

ASX RELEASE

22 July 2021

QUARTERLY ACTIVITY REPORT AND APPENDIX 4C

Highlights for the Quarter ended 30 June 2021:

- **Second Platform Lot & Third Non-Platform Lot wafers received**
- **Analysis of wafers well underway**
- **Renewed HGST Joint Development Agreement**
- **4DS' 100% owned patent portfolio increased to 31 granted US patents**
- **No significant impact on 4DS' operations due to COVID-19**
- **Added to the MSCI Global Index**

4DS Memory Limited (ASX:4DS) (**4DS**) (the **Company**), is pleased to provide its Quarterly Activity Report and Appendix 4C for the Quarter ended 30 June 2021.

Analysis of Second Platform and Third Non-Platform Lots

On 21 June 2021 4DS advised that:

- imec finalised the production of the Second Platform Lot of eighteen (18) wafers;
- the Company took the opportunity to utilise spare capacity on imec's state-of-the-art production equipment to manufacture a Third Non-Platform Lot of twenty-three (23) wafers to ensure that the Company continued to build an extensive data set around the process parameters for its Interface Switching ReRAM technology;
- the Second Platform Lot and Third Non-Platform Lot wafers fabricated at imec had arrived in Fremont for testing; and
- Extensive and time-consuming analysis of both sets of wafers was underway and 4DS would report the results of both once they have been finalised between imec and 4DS.

As expected, the analysis of both sets of wafers is extremely time-consuming due to the large amount of different test structures available on these two types of Lots. The Company is pleased to advise the results of both sets of wafers will be released by the middle of August 2021 barring any unforeseen equipment or other technical difficulties.

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

The results of the analysis of the Second Platform Lot and the Third Non-Platform Lot are expected to bring 4DS and its partners closer to realizing their strategic objective of commercialising the Company's technology.

HGST Joint Development Renewal

On 13 May 2021, the Company reported that Western Digital Corporation subsidiary HGST renewed its Joint Development Agreement with 4DS for the 8th consecutive year until 30 June 2022.

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-one (31), all of which are 100% owned by 4DS.

31st USA Patent – Resistive Memory Device Having A Template Layer – Patent No. 11,043,633

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.

COVID-19 Update

Currently, there are no COVID related restrictions significantly affecting the Company's operations in the USA or Belgium. All COVID-19 restrictions in the Silicon Valley officially ended on 15 June 2021 and all 4DS based employees are fully vaccinated.

Financial Review

As at 30 June 2021, the Company held cash of \$4.3 million, compared with \$5.5 million as at 31 March 2021. Net cash of \$1.271 million was used in operating activities during the quarter, compared to \$0.986 million in the December quarter. The main variances when compared to the previous quarter were an increase in research and development expenditure by \$285k (due mainly to an imec payment being made in the quarter following a change: paying in arrears rather than in advance), staff costs were higher during the quarter by \$98k attributed to timing differences for superannuation and PAYG payments to ATO for the financial period, and administration and corporate costs were lower by \$91k attributed to timing differences for net receipts from the ATO. The Company received \$101k during the quarter from the proceeds of the exercise of options.

The US\$131,542 (equivalent to AU\$191,543) loan that 4DS received on 11 May 2020 under the Paycheck Protection Program ("PPP") – established as part of the US Coronavirus Aid, Relief and Economic Security Act ("CARES Act") – was fully forgiven by the US Small Business Administration on 6 April 2021.

Listing Rule 4.7.C

In item 6 of the Appendix 4C cash flow report for the quarter, payments to related parties of approximately \$250k represents salaries paid to the CEO and Executive Director, the payment of Director's fees to Non-Executive Directors and payments to the ATO for PAYG and superannuation for the financial period.

Added to the MSCI Global Index

During the quarter the Company was added to the MSCI (Morgan Stanley Capital International) Micro-Cap Australia Index as part of a quarterly rebalance. The MSCI Australia Micro Cap Index is designed to measure the performance of the micro-cap segment of the Australian equity market.

ENDS

Authorised for release by the Board.

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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 31 USA patents granted and 2 patent applications, which have 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")

30 June 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(1,061)	(4,721)
(b) business development	(5)	(11)
(c) production	-	-
(d) staff costs	(152)	(336)
(e) administration and corporate costs	(57)	(496)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	8
1.5 Interest and other costs of finance paid	(6)	(24)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	8	34
1.8 Other (Insurance Claim)	-	-
1.9 Net cash from / (used in) operating activities	(1,271)	(5,546)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(4)	(42)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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	(4)	(42)

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	101	427
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(2)	(376)
3.5	Proceeds from borrowings (Refer 7.6)	-	-
3.6	Repayment of borrowings (Insurance Premium)	(29)	(98)
3.7	Transaction costs related to loans and borrowings	(1)	(4)
3.8	Dividends paid	-	-
3.9	Other – principal elements of lease payments	(33)	(110)
3.10	Net cash from / (used in) financing activities	36	7,451

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,505	2,510
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,271)	(5,546)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4)	(42)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	36	7,451
4.5	Effect of movement in exchange rates on cash held	33	(74)
4.6	Cash and cash equivalents at end of period	4,299	4,299

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	4,299	5,505
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)	4,299	5,505

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**

250

-

Salary paid to Managing and Executive Directors and compensation to Non Executive Directors
Current quarter includes payments to ATO for PAYG and superannuation for the financial period.

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)	-	-
7.4 Total financing facilities	-	-

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

US Small Business Administration Paycheck Protection Program (PPP) Loan of US\$131,542 received by subsidiary 4DS Inc on 11 May 2020 was granted forgiveness during the quarter ended 30 June 2021.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,280)
8.2 Cash and cash equivalents at quarter end (item 4.6)	4,299
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (Item 8.2 + item 8.3)	4,299
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.36

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.

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: 22 July 2021

Authorised by: The Board
(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.