

**IIJ Announces its Nine Months Results**  
**for the Fiscal Year Ending March 31, 2025**

**Tokyo, February 7, 2025** - Internet Initiative Japan Inc. (“IIJ”, TSE Prime: 3774) today announced its consolidated financial results for the nine months for the fiscal year ending March 31, 2025 (“1Q-3Q24”, from April 1, 2024 to December 31, 2024) under International Financial Reporting Standards (IFRS).<sup>1</sup>

<b>Highlights of Financial Results for 1Q-3Q24</b>				<b>FY24 Financial Targets Full Year</b>
Total revenues	JPY229.3 billion	up	14.0% YoY <sup>2</sup>	JPY312.0 billion
Operating profit	JPY20.7 billion	up	2.1% YoY	JPY32.0 billion
Profit before tax	JPY20.6 billion	up	4.8% YoY	JPY30.6 billion
Net profit <sup>3</sup>	JPY13.8 billion	up	6.2% YoY	JPY20.6 billion

**Overview of 1Q-3Q24 Financial Results and Business Outlook**

“We continued to capture strong demands for network construction movement, the shift to advanced networks utilizing Internet-related technology among Japanese enterprises, by “Service Integration” model that offers our accumulated Internet-related network services together with systems integration. In 3Q24, we acquired the second transaction of a new shared banking system platform for Japanese regional banks amounted to approximately JPY11.0 billion with an eight-year contract, following the first one of JPY 6.0 billion. Such large-scale projects, which include initial revenues and monthly recurring revenues, would further expand our business scale more in addition to the current growth. Over this nine-month period, we had YoY revenue growth of 14.0% driven by strong expansion of systems construction revenue by 39.3% along with steady monthly recurring revenue growth by 9.1% YoY. Accordingly, operating profit increased by 2.1% YoY and returned to YoY growth trend with absorbing the negative impact of VMware issue<sup>4</sup>. With regards to our new efforts, we plan to offer cloud services with high-performance AI oriented semiconductor by the establishment of a joint venture with Preferred Networks, Inc. and Mitsubishi Corporation<sup>5</sup>,” said Eihiro Katsu, President of IIJ.

“We have decided to appoint Mr. Taniwaki, the current Vice President, as our new Representative Director and President, succeeding current Mr. Katsu’s role from April 1<sup>6</sup>. His knowledge and experience in telecommunications through key roles at the Ministry of Internal Affairs and Communications would support enhancing our capabilities. I will remain in my current position and jointly lead IIJ. Recent changes of networks and systems among Japanese institutions would generate strong trends that they should require network services with high-value, and stable and wide-range of networks and systems operation. I am definitely confident that IIJ with its Internet technology expertise would enter into the next growth stage and expand corporate value further in the middle term,” 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 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>5</sup> For details, please refer to our press release titled “PFN, Mitsubishi Corporation and IIJ to Establish Joint Venture Preferred Computing Infrastructure for AI Cloud Computing” ([https://www.ij.ad.jp/en/news/pressrelease/2024/pdf/20241223\\_en.pdf](https://www.ij.ad.jp/en/news/pressrelease/2024/pdf/20241223_en.pdf)) which was announced on December 23, 2024.

<sup>6</sup> For details, please refer to our press release titled “Notice regarding Change of Representative Director” ([https://www.ij.ad.jp/en/ir/news/2025/pdf/rd\\_0109\\_E.pdf](https://www.ij.ad.jp/en/ir/news/2025/pdf/rd_0109_E.pdf)) which was announced on January 9, 2025.

## 1Q-3Q24 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

	1Q-3Q23	1Q-3Q24	YoY Change
	JPY millions	JPY millions	%
<b>Total revenues</b>	201,098	<b>229,310</b>	14.0
Network services	112,303	<b>120,109</b>	7.0
Systems integration (SI)	86,620	<b>107,003</b>	23.5
ATM operation business	2,175	<b>2,198</b>	1.1
<b>Total costs</b>	(155,145)	<b>(180,382)</b>	16.3
Network services	(80,078)	<b>(86,417)</b>	7.9
Systems integration (SI)	(73,874)	<b>(92,787)</b>	25.6
ATM operation business	(1,193)	<b>(1,178)</b>	(1.3)
<b>Total gross profit</b>	45,953	<b>48,928</b>	6.5
Network services	32,225	<b>33,692</b>	4.6
Systems integration (SI)	12,746	<b>14,216</b>	11.5
ATM operation business	982	<b>1,020</b>	3.9
<b>SG&amp;A, R&amp;D, and other operating income (expenses)</b>	(25,673)	<b>(28,223)</b>	9.9
<b>Operating profit</b>	20,280	<b>20,705</b>	2.1
<b>Profit before tax</b>	19,645	<b>20,588</b>	4.8
<b>Profit for the period attributable to owners of the parent</b>	12,979	<b>13,786</b>	6.2

(Note) Systems integration includes equipment sales.

### Segment Results Summary

	1Q-3Q23	1Q-3Q24
	JPY millions	JPY millions
<b>Total revenues</b>	201,098	<b>229,310</b>
Network services and SI business	198,984	<b>227,138</b>
ATM operation business	2,175	<b>2,198</b>
Elimination	(61)	<b>(26)</b>
<b>Operating profit</b>	20,280	<b>20,705</b>
Network services and SI business	19,489	<b>19,836</b>
ATM operation business	791	<b>869</b>
Elimination	-	<b>-</b>

## 1Q-3Q24 Revenues and Income

### Revenues

Total revenues were JPY229,310 million, up 14.0% YoY (JPY201,098 million for 1Q-3Q23).

Network services revenue was JPY120,109 million, up 7.0% YoY (JPY112,303 million for 1Q-3Q23). Part of network service prices was revised from the beginning of 3Q24.

Revenues for Internet connectivity services for enterprise were JPY36,132 million, up 8.7% YoY from JPY33,245 million for 1Q-3Q23, mainly due to increases in revenues of enterprise mobile services and IP services.

Revenues for Internet connectivity services for consumers were JPY19,880 million, up 6.3% YoY from JPY18,702 million for 1Q-3Q23, mainly due to an increase in IIJmio Mobile services revenues.

Revenues for Outsourcing services were JPY43,434 million, up 11.0% YoY from JPY39,145 million for 1Q-3Q23, mainly due to an increase in security-related services revenues.

Revenues for WAN services were JPY20,663 million, down 2.6% YoY from JPY21,211 million for 1Q-3Q23.

### Network Services Revenues Breakdown

	1Q-3Q23	1Q-3Q24	YoY Change
	JPY millions	JPY millions	%
<b>Total network services</b>	112,303	<b>120,109</b>	7.0
<b>Internet connectivity services (enterprise)</b>	33,245	<b>36,132</b>	8.7
<b>IP services (including data center connectivity services)</b>	11,933	<b>12,806</b>	7.3
<b>IIJ Mobile Services</b>	17,918	<b>19,754</b>	10.2
<b>Enterprise mobile services (IoT usages etc.)</b>	10,045	<b>11,259</b>	12.1
<b>IIJ Mobile MVNO Platform Service (MVNE)</b>	7,873	<b>8,495</b>	7.9
<b>Others</b>	3,394	<b>3,572</b>	5.2
<b>Internet connectivity services (consumer)</b>	18,702	<b>19,880</b>	6.3
<b>IIJmio Mobile Services</b>	16,221	<b>17,375</b>	7.1
<b>Others</b>	2,481	<b>2,505</b>	1.0
<b>Outsourcing services</b>	39,145	<b>43,434</b>	11.0
<b>WAN services</b>	21,211	<b>20,663</b>	(2.6)

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

	As of Dec. 31, 2023	As of Dec. 31, 2024	YoY Change
<b>Internet connectivity services (enterprise)</b>	3,497,444	<b>4,336,695</b>	839,251
<b>IP service (greater than or equal to 1Gbps) (Note 2)</b>	1,385	<b>1,460</b>	75
<b>IP service (less than 1Gbps) (Note 2)</b>	1,411	<b>1,582</b>	171
<b>IIJ Mobile Services</b>	3,396,787	<b>4,230,732</b>	833,945
<b>Enterprise mobile services (IoT usages etc.)</b>	2,249,379	<b>2,999,911</b>	750,532
<b>IIJ Mobile MVNO Platform Service (MVNE)</b>	1,147,408	<b>1,230,821</b>	83,413
<b>Others</b>	97,861	<b>102,921</b>	5,060
<b>Internet connectivity services (consumer)</b>	1,575,377	<b>1,607,052</b>	31,675
<b>IIJmio Mobile Services</b>	1,238,625	<b>1,284,309</b>	45,684
<b>Others</b>	336,752	<b>322,743</b>	(14,009)
<b>Total contracted bandwidth (Gbps) (Note 3)</b>	10,339.0	<b>11,826.1</b>	1,487.1

(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 JPY107,003 million, up 23.5% YoY (JPY86,620 million for 1Q-3Q23). Systems construction and equipment sales, a one-time revenue, was JPY46,726 million, up 39.3% YoY (JPY33,540 million for 1Q-3Q23). Systems operation and maintenance revenue, a recurring revenue, was JPY60,277 million, up 13.6% YoY (JPY53,080 million for 1Q-3Q23), mainly due to continued accumulation of systems operation orders.

Orders received for SI, including equipment sales, totaled JPY113,588 million, up 5.3% YoY (JPY107,890 million for 1Q-3Q23); orders received for systems construction and equipment sales were JPY45,485 million, up 4.8% YoY (JPY43,390 million for 1Q-3Q23), and orders received for systems operation and maintenance were JPY68,103 million, up 5.6% YoY (JPY64,500 million for 1Q-3Q23).

Order backlog for SI, including equipment sales, as of December 31, 2024 amounted to JPY115,478 million, up 11.0% YoY (JPY104,027 million as of December 31, 2023); order backlog for systems construction and equipment sales was JPY22,520 million, down 4.8% YoY (JPY23,649 million as of December 31, 2023) and order backlog for systems operation and maintenance was JPY92,958 million, up 15.7% YoY (JPY80,378 million as of December 31, 2023).

ATM operation business revenues were JPY2,198 million, up 1.1% YoY (JPY2,175 million for 1Q-3Q23).

### **Cost of sales**

Total cost of sales was JPY180,382 million, up 16.3% YoY (JPY155,145 million for 1Q-3Q23).

Cost of network services revenue was JPY86,417 million, up 7.9% YoY (JPY80,078 million for 1Q-3Q23), mainly due to an increase in license fees. There was one-time cost reimbursement, which was related to a mobile unit charge, 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 JPY33,692 million, up 4.6% YoY (JPY32,225 million for 1Q-3Q23), 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 28.1% (28.7% for 1Q-3Q23).

Cost of SI revenues, including equipment sales was JPY92,787 million, up 25.6% YoY (JPY73,874 million for 1Q-3Q23), mainly due to increases in purchasing costs, outsourcing-related costs and license fees. Gross profit was JPY14,216 million, up 11.5% YoY (JPY12,746 million for 1Q-3Q23), absorbing the cost increase related to substantial price increases of VMware products, and gross profit ratio was 13.3% (14.7% for 1Q-3Q23).

Cost of ATM operation business revenues was JPY1,178 million, down 1.3% YoY (JPY1,193 million for 1Q-3Q23). Gross profit was JPY1,020 million, up 3.9% YoY (JPY982 million for 1Q-3Q23) and gross profit ratio was 46.4% (45.1% for 1Q-3Q23).

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

Selling, general and administrative expenses, including research and development expenses, totaled JPY28,228 million, up 10.2% YoY (JPY25,621 million for 1Q-3Q23), mainly due to an increase in personnel-related expenses.

Other operating income was JPY119 million (JPY98 million for 1Q-3Q23).

Other operating expenses was JPY114 million (JPY150 million for 1Q-3Q23).

### **Operating profit**

Operating profit was JPY20,705 million (JPY20,280 million for 1Q-3Q23), up 2.1% YoY.

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

Finance income was JPY903 million, compared to JPY491 million for 1Q-3Q23. It included gains on financial instruments mainly related to funds, of JPY512 million (loss of JPY212 million for 1Q-3Q23) and foreign exchange gain of JPY144 million (gain of JPY268 million for 1Q-3Q23).

Finance expense was JPY756 million, compared to JPY704 million for 1Q-3Q23. It included interest expenses of JPY738 million (JPY456 million for 1Q-3Q23).

Share of loss of investments accounted for using equity method was JPY264 million (loss of JPY422 million for 1Q-3Q23), mainly due to loss of DeCurret Holdings, Inc. of JPY335 million, which included gain on changes in equity interest of JPY209 million.

**Profit before tax**

Profit before tax was JPY20,588 million (JPY19,645 million for 1Q-3Q23), up 4.8% YoY.

**Profit for the period**

Income tax expense was JPY6,661 million (JPY6,508 million for 1Q-3Q23). As a result, profit for the period was JPY13,927 million (JPY13,137 million for 1Q-3Q23), up 6.0% YoY.

Profit for the period attributable to non-controlling interests was JPY141 million (JPY158 million for 1Q-3Q23), mainly related to net income of Trust Networks Inc.

Profit for the period attributable to owners of parent was JPY13,786 million (JPY12,979 million for 1Q-3Q23), up 6.2% YoY.

**Comprehensive income for the period**

Comprehensive income for the period was JPY16,878 million (JPY15,800 million for 1Q-3Q23), up 6.8% YoY, mainly due to an increase in the market value of investment securities and others of JPY2,429 million (JPY2,015 million for 1Q-3Q23).

Comprehensive income for the period attributable to owners of parent was JPY16,737 million (JPY15,642 million for 1Q-3Q23), up 7.0% YoY.

## Financial Position as of December 31, 2024

As of December 31, 2024, the balance of total assets was JPY307,666 million, increased by JPY33,953 million from the balance as of March 31, 2024 of JPY273,713 million.

As of December 31, 2024, the balance of current assets was JPY127,917 million, increased by JPY8,028 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 JPY10,660 million to JPY34,814 million, trade receivables increased by JPY1,397 million to JPY47,080 million, prepaid expenses increased by JPY8,915 million to JPY28,999 million mainly due to increases in project costs for customers, license fees and equipment-related costs, contract assets increased by JPY3,814 million to JPY6,924 million, and inventories increased by JPY3,278 million to JPY6,505 million.

As of December 31, 2024, the balance of non-current assets was JPY179,749 million, increased by JPY25,925 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 JPY3,825 million to JPY32,897 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 JPY1,698 million to JPY42,940 million mainly due to acquisition, intangible assets increased by JPY2,000 million to JPY20,357 million, prepaid expenses increased by JPY8,776 million to JPY28,188 million mainly due to increases in project costs for customers, license fees and equipment-related costs, and investment securities (equity) increased by JPY3,645 million to JPY18,208 million.

As of December 31, 2024, the balance of current liabilities was JPY109,693 million, increased by JPY11,335 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 JPY5,095 million to JPY30,530 million, borrowings increased by JPY3,502 million to JPY33,635 million mainly due to an increase of JPY7,000 million from bank borrowings, a decrease of JPY3,548 million from repayment and an increase of JPY47 million owing to a transfer from non-current liabilities, contract liabilities increased by JPY2,983 million to JPY15,668 million and other financial liabilities increased by JPY1,613 million to JPY19,648 million.

As of December 31, 2024, the balance of non-current liabilities was JPY60,052 million, increased by JPY11,729 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 JPY1,557 million to JPY10,109 million and other financial liabilities increased by JPY7,996 million to JPY39,099 million mainly due to an increase of account payable-noncurrent.

As of December 31, 2024, the balance of total equity attributable to owners of the parent was JPY136,548 million, increased by JPY10,797 million from the balance as of March 31, 2024 of JPY125,751 million. Ratio of owners' equity to total assets was 44.4% as of December 31, 2024.

## 1Q-3Q24 Cash Flows

Cash and cash equivalents as of December 31, 2024 were JPY34,814 million (JPY41,419 million as of December 31, 2023).

Net cash provided by operating activities for 1Q-3Q24 was JPY19,329 million (net cash provided by operating activities of JPY27,587 million for 1Q-3Q23). There were profit before tax of JPY20,588 million (JPY19,645 million for 1Q-3Q23), depreciation and amortization of JPY23,280 million (JPY21,929 million for 1Q-3Q23), including JPY8,998 million (JPY8,868 million for 1Q-3Q23) of depreciation of right-of-use operating lease assets under IFRS 16, and income taxes paid of JPY9,400 million (JPY7,897 million for 1Q-3Q23). Regarding changes in working capital, there was net cash out of JPY17,122 million compared to net cash out of JPY6,931 million for 1Q-3Q23, mainly due to an increase in payments of prepaid expenses.

Net cash used in investing activities for 1Q-3Q24 was JPY17,875 million (net cash used in investing activities of JPY13,060 million for 1Q-3Q23), mainly due to payments for purchases of tangible assets, such as assets related to Matsue Data Center Park, of JPY9,711 million (JPY8,261 million for 1Q-3Q23) and purchases of intangible assets, such as software, of JPY6,267 million (JPY5,778 million for 1Q-3Q23).

Net cash used in financing activities for 1Q-3Q24 was JPY12,459 million (net cash used in financing activities of JPY16,065 million for 1Q-3Q23), mainly due to payments of other financial liabilities of JPY17,502 million (JPY15,053 million for 1Q-3Q23), 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 JPY7,770 million (JPY6,371 million for 1Q-3Q23), net increase in short-term borrowings of JPY7,000 million (JPY11,800 million for 1Q-3Q23 mainly due to bank borrowings relating to the acquisition of treasury shares), dividends paid of JPY6,134 million (JPY5,682 million for 1Q-3Q23) and repayments of long-term bank borrowings of JPY3,548 million (JPY2,045 million for 1Q-3Q23).

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

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As for the 1Q-3Q24 consolidated financial results, consolidated revenues aligned with our forecasts with systems integration revenues exceeding our expectations while network service revenue falling short of them. Although operating profit fell short of our expectations, net profit aligned with our forecasts. The full-year forecasts are largely dependent on the fourth quarter results due to seasonality every year in general, and the FY2024 consolidated financial targets remain unchanged.

## **Presentation**

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Presentation materials will be posted on our web site (<https://www.ij.ad.jp/en/ir/>) on February 7, 2025.

## **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.

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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 Consolidated Statements of Financial Position (Unaudited)

	March 31, 2024	December 31, 2024
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	45,474	34,814
Trade receivables	45,683	47,080
Inventories	3,227	6,505
Prepaid expenses	20,084	28,999
Contract assets	3,110	6,924
Other financial assets	1,532	3,161
Other current assets	779	434
Total current assets	119,889	127,917
Non-current assets		
Tangible assets	29,072	32,897
Right-of-use assets	41,242	42,940
Goodwill	10,328	10,497
Intangible assets	18,357	20,357
Investments accounted for using equity method	5,169	6,780
Prepaid expenses	19,412	28,188
Contract assets	108	73
Investment securities (Equity)	14,563	18,208
Other investments	9,805	10,982
Deferred tax assets	290	301
Other financial assets	5,210	8,207
Other non-current assets	268	319
Total non-current assets	153,824	179,749
Total assets	273,713	307,666

	March 31, 2024	December 31, 2024
	Millions of yen	Millions of yen
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	25,435	30,530
Borrowings	30,133	33,635
Income taxes payable	5,328	2,598
Provisions	-	303
Contract liabilities	12,685	15,668
Deferred income	56	48
Other financial liabilities	18,035	19,648
Other current liabilities	6,686	7,263
Total current liabilities	98,358	109,693
Non-current liabilities		
Borrowings	47	-
Retirement benefit liabilities	4,991	5,335
Provisions	901	1,583
Contract liabilities	8,552	10,109
Deferred income	237	216
Deferred tax liabilities	1,483	2,605
Other financial liabilities	31,103	39,099
Other non-current liabilities	1,009	1,105
Total non-current liabilities	48,323	60,052
Total liabilities	146,681	169,745
Equity		
Share capital	25,562	25,577
Share premium	35,737	35,799
Retained earnings	65,616	73,247
Other components of equity	10,863	13,835
Treasury shares	(12,027)	(11,910)
Total equity attributable to owners of the parent	125,751	136,548
Non-controlling interests	1,281	1,373
Total equity	127,032	137,921
Total liabilities and equity	273,713	307,666

# Condensed Consolidated Statements of Profit or Loss (Unaudited)

	Nine Months Ended December 31, 2023	Nine Months Ended December 31, 2024
	Millions of yen	Millions of yen
Revenues		
Network services	112,303	120,109
Systems integration	86,620	107,003
ATM operation business	2,175	2,198
Total revenues	201,098	229,310
Cost of sales		
Cost of network services	(80,078)	(86,417)
Cost of systems integration	(73,874)	(92,787)
Cost of ATM operation business	(1,193)	(1,178)
Total cost of sales	(155,145)	(180,382)
Gross Profit	45,953	48,928
Selling, general and administrative expenses	(25,621)	(28,228)
Other operating income	98	119
Other operating expenses	(150)	(114)
Operating Profit	20,280	20,705
Finance income	491	903
Finance expenses	(704)	(756)
Share of profit (loss) of investments accounted for using equity method	(422)	(264)
Profit (loss) before tax	19,645	20,588
Income tax expense	(6,508)	(6,661)
Profit (loss) for the period	13,137	13,927
Profit (loss) for the period attributable to:		
Owners of the parent	12,979	13,786
Non-controlling interests	158	141
Total	13,137	13,927
Earnings per share		
Basic earnings per share (yen)	73.10	77.93
Diluted earnings per share (yen)	72.72	77.53

## Condensed Consolidated Statements of Comprehensive Income (Unaudited)

	Nine Months Ended December 31, 2023	Nine Months Ended December 31, 2024
	Millions of yen	Millions of yen
Profit (loss)	13,137	13,927
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	2,015	2,429
Total items that will not be reclassified to profit or loss	2,015	2,429
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	613	513
Share of other comprehensive income of investments accounted for using equity method	35	9
Total of items that may be reclassified to profit or loss	648	522
Total other comprehensive income, net of tax	2,663	2,951
Other comprehensive income	15,800	16,878
Other comprehensive income attributable to:		
Owners of the parent	15,642	16,737
Non-controlling interest	158	141
Other comprehensive income	15,800	16,878

Condensed Consolidated Statements of Changes in Shareholders' Equity (Unaudited)

Nine months ended December 31, 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)	-	-	12,979	-	-	12,979	158	13,137
Other comprehensive income	-	-	-	2,663	-	2,663	-	2,663
Total comprehensive income	-	-	12,979	2,663	-	15,642	158	15,800
Transactions with owners								
Purchase of treasury shares	-	-	-	-	(11,405)	(11,405)	-	(11,405)
Disposal of treasury shares	-	17	-	-	80	97	-	97
Cancellation of treasury shares	-	(1,129)	-	-	1,129	-	-	-
Dividends paid	-	-	(5,682)	-	-	(5,682)	(49)	(5,731)
Stock-based compensation	-	59	-	-	-	59	-	59
Transfer from other components of equity to retained earnings	-	-	201	(201)	-	-	-	-
Total transactions with owners	-	(1,053)	(5,481)	(201)	(10,196)	(16,931)	(49)	(16,980)
Balance, December 31, 2023	25,562	35,685	58,700	9,033	(12,027)	116,953	1,294	118,247

Nine months ended December 31, 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)	-	-	13,786	-	-	13,786	141	13,927
Other comprehensive income	-	-	-	2,951	-	2,951	-	2,951
Total comprehensive income	-	-	13,786	2,951	-	16,737	141	16,878
Transactions with owners								
Issuance of common stock	15	(15)	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	(0)	(0)	-	(0)
Disposal of treasury shares	-	(15)	-	-	117	102	-	102
Dividends paid	-	-	(6,134)	-	-	(6,134)	(49)	(6,183)
Stock-based compensation	-	92	-	-	-	92	-	92
Transfer from other components of equity to retained earnings	-	-	(21)	21	-	-	-	-
Total transactions with owners	15	62	(6,155)	21	117	(5,940)	(49)	(5,989)
Balance, December 31, 2024	25,577	35,799	73,247	13,835	(11,910)	136,548	1,373	137,921

## Condensed Consolidated Statements of Cash Flows (Unaudited)

	Nine Months Ended December 31, 2023	Nine Months Ended December 31, 2024
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit (loss) before tax	19,645	20,588
Adjustments		
Depreciation and amortization	21,929	23,280
Loss (gain) on sales/disposals of property and equipment	53	84
Shares of loss (profit) of investments accounted for using equity method	422	264
Finance income	(491)	(903)
Finance expenses	704	756
Other	310	2,242
Changes in working capital		
Decrease (increase) in trade receivables	(2,495)	(1,252)
Decrease (increase) in inventories	(430)	(3,172)
Decrease (increase) in prepaid expenses	(8,991)	(17,408)
Decrease (increase) in contract assets	(2,035)	(3,778)
Decrease (increase) in other assets	(861)	353
Decrease (increase) in other financial assets	307	(4,017)
Increase (decrease) in trade and other payables	4,099	5,151
Increase (decrease) in contract liabilities	1,967	4,260
Increase (decrease) in deferred income	22	12
Increase (decrease) in provisions	-	809
Increase (decrease) in other liabilities	158	642
Increase (decrease) in other financial liabilities	1,008	934
Increase (decrease) in retirement benefit liabilities	320	344
Subtotal	35,641	29,189
Interest and dividends received	304	282
Interest paid	(461)	(742)
Income taxes paid	(7,897)	(9,400)
Cash flows from operating activities	27,587	19,329

	Nine Months Ended December 31, 2023	Nine Months Ended December 31, 2024
	Millions of yen	Millions of yen
Cash flows from investing activities		
Purchases of tangible assets	(8,261)	(9,711)
Proceeds from sales of tangible assets	558	1,112
Purchases of intangible assets	(5,778)	(6,267)
Proceeds from sales of intangible assets	624	-
Purchase of a subsidiary	(29)	-
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	(685)	(779)
Proceeds from sales of other investments	72	16
Payments for leasehold deposits and guarantee deposits	(348)	(289)
Proceeds from collection of leasehold deposits and guarantee deposits	91	129
Payments for refundable insurance policies	(56)	(56)
Proceeds from refundable insurance policies	391	-
Other	4	(5)
Cash flows from investing activities	(13,060)	(17,875)
Cash flows from financing activities		
Repayment of long-term borrowings	(2,045)	(3,548)
Net increase (decrease) in short-term borrowings	11,800	7,000
Purchase of treasury shares	(11,405)	(0)
Proceeds from other financial liabilities	6,371	7,770
Payments of other financial liabilities	(15,053)	(17,502)
Dividends paid	(5,682)	(6,134)
Other	(51)	(45)
Cash flows from financing activities	(16,065)	(12,459)
Effect of exchange rate changes on cash and cash equivalents	485	345
Net increase (decrease) in cash and cash equivalents	(1,053)	(10,660)
Cash and cash equivalents, beginning of the period	42,472	45,474
Cash and cash equivalents, end of the period	41,419	34,814

## Notes to Condensed Consolidated Financial Statements (Unaudited)

### Going Concern Assumption

Nothing to be reported.

### Changes in Accounting Policies

The Company has adopted the following standards from the nine months ended December 31, 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 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:

Nine months ended December 31, 2023

	Reportable segments		Adjustments	Consolidated
	Network service and systems integration business	ATM operation business		
	JPY millions	JPY millions	JPY millions	JPY millions
Revenue				
Customers	198,923	2,175	—	201,098
Intersegment transactions	61	—	(61)	—
Total revenue	198,984	2,175	(61)	201,098
Segment operating profit	19,489	791	—	20,280
Finance income				491
Finance expense				(704)
Share of profit (loss) of investments accounted for using the equity method				(422)
Profit before tax				19,645

Nine months ended December 31, 2024

	Reportable segments		Adjustments	Consolidated
	Network service and systems integration business	ATM operation business		
	JPY millions	JPY millions	JPY millions	JPY millions
Revenue				
Customers	227,112	2,198	—	229,310
Intersegment transactions	26	—	(26)	—
Total revenue	227,138	2,198	(26)	229,310
Segment operating profit	19,836	869	—	20,705
Finance income				903
Finance expense				(756)
Share of profit (loss) of investments accounted for using the equity method				(264)
Profit before tax				20,588

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 nine months ended December 31, 2024 (“1Q-3Q24”) in the form defined by the Tokyo Stock Exchange.

## Consolidated Financial Results for the Nine Months ended December 31, 2024 [Under IFRS]

February 7, 2025

Company name: Internet Initiative Japan Inc.

Exchange listed: Tokyo Stock Exchange

Ticker symbol: 3774

URL: <https://www.iij.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 dividend payment: -

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 Nine Months ended December 31, 2024 (April 1, 2024 to December 31, 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		Comprehensive income for the period	
	JPY millions	%	JPY millions	%	JPY millions	%	JPY millions	%	JPY millions	%	JPY millions	%
Nine Months ended December 31, 2024	229,310	14.0	20,705	2.1	20,588	4.8	13,927	6.0	13,786	6.2	16,878	6.8
Nine Months ended December 31, 2023	201,098	8.5	20,280	7.9	19,645	3.3	13,137	1.3	12,979	1.0	15,800	18.7

	Basic earnings per share		Diluted earnings per share	
	JPY		JPY	
Nine Months ended December 31, 2024	77.93		77.53	
Nine Months ended December 31, 2023	73.10		72.72	

#### (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 December 31, 2024	307,666	137,921	136,548	44.4
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
- As for the details about our financial targets for the fiscal year ending March 31, 2025, please refer to “Future Prospects including FY2024 Financial Targets” which is disclosed on page 8 of this earnings release.

\* Notes:

(1) Changes in significant subsidiaries: None

(2) Changes in accounting policies and estimate

- Changes in accounting policies required by IFRS: Yes
- Other changes in accounting policies: None
- Changes in accounting estimates: None

As for the details, please refer to “Changes in Accounting Policies” in Notes to Condensed 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 December 31, 2024: 183,184,884 shares

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

ii. Number of treasury stock:

As of December 31, 2024: 6,268,144 shares

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

iii. Number of weighted average common shares outstanding:

For the Nine months ended December 31, 2024: 176,896,528 shares

For the Nine months ended December 31, 2023: 177,543,000 shares

\* Review of quarterly 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 February 7, 2025. 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 February 7, 2025.