

ASX RELEASE

15 April 2021

QUARTERLY ACTIVITY REPORT AND APPENDIX 4C

Highlights for the Quarter ended 31 March 2021:

- **Positive results from Second Non-Platform Lot**
- **Commenced production of Second Platform Lot, which remains on schedule**
- **Results from this Second Platform Lot expected late in Q2 2021**
- **Finalised 2021 collaboration agreement with imec**
- **4DS' 100% owned patent portfolio increased to 30 granted patents**
- **No significant impact on 4DS' operations due to COVID-19**

4DS Memory Limited (ASX:4DS) (**4DS**) (the **Company**), is pleased to provide its Quarterly Activity Report and Appendix 4C for the Quarter ended 31 March 2021.

Positive Results from Second Non-Platform Lot

On 1 February 2021 4DS confirmed that it had completed testing of the Second Non-Platform Lot. The data from the Second Non-Platform Lot:

- Confirmed that the Company has been able to repeat the results for each of the key memory characteristics (speed, endurance and retention) that were achieved with the First Non-Platform Lot;
- Confirmed that significantly, 19 of the 21 device wafers were functional, a first for the Company (the two nonfunctional wafers were the result of being manufactured outside the imec process window); and
- Provided 4DS with further valuable insights with respect to how changes in key process parameters affect the key memory characteristics; i.e. which process changes increase which memory characteristic.

Second Platform Lot Production and Analysis Reporting Remain on Schedule

On 1 February 2021 4DS also advised that the production of the Second Platform Lot commenced at imec in Belgium on 27 January 2021.

The Company is pleased to now report that the production of the Second Platform Lot remains on schedule with no technical or equipment issues to date.

4DS therefore expects to analyse these wafers in Q2 2021 with results available late in the same quarter as previously guided, subject to no equipment issues or new COVID-19 impacts in either 4DS's USA or imec's Belgium facilities.

4DS would like to extend its thanks to imec and Western Digital for their continuing support and technical input.

The results of the analysis of the Second Platform Lot is an important step for 4DS and its partners to pursue their strategic objective of commercialising the Company's technology.

imec 2021 Collaboration Agreement

4DS and imec finalised the terms of the collaboration agreement for 2021 resulting in an extension of an additional twelve months with an expiry date of 31 December 2021.

Intellectual Property Portfolio – Additional Patent Granted

During the quarter 4DS announced the granting of an additional USA patent bringing the Company's portfolio of granted USA patents to thirty (30), all of which are 100% owned by 4DS.

30th USA Patent – Resistive Memory Device Having An Oxide Barrier Layer – Patent No. 10,950,788

The Company has also filed two (2) USA patent applications to protect its stream of innovations and to strengthen its intellectual property portfolio in the field of Interface Switching ReRAM for Storage Class Memory near to DRAM.

COVID-19 Update

Currently, there are no COVID related restrictions significantly affecting the Company's operations in the USA or Belgium. The policy whereby only a limited number of employees can be at the USA Fremont facilities at any time remains active.

Financial Review

As at 31 March 2021, the Company held cash of \$5.5 million, compared with \$6.5 million as at 31 December 2020. Net cash of \$0.986 million was used in operating activities during the quarter, compared to \$1.118 million in the December quarter. The main variances when compared to the previous quarter were a decrease in research and development expenditure by \$243k (due mainly to no imec payment in the quarter as payments are now being made in arrears rather than in advance) and a slight increase in administration and corporate costs of \$27k (due to the payment of the second instalment of the ASX annual listing fees). The Company received \$74k in cash during the quarter, which related to the proceeds of the exercise of options.

Listing Rule 4.7.C

In item 6 of the Appendix 4C cash flow report for the quarter, payments to related parties of approximately \$153k represents salaries paid to the CEO, Executive Director and the payment of accrued Director's fees to one of the Non-Executive Directors.

S&P/ASX All Technology Index

On March 22, 2021 4DS was admitted to the S&P/ASX All Technology Index. The S&P/ASX All Technology Index is designed to be a comprehensive measure of technology-oriented companies listed on the ASX that meet certain investability criteria.

ENDS

Authorised for release by the Board.

Contact information

Investors: David McAuliffe
4DS Memory
+61 408 994 313
david@4dsmemory.com

About 4DS

4DS Memory Limited (ASX: 4DS), with facilities located in Silicon Valley, is a semiconductor development company of non-volatile memory technology, pioneering Interface Switching ReRAM for next generation gigabyte storage in mobile and cloud. Established in 2007, 4DS owns a patented IP portfolio, comprising 30 USA patents granted and 2 patent applications pending and or being filed, which has been developed in-house to create high-density Storage Class Memory. 4DS has a joint development agreement with Western Digital subsidiary HGST, a global storage leader, which accelerates the evolution of 4DS' technology. 4DS also collaborates with imec, a world-leading research and innovation hub in nanoelectronics and digital technologies. The combination of imec's widely acclaimed leadership in microchip technology and profound software and information and communication technology expertise makes them unique.

For more information, please visit www.4dsmemory.com.

Disclaimer

This release contains certain forward-looking statements that are based on the Company's management's beliefs, assumptions and expectations and on information currently available to management. Such forward looking statements involve known and unknown risks, uncertainties, and other factors which may cause the actual results or performance of 4DS to be materially different from the results or performance expressed or implied by such forward looking statements. Such forward looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the political and economic environment in which 4DS will operate in the future, which are subject to change without notice. Past performance is not necessarily a guide to future performance and no representation or warranty is made as to the likelihood of achievement or reasonableness of any forward-looking statements or other forecast. To the full extent permitted by law, 4DS and its directors, officers, employees, advisers, agents and intermediaries disclaim any obligation or undertaking to release any updates or revisions to information to reflect any change in any of the information contained in this release (including, but not limited to, any assumptions or expectations set out in the release).

You should not place undue reliance on these forward- looking statements. Except as required by law or regulation (including the ASX Listing Rules) we undertake no obligation to update these forward- looking statements.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

4DS MEMORY LIMITED (4DS)

ABN

43 145 590 100

Quarter ended ("current quarter")

31 March 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(776)	(3,659)
(b) business development	(5)	(6)
(c) production	-	-
(d) staff costs	(54)	(184)
(e) administration and corporate costs	(148)	(439)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	6
1.5 Interest and other costs of finance paid	(5)	(18)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	25
1.8 Other (Insurance Claim)	-	-
1.9 Net cash from / (used in) operating activities	(986)	(4,275)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(37)	(37)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(37)	(37)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	7,612
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	74	325
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(3)	(374)
3.5	Proceeds from borrowings (Refer 7.6)	-	-
3.6	Repayment of borrowings (Insurance Premium)	(29)	(68)
3.7	Transaction costs related to loans and borrowings	(1)	(3)
3.8	Dividends paid	-	-
3.9	Other – principal elements of lease payments ⁽ⁱ⁾	(26)	(78)
3.10	Net cash from / (used in) financing activities	15	7,414

- (i) The Group adopted new Accounting Standard AASB 16 *Leases* with effect from 1 July 2019. in accordance with the requirements of AASB 16, cash payments for the principal portion of the Group's lease liabilities are presented within financing activities. Cash payments for the interest portion are presented within interest and other costs of finance paid.

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	6,527	2,510
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(986)	(4,275)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(37)	(37)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	15	7,414
4.5	Effect of movement in exchange rates on cash held	(12)	(107)
4.6	Cash and cash equivalents at end of period	5,505	5,505

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	5,505	6,527
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,505	6,527

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

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

**Current quarter
\$A'000**

153

-

Salary paid to Managing Director, Howard Digby and David McAuliffe for the quarter

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (PPP Loan and Insurance Premium funding)	203	-
7.4 Total financing facilities	203	-

7.5 **Unused financing facilities available at quarter end** -

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

7.3

PPP Loan

Subsidiary 4DS Inc received US Small Business Administration Paycheck Protection Program (PPP) Loan of US\$131,542 on 11 May 2020. Maturity date is 2 years from the date of disbursement with a fixed interest rate of 1% per annum. The loan was enacted by US Congress under the Coronavirus Aid, Relief and Economic Security Act (the "Act"). The Act provides that the loan is subject to conditional loan forgiveness provided the loan proceeds are used in accordance with the Act and the Borrower (4DS Inc) provides all documentation to support the application for loan forgiveness. The Company believes that its use of the proceeds will meet the conditions for full forgiveness of the loan, HSBC has submitted the loan forgiveness application to the SBA on 26 October 2020 and it will take 90 days to review the application for the verdict.

Insurance Premium Funding

4DS Memory has accepted the premium finance facility offered by Attvest Finance Pty Ltd to use the facility to pay insurance premium in 10 instalments according to the agreement. Total amount financed was \$97,448.50 entered on 13 October 2020 with an interest of 5.05% to be repaid over 10 instalments.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	986
8.2 Cash and cash equivalents at quarter end (item 4.6)	5,505
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (Item 8.2 + item 8.3)	5,505
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	5.6
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise a figure for the estimated quarters of funding available must be included in item 8.5.</i>	

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

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

Answer: N/A

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

Answer: N/A

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

Answer: N/A

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

Compliance statement

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

Date:15 April 2021.....

Authorised by:The Board of 4DS Memory Limited.....
(Name of body or officer authorising release – see note 4)

Notes

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