



smart eye

Interim report
January - March 2022

Technology that understands,
simplifies and predicts human
intentions and actions.



Encouraging growth in a challenging environment

January - March 2022

- Net sales amounted to SEK 53.5 (18.1) million, which is an increase of 195% compared to the corresponding period previous year, of which 14% was organic growth.
- EBITDA amounted to SEK -36,1 (-12.8) million. Added resources from the Affectiva acquisition and continued investments in personnel are the main reasons for the deviation compared to last year.
- Operating loss amounted to SEK -71.5 (-18.4) million. Depreciation of the surplus value created in conjunction with the Affectiva and iMotions acquisitions amounts to SEK 25.6 million.
- Earnings after tax per share is negative.
- Cash and cash equivalents totaled SEK 214.6 million at the end of March.
- In February one new design win was received from one of Europe's largest OEMs. The estimated revenue of the order is SEK 50 million based on estimated product life cycle projections. The potential of further design wins on this new platform is estimated at SEK 500 million.
- In April the company was selected by an existing customer to deliver its world-leading Driver Monitoring System software to three additional car models. The estimated revenue of the order is SEK 50 million based on estimated product life cycle projections.



Financial summary

TSEK		Jan-Mar		Full Year
		2022	2021	2021
Net sales	TSEK	53 501	18 131	109 679
Operating profit/loss	TSEK	-71 464	-18 357	-130 909
Operating margin	%	neg.	neg.	neg.
EBITDA	TSEK	-36 115	-12 756	-71 711
Profit/loss after tax	TSEK	-71 808	-18 376	-132 713
Profit per share	SEK	-3,24	-1,10	-5,99
Return on total capital	%	-5,11	-5,02	-9,15
Equity per share	SEK	63,45	20,10	65,46
Equity per share after full dilution	SEK	61,84	19,63	63,80
Equity ratio	%	91,34	91,34	83,00
Number of shares		22 148 650	16 630 882	22 148 650
Number of shares after full dilution		22 726 150	17 031 082	22 726 150
Average number of shares before full dilution		22 148 650	16 630 882	19 389 766
Average number of shares after full dilution		22 726 150	17 031 082	19 967 266

Comments from the CEO

The pickup from the end of last year is continuing, but due to world events, at a slightly slower pace than one could expect a quarter ago. The disruptions to global supply chains are affecting the automotive industry in two distinct ways: lower production volumes and longer development lead cycles. Although this is causing short term challenges, it's important to stay focused on the long term goal of continue to be the market leaders in DMS and Interior Sensing, a position that will be increasingly valuable over time.

Automotive

Closing of the quarter we can summarize our recent success and current position within the automotive segment as follows;

- We now have 93 design wins with 14 different OEMs.
- It is to be expected that this stock of design wins will grow by the addition of more car models on existing platforms.
- 5 OEMs are in series production, thereby yielding license revenue.
- Software revenue is increasing, although hampered by hardware supply chain shortages.
- Deliveries of the fleet product AIS has started to a few select customers. The component sourcing situation is challenging but the market demand is rock solid. We are working hard to ramp up production during Q2.

During the quarter we have also spent time and effort to secure that we are in pole position to capitalize on the opportunities that we see ahead of us:

- We continue to participate in a large number of DMS procurements globally and we are standing strong. Smart Eye is a respected name in the industry thanks to our solid technological base and track record of successful deliveries, second to none.
- The Interior Sensing market continues to develop and there will be nominations this year and next.
- The deployment of safety critical software in Automotive is governed by a set of rules and processes called functional safety, or FuSa for short. Going forward we'll deliver

programs with FuSa requirements on the same level as the most advanced active safety systems. We are the leaders in this development and these requirements will increase in the future.



Research

The behavioral research side of Smart Eye has grown significantly, mostly due to last year's acquisitions. All our research units are growing organically as well. The organic growth consists of two separate parts, one is the abating effect of the pandemic and the other is the long term growth fueled by behavioral research transforming from qualitative to quantitative methods. There are strong indications that we will see both these growth factors in play during the rest of the year.

Final Words

Both Automotive and Research are affected by geopolitical events such as the war in Ukraine, supply chain disruptions and the tail end of the pandemic. However, the impressive acceleration in business activity both in Research and Automotive confirms the strong market demand ahead. Under more normal circumstances the growth rate would have been even higher. At the same time, according to plan we are investing in Interior Sensing at a good rate, enabling an even higher value add per car for the future.

Martin Krantz
CEO Smart Eye

Estimated value of obtained design wins

As of the report for the second quarter of 2018, the company provides information on the estimated market value of obtained design wins at the time of publication of the report. The figures in brackets show the levels at the time of the publication of the preceding report, which in this case was February 23rd 2022.

The total estimated value of the company's 93 (90) design wins announced to date amounts to SEK 2,375 (2,325) million over a product life cycle.

If the company's system had been used in all car models on existing platforms by the 14 (14) car manufacturers with whom design wins have been communicated, the estimated value would amount to at least SEK 6,800 (6,800) million over a product life cycle.

The calculations have been made by the company based on OEMs' estimated production volumes of car models and may change due to changed conditions for life cycle estimates of the car platforms.

Design Win Year / (MSEK)	2015-2020	2021	2022	Total
Estimated revenue over the product life cycle from current design wins	2 100	175	100	2 375
Estimated revenue over the product life cycle from possible additional designs wins with existing car manufacturers on existing platforms	3 625	300	500	4 425
Estimated revenue over the product life cycle including current and possible additional designs wins with existing car manufacturers on existing platforms	5 725	475	600	6 800

The Group

Revenue

First quarter 2022

Net sales for the period January to March 2022 amounted to SEK 53.5 (18.1) million, which is an increase of 195% compared to the corresponding period previous year, impacted by the consolidation of Affectiva and iMotions. The organic growth was 14%.

Net sales for the **Automotive** business area (Automotive Solutions and Fleet & Aftermarket) during the first quarter was SEK 11.4 million, compared with SEK 10.8 million in the first quarter of the previous year corresponding to an increase of 5%. License revenues continue to increase, even if component shortages have impacted the car production during the quarter. Project revenues are slightly lower than expected due to delays in some projects. The general customer activity is still very high, and a lot of future oriented work is being performed.

For the **Research** business area (Research Instruments, Media Analytics and iMotions) net sales during the first quarter amounted to SEK 42.1 (7.3) million. The high growth of 475 % is due to the fact that Affectivas Media Analytics business and iMotions has been consolidated into the group numbers. The organic growth in the quarter is however as high as 25%. All in all, there is a positive momentum in all parts of the Research business area.

Results

First quarter 2022

EBITDA amounted to SEK -36,1 (-12.8) million. The lower result is mainly due to the addition of the resources from Affectiva as well as a significant increase of employees in the Group. These investments are made in order to meet the continued increasing customer requests.

The operating result for the first quarter totaled SEK -71.5 (-18.4) million. Depreciation of the surplus value created in conjunction with the Affectiva and iMotions acquisitions amounts to SEK 25.6 million in the quarter.

Financial position

In addition to cash and cash equivalents of SEK 214.6 million, the Group has an unutilised bank overdraft facility of SEK 5 million.

Important events during the period

In February one new design win was received from one of Europe's largest OEMs. The estimated revenue of the order is SEK 50 million based on estimated product life cycle projections. The potential of further design wins on this new platform is estimated at SEK 500 million.

Events after the end of the period

In April the company was selected by an existing customer to deliver its world-leading Driver Monitoring System software to three additional car models. The estimated revenue of the order is SEK 50 million based on estimated product life cycle projections.

Parent company

Revenue

First quarter 2022

Net sales for the period January to March 2022 amounted to SEK 20.6 (18.1) million. Which amounts to an increase of 14%.

Results

First quarter 2022

The operating result for the first quarter totaled SEK -34.3 (-18.7) million. A considerable increase of employees, compared to last years first quarter, in order to deliver on customer projects and future customer requests are the main reasons for the lower result.

Significant risks and uncertainties in summary

Operational risks

The business operations are subject to risk factors that could impact the company's commercial and financial position. The risks relate in part to development operations proceeding as planned and in part to the company's success in recruiting qualified personnel to the necessary extent.

Financial risks

The company is financed through share capital and loans. Should the company not generate revenue to the extent and over the time perspective assessed by the Board, this could result in additional capital requirements.

As sales increase, the company will be exposed to increased currency exposure since most of the company's sales will be denominated in a currency other than Swedish kronor.

Market risks

Eye tracking is an emerging technology, whereby the company's products are currently used in behavioral research and as integrated products in the automotive industry. A delay or the non-materialization of a launch of eye tracking in the automotive industry could entail a risk of a lower-than-expected growth rate. Otherwise, regarding risks and uncertainties, refer to the 2021 Annual Report, page 56-57.

Transactions with related parties

There were no transactions with related parties during the period.

Share Information

The Company is listed on Nasdaq First North Growth Market. Certified Advisor is Erik Penser Aktiebolag.

Number of shares

The number of shares now totals 22,148,650.

Share-based incentive scheme

At its AGM on 14th April 2021, the company resolved to establish an incentive programme for senior executives and staff. On full exercise of the company's incentive program, 200,000 shares would be issued. Subject to the fulfilment of certain conditions, the subscription price of shares subscribed with warrants is SEK 218.75 per share. Subscription is possible in the period 1st June 2024 to 30th June 2024 inclusive.

In addition, the company resolved at an EGM on 8th October 2021 to establish an incentive programme for senior executives and staff of the acquired company Affectiva. On full exercise of the company's incentive program, 137,500 shares would be issued. Subject to the fulfilment of certain conditions, the subscription price of shares subscribed with warrants is SEK 218.75 per share. Subscription is possible in the period 15th November 2024 to 15th December 2024 inclusive.

The company also has two current incentive programmes adopted by the AGMs on 15th May 2019 and 8th May 2020.

Dividend policy

The Company is in a development phase and any surpluses are scheduled for reinvestment in the Company's development. The Board is not intending to submit a dividend proposal.

Accounting policies

The interim report has been prepared in accordance with the Annual Accounts Act and the general advice and guidelines of the Swedish Accounting Standards Board, BFNAR 2012:1, Annual Reports and Consolidated Financial Statements (K3).

This interim report has not been reviewed by the company's auditor.

Signing of the report

The Board of Directors and the CEO assure that the interim report provides a fair overview of the Parent Company's and the Group's operations, position and results and describes the significant risks and uncertainties in the Parent Company and the companies included in the Group.

Gothenburg, April 28, 2022

Anders Jöfelt
Chairman of the board

Lars Olofsson
Vice Chairman

Mats Krantz
Board member

Magnus Jonsson
Board member

Eva Elmstedt
Board member

Cecilia Wachtmeister
Board member

Martin Krantz
CEO

Smart Eye Aktiebolag (publ)



Condensed Consolidated Statement of Income

TSEK	Jan-Mar 2022	Jan-Mar 2021	Full Year 2021
Net sales	53 501	18 131	109 679
Cost of goods sold	-9 136	-2 143	-12 429
Gross Profit	44 365	15 988	97 250
Sales expenses	-38 600	-13 345	-80 430
Administrative expenses	-30 867	-8 763	-58 406
Research and development expenses	-56 308	-14 933	-102 117
Other operating income	10 889	2 696	15 279
Other operating expenses	-943	0	-2 485
Operating profit/loss	-71 464	-18 357	-130 909
Financial income and expenses			
Interest income and similar profit items	0	0	0
Interest expenses and similar loss items	-83	-19	-290
Total financial income and expenses	-83	-19	-290
Profit/loss after financial items	-71 547	-18 376	-131 199
Tax on the result for the period	0	0	-203
Deferred tax	-261	0	-1 311
Result for the period	-71 808	-18 376	-132 713

Condensed Consolidated Balance Sheet

TSEK	2022-03-31	2021-03-31	2021-12-31
ASSETS			
Intangible assets	1 391 120	134 236	1 376 957
Tangible assets	5 692	3 821	4 667
Total fixed assets	1 396 812	138 058	1 381 624
Inventories	6 116	5 118	6 557
Trade receivables	42 417	8 627	43 011
Current tax receivables	3 080	2 252	3 970
Other current receivables	7 183	1 514	13 290
Prepaid expenses and accrued income	23 158	9 040	18 530
Current receivables	75 838	21 433	78 801
Cash and cash equivalents	214 627	201 410	278 360
Total current assets	296 581	227 961	363 718
TOTAL ASSETS	1 693 393	366 020	1 745 342

Condensed Consolidated Balance Sheet

TSEK	2022-03-31	2021-03-31	2021-12-31
Equity			
Share Capital	2 215	1 663	2 215
Other contributed Equity	1 867 060	677 943	1 867 060
Other Equity	-463 942	-345 272	-419 378
Total equity	1 405 333	334 332	1 449 895
Deferred taxes	122 152	0	118 992
Provisions	122 152	0	118 992
Other long-term debt	76 098	0	75 822
Other debt to credit institutions	2 922	0	3 084
Non-current liabilities	79 020	0	78 906
Other debt to credit institutions	0	1 167	0
Advance payments from customer	1 725	0	1 644
Trade payables	20 080	7 062	20 235
Other current debt	26 493	3 171	37 003
Accrued expenses and prepaid income	38 590	20 288	38 667
Current liabilities	86 888	31 688	97 549
TOTAL EQUITY AND LIABILITIES	1 693 393	366 020	1 745 342

Condensed Consolidated change in equity

TSEK	Share capital	Other contributed Equity	Other Equity	Total equity
Opening balance 2021-01-01	1 663	677 943	-326 977	352 627
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
Profit/loss for the year			-132 713	-132 713
Equity 2021-12-31	2 215	1 867 060	-419 378	1 449 895
Opening balance 2022-01-01	2 215	1 867 060	-419 378	1 449 895
Option program 2022			596	596
Translation difference			26 649	26 649
Profit/loss for the year			-71 808	-71 808
Equity 2022-03-31	2 215	1 867 060	-463 942	1 405 333

The share capital consists of 22 148 650 shares with a quota value of SEK 0.1.

Condensed Consolidated Cash Flow Analysis

	2022-03-31	2021-03-31	2021-12-31
Operating activities			
Operating profit/loss after depreciation	-71 464	-18 376	-130 909
Reversal of depreciation	35 349	5 601	59 198
Reversal of non-cash items	1 083	0	3 183
Financial payments received	0	0	0
Financial disbursements	-83	-19	-290
Tax	0	-152	-1 449
<i>Cash flow from operating activities before changes of working capital</i>	-35 114	-12 946	-70 268
Change in working capital			
Change in stocks	441	85	-1 354
Change in trade receivables	594	8 911	2 775
Change in other current receivables	2 369	-1 762	-4 754
Change in trade payables	-155	-1 745	8 038
Changes in other current liabilities	-10 782	408	-36 813
<i>Changes in working capital</i>	-7 533	5 897	-32 108
Cash flow from operating activities	-42 647	-7 049	-102 376
Investment activities			
Acquisition of intangible assets	-18 304	-9 631	-55 274
Acquisition of tangible assets	-2 019	-380	-944
Acquisition of subsidiaries	0	0	-257 584
<i>Cash flow from investment activities</i>	-20 324	-10 011	-313 802
Financing activities			
New issue	0	0	469 870
Option program	0	0	7 802
Non-current liabilities	-162	0	-1 592
<i>Cash flow from financing activities</i>	-162	0	476 079
<i>Translation difference</i>	-600	-231	-243
Cash flow	-63 733	-17 291	59 659
Opening cash and cash equivalents	278 360	218 701	218 701
Closing cash and cash equivalents	214 627	201 410	278 360

Condensed Parent Company's Statement of Income

TSEK	Jan-Mar 2022	Jan-Mar 2021	Full Year 2021
Net sales	20 608	18 131	78 094
Cost of goods sold	-2 683	-2 143	-8 952
Total operating revenue	17 925	15 988	69 142
Sales expenses	-18 439	-13 489	-61 133
Administrative expenses	-13 523	-8 763	-40 278
Research and development expenses	-22 489	-14 933	-59 962
Other operating income	3 080	2 536	11 381
Other operating expenses	-859	0	-2 371
Operating profit/loss	-34 305	-18 663	-83 221
Financial income and expenses			
Interest income and similar profit items	0	0	0
Interest expenses and similar loss items	-1	-19	-41
Total financial income and expenses	-1	-19	-41
Profit/loss after financial items	-34 306	-18 680	-83 262
Tax on the result for the period	0	0	0
Result for the period	-34 306	-18 680	-83 262

Condensed Parent Company's Balance Sheet

TSEK	2022-03-31	2021-03-31	2021-12-31
ASSETS			
Intangible assets	151 121	134 236	149 085
Tangible assets	2 600	3 600	2 297
Financial assets	1 159 083	1 580	1 141 069
Total fixed assets	1 312 804	139 416	1 292 451
Inventories	6 116	5 118	6 557
Trade receivables	10 971	8 627	15 129
Receivables from Group companies	1 445	0	596
Current tax receivables	3 080	2 251	3 970
Other current receivables	5 447	1 514	2 568
Prepaid expenses and accrued income	16 466	8 149	12 091
Current receivables	37 409	20 542	34 354
Cash and cash equivalents	207 117	199 811	267 346
Total current assets	250 642	225 471	308 257
TOTAL ASSETS	1 563 446	364 888	1 600 708

Condensed Parent Company's Balance Sheet

TSEK	2022-03-31	2021-03-31	2021-12-31
Equity			
Restricted equity			
Share capital	2 215	1 663	2 215
Share premium fund	21 914	21 914	21 914
Fund for development costs	142 475	120 691	138 626
	166 604	144 268	162 754
Unrestricted equity			
Share premium fund	1 845 145	656 028	1 845 145
Retained profit	-553 117	-449 198	-466 602
Profit/loss for the year	-34 306	-18 680	-83 262
	1 257 722	188 151	1 295 282
Total equity	1 424 327	332 419	1 458 037
Other long term-debt	76 098	0	75 822
Non-current liabilities	76 098	0	75 822
Other debt to credit institutions	0	1 167	0
Advance payments from customer	1 725	0	1 644
Trade payables	13 318	7 025	13 899
Debt to Group companies	1 493	1 065	1 672
Other current debt	25 341	2 983	25 713
Accrued expenses and prepaid income	21 144	20 229	23 921
Current liabilities	63 021	32 469	66 849
TOTAL EQUITY AND LIABILITIES	1 563 446	364 888	1 600 708

Condensed Parent Company's Change in Equity

TSEK	Share capital	Share premium fund (restricted)	Fund for develop- ment costs (restricted)	Share premium fund (un- restricted)	Other un- restricted equity	Profit/loss for the year	Total equity
Opening balance 2021-01-01	1 663	21 914	115 370	656 028	-365 273	-78 604	351 098
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
Equity 2021-12-31	2 215	21 914	138 626	1 845 145	-466 602	-83 262	1 458 037
Opening balance 2022-01-01	2 215	21 914	138 626	1 845 145	-466 602	-83 262	1 458 037
Appropriation of profit					-83 262	83 262	
Option program 2021					596		596
Fund for development costs			8 887		-8 887		
Reversal of fund for development costs			-5 038		5 038		
Profit/loss for the year						-34 306	-34 306
Equity 2022-03-31	2 215	21 914	142 475	1 845 145	-553 117	-34 306	1 424 327

The share capital consists of 22 148 650 shares with a quota value of SEK 0.1.

Condensed Parent Company's Cash Flow Analysis

TSEK	2022-03-31	2021-03-31	2021-12-31
Operating activities			
Operating profit after depreciation	-34 305	-18 661	-83 221
Reversal of depreciation	7 470	5 601	23 980
Reversal of non-cash items	350	0	295
Financial payments received	0	0	0
Financial disbursements	-1	-19	-41
Tax	0	0	-1 449
<i>Cash flow from operating activities before changes of working capital</i>	-26 486	-13 079	-60 436
Change in working capital			
Change in stocks	441	85	-1 354
Change in trade receivables	4 158	8 911	2 149
Change in other current receivables	-7 213	-1 709	-8 772
Change in trade payables	-581	-1 748	5 126
Change in other current liabilities	-3 531	-928	6 087
<i>Changes in working capital</i>	-6 726	4 611	3 236
Cash flow from operating activities	-33 212	-8 468	-57 200
Investment activities			
Acquisition of intangible assets	-8 888	-9 631	-40 997
Acquisition of tangible assets	-922	-230	-789
Acquisition of subsidiaries	0	0	-327 815
Issued loan Group company	-17 207	0	0
<i>Cash flow, investment activities</i>	-27 017	-9 862	-369 601
Financing activities			
Rights issue	0	0	469 870
Option program	0	0	7 802
Non-current liabilities	0	0	-1 667
<i>Cash flow from financing activities</i>	0	0	476 005
Cash flow	-60 229	-18 330	49 204
Opening cash and cash equivalents	267 346	218 141	218 142
Closing cash and cash equivalents	207 117	199 811	267 346

Definition of key ratios

Equity ratio

Equity and untaxed reserves (less deferred tax) as a percent ratio of total assets.

Operating profit/loss

Profit/loss before financial items, costs and tax.

Operating margin

Operating profit as a ratio of net operating revenue.

EBITDA

Operating profit in before depreciation and amortization.

Return on total capital

Profit after tax as a ratio of average total capital during the period.

Earnings per share

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

Equity per share

Equity divided by the number of shares at the end of the period.

Calendar

Interim report Apr-Jun 2022, August 26th 2022

Interim report Jul-Sep 2022, October 20th 2022

Year end report Oct-Dec 2022, February 22nd 2023

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This information is information that Smart Eye AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication at 15:00 am CET on April 28th, 2022.

Smart Eye is the global leader in Human Insight AI, technology that understands, supports and predicts human behavior in complex environments. Bridging the gap between humans and machines for a safe and sustainable future.

Today, our technology is embedded in next- generation vehicles, leading the way towards human-centric mobility through Driver Monitoring Systems and Interior Sensing solutions. Our Research Instruments offer unparalleled insights into automotive, aviation, assistive technology, behavioral science and many more fields.

Our subsidiary Affectiva 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.

Our subsidiary iMotions provides the world's leading biosensor software platform, that synchronizes data streams in real time from multiple sensors.

Smart Eye was founded in 1999 and is headquartered in Sweden with offices in the US, UK, Germany, Denmark, Egypt, Japan, Singapore and China. A publicly traded company since 2016, our customers include NASA, Nissan, Boeing, Honeywell, Volvo, GM, BMW, Geely, Harvard University, over 1,300 research organizations around the world, 70% of the world's largest advertisers and 28% of the Fortune Global 500 companies.



SMILE	100
JOY	99.991
CONTEMPT	0.00
ANGER	0.00
EXPRESSIVENESS	100.00



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