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# WEEBIT NANO LTD (ASX: WBT)

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Equity Analysis (06 December 2022)



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## Introduction

### Weebit Nano Ltd:

Weebit Nano Ltd (ASX: WBT) is an Australia-based company that develops semiconductor memory technology. The company is focused on developing non-volatile memory (NVM) using a Resistive RAM (ReRAM) technology based on Silicon Oxide (SiOx).

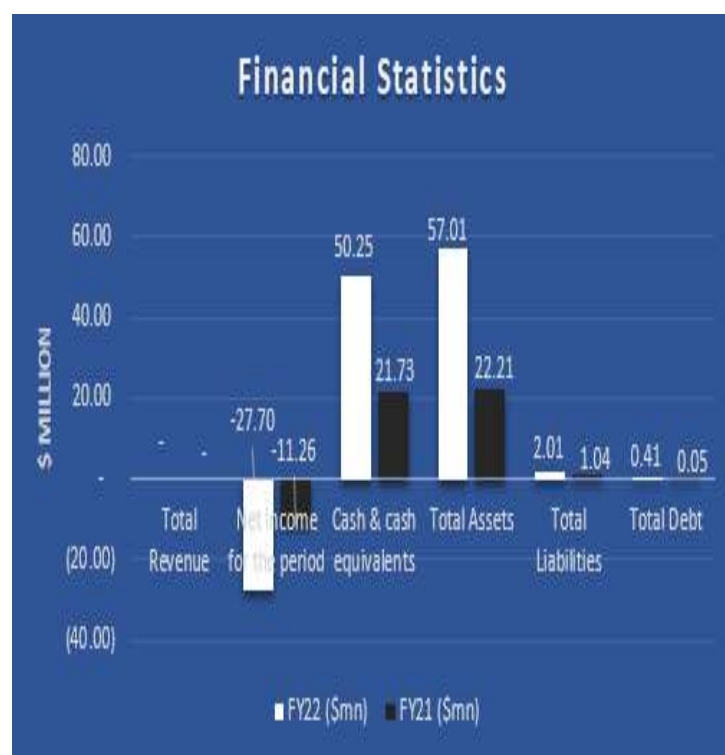
Recommendation	Speculative Buy	
Risk Profile	High	
Current Market Price (\$)	3.520	
52-Week Low-High (\$)	1.915-4.010	
Market Capitalization (\$Mn)	570.39	
Outstanding Shares (Mn)	172.30	
PE (TTM)	-	
EPS (\$) (TTM)	-0.201	
Dividend Yield/Frinking	-	
Ex-Date/Pay-Date	-	
Enterprise Value (EV)/Sales (LTM)/(FY-1)	-	-
EV/EBITDA (LTM)/(FY-1)	-	-
Price/Book Value (LTM)/(FY-1)	11.03	9.59

### Shareholder Pattern (Mn)

Top 3	Current	30 Sep'22	30 Jun'22
Arvada Pty. Ltd.	3.77	3.77	1.85
Ketom Pty. Ltd.	2.37	2.37	-
Perlmutter (David)	2.07	2.07	2.07

## Operating Performance

In FY22 (period ended 30 June 2022), the company's net loss was \$27.70 million against \$11.26 million in FY21. At the end of FY22, the company had cash & cash equivalents of \$50.25 million compared with \$21.73 million at the end of FY21. The company had \$0.41 million in total debt at the end of FY22 compared to \$0.05 million at the end of FY21.



Source: Refinitiv, Chart Prepared by Kapitales Research

Ratio Analysis	Industry	2022	2021	2020	2019	2018
	Median					
ROE	-	-72.7%	-91.9%	-162.6%	-262.6%	-177.5%
Reinvestment Rate	-	-72.7%	-91.9%	-162.6%	-262.6%	-177.5%
Current Ratio	-	33.81	21.52	3.78	5.12	7.65
Assets/Equity	-	1.04	1.05	1.35	1.23	1.15
Debt/Equity	-	0.01	0.00	0.04	0.00	0.00
ROIC	-	-72.4%	-91.7%	-161.8%	-262.6%	-177.5%

Source: Refinitiv, Analysis by Kapitales Research

## Recent Updates

On 08 November 2022, Weebit Nano Ltd announced the first silicon wafers integrating company's embedded Resistive Random-Access Memory (ReRAM) module have delivered to Weebit from SkyWater's U.S. production fab. This was the first-time silicon wafers of Weebit ReRAM have received from a production fab, a major milestone toward commercialisation of the technology at SkyWater.

On 13 October 2022, WBT announced that it has made substantial progress in its selector development with new results confirmed its ReRAM selector suitability for both embedded and discrete applications, greatly increasing the number of possible applications for Weebit's technology. Weebit Nano and development partner CEA-Leti demonstrated the potential of the Weebit ReRAM selector to achieve the high densities needed for discrete chips using standard materials and tools.

## Outlook

FY22 has been the most significant year to-date in company's commercialisation journey, in which it secured its first commercial deal with US-based foundry SkyWater Technology to take its embedded ReRAM to volume production. The deal marked its transition from a R&D company to a commercial provider of next generation memory technology, with its embedded ReRAM to be first available on SkyWater's CMOS process for mixed-signal, automotive, industrial IoT and medical applications. The need for a faster and more efficient non-volatile memory technology is rapidly increasing, driven by the emergence of new applications, digitisation, and skyrocketing data movement and storage needs. The company is well funded to cater the demand, successfully raised AU\$36 million in November last year, which was led by Israeli institutional investor, Meitav Dash.

## Risks

The company has exposure to the following risks-

- Operational risks
- Cyber security risk
- Regulatory risk
- Financial risks

## Technical Analysis



Source: Refinitiv, Analysis by Kapitaes Research

**Weebit Nano Ltd (ASX: WBT)**
**Equity Analysis**
**(06 December 2022)**

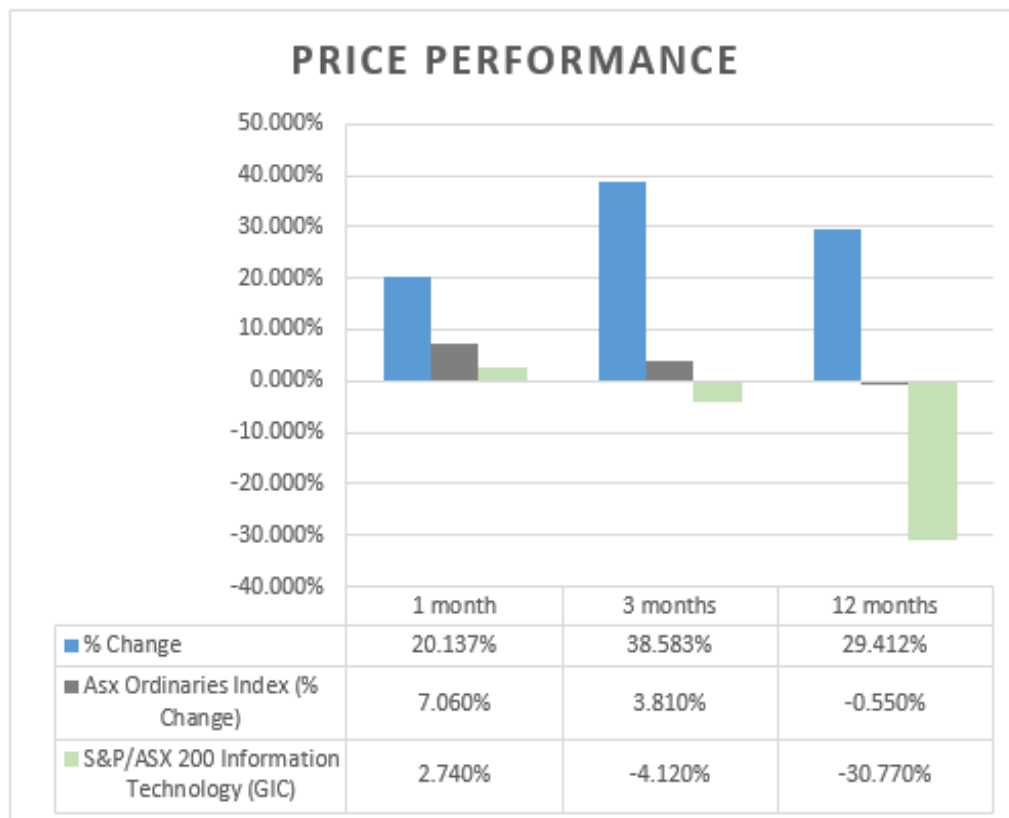
Company Name	Ticker	Sector	CMP (\$)	Advisory date	Rating	Target 1 (\$)	Target 2 (\$)	Stop Loss (\$)
Weebit Nano Ltd	WBT	Information Technology	\$3.520	06 December 2022	Speculative Buy	\$4.010	\$4.370	\$2.960

The stock of technology hardware & equipment company WBT settled at AU\$3.520 on 06 December 2022, after a 6.3% gain from the previous day's closing. It is currently trading between its 52-week price levels. The stock price is trading above the significant exponential moving averages of 20, 50, and 200 days on a daily time frame, indicating short-term bullishness. The stock is trading above the central pivot (AU\$2.966), holding a bullish momentum on a daily time frame chart. RSI (14 days) is at 67, holding a bullish momentum above the breakout zone in the index.

**Based on these facts, buying can be initiated at the current market price (CMP) level for the potential targets of AU\$4.010 (Previous Swing Resistance) and AU\$4.370 (Pivot Resistance R1) in the coming days. Investors can book either full or partial profits at target one and wait for the stock to achieve target two (depending on their risk appetite).**

**Investors are advised to keep a strict stop loss at or below AU\$2.960 (Central Pivot) to protect their investments, in case of an unfavorable movement in the stock due to any uncertain event.**

**Please Note: It would be in the best interest of investors to trail their stop-loss upward if the stock is moving in our favorable direction.**

**Price Performance**


Source: Refinitiv, Chart Prepared by Kapitales Research

## Investment Summary

Compared to the previous corresponding period, the company has increased its cash & cash equivalents and total assets in FY22. The company's current ratio for FY22 stood at 33.81x, better than the previous corresponding of 21.52x, implying that the company has improved its liquidity position.

Looking at the shareholder pattern, WBT's two of the three largest shareholders have maintained their stake in the company over the previous two quarters, and another one has increased its stake in the previous quarter. Thus it shows their confidence in the company. The company's stock has outperformed the ASX ordinary and sector indices in one month, one quarter and one year timeframe.

Considering all the above factors and the current trading level, we recommend a "Speculative Buy" rating on the stock at the current market price of AU\$3.520 as of 06 December 2022 (after-market hours).

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