



For Immediate Release

IIJ and Hirata to Begin Business Partnership in the Smart Factory Sector

-- Both Companies Aim to Promote IoT Use and Maximize Production Lines Efficiency in Various Industries--

TOKYO—October 19, 2017—Internet Initiative Japan Inc. (IIJ, NASDAQ: IIJI, TSE1: 3774) and Hirata Corporation (Hirata, TSE1: 6258) today announced that they agreed to a business partnership that aims towards the “Smart Factory*” of production process in various industries worldwide by leveraging IoT technology.

IIJ leverages its competitive infrastructures such as mobile communications and cloud computing to offer IoT services, analysis predicting and detecting system troubles, remote management systems among many other information and communications technologies (ICT). Hirata provides production systems that include everything from the production of machinery such as industrial-use robots to the design and assembly of production lines. Through this partnership, the two companies aim to create optimized smart factories with highly efficient operations by combining their advanced technologies and their wealth of knowledge.

* “Smart factory” refers to a production environment in which production processes can be improved through the automation and optimization of on-site production controls, using IoT, industrial-use robots, and other technologies.

About the Partnership

1. Efficient operation and management of production equipment using IoT

By using IIJ's IoT services and other technologies, and incorporating IoT sensors into Hirata's production equipment, the companies will offer preventative measures and maintenance for equipment that predicts and detects hardware failures. Data on the operations of production equipment will be aggregated and made available on the cloud. By operating and maintaining equipment on the integrated portal site that links to this data, users will be able to optimize their allocation of maintenance and inspection personnel and to reduce associated man-hours, allowing users to improve their production ratios and strengthen their cost competitiveness. Because the operation status of equipment can be securely viewed on the web, it will be helpful for remotely managing plants located not only in Japan but also overseas.

Users will realize:

- a. Preventative measures and maintenance using analytics for predicting and detecting production equipment and devices' malfunctions;
- b. Remote maintenance using unified management of settings data for production equipment and devices;
- c. Remote monitoring of worldwide factories using secure global networks.

This partnership aims to conduct tests in Hirata's demonstration environment in December 2017, with the goal of launching the service in summer 2018.

2. Further efficient operation of production lines

By gathering and analyzing all operations-related data to increase operational efficiency across all production lines, the service will allow users to advance developments toward creating maintenance schedules for all production equipment and optimizing production controls, and to improve their manufacturing processes.

IIJ and Hirata plan to develop the scope of their partnership to include new business developments and to expand into various other segments such as medicine and healthcare.

About Hirata

Hirata Corporation (Hirata, TSE 1st section: 6258) was founded in 1951. It is a systems integrator for production equipment that provides optimized systems to its customers in more than 40 countries around the world. Thanks to its manufacturing and engineering abilities cultivated by continuously taking on the challenges of new markets and technologies, Hirata has received high praise from its customers in various industries throughout the world. Whether in automobiles, semiconductors, home appliances, or other types of manufacturing equipment, Hirata offers integrated production systems, with both hardware and software that includes everything from development, proposal, and design to production, trial operations, and launching productions.

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.iij.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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