



**Press Release**

For Release, 07:30AM EDT August 10, 2020

## **Neonode Announces Closing of \$13.9 Million Private Placement**

**STOCKHOLM, SWEDEN, August 10, 2020** — Neonode Inc. (NASDAQ: NEON), today announced the closing of a previously-announced private placement of \$13.9 million of Neonode's common stock and convertible preferred stock (the "Private Placement").

Pursuant to the terms of the Private Placement, Neonode issued an aggregate total of 1,611,845 shares of common stock (the "Common Shares") at a price of \$6.50 per Common Share, and 3,415 shares of convertible preferred stock (the "Convertible Preferred Shares") with a conversion price of \$6.50 per share and a stated value of \$1,000 per Convertible Preferred Share.

Ulf Rosberg and Peter Lindell, directors of Neonode (the "Directors"), and Urban Forssell, Chief Executive Officer of Neonode, purchased an aggregate of \$3.05 million of the Convertible Preferred Shares in the Private Placement.

In addition, Neonode issued 1,034 shares of Convertible Preferred Shares to the Directors to repay \$1.03 million of outstanding indebtedness owed to the Directors under loan agreements dated June 17, 2020.

The Convertible Preferred Shares are convertible into an aggregate of 684,378 shares of common stock. The Convertible Preferred Shares will automatically convert into common stock upon stockholder approval, of which Neonode has agreed to seek at the earliest possible date. Neonode also will seek stockholder approval with respect to the issuance of shares to the Directors and the Chief Executive Officer in accordance with Nasdaq listing rules.

Craig-Hallum Capital Group LLC acted as exclusive placement agent in connection with the offering.

Further information regarding the Private Placement can be found in the Current Report on Form 8-K being filed today by Neonode with the Securities and Exchange Commission (the "SEC").

*The securities sold in the Private Placement have not been registered under the Securities Act of 1933, as amended, or state securities laws and may not be offered or sold in the United States absent registration with the SEC or an applicable exemption from such registration requirements.*

*This press release shall not constitute an offer to sell or the solicitation of an offer to buy these securities, nor shall there be any sale of these securities in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful.*

**For more information, please contact:**

Investor Relations  
David Brunton  
Email: [david.brunton@neonode.com](mailto:david.brunton@neonode.com)

Chief Financial Officer  
Maria Ek  
E-mail: [maria.ek@neonode.com](mailto:maria.ek@neonode.com)

**About Neonode**

Neonode Inc. (NASDAQ:NEON) is a publicly traded company, headquartered in Stockholm, Sweden and established in 2001. The company provides advanced optical sensing solutions for touch, gesture control, and remote sensing. Building on experience acquired during years of advanced optical R&D and technology licensing, Neonode's technology is currently deployed in more than 75 million products and the company holds more than 120 patents worldwide. Neonode's customer base includes some of the world's best-known Fortune 500 companies in the consumer electronics, office equipment, medical, avionics, and automotive industries.

Neonode operates in three business areas: HMI Solutions, HMI Products and Remote Sensing Solutions. In HMI Solutions, Neonode offers customized optical touch and gesture control solutions for many different markets and segments. In HMI Products, the company provides innovative, plug-and-play sensor modules that enable touch on any surface, in-air touch, and gesture control for a wide range of applications. In Remote Sensing Solutions, Neonode offers robust and cost-effective driver and cabin monitoring solutions for vehicles based on the company's flexible, scalable and hardware-agnostic software platform.

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The Company will file with the SEC and mail to its stockholders a proxy statement in connection with the Private Placement. THE PROXY STATEMENT WILL CONTAIN IMPORTANT INFORMATION ABOUT THE COMPANY, THE PRIVATE PLACEMENT, AND RELATED MATTERS. INVESTORS AND OTHER SECURITY HOLDERS ARE URGED TO READ THE PROXY STATEMENT CAREFULLY WHEN IT IS AVAILABLE. Investors and other security holders will be able to obtain free copies of the proxy statement and other documents filed with the SEC by the Company through the SEC's website at [www.sec.gov](http://www.sec.gov). In addition, Investors and other security holders will be able to obtain free copies of the proxy statement from the Company by contacting the Secretary of the Company at +46 (0) 8 667 17 17. The Company and its directors and executive officers may be deemed to be participants in the solicitation of proxies with respect to Private Placement. Additional information regarding interests of such participants is included in the Company's Annual Report on Form 10-K, as amended, for the year ended December 31, 2019, which was filed with the SEC on March 11, 2020 and amended on April 29, 2020.

**Safe Harbor Statement**

*This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These include, but are not limited to, statements relating to expectations, future performance or future events. These statements are based on current assumptions, expectations and information available to Neonode management and involve a number of known and unknown risks, uncertainties and other factors that may cause Neonode's actual results, levels of activity, performance or achievements to be materially different from any expressed or implied by these forward-looking statements.*

*These risks, uncertainties, and factors are discussed under "Risk Factors" and elsewhere in Neonode's public filings with the SEC from time to time, including Neonode's annual report on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K. You are advised to carefully consider these various risks, uncertainties and other factors. Although Neonode management believes that the forward-looking statements contained in this press release are reasonable, it can give no assurance that its expectations will be fulfilled. Forward-looking statements are made as of today's date, and Neonode undertakes no duty to update or revise them.*