Verdancia Capital's first SPV Investment ***Targets the AI Inference Market*** & Exhibits Advantages of ***Supply-Chain Embeddedness***

- Today's AI is no longer advancing in a linear fashion. What began as cloud-based LLMs just three years ago is accelerating into a broad, multi-front expansion, embedding itself in consumer devices, industrial systems, enterprise operations, and physical, autonomous platforms.

- As AI permeates everyday life, its compute paradigm remains anchored in two core functions: *training and inference*. While training has benefited from years of investment in high-power GPUs, ***purpose-built inference hardware*** has received less focus yet is deemed *the next durable growth frontier*. Some have estimated the AI inference, conservatively, to be a *USD 100 billion market by 2035*.[1]

- There has long been a technical issue associated with the hardware dedicated to inference: memory wall. This is the bottleneck created when processors perform computations far faster than data can be supplied from memory, causing the hardware to sit idle while waiting for data, something that even the best hardware still can't fully address.[2]

- At its core, the industry's challenge in enabling this transition is securing *high-performance, reliable, cost-effective, and supply-chain supported inference chips*. Relative to future demand, the development of such inference-specific chips is still in its formative stages.

- Verdancia's first SPV investment is targeting a Taiwan-originated founder team that has developed *a new line of inference processors built with a novel technology: "wafer-on-wafer"*. To address how memory and processor can function well together, this approaches stacks layers of memory AND the SoC layer as a single unit, thus ensuring ***exceptional inference performance*** in terms of *available memory, accessible bandwidth, and compute throughput*. This technology has been lauded by industry leaders, and our SPV company will be amongst the first to bring it to market.[3]

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[1] https://www.globemarketresearch.com/reports/ai-inference-chip-market

[2] https://wccftech.com/micron-says-ai-memory-wall-worsening-compute-outruns-hbm-bandwidth-by-3x-every-two-years/

[3] https://www.jonpeddie.com/news/qualcomm-pushes-compute-next-to-memory/

- This unique position is achieved because the project company is ***fully embedded within Taiwan's semiconductor supply chain***. Wafer-on-wafer is a craft that requires deep collaboration along the conception, engineering, and fabrication processes, something that outside competitors cannot readily access. Then there is the issue of foundry and component scarcity, which industry observers cite as a key bottleneck in the development of the inference market. [4] Due to longstanding supply chain relationships, our SPV target company has secured resources allowing it to expand relatively uninhibited.

- By being part of the supply chain fabric, the SPV company gains access to real manufacturing feedback loops and the ability to align its product with the practical constraints and capabilities of upstream and downstream partners. This is the foundation that makes the transaction viable: Verdancia can underwrite not just the technology, but technology that the ecosystem itself has chosen to support.

- The SPV company is in late stages of development; the present round of funding shall be sufficient to realize mass production by the end of 2027. Commercial plans have resulted in customers already committing to use the products once they become ready. The *SPV I Investment Overview* provides additional details.

- The proposed SPV aligns directly with Verdancia's investment thesis: *(i) innovation rooted in the depth of Taiwan's tech ecosystem, and (ii) strong embeddedness within Taiwan's world-class semiconductor fabrication*. *Given the scale of the coming inference requirement,* ***this SPV offers a truly compelling opportunity to secure an early, meaningful position in a critical market*** that will be exceptional in scale.

- The proposed size of the investment is USD 50 million for 20% shareholding of the target company; the investment period is projected to be six years, in a 4 + 2 configuration.

- Please refer to the full Verdancia SPV1 Overview for details.

[4] https://www.businesstimes.com.sg/international/global/whats-stopping-asias-chipmakers-taking-nvidia-answer-lies-bottleneck