

smart eye

Annual Report 2023

Bridging the gap between
humans and machines for a
safe and sustainable future



Contents

| | |
|------------------------------------|----|
| This is Smart Eye | 3 |
| In a growing state | 4 |
| Highlights | 5 |
| Financial overview | 6 |
| Letter from the CEO | 7 |
| Market & Strategy | |
| Human Insight AI | 10 |
| Business area: Automotive | 12 |
| Business area: Behavioral Research | 18 |
| Innovation | 25 |
| Sustainability | |
| With an eye on saving lives | 27 |
| Sustainability pillars | 30 |
| Company values | 37 |
| The Share | 38 |
| Financial reports | |
| Management report | 40 |
| Financial reports group | 44 |
| Notes group | 51 |
| Financial reports parent | 61 |
| Notes parent | 68 |
| Auditor's report | 77 |
| Board and Management | 79 |
| Annual General Meeting | 81 |
| Calendar and contact information | 82 |



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.



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 11 - 17

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.

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.

Read more on pages 18 - 24

Steadily on the rise

Through long-term investments, including the acquisitions of Affectiva and iMotions in 2021, Smart Eye has solidified a very strong position in automotive, consumer and market research, and human behavioral studies.

Continued leadership and profitable growth expected in Automotive in 2024

Smart Eye has built a very strong foundation in automotive over the last decade, positioning ourselves as the industry's leading DMS provider. With more than 40 percent share of the market, and 322 design wins from 21 OEMs (as of report day 2024), our automotive business keeps growing at a rapid pace.

As the industry has recovered from the pandemic, with its resulting supply chain issues and production delays, the volume of cars produced with DMS is growing exponentially.

Now a central safety technology in all vehicles, DMS is mandatory in all new type registered cars, trucks, and buses in the EU from July 2024. During 2023 Smart Eye also earned our first DMS contract as a software Tier 1, signaling an even closer collaboration between car manufacturers and automotive software suppliers in the future.

Interior Sensing extends intelligent sensing to the entire cabin and is the logical extension of DMS. It is an even larger market, enabling OEMs to add safety, convenience, comfort, and entertainment features that benefit all passengers. After winning our first major contracts for cabin monitoring features in February and March, 2024, Smart Eye is very well-positioned to lead the evolving Interior Sensing market as well.

Substantial growth and new market potential in Behavioral Research

With a portfolio of industry leading solutions, Smart Eye expects to see continued strong and profitable growth within our Behavioral Research business area.

Our solutions can be applied to understand, support and predict human behavior in many different research areas, whether academic or commercial. This opens new potential markets for Smart Eye and drives robust, profitable growth within the business area.

Smart Eye is already seeing strong growth within markets such as assistive technology, media and marketing, and aviation. The business area is also experiencing increased demand within new market verticals, such as railway applications.

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



322

Design wins
from 21 OEMs

Total number as of report day 2024

100.000+

Respondents tested with
iMotions software in a year

1

Software Tier1 contract
with a global OEM

2 million

Number of audience videos
processed with Affectiva
Media Analytics technology
in 2023

2000

Eye trackers used in assistive
technology applications over
the past 2 years

45

New AIS customers from 15
different countries during
2023

Financial overview

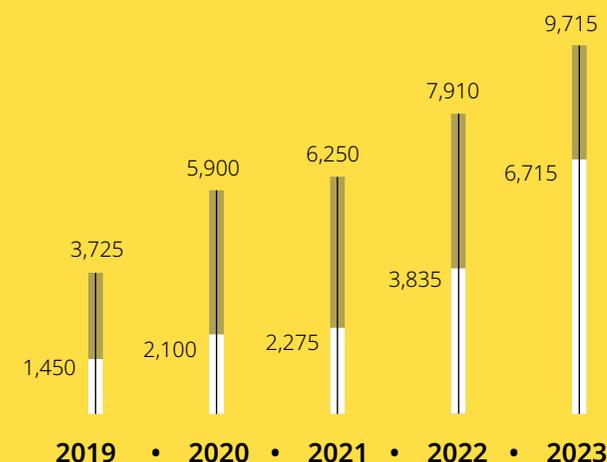
High growth driven by Automotive and improved EBITDA during 2023. 102 new design wins with an estimated order value of SEK 2,880 million reported during 2023 including the break-through order from a North American OEM to establish us as a software Tier 1 supplier.

- Net sales increased by 38% to SEK 302.2 million (219.5). Organic growth was 33%
- EBITDA was SEK -127.7 million (-193.8). The improved result is driven by higher sales from both Business Areas, with improved Gross Margin and increased Gross Profit. After cost saving activities in the beginning of the year operation expenses are almost in line with previous year.
- The operating loss amounted to SEK -282.9 million (-343.0). Depreciation of acquisition related surplus values was SEK 116 million.

| Key figures | 2023 | 2022 | 2021 | 2020 |
|-------------------------------------|----------|----------|----------|---------|
| Net sales, SEK | 302,233 | 219,539 | 109,679 | 65,097 |
| Operating profit/loss, SEK | -282,902 | -343,034 | -130,909 | -77,156 |
| Profit/loss after tax, SEK | -75,543 | -340,285 | -132,713 | -77,557 |
| Shareholders equity per share, SEK* | 44.29 | 49.69 | 65.46 | 21.20 |
| Shareholders equity ratio % | 85 | 77 | 83 | 91 |
| Number of employees | 282 | 274 | 256 | 102 |

*The subscription price in the rights issue carried out in February 2023 was SEK 25.50 per share, corresponding to approximately 58% of the share's fair value on the last day before the separation of subscription rights. The comparison figures for 2022 are recalculated, as a consequence of the rights issue, with the calculated bonus factor of 1.18.

Estimated future revenues from design wins SEK M¹⁾



- Estimated revenue over the product life cycle from current design wins (Current: 7,500 as per April, 2024)
- Estimated revenue over the product life cycle from possible additional designs wins with existing car manufacturers on existing platforms (Current: 3,950 as per April, 2024).

Net sales SEK M



CEO Letter

“Harvest season is just around the corner”

2023 was another year of great significance in Smart Eye’s history. In every key aspect we have raised the bar and improved our position in the market. With multiple breakthrough contracts won, both as a software T-2 and software T-1 supplier, our Automotive business has been incredibly successful. We also had a record year for Behavioral Research, growing organically with 21%. Looking ahead, this impressive growth sets us up for another important milestone: profit.

It’s helpful to sometimes look back in the annals, so that’s what I did. The last time Smart Eye was profitable was in 2014, when we had a tiny profit margin. Back then we were 29 employees, and I was travelling back and forth to Munich on a weekly basis, trying to convince two German premium OEMs to select our DMS software for series production. It worked out well and set us off on a growth journey that eventually took us to where we are today. Since 2015 we have invested steadily, resulting in a shareholders’ equity of over 1,5 billion SEK in 2024, compared to 40 MSEK in 2014. Our revenue has increased with a CAGR of 28%, to 302 MSEK compared to 33 MSEK in 2014. Our loss in 2023 was (195) MSEK and our current number of employees is over 300.

Our first automotive contracts set off a snowball effect, and 2024 is the year when the snowball starts rolling at full speed. We currently have more than 40 cars in production and expect to double this number by the end of this year. We also anticipate further ramp-up of the programs already in production. As vehicles roll off the production line, we will be able to collect software licenses. Once enough cars reach this point, we expect to reach profitability for the first time in 10 years. The exact timing for this is hard to predict with certainty. While we have full control our own costs, we can’t control the production or ramp-up schedule for our customers. Even so, it is very likely to happen between Q4 2024 and Q2 2025. Many of our 322 design wins will reach production during 2025, which means our growth is destined to accelerate into the near and foreseeable future.

Automotive

We started 2023 with a total of 194 design



CEO Letter

wins and ended the year with 296. One of these 102 new contracts was our first design win as a software T-1. We were nominated by a major North American OEM, and we expect this to be an early sign of a larger trend as the automotive industry move towards software defined vehicles. After the end of the year, we also landed our first two contracts for interior sensing, with start of production in 2025. This was a huge milestone for us, and something we have strived towards since before our acquisition of Affectiva in 2021. The market for interior sensing is now similar to the DMS market in 2017, when we received our initial contracts. In just a little more than a year, the first cars with really rich cabin monitoring feature sets will roll out on the road. Then we will see the technology migrate to the high-volume segment. This is what we believe will fuel growth after DMS starts maturing. By the end of the year we have had a total of 26 more design wins, putting us well ahead of any competitor. Every design wins equals a unique car model, and that is what ultimately drives revenue.

Our aftermarket solution, AIS, also had its breakthrough during the year. In June, we received our first major fleet deal from Linde, the world's largest industrial gas distributor. Then during the fall, we identified a strong opportunity in helping commercial vehicle OEMs fulfill the upcoming European legislation. As a result, in the first quarter of 2024, one of the world's biggest commercial vehicle manufacturers trusted us as supplier to two of its medium-duty truck models, with start of production in 2025. When we first started development on AIS, before the pandemic, we didn't imagine we would win a high-volume deal of this magnitude, but we are fully committed to delivering on this prestigious order. AIS is set up for fast growth in the years to come.



CEO Letter

Behavioral Research

The three business units that make up Behavioral Research, Research Instruments, Affectiva Media Analytics, and iMotions, have had a tremendous year. After completing a cost cutting program of 10% in the beginning of 2023, the result at the end of the year was an organic growth of 21% for the full year. Our profitable growth was higher than that of the market, meaning we have increased our market share during the year. It goes without saying that the teams that accomplished this are worth every praise and accolade.

Research Instruments has kept increasing their market presence across sectors such as assistive technology and aviation. With a solid increase in revenue and over 50 new customers in 2023, Research Instruments remains a vital part of Smart Eye's strategy for reaching profitability and exploring further industry verticals.

Affectiva Media Analytics' customers include the largest global advertisers and Fortune Global 500 companies. Blending Emotion AI with Smart Eye's eye tracking, the business unit launched a new attention metric in October 2023. This new measure has already become an important part of major customers' ad testing products.

iMotions continues to hold a strong market position in the software market for biometric multimodal research solutions, with an estimated market share of 50%. In 2023, its customer base grew to over 1400 with notable new clients such as Rutgers University, University of Michigan, Hugo Boss and Mitsubishi Motors.

Overall, we have a strong offering with attractive hardware, software, and services for helping different segments of the research market. We also have some innovation brewing, as a result of synergies from the acquisitions of Affectiva and iMotions in 2021, that we are starting to test out with select customers during this year. Expect more innovative solutions to improve this business area even further.

Final words on innovation

Generative AI has been making great strides during 2023. As an AI company aiming to bridge the gap between humans and machines, we are leveraging this development in our own unique way.

At this year's CES in Las Vegas, we raised great interest with a new, innovative concept based on ChatGPT 4. Smart Eye's sensing technologies – such as eye tracking, facial expression analysis, and emotion AI – were combined with generative AI to create an empathetic and contextually aware in-cabin voice assistant.

Other exciting ongoing developments by other companies outside of the automotive industry include the use of core technologies such as eye tracking, emotions, and gestures in the newest generation of AR/VR headsets. Meanwhile, PCs with enormous processing capabilities, able to run generative AI on the edge, are soon coming to the market. Technological innovation is often first adopted in PCs, before extending to automotive applications within a couple of years. That's where Smart Eye comes in: committed to staying at the forefront of development and adding our own Human Insight AI to make new technologies work even better.

“Our growth is destined to accelerate into the near and foreseeable future.”

From AI to Human Insight AI

Smart Eye is pioneering a new technology category to understand, support and predict human behavior in complex environments: Human Insight AI.

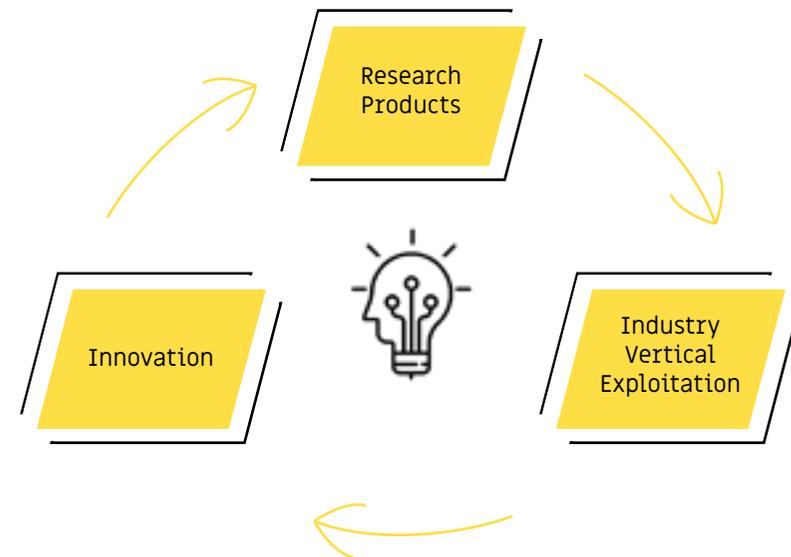
Smart Eye develops and deploys several core technologies to gain insights from subtle and nuanced changes in human behavior, reactions and expressions. These include head- and eye-tracking, facial expression analysis, emotion AI, activity and object detection, and multimodal sensor data analysis.

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 nature of the technology means that it can enable transformational human-to-machine interactions in many industries.

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. Since then, close collaboration with customers has spurred further innovation. As a result Smart Eye's presence within automotive has expanded, with solutions such as Interior Sensing. It has also led to further improvement in our research products that may open new industry verticals such as aviation and healthcare.



**Future industry
applications
include aviation
and healthcare.**



Case study

Advanced driver safety technology in the Volvo EX90

In Volvo Car's new all-electric flagship SUV, the Volvo EX90, Smart Eye's premium Driver Monitoring System (DMS) is a key component. As a part of the Volvo EX90's Driver Understanding System (DUS), Smart Eye's AI-based technology provides a deeper understanding of the state of the driver to further enhance traffic safety.

Volvo Cars is setting a new standard in active safety by standardizing the DUS in the EX90, including the first system in the industry that combines a dual-camera DUS with a capacitive steering wheel. Powered by Smart Eye's advanced AI algorithms, the DUS analyzes the eye, face, head, and body movements of the driver. This comprehensive insight into driver behavior enables the Volvo EX90 to offer timely warnings and interventions while staying out of the way when not needed.

"Smart Eye's leading DMS software is a key component in our Driver Understanding System, where once more, Volvo Cars' state-of-the-art research will further help drivers avoid collisions. For decades, Smart Eye has proven its strength in delivering outstanding measurement technology for driver behavior studies. Bringing that competence to bear directly in our products is a natural next step and tightly aligns with Volvo Cars' commitment to continued innovation for everyone's safety," said Åsa Haglund, Head of Volvo Cars Safety Center.

Business Area Automotive

As the market leader in driver monitoring systems, we collaborate closely with automotive OEMs and Tier 1s to innovate the mobility solutions of tomorrow. With expertise in deep learning and data acquisition, we are poised to lead the emerging Interior Sensing market as well.

Automotive Solutions

From the introduction of airbags to the use of advanced driving assistance systems, the automotive industry's ongoing efforts have significantly enhanced road safety in the last decades. Still, around 1.19 million people globally die in traffic accidents each year⁽¹⁾.

Despite important technological advancements, car accidents often come down to human error. In fact, recent years' increased automation and connected devices can even run the risk of causing more distraction in drivers.

Driver Monitoring Systems (DMS) have emerged as a key technology to reduce human error and save lives. Camera-based DMS reduces accidents caused by inattention and drowsiness, crucially alerting drivers to lapses in focus.

Driver Monitoring Systems have become a mandatory safety feature in many parts of the world. As a result, DMS has transitioned from an exclusive feature in premium



Status of DMS regulations and ratings

Euro NCAP: DMS adds contributing points for detection of drowsiness, distraction, and unresponsive drivers. Since 2023, Euro NCAP also rewards points for Interior Sensing features such as child presence detection. From 2026 and forwards, Euro NCAP will extend their assessment protocol to also include features such as seat belt detection and driver incapacitation.

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

China: Required today in some vehicles, such as long-distance trucks and vehicles transporting hazardous goods, in some provinces. By 2026, the requirements will extend to passenger cars.

USA: DMS is currently not mandatory for manual driving. However, DMS is part of the Moving Forward Act under consideration by the Senate. Also, the Bipartisan Infrastructure Law, passed by the US Congress in 2021, includes a mandate that new cars will need to have DMS technology that detects alcohol impairment starting in 2026. This requirement will likely extend to new trucks and buses as well.

Automotive continued

cars to an essential element in all new vehicles. This global development has helped Smart Eye assume a market-leading position as a DMS provider to the automotive industry, delivering our technology to 322 car models with 21 of the world's largest car manufacturers.

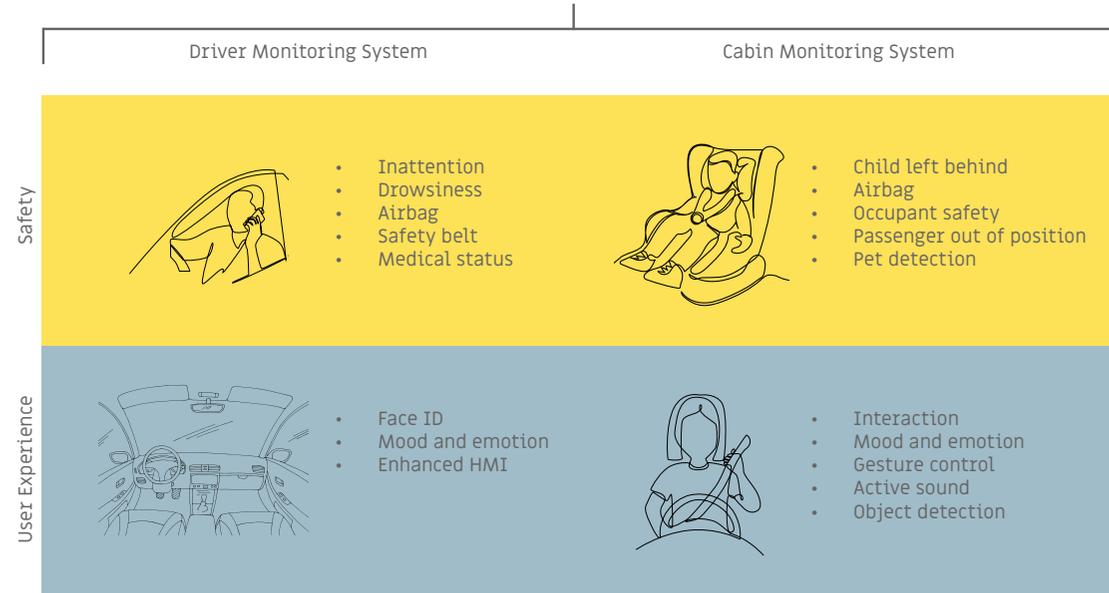
Interior Sensing: a key market trend

As the logical evolution of DMS, Interior Sensing technology is rapidly gaining traction in the automotive industry. Interior Sensing extends the capabilities of DMS to the entire cabin, offering valuable insights into the state of the cabin and the people in it.

Interior Sensing is already recognized by rating organizations like Euro NCAP. Since 2023, Euro NCAP rewards points for child presence detection, which can detect a child alone in a car and alert the owner or emergency services to prevent heatstroke fatalities. An increasing number of car manufacturers are also choosing to use cameras and computer vision for more accurate and cost efficient occupant and seat belt detection, replacing other sensors.

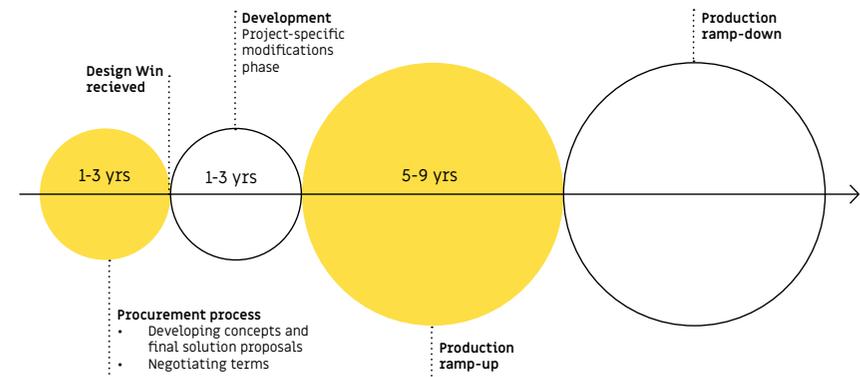
Beyond safety, there is growing industry interest in driver monitoring and cabin monitoring for its potential in enhancing comfort and entertainment, enabling a more personalized in-cabin experience. Especially in Asian markets, there is a strong demand for entertainment features enabled by cabin monitoring, but OEMs all over the world are looking to use this technology to differentiate themselves from competitors.

Interior Sensing
EXTENDING THE INTELLIGENCE TO THE ENTIRE CABIN



Design win

Smart Eye receives a formal order to deliver software for a specific car model.



Automotive continued

AI expertise contributes to Smart Eye's market-leading position

Smart Eye's expertise in deep learning, data acquisition and annotation, and synthetic data generation has earned us a leading position in the market. Our algorithms, developed through computer vision and deep learning, 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.

As a result of the versatility of our algorithms in classifying human states, behaviors, and objects, Smart Eye stands as the market leader in the embedded DMS market. Measured by design wins, number of OEM customers and cars on the road,

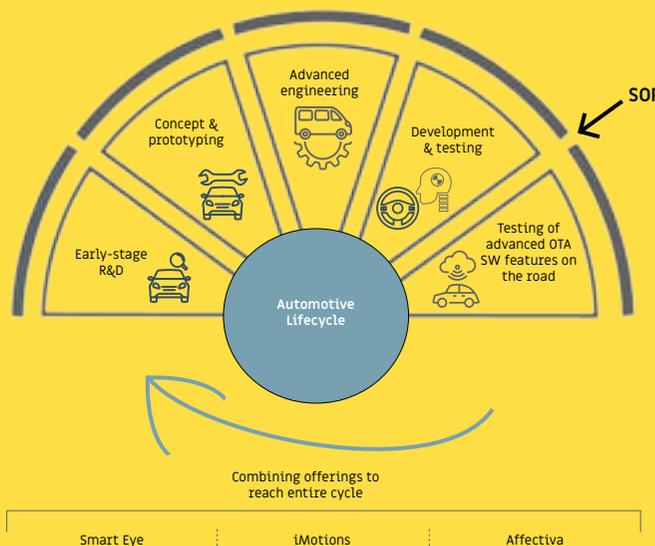
Smart Eye holds a clear lead. This leadership can be expected to extend to the emerging Interior Sensing market as well. Employing the same hardware and software infrastructure used for DMS, Smart Eye's technology enables OEMs to cost-effectively add Interior Sensing features that differentiate their cars from the competition.

Automotive Solution's business model

The Automotive Solutions business unit sells software to OEMs, traditionally through Tier 1 suppliers, for integration in vehicles as well as for use in early-stage R&D. However, OEMs are starting choose to work directly with Smart Eye as a software Tier 1.

Comprehensive OEM support throughout the automotive lifecycle

Smart Eye, through the combined expertise of our various business units, is capable of supporting OEM customers throughout the automotive lifecycle. This support spans from early-stage R&D and prototyping to advanced engineering, final development, data acquisition and annotation, testing before production, and assessing customer responses to over-the-air updates of software features in cars on the road.



Automotive continued

The business unit garners compensation through NRE revenue for development post design wins and high-margin license revenue per produced car upon production. Project fees for prototyping and conceptual studies further contribute to the business unit's revenue streams.

Remarkable achievements in 2023 reflect steady market growth

Smart Eye achieved notable milestones throughout 2023, such as securing production program wins for wide and narrow-angle camera systems. The business unit's customer base expanded from 18 OEMs in December 2022 to 21 OEMs by April 2024, while the number of car models to be equipped with Smart Eye's technology increased from 194 to 322, reflecting steady market growth and continued market leadership for Smart Eye. Automotive Solutions continues to be a key factor in the company's long-term profitability.

In 2024, Smart Eye plans to remain in a leading position in both DMS and the emerging Interior Sensing market. We will also continue to prioritize innovation and research, ensuring that our automotive solutions maintain a technological and competitive edge – consistently enhancing safety and defining the future of mobility.



Automotive continued

Applied AI Systems

AAIS offers complete driver support systems, combining Smart Eye's DMS software with proprietary hardware. With systems designed for both aftermarket installation in existing fleet vehicles and integration in new cars, trucks and buses by small-volume manufacturers, AAIS's primary source of revenue is through product sales and customer specific projects with OEMs and fleet owners. The business unit also offers tailored integration for specific vehicle needs.

AAIS improves safety in fleet vehicles

AAIS develops and distributes AIS, a complete driver support system that consists of a standalone camera unit and Electronic Control Unit (ECU). This flexible and scalable in-cabin safety system can effectively detect early signs of driver drowsiness and distraction, improving driver performance and reducing road accidents. AIS is compliant with the EU's General Safety Regulation (GSR) requirements and can be smoothly integrated with fleet management systems through wireless connectivity.

Geotab integration and breakthrough contract in 2023

In 2023, the business unit made significant advancement by fully integrating AIS with fleet management platform Geotab, making the system available on the Geotab Marketplace.

Other key events of the year include signing a breakthrough supply contract with Linde, the world's largest industrial gas company, which will be installing AIS systems in its heavy vehicles in the Nordic and Baltic regions. AIS was also selected by Chinese and European bus manufacturers for GSR compliance. In October, the system was named the "Fleet Management Solution of the Year" in the 2023 AutoTech Breakthrough Awards program.

AAIS also introduced two new product versions: AIS CV (Commercial Vehicle) Alert and AIS I/O. AIS CV Alert is tailored to help bus and truck manufacturers guarantee immediate compliance with the EU's General Safety Regulation (GSR). AIS I/O offers digital input and output signals in addition to the standard methods for alerting the driver – enabling the user to also control external warning methods, such as seat vibration.

In 2024, AAIS plans to develop a cloud-based backend system for fleet management and maintenance, while expanding its network of distributors for better local support. Aligning AIS with the European GSR will also remain a top priority, helping customers through the GSR certification process and ensuring their vehicles comply with current and future safety requirements.

In March 2024, AAIS received a breakthrough order from a major European commercial vehicle manufacturer. The customer will be implementing Smart Eye's AIS driver monitoring system in two medium-duty truck models, which will go into production in the second half of 2025. The contract is Smart Eye's largest to date for its AIS product.





Case study

Linde advances fleet safety with Smart Eye's AIS

In a strategic move to elevate fleet safety, Linde, the world's largest industrial gas company, chose to implement Smart Eye's AIS driver monitoring system in heavy vehicles used in the Nordic and Baltic regions.

Using Smart Eye's leading driver monitoring system software, AIS employs advanced AI algorithms to enhance driver vigilance, identifying early signs of fatigue and inattention. This technology is often especially important in fleet vehicles, as professional drivers working long shifts can become more prone to drowsiness and distraction.

By implementing Smart Eye's AIS system in its heavy fleet vehicles, Linde demonstrates the practical application and reliability of Smart Eye's solutions in demanding, real-world environments.

"Safety is a top priority at Linde and above all, we aim to make sure our drivers get home safe at the end of the day. Based on our thorough evaluation, including extensive field testing, Smart Eye was the best choice for us," says Elias Chowdhury, Linde's Transport Safety Manager for Europe North.

Business Area Behavioral Research

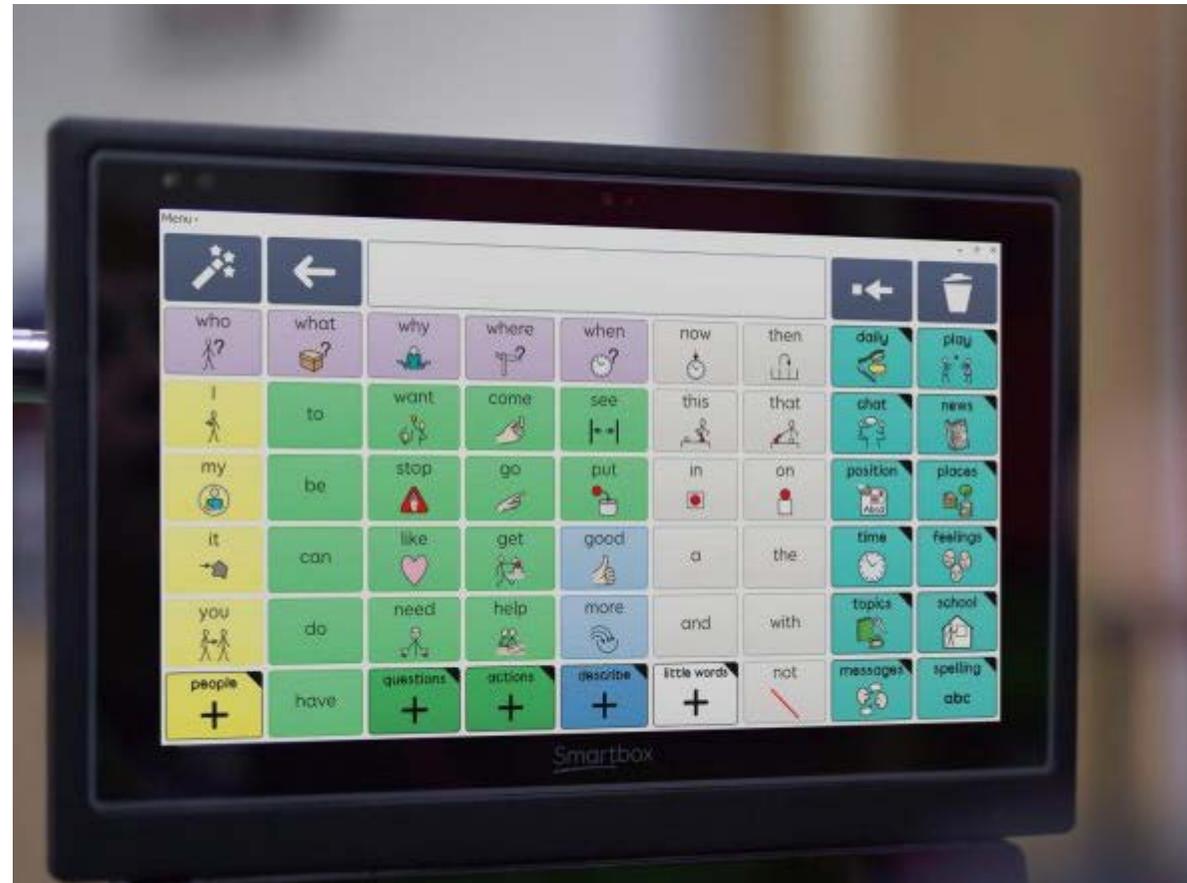
The Behavioral Research business area contains three separate business units: Research Instruments, Affectiva Media Analytics and iMotions. With its own strong expertise, offering and business model, each business unit delivers technology for a wide array of applications within human behavioral studies, as well as consumer and market research.

Research Instruments

Smart Eye's Research Instruments business unit develops sophisticated eye tracking systems and delivers them to world-renowned research organizations. The systems combine advanced cameras, illumination modules and top performing algorithms, enabling customers to collect data in any environment.

Eye tracking systems for a range of industries and applications

Research Instruments also offers eye tracking systems for product integration, embedding Smart Eye's head, face and eye tracking technology into other products and devices. This integration lets humans interact with machines in innovative ways, while also enabling new tools for understanding human-machine interaction. As an example, Smart Eye's technology plays a vital role in the growing



assistive technology market, breaking down barriers for individuals with disabilities.

Research Instrument's customers and partners include notable names like NASA, BMW, Audi, Boeing, Universal Studio Media Labs, and Harvard University. The technology applications

span various industries, such as pilot training, assistive technology, medical diagnosis, locomotive driver training, automotive driver training, and more. The business unit's primary focus is on direct sales, supplemented by a network of resellers and distributors, generating revenue through unit sales and software subscriptions.

Behavioral Research continued

Continued growth and new system upgrade in 2023

2023 was a notable year for Research Instruments, with a large revenue increase and the addition of over 50 new customers, signifying Smart Eye's presence in the market.

November marked the launch of Smart Eye Pro 11: an upgrade of Smart Eye's flagship eye tracking system, with the aim to improve traditional methodologies of driver and pilot training in the automotive and aviation industries. Developed for scenarios with challenging lighting conditions, like dark flight simulators or environments with bright sunlight, Smart Eye Pro 11 features enhanced gaze measurements and easy-to-use, calibration-free gaze as an alternative to the high precision calibrated gaze.

Dedicated to extending the market reach for their eye tracking solutions, Research Instruments aims to expand even further into new markets in 2024.



Research Instrument's diverse product portfolio

Research Instruments's products encompass a range of cutting-edge eye tracking solutions that serve diverse research fields, including automotive and aviation research, UX, psychology, Human Machine Interface (HMI) design, medicine and others.

- Smart Eye Pro stands out as one of the world's most advanced remote eye tracker, excelling in head box, field of view, and gaze accuracy.
- AI-X is a compact and cost-effective eye tracker designed for screen-based research.
- Smart Eye XO is a durable dual-camera system that integrates our Smart Eye Pro software.
- Aurora, our smallest remote eye tracker, enables high frame rates and precision eye tracking.
- The Smart Recorder brings a scene camera to the solution, facilitating additional visual analysis options and flexibility in data collection.

Case study

Singapore Airlines Elevates Pilot Training through Eye Tracking Technology

Research Instrument's eye tracking technology continues to redefine pilot training methods. Moving past traditional assessments, based solely on the outcomes of a pilot's actions, our eye trackers offer insight into the pilot's underlying decision-making process.

By providing a deeper understanding of pilots' behaviors, and more specifically of how they interact with complex aircraft systems, eye tracking dramatically improves the efficiency of pilot training.

One example of this is the collaboration between Smart Eye, Singapore Airlines, and training simulator provider CAE. Utilizing Smart Eye's eye tracking in the CAE simulators used to train their crew, Singapore Airlines are able to study their pilots' gaze direction and scan paths in the cockpit.

This gaze data is presented to the instructor in real time during the training session and is also recorded to allow instructors to replay it during the debriefing session.

Besides helping instructors to understand a pilot's key focus areas, it eases their workload and lets them focus on other essential tasks while the eye tracking system provides them with insightful data.



This shift in training principles can result in major improvements in aviation safety and efficiency. Smart Eye continues to be at the forefront of these changes; aiming to improve safety,

enhance pilot competency, and the overall quality of pilot training.

Behavioral Research continued

Affectiva Media Analytics

Affectiva Media Analytics, a startup that spun out of MIT Media Lab, specializes in Emotion AI to analyze consumer emotional responses to brand and entertainment content, such as ads and movies. Since its inception, the business has analyzed over 14 million audience videos.

A scalable solution used by the world's largest advertisers

Affectiva Media Analytics serves a wide range of customers, including the largest global advertisers and Fortune Global 500 companies, to enhance campaign strategies and product innovations. The offering is primarily cloud-based but is also available as a software development kit for direct integration into customers' products and services, making it very scalable. Revenues consist of provisions for cloud-based analytical services, license fees for the Software Development Kit (SDK) and subscription revenues for access to APIs.

New attention metric launch and other key events in 2023

In 2023, Affectiva launched a new attention metric, blending Emotion AI with Smart Eye's eye tracking technology to offer in-the-moment attention data in media contexts. Launched at the ESOMAR conference in October, the new measure is already an integral part of clients' ad testing products, including leading research players such as Kantar. The business unit also embarked on a number of novel

research projects, including a study into consumer reaction to Generative AI-created content.

Looking ahead, Affectiva plans to further refine its Emotion AI algorithms and delve deeper into attention analysis. Leveraging Smart Eye's automotive safety grade gaze tracking, the team is set to generate more insights into audience engagement with video content in media and advertising research.





Case study

Shaping the Future of Entertainment Marketing with MarketCast

MarketCast is a data and technology-driven research and insights company. The company's expertise spans across various entertainment sectors, from movies and sports to video games, with a focus on engaging and retaining audience attention.

In their iterative testing, MarketCast uses Affectiva's Emotion AI to understand and predict viewer responses. With over 30 emotions and facial expression metrics, the technology measures both audience reactions and character emotions within content.

This deep insight into unfiltered viewer emotional responses gives creative teams and marketers the power to identify key emotional moments in trailers and marketing materials, ultimately helping them optimize content by geography, category, and media length.

In a recent project for a major action movie franchise, MarketCast worked with Affectiva to measure emotional responses. The data from Affectiva, particularly around surprise and engagement, played an important role in fine-tuning the campaign, and ensuring it resonated with both new and loyal fans of the movie franchise.

"Affectiva's integration into MarketCast's research methodology is seamless and robust," says Kate Monninger, VP of Campaign Analytics at Marketcast. "Working with Affectiva means having access to a team that lives and breathes this technology. It's about more than just software; it's about partnership and innovation."

Behavioral Research continued

iMotions

iMotions is a human insight software platform that enables users to collect, fuse and analyze data from multiple sensors. The platform integrates data from 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.

Continued strong market position in biometric multimodal research

This multimodal suite is used by commercial entities and universities for its significant data collection and analysis capabilities. Compared to survey-based methods, measuring responses through biosensors enables a higher validity, as well as faster and more cost-effective results for research on human behavior. The technology provides data in various contexts, from lab-based eye tracking studies to real-world observations.

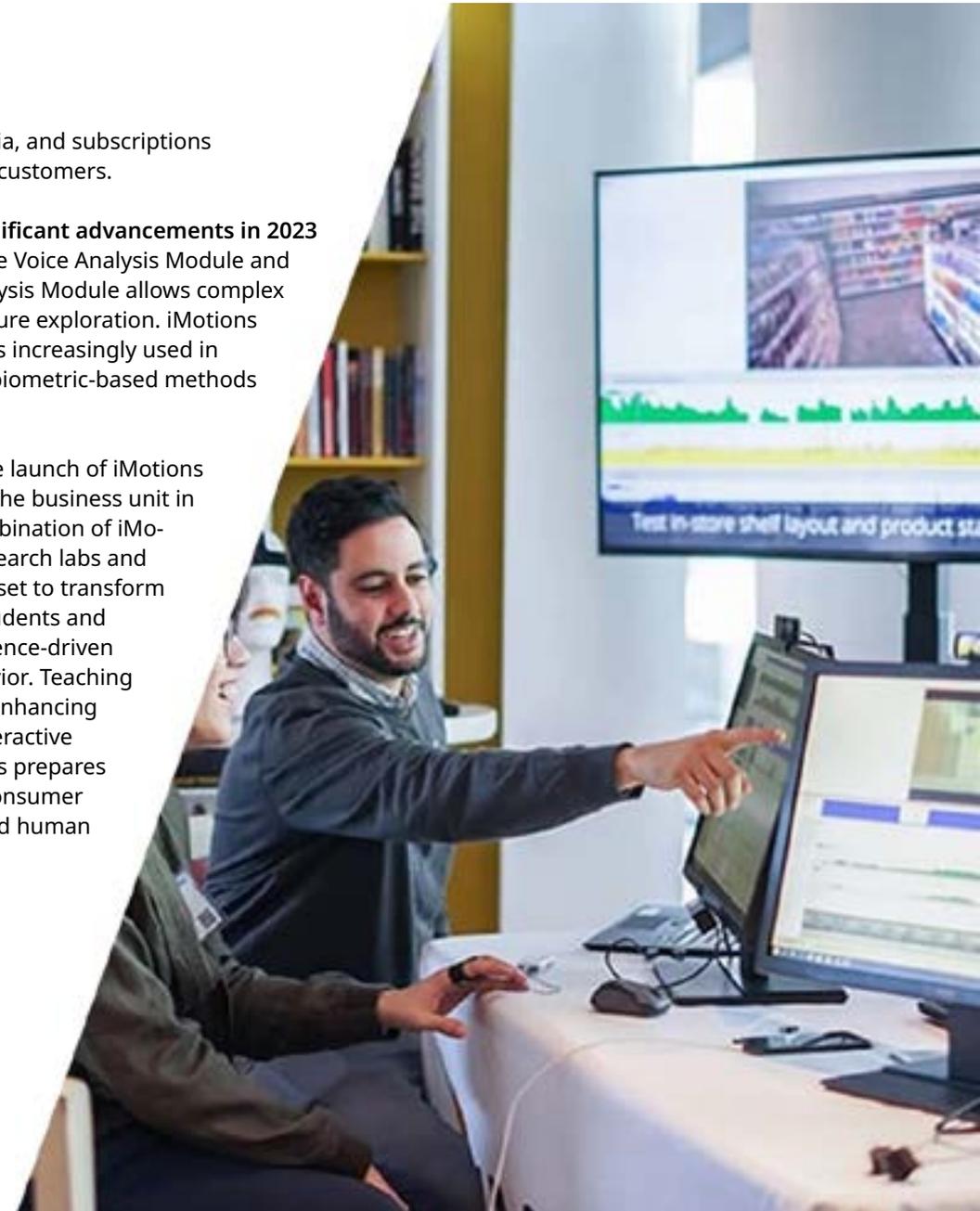
iMotions continues to hold a strong market position in the software market for biometric multimodal research solutions, with an estimated market share of 50%. Its customer base grew to over 1400 in 2023, with significant growth in revenue. Notable new clients include Rutgers University, University of Michigan, Hugo Boss and Mitsubishi Motors. The business unit has also made significant progress in academia, serving 75 of the world's top 100 universities. Through a combination of direct sales and resellers, iMotions gains revenue from annual license

fees from customers in academia, and subscriptions SaaS revenue from commercial customers.

iMotions Online and more significant advancements in 2023

In 2023, iMotions introduced the Voice Analysis Module and iMotions Online. The Voice Analysis Module allows complex emotion analysis and vocal feature exploration. iMotions Online, a browser-based suite, is increasingly used in university classrooms to teach biometric-based methods for accurate data collection.

Building on iMotions Online, the launch of iMotions EduLabs will be a key focus for the business unit in 2024. The new offering is a combination of iMotions's existing solutions for research labs and education. iMotions EduLabs is set to transform higher education, equipping students and educators with scalable and science-driven tools for studying human behavior. Teaching in-demand technical skills and enhancing classroom learning through interactive experiments, iMotions EduLabs prepares students for future careers in consumer insights, marketing research and human factor research.



Case study

Driving Automotive Innovation with iMotions and the University of Padua

iMotions recently joined forces with the University of Padua in an experiment on driver behavior. Using a VI-grade driving simulator, the setup included a projection system, an active 5-point belt, and a seat designed to replicate the sensations of actual driving. To provide a comprehensive analysis of their reactions during the simulation, participants were equipped with sensors for monitoring various biometrics, including galvanic skin response (GSR), muscle response (electromyography – EMG), heart rate and eye gaze.

The experiment challenged participants to complete five laps on a simulated racetrack, with the goal of driving faster with each new lap. The key results indicated an increase in physiological arousal when speeding up, as shown by increased GSR levels in the final lap. Additionally, the EMG data showed preparatory muscle activity before breaking, suggesting a readiness response in the participants' muscles.

These insights mark a significant step in understanding driver behavior and physiological reactions under changeable conditions. Plans are in place to broaden this research with more participants, further deepening the understanding of the human-machine interaction.

“Our study successfully harnessed the power of virtual reality for risk-free psychophysiological monitoring. Utilizing iMotions's software, we seamlessly integrated and synchronized diverse biosensors, including eye tracking and ECG, with driving simulation data. This approach

provided detailed data and cutting-edge insights, while showcasing the immense potential of biosensors in driving research. We're excited to continue exploring these innovative methodologies in future projects.” says Michela Minen, Biomedical Engineer at the University of Pardia.



Innovation

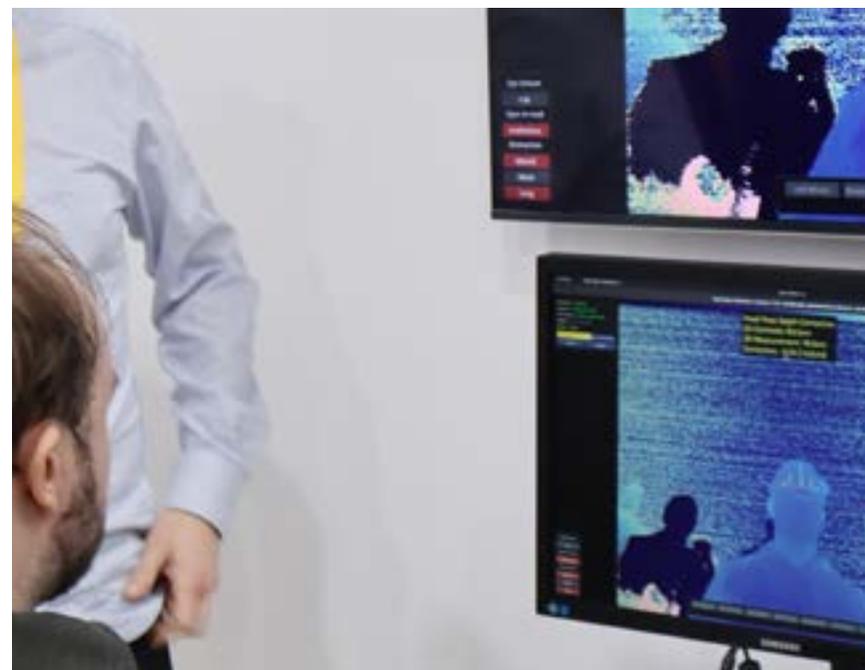
Smart Eye's market leadership in Automotive and Behavioral Research is the result of continuous investments and innovation. We remain committed to pushing the boundaries of technology.

Smart Eye's research department plays a pivotal role with several innovation-focused responsibilities:

- Develops new technologies for near and long-term product development
- Acts as a reliable technology advisor to regulators and policymakers
- Collaborates with partners on technology integration, particularly with optical sensors and SoCs (System on Chip)
- Generates synthetic datasets and assists clients with their synthetic data requirements
- Provides technical support to the business units

Estimating 3D position using 2D sensors

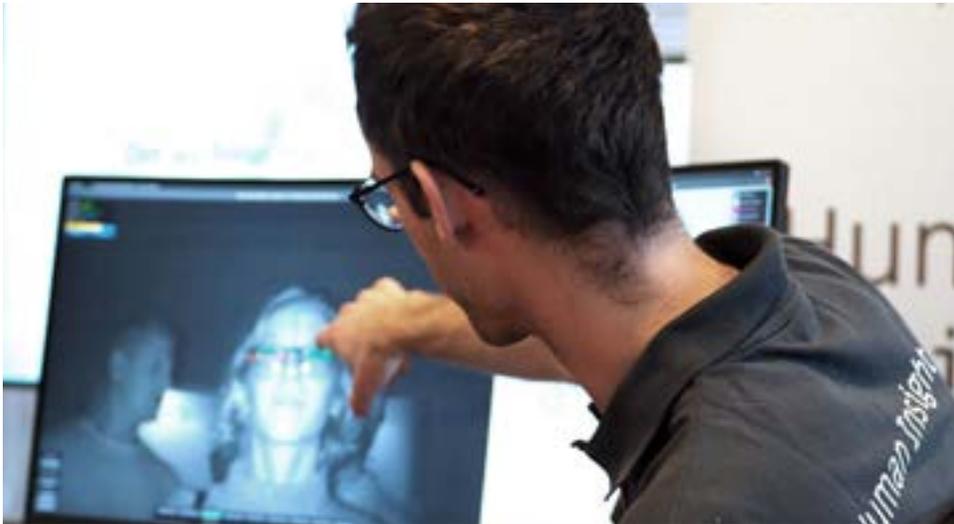
Using several neural networks and a standard 2D cabin camera, Smart Eye enables 3D estimation of passenger body pose in the vehicle. This approach offers a cost-effective way to detect passengers' positions and support vehicle warning functions, while also improving the vehicle's insight into passenger activities. The significance of this technology becomes especially evident in situations where the vehicle shifts from automated to manual drive, and the driver is required to regain control of the vehicle.



Depth Sensing

The integration of depth sensing into driver monitoring systems is a milestone in automotive safety. When combined with Smart Eye's driver monitoring software, image sensors based on technologies like iTOF (Indirect Time of Flight) or structured light can be used to create a detailed three-dimensional map of the cabin. Offering precise insight into occupant positioning and movements, this technology allows for real-time adaptation of active restraints, such as airbags. This ensures enhanced safety during collisions by adapting airbag activation in specific "out-of-position" scenarios, reducing risk for potential harm.

Innovation continued



Enhanced ADAS: Improving drivers' experience, acceptance and trust in assistance systems

To drive innovation, Smart Eye works with partners in multiple parallel research projects. One example is the Enhanced ADAS project from 2021–2023. Integrating environmental and user data, the project emphasized the role of Driver Monitoring Systems in developing more intuitive and responsive ADAS (Advanced Driver Assistance System) solutions. Besides Smart Eye, the project included research partners RISE (Research Institutes of Sweden) and Aptiv, and was funded by Vinnova.



Policy advisory

A key contributor to three different industry groups, Smart Eye advises regulators and legislators to:

- Ensure public policy objectives are set with a precise understanding of the technology.
- Draft and implement new regulations, legislation, and test protocols in a way that makes these policy objectives achievable.

This work solidifies Smart Eye's role as a trusted expert within the industry, while providing the company with first-hand insight into regulatory developments.

During 2023, Smart Eye has acted as an expert advisor on Euro NCAP's upcoming new car assessment protocol. As Euro NCAP extends their rating scheme to include more cabin monitoring features, Smart Eye offers its deep expertise within both driver monitoring and automotive interior sensing systems. This work is expected to continue throughout 2024.

Sustainability with an eye on saving lives

We believe that a sustainable business culture is critical to Smart Eye's performance and continued growth. It also contributes to an overall better society. At Smart Eye we take responsibility for all activities linked to our operations and act according to business ethics.

We systemically address our sustainability opportunities and risks. Specifically, the impact our operations have on key stakeholders, including our employees, other people through our subcontractors, business partners and the use of our technology, and on the environment. Smart Eye also has an ISO 9001-certified quality management system.

In 2022, Smart Eye initiated a group-wide project that defined Smart Eye's scope of sustainability and management framework. In 2023 we executed this framework with several new and updated processes, policies, actions, and responsibilities.

Stakeholder Dialogue

Smart Eye's sustainability work is driven by the most material impact on stakeholders across our value chain. Every day, Smart Eye conducts multiple dialogues – both direct and indirect – with various stakeholders, including, but not limited to employees, board of directors, customers, partners, investors, creditors, consumers, industry associations, regulatory & legislative bodies, media, the

| Key stakeholders | Stakeholder's prioritized sustainability topics | Examples of dialogues |
|--------------------|---|--|
| Direct dialogue | | |
| CUSTOMERS | Technical innovation, improved safety and mobility experience, product quality. Products' supply chain and traceability (environmental and social impact). Business ethics. | Business meetings, requests for proposal, requests for quotation, negotiations, industry and customer events, training and educational content, sustainability assessments. |
| EMPLOYEES | Attractive, stimulating and safe work environment, with equal opportunities for development and advancement, and the ability to work on innovative and impactful technology. And, with flexibility and work-life balance. | Regular individual employee, team and all-staff meetings. Employee surveys. Annual performance evaluation. Salary reviews. Internal training courses. Trade union cooperation. |
| BOARD OF DIRECTORS | Transparent information and responsible action in the area of sustainability. | Board Meetings, Audit Committee Meetings, Ad hoc conversations between Directors and Executive Management. |
| PARTNERS | Technical innovation, improved safety, product quality. | Business meetings, negotiations, industry events, training and educational content. |
| SUPPLIERS | Conditions for long-term collaboration, business ethics. | Business meetings, negotiations, suppliers' customer surveys. Industry events. Supplier Code of Conduct. |
| INVESTORS | Transparent information, such as financial and sustainability reporting, and responsible action throughout the value chain regarding the environment, people, and business ethics. | Individual meetings and presentations for investors and the capital market, quarterly reports, Annual Report, Annual General Meeting. |
| MEDIA | Accurate and timely information, insight to industry trends and AI innovation. | Interviews, press releases, contributed content, presentations at industry and company events, quarterly reports, Annual Report. |

| Key stakeholders | Stakeholder's prioritized sustainability topics | Examples of dialogues |
|--------------------|--|---|
| Indirect dialogue | | |
| SOCIETY | Transparency, technology that can save lives, responsible social impact by development and deployment of ethical AI and ensuring human rights in the supply chain. | We have an indirect dialogue through media, authorities, supplier assessments, industry analysts and customers. |
| ENVIRONMENT | Responsible environment impact that meets regulatory compliance and ensures a long-term sustainable environment. | |

environment, and society. We actively assess the sustainability impact on and from these stakeholders to address potential negative impact and to enhance positive benefits from our operations.

Our sustainability management system

Our external guidelines

Smart Eye is committed to the United Nations 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 United Nations 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 economic growth**
- **Goal #16 Peace, justice and strong institutions**

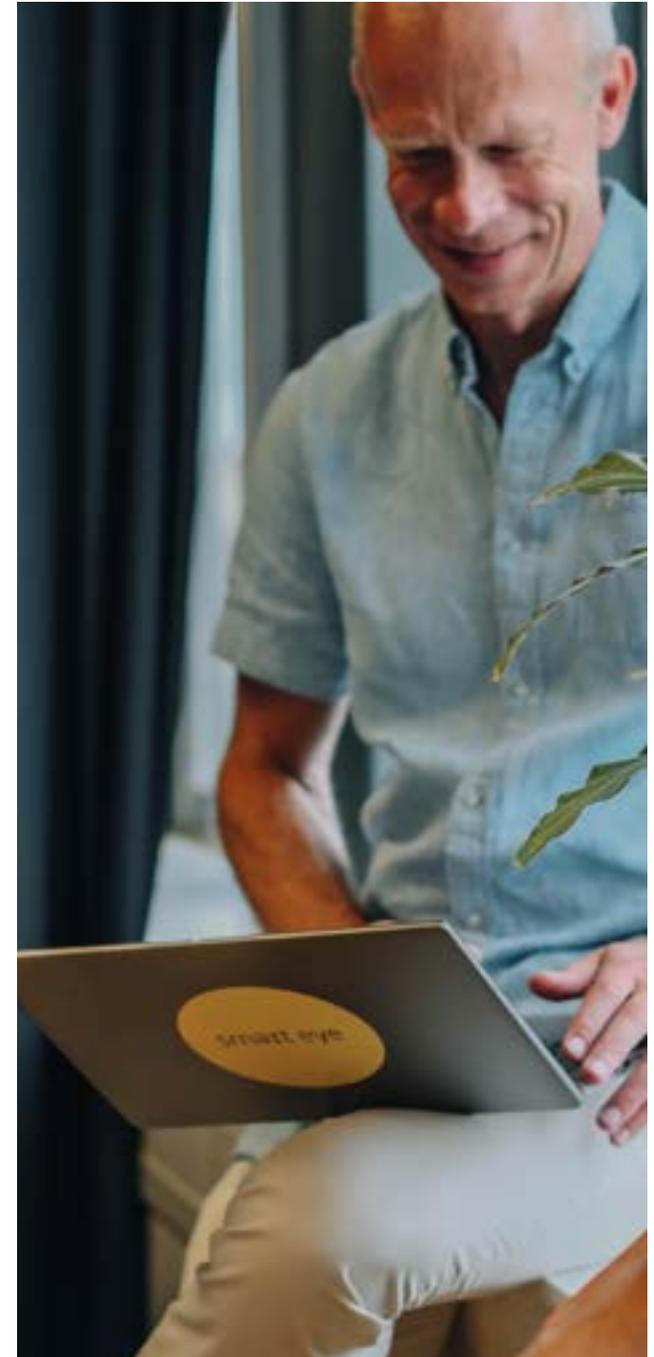
Our internal guidelines

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.

Organizational Governance of Smart Eye's Sustainability Work

The Board of Directors oversees the overall sustainability strategy, including setting and follow-up sustainability targets based on Smart Eye's materiality assessment

The CEO is ultimately responsible and ensures that Smart Eye's sustainability work is an element of the overall business strategy, and implemented, communicated, and integrated into the company's business activities. The CEO signs off on our sustainability framework and policies.



The CFO is responsible for timely and accurate financial and sustainability reporting in adherence with regulations.

The Head of Quality Management is responsible for tracking and monitoring goals and targets, and the certification of processes within the work environment.

The Head of Data Management is responsible for all data privacy related processes and policies and ensures GDPR compliance.

The Head of People and Culture is responsible for HR policies and employee training and development.

The Business Area and Business Unit Heads are responsible for assessing and monitoring suppliers and partners, and for overseeing the sales of our products.



| | Suppliers and tech partners | Research partners | Smart Eye | Customers | End-users and affected | Society |
|------------------------|--|-------------------|-----------|--|------------------------|-------------------------|
| RESPONSIBLE INNOVATION | Business ethics, anti-corruption | | | | | |
| | Procurement practices | | | | | |
| | Ethical innovation | | | | | |
| | Personal privacy, safe use of technology | | | | | |
| PEOPLE | | | | Transparent information | | Transparent information |
| | | | | Safe and equal workspace with no discrimination | | |
| ENVIRONMENT | | | | Motivated and proud employees in a learning organization | | |
| | Internal environmental footprint | | | Recycling hardware - end of life | | |

Smart Eye's sustainability pillars

Responsible Innovation, People and Environment

In 2022, we performed a materiality assessment to identify Smart Eye's impact on people, environment, and society. We reviewed Smart Eye's negative and positive, actual, and potential impact on stakeholders. We assessed the 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 either our impact or our business risk related to sustainability is material. We have organized these in three pillars:

- Responsible Innovation
- People
- Environment

Saving lives is foundational to this. Our 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.

In 2023, we have validated our materiality assessment with our primary stakeholders. Based on these findings, we have created new and updated existing policies and processes. Most notably:

- We designed a sustainability training course which is mandatory for all employees
- We created a Supplied Code of Conduct which has been made available to and accepted by all major suppliers.
- We conducted partially an internal GDPR audit and will continue with this work. The 2023 audit had no findings.



Responsible Innovation

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, and personal privacy

Smart Eye is committed to maintaining the highest ethical standards. We act and do business responsibly by law and 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, with zero tolerance for corruption and discrimination. Our goal is to have zero incidents of breaches of law, policies, and rules and zero reports of corruption. Any concerns about Smart Eye's deviations from policies and rules, breaches of law and other irregularities can be anonymously reported by employees and the public via a whistleblower function accessible on Smart Eye's website. Anything reported will be forwarded to the Audit Committee by the CFO.

Smart Eye strives for inclusion and aims to reduce 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.

Data is mostly stored with customers. In some instances, and for a limited amount of time, data is stored and managed with Smart Eye. Personal privacy is always carefully handled according to laws and regulations. Our research is conducted with reliability, honesty, respect, and accountability. No research misconduct is accepted.

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

In 2023, no incidents of corruption or any other violations of rules were reported via the whistleblower function or internally.

Human rights

Smart Eye respects and acts in accordance with several human rights conventions, implying that all types of child labor, unpaid overtime, forced labor and other violations against human freedoms are counteracted. The greatest risk to contribute to violation of human rights is in the supplier chain, such as working conditions and where extraction of minerals may affect communities. Other risks include consequences of the use of Smart Eye's data for unsafe purposes.

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

Targets to ensure responsible innovation

| TOPIC | TARGET | RESULT |
|---|--|---|
| Business ethics- Internal training | 100 percent of employees will get annual sustainability training in the Code of Conduct and internal guidelines and policies. | 88 percent of employees in the beginning of the year have been trained |
| Business ethics- Whistleblower reports | Any whistleblower report will initiate investigation within two business days. | Zero whistleblower reports submitted. |
| Personal privacy | Zero remarks in the annual GDPR audit. | Zero findings in the audit. |
| Procurement practice | 100 percent of major suppliers' environment, social and ethical aspects should align with the principles in Smart Eye's Code of Conduct. | 100 percent of major suppliers received and accepted the Supplier Code of Conduct |
| Anti-corruption | Zero incidents of corruption or breaches of law. | Zero incidents reported or investigated. |
| Human rights | Zero human rights violations. | Zero violations reported or investigated. |



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.

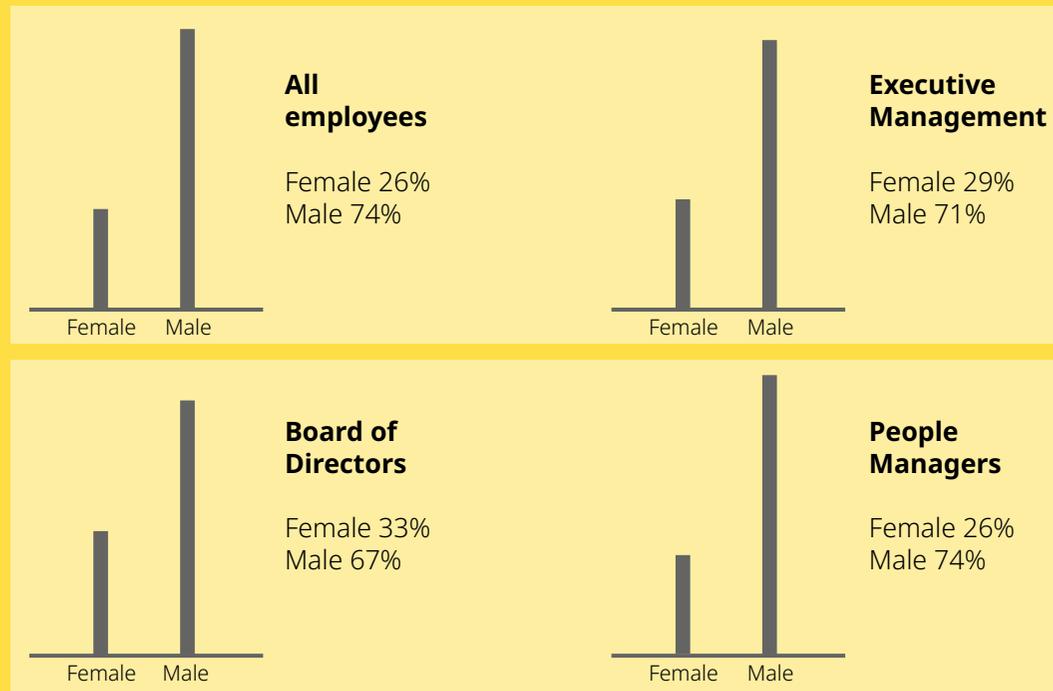
To ensure a sustainable value chain, we expect our partners and suppliers to comply with the same sustainability principles as Smart Eye, regarding the environment, business, and people – including human rights.

Main Policies

- **Code of Conduct policy** - Principles for how Smart Eye should behave as a business partner, employer and corporate citizen. Based on UN Global Compact and international conventions.
- **Privacy (GDPR) policy** - In this Privacy Notice, we explain what kind of personal data we may process and for what purposes. Furthermore, we explain what choices and rights you have.
- **Research Integrity** - Research Integrity defines our code of conduct to do research in reliability, honesty, respect, accountability, and that research misconduct such as falsification, plagiarism, fabrication is unacceptable.



GENDER DISTRIBUTION



- **Insider policy** - Guidelines for meeting regulations on market abuse as a listed company.
- **Communication policy** – Guidelines for internal and external communication to comply with laws, regulations, and agreements.
- **Master Service Agreement** - Contractual part of suppliers to follow UN Global Compact on Human Rights, Labor, Social and Environment and Climate Sustainability.
- **Supplier Code of Conduct** – Principles for how Smart Eye expects its suppliers to behave to ensure human rights and work conditions, business ethics and a sustainable environment. Based on UN Global Compact and international conventions.
- **Whistleblower policy** - Rules and procedures for an internal reporting channel. The Policy and the internal reporting channel make it possible for employees and others who work with us to report misconduct (fraud, criminal act, unethical behavior) in good faith and without fear of reprisals within the organization. This policy can be reached via the Smart Eye website, the intranet, and in the yearly sustainability training.

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 that are proud of our impact, innovation, and progress.

At the end of 2023, Smart Eye engaged 272 employees and 31 consultants.

Age groups:

| | |
|-------|-----|
| <30 | 24% |
| 30-50 | 61% |
| >50 | 15% |

At Smart Eye, we're working towards ensuring our workforce in Sweden, the US, Egypt, and Denmark, i.e. our main offices, includes at least 30% women. This objective influences our hiring and promotion practices as we strive to welcome even more female talent into our teams.

Gender pay gap per main office:

Sweden:

Female highest salary is 75% of the highest male salary (excluding Smart Eye Group CEO's salary)
Female median salary is 100% of the male median salary (excluding Smart Eye Group CEO's salary)

US:

Female highest salary is 138% of the highest male salary
Female median salary is 91% of the male median salary



Egypt:

Female highest salary is 142% of the highest male salary

Female median salary is 52% of the male median salary

Denmark (iMotions):

Female highest salary is 68% of the highest male salary

Female median salary is 87% of the male median salary

Motivated and proud employees

Motivated employees are key to our future success. We value a work environment built on respect, kindness, competence and work-life balance, where all employees can thrive. Motivation is regularly checked in employee surveys and interviews, which also address opportunities for the individual to



Targets to embrace people

| TOPIC | TARGET | RESULT |
|-----------------------|---|---|
| Employee satisfaction | >8 eNPS (employee net promoter score) | 8.28 eNPS |
| Gender balance | Improvement by monitoring gender distribution in Smart Eye. | New HR system allows for better tracking and reporting of demographics. |
| Discrimination | Zero cases of discrimination reported. | Zero findings in the audit. |
| Workplace safety | Zero high consequence work-related injuries. | Zero high consequence injuries reported. |

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, and annual compensation reviews are conducted to monitor pay equity.

In our annual employee survey, we met our target of >8 NPS. It is important to us to address any concerns employees raise. In 2023, we created employee task forces in our local offices to help address issues raised in employee surveys. We took several actions based on recommendations from the task forces:

- We streamlined our process to better manage stress levels in our Gothenburg office; for example, we have lowered the “signal level” in our time reporting system, so if you reach 50 extra hours/month, People & Culture and closest

manager will be notified and a prehab-meeting will take place.

- We developed a new process where employees can ask management questions anonymously which are then openly discussed at company meetings and monitored to prevent systemic issues.
- We're also developing new guidelines and policies to enable international collaboration and communication.

As an innovative technology company, open communication and cooperation between teams across various departments and countries is key. Smart Eye takes pride in being a learning-focused organization where employees are encouraged to 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.

Equal and safe 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. We continuously strive to improve gender balance supported by recruitment processes that ensure diverse candidate pools, cultivation of gender-balanced leadership and monitoring of gender balance in occupation groups compared with industry benchmarks. Employing only white collar workers, our health and safety efforts are focused on counteracting health effects from stress and work life imbalance, and to ensure a stimulating work environment. Inclusion and a safe workplace are ensured by a respectful work culture based on our company values and zero tolerance against

discrimination in the workplace. We support our employees' right to freedom of association and collective bargaining.

In 2023 we improved our health and safety management system by compiling and communicating our different systems and policies on our intranet. We continuously look for ways to improve our workplaces to realize our vision of zero high consequence work-related injuries.

Main Policies and processes

Code of Conduct policy – Also includes Smart Eye's commitment to offer all employees a safe and healthy workplace, promote diversity, maintain an open dialogue with employees and recognize union representation and collective bargaining.

Work environment policy - The goal of Smart Eye's work environment management is to create a workplace that is perceived as stimulating and inspiring to all employees. This is achieved by integrating

health and safety into everything we do and encouraging leadership to promote health and safety.

Equal Opportunity policy - 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. Employees are encouraged to report any inappropriate behavior or other irregularities to management or anonymously via Smart Eye's whistleblower function.

Environment

It is important to us that we continuously reduce our carbon footprint and impact on the environment. Despite Smart Eye's low environmental impact from travel, product development, our offices and waste, we believe that everyone must contrib-



ute to preserving the environment and mitigating the challenges of climate-related hazards.

Environmental footprint

In 2023, as a result of our materiality assessment, we identified that we need to measure our environmental impact. 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.

We strive to use green energy sources for our energy consumption where available. We have a hybrid work environment and take the initiative to hold meetings virtually when face-to-face meetings are not necessary. Smart Eye’s international operations include business travel by air, as customer meetings, exhibitions and fairs are an important part of our business.

Smart Eye’s offices are in urban settings and many employees commute to work using public transportation and work from home a few days a week.

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 are limited due to small sizes and production numbers.

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

Main Policies

Code of Conduct policy – Also includes Smart Eye’s commitment to apply precautionary principle and to reduce environmental impact by striving to decrease greenhouse gas emissions and pollution in

Targets to preserve the environment

| TOPIC | TARGET | RESULT |
|-----------------|--|---|
| Carbon emission | Reduce the carbon footprint in our offices; elect to use green energy sources where available. | Initiated a process to start measuring carbon emissions in our value chain. |
| Carbon emission | Business travel should not only be decided on cost, but also environmental impact. | We conduct virtual meetings when face-to-face meetings are not required. |
| Recycling | Product documentation should include general advice on local recycling, and guidance on what to recycle. | Documentation includes guidance on recycling. |

its operations as well as via suppliers, choose sustainably produced resources and reduce waste.

Environmental policy - Smart Eye is committed to protecting the environment and minimizing the impact of its activities on it.

Going forward

At Smart Eye sustainability is an area of constant efforts and improvements. We started our sustainability initiative in 2022 and in 2023 refined existing processes and policies, as well as created new ones to ensure a more sustainable operation. We monitor our sustainability progress closely and if necessary, validate and update our work. We are planning more sustainability work in 2024 as we prepare for new EU (European Union) regulations on sustainability reporting as well as human rights and environmental due diligence.

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.

Perserverant

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 with good intentions, it's what you do that defines you

Increased market capitalization and more shareholders

Smart Eye's share has been listed on Nasdaq First North since December 7, 2016. The issue price was SEK 46 per share. The share is categorized in the industrial goods and services sector and is traded under the ticket symbol SEYE.

Smart Eye's share price increased by 94% in 2023 and the closing price for the year was SEK 88.80 as of December 30, which means that the company's market capitalization at year-end was SEK 3,125 million (1,019), an increase of 206%. Smart Eye shares traded at a value of SEK 2,463 million (2,771) in 2023, corresponding to average daily sales of SEK 10.0 million (11.0).

Shares traded in 2023 correspond to 144% (173) of the average number of shares outstanding during the year. Smart Eye's Certified Adviser is Carnegie Investment Bank AB (publ), which can be reached at +46 (0)8 5886 88 00 or privatbank@carnegie.se.

Shares and share capital

At the beginning of 2023, the number of shares outstanding was 22,232,951 (22,148,650), and share capital was SEK 2,223,295.1. During the year, Smart Eye carried out one rights issue and one set-off issue and share capital increased by a total of SEK

1,295,928.1. At the end of 2023, the total number of shares outstanding in Smart Eye was therefore 35,192,232, and share capital was SEK 3,519,223.2. All shares carry equal voting rights and entitle the holder to an equal share in the company's assets.

Closing price per
December 31st 2023

88.80 SEK

Ten largest share holders, 31 December 2023

| NAME | SHARE OF VOTES AND CAPITAL | NUMBR OF SHARES | MARKET CAP SEKM |
|-------------------------------|----------------------------|-------------------|-----------------|
| Första AP-Fonden | 8,15% | 2,868,334 | 254.7 |
| Avanza Pension | 7,44% | 2,619,013 | 232.6 |
| Nordnet Pensionsförsäkring | 5,61% | 1,973,880 | 175.3 |
| Handelsbanken fonder | 4,83% | 1,700,000 | 151.0 |
| Mats Krantz & related parties | 4,41% | 1,200,040 | 106.6 |
| Anders Jöfelt | 3,35% | 1,117,537 | 105.3 |
| Martin Krantz | 3,11% | 1,094,052 | 97.2 |
| Consensus Asset Management | 2,67% | 940,460 | 83.5 |
| Linda Jöfelt | 2,56% | 900,482 | 80.0 |
| Aktia Asset Management | 1,76% | 619,140 | 55.0 |
| Others | 57,09% | 20,298,998 | 1,784.1 |
| Total | 100% | 35,192,232 | 3,125.1 |

Shareholders

Första AP-fonden and Handelsbanken as well as founders Mats and Martin Krantz remain the company's major shareholders. The number of shareholders increased during the year by 15% for a total 15,527 (13,457).

Outstanding incentive programs

The Annual General Meeting on May 2 resolved to introduce a long-term incentive program in the form of performance-based share options directed at employees in the Smart Eye Group. Under the Share Option Program 2023, participants are given the opportunity to receive shares free of charge, so-called performance shares.

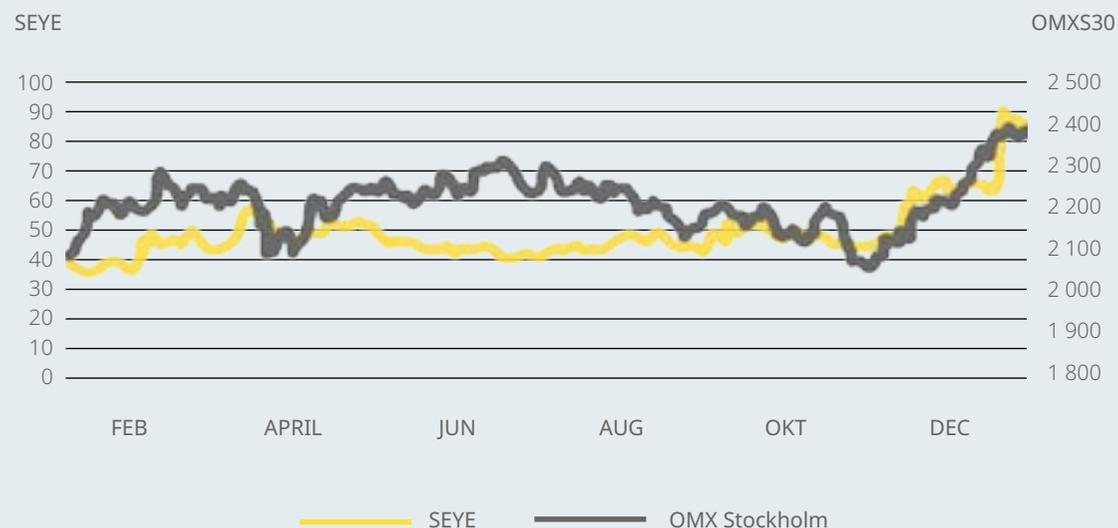
The maximum number of performance shares will amount to 580,000, of which 486,300 will be allocated to participants and 93,700 will be used by the company to cover social security contributions associated with the program. To enable the incentive program, the AGM also resolved on an issue of not more than 580,000 warrants directed at the wholly owned subsidiary JN Data i Göteborg AB, which may result in the company's share capital increasing by a maximum of SEK 58,000.

In addition, the company has three current incentive programs adopted by the AGM on April 14, 2021, as well as the Extraordinary General Meetings on October 8, 2021 and June 29, 2022.

Dividend policy

Smart Eye is in a phase of development and any surpluses are planned to be reinvested in the company's progress. The Board does not intend to propose a dividend. The AGM resolves on any dividends following a proposal from the Board.

Share price performance in 2023



Share price performance and trading volume

| | 2023 | 2022 | 2021 | 2020 |
|-------------------------------------|-----------|-----------|------------|------------|
| Closing price December | 88,80 SEK | 45,86 SEK | 196,60 SEK | 217,00 SEK |
| Market capitalization December | 3,125.1 m | 1,019.6 m | 4,345.4 m | 3,608.9 m |
| Share price performance in the year | 93,6% | -76,7% | -9,4% | 83,9% |
| Share price high | 94 (Dec) | 206 (Jan) | 285 (Jun) | 220 (Dec) |
| Share price low | 32 (Jan) | 38 (Dec) | 173 (Oct) | 44 (Mar) |

Management report

The Board of Directors and Chief Executive Officer of Smart Eye AB (publ), corporate identity number 556575-8371, hereby present the annual report for the financial year 2023. Figures in parentheses refer to the previous year.

Information about the business

Smart Eye 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 already built in to next-generation vehicles, leading the way to safer and human-centric mobility. The offering includes a road-ready DMS system and advanced Interior Sensing solutions developed over two decades of vehicle research and proven by 322 design wins from 21 of the world's leading vehicle manufacturers, including BMW, Polestar and Volvo Cars. The business area also provides complete hardware and software solutions for vehicle fleets and aftermarket.

In the research area, 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 powerful insight into human behavior and human-machine interaction in automotive, aviation, assistive technology, behavioral science and many more fields. This technology is currently used by NASA, Airbus, Boeing, Daimler, Audi, GM, Universal Studio Media Labs, Harvard University and hundreds of research organizations and universities worldwide.

Media Analytics' trailblazing Emotion AI helps companies obtain a deeper understanding of how consumers engage with their content, products and services in automotive, media and entertainment, market research and beyond. These solutions are used by several Fortune Global 500 companies and by the largest advertisers.

iMotions provides the world's leading biosensor software platform, which synchronizes data streams from multiple sensors in real time. Used by over 1,400 organizations around the world, the iMotions platform allows researchers in academia and industry to gain a more comprehensive understanding of human behavior with greater speed and ease.

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

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

Sustainability

Smart Eye's sustainability initiatives aim to reinforce the Group's long-term competitiveness and strength. We believe that a sustainable business culture is critical for Smart Eye's development and continued growth. Of the UN's 17 Sustainable Development Goals, Smart Eye has chosen to focus on gender equality, work conditions and economic growth, sustainable cities and communities, as well as peace, justice and strong institutions. Based on these global sustainability goals, we summarize our sustainability initiatives as responsible innovation, people and environment, and we developed this framework during the year by introducing several new and updated processes, policies and activities.

Revenue

Group

Net sales during the year amounted to SEK 302.2 million (219.5), an increase of 38% compared with the previous year. Organic growth was 33%, adjusted for one-time effect attributable to changed revenue recognition at iMotions.

Net sales for the Automotive business area (Automotive Solutions and AAIS) amounted during the year to SEK 88.2 million (49.9), corresponding with growth of 77%. Growth is driven primarily by successful development projects and rising demand for our aftermarket product for vehicle fleets. License revenues are also on the rise due to increased production of cars with our DMS solution.

Net sales for the Behavioral Research business area (Research Instruments, Affectiva Media Analytics and iMotions) amounted during the year to SEK 214.1 million (169.7), corresponding with an increase of 26%. Organic growth (attributable to one-off effect at iMotions) was 21% and all business units are showing growth. Research Instruments and iMotions are increasing business with both new and existing customers, significantly improving profitability during the year.

Parent Company

Net sales for January to December 2023 amounted to SEK 148.6 million (96.6). The high growth in the Automotive business areas, 77%, drives the revenue development at the parent company. The positive sales development within Research Instruments

during the year also contributes to the higher turnover.

Operational performance

Group

EBITDA was SEK -127.7 million (-193.8). The improved performance is driven by higher sales from both business areas, with an improved gross margin and increased gross profit. Non-recurring expenses are included in EBITDA and have a negative impact on performance of SEK 4.8 million. These expenses are primarily driven by the fact that our share incentive programs are now liquid and as a result we have booked costs for future social security contributions.

Operating loss was SEK -282.9 (-343.0) million. Depreciation of the surplus value created in conjunction with the acquisitions of Affectiva and iMotions amounts to SEK 116.3 million. The period was impacted by one-time costs related to the financing process, amounting to SEK 2.8 million.

Parent Company

Operating loss for the year was SEK -195.4 million (-158.5). The primary reason for the lower result compared to the corresponding period last year is an increase in resources for product development in the Parent Company.

Cash flow and financial position

Cash and cash equivalents were SEK 79.7 million. In addition, the Group has two unutilized bank overdraft facilities of SEK 20 million and DKK 8 million

as well as an additional credit of SEK 50 million. Available cash and cash equivalents total SEK 161.6 million.

The equity ratio at the end of the year was 85% compared to 77% at the same time last year. Cash flow from operating activities before changes in working capital in the period January–December was SEK -112.2 million (-185.1). Cash flow after changes in working capital in the same period was SEK -121.5 million (-180.1).

Significant events in the financial year

Fully subscribed rights issue

The funding process of a fully subscribed rights issue was finalized in late February 2023, with total proceeds of approximately SEK 324 million before deduction of issue expenses. The rights issue was thus fully subscribed and no guarantee commitments have had to be utilized.

Breakthrough deal for AIS Driver Monitoring System

In June, Smart Eye signed a breakthrough deal for AIS Driver Monitoring System for vehicle fleets with Linde. This is the first time Smart Eye's new AIS system will be delivered to a major heavy vehicle fleet for aftermarket implementation.

Numerous design wins during the year

Smart Eye achieved 102 design wins in 2023, nearly as many as the previous year, and with a total estimated value of SEK 2.88 billion, based on projections of the estimated product lifecycle. In early

January, the company also received 19 additional design wins for an estimated order value of SEK 200 million. The company now reports a total of 322 design wins.

Largest-Ever Deal – Delivering its Software as a Tier 1 Supplier

For the first time, Smart Eye will deliver its technology directly to the car manufacturer as a Tier 1 supplier of software, with a software stack running on an advanced AI-processing platform. The customer, a major North American car manufacturer, already has several vehicle models using Smart Eye's DMS technology on the road, with more cars to be launched in the coming years. These will remain in production with Smart Eye as a Tier 2 supplier until 2027, when the 46 new car models will ramp up production with Smart Eye as a Tier 1 supplier. Estimated revenue for the order is SEK 1.55 billion, based on product lifecycle projections.

Deferred tax asset

As of December, the company has booked deferred tax receivables attributable to the loss deductions that the company has. This contributes to a significant improvement in profit after tax during the year.

Events after the balance day

Breakthrough orders of Interior Sensing AI

The company has in the first quarter of 2024 taken its first five design wins to deliver its combined Driver Monitoring System (DMS) and Cabin Monitoring System (CMS) technology to new car models. By extending our world-leading DMS technology to the

entire vehicle interior and all its occupants, Smart Eyes Automotive Interior Sensing AI enables car manufacturers to offer new features for improved safety and comfort in their vehicles. Smart Eye's interior sensing technology incorporates key components from Affectiva, pioneers in Emotion AI and part of the Smart Eye group since 2021.

Breakthrough order for its Fleet Driver Monitoring system AIS

In March 2024, the company signed a contract to supply its Fleet Driver Monitoring system to two medium-sized truck models of a large European manufacturer of commercial vehicles. The newly launched product is a complete hardware and software system intended for original or aftermarket installation in commercial vehicles, mainly trucks and buses.

Directed share issue of SEK 150 million

The Company has during March resolved on a directed share issue of 1,650,000 new shares, corresponding to approximately 5 per cent of the total number of outstanding shares and votes, at a subscription price of SEK 91 per share, which means that the Company receives SEK 150,150,000 before transaction costs. The subscription price in the Issue has been determined through an accelerated book-building procedure and corresponds to a discount of approximately 4 per cent compared to the closing share price as of 21 March 2024. The interest in the Issue was very large, from both existing shareholders as well as several new Swedish and international institutional investors. Andra AP-fonden, Adrigo Asset Management and Handelsbanken Fonder

participated in the Issue, among others.

The strong and increasing customer activity, as well as the risk associated with a potential short-term delay in production volume increases for automotive manufacturers entails that the Company assesses that it is desirable and responsible to increase the financial margin of safety in the short-run, as well as take into account the risk that the timing for the Company to achieve positive cash flow may be pushed back by up to two quarters compared to previously communicated, to the first half of 2025. An increase in the Company's equity is deemed to be the most cost-effective financing alternative under the current market conditions.

Proposal for appropriation of profits

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

| | |
|------------------------|--------------------------|
| Profit brought forward | SEK 1,466,603,112 |
| Loss for the year | SEK -26,166,622 |
| | SEK 1,440,436,490 |

The Board proposes that the following amount be carried forward:

| | |
|-----------------|--------------------------|
| Carried forward | SEK 1,440,436,490 |
| | SEK 1,440,436,490 |

Future progress and significant risks and uncertainties

Operational risks

The operating activities contain risk factors that may negatively impact the Group's business and financial position.

The ability to retain current staff as well as the opportunity to hire new staff are crucial for the Group's future progress. If key staff leave the Group or if the Group is unable to attract qualified staff, this could have a negative impact on the Group's operation.

Delays in the Group's development work or an inability to keep up with technological developments could result in reduced or lost competitiveness for the Group. Inadequate quality of the products delivered by the Group could result in damages claims filed against the Group. Further, inadequate product quality could result in reduced demand for the Group's products.

The Group's intangible assets are greatly important to the Group's operations. If the Group were to not successfully protect its intangible assets, other parties could develop operations similar to the Group's, replicating or otherwise using the technology and products used and developed by the Group. If the Group's measures to protect its intangible assets are inadequate or if its assets are misused, this could impact the Group's operation. The Group could also be compelled to initiate legal proceedings in order

to protect its intangible assets and trade secrets. Such proceedings could result in significant expenses and require time from the Group's senior executives.

Financial risks

A positive cash flow is essential for long-term investment in the competitiveness of the Group. Demand and production of car models related to the Group's design wins significantly impact the company's license revenues and ultimately when the company reaches profitability and a positive cash flow. The company is currently financed through share capital and credit pending a positive cash flow. In the event that the Group does not generate revenue to the extent and within the timeframe assessed by the Board, additional capital requirements may arise.

As sales increase, the Group will be exposed to more currency risk because the majority of sales are in foreign currency.

Market risks

Human Insight AI, including eye tracking, is an evolving technology. There is a risk that interest in technologies for behavioral analysis will decline, which could have a negative impact on the Group's sales. In the Behavioral Research business area, the greatest short-term market risk is access to funding for academic research. A general decline in funding could be partly offset by greater penetration of the market, because the presence of the Group's technology is still emerging.

The Group's primary goal is to provide DMS and Interior Sensing for the automotive industry, which requires car manufacturers to decide to integrate these technologies with safety functions and self-driving functionality into future models. There is a risk that the automotive industry could decide to introduce DMS and Interior Sensing at a slower pace than expected by the Group. There is also a risk that consumers do not see the value of the functionality facilitated by the technology, which may reduce the automotive industry's interest in the technology and thus the Group's products. Overall, delayed or unsuccessful introduction of DMS and Interior Sensing in the automotive industry may cause a risk of a lower growth rate, or the complete absence of growth potential for the Group, with a negative impact on the Group's operational activities. The Group's planned growth rate and thus path to profitability as well as positive cash flow generation is robustly connected to the introduction of legislation in the EU that makes DMS mandatory. At the time of publication of this report, there are no indications of delays in this legislation.

External risks

Smart Eye monitors the development of crisis areas around the world, such as the war situation in Europe and the Middle East, as well as how these effect freight routes between Asia and Europe. The Group has no operations in these regions and we continuously evaluate the potential impact on our business and follow advice and recommendations from authorities and the international community.

Furthermore, it is not excluded that the Group, partners, suppliers and/or customers could be affected in the future, both directly and indirectly, as a result of macroeconomic events or global disruptions to the supply chain. The Group proactively monitors developments and makes continuous assessments of how geopolitical development impacts our business and the financial market.

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.

Work of the Board of Directors

The primary duty of the Board of Directors is to supervise the Group's operations so as to promote shareholder interests and generate long-term healthy returns on capital. The work of the Board of Directors is formalized by legislation and regulations, including the Swedish Companies Act, Articles of Association and the rules of procedure adopted by the Board of Directors 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 work methods and are based on considerations including a yearly cycle. Each Board meeting has one or more themes and the Board also deals with ongoing and arising matters.

Group

Five-year summary

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|--|------------|------------|------------|------------|------------|
| Net sales TSK | 302,233 | 219,539 | 109,679 | 65,097 | 49,817 |
| Operating profit/loss, TSEK | -282,902 | -343,034 | -130,909 | -77,156 | -105,723 |
| Operating margin, % | neg. | neg. | neg. | neg. | neg. |
| EBITDA, TSEK | -127,667 | -193,822 | -71,711 | -55,598 | -87,210 |
| Profit/loss after tax, TSEK | -75,543 | -340,285 | -132,713 | -77,557 | -106,362 |
| Earnings per share, SEK* | -2,15 | -12,98 | -5.99 | -4.66 | -7.03 |
| Earnings per share after full dilution, SEK* | -2,15 | -12,98 | -5.99 | -4.66 | -7.03 |
| Return on equity, % | -4,8 | -26.1 | -21.1 | -20.1 | -35.8 |
| Total assets, TSEK | 1,827,550 | 1,681,082 | 1,745,342 | 386,468 | 297,139 |
| Shareholder's equity, TSEK* | 1,558,555 | 1,302,772 | 1,449,895 | 352,627 | 251,547 |
| Shareholder's equity per share, SEK* | 44,29 | 49,69 | 65.46 | 21.20 | 16.64 |
| Equity per share after full dilution, SEK | 42,90 | 49,69 | 63.80 | 20.70 | 16.36 |
| Equity ratio, % | 85 | 77 | 83 | 91 | 85 |
| Cash ratio, % | 41 | 22 | 279 | 253 | 403 |
| No. of shares | 35,192,232 | 26,218,933 | 22,148,650 | 16,630,882 | 15,118,984 |
| No. of shares after full dilution | 36,326,632 | 26,218,933 | 22,726,150 | 17,031,082 | 15,379,184 |

*The subscription price in the rights issue carried out in February 2023 was SEK 25.50 per share, corresponding to approximately 58% of the share's fair value on the last day before the separation of subscription rights. The comparison figures for 2022 are recalculated, as a consequence of the rights issue, with the calculated bonus factor of 1.18.

Definitions of key ratios are presented in Note 1.

Group

Income statement

| TSEK | Note | 2023 | 2022 |
|---|------------|-----------------|-----------------|
| Operating revenue | | | |
| Net sales | 3, 4 | 302,233 | 219,539 |
| Cost of goods sold | | -35,134 | -27,040 |
| Gross Profit | | 267,099 | 192,499 |
| Sales expenses | 5, 7, 8 | -174,770 | -162,529 |
| Administrative expenses | 5, 6, 7, 8 | -146,974 | -142,225 |
| Research and development expenses | 5, 7, 8 | -232,880 | -245, 526 |
| Other operating income | | 13,423 | 19,190 |
| Other operating expenses | | -8,800 | -4,443 |
| Operating profit/loss | | -282,902 | -343,034 |
| Profit/loss from financial items | | | |
| Interest income and similar profit/loss items | | 1,912 | 26 |
| Interest expenses and similar profit/loss items | | -2,254 | -1,044 |
| Total profit/loss from financial items | | -342 | -1,018 |
| Profit/loss after financial items | | -283,244 | -344,052 |
| Tax on the results from the period | 9 | 207,701 | 3,767 |
| Net loss/profit for the year | | -75,543 | -340,285 |

Group

Balance sheet

| TSEK | Note | 2023 | 2022 |
|---|------|------------------|------------------|
| ASSETS | | | |
| Non-current assets | | | |
| <i>Intangible assets</i> | | | |
| Capitalized development expenditure | 10 | 296,735 | 249,173 |
| Goodwill | 11 | 669,675 | 786,802 |
| Concessions, patents, licenses and similar rights | | 25 | 46 |
| Trademarks | 12 | 64,008 | 75,069 |
| Technology | 13 | 293,136 | 309,841 |
| Customer relationships | 14 | 71,679 | 84,415 |
| | | 1,395,258 | 1,505,346 |
| <i>Tangible assets</i> | | | |
| Equipment, tools, fixtures and fittings | 15 | 14,829 | 6,282 |
| <i>Financial assets</i> | | | |
| Deferred tax assets | 17 | 204,592 | 0 |
| Total non-current assets | | 1,614,679 | 1,511,628 |
| Current assets | | | |
| <i>Inventories, etc</i> | | | |
| Raw materials and consumables | | 21,708 | 10,397 |
| <i>Current receivables</i> | | | |
| Trade receivables | | 54,300 | 50,968 |
| Current tax assets | | 5,994 | 4,556 |
| Other current receivables | | 5,282 | 8,440 |
| Prepaid expenses and accrued income | 16 | 45,854 | 32,435 |
| | | 111,430 | 96,399 |
| Cash and bank balances | | 79,733 | 62,658 |
| Total current assets | | 212,871 | 169,454 |
| Total assets | | 1,827,550 | 1,681,082 |

Group

Balance sheet, continued

| TSEK | Note | 2023 | 2022 |
|--|------|------------------|------------------|
| SHAREHOLDERS EQUITY AND LIABILITIES | | | |
| Shareholders equity | | | |
| Share capital | | 3,519 | 2,223 |
| Other contributed equity | | 2,250,275 | 1,887,874 |
| Other equity | | -695,238 | -587,325 |
| Total shareholder equity | | 1,558,555 | 1,302,772 |
| Provisions | | | |
| Deferred tax liability | 17 | 121,666 | 134,185 |
| Total provisions | | 121,666 | 134,185 |
| Non-current liabilities | | | |
| Other non-current liabilities | 18 | 3,974 | 0 |
| Other liabilities to credit institutions | 19 | 1,511 | 1,741 |
| Total non-current liabilities | | 5,485 | 1,741 |
| Current liabilities | | | |
| Interest-bearing liabilities | | 0 | 60,000 |
| Other liabilities to credit institutions | 19 | 3,499 | 1,006 |
| Advance payments from customers | | 3,706 | 1,002 |
| Trade payables | | 20,740 | 28,414 |
| Other current liabilities | | 18,495 | 84,594 |
| Accrued expenses and deferred income | 20 | 95,404 | 67,368 |
| Total current liabilities | | 141,844 | 242,384 |
| Total equity and liabilities | | 1,827,550 | 1,681,082 |

Group

Shareholders Equity

| | Share capital | Other contributed equity | Other equity | Total equity |
|--|------------------|--------------------------------|-----------------|------------------|
| Opening balance 2022-01-01 | 2,215 | 1,867,060 | -419,378 | 1,449,895 |
| Set-off issue | 8 | 20,814 | | 20,822 |
| Option program 2022 | | | 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 |
| Shareholder equity 2022-12-31 | 2,223 | 1,887,874 | -587,325 | 1,302,772 |
| Opening balance 2023-01-01 | 2,223 | 1,887,874 | -587,325 | 1,302,772 |
| New issue ¹⁾ | 1,270 | 322,695 | | 323,965 |
| Set-off issue ²⁾ | 25 | 62,896 | | 62,921 |
| Issue costs | | -29,207 | | -29,207 |
| <i>Deferred tax referring to issue costs</i> | | 6,017 | | 6,017 |
| Option program 2021 | | | 2,317 | 2,317 |
| Incentive program 2022 | | | 4,509 | 4,509 |
| Incentive program 2023 | | | 2,178 | 2,178 |
| Translation difference | | | -41,374 | -41,374 |
| Net profit/loss for the year | | | -75,543 | -75,543 |
| Shareholder equity 2023-12-31 | 3,519 | 2,250,275 | -695,238 | 1,558,555 |

The share capital consists of 35,192,232 shares with a quota value of SEK 0.1.

1) During the period ongoing a new issue was registered and the share capital increased by SEK 1,270,454.

2) During the period ongoing a set-off issue was registered and the share capital increased by SEK 25,474.

Group

Cash Flow Statement

TSEK

2023

2022

Operating activities

| | | |
|--|-----------------|-----------------|
| Operating profit/loss after depreciation and amortization | -282,902 | -343,034 |
| Reversal of depreciation and amortization | 155,235 | 149,212 |
| Reversal of non-cash items | 17,708 | 11,329 |
| Financial payments received | 1,912 | 26 |
| Financial disbursements | -2,254 | -1,044 |
| Tax | -1,945 | -1,590 |
| Cash flow from operating activities before changes in working capital | -112,246 | -185,101 |

Change in working capital

| | | |
|--|-----------------|-----------------|
| Change in inventories | -11,311 | -3,840 |
| Change in trade receivables | -3,332 | -7,957 |
| Change in other current receivables | -10,446 | -8,051 |
| Change in trade payables | -7,674 | 8,179 |
| Change in other current liabilities | 23,475 | 16,654 |
| Changes in working capital | -9,288 | 4,984 |
| Cash flow from operating activities | -121,534 | -180,117 |

Group

Cash Flow Statement, continued

TSEK 2023 2022

Investment activities

| | | |
|--|----------------|----------------|
| Acquisition of intangible assets | -87,594 | -90,096 |
| Acquisition of tangible assets | -7,968 | -5,341 |
| Cash flow from investing activities | -95,562 | -95,436 |

Financing activities

| | | |
|--|----------------|---------------|
| New share issue | 294,862 | 0 |
| Amortization of current liabilities | -60,000 | 60,000 |
| Non-current liabilities | -789 | -859 |
| Cash flow from financing activities | 234,073 | 59,141 |

| | | |
|------------------------|----|-----|
| Translation difference | 98 | 710 |
|------------------------|----|-----|

| | | |
|--|---------------|---------------|
| Cash flow | 17,075 | -215,702 |
| Opening cash and cash equivalents | 62,658 | 278,360 |
| Closing cash and cash equivalents | 79,733 | 62,658 |

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.

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.

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

NOTE 1 continued

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.

Shareholders equity ratio

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

Return on shareholders 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.

Shareholders 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

| | 2023 | 2022 |
|---------------------|----------------|----------------|
| Behavioral Research | 227,750 | 169,664 |
| Automotive | 74,483 | 49,875 |
| | 302,233 | 219,539 |

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 shortterm liability. In January 2024 the earn-out with iMotions was settled, affecting the result negatively with SEK 1.4 million.

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 reported value of deferred tax assets relating to losses carried forward have been tested on the balance sheet date and it has been assessed as likely that the deduction can be used against earnings in future taxation.

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

| | 2023 | 2022 |
|--------------------------|----------------|----------------|
| The Nordics | 10,140 | 985 |
| Europe excl. the Nordics | 95,607 | 114,736 |
| North America | 133,408 | 63,595 |
| Asia | 51,063 | 32,391 |
| Other markets | 12,014 | 7,832 |
| | 302,233 | 219,539 |

NOTE 5 Operating leases

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

| | 2023 | 2022 |
|---|----------------|----------------|
| Due for payment within a year | 36,135 | 26,252 |
| Due for payment later than one year but within five years | 90,276 | 105,660 |
| Due for payment later than within five years | 999 | 10,792 |
| | 127,409 | 142,703 |
| Lease payments expensed in the period | 29,876 | 31,588 |

NOTE 6 Auditor's fee

| | 2023 | 2022 |
|--|--------------|--------------|
| Deloitte AB | | |
| Audit assignment | 972 | 804 |
| Audit activities in addition to the audit assignment | 296 | 333 |
| Other services | 233 | 438 |
| Tax | 0 | 176 |
| | 1,501 | 1,751 |

| | | |
|-----------------------|--------------|--------------|
| Grant Thornton | | |
| Audit assignment | 180 | 98 |
| Other services | 64 | 430 |
| | 244 | 528 |
| Total auditor's fee | 1,745 | 2,279 |

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.

| Sweden | 2023 | 2022 |
|--------|------------|------------|
| Women | 27 | 24 |
| Men | 89 | 82 |
| | 116 | 106 |

| Denmark | 2023 | 2022 |
|---------|-----------|-----------|
| Women | 14 | 14 |
| Men | 26 | 27 |
| | 40 | 41 |

| Germany | 2023 | 2022 |
|---------|----------|----------|
| Women | 0 | 0 |
| Men | 3 | 3 |
| | 3 | 3 |

| USA | 2023 | 2022 |
|-------|-----------|-----------|
| Women | 13 | 18 |
| Men | 30 | 29 |
| | 43 | 47 |

| Egypt | 2023 | 2022 |
|-------|-----------|-----------|
| Women | 29 | 27 |
| Men | 38 | 37 |
| | 67 | 64 |

| Japan | 2023 | 2022 |
|-------|----------|----------|
| Women | 0 | 1 |
| Men | 2 | 2 |
| | 2 | 3 |

| China | 2023 | 2022 |
|-------|----------|----------|
| Women | 2 | 2 |
| Men | 1 | 1 |
| | 3 | 3 |

| Singapore | 2023 | 2022 |
|-----------|----------|----------|
| Women | 1 | 1 |
| Men | 0 | 0 |
| | 1 | 1 |

| Great Britain | 2023 | 2022 |
|---------------|----------|----------|
| Women | 1 | 1 |
| Men | 1 | 1 |
| | 2 | 2 |

| Canada | 2023 | 2022 |
|--------|----------|----------|
| Women | 0 | 1 |
| Men | 3 | 1 |
| | 3 | 2 |

| India | 2023 | 2022 |
|-------|----------|----------|
| Women | 0 | 0 |
| Men | 1 | 1 |
| | 1 | 1 |

| Australia | 2023 | 2022 |
|-----------|----------|----------|
| Women | 0 | 0 |
| Men | 1 | 1 |
| | 1 | 1 |

| Average number of employees | 2023 | 2022 |
|-----------------------------|------------|------------|
| Women | 87 | 89 |
| Men | 195 | 185 |
| | 282 | 274 |

| Number of presidents and other senior executives | 2023 | 2022 |
|--|-----------|-----------|
| Women | 5 | 5 |
| Men | 11 | 14 |
| | 16 | 19 |

| Board of directors at balance day | 2023 | 2022 |
|-----------------------------------|----------|-----------|
| Women | 2 | 4 |
| Men | 7 | 13 |
| | 9 | 17 |

NOTE 7 employees continued

| Salaries, fees and other remuneration | 2023 | | 2022 | |
|---------------------------------------|--------------|--------------------|--------------|--------------------|
| | Fees | Other remuneration | Fees | Other remuneration |
| Board of Directors | | | | |
| Anders Jöfelt, Chairman | 601 | 0 | 527 | 0 |
| Lars Olofsson, Director | 389 | 0 | 378 | 0 |
| Mats Krantz, Director | 268 | 0 | 259 | 0 |
| Magnus Jonsson, Director | 268 | 0 | 259 | 0 |
| Eva Elmstedt, Director | 405 | 0 | 388 | 0 |
| Cecilia Wachtmeister, Director | 322 | 0 | 310 | 0 |
| Tobias Sjögren, Director | 180 | 0 | 0 | 0 |
| Total | 2,433 | 0 | 2,121 | 0 |

| Salaries, fees and other remuneration (TSEK) | 2023 | 2022 |
|--|----------------|----------------|
| Board of directors | 2,433 | 2,121 |
| CEO | 3,039 | 2,981 |
| Other senior executives | 40,248 | 34,095 |
| Other employees | 207,892 | 196,959 |
| Total | 253,611 | 236,157 |

Social security charges and pensions

| | | |
|---|---------------|---------------|
| Statutory and contractual social security charges | 26,295 | 21,854 |
| Pension costs | 11,933 | 10,599 |
| Total | 38,228 | 32,453 |

Pension costs

| | | |
|-------------------------|---------------|--------------|
| CEO | 0 | 0 |
| Other senior executives | 1,895 | 1,493 |
| Other employees | 10,038 | 8,999 |

| Salaries and remuneration to the CEO and other senior executives | Salary | | Pension costs | | Social security costs | | Total | |
|--|--------|--------|---------------|-------|-----------------------|-------|---------------|---------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| CEO | 3,039 | 2,981 | 0 | 0 | 955 | 937 | 3,994 | 3,918 |
| Other senior executives | 40,248 | 34,095 | 1,895 | 1,493 | 2,604 | 1,805 | 44,747 | 37,394 |
| Total | | | | | | | 48,741 | 41,312 |

NOTE 8 Share-based payments

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.

At the AGM 2nd May it was resolved on the adoption of a long-term incentive programme in the form of performance-based share options directed to employees within the Smart Eye group. Under the Share Option Programme 2023, participants are given the opportunity to receive shares free of charge, so called performance shares. The maximum number of performance shares will amount to 580,000, whereby 486,300 shares shall be allotted to participants and 93,700 shares shall be used by the Company to cover social security contributions associated with the programme. In order to enable the incentive programme, the AGM also resolved on an issue of not more than 580,000 warrants directed to 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 58,000.

NOTE 9 Income tax

| | 2023 | 2022 |
|--------------|----------------|--------------|
| Current tax | 962 | -419 |
| Deferred tax | 206,739 | 4,186 |
| | 207,701 | 3,767 |

Reconciliation of tax expense

| | | |
|--|----------------|--------------|
| Accounted profit/loss before tax | -283,248 | -344,052 |
| Tax at current tax rate 20,6% | 58,348 | 70,875 |
| Effect of foreign tax rates | 8,301 | 3,698 |
| Tax effect on non-deductible expenses | -661 | -235 |
| Tax effect on non-taxable income | 261 | -955 |
| Tax effect on non-recognizable loss carry-forward | -1,874 | -47,935 |
| Tax effect on previously non-recognized loss carry-forward | 172,933 | 0 |
| Tax effect on amortization of goodwill | -23,833 | -21,798 |
| Other | -5,774 | 117 |
| Recognized tax income | 207,701 | 3,767 |

The group's loss carry-forwards amount to a total of TSEK 1,381,737 (1,071,908), of which TSEK 219,170 (0) have been capitalized as a deferred tax asset.

NOTE 10 Capitalized development expenditure

| | 2023 | 2022 |
|-----------------------------------|----------------|----------------|
| Acquisition value | 421,441 | 325,858 |
| Capitalized expenses for the year | 86,318 | 86,922 |
| Translation difference | -3,784 | 8,931 |
| Closing accumulated cost | 503,974 | 421,711 |

| | | |
|---|-----------------|-----------------|
| Opening amortization | -172,537 | -136,631 |
| Amortization for the year | -35,634 | -33,173 |
| Translation difference | 933 | -2,733 |
| Closing accumulated amortization | -207,238 | -172,537 |
| Closing residual value according to plan | 296,735 | 249,173 |

NOTE 11 Goodwill

| | 2023 | 2022 |
|---|-----------------|-----------------|
| Opening cost | 904,509 | 787,339 |
| Translation difference | -29,815 | 117,170 |
| Closing accumulated cost | 874,694 | 904,509 |
| Opening amortization | -117,707 | -26,844 |
| Amortization for the year | -90,756 | -86,727 |
| Translation difference | 3,443 | -4,136 |
| Closing accumulated amortization | -205,020 | -117,707 |
| Closing residual value according to plan | 669,675 | 786,802 |

NOTE 12 Trademarks

| | 2023 | 2022 |
|---|----------------|----------------|
| Opening cost | 85,324 | 74,158 |
| Translation difference | -2,845 | 11,166 |
| Closing accumulated cost | 82,480 | 85,324 |
| Opening amortization | -10,253 | -1,694 |
| Amortization for the year | -8,543 | -8,298 |
| Translation difference | 324 | -261 |
| Closing accumulated amortization | -18,473 | -10,253 |
| Closing residual value according to plan | 64,008 | 75,069 |

NOTE 13 Technology

| | 2023 | 2022 |
|---|----------------|----------------|
| Opening cost | 316,534 | 274,479 |
| Translation difference | -11,741 | 42,055 |
| Closing accumulated cost | 304,793 | 316,534 |
| Opening amortization | -6,692 | -1,525 |
| Amortization for the year | -5,160 | -4,931 |
| Translation difference | 196 | -235 |
| Closing accumulated amortization | -11,656 | -6,692 |
| Closing residual value according to plan | 293,136 | 309,841 |

NOTE 14 Customer relationships

| | 2023 | 2022 |
|---|----------------|----------------|
| Opening cost | 98,509 | 85,915 |
| Translation difference | -3,201 | 12,594 |
| Closing accumulated cost | 95,308 | 98,509 |
| Opening amortization | -14,094 | -4,179 |
| Amortization for the year | -9,910 | -9,271 |
| Translation difference | 376 | -644 |
| Closing accumulated amortization | -23,629 | -14,094 |
| Closing residual value according to plan | 71,679 | 84,415 |

NOTE 15 Equipment, tools, fixtures and fittings

| | 2023 | 2022 |
|---|----------------|----------------|
| Opening cost | 42,567 | 27,388 |
| Changes in the year | | |
| Disposals | 0 | -589 |
| Acquisitions | 9,194 | 5,250 |
| Translation difference | -747 | 2,429 |
| Closing accumulated cost | 51,014 | 34,478 |
| Opening depreciation | -30,562 | -22,721 |
| Changes in the year | | |
| Disposals | 0 | 131 |
| Depreciation for the year | -6,275 | -3,512 |
| Translation difference | 653 | -2,094 |
| Closing accumulated depreciation | -36,185 | -28,196 |
| Closing residual value according to plan | 14,829 | 6,282 |

The balance sheet item includes leasing objects that are held under financial leasing agreements with the following reported values:

| | |
|---|--------------|
| Opening cost | 8,090 |
| Changes in the year | |
| Acquisitions | 1,180 |
| Closing accumulated cost | 9,271 |
| Opening depreciations | -2,368 |
| Changes in the year | |
| Depreciations | -2,755 |
| Closing accumulated depreciation | -5,123 |
| Closing residual value according to plan | 4,148 |

Depreciation of financial leasing agreements takes place over the leasing period, normally 3 years. For more information regarding leasing agreements, see note 1 *Leasing agreements*.

NOTE 16 Prepaid expenses and accrued income

| | 2023 | 2022 |
|--|---------------|---------------|
| Prepaid rents | 3,040 | 4,490 |
| Accrued income and ongoing contribution projects | 36,586 | 22,520 |
| Other prepaid expenses | 6,229 | 5,425 |
| Total prepaid expenses and accrued income | 45,854 | 32,435 |

NOTE 17 Deferred tax

Temporary differences occur in cases where the accounting and the tax value of assets and liabilities are different. Temporary differences in the following entries and loss carry-forwards have resulted in deferred tax assets and deferred tax liability:

| | 2023 | 2022 |
|---|----------------|----------------|
| Deferred tax assets | 204,592 | 0 |
| Unutilized losses carried forward | 204,592 | 0 |
| Temporary differences on intangible and tangible assets | 121,666 | 134,185 |
| Total deferred tax liability | 121,666 | 134,185 |

NOTE 18 Other long-term liabilities

| | 2023 | 2022 |
|---|--------------|----------|
| Due for payment later than one year but within five years | 3,974 | 0 |
| Total other long-term liabilities | 3,974 | 0 |

NOTE 19 Liabilities to credit institutions

| | 2023 | 2022 |
|---|--------------|--------------|
| Due for payment within one year | 3,499 | 1,006 |
| Due for payment later than one year but within five years | 1,511 | 1,741 |
| Total liabilities to credit institutions | 5,010 | 2,747 |

The Group has entered into finance leases for IT equipment. The leases are non-terminable and the lease periods are normally 3 years. Variable fees relate primarily to interest expenses. The Group's expensed variable fees for the year amount to SEK 5,991 thousand. At the end of the lease period, the Group has the option to acquire the leased assets on the terms and conditions set out in the lease agreements. There are no restrictions in the current agreements, however, the assets cannot be sub-leased during the lease period. The dates of the finance lease liability are clarified below:

| | 2023 |
|--|--------------|
| Due for payment within one year | 2,499 |
| Due for payment later than one year but within five years | 559 |
| Total | 3,058 |
| Long-term component (included in the item Liabilities to credit institutions) | 559 |
| Short-term component (included in the item Liabilities to credit institutions) | 2,499 |
| Total | 3,058 |

Information on reported values regarding tangible fixed assets which are held through financial leasing agreements can be found in note 15 Equipment, tools, fixtures and fittings.

NOTE 20 Accrued expenses and deferred income

| | 2023 | 2022 |
|---|---------------|---------------|
| Accrued salaries and holiday pay | 21,505 | 17,737 |
| Accrued social security charges | 4,139 | 3,623 |
| Accrued expenses | 15,091 | 9,152 |
| Deferred income | 50,111 | 32,062 |
| Other items | 4,559 | 4,797 |
| Total accrued expenses and deferred income | 95,404 | 67,368 |

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 | 2023 | 2022 |
|------------------------------------|---------------|--------------|
| Floating charges | 20,000 | 7,000 |
| | 20,000 | 7,000 |

NOTE 23 Events after the balance day

Early in the year Smart Eye was once again selected to deliver its world-leading Driver Monitoring System (DMS) software to 19 additional car models with one global car manufacturer. The estimated revenue of the orders is SEK 200 million based on estimated product life cycle projections.

Late February the company was awarded a breakthrough order from a major Korean car manufacturer. For the first time, Smart Eye will deliver features for both driver monitoring and cabin monitoring, extending its software to the entire vehicle cabin and increasing the technology value in each car. The customer, a major Korean car manufacturer, has already sourced Smart Eye's DMS technology for several of its previous car models. The four new car models, including Smart Eye's Automotive Interior Sensing AI, will go into production between the end of 2025 and the first half of 2026. The estimated revenue for the order is SEK 175 million, based on product life cycle volume projections. The estimated value of possible additional design wins on the same platform.

Breakthrough orders of Interior Sensing AI

The company has in the first quarter of 2024 taken its first five design wins to deliver its combined Driver Monitoring System (DMS) and Cabin Monitoring System (CMS) technology to new car models. By extending our world-leading DMS technology to the entire vehicle interior and all its occupants, Smart Eyes Automotive Interior Sensing AI enables car manufacturers to offer new features for improved safety and comfort in their vehicles. Smart Eye's interior sensing technology incorporates key components from Affectiva, pioneers in Emotion AI and part of the Smart Eye group since 2021.

Breakthrough order for its Fleet Driver Monitoring system AIS

In March 2024, the company signed a contract to supply its Fleet Driver Monitoring system to two medium-sized truck models of a large European manufacturer of commercial vehicles. The newly launched product is a complete hardware and software system intended for original or aftermarket installation in commercial vehicles, mainly trucks and buses.

Directed new issue of SEK 150 million

During March, the company carried out a directed new issue of 1,650,000 new shares, corresponding to approximately 5 percent of the number of outstanding shares and votes, at a subscription price of SEK 91 per share, which means that the Company receives SEK 150,150,000 before issue costs. The subscription price in the new issue has been determined through an accelerated bookbuilding procedure and corresponds to a discount of approximately 4 percent compared to the closing price as of March 21, 2024. The interest in the new issue was very high from existing shareholders as well as several new Swedish and international institutional investors. Among others, the Andra AP-fonden, Adrigo Asset Management and Handelsbanken Fonder participated in the New Issue.

The strongly increasing customer activity as well as risk assessments regarding a possible short-term shift in the ramp-up of production volumes at car manufacturers means that the Company makes the assessment that it is desirable and responsible to increase the financial safety margins in the short-term perspective and to increase the risk that the time to reach positive cash flow postponed by up to two quarters, to the first half of 2025. A strengthening of the equity capital is deemed to be the most cost-effective financing option in today's market situation.

Parent

Income statement

| TSEK | Note | 2023 | 2022 |
|---|------------|-----------------|-----------------|
| Operating revenue | | | |
| Net sales | 3, 4 | 148,573 | 96,554 |
| Cost of goods sold | | -18,415 | -12,321 |
| Gross Profit | | 130,158 | 84,233 |
| Sales expenses | 5, 7, 8 | -100,745 | -84,068 |
| Administrative expenses | 5, 6, 7, 8 | -81,575 | -64,184 |
| Research and development expenses | 5, 7, 8 | -147,961 | -110,130 |
| Other operating income | | 11,438 | 19,825 |
| Other operating expenses | | -6,699 | -4,190 |
| Operating profit/loss | | -195,384 | -158,514 |
| Profit/loss from financial items | | | |
| Interest income and similar profit/loss items | | 2,361 | 157 |
| Interest expenses and similar profit/loss items | | -1,597 | -259 |
| Total profit/loss from financial items | | 764 | -102 |
| Profit/loss after financial items | | -194,620 | -158,616 |
| Tax on the results from the period | 9 | 168,453 | 0 |
| Net loss/profit for the year | | -26,167 | -158,616 |

Parent

Balance sheet

| TSEK | Note | 2023 | 2022 |
|---|------|------------------|------------------|
| ASSETS | | | |
| Non-current assets | | | |
| <i>Intangible assets</i> | | | |
| Capitalized development expenditure | 10 | 207,340 | 173,931 |
| Concessions, patents, licenses and similar rights | | 25 | 46 |
| | | 207,365 | 173,977 |
| <i>Tangible assets</i> | | | |
| Equipment, tools, fixtures and fittings | 12 | 9,344 | 4,091 |
| <i>Financial assets</i> | | | |
| Participations in Group companies | 11 | 1,223,623 | 1,210,034 |
| Deferred tax assets | 13 | 174,470 | 0 |
| | | 1,398,093 | 1,210,034 |
| Total non-current assets | | 1,614,802 | 1,388,103 |
| Current assets | | | |
| <i>Inventories, etc</i> | | | |
| Raw materials and consumables | | 21,708 | 10,397 |
| <i>Current receivables</i> | | | |
| Trade receivables | | 32,275 | 32,090 |
| Receivable from Group companies | | 6,953 | 14,838 |
| Current tax assets | | 5,994 | 4,556 |
| Other current receivables | | 2,045 | 5,919 |
| Prepaid expenses and accrued income | 14 | 37,939 | 24,233 |
| | | 85,206 | 81,636 |
| Cash and bank balances | | 61,063 | 46,154 |
| Total current assets | | 167,977 | 138,187 |
| Total assets | | 1,782,779 | 1,526,290 |

Parent

Balance sheet, continued

| TSEK | Note | 2023 | 2022 |
|--------------------------------------|------|------------------|------------------|
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| <i>Restricted equity</i> | | | |
| Share capital | | 3,519 | 2,223 |
| Share premium reserve | | 21,914 | 21,914 |
| Fund for development costs | | 205,377 | 170,528 |
| | | 230,810 | 194,665 |
| <i>Unrestricted equity</i> | | | |
| Share premium reserve | | 2,228,360 | 1,865,959 |
| Retained profit or loss | | -761,757 | -577,297 |
| Net profit/loss for the year | | -26,167 | -158,616 |
| | | 1,440,438 | 1,130,048 |
| Total shareholders' equity | | 1,671,246 | 1,324,712 |
| <i>Non-current liabilities</i> | | | |
| Other long-term debt | 15 | 3,570 | 0 |
| Total non-current liabilities | | 3,570 | 0 |
| <i>Current liabilities</i> | | | |
| Interest-bearing liabilities | | 0 | 60,000 |
| Advance payments from customers | | 3,706 | 1,002 |
| Trade payables | | 14,833 | 21,359 |
| Liabilities to Group companies | | 26,808 | 4,571 |
| Other current liabilities | | 17,842 | 83,983 |
| Accrued expenses and prepaid income | 16 | 44,774 | 30,663 |
| Total current liabilities | | 107,963 | 201,578 |
| Total equity and liabilities | | 1,782,779 | 1,526,290 |

Parent

Equity

| | Share capital | Share premium fund (restricted) | Fund for development cost (restricted) | Share premium fund (unrestricted) | Other unrestricted equity | Profit/loss for the year | Total equity |
|--|---------------|---------------------------------|--|-----------------------------------|---------------------------|--------------------------|------------------|
| 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 | |
| Set-off issue | 8 | | | 20,814 | | | 20,822 |
| Option program 2021 | | | | | 2,345 | | 2,345 |
| Incentive program 2022 | | | | | 2,124 | | 2,124 |
| Fund for development cost | | | 53,949 | | -53,949 | | |
| Reversal of fund for development costs | | | -22,047 | | 22,047 | | |
| Profit/loss for the year | | | | | | -158,616 | -158,616 |
| Equity 2022-12-31 | 2,223 | 21,914 | 170,528 | 1,865,959 | -577,297 | -158,616 | 1,324,712 |
| Opening balance 2023-01-01 | 2,223 | 21,914 | 170,528 | 1,865,959 | -577,297 | -158,616 | 1,324,712 |
| Appropriation of profit | | | | | -158,616 | 158,616 | |
| New issue ¹⁾ | 1,270 | | | 322,695 | | | 323,965 |
| Set off issue ²⁾ | 25 | | | 62,896 | | | 62,921 |
| Issue costs | | | | -29,207 | | | -29,207 |
| <i>Deferred tax referring to issue costs</i> | | | | 6,017 | | | 6,017 |
| Option program 2021 | | | | | 2,317 | | 2,317 |
| Incentive program 2022 | | | | | 4,509 | | 4,509 |
| Incentive program 2023 | | | | | 2,178 | | 2,178 |
| Fund for development cost | | | 62,102 | | -62,102 | | |
| Reversal of fund for development costs | | | -27,253 | | 27,253 | | |
| Profit/loss for the year | | | | | | -26,167 | -26,167 |
| Equity 2023-12-31 | 3,519 | 21,914 | 205,377 | 2,228,360 | -761,759 | -26,167 | 1,671,246 |

The share capital consists of 35,192,232 shares with a quota value of SEK 0.1.

1) During the period ongoing a new issue was registered and the share capital increased by SEK 1,270,454.

2) During the period ongoing a set-off issue was registered and the share capital increased by SEK 25,474.10.

Parent

Cash Flow Statement

TSEK 2023 2022

Operating activities

| | | |
|--|-----------------|-----------------|
| Operating profit after depreciation | -195,384 | -158,514 |
| Reversal of depreciation | 31,041 | 30,972 |
| Reversal of non-cash items | 9,081 | 2,656 |
| Financial payments received | 2,361 | 157 |
| Financial disbursements | -1,597 | -259 |
| Tax | -1,945 | -1,590 |
| Cash flow from operating activities before changes of working capital | -156,443 | -126,578 |

Change in working capital

| | | |
|--|-----------------|-----------------|
| Change in stocks | -11,311 | -3,840 |
| Change in trade receivables | -185 | -16,961 |
| Change in other current receivables | -1,804 | -29,741 |
| Change in trade payables | -6,526 | 12,031 |
| Change in other current liabilities | 32,304 | 1,758 |
| Changes in working capital | 12,477 | -36,753 |
| Cash flow from operating activities | -143,966 | -163,331 |

Parent

Cash Flow Statement, continued

TSEK 2023 2022

Investment activities

| | | |
|--|----------------|-----------------|
| Acquisition of intangible assets | -62,103 | -53,949 |
| Acquisition of tangible assets | -7,498 | -3,708 |
| Issued shareholders contributions | 0 | -60,204 |
| Issued loan Group company | -6,386 | 0 |
| Cash flow from investing activities | -75,987 | -117,861 |

Financing activities

| | | |
|--|----------------|---------------|
| Rights issue | 294,862 | 0 |
| Amortization of current liabilities | -60,000 | 60,000 |
| Cash flow from financing activities | 234,862 | 60,000 |

| | | |
|--|---------------|---------------|
| Cash flow | 14,909 | -221,192 |
| Operating cash and cash equivalents | 46,154 | 267,346 |
| Closing cash and cash equivalents | 61,063 | 46,154 |

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 BFAR 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.

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.

NOTE 1 continued

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

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 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 assess-

ment 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 Group as a short-term liability. In January 2024 the earn-out with iMotions was settled, affecting the result negatively with SEK 1.4 million.

Tax carry forwards

The reported value of deferred tax assets relating to losses carried forward have been tested on the balance sheet date and it has been assessed as likely that the deduction can be used against earnings in future taxation.

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

| | 2023 | 2022 |
|---------------------|----------------|---------------|
| Behavioral Research | 60,306 | 46,679 |
| Automotive | 88,268 | 49,875 |
| | 148,573 | 96,554 |

NOTE 4 Net sales by geographical markets

| | 2023 | 2022 |
|--------------------------|----------------|---------------|
| The Nordics | 3,673 | 1,998 |
| Europe excl. the Nordics | 65,475 | 55,740 |
| North America | 39,721 | 15,212 |
| Asia | 39,306 | 23,126 |
| Other markets | 399 | 477 |
| | 148,573 | 96,554 |

NOTE 5 Operating leases

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

| | 2023 | 2022 |
|---|---------------|----------------|
| Due for payment within a year | 23,749 | 16,144 |
| Due for payment later than one year but within five years | 73,907 | 87,831 |
| Due for payment later than within five years | 0 | 9,358 |
| | 97,655 | 113,333 |
| Lease payments expensed in the period | 17,861 | 12,937 |

NOTE 6 Auditor's fee

| | 2023 | 2022 |
|--|--------------|--------------|
| Deloitte AB | | |
| Audit assignment | 972 | 804 |
| Audit activities in addition to the audit assignment | 296 | 333 |
| Other services | 233 | 438 |
| Tax | 0 | 176 |
| | 1,501 | 1,751 |
| Total auditor's fee | 1,501 | 1,751 |

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.

| Sweden | 2023 | 2022 |
|---------------|------------|------------|
| Women | 27 | 24 |
| Men | 89 | 82 |
| | 116 | 106 |

Average number of employees

| | | |
|-------|------------|------------|
| Women | 27 | 24 |
| Men | 89 | 82 |
| | 116 | 106 |

Number of presidents and other senior executives

| | | |
|-------|----------|----------|
| Women | 2 | 1 |
| Men | 6 | 5 |
| | 8 | 6 |

Board of directors at balance day

| | | |
|-------|----------|----------|
| Women | 2 | 2 |
| Men | 5 | 4 |
| | 7 | 6 |

NOTE 7 Employees continued

| Salaries, fees and other remuneration | 2023 | | 2022 | |
|---------------------------------------|--------------|--------------------|--------------|--------------------|
| | Fees | Other remuneration | Fees | Other remuneration |
| Board of Directors | | | | |
| Anders Jöfelt, Chairman | 601 | 0 | 527 | 0 |
| Lars Olofsson | 389 | 0 | 378 | 0 |
| Mats Krantz | 268 | 0 | 259 | 0 |
| Magnus Jonsson | 268 | 0 | 259 | 0 |
| Eva Elmstedt | 405 | 0 | 388 | 0 |
| Cecilia Wachtmeister | 322 | 0 | 310 | 0 |
| Tobias Sjögren | 180 | 0 | 0 | 0 |
| Total | 2,433 | 0 | 2,121 | 0 |

| Salaries, fees and other remuneration (TSEK) | 2023 | 2022 |
|--|---------------|---------------|
| Board of directors | 2,433 | 2,121 |
| CEO | 3,039 | 2,981 |
| Other senior executives | 8,287 | 5,746 |
| Other employees | 69,556 | 62,162 |
| Total | 83,315 | 73,010 |

Social security charges and pensions

| | | |
|---|---------------|---------------|
| Statutory and contractual social security charges | 20,804 | 17,467 |
| Pension costs | 9,454 | 8,137 |
| Total | 30,258 | 25,603 |

Pension costs

| | | |
|-------------------------|-------|-------|
| CEO | 0 | 0 |
| Other senior executives | 1,666 | 1,283 |
| Other employees | 7,788 | 6,853 |

| Salaries and remuneration to the CEO and other senior executives | Salary | | Pension costs | | Social security costs | | Total | |
|--|--------|-------|---------------|-------|-----------------------|-------|---------------|---------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| CEO | 3,039 | 2,981 | 0 | 0 | 955 | 937 | 3,994 | 3,918 |
| Other senior executives | 8,287 | 5,746 | 1,666 | 1,283 | 2,604 | 1,805 | 12,557 | 8,835 |
| Total | | | | | | | 16,551 | 12,753 |

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

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.

At the AGM 2nd May it was resolved on the adoption of a long-term incentive programme in the form of performance-based share options directed to employees within the Smart Eye group. Under the Share Option Programme 2023, participants are given the opportunity to receive shares free of charge, so called performance shares. The maximum number of performance shares will amount to 580,000, whereby 486,300 shares shall be allotted to participants and 93,700 shares shall be used by the Company to cover social security contributions associated with the programme. In order to enable the incentive programme, the AGM also resolved on an issue of not more than 580,000 warrants directed to 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 58,000.

NOTE 9 Income tax

| | 2023 | 2022 |
|--------------|----------------|----------|
| Current tax | 0 | 0 |
| Deffered tax | 168,453 | 0 |
| | 168,453 | 0 |

Reconciliation of tax expense

| | | |
|--|----------------|----------|
| Accounted profit/loss before tax | -194,620 | -158,616 |
| Tax at current tax rate 20,6% | 40,092 | 32,675 |
| Tax effect on non-deductible expenses | -147 | -146 |
| Capitalisation of earlier years loss carry-forward | 128,509 | 0 |
| Tax effect on non-recognizable loss carry-forward | 0 | -32,529 |
| Recognized tax expense | 168,453 | 0 |

The company's loss carry-forwards amount to a total of TSEK 846,942 (623,828), of which TSEK 174,470 (0) have been capitalized as a deferred tax asset.

NOTE 10 Capitalized development expenditure

| | 2023 | 2022 |
|-----------------------------------|----------------|----------------|
| Aquisition value | 321,843 | 267,894 |
| Capitalized expenses for the year | 62,103 | 53,949 |
| Closing accumulated cost | 383,946 | 321,843 |

| | | |
|---|-----------------|-----------------|
| Opening amortization | -147,913 | -118,892 |
| Amortization for the year | -28,693 | -29,021 |
| Closing accumulated amortization | -176,606 | -147,913 |
| Closing residual value according to plan | 207,340 | 173,931 |

NOTE 11 Participations in group companies

| | 2023 | 2022 | Group | Corp. ID no. | Registered office | Share of equity (%) |
|---|------------------|------------------|---|----------------|-------------------|---------------------|
| Opening cost | 1,210,034 | 1,100,229 | JN Data AB | 556563-7849 | Gothenburg | 100 |
| Shareholders contribution | 13,589 | 109,805 | Smart Eye International Inc. | 6303763 | Delaware | 100 |
| Closing accumulated cost | 1,223,623 | 1,210,034 | Smart Eye Japan Co. Ltd | 0104-01-139423 | Tokyo | 100 |
| Closing residual value according to plan | 1,223,623 | 1,210,034 | 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 |

| Group | Corp. ID no. | No. of shares | Share of equity (%) | Share of vote (%) | Book value 2023-12-31 | Book value 2022-12-31 |
|---|----------------|---------------|---------------------|-------------------|-----------------------|-----------------------|
| 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 | 291 |
| Smart Eye GmbH | DE345508843 | 25,000 | 100 | 100 | 256 | 256 |
| Affectiva Inc. | 26-4691073 | 35,261,757 | 100 | 100 | 762,638 | 758,525 |
| iMotions A/S | 33 50 40 04 | 710,957 | 100 | 100 | 459,135 | 449,660 |
| | | | | | 1,223,623 | 1,210,034 |

NOTE 12 Equipment, tools and installations

| | 2023 | 2022 |
|---------------------------------|---------------|---------------|
| Opening cost | 15,116 | 11,407 |
| Changes in the year | | |
| - Acquisition | 7,498 | 3,709 |
| Closing accumulated cost | 22,614 | 15,116 |

| | | |
|---|----------------|----------------|
| Opening depreciation | -11,024 | -9,110 |
| Changes in the year | | |
| - Depreciation for the year | -2,245 | -1,915 |
| Closing accumulated depreciation | -13,269 | -11,024 |
| Closing residual value | 9,344 | 4,091 |

NOTE 13 Deferred Tax

Temporary differences occur in cases where the accounting and the tax value of assets and liabilities are different. Tax loss carry-forwards have resulted in deferred tax assets:

| | 2023 |
|-----------------------------------|----------------|
| Unutilized losses carried forward | 174,470 |
| | 174,470 |

NOTE 14 Prepaid expenses and accrued income

| | 2023 | 2022 |
|--|---------------|---------------|
| Prepaid rents | 34 | 544 |
| Accrued income and ongoing contribution projects | 35,516 | 22,521 |
| Other prepaid expenses | 2,389 | 1,168 |
| Total prepaid expenses and accrued income | 37,939 | 24,233 |

NOTE 15 Other long-term liabilities

| | 2023 | 2022 |
|---|--------------|----------|
| Due for payment later than one year but within five years | 3,570 | 0 |
| Total other long-term liabilities | 3,570 | 0 |

NOTE 16 Accrued expenses and deferred income

| | 2023 | 2022 |
|---|---------------|---------------|
| Accrued salaries and holiday pay | 12,714 | 10,917 |
| Accrued social security charges | 3,995 | 3,430 |
| Accrued expenses | 12,993 | 8,029 |
| Deferred income | 10,849 | 4,005 |
| Other items | 4,224 | 4,282 |
| Total accrued expenses and deferred income | 44,774 | 30,663 |

NOTE 17 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 18 Pledged assets and contingent liabilities

| For own provisions and liabilities | 2023 | 2022 |
|------------------------------------|---------------|--------------|
| Floating charges | 20,000 | 7000 |
| | 20,000 | 7,000 |

NOTE 19 Proposed appropriation of earnings

| | 2023 | 2022 |
|--|----------------------|----------------------|
| The Board of Directors propose that the funds available for appropriation: | | |
| Retained earnings | 1,466,603,112 | 1,288,663,778 |
| Loss for the year | -26,166,622 | -158,615,594 |
| | 1,440,436,490 | 1,130,048,185 |
| Carried forward | 1,440,436,490 | 1,130,048,185 |

The Income Statements and Balance Sheets will be submitted to the
AGM on 17 May 2024 for approval.

Gothenburg, 17 April 2024.

Martin Krantz

CEO

Anders Jöfelt

Chairman of the Board

Cecilia Wachtmeister

Board member

Eva Elmstedt

Board member

Mats Krantz

Board member

Tobias Sjögren

Board member

Lars Olofsson

Vice Chairman of the Board

Magnus Jonsson

Board member

Our audit report regarding this annual report has been submitted X April 2024.

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 sav-

ing 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 3-39 and 79-82. The Board of Directors and the Managing Director are 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 con-

solidated 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, April 17, 2024

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:

Chairman of the Board of Powercell AB, AstaZero AB, Mobility Sweden, Leading Light AB, AB Magnus Jonsson and Magnus Jonsson Consulting 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 Automotive AS and LeanNova AB

Holdings: 4,712 shares and 10,000 options



Eva Elmstedt

Board member since 2019

Date of birth: 1960

Educational background: Bachelor's degree in economics and Computer Science from Indiana University of Pennsylvania, USA, and Stockholm School of Economics

Other appointments:

Chairman of Arelion (former Telia International Carrier), Omegapoint, Seriline and Board member of Addlife, Arjo and Elanders, and Fagerhult.

Previous appointments in the last five years:

EVP of Global Services at Nokia Networks and Nokia Siemens Networks and senior positions at Ericsson AB, the telecom operator 3 and Semcon

Holdings: 8,640 shares and 10,000 options



Anders Jöfelt

Chairman of the Board since 2017

Date of birth: 1975

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

Other appointments: Product owner SVT Play

Previous appointments in the last five years: None.

Holdings: 1,185,833 shares



Cecilia Wachtmeister

Board member since 2019

Date of birth: 1966

Educational background: MSc Industrial Engineering and Management from the Institute of Technology 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 positions within Ericsson AB

Holdings: 14,000 shares and 10,000 options



Lars Olofsson

Board member since 2017

Date of birth: 1951

Educational background: Graduate in Business Administration 1975, University of Lund, Sweden PED, IMD Lausanne, Switzerland

Other appointments: Chairman LO Advise Sarl.

Previous appointments in the last five years: Vice Chairman of Axfood AB, Chairman of TCC Global NV, Board member of Axel Johnson AB

Holdings: 54,700 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 Scandinavian 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: None.

Holdings: Mats Krantz holds 1,000,040 personally and 200,000 shares via related parties



Tobias Sjögren

Board member since 2023

Date of birth: 1975

Educational background: EMBA at M-gruppen

Other appointments: Board member Swedish Game Developer Association. Board member Fox in a Box Stockholm AB

Previous appointments in the last five years: CEO and Board member of Starbreeze AB

Holdings: 2,750 shares

Executive Management Team



Martin Krantz

Founder and CEO of Smart Eye
Date of birth: 1971

Educational background:

MSc, Engineering Physics, Chalmers University of Technology

Other appointments: Chairman of 1928 Diagnostics

Prev. appointments the last five years: None.

Holdings: 1,194,052 shares and 7,500 options



Peter Hartzbech

Founder & CEO iMotions
Employed since 2005 (founder of iMotions)
Date of birth: 1976

Educational background: Bachelor's degree, Business Administration, CBSI, Advanced Management Program, MIT

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

Prev. appointments the last five years: None

Holdings: 586,732 shares



Mats Benjaminsson

Chief Financial Officer
Employed since 2022
Date of birth: 1968

Educational background: Bachelor's degree in Accounting, Finance & Information Technology, Jönköping University

Other appointments: CFO SKF Sweden, Interim CFO Sjöson AB and Midroc Rodoverken AB, Interim Change Manager, Getinge AB

Prev. appointments the last five years: None

Holdings: 9,000 shares



Henrik Lind

Chief Research Officer
Employed since 2017
Date of birth: 1961

Educational background: MScEE (1987) Chalmers

Other appointments: Board member Innoble AB

Prev. appointments the last five years: None.

Holdings: 8,615 shares and 5,000 options



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

Prev. appointments the last five years: None.

Holdings: 31,679 shares, 5,000 options



Solmaz Shahmehr

Executive VP Automotive & Applied AI
Employed since 2009
Date of birth: 1982

Educational background: Master of Science degrees in Software Engineering & Technology from Chalmers University of Technology.

Other appointments: None

Prev. appointments the last five years: None

Holdings: 19,625 shares



Julia Wadman

Chief Human Resources Officer
Employed since 2017
Date of birth: 1969

Educational background: Bachelor's degree in Business Administration

Other appointments: JUWA HR Tjänster AB

Prev. appointments the last five years: None.

Holdings: 698 shares



Detlef Wilke

Vice President Innovations & Strategic Partnerships
Employed since 2021
Date of birth: 1971

Educational background: Dipl. Ing Elektrotechnik (FH), Network Engineer, Project Management, Internal Quality Auditor ISO9001 DGQ,

Other appointments: None

Prev. appointments the last five years: Chairman of CLEPA mirror group for Euro NCAP

Holdings: 5,693 shares

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.

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 or by post to Smart Eye Aktiebolag (publ), Annual General Meeting 2023, Att. Mats Benjaminsson, Masthammsgatan 3, level 3, 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.

Group management

Jay Turcot
VP, AI
Affectiva since 2011

Magnus Brunzell
VP, AIS
Smart Eye since 2019

Manal Ramsis
General Manager
Smart Eye Egypt
Affectiva since 2019

Graham Page
Global Managing Director
of Affectiva Media Analytics
Affectiva since 2019

Ulf Löfberg
Interim VP Research
Instruments
Smart Eye since 2016

Linn Samuelsson
General Council
Smart Eye since 2024

Lisa Strandvik
Head of Global
Marketing
Smart Eye since 2021

Tim Peacock
Chief Integration Officer
and VP, Data Management
Affectiva since 2011

Xingfei Zhao
General Manager
Smart Eye China
Smart Eye since 2018

Kenji Nakamura
General Manager
Smart Eye Japan
Smart Eye since 2022

Christian Schnell
VP, Quality
Smart Eye since 2022

Advance voting

For advance voting, a special form must be used. The form is available on the company's website, 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 or by post to Smart Eye Aktiebolag (publ), Annual General Meeting 2023, Att. Mats Benjaminsson, Masthammsgatan 3, level 3, 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

Calendar

Annual General Meeting
Interim report Jan-Mar 2024
Interim report Apr-Jun 2024
Interim report Jul-Sep 2024
Interim report Oct-Dec 2024

May 2024
May 2024
August 2024
November 2024
February 2025

Contact

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Mats Benjaminsson
CFO
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