

Valens Semiconductor (NYSE:VLN)

February 2024



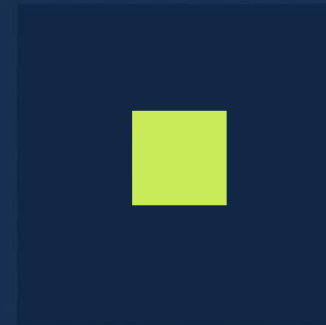
We Push the Boundaries of
Connectivity. Everywhere.





A leader in high-performance connectivity,
transforming the digital experiences of people
worldwide.

Valens Semiconductor's chipsets are powering
state-of-the-art audio-video installations, next-
generation videoconferencing, and enabling
the evolution of Artificial Intelligence, ADAS
and autonomous driving.





Valens Semiconductor at a glance



Multi-Billion Addressable Market

in automotive
(ADAS¹, AD²) 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 \$142M Cash Balance³, no debt

financial flexibility allows
investing in innovations
and pursuing growth
opportunities

Growing diversity and business opportunities in audio-video connectivity

Powering millions of products globally



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



Industrial

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



Medical imaging

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



Command and control signage

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



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
- Q1 2024: dozens of products in development by customers
- H2 2024: expecting initial revenues



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



Florida modernizes classrooms in school district with over 330,000 students

- Part of an awarded Elementary and Secondary School Emergency Relief (ESSER) Funded Conference Cameras initiative, and county's 2021-2026 Strategic Plan
- Prepare for and avoid future closures of schools (K-12¹) 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



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."

Gideon Ben-Zvi

Chief Executive Officer at Valens Semiconductor



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



In cabin experience

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



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



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

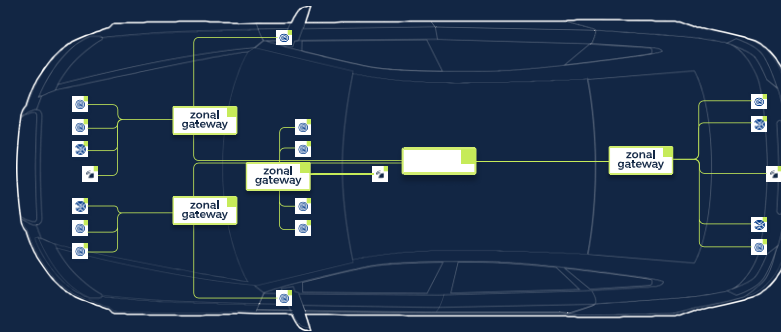
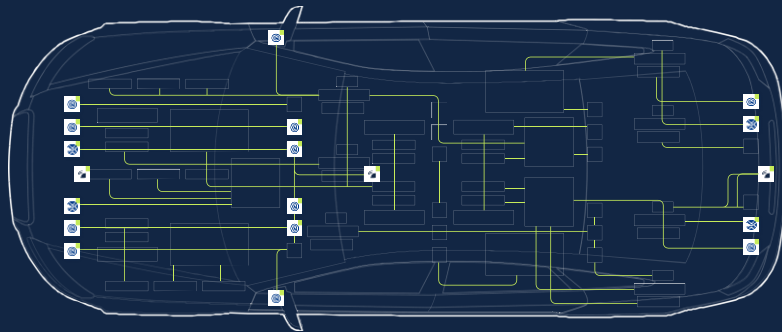
- Proliferation of cameras, radars and LiDARs increasing in-vehicle data production

Future proof technology required to enable software-defined vehicles

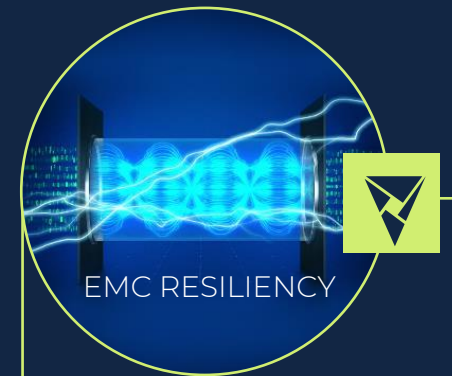
- Centralized processing is facilitating faster adoption of software-defined vehicles
- Increased EMI⁽¹⁾ resilience

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



■ Valens Chip



Valens provides a future proof connectivity technology, and is **well-positioned with a holistic offering**



Symmetric
Data Connectivity
(ECU to ECU)



Mercedes-Benz



Non-Symmetric
Video Connectivity
(Sensor to ECU,
ECU to Display)



A-PHY standard adoption:

mipi alliance



Participating in several
automotive OEM RFIs and
RFQs

The only high-speed connectivity solution supporting multi-gigabit connectivity over unshielded harness

Valens' first generation VA6000 validated by automotive leaders

The only multi-gig solution over unshielded cables converging Ethernet, USB and other interfaces over a single cable.

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



Mercedes-Benz

Continental

HARMAN

Valeo

BOSCH

VA6000 & VA7000-based chipsets robust solutions tackle visibility issues

Connectivity solutions designed to improve visibility and safety through unparalleled combination of bandwidth and link distances for the trucking market.

We are solving a critical safety hazard for drivers and fleets and reducing fleet operating costs.

VA6000

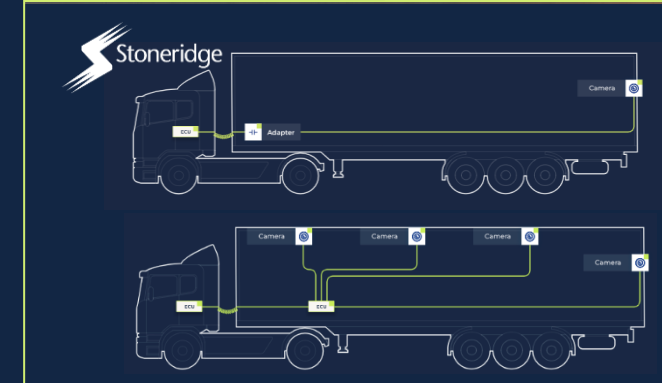
- Stoneridge partnership solves critical safety issues with reliable rear-view video solution for long vehicles
- Rear-view video connectivity between tractor and trailer supports high-speed data links of up to 40m/130ft

VA7000-based (VA700R)

- Surround view and ADAS chipset supports high-speed data links up to 40m/130ft
- First multi-gig connectivity infrastructure designed with highway safety and tractor trailers in mind

Business opportunity

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



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**

2021

IEEE adopted A-PHY as an automotive standard



Valens VA7000
an industry first

2021

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

Strong ecosystem
momentum
expanding adoption

2022



Proven
resilience
successful
tests

2023

Excellent EMC⁽¹⁾ immunity tests in Japan **JasPar**
Validated by leading European labs at the request of OEMs evaluating our technology

Progressing
towards mass
production
design wins


Today

Participating in several automotive OEM evaluation processes


Valens' addressable market will be further fueled by the growing adoption of ADAS and autonomous driving

	Today		Future	
	Level 2/2+  Feet Off	Level 3  Hands Off	Level 4  Eyes Off	Level 5  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 ADAS¹ Automotive TAM (2025-2026)




>90 million cars²
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 cost³

\$7-8B

(1) ADAS including surround view systems
(2) S&P Report, December 2023 estimates 88.3 million auto sales in 2024, a 2.8% increase from 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)

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.

Fourth quarter financial highlights

positive net income and adjusted EBITDA

Fourth quarter 2023

vs.

Fourth quarter 2022

- Revenue: \$21.9 million
- Gross margin: 61.7% (non-GAAP¹: 63.1%)
- Net income (loss): \$2.8 million
- Adjusted EBITDA²: \$2.2 million
- Earnings per share³: \$0.03 (non-GAAP⁴ \$0.06)

- Revenue: \$23.5 million
- Gross margin: 68.3% (non-GAAP¹: 69.2%)
- Net income (loss): \$(7.3) million
- Adjusted EBITDA²: \$(4.6) million
- Earnings (Loss) per share³: \$(0.07) (non-GAAP⁴ (\$0.03))

➤ Cash Balance⁵: \$142.0 million, no debt
(\$142.7 million as of end of Q3 2023)

➤ Cash Balance⁵: \$148.4 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 December 31, 2023, and 2022, share-based compensation and depreciation expenses were \$328 thousand and \$202 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 102,964,797 for Q4 2023 compared to 98,632,019 for Q4 2022.

(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 December 31, 2023, September 30, 2023, and December 31, 2022.

Full year financial highlights

fortress balance sheet

Full year 2023

vs.

Full year 2022

- Revenue: \$84.2 million
- Gross margin: 62.5% (non-GAAP¹: 63.9%)
- Net income (loss): \$(19.7) million
- Adjusted EBITDA²: \$(10.3) million
- Earnings per share³: \$(0.19) (non-GAAP⁴ \$(0.05))

- Revenue: \$90.7 million
- Gross margin: 69.9% (non-GAAP¹: 70.7%)
- Net income (loss): \$(27.7) million
- Adjusted EBITDA²: \$(14.9) million
- Earnings (Loss) per share³: \$(0.28) (non-GAAP⁴ \$(0.17))

➤ Cash Balance⁵: \$142.0 million, no debt

➤ Cash Balance⁵: \$148.4 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 full year ended December 31, 2023, and 2022, share-based compensation and depreciation expenses were \$1,200 thousand and \$712 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 101,985,939 for the full year 2023 compared to 97,820,782 for the full year ended 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) Cash Balance defined as cash, cash equivalents and short-term deposits. Both as of December 31, 2023, September 30, 2023, and December 31, 2022.

Valens remains focused on execution and on capitalizing on the great opportunities we see ahead



Valens Semiconductor remains focused on execution and on capitalizing on the great opportunities we see ahead in the markets that offer the best growth. In 2024, we will continue to invest in an innovative and broad pipeline of connectivity solutions and opportunities, such as the VA7000 for automotive and audio-video, and the new USB3.2 extension offering, and various AI-based applications. We are positioned to take advantage of market tailwinds with a focus on delivering long-term sustainable value to our stakeholders.

Valens Semiconductor offers the most innovative high-performance connectivity solutions with the most advanced chipsets in the industry, and we were honored to receive recognition by IFS for developing one of the most advanced chipsets for automotive. We have over 15 years of innovation excellence in the semiconductor industry, and a strong balance sheet with the cash necessary to withstand market fluctuations.

Gideon Ben-Zvi

Chief Executive Officer at Valens Semiconductor

First quarter 2024 guidance¹

- **Revenue:** \$11.0-\$11.2 million
- **Gross margin:** 52.2%-53.0%
- **Adjusted EBITDA^{1,2}:** \$(9.7)-\$(9.1) million



Valens Semiconductor

We push
the boundaries
of connectivity.
Everywhere.



Large addressable markets

Automotive and various
audio-video verticals



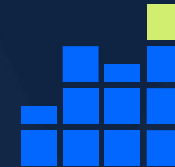
Disruptive connectivity technology

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 December 31,		Full year ended December 31,	
	2023	2022	2023	2022
Net Income (Loss)	2,790	(7,317)	(19,661)	(27,667)
Adjusted to exclude the following:				
Change in fair value of Forfeiture Shares	(95)	865	(1,713)	(2,907)
Financial expense (income), net	(4,477)	(1,684)	(5,637)	1,770
Income taxes	51	41	112	451
Equity in earnings of investee	(5)	(5)	(18)	(16)
Depreciation	439	361	1,632	1,377
Stock-based compensation expenses	3,509	3,129	15,026	12,089
Adjusted EBITDA	2,212	(4,610)	(10,259)	(14,903)

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.

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.

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 cyclical nature 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; the impact of the global pandemic caused by COVID-19 on our customers' budgets and on economic conditions generally, as well as the length, severity of and pace of recovery following the pandemic; 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 its 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 press release. 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 press release. Accordingly, undue reliance should not be placed upon the forward-looking statements.

GAAP and non-GAAP Measures

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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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