[English Translation]

June 27, 2024

Company name: Internet Initiative Japan Inc.
Company representative: Eijiro Katsu, Representative Director, President and Executive Officer
(Ticker symbol: 3774, The Prime Market of the Tokyo Stock Exchange)
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# Notice Regarding the Disposal of Treasury Stock for Restricted Stock Remuneration with Tenure Conditions

TOKYO - June 27, 2024 - Internet Initiative Japan Inc. (“IIJ”, the “Company”, TSE Prime Market: 3774) announced that at the IIJ’s Board of Directors meeting on June 27, 2024, it resolved to dispose of its treasury stock (the “Disposal of Treasury Stock” or the “Disposal”), as the restricted stock remuneration that is conditional on tenure shown below.

1. Overview of the Disposal

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| (1) | Disposal date | July 18, 2024 |
| (2) | Class and number of shares to be disposed of | 31,508 shares of common stock of the Company |
| (3) | Disposal price | 2,359.5 yen per share |
| (4) | Total disposal price | 74,343,132 yen |
| (5) | Allottees and number thereof, and number of stocks to be disposed of | 7 Directors of the Company (Limited to Executive Directors) 18,390 shares<br>20 Executive Officers of the Company 13,118 shares |
| (6) | Others | The Disposal of Treasury Stock is conditioned on the Securities Registration Statement taking effect in accordance with the Financial Instruments and Exchange Act. |

2. Purpose and reason of disposal

In order to optimally incentivize the increase of the Company’s corporate value over the medium to long term pursuant to the achievement of the goals set forth in the new medium-term plan announced on May 10, 2024 (such new medium-term plan and subsequent medium-term plans to be formulated after the end of the period of the said plan are hereinafter collectively referred to as the “Medium-term Plan”), and to further facilitate the sharing of value with shareholders, the Company resolved, at the Board of Directors meeting held on May 24, 2024, to introduce a medium- to long-term incentive plan (“LTI”) which is linked to the degree of achievement of the Medium-term Plan for Directors in charge of business execution (“Eligible Directors”), Executive Officers and Directors of the Company’s subsidiaries. The Company also decided to abolish the existing stock-compensation-type stock options for Directors and Executive Officers, replacing them with restricted stock remuneration with the same level of content, and continue the existing restricted stock remuneration as a single-year performance bonus with the same level of content along with the introduction of the LTI.

This system consists of the following: (i) a restricted stock remuneration system that is conditional on tenure, under which the Company grants to an Eligible Director, depending on the position held by the director, restricted stock, in relation to which the transfer restriction will be removed on the condition that the Eligible Director has served in a position such as a director of the Company for a certain period of time (“System I”); (ii) a performance-based restricted stock remuneration system, under which the Company grants to an Eligible Director restricted stock after the end of a certain period of time (in principle, one (1) fiscal year) in accordance with the degree of achievement of performance targets and improvement in performance over such period (“System II”); and (iii) a performance-based restricted stock remuneration system under which the Company grants such number of shares of restricted stock as determined in accordance with the degree of achievement of performance targets and improvement in performance in each fiscal year during the relevant period, the length of such period being the same as that of the Medium-term Plan (“Fiscal Year Subject to Evaluation”) after the end of the Fiscal Year Subject to Evaluation (“System III”) (System I, System II and System III are hereinafter collectively referred to as the “System”). At the 32nd Ordinary General Meeting of Shareholders held on June 27, 2024, it was approved that the total amount of monetary remuneration receivables to be granted to the Eligible Directors must not exceed 700 million yen per year for all of System I, System II and System III, and the total number of the Company's common stock to be issued or disposed of as restricted stock must not exceed 140,000 shares per year for all of the System I, System II and System III under the System.

At the Board of Directors meeting held on June 27, 2024, the Board of Directors resolved to grant a total monetary remuneration receivable of 74,343,132 yen (equivalent to 31,508 shares of the Company's common stock to be disposed, of which 18,390 shares to be granted to the Eligible Directors) as restricted stock remuneration that is conditional on tenure (the System I) in FY2024 for Eligible Directors and Executive Officers (collectively, "Eligible Directors, etc."), along with the disposal of treasury stock as the restricted stock remuneration for Eligible Directors, etc. Overviews of the System I is shown below.

【Overviews of the System I】

Eligible Directors, etc. shall pay in the entire amount of monetary remuneration receivables granted to them as contribution in kind, and receive shares of common stock issued or disposed of by the Company (the "Allotted Shares"). The amount to be paid per share shall be based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution of the Board of Directors regarding the relevant issuance or disposal (or the closing price on the transaction day immediately prior thereto if no transaction is made on such business day).

For the purpose of issuance or disposal of the Allotted Shares, a restricted stock allocation agreement (the "Allotment Agreement") shall be concluded between the Company and each Eligible Director, etc. An overview of the Allotment Agreement is described in 3. below.

3. Overview of the Allotment Agreement

(1) Transfer restriction period

Transfer restriction period for Eligible Directors, etc. is the period from the date of the payment for the Allotted Shares (July 18, 2024) to the point in time when he or she resigns from the position of director and/or executive officer of the Company.

(2) Conditions for removing transfer restrictions

The Company shall remove the transfer restrictions with respect to the Allotted Shares in whole upon the expiry of the transfer restriction period, provided that the Eligible Directors, etc. continuously served as a director or an executive officer during the transfer restriction period (In the case of death of Eligible Directors, etc., the transfer restrictions on the Allotted Shares shall be removed and those shares shall be succeeded by inheritance). If certain grounds prescribed in the Allotment Agreement, such as if Eligible Directors, etc. retire from the position during the restriction period or upon the expiration of the restriction period for any reason other than those deemed justifiable by the Company (retirement during the term of office due to personal reasons not deemed justifiable by the Company etc.), the Company shall naturally acquire the Allotted Shares for no consideration.

(3) Management of shares

In order to prevent the Allotted Shares from being transferred, collateralized, or otherwise being disposed of during the transfer restriction period, the Allotted Shares shall be managed during the period in a dedicated account opened by each Eligible Directors, etc., at Nomura Securities Co., Ltd. In order to ensure the effectiveness of the transfer restrictions, etc. pertaining to the Allotted Shares, the Company has entered into an agreement with Nomura Securities Co., Ltd. concerning the management of the accounts for the Allotted Shares held by each Eligible Director, etc. In addition, the Eligible Director, etc. shall agree on the management of such accounts.

(4) Treatment in the event of organizational restructuring, etc.

If a matter concerning the organizational restructuring, etc. of the Company, such as a merger agreement whereby the Company shall be the non-surviving party to the merger, or a share exchange agreement or share transfer plan whereby the Company shall become a wholly-owned subsidiary of another entity, is approved at the Company's General Meeting of Shareholders (or by the Company's Board of Directors if such organizational restructuring, etc. does not require approval at a Company's General Meeting of Shareholders) during the transfer restriction period, the Company shall remove, based on a resolution of the Company's Board of Directors, the transfer restriction on the Allotted Shares on a date prior to the effective date of such organizational restructuring, etc.

4. Basis for calculating the amount to be paid and its specific details

To avoid arbitrary pricing, the disposal price for the disposal of treasury stock shall be set at 2,359.5 yen, which is the closing price of the Company's common stock in the Tokyo Stock Exchange on June 26, 2024, the business day immediately before the Board of Directors made the resolution. This is the market share price immediately prior to the date of the resolution, and the Company believes that it is reasonable and not particularly advantageous price. Any fraction less than one (1) yen resulting from multiplying the disposal price by the number of shares to be disposed of shall be rounded up.

< About Internet Initiative Japan Inc. >

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, mobile services, security services, cloud computing services, and systems integration. Moreover, IIJ operates 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 First Section of the Tokyo Stock Exchange ("TSE") in 2006 and transitioned to the Prime Market of TSE from April, 2022.

< IIJ Investor Relations >

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