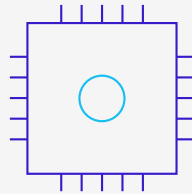


DEEP TECH UPDATE

STRATEGIC M&A • VENTURE CAPITAL • IP STRATEGY



**AI & COMPUTER
VISION**



SEMICONDUCTORS



**IoT & EDGE
INTELLIGENCE**

QUARTERLY UPDATE

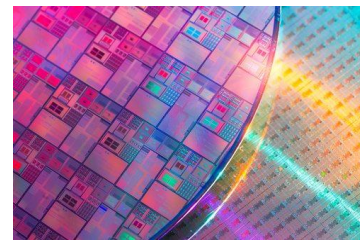
FALL 2024

DEEP TECHNOLOGY

M&A, CAPITAL and INDUSTRY NEWS

WILL THE DEEP TECH REBOUND CONTINUE?

Will 2024 be remembered as the year of Generative AI and Large Language Models or a contentious US election cycle? A little bit of both. The good news - Deep Tech markets continue to show solid improvement in 2024. Valuations are growing across both acquisitions and VC investment rounds. The stock market has been at or near an all-time high, and inflation has been edging down closer to historical norms. The areas of caution are that unemployment has been growing, which can dampen some M&A deals when talent is a key driver for the deal, and uncertainty about how the US election cycle may or may not influence corporate investment in 2024. Overall, we continue to see positive signs that 2025 and beyond for innovators in technologies in hot areas like Generative AI, inference optimization, enterprise-scale computer vision and IoT. **Brent Lorenz & Paul Werp, CVA Founders**



\$1B+ TECH DEALS & IPOs

- IBM acquired Software AG platform for \$2.3B
- IBM acquired StreamSets for \$2.1B
- SAP acquired WalkMe for \$1.5B
- Thoma Bravo acquired DarkTrace for \$5.3B

MACRO

	2023	2024 YTD
Average Revenue Multiple, Deep Tech M&A ¹	2.1x	2.3x
Dow Jones	37,690	40,667
US Unemployment	3.7%	4.3%
US Inflation	3.4%	2.9%

DEEP TECH DEAL METRICS



Deep Tech M&A valuations have continued their rebound, rising from an average revenue multiple of 2.1 in 2023 to 2.3 in 2024 so far ([see page 6](#))



Top Deep Tech buyers since 2020 included Meta, Apple, Snap, Qualcomm, Alphabet, Intel, NVIDIA, Cisco and Microsoft ([see page 5](#))



Deep Tech VC Investing mixed abc, while deal counts are still down sharply from peak in 2021, average valuations have been steadily increasing ([see page 8](#))

INTERESTING DEEP TECH M&A TRANSACTIONS

STRATEGIC M&A

Perceive

XPERI

to be acquired by

amazon

AI Edge Inference

PERCEIVE DIVISION OF XPERI TO BE ACQUIRED BY AMAZON

DEAL METRICS: **\$80M 665M** • **44 Employees**

Perceive, a subsidiary of XPERI, has reached an agreement to be acquired by Amazon. Perceive is a developer of a edge inference processor that offers data center class accuracy and low power for consumer devices. Perceive's processors will boost Amazon's capabilities to accelerate LLMs at the edge, similar to NVIDIA's acquisition of Deci.

SILO AI

acquired by

AMD

AI & Semiconductors

SILO AI ACQUIRED BY AMD

DEAL METRICS: **\$665M** • **300 Employees** • **\$17M Invested Capital**

AMD has acquired Silo AI, the largest private AI lab in Europe. Silo specializes in building end-to-end AI-drive solutions to help customers quickly integrate AI into products in markets like automotive. It also offers a state-of-the-art open source multilingual LLM framework.

SEQUANS

4G IoT

to be acquired by

Qualcomm

IoT

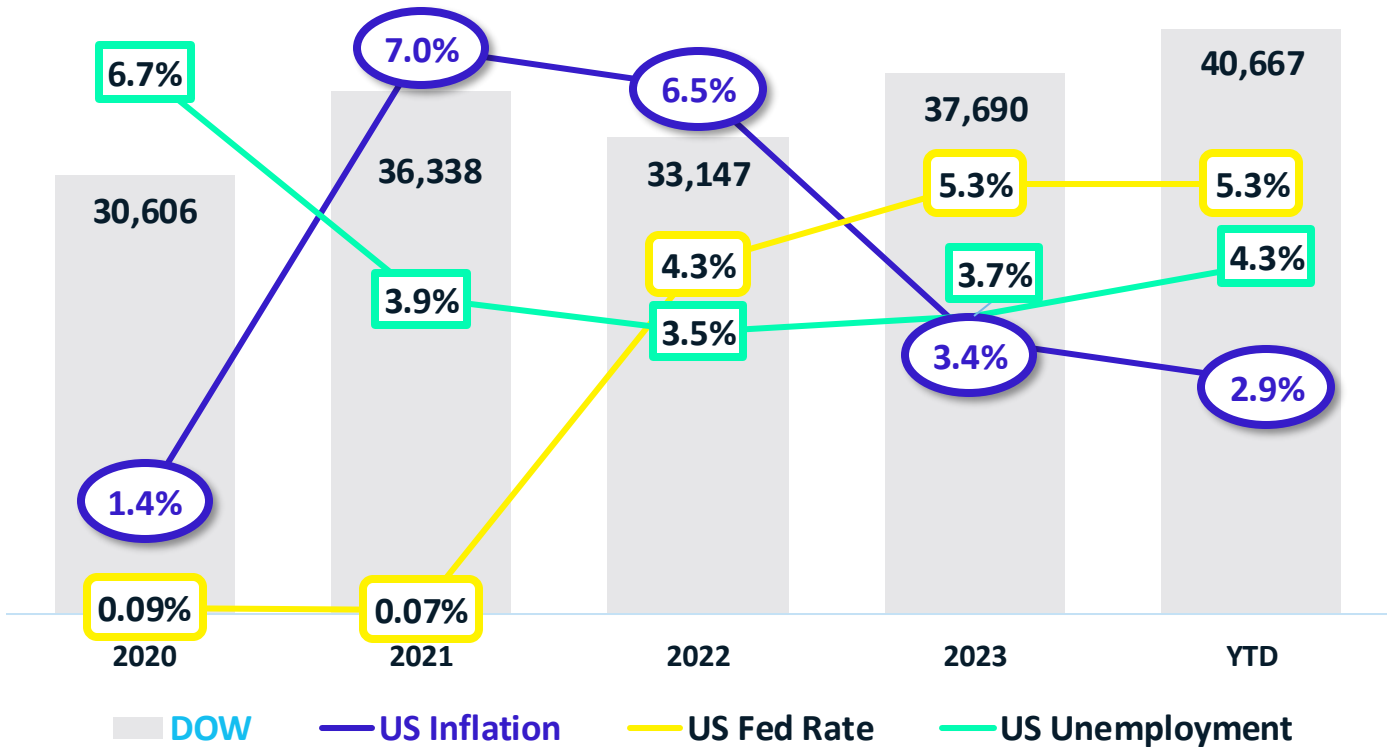
SEQUANS 4G IoT TECH TO BE ACQUIRED BY QUALCOMM

DEAL METRICS: **\$NR**

Qualcomm has entered an agreement to acquire Sequan's 4G IoT technologies, which will strengthen Qualcomm's industrial IoT portfolio. Sequans will retain its 5G technology and license of the 4G tech for continued use. This deal falls after the Sequans' failed sale to Renesas cancelled in February 2024.

MACRO ECONOMY OVERVIEW

HEALTHY BUT CAUTION



INSIGHTS

Stock Market: The Dow Jones has remained at or near historical highs despite some continued risk of recession and uncertainty around the US election cycle.

Inflation & Fed: After a historic peak of inflation in the 2021-22 timeframe post-COVID, inflation has steadily subsided as the fed sharply increased rates. The Fed is not expected to further increase rates in the near term, as inflation appears to continue to be trending downward.

Unemployment: Unemployment has been creeping upwards, driven by large layoffs at [companies like Intel](#) and correction from the post-COVID hiring cycle.

CONCLUSIONS

Overall CVA's opinion is that the the effect of the macroeconomy is generally positive towards the Deep Tech M&A market. The overall market is healthy and fully functioning, albeit with some caution signs ahead. Increased layoffs do reduce the appetite for some companies to make acquisitions based on talent acquisition alone. Depending on the results of the US election, capital gains and corporate taxes may increase sharply, which could slow inorganic investments like M&A.

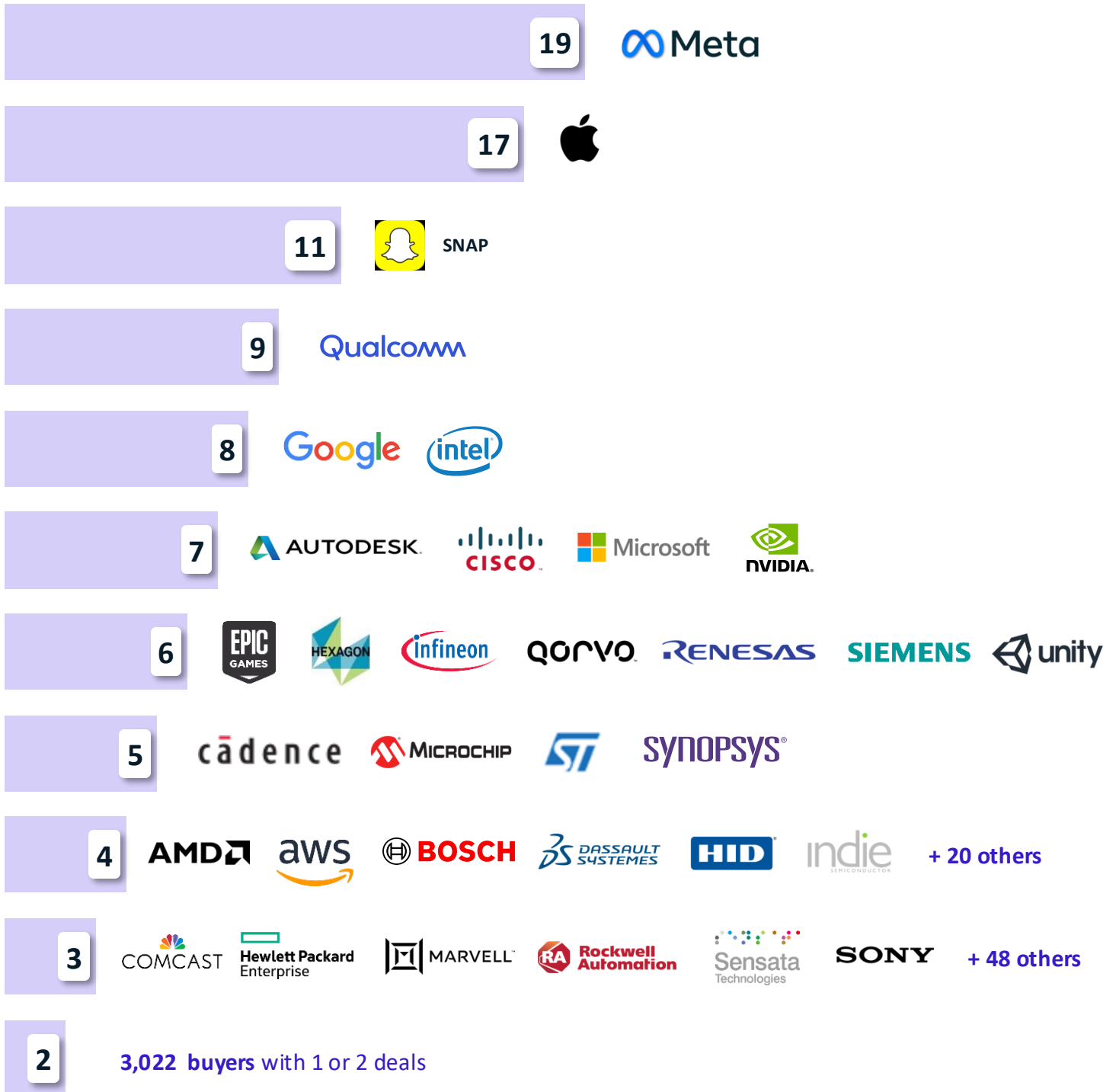
Sources

1. [DOW Jones: Wall Street Journal](#) YTD as of 08/22/2024
2. [US Inflation](#) YTD as of 08/24/2024
3. [US Fed Rate](#)
4. [US Unemployment](#) as of July 2024

TOP DEEP TECH BUYERS

AI, COMPUTER VISION, SEMICONDUCTORS, IoT/EDGE, AR/VR

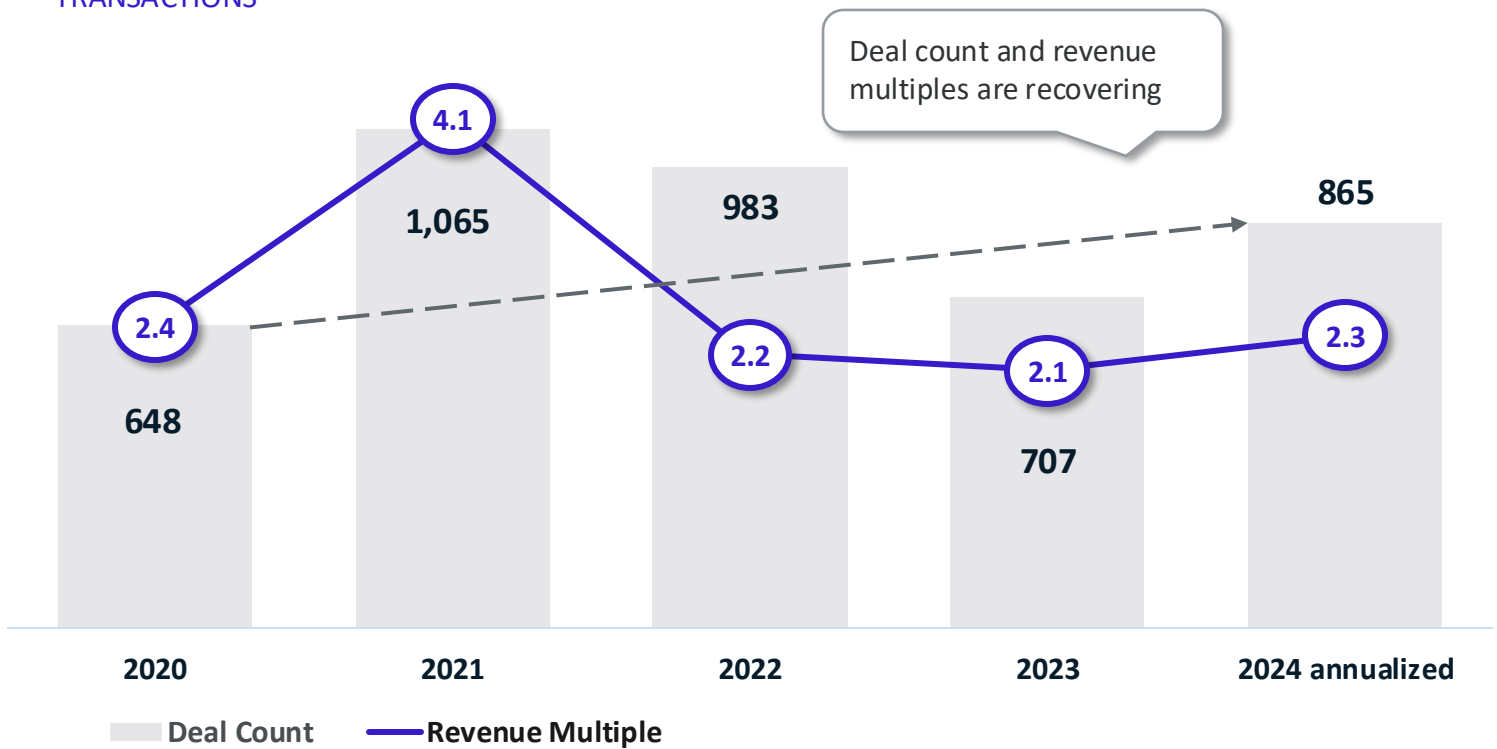
TOP BUYERS – DEAL COUNT SINCE 2020



DEEP TECH STRATEGIC M&A

AI, COMPUTER VISION, SEMICONDUCTORS, IoT, AR/VR

TRANSACTIONS



DEEP TECH M&A INSIGHTS

DEAL ACTIVITY: Not surprisingly, Deep Tech M&A deal counts peaked in 2021 with a modest pullback in 2022. The correction continued into 2023, about 30% off the high. Deal activity has recovered in 2024, not to the peak of 2021 levels, but on pace to well above that of 2020 and 2023.

REVENUE MULTIPLES: While not a perfect measure of valuation, revenue multiples are a proxy for relative value. Revenue multiples peaked in 2021 (as many metrics did), dropping nearly 50% in 2023. In 2024, the recovery has commenced, as revenue multiples have recovered to the norm outside of the 2021 peak.

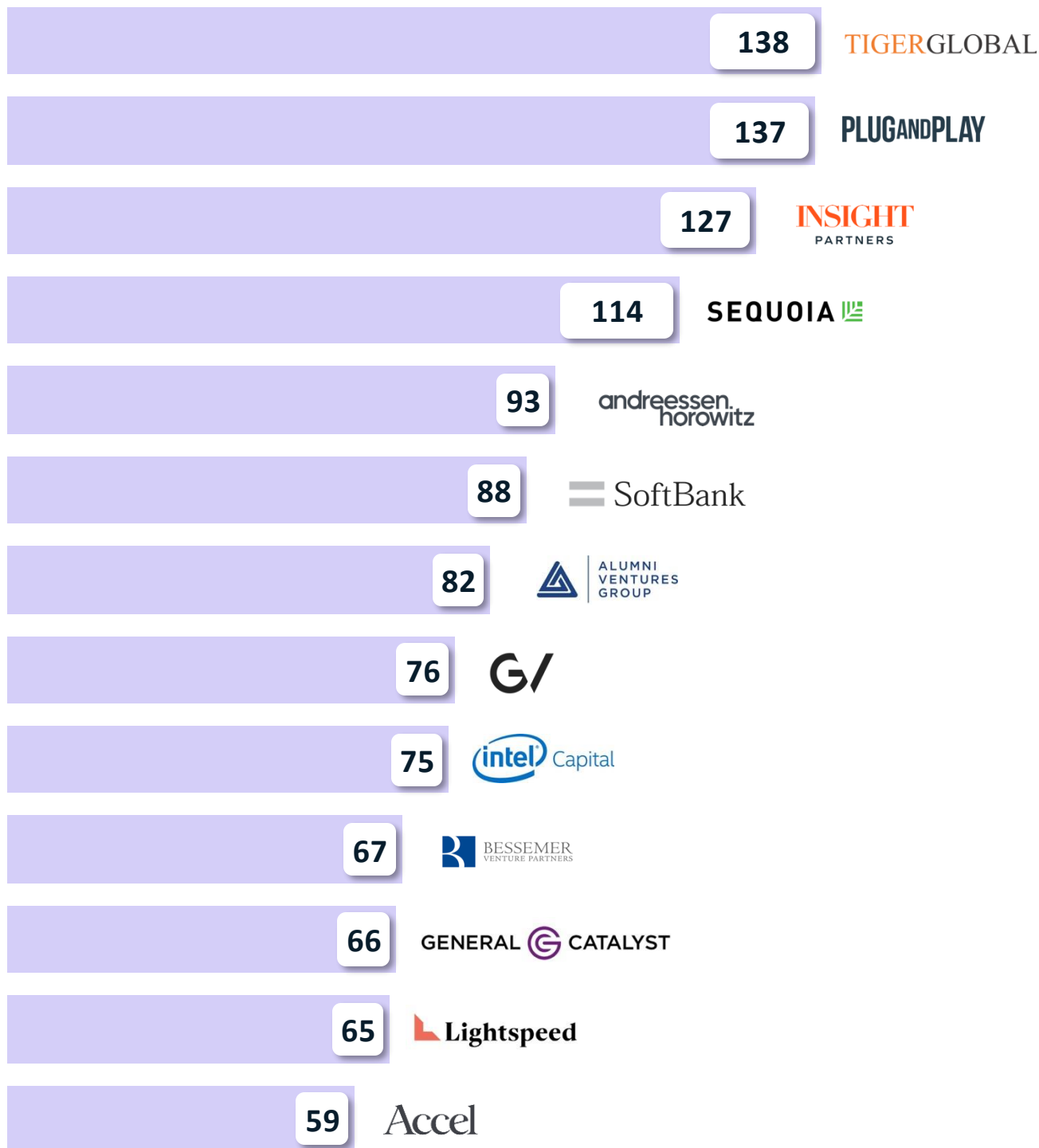
CONCLUSIONS

While there are some caution signs in the market ahead, overall, the Deep Tech M&A market is healthy and functioning. Through August 2024, both deal counts and valuation multiples have begun recovery from the 2022-2023 corrections.

TOP DEEP TECH INVESTORS

GROWTH EQUITY, SERIES B AND HIGHER

TOP INVESTORS – DEAL COUNT SINCE 2020

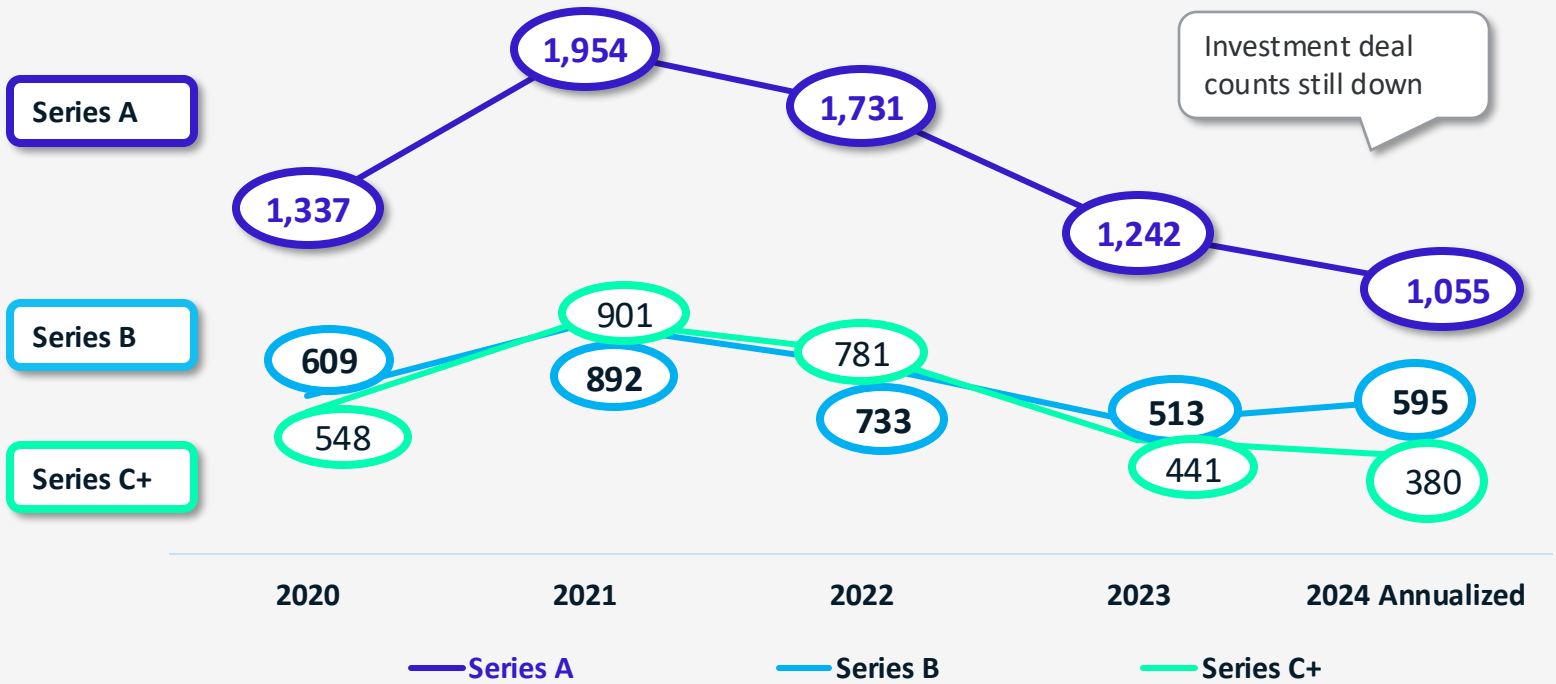


7,065 investors with at least 1 deal

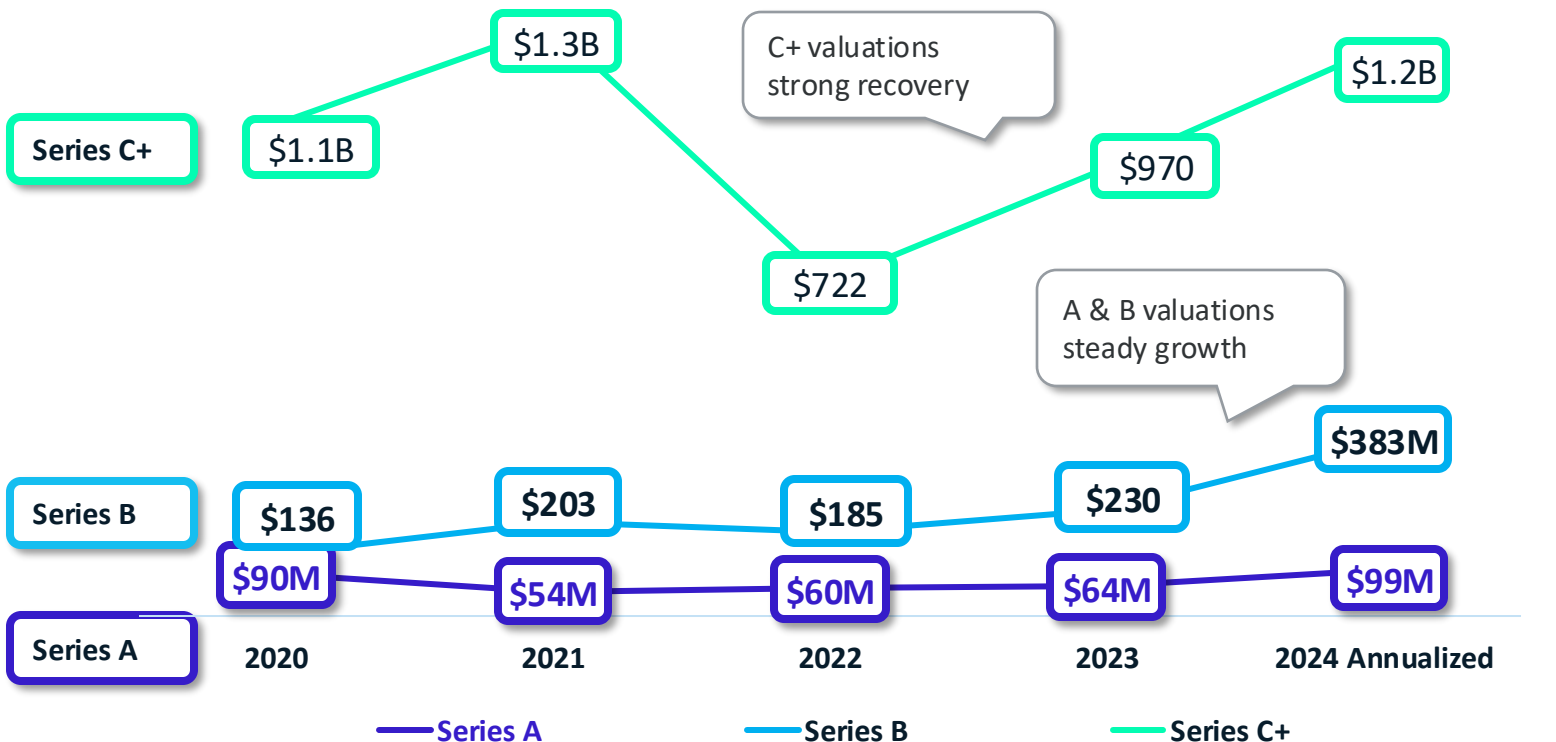
DEEP TECH CAPITAL RAISES BY YEAR

FEWER DEALS BUT VALUATIONS SHOWING GROWTH SINCE 2022

DEAL COUNT BY ROUND



MEAN PRE-MONEY BY ROUND



















RECENT DEEP TECH M&A TRANSACTIONS

STRATEGIC ACQUISITIONS

TARGET	BUYER	VALUE (\$M)	REVENUE MULTIPLE	DESCRIPTION
Sequans (4G IoT Tech)	Qualcomm			Sequans maintains full ownership of its 5G tech and license to use the 4G
iWiz Robotics	Kuramoto	20		Robots for commercial cleaning
Perceive	Amazon	80		Low power edge inference processor
Silo AI	AMD	665		AI services for automotive, defense and industrial leveraging NLP framework
Amelia	Soundhound	80		Enterprise conversational voice platform
Altium	Renesas	6,074	21.2x	Software for design of circuit boards
One Network Enterprises	Blue Yonder	839		Cloud platform for autonomous supply chain management
Ghost Robotics	LIG Nex1	240		Legged robots for military and industrial markets to traverse difficult terrain
Unity Semiconductor	Merck	167		Metrology and inspection equipment for automotive and semiconductor
Landvault	Infinite Reality	450		Virtual video game platform for metaverse
Software AG (Technology Platform Businesses)	IBM	2,292		IoT analytics and API management
StreamSets	IBM	2,130		Data integration platform for data engineers
Preligens	Safran Group	237		AI-driven OS for geo-spatial monitoring
Transphorm	Renesas	339	18x	GaN semiconductors for high-voltage power conversion
Action Face	Infinite Reality	10		Customized selfie avatars for metaverse

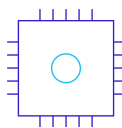
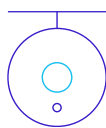
RECENT DEEP TECH VC TRANSACTIONS

CAPITAL RAISE, SERIES B+

COMPANY	SERIES	Up or Down Round	DEAL SIZE (\$M)	PRE MONEY (\$M)	DESCRIPTION
ModelOp	B	Down 	10	32	AI model lifecycle management
Quantum Circuits	B	Flat 	60	105	Quantum computers for research
Actuate	B	Up 	12	49	Security software to recognize firearms in video feeds
EliseAI	D	Up 	75	980	Conversational AI for real estate
Eliyan	B	Up 	60	220	Chiplet interconnect for AI performance
Guidewheel	B	Up 	31	84	AI factory operations software
Opal Camera	B	Up 	60	255	Webcams to improve video calls
Groq	D	Up 	640	2,200	AI interface software to manage computing speed, power and efficiency
Rhombus Systems	C	Up 	45	332	Enterprise security cameras
Mytra	B	Up 	50	145	AI-based warehouse management
Cohere	D	Up 	500	5,000	LLM software platform
Saronic Technologies	B	Up 	175	825	Unmanned vehicles for maritime security
Hayden AI	C	Up 	95	255	Autonomous traffic management platform for smart city planning
Dream Big Semiconductor	B	Up 	75	95	Semiconductors for data center and storage acceleration
Captions	C	Up 	60	500	AI-powered video captioning
Seismos	C	Up 	15	70	AI-powered sensors for pipelines

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 	4D Imaging Radar Silicon Has been acquired by 	mirametrix Has been acquired by 	SONY Semiconductor Solutions Strategic engagement	 Has been acquired by 	MOD.CAM Has been acquired by
 Has been acquired by 	CLOUD NATIVE ACTIVE TESTING Has been acquired by 	SMART GRID IoT Has been acquired by 	 Has been acquired by 	 faurecia Strategic Advisory	LeddarTech SPAC/IPO Served on Board of Directors



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