

Quazar Report – Electronic Component Manufacturing

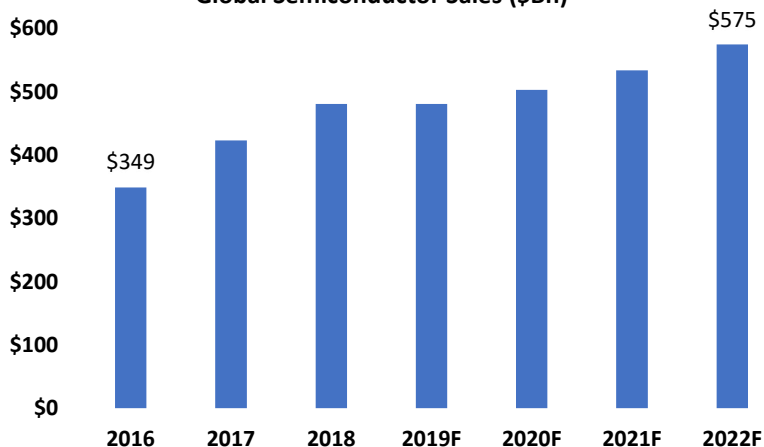
Q4 2020

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Electronic Component Manufacturing includes products such as semiconductors, printed circuit boards (PCBs), and communications equipment. Items like PCB's are made by printing conductive components onto non-conductive material – these serve as the building blocks for the connection and control of electronic equipment. Today, like many other industries, healthcare benefits from the advancement in these types of technologies. As the miniaturization of these components continues to increase, it is creating a more user-friendly experience in healthcare, allowing for a deeper understanding of a patient's health, all the while providing real-time insight to physicians.

Specific segments of the Electronic Component Manufacturing Industry have grown faster than others, as some have seen drastic decreases in prices of production; costs for producers of PCB's has remained stagnant over time, while semiconductor production costs have decreased significantly over time. The Production Price Index (PPI) – a metric used by the Bureau of Labor Statistics to measure the movement in costs of production for specific product groups – for both industries are 102.5¹ and 53.9² respectively. However, recent advancements in 3D printing and High-Density Interconnect (HDI) PCB's have offered alternative and cheaper solutions for manufacturers and consumers alike. The Semiconductor segment of the Electronic Component Manufacturing Industry has been the backbone to the connectivity network and automation of nearly all devices used today, commonly referred to as the Internet of Things (IoT). The U.S. is the largest producer of semiconductors with 45% of market share.³ Driven by growth in primary end markets like automotive, computing, healthcare, and industrial, the market is expected to grow at a CAGR from 2017 to 2022 of 5.2% - reaching a market value of \$575 billion in 2022.⁴

Global Semiconductor Sales (\$Bn)⁴



Key Trends/Industry Highlights

- Nano Dimension (NasdaqCM: NNDM) is the manufacturer of the product line "DragonFly." It produces a 3D printing machine that allows organizations to print their own CAD-designed or engineered circuitry. The system allows a company to print a designed multi-layer, complex PCB in less than 24 hours.⁵
- A San Francisco based startup, Tempo Automation, has raised \$87 million from investors for its proprietary technology that analyzes a manufacturer's PCB CAD, quotes a price, suggests design improvements, and delivers a complex manufactured PCB in less than three days. The company reports that four of the top 10 largest medical device companies in the world are customers.⁶
- U.S. healthcare expenditure is expected to grow at an average rate of 5.5% per year for 2018-2027, rising from \$3.6 trillion in 2018 to \$6.0 trillion by 2027 – representing nearly 20% of GDP by 2027.⁷

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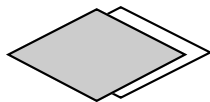
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Sources:

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Quazar Capital Corporation

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Selected Transaction: Quazar Capital Corporation Advises Custom Fab Solutions, LLC in its Sale



Quazar Capital Corporation is pleased to announce that Custom Fab Solutions, LLC ("CFS") has been acquired by Apollo Technology Group, LLC. Quazar Capital Corporation ("Quazar") advised CFS in the transaction.

The Shareholders of CFS made a strategic decision to find a partner who would continue to grow the business and create synergies with its current offerings. They chose Quazar as their M&A Adviser primarily due to Quazar's industry experience, extensive network, and reputation for successfully working with privately held businesses.

Quazar received nationwide interest from strategic buyers and financial buyers. The Shareholders ultimately decided that a local Buyer with extensive industry experience would be the best fit to continue to grow the business and create new opportunities for its employees.

"We were impressed with Quazar's ability to identify different buyers who would each bring unique expertise to CFS. Ultimately, we were most excited about the vision Apollo Technology Group had for the business. Quazar helped achieve a positive outcome for all of the Shareholders, and we are very optimistic for the future of CFS." – Larry Vortherms, Vice President and former Shareholder

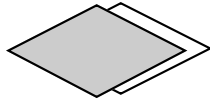
"The addition of CFS to the Apollo Technology Group family of companies aligns perfectly with our strategy of acquiring high-quality, technology driven manufacturing, engineering, and service businesses. We are excited to work with the CFS team on continuing to grow the business." – Al Bly, Founder of Apollo Technology Group

Custom Fab Solutions, LLC (customfabsolutions.com) provides contract manufacturing services for the semiconductor, photovoltaic, bio-pharmaceutical, water treater, and other technology industries. The company also manufactures capital equipment for chemical delivery, blending, recovery, and processing. The company is based out of Chanhassen, Minnesota.

Apollo Technology Group, LLC (apollo technologygroup.com) combines over 45 years of experience in equipment fabrication, strong engineering expertise and cutting-edge technology to create valuable and innovative solution for its customers.

About Quazar Capital Corporation

Quazar Capital Corporation (quazarcapital.com) is a Minnesota based Investment Banking Firm with 30 years of experience confidentially helping privately held companies with Mergers & Acquisitions, Recapitalizations, and Financial Advisory Services. Quazar specializes in transitioning companies with EBITDA over \$2 million.



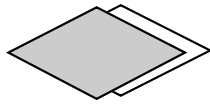
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Selected Transactions: Recent Industry M&A Activity

All Transactions Announced Date	Target/Issuer	Total Transaction Value (\$USDmm, Historical rate)	Buyers/Investors
10/28/2020	High Precision Devices, Inc.	\$15.0	FormFactor, Inc. (NasdaqGS:FORM)
08/31/2020	Voxtel, Inc.	\$40.0	Allegro MicroSystems, Inc. (NasdaqGS:ALGM)
07/22/2020	DB Design Group, Inc.	\$3.5	AEM Holdings Ltd (SGX:AWX)
04/23/2020	Fresco Logic Inc.	\$37.5	Parade Technologies, Ltd. (GTSM:4966)
02/20/2020	Adesto Technologies Corporation	\$495.2	Dialog Semiconductor Plc (XTRA:DLG)
01/10/2020	Sinmat, Inc.	\$76.2	Entegris, Inc. (NasdaqGS:ENTG)
11/13/2019	Reflex Photonics Inc.	\$30.2	Smiths Interconnect, Inc.
11/11/2019	eSilicon Corporation	\$215.4	Inphi Corporation (NasdaqGS:IPHI)
09/10/2019	Semiconductor Solutions Business of DuPont de Nemours, Inc	\$450.0	SK Siltron Co., Ltd.
09/03/2019	Silicon IP, Secure Protocols, and Provisioning Business	\$65.0	Rambus Inc. (NasdaqGS:RMBS)
08/07/2019	Esterline Interface Technologies Limited	\$190.0	KPS Capital Partners, LP
06/03/2019	Cypress Semiconductor Corporation	\$10,352.3	Infineon Technologies AG (XTRA:IFX)
05/06/2019	Intermolecular, Inc.	\$76.4	MERCK Kommanditgesellschaft auf Aktien (XTRA:MRK)
04/03/2019	Semiconductor Mask Repair and Cleaning Business of RAVE LLC	\$60.8	Bruker Corporation (NasdaqGS:BRKR)
03/27/2019	Quantenna Communications, Inc.	\$1,082.6	ON Semiconductor Corporation (NasdaqGS:ON)
03/11/2019	Mellanox Technologies, Ltd.	\$7,339.0	NVIDIA Corporation (NasdaqGS:NVDA)
02/27/2019	Versum Materials, Inc.	\$6,988.4	MERCK Kommanditgesellschaft auf Aktien (XTRA:MRK)
12/20/2018	Cambridge Sound Management, Inc.	\$86.8	Biamp Systems, LLC
11/14/2018	Semiconductor System Level Test Business of Astronics Test Systems Inc.	\$170.0	Advantest America, Inc.
11/09/2018	MC Test Service, Inc.	\$70.0	SMT Corporation (NasdaqGM:SMTX)
11/01/2018	Telular Corporation/Forza Silicon Corporation	\$565.0	AMETEK, Inc. (NYSE:AME)
10/30/2018	Electro Scientific Industries, Inc.	\$1,106.5	MKS Instruments, Inc. (NasdaqGS:MKSI)

Source: Capital IQ



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Selected Transactions: Recent Industry M&A Activity (without disclosed value)

All Transactions		
Announced Date	Target/Issuer	Buyers/Investors
10/30/2020	Assets of Quality Quartz Engineering, Inc.	QQE Summit, LLC
09/03/2020	Universal Electronics, Inc.	East West Manufacturing, LLC
09/01/2020	Riga Analytical Lab, Inc.	Covalent Metrology Services, Inc.
08/12/2020	INNOVION Corporation	II-VI Incorporated (NasdaqGS:IIVI)
07/07/2020	Certain Assets related to Existing Products and the IoT Business of	Synaptics Incorporated (NasdaqGS:SYNA)
05/05/2020	Applied Technical Services Corporation	Creation Technologies LP
04/29/2020	TMK Manufacturing, Inc.	Vander-Bend Manufacturing, Inc.
04/27/2020	Princeton Technology Corporation	Intervala, LLC
04/01/2020	Precinmac Precision Machining	Compass Partners Capital LLC; Bain Capital Credit, LP; Pine Island Capital Partners LLC
03/13/2020	OctoTech Inc.	BeRex, Inc.
02/06/2020	Micross Components, Inc.	Corfin Industries LLC
01/24/2020	Introbotix	Connected Community Networks, Inc.
01/22/2020	Eptam Plastics, Ltd.	Frazier Healthcare Partners
01/13/2020	Timbercon, Inc.	Radiall America, Inc.
12/09/2019	MEI LLC	RENA Technologies GmbH
11/18/2019	Adcotron EMS Inc.	East West Manufacturing, LLC
11/12/2019	Bestronics Incorporated	Data Electronic Devices, Inc.
11/01/2019	InHand Electronics, Inc.	SECO USA Inc.
10/22/2019	Wafer Manufacturing Facility in Ithaca, New York	Odyssey Semiconductor Technologies, Inc. (OTCPK:ODII)
10/16/2019	Amphion Semiconductor Ltd.	SAS Allegro DVT2
06/24/2019	Nanometrics Incorporated	Onto Innovation Inc. (NYSE:ONTO)
06/13/2019	Certain Manufacturing and Intellectual Property of i3 Electronics, Inc.	TTM Technologies, Inc. (NasdaqGS:TTMI)

Source: Capital IQ