



# Interim Report

## Q3 2022

### July–September 2022

## Strengthened long-term outlook despite macroeconomic headwinds

### THE QUARTER JULY-SEPTEMBER

- 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

### FINANCIAL OVERVIEW

SEK m (except for earnings per share)	Q3 2022	Q3 2021	Change	Organic change	Nine months 2022	Nine months 2021	Change	Organic change	Full year 2021
<b>REVENUE</b>									
Products and Solutions	121	113	7 %	-6 %	352	316	11 %	3 %	459
Integrations	55	38	47 %	30 %	162	104	57 %	44 %	157
<b>Total</b>	<b>176</b>	<b>151</b>	<b>17 %</b>	<b>3 %</b>	<b>514</b>	<b>420</b>	<b>22 %</b>	<b>13 %</b>	<b>616</b>
<b>Operating profit/loss from continuing operations (EBIT)</b>	<b>-36</b>	<b>-42</b>			<b>-131</b>	<b>-155</b>			<b>-186</b>
Profit/loss from discontinued operations	-	32			-1	28			3,330
<b>Net profit/loss for the period</b>	<b>-17</b>	<b>-8</b>			<b>-90</b>	<b>-125</b>			<b>3,147</b>
Earnings per share (SEK)	-0.17	-0.08			-0.86	-1.26			31.36
- whereof continuing operations	-0.17	-0.40			-0.86	-1.54			-1.83
Free cash flow	-64	-71			-180	-174			-152

# 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.



**Anand Srivatsa**  
CEO, Tobii

## **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

# Financial performance

## KEY RATIOS

SEK m	Q3 2022	Q3 2021	Nine months 2022	Nine months 2021	Full year 2021
Revenue	176	151	514	420	616
Revenue change:	17%		22%		
- of which organic	3%		13%		
- of which currency	14%		9%		
Gross profit	131	107	385	293	444
Gross margin	74%	71%	75%	70%	72%
EBITDA	1	-3	-16	-38	-27
EBITDA margin	0%	-2%	-3%	-9%	-4%
Operating profit/loss (EBIT)	-36	-42	-131	-155	-186
EBIT margin	-20%	-28%	-26%	-37%	-30%

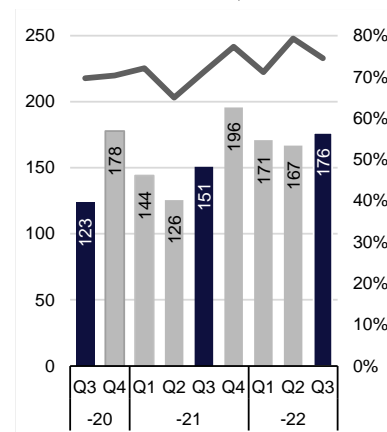
## PRODUCTS & SOLUTIONS

SEK m	Q3 2022	Q3 2021	Nine months 2022	Nine months 2021	Full year 2021
Revenue	121	113	352	316	459
Revenue change:	7%		11%		
- of which organic	-6%		3%		
- of which currency	13%		8%		
Gross profit	82	78	238	223	332
Gross margin	68%	69%	68%	70%	72%

## INTEGRATIONS

SEK m	Q3 2022	Q3 2021	Nine months 2022	Nine months 2021	Full year 2021
Revenue	55	38	162	104	157
Revenue change:	47%		57%		
- of which organic	30%		44%		
- of which currency	17%		13%		
Gross profit	50	30	147	72	112
Gross margin	90%	81%	91%	69%	71%

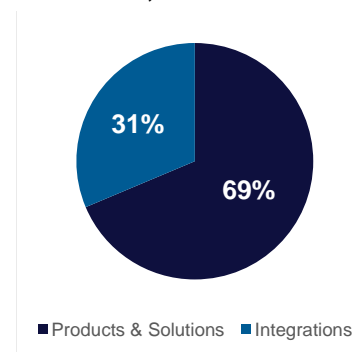
## REVENUE, SEK M, AND GROSS MARGIN, %



## RESEARCH AND DEVELOPMENT, Q3, 2022

SEK m	2022	2021
Total R&D expenditures	-79	-59
Capitalization	41	28
Amortization	-29	-31
R&D expenses in the income statement	-67	-62

## PERCENTAGE OF REVENUE PER SEGMENT Q3, 2022



**JULY-SEPTEMBER****REVENUE**

Revenue increased 17% to SEK 176 million (151), corresponding to organic growth of 3 %.

Products & Solutions revenue was SEK 121 million (113), corresponding to organic decline of 6 %. Revenue was hampered by a weak market for enterprise customers. This weakness was seen across all regions. This was balanced mainly by a strong growth of our PC gaming peripheral Tobii Eye Tracker 5.

Integrations revenue increased to SEK 55 million (38), corresponding to an organic growth of 30 %. The revenue growth was driven by license revenues related to Sony PS VR 2 and development projects with other industry leading VR- and AR OEMs

**RESULTS**

The gross margin was 74 % (71 %).

Products & Solution's gross margin was 68 % (69 %). The gross margin was in line with last year as an effect of a combinations of product mix shift and margin pressure related to component and freight cost inflation.

Integrations gross margin was 90 % (81 %). The improvement was derived from a product mix shift towards more software license revenues.

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 -36 million (-42) and the operating margin was -20 % (-28 %).

Net financial items amounted to SEK 18 million (2) and included SEK 19 million (6) in currency translation effects on balance sheet items and SEK -1 million (-4) of interest expenses primarily related to finance leases under IFRS 16.

Pretax profit was SEK -17 million (-40). Profit/loss from discontinued operations was SEK 0 million (32). The net profit for the period was SEK -17 million (-8) and diluted earnings per share reached SEK -0.17 (-0.40).

**CASH FLOW AND FINANCIAL POSITION**

Cash flow from operating activities before changes in working capital amounted to SEK 2 million (5). Change in working capital amounted to SEK -25 million (-46), negatively affected by a one-time payment of SEK 37 million to the Swedish tax authorities for covid related tax reliefs.

Investments in intangible, tangible, and financial fixed assets amounted to SEK 41 million (30), including SEK 41 million (28) in capitalization of R&D costs. Free cash flow was SEK -64 million (-71).

Financing activities contributed SEK -8 million (59).

At the close of the period, Tobii had SEK 263 million (271) in cash. Consolidated net cash totaled SEK 183 million (-340), including SEK -64 million (-127) in IFRS 16 finance leases.

**JANUARY-SEPTEMBER****REVENUE**

Revenue increased 22 % to SEK 514 million (420), corresponding to organic growth of 13 %.

Products & Solutions increased revenue to SEK 352 million (316), corresponding to organic growth of 3 %. Lingering pandemic effects and macroeconomic conditions impacting primarily our enterprise customers have reduced our organic growth in the period.

Integrations revenue was SEK 162 million (104), corresponding to an organic growth of 44 %. This was driven by strong growth in license revenues from VR headsets, mainly driven by PSVR2. Integrations' underlying activity and project pipeline continued on a high level and to trend positively.

**RESULTS**

The gross margin was 75 % (70 %).

Products & Solution's gross margin was 68 % (70 %). The gross margin decline was explained by higher component costs and a product mix shift from research instruments and software to our PC gaming peripheral.

Integrations gross margin was 91 % (69 %). The improvement in gross margin was related to a product 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 -131 million (-155) and the operating margin was -26 % (-37 %).

Net financial items amounted to SEK 42 million (2) and included SEK 44 million (13) in currency translation effects on balance sheet items and SEK -2 million (-11) of interest expenses primarily related to finance leases under IFRS 16.

Pretax profit was SEK -89 million (-153). Profit/loss from discontinued operations was SEK -1 million (28). The net profit for the period was SEK -90 million (-125) and diluted earnings per share reached SEK -0.86 (-1.54).

#### **CASH FLOW AND FINANCIAL POSITION**

Cash flow from operating activities before changes in working capital amounted to SEK 1 million (-44). Change in working capital amounted to SEK -55 million (-40), negatively affected by a one-time payment of SEK 37 million to the Swedish tax authorities for covid related tax reliefs.

Investments in intangible, tangible and financial fixed assets amounted to SEK 125 million (90), including SEK 127 million (87) in capitalization of R&D costs. Free cash flow was SEK -180 million (-174).

Financing activities contributed SEK 0 million (128), consisting mainly of exercise of warrants and changes in IFRS 16 leasing debt.

At the close of the period, Tobii had SEK 263 million (271) in cash. Consolidated net cash totaled SEK 183 million (-340), including SEK -64 million (-127) in IFRS 16 finance leases.

#### **ORGANIZATION**

The number of FTEs, excluding consultants, on average during the quarter was 509 (506).

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	Q3 2022	Q3 2021	Nine months 2022	Nine months 2021	Full year 2021
<b>Continuing operations</b>					
Revenue	176	151	514	420	616
Cost of goods and services sold	-45	-43	-129	-128	-172
<b>Gross profit</b>	<b>131</b>	<b>107</b>	<b>385</b>	<b>293</b>	<b>444</b>
Selling expenses	-72	-65	-233	-178	-253
Research and development expenses	-67	-62	-199	-204	-271
Administrative expenses	-35	-25	-105	-70	-124
Other operating income and operating expenses	7	2	21	4	17
<b>Operating profit/loss (EBIT)</b>	<b>-36</b>	<b>-42</b>	<b>-131</b>	<b>-155</b>	<b>-186</b>
Net financial items	18	2	42	2	6
<b>Profit/loss before tax</b>	<b>-17</b>	<b>-40</b>	<b>-89</b>	<b>-153</b>	<b>-181</b>
Tax	-0	-0	-0	-0	-3
<b>Net profit/loss for the period from continuing operations</b>	<b>-17</b>	<b>-40</b>	<b>-89</b>	<b>-153</b>	<b>-184</b>
<b>Discontinued operations</b>					
Net profit/loss for the period from discontinued operations	-	32	-1	28	3,330
<b>Net profit/loss for the period</b>	<b>-17</b>	<b>-8</b>	<b>-90</b>	<b>-125</b>	<b>3,147</b>
<b>Other comprehensive income</b>					
Items that may subsequently be reclassified to profit or loss for the period:					
Translation differences	-14	-2	-32	-6	-24
Other comprehensive income for the period, net after tax	-14	-2	-32	-6	-24
<b>Total comprehensive income for the period</b>	<b>-31</b>	<b>-10</b>	<b>-123</b>	<b>-130</b>	<b>3,123</b>
Earnings per share, SEK	-0.17	-0.08	-0.86	-1.26	31.36
- whereof continuing operations	-0.17	-0.40	-0.86	-1.54	-1.83
Earnings per share, diluted, SEK	-0.17	-0.08	-0.86	-1.26	29.87
- whereof continuing operations	-0.17	-0.40	-0.86	-1.54	-1.83
<b>Net profit/loss for the period attributable to:</b>					
Parent company shareholders	-18	-8	-91	-125	3,146
Non-controlling interests	0	0	1	0	0
<b>Total comprehensive income for the period attributable to:</b>					
Parent company shareholders	-32	-10	-124	-130	3,123
Non-controlling interests	0	0	1	0	0

## CONDENSED CONSOLIDATED BALANCE SHEET

SEK m	Sept 30 2022	Sept 30 2021	Dec 31 2021
<b>NON-CURRENT ASSETS</b>			
Intangible assets	404	668	366
Tangible fixed assets	9	31	13
Right-of-use assets	55	121	66
Financial and other non-current assets	80	123	83
<b>Total non-current assets</b>	<b>547</b>	<b>944</b>	<b>528</b>
<b>CURRENT ASSETS</b>			
Accounts receivable	108	195	132
Inventories	60	100	55
Other current receivables	61	144	70
Cash and cash equivalents	263	271	438
<b>Total current assets</b>	<b>491</b>	<b>710</b>	<b>696</b>
<b>Total assets</b>	<b>1,038</b>	<b>1,654</b>	<b>1,224</b>
<b>SHAREHOLDERS' EQUITY</b>			
Shareholders' equity, Parent Company shareholders	746	472	840
Non-controlling interests	3	1	2
<b>Total shareholders' equity</b>	<b>748</b>	<b>474</b>	<b>842</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing loans	16	35	17
Leasing liabilities	35	94	49
Other non-current liabilities	35	114	22
<b>Total non-current liabilities</b>	<b>86</b>	<b>243</b>	<b>88</b>
<b>CURRENT LIABILITIES</b>			
Short-term part of Interest-bearing loans	-	449	-
Leasing liabilities	29	33	28
Other current liabilities	175	456	266
<b>Total current liabilities</b>	<b>204</b>	<b>938</b>	<b>294</b>
<b>Total liabilities</b>	<b>290</b>	<b>1,180</b>	<b>382</b>
<b>Total equity and liabilities</b>	<b>1,038</b>	<b>1,654</b>	<b>1,224</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK m	Attributable to Parent Company shareholders						
	Share capital	Other contributed capital	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
<b>Opening balance, Jan 1, 2021</b>	<b>1</b>	<b>1,639</b>	<b>3</b>	<b>-1,088</b>	<b>555</b>	<b>1</b>	<b>556</b>
Comprehensive income for the period			-6	-125	-130	0	-130
New share issue, exercise of warrants incentive programs	0	44			44		44
Share based payments settled using equity instruments				4	4		4
<b>Closing balance, Sept 30, 2021</b>	<b>1</b>	<b>1,683</b>	<b>-2</b>	<b>-1,209</b>	<b>472</b>	<b>1</b>	<b>474</b>
<b>Opening balance, Jan 1, 2022</b>	<b>1</b>	<b>1,976</b>	<b>-21</b>	<b>-1,116</b>	<b>840</b>	<b>2</b>	<b>841</b>
Comprehensive income for the period			-32	-91	-124	1	-123
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				6	6		6
<b>Closing balance, Sept 30, 2022</b>	<b>1</b>	<b>1,996</b>	<b>-53</b>	<b>-1,199</b>	<b>746</b>	<b>3</b>	<b>748</b>



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

SEK m	Q3 2022	Q3 2021	Nine months 2022	Nine months 2021	Full year 2021
<b>Cash flow from operating activities</b>					
Profit/loss after financial items, continuing operations	-17	-40	-89	-153	-181
Adjustment for items not included in the cash flow	19	44	91	108	148
Taxes paid	-0	1	-1	0	-1
<b>Cash flow from operating activities before change in working capital</b>	<b>2</b>	<b>5</b>	<b>1</b>	<b>-44</b>	<b>-33</b>
Cash flow from change in working capital	-25	-46	-55	-40	11
<b>Cash flow from operating activities</b>	<b>-23</b>	<b>-41</b>	<b>-55</b>	<b>-84</b>	<b>-23</b>
Investments in intangible, tangible and financial fixed assets	-41	-30	-125	-90	-129
<b>Free cash flow</b>	<b>-64</b>	<b>-71</b>	<b>-180</b>	<b>-174</b>	<b>-152</b>
Acquisitions and divestments	-	-17	-	-17	-172
<b>Cash flow after investments</b>	<b>-64</b>	<b>-88</b>	<b>-180</b>	<b>-191</b>	<b>-323</b>
Interest-bearing debt, including Bond issue	-1	1	-0	1	-450
New share issue, net of issue costs	-	-	-	-	294
Exercise of warrants, incentive program	0	19	21	44	42
Instalments of leasing liability IFRS 16	-7	-6	-20	-18	-25
Other financing activities, net <sup>1</sup>	-	45	-	101	294
<b>Cash flow from financing activities</b>	<b>-8</b>	<b>59</b>	<b>0</b>	<b>128</b>	<b>156</b>
<b>Cash flow for the period, continuing operations</b>	<b>-71</b>	<b>-29</b>	<b>-179</b>	<b>-63</b>	<b>-167</b>
Cash flow for the period, discontinued operations	-	-51	-1	-82	188
<b>Cash flow for the period, total</b>	<b>-71</b>	<b>-80</b>	<b>-180</b>	<b>-145</b>	<b>21</b>
Cash and cash equivalents at the beginning of the period	333	349	438	410	410
Foreign currency translation, cash and cash equivalents	1	2	5	6	7
<b>Cash and cash equivalents at the end of the period</b>	<b>263</b>	<b>271</b>	<b>263</b>	<b>271</b>	<b>438</b>

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

## BREAKDOWN OF REVENUE

SEK m	Q3 2022	Q3 2021	Nine months 2022	Nine months 2021	Full year 2021
REVENUE BY PRODUCT CATEGORY					
Hardware	101	101	278	279	420
Software	60	26	176	72	104
Services	15	23	60	69	92
<b>Total revenues</b>	<b>176</b>	<b>151</b>	<b>514</b>	<b>420</b>	<b>616</b>
REVENUE BY TIMING CATEGORY					
At a point in time	172	148	500	412	604
Over time	4	3	13	8	12
<b>Total revenues</b>	<b>176</b>	<b>151</b>	<b>514</b>	<b>420</b>	<b>616</b>
REVENUE BY GEOGRAPHIC MARKET					
Europe	43	39	135	122	192
North America	47	40	125	102	158
Other countries	86	71	254	196	266
<b>Total revenues</b>	<b>176</b>	<b>151</b>	<b>514</b>	<b>420</b>	<b>616</b>

## CONSOLIDATED KEY RATIOS

	Q3 2022	Q3 2021	Nine months 2022	Nine months 2021	Full year 2021
Earnings per share, SEK	-0.17	-0.08	-0.86	-1.26	31.36
- whereof continuing operations	-0.17	-0.40	-0.86	-1.54	-1.83
Earnings per share, diluted, SEK <sup>1</sup>	-0.17	-0.08	-0.86	-1.26	29.87
- whereof continuing operations	-0.17	-0.40	-0.86	-1.54	-1.83
Equity per share, SEK	7	5	7	5	8
EBITDA, continuing operations, SEK m	1	-3	-16	-38	-27
EBIT, continuing operations, SEK m	-36	-42	-131	-155	-186
Cash flow from operating activities, SEK m	-23	-41	-55	-84	-23
Free cashflow, SEK m	-64	-71	-180	-174	-152
Working capital, SEK m	53	-17	53	-17	-9
Total assets, SEK m	1,038	1,654	1,038	1,654	1,224
Net cash(+)/net debt (-), SEK m	183	-340	183	-340	344
Net cash(+)/net debt (-); IFRS 16 Leasing excluded, SEK m	247	-213	247	-213	421
Equity, SEK m	748	474	748	474	842
Average equity, SEK m	747	472	785	512	551
Equity/assets ratio, %	72	29	72	29	69
Debt/equity, %	11	34	11	34	11
Gross margin, continuing operations, %	74	71	75	70	72
EBITDA margin, continuing operations, %	0	-2	-3	-9	-4
Operating margin, continuing operations, %	-20	-28	-26	-37	-30
Return on total equity, %	-2	-2	-11	-24	571
Average number of outstanding shares, million	106	100	106	99	100
Average number of outstanding shares after dilution, million	109	103	108	102	105
Number of outstanding shares at period end, million	106	100	106	100	105
Number of outstanding shares after dilution at period end, million	107	103	107	103	110
Average number of employees	518	506	509	506	512

1) On September 31, 2022, a total of 4.0 million warrants, stock options, and stock units were outstanding, which is an increase of 0.6 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, 1,978,789 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 (1,127,661), LTI 2019 (6,456), LTI 2020 (408,135), LTI 2021 (276,199) and LTI 2022 (4,550).

LTI2022 was launched during the quarter 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 4.1%.

## QUARTERLY DATA

DATA RELATE TO CONTINUING OPERATIONS UNLESS OTHERWISE SPECIFIED

	2020				2021				2022		
REVENUE, SEK m	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Products and Solutions <sup>1</sup>	103	73	91	137	111	93	113	142	139	92	121
Integrations <sup>1</sup>	46	55	32	41	33	33	38	54	32	75	55
Total	148	128	123	178	144	126	151	196	171	167	176
GROSS MARGIN, %											
Products and Solutions <sup>1</sup>	79	79	74	76	74	68	69	78	70	67	68
Integrations <sup>1</sup>	60	62	53	51	68	58	81	76	76	96	90
Total	73	72	70	70	72	65	71	77	71	79	74
EBITDA, SEK											
Total	-31	-41	-19	-5	2	-37	-3	11	-5	-11	1
EBIT, SEK m											
Total	-59	-74	-54	-43	-37	-76	-42	-31	-45	-50	-36
OPERATING MARGIN, %											
Total	-40	-58	-44	-24	-26	-61	-28	-16	-27	-30	-20
PROFIT/LOSS BEFORE TAX, SEK m											
Total	-54	-96	-68	-46	-33	-80	-40	-28	-42	-30	-17
PROFIT/LOSS FOR THE PERIOD, INCLUDING DISCONTINUED OPERATIONS, SEK m											
Total	-16	-74	-49	4	-3	-114	-8	3,272	-42	-31	-17

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 July 1, the subsidiaries Tobii Pro AB and Tobii Tech AB were merged with the Parent Company, Tobii AB (publ). The number of employees in the Parent Company is approximately 350 (85).

The Parent Company's revenue during the quarter totaled SEK 127 million (36) and the operating loss was SEK -50 million (-1). At the end of the period, the Parent Company had SEK 190 million (51) in cash and cash equivalents.

The large changes in the reported numbers for the parent company is due to the merger.

## CONDENSED PARENT COMPANY INCOME STATEMENT

SEK m	Q3 2022	Q3 2021	Nine months 2022	Nine months 2021	Full year 2021
<b>Revenue</b>	<b>127</b>	<b>36</b>	<b>385</b>	<b>111</b>	<b>158</b>
Cost of goods and services sold	-37	-5	-103	-24	-27
<b>Gross profit</b>	<b>90</b>	<b>31</b>	<b>282</b>	<b>87</b>	<b>131</b>
Selling expenses	-46	-2	-149	-3	-7
Research and development expenses	-68	-1	-199	-7	-8
Administrative expenses	-33	-28	-102	-84	-159
Other operating income and operating expenses	7	-0	20	0	286
<b>Operating profit/loss</b>	<b>-50</b>	<b>-1</b>	<b>-148</b>	<b>-6</b>	<b>243</b>
Financial items	23	4	55	16	24
Group Contributions	-	-	-	-	0
<b>Profit/loss before tax</b>	<b>-27</b>	<b>3</b>	<b>-94</b>	<b>10</b>	<b>266</b>
Tax	-	0	-	0	-0
<b>Profit/loss after tax</b>	<b>-27</b>	<b>3</b>	<b>-94</b>	<b>10</b>	<b>266</b>

## CONDENSED PARENT COMPANY BALANCE SHEET

SEK m	Sept 30 2022	Sept 30 2021	Dec 31 2021
NON-CURRENT ASSETS			
Intangible assets	321	51	34
Tangible fixed assets	5	5	5
Financial assets	401	1,783	1,526
<b>Total non-current assets</b>	<b>727</b>	<b>1,839</b>	<b>1,565</b>
CURRENT ASSETS			
Accounts receivable	93	23	46
Inventories	51	0	0
Other current receivables	41	229	124
Cash and bank balances	190	51	284
<b>Total current assets</b>	<b>375</b>	<b>303</b>	<b>454</b>
<b>Total assets</b>	<b>1,102</b>	<b>2,142</b>	<b>2,019</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>909</b>	<b>1,367</b>	<b>1,740</b>
NON-CURRENT LIABILITIES			
Other non-current liabilities	32	17	17
<b>Total non-current liabilities</b>	<b>32</b>	<b>17</b>	<b>17</b>
CURRENT LIABILITIES			
Short-term part of Interest-bearing liabilities	-	449	-
Other current liabilities	161	308	262
<b>Total current liabilities</b>	<b>161</b>	<b>758</b>	<b>262</b>
<b>Total liabilities</b>	<b>193</b>	<b>774</b>	<b>279</b>
<b>Total equity and liabilities</b>	<b>1,102</b>	<b>2,142</b>	<b>2,019</b>

# Notes

## Not 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 July 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.

## Not 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.

## Not 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.

#### Not 4. Financial instruments

SEK m	Sept 30 2022		Sept 30 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial liabilities measured at amortized cost for which fair value is disclosed for information purposes</b>				
Bond issue	-	-	448	450
<b>Financial assets measured at fair value</b>				
Contingent considerations	-	-	39	39
<b>Financial liabilities measured at fair value</b>				
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 quarter.

#### Change in contingent consideration

<b>SEK m</b>	
<b>Assets</b>	
Opening balance January 1, 2022	6
Payments	-6
Translation differences	0
Closing balance Sept 30, 2022	-
<b>Liabilities</b>	
Opening balance January 1, 2022	17
Translation differences	1
Closing balance Sept 30, 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 2021 financial year, without any need for impairment being identified.

#### Not 5. Pledged assets and contingent liabilities

As of September 30, 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	Q3 2022	Q3 2021	Nine months 2022	Nine months 2021	Full year 2021
Operating profit/loss before depreciation, amortization and impairment, (EBITDA)	1	-3	-16	-38	-27
Amortization and impairment	-29	-31	-92	-92	-125
Depreciation	-8	-8	-23	-25	-35
<i>of which Right-of-use assets (IFRS 16 Leasing)</i>	-6	-6	-18	-19	-26
<b>Operating profit/loss (EBIT)</b>	<b>-36</b>	<b>-42</b>	<b>-131</b>	<b>-155</b>	<b>-186</b>

Danderyd, November 8, 2022

**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 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 November 8, 2022, at 7:30 a.m. CET.*

Contact person: Henrik Mawby, Head of Investor Relations, Tobii AB,  
e-mail: [Henrik.mawby@tobii.com](mailto: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 [tobii.com](https://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

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



## Auditor's report

Tobii AB (publ) corp. reg. no. 556613-9654

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### Introduction

We have reviewed the condensed interim financial information (interim report) of Tobii AB (publ) as of 30 September 2022 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 8 November 2022

PricewaterhouseCoopers AB

Henrietta Segenmark  
Authorized Public Accountant