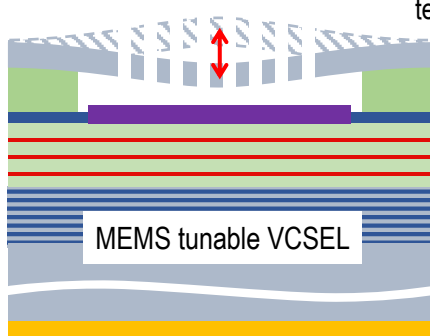


Deal Opportunity: Technology Expert in wavelength-tunable VCSELs

Business Description



Project SPEED is an EU-based specialist in wavelength-tunable Vertical-Cavity Surface-Emitting Lasers (VCSELs) that can be used in medical, industrial and consumer applications. SPEED sees its technological advantage in the combination of the mature GaAs VCSEL technology with the fast and reliable MEMS technology (Micro-Electro Mechanical Systems) that offers a higher tuning speed and significantly lower costs than e.g. External Cavity Lasers (ECL).



SPEED's technology is protected by patents that will be part of a sale.

SPEED's light source technology is best suited for medical and industrial imaging products, such as biometrical devices, ophthalmic diagnostic devices, imaging devices for cardiovascular, skin cancer, or oncological analysis as well as for in-line production controlling in e.g. laser welding. Furthermore, the VCSEL technology is ideal in applications for the fast-growing market of self-driving vehicles (esp. LiDAR).

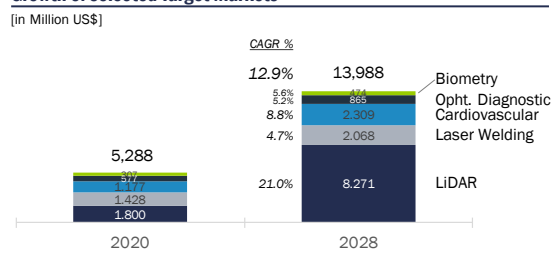
Key Investment Considerations

- Superior technology of GaAs VCSEL platform with regard to sweep rate, 3D imaging quality, reliability, and cost.
- IP protected by patents.
- Available 1060 nm center-wavelength products at different integration levels (VCSEL, TO/TOSA, and turnkey laser) as well as further new developments in the product pipeline (1310 and 1550 nm).
- Fabless, proven manufacturing process with a highly qualified supplier pool.
- Current shareholders willing to sell majority of up to 100% of shares since next level company development needs to be supported by a larger entity.
- Core management and patents will stay with the company after a sale.

Market Drivers

Market growth in medical areas is driven by increased use of preventive diagnostics and monitoring to address healthcare challenges such as diabetic retinopathy and myopia, cardiovascular disease and cancer. The trend towards Industry 4.0 drives the demand for in-situ process controls for laser material processing and metrological quality control that digitizes production. Autonomous motion systems, such as robotics and self-driving cars, are driving the demand for cost-effective and fast 3D point cloud imaging for safe navigation.

Growth of selected Target Markets



According to market studies, key global target markets are expected to grow from US\$ 5.2 bn in 2020 to US\$ 14.0 bn in 2028, implying an annual average growth rate of 12.9%. The light sources as a fraction within these huge and rapidly growing markets are the addressable market segments for SPEED with its superior tunable VCSEL solution.

Company Description and Transaction

SPEED was founded in 2014 as a spin-out from a European university. With more than eight years of experience in tunable VCSEL technology, SPEED is one of the technology leaders in wavelength-tunable VCSELs as light sources for swept-source OCT and other applications (key management is active in VCSEL development even since 2008). The company

has exclusive rights to use critical patent families that were co-developed with the university. To date, SPEED has generated approximately \$100,000 in cumulative revenue from product sales and is ready to scale up operations with existing products as well as accelerate developments of its product pipeline, which will be co-funded by public subsidies.

SPEED's fabless production system is easily scalable to support expected strong growth with low investment requirements in equipment. In addition, new product developments will be significantly supported by public funds. Management expects high sales growth over the next decade, also due to new product developments based on a new long-wavelength VCSEL platform:

[In US\$ Mill.]	2022	2023	2024	2025	2026	2027	2028	2029	2030
Total Sales	\$ 0,1	\$ 1,3	\$ 3,1	\$ 5,4	\$ 12,6	\$ 21,7	\$ 34,9	\$ 49,7	\$ 70,1
+ Project subsidies / NRE	\$ 0,2	\$ 0,8	\$ 1,2	\$ 0,6	\$ -	\$ -	\$ -	\$ -	\$ -
./. COGS	\$ -0,0	\$ -0,7	\$ -1,7	\$ -3,0	\$ -7,2	\$ -12,5	\$ -19,5	\$ -27,5	\$ -38,2
Gross Income	\$ 0,2	\$ 1,4	\$ 2,6	\$ 2,9	\$ 5,4	\$ 9,3	\$ 15,3	\$ 22,2	\$ 31,8
EBIT	\$ -0,5	\$ -1,0	\$ -0,4	\$ -0,3	\$ 1,5	\$ 5,8	\$ 11,2	\$ 17,2	\$ 26,0

In order to maintain its competitive advantage in both existing products and products in the pipeline, SPEED needs the support of a strong financial and operational partner that supports further commercialization and sales activities. Because of this, existing shareholders are poised to talk about a majority sale of up to 100% of shares while management is prepared to stay 'on board' and continue to drive the company's growth.

Process & Envisaged Timing

SPEED's shareholders propose the following process:

- Receive sales documentation (NDA) April 2022
- Exchange at LASER World of PHOTONICS, Munich April 26–29th, 2022
- Letter of Intent / non-binding offer June 3rd, 2022
- Binding offer t.b.d.
- Signing t.b.d.

Timing might be subject to changes.

MSM Capital together with AUCCEPT Consulting have been retained as the exclusive advisors initiating negotiations with potential investors and/or partners. For further information, a detailed company presentation can be exchanged after the execution of an NDA.

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