



# Smart Eye

## Interim report

January-September 2019

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



# Continued focus on Automotive procurements

## July – September 2019

- Net sales totalled SEK 12,264 (15,234) thousand which corresponds to a decrease of 19 %.
- Operating profit/loss totalled SEK -23,623 (-9,759) thousand, Earnings are developing according to plan and reflects the continued effort to deliver on won contracts as well as to manage the large amount of ongoing procurement. In addition, investments in the new business area AIS (Applied Artificial Intelligence Systems) increased during the quarter.
- Profit/loss after financial items was SEK -23,676 (-9,836) thousand
- Profit/loss after tax per share is negative.
- Cash and cash equivalents totalled SEK 186,164 thousand at the end of September
- In September the company earned eight additional design wins from the Japanese OEM that Smart Eye earlier this year has communicated a design win with. The estimated revenue of the order is SEK 200 million based on product life cycle projections.

## January – September 2019

- Net sales totalled SEK 36,312 (35,817) thousand which corresponds to a rise of 1 %.
- Operating profit/loss totalled SEK -70,519 (-40,369) thousand.
- Profit/loss after financial items was SEK -70,772 (-40,666) thousand
- Profit/loss after tax per share is negative.

## Estimated value of obtained design wins

As of the report for the second quarter of 2018, the company provides information on the estimated market value of obtained design wins at the time of publication of the report. The figures in brackets show the levels at the time of the publication of the preceding report, which in this case was August 23 2019.

The total estimated value of the company's 53 (45) design wins announced to date currently amounts to at least 1,350 MSEK (1,150) over a product life cycle.

If the company's system had been used in all car models on existing platforms by the eight (eight) car manufacturers with whom design wins have been communicated, the estimated value would amount to at least 2,650 MSEK (2,650) over a product life cycle.

## Financial summary

TSEK	Jul-Sep		Jan-Sep		Full Year
	2019	2018	2019	2018	2018
Net revenue	12 264	15 234	36 312	35 817	50 778
Operating costs	-43 623	-29 516	-129 382	-90 445	-127 112
Operating profit/loss	-23 623	-9 759	-70 519	-40 369	-55 998
Operating margin, %	neg.	neg.	neg.	neg.	neg.
Profit/loss after tax	-23 676	-9 836	-70 772	-40 666	-56 404
Profit per share, SEK	-1,57	-0,75	-4,68	-3,09	-4,29
Profit per share after full dilution, SEK	-1,54	-0,74	-4,60	-3,06	-4,24
Return on total capital	-7,4%	-5,3%	-22,0%	-22,0%	-33,3%
Equity per share, SEK	19,00	14,07	18,995734	14,07	12,88
Equity per share after full dilution, SEK	18,67	13,90	18,674346	13,9	12,72
Equity ratio	89%	87%	89%	87%	83%
Number of shares	15 118 984	13 146 943	15 118 984	13 146 943	13 146 943
Number of shares after full dilution	15 379 184	13 307 143	15 379 184	13 307 143	13 307 143
Average number of shares before full dilution	15 118 984	11 199 248	15 118 984	13 307 143	11 703 973
Average number of shares after full dilution	15 379 184	11 359 448	15 379 184	13 557 143	11 846 372

# Comments from the CEO

## In-car AI from Automotive solutions

The third quarter includes the slightly more quiet summermonths of July and August, but that did not mean that the ongoing procurement process from the car industry's giants stopped. Technical issues and other questions continued to arrive in a steady stream, as it will be until a supplier is appointed and a contract is in place. After the nomination of a supplier the work enters into a phase where a project is formed that should deliver software with high precision to the project until the day the car is put into production, one to three years after supplier nomination. During the quarter, the procurement processes continued with full intensity and the decision in many of them is imminent. It's with the highest confidence we're looking forward to the awards about to be distributed.

Smart Eye is a respected name in the automotive industry and it's well known among customers that no other Tier-2 supplier has been nominated for so many car models by so many manufacturers. It's a stamp of quality and a factor that creates a positive spiral due to the fact that very few car manufacturers will risk developing a costly function which in the end doesn't deliver the intended performance.

Smart Eye is always considered as a possible alternative in all major ongoing procurements. We prove ourselves over and over again in the highly competitive and quality-conscious automotive industry by delivering to advanced projects where the active safety systems work together. This places high demands on safety classification and Smart Eye manages to deliver software according to the very highest specifications.

In the near future, we expect manufacturers whose share of world production exceeds 20% of all vehicles will be determined. However, the procurements will not include all cars in their model programs, at least not at first. In the long run, with support from safety ranking institutes and new legislation, there are reasons to believe that DMS becomes as common as seat belts and airbags.

We also estimate that those car companies whose procurement processes that are in a somewhat



later phase and thus will not be decided in the immediate future, but start next year does constitute an additional at least 20% share of world production. In addition, the two major global manufacturers that Smart Eye was nominated for and reported in Q1 and Q2 together have a share of world production exceeding 15%. It's in the light of this rapid market development that we're able to proudly communicate eight new design wins from an existing Japanese customer during the quarter, a verification of the fact that our business model is working.

## New Business Area AIS

But the company is more than just Automotive Solutions, even though that business area rightly gets most of the limelight right now. On July 1<sup>st</sup>, a new business area called AIS was formally inaugurated. AIS stands for Applied Artificial Intelligence Systems. The word Systems in the name signals that the new business area will offer not only software, but also hardware, which means that Smart Eye soon can offer a complete system to the automotive industry. This does not mean that Smart Eye abandons its winning concept of selling software through global Tier-1 suppliers who in turn sell complete systems to major car OEM's. Through this development of our offer as an aftermarket system with a focus on China. We're going to be able to meet the growing market demand in China where regulatory

initiatives in the near future are expected to require driver monitoring for certain types of transport of dangerous goods and long-distance buses. By connecting our software to a specific hardware, we're ensuring that our software is not copied, which is an important factor in protecting our competitiveness and integrity.

AIS will cover the cases where the volumes are not as large as for Automotive Solutions but still much larger than the research customers of Research Instruments. Typical customers are operators of car and truck fleets, bus companies as well as manufacturers of commercial vehicles and special vehicles with small to medium volumes. The product is being developed and tested to the full requirements and standards of the automotive industry, while great effort is put into gaining full functionality including the latest AI technology at a competitive price. In the second half of next year, the product will be launched to a wider audience, but already during the winter, a number of pilot tests with specially selected customers are planned. These tests will provide important information and data for the further development of algorithms and the tuning of customer functions. Part of the capital of 200 million SEK raised before the summer was aimed towards the AIS investment.

Eye tracking system for research purposes

Research Instruments has had a somewhat less intense quarter than the rest of the company, where the trend of delays on large contracts has unfortunately continued. However, we have not lost contracts to competitors or any business opportunities, it's a shift in purchases beyond the company's control where sales are expected to be realized in the coming quarters.

The company has started to develop the product range with the aim of broadening the offer. We will move our position forward regarding smaller eye tracking systems with lower price tags and higher volumes. In addition to increasing the total sales volume, it can also help to reduce the fluctuations in the business area in the future by not having as much relative impact on a few large orders.

#### Expectations for Q4

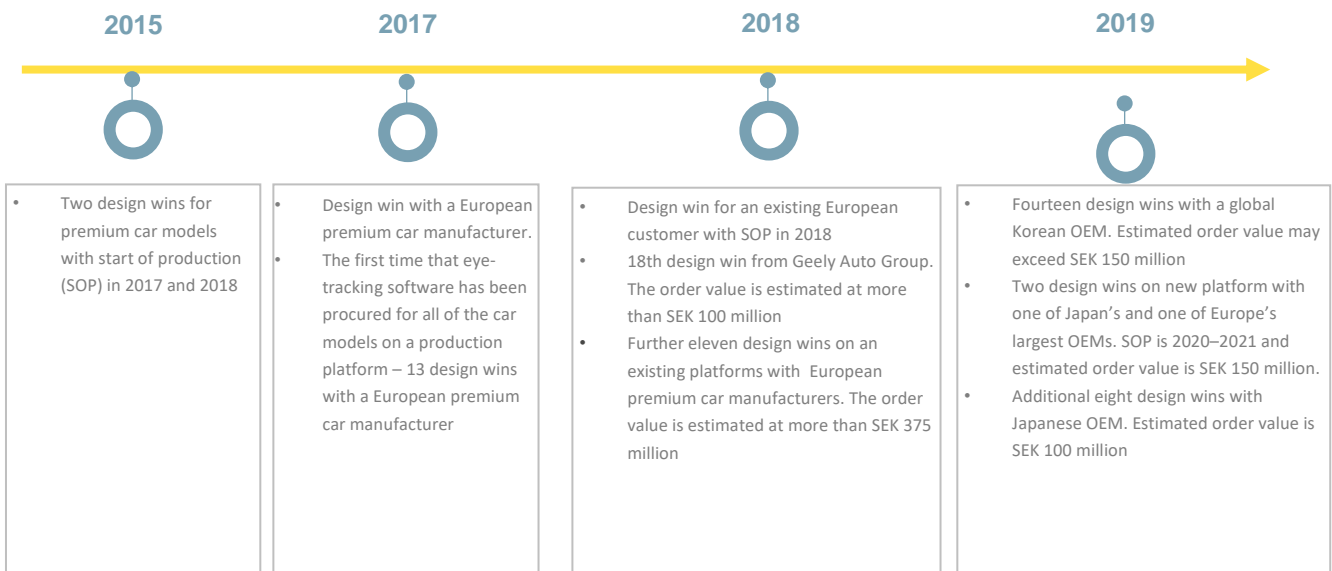
We enter the fourth quarter with the highest possible pace in all parts of the business. We aim to defend our market-leading position by continuing to win design wins with existing and new customers. For this we are perfectly positioned. It is with both pride and pioneering spirit that we as a company develop the market for the interface between humans and AI, for the research and automotive industry, today and in the future

*Martin Krantz*

CEO Smart Eye

# Estimated value of obtained design wins

The table below shows the estimated value of the design wins announced by the company and the estimated potential value if the company were to win additional design wins on already obtained platforms. The calculations have been made by the company based on OEMs’ estimated production volumes of car models and may change due to changed conditions for life cycle estimates of the car platforms.



	DW 1-29	DW 30-53	Total
Estimated revenue over the product life cycle from current design wins	850	500	<b>1,350</b>
Estimated revenue over the product life cycle from possible additional designs wins with existing car manufacturers on existing platforms	1,150	150	<b>1,300</b>
Estimated revenue over the product life cycle including current and possible additional designs wins with existing car manufacturers on existing platforms	2,000	650	<b>~2,650</b>

# The Group in summary

## Revenue and earnings

### Third quarter 2019

Net sales for the period June to September 2019 totalled SEK 12,264 thousand (15,234), a decrease of 19%. The decrease is attributable to lower sales in the Research Instruments business area. The trend from previous quarter regarding delayed orders has continued. It is important to note that the company makes the assessment that it is a shift in order placement and thus not lost contracts.

Net sales for Automotive Solutions in the third quarter amounted to SEK 7,752 thousand, compared with SEK 6,244 thousand in the third quarter of 2018. The increase of 24% is due to that the license revenue for produced cars with Smart Eye's technology has continued to increase during the quarter.

Net sales for the Research Instruments business area in the third quarter amounted to SEK 4,512 thousand (8,990).

The reason for the significantly lower sales compared to the previous year's third quarter, is that a number of orders from both the second and third quarter has moved forward in time. The assessment, however, is that no business has been lost, neither to competitors nor due to missing future orders

Other operating revenue, which mainly pertains to external research projects, amounted to SEK 1,212 thousand (59). Capitalised work for own account amounted to SEK 6,524 thousand (4,464) during the period.

The Group's total revenue for the period was SEK 20,000 thousand (19,757).

The operating result for the period was SEK -24,669 thousand (-16,764). Operating costs are in line with plans and reflects the continued commitment to deliver on won contracts and manage the large amount of ongoing procurement within the Automotive Solutions business area. In addition, investments in the new AIS business area increased during the quarter.

### January - September 2019

Net sales for the period January to September 2019 totalled SEK 36,312 thousand (35,817), an increase of 1%.

Other operating revenue, which mainly pertains to external research projects, amounted to SEK 3,059 thousand (1,489). Capitalised work for own account amounted to SEK 19,492 thousand (12,769) during the period.

The Group's total revenue for the period was SEK 58,863 thousand (50,076).

The operating result for the period was SEK -70,519 thousand (-40,369).

The change in earnings is mainly attributable to increased investments in primarily personnel to manage won contracts and the high customer activity in the Automotive Solutions business area. In the second and third quarter, costs for the new AIS business area has affected the earnings.

Net sales for the Automotive Solutions business area totalled SEK 20,121 thousand in January-September, compared with SEK 17,425 thousand for the corresponding period 2018. During the first nine months of the year, license revenue for produced cars with Smart Eye technology has gained momentum, which is the explanation for the increase in sales.

Net sales for the Research Instruments business area in January-September amounted to SEK 16,191 thousand (18,392)

## Financial position

In addition to cash and cash equivalents of SEK 186.2million, the Group has an unutilised bank overdraft facility of SEK 5 million.

## Important events during the period

In September the company earned eight additional design wins from the Japanese OEM that Smart Eye earlier this year has communicated a design win with. The estimated revenue of the order is 200 MSEK based on product life cycle projections.

## Significant risks and uncertainties in summary

### Operational risks

The business operations are subject to risk factors that could impact the company's commercial and financial position. The risks relate in part to development operations proceeding as planned and in part to the company's success in recruiting qualified personnel to the necessary extent.

### Financial risks

The company is financed through share capital and loans. Should the company not generate revenue to the extent and over the time perspective assessed by the Board, this could result in additional capital requirements.

As sales increase, the company will be exposed to increased currency exposure, since most of the company's sales will be denominated in a currency other than Swedish kronor.

#### **Market risks**

Eye tracking is an emerging technology, whereby the company's products are currently used in behavioural research and as integrated products in the automotive industry. A delay or the non-materialisation of a launch of eye tracking in the automotive industry could entail a risk of a lower-than-expected growth rate.

Otherwise, regarding risks and uncertainties, refer to the 2018 Annual Report, page 24.

#### **Transactions with related parties**

There were no transactions with related parties during the period.

#### **Accounting policies**

This interim report has not been reviewed by the company's auditor.

Gothenburg, 25 October 2019

Board of Directors  
Smart Eye Aktiebolag (publ)

The interim report has been prepared in accordance with the Annual Accounts Act and the general advice and guidelines of the Swedish Accounting Standards Board, BFNAR 2012:1, Annual Reports and Consolidated Financial Statements (K3). The same accounting policies have been applied as in the 2018 Annual Report.

#### **Share-based incentive scheme**

At the Annual General Meeting on May 15, 2019, the Company resolved to establish an incentive program directed at senior executives and staff. With full utilization of the Company's incentive program, 100,000 shares will be issued, resulting in a total dilution impact of a maximum of around 0.76 percent of the share capital and number of votes. The subscription price for shares supported by warrants is SEK 163 per share. The premium per subscription option, which has been calculated according to the Black & Scholes model, amounted to SEK 17. The subscription of shares may take place during the period from 1 June 2022 to 30 June 2022.

In addition, the company has an ongoing incentive program that was approved by the Annual General Meeting on April 25, 2018.



# Consolidated Statement of Income

TSEK	Jul-sep 2019	Jul-sep 2018	Jan-Sep 2019	Jan-Sep 2018	Full Year 2018
<b>Operating revenue</b>					
Net revenue	12 264	15 234	36 312	35 817	50 778
Capitalised work for own account	6 524	4 464	19 492	12 769	17 976
Other operating revenue	1212	59	3 059	1 489	2 360
<b>Total operating revenue, etc.</b>	<b>20 000</b>	<b>19 757</b>	<b>58 863</b>	<b>50 076</b>	<b>71 114</b>
<b>Operating costs</b>					
Other external costs	-19 088	-10 874	-55 958	-34 007	-48 424
Personnel costs	-19 713	-15 059	-60 836	-46 888	-64 943
Depreciation and write-down of tangible and intangible assets	-4 822	-3 583	-12 588	-9 551	-13 745
	<b>-43 623</b>	<b>-29 516</b>	<b>-129 382</b>	<b>-90 445</b>	<b>-127 112</b>
<b>Operating profit/loss</b>	<b>-23 623</b>	<b>-9 759</b>	<b>-70 519</b>	<b>-40 369</b>	<b>-55 998</b>
<b>Result of financial items</b>					
Other interest income and similar items	4	0	4	1	21
Interest costs and similar items	-57	-77	-257	-298	-371
<b>Total result of financial items</b>	<b>-53</b>	<b>-77</b>	<b>-253</b>	<b>-297</b>	<b>-350</b>
<b>Result after financial items</b>	<b>-23 676</b>	<b>-9 836</b>	<b>-70 772</b>	<b>-40 666</b>	<b>-56 348</b>
Tax on the result for the period	0	0	0	0	0
<b>Result for the period</b>	<b>-23 676</b>	<b>-9 836</b>	<b>-70 772</b>	<b>-40 666</b>	<b>-56 404</b>

# Consolidated Balance Sheet

TSEK	2019-09-30	2018-09-30	2018-12-31
Intangible assets	99 339	74 245	79 729
Tangible assets	6 030	4 768	4 769
Financial assets	25	25	25
<b>Total fixed assets</b>	<b>105 394</b>	<b>79 037</b>	<b>84 523</b>
<b>Inventories</b>	<b>4 315</b>	<b>3 045</b>	<b>4 308</b>
Trade receivables	13 477	18 537	19 342
Current tax receivables	2 472	1 495	1 820
Other current receivables	2 147	942	1 548
Prepaid expenses and accrued income	7 982	4 862	2 614
<b>Current receivables</b>	<b>26 078</b>	<b>25 836</b>	<b>25 324</b>
<b>Cash and cash equivalents</b>	<b>186 164</b>	<b>104 568</b>	<b>89 946</b>
<b>Total current assets</b>	<b>216 557</b>	<b>133 448</b>	<b>119 577</b>
<b>TOTAL ASSETS</b>	<b>321 951</b>	<b>212 485</b>	<b>204 101</b>

# Consolidated Balance Sheet

TSEK	2019-09-30	2018-09-30	2018-12-31
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital	1 512	1 315	1 315
Non-registered share capital	0	0	0
Fund for development costs	65 531	40 860	45 816
Share premium fund	21 914	21 914	21 914
	<b>88 957</b>	<b>64 088</b>	<b>69 044</b>
<b>Unrestricted equity</b>			
Share premium fund	479 814	291 617	291 617
Translation difference	185	-5	89
Retained profit	-210 988	-130 080	-135 035
Profit/loss for the year	-70 772	-40 700	-56 404
	<b>198 239</b>	<b>120 833</b>	<b>100 267</b>
<b>Total equity</b>	<b>287 196</b>	<b>184 921</b>	<b>169 312</b>
Other debt to credit institutions	2 167	4 167	3 667
<b>Non-current liabilities</b>	<b>2 167</b>	<b>4 167</b>	<b>3 667</b>
Advance payments from customer	1 380	953	2 231
Trade payables	10 063	6 690	9 641
Current tax liability	0	0	58
Other current debt	5 280	0	4 529
Accrued expenses and prepaid income	13 865	13 754	12 663
Other debt to credit institutions	2 000	2 000	2 000
<b>Current liabilities</b>	<b>32 588</b>	<b>23 397</b>	<b>31 122</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>321 951</b>	<b>212 485</b>	<b>204 101</b>

## Consolidated change in equity

TSEK	Share capital	Other contributed Equity	Other Equity	Total equity
<b>Opening balance 2018-01-01</b>	<b>991</b>	<b>161 651</b>	<b>-89 234</b>	<b>73 408</b>
New issue*	324	150 935	0	151 259
Ongoing new issue, subscribed and paid in, not registered	0	945	0	945
Translation difference			105	105
Profit/loss for the year	0	0	-56 404	-56 404
<b>Equity 2018-12-31</b>	<b>1 315</b>	<b>313 531</b>	<b>-145 533</b>	<b>169 312</b>
<b>Opening balance 2019-01-01</b>	<b>1 315</b>	<b>313 531</b>	<b>-145 533</b>	<b>169 312</b>
New issue*	197		187 387	187 584
Ongoing new issue, subscribed and paid in, not registered		811		811
Translation difference			261	261
Profit/loss for the year			-70 772	-70 772
<b>Equity 2019-09-30</b>	<b>1 512</b>	<b>314 342</b>	<b>-28 657</b>	<b>287 196</b>

The share capital consists of 15 118 984 shares with a quota value of SEK 0.1.

\* During the period a new issue was registered and the share capital increased by SEK 197 204,10



# Consolidated Cash Flow Analysis

TSEK	2019-09-30	2018-09-30	2018-12-31
<b>Current activities</b>			
Operating profit after depreciation	-70 519	-40 369	-55 998
Reversal of depreciation	12 588	9 551	13 745
Financial payments received	4	1	21
Financial disbursements	-257	-298	-371
Tax	0	0	0
<b>Change in operating capital</b>			
Change in stocks	-8	-85	-1 349
Change in trade receivables	5 864	-4 605	-5 410
Change in other current receivables	-6 092	-2 021	-704
Change in trade payables	473	-1 139	1 813
Changes in other current liabilities	1 328	2 558	7 331
<i>Cash flow, current activities</i>	-56 619	-36 407	-40 922
<b>Investment activities</b>			
Intangible assets	-30 817	-19 301	-28 595
Tangible assets	-2 642	-665	-1 050
Financial assets	-679	0	0
<i>Cash flow, investment activities</i>	-34 138	-19 966	-29 645
<b>Financing activities</b>			
New issue	188 394	152 204	152 204
Distribution			
Non-current liabilities	-1 500	-1 500	-2 000
<i>Cash flow, financing activities</i>	186 894	150 704	150 204
<i>Translation difference</i>	81	-25	47
Cash flow	96 218	94 306	79 684
Opening cash and cash equivalents	89 946	10 262	10 262
<b>Closing cash and cash equivalents</b>	<b>186 164</b>	<b>104 568</b>	<b>89 946</b>

# Parent Company's Statement of Income

TSEK	Jul-sep 2019	Jul-sep 2018	Jan-sep 2019	Jan-sep 2018	Helår 2018
<b>Operating revenue</b>					
Net revenue	12 264	15 234	36 312	35 818	50 778
Capitalised work for own account	6 524	4 464	19 492	12 769	17 976
Other operating revenue	1212	148	3 059	1489	2 360
<b>Total operating revenue</b>	<b>20 000</b>	<b>19 845</b>	<b>58 863</b>	<b>50 076</b>	<b>71 114</b>
	0				
Other external costs	-19 190	-10 943	-56 317	-34 157	-48 680
Personnel costs	-19 676	-15 059	-60 791	-46 889	-64 878
Depreciation and write-down of tangible and intangible assets	-4 822	-3 583	-12 588	-9 551	-13 745
<b>Total operating costs</b>	<b>-43 688</b>	<b>-29 585</b>	<b>-129 696</b>	<b>-90 597</b>	<b>-127 303</b>
<b>Operating profit/loss</b>	<b>-23 688</b>	<b>-9 740</b>	<b>-70 833</b>	<b>-40 521</b>	<b>-56 189</b>
<b>Result of financial items</b>					
Other interest income and similar items	4	0	4	0,7	20
Interest costs and similar items	-57	-77	-257	-298	-371
<b>Total result of financial items</b>	<b>-53</b>	<b>-77</b>	<b>-253</b>	<b>-297</b>	<b>-351</b>
<b>Result after financial items</b>	<b>-23 741</b>	<b>-9 817</b>	<b>-71 086</b>	<b>-40 818</b>	<b>-56 540</b>
Tax on the result for the period	0	0	0	0	0
<b>Result for the period</b>	<b>-23 741</b>	<b>-9 817</b>	<b>-71 086</b>	<b>-40 818</b>	<b>-56 540</b>

## Parent Company's Balance Sheet

TSEK	2019-09-30	2018-09-30	2018-12-31
<b>ASSETS</b>			
Intangible assets	99 339	74 245	79 729
Property, plant and equipment	6 030	4 768	4 769
Financial assets	1327	649	649
<b>Total fixed assets</b>	<b>106 696</b>	<b>79 661</b>	<b>85 147</b>
<b>Inventories</b>	<b>4 315</b>	<b>3 045</b>	<b>4 308</b>
Trade receivables	13 477	18 537	19 342
Receivables from Group companies	587	0	147
Current tax receivables	2 451	1 495	1 820
Other current receivables	2 051	917	43 465
Prepaid expenses and accrued income	7 291	4 862	2 554
<b>Current receivables</b>	<b>25 857</b>	<b>25 810</b>	<b>25 407</b>
<b>Cash and cash equivalents</b>	<b>184 749</b>	<b>104 389</b>	<b>88 809</b>
<b>Total current assets</b>	<b>214 921</b>	<b>133 244</b>	<b>118 524</b>
<b>TOTAL ASSETS</b>	<b>321 617</b>	<b>212 905</b>	<b>203 671</b>

# Parent Company's Balance Sheet

TSEK	2019-09-30	2018-09-30	2018-12-31
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital	1 512	1 315	1 315
Non-registered share capital	0	0	0
Fund for development costs	65 782	40 860	46 067
Share premium fund	21 914	21 914	21 914
	<b>89 208</b>	<b>64 088</b>	<b>69 295</b>
<b>Unrestricted equity</b>			
Share premium fund	479 814	291 617	291 617
Retained profit	-211 639	-130 177	-135 384
Profit/loss for the year	-71 086	-40 818	-56 540
	<b>197 089</b>	<b>120 622</b>	<b>99 693</b>
<b>Total equity</b>	<b>286 297</b>	<b>184 710</b>	<b>168 989</b>
Other debt to credit institutions	2 167	4 167	3 667
<b>Non-current liabilities</b>	<b>2 167</b>	<b>4 167</b>	<b>3 667</b>
Advance payments from customer	1 380	953	2 231
Trade payables	9 998	6 557	9 461
Debt to Group companies	910	380	611
Other current debt	5 007	429	4 480
Accrued expenses and prepaid income	13 858	13 709	12 232
Other debt to credit institutions	2 000	2 000	2 000
<b>Current liabilities</b>	<b>33 153</b>	<b>24 028</b>	<b>31 015</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>321 617</b>	<b>212 905</b>	<b>203 671</b>



## Parent Company's Change in Equity

TSEK	Share capital	Share premium fund (restricted)	Fund for development costs (restricted)	Share premium fund (unrestricted)	Other unrestricted equity	Total equity
<b>Opening balance 2018-01-01</b>	<b>991</b>	<b>21 914</b>	<b>28 314</b>	<b>139 737</b>	<b>-117 631</b>	<b>73 325</b>
New issue*	324			150 935		151 259
Option program 2018	0			945		945
Fund for development costs			17 976		-17 976	
Reversal of fund for development costs			-2 831		2 831	0
Profit/loss for the year					-56 540	-56 540
<b>Equity 2018-12-31</b>	<b>1 315</b>	<b>21 914</b>	<b>43 459</b>	<b>291 617</b>	<b>-189 316</b>	<b>168 989</b>
<b>Opening balance 2019-01-01</b>	<b>1 315</b>	<b>21 914</b>	<b>43 459</b>	<b>291 617</b>	<b>-189 316</b>	<b>168 989</b>
New issue*	197			187 387		187 582
Option program 2019				811		811
Fund for development costs			19 492		-19 492	0
Profit/loss for the year					-71 086	-71 086
<b>Equity 2019-09-30</b>	<b>1 512</b>	<b>21 914</b>	<b>62 951</b>	<b>479 814</b>	<b>-279 894</b>	<b>286 297</b>

The share capital consists of 15 118 984 shares with a quota value of SEK 0.1.

\* During the period ongoing new issue was registered and the share capital increased by SEK 197 204,10.

# Parent Company's Cash Flow Analysis

TSEK	2019-09-30	2018-09-30	2018-12-31
<b>Current activities</b>			
Operating profit after depreciation	-70 833	-40 521	-56 189
Reversal of depreciation	12 588	9 551	13 745
Financial payments received	4	1	20
Financial disbursements	-257	-298	-371
Tax	0	0	0
<b>Change in operating capital</b>			
Change in stocks	-8	-85	-1 349
Change in trade receivables	5 864	-4 605	-5 410
Change in other current receivables	-6 313	-1 996	-1 159
Change in trade payables	538	-1 263	1 639
Change in other current liabilities	1 601	3 299	7 755
<i>Cash flow, current activities</i>	-56 816	-35 918	-41 320
<b>Investment activities</b>			
Intangible assets	-30 817	-19 301	-28 594
Tangible assets	-2 642	-665	-1050
Financial assets	-679	-163	-163
<i>Cash flow, investment activities</i>	-34 138	-20 130	-29 807
<b>Financing activities</b>			
New issue	188 394	152 204	152 204
Distribution			
Non-current liabilities	-1 500	-1 500	-2 000
<i>Cash flow, financing activities</i>	186 894	150 704	150 204
Cash flow	95 940	94 656	79 076
Opening cash and cash equivalents	88 809	9 733	9 733
<b>Closing cash and cash equivalents</b>	<b>184 749</b>	<b>104 389</b>	<b>88 809</b>

## Definition of key ratios

### Equity ratio

Equity and untaxed reserves (less deferred tax) as a percent ratio of total assets.

### Operating profit/loss

Profit/loss before financial items, costs and tax.

### Operating margin

Operating profit as a ratio of net operating revenue.

### Return on total capital

Profit after tax as a ratio of average total capital during the period.

### Earnings per share

Profit for the period divided by the 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.

## Calendar

Interim report oct-dec 2019

20 Feb 2020

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Since 1999 Smart Eye has been engaged in development of 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.

Today our eye tracking technology is used in the next generation of cars and is helping the automotive industry take an important step towards safer and more environment-friendly transport solutions. In the research field, Smart Eye's solutions are providing new opportunities in complicated and real situations and are paving the way for new insights in the aerospace, aviation and defence industries as well as in the fields of psychology, neuroscience, medicine and academic research.

Smart Eye's head offices are in Gothenburg, Sweden, and the company also has offices in Detroit, Michigan (USA), Tokyo (Japan) and Chongqing (China). In addition to these offices of its own, Smart Eye also has partners, retailers and distributors in several locations in Europe, the USA and APAC. Smart Eye's solutions are used around the world by more than 700 partners and customers, leading research teams, brands and laboratories, including the US Air Force, NASA, BMW, Lockheed Martin, Audi, Boeing, Volvo and GM, to name a few.

Smart Eye's business is organized in three business areas, Research Instruments, Automotive Solutions and Applied Artificial Intelligence Systems (AIS). In Research Instruments, Smart Eye provides advanced eye tracking systems for measuring and analyzing human behavior. In Automotive Solutions, the company provides eye tracking software for integration in vehicles. In AIS Smart Eye provides both software and hardware for eye tracking integration in vehicles, specifically designed for retrofit for public transportation and commercial vehicles.

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





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