Adisyn Ltd and its controlled entities
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Adisyn Ltd
ABN:	30 155 473 304
Reporting period:	For the year ended 30 June 2026
Previous period:	For the year ended 30 June 2025 - *The comparative figures for the year ended 30 June 2025 have been restated. Refer to item 2.6 and to Note 3 of the attached preliminary financial report.*

2. Results for announcement to the market

	30 June 2026 $	(Restated) 30 June 2025 $	Change $	Change %	Change
Revenues from continuing ordinary activities	4,236,485	3,261,168	975,317	30%	Increase
Loss from ordinary activities after tax attributable to the owners of Adisyn Ltd	(7,736,692)	(4,886,854)	2,849,838	58%	Increase

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

Comments
Restatement of comparatives. During the year ended 30 June 2026 management completed its assessment of the acquisition of 2D Generation Ltd, completed on 9 January 2025, and concluded that the transaction is an asset acquisition and not a business combination under AASB 3. The error has been corrected retrospectively in accordance with AASB 108. The effect on the figures previously reported for the year ended 30 June 2025 is to derecognise goodwill of $36,110,873, capitalise $1,567,512 of acquisition-related costs previously expensed, and reduce reported net assets by $11,568,633 to $34,068,776. The reported loss before income tax from continuing operations for that year reduces from $6,454,366 to $4,886,854. All comparative figures in this report are presented on the restated basis. Full details are in Note 3 of the attached preliminary financial report.

The loss for the Group after providing for income tax from continuing operations amounted to $7,736,692 (30 June 2025 restated: loss of $4,886,854).

Revenue from ordinary activities increased $975,317, or 29.9%, to $4,236,485. The increase arose in the Adisyn Services segment. The 2D Generation segment generated no external revenue in the period, its activities remaining pre-commercial.

Segments. Adisyn Services generated total revenue of $4,271,113 (30 June 2025: $3,362,821). 2D Generation generated no revenue in the period (30 June 2025: $116,595 of other revenue) and remains pre-commercial. Segment results are set out in Note 4 of the attached preliminary financial report.

3. Net tangible assets

	Reporting period Cents	(Restated) Previous period Cents
Net tangible assets per ordinary security	1.46	1.25

4. Control gained over entity

Name of entities (or group of entities)	2D Radar Absorbers Ltd
Date control gained	11 March 2026*

*The Company was incorporated and registered in Israel as a limited liability company according to Companies Laws of the State of Israel.

5. Loss of control over entities

Name of entities (or group of entities)	Attained Group Limited
Date control lost	4 August 2026*

* The Company was struck off in the UK Companies Register and ceased to exist as a legal entity after the end of the reporting period. It was controlled throughout the period and at 30 June 2026 and is disclosed as an event after the reporting period.

6. Dividends

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

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

7. Details of associates and joint venture entities

The Group did not hold an interest in any associate or joint venture entity during the current period or the previous corresponding period.

8. Foreign entities

Adisyn Ltd is incorporated and domiciled in Australia and the financial information in this report is prepared in accordance with Australian Accounting Standards.

9. Audit qualification or review

The financial statements are in the process of being audited. Audited financial statements will be released in September 2026.

10. Attachments

The Preliminary Report of Adisyn Ltd for the year ended 30 June 2026 is attached.

11. Signed

Signed ____________________________ Date: 31 August 2026

Blake Burton
Executive Director

Adisyn Ltd

ABN 30 155 473 304

Appendix 4E Preliminary Final Report - 30 June 2026

Adisyn Ltd and its controlled entities
Preliminary Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2026

	Note	30 June 2026 $	(Restated) 30 June 2025 $
Revenue from continuing operations			
Revenue		4,236,485	3,261,168
Other income		34,628	119,083
Interest revenue calculated using the effective interest method		259,904	99,165
Expenses			
Cost of goods sold		(2,255,814)	(1,616,824)
Selling and distribution expenses		(339,207)	(283,818)
Research and development expenses		(2,188,873)	(886,106)
Share-based payments		(2,325,333)	(559,748)
Administrative expenses		(1,274,124)	(1,198,956)
Other operating expenses		(3,663,655)	(3,411,341)
Impairment of assets		-	(301,769)
Finance costs		(28,155)	(107,708)
Loss on disposal of assets		(192,548)	-
Loss before income tax expense from continuing operations		**(7,736,692)**	**(4,886,854)**
Income tax expense		-	-
Loss after income tax expense from continuing operations		(7,736,692)	(4,886,854)
Loss after income tax expense from discontinued operations		(49,020)	(3,147,587)
Loss after income tax expense for the year attributable to the owners of Adisyn Ltd		**(7,785,712)**	**(8,034,441)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		2,086,179	854,970
Other comprehensive income for the year, net of tax		2,086,179	854,970
Total comprehensive income for the year attributable to the owners of Adisyn Ltd		**(5,699,533)**	**(7,179,471)**
Total comprehensive income for the year is attributable to:			
Continuing operations		(5,650,513)	(4,031,884)
Discontinued operations		(49,020)	(3,147,587)
		(5,699,533)	**(7,179,471)**

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

		Cents	(Restated) Cents
Earnings per share for loss from continuing operations attributable to the owners of Adisyn Ltd			
Basic earnings per share		(0.95)	(1.04)
Diluted earnings per share		(0.95)	(1.04)
Earnings per share for loss from discontinued operations attributable to the owners of Adisyn Ltd			
Basic earnings per share		(0.01)	(0.67)
Diluted earnings per share		(0.01)	(0.67)
Earnings per share for loss attributable to the owners of Adisyn Ltd			
Basic earnings per share		(0.95)	(1.71)
Diluted earnings per share		(0.95)	(1.71)

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

Adisyn Ltd and its controlled entities
Preliminary Consolidated statement of financial position
As at 30 June 2026

	Note	30 June 2026 $	(Restated) 30 June 2025 $
Assets			
Current assets			
Cash and cash equivalents		15,488,326	6,959,562
Trade and other receivables		785,090	337,331
Inventory		3,885	4,513
Other assets		189,100	86,467
		16,466,401	7,387,873
Assets of disposal groups classified as held for sale		-	209,803
Total current assets		**16,466,401**	**7,597,676**
Non-current assets			
Right-of-use assets		559,013	274,789
Plant and equipment		2,012,783	2,449,638
Intangibles		42,258,548	25,044,060
Other assets		23,305	23,305
Total non-current assets		**44,853,649**	**27,791,792**
Total assets		**61,320,050**	**35,389,468**
Liabilities			
Current liabilities			
Trade and other payables		742,618	514,951
Contract liabilities		380,031	259,189
Lease liabilities		94,688	202,048
Provisions		159,721	132,899
		1,377,058	1,109,087
Liabilities directly associated with assets classified as held for sale		-	64,712
Total current liabilities		**1,377,058**	**1,173,799**
Non-current liabilities			
Lease liabilities		518,922	78,230
Provisions		37,279	68,663
Total non-current liabilities		**556,201**	**146,893**
Total liabilities		**1,933,259**	**1,320,692**
Net assets		**59,386,791**	**34,068,776**
Equity			
Issued capital		77,691,504	46,730,520
Reserves		9,457,542	7,341,863
Accumulated losses		(27,762,255)	(20,003,607)
Total equity		**59,386,791**	**34,068,776**

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

Adisyn Ltd and its controlled entities
Preliminary Consolidated statement of changes in equity
For the year ended 30 June 2026

	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 year	-	-	-	(8,034,441)	(8,034,441)
Other comprehensive income for the year, net of tax	-	-	854,970	-	854,970
Total comprehensive income for the year	-	-	854,970	(8,034,441)	(7,179,471)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	10,994,647	2,619,793	-	-	13,614,440
Share-based payments	896,148	1,148,916	-	-	2,045,064
Conversion of performance rights	37,500	-	-	-	37,500
Issue of shares to KMP	267,146	-	-	-	267,146
Issue of shares related to asset acquisition - 2DG acquisition**(Note 5)**	23,100,000	-	-	-	23,100,000
Exercise of options	110,625	-	-	-	110,625
Balance at 30 June 2025 - restated	**46,730,520**	**6,498,123**	**843,740**	**(20,003,607)**	**34,068,776**

	Issued capital $	Share-based payment reserve $	Translation reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2025 - restated	**46,730,520**	**6,498,123**	**843,740**	**(20,003,607)**	**34,068,776**
Loss after income tax expense for the year	-	-	-	(7,785,712)	(7,785,712)
Other comprehensive income for the year, net of tax	-	-	2,086,179	-	2,086,179
Total comprehensive income for the year	-	-	2,086,179	(7,785,712)	(5,699,533)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	12,931,311	-	-	-	12,931,311
Share-based payment	-	17,725,333	-	27,064	17,752,397
Conversion of options	333,840	-	-	-	333,840
Conversion of performance rights	17,695,833	(17,695,833)	-	-	-
Balance at 30 June 2026	**77,691,504**	**6,527,623**	**2,929,919**	**(27,762,255)**	**59,386,791**

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

	Note	30 June 2026 $	30 June 2025* $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		4,387,844	3,460,326
Payments to suppliers and employees (inclusive of GST)		(8,959,548)	(7,221,246)
Receipts from other income		164,542	218,249
Interest and other finance costs paid		(28,153)	(107,708)
Net cash used in operating activities		**(4,435,315)**	**(3,650,379)**
Cash flows from investing activities			
Net of cash acquired from assets acquisition	5	-	894,744
Payments for investments		-	(1,783,595)
Payments for plant and equipment		(198,896)	(1,006,820)
Proceeds from disposal of plant and equipment		77,000	-
Net cash used in investing activities		**(121,896)**	**(1,895,671)**
Cash flows from financing activities			
Proceeds from issue of shares		14,133,841	14,628,625
Share issue transaction costs		(868,689)	(887,065)
Repayment of borrowings		-	(808,156)
Repayment of lease liabilities		(179,389)	(726,933)
Net cash from financing activities		**13,085,763**	**12,206,471**
Net increase in cash and cash equivalents		8,528,552	6,660,421
Cash and cash equivalents at the beginning of the financial year		6,959,562	299,141
Effects of exchange rate changes on cash and cash equivalents		212	-
Cash and cash equivalents at the end of the financial year		**15,488,326**	**6,959,562**

*The correction of error described in Note 3 had no effect on net cash flows from operating, investing or financing activities for the comparative period, as the acquisition consideration was settled in equity instruments.

Note 1. Material accounting policies

These preliminary consolidated financial statements covers Adisyn Ltd (**the Company**) and its controlled entities (referred to as **the Group**). Adisyn Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. The Group is a for-profit entity. The Group's financial statements are presented in Australian dollars (AUD), which is also the Company's functional currency.

The accounting policies that are material to the Group are set out either in the respective notes or below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

a) Basis of preparation

The financial report is a preliminary financial report which:

- has been prepared in accordance with ASX Listing Rule 4.3A.
- has been derived from the unaudited consolidated Annual Report which has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('**AASB**') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('**IASB**').
- has been prepared on historical basis, unless otherwise stated.
- is presented with values rounded to the nearest dollars in accordance with ASIC Legislative Instrument 2016/191, unless otherwise stated.
- is presented in Australian dollars, which is the functional currency of the Group. The Group has subsidiaries operating in United Kingdom and Israel.
- adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the Group and effective for reporting periods starting on or before 1 July 2025.

The preliminary financial report does not include all the disclosures of the type normally included in the Annual Report. Accordingly, the unaudited Preliminary Financial Report should be read in combination with the Annual Report for the year ended 30 June 2025 and any public announcements issued by the Company in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in **note 2**.

b) Going concern

The un-audited Preliminary Financial Report has 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 $7,785,712 (30 June 2025 restated: $8,034,441) and had net cash outflows from operating of $4,435,315 (30 June 2025: $3,650,379) and investing activities outflow of $121,896 (30 June 2025 : outflow $1,895,671) respectively for the year ended 30 June 2026. As at that date, the Group had net assets of $59,386,791 (30 June 2025 restated: $34,068,776).

The Directors have prepared a cash flow forecast covering a period of at least twelve months from the date of this report. Having regard to that forecast, the Group's existing cash reserves and its ability to moderate discretionary expenditure, the Directors are satisfied that the Group will have sufficient funds to meet its obligations as and when they fall due for at least twelve months from the date of this report. Accordingly, no material uncertainty relating to going concern has been identified.

The Directors believe that the Group 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 30 June 2026.

Note 1. Material accounting policies (continued)

c) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Adisyn Ltd ('Company' or 'parent entity') as at 30 June 2026 and the results of all subsidiaries for the year then ended. Adisyn Ltd and its subsidiaries together are referred to in these financial statements as the 'Group'.

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

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

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

d) 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.

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 resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

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 Binomial 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.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Fair value measurement hierarchy
The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Asset acquisition
The judgements and estimates set out below are those considered most significant to the acquisition of 2DG, accounted for as an asset acquisition (refer **Note 5**).

Note 3. Restatement of comparatives

Correction of error
During the year ended 30 June 2026, management completed its assessment of the acquisition of 100% of the issued capital of 2D Generation Ltd ("2DG"), which was completed on 9 January 2025. The acquisition was previously accounted for as a business combination in accordance with AASB 3 *Business Combinations* in the financial statements for the year ended 30 June 2025.

On finalising its assessment, management concluded that 2DG did not meet the definition of a business under AASB 3 because the concentration test in AASB 3 Appendix B7B was met where substantially all of the fair value of the gross assets acquired was concentrated in a single identifiable intangible asset, being the intellectual property relating to the process for growing graphene at low temperature. Accordingly, the transaction should have been accounted for as an asset acquisition as 2DG fits squarely within the test and there is no substantive process being acquired that, together with the IP, is capable of producing outputs in substance, the technology.

The error has been corrected by restating each of the affected financial statement line items for the prior period in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The effect of the correction is:

Consideration transferred has been allocated to the identifiable assets acquired and liabilities assumed on the basis of their relative fair values at the acquisition date, with no goodwill recognised;

- Goodwill of $36,110,873 previously recognised has been derecognised;
- Acquisition-related transaction costs of $1,567,512 previously expensed have been capitalised as part of the cost of the assets acquired;
-No deferred tax was recognised on the initial recognition of the assets and liabilities, consistent with the initial recognition exemption in AASB 112 *Income Taxes.*

The error has been corrected by restating each of the affected financial statement line items for the comparative period and the opening balances of the earliest period presented, in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

Statement of profit or loss and other comprehensive income

Line Item	(Audited) 30 June 2025	Adjustment	(Restated) 30 June 2025
Administrative expenses	(1,281,152)	82,196	(1,198,956)
Share-based payment expenses	(2,045,064)	1,485,316	(559,748)
Loss before income tax expense from continuing operations	(6,454,366)	1,567,512	(4,886,854)

Note 3. Restatement of comparatives (continued)

Statement of financial position at the beginning of the earliest comparative period

When there is a restatement of comparatives, it is mandatory to provide a third statement of financial position at the beginning of the earliest comparative period, being 1 July 2024. However, the acquisition was completed on 9 January 2025, as the transaction occurred during the comparative period, the opening balances at 1 July 2024 are not affected by the correction.

Line Item	(Audited) 30 June 2025	Adjustment	(Restated) 30 June 2025
Intangibles	351,820	23,818,385	24,170,205
Goodwill	36,260,873	(36,110,873)	150,000
Foreign currency translation - Translation uplift to intangible assets	-	723,855	723,855
Total Intangible assets	36,612,693	(11,568,633)	25,044,060
Net assets	45,637,409	(11,568,633)	34,068,776
Share-based payment reserve	20,358,123	(13,860,000)	6,498,123
Foreign currency translation reserve (FCTR) – translation of foreign operation (OCI)	119,885	723,855	843,740
Retained earnings	(21,571,119)	1,567,512	(20,003,607)
Net assets	45,637,409	(11,568,633)	34,068,776

Statement of cash flows

There was no impact on net cash flows from operating, investing or financing activities for the comparative period, as the acquisition was settled in equity instruments.

Earnings per share

Line Item	(Audited) 30 June 2025	Adjustment	(Restated) 30 June 2025
Basic loss per share (cents)	(2.05)	0.34	(1.71)
Diluted loss per share (cents)	(2.05)	0.34	(1.71)

Note 4. Operating segments

The Group has identified its operating segments based on the internal reports reviewed by the chief operating decision maker, being the executive management team, for the purposes of assessing performance and allocating resources. Reportable segments are determined in accordance with AASB 8 Operating Segments and reflect the manner in which the Group's activities are managed and reported internally.

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 are reported separately where they meet the quantitative thresholds in AASB 8 or where separate disclosure is considered useful to users of the financial statements. The Group does not aggregate operating segments unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, production processes, customer type, distribution methods and, where relevant, the regulatory environment.

Note 4. Operating segments (continued)

The Company disaggregates revenue from contracts with customers by operating segment where this information is regularly reviewed by the chief operating decision maker. Segment revenue, segment assets and segment liabilities are measured on the same basis as the amounts reported in the consolidated financial statements, except for items that are not allocated to individual operating segments.

The "Adisyn Services" segment includes Managed Support Services, Cyber Security Services, Cloud and data centre co-location, Network services and Back Up services. Following the disposal of the "Miner Hosting" business and the acquisition of 2D Generation, the Group reassessed its operating segments based on the internal reporting reviewed by the chief operating decision maker. For the current reporting period, the reportable segments presented are Adisyn Services, and 2D Generation, together with unallocated items and consolidated totals.

Segment revenue represents sales to external customers and other revenue attributable to each reportable segment.

	Adisyn Services	2D Generation	Total
30 June 2026	$	$	$
Revenue			
Sales to external customers from continuing operations	4,228,209	-	4,228,209
Other revenue	8,276	-	8,276
Total sales revenue	4,236,485	-	4,236,485
Other income from continuing operations	34,628	-	34,628
Total revenue	4,271,113	-	4,271,113
Interest revenue			259,904

	Adisyn Services	2D Generation	Total
30 June 2025	$	$	$
Revenue			
Sales to external customers from continuing operations	3,261,168	-	3,261,168
Other revenue from continuing operations	101,653	116,595	218,248
Total revenue	3,362,821	116,595	3,479,416

Note 5. Acquisition of 2D Generation Ltd - asset acquisition

A. Description of the transaction

On 9 January 2025, the Group acquired 100% of the issued capital of 2D Generation Ltd ("2DG"), an Israeli company that holds patented graphene deposition technology enabling deposition of graphene at temperatures below 300°C (the "technology"). The consideration comprised ordinary shares in Adisyn Ltd and performance rights convertible into ordinary shares on the achievement of specified milestones.

Note 5. Acquisition of 2D Generation Ltd - asset acquisition (continued)

The Group completed the acquisition of 100% of 2D Generation Ltd. The consideration for the acquisition comprised, 300,000,000 fully paid ordinary shares in Adisyn (Consideration Shares) and 300,000,000 performance rights (Performance Rights), convertible on a one-for-one basis into ordinary shares upon achievement of the following milestones:

- 100,000,000 **(Class A)** Performance Rights converting upon independently verified demonstration (by a suitably qualified professor from a recognised technological university in Australia or Israel, as determined by the Group's 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 (ALD) machine, within 12 months of the acquisition date;
- 100,000,000 **(Class B)** Performance Rights converting upon an independently verified demonstration (by a suitably qualified professor from a recognised technological university in Australia or Israel, as determined by the Group's 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 of the acquisition date;
- 100,000,000 **(Class C)** Performance Rights converting upon the signing of a binding agreement with a global semiconductor corporation and the Group receiving income of more than $AU1M (determined in accordance with applicable accounting standards as received and confirmed by the Group’s auditor), within 36 months of the acquisition date.

The Group has assessed the acquisition under AASB 3 Business Combinations and concluded that the set of assets and activities acquired does not constitute a business. Applying the optional concentration test in AASB 3, substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable intangible asset (the technology). The transaction has accordingly been accounted for as an asset acquisition. No goodwill arises on an asset acquisition; the cost of the acquisition is allocated to the identifiable assets and liabilities acquired based on their relative fair values at the acquisition date.

B. Cost of the acquisition

The cost of the asset acquisition comprises the fair value of consideration given together with costs directly attributable to the acquisition.

The acquisition consideration includes 300,000,000 performance rights issued in three tranches, each convertible one-for-one into ordinary shares on achievement of a milestone. During the year, the Class A milestone (independently verified deposition below 300°C) was achieved on 6 January 2026 and the Class B milestone (deposition of a capping layer on copper or ruthenium coupons below 300°C) on 9 June 2026, and the corresponding rights vested and converted, each measured at the grant-date fair value of $0.077 per right ($7,700,000 per tranche).

The Class C tranche (100,000,000 performance rights) converts on the signing of a binding agreement with a global semiconductor corporation and the Group receiving income of more than $1,000,000, within 36 months of the acquisition date. This milestone had not been achieved at 30 June 2026. Consistent with the treatment of the other tranches, no amount has been recognised in respect of the Class C rights. If the milestone is achieved, $7,700,000 (measured at the grant-date fair value of $0.077 per right) will be added to the cost of the intangible, with a corresponding increase in equity.

Directly attributable transaction costs, including adviser options and facilitation shares, are capitalised into the cost of the asset.

- The Group incurred acquisition-related costs of $82,196 on legal fees and due diligence costs.

- On 9 January 2025, 10,000,000 ordinary shares, issued to Sandton Capital as facilitation shares, with a fair value of $0.077 per share amounted to $770,000 in connection with the completion of the acquisition of 2D Generation.

- On 9 January 2025, 15,000,000 options were issued to advisers in connection with the acquisition, with an exercise price of $0.075 and a term of three years. The options vested on issue and were measured at their grant-date fair value of $0.047688 per option ($715,316 in aggregate), determined using the Black-Scholes option pricing model with the following inputs: share price $0.075, exercise price $0.075, expected volatility 100%, risk-free rate 3.85%, dividend yield nil, and a term of three years. As the options are directly attributable to the acquisition, the fair value has been capitalised into the cost of the intangible.

Note 5. Acquisition of 2D Generation Ltd - asset acquisition (continued)

	30 June 2026 $	30 June 2025 $
Cost of the acquisition:		
Ordinary shares issued to vendor (300,000,000 shares)	23,100,000	23,100,000
Performance rights – Class A (100,000,000, vested)	7,700,000	-
Performance rights – Class B (100,000,000, vested)	7,700,000	-
Advisory options (15,000,000 options)	715,316	715,316
Facilitation shares – Sandton Capital (10,000,000 shares)	770,000	770,000
Legal and due diligence costs	82,196	82,196
Total cost of the acquisition	40,067,512	24,667,512

C. Allocation of cost to identifiable assets and liabilities

The cost of the acquisition has been allocated to the identifiable assets acquired and liabilities assumed on the basis of their relative fair values at the acquisition date, with the residual attributed to the technology intangible asset. No goodwill has been recognised.

Details of the acquisition are as follows:

	Fair value $
Cash and cash equivalents	894,744
Other receivables	54,961
Prepayments	6,489
Plant and equipment	1,499,922
Trade payables	(53,649)
Other payables	(43,245)
Employee benefits	(49,813)
Loan	(1,460,282)
Net assets acquired	849,127
Intangible asset - Technology	39,218,385
Total cost allocated	40,067,512

Basis of measurement

The fair values assigned to the identifiable assets acquired and liabilities assumed were determined at the acquisition date. As the transaction is an asset acquisition and not a business combination, the measurement period and provisional accounting provisions of AASB 3 do not apply.

The identification of the identifiable assets and liabilities and the associated fair value measurement, in particular the fair value of the acquired intellectual property, is subject to significant judgement and estimation. The key estimates and judgements applied in accounting for the acquisition are set out below.

Note 5. Acquisition of 2D Generation Ltd - asset acquisition (continued)

Accounting judgements

The acquisition of 2D Generation Ltd required management to apply judgement in determining whether the acquired set of assets and activities met the definition of a business under AASB 3.

Management elected to apply the concentration test in AASB 3 Appendix B7B and concluded that substantially all of the fair value of the gross assets acquired was concentrated in a single identifiable intangible asset, being the intellectual property relating to the process for growing graphene at low temperature.

On this basis, the acquired set did not constitute a business and the transaction was accounted for as an asset acquisition. This judgement is significant because the accounting outcomes differ materially: an asset acquisition does not give rise to goodwill, transaction costs are capitalised rather than expensed, and no deferred tax is recognised on initial recognition under the initial recognition exemption in AASB 112.

Management applied judgement in determining that the acquired graphene-related intellectual property meets the recognition criteria for an intangible asset under AASB 138 Intangible Assets, including that the asset is identifiable, the Group controls the asset, and future economic benefits are expected to flow to the Group.

The cost of the asset acquisition was allocated to the identifiable assets acquired and liabilities assumed based on their relative fair values at the acquisition date. Determining these fair values, in particular the fair value of the acquired intellectual property, required significant estimation, including assumptions regarding forecast cash flows, discount rates, and the stage of development of the underlying technology. Changes in these assumptions could materially affect the carrying amounts allocated to the acquired assets.

Deferred Tax

No deferred tax has been recognised on initial recognition of the intangible asset. The acquisition is an asset acquisition that is not a business combination and, at the time of the transaction, affected neither accounting profit nor taxable profit. The initial recognition exemption in AASB 112 Income Taxes therefore applies.

Restatement of comparative information

In the financial report for the year ended 30 June 2025, the acquisition was originally accounted for as a business combination under AASB 3, recognising goodwill and contingent consideration and expensing acquisition-related costs and adviser options.

Following a reassessment, the Group has concluded that the acquisition is an asset acquisition. This constitutes a prior period error, corrected retrospectively by restating the comparative information for the year ended 30 June 2025 in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. Full details of the restatement, including the effect on each affected financial statement line item, are set out in **Note 3**.