

(Translation)

IIJ Engages in Financial Services Business for Cryptocurrency Exchange and Settlement

-- Developing businesses in cooperation with industry leaders in Japan --

TOKYO—January 25, 2018—Internet Initiative Japan Inc. (IIJ, NASDAQ: IIJL, TSE1: 3774), one of Japan's leading Internet access and comprehensive network solutions providers, today announced the establishment of DeCurret Inc. (DeCurret, IIJ ownership: 35%) with leading companies from various industries to launch financial services business for cryptocurrencies (*1) exchange and settlement. DeCurret will aim to provide services that will set the standard for cryptocurrency transactions as a new type of social infrastructure in cooperation with shareholders in Japan.

DeCurret will leverage IIJ's business assets and expertise of the high-speed currency trading system, IIJ Raptor Service, which is used by foreign exchange companies, online banks, and securities companies. DeCurret will also leverage IIJ's Internet-related technologies like network, cloud, and security, as a foundation for developing and providing highly reliable cryptocurrency financial services secured by a service security level and fraud prevention (Anti-Money Laundering, KYC (*2), and the like) equivalent to that of a domestic financial institutions.

DeCurret will launch services from the second half of FY2018, first with cryptocurrency exchange service and then cryptocurrency settlement service both of them using cryptocurrency wallets (*3). These will let customers to trade and exchange in real time (24 hours, 365 days), to make payments at e-commerce and at retail shops and to make payments to mobile digital money by using different types of virtual currencies issued by each banks and other cryptocurrencies. These services will also eliminate the risks of loss or theft that come with cash by safely storing and managing cryptocurrency on Internet.

DeCurret services will be provided with systems that have 1.) account functionality for handling multiple cryptocurrencies, 2.) exchange functionality that allows exchange at an appropriate value at any time, and 3.) network functionality and APIs (*4) that connect cryptocurrency issuers and settlement service users such as e-commerce business owners and retail shop owners .

Both corporate and individual users will be able to exchange and make settlement safely with no restrictions on time or place while keeping the convenience of cash. For the future, we aim for smart contracts (*5) society where intermediary is no longer needed, settlement period is shorted, and transactions come with fraud prevention as the digitization of currency will be integrated with transaction information and promote linkage between goods/services and settlement.

(*1) Cryptocurrency: A general term for virtual currencies like Bitcoin and digitized versions of legal currencies banks are currently considering issuing.

(*2) KYC: Short for "Know Your Customer," KYC refers to a series of procedures to verify customer identity, required when opening new accounts. In cryptocurrency transactions, KYC is performed through blockchain, which reduces the hassle and cost of identity verification.

- (*3) Wallet: An application that stores and manages different types of cryptocurrency. Wallets allow users to access cryptocurrency services.
- (*4) API: An interface for operating software and sharing functionality from a program.
- (*5) Smart contract: A protocol for comprehensively automated contracting. Smart contracts are expected to reduce costs because automating transaction processes shortens the time it takes for transactions to be completed, provides fraud prevention, and eliminates intermediaries.

Company Profile

Name	DeCurret Inc.
Established	January 10, 2018
Capital*	JPY5.23 billion (including capital reserve)
Business	Financial services for cryptocurrency exchange and settlement
Address	Iidabashi Grand Bloom 2-10-2 Fujimi, Chiyoda-ku, Tokyo
Representative Director and President	Kazuhiro Tokita (Senior Managing Executive Officer, IIJ)

* The capital will be JPY5.23 billion after all shareholders make their payments.

Corporate Investors

Internet Initiative Japan Inc.

ITOCHU Corporation

QTnet, Inc.

K-Opticom Corporation

Sompo Holdings, Inc.

The Dai-ichi Life Insurance Company, Limited

Daiwa Securities Group Inc.

Tokio Marine & Nichido Fire Insurance Co., Ltd.

Nippon Life Insurance Company

Nomura Holdings, Inc.

East Japan Railway Company

BIC CAMERA INC.

Mitsui Sumitomo Insurance Company, Limited

Sumitomo Mitsui Banking Corporation

Mitsui Fudosan Co., Ltd.

The Bank of Tokyo-Mitsubishi UFJ, Ltd.

ITOCHU Techno-Solutions Corporation

DENTSU INC.

Companies considering investing

YAMATO HOLDINGS CO., LTD.

* The effect of this transaction on IIJ's target for Consolidated Financial Results for the fiscal year ending March 31, 2018 is negligible.

About IIJ

Founded in 1992, IIJ is one of Japan's leading Internet-access and comprehensive network solutions providers. IIJ and its group companies provide total network solutions that mainly cater to high-end corporate customers. IIJ's services include high-quality Internet connectivity services, systems integration, cloud computing services, security services and mobile services. Moreover, IIJ has built one of the largest Internet backbone networks in Japan that is connected to the United States, the United Kingdom and Asia. IIJ listed on the U.S. NASDAQ Stock Market in 1999 and on the First Section of the Tokyo Stock Exchange in 2006. For more information about IIJ, visit the IIJ Web site at <https://www.ij.ad.jp/en/>.

The statements within this release contain forward-looking statements about our future plans that involve risk and uncertainty. These statements may differ materially from actual future events or results. Readers are referred to the documents furnished by Internet Initiative Japan Inc. with the SEC, specifically the most recent reports on Forms 20-F and 6-K, which identify important risk factors that could cause actual results to differ from those contained in the forward-looking statements.

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