

UNITED STATES SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 FORM 10-Q
Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 For the quarterly period ended June 30, 2024 or
Transition report pursuant to section 13 or 15(d) of the Securities and Exchange Act of 1934 For the transition period from _____ to _____ Commission File Number: 001-35526 NEONODE INC.
(Exact name of registrant as specified in its charter) Delaware 94-1517641 (State or other jurisdiction of incorporation or organization) (IRS Employer Identification No.) Karlavägen 100, 115 26 Stockholm, Sweden N/A (Address of principal executive offices) (Zip code) +46 (0) 70 29 58 519 (Registrant's telephone number, including area code) N/A (Former name, former address and former fiscal year, if changed since last report) Securities registered pursuant to Section 12(b) of the Act: Trading Symbol(s) Name of each exchange on which registered Common Stock, par value \$0.001 per share NEON The Nasdaq Stock Market LLC A Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes A No A Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes A No A Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "non-accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. Large accelerated filer A Accelerated filer A Non-accelerated filer A Smaller reporting company A Emerging growth company A If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. A Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes A No A The number of shares of the registrant's common stock outstanding as of August 6, 2024 was 15,466,568. NEONODE INC. Quarterly Report on Form 10-Q For the Fiscal Quarter Ended June 30, 2024 TABLE OF CONTENTS PART I FINANCIAL INFORMATION 1 Item 1 Financial Statements 1 Unaudited Condensed Consolidated Balance Sheets as of June 30, 2024 and December 31, 2023 1 Unaudited Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2024 and 2023 2 Unaudited Condensed Consolidated Statements of Comprehensive Loss for the three and six months ended June 30, 2024 and 2023 3 Unaudited Condensed Consolidated Statements of Stockholders' Equity for the three and six months ended June 30, 2024 and 2023 4 Unaudited Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2024 and 2023 5 Notes to Unaudited Condensed Consolidated Financial Statements 6 Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations 14 Item 3 Quantitative and Qualitative Disclosures about Market Risk 24 Item 4 Controls and Procedures 24 PART II OTHER INFORMATION 25 Item 1 Legal Proceedings 25 Item 1A Risk Factors 25 Item 2 Unregistered Sales of Equity Securities and Use of Proceeds 25 Item 5 Other Information 25 Item 6 Exhibits 25 SIGNATURES 26 EXHIBITS i PART I. FINANCIAL INFORMATION Item 1. Financial Statements NEONODE INC. CONDENSED CONSOLIDATED BALANCE SHEETS (In thousands, except share and per share amounts) (Unaudited) June 30, December 31, 2024 2023 ASSETS Current assets: Cash and cash equivalents \$13,107 \$16,155 Accounts receivable and unbilled revenues, net \$1,246 \$917 Inventory \$205 \$610 Prepaid expenses and other current assets \$536 \$938 Total current assets \$15,094 \$18,620 Property and equipment, net \$83 \$340 Operating lease right-of-use assets, net \$17 \$54 Total assets \$15,194 \$19,014 LIABILITIES AND STOCKHOLDERS' EQUITY Current liabilities: Accounts payable \$321 \$440 Accrued payroll and employee benefits \$1,271 \$941 Accrued expenses \$207 \$354 Contract liabilities \$51 \$10 Current portion of finance lease obligations \$6 \$33 Current portion of operating lease obligations \$17 \$54 Total current liabilities \$1,873 \$1,832 Finance lease obligations, net of current portion \$- \$19 Total liabilities \$1,873 \$1,851 Commitments and contingencies Stockholders' equity: Common stock, 25,000,000 shares authorized, with par value of \$0.001; 15,359,481 shares issued and outstanding at June 30, 2024 and December 31, 2023 \$15 \$15 Additional paid-in capital \$235,161 \$235,158 Accumulated other comprehensive loss (462) (396) Accumulated deficit (221,393) (217,614) Total stockholders' equity \$13,321 \$17,163 Total liabilities and stockholders' equity \$15,194 \$19,014 The accompanying notes are an integral part of these condensed consolidated financial statements. 1 NEONODE INC. CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (In thousands, except per share amounts) (Unaudited) Three months ended June 30, Six months ended June 30, 2024 2023 2024 2023 Revenues: License fees \$614 \$1,094 \$1,387 \$2,242 Products \$623 \$84 \$823 \$186 Non-recurring engineering \$187 \$22 \$228 \$25 Total revenues \$1,424 \$1,200 \$2,438 \$2,453 Cost of revenues: Products \$461 \$28 \$841 \$75 Non-recurring engineering \$24 \$9 \$41 \$9 Total cost of revenues \$485 \$37 \$882 \$84 Total gross margin \$939 \$1,163 \$1,556 \$2,369 Operating expenses: Research and development \$975 \$1,063 \$1,870 \$1,865 Sales and marketing \$544 \$689 \$1,360 \$1,281 General and administrative \$1,227 \$1,038 \$2,387 \$2,422 Total operating expenses \$2,746 \$2,790 \$5,617 \$5,568 Operating loss (1,807) (1,627) (4,061) (3,199) Other income (expense): Interest income, net \$140 \$169 \$320 \$327 Other expense (17) - Total other income, net \$123 \$169 \$303 \$327 Loss before provision for income taxes (1,684) (1,458) (3,758) (2,872) Provision for income taxes \$11 \$49 \$21 \$60 Net loss \$(1,695) \$(1,507) \$(3,779) \$(2,932) Loss per common share: Basic and diluted loss per share \$(0.11) \$(0.10) \$(0.25) \$(0.19) Basic and diluted weighted average number of

common shares outstanding 15,359 15,359 15,359 15,285 The accompanying notes are an integral part of these condensed consolidated financial statements.

2 NEONODE INC. CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (In thousands) (Unaudited)

Three months ended June 30, 2024 2023 2024 2023

Net loss \$(1,695) \$(1,507) \$(3,779) \$(2,932)

Other comprehensive loss: Foreign currency translation adjustments (32) (141) (66) (106)

Other comprehensive loss \$(1,727) \$(1,648) \$(3,845) \$(3,038)

The accompanying notes are an integral part of these condensed consolidated financial statements.

3 NEONODE INC. CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (In thousands) (Unaudited)

For the three and six months ended June 30, 2024 and 2023

Common Stock Shares Issued Common Stock Amount Additional Paid-in Capital Accumulated Other Comprehensive Loss Accumulated Deficit Total Stockholders' Equity

Balances, December 31, 2023 15,359 \$15 \$235,158 \$(396) \$(217,614) \$17,163

Stock-based compensation 2 2 2 Foreign currency translation adjustment 2 2 (34) (34)

Net loss 2 2 (2,084) (2,084)

Balances, March 31, 2024 15,359 \$15 \$235,160 \$(430) \$(219,698) \$15,047

Stock-based compensation 1 1 1 Foreign currency translation adjustment 1 1 (32) (32)

Net loss 1 1 (462) (462)

Balances, June 30, 2024 15,359 \$15 \$235,161 \$(462) \$(221,393)

13,321 Common Stock Shares Issued Common Stock Amount Additional Paid-in Capital Accumulated Other Comprehensive Loss Accumulated Deficit Total Stockholders' Equity

Balances, December 31, 2022 14,456 \$14 \$227,235 \$(340) \$(207,491) \$19,418

Stock-based compensation 18 18 18 Issuance of shares for cash, net of offering costs 903 1 7,865 7,866

Foreign currency translation adjustment 35 35

Net loss 1 1 (1,425) (1,425)

Balances, March 31, 2023 15,359 \$15 \$235,118 \$(305) \$(208,916) \$25,912

Stock-based compensation 17 17 Foreign currency translation adjustment 1 1 (141) (141)

Net loss 1 1 (1,507) (1,507)

Balances, June 30, 2023 15,359 \$15 \$235,135 \$(446) \$(210,423) \$24,281

The accompanying notes are an integral part of these condensed consolidated financial statements.

4 NEONODE INC. CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (In thousands) (Unaudited)

Six months ended June 30, 2024 2023

Cash flows from operating activities: Net loss \$(3,779) \$(2,932)

Adjustments to reconcile net loss to net cash used in operating activities: Stock-based compensation expense 3 35

Loss on disposal of assets 18 18

Depreciation and amortization 40 37

Amortization of operating lease right-of-use assets 34 33

Inventory impairment loss 286 18

Changes in operating assets and liabilities: Accounts receivable and unbilled revenues, net (344) 140

Inventory 89 17

Prepaid expenses and other current assets 362 27

Accounts payable, accrued payroll and employee benefits, and accrued expenses 149 374

Contract liabilities 41 13

Operating lease obligations (34) (33)

Net cash used in operating activities (3,135) (2,315)

Cash flows from investing activities: Purchase of property and equipment (37) (36)

Proceeds from sale of property and equipment 190 153

Net cash (used in) provided by investing activities 153 153

Cash flows from financing activities: Proceeds from issuance of common stock, net of offering costs 7,866

Principal payments on finance lease obligations (13) (52)

Net cash (used in) provided by financing activities (13) 7,814

Effect of exchange rate changes on cash and cash equivalents (53) 12

Net change in cash and cash equivalents (3,048) 5,475

Cash and cash equivalents at beginning of period 16,155 14,816

Cash and cash equivalents at end of period \$13,107 \$20,291

Supplemental disclosure of cash flow information: Cash paid for income taxes \$21 \$60

Cash paid for interest \$1 \$6

The accompanying notes are an integral part of these condensed consolidated financial statements.

5 NEONODE INC. Notes to the Condensed Consolidated Financial Statements (Unaudited)

1. Interim Period Reporting The accompanying unaudited interim condensed consolidated financial statements include all adjustments consisting of normal recurring adjustments that are, in the opinion of management, necessary for a fair presentation of the financial position and results of operations and cash flows for the interim period presented. The results of operations for the three and six months ended June 30, 2024 are not necessarily indicative of results for a full fiscal year or any other period. The accompanying condensed consolidated financial statements for the three and six months ended June 30, 2024 and 2023 have been prepared by us, pursuant to the rules and regulations of the United States Securities and Exchange Commission (SEC). Certain information and footnote disclosures normally contained in financial statements prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP) have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Operations Neonode Inc., which is collectively with its subsidiaries referred to as "Neonode" or the "Company" in this report, develops advanced optical sensing solutions for contactless touch, touch, gesture sensing, and object detection and machine perception solutions using advanced machine learning algorithms to detect and track persons and objects in video streams for cameras and other types of imagers. We market and sell our contactless touch, touch, and gesture sensing, and object detection products and solutions based on our zForce technology platform, and our scene analysis solutions based on our MultiSensing technology platform. We offer our solutions to customers in many different markets and segments including, but not limited to, office equipment, automotive, industrial automation, medical, military and avionics. With the new, sharpened strategy, announced in December 2023, we focus solely on the licensing business. This allows customers to license our unique and advanced technology to create bespoke products and solutions that bring value to end customers.

Liquidity We have incurred significant operating losses and negative cash flows from operations since our inception. The Company incurred net losses of approximately \$1.7 million and \$3.8 million and \$1.5 million and \$2.9 million for the three and six months ended June 30, 2024 and June 30, 2023, respectively and had an accumulated deficit of approximately \$221.4 million and \$217.6 million as of June 30, 2024 and December 31, 2023, respectively. In addition, operating activities used cash of approximately \$3.1 million and \$2.3 million for the six months ended June 30, 2024 and 2023, respectively. The condensed consolidated financial statements included in this report have been prepared on a going concern basis, which contemplates continuity of operations and the realization of assets and the repayment of liabilities in the ordinary course

of business. 6 Management evaluated the significance of the Company's operating loss and negative cash flows from operations and determined that the Company's current operating plan and sources of liquidity would be sufficient to alleviate concerns about the Company's ability to continue as a going concern. Management has prepared an operating plan and believes that the Company has sufficient cash to meet its obligations as they come due for a year from the date the financial statements were issued. During July 2024, we sold an aggregate of 107,087 of our common stock under the ATM Facility with aggregate net proceeds to us of \$341,000, after payment of commissions to Ladenburg and other expenses of \$11,000. In the future, we may require additional sources of capital to continue operations and to implement our strategy. If our operations do not become cash flow positive, we may be forced to seek equity investments or debt arrangements. No assurances can be given that we will be successful in obtaining such additional financing on reasonable terms, or at all. If adequate funds are not available to us on acceptable terms, or at all, we may be unable to adequately fund our business plans, which could have a negative effect on our business, results of operations and financial condition. If funds are available through the issuance of equity or debt securities, the issuance of equity securities or securities convertible into equity could dilute the value of shares of our common stock and cause the market price to fall, and the issuance of debt securities could impose restrictive covenants on us that could impair our ability to engage in certain business transactions.

2. Summary of Significant Accounting Policies

Principles of Consolidation The condensed consolidated financial statements include the accounts of Neonode Inc. and its intercompany subsidiaries. All inter-company accounts and transactions have been eliminated in consolidation. The condensed consolidated balance sheets at June 30, 2024 and December 31, 2023 and the condensed consolidated statements of operations, comprehensive loss, stockholders' equity and cash flows for the three and six months ended June 30, 2024 and 2023 include our accounts and those of our intercompany subsidiaries.

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Foreign Currency Translation and Transaction Gains and Losses The functional currency of our foreign subsidiaries is the applicable local currency, the Swedish Krona, the Japanese Yen, the South Korean Won and the Taiwan Dollar. The translation from Swedish Krona, Japanese Yen, South Korean Won and Taiwan Dollar to U.S. Dollars is performed for balance sheet accounts using current exchange rates in effect at the condensed consolidated balance sheet date and for income statement accounts using a weighted-average exchange rate during the period. Gains or (losses) resulting from translation are included as a separate component of accumulated other comprehensive income (loss). Foreign currency translation gains (losses) were (\$32,000) and (\$66,000) and \$(141,000) and \$(106,000) during the three and six months ended June 30, 2024 and 2023, respectively. Gains (losses) resulting from foreign currency transactions are included in general and administrative expenses in the accompanying condensed consolidated statements of operations and were \$(3,000) and \$2,000 during the three and six months ended June 30, 2024, respectively, compared to \$0 and \$(5,000) during the same periods in 2023, respectively.

Concentration of Credit and Business Risks Our customers are located in the United States, Europe, Oceania and Asia. As of June 30, 2024, six of our customers represented approximately 82.0% of our consolidated accounts receivable and unbilled revenues. As of December 31, 2023, four of our customers represented approximately 76.4% of our consolidated accounts receivable and unbilled revenues. Customers who accounted for 10.0% or more of our net revenues during the three months ended June 30, 2024 are as follows:

Customer	Percentage
Seiko Epson	14.3%
Commercial Vehicle OEM	13.9%
Alps Alpine	13.0%
Propoint	11.5%

Customers who accounted for 10.0% or more of our net revenues during the six months ended June 30, 2024 are as follows:

Customer	Percentage
Hewlett-Packard Company	15.9%
Alps Alpine	15.3%
Seiko Epson	14.9%

Customers who accounted for 10.0% or more of our net revenues during the three months ended June 30, 2023 are as follows:

Customer	Percentage
Hewlett-Packard Company	37.4%
Alps Alpine	15.3%
Seiko Epson	13.7%
LG	12.5%

Customers who accounted for 10.0% or more of our net revenues during the six months ended June 30, 2023 are as follows:

Customer	Percentage
Hewlett-Packard Company	34.0%
Seiko Epson	17.0%
Alps Alpine	15.0%
LG	13.1%

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Revenues The following tables present the net revenues distribution by geographical area and market for the three and six months ended June 30, 2024 and 2023 (dollars in thousands):

	Three months ended June 30, 2024	Three months ended June 30, 2023
Amount	\$248	\$566
Percentage	100.0%	100.0%
North America	\$248	\$566
Percentage	100.0%	100.0%
Net revenues from Automotive	\$206	\$332
Percentage	82.6%	58.6%
Net revenues from IT & Industrial	\$42	\$234
Percentage	17.4%	41.4%
Asia Pacific	\$190	\$790
Percentage	76.4%	100.0%
Europe, Middle East and Africa	\$58	\$522
Percentage	23.6%	92.0%
Net revenues from Automotive	\$221	\$112
Percentage	89.1%	21.5%
Net revenues from IT & Industrial	\$26	\$165
Percentage	10.9%	28.5%
Europe, Middle East and Africa	\$121	\$386
Percentage	49.0%	68.0%
Net revenues from Automotive	\$454	\$689
Percentage	100.0%	59.6%
Net revenues from IT & Industrial	\$165	\$816
Percentage	36.3%	100.0%
Europe, Middle East and Africa	\$270	\$1,156
Percentage	63.7%	100.0%
Net revenues from Automotive	\$201	\$272
Percentage	77.3%	46.7%
Net revenues from IT & Industrial	\$81	\$59
Percentage	32.7%	22.7%
Europe, Middle East and Africa	\$260	\$582
Percentage	100.0%	100.0%

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Product Warranty The following table summarizes the activity related to the product warranty liability (in thousands):

	June 30, 2024	December 31, 2023
Balance at beginning of period	\$30	\$49
Provisions for (adjustments to) warranty issued	\$31	—
Balance at end of period	\$61	\$30

The Company accrues for warranty costs as part of its cost of sales of TSMs based on estimated costs. The Company's products are generally covered by a warranty for a period of 12 months from the customer receipt of the product included as a component of accrued expenses on the condensed consolidated balance sheet.

Contract Liabilities The following table presents our deferred revenues by source (in thousands):

	June 30, 2024	December 31, 2023
Deferred revenues license fees	\$50	\$4
Deferred revenues products	\$51	\$10
Deferred revenues non-recurring engineering	\$1	\$8

During the three and six months ended June 30, 2024, the Company recognized revenues of approximately \$7,000 and \$10,000, respectively, related to contract liabilities outstanding at the beginning of the year. During the three and six months ended June 30, 2023, the Company recognized revenues of approximately \$9,000 and 14,000, respectively, related to contract liabilities outstanding at the beginning of the year.

Income Taxes We recognize deferred tax liabilities and assets for the expected future tax consequences of items that have been included in the condensed

consolidated financial statements or tax returns. We estimate income taxes based on rates in effect in each of the jurisdictions in which we operate. Deferred income tax assets and liabilities are determined based upon differences between the financial statement and income tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The realization of deferred tax assets is based on historical tax positions and expectations about future taxable income. Valuation allowances are recorded against net deferred tax assets when, in our opinion, realization is uncertain based on the "more likely than not" criteria of the accounting guidance. Based on the uncertainty of future pre-tax income, we fully reserved our net deferred tax assets as of June 30, 2024 and December 31, 2023. In the event we were to determine that we would be able to realize our deferred tax assets in the future, an adjustment to the deferred tax asset would increase income in the period such determination was made. The provision for income taxes represents the net change in deferred tax amounts, plus income taxes paid or payable for the current period. We follow U.S. GAAP related accounting for uncertainty in income taxes, which provisions include a two-step approach to recognizing, de-recognizing and measuring uncertainty in income taxes. As a result, we did not recognize a liability for unrecognized tax benefits. As of June 30, 2024 and December 31, 2023, we had no unrecognized tax benefits.

Net Loss per Share Net loss per share amounts have been computed based on the weighted average number of shares of common stock outstanding during the three and six months ended June 30, 2024 and 2023. Net loss per share, assuming dilution amounts from common stock equivalents, is computed based on the weighted-average number of shares of common stock and potential common stock equivalents outstanding during the period. The weighted-average number of shares of common stock and potential common stock equivalents used in computing the net loss per share for the three and six months ended June 30, 2024 and 2023 exclude the potential common stock equivalents, as the effect would be anti-dilutive (see Note 6).

Recent Accounting Pronouncements In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures ("ASU 2023-07"). ASU 2023-07 requires, among other updates, enhanced disclosures about significant segment expenses that are regularly provided to the chief operating decision maker. The ASU also clarifies that entities with a single reportable segment are subject to both new and existing reporting requirements under Topic 280. This guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, and requires retrospective adoption. Early adoption is permitted. We are currently evaluating the impact of this guidance on our consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which updates several disclosures regarding the accounting for income taxes. ASU 2023-09 will become effective for public business entities for fiscal years beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the impact ASU 2023-09 will have on our consolidated financial statements.

3. Stockholders' Equity

At-the-Market Facility On May 10, 2021, we entered into an At Market Issuance Sales Agreement (the "B. Riley Sales Agreement") with B. Riley Securities, Inc. ("B. Riley Securities") with respect to an "at the market" offering program (the "B. Riley ATM Facility"), under which we may, from time to time, in our sole discretion, issue and sell through B. Riley Securities, acting as sales agent, up to \$25 million of shares of our common stock, in any method permitted that is deemed an "at the market" offering as defined in Rule 415 under the Securities Act of 1933, as amended. On May 29, 2024, we terminated the B. Riley Sales Agreement with B. Riley Securities.

On June 4, 2024, we entered into an At The Market Offering Agreement (the "Ladenburg Sales Agreement") with Ladenburg Thalmann & Co. Inc. ("Ladenburg") with respect to an "at the market" offering program (the "Ladenburg ATM Facility"), under which we may, from time to time, in our sole discretion, issue and sell through Ladenburg, acting as agent or principal, up to approximately \$10 million of shares of our common stock.

Pursuant to the Ladenburg Sales Agreement, we may sell the shares through Ladenburg by any method permitted that is deemed an "at the market" offering as defined in Rule 415 under the Securities Act of 1933, as amended. Ladenburg will use commercially reasonable efforts consistent with its normal trading and sales practices to sell the shares from time to time, based upon instructions from us (including any price or size limits or other customary parameters or conditions we may impose). We will pay Ladenburg a commission of 3.0% of the gross sales price per share sold under the Ladenburg Sales Agreement. We are not obligated to sell any shares under the Ladenburg Sales Agreement. The offering of shares pursuant to the Ladenburg Sales Agreement will terminate upon the earlier to occur of (i) the issuance and sale, through Ladenburg, of all of the shares of our common stock subject to the Ladenburg Sales Agreement and (ii) termination of the Ladenburg Sales Agreement in accordance with its terms.

12 **Legal and Contingencies**

The Company is subject to legal proceedings and claims that may arise in the ordinary course of business. The Company is not aware of any pending or threatened litigation matters at this time that would have a material impact on the operations of the Company.

Patent Assignment On May 6, 2019, the Company assigned a portfolio of patents to Aequis Technologies LLC ("Aequis"), an unrelated third party. The assignment provides the Company the right to share the potential net proceeds to Aequis generated from possible licensing and monetization program that Aequis may enter into. Under the terms of the assignment, net proceeds mean gross proceeds less out of pocket expenses and legal fees paid by Aequis. The Company's share would also be net of the Company's own fees and expenses, including a brokerage fee payable by the Company in connection with the original assignment to Aequis.

5. Net Loss per Share Basic net loss per common share for the three and six months ended June 30, 2024 and 2023 was computed by dividing the net loss attributable to common shareholders of Neonode Inc. for the relevant period by the weighted average number of shares of common stock outstanding. Diluted loss per common share is computed by dividing net loss attributable to common shareholders of Neonode Inc. for the relevant period by the weighted average number of shares of common stock and common stock equivalents outstanding.

The Company had no potential common stock equivalents for the three and six months ended June 30, 2024 and 2023, respectively.

	Three months ended June 30, 2024	Six months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2023
Weighted average number of common shares outstanding	15,359	15,359	15,359	15,285
Net loss attributable to Neonode Inc.	\$(1,695)	\$(1,507)	\$(3,779)	\$(2,932)
Net loss per share - basic and diluted	\$(0.11)	\$(0.10)	\$(0.25)	\$(0.19)

6. Subsequent Events During July 2024, we sold an aggregate of 107,087 of our common stock under the ATM Facility with aggregate net proceeds to us of \$341,000, after payment of commission to Ladenburg and other expenses of \$11,000. No other subsequent events have occurred that would require recognition in the condensed consolidated financial statements or disclosure in the notes thereto other than as discussed elsewhere in the accompanying notes.

13 **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

Forward Looking Statements This Quarterly Report on Form 10-Q (this "Quarterly Report") contains forward-looking statements within the meaning of Section

27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, adopted pursuant to the Private Securities Litigation Reform Act of 1995. Statements that are not purely historical may be forward-looking. For example, statements in this Quarterly Report regarding our plans, strategy and focus areas are forward-looking statements. You can identify some forward-looking statements by the use of words such as “believe,” “anticipate,” “expect,” “intend,” “goal,” “plan,” and similar expressions. Forward-looking statements involve inherent risks and uncertainties regarding events, conditions and financial trends that may affect our future plans of operation, business strategy, results of operations and financial position. A number of important factors could cause actual results to differ materially from those included within or contemplated by such forward-looking statements, including, but not limited to our history of losses since inception, our dependence on a limited number of customers, our reliance on our customers’ ability to design, manufacture and sell products that incorporate our touch technology, the length of a product development and release cycle, our and our customers’ reliance on component suppliers, the difficulty in verifying royalty amounts owed to us, our ability to remain competitive in response to new technologies, our dependence on key members of our management and development team, the costs to defend, as well as risks of losing, patents and intellectual property rights, our ability to obtain adequate capital to fund future operations, and general economic conditions, including inflation, or other effects related to future pandemics or epidemics, or geopolitical conflicts such as the ongoing war in Ukraine or the Gaza Strip. For a discussion of these and other factors that could cause actual results to differ from those contemplated in the forward-looking statements, please see the discussion under “Risk Factors” and elsewhere in this Quarterly Report, our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 and in our publicly available filings with the Securities and Exchange Commission. Forward-looking statements reflect our analysis only as of the date of this Quarterly Report. Because actual events or results may differ materially from those discussed in or implied by forward-looking statements made by us or on our behalf, you should not place undue reliance on any forward-looking statement. We do not undertake responsibility to update or revise any of these factors or to announce publicly any revision to forward-looking statements, whether as a result of new information, future events or otherwise. The following discussion and analysis should be read in conjunction with the condensed consolidated financial statements and the notes thereto included in Item 1 of this Quarterly Report and consolidated financial statements for the year ended December 31, 2023 included in our most recent Annual Report on Form 10-K. Neonode Inc., collectively with its subsidiaries, is referred to in this Form 10-Q as “Neonode,” “we,” “us,” “our,” “registrant,” or “Company.”

Overview Our company provides advanced optical sensing solutions for touch, contactless touch, and gesture sensing. We also provide software solutions for machine perception that feature advanced machine learning algorithms to detect and track persons and objects in video streams for cameras and other types of imagers. We base our contactless touch, touch, and gesture sensing products and solutions using our zForce technology platform and our machine perception solutions on our MultiSensing technology platform. We market and sell our solutions to customers in many different markets and segments including, but not limited to, office equipment, automotive, industrial automation, medical, military and avionics.

Licensing We license our zForce technology to Original Equipment Manufacturers (“OEMs”) and automotive Tier 1 suppliers who embed our technology into products that they develop, manufacture and sell. Since 2010, our licensing customers have sold approximately 95 million devices that use our patented technology. As of June 30, 2024, we had 36 valid technology license agreements with global OEMs, Original Design Manufacturers (“ODMs”) and automotive Tier 1 suppliers. Our licensing customer base is primarily in the automotive and printer segments. Ten of our licensing customers are currently shipping products that embed our technology. We anticipate current customers will continue to ship products with our technology in 2024 and in future years. We also expect to expand our customer base with a number of new customers who will be looking to ship new products incorporating our zForce and MultiSensing technologies as they complete final product development and release cycles. We typically earn our license fees on a per unit basis when our customers ship products using our technology, but in the future we may use other business models as well.

14 Product Sales In addition to our licensing business, we design and manufacture Touch Sensor Modules (“TSMs”) that incorporate our patented technology. We sell our TSMs to OEMs, ODMs and systems integrators for use in their products. We utilize a robotic manufacturing process designed specifically for our TSMs. The TSMs are commercial-off-the-shelf products based on our patent-protected zForce technology platform and can support the development of contactless touch, touch, gesture and object sensing solutions that, paired with our technology licensing offering, give us a full range of options to enter and compete in key markets. We began selling our TSMs to customers in the industrial and consumer electronics segments in 2017. We commenced the phase out of our TSM product business during the first quarter of 2024 through licensing of the TSM technology to strategic partners or outsourcing. In May 2024, we stopped producing TSMs and started to shut down the factory.

Non-recurring Engineering Services We also offer non-recurring engineering (“NRE”) services related to application development linked to our TSMs and our zForce and MultiSensing technology platforms on a flat rate or hourly rate basis. Typically, our licensing customers require engineering support during the development and initial manufacturing phase for their products using our technology, while our TSM customers require hardware or software modifications to our standard products or support during the development and initial manufacturing phases of their products using our technology. In both cases we can offer NRE services and earn NRE revenues.

Global Conflicts The ongoing war in Ukraine has impacted the global economy as the United States, the UK, the EU, and other countries have imposed broad export controls and financial and economic sanctions against Russia (a large exporter of commodities), Belarus, and specific areas of Ukraine, and may continue to impose additional sanctions or other measures. Russia may impose its own counteractive measures. We do not procure materials directly from Ukraine or Russia, but the war in Ukraine may further exacerbate ongoing supply chain disruptions that are occurring across the globe. In addition, the war in Israel and Gaza and the possible expansion of such war has created political and potential economic uncertainty in the Middle East. While the precise effects on global economies from the Israel-Hamas war, the war in Ukraine and related sanctions remain uncertain, there has been significant volatility in the financial markets, fluctuations in currency exchange rates, and an increase in energy and commodity prices globally. Should the wars continue or escalate, there may be various economic and security consequences including, but not limited to, additional supply shortages of different kinds; further increases in prices of commodities; significant disruptions in logistics infrastructure and telecommunications services; and risks relating to the unavailability of information technology systems and infrastructure. The resulting impacts on the global economy, financial markets, inflation, interest rates, and unemployment, among others, could adversely impact economic and financial conditions.

15 Results of Operations A summary of our financial results is as follows (in thousands, except percentages):

Three months ended June 30, 2024 vs 2023

	2024	2023	Variance in Dollars	Variance in

Percent Revenues: License fees \$614 \$1,094 \$(480) (43.9)% Percentage of revenue 43.1% 91.2% Products 623 84 539 641.7% Percentage of revenue 43.8% 7.0% Non-recurring engineering \$187 \$22 \$165 750.0% Percentage of revenue 13.1% 1.8% Total Revenue \$1,424 \$1,200 \$224 18.7% Cost of revenues: Products \$461 \$28 \$433 1,546.4% Percentage of revenue 32.4% 2.3% Non-recurring engineering \$24 \$9 \$15 166.7% Percentage of revenue 1.7% 0.8% Total cost of revenues \$485 \$37 \$448 1,210.8% Total gross margin \$939 \$1,163 \$(224) (19.3)% Operating expenses: Research and development \$975 \$1,063 \$(88) (8.3)% Percentage of revenue 68.5% 88.6% Sales and marketing 544 689 (145) (21.0)% Percentage of revenue 38.2% 57.4% General and administrative 1,227 1,038 189 18.2% Percentage of revenue 86.2% 86.5% Total operating expenses \$2,746 \$2,790 \$(44) (1.6)% Percentage of revenue 192.8% 232.5% Operating loss \$(1,807) \$(1,627) \$(180) 11.1% Percentage of revenue (126.9)% (135.6)% Other income (expense) 123 169 (46) (27.2)% Percentage of revenue 8.6% 14.1% Provision for income taxes 11 49 (38) (77.6)% Percentage of revenue 0.8% 4.1% Net loss \$(1,695) \$(1,507) \$(188) 12.5% Percentage of revenue (119.0)% (125.6)% Net loss per share \$(0.11) \$(0.10) \$(0.01) 10.0% 16 Six months ended June 30, 2024 vs 2023 2024 2023 Variance in Dollars Variance in Percent Revenues: License fees \$1,387 \$2,242 \$(855) (38.1)% Percentage of revenue 56.9% 91.4% Products 823 186 637 342.5% Percentage of revenue 33.7% 7.6% Non-recurring engineering \$228 \$25 \$203 812.0% Percentage of revenue 9.4% 1.0% Total Revenue \$2,438 \$2,453 \$(15) (0.6)% Cost of revenues: Products \$841 \$75 \$766 1,021.3% Percentage of revenue 34.5% 3.1% Non-recurring engineering \$41 \$9 \$32 355.6% Percentage of revenue 1.7% 0.4% Total cost of revenues \$882 \$84 \$798 950.0% Total gross margin \$1,556 \$2,369 \$(813) (34.3)% Operating expenses: Research and development \$1,870 \$1,865 \$5 0.3% Percentage of revenue 76.7% 76.0% Sales and marketing 1,360 1,281 79 6.2% Percentage of revenue 55.8% 52.2% General and administrative 2,387 2,422 (35) (1.4)% Percentage of revenue 97.9% 98.7% Total operating expenses \$5,617 \$5,568 \$49 0.9% Percentage of revenue 230.4% 227.0% Operating loss \$(4,061) \$(3,199) \$(862) 26.9% Percentage of revenue (166.6)% (130.4)% Other income (expense) 303 327 (24) (7.3)% Percentage of revenue 12.4% 13.3% Provision for income taxes 21 60 (39) (65.0)% Percentage of revenue 0.9% 2.4% Net loss \$(3,779) \$(2,932) \$(847) 28.9% Percentage of revenue (155.0)% (119.5)% Net loss per share \$(0.25) \$(0.19) \$(0.06) 31.6% 17 Revenues All of our sales for the three and six months ended June 30, 2024 were to customers located in the United States, Europe, Asia and Oceania. All of our sales for the three and six months ended June 30, 2023 were to customers located in the United States, Europe, Asia and Oceania. Total revenues were \$1.4 million and \$2.4 million for the three and six months ended June 30 2024, respectively, compared to \$1.2 million and \$2.5 million for the same periods in 2023, respectively. The increase in total revenues by 18.7% and decrease by 0.6% for the three and six months ended June 30, 2024, respectively, as compared to the same periods in 2023 are explained by higher products revenues and non-recurring revenues offset by lower license fees. License Fees Revenues from license fees were \$0.6 million and \$1.4 million for the three and six months ended June 30, 2024, respectively, compared to \$1.1 million and \$2.2 million for the three and six months ended June 30, 2023, respectively. The decrease of 43.9% and 38.1% for the three and six months ended June 30, 2024, respectively, as compared to the same periods in 2023, are mainly due to lower demand for our legacy customers' products, resulting in lower revenues for us. Products Revenues from products were \$0.6 million and \$0.8 million for the three and six months ended June 30, 2024, respectively, compared to \$0.1 million and \$0.2 million for the three and six months ended June 30, 2023, respectively. The increase of 641.7% and 342.5% for the three and six months ended June 30, 2024, respectively, as compared to the same periods in 2023 was primarily due to customers securing TSM inventory after receiving news about our company phasing out TSM manufacturing. Non-recurring Engineering Revenues from non-recurring engineering were \$187,000 and \$228,000 for the three and six months ended June 30, 2024, respectively, compared to \$22,000 and \$25,000 for the three and six months ended June 30, 2023, respectively. Most of our non-recurring engineering revenues are related to application development and proof-of-concept projects related to our TSMs or to our zForce and MultiSensing technology platforms. The increase of 750.0% and 812.0% for the three and six months ended June 30, 2024, respectively, as compared to the same periods in 2023 was the result of a potential TSM licensing project and the new MultiSensing project with a commercial vehicle OEM. The following tables present the net revenues by market and revenue stream for the three and six months ended June 30, 2024 and 2023 (dollars in thousands):

	Three months ended June 30, 2024	Three months ended June 30, 2023	Amount	Percentage	Amount	Percentage
Automotive						
License fees	\$255	\$418	59.6%	95.7%		
Products	\$173	\$428	40.4%	100.0%		
Non-recurring engineering	\$19	\$437	4.3%	100.0%		
IT & Industrial						
License fees	\$359	\$677	36.0%	88.7%		
Products	\$623	\$83	62.6%	10.9%		
Non-recurring engineering	\$14	\$3	1.4%	0.4%		
	\$996	\$763	100%	100%		
Six months ended June 30, 2024						
Six months ended June 30, 2023						
Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount
Automotive						
License fees	\$592	\$863	77.4%	97.8%		
Products	\$173	\$765	22.6%	100.0%		
Non-recurring engineering	\$19	\$882	2.2%	100.0%		
IT & Industrial						
License fees	\$795	\$1,379	47.5%	87.8%		
Products	\$823	\$186	49.2%	11.8%		
Non-recurring engineering	\$55	\$3	0.4%	3.3%		
	\$1,673	\$1,571	100%	100%		
Gross Margin						
Our combined total gross margin was 65.9% and 63.8% for the three and six months ended June 30, 2024, respectively, compared to 96.9%						

and 96.6% for the three and six months ended June 30, 2023, respectively. For the three and six months ended June 30, 2024, gross margin related to products was 26.0% and (2.2)%, respectively, compared to 66.7% and 59.7% for the three and six months ended June 30, 2023, respectively. The decrease in gross margin for products for the three and six months ended June 30, 2024 as compared to the same periods in 2023 was primarily due to a cost of \$8,000 and \$286,000 incurred during the three and six months ended June 30, 2024, respectively, related to a write-down on inventory due to the phasing out of the TSM manufacturing. Our cost of revenues includes the direct cost of production of certain customer prototypes, costs of engineering personnel, engineering consultants to complete the engineering design contracts. Cost of goods sold for TSMs includes fully burdened manufacturing costs, outsourced final assembly costs, and component costs of TSMs. Research and Development Research and development ("R&D") expenses were \$1.0 million and \$1.9 million for the three and six months ended June 30, 2024, respectively, compared to \$1.1 million and \$1.9 million for the three and six months ended June 30, 2023, respectively. R&D expenses primarily consist of personnel-related costs in addition to external consultancy costs, such as testing, certifying and measurements, along with costs related to developing and building new product prototypes. The decrease of 8.3% for the three months ended June 30, 2024 compared to the same period in 2023 was primarily related to lower payroll and related costs. Sales and Marketing Sales and marketing expenses were \$0.5 million and \$1.4 million for the three and six months ended June 30, 2024, respectively, compared to \$0.7 million and \$1.3 million for the three and six months ended June 30, 2023, respectively. The decrease of 21.0% for the three months ended June 30, 2024 compared to the same period in 2023 was primarily related to lower payroll and related costs. The increase of 6.2% for the six months ended June 30, 2024 compared to the same period in 2023 was primarily related to higher costs for participation in technology events offset by lower payroll and related costs. Our sales and marketing activities focus on OEM, ODM and Tier 1 customers who will license our technology. General and Administrative General and administrative expenses were \$1.2 million and \$2.4 million for the three and six months ended June 30, 2024, respectively, compared to \$1.0 million and \$2.4 million for the three and six months ended June 30, 2023, respectively. The increase of 18.2% for the three months ended June 30, 2024 compared to the same period in 2023 was primarily due to higher cost for professional fees. The decrease of 1.4% for the six months ended June 30, 2024 compared to the same period in 2023 was primarily due to moving overhead costs to finished goods. Other Income Other income were \$0.1 million and \$0.3 million for the three and six months ended June 30, 2024, respectively compared to \$0.2 million and \$0.3 million for the three and six months ended June 30, 2023, respectively. The other income for the periods was mainly related to interest income earned. Income Taxes Our effective tax rate was (0.7)% and (0.6)% for the three and six months ended June 30, 2024, respectively, compared to (3.4)% and (2.1)% and for the three and six months ended June 30, 2023, respectively. The negative tax rate is due to withholding taxes from sales and the decrease is due to lower license revenue during 2024. Net Loss As a result of the factors discussed above, we recorded a net loss of \$1.7 million and \$3.8 million for the three and six months ended June 30, 2024, respectively, and \$1.5 million and \$2.9 million for the same periods in 2023. 19

Liquidity and Capital Resources Our liquidity is dependent on many factors, including sales volume, operating profit and the efficiency of asset use and turnover. Our future liquidity will be affected by, among other things: (i) licensing of our technology; (ii) purchases of our TSMs; (iii) operating expenses; (iv) timing of our OEM customer product shipments; (v) timing of payment for our technology licensing agreements; (vi) gross profit margin; and (vii) ability to raise additional capital, if necessary. As of June 30, 2024, we had cash and cash equivalents of \$13.1 million, as compared to \$16.2 million as of December 31, 2023. Based on our current cash position, and assuming currently planned expenditures and level of operations, we believe we have sufficient capital to fund operations for the twelve-month period subsequent to the date of this Report. Working capital (current assets less current liabilities) was \$13.2 million as of June 30, 2024, compared to \$16.8 million as of December 31, 2023. Net cash used in operating activities for the six months ended June 30, 2024, was \$3.1 million and was primarily the result of a net loss of \$3.8 million and approximately \$0.4 million in non-cash operating expenses, comprised of stock-based compensation expense, depreciation and amortization, amortization of operating lease right-of-use assets and inventory impairment loss and changes in operating assets and liabilities of \$0.2 million. Net cash used in financing activities for the six months ended June 30, 2024, was approximately \$13,000 and was primarily the result of principal payments on finance lease. Accounts receivable and unbilled revenues increased by approximately \$0.3 million as of June 30, 2024, compared to December 31, 2023. This was mainly due to the timing of receipts of customer payments. Inventory decreased by approximately \$89,000 during the six months ended June 30, 2024, compared to December 31, 2023, mainly as a result of increased sales of TSMs to customers and decreased purchases after the factory closure. Accounts payable, accrued payroll and employee benefits, and accrued expenses increased approximately \$149,000 during the six months ended June 30, 2024 compared to December 31, 2023, due to various payroll related expenses. Net cash provided by financing activities of \$7.8 million during the six months ended June 30, 2023 was the result of issuance of common stock under the B. Riley ATM Facility (as defined below). We have incurred significant operating losses and negative cash flows from operations since our inception. The Company incurred net losses of approximately \$1.7 million and \$3.8 million for the three and six months ended June 30, 2024, respectively, compared to \$1.5 million and \$2.9 million for the three and six months ended June 30, 2023, respectively, and had an accumulated deficit of approximately \$221.4 million and \$217.6 million as of June 30, 2024 and December 31, 2023, respectively. In addition, operating activities used cash of approximately \$3.1 million and \$2.3 million for the six months ended June 30, 2024 and 2023, respectively.

20 The condensed consolidated financial statements included herein have been prepared on a going concern basis, which contemplates continuity of operations and the realization of assets and the repayment of liabilities in the ordinary course of business. Management evaluated the significance of the Company's operating loss and negative cash flows from operations and determined that the Company's current operating plan and sources of liquidity would be sufficient to alleviate concerns about the Company's ability to continue as a going concern. Management has prepared an operating plan and believes that the Company has sufficient cash to meet its obligations as they come due for a year from the date the financial statements were issued. During July 2024, we sold an aggregate of 107,087 of our common stock under the ATM Facility with aggregate net proceeds to us of \$341,000, after payment of commissions to Ladenburg and other expenses of \$11,000. In the future, we may require sources of capital in addition to cash on hand and our Ladenburg ATM Facility to continue operations and to implement our strategy. If our operations do not become cash flow positive, we may be forced to seek equity investments or debt arrangements. Historically, we have been able to access the capital markets through sales of common stock and warrants to generate liquidity. Our management believes it could raise capital through public or private offerings if needed to provide us with sufficient liquidity. No assurances can be given, however, that we will be successful in obtaining such additional financing on reasonable terms, or at all. If

adequate funds are not available on acceptable terms, or at all we may be unable to adequately fund our business plans and it could have a negative effect on our business, results of operations and financial condition. In addition, no assurance can be given that stockholders will approve an increase in the number of our authorized shares of common stock if needed. The issuance of equity securities or securities convertible into equity could dilute the value of shares of our common stock and cause the market price to fall, and the issuance of debt securities could impose restrictive covenants that could impair our ability to engage in certain business transactions.

The functional currency of our foreign subsidiaries is the applicable local currency, the Swedish Krona, the Japanese Yen, the South Korean Won and the Taiwan Dollar. They are subject to foreign currency exchange rate risk. Any increase or decrease in the exchange rate of the U.S. Dollar compared to the Swedish Krona, Japanese Yen, South Korean Won or Taiwan Dollar will impact our future operating results.

Contractual Obligations and Off-Balance Sheet Arrangements We do not have any transactions, arrangements, or other relationships with unconsolidated entities that are reasonably likely to affect our liquidity or capital resources other than the operating leases incurred in the normal course of business. We have no special purpose or limited purpose entities that provide off-balance sheet financing, liquidity, or market or credit risk support. We do not engage in leasing, hedging, research and development services, or other relationships that expose us to liability that is not reflected on the face of the consolidated financial statements.

Operating Leases Neonode Inc. now operates solely through a virtual office in California. On December 1, 2020, Neonode Technologies AB entered into a lease for 6,684 square feet of office space located at Karlavägen 100, Stockholm, Sweden. The lease agreement has been extended and is valid through November 2024. It is extended on a yearly basis unless written notice is provided nine months prior to the expiration date. On December 1, 2015, Pronode Technologies AB entered into a lease agreement for 9,040 square feet of workshop located at Faktörvägen 17, Kungsbäcka, Sweden. Pronode Technologies AB has informed the landlord of its intention to not renew its lease upon expiration in September 2024. For total rent expense, we recorded \$123,000 and \$249,000 for the three and six months ended June 30, 2024, respectively, compared to \$123,000 and \$245,000, respectively, for the three and six months ended June 30, 2023.

21 Non-Recurring Engineering Development Costs On April 25, 2013, we entered into an Analog Device Development Agreement with an effective date of December 6, 2012 (the “NN1002 Agreement”) with Texas Instruments (“TI”) pursuant to which TI agreed to integrate our intellectual property into an ASIC, which is used in our licensed technology. Under the terms of the NN1002 Agreement, we agreed to pay TI \$500,000 of non-recurring engineering costs at the rate of \$0.25 per ASIC for each of the first 2 million ASICs sold. As of June 30, 2024, we had made no payments to TI under the NN1002 Agreement.

At-the-Market Offering Program On May 10, 2021, we entered into an At Market Issuance Sales Agreement (the “B. Riley Sales Agreement”) with B. Riley Securities, Inc. (“B. Riley Securities”) with respect to an “at the market” offering program (the “B. Riley ATM Facility”), under which we may, from time to time, in our sole discretion, issue and sell through B. Riley Securities, acting as sales agent, up to \$25 million of shares of our common stock, in any method permitted that is deemed an “at the market” offering as defined in Rule 415 under the Securities Act of 1933, as amended. On May 29, 2024, we terminated the B. Riley Sales Agreement with B. Riley Securities. On June 4, 2024, we entered into an At The Market Offering Agreement (the “Ladenburg Sales Agreement”) with Ladenburg Thalmann & Co. Inc. (“Ladenburg”) with respect to an “at the market” offering program (the “Ladenburg ATM Facility”), under which we may, from time to time, in our sole discretion, issue and sell through Ladenburg, acting as agent or principal, up to approximately \$10 million of shares of our common stock.

Pursuant to the Ladenburg Sales Agreement, we may sell the shares through Ladenburg by any method permitted that is deemed an “at the market” offering as defined in Rule 415 under the Securities Act of 1933, as amended. Ladenburg will use commercially reasonable efforts consistent with its normal trading and sales practices to sell the shares from time to time, based upon instructions from us (including any price or size limits or other customary parameters or conditions the Company may impose). We will pay Ladenburg a commission of 3.0% of the gross sales price per Share sold under the Ladenburg Sales Agreement. We are not obligated to sell any shares under the Ladenburg Sales Agreement. The offering of the shares pursuant to the Ladenburg Sales Agreement will terminate upon the earlier to occur of (i) the issuance and sale, through or to Ladenburg, of all of the shares of our common stock subject to the Ladenburg Sales Agreement and (ii) termination of the Ladenburg Sales Agreement in accordance with its terms.

Subsequent to the filing of our Form 10-K on February 28, 2024, the aggregate market value of our outstanding common stock held by non-affiliates was approximately \$26.7 million. Pursuant to General Instruction I.B.6 of Form S-3, since the aggregate market value of our outstanding common stock held by non-affiliates was below \$75.0 million at the time of such Form 10-K filing, the aggregate amount of securities that we are permitted to offer and sell was reduced to \$12,909,525, which was equal to one-third of the aggregate market value of our common stock held by non-affiliates as of June 3, 2024. On June 4, 2024, we filed a prospectus supplement to the prospectus, dated May 16, 2024, to the Form S-3 (File No. 333-279252) that reflects the sale restrictions pursuant to General Instruction I.B.6 of Form S-3 and to register for sale of up to \$10,366,156 of our common stock through the Ladenburg ATM Facility. During the six months ended June 30, 2024, we did not sell shares of our common stock under the B. Riley ATM Facility or the Ladenburg ATM Facility. During the three and six months ended June 30, 2023, we sold an aggregate of zero and 903,716 shares of our common stock, respectively, under the B. Riley ATM Facility with aggregate net proceeds to us of \$7,866,000, after payment of commissions to B. Riley Securities and other expenses of \$244,000.

22 Critical Accounting Policies Our contracts with customers may include promises to transfer multiple products and services to a customer, particularly when one of our customers contracts with us for a product and related engineering services fees for customizing that product for our customer. Determining whether products and services are considered distinct performance obligations that should be accounted for separately may require significant judgment. Judgment may also be required to determine the standalone selling price for each distinct performance obligation identified, although we generally structure our contracts such that performance obligations and pricing for each performance obligation are specifically addressed. We currently have no outstanding contracts with multiple performance obligations; however, we recently negotiated a contract that may include multiple performance obligations in the future. Judgment is also required to determine when control of products passes from us to our distributors, as well as the amounts of product that may be returned to us. Our products are sold with a right of return, and we may provide other credits or incentives to our customers, which could result in variability when determining the amount of revenue to recognize. At the end of each reporting period, we use product returns history and additional information that becomes available to estimate returns and credits. We do not recognize revenue if it is probable that a significant reversal of any incremental revenue would occur. Finally, judgment is required to determine the amount of unbilled license fees at the end of each reporting period. See Note 2 “Summary of Significant Accounting Policies in the Notes to Unaudited Condensed Consolidated Financial Statements (Part I, Item 1) for further discussion of critical

accounting policies and discussion of estimates. There have been no other changes from the critical accounting policies as previously disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Patent Assignment On May 6, 2019, the Company assigned a portfolio of patents to Aequitas Technologies LLC (‘‘Aequitas’’), an unrelated third party. The assignment provided the Company the right to share the potential net proceeds generated from possible licensing and monetization program that Aequitas may enter into. Under the terms of the assignment, net proceeds mean gross proceeds less out of pocket expenses and legal fees paid by Aequitas. The Company’s share would also be net of the Company’s own fees and expenses, including a brokerage fee payable by the Company in connection with the original assignment to Aequitas. As reflected in publicly available court filings, on June 8, 2020, Neonode Smartphone LLC, an unrelated third party that is a subsidiary of Aequitas (‘‘Aequitas Sub’’), filed complaints against Apple Inc. (‘‘Apple’’) (assigned docket number 6:20-cv-00507-ADA, current docket number 6:23-cv-00204-ADA), and Samsung Electronics Co., Ltd., and Samsung Electronics America, Inc. (collectively, ‘‘Samsung’’) (assigned docket number 6:20-cv-00505-ADA), in the Western District of Texas alleging infringement of two patents, U.S. Patent Nos. 8,095,879, and 8,812,993. U.S. Patent No. 8,095,879 In November 2020, Samsung and Apple filed a petition for inter partes review of certain challenged claims in U.S. Patent No. 8,095,879, assigned proceeding number IPR2021-00144. As reflected in publicly available records, the U.S. Patent and Trademark Office Patent Trial and Appeal Board (‘‘PTAB’’) denied the petition in June 2021. Apple and Samsung filed a request for rehearing, which was ultimately granted on December 3, 2021, and inter partes review was instituted. The court case against Apple was subsequently transferred to the Northern District of California in November 2021 and assigned docket number 3:21-cv-08872, which was subsequently stayed pending the PTAB’s decision. The case against Samsung in the Western District of Texas was likewise stayed pending PTAB ruling. Meanwhile, in June 2021, Google LLC (‘‘Google’’) filed a separate petition with the PTAB seeking inter partes review of certain challenged claims in U.S. Patent No. 8,095,879, assigned proceeding number IPR2021-01041. As reflected in publicly available records, the PTAB granted the petition in January 2022. The PTAB found in favor of Aequitas Sub and against Apple and Samsung in December 2022 in connection with the inter partes review proceedings, ruling that none of the challenged claims were unpatentable. The PTAB similarly held in favor of Aequitas Sub and against Google in January 2023. Apple and Samsung appealed to the United States Court of Appeals for the Federal Circuit (the ‘‘Federal Circuit’’) in February 2023 (assigned docket number 23-1464, and Google filed its appeal in the Federal Circuit in March 2023 (assigned docket number 23-1638. On July 18, 2024, the Federal Circuit affirmed the PTAB’s rulings, found in favor of Aequitas Sub and against Google and Apple/Samsung, and held that none of the challenged claims in U.S. Patent No. 8,095,879 are unpatentable. As reflected in publicly available court records, on July 14, 2023, the United States District Court for the Western District of Texas entered its final claim constructions in the Samsung case, and based on those claim constructions, entered judgment in favor of Samsung and against Aequitas Sub. Aequitas Sub filed an appeal with the Federal Circuit in August 2023 (assigned docket number 23-2304), and oral argument was held on June 6, 2024. No decision from the Federal Circuit has yet been issued. The case against Apple remains pending in the United States District Court for the Northern District of California, and the PTAB stay has not yet been lifted. U.S. Patent No. 8,812,993 Based on information in public records, in November 2020, Samsung and Apple collectively sought inter partes review of certain claims in U.S. Patent No. 8,812,993 (assigned proceeding number IPR2021-00145). In June 2022, the PTAB invalidated U.S. Patent No. 8,812,993, which Aequitas Sub appealed to the Federal Circuit in August 2022 (assigned docket number 22-2134). The Federal Circuit affirmed the PTAB’s decision on June 11, 2024.

Item 3. Quantitative and Qualitative Disclosures about Market Risk Not applicable.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures Under the supervision of and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of June 30, 2024. Based upon that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures are designed at a reasonable assurance level and are effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Changes in Internal Control over Financial Reporting There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the period covered by this Quarterly Report that have materially affected or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings We are not a party to any pending legal proceedings. From time to time, we may become subject to legal proceedings, claims, and litigation arising in the ordinary course of business, including, but not limited to, employee, customer and vendor disputes.

Item 1A. Risk Factors There have been no material changes from the risk factors as previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2023.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds None.

Item 3. Defaults Upon Senior Securities Not applicable.

Item 4. Mine Safety Disclosures Not applicable.

Item 5. Other Information None.

Item 6. Exhibits

Exhibit # Description

3.1 Restated Certificate of Incorporation of Neonode Inc., dated November 7, 2018 (incorporated by reference to Exhibit 3.14 of the registrant’s quarterly report on Form 10-Q (File No. 001-35526) filed on November 8, 2018)

3.2 Amended and Restated Bylaws (incorporated by reference to Exhibit 3.1 of the registrant’s current report on Form 8-K (File No. 001-35526) filed on March 10, 2023)

4.1 Description of registrant’s Common Stock (incorporated by reference to Exhibit 4.1 to the registrant’s Form S-3 (No. 333-255964), filed on May 10, 2021)

10.1 Termination Agreement, dated April 10, 2024, by and among Dr. Urban Forssell, the Company, and Neonode Technologies AB

10.2 At The Market Offering Agreement, dated June 3, 2024, by and between Neonode Inc. and Ladenburg Thalmann & Co. Inc.

31.1* Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act Of 2002

31.2* Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act Of 2002

32** Inline XBRL Instance Document. 101.SCH Inline XBRL Taxonomy Extension Schema Document. 101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document. 101.DEF Inline XBRL Taxonomy

Extension Definition Linkbase Document. 101.LAB Â Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE Â Inline XBRL Taxonomy Extension Presentation Linkbase Document. 104 Â Cover Page Interactive Data File
(formatted as Inline XBRL and contained in Exhibit 101). Â * Filed herewith ** Furnished herewith Â 25 Â
Â SIGNATURESÂ Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused
this report to be signed on its behalf by the undersigned thereunto duly authorized.Â Â NEONODE INC. Â Â Date:
August 8, 2024 By: /s/ Fredrik NihlÂ Â Fredrik NihlÂ Â Interim President and Chief Executive Officer and
Chief Financial Officer, Â Â (Principal Financial and Accounting Officer) Â Â 26Â Â 0.10 0.11 0.19 0.25 15285 15359
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iso4217:USD xbrli:shares xbrli:pure Exhibit 31.1Â Certification OF PRINCIPAL EXECUTIVE OFFICER Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002Â I, Fredrik NihlÃ©n, certify that:Â 1. I have reviewed this quarterly report on Form 10-Q of Neonode Inc.;Â 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;Â 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;Â 4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:Â a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;Â b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;Â c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; andÂ d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; andÂ 5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):Â a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; andÂ b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.Â Â NEONODE INC. Â Â Â Date: August 8, 2024 By: /s/ Fredrik NihlÃ©n Â Â Fredrik NihlÃ©n Â Â Interim President and Chief Executive Officer and Chief Financial Officer, Â Â (Principal Financial and Accounting Officer) Â Exhibit 31.2Â Certification OF PRINCIPAL FINANCIAL OFFICER Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002Â I, Fredrik NihlÃ©n, certify that:Â 1. I have reviewed this quarterly report on Form 10-Q of Neonode Inc.;Â 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;Â 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;Â 4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:Â a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;Â b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;Â c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; andÂ d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fiscal fourth quarter in the case of an annual report) that has materially affected or is reasonably likely to materially affect, the registrant's internal control over financial reporting; andÂ 5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):Â a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; andÂ b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.Â Â NEONODE INC. Â Â Â Date: August 8, 2024 By: /s/ Fredrik NihlÃ©n Â Â Fredrik NihlÃ©n Â Â Interim President and Chief Executive Officer and Chief Financial Officer, Â Â (Principal Financial and Accounting Officer) Â Exhibit 32Â CERTIFICATIONS PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002Â In connection with the quarterly report of Neonode Inc. (the "Company") on Form 10-Q for the fiscal period ended June 30, 2024 as filed

with the Securities and Exchange Commission (the "Report"), the undersigned principal executive officer and principal financial officer of the Company, each hereby certify, solely for purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to our knowledge: 1. The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and 2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

NEONODE INC.

Date: August 8, 2024 By: /s/ Fredrik Nihlén Fredrik Nihlén Interim President and Chief Executive Officer and Chief Financial Officer, (Principal Financial and Accounting Officer)

This certification is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Act of 1934, as amended, whether made before or after the date of the Report, irrespective of any general incorporation language contained in such filing.