23), dividends paid of JPY3,038 million (JPY2,644 million for 1H23) and repayments of long-term bank borrowings of JPY1,782 million (JPY1,030 million for 1H23).

## **Future Prospects including FY2024 Financial Targets**

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On August 7, 2024, we disclosed our revised financial targets for 1H24 and FY24. 1H24 financial results aligned with these revised targets. FY2024 financial targets remain unchanged. Please note that the full-year result would be largely dependent on the fourth quarter's performance.

## **Presentation**

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Presentation materials will be posted on our web site (<https://www.ij.ad.jp/en/ir/>) on November 8, 2024.

## **About Internet Initiative Japan Inc.**

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

## **For inquiries, contact:**

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## **Disclaimer:**

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



## Condensed Interim Consolidated Statements of Financial Position (Unaudited)

	March 31, 2024	September 30, 2024
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	45,474	33,665
Trade receivables	45,683	42,788
Inventories	3,227	4,966
Prepaid expenses	20,084	27,592
Contract assets	3,110	4,965
Other financial assets	1,532	1,476
Other current assets	779	225
Total current assets	119,889	115,677
Non-current assets		
Tangible assets	29,072	33,019
Right-of-use assets	41,242	44,301
Goodwill	10,328	10,307
Intangible assets	18,357	19,471
Investments accounted for using equity method	5,169	6,966
Prepaid expenses	19,412	27,575
Contract assets	108	77
Investment securities (Equity)	14,563	15,592
Other investments	9,805	10,036
Deferred tax assets	290	290
Other financial assets	5,210	5,160
Other non-current assets	268	303
Total non-current assets	153,824	173,097
Total assets	273,713	288,774

	March 31, 2024	September 30, 2024
	Millions of yen	Millions of yen
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	25,435	25,732
Borrowings	30,133	28,381
Income taxes payable	5,328	3,639
Provisions	—	183
Contract liabilities	12,685	15,479
Deferred income	56	43
Other financial liabilities	18,035	19,402
Other current liabilities	6,686	7,141
Total current liabilities	98,358	100,000
Non-current liabilities		
Borrowings	47	15
Retirement benefit liabilities	4,991	5,205
Provisions	901	1,530
Contract liabilities	8,552	9,408
Deferred income	237	223
Deferred tax liabilities	1,483	1,769
Other financial liabilities	31,103	37,628
Other non-current liabilities	1,009	992
Total non-current liabilities	48,323	56,770
Total liabilities	146,681	156,770
Equity		
Share capital	25,562	25,577
Share premium	35,737	35,724
Retained earnings	65,616	70,051
Other components of equity	10,863	11,256
Treasury shares	(12,027)	(11,910)
Total equity attributable to owners of the parent	125,751	130,698
Non-controlling interests	1,281	1,306
Total equity	127,032	132,004
Total liabilities and equity	273,713	288,774

Condensed Interim Consolidated Statements of Profit or Loss (Unaudited)

	Six Months Ended September 30, 2023	Six Months Ended September 30, 2024
	Millions of yen	Millions of yen
Revenues		
Network services	73,981	78,946
Systems integration	52,750	66,599
ATM operation business	1,467	1,477
Total revenues	128,198	147,022
Cost of sales		
Cost of network services	(53,037)	(57,273)
Cost of systems integration	(45,172)	(58,286)
Cost of ATM operation business	(800)	(792)
Total cost of sales	(99,009)	(116,351)
Gross Profit	29,189	30,671
Selling, general and administrative expenses	(17,041)	(18,923)
Other operating income	70	88
Other operating expenses	(138)	(54)
Operating Profit	12,080	11,782
Finance income	1,072	213
Finance expenses	(327)	(788)
Share of profit (loss) of investments accounted for using equity method	(273)	(91)
Profit (loss) before tax	12,552	11,116
Income tax expense	(4,143)	(3,569)
Profit (loss) for the period	8,409	7,547
Profit (loss) for the period attributable to:		
Owners of the parent	8,322	7,473
Non-controlling interests	87	74
Total	8,409	7,547
Earnings per share		
Basic earnings per share (yen)	46.78	42.25
Diluted earnings per share (yen)	46.53	42.03

## Condensed Interim Consolidated Statements of Comprehensive Income (Unaudited)

	Six Months Ended September 30, 2023	Six Months Ended September 30, 2024
	Millions of yen	Millions of yen
Profit (loss)	8,409	7,547
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss		
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	1,745	637
Total items that will not be reclassified to profit or loss	1,745	637
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	943	(266)
Share of other comprehensive income of investments accounted for using equity method	35	22
Total of items that may be reclassified to profit or loss	978	(244)
Total other comprehensive income, net of tax	2,723	393
Other comprehensive income	11,132	7,940
Other comprehensive income attributable to:		
Owners of the parent	11,045	7,866
Non-controlling interest	87	74
Other comprehensive income	11,132	7,940

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Unaudited)  
Six months ended September 30, 2023

	Owners of the parent's shareholders' equity						Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Other components of equity	Treasury shares	Total		
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance, April 1, 2023	25,562	36,738	51,202	6,571	(1,831)	118,242	1,185	119,427
Comprehensive income								
Profit (loss)	-	-	8,322	-	-	8,322	87	8,409
Other comprehensive income	-	-	-	2,723	-	2,723	-	2,723
Total comprehensive income	-	-	8,322	2,723	-	11,045	87	11,132
Transactions with owners								
Purchase of treasury shares	-	-	-	-	(11,405)	(11,405)	-	(11,405)
Disposal of treasury shares	-	(15)	-	-	80	65	-	65
Cancellation of treasury shares	-	(1,129)	-	-	1,129	-	-	-
Dividends paid	-	-	(2,644)	-	-	(2,644)	(49)	(2,693)
Stock-based compensation	-	39	-	-	-	39	-	39
Transfer from other components of equity to retained earnings	-	-	201	(201)	-	-	-	-
Total transactions with owners	-	(1,105)	(2,443)	(201)	(10,196)	(13,945)	(49)	(13,994)
Balance, September 30, 2023	25,562	35,633	57,081	9,093	(12,027)	115,342	1,223	116,565

Six months ended September 30, 2024

	Owners of the parent's shareholders' equity						Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Other components of equity	Treasury shares	Total		
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance, April 1, 2024	25,562	35,737	65,616	10,863	(12,027)	125,751	1,281	127,032
Comprehensive income								
Profit (loss)	-	-	7,473	-	-	7,473	74	7,547
Other comprehensive income	-	-	-	393	-	393	-	393
Total comprehensive income	-	-	7,473	393	-	7,866	74	7,940
Transactions with owners								
Issuance of common stock	15	(15)	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	(0)	(0)	-	(0)
Disposal of treasury shares	-	(54)	-	-	117	63	-	63
Dividends paid	-	-	(3,038)	-	-	(3,038)	(49)	(3,087)
Stock-based compensation	-	56	-	-	-	56	-	56
Total transactions with owners	15	(13)	(3,038)	-	117	(2,919)	(49)	(2,968)
Balance, September 30, 2024	25,577	35,724	70,051	11,256	(11,910)	130,698	1,306	132,004

## Condensed Interim Consolidated Statements of Cash Flows (Unaudited)

	Six Months Ended September 30, 2023	Six Months Ended September 30, 2024
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit (loss) before tax	12,552	11,116
Adjustments		
Depreciation and amortization	14,598	15,358
Loss (gain) on sales/disposals of property and equipment	48	29
Shares of loss (profit) of investments accounted for using equity method	273	91
Finance income	(1,072)	(213)
Finance expenses	327	788
Other	225	232
Changes in working capital		
Decrease (increase) in trade receivables	2,601	2,855
Decrease (increase) in inventories	(2,173)	(1,700)
Decrease (increase) in prepaid expenses	(7,292)	(15,710)
Decrease (increase) in contract assets	(911)	(1,823)
Decrease (increase) in other assets	(479)	547
Decrease (increase) in other financial assets	297	352
Increase (decrease) in trade and other payables	(656)	(855)
Increase (decrease) in contract liabilities	1,583	3,707
Increase (decrease) in deferred income	38	(2)
Increase (decrease) in provisions	-	732
Increase (decrease) in other liabilities	(32)	442
Increase (decrease) in other financial liabilities	278	(161)
Increase (decrease) in retirement benefit liabilities	222	214
Subtotal	20,427	15,999
Interest and dividends received	265	253
Interest paid	(299)	(468)
Income taxes paid	(4,342)	(5,257)
Cash flows from operating activities	16,051	10,527

	Six Months Ended September 30, 2023	Six Months Ended September 30, 2024
	Millions of yen	Millions of yen
Cash flows from investing activities		
Purchases of tangible assets	(5,732)	(6,096)
Proceeds from sales of tangible assets	378	521
Purchases of intangible assets	(3,962)	(4,115)
Proceeds from sales of intangible assets	624	-
Purchase of investments accounted for using equity method	-	(1,925)
Purchases of investment securities (Equity)	-	(100)
Proceeds from sales of investment securities (Equity)	357	-
Purchases of other investments	(487)	(590)
Payments for leasehold deposits and guarantee deposits	(311)	(155)
Proceeds from collection of leasehold deposits and guarantee deposits	77	97
Payments for refundable insurance policies	(37)	(37)
Other	27	20
Cash flows from investing activities	<u>(9,066)</u>	<u>(12,380)</u>
Cash flows from financing activities		
Repayment of long-term borrowings	(1,030)	(1,782)
Net increase (decrease) in short-term borrowings	12,000	-
Purchase of treasury shares	(11,405)	-
Proceeds from other financial liabilities	5,244	5,871
Payments of other financial liabilities	(9,965)	(10,732)
Dividends paid	(2,644)	(3,038)
Other	(44)	(48)
Cash flows from financing activities	<u>(7,844)</u>	<u>(9,729)</u>
Effect of exchange rate changes on cash and cash equivalents	974	(227)
Net increase (decrease) in cash and cash equivalents	115	(11,809)
Cash and cash equivalents, beginning of the period	<u>42,472</u>	<u>45,474</u>
Cash and cash equivalents, end of the period	<u><u>42,587</u></u>	<u><u>33,665</u></u>

## Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

### Going Concern Assumption

Nothing to be reported.

### Changes in Accounting Policies

The Company has adopted the following standards from the six months ended September 30, 2024.

IFRS		The Overview of New Establishment and Revisions
IAS 7	Statement of Cash Flows	Disclosure requirements to enhance the transparency of supplier finance arrangements
IFRS 7	Financial Instruments: Disclosures	

The adoption of the above standards had no material impact on the condensed interim consolidated financial statements.



## Segment Information

The reportable segments of IIJ and its subsidiaries (collectively “the Company”) are defined as the Company’s constituent units for which separated financial information is available and which are regularly reviewed by the Representative Director, President and Executive Officer of IIJ, who is the chief decision-maker regarding business operations in order to determine the allocation of resources and evaluate performance. The Representative Director, President and Executive Officer of IIJ evaluates the performance of each segment, with operating revenue and operating profit as the primary indicator.

The Company defined two reportable segments: “Network service and systems integration business” and “ATM operation business.” Network service and systems integration business is provided comprehensively with Network services, which is composed of Internet connectivity services, WAN services, outsourcing services, and systems integration service. ATM operation business constructs and operates ATMs and network systems for them, and receives a commission for each bank withdrawal transaction when a customer uses its serviced ATMs.

Segment information for the Company is as follows:

Six months ended September 30, 2023

	Reportable segments		Adjustments	Consolidated
	Network service and systems integration business	ATM operation business		
	JPY millions	JPY millions		
Revenue				
Customers	126,731	1,467	—	128,198
Intersegment transactions	40	—	(40)	—
Total revenue	126,771	1,467	(40)	128,198
Segment operating profit	11,543	537	—	12,080
Finance income				1,072
Finance expense				(327)
Share of profit (loss) of investments accounted for using the equity method				(273)
Profit before tax				12,552

Six months ended September 30, 2024

	Reportable segments		Adjustments	Consolidated
	Network service and systems integration business	ATM operation business		
	JPY millions	JPY millions		
Revenue				
Customers	145,545	1,477	—	147,022
Intersegment transactions	19	—	(19)	—
Total revenue	145,564	1,477	(19)	147,022
Segment operating profit	11,202	580	—	11,782
Finance income				213
Finance expense				(788)
Share of profit (loss) of investments accounted for using the equity method				(91)
Profit before tax				11,116

Intersegment transactions are based on market price.

## Subsequent Events

Nothing to be reported.

Note: The following information is provided to disclose Internet Initiative Japan Inc. (“IIJ”) financial results (unaudited) for the first six months ended September 30, 2024 (“1H24”) in the form defined by the Tokyo Stock Exchange.

## Consolidated Financial Results for the First Six Months ended September 30, 2024 [Under IFRS]

November 8, 2024

Company name: Internet Initiative Japan Inc.

Exchange listed: Tokyo Stock Exchange

Ticker symbol: 3774

URL: <https://www.ij.ad.jp/>

Representative: Eijiro Katsu, Representative Director, President and Executive Officer

Contact: Akihisa Watai, Member of the Board, Senior Managing Executive Officer and CFO

TEL: +81-3- 5205-6500

Scheduled date for filing Semiannual Securities Report (*Hanki-houkokusho*) to Japan’s regulatory organization: November 14, 2024

Scheduled date for dividend payment: December 6, 2024

Supplemental material on quarterly results: Yes

Presentation on quarterly results: Yes (for institutional investors and analysts)

(Amounts of less than JPY one million are rounded)

### 1. Consolidated Financial Results for the Six Months ended September 30, 2024 (April 1, 2024 to September 30, 2024)

#### (1) Consolidated Results of Operations

(% shown is YoY change)

	Revenues		Operating profit		Profit (loss) before tax		Profit (loss) for the period		Profit (loss) attributable to owners of the parent		Other comprehensive income	
	JPY millions	%	JPY millions	%	JPY millions	%	JPY millions	%	JPY millions	%	JPY millions	%
Six Months ended September 30, 2024	147,022	14.7	11,782	(2.5)	11,116	(11.4)	7,547	(10.3)	7,473	(10.2)	7,940	(28.7)
Six Months ended September 30, 2023	128,198	5.1	12,080	8.1	12,552	(2.4)	8,409	(3.8)	8,322	(3.7)	11,132	22.7

	Basic earnings per share		Diluted earnings per share	
	JPY		JPY	
Six Months ended September 30, 2024	42.25		42.03	
Six Months ended September 30, 2023	46.78		46.53	

#### (2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of the parent	Ratio of owners' equity to total assets
	JPY millions	JPY millions	JPY millions	%
As of September 30, 2024	288,774	132,004	130,698	45.3
As of March 31, 2024	273,713	127,032	125,751	45.9

## 2. Dividends

	Annual Dividends				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	JPY	JPY	JPY	JPY	JPY
Fiscal Year Ended March 31, 2024	—	17.18	—	17.18	34.36
Fiscal Year Ending March 31, 2025	—	17.50			
Fiscal Year Ending March 31, 2025 (forecast)			—	17.50	35.00

(Note) Changes from the latest forecasts disclosed: No

### 3. Targets of Consolidated Financial Results for the Fiscal Year ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% shown is YoY change)

	Revenues		Operating profit		Profit (loss) before tax		Profit (loss) for the year attributable to owners of the parent		Basic earnings per share
	JPY millions	%	JPY millions	%	JPY millions	%	JPY millions	%	JPY
Fiscal Year Ending March 31, 2025	312,000	13.0	32,000	10.2	30,600	5.8	20,600	3.9	116.46

(Note) Changes from the latest forecasts disclosed: No

\* Notes:

(1) Changes in significant subsidiaries: None

(2) Changes in accounting policies and estimate

i. Changes in accounting policies required by IFRS: Yes

ii. Other changes in accounting policies: None

iii. Changes in accounting estimates: None

As for the details, please refer to "Changes in Accounting Policies" in Notes to Condensed Interim Consolidated Financial Statements (Unaudited), which is disclosed on page 16 of this earnings release.

(3) Number of shares issued (common stock)

i. Number of shares issued (inclusive of treasury stock):

As of September 30, 2024: 183,184,884 shares

As of March 31, 2024: 183,141,100 shares

ii. Number of treasury stock:

As of September 30, 2024: 6,268,110 shares

As of March 31, 2024: 6,329,688 shares

iii. Number of weighted average common shares outstanding:

For the six months ended September 30, 2024: 176,886,357 shares

For the six months ended September 30, 2023: 177,910,757 shares

\* Review of interim consolidated financial statements by certified public accountants or auditing firms: None

\* Explanation on the Appropriate Use of Future Outlook and other special instructions

i) Forward-looking statements

Forward-looking statements disclosed in this document are based on IIJ Group's expectation, estimates, and projections based on information available to IIJ Group as of November 8, 2024. As these forward-looking statements are subject to known and unknown risks and uncertainties, actual results may differ from those disclosed due, for example, to but not limited to changes in business climate and/or market trends. As for our latest forecast of our financial targets, please refer to "Future Prospects including FY2024 Financial Targets" written on page 8 of this document.

ii) Others

Presentation material will be disclosed on TDnet as well as posted on our website on November 8, 2024.