

Q1 FY20 Activities Update

New industry partnerships; progress with South Korean potential customer; moving closer to commercialisation

Key highlights for Q1 FY20

- **Secured \$3.1 million through a combined Placement and Entitlement Offer to progress key commercial milestones**
- **Signed Letter of Intent with XTX Technology**
- **Demonstrated world's first neuromorphic demo using Spiking Neural Network (SNN) algorithms running on ReRAM with partner Leti**

29 October, 2019 – Weebit Nano Ltd (ASX: WBT) (“**Weebit**” or the “**Company**”) is pleased to provide the following operational update for the quarter ending 30 September 2019, along with its Appendix 4C cash flow results.

Weebit Nano is targeting the global semiconductor industry with its next generation silicon oxide ReRAM memory technology (SiOx ReRAM). Weebit has achieved a Mb array (June 2018) and has measured technical parameters that are at the forefront of current Non-Volatile Memories (NVM) in production. This has enabled the Company to enter discussions with potential first customers and partners as a first step towards commercialisation.

Non-volatile embedded memories are commonly used in many industries and commercial applications, including smartphones, computers, wearable technology, consumer products, security and automotive. South Korea and China are the world's largest semiconductor memory markets with the former manufacturing 57 per cent of the world's supply and the latter being the largest consumer of this technology.

Weebit has successfully transitioned over the past four years from a university laboratory technology to a leader in next generation memory technology, and is on track to commence commercial manufacturing in a production fab by the end of 2020.

Coby Hanoach, CEO of Weebit Nano, said: “We are actively working to secure first orders of our technology and are currently developing a memory module to meet the exact specifications of a potential first customer. Based in South Korea, this potential first customer is a material player in the global semiconductor industry, with its own fabrication plant.

“Weebit is targeting some of the largest semiconductor markets in the world and is working with potential partners and prospective customers within these key markets.

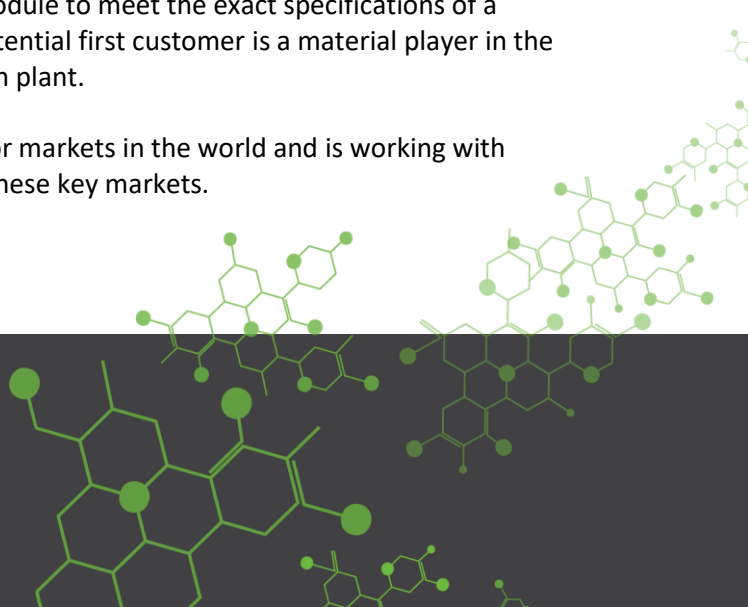


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“The demonstration of a Mb array in June last year has significantly lowered the technological barriers and the risk profile of the company. Since then, we have achieved substantial technical and commercial advancements as we near commercialisation, including industry-leading technical specifications such as data retention of over 10 years at temperatures of up to 150°C.”

Secured \$3.1 million through combined Placement and Entitlement Offer to progress key commercial milestones

During the reporting period, Weebit Nano raised \$2.5 million via a share Placement to sophisticated investors, issuing 6,410,256 new shares at \$0.39 per share. The Placement was well supported by existing and new investors and included participation from Weebit’s directors.

The company also conducted an Entitlement Offer to existing eligible shareholders at the same price as the Placement, raising a further \$636,350. Weebit is progressing discussions with several parties in relation to a variety of potential corporate transactions and strategic partnership opportunities to facilitate the company’s transition from technology to production.

Funds raised from the Placement and Entitlement Offer will be used to hire staff and purchase tools to develop and implement the memory module for the potential South Korean customer. The capital will also be used to engage with production facilities, with the aim of transferring to production by December 2020.

Memory module development with first potential customer

Weebit has progressed the development of its customised SiOx ReRAM memory module for a South Korean company, which is on track to be delivered by mid-2020. The company believes this potential first customer is the ideal partner for Weebit Nano.

Concurrent with this customisation work, Weebit will continue to progress discussions with other potential customers in other markets.

The company has added additional resources to support delivery of key customisation milestones, including the appointment of a Senior Analog Designer and domain expert.

Mr Hanoch commented, “We are very excited to be at a point where we are engaged with potential customers and partners. The memory module we are building is a critical element on the path to commercialisation, as it enables us to embed a module with Weebit’s technology on customers’ products.

“Furthermore, we are building a module that it is both flexible and configurable and can be utilised by other potential customers, so in the future we can address the customisation requirements of customers much faster.”



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Signed Letter of Intent (LOI) with XTX Technology

During the quarter, Weebit signed a Letter of Intent with Chinese memory solutions company XTX Technology to investigate the use of its SiOx ReRAM technology in XTX products.

XTX is a leading provider of flash memory chips for consumer electronics, industrial embedded systems, telecom and networking markets and supplies a variety of Flash-based Non-Volatile Memory (NVM) solutions to around 2,000 companies globally, including some of the world's leading semiconductor companies.

As China is the world's largest consumer of semiconductor technology, XTX has been examining emerging memory technologies with a view to enhancing or replacing some of its products which are based on older technologies. The two companies set up a joint team to test Weebit's ReRAM technology at XTX's facilities in Shenzhen.

Under the LOI, the two companies are also exploring potential co-operation in sales and marketing activities in China.

World's first neuromorphic demo using SNN (Spiking Neural Network) algorithms running on ReRAM

As foreshadowed in the Company's announcement on 19 July 2019, Weebit and CEA-Leti, a global leader in miniaturisation technologies, demonstrated the world's first neuromorphic demo using SNN algorithms running on a ReRAM technology at the Flash Memory Summit in Silicon Valley.

The demo combines CEA-Leti's SNN algorithms with Weebit's SiOx ReRAM technology to showcase how circuits can operate similarly to the human brain. It uses bio-inspired architecture to implement synapses in a way that mimics human biological synapse activity, unlike AI circuits that use standard processors and are implemented via software algorithms trying to simulate the synapse function.

Using neuromorphic techniques based on ReRAM technology has the potential to emulate the way the brain works, rather than simulate, and makes the computing process for artificial intelligence applications significantly more efficient.

This represents a significant long-term opportunity for the use of Weebit's ReRAM technology, given the significant growth expected in AI applications.

ReRAM memory competitive landscape

Commenting on the competitive landscape for ReRAM memory, Mr Hanoch said: "Globally, Weebit is aware of several other companies developing emerging non-volatile memory technologies. Based on our understanding, these companies have spent 10 years or more developing their technologies –



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considerably longer than Weebit – yet even the most advanced ones are only at early stages of commercialisation.

“Weebit is at a stage close to the most advanced of these companies, after just less than four years in development. Weebit accomplished a Mb array in June 2018 and has since demonstrated retention of over 10 years at up to 150°C and endurance of a million cycles. These technical parameters are at the forefront of the industry, as only one ReRAM company has announced such high temperatures. Currently Weebit is engaged with potential customers and is in the process of moving its technology to a production fab.

“Despite Weebit’s progress, our valuation has significantly decreased over the past 14 months. Our current market cap is 3 to 5 times lower than our key competitors, even one which is yet to achieve a working array or report any retention results. We believe achieving a Mb array with good retention results are key milestones in de-risking the technology. In fact, our view is that achieving a Mb array is the most important milestone in proving the viability of the technology. The ability to achieve this is a major step in the commercialisation phase and for discussions with potential customers. We do not believe our valuation by the market reflects the technical or business progress and potential of the Company.

“While Weebit is currently working on 200mm wafers, and some competitors are working on 300mm wafers, it should be noted that our 200mm wafers have been developed using 300mm equipment, so moving to 300mm wafers is mostly a matter of money and focus, with manageable technical risk. The potential partners/customers we are dealing with now do not require 300mm wafers, so, we have lowered the priority of this work and are focusing our resources on what really counts – getting to revenues as fast as we can.

“In addition to the significant technological progress, we believe that the quality of Weebit’s Board of Directors is another key advantage. Chaired by former Intel Chief Product Officer David Perlmutter, Weebit’s Board also includes Dr Yoav Nissan-Cohen, founder of Tower Semiconductor, and Atiq Raza, who was the former Chairman and CEO of NextGen and the former President of AMD.

“When we look at where Weebit is at, and what we have been able to achieve in a short period of time, we feel we stack up extremely well compared to other ReRAM companies across all facets – technical progress, commercialisation progress, and board and management,” concluded Mr Hanoch.

Looking ahead

Developing the memory module to meet the unique specifications of a first potential semiconductor customer in South Korea remains a key focus for Weebit. While this development work is underway, the company is also progressing advanced discussions with other potential technical partners, production fabs and customers.

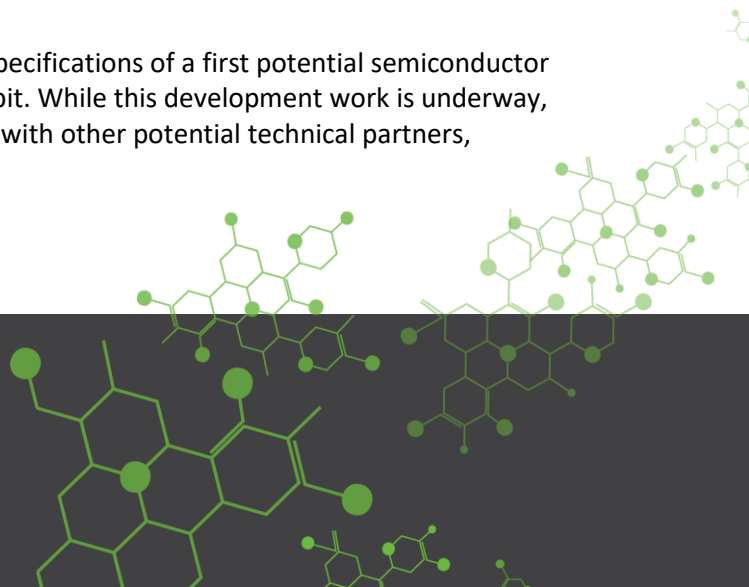


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Weebit continues to work on improving the technical parameters of its SiOx ReRAM technology and remains on track to transfer its technology to a production fab by December 2020.

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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/>

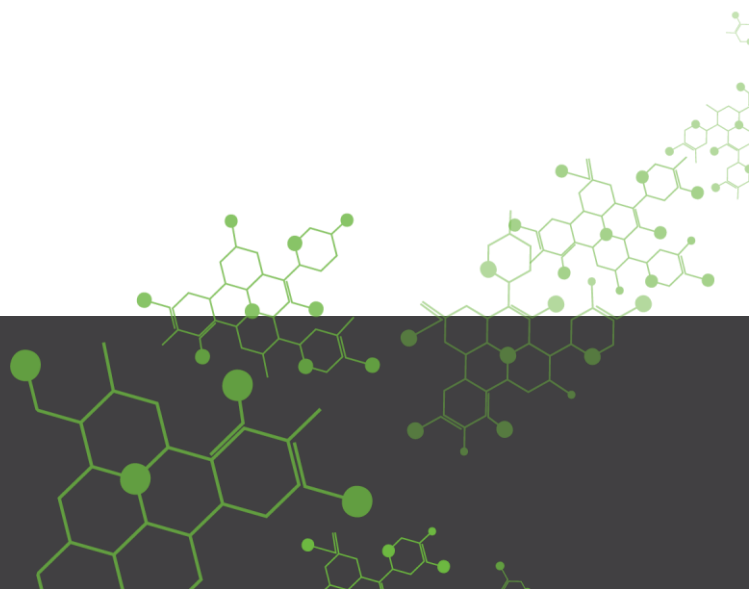


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+Rule 4.7B

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Weebit Nano Limited (ASX:WBT)

ABN

15 146 455 576

Quarter ended ("current quarter")

30 September 2019

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	(101)	(101)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(27)	(27)
(d) leased assets	(40)	(40)
(e) staff costs	(325)	(325)
(f) administration and corporate costs	(394)	(394)
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: Former activities (Exploration)	-	-
1.9 Net cash from / (used in) operating activities	(888)	(888)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment		-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) 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 shares	3,024	3,024
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(281)	(281)
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	2,743	2,743

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,671	1,671
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(888)	(888)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	2,743	2,743
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	11	11
4.6	Cash and cash equivalents at end of quarter	3537	3,537

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	3,537	1,671
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)	3,537	1,671

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	203
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development*	522
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	56
9.4 Leased assets	43
9.5 Staff costs	317
9.6 Administration and corporate costs	301
9.7 Other	
9.8 Total estimated cash outflows	1,239

* The company received the R&D tax credit from the French Government during the month of October totaling \$1.5M. This amount was offset from the expected R&D costs for the next quarter. Therefore, the above R & D costs are on a net basis.

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

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.



29 October 2019

Sign here:
(Director/Company secretary)

Date:

Tamara Barr

Print name:

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.