

Valens Semiconductor (NYSE:VLN) Q3-2024

We Push the Boundaries of Connectivity. Everywhere.

Valens

We Push the Boundaries of Connectivity. Everywhere.



The **High-Performance Connectivity** Company



The **Highest** Bandwidth

High-speed connectivity for a variety of applications, with no latency.

The **Longest** Reach

Unprecedented flexibility for system Design over the simplest wiring infrastructure.

The **Lowest** Error Rate

Reliable, error-free connectivity for Safety-critical systems.

17	NYSE:VLN	240	40M+	$84M	2	120	100s
Years of innovation	Trading on the New York Stock Exchange	Employees	Chipsets sold	Revenues in 2023	Global industry standards	Patents	Of customers

Valens Semiconductor at a Glance



Multi-Billion Addressable Market

in automotive (ADAS[1], AD[2]) and diversified audio-video verticals



Broadly Deployed

across a variety of interfaces, applications and industries



Strong Cross-industry Value Proposition

high-performance cost-efficient connectivity offerings



Disruptive Connectivity Technology

with 15+ year track record of standard setting innovation



Fortress Balance Sheet $133.1M Cash Balance[3], no debt

Allows investment in innovations and pursuit of growth opportunities

(1) ADAS - Advanced Driver-Assistance Systems
(2) AD – Autonomous Driving
(3) Cash, cash equivalents and short-term deposits as of Sep 30, 2024

Growing diversity and business opportunities in audio-video connectivity

Combined verticals represent ~$1B AV TAM per annum



Video conferencing in corporations and education

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

Extron logitech CRESTRON



Industrial

Industry 4.0 increasingly relies on camera sensors and AI-based computer vision systems

SIEMENS ABB kontron



Medical imaging

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

Medtronic EIZO SIEMENS Healthineers



Command and control signage

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

Clever Devices PLANAR ATEN

Constantly evolving audio-video market presents new opportunities

Long-reach extension of USB3.2 peripherals, the VS6320. A new untapped large market opportunity

- Target verticals: corporate, education, industrial, and medical
- Emerging Market: well-positioned to capture substantial market share
- Unique proposition: cost-effective, low-power, multi-Gig, long-reach (100m/328ft) single-chip
- Q4 2023: Product launched.
- Q2 2024: over 50 customers integrating this chipset into their products.
- Expect to generate initial revenues before EOY 2024, before ramping up towards the end of 2025.







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.

legrand® | AV

Timothy Troast
VP Technology & Product Strategy at Legrand | AV

Constantly evolving Audio-Video market presents new opportunities

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
- Collaboration with iCatch Technology to bring an AI-based 360-degree multi-camera video conferencing solution to market



We are excited to be working with Valens Semiconductor. Our collaboration has enabled us to develop a cutting-edge solution that will change the way the world approaches videoconferencing settings. We believe that the multi-camera video solution based on Valens Semiconductor's VA7000 chipset family and iCatch Technology's latest V57 AI imaging SoC will raise the bar with regards to quality, long-distance transmission and system reliability in videoconferencing."

iCatch Technology

Chuck Liao
VP of Business Development of iCatch Technology

Playing a pivotal role in the mission to make roads safer



ADAS & autonomous driving

Enabling OEMs to level up and provide enhanced safety as data rates rise with the unstoppable trend of proliferation of sensors and displays in vehicles

mipi alliance IEEE



In cabin experience

Providing flawless in-cabin experiences in cars which are no longer simple means of transportation but entertainment centers on wheels

Mercedes-Benz HARMAN Continental BOSCH Valeo



Long vehicles

360° visibility for maximum safety. Delivering an unparalleled combination of bandwidth and link distances for both surround view, ADAS and rear-view visibility for the trucking market

Stoneridge

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

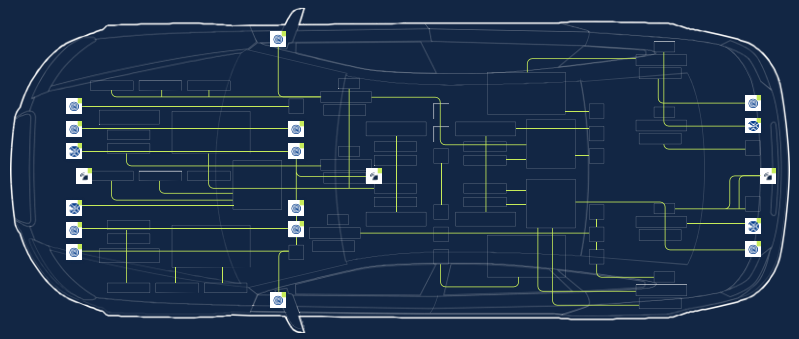
- Proliferation of cameras, radars and LiDARs increasing in-vehicle data production

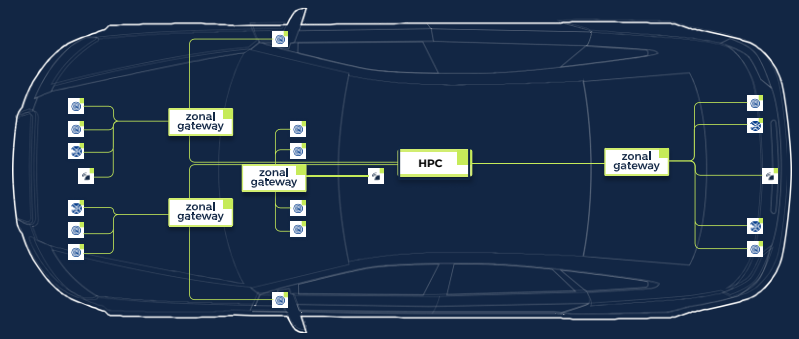
Future proof technology required to enable software-defined vehicles

- Centralized processing is facilitating faster adoption of software-defined vehicles
- Increased resilience to Electromagnetic Interference (EMI)

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







Valens' VA7000 chipsets are gaining traction

Industry standard-setter
defining A-PHY connectivity

2020

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

mipi alliance

Valens VA7000
an industry first

2021

IEEE adopted A-PHY as an automotive standard

IEEE

Strong ecosystem momentum
expanding adoption

2021

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

2022

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

Proven resilience
successful tests

2023

Excellent EMC[1] tests in Japan

Validated by leading European labs at the request of OEMs evaluating our technology

JasPar, HUBER AUTOMOTIVE

Progressing towards mass production
design wins

Today

3 new automotive design wins from leading European OEMs

(1) EMC – Electromagnetic compatibility

Valens Semiconductor Announces **Three Automotive Design Wins** from Leading European OEMs for its VA7000 MIPI A-PHY Chipsets



What does it mean **for the industry**

- Answers the industry need for a standard for high-speed sensor connectivity
- Cements MIPI A-PHY's status as the leading industry standard
- Provides the safe and resilient connectivity infrastructure needed for higher levels of ADAS and autonomous driving

What does it mean **for Valens**

- Ramping up to over ten million dollars in annual revenue, for a period of 5-7 years
- Validates the superiority of Valens' technology
- Established strong strategic partnership with leading Teir-1 suppliers for these projects
- Positions Valens for future design wins with other OEMs looking to adopt the MIPI A-PHY standard

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 Sensor Connectivity
ADAS Automotive TAM (2028-2029)

>90 million cars[1]
are expected to be manufactured per year in 2028 and 2029

10-12 sensor links for ADAS
on average, **2 connectivity chips per link** (transmitter and receiver)

~1.4 billion chips per year

~$4 per-link cost[2]

~$4.5B

(1) S&P Autonomy Level (Sales) Data, Jan 2023
(2) Company's projections

Maximizing Environmental, Social and Governance (ESG) opportunities and managing ESG risks (FY2022 Report)

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)

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

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 following 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 exceeds all guidance metrics

Third Quarter 2024 vs. Third Quarter 2023

- **Revenue**: $16.0 million
- **Gross margin**: 56.4% (non-GAAP[1]: 60.7%)
- **Net loss:** $(10.4) million
- **Adjusted EBITDA**[2]: $(5.1) million
- **Loss per share**[3]**:** $(0.10) (non-GAAP[4] $(0.03))

Cash Balance[5]: $133.1 million, no debt ($130.6 million as of end of Q2 2024)

- **Revenue**: $14.2 million
- **Gross margin**: 58.9% (non-GAAP[1]: 61.1%)
- **Net loss:** $(12.5) million
- **Adjusted EBITDA**[2]: $(8.8) million
- **Loss per share**[3]**:** $(0.12) (non-GAAP[4] ($0.08))

Cash Balance[5]: $142.7 million, no debt

(1) Non-GAAP Gross Margin is defined as GAAP Gross Profit excluding share-based compensation and depreciation and amortization expenses, divided by revenue. For the three months ended September 30, 2024, and 2023, share-based compensation and depreciation and amortization expenses were $684 thousand and $312 thousand, respectively.
(2) Adjusted EBITDA is defined as Net profit (loss) before financial income (expense), net, income taxes, equity in earnings of investee, depreciation and amortization, further adjusted to exclude share-based compensation, certain batch production incident expenses and change in fair value of Forfeiture Shares and earnout liability, 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 press release 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 106,098,703 for Q3 2024 compared to 102,216,654 for Q3 2023.
(4) Non-GAAP Income (Loss) per Share as GAAP Net Income (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 income (loss) per share.
(5) Cash Balance defined as cash, cash equivalents and short-term deposits. As of Sep 30, 2024.

Valens is committed to expansion across diverse verticals with unparalleled connectivity solutions

Our team delivered solid third quarter results reflecting strong execution by our team across both our automotive and audio-video businesses.
We are especially excited about our three new automotive design wins from leading European OEMs this quarter. These awards validate our technology and position Valens for future awards from other OEMs looking to adopt the MIPI A-PHY standard.
In our audio-video market, we are excited to see a high rate of adoption of our VS6320 chips with more than 50 customers now developing new products using them. We believe this reflects growing market demand for reliable, streamlined, and affordable connectivity and validates our groundbreaking technology. We are seeing new opportunities for both our VA7000 and VS6320 technology in the dynamic machine vision vertical where growth is being driven by factory and warehouse automation, as well as more stringent inspection regulations

Given the continued validation of our industry-leading technology and our fortress balance sheet, we are well positioned to capitalize on exciting growth opportunities in both automotive and audio-video.

Gideon Ben-Zvi, CEO of Valens Semiconductor

Fourth quarter 2024 guidance[1]

- **Revenue**: $16.0-$16.3 million
- **Gross margin**: 58.0%-62.0%
- **Adjusted EBITDA**[1,2]: $(4.9)-$(4.0) million

Full Year 2024 guidance[1]

- **Revenue**: $57.2-$57.5 million
- **Gross margin**: 58.0%-60.0%
- **Adjusted EBITDA**[1,2]: $(22.3)-$(21.4) million

(1) Guidance provided on November 6, 2024
(2) Although we provide guidance for Adj. EBITDA, we are not able to provide guidance for projected net profit (loss), the most directly comparable GAAP measures. See the disclaimer in the Appendix.

Valens Semiconductor

We push the boundaries of connectivity. Everywhere.



Large addressable markets

Automotive and various audio-video verticals



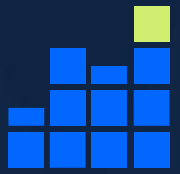
Disruptive connectivity technology

Across our targeted markets



Industry standard setter

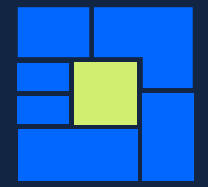
At the forefront of the industry



Financial model

Supported by a solid balance sheet

Appendix



Reconciliation of Net Loss to adjusted EBITDA

	Three months ended September 30	
	2024	2023
Net Loss	**(10,355)**	**(12,492)**
Adjusted to exclude the following:		
Change in fair value of Forfeiture Shares	(3)	(89)
Change in earnout liability	264	-
Financial income, net	(1,885)	(368)
Income taxes	14	16
Equity in earnings of investee	(4)	(6)
Depreciation and amortization	823	400
Stock-based compensation expenses	3,760	3,708
Certain batch production incident expenses	2,249	-
Adjusted EBITDA Loss	**(5,137)**	**(8,831)**

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, certain batch production incident expenses and change in fair value of Forfeiture Shares and earnout liability, 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.
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 warrant 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

Reconciliation for Non-GAAP Loss per share

	Three months ended September 30	
	2024	2023
GAAP Net Loss used for computing Loss per Share	(10,355)	(12,492)
Earnings Per Share Data:		
GAAP Loss per Share (in U.S. Dollars)	$(0.10)	$(0.12)
Weighted average number of shares and vested RSUs used in computing net loss per ordinary share	106,098,703	102,216,654
Non-GAAP Loss per Share		
GAAP Net Loss	(10,355)	(12,492)
Adjusted to exclude the following:		
Stock based compensation	3,760	3,708
Depreciation and amortization	823	400
Certain batch production incident expenses	2,249	-
Change in earnout liability	264	-
Change in fair value of Forfeiture Shares	(3)	(89)
Total Non-GAAP Loss used for computing Loss per Share	(3,262)	(8,473)
Earnings Per Share Data:		
Non-GAAP (Loss) per Share (in U.S. Dollars)	$(0.03)	$(0.08)
Weighted average number of shares and vested RSUs used in computing net loss per ordinary share	106,098,703	102,216,654

The company calculates its non-GAAP Loss per Share as GAAP Net Loss adjusted to exclude the following: Stock-based compensation, depreciation and amortization, certain batch production incident expenses and the change in fair value of Forfeiture Share and earnout liability divided by the weighted average number of shares used in calculation of net loss per share.

Disclaimer

Forward-Looking Statements

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.

These forward-looking statements are subject to a number of risks and uncertainties, including the cyclicality of the semiconductor industry; the effect of inflation and a rising interest rate environment on our customers and industry; the ability of our customers to absorb inventory;; competition in the semiconductor industry, and the failure to introduce new technologies and products in a timely manner to compete successfully against competitors; if Valens fails to adjust its supply chain volume due to changing market conditions or fails to estimate its customers’ demand; disruptions in relationships with any one of Valens’ key customers; any difficulty selling Valens’ products if customers do not design our products into their product offerings; Valens’ dependence on winning selection processes; even if Valens succeeds in winning selection processes for its products, Valens may not generate timely or sufficient net sales or margins from those wins; sustained yield problems or other delays in the manufacturing process of products; our ability to effectively manage, invest in, grow, and retain our sales force, research and development capabilities, marketing team and other key personnel; our ability to timely adjust product prices to customers following price increase by the supply chain; our ability to adjust our inventory level due to reduction in demand due to inventory buffers accrued by customers; our expectations regarding the outcome of any future litigation in which we are named as a party; our ability to adequately protect and defend our intellectual property and other proprietary rights; the market price and trading volume of the Valens ordinary shares may be volatile and could decline significantly; political, economic, governmental and tax consequences associated with our incorporation and location in Israel; and those factors discussed in Valens’ Form 20-F filed with the SEC on February 28, 2024 under the heading “Risk Factors,” and other documents of Valens filed, or to be filed, with the SEC. If any of these risks materialize or our assumptions prove incorrect, actual results could differ materially from the results implied by these forward-looking statements. There may be additional risks that Valens does not presently know or that Valens currently believes are immaterial that could also cause actual results to differ from those contained in the forward-looking statements. In addition, forward-looking statements reflect Valens’ expectations, plans or forecasts of future events and views as of the date of this Presentation. Valens anticipates that subsequent events and developments may cause Valens’ assessments to change. However, while Valens may elect to update these forward-looking statements at some point in the future, Valens specifically disclaims any obligation to do so. These forward-looking statements should not be relied upon as representing Valens’ assessment as of any date subsequent to the date of this Presentation. Accordingly, undue reliance should not be placed upon the forward-looking statements.

GAAP and non-GAAP Measures

This presentation includes GAAP and non-GAAP measures. Non-GAAP Gross Margin is defined as GAAP Gross Profit excluding share-based compensation and depreciation and amortization expenses, divided by revenue.

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Industry and Market Data; Trademarks, Service Marks and Copyrights

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.

Think Outside
The Square



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