



Year-End Report

Q4 2022

October–December 2022

First profitable quarter since 2015

THE QUARTER OCTOBER–DECEMBER

- Revenue increased 34 % to SEK 262 million (196), corresponding to organic growth of 19 %
- Gross margin increased to 78 % (77 %)
- Operating result (EBIT) was SEK 9 million (-31)
- The net result for the period amounted to SEK -9 million (3,272)
- Earnings per share amounted to SEK -0.08 (31.73)
- Free cash flow amounted to SEK 147 million (23), including SEK 166 million temporary covid related tax reliefs from the Swedish tax authorities

SIGNIFICANT EVENTS DURING THE PERIOD

- The launch date for Sony PlayStation VR 2 (PSVR2) was set to February 22, 2023, with pre-orders starting from November 15, 2022
- Tobii received two design wins in the quarter. One for a VR solution to detect intoxication and one for a vision skills training solution
- Tobii was top ranked in Allbright's gender equality report and Tobii's ESG rating improved to A (BBB) in MSCI's ESG Ratings report
- Tobii was granted SEK 166 million in additional Covid relief through deferral of tax payments to the Swedish tax authorities, of which SEK 161 million subsequently has been prolonged to February 2024

FINANCIAL OVERVIEW

SEK m (except for earnings per share)	Q4 2022	Q4 2021	Change	Organic change	Full year 2022	Full year 2021	Change	Organic change
REVENUE								
Products and Solutions	161	142	14 %	2 %	513	455	13 %	3 %
Integrations	101	54	87 %	59 %	264	161	64 %	42 %
Total	262	196	34 %	19 %	776	616	26 %	14 %
Operating profit/loss from continuing operations (EBIT)	9	-31			-122	-186		
Profit/loss from discontinued operations	-	3,302			-1	3,330		
Net profit/loss for the period	-9	3,272			-99	3,147		
Earnings per share (SEK)	-0.08	31.73			-0.94	31.37		
- whereof continuing operations	-0.08	-0.30			-0.93	-1.83		
Free cash flow	147	23			-32	-152		

Comments from the CEO

Healthy quarter proving our ability to reach profitability

Tobii delivered a healthy 19 percent organic growth in the quarter and achieved a 19-percentage points year-on-year operating margin improvement, which allowed us to reach the first EBIT profitable quarter since our IPO in 2015. We achieved this despite our business not hitting on all cylinders, as many of our research customers continued through a belt-tightening phase. Considering the circumstances, I am delighted with this result. It shows the benefit of our diverse portfolio, a healthy operating leverage, and that our efforts to reach profitability have made good progress.

Our Integrations segment continues to show good performance. Revenue increased 59 percent organically and the gross margin improved by 11 percentage points to 88 percent in the quarter. This was driven by a healthy mix of both increased project- and software license revenues.

Despite headwinds in many markets for behavioral studies and research, Products & Solutions reached 2 percent organic growth in the quarter. This was primarily because of a strong finish of the quarter in the Chinese market and a continued growth in our direct-to-consumer PC gaming peripherals. The Chinese market re-opened during the quarter, and we noted a clear increase in demand. It is too early to tell what portion of this result is a post-covid normalization or an effect of pent-up demand.

In the context of a strong fourth quarter, it is important to note that Tobii still faces uncertainty in our Products & Solution business, and that our Integrations business can be lumpy. Therefore, Tobii's financial performance is best measured over a longer time horizon which allows a more accurate view of the underlying trends. Our free cash flow improved to SEK 145 million (23), which includes a temporary deferral of taxes. This allows us to exit the year with a robust financial position.

Positive momentum in a turbulent year

The year 2022 brought a lot of turbulence which affected organizations worldwide. The post covid return to office work, the weakening of the macro economy and continued supply chain disruptions presented challenges for many companies. In addition, the war in Ukraine directly affected Tobii and, most importantly, our people in the region. While managing through these external disruptions, we were doing significant work to form the "new" Tobii organization after the spin-off of Tobii Dynavox. I am incredibly proud of the work of my colleagues and all that we have achieved while navigating this turmoil. I want to highlight a few of these achievements.

We achieved a top rating in Allbright's gender diversity study, improved our MSCI ESG rating to A, reached carbon neutrality in our operations in Sweden and received the ISO 27001 certification. 2022 also marked the year in which Tobii reached a major milestone, Tobii's technology shipping more than one million units in a single calendar year. A promising indicator for the future was the positive reviews that the PSVR2 and its eye tracking performance received and that many games are leveraging our technology for graphics improvements and in game interaction. Lastly, I am enthusiastic about the potential of our automotive DMS solution, which for the first time was evaluated in private & public showcases and is receiving very positive feedback from partners and prospective customers.

Overall, for the full year 2022, Tobii delivered 14 percent organic growth and 14-percentage point operating margin improvement. These numbers validate that we are back in a growth phase and on a trajectory toward profitability.

2023 will be a transformational year for Tobii

In 2023, eye tracking will reach mass market adoption for the first time, with millions of users experiencing the technology through the PSVR2. This is a major milestone for Tobii, and it has the potential to spur a wave of eye tracking innovation and uptake outside of VR as well. The Sony PSVR2 sets a new baseline for consumer VR headsets, and the importance of eye tracking is expected to increase for other OEMs. We have good momentum in the XR industry and expect to evolve our engagements with leading OEMs further. I also see significant traction in Automotive and in 2023 our ambition is to close multiple design wins.

Despite the risk of a continued weak macro-environment, we enter 2023 with optimism based on our strengthened underlying business fundamentals. The combination of increased top-line revenue with a focus on controlling costs will enable us to deliver further improvements in profitability in 2023. We remain confident and committed to reaching our financial goal of being EBIT profitable again in Q4 2023.



Anand Srivatsa
CEO, Tobii

Anand Srivatsa
CEO

Financial performance

KEY RATIOS

SEK m	Q4 2022	Q4 2021	Full year 2022	Full year 2021
Revenue	262	196	776	616
Revenue change:	34%		26%	
- of which organic	19%		14%	
- of which currency	15%		12%	
Gross profit	205	151	590	444
Gross margin	78%	77%	76%	72%
EBITDA	43	11	27	-27
EBITDA margin	16%	6%	4%	-4%
Operating profit/loss (EBIT)	9	-31	-122	-186
EBIT margin	3%	-16%	-16%	-30%

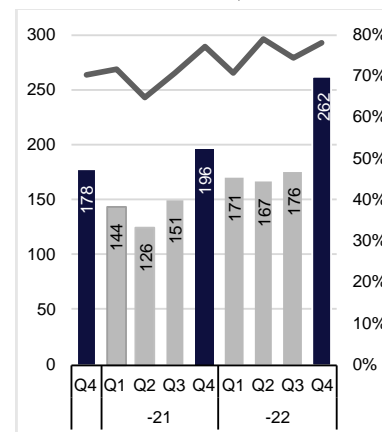
PRODUCTS & SOLUTIONS

SEK m	Q4 2022	Q4 2021	Full year 2022	Full year 2021
Revenue	161	142	513	455
Revenue change:	14%		13%	
- of which organic	2%		3%	
- of which currency	12%		10%	
Gross profit	116	111	353	342
Gross margin	72%	78%	69%	75%

INTEGRATIONS

SEK m	Q4 2022	Q4 2021	Full year 2022	Full year 2021
Revenue	101	54	264	161
Revenue change:	87%		64%	
- of which organic	59%		42%	
- of which currency	28%		22%	
Gross profit	89	42	235	102
Gross margin	88%	76%	89%	63%

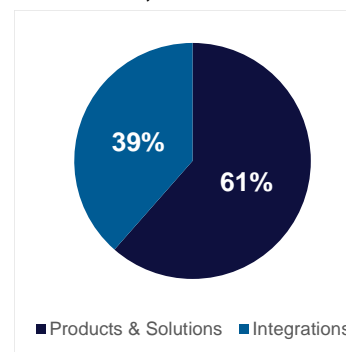
REVENUE, SEK M, AND GROSS MARGIN, %



RESEARCH AND DEVELOPMENT, Q4, 2022

SEK m	2022	2021
Total R&D expenditures	-97	-72
Capitalization	45	38
Amortization	-28	-32
R&D expenses in the income statement	-79	-67

PERCENTAGE OF REVENUE PER SEGMENT Q4, 2022



OCTOBER-DECEMBER**REVENUE**

Revenue amounted to SEK 262 million (196), corresponding to organic growth of 19 %.

Products & Solutions revenue amounted to SEK 161 million (142), corresponding to organic growth of 2 %. The primary growth drivers were the gaming peripheral Eye Tracker 5 and strong growth in China for our behavioral studies and research solutions. Organic growth was hampered by contractions in all other regions and specifically in Japan.

Integrations revenue amounted to SEK 101 million (54), corresponding to an organic growth of 59 %. The revenue growth was driven by a mix of license revenues related to PSVR 2 and development projects.

RESULTS

The gross margin was 78 % (77 %).

Products & Solution's gross margin was 72 % (78 %). The decline in gross margin was related to a product mix shift and currency effects.

Integrations gross margin was 88 % (76 %). The improvement was derived from a product mix shift towards more software license and development project revenues.

Operational expenses increased because of a demand driven ramp-up of R&D activities in among other things solutions for extended reality (AR/VR) platform and automotive DMS.

The operating result was SEK 9 million (-31) and the operating margin was 3 % (-16 %).

Net financial items amounted to SEK -18 million (3) and included SEK -15 million (8) in currency translation effects on balance sheet items and SEK -4 million (-5) of interest expenses primarily related to finance leases under IFRS 16 and interest due to temporary covid tax reliefs.

Pretax profit was SEK -9 million (-28). Profit/loss from discontinued operations was SEK 0 million (3,302). The net profit for the period was SEK -9 million (3,272) and diluted earnings per share reached SEK -0.08 (30.15).

CASH FLOW AND FINANCIAL POSITION

Cash flow from operating activities before changes in working capital amounted to SEK 40 million (11). Cash flow from change in working capital amounted to SEK 151 million (51), positively affected by SEK 166 million in temporary covid related tax reliefs from the Swedish tax authorities.

Investments in intangible, tangible, and financial fixed assets amounted to SEK 44 million (39), of which SEK 45 million (38) was capitalization of R&D costs. Free cash flow was SEK 147 million (23).

Cash flow from financing activities was SEK -8 million (28).

At the close of the period, Tobii had SEK 402 million (438) in cash and cash equivalents. Consolidated net cash totaled SEK 334 million (344), of which SEK -52 million (-77) in IFRS 16 finance leases.

ORGANIZATION

The number of FTEs, excluding consultants, on average during the quarter was 534 (500).

JANUARY-DECEMBER**REVENUE**

Revenue amounted to SEK 776 million (616), corresponding to organic growth of 14 %.

Products & Solutions revenue amounted to SEK 513 million (455), corresponding to organic growth of 3 %. The primary growth drivers were the gaming peripheral Eye Tracker 5 and strong growth in China for our behavioral studies and research solutions. Organic growth was hampered by a contraction in Japan and North America.

Integrations revenue amounted to SEK 264 million (161), corresponding to an organic growth of 42 %. This was a result of strong growth mainly in license revenues.

RESULTS

The gross margin was 76 % (72 %).

Products & Solution's gross margin was 69 % (75 %). The gross margin decline was explained by higher component and freight costs, and a product mix shift from research instruments and software to our PC gaming peripheral Eye Tracker 5.

Integrations gross margin was 89 % (63 %). The improvement in gross margin was related to a mix shift from hardware to software licenses.

Operational expenses increased because of the normalization and recovery of sales and marketing activities, a demand driven ramp-up of R&D activities in XR and Automotive, and increased G&A costs following the spin-off of Tobii Dynavox.

The operating result was SEK -122 million (-186) and the operating margin was -16 % (-30 %).

Net financial items amounted to SEK 24 million (6) and included SEK 29 million (21) in currency translation effects on balance sheet items and SEK -6 million (-16) of interest expenses primarily related to finance leases under IFRS 16 and interests due to temporary covid tax reliefs.

Pretax profit was SEK -99 million (-181). Profit/loss from discontinued operations was SEK -1 million (3,330). The net profit for the period was SEK -99 million (3,147) and diluted earnings per share reached SEK -0.94 (29.88).

CASH FLOW AND FINANCIAL POSITION

Cash flow from operating activities before changes in working capital amounted to SEK 41 million (-34). Cash flow from changes in working capital amounted to SEK 96 million (11), positively affected by a net effect of SEK 129 million in temporary covid related tax reliefs from the Swedish tax authorities.

Investments in intangible, tangible and financial fixed assets amounted to SEK 169 million (129), of which SEK 172 million (124) in capitalization of R&D costs. Free cash flow was SEK -32 million (-152).

Cash flow from financing activities amounted to SEK -8 million (156), consisting mainly of changes in IFRS 16 leasing debt.

At the close of the period, Tobii had SEK 402 million (438) in cash. Consolidated net cash totaled SEK 334 million (344), of which SEK -52 million (-77) in IFRS 16 finance leases.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	Q4 2022	Q4 2021	Full year 2022	Full year 2021
Continuing operations				
Revenue	262	196	776	616
Cost of goods and services sold	-57	-44	-186	-172
Gross profit	205	151	590	444
Selling expenses	-79	-76	-313	-253
Research and development expenses	-79	-67	-278	-271
Administrative expenses	-39	-53	-144	-124
Other operating income and operating expenses	2	14	23	17
Operating profit/loss (EBIT)	9	-31	-122	-186
Net financial items	-18	3	24	6
Profit/loss before tax	-9	-28	-99	-181
Tax	0	-3	0	-3
Net profit/loss for the period from continuing operations	-9	-31	-99	-184
Discontinued operations				
Net profit/loss for the period from discontinued operations	-	3,302	-1	3,330
Net profit/loss for the period	-9	3,272	-99	3,147
Other comprehensive income				
Items that may subsequently be reclassified to profit or loss for the period:				
Translation differences	13	-18	-19	-24
Other comprehensive income for the period, net after tax	13	-18	-19	-24
Total comprehensive income for the period	4	3,253	-119	3,123
Earnings per share, SEK	-0.08	31.73	-0.94	31.37
- whereof continuing operations	-0.08	-0.30	-0.93	-1.83
Earnings per share, diluted, SEK	-0.08	30.15	-0.94	29.88
- whereof continuing operations	-0.08	-0.30	-0.93	-1.83
Net profit/loss for the period attributable to:				
Parent company shareholders	-8	3,271	-100	3,146
Non-controlling interests	-1	0	0	0
Total comprehensive income for the period attributable to:				
Parent company shareholders	4	3,253	-119	3,123
Non-controlling interests	-1	0	0	0

CONDENSED CONSOLIDATED BALANCE SHEET

SEK m	Dec 31 2022	Dec 31 2021
NON-CURRENT ASSETS		
Intangible assets	423	366
Tangible fixed assets	8	13
Right-of-use assets	52	66
Financial and other non-current assets	72	83
Total non-current assets	555	528
CURRENT ASSETS		
Accounts receivable	132	132
Inventories	65	55
Other current receivables	70	70
Cash and cash equivalents	402	438
Total current assets	669	696
Total assets	1,224	1,224
SHAREHOLDERS' EQUITY		
Shareholders' equity, Parent Company shareholders	752	840
Non-controlling interests	2	2
Total shareholders' equity	754	842
LIABILITIES		
NON-CURRENT LIABILITIES		
Interest-bearing loans	16	17
Leasing liabilities	25	49
Other non-current liabilities	33	22
Total non-current liabilities	73	88
CURRENT LIABILITIES		
Leasing liabilities	28	28
Other current liabilities	369	266
Total current liabilities	397	294
Total liabilities	470	382
Total equity and liabilities	1,224	1,224

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to Parent Company shareholders

SEK m	Share capital	Other contributed capital	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
Opening balance, Jan 1, 2021	1	1,639	3	-1,088	555	1	556
Comprehensive income for the period			-24	3,147	3,123	0	3,123
Dividend				-3,184	-3,184		-3,184
New share issue	0	294			294		294
New share issue, exercise of warrants incentive programs	0	42			42		42
Sale of own shares				3	3		3
Share based payments settled using equity instruments				7	7		7
Closing balance, Dec 31, 2021	1	1,976	-21	-1,116	840	2	842
Opening balance, Jan 1, 2022	1	1,976	-21	-1,116	840	2	842
Comprehensive income for the period			-19	-100	-119	0	-119
New share issue, exercise of warrants incentive programs	0	21			21		21
Sale of own shares				2	2		2
Share based payments settled using equity instruments				8	8		8
Closing balance, Dec 31, 2022	1	1,996	-40	-1,205	752	2	754

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

SEK m	Q4 2022	Q4 2021	Full year 2022	Full year 2021
Cash flow from operating activities				
Profit/loss after financial items, continuing operations	-9	-28	-99	-181
Adjustment for items not included in the cash flow	50	39	142	148
Taxes paid	-0	-1	-1	-1
Cash flow from operating activities before change in working capital	40	11	41	-34
Cash flow from change in working capital	151	51	96	11
Cash flow from operating activities	192	62	137	-23
Investments in intangible, tangible and financial fixed assets	-44	-39	-169	-129
Free cash flow	147	23	-32	-152
Acquisitions and divestments	-	-154	-	-172
Cash flow after investments	147	-131	-32	-323
Interest-bearing debt, including Bond issue	-1	-451	-1	-450
New share issue, net of issue costs	-	294	-	294
Exercise of warrants, incentive program	-	-	21	42
Instalments of leasing liability IFRS 16	-7	-6	-27	-25
Other financing activities, net ¹	-	191	-	294
Cash flow from financing activities	-8	28	-8	156
Cash flow for the period, continuing operations	140	-103	-40	-167
Cash flow for the period, discontinued operations	-	269	-1	188
Cash flow for the period, total	140	166	-41	21
Cash and cash equivalents at the beginning of the period	263	271	438	410
Foreign currency translation, cash and cash equivalents	-0	1	5	7
Cash and cash equivalents at the end of the period	402	438	402	438

1) Other financing activities, net, includes transactions with Tobii Dynavox and primarily relates to repayment of loans.

BREAKDOWN OF REVENUE

SEK m	Q4 2022	Q4 2021	Full year 2022	Full year 2021
REVENUE BY PRODUCT CATEGORY				
Hardware	136	141	413	420
Software	77	33	254	104
Services	50	23	109	92
Total revenues	262	196	776	616
REVENUE BY TIMING CATEGORY				
At a point in time	257	192	757	604
Over time	5	4	19	12
Total revenues	262	196	776	616
REVENUE BY GEOGRAPHIC MARKET				
Europe	71	69	206	192
North America	86	56	211	158
Other countries	105	70	359	266
Total revenues	262	196	776	616

CONSOLIDATED KEY RATIOS

	Q4 2022	Q4 2021	Full year 2022	Full year 2021
Earnings per share, SEK	-0.08	31.73	-0.94	31.36
- whereof continuing operations	-0.08	-0.30	-0.93	-1.83
Earnings per share, diluted, SEK ¹	-0.08	30.16	-0.94	29.87
- whereof continuing operations	-0.08	-0.30	-0.93	-1.83
Equity per share, SEK	7	8	7	8
EBITDA, continuing operations, SEK m	43	11	27	-27
EBIT, continuing operations, SEK m	9	-31	-122	-186
Cash flow from operating activities, SEK m	189	62	135	-23
Free cashflow, SEK m	145	23	-35	-152
Working capital, SEK m	-102	-9	-102	-9
Total assets, SEK m	1,224	1,224	1,224	1,224
Net cash(+)/net debt (-), SEK m	334	344	334	344
Net cash(+)/net debt (-); IFRS 16 Leasing excluded, SEK m	386	421	386	421
Equity, SEK m	754	842	754	842
Average equity, SEK m	737	630	773	551
Equity/assets ratio, %	62	69	62	69
Debt/equity, %	9	11	9	11
Gross margin, continuing operations, %	78	77	76	72
EBITDA margin, continuing operations, %	16	6	4	-4
Operating margin, continuing operations, %	3	-16	-16	-30
Return on total equity, %	-1	519	-13	571
Average number of outstanding shares, million	106	103	106	100
Average number of outstanding shares after dilution, million	106	108	109	105
Number of outstanding shares at period end, million	106	105	106	105
Number of outstanding shares after dilution at period end, million	106	110	106	110
Average number of employees	534	500	515	512

1) On December 31, 2022, a total of 3.9 million warrants, stock options, and stock units were outstanding, which is an increase of 0.5 million since the end of 2021. Due to the distribution of Tobii Dynavox to Tobii's shareholders in December 2021, the incentive programs have been recalculated in January 2022 to reflect the new share price (in relation to the Tobii Dynavox share price). This resulted in an increase in the total number of instruments in the incentive programs. Due to the distribution, the LTI 2020 and LTI 2021 programs for Dynavox employees have also been terminated. The total effect of the recalculation was +2.9 million instruments.

During the year, 1,066,498 warrants and stock options have been redeemed, relating to the following programs: LTI 2014/24:1 (115,028), LTI 2018:1 (457,568), LTI 2018:2 (62,742), LTI 2017:2 (67,808) and LTI 2019 (132,380). The first vesting of LTI2020 occurred during the period, resulting in 230,972 stock units being exercised.

In addition, 2,038,067 warrants, stock options and stock units have expired or been terminated, relating to the following programs: LTI 2016:2 (149,332), LTI 2017:2 (6,456), LTI 2018:1 (829,624), LTI 2018:2 (301,265) LTI 2019 (11,298), LTI 2020 (425,615), LTI 2021 (294,279) and LTI 2022 (20,220).

LTI2022 was launched during the year resulting in 735,550 stock units being allotted.

The dilution effect of warrants, stock options, and stock units in all the Company's incentive programs and maximum issuance under LTI 2022 corresponds to a maximum of approximately 4.0%.

QUARTERLY DATA

DATA RELATE TO CONTINUING OPERATIONS UNLESS OTHERWISE SPECIFIED

	2021				2022			
REVENUE, SEK m	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Products and Solutions ¹	111	93	113	142	139	92	121	161
Integrations ¹	33	33	38	54	32	75	55	101
Total	144	126	151	196	171	167	176	262
GROSS MARGIN, %								
Products and Solutions ¹	74	68	69	78	70	67	68	72
Integrations ¹	68	58	81	76	76	96	90	88
Total	72	65	71	77	71	79	74	78
EBITDA, SEK m								
Total	2	-37	-3	11	-5	-11	1	43
EBIT, SEK m								
Total	-37	-76	-42	-31	-45	-50	-36	9
OPERATING MARGIN, %								
Total	-26	-61	-28	-16	-27	-30	-20	3
PROFIT/LOSS BEFORE TAX, SEK m								
Total	-33	-80	-40	-28	-42	-30	-17	-9
PROFIT/LOSS FOR THE PERIOD, INCLUDING DISCONTINUED OPERATIONS, SEK m								
Total	-3	-114	-8	3,272	-42	-31	-17	-9

1) The breakdown of revenue and gross margin between the segments have been changed for Q1 and Q2 2021 compared to the numbers presented in the year-end report for 2021.

The Parent Company

On April 1, the subsidiaries Tobii Pro AB and Tobii Tech AB were merged with the Parent Company, Tobii AB (publ). The large changes in the reported numbers for the parent company is due to the merger.

Number of employees in the Parent Company was approximately 356 (87).

The Parent Company's revenue during the quarter totaled SEK 230 million (46) and the operating profit was SEK 16 million (249). At the end of the period, the Parent Company had SEK 352 million (284) in cash and cash equivalents.

CONDENSED PARENT COMPANY INCOME STATEMENT

SEK m	Q4 2022	Q4 2021	Full year 2022	Full year 2021
Revenue	230	46	615	158
Cost of goods and services sold	-60	-2	-164	-27
Gross profit	170	44	451	131
Selling expenses	-50	-4	-199	-7
Research and development expenses	-79	-1	-278	-8
Administrative expenses	-28	-76	-129	-159
Other operating income and operating expenses	2	286	22	286
Operating profit/loss	16	249	-133	243
Financial items	-14	8	41	24
Group Contributions	0	0	0	0
Profit/loss before tax	2	256	-91	266
Tax	0	-0	0	-0
Profit/loss after tax	2	256	-91	266

CONDENSED PARENT COMPANY BALANCE SHEET

SEK m	Dec 31 2022	Dec 31 2021
NON-CURRENT ASSETS		
Intangible assets	339	34
Tangible fixed assets	4	5
Financial assets	377	1,526
Total non-current assets	721	1,565
CURRENT ASSETS		
Accounts receivable	104	46
Inventories	59	0
Other current receivables	95	124
Cash and cash equivalents	352	284
Total current assets	611	454
Total assets	1,332	2,019
SHAREHOLDERS' EQUITY	913	1,740
NON-CURRENT LIABILITIES		
Interest-bearing liabilities	17	-
Other non-current liabilities	30	17
Total non-current liabilities	47	17
CURRENT LIABILITIES		
Other current liabilities	372	262
Total current liabilities	372	262
Total liabilities	419	279
Total equity and liabilities	1,332	2,019

Notes

Note 1. Accounting policies

The Interim Report complies with the provisions of IAS 34, and the report for the Parent Company has been prepared pursuant to the provisions of the Swedish Annual Accounts Act and RFR 2. In addition to the financial statements, disclosures under 34.16A also appear in other parts of the interim report. The accounting policies of the Parent Company and the Group, and the calculation principles used in the report, are unchanged from those used in the most recently published Annual Report, with the exception of the application of new standards. The IASB has published amendments to standards effective from January 1, 2022, or later. These amendments have not had a material impact on the financial statements.

Due to the divestment of Tobii Dynavox in December 2021, Tobii Dynavox is now an external party. Comparative periods have been restated, and profit for Tobii Dynavox is recognized on a separate line in the consolidated income statement; Profit/loss from discontinued operations. The cash flow statement includes a full cash flow statement for continuing operations and a total cash flow for discontinued operations.

Note 2. Segments

Pursuant to the divestment of Tobii Dynavox and the organizational merger of Tobii Pro and Tobii Tech, Tobii's reporting structure has changed from Q4 2021. Tobii is now reporting two segments, Products & Solutions, and Integrations. For each segment will be reported revenue, gross profit, and gross margin. Research and development, sales and marketing, and central functions can now be leveraged across the whole company and will not be allocated to any segment.

PRODUCTS & SOLUTIONS

The segment comprises hardware products, software products, and services and the customers include both B2B customers and consumers. Hardware products consist of a suite of eye tracking products, including the flagship eye tracking glasses Tobii Pro Glasses 3, research-grade screen-based eye trackers such as Pro Spectrum and Pro Fusion as well as the consumer gaming device Tobii Eye Tracker 5. In addition, the segment also includes the software Tobii Pro Lab, Sticky, and the consultancy service Tobii Pro Insight.

INTEGRATIONS

This segment comprises the integration of Tobii solutions into customers' products, including both software and hardware components. These integrations are deployed in a range of devices, from gaming laptops and medical assessment tools to virtual reality headsets. The business within this segment is still relatively young, with innovative customers with products in very different stages of development.

Note 3. Business combinations

ACQUISITIONS

No acquisitions have occurred during the quarter.

On August 9, 2021, Tobii acquired all shares in Phasya SA, a private company registered in Liège, Belgium. Phasya's technology and long experience within development and validation of algorithms to assess cognitive states is highly complementary to Tobii's expertise and eye tracking technology. This will enhance Tobii's Driver Monitoring System, Tobii DMS. It also opens new opportunities for using cognitive state information in several markets, such as VR, AR, scientific research, and gaming, providing substantial synergies. The company currently collaborates with numerous customers in automotive, technology, and aviation, as well as with leading industry associations providing key relationships for Tobii and Phasya to build on.

Phasya is in its early pre-revenue commercialization phase. By leveraging its resources and capabilities, Tobii will be able to accelerate the commercialization of Phasya's offering. Tobii expects the business to scale rapidly, driven by integrations of the algorithms in Tobii's existing solutions as well as in new applications, and with the mass market adoption for automotive DMS expected in 2024/25.

DISCONTINUED OPERATIONS

No divestments have occurred during the quarter.

On October 25, 2021, an Extraordinary General Meeting approved the distribution of Tobii Dynavox AB to Tobii AB's shareholders. The distribution was completed during December and the shares of Tobii Dynavox AB were listed on Nasdaq Stockholm on December 9, 2021. The gain from the distribution was calculated as the difference between the carrying amount of the assets distributed and the fair value of the dividend, corresponding to the market value of Tobii Dynavox AB at listing.

All effect related to the divestment have been referred to as Discontinued operations in the report.

Note 4. Financial instruments

SEK m	Dec 31 2022		Dec 31 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets measured at fair value				
Contingent considerations	-	-	6	6
Financial liabilities measured at fair value				
Contingent considerations	18	18	17	17

Fair value for interest-bearing loans is calculated for disclosure purposes by discounting future cash flows at the current interest rate for the remaining maturity

Tobii classifies financial assets and liabilities measured at fair value in a fair-value hierarchy based on the information used in the valuation of each asset or liability. For financial instruments in level 3, information that is material to the fair value of the asset or liability is not observable and Tobii's own assessments are applied. Both interest-bearing loans and contingent considerations are classified under level 3.

All operations related to Smartbox, which was acquired in 2018, were divested during the fourth quarter of 2020. The last remaining contingent consideration related to the transaction, was received during the year.

Change in contingent consideration

SEK m	
Assets	
Opening balance January 1, 2022	6
Payments	-6
Translation differences	0
Closing balance Dec 31, 2022	-
Liabilities	
Opening balance January 1, 2022	17
Translation differences	1
Closing balance Dec 31, 2022	18

Other than the contingent consideration, Tobii has no financial instruments that are measured at fair value in the income statement.

IMPAIRMENT OF GOODWILL

Impairment testing for goodwill was carried out at the end of the 2022 financial year, without any need for impairment being identified.

Note 5. Pledged assets and contingent liabilities

As of December 31, 2022, Tobii has no pledged assets or contingent liabilities.

Other information

RISKS AND UNCERTAINTY FACTORS

Tobii's business risks include the economic climate, the competitive situation, currency risks, credit risks in relation to customers, financing risks, the risk of impairment write-downs of capitalized R&D and other intangible assets, and regulatory risks. Tobii's risks and risk management are described in greater detail in the risk section on pages 40-45, in the Directors' Report on pages 50-51, and note 3 in Tobii's 2021 Annual Report. Tobii is of the opinion that this risk description remains correct.

TRANSACTIONS WITH RELATED PARTIES

No transactions have occurred between Tobii and related parties that have materially affected the Company's position and earnings.

DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES (APM) NOT DEFINED BY IFRS

Alternative Performance Measures (APMs) are financial measures of financial performance, financial position, or cash flows other than those defined in the applicable financial reporting framework (IFRS). These are considered to be important supplemental measures of the company's performance. These measures may not be comparable to measures used by other companies since not all companies calculate financial measures in the same way. The key ratios and alternative performance measures that Tobii uses are defined on page 125 of the 2021 annual report.

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

This section presents only the reconciliation of alternative performance measures that cannot be calculated from the information in financial reports in this interim report.

Operation profit/loss before depreciation, amortization, and impairment, EBITDA

SEK m	Q4 2022	Q4 2021	Full year 2022	Full year 2021
Operating profit/loss before depreciation, amortization and impairment, (EBITDA)	43	11	27	-27
Amortization and impairment	-27	-32	-119	-125
Depreciation	-7	-10	-30	-35
<i>of which Right-of-use assets (IFRS 16 Leasing)</i>	-6	-8	-24	-26
Operating profit/loss (EBIT)	9	-31	-122	-186

Danderyd, February 7, 2023

Per Norman
Chairman of the Board

Heli Arantola
Board member

Mats Backman
Board member

Jan Wäreby
Board member

Charlotta Falvin
Board member

Jörgen Lantto
Board member

Henrik Eskilsson
Board member

Anand Srivatsa
President & CEO

The report has not been reviewed by the Company's auditors.

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 February 7, 2023, at 7:30 a.m. CET.

Contact person: Henrik Mawby, Head of Investor Relations, Tobii AB,
e-mail: Henrik.mawby@tobii.com, tel. +44 (0) 74 94 074 006

Information to shareholders

WEB PRESENTATION

A conference call and online presentation will be held in English today at 9:00 a.m. (CET). See corporate.tobii.com for more information about the conference call. The slides from the presentation will be available for download from the website afterward.

CONTACT DETAILS

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FINANCIAL CALENDAR

Annual report 2022	May 3, 2023
Interim report, Q1 2023	May 4, 2023
Annual General Meeting	May 26, 2023
Interim report, Q2 2023	July 21, 2023
Interim report, Q3 2023	Nov 7, 2023
Interim report, Q4 2023	Feb 6, 2024