

**1. Company details**

Name of entity:	4DS Memory Limited
ACN:	145 590 110
Reporting period:	For the year ended 30 June 2024
Previous period:	For the year ended 30 June 2023

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

	30 June 2024	30 June 2023	Change	Change
	\$	\$	\$	%
Revenues from ordinary activities	382,226	41,037	341,189	831%
Loss from ordinary activities after tax attributable to the owners of 4DS Memory Limited	(5,450,713)	(5,794,241)	343,528	(6%)
Loss for the year attributable to the owners of 4DS Memory Limited	(5,450,713)	(5,794,241)	343,528	(6%)

*Dividends*

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

*Comments*

The loss for the Group after providing for income tax amounted to \$5,450,713 (30 June 2023: \$5,794,241).

**3. Net tangible assets**

	Reporting period	Previous period
	Cents	Cents
Net tangible assets per ordinary security	<u>0.45</u>	<u>0.35</u>

**4. Control gained over entities**

Not applicable.

**5. Loss of control over entities**

Not applicable.

**6. Dividends**

*Current period*

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

*Previous period*

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

**7. Audit qualification or review**

*Details of audit/review dispute or qualification (if any):*

The financial statements have been audited and an unmodified opinion has been issued.

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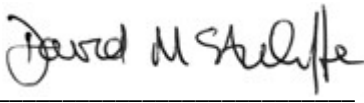
**8. Attachments**

*Details of attachments (if any):*

The Annual Report of 4DS Memory Limited for the year ended 30 June 2024 is attached.

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**9. Signed**

Signed 

Date: 30 August 2024

Mr. David McAuliffe  
Executive Chairman

# **4DS Memory Limited and its controlled entities**

**ACN 145 590 110**

**Annual Report - 30 June 2024**

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**General information**

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

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

**Registered office**

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

**Principal place of business**

3155, Skyway Court,  
Fremont CA 94539  
UNITED STATES

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

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 30 August 2024.

**4DS Memory Limited and its controlled entities**  
**Corporate directory**  
**30 June 2024**



Directors	Mr. David McAuliffe Dr. Guido Arnout Mr. Howard Digby
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
Share register	Automic Registry Services Level 5 191 St Georges Terrace, Perth WA 6000 Phone: +61 8 9324 2099 Fax: +61 8 9321 2337 Email: <a href="mailto:info@automic.com.au">info@automic.com.au</a> Web: <a href="http://www.automic.com.au">www.automic.com.au</a>
Auditor	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
Stock exchange listing	4DS Memory Limited shares are listed on the Australian Securities Exchange (ASX code: 4DS)
Website	<a href="http://www.4dsmemory.com">www.4dsmemory.com</a>

The Directors present their report together with the consolidated financial statements of the Group comprising of 4DS Memory Limited (the Company) and its subsidiaries for the year ended 30 June 2024 and the auditor's report thereon.

### 1. Directors

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

<b>Mr. David McAuliffe</b>	Executive Chairman effective from 18 September 2023 Interim Executive Chairman effective from 14 February 2023 to 17 September 2023
<b>Dr. Guido Arnout</b>	Non-Executive Director
<b>Mr. Howard Digby</b>	Non-Executive Director

#### Information on Directors

Name:	<b>Mr. David McAuliffe</b>
Title:	Executive Chairman (from 18 September 2023)
Appointed:	7 December 2015
Qualifications:	LLB (Hons), BPharm
Experience and expertise:	Mr. McAuliffe is an experienced Company Director and Entrepreneur who has had over 25 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).

Other current directorships:	Non-Executive Chairman of Invex Therapeutics Limited (ASX: IXC)
Former directorships (last 3 years):	-
Interests in shares:	10,061,042 ordinary shares
Interests in options:	6,000,000 unlisted options exercisable at \$0.037 each on or before 27 February 2028

Name:	<b>Dr. Guido Arnout</b>
Title:	Non-Executive Director
Appointed:	7 December 2015
Qualifications:	PhD Electrical Engineering
Experience and expertise:	Dr. Arnout has specific expertise with over 30 years in commercialising electronics technology from concept to product. He was the founding President and CEO of PowerEscape, which introduced the first tools for the development of low-power software executing on multicore devices. He was also founding President and 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) company.

Other current directorships:	-
Former directorships (last 3 years):	-
Interests in shares:	8,000,000 ordinary shares
Interests in options:	-

## 4DS Memory Limited and its controlled entities

### Directors' report

30 June 2024



Name:	<b>Mr. Howard Digby</b>
Title:	Non-Executive Director
Appointed:	7 December 2015
Qualifications:	BE (Mechanical, Hons)
Experience and expertise:	Mr. Digby began his career at IBM and has spent 25 years managing technology related businesses across the Asia Pacific region, of which 12 years were spent in Hong Kong ending 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 a company director, advisor and investor, having played key roles in several M&A and reverse takeover transactions.
Other current directorships:	Non-Executive Chairman of Singular Health Group Ltd (ASX: SHG) Non-Executive Director of Elsieht Limited (ASX: ELS) Non-Executive Director of Spenda Limited (ASX: SPX)
Former directorships (last 3 years):	-
Interests in shares:	6,688,629 ordinary shares
Interests in options:	1,000,000 unlisted options exercisable at \$0.037 each on or before 27 February 2028

Other current directorships quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Former directorships (last 3 years) quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

## 2. Company secretary

### Mr. Peter Webse

Qualifications	B.Bus, FGIA, FCIS, FCPA
Experience	Mr. Webse has over 30 years company secretarial experience and is Director of Governance Corporate Pty Ltd, a company specialising in company secretarial, corporate governance and corporate advisory services.

## 3. Directors' meetings

The number of Directors meetings and the number of meetings attended by each of the Directors of the Company during the financial year are:

	Number of eligible to attend	Number attended
Mr. David McAuliffe	8	8
Dr. Guido Arnout	8	8
Mr. Howard Digby	8	8

## 4. Principal activities

4DS Memory Limited (**ASX: 4DS**), with facilities located in Silicon Valley, is a semiconductor technology company bringing high bandwidth, high endurance, persistent non-volatile memory to advanced CMOS process nodes. Its technology, known as Interface Switching ReRAM, features tuneable persistence and low energy per bit for today's most challenging compute intensive and AI processor applications. Established in 2007, 4DS owns a patented IP portfolio, comprising 34 USA patents, and is the first company to develop PCMO ReRAM, on an advanced CMOS processing node. 4DS has a development agreement with Belgium based imec – a world leading research and innovation hub in nano electronics and digital technologies, as well as a joint development agreement with Western Digital subsidiary HGST, a global leader in storage solutions.

## **5. Review of operations**

### ***Financial Review***

The loss for the Group after providing for income tax amounted to \$5,450,713 (30 June 2023: \$5,794,241).

### ***Operating Review***

On 3 July 2023, the Company announced that imec had successfully completed the manufacture of the Fourth Platform Lot and shipped the Lot to 4DS' facilities in Fremont, California.

On 23 August 2023, the Company announced that, as a consequence of all the development activities which had taken place since 5 October 2022, it had now demonstrated the successful transfer of all new process improvements and learning cycles developed at the Stanford Nanofabrication Facility into imec's megabit array. These process improvements included modification of the PCMO etch process and the composition of the memory cells, and it validated that the technology optimization was transferable from fab to fab. After extensive analysis 4DS showed, for the first time, a fully functioning megabit array with 60nm memory cells, access transistors and write circuitry.

The Company confirmed that following testing within the megabit array 4DS had shown:

- Read and write speeds at 27 nanoseconds;
- Endurance well in excess of 2 billion cycles; and
- Retention is persistent and tuneable.

The results seen were significant as they were on a known and well understood megabit array from imec. Upon achieving this Company milestone, further analysis and strategic planning was conducted.

On 18 September 2023, the Company successfully completed further analysis of the Fourth Platform Lot and the results obtained were significantly better as compared to results announced on 23 August 2023.

The Company confirmed that following additional testing within the megabit array 4DS had shown:

- Write speeds at 9.5 nanoseconds which were significantly superior to DRAM
- Endurance in excess of 3 billion cycles
- DRAM read speed; and
- Retention is persistent and tuneable

4DS's ReRAM performance profile to suitably meet these outcomes had again been clearly demonstrated on the Fourth Platform Lot via the additional testing.

On 29 November 2023, following lengthy strategic discussions, 4DS announced that it had finalised the terms of the collaboration extension with imec, to run from 1 January 2024 to the end of 2024, and that they had agreed to additional collaboration activities to be undertaken during 2024.

Also on 29 November 2023, 4DS announced that process optimization and short loop analysis would take place into early 2024. The Fifth and Sixth Platform Lots would again be manufactured on imec's unique Dory platform on 60nm and significantly for the first time 20nm memory cells. Manufacturing of the Fifth and Sixth Platform Lots would commence during Q1 2024 and Q2 2024 respectively with delivery to 4DS expected during Q3 2024. The Fifth Platform Lot is seeking to further optimise the unique characteristics of the results already seen on the 60nm memory cells prior to undertaking manufacturing of the Sixth Platform Lot on 20nm memory cells.



On 5 February 2024, the Company successfully completed further analysis of the Fourth Platform Lot and the results obtained were significantly better as compared to results announced on 18 September 2023. The focus of the additional testing was to investigate the speed and power efficiency of the 60nm memory cells in the megabit array. Specifically, analysis of the Fourth Platform Lot verified that 4DS had demonstrated:

- Reliable write speeds of 4.7 nanoseconds
- That memory cell programming is due to the phenomenon of Electric Pulse Induced Resistance switching, or EPIR
- Variable cell level writing by voltage or time pulse modification
- Persistent memory with low energy consumption

#### ***Collaboration agreements***

- On 10 and 11 October 2023, following the success of 4DS's Fourth Platform Lot, 4DS' Board members and Chief Technology Officer met with imec's Chief Operating Officer and a number of senior imec personnel in Belgium for lengthy strategic discussions and a tour of imec's facilities.
- On 29 November 2023, 4DS and imec finalised the terms of the collaboration extension which commenced on 1 January 2024 and runs to the end of the same year. 4DS and imec agreed to additional collaboration activities to be undertaken during 2024. The consideration for all collaboration activities is 1.92 million Euro.
- On 11 May 2024, the Company renewed the joint development agreement with Western Digital Corporation subsidiary HGST for the 11th consecutive year for another 12-months.

#### ***Patent portfolio***

4DS Memory has a patented IP portfolio, comprising 34 USA patents granted, which have been developed in-house to create high-density Storage Class Memory. The granted patents are 100% owned by the Company. These patents are specifically related to the operation of the Company and are free from any royalty or licensing obligations. The 33<sup>rd</sup> patent was granted on 23 November 2022 and 34<sup>th</sup> patent was granted on 8 March 2023.

#### ***Corporate and Management Changes***

- On 1 December 2023, Mr Peter Himes was appointed as a strategic advisor to the 4DS Board. Peter is an experienced senior executive in high growth technology firms, with extensive general management responsibilities. He is agile at building winning teams, defining and addressing new markets, building key relationships and partnerships all across the value chain, and promoting and evangelizing for business opportunities. Peter is consistently recognized as a thought leader across multiple industries with a strong focus on innovation systems and strategic alliances over the past 10 years.
- On 15 April 2024, as a valued member of the 4DS team and a critical decision maker in how the Company determines commercialisation strategies on the back of potential positive results in 2024 on both 60nm and 20nm memory cells, Mr Peter Himes was appointed as Chief Strategic Officer.

#### ***Significant changes in the state of affairs***

Refer to the operating review and placement and issue of securities for significant changes in the state of affairs of the Group during the financial year.

#### **6. Dividends**

No dividend has been declared or paid by the Company.

#### **7. Placement and issue of securities**

For the financial year ended 30 June 2024, the Company issued 130,891,698 ordinary shares as a result of exercising unlisted options. Details regarding each class of options exercised are below:

- On 25 August 2023, the Company issued 43,852,572 fully paid ordinary shares following the exercising of \$0.055 unlisted options expiring on 31 March 2026 to raise \$2,411,891.
- On 30 August 2023, the Company issued 13,596,971 fully paid ordinary shares following the exercising of \$0.055 unlisted options expiring on 31 March 2026 to raise \$747,833; and 1,500,000 fully paid ordinary shares following the exercising of \$0.08 unlisted options expiring on 3 December 2023 to raise \$120,000.
- On 4 September 2023, the Company issued 9,575,180 fully paid ordinary shares following the exercising of \$0.055 unlisted options expiring on 31 March 2026 to raise \$526,635; and 7,450,000 fully paid ordinary shares following the exercising of \$0.052 unlisted options expiring on 22 January 2024 to raise \$387,400; and 1,300,000 fully paid ordinary shares following the exercising of \$0.052 unlisted options expiring on 28 August 2024 to raise \$67,600.
- On 8 September 2023, the Company issued 2,000,000 fully paid ordinary shares following the exercising of \$0.055 unlisted options expiring on 31 March 2026 to raise \$110,000.
- On 11 September 2023, the Company issued 3,432,971 fully paid ordinary shares following the exercising of \$0.055 unlisted options expiring on 31 March 2026 to raise \$188,813.
- On 18 September 2023, the Company issued 3,606,582 fully paid ordinary shares following the exercising of \$0.055 unlisted options expiring on 31 March 2026 to raise \$198,362.
- On 19 September 2023, the Company issued 1,372,727 fully paid ordinary shares following the exercising of \$0.055 unlisted options expiring on 31 March 2026 to raise \$75,500.
- On 26 September 2023, the Company issued 1,803,029 fully paid ordinary shares following the exercising of \$0.055 unlisted options expiring on 31 March 2026 to raise \$99,167; and 7,380,000 fully paid ordinary shares following the exercising of \$0.052 unlisted options expiring on 22 January 2024 to raise \$383,760; and 4,000,000 fully paid ordinary shares following the exercising of \$0.037 unlisted options expiring on 19 December 2027 to raise \$148,000.
- On 4 October 2023, the Company issued 12,830,000 fully paid ordinary shares following the exercising of \$0.064 unlisted options expiring on 29 November 2025 to raise \$821,120.
- On 12 October 2023, the Company issued 400,000 fully paid ordinary shares following the exercising of \$0.08 unlisted options expiring on 3 December 2023 to raise \$32,000.
- On 25 October 2023, the Company issued 500,000 fully paid ordinary shares following the exercising of \$0.08 unlisted options expiring on 3 December 2023 to raise \$40,000.
- On 7 November 2023, the Company issued 500,000 fully paid ordinary shares following the exercising of \$0.08 unlisted options expiring on 3 December 2023 to raise \$40,000.
- On 15 November 2023, the Company issued 941,666 fully paid ordinary shares following the exercising of \$0.055 unlisted options expiring on 31 March 2026 to raise \$51,792.
- On 4 December 2023, the Company issued 500,000 fully paid ordinary shares following the exercising of \$0.08 unlisted options expiring on 3 December 2023 to raise \$40,000.
- On 11 January 2024, the Company issued 9,450,000 fully paid ordinary shares following the exercising of \$0.052 unlisted options expiring on 22 January 2024 to raise \$491,400.
- On 17 January 2024, the Company issued 300,000 fully paid ordinary shares following the exercising of \$0.052 unlisted options expiring on 22 January 2024 to raise \$15,600.
- On 8 February 2024, the Company issued 4,000,000 fully paid ordinary shares following the exercising of \$0.037 unlisted options expiring on 19 December 2027 to raise \$148,000.
- On 7 March 2024, the Company issued 600,000 fully paid ordinary shares following the exercising of \$0.055 unlisted options expiring on 31 March 2026 to raise \$33,000.

For the financial year ended 30 June 2024, the following options expired.

- On 3 December 2023, 1,600,000 options excisable at \$0.08 expired.
- On 22 January 2024, 1,200,000 options excisable at \$0.052 expired.

For the financial year ended 30 June 2024, the following options were issued.

- On 5 February 2024, the Company issued 10,000,000 unlisted options exercisable at \$0.073 expiring 5 February 2029 to Mr. Peter Himes with 25% to vest 6 months following the date of options issued and the remaining vesting quarterly over the following 10 quarters.
- On 2 April 2024, the Company issued 3,000,000 unlisted options exercisable at \$0.20 expiring 30 June 2025 to Lodge Corporate Pty Ltd.

## **8. Material business risks**

There are a number of material risks that, either individually or in combination, may materially and adversely affect the future operating and financial performance and prospects of the Company and the value of its shares. Some of these risks may be mitigated by the Company's internal controls and processes but some are outside the control of the Company, its Directors and management. The material risks identified by management are described below:

### *(a) Going concern*

The Company'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.

### *(b) Development risk*

The Company's technology is the subject of continuous development and needs to be substantially developed further in order to gain and maintain competitive and technological advantage, and to improve the products' usability, scalability and accuracy. There are no guarantees that the Company will be able to undertake such development successfully. Failure to successfully undertake such research and development, anticipate technical problems, or estimate research and development costs or timeframes accurately will adversely affect the Company's results and viability.

### *(c) Intellectual Property risk*

There can be no assurance that the Company's patent portfolio will afford the Company commercially significant protection of the Company's technology, or that competitors will not develop competing technologies that circumvents such intellectual property. Although the Company will implement all reasonable endeavours to protect its intellectual property, there can be no assurance that these measures will be sufficient.

### *(d) Competition*

The semiconductor memory industry in which the Company operates is subject to competition. Current or future competitors may come up with new, better or cheaper products and solutions. The Company's competitors include both small and medium enterprises and large, established corporations or multinationals. Those may decide to enter the Company's target markets and be able to fund aggressive marketing strategies. They may also have stronger financial capabilities than the Company which may negatively affect the operating and financial performance of the business.

### *(e) Technology Risk*

The Company's market involves rapidly evolving products and technological change. The Company cannot guarantee that it will be able to engage in research and development at the requisite levels. The Company cannot assure investors that it will successfully identify new technological opportunities and continue to have the needed financial resources to develop new products in a timely or cost-effective manner. At the same time, products, services and technologies developed by others may render the Company's products and services obsolete or non-competitive.

## **9. Matters subsequent to the end of financial year**

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

## **10. Likely developments and expected results of operations**

Information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

### 11. Environmental regulation and performance

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

The Group 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.

### 12. Share options

Unissued ordinary shares of 4DS Memory Limited under option at the date of this report are as follows:

<b>Grant Date</b>	<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Number under option</b>
31/05/2022	31/05/2027	\$0.100	10,500,000
19/12/2022	19/12/2027	\$0.037	13,500,000
27/02/2023	27/02/2028	\$0.037	7,000,000
23/03/2023	31/03/2026	\$0.055	5,607,184
05/02/2024	05/02/2029	\$0.073	10,000,000
02/04/2024	30/06/2025	\$0.200	3,000,000
			49,607,184

All unissued shares are ordinary shares of the Company.

All unvested options expire on termination of employment unless the Board makes a determination (in its absolute discretion) that the employee's performance during the term and the circumstances of the termination of the employment are such that all unvested options on the date of termination will continue to vest according to the vesting schedule and only expire on the expiry date. Further details about share-based payments to Directors and Key Management Personnel (**KMP**) are included in the remuneration report.

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 or since the end of the financial year, the Company issued ordinary shares of the Company as a result of the exercise of options as follows:

<b>Number of shares</b>	<b>Amount paid on each share</b>
80,781,698	\$0.055
3,400,000	\$0.080
8,000,000	\$0.037
12,830,000	\$0.064
25,880,000	\$0.052

### 13. 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.

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.

### 14. Non-audit services

During the year, PKF Perth, the Group's auditor, performed certain other services in addition to the audit and review of the financial statements.

The Board of Directors has considered the non-audit services provided during the year by the auditor and 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.

Details of the amounts payable to the auditor of the Group, PKF Perth and its network firms for non-audit services provided during the year are set out below:

#### Services other than audit and review of financial statements:

30 June 2024

#### Other services

Taxation compliance for financial year 30 June 2024

4,000

4,000

### 15. 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.

### 16. Rounding Off

The Company is of a kind referred to in the Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, in relation to 'rounding off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

## 17. 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.

### 17.1 Remuneration Policy

The Company has adopted a remuneration policy designed to align individuals' 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 Chairman.

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.

#### **Termination**

The termination of a Director is effective on receipt of a resignation notice. Alternatively, shareholders have the power to remove the Directors by way of a Members Resolution.

## 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.

## 17.2 Details of remuneration

### *Directors' and executive officers' remuneration*

Details of the nature and amount of each major element of remuneration of KMP of the Group are set out in the following tables.

The KMP of the Group consisted of the Directors of 4DS Memory Limited and the following persons:

<b>Directors</b>	<b>Designation</b>
Mr. David McAuliffe	Executive Chairman
Dr. Guido Arnout	Non-Executive Director
Mr. Howard Digby	Non-Executive Director

<b>Key Management Personnel</b>	<b>Designation</b>
Mr. Ting Yen	Chief Technology Officer
Mr. Peter Himes	Chief Strategic Officer (appointed 15 April 2024)

30 June 2024	Short-term benefits Cash salary and fees (including annual leaves) \$	Short-term benefits Bonus \$	Post- employment benefits Superannuation \$	Post- employment benefits Long Service Leave \$	Share- based payments Equity- settled \$	Total \$
<b>Executive Directors:</b>						
Mr. D McAuliffe	206,668	-	22,000	4,242	91,728	324,638
<b>Non-Executive Directors:</b>						
Dr. G Arnout [A]	286,806	-	-	-	-	286,806
Mr. H Digby [B]	30,000	-	-	-	15,288	45,288
<b>Other Key Management Personnel:</b>						
Mr. T Yen	440,976	-	-	-	274,641	715,617
Mr. P Himes [C]	61,016	-	-	-	222,426	283,442
	1,025,466	-	22,000	4,242	604,083	1,655,791

**Notes in relation to Directors' and Executive officers' remuneration table FY 2024**

[A] Includes \$256,806 of consultancy fees as advisor to the Chairman (FY 2023: \$240,253)

[B] Director fees were paid to Bandra Consulting Pty Ltd of which is owned by Mr. Digby.

[C] Remuneration commenced on appointment as Chief Strategic Officer on 15 April 2024.

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 options recognised as an expense in each reporting period.



30 June 2023	Short-term benefits Cash salary and fees (including annual leaves)	Short-term benefits Bonus	Post- employment benefits Superannuation	Post- employment benefits Long Service Leave	Share-based payments Equity- settled	Total
	\$	\$	\$	\$	\$	\$
<b>Executive Directors:</b>						
Mr. D McAuliffe	203,349	50,000	26,250	22,010	70,266	371,875
Mr. K Hurley [A]	61,964	-	-	-	-	61,964
Drs. W van den Hoek [B]	37,054	-	-	-	-	37,054
<b>Non-Executive Directors:</b>						
Dr. G Arnout [D]	270,253	-	-	-	-	270,253
Mr. H Digby	30,000	-	-	-	11,711	41,711
Drs. W van den Hoek [B]	18,889	-	-	-	45,640	64,529
<b>Other Key Management Personnel:</b>						
Mr. T Yen [C]	310,841	-	-	-	593,090	903,931
	932,350	50,000	26,250	22,010	720,707	1,751,317

**Notes in relation to Directors' and Executive officers' remuneration table FY 2023**

[A] On 15 August 2022, Mr. Hurley resigned as the Company's Chief Executive Officer and Managing Director.

[B] Remuneration as NED from 1 July 2022 to 14 August 2022 and Executive Chairman from 15 August 2022 to 13 February 2023.

[C] On 5 October 2022, Mr. Yen appointed as Company's Chief Technology Officer.

[D] Includes \$240,253 of consultancy fees.

**17.3 Employment Contracts**

Remuneration and other terms of employment for KMP are formalised in service agreements. Details of these agreements are as follows:

**Name:** Mr. David McAuliffe  
**Title:** Executive Chairman  
 Agreement commenced: 7 December 2015

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.
- 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, Mr. McAuliffe will be entitled to receive 17.5% of the Sale Bonus Pool if Mr. McAuliffe continuously provided the services through the time of the liquidity events.

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

	<b>Sale Bonus Pool</b>
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 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.

**Name:** Dr. Guido Arnout  
**Title:** Adviser to Executive Chairman  
Agreement commenced: from 1 September 2022

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

- Handle the G&A function for 4DS Inc. for a total of 32 hours per month at a rate of US\$125 per hour.
- Collection of test data for an extraction of data from 4DS Inc. test data base for no more than 68 hours of work per month at a rate of US\$125 per hour, unless more time is expressly authorised in writing by the Executive Chairman.

#### Incentive

Upon a liquidity event occurring, Dr. Arnout will be entitled to receive 15% 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:

	<b>Sale Bonus Pool</b>
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

14 days' notice of termination is required for the role of adviser to Executive Chairman. Termination condition for Non-Executive Director role with immediate effect by written notice to the Company or the Company's shareholders may resolve the removal by member's resolution.

**Name:** Mr. Ting Yen  
**Title:** Chief Technology Officer  
Agreement commenced: 5 October 2022  
Term of agreement: VP contract terms continued with the appointment as Chief Technology Officer

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

- Remuneration salary of US\$264,000 per annum subject to normal statutory deductions by the Company.
- 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).

### Incentive

Upon a liquidity event occurring, Mr. Yen will be entitled to receive 25% of the Sale Bonus Pool if Mr. Yen continuously provided the services through the time of the liquidity events.

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

	<b>Sales Bonus Pool</b>
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 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.

Name:	<b>Mr. Peter Himes</b>
Title:	<b>Chief Strategic Officer</b>
Agreement commenced:	15 April 2024

Mr. Himes is subject to a consulting agreement with the following conditions:

- Remuneration salary of US\$16,000 per month subject to normal statutory deductions by the Company.
- Entitlement to be reimbursed for all reasonable out-of-pocket expenses necessarily incurred in the performance of his duties.

### Termination

Termination of employment can be provided by the Company with 30 days written notice or by the employee with 30 days written notice. The notice period can be waived if there is sufficient cause.

## 17.4. Equity Instruments

### [A] Share holdings of Key Management Personnel

The movement of number of shares held during the financial year by each Director and other members of KMP of the Group, including their personally related parties, is set out below:

	<b>Balance at the start of the year or at date of commencing as KMP</b>	<b>Granted as part of remuneration</b>	<b>On exercise of options</b>	<b>Net change other</b>	<b>Balance at the end of year or at date of ceasing as KMP</b>
<b>30 June 2024</b>					
<b>Executive Directors</b>					
Mr. D McAuliffe	7,328,706	-	7,000,000	(4,267,664)	10,061,042
	-	-	-	-	-
<b>Non-Executive Directors</b>					
Dr. G Arnout	7,230,053	-	7,380,000	(6,610,053)	8,000,000
Mr. H Digby	6,388,629	-	1,250,000	(950,000)	6,688,629
	-	-	-	-	-
<b>Other Key Management Personnel</b>					
Mr. T Yen	-	-	10,500,000	(10,500,000)	-
Mr. P Himes	-	-	-	-	-
	<u>20,947,388</u>	<u>-</u>	<u>26,130,000</u>	<u>(22,327,717)</u>	<u>24,749,671</u>

There were no shares issued to Directors and other KMP as part of compensation during the year ended 30 June 2024.

**[B] Options holdings of Key Management Personnel**

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

	Balance at the start of the year or at date of commencing as KMP	Granted as part of remuneration	On exercise of options	Options expired	Balance at the end of year or at date of ceasing as KMP
<b>30 June 2024</b>					
<b>Executive Director</b>					
Mr. D McAuliffe	13,000,000	-	(7,000,000)	-	6,000,000
<b>Non-Executive Director</b>					
Dr. G Arnout	7,380,000	-	(7,380,000)	-	-
Mr. H Digby	2,250,000	-	(1,250,000)	-	1,000,000
<b>Other key management personnel</b>					
Mr. T Yen	30,500,000	-	(10,500,000)	-	20,000,000
Mr. P Himes	-	10,000,000	-	-	10,000,000
	53,130,000	10,000,000	(26,130,000)	-	37,000,000

All unvested options expire on termination of employment unless the Board makes a determination (in its absolute discretion) that the employee's performance during the term and the circumstances of the termination of the employment are such that all unvested options on the date of termination will continue to vest according to the vesting schedule and only expire on the expiry date.

**[C] Options over equity instruments granted as compensation**

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

KMP	No of options granted	Grant date	No of options vested	Expiry date	Exercise price	Fair value per option grant date
Mr. P Himes	10,000,000	05/02/2024	-	30/06/2029	\$0.073	\$0.0555

Values of options over ordinary shares granted, exercised and lapsed for Directors and other KMP as part of compensation during the year ended 30 June 2024 are set out below:

	Value of options granted and vested during the year \$	Value of options exercised during the year \$	Value of options lapsed during the year \$	Remuneration options consisting of for the year %
Mr. D McAuliffe	91,728	364,000	-	28%
Mr. H Digby	15,288	65,000	-	34%
Dr. G Arnout	-	383,760	-	-
Mr. T. Yen	274,641	296,000	-	38%
Mr. P Himes	222,426	-	-	78%

**[D] Exercise of options granted as compensation**

For the year ended 30 June 2024, the following shares were issued to KMP as a result of exercise of the options previously granted as compensation:

	Number of Shares	Amount paid \$ / Share
Mr. David McAuliffe	7,000,000	\$0.052
Dr. Guido Arnout	7,380,000	\$0.052
Mr. Howard Digby	1,250,000	\$0.052
Mr. Ting Yen	2,500,000	\$0.052
Mr. Ting Yen	8,000,000	\$0.037

**18. Key Management Personnel Transactions**

*Loans to KMP and their related parties*

There are no loans between the Group and KMP.

*Other transactions with KMP and their related parties*

Purchases from and sales to KMP and their related parties are made on terms equivalent to those that prevail in arm's length transactions. The Group acquired the following services from entities that are controlled by members of the Group's KMP.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Entity	Nature of transaction	KMP and their related parties	Payable balance		Payable balance	
			Total expense 30 June 2024	30 June 2024	Total expense 30 June 2023	30 June 2023
Ignite Communications	Consultancy fee	Margie Livingston (Spouse of David McAuliffe)	29,000	-	-	-

*Sales Bonus Pool Commitments*

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, including Dr. Guido Arnout, will be participating in the Sale Bonus Pool.

Upon a liquidity event occurring, the following (Eligible Participants) will each be entitled to receive a proportion of the Sale Bonus Pool, with the balance to be allocated to Eligible Participants at the discretion of the Board.

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

As at 30 June 2024, the following structure supersedes all previous participation in the Sales Bonus Pool.

Participants	New %	Previous %
David McAuliffe	17.50%	-
Howard Digby	7.50%	-
Guido Arnout	15.00%	15.00%
Ting Yen	25.00%	10.00%
Joseph Tzou	15.00%	4.00%
Michael Hawran	5.00%	2.00%
Peter Webse	5.00%	-

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

At the Company's last Annual General Meeting (AGM), 6.56% of votes cast at the meeting rejected the adoption of the remuneration report. The Company did not receive any specific feedback at the AGM or throughout the year and up to the date of this report on its remuneration practices.

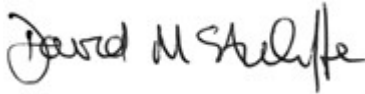
*This concludes the remuneration report, which has been audited.*

**Auditor's independence declaration**

A copy of the auditor's independence declaration for the year ended 30 June 2024 as required under section 307C of the Corporations Act 2001 has been received and can be found after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

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

Mr. David McAuliffe  
Executive Chairman

30 August 2024



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## 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 2024, 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*

PKF PERTH

*Simon Fermanis*

SIMON FERMANIS

PARTNER

30 August 2024

PERTH, WESTERN AUSTRALIA

**4DS Memory Limited and its controlled entities**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2024**



	Note	30 June 2024 \$	30 June 2023 \$
<b>Revenue</b>			
Other income		8,050	-
Interest Income		382,226	41,037
<b>Expenses</b>			
Compliance and regulatory expenses		(114,004)	(139,703)
Consulting and professional Fees		(325,730)	(269,475)
Directors and employee benefit expenses	4	(294,438)	(417,552)
Depreciation and amortisation expense	4	(161,760)	(189,745)
Research expenses	4	(3,590,548)	(3,487,056)
Share based payments	17	(651,198)	(849,034)
Unrealised / realised foreign exchange		(15,605)	(29,163)
Other expenses	4	(669,804)	(442,967)
<b>Operating loss</b>		(5,432,811)	(5,783,658)
Interest on lease liabilities		(17,902)	(10,583)
<b>Loss before income tax expense</b>		(5,450,713)	(5,794,241)
Income tax expense	6	-	-
<b>Loss after income tax expense for the year attributable to the owners of 4DS Memory Limited</b>		<b>(5,450,713)</b>	<b>(5,794,241)</b>
<b>Other comprehensive income loss</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation	16	(31,243)	(36,673)
Other comprehensive income loss for the year, net of tax		(31,243)	(36,673)
<b>Total comprehensive income loss for the year attributable to the owners of 4DS Memory Limited</b>		<b>(5,481,956)</b>	<b>(5,830,914)</b>
		<b>Cents</b>	<b>Cents</b>
Basic loss per share	15	(0.31)	(0.38)
Diluted loss per share	15	(0.31)	(0.38)

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



**4DS Memory Limited and its controlled entities**  
**Consolidated statement of financial position**  
**As at 30 June 2024**



	Note	30 June 2024 \$	30 June 2023 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	7,884,294	5,599,537
Trade and other receivables		91,720	-
Other assets		54,999	61,536
<b>Total current assets</b>		<u>8,031,013</u>	<u>5,661,073</u>
<b>Non-current assets</b>			
Right-of-use assets	9	239,435	39,894
Property, plant and equipment	10	100,459	151,782
<b>Total non-current assets</b>		<u>339,894</u>	<u>191,676</u>
<b>Total assets</b>		<u>8,370,907</u>	<u>5,852,749</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	91,211	81,809
Lease liabilities	12	122,829	53,964
Employee benefits	13	55,938	58,137
<b>Total current liabilities</b>		<u>269,978</u>	<u>193,910</u>
<b>Non-current liabilities</b>			
Lease liabilities	12	128,403	-
Employee benefits	13	14,637	-
<b>Total non-current liabilities</b>		<u>143,040</u>	<u>-</u>
<b>Total liabilities</b>		<u>413,018</u>	<u>193,910</u>
<b>Net assets</b>		<u>7,957,889</u>	<u>5,658,839</u>
<b>Equity</b>			
Issued capital	14	66,918,893	59,853,160
Reserves	16	6,474,427	5,790,396
Accumulated losses		<u>(65,435,431)</u>	<u>(59,984,717)</u>
<b>Total equity</b>		<u>7,957,889</u>	<u>5,658,839</u>

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

4DS Memory Limited and its controlled entities  
Consolidated statement of changes in equity  
For the year ended 30 June 2024



	Issued capital \$	Share Based Payment Reserve \$	Foreign Exchange Reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	54,826,216	5,605,124	6,143	(55,029,207)	5,408,276
Loss after income tax expense for the year	-	-	-	(5,794,241)	(5,794,241)
Other comprehensive income loss for the year, net of tax	-	-	(36,673)	-	(36,673)
Total comprehensive income loss for the year	-	-	(36,673)	(5,794,241)	(5,830,914)
<i>Transactions with owners in their capacity as owners:</i>					
Issue of share capital, net of transaction costs <b>(note 14)</b>	5,136,889	-	-	-	5,136,889
Share-based payments <b>(note 17)</b>	(205,499)	1,054,533	-	-	849,034
Issue of shares on exercised of options <b>(note 14)</b>	95,554	-	-	-	95,554
Options lapsed <b>(note 14)</b>	-	(838,730)	-	838,730	-
<b>Balance at 30 June 2023</b>	<b>59,853,160</b>	<b>5,820,927</b>	<b>(30,530)</b>	<b>(59,984,718)</b>	<b>5,658,839</b>
	Issued capital \$	Share Based Payment Reserve \$	Foreign Exchange Reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2023	59,853,160	5,820,927	(30,530)	(59,984,718)	5,658,839
Loss after income tax expense for the year	-	-	-	(5,450,713)	(5,450,713)
Other comprehensive income loss for the year, net of tax	-	-	(31,243)	-	(31,243)
Total comprehensive income loss for the year	-	-	(31,243)	(5,450,713)	(5,481,956)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs <b>(note 14)</b>	(48,065)	-	-	-	(48,065)
Share-based payments <b>(note 14)</b>	(64,075)	715,273	-	-	651,198
Issue of shares on exercised of options <b>(note 14)</b>	7,177,873	-	-	-	7,177,873
<b>Balance at 30 June 2024</b>	<b>66,918,893</b>	<b>6,536,200</b>	<b>(61,773)</b>	<b>(65,435,431)</b>	<b>7,957,889</b>

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

**4DS Memory Limited and its controlled entities**  
**Consolidated statement of cash flows**  
**For the year ended 30 June 2024**



	Note	30 June 2024	30 June 2023
		\$	\$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(1,383,227)	(1,233,817)
Payments for research and development		(3,630,294)	(3,502,173)
Interest received		306,157	41,037
		<u>                    </u>	<u>                    </u>
Net cash used in operating activities	8	<u>(4,707,364)</u>	<u>(4,694,953)</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(8,081)	-
		<u>                    </u>	<u>                    </u>
Net cash used in investing activities		<u>(8,081)</u>	<u>-</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	14	-	5,500,000
Payment of capital raising costs		(48,065)	(377,139)
Issue of shares on exercise of options		7,177,873	95,554
Interest and other finance costs paid		(17,902)	(10,583)
Principal elements of lease payments		(111,332)	(133,742)
		<u>                    </u>	<u>                    </u>
Net cash from financing activities		<u>7,000,574</u>	<u>5,074,090</u>
Net increase in cash and cash equivalents		2,285,129	379,137
Cash and cash equivalents at the beginning of the financial year		5,599,537	5,234,447
Effects of exchange rate changes on cash and cash equivalents		(372)	(14,047)
		<u>                    </u>	<u>                    </u>
Cash and cash equivalents at the end of the financial year	7	<u><u>7,884,294</u></u>	<u><u>5,599,537</u></u>

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

## **Note 1. Reporting Entity**

These are the consolidated financial statements and notes of the Company and controlled entities. 4DS Memory Limited and its subsidiaries together are referred to in these financial statements as the 'Group'. The Group is a company limited by shares, domiciled and incorporated in Australia.

The Group is a for-profit entity and is primarily involved in the semiconductor industry bringing high bandwidth, high endurance, persistent non-volatile memory to advanced CMOS process nodes. Its technology, known as Interface Switching ReRAM, features tuneable persistence and low energy per bit for today's most challenging compute intensive and AI processor applications.

### **Basis of accounting**

The consolidated financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB'). They were authorised by the Board of Directors on 30 August 2024.

### *Reporting basis and conventions*

The financial statements have been prepared on accrual basis under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

### **Parent entity information**

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in **note 21**.

### **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Group as at 30 June 2024 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

### **Functional and presentation currency**

The financial statements are presented in Australian dollars, which is 4DS Memory Limited's functional and presentation currency.

## **Note 1. Reporting Entity (continued)**

### *Foreign currency transactions*

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

### *Foreign operations*

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

### **New Accounting Standards and Interpretations not yet mandatory or early adopted**

The Group has adopted all new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### **Going Concern**

The net assets of the Group totalled \$7,957,889 (30 June 2023: \$5,658,839). Cash on hand at 30 June 2024 totalled \$7,884,294 (30 June 2023: \$5,599,537) and net operating cash outflow was \$4,707,364 (30 June 2023: \$4,694,953) for the year ended 30 June 2024.

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.

## **Note 2. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, which management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

## Note 2. Critical accounting judgements, estimates and assumptions (continued)

### *Share-based payment transactions*

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 becomes entitled to the awards.

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

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.

### *Impairment of property, plant and equipment*

The Group assesses impairment of property, plant and equipment at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

### *Incremental borrowing rate*

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

### *Employee benefits provision*

As discussed in **note 13**, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

### *Research costs*

All research costs during the year have been expensed. The research costs have not been recognized as intangible assets as they did not meet the criteria as set out in policy.

## Note 3. 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.

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 today's most challenging compute intensive and AI processor applications.

**Note 4. Expenses**

	30 June 2024	30 June 2023
	\$	\$
Loss before income tax includes the following specific expenses:		
<b>Depreciation</b>		
Plant and equipment	59,404	93,999
Buildings right-of-use assets	102,356	95,746
<b>Total depreciation</b>	<b>161,760</b>	<b>189,745</b>
Salary and wages (cash settled)	200,000	200,000
Bonus (cash settled)	-	50,000
Superannuation (cash settled)	22,000	26,250
Annual leave	8,196	3,349
Long service leave	4,242	22,010
Directors' fees (cash settled)	60,000	115,943
<b>Total directors and employee benefits expense</b>	<b>294,438</b>	<b>417,552</b>
Investor relation expenses	127,672	80,358
Insurance expenses	143,917	142,456
Travel and accommodation	192,967	48,598
Office and other expenses	205,248	171,555
<b>Other expenses</b>	<b>669,804</b>	<b>442,967</b>
Consultants	33,418	205,801
Salary and wages	1,420,639	1,483,921
R&D partner	1,577,459	1,484,756
Other research expenses	559,032	312,578
<b>Total research expenses</b>	<b>3,590,548</b>	<b>3,487,056</b>

**Accounting policy for research 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.

**Note 5. Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided by PKF Perth, the auditor of the Company:

	30 June 2024	30 June 2023
	\$	\$
<i>Audit services - PKF Perth</i>		
Audit or review of the financial statements	51,500	37,700
<i>Other services - PKF Perth</i>		
Tax Compliance	4,000	4,300
	<u>55,500</u>	<u>42,000</u>

**Note 6. Income tax**

	30 June 2024	30 June 2023
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(5,450,713)	(5,794,241)
Tax at the statutory tax rate of 25%	(1,362,678)	(1,448,560)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Other non-deductible amounts	136,028	259,296
	(1,226,650)	(1,189,264)
Deferred tax balances not recognised	1,226,650	1,189,264
Income tax expense	<u>-</u>	<u>-</u>
	30 June 2024	30 June 2023
	\$	\$
<i>Deferred tax assets not recognised</i>		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Transaction costs arising on shares issued	482,619	202,887
Carried forward revenue losses - Domestic	5,568,881	4,367,926
Other	22,984	25,363
<i>Deferred tax liabilities not recognised</i>		
Prepayments	(9,593)	(9,576)
Total net deferred tax assets not recognised	<u>6,064,891</u>	<u>4,586,600</u>

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.



**Note 7. Cash and cash equivalents**

	30 June 2024	30 June 2023
	\$	\$
<i>Current assets</i>		
Cash and cash equivalents	584,294	5,599,537
Cash on deposit	7,300,000	-
	<u>7,884,294</u>	<u>5,599,537</u>

**Accounting policy for cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Note 8. Cash flow information**

*Reconciliation of loss after income tax to net cash used in operating activities*

	30 June 2024	30 June 2023
	\$	\$
Loss after income tax expense for the year	(5,450,713)	(5,794,241)
<i>Adjustments for:</i>		
Depreciation	161,760	189,745
Written off of asset	-	7,292
Share-based payments	651,198	849,034
Foreign exchange differences	(36,606)	(12,642)
Interest on lease liabilities	17,902	10,583
<i>Change in operating assets and liabilities:</i>		
Decrease/(increase) in trade and other receivables	(91,718)	14,023
Decrease/(increase) in prepayments	6,537	(6,330)
Increase in trade and other payables	21,838	22,224
Increase in employee benefits	12,438	25,359
Net cash used in operating activities	<u>(4,707,364)</u>	<u>(4,694,953)</u>

*Non-cash investing and financing activities*

	30 June 2024	30 June 2023
	\$	\$
Additions to the right-of-use assets	-	302,184
Shares issued under employee share plan	651,198	849,034
	<u>651,198</u>	<u>1,151,218</u>

**Note 9. Right-of-use assets**

	30 June 2024	30 June 2023
	\$	\$
<i>Non-current assets</i>		
Land and buildings - right-of-use	239,435	39,894
	<u>239,435</u>	<u>39,894</u>

Additions to the right-of-use assets during the year were \$302,184.

On 16 November 2023, the Group signed a lease-to-lease building for its office and principal place of business in United States under agreement between 1 December 2023 to 31 May 2026. The rent for December 2023 was abated.

*Reconciliations*

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

	Total
	\$
<b>Balance at 1 July 2022</b>	<b>151,646</b>
Exchange differences	(16,006)
Depreciation expense	<u>(95,746)</u>
<b>Balance at 30 June 2023</b>	<b>39,894</b>
Additions	301,897
Depreciation expense	<u>(102,356)</u>
<b>Balance at 30 June 2024</b>	<b><u>239,435</u></b>

**Note 10. Property, plant and equipment**

	30 June 2024	30 June 2023
	\$	\$
<i>Non-current assets</i>		
Plant and equipment	1,046,264	1,038,183
Accumulated depreciation	<u>(945,805)</u>	<u>(886,401)</u>
	<u>100,459</u>	<u>151,782</u>

**Note 10. Property, plant and equipment (continued)**

*Reconciliations*

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

	Total \$
Balance at 1 July 2022	257,001
Exchange differences	(3,928)
Write off of asset	(7,292)
Depreciation expense	<u>(93,999)</u>
Balance at 30 June 2023	151,782
Additions	9,257
Exchange differences	(1,176)
Depreciation expense	<u>(59,404)</u>
Balance at 30 June 2024	<u><u>100,459</u></u>

**Note 11. Trade and other payables**

	30 June 2024 \$	30 June 2023 \$
<i>Current liabilities</i>		
Trade payables	42,939	35,134
Other payables	<u>48,272</u>	<u>46,675</u>
	<u><u>91,211</u></u>	<u><u>81,809</u></u>

**Note 12. Lease liabilities**

	30 June 2024 \$	30 June 2023 \$
<i>Current liabilities</i>		
Lease liability	<u>122,829</u>	<u>53,964</u>
<i>Non-current liabilities</i>		
Lease liability	<u>128,403</u>	<u>-</u>
	<u><u>251,232</u></u>	<u><u>53,964</u></u>
<i>Maturity analysis - contractual undiscounted cash flows</i>		
Less than one year	142,239	57,202
One to five years	134,122	-
More than five years	<u>-</u>	<u>-</u>
<b>Total undiscounted lease payables</b>	<u><u>276,361</u></u>	<u><u>57,202</u></u>

**Note 12. Lease liabilities (continued)**

*i. AASB 16 related amounts recognised in the statement of profit or loss*

Interest on lease liabilities	17,902	10,583
Depreciation charged related to right-of-use assets	102,356	95,746
	<u>120,258</u>	<u>106,329</u>

*ii. AASB related amount recognised in the statement of cash flow*

Annual cash outflows for leases	111,332	133,742
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Refer to **note 18** for further information on financial instruments.

**Note 13. Employee benefits**

	30 June 2024	30 June 2023
	\$	\$
<i>Current liabilities</i>		
Provisions for annual leave	44,323	36,127
Long service leave	11,615	22,010
	<u>55,938</u>	<u>58,137</u>
<i>Non-current liabilities</i>		
Long service leave	14,637	-
	<u>70,575</u>	<u>58,137</u>

**Note 14. Issued capital**

	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	Shares	Shares	\$	\$
Issued capital	1,763,434,918	1,632,543,220	70,466,802	63,288,928
Capital raising costs	-	-	(3,547,909)	(3,435,768)
	<u>1,763,434,918</u>	<u>1,632,543,220</u>	<u>66,918,893</u>	<u>59,853,160</u>

**Note 14. Issued capital (continued)**

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$</b>
Balance	1 July 2022	1,477,490,442		54,826,216
Exercise of unlisted options	8 July 2022	2,275,000	\$0.042	95,554
Placement Shares	20 March 2023	152,777,778	\$0.036	5,500,000
Capital raising cost	30 June 2023			(568,610)
<b>Balance</b>	<b>30 June 2023</b>	<b>1,632,543,220</b>		<b>59,853,160</b>
Exercise of unlisted options	25 August 2023	43,852,572	\$0.055	2,411,891
Exercise of unlisted options	30 August 2023	13,596,971	\$0.055	747,833
Exercise of unlisted options	30 August 2023	1,500,000	\$0.080	120,000
Exercise of unlisted options	4 September 2023	9,575,180	\$0.055	526,635
Exercise of unlisted options	4 September 2023	8,750,000	\$0.052	455,000
Exercise of unlisted options	8 September 2023	2,000,000	\$0.055	110,000
Exercise of unlisted options	11 September 2023	3,432,971	\$0.055	188,813
Exercise of unlisted options	18 September 2023	3,606,582	\$0.055	198,362
Exercise of unlisted options	19 September 2023	1,372,727	\$0.055	75,500
Exercise of unlisted options	26 September 2023	1,803,029	\$0.055	99,167
Exercise of unlisted options	26 September 2023	7,380,000	\$0.052	383,760
Exercise of unlisted options	26 September 2023	4,000,000	\$0.037	148,000
Exercise of unlisted options	4 October 2023	12,830,000	\$0.064	821,120
Exercise of unlisted options	12 October 2023	400,000	\$0.080	32,000
Exercise of unlisted options	25 October 2023	500,000	\$0.080	40,000
Exercise of unlisted options	7 November 2023	500,000	\$0.080	40,000
Exercise of unlisted options	15 November 2023	941,666	\$0.055	51,792
Exercise of unlisted options	4 December 2023	500,000	\$0.080	40,000
Exercise of unlisted options	11 January 2024	9,450,000	\$0.052	491,400
Exercise of unlisted options	17 January 2024	300,000	\$0.052	15,600
Exercise of unlisted options	8 February 2024	4,000,000	\$0.037	148,000
Exercise of unlisted options	7 March 2024	600,000	\$0.055	33,000
Issue of options related to capital raising cost		-		(64,075)
Capital raising cost		-		(48,065)
<b>Balance</b>	<b>30 June 2024</b>	<b>1,763,434,918</b>		<b>66,918,893</b>

**Note 14. Issued capital (continued)**

*Movements in options*

Details	Date	Options	\$
Balance beginning of the year	1 July 2022	99,185,000	5,605,124
Share based payment, employees' options		27,500,000	328,038
Share based payment, broker options		10,000,000	205,499
Share based payment, consultant options		1,000,000	12,003
Free attaching options issued		76,388,882	-
Options exercised, employees' options		(2,275,000)	-
Options issued in prior years vested		-	508,993
Options expired/forfeited		(41,500,000)	(838,730)
<b>Balance</b>	<b>30 June 2023</b>	<b>170,298,882</b>	<b>5,820,927</b>
Share based payment, employees' options		10,000,000	222,426
Share based payment, broker's options		3,000,000	64,074
Amortisation of previously issued employee options		-	428,773
Options exercised, employees'/consultants' options		(46,710,000)	-
Option exercised, brokers' options		(13,400,000)	-
Free attaching options exercised		(70,781,691)	-
Options expired		(2,800,000)	-
<b>Balance end of the year</b>	<b>30 June 2024</b>	<b>49,607,191</b>	<b>6,536,200</b>

**Note 15. Earnings per share**

	30 June 2024 \$	30 June 2023 \$
Loss after income tax attributable to the owners of 4DS Memory Limited	(5,450,713)	(5,794,241)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	1,733,138,815	1,522,409,643
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,733,138,815	1,522,409,643
	Cents	Cents
Basic loss per share	(0.31)	(0.38)
Diluted loss per share	(0.31)	(0.38)

**Note 16. Reserves**

	30 June 2024 \$	30 June 2023 \$
Foreign currency reserve	(61,773)	(30,530)
Share-based payment reserve	6,536,200	5,820,926
	<b>6,474,427</b>	<b>5,790,396</b>

**Note 16. Reserves (continued)**

*Movements in foreign currency reserve*

Movements in foreign currency translation reserve during the current and previous financial year are set out below:

	30 June 2024	30 June 2023
	\$	\$
Balance at beginning of the year	(30,530)	6,143
Foreign exchange movement on translation of foreign operations	<u>(31,243)</u>	<u>(36,673)</u>
Balance at end of the year	<u><u>(61,773)</u></u>	<u><u>(30,530)</u></u>

***Accounting Policy for foreign currency reserve***

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

*Movements in share-based payment reserve*

Movements in share-based payment reserve during the current and previous financial year are set out below:

	\$
Balance at 1 July 2022	5,605,124
Options lapsed/cancelled during the year	(838,730)
Share-based payment	<u>1,054,533</u>
<b>Balance at 30 June 2023</b>	<b>5,820,927</b>
Share-based payment	651,198
Capital raising cost - share based payment	<u>64,075</u>
<b>Balance at 30 June 2024</b>	<b><u><u>6,536,200</u></u></b>

***Accounting policy for share-based payments reserve***

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

**Note 17. Share-based payment**

At 30 June 2024, the Group has the following share-based payment arrangements:

An Incentive Option Plan has been established by the Group, whereby the Group may grant options over ordinary shares in the Company to certain key management personnel and employees of the Group. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Group.

**Note 17. Share-based payment (continued)**

Set out below are summaries of options granted under the plan:

	Number of options 30 June 2024	Weighted average exercise price 30 June 2024	Number of options 30 June 2023	Weighted average exercise price 30 June 2023
Outstanding at the beginning of the financial year	93,910,000	\$0.034	99,185,000	\$0.053
Granted	13,000,000	\$0.137	38,500,000	\$0.010
Forfeited	-	\$0.000	(41,000,000)	\$0.023
Exercised	(60,110,000)	\$0.055	(2,275,000)	\$0.042
Expired	(2,800,000)	\$0.066	(500,000)	\$0.042
<b>Outstanding at the end of the financial year</b>	<b><u>44,000,000</u></b>	<b><u>\$0.058</u></b>	<b><u>93,910,000</u></b>	<b><u>\$0.034</u></b>

Set out below the reconciliation of outstanding share options during the 30 June 2024 and 30 June 2023:

**30 June 2024**

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
22/04/2019	28/02/2024	\$0.052	25,780,000	-	(24,580,000)	(1,200,000)	-
24/04/2019	22/01/2024	\$0.080	1,300,000	-	(1,300,000)	-	-
30/11/2020	29/05/2025	\$0.064	12,830,000	-	(12,830,000)	-	-
03/12/2021	03/12/2023	\$0.080	5,000,000	-	(3,400,000)	(1,600,000)	-
31/05/2022	31/08/2027	\$0.100	10,500,000	-	-	-	10,500,000
19/12/2022	18/12/2027	\$0.037	21,500,000	-	(8,000,000)	-	13,500,000
27/02/2023	27/02/2028	\$0.037	7,000,000	-	-	-	7,000,000
23/03/2023	31/03/2026	\$0.055	10,000,000	-	(10,000,000)	-	-
05/02/2024	05/02/2209	\$0.073	-	10,000,000	-	-	10,000,000
02/04/2024	30/06/2025	\$0.200	-	3,000,000	-	-	3,000,000
			<b>93,910,000</b>	<b>13,000,000</b>	<b>(60,110,000)</b>	<b>(2,800,000)</b>	<b>44,000,000</b>
Weighted average exercise price			\$0.034	\$0.137	\$0.055	\$0.066	\$0.058

**30 June 2023**

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
30/10/2017	27/10/2022	\$0.042	2,775,000	-	(2,275,000)	(500,000)	-
22/04/2019	28/02/2024	\$0.052	1,300,000	-	-	-	1,300,000
24/04/2019	22/01/2024	\$0.052	25,780,000	-	-	-	25,780,000
27/05/2022	14/03/2027	\$0.063	30,000,000	-	-	(30,000,000)	-
03/12/2021	03/12/2023	\$0.080	5,000,000	-	-	-	5,000,000
31/03/2022	31/05/2027	\$0.064	18,830,000	-	-	(6,000,000)	12,830,000
31/05/2022	31/05/2027	\$0.100	15,500,000	-	-	(5,000,000)	10,500,000
16/12/2022	19/12/2027	\$0.037	-	21,500,000	-	-	21,500,000
09/01/2023	27/02/2028	\$0.037	-	7,000,000	-	-	7,000,000
20/03/2023	31/03/2026	\$0.073	-	10,000,000	-	-	10,000,000
			<b>99,185,000</b>	<b>38,500,000</b>	<b>(2,275,000)</b>	<b>(41,500,000)</b>	<b>93,910,000</b>
Weighted average exercise price			\$0.053	\$0.023	\$0.042	\$0.042	\$0.034



**Note 17. Share-based payment (continued)**

The weighted average share price during the financial year was \$0.073 (30 June 2023: \$0.039).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 3.07 years (30 June 2023: 2.1 years).

**A. Description of share-based payment arrangements**

The Group established share option programmes that entitle key management personnel, technical employees and consultant to purchase shares in the Company. Under these programmes, holders of vested options are entitled to purchase shares at the market price of the shares at grant date.

Grant date/Employees or Consultant entitled	Number of options	Vesting conditions	Contractual life of options
<b>Options granted</b>			
On 5 February 2024/Mr. Peter Himes	10,000,000	25% of the options will vest after 6 months of 5 years continuous employment and the balance vest equally over the next 10 quarters.	
On 23 March 2024/Lodge Corporate Pty Ltd	<u>3,000,000</u>	Not applicable	15 months
Total share options granted during the year	<u><u>13,000,000</u></u>		

**B. Measurement of fair values - equity settled share-based payment arrangements**

The fair value of the employee and consultant share options have been measured using the Black-Scholes formula. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring the fair value.

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

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Risk-free interest rate	Fair value at grant date
02/02/2024	05/02/2029	\$0.073	\$0.073	100.000%	3.610%	\$0.0555
23/03/2024	30/06/2025	\$0.092	\$0.200	100.000%	3.598%	\$0.0214

On 5 February 2024, the Company issued 10,000,000 unlisted options exercisable at \$0.073 expiring 6 February 2029 to Mr. Peter Himes with 25% to vest 6 months following the date of options issued and remaining vesting quarterly over the following 10 quarters.

On 2 April 2024, the Company issued 3,000,000 unlisted options exercisable at \$0.055 expiring on 30 June 2025 to Lodge Corporate Pty Ltd in relation to the consulting fee undertaken during the year valued at \$64,075.

Expected volatility has been based on evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

**Accounting policy for share-based payment**

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

**Note 17. Share-based payment (continued)**

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, 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, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

**Note 18. Financial instruments**

***Financial Risk Management Policies***

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's financial instruments consist mainly of deposits with banks, trade and other receivables, trade and other payables and lease liabilities.

The main purpose of non-derivative financial instruments is to raise finance for the Group's operations. The Group does not speculate in the trading of derivative instruments.

**Note 18. Financial instruments (continued)**

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits as well as producing Finance reports to the Board on a monthly basis.

**Specific Financial Risk Exposures and Management**

The main risks the Group is exposed to through its financial instruments are market risk (including fair value and interest rate risk) and cash flow interest rate risk, credit risk, liquidity risk and foreign currency risk. The Group has determined that its exposure to commodity price risk would not have a material impact on its operating results.

**Market risk**

*Foreign currency risk*

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

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.

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	\$	\$	\$	\$
US dollars	204,787	53,426	254,945	63,549
Euros	17,666	18,036	-	-
	<u>222,453</u>	<u>71,462</u>	<u>254,945</u>	<u>63,549</u>

The Group had net liabilities denominated in foreign currencies of \$32,492 (assets of \$222,453 less liabilities of \$254,945) as of 30 June 2024 (30 June 2023: \$7,913 (assets of \$71,462 less liabilities of \$63,549)). Based on this exposure, had the Australian dollars strengthened by 5% (30 June 2023: strengthened by 5%) against these foreign currencies with all other variables held constant, the Group's loss before tax for the year would have been \$1,625 higher (30 June 2023: profit before tax of \$396 higher) and equity would have been \$1,625 lower (30 June 2023: \$396 higher). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 12 months each year and the spot rate at each reporting date. The actual foreign exchange loss for the year ended 30 June 2024 was \$ 15,605 (30 June 2023: gain of \$16,419).

*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. The Group is not exposed to any significant price risk.

**Note 18. Financial instruments (continued)**

*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.

As at the reporting date, the Group had the following variable rate interest rate:

	30 June 2024		30 June 2023	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Cash and cash equivalents	5.67%	7,884,294	0.76%	5,599,537
Trade and other receivables	5.00%	91,720	-	-
Trade and other payables	-	(91,211)	-	(81,809)
Lease liabilities	6.00%	<u>(122,829)</u>	6.00%	<u>(53,964)</u>
Net exposure to cash flow interest rate risk		<u>7,761,974</u>		<u>5,463,764</u>

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

*Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate 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 maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

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:

	30 June 2024 \$	30 June 2023 \$
Cash and cash equivalents held with financial institutions	7,884,294	5,599,537
Other receivables and deposits	-	<u>4,979</u>
	<u>7,884,294</u>	<u>5,604,516</u>

*Liquidity risk*

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

**Note 18. Financial instruments (continued)**

*Remaining contractual maturities*

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

<b>30 June 2024</b>	<b>Weighted average interest rate</b>	<b>1 year or less</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>	<b>Remaining contractual maturities</b>
	%	\$	\$	\$	\$	\$
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	91,211	-	-	-	91,211
Other payables	-	-	-	-	-	-
<i>Interest-bearing - fixed rate</i>						
Lease liability	6.00%	122,829	128,403	-	-	251,232
<b>Total non-derivatives</b>		<b>214,040</b>	<b>128,403</b>	<b>-</b>	<b>-</b>	<b>342,443</b>

<b>30 June 2023</b>	<b>Weighted average interest rate</b>	<b>1 year or less</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>	<b>Remaining contractual maturities</b>
	%	\$	\$	\$	\$	\$
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	81,809	-	-	-	81,809
<i>Interest-bearing - fixed rate</i>						
Lease liability	6.00%	53,964	-	-	-	53,964
<b>Total non-derivatives</b>		<b>135,773</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>135,773</b>

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

***Fair value of financial instruments***

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

**Note 19. Key management personnel disclosures**

*Compensation*

The aggregate compensation made to Directors and other members of KMP of the Group is set out below:

	30 June 2024	30 June 2023
	\$	\$
Short-term employee benefits	1,025,466	982,350
Post-employment benefits	22,000	26,250
Long-term benefits	4,242	22,010
Share-based payments	604,083	720,707
	<u>1,655,791</u>	<u>1,751,317</u>

**Note 20. Related party transactions**

*Parent entity*

4DS Memory Limited is the parent entity.

*Subsidiaries*

Interests in subsidiaries are set out in **note 22**.

*Key management personnel*

Disclosures relating to KMP are set out in note 19 and the remuneration report included in the Directors' report.

*Other transactions with related parties*

Purchases from and sales to KMP and their related parties are made on terms equivalent to those that prevail in arm's length transactions. The Group acquired the following services from entities that are controlled by members of the Group's KMP.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Entity	Nature of transaction	KMP and their related parties	Payable balance	
			Total expense	Total expense
			30 June 2024	30 June 2023
Ignite Communications	Consultancy fee	Margie Livingston (Spouse of David McAuliffe)	29,000	-

*Receivable from and payable to related parties*

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

*Loans to/from related parties*

*Sales Bonus Pool*

Refer to **note 23** for information on the sales bonus pool.

## Note 21. Parent entity information

Set out below is the supplementary information about the parent entity.

### Statement of profit or loss and other comprehensive income

	30 June 2024	30 June 2023
	\$	\$
Loss after income tax	<u>(5,624,433)</u>	<u>(5,637,749)</u>
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income loss	<u>(5,624,433)</u>	<u>(5,637,749)</u>

### Statement of financial position

	30 June 2024	30 June 2023
	\$	\$
Total current assets	<u>7,815,667</u>	<u>5,587,501</u>
Total assets	<u>7,905,315</u>	<u>5,721,029</u>
Total current liabilities	<u>143,435</u>	<u>130,362</u>
Total liabilities	<u>158,072</u>	<u>130,362</u>
Equity		
Issued capital	73,505,866	66,440,133
Share-based payment reserve	6,536,200	5,820,926
Accumulated losses	<u>(72,294,823)</u>	<u>(66,670,392)</u>
Total equity	<u><u>7,747,243</u></u>	<u><u>5,590,667</u></u>

### Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2023 and 30 June 2024.

### Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2024.

## Note 22. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		30 June 2024	30 June 2023
		%	%
4DS Inc.	United States of America	100.00%	100.00%
4D-S Pty Limited (Dormant)*	Australia	100.00%	100.00%
Fitzroy Copper Pty Limited (Dormant) *	Australia	100.00%	100.00%
Fitzroy Employee Share Plan Pty Limited (Dormant) *	Australia	100.00%	100.00%

The following companies ABN were inactive.

### Note 23. Commitments and Contingent

#### *imec commitments*

The Company entered into an agreement with imec on 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 (referred to as the "**Amendment 1**") and through a second amendment, dated 1 January 2021 (referred to as the "**Amendment 2**"), 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.

Under Amendment 5, the Company and imec agreed to further continue their collaboration on the project and therefore extend the term of the agreement from 1 January 2024 until 31 December 2024. From 1 July 2024, the Company shall pay imec a total of 960,000 Euro, with payments made in August 2024 and November 2024.

#### *Sales Bonus Pool Commitments*

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, including Dr. Guido Arnout will be participating in the Sale Bonus Pool.

Upon a liquidity event occurring, the following (Eligible Participants) will each be entitled to receive a proportion of the Sale Bonus Pool, with the balance to be allocated to Eligible Participants at the discretion of the Board.

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

	<b>Sale Bonus Pool</b>
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

As at 30 June 2024, the following structure supersedes all previous participation in the Sales Bonus Pool.

<b>Participants</b>	<b>New %</b>	<b>Previous %</b>
David McAuliffe	17.50%	-
Howard Digby	7.50%	-
Guido Arnout	15.00%	15.00%
Ting Yen	25.00%	10.00%
Joseph Tzou	15.00%	4.00%
Michael Hawran	5.00%	2.00%
Peter Webse	5.00%	-

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

The Group has no contingent liabilities as at 30 June 2024 and 30 June 2023.

### Note 24. Events after the reporting period

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.



**4DS Memory Limited and its controlled entities**  
**Consolidated entity disclosure statement**  
**As at 30 June 2024**



<b>Entity name</b>	<b>Entity type</b>	<b>Place formed / Country of incorporation</b>	<b>Ownership interest %</b>	<b>Tax residency</b>
4DS Memory Limited	Body Corporate	Australia	100.00%	Australia *
4DS Inc.	Body Corporate	United States of America	100.00%	United States of America
4D-S Pty Limited (Dormant)	Body Corporate	Australia	100.00%	Australia *
Fitzroy Copper Pty Limited (Dormant)	Body Corporate	Australia	100.00%	Australia *
Fitzroy Employee Share Plan Pty Limited (Dormant)	Body Corporate	Australia	100.00%	Australia *

\* 4DS Memory Limited (the 'head entity') and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime.

**4DS Memory Limited and its controlled entities**  
**Directors' declaration**  
**30 June 2024**



In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

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

Mr. David McAuliffe  
Executive Chairman

30 August 2024



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## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF 4DS MEMORY LIMITED

#### Report on the Financial Report

##### Opinion

We have audited the financial report of 4DS Memory Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2024, 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, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement, 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 accompanying 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 2024 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 Standards) (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.

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## Key Audit Matter

A key audit matter is a matter that, in our professional judgement, was 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 each matter below, our description of how our audit addressed the matter is provided in that context.

### Share-based payments

#### Why significant

For the year ended 30 June 2024 the value of share-based payments totalled \$715,273 as disclosed in Notes 14, 16 and 17. A total of \$651,198 has been expensed to the profit or loss statement, and \$64,075 has been recognised as a cost associated with the capital raising.

The consolidated entity's accounting judgement and estimates in respect of share-based payments is outlined in Note 17. We consider this to be a key audit matter due to significant judgement required in relation to:

- The significance of the share-based payment expense to the consolidated entity's financial position as at balance date and its financial performance of the year then ended;
- The valuation method used;
- The assumptions and inputs used within the model; and
- Application of vesting.

#### 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.

## Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the consolidated entity's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express 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 and, in doing so, 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



### Responsibilities of Directors' for the Financial Report

The Directors of the Company are responsible for the preparation of:

- a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001; and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001; and

for such internal control as the Directors determine is necessary to enable the preparation of:

- i) the financial report (other than the consolidated entity disclosure statements) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii) the consolidated entity disclosure statement that is true and correct and is free of 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 the 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, individually 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 2024.

In our opinion, the Remuneration Report of 4DS Memory Limited for the year ended 30 June 2024, 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*

PKF PERTH

*Simon Fermanis*

SIMON FERMANIS

PARTNER

30 August 2024

PERTH, WESTERN AUSTRALIA

The shareholder information set out below was applicable as at 5 August 2024

As at 5 August 2024 there were 8,542 holders of Ordinary Fully Paid Shares.

#### **VOTING RIGHTS**

The voting rights of the fully paid 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 is 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.

#### **Equity security holders**

#### **TWENTY LARGEST SHAREHOLDERS**

The names of the twenty largest security holders of quoted equity securities are listed below:

	<b>Ordinary shares</b>	
	<b>Number held</b>	<b>% of total shares issued</b>
Citicorp Nominees Pty Limited	56,157,962	3.18
James Dorrian	45,286,004	2.57
KZ 3 Pty Ltd	28,262,185	1.60
Mr John Clement Cowie Love (The JCC Love Family A/C)	25,312,130	1.44
Mr Sam Huu Hai Nguyen	23,861,816	1.35
Mrs Sue Balagiannis	21,704,000	1.23
Mr Kelland Munro MacCulloch	21,063,494	1.19
BNP Paribas Nominees Pty Ltd (IB AU Noms Retailclient)	20,330,474	1.15
Mr John Love	16,424,775	0.93
Vicex Holdings Proprietary Limited (Vicex Super A/C)	14,000,000	0.79
HSBC Custody Nominees (Australia) Limited	13,763,913	0.78
J P Morgan Nominees Australia Pty Limited	12,623,789	0.72
Mr Nathan Han Chan (Nathan Chan Family A/C)	10,768,833	0.61
Mr Brenton Charles Speechly & Mrs Margaret Mary (Speechly Brenthill Super Fund A/C)	10,556,505	0.60
Mr Peter Allan Learmont	10,510,027	0.60
Mr Anton De Silva Gunawardena & Mrs Therese Sasha Mariette Fernando (Serotutor Superfund A/C)	10,000,000	0.57
Mr Kevin Martin McGuire	9,209,312	0.52
Mr Richard Stanley De Ravin	9,000,000	0.51
Dr Rohan Vanden Driesen	8,883,631	0.50
KZ 6 Pty Ltd (KZ 5 A/C)	8,786,949	0.50
<b>Total Top 20</b>	<b>376,505,799</b>	<b>21.34</b>

#### **SUBSTANTIAL HOLDERS**

The Company has no substantial shareholders as at 5 August 2024.

#### DISTRIBUTION OF EQUITY SECURITIES

Analysis of number of equitable security holders by size of holding:

Ordinary Fully Paid Shares	Number of holders	Total units	% Issued shares capital
1 to 1,000	151	28,169	-
1,001 to 5,000	875	3,207,765	0.18
5,001 to 10,000	1,430	11,445,343	0.65
10,001 to 100,000	4,084	162,188,820	9.20
100,001 and over	2,002	1,586,564,821	89.97
	<u>8,542</u>	<u>1,763,434,918</u>	<u>100.00</u>
Number of shareholders holding less than a marketable parcel	<u>1,483</u>	<u>-</u>	<u>-</u>

#### UMARKETABLE PARCELS

The number of shareholders holding less than a marketable parcel is 1,483.

#### UNQUOTED SECURITIES

As at 5 August 2024, the following unquoted securities are on issue:

The following person(s) holds 20% or more of unquoted equity securities:

#### 3,000,000 Options expiring 30/06/2025 @ \$0.20 - 3 Holders

Holder Name	Holding	%
Mr Sven Thony Pierre Restel	1,000,000	33.33%
Wales Riding Pty Ltd	1,000,000	33.33%
Mr Richard Lodge	1,000,000	33.33%

#### 5,607,184 Options expiring 31/3/2026 @ \$0.055 – 8 Holders

Holder Name	Holding	%
HSBC Custody Nominees (Australia) Limited – A/C 2	4,000,000	71.34%

#### 10,500,000 Options expiring 31/05/2027 @ \$0.10 - 2 Holders

Holder Name	Holding	%
Ting Yen	8,000,000	76.19%
Theng Kiat Tan	2,500,000	23.81%

#### 13,500,000 Options expiring 19/12/2027 @ \$0.037 - 3 Holders

Holder Name	Holding	%
Ting Yen	12,000,000	88.89%

#### 7,000,000 Options expiring 27/02/2028 @ \$0.037 – 2 Holders

Holder Name	Holding	%
Ms Margaret Elizabeth Livingston	6,000,000	85.71%



**4DS Memory Limited and its controlled entities**  
**Shareholder information**  
**30 June 2024**



**10,000,000 Options expiring 5/02/2029 @ \$0.073 - 1 Holder**  
**Holder Name**

	<b>Holding</b>	<b>%</b>
Mr Peter Himes	10,000,000	100.00%

**On Market Buy Back**

There is currently no on-market buyback program.