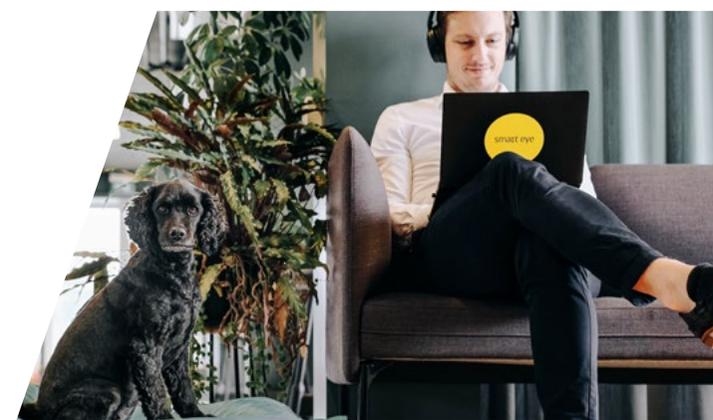


# Annual Report 2022



Bridging the gap between  
humans and machines for  
a safer future



# Contents

<b>This is Smart Eye</b>	3
Ready for growth	4
Highlights	5
Financial overview	6
Letter from the CEO	7
<b>Market &amp; Strategy</b>	
Human Insight AI	10
Business area: Automotive	12
Business area: Behavioral Research	16
Innovation	21
<b>Sustainability</b>	
With an eye on saving lives	24
Sustainability pillars	25
Company values	30
<b>The Share</b>	31
<b>Financial Reports</b>	
Management report	33
Financial reports Group	37
Notes Group	44
Financial reports Parent	54
Notes Parent	60
Auditor's report	69
<b>Board &amp; Management</b>	71
<b>Other information</b>	
Annual General Meeting	73
Calendar and Contacts	74

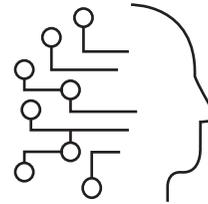
# Humanizing technology with Human Insight AI



# This is Smart Eye

**We build Human Insight AI: technology that understands, supports and predicts human behavior in complex environments.**

**Smart Eye is organized into two business areas - Behavioral Research and Automotive - and five business units.**



## Human Insight AI

### Automotive



#### Automotive Solutions

Embedded software that provides OEMs and Tier1s with driver monitoring and Interior Sensing for deployment in new car models.



#### Applied AI Systems

Complete Driver Monitoring System (DMS), including hardware and software, for fleet, aftermarket, and small volume OEMs.

**Read more on pages 12-15**

### Behavioral Research



#### Research Instruments

Eye tracking sensors for advanced research and training applications in both academic and commercial sectors as well as technology integration in various industries such as assistive technology.

**Read more on pages 16-20**



#### Affectiva Media Analytics

Emotion AI that helps large brands, media, entertainment, and market research companies gain a deeper understanding of how consumers and audiences engage with their content, products and services such as advertising, television and movies.



#### iMotions

Biometric software platform that can fuse data from more than 50 sensors to conduct high-validity multimodal human behavioral research in academia and industry time- and cost-efficiently.

# Ready for growth

**Our long-term investments, including the acquisitions of Affectiva and iMotions in 2021, have positioned Smart Eye very strongly in automotive, consumer and market research, training and human behavioral research. With the rights issue successfully completed in early 2023, we are capitalized and poised for very strong profitable growth in coming years. We expect to reach positive cashflow from operations in the second half of 2024.**

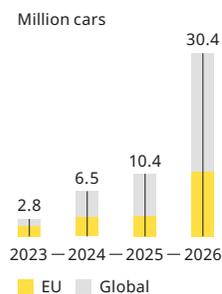
## Exponential profitable growth expected in Automotive

The automotive industry has gone through tough times in recent years, with pandemic induced supply chain issues resulting in delays in models launched and start of production. Meanwhile Smart Eye has consolidated its position as the leading supplier of DMS (Driver Monitoring System) – a technology that will become mandatory in the EU from 2026.

As the challenges the industry has faced are overcome, the volume of cars produced with DMS is set to grow exponentially. Smart Eye already has more than 1 million cars on the road, more than 40 percent share of the market and has gained 217 design wins from 19 OEMs (as of report day 2023). This puts us in a pole position on this market.

The logical extension of DMS is Interior Sensing which extends intelligent sensing to the entire cabin. It is an even larger market, enabling OEMs to add safety, convenience, comfort and entertainment features that benefit all passengers. Another opportunity is fleet operators retrofitting DMS into their vehicles.

### No. of cars produced with DMS to explode



Source: commissioned study from a renowned industry specialist.

## Continued robust profitable growth expected for Behavioral Research

The Behavioral Research business area is expected to see continued strong and profitable growth in demand for its portfolio of industry leading solutions.

There are many novel ways in which our human behavioral research can be applied to solve problems. This is exciting, because it helps our customers and opens new potential markets for Smart Eye.

Examples of such markets include assistive technology, where we are already experiencing strong growth, and aviation, where instructors say our technology helps train pilots by tracking how they monitor instruments.

### Trusted by some of the world's most renowned organizations

- 90 of the world's 100 largest advertisers.
- 26% of the Fortune Global 500 companies.
- 68 of the world's 100 leading research universities.
- Customers include NASA, Nissan, Airbus, Boeing, Honeywell, Volvo, GM, BMW, Geely, Harvard University, and over 1,300 research organizations around the world.

Highlights



217  
design wins  
from 19 OEMs

Total number as of report day, 2023

900+  
assistive technology  
units installed over  
the past 2 years

As of report day, 2023

1+ million  
cars on the road with  
Smart Eye's Driver  
Monitoring System

Reached in 2022

36,492  
human behavioral  
research studies run  
on iMotions' platform

During 2022

1.6 million  
audience videos  
processed by Affectiva  
Media Analytics

During 2022

324 MSEK  
rights issue completed  
and oversubscribed  
to 160%

When subscription period expired on February 16, 2023

# Financial overview

Net sales doubled in 2022 fueled by last year's acquisitions of Affectiva and iMotions. Several new design wins set us up for future growth.

- Net sales increased by 100% to SEK 219.5 million (109.7). Organic growth was 14%.
- EBITDA was SEK -193.8 million (-71.7). Costs increased mainly due to addition of resources to deliver on already won projects and to further develop DMS and Interior Sensing. Extraordinary costs for the funding process and cost reduction program were also recorded.
- The operating loss amounted to SEK -343.0 million (-130.9). Depreciation of acquisition related surplus values was SEK 111.1 million.

## Key figures

	2022	2021	2020	2019
Net sales, SEK K	219,539	109,679	65,097	49,817
Operating profit/loss, SEK K	-343,034	-130,909	-77,156	-105,723
Profit/loss after tax, SEK K	-340,285	-132,713	-77,557	-106,362
Equity per share, SEK K	58.60	65.46	21.20	16.64
Equity ratio, %	77	83	91	85
Number of employees	274	256	102	91

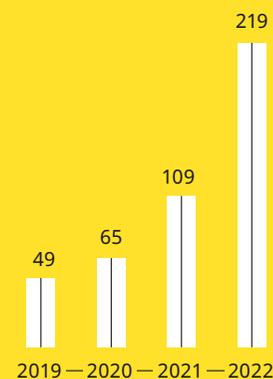
## Estimated future revenues from design wins SEK M<sup>1)</sup>



Current: 4,365 as per March 23, 2023

- Estimated revenue over the product life cycle from current design wins.
- Estimated revenue over the product life cycle from possible additional designs wins with existing car manufacturers on existing platforms.

## Net sales SEK M



1) Calculations are based on OEMs' estimated production volumes for each car model and our own estimations of take rates and may change. Smart Eye has communicated this since 2018.

## CEO Letter

# “We are in a very advantageous position”

**2022 has been a momentous year for many reasons. Perhaps most importantly, we have seen a rapid development in the market for Driver Monitoring Systems (DMS).**

We started the year with 89 DMS design wins. When it ended, we had 194 – more than doubling the number of car models that will be equipped with Smart Eye’s software. Since the end of 2022, we have also received 23 additional design wins, making our total number of design wins 217.

In some ways, 2022 has been an unusually successful year for our Automotive business area. But these design wins are also the result of hard work back in 2020 and 2021. In the automotive industry, it normally takes several years to procure and launch new technology. This long-sightedness plays in our favor as an increasing number of car manufacturers move their new car models into production and sustain it for an average of seven years. At this stage, we are seeing a great acceleration in new models including Smart Eye’s software being launched and we are looking forward to communicating them as soon as we are able to.

Early this year, US based Tier-1 supplier Aptiv has announced a long-lasting partnership with Smart Eye to deliver driver monitoring and Interior Sensing. The announcement also stated that Aptiv supplies DMS to not only BMW but also GM, Audi and Volvo Cars. We are a proud partner to Aptiv for these OEMs.

In addition to this, 2022 has been a record-breaking year for our Behavioral Research business. With every quarter, our Research Instruments, Media Analytics and iMotions business units have grown and increased their profit. Recovered from the effects of the COVID-19 pandemic, we are now stronger than ever before.

After the year had ended, we secured 324 MSEK in funding before deduction of transaction costs, which will take us all the way to profitability in 2024. The interest in the rights issue was high, and it was concluded according to schedule without having to utilize the guarantees. This is a sign of great trust from our shareholders and is an important show of strength for the company.



## CEO Letter

### Automotive – Accelerating Production

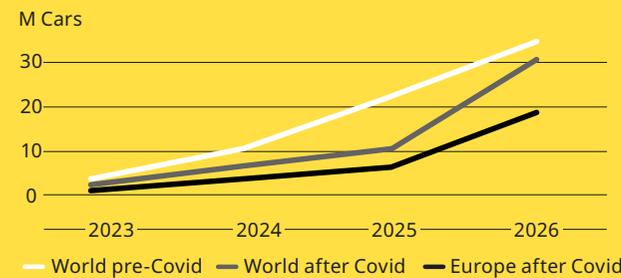
The European Union's (EU) General Safety Regulations (GSR) mandates all new motor vehicles with four or more wheels, including cars, trucks, and buses, to be equipped with driver monitoring systems from July 7, 2026. In 2024, just one year from now, the DMS will be made mandatory for all new type-approved vehicles. This legislation is one of the most important developments for the widespread employment of DMS in recent years, and it is also a great opportunity for Applied AI Systems – our business unit delivering DMS solutions to commercial vehicles, the automotive aftermarket and small-volume OEMs.

In the last couple of years, the automotive industry has faced delays as a result of the pandemic and the global supply chain issues that followed. The worst of these issues now seem to have been overcome. With only three years to go until DMS becomes mandatory in millions of cars, car manufacturers are now accelerating production.

Customer demand for AIS, our product for commercial vehicles and the aftermarket, has been steadily increasing since the end of the year. In an important breakthrough, a European luxury sports car manufacturer sourced our AIS hardware and software in December, initiating production in mid-2024. We are expecting to deliver to more small-volume OEM customers in the future.

We recently published estimates of the development of the DMS market, based on a study we commissioned from a renowned industry specialist. The study gave us

### Conservative estimation of market size



Before and after the Covid-19 pandemic and the following supply chain effects.

different potential scenarios of the automotive industry's deployment of DMS. Every single one of these scenarios included full deployment in Europe by 2026, due to the legislation.

In a conservative estimate, the lionpart of all newly launched cars in the premium segment will include DMS from 2023. From 2024, this would include all cars launched in Europe. The result of this is a market multiplied by more than ten over the next three years (see above).

This conservative base scenario is used by Smart Eye for planning purposes, with some potential upside. We are projecting a market share of at least 40 percent

There is some margin in that number, and we are on a very good trajectory thanks to a landslide of design wins during the last quarter 2022 and first quarter 2023.

### Behavioral Research – Continuous Momentum

After being greatly affected by the pandemic over the previous two years, we are extremely proud to see our Behavioral Research business in full growth again. This year's revenue of 170 MSEK is based on a strong research product portfolio and a structural demand for quantitative research methods.

All three business units currently contribute profitable

## CEO Letter

revenue to the company:

Research Instruments is the market leader for research eye-tracking in demanding environments. Furthermore, Assistive Technology is an important and growing market. Through our collaboration with the company Smartbox, we have increased the delivery of assistive technology over the last two years.

With 1.6 million audience videos processed in 2022 alone, Affectiva Media Analytics reached an all-time high in terms of amounts of content tested. Particularly strong is the growth in entertainment content testing. This also helps us add to our Emotion AI data repository, which is currently one of the world's largest databases of its kind.

iMotions has a very strong market position in the burgeoning software market for multimodal behavioral research. In 2022, 36,492 human behavior studies ran on the iMotions platform and among the 1,300 customers are 850 universities worldwide and 68 of the world's top 100 research universities.

We are expecting this healthy profitable growth in all business units to continue in 2023. Oftentimes, the know-how and innovation that grows out of research environments can eventually extend to our automotive customers – driving revenue across all business areas.

### Final Words – Ready for Growth

With delays for our automotive customers and postponed investments in lab equipment, the period since the start of the pandemic has sometimes been challenging. Still, we have managed to maneuver into a very advantageous position. We have strong momentum in both Behavioral Research and Automotive, and now both markets are once again developing in the right direction.

Our core business is set for exponential growth. As we are nearing a mandatory implementation of DMS in Europe, Smart Eye is well-positioned for a growing demand for DMS technology and an accelerating production of cars. We have recently secured funding that should last us until we are cash flow positive and our compelling products for automotive fleets and Interior Sensing features can improve growth and profitability even further in the years to come.

Martin Krantz  
CEO

**“As we are nearing a mandatory implementation of DMS in Europe, Smart Eye is well-positioned for a growing demand for DMS technology.”**

# Human Insight AI

**Smart Eye is pioneering a new technology category: Human Insight AI. It is technology that understands, supports and predicts human behavior in complex environments.**

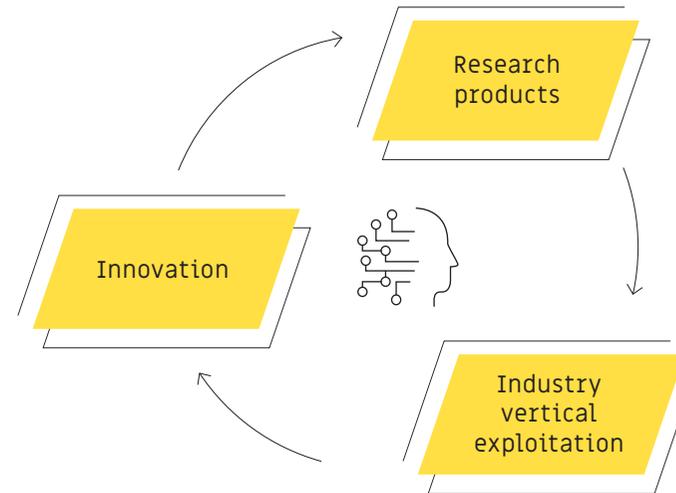
Several core technologies are developed and deployed to gain insights from subtle and nuanced changes in human behavior, reactions and expressions. These include head- and eye-tracking, facial expression analysis and emotion AI, activity and object detection, and multimodal sensor data analysis.

Currently, Human Insight AI is deployed in industries such as automotive, consumer and market research, as well as R&D in academia and industry. The general-purpose nature of the technology means that it can enable transformational human-to-machine interactions in many industries in the future.

Research customers drive early technology development, which leads to our technology being commercially deployed in that industry. This, in turn, spurs innovation

that is fed into improved research products in a virtuous cycle.

This is already playing out in automotive, an industry Smart Eye entered more than 20 years ago by delivering eye-tracking systems that were designed for research in automotive R&D. These were later developed to DMS solutions, and we got our first design wins and a contract for our software to be included in a new car model, in 2016. Close collaboration with customers since then has spurred further innovation, that has not only expanded Smart Eye's presence within automotive, with solutions such as Interior Sensing, but also led to further improvement in our research products that may open new industry verticals such as aviation and healthcare.



Future volume industry verticals include aviation and healthcare.



1. Source: Smart Eye Human-Centric AI podcast <https://smarteeye.se/podcasts/polestar-3-with-smart-eyes-driver-monitoring-system-dms/>

## Case study

### Confidently supporting the driver – DMS in Polestar 3

The highly anticipated Polestar 3, the SUV for the electric age, features Smart Eye's premium DMS as standard. Part of a broader safety system, the DMS uses two closed-loop cameras and runs on the car's centralized computing platform powered by NVIDIA.

"I think the major differentiator is all the insight that Smart Eye has gained over the years, applying neural networks, to detect what the driver is doing or not doing. That is what makes this different," said Polestar COO Dennis Nobelius.<sup>1</sup>

The DMS monitors the driver's head, gaze, and eye movements to determine their state. If it were to detect that the driver is not paying attention, maybe due to illness or just plain distraction, the output from the DMS will cause the car's safety system to first warn the driver with audio alerts and then escalate as appropriate all the way to a safe emergency stop.

"The system needs to know, based on the driver's behavior, when it needs to act. The confidence level in determining the state of the driver is the tricky part to getting that escalation right," said Nobelius.

# Business area

## Automotive

**We lead the market through innovation and are partnering closely with OEMs and Tier 1s to imagine and create the future of mobility. Smart Eye is the market leader in driver monitoring systems and is well-positioned to lead the coming Interior Sensing market.**

Around 1.3 million people die each year in traffic accidents<sup>1)</sup>, many of which are caused by human error. While cars have become much safer over the years with seatbelts, airbags and active safety features such as blind spot detection, the driver still suffers from the same flaws. Arguably, they have become more exacerbated due to the increased proliferation of automation and connected devices.

As humans, we are prone to both fatigue and distraction – be it from phones, infotainment systems, other passengers, or from overestimating accuracy of ever more advanced driver assist systems giving a false sense of safety.

### **DMS is becoming mandatory**

Direct driver monitoring systems (DMS) reduce accidents caused by inattention and drowsiness by alerting the driver that their focus on the task of driving is lapsing.



## Status of DMS regulations and ratings

**EuroNCAP** DMS adds contributing points for drowsiness, distraction and unresponsive driver.

**EU** General Safety Regulations (GSR), Advanced Driver Distraction Warning: This regulation is demanded for all new type approvals from July 2024, and for all new vehicle registrations from July 2026.

**China** Required in some vehicles in some provinces. The direction is that more provinces are requiring more vehicles to be equipped with DMS.

**USA** DMS is part of the Moving Forward Act under consideration by the Senate.

1) Source: <https://www.who.int/news-room/fact-sheets/detail/road-traffic-injuries>

**Automotive continued**

The ability to prevent traffic accidents and reduce road fatalities is why DMS is changing from an exclusive feature found in premium cars to a mandatory safety feature in all new vehicles. It is also why fleet operators are increasingly looking to Smart Eye to help retrofit DMS into their vehicles.

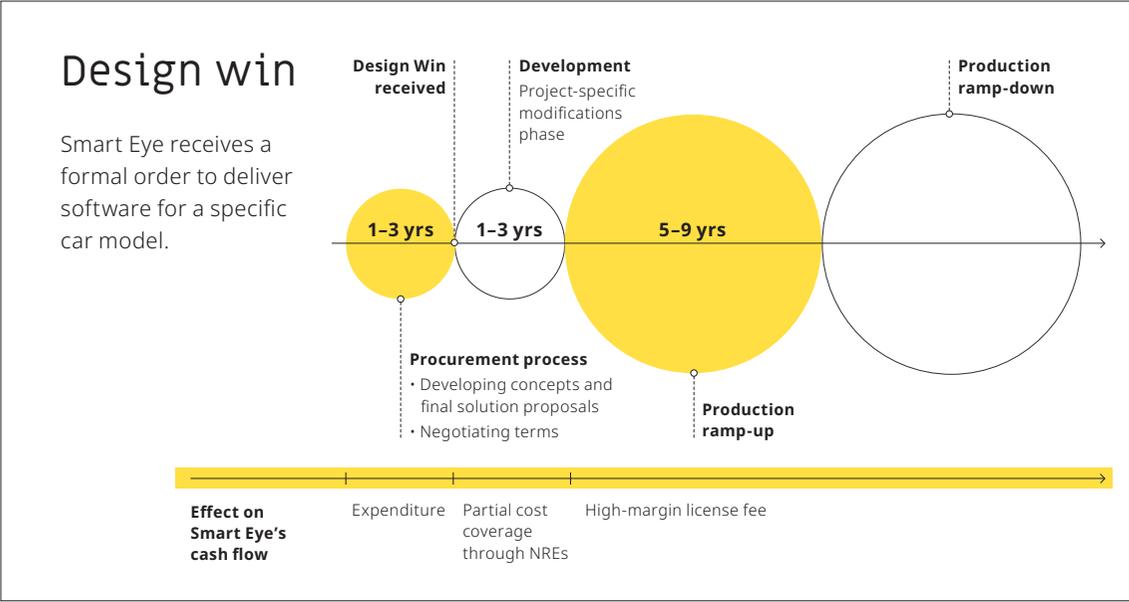
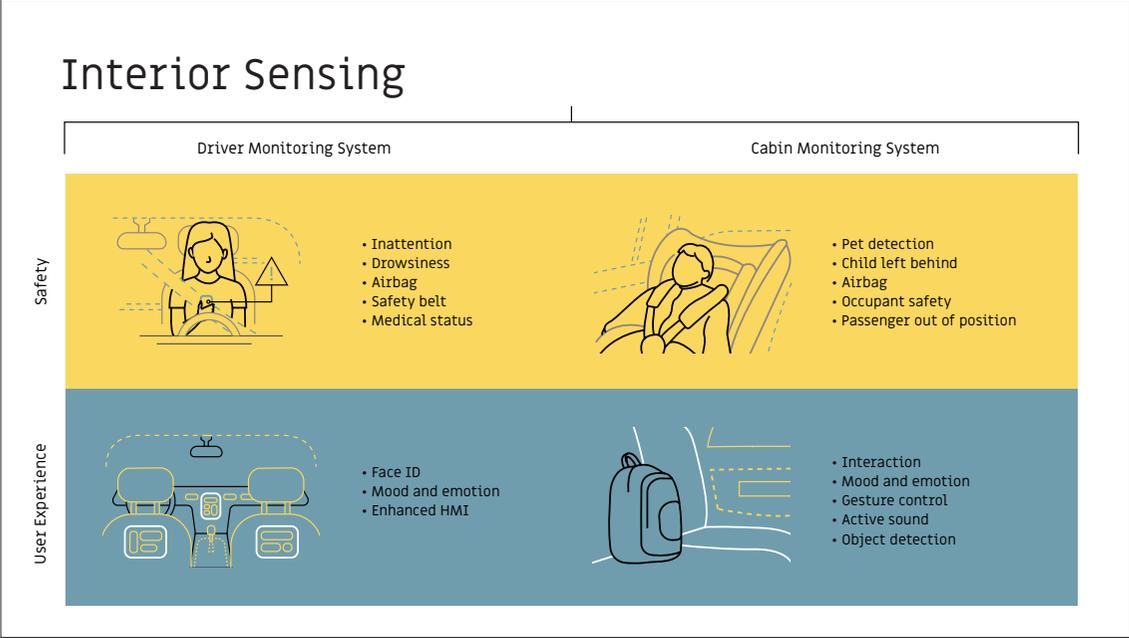
**Interior Sensing will follow**

The logical evolution of DMS is Interior Sensing that monitors the state of the cabin and the people in it. Since the start of 2023, rating organizations such as EuroNCAP are awarding points for additional Interior Sensing functionalities such as child presence detection, which prevents heatstroke fatalities if children are left behind unattended. Another trend is replacing more expensive sensors with cameras and computer vision for occupant and seat belt detection. It is driven mainly by cost savings and efficiency, but to some extent also by the increasing accuracy of camera and computer vision technology.

**Market leading position**

Smart Eye is recognized by customers for its deep expertise in machine learning, including its capabilities in acquiring and annotating data, and generating synthetic data. We are seen as a natural innovation partner that has the capability to work closely with customers to develop new technology.

Smart Eye is one of two companies dominating the embedded DMS market. Measured by design wins, number of OEM customers and cars on the road, Smart Eye holds a clear lead. Interior Sensing has not yet reached the stage where design wins are awarded. However, Smart Eye expects key requests for quotes to reach the market in the near future.



Automotive continued

Smart Eye’s algorithms are developed using computer vision, deep learning and massive amounts of proprietary and unique data that Smart Eye collects and annotates. These real-world data sets are quickly and cost-effectively expanded with synthetic data (read more on page 19). The algorithms are hardware agnostic and optimized to support a wide range of cameras and Systems on Chip (SoC), from the low to the very high-end.

The versatility of Smart Eye’s algorithms relating to human states, behaviors and objects they can classify correctly and hardware architectures they support is

contributing to Smart Eye’s leading market position in DMS. The company predicts that the same dynamics will play out to the coming Interior Sensing market.

Using the same hardware and software infrastructure used for DMS, Smart Eye’s technology can extend its capabilities to analyze what happens with the people in the entire cabin. The algorithms’ ability to classify a wide range of states, behaviors and objects therefore enable OEMs to cost-effectively add Interior Sensing features that differentiate their cars from the competition.

By having the capability to work closely with OEMs and Tier 1s to develop these new and exciting features

that enhance safety and define the future of mobility, Smart Eye is very well-positioned to continue leading the market.

**Automotive Solutions**

The Automotive Solutions business units sells software to OEMs, mainly through Tier 1 suppliers, for integration in vehicles as well as for use in early-stage R&D. Increasingly, OEMs choose to work directly with Smart Eye, making Smart Eye a software Tier 1.

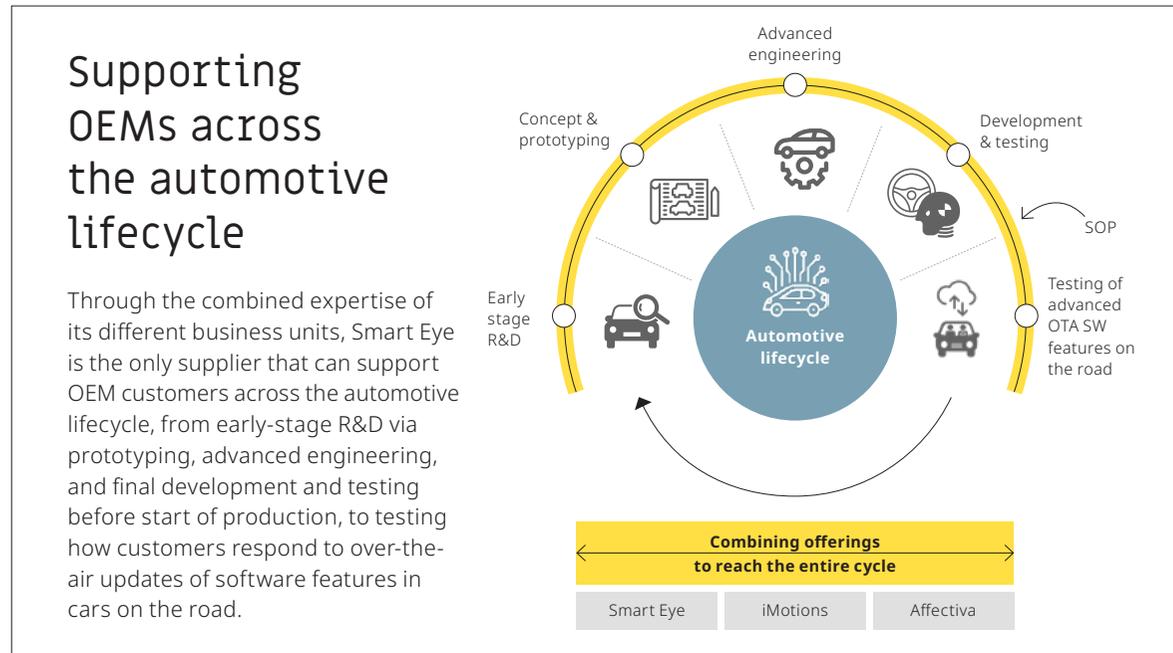
When awarded one or several car models from an OEM, Smart Eye is partly compensated for the development work following the design win in the form of NRE (non-recurring engineering) revenue. Once the car models go into production, Smart Eye receives a high-margin license revenue per produced car.

In addition to revenues from design wins, Smart Eye also gains project fees for prototyping and for the conceptual studies and reference designs the company executes for Tier 1s and OEMs.

**Applied AI Systems**

AAIS sells complete systems combining our leading DMS with proprietary hardware. Customers include small and mid-sized OEMs which integrate our solutions into new cars, and fleet owners that need to retrofit DMS into their vehicles. We believe the retrofit market to be a major growth opportunity going forward. In 2022, AAIS got a breakthrough order from a European luxury sports car manufacturer.

The main source of revenue for the business unit is product sales, sold at a fixed one-time price. There is also the possibility of NRE for integration into specific vehicles.



## Case study

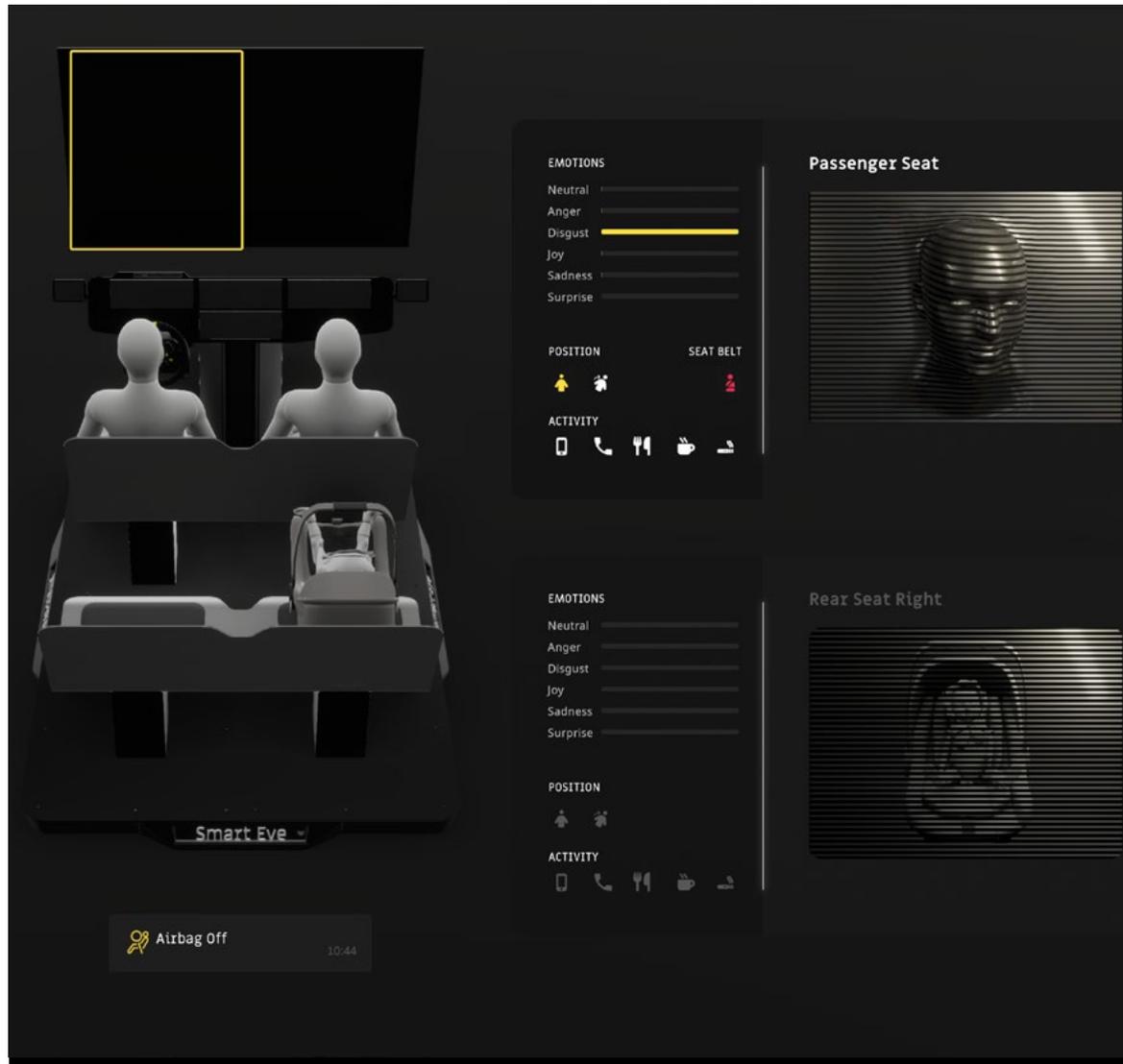
## Differentiating features powered by Interior Sensing AI technology

Automotive Interior Sensing technology is revolutionizing the in-vehicle experience by enabling a range of safety, comfort, and convenience use cases for drivers and passengers alike. By combining driver monitoring with cabin and occupant monitoring, intelligence is extended to the entire cabin.

Interior Sensing can detect the presence of occupants and provide information to the vehicle's safety systems to determine proper seating position or use of seatbelt. It can also detect a child seat and if it is occupied, to ensure no child is ever left behind unattended. Sensors can detect a registered individual and adjust settings for seats, mirrors, and music, lighting, and temperature preferences. And, by monitoring vital signs such as heart rate, respiration rate, and body temperature the vehicle can detect sudden illness.

Advanced Interior Sensing systems detect occupant mood, emotions, and reactions, providing insight into complex human states such as road rage and fear. It also enables automakers to understand, with proper safeguards for privacy, how people who opt-in react to over-the-air software updates that are pushed to their vehicle, as well as their level of enjoyment with the in-vehicle environment and content they are consuming.

"OEMs can build individualized functionality that differentiates them from their competitors with our technology. They come to us with new ideas every month and because the technology is so flexible, we can collaborate with them to realize this," says Detlef Wilke, Vice President Automotive Solutions at Smart Eye.



# Business area

## Behavioral Research

**The Behavioral Research business area contains three separate business units, each with its own strong expertise, offering and business model.**

### Research Instruments

Develops sophisticated eye-tracking systems for numerous world leading research organizations. The systems combine cameras, illumination modules, and top performing algorithms and enable customers to collect data in any environment.

Research Instruments also offers product integration. By integrating our head, face and eye-tracking technology into other products and devices, we enable a better understanding of human-to-human and human-to-machine interactions. It is a growing opportunity with great potential.

Assistive technology is a growing market for Smart Eye, where we have delivered close to a thousand units over the past two years and where our technology helps remove barriers to expression and movement for people with disabilities. A recent example is the Lumin-i from Smartbox.

Customers and partners are found in different industries such as pilot training, assistive technology, medical diagnosis, locomotive driver training, driver training and more, and include names such as NASA, BMW, Audi, Boeing, Airbus, Volvo Cars, GM, Toyo, Universal Studio Media Labs, Johns Hopkins University, and Harvard University.

With customers all over the world, Research Instruments sells mainly direct and partially via resellers and distributors. Revenues are mainly generated from unit license sales, and with a minor revenue stream from software subscription agreements.



## Case study

## Lumin-i from Smartbox removes barriers to expression and movement

Smart Eye partnered with Smartbox to integrate our eye-tracking technology with its new Lumin-i system. The solution is a powerful and precise Grid Pad AAC (Augmentative and Alternative Communication) device. Lumin-i gives AAC users with complex and limited mobility a tool that helps remove barriers to expression and movement, enabling them to experience a more independent life. Lumin-i is effective and reliable indoors as well as outdoors and offers a unique anti-reflection mode to help users who wear corrective glasses with coatings or filters.

Oli is a 17-year-old AAC (Augmentative and Alternative Communication) user who communicates using a Grid Pad communication aid and a Lumin-i eye tracker. Oli is a keen DJ who loves using the power of music to bring people together. He recently won the Alan Martin Award at the 2023 Communication Matters Awards which honors an AAC user who has made a significant contribution to the arts. "I can use Lumin-i outside when it's really bright, and it still follows my eyes," says Oli.





## Case study

### Looking to improve pilot training

Selecting candidates and training them to become pilots is a difficult process. As is certifying and training existing pilots. Smart Eye's eye-tracking solutions can help.

"Firstly, Smart Eye's solutions can be used to screen students before entry into flight school. Today, only 15–25 percent of students finish and become pilots. Secondly, they can be used to improve training," says Solmaz Shahmehr, Vice President of Research Instruments.

Today in training, the instructor sits behind the pilot and is unable to determine where the pilot is looking. With eye-tracking, the pilot's gaze can be measured accurately and unobtrusively.

Learning the proper protocol for instrument monitoring is therefore a crucial aspect of pilot training. According to the US National Transportation Safety Board, 80 percent of flight crew-involved accidents had inadequate monitoring of instruments as a common factor.<sup>1</sup>

"Instructors are telling us that if only they knew where the pilot is looking, they could get to the root causes of student errors much quicker and provide much better instructions," says Shahmehr.

1. National Transportation Safety Board (NTSB). A Review of Flightcrew-Involved, Major Accidents of U.S. Carriers, 1978 through 1990, Safety Study NTSB/SS-94/01; NTSB: Washington, DC, USA, 1994.

## Behavioral Research continued

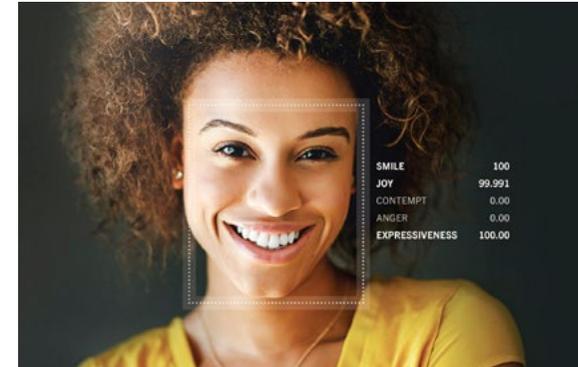
### Affectiva Media Analytics

Spun out of MIT Media Lab, Affectiva pioneered Emotion AI, the deep-learning based software that analyzes human faces to understand nuanced emotional and cognitive states. Affectiva Media Analytics uses Emotion AI to measure consumer emotional and cognitive responses to brand and entertainment content, such as ads, videos and movies. As such, it significantly enhances traditional research methods such as surveys or focus groups.

It is always difficult to tell beforehand how creative work such as ads will be received. Our research partner Kantar found that the return on marketing investment from airing highly creative and effective advertising is four times higher than airing low quality work. That has a huge impact on how far advertising budgets can stretch.

The solutions are used by 90 of the world's 100 largest advertisers and 26% of Fortune Global 500 companies, to increase their odds of success. The amount of content tested reached all-time highs in 2022, with entertainment content growing particularly strongly. The offering is primarily cloud-based but is also available as a software development kit for direct integration into customers' products and services. It is designed to be highly automated and self-serve, making it hugely scalable, with almost 13.5 million audience videos processed by end of 2022 of which more than 1.6 million in the last year.

Customers are both end-users directly, such as consumer goods companies, and their research providers. Revenues consists of provisions for cloud-based analytical services, license fees for the SDK and subscription revenues for access to APIs.



**:) Affectiva**  
a smart eye company

### iMotions

Develops a software platform that enables users to collect, fuse and analyze data from sensors measuring a wide range of biometric responses, such as attention (eye-tracking), emotions (facial expression analysis), galvanic skin response, brain activity, muscle response and heart rate.

Measuring responses through biosensors enables research into human behavior with much higher validity than survey-based methods. The iMotions platform currently integrates and synchronizes data from more than 50 biosensors from 21 different partners, and it

enables their clients to conduct their research much faster and more cost-effectively. In 2022 alone, 36,492 human behavior studies ran in iMotions.

iMotions has a very strong market position in the burgeoning software market for multimodal behavioral research, with an estimated market share of 50 percent. Among the 1,300 customers are 850 universities worldwide and 68 of the world's top 100 research universities. Revenues come from annual license fees from customers in academia, and subscription SaaS revenues from commercial customers. The subsidiary uses a combination of direct sales and resellers.



**IMOTIONS**

## Case study

## Creativity powered by data

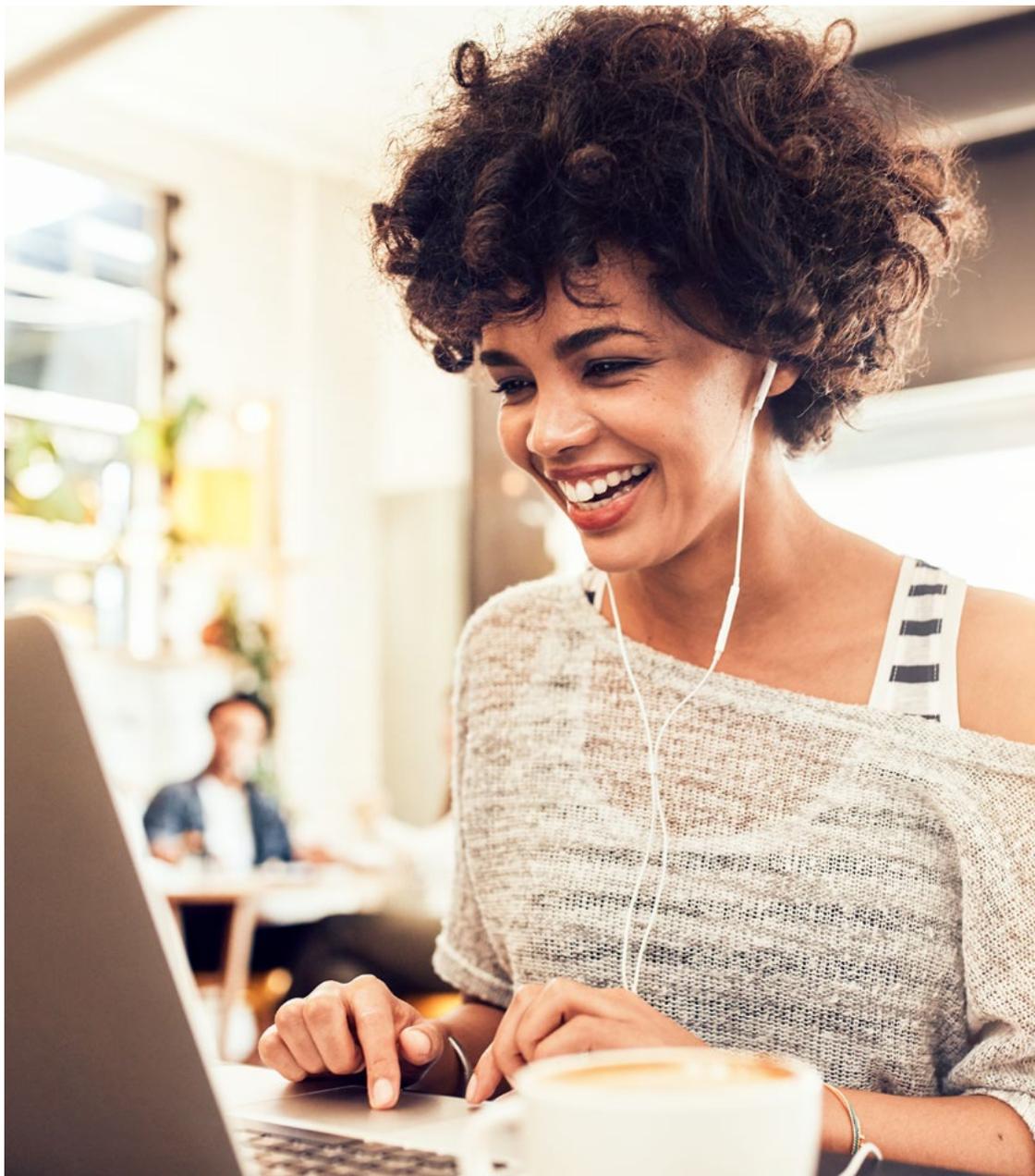
With a global pandemic, war in Ukraine, and socio-economic unrest around the world, advertisers might think that their ads should reflect this gloom by being more serious and using less humor. But is it effective?

At Neuromarketing World Forum in 2022, Graham Page, Global Managing Director of Affectiva Media Analytics, presented data suggesting it might not be. The data was collected from Affectiva's Emotion AI, which measures people's unfiltered and unbiased reactions to content.

"We can see that ads are becoming more emotionally engaging, and this is a long-term trend going back several years, but the emotional response they are soliciting is more negative. And that is not due to the troubling times. It is the ads," says Graham.

Ads focusing on a problem without a solution might resonate with those already engaged, but are often rejected. Offering solutions, hope and positivity are key to engage with wider audiences, Affectiva found.

"To reach wider audiences, positivity is key. The same is true when casting under-represented groups. Positive, empathetic stories can resonate more widely than polemics. Adding Emotion AI-led data to the creative process is key to taking campaigns from good to great," says Graham.



# Innovation

**Smart Eye leads the market through innovation. We are committed to keep developing the leading edge of technology.**

The research department has various innovation-focused responsibilities:

- ▀ Develops new technologies that will be productified in the near term
- ▀ Serves as a trusted technology advisor to regulators and policy makers
- ▀ Collaborates with partners on technology integration, especially for optical sensors and SoCs (System on Chip)
- ▀ Develops our synthetic data sets and supports clients with their synthetic data needs
- ▀ Supports the business units at a technical level

## Synthetic data

Since data is essential for training neural networks, the ability to compile annotated data sets for training quickly and effectively is a competitive advantage. Smart Eye manually collects and annotates data but this is time-consuming and expensive. With its proprietary data synthesis tooling, Smart Eye can automatically generate large amounts of synthetic annotated data to complement real-world data sets. It reduces lead times and cost of development of algorithms and therefore accelerates delivery of our technology to the Tier 1s and OEMs. Automotive OEMs have expressed a keen interest in Smart Eye's synthetic data capabilities as means to accelerate development of algorithms and time to market.



## Fit2drive Detecting intoxicated drivers

Smart Eye and Statens Väg- och transportforskningsinstitut (the Swedish National Road and Transport Research Institute) collaborate on the Fit2Drive project that aims to develop algorithms for detecting driver intoxication. During the year, the project collected data from sensor-equipped vehicles at the Mantorp racing track in Sweden. Drivers drove laps under increasing levels of blood alcohol concentration, from sober up to 1.0 percentile. This is the first data set with visual information about intoxicated drivers. And this is an important first step in assessing if our algorithms can be trained to detect intoxicated driving. The project ended in February 2023.

## Innovation continued



## RE-ENGAGE Prompting the driver to take back control

Smart Eye and Volvo Cars, together with research partner RISE (Research Institutes of Sweden) are exploring how to best prompt a disengaged driver in an autonomous vehicle to safely take back control. In the project, Smart Eye combines a driver monitoring camera and a cabin camera to understand the current driver activity and derives a Driver Ready To Take Over signal based on a combination of activities. The project ended in March 2023.



### Policy advisory

As an active participant in three different industry groups, Smart Eye is advising regulators and legislators to:

1. ensure that public policy objectives are set with an accurate understanding of the technology, and
2. that new regulations, legislation and test protocols are drafted and implemented in a way that makes these policy objectives attainable.

This work establishes Smart Eye as a trusted expert and ensures that the company gets first-hand information on what is happening on the regulatory front.

During 2022, the focus has been on the EU's ADDW (Advanced Driver Distraction Warning) which will require direct monitoring of the driver. This legislation will apply to all new type registrations from July 2024 and all new vehicle registrations from July 2026.

Smart Eye has also advised on the new EuroNCAP test protocols for direct driver monitoring that came in January 2023.



### Case study

## A glimpse of the multimodal future

At CES 2023, Smart Eye demonstrated what iMotions, Affectiva and Smart Eye technology combined can provide for human behavioral research in the automotive industry.

“We were able to successfully integrate Smart Eye’s automotive SDK (Software Development Kit) for gaze and facial expression data, with other sensors like electrodermal activity, thermal cameras for skin temperature as well as pulse rate and radar-based breathing, as a proof-of-concept and demonstrated it at CES,” says Peter Hartzbech, founder and CEO of iMotions.

The technology enables automotive researchers to measure driver behavior in both action and reaction within the car by recording everything from gaze to physiological arousal and even brainwaves. The iMotions software platform integrates and synchronizes data from the different sensors and creates powerful multimodal data sets.

“Car manufacturers in the future will be able to leverage these data sets in their R&D processes, to test their prototypes against ground truth devices and set the foundation for cloud-based analytics. Smart Eye can now offer a tool line from early prototype testing with iMotions all the way to DMS and Interior Sensing within production cars and in driving simulators,” says Hartzbech.

# Sustainability with an eye on saving lives

**A sustainable business culture where we take responsibility for all activities linked to our operations and act according to business ethics, will contribute to Smart Eye's performance as well as a better society.**

Our technology provides deep insight into human behavior and has applicability across many industries. Our work in the automotive industry centers around saving lives and enables human-centric mobility. Our work in Behavioral Research enables researchers in academia and industry to gain a deep understanding of human behavior and engagement with technology, experiences and content. Contributing to a sustainable society is critical to our continued growth and therefore an integral part of Smart Eye's strategy. Simultaneously, our operations also have an impact on our employees, as well as the environment and people through our subcontractors, business partners and potential use of our technology.

In 2022, Smart Eye initiated a group-wide project aimed at systematically addressing the company's sustainability opportunities and risks. The project has defined Smart Eye's scope of sustainability and resulted in several new processes, actions and responsibilities which will be implemented in our daily work in 2023 and beyond.

## **Our sustainability management system** **Our external guidelines**

Smart Eye is committed to the UN Global Compact's 10 Principles and international legislation, conventions and principles, such as the OECD Guidelines for Multi-national Enterprises. We are also committed to

contributing to the 17 Global Sustainability Development Goals. Our main contributions align with the following goals:

- Goal #5: Gender Equality
- Goal #8: Decent Work and Economic Growth
- Goal #11: Sustainable Cities and Communities
- Goal #16: Peace, Justice and Strong Institutions

## **Our internal guidelines**

Sustainable operations are ensured by our company core values and Smart Eye's sustainability framework consisting of group policies and processes, organizational responsibilities, and goals with targets to be monitored.



### Smart Eye's sustainability pillars

#### Responsible Innovation, People and Environment

We reviewed Smart Eye's negative and positive, actual and potential impact on stakeholders. We did this by assessing our operations and activities linked to our business relationships with suppliers, partners, customers, and end-users of our technology. Out of this review we identified areas where our impact is material and have organized these in three pillars: Responsible Innovation, People and Environment.

Smart Eye's mission is to achieve sustainable progress through science and technology for the benefit of all. Saving Lives is a sustainable effect of Smart Eye's commercial strategy to develop life-saving products.



	Suppliers and tech partners	Research partners	Smart Eye	Customers	End-users and affected	Society
<b>Responsible Innovation</b>	Business ethics, anti-corruption					
	Procurement practices					
		Ethical innovation				
	Personal privacy, safe use of technology					
			Transparent information			Transparent information
<b>People</b>			Safe and equal workspace with no discrimination			
			Motivated and proud employees in a learning organization			
<b>Environment</b>			Internal environmental footprint			
				Recycling hardware - end of life		

## Responsible Innovation

To be a credible partner to customers, employees, and the rest of society, we act responsibly by ethics, law, and data privacy, and request the same high standard of our partners and suppliers.

This includes advocating uses of our technology for safe and sustainable purposes. We ensure the ethical development of our technology in a way that mitigates and reduces data and algorithmic bias. We additionally advocate for the ethical deployment of our technology, where opt-in and consent are obtained from end users.

### Business ethics, ethical innovation, anti-corruption, personal privacy

Smart Eye is committed to maintaining the highest ethical standards. We act and do business based on ethical principles such as high integrity, honesty and good judgement. Smart Eye's Code of Conduct clarifies our position on ethics and customer privacy as well as zero tolerance for corruption and discrimination. Any concerns about Smart Eye's deviations from policies and rules and other irregularities can be anonymously reported by employees and the public via a whistleblower function accessible on Smart Eye's website.

As a developer of human-centric software that is built using machine learning, Smart Eye strives for inclusion and reducing discrimination and injustice due to algorithmic and data bias. Thanks to a very large and diverse database, with data from over 90 countries, Smart Eye



can train and validate its software to minimize bias and be mindful of how human behavior differs across cultures and context.

Predominantly, data is stored with customers. In some instances, and for a limited amount of time, data is stored and managed with Smart Eye and is then deleted according to clear processes. Personal privacy is always carefully handled according to laws and regulations.

All Smart Eye's business dealings are transparently performed and accurately reflected in the company records. Financial reporting and accounting are reported in compliance with applicable laws, regulations and accounting practices.

In 2022, no incidents of corruption or any other violations of rules were reported via the whistleblower function or internally.

### Safe use of technology

Smart Eye's software captures anonymous data on human behavior, and processes this in real time. Even though Smart Eye does not store sensitive information, there is a risk that its software can be used for profiling or manipulating people, consequently breaching human rights. Smart Eye advocates for the use of its technology for safe and sustainable purposes. Business is regularly judged based on international embargoes.

### Procurement practices

Predominantly, our operation is based on Smart Eye's software, developed with a few research collaborations with clients, academia and industry groups. We also deliver hardware, based on components sourced from world leading tech partners and assembled by local suppliers in Sweden and China. Smart Eye subsidiary iMotions, resells sensors from recommended partners. In addition, Smart Eye purchases services from local consultants. Suppliers and partners have been selected based on quality and previous collaborations.

To ensure a sustainable value chain, we expect our partners and suppliers to comply with the same sustainability principles regarding environment, people including human rights, and business ethics according to our Code of Conduct.

### Targets to ensure Responsible Innovation

- Internal training: 100 percent of employees will get annual training in Code of Conduct and internal guidelines and policies.
- Whistleblower: Any whistleblower report will initiate investigation within two business days.
- Personal privacy: Zero remarks in the annual GDPR audit.
- Procurement practice: 100 percent of major suppliers' environmental, social and ethical aspects should align with the principles in Smart Eye's Code of Conduct.
- Anti-corruption: Zero incidents of corruption.

### People

Smart Eye's success, innovation and competitive advantage is based on our people. We offer a learning-focused and inclusive organization that attracts and keeps motivated employees, proud of our impact and progress.

### Safe and equal workplace

Diversity among employees and an inclusive business culture is an asset to Smart Eye. It fuels innovation and adds perspective that facilitates a better understanding

of changes around us. At the end of 2022, Smart Eye engaged 274 employees and 26 full-time consultants based in Sweden, US, UK, Germany, Denmark, Egypt, China, and Japan. We are continuously striving to improve gender balance supported by recruitment processes that ensure diverse candidate pools, and cultivation of a gender balanced leadership and monitoring of gender balance in occupation groups compared with industry benchmarks.

Inclusion and a safe workplace are ensured by a respectful work culture based on our company values



and Smart Eye's zero tolerance and action programs against discrimination in the workplace. In 2022, there were no cases of discrimination reported.

**Motivated and proud employees**

As an innovative technology company, cooperation between teams and various country organizations is key to our future success. Smart Eye takes pride in being a learning-focused organization where employees are encouraged to and seek solutions among colleagues. Many of our employees have a background in computer science, several with postgraduate studies. Talent is attracted by the opportunity to contribute to pioneering innovations alongside highly qualified colleagues.

Motivated employees are key for an innovative company. Smart Eyes values of friendliness, competence, balance is fundamental for a working environment that allows open communication and cooperative working. Motivation is regularly checked in employee surveys and interviews, which also address opportunities for the individual to influence their work situation and any issues related to well-being and working conditions. Regular performance and career development reviews are held with employees globally.

**Targets to embrace People**

- Employee satisfaction: > 8 eNPS (employer net promoter score)
- Gender balance: Improvement by monitoring gender distribution in Smart Eye.



## Environment

It is important to us that we continuously reduce our environmental footprint. Smart Eye's total impact on the environment is small. However, we are convinced that everyone must contribute to the environment and climate-related hazards, which we believe is one of the great challenges of our time.

### Environmental footprint

Smart Eye's major environmental impact consists primarily of internal energy consumption at our sites, energy used in our software development, hardware production, data and IT systems, and emissions from business travel.

In line with our Code of Conduct, we strive to use green energy sources for our energy consumption, and we take the initiative to hold meetings digitally when face-to-face meetings are not necessary. Smart Eye's international operations entail some business travel by air, as customer meetings, exhibitions and fairs are an important part of our business.

Components for Smart Eye's Applied AI Systems and Research Instruments products are sourced mainly in China and Taiwan, and assembled in China and Sweden. Emissions from shipping is limited due to small sizes and production numbers.

Any hardware shipped to customers will eventually reach its end of life. Smart Eye encourages recycling of all hardware.

### Targets to preserve Environment

- Recycling: shipping packaging should include general advice on local recycling, and guidance on what to recycle.
- Carbon emission: Business travel should not only be decided on cost, but also environmental impact.

### Going forward

The sustainability initiative started in 2022 with a framework, processes and targets that will be followed by implementing several actions and procedures in 2023 and beyond. As sustainability is an area of constant efforts and improvements, we will monitor our sustainability progress closely and if necessary, validate and update our work.



## Company values



### Human

#### **We value human connection**

Diversity and inclusion make our technology and our company better. We develop technology in the service of humanity – with creativity, empathy, and respect. We value an open, collaborative, warm and fun corporate culture that fosters individual well-being and makes our families a priority.

*We deliver value, but more importantly, we value being human.*

### Groundbreaking

#### **We always learn and innovate**

We are a company of firsts; therefore, we think beyond limitations to push the boundaries of what is possible. We are the world experts in what we do and with an open mind we never stop learning. We continuously strive to build things that have never existed before.

*Every technological leap forwards is preceded by a mind thinking about the future.*

### Perseverant

#### **We get stuff done**

Our curiosity, purpose and passion drive us to solve hard problems and take on new challenges. We work hard – not because we have to, but because we want to. We strive for excellence and we fundamentally believe when there is a will, there is a way.

*Impossible only means you haven't found a way yet.*

### Ethical

#### **We have high integrity and ethics**

We hold the highest standards for all we do, especially the accuracy of our science. We are committed to the ethical development and deployment of AI. We respect people's privacy, speak with clarity and transparency about our technology, and encourage others to do the same. It's not enough to have good intentions, it's what you do that defines you.

*It's not enough with good intentions, it's what you do that defines you.*

# Reduced market capitalization in anticipation of the rights issue

**Smart Eye's share has been listed on Nasdaq First North since 7 December 2016, when its initial offering price was SEK 46. The share is in the Industrial Goods & Services sector, and trades with the ticker SEYE.**

Smart Eye's share price decreased by 77% in 2022, and the closing price for the year was SEK 45.86 as of 30 December, which means that the company's market capitalization at year-end was SEK 1,019 million (4,354) a decrease by 77%. Smart Eye shares with a value of SEK 2,771 million (5,432) were traded in 2022, equating to average daily turnover of SEK 11.0 million (21.5). Shares traded in 2022 correspond to 173% (159) of the average number of shares outstanding in the year. Smart Eye's Certified Adviser is Erik Penser Bank, +46 (0)8 463 80 00, or email [info@penser.se](mailto:info@penser.se).

## Shares and share capital

At the beginning of 2022, the number of shares outstanding was 22,148,650 (16,630,882), and share capital was SEK 2,214,865.0. Smart Eye conducted one

issue of consideration shares in 2022. Accordingly, at year-end 2022, the total number of Smart Eye shares outstanding was 22,232,951 and share capital was SEK 2,223,295.1. All shares have equal voting rights and give entitlement to an equal share in the company's assets.

## Shareholders

The First Swedish Pension Insurance Fund, Handelsbanken Funds and Swedbank Robur remains as major shareholders. Co-founders Mats and Martin Krantz also remain among the company's largest shareholders. In total, the number of shareholders remained in line with previous year, i.e. 13,457 (13,381).

## Outstanding incentive programs

At an EGM 29th June it was resolved on the adoption of a long-term incentive program in the form of performance-based share options directed at employees within the Smart Eye group. Under the Share Option Program 2022, participants are given the opportunity to receive shares free of charge, so called performance shares. The maximum number of performance shares

Closing price (SEK)  
30 December 2022

45.86

## Ten largest shareholders, December 31 2022

Name	Shares of votes and capital	Number of shares	Market cap SEK m
Första AP-fonden	8.20%	1,816,271	83.29
Handelsbanken Fonder	7.08%	1,568,042	71.91
Mats Krantz with related party	5.26%	1,165,434	53.45
Swedbank Robur Fonder	4.65%	993,627	47.22
Consensus Asset Management	4.31%	955,000	43.80
Avanza Pension	4.16%	921,755	42.27
Martin Krantz	3.98%	881,300	40.42
Anders Jöfält	3.90%	863,433	39.60
Linda Jöfält	3.37%	747,490	34.28
Aktia Asset Management	1.78%	394,000	18.07
Others	53.30%	11,890,519	545.30
<b>Total</b>	<b>100%</b>	<b>22,232,951</b>	<b>1,019.60</b>

will amount to 440,000, whereby 378,500 shares shall be allotted to participants and 61,500 shares shall be used by the Company to cover social security contributions associated with the program. In order to enable the incentive programme, the EGM also resolved on an issue of not more than 440,000 warrants directed at the wholly-owned subsidiary JN Data i Göteborg AB, as a result of which the Company's share capital may increase by a maximum of SEK 44,000. The company also has three current incentive programs adopted by the AGMs on 8 May 2020, 14 April 2021 and 8 October 2021.

### Dividend policy

Smart Eye is in a development phase, with any surpluses planned for reinvestment in the company's progress. The Board of Directors does not intend to propose dividends. Any dividends will be resolved by the AGM after proposal from the Board.

## Share price performance in 2022



## Share price performance and trading volume

	2022	2021	2020	2019
Closing price December	45.86 SEK	196.60 SEK	217.00 SEK	118.00 SEK
Market capitalization December	1,019.6 m	SEK 4,354.4 m	SEK 3,608.9 m	SEK 1,784.0 m
Share price performance in the year	-76.7 %	-9.4 %	83.9 %	73.5 %
Share price high	206 (3 jan)	SEK 285 (1 jun)	SEK 220 (28 dec)	SEK 125 (4 apr)
Share price low	38 (7 dec)	SEK 173 (12 oct)	SEK 44 (18 mar)	SEK 66 (2 jan)

# Management report

The Board of Directors and Chief Executive Officer of Smart Eye AB (publ), corporate identity number 556575-8371, hereby present the annual accounts for the financial year 2022. Figures in brackets are for the previous year.

## Operations

Smart Eye group is the global leader in Human Insight AI, using machine learning and a multimodal approach to understand, support, and predict human behavior in complex environments. Its mission is to bridge the gap between humans and machines for a safe and sustainable future. Smart Eye group consists of two business areas, Automotive and Behavioral Research.

Solutions from the Automotive business area are embedded in next-generation vehicles, leading the way towards safer and human-centric mobility. The offering includes road-ready DMS and advanced Interior Sensing solutions, built on two decades of automotive experience and proven by 217 design wins from 19 of the world's leading vehicle manufacturers, including BMW and Polestar. The business area also provides complete hardware and software solutions for fleet and after-market, supporting drivers in vehicles on the road.

Within Behavioral Research, Research Instruments develops and sells one of the world's most advanced eye-tracking systems for analyzing human behavior.

Thanks to its unparalleled performance in complex situations, this technology offers deep insights into human behavior and human-machine interaction in automotive, aviation, assistive technology, behavioral science and many more fields. Today, the technology is used by NASA, Airbus, Boeing, Daimler, Audi, GM, Harvard University and hundreds of research organizations and universities around the world.

Affectiva Media Analytics is humanizing technology by pioneering emotion AI, helping companies gain a deeper understanding of how consumers engage with their content, products, and services, in automotive, media & entertainment, market research and beyond. The solutions are used by 26% of the Fortune Global 500 companies and 90 of the world's 100 largest advertisers.

iMotions provides the world's leading biosensor software platform, which synchronizes data streams in real time from multiple sensors. Used by over 1,300 organizations around the world, the iMotions platform enables researchers in academia and industry to gain a more comprehensive understanding of human behavior much faster and more easily.

Smart Eye was founded in 1999, and is headquartered in Sweden with offices in the US, UK, Germany, Denmark, Egypt, Singapore, China, and Japan.

## Subsidiaries

The group has subsidiaries in the US, Affectiva Inc and Smart Eye International Inc.; in Denmark, iMotions A/S; in Japan, Smart Eye Japan Co.; China, Chongqing Smart Eye Technology Co., Ltd.; and Germany, Smart Eye GmbH. There were no purchases or sales from or to the subsidiary JN Data AB, which was dormant in the financial year.

## Sustainability

In 2022, Smart Eye initiated a group-wide project aimed at systematically addressing the company's sustainability opportunities and risks. On pages 24–30, Smart Eye give account for this initiative, its sustainability framework with targets, and how the company will go forward.

## Revenue

### Group

Net sales amounted to SEK 219.5 (109.7) million, an increase of 100% on the previous year. The growth is impacted by both the consolidation of Affectiva and iMotions and that iMotions has started to accrue recurring revenue. This revenue will instead be recognized during the twelve months following the periodization. Adjusted for the above effects, the underlying organic growth was 14%.

Net sales of the Automotive business area (Automotive Solutions and AAIS) in the year were SEK 49.9 million, compared with SEK 47.2 million in the previous year, an increase of 6%. The increased sales are due to a combination of license revenue growth, and continued project revenue.

The Behavioral Research business area's (Research Instruments, Affectiva Media Analytics and iMotions) net sales in the period amounted to SEK 169.7 (62.5) million, with the high growth of 172% due to the consolidation of Affectiva's Media Analytics business and iMotions. Adjusted for the consolidation effects from the acquisitions of Affectiva and iMotions and the change in reporting of recurring revenue in iMotions, the organic growth in the Behavioral Research business area is 16%, confirming a continued good performance and market momentum.

#### Parent company

Net sales for January to December 2022 amounted to SEK 96.6 (78.1) million. Continued growth in both Automotive and Behavioral Research are the reason for the increased sales.

#### Results of operations

##### Group

EBITDA was SEK -193.8 (-71.7) million. A significant increase of personnel compared in the second half of the year is the reason for the lower result compared to last year. Additional personnel costs due to the acquired resources in Boston and Cairo does also have a negative effect on the result. A cost reduction program was

executed at the end of the fourth quarter of 2022, that will reduce the personnel cost with 10% on an annual basis. The cost reduction initiative will largely have effect already from Q1 2023.

The operating loss was SEK -343.0 (-130,9) million. Amortization of the surplus value created in conjunction with the Affectiva and iMotions acquisitions amounted to SEK 111.1 million.

#### Parent company

The operating loss for the year totalled SEK -158.5 (-83.2) million.

#### Cash flow and financial position

In addition to cash and cash equivalents of 62.7 SEK million, the Group has two unutilized bank overdrafts facilities of SEK 5 million and DKK 8 million.

The equity ratio was 77% at year-end, compared to 83% at the corresponding point of the previous year. Cash flow from operating activities before changes in working capital in the January-December period was SEK -185.1 (-70.3) million. Cash flow after changes in working capital in the same period was SEK -180.1 (-102.4) million.

#### Significant events in the financial year

##### A record number of design wins

During 2022, Smart Eye was awarded a historical record number of design wins of Driver Monitoring Systems (DMS). All in all up to 105 design wins were recorded, both from existing and new OEMs, where 5 additional OEMs were added to the customer list.

In total, the value of the awarded design wins is estimated to be SEK 1,560 million, based on forecasts of the estimated product lifecycle.

#### Smart Eye Wins 800 MSEK DMS Deal with Large North American OEM

In December Smart Eye received up to 53 new Driver Monitoring System (DMS) design wins from a new customer, which is a major North American car manufacturer, with a global production footprint. A part of the volume is targeted towards fulfilling upcoming European legislation that makes DMS mandatory, starting in 2024 for new platform cars. In 2026, all European cars including legacy platforms are included. The models that include Smart Eye's technology will start going into production in 2024 and continue well into the 2030's. The estimated revenue for the order is SEK 800 million, based on a seven-year product life cycle.

#### Smart Eye awarded a DMS design win with a European-American automotive alliance

Also in December, Smart Eye, received 34 design wins from two existing and one new OEM customer together with a Tier 1 supplier. The car manufacturers belong to a European-American automotive alliance, which constitutes one of the largest vehicle producers in the world. The nomination means Smart Eye will deliver its driver monitoring system software to 34 new car models to fulfill upcoming European legislation. The models to include Smart Eye's technology will start going into production in 2025 and be

fully ramped up by 2026. The estimated revenue for the order was SEK 350 million, based on product life cycle volume projections.

### First design with Smart Eye's Hardware and Software Driver Monitoring System

In December Smart Eye was awarded important breakthrough design win for AIS, Smart Eye's end-to-end Driver Monitoring System (DMS), for small-volume OEMs, vehicle fleets and aftermarket customers. The design win, with an estimated life cycle revenue of SEK 40 million, was awarded by European Luxury Sports Car Manufacturer.

### Board of Directors in Smart Eye decided to resolve on a fully covered rights issue

In December, the Board of Directors in Smart Eye communicated the intent to resolve on a fully covered rights issue of approximately SEK 325 million. The decision was taken to ensure that the company can continue to invest in the long-term development of the future DMS generation and Interior sensing. In conjunction with the decision to resolve on the rights issue a bridge loan of SEK 60 million was taken up.

The Rights Issue process was finalized late February 2023. Together, subscriptions with support of subscription rights and subscription applications for subscription without support of subscription rights corresponded to approximately 160 percent of the offered shares in the Rights Issue. Thus, the Rights Issue was fully subscribed and no guarantee commitments have

been utilized. As a result of the Rights Issue, Smart Eye has received total issue proceeds of approximately SEK 324 million before deduction of transaction costs. Upon receipt of the proceeds, the bridge loan of SEK 60 million was paid off.

### Smart Eye executing a cost reduction program

In conjunction with the announcement in December, that the Board of Directors in Smart Eye had taken the decision to resolve on a fully covered rights issue, the group also decided on measures to adapt the group's cost profile and development thereof. As the group executed on these measures the personnel expense run rate were reduced with approximately 10% on a yearly basis, which corresponds to a reduction of approximately SEK 30 million on an annual basis. The measures were initiated and completed at the end of the fourth quarter and are expected to give an effect already in the first quarter of 2023.

### Proposed appropriation of earnings

The following funds are at the disposal of the Annual General Meeting:

	2022
Retained earnings	1,288,663,778 SEK
Loss for the year	-158,615,594 SEK
	<b>1,130,048,185 SEK</b>
The Board of Directors proposes that these funds are carried forward:	
Carried forward	1,130,048,185 SEK
	<b>1,130,048,185 SEK</b>

### Future progress, significant risks and uncertainties

#### Operational risks

There are risk factors in operating activities that may negatively impact the group's business and financial position.

The capacity to retain current staff, and potential to hire new staff, are critical to the group's future progress. If key staff leave the group, or if the group is unable to attract qualified staff, this may negatively impact on the group's operating activities.

Delays to the group's development work, or an inability to keep pace with technological progress, may reduce or eliminate the group's competitiveness.

Inadequate quality of the products the group delivers could result in damages claims being filed against the group. There is also a risk that inadequate product quality could result in reduced demand for the group's products.

The group's intangible assets are highly significant to its operating activities. If the group is unable to protect its intangible assets, other parties may succeed in developing operations similar to the group's, replicating or otherwise exploiting the technology and products the group utilizes and develops. If the group's measures to protect its intangible assets are inadequate or its assets are misused, this may impact on the group's operating activities. The group may also be compelled to initiate legal proceedings to protect its intangible assets and commercial secrets. Such proceedings may generate significant costs and occupy the time of the group's senior executives.

Acquisitions and integration of acquired companies could consume more resources than expected and therefore slow down other important operational activities.

### Financial risks

A long term sustainable positive cash flow generation is a prerequisite for a continuation of the operations and to allow for investments in the long-term competitiveness of the group. The company is currently financed through share capital and finalized a rights issue late February. The purpose of the rights issue is to strengthen the company's financial position and finance the remaining capital requirement until the company becomes cash flow positive, which is expected during the second half of 2024. As previously mentioned, the group reduced the personnel expense run rate with approximately 10% in December, which corresponds to a reduction of approximately SEK 30 million on an annual basis.

Should the inflationary situation in the global economy accelerate, there is a risk of continued upward pressure on the cost base of the company. Should the company not generate the planned revenue growth and face challenges in reducing the cost base accordingly, it could render in an insufficient cash flow during the time perspective assessed by the Board. This could result in additional capital requirements, through loan financing or an additional share issue.

As from the first quarter 2023 the board and management has implemented a conscientious quarterly forecasting cycle and short-term operational cash flow projections. Longer term as the sales increase, the

company will face an increased currency exposure since most of the company's sales will be denominated in a currency other than Swedish kronor.

### Market risks

Human Insight AI, including eye-tracking, is an emerging technology. There is a risk that interest in the technologies declines, which may have a negative impact on the group's sales. In the Behavioral Research business area, the biggest short term market risk is the availability of funding for academic research. A general decline in funding could be partly offset by an increased penetration of the market as the presence of the group's technology is still emerging.

The group's main objective is to provide driver monitoring and Interior Sensing technology for the automotive industry, which assumes that car manufacturers decide to integrate these technologies with safety functions and self-driving functionality into forthcoming models. There is a risk that the automotive industry decides to introduce DMS and Interior Sensing at a slower rate than the group expects. There is also a risk that consumers do not recognize the value of the functionality that technology enables, which may reduce automotive industry interest in the technology, and thus the group's products. Overall, the delayed or abortive introduction of DMS and Interior Sensing in the automotive industry may cause a risk of lower growth rates, or the complete absence of growth potential for the group, with a negative impact on the group's operating activities. The group's planned growth rate and thereby path to profitability as well as positive cash flow generation is strongly connected to the introduc-

tion of legislation in the European Union that is making DMS mandatory. At the time of publishing this report, there are no indications of a delay of this legislation.

### Corporate governance

The group endeavors to maintain a high standard of corporate governance through the clarity and simplicity of its management systems and governance documents. The corporate governance of Smart Eye AB proceeds from Swedish law, mainly the Swedish Companies Act, Annual Accounts Act and the rules for issues on the First North Growth Market.

### The work of the Board of Directors

The main duty of the Board of Directors is to manage the group's operations in a way that optimally promotes shareholder interests and generates long-term healthy returns on capital. The work of the Board of Directors is formalized by legislation and regulations including the Swedish Companies Act, the Articles of Association and the Rules of Procedure the Board of Directors has adopted for its work. The Board's rules of procedure, with instructions for the Chief Executive Officer and reporting instructions, are updated and adopted annually. The Rules of Procedure define the Board's working methods and are based on considerations including a yearly cycle. Each Board meeting has one or more themes, and in addition, the Board deals with matters that are ongoing and arising.

## Group

## Five-year summary

	2022	2021	2020	2019	2018
Net sales, TSEK	219,539	109,679	65,097	49,817	50,778
Operating expenses, TSEK	-343,034	-130,909	-77,156	-105,723	-55,998
Operating margin, %	neg.	neg.	neg.	neg.	neg.
EBITDA, TSEK	-193,822	-71,711	-55,598	-87,210	-42,235
Profit/loss after tax, TSEK	-340,285	-132,713	-77,557	-106,362	-56,404
Earnings per share, SEK	-15.31	-5.99	-4.66	-7.03	-4.29
Earnings per share after full dilution, SEK	-15.31	-5.99	-4.66	-7.03	-4.29
Return on equity, %	-26.1	-21.1	-20.1	-35.8	-33.3
Total assets, TSEK	1,681,082	1,745,342	386,468	297,139	204,101
Equity, TSEK	1,302,772	1,449,895	352,627	251,547	169,312
Equity per share, SEK	58.60	65.46	21.20	16.64	12.88
Equity per share after full dilution, SEK	56.27	63.80	20.70	16.36	12.72
Equity ratio, %	77	83	91	85	83
Cash liquidity, %	22	279	253	403	370
No. of shares	22,232,951	22,148,650	16,630,882	15,118,984	13,146,943
No. of shares after full dilution	23,150,451	22,726,150	17,031,082	15,379,184	13,307,143

Definitions of key ratios are presented in Note 1.

## Group

## Income statement

TSEK	Note	2022	2021
<b>Operating revenue</b>			
Net sales	3, 4	219,539	109,679
Cost of goods sold		-27,040	-12,429
<b>Gross Profit</b>		<b>192,499</b>	<b>97,250</b>
<b>Profit/loss from financial items</b>			
Sales expenses	5, 7, 8	-162,529	-80,430
Administrative expenses	5, 6, 7, 8	-142,225	-58,406
Research and development expenses	5, 7, 8	-245,526	-102,117
Other operating income		19,190	15,279
Other operating expenses		-4,443	-2,485
<b>Operating profit/loss</b>		<b>-343,034</b>	<b>-130,909</b>
<b>Profit/loss from financial items</b>			
Interest income and similar profit/loss items		26	0
Interest expenses and similar profit/loss items		-1,044	-290
<b>Total profit/loss from financial items</b>		<b>-1,018</b>	<b>-290</b>
<b>Profit/loss after financial items</b>		<b>-344,052</b>	<b>-131,199</b>
Tax on the result for the period	9	3,767	-1,514
<b>Net profit/loss for the year</b>		<b>-340,285</b>	<b>-132,713</b>

## Group

## Balance Sheet

TSEK	Note	2022	2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
<i>Intangible assets</i>			
Capitalized development expenditure	10	249,173	189,227
Goodwill	11, 24	786,802	760,496
Concessions, patents, licenses and similar rights		46	83
Trademarks	12	75,069	72,464
Technology	13	309,841	272,952
Customer relationships	14	84,415	81,735
		<b>1,505,346</b>	<b>1,376,957</b>
<i>Tangible assets</i>			
Equipment, tools, fixtures and fittings	15	6,282	4,667
<b>Total non-current assets</b>		<b>1,511,628</b>	<b>1,381,624</b>
<b>Current assets</b>			
<i>Inventories, etc.</i>			
Raw materials and consumables		10,397	6,557
<i>Current receivables</i>			
Trade receivables		50,968	43,011
Current tax assets		4,556	3,970
Other current receivables		8,440	13,290
Prepaid expenses and accrued income	16	32,435	18,530
		<b>96,399</b>	<b>78,801</b>
Cash and bank balances		62,658	278,360
<b>Total current assets</b>		<b>169,454</b>	<b>363,718</b>
<b>Total assets</b>		<b>1,681,082</b>	<b>1,745,342</b>

## Group

## Balance Sheet, continued

TSEK	Note	2022	2021
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		2,223	2,215
Other contributed equity		1,887,874	1,867,060
Other equity		-587,325	-419,378
<b>Total equity</b>		<b>1,302,772</b>	<b>1,449,895</b>
<b>Provisions</b>			
Deferred taxes	17	134,185	118,992
<b>Total provisions</b>		<b>134,185</b>	<b>118,992</b>
<b>Non-current liabilities</b>			
Other non-current liabilities	18	0	75,822
Other liabilities to credit institutions	19	1,741	3,084
<b>Total non-current liabilities</b>		<b>1,741</b>	<b>78,906</b>
<b>Current liabilities</b>			
Interest-bearing liabilities		60,000	0
Other liabilities to credit institutions	19	1,006	0
Advance payments from customers		1,002	1,644
Trade payables		28,414	20,235
Tax liabilities		21	0
Other current liabilities		84,573	37,003
Accrued expenses and deferred income	20	67,368	38,667
<b>Total current liabilities</b>		<b>242,384</b>	<b>97,549</b>
<b>Total equity and liabilities</b>		<b>1,681,082</b>	<b>1,745,342</b>

## Group

## Equity

TSEK	Share capital	Other contributed equity	Other equity	Total equity
<b>Opening balance 2021-01-01</b>	<b>1,663</b>	<b>677,943</b>	<b>-326,977</b>	<b>352,628</b>
New issue after issue costs	232	469,063		469,295
Non-cash issue	281	655,771		656,052
Set-off issue	23	56,498		56,521
Option program 2018	16	7,785		7,801
Option program 2021			531	531
Translation difference			39,781	39,781
Net profit/loss for the year			-132,713	-132,713
<b>Equity 2021-12-31</b>	<b>2,215</b>	<b>1,867,060</b>	<b>-419,378</b>	<b>1,449,895</b>
<b>Opening balance 2022-01-01</b>	<b>2,215</b>	<b>1,867,060</b>	<b>-419,378</b>	<b>1,449,895</b>
Set off issue <sup>1)</sup>	8	20,814		20,822
Option program 2021			2,345	2,345
Incentive program 2022			2,124	2,124
Translation difference			167,870	167,870
Net profit/loss for the year			-340,285	-340,285
<b>Equity 2022-12-31</b>	<b>2,223</b>	<b>1,887,874</b>	<b>-587,325</b>	<b>1,302,772</b>

The share capital consists of 22,232,951 shares with a quota value of SEK 0.1.

1) During the period ongoing a set-off issue was registered and the share capital increased by SEK 8,430,10.

## Group

# Cash Flow Statement

TSEK	2022	2021
<b>Operating activities</b>		
Operating profit/loss after depreciation and amortization	-343,034	-130,909
Reversal of depreciation and amortization	149,212	59,198
Reversal of non-cash items	11,329	3,183
Finance payments received	26	0
Finance payments paid	-1,044	-290
Tax	-1,590	-1,449
<b>Cash flow from operating activities before changes in working capital</b>	<b>-185,101</b>	<b>-70,268</b>
<b>Change in working capital</b>		
Change in inventories	-3,840	-1,354
Change in trade receivables	-7,957	2,775
Change in other current receivables	-8,051	-4,754
Change in trade payables	8,179	8,038
Change in other current liabilities	16,654	-36,813
<b>Changes in working capital</b>	<b>4,984</b>	<b>-32,108</b>
<b>Cash flow from operating activities</b>	<b>-180,117</b>	<b>-102,376</b>

## Group

## Cash Flow Statement, continued

TSEK	2022	2021
<b>Investment activities</b>		
Acquisition of intangible assets	-90,096	-55,274
Acquisition of tangible assets	-5,341	-944
Acquisition of subsidiaries	0	-257,584
<b>Cash flow from investing activities</b>	<b>-95,436</b>	<b>-313,802</b>
<b>Financing activities</b>		
New share issue	0	469,870
Option program	0	7,802
Current liabilities	60,000	0
Non-current liabilities	-859	-1,592
<b>Cash flow from financing activities</b>	<b>59,141</b>	<b>476,079</b>
Translation difference	710	-243
Cash flow	-215,702	59,658
Opening cash and cash equivalents	278,360	218,701
<b>Closing cash and cash equivalents</b>	<b>62,658</b>	<b>278,360</b>

## NOTE 1 Accounting policies and valuation principles

The company's annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board's recommendation BFNAR 2012:1 Annual Accounts and Consolidated Accounts (K3). The accounting policies are unchanged from the previous year.

### Consolidated accounts

The consolidated accounts include those entities in which the parent company holds more than 50% of the vote directly or through subsidiaries, or otherwise exerts a controlling influence pursuant to the Swedish Annual Accounts Act (ÅRL 1:4). The consolidated financial statements have been prepared in accordance with the purchase method, which means that subsidiaries' equity on acquisition, measured as the difference between the fair value of assets and liabilities, is wholly eliminated. Accordingly, consolidated equity only includes that portion of subsidiaries' equity that is added after acquisition. The minority share of acquired net assets are measured at fair value. Goodwill is the difference between acquired identifiable net assets at the acquisition date and cost including the value of the minority interest, and is initially measured at cost.

On each closing day, the company makes an assessment of whether there is any indication that the value of goodwill is lower than the carrying amount. If such indication exists, the company computes the recoverable amount of goodwill and conducts an impairment test. In the impairment test, goodwill is allocated to the cash-generating units that are expected to benefit from the acquisition. If the recoverable amount of a cash-generating unit is measured at a lower value than its carrying amount, the impairment loss is allocated. First, the carrying amount of the goodwill related to the cash-generating unit is impaired, and then, the carrying amount of other assets are impaired in proportion to the carrying amount of each asset in the unit.

The company's consolidated accounts cover all companies stated in note 11 of the parent company.

### Business combinations

Business combinations are reported according to the purchase method.

The purchase consideration of a business combination is measured at fair value at the acquisition date, which is computed as the total of the fair values of assets transferred, occurring all liabilities taken over, as well as equity instruments issued and expenses directly attributable to the business combination. Transaction expenses are examples of

this expenditure. The purchase consideration includes contingent considerations, providing it is likely that the purchase consideration will be restated at a later date, and the amount can be measured reliably. The cost of the acquired entity is restated in the balance sheet and when the final purchase consideration is specified, albeit no later than one year after the acquisition date.

The identifiable acquired assets and liabilities taken over are accounted at fair value as of the acquisition date with the following exemptions:

- Pension obligations are measured pursuant to K3 chapter 28 Employee Benefits
- Deferred tax assets and deferred tax liabilities are measured pursuant to K3 chapter 29 Income Tax
- Liabilities for share-based payment are measured according to K3 chapter 26 Share-based Payment
- Contingent liabilities, which are measured pursuant to K3 chapter 21 Provisions, Contingent Liabilities and Contingent Assets

A provision for expenditure for restructuring of the acquired entity's operations is included in the acquisition analysis only to the extent that the acquired entity already satisfied the criteria for reporting a provision prior to the acquisition date.

### Foreign currencies

Monetary asset and liability items in foreign currencies are measured at the exchange rate on the balance sheet date. Transactions in foreign currencies are translated at the spot rate on the transaction date.

### Revenue Goods

Sales of goods are recognized when the significant risks and benefits are transferred from the seller to the buyer in accordance with the terms of sale. Sales are recognized after deductions for VAT, discounts and exchange rate differences for sales in foreign currencies. System revenue for which there are non-delivered components that are a condition for the functionality of the system is recognized when these components are delivered.

### Service assignments

For service assignments at current prices the revenue attributable to a completed service assignment is recognized in pace with completion of the work and the delivery or use of the material.

### Capitalized work for own account

See further under intangible assets.

### Furlough support

Central government support for compensation of furloughed staff in the year is recognized as other operating revenue.

### License revenue

In the Automotive Solutions business unit, the company receives license revenue from customers based on the number of vehicles produced. According to agreements, the number of cars manufactured is reported by the customers on a quarterly basis, together with the agreed price per license. Smart Eye invoices the customers according to the reports and the revenue is recognized in the quarter that cars are produced. In the Behavioral Research segments, the group has license agreements with customers. This license revenue is periodized over the contract period according to the length of each contract.

### Income tax

#### Current tax

Current tax is measured based on the tax rates and tax rules on the balance sheet date. Deferred tax is measured based on the tax rates and tax rules decided prior to the balance sheet date. Deferred tax liabilities concerning temporary differences that are related to investments in subsidiaries are not recognized in the consolidated accounts, since the Parent Company may in all cases determine the time of reversal of the temporary differences, and it is not deemed to be probable that reversal will take place in the foreseeable future.

#### Deferred tax

Deferred tax assets pertaining to loss carry-forwards or other future tax deductions are recognized to the extent that it is likely that the loss carry-forwards can be offset against surpluses in conjunction with future taxation.

Receivables and liabilities are recognized net only when there is a legal right of offset. Current tax, like the change in deferred tax, is recognized in profit or loss unless the tax is attributable to an event or transaction that is recognized directly in shareholders' equity.

## NOTE 1 continued

### Leases

Lease arrangements where essential, the economic benefits and risks attributable to the leased item remain with the lessor, are classified as operating leases in the consolidated accounts, where payments under these arrangements are recognized as an expense on a straight-line basis over the lease term.

Lease arrangements where essential, the economic risks and rewards of owning an asset are transferred from the lessor to an entity in the group are classified as finance leases in the consolidated accounts. Finance leases imply that rights and obligations are recognized as an asset and liability respectively in the balance sheet. The asset and liability are initially measured at the lower of the asset's fair value and the present value of minimum lease payments. Expenditure directly attributable to the lease arrangement is added to the value of the asset. Variable expenses are reported in the period they occur. The leased asset is depreciated on a straight-line basis over its estimated useful life.

The group has operating leases only.

### Employee benefits

Employee benefits in the form of salaries, holiday pay, paid sick leave, etc., as well as pensions, are recognized as they are earned. The company only has defined-contribution pension plans. There are no other long-term employee benefits.

### Defined-contribution pension plans

Under defined-contribution pension plans, the company pays fixed contributions to a separate independent legal entity and does not have any obligation to pay additional contributions. The company's earnings are charged with expenses as the benefits are earned, which normally corresponds to the time when the premium is paid.

### Intangible assets

Intangible non-current assets are recognized at cost less accumulated amortisation and any impairment. Cost includes costs directly attributable to the acquisition of the asset. Intangible non-current assets are amortised on a straight-line basis over the asset's estimated useful life. Straight-line amortisation is applied. Amortisation is recognized as a cost in the income statement.

### Development work

Development costs are capitalized if the project is assumed to be of significant future value to the company. Capitalisation pertains to development costs for a specific application and which are clearly delineated for the project. The group applies the capitalisation model for internally developed intangible assets.

### The following amortisation schedule is applied:

- Capitalized development expenditure: 10 years
- Goodwill: 10 years
- Trademarks: 10 years
- Technology: 5–10 years
- Customer relationships: 10 years
- Other intangible assets: 10 years

### Acquisitions as part of a business combination

Intangible assets acquired in a business combination are identified and reported separately from goodwill when they fulfill the definition of an intangible asset, and their fair value can be measured reliably. The cost of such intangible assets consists of fair value at the acquisition date. After first-time recognition, the intangible assets acquired in a business combination are reported at cost less accumulated amortisation and any accumulated impairment in the same way as intangible assets acquired separately.

### Tangible assets

Property, plant and equipment is recognized at cost less accumulated depreciation and any impairment.

Cost includes costs directly attributable to the acquisition of the asset.

Additional expenses concerning assets that are not divided into components are added to the cost if they are estimated to give the company future economic benefit, to the extent that the asset's performance increases in relation to the asset's value on the acquisition date. Expenses for ongoing repair and maintenance are recognized as costs. Property, plant and equipment is depreciated on a straight-line basis over the asset's estimated useful life. Any residual value of the asset is taken into account when determining the assets' depreciable amounts. Straight-line depreciation is applied. Depreciation is recognized as a cost in the income statement.

### The following depreciation schedules are applied:

- Equipment and tools: 5 years
- Computers: 3 years

If an asset's carrying amount exceeds its estimated recoverable amount, the asset is immediately written down to its recoverable amount.

### Impairment

When there is an indication that an asset or a group of assets is impaired, their carrying amount is measured. In those cases the carrying amount exceeds estimated recoverable amount, the carrying amount is immediately impaired to this recoverable amount.

### Financial instruments

Financial instruments recognized on the balance sheet include trade receivables, other receivables, trade payables and loans. The instruments are recognized on the balance sheet when the company becomes party to the contractual terms of the instrument.

Financial assets are derecognized from the balance sheet when the right to receive cash flows from the instrument has expired or has been transferred, and the company has transferred essentially all risks and benefits associated with the right of ownership. Financial liabilities are derecognized from the balance sheet when the obligations in the contract are met or otherwise lapse.

### Trade and other receivables

Receivables are recognized as current assets, with the exception of items falling due more than 12 months after the balance sheet date, which are classified as non-current assets. Receivables are recognized in the amount at which they are expected to be received less individually assessed doubtful debts.

### Loans and trade payables

Loans and trade payables are initially recognized at cost after deducting transaction costs. If the recognized amount differs from the amount to be repaid on the due date, the difference is accrued as an interest cost or interest income over the term of the loan. This means that as of the due date the recognized amount corresponds to the amount to be repaid.

## NOTE 1 continued

---

### Inventories

Inventories are measured at the lower of cost and net realizable value on the balance sheet date. Cost is calculated according to the first-in, first-out (FIFO) principle. Net sales value is the sales value after deducting calculated costs that can be attributed directly to the sales transaction.

### Provisions

A provision is recognized on the balance sheet when the company has a formal or informal obligation due to an event that has occurred, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

### Cash Flow Statement

The cash flow statement presents the changes in the company's cash and cash equivalents during the financial year. The cash flow statement is prepared according to the indirect method. The recognized cash flow solely includes transactions that involve incoming and outgoing cash payments.

### Definitions of key ratios

#### Net sales growth

The percentage net increase in net sales compared with an earlier period. The company believes that this key ratio gives a better understanding of the company's growth.

#### Operating profit/loss

Profit/loss before financial income and expenses, and tax.

#### Operating margin

Operating profit in relation to net sales.

#### EBITDA

Operating profit before depreciation and amortization.

### Liquidity ratio

Current assets excluding inventories and work in progress as a percentage of current liabilities.

### Equity ratio

Equity and untaxed reserves (less deferred tax) in relation to total assets.

### Return on equity

Profit after tax in relation to shareholders' equity during the period.

### Earnings per share

Profit for the period divided by the number of shares outstanding at the end of the period.

### Equity per share

Shareholders' equity divided by the number of shares at the end of the period.

### Dividend per share

Dividend for the period divided by the number of shares outstanding at the time of the dividend.

### Employees

Number of employees at the end of the period.

## NOTE 2 Estimates and assessments

Within the Group, estimates and assessments are made about the future. The estimates for accounting purposes that result from these will seldom correspond to the actual result. The estimates and assumptions that involve a significant risk of significant adjustments in the reported values of assets and liabilities in the coming years are dealt with in outline below.

### Capitalization of development expenditure

Recognition of capitalized development expenditure requires assessments to determine whether expenditure can be capitalized during the course of a project. Factors affecting the assessment are which development phase the project is in and what future earnings capacity the projects expected to contribute. To ensure this is managed correctly, the Group continuously works with project documentation and follow-up, monitoring expenditure incurred in relation to the project budget, and forecasts of future earning capacity. A change in the assessment of the projects' earnings capacity could have significant consequences on the Group's earnings in future earning capacity.

### Purchase price allocation

The purchase price allocation determines the acquisition value of the acquired unit's identifiable assets and liabilities, where the assets and liabilities are valued at their fair value at the time of acquisition

## NOTE 3 Net sales per business area

	2022	2021
Research Instruments	169,664	62,483
Automotive Solutions	49,875	47,196
	<b>219,539</b>	<b>109,679</b>

### Conditional purchase price

For the acquisition of iMotions, there is a conditional purchase price (earn-out) of a maximum of SEK 50 million, which is based on gross profit and EBITDA for the financial years 2021 and 2022. The conditional consideration for both years is reported in the Group as a short-term liability.

### Valuation of goodwill and other intangible assets

An impairment test of reported goodwill and other intangible assets is performed every year. The calculations on which the assessment is based are based on estimated future cash flows in the units concerned. The discount rate applied is estimated based on the current circumstances, risk, etc.

### Tax carry forwards

The Group's tax loss carry forwards have not been measured and are not recognized as a deferred tax asset. These tax loss carry forwards will be valued only when the Group has established a level of earnings which management with confidence estimate will lead to taxable profits.

Apart from the above, no assessments or estimates have been made that have a significant effect on the amounts reported in the financial report or would entail a significant risk of a significant adjustment of the reported values of assets or liabilities during the next financial year.

## NOTE 4 Net sales by geographical markets

	2022	2021
The Nordics	985	3,600
Europe excl. the Nordics	114,736	66,069
North America	63,595	21,247
Asia	32,391	17,648
Other markets	7,832	1,114
	<b>219,539</b>	<b>109,679</b>

## NOTE 5 Operating leases

Future minimum lease payments to be paid for non-cancellable leases.

	2022	2021
Due for payment within one year	26,252	20,225
Due for payment later than one year but within five years	105,660	10,056
Due for payment later than within five years	10,792	0
	<b>142,703</b>	<b>30,281</b>
Lease payments expensed in the period	31,588	19,824

## NOTE 6 Auditors' fee

	2022	2021
<b>Deloitte AB</b>		
Audit assignment	804	470
Other services	947	2,395
	<b>1,751</b>	<b>2,865</b>
<b>Grant Thornton</b>		
Audit assignment	98	7
Other services	430	140
	<b>528</b>	<b>147</b>
Total auditors' fee	2,279	3,012

Audit assignment means the auditor's fee for the statutory audit. This work includes review of the annual report and bookkeeping, the Board of Directors' and CEO's administration, and fees for audit consulting in connection with the audit assignment.

## NOTE 7 Employees

Average number of employees divided by country and gender.

	2022	2021
<b>Sweden</b>		
Women	24	19
Men	82	77
	<b>106</b>	<b>96</b>
<b>Denmark</b>		
Women	14	15
Men	27	28
	<b>41</b>	<b>43</b>
<b>Germany</b>		
Women	0	0
Men	3	2
	<b>3</b>	<b>2</b>
<b>USA</b>		
Women	18	19
Men	29	28
	<b>47</b>	<b>47</b>
<b>Egypt</b>		
Women	27	26
Men	37	32
	<b>64</b>	<b>58</b>
<b>Japan</b>		
Women	1	1
Men	2	1
	<b>3</b>	<b>2</b>

	2022	2021
<b>China</b>		
Women	2	2
Men	1	1
	<b>3</b>	<b>3</b>
<b>Singapore</b>		
Women	1	2
Men	0	0
	<b>1</b>	<b>2</b>
<b>Great Britain</b>		
Women	1	0
Men	1	1
	<b>2</b>	<b>1</b>
<b>Canada</b>		
Women	1	0
Men	1	1
	<b>2</b>	<b>1</b>
<b>India</b>		
Women	0	0
Men	1	1
	<b>1</b>	<b>1</b>
<b>Australia</b>		
Women	0	0
Men	1	0
	<b>1</b>	<b>0</b>

	2022	2021
<b>Average number of employees</b>		
Women	89	84
Men	185	172
	<b>274</b>	<b>256</b>
	2022	2021
<b>Number of presidents and other senior executives</b>		
Women	5	5
Men	14	15
	<b>19</b>	<b>20</b>
<b>Board of directors at balance day</b>		
Women	4	4
Men	13	13
	<b>17</b>	<b>17</b>

## NOTE 7 cont.

Salaries, fees and other remuneration	2022		2021	
	Fees	Other remuneration	Fees	Other remuneration
<b>Board of Directors</b>				
Anders Jöfeldt, Chairman	527	0	457	0
Lars Olofsson, Director	378	0	318	0
Mats Krantz, Director	259	0	208	0
Magnus Jonsson, Director	259	0	217	0
Eva Elmstedt, Director	388	0	300	0
Cecilia Wachtmeister, Director	310	0	250	0
<b>Total</b>	<b>2,121</b>	<b>0</b>	<b>1,750</b>	<b>0</b>

Salaries, fees and other remuneration (TSEK)	2022	2021
Board of Directors	2,121	1,750
CEO	2,981	2,544
Other senior executives	34,095	14,427
Other employees	196,959	80,370
<b>Total</b>	<b>236,157</b>	<b>99,091</b>

**Social security charges and pensions**

Statutory and contractual social security charges	21,854	14,508
Pension costs	10,599	8,332
<b>Total</b>	<b>32,453</b>	<b>22,839</b>

**Pension costs**

CEO	0	0
Other senior executives	1,493	1,304
Other employees	8,999	7,028

Salaries and remuneration to the CEO and other senior executives	Salary		Pension costs		Social security costs		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
CEO	2,981	2,544	0	0	937	799	3,918	3,343
Other senior executives	34,095	14,427	1,493	1,304	1,805	1,819	37,394	17,549
<b>Total</b>							<b>41,312</b>	<b>20,892</b>

The CEO is subject to six months' mutual notice of termination. On termination by the company, the CEO is not entitled to any severance pay. There are no agreements on severance pay with the company's other employees.

## NOTE 8 Share-based payments

At its Annual General Meeting on 8 May 2020, the company resolved to establish an incentive program for senior executives and staff. On full exercise of the company's incentive program, 100,000 shares would be issued. The subscription price of shares subscribed with warrants is SEK 116 per share. The premium per warrant, computed according to the Black-Scholes model, was SEK 14. Subscription is possible in the period 1 June 2023 to 30 June 2023 inclusive. The Annual General Meeting on 8 May 2020 also resolved on an incentive program for a number of Directors. On full exercise of this incentive program, 40,000 shares would be issued. The subscription price of shares subscribed with warrants is SEK 133.9 per share. The premium per warrant, computed according to the Black & Scholes model, was SEK 14. Subscription is possible in the period 1 June 2024 to 30 June 2024 inclusive.

The Annual General Meeting on 14 April 2021, resolved to establish an incentive program aimed at senior executives and staff. On full exercise of the company's incentive program, 200,000 shares will be issued. Subject to certain conditions is met, the subscription price for shares is subscribed with warrants SEK 218.75 per share. Subscription is possible in the period 1 June 2024 to 30 June 2024 inclusive.

In addition, the company resolved at an Extraordinary General Meeting on 8 October 2021 to set up an incentive program for senior executives and staff in the acquisition in the acquired company Affectiva.

On full exercise of the company's incentive program, 137,500 shares will be issued. Subject to certain conditions are met, the subscription price for shares subscribed with warrants SEK 218.75 per share. Subscription is possible in the period 15 November 2024 to 15 December 2024 inclusive.

At an EGM 29th June it was resolved on the adoption of a long-term incentive program in the form of performance-based share options directed at employees within the Smart Eye group. Under the Share Option Program 2022, participants are given the opportunity to receive shares free of charge, so called performance shares. The maximum number of performance shares will amount to 440,000, whereby 378,500 shares shall be allotted to participants and 61,500 shares shall be used by the Company to cover social security contributions associated with the program. In order to enable the incentive program, the EGM also resolved on an issue of not more than 440,000 warrants directed at the wholly-owned subsidiary JN Data i Göteborg AB, as a result of which the Company's share capital may increase by a maximum of SEK 44,000.

## NOTE 9 Income tax

	2022	2021
Current tax	-419	-203
Deferred tax	4,186	-1,311
	<b>3,767</b>	<b>-1,514</b>
<b>Reconciliation of tax expense</b>		
Accounted profit/loss before tax	-344,052	-131,199
Tax at current tax rate 20,6 %	70,875	27,027
Effect of foreign tax rates	3,698	-247
Tax effect on non-deductible expenses	-235	-175
Tax effect on non-taxable income	-955	834
Tax effect on emission costs	0	5,094
Tax effect on non-recognized loss carry-forward	-47,935	-29,003
Tax effect amortization of goodwill	-21,798	-5,377
Other	117	333
<b>Recognized tax expense</b>	<b>3,767</b>	<b>-1,514</b>

Non-recognized loss carry-forwards amount to TSEK 1,071,908 (830,632).

## NOTE 10 Capitalized development expenditure

	2022	2021
Acquisition value	325,858	226,897
Capitalized expenses for the year	86,922	55,274
Through acquisitions from subsidiaries	0	43,687
Translation difference	8,931	0
<b>Closing accumulated cost</b>	<b>421,711</b>	<b>325,858</b>
Opening amortization	-136,631	-97,482
Taken over accumulated amortization	0	-17,010
Amortization for the year	-33,173	-22,139
Translation difference	-2,733	0
<b>Closing accumulated amortization</b>	<b>-172,537</b>	<b>-136,631</b>
<b>Closing residual value according to plan</b>	<b>249,173</b>	<b>189,227</b>

**NOTE 11** Goodwill

	2022	2021
Opening cost	787,339	0
Through acquisitions from subsidiaries	0	761,381
Translation difference	117,170	25,958
<b>Closing accumulated cost</b>	<b>904,509</b>	<b>787,339</b>
Opening amortization	-26,844	0
Amortization for the year	-86,727	-26,104
Translation difference	-4,136	-740
<b>Closing accumulated amortization</b>	<b>-117,707</b>	<b>-26,844</b>
<b>Closing residual value according to plan</b>	<b>786,802</b>	<b>760,496</b>

**NOTE 12** Trademarks

	2022	2021
Opening cost	74,158	0
Through acquisitions from subsidiaries	0	72,789
Translation difference	11,166	1,369
<b>Closing accumulated cost</b>	<b>85,324</b>	<b>74,158</b>
Opening amortization	-1,694	0
Amortization for the year	-8,298	-1,659
Translation difference	-261	-36
<b>Closing accumulated amortization</b>	<b>-10,253</b>	<b>-1,695</b>
<b>Closing residual value according to plan</b>	<b>75,069</b>	<b>72,464</b>

**NOTE 13** Technology

	2022	2021
Opening cost	274,479	0
Through acquisitions from subsidiaries	0	259,455
Translation difference	42,055	15,023
<b>Closing accumulated cost</b>	<b>316,534</b>	<b>274,479</b>
Opening amortization	-1,525	0
Amortization for the year	-4,931	-1,483
Translation difference	-235	-42
<b>Closing accumulated amortization</b>	<b>-6,692</b>	<b>-1,525</b>
<b>Closing residual value according to plan</b>	<b>309,841</b>	<b>272,952</b>

**NOTE 14** Customer relationships

	2022	2021
Opening cost	85,915	0
Through acquisitions from subsidiaries	0	81,470
Translation difference	12,594	4,446
<b>Closing accumulated cost</b>	<b>98,509</b>	<b>85,915</b>
Opening amortization	-4,179	0
Amortization for the year	-9,271	-4,047
Translation difference	-644	-132
<b>Closing accumulated amortization</b>	<b>-14,094</b>	<b>-4,179</b>
<b>Closing residual value according to plan</b>	<b>84,415</b>	<b>81,735</b>

**NOTE 15** Equipment, tools, fixtures and fittings

	2022	2021
Opening cost	27,388	10,619
Changes in the year		
Disposals	-589	0
Acquisition	5,250	926
Through acquisitions from subsidiaries	0	15,843
Translation difference	2,429	0
<b>Closing accumulated cost</b>	<b>34,478</b>	<b>27,388</b>
Opening depreciation	-22,721	-6,650
Changes in the year		
Disposals	131	0
Depreciation for the year	-3,512	-3,769
Through acquisitions from subsidiaries	0	-12,302
Translation difference	-2,094	0
<b>Closing accumulated depreciation</b>	<b>-28,196</b>	<b>-22,721</b>
<b>Closing residual value according to plan</b>	<b>6,282</b>	<b>4,667</b>

**NOTE 16** Prepaid expenses and accrued income

	2022	2021
Prepaid rents	4,490	2,631
Accrued income and ongoing contribution projects	22,520	9,644
Other prepaid expenses	5,425	6,255
<b>Total prepaid expenses and accrued income</b>	<b>32,435</b>	<b>18,530</b>

## NOTE 17 Deferred tax

Temporary differences exist in cases where assets or debts accounted and taxable values are different. Temporary differences regarding the following items have resulted in deferred tax liabilities:

	2022	2021
Temporary differences on intangible and tangible assets	134,185	118,992
<b>Total deferred tax liability</b>	<b>134,185</b>	<b>118,992</b>

## NOTE 18 Other long-term liabilities

	2022	2021
Due for payment later than one year but within five years	0	75,822
Due for payment later than within five years	0	0
<b>Total other long-term liabilities</b>	<b>0</b>	<b>75,822</b>

## NOTE 19 Liabilities to credit institutions

	2022	2021
Due for payment within one year	1,006	0
Due for payment later than one year but within five years	1,741	3,084
Due for payment later than within five years	0	0
<b>Total liabilities to credit institutions</b>	<b>2,747</b>	<b>3,084</b>

## NOTE 20 Accrued expenses and deferred income

	2022	2021
Accrued salaries and holiday pay	17,737	15,732
Accrued social security charges	3,623	2,872
Accrued expenses	9,152	7,700
Deferred income	32,062	9,080
Other items	4,797	3,213
<b>Total accrued expenses and deferred income</b>	<b>67,368</b>	<b>38,667</b>

## NOTE 21 Transactions with related parties

There were no transactions with related parties in the year apart from intercompany transactions and those transactions stated in notes 7 and 8.

## NOTE 22 Pledged assets and contingent liabilities

For own provisions and liabilities	2022	2021
Floating charges	7,000	7,000
	<b>7,000</b>	<b>7,000</b>

## NOTE 23 Events after the balance sheet day

In December the Board of Directors of Smart Eye announced its intention to resolve on a fully covered rights issue of shares equivalent to approximately SEK 325 million before deductions for transaction costs. An Extraordinary General Meeting was held on December 30 2022 to grant the Board of Directors an authorization to resolve on the rights issue. The rights issue was resolved by the Board of Directors on January 24 2023. The Company had secured subscription undertakings and declaration of intentions to subscribe for shares from certain existing shareholders, among others, The First Swedish National Pension Fund, Handelsbanken Fonder, Swedbank Robur, Consensus Asset Management, Vasastaden and Aktia Asset Management, members of the Board of Directors and executive management of in aggregate approximately SEK 117 million, corresponding to approximately 36 percent, whereof approximately SEK 38 million as subscription undertakings and approximately SEK 79 million as declaration of intentions to subscribe for shares, corresponding to approximately 12 per cent and approximately 24 per cent, respectively, of the rights issue. In addition, certain members of the Board of Directors and executive management, representing in aggregate approximately 9 per cent of the total number of shares in the Company, committed to subscribe for a number of shares corresponding to at least their proceeds from any subscription rights sold corresponding to up to 7 per cent of the total number of shares in the Company. External guarantors provided guarantee commitments, subject to customary conditions, which, in aggregate, amount to approximately SEK 209 million, corresponding to approximately 64 per cent of the Rights Issue. Hence, the rights issue was fully covered by subscription undertakings, declarations of intention to subscribe for shares and guarantee commitments. The rights issue process was finalized late February 2023. Together, subscriptions with support of subscription rights and

subscription applications for subscription without support of subscription rights corresponded to approximately 160 percent of the offered shares in the Rights Issue. Thus, the Rights Issue was fully subscribed, and no guaranteed commitments were utilized. As a result of the rights issue, Smart Eye received total issue proceeds of approximately SEK 324 million before deduction of transaction costs. Upon receipt of the proceeds, the bridge loan of SEK 60 million SEK was paid off.

### Design wins

Late February the company was awarded its first design win for heavy trucks by a global commercial vehicle customer. The estimated revenue of the order is SEK 150 million, based on product life cycle projections. Early March Smart Eye was nominated to deliver its DMS software to 12 additional car models with an existing Korean OEM customer. The estimated revenue of the order is SEK 350 million based on estimated product life cycle projections.

## NOTE 24 Acquisition of subsidiaries

On June 17th, 2021 Smart Eye acquired 100 % of the shares in the US company Affectiva Inc. The technology company is a business within Emotion AI and Human Perception AI.

On November 25th, 2021 Smart Eye acquired 100 % of the shares in the Danish company iMotions A/S. The technology company is a supplier of multimodal software intended for research in human behavior.

Preliminary purchase price allocation (MSEK)	Affectiva	iMotions
Capitalized development expenditure	0	26.6
Trademarks	20.4	52.4
Technology	239.1	20.3
Customer relationships	70.6	10.8
Tangible assets	2.5	0.7
Trade receivables	12.8	16.4
Other receivables	12.9	2.1
Cash and cash equivalents	23.6	5.8
Interest-bearing liabilities	-21.4	-3.0
Accounts payable	-1.7	-1.3
Other operating liabilities	-24.5	-18.9
Deferred tax	-89.2	-23.1
<b>Net identifiable assets and liabilities</b>	<b>245.2</b>	<b>88.8</b>
Group goodwill	404.5	356.9
<b>Total purchase price:</b>	<b>649.8</b>	<b>445.7</b>
<i>Regulated with:</i>		
Cash and cash equivalent	68.2	218.8
Issued share	-497.9	-215.4
Deferred shares	-83.7	-
Conditional purchase price (earn out)	-	-11.6
<i>Net cash outflow of acquisition:</i>		
Purchase price paid in cash	-68.2	-218.8
Less: cash in acquired company	23.6	5.8
<b>Net cash group</b>	<b>-44.6</b>	<b>-213.0</b>

## Parent

## Income statement

TSEK	Note	2022	2021
<b>Operating revenue</b>			
Net sales	3, 4	96,554	78,094
Cost of goods sold		-12,321	-8,952
<b>Gross profit</b>		<b>84,233</b>	<b>69,142</b>
<b>Profit/loss from financial items</b>			
Sales expenses	5, 7, 8	-84,068	-61,133
Administrative expenses	5, 6, 7, 8	-64,184	-40,278
Research and development expenses	5, 7, 8	-110,130	-59,962
Other operating income		19,825	11,381
Other operating expenses		-4,190	-2,371
<b>Operating profit/loss</b>		<b>-158,514</b>	<b>-83,221</b>
<b>Profit/loss from financial items</b>			
Interest income and similar profit/loss items		157	0
Interest expenses and similar profit/loss items		-259	-41
<b>Total profit/loss from financial items</b>		<b>-102</b>	<b>-41</b>
<b>Profit/loss after financial items</b>		<b>-158,616</b>	<b>-83,262</b>
Tax on profit for the year	9	0	0
<b>Net profit/loss for the year</b>		<b>-158,616</b>	<b>-83,262</b>

## Parent

## Balance Sheet

TSEK	Note	2022	2021
<b>Assets</b>			
<b>Non-current assets</b>			
<i>Intangible assets</i>			
Capitalized development expenditure	10	173,931	149,002
Concessions, patents, licenses and similar rights		46	83
		<b>173,977</b>	<b>149,085</b>
<i>Tangible assets</i>			
Fixtures, tools, fixtures and fittings	12	4,091	2,297
<i>Financial assets</i>			
Participations in Group companies	11	1,210,034	1,100,229
Long term receivables Group companies		0	40,840
		<b>1,210,034</b>	<b>1,141,069</b>
<b>Total fixed assets</b>		<b>1,388,103</b>	<b>1,292,451</b>
<b>Current assets</b>			
<i>Inventories, etc.</i>			
Raw materials and consumables		10,397	6,557
<i>Current receivables</i>			
Trade receivables		32,090	15,129
Receivable from Group companies		14,838	596
Current tax assets		4,556	3,970
Other current receivables		5,919	2,568
Prepaid expenses and accrued income	13	24,233	12,091
		<b>81,636</b>	<b>34,354</b>
Cash and bank balances		46,154	267,346
<b>Total current assets</b>		<b>138,187</b>	<b>308,257</b>
<b>Total assets</b>		<b>1,526,290</b>	<b>1,600,708</b>

## Parent

## Balance Sheet, continued

TSEK	Note	2022	2021
<b>Equity and liabilities</b>			
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital		2,223	2,215
Share premium reserve		21,914	21,914
Fund for development costs		170,528	138,626
		<b>194,665</b>	<b>162,754</b>
<i>Unrestricted equity</i>			
Share premium reserve		1,865,959	1,845,145
Retained profit or loss		-577,297	-466,602
Net profit/loss for the year		-158,616	-83,262
		<b>1,130,048</b>	<b>1,295,282</b>
<b>Total shareholders' equity</b>		<b>1,324,712</b>	<b>1,458,037</b>
<i>Non-current liabilities</i>			
Other long-term debt	14	0	75,822
<b>Total non-current liabilities</b>		<b>0</b>	<b>75,822</b>
<i>Current liabilities</i>			
Interest-bearing liabilities		60,000	0
Advance payments from customers		1,002	1,644
Trade payables		21,359	13,899
Liabilities to Group companies		4,571	1,672
Other current liabilities		83,983	25,713
Accrued expenses and prepaid income	15	30,663	23,921
<b>Total current liabilities</b>		<b>201,578</b>	<b>66,849</b>
<b>Total equity and liabilities</b>		<b>1,526,290</b>	<b>1,600,708</b>

## Parent

## Equity

TSEK	Share capital	Share premium fund (restricted)	Fund for development costs (restricted)	Share premium fund (unrestricted)	Other unrestricted equity	Profit/loss for the year	Total equity
<b>Opening balance 2021-01-01</b>	<b>1,663</b>	<b>21,914</b>	<b>115,370</b>	<b>656,028</b>	<b>-365,273</b>	<b>-78,604</b>	<b>351,098</b>
Appropriation of profit					-78,604	78,604	
New issue	232			469,063			469,295
Non-cash issue	281			655,771			656,051
Set-off issue	23			56,498			56,521
Option program 2018	16			7,785			7,801
Option program 2021					531		531
Fund for development costs			41,001		-41,001		
Reversal of fund for development costs			-17,746		17,746		
Profit/loss for the year						-83,262	-83,262
<b>Equity 2021-12-31</b>	<b>2,215</b>	<b>21,914</b>	<b>138,626</b>	<b>1,845,145</b>	<b>-466,602</b>	<b>-83,262</b>	<b>1,458,037</b>
<b>Opening balance 2022-01-01</b>	<b>2,215</b>	<b>21,914</b>	<b>138,626</b>	<b>1,845,145</b>	<b>-466,602</b>	<b>-83,262</b>	<b>1,458,037</b>
Appropriation of profit					-83,262	83,262	
Set-off issue <sup>1)</sup>	8			20,814			20,822
Option program 2021					2,345		2,345
Incentive program 2022					2,124		2,124
Fund for development costs			53,949		-53,949		
Reversal of fund for development costs			-22,047		22,047		
Profit/loss for the year						-158,616	-158,616
<b>Equity 2022-12-31</b>	<b>2,223</b>	<b>21,914</b>	<b>170,528</b>	<b>1,865,959</b>	<b>-577,297</b>	<b>-158,616</b>	<b>1,324,712</b>

The share capital consists of 22,232,951 shares with a quota value of SEK 0.1.

1) During the period ongoing a set-off issue was registered and the share capital increased by SEK 8,430,10.

## Parent

## Cash Flow Statement

TSEK	2022	2021
<b>Operating activities</b>		
Operating profit/loss after depreciation and amortization	-158,514	-83,221
Reversal of depreciaion and amortizaion	30,972	23,980
Reversal of non-cash items	2,656	295
Finance payments received	157	0
Financial payments paid	-259	-41
Tax	-1,590	-1,449
<b>Cash flow from operating activities before changes of working capital</b>	<b>-126,578</b>	<b>-60,436</b>
<b>Change in working capital</b>		
Change in inventories	-3,840	-1,354
Change in trade receivables	-16,961	2,149
Change in other current receivables	-29,741	-8,772
Change in trade payables	12,031	5,126
Change in other current liabilities	1,758	6,087
<b>Changes in working capital</b>	<b>-36,753</b>	<b>3,236</b>
<b>Cash flow from operating activities</b>	<b>-163,331</b>	<b>-57,200</b>

## Parent

## Cash Flow Statement, continued

TSEK	2022	2021
<b>Investment activities</b>		
Acquisition of intangible assets	-53,949	-40,997
Acquisition of tangible assets	-3,708	-789
Acquisition of subsidiaries	0	-286,975
Issued shareholders contributions	-60,204	0
Issued loan Group company	0	-40,840
<b>Cash flow from investing activities</b>	<b>-117,861</b>	<b>-369,601</b>
<b>Financing activities</b>		
New share issue	0	469,870
Option program	0	7,802
Current liabilities	60,000	0
Non-current liabilities	0	-1,667
<b>Cash flow from financing activities</b>	<b>60,000</b>	<b>476,005</b>
Cash flow	-221,192	49,204
Opening cash and cash equivalents	267,346	218,141
<b>Closing cash and cash equivalents</b>	<b>46,154</b>	<b>267,346</b>

## NOTE 1 Accounting policies and valuation principles

The company's annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board's recommendation BFNAR 2012:1 Annual Accounts and Consolidated Accounts (K3). The accounting policies are unchanged from the previous year.

### Foreign currencies

Monetary asset and liability items in foreign currencies are measured at the exchange rate on the balance sheet date. Transactions in foreign currencies are translated at the spot rate on the transaction date.

### Revenue

#### Goods

Sales of goods are recognized when the significant risks and benefits are transferred from the seller to the buyer in accordance with the terms of sale. Sales are recognized after deductions for VAT, discounts and exchange rate differences for sales in foreign currencies. System revenue for which there are non-delivered components that are a condition for the functionality of the system is recognized when these components are delivered.

#### Service assignments

For service assignments at current prices the revenue attributable to a completed service assignment is recognized in pace with completion of the work and the delivery or use of the material.

#### Capitalized work for own account

See further under intangible assets.

#### Furlough support

Central government support for compensation of furloughed staff in the year is recognized as other operating revenue.

#### License revenue

The company receives license revenue from customers based on the number of vehicles produced. According to agreements, the number of cars manufactured is reported quarterly and revenue is then recognized, based on this report.

### Income tax

#### Current tax

Current tax is measured based on the tax rates and tax rules on the balance sheet date. Deferred tax is measured based on the tax rates and tax rules decided prior to the balance sheet date. Deferred tax liabilities concerning temporary differences that are related to investments in subsidiaries are not recognized in the consolidated accounts, since the Parent Company may in all cases determine the time of reversal of the temporary differences, and it is not deemed to be probable that reversal will take place in the foreseeable future.

#### Deferred tax

Deferred tax assets pertaining to loss carry-forwards or other future tax deductions are recognized to the extent that it is likely that the loss carry-forwards can be offset against surpluses in conjunction with future taxation.

Receivables and liabilities are recognized net only when there is a legal right of offset. Current tax, like the change in deferred tax, is recognized in profit or loss unless the tax is attributable to an event or transaction that is recognized directly in shareholders' equity.

### Leases

Lease arrangements where essential, the economic benefits and risks attributable to the leased item remain with the lessor, are classified as operating leases in the consolidated accounts, where payments under these arrangements are recognized as an expense on a straight-line basis over the lease term.

The parent company has operating leases only.

### Employee benefits

Employee benefits in the form of salaries, holiday pay, paid sick leave, etc., as well as pensions, are recognized as they are earned. The company only has defined-contribution pension plans. There are no other long-term employee benefits.

### Defined-contribution pension plans

Under defined-contribution pension plans, the company pays fixed contributions to a separate independent legal entity and does not

have any obligation to pay additional contributions. The company's earnings are charged with expenses as the benefits are earned, which normally corresponds to the time when the premium is paid.

### Intangible assets

Intangible non-current assets are recognized at cost less accumulated amortization and any impairment. Cost includes costs directly attributable to the acquisition of the asset. Intangible non-current assets are amortised on a straight-line basis over the asset's estimated useful life. Straight-line amortization is applied. Amortization is recognized as a cost in the income statement.

### Development work

Development costs are capitalized if the project is assumed to be of significant future value to the company. Capitalization pertains to development costs for a specific application and which are clearly delineated for the project. The group applies the capitalization model for internally developed intangible assets.

### The following amortization schedule is applied:

- Capitalized development expenditure: 10 years
- Other intangible assets: 10 years

### Tangible assets

Property, plant and equipment is recognized at cost less accumulated depreciation and any impairment.

Cost includes costs directly attributable to the acquisition of the asset.

Additional expenses concerning assets that are not divided into components are added to the cost if they are estimated to give the company future economic benefit, to the extent that the asset's performance increases in relation to the asset's value on the acquisition date. Expenses for ongoing repair and maintenance are recognized as costs. Property, plant and equipment is depreciated on a straight-line basis over the asset's estimated useful life. Any residual value of the asset is taken into account when determining the assets' depreciable amounts. Straight-line depreciation is applied. Depreciation is recognized as a cost in the income statement.

## Note 1 continued

### The following depreciation schedules are applied:

- Equipment and tools: 5 years
- Computers: 3 years

If an asset's carrying amount exceeds its estimated recoverable amount, the asset is immediately written down to its recoverable amount.

### Impairment

When there is an indication that an asset or a group of assets is impaired, their carrying amount is measured. In those cases the carrying amount exceeds estimated recoverable amount, the carrying amount is immediately impaired to this recoverable amount.

### Financial instruments

Financial instruments recognized on the balance sheet include trade receivables, other receivables, trade payables and loans. The instruments are recognized on the balance sheet when the company becomes party to the contractual terms of the instrument.

Financial assets are derecognized from the balance sheet when the right to receive cash flows from the instrument has expired or has been transferred, and the company has transferred essentially all risks and benefits associated with the right of ownership. Financial liabilities are derecognized from the balance sheet when the obligations in the contract are met or otherwise lapse.

### Trade and other receivables

Receivables are recognized as current assets, with the exception of items falling due more than 12 months after the balance sheet date, which are classified as non-current assets. Receivables are recognized in the amount at which they are expected to be received less individually assessed doubtful debts.

### Loans and trade payables

Loans and trade payables are initially recognized at cost after deducting transaction costs. If the recognized amount differs from the amount to be repaid on the due date, the difference is accrued as an interest cost or interest income over the term of the loan. This means that as of the due date the recognized amount corresponds to the amount to be repaid.

### Shares and participations in subsidiaries

Shares and participations in subsidiaries are recognized at cost after deducting for any impairment. Cost includes the purchase consideration paid for shares and acquisition expenses.

### Inventories

Inventories are measured at the lower of cost and net realizable value on the balance sheet date. Cost is calculated according to the first-in, first-out (FIFO) principle. Net sales value is the sales value after deducting calculated costs that can be attributed directly to the sales transaction.

### Provisions

A provision is recognized on the balance sheet when the company has a formal or informal obligation due to an event that has occurred, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

### Cash Flow Statement

The cash flow statement presents the changes in the company's cash and cash equivalents during the financial year. The cash flow statement is prepared according to the indirect method. The recognized cash flow solely includes transactions that involve incoming and outgoing cash payments.

### Definitions of key ratios

#### Net sales growth

The percentage net increase in net sales compared with an earlier period. The company believes that this key ratio gives a better understanding of the company's growth.

#### Operating profit/loss

Profit/loss before financial income and expenses, and tax.

#### Operating margin

Operating profit in relation to net sales.

#### EBITDA

Operation profit before depreciation and amortization.

### Liquidity ratio

Current assets excluding inventories and work in progress as a percentage of current liabilities.

### Equity ratio

Equity and untaxed reserves (less deferred tax) in relation to total assets.

### Return on equity

Profit after tax in relation to shareholders' equity during the period.

### Earnings per share

Profit for the period divided by the number of shares outstanding at the end of the period.

### Equity per share

Shareholders' equity divided by the number of shares at the end of the period.

### Dividend per share

Dividend for the period divided by the number of shares outstanding at the time of the dividend.

### Employees

Number of employees at the end of the period.

## NOTE 2 Estimates and assessments

Within the parent company, estimates and assessments are made about the future. The estimates for accounting purposes that result from these will seldom correspond to the actual result. The estimates and assumptions that involve a significant risk of significant adjustments in the reported values of assets and liabilities in the coming years are dealt with in outline below.

### Capitalization of development expenditure

Recognition of capitalized development expenditure requires assessments to determine whether expenditure can be capitalized during the course of a project. Factors affecting the assessment are which development phase the project is in and what future earnings capacity the projects expected to contribute. To ensure this is managed correctly, the company continuously works with project documentation and follow-up, monitoring expenditure incurred in relation to the project budget, and forecasts of future earning capacity. A change in the assessment of the projects' earnings capacity could have significant consequences on the company's earnings in future earning capacity.

### Valuation shares in subsidiaries

An impairment test is performed each year in accordance with the accounting principle for financial assets described in Note 1. The calculations are the basis for the assessment based on estimated future cash flows, based on next-of-kin year financial budgets. Furthermore, an average discount rate in local currency after tax has been used in the calculations. If any of these factors are appreciated significantly lower, there may be a need for impairment.

### Conditional purchase price

For the acquisition of iMotions, there is a conditional purchase price (earn-out) of a maximum of SEK 50 million, which is based on gross profit and EBITDA for the financial years 2021 and 2022. The conditional consideration for both years is reported in the parent company as a short-term liability.

### Tax carry forwards

The company's tax loss carry forwards have not been measured and are not recognized as a deferred tax asset. These tax loss carry forwards will be valued only when the company has established a level of earnings which management with confidence estimate will lead to taxable profits.

Apart from the above, no assessments or estimates have been made that have a significant effect on the amounts reported in the financial report or would entail a significant risk of a significant adjustment of the reported values of assets or liabilities during the next financial year.

## NOTE 3 Net sales per business area

	2022	2021
Research Instruments	46,679	30,898
Automotive Solutions	49,875	47,196
	<b>96,554</b>	<b>78,094</b>

## NOTE 4 Net sales by geographical markets

	2022	2021
The Nordics	1,998	1,705
Europe excl. the Nordics	55,740	45,141
North America	15,212	15,366
Asia	23,126	15,842
Other markets	477	41
	<b>96,554</b>	<b>78,094</b>

## NOTE 5 Operating leases

Future minimum lease payments to be paid for non-cancellable leases.

	2022	2021
Due for payment within one year	16,144	9,360
Due for payment later than one year but within five years	87,831	2,101
Due for payment later than within five years	9,358	0
	<b>113,333</b>	<b>11,461</b>
Lease payments expensed in the period	12,937	11,799

## NOTE 6 Auditors' fee

	2022	2021
<b>Deloitte AB</b>		
Audit assignment	804	470
Other services	947	2,395
	<b>1,751</b>	<b>2,865</b>
<b>Total auditors' fee</b>	<b>1,751</b>	<b>2,865</b>

Audit assignment means the auditor's fee for the statutory audit. This work includes review of the annual report and bookkeeping, the Board of Directors' and CEO's administration, and fees for audit consulting in connection with the audit assignment.

## NOTE 7 Employees

The average number of employees, with distribution between women and men, has amounted to:

	2022	2021
<b>Sweden</b>		
Women	24	19
Men	82	77
	<b>106</b>	<b>96</b>

	2022	2021
<b>Average number of employees</b>		
Women	24	19
Men	82	77
	<b>106</b>	<b>96</b>

	2022	2021
<b>Number of presidents and other senior executives</b>		
Women	1	1
Men	5	5
	<b>6</b>	<b>6</b>

	2022	2021
<b>Board of directors at balance day</b>		
Women	2	2
Men	4	4
	<b>6</b>	<b>6</b>

## NOTE 7 cont.

Salaries, fees and other remuneration	2022		2021	
	Fee	Other remuneration	Fee	Other remuneration
<b>Board of Directors</b>				
Anders Jöfeldt, Chairman	527	0	457	0
Lars Olofsson	378	0	318	0
Mats Krantz	259	0	208	0
Magnus Jonsson	259	0	217	0
Eva Elmstedt	388	0	300	0
Cecilia Wachtmeister	310	0	250	0
<b>Total</b>	<b>2,121</b>	<b>0</b>	<b>1,750</b>	<b>0</b>

Salaries, fees and other remuneration (TSEK)	2022	2021
Board of Directors	2,121	1,750
CEO	2,981	2,544
Other senior executives	5,746	5,701
Other employees	62,162	52,531
<b>Total</b>	<b>73,010</b>	<b>62,527</b>

**Social security charges and pensions**

Statutory and contractual social security charges	17,467	13,808
Pension costs	8,137	7,407
<b>Total</b>	<b>25,603</b>	<b>21,214</b>

**Pension costs**

CEO	0	0
Other senior executives	1,283	1,300
Other employees	6,853	6,107

Salaries and other remuneration to the CEO and other senior executives	Salary		Pension costs		Social security charges		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
CEO	2,981	2,544	0	0	937	799	<b>3,918</b>	<b>3,343</b>
Other senior executives	5,746	5,701	1,283	1,300	1,805	1,791	<b>8,835</b>	<b>8,792</b>
<b>Total</b>							<b>12,753</b>	<b>12,136</b>

The CEO is subject to six months' mutual notice of termination. On termination by the company, the CEO is not entitled to any severance pay. There are no agreements on severance pay with the company's other employees.

## NOTE 8 Share-based payments

At its Annual General Meeting on 8 May 2020, the company resolved to establish an incentive program for senior executives and staff. On full exercise of the company's incentive program, 100,000 shares would be issued. The subscription price of shares subscribed with warrants is SEK 116 per share. The premium per warrant, computed according to the Black-Scholes model, was SEK 14. Subscription is possible in the period 1 June 2023 to 30 June 2023 inclusive. The Annual General Meeting on 8 May 2020 also resolved on an incentive program for a number of Directors. On full exercise of this incentive program, 40,000 shares would be issued. The subscription price of shares subscribed with warrants is SEK 133.9 per share. The premium per warrant, computed according to the Black & Scholes model, was SEK 14. Subscription is possible in the period 1 June 2024 to 30 June 2024 inclusive.

The Annual General Meeting on 14 April 2021, resolved to establish an incentive program aimed at senior executives and staff. On full exercise of the company's incentive program, 200,000 shares will be issued. Subject to certain conditions is met, the subscription price for shares is subscribed with warrants SEK 218.75 per share. Subscription is possible in the period 1 June 2024 to 30 June 2024 inclusive.

In addition, the company resolved at an Extraordinary General Meeting on 8 October 2021 to set up an incentive program for senior executives and staff in the acquisition in the acquired company Affectiva. On full exercise of the company's incentive program, 137,500 shares will be issued. Subject to certain conditions are met, the subscription price for shares subscribed with warrants SEK 218.75 per share. Subscription is possible in the period 15 November 2024 to 15 December 2024 inclusive.

At an EGM 29th June it was resolved on the adoption of a long-term incentive program in the form of performance-based share options directed at employees within the Smart Eye group. Under the Share Option Program 2022, participants are given the opportunity to receive shares free of charge, so called performance shares. The maximum number of performance shares will amount to 440,000, whereby 378,500 shares shall be allotted to participants and 61,500 shares shall be used by the Company to cover social security contributions associated with the program. In order to enable the incentive program, the EGM also resolved on an issue of not more than 440,000 warrants directed at the wholly-owned subsidiary JN Data i Göteborg AB, as a result of which the Company's share capital may increase by a maximum of SEK 44,000.

## NOTE 9 Income tax

	2022	2021
Current tax	0	0
Deferred tax	0	0
	<b>0</b>	<b>0</b>
<b>Reconciliation of tax expense</b>		
Accounted profit/loss before tax	-158,616	-83,262
Tax at current tax rate 20,6 %	32,675	17,152
Tax effect of emission costs	0	5,094
Tax effect of non-deductible expenses	-146	-77
Tax effect of non-recognized loss carry-forwards	-32,529	-22,170
<b>Recognized tax expense</b>	<b>0</b>	<b>0</b>

Non-recognized loss carry-forwards amount to TSEK 624,211 (466,304).

## NOTE 10 Capitalized development expenditure

	2022	2021
Acquisition value	267,894	226,897
Capitalized expenses for the year	53,949	40,997
<b>Closing accumulated cost</b>	<b>321,843</b>	<b>267,894</b>
Opening amortization	-118,892	-97,482
Amortization for the year	-29,021	-21,410
<b>Closing accumulated amortization</b>	<b>-147,913</b>	<b>-118,892</b>
<b>Closing residual value according to plan</b>	<b>173,931</b>	<b>149,002</b>

## NOTE 11 Participations in group companies

	2022	2021	Group	Corp. ID no.	Registered office	Share of equity (%)
Opening cost	1,100,229	1,580	JN Data AB	556563-7849	Gothenburg	100
Acquisition of subsidiaries	0	1,095,484	Smart Eye International Inc.	6303763	Delaware	100
Shareholders contribution	109,805	3,165	Smart Eye Japan Co. Ltd	0104-01-139423	Tokyo	100
<b>Closing accumulated cost</b>	<b>1,210,034</b>	<b>1,100,229</b>	Chongqing Smart Eye Technology Co. Ltd.	MA60M7N03Q	Chongqing	100
			Smart Eye GmbH	DE345508843	Hildesheim	100
			Affectiva, Inc.	26-4691073	Boston	100
			iMotions A/S	33 50 40 04	Copenhagen	100
<b>Closing residual value according to plan</b>	<b>1,210,034</b>	<b>1,100,229</b>				

Group	Corp. ID no.	No. of shares	Share of equity (%)	Share of vote (%)	Book value 2022-12-31	Book value 2021-12-31
JN Data AB	556563-7849	1,000	100	100	371	371
Smart Eye International Inc.	6303763	1,000	100	100	90	90
Smart Eye Japan Co. Ltd	0104-01-139423	2,000	100	100	842	842
Chongqing Smart Eye Technology Co. Ltd.	MA60M7N03Q	1,000	100	100	291	277
Smart Eye GmbH	DE345508843	25,000	100	100	256	256
Affectiva, Inc.	26-4691073	35,261,757	100	100	758,525	652,694
iMotions A/S	33 50 40 04	710,957	100	100	449,660	445,701
					<b>1,210,034</b>	<b>1,100,229</b>

**NOTE 12** Equipment, tools and installations

	2022	2021
Opening cost	11,407	10,619
Changes in the year		
– Acquisition	3,709	788
<b>Closing accumulated cost</b>	<b>15,116</b>	<b>11,407</b>
Opening depreciation	-9,110	-6,638
Changes in the year		
– Depreciation for the year	-1,915	-2,472
<b>Closing accumulated depreciation</b>	<b>-11,024</b>	<b>-9,110</b>
<b>Closing residual value</b>	<b>4,091</b>	<b>2,297</b>

**NOTE 13** Prepaid expenses and accrued income

	2022	2021
Prepaid rents	544	610
Accrued income and ongoing contribution projects	22,521	9,644
Other prepaid expenses	1,168	1,837
<b>Total prepaid expenses and accrued income</b>	<b>24,233</b>	<b>12,091</b>

**NOTE 14** Other long-term liabilities

	2022	2021
Due for payment later than one year but within five years	0	75,822
Due for payment later than within five years	0	0
<b>Total other long-term liabilities</b>	<b>0</b>	<b>75,822</b>

**NOTE 15** Accrued expenses and deferred income

	2022	2021
Accrued salaries and holiday pay	10,917	8,979
Accrued social security charges	3,430	2,821
Accrued expenses	8,029	7,839
Deferred income	4,005	1,086
Other items	4,282	3,197
<b>Total accrued expenses and deferred income</b>	<b>30,663</b>	<b>23,921</b>

**NOTE 16** Transactions with related parties

There were no transactions with related parties in the year apart from intercompany transactions and those transactions stated in notes 7 and 8.

**NOTE 17** Pledged assets and contingent liabilities

	2022	2021
For own provisions and liabilities		
Floating charges	7,000	7,000
	<b>7,000</b>	<b>7,000</b>

**NOTE 18** Proposed appropriation of earnings

	2022	2021
<b>The Board of Directors propose that the funds available for appropriation:</b>		
Retained earnings	1,288,663,778	1,378,545,528
Loss for the year	-158,615,594	-83,261,879
	<b>1,130,048,185</b>	<b>1,295,283,650</b>
Carried forward	<b>1,130,048,185</b>	<b>1,295,283,650</b>

The Income Statements and Balance Sheets will be submitted to the  
AGM on 2 May 2023 for approval.

Gothenburg, 4 April 2023.

**Martin Krantz**

CEO

**Anders Jöfelt**

Chairman of the Board

**Cecilia Wachtmeister**

Board member

**Eva Elmstedt**

Board member

**Mats Krantz**

Board member

**Magnus Jonsson**

Board member

**Lars Olofsson**

Vice chairman of the Board

Our audit report regarding this annual report has been submitted 5 April 2023.  
Deloitte AB

**Harald Jagner**

Authorized Public Accountant

# Auditor's report

## To the general meeting of the shareholders of Smart Eye AB (publ) corporate identity number 556575-8371

This is a translation of the Swedish language original. In the events of any differences between this translation and the Swedish original the latter shall prevail.

### Report on the annual accounts and consolidated accounts Opinions

We have audited the annual accounts and consolidated accounts of Smart Eye AB (publ) for the financial year 2022-01-01–2022-12-31. The annual accounts and consolidated accounts of the company are included on pages 33–68 in this document.

In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company and the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Material Uncertainty Related to Going Concern

We draw attention to the information provided in the Board of Directors' Report under the section "Financial risks" where it is stated that the Group initiated a cost saving program to reduce the personnel

expense run rate by 10 % as well as finalized a Rights issue in February. This is performed to strengthen the company's financial position and finance the remaining capital requirement until the company becomes cash flow positive, which is expected during the second half of 2024. Unless liquidity is obtained to the extent that the Board and the CEO expect from the actions described in the Board of Directors' Report under the section "Financial risks", it indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Our statement is not modified in respect of this matter.

### Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 3–32 and 71–73. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are

also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

#### Report on other legal and regulatory requirements Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Smart Eye AB (publ) for the financial year 2022-01-01-2022-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

#### Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

#### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

#### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance

whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Deloitte AB  
Gothenburg, 5 april 2023

Harald Jagner  
Authorized Public Accountant

# Board of Directors



## Magnus Jonsson

Board member since 2014  
Date of birth: 1956

**Educational background:**  
MSc, Mechanical Engineering,  
Chalmers University of  
Technology

**Other appointments:** Chair-  
man of the Board of Powercell  
AB, AstaZero AB, Mobility  
Sweden, Leading Light AB,  
AB Magnus Jonsson and  
Magnus Jonsson Consult-  
ing AB, Chairman of the board  
of Gapwaves AB and board  
member at Insplorion AB

**Previous appointments in  
the last five years:** Board  
member of Nilsson Special  
Vehicles AB, Chairman of the  
Board of TechRoi Fuel Systems  
AB, Board Member of Väst-  
kustens Affärsänglar AB,  
SenseAir AB, Kongsberg Auto-  
motive AS and LeanNova AB

**Holdings:** 3,000 shares and  
10,000 options



## Eva Elmstedt

Board member since 2019  
Date of birth: 1960

**Educational background:**  
Bachelor's degree in Econom-  
ics and Computer Science  
from Indiana University of  
Pennsylvania, USA, and Stock-  
holm School of Economics

**Other appointments:** Chair-  
man of Arelion (former Telia  
International Carrier), Omega-  
point, Seriline and Board  
member of Addlife, Arjo and  
Elanders

**Previous appointments in  
the last five years:** EVP of  
Global Services at Nokia Net-  
works and Nokia Siemens  
Networks and senior positions  
at Ericsson AB, the telecom  
operator 3 and Semcon

**Holdings:** 5,500 shares and  
10,000 options



## Anders Jöfelt

Chairman of the Board  
since 2017  
(Board member since 2012)  
Date of birth: 1975

**Educational background:**  
MSc, Computer Engineering,  
Lund University's Faculty of  
Engineering

**Other appointments:** None  
**Previous appointments in  
the last five years:** None

**Holdings:** 863,433 shares



## Cecilia Wachtmeister

Board member since 2019  
Date of birth: 1966

**Educational background:**  
MSc in Industrial Economics  
from the Institute of Tech-  
nology at Linköping University

**Other appointments:** Chief  
Commercial Officer at KAMBI  
Plc. Cecilia is also a Board  
member of HMS Networks AB  
and IAR Systems

**Previous appointments in the  
last five years:** Senior posi-  
tions within Ericsson AB

**Holdings:** 5,500 shares and  
10,000 options



## Lars Olofsson

Deputy Chairman  
Board member since 2017  
Date of birth: 1951

**Educational background:**  
Graduate in Business Admin-  
istration 1975, University of  
Lund, Sweden PED, IMD  
Lausanne, Switzerland

**Other appointments:**  
Advisory Board member  
of Zytara Inc.

**Previous appointments in  
the last five years:** Deputy  
Chairman of Axfood AB,  
Board member of Compass/  
Bata shoes, Chairman of TCC  
Global NV, Board member of  
Axel Johnson AB.

**Holdings:** 45,000 shares and  
10,000 options



## Mats Krantz

Board member since 1999  
(Chairman of the Board  
1999–2017)

Date of birth: 1947

**Educational background:**  
Master Brewer at the Scandi-  
navian School of Brewing in  
Copenhagen.

**Other appointments:**  
Chairman of Letter Cube  
Digital AB, and Board member  
of M. Irwin & Krantz AB

**Previous appointments in  
the last five years:** Board  
member of Ostkustens  
Fartygsassistans AB

**Holdings:** Mats Krantz holds  
984,634 shares personally  
and 180,800 shares via  
related parties

# Executive Management Team



## Martin Krantz

Founder & CEO of Smart Eye  
Date of birth: 1971

### Educational background:

MSc, Engineering Physics,  
Chalmers University of  
Technology

### Other appointments:

Chairman of 1928 Diagnostics

**Previous appointments in  
the last five years:** None.

**Holdings:** 881,300 shares  
and 7,500 options.



## Rana El Kaliouby, Ph.D.

Founder of Affectiva  
& Deputy CEO of Smart Eye  
Employed since: 2009  
(founder of Affectiva).

Date of birth: 1978

### Educational background:

PhD  
from the Computer Laboratory  
at the University of Cambridge  
and a Post Doctorate at MIT.  
BSc and MSc in Computer  
Science from the American  
University in Cairo, Egypt

**Other appointments:** Execu-  
tive Fellow at the Harvard Busi-  
ness School, Board of Trustees  
at The American University in  
Cairo, Board member at Videra  
Health, Board member at  
Young Presidents' Organiza-  
tion: New England Chapter

**Previous appointments in the  
last five years:** Board member  
and CEO at Affectiva.

**Holdings:** 31,789 shares



## Peter Hartzbech

Founder & CEO iMotions  
Employed since: 2005  
(founder of iMotions)

Date of birth: 1976

### Educational background:

Bachelor's degree in Business  
Administration from Copen-  
hagen Business School,  
MIT Advanced Management  
Program in Boston, MA

**Other appointments:**  
Co-founder of ByFounders  
Early Stage Venture fund

**Previous appointments in  
the last five years:** None

**Holdings:** 367,096 shares



## Martin Bjuve

Chief Financial Officer  
Employed since: 2022  
Date of birth: 1974

### Educational background:

Master of Business Adminis-  
tration, University of Karlstad

**Other appointments:** None

**Previous appointments in  
the last five years:** President  
Volvo Penta of the Americas,  
SVP & Global CFO Volvo Penta

**Holdings:** None



## Gabi Zijderfeld

Chief Marketing Officer  
Employed since: 2014  
(Affectiva)

Date of birth: 1968

### Educational background:

Master of Arts, Art History,  
Utrecht University in The  
Netherlands

**Other appointments:** None

**Previous appointments in  
the last five years:** Chief  
Marketing Officer Affectiva

**Holdings:** 3,662 shares



## Martin Rydberg

Chief Technical Officer  
Employed since: 2001  
Date of birth: 1976

### Educational background:

Civil engineer Computer  
technology Chalmers

**Other appointments:**

Board deputy JN Data  
i Göteborg AB

**Previous appointments in  
the last five years:** None

**Holdings:** 31,679 shares,  
5,000 options



## Henrik Lind

Chief Research Officer  
Employed since: 2017  
Date of birth: 1961

### Educational background:

MScEE (1987) Chalmers

**Other appointments:**

Board member Innoble AB

**Previous appointments in  
the last five years:** None.

**Holdings:** 8,615 shares  
and 5,000 options

## Group Management

### Magnus Brunzell

VP of Applied AI Systems  
Smart Eye since 2019

### Solmaz Shahmehr

VP of Research Instruments  
Smart Eye since 2009

### Graham Page

Global Managing Director  
of Affectiva Media Analytics  
since 2019

### Jay Turcot

VP, AI  
Affectiva since 2011

### Tim Peacock

Chief Integration Officer  
and VP, Data Management  
Affectiva since 2011

### Detlef Wilke

VP of Automotive Solutions  
Smart Eye since 2021

### Manal Ramsis

General Manager Smart  
Eye Egypt  
Affectiva since 2019

# Annual General Meeting

## Annual General Meeting in Smart Eye Aktiebolag (publ)

Smart Eye Aktiebolag (publ), reg. no. 556575-8371, with its registered office in Gothenburg, has convened the Annual General Meeting to be held on Tuesday 2 May 2023 at 16.30 at the address, Gruvgatan 39A, 421 30 Gothenburg.

The complete notice has been published in Post- och Inrikes Tidningar and is available on the company's website, [www.smarteye.se](http://www.smarteye.se).

## Registration and notification

A shareholder who wishes to participate in the annual general meeting must be recorded as a shareholder in the share register maintained by Euroclear Sweden AB relating to the circumstances on Friday 21 April 2023. In addition, the shareholder must register for the Annual General Meeting:

- A shareholder who wishes to participate in the Annual General Meeting by advance voting must register by casting his advance vote according to the instructions under the heading Advance voting below so that the advance vote is available to the company no later than Tuesday, April 25, 2023.
- A shareholder who wishes to participate in the Annual General Meeting at the venue, in person or by a proxy, must register with the company no later than Tuesday, April 25, 2023, via e-mail to [arsstamma@smarteye.se](mailto:arsstamma@smarteye.se) or by post to Smart Eye Aktiebolag (publ), Annual General Meeting 2023, To. Martin Bjuve, Första Långgatan 28 B, 413 27 Gothenburg. Please state name, social security number or organization number, address, telephone number and the number of any assistants.

In order to have the right to participate in the Annual General Meeting, a shareholder who has had his shares registered in the name of a nominee must, in addition to registering for the Annual General Meeting, have the shares registered in their own name so that the

shareholder is entered in the share register as of Friday, April 21, 2023. Such re-registration can be temporary (so-called voting rights registration) and is requested from the nominee in accordance with the nominee's procedures at such a time in advance as the nominee determines. Voting rights registration completed by the nominee no later than Tuesday, April 25, 2023 is taken into account when preparing the share register.

## Advance voting

For advance voting, a special form must be used. The form is available on the company's website, [www.smarteye.se](http://www.smarteye.se). In the case of advance voting only, no separate notification to the Annual General Meeting is required. The completed and signed form must be at the company's disposal no later than Tuesday, April 25, 2023. The completed form can be sent via e-mail to [arsstamma@smarteye.se](mailto:arsstamma@smarteye.se) or by post to Smart Eye Aktiebolag (publ), Annual General Meeting 2023, Att. Martin Bjuve, Första Långgatan 28 B, 413 27 Gothenburg. Further instructions and conditions can be found in the advance voting form.

## Proxy, etc.

If a shareholder votes in advance by a proxy, a written and dated power of attorney must be attached to the advance voting form. If the shareholder is a legal person, a certificate of registration or equivalent authorization document must be attached to the form. If a shareholder is represented by a proxy in the meeting room, a written and dated power of attorney, and a certificate of registration or equivalent document of authority for a legal entity, should be sent to the company at the above address in good time before the Annual General Meeting. The power of attorney form is available on the company's website, [www.smarteye.se](http://www.smarteye.se)

# Calendar

Annual General Meeting  
Interim report Jan–Mar 2023  
Interim report Apr–Jun 2023  
Interim report Jul–Sep 2023  
Interim report Oct–Dec 2023

May 2023  
May 2023  
August 2023  
November 2023  
February 2024

# Contact

**Martin Krantz**

CEO  
Phone +46 70-329 26 98  
martin.krantz@smarteye.se

**Martin Bjuve**

CFO/IR  
Phone +46 70-257 69 35  
martin.bjuve@smarteye.se





**Smart Eye AB**  
Första Långgatan 28B  
SE-413 27 Gothenburg, Sweden  
Phone +46 31 60 61 60  
org. nr 556575-8371

[www.smarteye.ai](http://www.smarteye.ai)