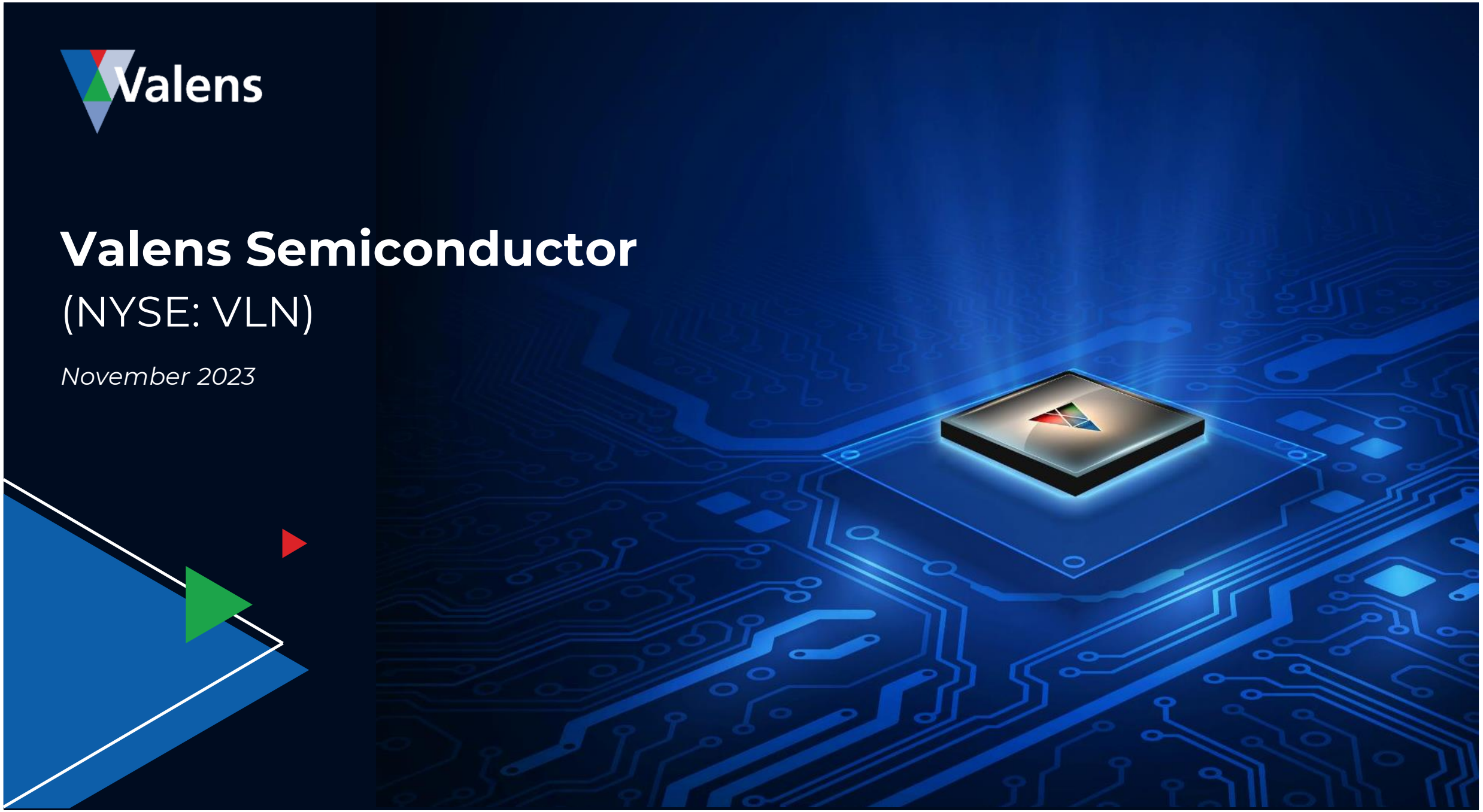
Valens Semiconductor

(NYSE: VLN)

November 2023



Pushing the Boundaries of Connectivity. Everywhere.

Leading Provider of Semiconductor Products in the Large and Growing Automotive and Audio-Video Markets

Enabling Resilient, Ultra High-speed Wired Connectivity Over Simple, Low-Cost Infrastructure

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Disclaimer

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Certain statements in this presentation (this "Presentation") are "forward-looking statements" within the meaning of the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of words such as "estimate," "plan," "project," "forecast," "intend," "will," "expect," "anticipate," "believe," "seek," "target" or other similar expressions that predict or indicate future events or trends or that are not statements of historical matters. These forward-looking statements include, but are not limited to, statements regarding our anticipated future results, including financial results, currency exchange rates, contract wins, future economic and market conditions. These statements are based on various assumptions, whether or not identified in this Presentation, and on the current expectations of Valens' management and are not predictions of actual performance. These forward-looking statements are provided for illustrative purposes only and are not intended to serve as, and must not be relied on by any investor as a guarantee, an assurance, a prediction or a definitive statement of fact or probability. Actual events and circumstances are difficult or impossible to predict and will differ from assumptions. Many actual events and circumstances are beyond the control of Valens.

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GAAP and non-GAAP Measures

This presentation includes GAAP and non-GAAP measures. Adjusted EBITDA is defined as net profit (loss) before financial income (expense), net, income taxes, equity in earnings of investee and depreciation and amortization, further adjusted to exclude change in the fair value of the Forfeiture Shares and share-based compensation, which may vary from period-to-period. We caution investors that amounts presented in accordance with our definition of Adjusted EBITDA may not be comparable to similar measures disclosed by other issuers, because not all issuers calculate Adjusted EBITDA in the same manner. Adjusted EBITDA should not be considered as an alternative to net loss or any other performance measures derived in accordance with GAAP or as an alternative to cash flows from operating activities as a measure of our liquidity. For reconciliation of GAAP to non-GAAP measures, see Appendix.

Although we provide guidance for Adjusted EBITDA, we are not able to provide guidance for projected Net profit (loss), the most directly comparable GAAP measures. Certain elements of Net profit (loss), including share-based compensation expenses and forfeiture share valuations, are not predictable due to the high variability and difficulty of making accurate forecasts. As a result, it is impractical for us to provide guidance on Net profit (loss) or to reconcile our Adjusted EBITDA guidance without unreasonable efforts. Consequently, no disclosure of projected Net profit (loss) is included. For the same reasons, we are unable to address the probable significance of the unavailable information.

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In this Presentation, we rely on and refer to certain information and statistics obtained from third-party sources which we believe to be reliable. We have not independently verified the accuracy or completeness of any such third-party information. You are cautioned not to give undue weight to such industry and market data. This Presentation may include trademarks, service marks, trade names and copyrights of other companies, which are the property of their respective owners. Solely for convenience, some of the trademarks, service marks, trade names and copyrights referred to in this Presentation may be listed without the TM, SM, (c) or (r) symbols, but the Company will assert, to the fullest extent under applicable law, the right of the applicable owners, if any, to these trademarks, service marks, trade names and copyrights.

Valens Semiconductor At a Glance

Leveraging our Long-Reach Connectivity Solutions Across Markets

Multi-Billion
Addressable Markets

Audio-Video
Superior Connectivity, Deployed Across Multiple Verticals

Automotive
Critical Technology for ADAS[1] and Autonomous Driving Cars

Fortress Balance Sheet
$153M Working Capital[3]
$143M Cash Balance[4], no debt

Q4 2023 Adjusted EBITDA Goal
Guidance: $0.0-0.6M[2]

2023 Guidance[2]
Revenues $83.8-$84.2M
Gross Margin 62.5%-62.8%
Adjusted EBITDA
$(12.5)M-$(11.9)M

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(1) ADAS - Advanced Driver-Assistance Systems
(2) Full Year 2023 annual outlook for revenues and gross margin, and for Q4 2023 Adjusted EBITDA, as provided on November 8, 2023
(3) Total Current Assets, less Total Current Liabilities as of September 30, 2023
(4) Cash, cash equivalents and short-term deposits as of September 30, 2023

Leveraging Disruptive Connectivity Offerings Across Both Business Segments

Audio-Video



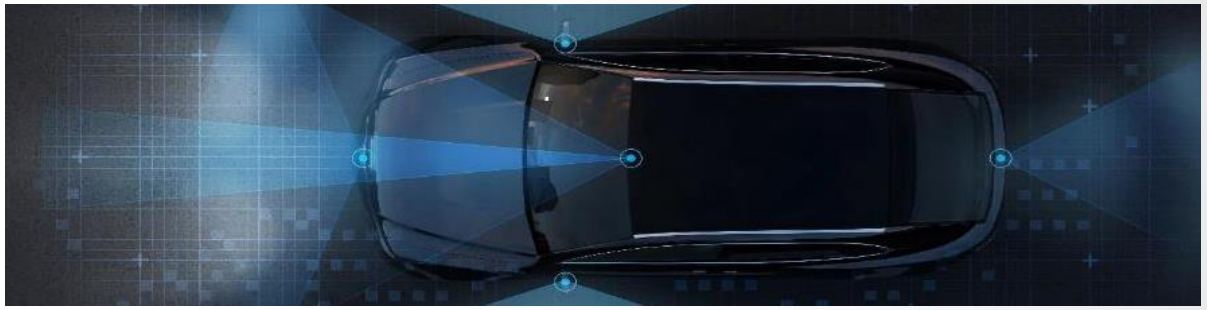
The **incumbent solution for high-speed long reach audio-video connectivity. The de-facto industry standard,** supported by the HDBaseT alliance (co-founded with LG, Samsung, and Sony Pictures)

Serving multiple verticals – corporate, education, industrial, medical, and command & control

Continue to invest in expanding our offerings to address market connectivity needs – New chip for USB3 connectivity launched in Q4 2023

Established, and leading in highly-profitable business

Automotive



Unique technology – the only high-speed connectivity solution supporting **multi-gigabit connectivity** over **unshielded cables and connectors**

VA6000 automotive chipsets for infotainment (2Gbps)

- **Broadly deployed** in most Mercedes-Benz car models including EVs
- **Trucking safety application:** partnership for rear-view camera with Stoneridge

VA7000 automotive product family for ADAS and Autonomous Driving (8 Gbps).

- Selected as the baseline for the mipi alliance **A-PHY standard** for in-vehicle high-speed connectivity (09/2020)
- Adopted by IEEE (2021)
- **Strong automotive industry ecosystem momentum** (Tier 1s, Tier 2s, OEMs)
- **Participating in several automotive OEM bids**

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Powering Millions of Audio-Video Products Globally

CRESTRON logitech SONY Panasonic SAMSUNG
SIEMENS EPSON NEC LG Electronics Extron HARMAN

Valens Core Enabler



Samsung's "The Wall"
Digital Signage



Logitech Rally PLUS
Ultra-HD System



Samsung "Terrace"
Outdoor TV



Dräger Evita® V800
Ventilator



Crestron FLEX Video
Conferencing



Siemens Healthineers
3D Imaging Mobile C-Arm



Epson BrightLink Interactive
Ultra Short-Throw Projector

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Growing Diversity and Business Opportunities in Audio-Video Connectivity



Video Conferencing in Corporations and Education

Providing seamless videoconferencing and educational experience in remote, hybrid and in-person models in rooms of all sizes

logitech CRESTRON Extron



Industrial

Industry 4.0 increasingly relies on camera sensors and computer vision systems, and other sensor types

BECKHOFF SIEMENS ADVANTECH ABB kontron



Medical Imaging

Integrated in diagnostic equipment, assisted surgical equipment, and operating room video distribution

SIEMENS Healthineers Medtronic EIZO



Command and Control Signage

Commercial advertising on public buses; municipalities and governments conveying public safety information

Lufthansa Technik Clever Devices

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Florida Modernizes Classrooms with Valens Semiconductor Audio-Video Connectivity Products

Deployed in school district with over 330,000 students

"Florida's largest public school district's schools and teachers can now provide learning experience to a much broader audience. Logitech's superb camera technology, coupled with Valens Semiconductor's extension solution are empowering schools like those in Florida and other educational institutions in eliminating gender disparities, increasing access, and ensuring continuous and equitable education. We believe that there is great potential for this type of collaboration between Logitech and Valens Semiconductor in K-12, academic institutions and corporations."

logitech

Sudeep Trivedi
Head of Alliances and Go-To-Market at Logitech



- **Part of an awarded Elementary and Secondary School Emergency Relief (ESSER) Funded Conference Cameras initiative**, and the county's 2021-2026 Strategic Plan
- **Prepare for and avoid future closures of schools** (K-12[1]) and enable improved student achievements
- **Logitech Cameras and Valens Audio-Video USB and Power extension solution** is an easy-to-install and cost-effective solution

(1) *from kindergarten through 12th grade*

Constantly Evolving Audio-Video Market Presents New Opportunities

Legrand | AV's global brands work together to leverage emerging technologies like the new VS6320 platform for long-reach USB 3.0 solutions. "We're excited to have the opportunity to add value to this platform for the Audio-Video and IT communities through our C2G and Vaddio portfolios by providing reliable extension of USB 3.2 connections in hybrid classrooms and meeting rooms of all sizes."

Timothy Troast, VP Technology & Product Strategy at Legrand | AV



Long-Reach Extension of USB3.2 Peripherals

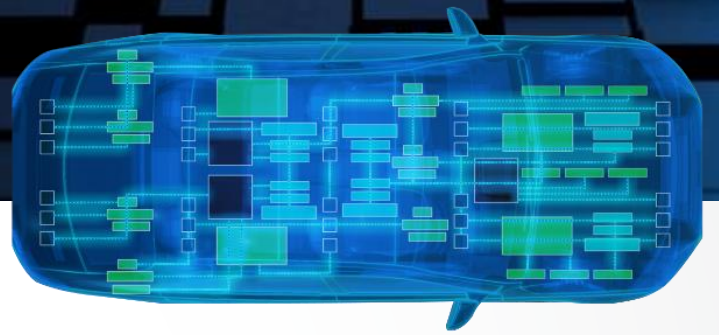
- **Videoconferencing targets:** corporate, education, industrial, and medical
- **Emerging Market:** well-positioned to capture a substantial market share
- **VS6320 Launched in Q4 2023:** several customers already started embedding into their products
- **Unique proposition:** cost-effective, low-power, long-reach (100m/328ft) single-chip

Multi-Camera Videoconferencing for a Unified Meeting Room Experience

- **Bridging** the physical and virtual divide in remote/hybrid meetings
- **Developing** a flexible, efficient, high-performance connectivity solution
- **Leveraging** our automotive technology in audio-video

Automotive Connectivity Market – Key Drivers

Valens Semiconductor Will Play an Essential Role in Reliable ADAS & Autonomous Driving



Today's Car Architecture has Been Pushed to its Limits

- Space, weight and complexity
- Driving a growing need for increased bandwidth, zero latency, and long-reach connectivity

Enhanced Connectivity and Processing Capabilities

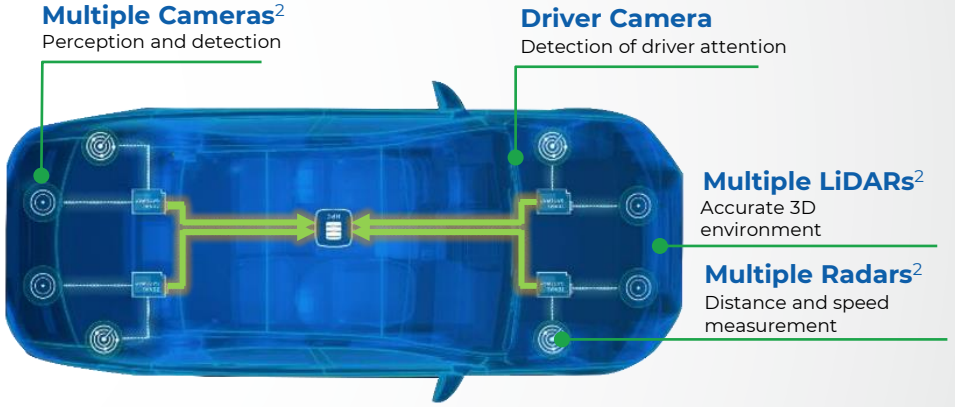
- Proliferation of cameras, radars and LiDARs increasing in-vehicle data production

Future Proof Technology Required to Enable Software-Defined Vehicles

- Centralized processing is facilitating faster adoption of software-defined vehicles
- Increased EMI[1] resilience

Best-in-class EMC Performance

- DSP-based PHY technology - the only multi-gig solution with error-free links
- High-performance, long reach connectivity, simple, low-cost channels, flexibility





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(1) *EMI – Electromagnetic interference*
(2) *Illustrative only – cameras, radars and Lidars cover a surround view (front, back and sides of the car)*

Valens Provides a Future Proof Connectivity Technology, and is Well-Positioned with a Holistic Offering

The Only High-speed Connectivity Solution Supporting Multi-gigabit Connectivity Over Unshielded Harness



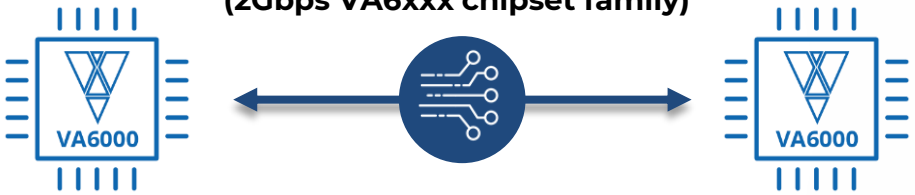
Symmetric

Data Connectivity

(ECU to ECU)

Infotainment & Telematic Units

(2Gbps VA6xxx chipset family)





Non-Symmetric

Video Connectivity

(Sensor to ECU,
ECU to Display)

ADAS and Autonomous Vehicles

(8Gbps VA7xxx chipset family)



Mercedes-Benz Stoneridge

Continental HARMAN

molex BOSCH

A-PHY standard adoption:

mipi alliance IEEE

Participating in several automotive OEM bids

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Valens' First Generation VA6000 Validated By Automotive Leaders

Mercedes-Benz

"One of Daimler's strategic focuses is to be a technological leader in 'green' technologies, safety, autonomous driving and connectivity. Valens Automotive is a perfect fit as its architectural benefits, reliability and robustness lead to a superior driving experience for our customers."

Daimler
'Valens and Daimler Partner to Optimize In-Car Connectivity'



Enabling Superior Infotainment Connectivity in Mercedes Vehicles

- On the road and fully operational with VA6000, 1st-generation automotive chipsets
- Millions of VA6000 chips deployed
- Collaborating on multiple next-gen platforms in most car models
- Selling through leading automotive Tier-1s

Continental HARMAN molex BOSCH

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Valens' First Generation VA6000 Validated By Automotive Leaders

Valens Partnered with Stoneridge, a Leading Truck Technology Manufacturer, to Solve a Tractor Trailer Connectivity Challenge

Solving a Critical Safety Hazard for Drivers and Fleets
Reducing Fleet Operating Costs

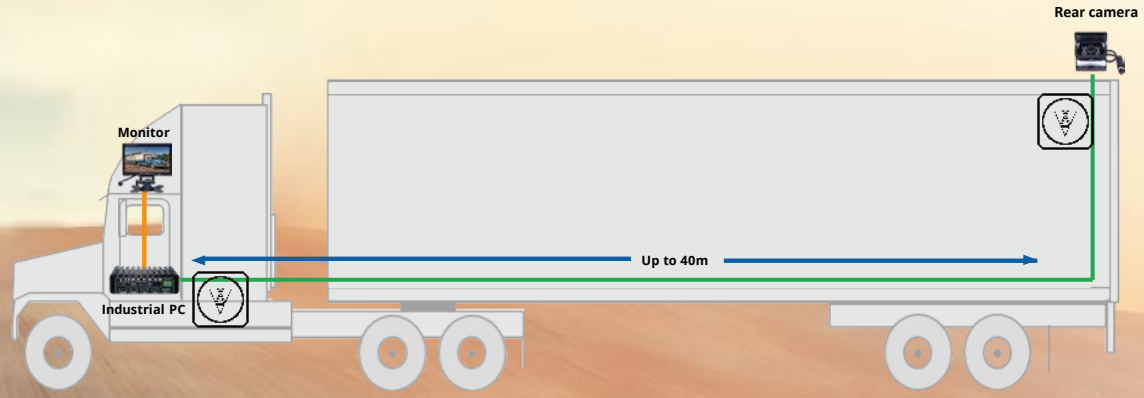


Tackle Visibility Limitations (VA6000)

- Provide video connectivity between truck's tractor and trailer while protecting lives
- Valens supports high-speed data links of up to 130ft in a very rough and noisy environment

Business Opportunity

- Foothold in profitable, high-margin truck market
- Automotive aftermarket potential



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Valens Semiconductor VA7000 Chipsets Gaining Traction

Participating in Bids, Moving Towards Adoption by Automotive OEMs

Industry Standard-Setter
Defining A-PHY Connectivity

mipi alliance

Valens' technology **selected as the baseline for MIPI A-PHY standard; Royalty-free use**

2020

IEEE

IEEE adopted A-PHY **as an automotive standard**

2021

Valens VA7000
Industry-First

First-in-industry to ship 8Gbps A-PHY compliant chipsets to leading automotive OEMs and Tier 1s (Q4/21)

2021

Strong Ecosystem Momentum
Expanding Adoption

BOSCH, Qualcomm, intel, KEYSIGHT TECHNOLOGIES, SAMSUNG, SUNNY OPTICAL TECHNOLOGY, onsemi, INNOVIZ, SUMITOMO ELECTRIC, mobileye, JasPar, HOSIDEN, OMNIVISION, LG Innotek, SONY, TOSHIBA, SYNOPSYS, MEDIATEK, Leopard, NVIDIA, XILINX

2022

Progressing Towards Mass Production
Design Wins

Participating in several automotive OEM bids

Today

Valens

Valens' Addressable Market Will be Further Fueled by the Growing Adoption of ADAS and Autonomous Driving

	Today		Future	
	Level 2/2+	**Level 3**	**Level 4**	**Level 5**
	Feet Off	*Hands Off*	*Eyes Off*	*Mind Off*
Camera	2-7	5-8	5-12	5-12
Radar	1-3	3-5	4-10	4-10
LiDAR	0	1-2	2-5	2-6
Display	1-4	2-8	2-8	8+
Number of High-speed Video Links	**4-14**	**11-23**	**13-35**	**19-36+**

High-Speed Video Connectivity ADAS[1] Automotive TAM (2025-2026)

~ 100 million cars[2]
are expected to be manufactured per year in 2025 and 2026

10 sensor links for ADAS
on average, **2 connectivity chips** (transmitter and receiver)

~2 billion chips per year

~$4 per-chip cost[3]

>$8B

(1) *ADAS including surround view systems*
(2) *S&P Report, April 2022*
(3) *Company's projections*
(4) *Assumed projections based on industry and company estimates, for non-symmetric connectivity*

Maximizing Environmental, Social and Governance (ESG) Opportunities and Managing ESG Risks

(FY2022 Report)

"Our high-performance connectivity solutions are designed to propel socially and environmentally responsible growth.

We believe that operating with the utmost ethical standards and practices is key to ensuring our continued success."

Gideon Ben Zvi,
CEO of Valens Semiconductor

- **Mission**

  Establish cutting-edge products that can power resilient, ultra-high-performance wired connectivity for automotive and audio-video markets

- **Encouraging dialogue with stakeholders**

  Employees, customers, business partners, regulators, suppliers, business alliance groups, shareholders, NGOs

- **Written in accordance with**
  - Global Reporting Initiative (GRI)
  - Sustainable Accounting Standards Board (SASB)
  - United Nation's Sustainable Development Goals (SDGs)

Key Accomplishments

- Office sustainability initiatives
- Community development program
- Lowered total electricity consumption
- Activities highlighting the importance of bridging the digital divide
- Lowered water usage
- IT cybersecurity campaign

UN Sustainable Development Goals (SDGS)

Valens Semiconductor's Core Business and ESG Strategies are Applicable to the Below SDGs:



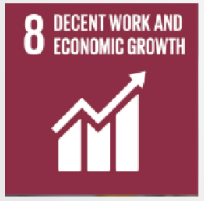
GOOD HEALTH AND WELL-BEING

- Key enabler of lifesaving ADAS
- Help enable access to high quality essential healthcare services



QUALITY EDUCATION

- Help enable high quality remote learning, contributing to improving accessibility, equitability and stability of education



DECENT WORK AND ECONOMIC GROWTH

- Promote equitable economical growth by driving technological innovation and creating addressable industry-wide standards
- With Valens chipsets car manufacturers can enhance efficiency by substantially removing massive amounts of heavy cables



INDUSTRY, INNOVATION & INFRASTRUCTURE

- Contribute to more efficient use of resources and the greater adoption of green and environmentally responsible technologies and industrial processes.



SUSTAINABLE CITIES AND COMMUNITIES

- Valens technology facilitates road safety and sustainability
- Increasingly plays an essential role in ADAS, electric cars, and autonomous vehicles, helping to reduce congestion, energy consumption and emissions.



RESPONSIBLE CONSUMPTION AND PRODUCTION

- Aim to lower energy and material consumption across the enormous automotive industry



CLIMATE ACTION

- Help reduce the emissions and overall environmental footprint of the automotive sector, through advanced algorithms and component regulations
- The audio-visual technology is designed to improve the quality of video conferencing reducing the need for travel.

Third Quarter Financial Highlights; Fortress Balance Sheet

Third Quarter 2023	vs.	Third Quarter 2022
Revenue: $14.2 million		**Revenue**: $23.1 million
Gross margin: 58.9% (non-GAAP[1]: 61.1%)		**Gross margin**: 69.7% (non-GAAP[1]: 70.5%)
Adjusted EBITDA[2]: $(8.8) million		**Adjusted EBITDA**[2]: $(1.7) million
Earnings (Loss) per share[3]**:** $(0.12) (non-GAAP[4] ($0.08))		**Loss per share**[3]**:** $(0.05) (non-GAAP[4] $(0.02))
Working Capital[5]: $152.6 million ($160.8 million as of end of Q2 2023)		**Working Capital**[5]: $166.7 million
Cash Balance[5]: $142.7 million, no debt ($138.0 million as of end of Q2 2023)		**Cash Balance**[5]: $152.9 million, no debt

(1) Non-GAAP Gross Margin is defined as: GAAP Gross Profit excluding share-based compensation and depreciation expenses, divided by revenue. For the three months ended September 30, 2023, and 2022, share-based compensation and depreciation expenses were $312 thousand and $189 thousand, respectively. For reconciliation of GAAP to non-GAAP measures, see Appendix.

(2) Adjusted EBITDA is defined as Net profit (loss) before financial income (expense), net, income taxes, equity in earnings of investee, and depreciation and amortization, further adjusted to exclude share-based compensation and change in fair value of Forfeiture Shares, which may vary from period-to-period. We caution investors that amounts presented in accordance with our definition of Adjusted EBITDA may not be comparable to similar measures disclosed by other issuers, because not all issuers calculate Adjusted EBITDA in the same manner. Adjusted EBITDA should not be considered as an alternative to Net loss or any other performance measures derived in accordance with GAAP or as an alternative to cash flows from operating activities as a measure of our liquidity. Please refer to the appendix at the end of this presentation for a reconciliation to the most directly comparable measure in accordance with GAAP.

(3) Weighted average number of shares used in calculation of net loss per share was 102,216,654 for Q3 2023 compared to 98,058,696 for Q3 2022.

(4) Non-GAAP Loss per Share as GAAP Net Loss adjusted to exclude the following: Stock based compensation, depreciation, and the change in fair value of Forfeiture Share divided by the weighted average number of shares used in calculation of net loss per share

(5) Working Capital is calculated as Total Current Assets Less Total Current Liabilities. Cash Balance defined as cash, cash equivalents and short-term deposits. Both as of September 30, 2023, and 2022, respectively.

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Focused on Delivering Value to Our Stakeholders

Fourth Quarter 2023 Guidance[1]

- **Revenue**: $21.6-$22.0 million
- **Gross margin**: 61.6%-62.7%
- **Adjusted EBITDA**[1,2]: $0.0-$0.6 million

Full Year 2023 Guidance[1]

- **Revenue**: $83.8-$84.2 million
- **Gross margin**: 62.5%-62.8%
- **Adjusted EBITDA**[2]: $(12.5)-$(11.9) million

At Valens Semiconductor, we keep the focus on managing those elements within our control as we aim to reach our revenue and profitability goals. The semiconductor industry is still working through a prolonged cycle of global uncertainty resulting in inventory adjustments that are causing customers to remain relatively cautious.

We continue to focus on winning additional awards in the automotive market, where we see a significant market opportunity that has a long runway. In the audio-video market, we believe our investments in new offerings will deliver meaningful results as we expand in both our traditional markets and into new emerging verticals[3].

Gideon Ben-Zvi
Chief Executive Officer at Valens Semiconductor

(1) Guidance provided on November 8, 2023
(2) Adjusted EBITDA is a non-GAAP measure. See Appendix for a reconciliation of Net Loss to Adjusted EBITDA
(3) From CEO quote as per Third Quarter 2023 Results press release date November 8, 2023

Valens Semiconductor - Track Record of Market Leadership

- Large addressable markets - Automotive and Audio-Video
- Disruptive connectivity technology across our targeted markets
- Industry standard setter – at the forefront of the industry
- Financial model supported by a solid balance sheet

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Thank you



investors@valens.com
www.valens.com

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Appendix



Reconciliation of Net Loss to Adjusted EBITDA

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net Loss	(12,492)	(5,305)	(22,451)	(20,350)
Adjusted to exclude the following:				
Change in fair value of Forfeiture Shares	(89)	370	(1,618)	(3,772)
Financial expense (income), net	(368)	(221)	(1,160)	3,454
Income taxes	16	21	61	410
Equity in earnings of investee	(6)	(4)	(13)	(11)
Depreciation	400	349	1,193	1,016
Stock-based compensation expenses	3,708	3,052	11,517	8,960
Adjusted EBITDA	**(8,831)**	**(1,738)**	**(12,471)**	**(10,293)**

The table above provides a reconciliation of Net loss to Adjusted EBITDA, a non-GAAP measure. Adjusted EBITDA is defined as Net profit (loss) before financial income (expense), net, income taxes, equity in earnings of investee and depreciation and amortization, further adjusted to exclude share-based compensation and change in fair value of Forfeiture Shares, which may vary from period-to-period. We caution investors that amounts presented in accordance with our definition of Adjusted EBITDA may not be comparable to similar measures disclosed by other issuers, because not all issuers calculate Adjusted EBITDA in the same manner. Adjusted EBITDA should not be considered as an alternative to Net loss or any other performance measures derived in accordance with GAAP or as an alternative to cash flows from operating activities as a measure of our liquidity.

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