



Internet Initiative Japan

For Immediate Release
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IIJ Announces its First Six Months Results for the Fiscal Year Ending March 31, 2026

Tokyo, November 7, 2025 - Internet Initiative Japan Inc. (“IIJ”, TSE Prime: 3774) today announced its consolidated financial results for the first six months for the fiscal year ending March 31, 2026 (“1H25”, from April 1, 2025 to September 30, 2025) under International Financial Reporting Standards (IFRS).¹

Highlights of Financial Results for 1H25				FY2025 Targets	
				First Half	Full Year
Total revenues	JPY 161.9 billion	up 10.1% YoY ²	JPY158.0 billion	JPY340.0 billion	
Operating profit	JPY 15.4 billion	up 30.6% YoY	JPY15.5 billion	JPY36.5 billion	
Profit before tax	JPY 15.1 billion	up 36.3% YoY	JPY13.9 billion	JPY33.7 billion	
Net profit ³	JPY 10.0 billion	up 34.2% YoY	JPY9.4 billion	JPY23.0 billion	

Overview of 1H25 Financial Results and Business Outlook

“We continued to see strong demand for network system renewals across various industries. In 1H25, we have secured eight multi-year large-scale projects⁴, and their total contract amount reached approximately JPY28.0 billion, which is a 1.5-fold increase compared to 1H24. Revenues from these projects will be recognized over the contract period, starting with one-time system construction revenue, followed by multiple years of monthly recurring revenues (MRR) of network services and systems operation and maintenance. We also steadily expanded our monthly recurring service offerings mainly by enhancing several functions of existing services to strengthen the ongoing accumulation of MRR in the short term. As for the 1H25 financial results, total revenue grew by 10.1% YoY, exceeding our expectations, driven by robust growth in systems integration and steady expansion of network services. Operating profit recorded strong growth of 30.6% YoY, accompanied by a YoY margin recovery from last fiscal year’s VMware-related negative impact⁵. Turning to new business areas, DeCurret’s digital currency business has made progress, highlighted by JAPAN POST BANK’s adoption of its platform during FY2026⁶, and initial discussions on foreign exchange services with SBI Shinsei Bank and Partior⁷. Also, we have reached an agreement with Sony Semiconductor Solutions, a global leader in image sensors, to establish a joint venture promoting soil moisture sensing business by leveraging both companies’ expertise⁸. We will continue to focus on our current growth strategy to achieve further business expansion,” said Yasuhiko Taniwaki, President of IIJ.

“IIJ’s core strength lies in its exceptional network engineering and operational expertise backed by over 2,000 highly skilled engineers. Leveraging this expertise and our comprehensive network service lineup, we have built and maintained long-term relationships with Japan’s leading enterprises for over 30 years. Japan is undergoing a structural shift in IT architecture from closed, legacy network systems to open, flexible, Internet-integrated ones. This trend has driven growing demand for our Service Integration offering, which combines systems integration and our network services, and has also led to the consecutive acquisition of multi-year large-scale projects in recent years. Looking ahead, as cyber threats rise and technology advances rapidly, Japanese enterprises are expected to become more dependent on experts in the form of full-scale IT outsourcing. In this environment, we are confident in achieving strong revenue growth continuously, which will lead to consistent profit accumulation in the mid to long term,” concluded Koichi Suzuki, Founder and Chairman of IIJ.

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

² YoY is an abbreviation for year over year change.

³ Net profit is “profit for the year attributable to owners of the parent.”

⁴ Large-scale projects are defined as those with a cumulative value of over 1 billion yen during the contract period.

⁵ For details, please refer to page 2 of “Presentation Material for Consolidated Financial Results for FY24” which was disclosed on May 13, 2025.

⁶ For details, please refer to a press release titled “Notice on Consideration of Tokenized Deposits in Collaboration with JAPAN POST BANK” which can be found here <https://www.decurret-dcp.com/en/pressrelease/pr-20250901.html>

⁷ For details, please refer to a press release titled “SBI Shinsei Bank, Partior, and DeCurret DCP Agree to Launch Full-Scale Study on Foreign Currency Transactions Using Tokenized Deposits” which can be found here <https://www.decurret-dcp.com/en/pressrelease/pr-20250916.html>

⁸ For details, please refer to a press release titled “IIJ and Sony to Agree on the Establishment of a Joint Venture to Promote Smart Agriculture” which can be found here <https://www.ij.ad.jp/en/news/pressrelease/2025/1107.html>

1H25 Financial Results Summary

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

Operating Results Summary

	1H24	1H25	YoY Change
	JPY millions	JPY millions	%
Total revenues	147,022	161,910	10.1
Network services	78,946	87,047	10.3
Systems integration (SI)	66,599	73,344	10.1
ATM operation business	1,477	1,519	2.8
Total costs	(116,351)	(126,782)	9.0
Network services	(57,273)	(63,434)	10.8
Systems integration (SI)	(58,286)	(62,558)	7.3
ATM operation business	(792)	(790)	(0.3)
Total gross profit	30,671	35,128	14.5
Network services	21,673	23,613	9.0
Systems integration (SI)	8,313	10,786	29.7
ATM operation business	685	729	6.4
SG&A, R&D, and other operating income (expenses)	(18,889)	(19,740)	4.5
Operating profit	11,782	15,388	30.6
Profit before tax	11,116	15,149	36.3
Profit for the period attributable to owners of the parent	7,473	10,032	34.2

(Note) Systems integration includes equipment sales.

Segment Results Summary

	1H24	1H25
	JPY millions	JPY millions
Total revenues	147,022	161,910
Network services and SI business	145,564	160,409
ATM operation business	1,477	1,519
Elimination	(19)	(18)
Operating profit	11,782	15,388
Network services and SI business	11,202	14,760
ATM operation business	580	628
Elimination	-	-

1H25 Revenues and Income

Revenues

Total revenues were JPY161,910 million, up 10.1% YoY (JPY147,022 million for 1H24).

Network services revenue was JPY87,047 million, up 10.3% YoY (JPY78,946 million for 1H24).

Revenues for Internet connectivity services for enterprise were JPY26,384 million, up 12.0% YoY from JPY23,564 million for 1H24, mainly due to an increase in revenues of enterprise mobile services and IP services.

Revenues for Internet connectivity services for consumers were JPY14,012 million, up 6.1% YoY from JPY13,201 million for 1H24, mainly due to an increase in IIJmio Mobile services revenues.

Revenues for Outsourcing services were JPY32,641 million, up 14.8% YoY from JPY28,430 million for 1H24, mainly due to an increase in security-related services revenues.

Revenues for WAN services were JPY14,010 million, up 1.9% YoY from JPY13,751 million for 1H24.

Network Services Revenues Breakdown

	1H24	1H25	YoY Change
	JPY millions	JPY millions	%
Total network services	78,946	87,047	10.3
Internet connectivity services (enterprise)	23,564	26,384	12.0
IP services (including data center connectivity services)	8,401	9,230	9.9
IIJ Mobile Services	12,820	14,618	14.0
Enterprise mobile services (IoT usages etc.)	7,247	8,792	21.3
IIJ Mobile MVNO Platform Service (MVNE)	5,573	5,826	4.5
Others	2,343	2,536	8.2
Internet connectivity services (consumer)	13,201	14,012	6.1
IIJmio Mobile Services	11,440	12,291	7.4
Others	1,761	1,721	(2.3)
Outsourcing services	28,430	32,641	14.8
WAN services	13,751	14,010	1.9

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

	As of Sep. 30, 2024	As of Sep. 30, 2025	YoY Change
Internet connectivity services (enterprise)	4,037,736	4,714,421	676,685
IP service (greater than or equal to 1 Gbps) (Note 2)	1,451	1,501	50
IP service (less than 1 Gbps) (Note 2)	1,571	1,672	101
IIJ Mobile Services	3,933,536	4,605,568	672,032
Enterprise mobile services (IoT usages etc.)	2,723,531	3,302,987	579,456
IIJ Mobile MVNO Platform Service (MVNE)	1,210,005	1,302,581	92,576
Others	101,178	105,680	4,502
Internet connectivity services (consumer)	1,620,948	1,690,538	69,590
IIJmio Mobile Services	1,294,420	1,382,080	87,660
Others	326,528	308,458	(18,070)
Total contracted bandwidth (Gbps) (Note 3)	11,893.6	14,947.0	3,053.4

(Notes)

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

SI revenues, including equipment sales, were JPY73,344 million, up 10.1% YoY (JPY66,599 million for 1H24). Systems construction and equipment sales, a one-time revenue, was JPY28,296 million, up 5.2% YoY (JPY26,888 million for 1H24). Systems operation and maintenance revenue, a recurring revenue, was JPY45,048 million, up 13.4% YoY (JPY39,711 million for 1H24), mainly due to continued accumulation of systems operation orders.

Orders received for SI, including equipment sales, totaled JPY90,816 million, up 24.5% YoY (JPY72,972 million for 1H24); orders received for systems construction and equipment sales were JPY36,728 million, up 21.3% YoY (JPY30,279 million for 1H24), and orders received for systems operation and maintenance were JPY54,088 million, up 26.7% YoY (JPY42,693 million for 1H24).

Order backlog for SI, including equipment sales, as of September 30, 2025 amounted to JPY132,915 million, up 15.3% YoY (JPY115,266 million as of September 30, 2024); order backlog for systems construction and equipment sales was JPY24,237 million, down 10.7% YoY (JPY27,152 million as of September 30, 2024) and order backlog for systems operation and maintenance was JPY108,678 million, up 23.3% YoY (JPY88,114 million as of September 30, 2024).

ATM operation business revenues were JPY1,519 million, up 2.8% YoY (JPY1,477 million for 1H24).

Cost of sales

Total cost of sales was JPY126,782 million, up 9.0% YoY (JPY116,351 million for 1H24).

Cost of network services revenue was JPY63,434 million, up 10.8% YoY (JPY57,273 million for 1H24), mainly due to an increase in purchasing cost of mobile devices. Gross profit was JPY23,613 million, up 9.0% YoY (JPY21,673 million for 1H24) and gross profit ratio was 27.1% (27.5% for 1H24).

Cost of SI revenues, including equipment sales was JPY62,558 million, up 7.3% YoY (JPY58,286 million for 1H24), mainly due to an increase in outsourcing-related costs. Gross profit was JPY10,786 million, up 29.7% YoY (JPY8,313 million for 1H24). In addition to revenue growth, the negative impact in 1H24 due to the substantial price increases of VMware products was mostly offset by the price pass-through, and gross profit ratio was 14.7% (12.5% for 1H24).

Cost of ATM operation business revenues was JPY790 million, down 0.3% YoY (JPY792 million for 1H24). Gross profit was JPY729 million, up 6.4% YoY (JPY685 million for 1H24) and gross profit ratio was 48.0% (46.4% for 1H24).

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

Selling, general and administrative expenses, including research and development expenses, totaled JPY20,853 million, up 10.2% YoY (JPY18,923 million for 1H24), mainly due to an increase in personnel-related expenses.

Other operating income was JPY1,219 million (JPY88 million for 1H24), mainly due to one-time gain from the revision of the retirement benefit plans of JPY1,169 million.

Other operating expenses was JPY106 million (JPY54 million for 1H24).

Operating profit

Operating profit was JPY15,388 million (JPY11,782 million for 1H24), up 30.6% YoY.

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

Finance income was JPY743 million, compared to JPY213 million for 1H24. It included gains on financial instruments, mainly related to funds, of JPY431 million (loss of JPY278 million for 1H24), and dividend income of JPY179 million (JPY119 million for 1H24).

Finance expense was JPY756 million compared to JPY788 million for 1H24. It included interest expenses of JPY651 million (JPY450 million for 1H24), mainly related to bank borrowing and lease transaction, and foreign exchange loss of JPY74 million (loss of JPY52 million for 1H24).

Share of loss of investments accounted for using equity method was JPY226 million (loss of JPY91 million for 1H24), mainly due to loss of DeCurret Holdings, Inc. of JPY355 million (loss of JPY158 million for 1H24).

Profit before tax

Profit before tax was JPY15,149 million (JPY11,116 million for 1H24), up 36.3% YoY.

Profit for the period

Income tax expense was JPY5,019 million (JPY3,569 million for 1H24). As a result, profit for the period was JPY10,130 million (JPY7,547 million for 1H24), up 34.2% YoY.

Profit for the period attributable to non-controlling interests was JPY98 million (JPY74 million for 1H24), mainly related to net income of Trust Networks Inc.

Profit for the period attributable to owners of parent was JPY10,032 million (JPY7,473 million for 1H24), up 34.2% YoY.

Comprehensive income for the period

Comprehensive income for the period was JPY10,809 million (JPY7,940 million for 1H24), up 36.1% YoY, mainly due to the recognition of comprehensive income related to the revision of the retirement benefit plans of JPY344 million and an increase in the market value of investment securities and others of JPY63 million (JPY637 million for 1H24).

Comprehensive income for the period attributable to owners of parent was JPY10,711 million (JPY7,866 million for 1H24), up 36.2% YoY.

(*) Regarding financial instruments under IFRS, we recognize changes in the fair value of funds as net profit or loss in the consolidated statements of profit or loss, while changes in the fair value of equity securities are recognized as changes in equity through other comprehensive income.

Financial Position as of September 30, 2025

As of September 30, 2025, the balance of total assets was JPY329,260 million, increased by JPY16,825 million from the balance as of March 31, 2025 of JPY312,435 million.

As of September 30, 2025, the balance of current assets was JPY138,705 million, increased by JPY8,510 million from the balance as of March 31, 2025 of JPY130,195 million. As for the major breakdown of balance and fluctuation of current assets, cash and cash equivalents increased by JPY4,764 million to JPY37,298 million, trade receivables decreased by JPY4,756 million to JPY51,605 million, inventories increased by JPY1,731 million to JPY6,412 million, and prepaid expenses increased by JPY5,876 million to JPY33,998 million mainly due to increases in project costs for customers, license fees and equipment-related costs.

As of September 30, 2025, the balance of non-current assets was JPY190,555 million, increased by JPY8,315 million from the balance as of March 31, 2025 of JPY182,240 million. As for the major breakdown of balance and fluctuation of non-current assets, tangible assets increased by JPY6,590 million to JPY40,361 million mainly due to purchases related to data centers, right-of-use assets, the rights under operating lease contracts such as office and data centers and under finance lease contracts such as data communication equipment, decreased by JPY3,557 million to JPY42,199 million mainly due to depreciation, intangible assets increased by JPY595 million to JPY21,616 million, prepaid expenses increased by JPY1,802 million to JPY30,610 million, mainly due to increases in project costs for customers, license fees and equipment-related costs, and contract assets increased by JPY1,878 million to JPY2,205 million.

As of September 30, 2025, the balance of current liabilities was JPY124,319 million, increased by JPY11,004 million from the balance as of March 31, 2025 of JPY113,315 million. As for the major breakdown of balance and fluctuation of current liabilities, trade and other payables increased by JPY1,961 million to JPY32,199 million, borrowings increased by JPY1,970 million to JPY35,586 million, contract liabilities increased by JPY4,282 million to JPY19,968 million and other financial liabilities increased by JPY3,118 million to JPY23,997 million.

As of September 30, 2025, the balance of non-current liabilities was JPY55,222 million, decreased by JPY1,812 million from the balance as of March 31, 2025 of JPY57,034 million. As for the major breakdown of balance and fluctuation of non-current liabilities, retirement benefit liabilities decreased by JPY3,862 million to JPY987 million, contract liabilities increased by JPY1,898 million to JPY12,010 million and other financial liabilities increased by JPY481 million to JPY38,180 million.

As of September 30, 2025, the balance of total equity attributable to owners of the parent was JPY148,377 million, increased by JPY7,694 million from the balance as of March 31, 2025 of JPY140,683 million. Ratio of owners' equity to total assets was 45.1% as of September 30, 2025.

1H25 Cash Flows

Cash and cash equivalents as of September 30, 2025 were JPY37,298 million (JPY33,665 million as of September 30, 2024).

Net cash provided by operating activities for 1H25 was JPY23,378 million (net cash provided by operating activities of JPY10,527 million for 1H24). There were profit before tax of JPY15,149 million (JPY11,116 million for 1H24), depreciation and amortization of JPY16,072 million (JPY15,358 million for 1H24), including JPY5,764 million (JPY5,945 million for 1H24) of depreciation of right-of-use operating lease assets under IFRS 16, and income taxes paid of JPY5,206 million (JPY5,257 million for 1H24). Regarding changes in working capital, there was net cash out of JPY3,561 million compared to net cash out of JPY11,402 million for 1H24. As for the major factor for the decrease in net cash out in comparison with 1H24, there was a decrease in payments of prepaid expenses.

Net cash used in investing activities for 1H25 was JPY11,443 million (net cash used in investing activities of JPY12,380 million for 1H24), mainly due to payments for purchases of tangible assets, such as assets related to data centers, of JPY8,343 million (JPY6,096 million for 1H24) and purchases of intangible assets, such as software, of JPY3,900 million (JPY4,115 million for 1H24).

Net cash used in financing activities for 1H25 was JPY7,299 million (net cash used in financing activities of JPY9,729 million for 1H24), mainly due to payments of other financial liabilities of JPY11,721 million (JPY10,732 million for 1H24), which included payments under operating lease contracts such as office rent and finance lease contracts such as network equipment, proceeds from other financial liabilities of JPY5,710 million (JPY5,871 million for 1H24), dividends paid of JPY3,096 million (JPY3,038 million for 1H24), and net increase in short-term borrowings of JPY2,000 million.

Future Prospects including FY2025 Financial Targets

1H25 financial results were mostly in line with our expectations. Given the fourth quarter tends to have the largest revenue and profit, financial targets for the fiscal year ending March 31, 2026 (FY2025) announced on May 13, 2025 remain unchanged.

Presentation

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

About Internet Initiative Japan Inc.

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

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Disclaimer:

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Condensed Interim Consolidated Statements of Financial Position (Unaudited)

	March 31, 2025	September 30, 2025
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	32,534	37,298
Trade receivables	56,361	51,605
Inventories	4,681	6,412
Prepaid expenses	28,122	33,998
Contract assets	6,098	4,908
Other financial assets	2,247	3,814
Other current assets	152	670
Total current assets	130,195	138,705
Non-current assets		
Tangible assets	33,771	40,361
Right-of-use assets	45,756	42,199
Goodwill	10,307	10,452
Intangible assets	21,021	21,616
Investments accounted for using equity method	6,639	6,332
Prepaid expenses	28,808	30,610
Contract assets	327	2,205
Investment securities (Equity)	15,823	15,586
Other investments	10,711	11,404
Deferred tax assets	252	259
Other financial assets	8,361	9,032
Other non-current assets	464	499
Total non-current assets	182,240	190,555
Total assets	312,435	329,260

	March 31, 2025	September 30, 2025
	Millions of yen	Millions of yen
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	30,238	32,199
Borrowings	33,616	35,586
Income taxes payable	5,205	5,086
Provisions	316	675
Contract liabilities	15,686	19,968
Deferred income	36	76
Other financial liabilities	20,879	23,997
Other current liabilities	7,339	6,732
Total current liabilities	113,315	124,319
Non-current liabilities		
Retirement benefit liabilities	4,849	987
Provisions	1,551	1,235
Contract liabilities	10,112	12,010
Deferred income	209	195
Deferred tax liabilities	1,474	1,421
Other financial liabilities	37,699	38,180
Other non-current liabilities	1,140	1,194
Total non-current liabilities	57,034	55,222
Total liabilities	170,349	179,541
Equity		
Share capital	25,577	25,663
Share premium	35,865	35,728
Retained earnings	79,885	87,293
Other components of equity	11,266	11,448
Treasury shares	(11,910)	(11,755)
Total equity attributable to owners of the parent	140,683	148,377
Non-controlling interests	1,403	1,342
Total equity	142,086	149,719
Total liabilities and equity	312,435	329,260

Condensed Interim Consolidated Statements of Profit or Loss (Unaudited)

	Six Months Ended September 30, 2024	Six Months Ended September 30, 2025
	Millions of yen	Millions of yen
Revenues		
Network services	78,946	87,047
Systems integration	66,599	73,344
ATM operation business	1,477	1,519
Total revenues	147,022	161,910
Cost of sales		
Cost of network services	(57,273)	(63,434)
Cost of systems integration	(58,286)	(62,558)
Cost of ATM operation business	(792)	(790)
Total cost of sales	(116,351)	(126,782)
Gross Profit	30,671	35,128
Selling, general and administrative expenses	(18,923)	(20,853)
Other operating income	88	1,219
Other operating expenses	(54)	(106)
Operating Profit	11,782	15,388
Finance income	213	743
Finance expenses	(788)	(756)
Share of profit (loss) of investments accounted for using equity method	(91)	(226)
Profit (loss) before tax	11,116	15,149
Income tax expense	(3,569)	(5,019)
Profit (loss) for the period	7,547	10,130
Profit (loss) for the period attributable to:		
Owners of the parent	7,473	10,032
Non-controlling interests	74	98
Total	7,547	10,130
Earnings per share		
Basic earnings per share (yen)	42.25	56.64
Diluted earnings per share (yen)	42.03	56.36

Condensed Interim Consolidated Statements of Comprehensive Income (Unaudited)

	Six Months Ended September 30, 2024	Six Months Ended September 30, 2025
	Millions of yen	Millions of yen
Profit (loss)	7,547	10,130
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss		
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	637	63
Remeasurement of defined benefit plans	—	344
Total items that will not be reclassified to profit or loss	637	407
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(266)	266
Share of other comprehensive income of investments accounted for using equity method	22	(19)
Effective portion of cash flow hedges	—	25
Total of items that may be reclassified to profit or loss	(244)	272
Total other comprehensive income, net of tax	393	679
Other comprehensive income	7,940	10,809
Other comprehensive income attributable to:		
Owners of the parent	7,866	10,711
Non-controlling interest	74	98
Other comprehensive income	7,940	10,809

Condensed Consolidated Statements of Changes in Shareholders' Equity (Unaudited)
Six months ended September 30, 2024

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

Six months ended September 30, 2025

	Owners of the parent's shareholders' equity						Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Other components of equity	Treasury shares	Total		
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance, April 1, 2025	25,577	35,865	79,885	11,266	(11,910)	140,683	1,403	142,086
Comprehensive income								
Profit (loss)	-	-	10,032	-	-	10,032	98	10,130
Other comprehensive income	-	-	-	679	-	679	-	679
Total comprehensive income	-	-	10,032	679	-	10,711	98	10,809
Transactions with owners								
Issuance of common stock	86	(85)	-	-	-	1	-	1
Disposal of treasury shares	-	(3)	-	-	155	152	-	152
Dividends paid	-	-	(3,096)	-	-	(3,096)	(63)	(3,159)
Stock-based compensation	-	(48)	-	-	-	(48)	-	(48)
Transfer from other components of equity to retained earnings	-	-	472	(472)	-	-	-	-
Transfer to non-financial assets	-	-	-	(25)	-	(25)	-	(25)
Changes in ownership interest in subsidiaries	-	(1)	-	-	-	(1)	(96)	(97)
Total transactions with owners	86	(137)	(2,624)	(497)	155	(3,017)	(159)	(3,176)
Balance, September 30, 2025	25,663	35,728	87,293	11,448	(11,755)	148,377	1,342	149,719

Condensed Interim Consolidated Statements of Cash Flows (Unaudited)

	Six Months Ended September 30, 2024	Six Months Ended September 30, 2025
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit (loss) before tax	11,116	15,149
Adjustments		
Depreciation and amortization	15,358	16,072
Loss (gain) on sales/disposals of property and equipment	29	75
Shares of loss (profit) of investments accounted for using equity method	91	226
Finance income	(213)	(743)
Finance expenses	788	756
Other	232	847
Changes in working capital		
Decrease (increase) in trade receivables	2,855	4,879
Decrease (increase) in inventories	(1,700)	(1,698)
Decrease (increase) in prepaid expenses	(15,710)	(7,530)
Decrease (increase) in contract assets	(1,823)	(688)
Decrease (increase) in other assets	547	(517)
Decrease (increase) in other financial assets	352	(1,131)
Increase (decrease) in trade and other payables	(855)	(1,280)
Increase (decrease) in contract liabilities	3,707	5,935
Increase (decrease) in deferred income	(2)	39
Increase (decrease) in provisions	732	(91)
Increase (decrease) in other liabilities	442	(579)
Increase (decrease) in other financial liabilities	(161)	2,618
Increase (decrease) in retirement benefit liabilities	214	(3,518)
Subtotal	15,999	28,821
Interest and dividends received	253	354
Interest paid	(468)	(591)
Income taxes paid	(5,257)	(5,206)
Cash flows from operating activities	10,527	23,378

	Six Months Ended September 30, 2024	Six Months Ended September 30, 2025
	Millions of yen	Millions of yen
Cash flows from investing activities		
Purchases of tangible assets	(6,096)	(8,343)
Proceeds from sales of tangible assets	521	1,000
Purchases of intangible assets	(4,115)	(3,900)
Purchase of investments accounted for using equity method	(1,925)	-
Purchases of investment securities (Equity)	(100)	-
Proceeds from sales of investment securities (Equity)	-	321
Purchases of other investments	(590)	(454)
Payments for leasehold deposits and guarantee deposits	(155)	(69)
Proceeds from collection of leasehold deposits and guarantee deposits	97	40
Payments for refundable insurance policies	(37)	(37)
Other	20	(1)
Cash flows from investing activities	<u>(12,380)</u>	<u>(11,443)</u>
Cash flows from financing activities		
Repayment of long-term borrowings	(1,782)	(30)
Net increase (decrease) in short-term borrowings	-	2,000
Proceeds from other financial liabilities	5,871	5,710
Payments of other financial liabilities	(10,732)	(11,721)
Dividends paid	(3,038)	(3,096)
Payments for acquisition of interests in subsidiaries from non-controlling interests	-	(97)
Other	(48)	(65)
Cash flows from financing activities	<u>(9,729)</u>	<u>(7,299)</u>
Effect of exchange rate changes on cash and cash equivalents	(227)	128
Net increase (decrease) in cash and cash equivalents	(11,809)	4,764
Cash and cash equivalents, beginning of the period	<u>45,474</u>	<u>32,534</u>
Cash and cash equivalents, end of the period	<u><u>33,665</u></u>	<u><u>37,298</u></u>

Notes to Condensed Consolidated Financial Statements (Unaudited)

Going Concern Assumption

Nothing to be reported.

Changes in Accounting Policies

Nothing to be reported.

Segment Information

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

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

Segment information for the Company is as follows:

Six months ended September 30, 2024

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

Six months ended September 30, 2025

	Reportable segments			Adjustments	Consolidated
	Network service and systems integration business	ATM operation business			
	JPY millions	JPY millions	JPY millions		
Revenue					
Customers	160,391	1,519	—		161,910
Intersegment transactions	18	—	(18)		—
Total revenue	160,409	1,519	(18)		161,910
Segment operating profit	14,760	628	—		15,388
Finance income					743
Finance expense					(756)
Share of profit (loss) of investments accounted for using the equity method					(226)
Profit before tax					15,149

Intersegment transactions are based on market price.

Subsequent Events

Nothing to be reported.

Note: The following information is provided to disclose Internet Initiative Japan Inc. (“IIJ”) financial results (unaudited) for the first six months ended September 30, 2025 (“1H25”) in the form defined by the Tokyo Stock Exchange.

Consolidated Financial Results for the First Six Months ended September 30, 2025 [Under IFRS]

November 7, 2025

Company name: Internet Initiative Japan Inc.

Exchange listed: Tokyo Stock Exchange

Ticker symbol: 3774

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

Representative: Yasuhiko Taniwaki, Representative Director, President and Executive Officer

Contact: Akihisa Watai, Member of the Board, Executive Vice President and CFO

TEL: +81-3- 5205-6500

Scheduled date for filing Semiannual Securities Report (*Hanki-houkokusho*) to Japan’s regulatory organization: November 14, 2025

Scheduled date for dividend payment: December 5, 2025

Supplemental material on quarterly results: Yes

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

(Amounts of less than JPY one million are rounded)

1. Consolidated Financial Results for the Six Months ended September 30, 2025 (April 1, 2025 to September 30, 2025)

(1) Consolidated Results of Operations

(% shown is YoY change)

	Revenues		Operating profit		Profit (loss) before tax		Profit (loss) for the period		Profit (loss) attributable to owners of the parent		Comprehensive income for the period	
	JPY millions	%	JPY millions	%	JPY millions	%	JPY millions	%	JPY millions	%	JPY millions	%
Six Months ended September 30, 2025	161,910	10.1	15,388	30.6	15,149	36.3	10,130	34.2	10,032	34.2	10,809	36.1
Six Months ended September 30, 2024	147,022	14.7	11,782	(2.5)	11,116	(11.4)	7,547	(10.3)	7,473	(10.2)	7,940	(28.7)

	Basic earnings per share		Diluted earnings per share	
	JPY		JPY	
Six Months ended September 30, 2025	56.64		56.36	
Six Months ended September 30, 2024	42.25		42.03	

(2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of the parent	Ratio of owners' equity to total assets
	JPY millions	JPY millions	JPY millions	%
As of September 30, 2025	329,260	149,719	148,377	45.1
As of March 31, 2025	312,435	142,086	140,683	45.0

2. Dividends

	Annual Dividends				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	JPY	JPY	JPY	JPY	JPY
Fiscal Year Ended March 31, 2025	—	17.50	—	17.50	35.00
Fiscal Year Ending March 31, 2026	—	19.50			
Fiscal Year Ending March 31, 2026 (forecast)			—	19.50	39.00

(Note) Changes from the latest forecasts disclosed: None

3. Targets of Consolidated Financial Results for the Fiscal Year ending March 31, 2026 (April 1, 2025 to March 31, 2026)

(% shown is YoY change)

	Revenues		Operating profit		Profit (loss) before tax		Profit (loss) for the year attributable to owners of the parent		Basic earnings per share
	JPY millions	%	JPY millions	%	JPY millions	%	JPY millions	%	JPY
Fiscal Year Ending March 31, 2026	340,000	7.3	36,500	21.2	33,700	15.5	23,000	15.4	130.00

(Notes)

1. Changes from the latest forecasts disclosed: None
2. As for the details about our financial targets for the fiscal year ending March 31, 2026, please refer to “Future Prospects including FY2025 Financial Targets” which is disclosed on page 8 of this earnings release.

* Notes:

(1) Changes in significant subsidiaries: None

(2) Changes in accounting policies and estimate

- i. Changes in accounting policies required by IFRS: None
- ii. Other changes in accounting policies: None
- iii. Changes in accounting estimates: None

(3) Number of shares issued (common stock)

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

As of September 30, 2025: 183,448,852 shares

As of March 31, 2025: 183,184,884 shares

ii. Number of treasury stock:

As of September 30, 2025: 6,186,775 shares

As of March 31, 2025: 6,268,144 shares

iii. Number of weighted average common shares outstanding:

For the six months ended September 30, 2025: 177,103,669 shares

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

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

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

i) Forward-looking statements

Forward-looking statements disclosed in this document are based on IIJ Group’s expectation, estimates, and projections based on information available to IIJ Group as of November 7, 2025. As these forward-looking statements are subject to known and unknown risks and uncertainties, actual results may differ from those disclosed due, for example, to but not limited to changes in business climate and/or market trends. As for our latest forecast of our financial targets, please refer to “Future Prospects including FY2025 Financial Targets” written on page 8 of this document.

ii) Others

Presentation material will be disclosed on TDnet as well as posted on our website on November 7, 2025.