



ASX Announcement | 31 October 2022

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

Gefen continuing to accelerate growth organically through Gefen platform

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, is pleased to provide its Appendix 4C cash flow statement for the quarter ended 30 September 2022 (Q3 CY22), along with the following operational update.

Q3 FY22 highlights

- **Number of Arena agents using the Gefen Arena platform up by 61% on pcp to 3,045**
- **Number of end customers using Gefen Arena platform up 185% on pcp to 504,431**
- **Cash receipts from customers were down 17% on the prior corresponding period (pcp) to US\$2.26 million, due to the timing of cash collections and adverse foreign exchange impacts NIS to USD dollar currency**
- **Upgraded CRM and a new Business Intelligence module have been rolled out to users**
- **Cash and cash equivalents as at 30 September of US\$4.1 million (approx A\$6.43 million)**

Commenting on the Company’s performance Co-Founder and Co-CEO Orni Daniel said: “We remain focused on our growth strategy of onboarding additional agent networks and new customers, and produced strong growth in these metrics in the recent quarter. To further facilitate this growth strategy, we have embarked on a new structuring process to allow Gefen to work on a contractual engagement with carriers and agent networks. The roll-out of the new process will be a cost-effective way of onboarding more agents and acquiring customers. This will drive revenue growth while reducing the need to invest in acquiring new networks.

“We expect to begin the contractual engagement with new agent networks in the coming months and have procured several active networks in Israel who have shown strong interest to join the Gefen platform.

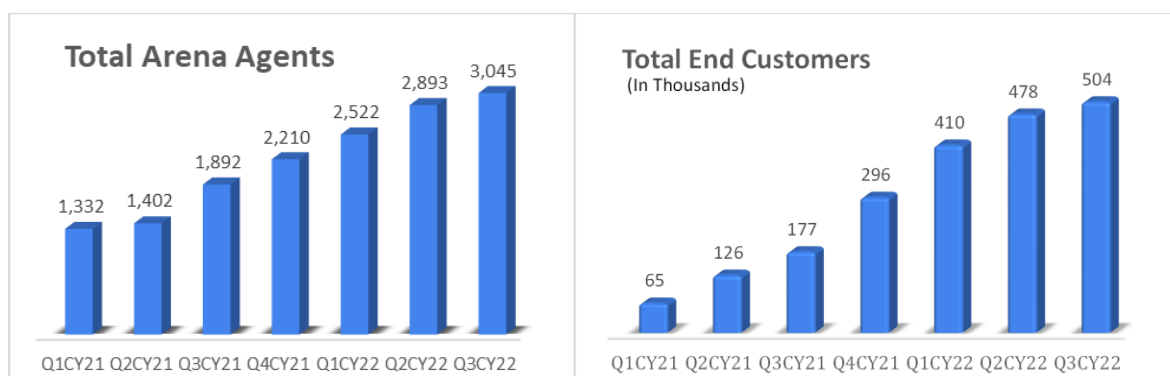
“The new contractual engagement, coupled with a strong focus on conserving cash, means we have confidence in our ability to drive revenue growth with our existing cash reserves. We are very pleased with the distribution coverage we have been able to build in Israel and look forward to building further scale in the business.”



Gefen's arena platform continues to grow organically with increased agents and end-customers

In Q3 CY22, Gefen continued its seventh quarter of consecutive growth in the key performance metrics, onboarding more agents and customers to the Gefen platform organically. For the quarter, the total arena agents increased to 3,045, up 61% on prior comparison period (pcp), and total end-customers increased to 504,431, up 185% on pcp.

With Gefen embarking on a new process to grow its agent network via a contractual engagement, it broadens Gefen's opportunity to partner with large carriers with extensive distribution networks, and positions the Company for further expansion in the Israel market.



Lower cash receipts in Q3 due to timing of cash collections, and the adverse movement in foreign exchange rate between USD dollar and Israeli New Shekel (NIS)

Gefen's cash receipts from customers were US\$2.26 million for Q3 CY22, down 17% on pcp, due to timing differences with collection from a couple of large customers. This does not impact revenue. Gefen remains well funded for operations, with a cash balance of US\$4.1 million as at 30 September 2022.

Continuing to build out the capabilities of Gefen's global & scalable technology

Gefen's arena platform has redefined the distribution of financial services products, providing agents with a platform that enables them to deliver more value with less work. The platform collects products, algorithmically matches them based on customer insights, and helps direct agents with data-driven solutions.

The longer-term growth strategy of Gefen will bring forward multiple opportunities to expand into new agent-based industries and new geographies. The feedback received from agents on the platform gives Gefen significant confidence that it can grow into a global technology provider.



Developing technological enhancement to strengthen scalability as more agents join the Gefen platform

Over the quarter, the Gefen development team continued to enhance the platform capacity, enhancing data collection capabilities and improving agent opportunities with more value-adding insights on their customers.

Arena platform enhancements during Q3 CY22 include

- Roll-out of new BI capabilities including call centre management dashboards, commission drill-down reports, BI to CRM integrations, and more.
- New Open Insurance integration automation, which now collects and updates customer data 'on the fly' with tight integration to the AI and CRM modules.
- Upgraded AI/GQL engine with real-time and reactive results fetching.

Utilisation of IPO funds

The funds raised from the IPO are being utilised to execute a number of strategic growth initiatives including expanding Gefen's sales and marketing teams, funding research and development of its unique platform, 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 September 30, 2022 - in USD	% Used
Sales and Marketing	8,450,000	6,219,180	4,076,285	66%
Business development	3,760,000	2,767,351	1,442,047	52%
Research and Development	7,600,000	5,593,582	2,316,549	41%



Working capital and administrative costs	2,130,997	1,568,409	*4,525,008	289%
Costs of the offer	3,059,003	2,251,419	1,797,338	80%
Total	25,000,000	18,399,941	14,157,227	77%

*The amount includes the influence of the Exchange Rate.

Ends

This announcement has been authorised by the Board of Directors.

For further information, please contact:

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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

To learn more, please visit 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")

September 30, 2022

Consolidated statement of cash flows		Current quarter USD'000	Year to date (9 months) USD'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	2,259	7,916
1.2	Payments for		
	(a) research and development	(497)	(1,485)
	(b) product manufacturing and operating costs	(483)	(1,480)
	(c) advertising and marketing	(96)	(560)
	(d) leased assets	(251)	(826)
	(e) staff costs	(2,254)	(7,038)
	(f) administration and corporate costs	(400)	(1,934)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	16	16
1.5	Interest and other costs of finance paid	(21)	(46)
1.6	Income taxes paid	(58)	(110)



Consolidated statement of cash flows		Current quarter USD'000	Year to date (9 months) USD'000
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	(7)	(125)
	Institutions	(141)	(450)
	Other income	134	325
1.9	Net cash from / (used in) operating activities	(1,792)	(5,672)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	(35)	(1,735)
	(c) property, plant and equipment	(63)	(193)
	(d) investments	(51)	(909)
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	9	9
	(d) investments	607	2,575
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	94	(36)



Consolidated statement of cash flows		Current quarter USD'000	Year to date (9 months) USD'000
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	25	76
2.6	Net cash from / (used in) investing activities	586	(213)
3.	Cash flows from financing activities		
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	-	(1)
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	233	3,812
3.6	Repayment of borrowings	(325)	(3,522)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(183)	(183)
3.10	Net cash from / (used in) financing activities	(275)	106



Consolidated statement of cash flows		Current quarter USD'000	Year to date (9 months) USD'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,674	10,384
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,792)	(5,672)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	586	(213)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(275)	106
4.5	Effect of movement in exchange rates on cash held	(85)	(497)
4.6	Cash and cash equivalents at end of period	4,108	4,108

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter USD'000	Previous quarter USD'000
5.1	Bank balances	4,121	2,119
5.2	Call deposits	132	3,747
5.3	Bank overdrafts	(145)	(192)
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,108	5,674

6.	Payments to related parties of the entity and their associates	Current quarter USD'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1 *	396
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>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end USD'000	Amount drawn at quarter end USD'000
7.1	Loan facilities	1,512	-
7.2	Credit standby arrangements	437	145
7.3	Other (please specify)	-	-
7.4	Total financing facilities	1,949	145
7.5	Unused financing facilities available at quarter end		292
7.6	<p>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 June 2019, a bank loan of 70 thousand USD was received. The loan is repaid monthly, during a 4 year-period and it bears an annual interest of 4.5%</p> <p>B. 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 3.2%</p> <p>C. LEUMI BANK - In May 2021, a bank loan of 18 thousand USD was received. The loan is repaid monthly, during a 5 year-period and it bears an annual interest of 8.6%</p> <p>D. 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 6.6%</p> </div>		

- E. 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 6.15%
- F. 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 4.55%
- G. 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 7.45%
- H. 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 7.5%
- I. 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%
- J. 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%
- K. Private commercial loan to subsidiary - In October 2021, a loan of 322 thousand USD was received. The loan will be repaid by annual payments equal to 50% of Borrower cash-flow and it bears an annual interest of 4%.
- L. 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%
- M. 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%
- N. Loans for Or-Hagefen subsidiary - During the year the subsidiary received a loan from the related companies of the minority shareholder in the amount of 366 thousand USD without repayment terms.

8.	Estimated cash available for future operating activities	USD'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,792)
8.2	Cash and cash equivalents at quarter end (item 4.6)	4,108
8.3	Unused finance facilities available at quarter end (item 7.5)	292
8.4	Total available funding (item 8.2 + item 8.3)	4,400
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.5
<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:
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:
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:
	<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 October 2022.....

Authorised by:The Board of Directors.....
(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.