

This is an English translation of a Hebrew immediate report that was published on January 19, 2022 (reference no.: 2022-01-008349) (hereafter: the “Hebrew Version”). This English version is only for convenience purposes. This is not an official translation and has no binding force. Whilst reasonable care and skill have been exercised in the preparation hereof, no translation can ever perfectly reflect the Hebrew Version. In the event of any discrepancy between the Hebrew Version and this translation, the Hebrew Version shall prevail.



January 19, 2022

To	To
Israel Securities Authority	Tel Aviv Stock Exchange
www.isa.gov.il	www.tase.co.il

Re: Immediate report

The Company is hereby honored to announce that on January 18, 2022, The Central Company for Innovation and Encouragement High Tech Ltd. (“**Central Company**”), a fully owned subsidiary of the Company, has entered into a non-binding Letter of Intent (the “**LOI**”), with a third party (the “**Seller**”), pursuant to which Central Company, subject to terms set forth in the LOI, shall acquire from Seller all of the outstanding stock capital of a New York corporation, which provides outstaffing services to customers, mainly in the USA using approximately 70 professionals developers, engaged by it in Ukraine (the “**Target Company**”).

Following are the main terms of the LOI:

1. If and when the parties shall execute a Definitive Agreement for purchasing the Target Company’s Stock, the purchase price shall be USD2,500,000 which will be paid in 3 installments (50% at the closing of the Definitive Agreement, 25% will be paid 3 months thereafter and 25% will be paid 6 months following such closing.
2. The proposed acquisition of the Target Company’s Stock will be subject to execution of Definitive agreement in form reasonably satisfactory to the parties and subject to the prior approval of each Party’s applicable corporate organs. The Definitive Agreements shall contain certain customary conditions to closing of the acquisition, including:
 - 2.1. The Receipt of any and all required regulatory, governmental and other third-party approvals;

- 2.2. Each party shall have performed and complied in all material respects with all of the covenants and obligations thereof required to be performed by them prior to the completion of the proposed acquisition;
 - 2.3. The absence of a Material Adverse Change (as shall be defined in the Definitive Agreement) with respect to the Target Company.
 - 2.4. Completion of satisfactory due diligence of the Company by Central Company.
3. The parties are intending that the execution of the Definitive Agreement shall occur within 45 days following the date of execution of the LOI. Either party may decide to terminate the LOI, at any time and at its sole discretion, subject to a written notice of 15 days to the other party.

In the company's estimation, the activity of the Target Company is synergetic to the current activity of the Central Company, in a manner that will enable it to save training and personnel costs, increase the range and diversity of the professional personnel assigned to its customers, and shorten the time required to acquire new customers. In addition, the acquisition of the Target Company will enable the company to open a new center in Ukraine, which will assist the Company to enter into new markets and increase its customers base and revenues, in accordance with its goals and strategy¹.

Please note that the above information and forecasts regarding completion of the acquisition of the Target Company pursuant thereto, is subject, inter alia, to the completion of the due diligence of the Target Company by the Company, to the parties reaching an agreed Definitive Agreement and to the fulfilment of the closing condition to be set forth in the Definitive Agreement. Accordingly, there is no certainty that the Definitive Agreement will be signed or that the acquisition of the Target Company will be completed or that the terms of the Definitive Agreement will be the same as those set forth in the LOI. The matters set forth in this immediate report regarding the execution of a Definitive Agreement, the acquisition of the Target Company and the possibility that these activities are expected to promote the Company's commercial activities, is forward looking information within the meaning of the Securities Law, 1968, for which there is no certainty that it will take place at all or might take place in a materially different way from what is stated above.

Sincerely,

Group 107 Ltd.

Signed by:

Adi Katz, CEO and Director

¹ Please see chapter 6 of the prospectus. For the prospectus, please see the formal website of Israel Securities Authority www.magna.isa.gov.il (Ref. No. 2021-01-071470).