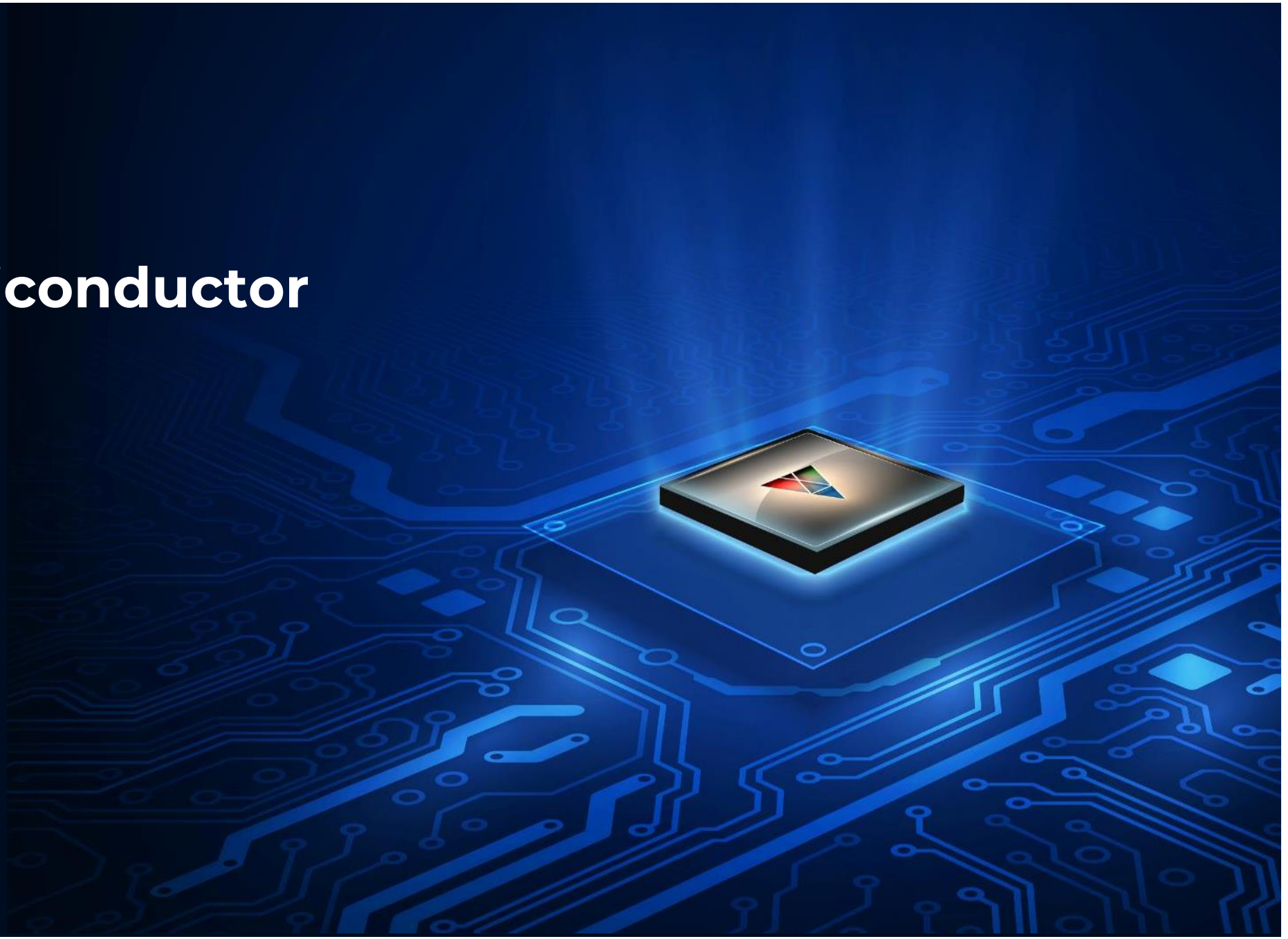
Valens Semiconductor

(NYSE: VLN)

June 8, 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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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

Notable Track Record in the Audio-Video and Automotive Markets

Audio-Video

Superior Connectivity, Deployed Across Multiple Verticals

Automotive

Critical Technology for ADAS[1] and Autonomous Driving Cars

Leveraging Our Connectivity Technology

Across Both Businesses

Multi-Billion

Addressable Markets

$84M 2023E Revenues[2]

62.2% 2023E Gross Margin[2]

Adjusted EBITDA Breakeven Targeted Towards End of 2023[2]

Fortress Balance Sheet

$161M Working Capital[3]

$140M Cash Balance[4]

(1) *ADAS - Advanced Driver-Assistance Systems*
(2) *Mid-point of 2023 annual outlook for revenues, gross margin and 2023 Adjusted EBITDA, as provided on June 8, 2023*
(3) *Total Current Assets, less Total Current Liabilities as of March 31, 2023*
(4) *Cash, cash equivalents and short-term deposits as of March 31, 2023*

Leveraging Disruptive Connectivity Offerings Across Both Business Segments

Audio-Video



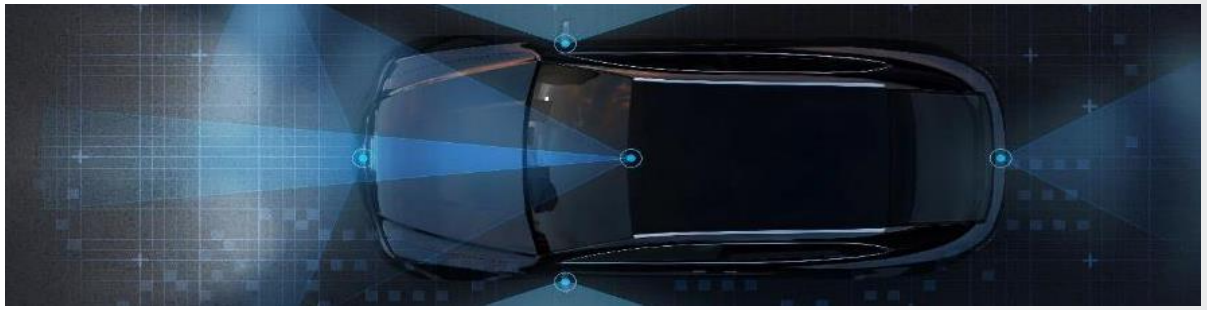
The **incumbent solution for high-speed long reach audio-video connectivity**. **The de-facto industry standard,** supported by the HDBaseT alliance (co-founded with LG, Samsung, and Sony Pictures)

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

Continue to invest in expanding our offerings to address market connectivity needs (Q1/2023 tape-out of the VS6320 for USB3.2 extension)

Established, growing and 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).

- Mercedes-Benz: **In mass production** since 09/2020; substantial year-over-year growth
- **Trucking safety application** partnership 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)
- also 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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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

Growing Diversity of Business Opportunities in Audio-Video Connectivity



Video Conferencing in Corporations and Education

Providing seamless video conferencing and educational experience in remote, hybrid and in-person models

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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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

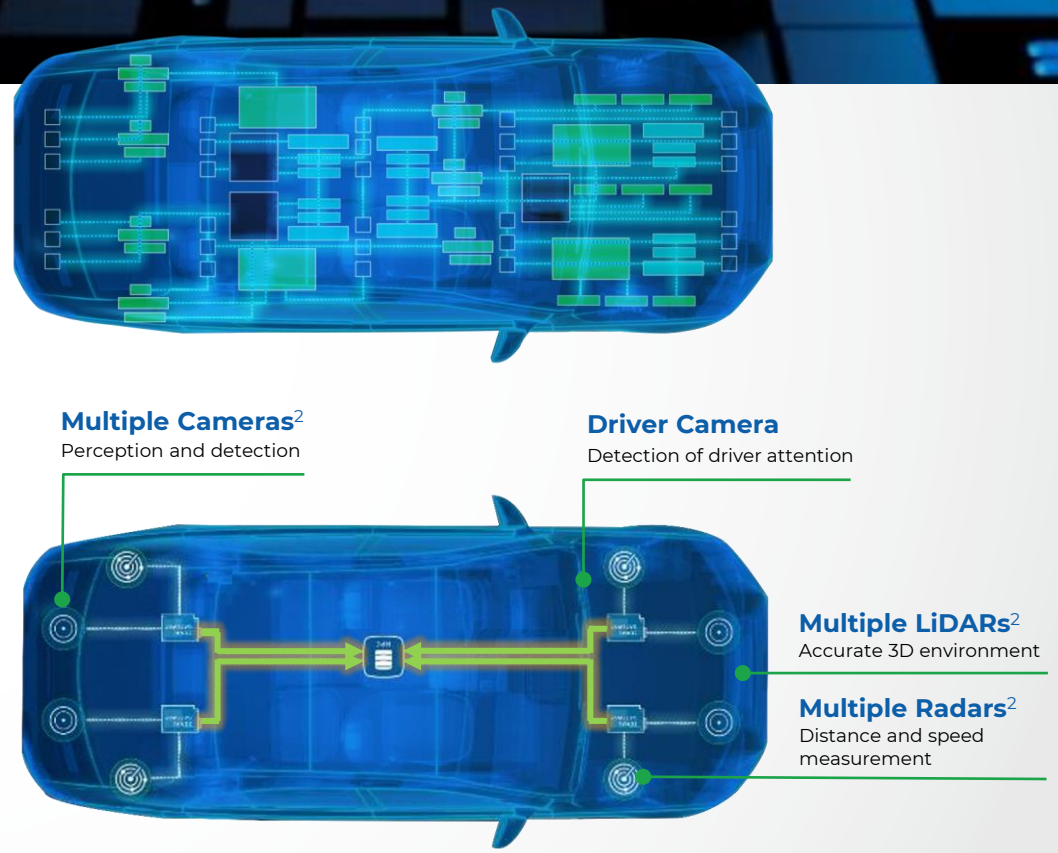
- Space, weight and complexity
- Driving a growing need for increased bandwidth, zero latency, and long-reach connectivity

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



(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



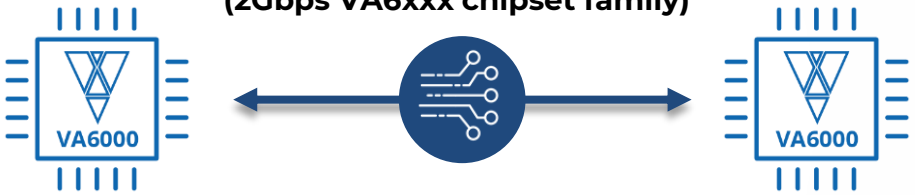
Symmetric

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

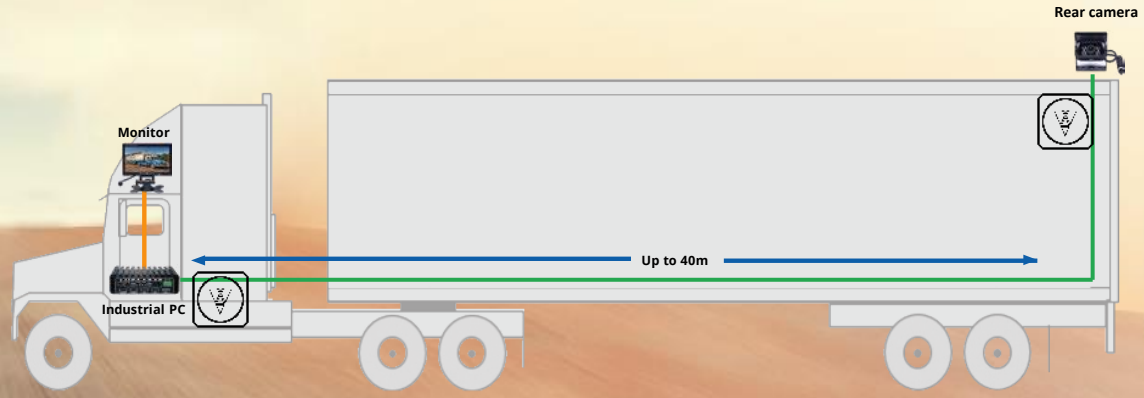


Tackle Visibility Limitations (VA6000)

- 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

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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

"Our goal is to push the boundaries of connectivity to make the world a better place for our employees, customers, suppliers, investors, and communities."

Gideon Ben-Zvi,
CEO of Valens Semiconductor

- **Mission**
  Enhance and accelerate connectivity in the dynamic and growing automotive and audio-video markets
- **Inaugural report FY2021**
  Released September 2022
- **Written in accordance with**
  Global Reporting Initiative (GRI) Sustainable Accounting Standards Board (SASB) and the United Nation's Sustainable Development Goals (SDGs)

Key Accomplishments



Environmental work plan



Target carbon neutrality by 2039



Female empowering sessions



Fostering diversity & inclusion



Industry-wide innovation standardization

SAIL-IL

Sunrise Association

Sponsoring educational programs and promoting fundraising events

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UN Sustainable Development Goals (SDGS)

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



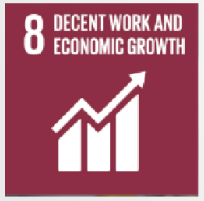
GOOD HEALTH AND WELL-BEING

- 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.

First Quarter Financial Highlights

	First Quarter 2023	vs.	First Quarter 2022
	**Revenue**: $23.9 million		**Revenue**: $21.6 million
	**Gross profit**[1]: $15.8 million		**Gross profit**[1]: $15.4 million
	**Gross margin**: 66.1% (non-GAAP[2]: 67.2%)		**Gross margin**: 71.4% (non-GAAP[2]: 72.1%)
	**Adjusted EBITDA**[3]: $(2.9) million		**Adjusted EBITDA**[3]: $(4.1) million
	**Loss per share**[4]**:** $0.05 (non-GAAP[5] $0.03)		**Loss per share**[4]**:** $0.05 (non-GAAP[5] $0.05)
	**Working Capital**[6]: $161.4 million ($163.7 million as of end of Q4 2022)		**Working Capital**[6]: $176.5 million
	Cash Balance[6]: $139.7 million, no debt ($148.4 million as of end of Q4 2022)		**Cash Balance**[6]: $165.5 million, no debt

(1) GAAP Gross Profit excluding share-based compensation and depreciation expenses, divided by revenue. For the three months ended March 31, 2023, and 2022, share-based compensation and depreciation expenses were $245 thousand and $140 thousand, respectively. For reconciliation of GAAP to non-GAAP measures, see Appendix.

(2) Non-GAAP Gross Margin is defined as: GAAP Gross Profit excluding share-based compensation and depreciation expenses, divided by revenue.

(3) 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.

(4) Weighted average number of shares used in calculation of net loss per share was 101,076,390 for Q1 2023 compared to 97,150,054 for Q1 2022.

(5) 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

(6) 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 March 31, 2023, and 2022, respectively.

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Improving Operational Efficiency
Focused on Delivering Value to Our Stakeholders

Streamlining development platforms

- Aligning R&D resources
- Reducing cross-company employee headcount by 15%
- New cost structure expected to save $9 million annually

The ultimate goal is to achieve and then continue to amplify profitability

Target of Adjusted EBITDA breakeven towards end of 2023[1,2]

Second Quarter 2023 Guidance[1,2]

- **Revenue**: $23.9-$24.1 million
- **Gross margin**: 61.0%-62.0%
- **Adjusted EBITDA**[2,3]: $(4.3)-$(3.7) million

Full Year 2023 Guidance[2]

- **Revenue**: $83.8-$84.2 million
- **Gross margin**: 61.9%-62.5%
- **Adjusted EBITDA**[3]: $(18.3)-$(16.5) million

- **Third quarter 2023 revenue guidance**[2]: $14.0-$14.2 million. Rebound expected in Q4 2023
- **Breakeven of Adjusted EBITDA**[1,2] expected by the end of 2023[1]

(1) Guidance provided on May 10, 2023
(2) Guidance provided on June 8, 2023
(3) Adjusted EBITDA is a non-GAAP measure. See Appendix for a reconciliation of Net Loss to Adjusted EBITDA

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Valens Semiconductor - Track Record of Market Leadership

- Large addressable markets - Automotive and Audio-Video
- Disruptive connectivity technology across both businesses
- Industry standard setter
- Compelling financial model

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Thank you



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www.valens.com

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Appendix



Reconciliation of Net Loss to Adjusted EBITDA

	Three Months Ended March 31,	
	2023	**2022**
Net Loss	(5,377)	(5,050)
Adjusted to exclude the following:		
Change in fair value of Forfeiture Shares	(1,507)	(2,604)
Financial expense (income), net	(191)	115
Income taxes	19	346
Equity in earnings of investee	(3)	(4)
Depreciation	379	320
Stock-based compensation expenses	3,822	2,791
Adjusted EBITDA	**(2,858)**	**(4,086)**

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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