

For personal use only



Appendix 4D
Adisyn Ltd (ASX:AI1)
ABN 30 155 473 304

INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2024

1. Company details

Name of entity:	Adisyn Ltd
ABN:	30 155 473 304
Reporting period:	For the half-year ended 31 December 2024
Previous period:	For the half-year ended 31 December 2023

2. Results for announcement to the market

	31 December 2024 \$	31 December 2023 \$	Change \$	Change %
Revenues from ordinary activities	1,953,613	3,747,341	(1,793,728)	(48%)
Loss from ordinary activities after tax attributable to the Owners of Adisyn Ltd	(2,665,538)	(841,162)	(1,824,376)	217%
Loss for the half-year attributable to the Owners of Adisyn Ltd	(2,665,538)	(841,162)	(1,824,376)	217%

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the Group after providing for income tax amounted to \$2,665,538 (31 December 2023: \$841,162).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	1.04	1.99

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Details of associates and joint venture entities

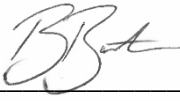
Not applicable.

7. Audit qualification or review

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

8. Signed

Signed



Date: 26 February 2025

Blake Burton
Managing Director

For personal use only

Adisyn Ltd

ABN 30 155 473 304

Interim Report - 31 December 2024

For personal use only

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Adisyn Ltd (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2024.

Principal activities

Adisyn is a leading provider of managed technology solutions, primarily serving the SME market. The Group leverages cutting-edge technologies, including artificial intelligence and cybersecurity, to deliver bespoke solutions. The Group secured groundbreaking technology through its acquisition of 2D Generation and its advanced capability to apply a layer of graphene coating to a semiconductor interface. The 2G semiconductor leverages graphene's unique electrical and thermal properties to deliver a processor which can potentially be scaled to even smaller size but with faster, more efficient computing times.

Review of operations

The half-year represents a transformational period for the Group which has rationalised its operations and significantly enhanced its focus on developing an advanced semiconductor technology.

The Group commenced its focus on the semiconductor opportunity in July 2024, following a strategic review of current operations and the signing of a collaboration agreement with global semiconductor IP business 2D Generation (2DG).

The agreement sought to leverage Adisyn's expertise in data centre management, managed IT services, and cybersecurity, alongside 2DG's industry-leading capabilities in developing advanced semiconductor solutions.

Following successful collaboration to identify significant opportunities, Adisyn announced in October that the Group had entered formal negotiations to acquire 2DG, in addition to an associated capital raise.

In November, a Binding Agreement for the acquisition was announced in addition to the completion of a \$3 million (before costs) equity capital placement.

Post-period end, the Group completed the acquisition of a 100% interest in 2D Generation Ltd and subsequently 2DG Founder and CEO, Arye Kohavi was appointed to the Adisyn Board. In addition, a \$10 million heavily oversubscribed placement was completed, with support from recently appointed Non-Executive Director Kevin Crofton, to accelerate development of graphene-enhanced semiconductor technologies.

The Group is currently advancing its understanding of graphene coating for semiconductors through the procurement of a new generation atomic layer deposition machine (ALD). An ALD machine is utilised in the semiconductor industry to deposit extremely thin layers (down to the atomic layer) of material on to chips.

2D has already successfully developed a patented solution enabling in-situ ALD graphene deposition on the interconnect at below 300 degrees Celsius – which has never been achieved successfully prior to 2DG. Adisyn intends to use its incoming ALD machine to achieve further breakthroughs and has targeted uniform deposition of graphene onto a 1cm-by-1cm coupon.

The development of the coupon is anticipated provide a benchmark for further semiconductor interconnect production and assist in overcoming a number of industry challenges, including signal delay, high power consumption and scaling limits.

While the Group has been aggressively pursuing this new opportunity, the Board have also been diligent in streamlining its existing services offering to data centres, cybersecurity and managed IT.

In September, Adisyn announced it had successfully negotiated the surrender of a lease agreement for a data centre located in Bibra Lake, Western Australia.

The negotiation sees the Group further simplify its services business, with data centre solutions now being provided solely through third party providers. As part of the negotiation, all existing, profitable customers were offered to relocate to alternative data centres in Perth to continue to be serviced by Adisyn.

The surrender of the lease has assisted in freeing up capital for the semiconductor opportunity and is also estimated to deliver approximately \$350k in savings per year.

Further rationalisation of the business occurred during the period via the divestment of its Miner Hosting Assets. The Miner Hosting Assets, which provide infrastructure and services for clients to facilitate mining of cryptocurrency, were determined to be non-core during an internal review, announced 28 February 2024.

In December, Adisyn announced it had entered into formal negotiations for the divestment with Metacorp Developments Pty Ltd ("Metacorp") a private Australian Group that provides cryptocurrency mining services to clients under the banner 'Metamining'.

Post period-end, the Group announced AI1 formally entered into a binding agreement with Metacorp, with completion of the agreement subject to various condition precedent. The divestment is for \$300k (plus GST) cash consideration, with up to \$300k (plus GST) in additional consideration subject to various earn-out criteria. The sale is for the Miner Hosting business physical assets only and does not include any intellectual property developed by the Group within the Miner Hosting business.

The loss for the Group after providing for income tax amounted to \$2,665,538 (31 December 2023: \$841,162).

Outlook

The semiconductor industry represents a key target market for the future of the Group and is driven by a number positive fundamentals (refer to references in ASX Announcement dated: 15 July 2024). According to a PwC report, the AI market is expected to reach \$15.7 trillion by 2030, with an annual growth rate of 26.4% between 2020 and 2024. This growth underscores the importance of semiconductors in enabling AI technologies.

In 2020, the US invested \$23.2 billion in AI research and development, with China following at \$16.6 billion. The EU has also set an ambitious goal of investing €20 billion annually in AI over the next decade. The global AI chip market is projected to grow from \$10.1 billion in 2020 to \$253 billion by 2030, with a compound annual growth rate of 35%.

With these positive tailwinds, Adisyn's wholly acquired business 2DG will continue to make developments via its current and incoming ALD machines and will also progress its ConnectingChips projects with innovation partners including NVIDIA, IMEC, Valeo, Applied Minerals, NXP, and Unity.

Dividends

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

Matters subsequent to the end of the financial half-year

On 21 January 2025, the Company has appointed Mr. Kevin Crofton to its Board of Directors as a Non-Executive Director.

On January 9, 2025, the Group completed the acquisition of a 100% interest in 2D Generation Ltd and subsequently 2DG Founder and CEO, Arye Kohavi was appointed to the Adisyn Board.

- (a) **(Consideration)**: the consideration payable by the Company to 2D Generation Shareholders (**Sellers**) comprise:
- (i) 300,000,000 fully paid ordinary shares in the capital of the Company (**Consideration Shares**);
 - (ii) a total of 300,000,000 performance rights (**Performance Rights**) which will convert into Shares on a one for one basis subject to satisfaction of the milestone in the relevant class before the expiry date, as follows:
 - (A) **(Class A)**: 100,000,000 Class A Performance Rights which convert into Shares upon an independently verified demonstration (by a suitably qualified professor from a recognised technological university in Australia or Israel, as determined by the AI1 board of directors) of the successful deposition of an organic substrate on to a metallic or non-metallic material at below 300 degrees Celsius using an Atomic Layer Deposition machine, within 12 months;
 - (B) **(Class B)**: 100,000,000 Class B Performance Rights which convert into Shares upon an independently verified demonstration (by a suitably qualified professor from a recognised technological university in Australia or Israel, as determined by the AI1 board of directors) of the successful deposition of an organic substrate capping layer on Copper (Cu) or Ruthenium (Ru) coupons 1cm by 1cm in size at below 300 degrees Celsius, within 18 months; and
 - (C) **(Class C)**: 100,000,000 Class C Performance Rights which convert into Shares following the signing of a binding agreement with a global semiconductor corporation and AI1 receiving income of more than \$AU1M (determined in accordance with applicable accounting standards as received and confirmed by AI1's auditor), within 36 months.

The Consideration Shares and the Performance Rights will be subject to a voluntary escrow period of 6 months from the date of issue.

On 28 January 2025, the Company has entered into a binding agreement to divest 100% of its Miner Hosting business excluding any intellectual property developed by the Company to Metacorp. The divestment is for \$300k (plus GST) cash consideration, with up to \$300k (plus GST) in additional consideration subject to several earn-out criteria.

On 12 February 2025, Mr. Justin Thomas stepped down from the Board.

On 24 January 2025, the Company successfully concluded a heavily oversubscribed \$10 million placement, issuing 105,263,158 new fully paid ordinary shares at \$0.95 each. Additionally, 20,000,000 unlisted options, exercisable at \$0.15 per share and expiring in 36 months, were granted to the brokers for the placement

On 24 February 2025, Non-Executive Chairman Shane wee has informed the Board of his intention to step down in the coming three months, as part of a planned leadership transition.

No other matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Director's report.

This report is made in accordance with a resolution of the Board of Directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Blake Burton
Managing Director

26 February 2025

To the Board of Directors,

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead audit Director for the review of the financial statements of Adisyn Ltd and its controlled entities for the half year ended 31 December 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours Faithfully,

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis

MARK DELAURENTIS CA
Director

Dated this 26th day of February 2025
Perth, Western Australia

Condensed consolidated statement of profit or loss and other comprehensive income	6
Condensed consolidated statement of financial position	8
Condensed consolidated statement of changes in equity	9
Condensed consolidated statement of cash flows	10
Notes to the condensed consolidated financial statements	11
Directors' declaration	21
Independent auditor's review report to the members of Adisyn Ltd	22

General information

The financial statements cover Adisyn Ltd as a Group consisting of Adisyn Ltd and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Adisyn Ltd's functional and presentation currency.

Adisyn Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Suite 7, 63 Shepperton Rd,
Victoria Park,
Western Australia 6100

Principal place of business

Unit 3, 4 McGrath Road
Henderson WA 6166

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 26 February 2025. The Directors do not have the power to amend and reissue the financial statements.

Adisyn Ltd
Condensed consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2024



	Note	31 December 2024 \$	31 December 2023 [^] \$
Revenue from continuing operations		1,572,186	1,920,138
Other income		4,317	20,775
Expenses			
Cost of goods sold		(666,908)	(623,815)
Selling and distribution expenses		(51,567)	(72,991)
Administrative expenses		(603,395)	(300,174)
Share-based payments	13	(224,697)	(27,583)
Other operating expenses		(1,267,063)	(1,359,884)
Finance costs		(72,994)	(180,510)
Loss before income tax expense from continuing operations		(1,310,121)	(624,044)
Income tax expense		-	-
Loss after income tax expense from continuing operations		(1,310,121)	(624,044)
Loss after income tax expense from discontinued operations	4	(1,355,417)	(217,118)
Loss after income tax expense for the half-year attributable to the Owners of Adisyn Ltd		(2,665,538)	(841,162)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(668)	(7,088)
Other comprehensive income for the half-year, net of tax		(668)	(7,088)
Total comprehensive income for the half-year attributable to the Owners of Adisyn Ltd		(2,666,206)	(848,250)
Total comprehensive income for the half-year is attributable to:			
Continuing operations		(1,310,789)	(631,132)
Discontinued operations		(1,355,417)	(217,118)
		(2,666,206)	(848,250)

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

		Cents	Cents
Earnings per share for loss from continuing operations attributable to the Owners of Adisyn Ltd			
Basic earnings per share	12	(0.53)	(0.45)
Diluted earnings per share	12	(0.53)	(0.45)
Earnings per share for loss from discontinued operations attributable to the Owners of Adisyn Ltd			
Basic earnings per share	12	(0.55)	(0.16)
Diluted earnings per share	12	(0.55)	(0.16)
Earnings per share for loss attributable to the Owners of Adisyn Ltd			
Basic earnings per share	12	(1.08)	(0.61)
Diluted earnings per share	12	(1.08)	(0.61)

[^] The comparative information is restated due to the non-current asset classified as held for sale and discontinued operation.

	Note	31 December 2024 \$	30 June 2024 [^] \$
Assets			
Current assets			
Cash and cash equivalents		1,754,955	299,141
Trade and other receivables		861,059	725,105
Inventories		1,160	11,860
Other assets		62,995	173,419
		<u>2,680,169</u>	<u>1,209,525</u>
Assets of disposal groups classified as held for sale	6	2,614,776	3,470,099
Total current assets		<u>5,294,945</u>	<u>4,679,624</u>
Non-current assets			
Right-of-use assets	5	86,889	-
Property, plant and equipment	7	187,261	746,310
Intangibles	8	981,513	1,179,449
Other assets		23,305	105,600
Total non-current assets		<u>1,278,968</u>	<u>2,031,359</u>
Total assets		<u>6,573,913</u>	<u>6,710,983</u>
Liabilities			
Current liabilities			
Trade and other payables		736,035	930,200
Contract liabilities		196,361	232,932
Lease liabilities		65,303	348,607
Borrowings		421,899	563,794
Employee benefits		96,144	113,699
Other liabilities	9	197,860	293,117
		<u>1,713,602</u>	<u>2,482,349</u>
Liabilities directly associated with assets classified as held for sale		551,645	909,545
Total current liabilities		<u>2,265,247</u>	<u>3,391,894</u>
Non-current liabilities			
Borrowings		3,607	244,362
Lease liabilities		62,189	877,658
Employee benefits		61,824	49,286
Other liabilities	9	-	74,311
Total non-current liabilities		<u>127,620</u>	<u>1,245,617</u>
Total liabilities		<u>2,392,867</u>	<u>4,637,511</u>
Net assets		<u>4,181,046</u>	<u>2,073,472</u>
Equity			
Issued capital	10	15,999,685	11,324,454
Reserves	11	2,816,066	2,718,184
Accumulated losses		(14,634,705)	(11,969,166)
Total equity		<u>4,181,046</u>	<u>2,073,472</u>

[^] The comparative information is restated due to the non-current asset and liabilities classified as held for sale.

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes

Adisyn Ltd
Condensed consolidated statement of changes in equity
For the half-year ended 31 December 2024



	Issued capital \$	Share-based payment reserve \$	Translation reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2023	10,067,297	2,695,875	(8,640)	(10,270,671)	2,483,861
Loss after income tax expense for the half-year	-	-	-	(841,162)	(841,162)
Other comprehensive income for the half-year, net of tax	-	-	(7,088)	-	(7,088)
Total comprehensive income for the half-year	-	-	(7,088)	(841,162)	(848,250)
<i>Transactions with Owners in their capacity as Owners:</i>					
Contributions of equity, net of transaction costs	400,000	-	-	-	400,000
Share-based payments (note 13)	38,230	27,583	-	-	65,813
Issue of shares to vendor for settlement of Attained consideration (note 10)	176,639	-	-	-	176,639
Issue of shares to interest note holders	11,967	-	-	-	11,967
Issue of performance rights to vendor for the acquisition of Thomas Cyber (note 13)	-	86,567	-	-	86,567
Balance at 31 December 2023	10,694,133	2,810,025	(15,728)	(11,111,833)	2,376,597

	Issued capital \$	Share-based payment reserve \$	Translation reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2024	11,324,454	2,729,414	(11,230)	(11,969,166)	2,073,472
Loss after income tax expense for the half-year	-	-	-	(2,665,538)	(2,665,538)
Other comprehensive income for the half-year, net of tax	-	-	(668)	-	(668)
Total comprehensive income for the half-year	-	-	(668)	(2,665,538)	(2,666,206)
<i>Transactions with Owners in their capacity as Owners:</i>					
Contributions of equity, net of transaction costs (note 10)	4,230,936	-	-	-	4,230,936
Share-based payments (note 13)	126,148	98,550	-	-	224,698
Loss on extinguishing liability	21,000	-	-	-	21,000
Issue of shares to director (note 10)	267,146	-	-	-	267,146
Exercise of options (note 10)	30,000	-	-	-	30,000
Balance at 31 December 2024	15,999,684	2,827,964	(11,898)	(14,634,704)	4,181,046

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes

	Note	31 December 2024 \$	31 December 2023 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,990,202	4,599,806
Payments to suppliers and employees (inclusive of GST)		(3,440,274)	(4,414,387)
Other revenue		4,317	121,256
Interest and other finance costs paid		(65,068)	(136,531)
Net cash from/(used in) operating activities		(1,510,823)	170,144
Cash flows from investing activities			
Payments for loan to 2DG		(692,514)	-
Payments for property, plant and equipment	7	(15,929)	(38,582)
Proceeds from disposal of business		100,000	-
Proceeds from disposal of property, plant and equipment		77,532	-
Net cash used in investing activities		(530,911)	(38,582)
Cash flows from financing activities			
Proceeds from issue of shares	10	4,548,000	400,000
Share issue transaction costs		(287,064)	-
Proceeds from borrowings		-	2,519
Repayment of borrowings		(500,841)	(537,777)
Payment of lease principal		(262,548)	(386,925)
Net cash from/(used in) financing activities		3,497,547	(522,183)
Net increase/(decrease) in cash and cash equivalents		1,455,813	(390,621)
Cash and cash equivalents at the beginning of the financial half-year		299,142	676,806
Cash and cash equivalents at the end of the financial half-year		1,754,955	286,185

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Material accounting policy information

These general-purpose financial statements for the interim half-year reporting period ended 31 December 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general-purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Group incurred a loss of \$2,665,538 (31 December 2023: \$841,162) and had net cash inflows from operating of \$1,510,823 (31 December 2023 : \$170,144) and investing activities outflows of \$530,911 (31 December 2023 : \$38,582) respectively for the half-year ended 31 December 2024. As at that date, the Group had net assets of \$4,181,046 (30 June 2024: \$2,073,472).

During January 2025 the Company completed the acquisition of 2D Generation, a semiconductor IP business based in Israel. The Company also had a successful placement of \$10M. The placement funds will substantially strengthen the Company's financial position and provide the resources to support growth initiatives which include the acquisition of cutting-edge equipment, technological innovation, particularly in advancing 2D Generation's patented technologies, commercialisation and strategic partnerships, as well as operational readiness and working capital.

The Directors believe that the Group will be successful in the above matters and accordingly, have prepared the financial report on a going concern basis. At this time, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report at 31 December 2024.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances.

The judgments, estimates and assumptions applied in the half-year financial statements, including the key sources of estimation uncertainty were the same as those applied in the Company's last annual financial statements for the year ended 30 June 2024 unless otherwise mentioned.

Note 3. Operating segments

The Group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of products and services;
- Nature of the production processes;
- Type of class of customer for the products and services;
- Methods used to distribute the products or provide the services, and if applicable.
- Nature of the regulatory environment.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements. Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

The Group disaggregates revenue from contracts with customers. The Board has identified its operating segments based on the internal reports that are used by the Board in assessing performance and in determining the allocation of resources. The information presented in the financial statements approximates the information of the operating segment.

As a result of disposal of the "Miner Hosting" segment including regional modular hosting. The Group operates only in one segment. The "Infrastructure and Managed Services" segment includes Managed Support Services, Cyber Security Services, Cloud and data centre co-location, as well as Network and Back Up services.

Note 4. Discontinued operations

Financial performance information

	31 December 2024 \$	31 December 2023 [^] \$
Discontinued cloud services	1,664	626,073
Discontinued modular hosting revenue	359,033	1,158,779
Discontinued modular sales revenue	20,730	34,086
Discontinued other income	-	8,265
Total revenue	381,427	1,827,203
Discontinued other income	93,924	100,480
Discontinued cost of sales	(503,737)	(1,047,570)
Discontinued impairment and depreciation expense	(731,401)	(93,756)
Discontinued operating expenses	(565,593)	(967,614)
Discontinued other expenses	(30,037)	(35,861)
Total expenses	(1,830,768)	(2,144,801)
Loss before income tax expense	(1,355,417)	(217,118)
Income tax expense	-	-
Loss after income tax expense from discontinued operations	(1,355,417)	(217,118)

Note 5. Right-of-use assets

	31 December 2024 \$	30 June 2024 \$
<i>Non-current assets</i>		
Land and buildings - right-of-use	86,889	-

Note 5. Right-of-use assets (continued)

The Group initially leased office buildings in Bibra Lake, with the lease commencing on November 1, 2020, and set to expire on October 31, 2027. During the reporting period, the Group surrendered this lease and entered into a new lease agreement for premises in Henderson, effective from September 16, 2024, to September 15, 2026.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Property	Other finance leased assets	Total
	\$	\$	\$
Balance at 1 July 2024	1,165,079	502,051	1,667,130
Assets held for sale (note 6)	-	(442,908)	(442,908)
Surrendered of lease	(1,165,079)	-	(1,165,079)
Discontinued depreciation expense	-	(59,143)	(59,143)
Additions	86,889	-	86,889
Balance at 31 December 2024	86,889	-	86,889

Note 6. Assets of disposal groups classified as held for sale

	31 December 2024 \$	30 June 2024 \$
<i>Current assets</i>		
Trade and other receivables	549,898	134,965
Inventories	112,336	112,336
Rights of use assets	442,908	1,624,805
Property, plant and equipment	1,509,634	1,597,993
	2,614,776	3,470,099

Note 7. Property, plant and equipment

	31 December 2024 \$	30 June 2024 [^] \$
<i>Non-current assets</i>		
Plant and equipment - at cost	467,538	2,217,130
Less: Accumulated depreciation	(326,278)	(942,051)
Less: Impairment	-	(773,121)
	<u>141,260</u>	<u>501,958</u>
Plant and equipment under lease	404,628	-
Less: Accumulated depreciation	(361,630)	-
	<u>42,998</u>	<u>-</u>
Property Improvements - at cost	12,926	341,380
Less: Accumulated depreciation	(9,923)	(97,028)
	<u>3,003</u>	<u>244,352</u>
CloudSigma equipment - at cost	147,913	147,913
Less: Accumulated depreciation	(147,913)	(147,913)
	<u>-</u>	<u>-</u>
	<u>187,261</u>	<u>746,310</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Property improvements \$	Plant and equipment \$	Plant and equipment under lease \$	Total \$
Balance at 1 July 2024 [^]	244,352	501,958	-	746,310
Additions	-	15,929	-	15,929
Transfer in from ROU	-	-	42,998	42,998
Disposals	(241,349)	(306,499)	-	(547,848)
Depreciation expense	-	(70,128)	-	(70,128)
Balance at 31 December 2024	<u>3,003</u>	<u>141,260</u>	<u>42,998</u>	<u>187,261</u>

[^] Prior balance was restated due to non-current asset classified as held for sale and discontinued operation.

Note 8. Intangibles

	31 December 2024 \$	30 June 2024 [^] \$
<i>Non-current assets</i>		
Goodwill - at cost	451,769	451,769
Development - at cost	335,929	335,929
Less: Accumulated amortisation	(300,801)	(253,810)
	<u>35,128</u>	<u>82,119</u>
Intellectual property - at cost	104,451	104,451
Less: Accumulated amortisation	(31,335)	(20,890)
	<u>73,116</u>	<u>83,561</u>
Customer contracts - at cost	843,039	843,039
Less: Accumulated amortisation	(421,539)	(281,039)
	<u>421,500</u>	<u>562,000</u>
	<u>981,513</u>	<u>1,179,449</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Goodwill \$	Development \$	Intellectual Property \$	Customer contracts \$	Total \$
Balance at 1 July 2024 [^]	451,769	82,119	83,561	562,000	1,179,449
Amortisation expense	-	(46,991)	(10,445)	(140,500)	(197,936)
Balance at 31 December 2024	<u>451,769</u>	<u>35,128</u>	<u>73,116</u>	<u>421,500</u>	<u>981,513</u>

[^] Prior balance was restated due to non-current asset classified as held for sale and discontinued operation.

Note 9. Other liabilities

	31 December 2024 \$	30 June 2024 \$
<i>Current liabilities</i>		
Other current liabilities	197,860	293,117
<i>Non-current liabilities</i>		
Other non-current liabilities	-	74,311

Other liabilities relate to deferred consideration payable to Attained Group Pty Ltd (Attained) in relation to the acquisition.

	31 Dec 2024	30 June 2024
Opening balance as at 1 July	(367,428)	(1,208,816)
Cash payments	185,636	701,779
Conversion of debt-to-equity settlement ¹	-	176,639
Interest accrued	(16,068)	(37,030)
Closing balance as at 31 December	<u>(197,860)</u>	<u>(367,428)</u>

Note 9. Other liabilities (continued)

¹ On 26 October 2023, the Company issued 8,831,950 ordinary shares at a deemed price of \$0.02 per share (**Consideration Shares**) to Esidium Group and Aviso IT to offset \$176,639 of cash consideration.

Note 10. Issued capital

	31 December 2024 Shares	30 June 2024 Shares	31 December 2024 \$	30 June 2024 \$
Ordinary shares - fully paid	307,287,439	185,132,002	17,746,054	11,969,128
Capital raising cost	-	-	(1,746,369)	(644,674)
	307,287,439	185,132,002	15,999,685	11,324,454

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2023	130,716,089		10,067,297
Issue of shares to vendors related to acquisition of Attained ¹	26 October 2023	8,831,950	\$0.020	176,639
Issue of shares to interest note holders ²	26 October 2023	239,344	\$0.050	11,967
Issue of shares - placement	30 November 2023	20,000,000	\$0.020	400,000
Issue of shares to employees under ESIP	18 December 2023	162,193	\$0.051	8,230
Issue of shares to employees under ESIP ³	18 December 2023	1,500,000	\$0.020	30,000
Issue of shares - placement	26 February 2024	14,900,000	\$0.020	298,000
Conversion of convertible notes	2 May 2024	4,925,000	\$0.050	246,250
Issue of interest shares to notes holders	2 May 2024	857,426	\$0.050	42,871
Issue of shares to corporate advisor	16 May 2024	3,000,000	\$0.018	54,000
Share issue costs		-	\$0.000	(10,800)
Balance	30 June 2024	185,132,002		11,324,454
Issue of shares - placement	2 August 2024	46,000,000	\$0.033	1,518,000
Issue of director shares upon conversion of loan under director loan agreement	23 October 2024	1,818,182	\$0.033	60,000
Issue of director shares in lieu of accrued Director fees	23 October 2024	4,394,521	\$0.033	145,019
Fair value adjustment on Director fees, loan to Shane Wee	23 October 2024	-	\$0.000	62,127
Issue of shares - lead manager Sandton Capital Advisory Pty Ltd	23 October 2024	5,000,000	\$0.033	215,000
Issue of shares	7 November 2024	60,000,000	\$0.050	3,000,000
Conversion of performance rights	21 November 2024	2,500,000	\$0.016	37,500
Exercise of options	20 December 2024	1,000,000	\$0.030	30,000
Issue of shares to employees under ESIP	20 December 2024	442,734	\$0.023	33,648
Issue of shares - Pitt Street Research Pty Ltd	20 December 2024	1,000,000	\$0.076	76,000
Share issue costs		-	\$0.000	(502,064)
Balance	31 December 2024	307,287,439		15,999,684

Note 10. Issued capital (continued)

¹ On 26 October 2023, the Company issued 8,831,950 ordinary shares at a deemed price of \$0.02 per share (Consideration Shares) to Esidium Group and Aviso IT to offset \$176,639 of cash consideration.

² On 26 October 2023, the Company issued 239,344 ordinary shares at \$0.05 to the convertible note holders in satisfaction of the interest up to 30 September 2023.

³ On 18 December 2023, the Company issued 1,500,000 ordinary shares at \$0.02 to Jesper Sentow, Chief Financial Officer of the Company.

Note 11. Reserves

	31 December 2024 \$	30 June 2024 \$
Foreign currency reserve	(11,898)	(11,230)
Share-based payments reserve	2,827,964	2,729,414
	<u>2,816,066</u>	<u>2,718,184</u>

Note 12. Earnings per share

	31 December 2024 \$	31 December 2023 \$
<i>Earnings per share for loss from continuing operations</i>		
Loss after income tax attributable to the Owners of Adisyn Ltd	<u>(1,310,121)</u>	<u>(624,044)</u>

	Cents	Cents
Basic earnings per share	(0.53)	(0.45)
Diluted earnings per share	(0.53)	(0.45)

	31 December 2024 \$	31 December 2023 \$
<i>Earnings per share for loss from discontinued operations</i>		
Loss after income tax attributable to the Owners of Adisyn Ltd	<u>(1,355,417)</u>	<u>(217,118)</u>

	Cents	Cents
Basic earnings per share	(0.55)	(0.16)
Diluted earnings per share	(0.55)	(0.16)

	31 December 2024 \$	31 December 2023 \$
<i>Earnings per share for loss</i>		
Loss after income tax attributable to the Owners of Adisyn Ltd	<u>(2,665,538)</u>	<u>(841,162)</u>

	Cents	Cents
Basic earnings per share	(1.08)	(0.61)
Diluted earnings per share	(1.08)	(0.61)

Note 12. Earnings per share (continued)

	Number	Number
<i>Weighted average number of ordinary shares</i>		
Weighted average number of ordinary shares used in calculating basic earnings per share	246,048,861	137,623,955
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>246,048,861</u>	<u>137,623,955</u>

Note 13. Share-based payment arrangements

Total share-based expense recognised at 31 December 2024 \$224,697 (31 December 2023:\$27,583). This amount includes:

- \$35,569 related to performance rights vested from the previous period.
- \$33,648 issued to employees under the ESIP.
- \$55,000 related to shares issued to Pitt Street Research.
- \$21,778 related to the performance rights vested and granted during this financial period.
- \$78,703 related to the 3 million options issued to Industry Advisory Board during this financial period.

Set out below are the performance rights granted during the financial half-year:

On 6 December 2024, the Company issued 750,000 performance rights to two employees pursuant to the Company's Employee Security Incentive Plan. The performance rights vesting conditions subject to The Company achieving audited revenue of at least \$3.5 million for financial year 2025 from the Company's core business operations, including revenue and/or other income earned from Australian industry grants received by the Company (but excluding revenue from R&D grants). Of which, \$21,778 vested in this financial period.

Grant date	Expiry date	Number
06/12/2024	31/12/2025	750,000
		<u>750,000</u>

Performance rights

Methodology	Black-Scholes	Black-Scholes
Grant date	6 December 2024	6 December 2024
Expiry date	31 December 2025	31 December 2025
Spot price	\$0.072	\$0.072
Exercise price	Nil	Nil
Risk-free rate	3.775%	3.775%
Volatility	85%	85%
Dividend Yield	Nil	Nil
Number	500,000	250,000
Value per PR	\$0.072	\$0.072
Total fair value	\$36,000	\$18,000

Set out below are the options granted during the financial half-year:

As approved on General Meeting held on 9 October 2024, the Company issued 3,000,000 options to its "Industry Advisory Board" in consideration for services provided by the Advisors. The Options exercisable at \$0.03 and expiry date of 3 years from the date of issue and will vest upon the holder's 12-month anniversary of the holder's appointment to the Company's Industry Advisory Board.

Note 13. Share-based payment arrangements (continued)

The valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
09/10/2024	14/11/2027	\$0.041	\$0.030	85.00%	-	3.77%	\$78,703

Note 14. Contingent liabilities

The Directors of the Company are not aware of any other contingent liabilities which require disclosure in the half-year ended 31 December 2024.

Note 15. Commitments

The Directors of the Company are not aware of any other commitments which require disclosure in the half-year ended 31 December 2024.

Note 16. Related party transactions

The related party transactions remained consistent compared to previous year except the following:

Equity issued to KMP

On 24 October, the Company issued the following to Mr. Wee, the Chairman of the Company

- 1,818,182 ordinary shares at \$0.033 per share upon conversion of the loan amount of \$60,000.

- 4,394,521 ordinary shares at \$0.033 per share in lieu of accrued Director fees from September 2022 to June 2024 amounted to \$145,019.

On 20 December 2024, the Company issued 55,555 ordinary shares to Mr. Sentow under ESIP at a share price of \$0.018.

Refer to **Note 10** for further details.

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans from related parties:

	31 December 2024 \$	30 June 2024 \$
Current borrowings:		
Loan from Blake Burton ¹	301,868	299,439
Loan from Justin Thomas ²	120,000	120,000
Non-current borrowings:		
Loan from Blake Burton	-	53,836

Terms and conditions

¹ The loan consists of two parts:

a) A principal amount of \$120,868 with an interest rate of 10% per annum, repayable by December 31, 2025.

b) A principal amount of \$181,000, interest-free, repayable by March 1, 2025.

² An interest-free loan of \$120,000, repayable by March 1, 2025.

All transactions were made on normal commercial terms and conditions and at market rates.

Note 17. Events after the reporting period

On 21 January 2025, the Company has appointed Mr. Kevin Crofton to its Board of Directors as a Non-Executive Director.

Note 17. Events after the reporting period (continued)

On January 9, 2025, the Group completed the acquisition of a 100% interest in 2D Generation Ltd and subsequently 2DG Founder and CEO, Arye Kohavi was appointed to the Adisyn Board.

(a) **(Consideration)**: the consideration payable by the Company to 2D Generation Shareholders (**Sellers**) comprise:

(i) 300,000,000 fully paid ordinary shares in the capital of the Company (**Consideration Shares**);
(ii) a total of 300,000,000 performance rights (**Performance Rights**) which will convert into Shares on a one for one basis subject to satisfaction of the milestone in the relevant class before the expiry date, as follows:

(A) **(Class A)**: 100,000,000 Class A Performance Rights which convert into Shares upon an independently verified demonstration (by a suitably qualified professor from a recognised technological university in Australia or Israel, as determined by the A11 board of directors) of the successful deposition of an organic substrate on to a metallic or non-metallic material at below 300 degrees Celsius using an Atomic Layer Deposition machine, within 12 months;

(B) **(Class B)**: 100,000,000 Class B Performance Rights which convert into Shares upon an independently verified demonstration (by a suitably qualified professor from a recognised technological university in Australia or Israel, as determined by the A11 board of directors) of the successful deposition of an organic substrate capping layer on Copper (Cu) or Ruthenium (Ru) coupons 1cm by 1cm in size at below 300 degrees Celsius, within 18 months; and

(C) **(Class C)**: 100,000,000 Class C Performance Rights which convert into Shares following the signing of a binding agreement with a global semiconductor corporation and A11 receiving income of more than \$AU1M (determined in accordance with applicable accounting standards as received and confirmed by A11's auditor), within 36 months.

The Consideration Shares and the Performance Rights will be subject to a voluntary escrow period of 6 months from the date of issue.

On 24 January 2025, the Company successfully concluded a heavily oversubscribed \$10 million placement, issuing 105,263,158 new fully paid ordinary shares at \$0.95 each. Additionally, 20,000,000 unlisted options, exercisable at \$0.15 per share and expiring in 36 months, were granted to the brokers for the placement

On 28 January 2025, the Company has entered into a binding agreement to divest 100% of its Miner Hosting business excluding any intellectual property developed by the Company to Metacorp. The divestment is for \$300k (plus GST) cash consideration, with up to \$300k (plus GST) in additional consideration subject to several earn-out criteria.

On 12 February 2025, Mr. Justin Thomas stepped down from the Board.

On 24 February 2025, Non-Executive Chairman Shane wee has informed the Board of his intention to step down in the coming three months, as part of a planned leadership transition.

No other matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Blake Burton
Managing Director

26 February 2025

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ADISYN LTD

Conclusion

We have reviewed the accompanying half-year financial report of Adisyn Ltd ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2024, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of material accounting policies and other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Adisyn Ltd and Controlled Entities does not comply with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, 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 Australian Auditing Standards 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.

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis

MARK DELAURENTIS CA
Director

Dated this 26th day of February 2025
Perth, Western Australia