



Q3 2023 Earnings Call

Nov. 9, 2023

Presenters

Urban Forssell

Chief Executive Officer

Fredrik Nihlén

Chief Financial Officer



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Agenda

1. Summary
2. Q3 2023 Financial Results
3. Strategy & Business Update
4. Q&A

Summary of Key Points Q3 and YTD

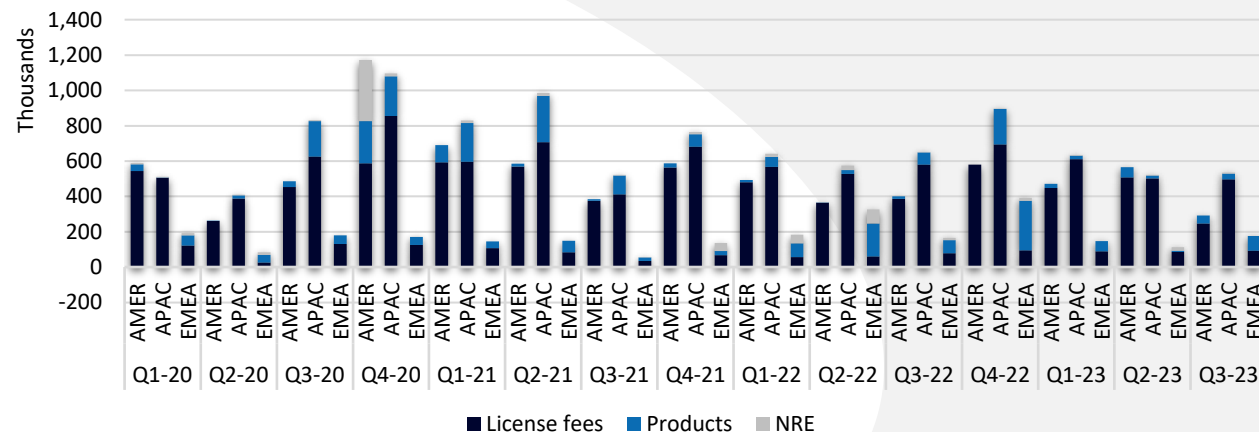
- Licensing revenues decreased in Q3 but are stable YTD
 - Some customers reported lower sales volumes in Q3 compared to Q2
 - YTD sales volumes on par with the sales volumes during the same period 2022
- Product sales revenues improved in Q3 but are below targets YTD
 - Weaker customer demand than expected
 - Delays in several projects
- We continue to adjust and sharpen our strategies and tactics to improve sales performance
 - Increased focus on the segments and markets where we believe we have the best possibilities to create break throughs
 - Intensified marketing efforts to create demand for our products and offerings

Agenda

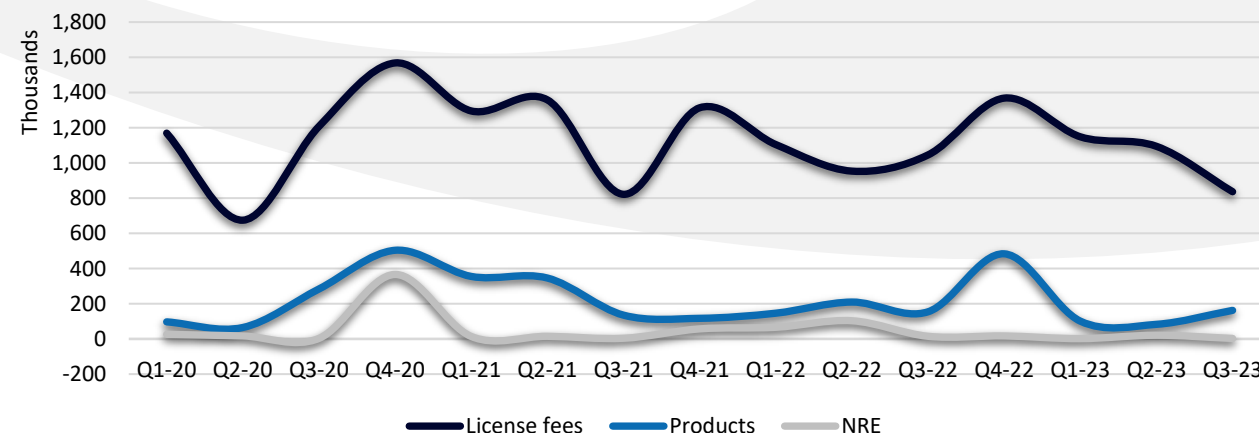
1. Summary
- 2. Q3 2023 Financial Results**
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Q3/'23 Financial Results – Revenues

Revenues by Revenue Stream and Region



Revenues by Revenue Stream



\$1.0 million

Revenue Total
Q3 2023

▼ 18% YoY

\$0.8 million

Revenue License
Q3 2023

▼ 20% YoY

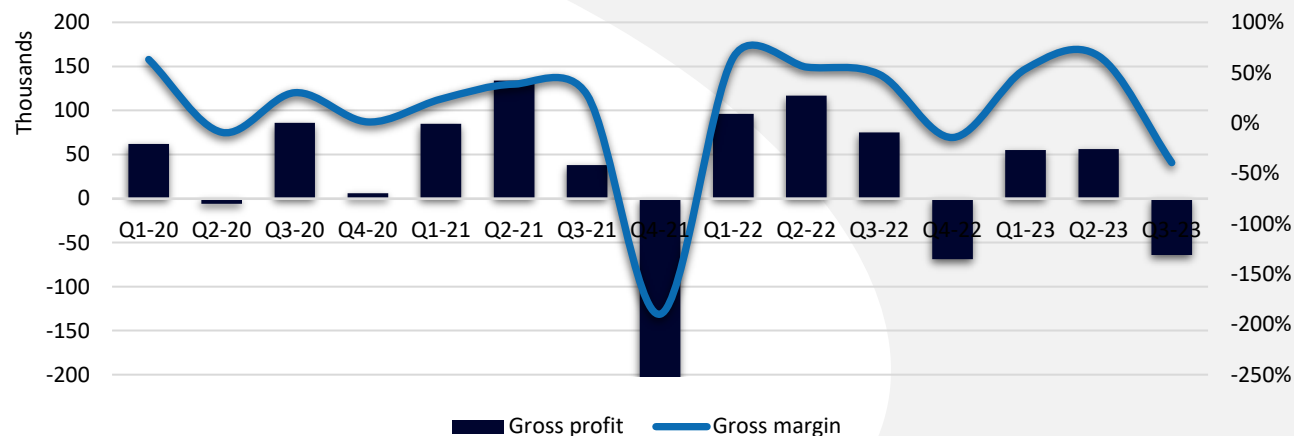
\$0.2 million

Revenue Products
Q3 2023

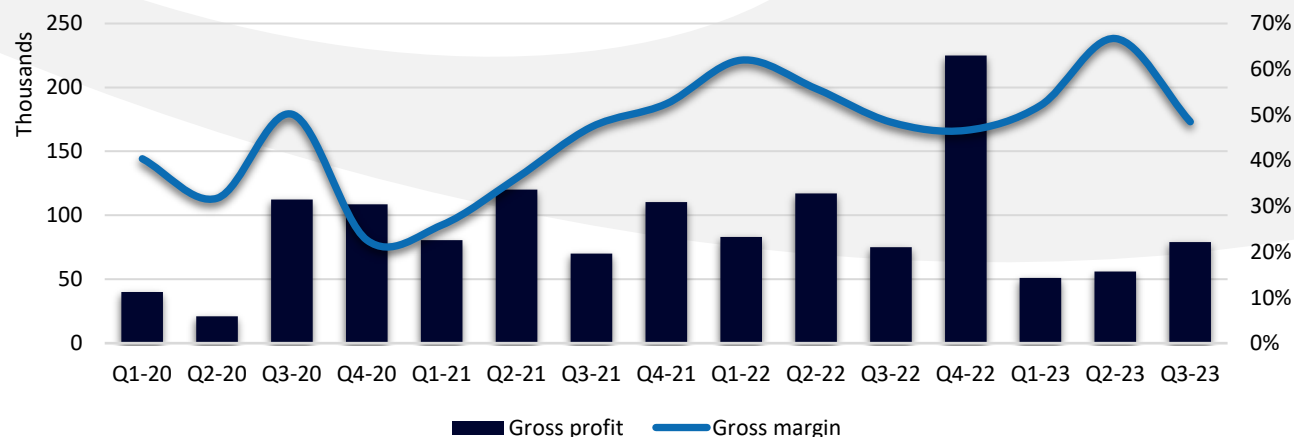
▲ 5% YoY

Q3/'23 Financial Results – Gross Profit/Margin

Gross Profit/Margin Products



Gross Profit/Margin TSMs Adjusted*



(39)%
Gross Margin
Products Q3 2023

▼ 88pp YoY

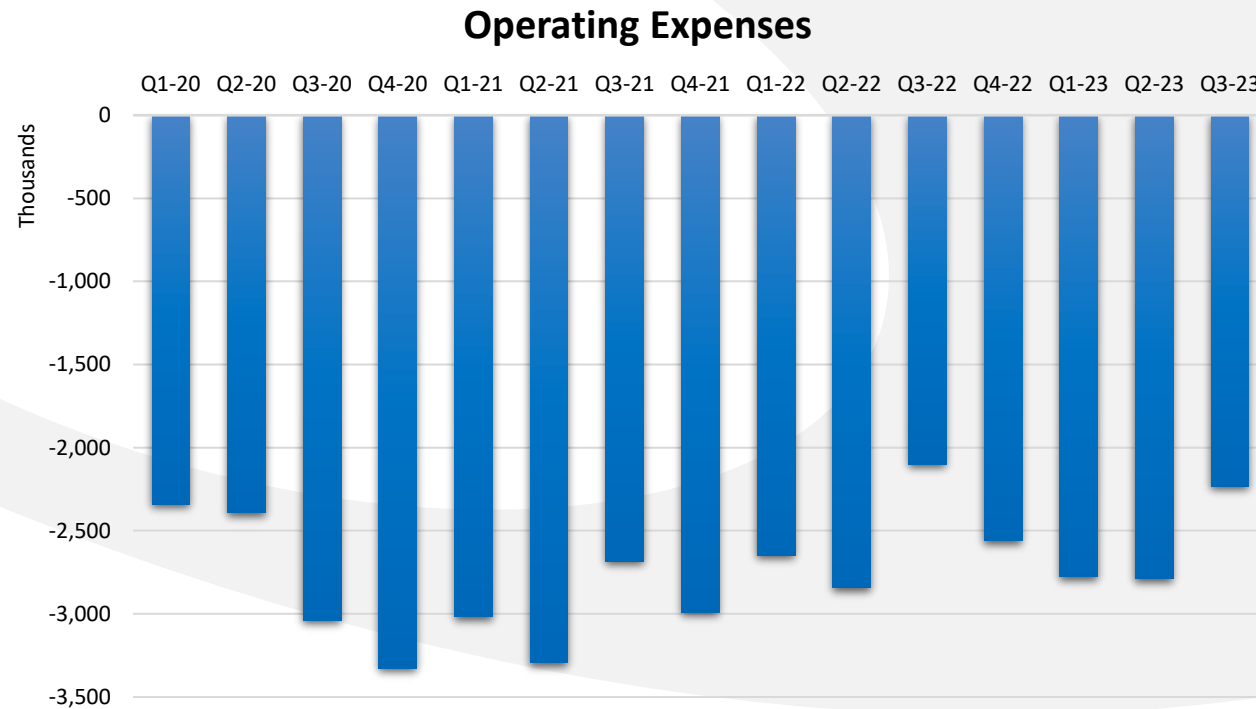
48%

Adjusted Gross Margin
TSMs* Q3 2023

0pp YoY

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

Q3/'23 Financial Results – Operating Expenses

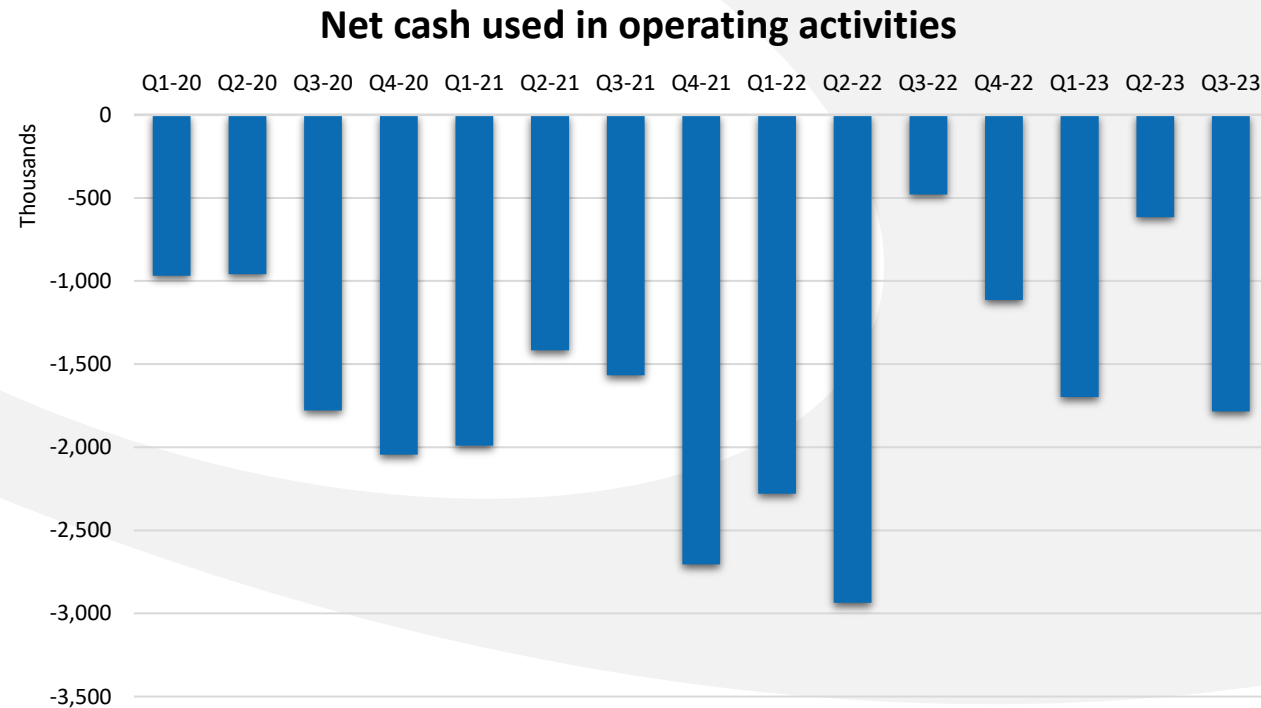


**\$2.2
million**

Operating Expenses
Q3 2023

▲ 6% YoY

Q3/'23 Financial Results – Cash



\$1.8 million
Net Cash Burn
Operating Activities
Q3 2023

▲ 272% YoY

\$19.4 million

Cash and Accounts
Receivables
Sep. 30, 2023

▲ 3.1 Million
Dec. 31, 2022

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Interactive Holographic Displays

Shown here is a queue management kiosk used in government services building in Gangnam, Seoul, South Korea, developed by our partner Marketon using our TSM products.



Rugged Touch and Touchless User Interface Features for Medtech

Pictures from LabDays Oslo 2023 where we demonstrated a touchless user interface solution for analytical instruments that avoids cross contamination based on our TSM products.



Touch On Any Surface

Our optical touch technology zForce® supports touch features on any surface, e.g., glass, plastic, metal, wood, or leather and allows the use of fingers, styluses, and other objects to interact with the underlying system.



HUD Obstruction Detection

Neonode offers custom object detection features tailored for each customer's specific needs.

Our proven zForce technology - found in millions of vehicles on the market - is ideally suited for reliably detecting different objects sitting on the HUD unit and obstructing the projected image.

Driver and In-cabin Monitoring

Custom driver and in-cabin monitoring applications for any need

Unparalleled robustness, scalability, and efficiency

Sophisticated software platform including development tools for efficient and controlled development of new features



Events Q3 2023

- iVT Expo Off-Highway Vehicle Technology, Chicago, Illinois, Aug. 21-22
- Vendtra Vending Trade Festival, Munich, Germany, Sep. 24-25
- SID Vehicle Displays and Interfaces, Detroit, Michigan, Sep. 26-27
- LabDays Oslo 2023, Oslo, Norway, Oct. 11-12



Upcoming Events

2023

- Agritechnica, Hannover, Germany, Nov. 12-18
- Compamed, Düsseldorf, Germany, Nov. 13-16
- InCabin Sensing, Dearborn, Michigan, Dec. 6-8
- Car. HMI, Dearborn, Michigan, Dec. 6 – 8

2024

- CES, Las Vegas, Nevada, Jan. 9-12
- NRF, New York, New York, Jan. 14-16





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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	Q2-23	Q3-23
Revenue Products	98	66	284	502	355	346	136	118	147	210	155	483	102	84	163
Cost of Sales Products	-36	-72	-198	-496	-270	-212	-98	-342	-51	-93	-80	-552	-47	-28	-227
Gross Profit Products	62	-6	86	6	85	134	38	-224	96	117	75	-69	55	56	-64
Lost revenues TSM quality issue	-	-	-	-	-	-14	12	92	-	-	-	-	-	-	-
Cost of sales TSM quality issue	-	-	-	-	-	4	27	-61	-	-	-	-	-	-	143
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	-	-	-	-	-	-	-
Adjusted Gross Profit Products	40	21	112	109	81	120	70	110	83	117	75	225	51	56	79
Gross Margin Products	63%	-9%	30%	1%	24%	39%	28%	-190%	65%	56%	48%	-14%	54%	67%	-39%
Adjusted Gross Margin Products	40%	32%	50%	23%	26%	36%	47%	52%	62%	56%	48%	47%	52%	67%	48%