



PRESS RELEASE / REGULATORY INFORMATION

Göteborg, 24 October 2017

Smart Eye Interim Report 1 January–30 September 2017

Summary Q3 2017

- Net revenue amounted to TSEK 12,945 (10,092), equivalent to an increase of 28%.
- The operating result was TSEK -8,180 (-4,634), which is in line with the adopted expansion, with investments in primarily personnel and geographical expansion.
- The result after financial items was TSEK -8,285 (-4,876).
- The result after tax per share was negative.
- Cash and cash equivalents amounted to TSEK 27,468 as at the end of September.
- The revenue of the Applied Solutions business area increased by 96%.
- Smart Eye was awarded a third design win from a European premium vehicle manufacturer.
- Smart Ai, a new hardware platform, was launched.
- Cooperation with iMotions within biometric research.
- A new CRO and CFO have been recruited.
- As from Q3, Smart Eye has established a company in the USA, so that this quarter includes consolidated accounts.

January–September 2017

- Net revenue amounted to TSEK 32,692 (26,169), equivalent to an increase of 25% compared to the previous year.
- Operating profit amounted to TSEK -26,649 (-12,322).
- The result after financial items was TSEK -27,002 (-13,340).
- The result after tax per share was negative.

Comments from the CEO

Q3 2017, like the two preceding quarters, shows that Smart Eye is developing in accordance with its long-term strategy. Revenue increased by 28%, compared to the same quarter of the previous year. Most of the increase comes from the Applied Solutions business area, which increased by 96% compared to the same quarter of the previous year. The result for Q3 amounts to TSEK -8,180.

Sales have commenced of the first series-produced car with Smart Eye's software. We have established cooperation agreements with key players in the research market; and we are achieving more design wins. Our customers are satisfied with our offering and with what we deliver. Both business areas are doing well, thanks to a strong underlying market, good positioning and the initiatives taken during the year.



Launch of new platform for in-car AI, Smart Ai

Artificial Intelligence is a concept with which we are all becoming more and more familiar. This concerns programming computers by initiating a process whereby computers themselves learn the best way to perform a task. The program not only becomes good at performing tasks with the training data it is supplied with, but in many cases can also generalise and handle tasks for which it has not been trained. This is expected to have far-reaching consequences for humanity, since many work tasks can be automated, besides driving cars, for which we can now see the first tentative steps with level 3 traffic jam assist. It is widely believed that AI will generate an increase in economic productivity equivalent to the high growth in the post-war years. At Smart Eye we believe that overall this will increase the importance of multiple sensors which parallel-read people's intentions, called multimodal user interfaces, in order to increase the speed of communication between man and machine. The front module of the recently launched iPhone X is a good example of this. This is the background for our focus on the new Smart Ai product, which is an incredibly powerful platform with several linear processor cores and massive parallel GPUs, (Graphics Processing Unit) which allow for multiple cameras and other sensors for the development of the next generation of user interfaces, together with our customers in the automotive industry. Based on the same architecture as the delivery for Volvo Cars DriveMe-project, Smart Ai will be sold together with a range of camera sensors. It is equipped with the latest image processing software for eye tracking, and an advanced SDK (Software Development Kit). Smart Eye has a dedicated R&D team working with the next-generation Deep Learning algorithms for Smart Ai. There is -support for continued function development for both Smart Eye and our customers to train algorithms themselves and run them together with an API (Application Programming Interface).

New cooperation with iMotions within biometric research

Within our Research Instruments business area, we have initiated cooperation with iMotions, one of the world's leading suppliers of solutions for multimodal biometric research. iMotion's platform will integrate Smart Eye Pro, which is designed for advanced eye tracking research with several cameras, and Aurora, our advanced screen-based eye tracker. With these integrated solutions, researchers in the aviation and automotive industries will achieve access to deeper insights into emotional behaviour. We can see increasing demand for technology to improve our understanding of how subconscious thoughts control human behaviour. In addition, the market map has been re-drawn after the technology giants Facebook, Google and Apple have each purchased their own eye tracking company, thereby disappearing from the research segment. This cooperation is therefore very important. The integration of Smart Eye Pro and Aurora products in iMotion's platform is expected to be completed in Q4 and will thereafter be available through iMotion's and own distribution channels.

Anders Lyrheden new CFO

I am very pleased to welcome Anders Lyrheden as our new CFO. Anders has solid expertise and longstanding experience from global and listed companies, as the perfect background and qualifications for a growing company like Smart Eye. Anders' previous experience includes the role of CFO at e.g. Swegon, Hexpol and Mölnlycke Health Care.



Third design win – further ongoing procurement

During the period, Smart Eye achieved its third design win, which is the third German premium OEM with access to our eye tracking technology. We are now well-established in the German premium market, which is of great strategic significance for continued success. Currently several international procurements are on-going. These are global corporations that are establishing supplier relations for first- and second-generation driver monitoring systems. Smart Eye is well-placed to become established as a market leader in the premium segment, which is an important position within the current battle for the medium-class segment.

Sales have now commenced of the first vehicle with eye tracking, which allows for level-3 self-driving. It was presented earlier in the fall of 2017. Smart Eye will not currently reveal which vehicle this is, due to the secrecy agreement which applies, but we look forward to providing further details as soon as possible.

This information is information which Smart Eye AB (publ) is required to disclose under the EU Market Abuse Regulation. The information has been provided by the contact person below for publication on 24 October 2017 at 08:30 CET.

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About Smart Eye AB

Smart Eye develops and markets eye-tracking systems that can measure and calculate a person's gaze. Today, the company has two business areas: Research Instruments and Applied Solutions. Within Research Instruments, Smart Eye provides advanced eye tracking systems to measure and analyse human behaviour. Within Applied Solutions, Smart Eye provides eye-tracking software for integration in vehicles. Erik Penser Bank is the company's Certified Adviser and can be contacted on +46 (0)8-463 8000.