



Q2 2022 Earnings Call  
August 11, 2022

# Today's Presenters



Urban Forssell  
CEO



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CFO

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# Agenda

## **1. Q2 2022 Financial Results**

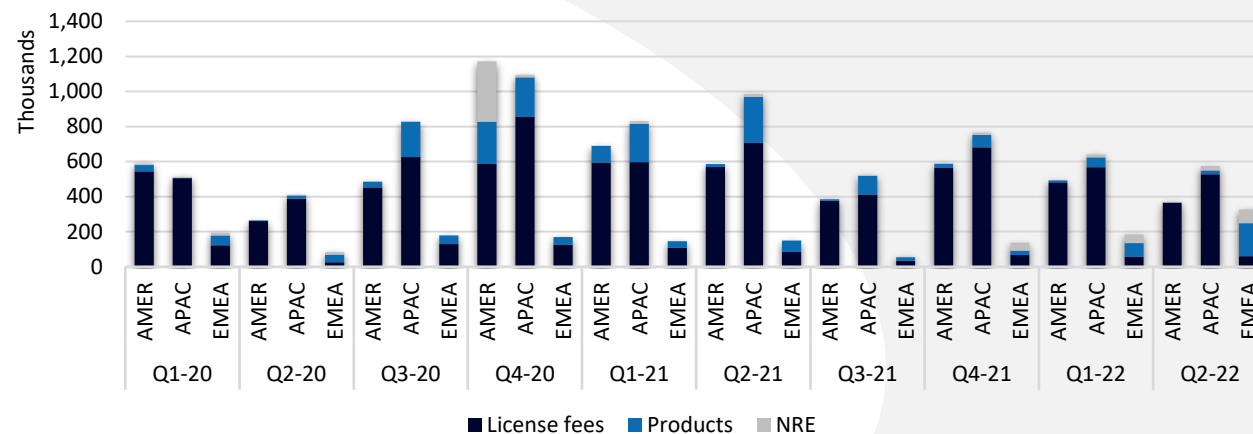
2. Strategy and Business Update

3. Concluding Remarks

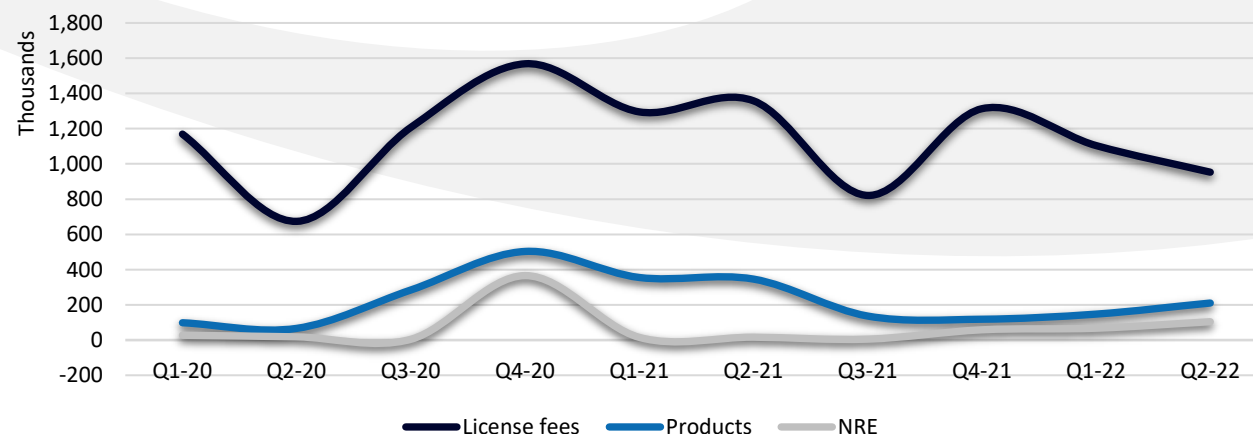
4. Q&A

# Q2/'22 Financial Results – Revenues

## Revenues by Revenue Stream and Region



## Revenues by Revenue Stream



**\$1.3 million**

Revenue Total  
Q2, 2022

▼ 26% YoY

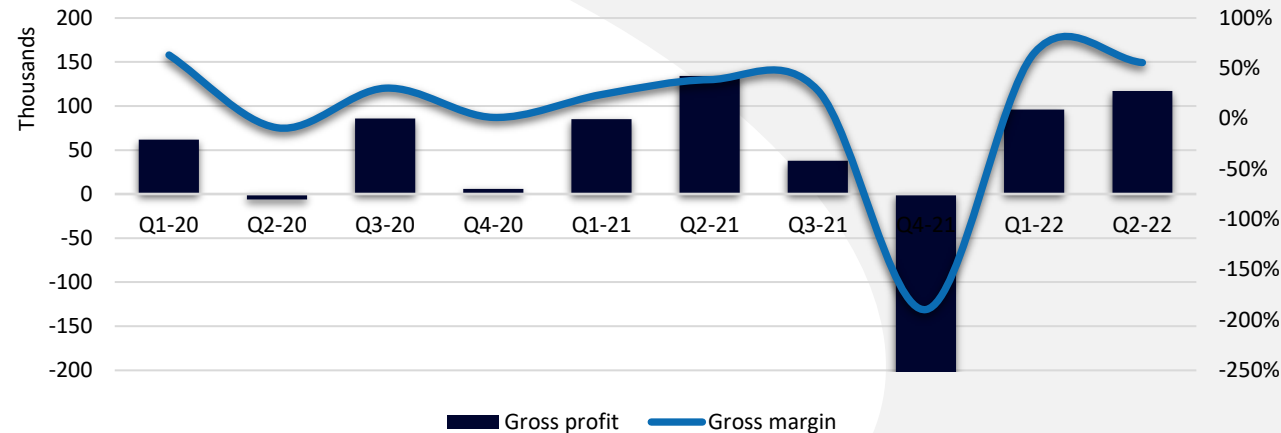
**\$0.2 million**

Revenue Products  
Q2, 2022

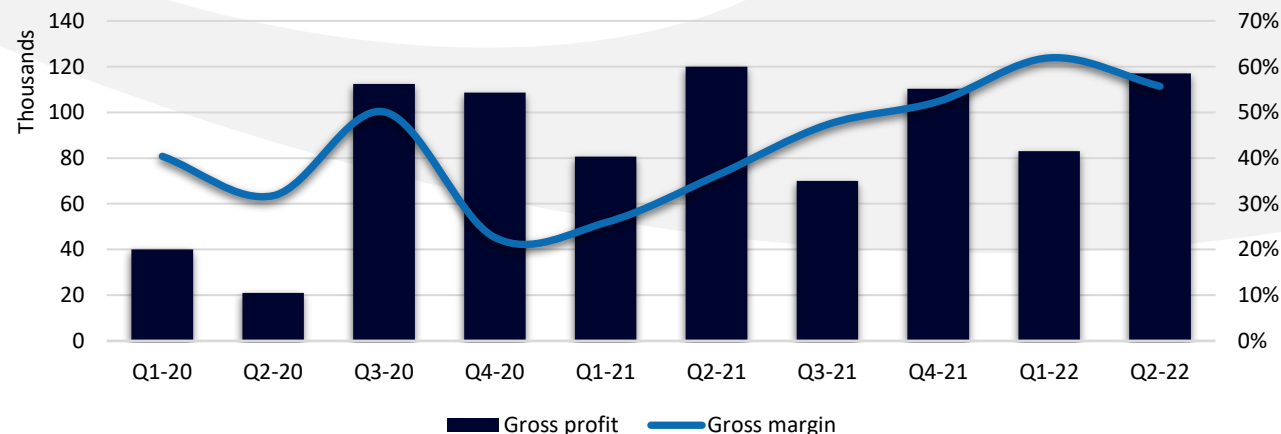
▼ 39% YoY

# Q2/'22 Financial Results – Gross Profit/Margin

## Gross Profit/Margin Products



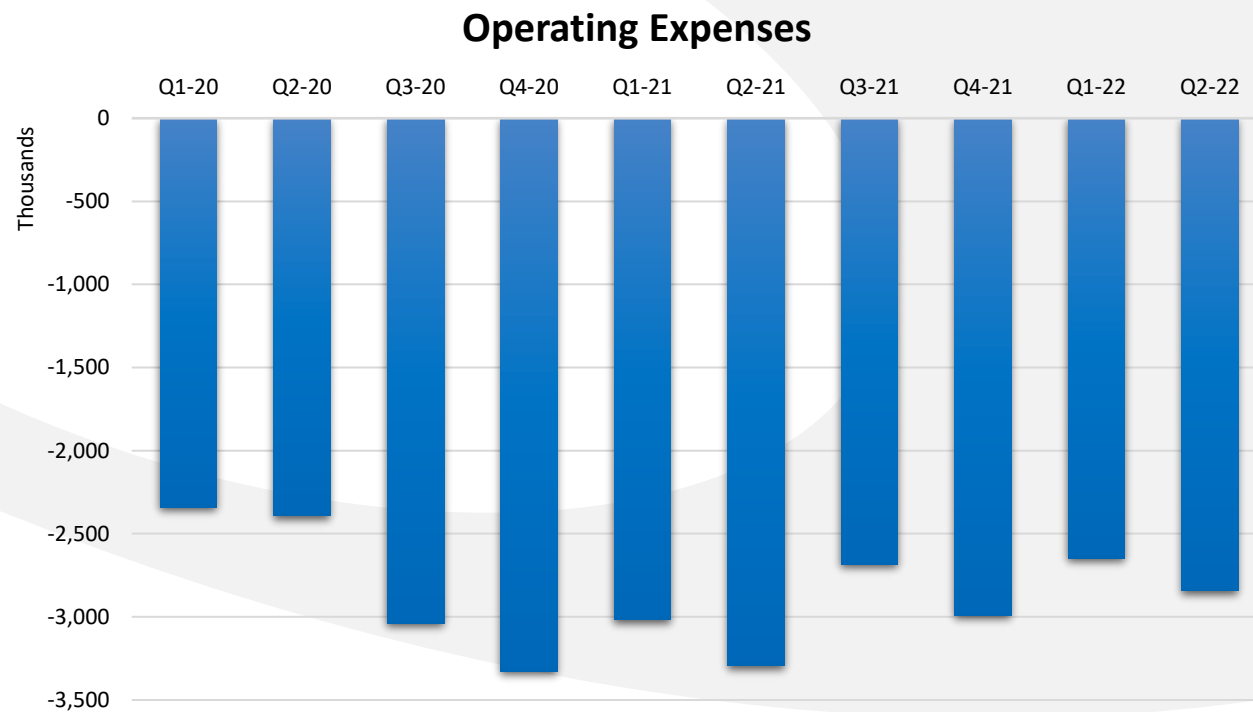
## Gross Profit/Margin TSMs Adjusted



**56%**  
GM Products  
Q2, 2022

▲ 17pp YoY

# Q2/'22 Financial Results – Operating Expenses

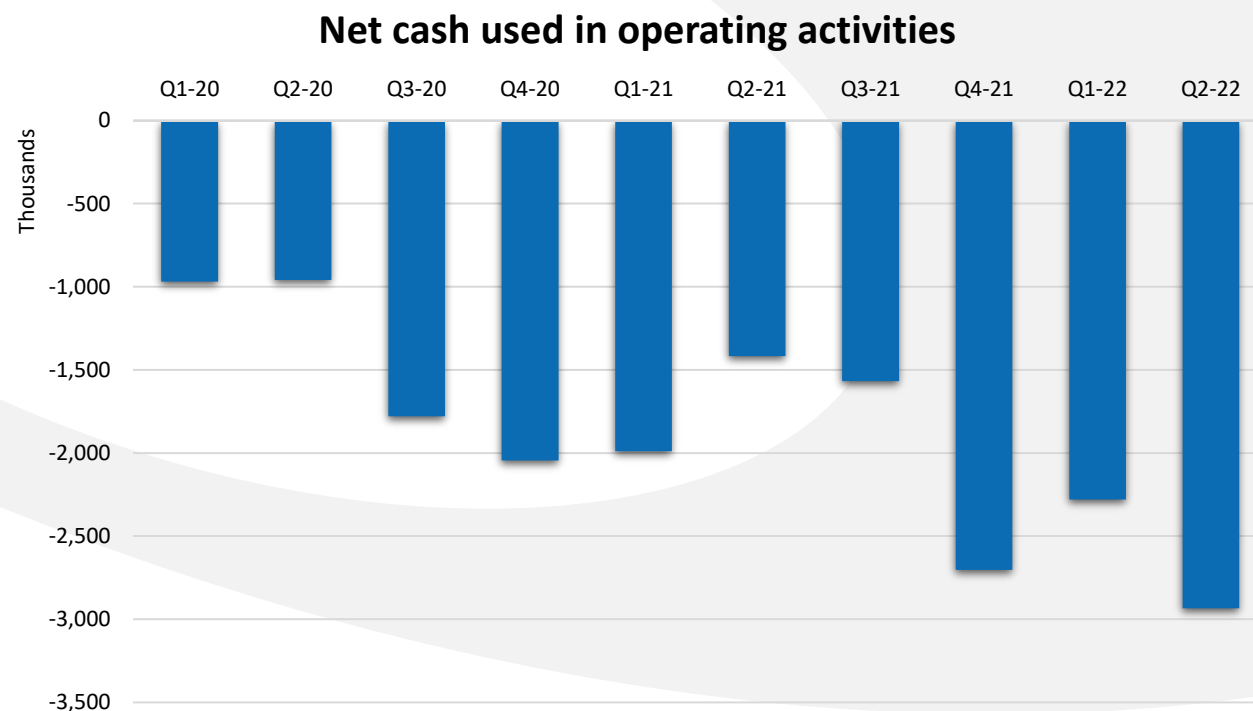


**\$2.8  
million**

Operating Expenses  
Q2, 2022

▼ 14% YoY

# Q2/'22 Financial Results – Cash



**\$2.9  
million**

Net Cash Burn  
Operating Activities  
Q2, 2022

▲ 29% QoQ

**\$13.5  
million**

Cash and Accounts  
Receivables  
June 30, 2022

▼ 5.0 Million  
Dec. 31, 2021



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# Business Strategy: Technology Licensing and Product Sales

TARGET  
SEGMENTS

PRINTER

AUTOMOTIVE

ELEVATORS

INTERACTIVE KIOSKS

CUSTOMER  
OFFERINGS

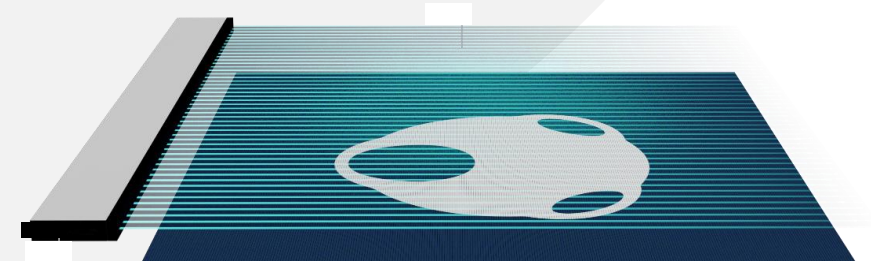
ZFORCE



MULTISENSING



TOUCH SENSOR MODULES (ZFORCE)

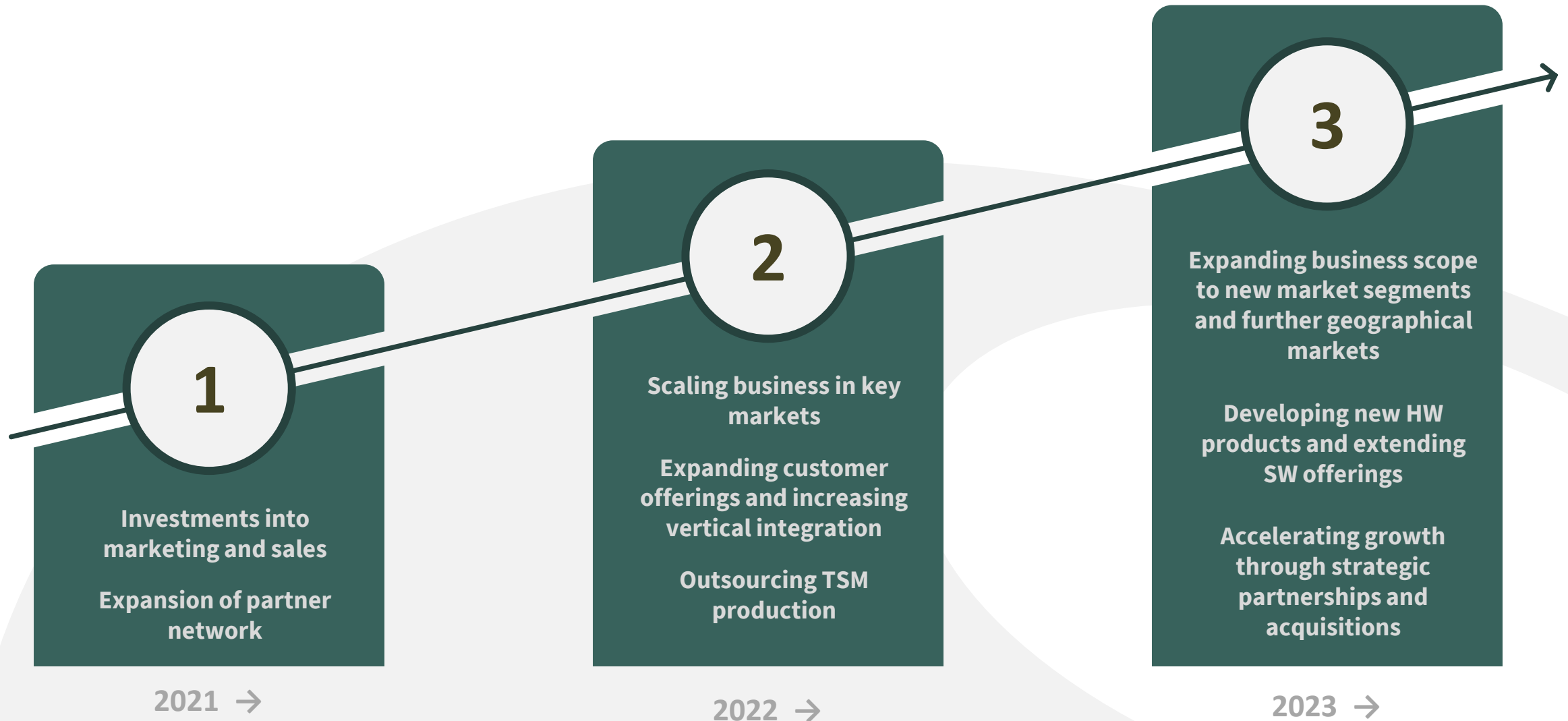


BUSINESS  
MODELS

TECHNOLOGY LICENSING

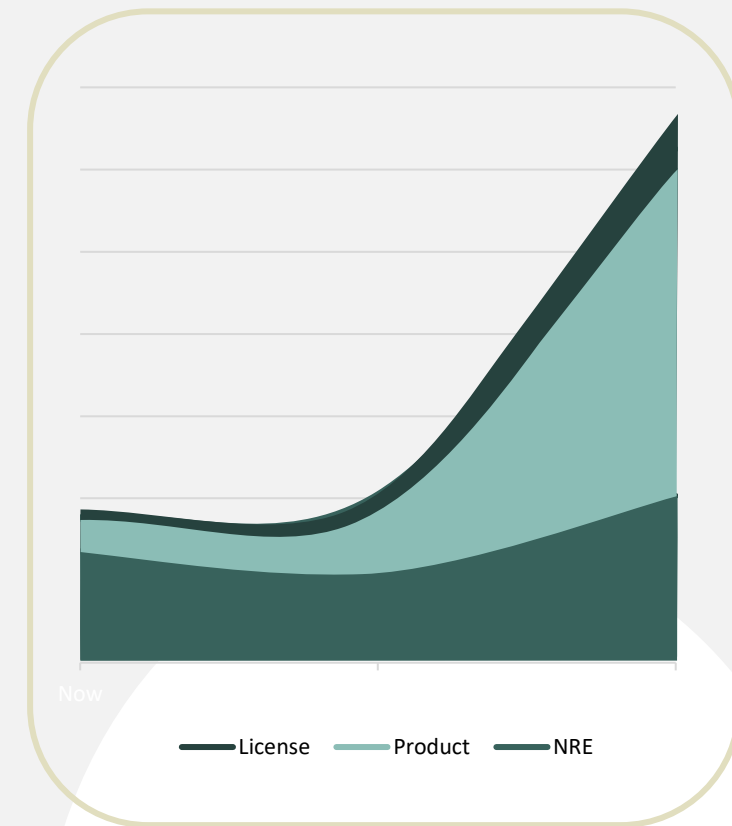
PRODUCT SALES

# 3-step Approach for Growth



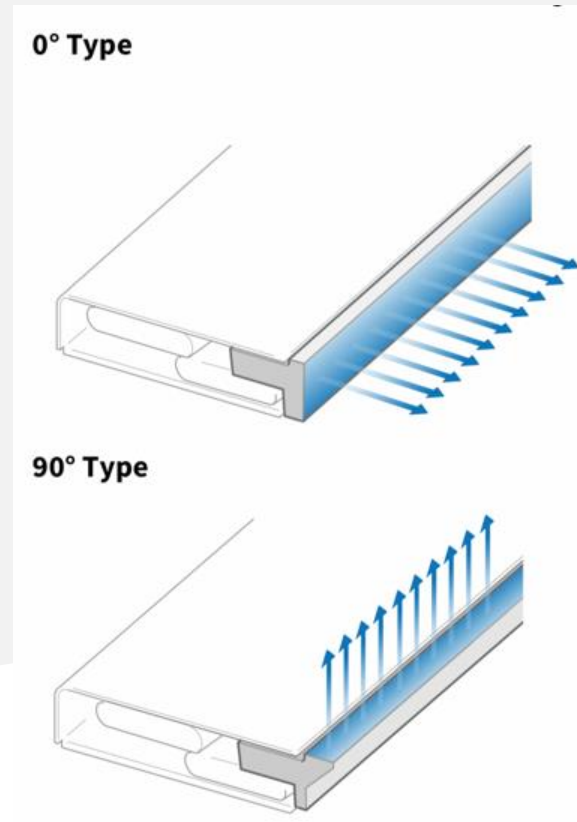
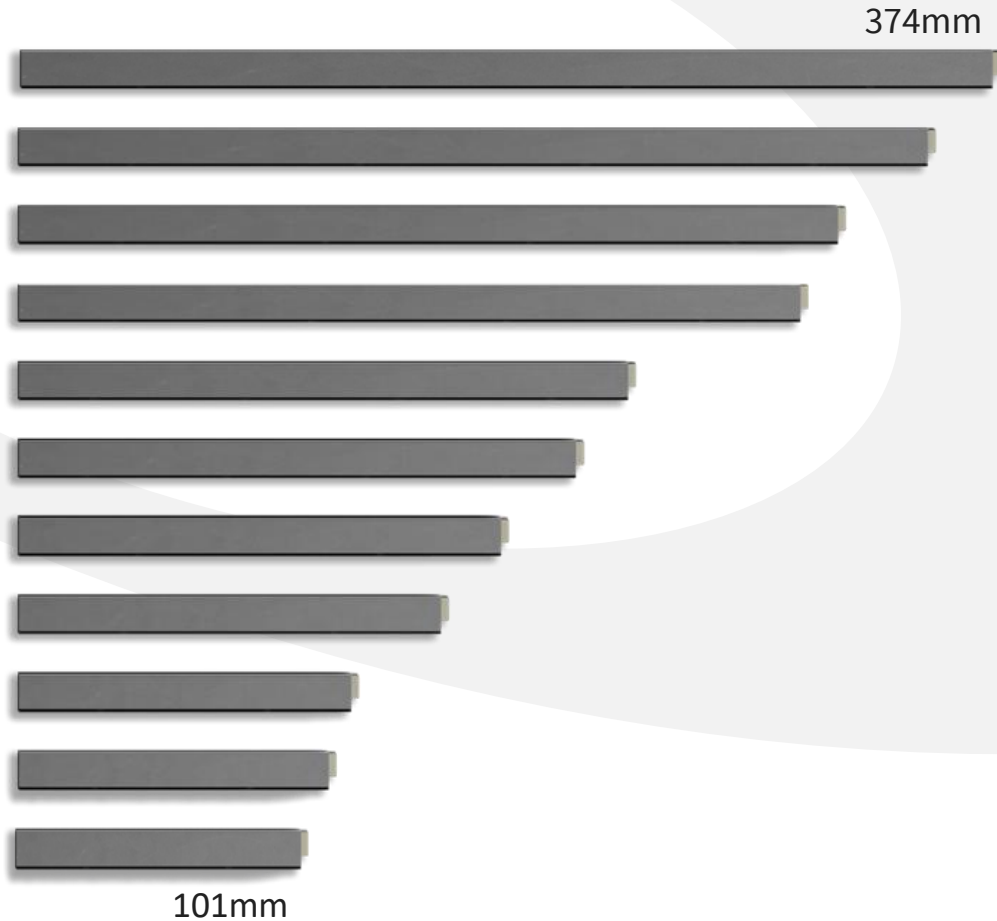
# Growth Potential Per Revenue Stream

	2021 →	2022 →	2023 →
<b>License Revenues</b>	Existing business with more than a dozen customers, mainly printer manufacturers and automotive Tier 1s	Support current customers and work to win new businesses in automotive, military & avionics, and other segments	Continue to expand licensing business to further customers and segments, and to SW-only solutions
<b>Product Revenues</b>	Touch Sensor Module sales, mainly for contactless touch applications in elevators and interactive kiosks	Scale business in key markets JP, KR, CN, FR  Widen the market scope to include additional market segments and geographical markets	Broaden the product portfolio and continue to expand to further market segments
<b>NRE Revenues</b>	Continue to offer engineering services to facilitate new licensing businesses and to support and drive product sales		



# Neonode Touch Sensor Modules

Standardized COTS products featuring zForce Reflective technology

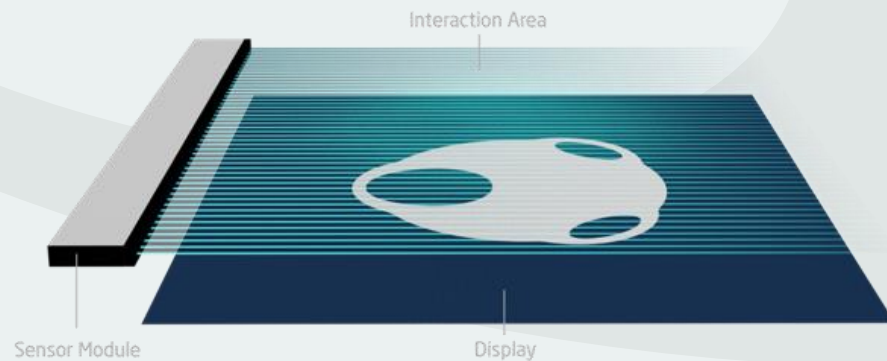


# Contactless Touch Solutions

Two ways to go with our Touch Sensor Modules!

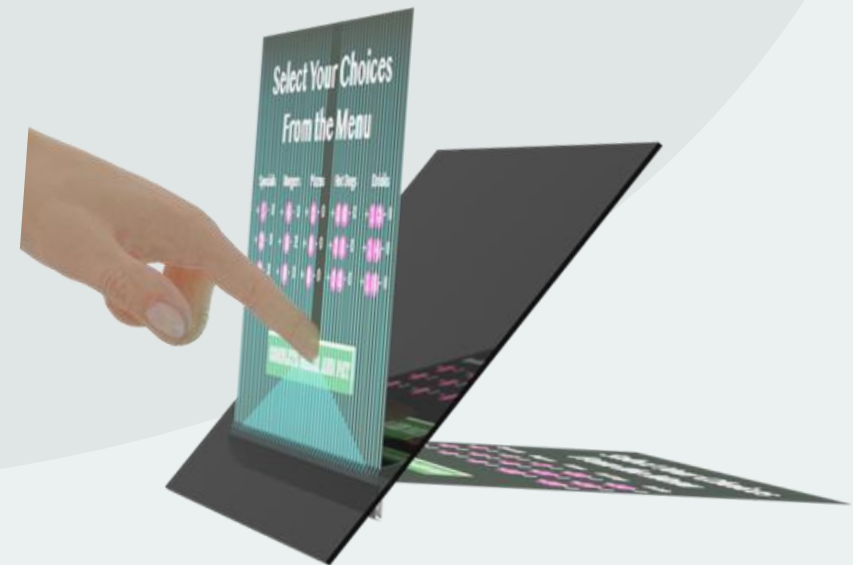
## Parallel plane solution

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



## Holographic solution

Touch interaction on an in-air display





Example of contactless interface  
using the parallel plane approach:

## Contactless check-in and bagage drop kiosks at Hamad Airport

Retrofit solution developed and  
installed by Happymeter



Example of holographic display interfaces:

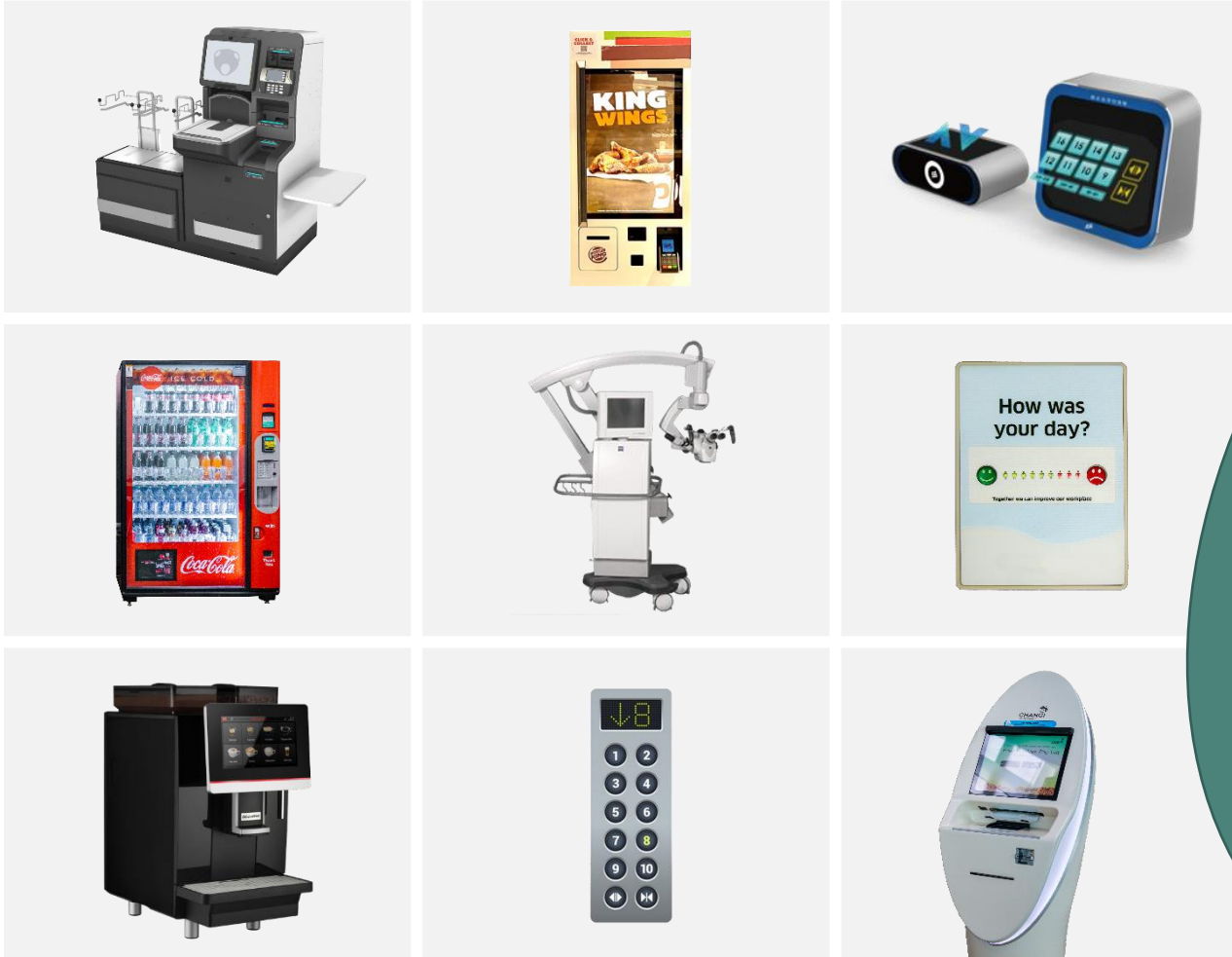
## Contactless medical carts and patient monitors

Launched by Holo Industries





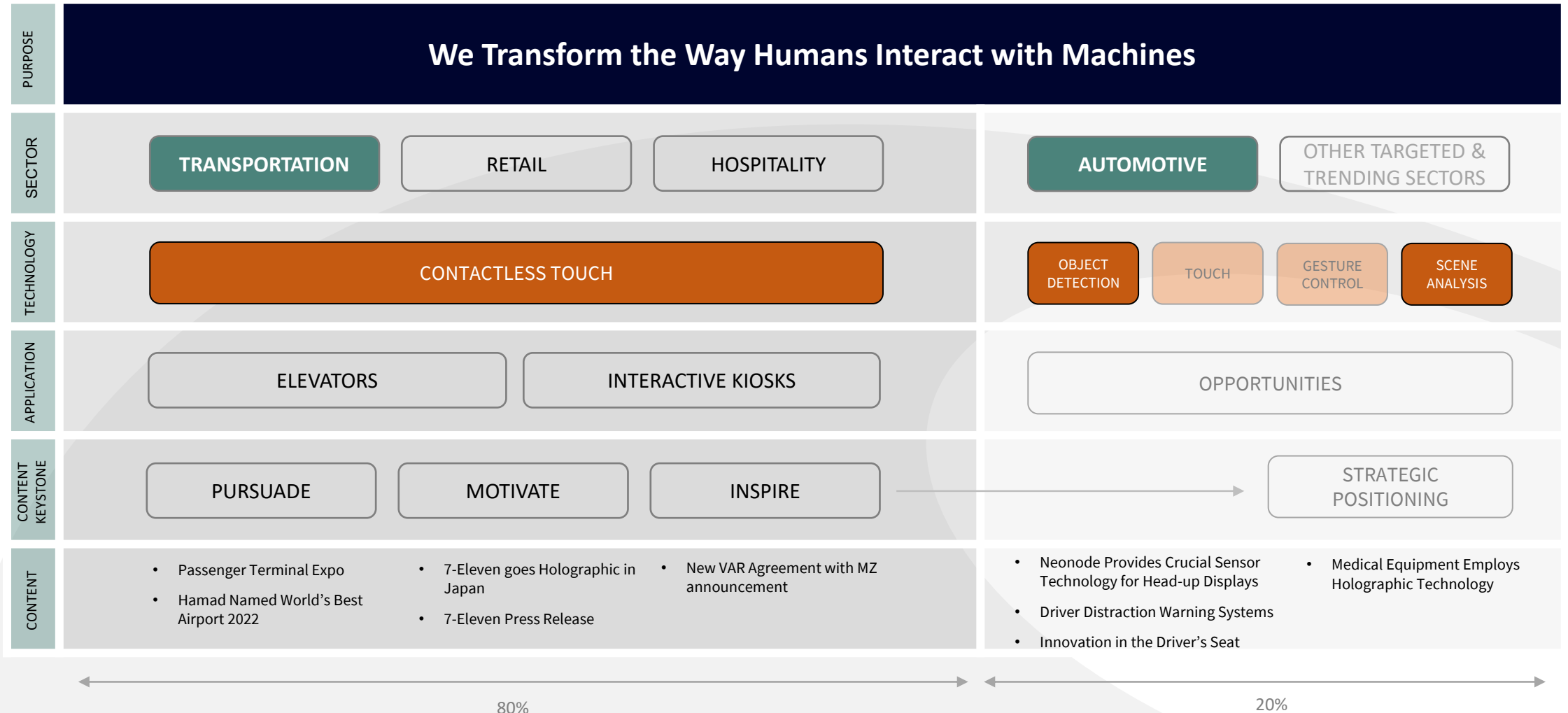
# Other Application Examples



- Self-Ordering Kiosks
- Vending Machines
- Coffee Machines
- Digital Signage
- Point-of-Sale Terminals
- Ticketing Machines
- Feedback Terminals
- Elevators

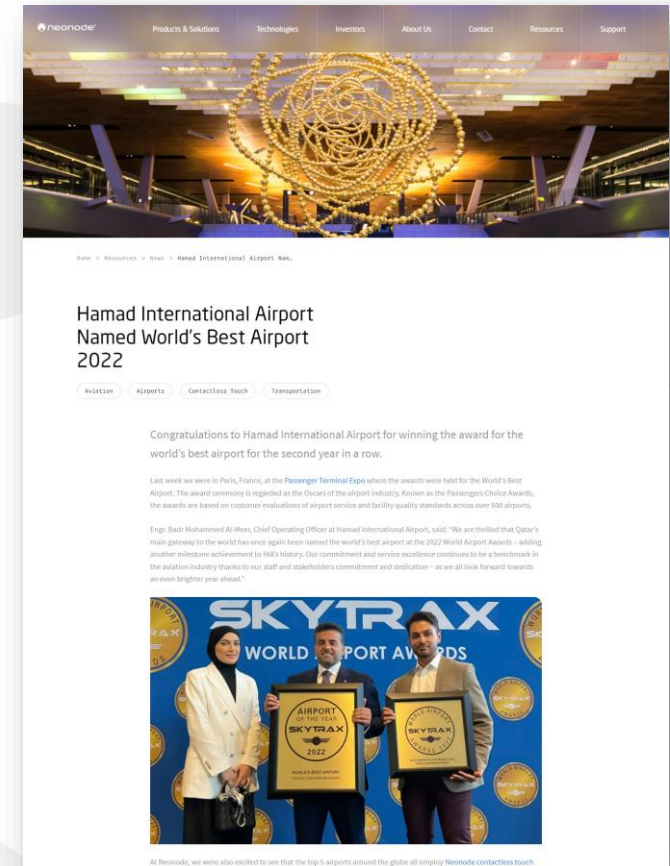
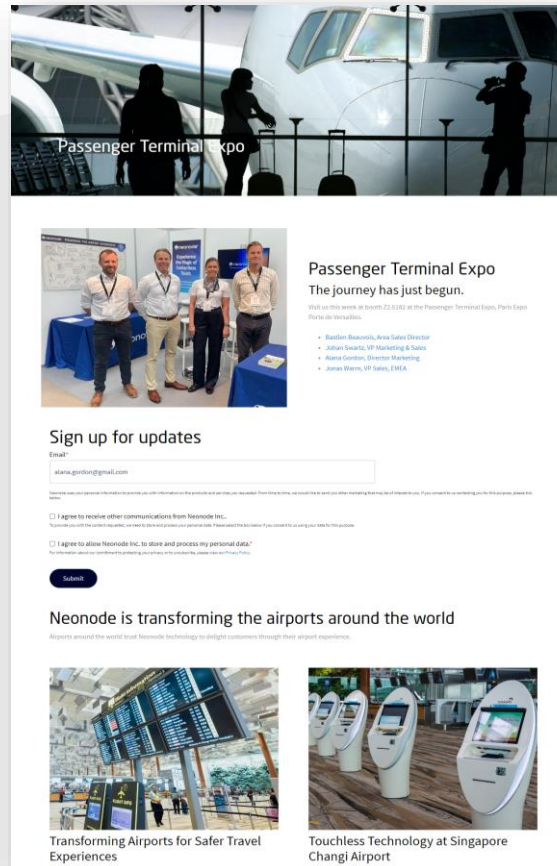
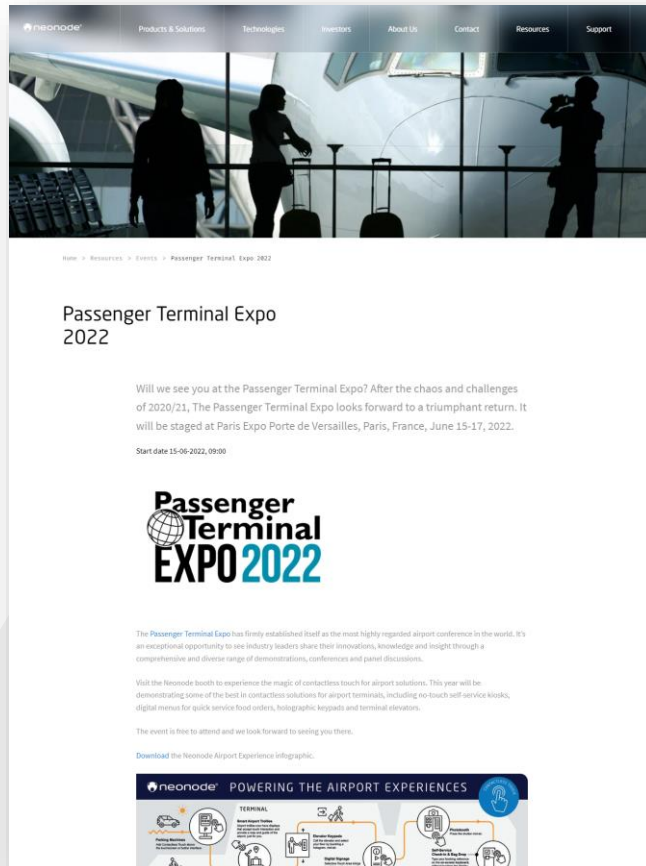


# Communication Framework

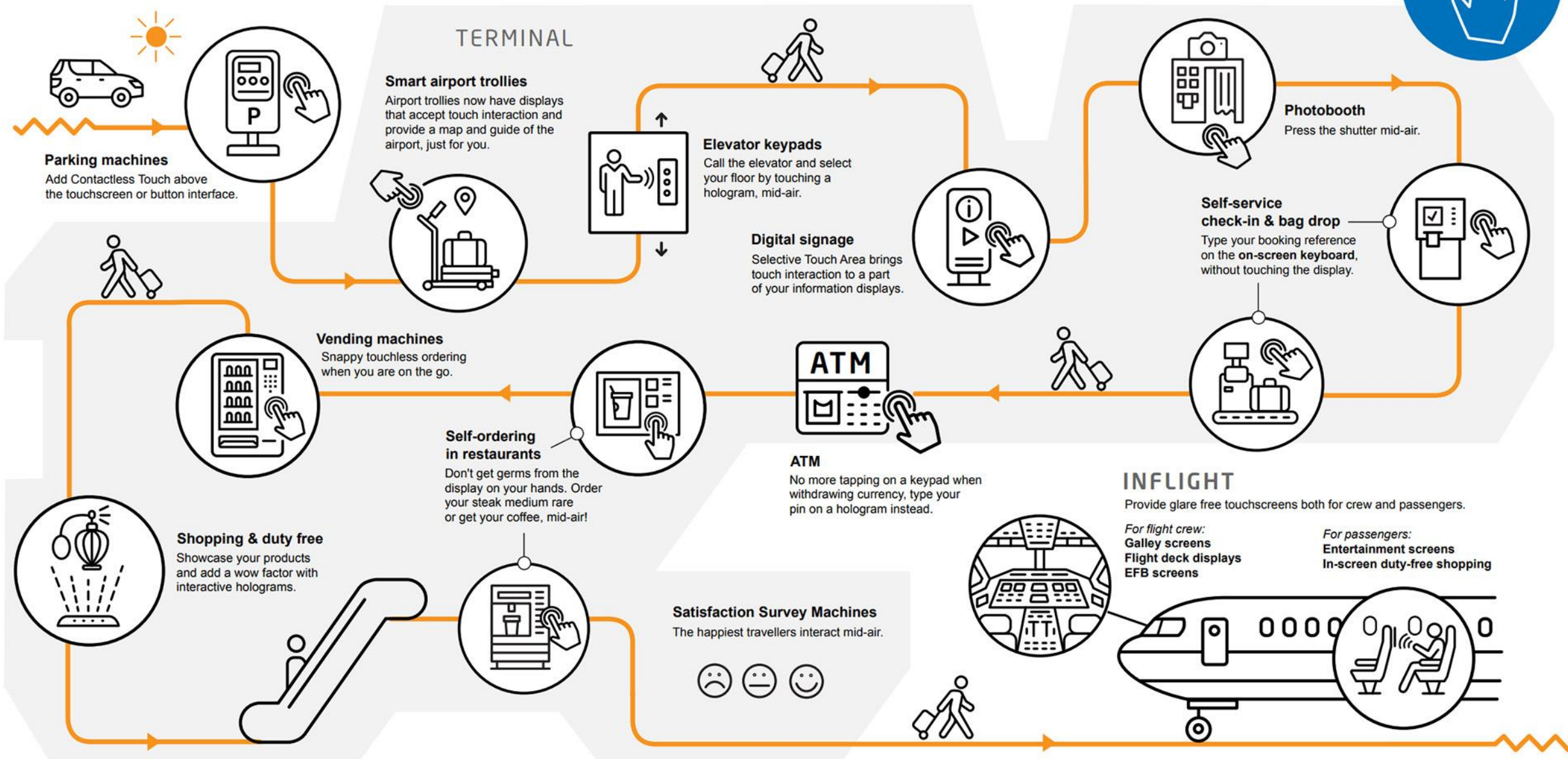


# Transportation

Strong focus on the Aviation Sector, specifically, people movement in airports.







# Passenger Terminal Expo, Paris, June 15-17

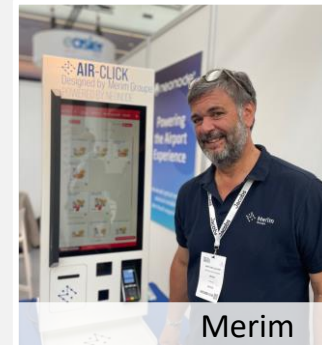
The World's Biggest Airport Conference & Exhibition



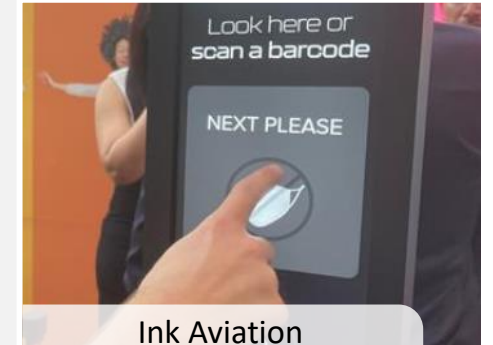
Neonode



Image Holders



Merim



Ink Aviation



Dewhurst



Happy Meter



MZ Technologie



New Pitches

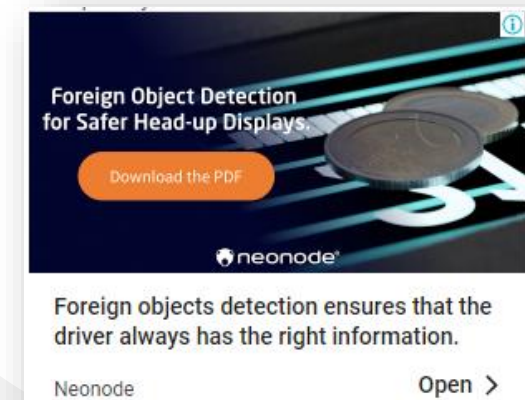
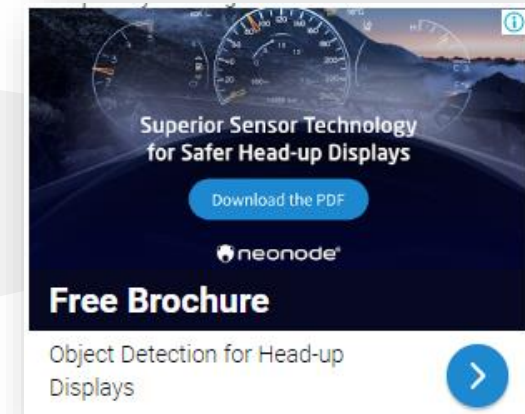
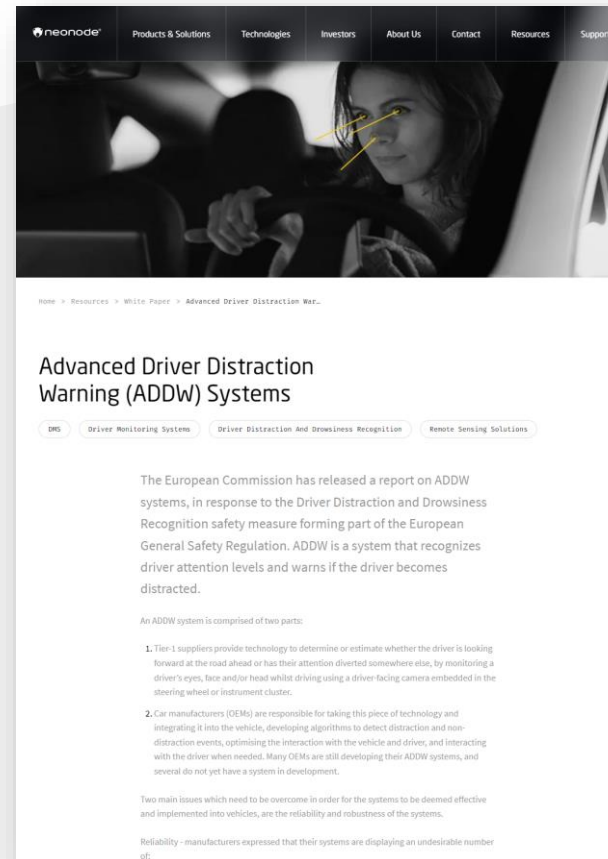
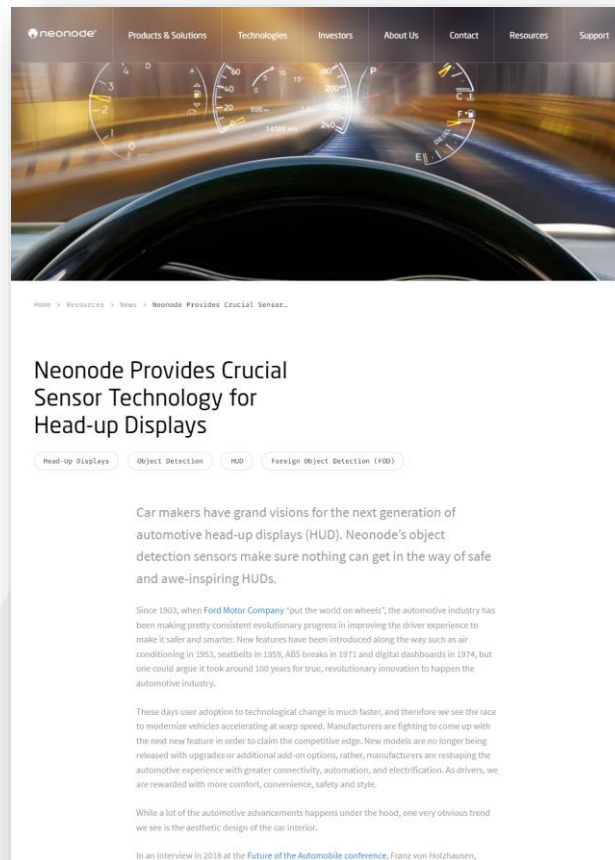


# Neonode Extends VAR Agreement with MZ Technologie to Access the Middle East



# Automotive

Product releases for the Automotive Industry: Advanced Driver Distraction Warning Systems and Object Detection for Head-up Displays.



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- 3. Concluding Remarks**
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# Concluding Remarks

- Sales and results for Q2 below expectations
  - COVID-19 related lock-downs
  - Semiconductor shortage affecting our customers
  - Long sales cycles, long development cycles, protracted new product launches
- We continue see a stable and increasing demand for our TSMs, not least for contactless touch solutions using holographic displays
- We also see a growing interest in our zForce and MultiSensing technologies from automotive and avionics customers
- We remain optimistic about our prospects to grow and improve cash flow during this and the coming years

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## **4. Q&A**

# 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	Q2-22
Revenue Products	98	66	284	502	355	346	136	118	147	210
Cost of Sales Products	-36	-72	-198	-496	-270	-212	-98	-342	-51	-93
<b>Gross Profit Products</b>	<b>62</b>	<b>-6</b>	<b>86</b>	<b>6</b>	<b>85</b>	<b>134</b>	<b>38</b>	<b>-224</b>	<b>96</b>	<b>117</b>
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	-	-
<b>Adjusted Gross Profit Products</b>	<b>40</b>	<b>21</b>	<b>112</b>	<b>109</b>	<b>81</b>	<b>120</b>	<b>70</b>	<b>110</b>	<b>83</b>	<b>117</b>
Gross Margin Products	63,3%	-9,1%	30,3%	1,2%	23,9%	38,7%	27,9%	-189,8%	65,3%	55,7%
Adjusted Gross Margin Products	40,4%	31,7%	50,1%	22,6%	25,9%	36,2%	47,3%	52,4%	61,9%	55,7%