



**LESSONS LEARNED
FROM FINANCING
SCALE-UPS**

INTRODUCTION



PhD Physics (Rijksuniversiteit Groningen)

Came to Brainport in 1999 (Philips Research)

Founded Liquavista in 2006

**Sold business to Samsung Electronics (2010) and
Amazon.com (2013)**

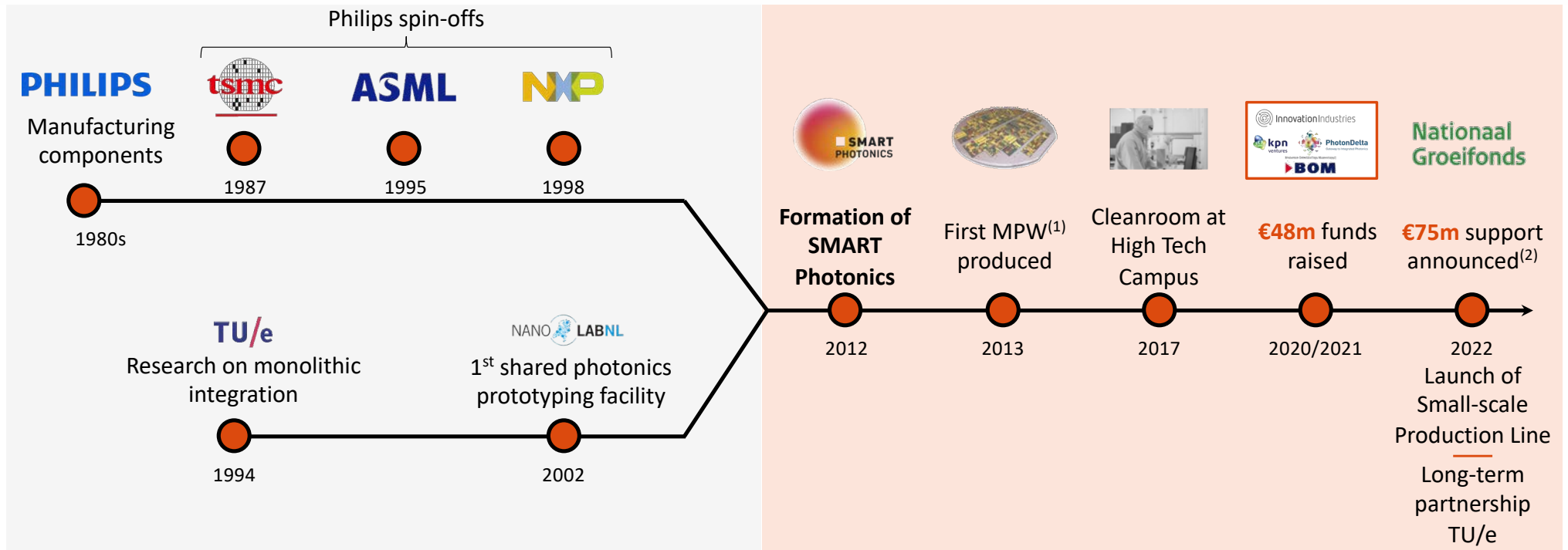
2019 CEO of SMART Photonics

**Raised ± € 50M of equity/non-equity for Liquavista (4 equity
rounds, loans and various subsidy projects)**

Closed round of € 48M in 2020/2021

€ 75M support through Growth Fund awarded in 2022

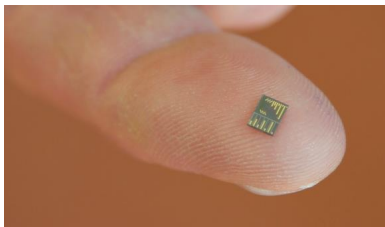
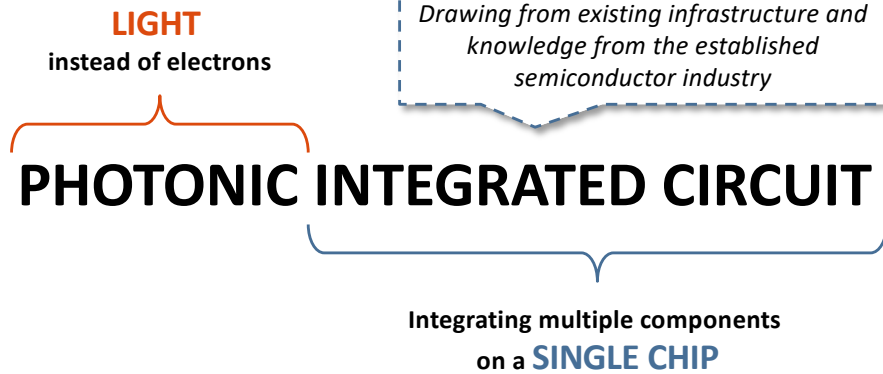
ORIGIN OF SMART PHOTONICS



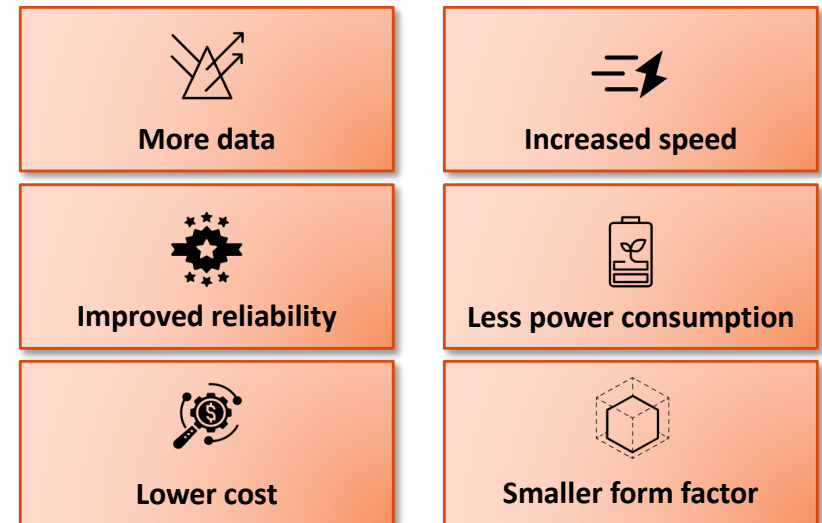
Technology and production roadmap that is built on decades of R&D

(1) Multi-Project Wafer.
 (2) Awarded by the Dutch National growth fund, subject to a number of conditions and confirmation of final amount.

INTEGRATED PHOTONICS CATER TO THE NEEDS OF GROWING END MARKETS



CLEAR BENEFITS OF PHOTONICS CHIPS



Performance improvements enable a large number of **COMMERCIAL APPLICATIONS**

GLOBAL CHALLENGES REQUIRE NEW TECHNOLOGIES



**MASSIVE POWER
CONSUMPTION IN DATA- AND
TELECOMMUNICATIONS**



**NEED FOR FAST AND SAFE
SENSORS FOR ASSISTED AND
AUTONOMOUS MOBILITY**



**RAPIDLY RISING COST OF
HEALTHCARE**

VALUE CHAIN FULLY EMBEDDED IN NL



DESIGN

PIC MANUFACTURING

PACKAGING

MODULE

SYSTEM





CRITICAL ELEMENTS FOR SUCCESSFUL START-UP / SCALE-UP FUNDING

- **Storytelling and the team**
- **Corporate finance support**
- **Understand the dynamics and understand your counterpart**
- **Investors and fundraising**
- **Warm introductions**
- **Negotiations**
- **Perseverance**

STORY TELLING: BRING THE INVESTOR TO YOUR SIDE OF THE TABLE

THEY HAVE TO BELIEVE IN THE STORY AND IN YOU AND YOUR TEAM



**"Would you say that the sales projections
in your 3 year plan are realistic?"**



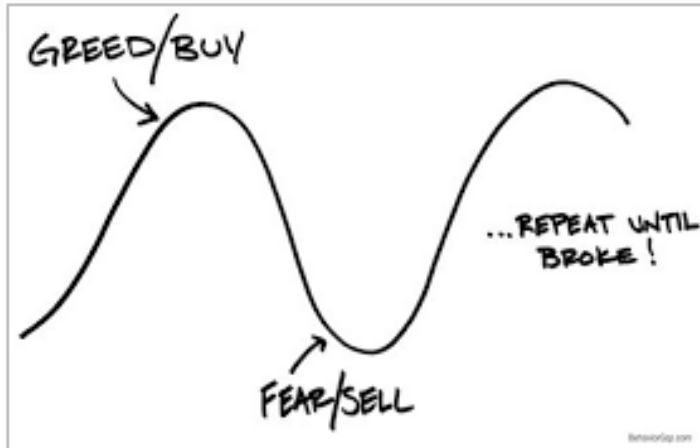
CORPORATE FINANCE SUPPORT

- **Critical support, certainly for larger rounds**
- **Helps with negotiations**
- **Select carefully, also on personal click.**
- **Pay attention to the contract**
 - Emphasize success over retainer
 - Watch out for tail condition
 - Put caps in, in case of raising more
 - Who do you bring in yourself?
- **What is their network?**

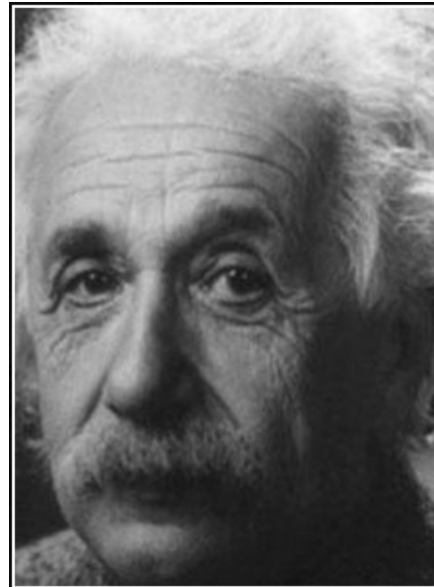


'Our lawyer insists on it as part of our due diligence provision.'

UNDERSTAND THE DYNAMICS OF INVESTORS



Fear and Greed



Three great forces rule the world:
stupidity, fear and greed.

— *Albert Einstein* —

AZ QUOTES

INVESTORS

- Be prepared, know your counterpart
- For larger rounds, create a consortium
- Choose the right investors
- Get a lead investor early on
- Create competition
- Consider strategic investors (but pay attention to T&C's)



FUND RAISING: PATIENCE AND HARD WORK. THIS IS YOUR JOB, NOT A SIDE TASK

- Start early
- Be creative
- Equity vs non-equity



THE VALUE OF WARM INTRODUCTIONS CANNOT BE OVERESTIMATED



"Al, this is Jack. He's with the Committee to Eliminate the Board of Education. Jack, this is Al. He's with the Committee to Increase Funding for the Board of Education."

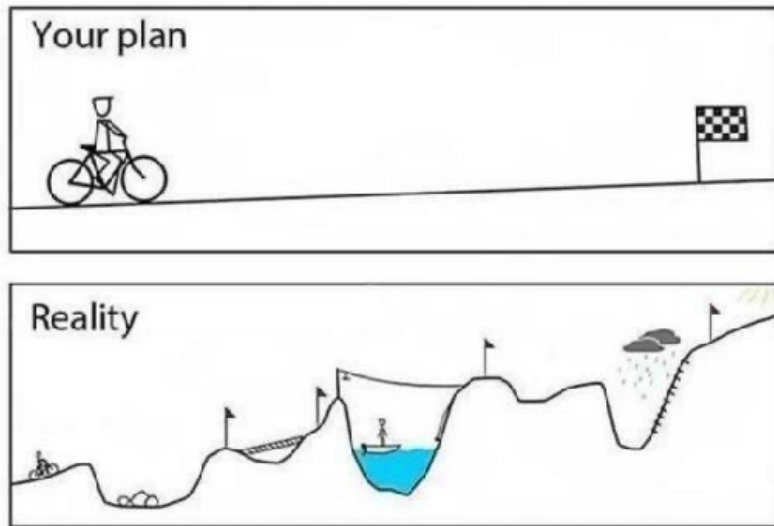
NEGOTIATIONS

- Valuation is always a critical element
- Ensure you negotiate space for an employee's stock pool (or option to top it up to avoid dilution)
- Watch out for (high) liquidation preference
- Don't get scared by tough rep's and warranties



Lets be subtle about this, we want to do business with them in the future.

PERSEVERANCE



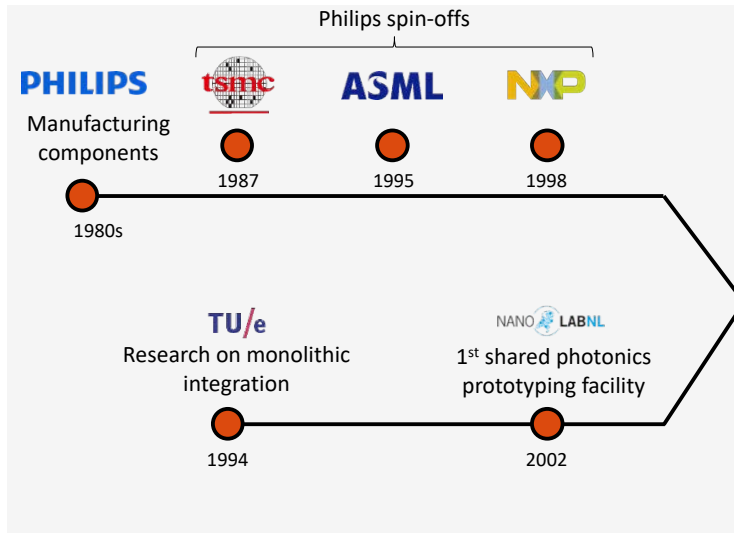


**■ SMART
PHOTONICS**

Independent InP Foundry

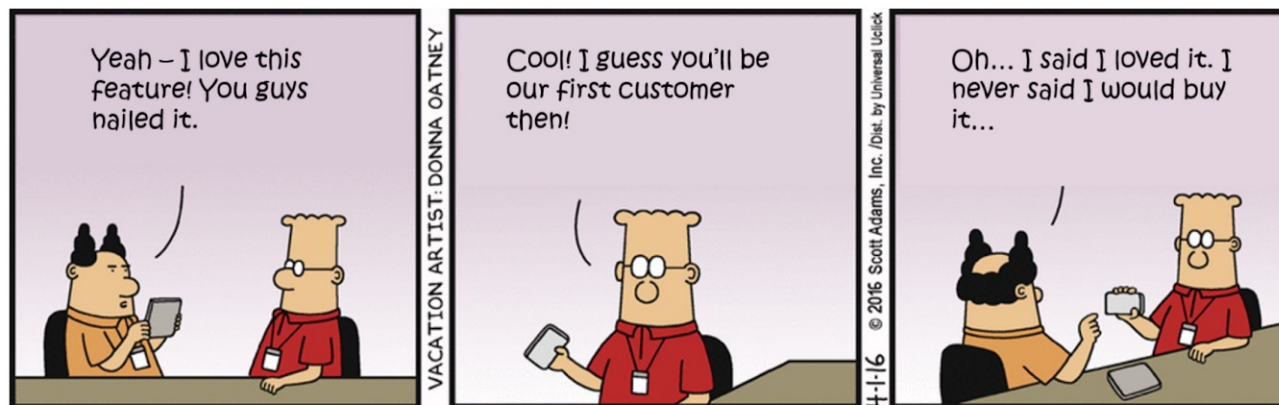
TECHNOLOGY WITH DEFENDABLE POSITION

Process Design Kit



1ST CUSTOMER

- Business model: how will you make money?
- Who has the pain that needs your solution?
- Go find customer(s) sooner rather than later and start working with them right away. You learn a lot!



ACQUISITION

They have to believe in the story, but they also have to believe in you and **your team**



Dream



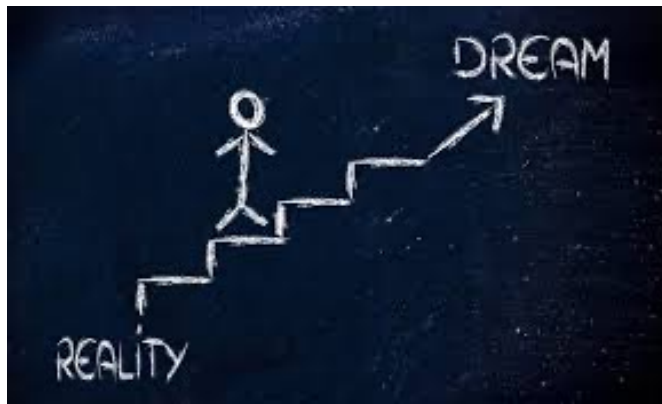
Team

Cream



ACQUISITION

They have to believe in the story, but they also have to believe in you and **your team**



Dream



Team

Cream

