Gefen International A.I. Ltd

a company incorporated in Israel ARBN 645 436 782

Prospectus

For an offer of 25,000,000 Shares at an issue price of \$1.00 per Share to raise \$25,000,000 (Offer).

The Company is an Israel incorporated entity registered under the Israeli Companies Law, 5759-1999, with registration number 51-624919-0. The Company is also registered as a foreign corporation under the Corporations Act with Australian Registered Business Number (ARBN) 645 436 782.

Corporate Advisor and Joint Lead Manager



Israeli Legal Advisor

PEARL COHEN

Joint Lead Manager



Australian Legal Advisors



Important information

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay. The Shares offered by this Prospectus should be considered highly speculative.

IMPORTANT NOTICES

This Prospectus is dated 11 May 2021 and was lodged with the ASIC on that date. The ASIC, the ASX, and their officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

The Israeli Securities Authority has not approved or disapproved of these securities or passed upon the adequacy, completeness or accuracy of this Prospectus. Any representation to the contrary is a criminal offence.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

Exposure Period

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. You aware be that examination may result in the identification of deficiencies in this Prospectus and, circumstances, any application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act. Applications for Shares under this Prospectus will not be accepted by the Company until after the expiry of the Exposure Period. No preference will be conferred on applications lodged prior to the expiry of the Exposure Period.

No offering where offering would be illegal

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents

are required or whether any other formalities need to be considered and followed.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. It is important that investors read this Prospectus in its entirety and seek professional advice where necessary.

No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of the Shares in any jurisdiction outside Australia or New Zealand. This Prospectus has been prepared for publication in Australia and may not be released or distributed in the United States of America.

Hong Kong

WARNING: The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Singapore

This document and any other materials relating to the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Shares, may not be, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly. If you (or any person for whom you are acquiring the New Shares) are in Singapore, you (and any such person):

 are an "institutional investor" or a "relevant person" (as such terms are defined in the Securities and Futures Act of Singapore (SFA));

- will acquire the New Shares in accordance with applicable provisions of the SFA; and
- acknowledge that the offer of the New Shares is subject to the restrictions (including selling restrictions) set out in the SFA.

Web Site - Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.gefentechnologies.com. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting: RM Corporate Finance Pty Ltd (+61 8 6380 9200) or Morgans Corporate Limited (+61 7 3334 4888).

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

Website

No document or information included on our website is incorporated by reference into this Prospectus.

No cooling-off rights

Cooling-off rights do not apply to an investment in Shares issued under the Prospectus. This means that, in most circumstances, you cannot withdraw your application once it has been accepted.

Investment Advice

This Prospectus does not provide investment advice and has been prepared without taking account of your financial objectives, financial situation or particular needs (including financial or taxation should You seek issues). professional investment advice before subscribing for Shares under this Prospectus.

Risks

You should read this document in its entirety and, if in any doubt, consult your professional advisers before

deciding whether to apply for Securities. There are risks associated with an investment in the Company. The Shares offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or the future value of the Shares. Refer to the "Key Risks Strengths and Key Risks" section of the Investment Overview as well as Section 5 for details relating to some of the key risk factors that should be considered by prospective investors. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 5.

Financial Forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or

projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

Continuous disclosure obligations

Following Admission, the Company will be a "disclosing entity" (as defined in section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's Shares.

Price sensitive information will be publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

Clearing House Electronic Subregister System (CHESS) and Issuer Sponsorship

The Company will apply to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

Photographs and Diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

Definitions and Time

Unless the contrary intention appears or the context otherwise requires, words and phrases contained in this Prospectus have the same meaning and interpretation as given in the Corporations Act and capitalised terms have the meaning given in the Glossary in Section 11.

All references to time in this Prospectus are references to Australian Eastern Standard Time

Currency

The Company reports in United States Dollars. Where an amount is expressed in this Prospectus in AU\$ or US\$, the conversion is as set out in Section 4.2.

Privacy statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

Regulation of the Company

As the Company is not established in Australia, its general corporate activities (apart from any offering of securities in Australia) are not regulated by the Corporations Act or by ASIC but instead are mainly governed by the Israeli Companies Law, 5759-1999 (Companies Law), the Ministry of Justice - Corporations Authority of the State of Israel, and applicable Israeli law. The legal capacity and powers of the Company, the duties of its Directors and the rights and obligations of Shareholders may be different to those that would apply under Australian law. Refer to Section 10.1 for a summary of the key differences between Israeli and Australian Company Law, and Section 10.2 for a summary of the key considerations of taxation in Israel.

Use of Trademark

This Prospectus includes the Company's registered and unregistered trademarks.

All other trademarks, trade names and service marks appearing in this

Prospectus are the property of their respective owners.

Enquiries

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult with your broker or legal, financial or other professional adviser without delay. Should you have any questions about the Offer or how to accept the Offer please call the Joint Lead Managers, RM Corporate Finance Pty Ltd (+61 8 6380 9200) and Morgans Corporate Limited (+61 7 3334 8888).

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KEY OFFER INFORMATION

INDICATIVE TIMETABLE

| Event | Date |
|---------------------------------------|--------------|
| Lodgement of Prospectus with the ASIC | 11 May 2021 |
| Exposure Period begins | 11 May 2021 |
| Opening Date | 19 May 2021 |
| Closing Date | 31 May 2021 |
| Settlement of the Offer | 3 June 2021 |
| Issue of Shares under the Offer | 4 June 2021 |
| Despatch of holding statements | 8 June 2021 |
| Expected date for quotation on ASX | 17 June 2021 |

Note:

- 1. The above dates are indicative only and may change without notice. Unless otherwise indicated, all time given are Western Standard Time observed in Perth, Western Australia. The Exposure Period may be extended by the ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act. The Company reserves the right to extend the Closing Date or close the Offer early without prior notice. The Company also reserves the right not to proceed with the Offer at any time before the issue of Shares to applicants.
- 2. If the Offer is cancelled or withdrawn before completion of the Offer, then all application monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their applications as soon as possible after the Offers open.

KEY STATISTICS OF THE OFFER

| Shares currently on issue | 78,662,160 |
|--|-------------|
| Shares to be issued under the Offer | 25,000,000 |
| Shares to be issued on conversion of convertible securities on issue in the Company ¹ | 22,606,098 |
| Shares to be issued under the Corporate Advisor Offer ² | 1,672,918 |
| Total Number of Shares on issue at completion of the Offer | 127,941,176 |
| Options Granted Under ESOP ³ | 5,556,378 |
| Outstanding Warrants ⁴ | 11,409,493 |
| Founder Performance Options ⁵ | 7,500,000 |
| Options to be Granted to Non-Executive Directors Under ESOP ⁶ | 450,000 |
| Total Number of Options and Warrants on issue at completion of the Offer | 24,915,871 |
| Offer issue price | A\$1.00 |

| Shares on issue Post-Listing (Undiluted) ⁷ | 127,941,176 |
|---|----------------|
| Market Capitalisation Post-Listing (Undiluted) ⁸ | A\$127,941,176 |
| Shares on issue Post-Listing (Fully Diluted) ⁷ | 152,857,047 |
| Market Capitalisation Post-Listing (Fully Diluted) ⁸ | A\$152,857,047 |

Notes:

- 1. Prior Includes conversion of Convertible Notes (refer to Section 7.3(a) and 7.3(b) for a summary of the terms and conditions), conversion of SAFEs (refer to Section 7.3(c) for a summary of the terms and conditions), exercise of a Warrant (refer to Section 10.5 for a summary of the terms and conditions) and consideration for M&A transactions (refer to Section 7.3(d), (e) and (f) for a summary of the terms and conditions).
- 2. Refer to Section 7.2(b) for a summary of the Corporate Advisory Mandate.
- 3. Refer to Section 10.6 for a summary of the terms and conditions of the employee and consultant Options under the ESOP.
- 4. Refer to Section 10.5 for a summary of the terms and conditions of the outstanding Warrants.
- 5. Refer to Section 10.4.2 for a summary of the terms and conditions of the founder Performance Options.
- 6. Refer to Section 10.6 for a summary of the terms and conditions of these Options and the ESOP.
- Calculated upon the conversion of all existing convertible securities on issue in the Company referred to in the table. For the avoidance of doubt, this does not include conversion of an unallocated Option pool existing under the ESOP prior to Admission.
- 8. Assuming a Share price of A\$ 1.00. However, the Company notes that the Shares may trade above or below this price.

LETTER FROM THE CHAIR

Dear Investor

On behalf of the Board, it gives me great pleasure to invite you to become a shareholder of Gefen International A.I. Ltd (**Company** or **Gefen**).

Gefen has developed a digital platform marketplace for regulation-heavy industries where carriers (enterprises) use agents to sell complex products to customers where human advice, expertise and touch are required.

Carriers are often large national and multinational companies with aging legacy systems that are complicated and costly to leverage into digital systems to benefit their agent networks. Gefen offers its digital platform to carriers as a white-label solution to deliver consistent and compliant content, services and products to their agents. Gefen generates recurring subscription license revenue from carriers for offering this white-label solution.

In many markets, agents are independent and not affiliated to a specific carrier. Gefen also generates commission revenue from sales made by independent agents through the Gefen platform. Gefen has the flexibility to empower every stakeholder from the largest carrier to the single independent agent.

The initial agent-based industries Gefen has entered are insurance, financial services and real estate with 31 contracted blue-chip carriers including Assicurazioni Generali Group, TAL, Dai Ichi Life and Manulife Insurance Group. The Company reasonably believes that there is significant opportunity to continue to grow its current carrier base.

Gefen has grown rapidly achieving revenue of \$16.4 million in 2020. Gefen anticipates the shift to digital strategies and offerings will continue. The compounding effects of compliance risk and changes in customer expectations, together with the COVID-19 pandemic, has accelerated the adoption of digital transformation and business automation. Gefen is positioned to accelerate this digital transformation, to drive more revenue and productivity benefits for its carrier customers.

Gefen intends to grow by continuing to pursue its dual strategy of securing more engagements with carriers to generate additional recurring subscription revenue and to acquire more networks of independent agents to generate additional commission revenue. The Board and management have developed a strong pipeline of opportunities for both strategies.

To fund this growth plan, this Prospectus is seeking to raise \$25,000,000 via the issue of 25,000,000 Shares at an issue price of \$1.00 per Share under the Offer.

The Board has significant expertise and experience in growing software businesses to agent-based industries and will aim to ensure that funds raised through the Offer will be utilised in a cost-effective manner to advance the Company's business.

This Prospectus contains detailed information about the Company, its business and the Offer, as well as the risks of investing in the Company and I encourage you to read it carefully. The Shares offered by this Prospectus should be considered highly speculative.

I look forward to you joining us as a Shareholder and sharing in what we believe are exciting and prospective times ahead for the Company. Before you make your investment decision, I urge you to read this Prospectus in its entirety and seek professional advice if required.

Yours sincerely

Elad Daniel

Chairman and Chief Architect

No.

1. INVESTMENT OVERVIEW

This Section is a summary only and not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

COMPANY AND BUSINESS OVERVIEW

| Topic | Summary | More information |
|--|--|---------------------|
| Who is the issuer of this Prospectus? | Gefen International A.I. Ltd (ARBN 645 436 782) (Company or Gefen), a Company incorporated in, and registered under the laws of, Israel with registration number 51-624919-0. | Section 3 |
| Who is the Company? | Gefen International A.I. Ltd was incorporated on 6 September 2020 for the purpose of conducting an initial public offer of Shares to facilitate a listing on the ASX. The Company holds all of the shares in Gefen Technologies A.I. Ltd, the operational entity that conducts the day-to-day business of the Company. | Section 3 |
| What is the Company's business? | Gefen has developed a digital platform marketplace for regulation-heavy industries where carriers (enterprises) use agents to sell complex products to customers where human advice, human expertise and human touch are required. Gefen has the flexibility to empower every stakeholder from the largest carrier to the single independent agent. Highly regulated industries such as insurance and financial services are dominated by carriers and enterprises. These carriers and brands use agents, both independent (un-tied) and affiliated (tied) to deliver their products and services to end customers. Gefen has created a digital platform onboarded by carriers as a platform solution to deliver consistent and compliant messaging, business methodology and sales tools to their agents. | Section 3 |
| How does the Company generate revenue? | The Company is fundamentally a software business that currently generates income in the following ways: Recurring subscription license fees Gefen offers its platform to carriers and brands as a white-label solution, to distribute their content, business strategy, services and products under their own brand. The license fee is split into two components: An annual fee: based on carrier size, scope of operation and strategy. A recurring monthly fee: based on modules used and consumption. Subscription license fee revenues are recognised relative to each carrier contract term. Transactional agent solutions fees Gefen generates a share (~30%) of commissions generated from independent agent networks completing transactions through the Gefen Digital Arena. In addition, the Company intends to grow its revenues by: Advertising solutions (planned 2H CY21) Gefen has commenced the process to become a Facebook Marketing Partner to allow the creation and management of advertising campaigns for agents. Gefen can generate media placement revenue from campaigns initiated through the platform. Processing fees (planned 2H CY21) | Section 3.2.2 |

| Topic | Summary | More information |
|--|--|---------------------|
| | Gefen is seeking to realise processing fee revenue from online payments associated with activities completed on the platform. | |
| What are the key business growth strategies of the Company? | Following Admission, the Company's key growth strategies include the following: Organic growth Future growth related to carriers and enterprises will incorporate the following growth strategies: • Maximise current networks: Approximately 13,500 agents tied to carriers use Gefen from a total available pool of 300,000 agents from the existing 31 contracted carriers. • Accelerate in the insurance industry: The insurance industry is one of the largest markets in the world with a growing need for digital innovation. Expansion within this industry may substantially increase the Company's install base. • Geographic expansion: Increase regional sales personnel and open new branches in Asia and Europe to increase the footprint. • New industries: Enter new agent-based industries such as automotive, real estate, tourism, direct selling, retail and software. • New product development: Generate additional and incremental income from existing customers in the system. For example, introducing new personalised financial products that can be cross-sold to customers using the platform without the agent requiring additional knowledge on the products. • Media placement revenue: Generate new revenue-share streams with the large ad networks (Google, Facebook) for ads placed through Gefen tapping into carrier's large advertising budgets. Acquisition growth Since January 2020, Gefen has also offered access to its digital arena marketplace to un-tied independent agents. Though independent, many independent agents are grouped by a common function or brand that creates an un-tied agent network. In line with this, the Company's acquisition strategy is to acquire traditional operational independent agent networks and integrate them with Gefen's platform, digitizing the agent networks, creating synergies and increased revenue opportunities. | Section 3.5 |
| What are the key dependencies of the Company's business model? | The Company's digital distribution platform, developed and owned by Gefen, is built on four pillars which include: parent-child architecture, enterprise grade infrastructure, automation, and intelligence augmentation. In the future, Gefen intends to further invest resources into the development of its technology in order to provide secure and reliable access to the Gefen digital platform marketplace, optimise user experience and extend to new industries. Gefen's business model is therefore dependent on customers' willingness to use the platform and pay for the services provided by the Company, reliance on third-party contracts and the Company being able to achieve organic and acquisition growth in order to fund the development of its technology and extend into new industries. | Section 3 |
| What industry | Gefen currently operates in regulation-heavy industries that use agents. | |

| Topic | Summary | | | | More information |
|--|--|--------------------|------------------|-------------------------|---------------------|
| does Gefen operate in? | Historically, Gefen has serviced the insurance industry where insurance 'carriers', the enterprise that provides insurance coverage, typically uses an insurance 'agent' who interacts with 'customers'. Gefen supplies its platform to the carrier as a white-label solution that is then provided to the carrier's agent network of both independent (un-tied) and affiliated (tied) agents to deliver their products to end customers. Though designed for the insurance industry, the Gefen marketplace platform offers dynamic content creation, compliant marketing and messaging, sales and business automation tools, to enterprises from any agent-based industry. The initial markets Gefen has entered are insurance, financial services and real estate. In the future, Gefen plans to expand to broader agent-based industries including, but not limited to, automotive, pharmaceutical and energy. | | | | mormation |
| Who are Gefen's key customers? | Gefen has secured 31 contracted carriers with an agent pool of approximately 300,000 operating in 15 locations and serving 112 million customers globally. To date, 13,500 of the 300,000-agent pool currently use Gefen, signalling the ability to significantly grow among its current carrier base. The current customer footprint demonstrates the scalability of the Gefen platform solution. Key customer profiles | | | | |
| | Brand | No. of agents | No. of customers | Gefen customer since | |
| | Generali | ~150,000 agents | 61m customers | 2018 | |
| | Manulife | ~ 63,000 agents | 26m customers | 2019 | |
| | Dai Ichi Life | ~45,000 agents | 15m customers | 2020 | |
| | Reale Group | ~3,000 agents | 5m Customers | 2020 | |
| What is the competitive environment for Gefen? | Gefen operates in a competitive landscape alongside a number of other digital platform providers with competing technologies, product offerings and geographic presence. Solutions such as Adobe or Hubspot seek to satisfy carrier needs but cannot be distributed effectively to agents servicing the last mile. A competitor, WeFox is a digital marketplace for independent agents. No marketplace in the Company's investigation provides a platform that covers the end-to-end relationship from carrier to agent through to customer. Based on the Company's investigation, Gefen is the only platform that offers a full suite of agent-focused solutions to meet client needs. A significant number of enterprises typically use multiple digital solution providers to achieve the results they require. The main issue is that multiple systems create more complexity, more training and greater resource requirements for both carriers and agents to learn new systems. Gefen brings all solutions on-line and in-house. | | | Section 2.6 | |

| Topic | Summary | More information |
|---|---|------------------|
| What jurisdictions does the Company operate in? | The Company is based in Israel and is currently headquartered in Tel Aviv with offices in India and the Ukraine. Its clients are located in various jurisdictions around the world. | Section 3.1.4 |
| What laws apply to the Company? | The Company operates under the Companies Law and is regulated by the Ministry of Justice – Corporations Authority of the State of Israel. The Company is also registered as a foreign company in Australia pursuant to the Corporations Act. As the Company was not established in Australia, its general corporate activities (apart from any offering of securities in Australia and its obligations as a registered foreign company) are not regulated by the Corporations Act or by ASIC. See Section 10.1 for a comparison of laws governing the Company as an Israel registered company with the laws governing Australian publicly listed companies generally. | Section 10.1 |
| What will the Company's capital structure look like on completion of the Offer? | The Company's capital structure on a post-Offer basis is set out in Section 8.9. | Section 8.9 |
| What are the terms of the Shares offered under the Offer? | A summary of the material rights and liabilities attaching to Shares offered under the Offer is set out in Section10.3. | Section 10.3 |
| Why is the Company seeking to raise funds and list on the ASX? | The Company is seeking to raise funds in order to: assist the Company to meet the requirements of ASX and satisfy Chapters 1 and 2 of the ASX Listing Rules, as part of the Company's application for Admission; expand sales and marketing; undertake business development; execute research and development opportunities; secure funds for working capital; and meet the costs of the Offer. For further details, refer to the use of funds table in Section 8.8. | Section 8.7 |

KEY STRENGTHS AND KEY RISKS

| Topic | Summary | More information |
|--|--|---------------------|
| What are the key strengths of the Company? | The Directors are of the view that an investment in the Company provides the following non-exhaustive list of advantages: Exposure to large addressable market: Gefen is focused on the highly regulated and compliance-focused insurance and financial services sectors which have estimated total addressable markets of \$358 billion and \$462 billion in 2020 | Section 3.1.3 |

More

information

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through its next phase of growth as an ASX-listed company.

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

| Topic | Summary | More information |
|---|--|---------------------|
| What are the key risks of an investment in the Company? | Risks associated with an investment in the Company under this Prospectus are detailed in Section 5. Key risk factors affecting the Company include: (a) Concentration of customers and markets A limited number of the Company's customers account for a large portion of the Company's revenues. A loss of one or more of such customers could adversely and materially affect the Company's reaching of its growth and profitability goals. Further, certain of the Company's target markets are characterized by a | Section 5 |
| | limited number of large potential customers. (b) Compliance with laws, regulations, and standards The Company has customers in numerous countries, and each such country imposes its own laws and regulations relating to use of the Company's products. These laws and regulations may change at any time and while the Company has so far been able to keep up with such changes, future changes may force the Company to adjust its products, require additional operational expenses or adjust its marketing and sales practices in order to comply. | |
| | (c) Shift from agents to on-line or digital services | |
| | Financial institutions, including certain of the Company's customers are attempting to replace agents with on-line or digital service functions, and are focusing on eliminating the need for agents. The Company's products move against this trend and emphasize the importance of personal relationship between an agent and a customer. A decrease in the number of agents involved in financial services and the minimization of the importance of agents to financial institutions may limit the growth prospects of the Company's products and negatively affect its profitability. | |
| | (d) Monopolising of marketing distribution channels Large technology companies such as Google, Facebook and Amazon are expanding their on-line presence to cover services - including financial services. Such services are provided without an agent or personal sales encounter. The Company may be forced to compete with one or more of these companies or similarly placed competitors and the services they provide. Competing with large entities may force the Company to expend greater marketing and development costs and decrease the Company's profitability. | |
| | (e) Building "in-house" becomes a trend | |
| | Certain financial institutions, including some of the Company's customers, find relative advantages in developing their own customer service tools rather than relying on tools developed by outside firms. If this trend continues or accelerates it may become increasingly difficult for the Company to sell or license its products to such large institutions that can develop their own tools. Such a scenario may negatively affect the size of the market for the Company's products and limit the growth of its revenue. | |
| | (f) Compliance with Australian and Israeli laws The Company is incorporated in Israel and must comply with Israeli Companies Law. Since the Company will be listed on the ASX and registered as a foreign company in Australia, the Company must also | |

| Topic | Summary | More information |
|-------|--|---------------------|
| | comply with relevant Australian laws and regulations, including the ASX Listing Rules and certain provisions of the Corporations Act. Compliance with the corporate or other laws of two jurisdiction may impose increased costs on the Company and negatively affect the Company's competitive position relative to other companies in its field. | |

OFFER OVERVIEW

| Торіс | Summary | More information |
|---|---|-------------------------|
| What is the Offer? | An offer of 25,000,000 Shares at an issue price of \$1.00 per Share to raise \$25,000,000 (before costs) (Offer). | Section 8.1 |
| What is the Offer price? | \$1.00 per Share. | Section 8.1 |
| Will any Shares be subject to escrow? | None of the Shares issued under this Offer will be subject to escrow. Subject to the Company complying with Chapters 1 and 2 of the ASX Listing Rules and completing the Offer, it is anticipated that Shares held by certain existing investors immediately prior to Admission will be subject to mandatory escrow arrangements for up to 24 months following Admission. During the period in which restricted Shares are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner. The Company will announce to ASX full details (quantity and duration) of the Shares required to be held in escrow prior to the Shares commencing trading on ASX. The Company's 'free float' (being the percentage of Shares not subject to escrow and held by Shareholders that are not related parties of the Company (or their associates) at the time of admission to the Official List) will be approximately 20% comprising all Shares issued. | Section 8.11 |
| Is the Offer underwritten? | No, the Offer is not underwritten. | Section 8.3 |
| Who are the lead managers to the Offer? | The Company has appointed RM Corporate Finance Pty Ltd and Morgans Corporate Limited (Joint Lead Managers) as joint lead managers to the Offer. The Joint Lead Managers will receive fees as set out in Section 7.2(a). | Sections 7.2(a) and 8.4 |
| What are the conditions of the Offer? | The Offer under this Prospectus is conditional upon the following events occurring: the Company raising \$25,000,000 under the Offer; and ASX providing the Company with a list of conditions which, once satisfied, will result in ASX admitting the Company to the Official List. If these conditions are not satisfied, the Offer will not proceed and the Company will repay all Application Monies in accordance with the Corporations Act. | Section 8.15 |

FINANCIAL INFORMATION

| Topic | Summary | More information |
|---|---|------------------|
| How has the Company been performing? | The financial performance of the Company is included in Section 4 (Financial Information). | Section 4 |
| What is the key historical financial information about Gefen's financial position, performance and prospects? | The financial performance of the Company is included in Section 4 (Financial Information). The information presented in Section 4 and Section 9 should be read in conjunction with the risks set out in Section 5. The financial information included in this Prospectus has been prepared on the basis described in Section 4. The Company has a strong belief in its business plan and progress moving forward. However, taking into consideration ASIC Regulatory Guide 170, the Company is conscious of not providing financial forecasts or forward-looking statements in market conditions that are the subject of and impacted by the COVID pandemic that has impacted the world in 2020 and into 2021. | Section 4 |

DIRECTORS AND KEY MANAGEMENT PERSONNEL

| Topic | Summary | More information |
|--|---|---------------------|
| Who are the Directors? | On Admission, the Directors of the Company will be: David Nash; Orni Daniel; Elad Daniel; Amir Shukrun; Hava Friedman Shapira, and Gabriel Chiappini. The profiles of each of these Directors are set out in Section 6.1. | Section 6.1 |
| Who are the key management involved in the Company? | The key management personnel of the Company are: Tomer Ben-Ari – Chief Technical Officer and Chief Operating Officer; and Raanan Alergand – Chief Financial Officer. The profiles of each of these key management personnel are set out in Section 6.2. | Section 6.2 |
| What are the significant interests of Directors in the Company? | Each Director's relevant interests in securities of the Company as at Admission is set out in Section 6.5. | Section 6.5 |
| What significant benefits are payable to the Directors? | Each of the Non-Executive Directors of the Company pursuant to which Amir Shukrun, Hava Friedman Shapira and Gabriel Chiappini will be paid A\$40,000 per annum following Admission. The Company has entered into separate agreements with each of David Nash, Orni Daniel and Elad Daniel pursuant to which each Director is paid A\$285,000 per annum, which we become payable once the Company commences trading on ASX. Prior to listing, Messrs Elad Daniel, David Nash and Orni Daniel have | Section 6.4 |

| Topic | Summary | More information |
|--|--|-------------------------|
| | deferred their wages and have resolved that those unpaid wages accrued prior to listing on ASX will not be repaid to those individuals until two years from the date the Company commences trading on ASX. | |
| Who are the Company's substantial Shareholders and what interest will they have after completion of the Offer? | Details of the substantial Shareholders of the Company as at the date of this Prospectus and following the Offer are set out in Section 8.10. | Section 8.10 |
| What are the significant interests of advisors to the Company? | The Joint Lead Managers, RM Corporate Finance Pty Ltd and Morgans Corporate Limited, do not hold any Shares in the Company. Neither RM Corporate Finance Pty Ltd nor Morgans Corporate Limited will participate in the Offer. Pursuant to its Corporate Advisory Mandate with the Company, RM Corporate Finance Pty Ltd (or its nominee/s) will be issued with 1,672,918 Shares at completion of the Offer, prior to Admission. An offer for the Corporate Advisor Shares is being made pursuant to the Corporate Advisor Offer set out in Section 8.5. The Corporate Advisor Offer may only be accepted by RM Corporate Finance Pty Ltd (or its nominee/s). | Sections 7.2(a) and 8.4 |

KEY DIFFERENCES BETWEEN ISRAELI AND AUSTRALIAN COMPANY LAW

| Topic | Summary | More information |
|-----------------|---|---------------------|
| Key differences | As the Company is not incorporated in Australia, its general corporate activities (apart from any offering of securities in Australia) are not regulated by the Corporations Act or by ASIC but instead are regulated by the Companies Law and the Ministry of Justice – Corporations Authority of the State of Israel. Although there are many similarities between the two jurisdictions from a company law perspective, there are differences with respect to operation of certain laws and regulations concerning shares of publicly listed companies including but not limited to: (a) transactions that require Shareholder approval; (b) disclosure of personal interests of an office holder and approval of certain transactions; (c) disclosure of personal interests of controlling shareholders and approval of certain transactions; (d) changes in the rights attaching to Shares; (e) protection of minority shareholders – oppressive conduct; (f) rights of security holder to bring or intervene legal proceedings; (g) 'two strikes' rule in relation to remuneration reports; (h) anti-takeover measures. For a detailed description of differences of the above, please refer to Section 10.1. | Section 10.1 |

APPLICATIONS AND OTHER INFORMATION

| Торіс | Summary | More information |
|--|---|---------------------|
| How do I apply? | Applications under the Offer can be made by completing the Application Form, in accordance with the instructions accompanying the Application Form. | Section 8.12 |
| What is the minimum application under the Offer? | Applications must be for a minimum of 2,000 Shares (A\$2,000). | Section 8.6 |
| Is there any brokerage, commission or stamp duty payable by Applicants? | No brokerage, commission or stamp duty is payable by Applicants on acquisitions of Shares under the Offer. | Section 8.12 |
| What is the allocation policy? | The Directors, in conjunction with the Joint Lead Managers, will allocate Shares at their sole discretion with a view to ensuring an appropriate Shareholder base for the Company going forward. There is no assurance that any Applicant will be allocated any Shares, or the number of Shares for which the Applicant has applied. | Section 8.13 |
| Can the Offer be withdrawn? | The Company reserves the right not to proceed with the Offer at any time before the issue and transfer of Shares to successful Applicants. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest) in accordance with the requirements of the Corporations Act. | Section 8.19 |
| What are the Israeli tax implications material to the Company's shareholders? | The tax consequences of any investment in Shares under the Offer will depend upon your particular circumstances. Prospective investors should obtain their own tax advice before deciding to invest. | Section 10.2 |
| What are the corporate governance principles and policies of the Company? | To the extent applicable, in light of the Company's size and nature, the Company has adopted <i>The Corporate Governance Principles and Recommendations (4th Edition)</i> as published by ASX Corporate Governance Council (Recommendations). The Company's main corporate governance policies and practices and the Company's compliance are outlined in Section 6.7. In addition, the Company's full Corporate Governance Policy is available from the Company's website (www.gefentechnologies.com). Prior to listing on the ASX, the Company will announce its main corporate governance policies and practices and the Company's compliance and departures from the Recommendations. | Section 6.7 |
| Will the Company pay dividends? | The Company does not expect to pay dividends in the near future as its focus will primarily be on growing the existing business. Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend upon matters such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors | Section 8.20 |

| Торіс | Summary | More information |
|----------------------------------|---|---------------------|
| | considered relevant by the Directors. No assurances are given in relation to the payment of dividends, or that any dividends may attach franking credits. | |
| What are the costs of the Offer? | The expenses of the Offer are estimated to be approximately \$3,009,003. | Section 10.10 |

FURTHER INFORMATION

| Topic | Summary | More information |
|---------------------------------------|--|---------------------|
| How can I obtain further information? | Further information can be obtained by reading this Prospectus and consulting your professional advisors. You can also contact the Joint Lead Managers, RM Corporate Finance (+61 8 6380 9200) and Morgans Corporate Limited (+61 7 3334 4888) for further details. | Section 8.21 |

2. INDUSTRY OVERVIEW

2.1 Gefen in the industry

Gefen has developed a digital platform marketplace for regulation-heavy industries that use agents.

Historically, Gefen has serviced the insurance industry where insurance 'carriers', the enterprise that provides insurance coverage, typically uses an insurance 'agent' who interacts with 'customers'. Gefen supplies its platform to the carrier as a white-label solution that is then provided to the carrier's agent network of both independent (un-tied) and affiliated (tied) agents to deliver their products to end customers.

Though designed for the insurance industry, the Gefen marketplace platform offers dynamic content creation, compliant marketing and messaging, sales and business automation tools, to enterprises from any agent-based industry.

The initial markets Gefen has entered are insurance, financial services and real estate. In the future, Gefen plans to expand to broader agent-based industries including, but not limited to, automotive, pharmaceutical and energy.

Digital transformation is rapidly becoming important due to the compounding effects of compliance risk as a brand scales globally, changes in customer expectations, the need to increase agent productivity and efficiency, and greater regulatory oversight. However, carriers across jurisdictions are unable to evolve due to legacy systems that are complicated and costly to leverage into digital systems.

Gefen: Proprietary marketplace platform offering digital transformation tools for agent-based industries

Agent-based industry stakeholders

Carrier (Brand) Agent Customer

Initial agent-based industries targeted

Financial services

Figure 2-1: Gefen in the industry

2.2 Carriers / Brands

Insurance

2.2.1 Key issues faced

Insurance carriers are national, and often, multinational businesses. The carrier creates and manages the insurance products they would like to sell. They control the underwriting, claims, pricing, and the overall guidance of the brand approach. These carriers, like major enterprises in general, are affected by regulations, competition, distribution, product delivery, customer service and risk management all across multiple geographies.

Real estate

For insurance carriers to reach end customers they use agents (or brokers, advisors or dealers) as intermediaries for distribution of their product or service. Carriers use agents to sell complex products to customers where human advice, human expertise and human touch are required.

Agents are either independent and serve a number of carriers ("un-tied") or are affiliated and serve a single carrier ("tied"). Carriers give a commission to agents for sales of the carrier's product and are paid when the deal is executed.

Building an agency network for sales and marketing has advantages such as lower cost to building network scale versus hiring employees globally, and the ability of carriers to leverage the local knowledge of agents.

The challenges carriers experience across large agent networks include the following key issues:



Agents and salespeople are not digital experts nor do they have the knowledge or ability to enact digital change



Expectation of exceptional customer experience through the entire agent network



Consumers want to transact in any channel, any location but carriers are not set up to do so



Maintaining compliance throughout the business in line with complex industry regulations



Processes are manual so inconsistencies occur as changes filter throughout the agent network



Communicate consistent messages to customers in all markets.

However, to manage this, the manual operation of tasks creates inefficiencies, bottlenecks and is prone to error. Legacy systems are costly to upgrade and cumbersome to use and so agents cannot effectively meet carrier expectations.

2.2.2 Agent-based industries

Many industries utilise agents to provide the last mile of sales, service and support to customers. In some cases (such as in some financial and insurance products) the use of an agent is mandated by regulation and no transactions can take place without them. The list below indicates some of the key industries that use agents:



Gefen's technology is industry-agnostic in nature. To date, Gefen has primarily serviced the insurance industry though has generated revenue with brands in financial services, real estate and electronics.

2.2.3 Estimated addressable market

Agent-based industries are substantial in nature. Insurance alone is one of the largest industries globally. It is estimated that in 2017 the total amount of gross premiums paid to life, health and property insurance carriers globally was approximately US\$5.5 trillion². This illustrates the size of the market that can be captured from revenue improvement (top line performance) and productivity benefits of carriers (bottom line efficiencies).

The global insurance agent's market was valued at US\$358 billion in 2020. Revenue is primarily generated from commissions issued to agents from carriers. Through the Gefen Digital Arena, independent agent networks that transact on the platform pay a commission to Gefen (the commission is paid directly by the carriers). This illustrates the available addressable market for Gefen.

² Source: <u>2019 global insurance trends and forecasts | McKinsey</u> (converted from EUR4.7T to US\$)

In addition, Gefen can also capture software license fees to carriers and agents based on a combination of size and activity and over time, the addressable market expands to incorporate capturing potential marketing spend facilitated by the Gefen platform.

Although this addressable market refers to the insurance industry, the Gefen platform is enterprise grade and is suitable for any agent-based industry, therefore multiplying the potential addressable market to each industry.

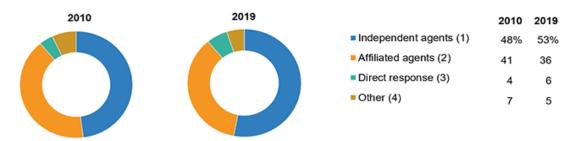
2.3 Agents overview

2.3.1 Agents vs direct channels (insurance)

The following section focuses on the insurance industry which Gefen currently primarily operates in.

Insurance can be divided into complex/expensive (for example liability, pension) and less complex/less expensive (for example auto, travel, home). Agents sell all types of insurance, though in recent times, less complex insurance is seeing increased penetration through direct channels (for example call centres or online). Even for the products of a less complex nature, agents remain the major distribution channel.

Figure 2-2: Market Share by Distribution Channel, 2010 and 20193



^{*} Independent and Affiliated agents ("non-tied" and "tied") are the two types of relation between a carrier and the distributors. Direct - are channels of non-mediated sales.

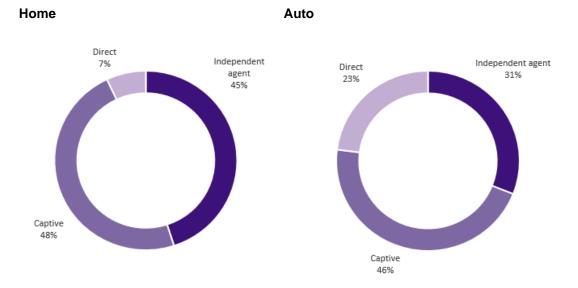
Though advancements have been made in creating direct-to-customer products and services, even less complex products such as home and auto insurance distribution, agent sales outperforms direct channels.

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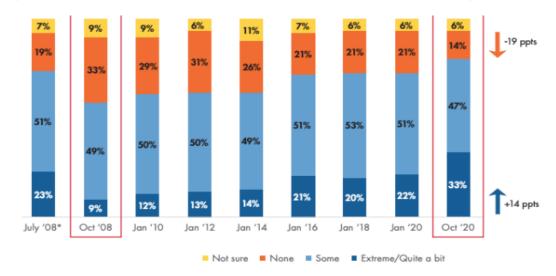
³ Source: Facts + Statistics: Life insurance, iii.org 2020

Figure 2-3: Premiums written for home and auto insurance by channel (US), 20174



The past 10 years have indicated that customers tend to rely on and trust more the advice provided to them by agents, as shown in the Figure below. 80% of consumers have confidence in insurance agents.

Figure 2-4: Amount of confidence that consumers have in insurance agents⁵



As in every other aspect of business interaction, changes in customer behaviour are causing a fundamental shift in distribution models⁶. Consumers generally have embraced digital channels. In insurance, 84% of customers use digital channels to discover information but many still use agents to complete the transaction. A seamless, consistent omnichannel experience across all touchpoints is now the standard that all companies and networks are expected to meet.

2.3.2 Growing number of agents and their business impact

Over the past decade, the number of insurance, finance and real-estate agents has risen. This expansion has been driven by an increased activity in their field, the rise of target

⁴ Source: State of property & casualty insurance, McKinsey & Company, 2020

⁵ Source: The COVID-19 Effect: High Tech With Human Touch to Optimize Life Insurance Customer Experience, Limra

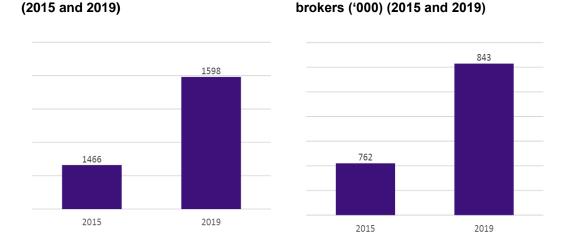
⁶ Source: Insurance - The multi-access (r) evolution in insurance sales, McKinsey & Company, 2020 Real-estate - Real Estate in a Digital Age, NAR, 2019

groups (i.e. middle class)⁷ and the customers' preference for "human touch" in the purchase process of complex products and services.

Number of insurance agencies and

Figure 2-5:- Number of insurance carriers and agents, 2010-20198

Number of insurance carriers ('000)



The number of insurance carriers has grown by 9% from 2015 to 2019, and the number of insurance agencies and brokerages in the US have grown by 10.6% over the same period.

The real-estate market is also expected to continue growing, with an estimated 4-6 million agents globally⁹ and an upward trend projected over the next decade¹⁰.

2.4 Key market drivers

2.4.1 Key digital transformation drivers

Market preference shifting to online

- (a) There has been a shift in focus to digital strategies and offerings as companies are adapting and accelerating the pace of digital transformation.
- (b) Growth in digitisation has been underpinned by a change in consumer and business preferences.
- (c) Businesses, agents and consumers are seeking greater convenience and service and improved efficiencies.

COVID-19

- (a) COVID-19 has accelerated the growth in adoption to digital business solutions.
- (b) Industries have seen a structural shift to online strategies during the COVID-19 pandemic, as companies prioritise digital transformations for their business also impacting agent-based networks.

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⁷ Source: 2020 Global Insurance Outlook, Ernst & Young 2020

⁸ Source: Facts + Statistics: Careers and employment, iii.org, 2019

⁹ Source: How Many Real Estate Professionals Exist Worldwide, NAR 2015

¹⁰ Source: Real Estate Brokers and Sales Agents, US Department of Labor, 2019

Technology adoption

- (a) Technology adoption empowers agents to evolve digitally and allows improved communication with customers in their sales process.
- (b) The use of digital platforms encourages agent-based companies to create a personalised customer experience.

Cost effective for enterprises

(a) The adoption of digital platforms and marketplaces allow seamless and costefficient digital integration across all areas of a business and manage regulatory compliance efficiently.

2.4.2 Key drivers for agent-based businesses

The use of agents is mostly found in transactions with some level of complexity. Some of the drivers for the use of agents in commercial transactions include:

- (a) Existence of regulation to maintain consumer long-term wellbeing (for example retirement financial planning).
- (b) Purchase size (for example in real estate).
- (c) Limited access to information (for example in pharma).
- (d) Complex custom products (for example in electronics).
- (e) Service aggregation (for example in insurance portfolios).
- (f) Fitting the right product/ service per personal data info (for example insurance/ pension/ mortgage).

2.5 Technology use in the industry

2.5.1 Technology vs manual processes

Though technology is becoming more prevalent, and carriers wish to automate more processes, many are still running manual processes. Agent-based industries have been slow to embrace digital transformation. The size of large insurance companies, regulation and the nature of their agent networks which are fragmented, distributed and non-tech in nature make the promise of implementation across the entire carrier-agent network seem immense.

In recent years understanding of the need to introduce technology in order to remain competitive and to simply meet consumers' demands has increased. Online software subscription services like Gefen can offer immediate productivity rewards versus manual processes.

2.5.2 Using technology to consolidate networks

Many carriers have limited experience connecting with external agent networks and have underdeveloped digital capabilities. There is a pressing operational and business requirement to automate manual tasks, improve efficiencies and develop universal connectivity between business systems and platforms.

There is an opportunity to accelerate industry digital transformation shifting the focus to online strategies and offerings. This can provide transparency between carriers, agents and consumers throughout the sales process. Technology platforms such as Gefen can provide seamless and cost-efficient digital integration across all areas of a carrier and agents business while maintaining and managing regulatory compliance.

The following channels assist in the consolidation of networks:

Up-sell and cross-sell: Agents contribute their own customer relationships and product portfolios in the network. Technology can harness customer data to provide new tailored products relevant to the customer.

New products: Technology can distribute new products and services digitally, distributed with efficiency.

Private label: The networks brought together by technology can effectively distribute and sell any products including its own, to meet the needs of its customers.

Gate fee: The existence of an effective network allows its operator to charge a 'gate fee' for the parties utilising it - the carriers and the distributing agents. When both are better off compared to alternatives, they are willing to contribute to the network.

Network effect: The existence of an effective network generates a 'network effect' that pulls in more agents and customers and increases its use and effectiveness. This virtual cycle of carriers using the network, leads to more agents joining, therefore accumulating more data and in turn generates growth and creates barriers to competition.

Power of union: A unified network of service providers is bound to achieve improved terms for its members from the parties they provide service to. The terms can be business-related (improved commission, improved finance), conduct-related (fair competition), terms related (standards, tools) and more.

Gefen uses technology to provide utility to carriers and agents, aggregates agent networks, and then simplifies the range of products available through its platform - including financial products (in which complexity and consequences often make consultancy required by law) and real estate (in which access to data and the importance of a decision requires an expert in the process).

Once Gefen has built sufficient scale it can evolve into offering private label carrier, brands and products from different regions and claim revenue from digitised agent solutions.

Although the initial focus is on the insurance and financial services sectors, Gefen will look to expand into real-estate and other sectors in which agent-based networks exist and are growing.

2.5.3 Artificial Intelligence ('Al')

Cutting edge technology advancement has led to four forms of AI in use¹¹ - (1) Internet, (2) Business, (3) Perception and (4) Autonomous. Each create both implications and great opportunities for agent-based markets:

- (a) Internet AI Companies conduct their business online and use the data generated and collected from their assets to predict their customers' behaviour with the goal of maximizing their business goals. Internet AI will allow carriers, agents and customers to automatically optimise business goals by offering the self-purchasing of products and services which do not require "human-touch".
- (b) Business AI Enables business decisions and actions in the "offline" world with the augmentation of algorithms. For "commoditised" services there are already operational algorithms for decisions on things such as loans and mortgages. These processes eliminate human involvement and produce faster and more accurate decisions. In more complex services, algorithm-assisted decision tools automate on-boarding, and build on network-accumulated experience to work more efficiently.

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¹¹ Source: Kai-Fu Lee, The Four Waves of A.I. 2018

- (c) **Perception AI** Advances in computer vision, hearing, and speech can improve the efficiency of interaction between the physical and digital world. In relation to agent-based networks, harnessing perception and sensory capabilities will again increase efficiency but will not replace (in the foreseeable future) the human factor.
- (d) **Autonomous AI** Combining all previous AI forms, autonomous means "human-free" perception, decisions and actions. Autonomous vehicles are one example of this direction of development.

Augmenting agent-based networks using AI creates the potential for a much larger market which Gefen believes will lead to greater opportunities.

Investment in digital strategies has shown to have many important benefits for insurers, including responding quickly to current and future customer and agent demand, and increasing agent productivity. As a result, recent activity has indicated that demand and agent appetite for digital tools is at its peak.¹²

2.6 Competitive landscape

Gefen operates in a competitive landscape alongside a number of other digital platform providers with competing technologies, product offerings and geographic presence. Solutions such as Adobe or Hubspot seek to satisfy carrier needs but cannot be distributed effectively to agents servicing the last mile. A competitor, WeFox is a digital marketplace for independent agents. No marketplace in the Company's investigation provides a platform that covers the end-to-end relationship from carrier to agent through to customer.

Gefen effectively is able to connect the carriers to the agents – not a solution just for carriers or agents only but connecting from end to end. This in turn provides visibility and productivity benefits from end-to-end but also creates additional stickiness as both stakeholders gain financial and operational benefit from using the solution.

Other approaches to the market include commodity products in which an agent is not considered "a must" by either customers or regulation. Companies claiming to "replace the agent" (eg Robo-Agent) are attracting only a small portion of the market. With complex products, customers do not have access to the knowledge, experience and skills required to conduct successful decisions, so transactions and sellers are limited by their ability to access customers or are limited by regulation to do so directly. Gefen has a differentiated approach by providing tools for both carriers and agents that already own the market. This means Gefen can tap into the incumbent market immediately and make sales.

From the Company's investigation Gefen is the only platform that offers a full suite of agent-focused solutions to meet client needs. A significant number of enterprises use multiple digital solution providers to achieve the results they require. The main issue is that multiple systems create more complexity, require more training and greater resource requirements for both carriers and agents to learn new systems. Gefen brings all solutions on-line and in-house.

Figure 2-9: Gefen and key competitors offering digital solutions to the market:

| | Gefen | Wefox | HubSpot | Mailchim p | Sitecor e | Adobe | MS Dynam ics | Tail or- ma de |
|---|-------|----------|---------|---------------|--------------|-------|--------------------|-------------------------|
| End-to-end Marketplace Needs, products, distribution | • | ✓ | × | × | × | × | × | & * |

¹² Source: The future of life insurance: Reimagining the industry for the decade ahead, McKinsey & Company 2020

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| | Gefen | Wefox | HubSpot | Mailchim p | Sitecor e | Adobe | MS Dynam ics | Tail or- ma de |
|---|----------|------------|------------|---------------|--------------|------------|--------------------|-------------------------|
| Distributed CMS Compliant and monitored | ⊘ | × | • * | * | ✓ | * | * | Ø * |
| Distributed EMS (Email Management System) Compliant and monitored | ⊘ | × | • * | • * | • * | • * | * | • * |
| Chat and Video On record, centrally controlled | Ø | ⊘ ∗ | • * | X | × | X | × | * |
| Social Marketing & Ads Multi-layer and compliant | ⊘ | × | • * | • * | × | • * | • * | * |
| Full automation actions (On-Behalf mode) | ⊘ | Ø * | × | × | • * | • * | • * | × |
| Customers digital history | ✓ | ⊘ ∗ | V | * | * | * | * | * |
| Data driven sales Al enabled | Ø | ⊘ ∗ | × | × | Ø * | O * | O * | O * |

^{* =} Partial Solution Offered

2.7 Regulatory Environment

As Gefen is a software and service provider, the Company must operate within the general legal framework common to companies and software vendors in particular in relation to laws governing intellectual property, data protection, privacy and proper business practices.

Insurance and financial services are among the most regulated industries, and regulators globally are continually developing regulatory frameworks to adjust to the market. Carriers also have corporate governance and industry as well as trade agreements that add additional complexity to their operation.

The Gefen platform enables insurance carriers and agents to meet their compliance obligations as they evolve. The Company will periodically review the Company's processes to ensure regulatory and data protection standards are maintained.

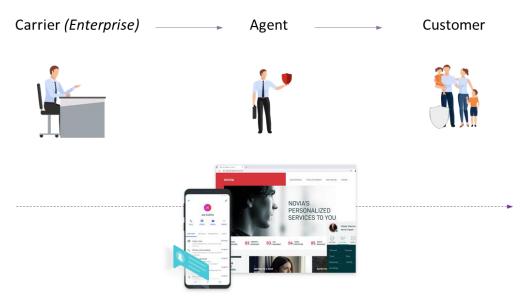
3. COMPANY AND BUSINESS OVERVIEW

3.1 Introduction to Gefen

3.1.1 Overview

Gefen has developed a digital platform marketplace for regulation-heavy industries where **carriers** (enterprises) that use **agents** to sell complex products to **customers** where human advice, human expertise and human touch are required. Gefen has the flexibility to empower every stakeholder from the largest carrier to the single independent agent.

Figure 3-1: Gefen Overview



Gefen: Digital platform marketplace for regulation-heavy industries that use agents to sell complex products to customers

Highly regulated industries such as insurance and financial services are dominated by carriers and enterprises. These carriers and brands use agents, both independent (untied) and affiliated (tied) to deliver their products and services to end customers.

Carriers across jurisdictions struggle to evolve into the digital landscape due to a number of factors:

- (a) **Carriers:** Carriers and enterprises often have legacy systems that are complicated and costly to leverage into digital.
- (b) **Agents:** Agents and salespeople are generally not digital experts nor have the knowledge or ability to enact digital change.
- (c) **Customers:** Carriers cannot easily digitise their business in the way that today's consumers demand.

Carriers are also bound by complex industry regulations and compliance regimes that need to be maintained from carrier through to customer. In the market, no other platform has been made available that integrates the end-to-end experience from carrier to agent to customer.

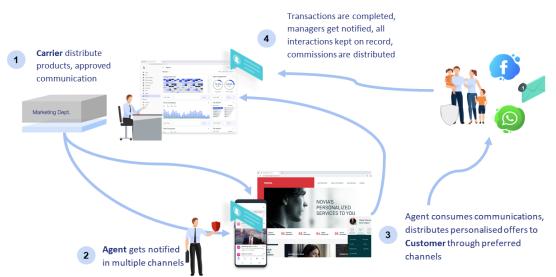
Gefen has created a digital platform onboarded by carriers as a platform solution to deliver consistent and compliant messaging, business methodology and sales tools to their agents. The Gefen platform accelerates digital transformation by:

- (a) **Carriers:** Providing the ability to activate Gefen as a low-friction solution either a white-label standalone platform or integrated into its IT systems by API, to enable a shift to digital strategies and offerings.
- (b) **Agents:** Empowering agents beyond their skills, knowledge and level of resources to generate new revenue and gain operational efficiencies through process automation.
- (c) **Customers:** Accessing products through an affiliated 'digital arena' while still receiving the human advice, human expertise and human touch required to complete a transaction.

With a single end-to-end platform regulation or compliance is automated and tracked. Transparency is created between carriers and agents as visibility of activity occurs, which in turn powers AI insights to drive more revenue and productivity benefits.

As many markets (50% of the global agent networks) such as Australia, the UK and Israel are independent and agents are not affiliated to a specific carrier, Gefen also offers access for independent agent networks to a Digital Arena of all carrier products available on the Gefen platform. Carriers benefit as they can still maintain brand consistency, compliance and increased sales, while independent agent networks benefit from the digital transformation tools of using the Gefen platform.

Figure 3-2: Gefen end-to-end digital marketplace platform



The scalability of the Gefen platform allows carriers and brands to onboard any number of agents, no matter their location.

Today, Gefen has been deployed globally, with 31 contracted tier one carriers in 15 locations globally including Assicurazioni Generali Group, TAL, Dai Ichi Life, Manulife Insurance Group, Reale Group and others.

3.1.2 Company background

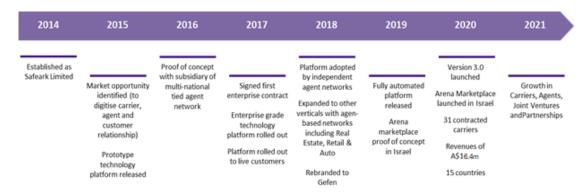
Gefen Technologies A.I. Ltd was founded in February 2014 as Safeark Limited and in March 2018 was restructured with all of the assets and liabilities of the business transferred to Gefen Technologies AI Ltd.

In 2016 following the development of its platform, Gefen Technologies A.I. Ltd commenced selling its technology. Since its incorporation Gefen Technologies A.I. Ltd has raised US\$14.5 million, with US\$12 million invested into the development of the Company's proprietary platform.

Gefen International A.I. Ltd was incorporated in 2020 for the purpose of conducting an initial public offer of Shares to facilitate a listing on the ASX and is now the parent company of the Gefen group.

A brief summary of key milestones since establishment in 2014 are as follows:

Figure 3-3: Key milestones



The corporate structure of the Gefen group at Admission will be as follows:

Gefen International A.I LTD 100% Gefen Technologies A.I LTD 51% 51% Agents Network Agents Network 50% Agents Network

Group structure incl. all subsidiaries

Key strengths 3.1.3

Gefen has a number of key strengths that allow the Company to continue to grow:

- Leading solution: Gefen is an award-winning digital distribution marketplace (a) platform connecting carriers, agents and customers worldwide to boost sales and productivity while also significantly enriching the customer experience.
- (b) International pedigree: Gefen's platform has been successfully deployed in 15 site location globally.
- (c) Blue-chip client base: Gefen currently has 31 contracted carriers including TAL Life Insurance (Australia) and Manulife (Singapore), as well as other leading global players.
- (d) Significant revenue growth: Gefen achieved revenue of \$16.4 million in 2020 with a compound annual growth rate (since 2018) of 215%.

- (e) **Proven at scale:** Gefen has approximately 15,000 contracted agents and a potential agent pool of over 300,000 from its existing carrier client base serving 112 million customers globally.
- (f) Large addressable market: Gefen is focused on the highly regulated and compliance-focused insurance and financial services sectors which have estimated TAMs of \$358 billion and \$462 billion in 2020 and 2021 respectively.
- (g) **Market tailwinds:** Considerable enterprise digital transformation is already underway and is being accelerated by COVID-19.

Gefen's strategic growth plan capitalizes on these key strengths to expand into new markets and new verticals as well as increased spending from existing customers to generate additional income.

3.1.4 Operations

Gefen has 110 employees with headquarters in Tel Aviv, Israel and offices in Israel, India and Ukraine. In line with its positioning as a software company, the largest cohort are in technology roles. This resource ensures that the Gefen proprietary platforms function without interruption and continue to increase utility for customers.

Funds invested in platform development and into software and IT personnel ensures that the Company can scale up sales under its current operational structure without additional resourcing. Following the Offer, there will be an emphasis on expanding sales, marketing and customer success resources to win new customers and subscription revenues.

29 23 21 19 26% 21% 19% 18% 10 5 3 5% 3% Technology Sales Customer Success Marketing Admin Corporate and Legal development finance

Figure 3-4: Gefen personnel by function

3.2 Business model

3.2.1 Value Proposition to Stakeholders

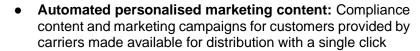
For highly regulated and compliance-heavy industries such as insurance and financial services, the Gefen platform significantly enriches the daily experience of carriers, agents and customer users in today's digital-first world.

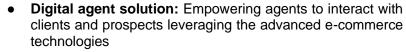
Figure 3-5: Gefen Solution value proposition to stakeholders

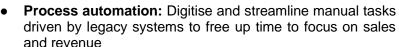


Carrier

- Digital access to broker networks: Convert slow legacy systems to rapid automated digital systems to communicate with agents
- Manage compliance risk: Efficiently manage compliance through direct control and update of marketing materials and product terms
- **Brand management:** Control and humanise brands to promote trust between customers and agents
- Data insights: Gain both high-level and deep-dive insights into the work of agents and provide visibility to improve workflows
- Targeted product delivery: Monitor and analyse outcomes to provide a better offering of products to the end consumer
- **Agent-tailored:** Define last-mile targeting strategies autopopulated for each agent on the network
- Lead generation: Diverting calls to relevant agents and provide relevant customer relationship information
- Real-time network insights and control: Visibility of transaction status across the entire agent network







- Dynamic personalised strategies based on customer interactions: Agents, powered by Gefen, can reply to customer requests and offer carrier or private label products
- Suitable for independent agent networks: Access to the Digital Arena
- Omni-channel flexibility: Digital strategy and content can be distributed anywhere allowing agents to automatically utilise the channels preferred by them and their local customers



Agent

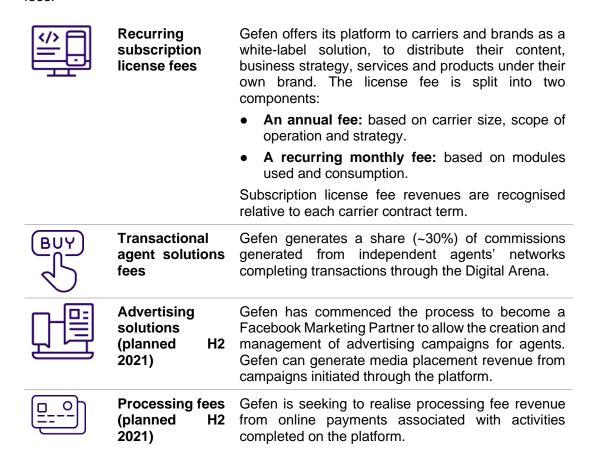
Customer

- Customer focused: Cutting-edge digital conversion tools, product transparency and trusted advisors create a customer focused solution
- High satisfaction: NPS score for transactions through the Gefen platform is 8.5/10 versus an average of 3.0 for the industry

3.2.2 Revenue model

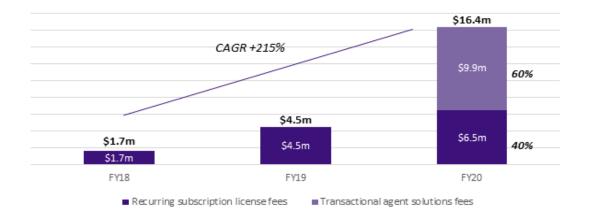
Gefen currently has two main revenue sources – **recurring subscription license fees** paid by carriers and **transactional agent solutions fees** paid as commissions by carriers from sales generated through the independent agent network. Gefen intends to introduce

and activate two new revenue streams in 2021 - advertising solutions and processing fees.



In FY20, 60% of revenue came from transactional agent solution fees and 40% from recurring subscription license fees. Revenue growth has been both organic in terms of recurring subscription license fees and acquired from independent agent networks commissions.

Figure 3-6: Revenue mix



3.3 Customers

3.3.1 Carrier Profile

Gefen has secured 31 contracted carriers with an agent pool of 300,000 operating in 15 locations globally serving 112 million customers. To date, 13,500 of the 300,000 total agent pool currently use Gefen, signalling the ability to significantly grow among its current

carrier base. The current customer footprint demonstrates the scalability of the Gefen platform solution.

Figure 3-7: Key customer profiles

| Brand | No. of agents | No of customers | Gefen customer since |
|---------------|------------------|-----------------|-------------------------|
| Generali | ~165,000 agents | 61m customers | 2018 |
| Manulife | ~ 118,000 agents | 26m customers | 2019 |
| Dai Ichi Life | ~45,000 agents | 15m customers | 2020 |
| Reale Group | ~3,000 agents | 5m customers | 2020 |

Figure 3-8: Gefen Carrier Customer Footprint



The majority of carriers and enterprises engaged to date are in insurance and financial services, though there is capability to target other agent-based industries such as real estate and automotive.

As large, slow moving insurance companies have lengthy processes to determine whether a technology solution is implemented, solutions tend not to be adopted without a very high likelihood of them being retained.

The emergence of COVID-19 is accelerating digital transformation with a structural shift to online, as expected by customers. Insurance carriers in particular have, until now, found it challenging to enact digital transformation due to legacy systems. As the Gefen platform either sits on top of legacy systems or can be integrated, carriers are empowered to act.

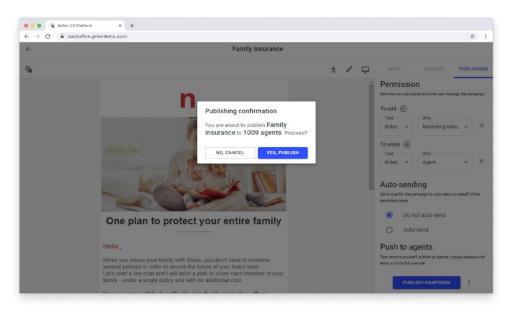
3.3.2 Case Study

TAL is the largest life insurance carrier in Australia with approximately 4.5 million customers. Gefen is able to provide TAL visibility and access to the activities of their entire network of agents, allow them to make updates to the entire network based on changes of regulation, changes of product, and provide approved marketing content. Agents can use the available digital tools with no training and learning curve required for adoption.

Feedback from agents using the white-labelled Gefen platform, Digital Advisor, demonstrated strong performance:

- (a) **Greater activity:** Impact assessment analysis shows that its agents performed significantly more quotes than those not using the platform.
- (b) **Greater client acquisition:** 60% of advisors said that the Digital Advisor helped them to acquire new clients.
- (c) **Superior client retention:** 100% of advisors said that the Digital Advisor helped them to retain current clients.
- (d) **Upselling opportunities:** 60% of advisors said that Digital Advisor helped them to write more business with current clients.
- (e) Customer satisfaction: Overall, advisors rated the Digital Advisor a NPS of +85

Figure 3-9: Easy push marketing to all agents



3.3.3 Competitive advantages

Gefen's ability to secure carriers and enterprises at low acquisition cost is in part due to the numerous advantages the platform has in the market:

| Single solution | (a) | There is no current end-to-end solution that incorporates carriers, agents and customers in one platform. |
|-----------------|-----|--|
| | (b) | A carrier would have to seek out many different service providers to provide a similar solution and would require technical knowledge to integrate them. |
| Network effect | (a) | Differentiated solutions enable a Digital Arena connecting carriers, agents and customers that grow in a virtual cycle of more corporates, leading to more agents and customers, that bring additional revenue and growth. |

| Low friction | (a) | Easy-to-set-up with a commitment of going live within 14 days of contract. |
|---------------------------------|-----|--|
| | (b) | Can be used as a standalone system or integrated into existing legacy and modern IT systems through API. |
| | (c) | The depth of use between carriers and agents from marketing to automation to compliance and distribution to thousands of users makes Gefen a sticky solution. |
| | (d) | No limit on adviser and customer numbers provides scalability. |
| Scalable, dynamic content | (a) | The structure of complex products distributed by agents is varied meaning the Gefen platform is adaptable to dozens of industries, thousands of brands and millions of agents and their end customers. |
| Results-driven | (a) | Increased agent sales |
| | (b) | Improved marketing results |
| | (c) | Increased agent productivity |
| | (d) | Increased traffic |
| Cost-effective | (a) | Legacy IT solutions are costly to maintain and power. Gefen is a layer that provides revenue (top line) and productivity (bottom line) benefits that outweighs its cost and maintenance. |
| Strong | (a) | Limited and improved churn rate for customers. |
| customer engagement | (b) | 8.5/10 NPS among customers against the industry average of 3.0. |

3.4 Technology Overview

3.4.1 Architecture and infrastructure

Gefen's digital distribution platform is built on four pillars which are described in detail below: parent-child architecture, enterprise grade infrastructure, automation, and intelligence augmentation.

Parent-child architecture

The platform's parent-child architecture allows the distribution of digital capabilities to agents. The architecture provides the following functionality:

- (a) online presence (supporting the ability to create and manage any number of sites);
- (b) digital features and promotions distribution such as dynamic forms and site-wide promotions;
- (c) distribution of digital services and digital products;
- (d) campaigns in different channels (such as email, SMS, social, messaging channels); and

(e) segmentation of customers - the ability to define dynamic groups of customers at the carrier level and deliver these segmentations to the field providing results at the agent level.

Deeply integrated into the parent-child architecture is the ability to push updates/content/digital products to the network. This allows evolution to happen over time and lowers the IT costs of maintaining the platform.

The parent-child architecture also supports the platform's ability to be future-proof. Every new capability added to it is based on the same logic and infrastructure, and allows rapid development and implementation (for example, video calling feature during COVID-19, while maintaining all aspects of control and monitoring).

Enterprise-grade infrastructure

The Gefen platform has been built from the ground up with the enterprise in mind. It covers the ability to deploy in different regions of the world (addressing local cloud regulations in different territories); configurable security protocols; flexible roles and permission schemes; customizable UI; internationalization (i18n) and terminology; flexible organization structure; ability to integrate to any backend system, including organization-specific tailor-made tools; custom definition of automation behaviour, fitting the sales processes and types of customer interactions required; ability to control entity schemes and more.

These abilities allow the platform to be an infrastructure for agents in both operationagnostic (support different types of organizations' operation methods) and verticalagnostic, supporting agents representing brands and agent networks from different industries.

Automation

The ability to empower agents with advanced digital capabilities at a large scale is based on Gefen's strong automation engine. The engine supports configuration of operation-specific business promotion/products actions - involving the agents in the customer interactions at the right timing and allowing actions to be taken on behalf of the agents - driving business actions and productivity without requiring their involvement.

The automation engine supports the fast deployment of new operations/services/products and content, which enables automatic updates to their network structure and entities.

Intelligence augmentation

The algorithmic engine in the core of the decision supporting mechanism comprises human expert utilization (experts in different operations can have different effects on the decisions supported by the engine compared to other operations) and machine-assisted parameters. This allows combining human experts with machine calculations and learning in order to improve and evolve business decision-making.

3.4.2 Data security and privacy

Gefen places great importance on ensuring the quality, confidentiality, integrity, and availability of the data held and in meeting data protection obligations when processing personal data. The Company uses a variety of technical and organisational measures to help protect personal data from unauthorised access, use or disclosure. This includes protecting its infrastructure and data from cyber security threats. The Company will periodically review its processes to ensure data protection standards are maintained to regulatory standards.

3.4.3 Intellectual property

Gefen considers its intellectual property to be important. The Company enters into confidentiality and proprietary rights agreements with employees, consultants and business partners, and controls access to the distribution of its proprietary information. This is the primary mechanism to protect Company know-how as the underlying technology on which the platform technology is built cannot be patented.

The Company will rely on the unique technology it has developed and 'first to market' advantage as its main market protection.

The Company's product architecture and development, as well as its data analysis and business strategies, require sophisticated coordination among many specialized employees. The Company believes that duplication of this coordination by competitors or individuals seeking to copy its offering would be challenging and costly. This risk is further mitigated by the fact that Gefen's product and service offerings are cloud-based, meaning that most of the core technology is never exposed to a user or competitors.

3.5 Growth strategy

Gefen currently has 31 contracted carriers and a total of 15,000 contracted agents using the digital platform. Growth to date has been achieved by:

- (a) Organic carriers: Gefen has achieved rapid organic growth by onboarding carriers that are seeking a modern solution to augment their legacy systems, that bring their network of agents to the platform who in turn bring their customers into the system. Approximately 13,500 agents tied to carriers use Gefen. From carriers, Gefen primarily generates recurring subscription license fee revenues.
- (b) Acquisition independent agent networks: Since 2020, Gefen has also grown through the acquisition of independent agent networks that now access the digital arena marketplace. In that time, approximately 1,400 independent agents have on-boarded 60,000 customers. From independent agents, Gefen primarily generates revenue from commissions paid by carriers for any sales made by the agent through the digital arena marketplace.

Gefen intends to commit resources to continue organic carrier sign-ups and usage, and the acquisition of additional independent agent networks.

3.5.2 Organic - carriers

To date, Gefen has closed deals with carriers and enterprises through minimal in-house sales personnel, a small number of distributors and professional services firms.

Future growth related to carriers and enterprises will incorporate the following growth strategies:

- (a) Maximise current networks: Approximately 13,500 agents tied to carriers use Gefen from a total available pool of 300,000 agents from the existing pool of 31 contracted carriers. Therefore, there is a pool of agents that is 20x larger than the current contracted number to access even with no additional carriers onboarded.
- (b) Accelerate in the insurance industry: The insurance industry is one of the largest markets in the world with a growing need for digital innovation. Expansion within this industry can substantially increase the install base;
- (c) **Geographic expansion:** Increase regional sales personnel and open new branches in Asia and Europe to increase the footprint;

- (d) **New industries:** Enter new agent-based industries such as automotive, real estate, tourism, direct selling, retail and software;
- (e) **New product development:** Generate additional and incremental income from existing customers in the system. For example, introducing new personalised financial products that can be cross-sold to customers using the platform without the agent requiring additional knowledge on the products; and
- (f) **Media placement revenue:** Generate new revenue-share streams with the large ad networks (Google, Facebook) for ads placed through Gefen tapping into carrier's large advertising budgets.

3.5.3 Acquisition – Independent Agents

Since January 2020, Gefen has also offered access to its digital arena marketplace to untied independent agents. Though independent, many independent agents are grouped by a common function or brand that creates an un-tied agent network.

There are a number of motivations to access these independent agents' networks:

- (a) **Inclusion:** Using the traditional Gefen customer acquisition model of targeting carriers of tied networks, approximately 50% of all insurance agents would be excluded from Digital Arena. In particular, this would exclude agents that operate in countries that do have tied networks.
- (b) Carrier sales efficiency: For carriers using Gefen it would benefit them if independent agents had access to the same resources as their tied agents. Introducing independent agents to the Digital Arena would streamline carrier sales and marketing.
- (c) The cost of acquiring downstream customers directly is high: The competition for acquiring insurance customers is high. By acquiring independent agent networks would be more cost-effective, getting an access to a large end customers base, maintaining a low customer acquisition cost.

In line with this, the Company's acquisition strategy is to acquire traditional operational independent agent networks and integrate with Gefen's platform, digitizing the agent networks, creating synergies and increased revenue opportunities.

To accelerate the Company's aggressive growth approach, Gefen acquired a controlling interest in two established Israeli independent agent networks allowing for accelerated penetration into the Israeli market. Gefen acquires the operating entity that manages the operational aspect of the agents and not the agents themselves so there is a lower cost to acquisition.

Bringing these independent agents into Gefen has seen several operational improvements:

- (a) productivity has increased with automatic renewals creating a 90% gross margin;
- (b) revenue has increased up to 17% as more quotes are being written quickly; and
- (c) cross-selling has increased as savings and financial services products can be compliantly offered generating incremental revenue beyond their capability.

Gefen benefits by taking approximately a 30% commission paid directly from carriers on any sales transacted through the digital arena.

These benefits demonstrate the merit of the approach in acquiring independent agent networks that onboard customers for Gefen to gain revenues.

4. FINANCIAL INFORMATION

4.1 Introduction

This section sets out the financial information for Gefen Technologies A.I. (**Company** or **Gefen**) and its controlled entities (**Group**).

Gefen Equity is the parent company of Gefen Technologies, an agreement was entered into whereby the ownership of Gefen Technologies was transferred to Gefen International, a recently incorporated holding company with no material financial transactions as at 31 December 2020.

The financial information contained in this Section is the consolidated financial information for Gefen Technologies and its subsidiaries: Polibit and Kaplan, the Pro Forma Historical financial information consolidates Polibit and Kaplan from 1 January 2018.

The financial information for the Group contained in this Section includes:

- (a) Statutory Pro forma and Statutory historical financial information of the Group, which are audited, being the:
 - (i) Pro Forma Historical Consolidated Statements of Financial Performance for the years ended 31 December 2018 and 2019;
 - (ii) Statutory Historical Consolidated Statement of Financial Performance for the year ended 31 December 2020;
 - (iii) Statutory Historical Consolidated Statement of Financial Position as at 31 December, 2020;
 - (iv) Pro Forma Historical Consolidated Statements of Cash Flows for the years ended 31 December 2018, 2019; and
 - (v) Statutory Historical Consolidated Statements of Cash Flows for the years ended 31 December 2020,

(together the Statutory Historical Financial Information); and

- (b) Pro forma historical financial information of the Group, being the:
 - (i) Pro forma Statement of Financial Position as at 31 December 2020 (together the "Pro forma Financial Information").

The Statutory Historical Financial Information and Pro forma Historical Financial Information and the Pro forma Financial Information together form the Financial Information.

Also summarized in this Section are:

- (a) The basis of preparation and presentation of Financial Information (Section 4.2);
- (b) Changes in accounting standards (Section 4.3);
- (c) Explanation of certain non-IFRS financial measures (Section 4.4);
- (d) The pro forma adjustments to the audited Statutory Historical Financial Information and reconciliations between the audited Statutory Historical Financial Information and the Pro Forma Financial Information (refer to Sections 4.5, 4.6 and 4.7);
- (e) Gefen's proposed dividend policy (Section 4.8); and

(f) Significant accounting policies (Annexure A).

4.2 Basis of preparation and presentation of the financial information

The Directors are responsible for the preparation and presentation of the Financial Information.

The Financial Information has been prepared to present the Company on a consolidated basis and the future financial statements of the Company will be presented on this basis.

The Financial Information has been prepared and presented in accordance with the recognition and measurement principles prescribed in the International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board. The Financial Information is presented in an abbreviated form and does not contain all of the disclosure provided in an annual financial report prepared in accordance with IFRS. The Financial Information has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

All items are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Financial Information is presented in Australian dollars (AUD), for convenience purposes, while the Company's functional currency is the USD. Some numerical figures included in this Section have been subject to rounding adjustments. Any discrepancies between totals and sums of components in tables contained in this Section are due to rounding.

The exchange rates used for this translation are:

| (a) | Average rate FY18 | 1USD: 1.33950 |
|-----|------------------------|---------------|
| (b) | Average rate FY19 | 1USD: 1.43875 |
| (c) | Average rate FY20 | 1USD: 1.45964 |
| (d) | As at 31 December 2020 | 1USD: 1.31062 |

Significant accounting policies relevant to the Financial Information are disclosed in Annexure A.

The Company has one reportable segment under IFRS 8: Operating Segments.

The Statutory Historical Financial Information, comprising, the Statement of Financial Position, the Statement of Comprehensive income and the Statement of Cash Flows has been derived from the audited consolidated financial statements of the Company and its controlled entities for FY2020.

The Pro Forma Historical Financial Information, the Statement of Comprehensive income has been derived from the Historical Financial Statements of Gefen Technologies AI Ltd, Kaplan Bashetach, Insurance Agency (2012) Ltd and Poli-bit Insurance Agency (2011) Ltd as if they had been controlled entities at the commencement of the periods presented in respect of FY2018 and FY2019.

The historical financial statements for FY2018, FY2019 and FY2020 have been audited by BDO Israel, which issued unmodified audit opinions in respect of FY2018, FY2019 and FY2020. Without modifying their opinion BDO Israel noted an emphasis of matter in relation to going concern.

The Pro forma Historical Financial Information has been prepared solely for the purpose of inclusion in this Prospectus and has been derived from the Statutory Historical Financial Information with pro forma adjustments made.

4.3 Changes in accounting standards

IFRS 16: Leases

IFRS 16 replaces IFRS 117: Leases and introduces a single lessee accounting model that requires a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

- (a) right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for on a cost basis unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:
 - (i) investment property, the lessee applies the fair value model in IFRS 140: Investment Property to the right-of-use asset; or
 - (ii) property, plant or equipment, the lessee applies the revaluation model in IFRS 116: Property, Plant and Equipment to all of the right-of-use assets that relate to that class of property, plant and equipment; and
- (b) lease liabilities are accounted for on a similar basis to other financial liabilities, whereby interest expense is recognized in respect of the lease liability and the carrying amount of the lease liability is reduced to reflect the principal portion of lease payments made.

IFRS 16 substantially carries forward the lessor accounting requirements of the predecessor standard, IFRS 117. Accordingly, under IFRS 16 a lessor continues to classify its leases as operating leases or finance leases subject to whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset, and accounts for each type of lease in a manner consistent with the current approach under IFRS 117.

In accordance with the transition requirements of IFRS 16, the group elected to apply the modified retrospective method, whereby the lease liability, and right of use asset, were measured at the present value of the remaining lease payments, discounted at the group's incremental borrowing rate.

4.4 Explanation of certain non-IFRS financial measures

The Company uses certain measures to manage and report on its business that are not recognized under IFRS. These measures are collectively referred to in this section as 'non-IFRS financial information' under Regulatory Guide 230 'Disclosing non-IFRS financial information' published by ASIC. The Company believes that this non-IFRS financial information provides useful information to readers in measuring the performance and position of Gefen. However, investors are cautioned not to place undue reliance on any non-IFRS measures and should consider the measures as supplemental to, as opposed to replacement for, financial information presented in accordance with IFRS.

As non-IFRS measures are not defined by recognized standard setting bodies, they do not have a prescribed meaning and may differ to the way other companies calculate similar measures.

The non-IFRS financial measures that are referred to in this Prospectus are as follows:

- (a) EBITDA is earnings before interest, taxation, depreciation, amortization and impairment charges:
- (b) EBIT is earnings before interest and taxation:

- (c) working capital is defined by the Company as trade and other receivables, inventory and other current assets less trade and other payables and other current liabilities;
- (d) current ratio is defined by the Company as the result of dividing the current assets by current liabilities; and
- (e) assets/liabilities/equity ratios are defined as the result of dividing the assets by the liabilities, and the liabilities by the equity.

4.5 Statements of Financial Performance

Historical Pro Forma and Statutory Statements of Comprehensive Income

The table below sets out the Company's detailed Statements of Comprehensive Income.

Table 1: Detailed Statement of Comprehensive Income

| P&L in 000's AUD | Pro Forma FY 2018 | | Pro Forma FY 2019 | | Statutory FY 2020 | |
|--|-------------------------|--------------|-------------------------|--------------|----------------------|--------------|
| | Audited | % of revenue | <u>Audited</u> | % of revenue | <u>Audited</u> | % of revenue |
| Revenues Other income | 9,634 | 100% 0% | 12,749 233 | 98% 2% | 15,884 537 | 97% 3% |
| Total Revenues | 9,634 | 100% | 12,982 | 100% | 16,421 | 100% |
| Cost of revenues | | 10070 | ,00_ | 10070 | . 0, | 10070 |
| Payroll & related | 3,477 | 36% | 3,581 | 28% | 2,245 | 14% |
| Share based payment | 74 | 1% | 4 | 0% | 18 | 0% |
| Agents commission | 281 | 3% | 243 | 2% | 177 | 1% |
| Subcontractors & related | 331 | 3% | 314 | 2% | 307 | 2% |
| Depreciation | 39 | 0% | 43 | 0% | 47 | 0% |
| Maintenance & Other | 814 | 8% | 573 | 4% | 323 | 2% |
| Total cost of Revenues | 5,016 | 52% | 4,758 | 37% | 3,115 | 19% |
| Gross profit | 4,617 | 48% | 8,224 | 63% | 13,306 | 81% |
| Research and development expenses | | | | | | |
| Payroll & related | 3,824 | 40% | 2,191 | 17% | 254 | 2% |
| Share based payment | 186 | 2% | 39 | 0% | 3,818 | 23% |
| Subcontractors & related | 1,145 | 12% | 787 | 6% | 1,543 | 9% |
| Depreciation | 83 | 1% | 94 | 1% | 72 | 0% |
| Total R&D | 5,239 | 54% | 3,111 | 24% | 5,687 | 35% |
| Selling and marketing expenses | | | | | | |
| Share based payment to counterparty | - | 0% | - | 0% | 6,621 | 40% |
| Payroll & related (including management fees) | 1,348 | 14% | 1,404 | 11% | 2,743 | 17% |

| P&L in 000's AUD | Pro Forma FY 2018 | | Pro Forma FY 2019 | | Statutory FY 2020 | |
|---|-------------------------|-------------|--------------------------|------------|----------------------|-------------|
| Amortisation of customer relationships | - | 0% | - | 0% | 677 | 4% |
| Share based payment | 525 | 5% | 50 | 0% | 26 | 0% |
| Marketing and promotions | 777 | 8% | 190 | 1% | 301 | 2% |
| Total S&M | 2,650 | 28% | 1,644 | 13% | 10,368 | 63% |
| General and administrative expenses | | | | | | |
| Payroll & related (including management fees) | 3,054 | 32% | 1,699 | 13% | 2,357 | 14% |
| Share based payment | 1,198 | 12% | 101 | 1% | 1,295 | 8% |
| Professional fees | 605 | 6% | 377 | 3% | 1,407 | 9% |
| Travel | 304 | 3% | 89 | 1% | - | 0% |
| Rent and office maintenance | 1,215 | 13% | 466 | 4% | 962 | 6% |
| Depreciation | 212 | 2% | 942 | 7% | 763 | 5% |
| Goodwill impairment | - | 0% | - | 0% | 4,431 | 27% |
| Overhead & Other | 651 | 7% | 358 | 3% | 396 | 2% |
| Total G&A | 7,239 | 75% | 4,033 | 31% | 11,611 | 71% |
| Total OPEX | 15,127 | 157% | 8,788 | 68% | 27,666 | 168% |
| Operating Loss | -10,510 | -109% | - 564 | -4% | - 14,360 | -87% |
| Financial income | 4 | 0% | - | 0% | 182 | 1% |
| Financial expenses: | | | | | | |
| Change in fair value of convertible note | - | 0% | 131 | 1% | 2,568 | 16% |
| Capital note interest | 1,003 | 10% | 1,539 | 12% | 2,022 | 12% |
| Currency fluctuations | 222 | 2% | 1,253 | 10% | 777 | 5% |
| Bank commissions and interest | 263 | 3% | 738 | 6% | 784 | 5% |
| Loss before income tax | -11,994 | -124% | - 4,226 | -33% | - 20,327 | -124% |
| Tax on income | 287 | 3% | 191 | 1% | 128 | 1% |
| Net loss from continuing operations | - 12,281 | -127% | - 4,417 | -34% | - 20,455 | -125% |
| Net loss from discontinued operations | 280 | 3% | 258 | 2% | - | 0% |
| Total loss for the year | -12,001 | -125% | - 4,159 | -32% | - 20,455 | -125% |
| | | | - | | | |
| Other comprehensive income net of tax | | | | | | |
| | 33 | 0% | 124 | 1% | 647 | 4% |
| income net of tax Adjustments from | 33 -11,967 | 0% -124% | 124 - 4,036 | 1% -31% | 647 - 19,809 | 4% -121% |

| P&L in 000's AUD | Pro Forma FY 2018 | | Pro Forma FY 2019 | | Statutory FY 2020 | |
|------------------------------------|-------------------------|-------|-------------------------|------|----------------------|-------|
| Members of the parent entity | -11,939 | -124% | - 4,275 | -33% | - 20,893 | -127% |
| Non controlling interest | -62 | -1% | 115 | 1% | 438 | 3% |
| | -12,001 | -125% | - 4,159 | -32% | - 20,455 | -125% |
| Comprehensive income attributed to | | | | | | |
| Members of the parent entity | -11,922 | -124% | - 4,213 | -32% | - 20,269 | -123% |
| Non controlling interest | -46 | 0% | 177 | 1% | 460 | 3% |
| | -11,967 | -124% | - 4,036 | -31% | - 19,809 | -121% |

Past Performance is not a guide to future performance.

Notes:

- 1. Payroll & related include the total cost of employees' salary
- 2. ESOP includes the benefit cost of granting options
- 3. Exchange rate differences include the translation of the financial statements between different currencies (mainly from new Israeli shekel to USD and AUD)

Included in operating loss are the following non cash and or one off items

| Cost of revenues | FY2018 | FY2019 | FY2020 |
|--|------------|--------|--------|
| Share based payment | 74 | 4 | 18 |
| Depreciation | 39 | 43 | 47 |
| Research and development expenses | | | _ |
| Share based payment | 186 | 39 | 3,818 |
| Depreciation | 83 | 94 | 72 |
| Selling and marketing expenses | | | _ |
| Share based payment to counterparty | - | - | 6,621 |
| Amortisation of customer relationships | - | - | 677 |
| Share based payment | 392 | 50 | 26 |
| General and administrative expenses | | | |
| Share based payment | 894 | 101 | 1,295 |
| Depreciation | 158 | 942 | 763 |
| Goodwill impairment | - | - | 4,431 |
| | | | |
| EBITDA | - 8,684 | 709 | 3,408 |

After removing the non cash and or one off items the expenses by function are as follows:

| Adjusted | FY2018 | FY2019 | FY2020 |
|-------------------------------------|--------|--------|--------|
| Cost of revenues | 4,904 | 4,710 | 3,051 |
| Research and development expenses | 4,970 | 2,978 | 1,797 |
| Selling and marketing expenses | 2,258 | 1,594 | 3,043 |
| General and administrative expenses | 6,187 | 2,990 | 5,122 |

4.6 Statement of Financial Position

Statutory and Pro forma Historical Statements of Financial Position

The table below sets out the Statutory Historical Statement of Financial Position of Gefen as at 31 December, 2020, pro forma adjustments and the Pro forma Historical Consolidated Statement of Financial Position. For accounting purposes Gefen Technologies AI Ltd is considered to be the Accounting Parent and accordingly continuation accounting applies.

The pro forma transactions comprise the effect of the completion of the Offer, as if all the pro forma transactions had occurred or were in place as at 31 December, 2020.

The pro-forma statement of financial position reflects the following events that have occurred subsequent to the period ended as at 31 December, 2020:

- (a) The issue of convertible notes raising \$2.5 million before costs of \$150,000, upon IPO these convertible notes convert into 2,941,176 shares resulting on a financial expense on settlement.
- (b) The issue of 25 million shares at a price of \$1 raising \$25m before costs.
- (c) Costs of the Offer are estimated to be \$3.09m, which are to be offset against the contributed equity and apportioned to accumulated losses.
- (d) Settlement of the deferred consideration liability to the minority holders of two subsidiaries acquired in Jan 2020 (9,235) for the issue of 6,849,261 shares resulting in a gain on settlement.
- (e) Conversion of convertible notes with a carrying value of (8,110) to 7,687,456 shares resulting in a gain on settlement.
- (f) Conversion to shares of the convertible note as of December 31, 2020 (8,292).
- (g) Elimination of capital note liability (9,716) owed by Gefen Technologies upon assignment by Gefen Equity to Gefen International.
- (h) Agreement to issue up to 450,000 options with an exercise price of \$1.50 and an expiry date of 5 years from issue to non-executive Directors. The options will vest in three equal tranches over a three-year period from issue.
- (i) The repayment of 50% of the current payables to Directors in respect of loans advanced to them and the deferral for two years following IPO in respect of the remaining balance of those loans and unpaid salary amounts as at 31 December 2020.

US dollar balances have been translated to AUD at a rate of 1.310616.

Further information on the sources and uses of the Offer proceeds is contained in Section 8.8.

Table 6: Statutory and Pro forma Historical Consolidated Statement of Financial Position

| Statement of financial position | Note | 31 December 2021 | Subseque nt events | Pro forma transaction s | Pro forma 31 December 2020 | Balance sheet structure in % |
|---|------|------------------------|-----------------------|-------------------------------|-------------------------------------|---------------------------------------|
| Current assets | | | | | | |
| Cash and Cash equivalents | 1 | 2,001 | 2,350 | 21,550 | 25,901 | 62% |
| Trade accounts receivable, net | | 988 | - | - | 988 | 2% |
| Other accounts receivable | | 347 | - | - | 347 | 1% |
| Related parties | | 353 | - | - | 353 | 1% |
| Total current assets | | 3,689 | 2,350 | 21,550 | 27,589 | 66% |
| | | | | | | |
| Non-Current assets | | | | | | |
| Right of use assets | | 1,170 | - | - | 1,170 | 3% |
| Property plant and equipment, net | | 1,041 | - | - | 1,041 | 3% |
| Investment in investment funds | | 1,953 | - | - | 1,953 | 5% |
| Intangible assets, net | | 8,291 | - | - | 8,291 | 20% |
| Deferred tax assets | | 126 | - | - | 126 | 0% |
| Goodwill | | 1,406 | - | - | 1,406 | 3% |
| Total Non-current assets | | 13,987 | - | - | 13,987 | 34% |
| Total assets | | 17,676 | 2,350 | 21,550 | 41,576 | 100% |
| | | , | | ,, | , | |
| Current liabilities | | | | | | |
| Short-term maturities of long-term loan | | 856 | - | - | 856 | 2% |
| Trade payables | | 342 | - | - | 342 | 1% |
| Related parties | 2 | 2,118 | - | (1,613) | 505 | 1% |
| Deferred revenues | | 2,241 | - | - | 2,241 | 5% |
| Lease liabilities | | 389 | - | - | 389 | 1% |
| Other accounts payable | | 1,991 | - | - | 1,991 | 5% |
| Contingent consideration in | 3 | 8,292 | - | (8,292) | - | 0% |
| business combination Convertible note | 4 | 8,110 | - | (8,110) | - | 0% |
| Total Current liabilities | | 24,339 | _ | (18,016) | 6,324 | 15% |
| · | | | | . , | • | - |
| Non-current liabilities | | | | | | |
| Lease Liabilities | | 929 | - | - | 929 | 2% |
| Deferred revenues | | 50 | - | - | 50 | 0% |
| Long-term loan | | 166 | - | - | 166 | 0% |
| Capital note | 5 | 9,716 | - | (9,716) | - | 0% |
| Liability for severance pay fund, net | | 337 | - | - | 337 | 1% |
| Deferred tax liabilities | | 1,907 | - | - | 1,907 | 5% |
| | | | | | | |

| Statement of financial position | Note | 31 December 2021 | Subseque nt events | Pro forma transaction s | Pro forma 31 December 2020 | Balance sheet structure in % |
|---|------------|------------------------|-----------------------|-------------------------------|-------------------------------------|---------------------------------------|
| Related parties | 6 | - | - | 1,222 | 1,222 | 3% |
| Total Non-current liabilities | | 13,105 | - | (8,493) | 4,611 | 11% |
| Total liabilities | | 37,444 | - | (26,509) | 10,935 | 26% |
| Net assets | | (19,768) | 2,350 | 48,059 | 30,641 | 74% |
| Equity | | | | | | |
| Share capital | 7 | - | 2,791 | 37,497 | 40,288 | 97% |
| Additional paid in capital | | 7,135 | - | - | 7,135 | 17% |
| Share based payment reserve | | 5,388 | - | - | 5,388 | 13% |
| Capital reserve for benefit from owners | | 9,640 | - | - | 9,640 | 23% |
| Foreign exchange reserve | | 561 | - | - | 561 | 1% |
| Accumulated deficit | 8 | (45,925) | (441) | 10,562 | (35,804) | -86% |
| Total shareholders' (deficit)/equity | | (23,202) | 2,350 | 48,059 | 27,207 | 65% |
| Non-controlling interest | | 3,434 | - | - | 3,434 | 8% |
| Total Equity | | (19,768) | 2,350 | 48,059 | 30,641 | 74% |
| | | | | | | |
| Note 1 - Cash and cash | = | | | | | AUD 000's |
| Audited balance at 31 De | cember 2 | 020 | | | | 2,001 |
| Subsequent events | | | | | | |
| Issue of convertible notes | | ng on IPO | | | | 2,500 |
| Costs of convertible note | raise | | | | | 2,350 |
| Pro forma Transactions | | | | | | _, |
| Issue of 25m shares at \$7 | 1 | | | | | 25,000 |
| Costs of the capital raisin | | | | | | (3,059) |
| Repayment of related par | | 50% | | | | (391) |
| | , | | | | | 21,600 |
| Pro forma balance at 31 I | Decembe | r, 2020 | | | | 25,901 |
| Note 2 - Related party p | ayable (c | urrent) | | | | AUD 000's |
| Audited balance at 31 De | cember 2 | 020 | | | | 2,118 |
| Pro forma Transactions | | | | | | |
| Repayment of related par | rty payabl | е | | | | (391) |

| Deferral of related party payable to two years following IPO | (1,222) |
|--|-----------|
| Pro forma balance at 31 December, 2020 | 505 |
| 1 10 10 ma balance at 01 Beschiber, 2020 | |
| Note 3 - Contingent consideration in business combination | AUD 000's |
| Audited balance at 31 December 2020 | 8,292 |
| Pro forma Transactions | |
| Settlement of liability through the issue of 6,849,261 shares | (8,292) |
| Pro forma balance at 31 December, 2020 | - |
| Note 4 - Convertible note | AUD 000's |
| Audited balance at 31 December 2020 | 8,110 |
| Pro forma Transactions | |
| Settlement of liability through the issue of 7,687,456 shares | (8,110) |
| Pro forma balance at 31 December, 2020 | - |
| Note 5 - Capital note | AUD 000's |
| Audited balance at 31 December 2020 | 9,716 |
| Pro forma Transactions | |
| Elimination of liability via assignment of the liability from Gefen Equity | (9,716) |
| Pro forma balance at 31 December 2020 | |
| Note 6 - Related party payable (Non-current) | AUD 000's |
| Audited balance at 31 December 2020 | - |
| Pro forma Transactions | |
| Deferral of related party payable to two years following IPO | 1,222 |
| Pro forma balance at 31 December 2020 | 1,222 |
| | |
| Note 7 - Share capital | AUD 000's |
| Audited balance at 31 December 2020 | - |
| Subsequent events | |
| Issue of 2,941,176 shares via conversion of convertible notes | 2,941 |
| Costs of convertible note raise | (150) |
| | 2,791 |

| Pro forma Transactions | |
|---|-----------|
| Issue of 25m shares at \$1 | 25,000 |
| Costs of the capital raising | (2,039) |
| Settlement of liability through the issue of 6,849,261 shares | 6,849 |
| Settlement of liability through the issue of 7,687,456 shares | 7,687 |
| | 37,497 |
| Pro forma balance at 31 December, 2020 | 40,288 |
| Note 8 - Accumulated deficit | AUD 000's |
| Audited balance at 31 December 2020 | (45,925) |
| Subsequent events: | |
| Financing expense on conversion of convertible notes | (441) |
| | (441) |
| Pro forma Transactions | |
| Gain on assignment of receivable from Gefen Equity | 9,716 |
| Gain on settlement of convertible notes | 423 |
| Gain on settlement of deferred consideration | 1,443 |
| Listing expenses | (1,020) |
| | 10,562 |
| Pro forma balance at 31 December 2020 | (35,804) |

The Company has authorised the issue of up to 450,000 options to non-executive directors which have a life of 5 years and an exercise price of \$1.50. The options will vest in three equal tranches over the first three years following issue. As such no pro-forma adjustment is recognised. The options have been valued using Black Scholes and the following key inputs:

Volatilty: 50%.

Underlying share price: \$1.00.

Exercise period: 5 years.

This results in a value of approximately \$0.3155 per option.

4.7 Historical Consolidated Statement of Cash Flows FY2018 - FY2020

Historical Consolidated Statement of Cash Flows

The table below sets out the Statutory Historical and Pro Forma Statements of Cash Flows of the Company for the years ended 31 December 2018, 31 December 2019, and 31 December 2020.

Table 8: Historical Statement of Cash Flows

| | Pro forma | Pro forma | Statutory |
|--|-----------|-----------|-----------|
| Cash flow in 000's - AUD | FY2018 | FY 2019 | FY 2020 |
| Cash flow from operating activities | | | |
| Loss for the year | (12,001) | (4,159) | (20,455) |
| Adjustments to reconcile net loss to net cash | | | |
| provided by operating activities: | | | |
| Issuance of shares and warrants to a counterparty | - | - | 6,621 |
| Share-based payment fund | 1,882 | 151 | 5,122 |
| Goodwill impairment | - | - | 4,431 |
| Loan interest expenses and exchange rates | 1,519 | 2,693 | 3,386 |
| Depreciation and amortization | 334 | 1,081 | 1,559 |
| Change in fair value of convertible note | - | 131 | 2,568 |
| Financial expenses | - | 89 | - |
| Change in related parties | - | - | 439 |
| Increase (decrease) in liability for severance pay fund, net | 4 | (35) | 159 |
| Decrease (increase) in other accounts receivable | (580) | 121 | 155 |
| Increase (decrease) in trade payables | (78) | 69 | (66) |
| Increase (decrease) in related parties | (1,066) | 1,856 | - |
| Decrease of contingent consideration in business combination | - | - | (155) |
| Change in deferred tax | - | - | (212) |
| Decrease (increase) in trade account receivables | 376 | - | (314) |
| Increase in other account payables | 1,014 | 571 | 298 |
| Decrease (increase) in deferred revenues | 4,124 | (791) | (5,065) |
| , | | | , |
| Net cash provided by (used in) operating activities | (4,471) | 1,777 | (1,528) |
| Cash flow from investing activities | | | |
| Newly consolidated subsidiaries | - | - | 982 |
| Purchase of property, plant and equipment | (86) | (26) | (91) |
| Receipt from sale of property plant and equipment | 74 | 7 | - |
| Investment in shares | (709) | - | - |
| Investment in investment fund | - | (1,614) | (349) |
| Net cash provided by (used in) investing | (== 1) | (4.555) | |
| activities | (721) | (1,633) | 542 |
| Cash flow from financing activities | | | |
| Receipt of convertible note | 640 | 524 | 5,801 |
| Receipt of loans | 2,411 | 863 | 215 |
| Repayment of loans | (371) | (2,148) | (1,855) |
| Repayment of related party liabilities | (372) | - | - |
| Interest payment | - | - | (633) |
| Receipt (payment) of Short-term bank credit | 1,325 | (324) | - |
| Receipt of capital reserve for benefit of owners | 1,318 | - | - |
| Payment on lease liabilities | - | (869) | (474) |
| Net cash provided by (used in) financing activities | 4,951 | (1,954) | 3,052 |
| | 1,001 | (1,004) | 0,002 |
| Effects of exchange rate changes on cash and | | | |
| cash equivalents | 506 | 102 | (1,091) |
| Net increase (decrease) in cash and cash | | | |

| | Pro forma | Pro forma | Statutory |
|--|-----------|-----------|-----------|
| Cash flow in 000's - AUD | FY2018 | FY 2019 | FY 2020 |
| Cash flow from operating activities | | | |
| Cash and cash equivalents at beginning of the year | 2469 | 2,734 | 1,025 |
| Cash and cash equivalents at the end of the year | 2,734 | 1,025 | 2,001 |

Note:

1. Past Performance is not a guide to future performance.

4.8 Dividend policy

Gefen intends to invest all cash flow into the business in order to maximise its growth over the next 24 months from listing. Therefore, no dividends are expected to be paid in the near term. The payment of dividends by the Group is at the discretion of the Board of Directors and will be a function of a number of factors including the general business environment, the operating results and financial condition of the Group, future funding requirements, capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions on the payment of dividends by the Group, and any other factors that the Directors of the Group may consider relevant.

No assurances can be given by any person, including the Directors of the Group, about the payment of any dividend and the level of franking on any such dividend. The Group does not currently have in place any dividend reinvestment plan.

5. KEY RISKS

5.1 Introduction

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Company's directors strongly recommend potential investors to consult their professional advisers and to consider the risk factors described below and the other information contained elsewhere in this prospectus before deciding whether to apply for Shares.

There can be no guarantee that the Company will deliver on its business strategy, and investors should note that past performance is not a reliable indicator of future performance.

There are specific risks which relate directly to the Company business. In addition, there are other general risks, many of which are largely beyond the control of the Company. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

5.2 Company specific

(a) Concentration of customers and markets

A limited number of the Company's customers account for a large portion of the Company's revenues. A loss of one or more of such customers could adversely and materially affect the Company's reaching of its growth and profitability goals. Further, certain of the Company's target markets are characterized by a limited number of large potential customers. The loss of an existing customer may be negatively interpreted by other potential customers in the Company's target market. There can be no assurance that the loss of one or more of such customers will not have an adverse impact on the Company's prospects.

(b) Compliance with laws, regulations and standards

The Company has customers in numerous countries, and each such country imposes its own laws and regulations relating to use of the Company's products. These laws and regulations may change at any time and while the Company has so far been able to keep up with such changes, future changes may force the Company to adjust its products, require additional operational expenses or adjust its marketing and sales practices in order to comply. Further, many countries have imposed strict privacy and data security regulations. The Company may therefore have to expend increasing resources to maintain compliance in these fields.

(c) Shift from agents to on-line or digital services

Financial institutions, including certain of the Company's customers are attempting to replace agents with on-line or digital service functions, and are focusing on eliminating the need for agents. The Company's products move against this trend and emphasize the importance of personal relationship between an agent and a customer. A decrease in the number of agents involved in financial services and the minimization of the importance of agents to financial institutions may limit the growth prospects of the Company's products and negatively affect its profitability.

(d) Monopolising of marketing distribution channels

Large technology companies such as Google, Facebook and Amazon are expanding their on-line presence to cover services - including financial services.

Such services are provided without an agent or personal sales encounter. The Company may be forced to compete with one or more of these companies or similarly placed competitors and the services they provide. Competing with large entities may force the Company to expend greater marketing and development costs and decrease the Company's profitability.

(e) Building "in-house" becomes a trend

Certain financial institutions, including some of the Company's customers, find relative advantages in developing their own customer service tools rather than relying on tools developed by outside firms. If this trend continues or accelerates it may become increasingly difficult for the Company to sell or license its products to such large institutions that can develop their own tools. Such a scenario may negatively affect the size of the market for the Company's products and limit the growth of its revenue.

(f) Competition from existing enterprise software companies

Several large companies currently compete in the enterprise software industry, including Adobe, Oracle, Salesforce and IBM. Though these companies have so far focused on software tools geared to headquarters or centralized management, their possible entry into software tools geared to agents or other 'last mile' resources could create intense competition for the Company's products. Such competition may force the Company to expend greater resources on development and marketing as a way to reach customers, thereby decreasing the Company's profits.

(g) Catastrophic data events

Hacking and other unauthorized entry into data systems has become increasingly frequent and the costs of protecting against hacking has become increasingly expensive. For some customers, the Company is responsible for hosting access to the Company's products. Though the Company believes that such access is secure and reliable, one or more disruptions or data breaches in such access, even though not the fault of the Company, could engender negative customer experience, negative publicity or even liability.

(h) Failure of technology

The Company expends great resources on development and improvements to its products. Though the Company maintains rigorous quality control systems, it is possible that a bug or error in the Company's software or an outage of access to the Company's products will have negative consequences on the Company's image with customers, or even cause damage for which the Company may be held responsible. There can be no assurance that the Company's resources will be sufficient to absorb such liability or recover from negative publicity.

(i) Cyclical nature of the financial industry

Many of the Company's significant client are in the financial industry. The financial industry has historically been prone to cyclical periods of growth followed by contraction. While the Company believes that the funds raised by the Offer will strengthen its cash position to support a cyclical downturn, there can be no assurance that a prolonged contraction of the financial industry will not present significant impediments to the Company's growth in revenue and profitability.

5.3 Risks associated with the Company's incorporation in Israel

(a) Compliance with Israeli and Australian company laws

The Company is incorporated in Israel and must comply with Israeli Companies Law. Since the Company will be listed on the ASX and registered as a foreign company in Australia, the Company must also comply with relevant Australian laws and regulations, including the ASX Listing Rules and certain provisions of the Corporations Act. Compliance with the corporate or other laws of two jurisdiction may impose increased costs on the Company and negatively affect the Company's competitive position relative to other companies in its field. Further, there can be no assurance that actual or proposed actions of the Company will not yield contradictory results between the laws of Israel and Australia, and that such contradictory results will not impair the flexibility of the Company.

(b) Rights of Shareholders

As is more fully described in Section 10.1 (Key Differences Between Israeli and Australian Company Law), the Israel Companies Law imposes different standards on, and grants different rights to, shareholders. Some investors may not be familiar with such rights and standards. There can be no assurance that differences in the rights and obligations imposed on the Company's shareholders by the Israel Companies Law will not deter investors from purchasing the Shares, and that such deterrence may limit the market for and price of the Company's shares

(c) Difficulty in enforcing a judgement of an Australian court against the Company

The Company is incorporated and headquartered in Israel. Many of the Company's directors and officers reside in Israel, and most of the Company's assets and the assets of these persons are located outside of Australia. Therefore, a judgment obtained against the Company, its directors, or officers (including a judgment based on the civil liability provisions of Australian securities laws) may have to be obtained in Australia and then enforced in Israel. Under the Israeli Law on Enforcement of Foreign Judgments, 5718-1958, Israeli courts may enforce an Australian judgment in a civil matter, including a judgment based upon the civil liability provisions of Australian securities laws, only if they find, among other things, that:

- (i) the judgment was rendered by a court which was, according to the laws of the state of the court, competent to render the judgment;
- (ii) the judgment may no longer be appealed;
- (iii) the obligation imposed by the judgment is enforceable according to the rules relating to the enforceability of judgments in Israel and the judgment is not contrary to public policy; and
- (iv) the judgment is executory in the state in which it was given.

As a result of the difficulty associated with enforcing a judgment against the Company in Israel, claimants may find it hard to collect the damages awarded by either an Australian or foreign court.

(d) Difficulty in enforcing a breach of the Company's Articles of Association

A claim against the Company for breach of its Articles of Association would need to be brought in Israel. Such a claim may not have the same enforceability as a claim made under the Corporations Act. There can be no assurance that litigation or enforcement of such a claim would be concluded in a timely or efficient manner. The difficulty in making and enforcing such claims may deter potential investors from purchasing the Shares, thereby reducing the liquidity or price of the Share.

(e) Provisions of Israeli law and the Articles of Association of the Company may impede a merger with, or an acquisition of, the Company

As is more fully described in Section 10.1 (Key Differences Between Israeli and Australian Company Law), Israeli Companies Law presents significant impediments to corporate mergers. These impediments may limit the attractiveness of the Company to acquisitions and may result in lower prices in an acquisition.

5.4 Geopolitical risks

(a) Risks in Israel

The headquarters of the Company are in Israel. Historically, Israel has been subject to periods of significant political and economic upheavals. Such conditions, if repeated may affect the business and operations of the Company. Further, since the establishment of the State of Israel in 1948, a number of armed conflicts have taken place between Israel and its neighbouring countries, some of whom are still in a technical state of war with Israel. Hostilities such as terrorist activities or other outbreaks of violence in the region or the interruption or curtailment of trade or transport between Israel and its trading partners could adversely affect the Company's operations and its financial results which could adversely affect the market price of the Company's Shares.

(b) Insurance risk

The Company's insurance does not cover losses that may occur as a result of an event associated with the security situation in the Middle East. There is no assurance that government or insurance compensation (if any) would be sufficient to fully compensate the Company for damages incurred from such situations. Such losses or damages may be significant and could have a material adverse effect on the business, financial condition and results of the Company's operations. Further, many Israelis between the ages of 21 and 45 are subject to mandatory military reserve duty. Such reserve duty may disrupt the work of employees and interfere with the smooth operation of the Company.

(c) Political, sovereign and economic risks

As the Company operates in Israel, it will be subject to the various factors associated with operating in a foreign jurisdiction, including:

- (i) economic, social or political instability or change;
- (ii) hyperinflation;
- (iii) currency non-convertibility or instability;
- (iv) changes of law affecting foreign ownership;
- (v) government nationalization;
- (vi) rates of exchange and exchange control;
- (vii) licencing requirements;
- (viii) restrictions on repatriation of income or return of capital; and
- (ix) labour relations.

While the Company believes Israel is stable with respect to these risks, there is no certainty that political and economic conditions will remain stable.

Deterioration in political or economic conditions may adversely affect the Company's operations and profitability.

(d) Exchange rate risk

Since the Company has customers around the world, it is exposed to an array of different currencies, and to the risks associated with each currency. However, a large portion of the Company's operating expenses are incurred in Israeli Shekels (**ILS**), which is the lawful currency of the State of Israel and additional expenses associated with its listing on ASX will be incurred in Australian dollars post-listing. As a result, the Company is exposed to at least the following risks:

- (i) the ILS or A\$ may appreciate relative to the US\$;
- (ii) the potential devaluation in ILS or A\$ relative to the US\$;
- (iii) the inflation rate in Israel or Australia may exceed the rate of devaluation of the ILS or A\$; or
- (iv) the timing of such devaluation may lag behind inflation in Israel or Australia.

Upon any such occurrence, the US\$ cost of Company's operations in Israel or Australia would increase and the Company's US\$-denominated results of operations would be adversely affected. Failure by the Company to hedge its income or expense and a sharp change of foreign exchange could lead to financial loss.

(e) Tax residency of the Company

As an entity incorporated in Israel, the Company is considered a non-resident for Australian income tax purposes. This status may be re-assessed on an ongoing basis. There is a risk that the Company may be considered to be an Australian tax resident in the future, or as having a permanent establishment in Australia, resulting in bilateral tax claims on the Company's future results. Such a determination may delay or erode the Company's profit and depress the price of the Shares.

5.5 General risks

(a) Coronavirus (COVID-19)

The outbreak of the coronavirus disease (COVID-19) is impacting global economic markets. In addition, the Company has operations in India, a region that has recently been heavily impacted by COVID-19. Although the long term effects of COVID-19 are unknown, the Company continues to take the actions it deems necessary to protect its employees and business in areas where COVID-19 is impacting local communities whilst maintaining its operations. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company.

(b) General economic conditions

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

(c) Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences. As a result, there can be no certainty as to the future performance of the Shares or any return on an investment in the Company.

(d) Additional requirements for capital

It is likely that the Company will need further funding from issuance of its Shares. Such issuances will dilute the holdings in the Company of investors. Debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its activities. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(e) Reliance on key personnel

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance that there will not be a detrimental impact on the Company if one or more of these employees cease their employment.

(f) Force majeure

The Company's operation, now or in the future, may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

5.6 Investment Speculative

The above list of risk factors is not exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares. Therefore, the Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares. Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

6. KEY INDIVIDUALS. INTERESTS AND BENEFITS

6.1 Board of directors

At Admission, the board will comprise six members, consisting of the Executive Chairman, the Managing Director, two Independent Non-executive Directors and one Non-executive Director who is not considered independent.

The Directors of the Company bring the Board a variety of skills and experience, including industry and business knowledge, financial management and corporate governance experience. The below table provides further details on the Board.

Director



David Nash
Executive Director

Expertise, experience and qualifications

An entrepreneur with over 18 years of experience in entrepreneurship and consulting for multinational companies in a variety of fields especially in online businesses, Mr Nash was involved in founding Gefen Technologies in 2016.

Founded Gefen Technologies in 2016. In the current position, responsible for all the commercial aspects of the company, including, strategy and business development, managing directly the sales and marketing processes & business channels relationships, all financial aspects (i.e. planning company budgets, funding, mergers and acquisitions etc.), legal aspects and relationships with customers and suppliers, corporate governance and more.

Since 2007, Mr Nash has been involved in various companies in Israel associated with infrastructure and technology, including serving as co-CEO of WoodenArk, that worked in a joint venture with Israel's largest telecommunications company to empower small to medium businesses in Israel by bringing them digital marketing solutions, and acting as CEO Nitzanim Energy Ltd, a private company engaged in the development and establishment of integrated commercial centres and gas stations in Israel.

Mr Nash holds a Bachelor of Laws and a Bachelor of Arts (Law & Business Administration).

Mr Nash has not previously been a director of any other ASX listed company.

The Board considers that Mr Nash is not an independent Director.



Orni Daniel

Mr Daniel oversees the global activity of the company. He has over 15 years' experience in managing global online operations in various industrial sectors, including finance, gaming and e-commerce.

Mr Daniel is a pilot in the Israeli Air Force and a is a former squadron deputy commander and is also a Cofounder of Mamaherb, a non-profit organization and the 2009 winner at the World Summit Award endorsed by the United Nations, in the e-Health category.

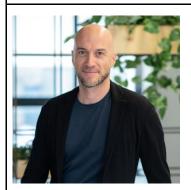
Mr Daniel has graduated with a Bachelor of Laws, cum laude, and a Bachelor of Business.

Mr Daniel has not previously served as a director of any

Executive Director

other ASX listed company.

The Board considers that Mr Daniel is not an independent Director.



Elad Daniel
Executive Director

Mr Daniel is an expert in initiating, designing, building and implementing digital enterprise platforms from the ground up. Has extensive experience in online marketing, advertising, eCommerce, enterprise ICT and cloud solutions.

Mr Daniel co-founded Gefen Technologies in 2016 with Mr Nash. Currently he is responsible for the conceiving and overseeing the existing and future capabilities and technology of the platform and its implementation. Closely involved in all aspects of the product - from broad design to the features, user interface and prioritization of both web and mobile platforms. Incorporates close relationships with the field, innovation, experience and understanding the user, the enterprise and customers.

Since 2001, Mr Daniel has been involved in various roles and positions within Israel's technology and startup ecosystem, including acting in the roles of Consulting Executive for Niram-Gitan Group, interim CEO of SQLink and as a co-founder and senior executive of WoodenArk and Mamaherb.

Mr Daniel holds a Bachelor of Engineering from Tel Aviv University and is a former officer (Major) in an elite IDF special forces unit.

Mr Daniel has not previously served as a director of any other ASX listed company.

The Board considers that Mr Daniel is not an independent Director.



Amir Shukrun
Non-Executive Director

Mr Shukrun is the current CEO of the Rishonim Fund for the last seven years. He has vast experience in financing, mezzanine loans, merger and acquisition transactions, invested in over 18 private ventures, serves as a board member in 5 companies.

Led investments of over \$300M in private equity funds in various industries including: Real Estate - specializing in complex financial instruments, Custom office spaces and high-tech start-ups.

He holds a Bachelor of Economics from Tel Aviv University and MBA in Business (specialized in Finance) from the program for training directors and senior executives at Tel Aviv University.

The Board considers that Mr Shukrun is not an independent Director.



Hava Friedman Shapira
Non-Executive Director

Ms Shapira has extensive managerial experience combined with proven business leadership skills and abilities and has a long association with the insurance industry in Israel. She is also a member of the International Women Forum management team in Israel. From 2001 to 2013, she served as the CEO of AIG Israel Insurance Company Ltd, managing the Company from a startup stage to a \$200 million portfolio of general and life insurance products.

She is currently a board member of Harel Investments in insurance and financial services, and sits on the board of Trustees of the College of Engineering Ort Braude in Carmiel.

The Board considers that Ms Friedman Shapira is an independent Director.



Gabriel Chiappini
Non-Executive Director

Mr Chiappini is an experienced ASX director and has been active in the capital markets for 17 years. Mr Chiappini operates Laurus Corporate Services Pty Ltd providing company secretarial and directorship services to post-startup companies looking to list on the ASX.

Mr Chiappini is currently a Director of ASX listed companies, Black Rock Mining Limited and Invictus Energy Limited, and has previously served as non-executive director and company secretary of a number of other ASX listed entities.

Mr Chiappini holds a Bachelor of Business (Accounting and Finance) from Edith Cowan University, is a Chartered Accountant and is a member of the Australian Institute of Company Directors.

The Board considers that Mr Chiappini is an independent Director.

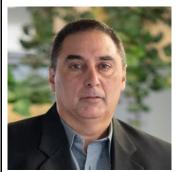
6.2 Key management

Executive

Tomer Ben-Ari

Expertise, experience and qualifications

Mr Ben-Ari has over 20 years' experience in R&D and operations management. During this time, he has built a strong technical, business and product knowledge base. He has a reputation for taking technical products and making it into a valued solution for customers. In earlier roles, he helped build efficient and cost-effective technology teams and processes. His specialist sectors in Insurtech and Fintech. Tomer joined Gefen as its Chief Operating Officer and Chief Technical Officer in August 2020. His previous roles included General Manager of R&D and Innovation at Barclays Bank (Tel Aviv) and a number of senior management R&D positions at other companies. Tomer has a Master of Science (Computer Sciences) degree and Bachelor of Arts (Computer Sciences) degree, both from leading Israeli university IDC Herzliya.



Raanan Alergand CFO

Mr Alergand has over 20 years' experience working in senior management roles in a number of private and public companies cutting across multiple industrial sectors, including software, consumer products, professional services and communications. He joined Gefen as its Chief Financial Officer in September 2020. His previous roles included head of technology (financial outsourcing) at BDO Ziv Haft (2017-2020) and CFO positions at ASOCS (2005-2015) and Nordan Group (2005-2013). Raanan has a software programming degree from John Bryce Tel Aviv, a BA (accounting and economics) and an MBA (finance and insurance) both from Tel Aviv University and he is a CPA (certified by the Israeli accountants council).

6.3 Company Secretary

| Company Secretary | Expertise, experience and qualifications |
|-------------------------------|--|
| David Hwang Company Secretary | Mr Hwang is a Principal and Chief Compliance Officer of Automic Group, which provides fully integrated legal, registry and outsourced company secretarial services. He is an experienced corporate lawyer and company secretary specialising in listings on ASX (IPOs and reverse listings), equity capital markets and providing advice on corporate governance and compliance issues. David currently serves as company secretary to a number of ASX listed entities. David holds a Bachelor of Laws from UNSW, and is also a notary public. |

6.4 Director remuneration

None of the existing Directors of the Company have been paid any remuneration in their roles as Directors of the Company prior to the date of this Prospectus. For each of the Directors, the remuneration for the current financial year after Admission (payable from Admission) is set out in the table below:

| Director | Proposed Remuneration for Current Financial Year |
|------------------------------------|--|
| David Nash ^{1,2} | A\$285,000 |
| Orni Daniel ^{1,2} | A\$285,000 |
| Elad Daniel ^{1,2} | A\$285,000 |
| Amir Shukrun ³ | A\$40,000 |
| Hava Friedman Shapira ³ | A\$40,000 |
| Gabriel Chiappini ³ | A\$40,000 |

Notes:

 On November 1, 2020 Gefen Technologies entered into executive employment agreements with each of its founders, David Nash, Orni Daniel and Elad Daniel, with respect to their engagement as the Co-Chief Executive Officers of Gefen Technologies. From Admission, each of these Directors

will receive A\$23,750 as a gross monthly salary. Each of these Directors will not receive any additional fees in their roles as Directors of the Company.

2. Each of Messrs Elad Daniel, David Nash and Orni Daniel have been accruing salaries and have amounts owing to them for 2020 up to 31 March 2021 of the following:

Elad Daniel: US\$342,700 David Nash: US\$325,141 Orni Daniel: US\$246,792

These Directors have agreed with the Company that these accrued fees will not be paid to the Directors until after the date that is two years from Admission. Refer to Section 6.6 below (Loan and Deferral Agreements) for a summary of the agreement entered into relating to the deferral of these amounts.

3. In accordance with Israeli regulatory requirements, the remuneration of Amir Shukrun, Hava Friedman Shapira and Gabriel Chiappini has been approved by a resolution of the Shareholders of the Company on 6 May 2021.

The Company's Articles provide that the Directors shall be paid any remuneration by the Company for such Director's services as a member of the Board of Directors, provided that such remuneration has been approved pursuant to the provisions of the Companies Law. The Directors shall also be entitled to the reimbursement for out-of-pocket and travel expenses incurred in connection with the performance of their services to the Company.

Summaries of agreements with David Nash, Orni Daniel and Elad Daniel are set out in Section 6.6 below.

6.5 Director's interests in securities

Directors are not required under the Company's Articles to hold any Shares in order to be eligible to act as a director.

Details of the Directors' relevant interest in the Securities of the Company upon completion of the Offer, including any securities held by their spouses or entities that they control, are set out in the table below (assuming that each of the Directors do not take up Shares under the Offer):

| Director | Shares | Options | % (undiluted) | % (fully diluted) |
|--------------------------|------------|------------------------|------------------|----------------------|
| David Nash | 19,502,269 | 2,500,000 ¹ | 15.24% | 14.39% |
| Orni Daniel | 19,502,269 | 2,500,000 ¹ | 15.24% | 14.39% |
| Elad Daniel | 19,502,269 | 2,500,000 ¹ | 15.24% | 14.39% |
| Amir Shukrun | Nil | 1,601,339² | Nil | 1.05% |
| Hava Friedman Shapira | Nil | 150,000 ³ | Nil | 0.1% |
| Gabriel Chiappini | Nil | 150,000 ³ | Nil | 0.1% |

Notes:

- 1. Founder Performance Options exercisable at \$0.01 (with the vesting conditions set out in Section 10.4.2) on or before that date which is five (5) years from the date of issue.
- 1,451,339 Options exercisable at \$0.01 on or before12 May 2027 and 150,000 Options to be issued
 prior to Admission exercisable at \$1.50 (with the vesting conditions set out in Section 10.6) on or
 before five (5) years from the date of issue.

3. Options to be issued prior to Admission and exercisable at \$1.50 (with the vesting conditions set out in Section 10.6) on or before five (5) years from the date of issue.

6.6 Related Party Agreements

Executive Services Agreements

On or about 1 November 2020, the Company's subsidiary, Gefen Technologies AI Ltd entered into new executive service agreements with each of its three key executives, Messrs Elad Daniel, David Nash and Orni Daniel (**Executives**). Amendments to the executive services agreements were then agreed and executed on 1 May 2021.

The executive services agreements are summarised as follows:

- (a) Mr Elad Daniel is engaged to act as the Group's Executive Chair and Chief Technology Officer, Mr David Nash is engaged as the Co-Chief Executive Officer and Mr Orni Daniel is engaged as the Co-Chief Executive Officer.
- (b) Each of the Executives is entitled to an annual salary of A\$285,000.
- (c) Each of the Executives is eligible to be given an annual bonus (in addition to their salary) at the discretion of the Board of Gefen Technologies Al Ltd.
- (d) Each Executive shall be entitled to receive a contribution to an education fund from the Company equal to 7.5% of the salary, subject to the Executive making a monthly personal contribution of 2.5% of their salary to the education fund.
- (e) The executive services agreements may be terminated by either party on 90 days' written notice. The Company may otherwise terminate the executive service agreements where the relevant executive commits a serious breach or commits a criminal offence under Israeli laws.
- (f) Each executive is entitled to receive the Performance Options, the terms of which are set out in this Prospectus.
- (g) The employment relationship and the terms of the executive services agreement with each Executive are subject to the laws of Israel.

Loan and Deferral Agreements

Each of the co-founders of the Company (Messrs Daniel, Nash and Daniel) have entered into loan agreements with the Company's subsidiary, Gefen Technologies Al Ltd whereby they have provided funds to Gefen Technologies to meet working capital needs. The loan balances are currently as follows:

(a) Elad Daniel: US\$99,693;

(b) David Nash: US\$405,756; and

(c) Orni Daniel: US\$91,325.

The loans are otherwise on the following terms:

- (d) the interest payable on the outstanding amounts is simple interest at the rate of 3% per annum (or the minimum rate prescribed under Israeli law for such a loan, if higher), computed on a monthly basis, from 12 November 2020 and until repayment in full;
- (e) the loans are repayable as follows:

- (i) 50% of the outstanding amount (US\$298,387) will be repaid from available funds fifty (50) days after Admission; and
- (ii) the remaining 50% shall be payable on the date that is two years after Admission; and
- (f) the loans are not subject to prepayment unless approved by the shareholders of the Company.

Notwithstanding the employment agreements between each of the co-founders and Gefen Technologies, each of Messrs Daniel, Nash and Daniel have agreed to waive certain salary, benefits and other agreed upon payments due to each from Gefen Technologies during 1 January 2018 to 30 April 2021 in the following total sums:

- (a) Elad Daniel: NIS 1,104,891;
- (b) David Nash: NIS 1,048,428;
- (c) Orni Daniel: NIS 796,202;

In addition, each of Messrs Daniel, Nash and Daniel are owed the following in salary, benefits and other payments due to them:

- (a) Elad Daniel: US\$342,700;
- (b) David Nash: US\$325,141; and
- (c) Orni Daniel: US\$246,792.

Notwithstanding the above waiver, subject to all required corporate approvals, the Company will pay the co-founders the following amounts on the date that is two years after Admission:

- (a) Elad Daniel: US\$342,700;
- (b) David Nash: US\$325,141; and
- (c) Orni Daniel: US\$246,792.

Liability, Exculpation, Insurance and Indemnification of Directors and Officers

The Company, to the extent permitted by law, indemnifies each of its Directors and Officers (past and present) against any liability incurred by that person as an officer of the Company or one of its Subsidiaries and certain legal costs incurred by that person (on a solicitor-and-client basis).

The Company, to the extent permitted by law, may make a payment (whether by way of an advance, loan or otherwise) to a Director in respect of legal costs incurred by that person in defending an action for a liability of that person (on a solicitor-and-client basis).

The Company, to the extent permitted by law, may procure insurance insuring any Director or Secretary of the Company or its Subsidiaries against any liability incurred by such person as an officer of the Company or its Subsidiaries and certain legal costs incurred by that person (on a solicitor-and-client basis).

Under the Companies Law, a company may not exculpate an office holder from liability for a breach of the duty of loyalty. An Israeli company may exculpate an office holder in advance from liability to the company, in whole or in part, for damages caused to the company as a result of a breach of duty of care but only if a provision authorising such exculpation is included in its articles of association.

The Company's restated Articles of Association to be effective upon the closing of the Offer will allow the Company to exculpate, indemnify and insure its office holders to the fullest extent permitted or to be permitted by the Companies Law. A company may not exculpate in advance a director from liability arising out of breach of his duty of care in a prohibited dividend or distribution to shareholders.

Under the Companies Law and the Securities Law, an Israeli company may indemnify an office holder in respect of the following liabilities and expenses incurred for acts performed as an office holder, either in advance of an event or following an event, provided a provision authorising such indemnification is contained in its articles of association:

- (a) financial liability imposed on him or her in favour of another person pursuant to a judgement, including a settlement or arbitrator's award approved by a court (provided that if an indemnity is provided in favour of office holder in advance, then it shall be limited to reasonably foreseeable events as determined by the Board based on the Company's activities at the time of granting the undertaking to indemnify, and an amount determined by the board of directors as being reasonable under the circumstances);
- (b) reasonable litigation expenses, including legal fees, incurred by the office holder as a result of an investigation or proceeding instituted against him or her, provided that no indictment was filed against such office holder as a result of such investigation or proceeding and no financial liability was imposed as a substitute for a criminal proceeding as a result of such investigation or proceeding or, alternatively, a financial liability was imposed on such office holder as a substitute to an indictment arising from the criminal proceeding that does not require proof of criminal intent, or in connection with a monetary sanction;
- (c) reasonable litigation expenses, including legal fees, incurred by the office holder or imposed by a court in proceedings instituted against him or her by the company or by a third party or in connection with criminal proceedings in which the office holder was acquitted or as a result of a conviction for an offense that does not require proof of criminal intent; and
- (d) expenses, including reasonable litigation expenses and legal fees, incurred by an office holder in relation to an administrative proceeding instituted against such office holder, including certain payments imposed on an office holder to be made to an injured party pursuant to certain provisions of the Israeli Securities Law.

Under the Companies Law and the Securities Law, a company may insure an office holder against the following liabilities incurred for acts performed as an office holder if and to the extent provided in the company's articles of association:

- (a) a breach of duty of care toward the company or toward a third party, including a breach arising out of the negligent conduct of the office holder;
- (b) a breach of the duty of loyalty to the company, to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the Company; and
- (c) a financial liability imposed on the office holder in favour of a third party.

Under the Companies Law, a company may not indemnify, exculpate or insure an office holder against any of the following:

(a) a breach of the duty of loyalty, except for indemnification and insurance for a breach of the duty of loyalty to the company and to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company;

- (b) a breach of duty of care committed intentionally or recklessly, excluding a breach arising out of the negligent conduct of the office holder;
- (c) an act or omission committed with intent to derive unlawful personal benefit; or
- (d) a fine or forfeit levied against the office holder.

6.7 ASX corporate governance principles and recommendations

Companies incorporated under the laws of the State of Israel, whose shares are publicly traded, including companies with Shares listed on ASX, are required to comply with various corporate governance requirements under Israeli law relating to such matters as external directors, the audit committee, remuneration committee and remuneration policy, Company's auditors, and an internal auditor. This is the case even if the Company's shares are not listed on the Tel Aviv Stock Exchange. These requirements are in addition to applicable provisions of Australian laws and the Listing Rules to which the Company will become subject upon the listing of the Shares on ASX, such as The Corporate Governance Principles and Recommendations (4th Edition) as published by ASX Corporate Governance Council (Recommendations).

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. To implement these systems, the Company has adopted a set of policies and procedures. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted the Recommendations.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and the Company's full Corporate Governance Policy is available in a dedicated corporate governance information section of the Company's website at www.gefentechnologies.com.

(a) Board of Directors

The Company's Code of Conduct states that it is an expectation that all directors will:

- (i) act in accordance with the Company's values and corporate goals;
- (ii) act in the best interests of the Company;
- (iii) act honestly, ethically, responsibly and with high standards of personal integrity;
- (iv) comply with all laws and regulations that are applicable to the Company and its operations;
- (v) treat fellow colleagues with respect and not engage in bullying, harassment or discrimination;
- (vi) deal with customers and suppliers fairly;
- (vii) disclose and deal appropriately with any conflicts between their personal interests and their duties as a director, senior executive, KMP, officer or employee of the Company:
- (viii) not take advantage of the property or information of the Company or its customers for personal gain or to cause detriment to the Company or its customers;

- (ix) not take advantage of their position or the opportunities arising from their position for personal gain; and
- (x) report any breaches of this Code of Conduct to the Board.

In addition, the Board is aware of its obligations with respect to continuous disclosure of material information and embraces the principle of providing access to that information to the widest audience of investors. The Board will regularly review the effectiveness of the Company's procedures to ensure compliance with its continuous disclosure obligations.

(b) Identification and management of risk

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

(c) Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards and to conducting all of the Company's business activities fairly, honestly with integrity, and in compliance with all applicable laws, rules and regulations. In particular, the Company and the Board are committed to preventing any form of bribery or corruption and to upholding all laws relevant to these issues as set out in the Company's Anti-Bribery and Corruption Policy.

In addition, any internal reporting of a breach or other suspicious or corrupt interactions will be dealt with in accordance with the Company's Whistleblower Policy. The Company and the Board provide effective protection from victimisation or dismissal to those reporting such conduct as set out in its Whistleblower Protection Policy.

(d) Trading policy

The Board has adopted a trading policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel, certain employees and relatives of key management personnel.

The trading policy:

- recognises it is the individual responsibility of each director, senior executive, officer and other employee to ensure they comply with insider trading laws; and
- (ii) prohibits directors, senior executives, officers and other employees from directly or indirectly buying, selling or otherwise trading in the Company's shares, or in the shares of any other corporation, where:
 - (A) by reason of being a director of the Company or any other corporation, they possess material and/or price sensitive information which is not generally available; or
 - (B) buying or selling those shares in some way infringes insider trading laws.

(e) Audit Committee and Compensation Committee

To ensure the Board has adequate time to concentrate on strategy, planning and performance enhancement, the Board will delegate certain specific duties to Board sub-committees. There is currently one sub-committee, the Audit and Risk Committee (**Audit Committee**). The Audit Committee will be comprised of

Gabriel Chiappini and Hava Friedman Shapira. The Company intends on constituting a Nomination and Remuneration Committee following Admission.

Board sub-committees will assist and support the Board in the conduct of its duties and obligations under the Companies Law and the Company's Articles. The structure and membership of each sub-committee and any charters are reviewed annually. Other sub-committees may be constituted from time to time, as required.

6.8 Departures from Recommendations

Under the ASX Listing Rules the Company will be required to provide a statement in its annual financial report or on its website disclosing the extent to which it has followed the Recommendations during each reporting period. Where the Company has not followed a Recommendation, it must identify the Recommendation that has not been followed and give reasons for not following it.

The Company's compliance and departures from the Recommendations will also be announced prior to admission to the Official List of the ASX.

7. MATERIAL CONTRACTS

7.1 Customer Contracts

(a) Dai-Ichi Life Insurance Company

Gefen Technologies entered into a Platform License Agreement with the Dailchi Life Insurance Company, Japan (**Dai-Ichi**), dated 5 October 2020, pursuant to which it granted Dai-Ichi a non-transferable, limited license to use its Platform and services. In consideration for the license and services, Dai-Ichi Life paid an initial set up fee covering the first two months of operation and a per use fee thereafter. The Company indemnifies Dai Ichi for claims of infringement of the Platform of third-party intellectual property.

(b) Fineline Global PTE Ltd

Gefen Technologies entered into a Software Development and License Agreement with Fineline Global PTE Ltd (**Fineline Global**), dated 25 December 2016. Fineline paid the Company US\$1.5 million for development services and received a free license to the Platform for the first three years. After the first three years, Fineline pays the Company an annual fee for use of the Platform or a fee per Fineline user of the Platform. The Company indemnifies Fineline for claims against it of infringement by the Platform of third-party intellectual property rights.

(c) Reale Seguros Generales, S.A

Gefen Technologies entered into Platform License Agreement with Reale Seguros Generales, S.A (**Reale**), dated 13 January 2020, pursuant to which it granted Reale a license to use the Platform in consideration for monthly license fees based on the number of Reale users of the Platform. The license is renewed automatically on an annual basis. Most recently, the Company granted Reale a 3-month grace period (due to the effects of COVID-19) to confirm renewal of the license, meaning that the next auto-renewal will occur in July 2021 (rather than April 2021). The Company indemnifies Reale for claims of infringement by the Platform of third party intellectual property.

(d) Manulife (Singapore) Pte. Ltd.

Gefen Technologies entered into a Platform License Agreement with Manulife (Singapore) Pte. Ltd. (**Manulife**), dated 5 June 2018 and a Master Services Agreement pursuant to which it granted Manulife a license to use its Platform and to receive development services for three years ending 2023. Manulife pays license fees based on the number of its users of the Platform. The Company indemnifies Manulife for claims of infringement by the Platform of third party intellectual property.

(e) Tal Life Limited

Gefen Technologies entered into a Professional Services Agreement with Tal Life Limited (**Tal**), dated 13 November 2018, for a three-year license to the Platform as well as development services. Tal may extend the agreement for an additional three years after the initial term. The Company granted Tal a conditional exclusivity covering the financial services industry in Australia, subject to Tal meeting certain usage and payment conditions. The Company indemnifies Tal for claims of infringement by the Platform of third-party intellectual property. Either party may terminate the license on 12 months' notice. Tal pays fees to the Company based on the number of Tal personnel using the Platform. The Company indemnifies Tal for claims of infringement by the Platform of third-party intellectual property.

(f) Assicurazioni Generali - Società per Azioni

Gefen Technologies entered into a Group Frame Agreement For Cloud Services with Assicurazioni Generali - Società per Azioni (Generali), dated 1 November 2018, later extended until 31 October 2021, pursuant to which the Company hosts the Platform on its own servers and provides Generali with access to the Platform. License fees to the Company are based on the number of Generali personnel using the Platform. The Company indemnifies Generali for claims of infringement by the Platform of third-party intellectual property rights. The Platform License Agreement is in effect until 1 November 2021, with an option to Generali to extend for additional one (1) year, with a ninety (90) days prior notice prior to the expiration of the agreement or the option to extend. Generali has the right to terminate the agreement without liability at any time, without cause, upon one (1) month prior written notice. the Company. The following other agreements were signed by the Company in the context of the Group Frame Agreement with Generali each of which expanded the scope of the license and increased the revenues paid to the Company:

- (i) CIA with PT ASURANSI JIWA GENERALI dated 23 September 2019;
- (ii) CIA with CAJA DE SEGUROS SA dated 20 March 2020; and
- (iii) Generali España Sociedad Anônima de Seguros y Reaseguros dated 10 July 2018.

(g) Carflos Ariza Soto

On 22 September 2020, Gefen Technologies entered into a Consulting Agreement with Carflos Ariza Soto, for the provision of business development on a non-exclusive basis and introductions to potential customers and investors. The Company is to pay Carflos Ariza Soto a fee of 10% of the amounts received by the Company from approved prospects during the first 24 months of the term of the agreement and 5% of amounts received by the Company from such prospects during the 12 months thereafter. business. The Consulting Agreement is in effect until 22 September 2021 and may be terminated for any reason upon 60 days written notice.

(h) MT Innovation

On 11 April 2018, Gefen Technologies entered into a Consulting Agreement with MT Innovation (MT), to develop leads for pre-sale meetings with potential clients in Australia, Israel, New Zealand, Japan and South Africa. The Company is to pay MT Innovation a success fee based on revenues from customers introduced by MT. The fees begin at 15% of revenues from a lead generated by MT that brings revenue to the Company of at least US\$3 million, and such fees rise on a graduated basis to 25% for revenue from such contracts in excess of US\$25 million. The agreement has a three-year term, and the fees are payable on revenues received within 36 months of the customer agreement.

7.2 Agreements relating to the Offer

(a) Joint Lead Manager Mandate

The Company is party to a joint lead manager mandate with RM Corporate Finance Pty Ltd and Morgans Corporate Limited dated 11 February 2021 pursuant to which RM Corporate Finance Pty Ltd and Morgans Corporate Limited (the **Joint Lead Managers**) have been engaged to act as joint lead managers to the Offer (**JLM Mandate**). Pursuant to the JLM Mandate:

(i) The Joint Lead Managers will (amongst other things) severally provide advice on and assist the Company to coordinate the presentation and

marketing of the Company and the Offer to potential investors in the Company including, without limitation, by way of institutional roadshows, presentations to equity analysts and publicity to the market generally; assist the Company with the implementation of the Offer by conducting a bookbuild, provided that the terms of the bookbuild process and its conduct are agreed between the parties; and provide such other assistance to the Company in connection with the Offer as agreed in writing by the parties from time to time (**Services**).

- (ii) In consideration for the Joint Lead Managers providing the Services, the Company will pay the Joint Lead Managers the following fees:
 - (A) a management fee of 1% of the Gross Proceeds (Management Fee);
 - (B) a selling fee of 4% of the Gross Proceeds (**Selling Fee**).

For the purposes of the above **Gross Proceeds** means the aggregate gross proceeds of the Of fer (before any costs, expenses or other deductions or payments), including, without limitation, aggregate gross proceeds received from the issue by the Company, and/or sale by an existing shareholder, of shares in the Company under the Offer but does not include the proceeds on the issue or disposal of any securities in the Company not undertaken as part of the Offer (for example, the issue of shares on conversion of convertible notes.

- (iii) The Management Fee and the Selling Fee are payable to the Joint Lead Managers following settlement of the Offer and the Company being admitted to the Official List (**Completion**).
- (iv) The Company must reimburse the Joint Lead Managers for all third party costs and expenses incurred by the Joint Lead Managers in providing the Services or otherwise in connection with the Offer including, without limitation, roadshow expenses, travel and accommodation expenses, document production and printing costs, courier costs and legal costs. The Joint Lead Managers must obtain the prior written approval of the Company for any individual cost or expense exceeding A\$2,000 prior to incurring the expense.
- If during the term of the engagement of the Joint Lead Managers (v) (without the written consent of the Joint Lead Managers in their discretion), an Alternative Transaction is announced and the Alternative Transaction subsequently completes at any time, the Company must pay a break fee (being the total of 3% of the aggregate gross proceeds (before any costs, expenses ort other deductions or payments) of any such Alternative Transaction, up to a maximum of \$250,000) to the Joint Lead Managers at or before completion of the Alternative Transaction. For these purposes, an Alternative **Transaction** means an initial public offer of the Company without the Joint Lead Managers or an acquisition, divestiture, merger (including through a buy-back, capital reorganisation, capital reduction or other restructure), scheme of arrangement or joint venture is undertaken in relation to the Company, a Related Body Corporate of the Company or all or any material part of the business or assets that were to be included in the Offer.
- (vi) The JLM Mandate terminates on the earlier of Completion; one party giving the other written notice to the other party terminating the engagement, with such notice taking effect on receipt unless otherwise specified in the notice (provided that such notice may not be given after entering into an underwriting agreement between the parties unless the

underwriting agreement is validly terminated in accordance with its terms; the Company otherwise indicating to the Joint Lead Managers, or where it is reasonable in the circumstances for the Joint Lead Managers to conclude that the Company does not wish to pursue the Offer, or suspends consideration of the Offer, (**Deemed Termination**) (provided that such Deemed Termination cannot occur after entering into an underwriting agreement between the parties unless the underwriting agreement is validly terminated in accordance with its terms). Either the Joint Lead Managers or the Company may give notice of a Deemed Termination to the other, but they are not required to do so; and 30 June 2021.

The JLM Mandate otherwise contains representations and warranties, indemnities and limitations of liability considered standard for an agreement of this type.

(b) Corporate Advisory Mandate

The Company has entered into a corporate advisory mandate with RM Corporate Finance Pty Ltd dated 11 February 2021 pursuant to which RM Corporate Finance Pty Ltd has been engaged to provide corporate advisory services to the Company both prior to and after the listing of the Company on ASX (**Corporate Advisory Mandate**). Pursuant to the Corporate Advisory Mandate:

- (i) RM Corporate Finance Pty Ltd will (amongst other things) provide: corporate, business and strategic advice in respect to the Offer; provide introductions to reputable lawyers, accountants, auditors and other professional service providers that may be required by the Company as part of the IPO process; assist the Company with the coordination and management of the Offer generally; advise on the allocation of Shares with the objective of placing shares to a range of investors and to work towards positive market support for the Company and promote the investment proposition in the Company and building interest in the shares (**Services**).
- (ii) In consideration for the provision of the Services by RM Corporate Finance Pty Ltd, the Company will pay/issue RM Corporate Finance Pty Ltd:
 - (A) Previously accrued fees of A\$37,500 (plus GST) which shall be paid upon the successful listing of the Company on ASX.
 - (B) A corporate advisory fee of \$12,500 (plus GST if applicable) per month (**Corporate Advisory Fee**). The Corporate Advisory Fee shall commence accruing from the date of the mandate for each month (or part thereof) during the erm. The parties agree that an amount of \$150,000 (plus GST) shall be paid upon the successful listing of the Company on ASX as full payment of this Corporate Advisory Fee.
 - (C) A fee in the amount of A\$100,000 (plus GST) upon the successful listing of the Company on ASX (**IPO Success Fee**).
 - (D) A fee in the amount of 1.0% (plus GST) in respect to the total amount raised under the Offer (**Management Fee**).
 - (E) 1,672,918 Shares at completion of the Offer at nil cost immediately prior to Admission (or sooner as required).

- (iii) The Company must reimburse RM Corporate Finance Pty Ltd for all costs and expenses incurred by RM Corporate Finance Pty Ltd in providing the Services. RM Corporate Finance Pty Ltd must obtain the prior written approval of the Company for any individual cost or expense exceeding A\$2,000 prior to incurring the expense.
- (iv) RM Corporate Finance Pty Ltd may terminate the Corporate Advisory Mandate at any time on 5 days' written notice to the Company. The Company may terminate the Corporate Advisory Mandate at any time on 30 days' written notice to RM Corporate Finance Pty Ltd. If the Company terminates the Corporate Advisory Mandate for any reason other than due to breach of the Corporate Advisory Mandate or the JLM Mandate by RM Corporate Finance Pty Ltd, RM Corporate Finance Pty Ltd will be entitled to all outstanding fees under clause 5 (including, for the avoidance of doubt, the entire Corporate Advisory Fee) and the reimbursement of any incurred or accrued expenses up to the date of termination.

The Corporate Advisory Mandate otherwise contains representations and warranties, indemnities and limitations of liability considered standard for an agreement of this type.

7.3 Financing Agreements

(a) 2020 Convertible Note Deeds

In July 2020, the Company raised \$4,000,000 through the issuance of Convertible Note Deeds (the **2020** Notes) as follows:

- (i) the 2020 Notes bear no interest.
- (ii) The 2020 Notes are converted immediately prior to the completion of the Offer and Listing or upon some other Liquidity Event, into the number of ordinary shares in Gefen Technology or of the Company at a conversion price equal to the less of (i) the Offer price of the Shares discounted by 25%, and (ii) the value of the Shares based on a fully diluted pre-money Company value of \$75 million, taking into account the conversion of all securities capable of exchange and conversion as well as the issue of any shares issued to pay for the acquisition of a 51% equity interest in insurance agencies Polibit and Kaplan.
- (iii) For so long as the 2021 Notes remain outstanding, Gefen Technologies may not take any action which constitutes or results in any material alteration to the nature of the business of Gefen Technologies, including, inter alia, creating/permitting security interests on Gefen Technologies' assets, incurring financial indebtedness greater than \$1,000,000, changes to its share capital, issuance of shares, or entering into agreements that are not at arm's length.
- (iv) While Gefen Technologies is not listed or quoted on the ASX or another securities exchange, it must provide holders of the 2021 Notes with certain information rights, including, monthly management reports, unaudited quarterly financials on a consolidated basis, and audited annual accounts on a consolidated basis.

(b) 2021 Convertible Note Deeds

In April 2021, Gefen Technologies raised \$2,500,000 through the issuance of Convertible Note Deeds (the **2021 Notes**) as follows:

(i) The 2021 Notes bear no interest.

- (ii) The 2021 Notes will convert immediately following completion of the Offer into Shares at a 15% discount to the Offer price or \$0.85 per Share, such that upon conversion of the 2021 Notes, the Company will issue 2,941,176 Shares to holders of the 2021 Notes.
- (iii) For so long as the 2021 Notes remain outstanding, Gefen Technologies may not take any action which constitutes or results in any material alteration to the nature of the business of Gefen Technologies, including, inter alia, creating/permitting security interests on Gefen Technologies' assets, incurring financial indebtedness greater than \$1,000,000, changes to its share capital, issuance of shares, or entering into agreements that are not at arm's length.
- (iv) While Gefen Technologies is not listed or quoted on the ASX or another securities exchange, it must provide holders of the 2021 Notes with certain information rights, including, monthly management reports, unaudited quarterly financials on a consolidated basis, and audited annual accounts on a consolidated basis.

(c) Simple Agreements for Future Equity ("SAFE")

In October 2020 Gefen Equity raised approximately US\$1,500,000 (the Total Purchase Amount) through the issuance of SAFEs. Upon an IPO, the SAFEs are convertible into Shares at a discount of 20% of the Offer price. In an amendment to the SAFEs dated 12 November 2020, Gefen Technologies and the Company undertook all obligations and rights of the SAFEs.

(d) Polibit - Share Purchase Option Agreement and Share Purchase Agreement

Gefen Technologies entered into a Share Purchase Option Agreement and Share Purchase Agreement, dated 1 January 2020, as amended on 26 August 2020, with each of Nitzan Shmaiser, Ofri Nir and Ofri Amit (**Polibit Founders**) pursuant to which Gefen Technologies received a call option (**Call Option**) to purchase from the Polibit Founders up to 82 ordinary shares of Polibit Insurance Agency (2011) Ltd. (**Polibit**) comprising 51% of the Polibit's issued equity on a fully diluted basis (the **Polibit Shares**).

The exercise price of the Call Option is to be paid in an amount equal to (i) 51% of twice the commissions earned or paid to Polibit by insurance companies for the sale of insurance policies to end user customers during 2019 plus fees paid to Polibit's subsidiary from customers of its Polibit's platform, less (ii) 40% of the debt of Polibit. The Call Option is deemed automatically exercised upon an IPO of the Company. In the event of an initial public offer (**IPO**) of the Company the exercise price of the Call Option is to be paid to the Polibit Founders in the number of Shares of the Company according to a price per Share derived from the higher of (i) the fair market value of the Shares upon an IPO discounted by 15% if Company's valuation for purposes of the IPO was at least US\$ 100,000,000, and (ii) a Company valuation of US\$ 90,000,000. The Call Option was exercised on 1 January 2020, and Shares of Company will be issued to Polibit's Founders upon consummation of the Offer accordingly.

Gefen Technologies entered into a Shareholders Agreement with the holders of Polibit dated 1 January 2020 (**Shareholders Agreement**), under which the Company may designate as a member of the board of directors of Polibit, although we were provided with a draft of a resignation letter of Gefen Technologies. The Shareholders Agreement prohibits sales of shares of Polibit for 24 months, other than to affiliates of a shareholder. In the Shareholders Agreement, Gefen Technologies undertook to provide Polibit with a loan of US\$1,000,000 within 30 days of the IPO. Half of the loan is to be used for further development of the Platform, and half of loan is to be used for acquisition of

insurance agent business. The loan bears no interest and is to be repaid within 5 years subject to Polibit's available cash flow. Gefen is entitled to appoint a director to the board of directors of Polibit.

Polibit entered into a Share Purchase Agreement by and between Polibit, Pisgar Granit Insurance Agency (1991) Ltd. (**Pisgar**) and Mrs. Yeudith Frideman (**Yeudith**), dated 7 January 2021 (**SPA**), pursuant to which Polibit purchased 500 Ordinary Shares of Fridman-Berkovitch, Insurance Agency (2009) Ltd. (**Fridman-Berkovitch**) comprising 50% of Fridman-Berkovitch's share capital on a fully diluted basis. According to the SPA, Polibit transfers to Pisgar an amount of NIS 1,168,041 (US\$337,000) and to Yeudith an amount of NIS 1,114,948 (US\$322,000).

The SPA is subject to the following condition: the receipt of control permits under Israel's Financial Services Supervision (Insurance) Act 1981, allowing Polibit to hold 50% of Fridman-Berkovitch. The major part of investment amount remitted by Polibit is deposited into a designated Israeli bank account, and held in trust by Barak Azrieli, Adv. Following the completion of the condition above, Polibit shall be issued the purchased shares of Fridman-Berkovitch. In addition, Polibit will not participate in dividend distribution rounds as long as they take place in the Interim Period (as such term is defined in the SPA). During the Interim Period, an authorized representative of Polibit will be appointed as an observer for all general meetings, boards of directors or board committees and the Fridman-Berkovitch's articles of association will be amended in accordance with the Interim Period. There is no indemnification from Pisgar or Yeudith towards Polibit in the SPA.

(e) Kaplan

On 1 January 2020, Gefen Technologies, Ronnei Kaplan (**Ronnei**) and Amihad Kaplan (**Amiad**) entered into a Share Purchase Agreement, pursuant to which Gefen Technologies received a call option to purchase up to 128 Ordinary Shares of Kaplan Bashetach, insurance agency (2012) Ltd (**Kaplan**), consisting 51.2% of Kaplan's Ordinary Shares on a fully diluted basis (the **Call Option**).

The Call Option's exercise option was calculated as 102% of the commissions paid to Kaplan by insurance companies for the sale of insurance policies to end-clients during 2019; payable, in the event of an IPO initial public offer in the Company (or a related company), by issuance of shares to the sellers (the former holders of Kaplan shares) according to a price per share derived from the higher of (i) the fair market value of the shares upon an IPO, discounted by 15% if Company's valuation for purposes of the IPO was at least US\$ 100,000,000, and (ii) a Company valuation of US\$ 90,000,000. On 5 October 2020, Ronnei and Amiad signed a clarification letter, which confirmed that any and all insurance policies of any kind and sort, which are held and/or registered under Ronnei's and Amiad's name, including their rights in any and all income, payments and proceeds due or payable with respect to the insurance policies and any continuing, substitute, renewals of such insurance policies, have been irrevocably assigned and transferred to Kaplan, for no further consideration, as of 1 January 2020.

(f) Liquidity Capital

Gefen Technologies entered into a Master Proceeds Purchase Agreement dated 12 September 2018 as amended on 6 May 2019 with Liquidity Capital L.P. (**Liquidity**) (the **Master Proceeds Agreement**), pursuant to which Liquidity purchases receivables generated from Gefen Technologies' activity (the **Proceeds**), in periodic purchase transactions (each a **Purchase Transaction**). For each US\$126,000 of Proceeds transferred by Gefen to Liquidity, Gefen receives US\$100,000 of Purchase Price.

The delivery to Liquidity of the Proceeds for each Purchase Transaction is made in 24 equal monthly instalments commencing. Delayed payments interest at the rate of 20% per annum, accruing weekly. Liquidity has a Commitment Cap of US\$10 starting in 2019 and Gefen must sell to Liquidity at least US\$6 million in proceeds starting in 2019. If Gefen sells less than the Commitment Cap, it must pay an additional 0.5% of the shortfall between the applicable Commitment Cap and the aggregate Purchase Price actually provided by Liquidity during such year.

Gefen Technologies may not sell proceeds to an entity other than Liquidity until all outstanding Proceeds have been paid to Liquidity. Even after Gefen Technologies' annual commitment to Liquidity has been met, Gefen owes Liquidity a right of first refusal on similar factoring transaction before executing such a transaction with another entity. Among the conditions for a Purchase Transaction are that (i) there be an equity investment in Gefen of at least US\$5,000,000 (the **Initial Investment**), 12 September 2018; (ii) a further investment in Gefen of at least US 5 million after January 1, 2019, (iii) Gefen Technologies' growth in each quarter shall be equal to at least 50% of the growth projected for such quarter under Gefen Technologies' budget and business plan; and (iv) Gefen Technologies meets certain coverage ratios that match six months of Gefen's net burn rate.

Gefen Technologies agreed to various covenants in favour of Liquidity including a prohibition against pledging any of its assets that are related to the Proceeds. All outstanding Proceed amounts are accelerated and owing immediately upon the occurrence of an event of default by Gefen Technologies. Gefen Technologies undertook to provide Liquidity with annual and quarterly financial statements, monthly reports on revenue, and annual budget and two-year projections as well as visitation rights.

7.4 Restriction Deeds and Amendment Agreements

(a) Voluntary Restriction Deed

The Company and Fineline entered into a Restriction Deed on 22 April 2021, pursuant to which Fineline agreed that 90% of the ordinary shares it holds in the Company will be restricted from trading (the **Restricted Securities**), from the date the Company's securities are admitted to the official list of the ASX and until 31 December 2021, with the exception of a takeover offer under Chapter 6 of the Corporations Act or if the Restricted Securities are cancelled by the Company or transferred as part of a scheme of arrangement under Part 5.1 of the Corporations Act. The Restricted Securities will be subject to a holding lock, as such term is defined in the ASX Settlement Operating Rules, as amended from time to time.

(b) Amendment Agreement

Gefen Equity, Gefen Technologies, Gefen International and Fineline entered into an Amendment Agreement as of 17 March 2021 confirming that:

(i) all rights of Gefen Equity, Gefen Technologies and Gefen International under the Representation Agreement between Gefen Equity and Fineline dated 8 September 2020 (**Original Agreement**) shall vest in Gefen Technologies or, solely in the event that an initial public offering (**IPO**) is consummated in Gefen International, in Gefen International; and all obligations of Gefen Equity, Gefen Technologies or Gefen International under the Original Agreement shall vest in Gefen Technologies or, solely in the event that an IPO is consummated in Gefen International, in Gefen International.

- (ii) Ordinary Shares of Gefen shall be issued to Fineline upon the earlier (i) an IPO of Gefen on ASX and (ii) such time as mutually agreed between Gefen and Fineline, in an amount calculated by dividing US\$3,000,000 by the lower of (i) the price per share paid by Regal Funds Management Pty Ltd upon conversion of the Convertible Note Deeds it holds, in connection with an IPO; and (ii) a price per share derived from a pre-money valuation of \$75,000,000.
- (iii) Warrants to purchase additional Shares of Gefen shall be granted to Fineline at the same date, in an amount reflecting 5% of Gefen's fully diluted share capital as of 1 January 2020. The Warrants shall be protected from dilution by adjustment for any additional issuance of shares in Gefen between 1 January 2020 and the date of grant. The exercise price of the Warrants shall be determined upon their grant, such that the aggregate exercise price shall be US\$5,000,000. The Warrants shall be exercisable for 2 years if granted upon an IPO consummated no later than 30 June 2021, and until 30 June 2025 in any other event.

8. DETAILS OF THE OFFER

8.1 The Offer

Pursuant to this Prospectus, the Company invites applications for 25,000,000 Shares at an issue price of \$1.00 per Share to raise \$25,000,000.

The Shares offered under this Prospectus will rank equally with the existing Shares on issue.

No oversubscriptions above \$25,000,000 will be accepted by the Company.

8.2 Minimum subscription

The minimum subscription for the Offer is \$25,000,000 (25,000,000 Shares).

If the minimum subscription has not been raised within four (4) months after the date of this Prospectus, or such period as varied by the ASIC, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

8.3 Not underwritten

The Offer is not underwritten.

8.4 Joint Lead Managers

RM Corporate Finance Pty Ltd and Morgans Corporate Limited are Joint Lead Managers to the Offer. A summary of the terms of the engagement of the Joint Lead Managers is set out in Section 7.2(a).

RM Corporate Finance Pty Ltd and Morgans Corporate Limited will be paid the following fees for acting as Joint Lead Managers to the Offer:

- (a) a management fee of 1% of the Gross Proceeds (as defined in Section 7.2(a)(ii)); and
- (b) a selling fee of 4% of the Gross Proceeds.

8.5 Issue of Shares to Corporate Advisor

As set out in Section 7.2(b), RM Corporate Finance Pty Ltd has been engaged by the Company pursuant to a Corporate Advisory Mandate. Part of the fees payable to RM Corporate Finance Pty Ltd for provision of the services under the Corporate Advisory Mandate is the issue of 1,672,918 Shares to RM Corporate Finance Pty Ltd or its nominee/s.

This Prospectus includes an offer of 1,672,918 Shares to RM Corporate Finance Pty Ltd or its nominee/s (**Corporate Advisor Offer**). The Shares offered under the Corporate Advisor Offer will be issued on the terms and conditions set out in Section 10.3.

Only RM Corporate Finance Pty Ltd or its nominee/s, may accept the Corporate Advisor Offer. A personalised Application Form in relation to the Corporate Advisor Offer will be issued to RM Corporate Finance Pty Ltd or its nominee/s together with a copy of this Prospectus.

8.6 Minimum application amounts

Applications for Shares under the Offer must be made using the Application Form.

Applications for Shares must be for a minimum of 2,000 Shares and thereafter in multiples of 500 Shares and payment for the Shares must be made in full at the issue price of \$1.00 per Share.

8.7 Purpose of the Offer

The primary purpose of the Offer is to:

- (a) assist the Company to meet the admission requirements of ASX under Chapters 1 and 2 of the ASX Listing Rules; and
- (b) provide the Company with additional funding for:
 - (i) sales and marketing;
 - (ii) business development;
 - (iii) research and development;
 - (iv) costs of the Offer; and
 - (v) the Company's working capital requirements while it is implementing the above.

8.8 Use of funds

The Company intends to apply funds raised from the Offer, together with existing cash, over the first two years following Admission as follows:

| Funds available | Subscription amount (\$25,000,000) | % of Funds |
|---|---------------------------------------|------------|
| Existing cash reserves ^{1,2} | \$2,500,000 | 9% |
| Funds raised from the Offer | \$25,000,000 | 91% |
| Total | \$27,500,000 | 100% |
| Allocation of funds raised under the Offer: | | |
| Sales and Marketing ³ | \$8,450,000 | 34% |
| Business Development ⁴ | \$3,760,000 | 15% |
| Research and Development ⁵ | \$7,600,000 | 30% |
| Working Capital and administration costs ⁶ | \$2,130,997 | 9% |
| Costs of the Offer ⁷ | \$3,059,003 | 12% |
| Total | \$25,000,000 | 100% |

Notes:

- 1. This amount is the amount of cash held by the Company as at the date of this Prospectus. Refer to the Financial Information set out in Section 4 for further details.
- 2. As set out in Section 6.6, after Admission, the Company will pay an amount of US\$298,387 (approximately AUD\$379,241) to partly repay outstanding related party loans provided by the Company to certain Directors. Refer to Section 8.6 for
- 3. Funds allocated to sales and marketing are intended to be used for employee recruitment, sales and marketing activities (including campaigns and research) to execute the Company's ongoing business plans outlined in this Prospectus.

- 4. Funds allocated to business development are intended to be used for employee recruitment, business development activities (including business research and cooperation with other entities).
- Funds allocated to research and development are intended to be used for employee recruitment, research and development activities (including technology research, technology development and purchase of tools).
- 6. Working capital and administration costs include the general costs associated with the management and operation of the Company's business, including administration expenses, management salaries, directors' fees, rent and other associated costs.
- 7. Refer to Section 10.10 for further details of the cash expenses of the Offer. Some of these costs have been paid by the Company prior to the date of this Prospectus.

It is anticipated that the funds raised under the Offer will enable 2 years of full operations. It should be noted that the Company's budgets will be subject to modification on an ongoing basis depending on the results of the Company's business and its ability to achieve its objectives for the growing of its business and development of its assets.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

The Directors consider that following completion of the Offer, the Company will have sufficient working capital to carry out its stated objectives. It should however be noted that an investment in the Company is speculative and investors are encouraged to read the risk factors outlined in Section 5.

8.9 Capital Structure

The capital structure of the Company following completion of the Offer is summarised below:

Shares¹

| Shares currently on issue ¹ | 78,662,160 |
|--|-----------------|
| Shares to be issued on conversion of convertible securities on issue in the Company ² | 22,606,098 |
| Shares to be issued pursuant to the Offer ³ | 25,000,000 |
| Shares to be issued under the Corporate Advisor Offer ⁴ | 1,672,918 |
| Total Shares on completion of the Offer | 127,941,17 6 |

Notes:

- 1. The rights attaching to the Shares are summarised in Section 10.3.
- 2. Includes conversion of Convertible Notes (refer to Section 7.3(a) and 7.3(b) for a summary of the terms and conditions), conversion of SAFEs (refer to Section 7.3(c) for a summary of the terms and conditions), exercise of a Warrant (refer to Section 10.5 for a summary of the terms and conditions) and consideration for M&A transactions (refer to Section 7.3(d), (e) and (f) for a summary of the terms and conditions.
- 3. 25,000,000 Shares to be issued at an issue price of \$1.00 per Share to raise \$25,000,000 under the Offer.
- 4. Refer to Section 8.5 for details of the Corporate Advisor Offer and Section 7.2(b) for a summary of the Corporate Advisor Mandate.

Options

| ESOP Options currently on issue ¹ | 5,556,378 |
|--|-----------|

| Founder Performance Options currently on issue ² | 7,500,000 |
|--|------------|
| Options to be Granted to Non-Executive Directors Under ESOP ⁶ | 450,000 |
| Options to be issued pursuant to the Offer | Nil |
| Total Options on completion of the Offer ² | 13,506,378 |

Notes:

- 1. Refer to the terms and conditions of ESOP Options set out in Section 10.6.
- 2. Refer to the terms and conditions of the Founder Performance Options Section 10.4.2.
- 3. Refer to the terms and conditions of these Options set out in Section 10.6.

Warrants

| Warrants currently on issue ¹ | 11,409,493 |
|---|------------|
| Warrants to be issued pursuant to the Offer | Nil |
| Total Warrants on issue after completion of the Offer | 11,409,493 |

Notes:

1. Refer to Section 10.5 for the terms and conditions of the Warrants.

8.10 Substantial Holders

Those Shareholders holding 5% or more of the Shares on issue both as at the date of this Prospectus and on completion of the Offer are set out in the respective tables below.

As at the date of the Prospectus

| Shareholder | Shares | Founder Performance Options | Warrants | Percentage (%) (undiluted) | Percentage (%) (fully diluted) |
|-------------------------------|------------|-----------------------------------|------------|----------------------------------|---|
| Elad Daniel | 19,502,269 | 2,500,000 | Nil | 24.79% | 15.91% |
| Orni Daniel | 19,502,269 | 2,500,000 | Nil | 24.79% | 15.91% |
| David Nash | 19,502,269 | 2,500,000 | Nil | 24.79% | 15.91% |
| Hashtid Investments Ltd. | 10,131,429 | Nil | Nil | 12.88% | 8.26% |
| Fineline PCB (Cyprus) Ltdl | 3,541,222 | Nil | 16,537,698 | 4.50% | 16.38% |

On completion of the issue of Shares under the Offer (assuming no existing substantial Shareholder subscribes and receives additional Shares pursuant to the Offer)

| Shareholder | Shares | Founder Performance Options | Warrants | Percentage (%) (undiluted) | Percentage (%) (fully diluted) |
|-------------|------------|-----------------------------------|----------|----------------------------------|--------------------------------------|
| Elad Daniel | 19,502,269 | 2,500,000 | Nil | 15.24% | 14.39% |

| Shareholder | Shares | Founder Performance Options | Warrants | Percentage (%) (undiluted) | Percentage (%) (fully diluted) |
|--------------------------------|------------|-----------------------------------|------------|----------------------------------|--------------------------------------|
| Orni Daniel | 19,502,269 | 2,500,000 | Nil | 15.24% | 14.39% |
| David Nash | 19,502,269 | 2,500,000 | Nil | 15.24% | 14.39% |
| Hashtid Investments Ltd. | 10,131,429 | Nil | Nil | 7.92% | 6.63% |
| Fineline PCB (Cyprus) Ltdl | 8,669,427 | Nil | 11,409,493 | 6.78% | 13.14% |

The Company will announce to the ASX details of its top-20 Shareholders following completion of the Offer prior to the Shares commencing trading on ASX.

8.11 Restricted Securities

Subject to the Company being admitted to the Official List and completing the Offer, certain Shares will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. During the period in which these Shares are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

The number of Shares that are subject to ASX imposed escrow are at ASX's discretion in accordance with the ASX Listing Rules and underlying policy.

The Company will announce to the ASX full details (quantity and duration) of the Shares required to be held in escrow prior to the Shares commencing trading on ASX (which admission is subject to ASX's discretion and approval). However, the Company's free float at the time of listing on ASX, being the percentage of Shares not subject to escrow and not held by affiliated Shareholders, will be not less than 20%.

8.12 Applications

If you wish to apply for Shares under the Offer, you may:

- (a) apply online using an online Application Form and pay the application monies electronically; or
- (b) complete a paper-based application using the relevant Application Form attached to or accompanying this Prospectus or a printed copy of the relevant Application Form attached to the electronic version of this Prospectus.

The Application Form must be completed in accordance with the instructions set out on the form.

It is the responsibility of Applicants outside Australia to obtain all necessary approvals for the allotment and issue of Securities pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained and that the Applicant:

- (a) agrees to be bound by the terms of the Offer;
- (b) declares that all details and statements in the Application Form are complete and accurate:

- (c) declares that, if they are an individual, they are over 18 years of age and have full legal capacity and power to perform all its rights and obligations under the Application Form;
- (d) declares that they have personally received the Application Form together with a complete and unaltered copy of the Prospectus;
- (e) authorises the Company and its respective officers or agents, to do anything on their behalf necessary for the Securities to be issued to them, including to act on instructions of the Company's Share Registry upon using the contact details set out in the Application Form;
- (f) acknowledges that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that Securities are suitable for them given their investment objectives, financial situation or particular needs; and
- (g) acknowledges that the Securities have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia and accordingly, the Securities may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws.

How to apply

(a) Online Application Form with BPAY® or EFT

Applicants in Australia may apply for Shares by applying online by following the instructions at https://investor.automic.com.au/#/ipo/gefeninternational and completing a BPAY® or EFT payment. If payment is not made via BPAY® or EFT, the Application will be incomplete and will not be accepted. The online Application Form and BPAY® or EFT payment must be completed and received by no later than the Closing Date.

For online applications, investors can apply online with payment made electronically via BPAY® or EFT. Investors applying online will be directed to use an online Application Form and make payment by BPAY® or EFT.

An Applicant must comply with the instructions on the website. An Applicant will be given a BPAY® biller code and a customer reference number (CRN) or the payment instructions unique to the online Application once the online Application Form has been completed.

BPAY® payments must be made from an Australian dollar account of an Australian financial institution. Using these BPAY® details, you must:

- (i) access your participating BPAY® financial institution either through telephone or internet banking;
- (ii) select to use BPAY® and follow the prompts;
- (iii) enter the supplied biller code and unique customer reference number;
- (iv) enter the total amount to be paid which corresponds to the value of Shares you wish to apply for under each Application;
- (v) select which account you would like your payment to come from;
- (vi) schedule your payment to occur on the same day that you complete your online Application Form. Applications without payment will not be accepted; and

(vii) record and retain the BPAY® receipt number and date paid.

You should be aware that your own financial institution may implement earlier cut-off times with regard to BPAY® or other electronic payments and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY® or other electronic payments are received by 5.00pm (AEST) on the Closing Date.

Applications for Shares must be for a minimum of 2,000 Shares and thereafter in multiples of 500 Shares and payment for the Shares must be made in full at the issue price of \$1.00 per Share.

If you require assistance in completing an online Application Form, please contact the Share Registry.

(b) Paper Application

Complete the hard copy of the Application Form accompanying the hard copy of this Prospectus and mail or hand deliver the completed Application Form with cheque or bank draft to the Share Registry at the relevant address shown on the Application Form so it is received before 5.00pm (WST) on the Closing Date.

By post to: Delivered to:

Gefen International A.I. Ltd Gefen International A.I. Ltd

C/- Automic Group C/- Automic Group

GPO Box 5193 Level 5

SYDNEY NSW 2001 126 Phillip Street SYDNEY NSW 2000

An original, completed and lodged Application Form, whether online or in hard copy, together with payment for the Application Monies, constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Application Form. The Application Form does not need to be signed to be valid.

If the Application Form is not completed correctly or if the accompanying payment is for the wrong amount, it may be treated by the Company as valid. The Directors' decision as to whether to treat such an Application as valid and how to construct, amend or complete the Application Form is final. If your cheque, BPAY® or EFT payment for the Application Money is different to the amount specified in your Application Form then the Company may accept your Application for the amount of Application Money provided.

The Offers may be closed at an earlier date and time at the discretion of the Directors, without prior notice. Applicants are therefore encouraged to submit their Application Forms as early as possible. However, the Company reserves the right to extend the Offers or accept late Applications.

No brokerage, stamp duty or other costs are payable by Applicants.

8.13 Allocation Policy

The Company retains an absolute discretion to allocate Shares under the Offer and reserves the right, in its absolute discretion, to allot to an Applicant a lesser number of Shares than the number for which the Applicant applies or to reject an Application Form. If the number of Shares allotted is fewer than the number applied for, surplus application money will be refunded without interest as soon as practicable.

- (a) No Applicant under the Offer has any assurance of being allocated all or any Shares applied for. The allocation of Shares by Directors will be influenced by the following factors:
- (b) the number of Shares applied for;
- (c) the overall level of demand for the Offer;
- (d) the desire for a spread of investors, including institutional investors; and
- (e) the desire for an informed and active market for trading Shares following completion of the Offer.

The Company will not be liable to any person for not having allocated Shares or not having allocated the full amount applied for.

8.14 ASX listing

Application for Official Quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. However, applicants should be aware that ASX will not commence Official Quotation of any Shares until the Company has complied with Chapters 1 and 2 of the ASX Listing Rules and has received the approval of ASX to be admitted to the Official List. As such, the Shares may not be able to be traded for some time after the close of the Offer.

If the Shares are not admitted to Official Quotation by ASX before the expiration of three (3) months after the date of this Prospectus, or such period as varied by the ASIC, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

8.15 Issue

Subject to the minimum subscription to the Offer being reached and ASX granting conditional approval for the Company to be admitted to the Official List, issue of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date.

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

The Directors (in conjunction with the Joint Lead Managers) will determine the recipients of the issued Shares in their sole discretion in accordance with the allocation policy detailed in Section 8.13). The Directors reserve the right to reject any application or to allocate any applicant fewer Shares than the number applied for. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded without any interest to the applicant as soon as practicable after the Closing Date.

8.16 Clearing House Electronic Subregister System (CHESS) and issuer sponsorship

The Company will apply to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account

statement) that set out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

8.17 Taxation

The acquisition and disposal of Shares may have certain tax consequences depending on the individual tax position and laws that may apply to such investor. As such, potential investors in the Company are advised to obtain independent professional advice regarding the consequences of an investment in Shares in relation to their specific and relevant tax position.

To the maximum extent permitted by law, the Company, its officers and their respective advisors do not accept any liability and responsibility with respect to the tax consequences of a subscription on Shares in the framework of this Prospectus.

8.18 Commissions payable

The Company reserves the right to pay a commission of up to 6% (exclusive of goods and services tax) of amounts subscribed through any licensed securities dealers or Australian financial services licensee in respect of any valid applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian financial services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian financial services licensee.

The Lead Manager will be responsible for paying all commissions that they and the Company agree with any other licensed securities dealers or Australian financial services licensees out of the fees paid by the Company to the Lead Manager under the Lead Manager Mandate.

8.19 Withdrawal of Offer

The Offer may be withdrawn at any time. In this event, the Company will return all application monies (without interest) in accordance with applicable laws.

8.20 Dividend Policy

The Company does not expect to pay dividends in the near future as its focus will primarily be on growing the existing business.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend upon matters such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors considered relevant by the Directors. No assurances are given in relation to the payment of dividends, or that any dividends may attach franking credits.

8.21 Enquiries

If you have any queries in relation to the Offer, please contact the Joint Lead Managers, RM Corporate Finance (+61 8 6380 9200) and Morgans (+61 7 3334 8888).

9. INDEPENDENT LIMITED ASSURANCE REPORT

Commences on the following page











11 May 2021

The Directors

Gefen International A.I Ltd

Kalischer 30, 2nd Floor

Tel Aviv 6525724, Israel

Dear Directors

INDEPENDENT LIMITED ASSURANCE REPORT

1. Introduction

BDO Corporate Finance (WA) Pty Ltd ('BDO') has been engaged by Gefen International A.I. Ltd('Gefen International' or 'the Company') to prepare this Independent Limited Assurance Report ('Report') in relation to certain financial information of Gefen International and its subsidiaries, for the Initial Public Offering of shares in Gefen International, for inclusion in the Prospectus. Broadly, the Prospectus will offer 25 million Shares at an issue price of \$1 each to raise \$25 million before costs ('the Offer').

Expressions defined in the Prospectus have the same meaning in this Report. BDO Corporate Finance (WA) Pty Ltd ('BDO') holds an Australian Financial Services Licence (AFS Licence Number 316158) and our Financial Services Guide ('FSG') has been included in this report in the event you are a retail investor. Our FSG provides you with information on how to contact us, our services, remuneration, associations, and relationships.

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which it relates for any purpose other than that for which it was prepared.

2. Scope

You have requested BDO to perform a limited assurance engagement in relation to the historical and pro forma historical financial information described below and disclosed in the Prospectus.

The historical and pro forma historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required

by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

You have requested BDO to review the following historical financial information (together the 'Historical Financial Information') included in the Prospectus:

- Pro Forma Historical Consolidated Statements of Financial Performance for the years ended 31 December 2018 and 2019;
- Statutory Historical Consolidated Statement of Financial Performance for the year ended 31 December 2020;
- Statutory Historical Consolidated Statement of Financial Position as at 31 December, 2020;
- Pro Forma Historical Consolidated Statements of Cash Flows for the years ended 31 December 2018, 2019; and
- Statutory Historical Consolidated Statements of Cash Flows for the years ended 31 December 2020,

The Pro Forma Historical financial information comprises the results of Gefen Technologies AI Ltd, Kaplan Bashetach, Insurance Agency (2012) Ltd and Poli-bit Insurance Agency (2011) Ltd as if they had been controlled entities from the beginning of the periods reported.

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in International Financial Reporting Standards and the company's adopted accounting policies. The Historical Financial Information has been extracted from the financial reports of:

- Gefen Technologies Al Limited in respect of the year ended 31 December 2018, 31 December 2019 and 31 December 2020;
- Kaplan Bashetach, Insurance Agency (2012) Ltd in respect of the years ended 31 December 2018 and 31 December 2019; and
- Poli-bit Insurance Agency (2011) Ltd in respect of the years ended 31 December 2018 and 31 December 2019.

which were audited by BDO Israel in accordance with the International Standards on Auditing. BDO Ziv haft issued an unmodified audit opinion on the financial reports. Without modifying their opinion BDO Zif haft set out an emphasis of matter in relation to going concern.

Pro Forma Historical Financial Information

You have requested BDO to review the following pro forma historical financial information (the 'Pro Forma Historical Financial Information') of Gefen International included in the Prospectus:

the pro forma historical Statement of Financial Position as at 31 December 2020.

The Pro Forma Historical Financial Information has been derived from the historical financial information of Gefen International, after adjusting for the effects of the subsequent events and the pro forma adjustments described in Section 4.6 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in International Financial Reporting Standards applied to the historical financial information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in Section 7 of this Report, as if those event(s) or transaction(s) had occurred as at the date of the historical

financial information. Due to its nature, the Pro Forma Historical Financial Information does not represent the company's actual or prospective financial position or financial performance.

The Pro Forma Historical Financial Information has been compiled by Gefen International to illustrate the impact of the event(s) or transaction(s) described in Section 6 and Section 7 of the Report on Gefen International's financial position as at 31 December 2020. As part of this process, information about Gefen International's financial position has been extracted by Gefen International from Gefen Technologies financial statements for the year ended 31 December 2020.

Gefen International which acquires Gefen Technologies as part of the IPO has no material financial information and continuation accounting has been applied.

3. Directors' responsibility

The directors of Gefen International are responsible for the preparation and presentation of the Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Historical Financial Information are free from material misstatement, whether due to fraud or error.

4. Our responsibility

Our responsibility is to express limited assurance conclusions on the Historical Financial Information and the Pro Forma Historical Financial Information. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the financial information.

5. Conclusion

Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in the Appendices to this Report, and comprising:

- Pro Forma Historical Consolidated Statements of Financial Performance for the years ended 31 December 2018 and 2019;
- Statutory Historical Consolidated Statement of Financial Performance for the year ended 31 December 2020;
- Statutory Historical Consolidated Statement of Financial Position as at 31 December, 2020;

- Pro Forma Historical Consolidated Statements of Cash Flows for the years ended 31 December 2018, 2019; and
- Statutory Historical Consolidated Statements of Cash Flows for the years ended 31 December 2020,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

Pro Forma Historical Financial information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information as described in the Appendices to this Report, and comprising:

 the pro forma historical Statement of Financial Position of Gefen International as at 31 December 2020,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

6. Subsequent Events

The pro-forma statement of financial position reflects the following events that have occurred subsequent to the period ended Gefen International:

• The issue of convertible notes raising \$2.5 million before costs of \$150,000, upon IPO these convertible notes convert into 2,941,176 shares resulting on a financial expense on settlement.

Apart from the matters dealt with in this Report, and having regard to the scope of this Report and the information provided by the Directors, to the best of our knowledge and belief no other material transaction or event outside of the ordinary business of Gefen International not described above, has come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

7. Assumptions Adopted in Compiling the Pro-forma Statement of Financial Position

The pro forma historical Statement of Financial Position is shown in Appendix 2. This has been prepared based on the financial statements as at 31 December 2020, the subsequent events set out in Section 6, and the following transactions and events relating to the issue of Shares under this Prospectus:

- The issue of 25 million shares at a price of \$1 raising \$25 million before costs.
- Costs of the Offer are estimated to be \$3.059 million, which are to be offset against the contributed equity and apportioned to accumulated losses.
- Settlement of the deferred consideration liability to the minority holders of two subsidiaries acquired in Jan 2020 (9,235) for the issue of 6,849,261 shares resulting in a gain on settlement.
- Conversion of convertible notes with a carrying value of (8,110) to 7,687,456 shares resulting in a gain on settlement.

- Conversion to shares of the convertible note as of December 31, 2020 (8,292).
- Elimination of capital note liability (9,716) owed by Gefen Technologies upon assignment by Gefen Equity to Gefen International.
- Agreement to issue up to 450,000 options with an exercise price of \$1.50 and an expiry date of 5 years from issue to non-executive Directors. The options will vest in three equal tranches over a three-year period from issue.
- The repayment of 50% of the current payables to Directors in respect of loans advanced to them and the deferral for two years following IPO in respect of the remaining balance of those loans and unpaid salary amounts as at 31 December 2020
- US dollar balances have been translated to AUD at a rate of 1.310616.

8. Independence

BDO is a member of BDO International Ltd. BDO does not have any interest in the outcome of the proposed IPO other than in connection with the preparation of this Report and participation in due diligence procedures, for which professional fees will be received. BDO Ziv haft who are also a member of BDO International Limited, but unrelated to BDO Corporate Finance (WA) Pty Ltd is the auditor of Gefen International.

9. Disclosures

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

Without modifying our conclusions, we draw attention to Section 2 of this Report, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

BDO has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report this consent has not been withdrawn. However, BDO has not authorised the issue of the Prospectus. Accordingly, BDO makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Prospectus.

Yours faithfully

BDO Corporate Finance (WA) Pty Ltd

Adam Myers

Director

APPENDIX 1

Gefen International

FINANCIAL SERVICES GUIDE

11 May 2021

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Gefen International ('the Company') to provide an Independent Limited Assurance Report ('ILAR' 'our Report/s') for inclusion in this Prospectus.

Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ('FSG'). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensee.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158:
- remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our internal and external complaints handling procedures and how you may access them.

Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our Report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide an ILAR in connection with the financial product of another entity. Our Report indicates who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our Report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this Report. These fees are negotiated and agreed with the client who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending

on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$70,000 (exclusive of GST).

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the Report.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Gefen International for our professional services in providing this Report. That fee is not linked in any way with our opinion as expressed in this Report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, 38 Station Street, Subiaco, Perth WA 6008.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ('AFCA'). AFCA was established on 1 November 2018 to allow for the amalgamation of all Financial Ombudsman Service schemes into one. AFCA will deal with complaints from consumers in the financial system by providing free, fair and independent financial services complaint resolution. If an issue has not been resolved to your satisfaction you can lodge a complaint with AFCA at any time.

Our AFCA Membership Number is 12561. Further details about AFCA are available on its website www.afca.org.au or by contacting it directly via the details set out below:

Australian Financial Complaints Authority GPO Box 3 Melbourne VIC 3001 Toll free: 1300 931 678

Website: www.afca.org.au

Contact details

You may contact us using the details set out on page 1 of our Report.

10. ADDITIONAL INFORMATION

10.1 Key Differences Between Israeli and Australian Company Law

As the Company is not incorporated in Australia, its general corporate activities (apart from any offering of securities in Australia) are not regulated by the Corporations Act or by ASIC but instead are regulated by the Israeli Companies Law 5759-1999 (Companies Law) and the Ministry of Justice – Corporations Authority of the State of Israel.

This Section contains a general description of the principal differences between the laws and regulations concerning shares in a company incorporated in Israel as opposed to Australia. It is provided as a general guide only and does not purport to be a comprehensive analysis of all the consequences resulting from acquiring, holding or disposing of such shares or interest in such shares. The laws, regulations, policies and procedures described are subject to change from time to time.

| Topic | Australia | Israel |
|--|--|--|
| Corporate Identity and Procedures | In Australia, the regulation of companies is generally governed by the Corporations Act. A limited liability company, incorporated under the Corporations Act, will generally be considered a separate legal entity from its shareholders. There are a number of corporate procedures that require shareholder approval via an ordinary or special resolution. An ordinary resolution requires a simple majority for it to pass. Where an ordinary resolution may be required includes: the election of directors; the appointment of an auditor; and accepting reports at a general meeting. A special resolution requires 75% of the votes cast at the shareholders meeting. Examples of where special resolutions are required including changing the company name or winding up a company. | In Israel, the regulation of companies is generally governed by the Companies Law. As with Corporations Act, a limited liability company incorporated under the Companies Law will be considered a separate legal entity from its shareholders. Further, certain corporate procedures require approval by a resolution of shareholders under the Companies Law like under the Corporations Act, including the approval of an extraordinary transaction with a controlling shareholder (as defined below) or any director; or the terms of employment or other engagement of a director and the controlling shareholder or such controlling shareholder's relative (even if not extraordinary). In addition, a resolution for the voluntary winding up, or an approval of a scheme of arrangement or reorganisation, of a company requires the approval of holders of 75% of the voting rights of the Company represented at the meeting. |
| Access to information and filling of documents | | Under the Companies Law, shareholders are provided access to: minutes of general meetings; the shareholders register, Articles of Association of the Company and annual audited financial statements; and any document that is required by law to be filed publicly with the Israeli Companies Registrar or the Israel Securities Authority. In addition, shareholders may request to be provided with any document related to an action or transaction requiring shareholder approval under the related party transaction provisions of the Companies Law. Such a request may be denied if the company believes it has not been made in good faith or if such denial is necessary to protect the company's interest or protect a trade secret or patent. |

| Topic | Australia | Israel |
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| Transactions Requiring Shareholder Approval | Under the Corporations Act, the principal transactions or actions requiring shareholder approval include: adopting or altering the constitution of the company; appointing or removing a director or auditor; certain transactions with related parties of the company; putting the company into liquidation; and changes to the rights attached to shares. Shareholder approval under the Corporations Act is also required for certain transactions affecting share capital (e.g. share buybacks and share capital reductions). | The types of transactions that require shareholder approval are governed by the Companies Law and the applicable articles. Generally, under the Companies Law transactions that require shareholder approval include: • amendments to the articles; • exercising certain powers of the board of directors; • mergers or consolidations; • appointment or removal of company auditors; • appointment of external directors; • approval of certain related party transactions; and • any changes in a company's capital structure such as a reduction of authorised capital, increase of authorised capital or share split. |
| External Directors | There is no concept of External Directors under Corporations Act and they do not fall within the scope of the Corporations Act. | The Companies Law provides that, only in the case of public companies, two External Directors must be elected by a majority vote of the shares present and voting at a shareholders' meeting, provided that either: • such majority includes at least a majority of the shares held by all shareholders who are not controlling shareholders and do not have a personal interest in the election of the External Director (other than a personal interest not deriving from a relationship with a controlling shareholder) that are voted at the meeting, excluding abstentions, to which the company refers as a disinterested majority; or • the total number of shares voted against the election of the External Director by non-controlling shareholders and by shareholders who do not have a personal interest in the election of the External Director (other than a personal interest not deriving from a relationship with a controlling shareholder) does not exceed 2% of the aggregate voting rights in the company. Under the Companies Law and the Securities Law, the term "controlling shareholder" means a shareholder with the ability to direct the activities of the company, other than by virtue of serving as an office holder. A shareholder is presumed to be a controlling shareholder if the shareholder: • holds 50% or more of the voting rights in a company; or |

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| | | has the right to appoint more than half of the directors of the company or its general manager. |
| | | • For the purpose of approving transactions with controlling shareholders, a controlling shareholder is deemed to include any shareholder that holds 25% or more of the voting rights in a public company if no other shareholder holds more than 50% of the voting rights in the company. |
| | | Under the Companies Law, the initial term of an External Director is three years. Thereafter, an External Director may be re-elected to serve in that capacity for no more than two additional three year terms, provided that either: |
| | | his or her service for each such additional term is recommended by one or more shareholders holding at least 1% of the company's voting rights and is approved at a shareholders' meeting by a disinterested majority, where the total number of shares held by non- controlling, disinterested shareholders voting for such re- election exceeds 2% of the aggregate voting rights in the company, provided that the External Director is not the nominating shareholder, and certain of their related parties meet additional independence requirements; |
| | | his or her service for each such additional term is recommended by the board of directors and is approved at a shareholders' meeting by the same majority required for the initial election of an External Director (as described above); or |
| | | the External Director has recommended that he or she be nominated for each such additional term and such nomination is approved at a shareholders' meeting by the same majority and under the same criteria required as if he had been recommended by a shareholder. |
| | | External Directors may be removed from office by an extraordinary general meeting of shareholders called by the Board, which approves such dismissal by the same shareholder vote percentage required for their election or by a court, in each case, only under limited circumstances, including ceasing to meet the statutory qualifications for appointment, or violating their duty of loyalty to the company. If an external directorship becomes vacant and there are fewer |

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| | | than two External Directors on the Board at the time, then the Board is required under the Companies Law to call a shareholders' meeting as soon as possible to appoint a replacement External Director. |
| | | The Companies Law provides that a person is not qualified to serve as an External Director if: |
| | | the person is a relative of a controlling shareholder of the company or |
| | | • if that person or his or her relative, partner, employer, another person to whom he or she was directly or indirectly subject, or any entity under the person's control, has or had, during the two years preceding the date of appointment as an External Director: (a) any affiliation or other disqualifying relationship with the company, with any person or entity controlling the company or a relative of such person, or with any entity controlled by or under common control with the company; or (b) in the case of a company with no shareholder holding 25% or more of its voting rights, had at the date of appointment as External Director, any affiliation or other disqualifying relationship with a person then serving as chairman of the board or chief executive officer, a holder of 5% or more of the issued share capital or voting power in the company, or the most senior financial officer. |
| | | The term "relative" is defined under the Companies Law as a partner, sibling, parent, grandparent, or descendant; partner's sibling, parent, or descendant; and the spouse of each of the foregoing persons. Under the Companies Law, the term "affiliation" and the similar types of prohibited relationships include (subject to certain exceptions): |
| | | • an employment relationship; |
| | | a business or professional relationship even if not maintained on a regular basis (excluding insignificant relationships); |
| | | control; and |
| | | service as an office holder, excluding service as a director in a private company prior to the initial public offering of its shares if such director were appointed as a director of the private company in order to serve as an External Director following the initial public offering. The term "office holder" is defined under the Companies Law as the general |
| | | manager, chief executive officer, chief |

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| | | business manager, deputy general manager, vice general manager, any other person assuming the responsibilities of any of these positions regardless of that person's title, and a director, or a manager directly subordinate to the general manager. No person may serve as an External Director if that person's position or professional or other activities create, or may create, a conflict of interest with that person's responsibilities as a director or otherwise interfere with that person's ability to serve as an External Director, or if that person is simultaneously serving as a director of a different company or if the person is an employee of the Israel Securities Authority or of an Israeli stock exchange (currently, the only such exchange is the Tel Aviv Stock Exchange (the TASE)). An External Director may not receive additional direct or indirect remuneration from the company, notwithstanding amounts paid pursuant to indemnification or exculpation contracts or commitments, insurance coverage for his or her service as an External Director, reimbursement and other remuneration permitted by the Companies Law and the regulations promulgated thereunder. According to the Companies Law, a person may be appointed as an External Director only if he or she has professional qualifications or if he or she has accounting and financial expertise (each, as defined below). In addition, at least one of the External Directors must be determined by the Board to have accounting and financial expertise. |
| Disclosure of Personal Interests of an Office Holder and Approval of Certain Transactions | Under Australian law, a director or officer of a company is required to disclose any material personal interests in a matter to be considered by the board of the company. The materiality of such interests depends on the circumstances of each case but it is not a requirement that it is financial or pecuniary in nature. Considerations that go towards a material personal interest include: where a director or officer has a personal interest that could impact decisions made in their capacity as director or officer; and where a director has a personal interest that has the potential to influence the director's vote on a matter. There doesn't need to be a conflict of interest present for the director or officer to disclose the interest. Under both common law and the Corporations Act, | The Companies Law requires that an office holder promptly disclose to the company: any personal interest that he or she may be aware of; and all related material information or documents concerning any existing or proposed transaction by the company. An interested office holder's disclosure must be made promptly and in any event no later than the first meeting of the board of directors at which the transaction is considered. An office holder is not obliged to disclose a personal interest if it derives solely from the personal interest of his or her relative in a transaction that is not considered as an extraordinary transaction. |

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| Topic | it is essential that directors and officers disclose any material personal interests to the company so as to comply with their duties. | A "personal interest" is defined under the Companies Law to include a personal interest of any person in an act or transaction of a company, including the personal interest of such person's relative or of a corporate body in which such person or a relative of such person is a 5% or greater shareholder, director, or general manager or in which he or she has the right to appoint at least one director or the general manager, but excluding a personal interest solely stemming from one's ownership of shares in the company. A personal interest furthermore includes the personal interest of a person for whom the office holder holds a voting proxy or the personal interest of the office holder with respect to his or her vote on behalf of a person for whom he or she holds a proxy even if such shareholder has no personal interest in the matter. An office holder is not, however, obliged to disclose a personal interest if it derives solely from the personal interest of his or her relative in a transaction that is not considered an extraordinary transaction. Under the Companies Law, an extraordinary transaction is defined as any of the following: • a transaction that may have a material impact on the company's profitability, assets, or liabilities. If it is determined that an office holder has a personal interest in a transaction which is not an extraordinary transaction, approval by the board of directors is required for such transaction, unless the company's articles of association provide for a different method of approval. An extraordinary transaction in which an office holder has a personal interest requires approval first by the company's radiction of, an office holder who is not a director requires approval first by the company's remuneration of, an office holder who is not a director requires approval first by the company's remuneration of, an office holder who is not a director requires approval first by the company's remuneration arrangement or an undertaking to indemnify or insure is inconsistent with the compan |
| | | (apart from a number of specific exceptions), then such arrangement is subject to approval of the shareholders. Arrangements regarding the |

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| | | remuneration, exculpation, indemnification, or insurance of a director require the approval of the board of directors, shareholders by ordinary majority, and the remuneration committee in that order, and under certain circumstances, a special majority approval. Generally, a person who has a personal interest in a matter which is considered at a meeting of the board of directors or the audit committee may not be present at such a meeting or vote on that matter unless the chairman of the relevant committee or board of directors (as applicable) determines that he or she should be present in order to present the transaction that is subject to approval. If a majority of the members of the audit committee or the board of directors (as applicable) has a personal interest in the approval of a transaction, then all directors may participate in discussions of the audit committee or the board of directors (as applicable) on such transaction and the voting on approval thereof, but shareholder approval is also required for such transaction. |
| Disclosure of Personal Interests of Controlling Shareholders and Approval of Certain Transactions | There is no direct equivalent to the below law in Israel for Australia, although transactions which may confer a financial benefit on related parties of an Australian public company (including controlling shareholders and certain other parties) may require approval under Chapter 2E of the Corporations Act. | Pursuant to Israeli law, the disclosure requirements regarding personal interests that apply to directors and executive officers also apply to a controlling shareholder of a public company. In the context of a transaction involving a controlling shareholder of the company, a controlling shareholder also includes a shareholder who holds 25% or more of the voting rights in the company if no other shareholder holds more than 50% of the voting rights in the company. For this purpose, the holdings of all shareholders who have a personal interest in the same transaction will be aggregated. The approval of the audit committee or remuneration committee (depending on the transaction), the board of directors, and a special majority, in that order, is required for: extraordinary transactions with a controlling shareholder or in which a controlling shareholder has a personal interest; the engagement with a controlling shareholder or his or her relative, directly or indirectly, for the provision of services to the company; the terms of engagement and remuneration of a controlling shareholder or his or her relative who is not an office holder; or the employment of a controlling shareholder or his or her relative who is not an office holder; or |

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| | | the company, other than as an office holder. For this purpose, a "special majority" approval requires shareholder approval by a majority vote of the shares present and voting at a meeting of shareholders called for such purpose, provided that either: • such majority includes at least a majority of the shares held by all shareholders who do not have a personal interest in such remuneration arrangement; or • the total number of shares of noncontrolling shareholders and shareholders who do not have a personal interest in the remuneration arrangement and who vote against the arrangement does not exceed 2% of the company's aggregate voting rights. To the extent that any such transaction with a controlling shareholder is for a period extending beyond three years, approval is required once every three years, unless, with respect to certain transactions, the audit committee determines that the duration of the transaction is reasonable given the circumstances related thereto. |
| Fiduciary Duties of Directors and Officers | Under the Australian law, the Corporations Act requires directors and officers to: act in good faith and for a proper purpose; act with care and diligence; avoid improper use of information; avoid improper use of position; and disclose certain interests. | The Companies Law imposes a duty of care and a fiduciary duty on all office holders of a company. The duty of care requires an office holder to act with the degree of proficiency with which a reasonable office holder in the same position would have acted under the same circumstances. The duty of care includes a duty to use reasonable means to obtain: • information on the advisability of a given action brought for his or her approval or performed by virtue of his or her position; and • all other important information pertaining to these actions. The fiduciary duty requires that an office holder act in good faith and in the best interests of the company and includes the following duties to: • refrain from any act involving a conflict of interest between the performance of his or her duties to the company and his or her other duties or personal affairs; • refrain from any activity that is competitive with the company; • refrain from exploiting any business opportunity of the company to |

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| | | receive a personal gain for himself or herself or others; and disclose to the company any information or documents relating to the company's affairs which the office holder received as a result of his or her position as an office holder. |
| Shareholders' Duties | Under Australian law, shareholders generally do not owe any fiduciary duties to each other or to the company of which they are a member. | Under the Companies Law as reflected in Israeli case law, a shareholder has a duty to act in good faith and in a customary manner toward the company and other shareholders and to refrain from abusing his or her power in the company, including, among other things, in voting at general meetings of shareholders and class meetings of shareholders with respect the following matters: • an amendment of the articles of association or memorandum of association of the company; • an increase in the company's authorised share capital; • a merger; or • the approval of related party transactions and acts of office holders that require shareholder approval. A shareholder also has a general duty to refrain from discriminating against other shareholders. In addition, certain shareholders have a duty of fairness toward the company. These shareholder include any controlling shareholder, any shareholder who knows that he or she has the power to determine the outcome of a shareholder vote and any shareholder who has the power to appoint or to prevent the appointment of an office holder of the company or other power. The Companies Law does not define the substance of the duty of fairness, except to state that the remedies generally available upon a breach of contract will also apply in the event of a breach of the duty to act with fairness. |
| Exculpation, Insurance and Indemnification of Directors and Officers | Under Australian law, company constitutions set out rights of indemnity for directors and officers, and often include provision for directors and officers insurance. A provision for an indemnity in a constitution is only enforceable as a contract by a limited set of current officers, which does not include former officers. Australian companies are prohibited from paying or agreeing to pay the premium for insurance of a director or | The Company, to the extent permitted by law, is permitted to indemnify each of its Directors and officers (past and present) against any liability incurred by that person as an officer of the Company or one of its subsidiaries and certain legal costs incurred by that person (on a solicitor-and-client basis). The Company, to the extent permitted by law, may make a payment (whether by way of an advance, loan or otherwise) to a Director in respect of legal costs incurred by that person in |

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| | officer against a liability (other than one for legal costs) arising out of: a wilful breach of duty in relation to the company; a director's improper use of position; and a director's improper use of information. | defending an action for a liability of that person (on a solicitor-and-client basis). The Company, to the extent permitted by law, may procure insurance insuring any Director or officers of the Company or its subsidiaries against any liability incurred by such person as an officer of the Company or its subsidiaries and certain legal costs incurred by that person (on a solicitor-and-client basis). Under the Companies Law, a company may not exculpate an office holder from liability for a breach of the duty of loyalty. An Israeli company may exculpate an office holder in advance from liability to the company, in whole or in part, for damages caused to the company as a result of a breach of duty of care but only if a provision authorizing such exculpation is included in its articles of association. The Company's restated Articles of Association to be effective upon the Company to exculpate, indemnify and insure its office holders to the fullest extent permitted or to be permitted by the Companies Law. A company may not exculpate in advance a director from liability arising out of breach of his duty of care in a prohibited dividend or distribution to shareholders. Under the Companies Law and the Israeli Securities Law, 5728-1968, an Israeli company may indemnify an office holder in respect of the following liabilities and expenses incurred for acts performed as an office holder, either in advance of an event or following an event, provided a provision authorizing such indemnification is contained in its articles of association: • financial liability imposed on him or her in favour of another person pursuant to a judgement, including a settlement or arbitrator's award approved by a court (provided that if an indemnify, and an amount determined by the board of directors as being reasonable under the circumstances; • reasonable litigation expenses, including legal fees, incurred by the office holder as a result of an investigation or proceeding instituted against him or her, provided that no indictment was filed aga |

| imposed as a substitute for a criminal proceeding as a result of such investigation or proceeding, or, alternatively, a financial liability was imposed on such office holder as a substitute to an indictment arising from the criminal proceeding that does not require proof of criminal intent; or in connection with a monetary sanction; • reasonable litigation expenses, including legal fees, incurred by the office holder or imposed by a court in proceedings instituted against him or her by the company or by a third party or in connection with criminal proceedings in which the office holder was acquitted or as a result of a conviction for an offense that does not require proof of criminal intent; and • expenses, including reasonable litigation expenses and legal fees, incurred by an office holder in relation to an administrative proceeding in stituted against such office holder, including certain payments imposed on an office holder in relation to an administrative proceeding instituted against such office holder, including certain payments imposed on an office holder in certain provisions of the Israeli Securities Law. Under the Companies Law and the Israeli Securities Law, a company may insure an office holder against the following liabilities incurred for acts performed as an office holder against the following liabilities incurred for acts performed as an office holder if and to the extent provided in the company's articles of association: a breach of duty of care toward the company or toward a third party, including a breach arising out of the negligent conduct of the office holder; a breach of the duty of loyalty to the company, to the extent that the office holder in favour of a third party. Under the Companies Law, a company may not indemnify, exculpate or insure an office holder against any of the following: | Topic | Australia | Israel |
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| including legal fees, incurred by the office holder or imposed by a court in proceedings instituted against him or her by the company or by a third party or in connection with criminal proceedings in which the office holder was acquitted or as a result of a conviction for an offense that does not require proof of criminal intent; and • expenses, including reasonable litigation expenses and legal fees, incurred by an office holder in relation to an administrative proceeding instituted against such office holder, including certain payments imposed on an office holder, to be made to an injured party pursuant to certain provisions of the Israeli Securities Law. Under the Companies Law and the Israeli Securities Law. Under the Companies Law and the Israeli Securities Law, a company may insure an office holder if and to the extent provided in the company's articles of association: a breach of duty of care toward the company or toward a third party, including a breach arising out of the negligent conduct of the office holder; a breach of the duty of loyalty to the company, to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company; and a financial liability imposed on the office holder in favour of a third party. Under the Companies Law, a company may not indemnify, exculpate or insure an office holder against any of the | | | criminal proceeding as a result of such investigation or proceeding, or, alternatively, a financial liability was imposed on such office holder as a substitute to an indictment arising from the criminal proceeding that does not require proof of criminal intent; or in connection with a |
| litigation expenses and legal fees, incurred by an office holder in relation to an administrative proceeding instituted against such office holder, including certain payments imposed on an office holder to be made to an injured party pursuant to certain provisions of the Israeli Securities Law. Under the Companies Law and the Israeli Securities Law, a company may insure an office holder against the following liabilities incurred for acts performed as an office holder if and to the extent provided in the company's articles of association: a breach of duty of care toward the company or toward a third party, including a breach arising out of the negligent conduct of the office holder; a breach of the duty of loyalty to the company, to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company; and a financial liability imposed on the office holder in favour of a third party. Under the Companies Law, a company may not indemnify, exculpate or insure an office holder against any of the | | | including legal fees, incurred by the office holder or imposed by a court in proceedings instituted against him or her by the company or by a third party or in connection with criminal proceedings in which the office holder was acquitted or as a result of a conviction for an offense that does not require proof of criminal intent; |
| Israeli Securities Law, a company may insure an office holder against the following liabilities incurred for acts performed as an office holder if and to the extent provided in the company's articles of association: a breach of duty of care toward the company or toward a third party, including a breach arising out of the negligent conduct of the office holder; a breach of the duty of loyalty to the company, to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company; and a financial liability imposed on the office holder in favour of a third party. Under the Companies Law, a company may not indemnify, exculpate or insure an office holder against any of the | | | litigation expenses and legal fees, incurred by an office holder in relation to an administrative proceeding instituted against such office holder, including certain payments imposed on an office holder to be made to an injured party pursuant to certain provisions of the |
| company or toward a third party, including a breach arising out of the negligent conduct of the office holder; a breach of the duty of loyalty to the company, to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company; and a financial liability imposed on the office holder in favour of a third party. Under the Companies Law, a company may not indemnify, exculpate or insure an office holder against any of the | | | Israeli Securities Law, a company may insure an office holder against the following liabilities incurred for acts performed as an office holder if and to the extent provided in the company's |
| company, to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company; and a financial liability imposed on the office holder in favour of a third party. Under the Companies Law, a company may not indemnify, exculpate or insure an office holder against any of the | | | company or toward a third party, including a breach arising out of the |
| holder in favour of a third party. Under the Companies Law, a company may not indemnify, exculpate or insure an office holder against any of the | | | company, to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act |
| may not indemnify, exculpate or insure an office holder against any of the | | | |
| | | | may not indemnify, exculpate or insure an office holder against any of the |
| a breach of the duty of loyalty, except for indemnification and insurance for a breach of the duty of loyalty to the company and to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company; | | | except for indemnification and insurance for a breach of the duty of loyalty to the company and to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would |
| a breach of duty of care committed intentionally or recklessly, excluding | | | |

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| | | a breach arising out of the negligent conduct of the office holder; an act or omission committed with intent to derive unlawful personal benefit; or a fine or forfeit levied against the office holder. |
| Security Holders' Right to Convene a Meeting | The Corporations Act specifies that members of proprietary or public companies may call a general meeting if members with at least 5% of the votes that may be cast at the general meeting request it. A company's constitution may also contain provisions prescribing an alternative means for members to call a general meeting. | Under the Companies Law, a board of directors is required to convene an extraordinary general meeting of shareholders upon the written request of one or more shareholders holding, in the aggregate, either: 5% or more of the outstanding issued shares and 1% or more of the outstanding voting power; or 5% or more of the outstanding voting power. |
| Right to appoint proxies | Under the Corporations Act, shareholders have the right to appoint a proxy, who need not be a shareholder of the company. If a shareholder is entitled to two or more votes they may appoint two proxies and may specify the percentage of votes each proxy is appointed to exercise. To appoint proxies, shareholders will generally complete a proxy form, which is distributed in a notice of general meeting. | At a general meeting, every shareholder present in person, proxy or written ballot has one vote for each ordinary share held on all matters submitted to a vote. In a public company, holders of Shares can attend in person at a general meeting, however, shareholders may instead direct their proxy how to vote in advance of the meeting. |
| Changes to Rights Attaching to Shares | In Australia, the Corporations Act allows a company to set out in its constitution the procedure for varying or cancelling rights attached to shares in a class of shares. If a company does not have a constitution, or has a constitution that does not set out a procedure, such rights may only be varied or cancelled by: a special resolution passed at a meeting for a company with a share capital of the class of members holding shares in the class; or a written consent of members with at least 75% of the votes in the class. | The Companies Law provides that, unless otherwise provided by the articles of association, the rights of a particular class of shares, such as voting, liquidation and dividend rights, may not be adversely modified without the vote of a majority of the affected class at a separate class meeting. |
| Takeovers | In Australia, the Corporations Act governs a takeover. The Corporations Act contains a general rule that a person must not acquire a Relevant Interest in issued voting shares of a company if, because of the transaction, a person's voting power in the company: increases from 20% or below to more than 20%; or | A person wishing to acquire shares of an Israeli public company and who would as a result hold over 90% of the target company's issued and outstanding share capital is required by the Companies Law to make a tender offer to all of the company's shareholders for the purchase of all of the issued and outstanding shares of the company. |

Australia Israel Topic increases from a starting point, which is Likewise, a person wishing to acquire above 20% but less than 90%. shares of an Israeli public company and who would as a result hold over 90% of Certain exceptions apply, such as the issued and outstanding share acquisitions of Relevant Interests in capital of a certain class of shares is voting shares made under takeover required to make a tender offer to all of bids or made with shareholder the shareholders who hold shares of the approval, or creeping acquisitions of 3% relevant class for the purchase of all of per six months. the issued and outstanding shares of Australian law permits compulsory acquisition by 90% holders. If the shareholders who do not accept the offer hold less than 5% of the issued and outstanding share capital of the company or of the applicable class, and more than half of the shareholders who do not have a personal interest in the offer accept the offer, all of the shares that the acquirer offered to purchase will be transferred to the acquirer by operation of law. However, a tender offer will also be accepted if the shareholders who do not accept the offer hold less than 2% of the issued and outstanding share capital of the company or of the applicable class of shares. Upon a successful completion of such a full tender offer, any shareholder that was an offeree in such tender offer, whether such shareholder accepted the tender offer or not, may, within six months from the date of acceptance of the tender offer, petition an Israeli court to determine whether the tender offer was for less than fair value and that the fair value should be paid as determined by the court. However, under certain conditions, the offeror may include in the terms of the tender offer that an offeree who accepted the offer will not be entitled to petition the Israeli court as described above. If: the shareholders who did not (a) respond to or accept the tender offer hold at least 5% of the issued and outstanding share capital of the company or of the applicable class of shares or: (b) the shareholders who accept the offer constitute less than a majority of the offerees that do not have a personal interest in the acceptance of the tender offer, or (c) the shareholders who did not accept the tender offer hold 2% or more of the issued and outstanding share capital of the company (or of the applicable class of shares), then the acquirer may not acquire from shareholders who shares accepted the tender offer that will increase its holdings to more than 90%

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the

company's issued

and

| outstanding share capital or of the applicable class. Special Tender Offer The Companies Law provides that, subject to certain exceptions, an acquisition of shares of an Israeli public company must be made by means of a special tender offer if as a result of the acquisition the purchaser would become a holder of 25% or more of the voting rights in the company. This requirement does not apply if there is already another holder of at least 25% of the voting rights in the company. Similarly, the Israeli Companies Law provides that, subject to certain exceptions, an acquisition of shares in a public company must be made by means of a special tender offer if as a result of the acquisition the purchaser would become a holder of more than 45% of the voting rights in the company, if there is no other shareholder of the company who holds more than 45% of the voting rights in the company. A special tender offer must be extended to all shareholders of a company. A special tender offer may be consummated only if: (a) the offeror acquired shares representing at least 5% of the voting power in the company and (b) the number of shares tendered by shareholders who accept the offer exceeds the number of shares held by shareholders who object to the offer (excluding the offeror, controlling shareholders who object to the offer (excluding the offeror, controlling shareholders, holders of 25% or more of the voting rights in the company or any person having a personal interest in the acceptance of the tender offer or any of their relatives or any entity controlled by them). If a special tender offer is accepted, then the offeror or any person or entity controlling in or under common control with the purchase or such controlling person or entity may not make a subsequent tender offer for the purchase of shares of the tender offer or any person or entity may not make a subsequent tender offer for the purchase of shares of the tender offer or entity controlling in or under common center into a merger with the target company and |
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| Merger | In Australia, the Corporations Act does not have a regime to effect merger transactions. Combination between companies can be effected by the acquisition of shares such that the purchased company becomes a subsidiary of the purchasing company. | The Companies Law permits merger transactions if approved by each party's board of directors and, unless certain requirements described under the Companies Law are met, by a majority vote of each party's shareholders, and, in the case of the target company, a majority vote of each class of its shares, voted on the proposed merger at a shareholders meeting. The board of directors of a merging company is required pursuant to the Companies Law to discuss and determine whether in its opinion there exists a reasonable concern that, as a result of a proposed merger, the surviving company will not be able to satisfy its obligations towards its creditors, taking into account the financial condition of the merging companies. If the board of directors has determined that such a concern exists, it may not approve a proposed merger. Following the approval of the board of directors of each of the merging companies, the boards of directors must jointly prepare a merger proposal for submission to the Israeli Registrar of Companies. |
| | | For purposes of the shareholder vote, unless a court rules otherwise, the merger will not be deemed approved if a majority of the votes of shares represented at the shareholders meeting that are held by parties other than the other party to the merger, or by any person (or group of persons acting in concert) who holds (or hold, as the case may be) 25% or more of the voting rights or the right to appoint 25% or more of the directors of the other party, vote against the merger. If, however, the merger involves a merger with a company's own controlling shareholder or if the controlling shareholder has a personal interest in the merger, then the merger is instead subject to the same special majority approval that governs all extraordinary transactions with controlling shareholders. If the transaction would have been approved by the shareholders of a merging company but for the separate approval of each class or the exclusion of the votes of certain shareholders as provided above, a court may still approve the merger upon the request of holders of at least 25% of the voting rights of a company, if the court holds that the merger is fair and reasonable, taking into account the value of the parties to the merger and the consideration offered to the shareholders of the target company. Upon the request of a creditor of either party to the proposed merger, the court |

| Topic | Australia | Israel |
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| | | may delay or prevent the merger if it concludes that there exists a reasonable concern that, as a result of the merger, the surviving company will be unable to satisfy the obligations of the merging entities and may further give instructions to secure the rights of creditors. In addition, a merger may not be consummated unless at least 50 days have passed from the date on which a proposal for approval of the merger was filed by each party with the Israeli Registrar of Companies and at least 30 days have passed from the date on which the merger was approved by the shareholders of each party. |
| Anti-Takeover Measures | In Australia, directors' response to potential takeovers is guided by their statutory and fiduciary duties, particularly to act in the best interests of shareholders as a whole. Further guidance is provided by the Takeovers' Panel concerning action taken by a target board where the bid may be withdrawn, lapse or not proceed. In general terms, in Australia law and policy dictate that it is shareholders who should ultimately decide on the outcome of any proposed acquisition of control over the voting shares in the company and there should be a reasonable and equal opportunity for shareholders to participate in the proposal. Some frustrating actions may be a breach of directors' duties or unacceptable circumstances. | The Israeli Companies Law allows the Company to create and issue shares having rights different from those attached to the ordinary shares, including shares providing certain preferred rights with respect to voting, distributions or other matters and shares having pre-emptive rights. As of the completion of this offering, no preferred shares will be authorised under the Articles. In the future, if the Company do authorise, create and issue a specific class of preferred shares, such class of shares, depending on the specific rights that may be attached to it, may have the ability to frustrate or prevent a takeover or otherwise prevent the Company's shareholders from realising a potential premium over the market value of their ordinary shares. The authorisation and designation of a class of preferred shares will require an amendment to the Articles, which requires the prior approval of the holders of a majority of the voting power attaching to the Company issued and outstanding shares and voting at a general meeting. The convening of the meeting, the shareholders entitled to participate and the majority vote required to be obtained at such a meeting will be subject to the requirements set forth in the Companies Law. |
| Substantial Shareholder Reporting | Under Australian law, a shareholder who begins to or ceases to have a "substantial holding" in an ASX listed company, or has a substantial holding in such a listed company and there is a movement of at least 1% in their holding, must give notice to the company and to ASX. A person has a "substantial holding" if that person and that person's associates have a Relevant Interest (as defined in the | Under the securities laws of the State of Israel, substantial shareholder reporting by a company listed and traded on the Tel Aviv Stock Exchange (which will not apply to the Company) applies for shareholders that own 5% or more of the outstanding share capital and at every change of 2% of their holdings or more thereafter. |

| Topic | Australia | Israel |
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| | Corporations Act) in 5% or more of the voting shares in the company. It is also expected that, as a condition of Admission, ASX will require reporting relating to substantial Shareholders in the Company as well as specified information to be included in the Company's annual reports (including, among other things, details of any substantial Shareholders) on and in accordance with the ASX Listing Rules. | |
| Related Party Transactions | In Australia, related party transactions (that is, transactions between a public company and a director, an entity controlled by a director, or a parent company of the public company) are regulated under the Corporations Act by a requirement for disinterested shareholder approval, unless the transaction is on "arm's length terms", represents no more than reasonable remuneration, or complies with other limited exemptions. | Under the Companies Law, a transaction with an office holder or a transaction in which an office holder has a personal interest generally requires board approval, unless the transaction is an extraordinary transaction, in which case it requires audit committee approval prior to the approval of the board of directors. Under the Israeli Companies Law, an "extraordinary transaction" is defined as any of the following: a transaction other than in the ordinary course of business; (a) a transaction that is not on market terms; or (b) a transaction that may have a material impact on a company's profitability, assets or liabilities. A director with a personal interest in a matter that is considered at a meeting of the board of directors or the audit committee may attend that meeting or vote on that matter if a majority of the board of directors or the audit committee also has a personal interest in the matter (or if the board or committee chairman determined that such presence is necessary for the presentation of the matter); however, if a majority of the board of directors have a personal interest, shareholder approval is also required. A transaction with an office holder or a transaction in which an office holder has a personal interest also may not be approved if it is adverse to the company's interest. |
| Protection of Minority Shareholders – Oppressive Conduct | In Australia, a shareholder may apply to the court under the Corporations Act to bring an action in cases of conduct which is either contrary to the interests of shareholders as a whole, or oppressive to, unfairly prejudicial to, or unfairly discriminatory against, any shareholders in their capacity as shareholder, or themselves in capacity other than as a shareholder. | In Israel, a right to apply to the court is also available to shareholders of a company where the affairs of the company are being conducted in a manner oppressive to all or some shareholders or there is a substantial risk that the affairs of the Company will be conducted in such a manner. |
| Rights of Security Holders to Bring or | The Corporations Act permits a shareholder to apply to the court for | Under the Companies Law, a shareholder of the Company is entitled, |

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| Intervene Legal Proceedings | leave to bring proceedings on behalf of the company, or to intervene in proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for those proceedings, or for a particular step in those proceedings. | subject to the fulfilment of various preconditions, to bring or intervene in legal proceedings on behalf of the Company. Examples of the preconditions under the Companies Law include the requirement that prior notice of the application must be given to the Company and to the chairman of the board of directors, that the action must be brought in good faith and that the action must be in the interest of the Company. |
| "Two strikes" Rule | Under Australian law, an ASX listed company is required to hold a "spill vote" if its remuneration report receives a 25% "No" vote at two successive annual general meetings. If the spill vote receives a simple majority, the company must hold a general meeting within 90 days to vote on whether to keep the existing directors. | There is no equivalent rule under the laws of Israel. Israeli law does not require the directors to issue a remuneration report. |

10.2 Israeli tax considerations

The following is a survey of Israeli tax matters that may be material to the Company and its shareholders. To the extent that this survey is based on tax legislation which has not been subject to judicial or administrative interpretation the understanding on which this survey is based might not be accepted by the taxing authorities or by a court. This non-exhaustive survey is not intended, and should not be construed, as legal or professional advice.

Holders of the Company's ordinary shares should consult their own tax advisors as to Australian, Israeli or other tax consequences regarding the purchase, ownership and transaction pertaining to these shares, including, in particular, the effect of any foreign, state or local taxes.

(a) General Corporate Tax Structure

A company based in Israeli is generally subject to income tax on profits resulting from its worldwide income. The regular corporate tax rate in 2021 in Israel is 23%. However, the effective tax rate on income may be reduced rate for a company which is eligible for qualification as an "Industrial Company" (as defined under Israeli law) that derives income from a "preferred enterprise" (as further discussed below).

(b) Tax Benefits under the Law for the Encouragement of Industry (Taxes), 5729-1969

Pursuant to the Law for the Encouragement of Industry (Taxes), 5729-1969 (the "Industry Encouragement Law"), a company may qualify as an "Industrial Company" if it was incorporated and is a resident of Israel and at least 90% of its income in the relevant tax year is derived from an "Industrial Enterprise" it owns in Israel. An "Industrial Enterprise" is defined under the Encouragement Law as an enterprise of which the principal activity in a given tax year is manufacturing.

An Industrial Company is entitled to certain tax benefits including accelerated depreciation, deduction of expenses of a public offering in three equal annual

instalments and accelerated amortization of intangible property rights for tax purposes.

Although at the date of publication of this Prospectus, the Company did not yet qualify as an Industrial Company, in the future it may qualify under then applicable law for the benefits under the Encouragement Law, of which a few are described above.

(c) Tax Benefits under the Law for the Encouragement of Capital Investments, 5719-1959

The Law for the Encouragement of Capital Investments, 5719-1959, (the "Investment Law") provides certain tax benefits for income of a Preferred Enterprise (as defined in the Investment Law), when certain criteria are met. The tax benefits for a Preferred Enterprise apply to income of a company that derives more than 25% of its' annual revenue from sales outside of Israel in a country that has a population of at least 14 million provided that not more than 75% of the company's income in the tax year derives from one such country.

A "Preferred Enterprise". A Preferred Enterprise is entitled to reduced corporate tax with respect to income at the rate of 16%. A technology company satisfying certain conditions may qualify as a "Preferred Technology Enterprise" and claim further reduced corporate tax rate of 12% on qualifying "Preferred Technology Income," while the tax rate may be further reduced to 7.5% for an enterprise located in designated geographic development zone in Israel. Dividends distributed from income attributed to a Preferred Enterprise are subject to withholding tax at the rate of 20% instead of the regular 25 and 30%. The distribution of a dividend from income generated and included in the taxable base of the distributing company in Israel, to an Israeli corporate recipient shareholder, should not be liable for withholding and corporate income tax.

To date, the Company has not claimed tax benefits as a Preferred Enterprise. In principle, the Company may qualify as a "Preferred Enterprise".

(d) Taxation of Gains upon Disposition of, and Dividends Paid on, the Company's Ordinary Shares

(i) Taxation of Israeli Resident Shareholders

Israel taxes gains on the sale of capital assets such as shares. Subject to certain provisions relating to calculation methods the tax rate on dividends and capital gains, including gains from the sale of securities listed on a stock exchange, is generally, for individuals 25% (or 30% for holders of a substantial interest (generally, holders of 10% or more of the means of control of the company on the date of the sale of the shares or at any date during the 12 months period preceding such sale).

On the distribution of dividends to individual Israeli residents' shareholders or to individual non-Israeli shareholders, income tax applies at the rate of 25% or 30%, as described above, or the lower rate payable with respect to dividends received out of income derived from a preferred enterprise.

(ii) Israel resident corporate shareholders.

Israeli corporations are subject to corporate tax rate of 23% in 2021 with respect to all income including capital gains of the corporation. Dividends paid to an Israeli company by another Israeli company are not subject to tax, unless the income from which the dividends flow

were not included in the taxable base of the distributing company in Israel.

(iii) Taxation of Non-Israeli Resident Shareholders

Capital gain from the sale of shares of an Israeli company by non-Israeli residents are eligible for exemption from tax as long as the shares of the Company are listed on a stock exchange outside of Israel, and provided that certain other conditions are met of which the most pertinent are:

- (A) The capital gain is not attributed to the foreign resident's permanent establishment in Israel, and
- (B) The shares were acquired by the foreign resident after the Company's shares had been listed for trading on the foreign exchange.

Distributions of dividends to individual non-Israeli resident shareholders are subject to income tax at the rate of 25% or 30%. Distributions of dividends to corporate non-resident shareholders are in principle subject to Israeli corporate tax at the rate of 23% in 2021 while the Investment Encouragement Law, grants reduced withholding tax rates on dividends from profits generated by a preferred enterprise of 20% or 4% in certain events of distribution to foreign shareholders. Under the treaty for the prevention of double taxation between Israel and Australia, in effect since 1 January 2020, the above withholding tax rates may be subject to further reduction to 5% for corporate shareholders in Australia of at least 10% of the shares in the Israeli distributing company, and 15% in all other cases.

10.3 Rights attaching to Shares

The following is a summary of the more significant rights attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Articles, a copy of which is available for inspection at the Company's Australian registered office.

(a) Voting

Subject to the Articles and the Companies Law:

- (i) every shareholder shall have one vote for each Share held by such shareholder of record or in his name with an "exchange member" and held of record by a "nominees company" (as such terms are defined under Section 1 of the Companies Law), on every resolution, without regard to whether the vote thereon is conducted by a show of hands, by written ballot or by any other means; and
- (ii) two or more shareholders (not in default in payment of any sum referred to in the Articles), present in person or by proxy and holding shares conferring in the aggregate at least 25% of the voting power of the Company, shall constitute a quorum at general meetings.

General meetings may be held telephonically or by any other means of communication, provided that each shareholder participating in such a meeting can hear all of the other shareholders participating in such a meeting.

(b) Dividends

Subject to the Companies Law, the ASX Listing Rules, and the Articles, the Board of Directors may declare and cause the Company to pay interim, special or final dividends as, in their judgement, the financial position of the Company justifies and as permitted by applicable law. Subject to any special terms and conditions of issue, the amount which the Board of Directors from time to time determine to distribute by way of dividend are divisible among the shareholders in proportion to the amounts paid up on the Shares held by them. Interest is not payable by the Company in respect of any dividend.

(c) Issue of Shares

Subject to the Articles, the Companies Law, the ASX Listing Rules and the ASX Settlement Operating Rules, the Board of Directors have the right to issue unissued shares of the Company or grant options over unissued shares to any person and they may do so at such times as they think fit and on the conditions, either at par or at a premium, or subject to the provisions of the Companies Law, at a discount and/or with payment of commission, as they think fit. Such shares may have preferred, deferred or other special rights or special restrictions about dividends, voting, return of capital, participation in the property of the Company on a winding up or otherwise as the Board of Directors think fit.

(d) Variation of class rights

The rights attached to any class of shares may, unless their terms of issue state otherwise, be varied with the written consent of the holders of more than 50% of the shares of the relevant class.

(e) Transfer of shares

Subject to the Articles and to the rights or restrictions attached to any shares or class of shares, holders of Shares may transfer them by a proper transfer effected in accordance with the ASX Settlement Operating Rules and an instrument in writing in any form and substance satisfactory to the Board of Directors which has been submitted to the Company (or its transfer agent), together with such other evidence of title as the Board of Directors may reasonably require. The Board of Directors may decline to register a transfer of Shares for reasons including where the transfer is not in registrable form or where the refusal to register the transfer is permitted under the ASX Listing Rules or the ASX Settlement Operating Rules.

(f) Small holdings

The Board of Directors may sell the Shares of a Shareholder if that Shareholder holds less than a marketable parcel of Shares, provided that the procedures set out in the Articles are followed. A non-marketable parcel of Shares is defined in the ASX Listing Rules and is, generally, a holding of shares with a market value of less than \$500.

(g) Restricted securities

In the event of a breach of the ASX Listing Rules or a breach of a restriction agreement entered into by the Company under the ASX Listing Rules relating to Restricted Securities (as defined in the ASX Listing Rules), the Shareholder holding the Restricted Shares in question shall cease to be entitled to any dividends, distribution or any voting rights in respect of those Restricted Securities during the period of such breach.

(h) General meetings and notices

Subject to the Articles and to the rights or restrictions attached to any shares or class of shares, each shareholder is entitled to receive notice of and, except in certain circumstances, to attend and vote at general meetings of the Company and receive all financial statements, notices and other documents required to be sent to shareholders under the Articles or the Companies Law. Shareholders may requisition meetings in accordance with the Companies Law and the Articles.

(i) Winding up

Subject to any special or preferential rights attaching to any class or classes of shares, shareholders will be entitled in a winding up to share in any surplus assets of the Company in proportion to the shares held by them, less any amounts which remain unpaid on these shares at the time of distribution. Any amount unpaid on a share is the property of the Company and may be required to be contributed to the Company in the event of a winding up.

(j) Alteration of Share capital

Subject to the ASX Listing Rules, the Articles and the Companies Law, the Company may alter its share capital.

(k) Redeemable shares

The Board of Directors may, subject to the provisions of the Companies Law, issue redeemable shares and redeem the same on the terms and conditions as the Board of Directors may deem fit.

(I) Variation of Articles

In accordance with the Companies Law, the Articles can only be amended by a resolution passed by the majority of shareholders present and voting at a general meeting of the Company. The Company must give a written notice of its intention to propose a resolution as a special resolution as required by the provisions of the Companies Law, related regulations and other applicable laws.

(m) Share buybacks

The Company may buy back shares in accordance with the provisions of the Companies Law.

(n) ASX Listing Rules

As the Company is listed on ASX, the Articles provide that notwithstanding anything in the Articles, if the ASX Listing Rules prohibit an act being done, the act must not be done. Nothing in the Articles prevents an act being done that the ASX Listing Rules require to be done. If the ASX Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the ASX Listing Rules require the Articles to contain a provision or not to contain a provision, the Articles are deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the Articles is or becomes inconsistent with the ASX Listing Rules, the Articles are deemed not to contain that provision to the extent of the inconsistency.

10.4 Founder Performance Options

Subject to approval by ASX, the Company has issued Founder Performance Options to each of the founders, Messrs Elad Daniel, Orni Daniel and David Nash prior to the Company commencing trading on ASX. The Company has applied to ASX for approval of the terms of the Founder Performance Options under ASX Listing Rule 6.1. Where ASX requires any amendments to the terms of the Founder Performance Options in order for

them to be approved, the Company will act in good faith with the holders to agree upon those amendments to retain the intent of the incentive and performance objectives contained in these terms.

10.4.1 Disclosure regarding Founder Performance Options

The following disclosures are made for the purposes of ASX in relation to the Founder Performance Options:

- (a) The Founder Performance Options have been issued to Mr Elad Daniel, Mr Orni Daniel and Mr David Nash as part of their respective remuneration packages, in order to link part of the remuneration payable to specific performance milestones described below linked to the ongoing growth of the Company. The Founder Performance Options were issued to incentivise the founders for the ongoing growth of the Company in their respective roles guiding the future performance of the Company.
- (b) A summary of the executive services agreement for each of the holders is set out in Section 6.6. As the key executives and founders of the Company, the holders will play a key role in executing the Company's business strategy as described in this Prospectus, which is directly aligned with the performance milestones for the Founder Performance Options.
- (c) Details of the existing total remuneration package for each of the holders is disclosed at Section 6.4.
- (d) Details of the security holdings of each of the holders (assuming completion of the Offer) are set out in Section 6.5.
- (e) The Founder Performance Options are being issued as part of the respective remuneration packages of the holders, as detailed in Section 10.4.2 of the Prospectus.
- (f) The Company considered it necessary and appropriate to further remunerate and incentivise the holders to achieve the applicable performance milestones for the following reasons:
 - (i) the issue of Founder Performance Options to each of the holders will further align the interests of those key executives with those of Shareholders after the listing of the Company;
 - (ii) the Founder Performance Options are unlisted, therefore the grant of the Founder Performance Options has no immediate dilutionary impact on Shareholders:
 - (iii) the issue of the Founder Performance Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Mr Elad Daniel, Mr Orni Daniel and Mr David Nash; and
 - (iv) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Founder Performance Options on the terms proposed.
- (g) The number of Founder Performance Options to be issued to Mr Elad Daniel, Mr Orni Daniel and Mr David Nash was determined by the Board following arm's length negotiations with Mr Elad Daniel, Mr Orni Daniel and Mr David Nash, and having regard to:

- (i) current market standards and/or practices of other ASX listed companies of a similar size and stage of development to the Company;
- (ii) the remuneration of Mr Elad Daniel, Mr Orni Daniel and Mr David Nash; and
- (iii) incentives to attract and retain the service of Mr Elad Daniel, Mr Orni Daniel and Mr David Nash, who have the desired knowledge and expertise, while maintaining the Company's cash reserves.
- (h) The Board considers the number of Founder Performance Options to be appropriate and equitable for the following reasons:
 - (i) the Founder Performance Options are consistent with ASX's policy regarding the base requirements for performance securities, which are detailed in section 9 of ASX Guidance Note 19;
 - (ii) the number of Shares into which the Founder Performance Options will be exercisable if the milestones are achieved is fixed (one for one) which allows investors and analysts to readily understand and have reasonable certainty as to the impact on the Company's capital structure if the milestones are achieved;
 - (iii) there is an appropriate link between the milestones and the purposes for which the Founder Performance Options are being issued and the conversion milestones are clearly articulated by reference to objective criteria;
 - (iv) there is an appropriate link to the benefit of Shareholders and the Company at large through the achievement of the milestones, which have been constructed so that satisfaction of the milestones will be consistent with increases in the value of Company's business;
 - (v) the Founder Performance Options which are proposed to be issued represent a small proportion of the Company's issued capital upon listing (less than 6% of issued Share capital); and
 - (vi) the Founder Performance Options have an expiry date by which the milestones are to be achieved and, if the milestones are not achieved by that date, the Founder Performance Options will expire.

10.4.2 Terms and conditions of Founder Performance Options

(a) Entitlement

Each Option entitles the holder to subscribe for one (1) Share upon exercise of the Option.

(b) Exercise Price

The amount payable upon exercise of each Option will be \$0.01 (Exercise Price).

(c) Expiry Date

Each Option will expire at 5:00 pm (WST) on the fifth anniversary of its date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

The Options vest and are exercisable in the following tranches at any time on and from:

- (i) 2,500,000 Options: upon the Company reporting annual revenue of not less than AUD\$60 million within three years from the date of the IPO;
- (ii) 2,500,000 Options: upon the Company documenting at least 30,000 Users within three years from the date of the IPO;
- (iii) 2,500,000 Options: upon the Company executing Contracts with three new Tier 1 global enterprises within five years from the date of the IPO.

or prior to the Expiry Date (Exercise Period).

For the purposes of the above:

Contract means a contract that provides at least AUD\$1 million annual revenue to the Company.

IPO means the date of completion of the Company's initial public offer.

Tier 1 means a party must have a presence in at least 3 different countries or have a market capitalisation of not less than AUD\$1 billion.

Users means includes intermediaries of any kind of custom-made products, such as agents both tied and non-tied, brokers, distributors and equivalents.

(e) Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) Timing of issue of Shares on exercise

Within 5 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case, no later than 20 Business Days after the Exercise Date, the Company will:

- (iii) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (iv) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the

Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

(v) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(iv) above for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) Quotation of Shares issued on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Companies Law, the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(I) Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) Transferability

The Options are not transferable.

10.5 Rights attaching to Warrants

Gefen Equity and Fineline (PCB) Cyprus Ltd (**Fineline**) entered into a representation agreement, dated 8 September 2020 under which Gefen Equity granted Fineline a non-exclusive license to its platform technology, and a performance related warrant (**Representation Agreement**). This Agreement was assumed by the Company (conditional upon consummation of an IPO) under the First Amendment to an Agreement dated 17 March 2021. Upon achievement by Fineline of the Target Revenue, defined in the Representation Agreement as facilitation of binding agreements with agents who collectively generate recurring revenue during a period of 24 months following the IPO, Fineline shall be entitled to receive 3,000,000 Shares. In the event that Fineline does not achieve the Target Revenue, the number of shares exercisable under the warrant shall be reduce proportionately to the amount of the Target Revenue realized. The

Representation Agreement does not contain intellectual property clauses that protect Gefen Equity's licensed technology.

Gefen Equity and Fineline entered into an agreement, dated 8 September 2020, pursuant to which Gefen Equity purchased all of the intellectual property rights that were developed by Fineline in the collaboration of Fineline and Gefen, in consideration for 2,523,072 ordinary shares of Gefen Equity. This Agreement was assumed by the Company (conditional upon consummation of an IPO) under the First Amendment to an Agreement dated 17 March 2021. In addition, Gefen Equity issued a warrant to Fineline to purchase up to 2,765,602 ordinary shares of Gefen Equity, with an exercise price of US\$2.20 per share, constituting 3.45% of Gefen Equity issued and outstanding share capital on a fully diluted basis. These warrants may be exercised for two years following the Offer. There are no participation rights or entitlements inherent in the Warrants and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

10.6 Summary of ESOP

The Company has adopted a Share Incentive Plan (**Plan**) which provides for the grant of Options to employees, directors, office holders, service providers and consultants of Gefen and its subsidiaries. The principal terms of the Option Plan are summarised below:

(a) Authorised Shares - As at the date of this Prospectus, 5,556,378 Options have been granted under the Plan and 4,351,584 Options available for issuance under the Plan. Ordinary shares subject to options granted under the Plan that expire or become unexercisable without having been exercised in full will become available again for future grant under the Plan. The 5,556,378 Options that have been granted have the following expiry dates and exercise prices:

| Number of Options | Exercise Price | Expiry Date |
|-------------------|----------------|-------------|
| 80,065 | \$0.007 | 6/1/2025 |
| 320,257 | \$0.007 | 6/1/2025 |
| 80,065 | \$0.007 | 6/1/2025 |
| 34,078 | \$1.624 | 6/1/2025 |
| 563,846 | \$0.007 | 6/1/2025 |
| 189,324 | \$3.047 | 12/2/2025 |
| 3,029,202 | \$0.007 | 5/12/2027 |
| 34,078 | \$0.007 | 5/12/2027 |
| 22,718 | \$0.007 | 5/12/2027 |
| 22,718 | \$0.007 | 5/12/2027 |
| 887,494 | \$0.007 | 5/12/2027 |
| 292,534 | \$0.007 | 11/1/2030 |

The Options to be issued to the three Non-Executive Directors (150,000 Options each) prior to Admission will have the following terms and conditions:

| Number of Options Exercise Price Expiry Date |
|--|
|--|

| 450,000 | \$1.50 | That date which is five (5) |
|---------|--------|------------------------------|
| | | years from the date of issue |

The Options will vest in three tranches, 150,000 Options will vest and be exercisable on that date which is one (1) year from the date of issue, 150,000 Options will vest and be exercisable on that date which is two (2) years from the date of issue and 150,000 Options will vest and be exercisable on that date which is three (3) years from the date of issue. The Options are otherwise issued on the terms and conditions of the ESOP set out below.

(b) Administration - Gefen's board of directors, or a duly authorized committee of its board of directors, administers the Plan (Committee). If no Committee is designated then the board of directors retains all such rights. Under the Plan, the Committee has the authority, subject to applicable law, to designate recipients of option grants, determine the terms of awards, including the exercise price of an option award, the fair market value of an ordinary share, the vesting schedule applicable to an option grant and take all other actions and make all other determinations necessary for the administration of the Plan.

The Committee also has the authority to amend and rescind rules and regulations relating to the Plan at any time before the date of expiration of its ten-year term.

(c) **Eligibility** - The Plan provides for granting awards under various tax regimes, including, without limitation, in compliance with Section 102 (**Section 102**) of the Israeli Income Tax Ordinance (New Version), 5721-1961 (the **Ordinance**), and Section 3(i) of the Ordinance, and for awards granted to our United States employees or service providers, including those who are deemed to be residents of the United States for tax purposes, Section 422 of the United States Internal Revenue Code (the **Code**) and Section 409A of the Code.

Section 102 of the Ordinance allows employees, directors and officers who are not "controlling shareholders" (as used under the Ordinance) and are considered Israeli residents to receive favorable tax treatment for compensation in the form of shares or options under certain terms and conditions. Our non-employee service providers and controlling shareholders who are considered Israeli residents may only be granted options under section 3(i) of the Ordinance, which does not provide for similar tax benefits. Section 102 includes two alternatives for tax treatment involving the issuance of options or shares to a trustee for the benefit of the grantees and also includes an additional alternative for the issuance of options or shares directly to the grantee. Section 102(b)(2) of the Ordinance, the most favorable tax treatment for the grantee, permits the issuance to a trustee under the "capital gain track".

(d) Grant - All awards granted pursuant to the Plan are evidenced by an award agreement, in a form approved, from time to time, by the board of directors of the company or a committee appointed by the board of directors. The award agreement sets forth the terms and conditions of the award, including the type of award, number of shares subject to such award, vesting schedule and conditions and the exercise price, if applicable. Certain awards under the Plan may constitute or provide for a deferral of compensation, subject to Section 409A of the Code, which may impose additional requirements on the terms and conditions of such awards.

Each award will expire seven years from the date of the grant thereof, unless such shorter term of expiration is otherwise designated by the Committee or required by applicable law.

- (e) **Awards** -The Plan provides for the grant of options (including incentive stock options and nonqualified stock options), ordinary shares, restricted share units and other share-based awards.
- (f) Options granted under the Plan to employees who are U.S. residents may qualify as "incentive stock options" within the meaning of Section 422 of the Code or may be non-qualified stock options. The exercise price of a stock option qualifying as incentive stock options under Section 422 of the Code may not be less than 100% of the fair market value of the underlying share on the date of grant (or 110% in the case of ISOs granted to certain significant shareholders).
- (g) **Exercise** An award under the Plan may be exercised by providing the Company with a written notice of exercise and full payment of the exercise price for such shares underlying the award, if applicable, in such form and method as may be determined by the Committee or applicable law. An award may not be exercised for a fraction of a share. With regard to tax withholding, exercise price and purchase price obligations arising in connection with awards under the Plan, the Committee may, in its discretion, among others, accept cash or otherwise provide for net withholding of shares in a cashless exercise mechanism.
- (h) **Transferability** Other than by will, the laws of descent and distribution or as otherwise provided under the Plan, neither the options nor any right in connection with such options are assignable or transferable.
- (i) Termination of Employment In the event of termination of a grantee's employment or service with the Company or any of its affiliates, all vested and exercisable awards held by such grantee as of the date of termination may be exercised within three months after such date of termination, unless otherwise determined by the administrator. After such 90-day period, all such unexercised awards will terminate and the shares covered by such awards shall again be available for issuance under the Plan.

In the event of termination of a grantee's employment or service with the Company or any of its affiliates due to such grantee's death or "disability" (as defined in the Plan), all vested and exercisable awards held by such grantee as of the date of termination may be exercised by the grantee or the grantee's legal guardian, estate, or by a person who acquired the right to exercise the award by bequest or inheritance, as applicable, within one year after such date of termination, unless otherwise provided by the administrator. Any awards which are unvested as of the date of such termination or which are vested but not then exercised within the one year period following such date, will terminate and the shares covered by such awards shall again be available for issuance under the Plan.

Notwithstanding any of the foregoing, if a grantee's employment or services with the Company or any of its affiliates is terminated for "cause" (as defined in the Plan), unless otherwise determined by the Committee, all outstanding awards held by such grantee (whether vested or unvested) will terminate on the date of such termination and the shares covered by such awards shall again be available for issuance under the Plan.

(j) **Transactions** - In the event of a share split, reverse share split, share dividend, recapitalization, combination or reclassification of our shares, or any similar transaction, the Committee may make an appropriate adjustment in the number of shares related to each outstanding award and to the number of shares reserved for issuance under the Plan, to the class and kind of shares subject to the Plan, as well as the exercise price per share of each outstanding award, as applicable, the terms and conditions concerning vesting and exercisability and the term and duration of outstanding awards, or any other terms that the administrator adjusts in its discretion; provided that any fractional shares resulting from such adjustment shall be rounded to the nearest whole share.

In the event of a merger or consolidation of the Company, or a sale of all, or substantially all, of Company's shares or assets or other transaction having a similar effect on the Company or such other transaction or circumstances that the board of directors or Committee determines to be a relevant transaction, then without the consent of the grantee, the Committee may, but is not required to cause any outstanding award to be assumed or substituted by such successor corporation, or (a) provide the grantee with the option to exercise the award as to all or part of the shares, and may provide for an acceleration of vesting of unvested awards, or (b) cancel the award and pay in cash, shares of the Company or of another entity as determined by the Committee as appropriate.

The maximum number of equity securities proposed to be issued under the Plan is 9,907,962 Options. It is not envisaged that the maximum number of Options will be issued immediately.

10.7 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) The Offer; or
- (c) the Offer,
- (d) and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:
 - (i) as an inducement to become, or to qualify as, a Director; or
 - (ii) for services provided in connection with:
 - (A) the formation or promotion of the Company; or
 - (B) the Offer.

10.8 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

(d) the formation or promotion of the Company;

- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) The Offer; or
- (f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offer.

BDO Ziv Haft has acted as the Israeli based auditor of the Company and has audited the Company's accounts as set out in Section 4. The Company estimates it will pay BDO Ziv Haft a total of approximately \$468,000 (excluding VAT) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, BDO Ziv Haft has not received any fees from the Company for any other services.

BDO Corporate Finance (WA) Pty Ltd has acted as Investigating Accountant and has prepared the Independent Limited Assurance Report which is included in Section 9 of this Prospectus. The Company estimates it will pay BDO Corporate Finance (WA) Pty Ltd a total of \$20,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, BDO Australia has not received any fees from the Company for any other services.

RM Corporate Finance Pty Ltd will receive those fees set out in Sections 7.2(a) and 7.2(b) following completion of the Offer for its services as Joint Lead Manager and Corporate Advisor. During the 24 months preceding lodgement of this Prospectus with the ASIC, RM Corporate Finance Pty Ltd has received fees amounting to \$390,000 from the Company for its services.

Morgans Corporate Limited will receive those fees set out in Section 7.2(a) following completion of the Offer for its services as Joint Lead Manager. During the 24 months preceding lodgement of this Prospectus with the ASIC, Morgans Corporate Limited has not received any fees from the Company for any other services.

Pearl Cohen Zedek Latzer Baratz has acted as the Israeli solicitors to the Company in relation to the Offer. The Company estimates it will pay Pearl Cohen \$101,000 (excluding VAT) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Pearl Cohen has not received fees from the Company for any other services.

Steinepreis Paganin has acted as the Australian legal counsel to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$200,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has not received fees from the Company for any other services.

10.9 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus, Although the Company bears primary

responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

BDO Corporate Finance (WA) Pty Ltd has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Independent Limited Assurance Report in Section 9 in the form and context in which the information and report is included. BDO Corporate Finance (WA) Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

BDO Ziv Haft has given its written consent to being named as the Israeli-based auditor in this Prospectus in the form and context in which the information is included. BDO Ziv Haft has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

BDO Audit (WA) Pty Ltd has given its written consent to being named as auditor in this Prospectus in the form and context in which the information is included. BDO Audit (WA) Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Pearl Cohen Zedek Latzer Baratz has given its written consent to being named as the Israeli solicitors to the Company in this Prospectus in the form and context in which the report is included. Pearl Cohen Zedek Latzer Baratz has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the Australian solicitors to the Company in this Prospectus in the form and context in which the report is included. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

RM Corporate Finance Pty Ltd has given its written consent to being named as Joint Lead Manager and Corporate Advisor in this Prospectus. RM Corporate Finance Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Morgans Corporate Limited has given its written consent to being named as Joint Lead Manager in this Prospectus. Morgans Corporate Limited has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Automic Pty Ltd trading as Automic Group has given its written consent to being named as the share registry to the Company in this Prospectus. Automic Pty Ltd trading as Automic Group has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

10.10 Cash Expenses of the Offer

The total expenses of the Offer (excluding GST) are estimated to be approximately \$3,059,003 and are expected to be applied towards the items set out in the table below:

| Item of Expenditure | Amount (AUD\$) |
|---------------------|----------------|
| ASIC fees | 3,206 |
| ASX fees | 172,213 |

| Joint Lead Manager Fees | 1,787,500 |
|-----------------------------------|-----------|
| Legal Fees - Australia and Israel | 301,000 |
| Investigating Accountant's Fees | 70,000 |
| Auditor's Fees | 468,000 |
| Printing and Distribution | 143,000 |
| Miscellaneous | 114,084 |
| Total | 3,059,003 |

10.11 Electronic Prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company at www.gefentechnologies.com.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

10.12 Directors' authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

Elad Daniel

Chair

For and on behalf of Gefen International AI Ltd

11. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

| Term | Meaning |
|---------------------------|---|
| \$ or A\$ | means an Australian dollar. |
| Admission | means the admission of the Company to the Official List. |
| Application Form | means the application form attached to or accompanying this Prospectus relating to the Offer. |
| API | means application programming interface. |
| Articles | means the articles of association of the Company. |
| ASIC | means Australian Securities & Investments Commission. |
| ASX | means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires. |
| ASX Listing Rules | means the official listing rules of ASX. |
| Board | means the board of Directors as constituted from time to time. |
| Closing Date | means the closing date of the Offer as set out in the indicative timetable in the Investment Overview in section 1 of this Prospectus (subject to the Company reserving the right to extend the Closing Date or close the Offer early). |
| Companies Law | means the Israeli Companies Law 5759-1999, which primarily governs the general corporate activities of the Company. |
| Company or Gefen | means Gefen International A.I. Ltd (ARBN 645 436 782), a company incorporated in Israel. |
| Convertible Note Deeds | means the deeds summarised in Section 7.3(a) and 7.3(b). |
| Corporations Act | means the Corporations Act 2001 (Cth). |
| Corporate Advisor | means RM Corporate Finance Pty Ltd (AFSL 315235) |
| Digital Arena | means the digital platform and accompanying infrastructure built by Gefen and available to its clients and subscribers. |
| Directors | means the directors of the Company at the date of this Prospectus. |
| ESOP | means the Company's Share Incentive Plan summarised in Section 10.6. |
| Exposure Period | means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act. |
| FY | Means a financial year commencing on 1 January and ending on the following 31 December. |
| Gefen Equity | means Gefen Equity Ltd (Israeli registration number 51-572697). |

Gefen Technologies means Gefen Technologies A.I. Ltd (Israeli registration number

51-574562).

Joint Lead Managers means RM Corporate Finance Pty Ltd and Morgans.

Morgans means Morgans Corporate Limited ACN 010 539 607 (AFSL

235410).

Official List means the official list of ASX.

Official Quotation means official quotation by ASX in accordance with the ASX

Listing Rules.

Prospectus means this prospectus.

Option means an option to acquire a Share.

Offer means the offer of Shares pursuant to this Prospectus as set

out in Section 8.

RM Corporate means RM Corporate Finance Pty Ltd ACN 108 084 386

Finance Pty Ltd (AFSL 315235).

Section means a section of this Prospectus.

Securities Law means the Israeli Securities Law, 5728-1968, which governs

the offering of securities in Israel.

Share means a fully paid ordinary share in the capital of the

Company.

Shareholder means a holder of Shares.

Warrant means a warrant exercisable into Shares.

WST means Western Standard Time as observed in Perth, Western

Australia.

12. CORPORATE DIRECTORY

Directors

Elad Daniel

Chief Architect and Chairman

David Nash

Co-Chief Executive Officer and Director

Orni Daniel

Co-Chief Executive Officer and Director

Amir Shukrun

Non-Executive Director

Hava Friedman Shapira* Non-Executive Director

Gabriel Chiappini*
Non-Executive Director

Company Secretary and Australian

agent

David Hwang

Proposed ASX Code

GFN

Israeli Solicitors

Pearl Cohen Zedek Latzer Baratz Level 53, Azrieli Sarona Tower 121 Menachem Begin Road TEL AVIV ISRAEL 6701203

Australian Solicitors

Steinepreis Paganin Level 4, The Read Buildings

16 Milligan Street PERTH WA 6000

Investigating Accountant

BDO Corporate Finance (WA) Pty Ltd 38 Station Street

SUBIACO WA 6008

Auditor - Australia

BDO Audit (WA) Pty Ltd

Registered Office

Australia Level 4

16 Milligan Street PERTH WA 6000

<u>Israel</u> Kalisher 30

TEL AVIV YAFO 6525724 ISRAEL

Telephone (Israel): 972 507 421 831 Telephone (Australia): +61 2 8072 1400

Email: info@gefen.online

Website: www.gefentechnologies.com

38 Station Street SUBIACO WA 6008

Share Registry*

Automic Pty Ltd

Level 2

267 St Georges Terrace PERTH WA 6000

Corporate Adviser

RM Corporate Finance Pty Ltd

(AFSL 315235)

Level 1, 1205 Hay Street WEST PERTH WA 6005

Joint Lead Managers

RM Corporate Finance Pty Ltd

(AFSL 315235)

Level 1, 1205 Hay Street WEST PERTH WA 6005

Morgans Corporate Limited

(AFSL 235410)

Level 29, 123 Eagle Street BRISBANE QLD 4000

Auditor - Israel

BDO Ziv Haft Amot BDO Building

48 Menachem Begin Road TEL AVIV ISRAEL 66180

^{*}This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.

ANNEXURE A - SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standard Board ("IASB"). The financial statements have been prepared under the historical cost convention except of the convertible note, the convertible loan and business combination that was measured at fair value through profit or loss. The Company has elected to present the statements of comprehensive income using the function of expense method. In addition, these financial statements are presented in US Dollars. All currency amounts have been recorded to the nearest thousand, unless otherwise indicated.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Gefen Technologies A.I. LTD. as at 31 December 2020 and the results of all subsidiaries for the twelve months then ended. Gefen Technologies A.I. LTD. and its subsidiaries together are referred to in these financial

Statements as the 'consolidated entity'. The financial statements as of 31, December 2019 and for the year then ended are not consolidated.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealized gains on transactions between entities in the consolidated entity are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognized directly in equity attributable to the parent.

Non-controlling interest in the results and in the equity of subsidiaries are shown separately in the statement of comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity.

Losses incurred by the consolidated entity are attributed to the non-controlling interest according to its holding, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognizes the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognized in equity. The consolidated entity recognizes the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognized in profit or loss.

Contingent consideration to be transferred by the acquirer is recognized at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognized in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognized as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognized as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Use of estimates and assumptions in the preparation of the financial statements

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results differ from those estimates. See also Note 3.

Cash and cash equivalents

Cash equivalents are considered by the Company to be highly-liquid investments, including, inter alia, short-term deposits with banks and the maturity of which do not exceed three months at the time of deposit and which are not restricted.

Foreign currency

The financial information of the Company is presented in US Dollars which is the Company's functional currency which is the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Company. Transactions and balances in foreign currencies are converted into US Dollars in accordance with the principles set forth by IAS 21 ("The Effects of Changes in Foreign Exchange Rates"). Accordingly, transactions and balances have been converted as follows:

- (a) Monetary assets and liabilities at the rate of exchange applicable at the statements of financial position date.
- (b) Income and expense items at exchange rates applicable as of the date of recognition of those items.
- (c) Non-monetary items are converted at the rate of exchange used to convert the related statement of financial position items i.e. at the time of the transaction.
- (d) Exchange gains and losses from the aforementioned conversion are recognized in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into US dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into US dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognized in other comprehensive income

through the foreign currency reserve in equity. The foreign currency reserve is recognized in profit or loss when the foreign operation or net investment is disposed of.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

Capital reserve in respect of transactions with controlling shareholders

The difference between the fair value of the liability at the date of settlement and the amount of consideration determined was recognized in this capital reserve.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying value of cash and cash equivalents, trade receivables, net other current assets, trade payables ,other accounts payables and accrued expenses approximate their fair value due to the short-term nature of these instruments.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (a) In the principal market for the asset or liability; or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Classification by fair value hierarchy

Assets and liabilities presented in the statements of financial position at fair value are grouped into classes with similar characteristics using the following fair value hierarchy which is determined based on the source of input used in measuring fair value:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable either directly or indirectly.
- Level 3 Inputs that are not based on observable market data (valuation techniques that use inputs that are not based on observable market data).

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial instruments

(a) Financial assets

The Group classifies its financial assets into the following category, based on the business model for managing the financial asset and its contractual cash flow characteristics. The Group's accounting policy for the relevant category is as follows:

Fair value: The deposit in investment fund that measured at fair value through profit or loss.

Amortized cost: These assets arise principally from the providing services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest.

They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment. Impairment provisions for trade receivables are recognized based on the simplified approach within IFRS 9 using a provision in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognized in the statements of comprehensive income. On assessment that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

(b) Financial Liabilities

The Company classifies its financial liabilities including: trade accounts payable and other accounts payable, which are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method.

Fair value through profit or loss: this category comprises of convertible loan, convertible note and business combination which is carried in the consolidated statement of financial position at fair value with changes in fair value recognized in the consolidated statement of comprehensive income.

(c) **De-recognition**

- (i) Financial assets The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows.
- (ii) Financial Liabilities The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

(d) Impairment of financial assets

The Company assesses at the end of each reporting period whether there is any objective evidence of impairment of financial assets carried at amortized cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For trade receivable, the Company applies a simplified approach in calculating ECLs. The Company's assessed its financial assets that are subject to the expected credit loss model. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Property, plant and equipment

| Items of property, plant and equipment are initially recognized at cost including directly attributable costs |
|---|
| Depreciation is calculated on a straight-line basis, over the useful lives of the assets at annual rates as |
| follows: |

| | Annual depreciation rate (%) | Main annual depreciation rate (%) |
|-----------|------------------------------|-----------------------------------|
| | | |
| Computers | 33 | - |

| Furniture and office | | 6 |
|------------------------|------|----|
| equipment | 6-33 | • |
| Leasehold improvements | 6-10 | 10 |
| Vehicles | 15 | - |

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The assets' residual values ,depreciation rates, and depreciation method are reviewed, and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is higher than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit and loss.

Impairment of non-financial assets

Non-financial assets excluding inventories are subject to impairment test whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of the non-financial asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to dispose), the asset is written down and impairment charge is recognized accordingly. Non-financial assets with indefinite useful life or assets that are yet being in use are tested for impairment on a yearly basis and also when there is an indication for impairment.

Impairment of non-financial assets (cont.)

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (i.e. the smallest group of assets to which the asset belongs that generates cash inflow that are largely independent of cash inflows from other assets).

An impairment loss allocated to asset, is reversed only if there have been changes in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. Reversal of an impairment loss, as above, is limited to the lower of the carrying amount of the asset that would have been determined (net of depreciation or amortization) if no impairment loss been recognized for the asset in prior years and the assets recoverable amount. After an impairment of non-financial asset is recognized, the Company examines at each reporting date whether there are indications that the impairment which was recognized in the past is no longer exists or should be reduced. The reversal of impairment loss of an asset is recognized in profit or loss.

Share based payment

The Company measures the share-based expense and the cost of equity-settled transactions with employees and service providers by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using an accepted options pricing model. The model is based on share price, grant date and on assumptions regarding expected volatility, expected life of the options, expected dividend, and a no risk interest rate.

The Company selected the Black-Scholes model as the Company's option pricing model to estimate the fair value of the company's options awards. The option-pricing model requires a number of assumptions:

Expected dividend yield - The expected dividend yield assumption is based on the Company's historical experience and expectation of no future dividend payouts. The Company has not historically paid cash dividends and has no foreseeable plans to pay cash dividends in the future.

Volatility - The expected volatility is based on similar companies' stock volatility.

Risk free interest rate - The risk-free interest rate is based on the yield of governmental bonds with equivalent terms.

Contractual term - An option's contractual term is the amount of time the holder has to exercise the option, per the contract.

The granted options are settled in equity instruments method and not in cash, the fair value of the options at the date of grant is charged to the statement of comprehensive loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied. Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive income over the remaining vesting period.

Current income taxes

The Company incurred losses since its establishment, and therefore no current income taxes or tax liability are recorded. Deferred tax assets relating to carry forward losses in the financial statements being recognized only when their utilization in the foreseeable future is probable.

The Company has incurred losses, and no current income taxes or tax liability are recorded. Deferred tax assets relating to carry forward losses in the financial statements being recognized only when their utilization in the foreseeable future is probable.

The current tax liability of the subsidiaries is measured using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred taxes

Deferred taxes are computed in respect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the amounts attributable for tax purposes. Deferred taxes are recognized in other comprehensive income or directly in equity if the tax relates to those items. Deferred taxes are measured at the tax rates that are expected to apply in the period when the temporary differences are reversed in profit or loss, other comprehensive income or equity, based on tax laws that have been enacted or substantively enacted at the end of the reporting period. Deferred taxes in profit or loss represent the changes in the carrying amount of deferred tax balances during the reporting period, excluding changes attributable to

Deferred taxes (cont.)

Items recognized in other comprehensive income or directly in equity. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is not probable that they will be utilized. In addition, temporary differences (such as carry forward losses) for which deferred tax assets have not been recognized are reassessed and deferred tax assets are recognized to the extent that their recoverability is probable. Any resulting reduction or reversal is recognized on "income tax" within the statements of comprehensive income. All deferred tax assets and liabilities are presented in the statement of financial position as non-current items, respectively. Deferred taxes are offset in the statement of financial position if there is a legally enforceable right to offset a current tax asset against a current tax liability and the deferred taxes relate to the same taxpayer and the same taxation authority.

Employee benefits

The Company has several employee benefit plans:

(a) Short-term employee benefits: Short-term employee benefits include salaries, paid annual leave, paid sick leave, recreation and social security contributions and are recognized as expenses as the services are rendered. A liability in respect of a cash bonus or a profit-sharing plan is recognized when the Company has a legal or constructive obligation to make such payment as a result of past service rendered by an employee and a reliable estimate of the amount can be made.

(b) Post-employment benefits: The plans are financed by contributions to insurance companies and pension funds and classified as defined contribution plans. The Company has contributed for most of its employee's contribution plans pursuant to Section 14 to the Severance Pay Law under which the Company pays fixed contributions and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient amounts to pay all employee benefits relating to employee service in the current and prior periods.

Revenue recognition

Revenue is recognized based on the five-step model outlined in IFRS 15, Revenue from Contracts with Customers. IFRS 15 sets out a single revenue recognition model, according to which the entity shall recognize revenue in accordance with the said core principle by implementing a five-step model framework:

- (a) Identify the contracts with a customer
- (b) Identify the performance obligations in the contract
- (c) Determine the transaction price
- (d) Allocate the transaction price to the performance obligations in the contract
- (e) Recognize revenue when the entity satisfies a performance obligation

Revenue from contracts with customers is recognized when control of the services is transferred to the customer at an amount that reflects the consideration the Company provides to its customer with the right of use of its software platform based on SAAS (Software as a service) model and accordingly recognizes revenues over the period of the contract. Deferred revenues represent unearned amounts.

Polibit and Kaplan generate their revenues from insurance commissions.

Revenues from commissions are comprised of the following two sectors:

Life insurance - revenues are recognized upon the entitlement for commissions according to the contracts with the insurance companies, deducted by provision for commissions related to policies that may be cancelled.

The company entitles for two different streams of insurance commissions:

- (a) The first commission monthly receipt from the insurance company called "Nifraim fee", the Company has a stand ready obligation and therefore, this type of commissions is recognized over time the performance obligation is satisfied.
- (b) The second type of commission is called "Heikef fee" and is being collected once a year from the insurance company, a conditional fee depending there will be no cancellations in the first or second year of the policies by the customers. The Company performs an estimate regarding the rate of the cancellation. The performance obligation is satisfied when the company preform the sale of the policy to the final customer of the insurance company. The consideration for this fee can differ from the estimation performed by the Company and the changes will be recognized in the following year.

Revenue recognition (cont.)

Elementary insurance - revenues are recognized as incurred, throughout the policies periods, deducted by provision for commissions related to policies that may be cancelled.

Polibit and Kaplan have a stand ready obligation therefore, this type of commissions are recognized over time the performance obligation is satisfied. In most cases, the company collects the money at the point of the sale of the policy, therefore revenues are deployed from that date to 12 months and deferred revenues are recognized.

Discontinued operations

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

Intangible assets

Intangible assets arises in the acquisition of business. Intangible assets with a finite useful life are amortized over their useful life. The amortization period and the amortization method for an intangible asset are reviewed at least at each year end and adjustments, where applicable, are made on a prospective basis. The carrying amount of these assets is reviewed whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable (see also Note 2 - Impairment of non-financial assets). The Group's goodwill is not being amortized due to indefinite useful life. Customer relations and technology intangible assets are being amortized over 12-14 year period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortized. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.