

ASX RELEASE

7 October 2020

Board Appointment and Sale Incentive

4DS Memory Limited (ASX:4DS) (**4DS**) (the **Company**) is pleased to announce that Drs. Wilbert van den Hoek has agreed to join the Board of 4DS at the conclusion of the Company's Annual General Meeting in November 2020. Drs. Van Den Hoek will assume the role of Chairman of the Board, with Mr Jim Dorrian remaining on the Board as a non-executive director.

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 this year.

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 Executive Chairman of Neocera LLC, as Chairman of Jiaco Instruments BV, and as a member of the board of directors of Innovent Technologies, LLC. Drs. van den Hoek graduated Cum Laude from the Rijks Universiteit Utrecht, The Netherlands in December 1979 with a Doctorandus degree in Chemistry. He is the author of more than 30 technical papers and holds 24 US patents.

Mr Dorrian commented "We are delighted that Wilbert has agreed to join the 4DS Board. Wilbert's semiconductor knowledge and experience, together with his extensive industry connections, will be invaluable as we move towards completing our megabit chip at imec, and commence corporate discussions. I look forward to working closely with Wilbert as we seek to maximise value for the Company's shareholders. I am committed to completing the journey with 4DS and envision that I will be devoting more time than ever before to the Company in 2021."

Drs. van den Hoek stated "I have been following 4DS' progress with interest for a number of years. The Company's technology is now at an exciting stage of development, and I am pleased to join the Board and help 4DS meet its objectives."

The key terms of Drs. van den Hoek's appointment are attached.

In addition, the Company advises that Mr Ting Yen has transitioned from a part-time role to a full-time role with 4DS as Vice President of Process Integration. Mr Yen has 30 years of experience with the successful commercialisation of various memory technologies at Integrated Memory Technology, Netlogic Microsystems, Integrated Device Technology, Cypress Semiconductor, Paradigm Technology, and Philips Research.

Sale Incentive

Further to the Company's ASX announcement on 29 June 2020, the Company has had discussions regarding Dr Arnout's remuneration, including appropriate incentives with specific regard to the current stage of development of the Company's technology and the need for such incentives to be 100% success based.

The Board is pleased to advise that it has reached a successful outcome with respect to Dr Arnout's remuneration, which is acceptable to the 4DS Board and Dr Arnout. 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 a 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. van den Hoek, will also participate in the Sale Bonus Pool. A summary of the key terms of the Sale Bonus Pool is attached.

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Authorised for release by the Board. Contact information

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

About 4DS

4DS Memory Limited (ASX: 4DS), with facilities located in Silicon Valley, is a semiconductor development company of non-volatile memory technology, pioneering Interface Switching ReRAM for next generation gigabyte storage in mobile and cloud. Established in 2007, 4DS owns a patented IP portfolio, comprising 26 USA patents granted and 6 patent applications pending and or filed, which has been developed in-house to create high-density Storage Class Memory. 4DS has a joint development agreement with Western Digital subsidiary HGST, a global storage leader, which accelerates the evolution of 4DS' technology. 4DS also collaborates with imec, a world-leading research and innovation hub in nanoelectronics and digital technologies. The combination of imec's widely acclaimed leadership in microchip technology and profound software and information and communication technology expertise makes them unique.

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

Key Terms of Drs. van den Hoek Appointment

Commencement Date: Immediately following the Company’s AGM in November 2020

Fixed Remuneration: A\$50,000 per annum

Incentive

- Subject to shareholder approval, 20,000,000 unlisted options, with an exercise price of A\$0.064 each, and an expiry date of 5 years from the date of grant. 25% of these options will vest after 6 months’ service, with the balance vesting in equal tranches over the subsequent 10 consecutive quarters of continuous service (all would vest on a liquidity event); and
- Upon a liquidity event occurring, Drs. van den Hoek would receive an amount equal to 25% of the Sale Bonus Pool if Drs. van den Hoek continuously provided the services through to the time of the liquidity event.

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

	Sale Bonus Pool
Sale Value of US\$120m to US\$350m	5.0% 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\$30.0m plus 7.5% of the excess above US\$550m

Disclaimer

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

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