3Q 2021 Earnings Call

November 10, 2021

Today’s Presenters

Urban Forssell
CEO

Fredrik Nihlén
CFO

David Brunton
Head of Investor Relations

Legal Disclaimer

This presentation contains, and related oral and written statements of Neonode Inc. (the "Company") and its management may contain, forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include information about current expectations, strategy, plans, potential financial performance or future events. They also may include statements about market opportunity and sales growth, financial results, use of free cash flow, product development and introduction, regulatory matters and sales efforts. Forward-looking statements are based on assumptions, expectations and information available to the Company and its management and involve a number of known and unknown risks, uncertainties and other factors that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any expressed or implied by these forward-looking statements. These uncertainties and risks include, but are not limited to, our ability to secure financing when needed on acceptable terms, risks related to new product development, our ability to protect our intellectual property, our ability to compete, as well as other risks outlined in filings of the Company with the U.S. Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended, including the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." Prospective investors are advised to carefully consider these various risks, uncertainties and other factors. Any forward-looking statements included in this presentation are made as of today's date. The Company and its management undertake no duty to update or revise forward-looking statements.

This presentation has been prepared by the Company based on its own information, as well as information from public sources. Certain of the information contained herein may be derived from information provided by industry sources. The Company believes such information is accurate and that the sources from which it has been obtained are reliable. However, the Company has not independently verified such information and cannot guarantee the accuracy of such information.

Highlights in Today's Presentation

- COVID-19 continues to bring on challenges for our sales and business development
- 3Q sales slow, but YTD revenues show strong growth YoY
- Very interesting sales pipeline
- Well positioned to become the leader in growing contactless touch market
- We have strengthened our cash position through a Registered Direct Offering and use of our at-the-market facility

neonode®

3Q 2021 Financial Update - Revenues

YTD REVENUE TOTAL

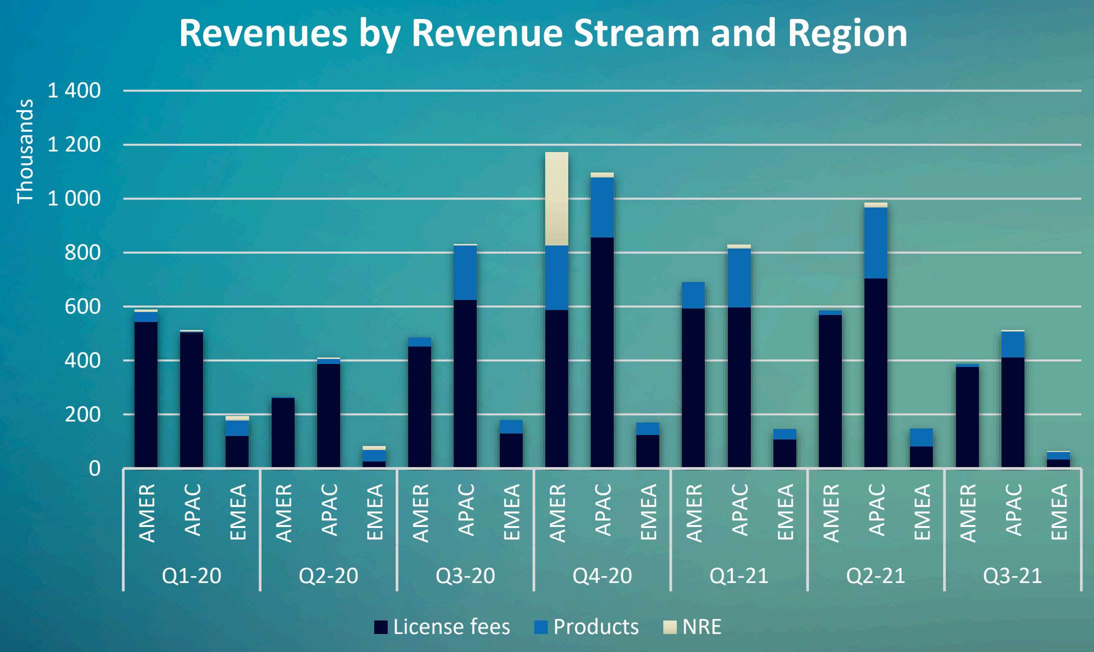
$4.3 million

23% YoY

YTD REVENUE PRODUCTS

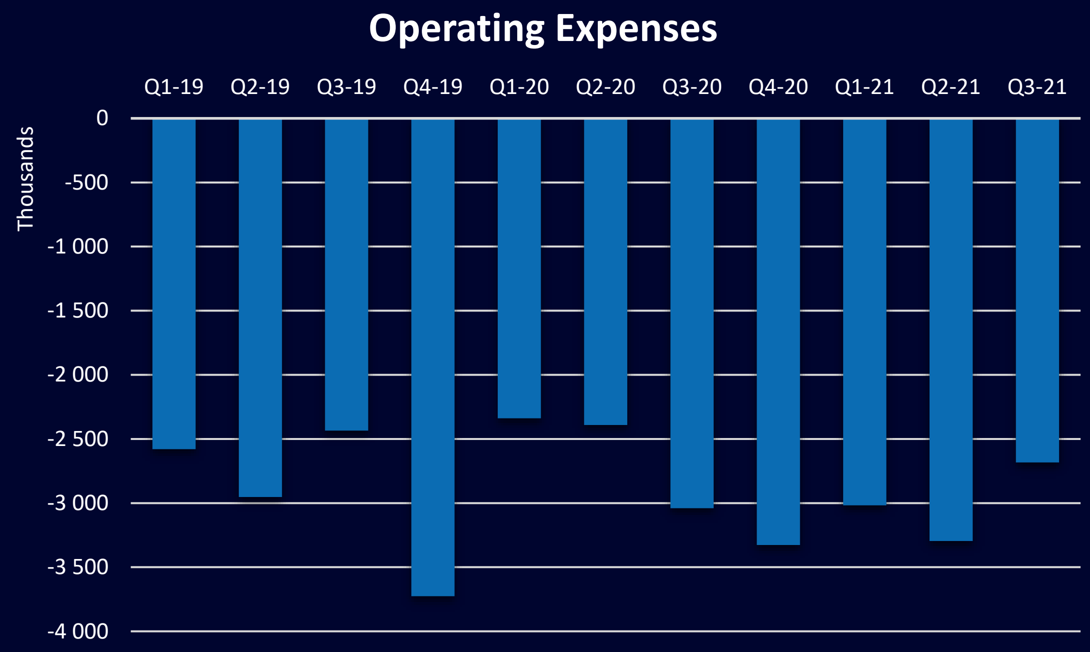
$0.8 million

88% YoY



neonode®

3Q 2021 Financial Update – Operating Expenses



Q3 OPERATING EXPENSES

$2.7 million

12% YoY

neonode®

3Q 2021 Financial Update - Gross Profit/Margin

YTD
GROSS MARGIN
PRODUCTS

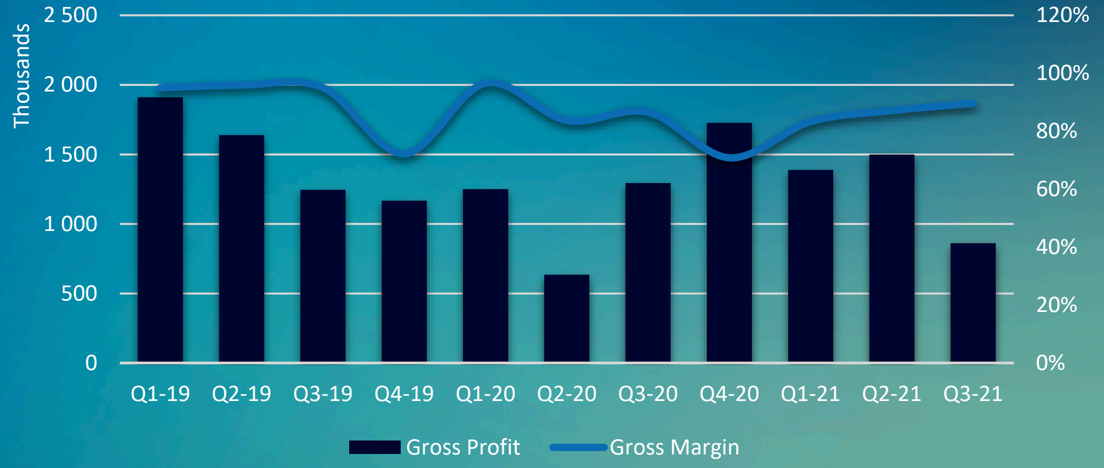
31%

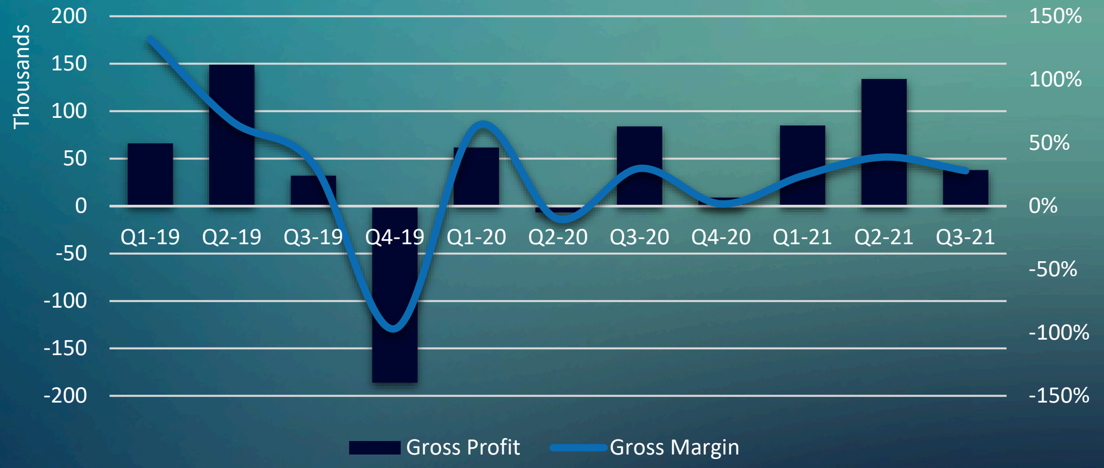
0pp YoY

YTD
GROSS MARGIN
TOTAL

86%

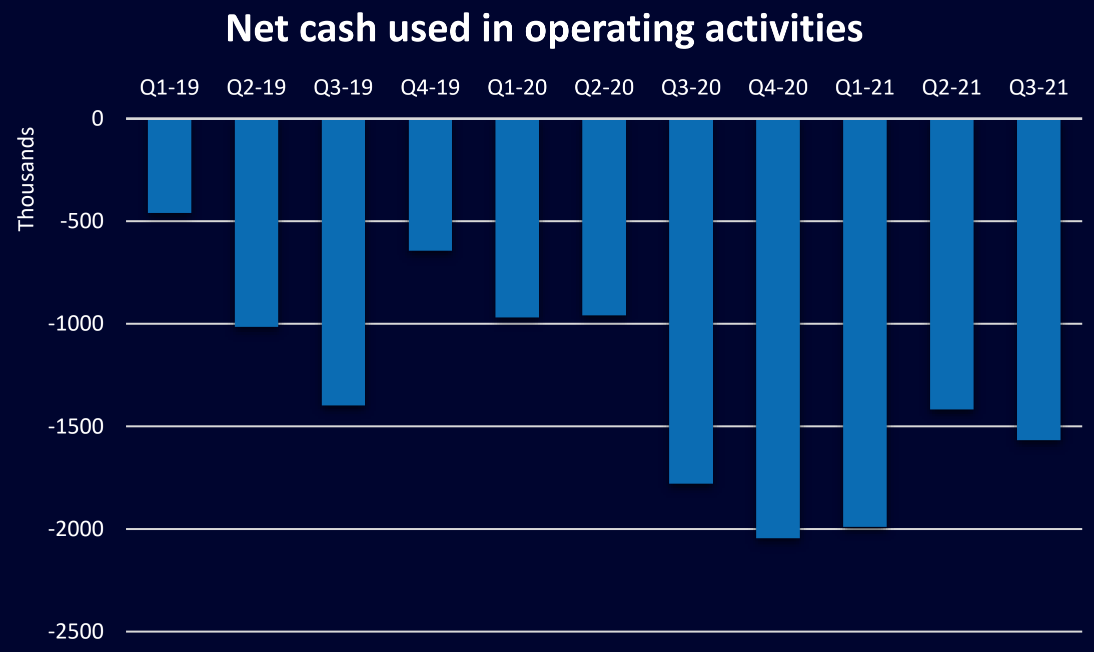
4pp YoY





neonode®

3Q 2021 Financial Update - Cash



CASH AND ACCOUNTS RECEIVABLES

$6.3 million

▼ **$6.0 million YTD**

Q3 NET CASH BURN OPERATING ACTIVITES

$1.6 million

▲ **12% YoY**

neonode®

Registered Direct Offering

- Closed on October 26, 2021
- 1,808,000 shares
- $7.75 per share
- Net proceeds approx. $13.1 million
- Outstanding shares 13,561,217 (Nov. 10, 2021)

Create greater awareness and drive demand for contactless touch and Neonode's TSM

Supporting the expected growth of the Company's TSM production volumes

General corporate and working capital purposes

Vision:
To transform the way humans interact with machines

Technology Platforms and Application Areas

Neonode's IR-based **zForce**® technology supports:

- Touch sensing applications
  - Touch on displays
  - Touch on other surfaces
- Gesture sensing applications
  - Contactless touch
  - Gesture control
  - Proximity sensing

Neonode's software platform **MultiSensing**® supports:

- Scene analysis applications
  - Occupancy and situational context monitoring
  - Drowsiness and distraction monitoring
  - Eye tracking

What is Contactless Touch?

Contactless, but “touch-like”, interaction with displays, keypads, buttons and holographic images.

With our Touch Sensor Modules natural, easy-to-use contactless touch features can be created in a simple and cost-effective way.

neonode®

Why Contactless Touch?

”80% of customers see touchscreens as an infection risk, no matter how often they are cleaned”

Survey by Foolproof

Contactless Touch Application Areas

Self-service kiosks

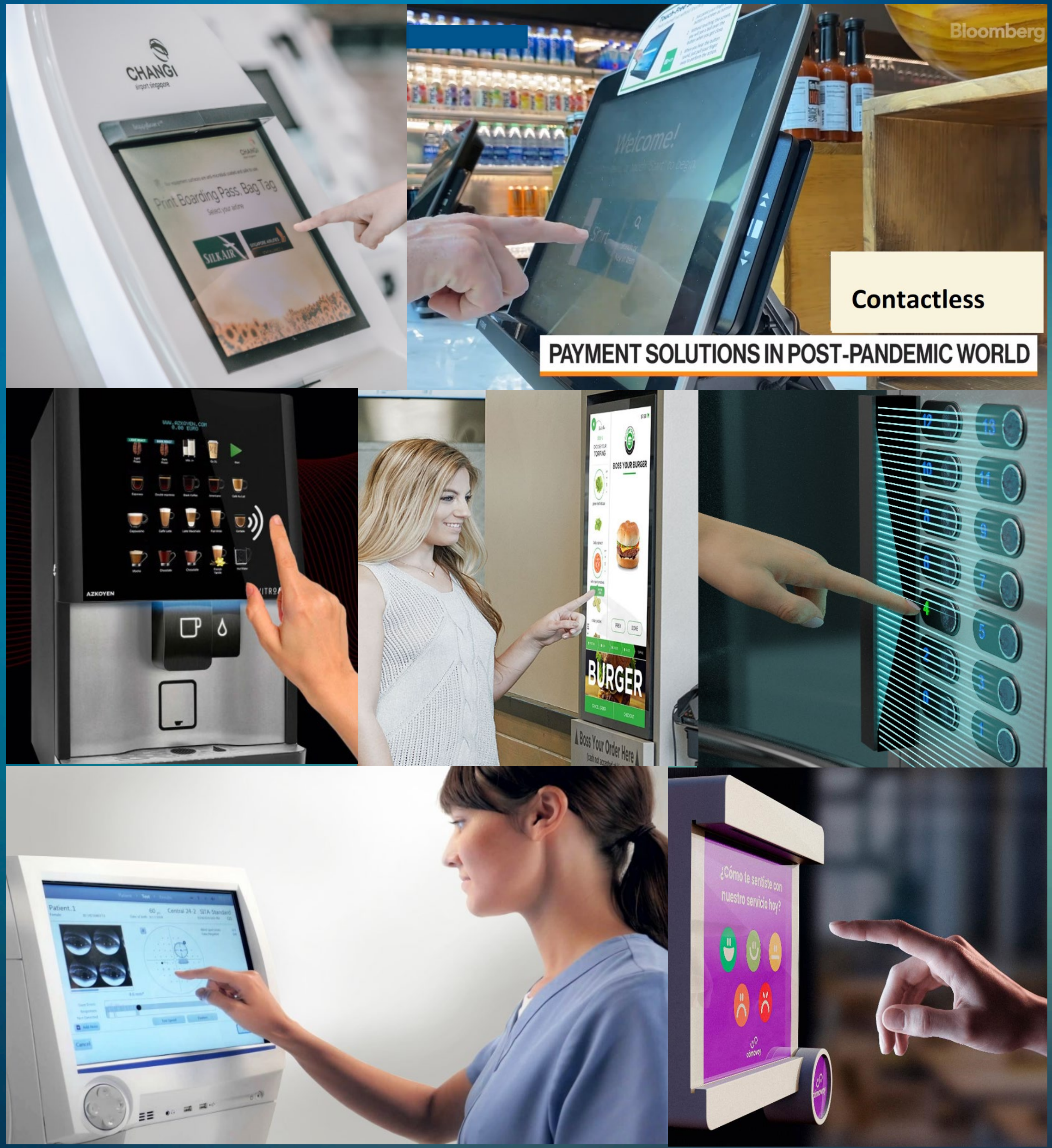
POS terminals

Vending machines

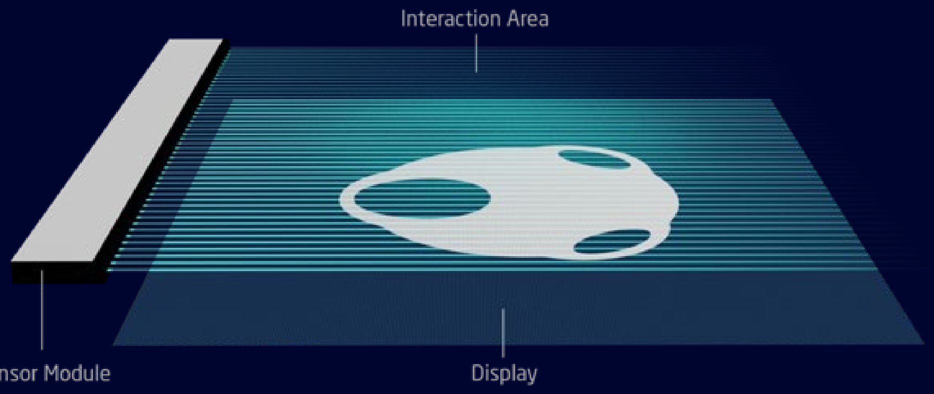
Elevators

Medical systems

Information displays



Contactless Touch Using Neonode Touch Sensor Modules



Key Benefits

- Cost effective
- Easy to implement
- Ideal for both retrofit solutions and new designs
- Fast response time
- High precision
- Allows for advanced multi-finger interactions

neonode®

DEWHURST

Elevator Control Panels

- ✓ Leading supplier of components to the global elevator market
- ✓ Contactless elevator control panel for existing or new elevator installations
- ✓ Powered by Neonode Touch Sensor Modules
- ✓ Marketed and sold as HALO in Europe and beyond from 2021

Elevator Control Panels

- ✓ Contactless (parallel plane) elevator control panels for retrofit powered by Neonode Touch Sensor Modules
- ✓ Schindler in Hong Kong (Jardine Schindler) licenses HKPC's 'kNOw Touch Contactless Elevator Control Panel' for implementation in Schindler elevators in overseas markets
- ✓ Deployed in many locations across Hong Kong including shopping centers, government departments, office buildings and the international airport

Jardine Schindler

neonode®

Airport Kiosks

- ✓ Contactless self-check in and self-service bag drop terminals for retrofit
- ✓ Powered by Neonode Touch Sensor Modules
- ✓ Retrofit solutions installed at Changi Airport (Singapore) and Hamad International Airport (Qatar)
- ✓ Similar solutions currently evaluated by several other airports worldwide
- ✓ Happymeter is currently also engaged in numerous other kiosk applications

Singapore Changi airport video; https://www.youtube.com/watch?v=yFGnW7SnRAU

HAPPYMETER

Hospital Kiosks

- ✓ Contactless (parallel plane) self-service kiosks for retrofit in healthcare environments
- ✓ Powered by Neonode Touch Sensor Modules
- ✓ Self-registration kiosk trials at NUHS in Singapore during spring 2021

Neonode's Right To Win

Feature \ Solution	Neonode Contactless Touch	IR touch frame	Projected capacitive (hovering)	Cameras	Interaction via mobile phone	Voice activation	Foot pedals
Intuitive UI	✓	✓	✗	✗	✗	✗	✗
Commercial value for customer	$$$	$$	$*	$	$$$	$$$	$
Interaction time	Fast	Fast	Fast	Fast	Slow	Slow	Slow
Ease of retrofit	✓	✓	✗*	✓	✓	✓	✗

* - Requires hovering within 2mm of screen. Requires replacing touchscreen display or button panel.

Elevator Market

Large installed base and interesting growth rate:

TAM: **~19 million units***

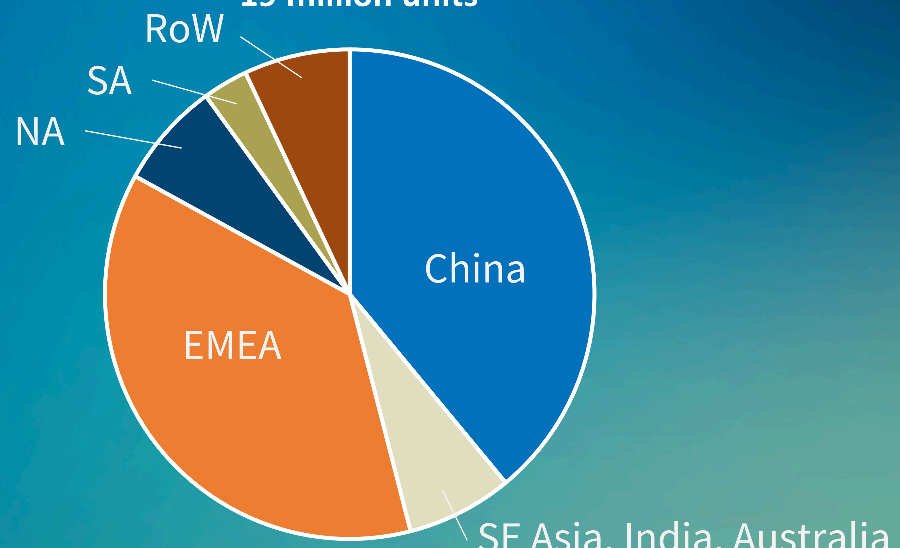
CAGR (2021-2024): **5.2%***

Both retrofit and new equipment opportunities

* See references on p. 35.

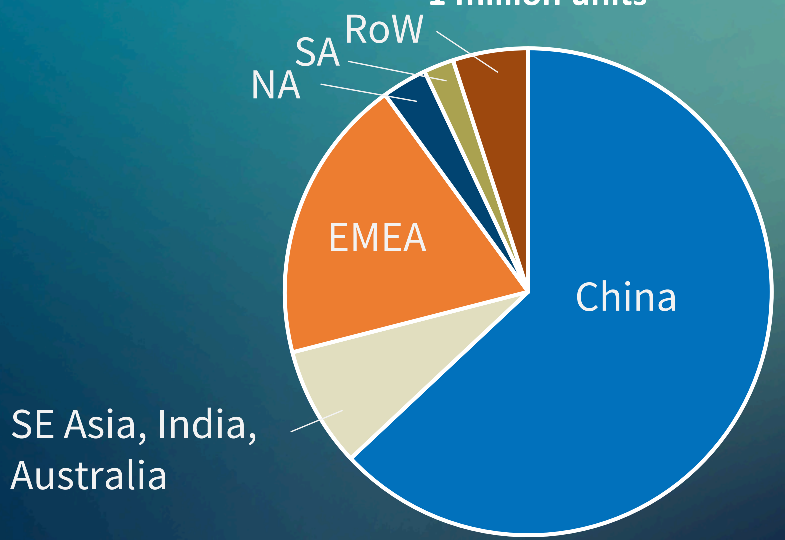
Global Installed Base

~19 million units



Global New Equipment Market

~1 million units



Interactive Kiosk Market

A large addressable market with multiple sub-segments on the rise, such as:

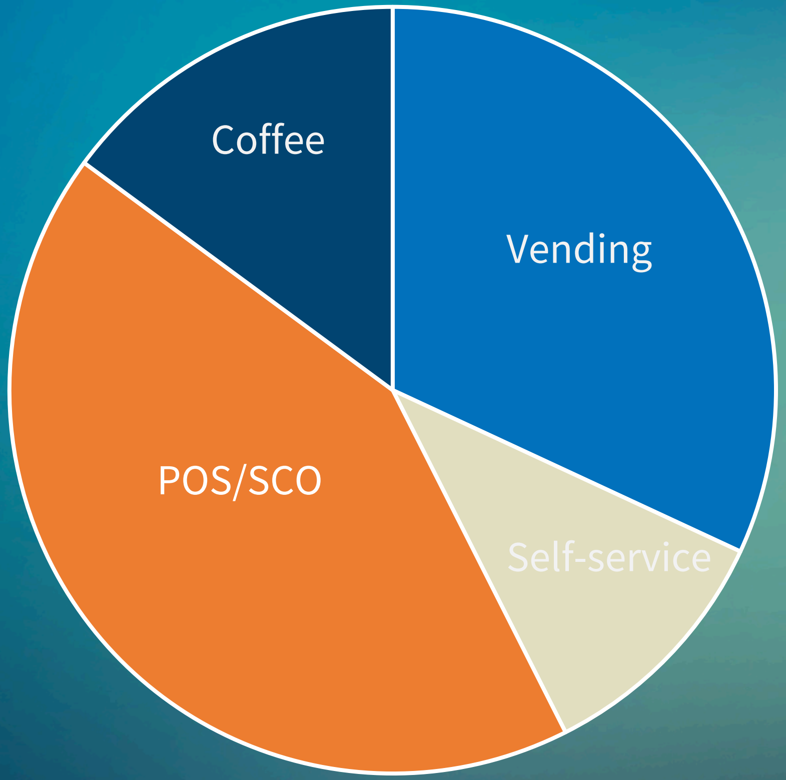
- QSR Self-Ordering Kiosks | **40% CAGR***
- Self Checkout Kiosks | **18% CAGR***
- Airport Kiosks | **11% CAGR***

**Forecast period from 2021 to 2024; see references on p. 35*

Both retrofit and new equipment opportunities

Global Installed Base

~47 million units*



neonode®

Addressable Market

Neonode's contactless touch technology has countless applications;

- Elevators
- Self-service kiosks
- Vending machines
- Coffee machines
- Medical systems
- Etc.

Fast-growing market with Japan and South Korea leading the way

Within only select applications, Neonode's addressable market is over $1.5 billion

As technology adaption increases the addressable market will continually grow

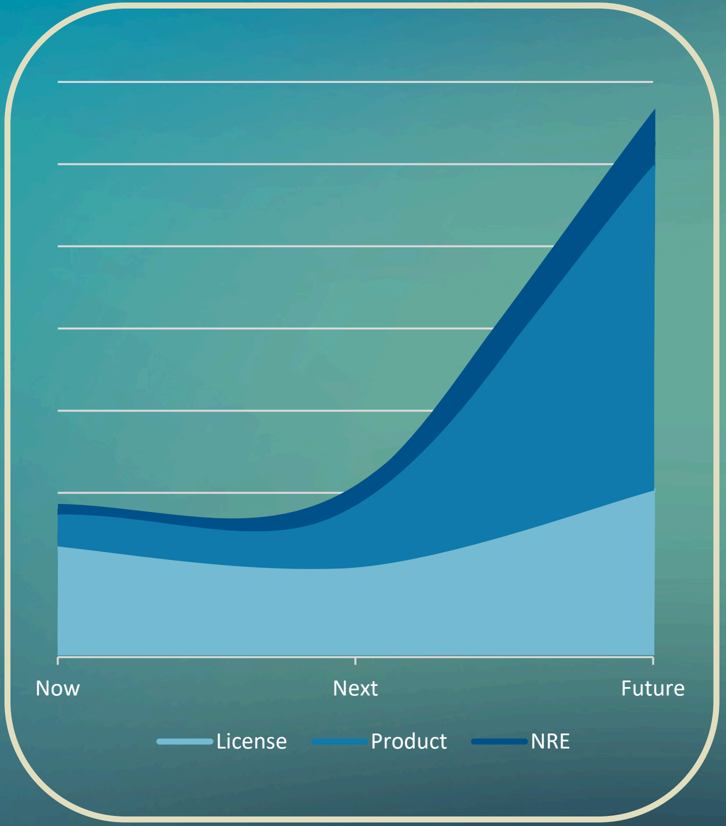
Example Calculation:

	Elevators	**Self-Service Kiosks**	**Vending Machines**
Global Market* (Units)	**19,000,000**	**5,000,000**	**15,000,000**
Avg. Sales Price** (Est.)	**$40**	**$40**	**$40**
Potential Revenue	**$760,000,000**	**$200,000,000**	**$600,000,000**
Avg. Gross** Margin (Est.)	**35%**	**35%**	**35%**
Potential Gross Profit	**$266,000,000**	**$70,000,000**	**$210,000,000**

* See references on p. 35.
** Neonode estimates based on current pricelists and actuals.

Business Model with Significant Revenue Potential

	Now	Next	Future
License Revenues	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
Product Revenues	Touch Sensor Module sales, mainly for contactless touch applications in elevators and interactive kiosks	Widen the market scope to include additional market segments and geographical markets	Broaden the product portfolio and continue to expand to further market segments
NRE Revenues	Continue to offer engineering services to facilitate new licensing businesses and to support and drive product sales		

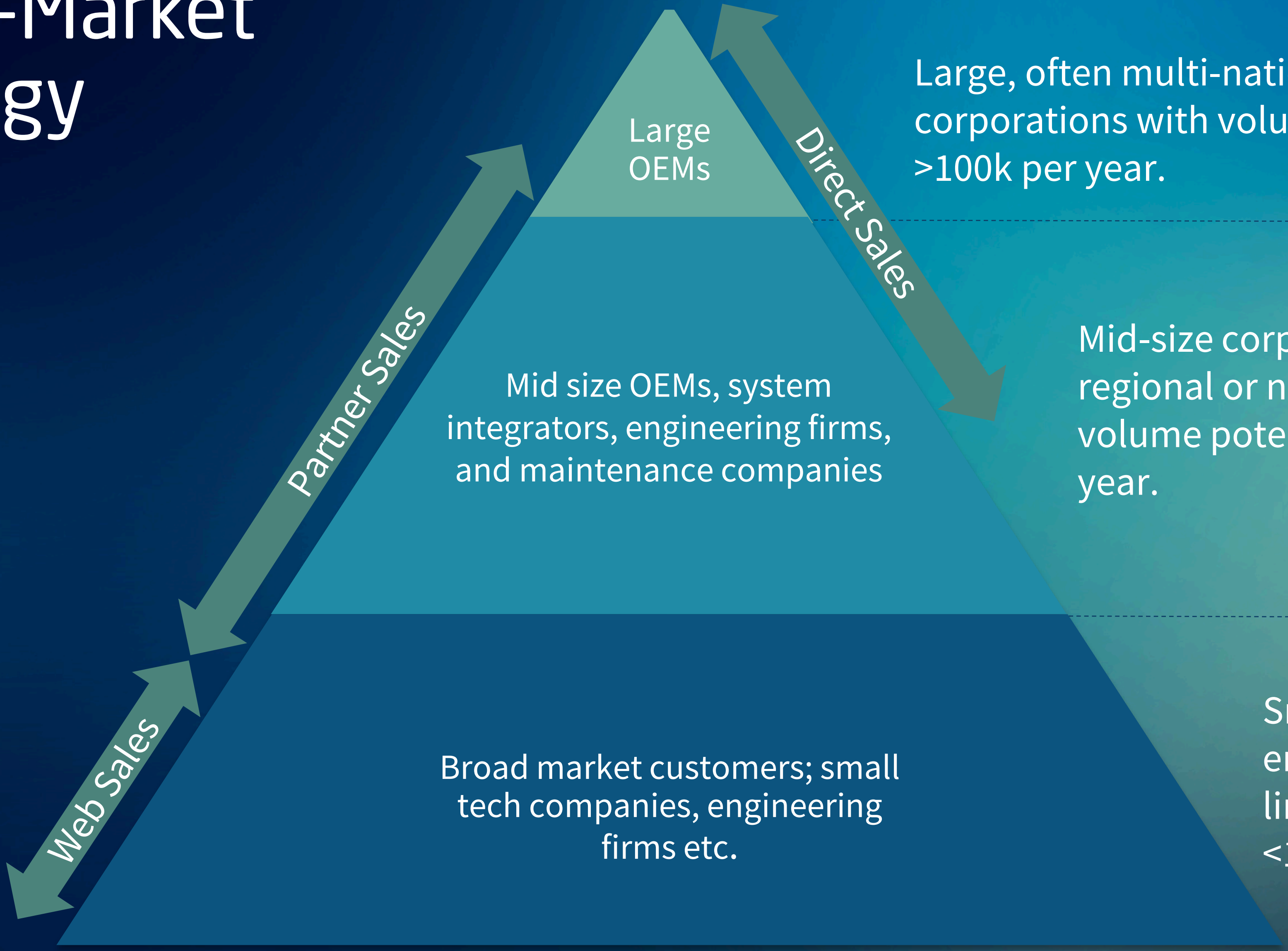


neonode®

Sales Cycle and Market Potential

Solution Dynamics	Volume Potential	Sales Cycle	Target Customers
Highest volume End-user decision makers Shortest sales cycle Partner solutions	Retrofits		Integrators Tech companies (OEMs)
OEM decision maker Medium sales cycle	New Installs		Integrators OEMs
Engineering resources Longest sales cycle	R&D		OEMs

Go-To-Market Strategy



Large, often multi-national, corporations with volume potential >100k per year.

Mid-size corporations, often with regional or national focii, with volume potential 10k - 100k per year.

Small, local tech companies, engineering firms etc. with limited volume potential <10k per year.

Several Growth Initiatives to Accelerate Further

Now

Investments into marketing and sales

Expansion of partner network

Next

Scaling business in key markets

Expanding customer offerings and increasing vertical integration

Outsourcing TSM production

Future

Expanding business scope to new market segments and further geographical markets

Developing new HW products and extending SW offerings

Accelerating growth through strategic partnerships and acquisitions

1 3Q Financials Update

2 Registered Direct Offering

3 Business and Strategy Update

4 Concluding Remarks

5 Q&A

Concluding Remarks

- COVID-19 continues to bring on challenges for our sales and business development
  - Component shortages slowing several customers' production and sales
  - Strict lockdowns in several key markets creates challenges for our sales and business development work
  - Large uncertainty slowing down decision processes and delaying new product launches at several customers
- 3Q sales slow, but YTD revenues show strong growth YoY
- Very interesting sales pipeline
  - Touch Sales Module opportunities
  - NRE projects
  - New licensing opportunities
- Well positioned to become the leader in growing contactless touch market
  - Elevators
  - Interactive kiosks
- We have strengthened our cash position through a Registered Direct Offering and use of our at-the-market facility

1 3Q Financials Update

2 Registered Direct Offering

3 Business and Strategy Update

4 Concluding Remarks

5 Q&A

neonode®

Appendix

References for Market Data on Pp. 18-20

Interactive Kiosk Market:

CAGR Sources:
- QSR: *Global Self-Ordering Kiosks 2020* report by RBR.
- Self Checkout Kiosks: *2020 Global EPOS and Self-checkout* report by RBR, cited by Diebold Nixdorf.
- Airport Kiosk: *Airport Kiosk Market Forecast, Trend Analysis & Competition Tracking - Global Market Insights 2019 to 2029* report by Fact.Mr.

Installed Base Sources:
- Coffee: *Global Automatic Coffee Machines Market – Industry Analysis and Forecast (2019-2026)*, by Maximize Market Research.
- Vending: *Connected Vending Machines - 4th Edition*, by Berg AB.
- Self-service:
    - ATM – Diebold Nixdorf and NCR;
    - SCO – 2020 Global EPOS and Self-checkout report by RBR, cited by Diebold Nixdorf;
    - Self Check-in - Airport Kiosk Market Forecast, Trend Analysis & Competition Tracking - Global Market Insights 2019 to 2029 report by Fact.Mr;
    - QSRs - Global Self-Ordering Kiosks 2020 report by RBR.
- POS/SCO: *2020 Global EPOS and Self-checkout* report by RBR.

Elevator Market:

TAM:
- Otis Analyst Day 2020;
- KONE as an Investment.

CAGR:
- Otis Analyst Day 2020.

Global installed base:
- KONE as an Investment.

Global new equipment:
- KONE as an Investment.

neonode®

Thank you!

neonode®

info@neonode.com
neonode.com

Subscribe to Neonode newsletter