

Q3 FY20 Activities Update

Development program to fast-track entry into standalone memory market; new strategic partnerships; new simulation model for Weebit's technology available

Key highlights for Q3 FY20

- **New development program with Leti to address standalone memory market**
- **Signed Letter of Intent with Chinese semiconductor company SiEn**
- **New ReRAM simulation model available via Silvaco partnership**
- **Received ISSCC 2020 Technology Innovation Award**
- **After quarter-end, received €867k (approx. A\$1.45 million) in relation to the French Government's R&D incentive**

29 April, 2020 – Weebit Nano Ltd (**ASX: WBT, Weebit or Company**) is pleased to provide the following operational update for the quarter ending 31 March 2020 (**Q3 FY20**), along with its Appendix 4C cash flow report.

During the quarter, Weebit Nano further progressed its commercialisation activities, which included initiating a new development program with Leti for the standalone memory market, signing a Letter of Intent for a partnership with Chinese semiconductor company SiEn (QingDao) Integrated Circuits Co., Ltd. ("SiEn") focusing on the embedded memory market, and the release of a new ReRAM Silvaco simulation model.

New development program with Leti to address the standalone memory market

In February, Weebit Nano commenced a new development program with its French research partner, Leti, to accelerate its entry into the standalone (or discrete) memory chip market. This three-stage program broadens Weebit's development scope with Leti beyond the embedded non-volatile memory market and follows the successful external verification of its silicon oxide ReRAM technology by XTX Technology last quarter.

As standalone memory chips have larger memory arrays, they require a smaller more sophisticated 'selector' to isolate memory cells. This enables writing only to the specific cells needed, without impacting other cells. Leti has been developing a selector for this market for several years and will enable Weebit to significantly fast-track its development of a standalone memory chip.

Coby Hanoch, CEO of Weebit Nano, said, "While we are focused on delivering the memory module to the embedded market, we had a unique opportunity to leapfrog our standalone memory development, enabling us to address this market sooner than we planned. This segment provides significant long-term growth opportunities for the Company.



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“The ‘selector’ in standalone memory chips is technically much more challenging than the one used in embedded modules and is a critical element for this market. Our increased partnership with Leti will save us years of development time and significant costs, allowing us to reach productisation within the standalone market significantly faster than anticipated.

“There is strong interest in our ReRAM technology from potential customers and partners, including XTX Technology, who recently validated our technology. They are looking to integrate next generation memory technology into their products, and we are now working with them to identify the next stages of development.”

Weebit initially aimed to demonstrate the ReRAM cell for the standalone memory market by mid-2021. This is now being extended by three months due to the temporary shutdown of Leti as part of COVID-19 containment measures in France. The next two stages over 12 months will lead to a demonstration of Weebit’s ReRAM cell working with the selector. Weebit will be working with Leti to find ways to make up for some of the delay.

Letter of Intent with SiEn for the embedded market

Weebit signed a Letter of Intent with Chinese semiconductor company SiEn (QingDao) Integrated Circuits Co. (SiEn) to investigate the use of Weebit’s ReRAM technology in products manufactured by SiEn.

SiEn is a second key player interested in Weebit’s technology for the embedded market, alongside the potential South Korean customer.

Based on a Communal Integrated Device Manufacturer (CIDM) model, SiEn aggregates companies with similar target markets, technologies, production lines and customers to share common manufacturing technology production goals.

SiEn will finish constructing two fabs of 200mm and 300mm wafers this year, bringing together design and fabrication processes. Weebit’s ReRAM technology would add significant non-volatile memory (NVM) capability to SiEn’s products.

The SiEn production line is based on technology similar to Leti’s. This will simplify the transfer of Weebit’s technology and is expected to reduce the time required to bring products to market. Weebit believes that this will enable it to progress to production even faster than with the Korean partner.

SiEn was established by industry luminary Dr Richard Chang, known as the ‘father of the Chinese semiconductor, and founder of China-based Semiconductor Manufacturing International Corporation (SMIC) as well as Taiwan’s Worldwide Semiconductor Manufacturing Corp (WSMC, acquired by TSMC).

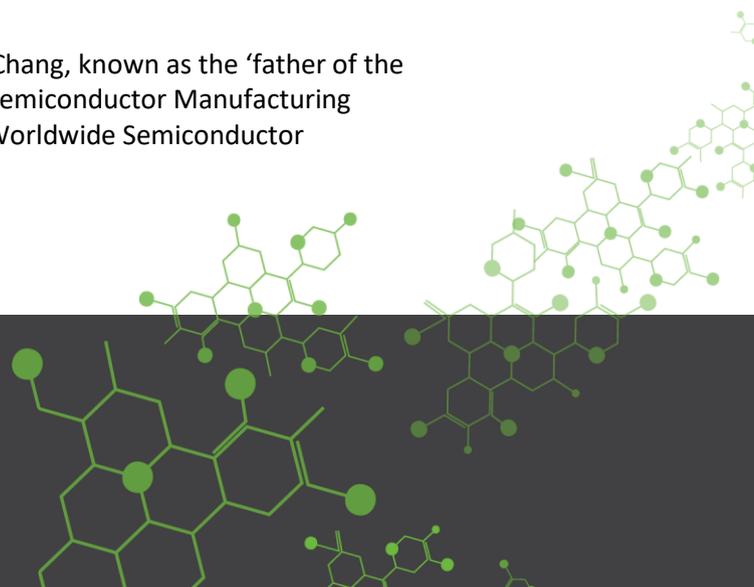


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The collaboration agreements in place with SiEn and XTX Technology reflect the high level of interest Weebit's technology is receiving from Chinese companies, further enhanced by China's strong desire to grow its semiconductor industry.

Resources for development of the embedded memory module were temporarily reallocated while the Company dedicated resources to external validation activities with XTX technology for the standalone market (previously announced in Q4 2019). However, development of the memory module remains a key priority for Weebit with a first commercial or strategic agreement likely before the end of the calendar year, despite delays brought about by COVID-19 forced shutdowns.

New ReRAM simulator model available via Silvaco partnership

Weebit improved the ability for its ReRAM modules to be incorporated into advanced semiconductor designs for the standalone and embedded memory chip markets, with the release of Silvaco's advanced Technology Computer-Aided Design (TCAD) solution, Victory Device. This new simulation model analyses the electrical, optical, chemical, and thermal behaviour of Weebit's silicon oxide ReRAM devices.

Victory Device's physics-based simulations dramatically speed up and simplify the transfer of Weebit's technology to production fabs through the elimination of expensive and time-consuming experimental wafers.

In addition, it enables Original Equipment Manufacturers (OEM) to more efficiently embed ReRAM technology in their designs, leading to shorter product development schedules and reduced technology testing stages.

"The newly developed TCAD model with Silvaco enables potential customers to fast-track the development and release of their next-generation products, and fab partners to adapt Weebit's technology, without expensive and time-consuming development and testing runs in fabrication."

ISSCC 2020 Technology Innovation Award for neuromorphic demo

In February Weebit received the ISSCC Technology Innovation Award for its brain-inspired SPIRIT neuromorphic demo which was showcased at the International Solid-State Circuit Conference (ISSCC) 2020 in San Francisco.

Developed in cooperation with CEA-Leti, the SPIRIT neuromorphic demo uses Weebit's silicon oxide ReRAM technology to run inference tasks using CEA-Leti's Spiking Neural Network (SNN) algorithms, implementing synapses in a way that mimics human biological synapse activity. ReRAM significantly improves the energy efficiency of the Ai computing process.

Weebit presented the demo as part of the event's Industry Showcase, alongside other selected companies such as Intel, Samsung, IBM, AMD, Alibaba and Texas Instruments.

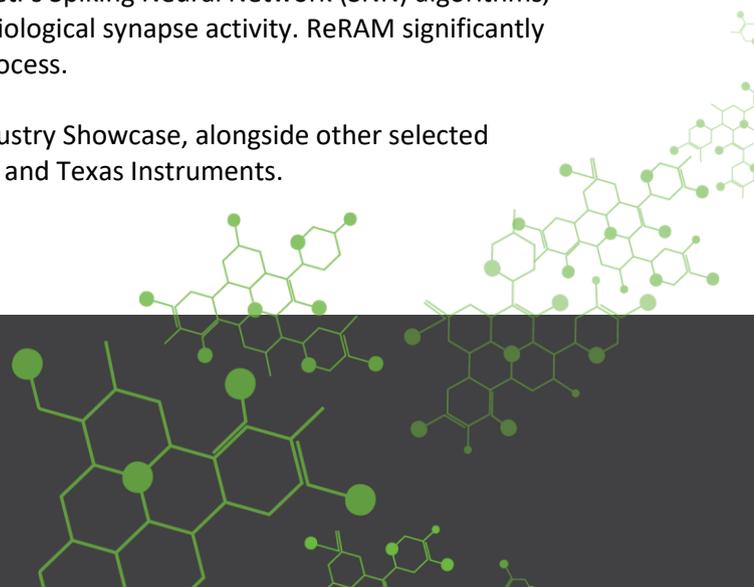


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€867k received for French R&D incentive

€867,974 cash in relation to the French Government's R&D incentive, was received after quarter end for R&D work carried out in France during 2019. This equates to approx. A\$1.45 million¹.

Looking ahead

Despite challenging operating conditions globally, Weebit remains focused on productisation and is continuing to push for a first commercial or strategic agreement before the end of 2020.

As a result of the French Government's country-wide shut down due to coronavirus, Weebit's development work with its research partner Leti in France has temporarily paused. At this point it seems like the total down time will be around 3 months, resulting in a 3-month delay in Weebit's development schedule. Weebit will update the market once it is clear what the final impact is, and is looking for ways to minimise this impact.

Development work in China slowed dramatically in the quarter, delaying some of the activities with Weebit's Chinese partners, however China is now returning to normal and Weebit is now making good development progress with both XTX Technology for the standalone market and SiEn for the embedded market.

To mitigate the impacts of COVID-19, Weebit has implemented measures to reduce operating expenses, including Directors not drawing salaries, a travel-freeze and employee salary cuts.

"We continue to engage and advance discussions with potential customers and partners in both the embedded and standalone memory chip markets. Whilst progress in the semiconductor space can be slow by most people's standards, Weebit is making great progress on both the technical and commercial sides. The memory module and the selector projects are two critical development pieces we are excitedly working towards on the technical side, and on the commercial side we are in intensive discussions with both SiEn and XTX.

"While COVID-19 has presented a challenge for us in the short term, including delays to development work, we are working on mitigating the impact of shutdowns as much as possible and are progressing as best we can. We remain confident in the progress we are achieving, and in Weebit's ability to address the growing demand for new memory technologies."

This announcement has been authorised for release by the Board.

¹ Based on FX rate of 1 EUR = 1.69365 AUD



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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")

31 March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	154	(670)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(16)	(83)
(d) leased assets	(40)	(118)
(e) staff costs	(336)	(1,011)
(f) administration and corporate costs	(288)	(966)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	2
1.5 Interest and other costs of finance paid	(5)	(8)
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	(531)	(2,854)

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)	-	3,185
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	(13)	(471)
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	(13)	2,714

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	2,071	1,671
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(531)	(2,854)
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)	(13)	2,714
4.5	Effect of movement in exchange rates on cash held	93	89
4.6	Cash and cash equivalents at end of period	1,620	1,620

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	1,620	2,071
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)	1,620	2,071

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	125
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 item 6.1 relate to directors' fees paid to the directors, based in Israel, for the quarter ended 31 March 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)	(531)
8.2 Cash and cash equivalents at quarter-end (Item 4.6)	1,620
8.3 Unused finance facilities available at quarter-end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	1,620
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	3

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 at the 27th of April 2020 the company received a GST refund from the French Government of \$1,450,000. This refund will be reflected in the June 2020 quarter 4c report. These funds provide significant additional funding and cash resources to those detailed in sections 8.1 to 8.5.

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: 29 April 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.