

# FY24 Summary and Growth Strategy



Internet Initiative Japan

**Internet Initiative Japan Inc. (IIJ)**

**The Prime Market of the Tokyo Stock Exchange (Ticker symbol: 3774)**

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## Disclaimer

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

# I - 1. Regarding the Breach of Customer Information in “IJJ Secure MX Service”

As announced in our press releases, we disclosed a potential external breach of certain customer information associated with the relevant service

## #0 Incident occurrence

The unauthorized access occurred on this date, and our investigation confirmed that the impact started from this point forward.

## #2 First press release

We disclosed to the public an overview of the data breach, the types of customer information potentially exposed, and the scope of potentially affected customers

**Number of customers whose information may have been breached**  
Up to 6,493 contracts, up to 4,072,650 email accounts

## #4 Second press release

As part of the investigation report, we disclosed the number of affected customer contracts confirmed as affected by the breach, the cause of the unauthorized access, and the underlying vulnerability that was exploited

**Number of customers contracts confirmed as affected by the breach**  
586 contracts, 311,288 email accounts

Aug. 3, 2024

Apr. 10, 2025

Apr. 15

**Our investigation concluded that the incident was caused by an attack leveraging a previously unknown vulnerability in third-party software**

Apr. 18

Apr. 22

~ May 13

## #1 Incident detection

We recognized the possibility that certain customer information may have been breached externally.

- Initiated contacting affected customers through sales representatives
- Began the preparation of the press releases

## #3 Vulnerability information disclosed by JVN<sup>(\*)</sup>

The vulnerability information was disclosed on JVN; however, at the time of disclosure, we did not make any statement regarding a potential link between this vulnerability and the breach

## #5 Ongoing implementation of various countermeasures

We are continuing our response efforts in coordination with the affected customers – both current and former as well as relevant institutions

## Future Actions

To prevent recurrence on a permanent basis, we are continuing to consider further strengthening of our security measures & monitoring systems

1. Enhancement of behavioral detection capabilities (detection) → We plan to implement this by the end of June 2025
2. Consideration of multi-layered Web Application Firewall defenses (defense) → We plan to assess the feasibility of implementation by the end of May 2025

In addition, we are considering other necessary measures and will promptly implement actions to restore customer trust and ensure that they can use our services with even more confidence moving forward.

(\*) JVN (Japan Vulnerability Notes) is a vulnerability information portal site designed to help ensure Internet security by providing vulnerability information and their solutions for software products used in Japan. Under the “Information Security Early Warning Partnership,” the JVN has been operated jointly by the JPCERT Coordination Center and the Information-technology Promotion Agency (IPA) since July 2004.

# I - 2. FY24 Summary & FY25 Targets

## FY2024 Summary

Acquisition of large-scale NW construction & operation projects from various industries has become a new norm

VMware license price pass-through and revision have been mostly implemented

Stronger-than-expected revenue growth in the 1<sup>st</sup> year of the Mid-term Plan, established the foundation for business expansion

	Total Revenues		Operating Profit	
	FY24 Results	FY25 Forecast	FY24 Results	FY25 Forecast
1 <sup>st</sup> half	316.8	340.0	30.1	36.5
	+14.8%YoY	+7.3%YoY	+3.7%YoY	+21.2%YoY
2 <sup>nd</sup> half	169.8	182.0	18.3	21.0
	147.0	158.0	11.8	15.5

- SI construction revenue strongly grew by +37.8% YoY  
 MRR continued to increase by +9.8%YoY

### Acquisition of large-scale projects

### Revenues of large-scale projects

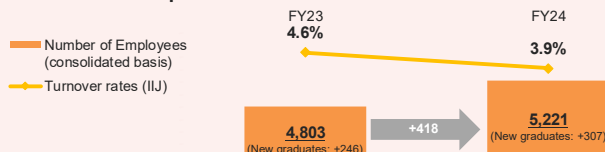
	FY23	FY24		FY23	FY24
Revenues	Approx. ¥33.8 bn	Approx. ¥45.0 bn	One-time	Approx. ¥5.4 bn	Approx. ¥10.0 bn
Number of projects	10	15	MRR	Approx. ¥3.1 bn	Approx. ¥6.8 bn

\* Total contract amount (left) & recorded revenues (right) of acquired large-scale multi-year projects over ¥1.0 bn since FY22

- Response to the price increase of VMware license

- The impact on FY24 profit: approx. -¥1.5 bn  
 (1Q: approx. -¥1.2 bn, 2Q: approx. -¥0.4 bn, 3Q: -, 4Q: approx. +¥0.1 bn)
- The price pass-through to cloud services (1H24) & price revision for certain NW services (from the beginning of 3Q24), have largely progressed
- Weaker-than-expected NW services accumulation was mainly due to necessary resources allocation for sales representatives

- Expansion of human capital



## FY2025 Targets

Strengthening profit growth toward the 3<sup>rd</sup> year of the Mid-term Plan with a dual focus on continuous acquisition of large-scale Service Integration projects and accumulation of a wide range of NW Services

	Net Profit		Dividend per share	
	FY24 Results	FY25 Forecast	FY24 Results	FY25 Forecast
	19.9	23.0	¥35.00	¥39.00
	+0.5%YoY	+15.4%YoY	+1.9%YoY	+11.4%YoY
	ROE: 15.0%	ROE: 15.4%	¥17.50	¥19.50
	12.4	13.6	¥17.50	¥19.50
	7.5	9.4		

- Continue to focus on large-scale NW construction & operation projects

- Strong demands for internal and external network renewals  
 Ongoing pipeline of potential projects from finance, general business enterprises and others
- Demands & projects for IT full outsource for infrastructure operation gradually emerging

- Focus on the accumulation of a wide range of NW services

- Sales departments optimized for large clients, focus on NW service expansion, and partner channels
- Focus on enhancing the functionality of NW service lineup

- New management structure from Apr. 2025

- Growth strategy and business model remain unchanged

**Reinforced organization & role, Enhance execution through CEO-led initiatives, etc.**

Data Circulation & Integration Business	Enhancement of cyber security	Enhancement of innovative human capital
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- Expansion of human capital

- Number of employees (consolidated) to increase by approx. 440 personnel, incl. 269 new graduates  
 In Apr. 2025, average annual salary increase rate was approx. 6% (IIJ, it had been around 3.5%~4.0%)
- Revised retirement benefit system to have more focus on defined contribution plan (IIJ)  
 Expect the reversal of over ¥1.0 bn provisions for retirement benefits (SG&A, expected in 2Q25)

- Macro environment

- Expect strong demand to continue. Anticipate almost no direct impact from the U.S. tariffs policy.  
 Potential impacts on corporate spending due to downward pressure on the domestic economy may occur. On the other hand, demand for more efficient use of IT is expected to remain at a high level

# I - 3. The Trend of Full-outsourcing in the IT Domain & IIJ's vision for the future

**Creating “VALUE” on the foundation of “CONNECTION”**  
– the evolved form of the IT infrastructure IIJ aims for

**Current State of  
IT environment**

**Rising importance**

of IT Utilization

**Increasing complexity  
& sophistication**

of IT Operations

**Shortage of resources**

for DX Initiatives

**IIJ's Core Growth  
Areas**

**Service Integration**

Comprehensive Service Operation

**Data Circulation**

**System Platform**

**Network**

**Endpoint devices**

Cyber Security

Aggressive Use of AI

# I - 4. FY25 Focus Points ~ Return to our Foundations: Deepening Core Areas

## Looking ahead to the Next Mid-term Plan, Enhance Core Areas and Establish a Future Revenue Base

Toward further enhancement of corporate value

FY25

### Mid-to-Long Term Vision

#### Aim for **¥500 billion of revenue** as a service provider

- Utmost focus on core areas. Aim to establish a leading position in Japan
- Aim to be a Service Provider who contributes to solving social issues and meets enterprises' outsourcing needs by centering NW services and integrating advanced technologies such as AI. Data Circulation & Integration business to enter a full-scale commercialization and monetization phase, materializing as an effective growth initiative

#### Positioning for Long-term Growth

IT full outsource

Solve social issues

Accelerate global business

### Current Mid-term Plan (FY24-26)

#### Accelerate business scale expansion by reinforcing core areas

- With a focus on NW, enhance service functionality and Service Integration. Deliver high value-added services in a timely manner to meet diverse customer needs
- Toward the new growth areas under the current Mid-term Plan, project teams under the direct control of management are executing key initiatives, including the creation of next core offerings such as AI and Data Circulation & Integration businesses

#### CEO-led Key Initiatives

Data Circulation &  
Integration Business

Enhance cyber security

Enhance innovative  
human capital

### Previous Mid-term Plan (FY21-23)

#### Established sustainable profit base centered on the expansion of enterprise recurring revenues

- Expanded business scale by leveraging our strengths in NW and security to meet the strong demand for IT infrastructure development during the COVID-19 pandemic
- Laid the foundation for sustainable corporate growth by establishing a recurring revenue base across a wide range of business domains than before



The internet started in Japan in 1992, along with IIJ. Since that time, the IIJ Group has been building the infrastructure for a networked society, and with our technical expertise, we have continued to support its development. We have also continued to evolve our vision for the future and innovate to make it a reality. As an internet pioneer, IIJ has blazed the trail so that others could realize the full potential of a networked society, and that will never change. The middle "I" in "IIJ" stands for "initiative," and IIJ always starts with the future.