

August 7, 2024

Company name: Internet Initiative Japan Inc.

Company representative: Eijiro Katsu, Representative Director, President and Executive Officer

(Stock Code Number: 3774, The Prime Market of the Tokyo Stock Exchange)

Contact: Akihisa Watai, Member of the Board, Senior Managing Executive Officer and CFO

TEL: +81-3-5205-6500

Notice regarding the Revisions of Consolidated Financial Targets and Dividend Forecasts

TOKYO – August 7, 2024 – Internet Initiative Japan Inc. (“IIJ”, TSE Prime Market: 3774) today announced the following revisions to its consolidated financial targets and dividend forecasts for the fiscal year ending March 31, 2025 which were announced on May 10, 2024.

1. Revision of Consolidated Financial Targets for the fiscal year ending March 31, 2025

A) Revision of the first half financial targets for the fiscal year ending March 31, 2025 (April 1, 2024 to September 30, 2024)

	Revenues	Operating Profit	Profit before Tax	Profit for the period attributable to owners of the parent	Basic earnings per share
	JPY millions	JPY millions	JPY millions	JPY millions	JPY
Previous Targets (A)	142,000 ~143,000	10,000 ~11,000	9,500 ~10,500	6,300 ~7,000	35.63 ~39.59
New Targets (B)	147,000	11,600	11,000	7,250	40.99
Change (B-A)	4,000~5,000	600~1,600	500~1,500	250~950	
Change (%)	2.8~3.5	5.5~16.0	4.8~15.8	3.6~15.1	
Reference: First half financial results for the fiscal year ended March, 31, 2024 (From April 1, 2023 to September 30, 2023)	128,198	12,080	12,552	8,322	46.78

B) Revision of full-year financial targets for the fiscal year ending March 31, 2025 (April 1, 2024 to March 31, 2025)

	Revenues	Operating Profit	Profit before Tax	Profit for the year attributable to owners of the parent	Basic earnings per share
	JPY millions	JPY millions	JPY millions	JPY millions	JPY
Previous Targets (A)	312,000 ~315,000	30,000 ~33,000	29,000 ~32,000	19,900 ~21,900	112.55 ~123.86
New Targets (B)	312,000	32,000	30,600	20,600	116.46
Change (B-A)	(3,000)~0	(1,000)~2,000	(1,400)~1,600	(1,300)~700	
Change (%)	(1.0)~0.0	(3.0)~6.7	(4.4)~5.5	(5.9)~3.5	
Reference: Financial results for the fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	276,080	29,029	28,934	19,831	111.81

C) Reasons for the revision

Regarding the impacts¹ by the revision of VMware products²' pricing structure, which we announced³ on May 10, 2024, we have been progressing price pass-through due to our revised service prices. Mainly considering this progress, we have revised our financial targets, initially announced on May 10, 2024, from a range format to fixed figures. The negative impact on our profit in 1Q24 was significant, amounting to approximately JPY1.2 billion. We expect to gradually return to year over year profit growth because this negative impact should diminish quarter by quarter along with the progress of price pass-through.

2. Revision of Dividend Forecasts for the fiscal year ending March 31, 2025

A) About the revision

	Dividend per share		
	2Q-end	Year-end	Total
	JPY	JPY	JPY
Previous forecasts (Announced on May 10, 2024)	17.18 ~18.58	17.18 ~18.58	34.36 ~37.16
New forecasts	17.50	17.50	35.00
Results for the fiscal year ended March 31, 2024	17.18	17.18	34.36

B) Reasons for the revision

Basic dividend policy of IJJ is that IJJ pays dividends to its shareholders continuously and stably while considering the need to have retained earnings for the enhancement of financial position, mid-to-long term business expansion and future business investment, etc. During the period of our FY2024-FY2026 Mid-term Plan, we have set the dividend payout ratio target as 30%⁴. Based on these policies and the revision of financial targets for the fiscal year ending March 31, 2025, we have revised both 2Q-end and year-end dividend forecasts.

< About Internet Initiative Japan Inc. >

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

< IJJ Investor Relations >

Tel: +81-3-5205-6500 E-mail: ir@ijj.ad.jp URL: <https://www.ijj.ad.jp/en/ir>

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Statements made in this press release regarding IJJ's or managements' intentions, beliefs, expectations, or predictions for the future are forward-looking statements that are based on IJJ'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 IJJ's actual results to differ materially from those contained in any forward-looking statement.

¹ For details, please refer to page 26 of "Presentation Material for Consolidated Financial Results for FY23 and New Mid-term Plan (FY24-FY26)" which was disclosed on May 10, 2024.

² A lineup of software mainly for server virtualization, provided by a U.S. company called VMware which has been acquired by another U.S. company called Broadcom.

³ For details, please refer to the section "Outlook for FY2024" in our press release titled "IJJ Announces its Financial Results for the Fiscal Year Ended March 31, 2024."

⁴ For details, please refer to our press release titled "IJJ Announces "IJJ Group Mid-term Plan (FY2024-FY2026)" and Mid-to-Long Term Vision" which was disclosed on May 10, 2024.