



3Q 2021 Earnings Call

November 10, 2021

Today's Presenters



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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

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- 1 3Q Financials Update**
 - 2 Registered Direct Offering
 - 3 Business and Strategy Update
 - 4 Concluding Remarks
 - 5 Q&A

3Q 2021 Financial Update - Revenues

YTD REVENUE
TOTAL

\$4.3 million

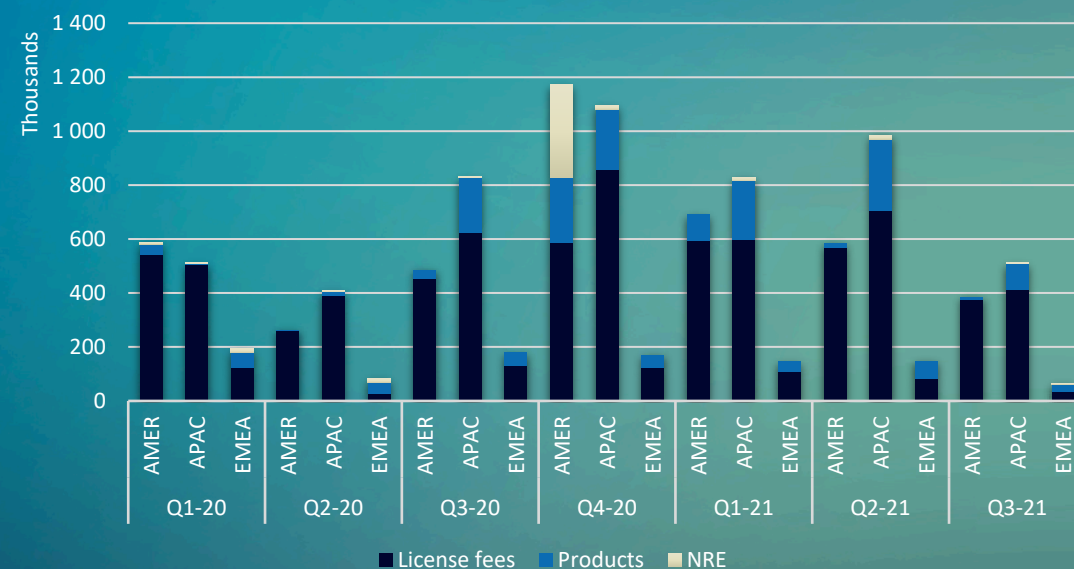
▲ 23% YoY

YTD REVENUE
PRODUCTS

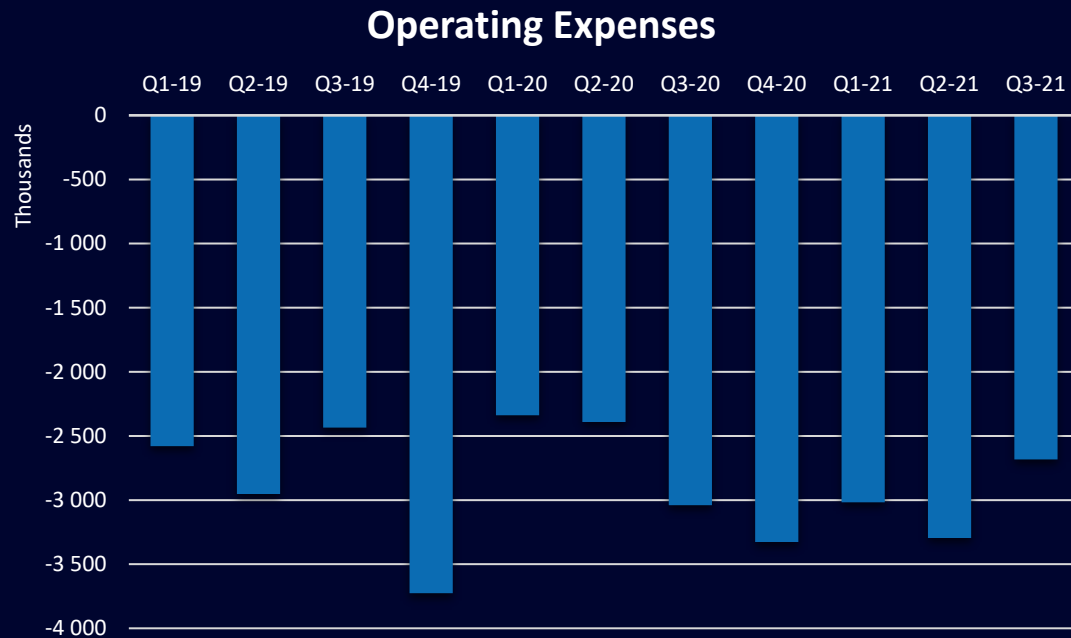
\$0.8 million

▲ 88% YoY

Revenues by Revenue Stream and Region



3Q 2021 Financial Update - Operating Expenses



**Q3 OPERATING
EXPENSES**

\$2.7 million

▼ **12% YoY**

3Q 2021 Financial Update - Gross Profit/Margin

YTD
GROSS MARGIN
PRODUCTS

31%

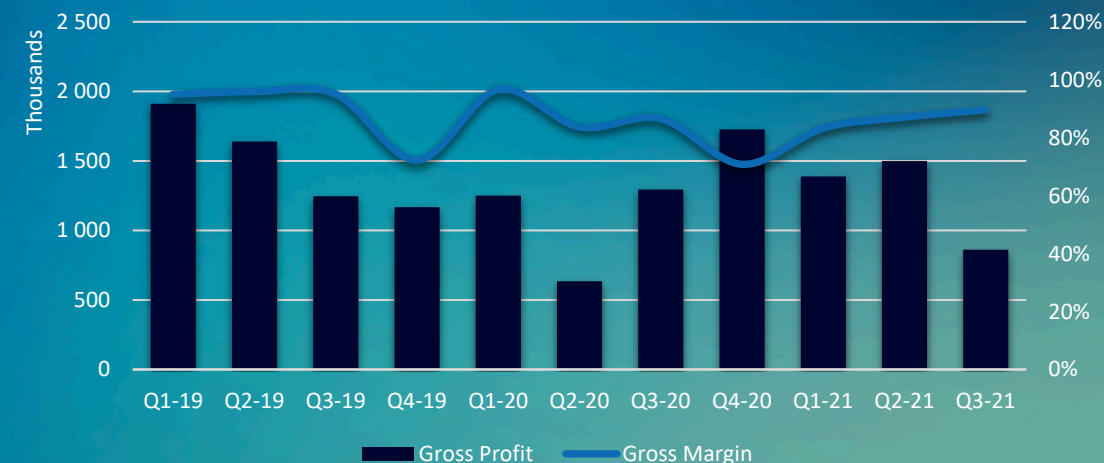
0pp YoY

YTD
GROSS MARGIN
TOTAL

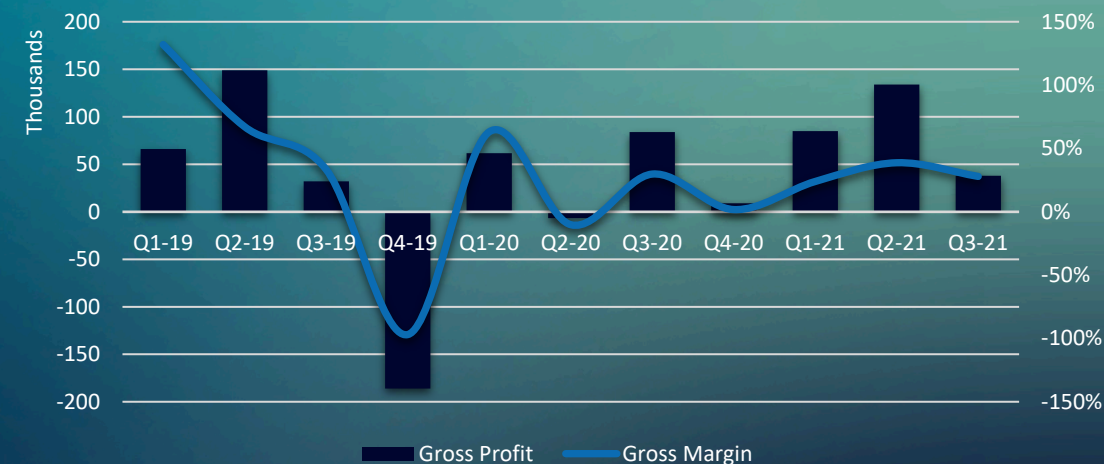
86%

4pp YoY

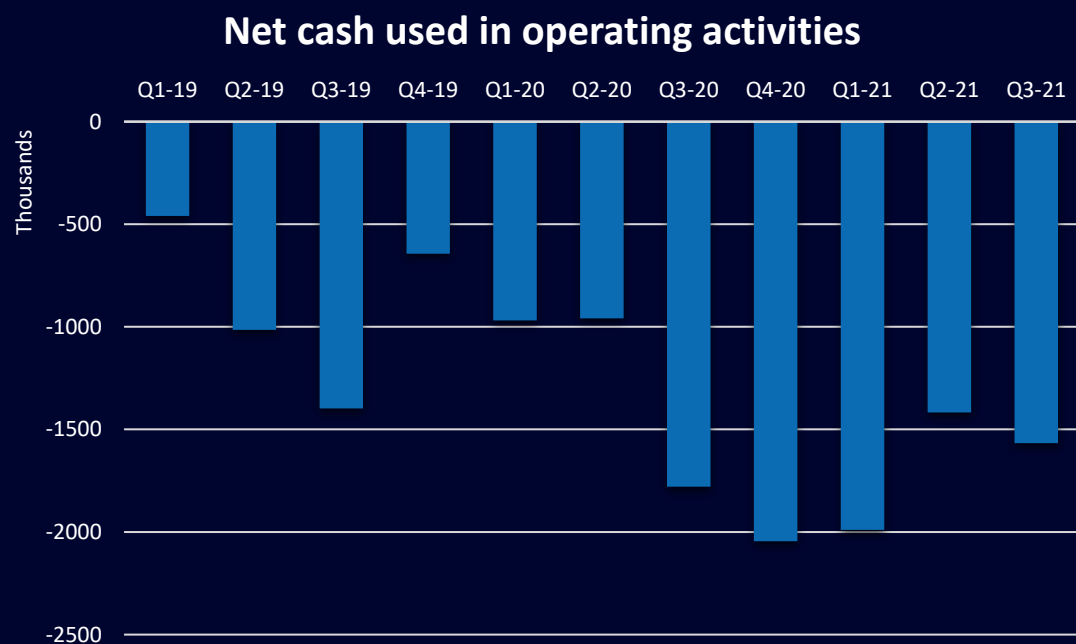
Gross Profit/Margin Total



Gross Profit/Margin Products



3Q 2021 Financial Update - Cash



CASH AND
ACCOUNTS
RECEIVABLES

\$6.3 million

▼ \$6.0 million
YTD

Q3 NET CASH
BURN OPERATING
ACTIVITIES

\$1.6 million

▲ 12% YoY

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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

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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.



Why Contactless Touch?

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

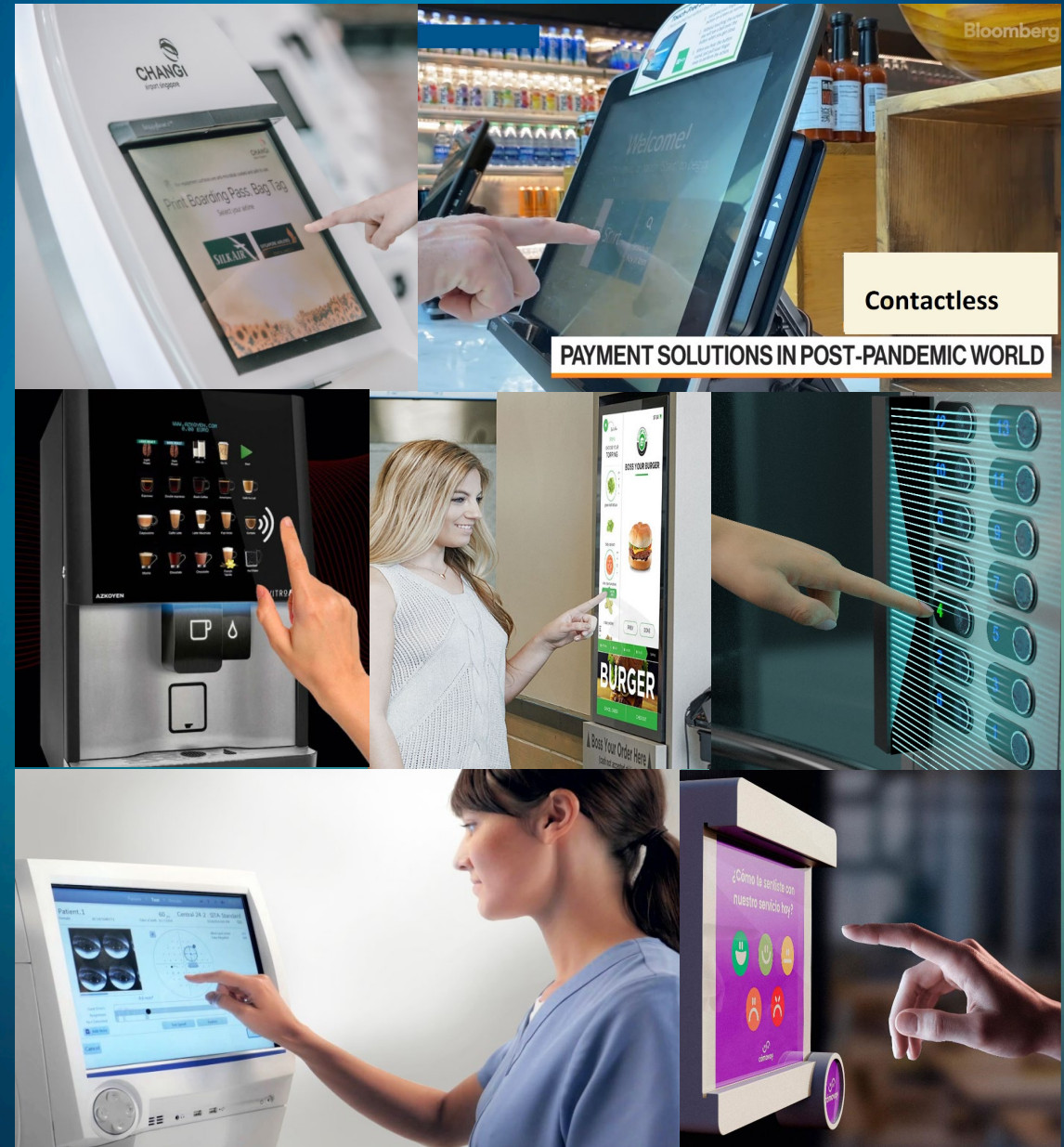


Survey by Foolproof

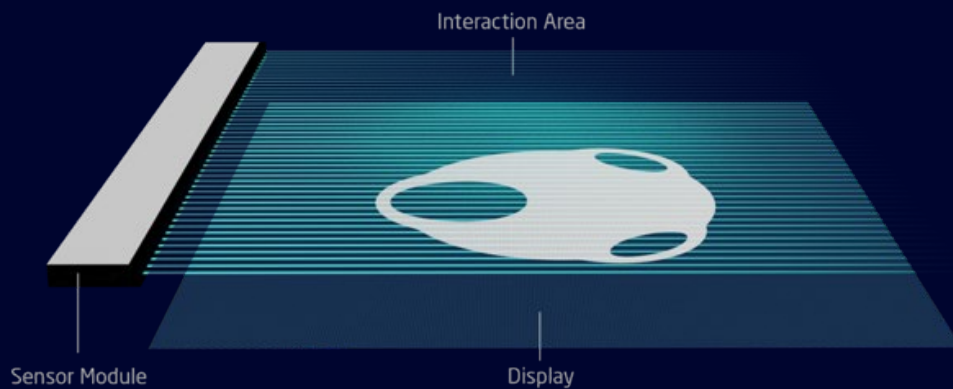


Contactless Touch Application Areas

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



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 Neocode Touch Sensor Modules
- ✓ Marketed and sold as HALO in Europe and beyond from 2021

 dewhurst

HALO
Touchless Operation

powered by
 neocode®



JARDINE SCHINDLER

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



HAPPYMETER

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>

Hospital Kiosks

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



Neonode's Right To Win

Solution Feature	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:

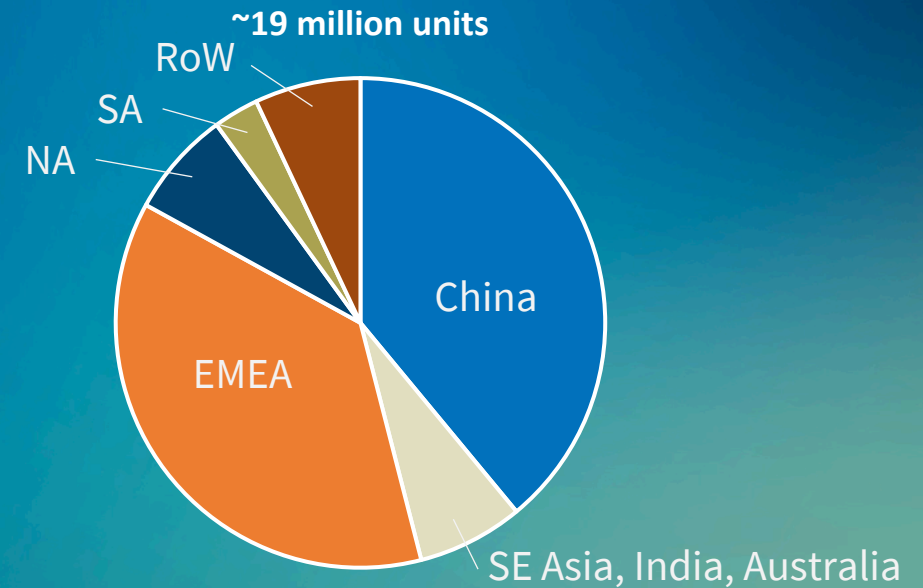
TAM: **~19 million units***

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

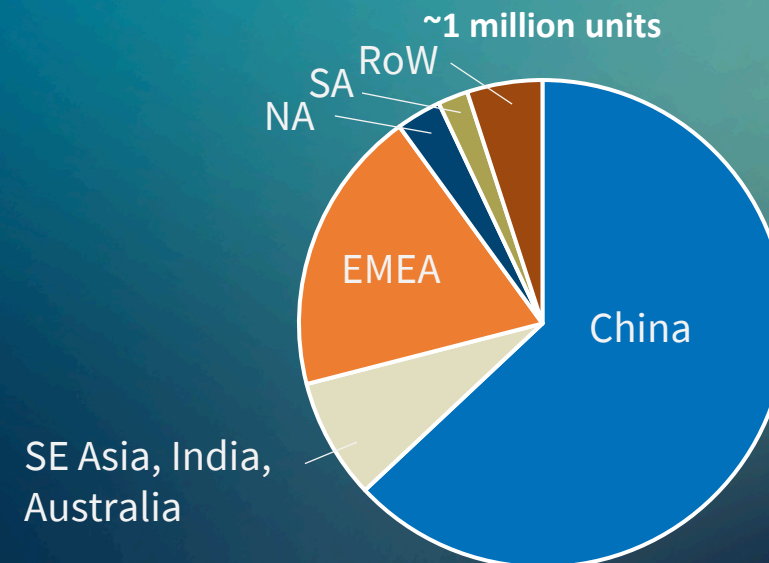
Both retrofit and new equipment opportunities

* See references on p. 35.

Global Installed Base



Global New Equipment Market



Interactive Kiosk Market

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

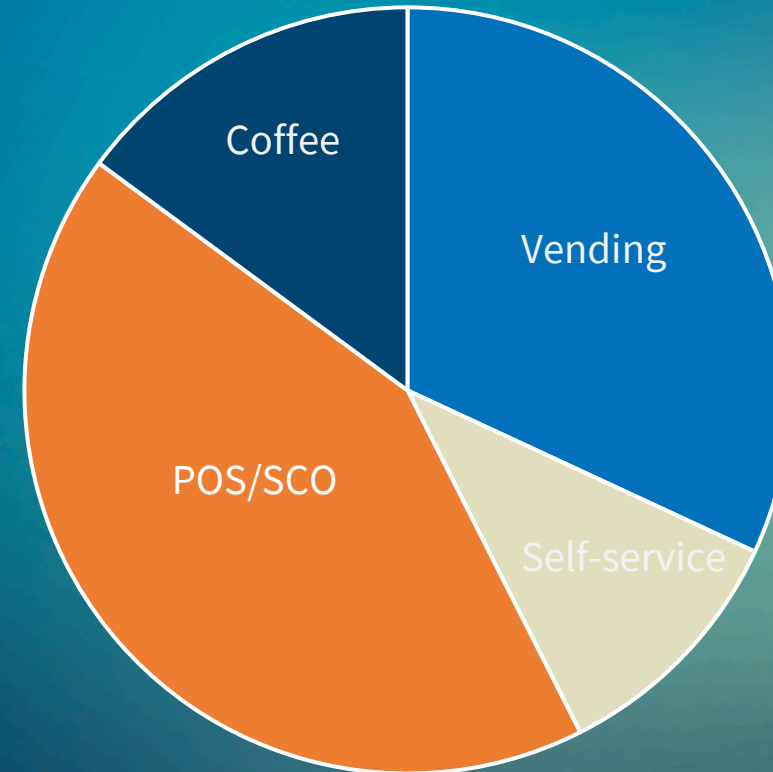
- QSR Self-Ordering Kiosks | **40% CAGR***
- Self Checkout Kiosks | **18% CAGR***
- Airport Kiosks | **11% CAGR***

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

Both retrofit and new equipment opportunities

Global Installed Base

~47 million units*



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:

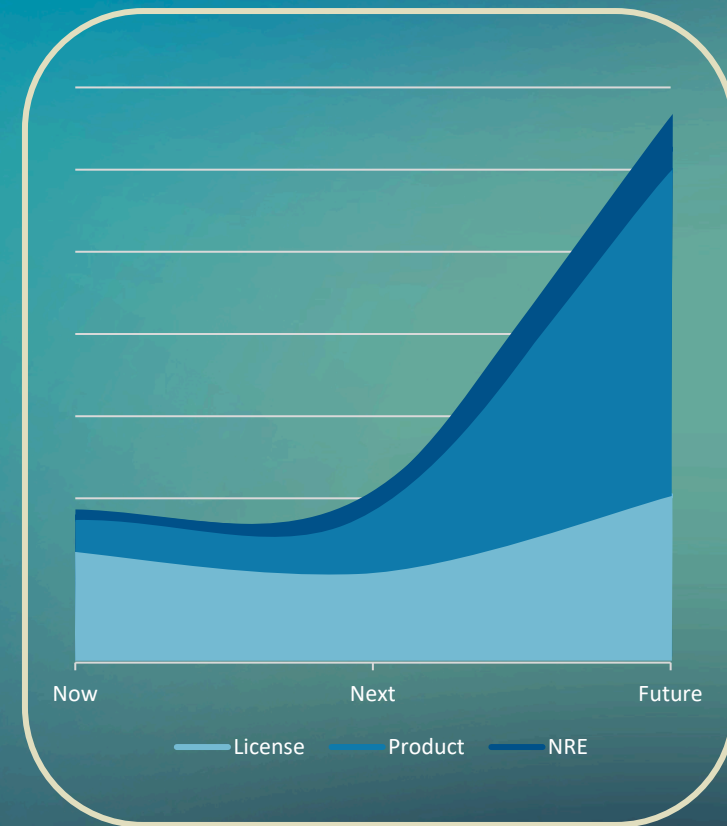
	Elevators	Self-Service Kiosks	Vending Machines
Global Market* (Units)	19,000,000	5,000,000	15,000,000
Avg. Sales Price** (Est.)	\$40	\$40	\$40
Potential Revenue	\$760,000,000	\$200,000,000	\$600,000,000
Avg. Gross** Margin (Est.)	35%	35%	35%
Potential Gross Profit	\$266,000,000	\$70,000,000	\$210,000,000

* See references on p. 35.

** Neonode estimates based on current pricelists and actuals.

Business Model with Significant Revenue Potential

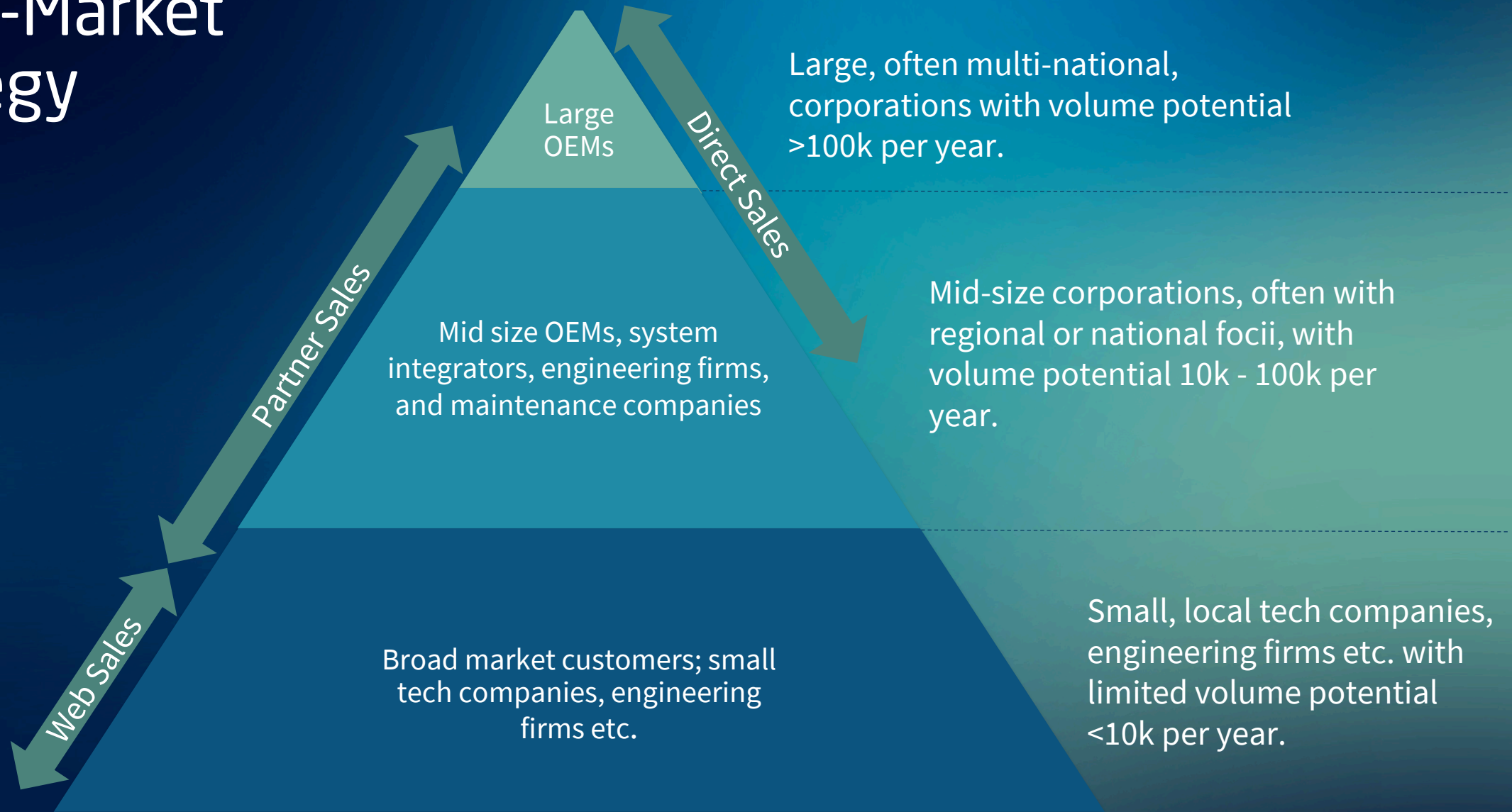
	Now	Next	Future
License Revenues	Existing business with more than a dozen customers, mainly printer manufacturers and automotive Tier 1s	Support current customers and work to win new businesses in automotive, military & avionics, and other segments	Continue to expand licensing business to further customers 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		



Sales Cycle and Market Potential



Go-To-Market Strategy



Several Growth Initiatives to Accelerate Further



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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

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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.

Thank you!



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