

GOTHENBURG, 25 May 2021  
Smart Eye press release

NOT FOR PUBLICATION, DISTRIBUTION OR RELEASE, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART, WITHIN OR INTO THE UNITED STATES, THE UNITED KINGDOM, CANADA, JAPAN, AUSTRALIA, HONG KONG, NEW ZEALAND, SINGAPORE, SOUTH AFRICA OR ANY OTHER JURISDICTION IN WHICH SUCH PUBLICATION, DISTRIBUTION OR RELEASE WOULD BE CONTRAVENING TO ANY APPLICABLE RULES. ADDITIONAL RESTRICTIONS ARE APPLICABLE, PLEASE SEE "IMPORTANT INFORMATION" IN THE END OF THIS PRESS RELEASE.

# Smart Eye enters into an agreement to acquire Affectiva and intends to raise equity in a directed share issue

Smart Eye AB (publ) ("Smart Eye" or the "Company") has today entered into an agreement with the shareholders of Affectiva, Inc. ("Affectiva") to acquire 100 percent of the shares in Affectiva (the "Transaction") for a consideration of USD 73.5 million based on Affectiva's financial position as of 31 December 2020 (the "Consideration"). Affectiva is a tech company pioneering Emotion AI and Human Perception AI located in Boston, MA, with an additional office in Cairo, Egypt. The Consideration consists partly of shares in Smart Eye (the "Consideration Shares"), and partly of a cash payment. USD 67.5 million will be paid in 2,354,668 shares in Smart Eye and the remainder will be paid in cash. Smart Eye's Board of Directors will resolve to issue part of the Consideration Shares based on an authorisation expected to be resolved on by an extraordinary general meeting planned to be held on 11 June 2021 (the "EGM"). Smart Eye's Board of Directors also intends to explore the conditions to carry out a new share issue of approximately SEK 275 million directed to Swedish and international institutional investors through an accelerated bookbuilding procedure conducted by Carnegie (the "Directed Share Issue").

## The Transaction in Brief

- The Consideration for 100 percent of the shares in Affectiva based on Affectiva's financial position as of 31 December 2020 amounts to USD 73.5 million
  - USD 67.5 million will be paid with 2,354,668 new Smart Eye shares, of which 2,015,626 are to be issued upon closing of the Transaction. The remaining 339,042 Smart Eye shares will be issued within two years of closing of the Transaction, whereof 84,301 will be issued one year after closing of the Transaction and 254,741 will be issued two years after closing of the Transaction. The remainder of the Consideration, corresponding to USD 6.0 million, will be paid in cash upon closing of the Transaction.
- By combining their best-of-breed technologies and two highly skilled and complementary teams, Smart Eye and Affectiva will bring to market unparalleled, automotive-grade Interior Sensing AI, better and faster than the competition. The combined company's solution will not only improve automotive safety, saving human lives around the world, it will also provide differentiated mobility experiences that enhance wellness, comfort and entertainment.
- Affectiva's revenue reached approximately USD 5 million during the twelve-month period ending 31 March 2021 with a gross margin of 86 percent.
- The Transaction is in line with Smart Eye's commercial strategy to expand into the Interior Sensing market, the natural evolution of the driver monitoring systems market.
- Smart Eye's Board of Directors intends to explore the conditions to carry out a new issue of shares in Smart Eye corresponding of approximately SEK 275 million through an accelerated

bookbuilding procedure conducted by Carnegie, which intends to be directed to Swedish and international institutional investors.

- The final outcome of the Directed Share Issue will be announced before the commencement of trading on Nasdaq First North Growth Market on 26 May 2021.
- Notice to the EGM, expected to be held on 11 June 2021, to authorise the Board Of Directors to resolve to issue the Consideration Shares to be paid upon closing of the Transaction will be published in a separate press release.
- Mats and Martin Krantz, Swedbank Robur, The First Swedish National Pension Fund, Anders Jöfelt, Handelsbanken Fonder and Länsförsäkringar Fondförvaltning and Niclas Eriksson with family through company who hold approximately 41 percent of the shares in Smart Eye have expressed their intention to vote in favor of the resolution to approve the issue of the Consideration Shares at the EGM.
- Closing of the Transaction is expected to take place before the end of June 2021.

*For years, Smart Eye has been leading the driver monitoring space, enabling safe and sustainable transportation. As we watched this category evolve into Interior Sensing, monitoring the whole cabin, we quickly recognized Affectiva as a major player to watch. Affectiva's pioneering work in establishing the field of Emotion AI has served as a powerful platform for bringing this technology to market at scale. At the end of the day, this is about saving lives and bridging the gap between humans and machines. In the future, looking back at this moment in time, I am convinced that this is a decisive moment for road safety thanks to the announcement that we have made today.*

#### **Martin Krantz, CEO and Founder of Smart Eye**

*We are excited to join forces with Smart Eye. Our pioneering work in Emotion AI and Human Perception AI, and our deep expertise in machine learning, data acquisition and annotation, makes us the perfect complement to Smart Eye. By combining our exceptional technologies and expert teams, we will bring our AI solutions to market at scale, capitalizing on the opportunities presented by the rapidly emerging automotive Interior Sensing market and beyond.*

#### **Rana el Kaliouby, CEO and Co-Founder of Affectiva, intended Deputy CEO of Smart Eye**

#### **Background and Reasons**

Affectiva and Smart Eye are merging to create a global artificial intelligence (AI) powerhouse that will lead and accelerate the growth and development of the rapidly evolving automotive Interior Sensing market, as well as the Media Analytics and Human Factors Research markets.

Smart Eye has over two decades of experience building AI-based eye tracking and delivering automotive-grade Driver Monitoring Systems. Spun out of MIT Media Lab in 2009, Emotion AI pioneer Affectiva has, in recent years, broadened its technology to in-cabin sensing, using machine learning and computer vision to gain a deep, human-centric understanding of what is happening in a vehicle.

Rather than continuing as competitors in the automotive market, the companies are joining forces. Smart Eye and Affectiva have a joint view that interior sensing is the natural evolution of driving monitoring systems. By combining their best-of-breed technologies and two highly skilled and complementary teams, Smart Eye and Affectiva will bring to market unparalleled automotive-grade Interior Sensing AI. The combined company's solution will not only improve automotive safety, saving human lives around the world, it will also provide differentiated mobility experiences that enhance wellness, comfort and entertainment.

In addition to strengthening Smart Eye's automotive offering, Affectiva brings significant incremental revenues and profit from its industry-leading Media Analytics business. Used by 70 percent of the world's largest advertisers, Affectiva's enterprise-grade technology analyzes consumers' emotional reactions to brand content and experiences. This technology has synergies with Smart Eye's Research Instruments

solutions, which provide the world's leading research organizations with high-fidelity eye tracking systems for human factors research. The integration of Affectiva's AI with Smart Eye's eye tracking systems can provide human factors researchers and marketers with a more holistic and insightful view of people's behaviors. Combined, the two companies will capitalize on the continued growth of behavioral technologies within the marketing and research industries, which has been accelerated by the COVID-19 pandemic. Further, the Transaction expands Smart Eye's global presence. Affectiva's Boston office gives Smart Eye a footprint within the vibrant technology innovation ecosystem on the US East Coast, and its Cairo office provides access to highly skilled local talent.

## Consideration

The Consideration for 100 percent of the shares in Affectiva amounts to USD 73.5 million, equivalent to approximately SEK 611.4 million, based on Affectiva's financial position as of 31 December 2020. The Consideration consists of the Consideration Shares and a cash payment.

The value of the Consideration Shares amounts to USD 67.5 million, equivalent to approximately SEK 561.6 million, and the price per Consideration Share is based on Smart Eye's volume weighted average price ("VWAP") on Nasdaq First North Growth Market for the ten (10) consecutive trading days preceding this announcement excluding today's trading, equal to SEK 238.5 per share.

The Consideration Shares will be paid with an initial issuance of 2,015,626 shares upon closing of the Transaction, and the remaining 339,042 shares (the "Deferred shares") will be issued in lots of 84,301 shares (the "First tranche of Deferred shares") and 254,741 shares (the "Second tranche of Deferred shares") after one and two years, respectively, upon closing of the Transaction. The Deferred shares will be issued to a total of 11 Affectiva shareholders, of which 7 are key employees. Out of the initial 2,015,626 shares issued, up to 168,599 shares will be sold after closing of the Transaction.

### Consideration shares

To be paid upon closing	2,015,626
Deferred shares	339,042
<i>of which issued following 1 year from closing of the Transaction</i>	84,301
<i>of which issued following 2 years from closing of the Transaction</i>	254,741
<b>Consideration shares</b>	<b>2,354,668</b>

## Issue of Consideration Shares

Smart Eye's Board of Directors intends to issue 2,015,626 of the Consideration Shares upon closing of the Transaction. The First Tranche of Deferred shares is to be issued following one year from closing of the Transaction. The issue of 2,015,626 of the Consideration Shares is subject to the EGM granting the Board of Directors an issue authorisation to issue the Consideration shares to be issued at closing of the Transaction. The notice to the EGM will be announced in separate press release and is expected to be held on 11 June 2021. Smart Eye's Board of Directors intends to propose to general meetings, to be held in proximity to the dates for when the Deferred shares are to be issued, to authorise the Board of Directors to resolve on issuances of the First Tranche of Defferred shares and the Second Tranche of Deferred shares.

The Consideration Shares are proposed to be issued at a price of SEK 238.5 per share, based on Smart Eye's VWAP on Nasdaq First North Growth Market for the ten consecutive trading days preceding this announcement excluding today's trading.

## The Directed Share Issue

Smart Eye's Board of Directors intends to explore the conditions to carry out a directed new share issue of approximately SEK 275 million based on the authorization from the annual general meeting held on 14

April 2021. The Directed Share Issue will be conducted through an accelerated bookbuilding procedure conducted by Carnegie Investment Bank AB (publ). The bookbuilding procedure will commence immediately following the announcement of this press release. Pricing and allocation of the new shares are expected to take place before the trading on Nasdaq First North Growth Market commences at 09:00 CEST on 26 May 2021. The timing of the closing of the bookbuilding procedure, the pricing and the allocation of shares are at the discretion of the Company. The Company may also at any time decide to suspend, shorten or extend as well as to refrain in whole or in part from carrying out the Directed Share Issue. The Company will announce the outcome of the Directed Share Issue in a press release after the closing of the bookbuilding procedure.

The proceeds from the Directed Share Issue is intended to be used to fund i) Smart Eye and Affectiva's joint business plan following the completion of the Transaction; ii) the USD 6.0 million cash consideration to the sellers of Affectiva as well as; iii) Smart Eye's transaction costs relating to the Transaction.

The reason for deviating from the shareholders' preferential right is to ensure the most time and cost-effective financing as possible of the continued scale-up of the business, so that the Company will be able to cover its financing needs until the obtained and potential additional customers begin to generate sufficiently large revenues to cover the Company's costs. As the subscription price in the Directed Share Issue will be determined through a bookbuilding procedure, it is the Board of Directors' assessment that the subscription price will reflect current market conditions and demand.

## **Lock-up**

In connection with the Directed Share Issue, the CEO and Founder, Martin Krantz, Board Member and Founder, Mats Krantz, and Chairman of the Board, Anders Jöfelt, have entered into a 720 days lock-up for 50% of their holdings and 360 days lock-up for 50% of their holdings after the settlement date of the Directed Share Issue. The Company's CFO, Anders Lyrheden, CTO, Martin Rydberg, and the other members of the Board of Directors have entered into a 180 days lock-up after the settlement date of the Directed Share Issue. Furthermore, the Company has agreed to a commitment, with customary exceptions, not to carry out any additional issuances for a period of 180 calendar days after the settlement date of the Directed Share Issue.

## **Advisers**

Carnegie Investment Bank AB (publ) is acting as financial advisor to Smart Eye in relation to the Transaction and Sole Global Coordinator and Joint Bookrunner in the Directed Share Issue.

Advokatfirman Vinge and Morse, Barnes-Brown & Pendleton is acting as legal advisers to Smart Eye. Deloitte has acted as due diligence advisor to Smart Eye.

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

Martin Krantz, CEO Smart Eye AB  
Phone: +46 70-329 26 98  
Email: [martin.krantz@smarteye.se](mailto:martin.krantz@smarteye.se)

Anders Lyrheden, CFO Smart Eye AB  
Phone: +46 70-320 96 95  
Email: [anders.lyrheden@smarteye.se](mailto:anders.lyrheden@smarteye.se)

*This is information that Smart Eye AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, on 25 May 2021 at 17:45 CEST.*

## **About Smart Eye**

Smart Eye is leading the way towards safe and sustainable transportation. Every year, 1.2 million people lose their lives in traffic-related accidents around the world, another 50 million are injured. Our firm belief is that science and technology can help turn this around.

For over 20 years Smart Eye has developed artificial intelligence (AI) in the form of eye tracking technology that understands, supports and predicts a person's intentions and actions. By carefully studying eye, facial and head movement, our technology can draw conclusions about a person's awareness and mental state. Our eye tracking technology is used in the next generation of cars, commercial vehicles and providing new insights for research within aerospace, aviation, neuroscience and more.

Smart Eye's solutions are used around the world by more than 800 partners and customers, including the US Air Force, NASA, BMW, Lockheed Martin, Audi, Boeing, Volvo, GM, and Harvard University.

Visit [www.smarteye.ai](http://www.smarteye.ai) for more information.

Visit our investor web for more financial information: <http://www.corp.smarteye.se/en/>

Visit [www.corp.smarteye.se](http://www.corp.smarteye.se) for more financial information.

Visit <https://smarteye.se/smart-eye-acquires-affectiva/> for more information regarding the Transaction.

Smart Eye is listed on Nasdaq First North Growth Market. Erik Penser is Certified Adviser and can be reached at +46-8-463 8000 or [certifieradviser@penser.se](mailto:certifieradviser@penser.se).

### **About Affectiva**

Affectiva, with its 100 FTEs, is on a mission to humanize technology. An MIT Media Lab spin-off, Affectiva created and defined the Emotion AI and Human Perception AI categories. Built on deep learning, computer vision, speech science and massive amounts of real-world data, Affectiva's technology can detect nuanced human emotions, complex cognitive states, activities, interactions and objects people use. In automotive, Affectiva's Interior Sensing AI is enabling leading car manufacturers, fleet managers and ridesharing companies to build next-generation mobility that understands the state of the driver, the cabin and the occupants in it. Affectiva's technology is also used by several Fortune Global 500 companies to test consumer engagement with ads, videos and TV programming.

For more information, visit [www.affectiva.com](http://www.affectiva.com) or follow on Twitter, LinkedIn, Facebook and Instagram.

### **IMPORTANT INFORMATION**

This announcement is not and does not form a part of any offer for sale of securities. Copies of this announcement are not being made and may not be distributed or sent into the United States, Australia, Canada, Japan, Great Britain, Hong Kong, Singapore, South Africa 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 sold in the United States absent registration or an exemption from the registration requirements of the Securities Act and in accordance with applicable U.S. state securities laws. The Company does not intend to register any securities in the United States or to conduct a public offering of securities in the United States. This announcement and this offering are only addressed to and directed at persons in member states of the European Economic Area, except for Sweden, (a "Relevant State") who are "Qualified Investors" within the meaning of Article 2(e) of the Prospectus Regulation. The securities are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, Qualified Investors. This announcement should not be acted upon or relied upon in any Relevant State by persons who are not Qualified Investors. For the purposes of this provision the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

In the United Kingdom, this document and any other materials in relation to the securities described herein is only being distributed to, and is only directed at, and any investment or investment activity to which this document relates is available only to, and will be engaged in only with, qualified investors (as defined in the Prospectus Regulation as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018) and who are (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") or (ii) high net worth entities, and other persons to whom this

announcement may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "Relevant Persons"). This communication must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this communication relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. Persons distributing this communication must satisfy themselves that it is lawful to do so.

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," "intends," "estimate," "will," "may," "continue", "should" and similar expressions. The forward-looking statements in this release are based upon various assumptions, many of which are based, in turn, upon further assumptions. 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. The information, opinions and forward-looking statements contained in this announcement speak only as at its date, and are subject to change without notice.