



# Valens Semiconductor

(NYSE: VLN)

*August 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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## 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.

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# 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<sup>1</sup> and Autonomous  
Driving Cars



### Leveraging Our Connectivity Technology

Across Both Businesses



### Multi-Billion

Addressable Markets



**\$84M** 2023E Revenues<sup>2</sup>

**62.4%** 2023E Gross Margin<sup>2</sup>

**Adjusted EBITDA  
Breakeven** Targeted

Towards End of 2023<sup>2</sup>



### Fortress Balance Sheet

**\$161M** Working Capital<sup>3</sup>

**\$138M** Cash Balance<sup>4</sup>

# 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

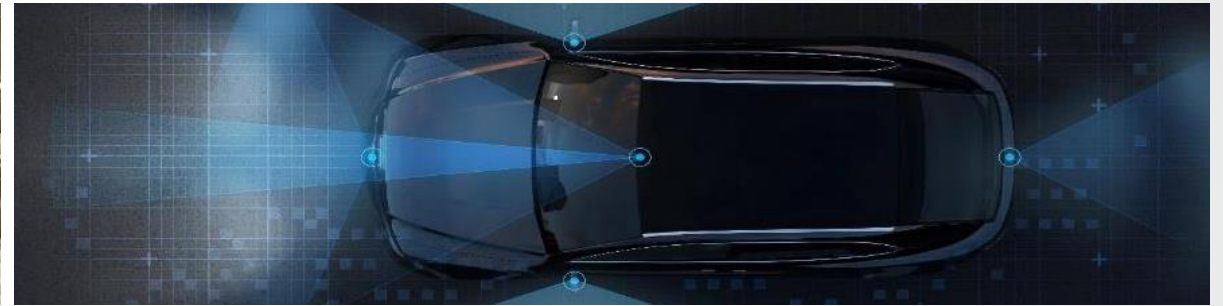
**Continue to invest in expanding our offerings to address market  
connectivity needs**

- First samples of the VS6320 for USB3.2 extension, the only single-chip solution available, to be shipped by Q4 2023
- Developing a high performance, low cost, low power multi-camera video conferencing solution powered by the VA7000 chipset family

**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)**

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

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

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

# Powering Millions of Audio-Video Products Globally

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



**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

# 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<sup>1</sup>)** 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 12<sup>th</sup> 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



## Industrial

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



## Medical Imaging

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



## Command and Control Signage

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





# Automotive Connectivity Market – Key Drivers

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



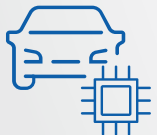
### Today's Car Architecture has Been Pushed to its Limits

- 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

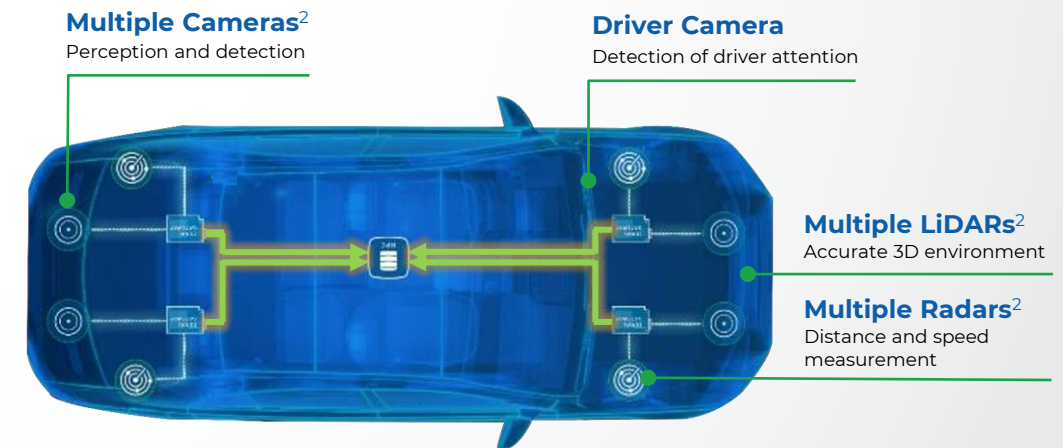
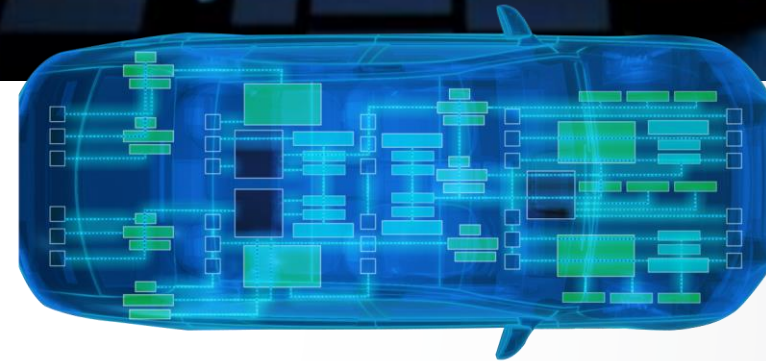


### Future Proof Technology Required to Enable Software-Defined Vehicles

- Centralized processing is facilitating faster adoption of software-defined vehicles
- Increased EMI<sup>1</sup> resilience



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

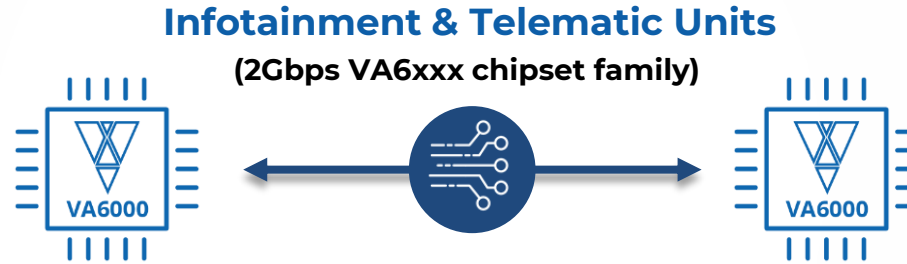


# Valens Provides a Future Proof Connectivity Technology, and is Well-Positioned with a Holistic Offering

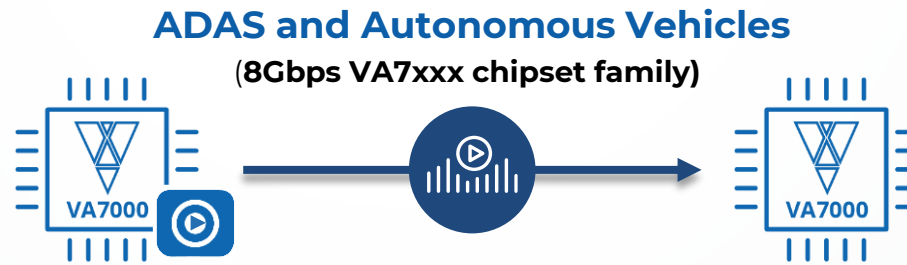
## The Only High-speed Connectivity Solution Supporting Multi-gigabit Connectivity Over Unshielded Harness



**Symmetric Data Connectivity**  
(ECU to ECU)



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



A-PHY standard adoption:  
mipi alliance

Participating in several automotive OEM bids

# 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, 1<sup>st</sup>-generation automotive chipsets
- Millions of VA6000 chips deployed
- Collaborating on multiple next-gen platforms in most car models
- Selling through leading automotive Tier-1s



# 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

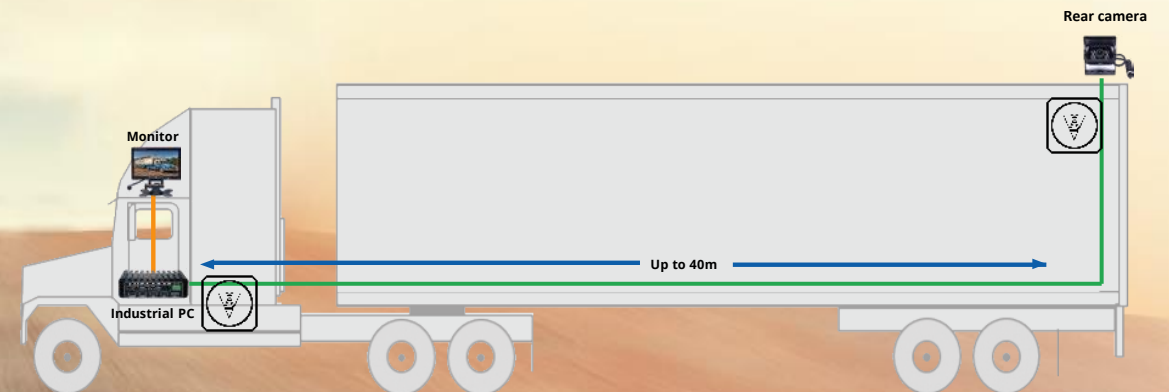


## Tackle Visibility Limitations (VA6000)

- 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



# Valens Semiconductor VA7000 Chipsets Gaining Traction

## Participating in Bids, Moving Towards Adoption by Automotive OEMs

**Progressing  
Towards Mass  
Production**  
Design Wins

**Industry Standard-Setter**  
Defining A-PHY Connectivity

mipi alliance

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

IEEE

IEEE adopted A-PHY as an automotive standard

2020

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

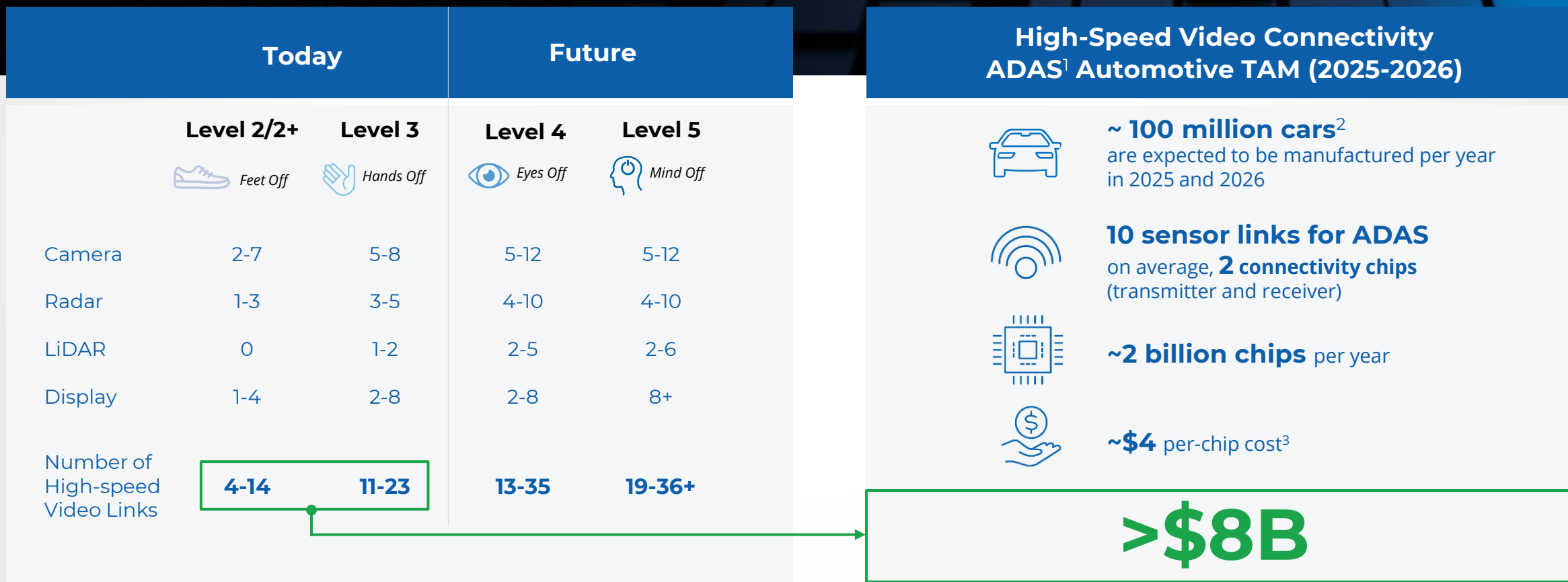
**Strong Ecosystem Momentum**  
Expanding Adoption

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

2022

Today

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



(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**



**Sponsoring educational programs and promoting fundraising events**

# UN Sustainable Development Goals (SDGs)

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



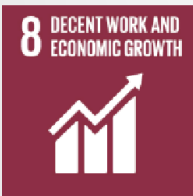
## GOOD HEALTH AND WELL-BEING

- 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.



# Second Quarter Financial Highlights

Second Quarter 2023

vs.

Second Quarter 2022

	> <b>Revenue:</b> \$24.2 million	> <b>Revenue:</b> \$22.5 million
	> <b>Gross profit</b> <sup>1</sup> : \$14.9 million	> <b>Gross profit</b> <sup>1</sup> : \$15.8 million
	> <b>Gross margin:</b> 61.8% (non-GAAP <sup>2</sup> : 63.1%)	> <b>Gross margin:</b> 70.2% (non-GAAP <sup>2</sup> : 71.0%)
	> <b>Adjusted EBITDA</b> <sup>3</sup> : \$(0.8) million	> <b>Adjusted EBITDA</b> <sup>3</sup> : \$(4.5) million
	> <b>Earnings (Loss) per share</b> <sup>4</sup> : \$(0.05) (non-GAAP <sup>5</sup> \$(0.00))	> <b>Loss per share</b> <sup>4</sup> : \$(0.10) (non-GAAP <sup>5</sup> \$(0.08))

 **Working Capital**<sup>6</sup>: \$160.8 million  
(\$161.4 million as of end of Q1 2023)

**Cash Balance**<sup>6</sup>: \$138.0 million, no debt  
(\$139.7 million as of end of Q1 2023)

**Working Capital**<sup>6</sup>: \$168.3 million

**Cash Balance**<sup>6</sup>: \$156.8 million, no debt

(1) GAAP Gross Profit excluding share-based compensation and depreciation expenses, divided by revenue. For the three months ended June 30, 2023, and 2022, share-based compensation and depreciation expenses were \$315 thousand and \$181 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 101,685,915 for Q2 2023 compared to 97,442,359 for Q2 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 June 30, 2023, and 2022, respectively.

# Focused on Delivering Value to Our Stakeholders

## Third Quarter 2023 Guidance<sup>1</sup>



› **Revenue:** \$14.0-\$14.2 million



› **Gross margin:** 57.6%-58.0%



› **Adjusted EBITDA<sup>1,2</sup>:** \$(12.2)-\$(11.9) million

## Full Year 2023 Guidance<sup>1</sup>

› **Revenue:** \$83.8-\$84.2 million

› **Gross margin:** 62.2%-62.5%

› **Adjusted EBITDA<sup>2</sup>:** \$(16.2)-\$(15.6) million

- › **Breakeven of Adjusted EBITDA<sup>1,2</sup>** expected by the end of 2023<sup>1</sup>
- › **Targeting to be cashflow positive in 2024<sup>1</sup>**

# Valens Semiconductor - Track Record of Market Leadership



**Large addressable markets - Automotive and Audio-Video**



**Disruptive connectivity technology across both businesses**



**Industry standard setter – at the forefront of the industry**



**Compelling financial model**



**Thank you**

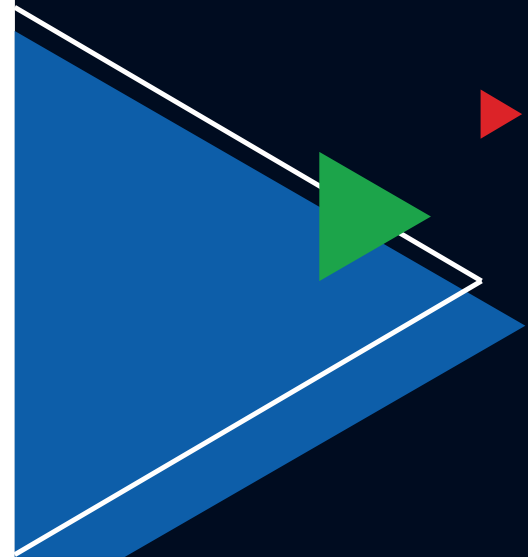


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# Appendix



# Reconciliation of Net Loss to Adjusted EBITDA

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net Loss	(4,582)	(9,995)	(9,959)	(15,045)
Adjusted to exclude the following:				
Change in fair value of Forfeiture Shares	(22)	(1,538)	(1,529)	(4,142)
Financial expense (income), net	(601)	3,560	(792)	3,675
Income taxes	26	43	45	389
Equity in earnings of investee	(4)	(3)	(7)	(7)
Depreciation	414	347	793	667
Stock-based compensation expenses	3,987	3,117	7,809	5,908
<b>Adjusted EBITDA</b>	<b>(782)</b>	<b>(4,469)</b>	<b>(3,640)</b>	<b>(8,555)</b>

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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