



Q1 2022 Earnings Call
May 11, 2022

Today's Presenters



Urban Forssell
CEO



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CFO

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Agenda

1. Q1 2022 Financial Results

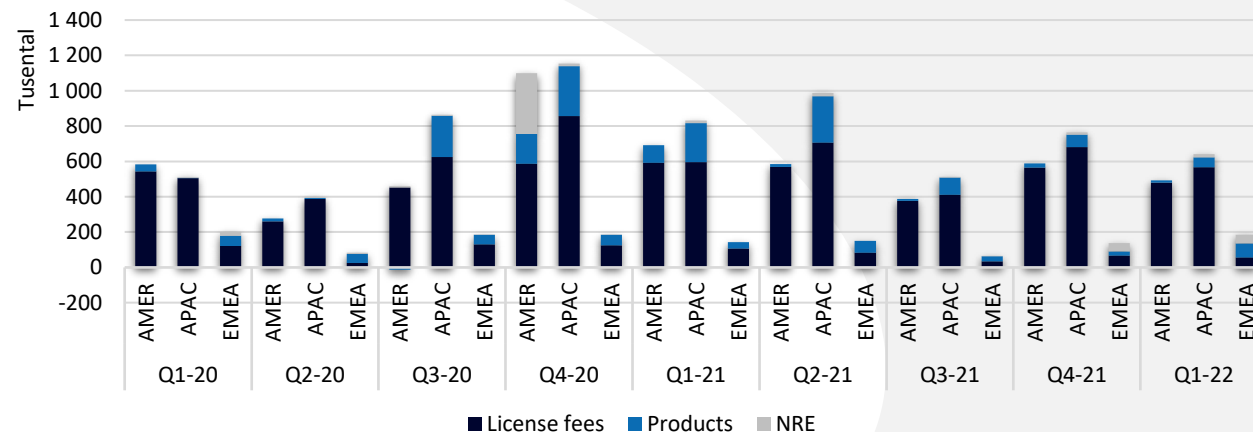
2. Strategy and Business Update

3. Concluding Remarks

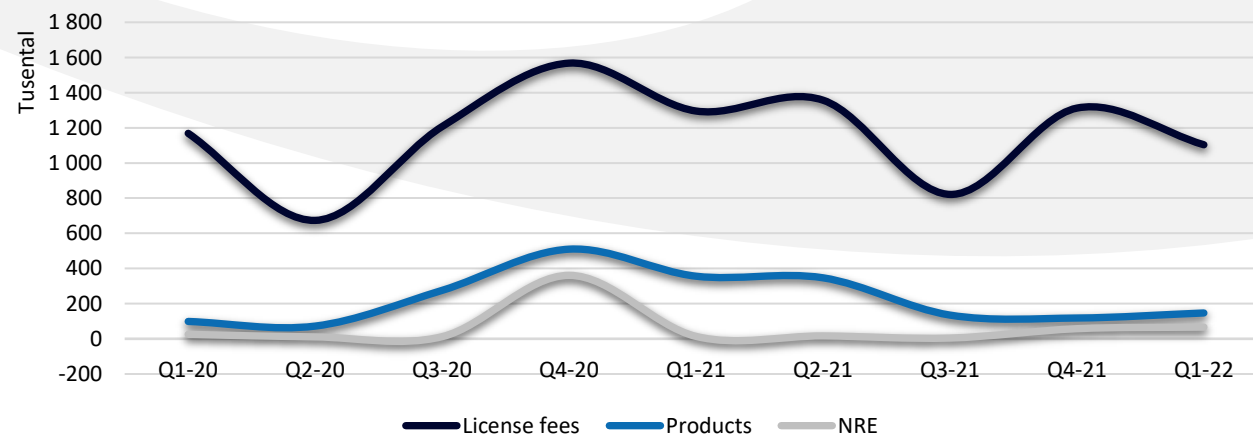
4. Q&A

Q1/'22 Financial Results - Revenues

Revenues by Revenue Stream and Region



Revenues by Revenue Stream



\$1.3 million

Revenue Total
Q1, 2022

▼ 21% YoY

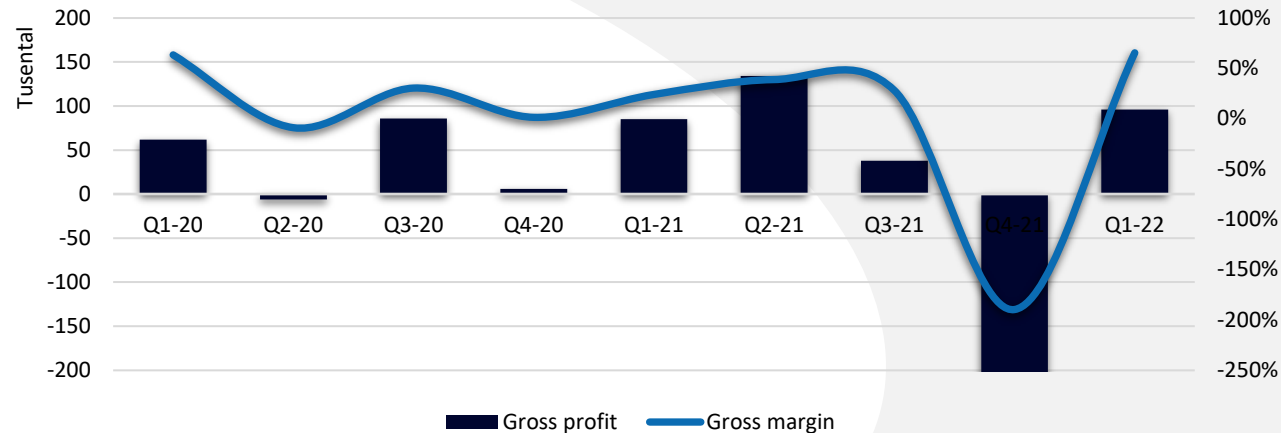
\$0.1 million

Revenue Products
Q1, 2022

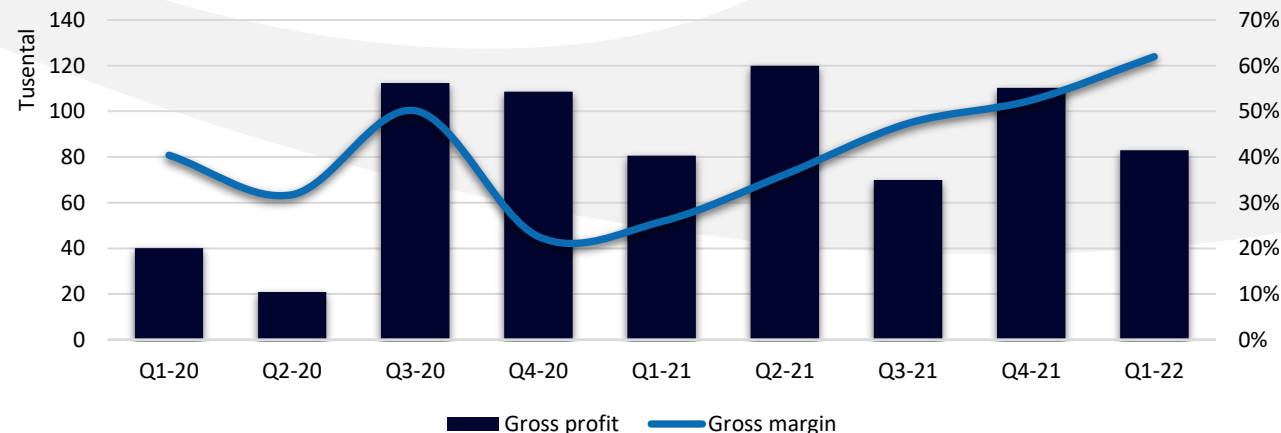
▲ 24% QoQ

Q1/'22 Financial Results – Gross Profit/Margin

Gross Profit/Margin Products



Gross Profit/Margin TSMs Adjusted



65%

GM Products
Q1, 2022

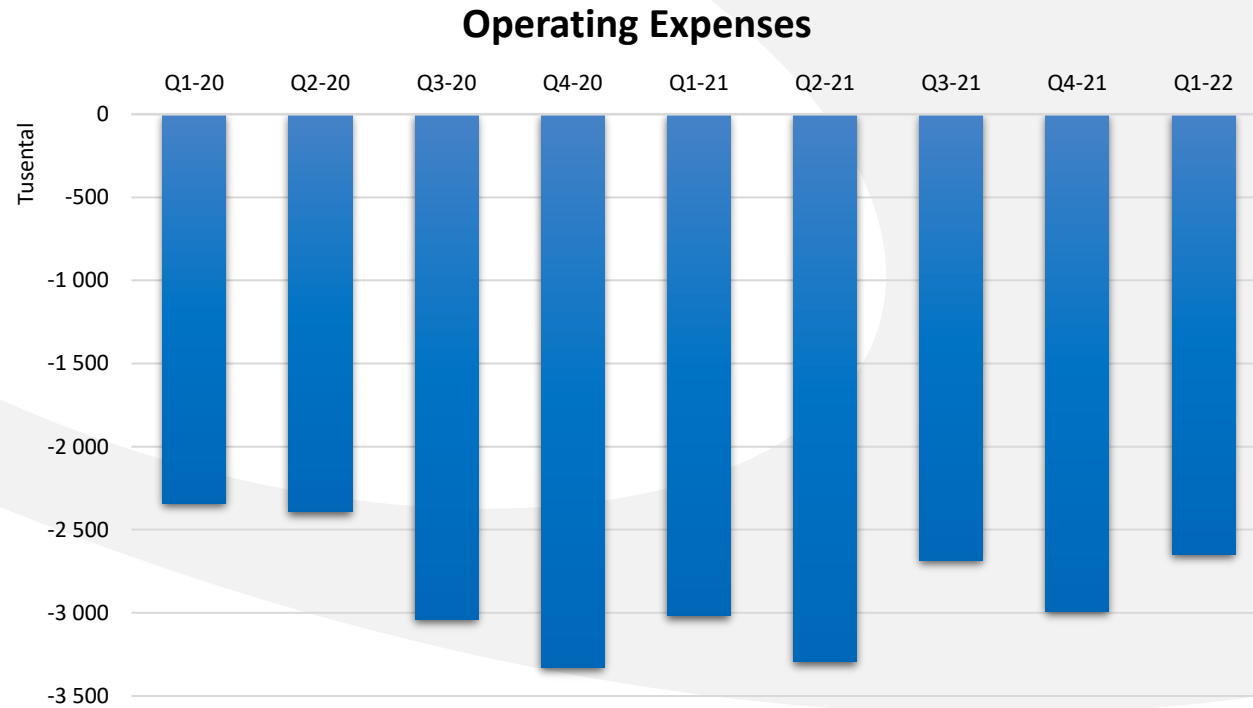
▲ 41pp YoY

62%

Adjusted GM TSMs
Q1, 2022

▲ 10pp QoQ

Q1/'22 Financial Results - Operating Expenses

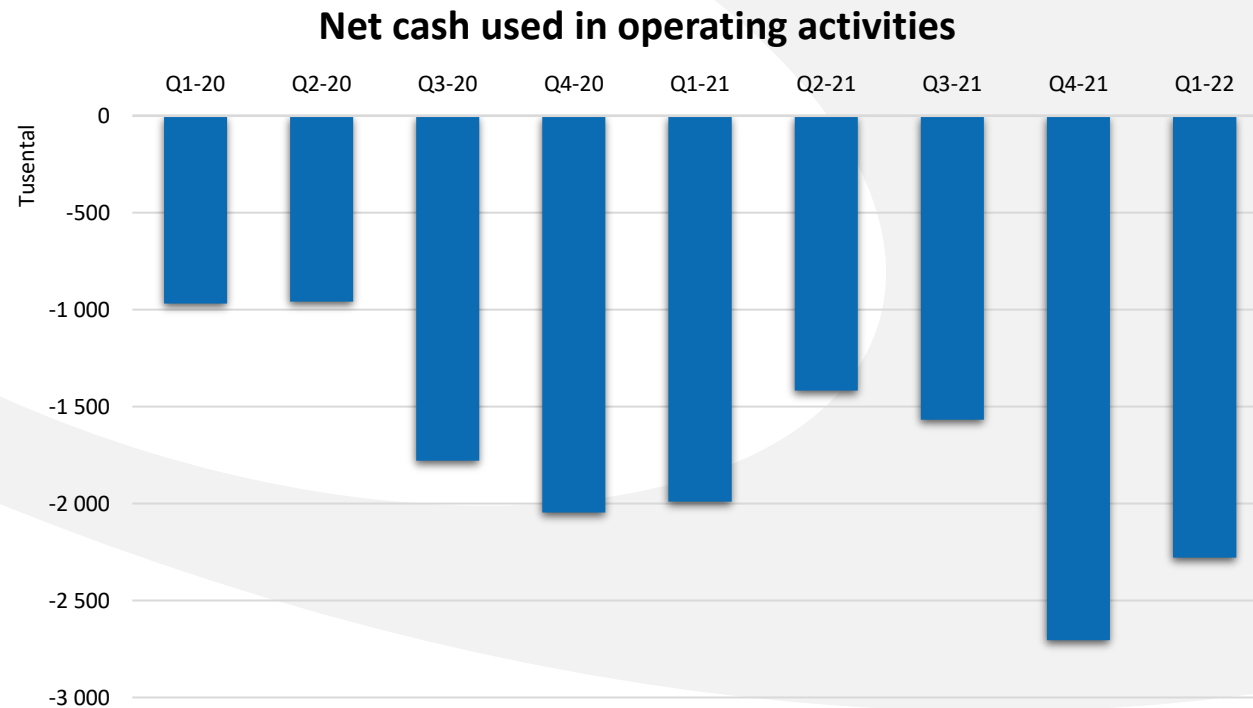


**\$2.6
million**

Operating Expenses
Q1, 2022

▼ 12% YoY

Q1/'22 Financial Results - Cash



**\$2.3
million**

Net Cash Burn
Operating Activities
Q1, 2022

▼ 16% QoQ

**\$16.3
million**

Cash and Accounts
Receivables
Mar. 31, 2022

▼ 2,4 Million
Dec. 31, 2021

Agenda

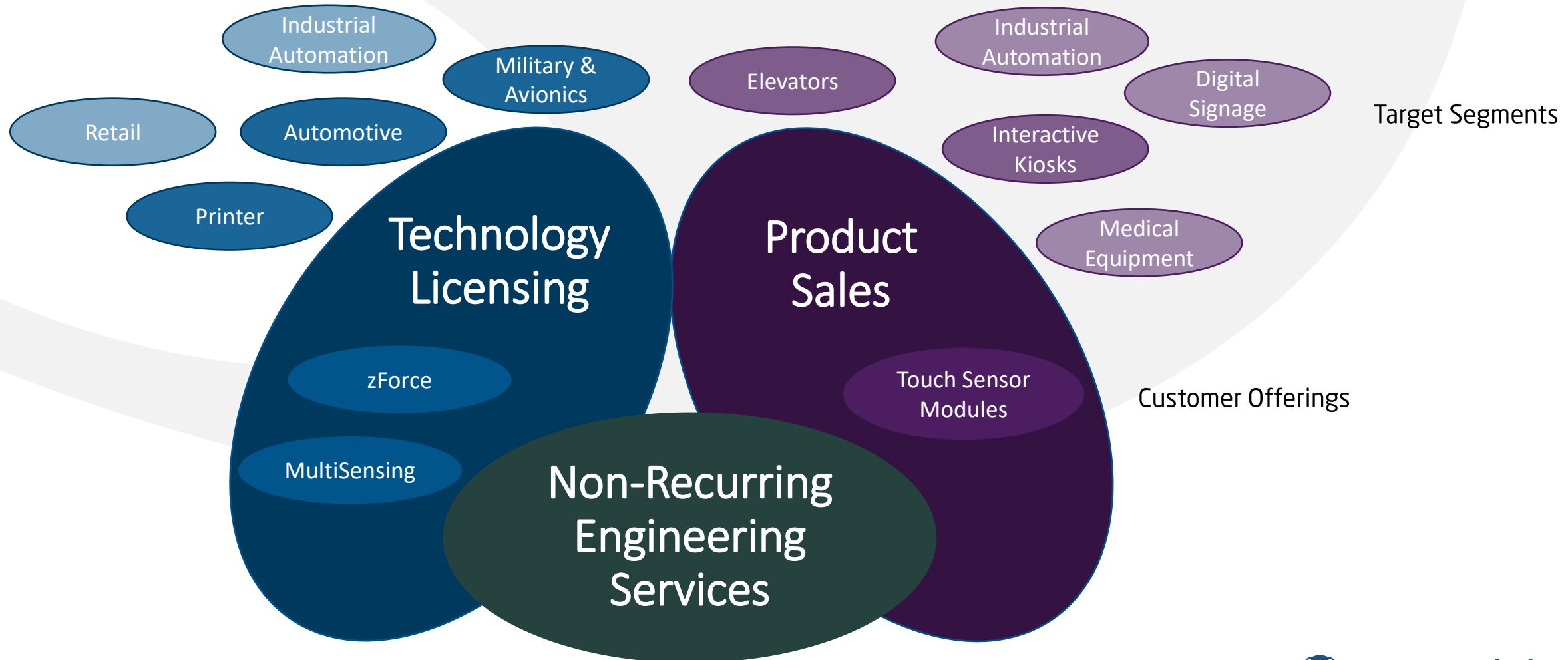
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VISION

To transform the way
humans interact with
machines

Business Model - Technology Licensing and Product Sales



zForce

- ✓ Advanced IR-based technology platform
- ✓ Patent protected
- ✓ Featured in over 85 million products

Touch Sensing Applications

- Touch on displays
- Touch on other surfaces

Gesture Sensing Applications

- Contactless touch
- Gesture control

Object Detection Applications

- Foreign object detection
- Proximity sensing

MultiSensing

- ✓ Smart AI-based algorithms
- ✓ Flexible, hardware agnostic solution
- ✓ Scalable; supports efficient development

Driver Monitoring

- Drowsiness and distraction
- Positioning; gaze direction

In-cabin Monitoring

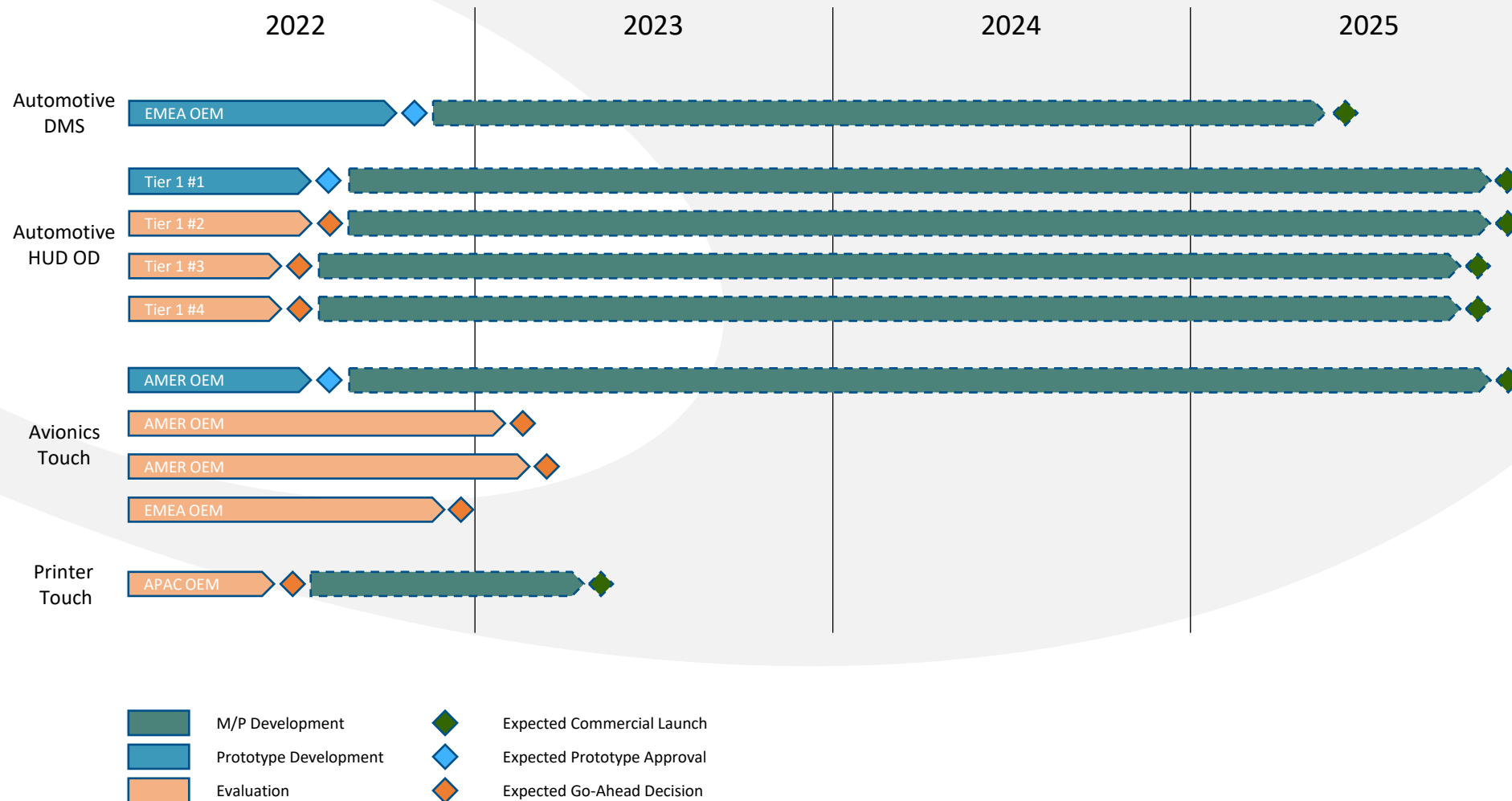
- Occupancy; object detection
- Positioning; gaze direction

Retail Analytics

- Occupancy; gender, age, mood
- Gaze direction, gesture sensing etc.

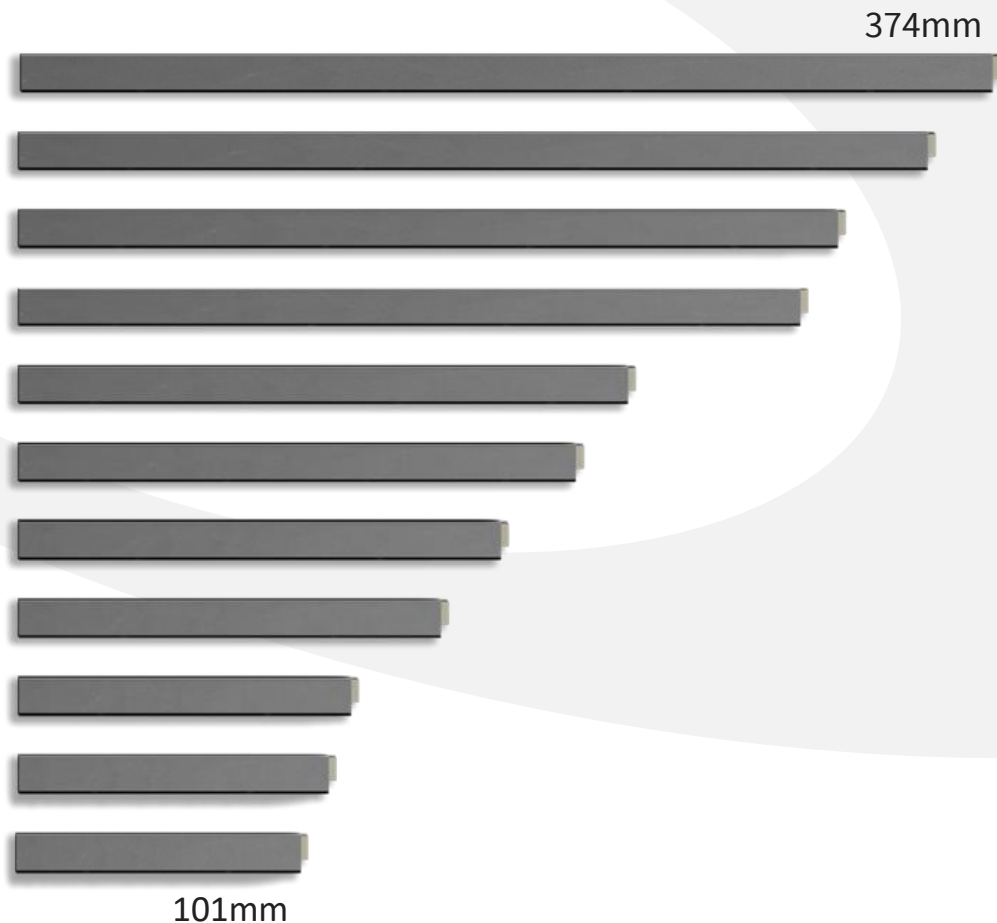


Licensing Business Development Portfolio

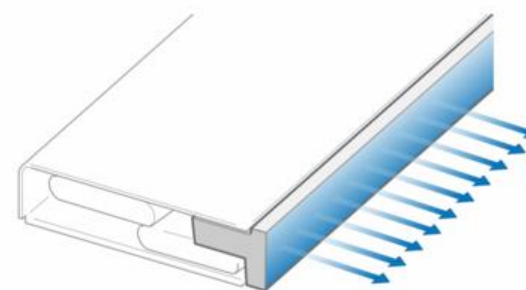


Neonode Touch Sensor Modules

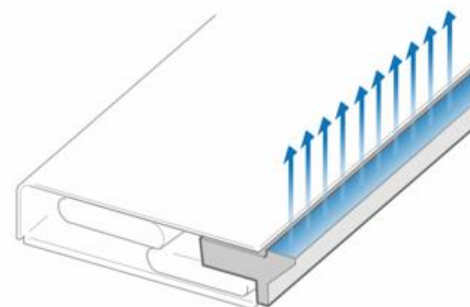
COTS products featuring zForce Reflective technology



0° Type



90° Type

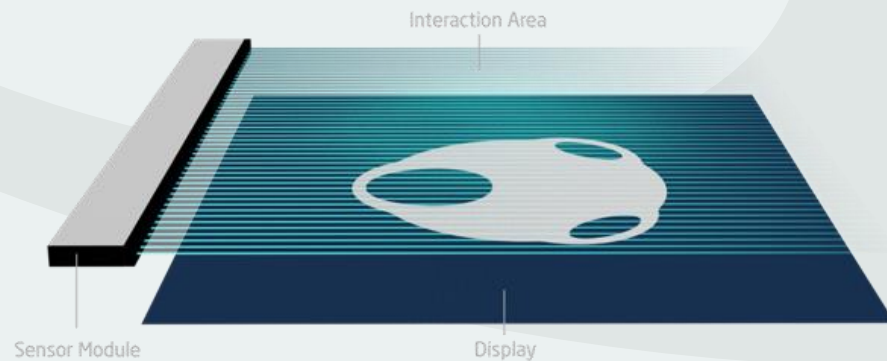


Contactless Touch Solutions

Two ways to go with our Touch Sensor Modules!

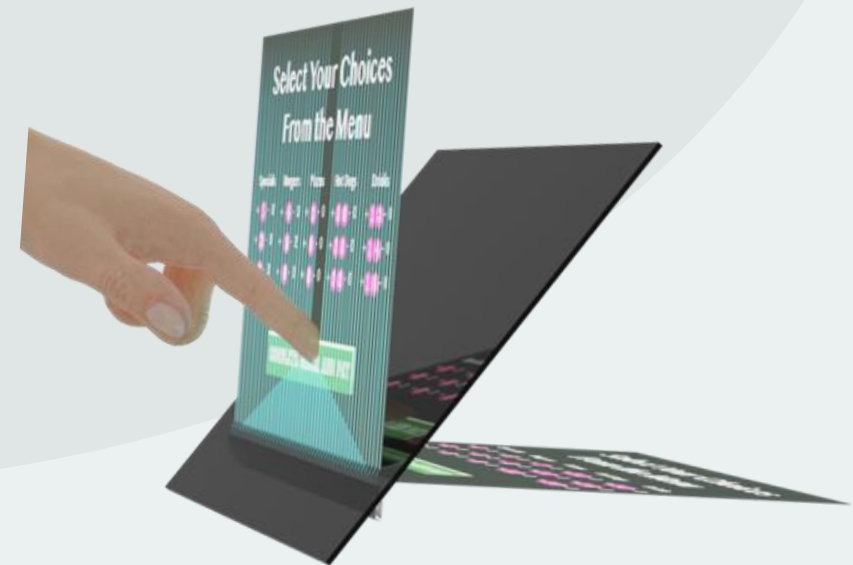
Parallel plane solution

Touch interaction area hovering above or in front of a display or surface

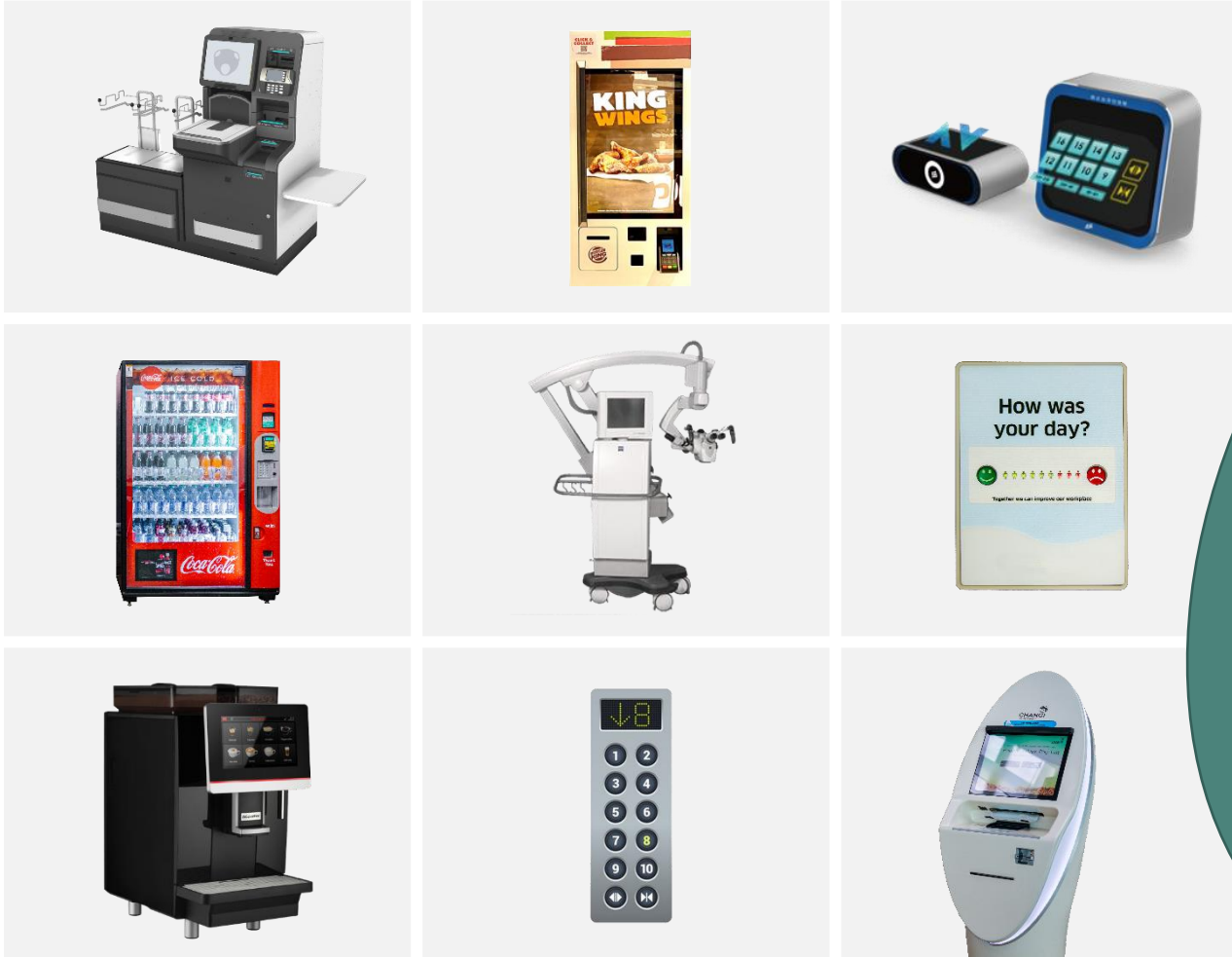


Holographic solution

Touch interaction on an in-air display



Application Examples



- Self-Ordering Kiosks
- Vending Machines
- Coffee Machines
- Self Check-in Kiosks
- Digital Signage
- Medical Screens
- Point-of-Sale Terminals
- Elevators



Why Contactless Touch

In a changing world, the requirements for safe interactions in public spaces are increasing at an unprecedented level, putting pressure on providers of self-service, multi-user kiosks, elevators and everyone whose product involves physical interactions.

With Neonode's Touch Sensor Modules you can mount a sensing field in parallel with your existing control panel or touchscreen or design a completely new experience with touch on a holographic projection.



0% Contact

With our Touch Sensor Module, there is no physical contact with any display or surface that might contain pathogens.



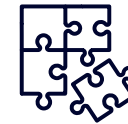
A Familiar Interface

No need to rebuild - work with your existing GUI when enabling in-air touch interaction



Keep the Gloves On

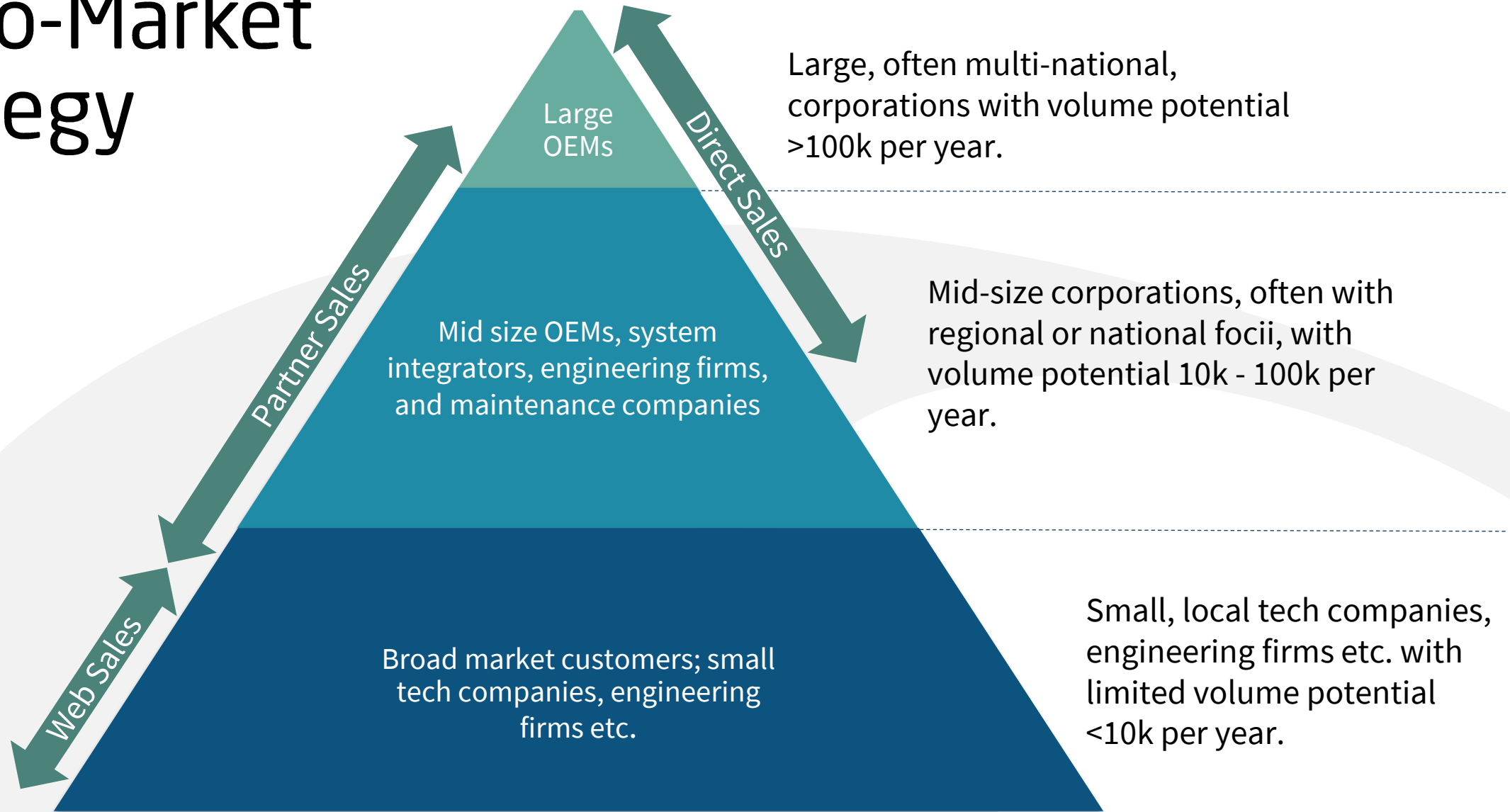
Stay safe while enabling stable touch interaction using gloves or other input methods.



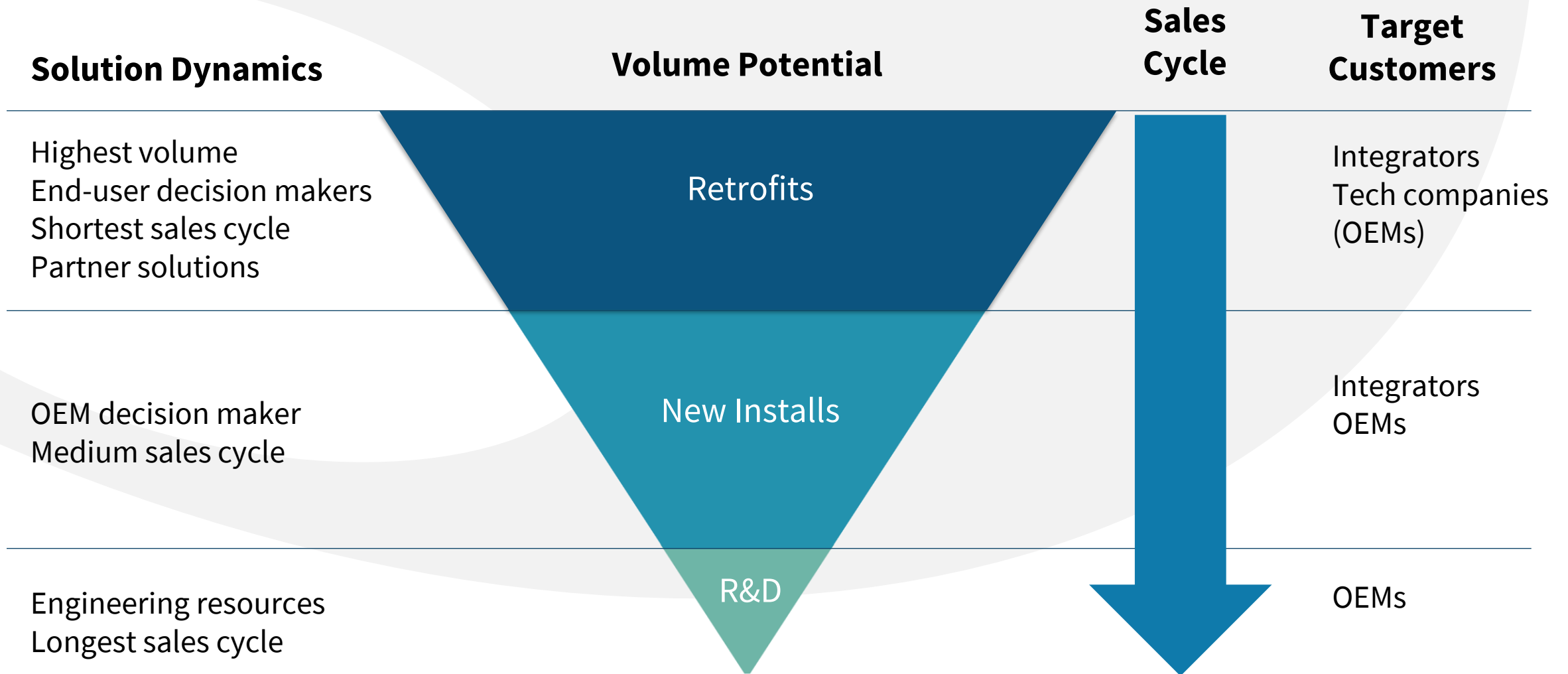
Ready for Integration

Our Touch Sensor Modules can work as touch HID devices over USB or I2C, giving integrators a fast out of the box experience.

Go-To-Market Strategy



Sales Cycle and Market Potential



Partner Network

Distributors



Value Added Resellers



North American Manufacturer's Reps



Elevator Customers

Elevator Control Panel Manufacturers



Xianghang

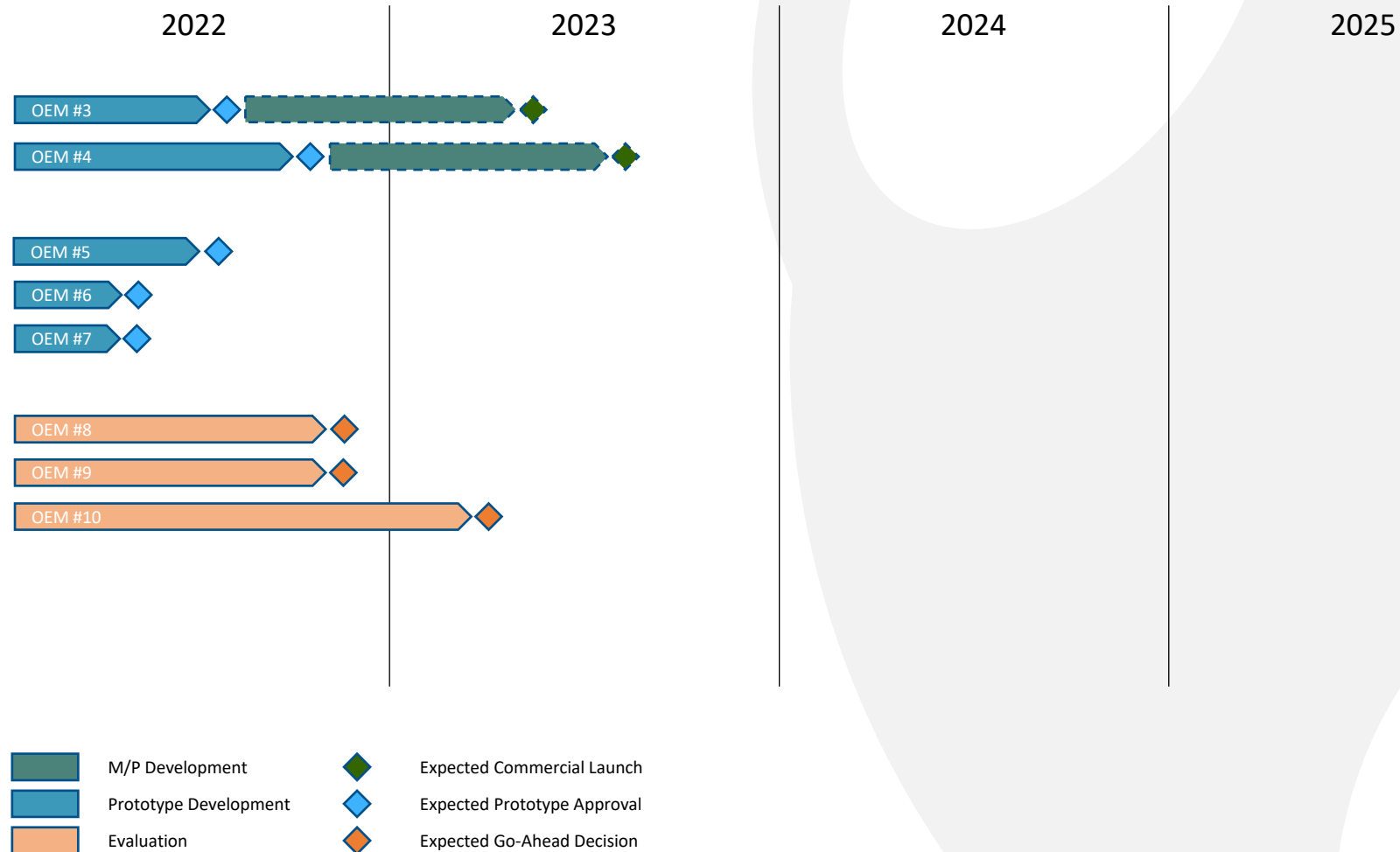
Elevator OEMs



OEM #1

OEM #2

TSM Business Development Portfolio - Elevators



Interactive Kiosk Customers

Interactive Kiosk Manufacturers



OEM #1

OEM #2

OEM #3

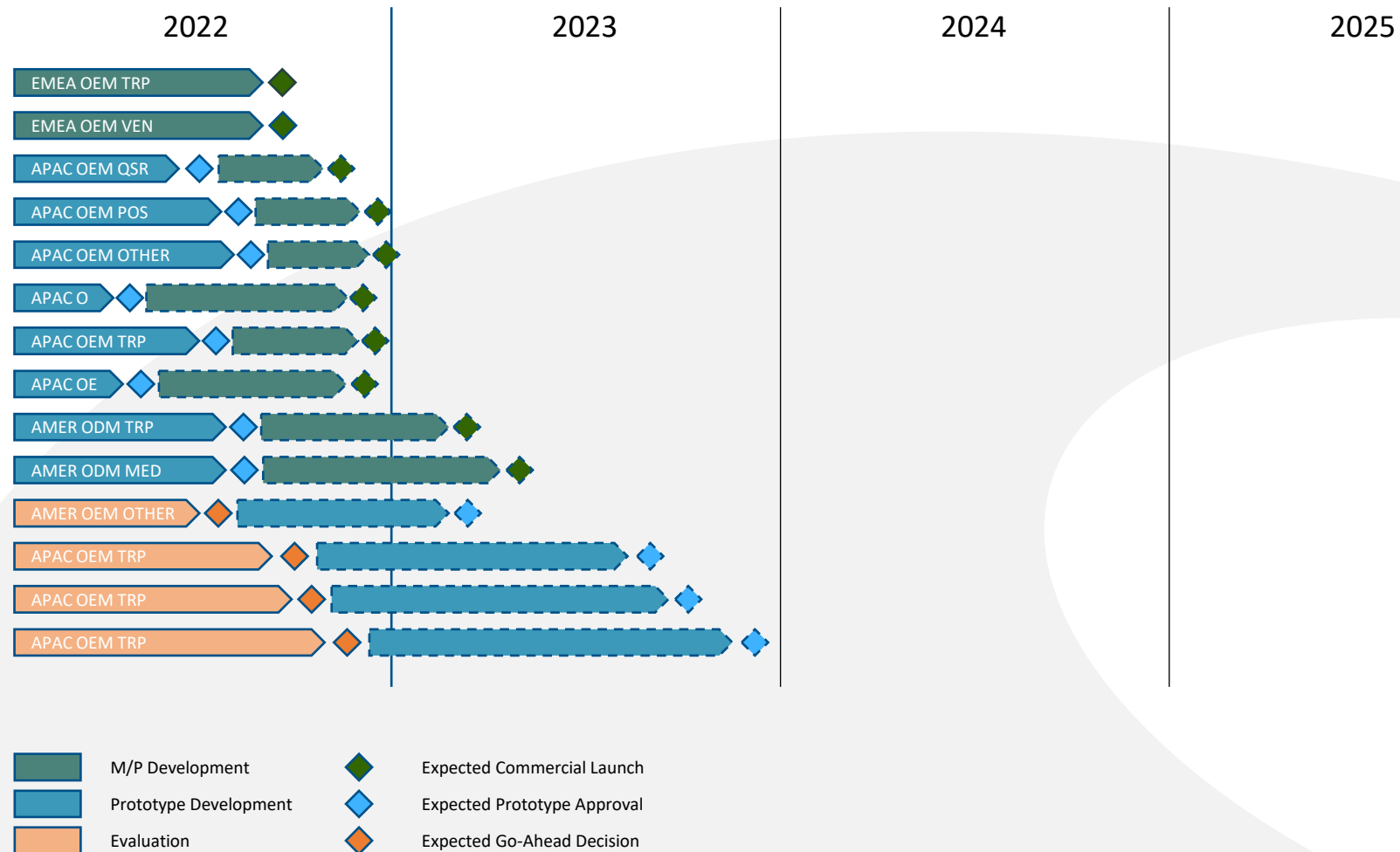
OEM #4

OEM #5

OEM #6

OEM #7

TSM Business Development Portfolio - Interactive Kiosks



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Concluding Remarks

Highlights in today's presentation

- We see an increasing interest in our TSMs and our solutions for contactless touch
- We also see a growing interest in our zForce and MultiSensing technologies from automotive and avionics customers
- COVID-19 continues to bring challenges to our sales and business development
 - Lockdowns and travel restrictions
 - Semiconductor shortage affecting our customers
- We believe we are well positioned and well financed to expand our products business and also to revitalize and grow our NRE and licensing business

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Thank you.



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Appendix

Non-GAAP Financial Measures

In addition to presenting our financial results in accordance with accounting principles generally accepted in the United States (“GAAP”), we use adjusted gross margin to measure our financial performance. We define adjusted gross margin as gross margin excluding AirBar sales revenues and costs and adjusting for costs and lost revenues caused by a quality issue and one-time write-down of inventory. We believe adjusted gross margin is a meaningful measure because it reflects the performance of our TSM business, which is our current focus. Non-GAAP financial measures should not be considered as alternatives to the most directly comparable GAAP financial measures. Our use of adjusted gross margin, a non-GAAP financial measure, has important limitations as an analytical tool because it excludes some, but not all, items that affect the most directly comparable GAAP financial measure. You should not consider adjusted gross margin in isolation or as substitutes for analysis of our results as reported under GAAP. Our definition of non-GAAP adjusted gross margin may not be comparable to similarly titled measures of other companies, thereby diminishing its utility.

The following tables presents a reconciliation of adjusted gross margin to gross margin, the most directly comparable GAAP financial measure.

<i>kUSD</i>	Q1-20	Q2-20	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21	Q1-22
Revenue Products	98	66	284	502	355	346	136	118	147
Cost of Sales Products	-36	-72	-198	-496	-270	-212	-98	-342	-51
Gross Profit Products	62	-6	86	6	85	134	38	-224	96
Lost revenues TSM quality issue	-	-	-	-	-	-14	12	92	-
Cost of sales TSM quality issue	-	-	-	-	-	4	27	-61	-
Inventory write-down TSM quality issue	-	-	-	-	-	-	-	154	-
Revenue AirBar	1	-0	-60	-21	-43	-	-	-	-13
Cost of Sales AirBar	-23	27	86	123	39	-4	-7	149	-
Adjusted Gross Profit Products	40	21	112	109	81	120	70	110	83
Gross Margin Products	63%	-9%	30%	1%	23,9%	39%	28%	-190%	65%
Adjusted Gross Margin Products	40%	32%	50%	23%	25,9%	36%	47%	52%	62%