

Q4 FY20 Activities Update

Secured funding to complete embedded memory module; on track to transfer ReRAM technology to production fab

Key highlights for Q4 FY20

- **Upsized \$6.6 million Placement to fund commercialisation activities, including completion of embedded memory module and transfer of technology to a production fab**
- **Upsized and heavily oversubscribed Share Purchase Plan (SPP) that raised \$2.5 million**
- **COVID-19 pandemic led to some development schedule delays; decisive actions taken to reduce operating expenses**
- **Continuing development program with Leti on a selector for the standalone memory market**
- **Nominated as one of the top 10 startups in EETimes' "Silicon 100: Emerging Startups to Watch" report**
- **Progressing discussions with potential partners and customers in the embedded memory market**

28 July, 2020 – Weebit Nano Ltd (**ASX: WBT, Weebit or Company**) is pleased to provide the following operational update for the quarter ending 30 June 2020 (**Q4 FY20**), along with its Appendix 4C cash flow report.

Global COVID-19 restrictions caused some disruptions to Weebit Nano's technical and commercial activities over Q4 FY20, due to the temporary closure of its French-based development partner, Leti, for some of the period, and the need to temporarily pause discussions with some potential partners.

However, the successful capital raise that secured \$9.1 million through the combination of a Placement and an oversubscribed Share Purchase Plan (SPP), means Weebit Nano will now accelerate its development work across the embedded and standalone memory markets. Funds raised enable completion of key development work, including delivery and demonstration of the embedded memory module and transfer to a production fab, and importantly, should take Weebit Nano to its first customer agreements.

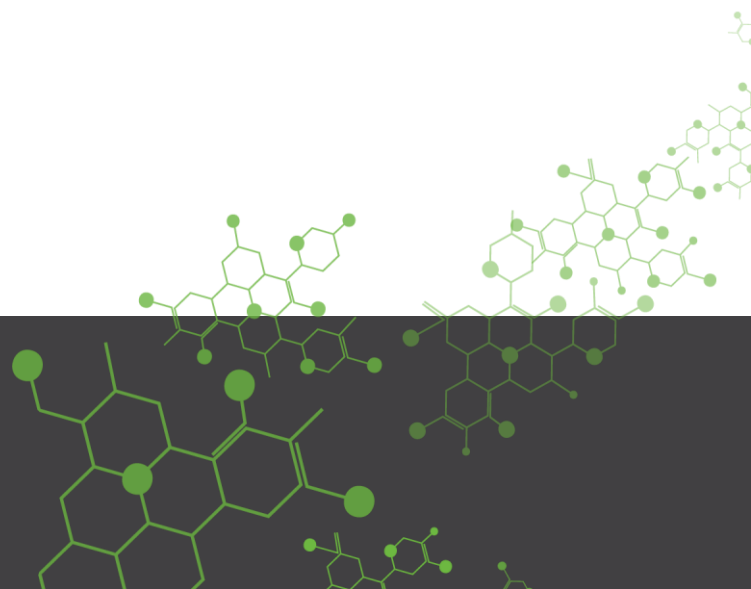


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Secured \$9.1 million to progress towards first commercial agreements

During the reporting period, Weebit secured \$6.6 million via a two-tranche Placement, issuing 23,446,429 shares at \$0.28 per share with one attaching option exercisable at \$0.45 and expiring 18 months after the date of issue. New and existing sophisticated and institutional investors participated in the Placement.

Weebit raised a further \$2.5 million from 292 eligible shareholders via a strongly supported and heavily oversubscribed SPP, offered on the same terms as the Placement. With the original offer size being \$500k, the Board exercised its discretion to increase the amount of funds to be raised under the SPP to recognise its loyal shareholders and provide important additional funds to support the Company's commercialisation activities.

Funds will be primarily used to complete the development of the embedded memory module, targeting a first demonstration of the module to a potential customer by Q2 2021. It also enables the transfer of Weebit's ReRAM technology to a production facility and funds the 'selector' development work with Leti for the standalone memory market.

Weebit Nano CEO Coby Hanoch said, "Both the Placement and the SPP were upsized, reinforcing the confidence both new and existing shareholders have in our next-generation memory technology, the strategic focus on the embedded and standalone market segments and path to commercialisation.

"This funding enables us to complete development of the embedded memory module, which remains a key priority for Weebit and is expected to be demonstrated to potential customers by end Q2 2021. This initial memory module will be configurable so that it can be adapted to meet the specific requirements of potential customers much faster. In future, this process will be further automated through the development of a Memory Compiler.

"While we are targeting both the embedded and standalone memory markets in parallel, our technology for embedded applications is more mature and closer to commercialisation, and is our main focus at this point. We continue to advance discussions with several potential customers and partners within the embedded memory market and are aiming to secure first commercial orders by Q2 2021."

Continued selector development program with Leti

During the quarter, Weebit Nano and French research partner Leti recommenced stage one of the selector development program for the standalone memory market. Stage one defines the specific parameters of the selector as well as the commercial discussion details.

The development program, which broadens Weebit's work with Leti beyond the embedded non-volatile memory market, slowed down during the reporting period due to the temporary shutdown of Leti in line with country-wide French Government COVID-19 directives.

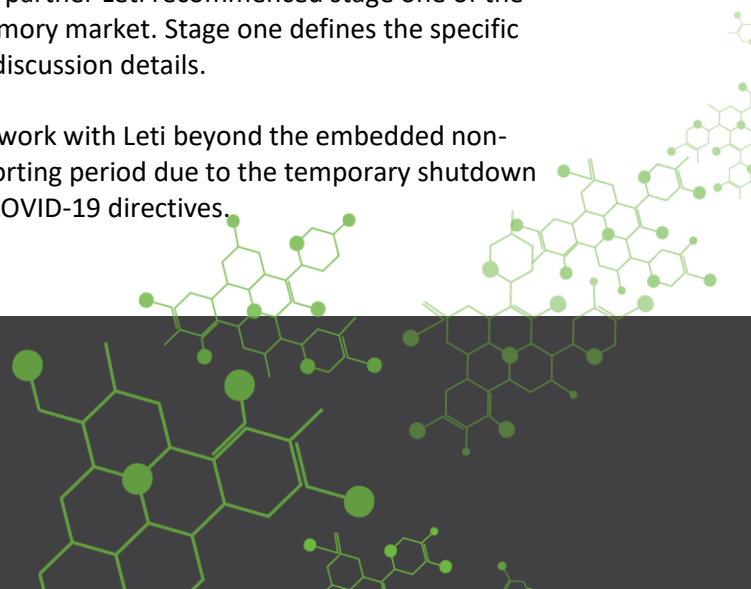


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The selector is a key component for standalone memory chips, required to isolate the specific memory cells written into without impacting other cells. Selectors within standalone memory chips need to be smaller and more sophisticated than those used within embedded memory chips.

This program enables Weebit to fast track its development of a standalone memory chip, leveraging Leti's proprietary selector, which has been in development for the past five years. Despite delays due to COVID-19, Weebit is on track to demonstrate its ReRAM cell working with the selector by Q3 2021.

Summary of Q4 cashflows; related party transactions

Early in the quarter, Weebit received the French Government's R&D incentive of €867,974 for R&D work carried out in France during 2019. This equates to approx. A\$1.45 million¹, and contributed to positive net operating cash flows in Q4 being \$548k. Other notable operating cash flow items over the quarter included staff costs and administration and corporate costs of \$788k.

Payments to related parties over Q4 FY20 were \$149k, which related to fees paid to directors over the quarter.

Post-reporting period events

Weebit nominated as one of the top 10 start-ups by EE Times

Weebit Nano was very pleased to be nominated as one of the top 10 start-ups in EETimes' "Silicon 100: Emerging Startups to Watch" report. EETimes is one of the largest and widely read global electronics industry magazines, and their yearly independent analysis of the startups is highly regarded. To be included as a top 10 start-up was a notable achievement.

Two new patents filed

In mid-July, Weebit filed two new patents to further protect the intellectual property of its silicon oxide ReRAM technology. These patents define a novel selector suitable for embedded ReRAM memory applications using standard Silicon On Insulator (SOI) low-voltage transistors, which dramatically decrease the size of the selector and enable production of smaller, lower-cost embedded memory modules.

In addition, Weebit has initiated registration of its patents in China, as part of Weebit's China strategy

Weebit Nano & Polimi present paper on novel AI self-learning ReRAM hardware at leading industry conference

Weebit and the Politecnico di Milano in Italy (Polimi), a leading European university for Industrial and Information Engineering, Technology and Industrial Design, presented a joint research paper on

¹ Based on FX rate of 1 EUR = 1.69365 AUD



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a novel Artificial Intelligence (AI) self-learning demonstration based on Weebit's silicon oxide (SiOx) ReRAM at a prominent industry conference.

Held virtually in June, the VLSI Technology and Circuits Symposia is the premier conference for the international semiconductor and circuits industry.

Presented by Polimi at the Symposia on VLSI Technology and Circuits, the paper outlines a brain-inspired AI system which can perform unsupervised learning tasks with high accuracy results.

This progress demonstrates the capability of Weebit's SiOx ReRAM technology in artificial intelligence applications, and the ongoing collaboration with Polimi ensures Weebit's technology is at the forefront of future artificial intelligence and neuromorphic computing applications.

Looking ahead

Weebit remains focused on completing the embedded memory module, first customer demonstration and securing first customer agreements within this segment by Q2 2021. Despite the ongoing impacts of COVID-19 on technical and commercial progress, Weebit is nearing productisation and is on track to transfer its silicon oxide ReRAM technology to a production fab. Discussions with potential industry customers and partners have resumed.

"Weebit continues to move closer to commercialisation and we now have funding to complete the embedded memory module and advance the development of a selector for the standalone memory market, with the aim of demonstrating our ReRAM cells working with the selector by Q3 2021.

"Development work has resumed in China and South Korea and Weebit is making substantial technical and commercial progress with SiEn for embedded applications, and we are recommencing discussions with XTX Technology in the standalone memory market. Work with our research partner Leti in France has also resumed and we are working to minimise delays caused by country-wide COVID-19 shutdowns, noting that there remains the potential for additional delays should restrictions be re-introduced in relevant markets.

"As we prepare to transfer our technology to a production fab, we are also actively engaging with other potential customers and industry partners within our two key market segments."

This announcement has been authorised for release by the Board.

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About Weebit Nano Limited

Weebit Nano is a leader in the development of next generation computer memory technology, and plans to become the new industry standard in this space. Its goal is to address the growing need for a significantly higher performance and lower power computer memory technology. Weebit Nano's ReRAM technology is based on fab-friendly Silicon Oxide, allowing the company to rapidly execute, without the need for special equipment or preparations. The company secured several patents to ensure optimal commercial and legal protection for its ground-breaking technology.

Weebit Nano's technology enables a quantum leap, allowing semiconductor memory elements to be significantly cheaper, faster, more reliable and more energy efficient than the existing Flash technology. Weebit Nano has signed an R&D agreement with Leti, an R&D institute that specialises in nanotechnologies, to further develop SiO_x ReRAM technology.

For more information please visit: <http://www.weebit-nano.com/>

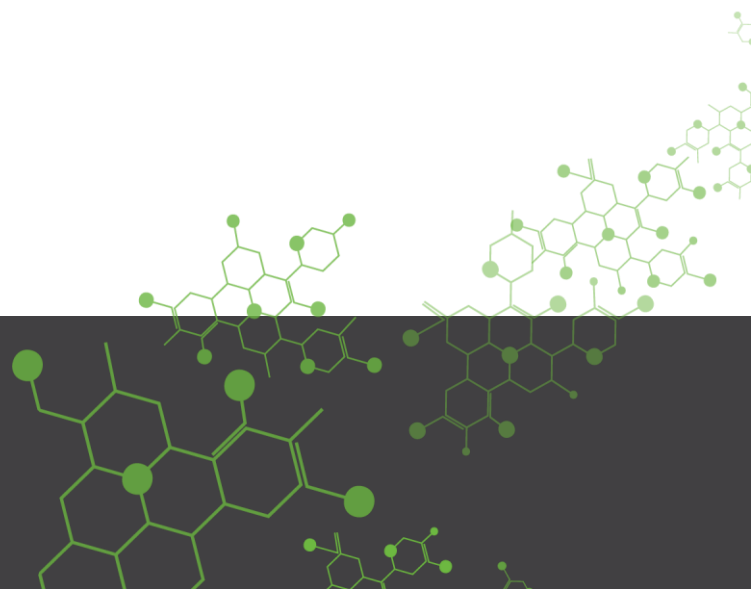


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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Weebit Nano Limited (ASX: WBT)

ABN

15 146 455 576

Quarter ended ("current quarter")

30 June 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	1,387	717
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(11)	(94)
(d) leased assets	(39)	(157)
(e) staff costs	(336)	(1,347)
(f) administration and corporate costs	(452)	(1,418)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	2
1.5 Interest and other costs of finance paid	(1)	(9)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	548	(2,306)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual-property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual-property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,205	5,390
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(148)	(619)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	2,057	4,771

Quarterly cash flow report for entities subject to Listing Rule 4.7B

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,620	1,671
4.2	Net cash from / (used in) operating activities (item 1.9 above)	548	(2,306)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,057	4,771
4.5	Effect of movement in exchange rates on cash held	(110)	(21)
4.6	Cash and cash equivalents at end of period	4,115	4,115

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,115	1,620
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,115	1,620

6. Payments to related parties of the entity and their associates

- | | |
|-----|---|
| | Current quarter
\$A'000 |
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 |

149

-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

The payments at item 6.1 relate to directors' fees paid to the directors, based in Israel, for the quarter ended 30 June 2020.

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities	Total facility amount at quarter-end \$A'000	Amount drawn at quarter-end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-

7.5 **Unused financing facilities available at quarter end** -

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter-end, include a note providing details of those facilities as well.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	548
8.2 Cash and cash equivalents at quarter-end (Item 4.6)	4,115
8.3 Unused finance facilities available at quarter-end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	4,115
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	7

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

Not applicable

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

As announced to the market on the 20th of July 2020 the company has raised gross proceeds of \$9,100,000 with \$2,205,000 received in the June 2020 quarter and the balance to be received next quarter.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Not applicable

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 July 2020

Authorised by: The Board of Directors

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.