

ASX RELEASE

19 December 2022

2023 BOARD AND MANAGEMENT INCENTIVE PLAN

4DS Memory Limited (ASX:4DS) (**4DS** or the **Company**) advises that it has issued options to management and consultants and intends to seek shareholder approval for the issue of options to acquire fully paid ordinary shares in the capital of the Company (**Options**) to Directors Mr David McAuliffe and Mr Howard Digby.

Management and Consultant Incentive Options

The Company has issued a total of 21,500,000 options to management and consultants of the Company as follows:

Ting Yen (Chief Technical Officer) – 20,000,000 Options;

Peter Webse (Company Secretary) – 1,000,000 Options; and

JL de Jong (Technical Consultant) – 500,000 Options.

Director Incentive Options

Subject to shareholder approval, it is the Company's intention to also issue a further 7,000,000 Options to Directors as follows:

Executive Director Mr David McAuliffe – 6,000,000 Options; and

Non-Executive Director Mr Howard Digby – 1,000,000 Options.

Change to Executive Chairman Remuneration and Sale Pool Bonus Percentage

Since 16 August 2022 Drs. Wilbert van den Hoek has taken on the role as Executive Chairman and his remuneration for increased duties has increased from AUD\$50,000 to AUD\$150,000 per annum as from 16 November 2022. In addition, in lieu of seeking approval for the issue for options to Drs. van den Hoek, it has been agreed that Drs. van den Hoek's entitlement to the Sale Bonus Pool will be increased from 25% to 38.5%. For further details of the Sale Bonus Pool, please refer to the Company's recent annual report released on the ASX on 31 October 2022.

The Board considers Drs. van den Hoek's agreement to increase his entitlement to the Sale Bonus Pool in lieu of being issued Options to be a vote of confidence from Drs. van den Hoek, which indicates that if the Company's technology successfully achieves its goals for 2023, Drs. van den Hoek believes it could potentially be attractive to industry partners in some form of commercialisation transaction.

Terms of Options

The Management and Consultant Incentive Options and the Director Incentive Options will have an exercise price of \$0.037, being approximately a 12.1% premium to the closing price on 16 December 2022 and will have an expiry date of 5 years from the date of issue of the Options. 25% of the Options will vest on the date which is 6 months from the date of issue and the balance will vest incrementally in equal lots each quarter for the subsequent ten quarters after the first six months. Full details of the terms and conditions of the Options will be outlined in a Notice of Meeting the Company is in the process of preparing. This Notice will convene a meeting to approve the issue of Director options, which will be held as soon as practical.

The Company is also releasing an accompanying Appendix 3B for the proposed issue of the Options.

Authorised for release by the Board.

ENDS

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About 4DS

4DS Memory Limited (ASX: 4DS), with facilities located in Silicon Valley, is a semiconductor development company of non-volatile memory technology, pioneering Interface Switching ReRAM for next generation gigabyte storage in mobile and cloud. Established in 2007, 4DS owns a patented IP portfolio, comprising 33 USA patents granted and 1 patent application, 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.

Disclaimer

This release contains certain forward-looking statements that are based on the Company's management's beliefs, assumption, 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.