

1. Company details

Name of entity:	4DS Memory Limited
ACN:	145 590 110
Reporting period:	For the half-year ended 31 December 2022
Previous period:	For the half-year ended 31 December 2021

2. Results for announcement to the market

			\$
Loss from ordinary activities after tax attributable to the owners of 4DS Memory Limited	down	7.0% to	(2,848,733)
Loss for the half-year attributable to the owners of 4DS Memory Limited	down	7.0% to	(2,848,733)
		31 December 2022	31 December 2021
		Cents	Cents
Basic earnings per share		(0.19)	(0.23)
Diluted earnings per share		(0.19)	(0.23)

Dividends

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

Comments

The loss for the Group after providing for income tax amounted to \$2,848,733 (31 December 2021: \$3,063,514).

3. Net tangible assets

	Reporting period	Previous period
	Cents	Cents
Net tangible assets per ordinary security	<u>0.21</u>	<u>0.37</u>

4. 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.

5. Audit qualification or review

This report is based on the consolidated financial statements for the half-year ended 31 December 2022 which has been reviewed by PKF Perth.

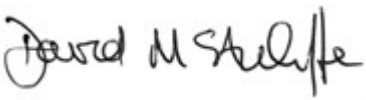
6. Attachments

The Interim Report of 4DS Memory Limited for the half-year ended 31 December 2022 is attached.

This information should be read in conjunction with the 2022 Annual Report.

Additional information supporting the Appendix 4D disclosure requirements can be found in the Director's Report and the consolidated financial statements for the half-year ended 31 December 2022.

7. Signed

Signed _____

Date: 27 February 2023

David McAuliffe
Interim Executive Chairman

4DS Memory Limited

ACN 145 590 110

Interim Report - 31 December 2022

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of 4DS Memory Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

Board of Directors

The following persons were directors of 4DS Memory Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr. David McAuliffe	Executive Director Executive Interim Chairman from 13 February 2023
Mr. Howard Digby	Non-Executive Director
Dr. Guido Arnout	Non-Executive Director
Drs. Wilbert van den Hoek	Executive Chairman from 16 August 2022 to 13 February 2023 (Formerly Non-Executive Chairman)

Board changes

On 15 August 2022, Mr. Kenneth Hurley resigned as Managing Director and CEO of the Company. On 16 August 2022, Drs. Wilbert van den Hoek transitioned from Non-Executive Chairman to Executive Chairman.

Executive changes

On 5 October 2022, Mr. Ting Yen was appointed as Chief Technology Officer of the Company.

Review of operations

Financial Review

The loss for the Group after providing for income tax amounted to \$2,848,733 (31 December 2021: \$3,063,514)

Operating Review

On 16 August 2022, the Company announced that the Third Platform Lot has successfully arrived at its facilities in Fremont, California and that extensive internal testing has successfully demonstrated that the reference memory cells on the Third Platform Lot perform similarly to the identical reference structures on the Third Non-Platform Lot, indicating that the Lot has been manufactured properly. However, testing of the cells used in the imec megabit memory array showed unexpected problems with scaling the memory cell to small dimensions suitable for Storage Class Memory potential applications and a root cause analysis was to be undertaken.

On 5 October 2022 the Company announced it had completed the root cause analysis and has identified the modified etch process as the most likely cause of the poor electrical performance of the memory cells used in the imec megabit memory array. The Company believes that the etch process had induced damage to the crystallinity of 4DS PCMO layer resulting in the write voltage needed to program the cell exceeding the write voltage that the circuitry of the imec megabit memory array could provide. As a result, the Company will focus on further optimizing the etch process to ensure both residue free etching and no crystalline damage to 4DS PCMO layer.

On 23 November 2022 the Company announced the granting of its 33rd USA patent and advised that there is one patent application pending.

On 7 December 2023 the Company entered into fourth amendment to continue collaboration on the project with imec. The manufacturing of the Fourth Platform Lot will commence during quarter 1 2023 with the delivery to the Company expected at the end of quarter 2 2023.

Placement and Issue of Securities

- On 8 July 2022, the Company issued 2,275,000 ordinary shares following the exercise of \$0.042 unlisted options to raise \$95,550.
- On 15 August 2022, 30,000,000 unlisted options excisable at \$0.063 expiring 14 March 2027 issued to Mr. Kenneth Hurley lapsed as the conditions incapable of being satisfied.
- On 22 August 2022, 5,000,000 unlisted options excisable at \$0.10 expiring 31 May 2027 issued to U.S employee lapsed as the conditions incapable of being satisfied.
- On 27 October 2022, 500,000 unlisted options excisable at \$0.042 expired.
- On 19 December 2022, the Company issued 21,500,000 incentive options exercisable at \$0.037 expiring 19 December 2027 to management and consultant.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial half-year.

Matters subsequent to the end of the financial half-year

On 13 February 2023, Drs. van den Hoek ceased to be Executive Chairman and 6 million options lapsed as a result of his resignation along with his entitlement to 38.5% of the Sales Incentive Pool.

On 13 February 2023, Mr. McAuliffe was appointed as Interim Executive Chairman whilst the Company undertakes a search for a USA based Chairman.

On 27 February 2023, 4DS announced it has undertaken a number of optimization changes which are currently being incorporated into the schedule for manufacturing of the Fourth Platform Lot at imec.

During the same period the Company has significantly enhanced its test capabilities and re-tested the Third Platform Lot in preparation for the Fourth Platform Lot.

The Company is pleased to report that it has now achieved cell operation in the megabit memory array of the Third Platform Lot utilising the improved test capabilities. This allows further exploration of optimized programming conditions with the access transistors and write circuitry of imec's megabit memory platform.

These results indicate that the 4DS Interface Switching ReRAM cells are potentially more likely to be compatible with imec's megabit memory platform which de-risks the testing of the Fourth Platform Lot expected to be received by 4DS in late Q2 2023 as previously guided.

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



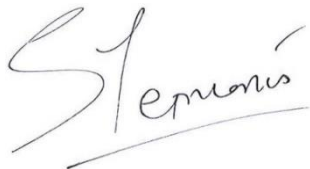
David McAuliffe
Interim Executive Chairman

27 February 2023

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF 4DS MEMORY LIMITED

In relation to our review of the financial report of 4DS Memory Limited for the half year ended 31 December 2022, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.


PKF PERTH


SIMON FERMANIS
SENIOR PARTNER

27 FEBRUARY 2023
WEST PERTH,
WESTERN AUSTRALIA

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General information

The financial statements cover 4DS Memory Limited as a Group consisting of 4DS Memory Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is 4DS Memory Limited's functional and presentation currency.

4DS Memory Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Level 2, 50 Kings Park Road,
West Perth WA 6005
AUSTRALIA

Principal place of business

3155 Skyway Court
Fremont CA 94539
USA

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 27 February 2023.

4DS Memory Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022



	31 December 2022	31 December 2021
	\$	\$
Other Income	-	23,645
Interest Income	14,223	1,224
Expenses		
Compliance and regulatory expense	(66,550)	(79,573)
Corporate and administration expense	(279,377)	(160,424)
Depreciation expense	(116,179)	(110,984)
Directors and employee expense	(180,639)	(149,872)
Impairment of assets	-	(130,438)
Interest expense	-	(6,158)
Research expense	(1,603,400)	(1,936,339)
Share based payments	(506,858)	(411,544)
Other expenses	(98,561)	(104,524)
Unrealised / realised foreign exchange	(4,603)	10,682
Operating loss	(2,841,944)	(3,054,305)
Interest on lease liabilities	(6,789)	(9,209)
Loss before income tax expense	(2,848,733)	(3,063,514)
Income tax expense	-	-
Loss after income tax expense for the half-year attributable to the owners of 4DS Memory Limited	(2,848,733)	(3,063,514)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation	(12,427)	14,075
Other comprehensive income for the half-year, net of tax	(12,427)	14,075
Total comprehensive income for the half-year attributable to the owners of 4DS Memory Limited	(2,861,160)	(3,049,439)
	Cents	Cents
Basic earnings per share	(0.19)	(0.23)
Diluted earnings per share	(0.19)	(0.23)

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

	Note	31 December 2022 \$	30 June 2022 \$
Assets			
Current assets			
Cash and cash equivalents		3,359,457	5,234,447
Trade and other receivables		10,297	14,056
Other assets	2	152,104	55,205
Total current assets		<u>3,521,858</u>	<u>5,303,708</u>
Non-current assets			
Property, plant and equipment		188,805	257,001
Right-of-use assets		99,202	151,646
Total non-current assets		<u>288,007</u>	<u>408,647</u>
Total assets		<u>3,809,865</u>	<u>5,712,355</u>
Liabilities			
Current liabilities			
Trade and other payables	3	502,272	84,945
Lease liabilities		115,627	120,313
Provision of annual leaves		35,278	32,778
Total current liabilities		<u>653,177</u>	<u>238,036</u>
Non-current liabilities			
Lease liabilities		-	51,987
Total non-current liabilities		<u>-</u>	<u>51,987</u>
Total liabilities		<u>653,177</u>	<u>290,023</u>
Net assets		<u>3,156,688</u>	<u>5,422,332</u>
Equity			
Issued Capital	5	54,928,929	54,840,272
Reserves	6	5,631,737	5,611,267
Accumulated losses		(57,403,978)	(55,029,207)
Total equity		<u>3,156,688</u>	<u>5,422,332</u>

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

4DS Memory Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2022



	Issued capital \$	Share-based payment reserves \$	Foreign exchange reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	47,925,285	4,339,238	(12,957)	(48,307,509)	3,944,057
Loss after income tax expense for the half-year	-	-	-	(3,063,514)	(3,063,514)
Other comprehensive income for the half-year, net of tax	-	-	14,075	-	14,075
Total comprehensive income for the half-year	-	-	14,075	(3,063,514)	(3,049,439)
<i>Transactions with owners in their capacity as owners:</i>					
Issue of share capital, net of transaction costs	5,440,700	96,021	-	-	5,536,721
Share-based payments (note 4)	-	411,544	-	-	411,544
Issue of shares on exercise of options	47,309	-	-	-	47,309
Options lapsed	-	(10,381)	-	10,381	-
Balance at 31 December 2021	<u>53,413,294</u>	<u>4,836,422</u>	<u>1,118</u>	<u>(51,360,642)</u>	<u>6,890,192</u>
	Issued capital \$	Share-based payment reserves \$	Foreign exchange reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	54,840,272	5,605,124	6,143	(55,029,207)	5,422,332
Loss after income tax expense for the half-year	-	-	-	(2,848,733)	(2,848,733)
Other comprehensive income for the half-year, net of tax	-	-	(12,427)	-	(12,427)
Total comprehensive income for the half-year	-	-	(12,427)	(2,848,733)	(2,861,160)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 5)	(6,897)	-	-	-	(6,897)
Share-based payments (note 4)	-	506,858	-	-	506,858
Issue of shares on exercise of options	95,554	-	-	-	95,554
Options lapsed	-	(473,961)	-	17,711	(456,250)
Options cancelled	-	-	-	456,251	456,251
Balance at 31 December 2022	<u>54,928,929</u>	<u>5,638,021</u>	<u>(6,284)</u>	<u>(57,403,978)</u>	<u>3,156,688</u>

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

	Note	31 December 2022 \$	31 December 2021 \$
Cash flows from operating activities			
Payments to suppliers and employees		(644,201)	(436,767)
Payments for research expense		(1,166,248)	(1,910,998)
Payments for business development		(78,748)	(10,391)
		(1,889,197)	(2,358,156)
Interest received		14,223	1,224
Interest paid		(6,789)	(10,441)
Other income		-	23,646
Net cash used in operating activities		(1,881,763)	(2,343,727)
Cash flows from investing activities			
Purchase of fixed assets		-	(233,450)
Net cash used in investing activities		-	(233,450)
Cash flows from financing activities			
Proceeds from issue of shares	5	-	5,985,930
Proceeds from exercise of options		95,554	47,309
Payment of capital raising costs		(16,703)	(384,713)
Principal elements of lease payments		(66,324)	(59,011)
Repayment to lender (insurance premium)		-	(49,360)
Interest paid to lender (insurance premium)		-	(1,232)
Net cash from financing activities		12,527	5,538,923
Net increase/(decrease) in cash and cash equivalents		(1,869,236)	2,961,746
Cash and cash equivalents at the beginning of the financial half-year		5,234,447	4,298,794
Effects of exchange rate changes on cash and cash equivalents		(5,754)	(89)
Cash and cash equivalents at the end of the financial half-year		<u>3,359,457</u>	<u>7,260,451</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

Basis of preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Going Concern

The consolidated financial statements have been prepared on going concern basis. In arriving at this position, the directors have had regard to the fact that the Company has, or in the directors' opinion will have access to, sufficient cash to fund administrative and other committed expenditure for a period of not less than 12 months from the date of this report.

As at 31 December 2022, the net assets of the Group totalled \$3,156,688 (2022: \$5,422,332) and cash on hand totalled \$3,359,457 (2022: \$5,234,447).

The Group's ability to continue as a going concern and meet its debts and future commitments as and when they fall due is dependent on the Company's ability to raise sufficient working capital to ensure the continued implementation of the Group's business plan.

In the event that the Group does not achieve the above actions, there exists a material uncertainty as to whether the Group will be able to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business.

New and amended standards adopted by the Group

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Estimates and judgements

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal to the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2022.

The Group has considered the implications of new or amended Accounting Standards which have become applicable for the current annual financial reporting half-year beginning on or after 1 July 2022. It has been determined by the Group that there is no impact, material or otherwise, of the new or amended Accounting Standards and therefore no changes to Group accounting policies. No retrospective change in accounting policy of material reclassification has occurred during the half-year.

New Accounting Standards and Interpretations not yet mandatory or early adopted

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of these new and amended pronouncements. The Group is currently in the process of assessing the following new and amended Accounting Standards and Interpretations:

Note 1. Significant accounting policies (continued)

New Pronouncement	Effective Date	Application
AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018 – 2020 and Other Amendments	01/01/2022	All entities
AASB 2021-7a Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [general editorials]	01/01/2022	All entities
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of liabilities as Current or Non-current, AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date	01/01/2023	All entities
AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	01/01/2023	All entities
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	01/01/2023	All entities

Note 2. Other assets

	31 December 2022 \$	30 June 2022 \$
Prepayments	147,206	50,339
Other current assets	4,898	4,866
	<u>152,104</u>	<u>55,205</u>

Note 3. Trade and other payables

	31 December 2022 \$	30 June 2022 \$
Trade payables	374,537	29,149
Other payables	127,735	55,796
	<u>502,272</u>	<u>84,945</u>

The Company entered into fourth amendment to continue collaboration on the project with imec. At the period-end of 31 December 2022, 97% of trade payables were amounts owed to imec under the arrangement.

The directors consider that the carrying amount of trade and other payables approximates their fair values.

Note 4. Share-based payments

The following share-based payment arrangements were entered into during the half-year ended 31 December 2022:

On 19 December 2022, the Company issued 21,500,000 incentive options to management and consultant. The options are exercisable at \$0.037 each and expire on 19 December 2027.

For the options granted during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Risk-free interest rate	Fair value at grant date
16/12/2022	19/12/2027	\$0.033	\$0.037	95.00%	3.08%	\$0.0237

For the period ended 31 December 2022 a share-based payment of \$506,858 (31 December 2021: \$411,544) was recognised as an expense in the profit or loss statement, the amount was inclusive of \$486,528 vesting expense, from options issued in a prior period.

Note 5. Issued Capital

	31 December 2022 Shares	30 June 2022 Shares	31 December 2022 \$	30 June 2022 \$
Ordinary shares - fully paid	1,479,765,442	1,477,490,442	57,788,929	57,693,375
Capital raising costs	-	-	(2,860,000)	(2,853,103)
	<u>1,479,765,442</u>	<u>1,477,490,442</u>	<u>54,928,929</u>	<u>54,840,272</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2021	1,320,948,441		47,925,286
Placement Shares	2 Dec 2021	52,083,334	\$0.048	2,500,000
Share Purchase Plan	20 Dec 2021	72,916,667	\$0.048	3,500,000
Exercise of unlisted options	8 June 2022	1,040,000	\$0.052	54,080
Exercise of unlisted options - in lieu of director fees	16 June 2022	1,170,000	\$0.064	74,880
Exercise of unlisted options	30 June 2022	29,332,000	\$0.042	1,231,944
Capital raising cost	30 June 2022			(445,918)
Balance	30 June 2022	<u>1,477,490,442</u>		<u>54,840,272</u>
Details	Date	Shares	Issue price	\$
Balance	1 July 2022	1,477,490,442		54,840,272
Exercise of unlisted options	8 July 2022	2,275,000	\$0.042	95,554
Capital raising costs				(6,897)
Balance	31 December 2022	<u>1,479,765,442</u>		<u>54,928,929</u>

Note 5. Issued Capital (continued)

Movements in options

Details	Date	Options	\$
Balance	1 July 2021	80,487,000	4,339,238
Options exercised, employee options		(31,542,000)	-
Options expired/forfeited		(260,000)	(10,381)
Amortisation of newly issued share-based payment, employee options		45,500,000	514,301
Amortisation of previously issued new options		-	665,945
Share based payment, advisor options		5,000,000	96,021
Balance	30 June 2022	<u>99,185,000</u>	<u>5,605,124</u>
Details	Date	Options	\$
Balance	1 July 2022	99,185,000	5,605,124
Options exercised, employee options		(2,275,000)	-
Options cancelled, ex-director options		(30,000,000)	(429,995)
Options cancelled, employee options		(5,000,000)	(26,256)
Options expired		(500,000)	(17,710)
Amortisation of previously issued employee options		-	486,528
Amortisation of newly issued share-based payment, employee options		21,500,000	20,330
Balance	31 December 2022	<u>82,910,000</u>	<u>5,638,021</u>

Note 6. Reserves

	31 December 2022 \$	30 June 2022 \$
Foreign currency reserve	(6,284)	6,143
Share-based payments reserve	<u>5,638,021</u>	<u>5,605,124</u>
	<u>5,631,737</u>	<u>5,611,267</u>

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Note 6. Reserves (continued)

Movements in reserves

Movements in each class of reserve during the current and previous financial half-year are set out below:

	Share based payment reserve \$	Foreign exchange translation reserve \$	Total \$
Balance at 1 July 2021	4,339,239	(12,957)	4,326,282
Share based payment - employee options	1,276,266	-	1,276,266
Options lapsed/cancelled	(10,381)	-	(10,381)
Foreign currency translation	-	19,100	19,100
Balance at 30 June 2022	5,605,124	6,143	5,611,267
Foreign currency translation	-	(12,427)	(12,427)
Share based payment - employee options	506,858	-	506,858
Options lapsed/cancelled	(473,961)	-	(473,961)
Balance at 31 December 2022	<u>5,638,021</u>	<u>(6,284)</u>	<u>5,631,737</u>

Note 7. Key management personnel disclosures

Remuneration arrangements of key management personnel are disclosed in the annual financial report. From 16 August 2022, Drs. Wilbert van den Hoek transitioned from a non-Executive Chairman to Executive Chairman and his remuneration has increased from \$50,000 p.a. to \$150,000 p.a. There have been no further changes to remuneration arrangements for the period ended 31 December 2022.

Note 8. Commitments and Contingent

imec commitment

During the period, the Company entered and finalised terms for the fourth amendment with imec to continue their collaboration on the project, and therefore to extend the Agreement until mid-2023 to add extra activities, with a total consideration of EUR 903,000 to be made within the next six months. Of which, first milestone invoice of EUR 225,750 was recorded in trade payables in Note 3 and the remaining payments of EUR 677,250 to be made.

Sales Bonus Pool commitment

With the departure of the prior Managing Director and CEO on 15 August 2022, his entitlement to receive proportion of the Sales Bonus Pool lapsed.

On 19 December 2022, Drs. Wilbert van den Hoek's entitlement to the Sales Bonus Pool increased from 25% to 38.5% which subsequently lapsed due to his departure.

There have been no other significant changes in commitments and contingent since the last reporting date.

Note 9. Events after the reporting period

On 13 February 2023, Drs. van den Hoek ceased to be Executive Chairman and 6 million options lapsed as a result of his resignation along with his entitlement to 38.5% of the Sales Incentive Pool.

On 13 February 2023, Mr. McAuliffe was appointed as Interim Executive Chairman whilst the Company undertakes a search for a USA based Chairman.

On 27 February 2023, 4DS announced it has undertaken a number of optimization changes which are currently being incorporated into the schedule for manufacturing of the Fourth Platform Lot at imec.

During the same period the Company has significantly enhanced its test capabilities and re-tested the Third Platform Lot in preparation for the Fourth Platform Lot.

The Company is pleased to report that it has now achieved cell operation in the megabit memory array of the Third Platform Lot utilising the improved test capabilities. This allows further exploration of optimized programming conditions with the access transistors and write circuitry of imec's megabit memory platform.

These results indicate that the 4DS Interface Switching ReRAM cells are potentially more likely to be compatible with imec's megabit memory platform which de-risks the testing of the Fourth Platform Lot expected to be received by 4DS in late Q2 2023 as previously guided.

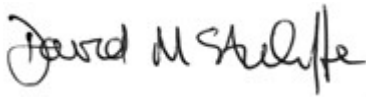
No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'David McAuliffe', written over a horizontal line.

David McAuliffe
Interim Executive Chairman

27 February 2023

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF 4DS MEMORY LIMITED

Report on the Interim Financial Report

Conclusion

We have reviewed the half-year financial report of 4DS Memory Limited (the company) and controlled entities (consolidated entity) which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at 31 December 2022, or during the half year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of 4DS Memory Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report.

Material uncertainty - Going Concern

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the consolidated entity incurred a loss of \$(2,848,733) (2021: \$(3,063,514)) and operating cash outflows of \$(1,881,763) (2021: \$(2,343,727)) during the half-year 31 December 2022. This condition, along with other matters as set out in note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial report of the consolidated entity does not include any adjustments in relation to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as going concern.

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Independence

We are independent of the company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' Responsibility for the Interim Financial Report

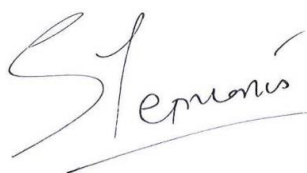
The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PKF Perth
PKF PERTH



SIMON FERMANIS
SENIOR PARTNER

27 FEBRUARY 2023
WEST PERTH,
WESTERN AUSTRALIA