smart eye

Annual Report 2020

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

Annual Report 2020

This is Smart Eye

Smart Eye has been developing artificial intelligence (AI) in the form of eye tracking technology that understands, supports and predicts people's intentions and actions for over 20 years. By closely observing eye, facial and head movements, the technology can draw conclusions about a person's awareness and mental status. Smart Eye's eye tracking technology is used in the next generation of cars, commercial vehicles, and is enabling new insights for research in aviation, aerospace, neuroscience and elsewhere. These solutions are used by over 700 partners and customers worldwide, including the US Air Force, NASA, BMW, Lockheed Martin, Audi, Boeing, Volvo, GM and Harvard University.

2020 IN BRIEF

Growth continues— despite a turbulent year

7 JANUARY

New design win from a Chinese OEM

Smart Eye announces a new design win from the company's second Chinese customer, thus taking another vital step towards establishing a position on the Chinese market. The estimated order value based on volume forecasts over the complete product lifecycle is SEK 50 million.

10 JANUARY

CES® 2020

2020 was the first year Smart Eye participated as an exhibitor at the world's largest electronics expo. Over four days in Las Vegas, Smart Eye made new customer contacts and demoed its new interior sensing technology for the first time.

19 MARCH

24 new design wins with four different OEMs

Smart Eye reports 24 new design wins with four different automakers, of which two are new customers. The new customers are a major American OEM and a European premium manufacturer. The other two are also European customers. Based on forecasts of estimated product lifecycles, the estimated order value is SEK 500 million.

28 APRIL

Research Instruments launches Smart Eye AI-X

The Research Instruments business area introduces Smart Eye AI-X: A compact but high-performance eye tracker for marketing, UX (user experience) and media.

5 OCTOBER

SEK 189 million new share issue

Thanks to high investor interest, Smart Eye is able to execute a directed share issue of SEK 189 million. This new share issue ensures Smart Eye's capability to deliver on the multiple global car projects it has won, and sharpens the company's competitiveness for the upcoming wave of new tenders.

14 OCTOBER

Two design wins from a Korean OEM

Smart Eye secures another two design wins from a Korean customer. Estimated revenues for this order are SEK 100 million, based on forecasts of estimated product lifecycles. Smart Eye now has a total of 83 design wins from 12 different vehicle manufacturers..

65,097

NET SALES, TSEK

91

EQUITY RATIO %

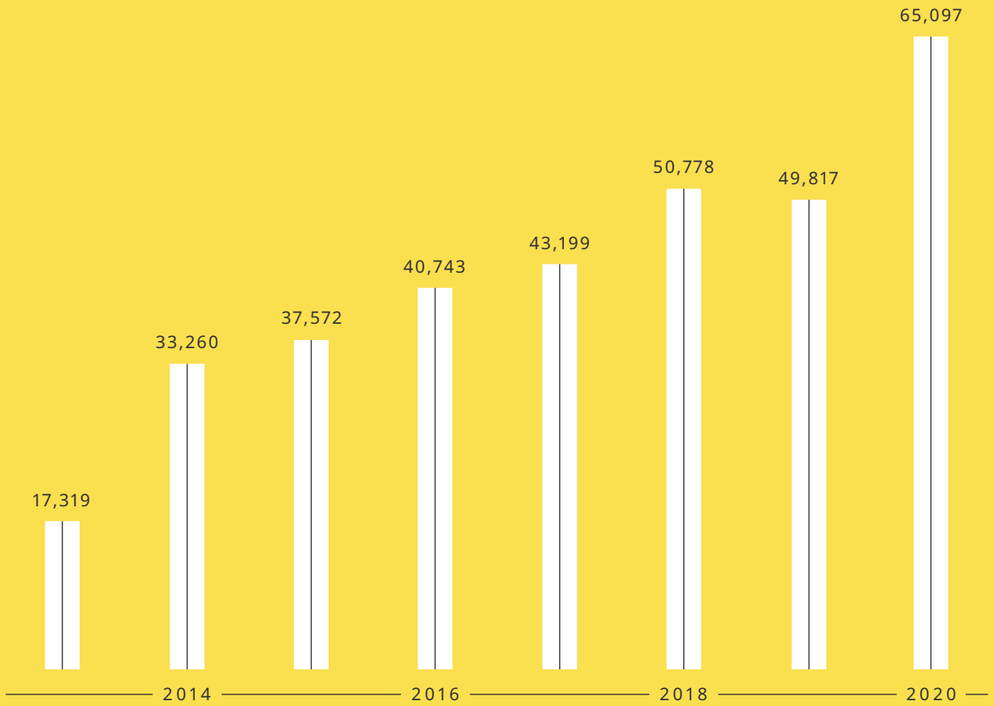
-77,156

OPERATING PROFIT/LOSS, TSEK

102

EMPLOYEES
+ 26 CONSULTANTS

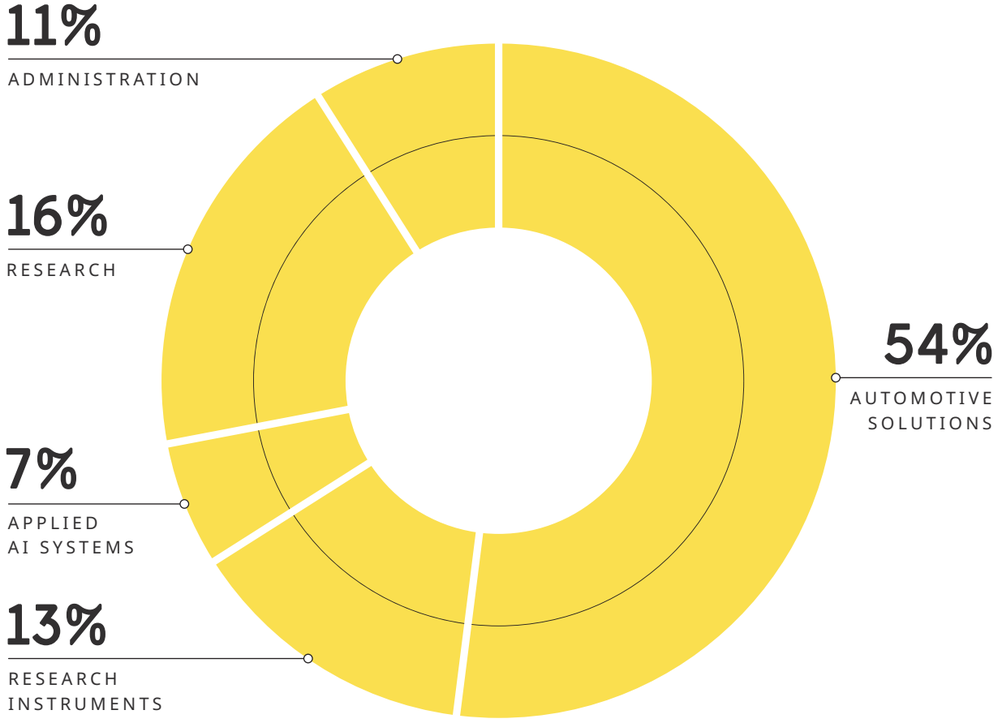
Net sales, TSEK



Key ratios

TSEK	2020	2019	2018
Net sales, TSEK	65,097	49,817	50,778
Operating profit/loss, TSEK	-77,156	-105,723	-55,998
Profit/loss after tax, TSEK	-77,557	-106,362	-56,404
Equity per share, TSEK	21.20	16.64	12.88
Equity ratio,%	91	85	83
No. of employees	102	91	74

Allocation of employees + consultants



CEO'S STATEMENT

Crowned by success

When it's time to close the books on the past year, it is easy to focus on what's obvious and front of mind, in this case the coronavirus pandemic. This took its full impact on the world in the first quarter of 2020, and since then, has impacted all our decisions, how and where we work, how we travel, how we meet, and Smart Eye's communication with customers and other stakeholders. The market took a hit, but has also rallied from its low watermark in the second quarter of last year. But there are far more important things happening in our evolving company than shifts in the business cycle.

Work has been ongoing under the surface long term, which is paying off in time. This is about creating a skilled organisation with in-depth ability to understand and predict customer needs, and then develop the solutions to satisfy them. These patient efforts aren't spectacular or sensational. Rather, they're like painstakingly laying each stone in the construction of a huge edifice. The result is new technology that benefits everyone.

Looking back

The coronavirus pandemic is the third major macroeconomic crisis in Smart Eye's history. The famous IT crash, also known as the Nasdaq bubble, occurred around the millennium, when the company was in its infancy. From being a start-up with ready access to capital with risk appetite, we suddenly had to adapt to far more straitened circumstances. With modest funds at our disposal, we started selling research instruments, and built the company from there.

The Lehman Brothers crash followed in 2008; the car industry was hard hit, delaying a huge amount of new technology investment, including driver monitoring systems (DMSs). But after a few years, work on DMSs resumed, and by 2018, we were finally able to see our software in series production. Since then, the cars that either have, or will gain access to, our technology has been steadily increasing.

Now we're in the coronavirus crisis, and although its effects are tangible across society, we don't anticipate it exerting a significant long-term impact on Smart Eye's development.

Premium cars were the first market segment to get our products. Tenders were in the period from 2014 onwards, with the first series production in 2018. We noted a shift on the market in summer 2018, with the really big volume producers preparing tenders for DMSs. We saw this early, adapted to the new situation, and were very successful. At present, no other company has won as much business as us in the mid-class segment, dominant in terms of volume. Since then, new legislation and Euro NCAP has further accentuated this market trend.

Strategic direction

The cars of the future will increasingly resemble sophisticated, four-wheeled computers, with multiple sensors monitoring exteriors and interiors. This is the next evolutionary stage of DMSs, where apart from detailed metrics on drivers, the field of vision will also expand, capturing a range of metrics in passenger compartments, everything from seatbelts to items left in cars, or child seats.

In the US alone, over 50 children die from heat stroke each year after being left in cars. All the related functionality adds value over and above pure safety, and we think that interior sensing will be tendered jointly with DMSs, and execute from shared hardware platforms, which means the value-added potential per car increases. Our intention is to take on this mission with as much energy as previous challenges, and become a market-leading T2 vendor of software here too.

Research Instruments

Smart Eye's very first products targeted the research market exclusively—it's where everything started. 2020 was a year of transition when expected growth didn't occur, but when, despite the impact of the pandemic, we still matched the sales level of the previous year. The fact that we achieved this was very satisfactory, with very many research labs closing down during the pandemic, and investments in equipment in the year being low. We're looking forward to better market conditions ahead with confidence, and have an upbeat view of Research Instruments' future.

Applied AI Systems

DMSs are on the way to becoming as common as seatbelts and airbags in new cars, but there are 1.2 billion cars on the road now that don't have them. To reach all these cars, we've developed an aftermarket product giving everyone access to this advanced safety system. Although we think that initially, China will be the most expansive market, demand will be global. Lives need to be saved everywhere, and that's why in 2021, we'll be launching the aftermarket product AIS, which has been in development since 2019, to satisfy this need.

And finally...

The whole DMS ecosystem, consisting of Smart Eye, our customers, partners and competitors, is pushing the envelope of what's possible together. We're in the build-up phase of an all-new technology segment, and the faster we can overcome the complex technology problems surrounding it, the more lives we'll save. Smart Eye has been going for 22 years, yet we've only just started.

Martin Krantz
CEO, Smart Eye

MARKET

The market for eye tracking systems is in high growth. The technology has been in use in research for a long time, but it wasn't until the automotive industry noticed eye tracking systems that market growth really gathered pace. At the same time AI (artificial intelligence) is becoming more central to many eye tracking systems, further expanding the possibilities of this technology. And it's here—at the epicentre of eye tracking technology development—that Smart Eye is positioned.

A world leader on an expansive market

Smart Eye was founded in Gothenburg, Sweden in 1999, with Saab Automobile as the company's first customer, and the automotive industry has been a key target group ever since.

In other words, Smart Eye was an early developer of eye tracking solutions tailored to the automotive industry's exacting standards on quality, safety, reliability, durability and delivery capability. The technical operational environment in vehicles is also very demanding, and systems need to be able to deal with situations like bright sunlight, darkness and vibration. This also requires eye tracking systems working when drivers are wearing sunglasses, hats or face masks—the latter being far more common after the coronavirus pandemic outbreak in 2020.

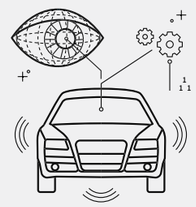
Market controlled by the automotive industry's stringent quality standards

The automotive industry's demanding standards mean that at present, there are few manufacturers in the world capable of delivering eye tracking technology for the global automotive industry. Smart Eye is one of them. Smart Eye also enjoys an important competitive edge in the company offering a platform-agnostic solution that is open and flexible, and fully compatible with the customer's other systems and components. At present, Smart Eye also targets other groups, such as the aviation and aerospace industries, whose quality standards are just as exacting as the automotive industry. The fact that Smart Eye's eye tracking solutions are based on the automotive industry's complex needs has been a contributor to the company's market leadership with other target groups. Smart Eye's positioning is also protected by the market's high barriers to entry. Qualifying software for cars is a long, tortuous process, requiring a long-term view and persistence, which are obstacles to new players entering the market. Smart Eye has been chosen by automotive industry customers because of its proven capability to satisfy safety and quality standards, and very good delivery capacity.

Different applications in three business areas

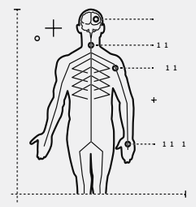
Smart Eye's operations are divided into three business areas: Automotive Solutions, Research Instruments and Applied AI Systems. Automotive Solutions and Applied AI Systems focus on applications of eye tracking technology for vehicle interior environments, mainly in the form of DMSs.

Research Instruments develops eye tracking systems for research and educational purposes.



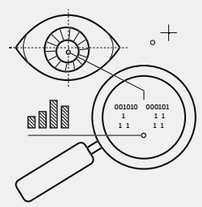
Automotive Solutions
Within the Automotive Solutions business area, Smart Eye provides algorithms and software for eye tracking, mainly to automotive industry Tier 1 manufacturers and OEMs. OEMs use eye tracking for various types of DMS, although the technology has several application segments. Combined with AI, facial recognition and more sensors, other functionality that enhances the safety and comfort of the driver and passengers can be developed. In the coming years, it is likely that demand for this type of functionality will increase.

Smart Eye has attaned world leadership as a supplier of eye tracking systems for the automotive industry. At present, there is no other manufacturer of eye tracking systems for vehicle interior environments with as many design wins (page 19) as Smart Eye, and the company's technology is installed in more cars already in production than any other manufacturer. Although nondisclosure clauses often prevent the company from naming its customers, examples of production vehicles with Smart Eye's eye tracking installed include the BMW X3, X4, X5, Z4, 3 series and 8 series.



Research Instruments
Research Instruments has strong and stable positioning as a vendor of full-scale eye tracking systems for R&D and education environments, mainly in the automotive, aviation and aerospace industries, but also to customers in the academic world. Smart Eye thinks that the global market for this type of eye tracking system is currently worth some SEK 500 million annualised, with a yearly growth rate of over 10%.

Smart Eye's eye tracking systems are developed within Research Instruments, and this business area still has major strategic significance to the company. With Research Instruments' operations, Smart Eye gains early insights into the development of eye tracking technology a few years ahead. This becomes additionally important with Smart Eye seeing its most important growth potential being when eye tracking technology migrates into new segments. Flight simulators and cockpit interiors, with neuroscientific research, consumer electronics, IT and marketing are all segments where usage of eye tracking technology is forecast to grow. Other initiatives with good potential to increase the business area's market share are within sales & marketing, as well as partnerships with companies like iMotions and VI-grade.



Applied AI Systems
Applied AI Systems combines Smart Eye's eye tracking software with hardware to create complete DMSs. The business area's products target vehicles produced in shorter manufacturing runs, and the aftermarket segment.

The initial focus of Applied AI Systems is the Chinese market, which features a wide variety of OEMs. Combined with legislation making driver monitoring mandatory in all commercial vehicles, this means especially high demand for complete DMSs on the Chinese market. But other markets may also be considered, when for example, manufacturers from other parts of the world produce vehicles in short runs, which are more common in commercial vehicles.

On the Chinese market, competition between DMS manufacturers is intense. However, Smart Eye's long track-record of delivering advanced eye tracking technology, precisely for the automotive industry, is expected to bring the company a competitive edge and technology lead, because Smart Eye believes there are a few participants on the Chinese market that can match its experience.

The corona pandemic's impact on the market

Automotive Solutions
The new coronavirus, covid-19, spread worldwide in 2020. Despite the major consequences of the pandemic for many participants in the automotive industry, Smart Eye did not any note any major reduction in OEM demand for new safety systems. Accordingly, the effects of the coronavirus on the market automotive solutions addresses have been limited. Even if the pandemic did cause some delays and adjustments of schedules, this has only been for a few months.

Research Instruments
Research Instruments' target groups are also impacted by the coronavirus. The outbreak of the pandemic compelled many of the business area's customers to reprioritize budgets, and procurement of new technology was frequently deferred. This caused Research Instruments' sales to decrease. Initially, the Asian market was affected, but as the coronavirus spread to more continents, the impact in Europe and the US was similar. Research Instruments saw European and Asian markets recover in the autumn, while progress on the American market was slower.

Applied AI Systems
Smart Eye noted very great interest in Applied AI Systems' products in the first quarter of the year. But in tandem with the outbreak of the coronavirus, many of the business area's customers shifted focus to getting through the crisis and limiting costs. This caused the demand for complete driver monitoring systems to decrease in the second and third quarters, to then start recovering in the fourth. By year-end, demand was heading back to a similar level as at the beginning of the year, although the market was still affected by the pandemic.

Active safety—a must for self-driving cars

Self-driving cars have gone from being perceived as utopian to approaching reality. But despite much of the technology already being in place, we are still a long way from seeing cars getting to their destinations completely free of driver input. For fully self-driving cars to become reality, greater reliability, the production of standards and legislative reform are necessary.

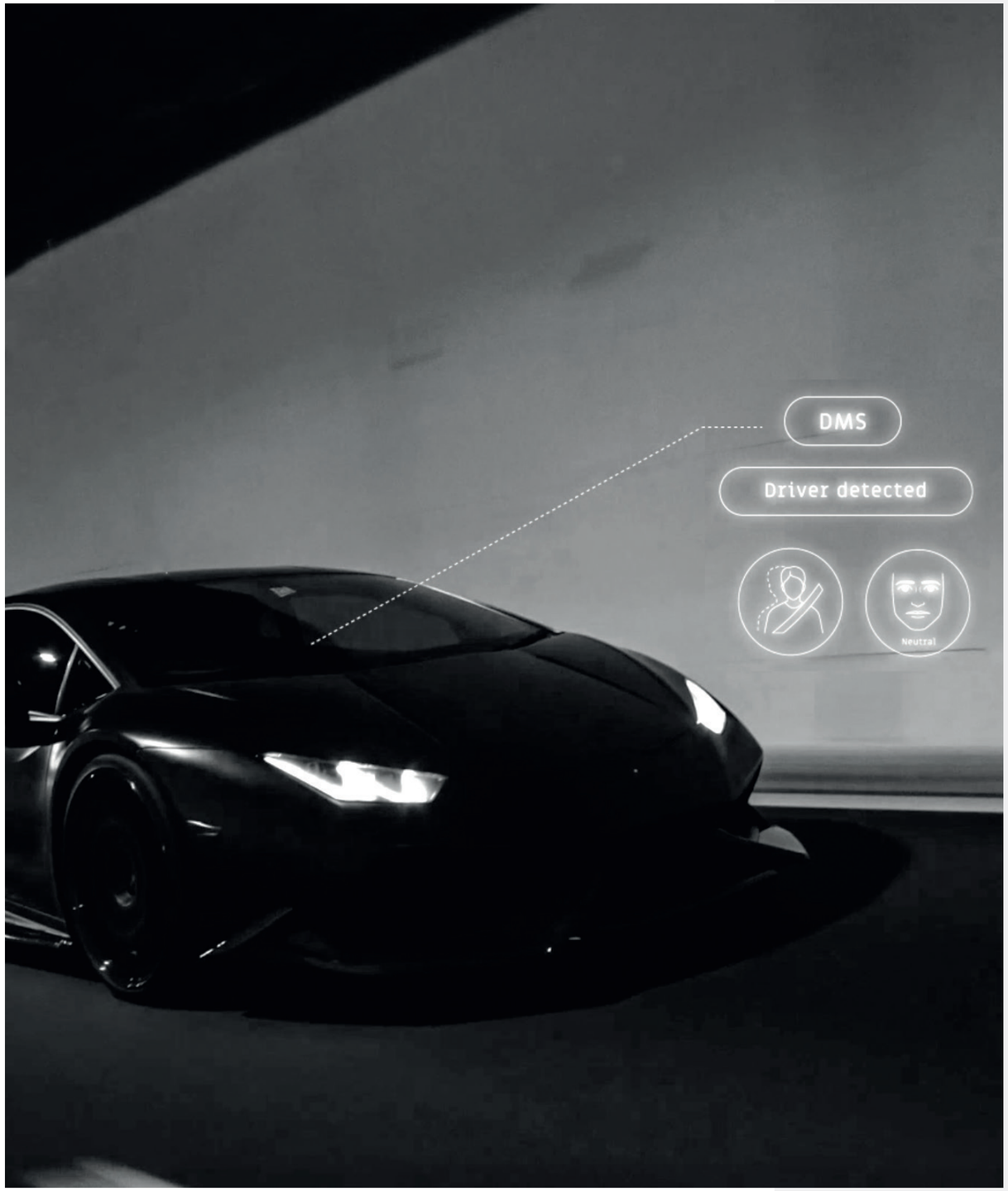
Automakers have high ambitions of driving this development.The range of car models with autonomous driving functionality is increasing rapidly, and expected to gain more space on the market over the coming years.

The migration from current cars into self-driving vehicles is a process that will be gradual. Smart Eye anticipates the level of autonomy increasing with time, to ultimately transition to fully autonomous vehicles. The automotive industry is now in an early phase of semi-automatic driving, with the car capable of controlling some functionality itself, but requiring the driver's active participation and overall responsibility. Accordingly, DMSs are a must to continue developing autonomous driving functionality, and actually increase road safety.

Meanwhile, the focus in the automotive industry is migrating from passive to active road safety. Instead of only protecting the driver and passengers, current safety solutions, such as DMSs, are being developed with the aim of preventing accidents.

Initiatives and legislation driving market growth

There are 1.3 million fatalities worldwide in traffic accidents each year. The estimated average number of car accidents involving personal injury per year and 100,000 cars is 231 in the Nordics, 498 in Europe and 1,450 in North America (UNECE, 2015). This statistic clearly illustrates that passive safety systems, such as seatbelts and airbags, are not sufficient. As a consequence, decision-makers worldwide have taken note of active safety systems, like DMSs. There are currently a range of initiatives driving the rapidly increasing demand for eye tracking technology in DMSs.



1 Euro NCAP is the world's most respected car safety classification organisation. In the most recent update of Euro NCAP's criteria, driver monitoring will be a requirement for new car models to gain the highest safety ratings from 2024 onwards. Accordingly, many tenders for DMSs include a condition that systems satisfy Euro NCAP standards. Smart Eye enjoys a competitive edge in the company's software fully satisfying Euro NCAP's most recently updated safety criteria.

2 In 2019, the EU adopted new legislation stipulating that all new car models launched in Europe must be equipped with systems that detect whether the driver is tired or inattentive. These new regulations will be implemented progressively over four years. They apply to all new car models with some self-driving capability as early as 2022, to cover all new cars on the European market by 2026.

3 In its agenda "Consideration in Support of the 2030 Agenda for Sustainable Development", the UNCTAD (the United Nations Conference on Trade and Development) adopted a standpoint to encourage the development of technology that improves vehicle safety.

4 In late-2018, the Chinese Ministry of Transport announced that new vehicles to be used for transporting hazardous waste, long-distance coaches and tourist coaches must be equipped with DMSs. This decision also implies that operators of large vehicle fleets must install DMSs in existing vehicles.

5 No initiative similar to those above has yet been taken on the American market. However, discussions are ongoing within the NHTSA (National Highway Traffic Safety Administration). It is likely that this organisation will also have a DMS initiative in future. Meanwhile, there have been several legislative proposals stipulating installation of in-vehicle DMSs. One of these, the Moving Forward Act, was approved by the House of Representatives on 1 July 2020. However, this bill needs to be approved by the Senate and the President before it can become statute.

Large-scale tenders driving global growth

In 2021, the forecast market value of eye tracking for vehicles and transportation is USD 221 million (Technavio). The growth rate is forecast to increase further between 2021 and 2026, with the number of vehicles equipped with driver monitoring system forecast to increase by some 70% per year, to a yearly rate of some 30-50 million vehicles (Euromonitor and Smart Eye estimates). Self-driving functionality in upcoming car models is the primary cause of increased demand. Initially, the demand for eye tracking technology is for car models in the premium and mid-class segments, representing an estimated 60-70% of all vehicle sales.

Within the next 24 months, Smart Eye estimates that OEMs will tender for DMSs worth at least SEK 10 billion over car model product lifecycles.

Smart Eye's estimates are based on insights from its positioning as an multinational provider of eye tracking technology.

The market's distinguishing definitions and drivers

Eyetrackning
Eye tracking is a technology for measuring gaze and eye movement. Sensors enable the eye to be detected, the gaze calculated and eye movements tracked. By studying individual eye movements, alertness, attentiveness and focus can be assessed, thus gaining an impression of an individual's awareness and mental state.

Eye tracking is now an established technology and applied in an array of segments. In vehicle interior environments, it is used for functionality linked to the driver. In research and neuroscience, eye tracking is used for applications including diagnosing Alzheimer's and Parkinson's diseases. The aviation and aerospace industries use eye tracking for R&D and training. Eye tracking can also replace mouses, and thus be used for computer interaction and gaming to enhance UX.

There are different types of eye tracking. One common form is eye tracking systems that combine a regular computer with a monitor. Here, eye tracking can either be integrated into the monitor, or in a free-standing device by the display. More sophisticated eye tracking systems use multiple cameras and track the eye movements of several people in larger environments, such as flight simulators. This is the type of eye tracking that Smart Eye's Research Instruments business area develops.

Eye tracking has several purposes

- *Analyzing and understanding human behaviour and interaction with surroundings.*
- *Enabling human-machine interaction.*
- *Hands-free computer interaction.*

Driver monitoring
In the automotive industry, eye tracking is a component of driver monitoring systems. By tracking the driver's eye movements, the system can detect whether the driver is distracted, tired or just generally inattentive. In such cases, a driver monitoring system linked to other vehicle functionality can generate impulses to alert the driver's attention. The most sophisticated systems can actually take control of the vehicle and slow it down. Accordingly, DMSs can reduce the risk of car accidents and improve road safety.

A DMS with eye tracking also enables the driver to control some functionality with the gaze and gestures, which can improve security and comfort for the driver and passengers.

Driver Monitoring Systems (DMS) have been developed to improve road safety. With eye tracking software, these systems can detect whether a driver is in attentive, drowsy, or actually asleep. The system can then generate impulses to alert the driver's attention, and if this fails, take control and stop the vehicle.

Design wins and car model product lifecycles
Automotive industry OEMs (Original Equipment Manufacturers) source components from subcontractors called Tier 1 suppliers. Tier 1 suppliers provide components based on products like Smart Eye's eye tracking software, making Smart Eye a Tier 2 supplier.

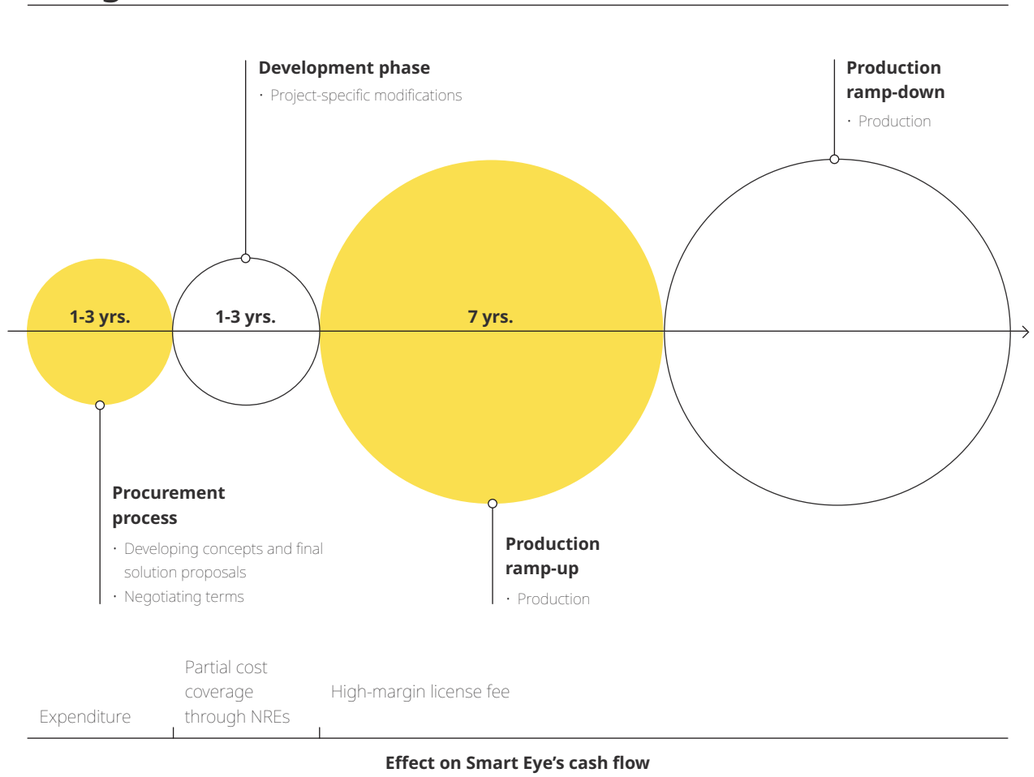
In some cases, OEMs can specify that Tier 1 suppliers provide components that contain a specified subcontractor's (Tier 2 supplier's) products. In other cases, Tier 1 suppliers can select the subcontractors they want to partner with themselves. In these cases, an OEM selects its supplier of functional component by a tendering process with a Tier 1 supplier, who contracts a Tier 2 supplier in turn.

These tenders can apply to one specific model at a time, or all cars and models on a given production platform simultaneously. Tendering processes are usually ongoing for 9 to 20 months. The OEM then selects which supplier wins the contract subsequently. The contract secured is called a design win, and applies to one car model.

From securing a design win it often takes between one and three years before shipments to the intended model actually begin. In turn, the car model is often in production for up to 7 years. Car platforms frequently remain in production for up to 14 years, with the bulk of vehicles produced in the middle of this period. A car platform' s life time is usually called its product lifecycle.

When an OEM selects the supplier of a functional component for a vehicle, this is called an "design win". The period a car platform remains in production for, often up to 14 years, is called its "product lifecycle."

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



Effect on Smart Eye's cash flow

STRATEGY AND BUSINESS MODEL

World-leading technology in three application segments

Smart Eye's operations are permeated by the desire to understand human behaviour. By monitoring a person's gaze and eye movements, Smart Eye's eye tracking systems can provide insights on human actions and inner state. The company's technology is applied in different ways by its three business areas: Automotive Solutions, Research Instruments and Applied AI Systems.

Strategy

Smart Eye's strategy is founded on long-term and extensive experience of developing sophisticated eye tracking technology for demanding customers. The Research Instruments business area generates early insights into the type of function and purpose that will be in demand in future, which is of strategic significance to the company.

The Automotive Solutions business area uses these insights to develop sophisticated eye tracking technology for DMSs compatible with the automotive industry's stringent quality standards. It is within Automotive Solutions that the company sees its greatest growth potential.

The Applied AI Systems business area develops complete DMSs with hardware and software, in contrast to Automotive Solutions, which only delivers software to integrate with other components. Applied AI Systems' DMSs are intended for car models manufactured in shorter runs, and for the aftermarket.

Business model Automotive Solutions

– technology that saves lives on the road

In its Automotive Solutions business area, Smart Eye primarily develops eye tracking algorithms and software, which combined with other components from the automotive industry's Tier 1 manufacturers, form complete DMSs. But even if Smart Eye's eye tracking solutions have only entered series production embedded in DMSs to date, the technology can also be used in other systems developed for vehicle interior environments. Two examples are infotainment systems, or functionality for individualizing vehicles. In some cases, automotive solutions can also provide hardware for Tier 1 producers for various development projects.

Automotive Solutions' strategy can be divided into two phases:
1. Establish Smart Eye as the market leader in the premium segment, where initial development of driver monitoring systems is taking place. This goal is already achieved.
2. Use the premium market as a bridgehead to establish corresponding leadership in the mid-class mass market segment. Smart Eye regards this as the current phase for the company and Automotive Solutions.

A must for future road safety
Eye tracking simplifies interaction between humans and vehicles in safety systems, so the technology is critical for semi or fully autonomous cars to respond and react to driver intentions and states. In turn, automated driving and active safety systems like DMS are considered necessary for achieving the vision of zero road accidents. In this way, the type of eye tracking system that Smart Eye develops will remain critical to improving global road safety in future.

Continuous development of pioneering technology
With over 20 years' experience of developing pioneering eye tracking solutions, Smart Eye has established technological leadership in the segment. In principle, the first eye tracking systems were limited to verifying that the driver was awake and focused on driving. In second-generation systems, functionality was increased, enabling the technology to also assist in controlling the vehicle's interior functions. The next major developmental step was taken in 2017, when Smart Eye launched the world's first eye tracking system employing AI technology to provide still more reliable data on people's actions and intentions.

Long-term relationships with customers
Smart Eye has been building longlasting and well-established customer relationships and development partnerships with most automotive industry OEMs and Tier 1 manufacturers since the early 2000s. Smart Eye has recognised capability in satisfying the automotive industry's exacting performance, accuracy, reliability, availability, safety, durability and delivery capability standards for safety-critical systems. Usually, Smart Eye is initially prevented from naming customers that it has design wins from, but those it has been able to reveal to date include major automakers like BMW and Geely.

Platform-agnostic software for adaptable systems
Smart Eye makes specific strategic decisions to match automotive industry preferences when developing and commercialising software. For example, Smart Eye has adopted a hardware-agnostic strategy when commercialising its eye tracking technology within Automotive Solutions, meaning more potential to leverage the investments that have been made in the smartphone industry.

Usually, the processors developed for mobile phones also qualify for automotive industry use, which means that new and better chips are available for series production. Thus it is possible to integrate Smart Eye's technology with most of the relevant ECUs (electronic control units) and SOCs (systems on chips) on the market. In combination with platform-agnostic software enabling a late lock-in in the process, this means Smart Eye's technology can be generic, so little customisation is necessary, while integration processes become extremely efficient.

Business model Research Instruments

– bridgeheads into new verticals

Smart Eye provides hardware and software for eye tracking systems within Research Instruments, but the big value lies within algorithms and software. This is reflected in the business area's gross margins, which are 75-90%.

All systems are sold as complete solutions, where customers pay per system or product. Smaller revenue flows can also be sourced from subscription income on software updates through product lifecycles.

Sophisticated eye tracking systems for complex R&D environments
Research Instruments' systems are used in the aviation, aerospace and automotive industries, and in academia, where complex and high-precision tasks create a need for sophisticated eye tracking systems. In the academic world, Research Instruments has delivered eye tracking technology for research projects in usability, marketing, neuro and behavioural science. The systems Research Instruments delivers have the capability to use up to 8 cameras, making them superior for the type of demanding situation arising in sophisticated research, development and training environments.

Smart Eye is an established vendor of premium systems and has a raft of strong references in the public and private sectors. Customers including Airbus, the FAA, NASA, CAE, IDIADA, Mercedes Benz, MITRE, Honeywell, Toyota, DLR and GM demonstrate that Smart Eye's systems lie at the leading edge of technology.

Helping new customer groups achieve deeper insights
Maintaining relationships with Research Instruments' customers entails continuous evolution of technology. But the demand for eye tracking technology is also growing in new customer groups, with for example, the technology now used in neuroscience, for training and testing in aeroplane interior environments, and for training train drivers.

There is also growing demand for combined multimodal research systems, which combine eye tracking with information from other modal sensor systems, such as those for breathing, pulse and motion. Both independently and alongside collaborative partner iMotion, Research Instruments can deliver systems that address the wants and needs of these new customer categories.

Creating customer contacts in different channels
Research Instruments' sales efforts are through different channels. Sales to the automotive, aviation and defence industries are usually direct from Smart Eye, while other customers are reached through collaborative partners and local distributors. Many customer contacts are also generated from active participation in conferences and trade events.

Sales in Asia are usually through distributors and by using the distribution partnerships Smart Eye has created in Japan, China and South Korea. The Chinese market is also served through a proprietary agency in Guangzhou. Research Instruments has also had its own base in the US since 2017, with two staff based in Detroit.

Business model Applied AI Systems

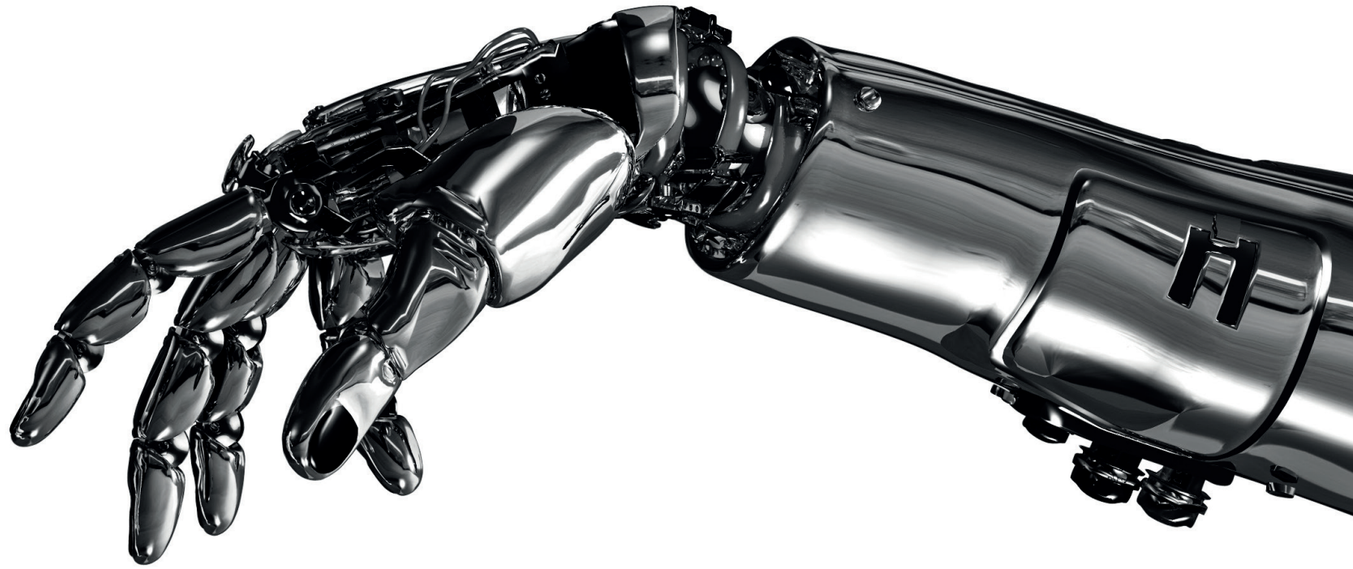
– Complete DMSs for short production runs and the aftemmarket

While the demand for complete DMS is has increased in the automotive industry, the major global Tier 1 manufacturers' offerings are not always cost-effective for vehicles produced in short runs, or for the aftermarket. This is why Smart Eye has developed complete, sophisticated DMSs, combining eye tracking software from Automotive Solutions with hardware components developed in-house.

Complete DMSs are offered to automakers whose need is production runs of only a few thousand vehicles through Applied AI Systems. These systems are also available to operators of vehicle fleets, who need to retrofit DMSs.

Applied AI Systems has a straightforward business model, initially offering three different DMSs. When an order is secured, the systems are produced, ready for shipment within one or a few months. The systems are sold at a unit price, which can be expected to decline as system complexity increases over time. AIS will operate in the market's premium segment.

Initially, this business area's efforts are focused on the Chinese market, where new legislation has made the installation of DMSs mandatory in some commercial vehicles. But even if the business area is addressing China primarily, its offering may also be relevant to certain European and US players.



RESEARCH AND DEVELOPMENT

Development at the leading edge of technology

Smart Eye has been developing algorithms and software for sophisticated eye tracking systems at the leading edge of technology for over 20 years. The company has become the leading vendor of eye tracking technology for some of the world's most exacting industries by applying creativity, innovation and a high level of ambition. But eye tracking is an expansive segment, and for Smart Eye to retain its global leadership, its technology needs constant evolution and refinement.

Research and development has always been critical to Smart Eye's business. The company's R&D team has about 15 people conducting research on different development projects, working on advance development or completing technology for customer solutions in collaboration with colleagues in Smart Eye's different business areas.

Development projects are prioritised on the basis of dialogue and partnerships with customers. This results in resource allocation based on actual customer needs, focusing on those projects with the best commercial potential. Smart Eye also conducts research on development projects funded and executed jointly with other collaborative partners.

New application potential in Research Instruments

Smart Eye's development of new eye tracking solutions is also driven by the company's customer partnerships. In this way, Research Instruments has added new applications in recent years, with some examples being train driver training environments, research applications in neuroscience and full-flight simulators (full authentic simulators using real aeroplanes, in regular use for pilot training.)

AI generating precise results for Automotive Solutions

In recent years, AI (artificial intelligence) has become more central to Smart Eye's development work, and AI-based eye and head tracking is now part of the software offered on various research and development projects.

There is a sharp focus on the development of existing or all-new applications for Automotive Solutions, which are subject to very demanding precision standards.

AI enables Smart Eye's algorithms and software to achieve even greater precision and accuracy than their predecessors, which were based on traditional image processing only. Integrating AI with cameras equipped with RGB and IR sensors enables systems to cope with daylight and darkness, and situations when cameras are partly and/or suddenly covered. In other words, AI enables development of technology that can perform eye tracking in even more challenging conditions, which is imperative for systems to operate in vehicle interior environments.

Smart Eye's technology also offers an opportunity to combine traditional image processing with AI-based image processing. This means Smart Eye's eye tracking systems can achieve even better functional safety than if only a single type of image processing was employed.

Perspective widened by interior sensing

Smart Eye's solutions primarily track eye movements, but the technology now in research can also utilise other sensors to follow the mouth, face, whole head and upper body. By integrating eye tracking with face-ID and AI, Smart Eye is developing solutions that can identify people and objects in all parts of passenger compartments. This will enable new functionality, improving safety and comfort throughout vehicle interior environments. This emerging

segment is called interior sensing, and is expected to secure a presence on the automotive market within a few years. Smart Eye's interior sensing software attracted great interest when demoed by the company at CES 2020. The fact that interest sustained in the year despite the spread of the coronavirus indicates that the technology will make a big breakthrough in future. Apart from interior sensing technology, Smart Eye is also researching technology that can identify facial expressions.

Partnerships offer valuable exchanges

Relationships with the most important participants in the automotive industry over many years have made Smart Eye highly aware of other software and hardware that eye tracking technology needs interoperability with. Long-term experience of eye tracking solutions for the automotive industry has also made Smart Eye a sought-after collaborative partner, and key link for many components and systems vendors into the automotive industry.

Partnerships with component and system vendors also help establish Smart Eye's eye tracking technology as the first choice for different automotive industry systems and solutions. At the same time, Smart Eye has in-depth insight into the technological needs expected to arise in the automotive industry in a few years' time.

Examples of this type of symbiotic partnership include Smart Eye's strong relationships with leading producers of image sensors, optics, light sources, semiconductors and processor platforms. Partnerships with these component producers are within marketing, in joint demos at trade events, or prototyping for demonstration to customers, for example.

Examples of actual partnerships Smart Eye has with some of these manufacturers follow. Apart from those, Smart Eye also partners with Renesas, Osram, ST Microelectronics, Sony, Sunex, Maxim, On Semiconductors and Xilinx.

OmniVision's
image sensors are supported by Smart Eye's Software, which creates the potential to develop functionality for vehicle interior environments, i.e. in the interior sensing segment.

NVIDIA
is one of the world's biggest producers of graphics processors. Applied AI Systems (AIS), Smart Eye's AI platform for use in vehicle interior environments, is based on NVIDIA's XAVIER processor.

NXP
is one of the worlds prime semiconductor manufacturers. Smart Eye's DMS can run on NXP's I.MX8 application processor to also enable control of infotainment systems and Amazon Alexa.

Texas Instruments, TI
develops signal processors for phones, for example, which can also be used as target processor platforms for Smart Eye software.

AMBARELLA
is one of the world's leading semiconductor manufacturers for video processors and image processing. Ambarella's components are vital for a DMS to operate with AI algorithms.

Development projects in 2020

Smart Eye conducts research in a range of research projects, often with external partners, who wholly or partly finance projects. Insights from projects with commercial potential become advance development projects within Smart Eye's development function, to then be productified and launched in Smart Eye's business areas.

Microbird
Microbird is a new camera system from Smart Eye, whose miniaturised cameras are tailored for prototype integration in cars and placement in aeroplane cockpits. The system can also be used for cabin monitoring, where people and objects in all parts of vehicle interior environments can be identified. Microbird is scheduled for launch in 2021.

DRAMA-2
Smart Eye participated in the DRAMA research project between 2018 and 2020. The project terminated in early-2020, and was succeeded by DRAMA-2, which like its predecessor, was led by RISE, the Research Institute of Sweden. Both DRAMA and DRAMA-2 were funded by FFI Vinnova, a collaboration between the Swedish government and automotive industry, which finances FFI (Fordonsstrategisk Forskning och Innovation, "automotive strategic research and innovation.")

DRAMA-2 builds on insights gained from the DRAMA project, and is examining the use of synthetically generated data for training DMSs. Its aim is to reduce the need for manual data capture, and supplement it with automatically generated data. DRAMA-2 started in November 2020, and will continue until 2022.

FOTe
Field Operation Test enhancement, FOTe, is a joint project with Chalmers University of Technology, Gothenburg, Sweden. This project centers on enhancing video data captured from previous tests. The hope is that the project generates validation data that can be used to demonstrate that Smart Eye's algorithms produce safe, reliable and accurate results.

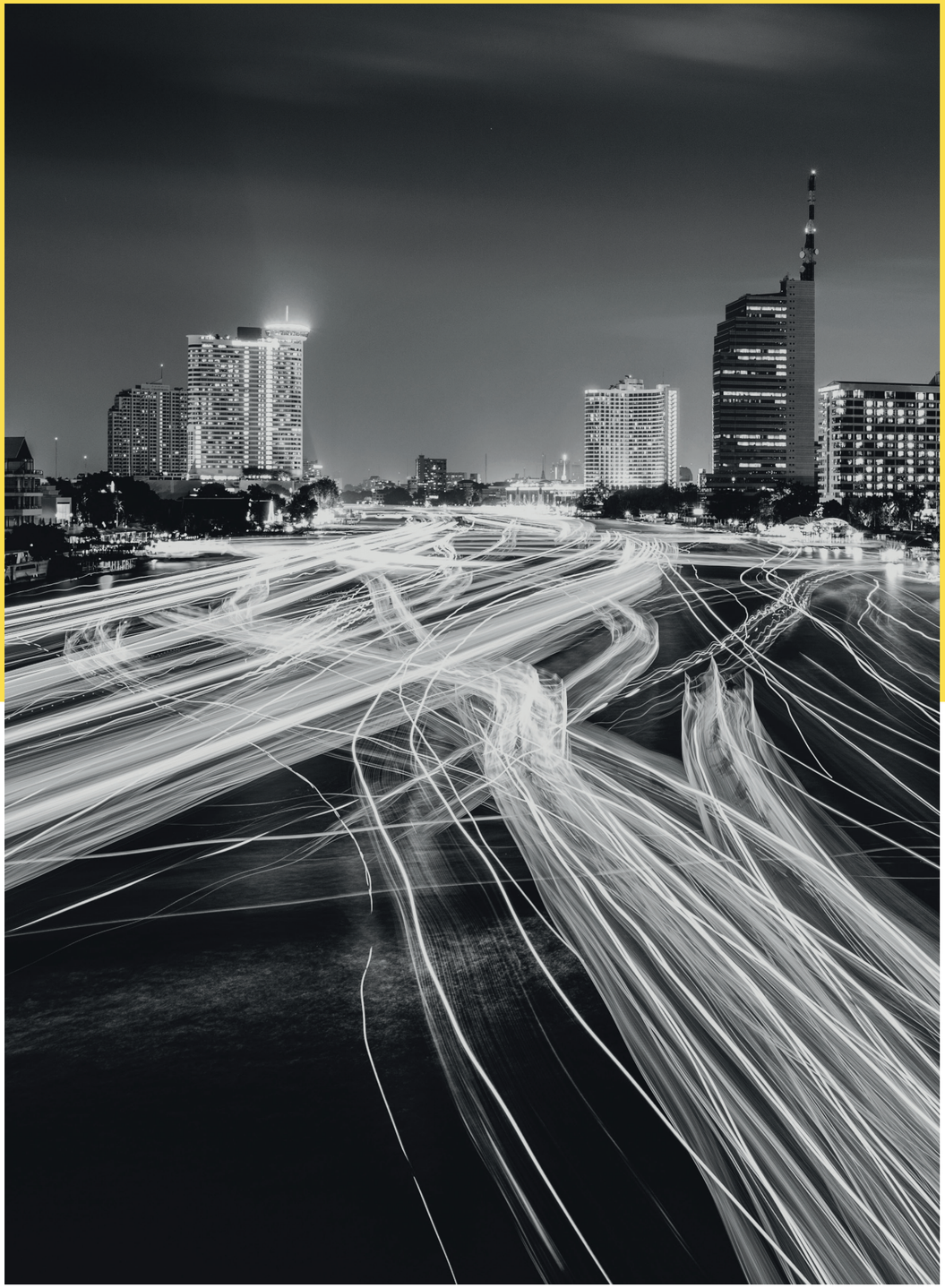
Motion
Motion is an EU-funded project that started in 2018, and is researching how small children aged up to three can be studied when interacting with their social and physical surroundings. Research suggests that the period up to three years of age has the greatest significance to people's achievements later in life. In 2020, results from this project were used in Smart Eye's product development.

IRRA
Intention Recognition in Real time, IRRA, is a project maanged jointly with Volvo Cars and funded by FFI Vinnova. The project started in 2019 on the hope of generating results enabling future events to be predicted from driver actions, for example whether the driver intends to overtake. The installation of Smart Eye's DMS and interior sensing system on the project commenced in late-2020.

Fit 2 Drive
The Fit 2 Drive project commenced in April 2020 and is funded by FFI Vinnova. The project uses algorithms to assess a driver's state, and detect whether the driver is under the influence of alcohol, or inattentive. The goal of this project is to use head, eye and facial recognition to produce an algorithm capable of assessing a driver's state in real time.

Enhanced ADAS
Enhanced ADAS began in October 2020 and will continue for two years. The project is led by RISE and funded by FFI Vinnova. Enhanced ADAS Examines how DMSs can integrate with ADAS functionality (Advanced Driver Assistance Systems) to improve safety and efficiency.

RE-ENGAGE
Smart Eye is participating in the RE-ENGAGE project jointly with RISE and Volvo Cars. This interdisciplinary project combines UX and machine learning (ML/AI). Using driver monitoring, the project is examining distraction in drivers of autonomous cars, and producing solutions to return control to the driver. The project began in early-2020 and will continue for two years.



AUTOMOTIVE SOLUTIONS

Eye tracking technology—the foundation of future road safety

Smart Eye develops eye tracking algorithms and applications for the systems the automotive industry's Tier 1 suppliers deliver to OEMs in its Automotive Solutions business area.

Smart Eye's automotive industry customers started demanding a new type of product in 2012. At this time, OEMs had identified a need for DMSs with integrated eye tracking for self-driving cars, and Smart Eye's response was to create a new business area, then called Applied Solutions. In 2018, the business area changed name to Automotive Solutions, and now, DMSs are on the way to becoming a new safety standard for all vehicles, not only those with semi-autonomous functionality.

Automotive Solutions has evolved very quickly in the fairly short period of time the business area has existed. Smart Eye was an early user of AI for improving eye tracking system performance, and this technology is expected to be highly significant to the research of new functionality. AI is an important component in developing interior sensing systems, with eye tracking combining with other sensors to improve safety and comfort in vehicle interior environments. International tendering processes for interior sensing systems began in 2020, similar to those previously conducted for DMSs. Accordingly, interior sensing for cars is expected to gather pace within a few years.

Organisation

Daniel Åman has headed up Automotive Solutions since 2014. The business area has expanded geographically in recent years, focusing on sites where key automotive industry customers are present. Since 2017, Automotive Solutions has had staff in Detroit, US, and in Tokyo, Japan, and Chongqing, China, since 2018. By hiring people at Smart Eye's international offices, the business area's presence in the US, Japan and China increased in 2020. However, most of Automotive Solutions' staff are based at Smart Eye's head office in Gothenburg, Sweden, and mainly active in development and sales.

Offering

Within Automotive Solutions, Smart Eye primarily delivers eye tracking algorithms and software for systems that automotive industry Tier 1 manufacturers develop for OEMs. Smart Eye secures initial compensation for work on

Overall, revenue is sourced from three types of assignment:

- Project-specific development compensation on securing a design win.
- License fees for cars that go into series production, usually €5-10 per car produced.
- Conceptual studies, reference designs or prototyping.

integrating its software into the system coincident with a design win. When the car model then transfers to production runs, some 12-36 months after the design win (see page 19), Smart Eye receives license fees per produced car that Smart Eye software is installed in, often of the order of €5-10 per car. Revenue in the lower portion of this interval is becoming more common as the demand for eye tracking with more basic functionality for manufacturers' mid-class models increases.

Smart Eye's license fees from a specific car model are determined partly by the number of produced units, and partly by the model's take-rate. A take-rate is the share of cars that are equipped with a specific function—in Smart Eye's case DMSs. However, Smart Eye's opinion is that DMSs will become standard in new car models in the fairly near future. Then, car models' expected take-rate would be 100%.

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

Improved road safety with eye tracking in driver monitoring systems

When work on developing eye tracking solutions for the automotive industry began, the aim was to improve road safety. A DMS based on eye tracking technology can detect whether a driver is inattentive or tired, and by combining this information with other vehicle functionality, road safety can improve. The premium manufacturers were the first to see the potential of the technology, but now, eye tracking based DMSs are being sourced for premium and mid-class vehicles. Development is also being driven by legislators.

An established supplier to an exacting industry

Apart from Smart Eye, there is a handful of players with the capacity to deliver eye tracking technology that satisfies the automotive industry's exacting performance, availability and precision standards. The technology needs to work on an optimised platform, not consume excessive processor power and be implemented cost efficiently. It must work in all environments, all light conditions, tunnels or seasons, and in all situations, whether drivers are wearing spectacles, hats or facemasks. For the technology to be reliable, it also needs to generate precise measurements to determine how open eyelids are, for example, while basically 100% of all measurements must be accurate.

In efforts to deliver eye tracking systems that satisfy the car industry's challenging quality standards, Smart Eye has a big advantage in having served the automotive industry for over 20 years. Consequently, Smart Eye's organisation and development processes are well suited to the sector.

Customers

By early-2020, Smart Eye had secured design wins to deliver eye tracking technology for 84 car models in the premium and mid-class segments with six European and six Asian OEMs. The US market for DMSs previously lagged its European and Asian counterparts, but in 2020, several large-scale tenders were also conducted in the US. From its office in Detroit, Smart Eye has succeeded in establishing a presence on the American market, and in March 2020, was able to report its first design win with a major US automaker.

Tendering processes for European and Asian car models have come in quick succession over the last five years, and progress in the sector has been rapid. Smart Eye is secured its first design win in 2015 from BMW, and the BMW X5 went into series production in autumn 2018. Just over two years later, in early-2021, Smart Eye had a total of 84 (56) design wins on 11 (8) different car platforms and six car models in series production.

Initially, nondisclosure clauses often prevent Smart Eye from naming the OEM or model a design win relates to. But of the car models that have gone into production so far, all are from BMW, and Smart Eye's eye tracking technology has been installed in the BMW X3, X4, X5, Z4, 3 series and 8 series. Smart Eye always announces design wins in press releases, and the current number is stated in the company's press releases and quarterly reports.

Progress in 2020

The sales of Automotive Solutions increased by 58% in the year, and are now SEK 41.3 million (26.2). The underlying reason for the business area's high growth is linked to continued high demand on the market, and Smart Eye's major successes in the DMS tenders the company participated in during the year.

In 2020, the focus of Automotive Solutions work was on international DMS tenders, with very positive outcomes. In the year, Smart Eye won several major tenders, securing design wins from customers in China, Europe, the US and Korea. In total, Smart Eye was able to report 27 new design wins, which made 2020 Automotive Solutions' most successful year to date.

In other words, Automotive Solutions was able to report healthy earnings in the year, despite the outbreak of the coronavirus pandemic. This presumably depends partly on continued high demand for DMSs, and is partly a function of business area's functional organisation and structures. The business area's offices in the US, China and Japan were also a major asset in keeping operations going through the pandemic. With its presence in strategically selected sites worldwide, Smart Eye was able to maintain contact with its customers and suppliers worldwide despite limited travel options.

Automotive Solutions is the business area currently in the highest growth. In 2020, Smart Eye secured 27 design wins, which means that by the beginning of 2021, the company had 84 design wins in total. As a result, Smart Eye delivers eye tracking technology for a total of 13 OEMs and 11 platforms. New design wins are regularly reported in press releases, and stated in the company's quarterly reports.

Estimated value of design wins

The following table illustrates the estimated value of the company's reported design wins, and the estimated potential value if the company secured further design wins on platforms already secured. The calculations are by the company and based on OEMs' communicated estimated production volumes of car models, and may change if the conditions underlying the estimates alter during car platform lifecycles.

Priorities 2021

Further consolidate Smart Eye as a global market leader in providing eye tracking for driver monitoring systems.

Expand the business area's international presence by opening new offices in strategic countries.

Smart Eye's sales was SEK 65.1 million in 2020.

63% (SEK 41.3 million) of Smart Eye's sales are sourced from the Automotive Solutions business area.

Design wins per year (SEK m)	2015–2019	2020	2021	Total
Estimated revenues over product lifecycles from current design wins	1,450	650	50	2,150
Estimated revenues over product lifecycles from possible additional design wins with current car manufacturers on existing platforms	1,300	2,500	300	4,100
Estimated revenues over product lifecycles from current and possible additional design works with current car manufacturers on existing platforms	2,750	3,150	350	~6,250

RESEARCH INSTRUMENTS

Sophisticated eye tracking systems for future research & development

Smart Eye develops sophisticated eye tracking systems for analysing human behaviour in the Research Instruments business area. Systems consist of lighting and camera modules, as well as computation and Analysis software. The main customers participate in academic research or are in the aviation, aerospace and defence industries, as well as the automotive industry.

Organisation

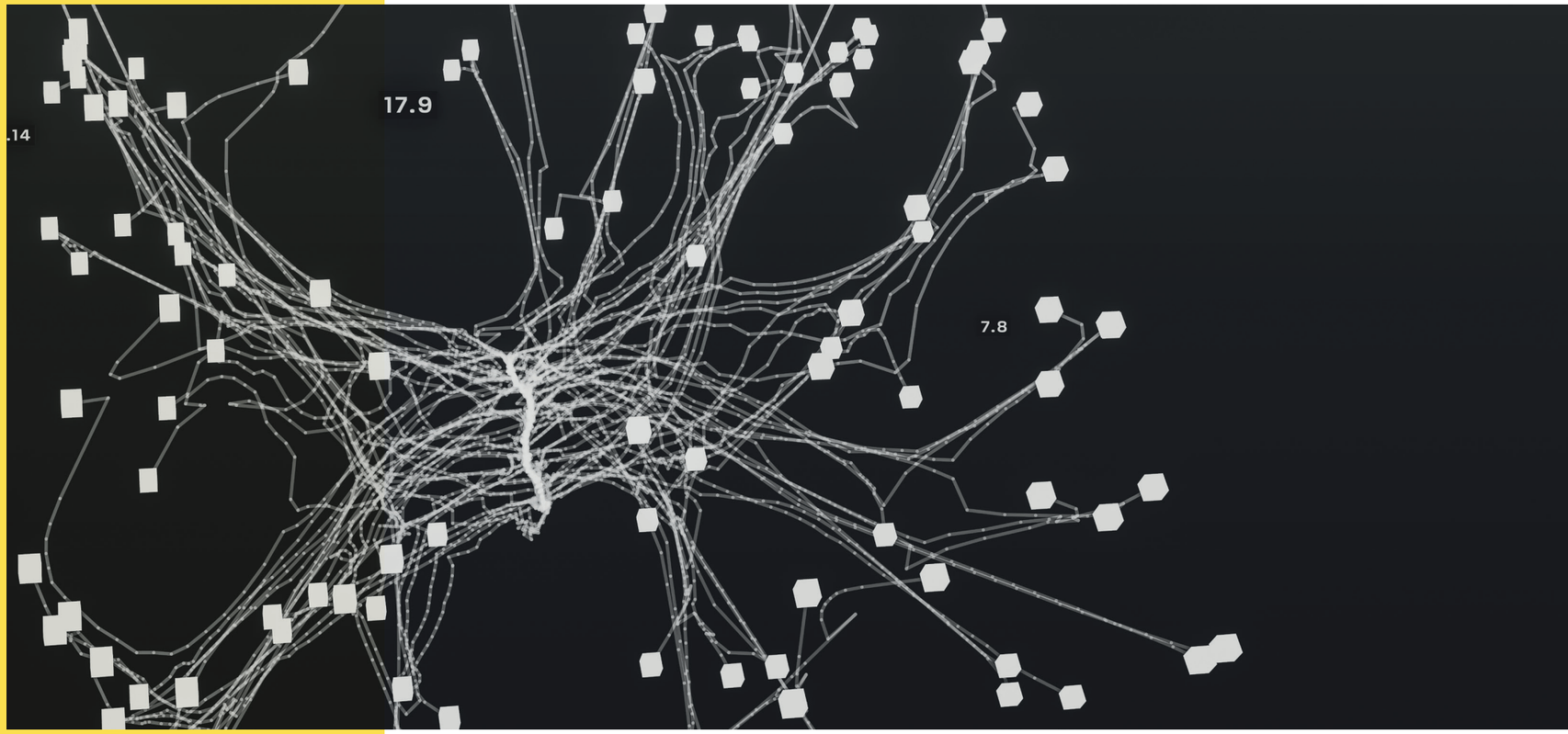
The business area has been led by Solmaz Shahmehr since 2016. A large majority of Research Instruments' staff are based at Smart Eye' s head office in Gothenburg, Sweden. But since 2017, the business area also has staff based in Detroit, US. Being in the US automotive industry's capital city brings Smart Eye close to the type of research activities that use Research Instruments' systems.

Research Instruments' customers are located worldwide. This means agencies and distributor partnerships outside the Gothenburg and Detroit offices are important for reaching major markets, especially in Asia. In China, Smart Eye previously used a range of distribution partners, and contracted an agent in Guangzhou in 2018 to enhance relationships with them, and consolidate Smart Eye's positioning on the Chinese market. In the same year, Smart Eye also contracted a Japanese partner, TOYO, who also has representation in China. Apart from Japan and China, Smart Eye also has partnerships in South Korea, for example.

Offering

Research Instruments' origins are in the complete eye tracking systems that Smart Eye has primarily developed for the automotive industry since start-up. Even today, Research Instruments' systems consist of hardware that Smart Eye assembles and installs with the algorithms and software it has developed. The big values reside in the software and algorithms, as reflected in the business area's gross margins, which are 75–90%.

Research Instruments' offers eye tracking systems in five different product ranges: Aurora, Smart Eye XO, Smart Eye AI-X, Smart Eye Pro and Smart Eye Pro dx. A range of accessories, support functions and subscriptions are also available to back up Research Instruments' product ranges. Apart from the one-off revenues Research Instruments receives on each sale, subscriptions also generate a minor revenue stream. Each year, customers pay a license fee to access new software updates.



Aurora
Aurora is Research Instruments' most user-friendly eye tracker, launched in 2015 as a bar tracker and installed by the customer. Despite its simplicity, Aurora offers high performance and the capability of delivering accurate data, often being the entry point when a customer need for eye tracking first arises. Aurora was launched with a 120 Hz sample rate in 2020.

Smart Eye XO
Smart Eye XO is a slightly more advanced eye tracker launched at year-end 2018. By combining Aurora hardware with Smart Eye Pro software, Smart Eye XO can be used with multiple displays simultaneously.

Smart Eye AI-X
Research Instruments launched a new eye tracker, produced especially for display-based research in marketing, UX and media, in April 2020. Smart Eye AI-X is a sophisticated but flexible system well suited to research studies that enroll a lot of participants.

Smart Eye Pro and Smart Eye Pro dx
Smart Eye Pro and Smart Eye Pro dx are the business area's most important and sophisticated systems. With capacity for up to eight cameras, both systems are customised, complete solutions that generate the absolute majority of Research Instruments' sales.

Smart Eye Pro dx was launched as a more advanced version of Smart Eye Pro in 2018, and a natural upgrade for many of the customers that had previously used Smart Eye Pro. With its more compact footprint, Smart Eye Pro dx is also ideal for customers that need to save space in complex environments.

An update of Smart Eye Pro 9.1 was launched in late-2020, and one of the core functions of the update was the capability to generate precise measurement data even with much of the face obscured. This is crucial to Research Instruments' customers in the coronavirus pandemic, which has made facemasks a necessity in many studies. In the year, Research Instruments also produced a version of Smart Eye Pro with enhanced capability to measure children's eye movements.

Customers

Research Instruments' main customer categories are the aviation and automotive industries, although the defence and aerospace industries, as well as the academic world, are important target groups. Rail, training environments and neuroscience are more recent and promising customer categories, albeit with fairly low volumes so far. Customers include Airbus, the FAA, Nasa, CAE, IDIADA, Mercedes Benz, MITRE, Honeywell, Toyota, DLR and GM.

Collaborative partners

Collaboration on everything from component vendors to distributors is critical for enabling Smart Eye to develop sophisticated eye tracking systems. Software developer iMotion has been an important collaborative partner since 2018. This partnership enables Smart Eye's eye tracking solutions to integrate with iMotions' multimodal research platform, thus utilising eye tracking in combination with other sensors of physiological signals to gain more insight into human behaviour. In 2020, Smart Eye also announced a partnership with VI-grade, a world leader in developing software for vehicle simulations.

Integrating Smart Eye's technology with VI-grade's software enables eye tracking to integrate into vehicle simulations, which can bring deeper understanding of car driver behaviour.

Progress in 2020

Research Instruments' results of operations and work in the year were impacted by the coronavirus pandemic. This included limiting the business area's potential to create new customer contacts due to the travel ban that came into effect in tandem with the global spread of the virus. Research Instruments has turned to digital solutions to maintain contact with customers through virtual expos, online meetings and webinars. The business area has also provided online support and training packages to help customers keep working. Meanwhile, the coronavirus caused many customers to defer their purchasing decisions, resulting in the business area's sales being below estimate. Despite this, sales were at a similar level as the previous year, and Research Instruments' sales increased by 1% to SEK 23.8 million (23.6).

Priorities 2021

Product development, continuing the development of previously launched products, and developing new products tailored for new markets.

Sustained focus on digitalisation, digital marketing and sales, on Smart Eye's website and social media, and through virtual activities like webinars and online meetings.

Working actively with collaborative partners to secure Research Instruments' presence with potential customers or new markets.

Smart Eye's sales was SEK 65.1 million in 2020.

37% (SEK 23.8 million) of Smart Eye's sales are sourced from the Research Instruments business area.

APPLIED AI SYSTEMS

Complete driver monitoring systems produced for the aftermarket

Smart Eye offers complete DMSs based on eye tracking technology to two customer categories through its Applied AI Systems business area. The first is vehicles, often commercial, produced in shorter runs. The second is the aftermarket segment for existing vehicles, where DMSs need to be retrofitted.

Smart Eye created a new business area, Applied AI Systems, in 2019, in response to accentuating demand for complete eye tracking systems that has emerged in the past three years. For some participants in the automotive industry, the systems that established Tier 1 suppliers can provide are not a profitable alternative, and Smart Eye is concentrating its offering on them. Smart Eye has no ambition to independently play the role of a Tier 1 supplier to the global automotive industry majors, but instead, is exclusively addressing customers whose need is limited to low volumes.

The demand for this type of system is currently greatest in China, where new legislation has made it mandatory for commercial vehicle fleets to install DMSs. As proposals for similar legislation gain more attention around the world, Applied AI Systems is expected to reach more markets.

Organisation

The Applied AI Systems business area is still new, and as yet, Smart Eye's CEO Martin Krantz is Interim Business Area Manager. Most of the business area's 20-plus staff are based in Gothenburg, where they work on product development. But most of the work on serving the market is from Smart Eye's office in Chongqing, China, because the business area's main focus is the Chinese market.

Offering

Initially, Applied AI Systems is offering three different types of eye tracking system. Customers can select between entry-level and more advanced systems with AI support, which will be supplied direct to OEMs and aftermarket customers. With all types of system, Smart Eye's intention is to offer eye tracking systems at a competitive market price, but with characteristic high performance and reliability. These systems satisfy the automotive industry's stringent quality standards, delivering all expected functionality, including the latest AI technology.

Because the systems integrate software and hardware, the offerings will be robust, and Smart Eye will quality assure the products it develops. Development is being conducted in Gothenburg, with manufacture and assembly by Chinese subcontractors.

Customers

At least initially, Applied AI Systems' largest customer group will be on the Chinese market, where demand is expected to be high, very largely because of new legislation in late-2018. This legislation requires long-distance and tourist buses, as well as vehicles transporting hazardous waste, to have eye tracking systems installed. This means that manufacturers of commercial and special vehicles, as well as coach and truck fleet operators, may need to retrofit DMSs.

In the year, Smart Eye commenced pilot testing with customers. Systems will be ready for series production in tandem with their launch in spring 2021. The lead-time from receiving an order to shipping the DMS is likely to be just a few months.

Progress in 2020

Applied AI Systems is the business area most impacted by the coronavirus pandemic. Previously high demand for complete monitoring systems fell in the second and third quarters, but had started to increase again by year-end.

With the Chinese market as the business area's main focus, Applied AI Systems chose to partner with Chinese suppliers. The fact that the coronavirus spread initially in China, gaining a foothold in Europe in and the US later, obstructed collaboration between Smart Eye staff in Gothenburg, and Chinese suppliers, who were in differing phases of lockdowns and restrictions. This caused delays to Applied AI Systems' development process. Consequently, the launch of Applied AI Systems' products will be in spring 2021.

Priorities 2021

Launch of Applied AI Systems' products in spring 2021.

Applied AI Systems to start up on the market and secure major design wins.

Continued focused approach, mainly to the Chinese market, to secure full customer relationships.

SUSTAINABILITY

Security and safety as a business model

Sustainability is the core of Smart Eye's business. Safety can be improved and lives saved with the aid of eye tracking technology, which is the foundation of the company's business model. Smart Eye starts by bridging the gap between humans and machines, so the company is part of a process that will help make people's lives safer, easier and longer for many years ahead.

Life-saving technology making the roads of the future safer

Many countries are pursuing the vision of zero traffic accidents, but there are still 1.3 million traffic-related fatalities worldwide every year. On average per year and 100,000 cars, the number of car accidents with personal injuries is estimated at 231 in the Nordics, 498 in Europe and 1,450 in North America (UNECE, 2015).

Airbags and seatbelts have been important in reducing the number of road traffic deaths for a long time. But to realise the vision of zero traffic accidents, active DMSs and automated driving are necessary, which makes the type of eye tracking technology that Smart Eye develops a necessity. The first cars with DMSs based on Smart Eye's eye tracking technology entered series production in 2018. New legislation and high demand will mean the number of cars with DMSs increasing rapidly in the coming years. These systems detect whether drivers are inattentive or drowsy, and can alert driver attention in various ways. If drivers do not respond to these impulses, the DMS can restrict a vehicle's speed, or stop it completely. Judging from the expansive demand, it is likely that in a few years, DMSs will be as widespread as airbags and seatbelts are now.

The key to understanding human behaviour

The eye tracking technology that Smart Eye develops is mainly used for DMSs in the automotive industry, but also in research and educational environments. The technology can reduce the number of road accidents by making people safer drivers, but can also save lives in other ways. In behavioural science, eye tracking can generate valuable knowledge and understanding of human actions in crisis situations, for example, while in the aviation and aerospace industries, the technology is used to improve the technology for training pilots and astronauts. In this way, Smart Eye's eye tracking technology can save lives on roads, and in the air.

A stimulating working environment attracts the best people

With its ambitious engineers, expert developers and outstanding researchers, Smart Eye can offer technology that makes a difference. And to keep developing solutions at the leading edge of technology, Smart Eye is dependent on being able to attract and hire the best people.

Smart Eye offers a workplace offering good potential to grow and develop. Its multiple ongoing research and development projects focus on improving security and safety using sophisticated technology systems. With an attractive and stimulating working environment, Smart Eye can recruit professionals with substantial know-how, strong drive, solution focus and an interest in learning and teaching.

The fact that many of the people who were with the company at start-up remain there is evidence that Smart Eye is a stimulating and happy workplace. Also, very few of the more recent recruits leave the company.

Responsibility and sustainability direct day-to-day business

Being a human company that does high-technology work is a priority at Smart Eye. Apart from developing technology that can help increase human safety and security, it's important that the company also ensures that its business is responsible and sustainable, considering people and the environment, in other ways.

Smart Eye is an inclusive work place, where people show respect for each other and have zero tolerance of corruption. In practice, these attitudes affect how the company prioritizes and conducts itself in search & selection situations, procurement and customer contacts.

Internal procedures ensure that all staff are aware of Smart Eye's Code of Conduct, and comply with it. The Code of Conduct offers staff guidance in the key principles of how Smart Eye should conduct itself and prioritise in day-to-day business. Well-established development and quality assurance procedures also ensure good operational governance, and that the organisation can set high targets and customer standards.

The combination of the Code of Conduct, development and quality assurance processes with Smart Eye's corporate culture help ensure that the whole company's business is permeated by responsibility and sustainability.

THE SHARE

Strong share price, shareholder base doubles

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

Smart Eye's share price increased by 83.9% in 2020, and the closing price for the year was SEK 217 as of 30 December, which means that the company's market capitali-sation at year-end was SEK 3,609 million.

Smart Eye shares with a value of SEK 2,237.3 million (1,287.7) were traded in 2019, equating to average daily turnover of SEK 8.9 million (5.1). Shares traded in 2020 correspond to 102% (90) of the average number of shares outstanding in the year.

Smart Eye's Certified Adviser is Erik Penser Bank, on tel: +46 (0)8 463 80 00, or email info@penser.se.

Shares and share capital

At the beginning of 2020, the average number of shares outstanding was 15,118,984 (13,146,943), and share capital was SEK 1,511,898.4. Smart Eye conducted a new share issue in October 2020 which increased the number of shares outstanding by 1,511,898, and share capital by SEK 151,189.2. Accordingly, at year-end 2020, the total number of Smart Eye shares outstanding was 16,630,882, and share capital was SEK 1,663,088.2.

All shares have equal voting rights and give entitlement to an equal share in the company's assets.

Shareholders

The First Swedish Pension Insurance Fund and Swedbank Robur were granted shares in the private placement in October 2020, and accordingly, remain as major share-holders. Co-founders Mats and Martin Krantz still remain among the company's largest shareholders.

In total, the number of shareholders increased by 99% in the year to 10,378 (5,208).

Outstanding incentive programmes

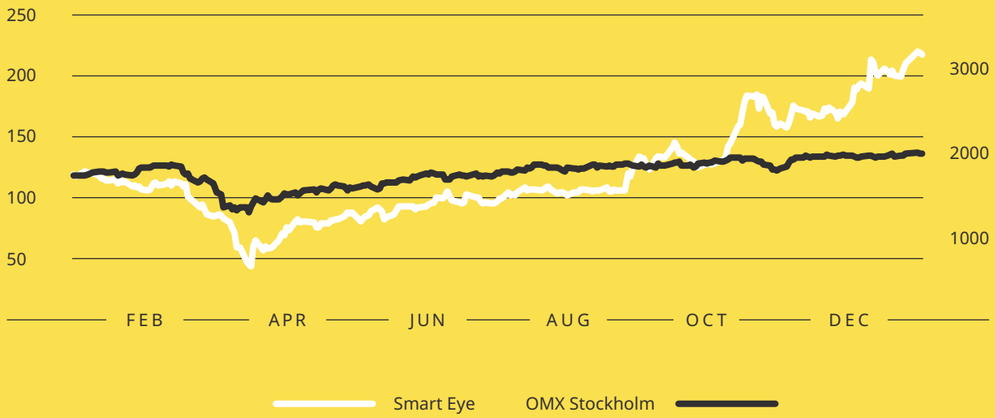
At its AGM on 8 May 2020, the company resolved to es-tablish an incentive programme for senior executives and staff. On full exercise of the company's incentive program, 100,000 shares would be issued. The subscription price of shares subscribed with warrants is SEK 116 per share. The premium per warrant, computed according to the Black-Scholes model, was SEK 14. Subscription is possible in the period 1 June 2023 to 30 June 2023 inclusive.
The AGM on 8 May 2020 also resolved on an incentive programme for a number of Directors. On full exercise of this incentive program, 40,000 shares would be issued. The subscription price of shares subscribed with war-rants is SEK 133.9 per share. The premium per warrant, computed according to the Black-Scholes model, was SEK 14. Subscription is possible in the period 1 June 2024 to 30 June 2024 inclusive. The company also has two current incentive programmes adopted by the AGMs on 25 April 2018 and 15 May 2019.

Dividend policy

Smart Eye is in a development phase, with any surpluses planned for reinvestment in the company's progress.

The Board of Directors does not intend to propose dividends. Any dividends will be resolved by the AGM after proposal from the Board.

Share price performance in 2020



Closing price, 31 December 2020:

217.0

SEK

Share price performance and trading volume

SEK	2020	2019	2018	2017
Closing price, December	SEK 217.00	SEK 118.00	SEK 68.00	SEK 49.70
Market capitalisation, December	SEK 3,608.9 m	SEK 1,784.0 m	SEK 893.9 m	SEK 492.6 m
Share price performance in the year	83.9%	73.5%	36.8%	-17.2%
Share price high	SEK 220 (28 Dec)	SEK 125 (4 Apr)	SEK 86 (3 Oct)	SEK 63.25 (16 Jan)
Share price low	SEK 44 (18 Mar)	SEK 66 (2 Jan)	SEK 30 (3 May)	SEK 36.50 (15 Nov)

Ten largest shareholders, 30 December 2020

Name	Share of votes and capital, %	No. of shares	Market cap., SEK m
Mats Krantz and related parties	7.01%	1,165,434	252.9
Swedbank Robur Fonder	7.04%	1,170,000	253.9
Swedish First National Pension Insurance Fund	6.73%	1,120,000	243.0
Anders Jöfelt	5.19%	863,433	187.4
Martin Krantz	5.17%	859,300	186.5
Linda Jöfelt	4.73%	786,490	170.7
Niclas Eriksson and related parties	4.63%	770,000	167.1
Avanza Pension	4.44%	739,088	160.4
Handelsbanken Micro Cap	3.61%	600,000	130.2
Nordnet Pensionsförsäkring	3.56%	591,395	128.3
Other	47.90%	7,965,742	1,728.6
Total	**100%**	**16,630,882**	**3,608.9**

Source: Euroclear Sweden AB, 30 December 2020

Division of shareholdings, 30 December 2020

Shareholding	No. of shareholders	No. of shares	Share of votes and capital, %
1–500	8,915	1,064,392	6.4%
501–1,000	749	580,047	3.5%
1,001–5,000	544	1,146,383	6.9%
5,001–10,000	67	498,565	3.0%
10,001–15,000	22	280,741	1.7%
15,001–20,000	14	254,272	1.5%
20,001–	67	12,806,482	77.0%
Total	**10,378**	**16,630,882**	**100.0%**

Source: Euroclear Sweden AB, 30 December 2020

Annual Report 2020

Management Report

Management
The Board of Directors and Chief Executive Officer of Smart Eye AB (publ), corporate identity number 556575-8371, hereby present the annual accounts for the financial year 2020. Unless otherwise specifically stated, all amounts are presented in thousands of Swedish kronor, abbreviated TSEK. Figures in brackets are for the previous year.

Operations
The company develops and markets camera-based gaze sensors, as well as eye tracking algorithms and software. Measuring gaze data is critical to applications including vehicle safety, aircraft safety, education, simulators, behavioural analysis and within research & development.

The most important unique qualities of the company's sensors, algorithms and software are their combination of high flexibility, insensitivity to external light conditions and vibration, and capability of dealing with situations where the eye to be tracked is partially or temporally obscured by other objects. The company also has unique potential to attain low cost in mass production.

The company currently has three business areas: Research Instruments, Automotive Solutions and Applied AI Systems (AIS). Within Research Instruments, Smart Eye delivers sophisticated eye tracking systems for measuring and analysing human behaviour. In Automotive Solutions, the company provides eye tracking software for the automotive industry, and within AIS, also offers hardware for integration into vehicles.

Subsidiaries
The company has subsidiaries in the USA, Smart Eye International Inc., Japan, Smart Eye Japan Co., and China, Chongqing Smart Eye Technology Co., Ltd. There were no purchases or sales from or to the subsidiary JN Data AB, which was dormant during the financial year.

Revenue and earnings
Net sales for the period January to December 2020 were 65,097 (49,817) TSEK, a 31% increase.

Other operating revenue/expenses amounted to 9,232 (1,865) TSEK. Compensation for furloughing in the year was 7,145 TSEK, compensation for an increased number of research projects totalled 3,572 TSEK and recognised exchange losses were -2,251 TSEK.

Work performed by the company for its own use and capitalised was 26,059 (29,000) TSEK. The group's total revenue in the period was 100,388 (80,682) TSEK.

EBIT for January to December was -77,156 (-105,723) TSEK. The earnings improvement is mainly due to increased sales in Automotive Solutions. The Corona pandemic also resulted in significantly reduced other expenses for travel and trade events.

Net sales of the Automotive Solutions business area in January to December were 41,320 1TSEK, compared to 26,240 TSEK for the corresponding period 2019. The increase of 58% is due to progressively increasing the license income from cars produced equipped with Smart Eye's technology.

Net sales of the research instruments business area for January to December were 23,776 TSEK, compared to 23,577 TSEK for the corresponding period 2019. Accordingly, the business area succeeded in maintaining sales at the same level as the previous year, despite the significant impact the Corona pandemic had on customers.

Cash flow and financial position
At year-end, the company had and unutilised overdraft facility of 5,000 (5,000) TSEK, and cash and cash equivalents of 218,701 (145,384) TSEK. New share issues and stock option programmes raised 179,136 TSEK for the company in 2020. The equity ratio was 91% at year-end, compared to 85% at the corresponding point of the previous year. Cash flow from operating activities before changes in working capital in the January-December period was -53,755 (-87,552) TSEK. Cash flow after changes in working capital in the same period was -64,282 (-81,144) TSEK.

Significant events in the financial year
The company secured a new design win with another Chinese OEM in January. Estimated revenue from this order are SEK 50 million, based on forecasts of the estimated product lifecycle.

On 19 March, the company announced 24 design wins with four OEMs. Two of the four new OEMs are new customers, one a US volume manufacturer, and one a European premium manufacturer. The other two are current European premium customers. Estimated revenues for this order are SEK 500 million, based on forecasts of the estimated product lifecycle.

In October, the company executed a private placement of SEK 189 million before issue expenses. The issue enables the company to fully capitalise on new and expected designed wins, maintain the company's leadership, and maximise its long-term growth potential. Smart Eye sees a need for further investment in operations for all business areas.

On 14 October, the company reported that it would be delivering software for driver monitoring to a current Korean customer for two car models on another platform. Estimated revenues for this order are SEK 100, million based on forecasts of the estimated product lifecycle. The potential value for more car models on the new platform exceeds SEK 500 million.

Significant events after the end of the financial year
After the end of the financial year, in the period until 24 March 2021, the company secured another design win from one of China's largest OEMs. The new order applies to a new car model on a new platform, and has an estimated value of SEK 50 million, based on forecast of the estimated product life-cycle. The potential value of further design wins on the new platform is over SEK 300 million.

Future progress, significant risks and uncertainties
Operational risks
There are risk factors in operating activities that may negatively impact the company's business and financial position.

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

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

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

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

Financial risks
The company is financed by share capital and loans. If the company does not generate revenues to the extent and in the timeframe the Board of Directors judges, additional need for capital may arise.

As sales increase, the company will be exposed to more currency exposure, because most of the company's sales are in currencies other than Swedish kronor.

Market risks
Eye tracking is an emergent technology, where the company's products are currently used within behavioural analysis. There is a risk that the interest in eye tracking for behavioural analysis declines, which may have a negative impact on the company's sales. The company's objective is to provide eye tracking for the automotive industry, which assumes that car manufacturers decide to integrate eye tracking with safety functions and self-driving functionality into forthcoming models. There is a risk that the automotive industry decides to introduce eye tracking at a slower rate than the company expects. There is also a risk that consumers do not recognise the value of the functionality that technology enables, which may reduce automotive industry interest in the technology, and thus the company's products. Overall, delayed or aborted introduction of eye tracking within the automotive industry may cause a risk of lower growth rates, or the complete absence of growth potential for the company, with a negative impact on the company's operating activities.

Coronavirus—COVID 19
The company operates on a global market, and progress of the coronavirus COVID-19 may have an impact on demand for the company's services and products. The company has, and will continue to, take those measures necessary to safeguard operations for the long term.

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

Retained earnings	SEK 290,755,881
Loss for the year	SEK -78,603,743
	SEK 212,152,138

The Board of Directors proposes that these funds are carried forward:

Carried forward	SEK 212,152,138
	SEK 212,152,138

Management Report cont. »

MANAGEMENT REPORT

» Management Report cont.

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

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

GROUP

Five-year summary

Five-year summary 2016-2020

		2020	2019	2018	2017	2016
Net sales	TSEK	65,097	49,817	50,778	43,199	40,743
Operating expenses	TSEK	177,544	186,405	127,112	102,068	66,708
Operating profit/loss	%	-77,156	-105,723	-55,998	-41,463	-11,159
Operating margin	TSEK	neg.	neg.	neg.	neg.	neg.
Profit/loss after tax	SEK	-77,557	-106,362	-56,404	-41,896	-12,403
Earnings per share *	SEK	-4.66	-7.03	-4.29	-4.23	-1.52
Earnings per share after full dilution, SEK	%	-4.66	-7.03	-4.29	-4.23	-1.52
Return on equity	TSEK	-20.1	-35.8	33.3	-57.1	-10.8
Total assets	TSEK	386,468	297,139	204,101	101,053	139,475
Equity	SEK	352,627	251,547	169,312	73,408	115,312
Equity per share*	SEK	21.20	16.64	12.88	7.41	14.13
Equity per share after full dilution	%	20.70	16.36	12.72	7.41	13.71
Equity ratio	%	91	85	83	73	83
Cash liquidity		253	403	370	135	520
No. of shares		16,630,882	15,118,984	13,146,943	9,910,892	8,160,892
No. of shares after full dilution		17,031,082	15,379,184	13,307,143	9,910,892	8,410,892

* Not including shares from the new issue ahead of the listing on First North Growth Market.
Figures for 2017 are consolidated figures, as this is the first year that consolidated financial statements are presented.

Figures for earlier years pertain to the Parent Company.
Definitions of key ratios are presented in Note 1.

Group

GROUP

Income Statement

TSEK	Note	**Full year 2020**	Full year 2019
Operating revenue			
Net sales	3	65,097	49,817
Capitalised work for own account	4	26,059	29,000
Other operating revenue		9,232	1,865
Total operating revenu, etc.		**100,388**	**80,682**
Operating expenses			
Other external costs	5, 6, 7	-65,664	-81,999
Payroll costs	8,9	-90,322	-85,689
Depreciation and amortisation of tangible and intangible assets	4, 13	-21,558	-18,717
Total operating expenses		**-177,544**	**-186,405**
Operating profit/loss		**-77,156**	**-105,723**
Profit/loss from financial items			
Profit/loss from participations in associated companies		-6	0
Other interest income and similar profit/loss items		13	117
Interest expenses and similar profit/loss items		-256	-663
Total profit/loss from financial items		**-249**	**-546**
Profit/loss after financial items		**-77,405**	**-106,269**
Tax on profit for the year	10	-152	-93
Net profit/loss for the year		**-77,557**	**-106,362**

GROUP

Balance Sheet

TSEK	Note	31 December 2020	31 December 2019
Assets			
Non-current assets			
Intangible assets			
Capitalised development expenditure	4	129,415	109,749
Concessions, patents, licences, trademarks and similar rights		182	272
		129,597	**110,021**
Property, plant and equipment			
Equipment, tools, fixtures and fittings	13	**4,201**	**5,680**
Financial assets			
Participations in associated companies	12	**0**	25
Total non-current assets		**133,799**	**115,726**
Current assets			
Inventories, etc.			
Raw materials and consumables		**5,203**	**4,373**
Current receivables			
Trade receivables		17,538	11,734
Current tax assets		2,868	1,229
Other current receivables		1,572	5,385
Prepaid expenses and accrued income	14	6,787	13,308
		28,765	**31,656**
Cash and bank balances		**218,701**	**145,384**
Total current assets		**252,669**	**181,413**
Total assets		**386,468**	**297,139**

GROUP

» Balance Sheet, cont.

TSEK	Note	31 December 2020	31 December 2019
Equity and liabilities			
Equity			
Share capital		1,663	1,512
Other contributed equity		677,943	500,918
Other equity		-326,977	-250,882
Total equity		**352,627**	**251,547**
Non-current liabilities			
Other liabilities to credit institutions	15, 17	0	1,667
Total non-current liabilities		**0**	**1,667**
Current liabilities			
Other liabilities to credit institutions	15, 17	1,667	2,000
Trade payables		8,807	18,163
Other current liabilities		3,294	4,427
Accrued expenses and deferred income	16	20,074	19,337
		33,841	**43,924**
Total equity and liabilities		**386,468**	**297,139**

GROUP

Equity

TSEK	Share capital	Other contributed equity	Other equity	Total equity
Opening balance, 1 January 2019	**1,315**	**313,531**	**-145,533**	**169,313**
New share issue	197	187,387		187,584
Stock option program, 2019			811	811
Translation difference			202	202
Net profit/loss for the year			-106,362	-106,362
Equity, 31 December 2019	**1,512**	**500,918**	**-250,882**	**251,547**
Opening balance, 1 January 2020	**1,512**	**500,918**	**-250,882**	**251,547**
New share issue*	151	177,025		177,176
Stock option program, 2020			1,960	1,960
Translation difference			-498	-498
Net profit/loss for the year			-77,557	-77,557
Equity, 31 December 2020	**1,663**	**677,943**	**-326,977**	**352,627**

The share capital consists of 16,630,882 shares with a share quota value of SEK 0.1.
A new share issue was registered in the period, and share capital increased by SEK 151,189.90.
* Including issue expenses of SEK 11,339,000.

GROUP

Cash Flow Statement

TSEK	**31 December 2020**	31 December 2019
Operating activities		
Operating profit/loss after depreciation and amortisation	-77,557	-105,723
Reversal of depreciation and amortisation	21,558	18,717
Finance payments received	13	117
Finance payments payed	0	-663
Tax	2,231	0
Change in working capital		
Change in inventories	-1,103	-65
Change in trade receivables	-5,804	7,608
Change in other current receivables	6,464	-13,940
Change in trade payables	-9,356	8,522
Change in other current liabilities	-728	4,283
Cash flow from operating activities	**-64,282**	**-81,144**
Investing activities		
Intangible assets	-38,767	-47,043
Tangible assets	-887	-2,877
Financial assets	0	0
Cash flow from investing activities	**-39,654**	**-49,920**
Financing activities		
New share issue	177,176	187,584
Option program	1,960	811
Repayment of interest-bearing liabilities	-1,667	-2,000
Cash flow from financing activities	**177,469**	**186,394**
Translation difference	-216	108
Cash flow	73,317	55,438
Opening cash and cash equivalents	145,384	89,946
Closing cash and cash equivalents	**218,701**	**145,384**

GROUP

Notes

Note 1

Accounting policies and valuation principles

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

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

Revenue
Goods
Sales of goods are recognised when the significant risks and benefits are transferred from the seller to the buyer in accordance with the terms of sale. Sales are recognised 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 recognised when these components are delivered.

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

Capitalised work for own account
See further under intangible assets.

Furlough support
Central government support for compensation of furloughed staff in the year is recognised 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 recognised, 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 recognised 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 recognised 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 recognised net only when there is a legal right of offset. Current tax, like the change in deferred tax, is recognised in profit or loss unless the tax is attributable to an event or transaction that is recognised directly in shareholders' equity.

Leases
All leases for which the company is the lessee are recognised as operating leases (rental agreements), regardless of whether the leases are finance or operating leases. Lease payments under operating leases, including higher first-time rents, but excluding expenses for insurance and maintenance, are recognised as expenses on a straight-line basis over the lease term.

Employee benefits
Employee benefits in the form of salaries, holiday pay, paid sick leave, etc., as well as pensions, are recognised 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 recognised 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 recognised as a cost in the income statement.

Development work
Development costs are capitalised 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 following amortisation schedule is applied:
Capitalised development expenditure 10 years

Tangible assets
Property, plant and equipment is recognised 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 recognised 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 recognised 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.

Financial instruments
Financial instruments recognised on the balance sheet include trade receivables, other receivables, trade payables and loans.

The instruments are recognised on the balance sheet when the company becomes party to the contractual terms of the instrument. Financial assets are derecognised 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 derecognised from the balance sheet when the obligations in the contract are met or otherwise lapse.

Trade and other receivables
Receivables are recognised 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 recognised 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 recognised at cost after deducting transaction costs. If the recognised 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 recognised amount corresponds to the amount to be repaid.

Inventories
Inventories are measured at the lower of cost and net realisable 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 recognised 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 recognised 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.

» Note 1 cont.

NOTES GROUP | NOTE 1

Note 1, cont.
Accounting policies and valuation principles

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

Operating margin
Operating profit in relation to net sales.

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

No assessments or estimates have been made that have a significant effect on the amounts recognised in the financial statements or that would entail a significant risk of a material adjustment of the carrying amounts for assets and liabilities in the next financial year.

Note 3
Net sales per business area

	2020	2019
Research Instruments	23,776	23,577
Automotive Solutions	41,321	26,240
	65,097	**49,817**

Note 4
Capitalised development expenditure

	2020	2019
Acquisition value	188,158	141,352
Capitalised expenses for the year	38,739	47,043
Disposals	0	-237
Closing accumulated cost	226,897	188,158
Opening amortisation	-78,409	-61,999
Amortisation for the year	-19,073	-16,647
Disposals	0	237
Closing accumulated amortisation	-97,482	-78,409
Closing residual value according to plan	129,415	109,749

Note 5
Operating leases

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

	2020	2019
Due for payment within one year	7,544	7,480
Due for payment later than one year but within five years	2,841	9,742
Due for payment later than within five years	0	0
	10,385	**17,222**
Lease payments expensed in the period	8,085	5,753

Note 6
Auditors' fee

	2020	2019
PWC AB		
Audit assignment	130	320
Other services	8	205
Total auditors' fee	**138**	**525**
Deloitte AB		
Audit assignment	260	0
Other services	0	0
	260	**0**
Total auditors' fee	**398**	**525**

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
Transactions with related parties

There were no transactions with related parties in the year apart from those stated in notes 8 and 9.

Note 8
Employees

Average number of employees

	2020	2019
Women	19	18
Men	83	73
	102	**91**

Directors and senior executives

	2020	2019
Women	2	2
Men	4	4
	6	**6**

Number of Presidents and other senior executives

	2020	2019
Women	1	1
Men	5	5
	6	**6**

» Note 8 cont.

» Note 8 cont.

Employees

Salaries, fees and other remuneration

	2020		2019	
Board of Directors	*Fee*	*Other remuneration*	*Fee*	*Other remuneration*
Anders Jöfelt, Chairman	350	0	246	0
Lars Olofsson, Deputy Chairman	225	0	256	0
Mats Krantz, Director	150	0	130	0
Staffan Hansson, Director	0	0	42	0
Magnus Jonsson, Director	150	0	130	0
Eva Elmstedt, Director	150	0	88	0
Cecilia Wachtmeister, Director	150	0	88	0
Total	**1,175**	**0**	**978**	**0**

Salaries, fees and other remuneration (TSEK)

	2020	2019
Board of Directors	1,175	978
CEO	1,631	1,637
Other senior executives	5,025	5,181
Other employees	59,101	43,071
Total	**66,932**	**50,867**

Social security charges and pensions

	2020	2019
Statutory and contractual social security charges	11,750	14,111
Pension costs	6,960	7,149
Total	**18,710**	**21,260**
Of which CEO	0	0
Of which other senior executives	1,155	992
Of which other employees	5,805	6,157

Salaries and remuneration to the CEO and other senior executives

	Salary		*Pension charges*		*Social security charges*		*Total*	
	2020	2019	2020	2019	2020	2019	2020	2019
CEO	1,631	1,637	0	0	512	514	2,143	2,151
Other senior executives	5,025	5,181	1,155	992	1,579	1,628	7,759	7,801
							9,902	**9,952**

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 9

Share-based payments

The Annual General Meeting on 25 April 2018 resolved to establish a new incentive programme. The decision was made to issue a total of a maximum of 170,000 warrants, which senior executives and other employees – approximately 70 people in all – were offered to purchase. Upon full exercise of the warrants, a maximum of 170,000 new shares will be issued, corresponding to a dilutive effect of approximately 1.5%. The subscription price for shares subscribed for via the warrants is SEK 48.7 per share. The premium per warrant, which has been calculated using the Black-Scholes model, was SEK 5.90. Subscription of shares may take place during the period 1 May 2021 through 30 June 2021.

The Annual General Meeting on 15 May 2019, resolved to establish an incentive programme aimed at senior executives and staff. When fully utilizing the company's incentive program 100,000 shares will be issued, leading to a total dilution effect of a maximum of approximately 0.76% of the share capital and number of votes. The subscription price for shares subscribed for via the warrants is SEK 163 per share. The premium per warrants, which has been calculated using to the Black-Scholes model, was SEK 17. The subscription of shares may take place during the period 1 June 2022 through 30 June 2022.

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

Note 10

Income tax

	2020	2019
Current tax	-152	-93
Deferred tax	0	0
	-152	**-93**
Reconciliation of tax expense		
Accounted profit/loss before tax	-77,405	-106,269
Tax at current tax rate, 21.4 %	16,565	22,742
Tax effect of non-deductible expenses	-55	-219
Tax effect of non-recognised loss carry-forwards	-16,662	-22,616
Recognised tax expense	**-152**	**-93**

Non-recognised loss carry-forwards amount to SEK 358,312,000 (248,296,000).

Note 12
Participations in associated companies

	Corp. ID no.	No. of shares	Share of equity (%)	Share of votes (%)	Book value, 31 December 2020	Book value, 31 December 2019
Neoeye AB	559059-9824	Stockholm	0	0	0	25
Total					**0**	**25**

Note 13
Equipment, tools, fixtures and fittings

	2020	2019
Opening cost	9,953	7,076
Changes in the year		
– Disposals	0	0
– Purchases	887	2,877
Closing accumulated cost	10,619	9,953
Opening depreciation	-4,273	-2,307
Changes in the year		
– Disposals	0	0
– Depreciation	-2,367	-1,966
Closing accumulated depreciation	-6,639	-4,273
Closing residual value according to plan	**4,201**	**5,680**

Note 14
Prepaid expenses and accrued income

	2020	2019
Prepaid rents	603	1,109
Accrued income and ongoing contribution projects	2,282	4,626
Other prepaid expenses	3,902	7,573
Total prepaid expenses and accrued income	**6,787**	**13,308**

Note 15
Liabilities to credit institutions

	2020	2019
Due within 1 year of the balance sheet date	1,667	2,000
Due between 1 and 5 years after the balance sheet date	0	1,667
Due later than 5 years after balance sheet date	0	0
Total liabilities to credit institutions	**1,667**	**3,667**

Note 16
Accrued social security charges and deferred income

	2020	2019
Accrued salaries and holiday pay	8,434	6,838
Accrued social security contributions	2,650	2,149
Accrued expenses	3,210	5,534
Deferred income	2,647	2,172
Other items	3,133	2,644
Total accrued expenses and deferred income	**20,074**	**19,337**

Note 17
Pledged assets and contingent liabilities

	2020	2019
For own provisions and liabilities		
Floating charge	15,000	15,000
	15,000	**15,000**

Parent Company

PARENT COMPANY

Income Statement

TSEK	Note	**Full year 2020**	Full year 2019
Operating revenue			
Net sales	3	65,097	49,817
Capitalised work for own account	4	26,059	29,000
Other operating revenue		8,715	1,865
Total operating revenue, etc.		**99,871**	**80,682**
Operating expenses			
Other external costs	5, 6, 7	-78,149	-82,622
Payroll costs	8,9	-78,519	-85,614
Depreciation and amortisation of tangible and intangible assets	4, 13	-21,558	-18,717
Total operating expenses		**-178,226**	**-186,953**
Operating profit/loss		**-78,355**	**-106,271**
Profit/loss from financial items			
Profit/loss from participations in associated companies		-6	0
Other interest income and similar profit/loss items		13	117
Interest expenses and similar profit/loss items		-256	-663
Total profit/loss from financial items		**-249**	**-546**
Profit/loss after financial items		**-78,604**	**-106,817**
Tax on profit for the year	10	0	0
Net profit/loss for the year		**-78,604**	**-106,817**

PARENT COMPANY

Balance Sheet

TSEK	Note	31 December 2020	31 December 2019
Assets			
Non-current assets			
Intangible assets			
Capitalised development expenditure	4	129,415	109,837
Concessions, patents, licences, trademarks and similar rights		182	184
		129,597	**110,021**
Property, plant and equipment			
Equipment, tools, fixtures and fittings	13	**3,980**	**5,680**
Financial assets			
Participations in group companies	11	1,580	1,302
Participations in associated companies	12	0	25
		1,580	**1,327**
Total non-current assets		**135,157**	**117,028**
Current assets			
Inventories, etc.			
Raw materials and consumables		**5,203**	**4,373**
Current receivables			
Trade receivables		17,538	11,734
Receivables from group companies		29	0
Current tax assets		2,868	1,301
Other current receivables		1,572	5,384
Prepaid expenses and accrued income	14	5,745	12,496
		27,752	**30,915**
Cash and bank balances		**218,141**	**145,118**
Total current assets		**251,096**	**180,406**
Total assets		**386,253**	**297,434**

PARENT COMPANY

» Balance Sheet, cont.

TSEK	Note	31 December 2020	31 December 2019
Equity and liabilities			
Equity			
Restricted equity			
Share capital		1,663	1,512
Share premium reserve		21,914	21,914
Fund for development costs		115,370	92,156
		138,947	**115,582**
Non-restricted equity			
Share premium reserve		656,028	479,003
Retained loss		-365,273	-237,202
Net profit/loss for the year		-78,604	-106,817
		212,151	**134,493**
Total equity		**351,098**	**250,566**
Non-current liabilities			
Other liabilities to credit institutions	15, 17	0	1,667
Total non-current liabilities		**0**	**1,667**
Current liabilities			
Other liabilities to credit institutions	15, 17	1,667	2,000
Trade payables		8,773	17,874
Liabilities to group companies		2,063	1,793
Other current liabilities		2,858	4,207
Accrued expenses and deferred income	16	19,794	19,328
		35,155	**45,201**
Total equity and liabilities		**386,253**	**297,434**

PARENT COMPANY

Equity

TSEK	Share capital	Share premium reserve (restricted)	Fund for development costs (restricted)	Share premium reserve (non-restricted)	Other non-restricted equity	Total equity
Opening balance, 1 January 2019	**1,315**	**21,914**	**57,006**	**291,617**	**-202,863**	**168,989**
New share issue	197			187,387		187,584
Stock option program, 2019				0	811	811
Fund for development costs			46,802		-46,802	0
Reversal of fund for development costs			-11,652		11,652	0
Net profit/loss for the year					-106,817	-106,817
Equity, 31 December 2019	**1,512**	**21,914**	**92,156**	**479,003**	**-344,019**	**250,566**
Opening balance, 1 January 2020	**1,512**	**21,914**	**92,156**	**479,003**	**-344,019**	**250,566**
New share issue*	151			177,025		177,176
Stock option program, 2020				0	1,960	1,960
Fund for development costs			38,740		-38,740	0
Reversal of fund for development costs			-15,526		15,526	0
Net profit/loss for the year					-78,604	-78,604
Equity, 31 December 2020	**1,663**	**21,914**	**115,370**	**656,028**	**-443,877**	**351,098**

The share capital consists of 16,630,882 shares with a quota value of SEK 0.1.
A new share issue was registered in the period, and share capital increased by SEK 151,189.90.
A reclassification of restricted and non-restricted equity was conducted in 2019-2020.
Capitalised expenses for consultants on development projects were included in the fund for development expenses of SEK 18.8 m, previously presented under other non-restricted equity. This has no impact on the equity ratio or liquidity.
* Includes new share issue expenses of SEK 11,339,000.

PARENT COMPANY

Cash Flow Statement

TSEK	**31 December 2020**	31 December 2019
Operating activities		
Operating profit/loss after depreciation and amortisation	-78,355	-106,270
Reversal of depreciation and amortisation	21,558	18,717
Finance payments received	13	117
Finance payments payed	-262	-663
Tax	2,231	0
Change in working capital		
Change in inventories	-1,103	-65
Change in trade receivables	-5,804	7,608
Change in other current receivables	7,008	-13,116
Change in trade payables	-9,100	8,413
Change in other current liabilities	-945	5,774
Cash flow from operating activities	**-64,759**	**-79,485**
Investing activities		
Intangible assets	-38,767	-47,043
Tangible assets	-666	-2,877
Financial assets	-252	-679
Cash flow from investing activities	**-39,685**	**-50,599**
Financing activities		
New share issue	177,176	187,584
Stock option program	1,960	811
Repayment of interest-bearing liabilities	-1,667	-2,000
Cash flow from financing activities	**177,469**	**186,395**
Cash flow	73,023	56,310
Opening cash and cash equivalents	145,118	88,809
Closing cash and cash equivalents	**218,141**	**145,118**

PARENT COMPANY

Notes

Note 1

Accounting policies and valuation principles

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

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

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

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

Furlough support
Central government support for compensation of furloughed staff in the year is recognised 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 recognised, 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 recognised 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 recognised 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 recognised net only when there is a legal right of offset. Current tax, like the change in deferred tax, is recognised in profit or loss unless the tax is attributable to an event or transaction that is recognised directly in shareholders' equity.

Leases
All leases for which the company is the lessee are recognised as operating leases (rental agreements), regardless of whether the leases are finance or operating leases. Lease payments under operating leases, including higher first-time rent, but excluding expenses for insurance and maintenance, are recognised as expenses on a straight-line basis over the lease term.

Employee benefits
Employee benefits in the form of salaries, holiday pay, paid sick leave, etc., as well as pensions, are recognised 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 recognised 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 recognised as a cost in the income statement.

Development work
Development costs are capitalised 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 following amortisation schedule is applied:
Capitalised development expenditure 10 years

Tangible assets
Property, plant and equipment is recognised 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 recognised 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 recognised 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.

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

Financial assets are derecognised 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 connected with the right of ownership. Financial liabilities are derecognised from the balance sheet when the obligations in the contract are met or otherwise lapse.

Trade receivables and other receivables
Receivables are recognised 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 recognised 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 recognised at cost after deducting transaction costs. If the recognised 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 recognised amount corresponds to the amount to be repaid.

Participations in subsidiaries and associated companies
Participations in subsidiaries are recognised at cost after deducting any impairment. Participations in associated companies are recognised at cost after deducting any impairment.

Inventories
Inventories are measured at the lower of cost and net realisable 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 recognised 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 recognised 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.

» Note 1 cont.

NOTES PARENT COMPANY | NOTE 1

Note 1 cont.

Accounting policies and valuation principles

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

Operating margin
Operating profit/loss in relation to net sales.

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/loss after tax in relation to equity in the period.

Earnings per share
Net profit/loss for the year divided by the average number of outstanding shares at the end of the period.

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

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

Employees
Number of employees at the end of the period.

Note 2

Estimates and assessments

No assessments or estimates have been made that have a significant effect on the amounts recognised in the financial statements or that would entail a significant risk of a material adjustment of the carrying amounts for assets and liabilities in the next financial year.

Note 3

Net sales per business area

	2020	2019
Research Instruments	23,776	23,577
Automotive Solutions	41,321	26,240
	65,097	**49,817**

Note 4

Capitalised development expenditure

	2020	2019
Acquisition value	188,158	141,352
Capitalised expenses for the year	38,739	47,043
Disposals	0	-237
Closing accumulated cost	226,897	188,158
Opening amortisation	-78,409	-61,999
Amortisation for the year	-19,073	-16,647
Disposals	0	237
Closing accumulated amortisation	-97,482	-78,409
Closing residual value according to plan	129,415	109,749

Note 5

Operating leases

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

	2020	2019
Due for payment within one year	7,544	7,480
Due for payment later than one year but within five years	2,841	9,742
Due for payment later than within five years	0	0
	10,385	**17,222**
Lease payments expensed in the period	8,085	5,753

Note 6

Auditors' fee

	2020	2019
PWC AB		
Audit assignment	130	320
Other services	8	205
Total auditors' fee	**138**	**525**
Deloitte AB		
Audit assignment		
Other services	260	0
	0	0
	260	**0**
Total auditors' fee	**398**	**525**

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

Transactions with related parties

There were no transactions with related parties in the year apart from those stated in notes 8 and 9.

Note 8

Employees

Average number of employees

	2020	2019
Women	16	16
Men	78	69
	94	**85**

Directors and senior executives

	2020	2019
Women	2	2
Men	4	4
	6	**6**

Number of Presidents and other senior executives

	2020	2019
Women	1	1
Men	5	5
	6	**6**

» Note 8 cont.

» Note 8 cont.

Employees

Salaries, fees and other remuneration

	2020		2019	
Board of Directors	*Fee*	*Other remuneration*	*Fee*	*Other remuneration*
Anders Jöfelt, Chairman	350	0	246	0
Lars Olofsson, Deputy Chairman	225	0	256	0
Mats Krantz, Director	150	0	130	0
Staffan Hansson, Director	0	0	42	0
Magnus Jonsson, Director	150	0	130	0
Eva Elmstedt, Director	150	0	88	0
Cecilia Wachtmeister, Director	150	0	88	0
Total	**1,175**	**0**	**978**	**0**

Salaries, fees and other remuneration (TSEK)

	2020	2019
Board of Directors	1,175	978
CEO	1,631	1,637
Other senior executives	5,025	5,181
Other employees	47,103	34,938
Total	**54,934**	**42,734**

Social security charges and pensions

	2020	2019
Statutory and contractual social security charges	11,750	14,111
Pension costs	6,960	7,149
Total	**18,710**	**21,260**
Of which CEO	0	0
Of which other senior executives	1,155	992
Of which other employees	5,805	6,157

Salaries and remuneration to the CEO and other senior executives

	Salary		*Pension costs*		*Social security costs*		*Total*	
	2020	2019	2020	2019	2020	2019	2020	2019
CEO	1,631	1,637	0	0	512	514	2,143	2,151
Other senior executives	5,025	5,181	1,155	992	1,579	1,628	7,759	7,801
							9,902	**9,952**

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 9

Share-based payments

The Annual General Meeting on 25 April 2018 resolved to establish a new incentive programme. The decision was made to issue a total of a maximum of 170,000 warrants, which senior executives and other employees – approximately 70 people in all – were offered to purchase. Upon full exercise of the warrants, a maximum of 170,000 new shares will be issued, corresponding to a dilutive effect of approximately 1.0%. The subscription price for shares subscribed for via the warrants is SEK 48.75 per share. The premium per warrant, which has been calculated using the Black-Scholes model, was SEK 5.90. Subscription of shares may take place during the period 1 May 2021 through 30 June 2021.

The Annual General Meeting on 15 May 2019, resolved to establish an incentive programme aimed at senior executives and staff. When fully utilizing the company's incentive program 100,000 shares will be issued, leading to a total dilution effect of a maximum of approximately 0.6% of the share capital and number of votes. The subscription price for shares subscribed for via the warrants is SEK 163 per share. The premium per warrants, which has been calculated using to the Black-Scholes model, was SEK 17. The subscription of shares may take place during the period 1 June 2022 through 30 June 2022.

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

Note 10

Income tax

	2020	2019
Current tax	0	0
Deferred tax	0	0
	0	**0**
Reconciliation of tax expense		
Accounted profit/loss before tax	-78,604	-106,817
Tax at current tax rate, 21.4%	16,821	22,859
Tax effect of non-deductible expenses	-55	-219
Tax effect of non-recognised loss carry-forwards	-16,766	-22,640
Recognised tax expense	**0**	**0**

Non-recognised loss carry-forwards amount to SEK 358,312,000 (248,296,000).

Note 11

Participations in group companies

	2020	2019
Opening cost	1,302	624
Change in the year	277	679
Closing accumulated cost	1,580	1,302
Closing residual value according to plan	1,580	1,302

» Note 11 cont.

» Note 11 cont.

Participations in group companies

Group	Corp. ID no.	Registered office	Share of equity (%)
JN Data AB	556563-7849	Gothenburg	100
Smart Eye International Inc.	6303763	Delaware	100
Smart Eye Japan Co. Ltd	0104-01-139423	Tokyo	100
Chongqing Smart Eye Technology Co. Ltd.	MA60M7N03Q	Chongqing	100

Parent company	Corp. ID no.	No. of shares	Share of equity (%)	Share of vote (%)	Book value, 31 December 2020	Book value, 31 December 2019
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	277	0
					1,580	**1,302**

Note 12

Participations in associated companies

	Corp. ID no.	No. of shares	Share of equity (%)	Share of votes (%)	Book value, 31 December 2020	Book value, 31 December 2019
Neoeye AB	559059-9824	Stockholm	0	0	0	25
Total					**0**	**25**

Note 13

Equipment, tools, fixtures and fittings

	2020	2019
Opening cost	9,953	7,076
Changes in the year		
– Disposals	0	0
– Purchases	666	2,877
Closing accumulated cost	10,619	9,953
Opening depreciation	-4,273	-2,307
Changes in the year		
– Disposals	0	0
– Depreciation	-2,367	-1,966
Closing accumulated depreciation	-6,639	-4,273
Closing residual value according to plan	**3,980**	**5,680**

Note 14

Prepaid expenses and accrued income

	2020	2019
Prepaid rents	603	1,109
Accrued income and ongoing contribution projects	2,281	4,626
Other prepaid expenses	2,861	6,760
Total prepaid expenses and accrued income	**5,745**	**12,496**

Note 15

Liabilities to credit institutions

	2020	2019
Due within 1 year of the reporting date	1,667	2,000
Due between 1 and 5 years after the reporting date	0	1,667
Due later than 5 years after reporting date	0	0
Total liabilites to credit institutions	**1,667**	**3,667**

Note 16

Accrued expenses and deferred income

	2020	2019
Accrued salaries and holiday pay	8,434	6,838
Accrued social security charges	2,650	2,149
Accrued expenses	3,210	5,534
Deferred income	2,647	2,172
Other items	2,853	2,636
Total accrued expenses and deferred income	**19,794**	**19,328**

Note 17

Pledged assets and contingent liabilities

	2020	2019
For own provisions and liabilities		
Floating charges	15,000	15,000
	15,000	**15,000**

Note 18

Proposed appropriation of earnings

The Board of Directors propose that the funds available for appropriation:

Retained earnings	SEK 290,755,881
Loss for the year	SEK -78,603,743
	SEK 212,152,138
carried forward	SEK 212,152,138

The Income Statements and Balance Sheets will be submitted to the AGM on 14 April 2021 for approval.

Gothenburg, Sweden, 8 March 2021

Martin Krantz
CEO

Anders Jöfelt
Chairman

Cecilia Wachtmeister

Eva Elmstedt

Mats Krantz

Magnus Jonsson

Lars Olofsson

Our Audit Report was presented on 22 March 2021.

Harald Jagner
Authorised Public accountant
Deloitte AB

Auditor's report

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

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

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 2020-01-01 - 2020-12-31. The annual accounts and consolidated accounts of the company are included on pages 46-79 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 2020 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.

Other information
The audit of the annual accounts for the fiscal year 2019-01-01 – 2019-12-31 was performed by another auditor who signed the audit report April 6th 2020 without exceptions in the Annual Report.

Other Information than the annual accounts and consolidated accounts
The Board of Directors and the Managing Director are responsible for the other information. The other information does not include the annual accounts, consolidated accounts and our auditor's report thereon and are included on pages 1-45 and 83-86 in this document.

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

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

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

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

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

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

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

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group´s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

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

Report on other legal and regulatory requirements

Opinions
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Smart Eye AB (publ) for the financial year 2020-01-01 - 2020-12-31 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.

Auditor's Report cont. »

AUDIT REPORT

» Auditor's report cont.

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.

Gothenburg, March 22, 2021
Deloitte AB

Signature on Swedish original

Harald Jagner
Authorized Public Accountant

Board of Directors

LARS OLOFSSON
Deputy Chairman
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: Deputy Chairman of Axfood AB, Advisory Board member of Zytara Inc.
Previous appointments in the last five years: Board member of Compass/Bata shoes, Chairman of TCC Global NV, Board member of Axel Johnson AB, Senior Advisor of SICPA SA
Holdings: 45,000 shares and 10,000 options

ANDERS JÖFELT
Chairman of the Board since 2017
(Board member since 2012)
Date of birth: 1975
Educational background: MSc, Computer Engineering, Lund University's Faculty of Engineering
Other appointments: None
Previous appointments in the last five years: None
Holdings: 863,433 shares

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, BIL Sweden Adm AB, Board member of Nilsson Special Vehicles AB, Leading Light AB, AB Magnus Jonsson and Magnus Jonsson Consulting AB
Previous appointments in the last five years: Chairman of the Board of TechRoi Fuel Systems AB, Board Member of Västkustens Affärsänglar AB, SenseAir AB, Kongsberg Automotive AS and LeanNova AB
Holdings: 3,000 shares and 10,000 options

EVA ELMSTEDT
Board member since 2019
Date of birth: *1960*
Educational background: Bachelor's degree in Economics and Computer Science from Indiana University of Pennsylvania, USA, and Stockholm School of Economics
Other appointments: Chairman of Proact IT Group AB, and Board member of Addtech AB, Arjo AB, Gunnebo AB and Semcon AB
Previous appointments in the last five years: previously EVP of Global Services at Nokia Networks and Nokia Siemens Networks and held senior positions at Ericsson AB, the telecom operator 3 and Semcon
Holdings: 5,500 shares and 10,000 options

CECILIA WACHTMEISTER
Board member since 2019
Date of birth: 1966
Educational background: MSc in Industrial Economics from the Institute of Technology at Linköping University
Other appointments: Executive Vice President Business & Group Functions at KAMBI Plc. Cecilia is also a Board member of HMS Networks AB
Previous appointments in the last five years: Senior positions within Ericsson AB
Holdings: 5,500 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 Ostkustens FartygsAssistans AB and M. Irwin & Krantz AB
Previous appointments in the last five years: None
Holdings: Mats Krantz holds 978,384 shares personally and 180,800 shares via related parties

Group Management

ANDERS LYRHEDEN
CFO
Employed since 2017
Date of birth: 1965
Educational background: School of Economics: Bachelor of Managerial Economics, Gothenburg 1991
Other appointments: None
Previous appointments in the last five years: None
Holdings: 13,000 shares personally and 14,000 through companies, 54,100 options

SOLMAZ SHAHMEHR
VP of Research Instruments
Employed since 2009
Date of birth: 1982
Educational background: MSc, Computer Engineering, Chalmers University of Technology
Other appointments: None
Previous appointments in the last five years: None
Holdings: 8,500 shares and 11,600 options

MARTIN RYDBERG
CTO
Employed since 2000
Date of birth: 1976
Educational background: MSc, Computer Engineering, Chalmers University of Technology
Other appointments: None
Previous appointments in the last five years: None
Holdings: 21,529 shares and 15,000 options

MARTIN KRANTZ
Founder and CEO
Date of birth: 1971
Educational background: MSc, Engineering Physics, Chalmers University of Technology
Other appointments: Chairman of 1928 Diagnostics
Previous appointments in the last five years: Board member of Smart Eye 1999-2016
Holdings: 859,300 shares and 37,500 options

DANIEL ÅMAN
VP of Automotive Solutions
Employed since 2013
Date of birth: 1972
Educational background: MSc, Engineering Physics, Chalmers University of Technology and IFL, Stockholm School of Economics
Other appointments: Board member of Neoeye AB
Previous appointments in the last five years: None
Holdings: zero shares and 25,000 options

HENRIK LIND
CRO
*E*mployed since 2017
Date of birth: 1961
Educational background: MSc, Electrical Engineering, Chalmers University of Technology
Other appointments: Board member of Innoble AB
Previous appointments in the last five years: Technical Expert in Remote Sensing, Volvo Car Corporation
Holdings: 150 shares and 35,000 options

Annual General Meeting

INVITATION TO THE ANNUAL GENERAL MEETING OF SMART EYE AKTIEBOLAG (PUBL)

The shareholders of Smart Eye AB (publ), corporate identity number 556575-8371 (the "Company"), with registered office in Gothenburg, Sweden, are here by convened to the Annual General Meeting (AGM) on Wednesday, 14 April 2021.

Information related to COVID-19 (coronavirus)
Against the background of the extraordinary situation prevailing because of the COVID-19 pandemic, the AGM will be conducted through advance (postal) voting, supported by temporary legislation. No meeting with attendance in person or by proxy will be held; the meeting will be held without physical attendance.

The company welcomes all shareholders to exercise their voting rights at the AGM through advance voting according to the procedure below. Information on the resolutions by the AGM will be published on 14 April 2021, as soon as the final outcome of the voting is compiled.

In their advance voting forms, shareholders can request a resolution on one or more of the matters in the proposed agenda below being deferred to a continued AGM, which will not be an advance voting meeting. Such continued AGM should be held if the AGM so approves, or shareholders representing at least one-tenth of all of the shares of the company so request.

An address by the Chief Executive Officer will be uploaded to the company's website at 5 pm on 14 April 2021.

Entitlement to participate and notification
Shareholders who first, are included in the share register of the company maintained by Euroclear Sweden AB by Tuesday, 6 April 2021, and secondly, notify their participation by presenting their advance vote to the company by Tuesday, 13 April 2021, are entitled to participate at the AGM.

Nominee-registered shares
For entitlement to participate in the AGM by advance voting, shareholders with nominee-registered shares must temporarily re-register their shares in their own names. Shareholders desiring such re-registration, known as voting registration, must request this of their nominee in good time prior to Thursday, 8 April 2021, when such re-registration must be complete. See below for more information on advance voting.

Advance voting
Shareholders may exercise their voting rights at the AGM only by voting in advance, known as postal voting, pursuant to §22 of the Swedish legislation on temporary exemptions to facilitate conducting shareholders' and association general meetings (2020:198).

A dedicated form should be used for advance voting, which is available from **www.smarteye.se**. The advance voting form serves as notification of participation at the AGM. The company must have received completed forms by no later than Tuesday, 13 April 2021.

The completed form should be sent to "Årsstämma 2021", Smart Eye Aktiebolag (publ), FAO Anders Lyrheden, Första Långgatan 28 B, 413 27, Gothenburg, Sweden. Completed forms may also be submitted by email to **arsstamma@smarteye.se**. If shareholders advance vote by proxy, powers of attorney must be attached to the form. Power of attorney forms are available from the company's website, www.smarteye.se, and will be emailed free of charge to the shareholders who so request, stating their mail or email addresses. If the shareholder is a legal entity, certificates of registration or corresponding documentation should be attached to the form. Shareholders may not attach special instructions or terms to their advance votes. If this occurs, the vote (i.e. the whole advance vote) will be declared invalid. Further instructions and terms & conditions as stated on the advance voting form.

Calendar

AGM	14 April 2021
Interim Report January-March	5 May 2021
Interim Report April-June	26 August 2021
Interim Report July-September	22 October 2021
Interim Report October-December	23 February 2022

Contacts

MARTIN KRANTZ
CEO
Tel. no. +46 (0)70 329 26 98
martin.krantz@smarteye.se

ANDERS LYRHEDEN
CFO/IR
Tel. no. +46 (0)70 320 96 95
anders.lyrheden@smarteye.se

Smart Eye AB
Första Långgatan 28B
Smart Eye-413 27 Gothenburg
Sweden
Tel +46 (0)31 606160
corp. ID no.: 556575-8371
www.smarteye.se