

## Appendix 4E

### Preliminary final report

#### 1. Details of reporting period

Name of entity	4DS Memory Limited
ABN	43 145 590 110
Reporting Year	<b>Year ended 30 June 2021</b>
Previous Corresponding Year	Year ended 30 June 2020

#### 2. Results for announcement to the market

Key information	12 months ended 30 June 2021 \$	12 months ended 30 June 2020 \$	Increase/ (decrease) %	Amount change \$
Revenues from ordinary activities	41,091	33,511	23%	7,580
Loss from ordinary activities after tax attributable to members	(6,657,835)	(5,469,276)	22%	(1,188,559)
Net loss for the period attributable to members	(6,634,370)	(5,432,867)	22%	(1,201,503)
Net tangible asset/(deficiency) per share	0.00281	0.00109		

#### 3. Consolidated statement of profit or loss and other comprehensive income

Refer to attached consolidated financial statements.

#### 4. Consolidated statement of financial position

Refer to attached consolidated financial statements.

#### 5. Consolidated statement of cash flows

Refer to attached consolidated financial statements.

#### 6. Consolidated statement of changes in equity

Refer to attached consolidated financial statements.

#### 7. Dividends/Distributions

No dividends declared in current or prior year.

#### 8. Details of dividend reinvestment plans

N/A

**9. Details of entities over which control has been gained or lost during the period**

N/A

**10. Details of associate and joint venture entities**

N/A

**11. Any other significant information needed by an investor to make an informed assessment of the Company's financial performance and financial position**

Refer to attached consolidated financial statements.

**12. Foreign entities**

Refer to attached consolidated financial statements.

**13. Commentary on results for period and explanatory information**

The loss of the Group after providing for income tax amounted to \$6,657,835 (2020: \$5,469,276 loss). The Group has net assets of \$3,944,057 (2020: \$1,616,707). Cash on hand at 30 June 2021 totaled \$4,298,794 (2020: \$2,509,785) and net operating cash outflow of \$5,558,208 (2020: \$3,766,897) for the year ended 30 June 2021.

Refer to Review of Operations contained within the Directors' Report in the attached Annual Report for further information.

**14. Audit**

This report is based on accounts which has been audited and the audit report is included in the attached consolidated financial statements.

Authorised for release by the Board.



Managing Director  
Guido Arnout

26 August 2021

**4DS MEMORY LIMITED  
and Controlled Entities**

ACN: 145 590 110

**Annual Report**

For the year ended 30 June 2021



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## Directors

Drs. Willibrordus G.M (**Wilbert**) van den Hoek  
Dr Guido Arnout  
Mr David McAuliffe  
Mr Howard Digby

Chairman and Non-Executive Director  
CEO and Managing Director  
Executive Director  
Non-Executive Director

## Company Secretary

Mr Peter Webse

## Registered and Principal Office

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

PO Box 271  
West Perth WA 6872

Phone +61 8 6377 8043  
Email [david@4dsmemory.com](mailto:david@4dsmemory.com)

## Website

[www.4dsmemory.com](http://www.4dsmemory.com)

## Share Registry

Automic Registry Services  
Level 2  
267 St Georges Terrace,  
Perth WA 6000

Phone +618 9324 2099  
Fax +61 8 9321 2337  
Email [info@automic.com.au](mailto:info@automic.com.au)  
Web [www.automic.com.au](http://www.automic.com.au)

## Auditors

PKF Perth  
Level 4, 35 Havelock Street,  
West Perth WA 6005

## Solicitors

Steinepreis Paganin  
Level 4, The Read Buildings  
16 Milligan Street  
Perth WA 6000

## Securities Exchange Listing

Australian Securities Exchange  
Home Exchange: Perth, Western Australia  
Code: 4DS

The Directors of 4DS Memory Limited (**the Company** or **4DS**) and controlled entities (**the Group**) submit the following report for the year ended 30 June 2021 (**Financial Period**).

## Directors

The names and the particulars of the Directors of the Company during financial period and to the date of this report are:

Drs. Wilbert van den Hoek	Chairman and Non-Executive Director (appointed 30 November 2020)
Dr Guido Arnout	CEO and Managing Director
Mr David McAuliffe	Executive Director
Mr Howard Digby	Non-Executive Director
Mr James Dorrian	Non-Executive Chairman (resigned 26 April 2021)

## Qualifications, Experience and Special Responsibilities of Directors

<b>Drs. Wilbert van den Hoek</b>	-	Chairman and Non-Executive Director
Qualifications	-	Doctorandus Degree in Chemistry
Experience	-	Drs. van den Hoek was on the Board of Cypress Semiconductor Corporation ("Cypress") from 2011 to 2017. Cypress was a leader in advanced embedded solutions for the world's most innovative automotive, industrial, smart home appliances, consumer electronics and medical products. Cypress was acquired by Infineon Technologies AG at an enterprise value of approximately US\$10 billion in a transaction that was announced in June 2019 and completed in April 2020.
		Drs. van den Hoek also spent 17 years of his career at Novellus Systems, Inc. ("Novellus"). Novellus was a leading provider of advanced process equipment for the world's semiconductor industry. From 1999 until 2005, he served as Novellus' Chief Technical Officer and Executive Vice President, Integration and Advanced Development. From 2005 until 2008, he was President and CEO of Novellus Development Company, LLC, the venture arm of Novellus. Novellus was acquired by Lam Research Corp in a transaction valued at approximately US\$3.3 billion and announced in December 2011.
		Drs. van den Hoek currently serves as Chairman of Neocera LLC, as Chairman of Jiaco Instruments BV, and as a member of the board of directors of Innovent Technologies, LLC and Neocera Magma, LLC.
Directorships held in other listed entities	-	Nil
<b>Dr Guido Arnout</b>	-	CEO and Managing Director
Qualifications	-	PhD Electrical Engineering
Experience	-	Dr Arnout has specific expertise with over 30 years in commercialising electronics technology from concept to product. He was the founding President & CEO of PowerEscape, which introduced the first tools for the development of low-power software executing on multicore devices. He was also founding President & CEO of CoWare, which pioneered system-level design tools for hardware-software co-design and the time-based licensing business model. Dr Arnout co-founded the Open SystemC Initiative (OSCI), an industry consortium to standardise a language for system level design, and as its President submitted the SystemC language to IEEE. He served as VP of Engineering and later senior VP of marketing of CrossCheck Technology. He co-founded and later became VP of Engineering of Silver-Lisco, the first commercial EDA (electronic design automation).
Directorships held in other listed entities	-	Nil

## Qualifications, Experience and Special Responsibilities of Directors (Continued)

<b>Mr David McAuliffe</b>	-	Executive Director
Qualifications	-	LLB (Hons), BPharm
Experience	-	Mr McAuliffe is an experienced company Director and entrepreneur who has had over 22 years' experience, mostly in the international biotechnology field. During that time, he was involved in numerous capital raisings and in licensing of technologies. He is a founder of several companies in Australia, France and the United Kingdom, many of which have become public companies. He is President of the Dyslexia-Speld Foundation WA (Inc).
Directorships held in other listed entities	-	Non-Executive Director of Invex Therapeutics Limited (ASX: IXC)
<b>Mr Howard Digby</b>	-	Non-Executive Director
Qualifications	-	BE (Mechanical, Hons)
Experience	-	Mr Digby started his career at IBM and has spent over 25 years managing technology related businesses across the Asia Pacific region, of which 12 years were spent in Hong Kong. More recently, he was with The Economist Group as Regional Managing Director. Prior to this he held senior management roles at Adobe and Gartner where his clients included major semiconductor players inclusive of Samsung, Hynix and TSMC. Upon returning to Perth, Howard served as Executive Editor of WA Business News and now spends his time as an advisor and investor, having played key roles in several M&A and reverse takeover transactions.
Directorships held in other listed entities	-	Non-Executive Directors of Elsie Limited (ASX: ELS) Non-Executive Director of IMEXHS Limited (ASX: IME) (Formerly known as Omni Market Tied Limited (ASX: OMT) (Resigned on 30 April 2020) Non-Executive Director of Cirralto Limited (ASX: CRO) Non-Executive Chairman of Vortic Limited (ASX: VOR) (Resigned on 19 April 2021) Non-Executive Chairman of Singular Health Group Ltd (ASX: SHG)
<b>Mr James Dorrian</b>	-	Non-Executive Chairman (resigned 26 April 2021)
Qualifications	-	BA (Economics and Communications)
Experience	-	Mr Dorrian is former partner at Crosspoint Venture Partners, a Silicon Valley based early-stage venture capital firm. He has served as both CEO and Director of several Silicon Valley companies and has in depth M&A and IPO experience gained through founding and managing successful technology exits. Prior to these roles, Mr Dorrian was the Founder and CEO of Arbor Software and has held management roles with a number of multinational IT companies. He is a founding member of the OLAP Council, an industry consortium for On-Line Analytical Processing.
Directorships held in other listed entities	-	Nil

## Interests in shares and options of the Company

		Number of Ordinary Shares at 30 June 2021	Number of Options over Ordinary Shares at 30 June 2021	Number of Ordinary Shares as at the date of this report	Number of Options over Ordinary Shares as at the date of this report
Drs. Wilbert van den Hoek	Chairman and Non-Executive Director	-	20,000,000	-	20,000,000
Dr Guido Arnout	CEO and Managing Director	3,030,053	21,380,000	3,030,053	21,380,000
Mr David McAuliffe	Executive Director	6,975,647	7,000,000	6,975,647	7,000,000
Mr Howard Digby	Non-Executive Director	6,211,954	1,250,000	6,211,954	1,250,000

## Company Secretary

### Mr Peter Webse

- Qualifications - B.Bus, FGIA, FCIS, FCPA, MAICD
- Experience - Mr Webse has over 27 years' company secretarial experience and is the Managing Director of Platinum Corporate Secretarial Pty Ltd, a company specialising in company secretarial, corporate governance and corporate advisory services.

## Principal Activities

4DS Memory Limited (**ASX: 4DS**), with facilities located in Silicon Valley, is a semiconductor company pioneering the development of a non-volatile memory technology known as Interface Switching ReRAM, for next generation gigabyte Storage Class Memory. Established in 2007, 4DS owns a patented IP portfolio, comprising 31 USA patents granted and an additional 2 patents pending or being filed, 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 is now in its eighth year. 4DS also has a development agreement with Belgium based imec – a world leading research and innovation hub in nanoelectronics and digital technologies.

## Operating Results

The loss of the Group after providing for income tax amounted to \$6,657,835 (2020: \$5,469,276 loss).

## Review of Operations

For the year ending 30 June 2021, 4DS made significant progress in the development of its Interface Switching ReRAM technology with the consistent achievement of key strategic and technical milestones.

## Collaboration agreements

- On 4 March 2021 development partner imec agreed to extend the collaboration agreement for an additional twelve months, commencing on 1 January 2021.
- On 13 May 2021, the Company reported that Western Digital Corporation subsidiary HGST renewed the joint development agreement for the 8<sup>th</sup> consecutive year for another 12 months.

## Patent portfolio

- The Company was granted its 24<sup>th</sup>, 25<sup>th</sup>, 26<sup>th</sup>, 27<sup>th</sup>, 28<sup>th</sup>, 29<sup>th</sup>, 30<sup>th</sup> and 31<sup>st</sup> US patents.
- These patents specifically relate to the operation of the Company's fully owned and in-house developed Interface Switching ReRAM technology.

## Platform and Non-Platform Lots

- On 10 December 2020, the Company stated that the Second Non-Platform Lot was successfully manufactured by imec and would be available for testing at its facilities in Fremont in late December 2020.
- On 1 February 2021 the Company stated that 4DS had completed its testing of the Second Non-Platform Lot.
- The data from the Second Non-Platform Lot:
  - Confirmed that the Company had 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 non-functional wafers were the result of being manufactured outside the imec process window); and
  - Provides 4DS with further valuable insights with respect to how changes in key process parameters affect these key memory characteristics; i.e. which changes increase which memory characteristic.
- On 1 February 2021, the Company also reported that the production of the Second Platform Lot commenced at imec on 27 January 2021 and on 21 June 2021 that these wafers arrived at 4DS in Fremont for testing.
- On 21 June 2021, the Company also reported that it had taken the opportunity to utilise spare capacity on imec's state-of-the-art production equipment to manufacture a Third Non-Platform Lot to ensure that the Company continues to build an extensive data set around the process parameters for its Interface Switching ReRAM technology.



## Review of Operations (Continued)

### COVID-19

- COVID-19 related restrictions did not significantly affect the Company's operations. However, for the safety of all employees, only a limited number of employees were allowed be at the Fremont facilities at the same time. Productivity was maintained by scheduling on-site tasks over longer days including weekends and holidays.
- All COVID-19 restrictions in Silicon Valley officially ended on June 15 and everyone in the team is fully vaccinated.
- 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.

### Events post 30 June 2021 and Short-Term Development Strategies

On 17 August 2021 the Company stated that analysis of the Third Non- Platform Lot wafer results had confirmed that:

- 4DS had been able to repeat the results for each of the key memory characteristics (speed, endurance, and retention) that were achieved with the Second Non-Platform Lot (1 February 2021 announcement");
- All 23 device wafers in the lot were functional;
- 4DS had for the first time demonstrated fabrication of fully crystalline  $\text{Pr}_{1-x}\text{Ca}_x\text{MnO}_3$  ("PCMO") at temperatures compatible with the advanced processes run in today's leading-edge high-volume memory DRAM and NAND factories;
- 4DS had demonstrated that this fully crystalline PCMO material reduces the cell on-resistance by an order of magnitude compared to the PCMO material fabricated in the Second Non-Platform Lot. This reduction in cell on-resistance directly translates into a significant improvement in read speed; and
- This significant performance improvement also means that full characterization (speed, endurance, retention) of memory cells with this fully crystalline PCMO material requires memory cells operating in a memory array where currents are controlled and limited by access devices.

This important milestone in 4DS' technology development pathway allows 4DS to focus on doing the same for integration of its ReRAM technology into imec's megabit memory platform.

On 17 August 2021 the Company stated that a technical issue during the fabrication of the Second Platform Lot at imec affected all wafers and most test structures on each wafer. This technical issue had quickly been identified during detailed analysis and is resolvable going forward with no delays to current timelines. Significantly, despite this technical issue, the Second Platform Lot still yielded some critically important results:

- The Company had for the first time demonstrated scalability of its memory cell to the smallest cell geometries supported on imec's memory platform on 300mm wafers using state-of-the-art process equipment; and
- The Company had also for the first time demonstrated memory cell switching using an access device which is a critical step for producing a functional megabit memory array.

4DS is finalizing the production date of the Third Platform Lot with imec. This lot is expected to start in late Q3 2021.

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

There have been no other matters or circumstances that have arisen since 30 June 2021 that have significantly affected or may significantly affect:

- the Group's operations in future years or
- the results of those operations in future years or
- the Group's state of affairs in future years.

### Placement, Issue of Securities and Release from Escrow

On 29 June 2020, the Company announced binding commitments to raise \$4.5 million via placement of 100 million shares at \$0.045 per share of which the proceeds were received subsequently in July 2020.

On 2 July 2020, the Company announced an invitation to eligible Shareholders to participate in a Share Purchase Plan (**SPP**).

On 23 July 2020, the Company announced 880,000 unlisted options having an exercise price of \$0.045 each expired.

On 29 July 2020, the Company successfully completed its SPP at \$0.045 per share and raised \$3.1 million which will be used to progress the development of 4DS' Interface Switching ReRam technology with imec and Western Digital/HGST.

On 11 November 2020, 1,000,000 ordinary shares were issued following the exercise of unlisted options with expiry of 27 October 2022.

On 30 November 2020, the Company issued the following:

- 652,173 fully paid ordinary shares at \$0.046 in satisfaction of the Director's fees owed to Mr. James Dorrian from 1 July 2019 until 31 March 2020 (being a total of \$30,000) as per shareholders' approval on 30 November 2020.
- 434,782 fully paid ordinary shares at \$0.046 in satisfaction of the Director's fees owed to Mr. Howard Digby from 2019 and 2020 financial years (being a total of \$20,000) as per shareholders' approval on 30 November 2020.

On 14 December 2020, 2,000,000 ordinary shares were issued following the exercise of unlisted options with expiry of 27 October 2022.

On 22 December 2020, 3,000,000 ordinary shares were issued following the exercise of unlisted options with expiry of 27 October 2022.

On 8 February 2021, 1,760,000 ordinary shares were issued following the exercise of unlisted options with expiry of 27 October 2022.

On 11 May 2021, 2,408,000 ordinary shares were issued following the exercise of unlisted options with expiry of 27 October 2022.

### Incentive Options

On 7 October 2020, the Company announced that the Board had reached a successful outcome with respect to Dr Arnout's remuneration. The incentive is in the form of participation in a cash bonus pool (**Sale Bonus Pool**), the size of which will be determined by the value received by shareholders upon a liquidity event, such as takeover of the Company or a sale of the Company's intellectual property. The members of 4DS' technical team, based in Silicon Valley, as well as Drs. Wilbert van den Hoek, are eligible to participate in the Sale Bonus Pool.

Upon a liquidity event occurring, Dr Guido Arnout, Drs. Wilbert van den Hoek and US based employees (**Eligible Participants**) will each be entitled to receive a proportion of the Sale Bonus Pool. Dr Arnout will be entitled to receive 30%, Drs. Wilbert van den Hoek will be entitled to receive 25%, with the balance to be allocated to Eligible Participants at the discretion of the Board.

On 30 November 2020, the Company issued Drs. van den Hoek 20,000,000 unlisted options exercisable at \$0.064 each, expiring 29 November 2025, with 5,000,000 vesting following the completion of 6 months service to the Company and the remaining 15,000,000 options vesting quarterly over the following 10 quarters subject to the holder continuing to remain a Director of the Company.

## **Financial Position and Significant Changes in the State of Affairs**

The net assets of the Group totalled \$3,944,057 (2020: \$1,616,707). Cash on hand at 30 June 2021 totalled \$4,298,794 (2020: \$2,509,785).

### **Dividends Paid or Recommended**

No dividend has been declared or paid by the Company. The Directors do not recommend the payment of a dividend.

### **Environmental Regulation and Performance**

The Company aims to comply with the identified regulatory requirements in each jurisdiction in which it operates. There have been no known material breaches of the environmental regulations.

### **Share Options**

#### **Unissued shares**

At the date of this report, the unissued ordinary shares of 4DS under option are as follows

Grant Date	Expiry Date	Exercise Price	Number under option
30 October 2017	27 October 2022	\$0.042	18,107,000
22 January 2018	27 October 2022	\$0.042	14,000,000
22 January 2019	22 January 2024	\$0.052	8,900,000
6 May 2019	22 January 2024	\$0.052	16,880,000
28 August 2019	28 August 2024	\$0.052	2,600,000
30 November 2020	29 November 2025	\$0.064	20,000,000
			80,487,000

On 30 November 2020, the Company issued Drs. Willbert 20,000,000 unlisted options exercisable at \$0.064 each, expiring 29 November 2025, with 5,000,000 vesting following the completion of 6 months service to the Company and the remaining 15,000,000 options vesting quarterly over the following 10 quarters subject to the holder continuing to remain a Director of the Company.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

### **Shares issued as a result of the exercise of options**

During the financial year ended 30 June 2021, the Group issued 10,168,000 ordinary shares at an issue price of \$0.042 as a result of the exercise of options (there were no amounts unpaid on the shares issued).

## **Indemnification and Insurance of Directors, Officers and Auditors**

### **Indemnification**

The Company indemnifies each of its Directors, Officers and Company Secretary. The Company indemnifies each Director or Officer to the maximum extent permitted by the Corporations Act 2001 from liability to third parties, except where the liability arises out of conduct involving lack of good faith, and in defending legal and administrative proceedings and applications for such proceedings.

## **Indemnification and Insurance of Directors, Officers and Auditors (Continued)**

The Company must use its best endeavours to insure a Director or Officer against any liability, which does not arise out of conduct constituting a wilful breach of duty or a contravention of the Corporations Act 2001. The Company must also use its best endeavours to insure a Director or Officer against liability for costs and expenses incurred in defending proceedings whether civil or criminal.

The Company has not entered into any agreement with its current auditors indemnifying them against any claims by third parties arising from their report on the financial report.

### **Insurance premiums**

During the year the Company paid insurance premiums to insure Directors and Officers against certain liabilities arising out of their conduct while acting as an Officer of the Group. Under the terms and conditions of the insurance contract, the nature of the liabilities insured against, and the premium paid cannot be disclosed.

### **Meetings of Directors**

The number of formal meetings of Directors (including committees of Directors) held during the year and the number of meetings attended by each Director was as follows:

	<b>DIRECTORS' MEETINGS</b>	
	Number eligible to attend	Number attended
Drs. Wilbert van den Hoek	8	8
Dr Guido Arnout	11	11
Mr Howard Digby	11	11
Mr David McAuliffe	11	11
Mr James Dorrian	9	7

### **Proceedings on Behalf of Company**

No person has applied for leave of Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

### **Non Audit Services**

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditors' independence for the following reasons:

- All non-audit services are reviewed and approved by the Directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the audit; and
- The nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees to PKF Perth were paid for non-audit services provided during the year ended 30 June 2021.

Taxation compliance and advice services	\$5,500
	\$5,500

### **Auditor's Independence Declaration**

The auditor's independence declaration for the year ended 30 June 2021 has been received and can be found on page 19.

## **Remuneration Report (Audited)**

This Remuneration Report outlines the Director and Executive remuneration arrangements of the Company and the Group in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purposes of this report Key Management Personnel (**KMP**) of the Group are defined as those persons having the authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the parent company.

### **Remuneration Policy**

The Company has adopted a remuneration policy designed to align individual and team reward and encourage Executives to perform to their full capacity.

Remuneration packages may contain any or all of the following:

- a) Annual salary base with provision to recognise the value of the individuals' personal performance and their ability and experience;
- b) Rewards, bonuses, commissions, special payments and other measures available to reward individuals and teams following a particular outstanding business contribution;
- c) Share participation - the Company proposes to put in place an equity incentive plan; and
- d) Other benefits, such as holiday leave, sickness benefits, superannuation payments and long service benefits.

The Board will determine the appropriate level and structure of remuneration of the executive team and such consideration will occur each year on the recommendation of the CEO and Managing Director.

Remuneration of Executives and Non-Executives will be reviewed annually by the Board.

### **Remuneration structure**

In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive remuneration is separate and distinct.

### **Non-Executive Director remuneration**

#### **Objective**

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors to the highest calibre, whilst incurring a cost which is acceptable to shareholders.

#### **Structure**

The Constitution and the ASX Listing Rules specify that the aggregate Directors' fees payable to Non-Executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. Shareholders have approved aggregate Directors' fees payable of \$300,000 per year.

The amount of aggregate Directors' fees sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board may consider advice from external consultants as well as the fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process.

Each Non-Executive Director receives a fee for being a Director of the Company. However, if a Director performs extra or special services beyond their role as a Director, the Board may resolve to provide additional remuneration for such services.

Fees for Directors are not linked to the performance of the Group however, to align all Directors' interests with shareholder interests, Directors are encouraged to hold shares in the Company and may receive options. This effectively links Directors' performance to the share price performance and therefore to the interests of shareholders. For this reason, there are no performance conditions prior to grant, but instead an incentive to increase the value to all shareholders.

## Remuneration Report (Audited)

### Executive Remuneration

#### Objective

The Company aims to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- Reward Executives for Company performance;
- Align the interest of Executives with those of shareholders;
- Link reward with the strategic goals and performance of the Company; and
- Ensure total remuneration is competitive by market standards.

#### Structure

Executive remuneration may consist of both fixed and variable elements.

### Fixed Remuneration

#### Objective

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually or upon renewal of fixed term contracts by the Board and the process consists of a review of Company and individual performance, relevant comparative remuneration in the market and internal policies and practices.

Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

### Variable Remuneration

#### Objective

Variable remuneration may be provided to reward Executives in a manner which aligns this element of remuneration with the creation of shareholder wealth.

### Employment Contracts

#### Drs. Wilbert van den Hoek, Chairman and Non-Executive Director

Drs van den Hoek is subject to an employment contract with the following conditions:

- Director fee of \$50,000 per annum, with an option to convert to 4DS shares. If the option is taken the shares would be convertible at the 30 June share price and approved at the Annual General Meeting
- Entitlement to be reimbursed for all reasonable out-of-pocket expenses necessarily incurred in the performance of his duties and
- Remuneration reviewed annually on each review date or at any other time as the Board may determine (in its absolute discretion)

#### Incentives

1. On 30 November 2020, the Company issued Drs. van den Hoek 20,000,000 unlisted options exercisable at \$0.064 each, expiring 29 November 2025, with 5,000,000 vesting following the completion of 6 months service to the Company and the remaining 15,000,000 options vesting quarterly over the following 10 quarters subject to the holder continuing to remain a Director of the Company.
2. Upon a liquidity event occurring, Drs. van den Hoek will be entitled to receive 25% of the Sale Bonus Pool if Drs. van de Hoek continuously provided the services through the time of the liquidity events.

## Remuneration Report (Audited)

### Employment Contracts (Continued)

The size of the Sale Bonus Pool shall be calculated as follows:

	Sale Bonus Pool
Sale Value of US\$120m to US\$350m	5% of the sale value
Sale Value of US\$350m to US\$550m	US\$17.5m plus 6.25% of the excess above US\$350m
Sale Value above US\$550m	US\$30m plus 7.5% of the excess above US\$550m

#### Termination

Termination condition with immediate effect by written notice to the Company or company's shareholders may resolve the removal by member's resolution.

#### Dr Guido Arnout, CEO and Managing Director:

Dr Arnout is subject to an employment contract with the following conditions:

- Remuneration salary of US\$294,000 per annum
- Entitlement to be reimbursed for all reasonable out-of-pocket expenses necessarily incurred in the performance of his duties and
- Remuneration reviewed annually on each review date or at any other time as the Board may determine (in its absolute discretion)

#### Incentive

Upon a liquidity event occurring, Dr Arnout will be entitled to receive 30% of the Sale Bonus Pool if Dr Arnout continuously provided the services through the time of the liquidity events.

The size of the Sale Bonus Pool shall be calculated as follows:

	Sale Bonus Pool
Sale Value of US\$120m to US\$350m	5% of the sale value
Sale Value of US\$350m to US\$550m	US\$17.5m plus 6.25% of the excess above US\$350m
Sale Value above US\$550m	US\$30m plus 7.5% of the excess above US\$550m

#### Termination

Termination conditions are as follows:

- six months written notice or pay the Executive six months and
- six months termination pay in the event of a Change of Control

#### Mr David McAuliffe, Executive Director:

Mr McAuliffe is subject to an employment contract with the following conditions:

- Remuneration salary of \$200,000 per annum plus statutory superannuation
- An equity package to be determined by the Board (subject to shareholder approval)
- Performance bonuses (if any) as may be approved by the Board from time to time
- Entitlement to be reimbursed for all reasonable out-of-pocket expenses necessarily incurred in the performance of his duties and
- Remuneration reviewed annually on each review date or at any other time as the Board may determine (in its absolute discretion)

#### Termination

Termination of employment can be provided by the Company with three months written notice or by the Executive with three months written notice. The notice period can be waived if there is sufficient cause.

### **Remuneration Report (Audited)**

#### **Employment Contracts (Continued)**

##### **Mr Michael Van Buskirk, Chief Engineering Officer:**

Mr Buskirk is subject to an employment contract with the following conditions:

- Remuneration salary of US\$264,000 per annum
- Provision with both a Health and Dental Plan
- Participation in any employee incentive scheme
- Entitlement to be reimbursed for all reasonable out-of-pocket expenses necessarily incurred in the performance of his duties and
- Remuneration reviewed annually on each review date or at any other time as the Board may determine (in its absolute discretion)

##### **Termination**

Termination of employment can be provided by the Company with three months written notice or by the employee with three months written notice. The notice period can be waived if there is sufficient cause.

##### **Mr Seshubabu Desu, Chief Technology Officer:**

Mr Desu is subject to an employment contract with the following conditions:

- Remuneration salary of US\$208,000 per annum reduced from effect 1 October 2020 to US\$72,000 per annum and provision with both a Health and Dental Plan
- Participation in any employee incentive scheme
- Entitlement to be reimbursed for all reasonable out-of-pocket expenses necessarily incurred in the performance of his duties and
- Remuneration reviewed annually on each review date or at any other time as the Board may determine (in its absolute discretion)

##### **Termination**

Termination of employment can be provided by the Company with two weeks written notice or by the employee with two weeks written notice. The notice period can be waived if there is sufficient cause.



## Remuneration Report (Audited)

### Directors and executive officers' remuneration

The following table of benefits and payment, details, in respect to the financial year, the components of remuneration for each member of KMP of the Group and is prepared on the following basis:

**Table 1: Remuneration for the year ended to 30 June 2021**

	Short Term Salary, Fees & Commissions	Other	Termination benefits	Post-Employment Superannuation	Share Based Payment Options	Total	Performance based remuneration
<b>Executive Director</b>							
Dr Guido Arnout <sup>a</sup>	394,301	-	-	-	40,785	435,086	-
Mr David McAuliffe	200,000	75,000 <sup>b</sup>	-	21,694	38,685	335,379	22%
<b>Non-Executive Director</b>							
Drs. Wilbert van den Hoek <sup>c</sup>	29,167	-	-	-	1,056,340	1,085,507	-
Mr James Dorrian <sup>d</sup>	32,778	-	-	-	6,908	39,686	-
Mr Howard Digby	30,000	-	-	-	6,908	36,908	-
<b>Other key management personnel</b>							
Mr Michael Van Buskirk <sup>a</sup>	354,066	-	-	-	29,683	383,749	-
Mr Seshubabu Desu <sup>a</sup>	144,234	-	-	-	14,502	158,736	-
<b>Total</b>	<b>1,184,546</b>	<b>75,000</b>	<b>-</b>	<b>21,694</b>	<b>1,193,811</b>	<b>2,475,051</b>	

**Table 2: Remuneration for the year ended to 30 June 2020**

	Short Term Salary, Fees & Commissions	Other	Termination benefits	Post-Employment Superannuation	Share Based Payment Options	Total	Performance based remuneration
<b>Executive Director</b>							
Dr Guido Arnout	364,889	-	-	-	159,507	524,396	-
Mr David McAuliffe	150,000	-	-	14,250	147,195	311,445	-
<b>Non-Executive Director</b>							
Mr James Dorrian	30,000	-	-	-	26,285	56,285	-
Mr Howard Digby	22,500	-	-	-	26,285	48,785	-
<b>Other key management personnel</b>							
Mr Michael Van Buskirk	331,546	-	-	-	114,082	445,628	-
Mr Seshubabu Desu	260,415	-	-	-	35,929	296,344	-
<b>Total</b>	<b>1,159,350</b>	<b>-</b>	<b>-</b>	<b>14,250</b>	<b>509,283</b>	<b>1,682,883</b>	

<sup>a</sup> Conversion to AUD of USD equivalent

<sup>b</sup> Cash bonus in recognition of performance

<sup>c</sup> Appointed on 30 November 2020

<sup>d</sup> Resigned on 25 April 2020

## Remuneration Report (Audited)

### Notes in relation to Directors' and Executive officers' remuneration table

The fair value of the options is calculated at the date of grant using the Black Scholes option-pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the option recognised as an expense in each reporting period.

### Equity Instruments

#### (A) Options and rights over equity instruments

The movement during the reporting period, by number of rights and options over ordinary shares in 4DS Memory Limited held, directly, indirectly or beneficially, by each key management person, including their parties, is as follows:

**Table 1: Option holdings of Key Management Personnel for the year ended to 30 June 2021**

30 June 2021	Balance at beginning of year	Granted as remuneration	Options exercised	Net change other	Balance at end of year	Vested at 30 June 2021	
						Exercisable	Not Exercisable
<b>Executive Director</b>							
Dr Guido Arnout	21,380,000	-	-	-	21,380,000	20,642,000	738,000
Mr David McAuliffe	7,000,000	-	-	-	7,000,000	6,875,000	125,000
<b>Non-Executive Director</b>							
Drs. Wilbert van den Hoek <sup>c</sup>	-	20,000,000	-	-	20,000,000	5,000,000	15,000,000
Mr James Dorrian <sup>d</sup>	1,250,000	-	-	(1,250,000) <sup>e</sup>	-	-	-
Mr Howard Digby	1,250,000	-	-	-	1,250,000	1,125,000	125,000
<b>Other key management personnel</b>							
Mr Michael Van Buskirk	14,500,000	-	-	-	14,500,000	14,000,000	500,000
Mr Seshubabu Desu	9,800,000	-	(4,168,000)	-	5,632,000	5,242,000	390,000
<b>Total</b>	<b>55,180,000</b>	<b>20,000,000</b>	<b>(4,168,000)</b>	<b>(1,250,000)</b>	<b>69,762,000</b>	<b>47,884,000</b>	<b>1,878,000</b>

**Table 2: Option holdings of Key Management Personnel for the year ended to 30 June 2020**

30 June 2020	Balance at beginning of year	Granted as remuneration	Options exercised	Net change other	Balance at end of year	Vested at 30 June 2020	
						Exercisable	Not Exercisable
<b>Executive Director</b>							
Dr Guido Arnout	57,838,333	-	-	(36,458,333)	21,380,000	17,690,000	3,690,000
Mr David McAuliffe	7,000,000	-	-	-	7,000,000	6,375,000	625,000
<b>Non-Executive Director</b>							
Mr James Dorrian	1,250,000	-	-	-	1,250,000	625,000	625,000
Mr Howard Digby	1,250,000	-	-	-	1,250,000	625,000	625,000
<b>Other key management personnel</b>							
Mr Michael Van Buskirk	14,500,000	-	-	-	14,500,000	12,000,000	2,500,000
Mr Seshubabu Desu	8,500,000	1,300,000	-	-	9,800,000	8,890,000	910,000
<b>Total</b>	<b>90,338,333</b>	<b>1,300,000</b>	<b>-</b>	<b>(36,458,333)</b>	<b>55,180,000</b>	<b>46,205,000</b>	<b>8,975,000</b>

<sup>e</sup> Other changes included cessation as KMP

## Remuneration Report (Audited)

### (B) Share holdings of Key Management Personnel

30 June 2021	Balance 1 July 2020	Granted as remuneration	On exercise of options	On conversion of performance share	Net change other <sup>f</sup>	Balance 30 June 2021
<b>Executive Director</b>						
Dr Guido Arnout	3,030,053	-	-	-	-	3,030,053
Mr David McAuliffe	13,323,295	-	-	-	(6,347,648)	6,975,647
<b>Non-Executive Director</b>						
Drs. Wilbert van den Hoek <sup>c</sup>	-	-	-	-	-	-
Mr James Dorrian <sup>d</sup>	52,783,831	652,173 <sup>g</sup>	-	-	(53,436,004)	-
Mr Howard Digby	5,777,172	434,782 <sup>h</sup>	-	-	-	6,211,954
<b>Other key management personnel</b>						
Mr Michael Van Buskirk	1,145,852	-	-	-	-	1,145,852
Mr Seshubabu Desu	658,984	-	4,168,000	-	(4,826,984)	-
<b>Total</b>	<b>76,719,187</b>	<b>1,086,955</b>	<b>4,168,000</b>	<b>-</b>	<b>(64,610,636)</b>	<b>17,363,506</b>

30 June 2020	Balance 1 July 2019	Granted as remuneration	On exercise of options	On conversion of performance share	Net change other	Balance 30 June 2020
<b>Executive Director</b>						
Dr Guido Arnout	3,030,053	-	-	-	-	3,030,053
Mr David McAuliffe	13,077,394	245,901	-	-	-	13,323,295
<b>Non-Executive Director</b>						
Mr James Dorrian	52,128,094	655,737	-	-	-	52,783,831
Mr Howard Digby	5,777,172	-	-	-	-	5,777,172
<b>Other key management personnel</b>						
Mr Michael Van Buskirk	1,145,852	-	-	-	-	1,145,852
Mr Seshubabu Desu	658,984	-	-	-	-	658,984
<b>Total</b>	<b>75,817,549</b>	<b>901,638</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>76,719,187</b>

<sup>f</sup> Net change other included disposals and cessation as KMP.

<sup>g</sup> 652,173 fully paid ordinary shares at \$0.046 in satisfaction of the Director's fees for 2019 and 2020 financial years (being a total of \$30,000) as per shareholders' approval on 30 November 2020.

<sup>h</sup> 434,782 fully paid ordinary shares at \$0.046 to David McAuliffe in satisfaction of salary accrued for 2020 financial years (being a total of \$20,000) as per shareholders' approval on 30 November 2020.

## Remuneration Report (Audited)

### (C) Rights and options over equity instruments granted as compensation

Details on rights and options over ordinary shares in the Company that were granted as compensation to each key management person during the reporting period and details on options that vested during the reporting periods are as follows:

Options	Number of options granted during the year	Grant date	Fair value per option at grant date \$	Exercise price per option \$	Expiry Date	Number of options vested during the year
<b>Executive Director</b>						
Dr Guido Arnout	-	24 Apr 2019	\$0.0586	\$0.052	22 Apr 2024	2,952,000
Mr David McAuliffe	-	24 Apr 2019	\$0.0586	\$0.052	22 Apr 2024	500,000
<b>Non-Executive Director</b>						
Drs. Wilbert van den Hoek <sup>c</sup>	20,000,000	30 Nov 2020	\$0.0997	\$0.064	29 Nov 2025	5,000,000
Mr James Dorrian <sup>d</sup>	-	24 Apr 2019	\$0.0586	\$0.052	22 Apr 2024	500,000
Mr Howard Digby	-	24 Apr 2019	\$0.0586	\$0.052	22 Apr 2024	500,000
<b>Other key management personnel</b>						
Mr Michael Van Buskirk	-	24 Apr 2019	\$0.0586	\$0.052	22 Apr 2024	2,000,000
Mr Seshubabu Desu	-	28 Aug 2019	\$0.0399	\$0.052	28 Aug 2024	520,000

All options expire on the earlier of their expiry date or termination of the individual's employment.

### (D) Exercise of options granted as compensation

For the year ended 30 June 2021, the following shares were issued as a result of exercise of the options previously granted as compensation:

	Number of shares	Amount paid \$ / share
Mr Seshubabu Desu	4,168,000	\$0.042

There are no amounts unpaid on the shares as a result of the exercise of options in this financial year.

### (E) Performance Share holdings of Key Management Personnel

For the year ended 30 June 2021 and 30 June 2020 the Performance Shareholdings balances of key management personnel were nil.

### (F) Loans to Key Management Personnel

There are no loans between the entity and Key Management Personnel.

### (G) Employee Share Acquisition Plan

There were no equity issues under the Company's Employee Share Acquisition Plan during the financial year.

### (H) Principles of Compensation

The remuneration policy has been tailored to increase goal congruence between shareholders, Directors and Executives by the issue of options to the Directors to encourage the alignment of personal and shareholder interests.

The Company believes this policy will be effective in increasing shareholder wealth.

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### **Remuneration Report (Audited)**

#### **Voting of shareholders at last year's annual general meeting**

4DS Memory Limited received more than 96.84% of "yes" votes on its remuneration report for the 2020 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

#### **Remuneration Report - End**

Signed in accordance with a resolution of the Directors.

A handwritten signature in blue ink, appearing to read 'G. Arnout', with a long horizontal stroke extending to the right.

Dr Guido Arnout  
Managing Director  
26 August 2021

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF 4DS MEMORY LIMITED

In relation to our audit of the financial report of 4DS Memory Limited for the year ended 30 June 2021, 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



SHANE CROSS  
PARTNER

26 AUGUST 2021  
WEST PERTH  
WESTERN AUSTRALIA

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# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2021



	Note	2021 \$	2020 \$
Other income	2	213,293	33,511
Directors' fees	3	(91,944)	(52,500)
Employee benefits expense	3	(309,194)	(176,125)
Travel and accommodation		(1,950)	(84,086)
Rent and utilities	3	(65,798)	(104,977)
Research and development	3	(4,298,973)	(3,786,258)
Legal and professional fees		(189,841)	(201,222)
Share based payments	15	(1,231,464)	(633,350)
Depreciation and amortisation expense		(200,211)	(176,471)
Unrealised / realised foreign exchange		(90,006)	27,096
Other expenses		(369,742)	(300,175)
<b>Operating loss</b>		<b>(6,635,830)</b>	<b>(5,454,557)</b>
Interest on lease liabilities		(22,005)	(14,719)
<b>Loss before income tax</b>		<b>(6,657,835)</b>	<b>(5,469,276)</b>
Income tax expense	4	-	-
<b>Loss for the year after income tax</b>		<b>(6,657,835)</b>	<b>(5,469,276)</b>
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation (net of tax)	14(d)	23,465	36,409
<b>Total comprehensive loss for the year</b>		<b>(6,634,370)</b>	<b>(5,432,867)</b>
Basic and diluted loss per share (dollars per share)	5	(0.0051)	(0.0048)

The accompanying notes form part of these financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021



	Note	2021 \$	2020 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	4,298,794	2,509,785
Trade and other receivables	8	16,004	5,478
Prepayments		46,723	49,677
<b>TOTAL CURRENT ASSETS</b>		<b>4,361,521</b>	<b>2,564,940</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	9	377,851	216,763
Right-of-use asset	12	237,502	371,069
<b>TOTAL NON-CURRENT ASSETS</b>		<b>615,353</b>	<b>587,832</b>
<b>TOTAL ASSETS</b>		<b>4,976,874</b>	<b>3,152,772</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	735,108	935,715
Provisions	11	38,611	26,111
Lease liabilities	12	100,911	99,506
Other current liabilities	13	-	191,543
<b>TOTAL CURRENT LIABILITIES</b>		<b>874,630</b>	<b>1,252,875</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	12	158,187	283,190
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>158,187</b>	<b>283,190</b>
<b>TOTAL LIABILITIES</b>		<b>1,032,817</b>	<b>1,536,065</b>
<b>NET ASSETS</b>		<b>3,944,057</b>	<b>1,616,707</b>
<b>EQUITY</b>			
Issued capital	14(a)	47,925,285	40,086,985
Reserves	14(d)	4,326,281	3,200,428
Accumulated losses		(48,307,509)	(41,670,706)
<b>TOTAL EQUITY</b>		<b>3,944,057</b>	<b>1,616,707</b>

The accompanying notes form part of these financial statements.



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2021



	Issued Capital	Accumulated Losses	Share Based Payment Reserve	Foreign Exchange Reserve	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	<b>36,025,887</b>	<b>(37,688,733)</b>	<b>4,139,079</b>	<b>(72,831)</b>	<b>2,403,402</b>
<i>Total Comprehensive Income</i>					
Loss attributable to members	-	(5,469,276)	-	-	(5,469,276)
Foreign currency translation of subsidiary	-	-	-	36,409	36,409
<b>Total comprehensive loss for the period</b>	-	<b>(5,469,276)</b>	-	<b>36,409</b>	<b>(5,432,867)</b>
<i>Transactions with owners in their capacity as owners:</i>					
Issue of share capital net of costs	3,726,572	-	-	-	3,726,572
Issue of employee options	-	-	633,350	-	633,350
Issue of shares on exercise of options	279,526	-	(48,276)	-	231,250
Issue of shares in lieu of Director fees	40,000	-	-	-	40,000
Issue of shares in lieu of Salary	15,000	-	-	-	15,000
Options lapsed	-	1,487,303	(1,487,303)	-	-
<b>Balance at 30 June 2020</b>	<b>40,086,985</b>	<b>(41,670,706)</b>	<b>3,236,850</b>	<b>(36,422)</b>	<b>1,616,707</b>

	Issued Capital	Accumulated Losses	Share Based Payment Reserve	Foreign Exchange Reserve	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>	<b>40,086,985</b>	<b>(41,670,706)</b>	<b>3,236,850</b>	<b>(36,422)</b>	<b>1,616,707</b>
<i>Total Comprehensive Income</i>					
Loss attributable to members	-	(6,657,835)	-	-	(6,657,835)
Foreign currency translation of subsidiary	-	-	-	23,465	23,465
<b>Total comprehensive loss for the period</b>	-	<b>(6,657,835)</b>	-	<b>23,465</b>	<b>(6,634,370)</b>
<i>Transactions with owners in their capacity as owners:</i>					
Issue of share capital net of costs	7,253,199	-	-	-	7,253,199
Issue of employee options	-	-	1,231,465	-	1,231,465
Issue of shares on exercise of options	535,101	-	(108,045)	-	427,056
Issue of shares in lieu of Director fees	50,000	-	-	-	50,000
Options lapsed	-	21,032	(21,032)	-	-
<b>Balance at 30 June 2021</b>	<b>47,925,285</b>	<b>(48,307,509)</b>	<b>4,339,238</b>	<b>(12,957)</b>	<b>3,944,057</b>

The accompanying notes form part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2021



	Note	2021 \$	2020 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(856,232)	(715,653)
Payments for research and development		(4,721,001)	(3,069,869)
Interest received		6,832	11,090
Interest paid		(22,067)	(14,884)
Government grants		34,260	-
Insurance recovery relating to PPE		-	22,419
<b>Net cash used in operating activities</b>	7 (b)	<b>(5,558,208)</b>	<b>(3,766,897)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of plant and equipment		(40,984)	(10,861)
<b>Net cash used in investing activities</b>		<b>(40,984)</b>	<b>(10,861)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares and options		7,611,969	4,000,000
Payment of capital raising costs		(358,770)	(273,428)
Issue of shares on exercise of options		427,056	231,250
Repayment of borrowings		(102,374)	-
Proceeds from PPP loan		-	191,543
Principal elements of lease payments		(115,888)	(49,651)
<b>Net cash from financing activities</b>		<b>7,461,993</b>	<b>4,099,714</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,862,801</b>	<b>321,956</b>
Cash and cash equivalents at the beginning of the financial year		2,509,785	2,167,613
Effect of movements in exchange rates on cash held		(73,792)	20,216
<b>Cash and cash equivalents at the end of the financial year</b>	7 (a)	<b>4,298,794</b>	<b>2,509,785</b>

The accompanying notes form part of these financial statements.

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

These are the consolidated financial statements and notes of the Company and controlled entities. 4DS is a company limited by shares, domiciled and incorporated in Australia.

The separate financial statements of 4DS, as the parent entity, have not been presented with this financial report as permitted by the *Corporations Act 2001 (Cth)*.

The financial statements were authorised for issued on 26 August 2021 in accordance with a resolution by the Directors of the Company. The Directors have the power to amend and reissue the financial statements.

### a. Basis of Preparation

#### Statement of Compliance

The financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements as issued by the Australian Accounting Standards Board and the *Corporations Act 2001*, as appropriate for "for-profit" oriented entities. The consolidated financial report of the Group complies with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

### b. Critical Accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

#### i. Impairment – General

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

#### ii. Share Based Payments

The grant date fair value of share-based payment is recognised as an expense with a corresponding increase in equity, over the period that the recipient unconditionally become entitled to the awards.

The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that, the amount ultimately recognised as an expense is based on the number of awards that do not meet the related service and non-market performance conditions at the vesting date.

The Company follows the guidelines of AASB 2 'Share-based payments' and takes into account all performance conditions and estimates the probability and expected timing of achieving these performance conditions. Accordingly, the expense recognised over the vesting period may vary based upon information available and estimates made at each reporting period, until the expiry of the vesting period.

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### b. Critical Accounting estimates and judgements (Continued)

During the year, the Company engaged an external expert to perform share based payment valuations. See note 15 for valuation assumptions and inputs.

#### iii. Research and Development Costs

All research and development costs during the year have been expensed. The research and development costs have not been recognized as intangible assets as they did not meet the criteria as set out in policy at note 1(k).

#### iv. Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an option, or not exercise option a termination option. Extension options (or period after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

#### v. Coronavirus (COVID-19) pandemic

Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavorably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

### c. Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements and
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### c. Principles of Consolidation (Continued)

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investments retained
- Recognises any surplus or deficit in profit and loss
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

On 9 December 2015, 4DS Memory Limited (formerly Fitzroy Resources Limited), the legal parent, completed the acquisition of 4D-S Pty Limited ( "4D-S" ). 4D-S (the legal subsidiary) was deemed to be the acquirer for accounting purposes as it had obtained control over the operations of the legal acquirer 4DS Memory (accounting subsidiary). Accordingly, the consolidated financial statements of 4DS Memory were prepared as a continuation of the financial statements of 4D-S. 4D-S (as the accounting acquirer) accounted for the acquisition of 4DS Memory from 9 December 2015.

### d. Income Tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### e. Going Concern

The net assets of the Group totalled \$3,944,057 (2020: \$1,616,707). Cash on hand at 30 June 2021 totalled \$4,298,794 (2020: \$2,509,785) and net operating cash outflow of \$5,558,208 (2020: \$3,766,897) for the year ended 30 June 2021.

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.

The financial report has been prepared on a 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.

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.

### f. Foreign currency transactions and balances

#### Functional and presentation currency

The functional currency of each entity within the Group is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

#### Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognized in the profit or loss.

Exchange differences arising on the translation of non-monetary items are recognized directly in other comprehensive income to the extent that the underlying gain or loss is recognized in other comprehensive income; otherwise the exchange difference is recognized in profit or loss.

#### Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting period
- Income and expenses are translated at average exchange rates for the period and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in the profit or loss in the period in which the operation is disposed of.

### g. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### g. Property, Plant and Equipment (Continued)

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

#### Plant and equipment

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

#### Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over the asset's useful life to the Consolidated Entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	30%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive loss. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

### h. Financial Instruments

#### Initial recognition and measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognized when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

#### Classification and subsequent measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the assets or liability, assuming the market participants acts in their economic best interests.

#### i. Loans and receivables

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. All other loans and receivables are classified as non-current assets.

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### h. Financial Instruments (Continued)

#### ii. Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognized in profit and loss through the amortisation process and when the financial liability is recognized.

#### Derivative instruments

The Group does not trade or hold derivatives.

#### Financial guarantees

The Group has no material financial guarantees.

#### Impairment

The Group recognized a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognized is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognized within other comprehensive income. In all other cases, the loss allowance is recognized in profit or loss.

#### Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flow expires, or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognized in profit or loss.

### i. Impairment of Non-Financial Assets

At the end of each reporting date, the Directors assess whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information, including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits.

If any such indication exists, an impairment test is carried out on the asset by comparing the asset's recoverable amount, being the higher of its fair value less costs to sell and its value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.



## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### h. Financial Instruments (Continued)

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

### i. Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development
- The ability to use the intangible asset generated

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

### j. Employee Benefits

#### i. *Wages, salaries and annual leave*

Liabilities for wages, salaries and annual leave expected to be settled within one year of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

#### ii. *Superannuation*

Contributions are made by the Consolidated Entity to superannuation funds as stipulated by statutory requirements and are charged as expenses when incurred.

#### iii. *Employee benefit on costs*

Employee benefit on costs, including payroll tax, are recognised and included in employee benefits liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

#### iv. *Options*

The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date.

The fair value at grant date is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

#### v. *Equity-settled Compensation*

The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### k. Cash and Cash Equivalents

Cash in the statement of financial position comprises cash at bank. For the purposes of the statement of cash flow, cash and cash equivalents consist of cash and cash equivalents as defined above.

### l. Revenue and other Income

#### i. Interest

Interest revenue is recognised as it accrues.

#### ii. Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

### m. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

### n. Trade and other Receivables

Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment is raised when some doubt as to collection exists.

### o. Trade and other Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

### p. Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

#### Group as a lessee

Operating lease payments, where substantially all the risk and benefits remain with the lessor, are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

From 1 January 2019, leases are recognised as a right-of-use asset and corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### q. Leases (Continued)

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate
- Amount expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and Payments of penalties for termination the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use of assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs
- Restoration cost

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases have a lease term of 12 months or less. Low-value assets comprise IT equipment and office furniture.

### r. Operating Segments

Operating segments are identified, and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group's chief operating decision maker which, for the Group, is the Board of Directors. In this regard, such information is provided using similar measures to those used in preparing the statement of profit or loss and other comprehensive income and statement of financial position.

### s. Earnings Per Share

#### i. *Basic earnings per share*

Basic earnings per share is determined by dividing the net loss after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

#### ii. *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### t. Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

Shares issued by the Company to a trust the Group controls are shown as a reduction in equity. Administration expenses of the trust are expensed to the statement of profit or loss and other comprehensive income.

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### t. Contributed Equity (Continued)

Where any controlled entity purchases the Company's equity share capital as treasury shares, the consideration paid is deducted from equity attributable to the Company's equity holders until those shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net

of any directly attributable increment transactions costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

### u. New Accounting Standard and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2021. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

	30 June 2021	30 June 2020
	\$	\$
<b>2. OTHER INCOME</b>		
Interest income	6,832	11,091
ATO Cash Flow Boost	34,260	-
PPP Loan Forgiveness	172,201	
Insurance recovery on PPE	-	22,420
	206,461	22,420
Other Income	213,293	33,511

### 3. LOSS FOR THE YEAR

Loss before income tax from continuing operations includes the following specific expenses:

- Directors' fees (cash settled)	30,000	12,500
- Directors' fees (accrued)	61,944	40,000
Directors' fees	91,944	52,500
- Salary and wages (cash settled)	212,500	161,875
- Bonus (cash settled)	75,000	-
- Superannuation (cash settled)	21,694	14,250
Employee benefits expense	309,194	176,125
- Office rent	-	50,080
- Utilities	65,798	54,897
Rent and utilities	65,798	104,977
- Consultants	122,794	319,945
- Salary and wages	2,150,300	1,660,665
- R&D partner	1,667,789	1,470,365
- Other research expenses	358,090	335,283
Research and development	4,298,973	3,786,258

## 4. INCOME TAX

	30 June 2021	30 June 2020
	\$	\$
The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
	-	-

The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:

Accounting loss before income tax	(6,657,835)	(5,469,276)
At the Group's statutory income tax rate of 26% (2020: 27.5%)	(1,731,037)	(1,504,051)
<i>Add/(Less): tax effect of non-deductible amounts</i>		
Share based payments	320,181	174,171
Provisions and accruals	3,415	(5,068)
Other permanent differences	(64,976)	(7,245)
Unrealised foreign exchange	22,000	7,463
Capital raising costs	(74,293)	(66,983)
Other non-deductible amounts	49,091	52,417
Effect of difference in overseas tax rate	-	(62,442)
Impact of reduction in future corporate tax rates	280,299	-
Deferred tax balances not recognised	1,195,320	1,411,738
Income tax expense/(benefit)	-	-

### Change in Corporate tax rate:

There has been a legislated change in the corporate tax that will apply to future income years. The impact of this reduction in the corporate tax rate has been reflected in the unrecognised deferred tax positions and the prima face income tax reconciliation above

## 4. INCOME TAX (CONTINUED)

	30 June 2021	30 June 2020
	\$	\$
The following deferred tax balances have not been recognised:		
Deferred Tax Assets:		
Carry forward revenue losses	3,405,637	2,954,049
Capital raising costs	163,912	155,530
Other	40,302	23,016
Total Deferred Tax Assets	3,609,851	3,132,595

The tax benefits of the above losses will only be obtained if:

- (a) The Group derives future assessable income of a nature and of an amount sufficient to enable the benefits from the deductions for the losses to be utilised.
- (b) The Group complies with the conditions for deductibility imposed by law; and
- (c) No changes in income tax legislation adversely affect the Group in utilising the benefits.

Deferred Tax Liabilities:

Prepayments	8,683	10,193
Unrealised forex gain	-	7,463
Total Deferred Tax liabilities	8,683	17,656

The above Deferred Tax Liabilities have not been recognised as they have given rise to the carry-forward revenue losses for which the Deferred Tax Asset has not been recognised.

## NOTES TO THE FINANCIAL STATEMENTS



	30 June 2021	30 June 2020
<b>5. LOSS PER SHARE (EPS)</b>		
	\$	\$
a) Reconciliation of loss to profit and loss Loss for the year	<u>(6,657,835)</u>	<u>(5,469,276)</u>
	<b>No.</b>	<b>No.</b>
b) Weighted average number of ordinary shares outstanding during the year used in the calculation of EPS	<u>1,309,439,593</u>	<u>1,132,865,628</u>
c) Loss per share	(\$0.0051)	(\$0.0048)
d) The Group does not report diluted earnings per share with options on annual losses as it is anti-dilutive in nature.		



## 6. PARENT ENTITY – 4DS MEMORY LIMITED

	30 June 2021	30 June 2020
	\$	\$
<b>As at 30 June 2021 the legal parent of the Group was 4DS Memory Limited</b>		
<b>Statement of financial position</b>		
Current assets	4,257,372	2,463,100
Non-current assets	333,031	195,857
<b>Total Assets</b>	<b>4,590,403</b>	<b>2,658,957</b>
Current Liabilities	771,943	945,454
<b>Total Liabilities</b>	<b>771,943</b>	<b>945,454</b>
<b>Net Assets</b>	<b>3,818,460</b>	<b>1,713,503</b>
Shareholders' Equity		
Share Capital	54,512,529	46,673,959
Reserves	4,339,238	3,236,851
Accumulated losses	(55,033,037)	(48,197,307)
<b>Total Shareholders' Equity</b>	<b>3,818,460</b>	<b>1,713,503</b>
<b>Statement of comprehensive income</b>		
Loss for the year	(6,856,762)	(5,132,346)
Other Comprehensive Income	-	-
<b>Total Comprehensive Loss</b>	<b>(6,856,762)</b>	<b>(5,132,346)</b>

Other than contingent liabilities in Note 19, there are no known contingent liabilities.

## 7. CASH AND CASH EQUIVALENTS

	30 June 2021	30 June 2020
	\$	\$
<b>(a) Total cash and cash equivalents in the Statement of Cash Flows</b>		
Cash at bank	4,298,794	2,509,785
	<u>4,298,794</u>	<u>2,509,785</u>
<b>(b) Reconciliation of net loss after income tax to cash flows used in operations</b>		
Net loss after income tax	(6,657,834)	(5,469,276)
<b>Non-cash adjustments</b>		
Share based payments	1,231,464	633,350
Director fee – equity settled	50,000	40,000
Executive salary – equity settled	-	15,000
Realised/ Unrealised movement in foreign currency	(97,203)	(41,739)
Depreciation	200,211	176,471
Net finance cost	4,926	-
<b>Changes in assets and liabilities</b>		
Decrease in other receivables	4,372	553
(Decrease)/Increase in trade and other payables	(282,200)	881,295
Increase in other assets	(11,944)	(2,551)
Net cash used in operations	<u>(5,558,208)</u>	<u>(3,766,897)</u>

## 8. TRADE AND OTHER RECEIVABLES

	30 June 2021	30 June 2020
	\$	\$
GST receivable	6,002	4,372
Other receivables	5,374	1,106
Deposits	4,628	-
	16,004	5,478
	16,004	5,478

None of the receivables are past due. Receivables are therefore not impaired and are within initial trade terms.

## 9. PLANT AND EQUIPMENT

	30 June 2021	30 June 2020
	\$	\$
Plant and equipment – at cost	1,076,618	852,940
Less: Accumulated depreciation	(675,435)	(612,845)
Less: Provision for impairment	(23,332)	(23,332)
	377,851	216,763
	377,851	216,763

### Reconciliations:

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Plant and equipment
	\$
<b>Balance 30 June 2019</b>	<b>318,162</b>
Additions	10,861
Foreign exchange movements	2,934
Depreciation expense	(115,194)
<b>Balance 30 June 2020</b>	<b>216,763</b>
Additions	260,384
Foreign exchange movements	(1,921)
Depreciation expense	(97,375)
<b>Balance 30 June 2021</b>	<b>377,851</b>

## 10. TRADE AND OTHER PAYABLES

	30 June 2021	30 June 2020
	\$	\$
CURRENT		
Trade payables and accruals	735,108	935,715

Trade creditors are non-interest bearing and are normally settled on 30-day terms.

## 11. PROVISIONS

Provision for employee benefits	38,611	26,111
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## 12. LEASES

The right of use asset and lease liabilities have arisen upon adoption of AASB 16 Leases from 1 July 2019.

### (i) AASB 16 related amounts recognised in the statement of financial position

	30 June 2021	30 June 2020
	\$	\$
<b>Right of use assets</b>		
Leased buildings:		
Opening balance	371,069	-
Additions	-	428,164
Depreciation expense	(102,545)	(58,837)
Foreign currency exchange	(31,022)	1,742
Net carrying amount	237,502	371,069

### Lease liabilities

Maturity analysis – contractual undiscounted cash flows

Less than one year	116,456	113,147
One to five years	170,542	324,109
More than five years	-	-
<b>Total undiscounted leases liabilities at 30 June 2021</b>	286,998	437,256

### Lease liabilities included in the statement of financial position as at 30 June 2021

Current	100,911	99,506
Non-current	158,187	283,190
Total	259,098	382,696

## 12. LEASES (CONTINUED)

### (ii) AASB 16 related amounts recognised in the statement of profit or loss

	2021	2020
	\$	\$
Depreciation charge related to right-of-use assets	102,836	61,277
Interest expense on lease liabilities (under finance cost)	22,005	14,719
Short-term leases expense	-	50,080

### (iii) AASB 16 related amounts recognised in the statement of cash flows

Annual cash outflows for leases	115,888	49,651
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### Short-term leases and leases of low-value assets

The Group applies the low-value assets recognition exemption to leases of office equipment that are considered low value (\$10,000 or less). Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

### Significant judgment in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applied judgment in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considered all relevant factors that create an economic incentive to exercise the renewal.

## 13. BORROWINGS

The United States Small Business Administration (**SBA**) provided a Paycheck Protection Program (**PPP**) loan as a direct incentive for small business to keep their workers on payroll to help the business keep their workforce employed during the Coronavirus crisis.

SBA will forgive loans if all employee retention criteria are met and the funds are used for eligible expenses. The loan will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent and utilities (due to likely high subscription, at least 60% of the forgiven amount must have been used for payroll).

Terms and conditions of the loan as per below:

- PPP loans have an interest rate of 1%
- Loans issued prior to 5<sup>th</sup> June 2020 have a maturity of 2 years
- Loans issued after 5<sup>th</sup> June 2020 have a maturity of 5 years
- Loan payments will be deferred for six months
- No collateral or personal guarantees are required
- Neither the government nor lenders will charge small businesses any fees

### Loan Forgiveness

Forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease. The loan forgiveness form and instructions include several measures to reduce compliance burdens and simplify the process for borrowers, including:

## 13. BORROWINGS (CONTINUED)

- Options for borrowers to calculate payroll costs using an “alternative payroll covered period” that aligns with borrowers’ regular payroll cycles
- Flexibility to include eligible payroll and non-payroll expenses paid or incurred during the 24-week period after receiving their PPP loan
- Step-by-step instructions on how to perform the calculations required by the CARES Act to confirm eligibility for loan forgiveness
- Borrower-friendly implementation of statutory exemptions from loan forgiveness reduction based on rehiring by June 30
- Addition of a new exemption from the loan forgiveness reduction for borrowers who have made a good-faith, written offer to rehire workers that was declined

On 11 May 2020, the Company received USD\$131,500 equivalent to AUD\$191,543 PPP loan from SBA and the loan was granted forgiveness on 6 April 2021.

## 14. ISSUED CAPITAL AND RESERVES

(a) Movements in ordinary share capital	2021	2020	2021	2020
	Shares	Shares	\$	\$
<b>Balance at beginning of year</b>	1,140,544,555	1,055,017,917	40,086,985	36,025,887
Placement shares	100,000,000	65,000,000	4,500,000	3,250,000
Share Purchase Plan	69,148,931	15,000,000	3,111,969	750,000
Issued capital – in lieu of Director fees	1,086,955	655,737	50,000	40,000
Issued capital – in lieu of Salary	-	245,901	-	15,000
Exercise of unlisted options	10,168,000	4,625,000	535,101	279,526
Capital raising costs	-	-	(392,880)	(273,428)
<b>Balance at end of year</b>	<b>1,320,948,441</b>	<b>1,140,544,555</b>	<b>47,925,285</b>	<b>40,086,985</b>

### Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

### Share buy-back

There is no current on-market share buy-back scheme.

### Capital risk management

The Group’s objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. The Group does not have any external debt.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

14. ISSUED CAPITAL AND RESERVES (CONTINUED)

(b) Movements in options	2021	2020	2021	2020
	Options	Options	\$	\$
Balance at beginning of year	71,535,000	132,893,333	3,236,850	4,139,079
Options exercised, advisor options	-	(4,625,000)	-	(48,277)
Options exercised, employee options	(10,168,000)	-	(108,045)	-
Options expired/forfeited	(880,000)	(59,333,333)	(21,032)	(1,487,302)
Share based payment, employee options	20,000,000	2,600,000	1,231,465	633,350
<b>Balance at end of year</b>	<b>80,487,000</b>	<b>71,535,000</b>	<b>4,339,238</b>	<b>3,236,850</b>

	30 June 2021	30 June 2020
	\$	\$
<b>(c) Share based payment reserve</b>		
Balance at beginning of year	3,236,850	4,139,079
Options lapsed/forfeited during the year	(21,032)	(1,487,302)
Share-based payment expense	1,231,465	633,350
Exercise of options	(108,045)	(48,277)
Balance at end of year	<u>4,339,238</u>	<u>3,236,850</u>

The option reserve is used to record the value of share-based payments provided to employees, including Key Management Personnel, as part of their remuneration. Refer to Note 15 for further details.

**(d) Foreign exchange translation reserve**

Balance at beginning of year	(36,422)	(72,831)
Foreign exchange movement on translation of foreign operations	23,465	36,409
Balance at end of year	<u>(12,957)</u>	<u>(36,422)</u>

The purpose of the foreign exchange translation reserve is to recognise exchange differences arising from the translation of foreign operations to Australian dollars.

Share based payment reserve	4,339,238	3,236,850
Foreign exchange translation reserve	(12,957)	(36,422)
Total reserves	<u>4,326,281</u>	<u>3,200,428</u>

## 14. ISSUED CAPITAL AND RESERVES (CONTINUED)

### (e) Options

#### Summary of options granted

WAEP

No.

The following table illustrates the number and weighted average exercise prices of, and movements in, share options issued during the year:

Outstanding at 1 July 2020	0.063	71,535,000
Exercised during the year	(0.042)	(10,168,000)
Expired during the year	(0.045)	(880,000)
Granted during the year	0.064	20,000,000
<b>Outstanding at the 30 June 2021</b>	<b>0.051</b>	<b>80,487,000</b>

The following table illustrates the number and weighted average exercise prices of, and movements in, share options issued during the year:

	WAEP	No.
Outstanding at 1 July 2019	0.078	132,893,333
Exercised during the year	(0.015)	(4,625,000)
Expired during the year	(0.052)	(59,333,333)
Granted during the year	0.052	2,600,000
<b>Outstanding at the 30 June 2020</b>	<b>0.063</b>	<b>71,535,000</b>



## 15. SHARE-BASED PAYMENTS

The following share-based payment arrangements were entered into during the year ended 30 June 2021:

On 30 November 2020, the Company issued the following:

- 652,173 fully paid ordinary shares at \$0.046 in satisfaction of the Director's fees owed to Mr. Dorrian from 1 July 2019 until 31 March 2020 (being a total of \$30,000) as per shareholders' approval on 30 November 2020.
- 434,782 fully paid ordinary shares at \$0.046 in satisfaction of the Director's fees owed to Mr. Digby from 2019 and 2020 financial years (being a total of \$20,000) as per shareholders' approval on 30 November 2020.

On 30 November 2020, the Company issued Drs. Wilbert 20,000,000 unlisted options exercisable at \$0.064 each, expiring 29 November 2025, with 5,000,000 vesting following the completion of 6 months service to the Company and the remaining 15,000,000 options vesting quarterly over the following 10 quarters subject to the holder continuing to remain a Director of the Company.

### Fair value of options

The fair value of share options granted have been valued using a Black Scholes Methodology, taking into account the terms and conditions upon which the unlisted share options were granted.

A summary of the inputs used in the valuation of the options is as follows:

UNLISTED SHARE OPTIONS	EMPLOYEE INCENTIVE OPTIONS
Exercise price	\$0.064
Share price at date of issue	\$0.12
Grant date	30 Nov 2020
Expected volatility	105.43%
Expiry date	29 November 2025
Risk free interest rate	0.2954%
Value per option	\$0.0997
Number of options	20,000,000
<b>Total value of options</b>	<b>\$1,993,892</b>

Set out below is the value of each tranche of options according to vesting schedule.

Tranche	Number of options	Vesting date	Value
Tranche 1	5,000,000	30 May 2021	498,472
Tranche 2	1,500,000	30 August 2021	149,542
Tranche 3	1,500,000	30 November 2021	149,542
Tranche 4	1,500,000	28 February 2022	149,542
Tranche 5	1,500,000	30 May 2022	149,542
Tranche 6	1,500,000	30 August 2022	149,542
Tranche 7	1,500,000	30 November 2022	149,542
Tranche 8	1,500,000	28 February 2023	149,542
Tranche 9	1,500,000	30 May 2023	149,542
Tranche 10	1,500,000	30 August 2023	149,542
Tranche 11	1,500,000	30 November 2023	149,542

## 15. SHARE-BASED PAYMENTS (CONTINUED)

For the year ended 30 June 2021 a share-based payment expense of \$1,231,464 was recognised in line with option vesting periods. The amount included \$175,125 recognised as a vesting expense to employee incentive options issued in a prior period.

## 16. RELATED PARTY DISCLOSURE

### (a) Controlled Entities

	Country of Incorporation	% Interest	
		2021	2020
4D-S Pty Limited	Australia	100	100
4DS Inc.	United States of America	100	100
Fitzroy Copper Pty Limited	Australia	100	100
Fitzroy Employee Share Plan Pty Limited	Australia	100	100

### (b) Key Management Personnel ("KMP")

Details relating to KMP, including remuneration paid, are included in Note 16 and the audited remuneration report section of the Directors' report.

### (c) Transactions with Other Related Parties

Other than the above, there were no transactions with other related parties during the financial year.

## 17. KEY MANAGEMENT PERSONNEL

	30 June 2021	30 June 2020
<i>Compensation for Key Management Personnel</i>		
Short term employee benefits	1,259,546	1,159,350
Post-employment benefits	21,694	14,250
Equity settled	1,193,811	509,283
Other payments	-	-
Termination benefits	-	-
Total compensation	2,475,051	1,682,883

## 18. FINANCIAL INSTRUMENTS

### Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks equity instruments and accounts receivable and payable. The main purpose of non-derivative financial instruments is to raise finance for the Group's operation. The Group does not speculate in the trading of derivative instruments.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 1.

### Specific Financial Risk Exposures and Management

The Group's activities expose it to a variety of financial risks; market risk (including interest rate risk, price risk and foreign currency risk), credit risk and liquidity risk.

#### i. *Market Risk*

The Board meets on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

#### ii. *Interest rate risk*

Exposure to interest rate risk arises on financial assets and liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

Interest rate risk is not material to the Group as no interest-bearing debt arrangements have been entered into.

#### iii. *Price risk*

Price risk relates to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is exposed to securities price risk on investments classified as available for sale. The investment in listed equities has been valued at the market price prevailing at reporting date. Management of this investment's price risk is by ongoing monitoring of the value with respect to any impairment.

#### iv. *Foreign Exchange Risk*

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

With instruments being held by overseas operations, fluctuations in foreign currencies may impact on the Group's financial results. The Group's exposure to foreign exchange risk is monitored by the Board. The majority of the Group's funds are held in Australian and United States dollars.

## 18. FINANCIAL INSTRUMENTS (CONTINUED)

At 30 June, the Group has financial assets denominated in the foreign currencies detailed below:

	2021		2020	
	Foreign Currency	AUD Equivalent	Foreign Currency	AUD Equivalent
USD	667,283	889,078	58,392	85,026
EURO	501,000	792,196	-	-

A 5% movement in foreign exchange rates would increase or decrease the loss before tax by \$84,064 (2020: \$4,251).

At 30 June, the Group has financial liabilities denominated in the foreign currencies detailed below:

	2021		2020	
	Foreign Currency	AUD Equivalent	Foreign Currency	AUD Equivalent
USD	195,814	260,874	402,599	586,239

A 5% movement in foreign exchange rates would increase or decrease on the loss before tax by \$13,044 (2020: \$29,312).

### v. Credit Risk

Credit exposure represents the extent of credit related losses that the Group may be subject to on amounts to be received from financial assets. Credit risk arises principally from trade and other receivables. The objective of the Group is to minimise the risk of loss from credit risk. Although revenue from operations is minimal, the Group trades only with creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is insignificant. The Group's maximum credit risk exposure is limited to the carrying value of its financial assets as indicated on the Statement of Financial Position and notes to the financial statements.

The credit quality of the financial assets was high during the year. The table below details the credit quality of the financial assets at the end of the year:

	2021	2020
	\$	\$
Cash and cash equivalents held at NAB	4,209,396	2,425,021
Cash and cash equivalents held at HSBC	89,398	84,764
Other receivables and deposits	16,004	5,478
	<u>4,314,798</u>	<u>2,515,263</u>

## 18. FINANCIAL INSTRUMENTS (CONTINUED)

### vi. Cash flow and fair value interest rate risk

From time to time the Group has significant interest-bearing assets, but they are as a result of the timing of equity raisings and capital expenditure rather than a reliance on interest income. The interest rate risk arises on the rise and fall of interest rates. The Group's income and operating cash flows are not expected to be materially exposed to changes in market interest rates in the future and the exposure to interest rates is cash and cash equivalents balances and borrowings.

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is below:

	Floating Interest Rate	Fixed Interest Bearing	Non-interest bearing	2021 Total	Floating Interest Rate	Fixed Interest Bearing	Non-interest bearing	2020 Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial assets</b>								
Cash and cash equivalents	4,298,794	-	-	4,298,794	2,509,785	-	-	2,509,785
Trade and other receivables	-	-	16,004	16,004	-	-	5,478	5,478
<b>Total financial assets</b>	<b>4,298,794</b>	<b>-</b>	<b>16,004</b>	<b>4,314,798</b>	<b>2,509,785</b>	<b>-</b>	<b>5,478</b>	<b>2,515,263</b>
<i>Weighted average interest rate</i>	0.20%				0.47%			
<b>Financial Liabilities</b>								
Trade and other payables	-	-	735,108	735,108	-	-	935,715	935,715
Other liabilities	-	-	-	-	-	191,543	-	191,543
Lease liabilities	259,098	-	-	259,098	382,696	-	-	382,696
<b>Total financial liabilities</b>	<b>259,098</b>	<b>-</b>	<b>735,108</b>	<b>994,206</b>	<b>382,696</b>	<b>191,543</b>	<b>935,715</b>	<b>1,509,954</b>
<i>Weighted average interest rate</i>	6%				6%	1%		
<b>Net financial assets</b>	<b>4,039,696</b>	<b>-</b>	<b>(719,104)</b>	<b>3,320,592</b>	<b>2,127,089</b>	<b>(191,543)</b>	<b>(930,237)</b>	<b>1,005,309</b>

The Group currently does not have major funding in place. However, the Group continuously monitors forecasts and actual cash flows and the maturity profiles of financial assets and financial liabilities to manage its liquidity risk.

## 18. FINANCIAL INSTRUMENTS (CONTINUED)

### Net fair value of financial assets and liabilities

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with accounting policies disclosed in Note 1.

#### vii. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

The Group has no access to credit standby facilities or arrangements for further funding or borrowings in place. The financial liabilities of the Group are confined to trade and other payables as disclosed in the Statement of Financial Position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

2021	Interest rate	1 year	1-2 years	2-5 years	Over 5 years	Total contractual cash flows	Carrying amount assets/ (liabilities)
		\$	\$	\$	\$	\$	\$
<b>Financial liabilities at amortised cost</b>							
Trade and other payables	N/A	(735,108)	-	-	-	(735,108)	(735,108)
Lease liabilities							
- Office lease	6%	(100,911)	(110,458)	(47,729)	-	(286,998)	(259,098)
		<u>(836,019)</u>	<u>(110,458)</u>	<u>(47,729)</u>	<u>-</u>	<u>(1,022,106)</u>	<u>(994,206)</u>

2020	Interest rate	1 year	1-2 years	2-5 years	Over 5 years	Total contractual cash flows	Carrying amount assets/ (liabilities)
		\$	\$	\$	\$	\$	\$
<b>Financial liabilities at amortised cost</b>							
Trade and other payables	N/A	(935,715)	-	-	-	(935,715)	(935,715)
PPP loan	1%	(103,752)	(87,791)	-	-	(191,543)	(191,543)
Lease liabilities							
- Office lease	6%	(99,506)	(110,598)	(172,592)	-	(497,977)	(382,696)
		<u>(1,138,973)</u>	<u>(198,389)</u>	<u>(172,592)</u>	<u>-</u>	<u>(1,643,235)</u>	<u>(1,509,954)</u>

## 19. CONTINGENT LIABILITIES

The Company completed the winding up of Premier Coking Coal, LLC including surrendering the relevant leases during a previous period and accordingly has no ongoing commitments. However, the Group remains a party to a claim with a third party in relation to a claim on a small portion of the Emmaus property lease above the Gilbert Seam. The Company considers the claim to be immaterial.

The Directors are not aware of any other contingent liabilities as at 30 June 2021.

### 20. SEGMENT REPORTING

The Company has identified its operating segments based on internal reports reviewed by the Board and management. There was only one operating segment being research and development of Interface Switching ReRAM technology for next generation storage in mobile and cloud.

### 21. EVENTS AFTER THE REPORTING DATE

On 17 August 2021 the Company stated that analysis of the Third Non- Platform Lot wafer results had confirmed that:

- 4DS had been able to repeat the results for each of the key memory characteristics (speed, endurance, and retention) that were achieved with the Second Non-Platform Lot (1 February 2021 announcement”);
- All 23 device wafers in the lot were functional;
- 4DS had for the first time demonstrated fabrication of fully crystalline  $\text{Pr}_{1-x}\text{Ca}_x\text{MnO}_3$  (“PCMO”) at temperatures compatible with the advanced processes run in today's leading-edge high-volume memory DRAM and NAND factories;
- 4DS had demonstrated that this fully crystalline PCMO material reduces the cell on-resistance by an order of magnitude compared to the PCMO material fabricated in the Second Non-Platform Lot. This reduction in cell on-resistance directly translates into a significant improvement in read speed; and
- This significant performance improvement also means that full characterization (speed, endurance, retention) of memory cells with this fully crystalline PCMO material requires memory cells operating in a memory array where currents are controlled and limited by access devices.

This important milestone in 4DS' technology development pathway allows 4DS to focus on doing the same for integration of its ReRAM technology into imec's megabit memory platform.

On 17 August 2021 the Company stated that a technical issue during the fabrication of the Second Platform Lot at imec affected all wafers and most test structures on each wafer. This technical issue had quickly been identified during detailed analysis and was resolvable going forward with no delays to current timelines. Significantly, despite this technical issue, the Second Platform Lot still yielded some critically important results:

- The Company had for the first time demonstrated scalability of its memory cell to the smallest cell geometries supported on imec's memory platform on 300mm wafers using state-of-the-art process equipment; and
- The Company had also for the first time demonstrated memory cell switching using an access device which is a critical step for producing a functional megabit memory array.

4DS is finalizing the production date of the Third Platform Lot with imec. This lot is expected to start in late Q3 2021.

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

There have been no other matters or circumstances that have arisen since 30 June 2021 that have significantly affected or may significantly affect:

- the Group's operations in future years or
- the results of those operations in future years or
- the Group's state of affairs in future years.

## 22. AUDITORS REMUNERATION

The auditor of 4DS Memory Limited for the year ended 30 June 2021 is PKF Perth

Amounts received or due and receivable by PKF Perth for:

	30 June 2021	30 June 2020
	\$	\$
- Audit and review of financial statements	35,050	34,160
- Taxation advice and tax compliance services	7,500	7,300
	42,550	41,460

## 23. COMMITMENTS

### Material commitments

The Company entered into an agreement with imec on the 31 October 2017 to develop a transferrable production compatible process flow for its Interface Switching ReRAM technology and to demonstrate this process on imec's megabit test chip. On 31 October 2019, an amendment to the collaboration agreement was signed where both parties agreed to add extra activities to the project and therefore extend the duration of the agreement and additional payment terms.

From 1 January 2021 the Company shall pay imec a total of 1,000,000 Euro, with payments made quarterly until 25 December 2021. This amendment shall become effective from the Amendment Effective Date (1 January 2021) and shall remain in effect until December 31, 2021, unless terminated earlier in accordance with the Agreement.

Date of invoice	Invoiced amount
June 25, 2021	250 000 EUR (paid in July 2021)
September 25, 2021	250 000 EUR
December 25, 2021	250 000 EUR

On 7 October 2020, the Company announced that the Board had reached a successful outcome with respect to Dr Arnout's remuneration. The incentive is in the form of participation in a cash bonus pool (Sale Bonus Pool), the size of which will be determined by the value received by shareholders upon a liquidity event, such as takeover of the Company or a sale of the Company's intellectual property. The members of 4DS' technical team, based in Silicon Valley, as well as Drs. Wilbert van den Hoek, will be participating in the Sale Bonus Pool.

Upon a liquidity event occurring, Dr Guido Arnout, Drs. Wilbert van den Hoek and US based employees (Eligible Participants) will each be entitled to receive a proportion of the Sale Bonus Pool. Dr Arnout will be entitled to receive 30%, Drs Wilbert van den Hoek will be entitled to receive 25%, with the balance to be allocated to Eligible Participants at the discretion of the Board.

There have been no other significant changes in commitments since the last reporting date other than reported above.



## DIRECTORS DECLARATION



The Directors of the Company declare that:

1. The financial statements, notes and additional disclosures included in the Directors' Report, designated as audited, of the Group are in accordance with the *Corporations Act 2001*, including:
  - (a) Complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (b) Giving a true and fair view of the Company's and Group's financial position as at 30 June 2021 and of their performance for the year ended on that date.
2. The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1(a) (i) to the financial report.
3. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
4. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended to 30 June 2021.

This declaration is made in accordance with a resolution of the Board of Directors.

A handwritten signature in blue ink, appearing to read 'G. Arnout', with a long horizontal stroke extending to the right.

Managing Director  
Dr Guido Arnout

26 August 2021

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 4DS MEMORY LIMITED

### Report on the Financial Report

#### Opinion

We have audited the accompanying financial report of 4DS Memory Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2021, 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 year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion the financial report of 4DS Memory Limited is in accordance with the Corporations Act 2001, including:

- i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the year ended on that date; and
- ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the consolidated entity 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 requirements) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### Material Uncertainty on Going Concern

Without modifying our opinion, we draw attention to Note 1(e) in the financial report, which indicates that the consolidated entity had cash on hand at 30 June 2021 of \$4,298,794 (2020: \$2,509,785) and a net operating cash outflow of \$5,558,208 (2020: \$3,766,897) for the year ended 30 June 2021. These conditions, along with other matters as set out in note 1(e), 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.

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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.

## Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. This matter was addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. For the matter below, our description of how our audit addressed each matter is provided in that context.

### 1. Value of Share Based Payments

#### Why significant

For the year ended 30 June 2021 the value of share based payments expenses totalled \$1,231,464, as disclosed in Note 15. This amount has been expensed.

The consolidated entity's accounting judgement and estimates in respect of share based payments is outlined in Note 1(b). We consider this to be a key audit matter due to significant judgement required in relation to:

- The valuation method used in the model; and
- The assumptions and inputs used within the model.

#### How our audit addressed the key audit matter

Our work included, but was not limited to, the following procedures:

- Reviewed the independent expert's valuations of options issued, including:
  - ensuring the independence of the independent expert;
  - assessing the credentials of the independent expert;
  - assessing the appropriateness of the valuation method used; and
  - assessing the reasonableness of the assumptions and inputs used within the valuation model.
- Reviewed Board meeting minutes and ASX announcements as well as enquired of relevant personnel to ensure all share based payments had been recognised;
- Assessed the allocation and recognition to ensure reasonable; and
- Assessed the appropriateness of the related disclosures in Note 14(b), 14(c), 14(e) and Note 15.

## Other Information

Other Information is financial and non-financial information in the Annual Report of the consolidated entity which is provided in addition to the Financial Report and Auditor's Report. The Directors are responsible for the Other Information in the Annual Report.

The Other Information we obtained prior to the date of this Auditor's Report is the Director's Report. The remaining Other Information, if any, is expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does not and will not express as audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information in the Financial Report and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

### Responsibilities of Directors' for the Financial Report

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

In preparing the financial report, the Directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using a going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the group financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the Remuneration Report

### Opinion

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of 4DS Memory Limited for the year ended 30 June 2021, complies with section 300A of the Corporations Act 2001.

### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



PKF PERTH



SHANE CROSS  
PARTNER

26 AUGUST 2021  
WEST PERTH  
WESTERN AUSTRALIA

This Corporate Governance Statement ("Statement") outlines the key aspects of the governance framework and main governance practices of 4DS Memory Limited ('4DS Memory' or 'the Company'), a Company which is not included within the S&P/ASX 300 index. The Company's charters, policies, and procedures are regularly reviewed and updated to comply with law and best practice. The Company's Corporate Governance Policies are available on the Company's website at [www.4dsmemory.com](http://www.4dsmemory.com).

This Statement is structured with reference to the Australian Securities Exchange Corporate Governance Council's ("the Council's") "Corporate Governance Principles and Recommendations 4<sup>th</sup> Edition" ("the Recommendations"). The Board of Directors has adopted the Recommendations to the extent that is deemed appropriate considering the current size and operations of the Company. Therefore, considering the size and financial position of the Company, where the Board considers that the cost of implementing a recommendation outweighs any potential benefits, those recommendations have not been adopted.

As at the date of this Statement, the Board of 4DS Memory consists of four Directors. One Director is considered by the Board to be independent, and three Directors are considered by the Board as non-independent;

Drs Wilbert van den Hoek	Chairman and Non-Executive Director
Dr Guido Arnout	CEO and Managing Director
Mr Howard Digby	Independent Non-Executive Director
Mr David McAuliffe	Executive Director

This Corporate Governance Statement is current as at 26 August 2021 and has been approved by the Board of the Company.

## **Principle 1: Lay solid foundations for management and oversight**

A listed entity should clearly delineate the respective roles and responsibilities of its Board and management and regularly review their performance.

### **Roles of the Board & Management**

#### **1.1 A listed entity should have and disclose a Board Charter setting out the respective roles of the Board and management and those matters expressly reserved to the Board and those delegated to management.**

4DS Memory's Constitution ("Constitution") provides that the business of 4DS Memory will be managed by or under the direction of the Board. The Board operates under a Board Charter, a copy of which is located on the Company's website at [www.4dsmemory.com](http://www.4dsmemory.com).

The key roles and responsibilities of the Board along with the key roles and responsibilities of senior management, including those specifically delegated to the CEO and Managing Director are set out in the Board Charter. The Board is responsible for evaluating and setting the strategic direction for the Company, establishing goals for management and monitoring the achievement of these goals. The CEO and Managing Director is responsible to the Board for the day-to-day management of the Company.

The principal functions and responsibilities of the Board include, but are not limited to, the following:

- Defining the Company's purpose and setting its strategic objectives;
- Overseeing the Company, including its control and accountability systems;
- Demonstrating leadership;
- Approving the Company's statement of values and code of conduct to underpin the Company's culture;
- Appointing, evaluating, rewarding and if necessary removing the Managing Director, the Company Secretary and senior management personnel;
- Appointing or removing the Chair;
- Ensuring the Company's remuneration policies are aligned with its values, strategic objectives and risk appetite;
- In conjunction with members of the senior management team, develop corporate objectives, strategies and operations plans and approve and appropriately monitor plans, new investments, major capital and operating expenditures, use of capital, acquisitions, divestitures and major funding activities;
- Establishing appropriate levels of delegation to the Executive Directors to allow them to manage the

business efficiently;

- Monitoring actual performance against planned performance expectations and reviewing operating information at a requisite level, to understand at all times the financial and operating conditions of the Company, including the reviewing and approving of annual budgets;
- Holding to account and monitoring the performance of senior management, including the implementation of strategy, and ensuring appropriate resources are available to them;
- Setting the Company's risk appetite, identifying areas of significant business risk and ensure that the Company is appropriately positioned to manage those risks;
- Overseeing the management of safety, occupational health and environmental matters;
- Satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the period under review;
- Satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that relevant information is reported by the management to the Board and that proper operational, financial, compliance, and internal control processes are in place and functioning appropriately;
- Ensuring that appropriate internal and external audit arrangements are in place and operating effectively;
- Having a framework in place to help ensure that the Company acts legally and responsibly on all matters consistent with the code of conduct;
- Reporting accurately to shareholders, on a timely basis; and
- Monitoring the effectiveness of the Company's governance practices.

Subject to the specific authorities reserved to the Board under the Board Charter, the Board delegates to the Managing Director responsibility for the management and operation of 4DS Memory. The CEO Managing Director is responsible for the day-to-day operations, financial performance and administration of 4DS Memory within the powers authorised to him from time-to-time by the Board. The CEO and Managing Director may make further delegation within the delegations specified by the Board and will be accountable to the Board for the exercise of those delegated powers.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate committees at this time including audit, risk, remuneration or nomination committees, preferring to manage the Company through the full Board of Directors. The Board assumes the responsibilities normally delegated to the audit, risk, remuneration and nomination Committees.

If the Company's activities increase, in size, scope and nature, the appointment of separate committees will be reviewed by the Board and implemented if appropriate.

Directors have a right of access to all Company information and executives. Directors are entitled, in fulfilling their duties and responsibilities, to seek independent external professional advice as considered necessary at the expense of the Company, subject to prior consultation with the Chairman. A copy of any such advice received is made available to all members of the Board.

Further details of Board responsibilities, objectives and structure are set out in the Board Charter on the 4DS Memory website.

**1.2 A listed entity should undertake appropriate checks before appointing a Director or senior executive or putting someone forward for election as a Director and provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director.**

The Constitution of the Company sets out the process of appointment, retirement and rotation of directors.

The Company undertakes comprehensive reference checks prior to appointing a Director or putting that person forward as a candidate to ensure that the person is competent, experienced, and would not be impaired in any way from undertaking the duties of a Director. The Company provides all material information that is in its possession to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.

**1.3 A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.**

The terms of the appointment of a non-executive Director, executive Director and senior executive are agreed upon and set out in writing at the time of appointment. All current agreements are made with the Director or senior executive personally.

**1.4 The Company Secretary of a listed entity should be directly accountable to the Board, through the Chair, on all matters to do with the proper functioning of the Board.**

In accordance with the Board Charter, the decision to appoint or remove the Company Secretary must be made or approved by the Board. The Company Secretary is accountable directly to the Board, through the Chairperson, on all matters to do with the proper functioning of the Board, including agendas, Board papers and minutes, advising the Board and its Committees (as applicable) on governance matters, monitoring that the Board and Committee policies and procedures are followed, communication with regulatory bodies and the ASX and statutory and other filings.

**1.5 A listed entity should have and disclose a Diversity Policy; set measurable objectives for achieving gender diversity and disclose the measurable objectives set to achieve gender diversity.**

The Board has adopted a Diversity Policy which is available on its website and provides a framework for the Company to establish and achieve measurable diversity objectives, including in respect to gender, age, ethnicity and cultural diversity. The Diversity Policy allows the Board to set measurable gender diversity objectives (if considered appropriate) and to assess annually both the objectives (if any have been set) and the Company's progress towards achieving them.

The Board has not yet set measurable objectives for achieving gender diversity due to the Company's current size and level of operations. The Board is acutely aware of the importance for gender diversity within the workforce and looks to achieve a culture of inclusion when assessing a suitable candidate for an open position and through its day-to-day practices.

The participation of women in the Company at the date of this report is as follows:

- Women employees in the Company 0%
- Women in senior management positions 0%
- Women on the Board 0%

The Company is not a "relevant employer" under the Workplace Gender Equality Act.

The Company's Diversity Policy is available on its website.

**1.6 A listed entity should have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors and disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.**

On an annual basis, the Board conducts a review of its structure, composition and performance.

The annual review includes consideration of the following measures:

- Comparing the performance of the Board against the requirements of its Charter;
- Assessing the performance of the Board over the previous 12 months having regard to the corporate strategies, operating plans and the annual budget;
- Reviewing the Board's interaction with management;
- Reviewing the type and timing of information provided to the Board by management;
- Reviewing management's performance in assisting the Board to meet its objectives; and
- Identifying any necessary or desirable improvements to the Board Charter.

The method and scope of the performance evaluation will be set by the Board and may include a Board self-assessment checklist to be completed by each Director. The Board may also use an independent adviser to assist in the review.

The Chairman has primary responsibility for conducting performance appraisals of Non-Executive Directors, in conjunction with them, having particular regard to:



- Contribution to Board discussion and function;
- Degree of independence including relevance of any conflicts of interest;
- Availability for and attendance at Board meetings and other relevant events;
- Contribution to Company strategy;
- Membership of and contribution to any Board committees; and
- Suitability to Board structure and composition.

A Board performance review was conducted during the year in accordance with the above processes.

**1.7 A listed entity should have and disclose a process for periodically evaluating the performance of its senior executives and disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.**

The Company has an annual performance review process in place for its CEO and Managing Director, Executive Director and other senior executives. On an annual basis, corporate objectives and individual key performance indicators (KPIs) are set. The Managing Director reviews the performance of senior executives and their delivery of corporate and individual objectives.

Performance reviews of senior executives were conducted during the year in accordance with the above process.

**Principle 2: Structure the Board to be effective and add value**

The Board of a listed entity should be of an appropriate size and collectively have the skills, commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively and to add value.

**2.1 The Board of a listed entity should have a nomination committee or, if it does not have a nomination committee, disclose the fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skill, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.**

The Board considers that the Company does not currently benefit from the establishment of a separate Nomination Committee. In accordance with the Company's Board Charter and operating within the boundaries of the Remuneration Policy and the Nomination Committee Charter, the Board is responsible for the nomination and selection of directors.

The Board considers that a diverse range of skills, backgrounds, knowledge and experience is required in order to effectively govern 4DS Memory. The Board believes that orderly succession and renewal contributes to strong corporate governance and is achieved by careful planning and continual review.

The Board reviews the size and composition of the Board regularly and at least once a year as part of the Board evaluation process. When the need for a new Director is identified, the required experience and competencies of the new director are defined in the context of the skills matrix and any gaps that may exist.

Generally a list of potential candidates is identified based on these skills required and other issues such as geographic location and diversity criteria. Candidates are assessed against the required skills and on their qualifications, backgrounds and personal qualities. In addition, candidates are sought who have a proven track record in creating security holder value and the required time to commit to the position.

**2.2 A listed entity should have and disclose a Board skills matrix setting out the mix of skills that the Board currently has or is looking to achieve.**

The Board has a skills matrix covering the competencies and experience of each Director. The results of the skills matrix assessment in relation to the Board as a whole is displayed on the Company's website at [www.4dsmemory.com](http://www.4dsmemory.com).

**2.3 A listed entity should disclose the names of the Directors considered by the Board to be independent Directors and the length of service of each Director.**

<b>Director</b>	<b>Length of Service</b>
Drs. Wilbert van den Hoek	Chairman and Non-Executive Director (appointed 30 November 2020);
Dr Guido Arnout	CEO and Managing Director (appointed 7 December 2015);
Mr Howard Digby	Independent Non-Executive Director (appointed 7 December 2015).
Mr David McAuliffe	Executive Director (appointed 7 December 2015); and

## **2.4 A majority of the Board should be independent Directors.**

The Board, at the date of this statement, has only one independent Director, Mr Howard Digby.

The Company's Non-Executive Chairman, Drs. Wilbert van den Hoek, is not considered to be an independent Director as he is entitled to receive a proportion of the sales bonus pool upon a liquidity event occurring. Dr Guido Arnout and Mr David McAuliffe are not considered to be independent as they are executives of the Company.

Mr Howard Digby is considered to be independent as he is not a member of management and is free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the independent exercise of his judgement.

4DS Memory has adopted a definition of 'independence' for Directors that is consistent with the Recommendations.

Given the size of the Board and the nature and scale of the Company's current operations the Board believes that its current composition, with only one independent Director, is sufficient.

## **2.5 The chair of the board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.**

Drs. Wilbert van den Hoek is the Chair of the Company, is not considered by the Board to be independent and is not the same person as the CEO of the Company. Drs. van den Hoek was appointed as a Director and Chair as his semiconductor knowledge and experience, together with his extensive industry connections, will be invaluable to the Company as it moves towards the commercialisation of its technology.

## **2.6 A listed entity should have a program for inducting new Directors and for periodically reviewing whether there is a need for existing Directors to undertake professional development to maintain the skills and knowledge needed to perform their role as Directors effectively.**

In accordance with the Company's Procedures for Selection and Appointment of Directors, the Board is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities.

New Directors are issued with a formal Letter of Appointment that sets out the key terms and conditions of their appointment, including Director's duties, rights and responsibilities, the time commitment envisaged, and the Board's expectations regarding involvement with any Committee work.

The Company Secretary is responsible for facilitating inductions and professional development that is tailored to the individual's needs.

### **Principle 3: Instil a culture of acting lawfully, ethically and responsibly**

A listed entity should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.

#### **3.1 A listed entity should articulate and disclose its values**

4DS Memory has adopted a Statement of Values that underpins the commitment that each individual and the Company as a whole lives by each and every day and includes the following values:

- Integrity and honesty;
- Pursuit of excellence;
- One team; and
- Responsibility.

A copy of the Statement of Values is available on the Company's website.

**3.2 A listed entity should have and disclose a Code of Conduct for its Directors, senior executives and employees and ensure that the Board or a committee of the Board is informed of any material breaches of that Code.**

The Company has implemented a Code of Conduct, which provides guidelines aimed at maintaining high ethical standards, corporate behaviour and accountability within the Company.

All Directors, officers, employee and contractors (collectively called the **employees**) are expected to:

- Employees of the Company must act honestly, in good faith and in the best interests of the Company as a whole;
- Employees have a duty to use due care and diligence in fulfilling the functions of their position and exercising the powers attached to their employment;
- Employees must recognise that their primary responsibility is to the Company's shareholders as a whole;
- Employees must protect the assets of the Company to ensure availability for legitimate business purposes and ensure all corporate opportunities are enjoyed by the Company;
- Employees must not take advantage of their position for personal gain, or the gain of their associates;
- Directors have an obligation to be independent in their judgements;
- Confidential information received by employees in the course of the exercise of their duties remains the property of the Company. Confidential information can only be released or used with specific permission from the Company; and
- Employees have an obligation to comply with the spirit, as well as the letter, of the law which affects its operations, wherever it operates, and with the principles of this Code. Where the Company operates overseas, it shall comply with the relevant local laws as well as any applicable Australian laws.

An employee that breaches the Code of Conduct may face disciplinary action including, in the cases of serious breaches, dismissal. If an employee suspects that a breach of the Code of Conduct has occurred or will occur, he or she must report that breach to the Company Secretary, or in his absence, the Chairman. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

**3.3 A listed entity should have and disclose a Whistleblower Policy and ensure that the Board or a committee of the Board is informed of any material incidents reported under that Policy.**

The Company has adopted a Whistleblower Protection Policy which is available on the Company's website.

The Policy includes that the Board will be informed of any material incidents reported under that Policy.

**3.4 A listed entity should have and disclose an Anti-Bribery and Corruption Policy and ensure that the Board or a committee of the Board is informed of any material breaches of that Policy.**

The Company has adopted an Anti-Bribery and Corruption Policy which is available on the Company's website.

The Policy includes that the Board will be informed of any material breaches of that Policy.

**Principle 4: Safeguard the integrity of corporate reports**

A listed entity should have appropriate processes to verify the integrity of its corporate reports.

**4.1 A Board of a listed entity should have an audit committee or if it does not have an audit committee, disclose the fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.**

The Board considers that the Company does not currently benefit from the establishment of a separate Audit Committee. The Board as a whole fulfils the functions normally delegated to the Audit Committee as detailed in the Audit Committee Charter.

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Board.

The Board receives regular reports from management and from external auditors. It also meets with the external auditors as and when required.

The external auditors attend 4DS Memory's AGM and are available to answer questions from security holders relevant to the audit.

Prior approval of the Board must be gained for non-audit work to be performed by the external auditor. There are qualitative limits on this non-audit work to ensure that the independence of the auditor is maintained.

There is also a requirement that the audit partner responsible for the audit not perform in that role for more than five years.

**4.2 A Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.**

The Board has received certifications from the CEO and CFO Equivalent in connection with the financial statements for 4DS Memory for the Reporting Period. The certifications state that the declaration provided in accordance with Section 295A of the Corporations Act as to the integrity of the financial statements is founded on a sound system of risk management and internal control which is operating effectively.

#### **Principle 5: Make timely and balanced disclosure**

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

**5.1 A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.**

The Company has a Continuous Disclosure Policy which outlines the disclosure obligations of the Company as required under the ASX Listing Rules and Corporations Act. The policy is designed to ensure that procedures are in place so that the market is properly informed of matters which may have a material impact on the price at which Company securities are traded.

The Board considers whether there are any matters requiring disclosure in respect of each and every item of business that it considers in its meetings. Individual Directors are required to make such a consideration when they become aware of any information in the course of their duties as a Director of the Company.

The Company is committed to ensuring all investors have equal and timely access to material information concerning the Company.

The Board has designated the Company Secretary as the person responsible for communicating with the ASX. The Chairman, CEO, Managing Director and the Company Secretary are responsible for ensuring that:

- a) Company announcements are made in a timely manner, that announcements are factual and do not omit any material information required to be disclosed under the ASX Listing Rules and Corporations Act; and
- b) Company announcements are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

**5.2 A listed entity should ensure that its Board receives copies of all material market announcements after they have been made.**

The Board receives copies of all material market announcements after they have been made.

**5.3 A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.**

Any new and substantive investor or analyst presentation will be released on the ASX Market Announcements Platform ahead of the presentation.

## **Principle 6: Respect the rights of security holders**

A listed entity should provide its security holders with appropriate information and facilities to allow them to exercise their rights as security holders effectively.

The Company recognises the value of providing current and relevant information to its shareholders.

### **6.1 A listed entity should provide information about itself and its governance framework to investors via its website.**

The Company has adopted a Shareholder Communications Policy which is available on the Company's website. Under this strategy, 4DS Memory's website will contain information about the Company and its governance, copies of media releases, ASX announcements, annual reports, financial statements, notices of meetings of shareholders, copies of documents tabled at shareholder meetings and any materials distributed at investor or analyst presentations.

### **6.2 A listed entity should have an investor relations program that facilitates effective two-way communication with investors.**

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- Communicating effectively with shareholders through releases to the market via ASX, the Company website, information mailed or emailed to shareholders and the general meetings of the Company;
- Giving shareholders ready access to clear and understandable information about the Company; and
- Making it easy for shareholders to participate in general meetings of the Company.

4DS Memory's register is maintained by a professional security registry, Automic Group. Shareholders are able to communicate with the Company and Automic via email and can register to receive communications and shareholder materials from the Company via its security registry electronically.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company. These contact details are available on the "Contact" page of the Company's website.

Shareholders may elect to, and are encouraged to, receive communications from 4DS Memory and 4DS Memory's securities registry electronically. The contact details for the registry are available on the "Investors" page of the Company's website.

The Company maintains information in relation to its Constitution, governance documents, Directors and senior executives, Board and committee charters, annual reports and ASX announcements on the Company's website.

### **6.3 A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.**

The Shareholder Communication Policy provides that security holders are encouraged to attend and participate at general meetings. To facilitate this, meetings will be held during normal business hours, at a place, or in a manner, convenient for the greatest possible number of security holders to attend either in person or electronically. Moreover, 4DS Memory's Constitution allows, if permitted by law, shareholder meetings to be held electronically and provides each security holder with the right to appoint a proxy, attorney or representative to vote on their behalf.

## **Principle 7: Recognise and manage risk**

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

### **7.1 The Board of a listed entity should have a committee or committees that oversee risk and if it does not have a risk committee or committees, disclose that fact and the processes it employs for overseeing the entity's risk management framework**

The Board considers that the Company does not currently benefit from the establishment of a separate Risk Committee. In accordance with the Company's Board Charter and operating within the boundaries of the Risk Management and Internal Compliance and Control Policy, the Board carries out the duties that would ordinarily be carried out by the Risk Committee under the Risk Management and Internal Compliance and Control Policy.

The Board is responsible for the oversight of the Company's risk management and internal compliance and control framework. The Company does not have an internal audit function. Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Managing Director having ultimate responsibility to the Board for the risk management and internal compliance and control framework. 4DS Memory has established policies for the oversight and management of material business risks.

4DS Memory's Risk Management and Internal Compliance and Control Policy recognises that risk management is an essential element of good corporate governance and fundamental in achieving its strategic and operational objectives. Risk management improves decision making, defines opportunities and mitigates material events that may impact security holder value.

4DS Memory believes that explicit and effective risk management is a source of insight and competitive advantage. To this end, 4DS Memory is committed to the ongoing development of a strategic and consistent enterprise wide risk management program, underpinned by a risk conscious culture.

4DS Memory accepts that risk is a part of doing business. Therefore, the Company's Risk Management and Internal Compliance and Control Policy is not designed to promote risk avoidance. Rather 4DS Memory's approach is to create a risk conscious culture that encourages the systematic identification, management and control of risks whilst ensuring we do not enter into unnecessary risks or enter into risks unknowingly.

4DS Memory assesses its risks on a residual basis; that is it evaluates the level of risk remaining and considering all the mitigation practices and controls. Depending on the materiality of the risks, 4DS Memory applies varying levels of management plans.

**7.2 The Board or a committee of the Board should review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the Board and disclose, in relation to each reporting period, whether such a review has taken place.**

The Board reviews the Company's risk management framework each scheduled Board meeting to ensure that it continues to effectively manage risk.

**7.3 A listed entity should disclose if it has an internal audit function or if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.**

The Company does not have an internal audit function.

The Board has required management to design and implement a risk management and internal compliance and control system to manage 4DS Memory's material business risks. It receives regular reports on specific business areas where there may exist significant business risk or exposure. The Company faces risks inherent to its business, including economic risks, which may materially impact the Company's ability to create or preserve value for security holders over the short, medium or long term. The Company has in place policies and procedures, including a risk management framework (as described in the Company's Risk Management and Internal Compliance and Control Policy), which is developed and updated to help manage these risks.

The Company's process of risk management and internal compliance and control includes:

- Identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect those risks;
- Formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls; and
- Monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.

The Board reviews the Company's risk management framework at least annually to ensure that it continues to effectively manage risk.

Management reports to the Board as to the effectiveness of 4DS Memory's management of its material business risks on at each Board meeting.

**7.4 A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.**

The Board does not consider that the Company currently has any material exposure to environmental or social risks.

**Principle 8: Remunerate fairly and responsibly**

A listed entity should pay Director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders and with the entity's values and risk appetite

**8.1 The Board of a listed entity should have a remuneration committee or if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.**

The Company does not have a Remuneration Committee. The Board considers that the Company will not currently benefit from the establishment of a Remuneration Committee and as a whole fulfills the functions normally delegated to the Remuneration Committee as detailed in the Remuneration Committee Charter.

In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Remuneration Committee under the Remuneration Committee Charter, including devoting time annually to assess the level and composition of remuneration for Directors and senior executives.

**8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives.**

4DS Memory has implemented a Remuneration Policy which was designed to recognise the competitive environment within which 4DS Memory operates and also emphasise the requirement to attract and retain high calibre talent in order to achieve sustained improvement in 4DS Memory's performance. The overriding objective of the Remuneration Policy is to ensure that an individual's remuneration package accurately reflects their experience, level of responsibility, individual performance and the performance of 4DS Memory.

The key principles are to:

- Link executive reward with strategic goals and sustainable performance of 4DS Memory;
- Apply challenging corporate and individual key performance indicators that focus on both short-term and long-term outcomes;
- Motivate and recognise superior performers with fair, consistent and competitive rewards;
- Remunerate fairly and competitively in order to attract and retain top talent;
- Recognise capabilities and promote opportunities for career and professional development; and
- Through employee ownership of 4DS Memory shares, foster a partnership between employees and other security holders.

The Board determines the Company's remuneration policies and practices and assesses the necessary and desirable competencies of Board members. The Board is responsible for evaluating Board performance, reviewing Board and management succession plans and determines remuneration packages for the Managing Director, Non-Executive Directors, Executive Directors and senior management based on an annual review.

4DS Memory's executive remuneration policies and structures and details of remuneration paid to Directors and senior managers where appointed) are set out in the Remuneration Report.

Non-Executive Directors receive fees (including statutory superannuation where applicable) for their services, the reimbursement of reasonable expenses and, in certain circumstances, options.

The maximum aggregate remuneration approved by shareholders for Non-Executive Directors is \$300,000 per annum. The Directors set the individual Non-Executive Directors fees within the limit approved by shareholders.

The total Directors fees paid or payable to Non-Executive Directors during the reporting period were \$91,945.

Executive Directors and other senior executives (where appointed) are remunerated using combinations of fixed and performance based remuneration. Fees and salaries are set at levels reflecting market rates and performance based remuneration is linked directly to specific performance targets that are aligned to both short and long term objectives.

Further details in relation to the Company's remuneration policies are contained in the Remuneration Report, within the Directors' report.

**8.3 A listed entity which has an equity-based remuneration scheme should have a policy on (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme and disclose that policy or a summary of it.**

In accordance with the Company's Securities Trading policy, participants in an equity based incentive scheme are prohibited from entering into any transaction that would have the effect of hedging or otherwise transferring the risk of any fluctuation in the value of any unvested entitlement in the Company's securities to any other person.



The shareholder information set out below was applicable as at 25 August 2021.

As at 25 August 2021 there were 8,064 holders of Ordinary Fully Paid Shares

### VOTING RIGHTS

The voting rights of the ordinary shares are as follows:

Subject to any rights or restrictions for the time being attached to any shares or class of shares of the Company, each member of the Company is entitled to receive notice of, attend and vote at a general meeting. Resolutions of members will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote. However, where a person present at a general meeting represents personally or by proxy, attorney or representation more than one member, on a show of hands the person is entitled to one vote only despite the number of members the person represents.

On a poll each eligible member has one vote for each fully paid share held.

There are no voting rights attached to any of the options that the Company currently has on issue. Upon exercise of these options, the shares issued will have the same voting rights as existing ordinary shares.

### TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of each class of listed securities are listed below:

Ordinary Fully Paid Shares

Name	No of Ordinary Shares Held	Percentage of Issued Shares
James Dorrian	45,286,004	3.43%
Citicorp Nominees Pty Limited	36,792,643	2.79%
Mr John Clement Cowie Love <The JCC Love Family A/C>	30,743,545	2.33%
BNP Paribas Nominees Pty Ltd <LB AU Noms Retailclient Drp>	18,128,016	1.37%
Vicex Holdings Proprietary Limited <Vicex Super A/C>	17,000,000	1.29%
Dr Jason Michael Spencer & Dr Carolyn Jean Nelson	14,400,000	1.09%
Mr Kelland Munro MacCulloch	13,366,362	1.01%
HSBC Custody Nominees (Australia) Limited	11,901,613	0.90%
Southam Investments 2003 Pty Ltd <Warwickshire Investment A/C>	10,494,883	0.79%
Dr Rohan Vanden Driesen	8,883,631	0.67%
Mr Richard Stanley De Ravin	8,500,000	0.64%
Aurelius Finance Pty Ltd <Aurelius Super Fund A/C>	8,283,689	0.63%
Mr Jan Brizee & Mrs Suzanne Brizee <Brizee Super Fund A/C>	7,500,000	0.57%
JP Morgan Nominees Australia Pty Limited	7,430,918	0.56%
Catalyst (NSW) Pty Ltd <Kodet Deacon Superannuation Fund A/C>	7,000,024	0.53%
National Nominees Limited	6,994,005	0.53%
Mr John Love	6,349,651	0.48%
Mr Rodney Alan Brack	6,255,000	0.47%
Michael Hawran	6,246,814	0.47%
Dongmin Chen	5,937,367	0.45%
Total Top 20	277,494,165	21.01%
Others	1,043,454,276	78.99%
<b>Total Ordinary Shares on Issue</b>	<b>1,320,948,441</b>	<b>100.00%</b>

### SUBSTANTIAL HOLDERS

The Company has no substantial shareholders as at 25 August 2021.

### DISTRIBUTION OF EQUITY SECURITIES

Ordinary Fully Paid Shares

Holding Ranges	Holders	Total Units	% Issued Share Capital
1 - 1,000	111	24,003	0.00%
1,001 - 5,000	1,129	4,032,125	0.31%
5,001 - 10,000	1,457	11,811,215	0.89%
10,001 - 100,000	3,796	143,048,890	10.83%
100,001 - 9,999,999,999	1,571	1,162,032,208	87.97%
<b>Totals</b>	<b>8,064</b>	<b>1,320,948,441</b>	<b>100.00%</b>

### UMARKETABLE PARCELS

The number of shareholders holding less than a marketable parcel is 452.

### UNQUOTED SECURITIES

As at 25 August 2021, the following unquoted securities are on issue:

#### 32,107,000 Options expiring 27/10/2022 @ \$0.042 – 6 Holders

Holdings with more than 20%

Holder Name	Holding	% IC
Guido Arnout	14,000,000	43.60%
Michael Van Buskirk	9,500,000	29.59%

#### 25,780,000 Options expiring 22/01/2024 @ \$0.052 – 9 Holders

Holdings with more than 20%

Holder Name	Holding	% IC
Guido Arnout	7,380,000	28.63%
Margaret Elizabeth Livingston	7,000,000	27.15%

#### 2,600,000 Options expiring 28/08/2024 @ \$0.052 – 2 Holders

Holdings with more than 20%

Holder Name	Holding	% IC
Seshubabu Desu	1,300,000	50.00%
Ting Yen	1,300,000	50.00%

### ON-MARKET BUY BACK

There is currently no on-market buyback program.