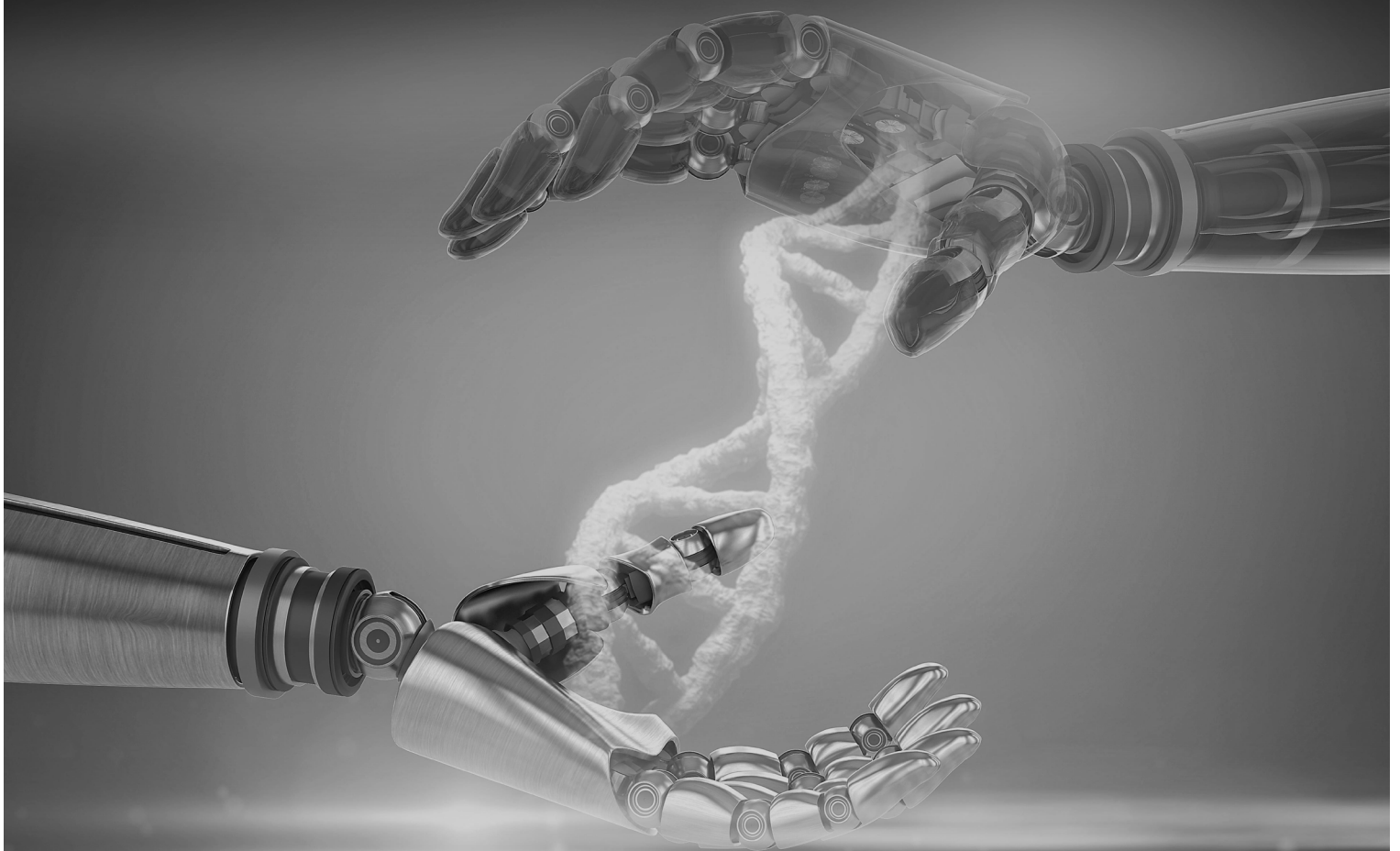




Emerging Stocks Down Under

🗨️ *You make more making computer chips than potato chips.* 🗨️

- Ross Perot (1930-2019), American business magnate, billionaire, politician



WEEBIT NANO

The best is yet to come

WEEBIT NANO

The best is yet to come

Stocks Down Under rating: ★★★★★

ASX: WBT
Market cap: A\$520.0M

52-week range: A\$1.55/A\$4.48
Share price: A\$3.02

Weebit Nano has been one of our most successful calls ever. We gave the Israeli semiconductor technology developer four stars at 28 cents back in August 2020, and it has been more than a 10-bagger since then. In fact, your Stocks Down Under founders have been invested in WBT since 2017. In 2021, Weebit finally achieved its inaugural commercial deal with American semiconductor foundry SkyWater (NASDAQ: SKYT), which should deliver the company its inaugural revenues. We think more deals will come in 2022 thanks to the superior capability and efficiency of Weebit's ReRam technology.

Share price chart



Source: Tradingview

Feeding the demand for data storage

For our newer readers – and those who want a refresher on this stock – Weebit's specialty is a type of computer memory known as Resistive Random Access Memory, or ReRam. ReRam is a competing technology to Dynamic Random Access Memory (DRAM) and Flash Memory, which is so-called non-volatile memory (NVM) that retains data even when the power is switched off. To be precise, ReRam sits in between these technologies. It is almost as fast as DRAM, but data retention is similar to Flash. Also, it can be manufactured to be much smaller than Flash memory, but more on that later.

Why is all this a big deal? Because demand for semiconductor memory, is growing. The NVM market, in which ReRam operates, is expected to reach US\$88bn by 2025, with a steady growth rate of 10.6%.

But customers of semiconductor companies are also demanding technologies that can keep up with their increasing performance requirements. As more and more functionality is expected of devices using semiconductors, conventional memory technologies, such as Flash may not be able to keep up. But ReRam stands a better chance with its superior capabilities.

ReRam is not just faster and less energy intensive, it can use storage space more effectively. It is also expected it can scale down beyond 20 nanometres (nm), while flash technology cannot shrink below 40nm. Therefore, Flash memory needs to be stacked in order to build larger storage chips, which has limits as well.

WBT is currently working on a 28nm version of its technology. Other NVM technologies cannot shrink below 28 nanometres. Consequently, we believe ReRAM has endless possibilities for adoption – including in any Edge Computing area. Such areas could include vehicles, smart home compliances, ATMs and medical devices. It could make new functionalities possible, existing functionalities faster and can potentially lead to new applications altogether.

2021 was a good year for Weebit Nano

Weebit Nano listed on the ASX in 2016, only began to take off in August 2020 after the company completed the first stage of the ‘stabilisation’ process, which verified that its production process for ReRam was repeatable and achieved consistent results.

2021 was another year of progress for Weebit, headlined by its first commercial agreement with American semiconductor foundry SkyWater (NASDAQ: SKYT). SkyWater and Weebit are undertaking a technology transfer and a qualification process that should culminate in SkyWater selling Weebit’s ReRAM technology to its customers. Also in 2021, the company and its French research partner CEA-Leti proved the functionality of its 1Mb ReRAM array in 28nm technology and integrated an Ovonic Threshold Switching (OTS) selector with an oxide ReRAM cell (OxRAM). The latter development means Weebit’s target market could extend beyond embedded memory to include standalone memory technology, used in mobile phones, laptops and data centers. This so-called Storage Class Memory (SCM) is what 4DS Memory (ASX:4DS) is targeting as well. Silicon Oxide ReRam can potentially even be used for neuromorphic processing, which would put WBT in direct competition with BrainChip (ASX:BRN). But we believe it will be a several years until WBT has something to show for in this space.

Expect more deals in the near to medium term

In 2022, the main item on Weebit’s agenda is getting its technology qualified by SkyWater. This should lead to the company’s inaugural revenues. But Weebit will be improving its technology further- scaling it to even smaller geometries. And we expect the company to win new commercial deals this year as well.

2022 should be an exciting year

Shareholders will need to be a bit patient for SkyWater to qualify WBT’s technology, which is expected by the end of 2022. But we think that once this deal closes, more deals will follow. And even though a qualification process will be required for deals with new customers, they will not take up as much time as the initial one with SkyWater. And in fact, given the many companies WBT is currently talking to, we believe it will be able to sign additional customers before the end of 2022.

SO, once again, it’s four stars from us. WBT is one of Marc & Stuart’s Top Picks. Interested readers should check out Pitt Street Research’s work on Weebit Nano [here](#).

Full disclosure: Your Stocks Down Under team owns stock in this gem.

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