

ASX RELEASE

30 April 2020

## QUARTERLY ACTIVITY REPORT & APPENDIX 4C

4DS Memory Limited (ASX:4DS) (**4DS** or the **Company**) is pleased to provide its Quarterly Activity Report and Appendix 4C for the quarter ended 31 March 2020.

### Summary of cash flows and related activity

As at 31 March 2020, the Company held cash of \$2.7 million, compared with \$3.57 million as at 31 December 2019. Net cash of \$847k was used in operating activities during the quarter, compared to \$1.14 million in the December quarter. The main area of expenditure was in research and development of \$627k for the quarter, compared to \$962k for the previous quarter. The reduction in research and development expenditure was due to the deferral of some payments.

### Key events during the quarter

COVID 19 restrictions in the San Francisco Bay Area counties remain in place and as such the Company has been unable to access facilities in order to fully complete the analysis of wafers from imec.

On 27 April 2020 a joint statement of the seven San Francisco Bay Area health officers advised that it will issue revised shelter-in-place orders that largely keep the current restrictions in place and extend them through May 2020. The new order will include limited easing of specific restrictions for a number of lower risk activities.

In light of restrictions the Board of 4DS put in place a freeze on Board, Executive and senior management remuneration as from 1 April 2020. These measures will be reviewed on 30 June 2020.

The Company will continue to monitor the circumstances in the San Francisco Bay Area and advise on easing of restrictions and a timetable for reporting the results of its analysis of imec wafers.

### Listing Rule 4.7.C

In item 6 of the Appendix 4C cash flow report for the quarter, payments to related parties of approximately \$174,000 represents payments to both the CEO and Executive Director for salary and payments to Non-Executive Directors for director fees.

**ENDS**

Authorised for release by the Board

### Contact information

**Investors:** David McAuliffe  
4DS Memory  
+61 408 994 313  
[david@4dsmemory.com](mailto: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 23 USA patents granted and 9 patent applications pending 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](http://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 2020

| <b>Consolidated statement of cash flows</b>               | <b>Current quarter<br/>\$A'000</b> | <b>Year to date (9<br/>months)<br/>\$A'000</b> |
|-----------------------------------------------------------|------------------------------------|------------------------------------------------|
| <b>1. Cash flows from operating activities</b>            |                                    |                                                |
| 1.1 Receipts from customers                               | -                                  | -                                              |
| 1.2 Payments for                                          |                                    |                                                |
| (a) research and development                              | (627)                              | (2,577)                                        |
| (b) business development                                  | (48)                               | (106)                                          |
| (c) production                                            | -                                  | -                                              |
| (d) staff costs                                           | (74)                               | (188)                                          |
| (e) administration and corporate costs                    | (95)                               | (485)                                          |
| 1.3 Dividends received (see note 3)                       | -                                  | -                                              |
| 1.4 Interest received                                     | 2                                  | 10                                             |
| 1.5 Interest and other costs of finance paid              | (5)                                | (5)                                            |
| 1.6 Income taxes paid                                     | -                                  | -                                              |
| 1.7 Government grants and tax incentives                  | -                                  | -                                              |
| 1.8 Other (Insurance Claim)                               | -                                  | 22                                             |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>(847)</b>                       | <b>(3,329)</b>                                 |
| <b>2. Cash flows from investing activities</b>            |                                    |                                                |
| 2.1 Payments to acquire:                                  |                                    |                                                |
| (a) entities                                              | -                                  | -                                              |
| (b) businesses                                            | -                                  | -                                              |
| (c) property, plant and equipment                         | -                                  | (10)                                           |
| (d) investments                                           | -                                  | -                                              |
| (e) intellectual property                                 | -                                  | -                                              |
| (f) other non-current assets                              | -                                  | -                                              |

| Consolidated statement of cash flows |                                                       | Current quarter<br>\$A'000 | Year to date (9<br>months)<br>\$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)                   | -                          | -                                     |
| <b>2.6</b>                           | <b>Net cash from / (used in) investing activities</b> | <b>-</b>                   | <b>(10)</b>                           |

|             |                                                                                         |             |              |
|-------------|-----------------------------------------------------------------------------------------|-------------|--------------|
| <b>3.</b>   | <b>Cash flows from financing activities</b>                                             |             |              |
| 3.1         | Proceeds from issues of equity securities (excluding convertible debt securities)       | -           | 4,000        |
| 3.2         | Proceeds from issue of convertible debt securities                                      | -           | -            |
| 3.3         | Proceeds from exercise of options                                                       | -           | 156          |
| 3.4         | Transaction costs related to issues of equity securities or convertible debt securities | -           | (273)        |
| 3.5         | Proceeds from borrowings                                                                | -           | -            |
| 3.6         | Repayment of borrowings                                                                 | -           | -            |
| 3.7         | Transaction costs related to loans and borrowings                                       | -           | -            |
| 3.8         | Dividends paid                                                                          | -           | -            |
| 3.9         | Other – principal elements of lease payments <sup>(i)</sup>                             | (33)        | (33)         |
| <b>3.10</b> | <b>Net cash from / (used in) financing activities</b>                                   | <b>(33)</b> | <b>3,850</b> |

- (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<br>\$A'000 | Year to date (9<br>months)<br>\$A'000 |
|--------------------------------------|------------------------------------------------------------------------------|----------------------------|---------------------------------------|
| <b>4.</b>                            | <b>Net increase / (decrease) in cash and cash equivalents for the period</b> |                            |                                       |
| 4.1                                  | Cash and cash equivalents at beginning of period                             | 3,570                      | 2,168                                 |
| 4.2                                  | Net cash from / (used in) operating activities (item 1.9 above)              | (847)                      | (3,329)                               |
| 4.3                                  | Net cash from / (used in) investing activities (item 2.6 above)              | -                          | (10)                                  |
| 4.4                                  | Net cash from / (used in) financing activities (item 3.10 above)             | (33)                       | 3,850                                 |
| 4.5                                  | Effect of movement in exchange rates on cash held                            | 13                         | 24                                    |
| <b>4.6</b>                           | <b>Cash and cash equivalents at end of period</b>                            | <b>2,703</b>               | <b>2,703</b>                          |

|            |                                                                                                                                                                             |                            |                             |
|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|-----------------------------|
| <b>5.</b>  | <b>Reconciliation of cash and cash equivalents</b><br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
| 5.1        | Bank balances                                                                                                                                                               | 2,703                      | 3,570                       |
| 5.2        | Call deposits                                                                                                                                                               | -                          | -                           |
| 5.3        | Bank overdrafts                                                                                                                                                             | -                          | -                           |
| 5.4        | Other (provide details)                                                                                                                                                     | -                          | -                           |
| <b>5.5</b> | <b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>                                                                                            | <b>2,703</b>               | <b>3,570</b>                |

**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<br>\$A'000 |
|----------------------------|
| 174                        |
| -                          |

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for such payments.

The amounts included in 6.1 include:

- payments to both the CEO and Executive Director for salary and
- payments to Non-Executive Director for director fees.

**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.*

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

| Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|----------------------------------------------|-------------------------------------|
| -                                            | -                                   |
| -                                            | -                                   |
| -                                            | -                                   |
| -                                            | -                                   |

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.

N/A

| 8. Estimated cash available for future operating activities                       | \$A'000 |
|-----------------------------------------------------------------------------------|---------|
| 8.1 Net cash from / (used in) operating activities (Item 1.9)                     | 847     |
| 8.2 Cash and cash equivalents at quarter end (Item 4.6)                           | 2,703   |
| 8.3 Unused finance facilities available at quarter end (Item 7.5)                 | -       |
| 8.4 Total available funding (Item 8.2 + Item 8.3)                                 | 2,703   |
| 8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b> | 3       |

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

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

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

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

## 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: 30 April 2020 .....

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.