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GOTHENBURG, 23 January 2023  
Press release

# Smart Eye has resolved on the fully secured rights issue and announces terms

The Board of Directors of Smart Eye Aktiebolag (publ) ("Smart Eye" or the "Company") has, with the support of the authorization from the extraordinary general meeting on 30 December 2022, resolved on a fully secured rights issue of shares of approximately SEK 324 million ("Rights Issue"), in accordance with the previously published press release on 5 December 2022. The subscription price has been set to SEK 25.50 per share. Shareholders in Smart Eye on the record date have preferential rights to subscribe for four (4) newly issued shares for each seven (7) existing shares. Certain existing shareholders, Board members and senior executives, have undertaken to subscribe for shares in the Rights Issue for approximately SEK 38 million. In addition, certain Board members and persons in the management, including Martin Krantz, with a total ownership of approximately 9 percent, have undertaken to subscribe for a number of shares corresponding to at least the proceeds they receive from the sale of subscription rights, of up to 7 percent of the total number of shares in the Company. Furthermore, certain existing shareholders, including Handelsbanken Fonder, Swedbank Robur, Consensus Asset Management, Vasastaden and Aktia Asset Management, have submitted declarations of intent to subscribe for shares in the Rights Issue for an amount of approximately SEK 79 million. External guarantors have also provided guarantee commitments on customary terms for a total of approximately SEK 209 million. The Rights Issue is thus fully secured.

## Summary of the Rights Issue

- The Board of Directors of Smart Eye has today, with the support of the authorization from the general meeting on 30 December 2022, resolved on the Rights Issue.
- Shareholders in Smart Eye on the record date, 31 January 2023, have preferential rights to subscribe for four (4) new shares for each seven (7) existing shares, implying a subscription ratio of 4:7.
- The subscription price is SEK 25.50 per new share, which results in total issue proceeds of approximately SEK 324 million before deduction of transaction costs.
- The net proceeds from the Rights Issue are intended to be used for the following purposes listed in order of priority: (i) research and development in relation to the Company's DMS

projects with various Vehicle Manufacturers within Automotive Solutions, in order to ensure that the projects are completed in accordance with the existing plan; (ii) research and development within Interior Sensing, in order to secure Smart Eye's long-term competitiveness; (iii) development and commercialisation of the Company's aftermarket offering within Automotive, Applied AI Systems; and (iv) finance the Company's ongoing operations and general business purposes in order to ensure sufficient working capital.

- The record date for the Rights Issue is 31 January 2023 and the subscription period runs from and including 2 February 2023 to and including 16 February 2023.
- Certain existing shareholders, Board members and senior executives, including Första AP-fonden, Martin Bjuve, Anders Jöfelt, Eva Elmstedt, Peter Hartzbech, Lars Olofsson, Cecilia Wachtmeister and Magnus Jonsson, have undertaken to subscribe for shares in the Rights Issue of approximately SEK 38 million, which corresponds to approximately 12 percent of the Rights Issue. In addition, certain Board members and persons in the management, including Martin Krantz, with a total ownership of approximately 9 percent of the total number of shares in the Company, have undertaken to subscribe for a number of shares corresponding to at least the proceeds they receive from the sale of subscription rights, of up to 7 percent of the total number of shares in the Company.
- In addition to the subscription commitments, certain existing shareholders, among others Handelsbanken Fonder, Swedbank Robur, Consensus Asset Management, Vasastaden and Aktia Asset Management, have provided declarations of intent to subscribe for shares in the Rights Issue to an amount of approximately SEK 79 million, which corresponds to approximately 24 percent of the Rights Issue.
- In addition to the aforementioned subscription commitments and declarations of intent, external guarantors have provided guarantee commitments on customary terms of approximately SEK 209 million, which corresponds to approximately 65 percent of the Rights Issue. Together with the subscription commitments and the declarations of intent, the Rights Issue is thus fully secured.

### **Terms of the Rights Issue**

Those who on the record date of 31 January 2023 are registered as shareholders in Smart Eye have a preferential right to subscribe for four (4) newly issued shares for each seven (7) existing shares. The subscription price is set at SEK 25.50 per new share, which means that Smart Eye will receive SEK 323,965,770 before deduction of transaction costs, assuming that the Rights Issue is fully subscribed. In addition, investors are offered the opportunity to register for subscription of shares without the support of subscription rights.

If all of the new shares are not subscribed for with subscription rights, the Board of Directors shall decide on allotment of new shares subscribed for without subscription rights as follows:

- firstly, those who subscribed for new shares with subscription rights shall receive allocation, regardless of whether the subscriber was a shareholder on the record date or not, and in the case of oversubscription, pro rata to the number of shares subscribed for with subscription rights;
- secondly, allotment shall be made to those who subscribed for new shares without subscription rights, and in the case of oversubscription, pro rata to the new number of

shares subscribed for in the application, and to the extent that this is not possible, by drawing lots; and

- thirdly and last, allotment of shares subscribed for without subscription rights shall be made to those who have provided guarantee commitments in their capacity as guarantors. In the event allotment to those cannot be made in full, allotment shall be made pro rata in accordance with the amount that each guarantor has committed to subscribe for and, to the extent this is not possible, allocation will be made by drawing lots.

Provided that the Rights Issue is fully subscribed, Smart Eye's share capital will increase by SEK 1,270,454.00 from SEK 2,223,295.10 to SEK 3,493,749.10 and the number of shares by 12,704,540 from 22,232,951 to 34,937,491 new shares.

The subscription period runs from and including 2 February 2023 to and including 16 February 2023. Smart Eye's Board of Directors has the right to extend the subscription period and the time for payment, which, if applicable, will be announced by the Company via press release no later than 16 February 2023. Trading in subscription rights will take place on Nasdaq First North Growth Market during the period from and including 2 February 2023 to and including 14 February 2023 and trading in BTA (paid subscribed share) will take place on Nasdaq First North Growth Market during the period from and including 2 February 2023 to and including 22 February 2023.

Shareholders who are not participating in the Rights Issue will face a dilution effect corresponding to a maximum of approximately 36 percent of the number of shares and votes. Shareholders who are not participating in the Rights Issue may have the potential to obtain financial compensation for the dilution effect by selling subscription rights.

### **Use of proceeds**

Since the Rights Issue, in its entirety, is secured through a combination of subscription commitments, declarations of intent to subscribe for shares and guarantee commitments, the Company will receive up to approximately SEK 324 million before deduction of transaction costs, which are expected to amount to approximately SEK 35 million. Smart Eye intends to use the net proceeds of approximately SEK 289 million to repay the bridge loan facility (which has been used in accordance with below purposes, and order of priority) and then for the following purposes specified in order of priority:

- Approximately 45 percent will be used for research and development in relation to the Company's DMS projects with various Vehicle Manufacturers within Automotive Solutions, in order to ensure that the projects are completed in accordance with the existing plan.
- Approximately 25 percent will be used for research and development within Interior Sensing, in order to secure Smart Eye's long-term competitiveness.
- Approximately 15 percent will be used for development and commercialisation of the Company's aftermarket offering within Automotive, Applied AI Systems.
- Approximately 15 percent will be used to finance the Company's ongoing operations and general business purposes in order to ensure sufficient working capital.

As announced in the Company's press release on 5 December 2022, in order to finance the Company's capital needs until the Rights Issue has been completed, the Company has entered into

a bridge loan agreement of approximately SEK 60 million on market terms. The Company is obliged to repay the bridge loan facility on or around the settlement date for the Rights Issue.

The Board of Directors judges that the existing working capital is not sufficient for Smart Eye's current capital requirements for the upcoming twelve-month period. This assessment has been made in light of the Company's current business and development plan. If the Rights Issue is fully subscribed, the Board of Directors judges that the Company will have sufficient working capital to run the business until the Company is able to conduct its operations with a positive cash flow, which is expected to take place during the second half of 2024. In this sense, the working capital requirement refers to cash and cash equivalents that are required in order for the Company to be able to fulfil its payment obligations as they fall due for payment. In the event the Rights Issue is not implemented or is not fully subscribed, the Company may revise its business and development plan, primarily by reducing the rate of investments within the Automotive business area and through continued development aimed at realising Design Wins and seeking alternative financing options, for example in the form of a new rights issue, a directed share issue or long-term debt financing from existing or new investors.

### **Subscription commitments, declarations of intent to subscribe for shares and guarantee commitments**

Certain existing shareholders, Board members and senior executives, including Första AP-fonden, Martin Bjuve, Anders Jöfelt, Eva Elmstedt, Peter Hartzbech, Lars Olofsson, Cecilia Wachtmeister and Magnus Jonsson, have undertaken to subscribe for shares in the Rights Issue of approximately SEK 38 million, which corresponds to approximately 12 percent of the Rights Issue. In addition, certain Board members and persons in the management, including Martin Krantz, with a total ownership of approximately 9 percent of the total number of shares in the Company, have undertaken to subscribe for a number of shares corresponding to at least the proceeds they receive from the sale of subscription rights, of up to 7 percent of the total number of shares in the Company.

In addition to the subscription commitments, certain existing shareholders, among others Handelsbanken Fonder, Swedbank Robur, Consensus Asset Management, Vasastaden and Aktia Asset Management, have provided declarations of intent to subscribe for shares in the Rights Issue to an amount of approximately SEK 79 million, which corresponds to approximately 24 percent of the Rights Issue.

In addition to the aforementioned subscription commitments and declarations of intent, external guarantors have provided guarantee commitments on customary terms of approximately SEK 209 million, which corresponds to approximately 65 percent of the Rights Issue. Together with the subscription commitments and the declarations of intent, the Rights Issue is thus fully secured.

The Rights Issue is fully secured by subscription commitments, declarations of intent to subscribe for shares and guarantee commitments mentioned above.

For guarantee commitments, a guarantee commission of 6 percent of the guaranteed amount is paid in cash compensation. No compensation is paid for the subscription commitments or declarations of intent regarding subscription that have been entered into. These commitments and obligations are not secured by bank guarantee, escrow funds, pledging or similar arrangements.

Further information regarding the parties that have entered into guarantee commitments will be found in the prospectus that will be published before the start of the subscription period.

### **Lock-up undertakings**

All of the Board members and senior executives have, in relation to Carnegie, and with certain customary exceptions, undertaken not to sell, transfer or otherwise dispose of their securities in the Company for a certain period of time, known as lock-up undertakings. These undertakings cease to apply 180 days after the settlement date for the Rights Issue (the “Lock-up undertakings”).

The Company has also undertaken in relation to Carnegie, with customary exemptions and for a period of 180 days after the settlement date for the Rights Issue, not to offer its shareholders or publicly announce any proposal for the raising of capital that would make it possible for the Company to, or otherwise implement any measure in order to, directly or indirectly (i) issue, offer, pledge, sell, enter into an agreement to sell, or otherwise transfer or dispose of shares or other securities that essentially correspond to the Company’s shares, including securities that can be converted to or can be exercised or exchanged for such shares or securities that essentially correspond to the Company’s shares, and (ii) enter into a swap, option or other agreement which, wholly or in part, means that the financial risk associated with ownership of such shares is transferred to another party. Exemptions from the Company’s Lock-up undertakings apply to the implementation of incentive programmes that have been adopted by a general meeting and issues of securities according to pre-existing incentive programmes.

Carnegie may make exceptions from these undertakings. Any exception from the lock-up undertakings will be considered on a case-by-case basis and may be provided for both personal and commercial reasons.

### **Prospectus**

Full information regarding the Rights Issue and information about the Company will be provided in the prospectus which is expected to be published around 30 January 2023.

### **Preliminary timetable for the Rights Issue**

Last day of trading in shares including right to receive subscription rights	27 January 2023
First day of trading in shares excluding right to receive subscription rights	30 January 2023
Publication of the prospectus	30 January 2023
Record date for right to receive subscription rights	31 January 2023
Trading in subscription rights	2 February 2023 – 14 February 2023
Subscription period	2 February – 16 February 2023
Trading in paid subscribed shares (BTA)	2 February – 22 February 2023
Announcement of the outcome of the Rights Issue	20 February 2023

## **Advisers**

In connection with the Rights Issue, the Company has engaged Carnegie Investment Bank AB (publ) as Sole Global Coordinator and Bookrunner and Advokatfirman Vinge KB as legal adviser.

### **For further information, please contact**

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This information is such information that Smart Eye AB is obligated to make public pursuant to the EU Market Abuse Regulation 596/2014. The information was submitted, through the agency of the contact person above, for publication on 23 January 2023, 22:00 CET. Above responsible person can also be contacted for further information.

## **About Smart Eye**

Smart Eye is the global leader in Human Insight AI, technology that understands, supports, and predicts human behavior in complex environments. We are bridging the gap between humans and machines for a safe and sustainable future. Our multimodal software and hardware solutions provide unprecedented human insight in automotive and behavioral research—supported also by Affectiva and iMotions, companies we acquired in 2021.

In automotive, we are leading the way towards safer and human-centric mobility through Driver Monitoring Systems and Interior Sensing solutions. Our technology is embedded in next-generation vehicles and available as a standalone aftermarket solution for existing vehicles, fleet, and small-volume OEMs.

Our industry-leading eye tracking systems and iMotions biosensor software enable advanced research and training in academic and commercial sectors. Affectiva's Emotion AI provides the world's largest brands and market researchers with a deeper understanding of how consumers engage with their content, products, and services.

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

Visit <https://smarteye.se/> for more information.

Visit our investor web for more financial information: <https://smarteye.se/investors/>

Smart Eye is listed on Nasdaq First North Growth Market. Erik Penser is Certified Adviser.

## **Important information**

This announcement is not and does not form a part of any offer for selling, or a request to submit an offer to buy or acquire, shares or other securities of the Company.

Copies of this announcement are not being made and may not be distributed or sent into the United States, Australia, Hong Kong, Japan, Canada, New Zealand, or any other jurisdiction in which such distribution would be unlawful or would require registration or other measures.

The securities referred to in this announcement have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and accordingly may not be exercised, offered, sold, resold, delivered or otherwise transferred, directly or indirectly, in or into the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the requirements of the Securities Act and in compliance with any applicable securities legislation in any state or other jurisdiction of the United States. The Company do not intend to register any offering in the United States or to conduct a public offering of securities in the United States.

## **Forward-looking statements**

Matters discussed in this announcement may constitute forward-looking statements. Forward looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", "deems", "intends", "estimate", "will", "may", "continue", "should" and similar expressions. This applies in particular to statements relating to future results, financial position, cash flow, plans and expectations of the Company's operations and management, future growth and profitability, general economic and regulatory environment and other factors affecting the Company, many of which are based on further assumptions, such as no changes in existing political, legal, fiscal, market or economic conditions or applicable law (including but not limited to accounting principles, accounting methods and tax policies), which may or may not be of importance to the Company results or its ability to operate. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward looking statements.

Potential investors should therefore not attach undue confidence to the forward-looking information herein, and potential investors are urged to read the parts of the prospectus that include a more detailed description of factors that may affect the Company's operations and the market in which the Company operates.

The information, opinions and forward-looking statements contained in this announcement speak only as at its date and could be subject to change without notice.