

Gefen International A.I. Ltd.

ARBN: 645 436 782

Half year report and Appendix 4D

June 30, 2022

Amounts are presented in thousands of US\$

Results for announcement to the market:

Results for the half-year ended June 30, 2022:

Revenue of 6,772, an increase of 143 (2%) half-on-half ('h-o-h') •

Operating Loss of 5,771, comparing to Operating Profit of 678 at H1 FY21 •

Financial Results	% change	30-Jun-21 \$'000	30-Jun-20 \$'000
Revenue from ordinary activities	2%	6,772	6,629
Profit/(loss) from ordinary activities after tax attributable to members		(5,831)	1,872
Net profit/(loss) for the period attributable to members		(5,831)	1,872

Net Tangible Asset Backing (NTA)			30-Jun-21	30-Jun-20
Net tangible asset backing per ordinary security			\$0.03	\$(0.14)

NTA: dividing the net assets (less intangible assets) attributable to equity holders of the Company by the total ordinary shares at June 30, 2022 (128,119,852) and June 30, 2021 (78,662,160).

Details of entities over which control has been gained or lost during the period

Name of associate	Roeto Ltd
The date of the gain of control	February 6, 2022
Reporting entity's percentage holding in this entity	80%

Details of associates and joint venture entities:

Name of entity	Percentage held		Share of net Profit (Loss)	
	Current period	Previous period	Current period	Previous period
Gefen Technologies	100%	100%	(4,774)	1,630
Polibit	51%	51%	(141)	136
Kaplan	51%	51%	410	386
Verify	51%	-	(470)	-
Or Hagefen	14%	-	(494)	-
Roeto	80%	-	72	-

The Group continued its focus on growth by the onboarding process of the platform among the insurance agencies acquired during the period, resulting in a 4% increase in total revenue H-o-H. The group changed the revenue model which was composed from transactional agents solutions and license subscription in H1/21 to transactional agents solutions sales by insurance agencies directly and presentation of revenues based on Bruto Neto method. The growth in the revenue H-o-H by neutralizing the license subscription model and the Bruto Neto method is 29%.

The group changed the presentation of the P & L in H1 via in presentation based on the type of the expense.

The Group's activity and revenue are increasingly based on its technology platform, which enables the users to manage their business with digitized tools that replace the traditional manual or complicated working methods.

The Group invested more resources in Sales and Marketing activities, resulting in an increase of 129% H-o-H.

In addition, the Company's R & D expenses increased to 1,373 resulting in an increase of 29% H-o-H'.

As part of the process towards its IPO (which occurred on July 21, 2021), and costs related to becoming public, recruited new professional employees to support the expanding activity, the Group carried substantial general and administrative expenses (3,455), an increase of 93% H-o-H.

All of the above resulted in an Operating Loss of 6,035, compared to an Operating Profit of 557 at a comparable period in 2021.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Audit Qualification or review

This half year was subject to review by the Company's auditors and the review report is attached as part of the half year financial report, as presented at this Appendix 4D statement.



Elad Daniel, Chairman

August 29, 2022

Tel Aviv, Israel

Certificate of Completion

 **Gefen 4D as of June 30, 2022 (1) (3).pdf** ID: 7a6701b2-a7ad-411b-9189-96c1395a1aac

SIGN REQUEST ISSUED:

Aug 29, 2022

01:30 PM UTC

REQUESTED BY:

Inna Dekel

innad@gefen.online

STATUS:

 **Completed**

on 29 Aug, 2022, 01:34 PM UTC

Audit trail

Generated on Aug 29, 2022

29 Aug, 2022, 01:30 PM UTC

Inna Dekel has invited to sign the document

83.130.26.76

29 Aug, 2022, 01:33 PM UTC

has opened the document

141.226.12.92

29 Aug, 2022, 01:34 PM UTC

has signed the document

141.226.12.92



Gefen International A.I. LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2022

UNAUDITED

Gefen International A.I. LTD.

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Review report on interim financial information
to the shareholders of
Gefen International A.I. LTD.

Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of Gefen International A.I. LTD. (the "Company") as of June 30, 2022, and the related condensed interim consolidated statements of comprehensive income, changes in shareholders' deficit and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of Interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial information does not present fairly, in all material respects, the consolidated financial position of the Company as of June 30, 2022, and of its consolidated financial performance and its consolidated cash flows for the six month period then ended in accordance with International Accounting Standard IAS 34.

Lior Shahr

Tel-Aviv, Israel

August 29, 2022

Ziv haft
Certified Public Accountants (Isr.)
BDO Member Firm

Tel Aviv	Jerusalem	Haifa	Beer Sheva	Bnei Brak	Kiryat Shmona	Petah Tikva	Modiin Ilit	Nazrat Ilit
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Gefen International A.I. LTD.

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (US Dollar in thousands)

	<u>Note</u>	<u>June 30, 2022 Unaudited</u>	<u>December 31, 2021 Audited</u>
ASSETS			
Current Assets:			
Cash and cash equivalents		6,008	10,615
Bank Deposits		496	2,498
Trade receivable, net		2,436	2,294
Other receivable		724	1,320
Investment held for sale		542	-
Related parties receivable		397	259
		<u>10,603</u>	<u>16,986</u>
Non-Current Assets:			
Right-of-use assets		1,406	1,690
Property, plant and equipment, net		999	1,018
Investment in investee		428	1,111
Investment in investment funds		2,039	1,509
Intangible assets, net		8,467	8,995
Goodwill		4,500	4,500
		<u>17,839</u>	<u>18,823</u>
Total Assets		<u><u>28,442</u></u>	<u><u>35,809</u></u>

The accompanying notes are an integral part of the financial statements

Gefen International A.I. LTD.

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(US Dollar in thousands)

	Note	June 30, 2022 Unaudited	December 31, 2021 audited
LIABILITIES AND SHAREHOLDERS' Equity			
Current Liabilities:			
Short-term maturities of long-term loan		1,271	1,082
Trade payables		338	348
Related party payables		1,020	*843
Liability at business combination		743	*1,516
Deferred revenues		329	509
Short-term maturities of lease liabilities		562	561
Other payables		2,713	*3,282
		<u>6,976</u>	<u>8,141</u>
Non-Current Liabilities:			
Lease liabilities		926	1,273
Long-term loan		234	469
Employee benefits, net		456	452
Related parties		2,094	1,549
Liability at business combination		1,073	1,369
Deferred tax liabilities		1,737	1,858
		<u>6,520</u>	<u>6,970</u>
Shareholders' equity:			
Equity attributable to owners of parent:			
Share capital		370	370
Additional paid in capital		45,443	45,350
Share based payment reserve		6,454	5,397
Capital reserve in respect of transactions with NCI		270	-
Foreign exchange reserve		(136)	723
Accumulated losses		(39,489)	(33,658)
Total shareholders' equity		<u>12,912</u>	<u>18,182</u>
Non - controlling interest		2,034	2,516
		<u>14,946</u>	<u>20,698</u>

TOTAL LIABILITIES AND SHAREHOLDERS' Equity

28,442

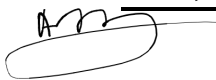
35,809



David Nash
Co-CEO and Director



Orni Daniel
Co-CEO and Director



Avishai Malka
Chief Financial Officer

August 29, 2022
Date of approval of
financial statements

* Reclassified

The accompanying notes are an integral part of the financial statements.

Gefen International A.I. LTD.

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(US Dollar in thousands, except for basic and diluted profit (loss) per share)

	Six-month period ended June 30,	
	2022	2021
	Unaudited	
Revenue	6,772	6,629
Operating expenses:		
Operations and support	2,956	*1,876
Commission and related expense	2,475	*165
Selling and marketing expenses	1,739	*673
Research and development expenses	1,351	*1,042
General and administrative expenses	3,389	*1,765
Depreciation and amortization	897	*551
Other income	264	126
Total operating expenses	12,543	5,946
Operating (profit) loss	5,771	(683)
Share in loss of joint ventures accounted for using the equity method	(55)	(5)
Financial income	-	1,891
Financial expense	664	362
Profit (Loss) before tax	(6,490)	2,207
Expense tax	42	55
Total Profit (loss) for the period	(6,532)	2,152
Other Comprehensive loss:		
Items that may subsequently be reclassified to profit or loss:		
Adjustments from currency translation	(1,082)	(87)
Total Comprehensive income (loss)	(7,614)	2,065
Profit (loss) for the period attributed to:		
Attributable to the ordinary equity holders	(5,831)	1,872
Non - controlling interest	(701)	280
	(6,532)	2,152
Total comprehensive profit (loss) for the period attributed to:		
Attributable to the ordinary equity holders	(6,690)	1,785
Non - controlling interest	(924)	280
	(7,614)	2,065
Earnings per share for profit (loss) for the period attributable to the owners of the parent during the year		
Basic profit (loss) per share	(0.046)	0.024
Diluted profit (loss) per share	(0.046)	0.001

* Reclassified, for details see Note 2

The accompanying notes are an integral part of the financial statements.

Gefen International A.I. LTD.

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT

(US Dollar in thousands)

For the six-month period ended June 30, 2022 (Unaudited):

	Deficit attributable to owners of the parent								
	Share capital	Additional paid in capital	Capital reserve in respect of transactions with NCI	Foreign exchange reserve	Share- based payment reserve	Accumulated deficit	Total shareholders' deficit	Non-controlling interest	Total deficit
Balance at January 1, 2022	370	45,350	-	723	5,397	(33,658)	18,182	2,516	20,698
Changes during the period:									
Loss for the period	-	-	-	-	-	(5,831)	(5,831)	(701)	(6,532)
Other comprehensive loss	-	-	-	(859)	-	-	(859)	(223)	(1,082)
Total comprehensive loss	-	-	-	(859)	-	(5,831)	(6,690)	(924)	(7,614)
Business combination	-	-	-	-	-	-	-	183	183
Capital reserve for transactions with capital contribution to a subsidiary by the Non-controlling interest (see note 5.1)	-	-	270	-	-	-	270	259	529
Issuance of shares	-	93	-	-	(93)	-	-	-	-
Share-based payment	-	-	-	-	1,150	-	1,150	-	1,150
Balance at June 30, 2022	<u>370</u>	<u>45,443</u>	<u>270</u>	<u>(136)</u>	<u>6,454</u>	<u>(39,489)</u>	<u>12,912</u>	<u>2,034</u>	<u>14,946</u>

The accompanying notes are an integral part of the financial statements.

Gefen International A.I. LTD.

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT

(US Dollar in thousands)

For the six-month period ended June 30, 2021 (Unaudited):

	Deficit attributable to owners of the parent							
	Share capital	Additional paid in capital	Foreign exchange reserve	Share- based payment reserve	Accumulated deficit	Total shareholders' deficit	Non-controlling interest	Total deficit
Balance at January 1, 2021	115	16,267	428	4,111	(31,212)	(10,291)	2,620	(7,671)
Changes during the period:								
Profit for the period	-	-	-	-	1,872	1,872	280	2,152
Other comprehensive loss	-	-	(87)	-	-	(87)	-	(87)
Total comprehensive income (loss)	-	-	(87)	-	1,872	1,785	280	2,065
Issuance of share benefit	109	(109)	-	-	-	-	-	-
Share-based payment	-	-	-	255	-	255	-	255
Balance at June 30, 2021	224	16,158	341	4,366	(29,340)	(8,251)	2,900	(5,351)

The accompanying notes are an integral part of the financial statements.

Gefen International A.I. LTD.

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (US Dollar in thousands)

	Six-month period ended June 30,	
	2022	2021
	Unaudited	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit (loss) for the period	(6,532)	2,152
<u>Adjustments to reconcile net profit (loss) to net cash provided by (Used in) operating activities:</u>		
Share in loss of joint ventures accounted for using the equity method	55	5
Depreciation and amortization	897	551
Increase in trade receivables	(212)	(2,379)
Decrease (increase) in other receivable	549	(417)
Increase (decrease) in trade payable	50	(176)
Increase (decrease) in other payables	(671)	274
Decrease in related parties, net	(367)	(93)
Increase in employee benefit	58	11
Expenses of share-based payment fund	1,150	255
Increase in deferred tax, net	(145)	(64)
Decrease in deferred revenues	(132)	-
Change in fair value of convertible note and contingent consideration in business combination	-	(1,577)
Loan interest expense and currency fluctuations	245	91
Net cash used in operating activities	(5,055)	(1,367)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investments accounted for using the equity method	-	(451)
Newly consolidated subsidiaries (see appendix B)	(738)	-
Purchase of property, plant, and equipment	(178)	(34)
Investment in investment fund	(699)	-
Withdrawal of deposits	2,002	-
Dividend from investment in investee	21	-
Net cash provided by (used in) investing activities	408	(485)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of lease liabilities	(416)	(202)
Receipt of loans	2,924	518
Payment of loans	(2,872)	(256)
Capital reserve in respect of transactions with controlling shareholders (see note 5.1)	529	-
Exercise of stock options	*	-
Receipt of convertible note	-	1,875
Net cash provided by financing activities	165	1,935
Net decrease in cash and cash equivalents	(4,482)	83
Effects of exchange rate changes on cash and cash equivalents	(125)	(17)
Cash and cash equivalents at the beginning of the period	10,615	1,526
Cash and cash equivalents at the end of the period	6,008	1,592

* Less than 1 US thousands

Gefen International A.I. LTD.

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (US Dollar in thousands)

APPENDIX A - AMOUNT PAID DURING THE PERIOD:

	Six-month period ended June 30,	
	2022	2021
	Unaudited	
Interest paid	119	101
Income tax paid	297	96
		-

APPENDIX B - INVESTMENT IN NEWLY - CONSOLIDATED SUBSIDIARIES:

	Six-month period ended June 30,	
	2022	2021
	Unaudited	
Working capital other than cash and cash equivalents	(53)	-
Fixed assets	(6)	-
Long term liabilities	24	-
Deferred tax liability	205	-
Goodwill	(555)	-
Customer relationship and technology	(892)	-
Non- controlling interest	183	-
Liability at business combination	356	-
Total cash and cash equivalents paid	(738)	-

APPENDIX C- NON-CASH INVESTING ACTIVITY

	Six-month period ended June 30,	
	2022	2021
	Unaudited	
Payables in respect of purchase of joint venture	-	242
Recognition of right of use assets and lease liabilities	18	-
Liability at business combination	356	-

The accompanying notes are an integral part of the financial statements.

Gefen International A.I. LTD.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(US Dollar in thousands)

NOTE 1 - GENERAL:

- a. Gefen International A.I. (hereinafter, the "Company") was founded in September 2020 in Israel. Gefen Technologies A.I. Ltd., the Company's subsidiary (the "Subsidiary") was incorporated on November 23, 2017 in Israel.

The Company was admitted to the official list of the ASX on July 19, 2021, with its ordinary fully paid shares having commenced trading on July 21, 2021. The Company raised AUD 25,000,000 (approximately 18,279) pursuant to the offer by the issuance of 25,000,000 shares at an issue price of AUD 1 per share. Following the IPO, the Company's financial liabilities: Contingent consideration in business combination and the convertible notes were converted into ordinary shares.

The financial statements include the Companies, whose reports are fully consolidated, with the Company's reports (hereinafter the "Subsidiaries").

- b. The Subsidiary develops large-scale digital distribution platforms for the agent-based business sector. These platforms enable the transformation of agent-based networks into digital sales fleets, based on SAAS models.
- c. In February 2022, the Company along with her subsidiary Verify Insurance Agency Ltd. have entered into a binding Share Purchase Agreement to acquire 80% of the issued capital of Roeto Ltd (hereinafter: "Roeto"), an Israeli based technology company that provides a SaaS CRM platform for life insurers and financial planners (See also Note 4).
- d. The Company, the Subsidiaries and Roeto shall be referred to hereinafter as "The Group".

Gefen International A.I. LTD.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(US Dollar in thousands)

NOTE 1 – GENERAL (CONT.):

- e. The novel coronavirus (“COVID-19”) has adversely impacted global commercial activity and contributed to significant volatility in financial markets. The COVID-19 pandemic has disrupted global supply chains and adversely impacted many different industries for most of 2020. COVID-19 could have a continued material adverse impact on economic and market conditions and trigger a period of continued global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the extent and the duration of the economic impact of COVID-19. COVID-19 therefore presents material uncertainty and risk with respect to the Group and its performance and could affect the Group’s financial results in a materially adverse way.

Although the continued COVID-19 pandemic spread and its variants during the 1st half of 2022, the Group does not find substantial evidence for adverse changes in its operations. As of this date, the Group is unable to assess what, and for how long, any adverse changes may impact the Group business for the long term.

- f. The Russian Federation’s invasion of Ukraine and the subsequent global response to those military actions may have significant financial effects on many entities. These include entities with physical operations in Ukraine, Russia and Belarus, as well as indirect interests (e.g. suppliers and customers, investments and lenders).

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

Basis of preparation

These interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2021 annual financial statements.

Significant accounting policies

The Group has applied the same accounting policies and methods of computation in its interim consolidated financial statements as in its 2021 annual financial statements. Other new and amended standards and Interpretations issued by the IASB that will be applicable for the first time in future financial statements are not expected to impact the Group as they are either not relevant to the Group’s activities or require accounting which is consistent with the Group’s current accounting policies.

Gefen International A.I. LTD.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(US Dollar in thousands)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

None – current assets held for sale and disposal groups:

Non- current assets and disposal groups are classified as held for sale when:

- They are available for immediate sale.
- Management is committed to a plan for sale.
- It is unlikely that significant changes to the plan will be made for that the plan will be withdrawn.
- An active program to locate a buyer has been initiated.
- The asset or disposal group is being marketed a reasonable price in relation to its fair value, and
- A sale is expected to complete within 12 months from the date of a classification.

None – current assets and disposal groups classified as held for sale are measured at the lower of:

- Their carrying amount immediately prior to being classified as held for sale in accordance with the group's accounting policy; and
- Fair value less costs of disposal.

Following their classification as held for sale, none – current assets (including those in a disposal group) are not depreciated.

The result of operations disposed during the year are included in the consolidated statement of comprehensive income up to the date of the disposal.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operation's or is a subsidiary acquired exclusively with a view to resale, that has been disposed of, has been abandoned or that's meets the criteria to be classified as held for sale.

Reclassification

- The Company reclassified US\$763 thousand from sales and marketing expenses to costs of sales in H1 2021, to consistently present all costs of employees and services providers, including sub-agents, utilized in fulfilling the Company's promises to insurance companies. This classification did not have any effect on the profit for the year.
- The Company reclassified US\$ 1,516 thousand from Related parties and Other account payables December 2021, to consistently present the liabilities business combinations. This classification did not have any effect on the profit (loss) for the year.

Gefen International A.I. LTD.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(US Dollar in thousands)

NOTE 3 – SEGMENT INFORMATION:

Summarized financial information by segment, based on the Group's internal financial reporting system utilized by the Group's chief operating decision makers, follows:

For the six months ended June 30, 2022 (Unaudited)

	<u>Agent solution segment</u>	<u>License fees segment</u>	<u>Total</u>
Segment revenue	6,434	338	6,772
Segment operating loss	389	5,382	5,771
Share in investee loss			55
Financial expenses, net			<u>664</u>
Loss before tax			6,490

For the six months ended June 30, 2021 (Unaudited)

	<u>Agent solution segment</u>	<u>License fees segment</u>	<u>Total</u>
Segment revenue	3,863	2,766	6,629
Segment operating profit (loss)	700	(22)	678
Financial income, net			<u>1,529</u>
Profit before tax			2,207

NOTE 4 - BUSINESS COMBINATION:

A. Purchase of Roeto

In February 2022, Gefen Technologies along with Verify Insurance Agency Ltd. have entered into a binding Share Purchase Agreement Of 80,000 Ordinary Shares of Roeto Ltd (“Roeto”), which constitute, at the time of the closing of the SPA's, 80% of Roeto’s share capital, on a fully diluted basis. (70% and 10% respectively). The total consideration of the purchase is 1,171, with the following breakdown: 806 was paid in cash and 365 will be paid after 12 months. Roeto is an Israeli based technology company that provides a SaaS CRM platform for life insurers and financial planners.

Goodwill of 555 represents the expected synergies from merging this business with the agent solution sector. The acquired business contributed revenue of 389 and profit after tax of 97 to the consolidated entity for the period from January 1 to June 30, 2022.

Gefen International A.I. LTD.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(US Dollar in thousands)

NOTE 4 - BUSINESS COMBINATION(CONT.):

A. Purchase of Roeto (cont):

Details of the acquisition are as follows:

Description	Roeto – fair value (unaudited)
Net tangible assets	
Current assets, net of current liabilities	70
Plant and equipment	6
Long term liabilities	(29)
Customer Relations and technology	892
Deferred Tax liability	(205)
Goodwill	555
Non- controlling interest	(183)
Acquisition-date fair value of the total consideration transferred	1,106
 Representing:	
Payable to sellers	1,106
 Cash used to acquire business, net of cash acquired:	(738)
Acquisition-date fair value of the total consideration transferred	(750)
Less: cash and cash equivalents	12
Net cash Paid	(738)

B. Composition and movement of the Goodwill:

Cost:	
As of December 31, 2021	7,874
Business combination	555
Currency translation adjustments	(555)
As of June 30, 2022	7,874
 Accumulated depreciation:	
As of December 31, 2021	(3,374)
Additions	-
Currency translation adjustments	-
As of June 30, 2022	(3,374)
Net book value:	
 As of June 30, 2022	4,500
As of December 31, 2021	4,500

Gefen International A.I. LTD.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(US Dollar in thousands)

NOTE 5 – SIGNIFICANT EVENTS DURING THE REPORTING PERIOD:

1. During the period, the minority of the subsidiary, Verify Insurance Agency Ltd., which owns 49% of the company's issued share capital, injected capital of 529 to cover bank debts, including bank loans. The injection of capital was made without any future consideration and without the majority shareholders' obligation to inject equally.
2. Loans for Or-Hagefen subsidiary - During the year the subsidiary received a loan from the related companies of the minority shareholder in the amount of 366 thousand USD without repayment terms.

NOTE 6 – SUBSEQUENT EVENTS:

1. Friedman Berkovitz, Insurance Agency (2009) Ltd operates in Israel as an insurance agency generates its revenues from insurance commissions at life and elementary sectors, was sold on 3 July, 2022 (see also note 5.1), The investment was classified as assets held for sale as of June 30, 2022, The book value of the investment was greater than its fair value, therefore an impairment of US\$ 130 thousand was recorded.
2. In March 29, 2022, Gefen, Arayot Insurance and Pension Agency Ltd. ("Arayot"), AKG, and Dorotnet 2016 Ltd. ("Dorot") signed a share purchase agreement which is according to the following agreements:
 - A Newco will not be established as specified in the agreement between Gefen and Arayot.
 - Alternatively, all rights and obligations granted to the shareholders under the shareholders' agreement in the Newco, granted to the shareholders in Arayot. For this purpose, 51% of the issued share capital of Arayot assigned to Gefen on a fully diluted basis and the other shareholders in Arayot, diluted to a holding of 49% of its issued and paid-up share capital on a fully diluted basis.
 - Gefen, Dorot, and Arayot confirm and agree that Dorot convert the debt it has towards Gefen under the Arayot License Agreement, and in return for the debt, Gefen received shares in Arayot.
 - The value of the share transferred to Gefen, was estimated by an external independent appraiser.
 - The closing of the share purchase agreement made on August 11, 2022 although it will be completed only after a few technical pending terms will be achieved.