

**ASX Announcement**  
**30 January 2025**

## **DECEMBER 2024 (Q2 FY25) ACTIVITIES AND CASHFLOW REPORT**

### **Highlights:**

- Adisyn entered into formal negotiations to acquire 100% of semiconductor IP business, 2D Generation and post period-end completed the acquisition
- Adisyn will leverage 2D Generation's innovative semiconductor solution to generate opportunities in AI1's target markets including defence applications, data centres and cybersecurity
- AI1 is preparing for an exciting 2025 as it looks to advance its newly acquired semiconductor technology including:
  - Continuing to further develop and refine processes by applying 2DG's current Atomic Layer Deposition (ALD) machine
  - Taking delivery of the latest Beneq ALD
  - Working closely with leading semiconductor companies to drive material outcomes
  - Identifying and developing additional applications for our core technology
  - Engaging experienced semiconductor personnel to accelerate development of the interconnect and other opportunities
- Two internationally renowned technology experts to join the Company as Non-Executive Directors:
  - Arye Kohavi: an entrepreneur who founded and led Water-Gen, which is a highly innovative technology which develops water-from-air and air dehumidification technologies.
  - Kevin Crofton: a globally recognised leader in the semiconductor industry with over 30 years of experience in management and leadership positions with multinational technology companies
- Post period-end the Company received binding firm commitments for a \$10 million heavily oversubscribed Placement to accelerate development of graphene-enhanced semiconductor technologies, strengthen commercial initiatives, and support working capital needs

Adisyn Ltd (**ASX: AI1**) ("**Adisyn**" or the "**Company**") is pleased to provide a quarterly activities report for the period ending 31 December 2024, which was defined by the Company's transformational acquisition of 2D Generation Ltd ("**2DG**").

For the quarter, the Company reported cash receipts of approximately \$1.039m. Total revenue for the quarter was \$942k. Headline operational burn of \$820k includes ~\$110k in one-off costs related to the acquisition of 2DG and the Company's exit of its lease commitment in Bibra Lake, WA (ASX: 4

Sep 24) and ~\$120k of negative cashflow from the Company's Miner Hosting business which is to be divested (ASX: 28 January 2025).

**Commenting on the activities completed during the period, Adisyn Managing Director Mr Blake Burton said:**

*"I was exceptionally thrilled to see the Company focus on the acquisition of 2DG during the quarter and ultimately complete this transaction in the new year.*

*The addition of 2DG's advanced intellectual property which uses the unique properties of graphene to deliver a new generation of high-performance, efficient semiconductor will substantially increase Adisyn's involvement in the rapidly growing industry.*

*There is significant interest in the semiconductor technology across a range of applications, whether that be in the defence, data centres or cybersecurity markets.*

*With the recent completion of a \$10m capital raise and a detailed plan of further development activities, 2025 is shaping up to be a major year for Adisyn and I look forward to keeping shareholders abreast of our latest activities."*

### **Background to 2D Generation's Solution**

2DG has developed a patented solution allowing graphene coating at sub-300 degrees centigrade, an achievement that has never been successfully completed prior to 2DG. This opens the door to the next generation of semiconductors capable of further miniaturisation, lower power consumption, less heat and greater computational power.

2D Generation's innovative technology centres around the aim of improving the performance and capabilities of the interconnect.

- An interconnect in a semiconductor refers to the conductive pathways that connect different components or regions within an integrated circuit (IC).
- These interconnects are crucial for the functionality of the IC as they facilitate the flow of electrical signals between transistors, capacitors, resistors, and other elements on the chip.
- Interconnects can be made of various materials, typically metals like aluminium or copper, and they can be implemented in different layers within the semiconductor structure.
- As IC's have become more complex, with smaller and more densely packed features, the design and materials used for interconnects have evolved to address issues such as resistance, capacitance, and signal integrity but have reached scalability limitations.

The interconnect field has emerged as a critical technological barrier hindering industry progress.

Overcoming this challenge is recognised as the "Holy Grail" within the industry, promising accelerated rates of and continued miniaturisation.

Industry giants recognise that the entity with a viable solution stands to gain a substantial competitive advantage

## **2D Generation Ltd Acquisition and Capital Raising**

In October, Adisyn first announced the Company had entered into formal negotiations to acquire 100% of 2DG, in addition to an associated capital raise<sup>1</sup>.

The Collaboration Agreement saw the companies work together to identify significant opportunities to leverage 2D Generation's semiconductor solutions and industry relationships to enhance AI1's offering in its target markets, as well as leverage each other's business partners to improve market penetration.

In November, formal negotiations led to the development of a Binding Agreement for Adisyn to acquire 2DG, subject to satisfaction of various Conditions Precedent, in addition to the completion of a capital raise<sup>2</sup>.

Details of the Share Purchase Agreement with 2D Generation are outlined in the Company's announcement on 4 November 2024.

The Company received firm commitments to raise \$3 million (before costs) for an equity capital placement through the issue of 60,000,000 Shares at an issue price of \$0.05 per share.

The capital raise also included 1 free attaching Option (exercisable at \$0.075 within 3 years of Issue) for every 4 Shares subscribed for and issued, representing 15,000,000 Options (Placement Options).

Adisyn satisfied further Conditions Precedent in December, announcing the completion of due diligence<sup>3</sup>. The following day, shareholder approval was provided at an Extraordinary General Meeting<sup>4</sup>.

With the satisfaction of all conditions precedent, post period-end Adisyn announced the completion of the acquisition of 2DG<sup>5</sup>.

All securities relating to the Acquisition have now been issued and all shares issued to shareholders of 2DG have been escrowed for at least 6 months from settlement of the Acquisition, with approximately 80M shares escrowed for 2 years.

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<sup>1</sup> Refer to ASX Announcement dated: 23 October 2024

<sup>2</sup> Refer to ASX Announcement dated: 4 November 2024

<sup>3</sup> Refer to ASX Announcement dated: 18 December 2024

<sup>4</sup> Refer to ASX Announcement dated: 19 December 2024

<sup>5</sup> Refer to ASX Announcement dated: 9 January 2025

## New Generation Atomic Layer Deposition Machine Procured

In November, Adisyn announced 2DG ordered a highly specialised semiconductor manufacturing system called an Atomic Layer Deposition Machine (ALD) (see Figure 1)<sup>6</sup>.

An ALD machine is utilised in the semiconductor industry to deposit extremely thin layers (down to the atomic layer) of material on to chips. They are found in most semiconductor fabrication plants (fabs) around the globe.

2DG has ordered an ALD with specific benefits including:

- Liquid source precursor compatible
- Ozone source (O<sub>3</sub>) compatible
- Reaction chamber for 200 mm wafers, with substrate adapter for 100/150 mm wafers
- Plasma option, deposition temperature up to 400 degrees °C

These features will enable 2DG to achieve a high level of product readiness.



*Figure 1. Indicative Beneq ALD System*

The ALD machine is expected to be installed within 3-4 months, opening up the potential for significant additional development milestones including the uniform deposition of graphene onto a 1cm by 1cm coupon – a technological advancement that will usher in a new era of 2D materials in semiconductors.

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<sup>6</sup> Refer to ASX Announcement dated: 11 November 2024

2DG will continue development on its current ALD machine, work on collaboration opportunities and progress the ConnectingChips projects with innovation partners including NVIDIA, IMEC, Valeo, Applied Minerals, NXP, and Unity.

As part of the order of the ALD Machine, Adisyn entered into a Loan Agreement with 2DG for US\$350,000. The purpose of the loan is to cover 2DG's costs associated with the deposit for the purchase of the Atomic Layer Deposition machine. There is no interest payable on the loan.

Adisyn reports that during the period the loan was revised to cover addition ancillary costs, with the amount now totalling US\$450,000. The loan is reflected in item 2.3 in the Appendix 4C.

The Loan agreement contains other standard terms and conditions for an agreement of this nature.

### **Binding Agreement for Divestment of Miner Hosting assets**

Throughout the period, Adisyn continued to progress the divestment of its Miner Hosting business. The division remained loss making during the quarter, contributing ~\$120k of the Company's operating cash burn.

Following a review completed in February 2024, the Miner Hosting Assets, which provides infrastructure and services for clients to facilitate mining of cryptocurrency, were determined to be non-core.

Since this determination, the Company has continued to explore options for its Miner Hosting division (ASX: 24 April 2024, 31 July 2024, 30 September 2024) and entered formal negotiations to divest 100% of the business to Metacorp Developments Pty Ltd ("**Metacorp**") in December<sup>7</sup>.

The Proposed Divestment is for 100% of the legal and beneficial interest in physical assets only of the Company's Miner Hosting business, and does not include any intellectual property developed by the Company within the Miner Hosting business.

Post period-end, the Company announced it has entered into a binding Heads of Agreement with Metacorp for the divestment<sup>8</sup>.

The material terms of the Divestment are included in the Company's announcement on 28 January 2025. Settlement of the Divestment will still remain subject to satisfaction of various Conditions Precedent outlined in Annexure B, and is expected to occur on or around 1st March 2025.

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<sup>7</sup> Refer to ASX Announcement dated: 13 December 2024

<sup>8</sup> Refer to ASX Announcement dated: 28 January 2025

## **Post quarter \$10 Million Heavily Oversubscribed placement**

In January, Adisyn announced that it has received binding firm commitments for a \$10 million (before costs) capital raise through a heavily oversubscribed Placement (Placement) to institutional and sophisticated investors<sup>9</sup>.

A total of 105,263,158 new fully paid ordinary shares will be issued at \$0.095 per share (Placement Shares).

Kevin Crofton, a globally recognised semiconductor industry leader who is set to join the AI1 Board as a Non-Executive Director, participated in the Placement by subscribing for 800,000 shares. With Mr Crofton's share issue subject to shareholder approval, a General Meeting (GM) to obtain approval will be called as soon as practically possible.

Proceeds from the Placement will be deployed strategically to support AI1's growth objectives, including:

- Acquisition of Cutting-Edge Equipment;
- Technological Innovation and Development;
- Commercialisation and Strategic Partnerships;
- Improved Operational Readiness; and,
- Working Capital and Placement Costs.

## **Corporate**

With the completion of the acquisition, 2DG has the right to appoint one non-executive director to the Adisyn board, which will be 2DG's Founder and CEO, Arye Kohavi.

Arye has a successful track record as an entrepreneur and innovator. He was the founder, president & Co-CEO of Water-Gen, which developed water-from-air and air dehumidification technologies and was acquired for a significant amount. Kohavi holds an MBA (Finance) and a BA in Economics and Accounting, both from the Hebrew University in Jerusalem. Arye has been the recipient of a number of awards:

- Arye has been chosen as one of the world's 100 Leading Global Thinkers, and one of the world's top innovators, by "Foreign Policy" magazine.
- Water-Gen, founded by Arye, was chosen as one of the World's 50 Most Innovative Companies, by "Fast Company" magazine.
- As part of Israel's 70th anniversary celebrations, the Israeli Ministry of Economy and Ynet readers chose Water-Gen as one of the "Nine Greatest Israeli Inventions of All Times".

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<sup>9</sup> Refer to ASX Announcement dated: 24 January 2025

- Water-Gen's Genny was chosen as one of the world's 100 Best Inventions of year 2019, by TIME magazine.

As required under Australian law, Arye's appointment will not take effect until he has obtained a director identification number (Director ID). It is anticipated that Justin Thomas will step down as non-executive director upon the appointment of Arye.

In January, the Company has also announced that Mr Kevin Crofton, a globally recognised leader in the semiconductor industry, will join the Company as a Non-Executive Director subject to standard regulatory requirements and checks<sup>10</sup>.

Mr Crofton's extensive expertise in the semiconductor sector is expected to significantly enhance the Company's strategic direction and growth prospects.

His impressive career spans more than three decades, with significant management and leadership positions at Lam Research Corporation (Nasdaq: LRCX, US\$96B mkt cap), KLA Corporation (Nasdaq: KLAC, US\$91B mkt cap), Newport Corporation (acquired for US\$980M), NEXX Systems (acquired by Tokyo Electron) and Aviza Technology.

In addition to these appointments Adisyn wishes to report Chief Operating Officer (COO) Mr Paul Arch has resigned in December 2024 to pursue other professional interests. Since his appointment in March 2023, Mr Arch has worked tirelessly to develop the Company's service and infrastructure businesses. Lewis Carpenter, the Company's existing Service Delivery Manager, has been appointed Acting COO.

The Company thanks Mr Arch for his service and wishes him well in his future endeavours.

In accordance with ASX Listing Rule 4.7C.3, payments in the June quarter to related parties of approximately \$66k included at item 6 in the attached Appendix 4C comprised salaries and fees paid to executive and non-executive directors and their related entities.

**-ENDS-**

This announcement has been approved for release by the board of Adisyn Ltd.

#### **Further Information:**

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<sup>10</sup> Refer to ASX Announcement dated: 21 January 2025



## About Adisyn

Adisyn is a leading provider of managed technology solutions, primarily serving the SME market. The Company leverages cutting-edge technologies, including artificial intelligence and cybersecurity, to deliver bespoke solutions. Through its wholly owned subsidiary, **2D Generation**, Adisyn is advancing graphene-based semiconductor technologies to overcome industry limitations and drive innovation across sectors including AI, telecommunications, and data storage.

## Forward-looking statements:

Statements contained in this release, particularly those regarding possible or assumed future performance, revenue, costs, dividends, production levels or rates, prices, or potential growth of Adisyn Ltd are, or may be, forward-looking statements. Such statements relate to future events and expectations and as such, involve known and unknown risks and uncertainties. These forward-looking statements are not guarantees or predictions of future performance and involve known and unknown risks, uncertainties, and other factors, many of which are beyond the Company's control, and which may cause actual results to differ materially from those expressed in the statements contained in this release.

The Company cautions shareholders and prospective shareholders not to put undue reliance on forward-looking statements, which reflect the Company's expectations only as of the date of this announcement. The Company disclaims any obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.



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+Rule 4.7B

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

**Name of entity**

Adisyn Ltd

**ABN**

30 155 473 304

**Quarter ended ("current quarter")**

31 December 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,039	2,155
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(948)	(1,917)
(c) advertising and marketing	(8)	(25)
(d) leased assets	(20)	(113)
(e) staff costs	(525)	(1,050)
(f) administration and corporate costs	(337)	(624)
(g) crypto mining expenditure	-	-
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	(23)	(60)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(820)</b>	<b>(1,632)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	(20)	(20)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(c) property, plant and equipment	(8)	(17)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	108	108
	(c) property, plant and equipment	67	67
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	(705)	(705)
2.4	Dividends received (see note 3)	-	-
2.5	Other (Security deposits – Leased Premises)	97	82
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(461)</b>	<b>(485)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	3,030	4,548
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(232)	(356)
3.5	Proceeds from borrowings	-	100
3.6	Repayment of borrowings	(225)	(722)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other:	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>2,573</b>	<b>3,570</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	460	299
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(820)	(1,632)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(461)	(485)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,573	3,570
4.5	Effect of movement in exchange rates on cash held	2	2
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,754</b>	<b>1,754</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,754	460
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,754</b>	<b>460</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter  
\$A'000

66

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*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*

Related to director fees, salary and wages plus superannuation of all related parties.

7. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	472	422
7.2 Credit standby arrangements	200	4
7.3 Other (Equipment finance)	461	461
<b>7.4 Total financing facilities</b>	<b>1,133</b>	<b>887</b>

7.5 Unused financing facilities available at quarter end

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7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

**7.1 Loan Facilities:** Included under loan facilities are:

1. Director Loans

a) Director loans of \$301,000 which are interest free and repayable on 1 March 2025. The directors may elect to convert the loans to share capital subject to shareholder approval. The Company intends to repay these loans using part of the proceeds due in February 2025 from the Company's VMWare Cloud Platform sale (ASX: 1 May 24).

b) Director loan of \$120,868 with an interest rate of 10% p.a. The loan is being repaid in equal monthly instalments until it is fully repaid by 31 December 2025. The loan can be repaid earlier if agreed by the parties. The loan has an additional stand-by facility of \$50,000 which can be drawn on call. The loan and capitalised interest may be converted into fully paid ordinary shares with shareholder approval.

**7.2 Credit Standby arrangements:** The Company has an overdraft facility provided by Shift Financial Pty Ltd. The facility has a limit of \$200,000 and a term of 5 years (amortised over 208 weeks). The facility has a variable interest rate of currently 14.95% p.a. As of 31 December 2024, the facility was drawn to \$3,607, leaving an undrawn amount of \$196,393. The Company intends to close this facility in Q3 FY25.

**7.3 Other:** Included under Other is the carrying amount of equipment finance leases with a variety of financiers with varying maturity dates and a weighted average interest rate of 8.89%. The Company intends to use proceeds from the divestment of it's Miner Hosting assets (ASX: 28 January 2025) towards paying down equipment finance leases.

8. <b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(820)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,754
8.3 Unused finance facilities available at quarter end (item 7.5)	246
8.4 Total available funding (item 8.2 + item 8.3)	2,000
<b>8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	<b>2.44</b>

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

*Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.*

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 January 2025

Authorised by: The Board of Directors

### Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.