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

INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2023

1. Company details

Name of entity:	Adisyn Ltd
ABN:	30 155 473 304
Reporting period:	For the half-year ended 31 December 2023
Previous period:	For the half-year ended 31 December 2022

2. Results for announcement to the market

	31 December 2023 \$	Company 31 Dec 2022 (Restated) \$	Change \$	Change %
Revenues from ordinary activities	3,747,341	2,175,973	1,571,368	72%
Loss from ordinary activities after tax attributable to the Owners of Adisyn Ltd	(841,162)	(1,683,690)	842,528	(50%)
Loss for the half-year attributable to the Owners of Adisyn Ltd	(841,162)	(1,683,690)	842,528	(50%)

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 \$841,162 (31 December 2022: \$1,683,690).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.05	0.07

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Details of associates and joint venture entities

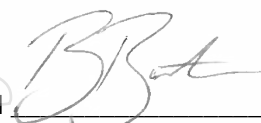
Not applicable.

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



Blake Burton
Managing Director

Date: 28 February 2024

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Adisyn Ltd

(Formerly known as DC2 Limited)

ABN 30 155 473 304

Interim Report - 31 December 2023

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 2023.

Principal activities

The Group is a technology and data sciences company that provides a suite of vertically integrated solutions driven by cutting-edge AI powered microservices. With divisions focused on cybersecurity, development, infrastructure, and managed services, Adisyn gives businesses the necessary tools to enhance control, flexibility, and automation. The Group is actively working to create proprietary solutions built on generative AI models which are focused on contextual data that is unique to each business.

Review of operations

During the period, the Group continued to build upon its FY23 next phase of growth strategy (ASX: 31 October 2022). Revenue from ordinary activities for the half year increased by 72% to \$3.747m (31 December 2022: \$2.176m), while Net Loss attributable to members decreased by 50% to \$0.841m (31 December 2022: Net Loss \$1.684m).

In October 2023, the name of the group changed to Adisyn Ltd (ASX: AI1) to provide a new corporate identity as the Group expands its product offering beyond data centre and cloud services.

Under the Group's new strategy, Adisyn has concentrated its attention on developing solutions focused on cybersecurity and generative AI. The Group is confident that these two verticals will provide strong growth avenues moving forward as the data centre and cloud markets evolve, allowing the Group to adapt swiftly to emerging technologies, client demands, and regulatory changes, while positioning itself as an aspiring leader in the industry.

In July 2023, the Group announced the acquisition (ASX:10 July 2023) and completion (ASX: 17 July 2023) of Thomas Cyber, with the formation of a new cyber division within the Group. The acquisition has allowed the Group to expand the current cyber security services offered through Thomas Cyber by utilising the Group's existing infrastructure and AI capabilities. This includes developing new systems using AI technology.

The Group has continued working on integrating various functions between its business divisions, consolidating a number of suppliers and terminating duplicate services which is expected to result in \$750,000 per annum of costs savings moving forward. As announced on 25 January 2024, these restructuring initiatives are now complete, and are in addition to the more than \$500,000 in annual cost savings implemented in FY23.

As announced on 12 October 2023, the Group terminated the sale agreement with DComm for the sale of the Group's DC Modular assets. During the period, the Group has worked to streamline the operations of the DC Modular business to create a separate operational division within the Group under the banner 'Miner Hosting Australia'.

Outlook

The Group continues to focus on its next phase of growth strategy. A considerable amount of restructuring has been undertaken by the Group to ensure all new initiatives are scalable and can be optimised for profitable delivery. A strong emphasis is being placed on partnerships in order to allow the Group to grow the scope of its services and the Group will continue to assess value accretive M&A transactions to acquire technology and talented individuals, expand its capabilities and enhance its market position.

Separately, an ongoing internal review is being conducted to assess the potential for disposal of any non-core assets within the Group which do not align with the Group's new strategy.

The Group is continuing to assess options for the 'Miner Hosting Australia' division, predominately focusing on strategic partnerships which may add further value to the division.

Results for the period

The Group incurred a net loss after tax for the half-year ended 31 December 2023 of \$841,162 (31 December 2022: \$1,683,690). As at 31 December 2023, the Group recorded a net asset position of \$2,376,597 (30 June 2023: \$2,483,861). Net operating cash inflows of \$170,144 (31 December 2022: outflows of \$802,465). Adisyn ends the financial period with a cash balance of \$286,185 (30 June 2023: \$676,806).

Significant changes in the state of affairs

During the period, the Group raised \$400,000 as part of a capital raising and provided details on the use of funds to the market in the announcement dated 24 November 2023.

On 27 February 2023, the Group announced to the market it had entered into an agreement to dispose of its Modular Business to D Comm Infrastructure Pty Ltd, a subsidiary of D Comm Ventures Pty Ltd, a leading Web 3.0 technology company (D Comm) for a total consideration of \$3m in cash. On 8 June 2023, the Group announced to the market that the agreement achieved satisfaction of buyer's due diligence but remained subject to the satisfaction of the remaining conditions precedent. On 31 July 2023 the Group announced to the market that the Group provided DComm with continued exclusivity and an extension to the completion date. In exchange for the continued exclusivity and completion date extension the total non-refundable deposit increased from \$20,000 to \$100,000. On 12 October 2023, the Group announced to the market that it provided DComm with notice terminating the sale agreement on the basis that the remaining conditions precedent to completion have not been satisfied in a reasonable timeframe.

On 23 October 2023, the Group announced to the market that, following shareholder approval obtained at the shareholder meeting held on 10 October 2023, the name of the Group changed to Adisyn Ltd, with trading under the new name and ticket code "AI1" commencing from 24 October 2023.

On 26 October 2023, the Group announced that it had restricted ~\$736k of deferred consideration to unrelated parties from the acquisition of Attained. As part of the agreement, the Company agreed to issue up to 8,831,950 shares at a deemed issued price of \$0.02 per share to Esidium Group and Aviso IT to offset \$176,639 of cash consideration, with the remaining cash consideration deemed a loan payable over twelve to twenty-four months.

There were no other significant changes in the state of affairs of the Group during the financial half-year.

Dividends

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

Listing Rule Waiver 7.3.4

239,344 interest shares had been issued during the half year. There were no issues of Convertible Notes Options or Conversion of Convertible notes. As at 31 December 2023 the maximum number of convertible note options and Interest Shares which may be issued on or before the date of maturity in accordance with terms of Tranche 1 Convertible Notes are as follows, further information contained in Note 7 of the financial report :

Security	Maximum Number
Convertible Note Options	2,462,500
Interest Shares	945,894

Matters subsequent to the end of the financial half-year

On 19 February 2024, the Group announced a share placement to raise \$298,000 and provided details on the use of funds in the announcement.

On 26 February 2024, the Group closed the Placement and issued 14.9 million shares at \$0.02 per share.

No other matter or circumstance has arisen since 31 December 2023 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

28 February 2024

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 for the half year ended 31 December 2023, 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 28th day of February 2024
Perth, Western Australia

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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

Principal place of business

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

27 Aspiration Circuit
Bibra Lake WA 6163

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 28 February 2024. The Directors do not have the power to amend and reissue the financial statements.

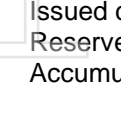
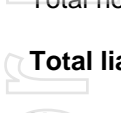
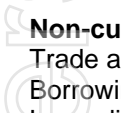
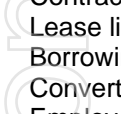
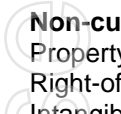
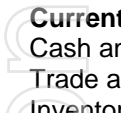
Adisyn Ltd
Condensed consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023



	Note	31 December 2023 \$	Company 31 Dec 2022 (Restated)^ \$
Revenue		3,747,341	2,175,973
Other income		121,255	40,693
Expenses			
Cost of goods sold		(1,671,385)	(1,349,554)
Selling and distribution expenses		(72,991)	(56,632)
Administrative expenses		(327,757)	(295,515)
Other operating expenses		(2,457,115)	(1,990,004)
Finance costs		(180,510)	(208,651)
Loss before income tax expense		(841,162)	(1,683,690)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the Owners of Adisyn Ltd		(841,162)	(1,683,690)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(7,088)	-
Other comprehensive income for the half-year, net of tax		(7,088)	-
Total comprehensive income for the half-year attributable to the Owners of Adisyn Ltd		(848,250)	(1,683,690)
		Cents	Cents
Basic earnings per share	10	(0.61)	(2.04)
Diluted earnings per share	10	(0.61)	(2.04)

^ The comparative information is restated due to the non-current asset classified as held for sale no longer meet the definition of discontinued operation and resulted a change in classification.

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



		Consolidated 31 December 2023 \$	30 June 2023 (Restated)^ \$
Assets			
Current assets			
Cash and cash equivalents		286,185	676,806
Trade and other receivables		443,774	1,457,779
Inventories		146,539	145,787
Other assets		65,609	80,208
Total current assets		942,107	2,360,580
Non-current assets			
Property, plant and equipment	4	3,226,744	3,368,823
Right-of-use assets	5	2,244,138	2,474,423
Intangibles	6	1,622,473	1,586,845
Other assets		118,382	118,382
Total non-current assets		7,211,737	7,548,473
Total assets		8,153,844	9,909,053
Liabilities			
Current liabilities			
Trade and other payables		1,276,442	1,675,400
Contract liabilities		237,629	399,169
Lease liabilities		839,372	820,966
Borrowings		143,275	211,423
Convertible notes	7	256,327	217,226
Employee benefits		275,755	385,455
Other liabilities	8	326,550	1,208,816
Total current liabilities		3,355,350	4,918,455
Non-current liabilities			
Trade and other payables		94,822	45,073
Borrowings		454,942	361,000
Lease liabilities		1,665,419	2,070,750
Provisions		27,936	29,914
Other liabilities	8	178,778	-
Total non-current liabilities		2,421,897	2,506,737
Total liabilities		5,777,247	7,425,192
Net assets		2,376,597	2,483,861
Equity			
Issued capital	9	10,694,133	10,067,297
Reserves	11	2,794,297	2,687,235
Accumulated losses		(11,111,833)	(10,270,671)
Total equity		2,376,597	2,483,861

^ The comparative information is restated due to the non-current asset classified as held for sale no longer meet the definition of discontinued operation and resulted a change in classification.

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 2023



	Issued capital \$	Share-based payment reserve \$	Translation reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	8,072,098	2,679,978	-	(8,530,106)	2,221,970
Loss after income tax expense for the half-year	-	-	-	(1,683,690)	(1,683,690)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(1,683,690)	(1,683,690)
<i>Transactions with Owners in their capacity as Owners:</i>					
Public offer	1,110,900	-	-	-	1,110,900
Share purchase plan	145,000	-	-	-	145,000
Share issue costs	(2,358)	-	-	-	(2,358)
Conversion of convertible notes	267,859	-	-	-	267,859
Options issued to directors and employees	-	15,897	-	-	15,897
Balance at 31 December 2022	9,593,499	2,695,875	-	(10,213,796)	2,075,578

	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 (note 9)	400,000	-	-	-	400,000
Issue of shares to vendor for settlement of Attained consideration (note 9)	176,639	-	-	-	176,639
Issue of performance rights to vendor for the acquisition of Thomas Cyber (note 12)	-	86,567	-	-	86,567
Share-based payments (note 12)	38,230	27,583	-	-	65,813
Issue of shares to interest note holders	11,967	-	-	-	11,967
Balance at 31 December 2023	10,694,133	2,810,025	(15,728)	(11,111,833)	2,376,597

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

	Note	Consolidated 31 December 2023 \$	Company 31 December 2022 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		4,599,806	2,218,385
Payments to suppliers and employees (inclusive of GST)		(4,414,387)	(2,960,066)
Other revenue		121,256	40,693
Interest and other finance costs paid		(136,531)	(101,477)
Net cash from/(used in) operating activities		170,144	(802,465)
Cash flows from investing activities			
Payments for property, plant and equipment	4	(38,582)	(126,159)
Net cash used in investing activities		(38,582)	(126,159)
Cash flows from financing activities			
Proceeds from issue of shares (net)	9	400,000	1,247,034
Payment of lease principal		(386,925)	(82,720)
Proceeds from borrowings		2,519	-
Repayment of borrowings		(537,777)	-
Net cash from/(used in) financing activities		(522,183)	1,164,314
Net increase/(decrease) in cash and cash equivalents		(390,621)	235,690
Cash and cash equivalents at the beginning of the financial half-year		676,806	600,675
Cash and cash equivalents at the end of the financial half-year		286,185	836,365

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 2023 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 2023 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 \$841,162 (Company 31 Dec 2022: \$1,683,690) and had net cash inflows from operating of \$170,144 (Company 31 Dec 2022: \$802,465) and investing activities outflows of \$38,582 (Company 31 Dec 2022: \$126,159) respectively for the half-year ended 31 December 2023. As at that date, the Group had net assets of \$2,376,597 (Company 30 June 2023: \$2,483,861). The ability of the Group to continue as a going concern is principally dependent upon the ability of the Group to secure funds by raising additional capital from equity markets and managing cash flows in line with available funds.

The Group has the ability to reduce forecast expenditure if required and it is anticipated that additional capital can be raised in the future if required. The financial report has been prepared on a going concern basis which assumes that the Company will continue to pay its debts as and when they fall due. The validity of this assumption depends on:

- The Company's ability to raise additional capital as required, proven by recent successful raised of \$298,000 through a Company led placement.
- The Company's ability to generate cash flows from the successful operations of its primary activities.
- The continued support of creditors.

Should the Group be unable to maintain sufficient funding as outlined above, there is material uncertainty whether or not the Company will be able to continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities and commitments in the normal course of business and at the amounts stated in the financial report. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

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 2023.

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 2023 unless otherwise mentioned below.

Going Concern

Note 1 - whether there are material uncertainties that may cast significant doubt on the Company's ability to continue as going concern.

Share-based payment transactions

Note 12 - The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Monte-Carlo or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Acquisition of Thomas Cyber

Note 13 - The accounting for this transaction required judgements and estimates to determine the values of the consideration transferred and the identification and measurement of the fair value of assets acquired and liabilities assumed.

Note 3. Operating segments

Operating segment information

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.

The Group operates two different segments. 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. The "Miner Hosting" segment includes regional modular hosting services for client crypto currency mining equipment.

Note 3. Operating segments (continued)

31 December 2023	Infrastructure and Managed Services \$	Miner Hosting Services \$	Total \$
Revenue			
Sales to external customers	2,974,356	772,984	3,747,340
Other revenue	20,776	100,480	121,256
Total revenue	<u>2,995,132</u>	<u>873,464</u>	<u>3,868,596</u>
Gross Profit	<u>1,875,493</u>	<u>200,460</u>	<u>2,075,953</u>
Assets			
Segment assets	<u>5,465,954</u>	<u>2,401,705</u>	<u>7,867,659</u>
<i>Unallocated assets:</i>			
Cash and cash equivalents			286,185
Total assets			<u>8,153,844</u>
Liabilities			
Segment liabilities	<u>4,359,934</u>	<u>586,046</u>	<u>4,945,980</u>
<i>Unallocated liabilities:</i>			
Borrowings			574,940
Convertible notes payable			256,327
Total liabilities			<u>5,777,247</u>

Company 31 Dec 2022 (Restated)	Infrastructur e and Managed Services \$	Miner Hosting Services \$	Other segments \$	Total \$
Revenue				
Sales to external customers	1,002,145	1,173,828	-	2,175,973
Other revenue	40,693	-	-	40,693
Total revenue	<u>1,042,838</u>	<u>1,173,828</u>	<u>-</u>	<u>2,216,666</u>
Gross Profit	<u>550,243</u>	<u>276,176</u>	<u>-</u>	<u>826,419</u>
30 June 2023 (Restated)				
Assets				
Segment assets	<u>5,889,141</u>	<u>3,343,106</u>	<u>-</u>	<u>9,232,247</u>
<i>Unallocated assets:</i>				
Cash and cash equivalents				676,806
Total assets				<u>9,909,053</u>
Liabilities				
Segment liabilities	<u>5,769,107</u>	<u>872,375</u>	<u>-</u>	<u>6,641,482</u>
<i>Unallocated liabilities:</i>				
Convertible notes payable				566,487
Deferred tax liability				217,223
Total liabilities				<u>7,425,192</u>

Note 4. Property, plant and equipment

	31 December 2023 \$	30 June 2023 (Restated)^ \$
Non-current assets		
Plant and equipment - at cost	4,458,617	4,524,057
Less: Accumulated depreciation	(1,481,032)	(1,388,538)
	<u>2,977,585</u>	<u>3,135,519</u>
Property Improvements - at cost	338,494	314,427
Less: Accumulated depreciation	(89,335)	(81,123)
	<u>249,159</u>	<u>233,304</u>
CloudSigma equipment - at cost	147,913	147,913
Less: Accumulated depreciation	(147,913)	(147,913)
	<u>-</u>	<u>-</u>
	<u>3,226,744</u>	<u>3,368,823</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 \$	Total \$
Balance at 1 July 2023	233,304	1,101,760	1,335,064
Restated assets held for sale^	4,237	2,029,522	2,033,759
Additions	18,987	19,595	38,582
Additions through business combinations (note 13)	-	3,950	3,950
Depreciation expense	(7,369)	(177,242)	(184,611)
Balance at 31 December 2023	<u>249,159</u>	<u>2,977,585</u>	<u>3,226,744</u>

^ Prior balance was restated due to non-current asset classified as held for sale no longer meet the definition of discontinued operation and resulted a change in classification.

Note 5. Right-of-use assets

	31 December 2023 \$	30 June 2023 \$
Non-current assets		
Other finance leased assets - right-of-use	1,921,297	1,853,409
Less: Accumulated depreciation	(1,017,000)	(905,767)
	<u>904,297</u>	<u>947,642</u>
Property - right-of-use	2,604,984	2,604,984
Less: Accumulated depreciation	(1,265,143)	(1,078,203)
	<u>1,339,841</u>	<u>1,526,781</u>
	<u>2,244,138</u>	<u>2,474,423</u>

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

The Group leases buildings for its offices in Osborne Park (commencement date 31 October 2018 and expired 31 October 2023) and Bibra Lake (commencement date 1 November 2020 and expiring 31 October 2027). The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The Group also leases plant and equipment under agreements of between 3 to 5 years.

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 2023	1,526,781	947,642	2,474,423
Additions	-	67,888	67,888
Depreciation expense	(186,940)	(111,233)	(298,173)
Balance at 31 December 2023	1,339,841	904,297	2,244,138

Note 6. Intangibles

	31 December 2023 \$	30 June 2023 (Restated)^ \$
Non-current assets		
Goodwill - at cost	1,481,878	1,399,259
Development - at cost	335,929	335,929
Less: Accumulated amortisation	(206,820)	(159,829)
	129,109	176,100
Other intangible assets - at cost	11,486	11,486
	1,622,473	1,586,845

Reconciliations

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

	Goodwill \$	Development \$	Others \$	Total \$
Balance at 1 July 2023	1,399,259	59,993	11,486	1,470,738
Restated assets held for sale^	-	116,107	-	116,107
Additions through business combinations (Note 13)	82,619	-	-	82,619
Amortisation expense	-	(46,991)	-	(46,991)
Balance at 31 December 2023	1,481,878	129,109	11,486	1,622,473

^ Prior balance was restated due to non-current asset classified as held for sale no longer meet the definition of discontinued operation and resulted a change in classification.

Note 7. Convertible notes

	Consolidated 31 Dec 2023 \$	30 June 2023 \$
<i>Current liabilities</i>		
Convertible note	217,925	174,494
Convertible notes - fair value of embedded derivative	985	8,244
Accrued interest on notes	37,417	34,488
	<u>256,327</u>	<u>217,226</u>

Convertible notes revaluation

Pursuant to the Convertible Note Deed dated 29 April 2022, the Company received binding commitments from investors to raised \$1,751,000 (before costs) via the issue of 1,751,000 Convertible Notes over 2 tranches, each with a face value of \$1. The second tranche of the Convertible Notes (\$1,248,500) were subsequently cancelled.

502,500 Convertible Notes were issued on 23 May 2022, there are 246,250 convertible notes outstanding as at 31 December 2023, with none converted during the period since 30 June 2023.

The detailed of Convertible Notes Embedded Derivative Valuation as per below:

	Tranche 1 Convertible Notes (Shares)	Tranche 1 Convertible Notes (options)
Methodology	Monte-Carlo	Monte-Carlo/Black Scholes
Iterations	100,000	100,000
Valuation date	31 December 2023	31 December 2023
Principal value of notes outstanding	246,250	246,250
Maturity date	28 April 2024	28 April 2024
Assumed conversion date	28 April 2024	1 May 2024
Conversion price floor	\$0.05	N/A
Conversion price ceiling	\$0.15	N/A
Spot price at valuation date	\$0.017	N/A
Exercise price	N/A	\$0.11
Risk-free rate	3.58%	3.58%
Volatility	106.37%	106.37
Dividend yield	Nil	Nil
Average simulated conversion price	\$0.05	\$0.0172
Average number of shares issued	4,921,820	N/A
Fair value embedded derivative	\$975	\$10

Note 8. Other liabilities

	31 December 2023 \$	30 June 2023 \$
<i>Current liabilities</i>		
Other current liabilities	<u>326,550</u>	<u>1,208,816</u>
<i>Non-current liabilities</i>		
Other non-current liabilities	<u>178,778</u>	<u>-</u>

Note 8. Other liabilities (continued)

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

31 Dec 2023

Opening balance as at 1 July 2023	(1,208,816)
Cash payments	537,777
Conversion of debt-to-equity settlement ¹	176,639
Interest accrued	(10,928)
Closing balance as at 31 December 2023	<u>(505,328)</u>

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 9. Issued capital

	31 December 2023 Shares	30 June 2023 Shares	31 December 2023 \$	30 June 2023 \$
Ordinary shares - fully paid	161,449,576	130,716,089	11,328,007	10,701,171
Capital raising cost	-	-	(633,874)	(633,874)
	<u>161,449,576</u>	<u>130,716,089</u>	<u>10,694,133</u>	<u>10,067,297</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2022	75,166,666		8,072,098
Conversion of convertible notes	1 Sep 2022	125,000	\$0.050	6,250
Conversion of convertible notes incl interest	30 Nov 2022	5,351,780	\$0.050	267,859
Issue of shares	5 Oct 2022	7,516,667	\$0.039	293,150
Issue of shares – Share Purchase Plan	28 Nov 2022	3,717,945	\$0.039	145,000
Issue of shares	30 Nov 2022	11,269,237	\$0.039	439,500
Issue of shares	5 January 2023	9,538,462	\$0.039	372,000
Issue of shares to employee under ESIP1	5 January 2023	104,126	\$0.058	-
Issue of shares related to business combination	5 April 2023	17,824,504	\$0.027	481,262
Issue of shares to employee under ESIP1	24 May 2023	101,702	\$0.052	-
Share issue cost		-	\$0.000	(9,822)
Balance	30 June 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
Balance	31 December 2023	161,449,576		10,694,133

Note 9. 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 10. Earnings per share

	Consolidated 31 Dec 2023 \$	Company 31 Dec 2022 (Restated) \$
Loss after income tax attributable to the Owners of Adisyn Ltd	(841,162)	(1,683,690)
	Cents	Cents
Basic earnings per share	(0.61)	(2.04)
Diluted earnings per share	(0.61)	(2.04)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	137,623,955	82,422,097
Weighted average number of ordinary shares used in calculating diluted earnings per share	137,623,955	82,422,097

Note 11. Reserves

	31 December 2023 \$	30 June 2023 \$
Foreign currency reserve	(15,728)	(8,640)
Share-based payments reserve	2,723,456	2,695,875
Performance rights reserve	86,569	-
	<u>2,794,297</u>	<u>2,687,235</u>

Note 12. Share-based payment arrangements

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

Grant date	Expiry date	Number
05/07/2023	01/07/2026	2,000,000
17/07/2023	31/12/2024	2
17/07/2023	31/12/2025	1
30/11/2023	31/12/2025	5,000,000
		<u>7,000,003</u>

Total share-based expense recognised at 31 December 2023 is \$65,813.

Note 12. Share-based payment arrangements (continued)

On 5 July 2023, the Company issued 2,000,000 performance rights to four non-KMP respectively to incentivize and retain. The performance rights vesting conditions subject to 2 years of service and achieving share price based on the 30th day VWAP. Total share-based expense recognised at 31 December 2023 is \$4,715 of which, Management has assessed 80% probability of Tranche 2 rights is achievable. Detailed of the conditions as below.

	Tranche 1 Performance Rights	Tranche 1 Performance Rights	Tranche 2 Performance Rights	Tranche 2 Performance Rights
Methodology	Monte-Carlo	Monte-Carlo	Black-Scholes	Black-Scholes
Iterations	100,000	100,000	N/A	N/A
Grant date	21 May 2023	1 July 2023	21 May 2023	1 July 2023
Vesting date	30 June 2025	30 June 2025	30 June 2025	30 June 2025
Expiry date	30 June 2025	30 June 2025	30 June 2025	30 June 2025
Spot price	\$0.018	\$0.020	\$0.018	\$0.020
Exercise price	Nil	Nil	Nil	Nil
Risk-free rate	3.271%	3.865%	3.271%	3.865%
Volatility	80.75%	84.60%	80.75%	84.60%
Dividend Yield	Nil	Nil	Nil	Nil
Number	250,000	750,000	250,000	750,000
Value per PR	\$0.0023	\$0.0034	\$0.0018	\$0.020
Total fair value	\$583	\$2,547	\$4,500	\$15,000

On 17 July 2023, 3 performance rights were issued under the terms of the Agreement where Adisyn Ltd acquired the business and assets of Shimazaki Management Group Pty Ltd trading as Thomas Cyber (ACN 622 703 084) free from any and all debts and encumbrances, for the consideration as described in **note 13**:

On 30 November 2023, the following performance rights were granted to KMP during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

	Tranche 1 Performance Rights Blake Burton	Tranche 2 Performance Rights Blake Burton
Methodology	Monte-Carlo	Black-Scholes
Iterations	100,000	N/A
Grant date	30 November 2023	30 November 2023
Vesting date	30 September 2025	30 September 2025
Expiry date	31 December 2025	31 December 2025
Spot price	\$0.023	\$0.023
Exercise price	Nil	Nil
Risk-free rate	4.021%	4.021%
Volatility	92.13%	92.13%
Dividend Yield	Nil	Nil
Number	3,000,000	2,000,000
Value per PR	\$0.0076	\$0.023
Total fair value	\$22,665	\$46,000
Total share-based payment recognised at 31 December 2023	\$2,853	\$4,631

Note 13. Business combinations

In July 2023, the Group announced the acquisition (ASX:10 July 2023) and completion (ASX: 17 July 2023) of Thomas Cyber, with the formation of a new cyber division within the Group. The acquisition has allowed the Group to expand the current cyber security services offered through Thomas Cyber by utilising the Group's existing infrastructure and AI capabilities. This includes developing new systems using AI technology.

The values identified in relation to the acquisition of Thomas Cyber are provisionally accounted for as at 31 December 2023.

A. Consideration transferred

In accordance with the terms of the acquisition agreement, the Group exchanged performance rights-settled share-based payment. The consideration payable to the vendor for the Acquisition is comprised of 3 tranches of performance rights and subject to terms and conditions set out below.

Tranche 1 1 Performance Right converting into 1,000,000 Shares upon the Incoming Employees remaining continuously employed by the Company for a period of 12 months from completion.

Tranche 2 1 Performance Right converting into:
(a) \$75,000 worth of Shares if the business achieves a minimum of \$1,000,000 in audited revenue for the fiscal 2024 period; or
(b) \$35,000 worth of Shares if the business achieves a minimum of \$500,000 in audited revenue for the fiscal 2024 period.

Tranche 3 1 Performance Right converting into:
(a) \$200,000 worth of Shares if the business achieves a minimum of \$3,000,000 in audited revenue for the fiscal 2025 period; or
(b) \$100,000 worth of Shares if the business achieves a minimum of \$2,000,000 in audited revenue for the fiscal 2025 period.

The deemed issue price of shares issued on conversion of the Performance Rights is the higher of:

- i) \$0.025 per share; and
- ii) The VWAP of shares traded on the Australian Securities Exchange ("ASX") in the 15 days prior to lodgement of the Company's 30 June 2024 annual report for the Tranche 2 Performance Rights; and
- iii) The VWAP of shares traded on the Australian Securities Exchange ("ASX") in the 15 days prior to lodgement of the Company's 30 June 2025 annual report for the Tranche 3 Performance Rights.

B. Acquisition-related costs

The Group incurred acquisition-related costs of \$863 on legal fees and due diligence costs. These costs have been included in administrative expenses.

C. Identifiable assets required and liabilities assumed

Details of the acquisition are as follows:

	Fair value \$
Plant and equipment	3,950
Net assets acquired	3,950
Goodwill	82,619
Acquisition-date fair value of the total consideration transferred	<u>86,569</u>
Representing:	
Adisyn Ltd performance rights issued to vendor	<u>(86,569)</u>

Measurement of fair values

The valuation techniques used for measuring the fair value of performance rights were as follows.

Note 13. Business combinations (continued)

	Tranche 1 Performance Rights	Tranche 2 Performance Rights	Tranche 2 Performance Rights	Tranche 3 Performance Rights	Tranche 3 Performance Rights
Number/Value of shares	1,000,000 shares	\$75,000	\$35,000	\$200,000	\$100,000
Acquisition date	17 July 2023	17 July 2023	17 July 2023	17 July 2023	17 July 2023
Assumed vesting date	17 July 2024	29 September 2024	29 September 2024	29 September 2025	29 September 2025
Spot price	\$0.025	N/A	N/A	N/A	N/A
Risk-free rate	3.933%	3.933%	3.933%	3.933%	3.933%
Present value of shares	\$24,033	\$71,527	\$33,379	\$183,384	\$91,692
Vesting Probability	100%	0%	50%	0%	50%
Fair value	\$24,033	\$-	\$16,690	\$-	\$45,846

D. Goodwill

The goodwill is attributable mainly to the skills and technical talent of Thomas Cyber's workforce and the synergies expected to be achieved from integrating the Company into the Group's existing business.

Accounting estimates and judgement

The Management has assessed the best estimate of the probability of meeting the vesting conditions and independent valuer has applied a discount factor to the valuations model based on the probabilities of meeting the vesting conditions.

Note 14. Contingent liabilities

In last year's financial statements, the Company disclosed that there was an ongoing dispute between the Company's landlord and the previous tenant of the Bibra Lake premises regarding capital works. The Company was not a party to the dispute at the time; however, the dispute has now progressed to include the Company as a party and is explained below.

On 17 March 2023, the Company was served with a writ of summons issued in the Supreme Court of Western Australia by Cannon Technologies Ltd. The first defendant is the landlord of the Bibra Lake premises (Stonegold Enterprises Pty Ltd), and the Company has been joined as the second defendant. The claim involves a dispute about the ownership of certain equipment located at the premises, which pre-dates the Company's lease of the premises. Cannon Technologies claims that it is the owner of the equipment, alleges that the landlord and the Company have refused to return the equipment to Cannon Technologies and seeks various remedies, including damages, against the landlord and the Company. The Company has engaged legal advisers, filed an amended defence on 23 October 2023 and continues to strongly defend the claim. Court orders have recently been made for the parties to provide discovery, file valuation reports and attend mediation which is expected to occur before 30 June 2024. The Company will provide a further update in due course, including any likely financial impact of a successful claim against the Company. However, the Company considers it will not have a material impact at this stage.

The Directors of the Company are not aware of any other contingent liabilities which require disclosure in the half-year ended 31 December 2023.

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 2023.

Note 16. Related party transactions

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

Note 16. Related party transactions (continued)

Equity issued to KMP

On 30 November 2023, 5,000,000 performance rights were granted to Blake Burton during the current financial half-year, refer to **Note 12** for further details.

On 18 December 2023, the Company issued 1,500,000 ordinary shares at \$0.02 to Jesper Sentow, Chief Financial Officer of the Company. Refer to **Note 9** for further details.

Loans to/from related parties

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

	Consolidated 31 Dec 2023 \$	30 June 2023 \$
Current borrowings:		
Loan from Blake Burton	120,000	205,487
Non-current borrowings:		
Loan from Blake Burton	274,942	181,000
Loan from Justin Thomas	120,000	120,000
Loan from Shane Wee	60,000	60,000

Terms and conditions

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

Note 17. Events after the reporting period

On 19 February 2024, the Group announced a share placement to raise \$298,000 and provided details on the use of funds in the announcement.

On 26 February 2024, the Group closed the Placement and issued 14.9 million shares at \$0.02 per share.

No other matter or circumstance has arisen since 31 December 2023 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 2023 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

28 February 2024

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 consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant 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 2023 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Consolidated Entity incurred a net loss of \$841,162 during the half year ended 31 December 2023. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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 2023 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 WA AUDIT PTY LTD



MARK DELAURENTIS CA
Director

Dated 28th day of February 2024
Perth, Western Australia