

Everspin Technologies, Inc (MRAM)

Memory Error

We are short shares of Everspin Technologies, a \$900 million niche industrial memory chipmaker whose stock has soared 300% in a matter of weeks as speculative investors who seemingly can't tell the difference between MRAM, DRAM, or a Dodge Ram pile into anything remotely associated with "memory" and AI. In reality, Everspin is not a meaningful beneficiary of the hyperscale AI infrastructure buildout driving today's semiconductor boom. The company's largest end market is casino gaming and slot machines, not hyperscalers and AI servers. Yet despite years of stagnant financial performance and none of the economics or positioning of actual AI memory winners, **Everspin now trades at roughly 10x '27E sales, 38x '27E EBITDA, and 9x its own 2029 revenue target.** Investors buying shares at these levels are purchasing a memory stock they will ultimately wish they could forget.

Everspin develops Magnetoresistive Random Access Memory (MRAM), a persistent memory technology designed for applications where durability, low power consumption, and data retention under extreme conditions matter more than raw speed, density, or throughput. In practice, that means industrial applications such as railway signaling systems, aircraft black boxes, and automotive electronics – mature and fragmented end markets that have nothing to do with the AI-driven explosion in semiconductor capital spending. Unlike suppliers of high-bandwidth DRAM and HBM currently benefiting from step-function increases in demand, MRAM largely participates in slow-moving replacement cycles, typically substituting for legacy memory technologies in specialized applications.

MRAM is hardly cutting edge. The technology has been commercially available for two decades, and while DRAM manufacturing is an incredibly optimized high-speed assembly line, MRAM manufacturing adds a precision magnetic-engineering process on top of semiconductor production, which makes it more complicated and expensive to scale. As a result, despite periodic enthusiasm around broader adoption, Everspin's revenue has remained stuck in roughly the same ~\$50-65 million range for much of the past five years. Little wonder, with shares now trading at levels completely disconnected from that reality, Everspin's CEO, CFO, and two directors have recently sold stock into the frenzy.

Everspin has become swept into a broader market mania, and recent trading action bears all the hallmarks of speculative momentum run amok. In just six weeks, daily trading volume exploded from only a few million dollars to more than \$1 billion in a single session, despite no comparable change in the company's underlying business, earnings power, or long-term commercial outlook. As Everspin shares re-rate toward the valuation of a niche industrial semiconductor supplier rather than a legitimate AI infrastructure beneficiary, we see fair value at \$14 per share, representing approximately 60% downside from current levels.

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Executive Summary

Everspin Technologies is not an AI infrastructure winner. It is a niche industrial memory supplier whose largest end markets include casino gaming, industrial systems, and aerospace applications. Yet in recent weeks, shares have behaved as though the company suddenly became a critical bottleneck in hyperscale AI infrastructure, soaring more than 300% as speculative investors indiscriminately piled into anything associated with “memory” and AI. The result is a valuation completely detached from both the company’s financial profile and the commercial realities of its technology.

MRAM solves a fundamentally different problem than the memory architectures driving today’s AI spending cycle. Everspin develops Magnetoresistive Random Access Memory (“MRAM”), a persistent memory technology optimized for applications where durability, low power consumption, and data retention matter more than raw speed, density, or throughput. Unlike the high-bandwidth DRAM and HBM architectures powering today’s AI buildout, MRAM’s primary use cases include casino slot machines, railway signaling systems, aircraft black boxes, and automotive electronics. Even where MRAM adoption occurs, it is typically substitution-driven rather than demand-creating, replacing legacy memory technologies in slow-moving industrial replacement cycles rather than participating in the explosive scaling dynamics currently driving hyperscale semiconductor spending.

MRAM is hardly a new technology, and commercial adoption has remained stubbornly niche for decades. The technology has been commercially available for roughly twenty years and has repeatedly been promoted as a potential breakthrough memory architecture across enterprise storage, IoT, automotive, and now edge AI markets. Yet despite recurring enthusiasm around broader adoption, Everspin’s revenue has remained stuck in the same ~\$50-65 million range for much of the past five years. The core challenge is not simply technical viability, but economics and scale. MRAM manufacturing requires specialized magnetic materials, additional fabrication complexity, and tighter process tolerances, making it substantially more difficult and expensive to scale than conventional DRAM or NAND.

Current valuation reflects speculative momentum, not business reality. Despite lacking the growth, scale, and strategic positioning of genuine AI infrastructure beneficiaries, Everspin now trades at 10x fwd sales and 38x EBITDA – absurd multiples that exceed those of industry-leading companies directly benefiting from AI-driven memory demand. The company’s recent 2.5 year, \$40 million defense-related [subcontract](#) provides a temporary revenue lift, but largely reflects milestone-based engineering services and manufacturing know-how rather than scaled commercial product demand. Unsurprisingly, Everspin’s [CEO](#), [CFO](#), and [two directors](#) have all recently sold shares into the rally. Shares should ultimately re-rate toward the valuation of a niche industrial semiconductor supplier rather than a true AI infrastructure beneficiary. Applying a 4.0x multiple to our 2027 revenue estimate yields a fair value of \$14 per share, representing approximately 63% downside from current levels.

Company Overview

Capitalization and Summary Financials							
<u>\$ Millions, Balances as of March 30,</u>		<u>Financial Summary</u>					
		<u>Fiscal year end Dec 31,</u>	<u>2023A</u>	<u>2024A</u>	<u>2025A</u>	<u>2026E</u>	<u>2027E</u>
MRAM share price	\$34	Product Sales	\$53	\$42	\$48	\$59	\$64
Diluted shares outstanding	26	Licensing, Engineering, Other ⁽¹⁾	11	8	7	13	19
Market capitalization	\$870	Total revenue	\$64	\$50	\$55	\$72	\$83
Lease liabilities	3	<i>Growth</i>	6%	-21%	10%	31%	15%
Cash and equivalents	(40)	Gross profit	37	26	29	39	45
Net debt	(\$37)	<i>Margin</i>	58%	52%	52%	54%	54%
Total enterprise value	\$832	R&D	10	11	12	14	15
		<i>Margin</i>	15%	22%	22%	20%	18%
		SG&A	17	16	17	19	20
		<i>Margin</i>	26%	31%	31%	26%	24%
		Operating income	11	(0)	(1)	6	10
		EBITDA	\$15	\$9	\$9	\$14	\$22
		<i>Growth y/y</i>	30%	-40%	-7%	65%	57%
		<i>Margin</i>	24%	18%	15%	20%	27%
		EPS	\$0.42	\$0.04	(\$0.03)	\$0.13	\$0.22
		Free cash flow (CFO-Capex)	\$12	\$4	\$3	\$1	\$12
		Key Trading Multiples					
		EV / Revenue	13.0x	16.5x	15.1x	11.5x	10.1x
		EV / EBITDA	54.4x	90.6x	97.5x	59.2x	37.6x
		Price / Earnings	79.1x	950.4x	NA	266.6x	149.8x

Source: MRAM SEC Filings, Kerrisdale analysis.

- Growth in 2026E and 2027E driven by 2.5 year [\\$40m](#) subcontractor agreement to provide Toggle MRAM process technology capabilities and engineering services to U.S. Defense Industrial Base customers. Model assumes \$4m per quarter beginning 3Q26E-4Q28E though actual revenue recognition will likely be lumpy.

Everspin Technologies is a niche semiconductor company focused on the commercialization of Magnetoresistive Random Access Memory (MRAM), a form of non-volatile memory that retains data when power is lost. The company traces its origins to Freescale Semiconductor and was spun out as an independent entity in 2008, with headquarters in Chandler, Arizona. Today, Everspin operates as a largely fabless designer of memory products, relying on a combination of third-party foundries and a limited in-house back-end facility to manufacture its chips.

Everspin's portfolio is centered around two primary memory offerings: its legacy Toggle MRAM and its newer Spin-Transfer Torque MRAM (STT-MRAM). Toggle MRAM is a low-density, highly reliable memory product used primarily as a replacement for legacy technologies such as

battery-backed RAM and NOR flash. STT-MRAM represents the company's higher-density offering and is positioned as a more scalable solution capable of addressing a broader set of embedded and storage-related applications.

Unlike DRAM, which stores data electrically using highly optimized capacitor-based architectures, MRAM stores data magnetically through structures known as magnetic tunnel junctions ([MTJs](#)). This fundamentally changes how the memory is manufactured. MRAM requires specialized magnetic materials, additional fabrication steps, and tighter manufacturing tolerances that become increasingly difficult to scale efficiently as memory densities rise. As a result, while DRAM has benefited from decades of massive industry investment and manufacturing optimization, MRAM remains comparatively more complex and expensive to manufacture at very high densities.

MRAM possesses several attractive technical characteristics, including non-volatility, high endurance, fast read performance, and low standby power consumption. These attributes have made the technology increasingly relevant in applications where reliability, persistence, and power efficiency matter more than raw density or throughput. In industrial and embedded systems, MRAM is used to store firmware, configuration data, and system logs. Think: booting up slot machines in a casino or preserving black box data in aircraft. In storage applications, it often functions as a persistent buffer that protects data during power interruptions, historically replacing battery-backed memory solutions in certain enterprise storage systems. In aerospace and defense environments, including low Earth orbit (LEO) satellite deployments, MRAM's radiation tolerance makes it well suited for harsh operating conditions.

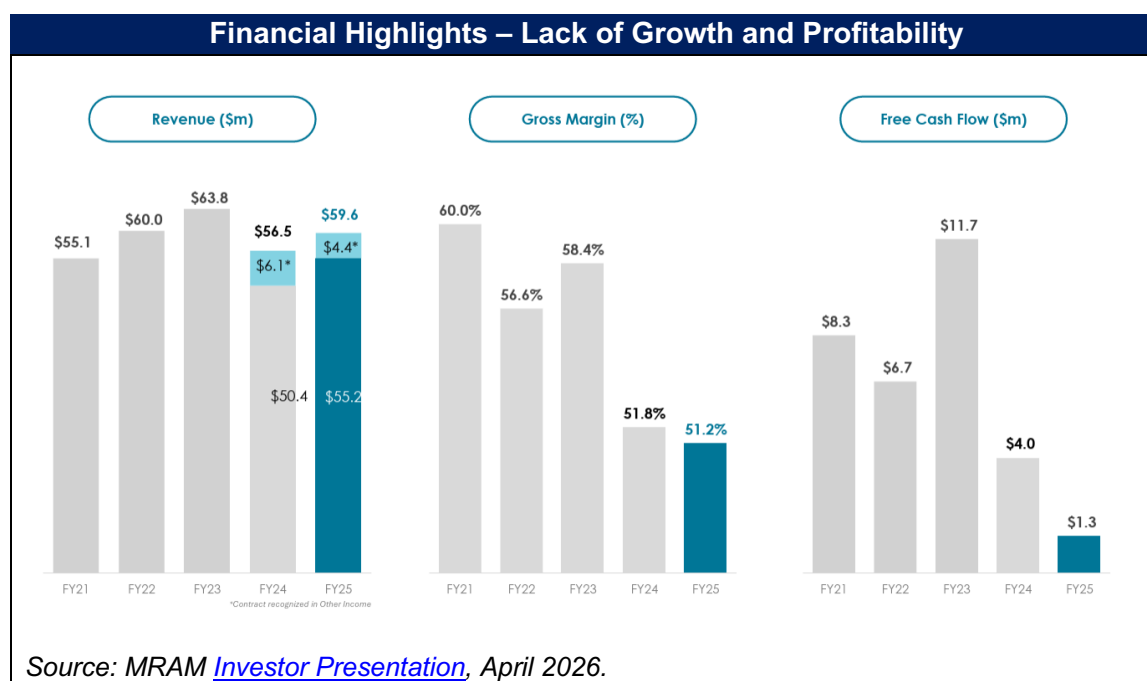
The company's revenue mix reinforces this positioning. In 2025, Casino Gaming and Enterprise each contributed roughly ~30% of revenue, while LEO represented only ~10%. Over nearly two decades, the company has shipped more than 200 million units to over 2,000 customers, an indication of broad adoption across a highly fragmented base rather than concentration in scaled platforms. Everspin's main customers are not hyperscalers driving AI infrastructure buildout, but rather a long tail of industrial, aerospace, healthcare, and gaming customers.

Despite having existed commercially for two decades, MRAM remains a relatively small segment of the broader memory landscape. The technology is not new or experimental; rather, it has spent years occupying a specialized position within the memory ecosystem while periodically being promoted as a potential breakthrough replacement for existing memory architectures. While enthusiasm around various end-markets has come and gone – enterprise storage, automotive electronics, IoT, and now edge AI – commercial adoption has remained concentrated in niche, lower-volume applications. Management perpetually highlights a large long-term addressable market, but these opportunities remain early-stage relative to the company's current revenue base and won't translate into sustained financial inflection.

Financial Profile

Financially, Everspin reflects the profile of a semiconductor supplier struggling to produce sustained growth or operating leverage. Revenue has remained largely flat in the ~\$55–65 million range over the past five years, with no clear upward trajectory despite ongoing investment in new products and repeated expectations of broader product traction. Gross margins, which once approached ~60%, have trended closer to ~50% in recent periods, while operating profitability has fluctuated around breakeven.

Everspin reported 1Q26 revenue of \$14.9 million, an increase of 13.2% y/y but essentially flat relative to 1Q performance in 2024, 2023, and 2022. Operating income, EBITDA and EPS were all similarly little changed from 1Q performance three years ago.



More recently, results have been supported by a newly announced \$40 million aggregate value subcontractor [agreement](#) tied to U.S. defense programs and expected to be recognized over 30 months. The agreement involves the development of domestic Toggle-MRAM manufacturing capability for military and aerospace applications and includes milestone-based engineering services, process qualification work, and the transfer of manufacturing know-how and IP. Everspin has [described](#) the arrangement as effectively providing a “recipe compendium” for Toggle-MRAM production.

While the contract provides a near-term revenue tailwind and validates MRAM’s relevance in specialized defense applications, it does not reflect scaled commercial product demand. Instead, it is largely tied to fixed-price R&D and manufacturing support over a finite period. Everspin’s guidance for 2Q revenue of \$15.5-\$16.5 million (which excludes the temporary benefit from the contract), indicates that performance of the underlying business remains

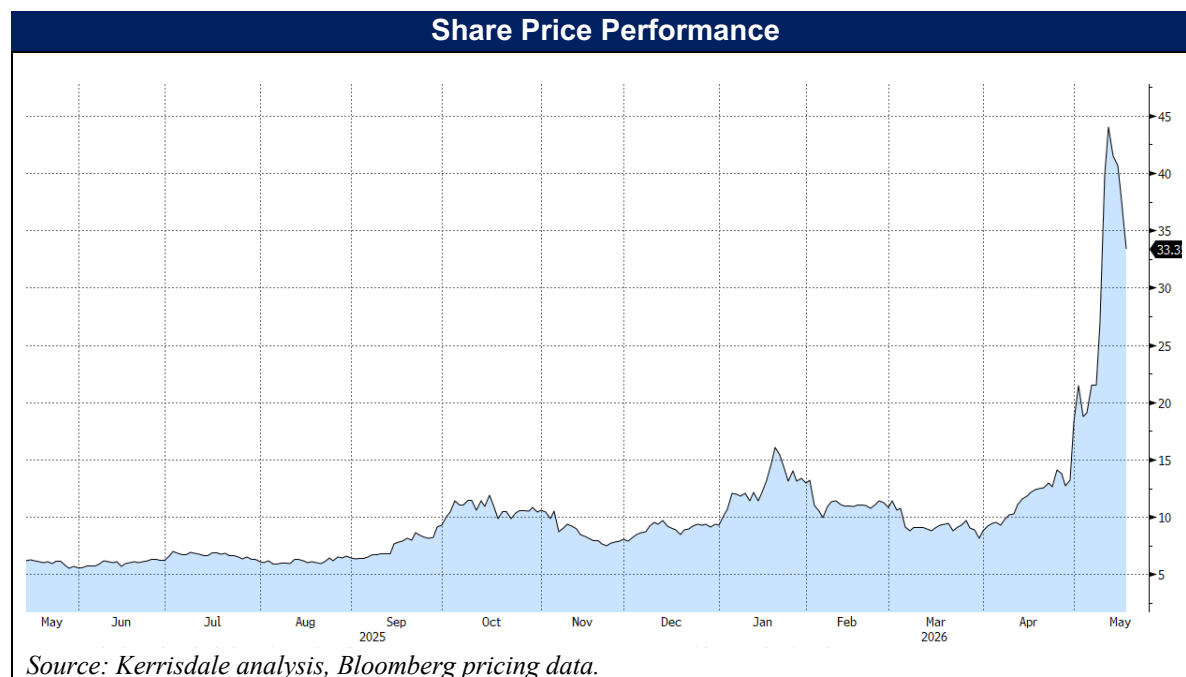
consistent with the same ~\$50-65 million annual revenue range it has operated within for much of the past five years. As such, the agreement improves near-term visibility but does not fundamentally alter the company's long-term growth profile.

Over the years, management has consistently pointed to expanding design wins, increasing pipeline activity, and the potential for broader MRAM adoption across new applications. These opportunities haven't translated yet to produce a sustained inflection in the company's financial results. Management points to a multi-billion dollar addressable market longer-term (p.8), though its own projections imply a path to roughly \$100 million in annual revenue over the next 4 years.

Against this otherwise mundane backdrop, the stock tells a very different story. In recent weeks, Everspin shares have gone vertical, behaving more like an exciting new AI infrastructure winner rather than a niche industrial chipmaker that has stagnated.

Recent Events

The recent move in Everspin shares has taken place amid a broader surge across semiconductor and memory-related stocks, as investor enthusiasm around AI infrastructure has morphed into a full-blown scramble for anything perceived to be a bottleneck. The PHLX Semiconductor Index itself has surged roughly 50% in a matter of weeks, reflecting a market increasingly driven by momentum, levered ETFs, narrative, and positioning rather than incremental changes in fundamentals.



In this environment, the distinction between direct beneficiaries of AI demand and peripheral players has collapsed. Capital has flowed aggressively into anything associated with “memory,” “compute,” or “infrastructure,” with retail and momentum-driven participants chasing perceived supply constraints up and down the stack.

Even among legitimate AI-linked beneficiaries, the moves have been significant. Micron Technology and SanDisk have each doubled over the past several weeks. Investors in these companies can at least point to improving data center demand. But Everspin sits at the far extreme of this dynamic. In the same period, its shares have effectively *tripled* – dwarfing the gains of not only the broader semiconductor complex, but even the companies actually driving the current cycle.

The move has been accompanied by an equally extraordinary explosion in trading activity. A stock that historically traded roughly \$2-3 million of value per day saw over \$1 billion worth of shares change hands on May 11 alone. This type of volume expansion is not the hallmark of fundamental re-underwriting; it is the signature of speculative excess and momentum chasing amid rapid turnover of the shareholder base.

For the better part of the last two years, the stock traded in a narrow \$6-10 range. The average analyst price target today sits at just \$18 – more than 50% downside from current levels. Everspin is now valued at approximately 10x '27E sales and roughly 38x '27E EBITDA, a dramatic re-rating from the 2-3x EV/sales and mid-teens multiple of EBITDA it has historically commanded, despite little underlying change in the business itself. At these levels, Everspin is valued more richly than companies with clear, direct exposure to AI-driven demand, including Micron, SanDisk, and Seagate Technology (see Valuation for trading comparables).

Unsurprisingly, as traders pile into anything with “RAM” in its ticker, those closest to the business who recognize the folly for what it is are heading for the exits. In recent days, Everspin’s [CEO](#), [CFO](#), and [two directors](#) have all sold shares at prices below current levels.

The Wrong Kind of Memory

“When Everspin announced their 1 gigabit die, a lot of their large customers went, ‘Why? Just keep on making the part that you’ve been making for us for ages because that’s what we want.’ These [customers] build technology that does a thing and it has to work all the time... ‘Do you know how much it’s going to cost for us to requalify our industrial robots to use your new thing that we won’t need anyway?’ That’s the special hell that Everspin is in.”

— Former Senior Technologist for Western Digital Corporation with direct experience in building and developing MRAM and next-gen storage platforms

The recent re-rating of Everspin shares appears to reflect the market’s conflation of all forms of memory with the explosive growth occurring in AI infrastructure. But memory is not a monolithic category. Hyperscale AI systems require enormous memory capacity and the ability to move

vast amounts of data extremely quickly. As a result, the primary beneficiaries of today's AI buildout are high-bandwidth, high-density memory solutions tightly integrated with GPUs and accelerated compute systems. This is why high-bandwidth DRAM, particularly HBM integrated directly alongside GPUs, has become a critical bottleneck. These memory systems are specifically designed to continuously feed large volumes of data into parallel compute engines at very high speed, enabling the training and operation of modern AI models.

MRAM addresses a wholly different set of problems.

Rather than maximizing performance inside hyperscale AI clusters, MRAM is primarily valued for persistence, durability, and low-power operation in embedded and industrial environments. While MRAM may play a growing role in certain edge AI applications, these applications are far removed from the centralized hyperscale compute infrastructure driving today's semiconductor spending cycle.

In addition, MRAM adoption is fundamentally substitution-driven rather than demand-creating. In most applications, MRAM replaces existing memory technologies such as NOR flash or battery-backed DRAM, offering incremental improvements in reliability, endurance, or power efficiency without materially changing the underlying system architecture. As the industry expert quoted at the beginning of this section explains, many of Everspin's industrial customers are reluctant to redesign or requalify systems simply to adopt incrementally improved memory components that often exceed practical requirements. Unlike HBM and other AI-driven memory technologies currently experiencing explosive demand growth, MRAM largely participates in gradual replacement cycles tied to product refresh timelines and niche industrial deployments. Even in data center environments, MRAM's role today is generally peripheral, often replacing battery-backed memory in specialized storage and RAID-controller applications rather than serving as core compute memory.

MRAM also faces difficult scaling economics. While the technology offers attractive characteristics in specialized applications, producing MRAM at the density and cost required for large-scale memory deployments would require enormous manufacturing investment and process optimization. Existing DRAM and NAND ecosystems remain deeply entrenched, highly optimized, and extraordinarily difficult to displace economically. As a result, MRAM has not found a meaningful role in the parts of the computing stack where memory must be both massive and cost efficient.

More importantly, the broader industry debate around "next-generation" persistent memory replacing portions of DRAM or NAND is itself far from new. MRAM has been commercially [available](#) for two decades. The semiconductor industry has explored a range of alternative memory technologies – including MRAM, [ReRAM](#), [FeRAM](#), and Intel's now-discontinued [Optane](#) architecture – each promising some combination of persistence, speed, endurance, or power efficiency advantages over conventional memory. While MRAM remains one of the more mature contenders, the ultimate "winner" in persistent memory is far from settled. Other promising technologies such as ReRAM may offer similar functionality while relying on more

familiar semiconductor materials and manufacturing processes, potentially making them easier and cheaper to manufacture over time. In short, even if one believes persistent memory architectures eventually gain broader adoption, it does not necessarily follow that MRAM becomes the dominant standard, much less that Everspin becomes the primary economic beneficiary.

If MRAM ultimately becomes strategically important within mainstream semiconductor architectures, the economic value is unlikely to accrue to a subscale supplier like Everspin. Scaling MRAM into a true high-volume memory architecture requires enormous capital investment, manufacturing capacity, and process optimization – areas dominated by the world's largest semiconductor companies and foundries. The core challenge facing MRAM is not simply technological viability, but the immense cost and industrial scale required to compete with deeply entrenched DRAM and NAND ecosystems. If the technology remains niche, the company remains niche. If broader adoption eventually occurs, the economics are likely to accrue to the semiconductor giants with the capital and manufacturing scale necessary to industrialize it.

Crucially for investors, much of the potential and optimism for MRAM is already reflected in the stock price. Even giving credit for still-early concepts around edge AI, embedded inference, and next-generation MRAM adoption, the company's current valuation implies roughly 10x its long-term target of achieving \$100 million in revenue by 2029 ([p.17](#)). That is an absurd valuation for a company whose most optimistic growth scenarios remain early, speculative, and largely unproven at commercial scale.

Valuation

We view the recent move in Everspin as untethered from the fundamentals of the business, with shares likely to retrace their parabolic advance as valuation normalizes toward that of a niche industrial semiconductor supplier, rather than a true AI infrastructure winner.

We value shares at 4x 2027E revenue and 15.0x EV / EBITDA which implies a fair value share price of \$14 or 57% downside from current levels. Notably, on May 4, CEO Sanjeev Aggarwal sold \$557k worth of stock in an [open market sale](#) at an average price of \$19.58, 42% below the current trading price.

Everspin Fair Value per Share	
2027E Revenue	\$83
Fair value multiple	4.0x
Implied enterprise value	\$330
Add: net cash	40
Equity value	\$371
/ Diluted Shares	26
Fair value per share	\$14
Discount to current	-57%
Implied EV/ '27E EBITDA	14.9x

Source: Kerrisdale analysis. 2027E revenue per Kerrisdale forecast, broadly in line with consensus.

Trading Comparables – AI Beneficiaries vs Everspin Technologies						
	EV / Sales		EV / EBITDA		Rev Growth	
	'26E	'27E	'26E	'27E	'26E	'27E
Micron Technology	7.0x	4.3x	8.8x	5.2x	195.9%	61.7%
SanDisk	10.1x	4.6x	16.9x	6.4x	170.3%	118.5%
SK Hynix	4.1x	2.9x	5.0x	3.6x	235.6%	38.8%
Western Digital	12.5x	9.2x	31.7x	18.6x	37.1%	35.9%
Seagate Technology	14.2x	10.4x	38.3x	22.1x	32.6%	35.8%
Lumentum	23.6x	12.7x	71.5x	29.4x	83.4%	85.4%
Everspin Technologies	11.5x	10.1x	59.2x	37.6x	30.7%	14.5%

Source: Kerrisdale analysis. Everspin estimates per Kerrisdale, Bloomberg consensus for peers. Everspin 2026E revenue growth includes \$12m in Other Revenue from initial year of 2.5 year subcontractor [agreement](#) to provide Toggle MRAM process technology capabilities and engineering services to U.S. Defense Industrial Base customers.

Conclusion

Everspin's recent price action reflects the kind of speculative excess that periodically overtakes thematic corners of the market during periods of momentum-driven enthusiasm. Stocks do not quadruple in a matter of weeks because the underlying economics of the business suddenly changed. They do so because narrative temporarily overwhelms valuation discipline.

History suggests these episodes rarely end well. As speculative capital inevitably moves on to the next AI-adjacent story, investors chasing Everspin today will ultimately discover that not all memory stocks are worth remembering.

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