

Press release

Stockholm, November 8, 2022

Tobii Interim Report for the third quarter 2022

Tobii AB (publ) today announced its results for the third quarter of 2022.

Comment by Tobii's CEO Anand Srivatsa:

"Q3 2022 was a mixed bag for Tobii. On the one hand, we continue to see our long-term outlook strengthen with clear steps forward in virtual reality, automotive and healthcare. On the other hand, we delivered 3% organic growth, which is significantly lower than our ambition level. The macroeconomic environment resulted in some enterprise customers delaying or cancelling orders. We see increased risks that these challenges may affect us in 2023 as well. In response to this outlook, we are reducing our opex run rate to ensure we will deliver on our previously communicated financial goal for 2023."

Second quarter July – September 2022

- Revenue increased 17 % to SEK 176 million (151), corresponding to organic growth of 3 %
- Gross margin increased to 74 % (71 %)
- Operating result (EBIT) was SEK -36 million (-42)
- The net result for the period amounted to SEK -17 million (-8)
- Earnings per share amounted to SEK -0.17 (-0.40)
- Free cash flow amounted to SEK -64 million (-71), including a one-time repayment of SEK 37 million covid related tax reliefs to the Swedish tax authorities

Significant events during the period

- Tobii received eight design wins in the quarter. Seven of these were for our Tobii Aware and Tobii Horizon software to products from Acer, Lenovo, and MSI. One was for a recently FDA-approved tool to assist clinicians in diagnosing and assessing autism spectrum disorder in young children.
- Sony revealed its next-generation virtual reality system, PlayStation VR 2 (PSVR2), and allowed media to do hands-on tests of the device. The subsequent reviews and reactions to the eye tracking performance have been very positive.

Significant events after the period end

- In the end of October 2022, Tobii was granted SEK 166 million in additional Covid relief through temporary postponement of tax payments to the Swedish tax authorities
- After the end of the quarter, the launch date for PSVR2 was confirmed to February 22, 2023, with pre-orders starting from November 15, 2022

Comments from the CEO

Q3 2022 was a mixed bag for Tobii. On the one hand, we continue to see our long-term outlook strengthen with clear steps forward in virtual reality, automotive and healthcare. On the other hand, we delivered 3% organic growth, which is significantly lower than our ambition level. The macroeconomic environment resulted in some enterprise customers delaying or cancelling orders. We see increased risks that these challenges may affect us in 2023 as well. In response to this outlook, we are reducing our opex run rate to ensure we will deliver on our previously communicated financial goal for 2023.

Growth continues despite severe macroeconomic headwinds

In the third quarter, we continued to deliver organic growth despite severe headwinds in parts of our business. Our gross margin improved by three percentage points, reaching a strong 74 percent.

Our Integrations segment continues to show good performance. We secured a record 8 design wins, revenue increased 30 percent organically, and the gross margin improved by 9 percentage points to 90 percent in the quarter.

Products & Solutions had a mixed quarter with a pronounced decline for enterprise customers, which was partly balanced by solid growth in our direct-to-consumer PC gaming peripherals. This led to an overall 6% organic decline for the segment. The weakness in sales to enterprise customers is related to the weakening macroeconomic environment and is seen across all our regions. Our direct-to-consumer PC gaming peripheral has consistently grown since 2020 and had its best-ever quarter in Q3 2022.

Our EBIT result improved to SEK -36 million (-42), and our free cash flow improved to SEK -64 million (-71). The free cash flow for the quarter includes a one-time repayment of SEK 37 million to the Swedish tax authorities for covid related tax relief. After the quarter, we have been granted SEK 166 million of additional temporary Covid related tax relief from the Swedish tax authorities.

Multiple steps forward support long-term growth ambitions

We saw continued positive development of the ecosystem around our solutions in our major investment verticals, including healthcare, VR and automotive DMS. The Sony PlayStation VR 2 headset that is set to be released February 22 is getting strong positive reviews, and more than 40 VR game titles have announced support for the headset. Besides Sony, we have deepened our engagements with other leading OEMs in the VR space.

Tobii also collaborates with Samsung to enable our heart rate-based drowsiness algorithm using Samsung's Healthcare SDK on the Galaxy Smart Watch. This collaboration is a validation of Tobii's industry-leading drowsiness analysis technology, which applies to both healthcare and automotive DMS. In addition, two of Tobii's disruptive healthcare customers, NeuroSync and Novasight, have received FDA clearance for traumatic brain injury diagnosis and amblyopia therapy.

During the quarter, we had our first public demonstration of Tobii DMS at the InCabin automotive event in Brussels. The customer feedback was unanimously positive, and we are rapidly progressing deeper and further in key engagements and RFQs with Tier 1s and OEMs.

Committed to reaching our 2023 financial goal

The macroeconomic outlook deteriorated further in the third quarter, and our growth was not up to our own expectations. Despite the business environment, we are strongly committed to deliver on our previously communicated financial goal for 2023. We have taken steps to reduce our opex run rate and are ready to implement further measures if needed. We expect positive EBIT for Q4 of 2023.

We continue to build a solid foundation for long-term success, and I am confident in our ability to return to stronger growth and deliver on our targets.

Anand Srivatsa, CEO



Webcast

A conference call and online presentation will be held in English today at 9:00 a.m. (CET). The webcast link and presentation material will be available in the [calendar](#) entry on Tobii's website ahead of the webcast. The year-end report and a recording of the webcast will be available on the same page after the publication and webcast. You can also attend the webcast through the following [link](#).

This information is information that Tobii AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, on November 8, 2022, at 7:30 a.m. CET.

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About Tobii

Tobii is the global leader in eye tracking and pioneer of attention computing. We are on a mission to improve the world with technology that understands human attention and intent. Creating tech for a better future, our technologies and solutions apply to areas such as scientific studies and research, healthcare, assistive devices, education and training, gaming, extended reality, automotive, and many more. Tobii's eye tracking is used by thousands of enterprises, universities and research institutes around the globe. Headquartered in Sweden, Tobii is listed on Nasdaq Stockholm (TOBII). For more information: www.tobii.com.

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