

Weebit Nano Ltd

Funding accelerates commercialisation push

Weebit Nano Ltd (ASX:WBT) is developer of semiconductor memory technology established in Israel in 2015 and listed on the ASX in 2016 via a reverse takeover. WBT is focused on developing non-volatile memory (NVM) using a Resistive RAM (ReRAM) technology. The company's ReRAM allows semi-conductor memory to be significantly faster, more reliable and more energy-efficient than flash memory solutions – the current non-volatile standard. Its ReRAM technology offers higher performance and lower-power memory solutions applicable to a range of electronic products. Weebit has been developing ReRAM NVM with research partners and has now demonstrated in production that the technology is scalable, achieving larger memory arrays at smaller resolutions from 40 nanometres initially to a recent demonstration at 28nm. The major research partner – CEA-Leti (the major research arm of the French Alternative Energies and Atomic Energy Commission – CEA) – has broadened the technology licence to WBT allowing further improvements to ReRAM products. The company raised \$35.6m in November 2021 to accelerate the move to commercialisation with an agreement signed with Minnesota-based chipmaker SkyWater and the first prototype design expected to be completed by June 2022. Weebit aims to provide functional test results for an embedded ReRAM module and sign licensing agreements with customers by the end of 2022.

Business model

Weebit Nano has focused on non-volatile memory research and development with the help of research partners. The company has successfully developed the ReRAM technology to a commercially viable level confirmed by the first production of ReRAM wafers in Q2 FY22. The company plans to continue commercialisation this calendar year with additional sales and marketing staff hired and customer agreements signed by year end.

Q2 FY22 confirms milestones reached and targeted

During Q2 FY22 WBT received the \$35.6m proceeds of the placement and entitlement offer, an additional \$7.2m from options exercised and a further \$7.6m after quarter end. The company filed for five new patents and progressed the technology transfer to SkyWater to enable commercial production of ReRAM memory modules. Post-quarter end the company held \$55.2m in cash, sufficient to fund operations for more than four quarters.

Development potential now to be confirmed

The Australian semi-conductor sector is very small so comparable companies are few. The most obvious mature international example is the UK firm ARM which parent Softbank Group has announced it plans to IPO by the end of March 2023. Domestically, similar companies focused on semi-conductor R&D include Brainchip Holdings (ASX:BRN) and 4DS Memory (ASX:4DS), both of which are also in the early stages of commercialisation and still loss-making. Valuation is highly dependent on reaching commercialisation milestones towards the end of 2022.

Historical earnings and ratios (In A\$m unless otherwise stated)

Year end	Revenue	EBITDA Adj.*	NPAT Adj.	NPAT Rep.	EPS Adj. (c)	EPS Rep. (c)
06/18a	0.00	(4.43)	(4.30)	(4.30)	(0.08)	(0.08)
06/19a	0.00	(7.05)	(6.69)	(6.69)	(0.11)	(0.11)
06/20a	0.00	(7.08)	(4.02)	(4.02)	(0.06)	(0.06)
06/21a	0.00	(13.13)	(11.26)	(11.26)	(0.10)	(0.10)

Source: Company data; *EBITDA, NPAT and EPS adjusted for one-time, non-cash items

Technology Hardware and Equipment

11th March 2022

Share Details

ASX code	WBT
Share price	\$2.77
Market capitalisation	\$476.4M
Shares on issue	172M
Net cash at 31-Dec-2021	\$47.7M
Free float	88%

Share Performance (12 months)



Upside Case

- Successful production of wafers by SkyWater
- Customer licences signed
- Demonstration of integrated memory modules

Downside Case

- Delays in fabrication
- Supply chain issues
- Other technologies overtake

Catalysts

- First US production
- Customer licence signed

Comparable Companies (Aust/NZ)

Brainchip (ASX:BRN), 4DS Memory (ASX:4DS)

Board and Management

David Perlmutter	Non-Executive Chair
Coby Hanoch	Chief Executive Officer
Ashley Krongold	Non-Executive Director
Fred Bart	Non-Executive Director
Dr Yoav Nissan-Cohen	Executive Director
Atiq Raza	Non-Executive Director

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FINANCIAL SERVICES GUIDE

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