

Q2 FY21 Activities Report and Appendix 4C

Completed stabilisation process and expanded strategic partnership with Leti; raised additional \$15 million to accelerate development and commercialisation activities; strengthened executive team

Key highlights for Q2 FY21

- **Completed the stabilisation process with Leti; technology now ready to transfer to a production fab; discussions with potential production partners advancing**
- **Expanded strategic partnership with Leti to incorporate additional activities across ReRAM technology development, embedded and standalone memory markets**
- **Raised \$15 million via heavily oversubscribed Placement and Share Purchase Plan**
- **Further strengthened executive team with the appointments of Ilan Sever as Vice President Research & Development and (post quarter end) Ishai Naveh as Chief Technology Officer**
- **Filed two new patents with Leti, optimising ReRAM performance**
- **Included in the S&P/ASX All Technology Index**

29 January, 2021 – Weebit Nano Ltd (**ASX: WBT, Weebit or Company**) is pleased to provide this activities report for the quarter ended 31 December 2020 (**Q2 FY21**), along with its Appendix 4C cash flow report.

Commenting on the quarter, Weebit Nano CEO Coby Hanoch said, “Our silicon oxide ReRAM memory technology is now in the final pre-commercialisation stage and we are progressing towards productisation.

“We were extremely pleased with the strong level of support shown by both new and existing investors in the quarter, helping Weebit Nano to secure a further \$15 million capital. Importantly, these funds allow us to accelerate key development and commercialisation activities across the embedded and standalone memory markets, as well as the neuromorphic domain.

“Having completed the technology stabilisation process, we are ready to start the process of technology transfer. As we are dealing with nanotechnology, which is a thousand times smaller than the cross-section of human hair, the technology transfer process is very delicate and involves multiple steps before the technology itself can be physically manufactured in a production fab. After the technology is transferred, final development steps will be conducted in the production fab to reach the point we can commence the technology qualification process.



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“The travel restrictions imposed by COVID-19 are impacting us, as we can’t travel to meet potential partners and our engineers can’t work on-site with their engineers in their labs. However, we are managing to advance discussions with a number of potential production partners and expect to progress with at least one of them over the coming months.

“We are very proud of Weebit Nano’s inclusion in the S&P/ASX All Technology Index, which is the result of operational progress over the past two quarters, that has significantly increased our market capitalisation and trading liquidity.”

Broadened strategic partnership with CEA-Leti

During the quarter, Weebit Nano expanded its strategic partnership with French development partner CEA-Leti, leveraging the funds raised in June 2020, to incorporate additional technical development covering ReRAM technology improvements, the embedded memory module, and the selector for the standalone memory market.

Under the extended partnership, the joint Weebit Nano-Leti team is further refining the efficiency and robustness of Weebit Nano’s silicon oxide ReRAM technology alongside key productisation and commercialisation steps to ensure it continues to be attractive to potential customers and partners.

In the embedded segment, Weebit Nano decided to enhance the capability of its memory module following discussions with industry experts and partners. Weebit Nano’s enhanced memory module will better address customer needs, meet production levels and significantly increase its attractiveness to potential customers, and will be one of the first in the world to be integrated into a sub-system consisting of a processor, Static Random-Access Memory (SRAM), the ReRAM array and peripherals.

Once complete, customers will be able to use the module as a development platform to accelerate their development of applications such as low energy IoT devices, security and sensors. This added functionality will slightly delay the completion of the memory module design stage to June 2021, which has the potential to impact the ability to finalise a commercial agreement by the same time.

Development work integrating Leti’s proprietary selector with Weebit Nano’s ReRAM continues to progress as planned and is on track to demonstrate a working combined cell by September 2021. With the added funds, the Company hopes to reach this milestone earlier than expected.

“Leti has been an excellent development partner for Weebit Nano, and our long-term collaboration has enabled us to develop an industry-leading next generation memory technology in just four years. As we prepare to transfer our technology to a production fab, our extended partnership will ensure our silicon oxide ReRAM technology is competitive, efficient and robust. In parallel, we will also be increasing our development work in both the standalone memory and neuromorphic domains.

“While the embedded memory module remains our key priority, by enhancing its functionality now we will significantly increase its long-term appeal to potential customers. We continue to engage and progress discussions with several potential customers and partners within the embedded

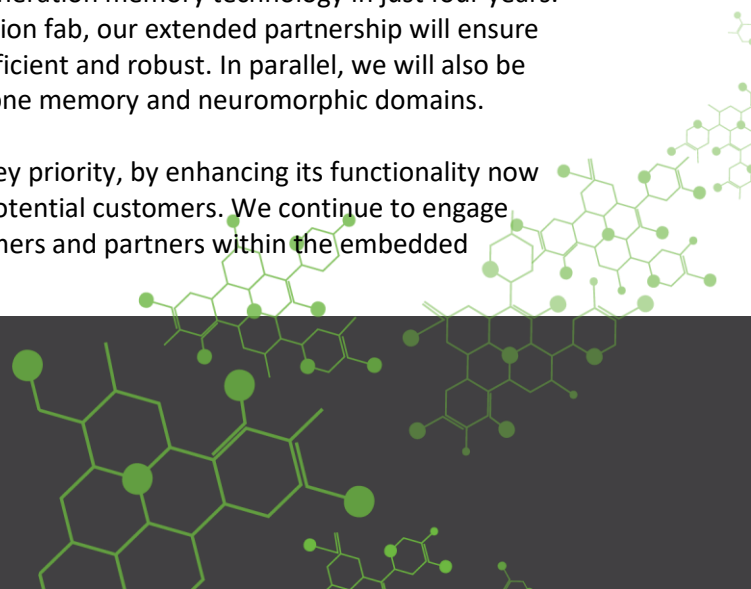


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market. What is very pleasing is that subject to COVID-19 travel restrictions not creating any delays, we are still aiming to secure a first commercial agreement by mid-2021”, said Mr Hanoch.

Raised \$15 million additional capital to accelerate growth momentum

In November 2020, Weebit Nano raised A\$12 million before costs via a strongly supported share Placement to new leading institutional and sophisticated investors as well as existing shareholders. Under the Placement, Weebit Nano issued 7,058,824 ordinary shares at \$1.70 per share.

Weebit Nano raised a further A\$3 million via a heavily oversubscribed Share Purchase Plan (SPP), offered on the same terms as the Placement. Weebit Nano was required to significantly scale back SPP applications after receiving almost \$20 million in valid applications from 1,597 eligible shareholders – representing a participation rate of 24 per cent and an average application amount of approximately \$12,500.

Funds raised from the Placement and SPP will enable Weebit Nano to fast-track its technical activities, including the transfer to a production fab, initiating the shift to 300nm/28nm technology in the embedded memory market, accelerating development of the selector for the standalone memory market, and develop the next generation of the neuromorphic demo. The funds will also support Weebit Nano’s commercialisation initiatives, including strengthening its sales team, increasing marketing activities in the embedded memory market and partnership programs within the standalone market.

“Weebit Nano has made significant technical and commercial progress over the past year and we are now well-funded to deliver on both our short and mid-term development plans across the embedded, standalone and neuromorphic domains, while also commercialising our unique memory technology. This funding will enable us to not only complete the development of the embedded memory module and begin the move to 300nm/28nm, but also significantly accelerate our technical progress within the standalone and neuromorphic markets by years.

“The heavily oversubscribed Placement and SPP reflects the confidence both new and existing shareholders have in our industry-leading silicon oxide ReRAM technology and our clear path to commercialisation, initially within the embedded and standalone memory markets,” said Mr Hanoch.

Ilan Sever appointed VP Research & Development

During the quarter, Weebit Nano appointed non-volatile memory design expert Mr Ilan Sever as Vice President Research & Development to oversee the embedded memory module design and its adaptation to meet specific customer requirements. In the newly created role, Ilan will also lead the development of innovative new products for the standalone memory market, including managing the development and mass production of a standalone memory chip.

Mr Sever has over 25 years of experience in Very Large-Scale Integration (VLSI) design and was previously the Group Chief Technology Officer at semiconductor design and solutions company

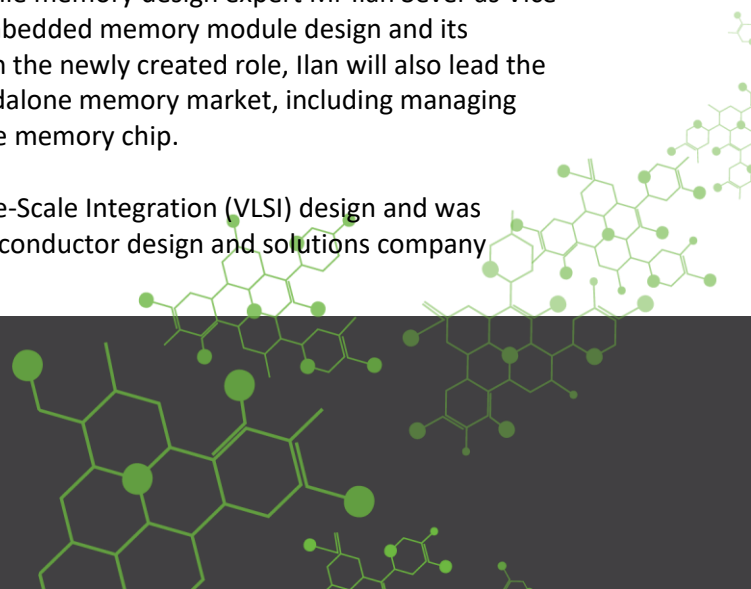


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Dolphin Integration, Director of IP, Library and Design Services at Tower Semiconductor and Design Centre Manager at ST Microelectronics.

Filed two new patents with Leti

In December 2020, Weebit Nano filed two new patents relating to ReRAM optimisation with French research partner Leti. The first patent outlines a process improvement to enable high memory yield and uniformity across memory cells and throughout the wafer. Methods that increase production yield are at the cornerstone of the semiconductor fab industry, underpinning low-cost manufacturing and maximising margins and profits.

The second patent relates to the selector development with a very fast read, enabling reduced power consumption and reduced selector stress during the read operation.

Weebit Nano and Leti have now filed eight joint patents over the past two years, protecting Weebit Nano's technology and enhancing the intellectual property value for its licensees. Weebit Nano has exclusive rights to commercialise these patents.

Summary of Q2 cashflows

During the quarter, Weebit received \$15 million gross proceeds from its successful and heavily oversubscribed Placement and Share Purchase Plan. An additional \$1.1 million was received through the exercising of listed options.

Notable operating cash flow items over the quarter included research and development expenses of \$4.4 million, mostly attributable to one-off, non-recurring milestone-based payments. R&D costs are expected to be significantly lower in the coming quarter. Payments to related parties over Q2 FY21 were \$165,000, which included fees paid to directors and CEO's cost of payroll over the quarter.

During January 2021 (post quarter end), a further \$2,123,961 was received through the exercising of options. As at 27 January 2021, the number of outstanding not yet exercised listed options is 38,639,801. The exercise price of each listed option is \$0.45.

ReRAM veteran Ishai Naveh appointed CTO (post quarter end)

In January 2021, non-volatile memory veteran Mr Ishai Naveh was appointed to the role of Chief Technology Officer to drive the strategic direction of the Company's silicon oxide ReRAM development, adapting it to target markets and differentiating it from competition. He will also support Weebit Nano's engagement with manufacturing facilities and technology transfers.

Mr Naveh has over 35 years of industry experience, serving as VP Non-Volatile Memories at Tower Semiconductor before co-founding early ReRAM company Adesto in 2007. His extensive semiconductor experience, specifically Non-Volatile Memory and ReRAM, covers process development and integration, silicon manufacturing, setting technology requirements and directing technical teams to address customer requirements.



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Amir Regev, who established Weebit Nano's technology development, has been appointed VP Technology Development, focusing on the continued enhancement of the Company's ReRAM technology and development of a solution for the standalone memory market.

Looking ahead

Over the next six months, Weebit Nano will be focused on:

- In the embedded memory space, the Company is aiming to complete the development of the memory module with enhanced functionality by June 2021.
- On the commercial front, discussions are progressing with potential production partners and first customers, with the objective of putting in place the Company's first commercial agreement by mid-2021. Ongoing global COVID-19 travel restrictions are slowing negotiations given the inability to travel, and this could shift potentially by a couple of months.
- In the standalone memory domain Weebit Nano's focus will be on the development work integrating Leti's proprietary selector with Weebit's ReRAM, with the plan to demonstrate a working combined cell by September 2021.

"Demand for faster and more efficient memory technology continues to provide significant market opportunities for our next generation memory technology. Weebit Nano's enhanced partnership with Leti will ensure we are able to progress development across both the embedded and standalone markets in tandem and bring to market world leading memory technology," said Mr Hanoch.

Investor webcast today at 3:00pm (AEDT)

An investor webcast will take place today, 29 January 2021, at 3:00pm (AEDT). Participants will have an opportunity to ask questions following the briefing. Please pre-register for the webcast via:

https://us02web.zoom.us/webinar/register/WN_ZOSZSa1TqW05HcKzv2nOA

This announcement has been authorised for release by the Board of Weebit Nano Limited.

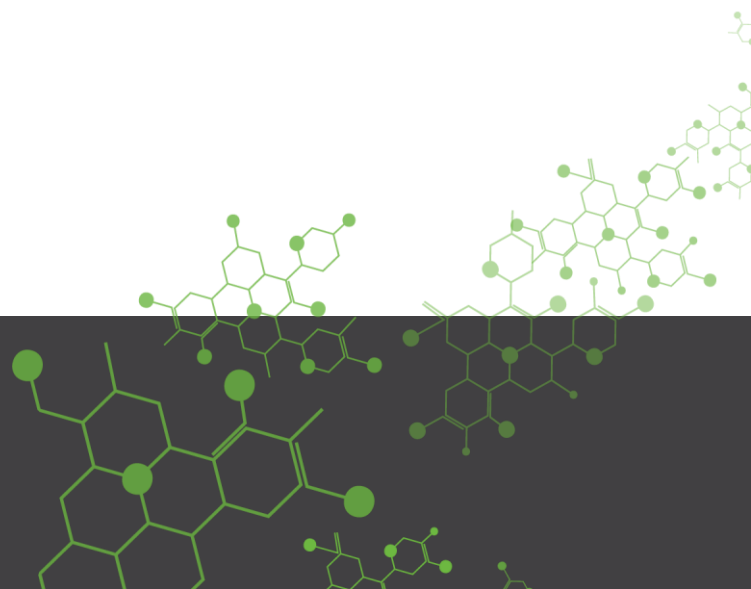


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About Weebit Nano Limited

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.

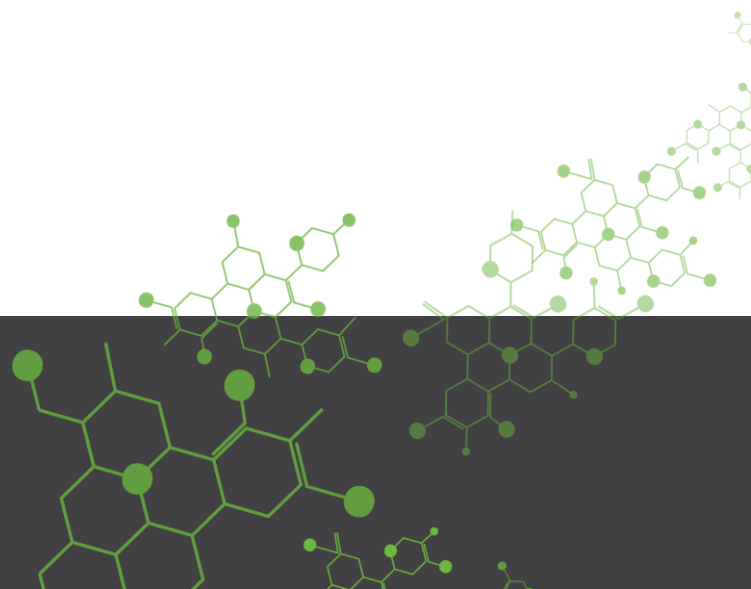
Weebit Nano's technology enables a quantum leap, allowing semiconductor memory elements to be significantly cheaper, faster, more reliable and more energy efficient than the existing Flash technology. Weebit Nano has signed an R&D agreement with Leti, an R&D institute that specialises in nanotechnologies,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

31 December 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(4,449)	(4,561)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(72)	(82)
(d) leased assets	(40)	(75)
(e) staff costs	(523)	(1,031)
(f) administration and corporate costs	(297)	(838)
1.3 Dividends received (see note 3)		-
1.4 Interest received	1	2
1.5 Interest and other costs of finance paid	(1)	(3)
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	(5,381)	(6,588)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(6)	(10)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
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	(6)	(10)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	15,000	21,887
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	1,165	1,166
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(904)	(1,639)
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	15,261	21,414

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	9,065	4,115
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(5,381)	(6,588)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(6)	(10)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	15,261	21,414

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(84)	(76)
4.6	Cash and cash equivalents at end of period	18,855	18,855

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	18,855	9,065
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)	18,855	9,065

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	165
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

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. 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)	(5,381)
8.2 Cash and cash equivalents at quarter end (item 4.6)	18,855
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	18,855
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	4
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 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:	
8.6.2 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:	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer:	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

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: 29 January 2021

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.