

GOTHENBURG, 26 October 2021
Smart Eye press release

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

Smart Eye Aktiebolag (publ) ("Smart Eye" or the "Company") has today entered into an agreement with the shareholders of iMotions A/S ("iMotions") to acquire 100 percent of the shares in iMotions (the "Acquisition") for a consideration corresponding to an enterprise value of iMotions of SEK 400 million based on iMotions' financial position as of 31 December 2020 (the "Consideration"), excluding a potential earn-out consideration of SEK 50 million. iMotions is a provider of multimodal software for human behavior research with offices in Copenhagen, Boston, Singapore and Berlin. Approximately SEK 200 million will be paid in 1,019,493 newly issued shares in Smart Eye (the "Consideration Shares") and the remainder will be paid in cash. Smart Eye's Board of Directors will resolve to issue the Consideration Shares based on an authorization expected to be resolved on by an extraordinary general meeting planned to be held on 12 November 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 200 million directed to Swedish and international institutional investors through an accelerated bookbuilding procedure conducted by Carnegie Investment Bank AB (publ) (the "Directed Share Issue").

The Acquisition in Brief

- The Consideration for 100 percent of the shares in iMotions based on iMotions' financial position as of 31 December 2020 corresponds to an enterprise value of iMotions of SEK 400 million.
 - Approximately SEK 200 million will be paid in 1,019,493 new Smart Eye shares, all of which are to be issued upon closing of the Acquisition.
 - The remaining consideration of approximately SEK 200 million will be paid in cash upon closing of the Acquisition.
- Combining Smart Eye's advanced eye tracking and emotion AI technologies with iMotions' innovative, multiple-sensor data collection and analytics software to create a powerhouse in

human behavioral research and analysis offering an end-to-end, multi-modal approach to analyzing complex human behaviors and delivering holistic human insights.

- Incorporating iMotions' software solution will enhance and future-proof Smart Eye's offering in the automotive sector by providing a platform that combines multiple sensor modalities to offer better insights.
- The Acquisition will also expand Smart Eye's offering within Research Instruments into the multimodal research market.
- iMotions' revenue reached approximately SEK 95 million during the twelve-month period ending 30 September 2021, with gross and EBITDA margins of 71 and 11 percent, respectively¹.
- Smart Eye's Board of Directors intends to explore the conditions to carry out a new issue of shares in Smart Eye of approximately SEK 200 million through an accelerated bookbuilding procedure conducted by Carnegie Investment Bank AB (publ), which intends to be directed to Swedish and international institutional investors.
- The Directed Share Issue is intended to partly be based on the share issue authorization from the annual general meeting held on 14 April 2021, and partly by way of the Board of Directors resolving on the remainder of the shares to be issued following approval by the EGM expected to be held on 12 November 2021.
- Mats and Martin Krantz as well as Anders and Linda Jöfelt, who together hold approximately 17 percent of the shares in Smart Eye have undertaken to vote in favor of the resolution to approve the part of the Directed Share Issue that is subject to the EGM's approval at the EGM. In addition, large shareholders who jointly hold approximately 25 percent of the shares in Smart Eye have expressed their intention to vote in favor of the resolution at the EGM.
- The final outcome of the Directed Share Issue will be announced before the commencement of trading on Nasdaq First North Growth Market on 27 October 2021.
- Notice to the EGM, expected to be held on 12 November 2021, to authorize the Board Of Directors to resolve to issue the Consideration Shares to be paid on closing of the Acquisition will be published in a separate press release.
- Closing of the Acquisition is expected to take place before the end of November 2021.

In the coming decade, we are going to see an expansion of human behavioral research utilizing multimodal approaches, and the addition of iMotions and its multi-sensor integration software gives us the tools to unlock increased value for Smart Eye's customers, particularly in the automotive industry. The future is multimodal with technological advances likely to make it easier, faster and more cost-effective to understand what's driving human behavior and decision making. With iMotions, we're adding multimodal analysis software to our advanced eye tracking and facial expression analysis platform.

Martin Krantz, CEO and Founder of Smart Eye

Smart Eye and iMotions have shared visions for eye tracking and multimodal research for many years. In Smart Eye we have the ideal partner to further invest in the vision to accelerate human behavior insights, driving transformation that will fuel our customers' successes across commercial industries, as well as for academic researchers. Together, we will work on long-term strategies that will benefit our partners and

¹ Based on iMotions' internal consolidated financial statements for the period.

open the best opportunities for our employees. It's going to be exciting to collaborate closer based on our shared values and culture.

Peter Hartzbech, CEO and Founder of iMotions

Background and Reasons

With its strong position in the field of Human Insight AI, Smart Eye will couple its advanced eye tracking and Emotion AI technologies with iMotions' innovative, multiple-sensor data collection and analytics software to create a powerhouse in human behavioral research and analysis, an end-to-end, multimodal approach to analyzing complex human behaviors and delivering holistic human insights.

iMotions has more than 15 years of experience developing and delivering a solution that in real-time integrates data streams from more than 50 biosensors, as well as other explicit measures, into a single research platform that provides a deeper, more comprehensive understanding of human behavior.

With iMotions, research teams are able to expand beyond single technology analysis and streamline data from multiple modalities such as eye-tracking, facial expression analysis, sweat gland activity, brain activity, heart rate, field surveys, focus groups and more. Integration with Smart Eye's eye-tracking and facial expression analysis will power iMotions' product innovation that makes nonconscious human behavioral research more accessible, scalable, and insightful.

Incorporating iMotions' software solution will enhance and future-proof Smart Eye's offering in the automotive sector by providing a platform that combines multiple sensor modalities to offer better insights. In the evolving Interior Sensing market, cameras and sensors are turned inward to understand what is happening inside a vehicle, where advanced AI, computer vision and other sensing modalities are applied to measure the state of the driver, the cabin and its occupants. To further understand what is happening in a vehicle, and specifically to understand complex human behavior in challenging environments, a multimodal approach will be required, synchronizing high-quality multiple sensor data and providing integrated analytics for holistic insights. The acquisition of iMotions, and integration of iMotions' technology into Smart Eye's Interior Sensing solution, will improve the ability to understand what is happening inside a vehicle and translate data into actionable insights.

iMotions brings more than 1,300 customers worldwide across academia and commercial verticals, including 55 of the World's Top 100 universities, according to QS World University Ranking. For iMotions, Smart Eye provides an entry point into Asia-Pacific markets. Following the Acquisition, iMotions will be a wholly owned subsidiary of Smart Eye and continue to be independently operated.

Consideration

The Consideration for 100 percent of the shares in iMotions corresponds to an enterprise value of iMotions of SEK 400 million, based on iMotions' 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 approximately SEK 200 million. The price per Consideration Share is based on Smart Eye's volume weighted average price ("VWAP") on Nasdaq First North Growth Market for the trading days since 9 August 2021 excluding today's trading, equal to SEK 197.3931 per share.

The Consideration Shares is planned to be paid through an initial issuance of 1,019,493 shares upon closing of the Acquisition. A maximum of SEK 50m in earn-out cash consideration dependent on iMotions meeting pre-determined targets on gross profit and EBITDA before capitalization of development costs for 2021 and 2022. Up to 25 percent of the earn-out cash consideration is dependent on meeting the 2021 targets and up to 75 percent of the earn-out cash consideration is dependent on meeting the 2022 targets.

The issue of the Consideration Shares is subject to the EGM granting the Board of Directors an issue authorization to issue the Consideration Shares and the Board of Directors utilizing such authorization. The notice to the EGM will be announced in separate press release and is expected to be held on 12 November 2021.

The Directed Share Issue

To fund the cash component of the Consideration, Smart Eye's Board of Directors intends to explore the conditions to carry out a directed new share issue of approximately SEK 200 million. The Directed Share issue is intended to partly be based on the share issue authorization from the annual general meeting held on 14 April 2021, and partly by way of the Board of Directors resolving on the remainder of the shares to be issued following approval by the EGM expected to be held on 12 November 2021.

The Directed Share Issue will be carried out 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 27 October 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 reasons for deviating from the shareholders' preferential right are to, in a time- and cost-effective manner raise necessary capital to carry out the acquisition of iMotions. Thus, Smart Eye's Board of Directors assess that the reason to carry out the Directed Share issue with deviation from the shareholders' preferential rights outweighs the principal rule that new share issues shall be carried out with preferential rights for existing shareholders and that a share issue with deviation from the shareholders' preferential rights is most favorable for Smart Eye and its shareholders. 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 Company's 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 percent of their holdings in Smart Eye and 360 days lock-up for 50 percent 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 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.

The selling shareholders of iMotions have agreed to lock-up undertakings of 12 months for 50 percent of the Consideration Shares and 24 months for 50 percent of the Consideration Shares.

Advisers

Carnegie Investment Bank AB (publ) is acting as financial adviser to Smart Eye in relation to the Acquisition and Sole Global Coordinator and Bookrunner in the Directed Share Issue. Advokatfirman Vinge is acting as legal advisers to Smart Eye. Deloitte has acted as due diligence adviser to Smart Eye in relation to the Acquisition.

For further information, please contact

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This is information that Smart Eye Aktiebolag (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 26 October 2021 at [XX:XX] CEST.

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 bridge the gap between humans and machines for a safe and sustainable future.

Today, our technology is embedded in next-generation vehicles, leading the way towards human-centric mobility through Driver Monitoring Systems and Interior Sensing solutions. Our Research Instruments offer unparalleled insights into Automotive, Aviation & Aerospace, Assistive Technology, Media & Marketing, Psychology and many more fields. Our subsidiary Affectiva is pioneering Emotion AI, connecting machine logic with human empathy to gain a deeper understanding of how consumers engage with content and products.

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

Visit 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 for more financial information.

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.

About iMotions

Founded in 2005 and headquartered in Copenhagen with offices in Boston, Singapore and Berlin, iMotions has successfully developed the world's leading human behavior software solution. The software combines data from +50 sensors - eye tracking, facial expressions, sweat gland activity, brain activity and more - in one easy-to-use software that uniquely and in real-time tracks, aggregates and analyses nonconscious emotional, cognitive and behavioral data providing research teams a deeper, more comprehensive understanding of human behaviors.

More than 1,300 organizations around the world - from leading academic institutions to global brands to highly respected healthcare organizations - use iMotions. Customers include worldwide top tier universities, corporations, agencies, government, and military customer segments. iMotions successfully developed the multimodal research market from the eye tracking research market and is today a global SaaS company and leader in the early-stage niche market for multimodal software for human behavior research as well as a knowledge intensive organization with in-depth neuroscience expertise as part of the global organization.

For more information, [visit iMotions.com](http://www.imotions.com).

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.

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," "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.

Information to distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "MiFID II Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the shares in Smart Eye have been subject to a product approval process, which has determined that such shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "Target Market Assessment").

Notwithstanding the Target Market Assessment, Distributors should note that: the price of the shares in Smart Eye may decline and investors could lose all or part of their investment; the shares in Smart Eye offer no guaranteed income and no capital protection; and an investment in the shares in Smart Eye is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Directed Share Issue.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the shares in Smart Eye.

Each distributor is responsible for undertaking its own target market assessment in respect of the shares in Smart Eye and determining appropriate distribution channels.