
— Exclusive

Aussie chipmaker eyes payoff from \$80m investment

Tess Bennett *Technology reporter*



Nov 21, 2023 - 5.00am



Listen to this article
3 min

Australia's largest semiconductor maker, Morse Micro, has spent more than \$80 million over the last two years preparing to scale up the production of its chips, as the Sydney-based start-up eyes its first big sales.

Morse Micro was founded in 2016 by two former employees of US-based semiconductor giant Broadcom, Andrew Terry and Michael De Nil, who have focused on developing chips that provide a robust and reliable Wi-Fi connection over a long range.



Michael de Nil, CEO and co-founder of Morse Micro says the company is scaling up production of its chips.
Edwina Pickles

The heavily backed company [<https://www.afr.com/technology/this-deep-tech-aussie-chipmaker-just-raised-170m-20221121-p5bzvn>] has manufactured more than 2 million chips in its Singapore facility since it began mass production of its energy-efficient, long-range Wi-Fi HaLow chips in August.

After seven years of research and development, chief executive Michael de Nil said Morse Micro aimed to produce “hundreds of millions of chips” in the next few years.

Morse Micro’s chips [<https://www.afr.com/technology/morse-micro-dodges-semiconductor-crisis-thanks-to-strong-links-to-asia-20210721-p58bsn>] are used in devices that connect to the internet, such as video cameras, autonomous lawn mowers, smart door locks and lighting. They can reach 10 times the range of conventional Wi-Fi technology and last many years on a single battery.

The company has raised more than \$200 million to date from investors including Malcolm and Lucy Turnbull, Blackbird Ventures, the CSIRO’s Main Sequence Ventures and superannuation funds HESTA, Hostplus and UniSuper.

Mr de Nil said the deep tech company [<https://www.afr.com/chanticleer/deep-tech-is-finally-in-the-spotlight-20221209-p5c4z8>] was focused on growing its revenue and had recently hired sales executives in the US to win contracts with original equipment manufacturers.

Prototype products

“We have a significant expenditure, so now we have to start getting some big sales,” Mr de Nil said.

Financial documents filed with ASIC show Morse Micro’s statutory loss widened to \$28.6 million last financial year compared to \$20.6 million for the year earlier. Its total expenses in 2022 and 2023 surpassed \$84 million.

The start-up generated \$250,000 in revenue last financial year, selling small quantities of its chips to customers that are building prototype products with the new technology.

Unlike software companies, deep tech start-ups are under less pressure to show they can produce a profit or break even in the short term, with investors prepared to wait for a bigger payday from commercialising scientific breakthroughs.

“We’re proper deep-tech, so there’s no easy and quick path for us to break even. We’ve been doing this for seven years, it’s time to start generating significant revenue,” Mr de Nil said.

Earlier this year Morse Micro signed an agreement with Taiwanese electronics maker Chicony Electronics, which builds IP video cameras using its Wi-Fi HaLow chips and is looking to strike more deals with OEMs.

Morse Micro now employs 180 people across Australia, the United States, China, India and the United Kingdom.

The hardware business raised \$170 million last year – it still has \$30.8 million in cash and \$75 million in term deposits – including a \$100 million investment [<https://www.afr.com/technology/aussie-chipmaker-banks-huge-raise-from-japanese-giant-20220825-p5bcr3>] for Japanese chip giant MegaChips.

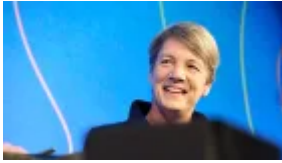
Mr de Nil said the company still had more than two years of runway and was in no hurry to raise capital again. “If it’s the right investors shows up, good terms, we will take some more capital,” he said.



RELATED

Microsoft reveals custom-built chip to power AI services

<https://www.afr.com/technology/microsoft-doubles-down-on-ai-with-custom-built-chip-20231114-p5ek0j>



RELATED

Building a quantum computer was always hard. It just got harder.

<https://www.afr.com/technology/building-a-quantum-computer-was-always-hard-it-just-got-harder-20230809-p5dv75>

Tess Bennett is a technology reporter with The Australian Financial Review, based in the Brisbane newsroom. She was previously the work & careers reporter. *Connect with Tess on [Twitter](#). Email Tess at tess.bennett@afr.com*