

Neonode Q4 and Full-Year 2023 Earnings Call

February 28, 2024

Presenters

Urban Forssell

Chief Executive Officer

Fredrik Nihlén

Chief Financial Officer



Agenda

- 1. Introduction**
2. 2023 Retrospective
3. 2023 Financial Results
4. 2024 Strategy Update
5. Q&A

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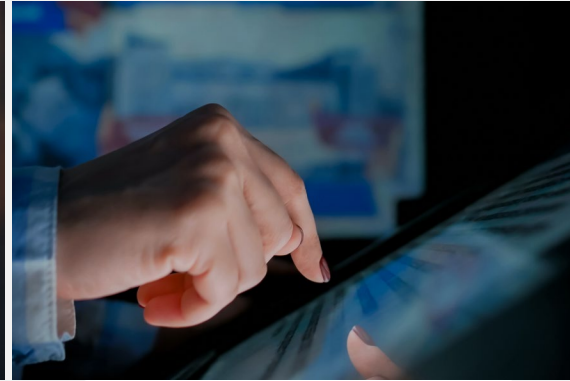
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2023 Retrospective – Business Strategy

TARGET SECTORS	PRINTER	AUTOMOTIVE	ELEVATOR	INTERACTIVE KIOSK
				
CUSTOMER OFFERINGS	ZFORCE	MULTISENSING	TOUCH SENSOR MODULES (ZFORCE)	
BUSINESS MODELS	SALES OF NRE SERVICES + TECHNOLOGY LICENSING		SALES OF NRE SERVICES + PRODUCT SALES	

2023 Retrospective – Outcome

In Our Licensing Business:

Automotive

- License revenues from legacy customers stable
- Break-through driver monitoring software award
- Interesting sales pipeline

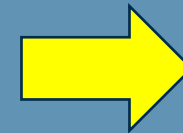
Printer

- License revenues from legacy customers stable Q1-Q2, but slightly down Q3-Q4

In Our Products Business:

Interactive Kiosk, Elevator, Medtech

- Weak demand and slow sales for our TSM products



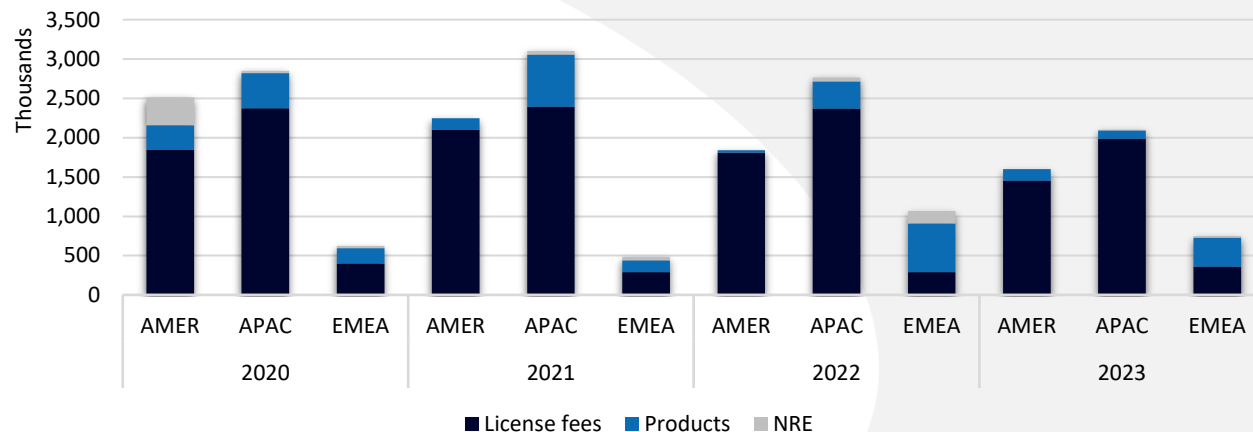
Decision to phase out the products business and focus on licensing

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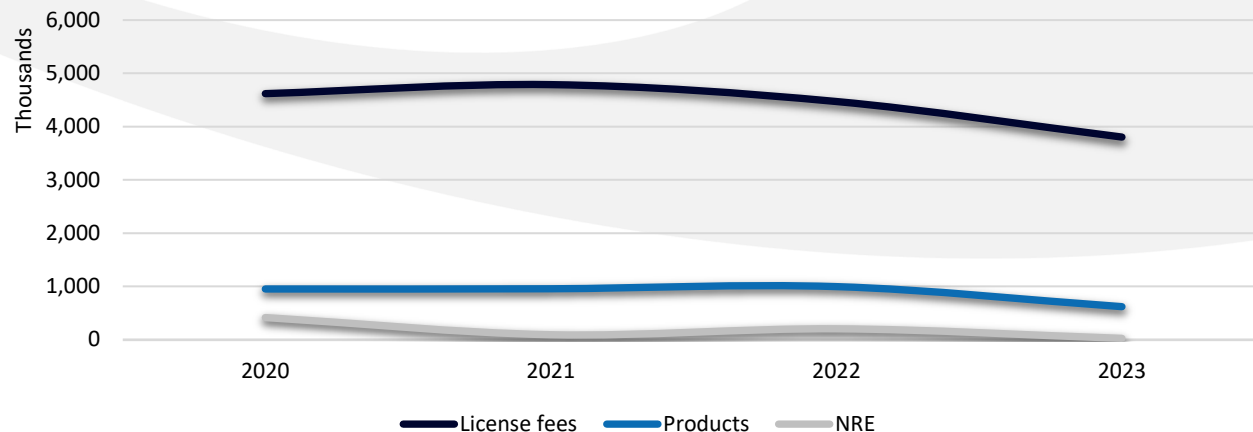
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2023 Financial Results - Revenues

Revenues by Revenue Stream and Region



Revenues by Revenue Stream



\$4.4 million

Revenue Total 2023

▼ 22% YoY

\$3.8 million

Revenue License 2023

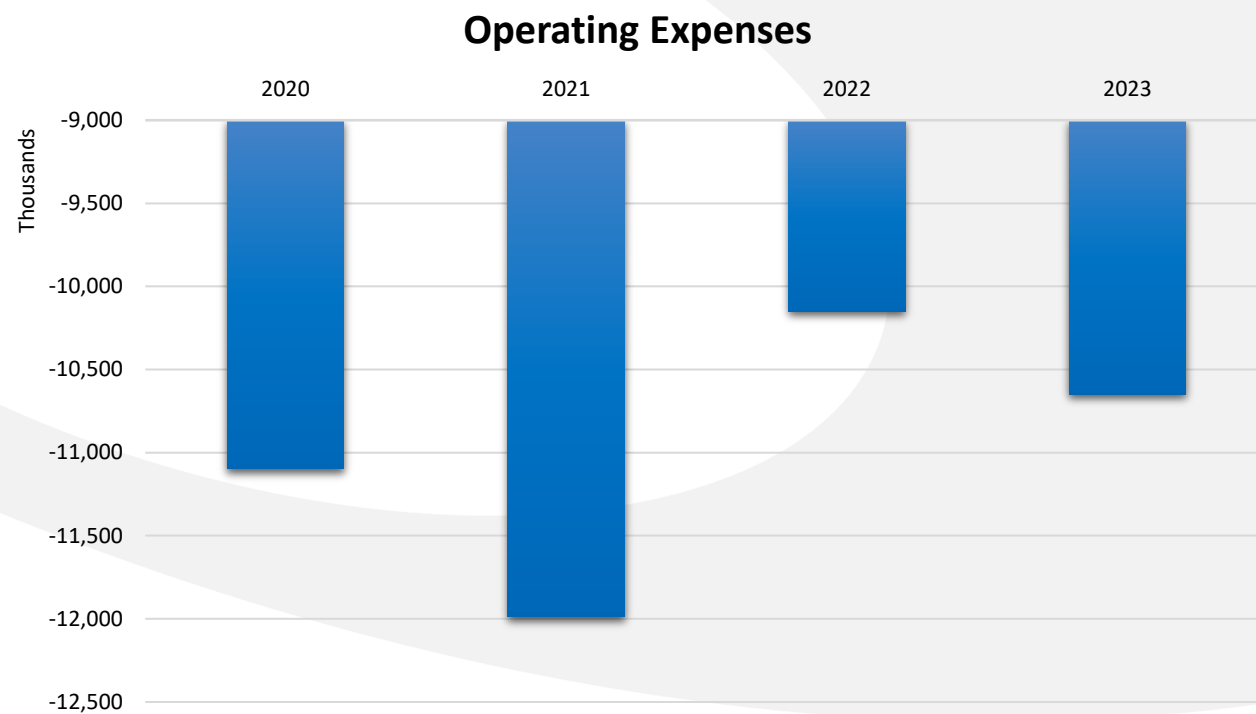
▼ 15% YoY

\$0.6 million

Revenue Products 2023

▼ 38% YoY

2023 Financial Results - Operating Expenses



**\$10.7
million**

Operating Expenses
2023

▲ 5% YoY

2023 Financial Results – Profit & Loss

<i>kUSD</i>	2023	2022	2021	2020
Revenues	4 449	5 670	5 836	5 984
Cost of revenues *	4 542	804	955	1 078
Gross margin	(93)	4 866	4 881	4 906
Operating expenses	10 651	10 152	11 988	11 097
Operating loss	(10 744)	(5 286)	(7 107)	(6 191)
Other income (expense)	736	121	(15)	(32)
Loss before provision for income taxes	(10 008)	(5 165)	(7 122)	(6 223)
Provision for income taxes	115	118	146	59
Net loss including noncontrolling interests	(10 123)	(5 283)	(7 268)	(6 282)
Less: net loss attributable to noncontrolling interests	-	400	818	677
Net loss attributable to Neonode Inc.	(10 123)	(4 883)	(6 450)	(5 605)
Preferred dividends	-	-	-	(33)
Net loss attributable to Neonode Inc.	(10 123)	(4 883)	(6 450)	(5 638)

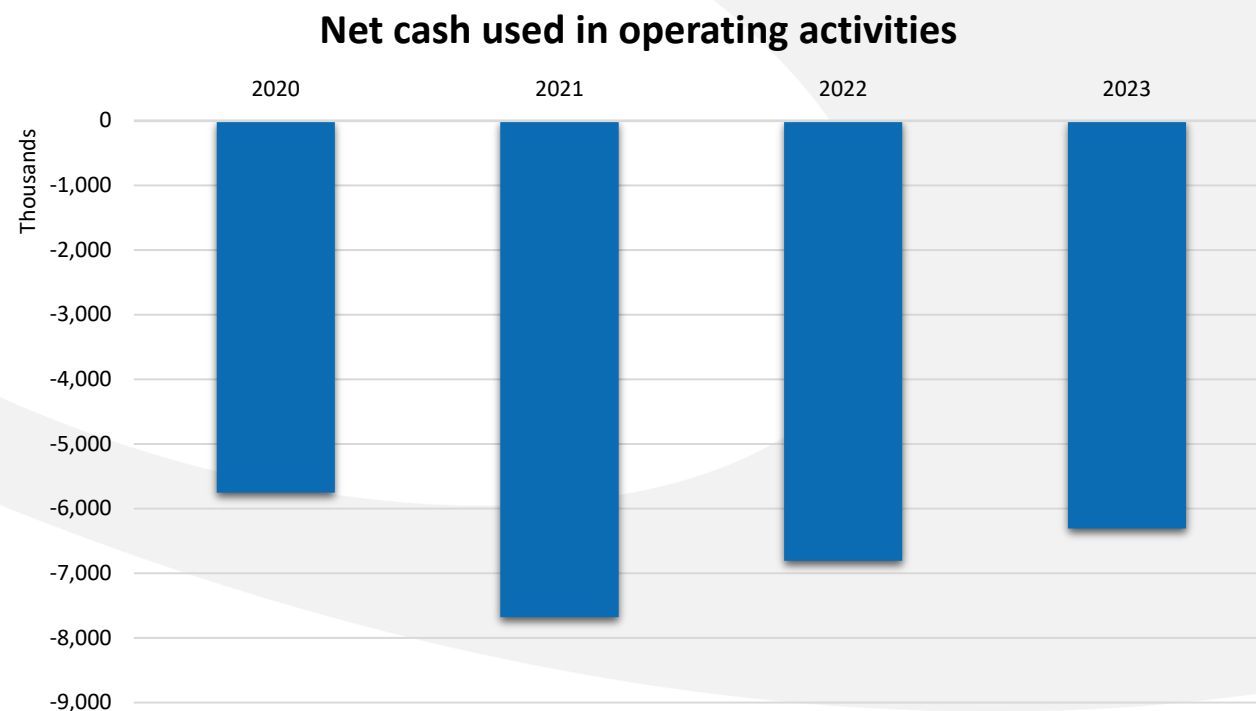
* 2023 impacted by one-time costs of \$362,000 related to a loss on purchase commitment and \$3.6 million related to inventory write-down.

**\$10.1
million**

Net Loss
2023

▲ 107% YoY

2023 Financial Results - Cash



**\$6.3
million**

Net Cash Burn
Operating Activities
2023

▼ 7% YoY

**\$17.1
million**

Cash and Accounts
Receivables
Dec. 31, 2023

▲ 0.8 Million
Dec. 31, 2022

Phase Out of Product Business

Inventory P&L effect 2023

- Impairment loss of \$3.6 million (no cash flow effect)
- Loss on purchase commitment of \$0.4 million

Plan 2024

- Production and sale of TSMs during H1
- Wind down of production unit in Kungsbacka, Sweden, during H2



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Cornerstones of New Sharpened Strategy

- Full focus on technology and software licensing;
 - Reduced operational complexity
 - Better market fit
- Two application areas:
 - Human-machine interaction
 - Machine perception
- Two technology platforms:
 - zForce® - Optical touch and gesture sensing
 - MultiSensing® - Driver and in-cabin monitoring

Two Business Areas

IT & Industrial

Business Model

- Technology and software licensing
- Sales of engineering services
- Sales of demonstrators and prototypes

Target Sectors

- Printer
- Interactive Kiosk
- Medtech
- Industrial

Automotive

Business Model

- Technology and software licensing
- Sales of engineering services
- Sales of demonstrators and prototypes

Target Segments

- Automotive CV
- Automotive LV
- Automotive OH

IT & Industrial

Touch Features for Printers

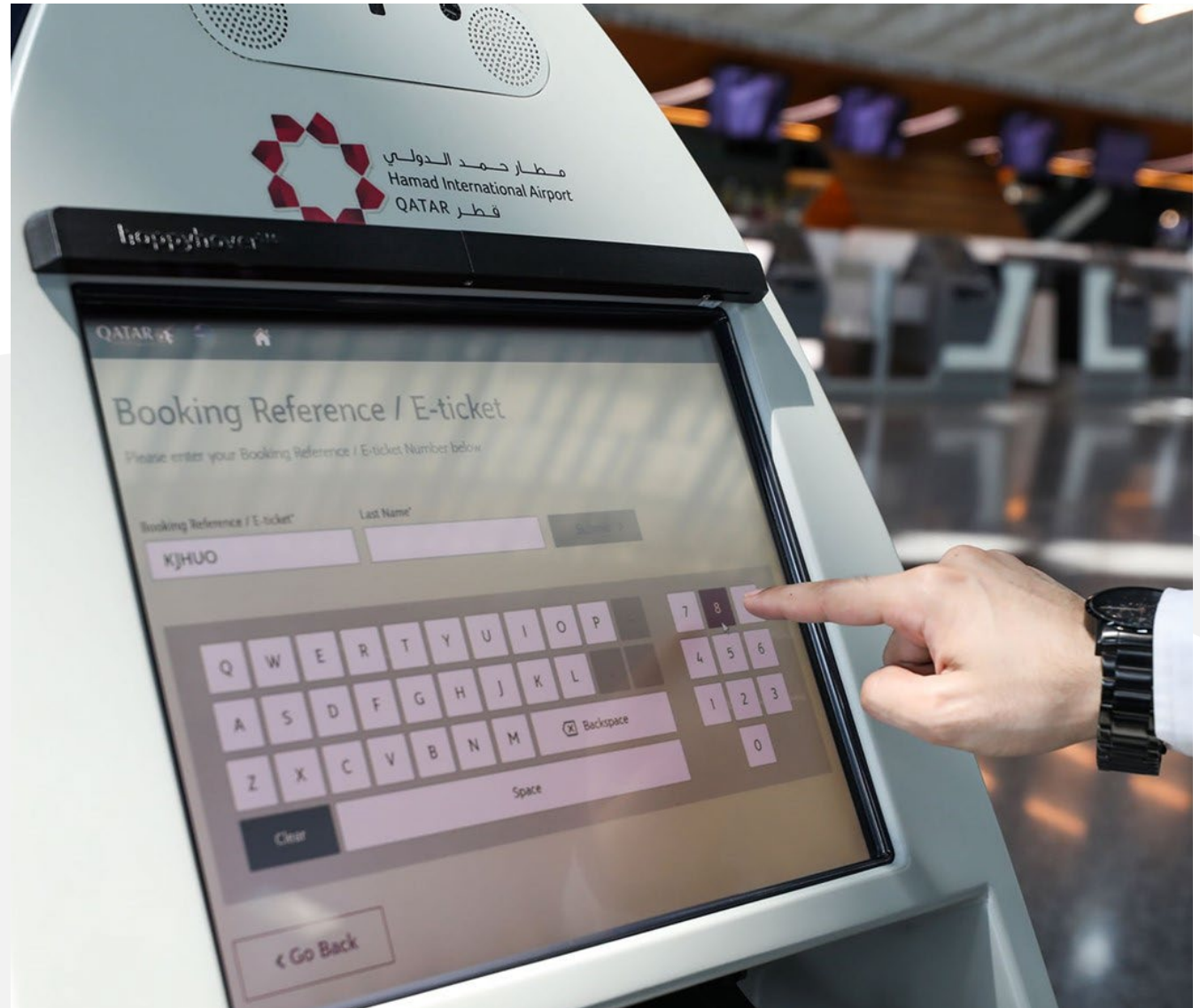
- Powered by Neonode's zForce Blocking technology
- 50+ million units produced by leading printer manufacturers
- Low cost, reliable, high-performance technology



IT & Industrial

Touch and Touchless Features for Interactive Kiosks

- Powered by Neonode's zForce Reflective technology
- Simple, intuitive, and hygienic touchless interaction with
 - Holographic images
 - Displays
 - Keyboards
 - Buttons
- Available for retrofit and new equipment



IT & Industrial

Touchless Features for Elevators

- Powered by Neonode's zForce Reflective technology
- Simple, intuitive and hygienic touchless interaction with
 - Holographic images
 - Displays
 - Buttons
- Available for retrofit and new designs



IT & Industrial

Touch and Touchless Features for Medtech Equipment

- Powered by Neonode's zForce technology
- Rugged touch supporting gloved operation
- Robust and hygienic touchless interaction with
 - Holographic images
 - Displays
 - Keyboards
 - Buttons
- Avoids cross contamination
- Available for retrofit and new equipment



Automotive

Driver and In-cabin Monitoring

- Based on Neonode's MultiSensing software platform
- Driver monitoring: Distraction, drowsiness, gaze direction etc.
- In-cabin monitoring: Occupancy, positioning, gaze directions etc.
- Custom applications for any need
- Unparalleled scalability, efficiency and robustness
- Sophisticated software platform including user-friendly development tools for quick iterations and feature development



Automotive

HUD Obstruction Detection

- Powered by Neonode's zForce Blocking technology
- Safety-enhancing detection of foreign objects
- Powered by Neonode's zForce *Blocking* technology
- Cost effective and extremely reliable
- Flexible and compact hardware integration



Automotive

Touch Features for Vehicle Displays

- Powered by Neonode's zForce Blocking technology
- Automotive-level environmental qualification
 - -40 to 105°C (-40 to 221°F)
 - Shock and vibration
 - Thermal shock
- Robust against direct sunlight exposure
- Automotive-level reliability & lifetime rating
- 8 million systems shipped since 2015

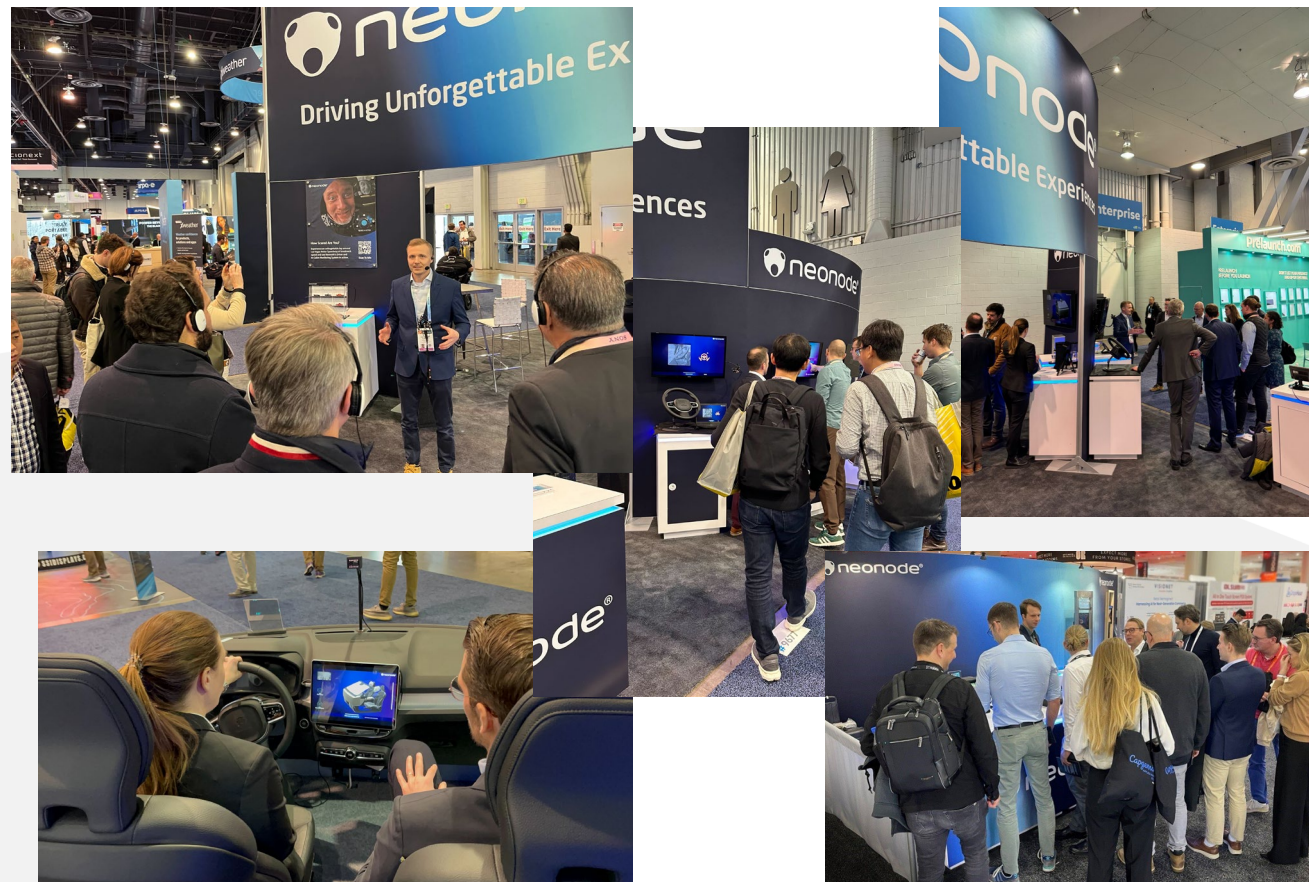


Entering 2024 with Momentum

✓ Well positioned for future growth

- Added traction in driver and in-cabin monitoring with break-through commercial vehicle manufacturer award
- New and intensified conversations with vehicle manufacturers, tier 1 system suppliers, and technology partners
- Strong interest also for our HUD obstruction detection and human-machine interaction solutions

✓ New strategy tapping into our licensing DNA



Status February 2024

IT & Industrial

- Sales and production of TSMs progressing well
- Closing of production unit in Kungsbacka, Sweden, prepared
- Negotiations of terms and conditions for TSM licensing with several TSM customers and VARs ongoing

Automotive

- Execution of driver and in-cabin monitoring software project with lead commercial vehicle customer
- Several discussions re. new driver and in-cabin monitoring projects with other customers ongoing
- Continued marketing of HUD obstruction detection solution

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