

Weebit Nano receives first IP revenues; tech transfer to DB HiTek underway

Progressing multiple partner and customer negotiations & evaluations

Q2 FY24 Quarterly Activities Report

Key highlights

- **Generated first IP licensing revenues**
- **Licensed Weebit's embedded ReRAM to Tier-1 foundry DB HiTek**
- **Qualified ReRAM module at automotive temperatures in SkyWater Technology's US production facility**
- **Received first 22nm wafers embedded with Weebit ReRAM from GlobalFoundries**
- **Progressed negotiations and evaluations with leading foundries, integrated device manufacturers (IDMs) and product companies**

31 January 2024 – Weebit Nano Ltd (ASX: **WBT**, **Weebit** or **Company**) is pleased to provide this activity report for the quarter ended 31 December 2023 (**Q2 FY24**), along with the Company's Appendix 4C cash flow report.

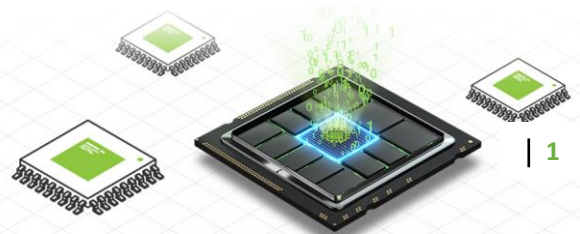
Weebit CEO Coby Hanoch said: "Weebit Nano achieved several important milestones during the quarter, including generating initial revenues, licensing our technology to leading foundry DB HiTek, qualifying our ReRAM module at automotive grade-1 temperatures at SkyWater, and receiving the first 22nm wafers embedded with our technology from GlobalFoundries. While factors outside Weebit's control, such as unavailable IP at SkyWater, have delayed the signing of first customer agreements, we are working with SkyWater to have these issues addressed.

"First revenues represent an important milestone in our commercialisation journey, further validating our ReRAM technology and reflecting the maturing of our business. Licensing fees and non-recurring engineering fees will account for the majority of Weebit's revenue in the short-term with royalty revenues scaling over time. In general, it normally takes three years from signing a licensing agreement with a foundry before their first customer commences mass production. This timeframe is why Weebit has prioritised securing new agreements with foundries and IDMs, as each such agreement triggers multiple customer opportunities and provides the foundation for long-term royalty revenue growth.

"Our first Tier-1 foundry licensing agreement with DB HiTek further improves availability of our embedded ReRAM, and is accelerating our negotiations and technical evaluations with many of the world's leading foundries and integrated device manufacturers (IDMs), as well as fabless product companies. Adoption of our technology by DB HiTek enables its extensive customer base, which includes Mitsubishi, Qualcomm, Sony, and Intel, to integrate more advanced non-volatile memory (NVM) into their next generation applications.

"We're continuing to qualify our embedded ReRAM at higher endurance and temperature levels, broadening target applications and demonstrating the maturity of our technology. At the same time, we're scaling our ReRAM down to the more advanced geometries and are thoroughly testing the first 22nm chips embedded with our ReRAM and manufactured by GlobalFoundries – one of the world's largest foundries.

"ReRAM is still very much a new technology and will require continuous investment in R&D to improve baseline parameters over the coming years. This will be true for all ReRAM providers. Weebit is uniquely positioned as the



leading independent provider of ReRAM. We have world-class talent across the four key ReRAM disciplines – device physics, process and materials, analog and digital design and algorithms, and test and characterisation – providing us with significant competitive advantages within the rapidly growing embedded emerging NVM market. The quality of our team and our singular focus on ReRAM ensures we are best placed to become the leader in the ReRAM domain – a segment that is expected to account for 37% of a US\$2.8 billion market by 2028.”

First IP revenues

In Q2 FY24, Weebit Nano received its first IP licensing revenues for its embedded ReRAM. While initial proceeds from licensing fees are relatively small, totaling A\$457,000, they demonstrate the Company’s significant technical progress in recent years.

Weebit’s embedded ReRAM will generate revenues from foundries, IDMs, and product companies in three main ways: licensing fees for design and manufacture; engineering fees for designs and processes; and royalties per customer use. Royalties will be received once customers begin shipping end products.

In 2024, Weebit expects to continue receiving initial small licensing and NRE payments from its existing customers, as well as others which will be signed up during the year. As it takes customers more than a year and a half from when they engage with Weebit until they enter mass production, no royalty payments are expected in 2024.

Signed licensing agreement with DB HiTek

During the quarter, Weebit Nano licensed its embedded ReRAM IP to South Korean Tier-1 foundry DB HiTek. The non-exclusive licensing agreement, comprising technology transfer and qualification, will provide DB HiTek’s extensive customer base with access to Weebit ReRAM for their designs. Technology transfer to DB HiTek is well underway.

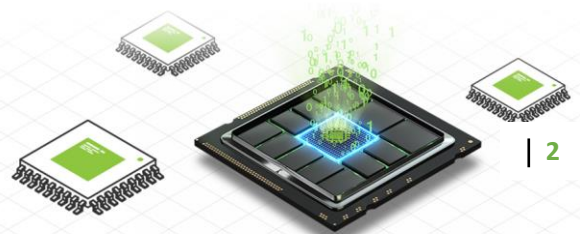
Following transfer and qualification, Weebit ReRAM will be available in DB HiTek’s 130nm Bipolar-CMOS-DMOS (BCD) process, used for analog, mixed-signal and power designs in consumer, industrial, and other IoT devices. DB HiTek has the option to extend the agreement to other process nodes.

Automotive grade-1 qualification at SkyWater

In November, Weebit Nano successfully qualified its embedded ReRAM IP module at automotive grade-1 temperatures of 125 degree Celsius in SkyWater’s S130 process. This milestone builds on the recent qualification at these temperatures with CEA-Leti, and demonstrates the suitability of Weebit’s embedded ReRAM for high-temperature applications with lifespans of at least a decade.

The qualification was based on a 1T1R (one-transistor, one-resistor) memory module with Weebit ReRAM now ready for production tapeout at SkyWater. As SkyWater’s S130 process is ideal for automotive and industrial applications, this higher temperature qualification further supports Weebit’s discussions with potential SkyWater customers.

While several product companies want to license Weebit’s ReRAM for projects at SkyWater, various issues at SkyWater, such as the lack of different IPs, have caused delays in securing these engagements. Weebit is working with SkyWater to address these issues and progress agreements with product companies.



First 22nm wafers from GlobalFoundries

During the quarter, Weebit Nano received the first 22nm wafers integrated with its embedded ReRAM from GlobalFoundries. Manufactured in GlobalFoundries' advanced 22 FDX platform, initial tests of these silicon wafers are showing positive results on the array. The 22nm geometry is one of the industry's most common process nodes and provides a significant opportunity for Weebit's ReRAM as embedded flash is not viable at this geometry.

Agreements with partners & customers

As the demand for ReRAM is growing, more and more foundries and IDMs are expressing interest in Weebit's ReRAM. Weebit is determined to fill this vacuum and its main goal in 2024 is to reach agreements with multiple foundries and IDMs. Technical evaluations and negotiations are ongoing with many of the world's leading foundries and IDMs. Weebit's new licensing agreement with DB HiTek and the automotive grade-one qualification at SkyWater are helping Weebit progress these engagements.

Market engagement

In November, Weebit Nano met with multiple Chinese vendors for the first time since COVID at the 2023 International Conference on Computer-Aided Design (ICCAD) in Guangzhou, China. ICCAD is the premier conference for technical innovations in design automation. Weebit is looking to re-engage with Chinese vendors while closely monitoring the ongoing US-China conflict and trade restrictions.

Weebit's executive team also met with potential customers and partners at the Consumer Electronics Show (CES 2024) in Las Vegas in January. The well-known tech conference showcases new consumer electronic products and technologies, and attracted more than 130,000 attendees.

In January, CEO Coby Hanoch virtually presented at the 26th Needham Growth Conference and met with institutional investors.

Investor briefing details

CEO Coby Hanoch will participate in a "Meet the CEO" interview covering the Company's quarterly update at 4pm AEDT on Thursday, 1 February 2024. Participants will have an opportunity to ask questions at the end of the webinar.

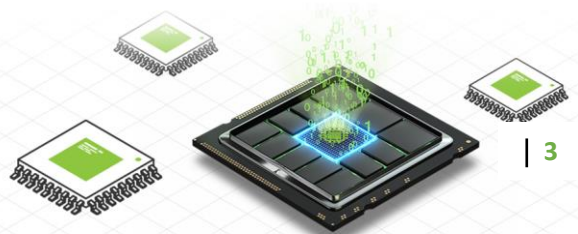
To attend, please pre-register at:

https://us02web.zoom.us/webinar/register/WN_2aFwIFWET2-gqsFOKhNVJA

Financials

Notable Q2 FY24 operating cash flow items included \$457,000 first time receipts from customers on the above described first IP licensing revenues. R&D expenses were A\$10.5 million, inclusive of A\$8 million in milestone-based payments to CEA-Leti. Weebit has multiple projects running in parallel at Leti, with payments linked to the achievement of technical milestones. In previous quarters, payments to Leti reflected the achievement of only a few milestones. In Q2 FY24, Leti delivered many milestones, triggering higher R&D payments. Weebit does not expect R&D expenses to remain at this level in subsequent quarters.

Payments to related parties, including fees paid to Directors and the CEO's cost of payroll, were A\$264,000. Weebit is well-funded with a strong cash balance of A\$72 million as at 31 December 2023.



Looking forward

Weebit Nano is on track to achieve the following milestones in 2024:

- Sign additional customer agreements with IDMs/foundries/product companies;
- Complete technology transfer in DB HiTek's production fab; and
- Complete testing of its 22nm GlobalFoundries wafers.

- ENDS -

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

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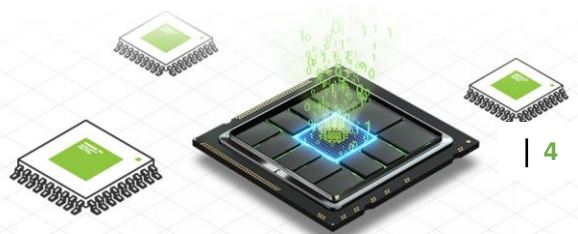
About Weebit Nano Limited

Weebit Nano Ltd. is a leading developer of advanced semiconductor memory technology. The company's ground-breaking Resistive RAM (ReRAM) addresses the growing need for significantly higher performance and lower power memory solutions in a range of new electronic products such as Internet of Things (IoT) devices, smartphones, robotics, autonomous vehicles, 5G communications and artificial intelligence.

Weebit's ReRAM allows semiconductor memory elements to be significantly faster, less expensive, more reliable and more energy efficient than those using existing flash memory solutions. As it is based on fab-friendly materials, Weebit ReRAM can be integrated within existing flows and processes faster and easier than other emerging technologies, without requiring special equipment or large investments.

See: 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 2023

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	457	457
1.2 Payments for		
(a) research and development	(10,556)	(11,412)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(248)	(659)
(d) leased assets	(137)	(219)
(e) staff costs	(1,969)	(5,261)
(f) administration and corporate costs	(384)	(1,103)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	844	1,580
1.5 Interest and other costs of finance paid	(4)	(14)
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	(11,997)	(16,631)

Note - Weebit Nano is running many projects in parallel at R&D partner CEA-Leti. Payments to CEA-Leti are milestone based. In previous quarters only a few milestones were met, therefore only a few payments were made to CEA-Leti. This quarter, CEA-Leti met many milestones, triggering higher payments.

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(c) property, plant and equipment	(231)	(264)
(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	(231)	(264)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	364	490
3.4 Transaction costs related to issues of equity securities or convertible debt securities	1	(31)
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	365	459

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	83,919	87,957
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(11,997)	(16,631)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(231)	(264)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	365	459
4.5	Effect of movement in exchange rates on cash held	(5)	530
4.6	Cash and cash equivalents at end of period	72,051	72,051

5. Reconciliation of cash and cash equivalents	Current quarter \$A'000	Previous quarter \$A'000
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1 Bank balances	3,410	5,200
5.2 Call deposits	68,641	78,719
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)	72,051	83,919

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	264
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.

The payments at 6.1 relate to salaries, bonuses and consulting/director fees for directors' within the group.

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)	(11,997)
8.2 Cash and cash equivalents at quarter end (item 4.6)	72,051
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	72,051
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	6
<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: During this quarter, Weebit Nano was required to pay significant cash outflows to their R&D partner, CEA-Leti, due to various milestones being met. This is not expected to be as significant for future net operating cash flows.	
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.

31 January 2024

Date:

The Board of Directors

Authorised by:
(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.