

# Q3 2023

## Earnings call presentation

7 November 2023 at 9 a.m. CET

**tobii**

# Welcome to Tobii's Q3 2023 earnings call

**Anand Srivatsa, CEO**



**Magdalena Rodell Andersson, CFO**



A woman with dark hair, wearing Tobii eye-tracking glasses, is smiling and holding a smartphone. The image is overlaid with a dark blue gradient.

## Q3 business development

- Pronounced summer vacation weakness in Products & Solutions
- Decent Integrations segment performance despite Sony PS VR2
- Four design wins in different business areas
- Expanding our consumer research portfolio to make attention computing more accessible
  - Tobii UX Explore + Eyevido
- Clear trend of increasing interest and adoption of attention computing and eye tracking



## Q3 figures overview

Weak quarter but target for Q4 profitability remains



**-18%**

Group organic  
revenue growth

**-25%**

P&S organic  
revenue growth

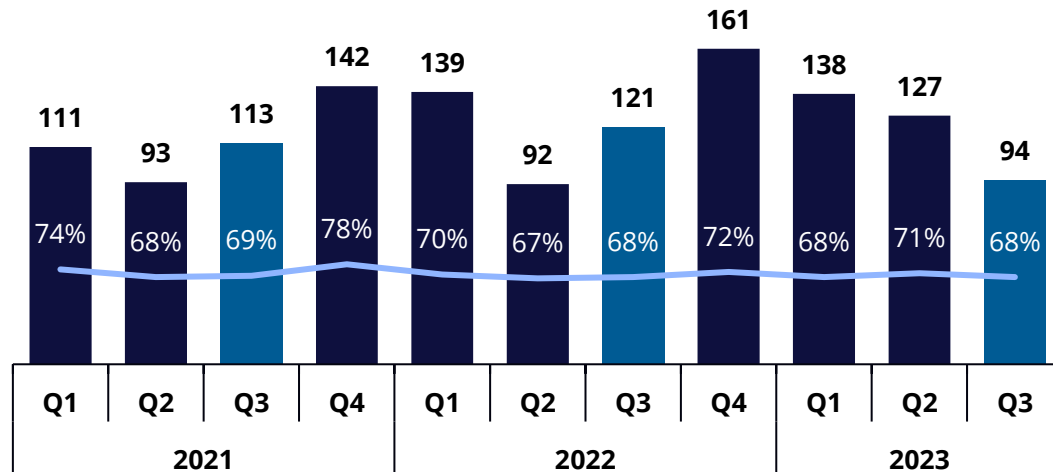
**-2%**

Integrations revenue  
organic growth

# Financial development per segment

## Products & Solutions

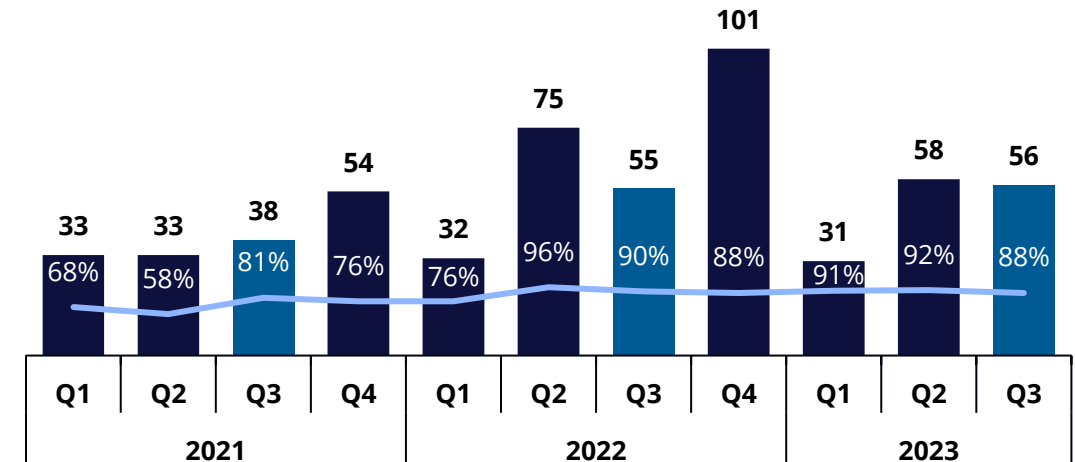
Revenue (SEKm) and Gross margin (%)



- Organic revenue decline of -25% after exceptionally strong Q2
  - Decreased demand in Asia impacted by summer vacation
- YTD organic revenue decline of -3%
- 68% (68) gross margin, lower revenue scale effect offset by shift in product mix

## Integrations

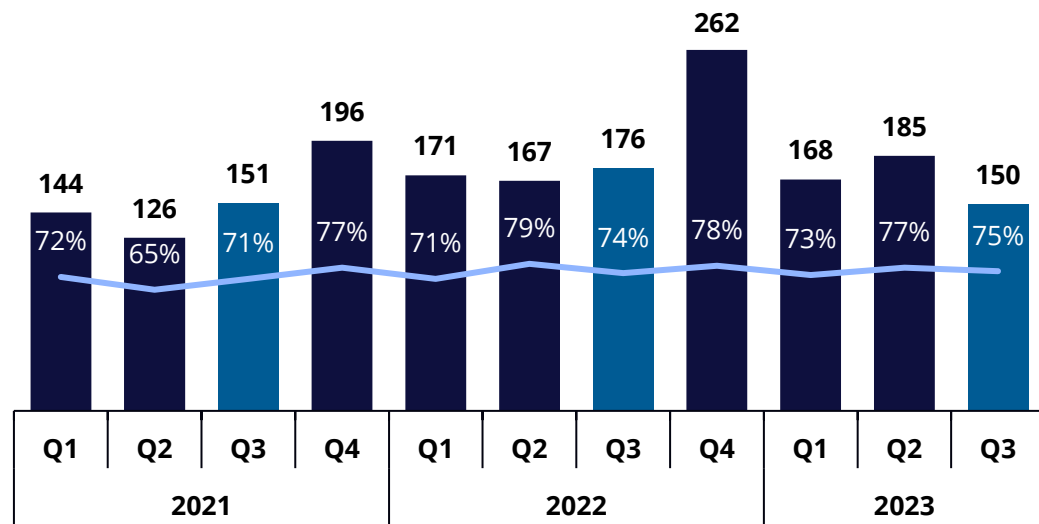
Revenue (SEKm) and Gross margin (%)



- Organic revenue decline of -2%
- Substantially lower Sony PS VR2 license revenue compared with Q3 2022, robust organic revenue growth excluding Sony
- 88% (90) gross margin
- High gross margin reflecting general trend towards a more software, service and license-based product mix

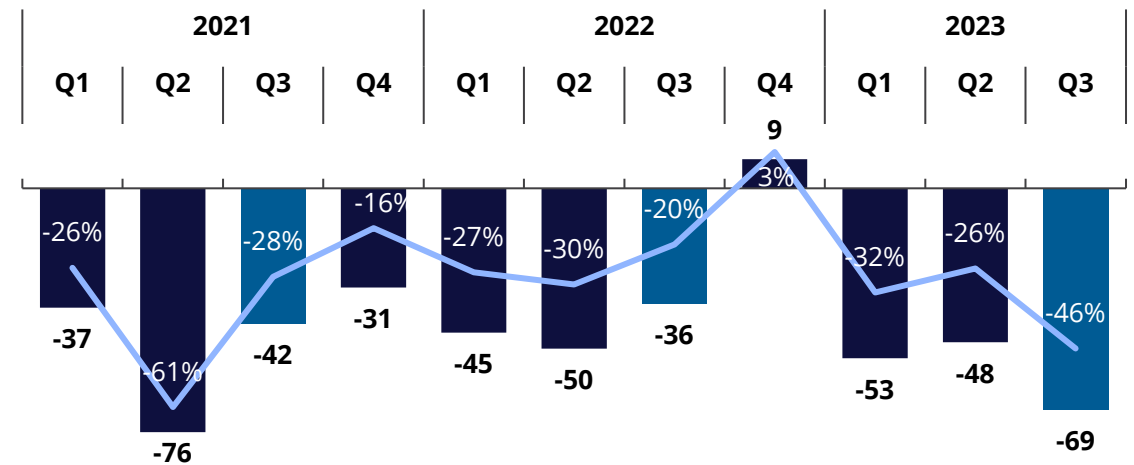
# Group financial development

Revenue (SEKm) and Gross margin (%)



- Organic revenue decline of 18%, impacted by significantly lower Products & Solutions revenue
- Gross margin slightly strengthened to 75% (74) due to larger share of revenue from Integrations segment

EBIT (SEKm) and EBIT margin (%)



- EBIT of SEK -69 million (-36)
- Operating expenses increased to SEK 182 million (166) driven by increased sales and marketing costs

# Balance sheet and cash flow

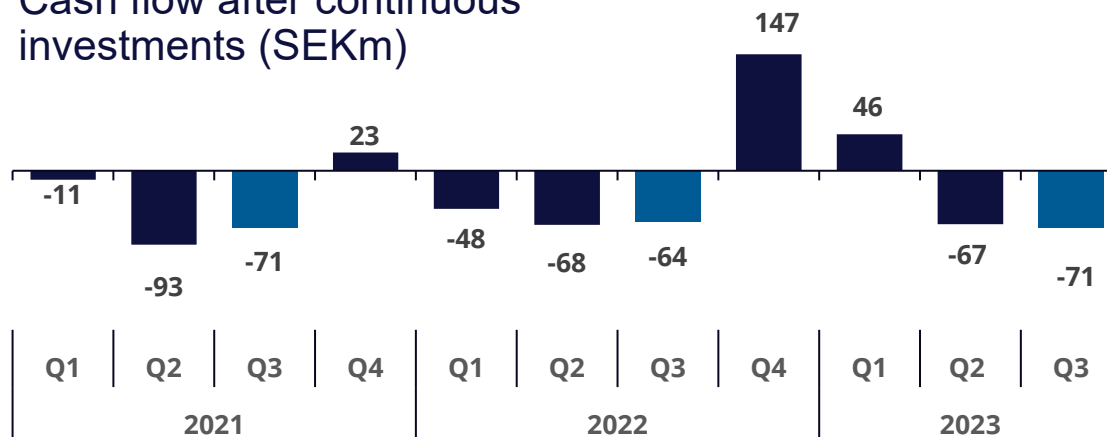
## Key comments

- Cash flow after continuous investments of SEK -71 million (-64)
- Change in working capital of SEK 8 million (-25), one-time repayment in Q3 2022 of COVID tax reliefs of SEK 37 million
- Cash and cash equivalents of SEK 271 (263) million
- Net cash excl. IFRS 16 of SEK 258 (247) million or SEK 184 (183) million incl. IFRS 16
- Unutilized revolving credit facility of SEK 50 million

## Balance sheet and cash flow summary

(SEKm)	Q3 2023	Q3 2022
Equity	586	748
Equity/assets ratio, %	51	72
Cash and cash equivalents	271	263
Net cash (Incl. IFRS 16)	184	183
Cash flow after continuous investments	-71	-64

## Cash flow after continuous investments (SEKm)



A close-up photograph of a human eye. A small, square, white sensor is attached to the cornea. The sensor has a fine grid pattern on its surface. The eye is looking slightly to the right. The background is dark and out of focus.

Making attention computing broadly accessible

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# 2023 is a big year for integrating eye tracking in VR devices

Sony



**Feb '23** – 1st consumer VR headset with eye tracking

Apple



**June '23** - *“A fully three-dimensional user interface controlled by the most natural and intuitive inputs possible – a user’s eyes, hands, and voice”*  
– Tim Cook (Apple CEO)

Meta



**Oct '23** - *“We're really focusing on continuing to be able to deliver it [eye tracking] ... so we can make it into every single headset”*  
– Andrew Bosworth (Meta CTO)

# Eye tracking is critical to future VR use cases

Meta showcased “Butterscotch” @ Siggraph (Aug 2023)

Meta “Butterscotch” headset



Tobii “Crystal” Eye tracking Subsystem



## 2 new VR use cases powered by eye tracking

1

### “Varifocal displays”

Users can wear headsets longer  
– reduces eye strain

2

### “Dynamic distortion correction”

Virtual environment is more life like

”

*[Eyetracking] answers a lot of questions which come up from the other testing methods and even highlights some questions we weren't aware of.*



”

*We have become much more accurate and efficient in illustrating user experiences and proving usability problems.*



# Attention computing in user experience (UX) research today

## UX testing is a large market

- Market CAGR of 20% forecast through 2031
- Brands increasingly rely on digital mediums to engage customers

## Eye tracking is a powerful tool

- Measuring attention enables a deep understanding of behavior and preference

## Adoption limited by cost/complexity

- Improved accessibility and simple-to-use tools facilitates growth

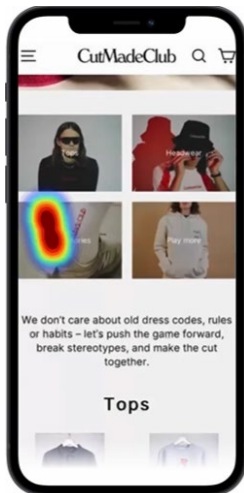
## Easy-to-use & cost-effective tools will drive adoption

# Products & Solutions: Expanding our consumer insight portfolio

Cloud-based simple-to-use platforms improving accessibility and cost of attention computing tools

## Tobii UX Explore

- Quick and easy UX testing on smartphones for apps



## Eyevido

- UX web testing for websites and e-commerce



## Target customer

- Enterprises & brands investing heavily in digital channels
- UX/CX agencies/designers

## Revenue model

- Subscription licensing

A close-up photograph of a human eye. A small, square, white Tobii eye-tracking sensor is attached to the cornea. The eye is looking slightly to the left. The background is dark and out of focus.

## Summary and outlook

- Q4 2023 EBIT profitability target remains
- Encouraged by a solid start to Q4
- Clear trend of increased demand for attention computing tools across many technology verticals
- Tobii well-positioned to capitalize on broad adoption and volume ramp



The background features a dark blue gradient at the top, transitioning into a series of fluid, overlapping waves of lighter blue and white at the bottom, creating a sense of motion and depth.

Q&A

The background of the slide features a dark blue gradient with dynamic, flowing white and light blue lines that sweep across the lower half, creating a sense of movement and depth.

# Thank you!

Q4 report on 6 February 2024