



Q2 2022 Earnings Call  
August 11, 2022

# Today's Presenters



Urban Forssell  
CEO



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CFO

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# Agenda

## **1. Q2 2022 Financial Results**

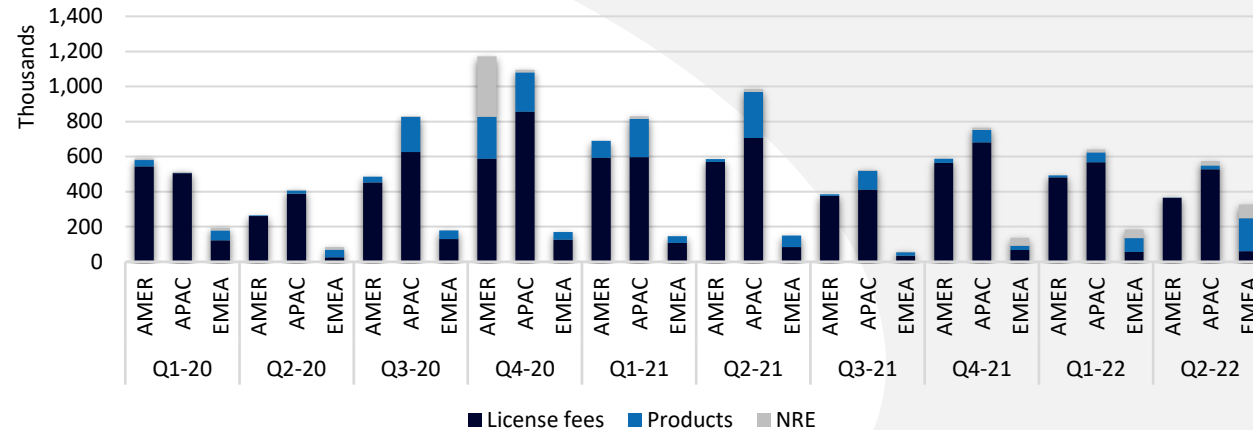
2. Strategy and Business Update

3. Concluding Remarks

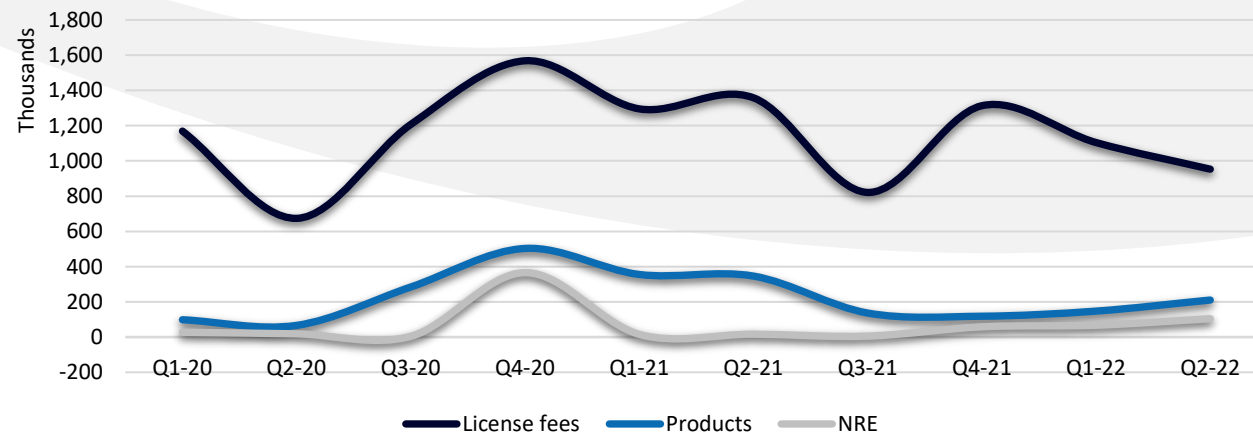
4. Q&A

# Q2/'22 Financial Results – Revenues

## Revenues by Revenue Stream and Region



## Revenues by Revenue Stream



**\$1.3 million**

Revenue Total  
Q2, 2022

▼ 26% YoY

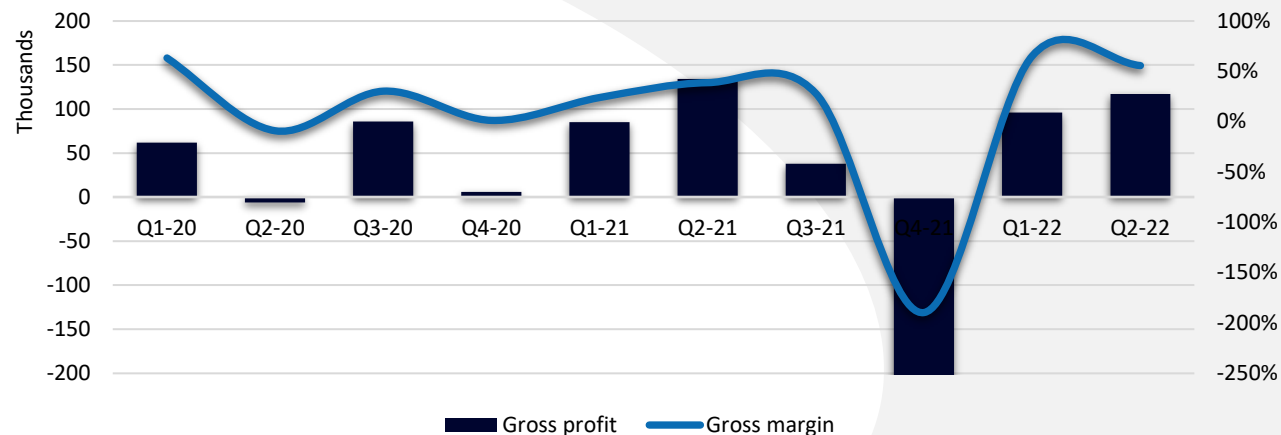
**\$0.2 million**

Revenue Products  
Q2, 2022

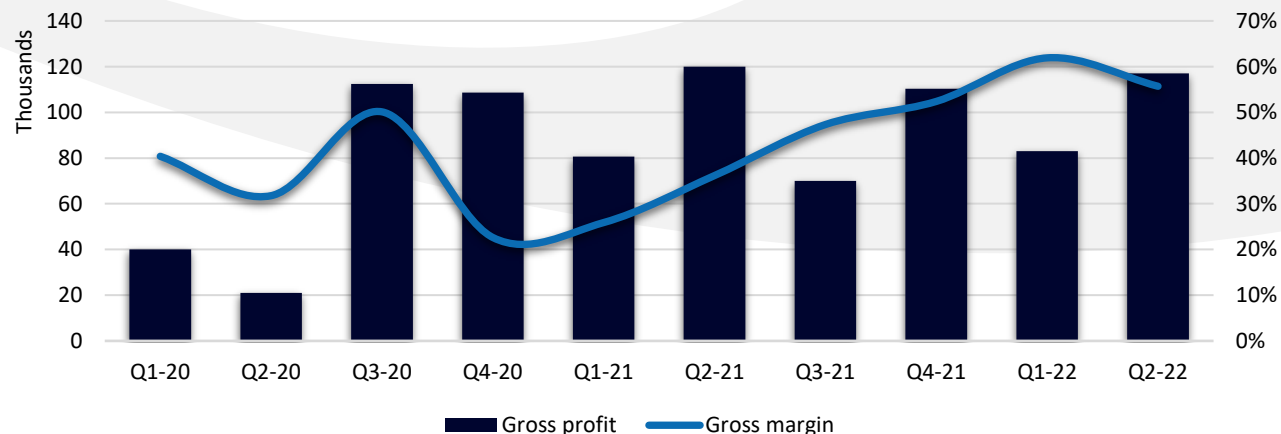
▼ 39% YoY

# Q2/'22 Financial Results – Gross Profit/Margin

## Gross Profit/Margin Products



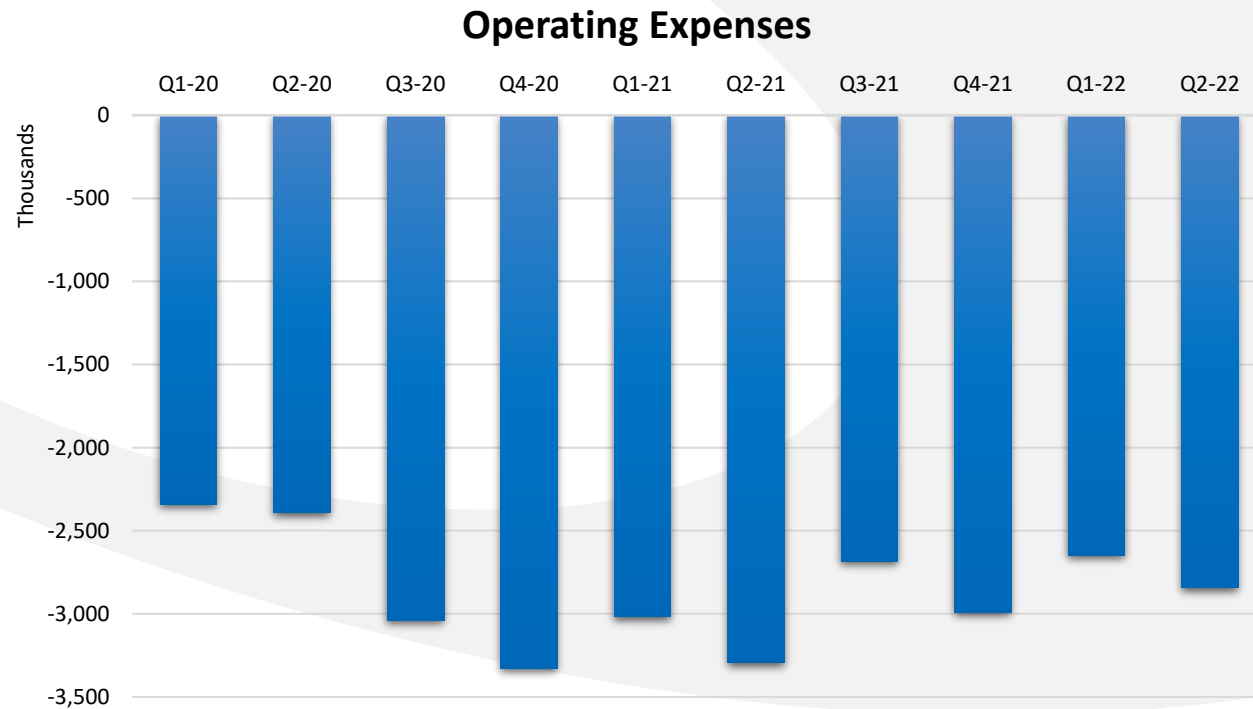
## Gross Profit/Margin TSMs Adjusted



**56%**  
GM Products  
Q2, 2022

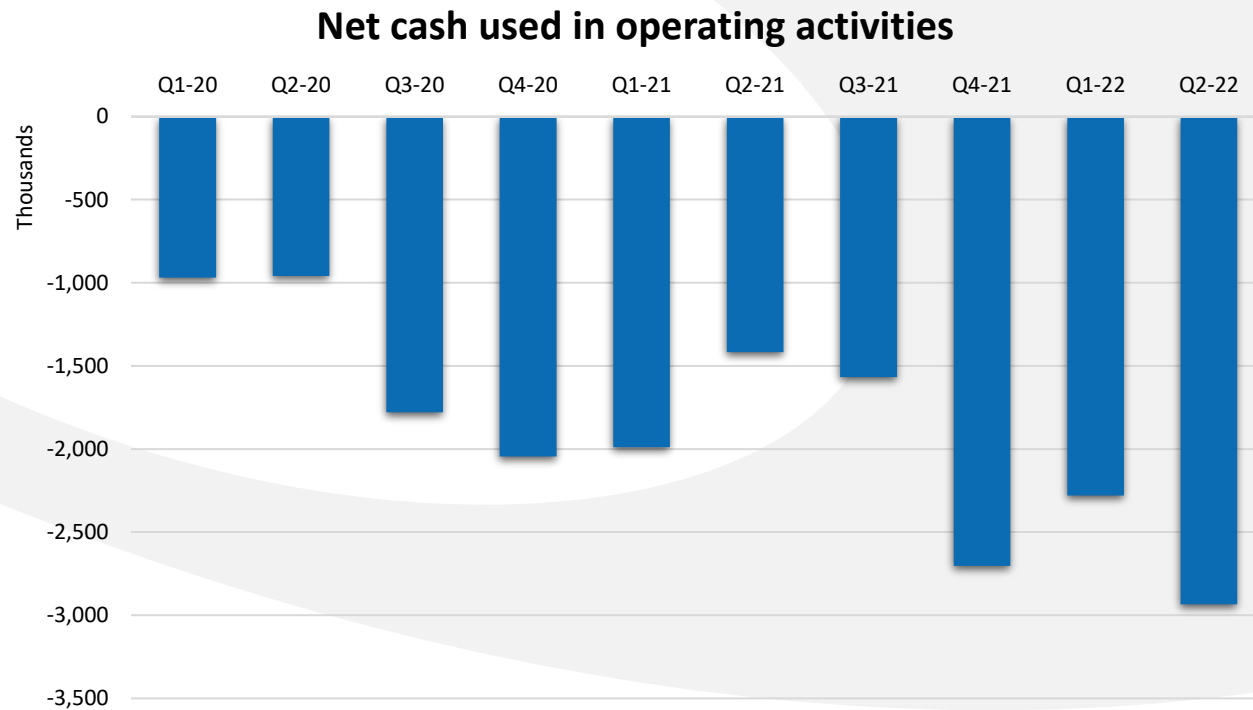
▲ 17pp YoY

# Q2/'22 Financial Results – Operating Expenses



**\$2.8 million**  
Operating Expenses  
Q2, 2022  
▼ 14% YoY

# Q2/'22 Financial Results – Cash



**\$2.9 million**

Net Cash Burn  
Operating Activities  
Q2, 2022

▲ 29% QoQ

**\$13.5 million**

Cash and Accounts  
Receivables  
June 30, 2022

▼ 5.0 Million  
Dec. 31, 2021



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- 2. Strategy and Business Update**
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# Business Strategy: Technology Licensing and Product Sales

TARGET SEGMENTS

PRINTER

AUTOMOTIVE

ELEVATORS

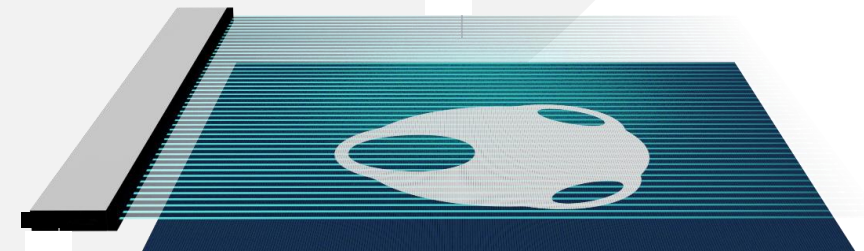
INTERACTIVE KIOSKS

CUSTOMER OFFERINGS

ZFORCE

MULTISENSING

TOUCH SENSOR MODULES (ZFORCE)

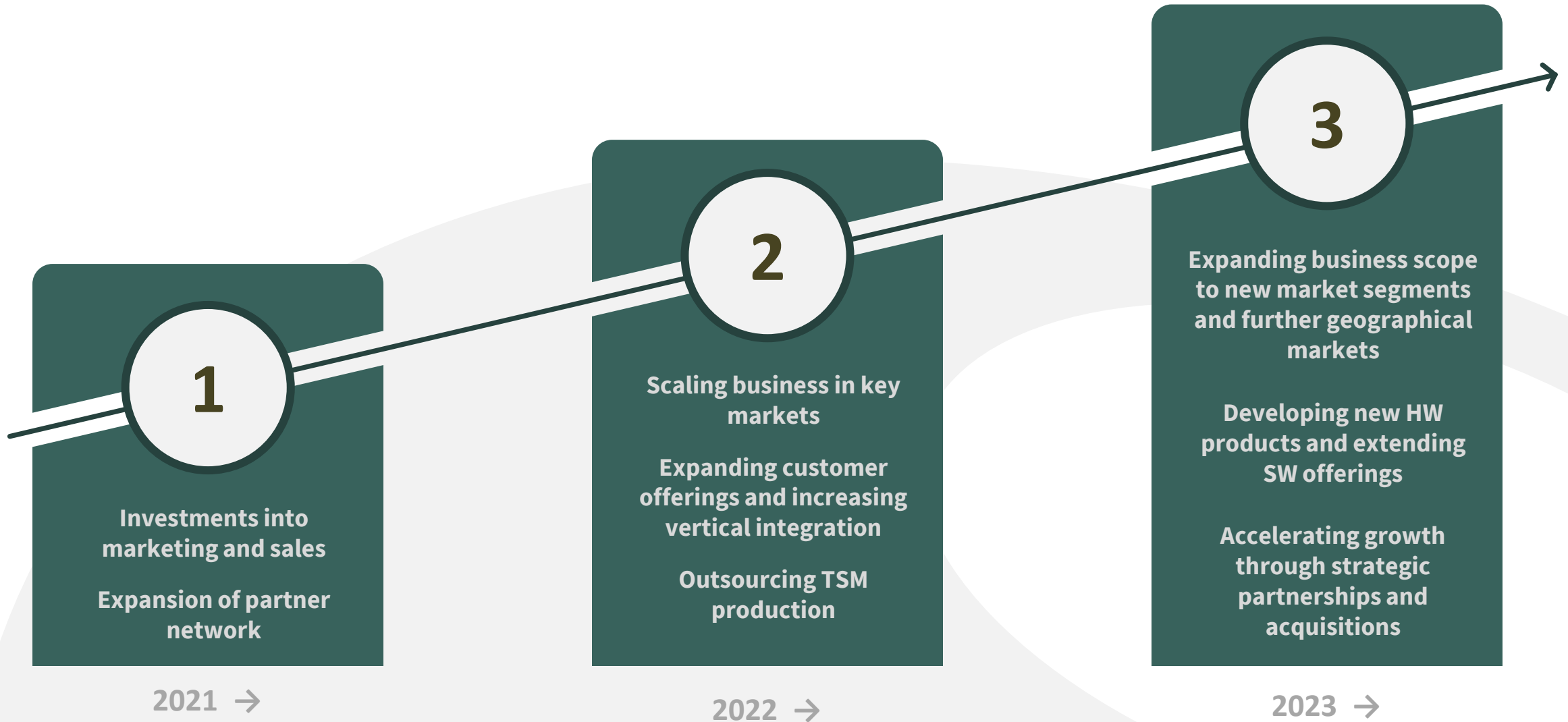


BUSINESS MODELS

TECHNOLOGY LICENSING

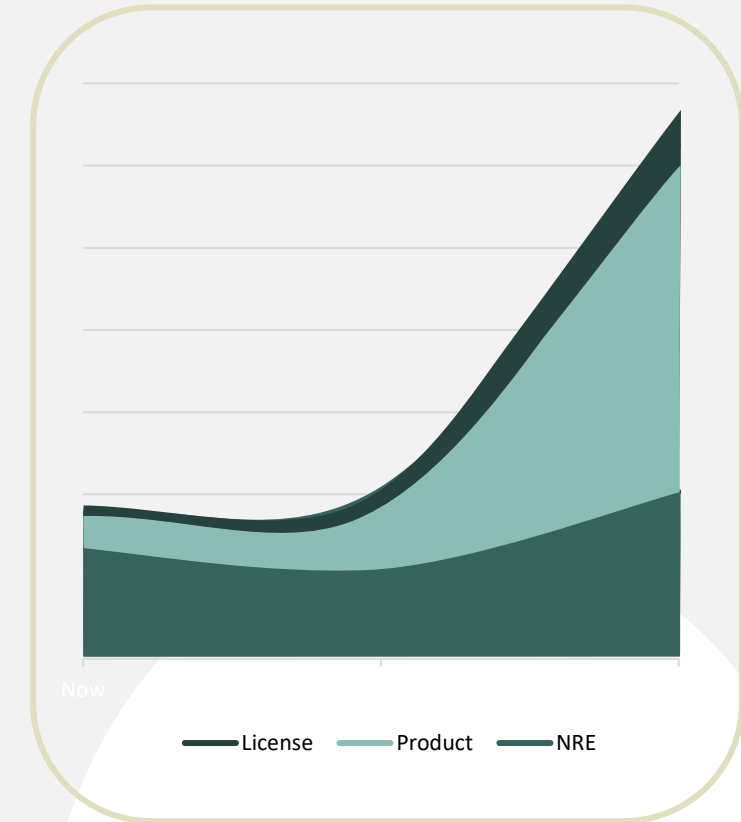
PRODUCT SALES

# 3-step Approach for Growth



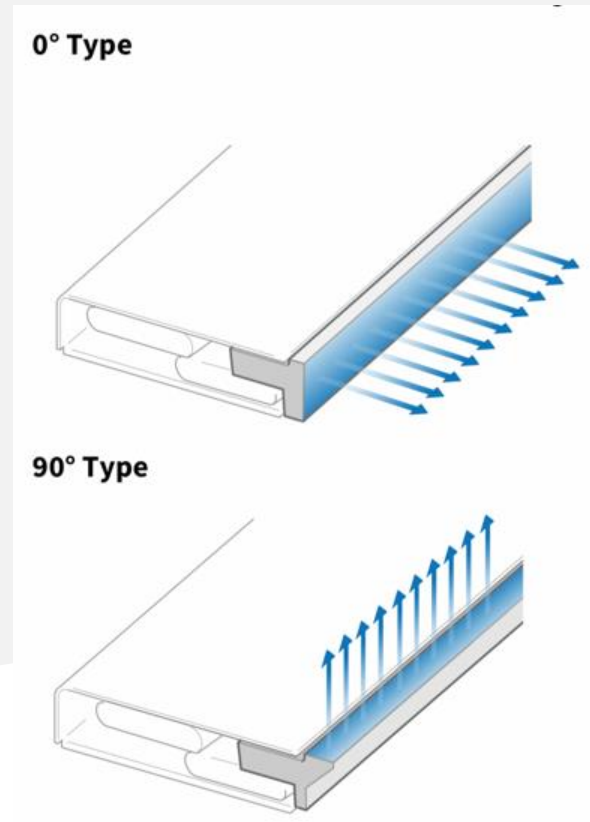
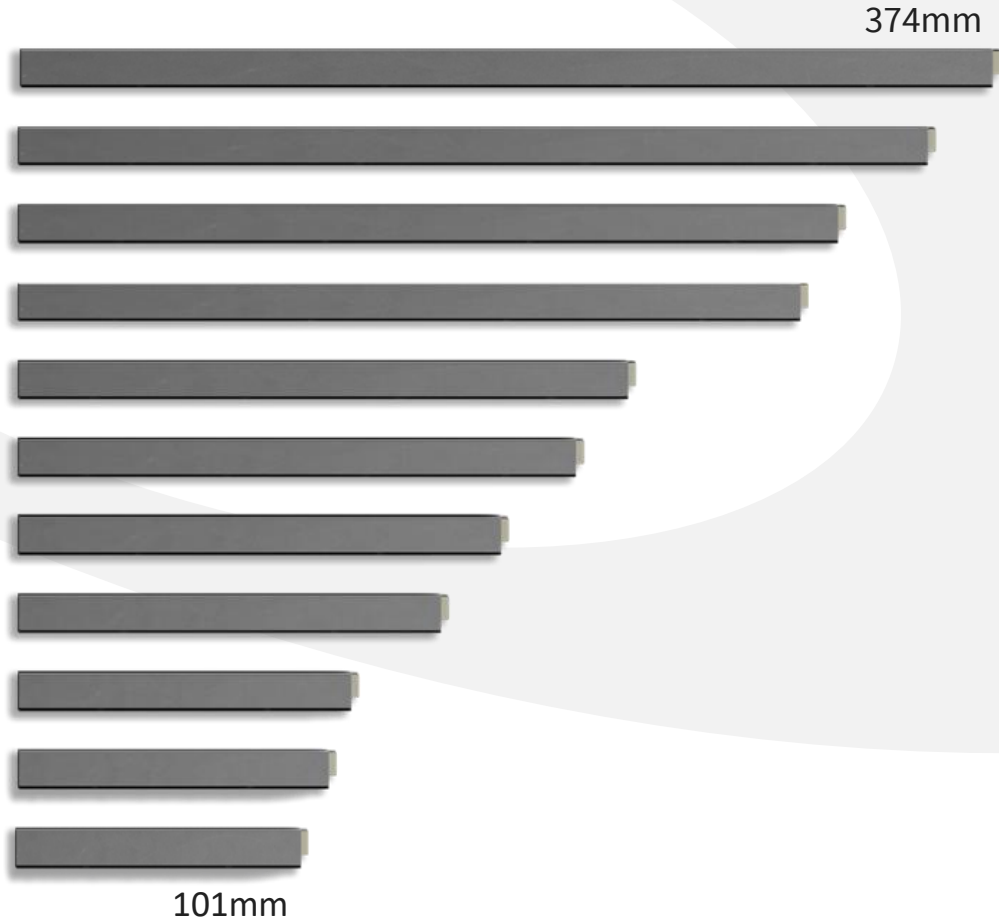
# Growth Potential Per Revenue Stream

	2021 →	2022 →	2023 →
<b>License Revenues</b>	Existing business with more than a dozen customers, mainly printer manufacturers and automotive Tier 1s	Support current customers and work to win new businesses in automotive, military & avionics, and other segments	Continue to expand licensing business to further customers and segments, and to SW-only solutions
<b>Product Revenues</b>	Touch Sensor Module sales, mainly for contactless touch applications in elevators and interactive kiosks	Scale business in key markets JP, KR, CN, FR  Widen the market scope to include additional market segments and geographical markets	Broaden the product portfolio and continue to expand to further market segments
<b>NRE Revenues</b>	Continue to offer engineering services to facilitate new licensing businesses and to support and drive product sales		



# Neonode Touch Sensor Modules

Standardized COTS products featuring zForce Reflective technology

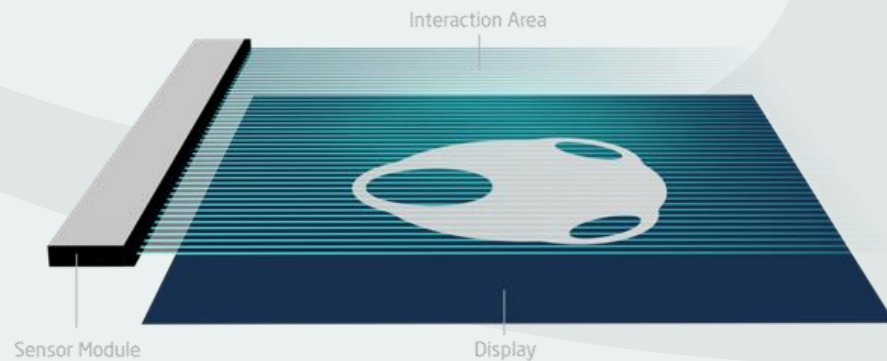


# Contactless Touch Solutions

Two ways to go with our Touch Sensor Modules!

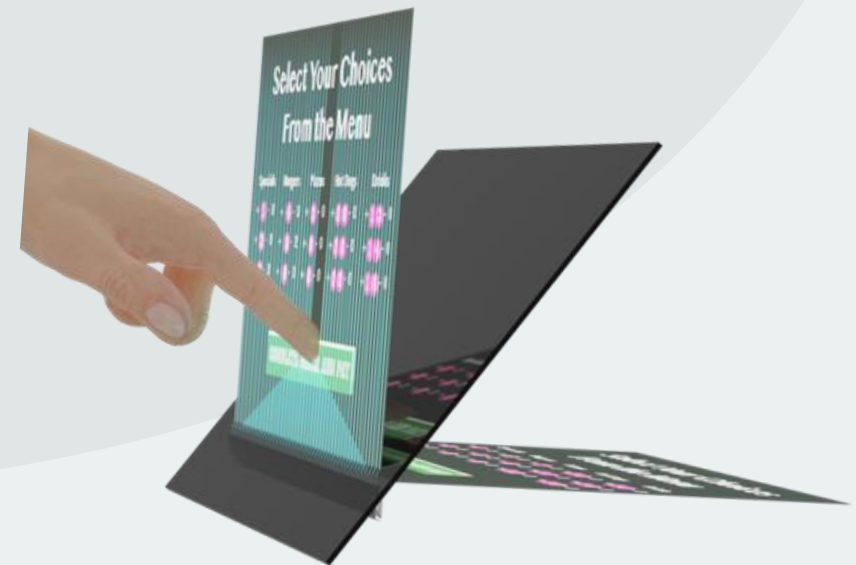
## Parallel plane solution

Touch interaction area hovering above or in front of a display or surface



## Holographic solution

Touch interaction on an in-air display





Example of contactless interface using the parallel plane approach:

## Contactless check-in and baggage drop kiosks at Hamad Airport

Retrofit solution developed and installed by Happymeter



Example of holographic display interfaces:

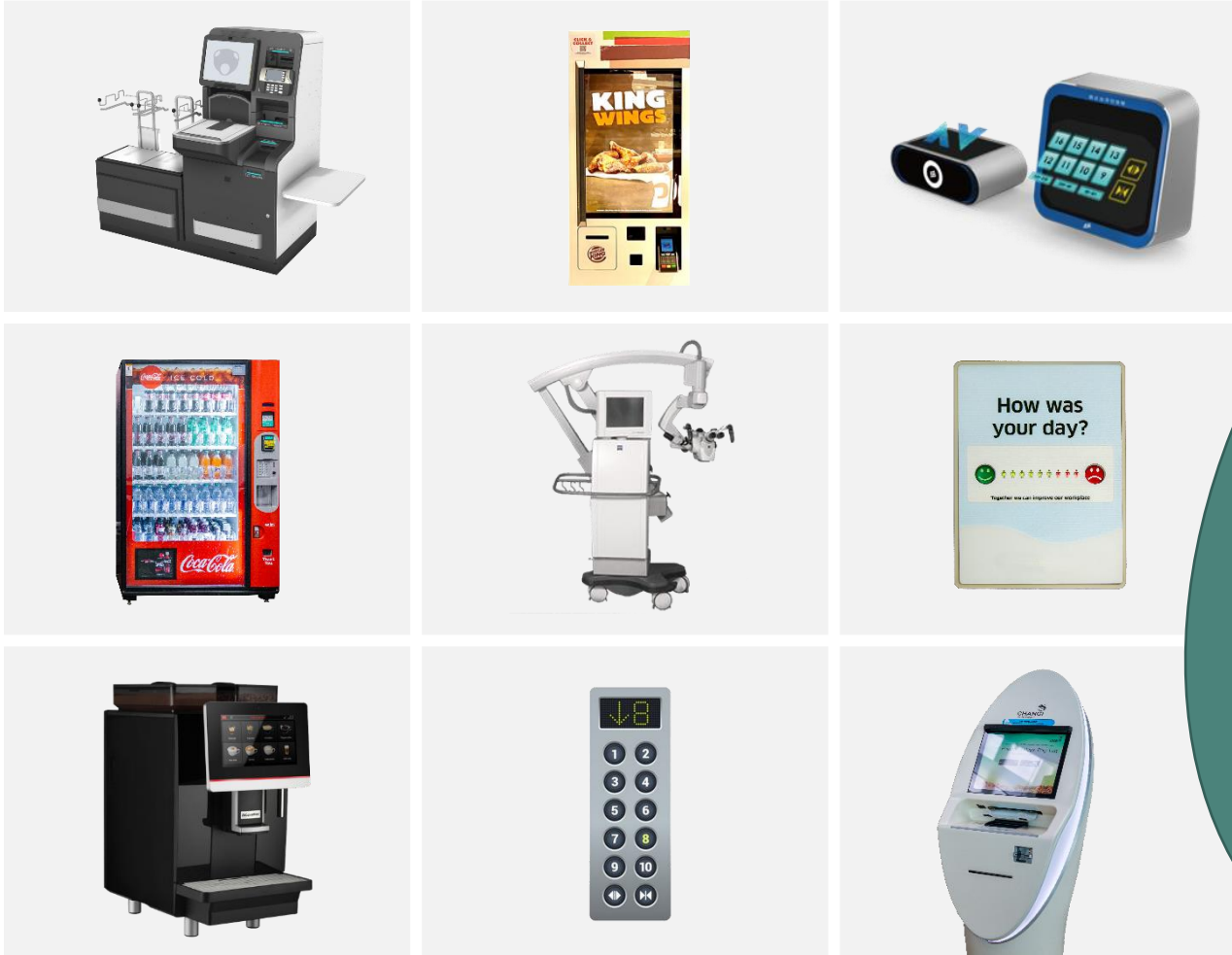
## Contactless medical carts and patient monitors

Launched by Holo Industries





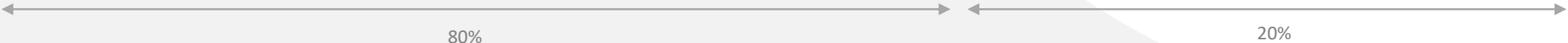
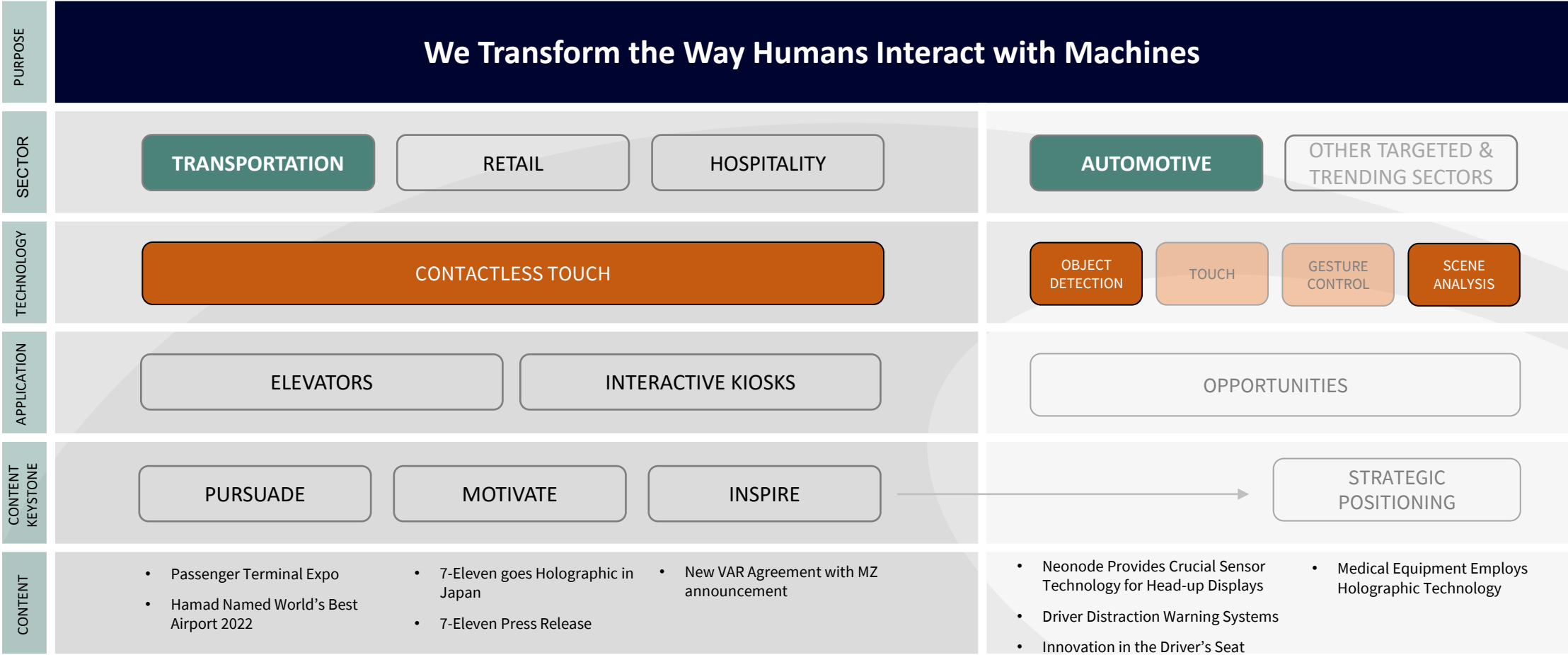
# Other Application Examples



- Self-Ordering Kiosks
- Vending Machines
- Coffee Machines
- Digital Signage
- Point-of-Sale Terminals
- Ticketing Machines
- Feedback Terminals
- Elevators



# Communication Framework



# Transportation

Strong focus on the Aviation Sector, specifically, people movement in airports.

Passenger Terminal Expo 2022

Will we see you at the Passenger Terminal Expo? After the chaos and challenges of 2020/21, The Passenger Terminal Expo looks forward to a triumphant return. It will be staged at Paris Expo Porte de Versailles, Paris, France, June 15-17, 2022.

Start date 15-06-2022, 09:00

**Passenger Terminal EXPO 2022**

The **Passenger Terminal Expo** has firmly established itself as the most highly regarded airport conference in the world. It's an exceptional opportunity to see industry leaders share their innovations, knowledge and insight through a comprehensive and diverse range of demonstrations, conferences and panel discussions.

Visit the Neonode booths to experience the magic of contactless touch for airport solutions. This year will be demonstrating some of the best in contactless solutions for airport terminals, including no-touch self-service kiosks, digital menus for quick service food orders, holographic keypads and terminal elevators.

The event is free to attend and we look forward to seeing you there.

Download the Neonode Airport Experience Infographic.

**POWERING THE AIRPORT EXPERIENCES**

Passenger Terminal Expo  
The journey has just begun.

With us this week at booth E2.0.02 at the Passenger Terminal Expo, Paris Expo Porte de Versailles.

- Bassem Shawkat, Area Sales Director
- Julian Sauter, VP Marketing & Sales
- Alana Gordon, Director Marketing
- James Warrin, VP Sales, EMEA

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Neonode is transforming the airports around the world

Airports around the world look to Neonode technology to bring customers through their airport experience.

Transforming Airports for Safer Travel Experiences

Touchless Technology at Singapore Changi Airport

Hamad International Airport Named World's Best Airport 2022

Congratulations to Hamad International Airport for winning the award for the world's best airport for the second year in a row.

Last week we were in Paris, France, at the Passenger Terminal Expo where the awards were held for the World's Best Airport. The award ceremony is regarded as the Oscars of the airport industry. Known as the Passenger's Choice Awards, the awards are based on customer evaluations of airport service and facility quality standards across over 500 airports.

Eng. Badr Mohammed Al-Meer, Chief Operating Officer at Hamad International Airport, said: "We are thrilled that Qatar's main gateway to the world has once again been named the world's best airport at the 2022 World Airport Awards - adding another milestone achievement to HA's history. Our commitment and service excellence continues to be a benchmark in the aviation industry thanks to our staff and stakeholders commitment and dedication - as we all look forward towards an even brighter year ahead."

**SKYTRAX WORLD PORT AWARDS**

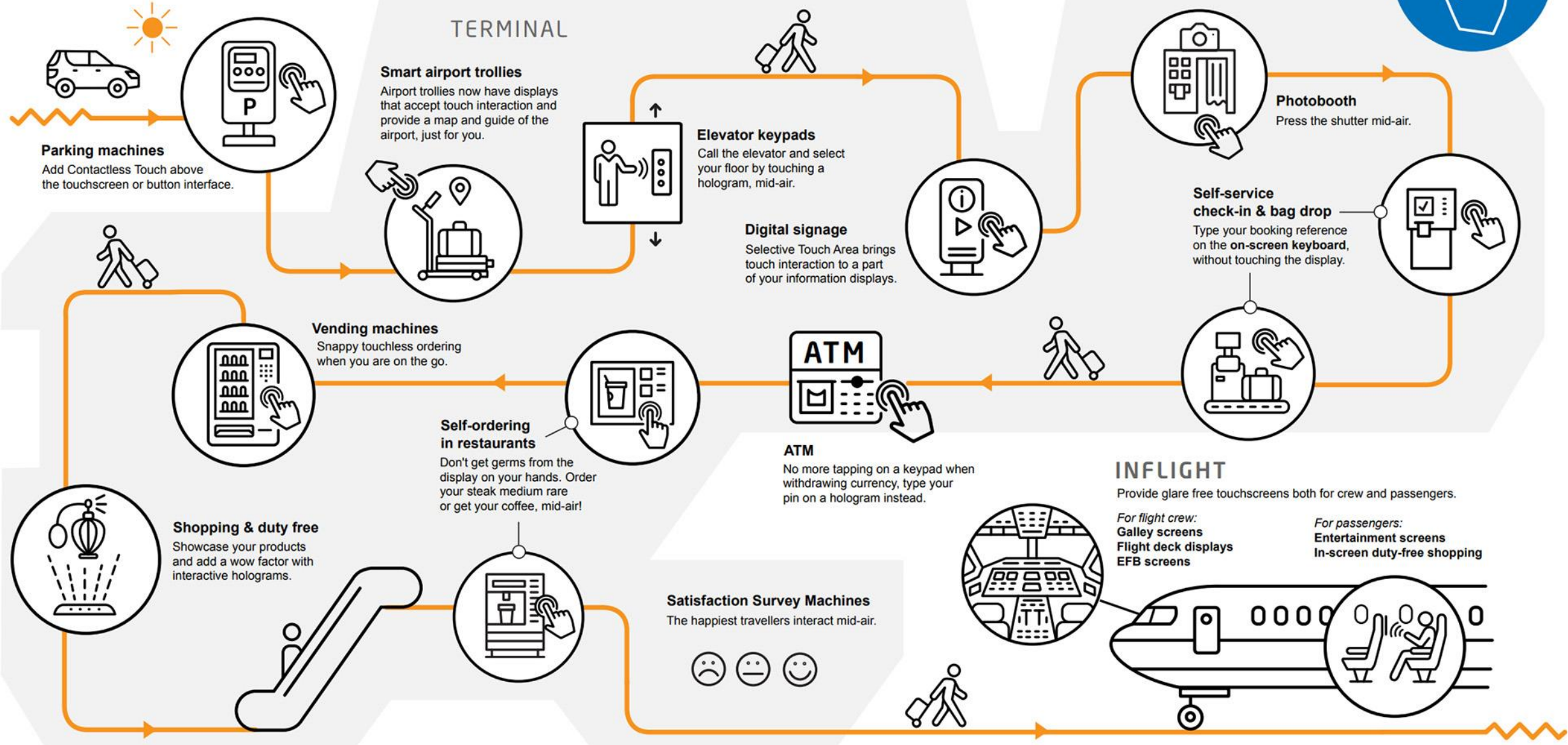
AIRPORT OF THE YEAR SKYTRAX 2022

At Neonode, we were also excited to see that the top 5 airports around the globe all employ Neonode contactless touch.





## TERMINAL



### Parking machines

Add Contactless Touch above the touchscreen or button interface.

### Smart airport trolleys

Airport trolleys now have displays that accept touch interaction and provide a map and guide of the airport, just for you.

### Elevator keypads

Call the elevator and select your floor by touching a hologram, mid-air.

### Digital signage

Selective Touch Area brings touch interaction to a part of your information displays.

### Photobooth

Press the shutter mid-air.

### Self-service check-in & bag drop

Type your booking reference on the on-screen keyboard, without touching the display.

### Vending machines

Snappy touchless ordering when you are on the go.

### Self-ordering in restaurants

Don't get germs from the display on your hands. Order your steak medium rare or get your coffee, mid-air!

### ATM

No more tapping on a keypad when withdrawing currency, type your pin on a hologram instead.

### Shopping & duty free

Showcase your products and add a wow factor with interactive holograms.

### Satisfaction Survey Machines

The happiest travellers interact mid-air.



## INFLIGHT

Provide glare free touchscreens both for crew and passengers.

*For flight crew:*  
Galley screens  
Flight deck displays  
EFB screens

*For passengers:*  
Entertainment screens  
In-screen duty-free shopping

# Passenger Terminal Expo, Paris, June 15-17

The World's Biggest Airport Conference & Exhibition



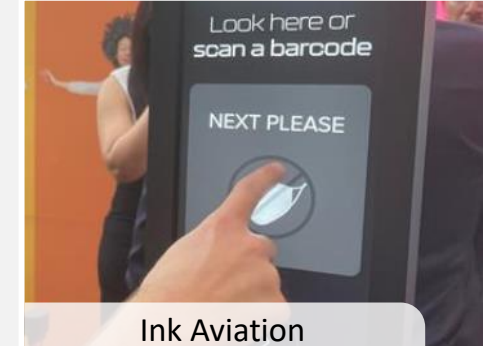
Neonode



Image Holders



Merim



Ink Aviation



Dewhurst



Happy Meter



MZ Technologie



New Pitches



# Neonode Extends VAR Agreement with MZ Technologie to Access the Middle East



# Automotive

Product releases for the Automotive Industry: Advanced Driver Distraction Warning Systems and Object Detection for Head-up Displays.

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Home > Resources > News > Neonode Provides Crucial Sensor...

## Neonode Provides Crucial Sensor Technology for Head-up Displays

Head-up Displays Object Detection HUD Foreign Object Detection (FOD)

Car makers have grand visions for the next generation of automotive head-up displays (HUD). Neonode's object detection sensors make sure nothing can get in the way of safe and awe-inspiring HUDs.

Since 1903, when Ford Motor Company "put the world on wheels", the automotive industry has been making pretty consistent evolutionary progress in improving the driver experience to make it safer and smarter. New features have been introduced along the way such as air conditioning in 1953, seatbelts in 1959, ABS brakes in 1971 and digital dashboards in 1974, but one could argue it took around 100 years for true, revolutionary innovation to happen the automotive industry.

These days user adoption to technological change is much faster, and therefore we see the race to modernize vehicles accelerating at warp speed. Manufacturers are fighting to come up with the next new feature in order to claim the competitive edge. New models are no longer being released with upgrades or additional add-on options, rather, manufacturers are reimagining the automotive experience with greater connectivity, automation, and electrification. As drivers, we are rewarded with more comfort, convenience, safety and style.

While a lot of the automotive advancements happens under the hood, one very obvious trend we see is the aesthetic design of the car interior.

In an interview in 2018 at the Future of the Automobile conference, Franz von Holtzhausen,

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Home > Resources > White Paper > Advanced Driver Distraction War...

## Advanced Driver Distraction Warning (ADDW) Systems

IMS Driver Monitoring Systems Driver Distraction And Drowsiness Recognition Remote Sensing Solutions

The European Commission has released a report on ADDW systems, in response to the Driver Distraction and Drowsiness Recognition safety measure forming part of the European General Safety Regulation. ADDW is a system that recognizes driver attention levels and warns if the driver becomes distracted.

An ADDW system is comprised of two parts:

1. Tier-1 suppliers provide technology to determine or estimate whether the driver is looking forward at the road ahead or has their attention diverted somewhere else, by monitoring a driver's eyes, face and/or head whilst driving using a driver-facing camera embedded in the steering wheel or instrument cluster.
2. Car manufacturers (OEMs) are responsible for taking this piece of technology and integrating it into the vehicle, developing algorithms to detect distraction and non-distraction events, optimising the interaction with the vehicle and driver, and interacting with the driver when needed. Many OEMs are still developing their ADDW systems, and several do not yet have a system in development.

Two main issues which need to be overcome in order for the systems to be deemed effective and implemented into vehicles, are the reliability and robustness of the systems.

Reliability - manufacturers expressed that their systems are displaying an undesirable number of:

Superior Sensor Technology for Safer Head-up Displays

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### Free Brochure

Object Detection for Head-up Displays

Foreign Object Detection for Safer Head-up Displays

Download the PDF

neonode®

Foreign objects detection ensures that the driver always has the right information.

Neonode Open >

# Agenda

1. Q2 2022 Financial Results
2. Strategy and Business Update
- 3. Concluding Remarks**
4. Q&A



# Concluding Remarks

- Sales and results for Q2 below expectations
  - COVID-19 related lock-downs
  - Semiconductor shortage affecting our customers
  - Long sales cycles, long development cycles, protracted new product launches
- We continue see a stable and increasing demand for our TSMs, not least for contactless touch solutions using holographic displays
- We also see a growing interest in our zForce and MultiSensing technologies from automotive and avionics customers
- We remain optimistic about our prospects to grow and improve cash flow during this and the coming years

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## **4. Q&A**

# 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
Revenue Products	98	66	284	502	355	346	136	118	147	210
Cost of Sales Products	-36	-72	-198	-496	-270	-212	-98	-342	-51	-93
<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>
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	-	-
<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>
Gross Margin Products	63,3%	-9,1%	30,3%	1,2%	23,9%	38,7%	27,9%	-189,8%	65,3%	55,7%
Adjusted Gross Margin Products	40,4%	31,7%	50,1%	22,6%	25,9%	36,2%	47,3%	52,4%	61,9%	55,7%