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Editor^ Portions of this transcript marked (technical difficulty) indicate audio problems. The missing text will be supplied if a replay becomes available.

Daniel Schwartzberg^ I'm Daniel Schwartzberg, I'm Director of Business Development and System Solutions at Valens, and it's my pleasure to welcome you here today. Before we get to the presentations from our management team, I thought I would spend just a few moments taking you through the Valens technological edge, and all of the amazing things that it enables our customers to achieve. So sit back, sit back for now, relax, excuse the dreadful jokes that are coming your way, I really do apologize for them, and allow me, first of all, to simplify the magic that is our technology, to magnify the advantages that it brings to our customers, and to clarify what we mean when we say that Valens is pushing the boundaries of connectivity everywhere.

Now, as I'm sure you probably already picked up from my very, very subtle gags and also visual aids, it all comes down to our PHY. That's the DSP managed physical layer of our chips. This is the part of the design that drives data into the cable, and then recovers it at the far end. Valens' PHY allows us to take simple off-the-shelf standard cables, just like this, and to drive gigabits upon gigabits of data across them. What we can do is to converge multiple different data protocols onto this one cable, and then recreate them at the far side with zero delay and absolutely no data loss.

But it's not just the simplicity of the cables, it's also their length. We can go long. Really, really long. I'm talking about many applications, up to 328 feet long, that's 100 meters in modern money.

What this means is that in stores of audio/video systems, for example, can break away from the constraints that other technologies like HDMI impose upon them, and they can place the equipment in the installation in the ideal, in the optimal location for sleek and stylish installation.

Now, we can even drive power across the cable, so you don't necessarily need to have a main outlet where the equipment is installed. It's really no wonder that there are so many products out there today that have our AV chipsets embedded within them.

Okay, so where else is Valens now bringing groundbreaking, really revolution changes to our customers? For this, a little bit of audience participation please.

Okay, quick question. What do you see on the screen? Just call out the answer, very very simple. What is it? It's a bee. You don't need to be biology majors to understand that. Now, in that case, what does this look like to you? Well, it's a U.S. bee, there you go. I did warn you at the beginning about the jokes. In which case, what's this over on the far right hand side. That's USB 3. Somebody has been reading my gag reel. Thank you so much. Good job, everybody. Good job. Okay. USB 3 has rapidly become the widespread and the all-in-one interface for conference room equipment, offering gigabits of data over a single cable. So far, so good. However, like many other high-speed interfaces, it suffers from issues of cable reach. I can only go to around about 9 feet, that's 3 meters of cable length. Not so good. So Valens came along, and we developed and we launched our award-winning VS 6320 chipset that allows the extension of professional-grade USB 3.2 over distances up to 328 feet. Again, that's 100 meters in modern money.

What that allows, for example, is corporate conference rooms, hybrid working spaces, learning environments, that deliver effective meeting equity with unified controls all over a single cable. But it's not just conference room equipment, no, no, no, industrial and medical applications already use, widely use USB 3 devices, but they have been limited in terms of the physical placement by that limit of the cable length of just 9 feet. Well, they've been limited until now, that is.

Okay. So we're going to take the audience participation up a notch now, and I need a volunteer to help me, please, with this next little demonstration. Don't worry, they wouldn't let me saw anybody in half, something to do with insurance and liability, I'm not sure why. But if somebody could just join me up here. Any volunteers? Really, it's not dangerous. Sir, you look like a willing vict- volunteer, a volunteer. Your name is? Igor. Please stand here. Listen, for the rest of you, it's going to get really noisy in here. But don't worry, it's not the sort of noise where you need to put your fingers in your ears.

What we're talking about are electromagnetic noises. These are the sort of noises that are all around us, and that can play havoc with high-speed data links. Now, given the importance of this matter, I would like to shed just a little bit of light, if we could turn the lights down up here. It's just a regular bulb, and we have a plasma globe. Igor what I'd like you to do when the lights go down, is to just bring this, just 1 second, we'll try it now, bring it very close to the globe.

Okay, I think you should be able to see, the light bulb starts to light up. Okay, that was a really glowing performance. Thank you so much.

This is actually a real example of electromagnetic interference. What we have here is the plasma globe emitting electromagnetic noises. And when we draw the bulb near to it, what happens is the energy that is being emitted excites the gases within the bulb, and that energy causes light, causes photons to be released. Okay, so this is real EMC, electromagnetic interference issues. I'm going to switch that off because it buzzes and does strange things with my teeth. Now to come back on track, EMC is a problem and there are very few harsher EMC environments, electromagnetic environments, than the automobile.

I'm talking about inside the car, things like spark plugs, electric motors, our cell phones, are all emitting noises that play havoc on the systems. They create a very complex noise profile. Now, let's add to that, noise sources outside of the car, things like cell phone towers, radio transmitters, airport radars, and even other cars. All of those are also emitting noises and making the electromagnetic environment that much more challenging. This would also, if you happen to put it inside your car, give you lots of headaches, I can assure you.

And the problem is compounded by the fact that, let's not forget the car is moving, and the electromagnetic environment that it experiences is moving with it and changing all the time. It's a major headache, and it's getting worse and worse as data bandwidths, the data link bandwidths increase, which makes them more susceptible to damage to data integrity, damage from those noises. It really is a headache. But it's not a headache for Valens automotive technology. Because unlike other solutions that limit the bandwidth and use shielded cables, and limit the length of those cables, Valens technology actually welcomes the noise into the system and cancels it out in real time. This gives us sensor link performance that is orders of magnitude better than the competition and is guaranteed for the full lifetime of the vehicle.

So what I would like to do actually is give you one final moment of engineering magic to show you just how robust we are. For this, I need another volunteer. I need somebody who's good with numbers but can also turn a dial. So this is complex stuff. Anybody would like to just come up here and help me? Anybody? I promise you, you're in safe-ish hands with me.

Stand just on the other side, let me quickly put my glasses on so I can see what's going on here. Let me quickly take you through what's inside my box of magic tricks. What we have here are two camera links, automotive camera links. On the right, in the red corner, we have a competing legacy solution, this is an analog-based technology, running a 6 gigabit per second link, 6 gigabits per second. You can see the image displayed on the screen. On the other side, we have Valens' A-PHY technology. That's running at 8 gigabits per second.

Now, as I mentioned earlier, the higher the bandwidth, the more susceptible it is to the noise. So for the 8 gigabit per second should perform worse than the 6 gig. To illustrate this, what we have at the bottom here is a piece of test equipment. This is a signal generator, that through the wire and these couplers, injects noise directly into the receivers of the chips that then display the image. Okay, so we inject

noise directly in, equal amounts of noise, and we're going to let this, this is a noise that is sweeping across the frequency range that is typical for automotive. And this is how EMC tests are made in automotive with those kind of frequencies.

So what we're going to do, I'm going to switch on the noise and if you can just tell me what number you see. You see a number, it says minus - minus 15 dBm -- I'm not going to go into all the details about what dBm is. It's an indication of power, it's a unit of power. Minus 15 is a very, very small amount of power. As we can see from the screen, not surprisingly, both of our systems are working flawlessly as we would expect, a very low power level.

I need you to turn that dial clockwise until the number comes up to minus 5, so we're going to add 10 DBs of noise. We're going to move ahead quite quickly. Wow, look what happened. We added 10 DBs of noise and the legacy solution running at 6 gigabits per second has failed. The image has frozen. It is simply unable to handle this amount of noise. Meanwhile, the Valens A-PHY technology, as you can see on the left, continues to work perfectly. The noise canceling that I was talking about earlier, is working and dealing with it very, very well.

Let's jump ahead. Can you take it up to plus 15 dBm. This failed at minus 5, we're now going to be up at 15 dBm. Let's just wait a little bit to make sure everything seems to be ok. Now I'm showing you here an automotive use case. But the noise cancels that we have don't just apply to this use case. We can think about medical applications. Cauterization, when the surgeon is cutting with an electric probe that is emitting EMC noises. We can think about the factory floor, with lots and lots of mechanical equipment and lots of electric motors moving around. And all of that is generating noise.

We can think about AV installations in our homes, in our offices, where we have air conditioning compressors, where we have fluorescent lights that also emit noises. It doesn't matter. They all have different noise profiles, but Valens' noise canceler is able to work flawlessly with all of them.

We were up at 15 dBm -- plus 15 compared to minus 5. Okay, everything is working great. Now, we have to show our friends here but I'm not doing anything funny, and we're going to make the system on the left break. So let's take it up to 21 dBm, okay, just to show you that at some point, no system is completely infallible, and at some point, the system should fail. Our cat for now seems to be very, very happy with all of its nine lives. It should fail at some point. So let's make sure otherwise my demo... come on, fail. I don't normally say to my technology to fail, but in this case, I really, really would like you to just to show you, you know what, I'm going to add another notch. Let's take it up to 22. At some point, the amount of noise coming in becomes so intense that the -- there we go. Okay? It will fail, it does fail. But you can see, from minus 5 to plus 22, that is 10, 20, 25 times more noise resilience using the A-PHY solution versus the legacy solution. You've been wonderful. Thank you for breaking my demo so professionally.

Okay. A very, very clear demonstration of just how robust our technology is, but it's not just Valens that are doing this sort of testing here with you today. Automotive OEMs are already running our technology through very rigorous benchmarking tests, not just this but more as well. And what they are seeing is the A-PHY technology win by a knockout when compared to all other competing technologies.

So it's no surprise, therefore, that we just announced three automotive OEM design wins, which are going to put this technology onto the road in 2026. We are guaranteeing the future of in-vehicle electronic architectures. We are enabling the future of electronic architectures providing robust data links for sensors over the entire lifetime of the vehicle. No hidden strings, no smoke, no two-way mirrors; this is just pure unadulterated technical wizardry. From automotive to industrial, from medical to audio-video, and beyond, we are the hidden gem that is enabling innovation across industries. The behind-the-scenes magicians that make the unimaginable possible. But unlike magicians, I'm very happy to have shared our secrets with you today, some of them at least.

So thank you for listening, and I do hope you enjoy the rest of your time with us. Thank you very much.

And I would like to invite Michal Ben Ari, our IR Manager, to the stage.

Michal Ben Ari^ Thank you, Daniel, for a fantastic show. Welcome everyone to Valens Investor Day.

Today's presentations are being webcast and the material will be available on the Investor Relations section under Valens -- sorry, investor.valens.com. As a reminder, today's investor presentation may include forward-looking statements and projections, which do not guarantee future events or performance. These statements are subject to the Safe Harbor language in today's press release.

Please refer to our annual report on Form 20-F filed with the SEC on February 28, 2024, for a discussion on the factors that could cause actual results to differ materially from those expressed or implied. We do not undertake any duty to revise or update such statements to reflect new information, subsequent events, or changes in strategy.

We will be discussing certain non-GAAP measures on this event, which we believe are relevant in assessing the financial performance of the business, and you can find reconciliation of these metrics at the end of our investor presentation, which will be made available on the Investor Relations section of our website, under investor.valens.com.

With me today are Gideon Ben-Zvi, our Chief Executive Officer, who will present the company overview and growth strategy; followed by our SVP Marketing, Dana Zelitzki, who will be presenting our achievements and market opportunities; and Guy Nathanzon, our Chief Financial Officer, will provide a financial overview and our long-term financial goals followed by a Q&A session.

With that, I will now have the courtesy to welcome Gideon to the stage. Gideon?

Gideon Ben-Zvi^ Thank you, Mikey. You hear me well? Thank you very much for coming after a very interesting week in the US. I guess, some of you are distorted by the events and still came here, and we really appreciate it. We are going to speak today about Valens and about our plans and about how we're going to more than triple our revenues and our business, how to penetrate to new markets, and we -- and to share very strong and appealing plans that we believe we can make.

You just recognize the difference between Daniel's posh English and my English. And this is the difference between nomination by the king and nomination by the Board, so I really appreciate that. So you can just move to the next -- oh, it's my to do, sorry. I will start a little bit about facts about Valens, and then we go more into the details.

Valens is the world leader. We're a blunt world leader, and I would say a statement: every chip we do is the best in the category with a gap, every single chip. And we are a company with the highest bandwidth available. We have the longest reach in this category by far. And without comparison, the lowest error rate in some areas, it is so relevant that it is not higher than others that make others irrelevant compared to us.

The company has 70 years of innovation. We are traded in the New York Stock Exchange under VLN. We have 260 employees. We had 40 million chips shipped so far, and it's going and ramping up. Last year, we had \$84 million of revenues. We have two standards that Valens invented, world standards, a company from Israel made world standards, which is very, very unreal if you look at where standards come from; 120 patents; and hundreds of customers; and we are looking and targeting more than \$5 billion market, total available markets.

We are answering a pain, and the pain -- and actually, we're answering pains with several pains, and one of them, we have too many cables. I guess each of you behind this TV can't even count how many cables are there, what they're doing, what they are functioning, and this is one of the things we solve. We are answering the pain of distance limitation. In some cases, distance limitation is so bad that the whole planning is restricted by the planner, by the designer, how to design a factory or a house or a conference room according to how remote they can put equipment one from each other.

We are answering the need of video resolution. Video resolution is needed in many places. It's -- in many cases, when you don't have enough video resolution, in automotive, it can be an accident. In our regular life, it can be a very limited experience in video conferencing, so resolution is important.

Simplicity in installation. How simple is for the one who installs the equipment everywhere. How easy it is to use when it when an equipment, any kind of equipment, and this is another pain that we are answering.

Costs. Sometimes, our chips are expensive indeed, but always, we are cheaper system cost. The whole system is cheaper because our chips enable either more simple cables, either more simple connectors, either the ability to connect in the on the field, so we bring more expensive chips sometimes but always, the total system cost is cheaper.

And I left the last one for the end, which is the rough environment. And then it spoke about noise. Noise is a very serious thing. Noise is what makes people lose frames and to have a conference room that you don't see each other or you don't see the details, the color of the eyes, or the wrinkles. But anyhow, you don't see things because of the lack of a resolution that can be distorted because of the noise. And noise, there is many kind of noise, but the most severe one is EMI, electromagnetic interference, which is everywhere. Every cellular antenna can damage a car that goes nearby and create a situation that the [mobile] will not see the camera that brings -- Sony sends the video so we cannot calculate and cannot understand what is going on, and I will elaborate about it a little bit later.

Now, guys, you all of you know, our chips, you don't know it's our chips, but you meet our chips every day. Like those of you who came in through a Mercedes, you have our chips inside if your model is 2020 or after. Those of you, and I guess, quite many of you are truck drivers so your trucks, your reverse camera cannot work without Valens because there is no way to transfer the reverse camera to the front without the Valens technology.

I hope all of you are very healthy. But in case you need to do MRI or CT, the way that the technician sees the image and sees only through one cable, not a bunch of cables, is using Valens, and the ability to remote from a great radiation is due to our technology.

Class hybrid education. Your kids might be in a situation that they are in high -- not might be there, sure, in a lot of hybrid education classes. If you go to a show, if you want a video wall or any -- today, there is a lot of shows that are done with multiple projectors and multiple vision equipment and all of them need the technology of Valens, and we're in all those spaces. And now, we're also looking into a technology, to put the technology into the world of machine vision and industrial.

Now, what's the secret here? And I want to use a metaphor, and the metaphor is water, is rain. And let's assume we built a nice house in a very rainy place. It can isolate about 20 millimeters a night. It's a lot of water, it's a lot of rain. And then climate change, and there is 300 millimeters a night, no way that the isolation could work. And then, you need to somehow take the water that comes in and pull them out. It's called a drain.

And now, let's move from water to what Valens do. The analog world is the one that prevent -- is like the isolation in the house. It prevents the water to come in until a certain level. But there is no way in the level of noise that we have around us, it is 10 or 15 times more that analog would work, and this is where we come in.

This is the yellow part you see here is the DSP that lets the errors come in, correct them, and put them back to the cable corrected. And this is why you've seen before 20 to 25 times more resilience from errors, which is, in many cases, is not like 20 times more. It's below a certain point that is acceptable, which is failure or non-failure. And we are -- we spare above the failure point, and our competitors in certain demand can't simply cannot do it.

And the three design wins, which we mentioned before, a small company from Israel cannot win by points. A small company from Israel can win only by knockout. Believe me, this automotive industry is very reluctant to work with small companies. We need to prove it by killer, by showing something that others simply cannot do, and this is what we did.

And here, coming again to this electromagnetic interference, I mentioned part of it before, but we liberate the ability to do a lot of constructions, a lot of designing using our technology.

And this is my last slide and I want to give here the vision before I move to Dana Zelitzki. We're establishing the Pro-AV leadership. Pro-AV Leadership is a small market. And I always say that we are a king of a puddle, and now we're moving to the lake, and the lake will be a prince, there are other princes. But we're -- but the lake is so much bigger. In the lake, there are many, many players, but we have a lot of advantage to come here.

Video conferencing is more like the Pro-AV. We believe quite safe that we are quite the only ones. And in the video conferencing, moving from the big conference room to the small and even to the huddle room, you need Valens. You need to have the -- and huddle room is a very big market.

Let me mention that the Logitech CEO mentioned that 100 million huddle rooms are in the world in 10 years, majority or almost all of them will have a video conferencing huddle room solution. And without Valens, it's simply giving up for resolution, giving up from frame rate, and actually having an inferior technology. And even Teams, the Microsoft Teams announced that USB 3 is mandatory to get awarded by Teams. So USB 3 is accepted as the standard and to make USB 3 extension, it's a very sophisticated and difficult and high technological bar chip to do. I can tell you furthermore, other tried and failed. It's such difficult thing to do to take USB 3 to such a long cable with all the noise.

Automotive, we mentioned a lot, and we will still mention more. Also, a very big market, a lot slower market. But the numbers make it, and again, a market that our technology barrier will come up. But there is a market with legacy, and some very strong companies that are in the legacy, and we are replacing them. In those three design wins, we replaced one of those two. The two are -- if you want to ask, are ADI, Analog Devices; and TI, Texas Instruments, two very, very strong and respectful companies.

Industrial. Machine vision is coming up, machine vision is going to change the industry. Today, when they design a new factory, they take into consideration that either they have a long link, very expensive, or

a short link, inexpensive. The option to have the flexibility even in the design stage does not exist before we came in with our solution. And our solution here is a killer.

Medical devices are interesting example about the cross platforms. We develop -- the technology we have for medical devices actually was developed for the automotive. FDA announced lately that they push a lot of energy, a lot of pressure on the minimal invasive companies to move to single use. They claim that more than 50% of infection in hospitals are because of the use of minimal invasive procedures, which are 270 million in the world annually.

Our solution can be a key for all the big players to come in. It is a very political issue. It's between giants such as Olympus and Fujinon and [Hoya], Pentax and Stolt, and all these guys. But we see that this is coming a lot faster than we anticipated because, again, it's FDA, and they are very, very stubborn about this change.

And last, mergers and acquisition. And actually today here, where is Justin? Justin, can you just raise your hand that people see? Justin is the CEO of Acroname, the company we acquired. I think it was the first acquisition, and I think our M&A here took time but it was a process that shows how serious we are about it. We are not doing an M&A to replace our core technology. We're sticking to the core, but we see the M&A as complementary and something that strengthen our core. And the Acroname M&A is something we are very proud, and I hope that we are not in the room. Justin will also say the same thing that about this and about the success of this merger. And I think that the thorough way we do will be like the thorough way we do the next one, and it is part of our growth.

So this is my words, and thank you very much for listening. And now, I will ask Dana Zelitzki, our SVP Marketing, to step in.

Dana Zelitzki^ Thank you. Okay. Hi, everyone. My name is Dana Zelitzki. I'm a Senior VP of Marketing at Valens. Can you hear me okay?

I've been with the company for 13 years, and I feel blessed to have grown with this company and to witness firsthand how our unique technology has transformed industries. And I'm definitely looking forward to see how we continue to transform new industries. And this is exactly what I would like to talk about in my part of the presentation.

So I will review these four new market segments. I will touch upon briefly about the achievements, what we've already achieved in this market, and what we are -- what are the opportunities ahead of us moving forward.

I will start with the professional audio-video market. This is the market where we started in. Valens is a company that is literally setting standards in the industry. And already back in 2010, together with our partners, Samsung, LG, and Sony Pictures, we have created the HDBaseT Alliance, an alliance that turned our technology, HDBaseT technology into a real industry standard and created the largest interoperable ecosystem in the Pro-AV market. By doing that, we transform the industry from a

closed vendor-dependent market to a market that is open and has a clear road map for the end users and significant benefits.

Today, the Alliance is very successful. It consists of over 200 members, most of which are Valens customers. You can see here on the right-hand side, a sample of the brand names that are Alliance members and the customers that we are serving and some examples of the products where you can find Valens chipset inside. So it can be displays, video walls, projectors, video conferencing systems, presentation switches, and many other examples.

Moving on to the opportunities. There is one segment within the professional audio video market where we see a significant opportunity, and this segment is the video conferencing.

As you are all well aware, ever since COVID and the entrance of the Zooms and the Teams and the likes into our lives, video has become very dominant in everywhere. It has changed completely the way we work, learn, and live.

So what happened is that today, we have video and proliferation of video-connected devices, video peripheral inside every meeting room. In the past, it was something that we only had in the very big large conference rooms. Today, I had a room, a small meeting room, a home office, we usually have a small video connected -- video connection equipment. We see also the popularity of USB-C-based equipment, and this is something that is very relevant for us.

So of course, in terms of market trends, we see always this video enriched with the artificial intelligence capabilities, which demands a lot of bandwidth and uncompressed connectivity to enable real-time video analytics. Another trend that we see is what we call the democratization of the meeting room. So there's a need for a seamless experience for all meeting participants, whether they are located remotely or located physically inside the conference room. And there's also a required -- requirement for flexibility for either bring your own device into the meeting room or reliance on the existing meeting infrastructure.

All these have led to a proliferation of visual peripherals. And this trend is the main reason why we developed our latest product, the VS6320 product, which is a very unique, innovative solution, affordable, and simple for extending USB 3. We just released this product last year. Today, it is being embedded into over 50 different products, and we expect to see -- to start seeing revenues from this product already by the end of the year ramping up in 2025. The feedback from our customers for this product is incredible.

I would like to show you some testimonials in a second, but just to give you some numbers, looking at these opportunities, counting the number of expected video peripheral inside the meeting room, we anticipate that by 2029, the total addressable market for Valens from video conferencing will be \$350 million.

Moving on, I want to show you a short video that I think is a great example of what our customers is expecting from us. And it's --

(video playing)

It's quite evident that there's a lot of anticipation for this product in the market, and we're also looking forward to seeing it succeed.

Moving on to automotive. While the automotive industry, as you are all well aware, is characterized with very long sales cycles, we have been active in this domain for a few years and have some significant milestone and achievements to talk about. So the first customer that we have in this market is Mercedes Benz, and the VA6000, our first-generation automotive product, has been enabling Mercedes Benz infotainment systems since 2020 as Gideon mentioned. One of the things that we are very proud of in this project is that we are offering the only multi-gig connectivity solution that is operational over unshielded wires. This is a unique advantage that only Valens can achieve, and one of the main reasons that Mercedes selected our technology.

Another customer that I would like to talk about is Stoneridge. It's the leading technology manufacturer for trucks and commercial vehicles. With Stoneridge, not only were we able to achieve an unprecedented link distance of up to 40 meters, we were able to do it over the existing power line, the existing infrastructure of the truck, something that, of course, minimize the investment and the efforts of the customer on the customer side.

By doing that, we enabled Stoneridge to offer a reversing camera for their customers, something that we all take for granted, but before Valens came along was not achievable for such long vehicles. This project is currently being is going through field testing with the Stoneridge customers, and we expect it to be operational and commercialized next year.

Lastly, we recently announced the first Valens VA7000 design wins with the three leading OEMs. While these projects will only be operational in 2026, and the revenues, specifically from this project, are moderate, this is a pivotal achievement for Valens in the automotive industry.

The reason for that is that the VA7000 is the first MIPI A-PHY compliant chipset in the market. And this achievement cements MIPI A-PHY position as the global standard for ADAS connectivity. Of course, this opens the door for further adoption of the MIPI A-PHY standard and Valens chipsets.

Furthermore, I think it's important to explain. In this project, like in every automotive project, we have partnered with two-leading Tier 1 suppliers, one from the sensor side and one from the SOC, or central computer side. They are very invested in this project. So what it means is that, today, when they will go to their other OEM customers, they will offer the MIPI A-PHY and Valens VA7000 as the connectivity of choice, so we expect more and more design wins like this in the future.

Before I go start talk about the automotive industry numbers, which are very significant, I would like to briefly explain our strategy in this market and why we chose to go with the MIPI Alliance and to have our technology standardized.

When you come -- when we're talking about ADAS systems or ADAS connectivity, this is a very complex systems and safety critical systems. And it was very clear for us that the industry needs a standard. The industry are -- is calling for a standard in this domain, and for Valens to succeed in such a pivotal part of the car, we have to be a standard technology.

The MIPI A-PHY standards was defined by the MIPI Alliance. The MIPI Alliance is a very well-established standard organization that comes from the mobile world. What it means is that all the interfaces inside the mobile phone that connect the sensor or the camera of the phone to the CPU and the CPU to the memory are all MIPI interfaces. They are very commonly used, and the alliance identified an opportunity to take these interfaces, extend them, and use them inside the car.

When they set out to define the standard, they wanted a standard with the best-in-class EMC performance with a clear road map for ultra-high bandwidth moving forward and with focus on simple architecture and end-to-end safety, and this is exactly why they selected Valens technology. When we competed or joined them -- offered our technology to the MIPI Alliance, we competed there with other companies, much larger companies, everyone wanted to have their technology at the basis of the standard.

We went through a lot of testing, a lot of evaluations, and really, we won by knockout in every criteria. So this is the reason why Valens was selected to be the basis of the MIPI A-PHY standard. And today, we are leading the MIPI A-PHY ecosystem with the first in the market-standard compliant chipsets.

You can see here the A-PHY ecosystem. I will not review all of the companies, but all of the brand names and logos that you see here are all working on developing A-PHY products or adding support to A-PHY into their platform. This is the power of having a standard technology, and it's important for me to note that we are working with most of these companies to help them and to support them in developing A-PHY products because it's important for us that the standard is strong and that the standard is successful and to have a strong ecosystem. We are very confident in our ability to continue and lead this ecosystem also in the next generations of the standard. We have the expertise in A-PHY, and we will continue to have it.

Moving on to some numbers. As we've mentioned, this opportunity is significant. In terms of market trends, really, there's a race lately in the last few years towards higher levels of autonomous driving, advanced driver assistance -- systems, and very complex software-defined vehicles. What it means is that more and more high-resolution sensors are being added into the car, and the architecture has become more complex, more centralized, and demand more bandwidth. From Valens perspective, it means that there's a lot of video that enters the car, and we need to make sure

that it gets to the central computer unit of the car without any latency with the highest resolution, no compression, and with flawless reliability.

Another trend that is important to mention is that with the addition of a new OEMs or new types of OEMs into this ecosystem like Tesla or a lot of OEMs in China, the platform life cycles have shortened, which means there are more and more opportunities in this domain.

I want to stress something about automotive, although I think you already understand it from our messaging. We talked throughout the presentation about our ability to provide a superior performance even in the harshest electromagnetic environment. The harshest electromagnetic environment out there is the car. It's a very, very complex, and this is where we have the strongest edge and the stronger capability to win our competition as you saw in this demo. So really, only Valens error-free connectivity can guarantee passenger safety and provide the resilient infrastructure upon which OEMs can build their cars over the future.

In terms of numbers, of course, we're looking at the numbers of high-resolution sensors that are constantly being added into the cars. All are translating to high-speed video links, and we estimate that by 2029 our total addressable market in automotive will reach \$4.5 billion.

Also here, I would like to show a short video just summarizing our path in automotive so far, and I can guarantee that it will become --

(video playing)

Okay. Will be interesting.

Moving on to industrial and medical markets. Valens has been active in these segments for quite a few years with our professional audio video products. Our chipsets have been integrated into a variety of products.

In the industrial, we're talking mainly about industrial PCs, where we enable the leading manufacturers in this domain to place a central PC in a remote server room and connect it to several displays throughout the manufacturing floor with a regular Ethernet cable that can go up to 100 meters.

In the medical market, products have been integrated into a variety of products or devices, whether it is X-ray machines and mobile medical card and also ventilation machines, something that really spiked during COVID.

Up until now, it was a niche market for us. The numbers were not very big but lately with the recent launch of two new products, one is the VA7000 that comes from the automotive world and the second one is the 6320 that we developed for the video conferencing, we feel that these two products are very relevant for industrial machine vision and this opportunity has become much more significant for the company.

So as you can see, there's a rise of machine vision applications, specifically when it comes to inspection. This rise is due to a shortage

in workforce, high cost of the labor, and also, very tight and increasing inspection regulations. Of course, in this type of applications, there's always an AI layer, there's sometimes 3D imaging. So there's always a need for very high-bandwidth connectivity to enable real-time processing and real-time video analytics and flawless reliability.

Our chipsets, the 7000 and the 6320, are extending either CSI to video interface or USB, both are interfaces that are very commonly used in this market. And by offering them, we really simplify the design of industrial machine vision cameras and simplify the installation process for industrial integrators.

Just recently, we participated in Vision show a few weeks ago in Germany, a very important show in this industry where we already showed prototypes with some of our partners from the camera models and camera manufacturers, partners like Framos, Teledyne, or D3, and the feedbacks were great, and we are looking at a very significant opportunity in terms of numbers. By 2029, we anticipate that this market will represent a total addressable market of \$460 million.

Last video for today, I want to show one testimonial from an important partner of ours, D3, that I think explains exactly the benefits that we have in this market.

Scott Reardon^ We are partnered with Valens for the last year. We've developed a solution, a camera system around their MIPI A-PHY chipset and solution.

So you know, MIPI A-PHY lets you get further away from a camera, further away from the processing, you have to put these cameras out on the edge of a vehicle and your processing has to be back in the central part and getting raw uncompressed data back with no latency. It's an area that the Valens chipset does great at. We utilize it in many different ways.

You can see it starting in automotive, you have to put cameras out on the edge of your vehicle. The same thing happens if you go to an industrial vehicle like a forklift, an agriculture vehicle like a tractor, you have to have these cameras and other sensors on the edges of the vehicle, you have to move all that data back, so you can process and do the artificial intelligence somewhere in a computer on the vehicle and then send the data back out to the system.

You move more robotics in the factory in more distributed machine vision. You're going to need longer cable length, you're going to have to go through articulating joints. You're going to have -- they're always -- any one of these situations are high EMI. They're on everything in the factories are unshielded; it's not consumer products. So I think those areas lend to this MIPI A-PHY as being the right solution. And I think it's going to be able to grow, so we're excited about what we see in machine vision customers. We already have offering cameras in this and processing solutions. I think we're going to be able to switch customers over to their next generation of parts.

I'm really excited for the partnership with Valens and the MIPI A-PHY. We have been in imaging on vehicles for many years, and we've seen this move over the years. Moving to a standard that's not proprietary. The current competing standards are proprietary. Moving to more of an open standard is going to open up a lot more opportunities for us. It's going to open up opportunities in areas that it hadn't happened before. And I think the advantage of MIPI A-PHY being able to go longer distances, being able to go through not just standard cabling but unshielded twisted pair cables that are degraded. It's going to open up more ruggedized, more edge applications like this that the current standards can't. So I'm excited about the new leap in technology and what it's going to bring to us.

Dana Zelitzki^ As you can see, maybe I would mention here, also in these markets, the standards are very, very important, traditional markets that like to rely on a standard technology. We're working with the MIPI Alliance and with other standard organizations in this domain to do exactly the same and to define our technology to be the industry standard in this market.

Last market segment I would like to address today is the single-use medical or more specifically endoscopies of any type. Today, there are around 250 million endoscopy procedures that are being performed a year. What it actually means is that you need a solution for endoscopies that would be a very high-resolution video. Obviously, the cable has to be thin, lean, and with long distance, and the reliability has to be perfect, the performance has to be perfect. And this is exactly the conditions where our technology excel, and we feel that it's a perfect fit together with the VA7000 product to address this use case.

Today, around 3% of the endoscopy procedures are already performed with the single-use products. Meaning, the sensor side is replaced after every procedure, and the FDA is urging the industry to increase the pace of this shift, and the reasons for that are quite clear.

First of all, disposable endoscopies eliminate the risk for infection, which is a very serious factor. In addition, when you're not using a disposable or single-use equipment, the sterilization process is very complex, very expensive, and generate a lot of toxic waste for the environment. I'm sure that this reason alone would be the one that is driving the shift in the industry. And lastly, the shift to single-use would enable performing this kind of procedures also in outpatient clinics, not only in the big central hospitals.

Of course, in terms of numbers, when we move to single-use endoscopies, it's a whole new -- it's a game-changer in terms of the market sizing, and we anticipated by the time the 50% of the operation will be single use, it will represent a \$625 million TAM for the company.

I have to say that we are in early stages in this market, it is not yet included in our forecast for that reason. But since the opportunity is very interesting and we feel that our technology is a perfect fit to address this use case, we are very much active in business development activities and in promoting this opportunity, which will be very significant in the longer term.

To summarize, here you can see the entire chipset and product offering of the company. Across all of these products and across all of the markets we serve, we are sticking to our core technology: long reach high-performance connectivity with flawless reliability. This is what we have to offer. And we're very confident that we are well-equipped with this offering to address all of the opportunities that I've just mentioned.

And with that, I would like to hand it over to Guy that will also show you how these opportunities translate to revenue, profit, and value for our shareholders. So Guy, please. Thank you.

Guy Nathanzon^ I'm the CFO of the company. It's a pleasure to be here today. Thank you all for coming. During my presentation, I'm going to review our past performance and talk a little bit about our long-term goals.

Starting from the revenue. So in 2019, we had \$60 million of revenue generated mainly by the audio video business. 2020, first year of COVID, slight decrease to \$57 million revenue, again, mainly about audio video.

Okay. Sorry for that. Are we good? Thank you.

In 2021, it was the first year of the mass production with the Mercedes Benz in the automotive. We had \$8 million of revenue from the automotive business. We had also a slight increase in the audio video business, bringing the overall revenue of the company to above the \$70 million.

In 2022, it was a peak year. We doubled the business in the automotive to \$16 million of revenue, and the audio video also was increased significantly to \$74 million related to the supply chain issues as part of the COVID.

2023, the audio video business got back to the normal levels of \$54 million (sic - see slide 24, "\$57.4 million"), and the automotive grew to \$26 million because we were able to penetrate into more models in Mercedes. Altogether, \$84 million of revenue in 2023.

In 2024, we have kind of rebound year for 2022. In the audio video, we suffer from the level of inventory that our customers are holding in a very high interest rate environment, and our lead time to our customers got back to the normal days pre-COVID. In addition, our customers are suffering from weakness in their end markets because their customers invested a lot of money in building new video conferencing rooms after the COVID. And now, in 2024, they have decreased their budgets.

So we expect to have in 2024 revenue above \$57 million. The audio video is expected to decrease from \$57 million in '23 to around \$33 million this year, but we expect to get back to growth in 2025. We also anticipate slight decrease in the automotive business to \$22 million, and we generated \$3 million from the first acquisition from Acroname.

On a quarterly basis, we can see that in Q4 of 2023, we had \$22 million of revenue decreasing to around \$12 million in Q1 of 2024. But ever

since, we see nice increase to \$13.6 million in Q2, \$16 million in Q3, and continue to grow in Q4 anywhere between \$16 million to \$16.3 million of revenue. At this point in time, we understand from our customers that this inventory digestion is [a] temporary event, meaning it should be over at a certain point in time. It's still early to say when, but we do believe that we see initial signs of recovery, and we hope to see better results next year.

Gross margin. Our gross margin is heavily impacted by the ratio between the audio video business with more than 70% gross margin and the automotive with more than 35% gross margin. For example, in 2019, we had almost 80% gross margin because almost all the revenue were generated by the audio video.

In 2024, we have less than 60% gross margin because 40% of the revenues were generated by the automotive. In the first nine months of 2024, we had 179 active customers. We have reasonable diversification in terms of customer base, meaning there is no significant customer concentration.

So in 2023, we had \$84 million of revenue, adjusted EBITDA loss of about \$10 million. In 2024, we expect to have above the \$57 million of revenue, adjusted EBITDA loss is expected to be anywhere in the range between \$22 million to \$21 million. At this level of gross margin around 60% and this run rate of operating expenses around \$80 million, we expect to have positive adjusted EBITDA and annual revenue of between \$110 million to \$120 million.

We have a strong balance sheet. We have \$133 million in the cash end of the quarter. We started this year with \$142 million, and we also paid \$8 million as part of the acquisition of Acroname. The inventory goes in the right direction, reducing from above \$23 million end of '22 to around \$12 million end of September.

Now, I would like to speak about the future. In order to understand better our goals, first, I would like to review our sales and product life cycle. We define three stages in this life cycle. The first is the stage when our customers will evaluate our products against competing products or competing technologies. In the Pro-AV, it will take about six months; in the machine vision and industrial, up to 12 months; in the automotive, up to 18 months.

Then comes the second stage, where the customer will develop their own product based on our chipset. In the Pro-AV, it will take up to nine months; in the industrial and machine vision, up to 12; and in the automotive, up to 30 months.

Then comes the last stage. In the first two stages, we would not generate a significant amount of revenue. In the last stage, we have stable stream of revenue over the course of the time of this stage. This is the mass production, when our customers will commercialize their product and in every unit they ship, there is at least one chipset of Valens. For the Pro-AV, it could be anywhere between three to five years; for the industrial and machine vision, anywhere between five to seven years; and in the automotive, the same. Altogether, the Pro-AV is around six years

of cycle; the machine vision industrial, almost nine; and automotive, almost 11 years of life cycle.

Now, I would like to talk about our long-term goals. We expect to increase the revenue from \$57 million in 2024 to a range between \$220 million to \$300 million by 2029, which means 4 times to 6 times more or average of annual growth of anywhere between 30% to 40%.

In the short term, the growth driver would be the Pro-AV. In the midterm, industrial and machine vision and also new acquisitions, and in the long-term automotive. We expect another significant upside in the revenue after 2029 coming from automotive around mass deployment of ADAS and from single-use endoscopy, and that could be an amazing upside in the revenue.

Starting from Pro-AV. In 2024, we had \$32 million from the Pro-AV, and we expect that by 2029, we'll have anywhere between \$90 to \$100 million from the Pro-AV, ramping up from next year with a target gross margin of anywhere between 65% to 75% from this vertical.

In order to support the growth, we need to assume several things. First, end of the inventory digestion cycle; second, adoption of the VS6320 with our customers' product aimed for video conferencing; and third, the growth of this vertical of the video conferencing due to the hybrid work and hybrid education.

In the industrial machine vision, in 2024, we generated only \$1 million because we just started mainly around industrial applications. Now, we assembled a dedicated sales team, dedicated go-to-market, and we expect that within five years, we will be able to generate anywhere between \$35 million to \$50 million of revenue from this vertical, ramping up from '26 to '27 with a target gross margin of anywhere between the 55% to 65%.

Our assumption is wide adoption of our solution. The VS6320 with USB connectivity and the VA7000 with the CSI 2 connectivity into different applications with this new set of customers, companies that provide cameras for machine vision and industrial usage.

Automotive is expected to grow from \$21 million in 2024 based on just one design win from Mercedes Benz to a range between \$65 million to \$110 million by 2029.

Ramping up from '27/'28. Just to clarify, the design wins we've just announced are going to provide initial revenue in 2026 ramping up in '27/'28 because ADAS platforms will be commercialized during this year. We expect another significant upside after 2029 with the mass deployment of ADAS and adoption of our solutions into more models with the OEMs that we always talk with and achieving new OEMs.

As we said, we have a strong balance sheet right now, and we intend to use it for new nonorganic growth opportunities. We are going to have a focus on companies in the areas of ProAV, machine vision and industrial, companies with synergetic business to our business, companies that already generate revenues with clear line of sight for profitability. In this model we assumed that these acquisitions will contribute anywhere

between \$30 million to \$40 million in five years. But this is depending on the opportunities that we're going to have along the way. As a good example we'll provide Acroname. This is exactly what we are looking for, highly synergetic company providing complementary products to our customers in the Pro-AV and the industrial market with a high level of synergy, \$15 million of purchase price, \$8 million upfront, the rest in earnout payments, and Acroname is expected to contribute about \$3 million for the company during the months, June to December, seven months.

So to summarize, our long term-financial goals. Revenues are expected to grow significantly from \$57 million this year to range between \$220 million to \$300 million by the year 2029. We expect to generate 50% to 60% gross margin, and our EBITDA margin target is between 15% to 20%.

For 2025, we set aggressive goal to get back to growth, 25% to 33% versus this year, setting the goal to generate revenue between \$71 million to \$76 million. In the Pro-AV, we hope to see partial recovery of the inventory digestion cycle that our customers are facing.

We would like to see more adoption of our VS6320 with USB connectivity into the video conferencing systems that our customers will develop, and we hope to see commercialization of the products for customers, those 50 customers that already announced on development of products based on Valens during the second half of 2025.

In industrial and machine vision, our goal for '25 is to achieve design wins based on the VS6320 and the VA7000.

In the automotive, our goal for '25 is to announce on new design wins with new OEMs. And we hope to continue and identify potential acquisition targets and hope to close at least one deal assuming that we will find such targets.

So to summarize the financial part. Valens is set for significant growth, 4 to 6 times more versus 2024. We have a diversified business. We are diversified among different industries: Pro-AV, machine vision, industrial, medical, and automotive. The design win business model allows us significant predictability and visibility with long-term relationship with our customers. We aim to achieve [a] significant business model above the 50% gross margin and above the 15% EBITDA margin. We have a very strong cash balance that will support both organic and [inorganic] growth opportunities.

I would like to thank you, and now, I will ask Daniel to join us for Q&A session.

+++ q-and-a

Daniel Shwartzberg^ Okay. So if I can just have a mic. Ladies and gentlemen, please take your seats. So thank you for some great presentations. We're going to turn the floor over to the people in the room first and then we will address the questions that are coming in online. I will try and field them to the right people here, but of

course, if you'd like to move the questions around amongst yourselves, please feel free.

Okay, so I'm going to just pass this over to you. Okay. 1, 2, perfect. Okay, so we have a question in the room. Can we please pass the microphone over. Hand up, please, Lisa.

Okay, please go ahead.

Unidentified Participant^ Yeah. Can you talk us through -- you have three different segments that you're addressing with competitions in various segments. You have very different business models, different gross margins, one of these, 75% all the way down to 35%. You know, why is that? And how do you guys, those are three very separate kinds of businesses. How do you become successful in all three segments?

Gideon Ben-Zvi^ I will take it. Thank you for the question, and I will elaborate about the answer. It's mainly two. The automotive is definitely -- have different characteristics than the audio/video and the machine vision.

Machine vision and audio/video are more similar than it might look. It's very similar ODMs, very similar go-to-market. The differences are nuances. Automotive is definitely a different game. However, the synergy is huge, and we see that a lot of the chips developed initially for automotive find their ways to the audio-video.

There is always the question when it's fine for a company to have more than one activity. There is a phrase in Hebrew, I hope it translates good to English that someone should not take laxatives and slipping pills at the same time. And I'm not sure that we are in such case.

I think that we can justify the -- being in two activities and see that the synergy. I agree that if to take third and fourth at our size is wrong. But if you look at companies in the semiconductor area, in certain area, none of them is based on one technology, okay? Some do, like NVIDIA does and Intel does. But if you look at a company like TI and ADI and Renesas, and all of them have different departments, and there is synergy in the technology. They come from one or two cores, and they diversify and make the diversification. It's -- that's the way it works. I know it's not a complete answer, but it's a candid one.

Unidentified Participant^ Okay. The sales cycle, the customers, how you win in each business, I mean, you have great technology, but I assume it's going to be very different.

Gideon Ben-Zvi^ Yes. The automotive -- well, Valens does not divide it into units. We have one R&D, one marketing, one operation. The go-to-market, there are people who do only automotive. There is a team that do only automotive. They know how to go to the automotive market, how to speak to automotive customers. And it's mainly the difference are the people on the site, the Japanese, Chinese, Germans, United, those people who are meeting the customers definitely need to specialize in the go-to-market. The machine vision and the audio/video are very similar. We are -

- it's going to be under one roof. Of course, machine vision would have some different customers.

But as I said, if you look who are the ODMs, a very important part in this game, a lot of them are the same ODMs in audio/video and machine vision. And therefore, it will be under the audio/video, which we are changing the name as we announced it, will be called now Cross Industry. And the Cross Industry will do those things which are like the conference room and machine vision, and it is a lot -- it's not far enough to be cut into two different activities. But as I said, if you have 260 or something these employees in Valens, maybe 20 are colored. All the rest are people who do -- who are working for mixed systems, R&D, and marketing and sales. Those who are facing customers are the only ones who have an expertise and those who should have an expertise.

Daniel Schwartzberg^ Thank you, Gideon. Thank you for the question. Another one at the back, please be sure to speak into the microphone so we can all hear as well as the people online. Please go ahead.

Kevin Cassidy^ Hi. Kevin Cassidy from Rosenblatt Securities. In the presentations, I noticed you talked about uncompressed video as one of your features. Is there ever going to be a need for compressed video? Or maybe why do you make that emphasis that it's uncompressed?

Dana Zelitzki^ I'll answer your last question first. Why do we make the emphasis on uncompressed -- because in some of the use cases or most of the use cases that we've talked about, uncompressed means no latency at all. And this is crucial for most of the applications, definitely for automotive, also for medical inspection, and so on. It's becoming more and more crucial as much as we have more and more artificial intelligence involved in -- or artificial intelligence layer in almost every industry where we address. And actually, we feel that when it comes to real-time artificial intelligence or real-time video analytics, our technology is one of the enablers for this application. And the reason for that is because we enable an uncompressed video connectivity.

Your first question was, is it ever going to need a compression? The answer for that is also yes. It all depends on the bandwidth that you have available and what is the resolution of the video resolution that you would like to achieve. So sometimes in the very high-end audio/video installations, there are applications where we use very light compression to achieve the video resolution that is required.

Daniel Schwartzberg^ Thank you, Dana. Please go ahead.

Unidentified Participant^ Hi, my question is on the automotive business. You guys currently have OEM wins with Mercedes and European OEMs. What's your coded market strategy of getting OEM wins and design wins in North America and in Asia and particularly in China? I can think in one of your slides, you mentioned a shorter time to market in China. So what's your strategy there?

Gideon Ben-Zvi^ Well, it's a question that most of the answers, I'm not permitted to answer, the rules in the stock market. I'll first start with

what we anticipate for market share in the world. As a big a success MIPI is, we'll never have 100% of the market. If we'll have 100% of the market, it will be a very small market. We need to help -- actually, we need to help our competitor to come into the market.

And I'll give you an example. We helped Sony to make a transmitter embedded in their sensor. For us, it's great because every sensor they sell, we sell a receiver. So we help them to take part of the market -- part of the meat for us, but the meat becomes a lot bigger. We're speaking about 1 billion links a year. We never said we'll have 1 billion links a year. And I think it's saying that it's responsible and it's not realistic.

But if we help the market to be a market of billion links, and usually, if you look at semiconductor and you are a semiconductor reviewer for many, many years, in complex chips, you never see more than two or three players. In non-complex, you see five, six, and seven, but you look at all the complex chips, those are the cost \$50 million and above, three players. And this is the answer what is our anticipation to have a market share.

About China. We have to do things in China. We work in China for quite a long time. There is an upside in the Chinese market. I cannot elaborate more. I will be able to elaborate more in the future. We have thoughts about some changes which might accelerate time to market. And that's the most I can say and still be out of gel.

[Unidentified Participant]^ Okay. Great. So my other question is also on automotive. It's also based on your 2029 forecast. It looks like it has the widest range amongst this 3 segments, \$45 million. What's baked into that assumptions? How much are you factoring units and more design wins?

Gideon Ben-Zvi^ Excellent question. Let me take a non-European example because otherwise, you might guess what's the European -- let's take Toyota, for instance, which is not our customer. And by the way, it's the holy grail of the automotive industry, everyone. And one day, it is one of the goals, of course, of Valens to win there.

They will always start with what's called their pilot car. BMW cars pilot will usually be 540. In Mercedes, is the S Series. Every company has the pilot, and then it goes to several more, and then it goes to all the models. Companies usually want to have not more than one or two platforms and scale them. That's the same technology will not be the same in Mercedes S and Mercedes C. It will be the same technology, but with a different scale.

Toyota is very, very extreme in how to make it efficient. Europeans are not at this level yet. But when we are penetrating into European company, we always see that they start with the pilot. The pilot expands to more models in the certain segment and then to the whole manufacturer, to the whole OEM.

Now, it's a little bit confusing, but there are two dimensions of growing. Why two dimensions? Because let's say, they have 10 cameras and

only 4 of them are high resolution and 4 are not. In the beginning, they might take it only for the 4 which are high resolution. And then one scale is all the cameras in the same vehicle. This is one scale. And the other is all the vehicles in all the models in the OEM. So you can start with one significant model with 4 of the 8 of the 12 cameras, and you have the 2 dimension of scale. And this is why it expands. And this is why we put 2034 without numbers because in 2029, we will be in the market, but we cannot assume that we will have the full model, which is significantly bigger number.

But to speak about the forecast of 2034 is we say it's far more. We say it's only the beginning. We say that it is penetration. And in some cases, it's 15% or 20% of the OEM. In some cases, it can be more.

Guy, do you want to elaborate more about it or -- okay.

[Unidentified Participant]^ Great. Thank you very much for the presentations. Your goal is to increase your revenues by 5x over a five-year time period, and that seems like that could create a lot of stress for your supply chain. And what we saw over the last three years is a lot of stress put on how fragile that supply chain is. And so the question is, what has happened over the last several years in the supply chain? Has that caused you to go back and kind of change the processes that you have with your own supplier base and similarly with your own customers in order to get maybe tighter forecast as you think about growing the business as much as you want to grow it? Thank you.

Gideon Ben-Zvi^ I'll take this one as well. Yes, there is a challenge to grow, but yet the numbers compared to companies who make chips of sub-dollar and they have billions of chips, they are the stress on the company. We never, never been late in one chip to one company. No one of our customers ever held a line because of us. As a small company that work on the high end, we have the flexibility. And we're a high-end company for good and for bad.

Being working only on the side of excellence has a lot of constraints. It's not always easy, but it has advantages. One of them being on the high end is meaning selling more expensive chips. That's smaller quantity of more expensive chips. And from the supply chain, it's easier.

From R&D of us, it's harder without a doubt. So this is a partial answer. I know because the other part is you cannot expect another COVID. You cannot expect where the Chinese-US trade war will continue or resolved or released. We try to be prepared. So far, we did, but this is definitely an unknown in this industry and will -- I think will ever be an unknown in this industry because there is a huge dependency in supplier and customer in this industry. To move from Samsung to TSMC is not taking the masks and do it again. It's really developed part of the chip.

If it's on a digital chip, it will take six to eight months or nine months. If the chip is analog parts, the analog parts are done from scratch. It can be 2 years. So moving from -- so the dependency in the supplier is huge in this industry. And this is part of the game and the

suppliers, by the way, acknowledge it and say, you depend on us, we'll never disappoint you.

You wouldn't believe how TSMC CEO sent personal letters to each of his single customer apologizing and give access to him during the time of crisis. He understood his responsibility. This is part of this industry. It cost \$20 billion to build a factory, you don't have other choice.

[Unidentified Participant]^ Fair enough. Thank you.

Daniel Schwartzberg^ Okay. Gentleman here in the front.

[Unidentified Participant]^ Thank you. A question just on the automotive gross margins. What's the mix between the VA6000 and VA7000? You mentioned TI and Analog Devices. As competitors with an analog solution, my guess is their margins for those chips are well above 35% to 45%. And so why not higher in the automotive segment?

Guy Nathanzon^ Thank you for the question. So first of all, currently, we're only with VS6000 in the automotive. The 7000 is expected to have initial revenue in the automotive starting from '26 and beyond. Currently, we are in a situation that we see some competition coming from the big guys. And according to our understanding of the current market environment and the discussions we're having with our customers, we set the gross margin goal as discussed.

We are working extensively to continue and work toward cost reduction. And once we get to the mass production, we hope to improve the margins. But currently, as we do not want to miss the numbers, we'll provide those kind of numbers.

[Unidentified Participant]^ Understood. And what's the outlook for the VA6000 business through 2029? Do you expect that to tail off? Did that continue over the forecast period?

Guy Nathanzon^ So the good news about automotive, it's very hard to get in, but it's very hard to get out. So we expect to continue and generate revenue for a while from the design wins that we have. We currently do not anticipate any future design wins with this chip. Basically, the 7000 family is now the chip that we are now concentrating in selling for the future. In 2029, we do expect to continue having some revenues from the 6000, but slowly, it will fade away and will be replaced by the 7000 and the next-generation products of the automotive.

Unidentified Participant^ Thank you.

Daniel Schwartzberg^ Okay, please go ahead.

Matthias Bigger^ Hi, [Matthias Bigger]. So say I buy a car, a Mercedes with the technology and a Mercedes with the legacy technology, what is the customer experience differential?

Daniel Schwartzberg^ Who would like to take it, Dana?

Dana Zelitzki^ I'll take it. My initial response is you should try both and decide. It's not -- the difference is not always visible to the end user. In the automotive industry, the regulations are very, very strict. So a technology that cannot handle the requirements of the OEM will not get into the car. So if the requirement is to have a very sophisticated infotainment system or an ADAS system, the OEM will make sure it happens.

But one of the advantages of our technology is what you cannot see it. It's under the hood. One example is the fact that we -- specifically in Mercedes, we enable to transmit USB and video and other interfaces over unshielded wiring.

So from Mercedes perspective, we enable them to offer the customers the same experience, but with less cabling, with less money, with a more sustainable architecture, et cetera. So I think across all of our offering, not only in automotive and not only in Mercedes, we just simplify the architectures and reduce the complexities for our customers in order to reach their requirements or the desired user experience.

Matthias Bigger^ Thank you.

Daniel Shwartzberg^ Thank you for the question. Thank you, Dana. Please go ahead.

Unidentified Participant^ This is a follow-up. The gentleman asked a question about go-to-market in Asia, specifically China, and you were going to say that you can't say something because you might be put in jail. So I'm not going to ask you that question. But can you talk a little bit about sort of the political risks, any restrictions in terms of selling to the Chinese market that you might anticipate going forward? Thank you.

Gideon Ben-Zvi^ Thank you. You mean about Israel or you mean about the US and China trade war or both?

Unidentified Participant^ Both.

Gideon Ben-Zvi^ Okay. We did all what needed not to have any restriction to sell to the USA. and to China. And we went on a very conservative approach, far more than we legally needed. We took the spares that we can sell everywhere and we get the authorization.

We went more than by the book. So actually, we don't have any constraints. Our chip is originally made in Israel. There are many rules about what defined as American IP, US IP, how much percentage you are permitted. There is a lot of restrictions there. And I say we went by the book with spares to be on the right side so actually we can sell everywhere, but it can be changed. Tomorrow, it can be new rules, and the new rules will put us below some rough. We don't anticipate it to be a problem. Even NVIDIA sell to China, of course, Intel sales to China. So this is not something that at the moment, we are concerned.

About the situation in Israel and how it influenced, -- let me quote Pat Gelsinger, the CEO of Intel, as an answer. He said he never seen in his

life resilience such as the Israelis. Nothing has changed in the timetables. We cover each other. And if you went now to Israel, you wouldn't believe there is a country in the world like you can't find a place in a restaurant, and you can -- and all the movies and all the theater and everything, Israelis are living. We have a war, and we have live, and we have our goals. And somehow this resilience is stronger than us. It became part of the Israeli DNA, and we are Israelis.

And there was some part, we didn't give the number that we had almost actually between 15% and 20% of the Israelis were in reserves. Furthermore, we are very nontypical Israeli company that a lot of them were in combat roles and not in the intelligence. And we were on time. We did our things, people covered each other. Yes, we stretched, but that's the answer.

Daniel Schwartzberg^ Thank you, Gideon. Any more questions in the room?

Unidentified Participant^ Can you speak to your M&A strategy and what you're targeting there?

Guy Nathanzon^ Sure. So Acroname was a great example, and this also implies on the future. Synergetic business, in the case of Acroname, providing complementary products in markets that we are interested to move in even further than what we are in the Pro-AV and also in the industrial. We're looking for companies that are generating revenues with line of sight to profitability. We're looking for companies that 1 plus 1 equals 3 with synergetic business to what we do. And we're looking for excellent team of people. This is, in a nutshell, our strategy.

Unidentified Participant^ And maybe a little more on the pipeline that you're seeing. You mentioned that you're seeing some activity there. How is the health of that pipeline looking?

Guy Nathanzon^ Sure. So we see different companies under this strategy. There is a good pipeline. We're evaluating different options nowadays and once we have something to report, we'll of course, provide the information.

Gideon Ben-Zvi^ I'm trying to say one sentence more. Some of the opportunities are companies that are selling activity because they are serving a big debt and they want to get rid of even some very good assets. So it's not only start-ups or companies or small opportunities. It's also some small divisions and some larger companies who are looking to sell because of the situation, mainly because of some of them took huge loans during the zero interest drug. And now they have to rehabilitate it from the drug, and this is the way to do it.

Unidentified Participant^ And then last question for me. But Guy, you mentioned a return path to profitability. I think you're looking at, if I remember correctly, at \$220 million revenue, you're looking at 15% adjusted EBITDA for '29 on your targets. What are the drivers of the positive inflection to EBITDA? And what is the threshold for revenue to hit breakeven on EBITDA?

Guy Nathanzon^ So the threshold, as I said, is \$110 million to \$120 million of annual revenue. The drivers -- and again, this is under the same assumption of the gross margins and OpEx level. We believe that the real driver is getting to the scale of the revenue, getting back to growth, and then getting to scale of the revenue and continue and be efficient in everything we do. These are the major drivers.

Daniel Schwartzberg^ Okay, thank you, Guy. So it seems like we've got just one more on the corner there.

Unidentified Participant^ I was curious if you could distinguish between demand in AV between HDMI and USB 2.0 now 3.0 extension. Can you tell the difference between USB 2.0 versus HDMI in your sales SKUs? And talk about competition with active optical or electrical cable and so on? And how much of the market might have been taken by those sort of more difficult but cheaper solutions?

Gideon Ben-Zvi^ USB 3 is 5 gigabits. USB2 is 480 megabits. The difference if you have a camera and you want to zoom between USB2 and USB 3 is even sometimes to see expressions, sometimes to see the color of the eyes, sometimes to see the wrinkles, and sometimes to see many other things. But the difference is huge with the experience and the quality of the video. Of course, there are very good compression systems and compression system will make latency and will make more temperature for more VAC because it has to compress and decompress.

So the USB 3 gives a very, very simple, strong solution, and we think not irreplaceable. It seems irreplaceable that very strong companies tried and failed. The even issued this chip it didn't work. And the only solution today, which is existing in the market, which exists in the market is using huge FPGA to about \$1,200 to stations with ventilations and noise, and that's the only way today to transfer USB 3 over distance.

About active cables. Active cables is a competition in the very short distance market. Active cables have a lot of disadvantages. And the first of them is you can't have the accurate distance you need and you cannot make any termination in the field, so it's not a very efficient system. USB 3 over category cable is by far the simplest, the cheapest, the easier go-to-market, and we see the receptance in the market.

The receptance reminds us of the receptance of when we came up with the VS100 when the company just started, and this was the ramp-up of what we have today in the AV. So this is the reaction to the USB-C is like the second time Valens sees in this market such a demand.

Did I answer -- you had another question or -- you had asked about HDMI. HDMI is limited in the length of the cable. It's a few meters, and we enabled the HDMI to extend using our US extension of the -- actually mainly of the VS3000, not with the USB-C a different chipset. But we also give the -- actually, most of the projector you see is using this extension. Most of the 5,000 Lumens in the world, and I think a very big percentage of the 3,500 Lumens and more have Valens system to extend the HDMI.

Am I accurate about it, Dana?

Daniel Schwartzberg^ Yes. Okay. So I would just like to give a voice to our visitors who are online, we do have a couple of questions that have come in. So let me just read the first one. And again, we don't want you to go to jail, Gideon[joking]

Okay. Can you provide any color on who your three automotive OEM customers are, luxury automakers, commercial vehicles, what part of the world, Europe, China, US. Also, of the addressable market of \$4.5 billion, what's a realistic market share goal for Valens going forward?

Gideon Ben-Zvi^ I guess some have been answered before it was answered. I can, of course, not say the word. I could say it's not Lada, okay?

Daniel Schwartzberg^ I'm happy to see you're not going to jail tonight. Okay. So we have a question here. The market share \$4.5 billion.

Gideon Ben-Zvi^ I think we said about the market share that the higher the market is, we do not expect to be 100%. I believe it being the first being leading the high end Our goal, and this is a very long-term goal, is to be there above 30% of the market. 30% of this market is far above \$1 billion. But it is not -- I'm not presenting as a forecast.

I'm not presenting it as what we're going to -- it's presenting what we have in mind. And yes, we have in mind that we will have 30% or more of this market. As I said before, in complicated chips, you usually have two or three players. You don't have seven.

And those of you, and I see some analysts here covering the semiconductor world for years, it's a specialty usually people who cover semiconductor, that's what they do. They're not covering semiconductor and then medical and then software. It's an expertise, and some of them are so knowledgeable about it. And I see some of those faces here, and they could be the evidence to say the sophisticated chips, two, three players.

And actually, Wei, can you confirm that? Okay. You have Oppenheimer confirm that. Thank you, Wei.

Daniel Schwartzberg^ Thank you. Okay. Another question. Complete cost, reach, cable size, error rate versus Ethernet. Which can Ethernet achieve, but not as good? And which can Ethernet not achieve at all? Dana, go for it.

Dana Zelitzki^ I'm tempted to give you the opportunity to answer. The question is very general. We are competing with Ethernet across different industries. I can focus on the audio/video and on the automotive.

In the audio/video, we have seen some AV over IP solutions in the market. It is still a very niche and very low quantities, and most of the AV over IP solutions do involve compression. So they are not a good fit for a lot of the applications that we serve in the audio/video market.

In automotive, Ethernet cannot -- automotive Ethernet cannot reach the performance -- the EMC performance that we are achieving with our solutions; that is a fact. There are some automotive Ethernet solutions that are deployed. There are not multi-gig solutions because when they try to make the shift and make the move to multi-gig connectivity, they failed to meet the EMC requirements of the OEMs. And again, this is one of the reasons MIPI A-PHY came in and actually filled in this void. Yeah. so we can add that as well.

Ethernet applications, Ethernet in its nature is a symmetric protocol. It means that the same amount of data is being sent on both sides. And this is not the case in sensor connectivity within the car. We're talking about ADAS connectivity, sensor connectivity, there's a lot of bandwidth that is coming from the sensor side to the central computer unit and hardly any bandwidth that is going on the opposite direction.

Therefore, any solution that will be based on Ethernet or automotive Ethernet will not be as efficient in terms of performance like asymmetric protocols and like MIPI A-PHY, for example.

Daniel Schwartzberg^ I could not have done better myself. Next time, you're presenting the demos. Okay. We just -- we have time for just one more question that's come in, and then we really do need to wrap. So what percentage of your growth will be organic and what percentage from M&A? Guy?

Guy Nathanzon^ So we provided the guidance or the goals for 2029. We expect to generate total revenue of anywhere between the \$220 million to \$300 million by 2029, out of which \$30 million to \$40 million are expected to be generated from buy-side M&As, all the rest from organic growth.

Daniel Schwartzberg^ Perfect. Thank you to everyone in the room and online for asking questions. I just would like to hand over to Gideon to wrap up our session today.

Gideon Ben-Zvi^ First, I want to thank again all of you, and thank you for the effort to come and to hear us. It was quite long, but I see that you all were concentrated, and we hope we've been able to convince and make you acquainted with our thoughts.

I want to thank all the team that worked very hard for this. I want to thank a lot of our Board members that actually, eventually are here and coincidentally and joined. And I want to also thank our M&A that came to say hello here and to our new shareholders that all the team of Value Base are here sitting in front of me and came to help Valens and to be a contributor shareholder.

So, thanks for everyone. Thank you for coming, for helping, and for the team, and all the best. Thank you.