

Q1 FY21 Activities Update

Completed production process stabilisation; preparing to transfer ReRAM technology to production fab

Key highlights for Q1 FY21

- **Completed technology stabilisation process, a key productisation milestone**
- **Appointed Eran Briman as VP Marketing & Business Development**
- **Progressing embedded memory module development**
- **Filed three new patents, including joint patent with Leti for multi-level programming**
- **Engaging in discussions with potential production partner ahead of technology transfer to a production fab**
- **Progressing discussions with potential partners and customers in the embedded memory market**

23 October, 2020 – Weebit Nano Ltd (**ASX: WBT, Weebit or Company**) is pleased to provide the following operational update for the quarter ending 30 September 2020 (**Q1 FY21**), along with its Appendix 4C cash flow report.

Commenting on the quarter, Weebit Nano CEO Coby Hanoch said, “Despite ongoing global COVID-19 restrictions, Weebit Nano has made significant technical progress over the past quarter and is on track to transfer its technology to a production fab.”

Completed stabilisation process

Weebit successfully verified its production process is repeatable and consistent as part of the technology stabilisation process. The company announced the milestone on 7 October, just after this reporting period and is now ready to transfer its technology to a production fab.

Conducted at Leti’s development facilities, the first phase of the stabilisation process improved the quality of Weebit’s technology with increased wafer-to-wafer and die-to-die uniformity, making the manufacturing process more predictable and achieving industry-standard production levels. Process improvements by Weebit and Leti resolved process sensitivities in previous wafers while programming conditions were adjusted to optimise cell endurance. The joint Weebit-Leti team also established a new methodology to ensure future batches maintain an even higher number of operating cells within the memory.

The final stabilisation phase continued to significantly improve Weebit’s memory functionality, bringing the level of functional cells to over 99%, a key requirement when moving to production and



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in line with industry production standards. Such a low defect level can be easily treated by the memory module, making the array 100% functional.

Optimised integration, also implemented in this phase, ensured batch-to-batch repeatability with different areas of a wafer and across different wafers in the batch presenting the same behaviour (similar resistivity response to various voltage levels). This is critical before starting manufacturing in a production facility.

Coby Hanoach, CEO of Weebit Nano, commented, “The successful completion of the stabilisation process follows four years of extensive research and development by the joint Weebit and Leti engineering teams, which has created a unique and highly competitive ReRAM technology. We remain on track to initiate the transfer our technology to a production fab by the end of the 2020, with discussions already underway with potential production partners.”

Appointed Eran Briman as VP Marketing & Business Development

In September, Weebit appointed highly experienced Mr Eran Briman as Vice President Marketing & Business Development to play a key role in defining upcoming business models and structuring Weebit’s partnerships.

Mr Briman has extensive knowledge of the semiconductor industry, including the embedded Intellectual Property market and its business structures. He was previously VP Marketing and Corporate Development at NASDAQ-listed CEVA Inc, where he was responsible for defining its business strategy, relations with key semiconductor customers and enhancing market penetration into various applications, including mobile, automotive, artificial intelligence and IoT.

As VP Marketing and Business Development at imaging start-up Corephotonics, Mr Briman was instrumental in the company’s acquisition by Samsung SLSI in 2019.

“Eran’s vast industry experience within the embedded and standalone memory markets will be invaluable as we continue to engage with potential partners and customers to secure first commercial agreements. In the future, we will also leverage Eran’s knowledge of the Artificial Intelligence domain as we look to commercial our neuromorphic computing technology.”

Embedded memory module development

During the reporting period, Weebit Nano progressed the development of its embedded memory module with its French research partner Leti. Development of the embedded memory module remains the Company’s key priority, providing the fastest path to commercialisation. Critical development work is being completed to ensure the module is more competitive than existing memory technologies and can be easily adopted by many potential customers.

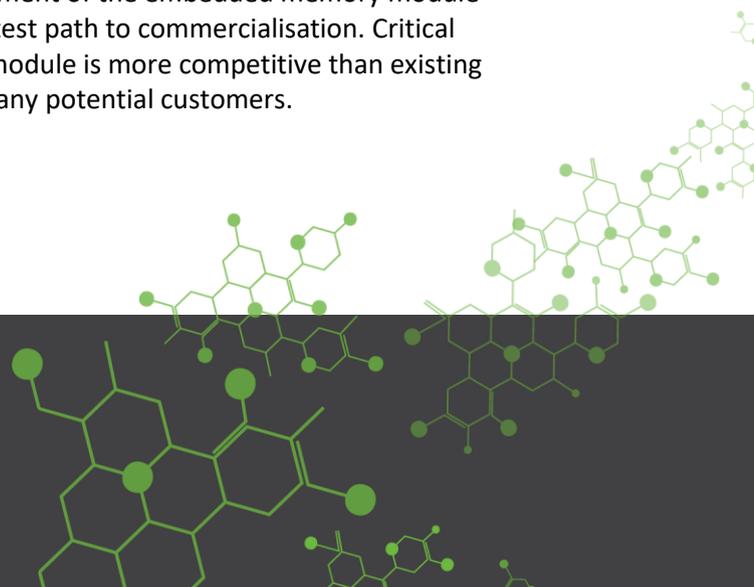


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Filed three new patents, including joint patent with Leti

Weebit continues to protect the intellectual property of its silicon oxide ReRAM technology, filing three new patents during the quarter.

In August, Weebit filed a joint patent with Leti outlining a way to implement robust multi-level storage in ReRAM to make it more cost-efficient. Multi-level is the ability to store more than one bit per cell, which increases the memory storage capacity without needing to increase the number of memory cells or the memory array size. This method can be utilised by any ReRAM technology.

Earlier in the reporting period, Weebit filed two new patents of its own defining a novel selector suitable for embedded ReRAM memory applications using standard Silicon On Insulator (SOI) low-voltage transistors. This dramatically decreases the size of the selector and enables production of smaller, lower-cost embedded memory modules.

Weebit has also initiated a process of registering all its patents in China.

Conferences

During the reporting period, Weebit jointly presented research papers on its brain-inspired artificial intelligence self-learning demo at two international industry conferences.

In September, Weebit presented at the IEEE International Conference on Artificial Intelligence Circuits and System (AICAS). Earlier in the quarter, 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 the brain-inspired AI system at the Symposia on VLSI Technology and Circuits.

Developed with research partner CEA-Leti, the self-learning demonstration uses a fully integrated Spiking Neural Network (SNN) to combine analog neurons and Weebit's silicon oxide ReRAM synapses to function like the neurons and synapses in the brain. The AI system performs unsupervised learning tasks, such as accurately recognising hand-drawn numbers.

Summary of Q1 cashflows

During the quarter, Weebit received \$2.75 million from its successful and oversubscribed Share Purchase Plan.

Other notable operating cash flow items over the quarter included staff costs and administration and corporate costs of A\$1.05 million. Payments to related parties over Q1 FY21 were A\$584,000, which included fees paid to directors over the quarter.

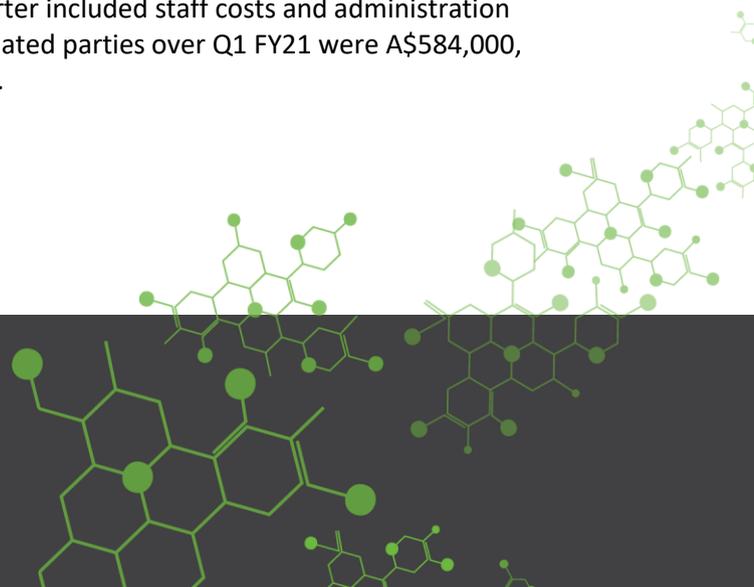


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Looking ahead

Weebit's technical progress during Q1 has ensured its silicon oxide ReRAM technology has achieved production requirements, and the company has been engaging in discussions with a production partner ahead of transferring its technology to the partner's fab.

Development of the embedded memory module remains a key priority and the development is on track.

"Weebit is moving closer to commercialisation within the embedded memory market with significant technical progress made over the quarter and ongoing discussions with potential partners and customers. In parallel, we are progressing our development within the standalone market, where our ReRAM technology can address ongoing demand for increased and more efficient memory storage.

"While we have achieved our key milestones over the quarter, prolonged travel restrictions do have the potential to disrupt our technology testing, R&D progress and commercial discussions with global partners and potential customers. As we continue towards commercialisation, it is critically important for our engineers to be on-site working alongside our development partners and potential customers, and this isn't possible in the current environment. That being said, we are doing all that we can to mitigate any delays to our development program.

"We continue to be buoyed by the level of interest in our technology coming from China, where we think there are significant market opportunities for Weebit Nano. We are continuing to work with our Chinese partners, as well as having ongoing discussions with other groups.

"I am very proud of the technical achievements our team has made, particularly in these difficult times. We are in a very exciting stage of Weebit's progression as we near production and commercial agreements, and we remain very excited about our future."

"Meet the Chair/CEO" webinar on 27 October 2020

An investor webcast will be taking place on Tuesday, 27 October 2020, at 4:00pm (AEDT), with Chairman Dadi Perlmutter and CEO Coby Hanoch providing an update to investors on the quarter and the outlook. 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_RxN4fTYESzmPpnzbuAOruw

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 SiOx 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 September 2020

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|------------------------------------|--|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | - | - |
| 1.2 Payments for | | |
| (a) research and development | (112) | (112) |
| (b) product manufacturing and operating costs | - | - |
| (c) advertising and marketing | (10) | (10) |
| (d) leased assets | (35) | (35) |
| (e) staff costs | (508) | (508) |
| (f) administration and corporate costs | (541) | (541) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 1 | 1 |
| 1.5 Interest and other costs of finance paid | (2) | (2) |
| 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 | (1,207) | (1,207) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire or for: | | |
| (a) entities | - | - |
| (b) businesses | - | - |
| (c) property, plant and equipment | (4) | (4) |
| (d) investments | - | - |
| (e) intellectual property | - | - |
| (f) other non-current assets | - | - |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 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 | (4) | (4) |

| | | | |
|-------------|---|--------------|--------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | 6,887 | 6,887 |
| 3.2 | Proceeds from issue of convertible debt securities | - | - |
| 3.3 | Proceeds from exercise of options | 1 | 1 |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | (735) | (735) |
| 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 | 6,153 | 6,153 |

| | | | |
|-----------|--|---------|---------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 4,155 | 4,155 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (1,207) | (1,207) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (4) | (4) |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|--|------------------------------------|--|
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 6,153 | 6,153 |
| 4.5 | Effect of movement in exchange rates on cash held | 8 | 8 |
| 4.6 | Cash and cash equivalents at end of period | 9,065 | 9,065 |

| 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 | 9,065 | 4,115 |
| 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) | 9,065 | 4,115 |

| 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 | 584 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | - |
| <i>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.</i> | | |

The payments at 6.1 were paid to directors or their related entities for services provided to the company in relation to their director fees, salaries and related remuneration. These payments were for a period of service up to 12 months ending 30 September 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. 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) | (1,207) |
| 8.2 Cash and cash equivalents at quarter end (item 4.6) | 9,065 |
| 8.3 Unused finance facilities available at quarter end (item 7.5) | - |
| 8.4 Total available funding (item 8.2 + item 8.3) | 9,065 |
| 8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1) | 7 |
| <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: | |
| Not applicable | |
| 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: | |
| Not applicable | |
| 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: | |
| Not applicable | |
| <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: 23 October 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.