RESEARCH UPDATE

VALENS SEMICONDUCTOR LTD. (NYSE: VLN)

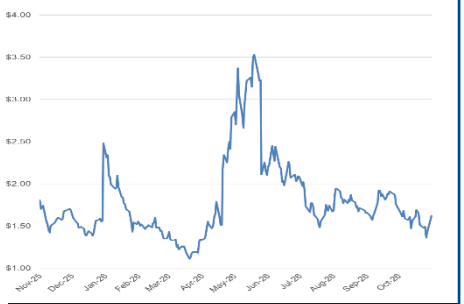
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Market Statistics in USD	
Price	$ 1.53
52 week Range	$1.10 - $3.71
Daily Vol (3-mo. average)	622,663
Market Cap ($M)	$ 175.4
Enterprise Value ($M)	$ 100.0
Shares Outstanding: (M)	108.3
Float (M)	76.5

Financial Summary in USD	
Cash & Cash Equivalents ($M)	$ 74.7
Cash/Share	$ 0.69
Debt ($M)	$ -
Equity ($M)	$ 94.1
Equity/Share	$ 0.86

Valuation in USD	
Valuation Range	$3.06 - $3.89
2027E Price Target	$ 3.45

FYE: Dec	2025	2026E	2027E
(all figures in M, expect per share information)			
Rev	$ 70.6	$ 80.5	$ 93.0
Chng%	22%	14%	16%
Adj. EBITDA	$ (16.9)	$ (13.9)	$ (8.5)
Net Income	$ (31.6)	$ (26.9)	$ (20.4)
Adj. EPS	$ (0.14)	$ (0.12)	$ (0.08)
EV/Revenue	0.8x	1.2x	1.1x
EV/EBITDA	-3.5x	-7.2x	-11.8x
P/E	-10.1x	-13.1x	-20.3x



COMPANY DESCRIPTION

Valens Semiconductor Ltd., founded in 2006 and headquartered in Hod Hasharon, Israel, is a leader in high-speed connectivity solutions for the audio-video (AV) and automotive markets. Known for its HDBaseT technology, Valens enables the transmission of ultra-high-definition digital video, audio, Ethernet, USB, control signals, and power over a single cable. The Company's VA6000 chipsets support automotive infotainment, while its MIPI A-PHY-compliant VA7000 chipsets support sensor connectivity for advanced driver-assistance systems (ADAS). Valens went public on the NYSE in September 2021..

Company Updates

Valens is getting the second-half lift as we expected. Revenue is tracking toward the upper end of FY26 guidance, and higher sales are narrowing adjusted EBITDA losses. Mercedes-Benz drove most of the sequential increase in automotive, while CIB customer launches show that earlier design-ins are reaching the market. The FY26 outlook implies a smaller adjusted EBITDA loss in 4Q, and we're watching collections on late-3Q sales to gauge how much of the quarter's cash use was timing-related. In our view, the pace of the four A-PHY production ramps and the timing of higher development costs are key variables for 2027 earnings. In 4Q, we'll also watch how much gross profit each segment adds as sales grow, given how differently their margins moved in 3Q.

Quarterly Results: Revenue rose 21% q/q and 26% y/y to $21.9M, above guidance of $21.3M to $21.7M. Automotive sales met management's plan. GAAP gross margin rose 70 bps q/q to 62.2%, above guidance, while non-GAAP gross margin was nearly flat at 64.4%. Higher sales narrowed the adjusted EBITDA loss to $2.7M from $4.2M despite planned tape-out costs, beating guidance of $2.8M to $3.4M. Management expects FY26 revenue toward the upper end of its unchanged $78M to $81M range. At $81M, we calculate 4Q revenue of $24.1M, up 10% q/q. The FY26 adjusted EBITDA loss outlook of $12.9M to $14.9M implies a 4Q loss of $0.5M to $2.5M.

Cross-Industry Business: CIB revenue rose to $14.0M from $13.1M in 2Q and $13.2M a year ago. Jabra and Atlona launches show that VS3000 and VS6320 design-ins are reaching market. Repeat chipset orders would help gauge their contribution. Mix drove most of the 240 bps q/q gross margin decline to 66.8%. Management expects margins near historical levels, subject to supply-related costs.

Automotive Segment: Automotive sales rose to $7.9M from $5.0M. Management cited seasonality and expects sales near the higher level, subject to Mercedes-Benz demand. Lower testing costs and favorable mix lifted gross margin to 53.9% from 41.5%. Management expects margins within historical levels, with testing and supply-related costs difficult to forecast. Four A-PHY programs are expected to enter production in 2027.

Growth Strategy: The VS6310 embeds connectivity in cameras and touch controllers, while Acroname supports Valens' move into finished products such as active cables and dongles. Management expects little impact from either initiative on 2027 gross margin. It plans to include a larger VC500 tape-out expense in next year's guidance. Adjusted EBITDA could improve unevenly if that expense precedes A-PHY ramp revenue. Valens and onsemi are integrating A-PHY into a 3-megapixel image sensor to lower component count and cost for higher-volume automotive cameras. Onsemi will manufacture the sensor, and both plan to market it.

Strong Financial Position: Cash, cash equivalents and short-term deposits fell to $74.7M from $83.4M, with no debt. Operations used $8.5M of cash. Management attributed most of the cash decline to collection timing on revenue recognized late in 3Q and expects to collect those receivables in 4Q.

Valuation: We use a DCF Model and EV/Revenue comp analysis to guide our valuation. Our DCF analysis produces a valuation range of $2.84 to $3.66 with a mid-point of $3.20. Our EV/Revenue valuation results in a range of $3.28 to $4.14 with a mid-point of $3.71. When we combine these two methods using a simple average it returns a range of $3.06 to $3.89 with a price target of $3.45.

Exhibit 1: Estimates vs Actuals

	3Q26 results		Notes
	Reported	Model	
Total revenues	**21.9**	**21.5**	Revenue exceeded our expectations
Cost of sales	8.3	8.4	
Gross (loss) profit	**13.6**	**13.1**	
Gross margin	**62.2%**	**61.0%**	
Research and Development Expenses	10.8	10.3	
Sales and Marketing Expenses	5.3	5.5	
General and Administrative Expenses	3.9	4.0	
Change in Equity Liability's	-	-	
Total opex	19.9	19.8	
Operating Loss	**(6.3)**	**(6.6)**	OPM outpaced our expectations despite higher opex
Operating margin	**-28.8%**	**-30.7%**	
EBITDA - adjusted	**(2.7)**	**(3.1)**	
Adjusted EBITDA margin	**-12.5%**	**-14.4%**	
Net Income - adjusted	**$ (0.02)**	**$ (0.03)**	NI slightly ahead of our forecast

Source: Company Reports

VALUATION SUMMARY

We use a DCF Model and EV/Revenue comp analysis to guide our valuation. When we combine these two methods using a simple average it returns a range of $3.06 to $3.89 with a price target of $3.45. We believe this premium over current market prices is reasonable due to the Company's technological leadership and significant catalyst on the horizon, further supported by the current gross margin of 61.6%, compared to median comps of 58.5%.

DCF Analysis

Our DCF analysis relies on a range of discount rates between 9.50% and 10.50% with a midpoint of 10.00%. This arrives at a valuation range of $2.84 to $3.65 with a mid-point of $3.20.

Comp Analysis

We are also using an EV/Revenue framework to inform our VLN valuation. Currently VLN is trading at a 2027E EV/Revenue of 0.9x compared to comps at an average of 6.5x. We are using our 2027E expected Revenue, and an EV/Revenue range of 3.0x to 4.0x with a midpoint of 3.5x which moves VLN closer to comp companies. This arrives at a valuation range of $3.27 to $4.13 with a mid-point of $3.70.

Comparative Analysis
(all figures in M, except per share information)

Company Name	Symbol	Price [1]	Mrkt Cap	EV	Gross Margin	BV/Share	EV/Revenue [2, 3]			EV/EBITDA [2, 3]			P/E [2, 3]		
							2025	2026E	2027E	2025	2026E	2027E	2025	2026E	2027E
Ambarella, Inc.	AMBA	$ 62.49	$ 2,758.4	$ 2,498.7	58.5%	$ 14.05	7.08x	5.67x	5.06x	N/A	29.9x	21.7x	N/A	77.7x	59.2x
Analog Devices, Inc.	ADI	$409.08	$198,226.0	$ 205,065.2	65.8%	$ 69.24	11.75x	12.60x	10.85x	25.3x	20.4x	17.9x	49.4x	28.7x	23.8x
Astera Labs, Inc.	ALAB	$230.91	$ 40,358.9	$ 39,025.7	73.9%	$ 11.44	31.67x	19.25x	11.52x	149.8x	44.0x	26.3x	126.3x	52.7x	32.3x
Credo Technology Group Holding	CRDO	$141.41	$ 26,578.3	$ 25,840.2	67.1%	$ 14.53	23.59x	12.36x	7.15x	N/A	24.0x	13.1x	74.1x	26.9x	15.4x
indie Semiconductor, Inc.	INDI	$ 2.30	$ 528.6	$ 869.2	N/A	$ 1.27	4.36x	3.26x	2.47x	N/A	N/A	47.5x	N/A	N/A	N/A
Marvell Technology, Inc.	MRVL	$168.80	$148,204.4	$ 149,557.7	52.2%	$ 21.14	9.05x	12.39x	7.56x	N/A	30.6x	18.4x	27.4x	40.0x	23.0x
MaxLinear, Inc.	MXL	$ 59.95	$ 5,455.5	$ 5,560.4	58.0%	$ 5.86	3.33x	7.18x	4.39x	N/A	27.1x	10.9x	N/A	30.1x	13.9x
Mobileye Global Inc.	MBLY	$ 5.78	$ 4,914.0	$ 3,506.0	48.6%	$ 9.68	3.59x	1.74x	1.62x	N/A	N/A	N/A	N/A	11.5x	11.9x
Semtech Corporation	SMTC	$125.22	$ 11,686.2	$ 12,007.2	52.9%	$ 8.02	6.82x	7.98x	5.88x	N/A	27.9x	14.9x	N/A	34.3x	18.8x
Silicon Laboratories Inc.	SLAB	$221.61	$ 7,398.3	$ 6,958.4	61.3%	$ 33.71	4.91x	7.40x	6.35x	N/A	48.0x	52.4x	N/A	69.0x	48.1x
Synaptics Incorporated	SYNA	$117.86	$ 4,682.4	$ 5,191.7	46.0%	$ 23.12	2.89x	4.29x	3.93x	35.5x	19.4x	16.7x	N/A	24.2x	20.4x
Texas Instruments Incorporated	TXN	$309.81	$283,095.2	$ 288,508.2	60.2%	$ 20.99	9.42x	12.88x	10.98x	20.7x	23.4x	19.3x	31.7x	34.1x	26.8x
				Average	**58.6%**	**$ 19.42**	**9.9x**	**8.9x**	**6.5x**	**57.8x**	**29.5x**	**23.6x**	**61.8x**	**39.0x**	**26.7x**
				Median	**58.5%**	**$ 14.29**	**7.0x**	**7.7x**	**6.1x**	**30.4x**	**27.5x**	**18.4x**	**49.4x**	**34.1x**	**23.0x**
Valens Semiconductor Ltd.	VLN	$ 1.43	$ 154.8	$ 86.1	61.6%	$ 0.86	0.8x	1.1x	0.9x	-3.5x	-6.2x	-10.2x	-10.1x	-12.3x	-19.0x

(1) Previous day's closing price
(2) Estimates are from Capital IQ
(3) Forward estimates as of calendar year
Source: Company reports, CapitalIQ, Stonegate Capital Partners

Discounted Cash Flow

Valens Semiconductor Ltd.
Discounted Cash Flow Model
(in $M, except per share)

Estimates:	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E	Terminal Value
Revenue	57.9	70.6	80.5	93.0	116.3	151.2	192.8	236.1	283.4	325.9	358.5	394.3	433.7	
Operating Income	(41.3)	(34.1)	(28.3)	(20.5)	(4.1)	3.2	6.7	12.0	17.6	25.4	33.3	41.8	52.0	
Less: Taxes (benefit)	(0.1)	(0.2)	(0.2)	(0.3)	(0.1)	0.1	0.3	1.2	2.6	5.1	7.7	9.6	12.0	
NOPAT	(41.2)	(33.9)	(28.1)	(20.1)	(4.0)	3.1	6.4	10.8	14.9	20.3	25.7	32.2	40.1	
Plus: Depreciation & Amortization	2.5	3.0	2.4	2.4	4.0	4.8	5.8	6.8	8.2	9.5	10.4	11.4	12.6	
Plus: Changes in WC	15.3	(0.5)	(0.2)	(0.2)	(0.3)	(0.4)	(0.5)	(0.6)	(0.7)	(0.8)	(0.9)	(1.0)	(1.1)	
Less: Capex	(1.9)	(1.1)	(1.2)	(1.4)	(1.7)	(2.3)	(2.9)	(3.5)	(2.8)	(3.3)	(3.6)	(3.9)	(4.3)	
Free Cash Flow	(25.3)	(32.5)	(27.1)	(19.4)	(2.1)	5.3	8.8	13.6	19.6	25.7	31.6	38.7	47.2	602.2
Discount period - months			3	15	27	39	51	63	75	87	99	111	123	
Discount period - years			0.3	1.3	2.3	3.3	4.3	5.3	6.3	7.3	8.3	9.3	10.3	
Discount factor			0.98	0.89	0.81	0.73	0.67	0.61	0.55	0.50	0.46	0.41	0.38	
PV of FCF			(26.4)	(17.2)	(1.7)	3.9	5.9	8.2	10.8	12.9	14.4	16.0	17.8	226.7
Growth rate assumptions:														
Revenue		22.1%	14.0%	15.5%	25.0%	30.0%	27.5%	22.5%	20.0%	15.0%	10.0%	10.0%	10.0%	
Operating Income		-17.6%	-16.9%	-27.7%	-80.1%	NM	112.5%	78.5%	45.9%	44.7%	31.2%	25.4%	24.5%	
EBITDA		-19.9%	-16.7%	-30.2%	-99.4%	NM	56.4%	50.8%	36.5%	35.2%	25.4%	21.7%	21.4%	
Free Cash Flow		28%	-16.8%	-28.5%	-89%	NM	66.0%	53.7%	44.7%	31.1%	22.8%	22.5%	22.1%	
Margin assumptions:														
Operating Income	-71.5%	-48.2%	-35.1%	-22.0%	-3.5%	2.1%	3.5%	5.1%	6.2%	7.8%	9.3%	10.6%	12.0%	
D&A as a % of sales	4.4%	4.2%	3.0%	2.6%	3.4%	3.2%	3.0%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	
EBITDA	-67.1%	-44.0%	-32.1%	-19.4%	-0.1%	5.3%	6.5%	8.0%	9.1%	10.7%	12.2%	13.5%	14.9%	
Taxes	0.2%	0.5%	0.8%	1.7%	1.7%	1.7%	5.0%	10.0%	15.0%	20.0%	23.0%	23.0%	23.0%	
Changes in WC	26.4%	-0.7%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	
Capex as a % of sales	-3.2%	-1.5%	-1.5%	-1.5%	-1.5%	-1.5%	-1.5%	-1.5%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	

Valuation:

Shares outstanding	108.3
PV of FCF	44.6
PV of Terminal Value	226.7
Enterprise Value	271.3
less: Net Debt	(74.7)
Estimated Total Value:	346.1
Est Equity Value/share:	**$3.20**
Price	$1.53

Sensitivity Analysis:

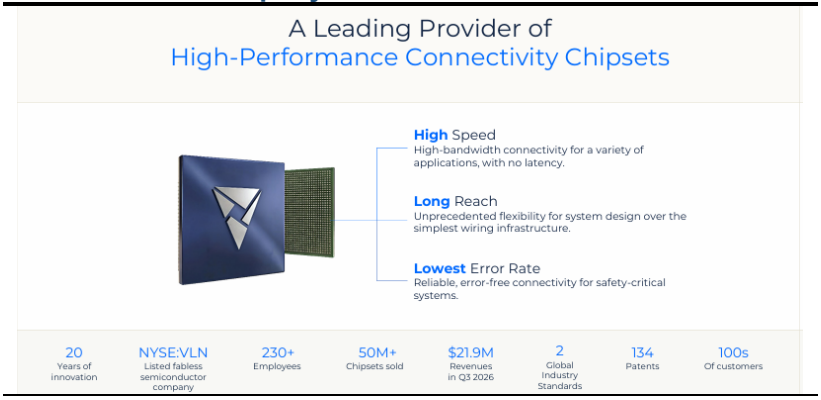
Discount rate \ Terminal Growth Rates	1.0%	1.5%	2.0%	2.5%	3.0%
9.00%	$3.44	$3.60	$3.79	$4.00	$4.26
9.50%	$3.18	$3.31	$3.47	$3.65	$3.86
10.00%	$2.95	$3.06	$3.20	$3.35	$3.52
10.50%	$2.74	$2.84	$2.96	$3.08	$3.23
11.00%	$2.56	$2.65	$2.75	$2.85	$2.98

Source: Company Reports; Stonegate Capital Partners

Business Overview

Valens Semiconductor Ltd. is a leading provider of high-performance connectivity solutions for the Audio-Video (AV), Industrial, Machine Vision, Medical and Automotive markets. Founded in 2006 and headquartered in Hod Hasharon, Israel, Valens has established itself as a pioneer in HDBaseT technology, which integrates multiple interfaces over a single cable for long-reach connectivity. The Company operates globally with offices in Israel, China, the United States, Japan, and Germany.

Exhibit 2: Company Overview



Source: Company Reports

Valens' core technologies include HDBaseT for the AV market and MIPI A-PHY for the automotive market. HDBaseT technology enables the transmission of ultra-high-definition digital video and audio, Ethernet, USB, control signals, and power over a single cable up to 100 meters, simplifying installation and reducing costs. In the automotive sector, Valens' chipsets enable high-performance connectivity for advanced driver-assistance systems (ADAS), infotainment, telematics, and backbone connectivity. Valens' technology is backed by over 134 patents, giving the Company an extensive IP position across numerous end markets and customers.

Exhibit 3: Valens' Acquisition History



Source: Company Presentation

Key Milestones: Valens Semiconductor has achieved several significant milestones since its inception. In 2010, the Company introduced HDBaseT, which became a standard for long-reach video connectivity. This innovation allows for the transmission of ultra-high-definition video, audio, Ethernet, USB, and control signals over a single 100-meter category cable. In 2016, the first design win for its automotive chipsets was announced with initial sales to Mercedes-Benz starting in 2019. By 2020, Valens' technology was already operational and on the road in Mercedes cars, with mass production commencing in 2021. Valens is also the first company on the market to release chipsets that comply with the MIPI A-PHY standard for high-speed sensor connectivity, and in 2024 it secured three design wins with leading European automotive manufacturers. Valens now has four A-PHY design wins with leading OEMs, with all four programs progressing toward production.

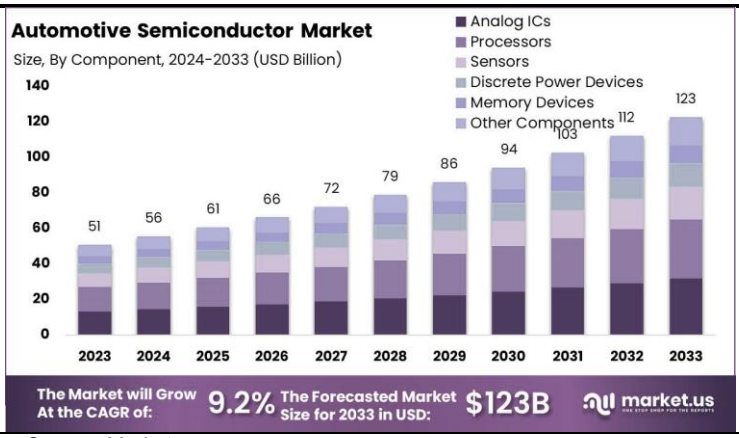
In recent years, Valens has continued to innovate and grow. The Company went public on the New York Stock Exchange (NYSE) under the ticker symbol VLN in 2021, providing the capital to further expand its technological capabilities and market presence. Valens has also been focusing on diversifying into new growth areas such as video conferencing, industrial machine vision, and medical applications, aiming to leverage its core technologies to address new market opportunities. These efforts are part of Valens' long-term strategy to diversify its revenue streams and enhance shareholder value. On May 31, 2024, Valens Semiconductor acquired Acroname, a company specializing in advanced automation and control technologies, for $7.8 million in cash net of cash acquired, before contingent consideration. This acquisition enhances Valens' USB-focused offerings for the industrial market and supports its move into finished AV connectivity products. Looking ahead, we anticipate that Valens will continue to grow, penetrate new markets and expand its technological capabilities, driving further innovation and market leadership.

Market Overview

Valens Semiconductor operates in markets with significant growth potential:

Audio-Video Market: The AV market is driven by the increasing demand for high-definition video and audio solutions in various sectors, including video conferencing, education, entertainment, and digital signage. One example of this growing demand is video conferencing, which is expected to grow with the transition to hybrid work and education. At its 2024 Investor Day, Valens estimated a $350 million addressable market for video conferencing solutions by 2029.

Exhibit 4: Automotive Market Forecast



Source: Market.us

Automotive Market: The automotive semiconductor market is experiencing rapid growth due to the increasing adoption of ADAS and infotainment systems. Valens' automotive solutions are well-positioned to capitalize on the trend towards connected and autonomous vehicles. At its 2024 Investor Day, Valens estimated that the addressable market for its automotive connectivity solutions could reach $4.5 billion by 2029. Its analysis used approximately 95 million vehicles and 12 sensors per vehicle as illustrative inputs.

Semiconductor Industry Trends: The global semiconductor industry continues to benefit from increasing demand across applications including AI, cloud computing, automotive, and high-speed connectivity. While the industry remains cyclical and can experience periods of inventory digestion and demand normalization, longer-term growth continues to be supported by rising semiconductor content and expanding connectivity requirements across end markets.

Geopolitical and Supply Chain Factors: The semiconductor industry remains influenced by geopolitical developments and global supply-chain dynamics. Ongoing efforts to diversify sourcing and production footprints should improve supply-chain resilience over time, while companies must continue to manage supplier concentration, inventory levels, lead times, and potential disruptions across a global manufacturing network.

Segment Overview

Cross Industry Business Unit:

The Company's Cross Industry Business Unit encompasses verticals including Audio-Video, Industrial Machine Vision, and Medical.

Pro-AV Technology:

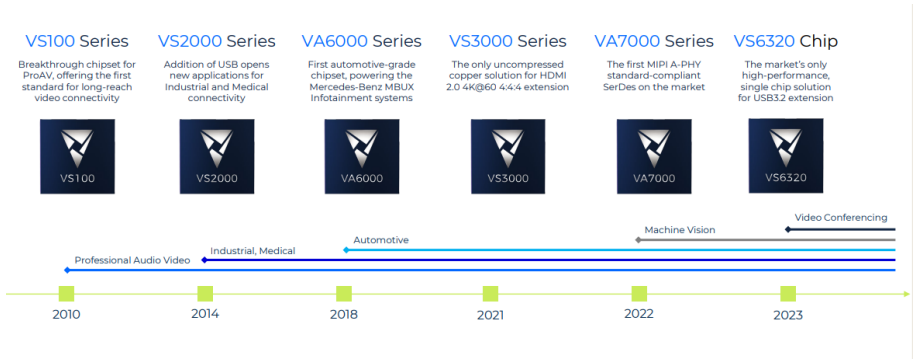
The Company's HDBaseT technology is the cornerstone of Valens' Cross Industry segment, providing high-performance connectivity solutions for various applications, including video conferencing for enterprise and education, industrial applications, digital signage, and medical markets. The HDBaseT technology integrates multiple interfaces over a single cable, simplifying installation and reducing costs. This capability makes it indispensable for delivering exceptional digital experiences in professional audio-video markets. HDBaseT technology is used by the largest players in the industry, including Crestron, EPSON, Extron, Harman, Legrand | AV, LG Electronics, Logitech, NEC, Panasonic, Samsung, Siemens, Sony, and many more.

By integrating multiple interfaces into one streamlined solution, HDBaseT technology not only simplifies installation but also significantly reduces costs, making it a preferred choice across diverse sectors. Key products within the HDBaseT portfolio include the VS100, VS2000, VS3000, VS6320 and VS6310, as well as the Valens USB and power extender.

Pro-AV Outlook:

The demand for HDBaseT technology should remain supported by the increasing need for high-quality video conferencing systems for enterprise and education, digital signage, entertainment and other related applications. The rise of hybrid work and education has further accelerated the adoption of HDBaseT solutions. In its December 2023 market study, Frost & Sullivan projected that the global video conferencing devices market would grow at a 16.8% CAGR from 2023 to 2028, reaching $7.7 billion.

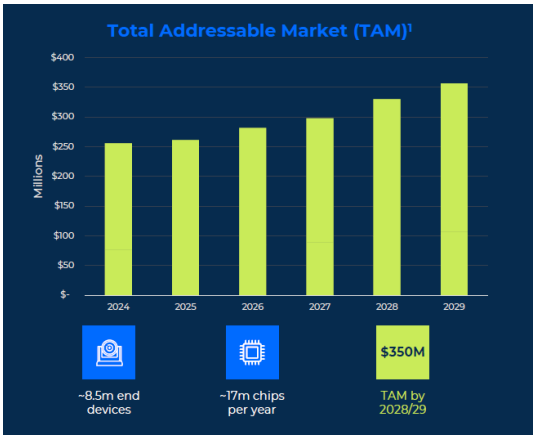
Exhibit 5: Chipset Overview



Source: Company Presentation

Looking ahead, Valens is expanding its video conferencing offering with the VS6310, a low-power USB3 extension chipset designed to sit inside cameras, touch controllers and other conference room peripherals. Valens has scheduled mass production for January 2027. Continued adoption of the VS3000 and VS6320 should support growth across Pro-AV applications as additional customer products move into the market.

Exhibit 6: Video Conferencing TAM



Source: Company Presentation

We believe the Pro-AV subsegment remains positioned to benefit from Valens' strategic focus on the video conferencing market. Embedding connectivity in peripherals expands the range of devices Valens can serve, while Acroname gives it the engineering and manufacturing capabilities to sell finished products such as active cables and dongles. The Company's strong cash position supports continued investment in these initiatives.

Industrial Machine Vision:

Industrial Machine Vision falls under the Cross Industry segment. Valens Semiconductor is expanding its presence in the industrial machine vision market with its VA7000 series chipsets and VS6320 chipsets. The VA7000 series provides an 8 Gbps link and, according to Valens, offers 20 times the electromagnetic interference (EMI) resistance of competing solutions, while maintaining a small form factor and low power consumption. This makes it ideal for applications requiring high-speed, reliable data transmission, such as factory automation, quality inspection, and robotic control systems. The VS6320 is the first ASIC-based USB 3.2 high-performance extension solution on the market. The VS6320 extends the link distance of USB-based industrial cameras while preserving the benefits of USB connectivity.

Industrial Machine Vision Tech Advancements and Applications:

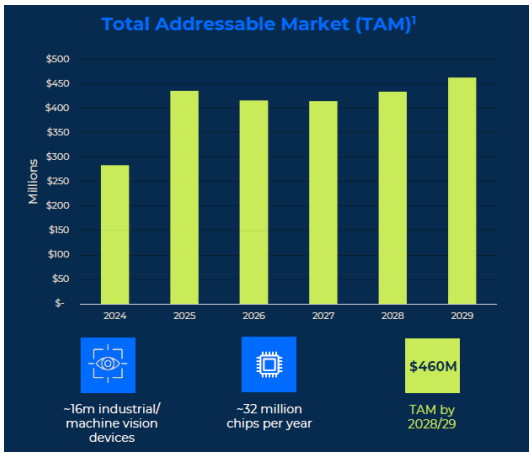
Valens is leveraging its automotive and Pro-AV chipsets to advance its offerings in the industrial and machine vision market. The Company's solutions enable AI-based applications, which are critical in the modern industrial environment. The rise of machine vision is driven by increased factory automation, tighter inspection regulations, and the growth of e-commerce, which necessitates advanced automation solutions.

Industrial Machine Vision Outlook:

At its 2024 Investor Day, Valens estimated that its addressable market in industrial machine vision could reach $460 million by 2029. Valens' innovative solutions, such as the VS6320 and VA7000 chipsets, position the Company to capture a share of this market. Valens' focus on high-performance connectivity solutions for industrial applications ensures it remains competitive in this rapidly evolving sector.

Looking ahead, adoption of the VS6320 and VA7000 chipsets is expected to support growth as Valens expands its presence across industrial machine vision applications. The Company believes its technology is integral to the advancement of vision-driven automation, setting new benchmarks for performance and reliability.

Exhibit 7: Industrial Machine Vision TAM



Source: Company Presentation

Valens' advanced chipsets for this market offer superior EMI resistance and high-speed data transmission essential for modern industrial applications. The Company's products that support machine vision applications meet the growing demand for automation solutions in various industries. Valens' technology portfolio and financial position should support continued investment and expansion in this market. Acquisitions and partnerships could also expand the Company's capabilities and market reach.

Single Use Endoscopy Future Growth Opportunity:

Valens' VA7000 chipset also has applications in the medical industry. The chipsets offer the reliable, high-quality video transmission necessary to power a new generation of endoscopes. The VA7000 includes built-in electrosurgical noise cancellation to support operation alongside other instruments in environments with electromagnetic interference. Its small form factor and low power consumption make it suitable for single-use designs. In duodenoscopes specifically, the FDA recommends transitioning from fixed-endcap models to designs with disposable components or fully disposable models to help reduce infection risk.

Automotive Segment:

In-Vehicle Connectivity:

Valens' automotive VA6000 and VA7000 chipsets enable high-speed, resilient in-vehicle connections. The VA6000 supports infotainment and multimedia applications. The VA7000 series is designed to meet the stringent requirements of ADAS systems, providing low-latency, high-bandwidth connections that are essential for modern vehicle architectures.

Technological Superiority and Strategic Partnerships:

The VA7000 series is the first MIPI A-PHY standard-compliant SerDes on the market, providing high-resolution sensor connectivity for ADAS and autonomous applications. These chipsets are designed to withstand electromagnetic interference and cable degradation associated with aging, temperature changes, and physical impacts. The VA6000 series supports symmetric high-bandwidth interfaces over simple infrastructures, ideal for infotainment systems.

Exhibit 8: VA7000 Chip



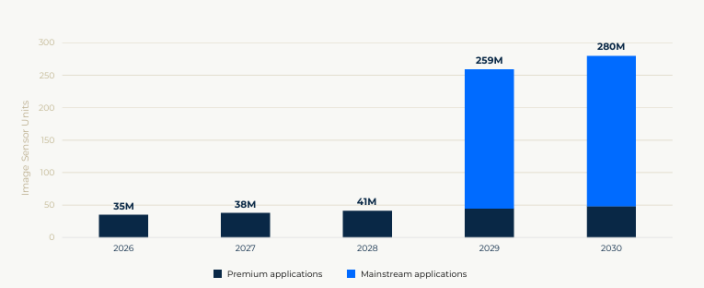
Source: Company Presentation

Valens' VA6000 is already on the road in Mercedes-Benz vehicles. For the VA7000, Valens announced three A-PHY design wins with leading European OEMs in 2024 and a fourth in January 2026 with a premium global OEM serving the Chinese market. All four programs are progressing toward production.

Automotive Outlook:

The automotive segment is driven by the increasing adoption of connected and autonomous vehicles. At its 2024 Investor Day, Valens estimated that its automotive TAM could reach $4.5 billion by 2029. The onsemi collaboration expands Valens' A-PHY offering into higher-volume camera applications, including surround view and side and rear ADAS.

Exhibit 9: Automotive TAM



Source: Company Presentation

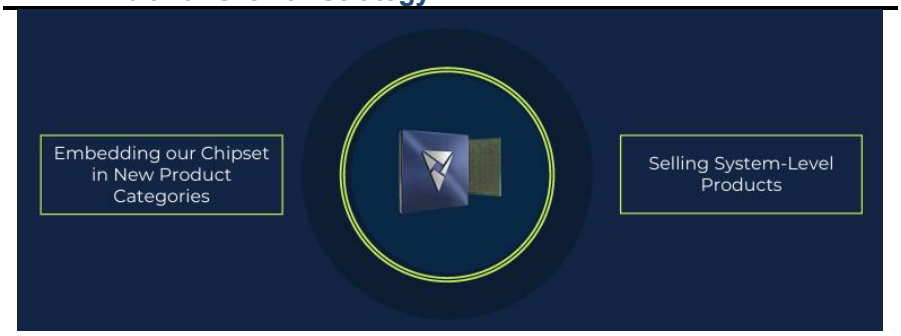
In the future, Valens expects further commercialization of ADAS-based models, and it aims to expand its market presence by leveraging its technological advancements and strategic partnerships. The Company's vision includes becoming a key player in the global automotive market, driving innovation and setting new standards for in-vehicle connectivity. Valens expects its four A-PHY design-win programs to begin contributing revenue in 2027, with larger opportunities developing as these programs advance into volume production.

We believe the Automotive segment remains an important long-term growth opportunity, supported by Valens' VA7000 series, which addresses the critical needs of ADAS and autonomous vehicles. The existing design wins provide visibility into the initial A-PHY ramp. The onsemi collaboration addresses a separate opportunity by integrating A-PHY into a 3-megapixel image sensor, reducing component count and lowering camera system costs.

Long Term Outlook

Valens outlined a broader growth strategy in 3Q26. In AV, it plans to embed connectivity in more categories of conference room devices and use Acroname's capabilities to sell finished connectivity products. In automotive, the onsemi collaboration extends its A-PHY offering from premium applications into higher-volume cameras. We expect the existing A-PHY programs to provide the first read on automotive revenue growth in 2027, while the newer AV initiatives broaden the ways Valens can grow beyond standalone chipset sales.

Exhibit 10: Growth Strategy



Source: Company Presentation

Given the Company's existing position as a technological leader, we are optimistic that VLN will be able to execute its growth strategy. The Company's balance sheet supports continued product investment and gives it flexibility to pursue acquisitions that expand its technology portfolio or market reach. We believe the Company's equity is undervalued based on our DCF and EV/Revenue analyses.

Growth Drivers

1. Technological Leadership and Innovation
Valens is a pioneer in high-speed connectivity solutions, particularly with its HDBaseT and MIPI A-PHY technologies. HDBaseT technology integrates multiple interfaces over a single cable, providing a robust solution for AV applications. The VS6320 extends USB 3.2 for applications including professional AV and industrial machine vision. The lower-power VS6310 brings USB3 extension directly into conference room peripherals, expanding the range of devices Valens can serve.

2. Expanding Automotive Market
The automotive segment is a significant growth driver for Valens. The Company's VA7000 chipsets support advanced driver-assistance systems (ADAS). The VA7000 series, which offers superior electromagnetic interference (EMI) resistance and high bandwidth, is gaining traction in the automotive industry. Valens' strategic partnerships with technology companies help broaden adoption of A-PHY-compliant solutions. The increasing adoption of connected and autonomous vehicles further boosts demand for Valens' automotive solutions. Valens expects production to begin in 2027 across its four existing A-PHY design-win programs.

Exhibit 11: Extensive Video Link Requirements in Automotive Market



Source: Company Presentation

3. Diversified Market Applications
Valens' products are used across a wide range of applications, including video conferencing, digital signage, entertainment, education, industrial, medical and automotive. The Company's HDBaseT technology is particularly well-suited for video conferencing systems used in hybrid work and education. Acroname's product engineering and manufacturing capabilities also give Valens a route to market for finished AV connectivity products, including active cables and dongles. This diversification not only broadens Valens' market reach but also mitigates risks associated with reliance on a single market.

4. Strategic Partnerships and Collaborations
Valens has established partnerships that extend the reach of its connectivity technology. In automotive, Valens and onsemi are developing a 3-megapixel image sensor with integrated A-PHY for higher-volume camera applications. Onsemi will manufacture the sensor, and both companies plan to market it. Valens also works with iCatch Technology on multi-camera videoconferencing solutions and supplies infotainment connectivity for Mercedes-Benz vehicles.

5. Financial Stability and Investment in Growth
Valens ended 3Q26 with $74.7 million in cash, cash equivalents and short-term deposits and no debt, providing the Company with the flexibility to invest in research and development, strategic acquisitions, and market expansion.

In summary, Valens Semiconductor's growth is driven by its technological leadership, expanding presence in the automotive market, diversified applications, strategic partnerships, proven technologies, and strong financial health. These factors collectively position Valens to capitalize on emerging trends and opportunities in the high-speed connectivity landscape.

Risks

1. Market Cyclicality
The semiconductor industry is known for its cyclical nature, with periods of high demand followed by downturns. Valens Semiconductor may experience significant fluctuations in revenue and profitability due to these cycles. Economic conditions, such as global recessions or booms, can greatly influence the demand for semiconductor products. Investors should be aware that during downturns, The Company's financial performance could be adversely affected, potentially leading to a lower share price.

2. Competitive Landscape
Valens operates in a highly competitive market where rapid technological advancements are the norm. The Company must continuously innovate and adapt to maintain its market position against larger, well-established competitors. Failure to keep pace with new technologies or to anticipate market trends could result in a loss of market share. This competitive pressure can also lead to increased R&D expenses, which may impact profitability.

3. Geopolitical and Supply Chain Challenges
The semiconductor industry relies on a complex global supply chain, and disruptions can have significant impacts on production, logistics, and customer demand. Valens is also exposed to geopolitical risk given its headquarters and significant operations in Israel. The Company's 2Q26 filing notes continued regional conflict involving Israel, Iran, Hezbollah, and other parties; while a June 2026 de-escalation arrangement contemplated the termination of military operations on multiple fronts, hostilities have subsequently resumed and could continue or escalate. Valens could also face shortages of raw materials, delays in production, or logistical issues. Managing inventory levels remains important, as overstocking can tie up capital while understocking can lead to missed sales opportunities. Any prolonged geopolitical or supply-chain disruption could affect employee availability, suppliers, logistics, customer demand, or the Company's ability to maintain normal operations.

BALANCE SHEET

Valens Semiconductor Ltd.
Consolidated Balance Sheets ($M)
Fiscal Year End: December

ASSETS	FY 2021	FY 2022	FY 2023	FY 2024	Q1 Mar-25	Q2 Jun-25	Q3 Sep-25	Q4 Dec-25	FY 2025	Q1 Mar-26	Q2 Jun-26	Q3 Sep-26
Cash and Cash Equivalents	56.8	20.0	17.3	35.4	41.0	46.6	31.6	27.9	27.9	29.0	42.6	35.4
Short-Term Deposits	117.6	128.4	124.8	95.5	71.5	56.1	62.0	64.7	64.7	57.1	40.9	39.3
Restricted Short-Term Deposits	-	-	-	1.1	1.2	1.2	1.1	1.1	1.1	1.1	1.1	1.1
Trade Accounts Receivable	7.1	11.5	14.6	7.8	9.6	8.1	9.9	10.0	10.0	10.5	8.9	14.8
Prepaid Expenses and Other	9.3	4.8	4.2	3.9	2.6	3.8	4.5	4.8	4.8	4.3	4.1	1.7
Inventories	8.3	23.8	13.8	10.2	10.9	11.5	11.0	10.1	10.1	10.9	12.5	13.1
Total Current Assets	**199.0**	**188.5**	**174.7**	**153.9**	**136.7**	**127.3**	**120.0**	**118.7**	**118.7**	**113.0**	**110.0**	**105.4**
Property and Equipment, net	2.7	2.8	3.0	3.6	3.5	3.3	3.1	2.9	2.9	2.8	2.5	2.2
Operating Lease ROU Assets	-	3.8	2.2	7.5	7.3	7.3	7.1	6.9	6.9	6.6	6.3	6.2
Intangible Assets	-	-	-	4.7	4.5	4.2	4.0	3.8	3.8	3.5	3.3	3.1
Goodwill	-	-	-	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Other Assets	0.8	0.5	0.7	0.7	0.8	0.8	0.7	0.6	0.6	0.7	0.7	0.6
Total Assets	**202.6**	**195.7**	**180.6**	**172.2**	**154.6**	**144.8**	**136.7**	**134.7**	**134.7**	**128.4**	**124.6**	**119.3**
LIABILITIES AND SHAREHOLDERS' EQUITY												
Trade Accounts Payable	4.5	10.7	5.0	6.0	4.3	5.1	4.7	4.7	4.7	4.4	5.6	4.4
Accrued Compensation	4.6	6.2	4.3	5.0	3.3	4.8	4.4	7.3	7.3	7.8	5.5	6.0
Current Maturities of Operating Lease Liabilities	-	1.8	1.8	1.0	1.1	1.4	1.5	1.5	1.5	1.6	1.7	1.7
Other Liabilities	6.6	6.1	5.0	8.4	8.3	10.0	10.6	9.4	9.4	7.9	8.3	7.1
Total Current Liabilities	**15.7**	**24.8**	**15.9**	**20.3**	**16.9**	**21.3**	**21.1**	**22.9**	**22.9**	**21.7**	**21.1**	**19.2**
Forfeiture Shares	4.7	1.8	0.0	0.0	0.0	0.0	-	-	-	-	-	-
Non-Current Operating Leases Liabilities	-	1.6	0.2	6.6	6.4	6.9	6.7	6.7	6.7	6.4	6.3	6.0
Earnout Liability	-	-	-	2.4	2.6	-	-	-	-	-	-	-
Other Liabilities	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total Liabilities	**20.4**	**28.2**	**16.3**	**29.5**	**26.0**	**28.3**	**27.9**	**29.7**	**29.7**	**28.2**	**27.6**	**25.2**
Ordinary Shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Treasury Shares at Cost	-	-	-	(1.6)	(11.2)	(21.4)	(25.0)	(10.0)	(10.0)	-	-	-
Additional Paid-In Capital	312.2	325.1	341.6	357.6	361.9	365.9	369.7	360.0	360.0	353.9	358.4	361.4
Accumulated Other Comprehensive Income	-	-	-	0.6	0.1	1.3	0.8	0.4	0.4	0.1	0.4	(0.1)
Accumulated Deficit	(130.0)	(157.7)	(177.3)	(213.9)	(222.2)	(229.4)	(236.7)	(245.5)	(245.5)	(253.8)	(261.8)	(267.3)
Total Parent Net Equity	**182.2**	**167.4**	**164.3**	**142.7**	**128.6**	**116.5**	**108.8**	**105.0**	**105.0**	**100.2**	**97.1**	**94.1**
Total Liabilities and Shareholders' Equity	**202.6**	**195.7**	**180.6**	**172.2**	**154.6**	**144.8**	**136.7**	**134.7**	**134.7**	**128.4**	**124.6**	**119.3**
Liquidity												
Current Ratio	12.7x	7.6x	11.0x	7.6x	8.1x	6.0x	5.7x	5.2x	5.2x	5.2x	5.2x	5.5x
Quick Ratio	9.3x	6.5x	10.5x	5.1x	5.2x	4.4x	4.1x	3.8x	3.8x	3.9x	3.8x	4.1x
Working Capital ($M)	183.3	163.7	158.8	133.58	119.8	106.0	98.9	95.72	95.72	91.3	88.9	86.3

Source: Company Reports, Stonegate Capital Partners

INCOME STATEMENT

Valens Semiconductor Ltd.
Consolidated Statements of Income (in $M, except per share amounts)
Fiscal Year End: December

	FY 2021	FY 2022	FY 2023	FY 2024	Q1 Mar-25	Q2 Jun-25	Q3 Sep-25	Q4 Dec-25	FY 2025	Q1 Mar-26	Q2 Jun-26	Q3 Sep-26	Q4 E Dec-26	FY 2026E	Q1 E Mar-27	Q2 E Jun-27	Q3 E Sep-27	Q4 E Dec-27	FY 2027E
Revenue	$ 70.7	$ 90.7	$ 84.2	$ 57.9	$ 16.8	$ 17.1	$ 17.3	$ 19.4	$ 70.6	$ 16.9	$ 18.1	$ 21.9	$ 23.7	$ 80.5	$ 20.9	$ 22.3	$ 23.3	$ 26.6	$ 93.0
Total Revenues	**70.7**	**90.7**	**84.2**	**57.9**	**16.8**	**17.1**	**17.3**	**19.4**	**70.6**	**16.9**	**18.1**	**21.9**	**23.7**	**80.5**	**20.9**	**22.3**	**23.3**	**26.6**	**93.0**
Costs of Revenues	20.1	27.3	31.6	23.6	6.2	6.2	6.4	7.7	26.5	6.4	7.0	8.3	9.2	30.8	8.1	8.6	9.1	10.2	36.0
Gross Profit	**50.6**	**63.4**	**52.6**	**34.3**	**10.6**	**10.8**	**10.9**	**11.7**	**44.1**	**10.5**	**11.1**	**13.6**	**14.5**	**49.8**	**12.8**	**13.7**	**14.2**	**16.3**	**57.0**
Research and Development Expenses	46.9	58.2	48.2	40.5	10.6	10.2	10.8	11.1	42.7	10.3	10.1	10.8	10.5	41.6	10.3	10.3	10.3	10.3	41.2
Sales and Marketing Expenses	14.2	17.0	17.3	18.3	5.6	5.2	5.2	5.4	21.4	5.4	5.0	5.3	5.3	21.0	5.4	5.4	5.5	5.5	21.7
General and Administrative Expenses	16.6	16.6	14.0	16.5	3.7	3.7	2.2	4.7	14.3	4.0	4.0	3.9	3.8	15.7	3.8	3.8	3.8	3.8	15.0
Change in Earnout Liabilities	-	-	-	0.4	0.2	(0.8)	0.7	(0.3)	(0.2)	(0.3)	-	-	-	(0.3)	(0.1)	(0.1)	(0.1)	(0.1)	(0.4)
Total Operating Expenses	77.6	91.8	79.5	75.6	20.0	18.2	19.0	20.9	78.1	19.4	19.1	19.9	19.6	78.1	19.4	19.4	19.4	19.4	77.5
Operating Income	**(27.1)**	**(28.4)**	**(26.9)**	**(41.3)**	**(9.5)**	**(7.4)**	**(8.0)**	**(9.2)**	**(34.1)**	**(8.9)**	**(7.9)**	**(6.3)**	**(5.1)**	**(28.3)**	**(6.5)**	**(5.7)**	**(5.2)**	**(3.1)**	**(20.5)**
Change in FV of Forfeiture Shares	(0.2)	2.9	1.7	0.0	-	-	0.0	-	0.0	-	-	-	-	-	-	-	-	-	-
Financial Income, net	1.1	(1.8)	5.6	4.8	1.2	0.2	0.7	0.4	2.6	0.7	(0.1)	0.9	0.1	1.6	0.1	0.1	0.1	0.1	0.4
Profit Before Taxes	**(26.1)**	**(27.2)**	**(19.6)**	**(36.5)**	**(8.2)**	**(7.2)**	**(7.3)**	**(8.7)**	**(31.4)**	**(8.3)**	**(8.0)**	**(5.4)**	**(5.0)**	**(26.7)**	**(6.4)**	**(5.6)**	**(5.1)**	**(3.0)**	**(20.1)**
Income Taxes	(0.4)	(0.5)	(0.1)	(0.1)	(0.1)	(0.0)	(0.0)	(0.0)	(0.2)	(0.0)	(0.0)	(0.1)	(0.1)	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)	(0.3)
Net Income	**(26.5)**	**(27.7)**	**(19.7)**	**(36.6)**	**(8.3)**	**(7.2)**	**(7.3)**	**(8.8)**	**(31.6)**	**(8.3)**	**(8.1)**	**(5.5)**	**(5.1)**	**(26.9)**	**(6.6)**	**(5.7)**	**(5.1)**	**(3.0)**	**(20.4)**
Basic EPS	**$ (1.15)**	**$ (0.28)**	**$ (0.19)**	**$ (0.35)**	**$ (0.08)**	**$ (0.07)**	**$ (0.07)**	**$ (0.09)**	**$ (0.31)**	**$ (0.08)**	**$ (0.08)**	**$ (0.05)**	**$ (0.05)**	**$ (0.25)**	**$ (0.06)**	**$ (0.05)**	**$ (0.05)**	**$ (0.03)**	**$ (0.18)**
Diluted EPS	**$ (1.15)**	**$ (0.28)**	**$ (0.19)**	**$ (0.35)**	**$ (0.08)**	**$ (0.07)**	**$ (0.07)**	**$ (0.09)**	**$ (0.31)**	**$ (0.08)**	**$ (0.08)**	**$ (0.05)**	**$ (0.05)**	**$ (0.25)**	**$ (0.06)**	**$ (0.05)**	**$ (0.05)**	**$ (0.03)**	**$ (0.18)**
Adjusted Diluted EPS	**$ (1.15)**	**$ (0.28)**	**$ (0.05)**	**$ (0.15)**	**$ (0.03)**	**$ (0.04)**	**$ (0.04)**	**$ (0.04)**	**$ (0.14)**	**$ (0.05)**	**$ (0.04)**	**$ (0.02)**	**$ (0.01)**	**$ (0.12)**	**$ (0.03)**	**$ (0.02)**	**$ (0.02)**	**$ (0.00)**	**$ (0.08)**
WTD Shares Out - Basic	33.0	97.8	102.0	105.5	105.3	103.6	101.4	102.4	103.1	105.0	107.2	108.8	109.9	107.8	110.5	111.0	111.6	112.1	111.3
WTD Shares Out - Diluted	33.0	97.8	102.0	105.5	105.3	103.6	101.4	102.4	103.1	105.0	107.2	108.8	109.9	107.8	110.5	111.0	111.6	112.1	111.3
EBITDA	**(26.0)**	**(27.0)**	**(25.3)**	**(38.8)**	**(8.7)**	**(6.6)**	**(7.3)**	**(8.5)**	**(31.1)**	**(8.3)**	**(7.3)**	**(5.7)**	**(4.5)**	**(25.9)**	**(5.9)**	**(5.1)**	**(4.6)**	**(2.5)**	**(18.1)**
Adjusted EBITDA	**$ (16.1)**	**$ (14.9)**	**$ (10.3)**	**$ (21.1)**	**$ (4.3)**	**$ (4.0)**	**$ (4.3)**	**$ (4.3)**	**$ (16.9)**	**$ (5.5)**	**$ (4.2)**	**$ (2.7)**	**$ (1.5)**	**$ (13.9)**	**$ (3.5)**	**$ (2.7)**	**$ (2.2)**	**$ (0.1)**	**$ (8.5)**
Margin Analysis																			
Gross Margin	71.6%	69.9%	62.5%	59.2%	62.9%	63.5%	63.0%	60.5%	62.4%	62.2%	61.5%	62.2%	61.3%	61.8%	61.3%	61.4%	61.0%	61.5%	61.3%
Operating Margin	-38.3%	-31.3%	-32.0%	-71.5%	-56.2%	-43.3%	-46.4%	-47.3%	-48.2%	-53.0%	-43.9%	-28.8%	-21.5%	-35.1%	-31.3%	-25.5%	-22.1%	-11.6%	-22.0%
Adj. EBITDA Margin	-22.8%	-16.4%	-12.2%	-36.4%	-25.8%	-23.5%	-24.8%	-21.9%	-24.0%	-32.4%	-23.3%	-12.5%	-6.3%	-17.3%	-17.0%	-12.1%	-9.3%	-0.3%	-9.1%
Pre-Tax Margin	-37.0%	-30.0%	-23.2%	-63.1%	-48.8%	-42.0%	-42.2%	-45.1%	-44.5%	-49.0%	-44.3%	-24.7%	-21.1%	-33.1%	-30.8%	-25.1%	-21.7%	-11.2%	-21.6%
Net Income Margin	-37.6%	-30.5%	-23.4%	-63.3%	-49.4%	-42.1%	-42.2%	-45.2%	-44.7%	-49.2%	-44.5%	-25.1%	-21.5%	-33.4%	-31.4%	-25.5%	-22.0%	-11.4%	-21.9%
Tax Rate	1.6%	1.7%	0.6%	0.3%	1.1%	0.3%	0.2%	0.3%	0.5%	0.3%	0.4%	1.7%	1.7%	0.9%	1.7%	1.7%	1.7%	1.7%	1.7%
Growth Rate Y/Y																			
Total Revenue		28.3%	-7.2%	-31.3%	45.6%	25.5%	8.1%	16.4%	22.1%	0.2%	6.1%	26.4%	22.0%	14.0%	23.9%	23.0%	6.5%	12.2%	15.5%
Total cost of revenues		18.2%	-13.4%	-4.9%	10.7%	2.6%	-10.9%	13.2%	3.3%	-3.1%	4.7%	5.2%	-6.3%	-0.1%	-0.4%	1.4%	-2.7%	-1.0%	-0.7%
Operating Income		4.8%	-5.1%	53.6%	-16.2%	-21.5%	-34.3%	9.1%	-17.6%	-5.5%	7.5%	-21.4%	-44.4%	-16.9%	-26.8%	-28.4%	-18.4%	-39.7%	-27.7%
Pre-Tax Income		4.2%	-28.1%	86.6%	-18.1%	-19.1%	-29.3%	20.2%	-13.9%	0.6%	12.0%	-26.0%	-42.8%	-15.1%	-22.0%	-30.4%	-6.5%	-40.5%	-24.9%
Net Income		4.3%	-28.9%	86.0%	-17.3%	-19.1%	-29.3%	19.9%	-13.7%	-0.2%	12.1%	-24.9%	-42.1%	-14.8%	-20.9%	-29.4%	-6.5%	-40.5%	-24.2%

Source: Company Reports, Stonegate Capital Partners estimates

CASH FLOW STATEMENT

Valens Semiconductor Ltd.
Consolidated Cash Flow Statements ($M)
Fiscal Year End: December

CASH FLOW	FY 2021	FY 2022	FY 2023	Q1 Mar-24	Q2 Jun-24	Q3 Sep-24	Q4 Dec-24	FY 2024	Q1 Mar-25	Q2 Jun-25	Q3 Sep-25	Q4 Dec-25	FY 2025	Q1 Mar-26	Q2 Jun-26	Q3 Sep-26
Operating Activities																
Net Income/(Loss) for the Period	(26.5)	(27.7)	(19.7)	(10.0)	(8.9)	(10.4)	(7.3)	(36.6)	(8.3)	(7.2)	(7.3)	(8.8)	(31.6)	(8.3)	(8.1)	(5.5)
Depreciation and Amortization	1.1	1.4	1.6	0.5	0.5	0.8	0.8	2.5	0.8	0.8	0.7	0.7	3.0	0.6	0.6	0.6
Stock-Based Compensation	9.9	12.1	15.0	3.8	3.7	3.8	3.9	15.1	4.2	3.8	3.7	4.9	16.5	3.1	3.1	3.0
Exchange Rate Differences	(0.5)	4.3	0.9	0.5	0.7	0.1	(0.7)	0.7	0.1	0.0	0.2	0.4	0.8	0.1	0.8	(0.3)
Losses on Non-Designated Derivative Instruments	-	-	-	-	-	-	0.6	0.6	(0.2)	0.8	0.0	(0.0)	0.7	0.0	(0.0)	0.0
Interest on Short-Term Deposits	0.1	(1.2)	(0.8)	0.3	0.6	(0.3)	(0.4)	0.2	0.5	0.3	0.1	0.3	1.2	(0.3)	0.4	0.1
Change in FV of Forfeiture Shares	0.2	(2.9)	(1.7)	(0.0)	(0.0)	(0.0)	0.0	(0.0)	-	-	(0.0)	-	(0.0)	-	-	-
Change in Earnout Liability	-	-	-	-	0.0	0.3	0.1	0.4	0.2	(0.8)	0.7	(0.3)	(0.2)	(0.3)	-	-
Reduction in the Carrying Amount of ROU Assets	-	1.7	1.9	0.5	0.2	0.9	(0.1)	1.5	0.4	0.3	0.3	0.3	1.2	0.3	0.4	0.3
Equity in Earnings on Investee, net	0.0	-	0.0	0.0	0.0	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	0.0	(0.0)	(0.0)	(0.0)
Cash Flow from operating activities before working capital changes	**(15.8)**	**(12.3)**	**(2.7)**	**(4.6)**	**(3.0)**	**(4.8)**	**(3.2)**	**(15.5)**	**(2.3)**	**(2.1)**	**(1.5)**	**(2.4)**	**(8.4)**	**(4.7)**	**(2.8)**	**(1.8)**
							-	-				-	-			
Trade Accounts Receivable	1.6	(4.4)	(3.2)	4.7	0.2	2.8	(0.5)	7.2	(1.8)	1.4	(1.8)	(0.1)	(2.2)	(0.5)	1.6	(5.9)
Prepaid Expenses and Other Current Assets	(5.3)	3.5	0.5	0.2	0.1	1.0	(0.3)	1.0	0.8	0.1	(1.2)	(0.8)	(1.1)	0.2	0.5	2.0
Inventories	(6.2)	(14.5)	10.0	1.3	1.1	2.3	1.5	6.2	(0.8)	(0.7)	0.5	0.8	(0.2)	(0.8)	(1.6)	(0.6)
Long-Term Assets	(0.4)	0.3	(0.2)	0.1	(0.0)	(0.1)	0.0	0.0	(0.1)	0.0	0.1	0.0	0.1	(0.0)	0.0	0.1
Current Liabilities	4.5	7.0	(9.2)	(2.8)	1.7	2.7	1.9	3.5	(3.2)	1.3	(0.1)	2.1	0.1	1.0	(1.2)	(2.0)
Change in Operating Lease Liabilities	-	(1.6)	(1.6)	(0.4)	(0.2)	(0.9)	0.2	(1.3)	(0.2)	(0.2)	(0.6)	0.0	(1.0)	(0.4)	(0.4)	(0.4)
Other Long Term Liabilities	0.0	0.0	0.0	(0.0)	(0.0)	(0.0)	0.0	(0.0)	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0
Cash flow generated/(absorbed) from operating Activities	**(21.6)**	**(22.1)**	**(6.4)**	**(1.4)**	**(0.2)**	**3.0**	**(0.3)**	**1.0**	**(7.6)**	**(0.2)**	**(4.7)**	**(0.3)**	**(12.7)**	**(5.1)**	**(3.8)**	**(8.5)**
Investing Activities																
Investment in Short-Term Deposits	(121.9)	(214.5)	(206.0)	(37.8)	(49.4)	(16.4)	(37.9)	(141.5)	(30.0)	(22.5)	(24.8)	(28.2)	(105.6)	(5.7)	(13.5)	(11.5)
Maturities of Short-Term Deposits	39.3	203.9	208.6	57.0	47.1	25.4	40.7	170.1	53.3	38.6	20.1	24.0	136.0	13.6	30.5	13.0
Purchase of Property and Equipment	(1.4)	(1.1)	(1.2)	(0.0)	(0.2)	(0.7)	(0.9)	(1.9)	(0.4)	(0.2)	(0.3)	(0.3)	(1.1)	(0.4)	0.1	(0.1)
Cash Paid for Business Combination, net	-	-	-	-	(7.8)	-	-	(7.8)	-	-	-	-	-	-	-	-
Investment in Restricted Short-Term Deposits	-	-	-	-	-	-	(1.1)	(1.1)	(0.3)	(0.4)	(0.6)	(0.0)	(1.3)	(0.0)	0.0	(0.0)
Derivative Investments in Non-Designated Hedges	-	-	-	-	-	-	(0.0)	(0.0)	-	-	-	-	-	-	-	-
Cash flow generated by Investing Activities	**(84.1)**	**(11.7)**	**1.4**	**19.1**	**(10.4)**	**8.2**	**0.8**	**17.8**	**22.7**	**15.5**	**(5.7)**	**(4.4)**	**28.0**	**7.5**	**17.1**	**1.4**
Financing Activities																
Exercise of Stock Options	1.2	0.8	1.5	0.1	0.5	0.1	0.2	0.9	0.2	0.2	0.1	0.4	0.9	0.8	1.4	0.0
Repurchase of Ordinary Shares	-	-	-	-	-	-	(1.0)	(1.0)	(9.6)	(10.2)	(3.6)	(0.6)	(24.0)	-	-	-
Proceed from Transactions Related to Merger, net	134.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Earnout Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	(2.0)	-	-
Cash flow generated/(absorbed) by financing Activities	**135.4**	**0.8**	**1.5**	**0.1**	**0.5**	**0.1**	**(0.8)**	**(0.2)**	**(9.4)**	**(10.0)**	**(3.6)**	**(0.2)**	**(23.1)**	**(1.2)**	**1.4**	**0.0**
Effect of Exchange Rate	0.8	(3.8)	0.7	(0.0)	(0.3)	(0.5)	0.3	(0.5)	(0.1)	0.3	(0.0)	0.0	0.2	(0.0)	0.0	(0.0)
Net Cash flow in the year	**30.5**	**(36.8)**	**(2.8)**	**17.8**	**(10.4)**	**10.7**	**(0.0)**	**18.2**	**5.6**	**5.6**	**(13.9)**	**(4.8)**	**(7.6)**	**1.1**	**14.7**	**(7.1)**
Cash and Cash Equivalents																
Beginning Cash balance	26.3	56.8	20.0	17.3	35.1	24.7	35.4	17.3	35.4	41.0	46.6	32.7	35.4	27.9	29.0	43.7
Ending Cash balance	56.8	20.0	17.3	35.1	24.7	35.4	35.4	35.4	41.0	46.6	32.7	27.9	27.9	29.0	43.7	36.5

Source: Company Reports, Stonegate Capital Partners

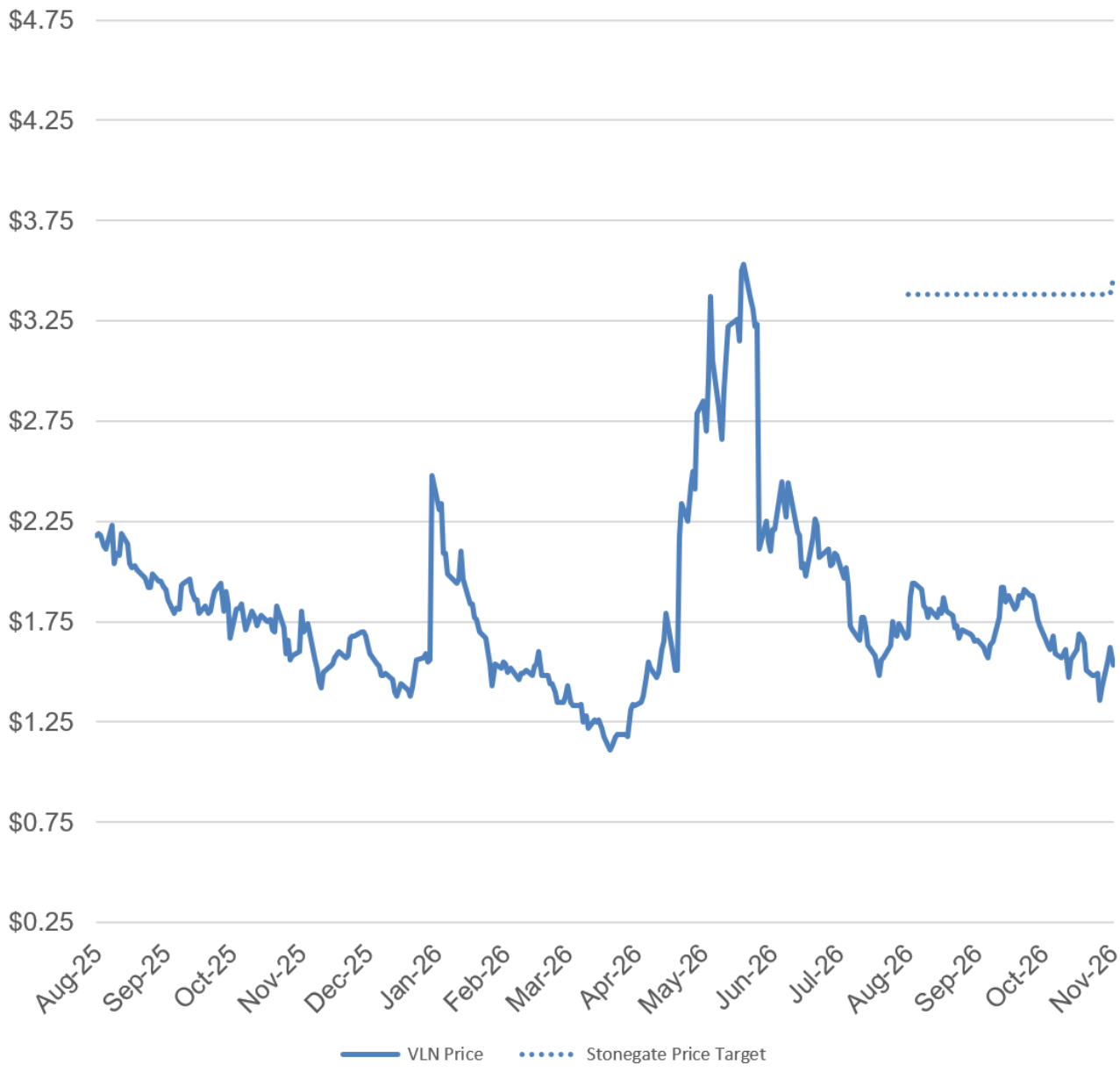
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