

ASX Announcement

1 May 2024

MATERIAL SALE OF VMWARE CLOUD PLATFORM

Highlights:

- Divestment of VMware cloud assets to Zettagrid to generate up to \$1.4m in cash.
- \$850k upfront payment, with the remaining \$550k payable 9 months following settlement date and subject to revenue based earn out criteria.
- Adisyn and Zettagrid to commence strategic partnership for the sale of new cloud services using the Zettagrid cloud platform.
- Adisyn moves towards a capital lite model as it focuses on becoming the sovereign provider of choice for SMEs in the Australian defence industry supply chain.

Adisyn Ltd (**ASX: AI1**) ("**Adisyn**" or the "**Company**") is pleased to announce it has signed a binding agreement with Zettagrid Pty Ltd ("**Zettagrid**") to dispose of its VMware cloud platform for a total consideration of up to \$1.4 million in cash ("**Agreement**").

Following a comprehensive internal review of the Company's various operations and assets (ASX: 27 February 2024, 15 April 2024), the Company identified its VMware cloud platform assets ("**VMware Cloud Assets**") as non-core to its strategy of becoming the sovereign provider of choice for SMEs in the Australian defence industry supply chain (ASX: 15 April 2024).

Zettagrid is an Australian owned Technology Aggregator to the IT channel delivering Edge Cloud Hosting, Backup, Disaster Recovery, Software Licensing and Telecommunications in the Asia Pacific region. Zettagrid services more than 300 IT Channel Partners across seven availability zones and was recently named as a Broadcom Premier Partner for the VMware Cloud Service Provider (**VCSP**) program for Australia, New Zealand, Indonesia and Singapore.

Under the terms of the Agreement, Adisyn will transfer to Zettagrid all customer agreements and contracts ("**VMware Customers**") relating to the VMware Cloud Assets which contributed ~\$1.018m of revenue for the December 2023 half year period. The Company and Zettagrid have also agreed to novate across all supplier agreements and equipment leases which are required for the operation of the VMware Cloud Assets.

Subject to completion of the transaction, the Company will receive cash consideration of up to \$1.4 million in cash (before costs and adjustments), which will be payable into 2 tranches. The first tranche of \$850,000 will be payable on the settlement date ("**Settlement Date**"), which the parties anticipate to be today, 1 May 2024. The second tranche will be payable 9 months from the Settlement Date ("**Completion Date**") and is subject to various adjustments determined by the annualised revenue of the VMware Customers at the Completion Date.

The consideration received by the Company will be used towards further implementing the Company's growth strategy and towards its existing operations. Further details and the material terms of the Agreement are included in the Annexure to this announcement.

As the Company moves towards a capital lite model (ASX: 15 April 2024), Adisyn and Zettagrid have also agreed to enter into a strategic partnership for the sale of new cloud services. The Company will white-label Zettagrid's Australian cloud services as part of its service offering, allowing Adisyn to focus on providing scalable, service-based solutions while substantially decreasing the Company's requirement for any significant capital expenditure.

Adisyn's Managing Director, Blake Burton stated: *"I'm excited for Adisyn to be partnering with Zettagrid, who are one of the few premier providers of VMware sovereign cloud services in Australia. This sale and partnership allows us to focus our attention on building service-based solutions for defence-linked SME businesses, while still being able to utilise the cloud infrastructure scale which Zettagrid has built over a number of years. Zettagrid are a national cloud provider in Australia, allowing Adisyn to provide local cloud services in almost every state as part of our sovereign IT offering".*

Zettagrid's CEO, Nathan Harman, stated: *"I'm very pleased to be able to announce the acquisition of Adisyn's VMware cloud infrastructure. Adisyn customers will be able to experience the benefits of the scale and cloud automation that Zettagrid provides, and the transaction provides us with a new cloud availability zone in Darwin. This will expand our sovereign Australian cloud availability zones to six, which encompasses Sydney, Melbourne, Brisbane, Perth, Adelaide and now Darwin. We're excited to enter into a strategic partnership with Adisyn, which will allow them to focus on their Managed IT and Cybersecurity services whilst being able to leverage Zettagrid cloud infrastructure."*

The Company is continuing an ongoing internal review for the divestments of assets which are deemed to be non-core to the Company's new strategic focus.

-ENDS-

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

Further Information:

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About Adisyn (adisyn.com.au):

Adisyn (ASX: AI1) is an established provider of managed technology services and solutions targeting the SME market. Focused on becoming the sovereign provider of choice for SMEs in the Australian defence industry supply chain, Adisyn offers a range of solutions tailored to this growing market segment. These solutions leverage both internal capabilities and strategic partnerships with key industry players, particularly in the cybersecurity and AI domains.

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.

ANNEXURE

Under the terms of the agreement, Zettagrid shall acquire 100% of the legal and beneficial interest in the VMware Cloud Assets, free from any debts and encumbrances, for the consideration referred to below:

- An initial payment of AUD\$850,000, adjusted for any Supplier pre-payments or amounts owing at the Settlement Date;
- A second payment of AUD\$550,000 (**“Second Payment”**), payable at the Completion Date, but subject to adjustments determined by the Annualised Revenue of the VMware Customers at the Completion Date. The Second Payment shall be adjusted by an increase or reduction equal to one hundred percent (100%) of the change in value of Annualised VMware Customers revenue at the Settlement Date compared to the Annualised Revenue at the Completion Date.

The Agreement is subject to satisfaction or waiver of conditions precedent, including the parties obtaining, where applicable, all third party consents and approvals that may be required to complete the proposed transaction, and other conditions precedent considered standard for a transaction of this nature.

Under the terms of the Agreement Adisyn has agreed to provide Zettagrid with, at no additional charge, ongoing support under a separate Managed Services Agreement to assist with the novation of VMware customer agreements and supplier contracts, as well as hardware administration, software administration and service provisioning relating to the agreement, and which is due performance by Adisyn prior to the Completion Date.

The Agreement otherwise contains terms and conditions which are considered standard for an agreement of this nature.

The Company has sought and obtained confirmation from ASX that ASX Listing Rules 11.1 and 11.2 do not apply to the Agreement.