

Valens Semiconductor

NYSE: VLN

Bull case, bear case, quant rating, and where the puts are

PRICE	\$1.72 at the 23 July 2026 close · 100 shares = \$172 Quoted around \$1.74 as this went to press.
WHAT IT DOES	Makes the chips that push high-bandwidth video and data down long, cheap, thin cable — in conference rooms and lecture halls, and in cars, connecting the cameras and radar that driver-assistance systems depend on.
QUANT RATING	BEAR — 89.7% probability of remaining in the Bear regime. Good statistical confidence: 753 sessions, 480 backtested trades. See §4.
TIMING SCORE	−3 of −3 — price, momentum and volume all low. Conditions favour selling puts. See §3.
KEY DATE	Wednesday 12 August, 8:30 a.m. ET — Q2 2026 results. This falls <i>inside</i> the August expiry and changes how you should choose one. See §6.
PREREQUISITE	Document 1 — Selling Cash-Secured Puts. This report assumes you have read it.

THE ONE-PARAGRAPH VERDICT **LIQUID ENOUGH TO TRADE**

Valens is a real business — \$70.7M of revenue at 62% gross margins, shipping into Mercedes-Benz and Barco — priced as though it were failing. It holds **\$86M of cash against a \$187M market capitalisation**, so 42% of the share price is cash in the bank, and it spent **\$24M buying back its own stock last year**. Its options are genuinely liquid, with 1,700 to 3,200 contracts of open interest on the strikes that matter. The offsetting facts are real too: it loses money, grows at a third of the industry rate, insiders have sold 19 times and bought zero, and the quant model says the downtrend has staying power. Of the companies covered in this series, this is the one where the numbers support taking a position rather than a lottery ticket.

Research and education, not investment advice. All figures are a snapshot taken after the 23 July 2026 close and will be stale by the next session. Nothing here is a recommendation to buy or sell. See §9 for method, sources and full disclaimer.

1 · What the company actually does

1.1 The problem it solves

High-resolution video is enormous. Sending it more than a few metres normally requires thick, expensive, heavily shielded cable — and the signal still degrades. Valens makes the chips that push very high-bandwidth video and data over **long, cheap, thin, ordinary cable** without losing anything. One chip at each end does the work that heavy cabling otherwise would.

1.2 Two businesses

1. **Audio-video — the established business.** Valens invented and licenses **HDBaseT**, the standard used to send video across buildings: conference rooms, lecture halls, stadiums, hospitals, medical imaging, industrial machine vision. If you have sat in a meeting room where the screen is a long way from the computer driving it, there is a fair chance this technology was in the wall. In June 2026 **Barco**, a major professional-AV manufacturer, launched a ClickShare USB-C extension product built on Valens chips.
2. **Cars — the growth business.** A modern car with driver assistance carries many cameras and radar units, all streaming data to a central computer in real time, over thin cheap wire, while the car vibrates and the temperature swings between freezing and baking — and it cannot drop a single frame, because the car brakes based on that data. This is a genuinely hard engineering problem, and it is the one Valens sells into. **Mercedes-Benz** is the anchor customer today.

1.3 The part that could re-rate the stock

Historically every chipmaker's automotive connectivity was proprietary: pick a supplier, get locked in. The industry responded by creating an open standard called **MIPI A-PHY** so carmakers can mix suppliers freely. Valens' **VA7000** was the **first chipset on the market** to comply with it, and management has demonstrated the first three-company interoperable connection — the practical proof that the open standard actually works in the field.

Being first on an open standard that an entire industry is migrating toward is a strong position. The important detail for anyone reading the share price: management has been explicit that A-PHY design wins convert to **revenue in 2027**, not 2026. So today's price is not paying for it.

1.4 The company in numbers

TABLE 1 — VLN AT A GLANCE, 23 JULY 2026

ITEM	VALUE	COMMENT
Share price	\$1.72	100 shares = \$172
Market capitalisation	\$186.8M	
Shares outstanding	108.3M	
Revenue, trailing twelve months	\$70.7M	A real, substantial business
Gross margin	62.2%	Excellent — typical of good chip design
Net loss, FY2025	−\$31.6M	Improved from −\$36.6M in FY2024
Cash & short-term deposits	\$86.1M	At 31 March 2026
Total debt	\$8.0M	Trivial relative to cash
Net cash	\$78.1M	42% of the entire market cap
Net cash per share	\$0.72	Out of a \$1.72 share price
Enterprise value	\$108.6M	What you pay for the business itself
EV / Sales	1.54×	Distressed multiple for a 62%-margin chip company
52-week range	\$1.10 – \$3.71	24% up the range; 54% off the high

2 · Reading this stock day to day

This is the section to come back to. It shows twelve sessions of real data with the timing score from Document 1 §6 computed for every day, so you can watch how the score moves and learn which input carries the information.

The setup, in the author's words

The institutions are **stormtroopers** — big, slow, and they cannot be bothered with a company this small. You are a **Jedi**: quick, patient, and answerable to nobody. That is the edge, and it only works if you use it.

Trade what you know, not what you think. You do not know where this goes next week. You *do* know today's price and today's volume. When both are as low as you have seen them and the business is stronger than it was, that is the moment — so get *paid* to buy it cheap instead of YOLOing your cash into shares at the market. Think like a market maker, not a mark.

At \$1.72 this is squarely put-selling territory: about \$150-\$200 secures one contract. Keep selling them while it is down here. If it works its way back over \$3-\$4, you want to already own the shares and be selling covered calls on the other side.

Full version: Document 1, "Stormtroopers and Jedi."

2.1 The last twelve sessions, scored

TABLE 2 — VLN DAILY TAPE WITH TIMING SCORE, 8-23 JULY 2026

DATE	CLOSE	VOLUME	20-DAY AVG PRICE	RSI	%B	REL. VOL	PRICE	MOM.	VOL.	SCORE
Wed 08 Jul	\$2.04	1,097,000	\$2.18	42.0	0.25	0.68	−1	−1	−1	−3
Thu 09 Jul	\$2.09	714,000	\$2.17	43.8	0.35	0.44	0	−1	−1	−2
Fri 10 Jul	\$2.08	637,900	\$2.17	43.5	0.33	0.43	0	0	−1	−1
Mon 13 Jul	\$1.97	1,116,800	\$2.16	40.3	0.17	0.84	−1	−1	0	−2
Tue 14 Jul	\$2.02	784,500	\$2.15	42.4	0.28	0.60	−1	0	−1	−2
Wed 15 Jul	\$1.93	1,086,300	\$2.12	39.7	0.14	0.90	−1	−1	0	−2
Thu 16 Jul	\$1.73	1,959,500	\$2.09	34.4	−0.10	1.77	−1	−1	+1	−1
Fri 17 Jul	\$1.71	1,262,600	\$2.07	33.9	−0.03	1.09	−1	−1	0	−2
Mon 20 Jul	\$1.66	1,121,200	\$2.03	32.7	−0.05	1.01	−1	−1	0	−2
Tue 21 Jul	\$1.77	1,102,700	\$2.00	38.0	0.16	0.99	−1	−1	0	−2
Wed 22 Jul	\$1.77	548,700	\$1.98	38.0	0.19	0.50	−1	−1	−1	−3
Thu 23 Jul	\$1.72	559,072	\$1.97	36.5	0.16	0.54	−1	−1	−1	−3

Relative volume is measured against the trailing 10-session average — the strictest test. Against the 30-session average today's reading is **0.30**; against the 3-month average, 0.16. Low on every basis.

2.2 What this table teaches

- Volume is the input doing the work.** Price and momentum sat at −1 for almost the whole window. Every change in the total score came from the volume column. This is the practical demonstration of Document 1 §6.4.
- Look at 16 July.** Volume hit **1.77×** normal and the score rose to −1 — the framework's way of saying *stand aside*. That day the stock fell 10.4%, its worst of the window. High volume meant real sellers, and the framework kept you out of it.
- Now look at the last two sessions.** Volume roughly halved to 548,700 and 559,072, and the price barely moved — \$1.77, \$1.72. The sellers have gone quiet. Score back to −3.
- The wider pattern.** Over the twelve sessions the stock fell from \$2.04 to \$1.72, but almost the entire decline happened on 16 July. Take that one high-volume day out and the stock is roughly flat. That is what a low-conviction drift looks like, and it is the condition the framework is built to identify.

2.3 Your daily card for this specific stock

VLN · sixty-second daily check

STEP	WHERE TO FIND IT	SELL PUTS IF	SELL CALLS IF
1. Volume	Yahoo quote page: "Volume" ÷ "Avg. Volume"	Under 0.8	Over 1.3
2. Price	Is it below the 20-day moving average?	Below ~\$1.97	Above ~\$1.97
3. Momentum	RSI(14) on any free chart	Under 45	Over 60

Add the three scores. –2 or lower → sell puts. +2 or higher → sell calls. Anything between → do nothing.

The \$1.97 figure is today's 20-day average and it drifts daily — look it up rather than memorising it. Key levels: support at **\$1.62**, resistance at **\$2.38**. **And check the earnings date** — the next one is 12 August.

2.4 Today's full technical picture

TABLE 3 — VLN INDICATORS, 23 JULY 2026 CLOSE

INDICATOR	VALUE	READING
Close / previous close	\$1.72 / \$1.77	–2.82% on the day
Session open / high / low	1.71 / 1.79 / 1.71	Closed at the low end
After-hours bid / ask / last	\$1.73 / \$1.75 / \$1.75	Bid up after the bell on a tight 2c spread
Volume vs 30-session average	559,072 / 1,845,520	Relative volume 0.30
20-day / 50-day average	\$1.969 / \$2.432	12.6% and 29.3% below
RSI (14)	36.5	Weak, not yet deeply oversold
MACD / signal	–0.168 / –0.154	Below signal, but the gap is narrowing
ADX / DI+ / DI–	23.9 / 15.6 / 29.3	ADX under 25 — the downtrend is losing structure
Bollinger %B	0.15	Near the bottom of its band
ATR (14)	\$0.175	Typical daily range is 10.2% of the price
Support / resistance	\$1.62 / \$2.38	Support is 6% below
Implied volatility rank	98	Options near their most expensive in a year
Implied vs realised volatility	194% vs 83%	The single largest edge in this series — see §6.2

3 · Timing score: −3 of −3

TABLE 4 — TODAY'S SCORE IN DETAIL

INPUT	EVIDENCE	SCORE
Price	Bollinger %B 0.15 (under 0.30); \$1.72 against a 20-day average of \$1.97 and a 50-day of \$2.43	−1
Momentum	RSI 36.5 (under 45); MACD −0.168 below its signal of −0.154; DI− 29.3 versus DI+ 15.6	−1
Volume	559,072 traded. Relative volume 0.54 against 10 sessions, 0.30 against 30, 0.16 against 3 months — under 0.8 on every basis	−1
Total — conditions favour selling puts		−3

One nuance worth noticing: VLN's ADX of 23.9 sits *below* the conventional 25 threshold that marks an organised trend, and its MACD histogram is −0.013 and flattening. Both suggest a downtrend running out of structure rather than accelerating — mildly supportive of selling puts here, and a meaningful difference from the company in Document 2, whose ADX of 29.4 indicates a downtrend still firmly intact.

4 · Quant rating: **BEAR**

The timing framework describes *conditions*. This is a separate, independent model that classifies the stock's *regime*. It is deterministic mathematics, not opinion — and unlike Document 2, here there is enough history to validate it.

VLN · Quant rating — BEAR				
CURRENT REGIME Bear	20-DAY RETURN −14.9%	HISTORY AVAILABLE 753 sessions		
PROBABILITY		BEAR	SIDEWAYS	BULL
Tomorrow, given today is Bear		89.7%	9.7%	0.6%
Long-run share of all days		45.6%	23.6%	30.8%
State persistence: Bear 89.7% · Sideways 69.7% · Bull 89.5%. All three states are sticky — this stock trends and stays trending.				
Walk-forward validation: 480 out-of-sample trades, Sharpe −0.36, maximum drawdown −89.2%. The model ran properly here, and the result is a warning about the model rather than the stock — see below.				

4.1 Reading the rating

- **BEAR, and the stickiest reading in this series.** An 89.7% chance of another Bear day and a 0.6% chance of a Bull day tomorrow. The model is emphatically not calling a bottom.
- **The gap tells the more interesting story.** Tomorrow's Bull probability is **0.6%** against a long-run Bull share of **30.8%** — a 30-point gap. The stock is currently far more loaded to the

downside than its own history says is normal. Mean reversion is the eventual base case; it is emphatically not this week's.

- **Be careful how you use the negative Sharpe.** A walk-forward Sharpe of -0.36 across 480 trades means that *trading this regime signal directly* would have lost money historically, with a brutal -89% drawdown. This does not mean the stock is doomed. It means **this signal has been a poor timing tool on this particular stock**, and it is a reason to hold the rating with lower conviction — not a reason to invert it.

TWO MODELS, TWO ANSWERS — AND THE CORRECT RESPONSE

The timing framework says **-3: the strongest possible sell-puts signal**. The quant model says **Bear with 89.7% persistence: expect further weakness**.

They answer different questions. The timing score says premium is generous and sellers are exhausted; the regime model says the trend is still down. The synthesis is **sell puts, but below the price and in modest size** — collecting premium and treating assignment as an acceptable outcome, rather than betting on a bounce. That is exactly how the strikes in \$6 were selected. When independent models disagree, reduce size rather than picking a winner.

5 · The case for and against

5.1 The bull case

A. YOU ARE BUYING THE BUSINESS FOR VERY LITTLE ABOVE THE CASH

TABLE 5 — WHAT YOU ACTUALLY PAY FOR THE OPERATING BUSINESS

ITEM	TOTAL	PER SHARE
Market capitalisation	\$186.8M	\$1.72
less: cash & short-term deposits	\$86.1M	\$0.795
plus: total debt	\$8.0M	\$0.074
Enterprise value — the business itself	\$108.6M	\$1.00
Revenue (trailing twelve months)	\$70.7M	\$0.653
Gross profit	\$44.1M	\$0.407
EV / Sales	1.54x	—

Forty-two percent of the share price is net cash. Strip it out and you pay \$1.00 per share for a business generating \$0.65 per share of revenue at 62% gross margins. For a fabless chip company with shipping design wins at Mercedes and Barco, 1.5× enterprise value to sales is a distressed multiple.

The relevance to this strategy is direct: sell the \$1.50 put, get assigned at a \$1.30 breakeven, and you have paid roughly **\$0.58 per share above net cash** for that revenue stream — under 0.9× EV/sales at your cost. Sell the November \$1.50 and get assigned at \$1.00, and you have paid about **\$0.28 above net cash**. This is the core of the case and it is arithmetic, not narrative.

B. MANAGEMENT BOUGHT BACK \$24 MILLION OF ITS OWN STOCK LAST YEAR

This is the fact that most changed my reading of the balance sheet. Cash fell from \$131.0M at the end of 2024 to \$92.6M at the end of 2025 — a \$38.4M decline that looks alarming until you break it down:

USE OF CASH IN 2025	AMOUNT	CHARACTER
Share repurchases	\$24.0M	Discretionary — returns capital, can be stopped instantly
Operations	\$14.4M	The genuine burn

So the company is **not burning \$38M a year**. It burns roughly \$14M on operations and *chose* to return \$24M to shareholders — about **13% of its entire current market capitalisation** — under programmes of \$10M (November 2024) and \$15M (February 2025). On the operating burn alone the \$86M cash pile funds roughly six years, comfortably past the 2027 A-PHY ramp. And buying back stock while it trades below the value of the cash on hand is accretive to everyone who stays.

C. REVENUE IS RECOVERING, AND THE LAST QUARTER BEAT ON EVERY LINE

TABLE 6 — REVENUE AND PROFITABILITY HISTORY

FINANCIAL YEAR	REVENUE	GROSS PROFIT	R&D	NET LOSS
2022	\$90.7M	\$63.4M	\$58.2M	-\$27.7M
2023	\$84.2M	\$52.6M	\$48.2M	-\$19.7M
2024	\$57.9M	\$34.3M	\$40.5M	-\$36.6M
2025	\$70.6M	\$44.1M	\$42.7M	-\$31.6M

Revenue collapsed 31% in 2024 and recovered 22% in 2025. That is the shape of the whole investment case: a cyclical trough followed by a recovery that is under way but not complete. Q1 2026 continued it — **revenue \$16.9M above the top of guidance, gross margin 62.2% above the guided range, and an adjusted EBITDA loss of \$5.5M that was smaller than expected.** The stock rose 18% on that print.

- Q2 2026 guidance: revenue **\$17.2-17.6M**, gross margin **60-62%**, adjusted EBITDA loss \$1.9-4.4M.
- Full-year 2026 guidance **reaffirmed at \$75-77M** — which requires a real second-half step-up, and is the number the 12 August call will be judged on.

D. THE LOSSES ARE R&D, NOT OVERHEAD

Look again at Table 6. In 2025 the company earned \$44.1M of gross profit and spent **\$42.7M on research and development** — 60% of revenue. That single line explains virtually the entire loss. This is a company deliberately spending its gross profit on building the next product generation rather than harvesting the current one.

You can read that either way, and both readings are legitimate. But it is a fundamentally different kind of loss from a company whose expenses are overhead and stock compensation — and it is a direct contrast with the company in Document 2, where R&D was *ten percent* of operating expenses. If the A-PHY ramp lands in 2027, this spending is the reason.

E. TWO OF THE MOST ACCURATE SEMICONDUCTOR ANALYSTS ON WALL STREET ARE AT \$4.00

TABLE 7 — ANALYST COVERAGE AND COVERING-ANALYST TRACK RECORDS

FIRM	ANALYST	RATING	TARGET	TRACK RECORD
Needham & Co.	N. Quinn Bolton	Buy	\$4.00 raised from \$3.00, 13 May 2026	TipRanks #42 of 10,088 analysts. 59% success rate (297 of 505 calls), +37.7% average return . Ranked #3 overall in 2023.
Oppenheimer	Rick Schafer	Buy	\$4.00	TipRanks #6 of 7,945 analysts. 73-74% success rate, +27% average return . Also covers NVDA, AVGO, TXN, ADI.
S&P Global poll	3 analysts	Strong Buy	\$4.33 avg	Range \$4.00–5.00. Consensus target rose 8.3% after the Q1 beat; FY26 loss-per-share forecast improved to –\$0.28 from –\$0.36.
Weiss Ratings	quantitative model	Sell (D–)	—	Model-driven, reiterated 20 July 2026. Weights current profitability heavily — it is measuring the losses, not the balance sheet or the 2027 pipeline.

This is the clearest differentiator from Document 2. Bolton and Schafer are among the most accurate semiconductor analysts tracked anywhere, they cover Valens with no financing relationship to it, and both sit at **\$4.00 against a \$1.72 price** — 133% above. Their targets have been wrong on *timing*; the stock has fallen 29% from its 50-day average since. But the thesis they underwrite is a 2027 event and that clock has not run out.

F. NAMED DESIGN WINS AND A PERMANENT CFO

- **16 June 2026** — Barco's ClickShare USB-C Extension Over CAT Kit ships on Valens HDBaseT chipsets. A named, shipping, blue-chip win in the segment that had been the weak spot.
- **22 June 2026** — Karine Pinto-Flomenboim appointed Chief Financial Officer, removing an overhang ahead of a guidance-critical second half.
- Automotive demand remains anchored by **Mercedes-Benz**.

5.2 The bear case

A. IT HAS NEVER MADE MONEY, AND THE DEFICIT IS LARGE

Accumulated losses since inception total **–\$245.5M**. The company has lost money every year shown in Table 6. Shareholders' equity fell from \$142.7M to \$105.0M during 2025. A recovery in revenue is not the same as profitability, and nothing in current guidance implies it arrives soon.

B. GROWTH BADLY LAGS THE INDUSTRY

Consensus 2026 revenue of \$75.6M is roughly **7% growth**, and the forward annualised rate is about 9.4%, against a semiconductor industry running near **22%**. Over five years revenue has *declined* 1.4% annually. This is a recovery story, not a growth story, and it should not be valued as one.

C. INSIDER SELLING IS ENTIRELY ONE-DIRECTIONAL

Nineteen insider sells and zero insider buys over the tracked period. The most recent: Haine Rozenberg, VP of Finance, sold 1,458 shares on **20 July 2026** — three days before this report —

leaving 143,817. Moshe Lichtman filed a Form 144 for 3,750 shares on 14 July, after an identical sale in April. Individually these are small, routine, share-settlement-shaped transactions. Collectively, the complete absence of a single open-market purchase during a 54% decline from the high is a real signal.

D. INSTITUTIONS ARE REDUCING

48 institutional holders own 39.1M shares, but institutional ownership fell to **38.02%, down 3.88 percentage points quarter-over-quarter**. The holder list is high quality — Value Base, IGP Investments, Clal Insurance, Marshall Wace, Ameriprise, **ARK Investment Management**, Renaissance Technologies, Meitav Dash, Herald Investment Management, Squarepoint — but the aggregate direction is out, not in.

E. A SPECIFIC, DATED BEAR THESIS

A 13 May 2026 Seeking Alpha note downgraded the stock to Sell, arguing stagnant Q1 revenue, a declining Cross-Industry segment and **losses persisting through 2028**. Q2 guidance of \$17.2–17.6M against Q1's \$16.9M is a 2–4% sequential move, which does not refute that argument.

F. CUSTOMER CONCENTRATION

Automotive revenue is anchored on **Mercedes-Benz**. A single anchor customer in a cyclical industry is a concentrated risk, and it is the reason an A-PHY design win with a *different* carmaker would matter so much (see §7).

G. THE 2027 STORY REQUIRES PATIENCE YOU MAY NOT HAVE

Management has been clear that A-PHY revenue arrives in 2027. That is potentially six more quarters of losses, guidance risk and insider selling before the thesis is testable. The quant model in §4 says the downtrend is 89.7% likely to persist tomorrow. Being right eventually is not the same as being right in time for a 29-day option.

5.3 Weighing it

Valens is a genuinely cheap, genuinely unprofitable business with a strong balance sheet and a credible but distant catalyst. The bull case rests on arithmetic you can verify — cash per share, gross margin, EV/sales, buyback size. The bear case rests on the possibility that the recovery stalls and the 2027 ramp disappoints, during which time the company keeps losing \$30M a year.

For a put seller specifically, that balance is favourable in a way it is not for a buyer of shares: you do not need the stock to rise. You need it to stay above your strike, or to be somewhere you are content to own it. With \$0.72 per share of net cash beneath you, the strikes in §6 sit at prices where the downside is cushioned by something real.

6 · Where to sell the puts

6.1 The chain, with freshness checks

TABLE 8 — VLN PUTS · IMPLIED VOLATILITY SOLVED AT BID, MID AND ASK

EXPIRY	DAYS	STRIKE	BID	ASK	IV @BID	IV @MID	DELTA	BREAKEVEN	OPEN INT.	LAST TRADED
21 Aug	29	\$1.50	0.10	0.40	107%	197%	−0.30	\$1.25	1,736	Today 1:09pm · 148 ct @ \$0.20
21 Aug	29	\$2.00	0.40	0.60	115%	168%	−0.53	\$1.50	1,834	Today 2:58pm · 11 ct @ \$0.50
21 Aug	29	\$2.50	0.80	1.15	102%	215%	−0.62	\$1.52	1,315	Today 11:35am · 5 ct @ \$0.93
18 Sep	57	\$1.50	0.00	0.95	—	239%	−0.27	\$1.02	6	17 Jul
20 Nov	120	\$1.50	0.15	0.90	69%	183%	−0.25	\$0.97	227	21 Jul · 6 ct @ \$0.47
20 Nov	120	\$2.00	0.65	1.00	124%	170%	−0.36	\$1.18	381	29 Jun · nearly a month
20 Nov	120	\$2.50	0.85	1.35	76%	143%	−0.51	\$1.40	3,236	16 Jul

6.2 The volatility edge, and how much of it is real

VLN's chain prices at-the-money implied volatility at **194%** against **83% realised**. A 111-point gap is a large edge for a premium seller — *if* it is real. Part of it is not, and the bid/mid/ask columns in Table 8 show why.

- **The IV-at-bid column is the honest floor.** Sell at the bid and you realise 100–125% volatility, not 194%. Still above the 83% the stock actually delivers — so the edge survives — but it is a 20-to-40-point edge, not a 111-point one. Between the mid and the ask is where this becomes genuinely good.
- **Check what actually traded.** The August \$1.50 printed 148 contracts today at **\$0.20**, implying 167% — not the 197% the midpoint suggests. That \$0.20 is the realistic fill level. The August \$2.00 printed at exactly its \$0.50 midpoint, making it the one strike where the mid is demonstrably real.
- **Ignore the stale quotes.** The November \$2.00 has not traded since **29 June**. Its \$0.65 / \$1.00 quote is a market-maker placeholder and any implied volatility from it is fiction. The September \$1.50 has 6 contracts of open interest — ignore it entirely despite a tempting midpoint.

EARNINGS: 12 AUGUST, INSIDE THE AUGUST EXPIRY

Valens reports Q2 results on **Wednesday 12 August at 8:30 a.m. ET** — nine days before the 21 August expiry. A material part of the fat August premium exists *because* of that event. This is the check described in Document 1 §4.3, and here is how to act on it:

If you want the premium and accept the risk: sell an August strike. You are being paid well for a real risk. A miss on the second-half step-up the \$75–77M guide requires would take these strikes in the money quickly.

If you would rather not gamble on a single morning: sell the November \$1.50 instead. It clears the August print entirely, still solves to 183% implied volatility at the mid, and gives a \$0.97 breakeven. For a first position, this is the more sensible choice.

6.3 Three constructions, ranked

#1 · SELL 21 Aug 2026 \$1.50 PUT · limit \$0.25 GTC

the balanced choice · per contract

CASH REQUIRED	PREMIUM IF FILLED	COST IF ASSIGNED	DELTA / ANNUALISED
\$150	\$25	\$1.25	−0.30 / 210%

Why this strike. 1,736 contracts of open interest means you can actually get out — the single most important practical quality in a small-cap option. The strike sits 12.8% below the price and \$0.12 below the \$1.62 support shelf. At a \$1.25 cost you would own the business at roughly 0.8× EV/sales with \$0.72 per share of net cash underneath you. Delta −0.30 is squarely in the beginner zone from Document 1 §4.2.

How to work the order. Ask \$0.40, mid \$0.25, bid \$0.10 — but it traded 148 times today at **\$0.20**, which is the real clearing level. Post **\$0.25** and you are asking above where it clears; **\$0.20 is a realistic fill** and still a genuine edge over 83% realised volatility. **Below \$0.15 you are giving away the earnings premium for nothing.**

The catch. Earnings on 12 August, inside this expiry.

#2 · SELL 20 Nov 2026 \$1.50 PUT · limit \$0.50 GTC

the conservative choice · per contract

CASH REQUIRED	PREMIUM IF FILLED	COST IF ASSIGNED	DELTA / ANNUALISED
\$150	\$50	\$1.00	−0.25 / 101%

Why this strike. The clean expiry. 120 days clears the August earnings print, captures the Q3 report as well, and reaches the early A-PHY news window. A **\$1.00 breakeven is just \$0.28 above the net cash per share** — assigned there, you would be paying almost nothing for \$70M of revenue at 62% margins. Delta −0.25, the lowest assignment probability of the three.

How to work the order. Bid \$0.15 against ask \$0.90 is a brutal spread, but the contract last printed at **\$0.47 on 21 July**, which anchors fair value far closer to the mid than the bid. Post **\$0.50** and be patient. Below \$0.35 the edge is gone.

The catch. 120 days is well beyond the 21–45 day window where decay works hardest, so your money is committed a long time for slow income. Open interest of 227 is adequate but not deep. Treat it as a hold-to-expiry position. **For a first-ever cash-secured put, this is the one I would point a beginner toward** — it removes the single largest uncontrolled variable, which is the earnings date.

#3 · SELL 21 Aug 2026 \$2.00 PUT · limit \$0.50 GTC

the "I want the shares" choice · per contract

CASH REQUIRED
\$200**PREMIUM IF FILLED**
\$50**COST IF ASSIGNED**
\$1.50**DELTA / ANNUALISED**
−0.53 / 315%

Why this strike. This is the aggressive construction the −3 score technically licenses. The strike is already \$0.28 above the current price, so **assignment is the base case, not the risk case** — treat this as a way of buying shares at a discount rather than as an income trade. A \$1.50 cost is 13% below spot and sits almost exactly on the \$1.62-to-\$1.50 support zone. 1,834 contracts of open interest and the tightest spread on the board.

How to work the order. Post **\$0.50** — the midpoint, and the one strike on the board where the mid is demonstrably real, since it printed there today at 2:58 p.m. Below \$0.45 there is no reason to take it.

The catch. Delta −0.53 is roughly a coin flip on owning 100 shares through an earnings report. Only take this if you have read \$5 and are content holding Valens into 2027 — which, given that the A-PHY revenue is a 2027 event, is the honest premise of the entire bull case. **Not a beginner's first trade.**

TABLE 9 — THE THREE SIDE BY SIDE

#	CONSTRUCTION	CASH	PREMIUM	BREAKEVEN	ASSIGNMENT ODDS	EARNINGS RISK	SUITS
1	Aug \$1.50	\$150	\$25	\$1.25	~30%	Yes	Balanced — income first
2	Nov \$1.50	\$150	\$50	\$1.00	~25%	No	Beginners; lowest risk
3	Aug \$2.00	\$200	\$50	\$1.50	~53%	Yes	Wanting the shares

6.4 Covered calls — not yet

If assigned, the wheel continues with a covered call — but **not at today's score**. A covered call wants a timing score of +2 or better and VLN is at −3. Selling calls into a stock 54% off its high caps your recovery at the worst possible moment. Wait for relative volume above 1.3, RSI above 60, and price above the 20-day average. Your strike must also clear your real cost basis: assigned at \$1.25, the \$2.50 call is the first sensible candidate, and it carries 6,026 contracts of open interest.

7 · What would change the thesis

TABLE 10 — TRIGGER LIST

WATCH FOR	INTERPRETATION
12 August: Q2 revenue below \$17.2M, or the full-year guide cut from \$75–77M	Thesis breaks. The second-half step-up is the entire 2026 case.
Gross margin falling below the 60% floor	A pricing-power question. The cheap-EV argument depends on 62% margins holding.
A named A-PHY production design win with an OEM other than Mercedes	De-risks the 2027 case and the customer concentration in one announcement. The most important thing that could happen.
Any insider buying on the open market, or ARK/Renaissance adding on the next 13F	The first confirming signal in a year.
A new or expanded buyback authorisation	Management signalling the stock is cheap with its own balance sheet.
Buybacks suspended and operating burn rising above \$20M a year	Would materially shorten the runway and remove a support for the shares.
Relative volume sustained above 1.3 on an up day with RSI recovering through 60	Timing score flips positive — stop selling puts; consider calls if you hold shares.

8 · Risks specific to this stock

It loses money and has always lost money. \$245.5M of accumulated deficit. Cheap on assets is not the same as safe.

The catalyst is in 2027. You may be waiting six quarters through losses, guidance risk and continued insider selling before the central thesis is even testable.

One anchor automotive customer. Mercedes-Benz concentration is a real risk in a cyclical industry.

Earnings on 12 August sits inside the August expiry. Do not sell an August strike without making that choice deliberately.

The quant model says the downtrend is 89.7% likely to continue tomorrow. This position is premium collection with a cushion, not a bet on a bounce. Size it accordingly.

If you remember nothing else from this report

Add it to your watchlist. Then, when price and daily volume are as low as they are right now, either sell a put or buy some shares.

These are good companies. There is no reason for this much selling other than **fear** — and fear is temporary. **Greed always prevails in the end.** Over time the market does one thing reliably: it distributes wealth **from the impatient to the patient.**

Be the patient one. That is the whole edge.

— the author. This is a personal conviction, not a forecast. Markets can and do stay irrational, and good companies can and do go to zero. Manage the risk, keep the positions small, and never let one trade end the experiment.

9 · Method, sources and disclaimer

METHOD

Price, volume, indicator, option chain and fundamental data were pulled from **Yahoo Finance** after the close on 23 July 2026, with quotes refreshed through 5:20 p.m. ET. Financial statement figures come from the company's filed annual accounts. Every option contract was checked for **quote freshness** — the exchange timestamp of its most recent trade — because on thin chains a bid/ask pair can persist for weeks with no transaction behind it, making any derived implied volatility meaningless. Implied volatilities in Table 8 were solved independently by bisection on Black-Scholes ($r = 4\%$, no dividend) from the quoted bid, mid and ask, rather than taken from the chain, because chain-reported IV is computed off the midpoint and overstates what a seller can realise. Relative volume is reported against three baselines. The quant rating in §4 comes from a Markov regime classifier using a 20-day rolling return with a $\pm 5\%$ threshold, a maximum-likelihood transition matrix, and a walk-forward backtest without lookahead.

SOURCES

- Yahoo Finance — quote, chain, daily history, financial statements.
- PR Newswire and Morningstar — Valens Q1 2026 results (13 May 2026); Q4 and full-year 2025 results (25 Feb 2026); share repurchase programme announcements (Nov 2024, Feb 2025).
- StockTitan — Q2 2026 conference call notice (22 Jul 2026); Form 144 filings (14 and 20 Jul 2026).
- SEC EDGAR — Valens Semiconductor Form 6-K filings.
- MarketBeat — price target page: Needham, Weiss and ThinkEquity ratings.
- TipRanks, CNBC and Nasdaq — analyst rank and success-rate records for N. Quinn Bolton and Rick Schafer.
- Fintel and Quiver Quantitative — institutional ownership: 48 holders, 39.1M shares, 38.02%, -3.88 points quarter-over-quarter.
- GuruFocus — insider transaction history.
- Simply Wall St — post-earnings analyst forecast revisions and consensus target of \$4.33.
- Seeking Alpha — "Valens Semiconductor: Downgrade To Sell On Lackluster Q1 Earnings" (13 May 2026).

DISCLAIMER

This document is independent research prepared for general information and education. It is **not investment advice**, not a recommendation or solicitation to buy or sell any security, and not personalised to any reader's financial situation, objectives, risk tolerance or tax position. Valens Semiconductor is a loss-making small-capitalisation company; substantial or total loss of capital is possible. Options involve substantial risk and are not suitable for every investor. Every figure is a point-in-time snapshot taken after the 23 July 2026 close and will be stale by the next session. Forward-looking items attributed to the company — the \$75–77M full-year 2026 guidance, Q2 guidance, and the 2027 A-PHY revenue timeline — are management projections, not independent estimates, and are reproduced as claims rather than facts. Analyst track records are third-party vendor statistics whose methodology and measurement windows differ between providers and are not reconcilable with each other. Past performance and analyst accuracy records do not predict future results. Read the Options Clearing Corporation's *Characteristics and Risks of Standardized Options* before trading options, and consult a licensed professional about your own circumstances. The author may hold, or may in future hold, positions in the securities discussed.