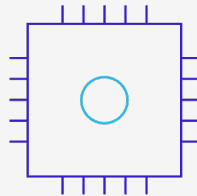


DEEP TECH UPDATE

STRATEGIC M&A • VENTURE CAPITAL • INSIGHTS



**AI & COMPUTER
VISION**



SEMICONDUCTORS



**IoT & EDGE
INTELLIGENCE**

ANNUAL UPDATE

January 2024

DEEP TECHNOLOGY

M&A, CAPITAL and INDUSTRY NEWS

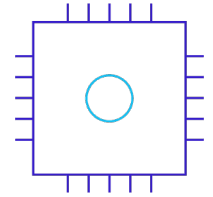
A TURNING POINT FOR DEEP TECH?

Anyone in Deep Tech raising capital during the last two years will tell you that it has been challenging. On the exit front, we experienced a strong correction in M&A values in 2022, which dropped 50% from their peak in 2021. M&A and VC raises slowed due a variety of reasons - a post-COVID market correction, rising interest rates (capital is more expensive), inflation, and geopolitical instability.

But there are many signals of a healthy functioning market. The Dow Jones reached a record high, inflation decreased significantly, and unemployment has remained low. In 2023, exit valuations grew significantly since their bottom in 2022, signaling that we may have turned a corner and 2024 could look closer to normal.

Brent Lorenz & Paul Werp, CVA Founders

2024?







\$1B+ DEALS & IPOs

- ARM completed its long-awaited IPO for \$52B
- NRG Energy acquired Vivint for \$2.8B
- Bosch acquired TSI Semiconductors for \$1.5B
- Semtech acquired Sierra Wireless for \$1.3B
- Databricks acquired MosaicML for \$1.3B

MACRO

- Dow Jones set an all-time high of 37,305 on December 15, 2023, up from 33,147, a gain of 12% for the year¹
- US unemployment held steady at 3.7%
- US inflation dropped from 6.5% to 3.1%
- Geopolitical conflicts in Israel and Ukraine

DEEP TECH DEAL METRICS

-  **Deep Tech M&A valuations have rebounded**, rising from an average revenue multiple of 2.0 in 2022 to 2.6 in 2023 [\[see page 5\]](#)
-  **Top Deep Tech buyers in 2023** included Indie Semiconductor, Bosch, Apple, Snowflake and AMD [\[see page 5\]](#)
-  **Deep Tech VC investments continue down** in 2023, signaling difficulty for many companies to raise later rounds [\[see page 7\]](#)
-  **But VC valuations are up. Why?** Deal counts are down, meaning that investors are being more selective. Fewer companies are being anointed the “winners” and getting funded at up-rounds. [\[see page 7\]](#)

INTERESTING DEEP TECH M&A TRANSACTIONS

STRATEGIC M&A

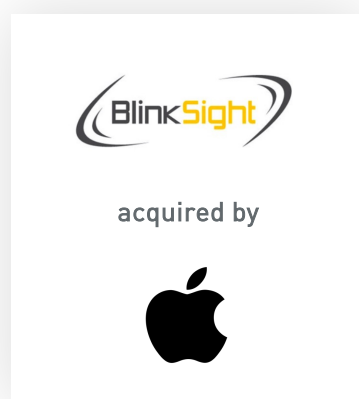


Open Source • Embedded

TIMESYS ACQUIRED BY LYNX SOFTWARE

DEAL METRICS: NR

A couple of long-time embedded technology companies are joining together. Lynx Software, a portfolio company of PE firm OceanSound Partners, has acquired TimeSys, a provider of open-source software tools and engineering services for embedded systems. This acquisition marks Lynx's first add-on acquisition since being acquired by OceanSound in 2022.



Indoor tracking semiconductors

BLINKSIGHT ACQUIRED BY APPLE

DEAL METRICS: NR

Blinksight is a Paris-based developer of indoor tracking technology designed to locate objects or people in space with accuracy of a few 1/10s of centimeters. The deal is presumed to be a small tuck-in given the company had only raised <\$5M in venture funding. Blinksight developed an impulse radio that uses little energy and works well inside buildings. The acquisition is presumably to improve Apple's AirTag product line. [Read more](#)



SEMICONDUCTOR IP

INTRINSIX ACQUIRED BY CADENCE FROM CEVA

DEAL METRICS: \$35M

In an about-face, CEVA reversed its 2021 \$33M acquisition of Intrinsic with a sale to \$35M Cadence. Intrinsic is a designer of semiconductor IP for aerospace, military and automotive. The company specializes in metrics-based verification, modeling, silicon realization, analog and digital.

INTERESTING DEEP TECH VC TRANSACTIONS

SERIES B AND ABOVE

The logo for RECOGNI features the word "RECOGNI" in a bold, sans-serif font. The letter "O" is stylized with a blue circular graphic element around it.

SERIES C

RECOGNI \$70M SERIES C

PRE-MONEY: \$330M • 2.0x Valuation Step-Up

INVESTORS: SAIC Capital and undisclosed investors

Developer of a visual perception platform designed to assist autonomous vehicles. It delivers inference performance and power efficiency to offload central processing needs.

Visual Perception • Automotive

The logo for ZENDAR features the word "ZENDAR" in a bold, sans-serif font. The letter "Z" is stylized with a green circular graphic element around it.

SERIES C

ZENDAR \$36M SERIES C

PRE-MONEY: \$110M • 1.9x Valuation Step-Up

INVESTORS: NXP and undisclosed investors

Developer of high-resolution automotive imaging radar, featuring all-weather autonomy and long-range resolution for self-driving and ADAS in bad weather. Funds will be used to accelerate autonomous driving and ADAS solutions. NXP will leverage to complement its radar portfolio.

Optical Communications

The logo for Lambda features a stylized Greek letter lambda (λ) inside a square frame, followed by the word "Lambda" in a bold, sans-serif font.

SERIES C

LAMBDA \$300M SERIES C

PRE-MONEY: \$1.25B • 7.4x Valuation Step-Up

INVESTORS: Alpha Square Group, Veligera Capital

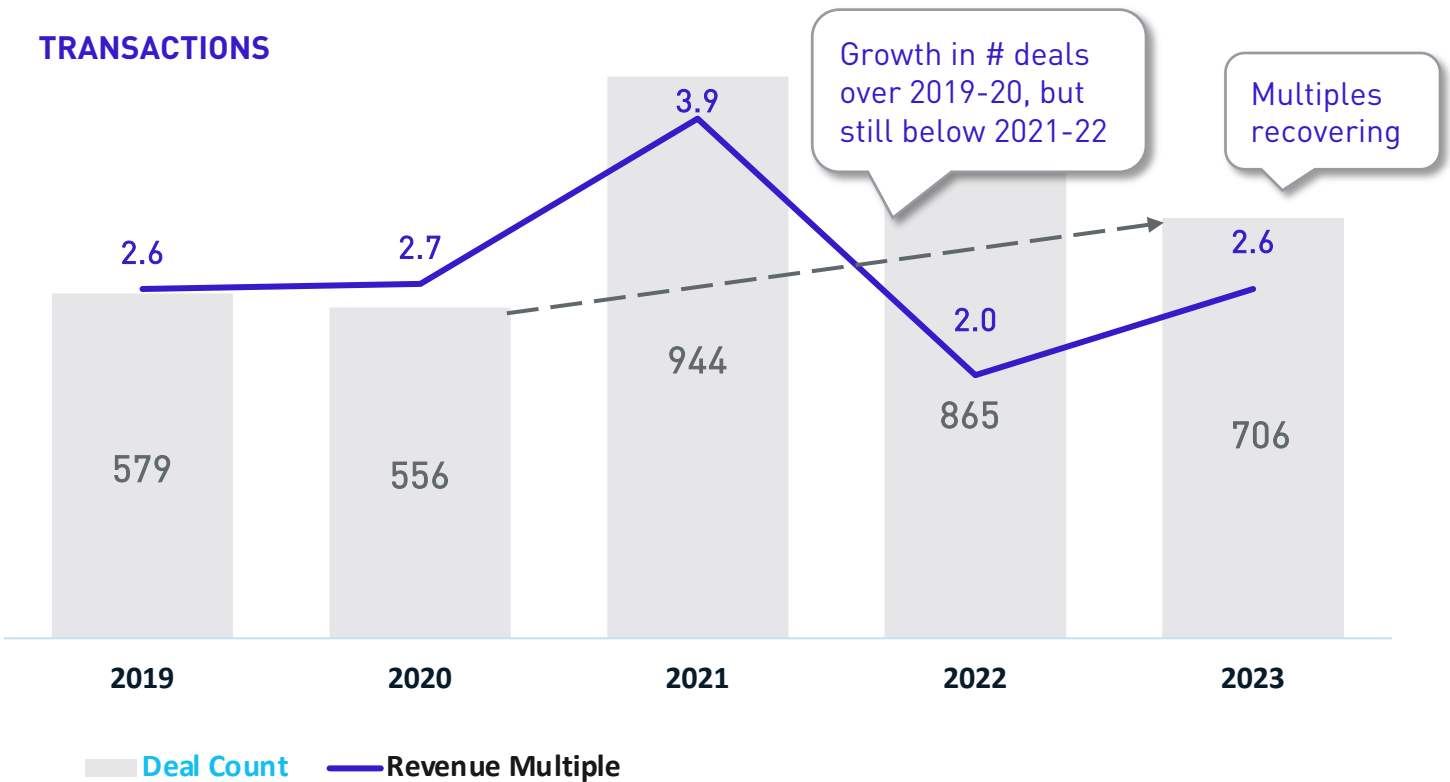
Deep learning infrastructure company to sell advanced compute and GPU cloud services to enterprises, AI startups and universities. The company's cloud tech are pre-configured with common ML frameworks, enabling clients to simplify and accelerate their efforts. Most notable was that the Series C was a 7.4x valuation step-up.

GPU • Deep Learning

DEEP TECH STRATEGIC M&A 2023

AI, COMPUTER VISION, SEMICONDUCTORS, IoT/EDGE

TRANSACTIONS



TOP BUYERS - DEAL COUNT 2023



DEEP TECH INVESTORS 2023

GROWTH EQUITY, SERIES B AND HIGHER

TOP INVESTORS – DEAL COUNT

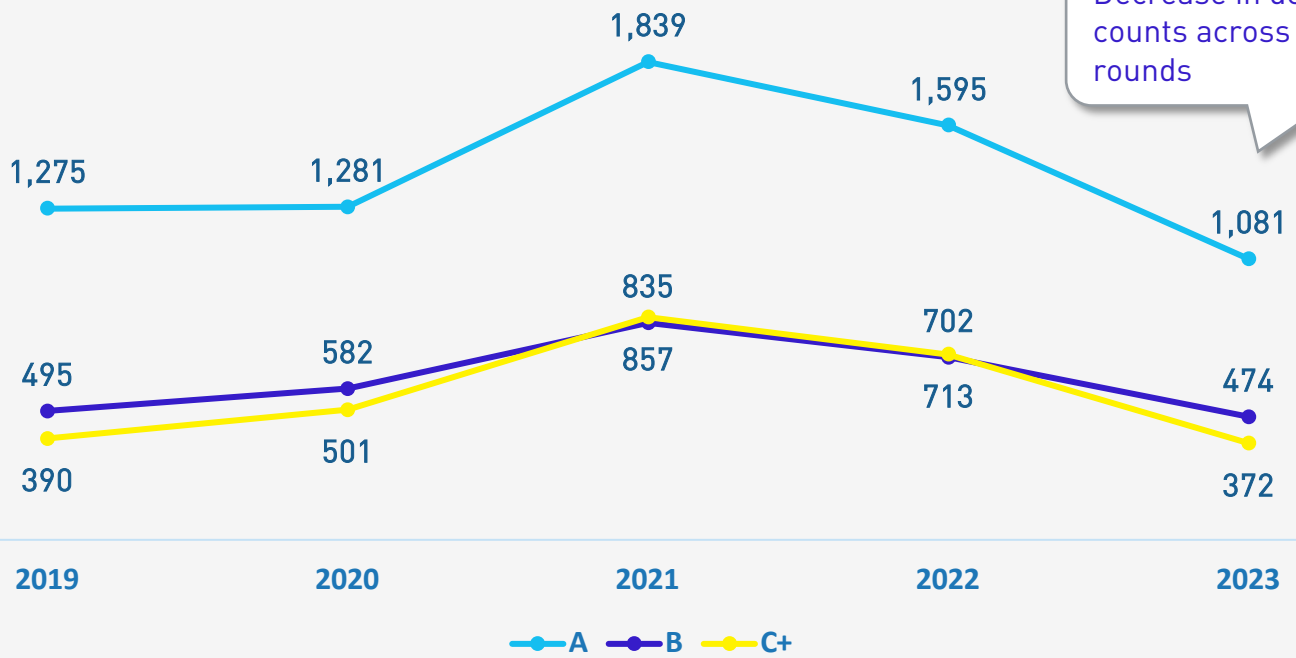


11,881 investors with at least 1 deal

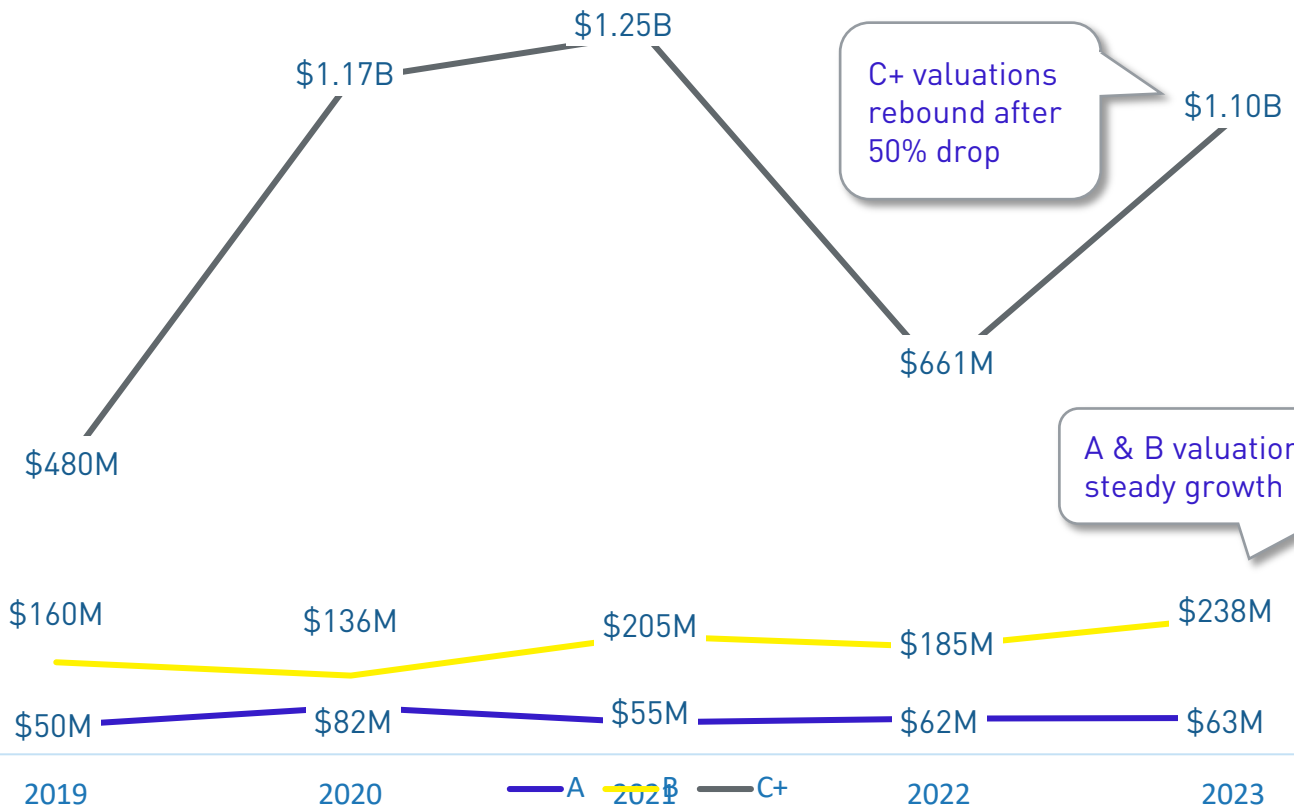
DEEP TECH CAPITAL RAISES BY YEAR

TOUGHER TO RAISE BUT VALUATIONS REMAIN STRONG

DEAL COUNT BY ROUND



MEAN PRE-MONEY BY ROUND




RECENT DEEP TECH M&A TRANSACTIONS

STRATEGIC ACQUISITIONS

TARGET	BUYER	VALUE (\$M)	REVENUE MULTIPLE	DESCRIPTION
Timesys	Lynx Software			Open-source embedded software
Red Lion Controls	HMS Networks	345		Industrial automation and networking
Imbio	4DMedical	25		Medical imaging platform
Ghost Robotics	LIGNex1	240	6.9x	Robots for military, industrial & mining
SYNQ3	SoundHound	29		Restaurant order management software
Kuantic	Stellantis			Connected vehicle solutions for field management
Newport Wafer Fab	Vishay	176		Semiconductors for automotive
Crocus Technology	Allegro Microsystems	420		Magnetic sensors and embedded memory
Ponder	Snowflake	46		Data science for ML and analytics tools
EA Elektro-Automatik	Fortive	1,675		Programmable power supplies
Moritex	Cognex	268		Optical equipment and machine vision lenses
PCTEL	Amphenol	140	1.6x	Antenna products and test measurement products
Blinksight	Apple			High-accuracy indoor tracking technology
3db Access	Infineon			Single-chip UWB for access control & security
Intrinsic	Cadence	35		Semiconductor IP for automotive and military; sold by previous acquirer CEVA
Clearpath Robotics	Rockwell Automation	472		Self-driving robotics and sensors
The Indoor Lab	Blattner Technologies	112	5.6x	LiDAR analytics

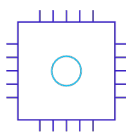
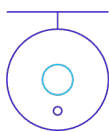
RECENT DEEP TECH VC TRANSACTIONS

CAPITAL RAISE, SERIES B+

COMPANY	SERIES	Up or Down Round	DEAL SIZE (\$M)	PRE MONEY (\$M)	Valuation Step-Up	DESCRIPTION
Pragmatic	D	Up 	227	397	1.9x	Thin-film semiconductors
Kandou	E	Flat 	100	714	1.0x	Chip-to-chip comms link
AssemblyAI	C	Up 	50	250	1.4x	Speech recognition to automate audio transcriptions
Neuralink	D	Up 	323	3,200	1.5x	Implantable brain-machine interface
AI21 Labs	C	Up 	208	1,192	2.1x	AI and large language models and tools
Recogni	C	Up 	70	330	2.0x	Visual perception for autonomous vehicles
Databricks	I	Up 	685	42,500	1.1x	Data intelligence platform
Power Spin	C	Up 	17	51	1.9x	Spintronic technology to reduce power in semiconductors
Elucid	C	Down 	80	95	1.0x	Vascular diagnostic imaging
May Mobility	D	Up 	105	625	1.5x	Smart cities analytics
Nubis Communications	B	Flat 	15	75	1.0x	Optical communications
Zendar	C	Up 	36	110	1.9x	High-resolution automotive radar
Hayden AI	B	Up 	53	120	1.3x	Autonomous traffic management
Origin	B3	Up 	16	160	1.2x	Wireless sensing and monitoring
Lambda	C	Up 	300	1,250	7.4x	GPU-based deep learning infrastructure
Prophecy	B	Up 	35	100	1.4x	Low-code enterprise cloud platform

ABOUT CONNECTED VISION ADVISORS

DEEP TECH INVESTMENT BANKING



+ **We are a deep tech investment banking firm.** We advise on M&A and capital raise transactions and are experts at driving strategic value in technology deals.

+ **We aren't your typical financial bankers.** We are electrical engineers and former executives, and we have seen deals from all sides: large tech, startups and as bankers. Our experience gives us unique insights that helps us drive the best outcome for our clients.

+ **We focus on AI, Computer Vision, Semiconductor Ecosystems and Edge Intelligence,** working with market-leading software, hardware and IP companies. We follow markets like Automotive, Industrial Automation, Smart Buildings, Consumer Electronics and Enterprise.

+ **Our team is global,** based in the USA, Europe and Canada. We have deep experience doing deals across North America and Europe.

+ **We work with buyers and investors** like Qualcomm, SONY, Cisco, ARM, Bosch, Amazon, Renesas, Intel, Lattice, Faurecia and many more.

Transaction Experience

 Series B 	 Has been acquired by 	 Has been acquired by 	 Has been acquired by 	 Has been acquired by 	 IP licensed by
 Has been acquired by 	 Has been acquired by 	 Has been acquired by 	 Has been acquired by 	 Strategic Advisory	 Has been acquired by



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