



# Applying the Science of Networking

## Enabling Cybersafe, Rapid Deployment Networking for All IoT “Things” and Locations

### Investor Presentation September 2023

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# Actelis At a Glance

A Market Leader of Gigabit-Grade, Cybersafe, Rapid Deployment IoT Networking

**>300**

**Customers**

*Cities, Rail,  
Roads, Military*

**>\$31M**

**Value of Actelis' IoT  
Previously Installed  
Base**

*In over 30 countries*

**30+**

**Global Patents**

*+More on-going  
new applications*

**31%**

**Year-Over-Year  
Sales to IoT  
customers growth**

*2022 Vs. 2021*

**47%**

**Gross Margin  
2022**

# IoT Communication Market at a Glance

## >\$1.8T

*Global IoT Markets In 2028  
Growing Exponentially  
~100 Million Cameras/y alone*

## >70%

Connectivity takes up  
most of IoT budget and  
time

## Gigabit

Speed, low latency, low  
cost, resilient, cyber-safe  
networking needed

## Fiber

Implementation is  
slow, expensive, hard  
to reach locations

## Wireless

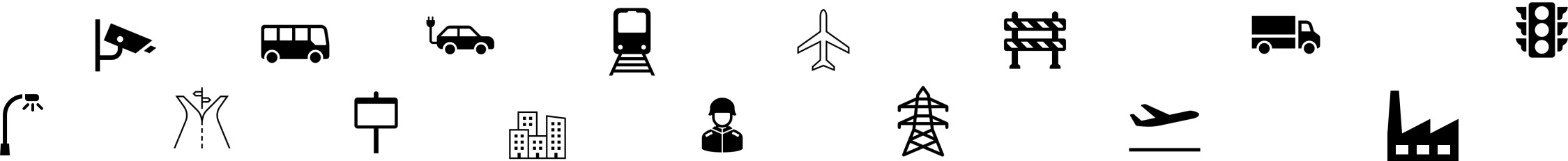
Is limited, not reliable,  
not resilient, not cyber-  
safe, costly

## Copper/Coax

Can existing Billions of lines  
extend safe, Fiber-Grade  
networking overnight?

# Global IoT Market to Hit \$1.8 Trillion in 2028 at 24.5% CAGR <sup>(1)</sup>

Smart City Market at \$696 Billion by 2028 with CAGR of 29.3% <sup>(2)</sup>



<u>Smart Traffic (ITS)</u>	<u>Smart City</u>	<u>Smart Rail</u>	<u>Military and Gov.</u>	<u>Power, Water, Oil</u>	<u>Industry, Education</u>
Lights	Parking	Signaling	Perimeter security	Substations	Robotics
Cameras	Security	Obstacle detect	Weapons control	Generators	Warehouse
Lane Management	Wi-Fi	Controls	Energy	Oil/gas flow	Access control
Signs	Garbage	Security	Radars	Perimeter security	Security
V2V	Transportation	Ticketing	Airports	Water plants	Parking

(1) Facts and Factors Jan. 2022  
(2) Grand View Research May. 2021

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# IoT Connectivity Modernization Needs Growing Exponentially

Major efforts to Securely Connect Tens of Millions of Locations at High-Speed

- Billions of devices currently connected with copper cables  
*Historically low speed, low reliability, not secure*
- New Fiber Optic cables are being installed  
*Reliable, fast, but expensive and slow to deploy*
- Wireless is getting faster  
*Historically very low speed, lowest reliability and security*



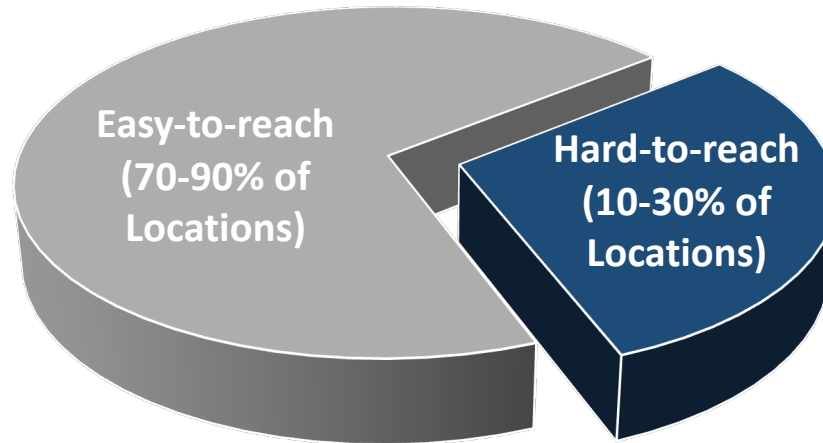
# Obstacles to IoT Development – Hybrid Fiber/Copper is Key

Making the Case for Hybrid Networks (Example)

**Connectivity consumes over 70% of IoT project's budget and time**

## Easy to reach locations:

- Fiber is laid on existing poles @ ~\$26K/Mile
- (work takes days/weeks)\*



## Hard to reach locations:

- Fiber needs boring, trenching, permits, right-of-way @\$70K-\$400K/Mile
- (work takes months)\*



***Lay new Fiber and use Fiber switches***



***Upgrade existing wires to Fiber-Grade service with Actelis specialized Hybrid Fiber-Copper switches***

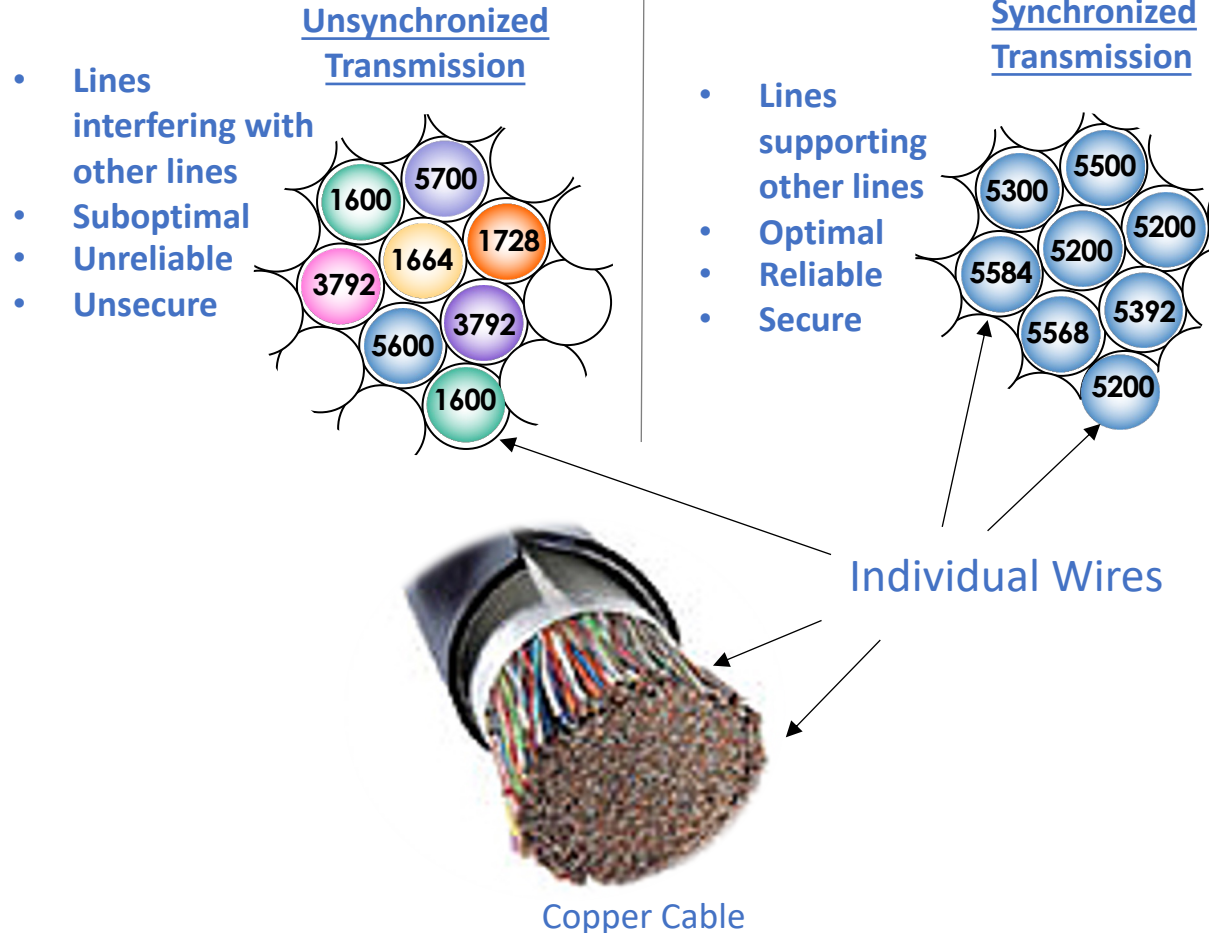
...Connecting Fiber to Hard-to-Reach Locations May Cost **50%** of all Project Budget and **may cause Months of Delay\*\***

(\*) – Analysis by Columbia Telecommunications Corporation

(\*\*)- Fiber Availability is 31%/12%/11% of in US/UK/ Germany, respectively; (FTTH council, Europe, 4/2020)

# MetaLIGHT Unique Signal Processing and Encoding Software

Combining 100X Wire<sup>(5)</sup> Performance Boost with Triple-Shield Security



- Optimal synchronization of multi-line signals
- Elimination of interference to boost speed
- Data line coding for resilience, security <sup>(1)</sup>
- Multi-line scrambling for low latency, security <sup>(2)</sup>
- 256-bit encryption of transmission <sup>(3)</sup>
- Multi-line modulation for up to 10Gbps <sup>(4)</sup>
- Spectrally compliant reach extenders to 100Km
- Remote powering + Data to 4G/5G base stations



(1), (2), (3) – Components of Triple Shield Protection

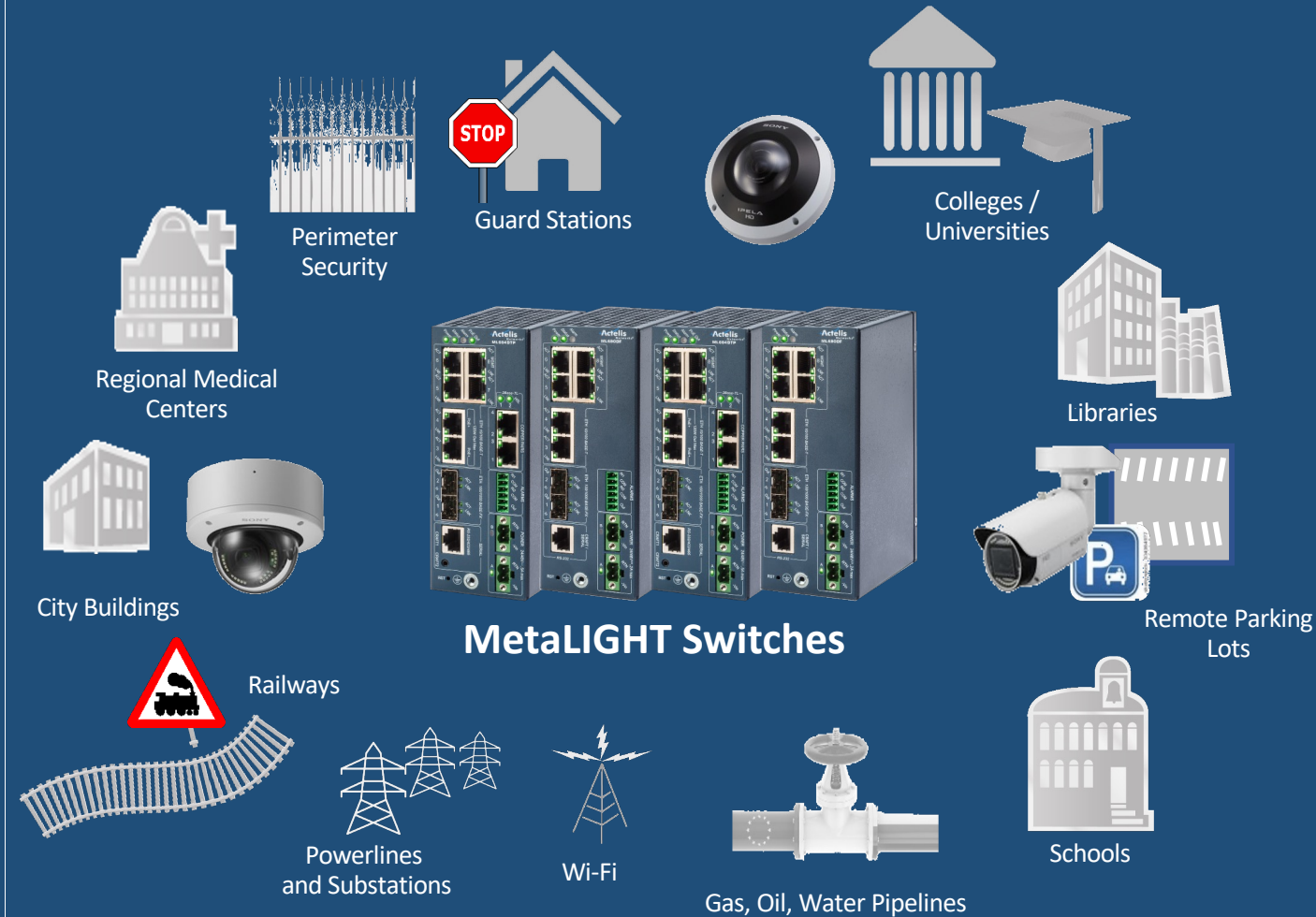
(4) – 10Gbps available in 2023

(5) – Vs. single wire performance in cable



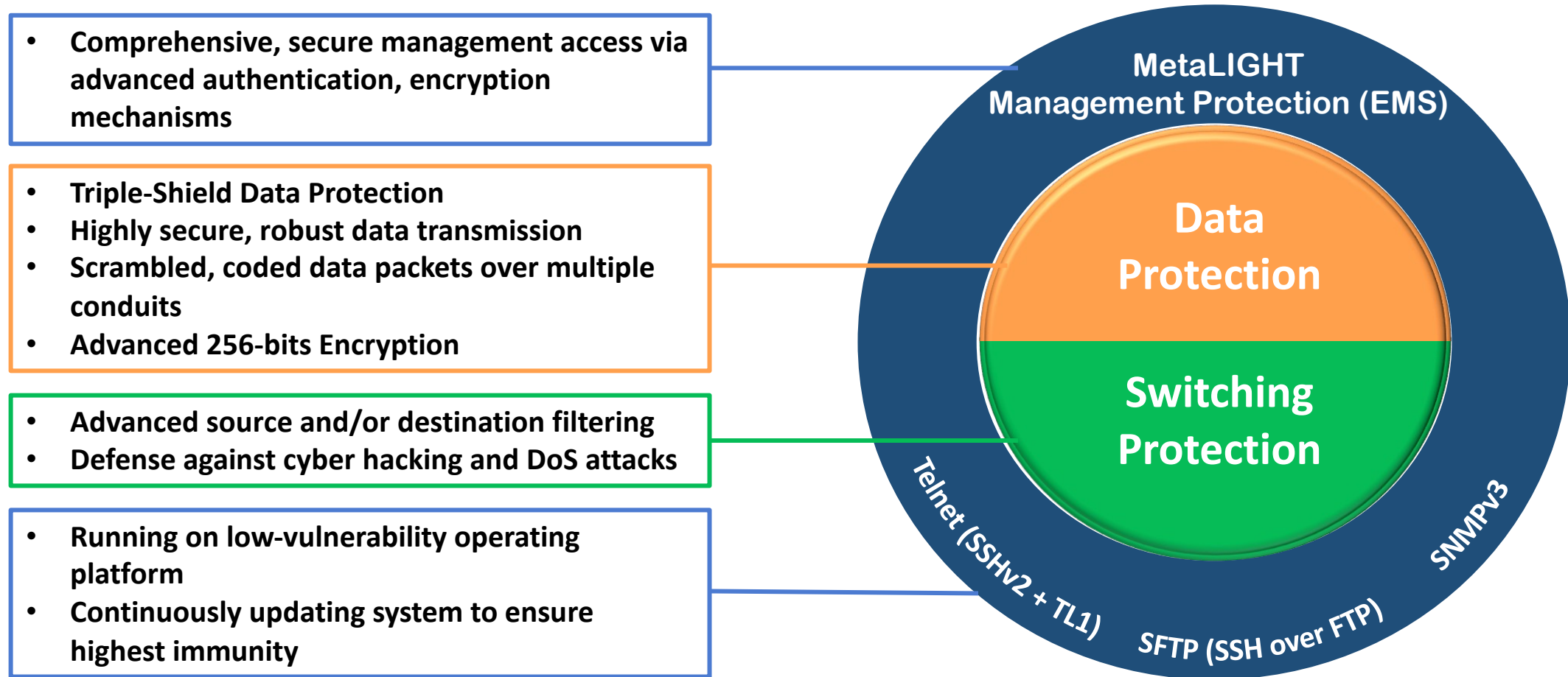
# Actelis' MetaLIGHT Building Blocks Enable Seamless Hybrid Networks

- **CONNECTIVITY:** High Performance, mix of Fiber, Copper, 5G
- **CYBER SAFETY:** Triple Shield Data Protection; and 360° System Security Software
- **UBIQUITY:** Supports all cameras, sensors, meters on new IP or legacy networks
- **HIGH DENSITY:** Packs up to 11 network functions in one device; saving space, power and cost
- **REMOTE POWERING Over Copper:** For cameras, sensors, 5G base stations, saving power connection cost
- **LOW-TOUCH NETWORK MANAGEMENT SW:** Automated Configuration, Zero touch provisioning



# MetaLIGHT Software 360° System Level Security

Approved for Deployment by US DoD



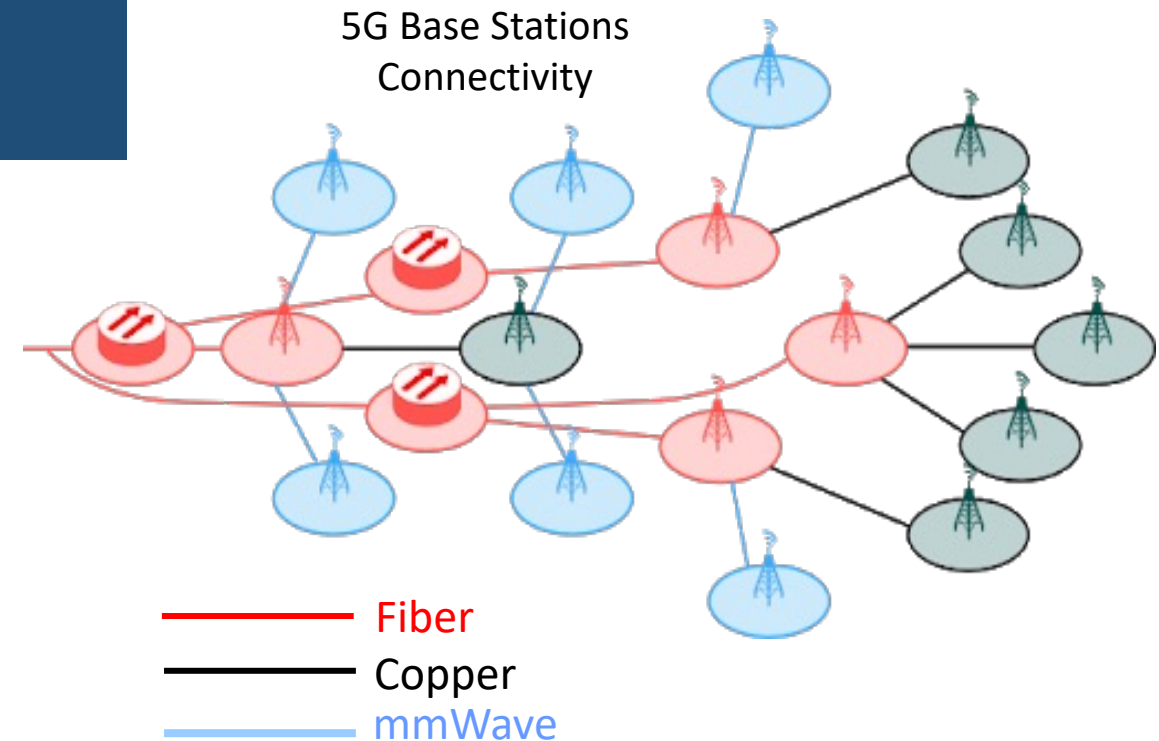
# Actelis' Hybrid Networks Enable 5G in Smart Cities and on Roads

5G Expected to Grow at 54.4% CAGR 2021-2028 <sup>(1)</sup>

*5G...to dramatically improve quality of life with high data-rate, low latency, for mobile, eHealth, autonomous vehicles, smart cities, smart homes, Industrial IoT... <sup>(1)</sup>*

## Actelis' Hybrid Networking makes 5G practical:

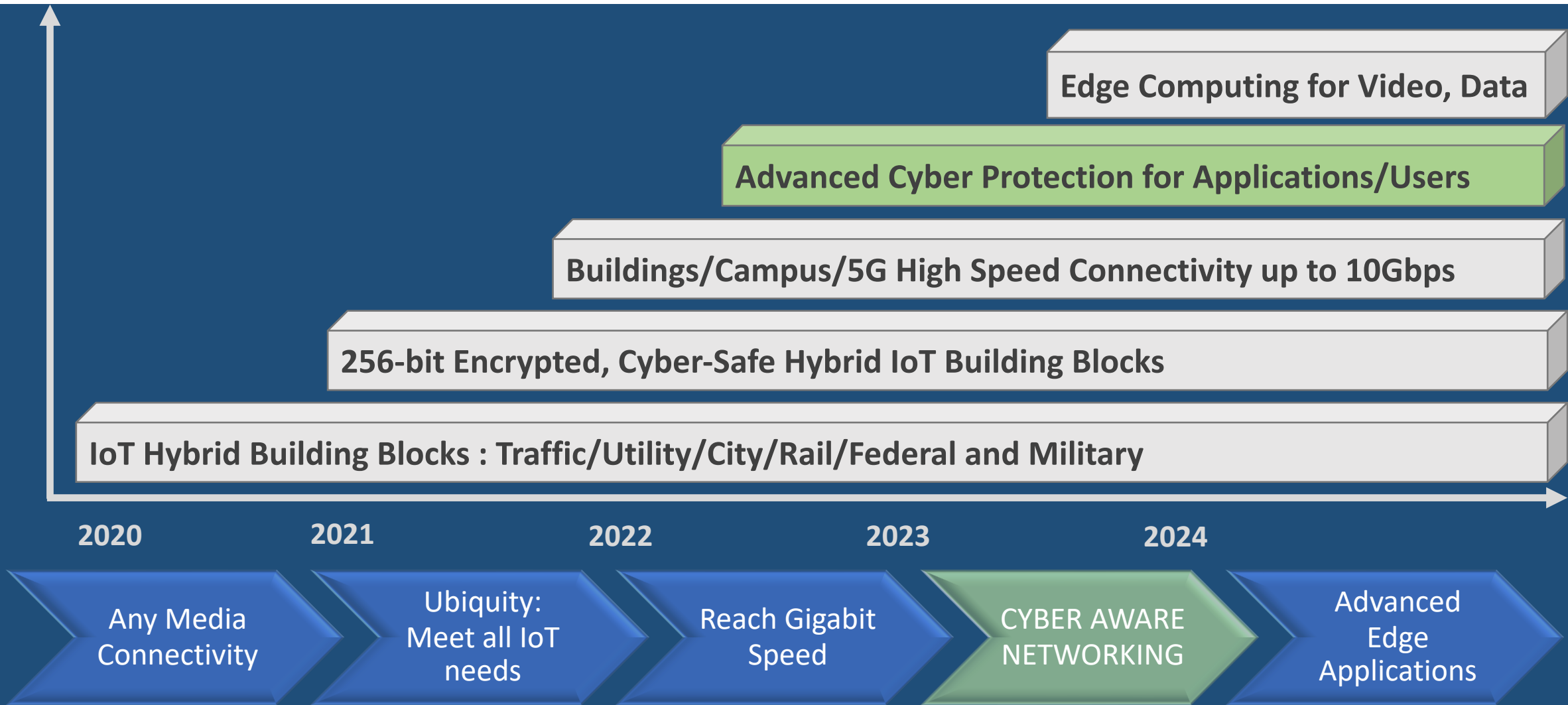
- 5G Requires 10X-100X cell grid density
- Requires Fiber, Copper or mmWave at Gigabit speeds to 14.2M locations by 2027
- Many locations are hard-to-reach with Fiber, out-of-sight for mmWave, but are on wires
- Hybrid Networking makes 5G practical with connectivity + remote powering



(1)– Key Market Insights

# 2020-2024 Product Strategy

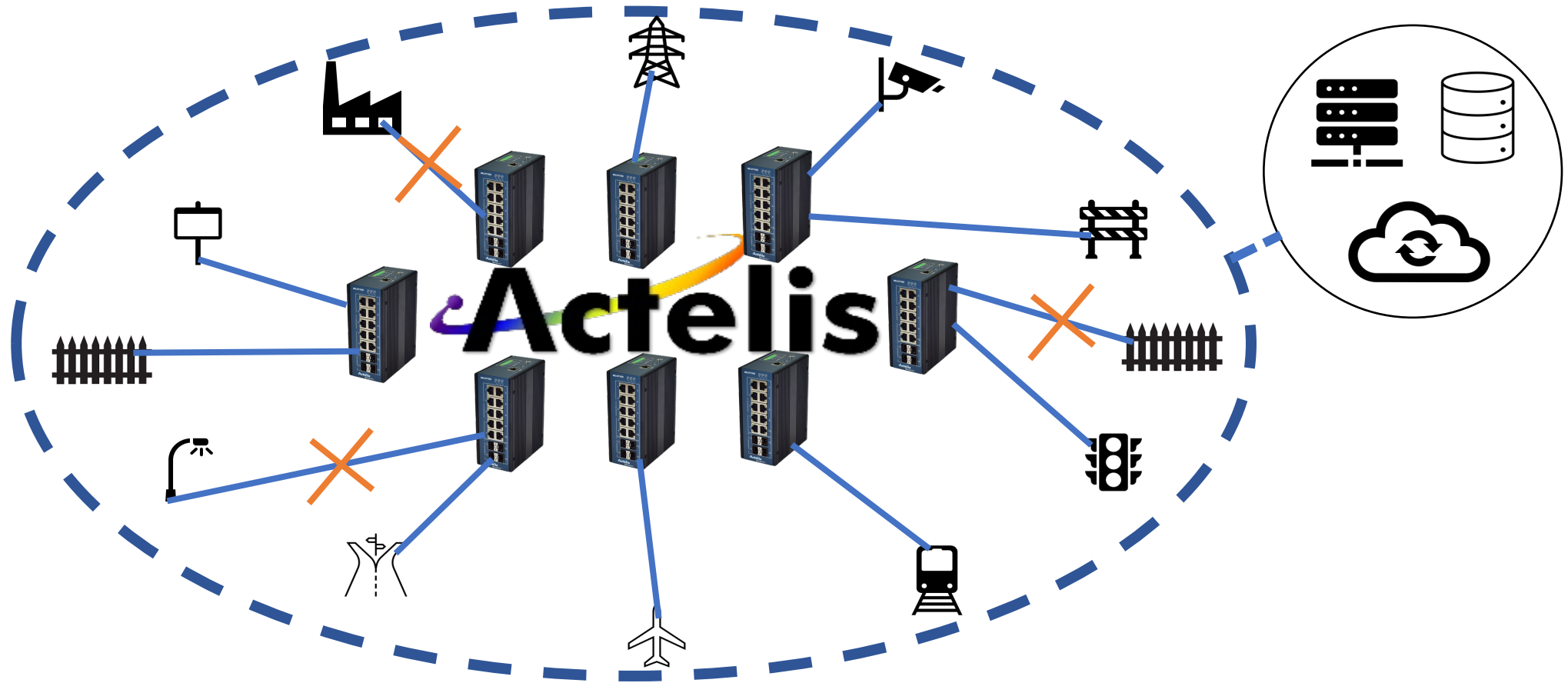
Be Everywhere, then Climb Up the Food Chain



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# Cyber Aware Networking – Introducing SaaS in the Edge/Field

Going From Protecting the Network Itself To Enabling Protection of Its Surrounding IoT Elements



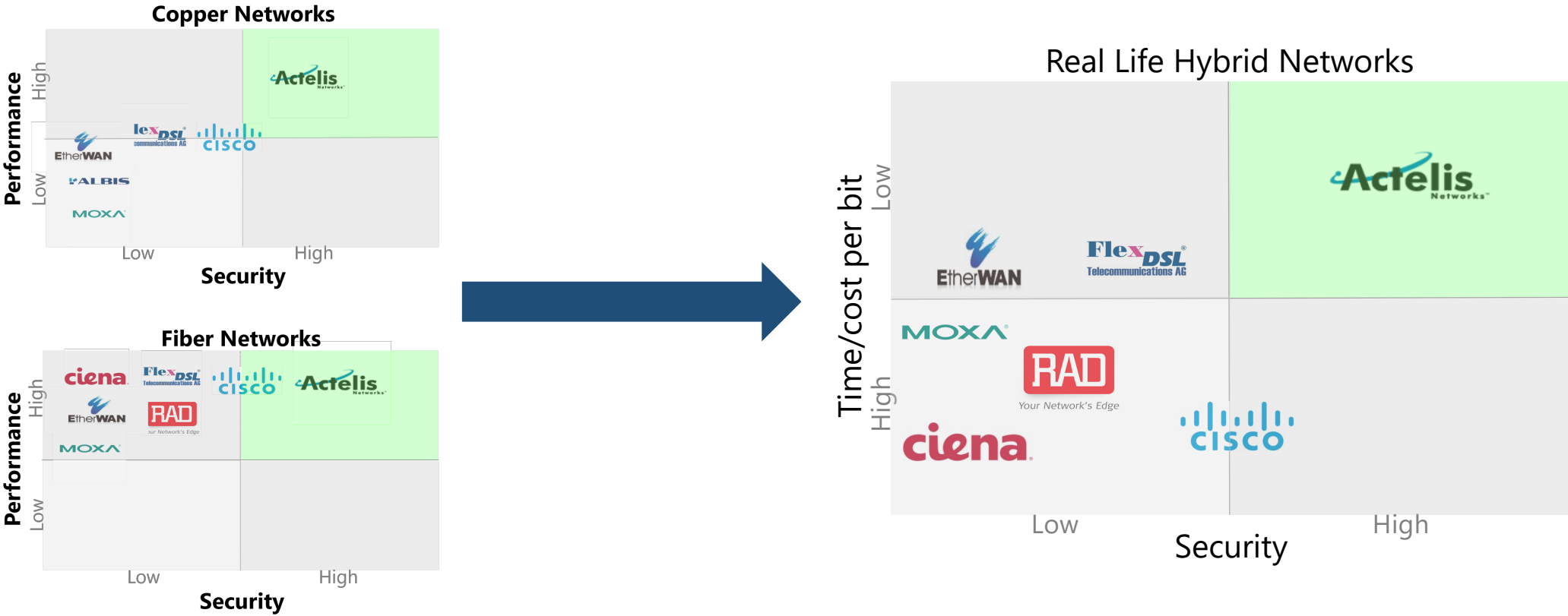
- Converging IoT Anomaly Protection with Network Operations Continuity, Enabling Safety of Both
- Edge Deployment in the Field Using Proximity to IoT Elements to Sense Anomalies Early
- Use Network Switching to Cut off Bad Actors

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# Our Real-Life Solutions Offer Significant Competitive Advantages

Leading Unique Real-Life Hybrid Offering



**Actelis’ solutions offer significant competitive advantages in performance and security layers in both Fiber and copper. When combined into real-life hybrid copper-fiber networks, they offer higher security, faster deployment and lower cost.**

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# Customers that Already Trust Actelis' Solutions

## SMART GRID



## SMART CAMPUS



## SMART TRANSPORTATION



## SMART CITY



## Gov, MILITARY & POLICE



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# Recent News

## Customer Wins

**United States Air Force**

**Actelis**

Actelis Selected for IoT Networking Modernization of a Major Air Force Base

Instant cyber-hardened, fast, fiber-grade connectivity using existing network infrastructure

**Highway & Rail Systems Throughout Japan**

**Actelis**

IoT Modernization Expedited With Hybrid Fiber-Copper Networking Solutions

Actelis maximizes existing client infrastructure with proven reach and reliability

**CITY OF WEST SACRAMENTO**

**Actelis**

Traffic Management Modernization

New 10 Gbps Hybrid Switches Deployed Alongside Econolite Traffic Controllers

**Actelis**

Actelis Selected by the City of Eugene For Traffic Modernization Project | Actelis Networks

Instant Fiber-Grade Connectivity For Quick Project Deployment

**Actelis**

**Business Partner: Jacobs Engineering**

US Military HVAC Networking Upgrade

Cyber-Hardened, Hybrid Fiber-Copper Networking Solution Selected for Base Modernization

**Actelis**

**SITA**

Instant, high bandwidth fiber-grade communications utilizing the existing fiber-copper infrastructure

**Modernizing AIRPORT OPERATIONS**

**CITY OF SAN JOSE**  
CAPITAL OF SILICON VALLEY

Actelis Enables The Rapid Modernization Of San Jose's ITS Eco-System

Network Extension to On Base Facilities Using Existing Infrastructure

- Cyber-Hardened
- Fiber-Grade Connectivity
- Rapid Deployment

**Actelis**

Selected for deployment and delivered an initial order for an energy company, providing power to the capital city of a major European country

Northern Ireland Railways Selects Actelis For Safety Critical Project

**Actelis**  
Modernize. Digitize. Protect.

"The Actelis solution provides the reach, reliability, data security and speed we need..."  
— Nigel Taylor, Translink



# Recent News (continued)

## Product Roadmap

**NEW!**

Nine High Performance 10Gbps Fiber Optic Product Series




**Rapid deployment at Gigabit speeds with our new ML600DM series**

Featuring 10G switching capacity, 256-bit encryption, and powerful POE




- Rapid Deployment
- Cyber Hardened
- PoE up to 90W
- Strong Management

Instant, Gigabit, Fiber-Grade Connectivity Over Existing Wiring.

It's Not Magic. It's Actelis.




## Personnel, Business Partners



**Bret Harrison**  
Rejoins Actelis

Senior Vice President of Sales and Services - Americas




**Tzachy Givaty** Joins Actelis

Regional Vice President for APAC





Actelis Selects  
Norseman Defense Technologies  
As Its Latest US Government  
Focused Sales Partner

# Example: Highways England National Road System

Modernizing with Actelis' Secure Hybrid Technology starting 2019



- 30,000 roadside assets, 4,400 miles of strategic road network
- **1/3 of network on existing copper, 2/3 on new Fiber**
- Fiber and copper must be integrated without compromising service levels, reliability, or security
- Both must provide reliable high bandwidth over vast distances
- Advanced Quality of Service (QoS) must ensure minimum delay for real-time alerts
- Network security and advanced troubleshooting tools are paramount



# Financial Highlights – 2022



**3.3% increase in revenues** to \$8.8 million in 2022 (year-over-year)



**31% increase in sales delivery to IoT customers** in 2022 (year-over-year)



**85% of 2021 backlog delivered** by December 31, 2022, lead-time within 10% of pre-COVID time



**Gross Margin** at **47%** in 2022 vs. 46% in prior year despite inflation, supply chain pressures;



**Non-GAAP Adjusted EBITDA** at (\$4.1) million in 2022 compared to (\$1.1) million in prior year period as the company continues to invest in sales and marketing

# Financial Highlights – Second Quarter and First Half of 2023



- **Revenue increased 3% sequentially for the Second Quarter 2023** to \$1.9 million due to improved supply chain availability, and open order backlog delivery.
- **Revenues at \$3.74 million for the first half of 2023** vs. \$4.95 million in prior year, with an increase of 8% in delivery of sales to IoT customers offset by a reduction of 64% in Telecom, as the focus of the company shifts away from telecom business to IoT.



**Gross Margin at 35% for the first half of 2023**, compared to 50% for the first half of 2022, driven by product-software mix change associated with the focus shift to IoT.



**Net Loss for the first half of 2023 decreased 45% year-over-year** to \$3.5 million, compared to the first half of 2022, due to the decrease in financial expenses, and implementation of cost reduction measures.



**Non-GAAP adjusted EBITDA loss is down 21% sequentially** to \$1.26 million for the second quarter ended June 30, 2023, as the Company implements cost reduction measures, and at the same time continues to invest in sales and marketing to drive growth.

# Financial Results 2022-2023

<i>(U.S. Dollars in thousands except for Gross Margin)</i>	H1-2023	H1-2022	2022	2021
Revenues	3,744	4,949	8,831	8,545
Gross Margin	35%	50%	47%	46%
Net Loss	(3.488)	(6,293)	(10,982)	(5,251)
Adjusted EBITDA	(2,855)	(888)	(4,065)	(1,097)

75% of Revenue to IoT customers for the first half of 2023,  
compared to 44% in the first half of 2022.

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# Contact Information

**Yoav Efron**  
**CFO**  
**Actelis Networks, Inc.**  
**yoave@actelis.com**  
**(908) 242 6463**

**Kirin Smith**  
**Investor Relations**  
**PCG Advisory, Inc.**  
**Ksmith@pcgadvisory.com**  
**(646) 823 8656**