

Valens Semiconductor (NYSE:VLN)

January 2025

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 such as financial goals for 2029, potential acquisition opportunities, 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, depreciation and amortization expenses, divided by revenue. Non-GAAP Operating Expenses is defined as GAAP Operating Expenses excluding share-based compensation, depreciation and amortization expenses.

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 the fair value of the 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. 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.

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.

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	260	40M+	$84M	2	120	~$5B	100s	$5B
Years of innovation	Listed fabless semiconductor company	Employees	Chipsets sold	Revenues in 2023	Global Industry Standards	Patents	Cumulative R&D Expenses	Of customers	TAM

The Pain Points of Wired Connectivity



Too many cables

At our homes, offices, plants & vehicles



Distance limitations

Extended reach compromises signal integrity



Video resolution

Handling high-throughput, time-sensitive content transmission



Rough environments

EMC, EMI, temperature changes, cable aging



High costs

Design, development, infrastructure & maintenance costs



Installation complexity

Time consuming, complex architectures, not plug & play

Select Customers & Products Empowered by Valens

Entertainment	Digital Signage	Education	Video Conferencing	Industrial	Medical	Automotive
						
						
						

Sticking to our CORE

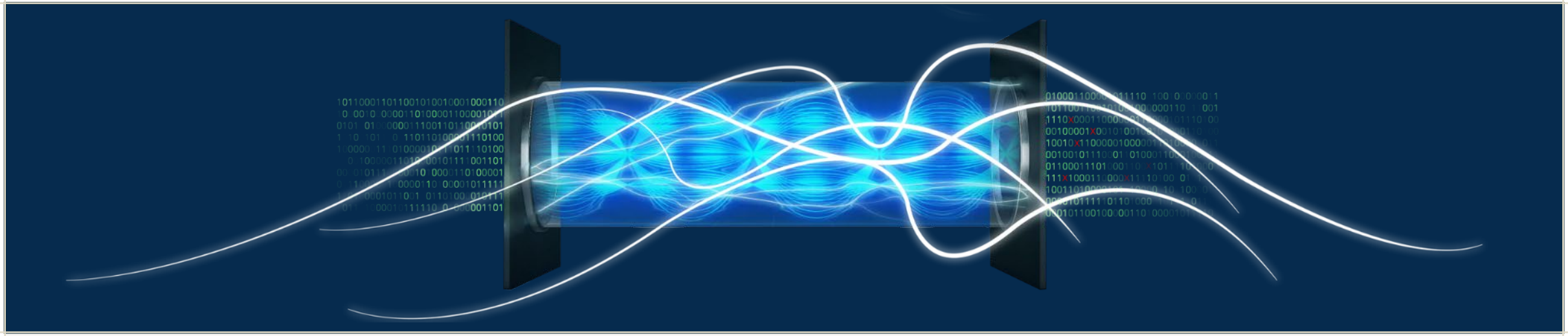


The Valens Edge:
A DSP-Based Approach to Error Handling

Backed by 120+ Patents

Valens delivers the most optimized connectivity solutions for long-reach, high-resolution video.
We provide superior performance wherever others can't.

The Valens Difference:
Best-in-class EMC Performance



Legacy connectivity solutions are RESTRICTED by noise, forcing OEMs to:

- Reduce bandwidth
- Deploy expensive wiring
- Shorten cable length
- Rely on sub-optimal architecture

Valens' unique approach to noise handling LIBERATES Customers, offering them:

- Scalable Bandwidth
- Simple Wiring
- Long-reach
- Flexible Architecture

Safe & Resilient Solution without Compromise

Our Strategy for Growth

Leveraging our Core to Advance Existing Verticals and Transform New Ones

1 Established Pro-AV Leadership

- Futureproof, scalable technology
- Continuously developing new product offering to maintain leadership and increase market share

2 Transforming New Markets

Video Conferencing

Changing the Way We Work, Learn and Live

$350M TAM by 2028/29

Automotive

The Resilient Foundation for Next-Generation Cars

$4.5B TAM by 2029

Industrial/Machine Vision

Advancing Vision-Driven Automation

$460M TAM by 2028/9

Medical

The Potential of Single-Use Endoscopies: An Industry on the Verge of Transformation

$625M TAM 20xx/TBD

3 Mergers & Acquisitions



- Strong cash position to support non-organic growth
- Focused on accretive, synergetic opportunities

Spotlight on Pro-AV Success

Valens Created the Leading Industry Standard and Largest Interoperable Ecosystem

HDBT ASE

Founding Members

Valens SAMSUNG SONY PICTURES LG

- Inventor of HDBaseT technology – an audio-video industry standard
- Co-Founder of the HDBaseT Alliance, with Samsung, LG and Sony Pictures. Over 200 members developing HDBaseT-enabled products
- Market leader with unmatched technology for the distribution of ultra high-resolution video and audio

CRESTRON logitech SONY Panasonic

SAMSUNG EPSON NEC

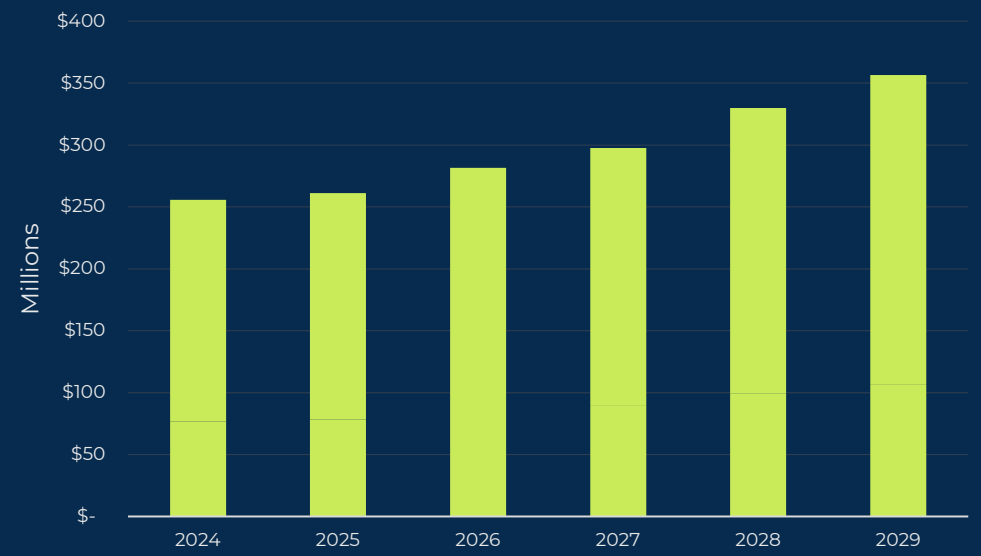
Extron HARMAN LG Electronics



Opportunity Spotlight

Video Conferencing: Changing the Way We Work, Learn and Live

Total Addressable Market (TAM)[1]



Market Drivers

- New AI era of intelligent meeting experiences, led by Microsoft Teams and Zoom
- Democratization of video conferencing for remote and in-room participants
- Growing requirement for bring-your-own-device (BYOD) in huddle and conference rooms
- Increased adoption of USB in ProAV installations

All these trends result in proliferation of video peripherals in in all types of conference rooms.

Video conferencing penetration rate to 2x within 5 years[2]

The combination of increased demand for video, proliferation of USB, and the introduction of the Valens VS6320, represent a unique growth opportunity for Valens

Valens

[1] Future source: Conference Cameras Outlook, Aug 2021; Frost and Sullivan: State of the Global Video Conferencing Devices Market, Dec 2023
[2] Frost and Sullivan: State of the Global Video Conferencing Devices Market, Dec 2023

Spotlight on Automotive Success







Mercedes-Benz

Enabling State-of-the-Art Infotainment Systems In Mercedes-Benz Vehicles

- On the road with Mercedes since 2020
- The only multi-gig connectivity over unshielded cabling (UTP)

Stoneridge

Providing Unprecedented Visibility to Truck Drivers Around the World

- Exceptional combination of bandwidth and link distances for long vehicles
- Operating over the standard tractor-trailer power cable
- Commercialization expected during 2025

First Valens VA7000 Design-Wins, Cements MIPI A-PHY's Status as The Leading Industry Standard

- 3 OEM Brands
- Announced in September, SOP starting at 2026
- Established strong strategic partnership with leading Tier-1 suppliers and Positions Valens for future design wins with other OEMs looking to adopt the MIPI A-PHY standard

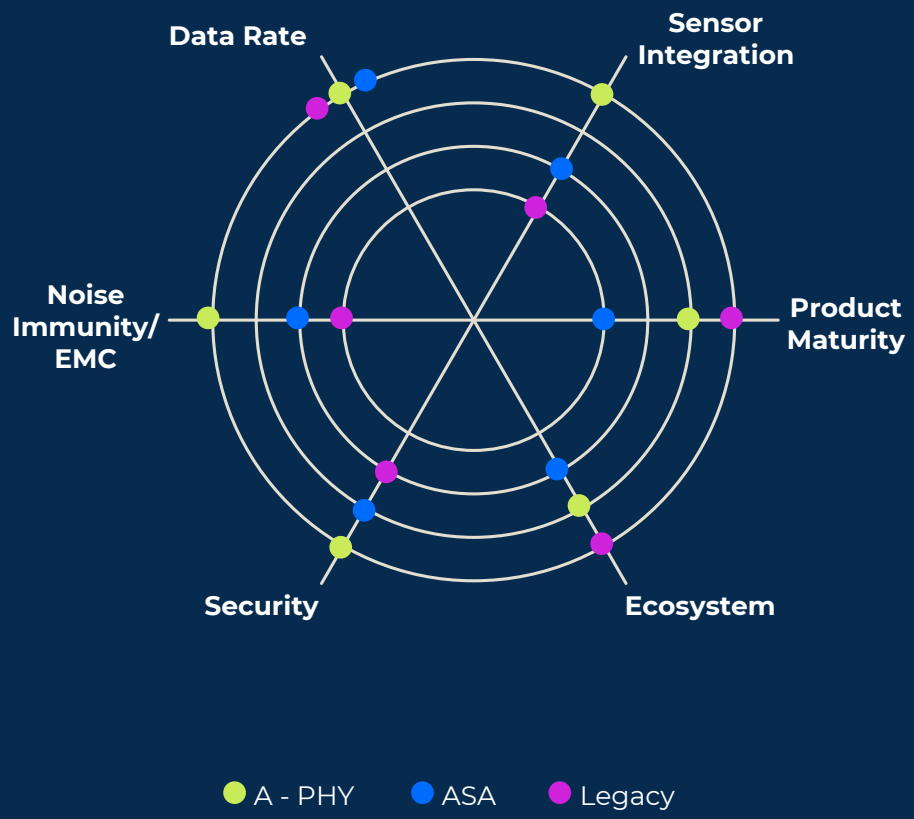
Automotive OEMs have called for a global standard for next-generation sensor connectivity. That standard is MIPI A-PHY..

mipi alliance

- Best-in-class EMC performance
- Clear roadmap to ultra-high bandwidth
- Simple architecture
- End-to-end safety

Valens technology was selected as the basis of the A-PHY standard, and the company is the first in the industry to offer A-PHY-compliant chipsets

Technological Superiority



mipi alliance A-PHY Ecosystem

Platform Vendors



BLACK SESAME

Huashan-2
A1000 L
ADAS Platform



HYUNDAI MOBIS

ADAS platform



intel

Intel x86
platform



SigmoStar

SoCs supported by
A-PHY



mobileye

EyeQ
platform

Camera & Radar Module Vendors



A&R TECH

thinCAM
train camera
head



CHEMI-CON

NCM25-AC
module



CHEMTRONICS

A-PHY
e-mirror



Continental

FSC300
A-PHY camera



D3 Embedded

A-PHY
camera



FRAMOS

FSM:GO
modular
platform



G-PULSE 金脉

4D A-PHY
radar



LEOPARD IMAGING

A-PHY
modules



LG Electronics

A-PHY module



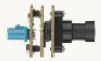
MCNEX

A-PHY module



OMNIVISION

ARDS
development
platform



onsemi

MARS
development
platform



SAMSUNG

A-PHY module



SMART RADAR SYSTEM

Satellite radars
with A-PHY



舜宇智领技术 SUNNY SMARTLEAD

3 A-PHY
modules

IP & Development Tool Vendors



ADVANTEST

CIS and SOC
test platform



cadence

Verification IP



dSPACE

Autera &
ESIU Data
Simulation



GOPEL electronic

6222 Video Dragon
- Frame grabbing
and generation



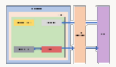
intel foundry

Supporting
A-PHY tech



KEYSIGHT TECHNOLOGIES

AE2010R SerDes
test platform



MAXVY

Verification IP



NetVision

SerDes Interface Board
(SVM-06) with A-PHY



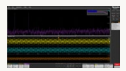
nextchip

NVS2680 ISP
EVB



PROTOCOL INSIGHT

Marlin A200
protocol analyzer



Tektronix

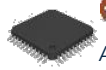
A-PHY Compliance
software



Truechip

Verification IP

Silicon & SIP Vendors



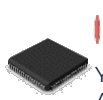
Analogix

A-PHY
SerDes



LG Innotek

A-PHY SiP
offering



裕太微电子 Motorcomm

YT7917/2
A-PHY SerDes



SIMCHIP

SC5501/2
A-PHY
SerDes



SONY

CMOS Image
Sensor (CIS)
integrated A-
PHY



Valens

VA7000 Series A-
PHY SerDes



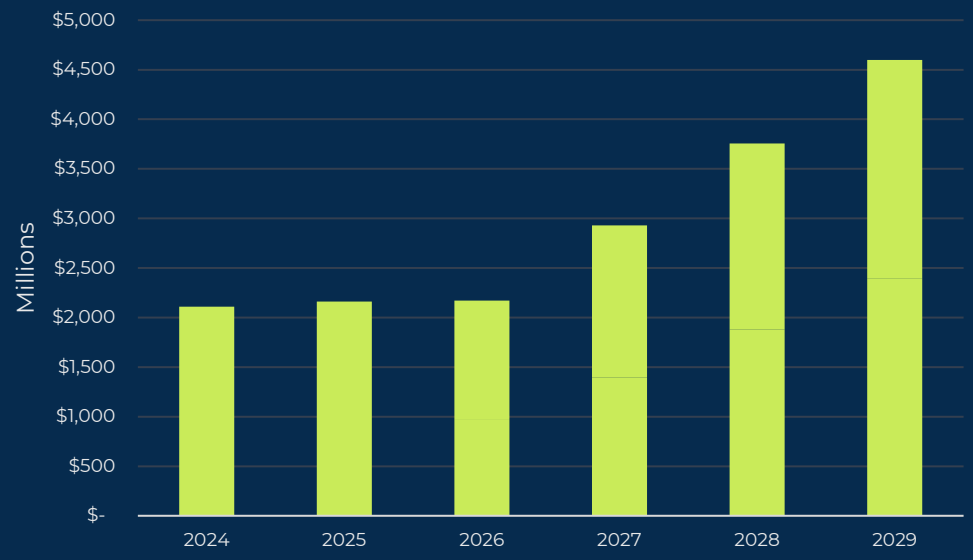
YEL INK 首传微电子

VL77 Series
A-PHY
SerDes

Opportunity Spotlight

Automotive: The Foundation for Next-Gen ADAS & Autonomous Systems

Total Addressable Market (TAM)[1]



95m cars

12 sensors per vehicle

1.4 billion chips per year

TAM by 2029

Market Drivers

- Race towards higher levels of ADAS and Software-Defined Vehicles, leading to:
  - Increasing number of high-resolution sensors
  - Complex, centralized architectures
- Industry striving for standardized connectivity
- Platform lifecycle shortened (due to competition from 'newer' companies like Tesla and Chinese OEMs)

	Level 2/2+	Level 3	Level 4	Level 5
Cameras, radars, lidars, displays	Feet Off	Hands Off	Eyes Off	Mind Off
	4-14	11-23	13-35	19-36+

Only Valens' error-free connectivity can guarantee passenger safety and provide the resilient foundation upon which OEMs can build the cars of the future

Source: S&P Autonomy Level (Sales) Data, Jan 2023

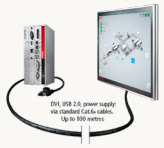
Spotlight on Industrial & Medical Success

Industrial PCs and Panels

B&R



BECKHOFF



SIEMENS



ASEM Rockwell Automation



Medical Imaging

EIZO



Medtronic



HIKVISION



Dräger



SIEMENS Healthineers



Valens New Market Enablers

VA7000

VS6320

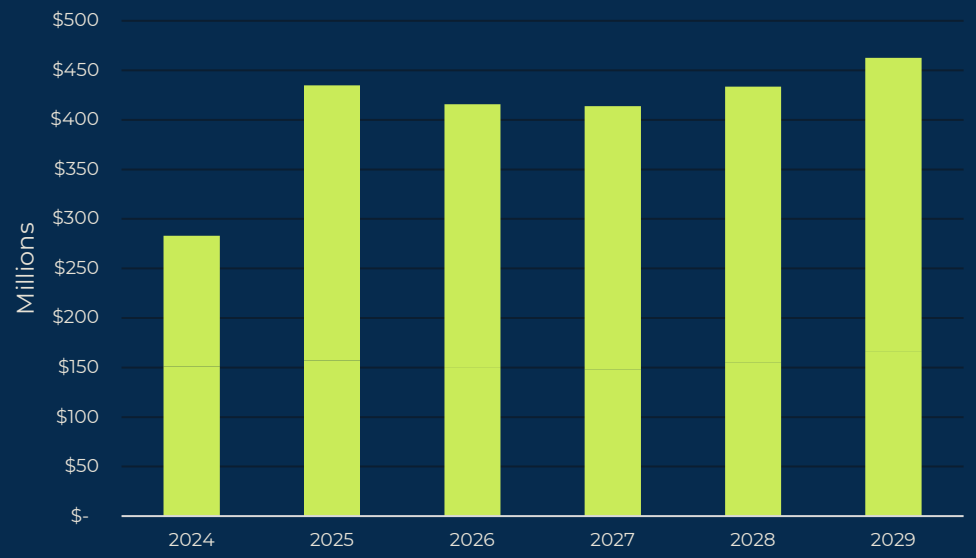
Leveraging our Automotive and ProAV Chipsets

The combination of Machine Vision trends and Valens' new offering represents a unique opportunity for the company to expand its customer base in these industries

Opportunity Spotlight

Industrial Machine Vision: Advancing Vision-Driven Automation

Total Addressable Market (TAM)[1]



Market Drivers

- Rise of machine vision due to:
  - Increased factory automation addressing workforce shortage and increased cost of labor
  - Tighter inspection regulations
  - Increased e-commerce resulting in growth in AMR for warehouses
- Medical imaging trending towards robotic-assisted surgeries and edge AI-assisted diagnoses

3D imaging and AI in machine vision and medical will require higher-performance connectivity solutions

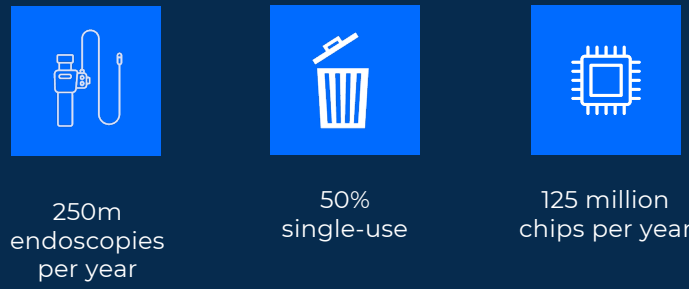
Valens

[1] Imaging for Industrial – Machine Vision 2024, Yole Intelligence; custom research, PwC, Apr 2024

Opportunity Spotlight

Single-use Medical: An Industry on the Verge of Transformation

Total Addressable Market (TAM)[1]



250m endoscopies per year

50% single-use

125 million chips per year

FDA urging transition to single-use endoscopes for enhanced patient safety; expected CAGR of 10%, reaching $2.5b by 2033

$625M

TAM - Assuming 50% shift to single use (*3% Today)

Market Drivers

- Disposable endoscopes eliminate risk of infection (#2 health hazard, 2024, ECRI)
- Sterilization is timely, expensive and generates toxic waste (ESG)
- Single use will enable procedures to be performed in outpatient clinics

While still in the early stages, we identify a unique opportunity for Valens to become one of the enablers for this industry transformation

Valens

[1] Endoscope devices, Grand View Research, Feb 2024; custom research, PwC, Apr 2024

One Technology. Infinite Possibilities.

VS100 Series

Breakthrough chipset for ProAV, offering the first standard for long-reach video connectivity



VS2000 Series

Addition of USB opens new applications for Industrial and Medical connectivity



VA6000 Series

First automotive-grade chipset, powering the Mercedes-Benz MBUX Infotainment systems



VS3000 Series

The only uncompressed copper solution for HDMI 2.0 4K@60 4:4:4 extension



VA7000 Series

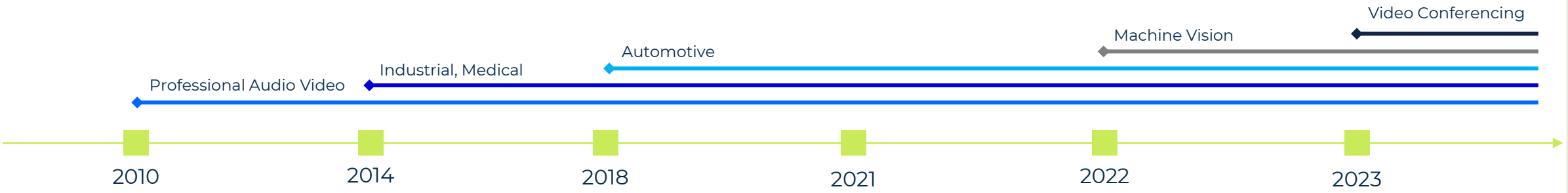
The first MIPI A-PHY standard-compliant SerDes on the market



VS6320 Chip

The market's only high-performance, single chip solution for USB3.2 extension



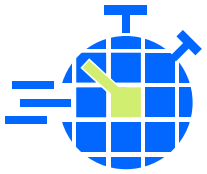


Mergers and Acquisitions

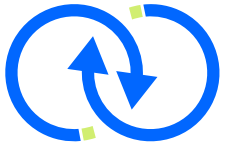
M&A Strategy



Highly selective



Flexibility to move quickly



Synergistic opportunities

$133 million cash to execute on our M&A strategy

Focus on companies generating revenue with clear path for profitability, mainly in the ProAV and Industrial and Machine Vision markets

Recent Acquisition

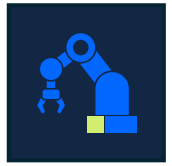
ACRONAME

Pioneer in advanced automation and control technologies

Applications:



Industrial



Robotic control-systems



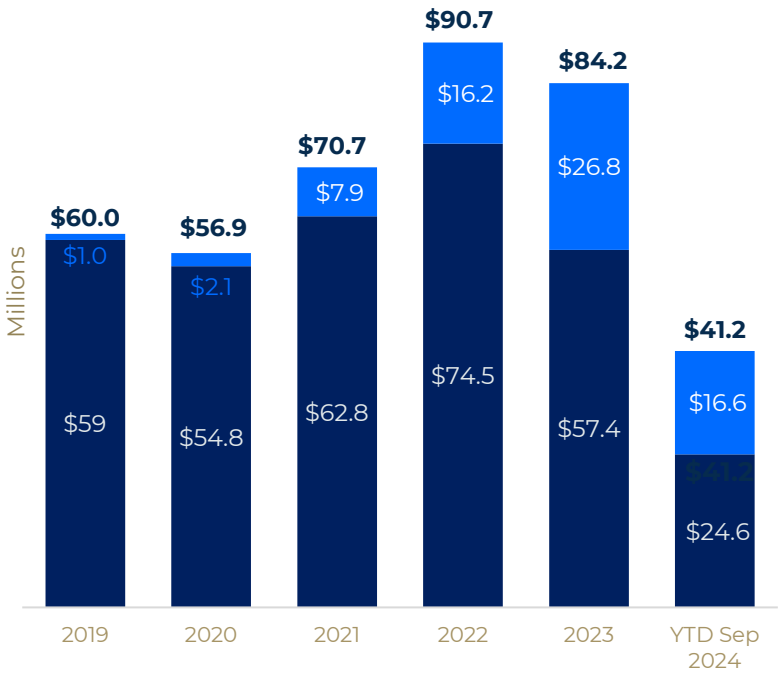
Audio-Video conference rooms

Synergy: Enabling Valens to expand its position in the industrial and Audio-Video markets with Acroname's leading high-end programmable USB hubs, switches, and test automation systems

2024 Revenue (starting from June 1, 2024) expected to be above $3 million

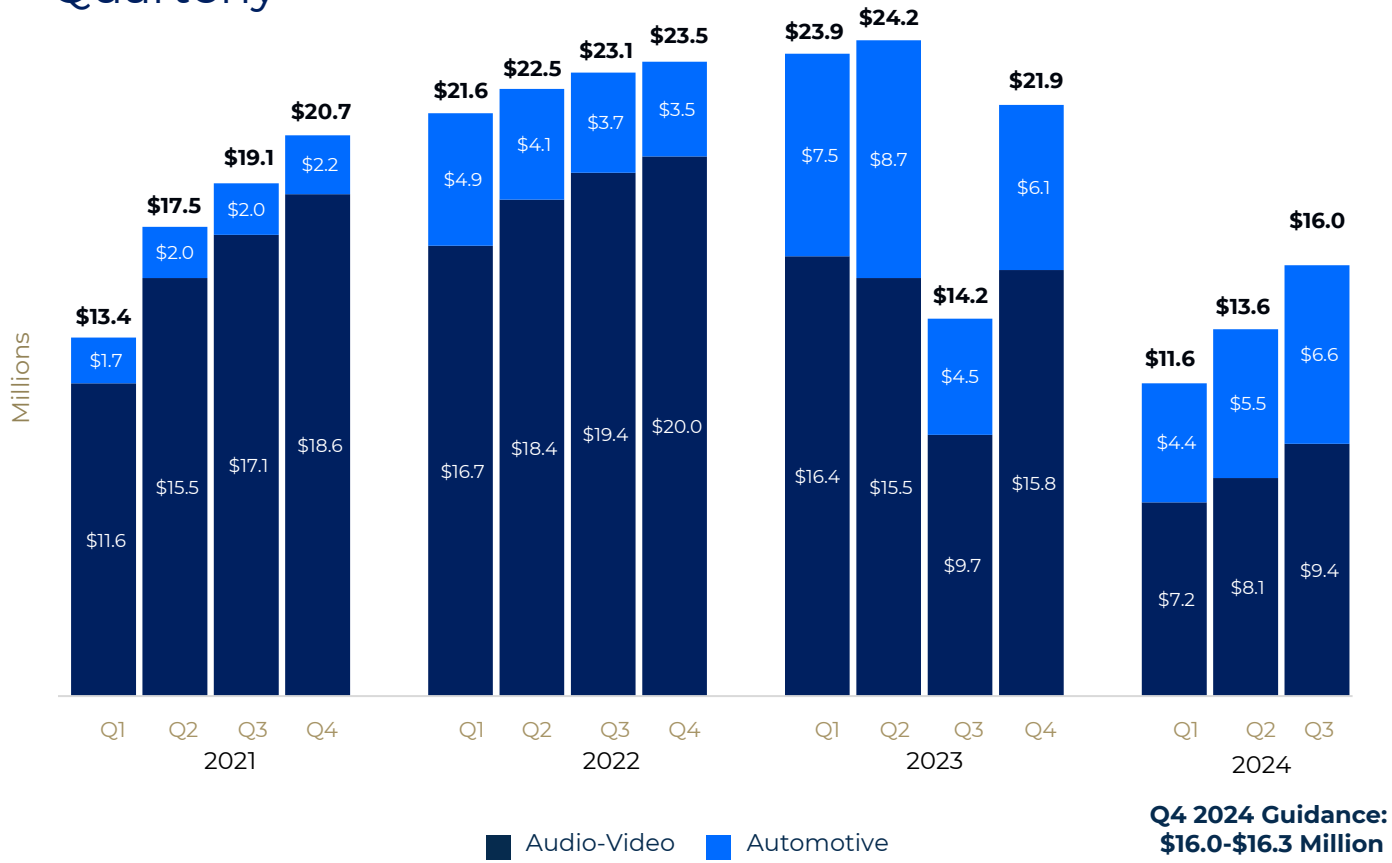
Revenues

Annual



2024 Guidance: $57.2-$57.5 Million
Audio-Video $32.8–$33.0 Million
Automotive $21.4-$21.5 Million
Acroname- $3.0 Million[1]

Quarterly



Q4 2024 Guidance: $16.0-$16.3 Million

*Audio-Video revenues defined as Professional Audio-Video markets (Entertainment, Digital Signage, Education, Video Conferencing) plus Industrial and Medical

Key Financial Data

US$ Millions		Annual 2023	Q1-2024	Q2-2024	Q3-2024	YTD SEP 2024
Revenue	Company	$84.2	$11.6	$13.6	$16.0	$41.2
	Audio-Video	$57.4	$7.2	$8.1	$9.4	$24.6
	Automotive	$26.8	$4.4	$5.5	$6.6	$16.6
GAAP Gross Margin %	Company	62.5%	59.0%	61.4%	56.4%	58.8%
	Audio-Video	77.1%	77.2%	75.4%	70.2%	73.9%
	Automotive	31.1%	29.1%	40.9%	37.0%	36.2%
Adjusted EBITDA (Loss)	Company	$ (10.3)	$(7.1)	$(5.2)	$(5.1)	$(17.4)
Loss Per Share		$(0.19)	$(0.10)	$(0.08)	$(0.10)	$(0.28)

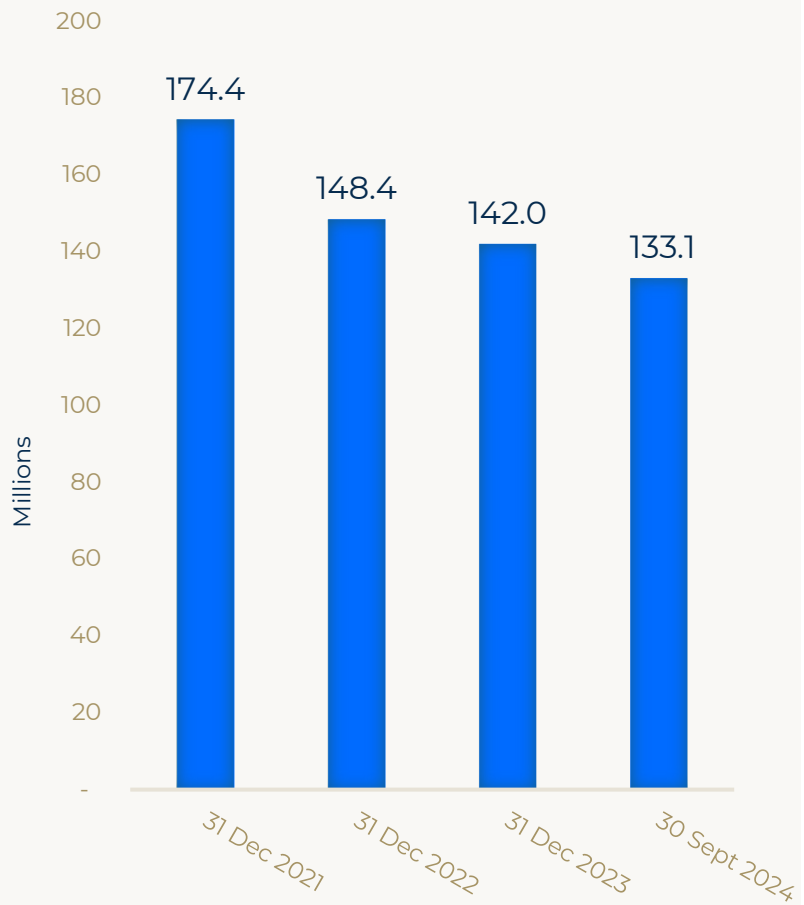
Fourth Quarter 2024 Guidance

- **Revenue**: $16.0-$16.3 Million
- **Gross Margin**: 58.0%-62.0%
- **Adjusted EBITDA (Loss)**: $(4.9)-$(4.0) Million

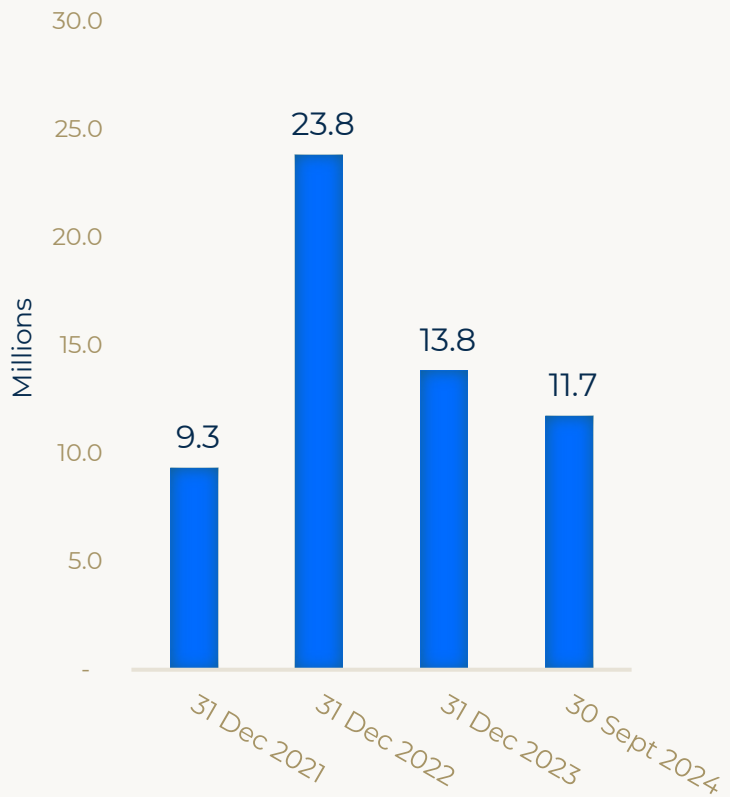
2024 Annual Guidance

- **Revenue**: $57.2-$57.5 Million
- **Gross Margin**: 58.0%-60.0%
- **Adjusted EBITDA (Loss)**: $(22.3)-$(21.4) Million

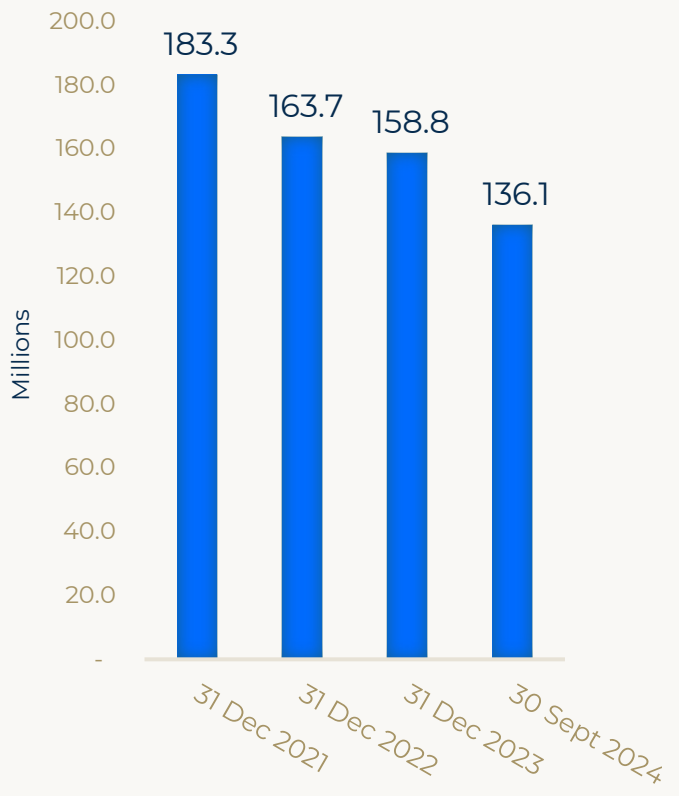
Cash Balance[1]



Inventory Level



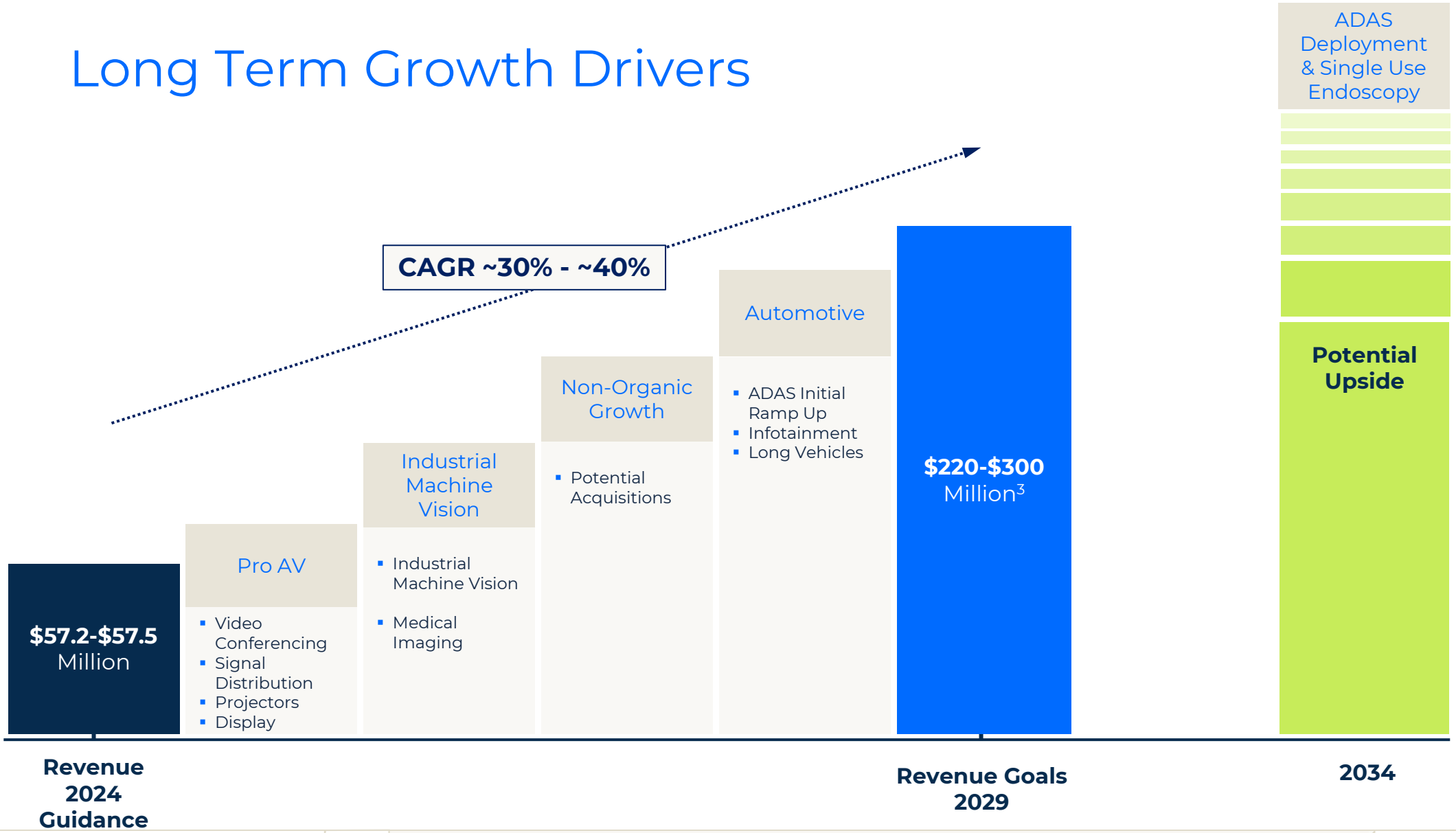
Working Capital[2]



***** On November 26, 2024, the company announced a buyback of up to $10 million of the Company's ordinary shares.

1 Cash Balance is defined as cash, cash equivalents and short-term deposits.
2 Working Capital is defined as Total Current Assets less Total Current Liabilities.

Long Term Growth Drivers



[3] ProAV $90M - $100M ; Industrial and Machine Vision $35M - $50M; Automotive $65M - $110M ; Non-Organic growth $30M - $40M

[3] Gross Margin: 50%-60%
Adjusted EBITDA Margin: 15%-20%

2025 Guidance and Goals

Revenue Guidance
$71-$76 Million
~25%-33% YoY growth

ProAv
Partial recovery from the inventory digestion cycle
Adoption and commercialization of VS6320 based products for the video conferencing market

Industrial Machine Vision
Design Wins announcements based on the VS6320 and VA7000

Automotive
New Design Wins announcements with leading OEMs

Acquisitions
Identify potential synergetic acquisitions
And close at least one, assuming identifying relevant deal

Summary



Revenue Growth

Target of X 4-6 within 5 years



Diversification

Among different verticals and industries



Design Wins Cycles

Long sales and products life cycle provides long term customer engagement and good visibility



Profitable Business Model

Goals:
Gross Margin >50%
Adjusted EBITDA Margin >15%



Strong Cash Balance

Allows executing both the organic and the nonorganic growth opportunities

Think Outside
The Square



investors@valens.com

Appendix - GAAP to Non-GAAP Reconciliation ($ Thousands)

	Q3/24	Q2/24	Q1/24	Q4/23	Q3/23	Q2/23	Q1/23
GAAP gross margin	9,045	8,344	6,815	13,527	8,338	14,934	15,793
Depreciation and amortization	446	180	116	121	114	118	58
Share-based compensation	238	243	231	207	198	197	187
NON-GAAP gross margin	9,729	8,767	7,162	13,855	8,650	15,249	16,038
GAAP net loss	-10,355	-8,869	-10,042	2,790	-12,492	-4,582	-5,377
Depreciation and amortization	823	480	456	439	400	414	379
Share-based compensation	3,760	3,735	3,764	3,509	3,708	3,987	3,822
Financial income, net	-1,885	-540	-1,234	-4,477	-368	-601	-191
Income Taxes	14	21	17	51	16	26	19
Equity in earnings of investee	-4	-12	-5	-5	-6	-4	-3
Change in fair value of Forfeiture Shares	-3	-10	-25	-95	-89	-22	-1,507
Change in earnout liability	264	28	0	0	0	0	0
Certain batch production incident expenses	2,249	0	0	0	0	0	0
Adjusted EBITDA	-5,137	-5,167	-7,069	2,212	-8,831	-782	-2,858