

**Convocation Notice of the 32<sup>nd</sup>**  
**Ordinary General Meeting of Shareholders**

**of**

**Internet Initiative Japan Inc.**

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This document is an English translation of the “Convocation notice of the 32nd ordinary general meeting of shareholders” (“*Dai san-jyu-nikai teiji kabunushi sokai shoshu gotsuchi*”) of Internet Initiative Japan Inc. (“IIJ” or “the Company”) to be held on June 27, 2024.

## **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 IJJ, 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: IJJ'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 32nd 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 IJJ and attend the ordinary general meeting of shareholders of IJJ.

## To our shareholders



A large, bold, black handwritten signature of Koichi Suzuki.

Koichi Suzuki  
Chairman & Co-CEO

A large, black handwritten signature of Eijiro Katsu.

Eijiro Katsu  
President & Co-CEO & COO

We would like to express our gratitude for your continued support.

The consolidated fiscal year ended March 31, 2024 (“FY2023”) was the final fiscal year of our group’s three-year mid-term plan. During these three years, IT utilization among Japanese enterprises, which had generally been slow to progress, has rapidly accelerated, triggered by the COVID-19, and strong demands have continued even after its pandemic subsided. In such a market environment, compared to the final fiscal year of the previous mid-term plan, FY2023 consolidated total revenue increased approximately 1.3 times to JPY276.1 billion, operating profit increased approximately 2.0 times to JPY29.0 billion, and operating profit margin increased from 6.7% to 10.5% mainly due to an increase in gross profit margin from the accumulation of monthly network service revenue and an increase in revenue from systems integration. The number of employees at the end of FY2023 also increased approximately 1.3 times to 4,803 personnel over the three years. Recently, we have acquired many complex and large-scale projects with multi-year contracts through “Service Integration” model by which we incorporate our monthly network services into systems integration mainly due to strong demands of large-scale internal and external network construction projects, and we will continuously accelerate our business growth.

We have formulated and disclosed the Mid-to-Long Term Vision that includes growth to consolidated total revenue volume of JPY500.0 billion as a milestone we should aim for in the mid-to-long term. We have also formulated “IIJ Group Mid-term Plan (FY2024-FY2026)” as an important growth path and process to reach toward the Mid-to-Long Term Vision. The new mid-term plan has three pillars: further enhancement of the existing core business areas mainly through the Service Integration strategy, creation of new growth area, and an enhancement of business foundation, particularly human capital. We aim to increase consolidated total revenue to JPY380.0 billion and operating profit to JPY46.0 billion in FY2026. Through these realizations, we will strive to further develop Japan’s network society, and enhance the business growth and corporate value of our group.

We sincerely appreciate your continued understanding and support.

## **TRANSLATION**

Securities code: 3774

June 7, 2024

(Start date of measures for provision in electronic format: June 1, 2024)

TO OUR SHAREHOLDERS:

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

### **CONVOCAION NOTICE OF THE 32nd ORDINARY GENERAL MEETING OF SHAREHOLDERS**

We are pleased to announce the 32nd 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 32nd ordinary general meeting of shareholders.”

<https://www.ij.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 Tuesday, June 26, 2024 (JST).

- 1. Date and Time:** Wednesday, June 27, 2024 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 32nd term (from April 1, 2023 to March 31, 2024)
2. Non-consolidated financial statements for the 32nd term (from April 1, 2023 to March 31, 2024)

#### **Subjects to be Resolved:**

- Item 1: Appropriation of Retained Earnings
- Item 2: Election of Twelve (12) Directors
- Item 3: Election of Three (3) Company Auditors
- Item 4: Amendment to the Amount of Compensation, etc. Given to Directors
- Item 5: Determination of Remuneration for Granting of Restricted Stock Remuneration to Directors  
(Limited to Executive Directors)

**Notice to Shareholders:**

With regard to the documents attached 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 IIJ's web site at <https://www.ij.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

IJJ 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 IJJ'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, IJJ proposes that the year-end dividend be distributed as follows.

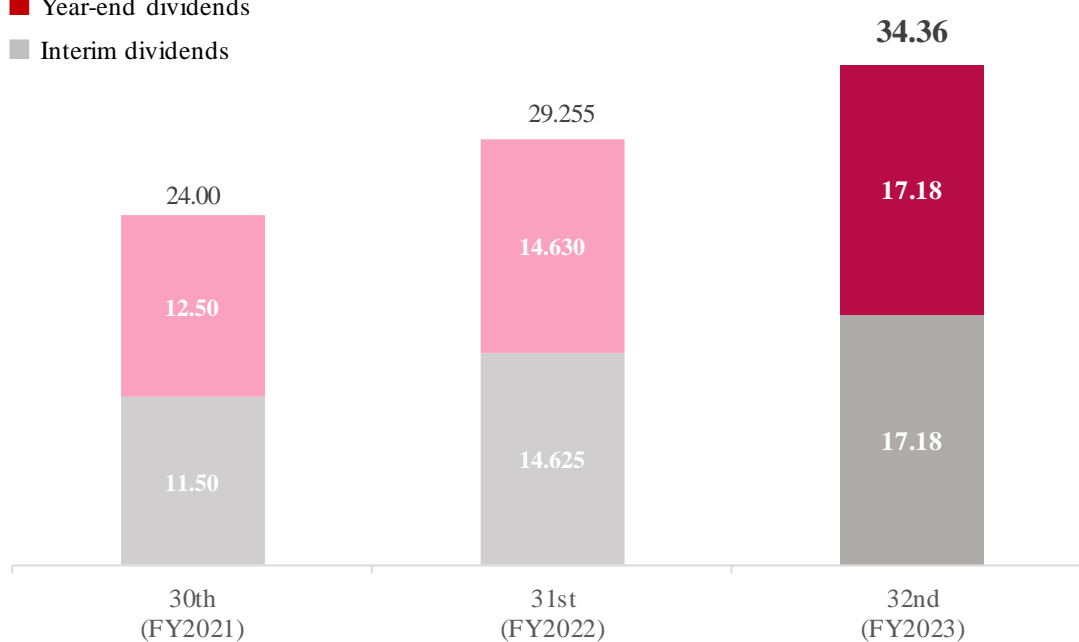
If this Item 1 is approved and resolved as proposed, the annual amount of the dividends for this fiscal year ended March 31, 2024 will be JPY (Japanese yen) 34.36 per share, including the interim dividend paid in the amount of JPY 17.18 per share in December 2023.

1. Type of dividend property  
Cash
2. Proposed appropriation of dividend assets to shareholders and total amount of dividend payment  
JPY 17.18 per share of common stock of IJJ  
Total amount of dividend payment: JPY 3,037,620,059
3. Effective date of dividend payment  
June 28, 2024

### (Reference) Historical Dividends per Share

(Unit: JPY)

- Year-end dividends
- Interim dividends



\* IJJ conducted a two-for-one stock split of its common stock on October 1, 2022. The interim and year-end dividends for the 30th fiscal year and the interim dividends for the 31st fiscal year represent the dividend per share after taking into account the stock split.

**Item 2****Election of Twelve (12) Directors**

As the term of office of all of the fourteen (14) 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 two (2) and that twelve (12) Directors be reappointed, with the aim of improving the balance between management and business execution, and 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	Eijiro Katsu <Reelection>	Male	Representative Director President, Executive Officer and Co-CEO & COO	12/12
3	Satoshi Murabayashi <Reelection>	Male	Member of the Board Executive Vice President, Executive Officer	12/12
4	Yasuhiko Taniwaki <Reelection>	Male	Member of the Board Executive Vice President, Executive Officer	12/12
5	Koichi Kitamura <Reelection>	Male	Member of the Board Senior Managing Executive Officer Unit Director of Business Unit	12/12
6	Akihisa Watai <Reelection>	Male	Member of the Board Senior Managing Executive Officer and CFO Division Director of Financial Division	12/12
7	Junichi Shimagami <Reelection>	Male	Member of the Board Senior Managing Executive Officer and CTO Unit Director of Technology Unit	12/12
8	Takashi Tsukamoto <Reelection> <Outside> <Independent>	Male	Outside Director	12/12
9	Kazuo Tsukuda <Reelection> <Outside> <Independent>	Male	Outside Director	10/12
10	Yoichiro Iwama <Reelection> <Outside> <Independent>	Male	Outside Director	11/12
11	Atsushi Okamoto <Reelection> <Outside> <Independent>	Male	Outside Director	12/12
12	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		○	○		○	○		○
Eijiro Katsu		○	○			○		○
Satoshi Murabayashi		○	○		○			○
Yasuhiko Taniwaki			○		○	○		○
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

(September 3, 1946)

<Reelection>



■ Number of Shares Owned  
7,403,589

### 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 Eijiro Katsu

(June 19, 1950)

<Reelection>



■ Number of Shares Owned  
210,795

### Career & current positions in and outside IJJ

April 1975	Joined Ministry of Finance ("MOF")
July 2007	Director-General of the Financial Bureau, MOF
July 2008	Deputy Vice Minister, MOF
July 2009	Director-General, Budget Bureau, MOF
July 2010	Vice Minister of Finance
August 2012	Resigned from MOF
November 2012	Special Advisor of IJJ
June 2013	President, Representative Director and COO of IJJ
April 2021	President, Representative Director and Co-CEO & COO of IJJ
April 2024	Representative Director, President, Executive Officer and Co-CEO & COO of IJJ (current position)

### ■ Reasons for selection as candidate

Mr. Eijiro Katsu, a candidate for Director, is presently the Representative Director, President, Executive Officer and Co-CEO & COO of IJJ. He uses the abundant experience that he acquired as a President and Representative Director over many years and the profound knowledge that he acquired as an administrative officer 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

### 3 Satoshi Murabayashi

(November 8, 1958)

<Reelection>



■ Number of Shares Owned  
5,819

#### Career & current positions in and outside IJ

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	Member of the Board, Executive Vice President of IJ
April 2022	President and Representative Director of DeCurret Holdings Inc. (current position)
April 2024	Director, Executive Vice President and Executive Officer of IJ (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 IJ, with responsibilities that include business development, sales activities and being in charge of the Corporate Planning Division, and as President and Representative Director of DeCurret Holdings, Inc., an important equity-method affiliate of IJ. IJ therefore proposes to continue to nominate him as a candidate for Director.

Candidate  
number

### 4 Yasuhiko Taniwaki

(September 11, 1960)

<Reelection>



■ Number of Shares Owned  
2,617

#### Career & current positions in and outside IJ

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 IJ
June 2022	Executive Vice President and Director of IJ
April 2024	Member of the Board, Executive Vice President and Executive Officer of IJ (current position)

#### ■ Reasons for selection as candidate

Mr. Yasuhiko Taniwaki, a candidate for Director, has held key positions such as Vice-Minister for Policy Coordination of Posts and Telecommunications of the MIC. He uses his extensive knowledge in the telecommunications business and information security field to serve as Director, Executive Vice President and Executive Officer of IJ, with responsibilities that include public relations activities, sales activities and being in charge of the Administrative Division. IJ therefore proposes to continue to nominate him as a candidate for Director.

Candidate  
number

## 5 Koichi Kitamura

(May 12, 1954)

<Reelection>



■ Number of Shares Owned  
10,798

### Career & current positions in and outside IJJ

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 IJJ
April 2021	Senior Managing Executive Officer and Business Unit Director of IJJ
June 2021	Senior Managing Director and Business Unit Director of IJJ
April 2024	Member of the Board, Senior Managing Executive Officer and Business Unit Director of IJJ (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 IJJ, and is presently Business Unit Director of IJJ. 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. IJJ therefore proposes to continue to nominate him as a candidate for Director.

Candidate  
number

## 6 Akihisa Watai

(September 30, 1965)

<Reelection>



■ Number of Shares Owned  
68,157

### 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	Member of the Board, Senior Managing Executive Officer and Chief Financial Officer of IJJ (current position)

### ■ Reasons for selection as candidate

Mr. Akihisa Watai, a candidate for Director, is presently 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

## 7 Junichi Shimagami

(April 17, 1967)

<Reelection>



■ Number of Shares Owned  
51,557

### Career & current positions in and outside IJ

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

### ■ Reasons for selection as candidate

Mr. Junichi Shimagami, a candidate for Director, is presently the CTO and the Unit Director of the Technology Unit of IJ. 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. IJ therefore proposes to continue to nominate him as a candidate for Director.

Candidate  
number

## 8 Takashi Tsukamoto

(August 2, 1950)

<Reelection>  
<Outside>  
<Independent>



■ Number of Shares Owned  
12,300

### Career & current positions in and outside IJ

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 IJ (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 IJ since June 2017, and has provided useful advice and supervision to IJ's management. IJ therefore proposes to continue to nominate him as a candidate for Outside Director. His total term of office as an Outside Director will be seven (7) years at the conclusion of this Ordinary General Meeting of Shareholders.

### ■ Independence

IJ 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 IJ's consolidated net sales. In addition, since more than ten (10) years have elapsed since he left his executive positions at these companies, IJ believes that he is sufficiently independent.

Candidate  
number

## 9 Kazuo Tsukuda

(September 1, 1943)

<Reelection>  
<Outside>  
<Independent>



■ Number of Shares Owned  
2,700

### Career & current positions in and outside IJ

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 IJ (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 IJ since June 2020, and has provided useful advice and supervision to IJ's management. IJ 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

IJ 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 IJ's consolidated net sales, IJ believes that he is sufficiently independent.

Candidate  
number

## 10 Yoichiro Iwama

(September 15, 1943)

<Reelection>  
<Outside>  
<Independent>



■ Number of Shares Owned  
2,400

### Career & current positions in and outside IJ

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 IJ (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 IJ since June 2021, and has provided useful advice and supervision to IJ's management. IJ 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

IJ 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 IJ's consolidated net sales, IJ believes that he is sufficiently independent.

Candidate number **11** Atsushi Okamoto

(March 26, 1954)

<Reelection>  
<Outside>  
<Independent>



■ Number of Shares Owned  
1,300

Career & current positions in and outside IJJ

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 IJJ (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 IJJ since June 2022, 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 two (2) years at the conclusion of this Ordinary General Meeting of Shareholders.

■ Independence

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

Candidate number **12** Kaori Tonosu

(December 24, 1961)

<Reelection>  
<Outside>  
<Independent>



■ Number of Shares Owned  
200

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 two (2) 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 1.3% 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) 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. Eijiro Katsu	Outside Director of Nippon Television Holdings Inc., Nippon Television Network Corporation and ANA HOLDINGS INC.
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.
Mr. Atsushi Okamoto	Outside Director of NetAdvance Inc.
Ms. Kaori Tonosu	Outside Director of Japan Post Insurance Co., Ltd.

### Item 3

## Election of Three (3) Company Auditors

As the term of office of three (3) incumbent Company Auditors, Kazuhiro Ohira, Takashi Michishita and Koichi Uchiyama will expire at the close of this Ordinary General Meeting of Shareholders, it is proposed that one (1) Company Auditor be reelected and two (2) new Company Auditors be elected.

The candidates for the positions of Company Auditors are as follows:

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

Candidate  
number

### 1 Masayoshi Tobita

<New election>

(April 12, 1959)



■ Number of Shares Owned  
104,724

#### Career & current positions in and outside IJ

April 1983	Joined ITOCHU Corporation
April 2001	Joined IJ Technology Inc. (Merged with IJ in April 2010)
June 2002	Director of the same
June 2006	Managing Director of the same
April 2010	Executive Managing Officer of IJ
April 2015	Division director of Administrative Division of IJ

#### ■ Reasons for selection as candidate for Company Auditor

Mr. Masayoshi Tobita would be appropriate for the role of auditing the performance of the duties of the Directors as he has extensive experience and wide-ranging insight in the fields of human resources and internal control as the head of IJ's administrative department. IJ therefore proposes to nominate him as a candidate for Company Auditor.

Candidate  
number

### 2 Takashi Michishita

<Reelection>  
<Outside>  
<Independent>

(February 1, 1969)



■ Number of Shares Owned  
0

#### Career & current positions in and outside IJ

April 1994	Admitted, Tokyo Bar Association, joined Asahi Law Office
July 2002	Partner of the same
July 2007	Partner of Nishimura & Asahi
August 2012	Partner of Nishimura & Asahi LPC
June 2016	Company Auditor of IJ (current position)
April 2019	Partner of Nishimura & Asahi (Gaikokuho Kyodo Jigyo) (current position)

#### ■ Important concurrent posts

Partner of Nishimura & Asahi (Gaikokuho Kyodo Jigyo)

#### ■ Reasons for selection as candidate for Outside Company Auditor

Mr. Takashi Michishita has many years of experience as a lawyer and professional knowledge of legal matters.

He has been appointed as an Outside Company Auditor of IJ since June 2016, and has provided useful advice and supervision to IJ's management. IJ therefore proposes to continue to nominate him as a candidate for Outside Company Auditor. His total term of office as an Outside Company Auditor will be eight (8) years at the conclusion of this Ordinary General Meeting of Shareholders.

#### ■ Independence

IJ Group has business transactions with Nishimura & Asahi (Gaikokuho Kyodo Jigyo), at which he holds an executive position. However, since the total amount of these transactions is less than 1% of IJ's consolidated net sales, IJ believes that he is sufficiently independent.



Candidate  
number

### 3 Kumiko Aso

(February 20, 1958)

<New election>  
<Outside>  
<Independent>



■ Number of Shares Owned  
0

#### Career & current positions in and outside IJJ

April 1981	Joined Deloitte Haskins & Sells, Tokyo Office (currently Deloitte Touche Tohmatsu LLC)
July 1993	Promoted to Partner, Deloitte Touche Tohmatsu, Tokyo (currently Deloitte Touche Tohmatsu LLC)
July 2022	Resigned from Deloitte Touche Tohmatsu LLC

#### ■ Reasons for selection as candidate for Outside Company Auditor

Although Ms. Kumiko Aso has not engaged in the management of a company other than through being an Outside Officer in the past, she is expected to have the ability to execute the duties of an Outside Company Auditor properly with her many years of experience as a Certified Public Accountant and her professional knowledge of finance. IJJ therefore proposes to nominate her as a candidate for Outside Company Auditor.

#### ■ 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 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 Mr. Takashi Michishita 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 he is bona fide and without gross negligence in performing his duties. As the said Liability Limitation Agreement will terminate upon the expiration of his current term of office as Outside Company Auditor, a new Liability Limitation Agreement with the same content is scheduled to be entered into after his assumption of the office of Outside Company Auditor. If Ms. Kumiko Aso is elected as an Outside Company Auditor, IJJ plans to newly enter into a Liability Limitation Agreement with the same content.
- (3) IJJ has made filings with the Tokyo Stock Exchange with regard to the appointment of Mr. Takashi Michishita as an Independent Auditor, whose appointment is required to be secured by the Tokyo Stock Exchange. If he is reappointed as IJJ's Company Auditor, IJJ will continue to appoint him as an Independent Auditor. If Ms. Kumiko Aso is appointed as IJJ's Company Auditor, IJJ will appoint her as an Independent Auditor.
- (4) Mr. Takashi Michishita 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 he 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 1.3% of the premiums depending on his or her position. If this Item 3 is approved and resolved as proposed, all the candidates, including the new 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) The candidates for Company Auditors who concurrently serve as Outside Directors and Company Auditors of other companies (excluding subsidiaries and affiliates of IJJ) are as follows:  
Ms. Kumiko Aso                      Outside Company Auditor of Prudential Holdings of Japan, Inc., Nikki Co., Ltd.

**Item 4****Amendment to the Amount of Compensation, etc. Given to Directors**

It was approved at the 29th Ordinary General Meeting of Shareholders held on June 29, 2021 that the total amount of the compensation of the members of the board of directors will be “JPY600 million or less per year (including JPY50 million or less per year for Outside Directors).”

It is hereby proposed that the amount of the remuneration for the granting of restricted stock remuneration to be approved in Item 5, “Determination of Remuneration for Granting of Restricted Stock Remuneration to Directors (Limited to Executive Directors),” be a separate amount from the above-mentioned compensation, and the amount of the monetary-portion of the annual compensation, etc. for the Directors be “JPY600 million or less per year (including JPY50 million or less per year for Outside Directors).”

Furthermore, the amount of the compensation, etc. for the Directors who provide services to IJJ as employees will not include the salary and bonuses paid to them in their capacity as employees, as per IJJ’s usual policy. The aforesaid amount will also not include their retirement allowance. An outline of IJJ’s policy on decisions regarding individual remuneration, etc. for Directors is set forth on page 40 of the Business Report, and IJJ resolved at the board of directors meeting held on May 24, 2024 to amend the policy on decisions regarding individual remuneration, etc. for Directors, on the condition that this Item 4 and Item 5 are approved at a General Meeting of Shareholders, and an outline of the amended policy on decisions is set forth on page 21. This Item is a proposal to amend the authorized range of compensation, etc. for Directors, and IJJ has judged that the authorized range of compensation is necessary and reasonable in content, and appropriate, in light of the standards for calculating individual remuneration, etc. that are provided in the said policy, and the scale of the number of Directors eligible for the remuneration, etc.

In addition, currently, there are fourteen (14) Directors (including five (5) Outside Directors), but if Item 2 is approved and resolved as proposed, the number of Directors will become twelve (12) (including five (5) Outside Directors).

## Determination of Remuneration for Granting of Restricted Stock Remuneration to Directors (Limited to Executive Directors)

It was approved at the 29th Ordinary General Meeting of Shareholders held on June 29, 2021 that the total amount of remuneration of the members of the board of directors will be “JPY600 million or less per year (including JPY50 million or less per year for Outside Directors).” In addition, it was approved at the 19th Ordinary General Meeting of Shareholders held on June 28, 2011 to issue, as an alternative to the previous payment of retirement allowance for members of the board of directors, stock-compensation-type stock options to members of the board of directors (excluding Part-time and Outside directors) within the said limit on the amount of remuneration of the members of the board of directors, and it was approved at the 28th Ordinary General Meeting of Shareholders held on June 24, 2020 to pay, as an alternative to the previous payment of a single-year performance bonus, remuneration for the granting of shares of stock with a transfer restriction, to the members of the board of directors (excluding Part-time and Outside directors) within the said limit on the amount of remuneration of the members of the board of directors.

In order to optimally incentivize the increase of IJJ’s corporate value over the medium to long term pursuant to the achievement of the goals set forth in the new medium-term plan announced on May 10, 2024 (such new medium-term plan and subsequent medium-term plans to be formulated after the end of the period of the said plan are hereinafter collectively referred to as the “Mid-term Plan”), and to further facilitate the sharing of value with shareholders, IJJ will introduce a medium- to long-term incentive plan (“LTI”) which is linked to the degree of achievement of the Medium-term Plan for the Directors in charge of business execution (hereinafter referred to as “Eligible Directors”), Executive Officers, and Directors of IJJ’s subsidiaries. In connection with the introduction of the LTI, IJJ requests that shareholders approve the introduction of a new stock remuneration system for the Eligible Directors, which is separate from the amount of compensation, etc. (JPY600 million or less per year (including JPY50 million or less per year for Outside Directors)) to be approved as described in Item 4, “Amendment to the Amount of Compensation, etc. Given to Directors,” including abolishing the existing stock-compensation-type stock options for Directors and Executive Officers and replacing them with restricted stock remuneration with the same level of content, while continuing the existing restricted stock remuneration as a single-year performance bonus with the same level of content.

The new stock remuneration system consists of the following: (i) a restricted stock remuneration system that is conditional on tenure, under which IJJ 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 Eligible Director has served in a position such as a Director of IJJ for a certain period of time (hereinafter referred to as “System I”); (ii) a performance-based restricted stock remuneration system, under which IJJ 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 (hereinafter referred to as “System II”); and (iii) a performance-based restricted stock remuneration system under which IJJ 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 (hereinafter referred to as the “Fiscal Year Subject to Evaluation”) after the end of the Fiscal Year Subject to Evaluation (hereinafter referred to as “System III”) (System I, System II and System III are hereinafter collectively referred to as the “System”). In addition, currently, there are nine (9) Eligible Directors, but if Item 2 is approved and resolved as proposed, the number of Eligible Directors will become seven (7).

An outline of IJJ’s policy on decisions regarding individual remuneration, etc. for Directors is set forth on page 40 of the Business Report, and on the condition that this Item 5 and Item 4 are resolved at the board of directors meeting held on May 24, 2024, IJJ will amend the policy on decisions regarding individual remuneration, etc. for Directors, and an outline of the relevant amended policy on decisions is set forth on page 21. This item is in line with such policy, and the ratio of the total number of shares of the restricted stock to be granted pursuant to this item (the total of the maximum number of shares under the Systems I through III for each fiscal year) to the total number of issued shares (as of March 31, 2024) is approximately 0.08%, and the dilution ratio is minor. In addition, this item has been deliberated by the nomination and remuneration committee, a voluntary committee, the majority of whose members are Independent Outside Directors. Therefore, IJJ believes that the content of this item is appropriate.

### 1. Method of issuance or disposal of restricted stock

All issuances and disposals of restricted stock under System I, System II and System III will be conducted in a manner whereby monetary remuneration receivables will be provided to the Eligible Directors, and the Eligible Directors will furnish all of such monetary remuneration receivables as assets contributed in-kind and will, in return, receive shares of IJJ’s common stock that will be issued or disposed of by IJJ. The amount of monetary remuneration receivables to be provided to each Eligible Director will be calculated by multiplying the number of shares to be delivered by the closing price of IJJ’s shares of common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution of the board of directors regarding the relevant issuance or disposal (or the closing price on the transaction day immediately prior thereto if no transaction is made on such business day; hereinafter referred to as the “Market Price at the Time of Delivery”).

For the purpose of such issuance or disposal of shares of IJJ’s common stock, a restricted stock allotment agreement (“Allotment Agreement”) that contains provisions regarding the following matters and the specific matters prescribed with respect to each type of System will be concluded between IJJ and each Eligible Director. If an Eligible Director retires from his/her position during the period for any reason that is not attributable to IJJ, IJJ might not grant the monetary remuneration receivables and deliver the shares, taking into account the content of the report of the nomination and remuneration committee.

#### (a) Transfer restriction period

The Eligible Directors will not transfer, create any security interest over, or otherwise dispose of the shares of IJJ’s common stock allotted under the Allotment Agreement (hereinafter referred to as the “Allotted Shares”) during the period from the date of the payment for the Allotted Shares to the point in time when he or she resigns from the position specified in advance by IJJ’s board of directors (hereinafter referred to as the “Transfer Restriction Period”) (hereinafter collectively referred to as the “Transfer Restriction”).

#### (b) Removal of Transfer Restriction

IJJ will remove the Transfer Restriction with respect to the Allotted Shares in whole upon the expiry of the Transfer Restriction Period, provided that the Eligible Director continuously served in the position specified in (a) above during the Transfer Restriction Period.

#### (c) 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 IJJ, or the commitment by an Eligible Director of certain misconduct or illegal acts, IJJ 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, IJJ might not grant monetary remuneration receivables or deliver shares to the Eligible Director.

#### (d) Treatment in the event of organizational restructuring, etc.

Notwithstanding the provision in (a) above, if a matter concerning the organizational restructuring, etc. of IJJ, such as a merger agreement whereby IJJ will be the non-surviving party under the merger, or a share exchange agreement or share transfer plan whereby IJJ will become a wholly-owned subsidiary of another entity, is approved at IJJ’s General Meeting of Shareholders (or by IJJ’s board of directors if such organizational restructuring, etc. does not require approval at an IJJ’s General Meeting of Shareholders) during the Transfer Restriction Period, IJJ will remove, by way of a resolution of IJJ’s board of directors, the Transfer Restriction on the Allotted Shares prior to the effective date of such organizational restructuring,

etc.

(e) Other matters

Other matters concerning the allotment agreement will be determined by IIJ's board of directors.

2. Maximum amount and maximum number of restricted stock

The total amount of monetary remuneration receivables to be provided to the Eligible Directors for the purpose of granting restricted stock pursuant to this Item 5 must not exceed 700 million yen per year for all of System I, System II and System III, which amount is considered to be reasonable in light of the above-mentioned purpose. The total number of IIJ's common stock to be issued or disposed of as restricted stock must not exceed 140,000 shares per year for all of System I, System II and System III. The details of the allocation to each Eligible Director will be determined by the board of directors.

In the event that a stock split of IIJ's common stock (including any gratis allotment of shares of IIJ's common stock) or a reverse stock split is conducted on or after the date on which this proposed resolution is approved and resolved, the said maximum number of shares will be adjusted based on the stock split ratio or the reverse stock split ratio.

3. System I

System I is a system under which 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 Eligible 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 will be equal to approximately one (1) to two (2) months' fixed monthly remuneration. Upon the granting of restricted stock under System I, a restricted stock allotment agreement that contains provisions regarding the matters prescribed in 1(a) through (d) above (hereinafter referred to as "Allotment Agreement I") will be concluded.

4. System II

System II is a performance-based restricted stock remuneration system, under which 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 details are as described below, and upon the granting of restricted stock under System II, a restricted stock allotment agreement that contains provisions regarding the matters prescribed in 1(a) through (d) above and the following matters (hereinafter referred to as "Allotment Agreement II") will be concluded.

(1) Number of shares to be delivered

The number of shares to be delivered to each Eligible Director will be the number of shares calculated using the calculation method described below (however, the number of shares to be delivered may be reasonably adjusted based on the tenure of the relevant Eligible Director during the relevant period).

<Calculation method for number of shares to be delivered>

Base remuneration (\*1) × payment rate (\*2) ÷ base stock price (\*3)

(\*1) The base remuneration will be determined separately by the board of directors after consulting with the nomination and remuneration committee and will be approximately equivalent to four (4) months' fixed monthly remuneration.

(\*2) The payment rate will 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.

(\*3) The base stock price will be the closing price of IIJ's shares of common stock on the Tokyo Stock Exchange on the business day immediately preceding the first day of the relevant period (or the closing price on the transaction day immediately prior thereto if no transaction is made on such business day). However, if the Market Price at the Time of Delivery is an amount which is more than twice the base stock price, the number of shares to be delivered will be the number of shares calculated using the above formula, and then multiplied by twice the base stock price and divided by the Market Price at the Time of Delivery.

5. System III

System III is a performance-based restricted stock remuneration system, under which IIJ grants to an Eligible Director such number of shares of IIJ's restricted stock after the end of each Fiscal Year Subject to Evaluation as determined in accordance with the degree of achievement of performance targets and improvement in performance over the Fiscal Year Subject to Evaluation, where the relevant period is the same as that of the Medium-term Plan. The details are as described below, and upon the granting of restricted stock under System III, a restricted stock allotment agreement containing provisions regarding the matters prescribed in 1(a) through (d) above and the following matters (hereinafter referred to as "Allotment Agreement III") will be concluded.

(1) Number of shares to be delivered

The number of shares to be delivered to each Eligible Director for each Fiscal Year Subject to Evaluation will be the number of shares calculated using the calculation method described below (however, the number of shares to be delivered may be reasonably adjusted based on the tenure of the relevant Eligible Director during the relevant period).

<Calculation method for number of shares to be delivered>

Base remuneration (\*1) × payment rate (\*2) ÷ base stock price (\*3)

(\*1) The base remuneration will be determined separately by the board of directors after consulting with the nomination and remuneration committee, and will be approximately equivalent to four (4) months' monthly base remuneration.

(\*2) Although the details of the evaluation indicators and evaluation weights used to determine the payment rate will be determined by the board of directors after consulting with the nomination and remuneration committee, those used for the first payment rate (the new Medium-term Plan to be launched in 2024) will 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%).

For the first payment rate, the main management indexes that are required to be met in order to achieve the maximum payment rate in the final fiscal year are as follows:

Consolidated revenue: JPY388.2 billion

Consolidated operating profit: JPY46.6 billion

ROE: 19%

Market value: JPY1 trillion

(\*3) The base stock price will be the closing price of IJJ's shares of common stock on the Tokyo Stock Exchange on the business day immediately preceding the first day of the relevant period (or the closing price on the transaction day immediately prior thereto if no transaction is made on such business day). However, if the Market Price at the Time of Delivery is an amount which is more than twice the base stock price, the number of shares to be delivered will be the number of shares calculated using the above formula, and then multiplied by twice the base stock price and divided by the Market Price at the Time of Delivery.

(2) Acquisition for nil consideration (clawback) and additional grants based on status of achievement of targets

If, in the final fiscal year of the Medium-term Plan, the status of achievement of the various targets for the first and second years and the corresponding payment rates decline significantly, IJJ shall, based on the report of the nomination and remuneration committee, acquire part of the restricted shares already delivered under System III for nil consideration (clawback). In addition, if, in the final fiscal year of the Medium-term Plan, the status of achievement of the various targets for the first and second years and the corresponding payment rates are significantly elevated, IJJ 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 System III.

#### 6. Relationship with existing remuneration systems

Among the existing remuneration systems for the members of the board of directors of IJJ, the remuneration system concerning stock-compensation-type stock options will be abolished and System I will be introduced. The restricted stock remuneration system in the form of a performance-linked bonus for a single fiscal year shall correspond to System II. In addition, System III will be newly introduced. For this purpose, IJJ requests that shareholders approve Item 4, "Amendment to the Amount of Compensation, etc. Given to Directors," of the proposed resolutions under which the amount of the monetary-portion of the compensation will be 600 million yen or less per year (including 50 million yen or less per year for Outside Directors) as a framework that is separate from that of the restricted stock remuneration system.

If this Item is approved as originally proposed, a restricted stock remuneration system that is similar to the System will be introduced for our Executive Officers (excluding Executive Officers who are also Directors), as well as for directors, executive officers and other core personnel of our subsidiaries, to the extent determined by the board of directors of IJJ.

(Reference) Outline of policy on decisions regarding individual remuneration, etc. for Directors

If Items 4 and 5 of the proposed resolutions are approved as originally proposed, the outline of III’s policy on decisions regarding individual remuneration, etc. for Directors will be as follows:

Outline of content of policy on decisions

With regard to the compensation paid to our full-time Directors, our basic policy is that, when determining the amount of compensation for an individual Director, we set an appropriate level of compensation according to each Director’s position and responsibility, with the aim of maintaining and promoting Directors’ motivation and morale with respect to their contribution to the continuance of business performance and increase in corporate value over the mid- to long-term. In particular, compensation for our Executive Directors is comprised of a fixed base remuneration (cash remuneration), remuneration that is conditional on tenure (restricted stock remuneration), performance-linked remuneration for a single fiscal year (restricted stock remuneration) and performance-linked remuneration for the mid- to long-term (restricted stock remuneration).

Compensation for part-time directors and Outside Directors who have supervisory functions is only comprised of a fixed base remuneration (cash remuneration) based on their roles and responsibilities.

[Examples of percentages of remuneration for Executive Directors]

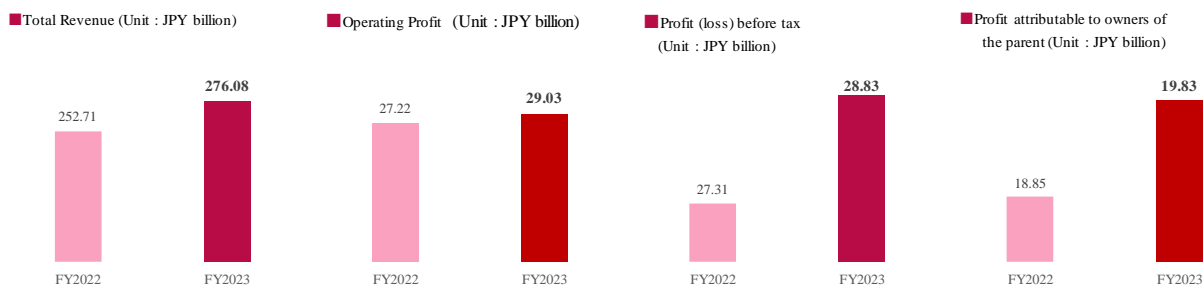
<u>Without</u> performance- linked remuneration	Fixed remuneration: Cash 86%	Fixed remuneration (conditional on tenure): RS Approx. 1 to 2 months 14%		
<u>With</u> performance- linked remuneration	Fixed remuneration: Cash 52%	Fixed remuneration (conditional on tenure): RS Approx. 1 to 2 months 9%	Performance-linked 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 fixed remuneration (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 fixed remuneration (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).

END

# Business Report for the 32nd Fiscal Year

## Consolidated Financial Results



(Note) Effective from FY2023 (the 32nd fiscal year), IJ 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.

## 1. Matters regarding the current status of the IJ Group

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

The Japanese economy gradually recovered during the fiscal year ended March 31, 2024 ("FY2023"), although there was some stagnation. With regard to future prospects, while the gradual economic recovery is expected to continue supported by the effect of various policies, we must pay close attention to the impacts of the inflation, fluctuations in interest rates and foreign exchange by global monetary tightening and others.

Under such an economic trend, in the ICT (\*1) related market for enterprises where we belong to, we expect the penetration of new technologies such as cloud services and AI (\*2) in corporate activities, continuous growth in Internet traffic (\*3) due to various factors including them, an increase in the importance of cybersecurity measures and others. As areas of enterprise networks and systems are gradually shifting from traditional internal closed networks to complexed and diversified ones by utilizing Internet technologies, we expect to increase the importance of reliable networks and stable systems operations.

FY2023 was the last year of IJ Group Mid-term plan (FY2021-FY2023). During this Mid-term plan period, IT utilization among Japanese private and public sectors, which had generally been slow to progress, has rapidly accelerated, triggered by the COVID-19, and strong demands including renewals of internal and external networks have continued even after its pandemic subsided. In response to these demands, we have developed a "Service Integration" model that totally offers our accumulated network services line-up together with systems integration, and we have acquired many large-scale projects (\*4) with multi-year contracts ranging from several billion to more than 10 billion in JPY. Compared to the fiscal year ended March 31, 2021, which marked the end of the previous medium-term plan, total revenues increased approximately 1.3 times to JPY276.1 billion, operating profit increased approximately 2.0 times to JPY29.0 billion, and operating margin increased by 3.8 points to 10.5% during these three years. We realized a significant increase in enterprise recurring revenues and profits through economies of scale as planned in the Mid-term plan. In addition, along with business expansion, the number of employees at the end of FY2023 increased approximately 1.3 times to 4,803 personnel. As for other business developments of the Mid-term plan, please refer to "(8) Result of the previous Mid-term Plan, New Mid-term Plan, etc. and FY2024 Financial Targets (i) Result of the previous Mid-term Plan."

As for our business progress in FY2023, with regard to network services, gross profit ratio increased by 1.3 points to 28.7% mainly due to steady accumulation of monthly recurring revenues. The breakdown was as follows. Network service revenues which exclude mobile-related services(\*5) were JPY105.2 billion, increased by 8.9% YoY, mainly due to the continuous demands for IP services, security-related services, WAN services and others. With regard to mobile related services, the total number of subscription was approximately 4.81 million, up 16.3% YoY, and revenues were JPY46.1 billion, up 9.1% YoY. As for mobile services for consumers, we have demonstrated our competitiveness even in a mature market. The number of subscriptions was approximately 1.27 million, up 5.6% YoY, and revenues were JPY22.0 billion, up 4.5% YoY. As for mobile services for enterprises, the number of subscriptions was approximately 2.35 million, up 29.8% YoY, and revenues were JPY13.6 billion, up 21.9% YoY, mainly due to the continuous spread of IoT (\*6) such as network cameras. With regard to systems integration, although orders received and order backlog remained favorable, the gross profit ratio decreased by 1.1 points to 15.6% mainly due to a slowed revenue growth in a single year primarily because of the allocation of resources to large-scale projects, the revenues of which would be recognized over multiple years, as well as increased costs incurred prior to the revenue recognition. We have been strategically expanding our human capital with a focus on recruiting and training new graduates. As a result, 246 new graduates joined at the beginning of FY2023, and 307 new graduates joined in April 2024 on a consolidated basis. With regard to the expansion of network facilities, we continued to expand our Internet backbone (\*7) and own data centers, which accommodate our service facilities, in response to increasing Internet traffic and demands for our services. With regard to overseas businesses, in addition to the progress of existing business, there were an approximately JPY2.8 billion overseas data center construction project, and a contribution from PTC SYSTEM (S) PTE LTD, a Singaporean systems integrator who became our wholly owned subsidiary in April 2021. As a result, overseas business revenue (\*8) was approximately JPY35.3 billion, up 38.1% YoY. With regard to new business areas, DeCurret DCP Inc. (\*9), our equity method applicable company, plans to issue digital currency (DCJPY) and provide settlement services for non-fossil certificate transactions as the first digital currency service in Japan.

Consolidated financial results for FY2023 were as follows. Total revenues were JPY276,080 million (JPY252,708 million for FY2022), up 9.2% YoY. Total cost of sales was JPY212,214 million (JPY194,800 million for FY2022), up 8.9% YoY, and gross profit was JPY63,866 million (JPY57,908 million for FY2022), up 10.3% YoY. The breakdown by services was as follows. Network services revenue was JPY151,347 million (JPY138,922 million for FY2022), up 8.9% YoY, and gross profit for network services was JPY43,493 million (JPY38,146 million for FY2022), up 14.0% YoY. As for the cost of network services, there was one-time cost reimbursement, which was related to a mobile unit charge (\*10) by NTT DOCOMO, INC., of over JPY0.1 billion in the third quarter of FY2023 (a similar impact of over JPY0.5 billion in the third quarter of FY2022) as FY2022 mobile unit charge was fixed based on its actual results for the corresponding period. Systems integration revenues, including equipment sales, were JPY121,819 million (JPY110,944 million for FY2022), up 9.8% YoY, of which systems construction revenue was JPY49,902 million (JPY42,945 million for FY2022), and systems operation and maintenance revenue was JPY71,917 million (JPY67,999 million for FY2022), and gross profit for systems integration was JPY19,042 million (JPY18,553 million for FY2022), up 2.6% YoY. ATM operation business revenues were JPY2,914 million (JPY2,842 million for FY2022), up 2.5% YoY, and gross profit for ATM operation business was JPY1,331 million (JPY1,209 million for FY2022), up 10.1% YoY. Net amount of selling, general and administrative expenses, other operating income and expenses were JPY34,837 million (JPY30,687 million for FY2022), up 13.5% YoY. Operating profit was JPY29,029 million (JPY27,221 million for FY2022), up 6.6% YoY. Profit before tax was JPY28,934 million (JPY27,309 million for FY2022), up 6.0% YoY, mainly due to foreign exchange gain of JPY533 million (gain of JPY365 million for FY2022), and gains on financial instruments, related to funds, of JPY149 million (gain of JPY303 million for FY2022). Profit attributable to owners of the parent for FY2023 was JPY19,831 million (JPY18,852 million for FY2022), up 5.2% YoY.

As for terms marked with an asterisk (\*), please refer to the Glossary at page 45 in this document.

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## Network services

Network services revenue was JPY151,347 million, up 8.9% YoY (JPY138,922 million for FY2022).

Revenues for Internet connectivity services for enterprise were JPY44,725 million, up 11.1% YoY from JPY40,253 million for FY2022, mainly due to an increase in revenues of enterprise mobile services and IP services. Revenues for Internet connectivity services for consumers were JPY25,285 million, up 4.3% YoY from JPY24,235 million for FY2022, mainly due to an increase in revenues of IIJmio Mobile services. Revenues for Outsourcing services were JPY52,972 million, up 13.2% YoY from JPY46,808 million for FY2022, mainly due to an increase in security-related services revenues. Revenues for WAN services were JPY28,365 million, up 2.7% YoY from JPY27,626 million for FY2022.

Cost of network services revenue was JPY107,854 million, up 7.0% YoY (JPY100,776 million for FY2022). There were an increase in security-related services' license fees and one-time cost reimbursement, which was related to a mobile unit charge by NTT DOCOMO, INC., of over JPY0.1 billion in 3Q23 (a similar impact of over JPY0.5 billion in 3Q22) as FY2022 mobile unit charge was fixed based on its actual results for the corresponding period. Gross profit was JPY43,493 million, up 14.0% YoY (JPY38,146 million for FY2022), and gross profit ratio was 28.7% (27.5% for FY2022).

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## Systems integration

SI revenues, including equipment sales, JPY121,819 million, up 9.8% YoY (JPY110,944 million for FY2022).

Systems construction and equipment sales, a one-time revenue, was JPY49,902 million, up 16.2% YoY (JPY42,945 million for FY2022). Systems operation and maintenance revenue, a recurring revenue, was JPY71,917 million, up 5.8% YoY (JPY67,999 million for FY2022), mainly due to continued accumulation of systems operation orders.

Cost of SI revenues, including equipment sales was JPY102,777 million, up 11.2% YoY (JPY92,391 million for FY2022), mainly due to increases in outsourcing-related costs and purchasing costs. Gross profit was JPY19,042 million, up 2.6% YoY (JPY18,553 million for FY2022) and gross profit ratio was 15.6% (16.7% for FY2022).

Orders received for SI, including equipment sales, totaled JPY147,955 million, up 22.4% YoY (JPY120,910 million for FY2022); orders received for systems construction and equipment sales were JPY59,864 million, up 35.2% YoY (JPY44,293 million for FY2022), and orders received for systems operation and maintenance were JPY88,091 million, up 15.0% YoY (JPY76,617 million for FY2022).

Order backlog for SI, including equipment sales, as of March 31, 2024 amounted to JPY108,893 million, up 31.6% YoY (JPY82,757 million as of March 31, 2023); order backlog for systems construction and equipment sales was JPY23,761 million, up 72.2% YoY (JPY13,799 million as of March 31, 2023) and order backlog for systems operation and maintenance was JPY85,132 million, up 23.5% YoY (JPY68,958 million as of March 31, 2023).

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## ATM operation business

ATM operation business revenues were JPY2,914 million, up 2.5% YoY (JPY2,842 million for FY2022).

Cost of ATM operation business revenues was JPY1,583 million, down 3.1% YoY (JPY1,633 million for FY2022). Gross profit was JPY1,331 million (JPY1,209 million for FY2022) and gross profit ratio was 45.7% (42.5% for FY2022).

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## Business segments

In business segments results, revenues for network services and systems integration business segment were JPY273,247 million, up 9.3% YoY (JPY249,970 million for FY2022) and operating profit was JPY28,014 million, up 15.5% YoY (JPY26,322 million for FY2022). As for ATM operation business, revenues were JPY2,914 million, up 6.4% YoY (JPY2,842 million for FY2022) and operating profit was JPY1,015 million, up 10.4% YoY (JPY919 million for FY2022).



(2) Capital expenditures

Capital expenditures (including capital leases) for FY2023 were JPY22,521 million (JPY20,825 million for FY2022). There were purchases for equipment and investment in system development for network service-related and cloud computing service-related, and investment in Shiroi data center facilities.

(3) Financing

For acquisition of treasury stock, we financed JPY12,000 million in short-term borrowings from Japanese banks in FY2023.

(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) Result of the previous Mid-term Plan, New Mid-term Plan, etc. and FY2024 Financial Targets

(i) Result of the previous Mid-term Plan

For the previous Mid-term Plan which was from the fiscal year ended March 31, 2022 (FY2021) to the fiscal year ended March 31, 2024 (FY2023), we initially set financial targets of total revenue of around JPY270.0 billion and operating margin of over 9% for FY2023, and later revised such targets to total revenue of JPY286.0 billion and operating profit of JPY31.5 billion. The results were as follows.

Consolidated indicator	FY2020 (Fiscal year ended March 31, 2021)	FY2023 (Last fiscal year of the previous Mid-term Plan period)
Total revenue	JPY213.0 billion	JPY276.1 billion
Operating profit	JPY14.3 billion	JPY29.0 billion
Operating margin	6.7%	10.5%
Number of employees	3,805	4,803

During the previous Mid-term Plan period, IT utilization among Japanese private and public sectors, which had generally been slow to progress, has rapidly accelerated triggered by COVID-19, and strong demands including renewal of internal and external networks have continued even after its pandemic subsided. In response to these demands, we have developed “Service Integration” model by which we incorporate our monthly network services into systems integration, and we have acquired many large-scale projects with multi-year contracts ranging from several billion to more than 10 billion in JPY. Compared to FY2020, FY2023 total revenue increased approximately 1.3 times to JPY276.1 billion, operating profit increased approximately 2.0 times to JPY29.0 billion, and operating margin increased by 3.8 points to 10.5% during these three years. We certainly realized a significant increase in enterprise recurring revenues (\*11) and profits through economies of scale as planned in the previous Mid-term Plan. Additionally, along with business expansion, the number of employees at the end of FY2023 increased approximately 1.3 times to 4,803 personnel.

<p><b>Remarkable increase in large scale projects &amp; Service Integration orders</b></p> <ul style="list-style-type: none"> <li>Revenue: SI 1.5 times, NW services 1.2 times</li> <li>FY-end SI construction order-backlog: 2.9 times (FY23-end ¥23.8 bn)</li> <li>Visible increase in large-scale complex projects by Service Integration model</li> <li>Public &amp; finance sectors transaction expanded</li> </ul>	<p><b>Expanded service &amp; solution development</b></p> <ul style="list-style-type: none"> <li>DWP-related services such as Flex Mobility grew along with enterprises' DX advancement even after the pandemic</li> <li>Continued developing services to promote cloud migration</li> </ul>	<p><b>Significant growth in Security Service</b></p> <ul style="list-style-type: none"> <li>Revenue 1.7 times ¥18.4 bn → ¥30.9 bn (Within enterprise MRR (excl. security related SI))</li> <li>Cross-selling opportunity increased such as SOC (Security Operation Center) along with an increase in large scale NW renewal projects</li> <li>Increased the overwhelming market share of long-standing mail &amp; web securities</li> <li>Expanded value-added function through continuous development of new service &amp; function</li> </ul>	<p><b>Demonstrated competitive advantages of full-MVNO</b></p> <ul style="list-style-type: none"> <li>Mobile subs. 1.5 times 3.24 m → 4.81 m</li> <li>Enterprise IoT subs. 2.1 times (FY23-end 2.35 m)</li> <li>Developed &amp; launched “IIJ Public Safety Mobile Services” to public agencies for secure reliable connectivity in case of disasters</li> <li>Gained &amp; maintained No.1 market share for the consumer SIM (MVNO) with Giga Plans and others (MM Research Institute)</li> </ul>
<p><b>Overseas business: ASEAN expansion</b></p> <ul style="list-style-type: none"> <li>Revenue: 4.2 times, ¥8.3 bn → ¥35.3bn</li> <li>Business Profit: 7.2 times, ¥0.4 bn → ¥2.7 bn (overshooting with enterprise MRR)</li> <li>Expanded ASEAN local business through PTC M&amp;As (Singapore &amp; Malaysia)</li> <li>Completed large-scale overseas DC construction, executing its subsequent projects</li> <li>Operating several global SASE projects (Top partner of Palo Alto &amp; Zscaler in Japan)</li> </ul>	<p><b>Continued expanding NW service infra.</b></p> <ul style="list-style-type: none"> <li>Contracted bandwidth: 1.6 times</li> <li>Mobile bandwidth: doubled</li> <li>No. of operating racks at Shiroy DC: 3 times                             <ul style="list-style-type: none"> <li>Continued to expand our owned DCs of Shiroy &amp; Matsue</li> <li>Promoted carbon neutral initiatives through on-site solar power generation &amp; non-fossil certificate direct procurement, etc.</li> <li>Developed &amp; launched micro DC solution, the core infrastructure for edge computing</li> </ul> </li> </ul>	<p><b>Continued enhancing Governance &amp; Sustainability</b></p> <ul style="list-style-type: none"> <li>Enhanced management structure by inviting two VPs from outside, etc.</li> <li>Maintained A rating on MSCI ESG through proactive communication &amp; disclosure enlargement</li> <li>Contributed to NW society of Japan and education of NW engineers by opening “IIJ Academy”</li> </ul>	<p><b>Start-up Digital Currency Business</b> (Equity method investee: DeCurrent)</p> <ul style="list-style-type: none"> <li>No. of participants in Digital Currency Forum 2.7 times 38 → 104</li> <li>Issue &amp; settle using DCJPY (digital currency) for non-fossil certificate transaction as a first service (first in Japan, from Jul. 2024)</li> <li>PoCs through various study groups</li> </ul>

As for terms marked with an asterisk (\*), please refer to the Glossary at page 45 in this document.

(ii) New Mid-term Plan, etc.

●Financial Targets

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

●Business philosophy

IJ Group's business philosophy (raison d'etre or purpose) is as follows.

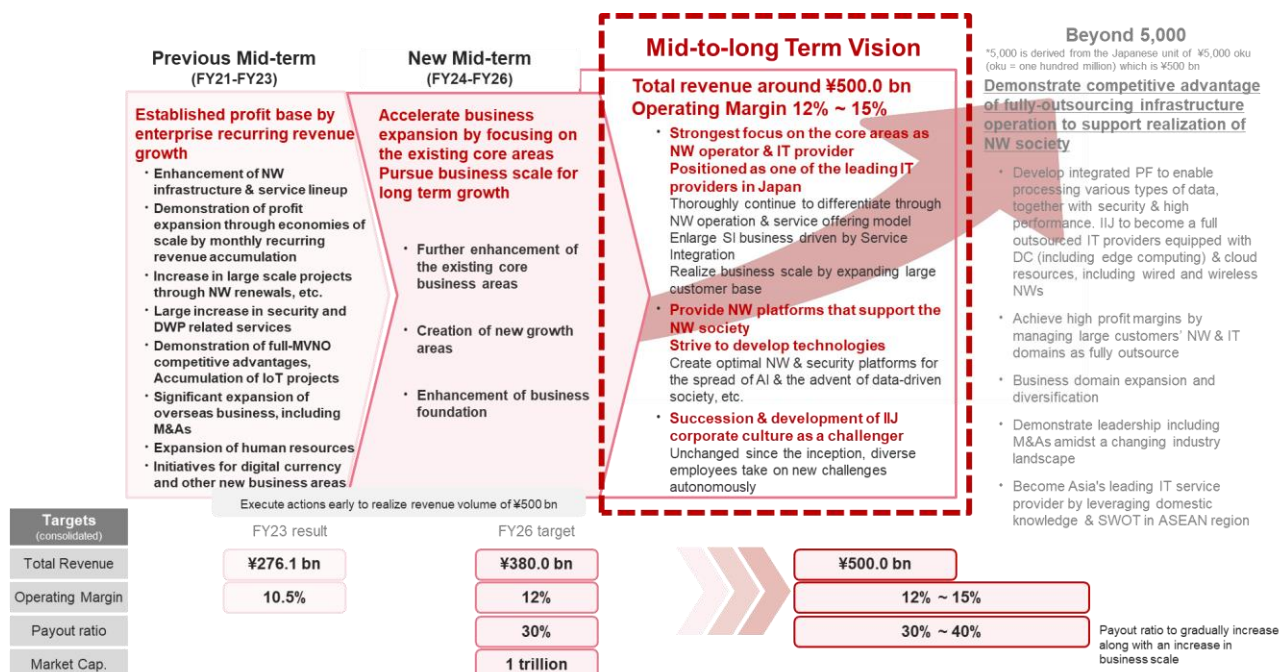
As the company name "Internet Initiative Japan Inc." suggests, we are committed to the ongoing pursuit of initiatives in the field of Internet technology, which is one of those technological innovations that might occur once in a century, and contributing to the development of the networked society by 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 New 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 New Mid-term Plan is positioned as an important growth path and process to reach toward the Mid-to-Long Term Vision over the next three years.

[Mid-to-Long Term Vision]



● New Mid-term Plan (FY2024-FY2026)

Under the New 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 in FY2023, 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.

Further enhancement of the existing core business area		Creation of new growth area	
<p><b>SI as Revenue driver</b></p> <ul style="list-style-type: none"> <li>Accelerate revenue growth by rolling out NW construction/renewal projects to various industry, enhancing account sales &amp; PM, expanding human resource</li> <li>Enhance SI project management</li> </ul>	<p><b>NW service as Profit driver</b></p> <ul style="list-style-type: none"> <li>Accelerate NW service accumulation through Service Integration</li> <li>Demonstrate the strength of stable NW operation in the DX era</li> </ul>	<p><b>Initiatives for Data-driven society</b></p> <ul style="list-style-type: none"> <li>Operate data utilization business, generate meaningful data, data distribution mechanisms &amp; operations, etc.</li> <li>Study &amp; create business models in conjunction with the existing infrastructure &amp; services</li> </ul>	
<p><b>Promotion of large transactions &amp; clients</b></p> <ul style="list-style-type: none"> <li>Comprehensive outsourcing of client's NW and open systems</li> <li>Add large volume revenue to the multi-industry recurring revenue base</li> <li>Stable additional profit source for the future</li> </ul>	<p><b>Further enhancement of service development &amp; operation</b></p> <ul style="list-style-type: none"> <li>Focus on strengthening cyber-security service development</li> <li>Respond to DX progress with DWP lineup</li> <li>Develop services that would be PF for AI, data lake, etc.</li> </ul>	<p><b>Achieve the spread of Digital Currency in Japan</b> (Equity method investee: DeCurret)</p> <ul style="list-style-type: none"> <li>First in Japan to issue commercial digital currency as a practical case (scheduled in Jul. 2024)                             <ul style="list-style-type: none"> <li>Digitalized token of environmental value transaction</li> </ul> </li> <li>Within FY26, anticipate loss to shrink &amp; become profitable on a monthly basis</li> <li>Executing STO of digital currency, invoice chain, web3/NFT &amp; other practical projects</li> </ul>	
<p><b>Enhancement of Service Control</b></p> <ul style="list-style-type: none"> <li>Higher efficiency for service development &amp; operation by new technology such as AI</li> <li>Implement appropriate pricing in response to inflation &amp; cost increase</li> </ul>	<p><b>Continuous expansion of NW infrastructure Pursuit of differentiation</b></p> <ul style="list-style-type: none"> <li>Construct the third site of Shiroy DC for long-term growth</li> <li>Deploy full-MVNO 5G SA</li> </ul>		
Enhancement of business foundation			
<p><b>Thorough expansion of Human Capital</b></p> <ul style="list-style-type: none"> <li>Continuous expansion of human resources</li> <li>Develop next-generation human resources for long term growth</li> <li>Maintain &amp; enhance top-tier engineering capabilities &amp; expand that to multiple layer</li> </ul>	<p><b>Enhancement of cash control</b></p> <ul style="list-style-type: none"> <li>Appropriate management of increasing SI-related working capital</li> <li>Investment allocation Shiroy DC &amp; growth areas</li> <li>Increase payout ratio when the Mid-to-long Term Vision is realized</li> </ul>	<p><b>Maintain &amp; improve Sustainability /Governance</b></p> <ul style="list-style-type: none"> <li>Strengthen governance in line with growth</li> <li>Contribute to the productivity of future society through continuous stable NW operation</li> <li>Introduce a new executive compensation scheme linked to the new Mid-term Plan</li> </ul>	<p><b>Complement growth through M&amp;As</b></p> <ul style="list-style-type: none"> <li>Pursuit M&amp;A opportunities as a supplemental means of expanding domestic resources &amp; technology</li> <li>Leverage residual borrowing capability (up to ¥70.0 bn is envisioned image)</li> </ul>

[Capital Allocation]

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

(iii) FY2024 Financial Targets

Total revenue	◆ JPY312 billion to JPY315 billion (YoY +13.0% to +14.1%)
Operating Profit	◆ JPY30 billion to JPY33 billion (YoY +3.3% to +13.7%)
Dividend per share	◆ JPY34.36 to JPY37.16 (YoY JPY0.0 to +JPY2.8)

With regard to our outlook for FY2024, we expect the steady revenue growth of network services, as well as an increase in the acquisition of large-scale projects, particularly “Service Integration” projects in which we offer our network services together with systems integration, and the revenue contribution of such projects included in the current order backlog for systems construction and equipment sales which require longer project periods. Considering these factors, we set our consolidated financial targets for FY2024 with the range of revenues from JPY312.0 to JPY315.0 billion, up 13.0 to 14.1% YoY, operating profit from JPY30.0 to JPY33.0 billion, up 3.3 to 13.7% YoY, profit before tax from JPY29.0 to JPY32.0 billion, up 0.2 to 10.6 % YoY, which takes finance expenses, share of profit or loss of investments accounted for using equity method and others into consideration, and profit for the year attributable to owners of the parent from JPY19.9 to JPY21.9 billion, up 0.3 to 10.4% YoY, which takes income tax expenses at the normal effective tax rate and others into consideration.

IJJ Group uses a lot of virtualization software by VMware Inc. (\*12), and VMware products (\*13)’ pricing structure and license program were revised in April 2024. Under the revision, generally individual products are no longer sold separately but rather are bundled together, which would result in a significant increase in license fees. Although we are taking actions including the price revision of our services, it is difficult to assume the extent of passing cost rises onto revenues through the price revision due to the short notice of new VMware products’ pricing structure and applicable terms and condition to users. Therefore, we set the financial targets for FY2024 in ranges. The upper limit of the range represents the case that the progress in our actions such as the price revision could absorb the impact of increasing costs. The lower limit of the range represents the case that it takes longer time to apply the price revision, which could not fully absorb the impact of increasing costs except to the extent that can be assumed.

※Forward-looking statements in the text below are based on the judgments of the Group as of March 31, 2024.

(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	From now on →	Adoption of Cloud	IoT Solution
Online shopping	Telehealth	Remote work		Digital Currency	Metaverse

◆ **TCFD and Own energy effective**

Major KPIs	Target	FY23 result
Usage of renewable energy	FY30 85%	50% 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: 1.33 Shiroi: 1.36

**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**

	FY20	FY21	FY22	FY23
Turn over (Ⅲ)	3.6%	4.2%	3.8%	4.6%
Engagement (employee satisfaction <sup>(*)</sup> )	3.9	3.9	3.9	3.9

Major KPIs	Target	FY23 result
Self evaluation of employees on ①Challenge, ②Growth, ③Support from supervisors	Continue to be higher than 3.5	①3.9 ②4.0 ③4.3
	<div style="border: 1px solid #ccc; padding: 2px; font-size: small;">5 levels: 1(disagree), 2(rather disagree) 3 (neither), 4 (rather agree), 5 (agree)</div>	
Female manager ratio	FY26: over 8% <small>(Brought FY27 target forward by 1 year)</small>	6.5% <small>(Achieved FY24 target early)</small>

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

(10) Issues that the Group faces

Consolidated financial results of IJ 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. Yoichiro Iwama, IIJ's Independent Outside Director



As a member of “Council of Experts Concerning the Follow-up of Japan's Stewardship Code and Japan's Corporate Governance Code,” Mr. Yoichiro Iwama had contributed to revising “Japan's Corporate Governance Code” and others. He has deep insights in corporate governance and has provided valuable advice and supervision to IIJ's management. We spoke with him about IIJ's governance structure and the challenges it faces in achieving medium- and long-term growth.

#### **Q1** What are your thoughts on the IIJ's governance of Board of Directors?

Our governance is well ensured by various discussions based on multiple perspectives between full-time directors who are familiar with IT industry, especially Internet, and diverse independent outside directors.

As a company with abundant potential for sustainable growth, we always pay attention to what our governance should be, make a thorough effort to recognize each business risk and disclose to stakeholders including investors, and keep in mind to ensure effective governance.

The independent outside directors' opinions, including the evaluation of effectiveness of the Board of Directors, are actively incorporated and communication between company auditors and outside directors is active as appropriate. Therefore, I believe we always make an effort to enhance our governance.

#### **Q2** What is your assessment of IIJ's business growth and execution status?

We continue to realize strong growth based on our highly competitive technological foundation.

While setting up ambitious targets, the importance of strengthening our response to changes in the business structure is growing as we see an increase in large-scale projects for enterprise clients, and we are working on establishing an appropriate and effective project management system.

As for the execution status, under the leadership of the top management, full-time directors in charge of technology, sales and administration are appropriately fulfilling their respective roles and driving business growth.

I also consider that investor interests have been growing along with our growth, and we are actively engaged in investor relations activities. I believe that the importance of high-quality dialogue with institutional investors, especially long-term investors, will continue to grow even stronger.



The growth trend is strengthening with the increase in the number of large-scale projects. On the other hand, many of these projects are provided in the form of “Service Integration,” in which systems integration is provided with network services that are mainly developed in-house. Therefore, as the project process become longer durations and more complex, the high-quality project management is necessary and we need to strengthen our monitoring in cooperation with the executive department and the Board of Directors.

I recognize that we are taking appropriate measures for business sustainability. This is an issue that must be continuously addressed, and the Board of Directors should appropriately supervise this issue including verification of its effectiveness.

**Mr. Yoichiro Iwama, IIJ's Outside Director**

**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	Member of the Board of IIJ (current position)

## (11) Historical data of assets and income

(JPY millions except per share data)

	29th fiscal Year FY2020	30th fiscal Year FY2021	31st fiscal Year FY2022	32nd fiscal Year FY2023
Total revenues	213,002	226,335	252,708	276,080
Operating profit	14,248	23,547	27,221	29,029
Profit attributable to owners of the parent	9,712	15,672	18,852	19,831
Basic earnings per share	JPY 107.67	JPY173.56	JPY104.34	JPY111.81
Total assets	220,777	231,805	246,318	273,713
Equity attributable to owners of the parent	89,956	103,528	118,242	125,751
Owners' equity per share	JPY 997.24	JPY1,146.32	JPY654.36	JPY711.22

## (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. IJ conducted a 1:2 stock split on common stock with an effective date of January 1, 2021. Accordingly, basic earnings per share and owners' equity per share for FY2020 (the 29th fiscal year) have been calculated as if the stock split was conducted at the beginning of FY2020. The figures for FY2019 (the 28th fiscal year) are not retroactively adjusted to the stock split.
4. IJ 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 from FY2019 (the 28th fiscal year) to FY2021 (the 30th fiscal year) are not retroactively adjusted to the stock split.
5. Effective from FY2023 (the 32nd fiscal year), IJ 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
IJ Engineering Inc. ("IJ-EG")	JPY400,000	100.0%	Operation and monitoring of network systems, customer service support and call centers
IJ Global Solutions Inc. ("IJ-GS")	JPY490,000	100.0%	Provision of network services and systems integration
IJ Protech Inc. ("IJ-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
IJ America Inc. ("IJ-A")	USD2,180	100.0%	Provision of network services, systems integration and other related services in the U.S.
IJ Europe Limited ("IJ-Europe")	143GBP	100.0%	Provision of network services, systems integration and other related service in Europe
IJ Global Solutions Singapore Pte. Ltd. ("IJ-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
IJ Global Solutions China Inc. ("IJ-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, 2024, 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 IJJ group

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

## (15) Employees

Number of employees as of the end of FY2023	Change from the end of FY2022
4,803	+352

(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.	9,590
Mizuho Bank, Ltd.	9,590
Sumitomo Mitsui Banking Corporation	9,590
SUMITOMO MITSUI TRUST BANK, LIMITED	1,100

## 2. Matters regarding shares of the Company

- (1) Number of shares authorized: 302,080,000 shares  
(2) Number of shares issued and outstanding: 183,141,100 shares (Including treasury stock: 6,329,688 shares)  
(3) Number of shareholders at the end of FY2023: 10,172  
(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)	19,918,000	11.3%
Nippon Telegraph and Telephone Corporation	12,227,000	6.9%
Custody Bank of Japan, Ltd. (Trust account)	12,223,200	6.9%
NTT Communications Corporation	8,160,000	4.6%
ITOCHU Techno-Solutions Corporation	7,808,000	4.4%
Koichi Suzuki	7,403,589	4.2%
The Dai-ichi Life Insurance Company, Limited	5,092,000	2.9%
KS Holdings Inc.	3,240,000	1.8%
MUFG Bank, Ltd.	2,744,000	1.6%

(Notes)

- The above figures are as of March 31, 2024.
  - Shareholding ratio is calculated by deducting number of treasury stock from total number of shares issued.
  - KS Holdings Inc. is a wholly owned and controlled (indirect) by Mr. Koichi Suzuki.
  - 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 October 27, 2023. According to the filing, Global Alpha owned 9,167,654 shares of common stock of the Company as of October 23, 2023, representing 5.01% of the total at that point. 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, 2024, therefore, Global Alpha and their holdings are not included in the above list.
- (5) Status of stock delivered to directors or company auditors of the Company as consideration of execution of duties during the fiscal year  
The details of the stock-based remuneration delivered during the fiscal year is as follows. The below is due to the allotment of restricted stock as performance-linked bonus for the fiscal year ended March 31, 2023. 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 the Company at the above-mentioned ordinary general meeting of shareholders was 13 and 4 (four), respectively.

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

	Number of shares delivered (shares)	Number of persons
Directors (Excluding outside directors)	19,975	9
Outside directors	-	-
Company auditors	-	-

[Overview of the restricted stock remuneration]

- Timing of payment and allocation: The payment details 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 160,000 shares (After adjustment for stock splits effective January 1, 2021 and October 1, 2022) 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 the Company’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.
- Transfer restrictions: From the disposal date of the Company’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: The Company 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. If certain grounds prescribed in the allotment agreement, such as if an eligible director retires from the position during the restriction period or upon the expiration of the restriction period for any reason other than those deemed justifiable by the Company, the Company will naturally acquire the allotted shares for no consideration.
- Treatment in the event of organizational restructuring, etc.: Regardless of the above, if a matter concerning the organizational restructuring, etc. of the Company, such as a merger agreement whereby the Company will be the non-surviving party to the merger, or a share exchange agreement or share transfer plan whereby the Company will become a wholly-owned subsidiary of another entity, is approved at the Company’s ordinary general meeting of shareholders (or by the Company’s board of directors if such organizational restructuring, etc. does not require approval at a Company’s ordinary general meeting of shareholders) during the transfer restriction period, the Company will remove, based on a resolution of the Company’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 the Company**

#### (1) Directors and company auditors

Position in the Company	Name	Gender	Business in charge or important concurrent posts
Chairman and Representative Director	Koichi Suzuki	Male	Co-CEO [Important concurrent posts] Chairman and representative director of IJ Engineering Inc. Chairman of the board, IJ America Inc. President and representative director of INTERNET MULTIFEED CO. Chairman and representative director of JOCDN Inc.
President and Representative Director	Eijiro Katsu	Male	Co-CEO COO
Executive Vice President	Satoshi Murabayashi	Male	Corporate Management, Chairman of Data Governance Council and Director [Important concurrent posts] President and representative director of DeCurret Holdings, Inc.
Executive Vice President	Yasuhiko Taniwaki	Male	Corporate Management
Senior Managing Director	Koichi Kitamura	Male	Unit Director of Business Unit
Senior Managing Director	Akihisa Watai	Male	CFO Division director of Finance Division
Managing Director	Tadashi Kawashima	Male	Deputy Unit director of Business Unit Division Director of Central Japan Business Division
Managing Director	Junichi Shimagami	Male	CTO Unit director of Technology Unit
Managing Director	Naoshi Yoneyama	Male	CIO Division director of Corporate Planning Division
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	Kazuhiro Ohira	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	Koichi Uchiyama	Male	President of Aisan · Advisory LLC

#### (Notes)

- Business in charge or important concurrent posts are stated as of March 31, 2024
- 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.
- Kazuhiro Ohira, Takashi Michishita and Koichi Uchiyama 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, Kazuhiro Ohira, Takashi Michishita and Koichi Uchiyama are independent directors/company auditors as specified by the Tokyo Stock Exchange and the Company has notified the Tokyo Stock Exchange to that effect.
- Koichi Uchiyama, a company auditor, is a Japanese Certified Public Accountant and has extensive expertise in finance and accounting.
- Relationship between the Company and those companies that our directors hold important concurrent posts.  
There is no special relationship between the Company and the companies where our outside directors and corporate auditors hold concurrent positions.

## (2) Executive officers (As of April 1, 2024)

Name	Title	Principal position
Koichi Suzuki	Chairman	Co-CEO
Eijiro Katsu	President	Co-CEO & COO
Satoshi Murabayashi	Executive Vice President	Corporate Management; in charge of Corporate Planning Division
Yasuhiko Taniwaki	Executive Vice President	Corporate Management; in charge of Administrative Division
Koichi Kitamura	Senior Managing Executive Officer	Unit Director of Business Unit
Akihisa Watai	Senior Managing Executive Officer	CFO Division director of Finance Division
Junichi Shimagami	Senior Managing Executive Officer	CTO Unit director of Technology Unit
Tadashi Kawashima	Senior Managing Executive Officer	Division Director of Central Japan Business Division
Naoshi Yoneyama	Senior Managing Executive Officer	CIO Division director of Corporate Planning Division
Makoto Ajsaka	Managing executive officer	Division Director of Partner Business Division
Yoshikazu Yamai	Managing executive officer	Division director of Infrastructure Engineering Division
Koichi Maruyama	Managing executive officer	Division director of Global Business Division
Masakazu Tachikui	Managing executive officer	In charge of IoT Business Division
Seiji Okita	Managing executive officer	Division director of Professional Services Division
Akira Sumiya	Managing executive officer	Division Director of Administrative Division
Takenori Onishi	Managing Executive officer	Division director of Enterprise Business Division 1
Shigeo Yabuki	Managing Executive officer	Division director of MVNO Division
Ken Araki	Managing Executive officer	In charge of Financial Systems Business Division 1 and Financial Systems Business Division 2
Hajime Shironouchi	Managing Executive officer	Division director of Network Division
Masami Kawamata	Executive officer	General manager of Accounting Department
Takahiro Ide	Executive officer	Division Director of Enterprise Business Division 2
Naoshi Someya	Executive officer	Division director of Cloud Division
Takahiko Hiyama	Executive officer	Deputy Division Director of Finance Division
Kaori Kawakami	Executive officer	Executive Director of Sustainability Committee
Hiroo Shirasaki	Executive officer	Deputy Division Director Network Division
Takeshi Hatano	Executive officer	Division Director of Government Public & Educational Organization Business Division
Mamoru Saito	Executive officer	Division Director of Advanced Security Division

(Note) Mamoru Saito was newly appointed as executive officer of the Company on April 1, 2024.

(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

The Company, 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, the Company bears approximately 90% of the total and each insured bears the remaining balance within a maximum of 1.3% individually, depending on his/her position.

(5) Remuneration, etc. to directors and company auditors for FY2023

(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 February 4, 2021.

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. The remuneration of our full-time executive directors is comprised of fixed monthly remuneration (cash), performance-linked remuneration (restricted stock) and non-monetary remuneration (stock compensation-type stock options).

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

c) Reason why the board of directors has determined that content of remuneration for individual directors for FY2023 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.

Regarding the aforementioned policy, IJ resolved at the board of directors meeting held on May 24, 2024 to amend the policy on decisions regarding individual remuneration, etc. for Directors, on the condition that this Item 4 and Item 5 are approved at a General Meeting of Shareholders, and an outline of the amended policy on decisions is set forth on page 21.

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

- The upper limits of aggregate amount of remuneration for directors and company auditors were at JPY500 million and JPY100 million or less per year respectively, approved at the 16th ordinary general meeting of shareholders held on June 27, 2008. The number of directors and company auditors were 14 and 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, as a substitution for the retirement allowance, 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 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 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.

(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 distribution of performance-linked remuneration 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, 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 the Company.

(iv) Total amount, etc. of directors' and company auditors' remuneration for FY2023

Category	Total remuneration (Millions of yen)	Breakdown of remuneration (Millions of yen)			Number of persons
		Fixed monthly remuneration (cash)	Performance-linked remuneration (restricted stock)	Non-monetary remuneration (stock option)	
Directors	499	386	62	51	14
(Of outside directors)	(30)	(30)	(-)	(-)	(5)
Company auditors	32	32	-	-	4
(Of outside company auditors)	(17)	(17)	(-)	(-)	(3)

(Note) As for performance-linked remuneration, the above is the amount recognized as expenses for FY2023 based on our restricted stock remuneration system.

(v) Contents of performance-linked remuneration

As a performance-linked remuneration, the amount of restricted stock remuneration to be allocated is based on the evaluation methodology using year over year growth rate and target achievement rate of the consolidated revenue and operating income, which are linked with our business growth and improvement of corporate value, and is determined equivalent to between zero and four times as much as each directors' monthly fixed cash remuneration. Each director receives the determined amount of monetary remuneration claims as a cash investment asset for the payment of restricted stock.

Historical data of consolidated revenue and operating income including FY2023 is stated in "1. Matters regarding the current status of the IJ Group, (9) Historical data of assets and income," and an overview of the restricted stock remuneration and status of delivery is stated in "2. Matters regarding shares of the Company, (5) Status of stock delivered to directors or company auditors of the Company as consideration of execution of duties during the fiscal year" of this report, respectively.

(vi) Contents of non-monetary remuneration

As a substitution for the directors' retirement allowance, the Company allocates stock compensation-type stock options, equivalent to between one and two times as much as each directors' monthly fixed cash remuneration which is dependent of each directors' position, to company directors.

An overview of the non-monetary remuneration and status of delivery is stated in "3. Matters regarding the Company's stock acquisition rights" of this report.

An overview of the restricted stock remuneration and status of delivery is stated in "2. Matters regarding shares of the Company, (5) Status of stock delivered to directors or company auditors of the Company as consideration of execution of duties during the fiscal year" of this report. This remuneration is included in the performance-linked remuneration of "(iv) Total amount, etc. of directors' and company auditors compensation for FY2023," above.

(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 the Company, and attended all of the 1 committee meetings during the fiscal year and played an important role in management supervision, such as reflecting the evaluation of the Company'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 the Company, and attended all of the 1 committee meeting during the fiscal year and played an important role in management supervision, such as reflecting the evaluation of the Company'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 the Company, and attended all of the 1 committee meeting during the fiscal year and played an important role in management supervision, such as reflecting the evaluation of the Company'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 the Company, and attended all of the 1 committee meeting during the fiscal year and played an important role in management supervision, such as reflecting the evaluation of the Company'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 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 the Company, and attended all of the 1 committee meeting during the fiscal year and played an important role in management supervision, such as reflecting the evaluation of the Company's financial performance, etc. in the nomination and remuneration of directors, from an independent and objective standpoint.
Company Auditor	Kazuhiro Ohira	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 ability for business administration and internal control. Also, attended all of the 13 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.
	Takashi Michishita	Attended 11 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 12 of the 13 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.
	Koichi Uchiyama	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 many years of experience as a certified public accountant and financial expertise. Also, attended all of the 13 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.

(iii) Outline of liability limitation contracts

The Company has concluded agreements with outside directors and company auditors (excluding Full-time company auditor, Kazuhiro Ohira) 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 the Company 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 FY2023

(i) Remuneration of accounting auditor for FY2023	JPY	75 million
(ii) Total cash or proceeds from other assets that should be paid by the Company or its subsidiaries	JPY	87 million

(Notes)

1. The audit contract between the Company and the accounting auditor does not distinguish between remuneration paid for audits and quarterly 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 the Company 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 fourteen directors, including five independent outside directors and the Company's Board of Company Auditors consists of four company auditors, including three independent outside company auditors. Further, the Company has the Internal Auditing Office consisting of five 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 Fourteen (14) Directors" be approved as originally proposed at the Ordinary General Meeting of Shareholders for the 30th 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 FY2023, 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. Large-scale projects  
Please refer to page 20 “Presentation Material for Consolidated Financial Results for FY23 and New Mid-term Plan (FY2024-FY2026)” for more information.
5. Mobile-related services  
The services refer to IJ Mobile services, which are enterprise IoT usages, IJ Mobile MVNO platform services, and IJmio Mobile services.
6. IoT  
Internet of Things (IoT) enables not only physical objects but also any “things” connected to network to exchange information automatically.
7. Backbone  
A network that constitutes the core part of the entire network.
8. Overseas business revenue  
Overseas business revenue is included in network services revenue and systems integration revenue in our consolidated financial results.
9. DeCurret DCP Inc.  
A wholly owned subsidiary of DeCurret Holdings, Inc., an equity method company of IJ.
10. Mobile unit charge  
Cost of connection with other network operators. As for mobile services, interconnectivity charge refers to the unit charge for interconnectivity data communications between mobile carriers such as NTT DOCOMO, INC. and MVNO (Mobile Virtual Network Operator)s such as IJ. The unit price is per Mbps.
11. Enterprise recurring revenues  
Revenue from enterprises that is expected to be continuously recognized due to the continued provision of services, excluding mobile-related service revenue for consumers and MVNE revenue.
12. VMware Inc.  
The U.S. IT company that provides cloud computing and virtualization.
13. VMware products  
Cloud computing and virtualization software which were provided by VMware Inc.

## Consolidated financial statements

### Consolidated Statements of Financial Position

(As of March 31, 2024)

(Unit: JPY millions)

Item	Amount	Item	Amount
Assets		Liabilities and Equity	
Current Assets		Liabilities	
Cash and cash equivalents	45,474	Current liabilities	
Trade receivables	45,683	Trade and other payables	25,435
Inventories	3,227	Borrowings	30,133
Prepaid expenses	20,084	Income taxes payable	5,328
Contract assets	3,110	Contract liabilities	12,685
Other financial assets	1,532	Deferred income	56
Other current assets	779	Other financial liabilities	18,035
		Other current liabilities	6,686
<b>Total Current Assets</b>	<b>119,889</b>	<b>Total current liabilities</b>	<b>98,358</b>
Non-current Assets		Non-current liabilities	
Tangible assets	29,072	Borrowings	47
Right-of-use Assets	41,242	Retirement benefit liabilities	4,991
Goodwill	10,328	Provisions	901
Intangible assets	18,357	Contract liabilities	8,552
Investments accounted for using the equity method	5,169	Deferred income	237
Prepaid expenses	19,412	Deferred tax liabilities	1,483
Contract assets	108	Other financial liabilities	31,103
Investment securities (Equity)	14,563	Other non-current liabilities	1,009
Other investments	9,805	<b>Total non-current liabilities</b>	<b>48,323</b>
Other investments	290	<b>Total liabilities</b>	<b>146,681</b>
Deferred tax assets	5,210	Equity	
Other financial assets	268	Share capital	25,562
		Share premium	35,737
		Retained earnings	65,616
		Other components of equity	10,863
		Treasury shares	(12,027)
		Total equity attributable to owners of the parent	125,751
		Non-controlling interests	1,281
<b>Other non-current assets</b>	<b>153,824</b>	<b>Total equity</b>	<b>127,032</b>
<b>Total non-current assets</b>	<b>273,713</b>	<b>Total liabilities and equity</b>	<b>273,713</b>

## Consolidated Statements of Profit or Loss

(From April 1, 2023 through March 31, 2024)

(Unit: JPY millions)

<b>Item</b>	<b>Amount</b>
Revenues	
Network services	151,347
System integration	121,819
ATM operation business	2,914
<b>Total revenues</b>	<b>276,080</b>
Cost of sales	
Cost of network services	(107,854)
Cost of systems integration	(102,777)
Cost of ATM operation business	(1,583)
<b>Total cost of sales</b>	<b>(212,214)</b>
<b>Gross Profit</b>	<b>63,866</b>
Selling, general and administrative expense	(34,754)
Other operating income	169
Other operating expenses	(252)
<b>Operating Profit</b>	<b>29,029</b>
Finance income	1,019
Finance expenses	(649)
Share of profit (loss) of investments accounted for using equity method	(465)
<b>Profit (loss) before tax</b>	<b>28,934</b>
Income tax expense	(8,958)
<b>Profit (loss) for the year</b>	<b>19,976</b>
Profit (loss) for the year attributable to:	
Owners of the parent	19,831
Non-controlling interests	145
<b>Total</b>	<b>19,976</b>



## Non-Consolidated Balance Sheet

(As of March 31, 2024)

(Unit: JPY millions)

Assets		Liabilities and net assets	
Item	Amount	Item	Amount
<b>[Current assets]</b>	<b>90,582</b>	<b>[Current liabilities]</b>	<b>80,963</b>
Cash and bank deposits	26,894	Accounts payable	5,366
Accounts receivable	38,971	Short-term borrowings	26,570
Investment in leases	1,427	Short-term borrowings from affiliated companies	3,500
Merchandise	218	Long-term borrowings – Current portion	3,500
Work in process	124	Accounts payable – other	14,081
Supplies	2,343	Capital lease obligations – current	5,628
Prepaid expenses	16,301	Accrued expense	872
Accounts receivable – other	527	Accounts payable – fixed assets	2,035
Consumption taxes refund receivable	565	Income taxes payable	4,544
Short-term loans to affiliated Companies	55	Deposits received	312
Contract assets	3,129	Contract liabilities	14,452
Current portion of guarantee deposits	1	Other current liabilities	103
Other current assets	132		
Allowance for doubtful accounts	(105)		
<b>[Fixed assets]</b>	<b>111,795</b>	<b>[Long-term liabilities]</b>	<b>16,837</b>
<b>&lt;Property and equipment&gt;</b>	<b>36,470</b>	Accounts payable – noncurrent	1,226
Land	1,522	Capital lease obligations – noncurrent	8,939
Buildings	3,346	Asset retirement obligations	829
Leasehold improvements	16,284	Accrued pension and severance cost	4,343
Construction other than buildings	1,924	Accrued directors' and company auditors' retirement benefits	199
Data communication equipment and office equipment	13,342	Deferred tax liabilities	1,301
Assets under capital leases	39,153		
Construction in progress	2,503		
Accumulated depreciation	(41,604)		
<b>&lt;Intangible assets&gt;</b>	<b>16,918</b>		
Goodwill	392	<b>Total liabilities</b>	<b>97,800</b>
Customer relationships	587	<b>[Shareholders' equity]</b>	<b>95,751</b>
Telephone rights	2	<b>&lt;Capital stock&gt;</b>	<b>23,023</b>
Software	15,846	<b>&lt;Capital surplus&gt;</b>	<b>9,743</b>
Assets under capital leases	91	Legal capital surplus	9,743
<b>&lt;Investments and other assets&gt;</b>	<b>58,407</b>	<b>&lt;Earned surplus&gt;</b>	<b>75,003</b>
Investments in securities	13,698	Legal retained earnings	502
Money held in trust	4,943	Other retained earnings	74,501
Investments in affiliated companies	20,326	Reserve for advanced depreciation of fixed assets	202
Bonds of affiliated companies	2,000	Retained earnings brought forward	74,299
Guarantee deposits	3,779	<b>&lt;Treasury stock&gt;</b>	<b>(12,018)</b>
Long-term prepaid expenses	13,122	<b>[Valuation and translation adjustment]</b>	<b>8,193</b>
Claims against insolvencies	4	Net unrealized gains on securities	8,193
Long-term loans to affiliated companies	145	<b>[Subscription rights to shares]</b>	<b>633</b>
Other investments	412	Stock acquisition rights	633
Allowance for doubtful accounts	△22		
		<b>Total net assets</b>	<b>104,577</b>
<b>Total assets</b>	<b>202,377</b>	<b>Total liabilities and net assets</b>	<b>202,377</b>

## Non-Consolidated Statement of Income

(From April 1, 2023 through March 31, 2024)

(Unit: JPY millions)

Item	Amount	Total
<b>[Total revenues]</b>		228,257
<b>[Total costs of revenues]</b>		177,237
<b>Gross margin</b>		51,020
<b>[Total sales and administrative expense]</b>		27,601
<b>Operating income</b>		23,419
<b>[Non-operating income]</b>		
Interest income	146	
Dividend income	1,688	
Commissions received	42	
Royalty charges received	4	
Foreign exchange gain	949	
Gain on reversal of allowance for doubtful accounts	10	
Other non-operating income	181	3,020
<b>[Non-operating expenses]</b>		
Interest expense	334	
Loss on investments on silent partnership	98	
Other non-operating expenses	91	523
<b>Ordinary income</b>		25,916
<b>[Extraordinary income]</b>		
Gain on sale of investment securities	547	547
<b>[Extraordinary loss]</b>		
Loss on disposal of fixed assets	29	
Loss on sale of fixed assets	0	
Loss on valuation of investment securities	123	
Loss on valuation of investment in affiliated companies	157	309
<b>Income before income taxes</b>		26,154
<b>Income taxes – current</b>		7,665
<b>Income taxes – deferred</b>		(74)
<b>Net income</b>		18,563

**Independent Auditor's Report**

May 20, 2024

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, 2024 and for the year from April 1, 2023 to March 31, 2024 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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, 2024

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, 2024 and for the year from April 1, 2023 to March 31, 2024 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 32nd fiscal year from April 1, 2023 to March 31, 2024. 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 properness 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 on October 28, 2005) 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 24, 2024

Board of Company Auditors  
Internet Initiative Japan Inc

Full-time Company Auditor	Kazuhiro Ohira	(seal)
Full-time Company Auditor	Masako Tanaka	(seal)
Company Auditor	Takashi Michishita	(seal)
Company Auditor	Koichi Uchiyama	(seal)

Note: Full-time Company Auditor, Kazuhiro Ohira and two Company Auditors, Takashi Michishita and Koichi Uchiyama, are outside company auditors as provided in Article 2-16 and Article 335-3 of the Corporation Law.