



Q4 and FY 2022 Earnings Call

March 9, 2023

Today's Presenters

- Urban Forssell, CEO
- Fredrik Nihlén, CFO



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1. Brief Strategy and Business Update

2. Q4 and FY 2022 Financial Results
3. Financing
4. Current Status and Plan Going Forward
5. Patent Litigations v. Apple, Samsung
6. Concluding Remarks
7. Q&A

Business Strategy: Technology Licensing and Product Sales

| TARGET SEGMENTS | PRINTER | AUTOMOTIVE | ELEVATORS | INTERACTIVE KIOSKS |
|--------------------|---|--|---|---|
| |  |  |  |  |
| CUSTOMER OFFERINGS | ZFORCE | MULTISENSING | TOUCH SENSOR MODULES (ZFORCE) | |
| BUSINESS MODELS | SALES OF NRE SERVICES + TECHNOLOGY LICENSING | | SALES OF NRE SERVICES + PRODUCT SALES | |

Key Application Areas

In Our Licensing Business:

zForce

- HUD Obstruction Detection
- Interior Controls
 - (Rugged) Touch
 - Gesture Sensing

MultiSensing

- Driver and In-cabin Monitoring

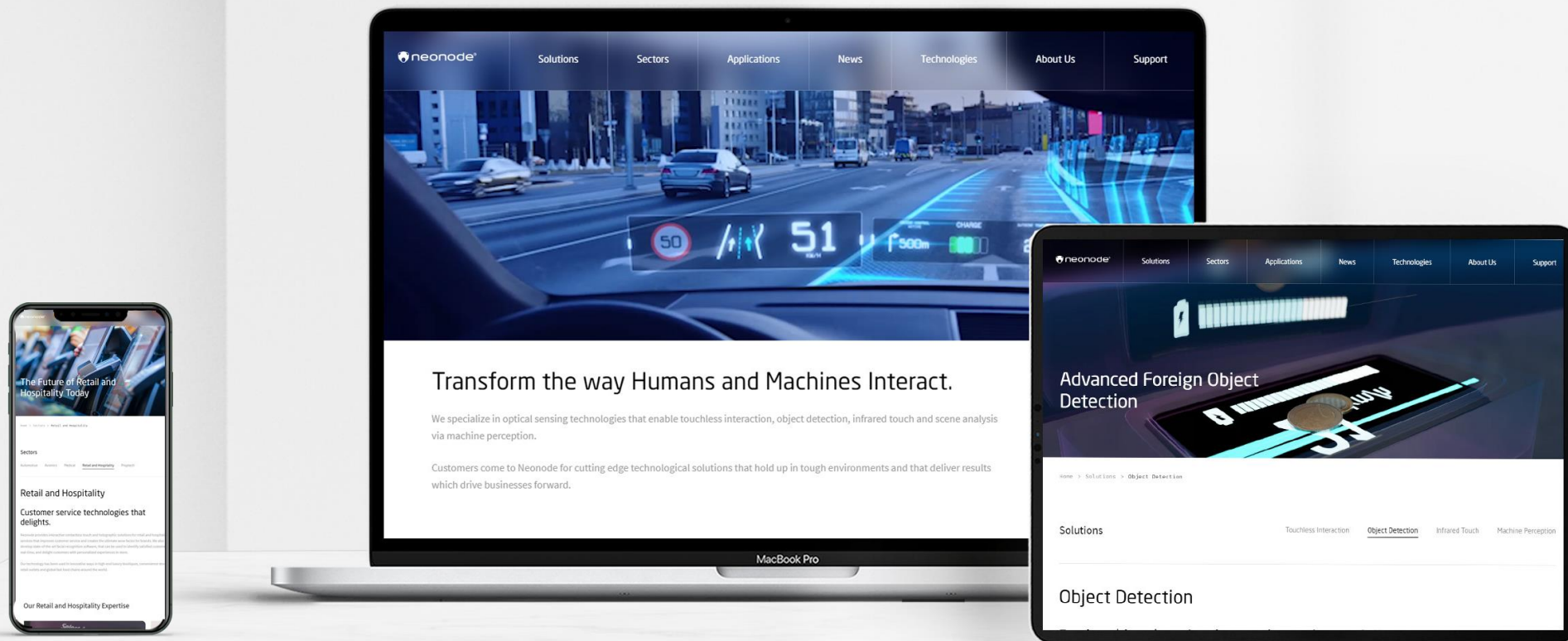
In Our Products Business:

Touch Sensor Modules

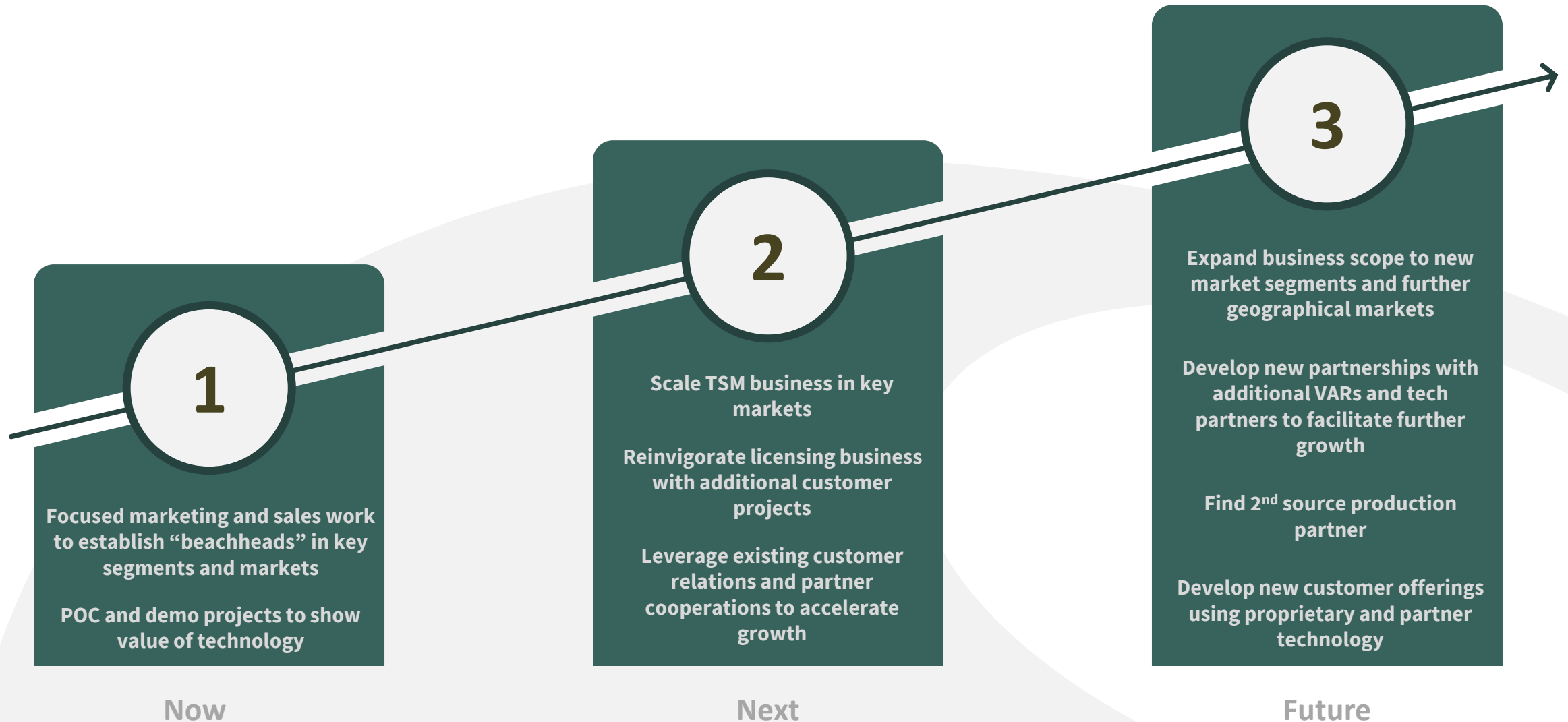
- Contactless Touch
 - Touchless Touch on displays, keyboards, keypads, buttons
 - Holographic Touch
- (Rugged) Touch on displays and other surfaces
- Gesture Sensing

Website Reflecting Strategy

www.neonode.com



3-step Approach for Growth



Events Q4 2022



Tech AD,
Detroit
November 2022



AutoTech Europe
Munich
November 2022



Auto HUD Tech Forum
Shuzhou/Virtual
November 2022



Japan Build
Tokyo
December 2022

Retail Tech 2023, Japan



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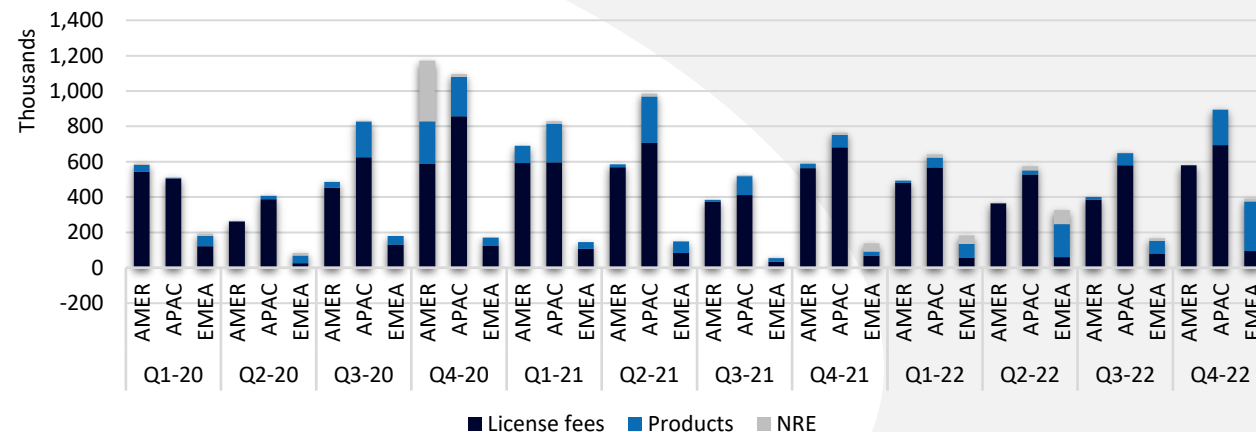


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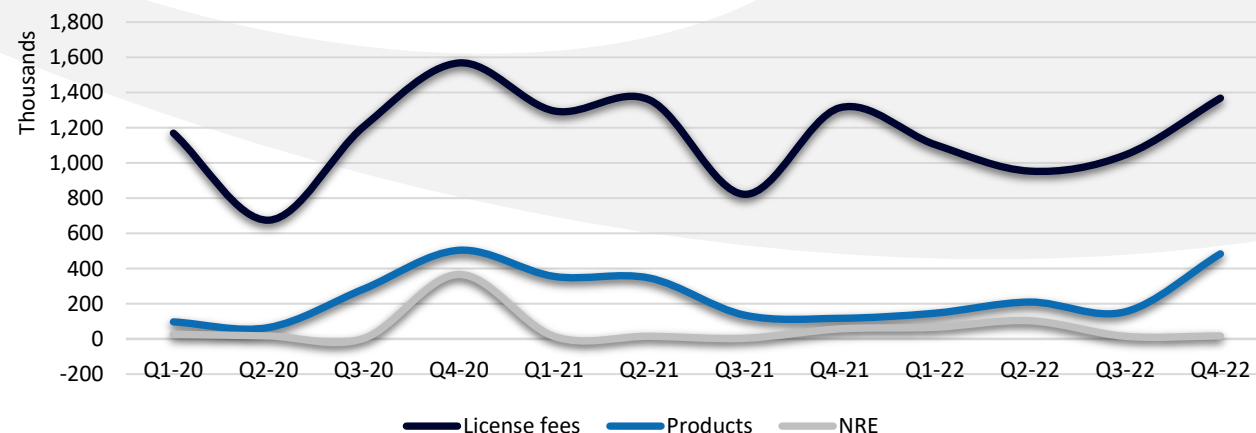
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Q4/'22 Financial Results – Revenues

Revenues by Revenue Stream and Region



Revenues by Revenue Stream



\$5.7 million

Revenue Total
2022

▼ 3% YoY

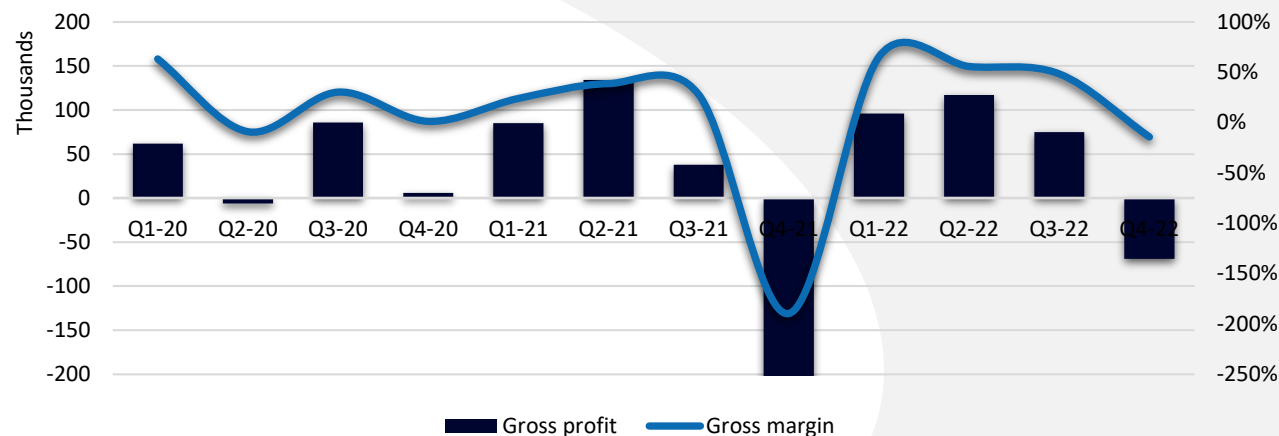
\$1.0 million

Revenue Products
2022

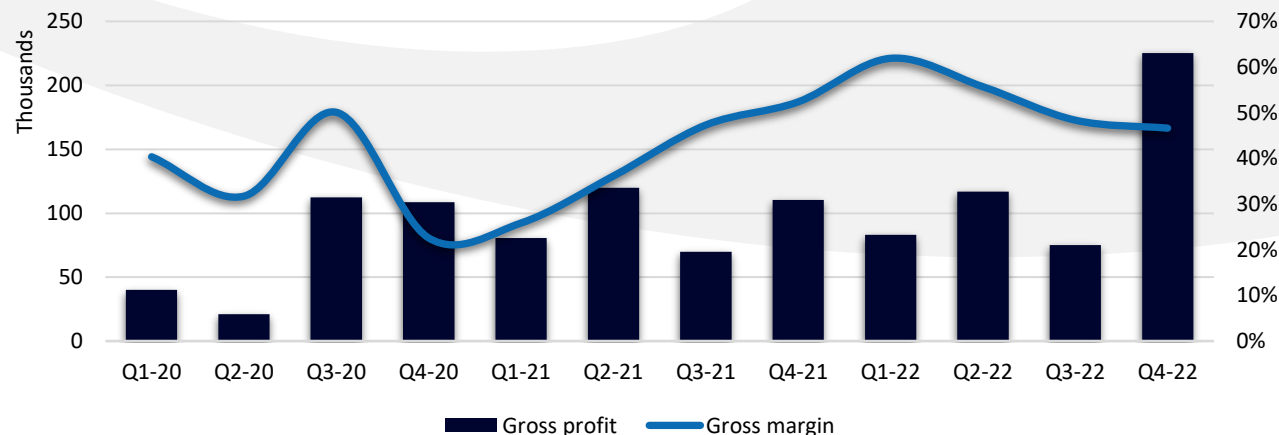
▲ 4% YoY

Q4/'22 Financial Results – Gross Profit/Margin

Gross Profit/Margin Products



Gross Profit/Margin TSMs Adjusted*



22%
Gross Margin
Products 2022

▲ 19pp YoY

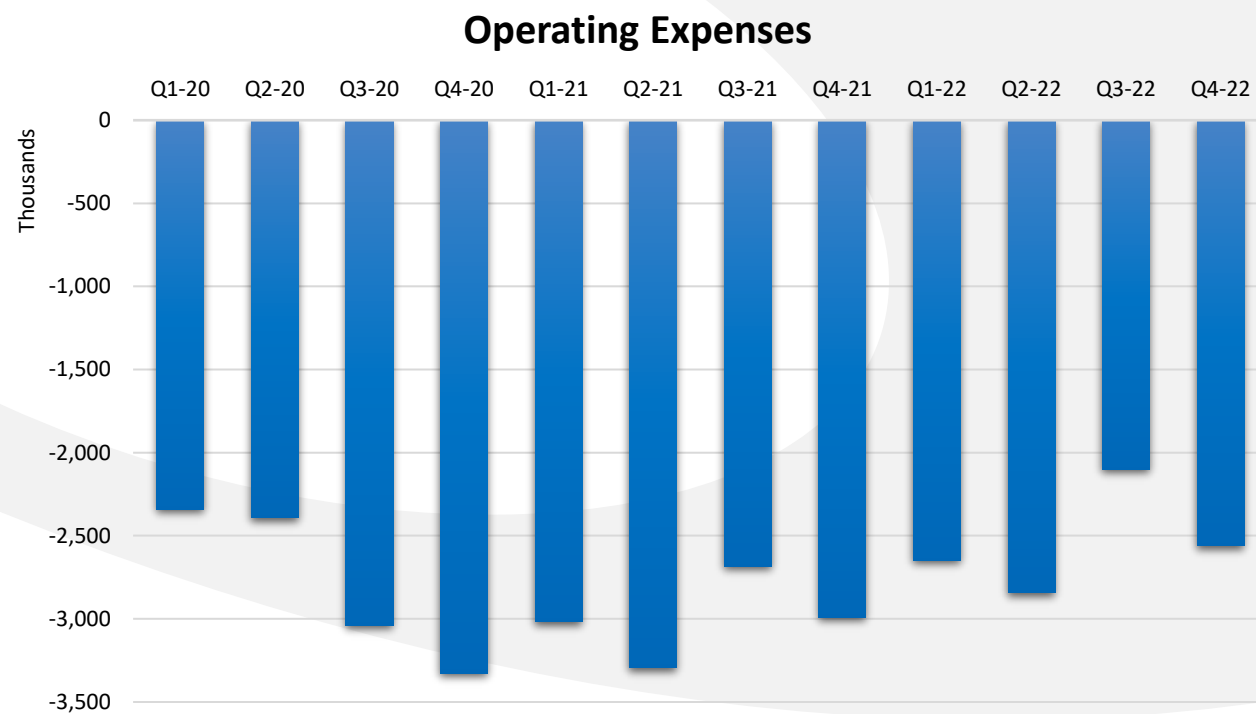
51%

Adjusted Gross
Margin TSMs*

▲ 13pp YoY

* See calculation in Appendix "Non-GAAP Financial Measures"

Q4/'22 Financial Results – Operating Expenses



**\$10.2
million**

Operating Expenses
2022

▼ 15% YoY

Q4/'22 Financial Results – P&L

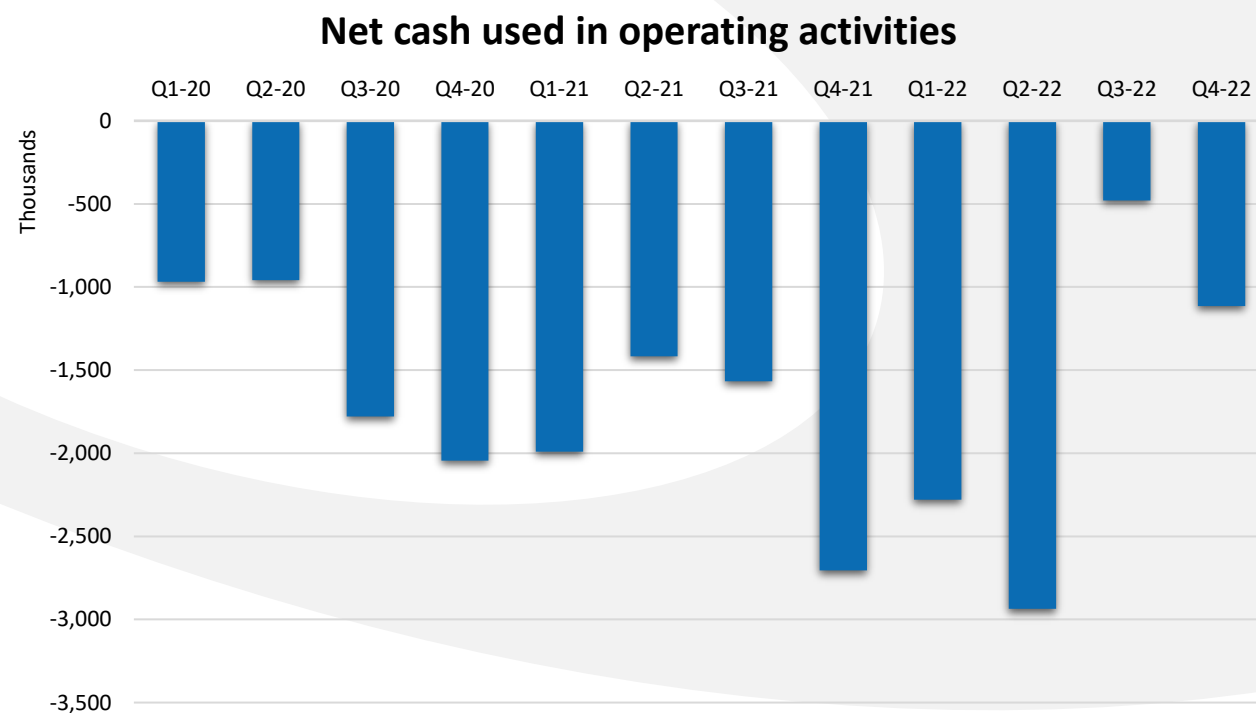
| <i>kUSD</i> | 2022 | 2021 | 2020 |
|---|---------------|---------------|---------------|
| Revenues | 5 670 | 5 836 | 5 984 |
| Cost of revenues | 804 | 955 | 1 078 |
| Gross margin | 4 866 | 4 881 | 4 906 |
| Operating expenses | 10 152 | 11 988 | 11 097 |
| Operating loss | -5 286 | -7 107 | -6 191 |
| Other income (expense) | 121 | -15 | -32 |
| Loss before provision for income taxes | -5 165 | -7 122 | -6 223 |
| Provision for income taxes | 118 | 146 | 59 |
| Net loss including noncontrolling interests | -5 283 | -7 268 | -6 282 |
| Less: net loss attributable to noncontrolling interests | 400 | 818 | 677 |
| Net loss attributable to Neonode Inc. | -4 883 | -6 450 | -5 605 |
| Preferred dividends | - | - | -33 |
| Net loss attributable to common shareholders of Neonode Inc. | -4 883 | -6 450 | -5 638 |

**-\$4.9
million**

Net Loss 2022

▲ 24% YoY

Q4/'22 Financial Results – Cash



\$6.8 million
Net Cash Burn
Operating Activities
2022

▼ 11% YoY

\$16.3 million

Cash and Accounts
Receivables
Dec. 31, 2022

▼ 2.4 Million
Dec. 31, 2021

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At-The-Market Financing

- We used our ATM facility during October 2022 to January 2023
- Net proceeds of \$12.6 million
- Average price per share was \$7.24
- Common stock outstanding as of Mar. 3, 2023 were 15,359,481
- The improved cash position give financial stability to execute on our strategy

**\$4.7
Million**

ATM Net Proceeds
Q4 2022

**\$7.9
Million**

ATM Net Proceeds
Jan. 2023

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Sales Results 2022 & Outlook

- Our 2022 sales revenues were on par with our 2021 sales revenues.
- We remain optimistic about our ability to significantly grow our business and have several very promising opportunities in our sales funnel.

Plan Going Forward

Sales

- We believe our strategy and strong finances make us well positioned to significantly grow our business this and the coming years.
- We are adding resources to our global sales team to support growth in key sectors and markets.
- We are also expanding our network of distributors, value-added resellers, and other partners for a broader reach and a quicker market penetration.

Marketing

- We continue to build on our brand and marketing platform to drive sales;
 - Increased focus on physical demos and POC projects.
 - Increased focus on events and roadshows.
 - Continued use of digital marketing campaigns.
- Key point: Show the value of our technology.

Engineering

- We continue to invest in product development to improve the added customer value our products and solutions bring and to broaden our offering.
- To support these efforts and shorten our time-to-market, we are strengthening our engineering team and increasing our use of external development partners.

MultiSensing Licensing Solutions

Driver and In-cabin Monitoring

Ongoing discussions with OEMs and tier 1 suppliers for mass production of driver and in-cabin monitoring solutions.



zForce Licensing Solutions

HUD Obstruction Detection

Ongoing discussions with OEMs and tier 1 suppliers for mass production of obstruction detection solutions.



zForce and MultiSensing Licensing Solutions

Interior Controls & Driver Monitoring

Neonode and EPICNPOC sign a Memorandum of Understanding to develop and deliver features for a multimodal HMI development platform for automotive OEMs and tier 1 suppliers.



CES 2023, Las Vegas



TSM Applications

Elevator Control Panels

Contactless touch solutions for elevator control panels, both for new installs and retrofit. Touchless touch and holographic touch solutions.

Illustration to the right: Typical touchless touch solution using a “parallel plane” application of Neonode TSMs.



TSM Applications

Interactive Kiosks

Contactless touch solutions for interactive kiosks, both for new installs and retrofit. Touchless touch and holographic touch solutions.

Illustration to the right: Maxell Aqua Park in Tokyo deploys holographic infotainment displays using Neonode TSMs.



TSM Applications

Medtech Systems

Elix Systems delivers retrofit display frames with Neonode TSMs that realize a robust, high-performance touch feature on displays in ultrasound systems adding a lot of value for the customer and for the end users.



Medtech

Neonode Medical Solutions



- Contactless touch solutions for medtech equipment and interactive kiosks in hospitals
- Robust and accurate touch features, even with surgical gloves or wet hands
- Touch on germ-eliminating materials such as silver or copper
- Object and proximity detection for interference-free operation

Customer Implementations



- Holographic patient carts by Holo Industries reduce the spread of pathogens
- AnySurface keyboard by HY-LINE for easy disinfection of interactive surfaces
- Elix Systems enable touch on rugged, high-quality displays in ultrasound systems, while maintaining 100% image quality (resolution, contrast, brightness)

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Patent Agreement with Aequitas

Neonode has an “embedded call option” associated with its patent agreement with Aequitas Technologies LLC

Background Facts

In May 2019, Neonode assigned two patent families related to old smartphone technology to Aequitas Technologies LLC in exchange for 50% of the net proceeds if Aequitas succeeds in monetizing the patents.

Net proceeds should here be understood as gross proceeds less out of pocket expenses and legal fees.

Ongoing Litigations

In June 2020, Neonode Smartphone LLC, a subsidiary of Aequitas Technologies LLC, filed patent infringement lawsuits against Apple Inc., and Samsung Electronics Co. Ltd. and Samsung Electronics America Inc., respectively, in the Western District of Texas, USA.

Both litigations are still ongoing.

Neonode's Role

Neonode has no insight into or influence over Aequitas' operations and, in particular, we are not involved in the lawsuits v. Apple and Samsung.

Neonode will not bear any costs associated with the ongoing litigations and we are not exposed to any risks because of them.

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Concluding Remarks

- Sales revenues 2022 were \$5.7 million (2021 \$5.8 million).
- Net loss 2022 was \$4.9 million (2021 \$6.5 million).
- Net cash used in operating activities 2022 was \$6.8 million (2021 \$7.7 million).
- We continue to see strong interest in our TSMs and our zForce and MultiSensing platforms from customers globally and will use our strong cash position to drive growth through investments in sales, marketing, and product development.

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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 | Q2-22 | Q3-22 | Q4-22 | 2022 | 2021 | 2020 |
|--|-----------|-----------|------------|------------|-----------|------------|-----------|-------------|-----------|------------|-----------|------------|------------|------------|------------|
| Revenue Products | 98 | 66 | 284 | 502 | 355 | 346 | 136 | 118 | 147 | 210 | 155 | 483 | 995 | 955 | 950 |
| Cost of Sales Products | -36 | -72 | -198 | -496 | -270 | -212 | -98 | -342 | -51 | -93 | -80 | -552 | -776 | -922 | -802 |
| Gross Profit Products | 62 | -6 | 86 | 6 | 85 | 134 | 38 | -224 | 96 | 117 | 75 | -69 | 219 | 35 | 150 |
| Lost revenues TSM quality issue | - | - | - | - | - | -14 | 12 | 92 | - | - | - | - | - | 90 | - |
| Cost of sales TSM quality issue | - | - | - | - | - | 4 | 27 | -61 | - | - | - | - | - | -31 | - |
| Inventory write-down TSM quality issue | - | - | - | - | - | - | - | 154 | - | - | - | 294 | 294 | 154 | - |
| Revenue AirBar | 1 | -0 | -60 | -21 | -43 | - | - | - | -13 | - | - | - | -13 | -43 | -79 |
| Cost of Sales AirBar | -23 | 27 | 86 | 123 | 39 | -4 | -7 | 149 | - | - | - | - | - | 178 | 213 |
| Adjusted Gross Profit Products | 40 | 21 | 112 | 109 | 81 | 120 | 70 | 110 | 83 | 117 | 75 | 225 | 500 | 383 | 284 |
| Gross Margin Products | 63% | -9% | 30% | 1% | 24% | 39% | 28% | -190% | 65% | 56% | 48% | -14% | 22% | 4% | 16% |
| Adjusted Gross Margin Products | 40% | 32% | 50% | 23% | 26% | 36% | 47% | 52% | 62% | 56% | 48% | 47% | 51% | 38% | 33% |