



Interim Report

Q2 2022

April–June 2022

MAJOR MILESTONE IN VR WITH SONY

THE QUARTER APRIL-JUNE

- Revenue increased to SEK 167 million (126), corresponding to organic growth of 21 %
- Gross margin increased to 79 % (65 %)
- Operating result (EBIT) was SEK -50 million (-76)
- The net result for the period amounted to SEK -31 million (-114)
- Earnings per share amounted to SEK -0.29 (-0.80)
- Free cash flow amounted to SEK -68 million (-93)

SIGNIFICANT EVENTS DURING THE PERIOD

- Tobii was selected by Sony Interactive Entertainment to be the eye tracking technology provider for Sony PlayStation VR2 (PS VR2)
- Tobii received six design wins in the quarter. In addition to Sony PS VR2, one was for integration of the IS5 platform in medical displays and four was for our Aware software in PCs and education laptops
- Per Norman was elected as the new Chairman of the Board and Mats Backman as a new board member

FINANCIAL OVERVIEW

SEK m (except for earnings per share)	Q2 2022	Q2 2021	Change	Organic change	Half year 2022	Half year 2021	Change	Organic change	Full year 2021
REVENUE									
Products and Solutions	92	93	-1 %	-8 %	231	204	13 %	5 %	459
Integrations	75	33	126 %	99 %	107	66	63 %	47 %	157
Total	167	126	33 %	21 %	337	269	25 %	15 %	616
Operating profit/loss from continuing operations (EBIT)	-50	-76			-95	-113			-186
Profit/loss from discontinued operations	-	-34			-1	-4			3,330
Net profit/loss for the period	-31	-114			-73	-117			3,147
Earnings per share (SEK)	-0.29	-1.14			-0.70	-1.18			31.36
- whereof continuing operations	-0.29	-0.80			-0.68	-1.14			-1.83
Free cash flow	-68	-93			-116	-103			-151

Comments from the CEO

Tobii delivered a strong quarter, reaching 21 percent organic revenue growth, enabling us to deliver an all-time high Q2 revenue and improvements in profitability. More importantly, our underlying long-term business dynamics were very encouraging as we made significant strides in several investment initiatives. A noteworthy example was the Sony PS VR2 contract, proving that our investments and perseverance in VR and AR are on the right track.

Strong organic revenue growth and profitability improvement in a seasonally weak quarter

We delivered a strong quarter, with revenue growth reaching 21 percent marking our sixth consecutive quarter of organic growth. Gross profit grew even faster because of a significant 14 percentage points gross margin improvement. This came as a result of a positive product mix, showcasing the expected dynamics when moving towards more license-based revenues. Our operating result improved SEK 26 million to SEK -50 million. Although the headline numbers were positive, the underlying dynamics in our business segments were a tale of two stories.

The Integrations segment was the growth driver with an impressive 99 percent organic growth. This growth resulted from positive momentum in our product offering toward VR clients. The Sony PS VR2 contract resulted in significant upfront revenue, which is reflected in our second quarter result. We expect the Sony deal to continue to deliver revenue contributions in the second half of 2022 and beyond. Revenue from the Sony PS VR2 deal during the current year is expected to exceed 10 percent of our 2022 revenue. The integration business is seeing a general shift in product mix from hardware to software, the Sony deal being an example, which positively impacts the gross margin. The Integration segment will continue to be characterized by quarter-to-quarter lumpiness in revenue, though it should show sustained strong revenue growth on an annual basis.

Our Product & Solutions segment did not reach our expectations and declined 8 percent organically, which we view as the result of the macro environment. Pandemic-related closures that started at the end of the first quarter in China impacted negatively throughout most of the second quarter. Furthermore, global macro-economic issues related to inflation and recession fears are driving a focus on spending reduction for some of our customers. If the cautiousness regarding the global economic outlook lingers, we expect headwinds will continue to impact the growth of this segment in the coming quarters.

Major milestone quarter for Tobii and eye tracking

At the end of the quarter, we closed a marquee agreement for the Sony PS VR2. This is an important deal for many reasons. It will bring eye tracking to millions of gamers and create a new baseline experience for consumer VR headsets. There is no longer any doubt in the industry that eye tracking is becoming a required feature for both consumer and enterprise devices.

For Tobii, this contract solidifies our position as the world's leading eye tracking supplier. It is another proof-point of Tobii's strong execution capabilities and ability to successfully serve the most demanding device manufacturers globally with our technology and expertise. We expect the impact of the Sony deal will be felt across all of Tobii's businesses by building awareness around eye tracking as a technology and accelerating adoption.

Our momentum continues to build

The VR and AR market continues to be very active, and we are in a better position than ever to take advantage of the momentum building around VR and AR and The metaverse. Similarly, positive momentum is visible in other investment initiatives, including in Automotive, where we are progressing in tendering processes and partnership discussions. Despite the macro environment presenting challenges in parts of our business, our strong momentum makes us confident in our ability to execute well also going forward.



Anand Srivatsa
CEO, Tobii

Anand Srivatsa
CEO

Financial performance

KEY RATIOS

SEK m	Q2 2022	Q2 2021	Half year 2022	Half year 2021	Full year 2021
Revenue	167	126	337	269	616
Revenue change:	33%		25%		
- of which organic	21%		15%		
- of which currency	12%		10%		
Gross profit	132	82	254	185	444
Gross margin	79 %	65 %	75 %	69 %	72 %
EBITDA	-11	-37	-16	-35	-27
EBITDA margin	-7 %	-30 %	-5 %	-13 %	-4 %
Operating profit/loss (EBIT)	-50	-76	-95	-113	-186
EBIT margin	-30 %	-61 %	-28 %	-42 %	-30 %

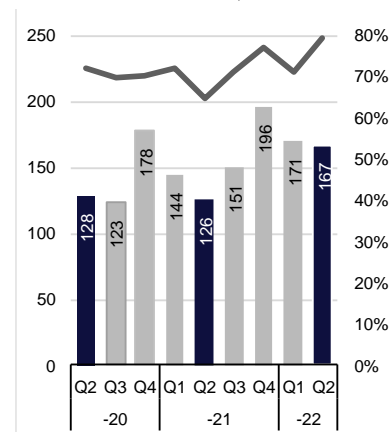
PRODUCTS & SOLUTIONS

SEK m	Q2 2022	Q2 2021	Half year 2022	Half year 2021	Full year 2021
Revenue	92	93	231	204	459
Revenue change:	-1%		13%		
- of which organic	-8%		5%		
- of which currency	7%		8%		
Gross profit	62	63	159	145	332
Gross margin	67%	68%	69%	71%	72%

INTEGRATIONS

SEK m	Q2 2022	Q2 2021	Half year 2022	Half year 2021	Full year 2021
Revenue	75	33	107	66	157
Revenue change:	126%		63%		
- of which organic	99%		47%		
- of which currency	27%		16%		
Gross profit	72	19	94	41	112
Gross margin	96%	58%	88%	63%	71%

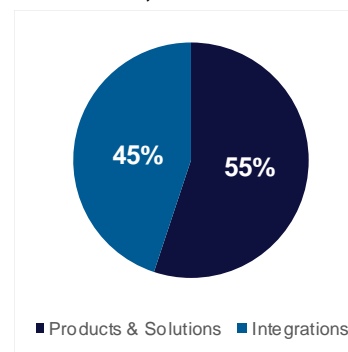
REVENUE, SEK M, AND GROSS MARGIN, %



RESEARCH AND DEVELOPMENT, Q2, 2022

SEK m	2022	2021
Total R&D expenditures	-86	-71
Capitalization	43	30
Amortization	-29	-31
R&D expenses in the income statement	-72	-72

PERCENTAGE OF REVENUE PER SEGMENT Q2, 2022



APRIL-JUNE**REVENUE**

Revenue increased to SEK 167 million (126), corresponding to organic growth of 21 %.

Products & Solutions revenue was SEK 92 million (93), corresponding to organic decline of 8 %. Revenue was affected by a challenging development in China due to renewed pandemic-related restrictions and recession fears driving a focus on spending reduction for some of our customers.

Integrations revenue increased to SEK 75 million (33), corresponding to an organic growth of 99 %. The revenue growth was primarily driven by a large license revenue related to Sony PS VR 2. Integrations' underlying activity and project pipeline continued on a high level and to trend positively.

RESULTS

The gross margin was 79 % (65 %).

Products & Solution's gross margin was 67 % (68 %). The gross margin was in line with last year and remained pressured by component and freight cost inflation.

Integrations gross margin was 96 % (58 %). The improvement was derived from a product mix shift towards more software license revenues, with the Sony deal being a significant driver.

Operational expenses increased mainly because of the normalization and recovery of sales and marketing activities, and increased G&A costs following the spin-off of Tobii Dynavox.

The operating result was SEK -50 million (-76) and the operating margin was -30 % (-61 %).

Net financial items amounted to SEK 20 million (-4) and included SEK 21 million (-4) in currency translation effects on balance sheet items and SEK -1 million (1) of interest expenses primarily related to finance leases under IFRS 16.

Pretax profit was SEK -30 million (-80). Profit/loss from discontinued operations was SEK 0 million (-34). The net profit for the period was SEK -31 million (-114) and diluted earnings per share reached SEK -0.29 (-1,14).

CASH FLOW AND FINANCIAL POSITION

Cash flow from operating activities before changes in working capital amounted to SEK 4 million (-44). Change in working capital amounted to SEK -29 million (-19).

Investments in intangible, tangible, and financial fixed assets amounted to SEK 42 million (29), including SEK 43 million (30) in capitalization of R&D costs. Free cash flow was SEK -68 million (-93).

Financing activities contributed SEK -6 million (41).

At the close of the period, Tobii had SEK 333 million (349) in cash. Consolidated net cash totaled SEK 247 million (-251), including SEK 69 million (136) in IFRS 16 finance leases.

JANUARY-JUNE**REVENUE**

Revenue increased to SEK 337 million (269), corresponding to organic growth of 15 %.

Products & Solutions increased revenue to SEK 231 million (204), corresponding to organic growth of 5 %. The growth was driven by a strong recovery in the first quarter and a notably weaker demand situation in the second quarter, which we view as mainly related to renewed Pandemic related restrictions in China and macroeconomic uncertainty.

Integrations revenue was SEK 107 million (66), corresponding to an organic growth of 47 %. This was driven by strong growth in license revenues from VR headsets towards the end of the period. Integrations' underlying activity and project pipeline continued on a high level and to trend positively.

RESULTS

The gross margin was 75 % (69 %).

Products & Solution's gross margin was 69 % (71 %). The gross margin decline was explained by higher component costs and a negative product mix.

Integrations gross margin was 88 % (63 %). The improvement in gross margin was related to a product mix shift from hardware to software licenses.

Operational expenses increased mainly because of the normalization and recovery of sales and marketing activities and increased G&A costs following the spin-off of Tobii Dynavox.

The operating result was SEK -95 million (-113) and the operating margin was -28 % (-42 %).

Net financial items amounted to SEK 23 million (1) and included SEK 25 million (7) in currency translation effects on balance sheet items and SEK -2 million (-6) of interest expenses primarily related to finance leases under IFRS 16.

Pretax profit was SEK -72 million (-113). Profit/loss from discontinued operations was SEK -1 million (-4). The net profit for the period was SEK -73 million (-117) and diluted earnings per share reached SEK -0.70 (-1.18).

CASH FLOW AND FINANCIAL POSITION

Cash flow from operating activities before changes in working capital amounted to SEK -1 million (-49). Change in working capital amounted to SEK -31 million (7).

Investments in intangible, tangible, and financial fixed assets amounted to SEK 84 million (61), including SEK 86 million (59) in capitalization of R&D costs. Free cash flow was SEK -116 million (-103).

Financing activities contributed SEK 8 million (69), mainly related to exercise of warrants.

At the close of the period, Tobii had SEK 333 million (349) in cash. Consolidated net cash totaled SEK 247 million (-251), including SEK 69 million (136) in IFRS 16 finance leases.

ORGANIZATION

The number of FTEs, excluding consultants, on average during the period was 508 (521).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	Q2 2022	Q2 2021	Half year 2022	Half year 2021	Full year 2021
Continuing operations					
Revenue	167	126	337	269	616
Cost of goods and services sold	-35	-44	-84	-84	-172
Gross profit	132	82	254	185	444
Selling expenses	-85	-59	-162	-113	-253
Research and development expenses	-72	-72	-133	-141	-271
Administrative expenses	-34	-24	-69	-46	-124
Other operating income and operating expenses	9	-3	15	1	17
Operating profit/loss (EBIT)	-50	-76	-95	-113	-186
Net financial items	20	-4	23	1	6
Profit/loss before tax	-30	-80	-72	-113	-181
Tax	-1	-0	-0	-0	-3
Net profit/loss for the period from continuing operations	-31	-80	-72	-113	-184
Discontinued operations					
Net profit/loss for the period from discontinued operations	-	-34	-1	-4	3,330
Net profit/loss for the period	-31	-114	-73	-117	3,147
Other comprehensive income					
Items that may subsequently be reclassified to profit or loss for the period:					
Translation differences	-15	2	-18	-3	-24
Other comprehensive income for the period, net after tax	-15	2	-18	-3	-24
Total comprehensive income for the period	-46	-112	-91	-120	3,123
Earnings per share, SEK	-0.29	-1.14	-0.70	-1.18	31.36
- whereof continuing operations	-0.29	-0.80	-0.68	-1.14	-1.83
Earnings per share, diluted, SEK	-0.29	-1.14	-0.70	-1.18	29.87
- whereof continuing operations	-0.29	-0.80	-0.68	-1.14	-1.83
Net profit/loss for the period attributable to:					
Parent company shareholders	-31	-114	-74	-117	3,146
Non-controlling interests	0	-1	1	0	0
Net profit/loss for the period	-31	-114	-73	-117	3,147
Total comprehensive income for the period attributable to:					
Parent company shareholders	-46	-112	-92	-120	3,123
Non-controlling interests	0	-1	1	0	0

CONDENSED CONSOLIDATED BALANCE SHEET

SEK m	Jun 30 2022	Jun 30 2021	Dec 31 2021
NON-CURRENT ASSETS			
Intangible assets	391	623	366
Tangible fixed assets	10	35	13
Right-of-use assets	60	127	66
Financial and other non-current assets	80	125	83
Total non-current assets	540	909	528
CURRENT ASSETS			
Accounts receivable	129	154	132
Inventories	66	88	55
Other current receivables	62	120	70
Cash and cash equivalents	333	349	438
Total current assets	590	712	696
Total assets	1,130	1,621	1,224
SHAREHOLDERS' EQUITY			
Shareholders' equity, Parent Company shareholders	773	460	840
Non-controlling interests	2	1	2
Total shareholders' equity	775	461	842
LIABILITIES			
NON-CURRENT LIABILITIES			
Interest-bearing loans	16	15	17
Leasing liabilities	41	103	49
Other non-current liabilities	37	103	22
Total non-current liabilities	94	221	88
CURRENT LIABILITIES			
Short-term part of Interest-bearing loans	-	449	-
Leasing liabilities	29	33	28
Other current liabilities	232	456	266
Total current liabilities	261	938	294
Total liabilities	355	1,159	382
Total equity and liabilities	1,130	1,621	1,224

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK m	Attributable to Parent Company shareholders						Total equity
	Share capital	Other contributed capital	Reserves	Retained earnings	Total	Non-controlling interests	
Opening balance, Jan 1, 2021	1	1 639	3	-1 088	555	1	556
Comprehensive income for the period			-3	-117	-120	0	-120
New share issue, exercise of warrants incentive programs	0	24			24		24
Share based payments settled using equity instruments				1	1		1
Closing balance, Jun 30, 2021	1	1 664	-0	-1 204	460	1	462
Opening balance, Jan 1, 2022	1	1 976	-21	-1 116	840	2	841
Comprehensive income for the period			-18	-74	-92	1	-91
New share issue, exercise of warrants incentive programs	0	21			21		21
Share based payments settled using equity instruments				4	4		4
Closing balance, Jun 30, 2022	1	1 996	-39	-1 185	773	2	775

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

SEK m	Q2 2022	Q2 2021	Half year 2022	Half year 2021	Full year 2021
Cash flow from operating activities					
Profit/loss after financial items, continuing operations	-30	-80	-72	-113	-181
Adjustment for items not included in the cash flow	34	35	72	64	148
Taxes paid	-0	-0	-1	-1	-0
Cash flow from operating activities before change in working capital	4	-44	-1	-49	-33
Cash flow from change in working capital	-29	-19	-31	7	11
Cash flow from operating activities	-25	-64	-32	-43	-22
Investments in intangible, tangible and financial fixed assets	-42	-29	-84	-61	-129
Free cash flow	-68	-93	-116	-103	-151
Acquisitions and divestments	-	-	-	-	-172
Cash flow after investments	-68	-93	-116	-103	-322
Interest-bearing debt, including Bond issue	0	1	0	1	-450
New share issue, net of issue costs	-	-	-	-	294
Exercise of warrants, incentive program	0	6	21	24	42
Instalments of leasing liability IFRS 16	-7	-6	-13	-12	-25
Other financing activities, net ¹	-	41	-	56	294
Cash flow from financing activities	-6	41	8	69	156
Cash flow for the period, continuing operations	-74	-51	-108	-35	-166
Cash flow for the period, discontinued operations	-	-18	-1	-30	188
Cash flow for the period, total	-74	-70	-109	-65	22
Cash and cash equivalents at the beginning of the period	402	422	438	410	410
Foreign currency translation, cash and cash equivalents	4	-3	4	4	7
Cash and cash equivalents at the end of the period	333	349	333	349	439

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

BREAKDOWN OF REVENUE

SEK m	Q2 2022	Q2 2021	Half year 2022	Half year 2021	Full year 2021
REVENUE BY PRODUCT CATEGORY					
Goods	90	99	219	214	495
Services	21	25	52	51	107
Royalties	56	2	66	5	14
Total revenues	167	126	337	269	616
REVENUE BY TIMING CATEGORY					
At a point in time	162	123	328	264	604
Over time	5	2	9	5	12
Total revenues	167	126	337	269	616
REVENUE BY GEOGRAPHIC MARKET					
Europe	41	36	92	78	192
North America	39	32	78	62	158
Other countries	87	58	168	130	266
Total revenues	167	126	337	269	616

CONSOLIDATED KEY RATIOS

	Q2 2022	Q2 2021	Half year 2022	Half year 2021	Full year 2021
Earnings per share, SEK	-0.29	-1.14	-0.70	-1.18	31.36
- whereof continuing operations	-0.29	-0.80	-0.68	-1.14	-1.83
Earnings per share, diluted, SEK ¹	-0.29	-1.14	-0.70	-1.18	29.87
- whereof continuing operations	-0.29	-0.80	-0.68	-1.14	-1.83
Equity per share, SEK	7	5	7	5	8
EBITDA, continuing operations, SEK m	-11	-37	-16	-35	-27
EBIT, continuing operations, SEK m	-50	-76	-95	-113	-186
Cash flow from operating activities, SEK m	-25	-64	-32	-43	-22
Free cashflow, SEK m	-68	-93	-116	-103	-151
Working capital, SEK m	25	-94	25	-94	-9
Total assets, SEK m	1,130	1,621	1,130	1,621	1,224
Net cash(+)/net debt (-), SEK m	247	-251	247	-251	344
Net cash(+)/net debt (-); IFRS 16 Leasing excluded, SEK m	316	-115	316	-115	421
Equity, SEK m	775	461	775	461	842
Average equity, SEK m	781	507	805	527	551
Equity/assets ratio, %	69	28	69	28	69
Debt/equity, %	11	33	11	33	11
Gross margin, continuing operations, %	79	65	75	69	72
EBITDA margin, continuing operations, %	-7	-30	-5	-13	-4
Operating margin, continuing operations, %	-30	-61	-28	-42	-30
Return on total equity, %	-4	-22	-9	-22	571
Average number of outstanding shares, million	106	99	105	99	100
Average number of outstanding shares after dilution, million	108	103	108	103	105
Number of outstanding shares at period end, million	106	100	106	100	105
Number of outstanding shares after dilution at period end, million	106	103	106	103	110
Average number of employees	508	521	505	506	512

1) On June 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 April 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, 1,064,884 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 (130,766). The first vesting of LTI2020 occurred in the quarter, resulting in 230,972 stock units being exercised.

In addition, 1,949,043 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 (395,114) and LTI 2021 (264,024).

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

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 number of employees in the Parent Company is approximately 330 (90).

The Parent Company's revenue during the quarter totaled SEK 220 million (45) and the operating loss was SEK -94 million (-4). At the end of the period, the Parent Company had SEK 250 million (59) 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	Q2 2022	Q2 2021	Half year 2022	Half year 2021	Full year 2021
Revenue	220	45	258	75	158
Cost of goods and services sold	-62	-14	-66	-19	-27
Gross profit	158	31	192	56	131
Selling expenses	-94	-1	-103	-1	-7
Research and development expenses	-130	-3	-131	-5	-8
Administrative expenses	-37	-30	-69	-56	-159
Other operating income and operating expenses	9	0	13	0	286
Operating profit/loss	-94	-4	-98	-5	243
Financial items	24	15	32	12	24
Group Contributions	-	-	-	-	0
Profit/loss before tax	-70	12	-67	7	266
Tax	-	0	-	0	-0
Profit/loss after tax	-70	12	-67	7	266

CONDENSED PARENT COMPANY BALANCE SHEET

SEK m	Jun 30 2022	Jun 30 2021	Dec 31 2021
NON-CURRENT ASSETS			
Intangible assets	309	42	34
Tangible fixed assets	6	6	5
Financial assets	378	1,710	1,526
Total non-current assets	692	1,758	1,565
CURRENT ASSETS			
Accounts receivable	123	29	46
Inventories	57	0	0
Other current receivables	55	209	124
Cash and bank balances	250	59	284
Total current assets	486	297	454
Total assets	1,178	2,056	2,019
SHAREHOLDERS' EQUITY	932	1,341	1,740
NON-CURRENT LIABILITIES			
Other non-current liabilities	34	0	17
Total non-current liabilities	34	0	17
CURRENT LIABILITIES			
Short-term part of Interest-bearing liabilities	-	449	-
Other current liabilities	212	266	262
Total current liabilities	212	714	262
Total liabilities	246	714	279
Total equity and liabilities	1,178	2,056	2,019

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 April 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	Jun 30 2022		Jun 30 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities measured at amortized cost for which fair value is disclosed for information purposes				
Bond issue	-	-	448	450
Financial assets measured at fair value				
Contingent considerations	6	6	39	39
Financial liabilities measured at fair value				
Contingent considerations	18	18	-	-

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. Receivables for contingent consideration relate in their entirety to the sale of Smartbox.

Change in contingent consideration

SEK m	
Assets	
Opening balance January 1, 2022	6
Translation differences	0
Closing balance June 30, 2022	6
Liabilities	
Opening balance January 1, 2022	17
Translation differences	1
Closing balance June 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 June 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	Q2 2022	Q2 2021	Half year 2022	Half year 2021	Full year 2021
Operating profit/loss before depreciation, amortization and impairment, (EBITDA)	-11	-37	-16	-35	-27
Amortization and impairment	-31	-31	-63	-62	-125
Depreciation	-8	-8	-15	-17	-35
<i>of which Right-of-use assets (IFRS 16 Leasing)</i>	-6	-6	-12	-13	-26
Operating profit/loss (EBIT)	-50	-76	-95	-113	-186

Danderyd, August 23, 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 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 and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, on August 23, 2022, 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 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, Q3 2022	November 8, 2022
Interim report, Q4 2022	February 7, 2023