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Omer Keilaf – CEO and Co-Founder of Innoviz Technologies

Thank you, Rob and good morning everyone and thank you for joining us.

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We have a lot to talk about today – Q4 was a record quarter for us and there has been some important customer progress since CES and since the quarter has ended.

The first thing I want to highlight is the amazing revenue performance. Full year revenues of nearly \$21M were up 246% year-over-year, and even with raising guidance mid-year, we came in above the high end of the guidance range.

In addition to that, we delivered Q4 2023 revenues of nearly \$15M, an increase of nearly 850% year-over-year and also above the high end of our quarterly guidance range.

The strong revenue performance came from a combination of production revenues, robust sample shipments, and NRE's, and it validates our three-pronged approach to growing future revenue streams.

We also saw positive customer developments in the quarter with BMW and Volkswagen, unveiled a new shared program with Mobileye as the platform partner, and unveiled a strategic realignment to maintain our cost discipline and extend our cash runway as we position the business for rapid transformational growth.

The combination of strong revenues and disciplined cost management led to an impressive cash performance with our quarterly cash burn at just \$14.5 million, a record low since Innoviz became a public company, which allowed us to finish the year with approximately \$150 million in cash and equivalents, leaving us with a strong runway that we expect to last through the market share capture window.

I'll go through each one of these topics now.

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Let's start with the news we shared today on BMW. In this morning's earnings press release we disclosed that we are working on a second vehicle and geography for the InnovizOne deployment.

When we first announced the production award several years ago, we said that the InnovizOne was tested and certified on three vehicles – the 7 Series, the 5 Series and the iX, but to date we have only been able to share details on the 7 Series, which is now on sale in Germany with deliveries scheduled to begin in the upcoming weeks, in March of 2024.

Today's news is that we are working on an InnovizOne deployment on the BMW 5 Series in China, a very important geography. BMW recently received approval to begin Level 3 testing in China, and we are working closely with the teams performing on-road testing and software development specific to the Chinese market. If all goes well, we could see the technology deployed on a locally built 5 Series. It is still early to share a lot of details at this point, but we expect that we will have more to say in the coming quarters.

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Moving on to Volkswagen... At CES we unveiled the ID. Buzz light commercial vehicle program as our second program with the Volkswagen Group. This represents an important development for three reasons...

First, it shows the strength of our relationship with Volkswagen. Our progress towards SOP with our first program is tracking well, and they have confidence in our ability to bring a second program to market within the same time frame.

Second, the volumes from this program are incremental to the award that we announced in 2022, supporting additional revenue growth and accelerating our path towards breakeven.

And lastly, it deepens our relationship with Mobileye, who is working as an autonomy platform partner for the VW Group.

The ID. Buzz is a light commercial vehicle aimed at the mobility market. It will be a Level 4 program with multiple LiDARs per vehicle. A test fleet of vehicles is being deployed in Austin, Texas and Munich, Germany, and we expect the program to become increasingly visible to the public as we go through 2024 and the test fleet grows as it progresses towards a planned 2026 commercial launch.

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Additionally, development with our first Volkswagen award is progressing nicely. I flew to Germany to deliver the first batches of our InnovizTwo B-sample with our second generation custom ASIC and our partners at VW couldn't be happier. We are gearing up for advanced winter testing in Germany and Sweden and will remain focused on the B-sample phase in 2024, before moving on to the C- and D-sample phase in 2025 as we progress towards SOP later in the year.

All in, I am very excited with the progress we are making with this important customer. Throughout 2023 we said we believe there are additional opportunities for us at Volkswagen beyond the series production award we secured in 2022. And with the ID Buzz announcement at CES we delivered on that promise. But we're not stopping there. We are actively working on an additional 1-2 programs within the Volkswagen Group encompassing multiple brands, multiple platforms, and multiple vehicles. It's too early to share any further details than that, but we hope to be able to disclose more as we go through 2024.

Volkswagen is the world's second-largest automotive OEM, capable of producing over 10 million vehicles per year. We believe there's a long runway for growth with them.

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We also see a long runway for growth with Mobileye as an autonomy platform partner.

As you've heard us talk about before, there are three leading autonomous driving platforms in the automotive industry, from Mobileye, Qualcomm and NVIDIA. These partners operate the compute hardware and software that integrates the sensing and perception inputs from the various ADAS components, such as LIDAR, radar and cameras, and play an important role in the sensor fusion and driving decision layers of software.

We currently have series production awards with two of these players – Mobileye and Qualcomm, and we are working on several NVIDIA programs in our RFI and RFQ pipeline on the Hyperion platform.

For Innoviz, integrating with these platforms establishes a meaningful competitive advantage that can reduce friction in the LiDAR selection process and increase our odds of winning additional business from OEMs. Being already integrated with the major compute platforms on existing programs can significantly reduce the time, cost, and risk that it takes for additional automakers to deploy the same system. We are essentially becoming an off-the-shelf solution, making it increasingly easy for additional OEMs to choose Innoviz as their LiDAR supplier.

This is further enhanced by the work that we are doing ahead of our Volkswagen SOP. In order to be ready to launch on time, we are planning our InnovizTwo production capacity to be prepared to ship by late 2025.

There are many OEMs targeting launches in 2026, 2027 and 2028, and the fastest, least expensive and lowest risk way to prepare for this is with an autonomy platform partner like Mobileye, Qualcomm or NVIDIA and with a LiDAR supplier that has already proven they can deliver on SOP milestones and with the technological capabilities, price point, and SOP timeline of the InnovizTwo.

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Next, I will provide some thoughts on the global regulatory environment and discuss some important updates both globally and in China, and how we see these developments shaping the LiDAR industry.

As many of you know, the United States Department of Defense continues to be very active in terms of identifying companies that may have ties to the Chinese military. To the extent that the DoD places specific LiDAR companies on its 1260-H list, it could make it more difficult for these companies to win business with global OEMs that sell into the US market. Conversely, if similar actions were to be replicated within the Chinese regulatory environment, it could make it difficult for US LiDAR companies to be deployed on vehicles aimed at the domestic Chinese market.

This is where Innoviz has another competitive advantage. As an Israeli company, we are not caught up in the politics on either side of this debate. I like to say that Innoviz is the Switzerland of LiDAR, we are neutral and can serve customers globally.

We have plans to operate in China with both BMW and Volkswagen and we are actively quoting multiple RFIs and RFQs with global OEMs that plan to sell into the US and Chinese markets with the same technology stack. The cost to bring a Level 3 or Level 4 program to the market is substantial and it would be extremely expensive for OEMs to run duplicative tech stacks in different markets with different LiDAR vendors. They need to absorb those costs across as many units as possible with a global LiDAR platform.

And with that, let's segue into what I think is some very positive news out of China...

In addition to BMW, multiple other OEMs have received permits to begin Level 3 testing in China in late 2023. To date, China has been a Level 2 market. What we are seeing on the ground is a rapid pivot towards accelerating the development of Level 3 autonomy. The Chinese automotive market moves very fast, as does the technology. If regulators there decide to embrace Level 3 autonomy, it can be done in very short order. And similar to the prior topic, this could have implications globally.

Chinese OEMs have proven themselves as very competitive manufacturers of highly capable vehicles at affordable prices, particularly when it comes to EVs. And while Chinese exports haven't found their way to the US market, they are starting to have an early impact in some parts of Europe and the rest of the world. This is a topic that OEMs are paying close attention to.

If China rapidly pivots towards embracing Level 3 autonomy in the same way that it rapidly pivoted towards embracing EV technology, this could add another layer to the global competitive environment. At a high level, we foresee Western OEMs accelerating their Level 3 autonomous platform timelines in order to get ahead of incremental competitive threats from Chinese OEMs.

This has the potential to accelerate Level 3 timelines globally and could create a Level 3 gold rush.

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Next, I wanted to talk a little bit about the strategic realignment we announced at the end of January.

As we have talked about in the past, with both the InnovizOne and InnovizTwo programs in the development stages, we had been running two parallel cost structures. But as the InnovizOne sensor and perception software shifted into series production late last year, much of that development work was completed.

With InnovizOne workstreams winding down, we initially re-allocated headcount towards development projects like the LiDAR-based Minimum Risk Maneuver, or MRM, software and the InnovizCore AI compute module. In discussing these technologies with customers, it became clear that most OEMs are hyper-focused on more mature solutions like the InnovizTwo sensor and perception software and bringing those technologies to market as soon as possible before focusing on other products.

With that in mind, we made the decision to concentrate the majority of our go-forward investment on the InnovizTwo sensor and perception software platform and bringing that to market with the rich RFI and RFQ pipeline that we already have.

We allocated as much of our staff as possible to InnovizTwo focused projects, but the transition offered an opportunity to trim some planned expenses to help reduce our burn and extend our cash runway.

As a result of these changes, roughly 13% of the company's headcount was reduced, along with some related OpEx and CapEx. The cost actions are expected to be fully completed by the end of the first quarter and are expected to reduce our planned cash outlays by \$22-24 million on an annualized basis.

We also used the transition as an opportunity to integrate our hardware and software development departments into one unified R&D unit, which had been running separately. The new combined group will be led by Avishay Moscovici, who has served as our head of software, reporting to me for the past several years. As part of that transition, Oren Buskila, our current Chief R&D Officer will be moving on to pursuing a new opportunity outside of the LiDAR industry. We thank him for his many years of service and wish him the best of luck.

Avishay has already begun his work on integrating the two departments and reorganizing the work streams in a more efficient way that allows for faster product development and simplified customer planning across both hardware and software.

This is not just a reorganization of a few teams, it's about entirely different workflows and processes aimed at positioning the company for rapid transformative growth across multiple customers. It's an important reset of our organizational structure that will allow us to serve a much larger number of clients in the coming years.

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One example of how we are focusing our go-forward investments on the InnovizTwo sensor and software platform includes a new slim design sub-variant the team developed.

We have a customer in the pipeline that is focused on going to market with a behind-the-windshield LiDAR solution. It would sit in the area around the rearview mirror. A deployment like this requires a very slim profile as there are already other sensors and technology in the same part of the car, and because it is easier to integrate it into the windshield due to the curve of the glass.

The customer is a top 10 global automaker with a potential for meaningful LiDAR volumes. So, the team worked hard to develop a hardware solution that could meet their strict physical requirements without sacrificing performance or requiring a meaningful re-engineering of the interior components. This part was critical from our perspective as we want to share as much of the interior engineering across customers as possible to reduce bespoke hardware work, driving volume-based costs lower and incremental margins higher.

It took some time to solve for, but ultimately there were several creative solutions that overcame the challenges. In the end, it resulted in a new exterior design that reduced the height of the sensor from 45mm to potentially as small as 25mm. The customer was impressed with our solution and we have continued to move forward in the bidding process.

And this work isn't specified to just one customer, we think it can be broadly relevant to future programs interested in behind the windshield or slim roofline LIDAR deployments where the new profile could be appropriate.

This is just one example of how concentrating our time, focus and investment and leveraging the strengths of the InnovizTwo platform can result in solutions with a broad market fit, an earlier potential payoff, and a likely higher overall return on investment.

And with that, I will turn the call over to Eldar to review our Q4 23 and 2023 financials.

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Thank you, Omer, and good morning, everyone.

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Starting with cash - we ended Q4 2023 with approximately one hundred and fifty million dollars (\$150M) in cash, bank deposits, marketable securities, and short-term restricted cash on the balance sheet.

The combination of strong revenues coupled with disciplined cost management led to the lowest quarterly cash burn in our history since becoming a public company. Cash used in operations and capital expenditures came in at roughly fourteen and a half million dollars (\$14.5M), which compares to prior trends in the twenty-seven to twenty-nine million dollar (\$27-29M) range. Needless to say, we were

excited with this outcome, and it demonstrates the impact that growing revenues coupled with cost management can have on the trajectory of cash line.

Looking to the income statement, revenues in Q4 2023 came in at fourteen point nine million dollars (\$14.9M), compared to Q3 2023 revenues of three point five million dollars (\$3.5M), delivering a 328% quarter over quarter increase.

On a year over year basis, it compared to Q4 2022 revenues of one point six million dollars (\$1.6M), delivering growth of nearly 850% year-over-year.

This led to full year 2023 revenues of twenty point nine million dollars (\$20.9M), well ahead of the high end of our guidance range, coming in at a very strong 245% year-over-year growth in revenues.

On the cost side, operating expenses for Q4 2023 were twenty-nine point five million dollars (\$29.5M), a decrease of 12% from thirty-three point five million dollars (\$33.5M) in Q4 2022. And on a full year basis, 2023 operating expense of one hundred and twenty-one million dollars (\$121M) came in roughly four million (\$4M) dollars lower than the full year of 2022, for a 3% decline.

This quarter's operating expenses included five point five million (\$5.5M) dollars of share-based compensation compared to five point three million \$5.3M) dollars in Q4 2022.

Research and development expenses for Q4 2023 were twenty-two point one million dollars (\$22.1M), a decrease from twenty-six point two million dollars (\$26.2M) in Q4 2022.

The quarter's R&D expenses included three point six million (\$3.6M) dollars attributable to share-based compensation compared to three point four million (\$3.4M) dollars in Q4 2022.

In conclusion, the financial performance in the fourth quarter and the full year 2023 was stellar. We exceeded our revenue targets all while controlling our cost and executing on critical milestones like our BMW SOP, and it led to a fourth quarter cash burn that was our lowest in history since becoming a public company.

Going forward, the strategic realignment shows a continued focus on the disciplined management of costs, which when coupled with continued revenue growth, has the potential to extend our cash runway through the remainder of the market share capture window.

And with that, I will turn the call back to Omer.

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Thank you Eldar. Looking back at 2023, I am proud to say that we have delivered on many accomplishments.

Our most meaningful progress was on the existing customer side.

With BMW we successfully managed the transition into full series production on the i7 with the InnovizOne, making us the only LiDAR pure play company with a Level 3 passenger car on the road, and for InnovizTwo we initiated the B-sample work we announced in August, which we expect to be the foundation for an expansion of additional development work packages.

On the Volkswagen side, we disclosed a second program with the ID. Buzz, and we made meaningful progress on securing one to two additional programs that we think we can get over the finish line in 2024.

As a reminder, the ID Buzz is incremental to the Volkswagen award that we announced in 2022, and the additional 1-2 programs that we hope to convert soon could be meaningfully incremental to our existing Volkswagen volumes.

Growing our contracted production volumes is our #1 goal. We are indifferent where the volumes come from, whether it's from an existing customer or a new customer. Each brings its own benefits. Additional volumes and NRE service revenues with an existing customer can require less incremental work and relationship management, along with other synergies, resulting in a stronger margin profile over time. And volumes with new customers can offer entry points for new growth and additional vehicles and platforms down the road in addition to locking up incremental market share. Volume from either source helps absorb our fixed costs and brings us closer to being breakeven and ultimately free cash flow positive.

2023 was very productive in terms of growing our relationships with new customers, and while we made meaningful progress particularly on the RFQ side of our pipeline, we did not reach signed series production awards with new customers before the end of 2023, though we hope to convert them in 2024.

Out of the 10-15 programs in the pipeline and the roughly half that are in the more advanced RFQ stage we had three programs in particular with new customers that were further along than others and were planned to make a decision by year-end. Two of the programs are for a global deployment of Level 3 vehicles. Those program's decision timeline have been pushed into 2024, and we remain very active on the programs in an advanced RFQ process that we believe includes only a few final players. We remain confident that we have a strong position in these RFQs and that we have good odds of converting them into a production award.

One of the three programs was targeting a global deployment of LiDAR-enabled Level 2 vehicles. Very late in the year the customer pivoted the program to be a China-only vehicle and is now exploring a separate global Level 3 program for a different vehicle at a different date. We were not the natural choice for a China-only, basic Level 2 deployment, and the award went to a local Chinese player. But through the process we have built a solid relationship with the customer, and they appreciate and respect our technology, and we are expecting the RFI process for the new global Level 3 vehicle in the coming months.

While the revised China-only RFQ has moved out of the pipeline, we had two new RFIs from major global OEMs come in, resulting in a net positive gain of one program, and leaving the pipeline still in the range of 10-15 programs with roughly half still in the RFQ process.

As for the NRE bookings... while we were able to secure roughly \$12 million of new bookings, having the new customer program decisions move into 2024 made it difficult for us to hit our 2023 target. But similar to our new customer targets, we simply view these metrics as pushed out. We rolled this target over into the 2024 outlook, where we are confident that we can meet and ideally exceed it. There are many deals on the table, and we believe that we are in a strong position to bring at least several of them over the finish line.

For the cash collection target, two of the payments planned for December 2023 for work completed in 2023 came in a few weeks later, arriving in early 2024. These late payments would have pushed us towards the midpoint of the guidance range.

On the revenue side, 2023 was very strong. Full year revenues of nearly \$21M were up 246% year-over-year, and even with raising guidance mid-year, we came in above the high end of the guidance range. We accomplished that through a combination of production revenues, sample shipments and NRE service revenues.

And while customer decision timelines, which are outside of our control, didn't conclude before year-end, I feel like the outperformance on the revenue line is a proof point of our desire to build a longer-term track record of under-promising and over-delivering.

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Based on the conversations we are having with customers, OEMs are still very much focused on making autonomy a reality. In fact, we are seeing a shift in OEM priorities away from electrification and towards autonomy. OEMs know that consumers are increasingly buying cars based on technology, not horsepower, and market share trends will be awarded to those that are on the cutting edge. With the EV revolution stalling, OEMs are eager to pivot to the next big mega trend, and there appears to be a growing consensus that it will revolve around Level 2+ and Level 3 autonomy.

On the competitive side, we are seeing other LiDAR players struggling with their technology and SOP timelines. Meanwhile, their customers see the progress that's occurring with Innoviz at BMW and Volkswagen. As a reminder, the ID. Buzz was a competitive conquest win. Looking forward to 2024 and beyond, we believe there could be additional opportunities for conquests.

For 2024, we are simplifying our guidance structure to three metrics. Since much of the activity that we expected to conclude in late 2023 is still ongoing and very active, we are essentially rolling over those targets into 2024. If the scope of activity that we think is possible plays out, we are confident that they will prove conservative, and we could have the ability to raise them during the year as we did with revenues during 2023.

On the customer front, we expect two to three additional programs, from both existing and new customers. On the NRE service revenue side, we expect that will translate into \$20-70 million of new NRE bookings in 2024.

For revenue, we are going to revert to quarterly guidance. Last year was the first year we gave annual guidance and it was a little premature for where our business is. There are many factors that can influence full year numbers, including lumpy NRE income that may be recognized as either revenue or as a contra-expense to R&D depending on the accounting treatment, which is difficult to know in advance at the beginning of the year. It is also difficult to know in advance what take rates on the i7 in Germany might look like and the timeline for adding additional vehicles or additional geographies, such as the 5 Series in China, to the InnvoizOne deployment.

We saw how this played out in 2023, we initially set the bar too low at \$12-15M, then we raised it to \$15-20M and even that proved conservative by year end. We don't want to set the bar too high, but we also don't want to set it too low, and we feel like quarterly guidance will ultimately be a more prudent and accurate way to approach revenue targets at this point.

With this in mind, we are targeting first quarter 2024 revenue of \$5 to \$6 million, which would be up roughly 400 to 500% year-over-year. Similar to 2023, we expect revenues to be more back half weighted based on seasonality, channel fill, and customer activity.

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All in all, we are off to another exciting year in 2024. We are extremely busy pursuing additional programs with both new and existing customers, and we know that we have a lot to deliver on. We are also ramping up our work towards the InnovizTwo SOP, which is right around the corner.

We are already deep into the first quarter of 2024, and to be ready for 2026 shipments, we are preparing the InnovizTwo product roadmap and production capacity to be ready for late 2025. This will be here sooner than you expect.

This is obviously important for our existing customers, but it also gives us a critical competitive advantage that's becoming a point of increasing focus in our conversations with new customers. Even though OEM decisions are moving slower than planned, their SOP timelines mostly have not changed. We have multiple RFQs that are still working towards 2026 and 2027 SOP targets. And for those OEMs, engaging with a LiDAR supplier where the wheels are already in motion to be ready for production in late 2025 is a significant advantage.

We also have the benefit of our contract manufacturing strategy. This allows us to be infinitely flexible if additional awards come in. We can rapidly ramp up new lines at our manufacturing partner in any region of the world that a customer would want to produce, without the distraction, delay or capital requirements of building our own factories. The capital needs would be minimal and the pace at which we could deploy capacity would be substantial.

We are in a great position heading into 2024, and I am confident that we will have a lot more to talk about in the coming quarters.

With that, operator, please turn it over to Q&A.