

04 August 2025

Weebit signs first product customer

NEED TO KNOW

- Weebit has announced that it signed its first licence agreement with a product company.
- Other commentary in the 4Q FY25 included progress on Qualification process with DB HiTek and onsemi.
- With \$88m cash at bank at period end, THE most important validation of its technology and share price catalysts remain the signing of new licence agreements.

Weebit has guided to signing licence agreements with 3 chip manufacturers and 3 product companies prior to end of CY25. One of each are now signed (onsemi was signed at the end of last year), and management remain confident of meeting that guidance this year noting progress "with more than a dozen" entities.

The Qualification process with DB HiTek remains on track to meet the target completion date - end CY25. Good progress is being realised with onsemi with technical milestones being realised.

Cash receipts of \$1.4m fit with our forecasts noting variability between cash and revenue. \$88m cash in the bank means there is little near- or medium-term capital risk, leaving the near term focus on additional licence agreements.

Investment Thesis

Leadership position in AI hardware at the edge: Weebit is the leading independent proponent for the #1 next-generation memory solution called ReRAM, which is crucial in solving the constraints of current memory technology (Flash) in Edge network devices.

Significant near-term catalysts: Weebit is on the verge of achieving Qualification with DB HiTek, has now signed with onsemi, and we expect additional licence agreements with major chip manufacturers and product companies. This will serve to validate the technology in the market, and crystallise the pathway to sustainable long-term royalties.

Highly credentialed board and management: Chair was previously #2 at Intel Corporation and critical to the development of the Pentium chip. Experience of the other directors includes President and COO of AMD, Inc., founder of Tower Semiconductor Ltd, and broad C-suite experience in tech start-ups and exits. Weebit has important strategic relationships with firms such as French-based CEA-Leti.

Valuation and Risks

Forecasts and valuation of \$8.07 per share remain unchanged. Key risks are discussed on page 4 and include successful Qualification of its technology with existing licensees, attracting additional chip manufacturers and product companies to become licensees, and successful manufacturing of chips with Weebit's embedded technology.

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Weebit Nano is a developer of advanced semiconductor memory technology. The company's Resistive RAM (ReRAM) addresses the growing need for 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. www.weebit-nano.com

Valuation	A\$8.07 (unchanged)
Current price	A\$2.28
Market cap	A\$473m
Cash on hand	A\$88m

Additional Resources

Corporate videos - [We've got what it takes](#)

- [Meet the CEO](#)

Background - [Blog](#)

Upcoming Catalysts / Next News

Period

late-2025 - Qualification with DB HiTek

before 31 Dec 25 - 4 Licensing agreements

August 2025 - FY25 result

Share Price (A\$)



Source: FactSet, MST Access

Figure 1: Financial Summary - Weebit Nano Limited

Year end 30 June		FY23A	FY24A	FY25E	FY26E	FY27E	Stock information						
Core PE	x	n/m	n/m	n/m	n/m	n/m	Share Price (A\$)						AS2.28
EV/EBIT	x	n/m	n/m	n/m	n/m	n/m	Market capitalisation (A\$m)						473
EV/EBITDA	x	n/m	n/m	n/m	n/m	n/m	Valuation (A\$)						\$8.07
EV / Rev	x	n/m	n/m	98.8x	40.9x	12.9x	Shares on issue (Basic) (m)						207.3
FCF Yield	%	0.0%	0.0%	0.0%	0.0%	0.0%	Shares on issue (diluted) (m)						236.2

Profit & Loss Statement	A\$m	FY23A	FY24A	FY25E	FY26E	FY27E	1H23A 2H23A 1H24A 2H24A 1H25A 2H25E							
Revenue & Other Income		-	1.0	3.9	9.5	29.9	-	-	0.2	0.9	0.7	3.2		
Change pcp	%		n/m	284.3%	141.6%	216.1%			n/m	n/m	341%	274%		
R&D		(27.8)	(21.7)	(21.2)	(24.4)	(24.4)	(19.3)	(8.6)	(14.0)	(7.7)	(9.1)	(12.2)		
Grants		5.7	1.6	2.0	3.0	3.0	5.7	-	-	1.6	-	2.0		
Share-based payments		(4.6)	(8.2)	(8.0)	(8.0)	(8.0)	(2.3)	(2.3)	(4.1)	(4.1)	(4.0)	(4.0)		
Net R&D		(26.7)	(28.3)	(27.2)	(29.4)	(29.4)	(15.9)	(10.8)	(18.1)	(10.2)	(13.1)	(14.2)		
Other overheads		(13.3)	(17.7)	(23.7)	(23.2)	(23.8)	(6.5)	(6.8)	(8.8)	(8.9)	(12.3)	(11.4)		
EBITDA		(40.0)	(45.0)	(47.0)	(43.1)	(23.2)	(22.4)	(17.6)	(26.7)	(18.2)	(24.7)	(22.3)		
margin	%	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m		
Depreciation & Amortisation		(0.3)	(0.4)	(0.5)	(0.8)	(0.8)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.3)		
EBIT		(40.3)	(45.3)	(47.5)	(43.9)	(24.0)	(22.5)	(17.8)	(26.9)	(18.4)	(24.9)	(22.6)		
Net interest		1.3	4.1	4.2	3.7	3.1	0.3	1.0	1.7	2.4	2.0	2.2		
Pre-tax Profit		(39.0)	(41.2)	(43.3)	(40.2)	(21.0)	(22.3)	(16.8)	(25.2)	(16.0)	(22.9)	(20.4)		
Tax		-	-	-	-	-	-	-	-	-	-	-		
NPAT (underlying)		(39.0)	(41.2)	(43.3)	(40.2)	(21.0)	(22.3)	(16.8)	(25.2)	(16.0)	(22.9)	(20.4)		
Significant items		-	-	-	-	-	-	-	-	-	-	-		
NPAT (Reported)		(39.0)	(41.2)	(43.6)	(40.2)	(21.0)	(22.3)	(16.8)	(25.2)	(16.0)	(23.2)	(20.4)		

Per Share Data		FY23A	FY24A	FY25E	FY26E	FY27E	Performance ratios							
Shares on issue (basic)	m	187.5	188.9	207.3	207.3	207.3	ROE	n/m	n/m	n/m	n/m	n/m		
Underlying EPS	cps	(22.2)	(21.9)	(20.9)	(19.4)	(10.1)	ROA	n/m	n/m	n/m	n/m	n/m		
growth pcp	%	n/m	n/m	n/m	n/m	n/m	Net Debt / EBITDA	n/m	n/m	n/m	n/m	n/m		
Reported EPS	cps	(22.2)	(21.9)	(20.9)	(19.4)	(10.1)	Fixed Charge Cover	n/m	n/m	n/m	n/m	n/m		
growth pcp	%	n/m	n/m	n/m	n/m	n/m	Price to Book	5.0x	7.0x	5.5x	6.8x	7.2x		
DPS (declared)	cps	-	-	-	-	-	Net debt /(cash)	(88.0)	(62.9)	(86.7)	(69.6)	(65.4)		
Payout	%	0%	0%	0%	0%	0%								

Balance sheet	A\$m	FY23A	FY24A	FY25E	FY26E	FY27E	Customers and targets							
Cash		88.0	62.9	86.7	69.6	65.4	Customer	Type *	Date signed	Status				
Receivables		1.0	1.6	2.0	2.0	2.0	DB HiTek	foundry	19-Oct-23	qualifying				
PPE		0.3	1.2	1.7	2.0	2.2	onsemi	IDM	31-Dec-24	qualifying				
Right-of-Use		0.3	0.4	0.4	0.4	0.4	Dec 2025 targets (excluding signed to date)							
Other Assets		-	-	0.0	0.0	0.0	signing new foundries or IDMs					2		
Total Assets		89.5	66.0	90.9	74.0	70.0	signing new product companies					2		
Payables		4.4	3.7	4.0	4.0	4.0	Achieving Qualification at DB HiTek							
Borrowings		-	-	-	-	-	#							
Lease Liabilities		0.3	0.4	0.4	0.4	0.4	foundry - manufactures chips for third parties							
Provisions / other		-	-	-	-	-	IDM - integrated device manufacturer: chips and devices							
Total Liabilities		4.7	4.1	4.4	4.4	4.4								
Shareholders' Funds		84.8	61.9	86.5	69.6	65.6								
Net Debt (incl. Lease Liab)		(87.7)	(62.4)	(86.3)	(69.2)	(65.0)								

Cashflow statement	A\$m	FY23A	FY24A	FY25E	FY26E	FY27E	Share price and volume					
EBITDA		(40.0)	(45.0)	(47.0)	(43.1)	(23.2)						
Net interest and tax		1.4	3.1	3.3	3.7	3.1						
Working capital movements		7.8	(1.3)	(0.1)	-	-						
Other		10.3	18.5	20.9	23.2	17.0						
Operating CF		(20.5)	(24.7)	(23.0)	(16.1)	(3.2)						
Capital expenditure		(0.0)	(1.0)	(1.0)	(1.0)	(1.0)						
Investments & Other		(0.0)	0.0	0.0	-	-						
Investing CF		(0.1)	(1.0)	(1.0)	(1.0)	(1.0)						
Borrowings / Funding		-	-	(0.2)	-	-						
Equity		57.7	0.5	47.7	-	-						
Dividend		-	-	-	-	-						
Financing CF		57.7	0.5	47.5	-	-						
Net change in cash		37.1	(25.3)	23.5	(17.1)	(4.2)						

Source: Company, MST Access

First product customer

Weebit has signed its first licence agreement with a product company - a US based company that plans to include Weebit's ReRAM technology into chips used in security applications.

Product companies have their chips produced by a chip manufacturer[#]. An example of this would be that Apple, as the product company, will have its chips manufactured by TSMC - the chip manufacturer.

We expect that the product company that has signed a licence agreement with Weebit is a customer of DB HiTek, given that DB HiTek is further along the qualification process and onsemi's first associated products are likely to be internal given it is an IDM[#]. Weebit management would not confirm that this is the case, and it remains possible that the product company uses a chip manufacturer that is yet to sign a licence agreement with Weebit. Either way, It is encouraging that a product company is working to incorporate Weebit's ReRAM into its chips, notwithstanding that the chip manufacturer (be it DB HiTek or another chip manufacturer) is yet to complete the Qualification process.

We have previously flagged that DB HiTek has been demonstrating its chips with Weebit's embedded ReRAM at trade shows (refer [here](#)). That a product company is prepared to invest in embedding the ReRAM into its chips prior to the completion of a chip manufacturers Qualification process, further adds to the validation of Weebit's technology, and likelihood that the Qualification process with DB HiTek will be successful.

To date, Weebit's only revenue has come from signing licence agreements with chip manufacturers such as DB HiTek and onsemi. We expect that licence fees from product companies will be significantly less than for chip manufacturers which we estimate are more than \$2m per licence. The company is targeting the signing of 3 licence agreements from chip manufacturers (one of which is onsemi) and 3 from product companies (one that has now been announced). Weebit expressed confidence that the remaining 2 licence agreements from each category will be signed prior to the end of CY25.

[#] the term chip manufacturers refers to both foundries which manufacture chips for product companies (such as DB HiTek and TSMC); and integrated device manufacturers (IDMs) that manufacture chips predominantly for their own products (such as onsemi).

Cash flow report

Cash receipts

Weebit reported \$1.4m of customer receipts which are most likely to be licence fee payments and non-recurring engineering fees (NRE) from DB HiTek and onsemi.

2H FY25 cash receipts total \$4.3m compared with our revenue estimate for the same period of \$3.2m. There are no insights to be drawn from this difference. As we have seen in previous periods, cash receipts will exceed revenue in some periods, and vice-versa in other periods. This is due to revenue recognition not matching licence payment schedules which are typically upfront fees and milestone payments.

Refer [here](#) to the discussion around the validation that cash receipts provide, particularly in respect of up-front licence fee payments.

Operating cash flow and cash at bank

Net cash used in operating activities was \$5.6m for the quarter is broadly consistent with the \$22.4m used in the full year. We note that payments to its R&D partner, CEA-Leti, fluctuate significantly from quarter to quarter.

Weebit finished the period with \$88m cash at the bank, and therefore there is little concern about funding its business plan.

Forecasts, valuation, catalysts and risks

Our forecasts and valuation remain unchanged.

Refer [here](#) for details of our DCF valuation.

Catalysts

With significant revenue and earnings still a number of years away, we identify the following events that prove up the business model and are likely to be share price catalysts.

- Progress towards Qualification with DB HiTek and onsemi
- Establishing licence agreements with chip manufacturers (foundries and IDMs) especially global leaders
- Foundries and IDM's producing wafer's with Weebit's ReRAM even if they are not licensees – similar to the path taken by Global Foundries
- Licence agreements with product companies
- Progress towards Weebit's ReRAM being used in discrete memory applications
- Progress towards ReRAM being the memory technology of choice for neuromorphic computing

Risks & sensitivities

The remaining risks are typical of the risks that face a global company operating in a high growth environment.

The industry in which the Company is involved is subject to global competition with a variety of companies are working to develop alternative data storage solutions, including the development of technologies that are based on the concept of ReRAM.

Even if the commercialisation of ReRAM proves successful, there remains a risk of not achieving an acceptable commercial return, especially if newer technologies overtake the Company's innovations.

The key risks to the success of Weebit and our valuation are based around the ability of the Company to continue the development of its ReRAM technology and to successfully commercialise it with foundries and IDM's licencing the technology and ultimately using it to produce chips for their customers.

- Currency exchange rate risk: the Company anticipates generating the majority of its revenue in US dollars. Costs are denominated mainly in ILS, USD, EURO and AUD.
- Capital risk: There are both market and company specific risks around Weebit's ability to raise capital if it is required, albeit this is unlikely in the near term.
- Key personnel: success is reliant on the Company being able to attract and retain qualified and capable staff.
- Cybersecurity and data protection: As its memory technology is applied to electronic products, Weebit Nano collects a substantial amount of confidential data. Human or system errors exposing this data could breach these confidentiality requirements and could expose Weebit to loss of IP and penalties from third parties.
- Regulatory and compliance: these risks cover: bribery and corruption regulations; privacy, taxation legislation; and accounting standards.

The situation in Israel presents a specific risk although that risk is subsiding. Weebit Nano's operations in Israel remain unaffected by military activities. The Company's lab is operating in a secure facility inclusive of a bomb shelter, uninterruptible power supply, and constant software and data backup to the server. All employees have a home office setup in which they can work remotely if needed, with access to a nearby bomb shelters in case of emergencies. In the event that conditions in Israel escalate to the point of operational challenges, Weebit Nano is strategically prepared to relocate to France and sustain its operations. However, any escalation of military activities and attacks in Israel could adversely affect the Company's Israel operations and could negatively impact its financial performance.

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Andrew Johnston received assistance from the subject company or companies in preparing this research report. The company provided them with communication with senior management and information on the company and industry. As part of due diligence, they have independently and critically reviewed the assistance and information provided by the company to form the opinions expressed in this report. They have taken care to maintain honest and fair objectivity in writing this report and making the recommendation. Where MST Financial Services or its affiliates has been commissioned to prepare content and receives fees for its preparation, please note that NO part of the fee, compensation or employee remuneration paid has, or will, directly or indirectly impact the content provided in this report.

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The companies and securities mentioned in this report, include:

Weebit Nano (WBT.AX) | Price A\$2.28 | Valuation A\$8.07;

Price and valuation as at 04 August 2025 (not covered)*

Additional disclosures

This report has been prepared and issued by the named analyst of MST Access in consideration of a fee payable by: Weebit Nano (WBT.AX)

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