



Q3 2022 Earnings Call
November 10, 2022

Today's Presenters



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Agenda

1. Q3 2022 Financial Results

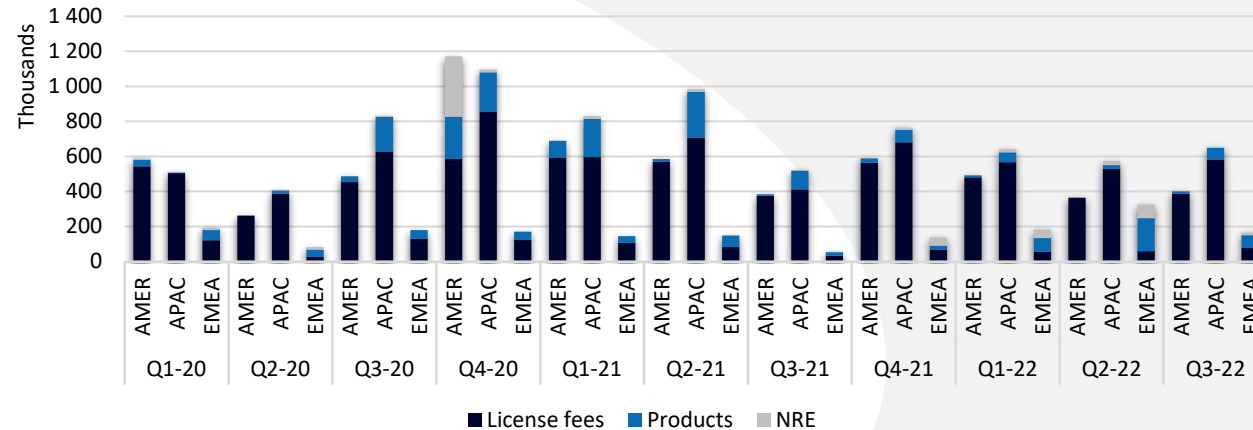
2. Strategy and Business Update

3. Concluding Remarks

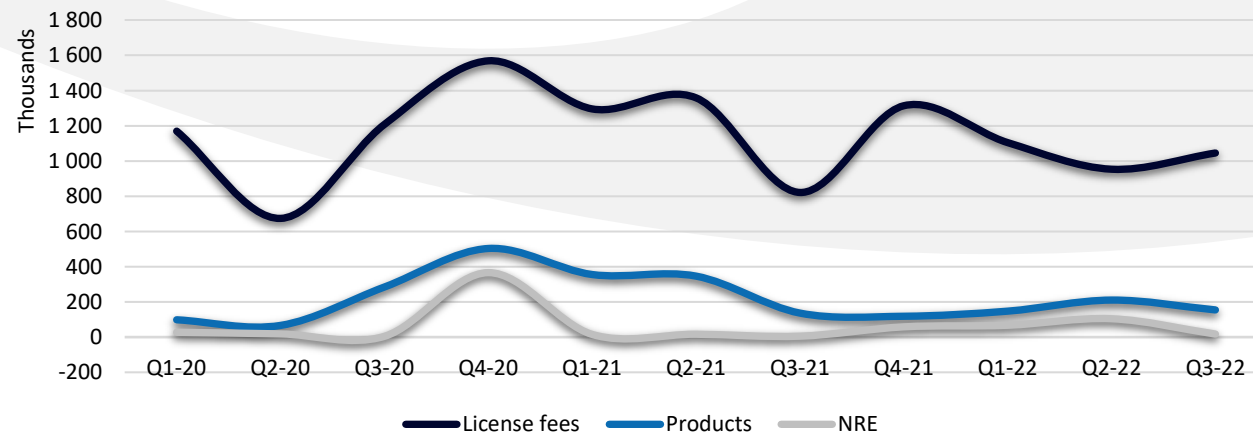
4. Q&A

Q3/'22 Financial Results – Revenues

Revenues by Revenue Stream and Region



Revenues by Revenue Stream



\$1.2 million

Revenue Total
Q3, 2022

▲ 26% YoY

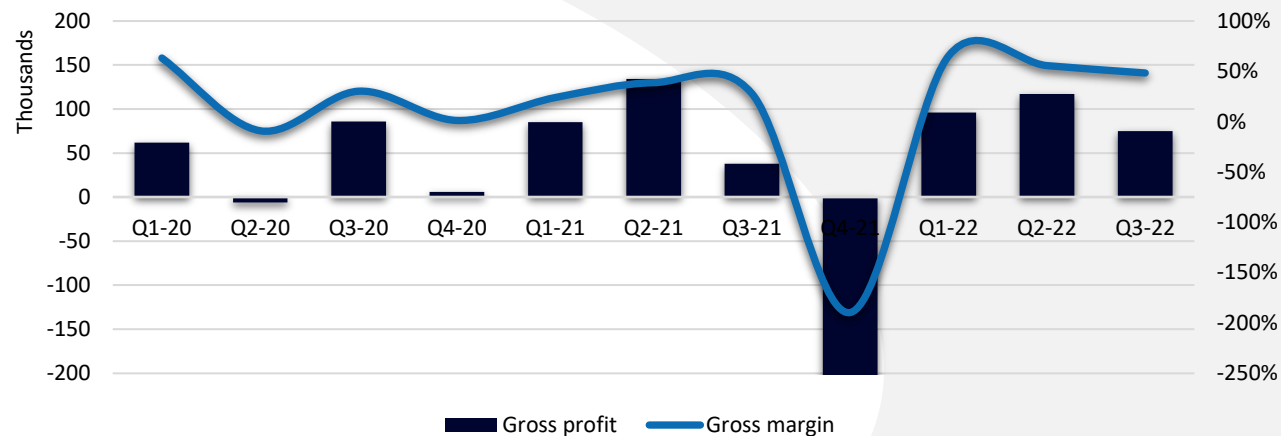
\$0.2 million

Revenue Products
Q3, 2022

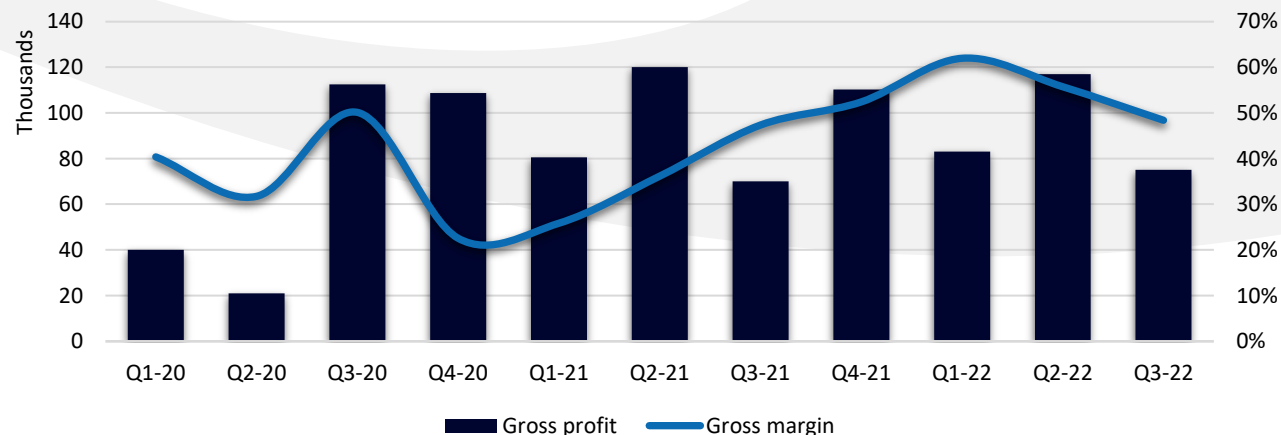
▲ 14% YoY

Q3/'22 Financial Results – Gross Profit/Margin

Gross Profit/Margin Products



Gross Profit/Margin TSMs Adjusted

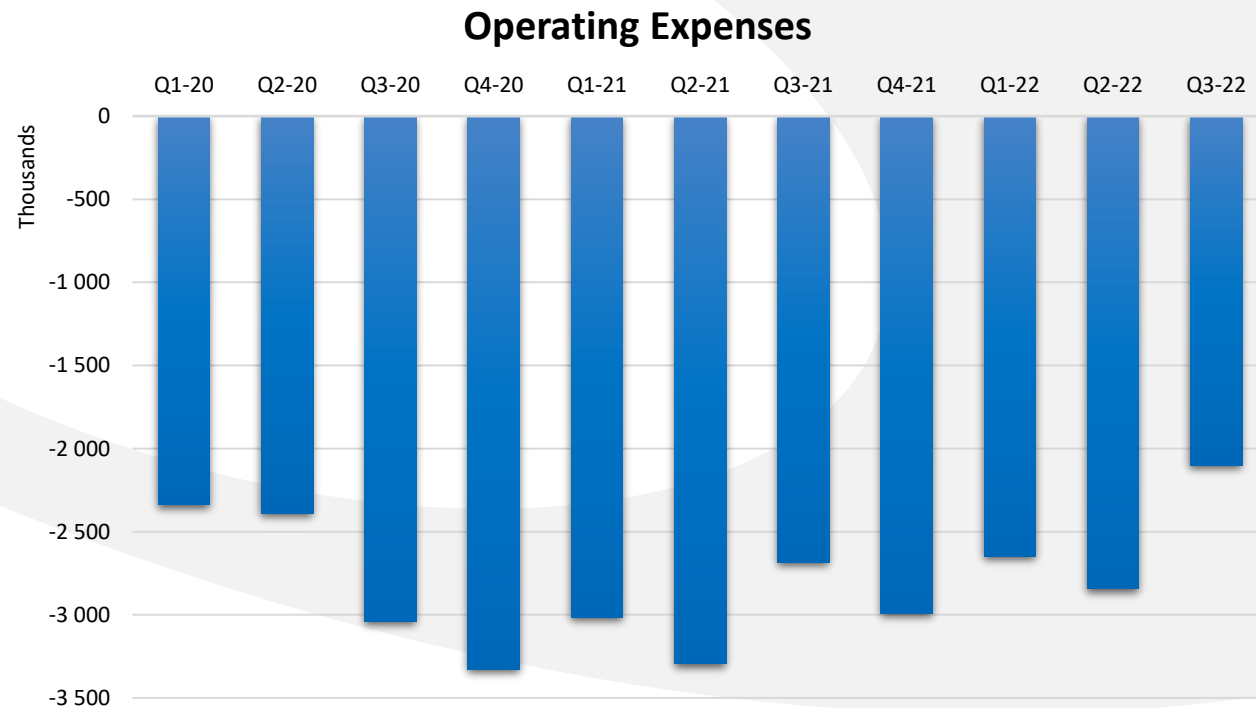


48%

GM Products
Q3, 2022

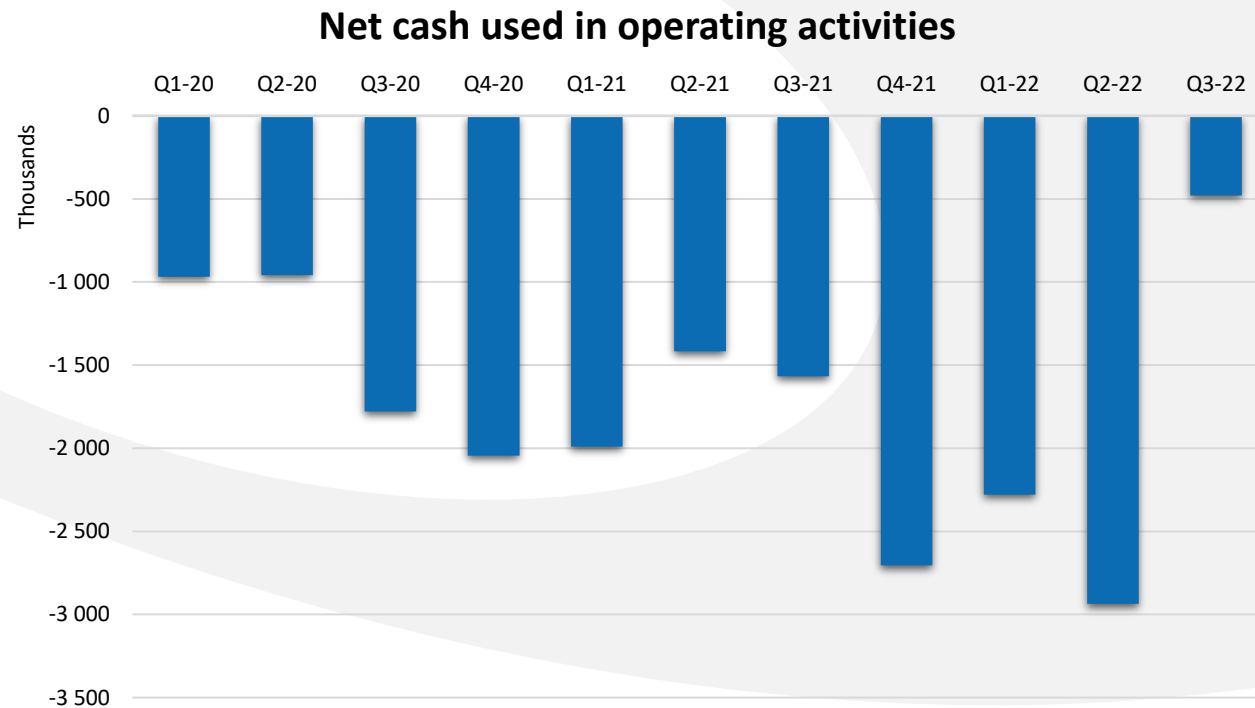
▲ 20pp YoY

Q3/'22 Financial Results – Operating Expenses



\$2.1 million
Operating Expenses
Q3, 2022
▼ 22% YoY

Q3/'22 Financial Results – Cash



\$0.5 million

Net Cash Burn
Operating Activities
Q3, 2022

▼ 69% YoY

\$12.3 million





Cash and Accounts
Receivables
September 30, 2022

▼ 6.4 Million
Dec. 31, 2021

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Business Strategy: Technology Licensing and Product Sales

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

zForce

Head-Up Display Object Detection & Interior Controls

- ✓ Proven IR-based technology used in millions of vehicles globally for 10+ years
- ✓ Flexible and can be adapted to different types of applications and requirements
 - Touch on displays or other surfaces
 - Gesture sensing mid air
 - Object detection
- ✓ High detection speed and resolution
- ✓ Robust and easy to operate



MultiSensing

Driver & In-cabin Monitoring

- ✓ Flexible, scalable software framework
- ✓ Hardware agnostic solution with small computational footprint
- ✓ GSR compatible
- ✓ Advanced AI algorithms and smart toolkit support efficient and controlled development of new applications and features
- ✓ Preconfigured driver attributes for driver monitoring applications, including eye openness, hand positioning, blink frequency, gaze direction, and head posture.

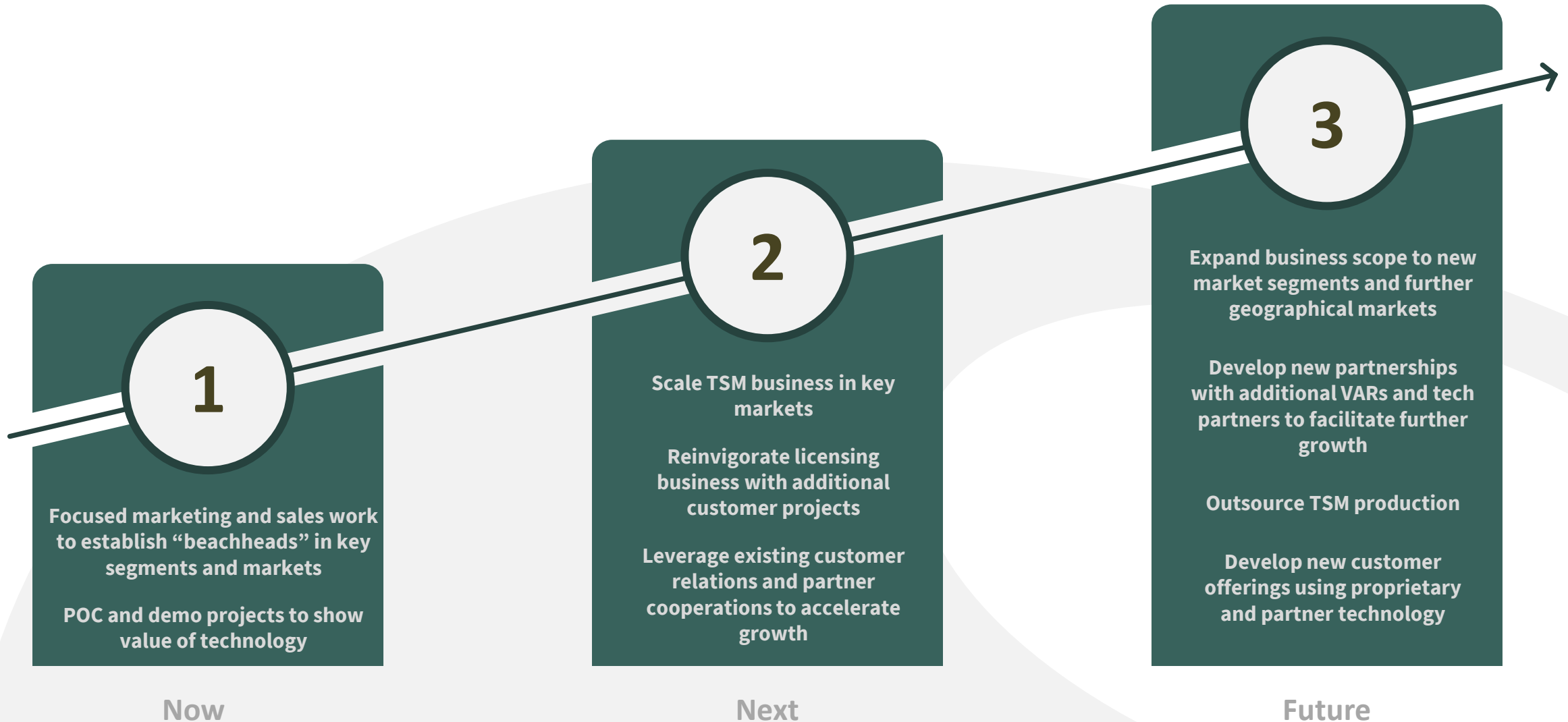


Touch Sensor Modules

Standardized COTS products featuring Neonode's patented zForce Reflective technology.

Using infrared lasers with a configurable scanning frequency of up to 900Hz, Neonode's Touch Sensor Modules track movement with 1.5mm accuracy and a response time as fast as 10 milliseconds.

3-step Approach for Growth



PHANTOM Retrofit Touchless Elevator Sensor by MAD Elevator

MAD Elevator is a leading supplier of elevator fixtures and elevator car interiors. Their contactless PHANTOM elevator control panel is powered by Neocode Touch Sensor Modules.



YesAR Holographic Elevator Controls

Contactless holographic elevator control panels for retrofit and new installs powered by Neonode Touch Sensor Modules.

A



7-Eleven Goes Holographic in Japan

Holographic checkouts in selected 7-Eleven stores offer a totally touch-free experience where customers scan their goods, then finalize their purchase by simply poking the air to interact with the holographic display.

Payment is also accepted by cashless methods, such as credit cards, e-money cards and QR codes.



Holo Industries and ASKA3D Develop Holographic POS Payment System with Mastercard Using Neonode Touch Sensor Module

Holographic Touch
Display



NFC Reader

HY-LINE Virtual Keyless Keyboard

The AnySurface keyboard developed by HY-LINE is an innovative solution for alphanumeric input anywhere it is needed.

The keyboard can be placed on any surface material where it then realizes a 'virtual keyboard' feature over the surface using Neonode's infrared technology.



Neonode Enables Touch on Narrow Format Displays for the Next Generation of Compact Kiosks

Ink Innovation releases one of the worlds slimmest self-service kiosks on the market to make space for the things that matter most – the customers.



Neonode Enables Touch Interaction on Medical Ultrasounds for Global OEM

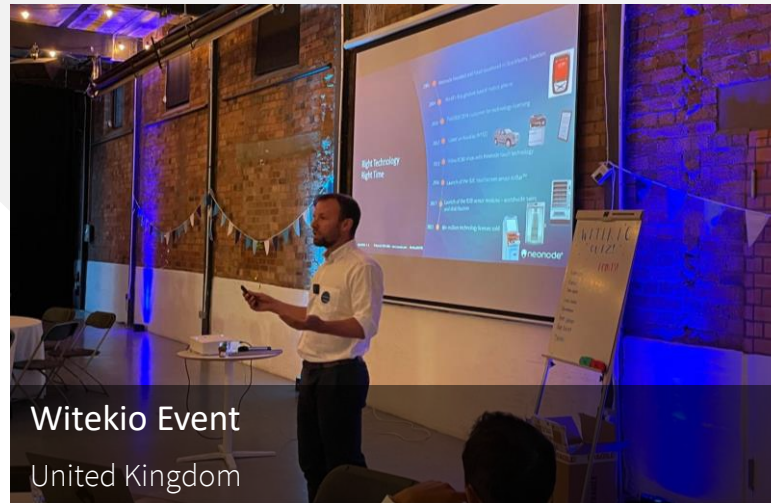
Elix Systems creates retrofit display frames for use on displays in medical ultrasound systems to facilitate more confident diagnosis of patients.



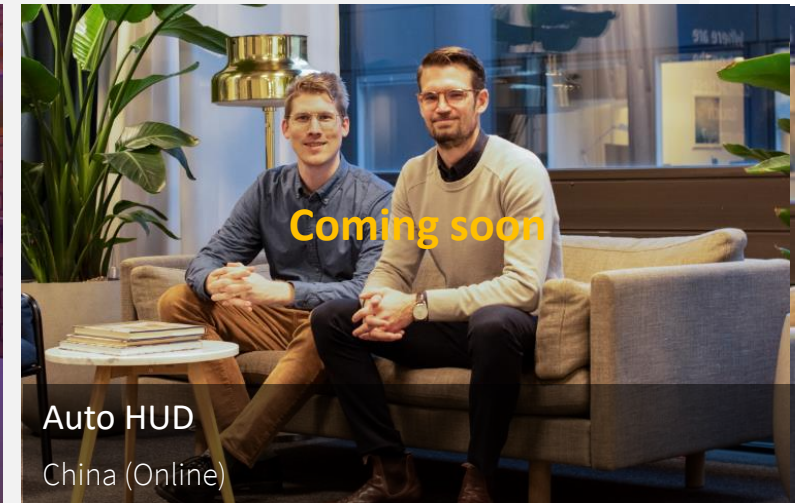
Events – Neonode and Partners



Vehicle Displays & Interfaces Symposium
United States



Witekio Event
United Kingdom



Auto HUD
China (Online)



Liftex 2022
United Kingdom



Gitex 2022
United Arab Emirates



Retail Tech
Japan

Japan Build Expo



metatechno

 **NEXTY
Electronics**

 **GLOBAL
ELECTRONICS**

 Parity Innovations

 **ASUKANET**

 **KANDA KOGYO**

 **MIRAI BAR**

 **Cybaba**

 **IGW
TSUGAWA**

okamura

 **HOSIDEN**

 **JDI**
Japan Display Inc.

maxell

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Concluding Remarks

- Sales revenues and net results in Q3 2022 better than in Q3 2021
- Cash flow Q3 2022 improved compared to Q3 2021 and to the preceding quarters 2022
- We and our partners still have to navigate several issues that slow down or hinder our growth
 - COVID-19 related lock-downs in China
 - Semiconductor shortage and other supply-chain issues affecting our customers
 - Long sales cycles, long development cycles, protracted new product launches
- We continue to see strong interest in our TSMs and our zForce and MultiSensing platforms from customers globally and therefore remain optimistic about our prospects to grow and improve cash flow during this and the coming years

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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
Revenue Products	98	66	284	502	355	346	136	118	147	210	155
Cost of Sales Products	-36	-72	-198	-496	-270	-212	-98	-342	-51	-93	-80
Gross Profit Products	62	-6	86	6	85	134	38	-224	96	117	75
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	117	75
Gross Margin Products	63,3%	-9,1%	30,3%	1,2%	23,9%	38,7%	27,9%	-189,8%	65,3%	55,7%	48,4%
Adjusted Gross Margin Products	40,4%	31,7%	50,1%	22,6%	25,9%	36,2%	47,3%	52,4%	61,9%	55,7%	48,4%