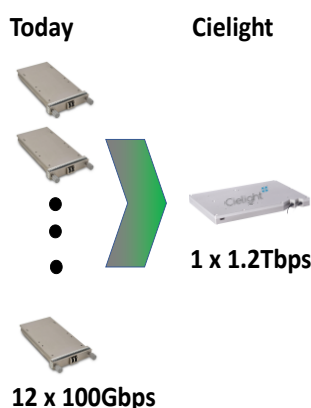




Cielight 1.2TB Coherent transponder



**Pitch:** Cielight will develop the world's most advanced DWDM Optical transponder, a disruptive technology that will dramatically reduce cost-per-bit, power consumption, and optical-network footprint.

**The problem we're solving:** Exponential growth in global data traffic is driving increasing demand for optical networks. Continued use of current 100Gbps technologies is not sustainable. Unless new technologies are introduced, companies will be forced to quadruple their costs, power plant, and real-estate within 4 years.

**How we're solving the problem:** We will develop a **1.2Tbps coherent transponder** and when compared to current 100G solutions will be:

- **1/4 of the cost**
- **1/3 of the power consumption**
- **1/6 of the size**

The new transponder will be based on advanced modulation techniques and extremely-high transmission rates that will enable the ultra-high capacity.

**Total Addressable Market (TAM):** By 2021 the addressable market in the metro, DCI (Datacenter Interconnect), and long-haul segments is expected to exceed \$4 Billion (sources: IHS & OVUM).

**About us:** We acquired CIVCOM, a company which specialized in high-end DWDM transponders. CIVCOM developed and manufactured an advanced 100G coherent transponder that at the time had the best performance in the world. In a 5-year period, CIVCOM sold over 37,000 transponders, achieving revenue of \$118M. CIVCOM's 40G DQPSK transponder secured 14% global market share. Cielight will develop the 1.2TB transponder by leveraging CIVCOM's technology and know-how, ensuring short time-to-market and reduced development risks. CIVCOM developed advanced automation methodologies that enable highly efficient, large-scale production, and Cielight will implement these advanced production methodologies.

### Contact Information

Yossi Pour

[Yossi.Pour@Cielight.com](mailto:Yossi.Pour@Cielight.com)

+972 54 5466667

Ehud Bejerano

[Ehud.Bejerano@Cielight.com](mailto:Ehud.Bejerano@Cielight.com)

+972 50 6551331

**Business model:** Cielight will produce and sell the transponders to DWDM equipment vendors (such as Nokia, Coriant, and ZTE), as well as to selected large-scale service providers (such as Facebook, Amazon, and Microsoft). Expected Gross Margin is 50%. Production at a CM that will provide supply chain management, turn key production and financing.

**Competitive advantages:** • Disruptive technology will drive down cost per 100G from \$8~12K today to \$2K by 2019 • Short time-to-market • Efficient automated large-scale production • Flexibility and agility to meet specific customer needs

| Cielight Sales & Market Share               | CY18           | CY19         | CY20          | CY21          | CY22          |
|---|----------------|--------------|---------------|---------------|---------------|
| TAM (# of 1.2TB transponders)               | 88,070         | 117,416      | 149,406       | 194,228       | 242,786       |
| Cielight forecast (# of 1.2TB transponders) | 0              | 176          | 537           | 1,420         | 2,730         |
| Market share                                | 0.00%          | 0.15%        | 0.36%         | 0.73%         | 1.12%         |
| Cielight forecast (revenue)                 | \$ -           | \$ 4,816,000 | \$ 13,048,000 | \$ 31,240,000 | \$ 55,000,000 |
| Gross Margin (%)                            |                | 38.4%        | 47.2%         | 50.7%         | 49.9%         |
| Total Expenses                              | \$ 3,184,415   | \$ 4,981,331 | \$ 9,679,629  | \$ 18,198,146 | \$ 30,560,598 |
| Earnings (excluding investment)             | \$ (3,184,415) | \$ (165,331) | \$ 3,368,371  | \$ 13,041,854 | \$ 24,439,402 |