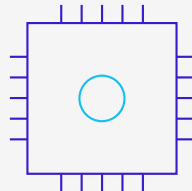# DEEP TECH UPDATE

STRATEGIC M&A • VENTURE CAPITAL • IP STRATEGY

AI & COMPUTER VISION

SEMICONDUCTORS

EDGE INTELLIGENCE

QUARTERLY UPDATE

WINTER 2025

DEEP TECH
2024 IN REVIEW

DEEP TECH HIGHLIGHTS - 2024

Most Active[1]	**NVIDIA** In 2024 acquired: OctoAI, deci, nebulon, DREV, VINBRAIN, run:ai, Shoreline.io
Biggest M&A[1]	**DARKTRACE** acquired by **THOMABRAVO** $5.47B
Biggest IPO[1]	**Astera**Labs $820M
Best News	Growth in the stock market, growth in Deep Tech exits and valuations, decrease in inflation
Tough News	Intel CEO Pat Gelsinger retired, ending a four-year run that saw Intel falling behind rivals in the AI boom. Intel laid off 15,000 employees in 2024.

METRICS – HOW DID WE DO IN 2024?

Metric	2023	2024		Change
# Deep Tech Strategic Acquisitions[1]	798	935	⬆	17%
Average Revenue Multiple[1]	2.2x	2.6x	⬆	18%
# Deep Tech Series A Deals[1]	1,314	1,196	⬇	(9%)
Average Pre-Money, Series A[1]	$62M	$86M	⬆	39%
Dow Jones[2]	37,690	42,544	⬆	13%
US Unemployment[3]	3.7%	4.2%	⬆	14%
US Inflation[4]	3.4%	2.7%	⬇	(21%)

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INTERESTING DEEP TECH M&A TRANSACTIONS

STRATEGIC M&A

to be acquired by

Automotive Connectivity

AVIVA LINKS AQUIRED BY NXP

DEAL METRICS: **$243M ● 40 Employees ● $33M Invested Capital**

Developer of automobile connectivity technologies designed to assist next-generation autonomous driving systems. The company platform offers scalable and secure complete connectivity systems that fuel the needs of AI processors and advanced sensors, enabling the automobile industry to remain connected and have network data processing systems at multi-gigabit rates.

acquired by

Voice Processors

FORTEMEDIA ACQUIRED BY DIODES

DEAL METRICS: **$68M ● 128 Employees ● $67M Invested Capital**

Developer of voice processors and microphone integrated circuits designed to enhance human-to-human and human-to-machine voice communication efficiencies. The company offers mixed-signal system-on-chips and embedded software with its patented small array microphone technology for automotive, mobile, headset and VoIP applications, enabling clients to establish an improved communication system and voice recognition experience.

acquired by

Machine Learning

OCTO AI ACQUIRED BY NVIDIA

DEAL METRICS: **$250M ● 109 Employees ● $133M Invested Capital**

Developer of an automated technology designed to help engineering teams deploy machine learning models on any hardware, cloud provider, or edge device quickly. The company's technology offers a managed service using machine learning to automate machine language code generation and optimization in multi-cloud environments ensuring that the models keep on running at efficiency, enabling businesses to get secure deployments of deep learning models.

TOP DEEP TECH BUYERS

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

TOP BUYERS — DEAL COUNT SINCE 2020

20   Meta

18   Apple   NVIDIA

11   SNAP

9   CISCO   intel   Qualcomm

8   Google   Microsoft

7   AUTODESK   EPIC GAMES

6   HEXAGON   Infineon   QORVO   RENESAS   SIEMENS   unity

5   cadence   MICROCHIP   ST   SYNOPSYS

4   AMD   aws   HID   indie SEMICONDUCTOR   onsemi

3   COMCAST   DASSAULT SYSTEMES   Hewlett Packard Enterprise   synaptics   **+ 68 others**

2   **3,281 buyers** with 1 or 2 deals
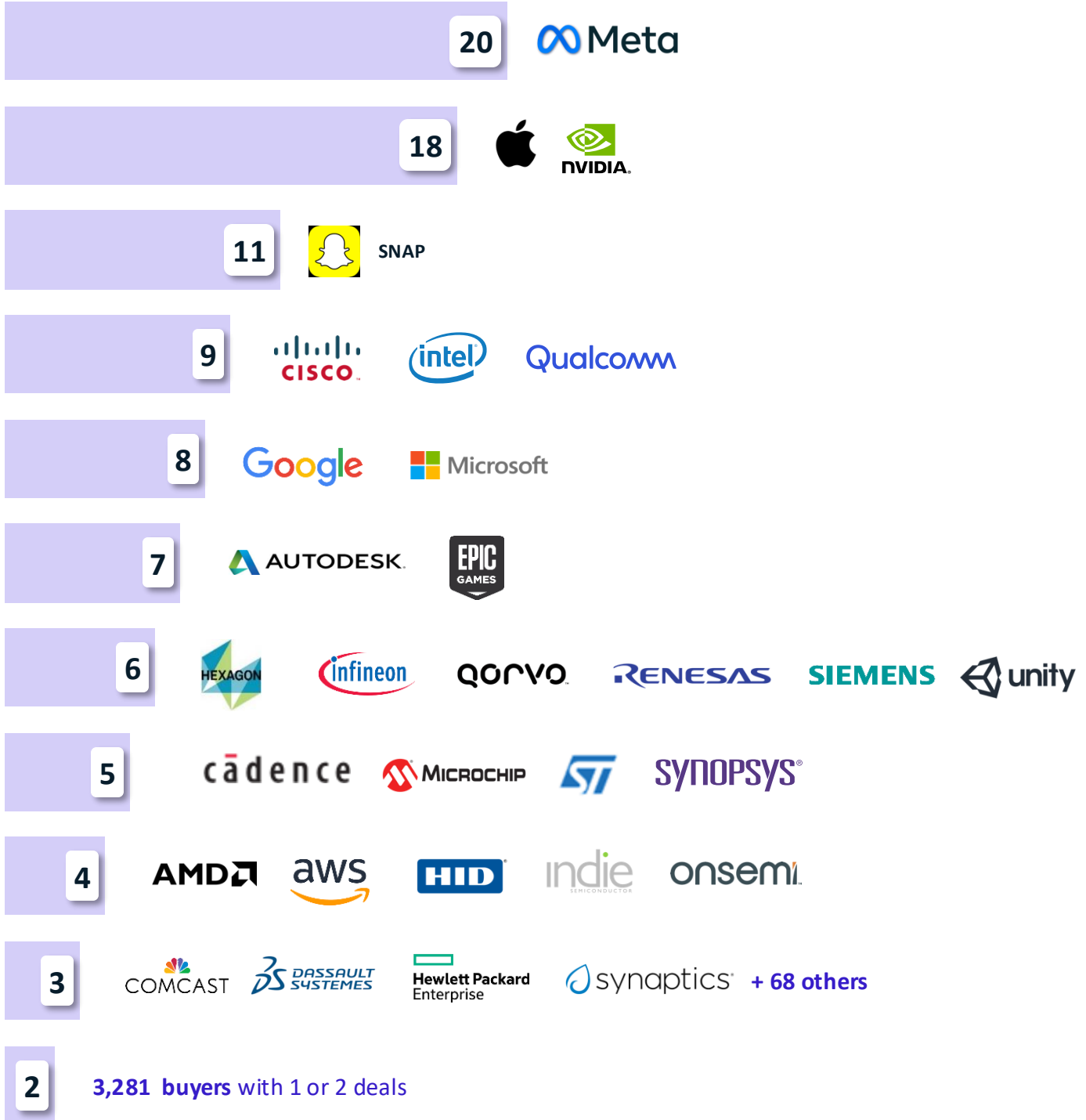
DEEP TECH STRATEGIC M&A

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

TRANSACTIONS

Deal counts and revenue multiples continued to recover in 2024

2020	2021	2022	2023	2024
637	1,053	968	798	935
2.6	4.0	2.0	2.2	2.6

Deal Count — Revenue Multiple
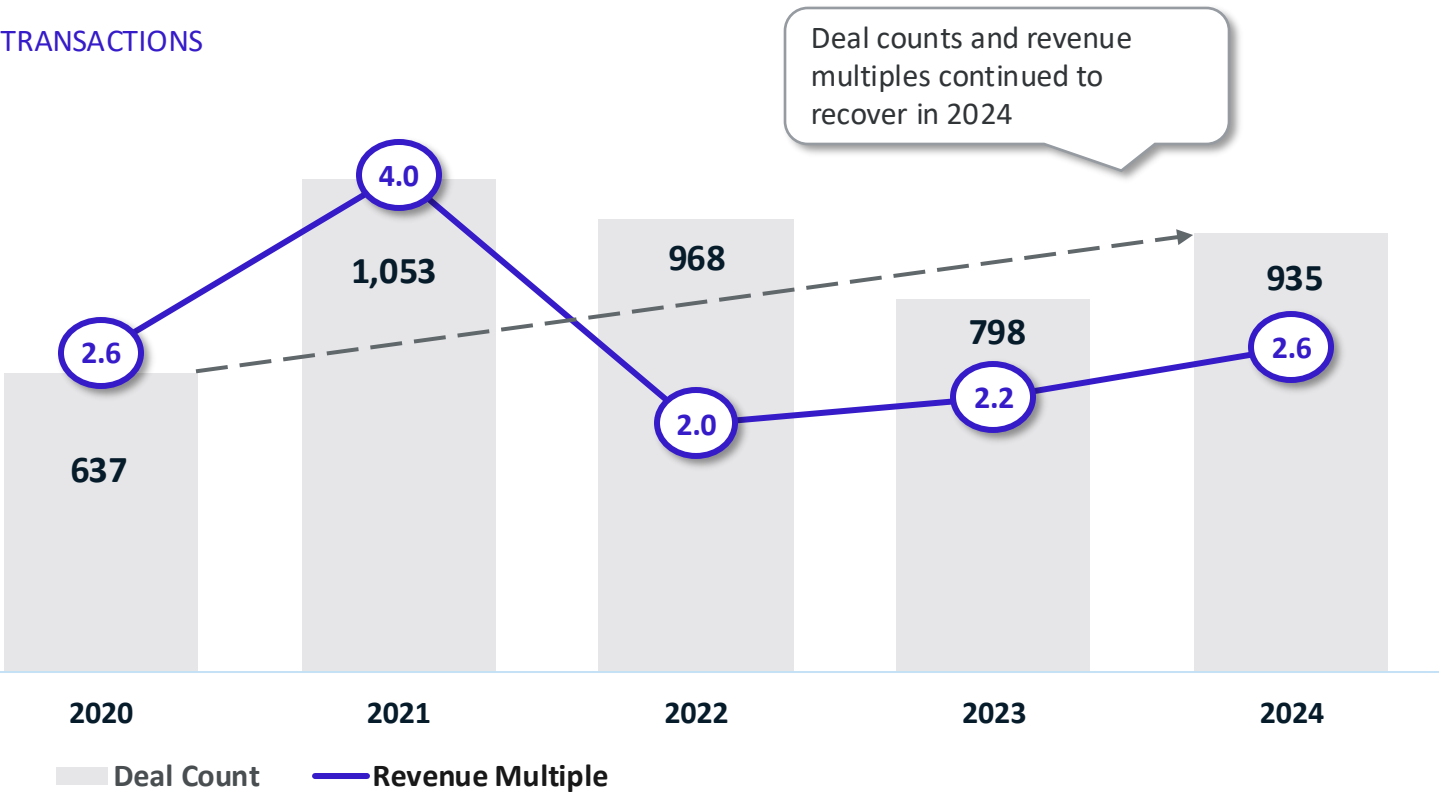
DEEP TECH M&A INSIGHTS

DEAL COUNT: 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 well above that of 2020 and 2023.

REVENUE MULTIPLES[1]: While not a perfect measure of valuation, revenue multiples are a proxy for relative transaction 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, showing a strong recovery in 2023-2024.

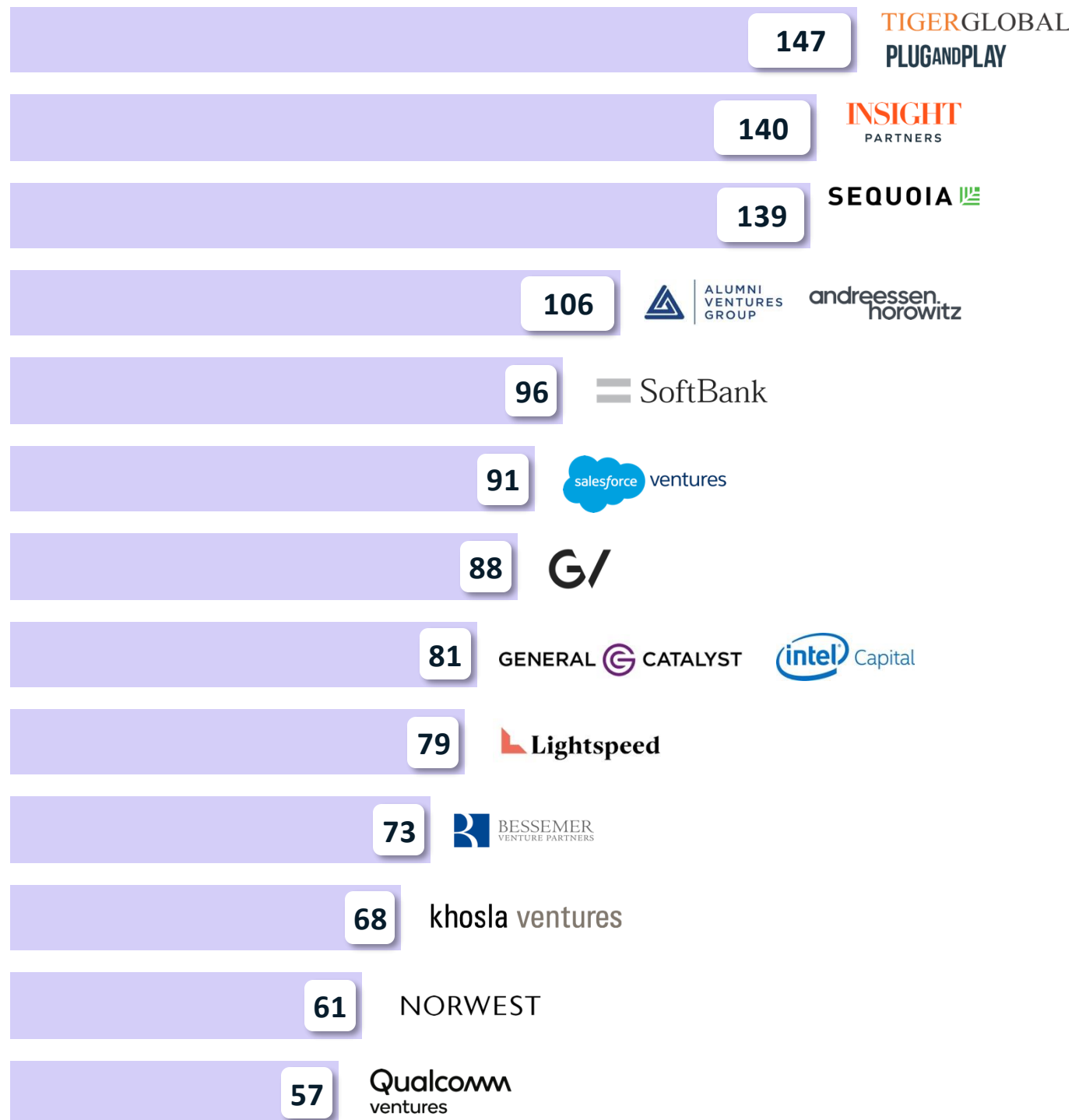Source: PitchBook. 1. Note that Revenue includes all sources of revenue, including silicon, software, hardware and services. Therefore, revenue multiples are a blended metric. Contact us if you'd like to see values more specific to your company's situation.

RECENT DEEP TECH M&A TRANSACTIONS

STRATEGIC ACQUISITIONS

TARGET	BUYER	VALUE ($M)	REVENUE MULTIPLE	DESCRIPTION
Aviva Links	NXP	243		Automotive connectivity to assist next gen autonomous systems
BrainBox AI	Trane Technologies			Heating and air conditioning tech for smart buildings
CodeSandbox	Together AI			Online code editing tool to ease creation and sharing of web application coding tools
Cylance	Arctic Wolf	160		Cloud-based cybersecurity platform
Deeper Insights	Cisco			AI/ML software for scanning unstructured internet data
Distence	Megger			Remote monitoring solutions for industrial maintenance
Dolphin Design (ASIC Business)	NanoXplore			Acquisition of Dolphin's ASIC design business
Everynet	Netmore			Operator of LPWAN network; part of a growing portfolio of assets including Senet
Flex Logix	Analog Devices			Reconfigurable SoC enables integration of FPGA fabrics into SoCs and ASICs
Fortemedia	Diodes	68		Voice processor and microphone ICs
Intelligent Process Solutions	Megger Group			Smart Grid asset management platform
LightSpace	Summa			Optical reality headset for A/R
Micropac Industries	Teledyne	56	1.5x	Hybrid circuits and solid-state relays
NIL Technology	Radiant Opto-Electronics	333		Nanotech solutions for sensors, imaging and displays
OctoAI	Nvidia	250		Tools to deploy machine learning models on any hardware, cloud or edge device
Perceive	Amazon	80		Edge inference processor for data center-class accuracy and low power of consumer
Pixelmator	Apple			Mac and iOS –based image editing software
Robust Intelligence	Cisco			Automated testing of pre-production AI models and QA

TOP DEEP TECH INVESTORS

GROWTH EQUITY, SERIES B AND HIGHER

TOP INVESTORS – DEAL COUNT SINCE 2020

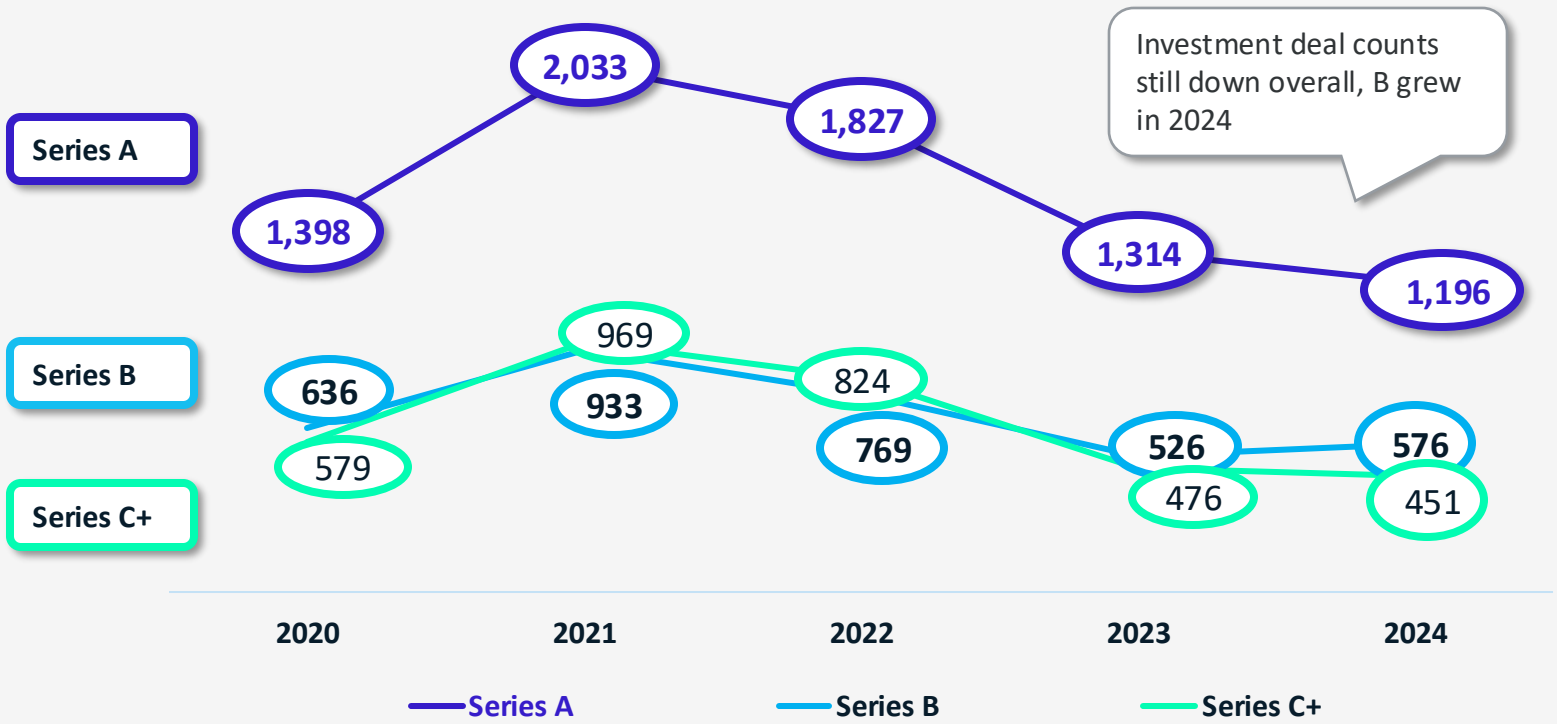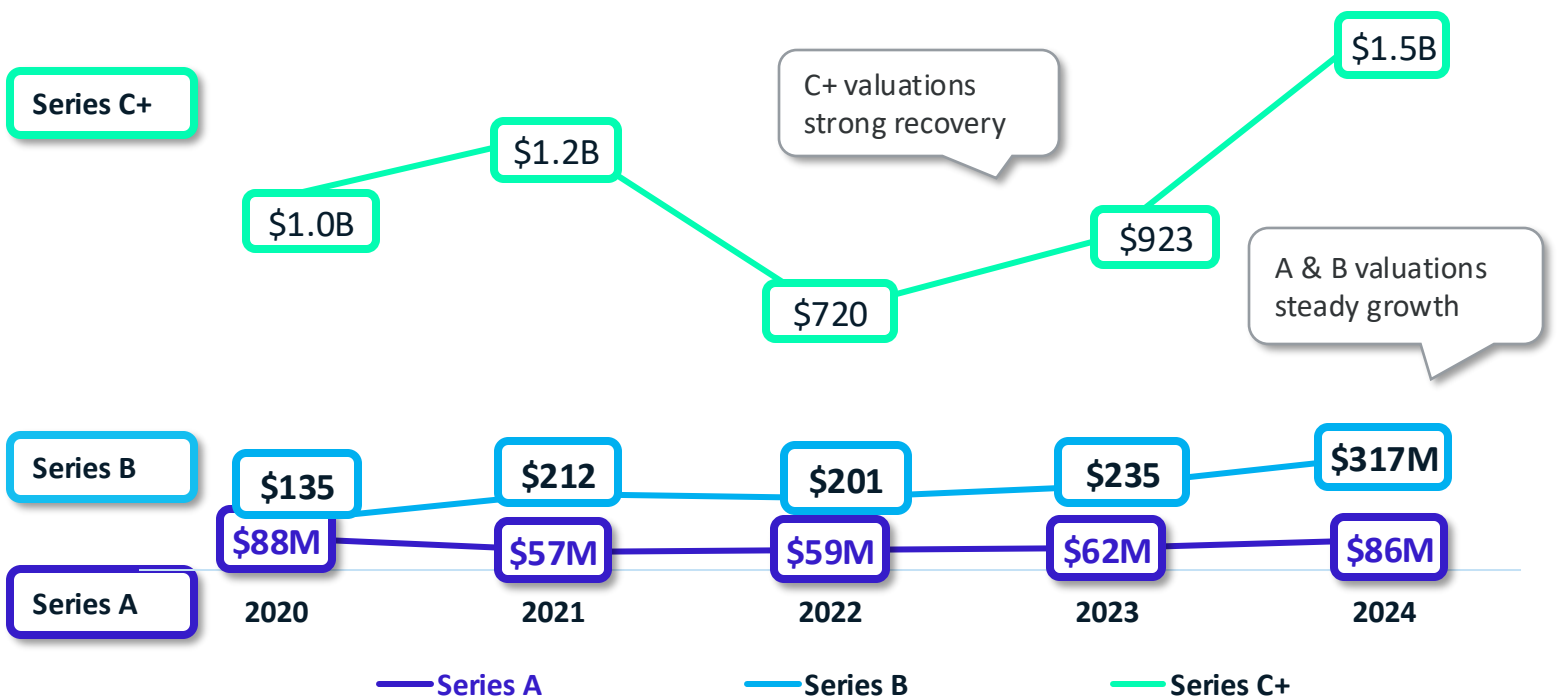| Investor	Deal Count
TIGERGLOBAL / PLUGANDPLAY	147
INSIGHT PARTNERS	140
SEQUOIA	139
ALUMNI VENTURES GROUP / andreessen.horowitz	106
SoftBank	96
salesforce ventures	91
GV	88
GENERAL CATALYST / intel Capital	81
Lightspeed	79
BESSEMER VENTURE PARTNERS	73
khosla ventures	68
NORWEST	61
Qualcomm ventures	57

13,586 investors with at least 1 deal

DEEP TECH CAPITAL RAISES BY YEAR

FEWER DEALS BUT VALUATIONS SHOWING GROWTH SINCE 2022

DEAL COUNT BY ROUND

Series A

2,033

1,398

1,827

Investment deal counts still down overall, B grew in 2024

1,314

1,196

Series B

Series C+

969

636

933

824

769

526

576

579

476

451

| 2020 | 2021 | 2022 | 2023 | 2024 |

—— Series A   —— Series B   —— Series C+

MEAN PRE-MONEY BY ROUND

Series C+

$1.5B

$1.2B

C+ valuations strong recovery

$1.0B

$923

$720

A & B valuations steady growth

Series B

$317M

$135

$212

$201

$235

Series A

$88M

$57M

$59M

$62M

$86M

| 2020 | 2021 | 2022 | 2023 | 2024 |

—— Series A   —— Series B   —— Series C+

Source: PitchBook
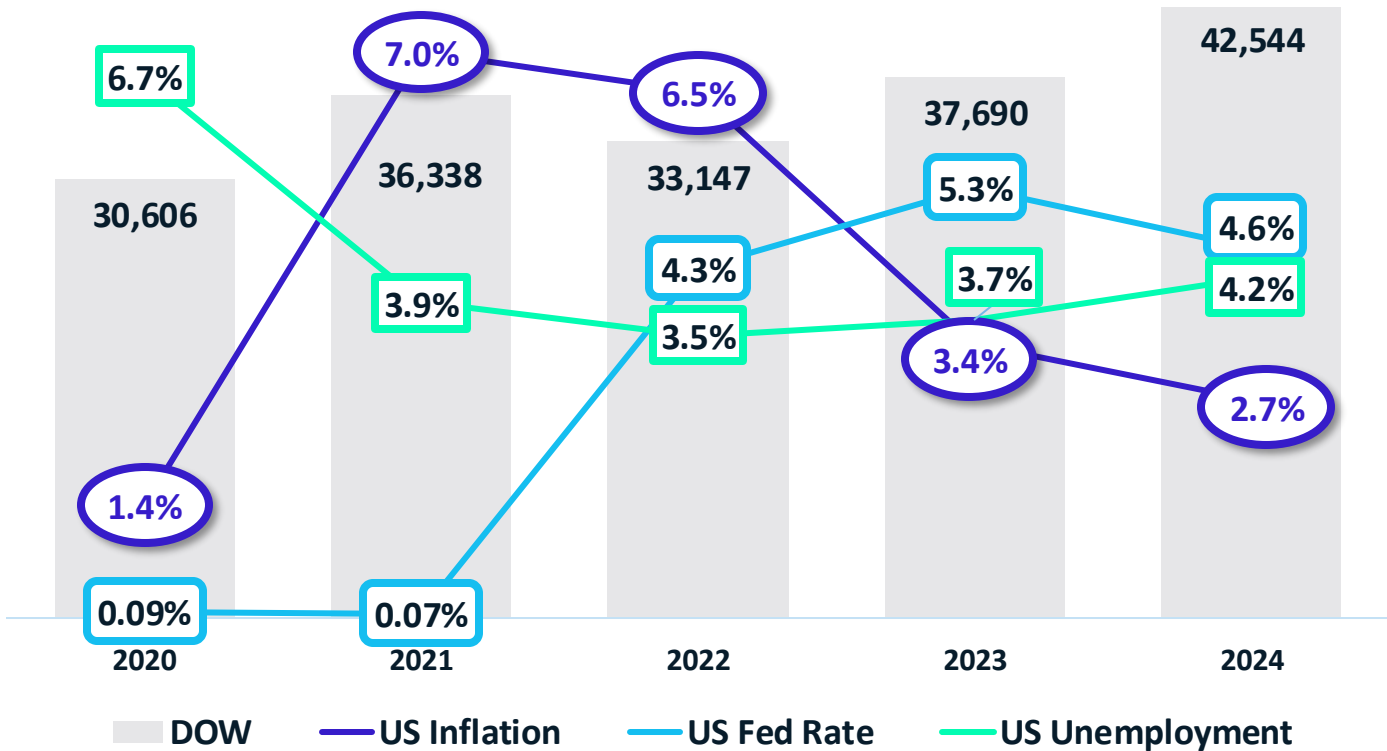
RECENT DEEP TECH VC TRANSACTIONS

CAPITAL RAISE, SERIES B+

COMPANY	SERIES	Up or Down Round	DEAL SIZE ($M)	PRE MONEY ($M)	DESCRIPTION
xAI	C	Up	6,000	44,000	AI platform for scientific reasoning
Databricks	J	Up	10,000	52,000	Data analytics platform for AI
Pearl	B	Up	80	325	AI-based dental pathology
embotech	B	Flat	27	37	AI safety and driving system for AV
Ayar Labs	D	Up	155	1,045	Optical interconnect tools for AI
Luma AI	B	Up	90	178	AI video generation platform
Sofar	C	Flat	18	82	Ocean sensor network for shipping and government research
AMP Robotics	D	Down	195	320	Recycling infrastructure automation
Ferric	C	Up	32	160	Single-chip power converters
Anomalo	B	Up	82	153	AI data validation tool to detect and explain issues in enterprise data
Enfabrica	C	Up	115	485	Networking and memory fabric semiconductor and software for AI
Roboflow	B	Up	37	258	Tools for budling computer vision application
Anello	B	Up	20	98	Photonic optical gyroscope sensors
Skydio	E	Up	400	2,100	AI-powered drones to lower complexity of flying
Third Wave Automation	C	Flat	27	144	Autonomous forklift technology
Andium	B	Up	22	117	Industrial IoT platform for remote monitoring
Aira Technologies	B	Up	15	72	Radio access network software to improve wireless network performance
Lightmatter	D	Up	400	4,000	AI light-powered processor

MACRO ECONOMY OVERVIEW

HEALTHY BUT CAUTION

Chart data:

	2020	2021	2022	2023	2024
DOW	30,606	36,338	33,147	37,690	42,544
US Inflation	1.4%	7.0%	6.5%	3.4%	2.7%
US Fed Rate	0.09%	0.07%	4.3%	5.3%	4.6%
US Unemployment	6.7%	3.9%	3.5%	3.7%	4.2%

Legend: DOW, US Inflation, US Fed Rate, US Unemployment

INSIGHTS

Stock Market: The Dow Jones has continued its growth in 2024 to all-time highs.

Inflation & Fed: After a historic peak of inflation in the 2021-22 timeframe post-COVID, inflation has steadily subsided, dipping back to historical norms after significant Fed rate increases, which have since decreased.

Unemployment: Unemployment continues to creep upwards, growing from 3.5% to 4.2% from 2022 to 2024, signaling some caution around M&A activity that is focused on talent acquisition.

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 can reduce the appetite for some companies to make acquisitions based on talent acquisition alone. The new US administration is not expected to increase taxes, and this may have a positive effect on M&A and capital.

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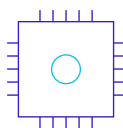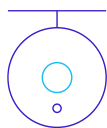
+ We are a deep tech investment banking firm. We advise on M&A and capital raise transactions and are experts at driving strategic value in technology deals.

+ 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, Renesas, Cadence, Sony, Bosch, Cisco, ST, ARM, Bosch, Lattice, Faurecia and many more.

Transaction Experience

EDGE AI SOFTWARE	MIXED SIGNAL IP	TinyML SOFTWARE	ARDUINO	STERADIAN	mirametrix
LOI executed with	LOI executed with	LOI executed with	Series B	Has been acquired by	Has been acquired by
TOP 20 SEMICONDUCTOR	**EDA & SEMICONDUCTOR IP**	**WIRELESS SEMICONDUCTOR**	BOSCH arm RENESAS ANZU PARTNERS	RENESAS	LATTICE SEMICONDUCTOR

twentybn	MOD.CAM	VanGogh Imaging	nyansa	netrounds	Sentient ENERGY
Has been acquired by	Has been acquired by	IP licensed by	Has been acquired by	Has been acquired by	Has been acquired by
Qualcomm	CISCO	INTUITIVE SURGICAL	vmware	JUNIPER NETWORKS	KOCH

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