

Note for readers of this English translation

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.

MVNO Business's Current Status and Its Future outlook

February 24, 2021

Internet Initiative Japan Inc.

Shigeo Yabuki

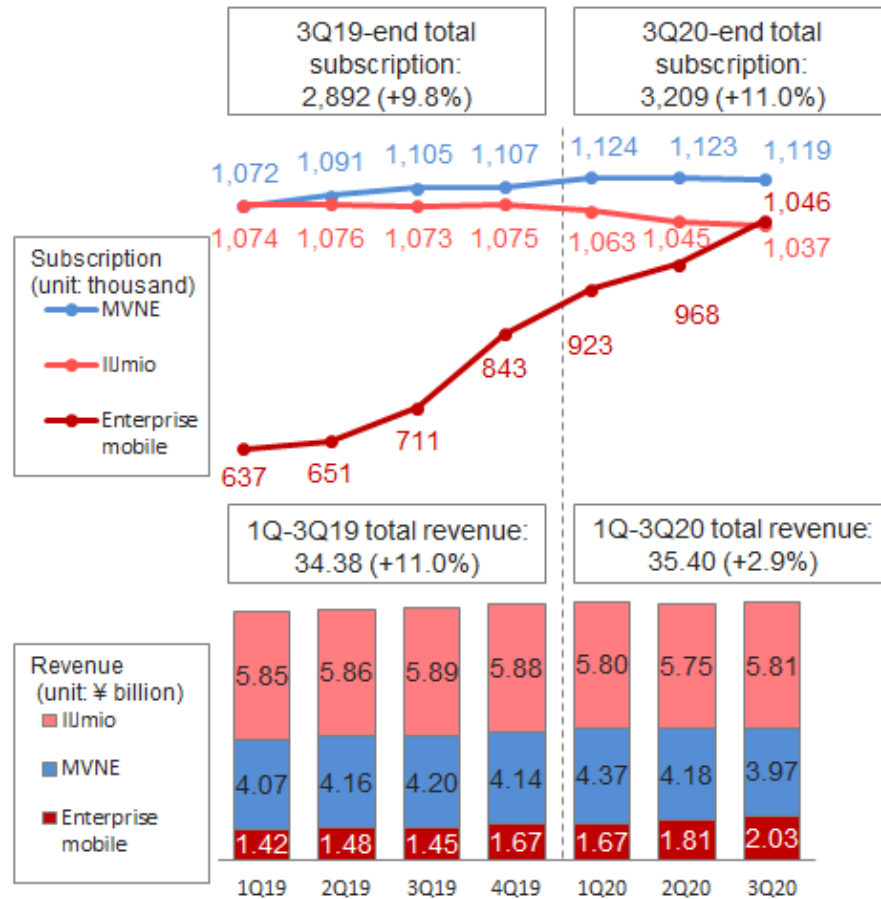
Executive Officer, MVNO Business Division, Division Director



Service and Business Developments: Mobile & IoT (From 3Q20 earnings announced on Feb. 8, 2021)

% = Year over year comparison

Led by enterprise mobile, total mobile subscription and revenue continued to increase



• MVNE: IJ Mobile MVNO Platform Services (providing mobile services to other MVNOs)
 • Enterprise mobile: Deducing MVNE from IJ Mobile

◆ Expect expansion of enterprise IoT transaction along with further advancement of IT

- Expect to better utilize mobile infrastructure and improve mobile service profitability by absorbing various traffic into common mobile infrastructure

■ Enterprise mobile

Strong demands for network camera and device connection, Continue to execute various IoT projects: factory/agriculture/HACCP etc.

- 1Q-3Q20 enterprise mobile revenue: ¥5.51 billion, +26.7%YoY (1Q +18.2%, 2Q +22.0%, 3Q +39.9%YoY)

Various network camera connection projects

- Retail marketing
- Facility remote maintenance
- Motion detector
- Reception system
- River monitoring
- Trains & high ways monitoring
- Dashboard recorder
- etc.

- Leveraging full-MVNO function to acquire IoT projects
 - 1Q-3Q20 full-MVNO revenue: ¥1.46 billion, +31.1% YoY (1Q ¥0.40 billion, 2Q ¥0.46 billion, 3Q ¥0.61 billion)
 - 3Q20 full-MVNO revenue recognition: 96% enterprise mobile, 4% IJmio

■ MVNE:

Including negative impact of our large MVNE client switching to another operator due to M&A

- 1Q-3Q20 MVNE revenue: ¥12.52 billion, +0.7%YoY (1Q +7.5%, 2Q +0.3%, 3Q -5.4%YoY)
- 3Q20-end MVNE client: 158 clients (+3 clients YoY)

■ IJmio (consumer):

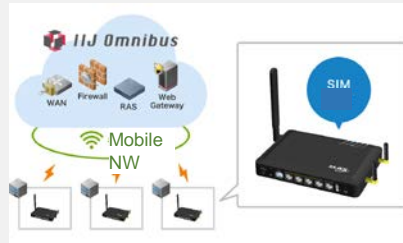
Severe competition continuing

New consumer plans to be announced on Feb. 24

- 1Q-3Q20 consumer revenue: ¥17.36 billion, -1.4%YoY (1Q -1.0%, 2Q -1.8%, 3Q -1.4%YoY)

- Significant growth has been achieved in the number of lines and sales due to increased acquisition of IoT projects, growing demand such as work-from-home.
- In the field of IoT, "Business with competitive edge has expanded" with full MVNO service.

IIJ Omnibus services



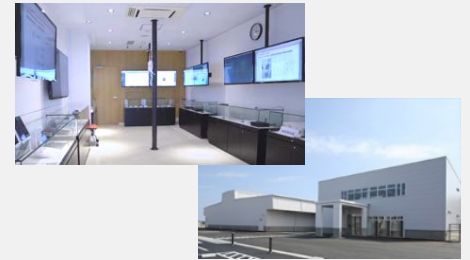
Provides NW services to support business style transformation based on virtualized NW infrastructure

SoftSIM solutions



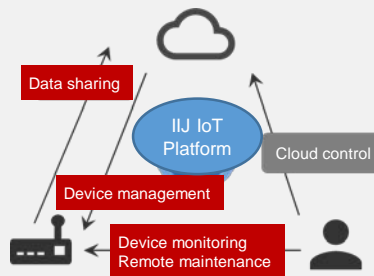
Provides a communication module given SIM functions where the information required for mobile communications is logically written internally

Shiroy Wireless Campus



Laboratory where you can have a hands-on experience of the latest mobile technology
Now preparing for 5G SA

Linkage with IIJ IoT services



Provides a platform for secure NW, collection/accumulation/visualization of data with cloud and monitoring/control/maintenance of devices

Telework & remote access



Communication volume increased associated with promotion of video conferences and telecommuting
Responds to high flexibility and security requirements

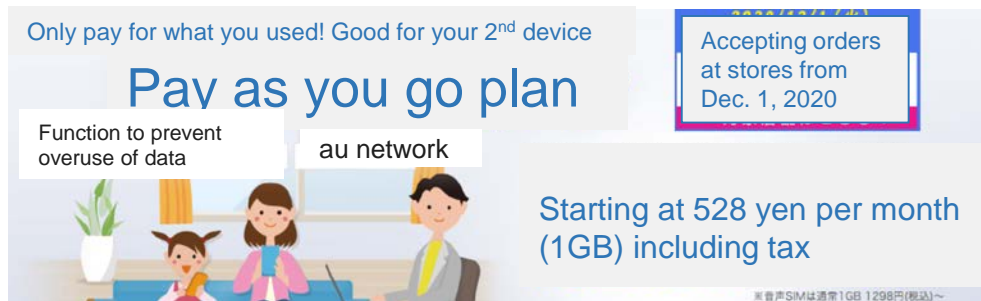
IJmio (Consumer) Business Environment

- COVID-19 caused declined foreigners' demand, decreased frequency of visiting real stores and lower prices of carriers' new plans
- The competition environment has become severer. **“Now is the time for market transformation”**

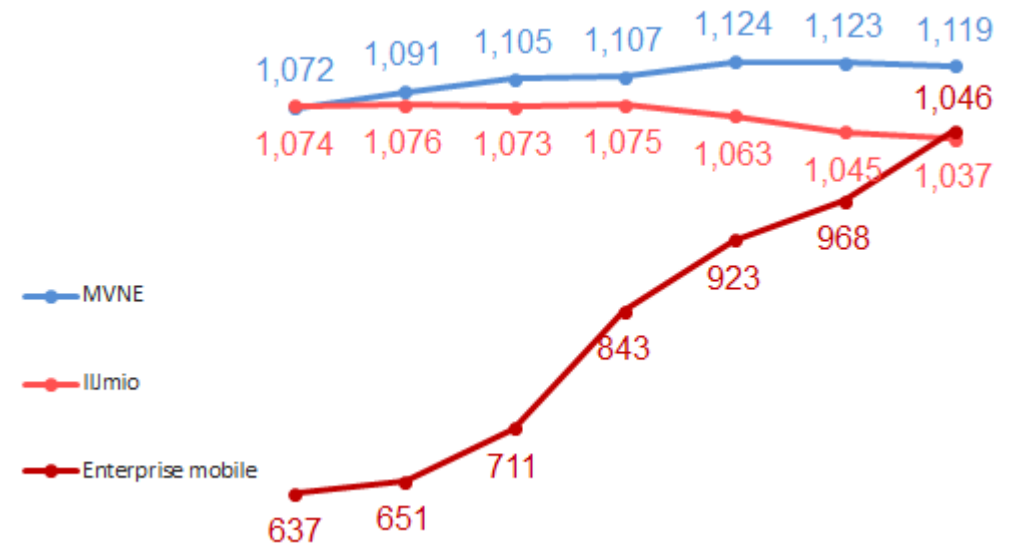
- Launched in March 2020



- Launched in August 2020



As of December 2020, we have about 25 thousand line subscription for “Data Plan Zero”



From presentation material for 3Q20 earnings (announced on February 8, 2021)

Future of MVNO Business

[Consumer business]

Respond to diversified needs through "Drastic review" such as sharing functions and eSIM, "Pursuit of IIJ features"

IIJmio

GigaPlans

Pay-as-you-go Plan/Data Plan Zero, etc.

MVNE

Further strength partnerships and service provision to a wide range of users



[Enterprise business]

Further accelerate "Utilization of full-MVNO functions" Cooperate with IIJ services for "Pursuit of IIJ features"

IIJ mobile



Full-MVNO/IoT Platform

IIJ GIO



wizSafe



IIJ Omnibus

Further growth strategy with both consumer business and enterprise business



IIJmio's New Plan

“IIJmio Mobile GigaPlans”

February 24, 2021
Internet Initiative Japan Inc.
Masahiro Kamei
MVNO Business Division, General Manager



The ad below says the followings:

- Anyone can enjoy this pricing without any restriction contract terms.
- Starting at monthly fee of JPY780 (excluding tax), starting from Thursday, April 1.
- Simple and free are the standard now!
- (New consumer mobile plan is called) IJmio Mobile Service GigaPlans.

The advertisement features a large, colorful '780' in the center, with '月々' (monthly) to its left and '(税抜) 円~' (excluding tax, yen) to its right. Above the '780' is the text '\ 誰でも契約条件無しでずーっとおトク/' (Whoever, without any contract conditions, it's always a great deal!). To the right of the '780' is a pink circle with '4/1^木 スタート!' (Starts April 1st, Thursday!). Below the '780' is a pink banner with the text '「シンプル」&「自由」がこれからのスタンダード!' (Simple & Free are the standards for the future!). At the bottom is another pink banner with 'IJmioモバイルサービス ギガプラン' (IJmio Mobile Service GigaPlan). The background shows a crowd of people holding up their phones, with speech bubbles containing 'Wow', 'Oh!!', and 'YEAHHHHH'.

1

Great deals! at
all level 2GB – 20GB

2

You can
flexibly choose
and create your own
plan!

3

You can use your data
without
wasting any

Great deal at any plan! 5 levels of Giga plans and 4 different functions

Unit: Japanese yen (JPY)

Monthly fee	2GB	4GB	8GB	15GB	20GB
 Voice	780	980	1,380	1,680	1,880
Flat rate voice is offered as an option					
 SMS	750円	950	1,350	1,650	1,850
 Data	680	880	1,280	1,580	1,780
 eSIM	400	600	1,000	1,300	1,500

eSIM is applicable at every data plan and prices are cheaper

Prices written do not include tax

You can use 5G network at **free of charge**,
600 yen discount if contracted with fiber optic Internet services!



Endless discount if using
with IJmio Hikari (optical fiber)



mio discount

*5G services are planned to be offered from June 2020.

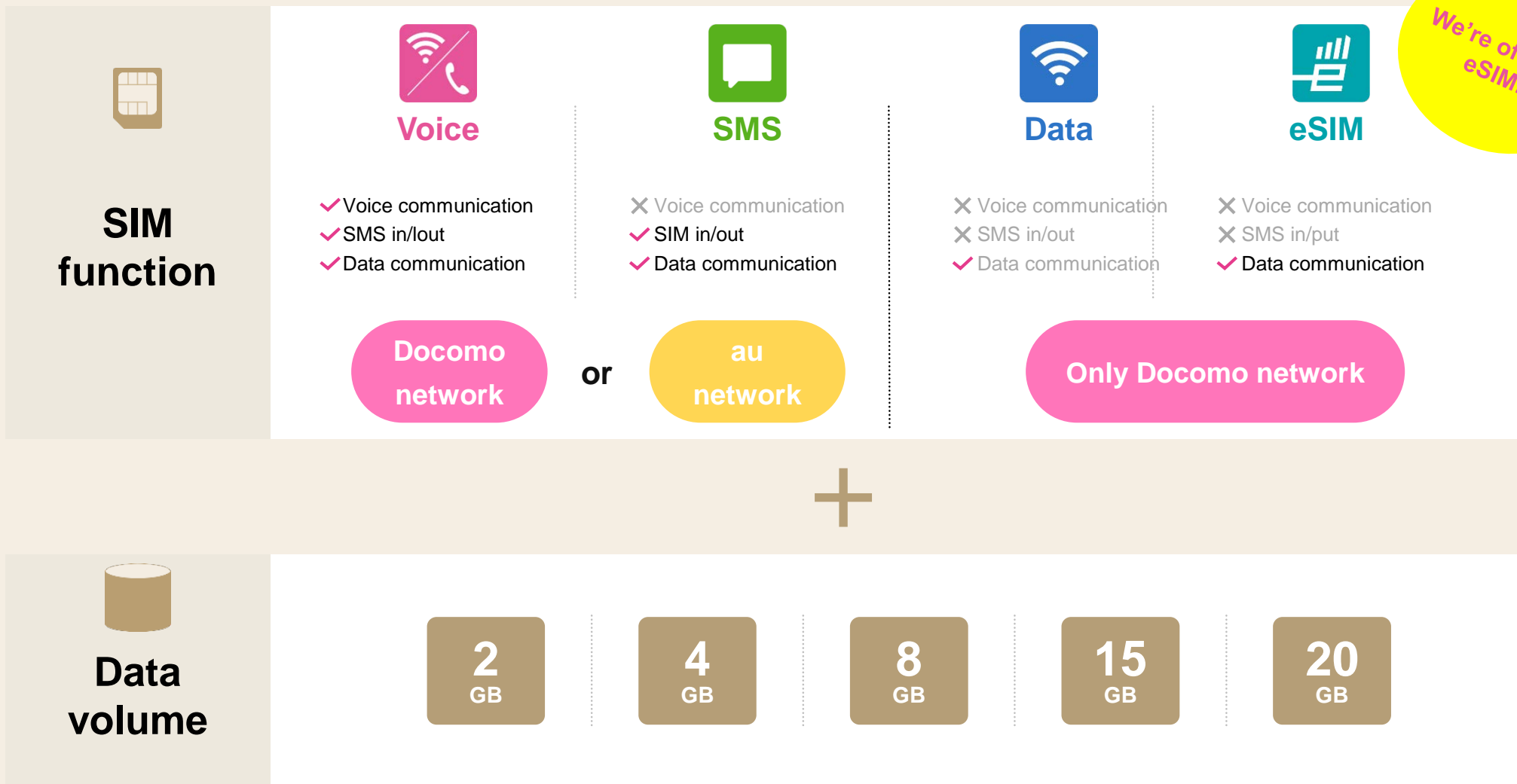
*Cannot be used with eSIM or SMS function (type D/docomo network) SIM.

*600 yen discount can be applied once regardless of how many giga plan contracts one is using.

Choose and create your own plan **flexibly**



We're offering eSIM!



You can create your own plan that best meets your needs!



Ex.1

I don't use data much. Want to pay as little as possible



780 yen for monthly fee



Ex.2

I want to enjoy my tablet without worry about data volume



1,780 yen for monthly fee



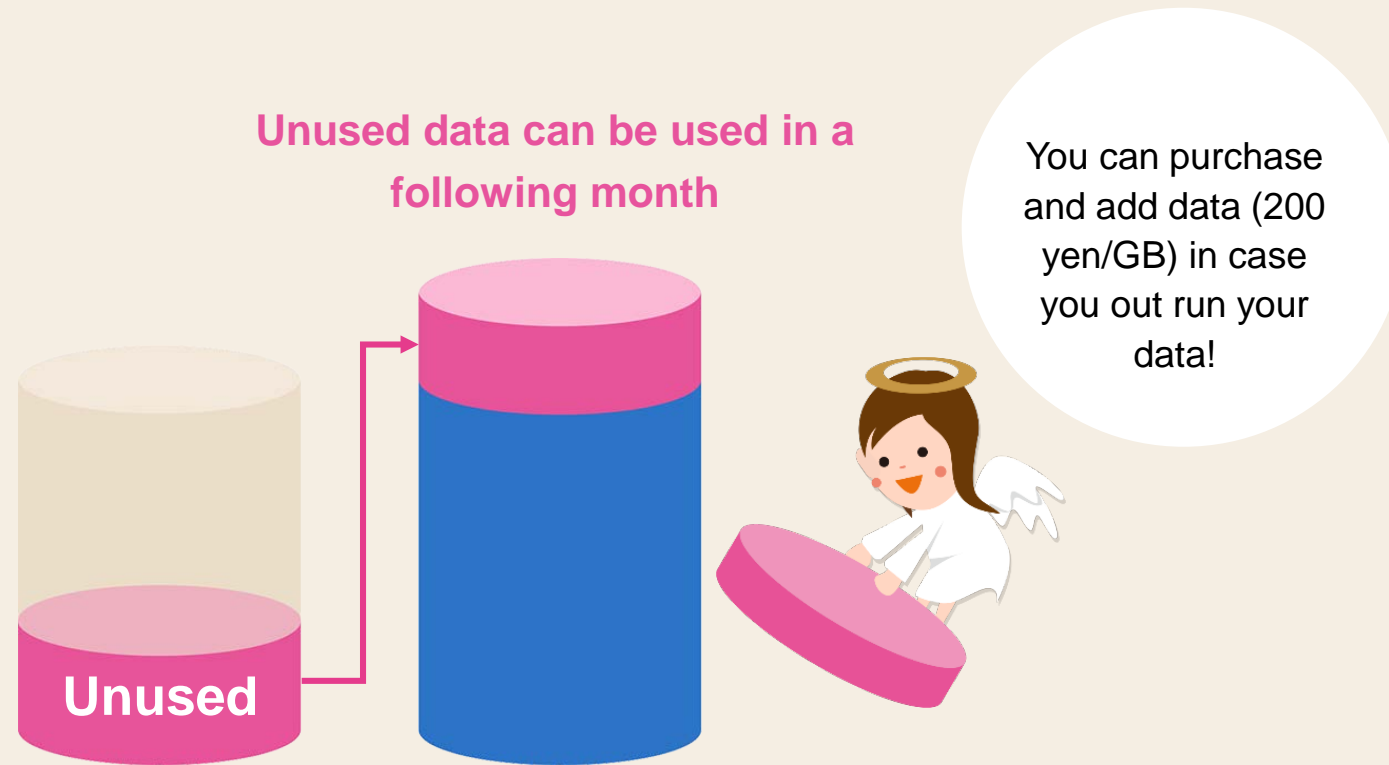
Ex.3

I want to try out eSIM with iPhone12



400 yen for monthly fee

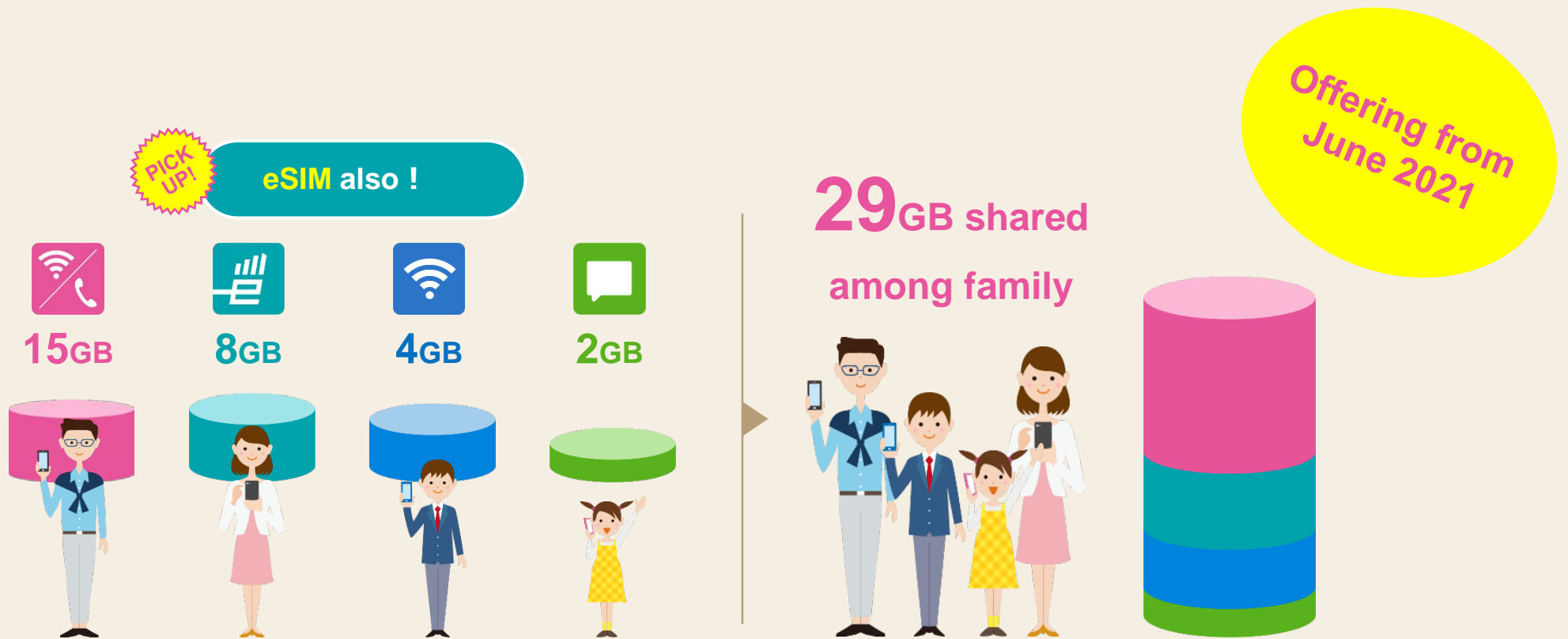
Unused data can be transferred to next month. Never wasting your data!



*This function can be available from June 2021

*Price does not include tax

Data can be shared among family members



Regardless of SIM function or data volume,
data volume can be **shared!**

Monthly data volume used by the couple fluctuate largely



Husband **20GB**

Fluctuating data volume used by the husband because he has many business trips in some months and mostly telecommutes in other months

As the contract for **higher data volume** is signed in line with the months he uses a lot, he often finds **unused data volume** of the month.

Wife **2GB**

Telecommuting in principle Usually, the wife uses Wi-Fi at home.

But sometimes, when she often goes to the office or goes out of the house, she finds that **data volume is insufficient**.



If they share data volume, the wife can use her husband's unused data, so that **they can wisely use the data and save money!**



He has many terminals. But used data volume of each terminal is small.



Smartphone 4GB 

Used for usual telephone calls
Monthly data volume is barely enough

Tablet 2GB 

Used for watching videos or gaming outside the home
Not enough at all in the months when he goes out frequently
He makes **additional charges** at such times.

Mobile router 15GB 

Used for business trips once or twice a month
Unused data volume remains every month

If sharing smartphone, tablet and mobile router, **he can efficiently use 21GB!**



Simple Pricing

Money saving even for one line



**No complicated discount setting
such as for the second mobile
and family discount**

Unfluctuating price



**No first-year discount and limited
time discount**

No MNP transfer fee



**Fee for transfer to other
company: 0 yen**





No contract cancellation fee



**Cancellation fee for 2-year
binding contract: 0 yen**

Overview of IJmio GigaPlan

Date of the service offering start:
April 1, 2021

Service name			IIJmio Mobile service (GigaPlan)				
Data limit			2GB	4GB	8GB	15GB	20GB
Monthly Fee	DoCoMo network au network Selectable	 Voice	780 yen	980 yen	1,380 yen	1,680 yen	1880 yen
		 SMS	750 yen	950 yen	1,350 yen	1,650 yen	1,850 yen
	DoCoMo network only	 Data	680 yen	880 yen	1,280 yen	1,580 yen	1,780 yen
		 eSIM (data)	400 yen	600 yen	1,000 yen	1,300 yen	1,500 yen
Expiration date of data volume			(can be rolled over) by the end of the next month				
Communication speed after data limits are exceeded (and at the low speed use)			300kbps at maximum				
Communication regulation			When using low speed communication, if exceeding 366MB for the last 3 days, speed regulation is applied				
Voice contract conditions			No period binding conditions / No cancellation penalty / No MNP transfer fee				
mio discount (Hikari line set)			600-yen discount/month * Even if you have signed multiple contracts of GigaPlan, the discount is applied to one IIJmio Hikari line				
Plan Changes			Changeable from IIJmio mobile service (free of charge) Eligible changes are those from Minimum Start, Light Start, Family Share, Keitai and eSIM Light beta version				

Overview of IJmio GigaPlan

June 2021 Service offering start

Details of the functions	Fees	Details
Data volume sharing function	Free of charge	Functions will be added in sequence from June 2021 *The details will be announced on the website at the time of the service release
Data volume transfer function	Free of charge	
5G option	Free of charge	
GigaPlans exclusive data add-ons	1GB for 200 yen (tax excluded) (Expiration date: End of the month)	
Exclusive app available only to GigaPlans users	Free of charge	

* Some functions and service offering time may be changed

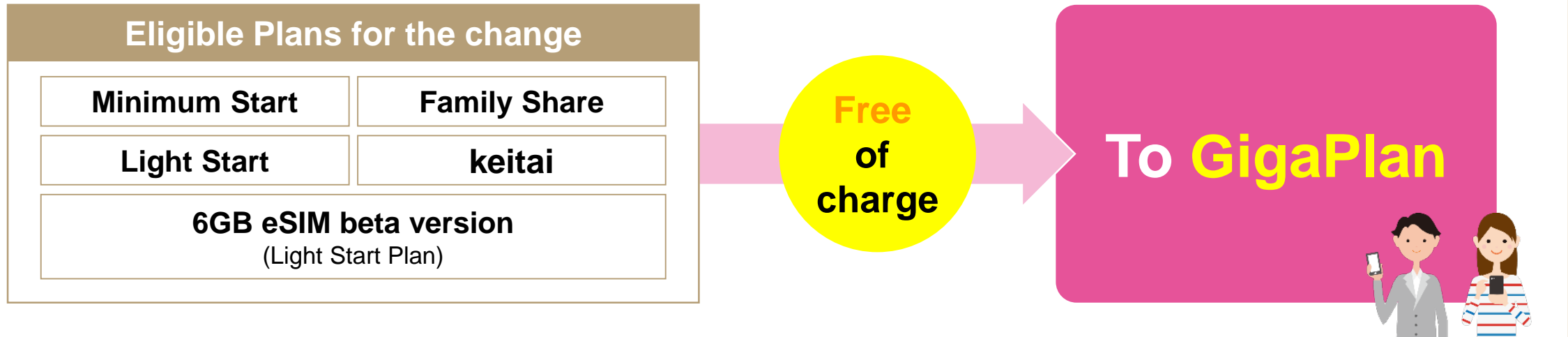
- ◆ New application for 6 Giga eSIM beta version (Light Start Plan) will be stopped on March 25, 2021
- ◆ New application for Minimum Start, Light Start, Family Share and Keitai Plan will be stopped in sequence from June 2021. (The details will be announced in advance on "Notice from IJmio")

**Current
IIJmio users**

Plan can be changed maintaining the same SIM card and phone number
In addition, the communication quality is improved



From April 1, changes to the GigaPlan is accepted online



* Plans other than the above such as Pay-as-you-go Plan, Data Plan Zero and Eco Plan cannot be changed to GigaPlan

If you apply for the plan change, you will be able to change to GigaPlan from May 1, at the fastest

From April 1
Accept the plan change

From May 1
Application of GigaPlan

It takes some time, and we apologize for the inconvenience caused to our customers.

We have prepared advance entry campaign for our current users. We look forward to your entries



Member
privilege

Advance entry campaign is held

Eligible Plans

Minimum Start Plan

Light Start Plan

Family Share Plan

Keitai Plan

**If a voice line user
changes to GigaPlan**

For **2,000** yen

Gift certificate is granted to all eligible users.

Entry is needed

Voice SIM only

Entry started at 10:00 am on March 1

◆ The details of the campaign is posted on the website from May 1, 2021.



Customers who
want to newly use
IIJmio

You can select the best service for you based on our professional staff's explanation about our services and comparison with our competitors

Available both online and at stores!



Easily **online**

From 10:00 am,
Thursday, April 1, 2021

New applications



At your neighborhood **Store**



BicCamera



Kojima



SofMap



Yodobashi Camera

From April 1, 2021

Accept packaged new applications

From June 2021

Planned to start service at the store immediately on the day of application

* Because dealing conditions differ depending on store. Please contact your store in advance for confirmation before purchasing

Campaign dedicated for new applicants is scheduled from April 1, 2021

IIJ has been collaboratively engaging in service improvements with BIC CAMERA and other sales partners since the MVNO market emergence



June 2013	Started providing “IIJmio Welcome Pack for BIC SIM”
June 2014	Started handing same day reception for voice SIM
August 2015	Started providing “Bic Hikari”
October 2015	Started handling reissuing, size change, and issuing additional SIM cards
February 2018	Started providing “IIJmio assist option”
April 2018	Started providing services for foreigners visiting Japan
June 2018	Started providing “BIC SIM contract on web, get your SIM at stores services”
June 2019	Started to link BIC POINT
March 2020	Launched Japan first official eSIM services, “ii SIM”

In addition to online sales, we continue to sell our services at stores. Going forward, we continue to engage in service improvement with our sales partners.

From IIJmio statement

Services that “we want to use”



“Be simple” “Be flexible”



IIJmio Mobile Services **GigaPlans**

We shall continue to sincerely strive providing services that are wanted in MVNO market



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.

Disclaimer

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