



Q1 2023 Earnings Call  
May 11, 2023

# Today's Presenters

- Urban Forssell, CEO
- Fredrik Nihlén, CFO



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# Agenda

1. **Summary of Key Points**
2. Q1 2023 Financial Results
3. Brief Business Update
4. Q&A

# Summary of Key Points Q1

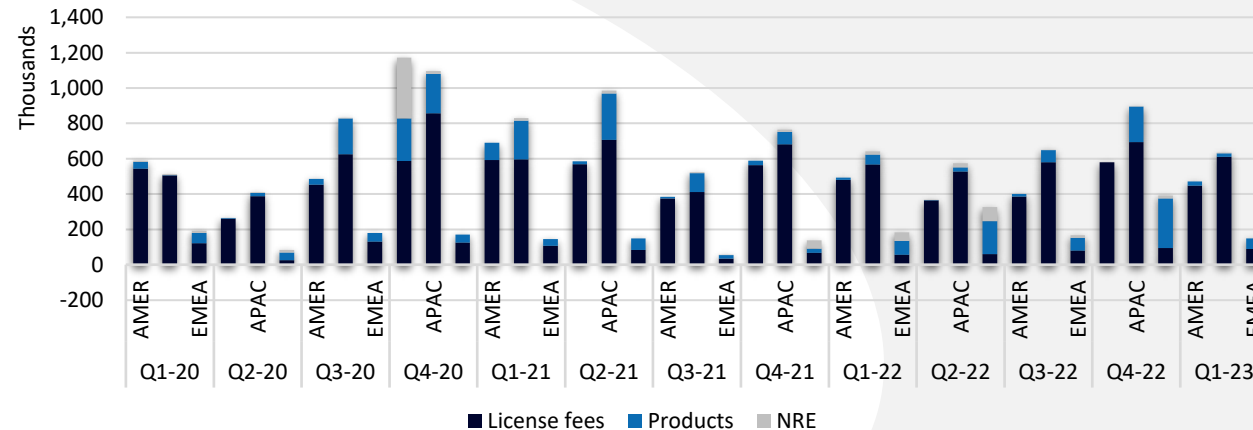
- Licensing revenues stable
  - Worldwide semiconductor supply shortage situation has begun to improve
  - Printer and automotive customers' sales have stabilized
- Product sales revenues below targets
  - Slow start of the year after holidays
  - High inventory levels at key customers after Q4 2022
- We continue to execute on our strategy to establish beachheads in key segments
- We are recruiting to strengthen our sales and engineering teams

# Agenda

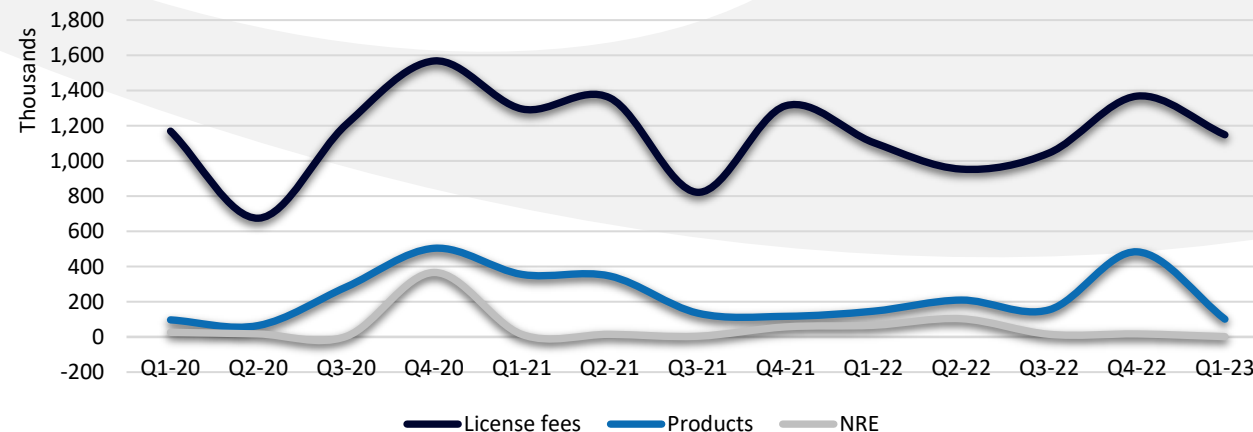
1. Summary of Key Points
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# Q1/'23 Financial Results - Revenues

Revenues by Revenue Stream and Region



Revenues by Revenue Stream



**\$1.3 million**

Revenue Total  
Q1 2023

▼ 5% YoY

**\$1.1 million**

Revenue License  
Q1 2023

▲ 4% YoY

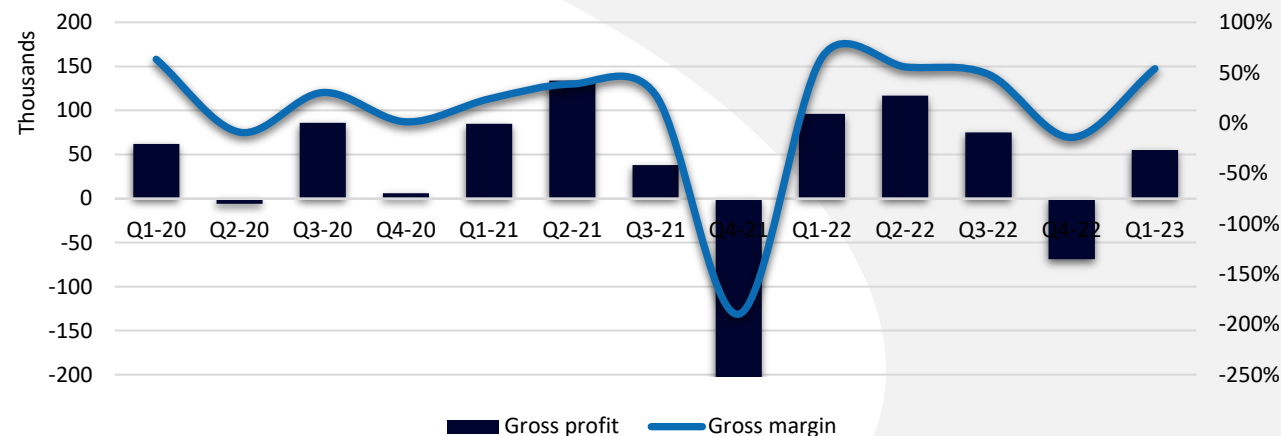
**\$0.1 million**

Revenue Products  
Q1 2023

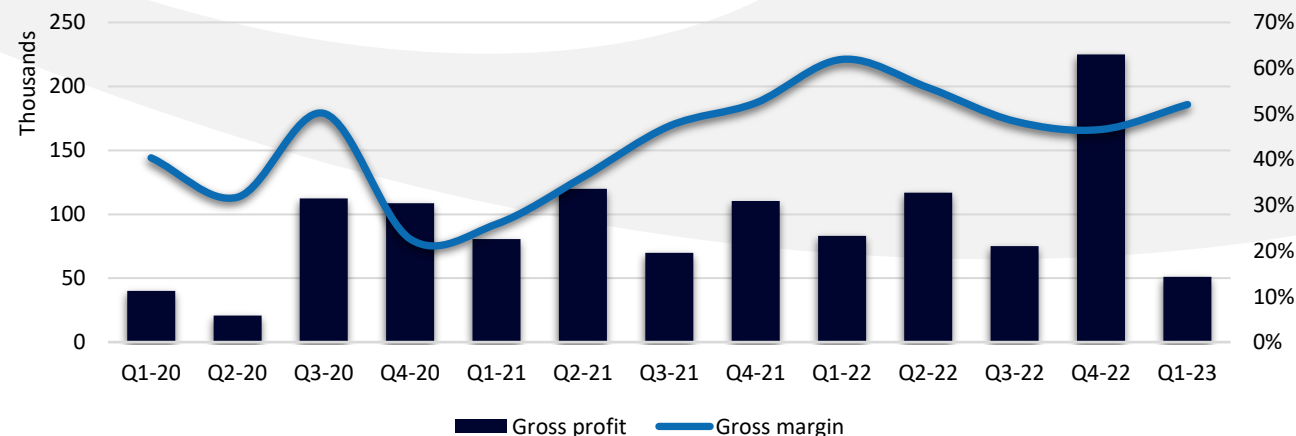
▼ 31% YoY

# Q1/'23 Financial Results – Gross Profit/Margin

## Gross Profit/Margin Products



## Gross Profit/Margin TSMs Adjusted\*



**54%**  
Gross Margin  
Products Q1 2023

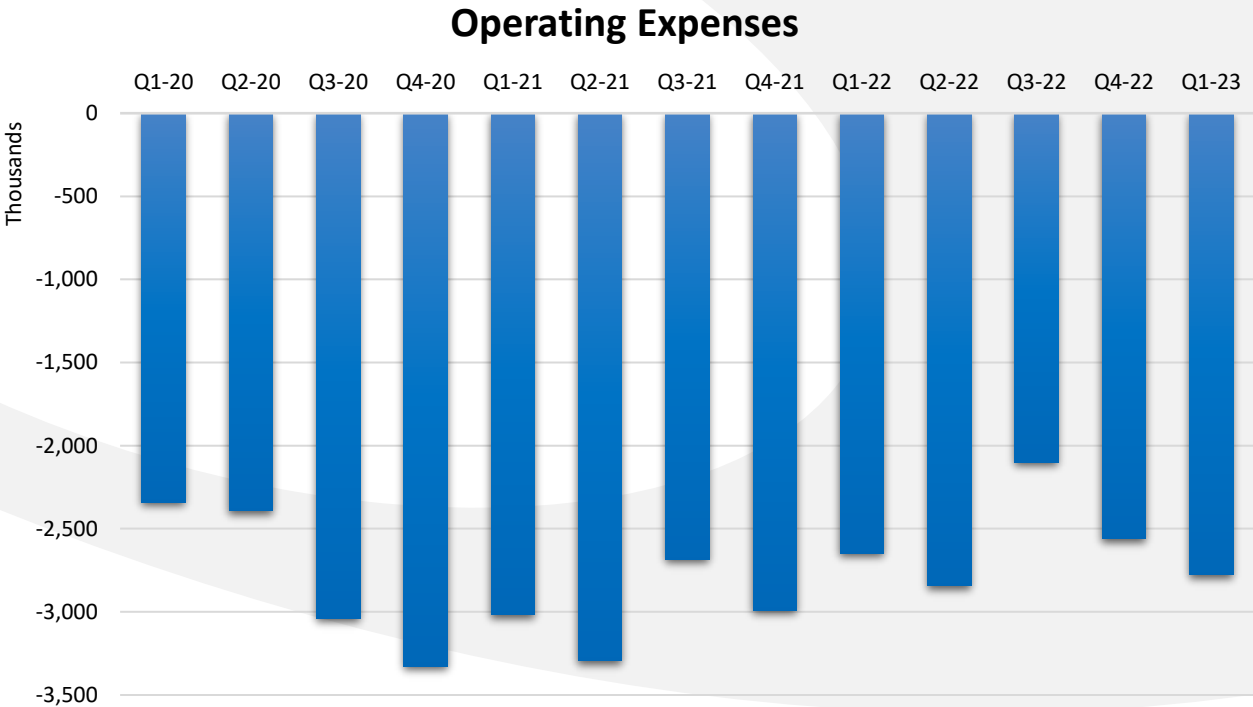
▼ 11pp YoY

**52%**  
Adjusted Gross Margin  
TSMs\* Q1 2023

▼ 10pp YoY

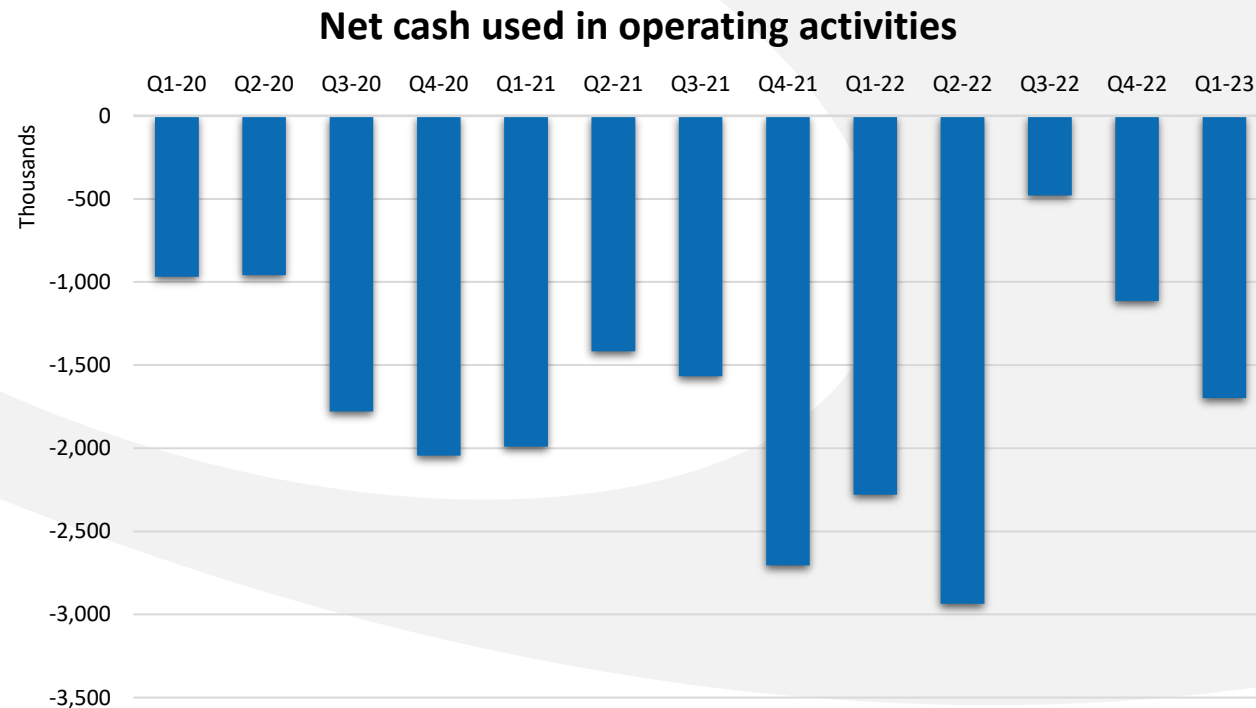
\* See reconciliation in Appendix "Non-GAAP Financial Measures"

# Q1/'23 Financial Results - Operating Expenses



**\$2.8 million**  
Operating Expenses  
Q1 2023  
▲ 5% YoY

# Q1/'23 Financial Results - Cash



**\$1.7  
million**

Net Cash Burn  
Operating Activities  
Q1 2023

▼ 25% YoY

**\$22.9  
million**

Cash and Accounts  
Receivables  
Mar. 31, 2023

▲ 6.7 Million  
Dec. 31, 2022




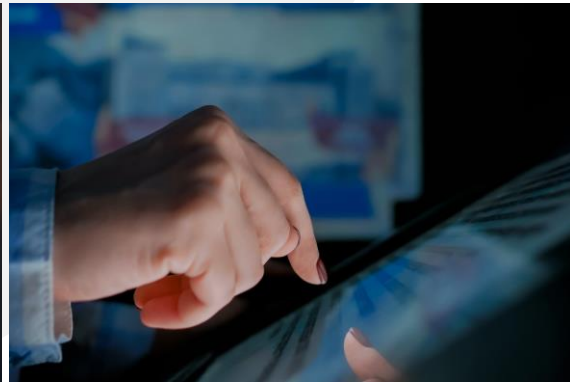
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We transform the way  
humans and machines  
interact

# 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:

### MultiSensing

- Driver and In-cabin Monitoring

### zForce

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

## 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

# Driver and In-Cabin Monitoring



# Structab

Structab taximeters are powered by  
Neonode's **Touch** technology



# Claridge's

Claridge's luxurious 5-star hotel upgrades heritage elevator with **Contactless Touch** technology



# Imagine...



# Q1 2023 - Q1 2024 Events

## Q1 2023

- SRS & CVS, Shanghai
- AutoSens InCabin, Phoenix, AZ
- Embedded World, Germany
- EuroShop, Germany
- Passenger Terminal Expo, The Netherlands
- Southern Manufacturing and Electronics, UK

## Q2 - Q4 2023 (selection)

- IMS & HUD Expo, China
- Med-Tech Innovation Expo, UK
- Car.HMI Europe , Germany
- InCabin.Sensing Europe, Germany
- AutoSens InCabin, Belgium
- IVT Expo, Germany
- World Elevator Escalator Expo, China

## Q1 2024

- CES 2024, Las Vegas, NV
- NRF 2024, New York, NY



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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	Q1-23
Revenue Products	98	66	284	502	355	346	136	118	147	210	155	483	102
Cost of Sales Products	-36	-72	-198	-496	-270	-212	-98	-342	-51	-93	-80	-552	-47
<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>	<b>75</b>	<b>-69</b>	<b>55</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	-	-	-	294	-
Revenue AirBar	1	-0	-60	-21	-43	-	-	-	-13	-	-	-	-4
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>	<b>75</b>	<b>225</b>	<b>51</b>
Gross Margin Products	63%	-9%	30%	1%	24%	39%	28%	-190%	65%	56%	48%	-14%	54%
Adjusted Gross Margin Products	40%	32%	50%	23%	26%	36%	47%	52%	62%	56%	48%	47%	52%