

# Internet Research Institute Ltd.

(The “Company”)

December 23, 2018

To	To
The Securities Authority	The Tel Aviv Stock Exchange Ltd.
<u>Via MAGNA</u>	<u>Via MAGNA</u>

Dear Sirs / Madam,

Re: **Notice Regarding Agreement for Purchase of IoT Square, Inc.**

On December 21, 2018, Internet Research Institute, Inc. (“**IRI Japan**”), a wholly owned subsidiary of the Company, entered into an agreement with BroadBand Tower, Inc. (“**BBT**”) a company of which the Company holds approximately 21% of the issued and outstanding share capital, for the purchase of all of BBT’s holdings in IoT Square, Inc (“**IoT**”), a company incorporated in Japan, such that following completion of the transaction, IRI Japan shall hold the entire issued and outstanding share capital of IoT. In consideration for BBT’s holdings in IoT, IRI Japan shall pay the sum of JPY 7.65 million (approximately USD 69,000).

IoT is an R&D company which operates in a number of fields of operations, the principal ones being the development of systems for the management and sale of digital tickets to events, management and operation services to solar power plants, the development of solutions and consultation services in the field of data security, and the design and production of films and production services. Being an R&D company that is in the initial stages of development, IoT has not yet developed a product that produces it substantial revenues. As at the date of the report, IoT has revenues from the management and operations services to BBT’s solar plants plants, which shall continue after the closing of the transaction as well. Following the closing, until IoT develops its products and provided there are no third party investments in IoT, IRI Japan will fund the majority of IoT’s operations.

On the date of closing, and as a condition of closing of the transaction, IoT shall grant IRI Japan an option exercisable for 15,000 shares of IoT, which constitute approximately 62.5% of the share capital of IoT, on a fully diluted basis. The exercise price has been prescribed in accordance with the share price that is reflected in the transaction the subject of this report, and amounts to JPY 850 per share. The option shall be in force as of the date of grant of it, and until January 30, 2026 (the “**Option Agreement**”).

The closing of the transaction is subject to the performance of preconditions, as is acceptable, including receipt of the consent of the board of directors of IoT to the transfer of the shares and execution of the

Option Agreement. The consideration for the transaction shall be paid on the date of closing of the transaction, which has been set down for January 7, 2019.

Mr. Hiroshi Fujiwara, the chairman of the board of directors, the CEO and the controlling shareholder of the Company also acts as the chairman of the board of directors of BBT and therefore, entry into the agreement was approved by the audit committee and the board of directors of the Company in accordance with the provisions of section 270(1) and 271 of the Companies Law, 5759-1999.

Yours sincerely,

Internet Research Institute Ltd.

Signed by: Mirei Kuroda, CFO