

**ASX Announcement | 29 October 2021**

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

## **Gefen progresses growth strategy in September quarter**

### **Investment Highlights**

#### **Operational**

- Cash receipts from customers up 5.14% quarter on quarter (QoQ) to US\$2.72 million
- Number of end customers using Gefen Arena platform up 43.63% QoQ to 177 thousand
- Number of premium arena agents using the platform up 34.95% QoQ to 1,892
- Number of contracted carriers using the platform up 24.42% QoQ to 107
- Number of Arena events recorded in the Gefen platform up 37.69% QoQ to 639 thousand
- Onboarded five midsize agent networks which are expected to have an immediate impact on revenue from Q4 2021 onwards
- In accordance with growth strategy in IPO prospectus, commercial agreements being considered to acquire and commence the onboarding of an independent “agents network” focused on life insurance and Property and Casualty (P&C) Insurance, among others for the Gefen Arena operation

#### **Corporate**

- Raised A\$25 million in an oversubscribed IPO, listing on the ASX on 21 July 2021
- Appointed Mr. Shlomi Gilad as Gefen Chief Financial Officer and Mr. Yariv Yanay as General Manager of Gefen Arena (Israel)
- Gefen is fully funded to execute its growth strategy outlined in its Prospectus

29 October 2021: Tel Aviv, Israel: **Gefen International A.I. Limited** (“Gefen” or the “Company”) (ASX: GFN) a platform provider that empowers and transforms agent-based networks, is pleased to provide its Appendix 4C cash flow statement for the quarter ended September 30, 2021 (Q3 FY21), along with the following operational update. The Company’s fiscal year coincides with the calendar year.

### **Digitally transforming global agent-based organisations**

Gefen has developed and operates a disruptive platform for regulation-heavy industries in which agents mediate the selling of complex products between carriers and customers.



Using its proprietary technology, Gefen “manages on behalf” networks of agents through strategic, operational, financial, digital and conversational actions. The data-driven business generation provided by Gefen is centrally managed and empowers agents’ interactions with end customers. Gefen enables local as well as global enterprises and agent-hubs to transform, grow and automate their entire distribution networks.

Although Gefen’s platform can be used across a number of verticals, the Company’s current and main focus is on the finance and insurance industries. Gefen’s platform powers a substantial and rapidly growing independent agent network (The Gefen Arena) and has been adopted by tier 1 global insurance brands operating independent and tied agent networks including Generali (BIT: G), TAL in Australia, Manulife (TSX: MFC, NYSE: MFC, HK: 0945) and others.

Gefen operates in a large and growing global market. Assuming maximum penetration of the global insurance and finance industry by platform-as-a-service-based software, Gefen’s total addressable market is estimated to be US\$358 billion in 2020. Based on forecasts, this is expected to grow by 29% to US\$462 billion by 2023.<sup>1</sup>

### **Strong growth in business-leading metrics**

Gefen continues to focus on its most impactful business activity - the growth of the Gefen Arena and the business generated for the participating carriers and the agents empowered by it.

The Company is generating solid growth in revenue streams from transactional agent solutions fees paid as commissions by carriers. Gefen has also increased its deal flow and operations focus on sales generated through the independent agent network.

Despite Q3 being a historically lower revenue quarter for Gefen based on past years’ results, the Company achieved cash receipts from customers of US\$2.72 million, up 5.14% quarter on quarter (QoQ).

The Company saw sustained strong growth across the Gefen Arena’s key metrics during the quarter, specifically the number of end customers, number of managed transactions, agents’ participation and the carriers’ strong involvement in the Gefen business platform.

During Q3 FY21, active end customers in direct business with the agents of the Arena increased from 123 thousand to 177 thousand. The number of Arena agents using the platform grew from 1,402 QoQ to 1,892 while contracted carriers using the platform rose from 86 to 107.

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<sup>1</sup> Source: Research and Markets - Insurance Brokers & Agents Global Market Report 2020-30: COVID-19 Impact and Recovery



In addition, Gefen saw the Arena events recorded in the arena rise from approximately 464 hundred thousand to 639 hundred thousand QoQ.

Arena events are business-related interactions and transactions originating from both ends of the network (the carriers and end customers). They are being managed, directed and carried through to generate more business for the carriers (and the participating agents).

## Product and platform upgrades

Gefen sustained its pace of releasing new features and improvements to its platform every two weeks in Q3 FY21. These releases included the following additional features:

- A more advanced GQL engine - now covering more data layers and able to perform on larger sets of big data
- New telephony integration - including integrated call recording, inline playback and call content audit
- New business email retrieval storage and delivery from within the CRM modules
- New orders management with multiple associated items
- New custom fields associated with entities - orders, users, BUs and new sections in products and customers
- New Claims and service module enabling tracking and referring to service requests raised by customers
- New integrations to customer information and customer entitlements services
- Improved real-time behaviour across the platform
- Integration of all CRM features - including products, claims and communication - into mobile apps (iOS and Android)
- Improved translations and RTL support across the web and mobile applications
- More streamlined UI across the applications

## Corporate

Gefen commenced trading on the Australian Securities Exchange (ASX) under the ticker code 'GFN' on July 21 following an oversubscribed Initial Public Offering which raised A\$25m. Accordingly, the 30 September quarter is included in the use of funds statement in the IPO prospectus, and therefore this report discloses them for the purposes of ASX Listing Rule 4.7C.2.



The IPO was underpinned by a high-quality shareholder base which included institutional and retail investors, along with the strong support of existing Gefen shareholders including Regal Funds Management, Ellerston Capital and Perennial.

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). For further details on use of funds, see the table below:

*Table 1: Use of IPO funds*

Allocation of funds raised under the Offer	Budgeted Amount - in AUD	Budgeted Amount - in USD (translate converted from AUD)	Actual expenditures for the period from the IPO (21/07/2021) to September 30, 2021 - in USD	% Used
Sales and Marketing	8,450,000	6,219,180	261,316	4%
Business development	3,760,000	2,767,351	845,609	31%
Research and Development	7,600,000	5,593,582	406,549	7%
Working capital and administrative costs	2,130,997	1,568,409	449,942	29%
Costs of the offer	<u>3,059,003</u>	<u>2,251,419</u>	<u>1,797,338</u>	80%
<b><u>Total</u></b>	<b><u>25,000,000</u></b>	<b><u>18,399,941</u></b>	<b><u>3,760,752</u></b>	<b><u>20%</u></b>

The above table also reflects the expenditures incurred during the quarter. In addition, the Company intends to use a portion of the funds raised for acquisitions. Gefen already has a strategy in place in which it acquires traditional agents' businesses and integrates them with its platform, digitizing the agent networks and creating synergies and increased revenue opportunities. To this end, the Company is already in discussions with potential acquisition targets and will update the market in due course regarding the outcome of these negotiations. The acquisitions as stand-alone transactions are not material to the Company, however, remain important to the Company's growth strategy to grow its independent "agents network",



as stated in its IPO prospectus. If and when material transactions are entered into by the Company, the Company will make announcements in accordance with the Listing Rules.

During the quarter, Gefen bolstered its leadership team, appointing Mr. Shlomi Gilad as Gefen Chief Financial Officer and Mr. Yariv Yanay as General Manager of Gefen Arena (Israel).

Mr. Gilad is a Chartered Accountant with over 15 years' experience in leading finance, business development, M & A, strategic planning and business intelligence in the insurance and consulting industry.

Mr. Yanay has over 20 years of experience in the insurance industry worldwide. Has a reputation and extensive knowledge in the world of agents. Has rich and professional experience in the field of insurance of all kinds. Has extensive knowledge of the world of digital insurance and is one of the pioneers in the world of insurtech.

Mr. Yanay served as Vice President of innovation & product in Sapiens (NASDAQ: SPNS) and the CEO Hachshara Go digital Insurance.

The Company's cash position as of September 30 2021 was US\$15.12 million.

In accordance with ASX Listing Rule 4.7C.3, the payments to related parties and their associates of US\$463k disclosed in the Appendix 4C are composed of Director fees and remuneration.

**Gefen Co-Founder and Co-CEO Orni Daniel said:** "The September quarter was an extremely important one for Gefen, as it saw us successfully complete our IPO and list on the ASX. With the proceeds from the IPO, we now have the capital required to continue rapidly scaling our operations and further enhancing our platform. We are very pleased with the Gefen Arena, which is seeing sustained growth across all key metrics and we are excited about some of the partnerships we have recently secured. In line with our intention to increase our focus on growing the Gefen Arena, we have a robust pipeline of potential clients to strengthen our market share. We are confident that our growth initiatives will deliver significant value to our shareholders in the quarters ahead."

**Ends**

*This announcement has been authorised by the board of Gefen.*



**For further information, please contact:**

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**About Gefen International**

Gefen International 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 customers' 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 [gefeninternational.com](https://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, 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter USD'000</b>	<b>Year to date (9 months) USD'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	2,720	7,372
1.2 Payments for		
(a) research and development	(157)	(395)
(b) product manufacturing and operating costs	(269)	(766)
(c) advertising and marketing	(243)	(360)
(d) leased assets	(284)	(717)
(e) staff costs	(1,676)	(3,904)
(f) administration and corporate costs	(1,043)	(2,313)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(11)	(26)
1.6 Income taxes paid	(40)	(136)
1.7 Government grants and tax incentives	-	31
1.8 Other (provide details if material)	(249)	(672)
Institutions	(323)	(892)
Other income	74	220
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,253)</b>	<b>(1,886)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments	-	(493)

Consolidated statement of cash flows		Current quarter USD'000	Year to date (9 months) USD'000
	(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	527	-
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities	(28)	(28)
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)	5	48
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>505</b>	<b>(473)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	18,400	18,400
3.2	Proceeds from issue of convertible debt securities	-	1,875
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(1,875)	(2,445)
3.5	Proceeds from borrowings	-	459
3.6	Repayment of borrowings	(1,338)	(1,791)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)	(8)	(274)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>15,179</b>	<b>16,225</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	859	1,464
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,253)	(1,886)

<b>Consolidated statement of cash flows</b>		<b>Current quarter USD'000</b>	<b>Year to date (9 months) USD'000</b>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	505	(473)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	15,179	16,225
4.5	Effect of movement in exchange rates on cash held	(171)	(211)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>15,120</b>	<b>15,120</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 USD'000</b>	<b>Previous quarter USD'000</b>
5.1	Bank balances	15,277	1,034
5.2	Call deposits	-	552
5.3	Bank overdrafts	(157)	-
5.4	Other (provide details)	-	6
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>15,120</b>	<b>1,592</b>

<b>6.</b>	<b>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	463
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

*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.*

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end USD'000</b>	<b>Amount drawn at quarter end USD'000</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>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	363	157
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	<b>363</b>	<b>157</b>
7.5 <b>Unused financing facilities available at quarter end</b>		<b>206</b>
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>A. In January 2021, the Company received a loan of 96 thousand USD from AYALON-INS. The loan is repaid monthly, during a 5 year-period and it bears an annual interest of 6.5%</p> <p>B. In April 2021, the Company received a loan of 347 thousand USD from AYALON-INS. The loan is repaid monthly, during a 5 year-period and it bears annual interest of 6.5%</p>		

<b>8. Estimated cash available for future operating activities</b>	<b>USD'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,253)
8.2 Cash and cash equivalents at quarter end (item 4.6)	15,120
8.3 Unused finance facilities available at quarter end (item 7.5)	206
8.4 Total available funding (item 8.2 + item 8.3)	15,326
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>12.2</b>
<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: 28 October 2021

Authorised by: The Board  
(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.