

Investor Relations
2018

NEOFECT
WE INSPIRE HOPE

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CEO Message

NEOFECT seeks to instill hope for all patients in need of rehabilitation by establishing a new rehabilitation paradigm which goes beyond the limits of today.

To any neglected patients who have been isolated from rehabilitation due to the limitation of medical system and technology, NEOFECT offers 'a life to look forward to' with means to rehabilitate for anyone, anywhere in the world.

NEOFECT CEO

Hoyoung BAN

NEOFECT





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NEOFECT

Tailored rehabilitation solution with
smart rehab device for fun training anywhere, anytime





NEOFECT makes hope for a healthy life together

Prologue

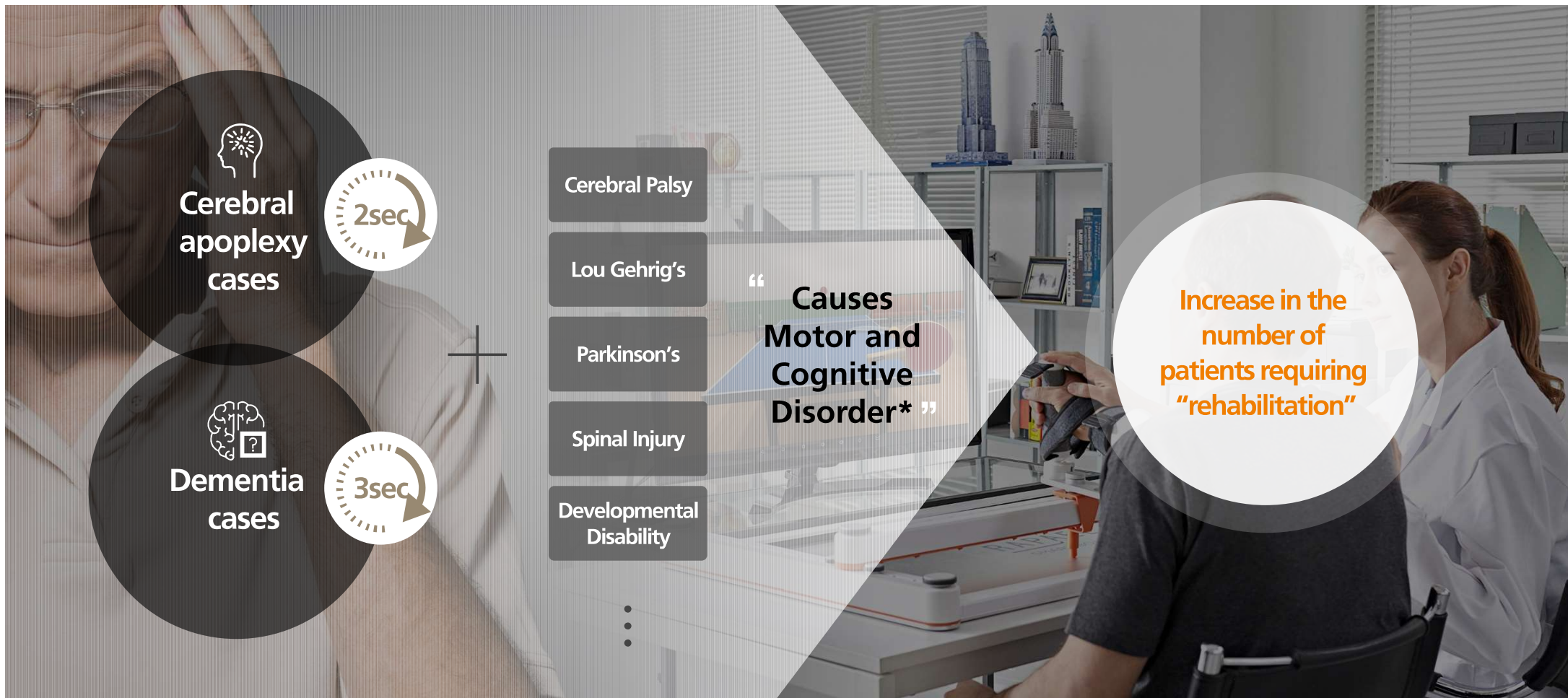
- 01. Inevitable growth of the rehabilitation medical market
- 02. Paradigm shift in the rehabilitation medical market
- 03. Corporate Identity

NEOFECT



01. Inevitable growth of the rehabilitation medical market

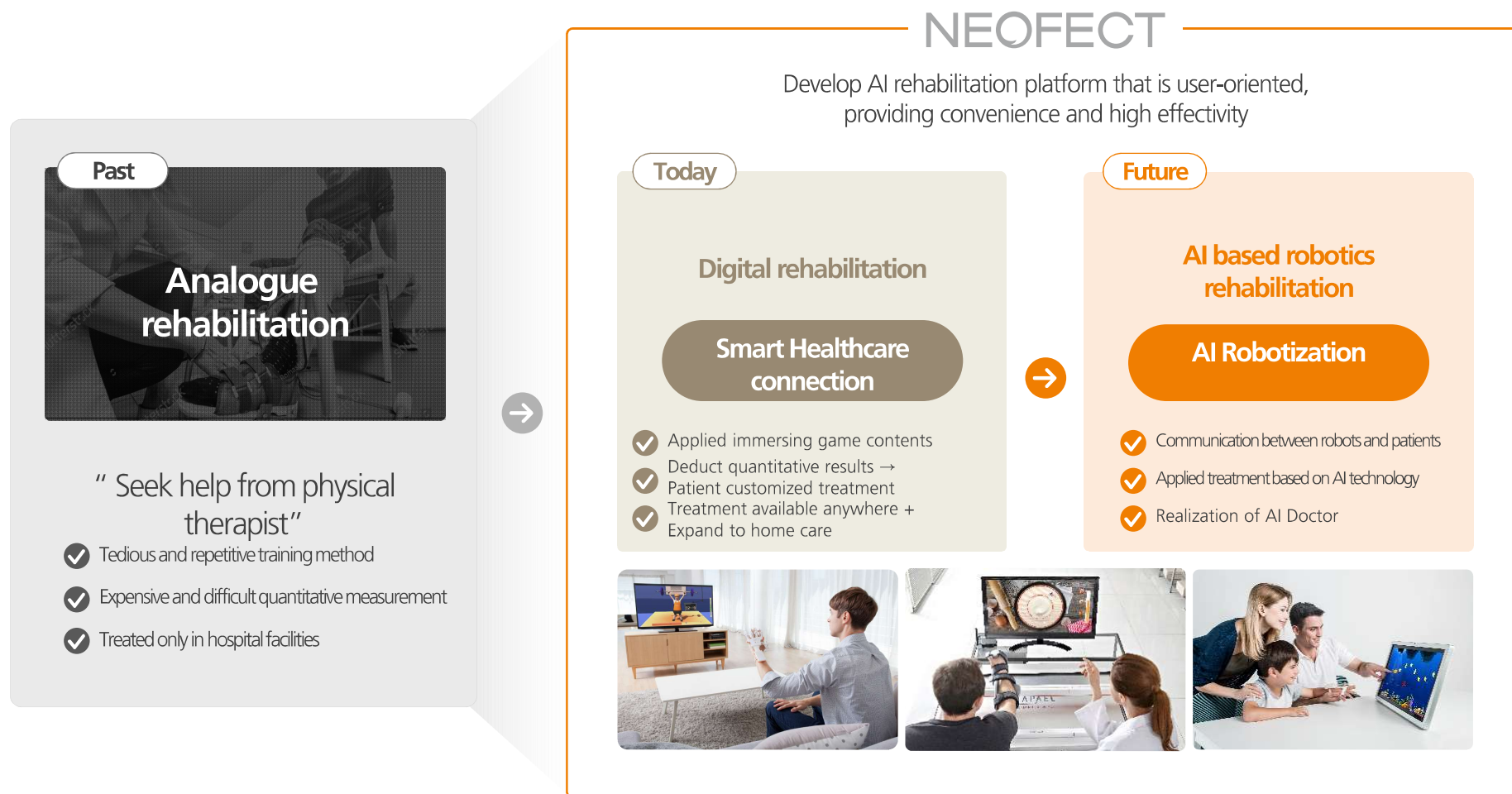
Sharp increase in the number of cerebral apoplexy, dementia, and other nervous system related disease due to ageing population
Motor and cognitive disorder induced by nervous disease → Necessitates rehabilitation treatment



*Cognitive disorder: Damage to one's consciousness, memory, concentration, thinking ability, and speech mechanism
Source: World Stroke Organization Alzheimer's Association Annual Report

02. Paradigm shift in the rehabilitation medical market

Rehabilitation medical technology evolves from the past's analogue passive rehabilitation treatment method to "rehabilitation robotics" based on AI technology.



03. Corporate Identity

The world's only leading AI rehabilitation platform corporation, "NEOFECT"

No.1

First in the world to launch AI based rehabilitation platform

NEOFECT

- AI based rehabilitation device + rehabilitation contents + remote monitoring source technology
- World's first integrated rehabilitation platform, "RAPAEL"

Only

World's only AI rehabilitation solution Full Line-up

'RAPAEL rehabilitation solution' product lineup+ α



Smart Glove



Smart Kids



Smart Board



Smart Pegboard



ComCog

Global Partner

Domestic and overseas clinic/business partners



51%

Export percentage

(2018 K-IFRS consolidated financial statement)

CES

Awarded consecutive yearly Innovation Awards



Entered telemedicine market

First in the industry to enter U.S. home care market
U.S. B2C Sales YOY 617% ↑ (FY2018)

CES(International Consumer Electronics Show) : Hosted by U.S. Consumer Technology Association. World's largest home appliance and IT exhibition that takes place annually in January.



NEOFECT, a company that works together to give for a healthy life

01. Core Competency

01. Innovative Technology

- 1) Secure source technology through outstanding workforce
- 2) Established world's first AI rehabilitation integrated solution
- 3) Full Line-up of AI based rehabilitation solution products
- 4) Global hit icon
- 5) Verified evaluations by experts
- 6) Dominant product competitive edge relative to competing firms

02. Strategic Marketing

- 1) Expand market through phased marketing strategies
- 2) Marketing manpower accelerating overseas business
- 3) Create excellent results by preoccupying the Big Market
- 4) Best global business partners
- 5) Target the rapidly growing B2C demands



NEOFECT

01. Innovative Technology – (1) Secure source technology through outstanding workforce

Group of experts with AI based rehabilitation platform source technology and commercialization know-hows
R&D workforce composes 40% of the whole workforce

Core personnel



NEOFECT Leader

Hoyoung, Ban CEO

- KAIST Aerospace Engineering major
- Univ. of Virginia Darden MBA School
- Samsung Electronics etc.



NEOFECT AI solutions

Yonggeun, Choi CTO

- KAIST Aerospace Engineering/Electrical Engineering major
- USC Computer Science Ph.D
- Locus Researcher, Dankook Univ. Professor etc.



Software development management

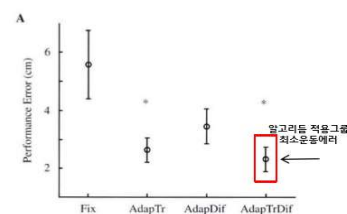
Hyangjung, Kim CIO

- Yonsei Univ. Computer Science major
- British Telecom, Nextwave Telecom etc.

Establishment background

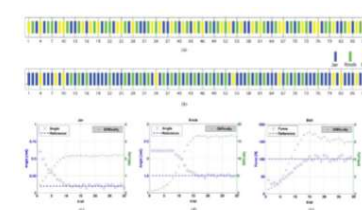
Theoretical background of source technology

Thesis on motor learning algorithm



- Published Journal: Journal of Motor behavior(2008)
- Twofold motor learning effect by applying algorithm

Thesis on applying learning algorithm to cerebral apoplexy



- Published Journal: IEEE Transactions on Robotics(2009)
- Demonstrated algorithm application on cerebral apoplexy patients

Birth of "RAPAEL", NOEFECT's rehabilitation platform



AI

Systematic rehabilitation solution
using algorithm



AFFORDABLE

Affordable price for
everyone

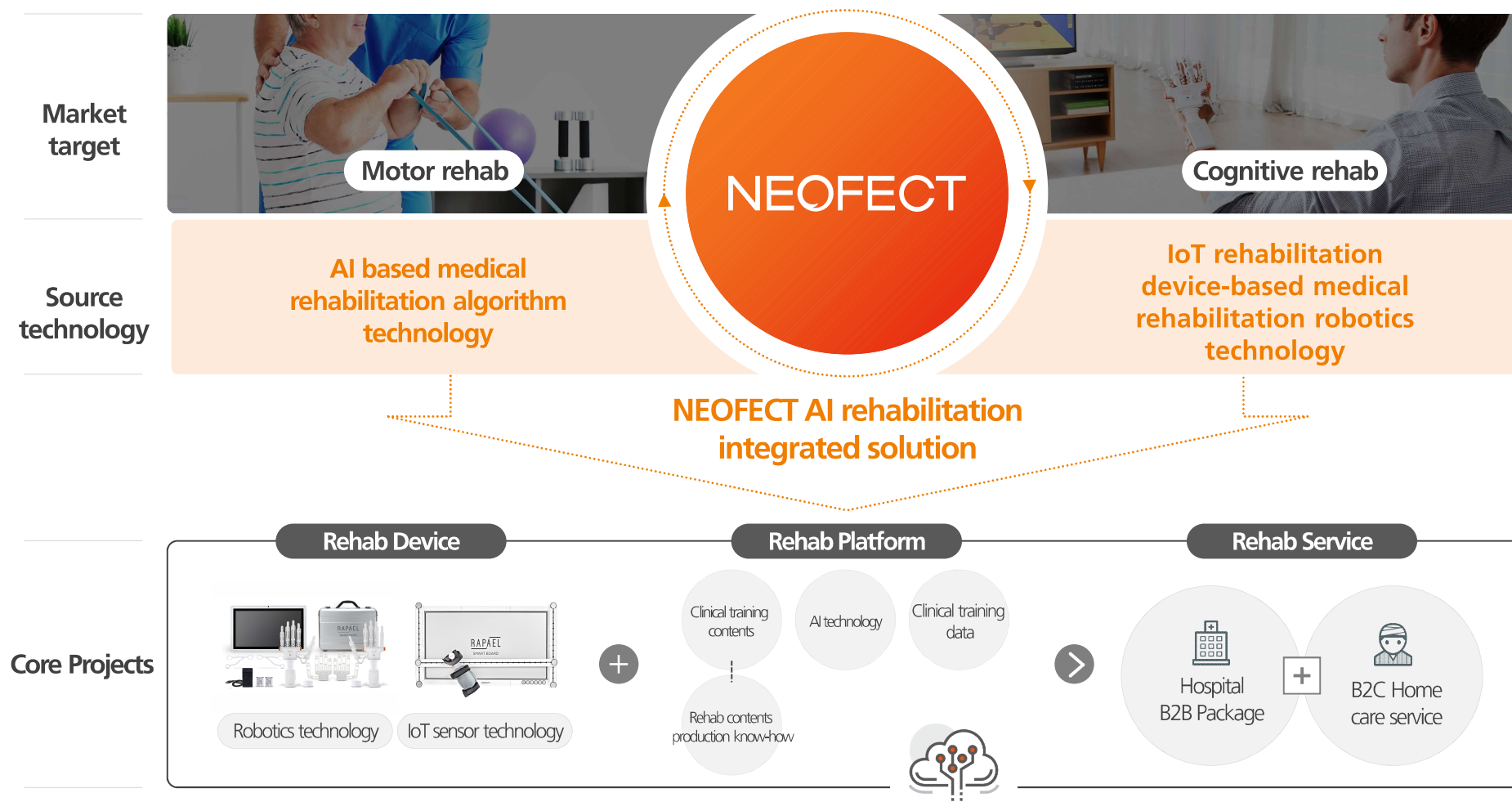


LIGHT

Accessible anytime
and anywhere

01. Innovative Technology – (2) Established world's first AI rehabilitation integrated solution

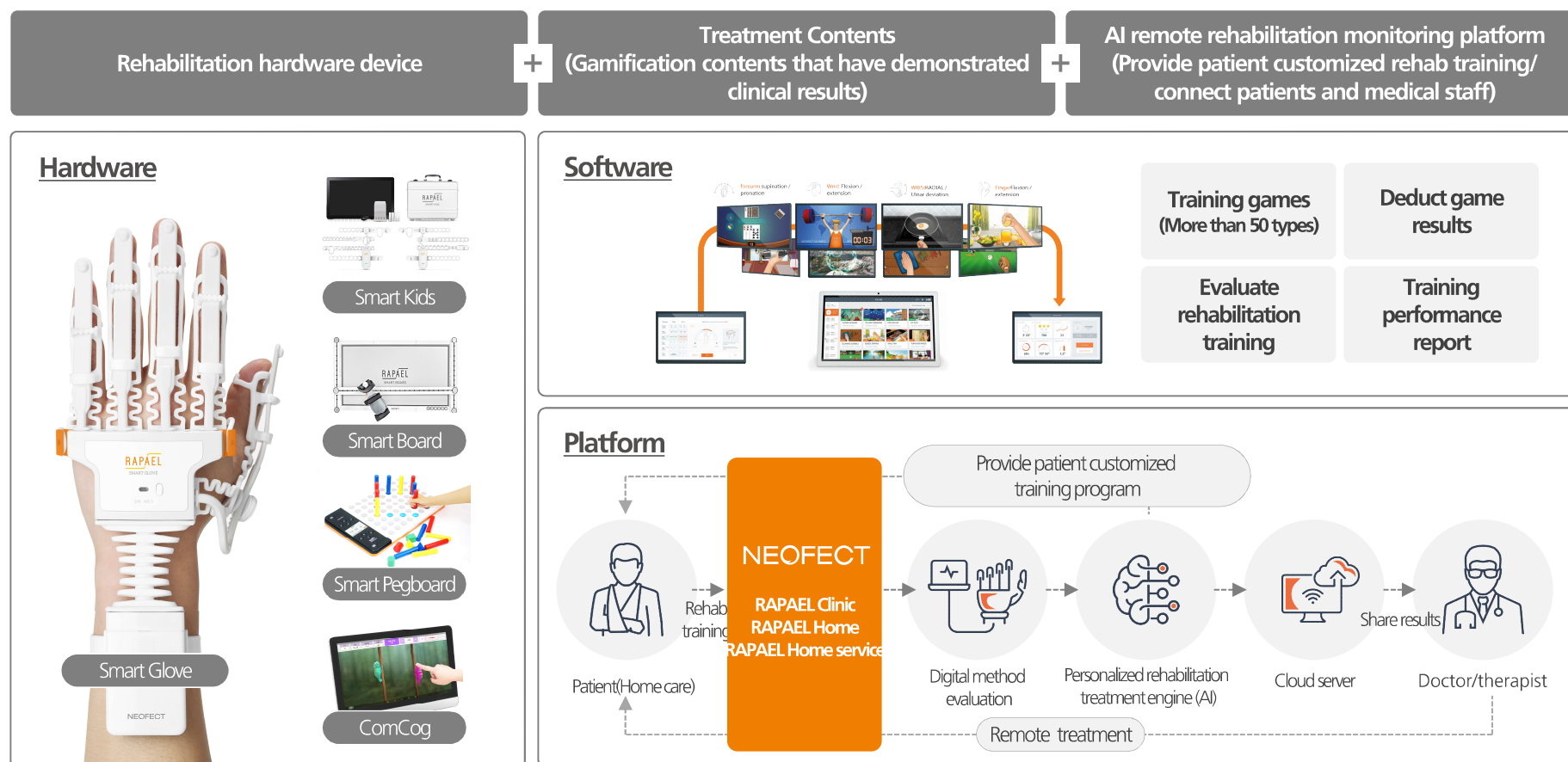
First in the world to provide AI based rehabilitation total service for motor and cognitive rehabilitation



01. Innovative Technology – (3) Full line-up of AI based rehabilitation solution products

AI based diverse HW·SW integrated solutions

NEOFECT rehabilitation solution components



01. Innovative Technology – (4) Global hit icon

Globally acknowledged AI rehabilitation platform hit product “RAPAEL Smart Glove”

'RAPAEL Smart Glove' Product introduction

2014. 02 KFDA certified	2014. 08 Domestic GMP certified	2014. 12 Domestic launch	2014. 12 U.S. FDA registered	2015.10 Europe CE certified	2015. 04 U.S. launch	2016.10 Germany launch	2017.01 Participated in CES 2017	2017.01 RAPAEL Home service launch	2018.01 Participated in CES 2018
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- First NEOFECT AI rehabilitation solution product
- Optimized product for hand and wrist motor function recovery
- Applied rehabilitation learning algorithm and game factors
- Maximized effects through personalized tasks and enhanced difficulty levels

'RAPAEL Smart Glove' Awards



- CNN, 'CES 2017 top 14 great products
- CNET, 'CES 2017 top 50 great products
- ZDNET, 'CES 2017 Best smart home, IoT product
- AARP, Innovation champions award
- U.S. 'Popular Science Best of What's New Award'

RAPAEL
SMART GLOVE



Innovative rehab solution based
Demonstrated its competency in U.S., the world's greatest
rehabilitation market



Source: CNN

Medical device regulation reform and industry growth policy
presentation event 'President Moon trying out the Smart
Glove



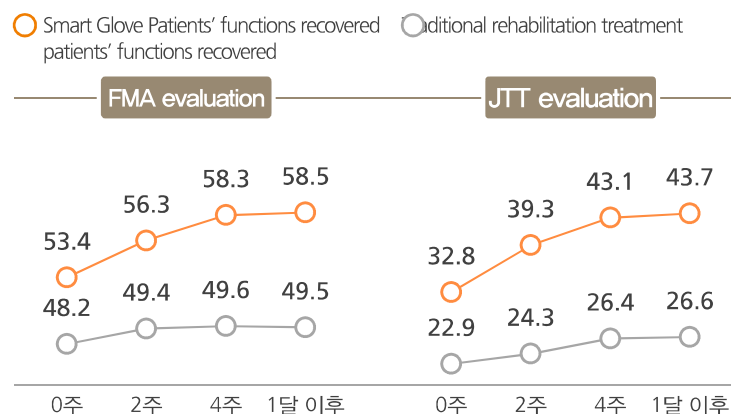
Source: Yeonhap News

01. Innovative Technology – (5) Verified evaluation by experts

Product excellence demonstrated through clinical tests by domestic and overseas medical organizations

National Rehabilitation Center Clinical Trial

First clinic in the hospital clinic



Source: National Rehabilitation Center

National Rehabilitation Center Clinical Trial

Research Purpose

VR-based rehab treatment effect confirmed regarding upper limb distal function and health related life quality improvement

Result

According to various tests, patients confirmed **more effective treatment results from Smart Glove treatment** compared to traditional rehabilitation treatment

Stanford Medical Center Clinical Trial

First clinic in home rehabilitation

NEOFECT Glove home rehabilitation functionality and patient satisfaction clinic



Neurology Journals

- ✓ Stanford Dr. Kara Flavin team
- ✓ Presented in 2018 U.S AAN yearly academic conference
- ✓ Published in the abstract of the world's best neuromedical journal (April, 2018)

Source: Stanford Medical Center

Stanford Medical Center Clinical Trial

Research Purpose

Confirming if cerebral apoplexy patients with upper limb disabilities can conduct rehabilitation training on their own in their homes

Result

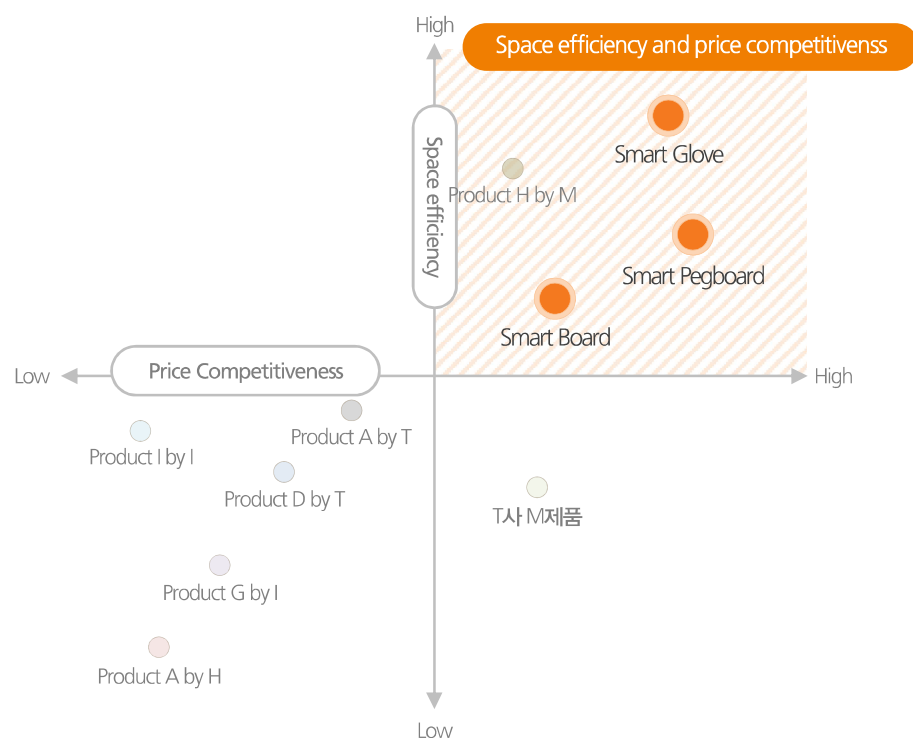
89% of self training patients were satisfied with the Smart Glove training in an environment without the help of medical staffs

01. Innovative Technology – (6) Dominant product competitive edge relative to competing firms

Maintain and differentiate competitive edge through better space efficiency, price competitiveness, and S/W technology

Hardware Competitiveness

- Portable because it is smaller and lighter than competing products
- Target both B2B and B2C thanks to its price competitiveness relative to competing products



Source: NEOFECT

Software Competitiveness

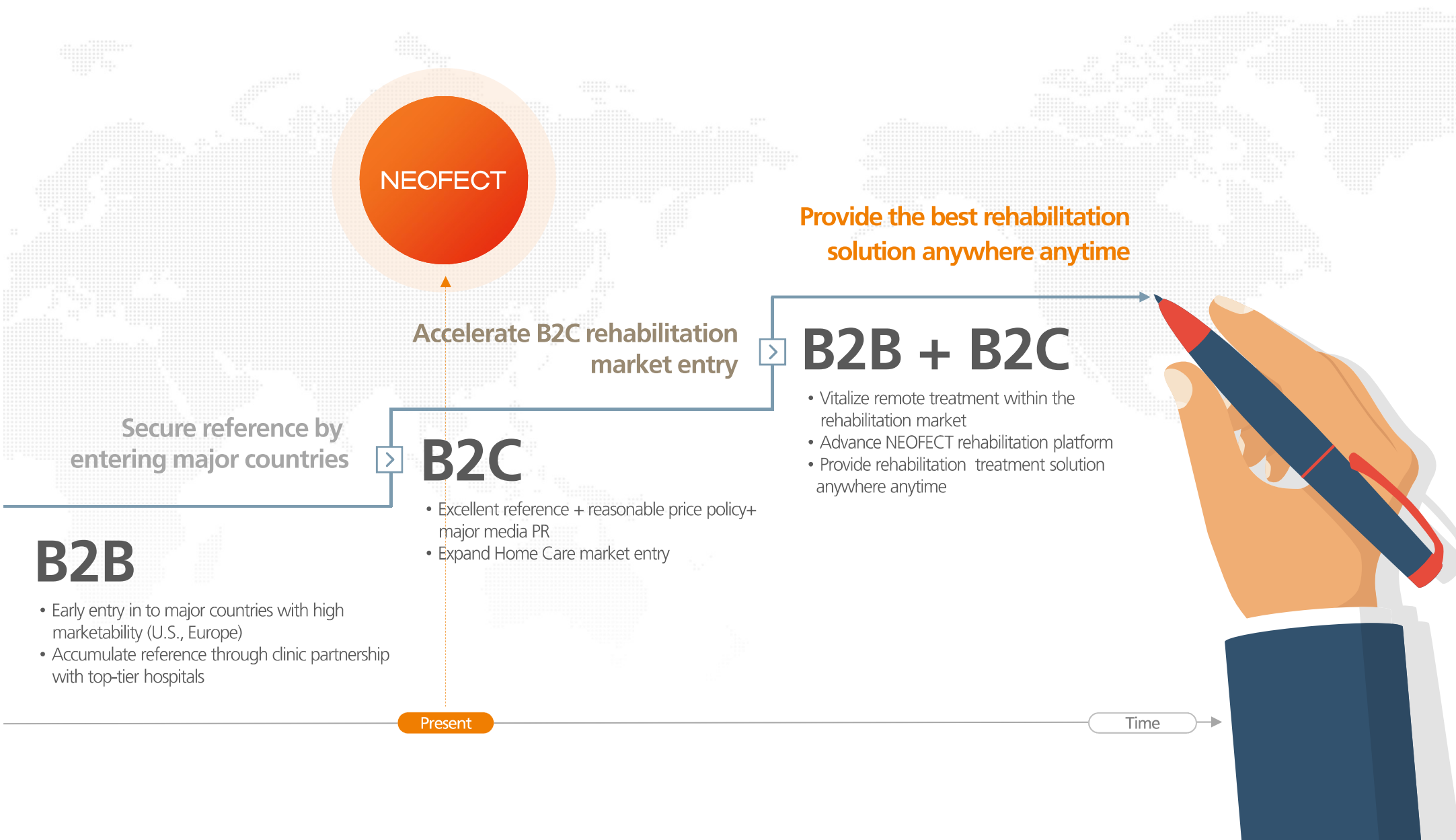
- Only product with AI technology in the rehabilitation device industry
- B2C platform that considers patient's convenience and various training programs

Category	Smart Glove	Smart Board	Competitors (Average of 7 products)
Personalized recommended algorithm (AI)	○	○	×
AI B2C platform	RAPAE HOME	RAPAE HOME	×
B2B training #	45	13	11.7
B2C training #	34	11	
Training Quality	High	High	Medium

Source: NEOFECT

02. Strategic Marketing – (1) Expand market through phased marketing strategies

Continue to expand target markets while covering both B2B & B2C through effective phased marketing strategies



02. Strategic Marketing – (2) Marketing manpower accelerating overseas business

Marketing strategy based on overseas fielded core personnel workforce

Core personnel



NEOFECT U.S business

Scott Kim Head of U.S

- Korea Univ. Business major
- Univ. of Virginia Darden MBA School
- Yahoo, Mercer, Gree, Z2 etc.



Clinic

Becky Pultman
Clinical Manager

- Clark Univ Psychology
- Bay Path Univ O.T Masters
- Spaulding Rehabilitation Hospital etc



Customer Contracts

Patrick Cummings
Engagement Manager

- Florida State Univ
- NuVasive, Broadly etc.



NEOFECT EU business

Soobin, Lee Head of EU

- KAIST Electrical and electronic engineering B.A and Masters
- KAIST Electrical and electronic engineering Ph.D
- KAIST Research professor, KAIST IT fusion research center etc



Clinic

Ashely Gatewood
Clinical Manager

- West Virginia Univ O.T Masters
- Sheltering Arms Physical Rehabilitation Center etc



Marketing

Tian Chen
Marketing Specialist

- Univ of California, Santa Cruz
- Skyline Industrial Group, Redbird Group etc

Core Marketing Strategy

Regulation

Differentiate marketing strategies according to regional regulations

Key Opinion Leader

Expand clinic tests with key opinion leaders from major countries

Media

PR effect through major media exposure

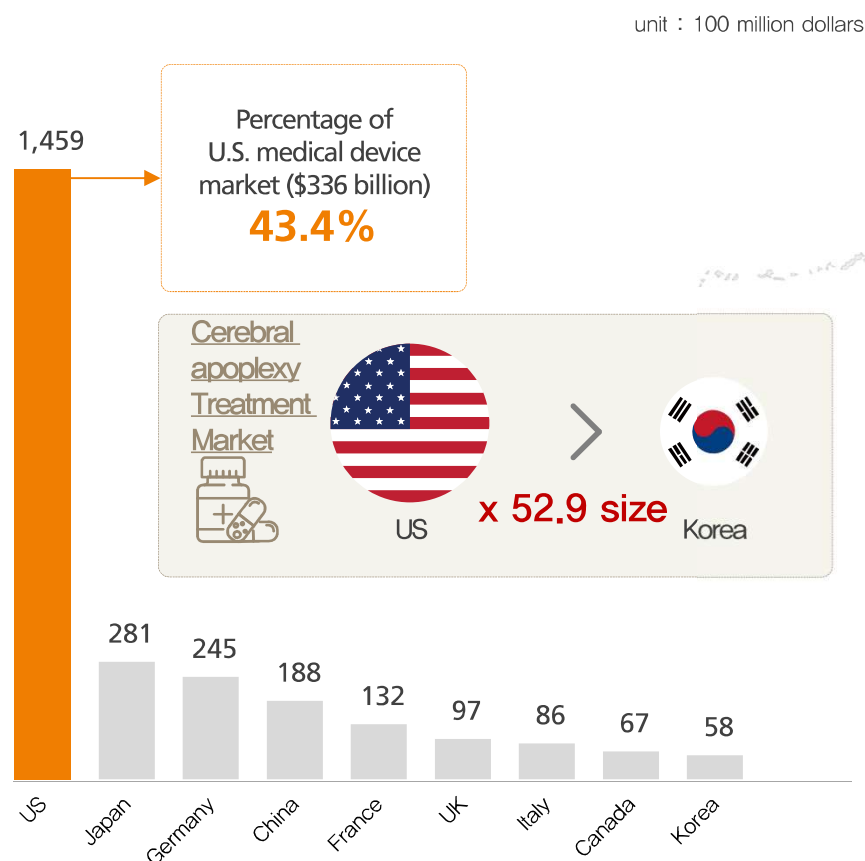
Price

B2B, B2C
Differentiated price policy

02. Strategic Marketing – (3) Create excellent results through preoccupying the Big Market

Early entry into the Big Market “U.S.” market with the corporation’s competitiveness as the foundation

Global medical device market size



Main: Global medical device market size of year 2016, Cerebral apoplexy treatment market of year 2017
Source : BMI Espicom(2016), A Policy statement from the AHA/ASA

NEOFECT U.S. Entry overview and results

2014

U.S. FDA authorization

2015

U.S. corporation founded (Name : NEOFECT USA)

2017

RAPAE home service launch (Started B2C business)

Participated in CES 2017 (4 Awards including CES Innovation Awards etc.)

AARP Innovation Champions Award

2018

RAPAE home service 900 subscribers

Obtained 55 hospital sales reference in the U.S. region including RIC

Stanford and RAPAE rehabilitation service clinic (published in 2018 journal)

Participated in CES2018 (Awarded consecutive CES Innovation Awards)

02. Strategic Marketing – (4) Best business partners worldwide

Cooperation with distinguished U.S. hospitals and medical institutions →
Obtain excellent reference within the U.S. market



Leading scholar medical center with
the best technologies



The best
rehabilitation special
hospital in the U.S.
region



U.S. veterans medical and welfare
dealing U.S. government agency



One of world's largest cerebral
nerve disease special hospital



Secure unparalleled leading position in the U.S. market through cooperating with excellent business partners

02. Strategic Marketing – (5) Target rapidly growing B2C demands

Excellent reference + reasonable price + major media PR → accelerate B2C market coverage

U.S. B2C market entry strategy

Excellent reference within the U.S. market



Reasonable B2C price strategy

RAPAEŁ

RAPAEŁ Smart Glove	\$99 per month, \$50 installment fee
RAPAEŁ Smart Kids	\$99 per month, \$50 installment fee
RAPAEŁ Smart Board	\$250 per month, \$50 installment fee

Main: U.S. B2C 6 month contract

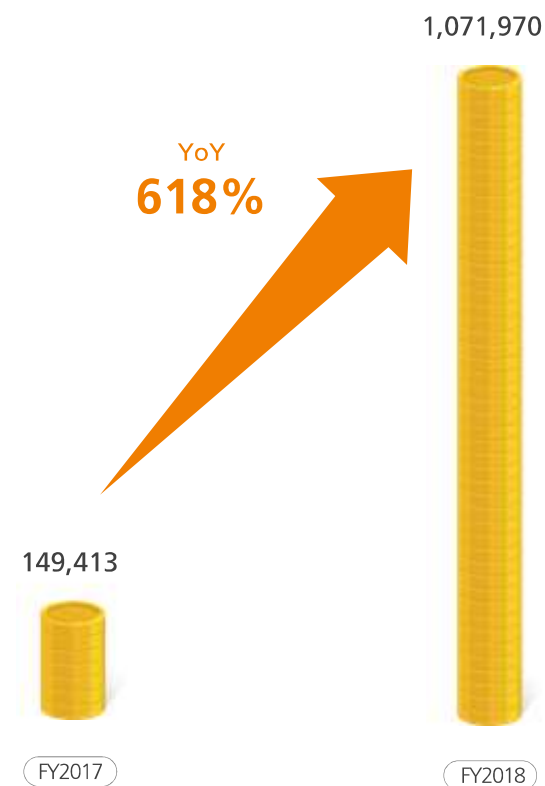
Major media PR



Consecutive CES Innovation Awards (2) + CNN, CBS, Cnet etc
PR through major U.S. media sources

U.S. B2C contract price progress

unit : dollars



Resource: NEOFECT



NEOFECT, a company that works together to give for a healthy life

02. Growth Momentum

- 01. Growth of Home Rehabilitation Market
- 02. Diversification of Product Portfolio
- 03. Acceleration of Global Expansion
- 04. Expansion of Telemedicine Service (1), (2)
- 05. Entering into Data Business
- 06. VISION

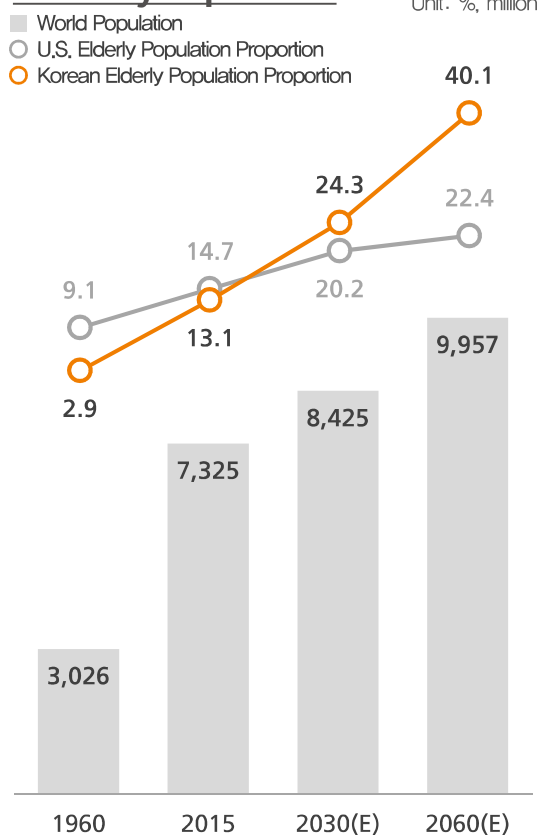


NEOFECT

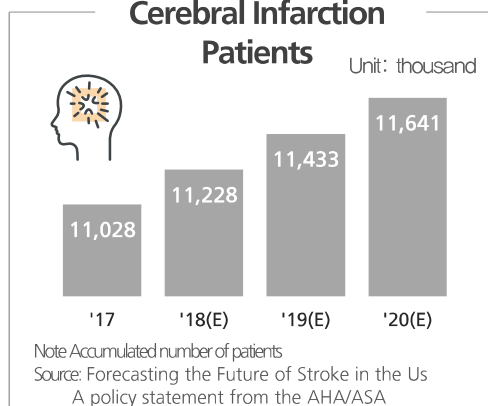
01. Growth of Home Rehabilitation Market

Increase in various diseases with the rising elderly population → Directly linked to the structural growth of home rehabilitation market

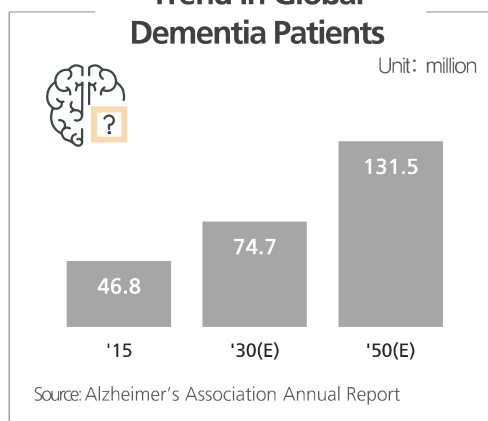
Growth Trends in World Population & Elderly Population



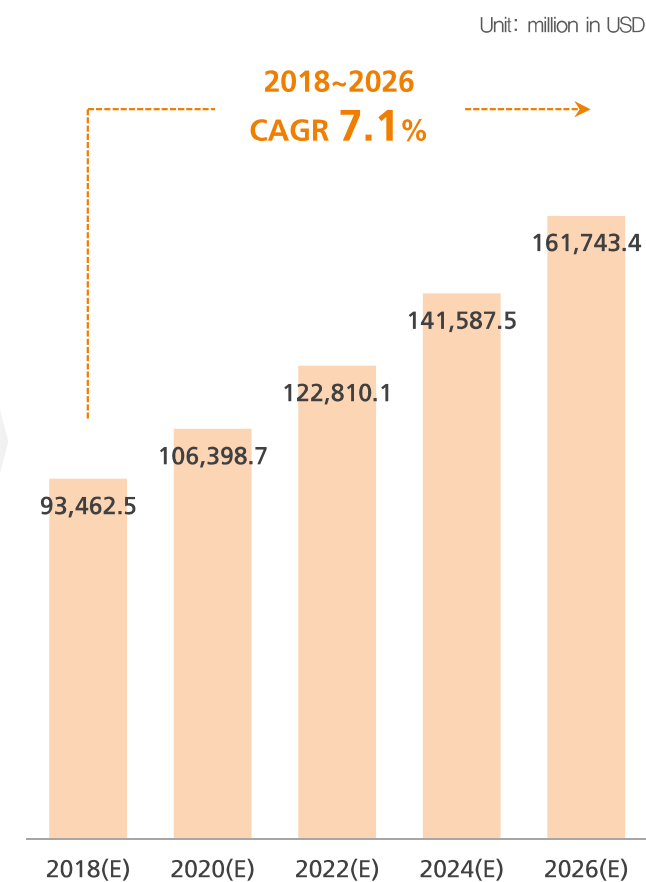
Trend in the U.S. Cerebral Infarction Patients



Trend in Global Dementia Patients



Global Home Rehabilitation Market



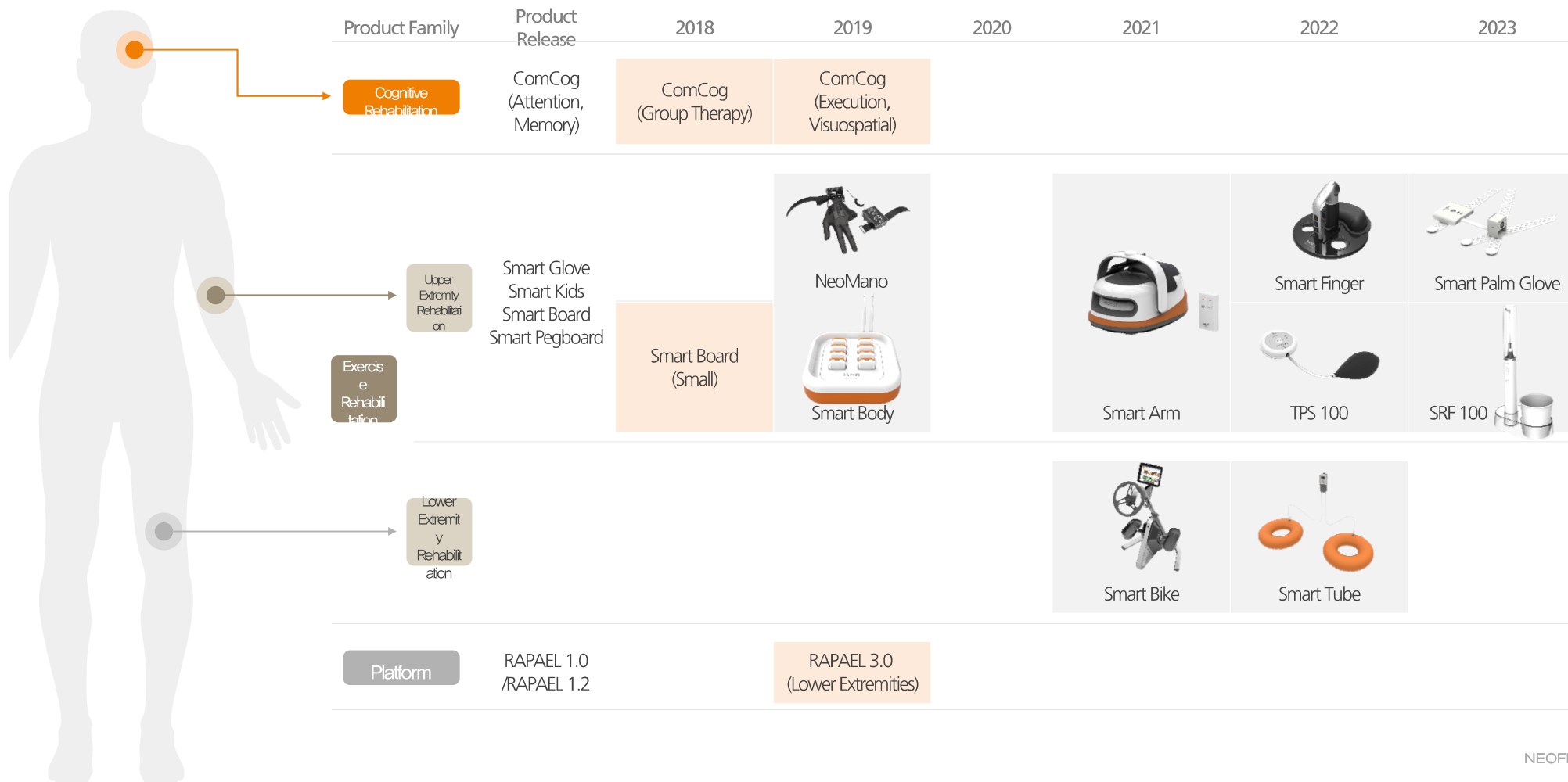
02. Diversification of Product Portfolio

Strengthen market dominance and expand target market by enhancing existing products and developing new products

Product Roadmap

Establish full line-up of rehabilitation devices across the entire rehabilitation field

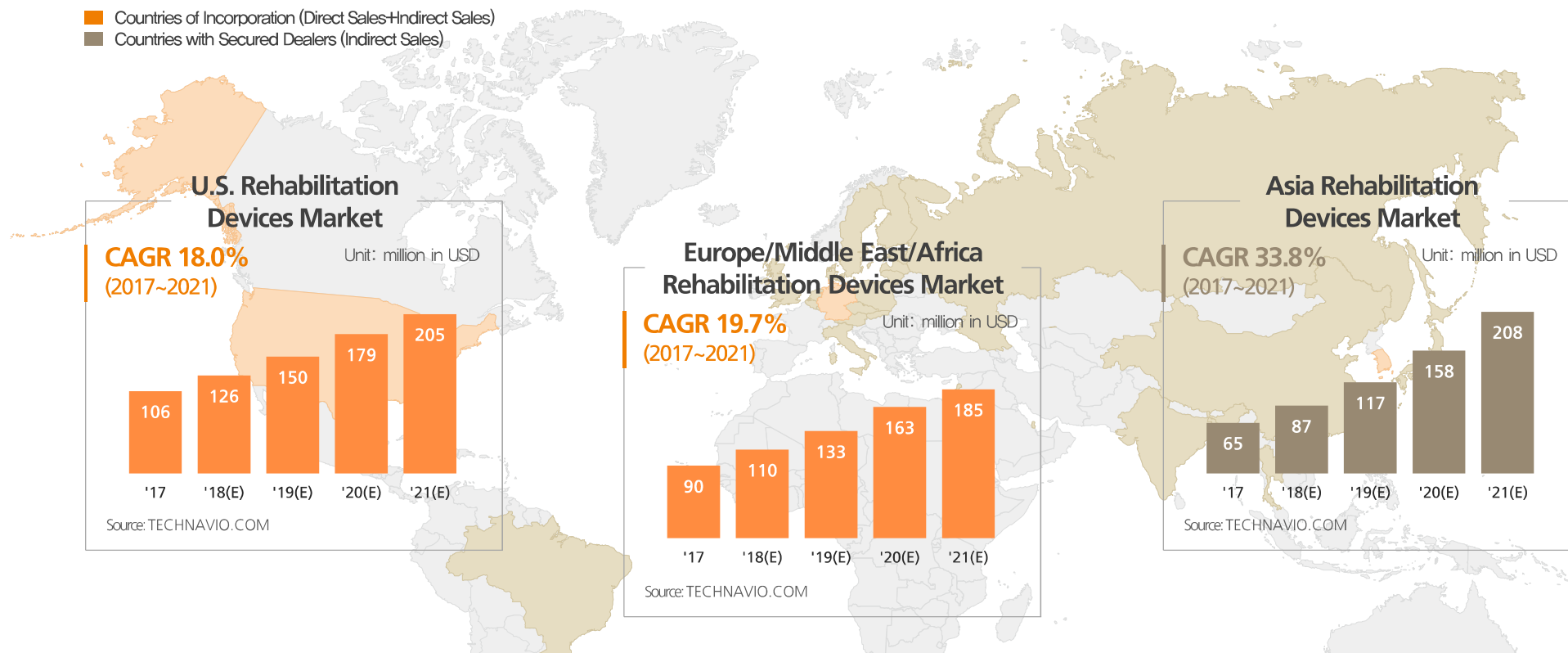
Product Enhancement
New product



03. Acceleration of Global Expansion

Accelerate global expansion with sales strategies considering national characteristics

- Countries of Incorporation (Direct Sales+Indirect Sales)
- Countries with Secured Dealers (Indirect Sales)



Direct Sales (3 Countries)

Favorable to cultivating early market for innovative products,
Quick feedback through establishing direct relationship with consumers

Indirect Sales (30 Countries)

Scale-up through utilizing dealers' network

04. Expansion of Telemedicine Service – (1) Rapidly Growing Telemedicine Market

Prepare a bill to support telemedicine within the U.S. → Rapid growth of related industry and companies' performance

Bills Related to Telemedicine in the U.S.

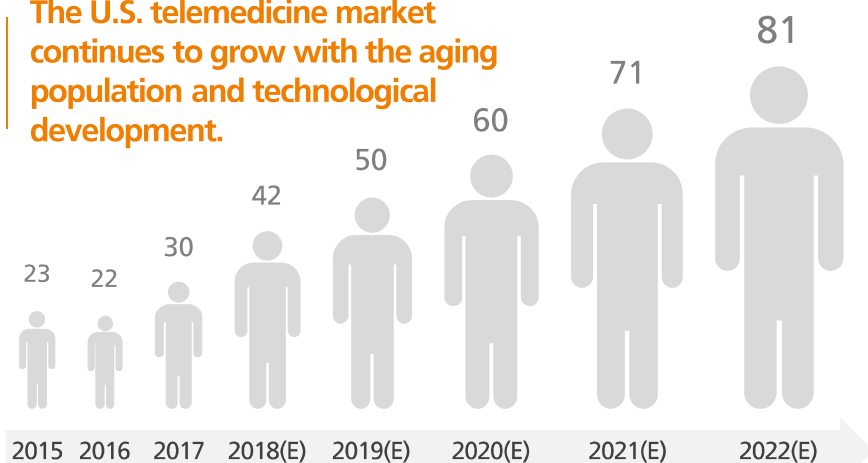
Bill	Content
Health Insurance Reform Law	Affordable Care Act (Telehealth Parity Law) Fed gov't requires Medicare to treat telemedicine same as ambulatory care for certain diseases
Senate Passed	Chronic Care Act Patients with cerebral infarction and renal insufficiency can receive same insurance benefits for telemedicine as ambulatory care (Medicare)
House Passed	VETS Act Expand the scope of cares available to telemedicine for military veterans

Source: American Telemedicine Association, 2018

Number of Telemedicine Patients in the U.S.

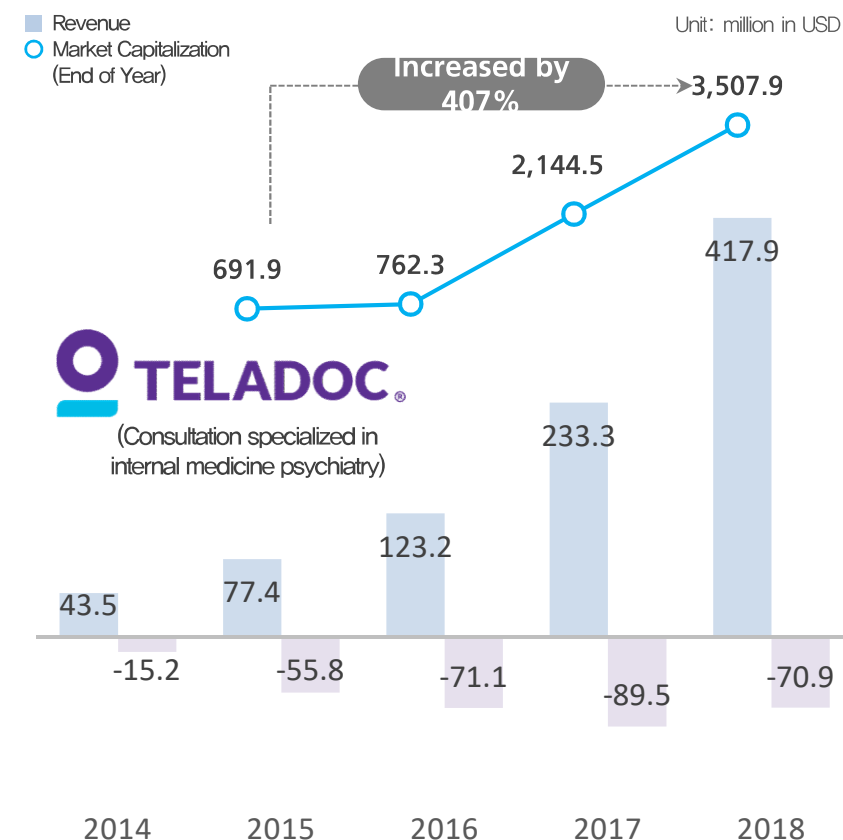
Unit: million

The U.S. telemedicine market continues to grow with the aging population and technological development.



Note: Based on Telehealth Visits High
Source: Statista

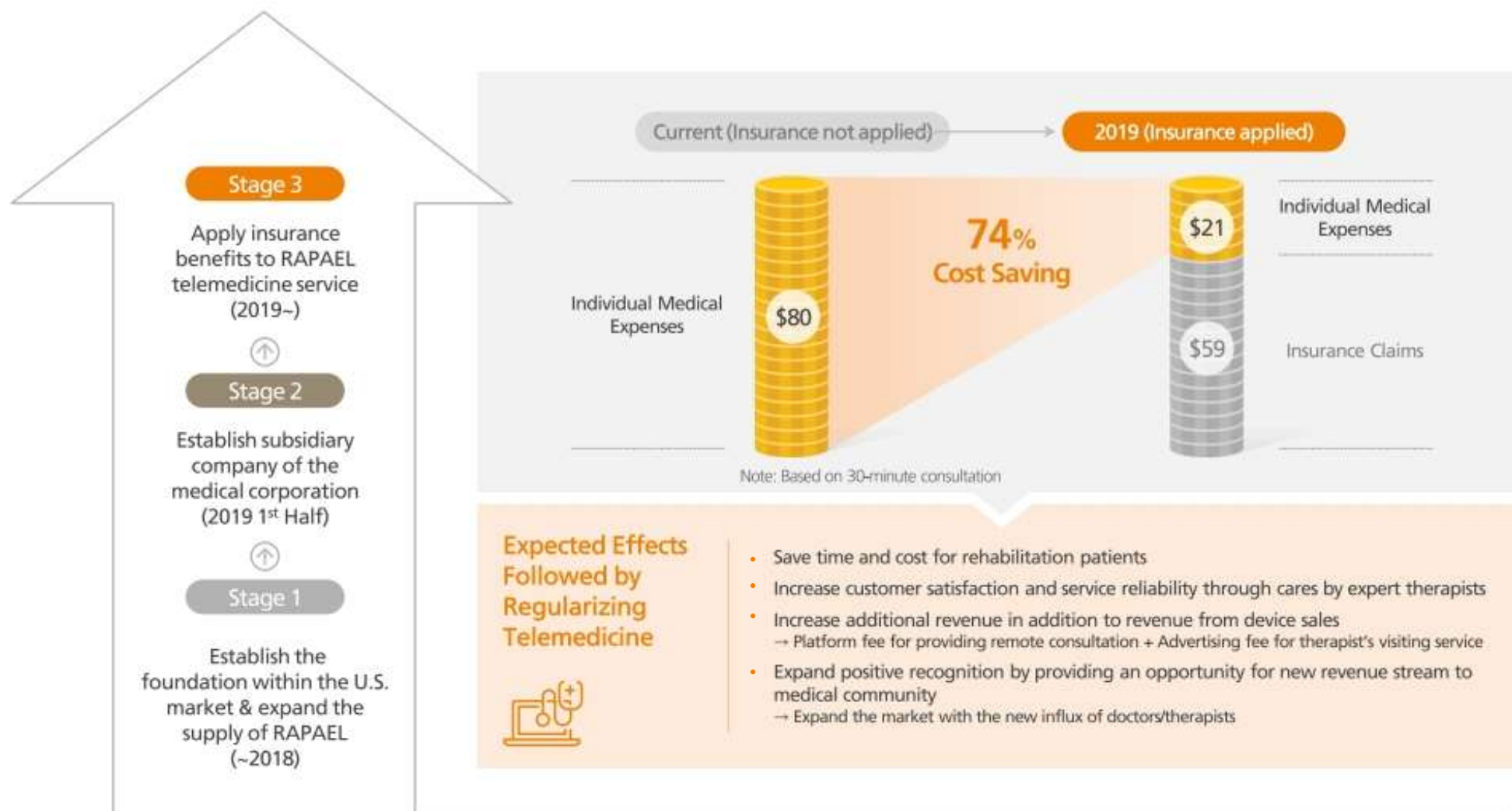
Teladoc, Leading Telemedicine Company in the U.S.



Note: Revenue in 2018 is accumulated for the first half; market capitalization is on the basis of the date of October 14.
Source: Thomson Reuters, Teladoc IR

04. Expansion of Telemedicine Service – (2) Regularize RAPAEI telemedicine service

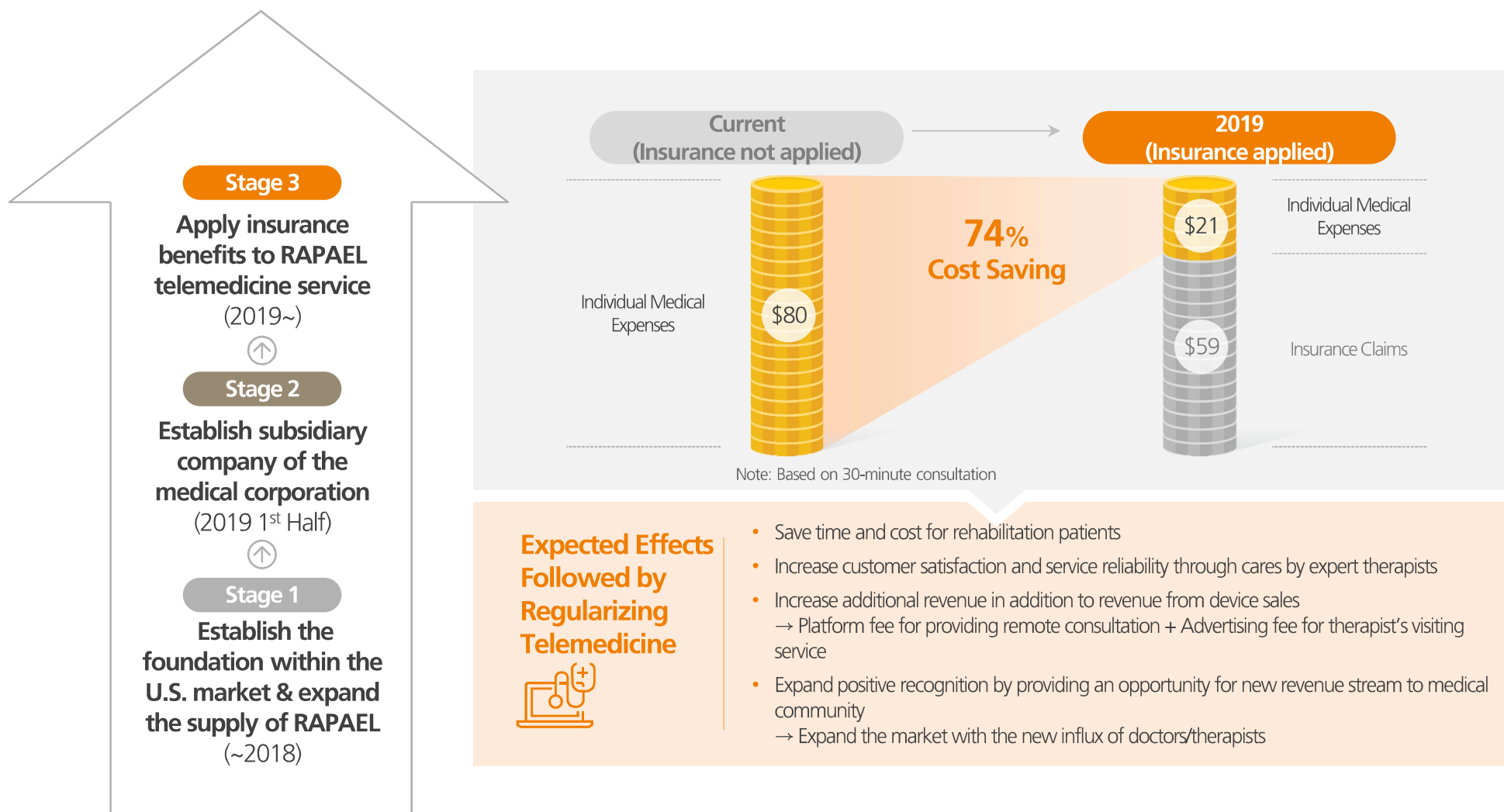
Expansion of the rehabilitation device market followed by the application of telemedicine insurance benefits in the U.S.
→ Increase in B2C revenue



04. Expansion of Telemedicine Service – (2) Regularize RAPAEI telemedicine service

Expansion of the rehabilitation device market followed by the application of telemedicine insurance benefits in the U.S.

→ Increase in B2C revenue

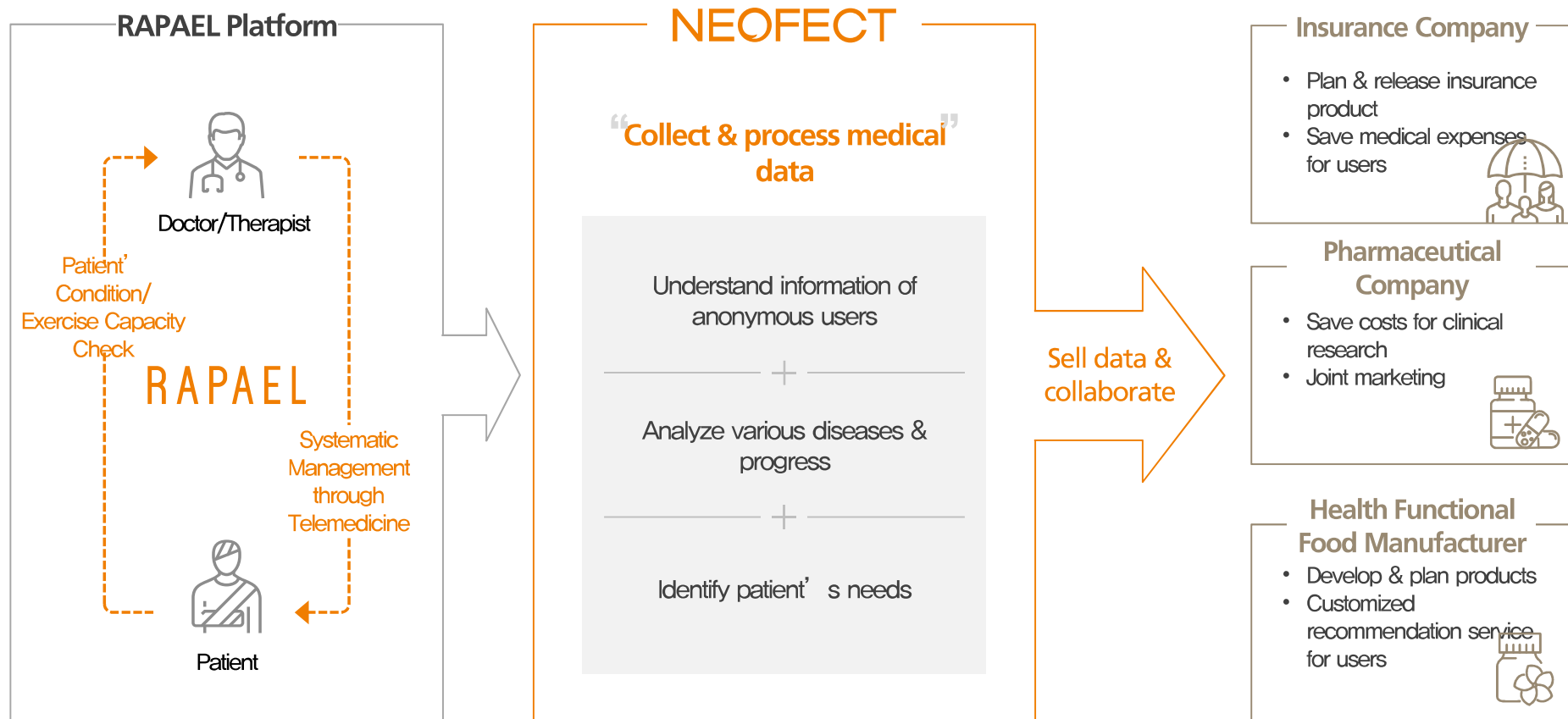


05. Entering into Data Business



Enter into new business based on medical big data collected from platform

Data Business Process



Global No.1 AI HealthCare Platform Company

NEOFECT

