



## ASX Announcement | 31 July 2023

### Gefen International A.I. Limited | Quarterly Activities Report and Appendix 4C

**Gefen International A.I. Limited** (“Gefen” or the “Company”) (ASX: GFN), a provider of a technology-based ecosystem disrupting the insurance and financial services industries, provides its Appendix 4C cash flow statement for the quarter ended 30 June 2023 (Q2 CY23), along with the following operational update.

#### Appendix 4C commentary

The Company is pleased to advise that shareholders of the Company passed the Resolution of Removal from Official List of ASX as set out in the Notice of meeting at the Special General Meeting held at 3 July 2023, by way of a poll by the requisite majority.

According to the shareholders' resolution as stated, the last trading day of the company is scheduled to take place on August 2, 2023. Additionally, the company is expected to be delisted from trading on the ASX officially on August 4, 2023.

Cash receipts from customers in Q2 CY23 were US\$2.5 million, down 10% on pcp (Q2 CY22: US\$2.8 million). In accordance with ASX Listing Rule 4.7C.3, in the quarter ended 31 March 2023, the Company paid an aggregate of US\$371k to management staff of the Company, including the Co-CEOs, CFO, COO and Chairman.

*Utilisation of IPO funds*

# GEFEN

The funds raised from the IPO are being utilised to execute a number of strategic growth initiatives, including funding research and development of Gefen's technology, and introducing two new revenue streams (advertising solutions and processing fees).

A detailed breakdown of use of funds is below:

Allocation of funds raised under the Offer	Budgeted Amount - in AUD	Budgeted Amount - in USD (translated from AUD)	Actual expenditures for the period from the IPO (21/07/2021) to December 31, 2022 - in USD	% Used
Sales and Marketing	8,450,000	6,219,180	4,275,318	69%
Business development	3,760,000	2,767,351	1,886,411	68%
Research and Development	7,600,000	5,593,582	3,667,904	66%
Working capital and administrative costs	2,130,997	1,568,409	6,561,709	418%
Costs of the offer	3,059,003	2,251,419	1,797,338	80%
<b>Total</b>	<b>25,000,000</b>	<b>18,399,941</b>	<b>17,338,694</b>	<b>99%</b>

**Ends**

This announcement has been authorised by the Board of Directors.



## About Gefen Technologies

Gefen Technologies is the world's first platform provider that transforms agent-based networks into digital sales fleets.

Gefen's platform enables the fast transformation of existing agent networks at a large scale, empowering agents and the brands they represent to thrive in today's digital-first world. It is the only solution that enables the digital distribution of business strategy, tactics and processes through agents all the way to the last mile - the end customer.

Agent networks and global enterprises that have deployed Gefen's fully automated technology benefit from unique insights on their customers, compliance-at-scale and a more satisfied sales force. Agents become more efficient, productive and professional while also exceeding customer's omnichannel service and sales expectations. Gefen is already being used by some of the world's leading insurers and is currently expanding into new sectors and verticals.

With Gefen, any agent becomes a digital expert in an instant. Transform your agents into an entirely evolved digital distribution fleet - with unparalleled business results. To learn more, please visit: [www.gefentechnologies.com](http://www.gefentechnologies.com)

To learn more, please visit [gefeninternational.com](http://gefeninternational.com)



## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Gefen International A.I. Ltd.

**ARBN**

645 436 782

**Quarter ended ("current quarter")**

June 30, 2023

<b>Consolidated statement of cash flows</b>		<b>Current quarter</b>	<b>Year to date</b>
Draft		<b>USD'000</b>	<b>(6 months)</b>
		<b>USD'000</b>	<b>USD'000</b>
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	2,543	5,132
1.2	Payments for		
	(a) research and development	(341)	(771)
	(b) product manufacturing and operating costs	(419)	(892)
	(c) advertising and marketing	(130)	(288)
	(d) leased assets	(272)	(561)
	(e) staff costs	(1,548)	(3464)
	(f) administration and corporate costs	(504)	(1,037)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received		
1.5	Interest and other costs of finance paid	(13)	(17)
1.6	Income taxes paid	(47)	(44)



<b>Consolidated statement of cash flows</b>		<b>Current quarter</b>	<b>Year to date</b>
Draft		<b>USD'000</b>	<b>(6 months) USD'000</b>
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	(54)	(60)
	Institutions	(193)	(340)
	Other income	139	281
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(785)</b>	<b>(2,002)</b>
<b>2. Cash flows from investing activities</b>			
2.1	Payments to acquire or for:		
	(a) entities		
	(b) businesses	-	1
	(c) property, plant and equipment		(66)
	(d) investments	(285)	(473)
	(e) intellectual property		
	(f) other non-current assets		
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments	123	183
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities	(342)	(367)



<b>Consolidated statement of cash flows</b>		<b>Current quarter</b>	<b>Year to date</b>
Draft		<b>USD'000</b>	<b>(6 months) USD'000</b>
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)	8	27
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(496)</b>	<b>(695)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings	177	642
3.6	Repayment of borrowings	(249)	(593)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		(45)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(72)</b>	<b>4</b>

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<b>Consolidated statement of cash flows</b> Draft		<b>Current quarter</b> <b>USD'000</b>	<b>Year to date</b> <b>(6 months)</b> <b>USD'000</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	<b>1,445</b>	<b>2,817</b>
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(785)	(2,002)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(496)	(695)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(72)	4
4.5	Effect of movement in exchange rates on cash held	(19)	(51)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>73</b>	<b>73</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter</b> <b>USD'000</b>	<b>Previous quarter</b> <b>USD'000</b>
5.1	Bank balances	311	1,287
5.2	Call deposits	101	407
5.3	Bank overdrafts	(339)	(249)
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>73</b>	<b>1,445</b>



<b>6. Payments to related parties of the entity and their associates</b>	<b>Current quarter USD'000</b>
6.1 Aggregate amount of payments to related parties and their associates included in item 1 *	162
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p> <p><i>* Gefen's management staff costs</i></p>	

<b>7. Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end USD'000</b>	<b>Amount drawn at quarter end USD'000</b>
7.1 Loan facilities	492	-
7.2 Credit standby arrangements	364	241
7.3 Other (please specify)	-	-
<b>7.4 Total financing facilities</b>	<b>856</b>	<b>241</b>
<b>7.5 Unused financing facilities available at quarter end</b>		<b>123</b>
<p>7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <div style="border: 1px solid black; padding: 10px; margin-top: 10px;"> <p>A. POALIM BANK - In March 2021, a bank loan of 75 thousand USD was received. The loan is repaid monthly, during a 5 year-period and it bears an annual interest of 7.6%</p> <p>B. LEUMI BANK - In October 2021, a bank loan of 160 thousand USD was received. The loan is repaid monthly, during a 5 year-period and it bears an annual interest of 11%</p> </div>		



- C. MIZRAHI BANK - In October 2021, a bank loan of 13 thousand USD was received. The loan is repaid monthly, during a 5 year-period and it bears an annual interest of 10.55%
- D. DISCOUNT BANK - In June 2022, a bank loan of 71 thousand USD was received. The loan is repaid monthly, during a 4 year-period and it bears an annual interest of 7.8%
- E. POALIM BANK - In September 2022, a bank loan of 85 thousand USD was received. The loan is repaid monthly, during a 6 year-period and it bears an annual interest of 9.20%
- F. LEUMI BANK - In September 2022, a bank loan of 99 thousand USD was received. The loan is repaid monthly, during a 5 year-period and it bears an annual interest of 9.25%
- G. Ayalon insurance company - In Feb 2018, a loan of 109 thousand USD was received. The loan is repaid monthly, during a 6 year-period and it bears an annual interest of 6%
- H. Migdal insurance company - In August 2019, a loan of 140 thousand USD was received. The loan is repaid monthly, during a 3 year-period and it bears an annual interest of 5.65%
- I. Non-banking institution - In Feb 2021, a loan of 53 thousand USD was received. The loan is repaid monthly, during a 3 year-period and it bears an annual interest of 2.39%
- J. Non-banking institution - In Feb 2021, a loan of 26 thousand USD was received. The loan is repaid monthly, during a 3 year-period and it bears an annual interest of 2.39%
- K. POALIM BANK - In November 2022, a bank loan of 28 thousand USD was received. The loan will repaid in 5 months, and it bears an annual interest of 9.30%
- L. MIZRAHI BANK - In December 2022, a call bank loan of 56 thousand USD was received. The loan bears an annual interest of 8.75%


8.	Estimated cash available for future operating activities	USD'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(785)
8.2	Cash and cash equivalents at quarter end (item 4.6)	73
8.3	Unused finance facilities available at quarter end (item 7.5)	123
8.4	Total available funding (item 8.2 + item 8.3)	196
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	0.3
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	

8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?
	Answer: No, the Company has devised a plan to reduce the rate of cash burn, cancel agreements that are resulting in significant cash drain, and increase its value by utilising its intellectual property.
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
	Answer: The Company plans to secure financing during H2 2023 by procuring loans or issuing new shares, which will be executed following the AGM. The BOD of the company is optimistic that this strategy will be successful.
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
	Answer: Yes, the Company continues to take steps to mitigate cash burn, such as terminating agreements with underperforming agent networks, and maximising value through leveraging its IP assets, while accessing capital and debt if required.
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: .....31 July 2023.....

Authorised by: Elad Daniel   
 (Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An



entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.