

**We improve the world
with technology that
understands human
attention and intent**

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About the report

Tobii's statutory annual report, which has been reviewed by the company's auditors, includes the director's report, corporate governance report and financial statements on pages 37-88. The statutory sustainability report covers pages 95-117 and has been prepared in accordance with the Swedish Annual Accounts Act. This report is published in Swedish and English. In the event of discrepancies between the language versions, the Swedish will prevail.

This is Tobii

Innovating tech for human-centric value creation.

Twenty years ago, Tobii pioneered the world's first plug & play eye tracker. Today we are the global leader in our industry with a mission to better understand the human behaviour and improve lives. We build cutting-edge attention computing solutions with technologies that empower our clients to truly capture human attention and intent.

Global leader in eye tracking



Strong position in growing markets



Global presence in 13 countries



~700 Tobiians*



>1 000 patents



Thousands of B2B and academic clients

*Including the AutoSense acquisition in 2024.

This is Tobii

Who we are

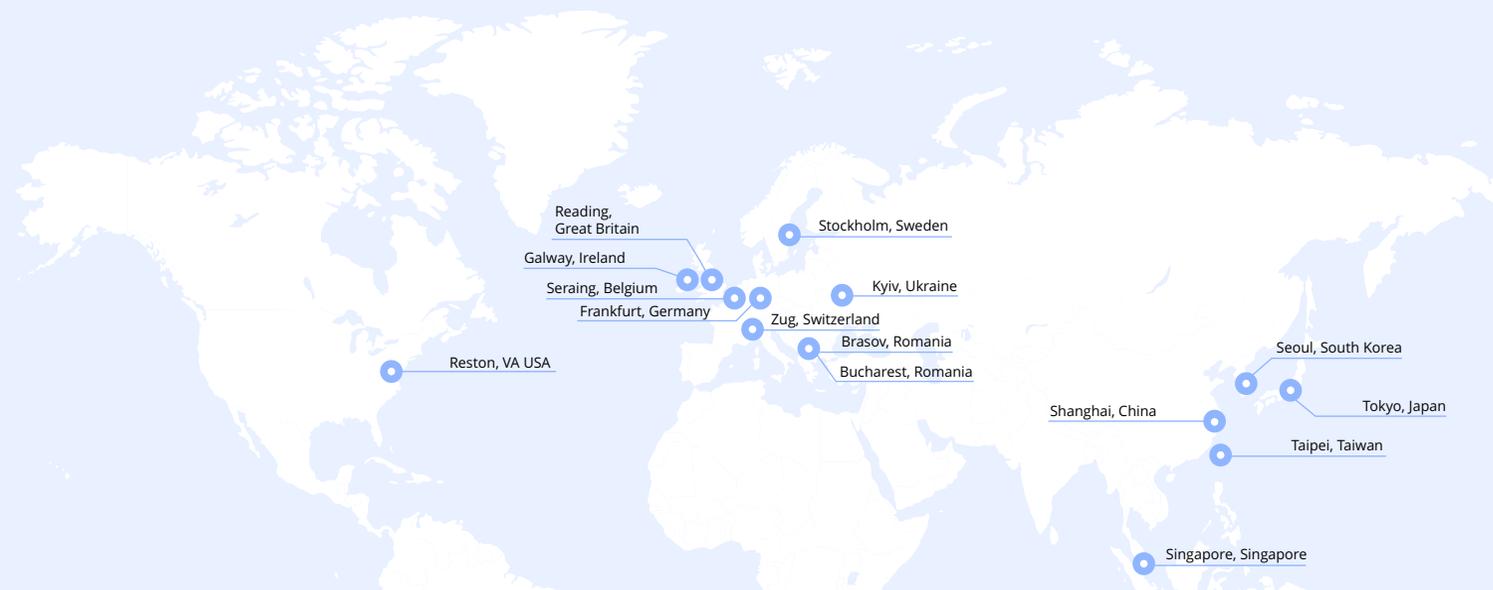
Tobii is a leading developer, manufacturer and partner on eye tracking and attention computing solutions across various industries worldwide. Around 700 passionate Tobiiians drive our diverse organization, developing technologies for the next leap in human computer interaction, turning groundbreaking innovations into reality.

What we do

Our technologies fuel digital transformation across scientific research, gaming, extended reality, assistive tech, and automotive interior sensing. Integrated into devices like glasses, headsets, personal computers, gaming accessories, medical equipment and vehicles. They support thousands of enterprises, including global tech and automotive OEMs, and leading research institutes worldwide.

Our footprint

Tobii, headquartered in Stockholm, Sweden, operates in 13 countries across Asia, Europe, and North America. We engage customers directly in key markets and collaborate with resellers in other markets.



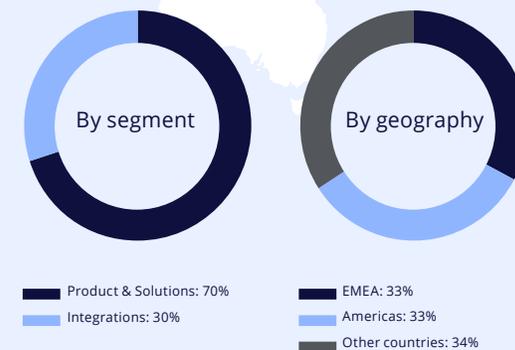
We provide

-  Eye tracking hardware and software
-  Research and testing software
-  Integration platforms
-  Device integration
-  Automotive interior sensing solutions
-  Consulting services

Where we add value

-  Scientific research
-  Consumer research and UX
-  Gaming/XR
-  Healthcare and education
-  Automotive
-  Training and skills assessment

Net sales 2023: 758 SEK m



2023 in figures

We navigated through a financially challenging year marked by quarter-to-quarter fluctuations. Flat net sales from Product & Solutions reflected weakened demand from enterprise clients, while Integrations net sales declined notably due to the absence of substantial contributions from Sony PS VR2 licenses compared to the prior year.

However, the year ended positively as we met our EBIT profitability target for the fourth quarter and witnessed a notable net sales rebound. To enhance our financial performance, we've implemented cost reduction initiatives exceeding 10%, with ongoing effects extending into 2024.

- Net sales was SEK 758 million (776)
- Organic growth was -6% (14)
- Gross margin was 75% (76)
- Operating result (EBIT) was SEK -184 million (-122)
- Operating result (EBIT) adjusted for M&A costs of SEK 31 million was SEK -153 million
- Profit/loss for the year amounted to SEK -198 million (-99)
- Cash flow after continuous investments was SEK -119 million (-32)
- The acquisition of AutoSense and a rights issue of approximately SEK 300 million was announced in December

Key figures, SEK m	2023	2022	2021
Net sales	758	776	616
Organic growth	-6%	14%	12%
Gross profit	567	590	444
Gross margin	75%	76%	72%
EBIT	-184	-122	-186
EBIT margin	-24%	-16%	-30%
Profit/loss for the year	-198	-99	3,147*
Cash flow after continuous investments	-119	-32	-152

*Tobii Dynavox AB was distributed to Tobii AB's shareholders, resulting in a gain of SEK 3,301 million.



*2014-2020 are based on unaudited proforma numbers, which excludes Tobii Dynavox net sales.

758

NET SALES, SEK M

-6%

ORGANIC GROWTH

75%

GROSS MARGIN

2023 in review

In 2023, eye tracking and attention computing technologies were in the spotlight, integrated in major product launches from the world's leading tech companies. Our technology was integrated into several devices, and we also ramped up for future growth with product enhancements and strategic acquisitions. Look back at some of our key accomplishments of the year:

Tobii DMS was awarded its first design win – a milestone for the automotive business.



Pimax integrated Tobii eye tracking into their VR headset, Pimax Crystal.



The esports section of the F1 team Alpine Racing chose Tobii eye tracking to improve the driver's attention and focus whilst racing.



Sony launched the state-of-the-art headset PlayStation VR2, allowing gamers from across the globe to experience the power of Tobii eye tracking. Reviews from international media were outstanding.



Heathrow Airport chose to use Tobii Glasses to better understand how passengers navigate through Terminal 5, making wayfinding easier and more efficient in the future for thousands of passengers every day.



Tobii was recognized as one of Sweden's most gender-equal companies by the Allbright Foundation. We were proudly ranked 12th among more than 360 listed Swedish companies.



Tobii announced a collaboration with Automotive Motion Lab, a joint initiative by Stellantis and Aix-Marseille Université, to evaluate driver drowsiness without using cameras, but instead focusing on physiological measurements and seat data.



In October, Tobii launched the smartphone-based cloud platform UX Explore, empowering UX researchers to harness eye tracking to greatly improve the user experience within apps.



Tobii announced the transformative acquisition of AutoSense, significantly strengthening our offering in automotive interior sensing. Read more on next page.

Tobii's ESG risk rating from Sustainalytics improved to "low risk".



In 2023, Tobii was awarded 12 design wins in total, ranging from visual healthcare solutions to VR headsets, laptops, and commercial vehicles.

The acquisition of AutoSense

DEVELOPING A COMPREHENSIVE PORTFOLIO FOR AUTOMOTIVE INTERIOR SENSING

In December 2023, Tobii announced the agreement to acquire the AutoSense business from Xperi Inc. This acquisition fast-tracks our journey to become a leader in the swiftly expanding automotive interior sensing sector.

AutoSense stands as a pioneering global leader in automotive interior sensing, delivering cutting-edge solutions to renowned car manufacturers worldwide. On January 31, 2024, Tobii completed the acquisition and commenced the process of integrating both companies' offerings and organizations.

Enhanced DMS and OMS offering. Automotive interior sensing is broken up into two major camera-based technology domains: driver monitoring systems (DMS) and occupant monitoring systems (OMS). DMS focuses on safety and the driver while OMS focuses on the passengers. Tobii launched Tobii DMS back in 2021 whereas AutoSense offers DMS and is a pioneer in OMS. By combining capabilities, Tobii now provides a comprehensive interior sensing solution, meeting the high demand of global OEMs and automotive Tier 1 suppliers.

¹German In-Depth Accident Database, 2016, gidas.org
²Frost & Sullivan, Global Automotive Outlook, 2022

94%

of crashes are caused by human error¹. DMS solutions address this reality; driver distraction, fatigue and drowsiness and phone use.

Growing market

29% GLOBAL DMS CAGR 2023-2031²

Regulations fueling technology adoption. The global automotive interior sensing market is growing fast due to worldwide government regulations. DMS will be required in all new cars in Europe by 2026, with similar regulations emerging worldwide.

46% GLOBAL OMS CAGR 2023-2031²

The demand for OMS is rising, driven by Euro NCAP standards and possible legislation in the US. Offering a complete DMS and OMS solution is essential for success. OEMs seek premium features and hardware reuse, fueling further expansion of interior sensing solutions.

New Autosense segment. With AutoSense joining Tobii, a new segment named Autosense has been established. It has secured volume design wins, including DMS and OMS, with 7 OEMs representing over 15% of global automobile production. Notably, a premium German, a large Korean, and a large Japanese car manufacturer are scheduled for production start in 2025 and 2026.

What AutoSense brings to Tobii

- Design win programs with 6 OEMs, seven in total including Tobii
- Technology in 300,000 vehicles on the road since 2019
- ~ 175 patents and patent applications
- The world's first OMS solution since 2021
- Skilled team in machine learning and computer vision
- R&D resources in Romania and Ireland

Interior sensing solutions



Driver monitoring system (DMS)

- Driver distraction
- Fatigue and drowsiness
- Phone use



Occupant monitoring system (OMS)

- Driver and passenger identification
- Seatbelt detection
- Child in back seat and pet detection
- Body posture and object detection

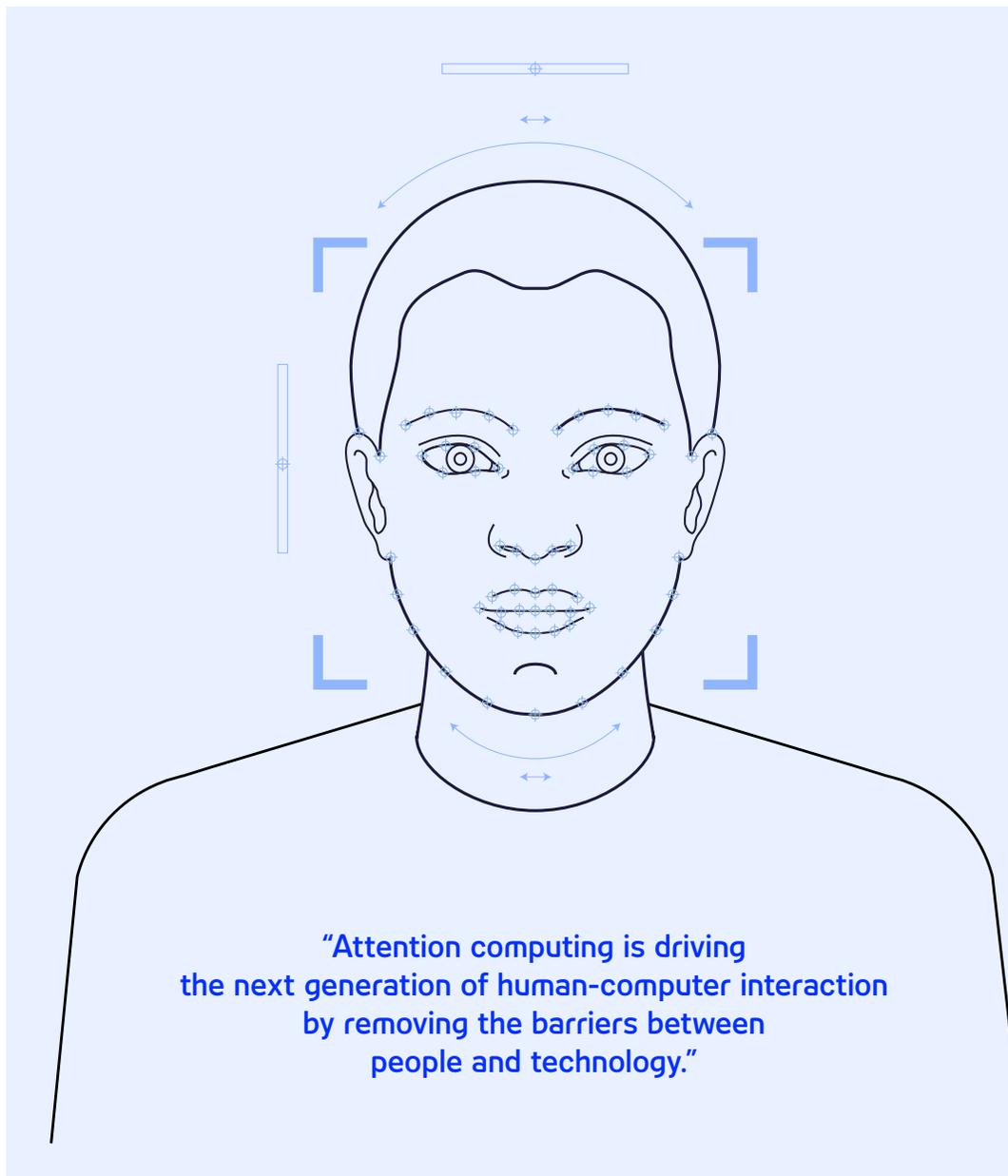
This is attention computing

Attention computing is a group of technologies that enable machines and devices to understand people. They interpret what we say, how we move, and what captures our attention. Eye tracking is integral to attention computing, representing one of its key technologies.

Attention computing is leading the next generation of human-computer interaction, which today relies on keyboards, mice, and touchscreens but is shifting toward intuitive communication using our attention, gestures, and movement. To understand each other, we rely on our senses to quickly gather information, and our brains to process it. For technology to reach a similar level of understanding, it also needs to gather and process data just as rapidly. This is what attention computing does, it collects and processes signals generated by motion and visual sensors, using deep learning to create valuable insights and end user value.

Attention computing – limitless applications

Attention computing helps scientists understand the brain and market researchers optimize the customer experience. It empowers educators to automate reading assessments and offer immersive learning experiences. It helps manufacturers improve productivity, training, and safety. It helps people with disabilities interact with their devices easier, and it enables safer cars that can understand if the driver is alert. Attention computing even supercharges PCs with intuitive interaction, and VR and AR-headsets with an immersive, next-generation extended reality experience.



How attention computing works



1. Most common eye tracking and attention computing sensors use cameras and algorithms, often in combination with illuminators.



2. Cameras take images of the eyes, face, head and in some applications the upper body.



3. AI, deep learning and computer vision determine core signals such as gaze point, head pose, presence and many other signals.

CEO statement

In 2023, despite weak financial performance, we experienced accelerated industry momentum and strengthened our foundation for sustainable growth.

2023 marked a pivotal year as we saw the adoption of eye tracking and attention computing technology by leading industry players such as Apple, Sony, and Meta. It was, however, also a challenging financial year for us, as we did not make the strides we anticipated toward annual profitability. We conclude a year marked by complexity and resilience with a resolute focus on improving profitability, leveraging our technology investments, and enhancing efficiency across our three segments.

Cost reduction measures enhance profitability outlook

Our commitment to delivering long-term shareholder value and a sustainable growth path remains unwavering. Despite a weak financial performance for the entire year, we delivered a better operational result (EBIT) in the fourth quarter, reaching our profitability target. This was achieved through a combination of a bounce back in net sales and significant cost reduction measures, which resulted in a 10 percent reduction in operational costs. These reductions will deliver an ongoing effect on operational expenses in 2024, and we anticipate a significant improvement in our 2024 EBIT result.

Moreover, we have shared new financial targets that clarify Tobii's profitability expectations. In 2026, Tobii is projected to achieve positive cash flow and maintain around a 10 percent EBIT margin on an annual basis. By 2028, as our businesses further mature, we anticipate reaching around a 20 percent EBIT margin on a full-year basis.

Accelerating industry adoption of attention computing

In 2023, we saw a marked increase in the deployment of attention computing technologies using solutions from Tobii and other providers. In February 2023, the Sony PSVR 2 launched as the first mass-market consumer device that featured our eye tracking technology, enabling millions of consumers to experience immersive gameplay in over 200 games like never before. In May, BMW unveiled an innovative feature for their 5-series sedan with eye tracking technology that enables drivers to change lanes simply by glancing at their side mirrors. In June, Apple announced Apple Vision Pro with a new 3D operating system that uses eye tracking to deliver the most intuitive user experience for the virtual environment. Finally, in September, Amazon introduced "eye gaze on Alexa," an accessibility feature in the new Fire Max 11 Tablet.

Many of the integration examples listed above did not involve Tobii technology. Nevertheless, we conclude that experimentation across various industries, undertaken by some of the world's largest technology players, reaffirms our conviction that attention computing presents a substantial business opportunity.

Automotive acquisition positions Tobii as a leading player

In mid-December 2023, Tobii announced the agreement to acquire the FotoNation/AutoSense business. This acquisition fast-tracks our journey to become a top-three player in the rapidly expanding automotive interior sensing market. By combining Tobii's and AutoSense's capabilities across driver monitoring systems (DMS) and occupant monitoring systems (OMS), we can offer the industry's most comprehensive portfolio.

"The widespread experimentation by some of the world's largest technology players reaffirms that attention computing presents a substantial business opportunity."



The market for interior sensing is expanding swiftly due to EU regulations mandating DMS in new cars by 2026 and an increased focus from OEMs to deliver differentiated experiences powered by OMS technology. Third-party estimates for the global compounded annual growth rate from 2023 to 2031 are 29.3 percent for DMS and 45.6 percent for OMS.

Today, Tobii is one of the top three players in the automotive interior sensing market, with design wins with several OEM customers representing over 15 percent of global automobile production across more than 100 vehicle models. These proven solutions, featuring both DMS and OMS, are currently deployed in more than 300,000 vehicles on the road. With this credibility as a supplier and the increasing innovation and adoption of these technical solutions, we are well-positioned to seize this market opportunity and expect to secure new design wins.

Segment focus for sustainable growth

Tobii is now structured into three segments: Products & Solutions, Integrations, and Autosense. This three-part organization enables us to effectively capitalize on the industry momentum surrounding attention computing. Simultaneously, our new organizational setup aims to enhance operational efficiency and performance, leverage cost and technology synergies, and maximize our return on investment.

The Products & Solutions business, which accounted for 70 percent of our 2023 net sales, serves thousands of customers annually and is anticipated to sustain stable long-term growth with relatively high gross margins. Over the past decade, we have made portfolio investments, and our primary focus is achieving more efficient market penetration and sales, thereby driving short-term profitability.

The Integrations business, which accounted for 30 percent of our net sales, holds the potential for rapid expansion with high gross margins but relies on the success of a few customers who leverage cutting-edge technology into mass-market scale. The integration segment has built a leading product offering from investments made over the last few years and is well-positioned to capitalize on growth opportunities from the industry momentum. Our focus is to broaden our design wins, generate high-margin license revenue, and enable profitability for this segment in the near term.

The Autosense segment brings balance with its high growth, driven by the more predictable adoption of interior sensing solutions. The segment is currently in an investment phase and is expected to peak in 2024. As the design wins transition into production in 2025 and 2026, the segment is expected to accelerate toward profitability and achieve cash flow break-even in 2026. To finance the operational costs for the Autosense segment, including the acquired business, during 2024 and 2025, we completed a rights issue of approximately SEK 300 million in early April this year.

From the first quarter of 2024, each segment will report on net sales, gross margin, and EBIT results, fostering greater transparency in our execution.

“Our three-part organization strives for enhanced operational efficiency and performance, leveraging cost and technology synergies to maximize our investment returns.”

Advancing our sustainability commitment

At the core of our company's values is ensuring our technology is used as a force for good. We're dedicated to innovative solutions that empower people, prioritize safety, minimize our climate footprint, and ensure responsible operations. In 2024, we commit to advancing sustainability through a comprehensive roadmap, aiming for carbon neutrality by 2030. This includes optimizing transportation, minimizing packaging, and developing energy-efficient products.

During the year, we took deliberate steps to minimize the use of packaging material, improving our shipping efficiency. We also take pride in being recognized as one of Sweden's most gender-equal companies by the Allbright Foundation. We strongly believe that an inclusive

and welcoming environment that values and embraces diversity across various identities will position Tobii as a sustainable and attractive employer.

Leveraging strengthened position and efficiencies

2023 presented its share of challenges for Tobii. Still, we emerged with strengthened capabilities and more balanced operations to deliver profitable results and establish a leadership position across our various segments and markets. We anticipate realizing significant synergies as we integrate AutoSense, while also securing design wins with our comprehensive automotive interior sensing offering. Improved efficiency will continue to drive our investments and business rationale in all three segments as we aim to reuse our core technology and strive to commercialize scalable solutions across our vertical markets.

As we continue through 2024, we do so with optimism and determination. I expect that in 2024, we will make significant strides toward profitability. In the long term, I am confident that our dedicated global team and market-leading solutions are well-positioned to capitalize on the industry momentum around attention computing. Over the next few years, I expect Tobii to fortify our leading position in our different segments while delivering on our profitability and growth ambitions.

Stockholm, April 2024

Anand Srivatsa
CEO

Five trends benefiting us

Tobii capitalizes on a solid foundation anchored in promising and enduring growth trends over time. These trends underscore the transformative potential of eye tracking and attention computing technologies, which offer diverse and expanding applications, driving advancements across various industries.

TRENDS AND DRIVERS

Immersive experiences



Eye tracking is a key enabler for emerging technologies like virtual and augmented reality (XR), and glasses-less 3D screens

The rapid evolution of XR as well as for devices and screens that offer a glasses-free 3D experience represents a growing trend towards immersive digital experiences and applications. Glasses-less 3D technology aims to provide a 3D experience without the need for additional eyewear, making it more convenient for users. From entertainment and social interaction to education, healthcare and industrial productivity use cases, immersive technologies are seeing rapid adoption and provides unique opportunities not possible with regular 2D screens or in reality. Gaming is swiftly advancing, offering powerful captivating experiences and interaction methods, allowing users to interact, create content, and engage in diverse activities across various platforms. Apple uses eye tracking as a core method for interacting with their devices, integrating the technology directly into the device operating system.

Enhanced safety



Automotive regulations drive adoption of interior sensing technologies.

Automotive regulations increasingly mandate driver monitoring systems (DMS) and related safety technologies for road safety standards. Interior sensing, covering DMS and occupant monitoring systems (OMS), crucially ensures vehicle safety and comfort. European DMS legislation requires integration by 2026, aiming to enhance safety by monitoring attentiveness, detecting fatigue, and curbing distractions. This move aligns with global efforts to improve automotive safety. Similar regulations are emerging worldwide in regions like Japan, the US, China, and South Korea.

OPPORTUNITIES FOR TOBII

Tobii's technology excels in both full XR immersion and traditional screen-based entertainment, linking basic 2D computing to more interactive experiences. By collaborating with top innovators, we accelerate the development of these new technologies and introduce cutting-edge devices to the market. Our high-quality solutions not only enhance gaming and digital entertainment but also pave the way for new business applications.

DMS and interior sensing form a significant and expanding market, backed by regulatory support ensuring widespread adoption. Advancements in eye tracking and attention computing aim to create advanced solutions, personalizing driving experiences for increased safety and comfort. These innovations highlight the critical role of eye tracking in automotive safety, advancing smarter vehicles. Tobii provides an extensive interior sensing solution by seamlessly integrating DMS and OMS, utilizing shared hardware for both solutions and presenting significant opportunities for further development and growth.

TRENDS AND DRIVERS



Healthcare innovation

Eyetracking facilitates diagnostics and develops communication aids and treatments that improve healthcare and rehabilitation methods.

The digitalization of healthcare enables further improvements to the well-being of our global population, and through leveraging technology, a more resource-efficient healthcare is made possible. This shift aims to provide easier access to appropriate assessments and treatments or therapies. Technology can improve patient outcomes, shorten lead times, enable preventative measures and help to preserve scarce medical resources. In essence, the integration of eye tracking technology in healthcare innovations contributes to more accurate diagnostics, empowers individuals with disabilities through assistive technologies, and enhances therapeutic interventions. This ultimately leads to improved patient care and rehabilitation outcomes



Enhancing UX/UI

Businesses are leveraging eye tracking data to optimize user interfaces (UI) and user experiences (UX), tailoring products to consumer behavior.

The marketplace today, both online and in physical stores, is more crowded than ever with accelerating product cycles. This trend underscores the importance of crafting engaging content to capture audience attention and to have products optimized for good user experience, emphasizing the need for understanding consumer behavior. Eyetracking revolutionizes UI/UX by enabling businesses to tailor products to consumer behavior, optimizing product experiences and maximizing attention and impact. As consumer familiarity with digital advertising grows, their ability to ignore or minimally engage with ads has increased, diminishing the value of traditional metrics like clicks and impressions. This shift highlights the necessity for new attention assessment methods.



Transforming technology

Harnessing and combining AI, deep learning, and sensor technologies.

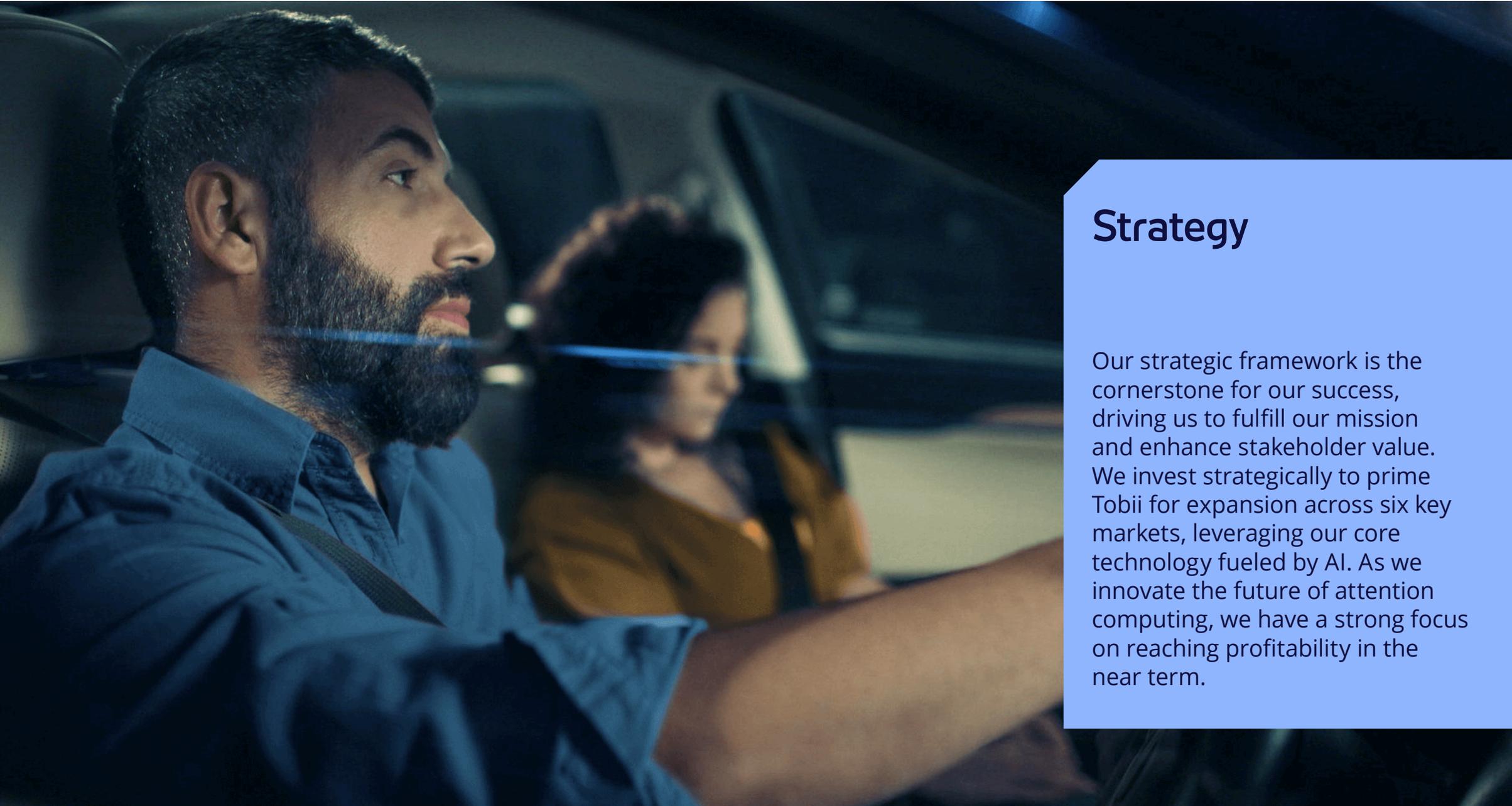
Deep learning and sensor technology constitute a growing trend in today's technological landscape. Deep learning, a subset of artificial intelligence (AI), involves sophisticated neural networks capable of processing vast amounts of data and learning patterns, enabling more accurate predictions and complex problem-solving. When coupled with sensor technology, which encompasses a broad spectrum of devices capturing diverse data types, this combination empowers machines to perceive and interpret their environment with greater precision and efficiency. The fusion of deep learning and sensor technology is driving innovations across various domains, revolutionizing industries like healthcare, automotive, manufacturing, and more, by enabling smarter, data-driven decision-making and enhanced automation.

OPPORTUNITIES FOR TOBII

Tobii identifies significant business opportunities to enhance healthcare outcomes and assistive communication. Manufacturers of assistive and medical devices integrate our technologies into eye-controlled devices, contributing to these advancements. We also expand applications to capture data and enable complex diagnoses. We commercialize extensive research for assessments and therapies in dementia, Parkinson's, concussion, autism, ADD, anxiety, and depression, broadening technology application for earlier, more personalized healthcare assessments. Committed to collaboration, we partner with industry to drive positive impacts.

Tobii leads innovation in understanding consumer attention and behavior through eye tracking solutions. Serving thousands of enterprises and academic customers, Tobii has a wide portfolio ranging from advanced hardware and software research suites to easier-to-use cloud and webcam-based software solutions. Tobii has strategically complemented its offerings with easier-to-use tools for broader adoption. These products aim to simplify user experience assessment and allows Tobii to increase the share of subscription-based net sales streams. Tobii is also enabling advertising optimization using our attention optimization technology in partnership with leading advertising agencies worldwide.

The advancement of embedded and multimodal machine learning will enable new eye tracking applications and serve as pivotal enablers for a wide array of future artificial intelligence attention computing solutions. This has enabled Tobii to complement our product portfolio with webcam only approaches to attention computing, which lower the barriers of adoption for a wide range of applications.



Strategy

Our strategic framework is the cornerstone for our success, driving us to fulfill our mission and enhance stakeholder value. We invest strategically to prime Tobii for expansion across six key markets, leveraging our core technology fueled by AI. As we innovate the future of attention computing, we have a strong focus on reaching profitability in the near term.

Value-creating business model

STRATEGIC FRAMEWORK

Our business model and strategy revolve around continually bringing our customers enhanced products and solutions enabling them to accomplish more, engage deeply, and enjoy richer experiences. By growing our business and contributing to a sustainable world we create long-term value for our customers, end-users, shareholders and society at large.

What we strive for

Vision

A world where all technology works in harmony with human behavior.

Mission

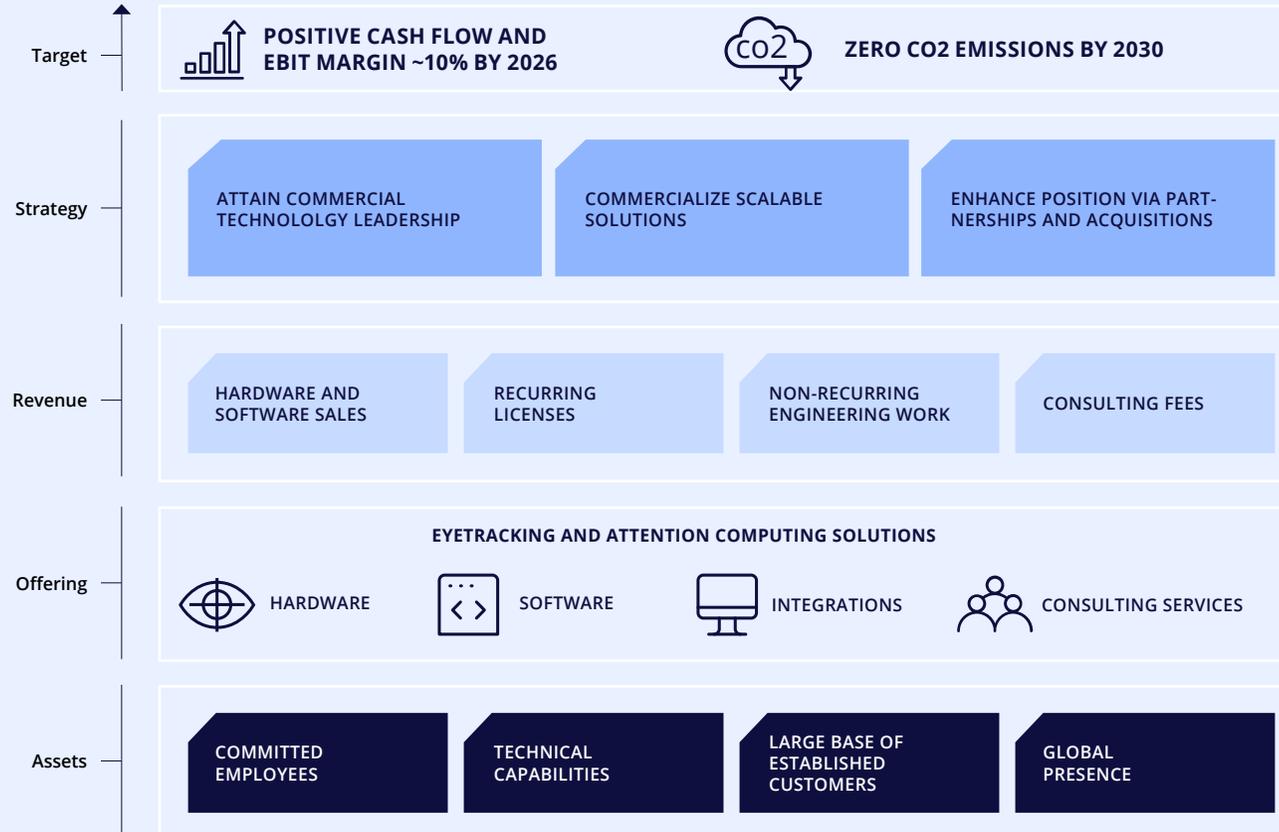
We improve the world with technology that understands human attention and intent.

Sustainability ambition

Technology as a force for good.

Our values

Amaze our customers. Succeed together. Make it real. Beat yesterday. Share passion.



Tobii's strategic framework serves as the foundation for how we attain and sustain commercial leadership in eye tracking and attention computing solutions. Our core technologies fuel growth in expanding markets.

With a versatile presence across verticals, we optimize investments, enabling efficient growth through scalable commercialization.

By leveraging cutting-edge technology and strong partnerships across consumer electronics, automotive, and medical sectors, we stay innovative and boost trust in Tobii as a reliable and credible partner.

Our financial and climate targets guide us towards sustainable and profitable value creation over time.

Strategic priorities

As we aim to lead the future of attention computing, our pursuit of profitability remains ongoing. Our strategy rests on three crucial pillars that underpin our growth and strengthen our financial performance.

Tobii's assessment indicates that a growth-oriented strategy is the most value-creating approach in the long term, while simultaneously maintaining a strong commitment to achieving near-term profitability. We are committed to achieve this without compromising our responsible and sustainable ambitions.

Investments are being strategically deployed to prepare Tobii for capitalizing on significant growth potential across six focus markets: behavioral studies and research, gaming, automotive, extended reality (XR), healthcare/MedTech and education and training. Our presence in these multiple market segments facilitates efficient reuse of core technology investments.

Our competitive strengths

- 20 years of expertise in computer vision, machine learning, and AI
- Leading position within several product and technology areas
- Diverse vertical market presence optimizes core tech investments
- Versatile hardware and software solutions for all markets
- Extensive technology proficiency and IP portfolio
- Global footprint in high-barrier, large, and fast-growing markets
- Robust partnerships and design wins across OEMs, enterprise and academic clients

Our three strategic pillars

 <p>ATTAIN COMMERCIAL TECHNOLOGY LEADERSHIP Our primary focus on technology and product development aims to deliver commercial, customer-centric solutions. This involves investing in innovative solutions to differentiate ourselves from competitors while maximizing returns on investments in core technology through reuse across multiple market segments. We aim to achieve leadership and profitability across all three business segments by enabling broader deployment of attention computing.</p>	<p>ACHIEVED IN 2023</p> <ul style="list-style-type: none"> - First automotive DMS design win - Eye tracking integrated into Sony PS VR2 headset - Eye tracking integrated into 1 million PC devices - Monthly active users in gaming increased by 50%
 <p>COMMERCIALIZE SCALABLE SOLUTIONS By deploying scalable and consistent commercialization strategies across our diverse vertical markets and leveraging our expansive global sales footprint, we aim to drive efficient net sales growth and increase the share of licensed based revenue. Through the implementation of these strategies, we seek to optimize our market penetration and capture opportunities for enhanced profitability.</p>	<p>ACHIEVED IN 2023</p> <ul style="list-style-type: none"> - Launch of B2B e-commerce website - Expanding re-seller network - Cross-regional learnings with a global customer approach
 <p>ENHANCE POSITION VIA PARTNERSHIPS AND ACQUISITIONS Established partnerships and design wins with major companies and manufacturers in consumer electronics, automotive, and medical technology keep Tobii at the forefront of innovation, strengthen our offerings, and increase customer confidence in us as a reliable supplier. The acquisition of AutoSense also aligns with our strategy, focusing on integrating and realizing synergies to achieve the full potential of the new organization and the complementary technologies.</p>	<p>ACHIEVED IN 2023</p> <ul style="list-style-type: none"> - Smaller product acquisitions strengthening UX offering with facilitating software - AutoSense acquisition accelerating journey to automotive interior sensing leadership.

“We leverage our core technology investments across multiple focus markets, striving to commercialize scalable solutions and reach profitability in all three business segments.”

Our growth markets

The potential applications of attention computing are extensive, offering significant opportunities for expansion and fostering positive community impact. We have identified six focus markets that align with our growth strategy and are already deploying this technology on a wide-scale basis.



Behavioral studies and research

- More than 1,500 enterprises utilize our eye tracking solutions to enhance consumer behavior understanding and refine customer experiences.
- Over 2,700 academic institutions leverage our products for deep insights into human behavior. Notably, 99 of the world's top 100 universities are Tobii clients.
- By tracking eye movements, researchers can gain insights into the decision-making process, such as what factors influence choices and how information is processed.
- Eye tracking serves as a powerful tool for understanding consumer behavior, optimizing marketing strategies, and advancing academic research in fields such as consumer psychology, marketing analytics, and human-computer interaction.
- Eye tracking technology also provides valuable insights into human cognition, behavior, and brain function across diverse domains of academic scientific research.
- The behavioral research market is nascent, offering significant growth potential. Specialized, user-friendly software catering to specific needs will drive its expansion.



Extended reality (XR)

- Eye tracking significantly enhances performance and user experience in VR/AR (XR) devices by focusing detail on the user's gaze area.
- The integration of eye tracking technology enhances user interaction, improves visual quality, reduces motion sickness, enables personalized experiences, facilitates user behavior analysis, enhances accessibility, and promotes energy efficiency.
- Our core technology is integrated into various consumer VR headsets, including the Sony PlayStation VR2 launched in February 2023.
- In January 2024, Apple announced their new VR headset including eye tracking as core technology.
- Eye tracking is increasingly prevalent in new XR headsets and is poised for mass adoption, expected to become a standard feature. Tobii is strategically positioned to capitalize on this trend.



Healthcare and medical technology

- Eye tracking technology in healthcare drives innovative, data-driven solutions for disease detection and treatment, revolutionizing modern healthcare practices.
- It benefits brain-related conditions like Alzheimer's, Parkinson's, and learning disabilities such as dyslexia.
- Eye tracking solutions enable pioneering treatment methods, facilitating personalized interventions. For instance, our collaboration with NovaSight revolutionized Lazy Eye therapy using non-invasive glasses and children's favorite Netflix shows.
- Assistive technology enhances communication and control for individuals with disabilities and the elderly, facilitating easier communication and environment control through eye-controlled devices. Tobii counts several leading suppliers of eye-tracking communication devices among its clients, including Tobii Dynavox.

Our growth markets



Education and training

- Gaze and motion data are utilized across industries to capture expertise, improving training, procedures, automation, and overall quality. Leveraging this data aids in transitioning to automation, promoting sustainable practices for our customers.
- Researchers utilize Tobii solutions across various disciplines, exploring topics like reading development, sports analysis, and work performance studies.
- Eye tracking in education offers real-time insights for immediate feedback, benefiting classroom teaching, sports coaching, and surgical training.



Gaming

- Eye tracking and attention computing elevate gaming immersion by offering a more realistic experience. These technologies empower gamers to control the camera through subtle head movements, enabling them to explore their favorite games in new and deeper ways.
- Over 170 games, including major franchises, integrate our attention signals, embraced by game studios.
- Gaming hardware manufacturers adopt our technology, integrating eye tracking into the latest laptops, so users are ready to harness the power of attention computing right out of the box.
- Our gaming solutions have seen robust growth this year. As consumers come to expect this functionality in new games and hardware, we expect this trend to continue.



Automotive

- Our driver monitoring system (DMS) enhances traffic safety by evaluating driver attentiveness, including factors like distraction, drowsiness, stress, and cognitive load.
- The evolution to occupant monitoring system (OMS) enhances vehicle safety, comfort, and adaptability, combining DMS and various sensors for comprehensive and customized interior sensing. Our integrated DMS and OMS technologies create a highly competitive interior sensing solution, monitoring both cabin status and occupants.
- New EU regulations mandate DMS in all new cars by 2026, driving innovation and our tech adoption.
- Increasing demand from OEMs for high-priced premium features and the reuse of DMS hardware is expected to drive the expansion of interior sensing solutions.



Financial targets

Aligned with our commitment to reach profitability, new financial targets were adopted on 1 February 2024. The financial targets apply from 2024 to 2028 and are continuously evaluated based on market conditions and changes in the company.

Cash flow	Profitability	
Target full-year 2026 Positive free cash flow*	Target full-year 2026 EBIT margin	Target full-year 2028 EBIT margin
	~10%	~20%
Outcome 2023 -119 SEK million (-32)	Outcome 2023 Operating margin (EBIT) was -24% (-16%). Adjusted for M&A expenses of SEK 31 million the EBIT margin was -20%. In Q4 2023 we reached our previous profitability target with an operating result (EBIT) of SEK 16 million (9) and an EBIT margin of 6% (3%), excluding costs related to the acquisition of AutoSense.	

*Cash flow from operating activities less investments in intangible, tangible and financial assets excluding investments in subsidiaries.

Segment strategies for profitable growth

Tobii's new organization, with three segments, aims to achieve operational efficiency and results improvement, leverage cost and technology synergies, and increase focus on ongoing returns on our investments. Our three segments are in different phases to achieve profitable growth, which forms the basis for our investment decisions.

Products & Solutions

In 2023 the segment contributed to 70% of our net sales. The segment's focus is primarily on more efficient market penetration and sales, thus driving short-term profitability.

Integrations

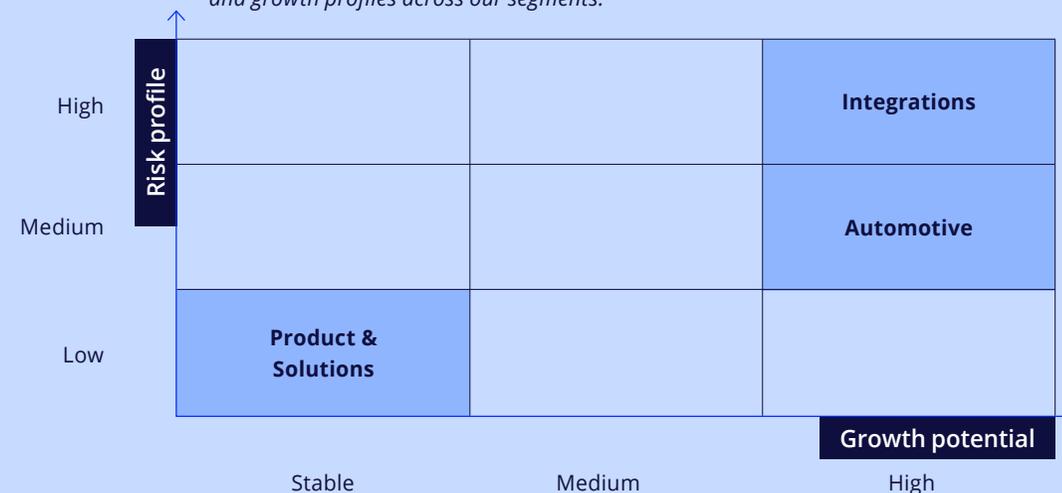
In 2023 the segment accounted for 30% of our net sales. Tobii has made significant engineering investments, primed for realization,

to enable the Integrations segment to seize growth opportunities in XR and screen-based solutions within the existing portfolio. Our focus is to broaden our set of design wins generating high margin license revenue and enabling profitability for this segment in the near term.

Autosense

The segment is currently in an investment phase expected to peak in 2024. In 2025 and 2026, we foresee our design wins transitioning into production. Subsequently, we expect the segment to accelerate towards profitability, aiming to achieve break-even for cash flow in 2026. The proceeds from the rights issue completed in April 2024 will finance the segment's operational expenses in 2024 and 2025.

With the introduction of our new Autosense segment, we are achieving a more balanced business model by aligning with our market opportunities, considering the varied risk and growth profiles across our segments.





Our business segments

Tobii's operations have been divided in two business segments: Products & Solutions and Integrations. Starting in February 2024, we introduced Autosense as a separate segment, enriching mobility experiences and promoting safer transportation on the roads.

Product & Solutions

Products & Solutions serves business-to-business customers and consumers with a portfolio of eye tracking solutions, including hardware, software, and services-based attention computing. Our commitment to innovation drives us to continually enhance these offerings, ensuring best-in-class, easily accessible solutions.

Our application areas

Advanced research

Thousands of universities, research institutions, government labs and companies use our best-in-class instruments and solutions to power research in many fields, including ophthalmology, psychology, linguistics, and neuroscience. The purpose is to reach new insights, the typical outcome is a scientific publication or an internal report.

Verticalized tools and services

Thousands of enterprises, manufacturers and marketing agencies use our solutions and services to get actionable insights, in areas including user experience and user interface design, market research and manufacturing processes. The purpose is to improve quality, reduce costs, achieve better design, and enable more business.

Gaming

Our gaming products contribute to an improved user experience through increased immersion, realism, and natural controls. These features provide gamers with a more immersive and interactive experience and another way to control the games, so they can do more at once.

Advertising

Companies and agencies rely on our solutions to better understand how consumer attention changes when they interact with advertisements, websites, and brick-and-mortar stores. This data allows for optimization on advertising spend and conversion rates.

Our offering

Our portfolio consists of hardware, software, and services. The hardware provides core (or biometric) signals, accessible through APIs. For most of our customers, it is the full solution, including software and services that deliver value.

Hardware

Tobii's hardware portfolio ranges from advanced instruments for research such as eye movement and behavioral studies to consumer products. Tobii's line of eye trackers includes:

- Tobii Pro Glasses 3, which allow researchers to conduct behavioral studies in a wide variety of real-world settings
- Tobii Pro Spectrum, Tobii Pro Fusion and Tobii Pro Spark, for eye tracking research
- Tobii Eye Tracker 5, optimized to improve the interaction and experience of computer games.



70%

SHARE OF TOTAL NET SALES

532

NET SALES, SEK M

Key ratios, SEK m	2023	2022	2021
Net sales	532	513	459
Organic growth	0%	3%	17%
Gross profit	365	354	332
Gross margin	69%	69%	72%



Tobii Pro Glasses 3 captures user experiences without disrupting natural behavior.

Software

Tobii's hardware portfolio is complemented with software products that create additional value for our customers and aim to drive sales volumes. We offer three software solutions, that in combination with hardware, assists our customers in extracting valuable insights: Tobii Pro Lab, Sticky by Tobii and Tobii UX Explore.

- Tobii Pro Lab is designed to be a complete solution for behavior research using Tobii hardware. Pro Lab provides a visual user interface and dedicated software features that efficiently guide and support the researcher through all phases of an eye tracking experiment – from test, design and recording to analysis, export, and report.
- Sticky by Tobii is a web-based software tool that helps enterprise customers analyze how their content is being received by a target audience. Sticky allows Tobii clients to see the impact of ads, packaging, and videos on real people across the globe, in isolation and in context, to ensure they receive the greatest possible return on their creative investments.
- Tobii UX Explore is a solution that enables UX designers to use eye tracking to study smartphone users' attention, to create more user-friendly applications. The software platform is based on deep learning algorithms and allows designers and developers to conduct user studies via smartphones in the users' everyday environment.

In addition, we offer one software product for the gaming industry besides the solutions offered by our Integrations segment, Tobii Ghost, which is centered around enhancing the gaming experience.

Services

Tobii Insight is Tobii's bespoke research service, which provides fully customizable, expert-managed research services directly to enterprise customers. Tobii Insight assists enterprise clients with the research process ranging from study design and participant recruitment to data collection and analysis, utilizing eye-tracking technology to explore TV viewing habits, attention management and advertisement engagement. Additionally, Tobii serves manufacturing and industrial clients to optimize training methods and identify best practices.

2023 in review

Products & Solutions financial performance was characterized by greater quarter-to-quarter fluctuations than anticipated. An exceptionally strong second quarter was followed by a challenging third quarter, while the fourth quarter demonstrated a notable rebound from these levels. The fourth quarter marked the highest net sales quarter for the segment in our history. Throughout the year, the segment maintained flat organic development, primarily due to reduced demand from enterprise clients and encountered challenges in China and Japan. However, this was balanced by increased sales to gaming customers. Advanced research continues to be our foundation. During the year, we strengthened our UX offering by smaller product acquisition. As a result of that we launched the Tobii UX Explore software platform, facilitating UX studies on smartphones. Furthermore, we introduced a new version of Tobii Pro Lab with a simplified interface for experiment creation.

Direction ahead

In 2024, our focus remains on profitability as we selectively invest in sales and marketing initiatives alongside product development. We continue to augment our robust research portfolio with software solutions aimed at delivering faster actionable insights. Anticipating the launch of several new software products within the segment, our ambition is to gradually increase subscription net sales for the business.

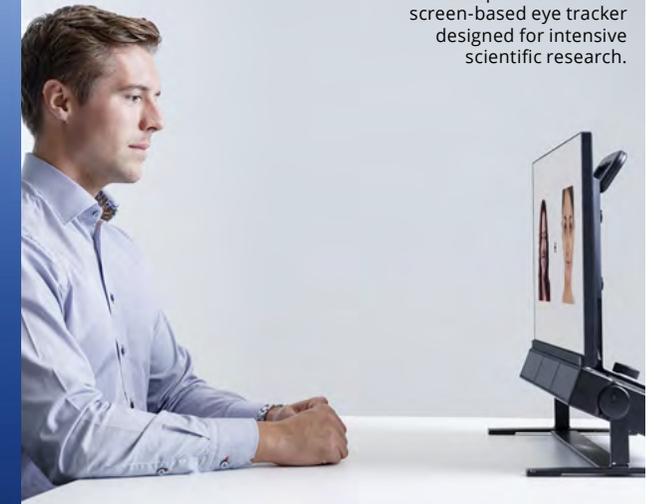
365

GROSS PROFIT, SEK M

69%

GROSS MARGIN

Net sales, SEK m and Gross margin, % per quarter



Tobii Spectrum Pro is a screen-based eye tracker designed for intensive scientific research.

CASE: HOW OUR SOLUTIONS ADD VALUE TO OUR CUSTOMERS

Heathrow airport uses eye tracking to improve wayfinding in Terminal 5

Tobii revolutionized and future-proofed Europe's busiest airport through data-driven insights.

Heathrow airport serves over 80 million passengers annually, making it one of the busiest airports in the world. In 2023 Tobii supported Heathrow to conduct a study that aimed to elevate customer experiences through state-of-the-art eye-tracking technology. The results were significantly optimized wayfinding in Terminal 5 and the ability to strategically plan and streamline future infrastructure.

Optimizing airport signage with Tobii Glasses 3

Pairs of Tobii's innovative wearable solution, Glasses 3 were worn by passengers who took various journeys through the airport. The glasses provided invaluable insights into their visual behavior and gaze patterns, which offered a deep understanding of their

experiences as they searched for relevant information throughout the complex airport environment. The implementation involved real-time analysis of eye movement data to strategically refine the placement of signage. The data-driven approach

"With eye tracking we can pinpoint exactly where passengers face confusion in their journeys and what signage is being ignored or misinterpreted."

WESLEY LANG - RESEARCH AND INSIGHT MANAGER (OPERATIONS), HEATHROW



Tobii Pro Glasses 3 were used to understand the passengers when navigating Terminal 5.

studied the signs throughout the airport to determine if they captured passengers' attention effectively, and if they provided them with the right information at the right point. By clearly understanding passenger gaze patterns, Heathrow was able to make informed decisions to optimize the placement and design of the signs, ultimately improving passengers' wayfinding.

Eye tracking data elevating customer experience

As well as this immediate improvement of signage, Tobii's eye-tracking data empowered long-term planning strategies for broader infrastructure development. This forward-thinking approach has ensured that Heathrow can continue to evolve and offer pleasant experiences in line with the expectations of its growing, diverse passenger base.

Heathrow's commitment to enhancing its passengers' experience aligns seamlessly with Tobii's mission to leverage eye-tracking technology for a real-world impact. This collaboration showcases how Tobii's innovative technology was able to contribute to making Heathrow an even more customer-centric airport and solidifying its reputation as a leader in airport design.

Integrations

Our Integration segment supports device manufacturers (OEMs) and consumer electronic companies with a wide array of integration products. Our portfolio includes compact integration platforms, USB peripherals and essential services for lasting integrations and innovation support.

Our application areas

XR

Eye tracking is now essential in XR, evident in top-of-the-line headsets released by leading industry players in 2023. It enhances user interaction, device performance, provides valuable insights for developers, and solves the critical user comfort challenges that have typically been barriers to user adoption.

Automotive

Tobii DMS save lives by detecting driver drowsiness or distraction. Attention computing offers real-time feedback on the driver's focus and alertness. Automotive original equipment manufacturers (OEMs) integrate DMS solutions into their vehicle production platforms for specific models. Starting in February 2024, the automotive integration business will be reported separately as the Autosense segment. In 2023, automotive DMS was part of Tobii's Integrations segment.

PC integration

Computer OEMs incorporate our software in laptops for enhanced privacy, IT security, power performance, convenience, and enabling more immersive gaming experiences.

Education

Our eye tracking aids teachers in evaluating reading comprehension and enables personalized education plans for students, fostering success at their own pace.

Healthcare and medical technology

Our eye tracking is a well-established assistive technology integrated into various communication aids provided by leading customers, including Tobii Dynavox. Our technology also allows early, unbiased illness detection, prompting timely medical intervention. Eye tracking aids in treating certain disorders and provides hands-free interaction for surgeons, enhancing safety during procedures.

Our offering

Tobii's expertise spans component and platform design, algorithms, and signals, enabling a range of OEM integration products like software, hardware components, and IP licenses. This versatility addresses market challenges, making us a flexible and trusted supplier. Customers can choose tailored solutions to meet specific needs and rely on Tobii's guidance for crucial product design decisions.

Tobii screen-based integration platforms

Tobii's integration platforms for screen-based devices have a modular design with unique sensor technology and image processing, along with a suite of software tools and patented algorithms. This includes the compact Tobii IS5



30%

SHARE OF TOTAL NET SALES

226

NET SALES, SEK M

Key ratios, SEK m	2023	2022	2021
Net sales	226	264	157
Organic growth	-17%	42%	-2%
Gross profit	202	236	112
Gross margin	89%	89%	71%



Tobii's intelligent eye tracking is integrated into Sony PlayStation VR2.

platform, which is optimized for power consumption and high performance at a low cost. The more powerful IS5XT platform is optimized for fast and accurate eye tracking in a small form factor.

Tobii XR integration platforms

Tobii's XR integration platforms offer efficient and robust eye tracking technology and enable our customers to build devices with appealing industrial design. Designed for wearable devices, such as VR and AR headsets, these platforms have a low power consumption and a small form factor while utilizing standardized low-cost components. We foresee the increasing importance of eye-tracking technology in headsets, optimizing graphics rendering and display management with minimal power consumption.

Webcam-based eye and head tracking via software:

Tobii Horizon and Tobii Aware

Our webcam-based software suites are designed to complement the native integration of our technology into mainstream computers at a lower cost. Tobii Horizon is a head tracking software powered by a laptop's built-in camera that supercharges the gaming experience. It is intended to be an intermediate step between the static, PC screen-based gaming experience and a fully immersive VR experience. Horizon also gives gamers increased control and greater immersion in games such as Far Cry and Microsoft Flight Simulator. Tobii Aware has a suite of features powered by a standard webcam that leverages Tobii technology to make devices more secure and productive. Tobii Aware offers continuous ID authentication, auto-locking, and shoulder surfing detection to prevent unauthorized access to a person's laptop or device.

Tobii DMS and OMS

Our software for driver monitoring systems (DMS) leverages core signals to understand and monitor the cognitive state of a driver, including distraction, drowsiness, and other potentially dangerous behaviors. With the acquisition of AutoSense, Tobii strengthens its automotive interior sensing offering,

combining DMS and occupant monitoring systems (OMS). The integration of DMS and OMS technologies enhances vehicle safety, comfort, and adaptability, providing comprehensive interior sensing, monitoring both cabin status and occupants. The growing demand from OEMs for premium features and the reuse of DMS hardware are expected to fuel the expansion of Interior Sensing solutions. As of February 2024, Tobii's Interior Sensing offering will transition from the Integrations segment to the new Autosense segment.

2023 in review

The Integrations segment experienced a 17 percent organic net sales decline compared to last year, largely due to the absence of net sales from Sony PS VR2 licenses. Excluding Sony net sales, the segment achieved double-digit organic net sales growth. Throughout 2023, the segment demonstrated robust OEM partnership growth and business progress, marked by significant milestones. Notably, Tobii's technology integration into the Sony PlayStation VR2 and the Pimax Crystal VR headset showcased our capability in addressing eye tracking challenges in mainstream consumer products. Moreover, our industry leadership was demonstrated through Meta Research Lab's use of Tobii's Crystal Module and success in healthcare with NeuroLens' N3 solution. The segment secured 12 design wins across PC OEMs, automotive, education, and healthcare sectors.

Direction ahead

Looking forward to 2024 and beyond, our Integrations segment aims to enhance adoption of our solutions in commercial and consumer XR applications, focusing on key industry verticals. We will continue to invest in innovation and core capabilities to bolster our position. Our R&D investments will prioritize improving the value of Tobii as an eye tracking supplier by reducing costs, time to market, and increasing power efficiency. We will also enhance our software-only eye tracking offering for broader use cases, accelerating attention computing technology adoption.

202

GROSS PROFIT, SEK M

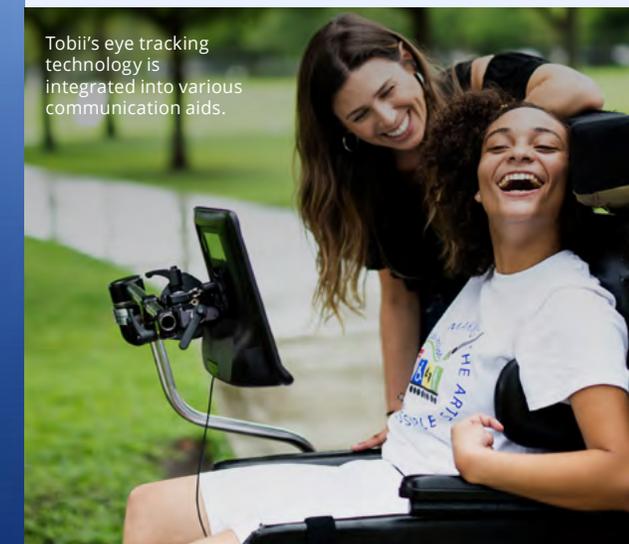
89%

GROSS MARGIN

Net sales, SEK m and
Gross margin,% per quarter



Tobii's eye tracking technology is integrated into various communication aids.



CASE - HOW OUR SOLUTIONS ADD VALUE TO OUR CUSTOMERS

Revolutionizing vertigo diagnostics and treatment with eye tracking and VR

Tobii supported the Seoul-based company, NeuroEars to help redefine technology and healthcare.

In the dynamic landscape of healthcare technology in 2023, Tobii supported our customer NeuroEars, to enhance development in vertigo diagnostics and treatment through eye-tracking technology in VR (virtual reality). Based in Seoul, South Korea, NeuroEars is a pioneer in digital diagnostics and therapeutics for neurotological diseases through using eye tracking in VR. Established in 2021, NeuroEars is rapidly expanding, partnering with global hospitals, tech leaders, and research labs. This customer project represented a paradigm shift, aiming to significantly enhance the precision of diagnostics and the effectiveness of treatment protocols for individuals struggling with vertigo. At the core of this initiative was the seamless integration of Tobii's innovative eye-tracking technology into VR environments.

Enhanced diagnostic insights with NeuroEars integration

Through this integration, NeuroEars gained unprecedented insights into the intricate dynamics of patients' gaze behavior during diagnostic assessments and treatment sessions. This real-time understanding allowed for the refinement of diagnostic procedures, streamlining the process and paving the way

“Tobii’s leading eye tracking technology meets the high accuracy and fast response time required for medical device certification.”

DR. SUNGKWANG HONG, CTO,
NEUROEARS, INC.



The VR and eye tracking combo simplify diagnostics, cut costs and eliminate the need for specialized equipment.

for more effective treatment interventions tailored to the unique needs of each patient experiencing vertigo.

A forward leap in healthcare

The transformative potential of Tobii's eye-tracking technology in VR became increasingly clear as the collaboration progressed. Beyond diagnostic improvements, the technology offered a comprehensive approach to understanding

and addressing the nuanced challenges associated with vertigo. By decoding patients' gaze patterns, Tobii's technology helped to create personalized treatment strategies, enhancing the overall quality of care. This customer project proved to be much more than a snapshot of progress in 2023, but a proactive step into the future of healthcare. Tobii is dedicated to supplying medical device manufacturers with our technol-

ogies, thereby supporting the transformation of healthcare methodologies in line with the broader industry trend towards innovative solutions. The project's results are a testament to the significant strides made and predict a continued trajectory of innovation, improvement, and positive impact in the evolving healthcare technology landscape.



Sustainability

We're dedicated to innovative solutions that empower people, prioritize safety, minimize our climate footprint, and ensure responsible operations. Our commitment to diversity and inclusion extends to our personnel and communities, fostering sustainable partnerships. Ultimately, we aim to be a force for good, contributing to a better future.

Introduction

Tobii is committed to enhancing the world with technology that aligns with human attention and intent, contributing to research breakthroughs, medical advancements, and promoting accessibility and inclusion. From personalized learning plans to improving automobile safety, our focus is on making a positive impact. Actively pursuing zero greenhouse gas emissions, we integrate sustainability into our solutions, while also placing a high priority on fostering an inclusive workplace where diversity is embraced and every contribution is valued.

In 2023, we made progress in our socio-environmental responsibilities. We improved our ESG risk rating by Sustainability to 'low-risk' and were recognized by the Allbright Foundation for gender equality, ranking 12th among 360 Swedish companies.

Our commitment includes, among other things, optimizing transport, minimizing packaging, and designing energy-efficient products. We embrace legislative compliance with inter alia the EU Taxonomy Regulation, CSRD, and Packaging Waste rules. Key Performance Indicators (KPIs) are established to reduce environmental impact in product design.

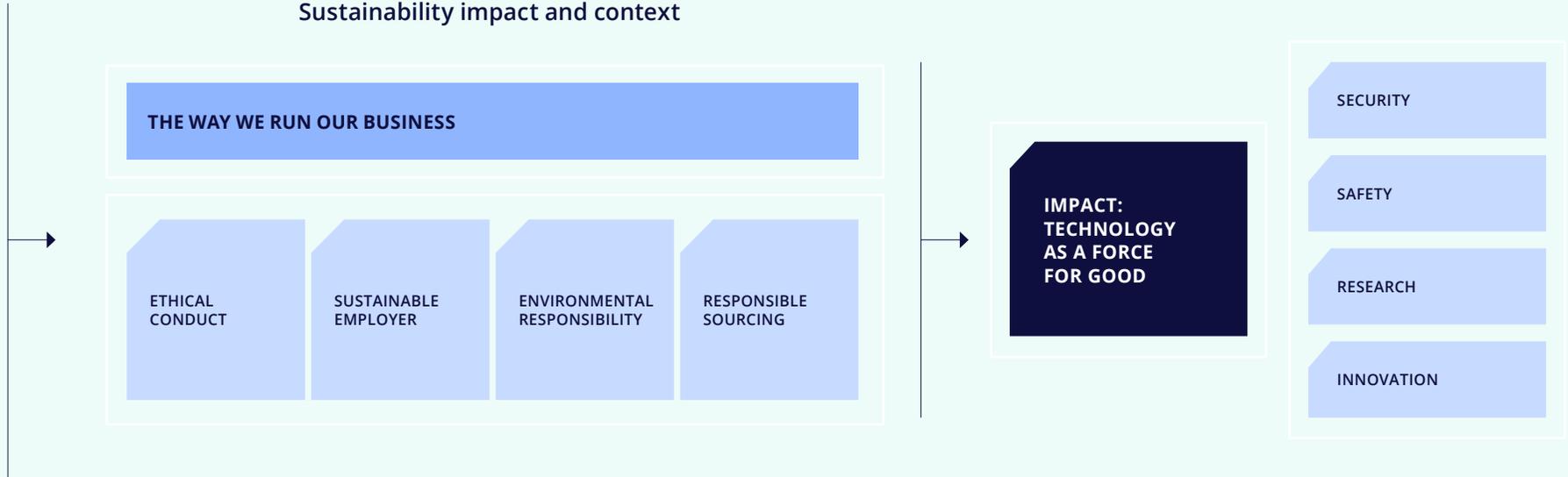
Our overarching ambition is to leverage technology for positive impact, adding value to society. As a responsible technology provider, we prioritize sustainability, environmental responsibility, ethical standards, data security, and responsible sourcing in our business operations.

In response to climate change, we align with UN Global Compact principles and Agenda 30, setting ambitions beyond regulations. Our goal is to achieve zero greenhouse gases emissions by 2030. We strive to minimize our negative impact on the ecosystem, constantly evolving our sustainability efforts.

Tobii and agenda 2030



Sustainability impact and context



Technology as a force for good

Tobii, as a global technology company, recognizes its responsibility in today's tech-driven world. In February 2024, Tobii welcomed AutoSense, a business delivering driver monitoring systems (DMS) and occupant monitoring systems (OMS). These automotive solutions are aligned with Tobii's overall mission and commitment to technology as a force for good with a gaze on safety on the road. With the acquisition, Autosense emerged as a new business segment, enriched by the incorporation of a talented team across Romania and Ireland.

We are deeply committed to sustainability in our business structure and ethics. We are working towards zero greenhouse gas emissions and acknowledge the impact our products can have on the planet. This reflects in our core values and vision for a future where we ensure using 'Technology as a force for good' where innovation benefits society.

We create value for society by:

- Enabling thousands of researchers to push the frontier of science.
- Advancing medical research through our customers that can lead to improved diagnostics and treatments.
- We enable communication for individuals with special needs through cutting-edge eye tracking technology.
- Improving education by enabling innovation in applications and reading assessment tools.
- Reducing fatalities saving lives on the road with leading technology for driver and occupant monitoring.
- Ensuring that we, alongside our partners, adhere to our policy for eye tracking data transparency.



The way we run our business – Ethical conduct



Ambition for 2024

- Respecting fair competition by prohibiting anti-competitive practices and adhering to lawful competition.
- Responsible sourcing practices and elimination of conflict minerals.
- Zero-tolerance of corruption, bribery, extortion, and money laundering.
- Securing responsible trade, marketing and pricing practices with zero tolerance of deceptive business practices.

Data security

Our standard for managing data is high and evolving. Tobii cares about the rights of the individual and therefore places high demands on our partners. As a tech company with the ability to collect user data via attention computing, we believe strongly in user data protection. We address this through three separate initiatives: transparency, privacy, and protection.

1. Transparency

We acknowledge the substantial responsibility associated with AI innovation, particularly concerning data collection. Tobii Eye Tracking Data Transparency Policy emphasizes transparency and accountability. This policy mandates an Active User Acceptance for all application software storing and transferring eye tracking data from Tobii's devices. Our business partners must incorporate a feature that consistently seeks the user's permission, specifying the data's purpose and confirming its exclusive use for that purpose. Tobii actively advocates for the industry-wide adoption of these principles, applying them in our products and requiring partners to comply. We engage with customers, partners, and trade organizations to promote and discuss this policy continually.

Software intending to store or transfer data must present clear, straightforward information to users, offering a choice to accept or reject it. We also advocate for a visual indicator in software to signal when eye tracking information is being stored or transferred. →



2. Privacy

Across our company, our routines and procedures are compliant with the General Data Protection Regulation (GDPR). We have appointed a data protection officer to be responsible for administering the program and answering questions related to it.

The Tobii Data Privacy Policy, updated in 2020 to comply with the California Consumer Privacy Act (CCPA), mandates how we handle personal data. Employees are required to report suspected data security breaches to a group of our legal and IT experts. This group evaluates the situation and escalates issues as needed.

We also have data privacy training which is a part of new employee onboarding, and all employees and consultants handling European personal data must participate in an e-learning course.

3. Protection

We have an information security risk management policy in place and have implemented an information security management system in line with ISO 27001: 2014 and certified through a notified body in 2022. Also, all employees and consultants shall participate in global awareness training for information security.

We are firm believers that ethical business practices are essential for the well-being of both society and individual businesses. Upholding a rigorous standard of business integrity fosters trust among crucial stakeholders, including employees, investors, and customers, consequently mitigating business risks and enhancing overall success. At Tobii, our commitment extends to conducting business in accordance with the utmost ethical standards and relevant laws. We strive to cultivate a culture of engagement and responsibility, emphasizing respect and care for all individuals involved in our business.

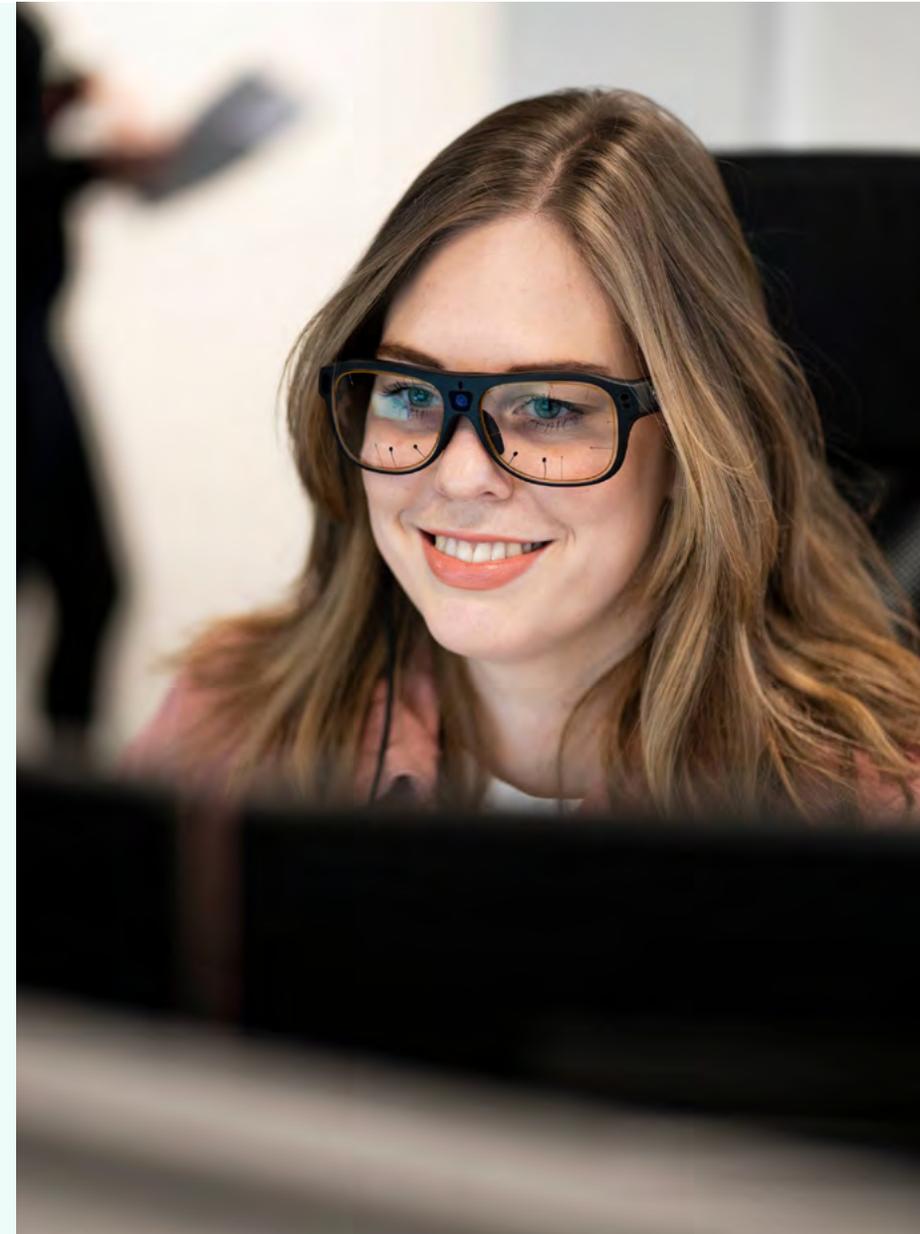
Anti-corruption

Risks of bribery and corruption are tackled as part of the risk analysis conducted by the executive management team with the Board of Directors every year. Our Supplier Code of Conduct also stipulates zero tolerance of all forms of bribery, corruption, extortion, and embezzlement. Tobii follows an Anti-Corruption Policy which is an integral part of our Code of Business Conduct and Ethics.

To protect against illegal bribes given indirectly, we investigate the reputation and experience of business partners, such as prospective resellers, agents, and other representatives who will have contacts with government officials or others on our behalf. The business partners must be informed of our anti-corruption policies, and they have an obligation to comply with the general principles and prohibitions of these policies, including all applicable anti-bribery laws, when engaged in activities on our behalf. Supplier relations are covered through the Supplier Code of Conduct. By signing the Code, suppliers ensure all business dealings are conducted with the highest ethical standards and implement procedures to secure compliance with anti-corruption laws. Training is provided to new employees during the onboarding and the information is available in local languages when necessary.

Whistleblower system

In our efforts to continuously improve our business operations from an ethical perspective, as well as secure compliance with our efforts, Tobii has enabled a whistleblower channel that is available to both internal and external stakeholders on our website. Through this channel we aim to uncover potential irregularities in our operations and supply chain.



The way we run our business – Sustainable employer



Ambition for 2024

- Fostering a culture that encourages Tobiians to collaborate and promote each other's personal growth
- Nurturing a learning culture and providing strong opportunities for learning, development, and innovation
- Ensuring a safe and healthy work environment, promoting work/life balance and good mental health
- Offering strong employment terms and conditions, with a right to a living wage
- Supporting and respecting human rights within our sphere of influence, including zero-tolerance to forced and child labor in Tobii's workforce and beyond.

Safe and healthy work environment

We believe everyone should have the right to a safe and healthy work environment. This means that the workplace is free from discrimination and harassment, has fair and flexible terms that enable work-life balance and quality of life, and provides equal opportunities for all. We know that the more Tobii invests to empower and energize our colleagues, the more creative, productive, and successful the organization will be. In 2024 we will incorporate sustainability as an integral component of our renewed company values. Through them we will articulate our core values that distinctly showcase Tobii's solid commitment to sustainability.

Tobiians collaborating towards a better world

As global leaders in eye tracking and pioneers of attention computing, our team, the Tobiians, drive our growth into new markets. Fueled by inventive minds and relentless drive, our work environment fosters well-being, enthusiasm for our brand, and the freedom to innovate.

In parallel, Tobiians collaborate on large projects, from advancing healthcare to enhancing driving safety. To make a global impact, we prioritize our team's well-being, aiming for a work environment that reduces stress and fosters enthusiasm.

Creativity and learning fuel our innovations

Tobiians thrive on creativity. We relish maker nights, workshops, and demo sessions, as well as the thrill and spontaneity of coming up with new ideas and capturing inspiration when it strikes. Creative minds require constant stimuli and input. This is part of daily life at our company, where colleagues can rotate among projects which stimulates the transfer of ideas and knowledge.



Additionally, we propel these creative minds into innovative thinking by providing platforms, such as our conference Develop Beyond, to share knowledge, passion, and succeed together. We also gather all Tobiians to meet once a year, digitally or in person, if possible, to share our ideas, knowledge, and passion.

In 2024, we will launch Tobii Dragon's Den, an internal competition seeking ideas to enhance existing processes or products. This initiative fosters creativity and skill development, offering opportunities beyond current roles, supporting both personal growth and global networking among colleagues.

Professional development for individual success

Through dialogue between employees and managers we identify, address, and follow up on the various training needs we have. Part of this is our learning platform, Tobii Uni, where we offer tailored training to the organization. To ensure we are a top-performing employer and attract the best talent, we put a high focus on recruiting, retaining, and developing strong managers with exceptional leadership capabilities. Therefore, succession planning is vital for us, and our Leadership Program allows us to foster long-term development for a variety of skill set needs and prerequisites. If relevant for the line of work, we support and provide flexibility for employees across the organization to pursue further education and certifications. Every year we support numerous C/D/E-thesis projects and a handful of doctoral thesis projects.

Fostering a safe and supportive workplace

Creating a supportive, healthy, fun, and engaging workplace remains a top priority at Tobii. We emphasize honesty and openness, encouraging employees to speak their minds. Our detailed whistleblower policy ensures safety and protection, going beyond legal obligations. We have strong adherence to Occupational Health and Safety laws and we continuously invest in preventing health issues and accidents. Tobii Social, our event committee, fosters employee well-being, supported by diverse benefit schemes. Our hybrid working policy, shaped by the benefits of

remote work, seeks the right balance between office and home flexibility.

In 2023, we initiated a comprehensive health program targeting nutrition, sleep, stress, and exercise, including blood tests and measurements. This ongoing effort involves seminars, training, and team challenges, empowering employees to proactively enhance their well-being. We are committed to continuous health initiatives, driving awareness and actionable steps.

Our commitment to employee well-being extends to regular measurements of Employee Engagement. Bi-monthly surveys focus on well-being, providing an anonymous platform for feedback. A more extensive survey every six months covers leadership, well-being, work environment, and development. In case of bullying or harassment, a clear process, involving the team manager, ensures appropriate follow-up. This continuous feedback loop reinforces our dedication to a healthy and engaged workforce.

Diversity and inclusion

At Tobii, we care about creating an inclusive and welcoming environment that values and embraces diversity. Our teams are diverse and represent different backgrounds in all our offices, especially at our head office. We believe our differences strengthen us and affect our creativity and innovative spirit in a positive way, knowing that we make each other better and talent does not come in one shape or form. Our vision is that every Tobiiian should be able to go to work knowing they will be treated equally by others, regardless of gender, age, ethnicity, sexual orientation, gender identity or expression, disability, religion, or other beliefs.

Once again, Tobii was green listed in the latest gender equality review of Sweden's publicly traded companies, by the Allbright foundation. This year, Tobii climbed from the 22nd position on the list to the 12th position and scored among the top two tech companies in Sweden on equality in management positions. More than 360 companies were reviewed. To be placed on the green list requires an equal gender distribution (40/60) in the company's top management.



Our focus is to continue to strengthen our commitment to diversity and inclusion by setting clear diversity targets for gender equality, increasing awareness around this topic, and offering bias free recruitment training. During the past three years, we have participated in Women in Tech and will continue to do similar initiatives to increase the attractiveness as an employer.

All employees agree to follow the Equal opportunities plan and gender policy by agreeing to our Code of Conduct, and they are informed of how to report discriminatory or bias-related incidents. We also have a locally adapted Work Environment Policy involving work safety, bullying, victimization, or sexual harassment, available in multiple languages, to make sure everyone is updated on our policies, and nobody is left out.

The way we run our business – Environmental responsibility



Ambition for 2024

- Nurturing awareness and integrating environmental responsibility in business strategy and operations.
- Securing a strong environmental management system to measure, monitor, and regularly report on performance.
- Continue efforts towards compliance with applicable environmental laws, regulations, and other obligations.
- Proactively identifying key environmental issues, risks, and opportunities; setting environmental objectives to minimize emissions, releases, and waste; and conserving natural resources and energy.
- Promoting resource efficiency and minimizing environmental impact throughout our products' life cycles and in operations.
- Promote sustainable packaging and logistics.
- Laying out goals and ambitions for roadmap to achieving carbon neutrality by 2030.

Emissions and energy consumption

Tobii embraces its environmental responsibilities fully, going beyond minimum regulatory compliance. We demonstrate this commitment through our environmental policy.

Our objective is to diminish and mitigate the adverse environmental effects of our operations, striving to achieve carbon neutrality across scope 1, 2, and 3 by 2030. For Tobii, carbon neutrality entails a commitment to minimizing greenhouse gas (GHG) emissions to the greatest extent possible, exerting influence on decisions beyond our operational control, and offsetting emissions that are beyond our direct influence.

At Tobii, we have an integrated management system that is global, covering all sites and requirements, including ISO 14001. Tobii AB obtained external ISO certifications, including ISO 14001, in 2018. For global reporting, we have adopted the GRI protocol 2021 to account for, monitor, and understand our emissions. Through policy decisions and other processes, we actively seek opportunities to reduce energy consumption, emissions, and waste generation while promoting recycling. Since 2022, Tobii has expanded to more locations, including Switzerland, Japan, China, and, in 2023, our final location in Reston, USA, integrated into the GHG framework.

Part of our environmental impact stems from energy use in our offices. We have already introduced 100 percent fossil-free practices on the premises where we have our own contracts and in rental spaces through green contracts in Stockholm and Switzerland. While Tobii does not own any facilities, we systematically monitor energy consumption and strive to improve energy efficiency. Sustainability office guidelines in Stockholm are implemented to minimize environmental impacts. We achieve carbon neutrality for the Stockholm office by offsetting unavoidable emissions through gold standard projects, selected with proper due diligence. →



Since 2022, we have also achieved carbon neutrality in our offices in China, Switzerland, and Japan, and since 2023, in the USA.

One example of our emissions reduction goal is in the IT technology area, where we are starting to collect emission data from our IT-related activities to identify opportunities for reducing our environmental impact in that area.

Product design lifecycle management

We are dedicated to reducing the environmental impact of our products throughout their lifecycle, from manufacturing to use and disposal. In 2023, we achieved a significant milestone in sustainability by seamlessly integrating Design for Environment (DfE) guidelines and requirements into our system requirement specification template and product development process. DfE, a holistic approach, guides our product designs to minimize environmental impact across their lifecycle, including packaging. We prioritize renewable materials, reduce hazardous substances, and strive to improve recyclability where possible. Efforts are underway to integrate these considerations into key organization-level policies and processes. One of our initiatives for 2024 is to redesign product packaging for enhanced environmental sustainability.

Materials play a crucial role in how users perceive our products. In choosing materials, we aim to improve the product's lifetime, usability, user experience, and minimize environmental impact while enhancing material efficiency. The selection of materials is defined in the early phases of product design and development. Also, maintaining high quality, functionality, and product safety is essential for our customers. Tobii's management system ensures we meet customer requirements, maintain efficient processes, and improve environmental aspects.

Regulatory Compliance & Sustainability

We ensure compliance with regulations for consumer electronics, packaging, and batteries in the European Union and relevant markets, using only materials and components meeting RoHS, REACH, POP, TSCA, and CAL Prop 65 requirements. We are also compliant with European and US packaging legislations. Continuous monitoring of regulatory trends related to our products ensures compliance with applicable requirements.

As a member of various compliance schemes for collecting, recycling, and reusing electronic waste (WEEE), batteries, and product packaging under producer responsibility, we partner with local organizations within the European Union to avoid unnecessary transport for recycling. Customers can return certain products to our Stockholm office for disposal. At each office, we adhere to local waste sorting and recycling practices, managing diverse waste streams, including e-waste and hazardous materials. We actively track recycling data and, in 2024, plan to explore enhancements in recycling services and data management across all global offices.

Encouraging circularity

Encouraging circularity of materials and prolonged product use, we offer rental and subscription services. Around 2 percent of total net sales in 2023 came from this circular business model, contributing to the circular economy and reducing resource extraction and waste generation.

Dedicated to anticipating legislative changes, adopting sustainable practices, and fostering a culture of continuous improvement, we propel towards a greener, environmentally conscious future.



CASE - HOW OUR INITIATIVES CONTRIBUTE TO OUR PLANET

Tobii's green initiatives in packaging and logistics

In the ever-evolving landscape of corporate responsibility, Tobii is committed to sustainability through significant initiatives in packaging and logistics.

Reducing packaging material

In response to the environmental impact of packaging waste, our teams took deliberate steps to minimize the use of packaging material for our products. By downsizing boxes and eliminating foam inserts, we achieved a significant reduction in shipment weight and volume. For instance, our glasses product now weighs only 3 kg, a significant reduction from its previous 5 kg, resulting in substantial savings in packaging materials. In 2023 alone, this initiative yielded over 350 KSEK in savings, with emissions savings of about 373 kg Co2.

Optimizing shipping efficiency

Recognizing the critical role of transportation in carbon emissions, Tobii prioritized optimizing shipping efficiency. Reducing packaging size enabled us to ship more products using the same containers, resulting in significant savings in emissions from shipment. This not only aligns with our commitment to the environment but also enhances brand value, customer satisfaction, and proves the long-term cost benefits of sustainable initiatives.

Shifting to land transport

To further enhance sustainability and reduce costs, Tobii transitioned to prioritizing economical road transport over air travel within the EU. Despite brief reliance on air transport

“Our packaging today is plastic free, relying on recyclable and recycled materials.”

during the pandemic, we returned to road transport, fostering sustainability and economic advantages. Continuous dialogue with freight partners aims to cut transport costs and administrative fees, solidifying our dedication to a green direction. We are also excited to share that in 2024 we will be shifting our air transport to partially using sustainable aviation fuel, which is made with products that are less harmful to the environment. This means that our air transportation

will be greener and produce less emissions. The details of this initiative are to be finalised in the next few months.

Future sustainability goals

Looking ahead, our sustainability journey includes transitioning to a paperless system, utilizing digital documentation to benefit the environment. Our packaging today is plastic-free, relying on recyclable and recycled materials. Actively exploring biofuels aligns with our commitment to further reduce the carbon footprint of product transportation. Tobii's transformative approach extends beyond environmental responsibility, highlighting the economic viability of sustainable practices. This effort exemplifies our dedication to fostering a positive environmental impact and promoting sustainable business practices, establishing a precedent for responsible and eco-friendly business endeavors.



Smaller packaging resulted in both savings and reduced emissions.

The way we run our business – Responsible sourcing



Ambition for 2024

- Adhere to all relevant and applicable regulations regarding chemical and hazardous substances in our products.
- Require all our suppliers to uphold the same high standards with respect to environmental and business practices as Tobii.
- Continuously co-operate with our existing suppliers to improve the fulfilment of our requirements for our Audit program.
- Ensure that new or existing suppliers or partners comply with Tobii Supplier and Partner Code of Conduct.

Responsible innovation and compliance

We have dedicated ourselves to producing technologies that can make the world a better place and improve the long-term prospects for our planet. As such, we follow the Responsible Business Alliance (RBA – formerly the EICC) Code of Conduct, which is an industry standard for companies in the electronics industry and we have defined our requirements from the RBA and aligned our policies accordingly. During 2023, the audited suppliers all maintained a high score or made improvements.

The target of 100 percent signatures of Code of Conduct (CoC) was reached. We have expanded the CoC to also include partners to Tobii and have added provisions around several areas, such as living conditions, anti-money laundering, and the elimination of minerals sourced from conflict areas.

Ethical supply chain vigilance

Tobii recognizes that most of our impact and large risks with regards to above mentioned framework resides in our supply chain. Therefore, we are actively working to maintaining a supply chain that adheres to equally high standards as Tobii. We have enumerated our expectations for our supply chain partners in the Tobii Supplier and partner Code of Conduct, and we expect all of our suppliers and partners to read, understand, and abide by this policy.

Our Supplier and Partner Code of Conduct stipulates that all suppliers, partners and their subcontractors assume environmental and ethical responsibility, that working conditions are safe and fair, and that workers are treated with respect and dignity. Tobii has zero tolerance for all forms of unethical financial transactions, and as such, this is a core component of the Code.

Based on a risk assessment by geographical location, production type, and by portion of Tobii's purchasing, our suppliers are audited yearly and evaluated to ensure these expectations are being met. We work closely with any supplier that does not meet our standards to solve issues impacting compliance. →



Supplier sustainability program

We are a global company with suppliers spread across different geographic areas. Most of our components and products are manufactured by our suppliers. We have a high volume in Asia and a low-mid volume in Europe regarding direct supply chains. As a vital part of our sustainability work, we strive to ensure our suppliers and subcontractors conduct business to the highest applicable standards regarding social, environmental, and governance (ESG). The supplier program stretches from the selection, qualification, periodic assessments of new suppliers and the engagement covers the entirety of the contract period. We strive to manage long-term relationships through specific governance plans set for each supplier.

Suppliers are qualified based on several factors such as quality management systems, environmental management systems, requirements in the Code of Conduct, and the level of risk associated with information security and business continuity among other things. Before engagement, they are mandatorily assessed on social factors such as zero tolerance to child labor and forced labor and benchmarked on environmental factors such as handling of hazardous waste and energy management. Sustainability expectations are clearly stated in the Supplier and partner Code of Conduct, aiming to ensure that all suppliers and their subcontractors assume environmental and ethical responsibility, that working conditions are safe and fair, and workers are treated with respect and dignity. Our Supplier and partner Code of Conduct requires all suppliers to respect human rights in the spirit of internationally recognized standards, including the ILO Declaration on Fundamental Principles and Rights at Work and the UN Universal Declaration of Human Rights.

Human and labor rights and supplier environmental management

Following our Supplier and Partner Code of Conduct, suppliers must ensure labor rights are respected, limiting working weeks to 60 hours, except in emergencies. To secure fair working conditions, the Code allows workers' freedom to associate and collectively organize without retaliation. Addressing environmental concerns, suppliers are urged to continuously reduce their impact on energy consumption, waste management, and pollution. Our scope extends to indirect suppliers of materials and services, predominantly in Europe and the US, emphasizing the importance of upholding high ethical and environmental standards.

During 2023, all new direct suppliers and existing suppliers with a recurring annual spend above 50k SEK signed the CoC, and compliance with the Code of Conduct improved from a good 95 percent to reach 100 percent. The Code of Conduct coverage for indirect suppliers with similar criteria was initiated and is expected to continue in 2024.

Controversial sourcing

Tobii recognizes the risks connected with certain minerals originating from high-risk areas and the link to conflict funding and human rights violation. Our Supplier Code of Conduct promotes responsible purchasing of tantalum, tin, tungsten, and gold to ensure conflict minerals do not directly or indirectly finance or otherwise stem from controversial sources, favor conflicts, or violate human rights. The Code further requires the suppliers to secure compliance in their respective supply chain. The program aims to improve the sustainability of our existing supplier base, and a lot of effort is directed towards improvements by engaging suppliers, rather than terminating business relations. Tobii had no essential issues or controversies regarding human rights in 2023.

Tobii is also committed to ensuring that our work does not directly or indirectly finance violent conflicts or human rights violations. Our supplier expectations and audit extend beyond our direct partners to include subcontractors and other indirect partners throughout our supply chain. This allows us to ensure the company does not purchase or use conflict minerals in its products.

Supplier audit program driving continual improvements

Within our annual audit program, we assess suppliers based on geographical location, industrial analysis, and their proportion of our purchases. Our teams conduct on-site assessments before partnering, auditing both in-house and sub-supplier supply chains. Working closely with suppliers, we aim for continuous improvement to indirectly address risks down the supply chain.

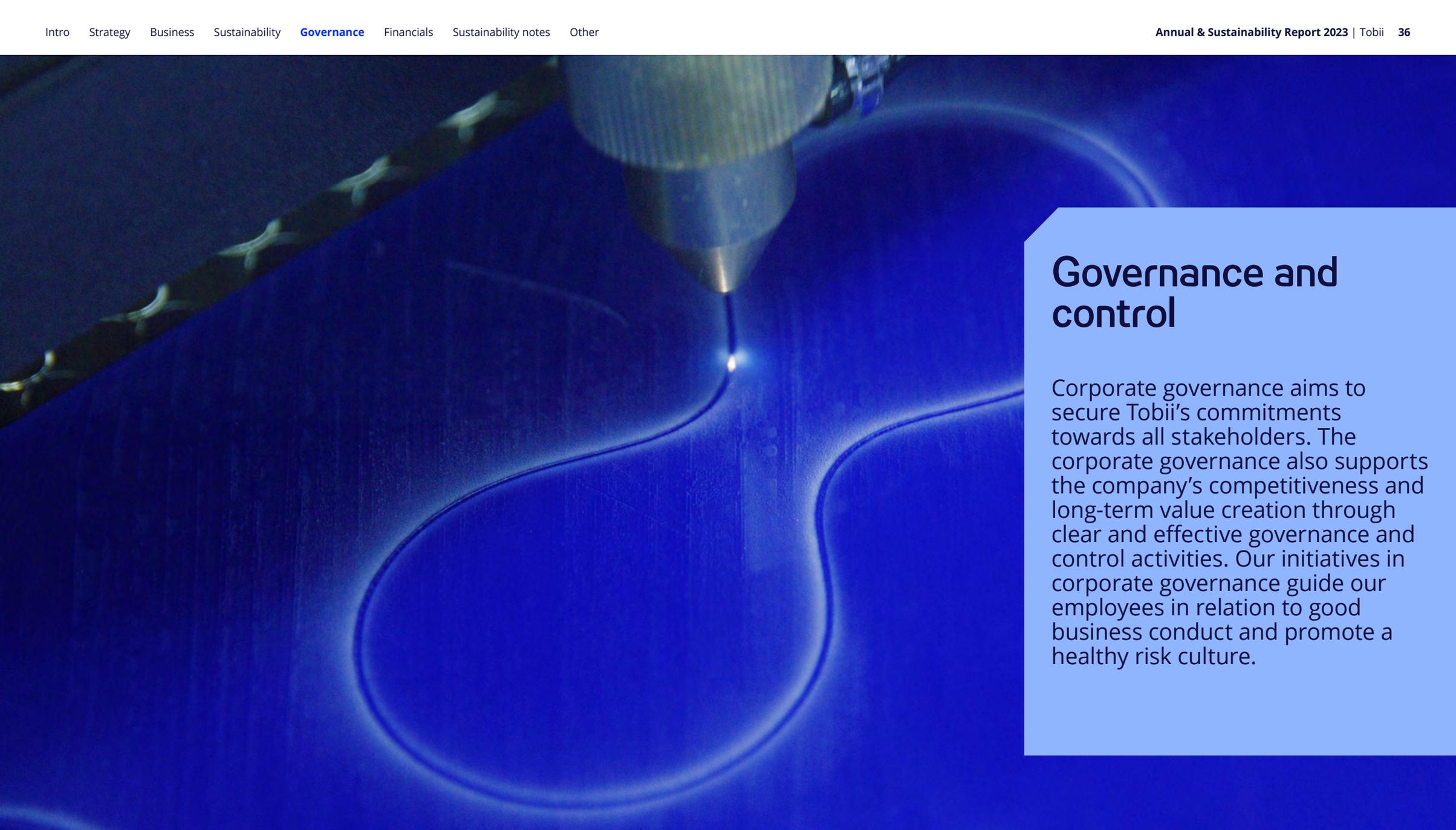
In 2023, despite challenges with Covid in China, 100 percent of planned audits were completed. Since the program's launch in 2017, we've observed a positive trend, with increased compliance in suppliers' supply chains, salaries, and freedom of association. Suppliers also reported improvements in waste handling, restricted materials management, and plans to reduce energy, waste, and water consumption.

100% CODE OF CONDUCT COMPLIANCE

In 2023, Code of Conduct (CoC) compliance improved from 95% to 100% for all suppliers with an annual spend above 50k SEK.

100% COMPLETED SUPPLIER AUDITS

Despite challenges in 2023, Tobii achieved a 100% completion rate for planned supplier audits, demonstrating resilience and commitment to continual improvement.



Governance and control

Corporate governance aims to secure Tobii's commitments towards all stakeholders. The corporate governance also supports the company's competitiveness and long-term value creation through clear and effective governance and control activities. Our initiatives in corporate governance guide our employees in relation to good business conduct and promote a healthy risk culture.

Directors' report

The Board of Directors and CEO of Tobii AB (publ), corporate identity number 556613-9654, hereby presents the following annual report and consolidated financial statements for fiscal year January 1, 2023 to December 31, 2023.

The company's registered office is in Danderyd, Sweden. The company's shares have been listed on Nasdaq Stockholm since April 24, 2015.

The Group's operations

Tobii AB (publ) and its subsidiaries ("the Group") is a leading global player developing, manufacturing, and marketing solutions within eye tracking and attention computing.

Attention computing is a collection of sensor technologies that enable machines and devices to understand people. These technologies indicate where, when and what a person is looking at and are used to understand a person's attention, behavior and intent, where eye tracking constitutes the core technology of attention computing. This information enables natural and effective user interfaces to computers and other devices as well as deep insights into human behavior. Tobii's technology can be integrated into various devices and products such as glasses, headsets, computers, gaming accessories, communication aids, medical equipment and driver monitoring systems.

Business segments

The Group conducts its business in two segments with different types of products and underlying business dynamics.

- The Products & Solutions segment offers B2B customers and consumers a portfolio of eye tracking solutions, including hardware products, software products, and services. These products include Tobii's range of wearable and screen-based instruments for behavioral studies and specialized software.
- The Integrations segments offers original equipment manufacturers and consumer electronics companies a broad range of integration products. The portfolio includes compact integration platforms, USB-based accessories and services, and intellectual property rights (IP) to make the integration product sustainable and support innovation.

In 2023, Products & Solutions accounted for 70% (66%) of consolidated revenue while Integrations accounted for 30% (34%).

Due to the acquisition of FotoNation Ltd which was completed on January 31, 2024, the automotive operations form a new third segment, Autosense. Automotive operations were previously part of the Integrations segment. All three segments will be reported at an operating profit/loss level (EBIT) from the first quarter of 2024.

Revenue

Consolidated revenue fell to SEK 758 million (776), which corresponded to an organic decrease of 6%.

Revenue for Products & Solutions increased to SEK 532 million (513), which corresponded to an unchanged organic development. Lower demand from corporate customers was offset by increased sales to gaming customers.

Integrations' revenue fell by 14% to SEK 226 million (264), which corresponded to an organic decrease of 17%. Revenue decreased due to lower licensing revenue related to Sony PS VR2 compared to the previous year. Excluding income from Sony in the previous year, the segment achieved double-digit organic growth.

The American market accounted for 33% (28%) of consolidated revenue, EMEA for 33% (28%), and the rest of the world for 34% (44%).

Results

The Group's gross margin was 75% (76%). Products & Solutions' gross margin was 69% (69%). Integrations' gross margin was 89% (89%). The continued high gross margins reflect the general trend towards a more software-, service- and license-based product mix.

Operating expenses increased to SEK 751 million (712). Excluding acquisition costs of SEK 31 million and a negative effect from currency translation differences on operating balance sheet items of SEK -9 million (7), operating expenses decreased by SEK 8 million. The decrease was mainly related to cost saving initiatives taken during the fourth quarter of 2023.

The operating loss amounted to SEK -184 million (-122) and the operating margin was -24% (-16%). Adjusted for expenses of SEK 31 million related to the acquisition of AutoSense, the operating loss was SEK -153 million and the operating margin was -20%.

Profit/loss before tax

Net financial items amounted to SEK -13 million (24) and included SEK -4 million (29) in currency translation effects on balance sheet items and SEK -15 million (-6) of interest expenses primarily related to finance leases under IFRS 16 and interest due to temporary Covid-related tax reliefs. Interest income contributed positively by SEK 7 million (1). Pretax profit was SEK -197 million (-99).

Profit/loss for the year and earnings per share

Profit/loss for the year was SEK -198 million (-99) and diluted earnings per share was SEK -1.87 (-0.94).

Cash flow, liquidity and financial position

Cash flow from operating activities before changes in working capital amounted to SEK -37 million (41). Change in working capital amounted to SEK 132 million (96), of which SEK 63 million pertained to deferred tax payments related to Covid support granted by the Swedish Tax Agency. Therefore, Tobii has a total of SEK 229 million (129) in deferrals for tax payments relating to Covid support. Tobii has been granted a three-year repayment plan for the tax reliefs of SEK 166 million which expired in February 2024. Half of the amount should be paid during the third quarter of 2025 and the remaining amount should be paid during the first quarter of 2027.

Investments in intangible assets, property plant and equipment and financial assets amounted to SEK 214 million (169), of which SEK 202 million (172) in capitalization of R&D costs. Cash flow after investing activities amounted to SEK -119 million (-32). Acquisitions amounted to SEK 15 million (-).

Cash flow from financing activities was SEK -29 million (-8), mainly related to IFRS 16 leases payments.

At the close of the period, Tobii had SEK 236 million (402) in cash and cash equivalents. In addition, the company has an unutilized credit facility of SEK 50 million.

Consolidated net cash totaled SEK 157 million (334), of which SEK -68 million (-53) consisted of finance leases under IFRS 16.

Acquisitions

In 2023, two smaller businesses were acquired to strengthen Tobii's offering in consumer insights and user experience (UX) with cloud-based software. In addition, on December 13, 2023, Tobii entered into an agreement to acquire all shares in FotoNation Ltd, including the

AutoSense business, which strategically strengthens Tobii's position in Automotive Interior Sensing. For more information see Note 32.

Research and development

To preserve and further strengthen the Group's leading position, Tobii invests significant resources in research and development (R&D). On December 31, 2023, the Tobii Group had 537 full-time employees and about 80 consultants, of whom 230 were working in research and development.

The Group's total R&D expenditure increased by SEK 24 million to SEK 356 million (332), of which SEK 202 million (172) or 57% (52%) was capitalized on the balance sheet, while R&D amortization increased by SEK 6 million to SEK 124 million (118). The R&D expenses recognized in the income statement were in a line with the previous year, SEK 278 million (278), corresponding to 37% (36%) of revenue.

Personnel

The average number of employees in the Group in 2023 increased by 26 to 541 (515). The number of employees recalculated to full-time employees at the close of the period was 537 (533). Compared to the same date in the previous year, the number of full-time equivalents increased by 4, or 1%. Of the employees at year-end, 40% were women and 60% were men.

Guidelines for remuneration to senior executives

Guidelines for salaries and remuneration to the Group's senior executives approved by the general meeting are presented in the Corporate Governance Report on pages 45-53. The 2023 AGM adopted updated guidelines for remuneration to senior executives. Details about the actual expense reimbursements in 2023 are presented in the Corporate Governance Report and Note 8. No changes to the existing guidelines for remuneration to senior executives will be proposed to the AGM as the Board considers that they serve their purpose well.

Sustainability

In 2023, Tobii's sustainability team worked together with the various functions in the organization to strengthen, monitor, measure, and set targets for the Group's sustainability work. The Board of Directors has approved the Group's Sustainability Report for 2023. A description of Tobii's sustainability efforts is provided in the Sustainability Report on pages 24-35 and 95-117 of this Annual Report. The Sustainability Report for 2023 has been prepared in accordance with GRI Standards, Core level.

From the year 2024, or 2025 at the latest, Tobii is covered by the new EU legislation on sustainability reporting (CSRD) with the pertaining reporting standard (ESRS). CSRD means, among other things, full integration of sustainability-related issues in the company's strategy; the Sustainability Report as part of the Directors' Report; as well as a new way to evaluate and report on material sustainability issues. Tobii has started the work in order to meet the requirements under the CSRD.

Parent Company

The Parent Company, Tobii AB (publ), has about 357 employees and the operations are focused on research and development, product development, sales and marketing, procurement, manufacturing and administration. The Parent Company's revenue during the full year totaled SEK 570 million (615) and the operating profit was SEK -168 million (-133). At the end of the period, the Parent Company had SEK 194 million (352) in cash and cash equivalents.

Significant events after the end of the financial year

- The acquisition of all shares in FotoNation Ltd, which includes the AutoSense business, was completed on January 31, 2024. For more information see Note 32.
- New financial targets were announced on February 1, 2024 that replace the previous targets, see financial targets section.
- A fully guaranteed rights issue of approximately SEK 301 million was successfully completed on April 3, 2024.

Outlook

The year 2023 was dominated by tense geopolitical conditions, increased inflation and higher interest rates, which resulted in greater macroeconomic uncertainty. This uncertainty is expected to persist during 2024 and can impact demand for Tobii's technology and services.

Tobii estimates that there is good long-term market potential for the Group's technologies and solutions. In line with the integration of eye tracking into the devices of leading consumer electronics companies, demand is also expected to increase in related market verticals. Tobii also expects that the new EU regulations, which will mean that driver monitoring systems (DMS) will become mandatory in all new cars from 2026, together with an increased focus on convenience features and ongoing discussions concerning legislation linked to occupant monitoring systems (OMS) in the US, will promote use and innovation of the company's interior sensing technology. Taken together, Tobii considers that the company has a strong position to capitalize on these opportunities.

Generally speaking, Tobii believes that the strategic changes and cost savings, which were implemented in late 2023 and in early 2024 will strengthen Tobii's position and significantly improve the operating result during 2024.

Dividend

Tobii will continue to reinvest cash flows in growth initiatives and the Board of Directors' proposal for the 2023 financial year is that no dividend should be paid to shareholders.

Proposed appropriation of non-restricted equity

Non-restricted equity in the Parent Company at the disposal of the Annual General Meeting:

	SEK
Share premium reserve	1,991,407
Retained earnings	-1,462,242
Profit/loss for the year	-166,410
Total	362,755
The Board of Directors proposes that the following amount be carried forward	362,755

Risks and risk management

We are exposed to various risks that can influence the Group’s business, profit, or financial position. Through our global risk management process, risks are identified, assessed, and managed according to the assessed risk level.

Risk management is part of all our processes and also integrated in the Business Planning process. Below is a summary of the most important operational risks and how they are managed. The risk description does not claim to be exhaustive, but only addresses a selection of the risks

to which the Group is exposed or may become exposed. A description of financial risks and risk management, in addition to those described below, is presented in note 3.

	RISK	MANAGEMENT	SIGNIFICANCE	PROBABILITY
GEOPOLITICAL RISK	<p>Global market trends and changed market conditions: The Group is continuously exposed to both local and global macroeconomic fluctuations, unforeseen events, and unrest (e.g. natural disasters, sanctions and blockages, operational disruptions, and pandemics). Should the Group incur additional costs and/or reduced net sales due to local fluctuation in supply and demand or prices, this could have a material negative impact on the Group’s operations, profitability, and financial position.</p>	<p>The group regularly monitors changes in areas such as economic growth trends, geopolitical structures, and unexpected discrepancies in deliveries. Contingency plans are and escalation processes are continually updated to adapt operations to current circumstances. These analysis lead to proposals of potential changes in our business models or further mitigating actions.</p>		
	<p>Sourcing: Single source supply, (e.g. when only one supplier is used when volumes are low), exposes the Group to different risks. Sometimes compelling circumstances or a monopoly situation may arise in which certain high-tech products must be produced by a sole source using special methods, resulting in additional vulnerabilities. Additionally, global supply chains are increasingly vulnerable to both unforeseen and expected disruptions as a result of trade policy decisions and the emergence of climate-related or social events, affecting deliveries, operating costs, and raising the need for major structural changes in supply chains.</p>	<p>The group regularly assesses and maps risks related to single and sole source supply and the established supply chains. It also actively works with Business Continuity Planning and supply chain risk analysis in addition to closely manage the relationship with concerned suppliers and partners. A safety stock is kept on key products and secure a second source alternative are in place when justified by volumes in single-source cases. Special approval procedure is in place for new suppliers judged to have high geopolitical risk.</p> <p>Global trade policy developments are continually monitored in order to ensure compliance to our Export Control Policy and international trade laws. Immediate action is taken according to contingency plans in the event of disruptions.</p>		

	RISK	MANAGEMENT	SIGNIFICANCE	PROBABILITY
MARKET RISK	<p>Rapid technological changes: The markets in which we operate are characterized by a high pace of technological changes. Consequently, our ability to predict technical advances and market needs, and to adapt our products accordingly, is critical for the continued success of the Group as a whole.</p>	<p>The group has a close dialogue and collaboration with our customers and partners, we monitor the market carefully to capture market events and technology trends early and in combination with the organization's deep knowledge and expertise we steer investments of our core technology and products to leverage our position and address current and future needs of our customers.</p>		
	<p>Increased competition: If our competitors or new players develop technologies and products that offer a better price and performance, there is a risk that they will take market share from us. We offer specialized products that encounter competition from simpler and less expensive products. There is a risk that this trend will continue and impact more product categories</p>	<p>Investments in R&D, with a focus on developing technology that offers performance at a lower cost, as well as investments in a strong patent portfolio can provide important competitive advantages as the business moves toward broader applications in larger volumes. The group continues to develop clearly differentiated products and solutions that enable us to offer high quality solutions at competitive price levels.</p>		
	<p>Insufficient protection of intellectual property rights: We believe that the importance of intellectual property will increase in pace with the establishment of eye tracking in volume markets. If patent protection does not provide the market benefits that we expect, or if we are sued for infringement of the intellectual property of others, it could lead to costly legal and administrative processes, claims, licensing fees, or sales stops of our products.</p>	<p>The group maps patents within new product areas and further develops our patent portfolio.</p>		
	<p>Customer dependency: We enter certain contracts with large integration customers without binding volume commitments or guarantees. Additionally, long maintenance agreements are signed with customers, with long lead times and thereby uncertainties before value can be derived. There is a risk that customers might choose not to implement planned integrations, or for other reasons generate lower sales than expected, which results in major negative impacts on the Company's earnings.</p>	<p>The group collaborates closely with key customers and cultivates relationships with more integration customers. Collaborate is done with customers in several different sub-segments.</p>		

	RISK	MANAGEMENT	SIGNIFICANCE	PROBABILITY
OPERATIONAL RISK	<p>Dependency on key personnel: We are dependent on a variety of expert competencies and key individuals. If we fail to retain senior executives and key personnel or are unsuccessful in recruiting new highly skilled personnel, this could hamper the Group's future expansion.</p>	<p>Strategic Workforce planning is an integrated part of our Company's long-term planning. Part of this process is identification of key personnel followed by succession planning.</p>		
	<p>People turnover: Failure to attract, retain, and develop right competence.</p>	<p>Our Company measures Employee Engagement and sets goals for this parameter on both Company -, unit -, and team level. All units have activities connected to improve/sustain the Employee Engagement levels. In addition, our company actively engages in a meticulously designed recruitment process that views candidates as customers and incorporates a feedback loop.</p>		
	<p>Information security: An external intrusion or an intrusion by a malicious insider may result in theft and/or exposure of sensitive data. This can concern intellectual property, financial information, business plans, strategies and personal data of employees, customers, or end-users. The impact could be significant regulatory fines, loss of customer confidence, negative brand impact, copy-cat solutions or other advantages to competitors.</p>	<p>The group has cybersecurity controls including network intrusion and monitoring with autonomous enforcement, identity protection, information labelling, local device and cloud application monitoring and network segregation. Through Tobii's Information Security Management System (ISMS), we enforce company-wide security awareness training, perform attack simulations, and have robust processes and controls for IT operations and incident management. Continuous improvement activities include new features for data loss prevention, information protection, monitoring & alerts, new governance models for cloud infrastructure, and targeted training for privileged users. The risk is regularly monitored through our ISMS.</p>		
	<p>Product safety and liability: Product safety or quality problem that leads to third-party claims, recall programs, challenges our insurance coverage, causes extensive legal costs and settlement costs and affects company reputation.</p>	<p>We have established a product liability prevention program to reduce product liability exposures.</p> <ul style="list-style-type: none"> • Risk transfer: Secured an adequate insurance policy and contracts • Design safety: Setup of comprehensive quality program throughout the entire product design phase. The products are verified and certified towards applicable legislation and relevant industry standards • Manufacturing and quality control • Vendor management • Recall policy and process 		
	<p>Business ethics: Compliance with our business ethics principles, as well as laws and regulations are important for our continued success. Failure to comply would involve both specific business risks and the risk of a negative impact on our reputation.</p>	<p>Through our Code of Conduct, which also includes our Supplier Code of Conduct, all employees and suppliers sign in agreement with our business ethics principles and zero tolerance for all forms of bribery and corruption. Recurrent training for employees, as well as risk analysis and review of suppliers.</p>		

	RISK	MANAGEMENT	SIGNIFICANCE	PROBABILITY
REGULATORY COMPLIANCE RISK	Regulatory compliance: Regulatory burden is rapidly increasing on several markets. Lacking in compliance could lead to lost leads, lost customers, and affect company reputation. Not complying can also prevent the company entering regulated markets.	Awareness of external requirements is part of risk assessment processes. The company monitors different regulations by its compliance functions to enable the company to follow suitable strategies. Competence has been recognized as an important factor for staying compliant, and personnel is trained by compliance functions.		
	Changing environmental sustainability reporting requirements: There is a risk that the products provided by the Group will be subject to additional environmental laws and regulations or that additional taxes or fees will be imposed. Stricter and/or new environmental requirements and permits place higher demands on compliance, as well as increased demand from investors and regulatory bodies for clearer disclosures related to sustainability reporting.	The Group runs an implementation project for CSRD and any other EU Green Deal regulations, and monitors sustainability reporting requirements globally. Regulations, like EU Taxonomy, also support the Group's sustainability work by giving standardized criteria to follow.		
FINANCIAL RISK	Financing: Inadequate access to financing for investments could lead to limited growth opportunities.	Good transparent communication to the stock market and lenders, as well as focus on cost efficiency within the Group. Regular and careful financial planning.		
	Acquisitions: We evaluate potential acquisitions in line with our acquisition strategy and there is a risk that we will fail to carry out acquisitions because of, for example, competition from other participants or lack of adequate financing. In addition, the strategy will require that we continue to purchase suitable companies at sound multiples and integrate acquired companies successfully. Because of our leading position in specific markets, competition law could pose obstacles.	Meticulous acquisition analyses and integration planning, analyses of market conditions, and compliance with applicable rules and legislation.		
	Currency: Since we have large parts of our business and primary net sales in geographic markets outside Sweden, there is a risk of negative impact from currency fluctuations.	Tobii continuously assesses the impact of the trends of the most important currencies. Presently the Group does not use any currency hedge.		

	RISK	MANAGEMENT	SIGNIFICANCE	PROBABILITY
	<p>Impairment of intangible assets: A large part of our R&D expenditures is capitalized as intangible assets. If our technology and product development initiatives result in products that do not fulfill our high standards nor the requirements of the market and therefore do not become commercial successes, this may lead to significant impairments.</p>	<p>Regularly perform impairment tests through analysis of future expected earnings related to the projects that are included in the balance sheet. For more information, see note 2 and 15.</p>		
	<p>Tax: Our sales are realized primarily through subsidiaries in several countries. Transactions between subsidiaries are carried out in accordance with the Group's Transfer Pricing Policy. If local tax authorities make an assessment of transfer pricing that is deviated from our business, there is a risk of higher tax costs. There are also risks associated with managing taxes locally in the various markets in which we operate.</p>	<p>Annual review of tax risks together with external tax experts. Adjust tax appropriations based on this review.</p>		
<p>SUSTAINABILITY RELATED RISK</p>	<p>In addition to the risks described above, Tobii's significant sustainability-related risks and their impacts are presented on pages 97-99.</p>			

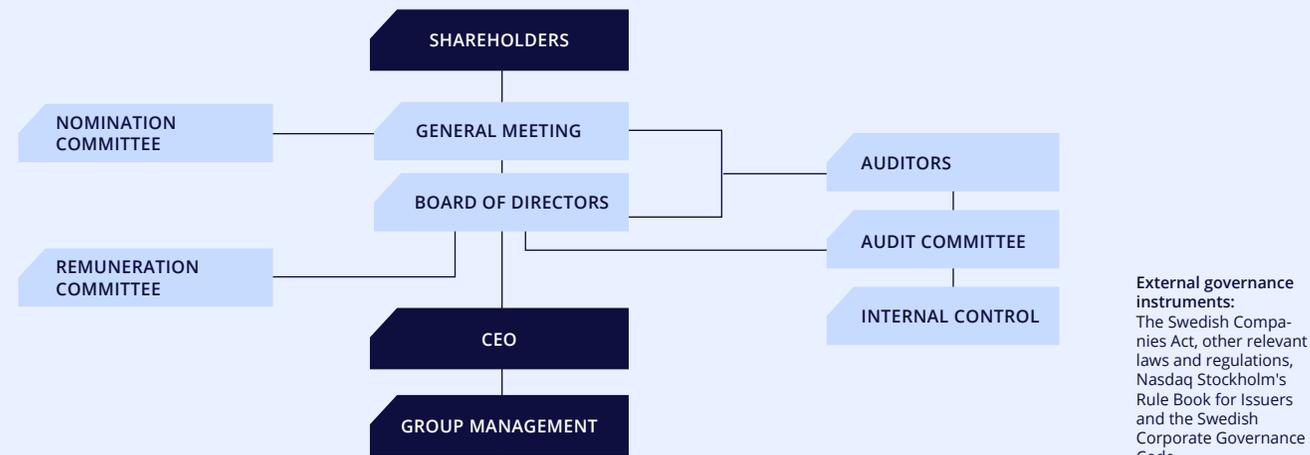
Corporate governance

This Corporate Governance Report, which was adopted by the Board of Directors, describes the corporate governance during the 2023 fiscal year. It has been prepared in accordance with the Swedish Corporate Governance Code and the Annual Accounts Act and has been reviewed by the company's auditors. The report presents an overview of Tobii's corporate governance, management and administration as well as internal control and risk management of the financial reporting.

Deviation from the Code

Tobii, as a Swedish public limited liability company, applies the Swedish Corporate Governance Code (the "Code"). The Code is based on the "comply or explain" principle, which means that the Code itself allows scope to deviate from the rules, under the condition that all such deviations and chosen alternative solutions are described and that the reasons for the deviations are explained in the Corporate Governance Report. At the AGM in May 2023, a decision on an incentive program was taken, leading to a deviation from clause 9.7 of the Swedish Corporate Governance Code as the vesting period for part of the incentive program is less than three years. The reason for the deviation is that the proposed incentive program and its vesting periods of two, three, and four years, as a whole is considered to be well-balanced incentive for the participants. The program is also deemed to be value-creating for the company and its shareholders.

This is how Tobii is governed



Regulatory framework and governance model

Corporate Governance in Tobii AB

Tobii AB (publ) has its registered office in Danderyd, Sweden and its shares have been listed on Nasdaq Stockholm since April 24, 2015. Governance, management and control are divided among the Board of Directors, CEO and Group Management in accordance with applicable laws, regulations, recommendations and Tobii AB's articles of association and internal rules. The Annual General Meeting (AGM) is the company's highest decision making body and where the shareholders exercise their voting rights. The Board of Directors and Chairman of the Board are elected by the AGM following a proposal from the Nomination Committee. The Board appoints the CEO. The Board of Directors', the CEO's management and the company's financial reporting are reviewed by the external auditor appointed by the AGM. To improve the efficiency of and deepen the work in certain issues, the Board has established an Audit Committee and a Remuneration Committee.

As described above, Tobii applies the Code and follows Nasdaq Stockholm's Rules for issuers (available on [nasdaq.com/solutions/rules-regulations-stockholm](https://www.nasdaq.com/solutions/rules-regulations-stockholm)) and good practice in the stock market. The overarching internal governance instrument is the Articles of Association adopted by the general meeting of shareholders. For the work of the Board, the committees and the CEO, the Board has adopted rules of procedure and instructions. In order to ensure compliance with applicable laws and regulations and to fulfill Tobii's requirements for its own operations, the company has adopted internal governance documents that clarify procedures and the division of responsibility and authority in key relevant areas, such as the Group's Code of Conduct and Business Ethics, governance, risk management, quality, work environment, information security, data protection, sustainability, whistleblowing and compliance. The company also has group-wide manuals, as well as ISO and FDA certifications. Authorized personnel can access Tobii's governance documents on the company's Intranet. All policies are reviewed regularly and updated as needed.

Shareholders and voting rights

Tobii has issued two classes of shares; ordinary shares and C shares. Each ordinary share carries one vote at general meetings of shareholders and each C share carries one vote per ten shares. The sole purpose of the C shares is to facilitate settlement of Tobii's long-term incentive programs. The C shares are always included on the company's balance sheet and Tobii is not allowed to exercise the voting rights for these shares. Hence, in practice, only one class of shares exercises its voting rights.

On December 31, 2023, there were 24,791 shareholders in the company. The company's three largest shareholders were Öhman Fonder (5.9% capital and 6.0% votes), Lannebo Fonder (5.5% capital and 5.7% votes) and Henrik Eskilsson (4.7% capital and 4.8% votes). For more information about the share and largest owners, see the share section on page 118.

General meeting of shareholders

The general meeting is highest decision-making body. All shareholders have the right to participate in the general meeting and exercise their voting rights in relation to their shareholding. Rules concerning the general meeting can be found in the Swedish Companies Act and the articles of association. Notice convening the general meeting must be issued four to six weeks before through advertising in Post och Inrikes Tidningar (Swedish Official Gazette) and through a press release published on the company's website. It is announced in Svenska Dagbladet newspaper that notice has been issued. The shareholders who wish to participate in the meeting must register according to the information in the convening notice. An Extraordinary General Meeting is held when the Board considers it necessary to do so according to the Swedish Companies Act.

Tobii's 2023 Annual General Meeting

At the 2023 Annual General Meeting, which was held on May 26, 2023, shareholders representing 41.6 percent of the votes participated. The AGM resolved that the company's Board of Directors should be com-

posed of six ordinary members and no deputy members. Mats Backman, Henrik Eskilsson, Charlotta Falvin, Jörgen Lantto, Per Norman and Jan Wäreby were re-elected as Board members for the period until the end of the next AGM. Per Norman was re-elected as Chairman of the Board. Former Board member Heli Arantola declined re-election. PwC were re-elected as the company's auditors. The AGM granted the Board members and the CEO discharge from liability and approved the annual accounts for the 2022 financial year and resolved in accordance with the Nomination Committee's proposal on directors' fees and the Board's proposal on guidelines for remuneration to the CEO and other senior executives.

The AGM also resolved to give the Board the authority to decide, during the period until the next AGM, on the issue of new shares corresponding to an increase of a maximum of 10%. In addition, a resolution was passed on the introduction of a new long-term incentive program. The minutes from the AGM are available on Tobii's website.

Extraordinary General Meeting, March 4, 2024

In connection with the rights issue of SEK 300 million, an EGM was held on March 4, 2024. At the EGM, it was resolved to amend the articles of association so that company's share capital shall be not less than SEK 1 million and not more than SEK 4 million (compared to SEK 500 thousand and SEK 2 million previously) and that the company shall have not less than 100 million shares and not more than 400 million shares (compared to 50 million and 200 million shares previously). The Board was also granted a mandate, on one or more occasions during the period until the next AGM, to resolve on the issue new ordinary shares with preferential rights for the company's shareholders.

Annual General Meeting 2024

Tobii AB will hold its Annual General Meeting on May 23, 2024 in Danderyd, Sweden. The convening notice is available on Tobii's website. Read more under the section information to shareholders on page 122.

Nomination Committee

The Nomination Committee represents the shareholders. Its task is to draw up proposals ahead of the AGM regarding the election of the Chairman of the Board at the AGM, a resolution regarding the number of Board members, election of and resolution regarding fees for Board members, Chairman of the Board and auditor, election of and resolution regarding fees to members of other special committees or committees that the general meeting can resolve to appoint as well as proposals for principles for the appointment of a Nomination Committee for resolution by the general meeting.

According to instructions adopted by an Extraordinary General Meeting in 2015, the Nomination Committee ahead of each AGM shall consist of representatives of the three largest shareholders in terms of voting rights as of September 30 of each year, together with the Chairman of the Board. If any of these shareholders choose to waive their right to appoint a representative, the right is transferred to the shareholder with the largest shareholding after these shareholders, and so on. As long as the three founders Henrik Eskilsson, John Elvesjö, and Marten Skogö collectively own shares in the company, directly or indirectly, that make them one of the three largest owners, they have the right to jointly nominate one of the three shareholder representatives in the Nomination Committee. The member representing the largest shareholder shall convene the first meeting of the Nomination Committee and be appointed as chairman of the Nomination Committee unless the Committee unanimously appoints someone else. However, the Chairman of the Board may not serve as chairman of the Nomination Committee. The names of the members have been announced more than six months prior to the AGM and meet the requirements for independence.

Nomination Committee ahead of 2024 AGM

Ahead of the 2024 AGM, the Nomination Committee has been appointed in accordance with the principles described above and is composed of:

- Erik Durhan, appointed by Öhman Fonder
- Kent Sander, appointed by Tobii's three founders
- Helen Fasth Gillstedt, appointed by Handelsbanken Fonder (chair)
- Per Norman, Tobii's Chairman

Collectively, the members of the nominating committee represented approximately 23% of the votes in the company as of September 30, 2023.

The work of the Nomination Committee

The Nomination Committee's work begins with reviewing the evaluation of the work of the Board that the Board has commissioned. To determine to what extent the present Board meets the demands that will be made of the Board, as a consequence of the company's situation and future direction, the Nomination Committee discussed the Board's size and composition with regard to, for example, industry experience, competence and diversity. Section 4.1 of the Swedish Corporate Governance Code is applied as a diversity policy for the Board, which means that the Board shall have a composition that is appropriate with regard to the company's operations, stage of development and other circumstances, characterized by versatility and breadth in terms of the competence, experience and background of the members elected by the general meeting. As a basis for the Nomination Committee's work ahead of the 2024 AGM, the Chairman of the Board has informed members about the Board work during the year, and the work in the Audit and Remuneration Committees. The Nomination Committee ahead of the 2024 AGM until March 31, 2024 held five recorded meetings, as well as contacts in between.

All shareholders are entitled to submit proposals for Board members to the Nomination Committee by email at valberedning@tobii.com. The Nomination Committee's proposal, an account of the Nomination Com-

mittee's work ahead of the 2024 AGM, as well as supplementary information about proposed Board members are published in connection with the convening notice and will be presented at the 2024 AGM.

The Board of Directors

The Board of Directors is responsible for Tobii's organization and administration of the company's affairs. The Board has overall responsibility for the company's organization and administration. The Board follows up the operations, ensures an effective organization and establishes guidelines for internal control. The Board establishes strategies and goals and decides on major investments. The CEO is appointed by the Board and responsible for the day-to-day administration. The Board's responsibility is regulated in the Companies Act and the rules of procedure. The division of duties between the Board and CEO is determined by written instructions.

Composition of the Board of Directors

According to Tobii's Articles of Association, Board members elected by the general meeting are to comprise a minimum of three and a maximum of nine, with no deputy members. At present, the company's Board of Directors comprises six ordinary members. The requirement for diversity and breadth, as well as an effort to achieve a uniform gender distribution, have been considered in the composition of Tobii's Board of Directors. The Board members have extensive experience from relevant industries and expertise in both technology and international business. More information about the Board members is provided on page 51. The composition of the Board meets the Swedish Corporate Governance Code's requirement regarding independent members.

The work of the Board

The Board's work follows rules of procedure, which ensure that the Board is well informed and that all Board-related issues are addressed. The rules of procedure, which are adopted annually, describe the division of responsibilities between the Board and the committees and between the Board and the CEO. The Board decides on the strategy and

budget, adopts financial statements and key policies and authorization policy, appoints the CEO and evaluates the CEO's work, establishes rules for internal control and monitors the functioning of internal control, decides on major investments and agreements, appoints the Audit Committee and Remuneration Committee and evaluates the Board's work. The Board ensures that the adopted guidelines on remuneration to members of Group Management have been followed and proposes guidelines for remuneration to the AGM. The Chairman of the Board leads the Board's work and also represents the company on ownership matters. Board meetings are prepared by the Chairman together with the CEO. The CEO and the company's CFO, who usually takes minutes at board meetings, participate. In addition, other employees participate when needed in a reporting capacity on specific matters. Materials are distributed before each meeting. Some questions are prepared in the committees. Recurring matters at Board meetings include reviews of the business situation and financial reporting. The Board's committees report on their work and raise issues for decision.

According to the rules of procedure, Tobii's Board shall convene a minimum of six times in addition to the statutory meeting in connection with the AGM.

The work of the Board during 2023

In 2023, the Board held 27 recorded meetings, of which one was the statutory meeting. Four of the meetings were held in connection with the company's publication of interim reports. Regular items covered such things as performance, financial position, investments, acquisitions, risk management and sustainability. In addition to this, there was a strong focus on the acquisition of AutoSense and financing, business plan, strategy and financial targets as well as cost savings and diverse personnel issues.

Evaluation of the work of the Board

According to the Board's rules of procedure, the Chairman of the Board shall ensure that the work of the Board is evaluated annually through a systematic and structured process, aimed at improving the Board's working processes and efficiency. The Chairman of the Board is responsible for the evaluation. In 2023, this evaluation was carried out in November using by a digital evaluation tool.

Board Committees

In order to improve the efficiency of the Board work, the Board has appointed a Remuneration Committee and an Audit Committee. The Committees prepare recommendations to the Board and submit proposals on issues that require the Board's approval. The Committees also continuously report to the Board on their work.

Remuneration Committee

The Remuneration Committee assists the Board, among other things, in developing remuneration proposals and regularly monitors and evaluates remuneration structures and levels for the CEO and other members of Group Management and all other remuneration structures and levels currently in place in the company. Since the 2023 AGM, the Committee is composed of Per Norman (chairman), Jörgen Lantto and Jan Wäreby. The Committee held five recorded meetings during 2023.

Audit Committee

The Audit Committee, among other things, helps the Board to meet its obligations regarding financial reporting, internal control, internal and external audit, management of operational risks and to ensure that the company has processes in place to be able to comply with laws and regulations – including laws and regulations in financial reporting, accounting standards and other requirements for listed companies – as well as monitoring the company's work risk management and compliance work, as well as preparations for the introduction of the EU's Sustainability Reporting Directive (CSRD) from and including the 2024 financial year or 2025 at the latest. The Audit Committee evaluates the external audit and supports the Nomination Committee with proposals for the election of auditors and conducts an annual review of the proposed scope of the audit. Since the 2023 AGM, the Committee is composed of Mats Backman (chairman), Charlotta Falvin and Per Norman. The Audit Committee held nine recorded meetings during 2023.

The Board's work year

Quarter 3

- Interim Report quarter 2
- Strategy work

Quarter 4

- Interim Report quarter 3
- Acquisition of AutoSense
- Financing
- Risk analysis
- Approval of business plan and budget
- Adoption of new financial targets
- Evaluation of the Board's and CEO's work



Quarter 1

- Year-end Report
- Auditor's Report

Quarter 2

- Adoption of annual accounts
- Interim Report quarter 1
- Adoption of policies
- Annual General Meeting and statutory Board meeting
- Strategy kick-off

Board meeting attendance, independence and remuneration 2023

Members elected by the AGM	Elected	Independent ¹	Board of Directors	Meeting attendance		
				Audit Committee	Remuneration Committee	Fees total (SEK million)
Per Norman, Chairman ²	2022	Yes	27/27	5/6	5/5	0.8
Charlotta Falvin	2018	Yes	27/27	9/9		0.3
Henrik Eskilsson	2021	No	27/27			-
Mats Backman	2022	Yes	25/27	9/9		0.4
Jan Wäreby	2016	Yes	23/27		5/5	0.3
Jörgen Lantto	2019	Yes	27/27		5/5	0.3
Member until 2023 AGM						
Heli Arantola	2016	Yes	9/10	3/3		0.1

¹ According to definition in Swedish Corporate Governance Code, in relation to the company's largest shareholders.

² Member of Audit Committee from the 2023 AGM.

Remuneration to the Board of Directors and Committees

Directors' fees are determined by the Annual General Meeting. The 2023 AGM resolved that directors' fees should amount to SEK 2,165,000 to be allocated as SEK 750,000 to the Chairman of the Board and SEK 270,000 each to the other Board members. As Henrik Eskilsson is working operationally in the company, and consequently receives no compensation for work on the Board, the directors' fees amounted to SEK 2,025,000 in practice. Fees for Committee work are paid as follows: SEK 125,000 to the chairman of the Audit Committee; SEK 60,000 each to the other two members of the Audit Committee; SEK 40,000 to the chairman of the Remuneration Committee; and SEK 25,000 each to the other two members. The remuneration has been determined and approved in accordance with applicable remuneration guidelines. Remuneration to the Board is described in more detail in Note 8.

CEO and Group Management

The CEO is responsible for the day-to-day management of Tobii in accordance with the Board's guidelines and instructions. The current CEO's instructions were adopted by the Board on May 26, 2023. The CEO compiles information and decision-making documents ahead of the Board meetings. The CEO Anand Srivatsa is assisted by Group Management consisting of CFO Madalena Rodell Andersson, SVP Products & Solutions Gunnar Troili, SVP Integrations Emma Bauer, EVP Sales & Marketing Ann Emilsson, SVP Engineering Patrick Grundler, SVP Operations Jonas Jakstad, and since January 2024 General Counsel Charlotte Westerlund. After the completion of the acquisition of AutoSense on January 31, 2024, SVP Automotive Adrian Capata is also a member of Group Management. The Management team holds weekly meetings to discuss and decide on strategic, tactical and operational issues. More information about the CEO and Group Management can be found on page 52.

Remuneration to the CEO and senior executives

The Board decides on the current remuneration levels and other terms of employment for the CEO and other senior executives. As far as possible, agreements regarding retirement benefits are to be based on defined contributions and be in line with the levels, practices, and collective agreements that apply in the country where the personell is employed. The CEO has an employment agreement with a mutual period of notice up to six months and the right to six months of termination benefits if it is the company that terminates the agreement. Other senior executives have employment agreements with a mutual period of notice of up to six months, with up to four months of termination benefits, or alternatively, a shorter period of notice and termination benefits as required by law. The CEO and other senior executives are not entitled to any additional remuneration in conjunction with the termination of their employment. In 2023, total remuneration to the CEO and senior executives amounted to approximately SEK 18.7 million. In 2023, there were no deviations from the guidelines adopted by the AGM in May 2023. For more information about remuneration to the CEO and other senior executives, see Note 8

Sustainability

Sustainability is an integrated part of Tobii's business strategy and the Board monitors the company's initiatives and results in this area. The Board approves governance documents that steer the sustainability work in Tobii and is thereby ultimately responsible for incorporating sustainability into the overall decision-making process.

The Board monitors the administration of Tobii's sustainability work including material sustainability issues and related sustainability targets as well as Tobii's impact on the economy, people and the environment by approving the Annual and Sustainability Report. By the Board delegating responsibility, the CEO is ultimately responsible for Tobii's sustainability work. The company's Sustainability Manager has the operational respon-

sibility for the sustainability work. Sustainability issues are discussed continually in Group Management. A sustainability steering group, including the Chairman of the Board, members of Group Management and different key people, has been established to drive progress and improvements regarding sustainability strategy and targets, key focus areas and sustainability reporting in line with the EU's CSRD Directive.

Auditor

Tobii's auditor reviews the Annual Report, the consolidated financial statements, the Corporate Governance Report and accounting, as well as the administration of the Board of Directors and the CEO. The auditor follows an audit plan and reports her observations to the Audit Committee. The auditor participates in the AGM to present the Auditor's Report, which describes the audit process and the observations made. Furthermore, the auditor also normally participates in one Board meeting each year. The company's audit firm, PricewaterhouseCoopers AB, was re-elected at the 2023 Annual General Meeting until the 2024 AGM. The chief auditor is the authorized public accountant Henrietta Segenmark. Fees to the auditor shall be paid on an ongoing basis according to approved invoice. For information about remuneration to auditor, see Note 7.

The Board of Directors' report on internal control

Internal control and risk management of financial reporting

The internal control consists of processes and methods to limit risks of material errors in the financial reporting and to provide reasonable assurance about the reliability and accuracy of the financial reporting. The internal control is maintained by the Board, Management and employees. Tobii has chosen to describe the internal control work based on COSO's (Committee of the Sponsoring Organizations of the Treadway Commission) components, which are control environment, risk assessment, control activities, information and communication and monitoring.

Control environment

The control environment is the foundation of the internal control and risk management at Tobii and consists of the values and culture upon which basis the Board and Management communicate and operate, together with organizational structure, leadership, delegation of authority, decision-making paths, and employee expertise. This includes a number of internal governance documents, which are approved by the Board. The Board has the overall responsibility for internal control and reporting, and has appointed an Audit Committee tasked with and responsible for overseeing Tobii's financial reporting and monitoring the efficiency of this process.

Risk management

The material risks which affect the internal control of financial reporting are identified and managed at a Group, segment and subsidiary level. In the Board, the Audit Committee is responsible for identifying and managing significant financial risks or risks for errors in the financial reporting in order to ensure correct financial statements. Particular priority is given to identifying processes in which the risk for material errors is higher in relative terms, due to the complexity of the process or in contexts involving substantial values. For more information see the risk and risk management section on pages 40-44.

Control activities

The risks identified regarding the financial reporting are managed via the company's control activities. Control activities are intended to prevent, uncover, and correct misstatements and deviations. This is managed through manual controls in the form of reconciliations and inventories, as well as automatic controls through IT systems. Detailed financial analyses of the results and follow-up against budget and forecasts complement the operations-specific controls and provide an overall confirmation of the reporting quality.

Information and communication

The Board of Directors and Group Management have established communication channels to ensure the completeness and accuracy of the financial reporting. The company's overall steering documents, such as policies and manuals, are regularly updated and are available on the company's Intranet. One way of educating staff about group-wide rules is e-learning, which can be linked to tests after completing training and are mandatory for all new employees and consultants. Every month, financial information is compiled and distributed to the Board and Group Management. External communication takes place in accordance with the established information policy and the financial reporting is published in accordance with the applicable rules. Tobii supports an open and transparent information flow both in terms of the effectiveness of internal controls and in the communication with the company's different stakeholders.

Follow-up

Risk assessment and implementation of the control activities are monitored continually. This follow-up includes both formal and informal routines used by those responsible at each level. Procedures include monitoring results against budget and plans, analyses, and key ratios. The Board regularly receives reports on the Group's financial position and performance. After each quarter, the Group's financial situation is assessed, and Management analyze the financial reports in detail every month. The Audit Committee monitors the financial statements at its meetings and receives continual information about risk management, internal control and financial reporting from the auditors regarding their observations. Tobii does not have an internal audit function. The Board has determined that the follow-up of internal control carried out by the Board and Management constitutes an adequate audit function considering the company's operations and size.

Board of Directors



PER NORMAN Chairman of the Board

Elected: 2022
Born: 1964

Education: MSc in Mechanical Engineering, Royal Institute of Technology (KTH), Stockholm. MBA, International business, Uppsala University.

Main assignments and experience:

Chairman of Red Jade AB, Cool Company Skandinavien AB, Learnster AB, H.O.L.M Security Sweden AB and Stockholm Security Holding AB. Board member of Sveriges Television Aktiebolag and GLHF Group AB. Previously chairman of Leo Vegas AB, Mr Green & Co AB, GLHF Group AB and William Hill Gametek AB and CEO of Boxer TV-Access AB, SES Sirius AB and VP/CTO of Modern Times Group MTG AB.

Shareholding in Tobii*: 580,096 shares.



MATS BACKMAN

Elected: 2022
Born: 1968

Education: BSc in Business Administration, Stockholm University.

Main assignments and experience: Executive Vice President Group Finance and CFO of AB Volvo. Board member of Gränges AB. Previously CFO of Trustly AB, CFO and EVP of Veoneer, Inc. and CFO of Autoliv, Inc. Management positions within the Sandvik Group, including CFO and Executive Vice President.

Shareholding in Tobii*: 44,000 shares.



HENRIK ESKILSSON

Elected: 2021
Born: 1974

Education: MSc in Industrial Engineering & Management, Linköping University.

Main assignments and experience: CEO and board member of Vaja AB. Co-founder and CEO of Tobii from 2001 until 2021. Serial entrepreneur. Board member of Tobii Dynavox.

Shareholding in Tobii*: 13,897,654 shares and 405,995 warrants and stock units.



JAN WÄREBY

Elected: 2016
Born: 1956

Education: MS.c. in Electrical Engineering from Chalmers University of Technology.

Main assignments and experience: Chairman of RISE AB, Obelixus AB and Winespac AB. Board member of Exportkreditnämnden (EKN), KebNi AB, Agapi Boating AB and ASTGW AB. Extensive experience from leading positions within the Ericsson Group, including Senior VP of Sales, Senior VP of Business Unit Multimedia, and Vice CEO and Head of Sales and Marketing at Sony Ericsson.

Shareholding in Tobii*: 308,000 shares.



CHARLOTTA FALVIN

Elected: 2018
Born: 1966

Education: MSc in Business Administration, Lund University.

Main assignments and experience: Board member of Bure Equity, Nel ASA, Tobii Dynavox, MINC i Sverige AB and Malmö Ground AB. Chairman and CEO of Fasiro AB. Deputy board member of Inception AB. Previously board member of e.g. NetInsight AB, Axis AB, Doro AB and Sinch AB. Many years of experience from senior positions in IT and telecom sectors, e.g. COO at Axis and CEO of Decuma and TAT.

Shareholding in Tobii*: 126,500 shares.



JÖRGEN LANTTO

Elected: 2019
Born: 1963

Education: Technical college graduate, telecommunications, Midskogsskolan.

Main assignments and experience: Chairman of Cambridge Mechatronics Ltd and Zwipe AS. Board member of Bromma Tech Consulting AB. CEO and board member of Milepost AB. CEO of Fingerprint Cards and prior to that, more than 25 years of experience from leading positions within the Ericsson group.

Shareholding in Tobii*: 99,000 shares.

Group management



ANAND SRIVATSA
CEO

Elected: 2019
Born: 1978
Education: MSc in Electrical Engineering from Stanford University.

Experience: Vice President of Intel's Client Computing Group and General Manager of Intel's Desktop, Systems and Channel Groups. He has also held various senior positions in Intel within sales and marketing in the US and Taiwan, including responsibility for some of Intel's largest customers.

Shareholding in Tobii*: 985,210 shares and 601,250 employee stock options and restricted stock units.



GUNNAR TROILI
Senior Vice President Products & Solutions

Elected: 2001
Born: 1979
Education: MSc in Engineering Physics from the Royal Institute of Technology in Stockholm.

Experience: Senior Vice President of Engineering at Tobii since 2016. Tobii's first algorithm developer in 2001 and has subsequently held different roles within R&D and algorithm development.

Shareholding in Tobii*: 704,399 shares and 78,215 warrants and stock units.



MAGDALENA RODELL ANDERSSON
CFO & Executive Vice President

Elected: 2021
Born: 1966
Education: MBA from Stockholm School of Economics, specializing in Accounting and Finance.

Experience: 30 years of experience primarily from retail companies including senior positions such as CFO of OKQ8 Scandinavia, CFO and Vice CEO of Plantasjen AS Group, and CFO of Filippa K.

Shareholding in Tobii*: 164,174 shares and 77,443 stock units.



JONAS JAKSTAD
Senior Vice President Operations

Elected: 2016
Born: 1972
Education: MSc in Welding and Vehicle Engineering from the Royal Institute of Technology in Stockholm.

Experience: Chief Operating Officer at Maquet Critical Care AB and Getinge AB. Prior to that Jonas held leading positions within the automotive industry at GM Powertrain.

Shareholding in Tobii*: 11,771 shares and 39,655 warrants and stock units.



ANN EMILSON
Executive Vice President Sales & Marketing

Elected: 2021
Born: 1965
Education: MSc in Industrial Engineering & Management from the Royal Institute of Technology in Stockholm.

Experience: Extensive experience from the tech industry and previously worked as Head of business unit for the largest B2B customers at Telia Sverige. Prior to that, several senior roles at CGI and within the Ericsson Group.

Shareholding in Tobii*: 48,000 shares and 21,000 stock units.



EMMA BAUER
Senior Vice President Integrations

Elected: 2014
Born: 1975
Education: MSc in Industrial Engineering & Management from the Royal Institute of Technology in Stockholm.

Experience: Previously Senior Vice President of Segments & Products at Tobii since April 2021. Extensive experience in leadership, organizational development and product management and from senior roles in several product and consulting companies.

Shareholding in Tobii*: 18,074 shares and 52,479 warrants and stock units.

Group management



PATRICK GRUNDLER
Vice President Engineering

Elected: 2014

Born: 1973

Education: MSc in Computer Science from the Royal Institute of Technology in Stockholm.

Experience :

Vice President Engineering since January 2024 and prior to that positions such as Software Manager, Program Director for PC and Remote, as well as Director of Screen-based Solutions at Tobii. Previously software developer at companies such as PocketMobile, Entraction/IGT and Appear Networks.

Shareholding in Tobii*: 5,878 shares and 18,209 stock units.



LOTTA WESTERLUND
Executive Vice President och General Counsel

Elected: 2024

Born: 1968

Education: Master of Laws from Uppsala University..

Experience: Executive Vice President and General Counsel at Tobii since January 2024. Prior to that Head of Commercial Legal Affairs at Ericsson and Senior Vice President and General Counsel at ST-Ericsson as well as several senior positions in the Ericsson Group. She has also been a Legal Counsel at the law firm, Vinge.

Shareholding in Tobii*: 19,847 shares.



ADRIAN CAPATA
Senior Vice President Autosense

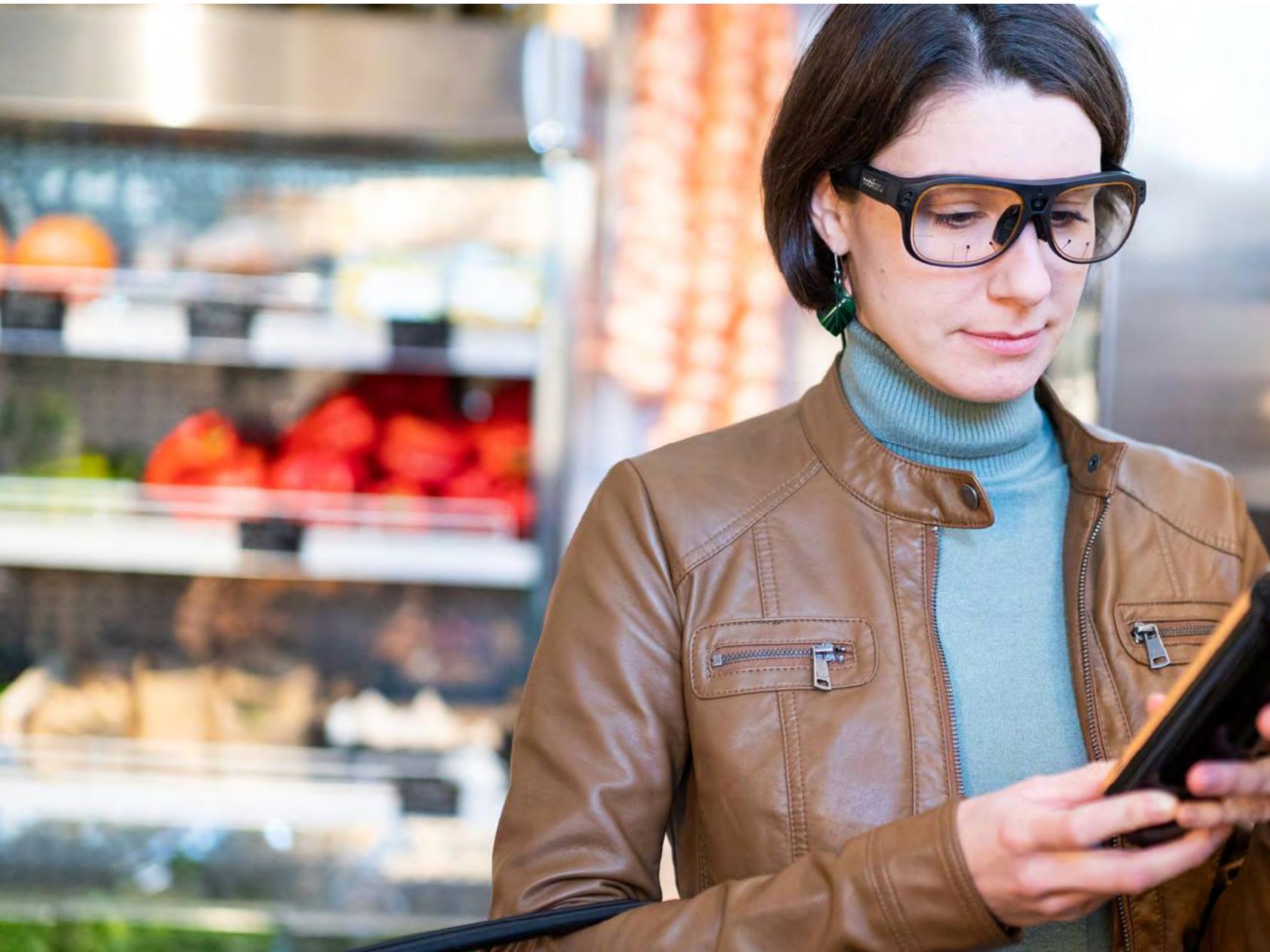
Elected: 2024

Born: 1979

Education: BSc in Imaging & Artificial Intelligence, and a MSc in Biomedical Engineering from the Politehnica University of Bucharest.

Experience: Previously Senior Vice President at Xperi's business division Autosense, with responsibility for the company's in-cabin sensing product line. Over his two decades at Xperi, he had extensive experience of driving innovation and commercialization of computer vision and edge AI.

Shareholding in Tobii*: 220,220 shares.



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Consolidated statement of comprehensive income

SEK m	Note	2023	2022
Continuing operations			
Net sales	5	758	776
Cold of goods and services sold		-191	-186
Gross profit	5	567	590
Selling expenses		-350	-313
Research and development expenses		-278	-278
Administrative expenses	7	-122	-144
Other operating income and operating expenses	11	-1	23
Operating profit/loss	6, 7, 8, 9, 10	-184	-122
Financial income	12	31	30
Financial expenses	12	-44	-7
Total financial income and expenses		-13	24
Profit/loss before taxes		-197	-99
Taxes	13	-1	0
Profit/loss for the year, continuing operations		-198	-99
Profit/loss from discontinued operations		-	-1
Profit/loss for the year		-198	-99
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange rate differences		4	-19
Other comprehensive income, net after tax		4	-19
Total comprehensive income for the year		-194	-119
Profit/loss for the year attributable to:			
Parent company's shareholders		-199	-100
Non-controlling interests		0	0
Total profit/loss for the year		-198	-99

SEK m	Note	2023	2022
Comprehensive income attributable to:			
Parent company's shareholders		-194	-119
Non-controlling interests		0	0
Total comprehensive income for the year		-194	-119
Earnings per share for the year, diluted, SEK			
- whereof continuing operations	14	-1.87	-0.94
Earnings per share for the year, diluted, SEK	14	-1.87	-0.94
- whereof continuing operations	14	-1.87	-0.94
Weighted average number of outstanding ordinary shares (thousands)	14	105,973	105,689
Average number of outstanding ordinary shares, diluted (thousands)	14	106,268	108,538

Consolidated balance sheet

SEK m	Note	December 31, 2023	December 31, 2022
Non-current assets			
Intangible non-current assets	15	517	423
Property, plant and equipment	16	14	8
Right-of-use assets	6	68	52
Deferred tax assets	13	66	66
Financial and other non-current assets		5	5
Total non-current assets		669	555
Current assets			
Trade receivables	18	116	132
Inventories	19	70	65
Other current receivables		24	23
Prepaid expenses and accrued income	20	34	47
Cash and cash equivalents	21	236	402
Total current assets		480	669
Total assets		1,149	1,224

SEK m	Note	December 31, 2023	December 31, 2022
Equity			
Share capital	23	1	1
Other paid-in capital		1,996	1,996
Reserves	24	-35	-40
Retained earnings		-1,400	-1,205
Total equity attributable to the parent company's shareholders		562	752
Non-controlling interests		2	2
Total equity		564	754
Non-current liabilities			
Interest-bearing loans	27	12	16
Lease liabilities	6, 27	43	25
Deferred tax liabilities	13	2	-
Provisions	26	1	1
Other non-current liabilities	27	29	32
Total non-current liabilities		88	73
Current liabilities			
Lease liabilities	6, 27	24	28
Trade payables	27	51	62
Other liabilities		259	197
Accrued expenses and deferred income	28	163	110
Total current liabilities		497	397
Total liabilities		585	470
Total equity and liabilities		1,149	1,224

Consolidated statement of changes in equity

SEK m	Attributable to the parent company's shareholders					Non-controlling interests	Total
	Share capital	Other paid-in capital	Reserves	Retained earnings	Total		
Opening balance, Jan 1, 2022	1	1,976	-21	-1,116	840	2	842
Profit/loss for the year				-100	-100	0	-99
Other comprehensive income			-19		-19		-19
Comprehensive income for the year			-19	-100	-119	0	-119
Sale/exercise of warrants, incentive programs	0	21			21		21
Sale of own shares				2	2		2
Equity-settled share-based payment transactions				8	8		8
Closing balance, Dec 31, 2022	1	1,996	-40	-1,205	752	2	754
Opening balance, Jan 1, 2023	1	1,996	-40	-1,205	752	2	754
Adjustment of OB*				-7	-7		-7
Profit/loss for the year				-199	-199	0	-198
Other comprehensive income			4		4		4
Comprehensive income for the year			4	-199	-194	0	-194
New issue	0	0			0		0
Sale of own shares				2	2		2
Equity-settled share-based payment transactions				9	9		9
Closing balance, Dec 31, 2023	1	1,996	-35	-1,400	562	2	564

*Adjustment Tobii Dynavox

Consolidated statement of cash flows

SEK m	Note	2023	2022
Cash flow from operating activities			
Profit/loss after financial items, continuing operations		-197	-99
Adjustment for items not included in the cash flow	30	163	142
Taxes paid		-3	-1
Cash flow from operating activities before change in working capital		-37	41
Cash flow from change in working capital			
Increase (-)/decrease (+) in inventories		-5	-9
Increase (-)/decrease (+) in operating receivables		25	6
Increase (+)/decrease (-) in operating liabilities		112	99
Cash flow from operating activities		95	137
Investing activities			
Investments in intangible non-current assets	15	-202	-172
Investments in property, plant and equipment	16	-12	-2
Investments in financial assets		0	5
Cash flow after continuous investments		-119	-32
Business combination	32	-15	-
Cash flow from investing activities		-229	-169
Cash flow after investing activities		-134	-32

SEK m	Note	2023	2022
Financing activities			
Bond issues and other borrowings		-3	-1
New share issues, net of costs		0	-
Sale/exercise of warrants in incentive programs		-	21
Repayment of lease liability	6	-27	-27
Cash flow from financing activities		-29	-8
Cash flow for the year, continuing operations		-163	-40
Cash flow for the year, discontinued operations		-	-1
Cash flow for the year, total		-163	-41
Cash and cash equivalents at the beginning of the year		402	438
Foreign currency translation, cash and cash equivalents		-3	5
Cash and cash equivalents at year-end		236	402

Parent company income statement

SEK m	Note	2023	2022
Net sales		570	615
Cold of goods and services sold		-173	-164
Gross profit		398	451
Selling expenses		-179	-199
Research and development expenses		-273	-278
Administrative expenses	7	-111	-129
Other operating income	11	34	79
Other operating expenses	11	-37	-57
Operating profit/loss	5, 6, 7, 8, 9, 10	-168	-133
Financial income	12	47	45
Financial expenses	12	-46	-4
Total financial income and expenses		1	41
Profit/loss before taxes		-166	-91
Taxes	13	0	0
Profit/loss for the year		-166	-91

The parent company has no items in 2023 or 2022 that are recognized in Other comprehensive income. The profit/loss for the year for the parent company is thus also the comprehensive income for the year. Therefore, the parent company does not present a separate "Statement of comprehensive income."

Parent company balance sheet

SEK m	Note	December 31, 2023	December 31, 2022
Non-current assets			
Intangible non-current assets	15	418	339
Property, plant and equipment	16	10	4
Participations in subsidiaries	17	67	61
Deferred tax assets	13	62	62
Non-current receivables Group companies	31	232	254
Other financial assets		31	0
Total non-current assets		818	721
Current assets			
Trade receivables	18	58	84
Current receivables Group companies	31	68	55
Inventories	19	60	59
Other receivables		22	20
Prepaid expenses and accrued income	20	30	40
Cash and bank balances	21	194	352
Total current assets		432	611
Total assets		1,251	1,331

SEK m	Note	December 31, 2023	December 31, 2022
Equity			
Share capital	23	1	1
Statutory reserve		5	5
Reserve for development expenditures		383	306
Total restricted equity		389	312
Share premium reserve		1,991	1,991
Retained earnings		-1,462	-1,299
Profit/loss for the year		-166	-91
Total non-restricted equity		363	601
Total equity		751	913
Non-current liabilities			
Interest-bearing liabilities to Group companies	31	23	16
Other non-current liabilities		29	30
Total non-current liabilities		52	47
Current liabilities			
Trade payables		40	55
Liabilities to Group companies	31	38	65
Other current liabilities		251	185
Accrued expenses and deferred income	28	117	65
Total current liabilities		447	371
Total liabilities		499	418
Total equity and liabilities		1,251	1,331

Parent company statement of changes in equity

SEK m	Restricted equity				Retained earnings including profit/loss for the year	Total equity
	Share capital	Statutory reserve	Reserve for development expenditures	Share premium reserve		
Opening balance, Jan 1, 2022	1	5	-	1,970	-236	1,740
Profit/loss for the year					-91	-91
Transactions with shareholders						
Reserve for development expenditures			306		-306	-
Merger					-767	-767
Sale/exercise of warrants, incentive programs	0			21		21
Sale of own shares					2	2
Equity-settled share-based payment transactions					8	8
Total transactions with shareholders	0	-	306	21	-1,060	-736
Closing balance, Dec 31, 2022	1	5	306	1,991	-1,390	913
Opening balance, Jan 1, 2023	1	5	306	1,991	-1,390	913
Adjustment OB*					-7	-7
Profit/loss for the year					-166	-166
Transactions with shareholders						
New issue	0			0		0
Reserve for development expenditures			77		-77	-
Sale of own shares					2	2
Equity-settled share-based payment transactions					9	9
Total transactions with shareholders	0		77	0	-66	11
Closing balance, Dec 31, 2023	1	5	383	1,991	-1,629	751

*Adjustment Tobii Dynavox

Parent company cash flow statement

SEK m	Note	2023	2022
Cash flow from operating activities			
Profit/loss after financial items		-166	-91
Adjustment for items not included in the cash flow	30	145	132
Taxes paid		0	0
Cash flow from operating activities before change in working capital		-22	40
Cash flow from change in working capital			
Increase (-)/decrease (+) in inventories		-1	-13
Increase (-)/decrease (+) in operating receivables		21	8
Increase (+)/decrease (-) in operating liabilities		75	111
Cash flow from operating activities		74	146
Investing activities			
Investments in intangible non-current assets	15	-202	-172
Investments in property, plant and equipment	16	-9	0
Investments in financial assets		-12	-4
Cash flow after investing activities		-149	-31
Shareholders contributions paid		-	0
Investments in acquisition of subsidiaries		-9	77
Cash flow after investing activities		-158	46
Cash flow from investing activities		-232	-99

SEK m	Note	2023	2022
Financing activities			
Bond issue/repayment		0	0
New share issues, net of costs		0	-
Sale/exercise of warrants in incentive programs		-	21
Cash flow from financing activities		0	21
Cash flow for the year		-158	68
Cash and cash equivalents at the beginning of the year		352	284
Cash and cash equivalents at year-end		194	352

Notes

Note 1. General information

Tobii AB (publ) (the parent company), corporate identity number 556613-9654, is a Swedish limited liability company with its registered office in Danderyd, Sweden. The address of the head office is Karlsrovägen 2D, Danderyd, Sweden. Tobii AB (publ) and its subsidiaries (referred to collectively as the Group) is the global leader in eye tracking and pioneer of attention computing. We create technology for a better future. Our technologies and solutions can be used in areas such as behavioural studies and research, healthcare, education and training, gaming, extended reality (XR), automotive, and many more.

Tobii operates globally from its offices in Sweden, the USA, China, Japan, UK, Germany, Belgium, Switzerland, South Korea, Taiwan, and Singapore. From February 2024, Tobii also has offices in Romania and in Ireland.

Note 2. Summary of important accounting policies

BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with International Financial Reporting standards (IFRS), issued by the international accounting standards Board (IASB) and the interpretations of the international Financial Reporting Interpretations Committee (IFRIC) as approved by the European Commission for application within the EU. In addition, the Swedish Corporate Reporting Board's recommendation RFR 1, "Supplementary Accounting Rules for Groups" has been applied. The parent company's financial reports have been prepared in accordance with the Swedish Annual Accounts Act and standard RFR 2, "Accounting for legal entities."

The preparation of financial statements in accordance with IFRS requires the use of a number of important estimates for accounting purposes.

It also requires that Management carry out certain assessments when applying the Group's accounting policies. For areas that involve a high degree of assessment, which are complex or where assumptions and estimates are of material importance for the consolidated financial statements, see Note 4.

NEW OR AMENDED ACCOUNTING STANDARDS

New standards and interpretations applied from January 1, 2023

The amendment to IAS 1 requiring important accounting policies to be described in a financial report, rather than the significant accounting policies previously required by the standard, has been applied in these financial statements.

From 2023, Tobii recognizes deferred tax gross on transactions that simultaneously give rise to both an asset and a liability, such as, for example, right-of-use assets and lease liabilities. The year 2022 has been retroactively adjusted in view of this.

No new or amended IFRS standards and interpretations, which entered into force in 2023 had any material impact on the consolidated financial statements.

New standards and interpretations not yet adopted by the Group

New standards, amendments, and interpretations that have been issued but that are not yet mandatory have not been early adopted. These are not expected to have a material impact on Tobii in the current or future accounting periods, nor on future transactions according to what can be predicted at present.

FUNCTIONAL CURRENCY AND DATES

The parent company's functional currency is the Swedish Krona (SEK), which is also the reporting currency for the parent company and the Group. This means that the financial statements are presented in Swedish krona. Unless otherwise stated, all amounts are rounded off to the nearest million (SEK million). Amounts in parentheses refer to the previous year. Income statement items refer to the period January 1 - December 31, while balance sheet items refer to December 31.

CONSOLIDATION PRINCIPLES

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to or has rights to variable returns from its interest in the entity and can affect the returns through its control in the entity. Subsidiaries are included in the consolidated financial statements as of the date on which control was transferred to the Group. They are excluded from the consolidated financial statements as of the date on which control ceases.

Subsidiaries are recognized according to the acquisition method. The acquired company's identifiable assets, liabilities and possible contingent liabilities that meet the requirements for accounting are recognized at fair value on the acquisition date. The purchase price also includes the fair value of all assets or liabilities which are a result of an agreement on contingent consideration. Acquisition-related costs are expensed as they arise.

When the acquisition cost in a business combination exceeds the fair value of the acquired assets and assumed liabilities, as well as any contingent liabilities recognized separately, the difference is recognized as goodwill. When the difference is negative, it is recognized directly in the statement of comprehensive income. Contingent considerations are recognized as a liability at fair value on the acquisition date and are subsequently remeasured at each reporting date. The change is recognized in profit or loss.

Transactions to be eliminated on consolidation

Intra-group receivables and liabilities, income or expenses and unrealised gains or losses arising in intra-group transactions between Group companies are eliminated in their entirety when preparing the consolidated financial statements.

Segment reporting

The Group conducts its business through two segments, Products & Solutions, and Integrations, each of which has its own distinct markets, products, and customers. The Group reports each segment separately. For a more detailed description of the different segments, see pages 17–23.

Operating segments are reported in a manner consistent with the internal reporting presented to the chief operating decision maker. The chief operating decision maker is the function responsible for allocation of resources and analyzing the segment's profit/loss. In the Group, this function has been identified as Group Management.

Group Management primarily used sales and gross profit in its analysis of the divisions' performance. Costs for other functions, such as sales, research and development, and administration, are not allocated between the segments, but are analyzed at Group level.

Sales per geographic market are allocated to the following markets: America, EMEA, and other countries. The same accounting policies are applied in the segments as for the Group.

FOREIGN CURRENCY

Transactions in foreign currency

Transactions in foreign currency are translated into the functional currency at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currency are translated into the functional currency at the exchange rate prevailing on the balance sheet date. Non-monetary assets and liabilities recognized at historic cost are translated at the exchange rates prevailing on the date of the transaction. Non-monetary assets and liabilities recognized at fair value are translated into the functional currency at the exchange rate prevailing on the date of fair value measurement. Exchange rate differences that arise on the translations are recognized in the income statement both in operating profit/loss and in net financial items depending on the nature of the underlying transactions.

Note 2. Summary of important accounting policies cont.

SEK	Closing rate		Average rate	
	2023	2022	2023	2022
EUR	11.0960	11.1283	11.4765	10.6317
USD	10.0416	10.4371	10.6128	10.1245
GBP	12.7680	12.5811	13.1979	12.4669
JPY	0.0710	0.0792	0.0756	0.0771

Foreign entities' financial statements

The functional currency is the currency in the primary economic environments in which the companies operate. Assets and liabilities in foreign operations, including goodwill and other consolidated surpluses and deficits, are translated from the foreign entities' functional currency to the Group's presentation currency, Swedish krona, at the exchange rate prevailing on the balance sheet date. Income and expenses in a foreign entity are translated to Swedish kronor at an average rate that represents an approximation of the exchange rates that prevailed on the date of each transaction. Translation differences that arise on the translation of foreign entities are recognized in Other comprehensive income as a translation reserve. When a foreign entity is divested, the accumulated translation differences attributable to the entity are recognized in the consolidated statement of comprehensive income.

REVENUE RECOGNITION

Generally

The Group recognizes revenue in the statement of comprehensive income as net sales when its amount can be measured reliably, and it is probable that future economic benefits will accrue to the Group. Income is recognized net after VAT at the fair value of the amounts received or expected to be received, less any granted discounts.

Sale of goods

Tobii's revenue consists primarily of the sale of self-manufactured products at fixed prices. Revenue from the sale of goods is recognized when control of the products is transferred, which occurs when the products are delivered to the buyer and there are no unfulfilled commitments that can affect the buyer's approval of the products. If there is significant uncertainty regarding payment, associated expenses, or risk of return, revenue is not recognized.

Rendering of services

Service revenues consist mainly of training and consultancy services. These services are provided either based on time and material, for which revenue is recognized in the period the service is rendered - or as fixed price agreements during a defined period, for which revenue is recognized over the period the service is performed, allocated on a straight-line basis over the term of the agreement.

Government grants

Government grants are recognized in the balance sheet as deferred income when there is reasonable assurance that the grant will be received and the Group will fulfill the terms associated with the grant. Grants are allocated systematically in the income statement in the same manner and over the same periods as the expenses for which the grants are intended to compensate.

Government grants related to assets are recognized in the balance sheet as deferred income and allocated over the asset's useful life as other operating income.

LEASING

The Group as a lessee

Leasing contracts mainly relate to the rental of office premises and warehouses, vehicles, and certain other equipment.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a fixed period of time in exchange for consideration. Such an assessment of the contract should be made at the beginning of the contract. An identified lease agreement is further categorized as either a short-term lease, a lease of a low-value asset, or a standard lease. Short-term leases are defined as leases with a lease term of not more than 12 months.

Lease payments related to short-term leases and leases of low-value assets are recognized as operating expenses on a straight-line basis over the term of the lease. The Group applies the term "standard lease" to all identified leases which are categorized as neither short-term leases nor leases of a low-value asset. A standard lease is a lease agreement for which a right-of-use asset and a corresponding lease liability are recognized at the commencement of the lease.

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease liability is determined as the present value of all future lease payments at the commencement date using the implicit rate in the contract, if that rate can be readily determined. If the implicit rate cannot be determined, the Group's incremental borrowing rate is used, reflecting Tobii's credit rating and taking into account the term of the lease, the underlying asset, the funds necessary to obtain it and the economic environment.

A right-of-use asset is measured at cost comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. The right-of-use asset is subsequently measured at cost less accumulated depreciation, any impairment losses, as well as any remeasurement of the lease liability. Depreciation is made on a straight-line basis over the shorter of the asset's useful life and the lease term. Depreciation starts at the commencement date of the lease.

In determining the lease term, extension options are included only if it is reasonably certain that an extension will occur, which is evaluated on an ongoing basis. Periods following the possibility of termination are included in the lease term only if it is reasonably certain that the lease will not be terminated. The lease term is reviewed in the event of a significant event or a significant change in circumstances.

Lease payments related to standard leases are recognized partly as amortization of the lease liability and partly as interest expense in the statement of comprehensive income.

The Group as a lessor

A finance lease is initially recognized as a receivable in the balance sheet.

The recognized amount is determined as the present value of all future lease payments at the commencement date. The lessor allocates the financial income in a finance lease so that a uniform interest rate is obtained in each period on the net investment the company has made in a finance lease. Leasing income from operating lease agreements is recognized as revenue on a straight-line basis over the leasing period.

FINANCIAL INCOME AND EXPENSES

Financial income and expenses consist of interest income on funds in banks, receivables, and interest expenses on borrowings, exchange rate differences, and unrealized and realized gains on financial investments within financial activities.

Exchange rate differences attributable to financial receivables and liabilities are recognized among financial items in the income statement. Exchange rate differences attributed to operating items are recognized in the respective item in the income statement and are included in the operating profit/loss.

Note 2. Summary of important accounting policies cont.

TAXES

Income tax comprises current tax and deferred tax. Income tax is recognized in the income statement except when the underlying transaction is recognized directly in equity or other comprehensive income, in which case the associated tax effect is recognized in equity or other comprehensive income, respectively. Current tax is tax that is to be paid or received for the current year, with application of the tax rates enacted, or enacted in practice, on the balance sheet date. Also included in current taxes are adjustments to current taxes attributable to previous periods.

Deferred tax is calculated according to the balance sheet method on the basis of temporary differences between the values for tax purposes and the carrying amounts of assets and liabilities. The following temporary differences are not considered: temporary differences arising on initial recognition of goodwill, the initial recognition of assets, and liabilities that are not business combinations and do not influence either recognized or taxable profit/loss on the date of the transaction. Furthermore, temporary differences attributable to participations in subsidiaries and associated companies that are not expected to be reversed within the foreseeable future are not considered. The measurement of deferred tax is based on how the carrying amounts of assets or liabilities are expected to be realized or settled. Deferred tax is measured at the tax rate expected to be applied and tax laws that have been enacted or that in practice are enacted on the balance sheet date.

Deferred tax assets on deductible temporary differences and loss carryforwards are recognized only to the extent it is likely they can be utilized. The value of deferred tax receivables is reduced when it is no longer considered likely that they can be utilized.

Any additional income tax arising in connection with dividends is recognized at the same time as the dividend is recognized as a liability.

FINANCIAL INSTRUMENTS

Recognition and measurement of financial instruments

A financial asset or financial liability is recognized in the balance sheet when the Group becomes a party to the contractual terms of the instrument. Trades receivables are recognized in the balance sheet when an invoice is sent. A liability is recognized when the counterparty has performed a service and a contractual payment obligation exists, even if the invoice has not yet been received. Trade payables are recognized when the invoice has been received.

At initial recognition, the Group measures a financial asset or financial liability at fair value. In the case of a financial asset or financial liability that is not measured at fair value through profit or loss, transaction costs are included in the acquisition cost, while transaction costs for financial assets and financial liabilities recognized at fair value through profit or loss are expensed through profit or loss.

A financial asset is derecognized from the balance sheet when the rights in the contract are realized, expired, or the Group loses control over them. A financial liability is removed from the balance sheet when it is extinguished; i.e., when the obligations in the agreement are discharged, canceled, or terminated.

Financial assets – classification and subsequent measurement

The Group classifies its financial instruments in the amortized cost measurement category.

Loans and receivables

Loan receivables and trade receivables are measured at amortized cost. Amortized cost is determined on the basis of the effective interest rate that was calculated on the acquisition date. The expected maturity of trade receivables is short, and therefore values are recognized at nominal amount with no discounts.

Impairment and expected loss

Tobii assesses the expected credit losses that are linked to financial receivables. A provision for assessed losses is recognized on each reporting date. For trade receivables, a method is applied under which the provision for doubtful trade receivables corresponds to the expected credit losses for the remaining maturity. If a provision is considered insufficient due to individual assessments, the provision is increased to cover the actual expected losses.

Cash and bank balances

The Group's cash and cash equivalents consist of cash and bank balances at financial institutions and are recognized at their nominal amount. Tobii invests a portion of its cash and cash equivalents in a Swedish short-term fixed income fund which allows access to funds within two to three bank days and where the risk of value fluctuation during this time is insignificant. The instruments in the fixed income fund have a short maturity, so Tobii defines the assets in the fixed income fund as cash and cash equivalents.

These instruments are continuously measured at fair value with changes in the period recognized in profit or loss as financial income or financial expenses.

Financial liabilities – classification and subsequent measurement

Interest-bearing liabilities

Borrowings are initially recognized at fair value net of transaction costs incurred. After the acquisition date, borrowings are measured at amortized cost using the effective interest method.

Contingent consideration

Contingent consideration is classified as level 3 in the fair value hierarchy used in IFRS 9. This means that the contingent consideration is measured at fair value based on available data such as contractual terms and conditions and current assessments of expected fulfilment of conditions.

Other financial liabilities

Other financial liabilities are classified and subsequently measured at amortized cost using the effective interest method. This category includes trade payables. The expected maturities of Tobii's trade payables are short and values are recognized at nominal amount with no discounting.

INVENTORIES

Inventories are measured at the lower of cost and the net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and for bringing about a sale. Any impairment of inventories is recognized under Cost of goods and services sold.

Cost for inventories is calculated using the first-in-first-out method (FIFO) and includes expenses that arise on acquisition and transportation of the inventory assets to their current location and condition. Cost for manufactured goods and work in progress includes a reasonable proportion of overheads based on normal capacity.

Intra-group profits arising from deliveries between Group companies are eliminated in the consolidated accounts.

Note 2. Summary of important accounting policies cont.

PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment, owned by the Group, are recognized as assets in the balance sheet if it is probable that future economic benefits will accrue to the Group and cost of the asset can be calculated reliably.

Property, plant and equipment are recognized at cost less accumulated depreciation and any impairment losses. Cost includes the purchase price and expenses directly related to transporting the asset to its location and in a condition so that it can be utilized as intended. Examples of directly related expenses included in cost are delivery and handling, installation, registration of title, and consultant and legal services.

Depreciation principles

The straight-line basis for depreciation is used for all property, plant and equipment in the Group.

The following depreciation periods are applied:

- Equipment, tools and installations 3-5 years
- Demonstration units 2 years

Computer equipment used in the Group is continually expensed. An asset's residual value and useful life is estimated every year and adjusted as required.

INTANGIBLE ASSETS

Goodwill

Goodwill consists of the difference between cost and the Group's share of the fair value of an acquired subsidiary's identifiable assets, liabilities, and contingent liabilities at the date of acquisition. Goodwill has an indeterminate useful life and is not amortized.

Goodwill is tested annually for impairment and continuously if there is an indication of a decline in value.

Research and development

Research expenditure is expensed immediately. Expenditures for development projects (related to the design and testing of new or improved products) are capitalized in the balance sheet as intangible assets when:

- it is technically possible to complete the intangible asset so that it can be used or sold
- there is an intention to complete the intangible asset

- the potential exists to use or sell the intangible asset
- the intangible asset is expected to generate probable future economic benefits
- there are adequate technical, financial and other resources to complete development and in order to use or sell it,
- and it is possible to reliably estimate the expenditure that is attributable to the intangible asset during its development.

Other development expenditures are expensed as they arise. Development expenditures previously recognized as expenses are not capitalized as assets in the balance sheet in subsequent periods.

Borrowing costs attributable to the construction of so-called qualifying assets are capitalized as part of the cost of the asset. A qualifying asset is an asset that necessarily takes a significant amount of time to complete. Tobii uses 12 months as the starting point for the assessment of significant time. In the first instance, borrowing costs are capitalized for loans raised specifically for the qualifying asset. In the second, borrowing costs are capitalized on general loans.

Amortization of capitalized development expenditure is made on straight-line basis and commences when the product can be used. The useful life is reassessed annually.

The capitalized value of uncompleted projects is tested annually for impairment and whenever an indication of impairment is identified.

- Amortization period – capitalized development costs: 3-5 years

Patents

Expenditure for patents is capitalized in the balance sheet and amortized on a straight-line basis over the estimated useful life.

- Amortization period – 5 years

IMPAIRMENT LOSSES

The carrying amounts of the Group's assets are tested at each balance sheet date to assess whether there is evidence of impairment. The Group applies IAS 36 for impairment testing of assets other than financial assets, inventories and deferred tax assets.

The asset's recoverable amount is calculated if there is indication of an impairment loss. For exempted assets, as above, the carrying amount is tested in accordance with each standard.

IMPAIRMENT TESTING OF PROPERTY, PLANT, AND EQUIPMENT, INTANGIBLE ASSETS AND PARTICIPATIONS IN SUBSIDIARIES.

If there is indication of impairment, the asset's recoverable amount is calculated according to IAS 36 (see below). The recoverable amount is calculated annually for goodwill and other intangible assets with indeterminate useful lives and for intangible assets not yet ready for use.

If it is not possible to determine substantially independent cash flow to an individual asset when testing for impairment, then assets are to be grouped at the lowest level at which substantially independent cash flows can be identified (cash-generating units). An impairment loss is recognized when the carrying amount of the asset or cash-generating unit exceeds its recoverable amount. An impairment loss is recognized in the income statement.

Impairment of assets attributable to cash-generating units (group of units) is initially allocated to goodwill. Thereafter, other assets included in the unit (group of units) are proportionally impaired.

Reversal of impairment losses

Impairment losses on goodwill are not reversed. Impairment losses on other assets are reversed where there has been a change in the assumptions on which the calculation of the recoverable amount was made. An impairment loss is reversed only to the extent the carrying amount of the asset after the reversal does not exceed the value the asset would have had if no impairment loss had been recognized, taking into account the depreciation/amortization that would have occurred.

Note 2. Summary of important accounting policies cont.

SHARE CAPITAL

Dividends

Dividends are recognized as a liability after the general meeting of shareholders has approved the dividend.

Earnings per share

The calculation of earnings per share is based on the Group's profit/loss for the year attributable to the parent company's shareholders and on the weighted average number of outstanding shares during the year.

When calculating earnings per share after dilution, the profit/loss and average number of shares are adjusted to take into account the effects of potential dilutive ordinary shares which, during the reporting period, derive from the long-term incentive program.

EMPLOYEE BENEFITS

Defined contribution retirement plans

Commitments concerning premiums for defined contribution plans are recognized as an expense in the income statement as they arise. Defined contribution plans are those plans where the company's obligations are limited to the contributions the company has committed to pay. In such cases, the size of the employee's pension depends on contributions paid by the company to the plan or to an insurance company and the return on capital generated by the contributions. Consequently, the employee bears the actuarial risk (that the payment will be lower than expected) and the investment risk (that the invested assets will be insufficient to provide the expected payments).

Termination benefits

A provision is recognized in conjunction with terminations of employees only if the company is formally obliged to prematurely terminate employment or when remuneration is offered as an incentive to initiate voluntary redundancy.

Share-based compensation to employees

The Group applies IFRS 2 for a share-based payment scheme.

Expenses for employee stock options and warrants are measured at fair value at the end of each reporting period, and are allocated over the duration of the program and recognized in equity. The Group recognizes a reserve for accrued social security contributions for the program based on the calculated taxable benefits payable to participants. The fair value of employee stock options and warrants is calculated using Black & Scholes' pricing model.

The long-term incentive programs from 2020 consist of stock units and for 2020 also of synthetic stock units. The stock units are valued according to a Monte Carlo simulation at the end of each reporting period.

PROVISIONS

A provision differs from other liabilities because there is uncertainty about the timing of the payment or the amount required to settle the provision. Provisions are recognized in the balance sheet when the Group has an existing legal or informal obligation as a result of past events, and it is probable that an outflow of financial resources will be required to settle the obligation and that the amount can be reliably estimated.

Where the effect of payment timing is significant, provisions are calculated by discounting the expected future cash flow at an interest rate before tax that reflects current market assessments of the time value of money, and if applicable, the risks associated with the liability.

Warranties

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical data regarding warranties and a considered evaluation of the potential outcomes in relation to the probabilities associated with those outcomes.

PARENT COMPANY'S ACCOUNTING POLICIES

The parent company has prepared its annual report in accordance with the Swedish Annual Accounts Act and the Swedish Corporate Reporting Board's recommendation RFR 2 "Accounting for Legal Entities." The statements issued by the Swedish Corporate Reporting Board that apply to publicly listed companies have also been applied. RFR 2 requires that the parent company in the annual report for the legal entity apply all the IFRS and statements adopted by the EU to the extent that these correspond with the framework of the Swedish Annual Accounts Act and the Swedish Pension Obligations Vesting Act, taking account of the association between accounting and taxation. The recommendation specifies which exemptions from, and additions to, IFRS are to be observed.

Classification and presentation methods

The parent company's income statement and balance sheet are presented in accordance with the format used in the Swedish Annual Accounts Act. The difference compared with IAS 1, "Presentation of Financial statements" which is applied in the presentation of the consolidated financial statements relates primarily to the recording of financial income and expenses, non-current assets, equity and the presence of provisions as a separate heading in the parent company's balance sheet.

Goodwill recognized in the parent company is amortized over five years.

Group contributions provided or received by the parent company are recognized in the income statement.

All lease agreements are reported as operating leases regardless of whether the agreements are finance or operating leases. The leasing fee is recognized as an expense on a straight-line basis over the lease period.

Note 3. Financial risks and risk management

Tobii, through its international operations, is exposed to financial risks that are managed in accordance with the policies adopted by the Board of Directors. The exposure comprises mainly currency risk, interest rate risk, credit risk as well as financing and liquidity risk.

CURRENCY RISK

Currency risk refers to the risk that fluctuating exchange rates will have a negative impact on the Group's income statement, balance sheet or cash flows. Currency exposure arises when products and services are bought or sold in other currencies than the local currencies used by the respective subsidiaries (transaction exposure), and when the balance and income statements from non-Swedish subsidiaries are converted to SEK (translation exposure).

Tobii continuously assesses the impact of the trends in relation to the most important currencies. Presently the Group does not use any currency hedges.

Transaction exposure

Tobii's global operations give rise to significant cash flows in currencies other than SEK. Tobii is mainly exposed to changes in the EUR, USD, GBP and JPY in relation to the SEK.

Based on the net flows in 2023, the Group's profit after tax would be affected by +/- SEK 48 (53) million if the Swedish krona were to change by 10% against all currencies, all other variables constant.

Translation exposure

When translating the results of foreign group companies into Swedish kronor, currency exposure arises that affects the Group's results in the event of exchange rate fluctuations. When translating the net assets of foreign group companies into Swedish kronor, currency exposure arises that affects the Group's other comprehensive income.

Consolidated equity would be affected by +/- SEK 38 (39) million if the Swedish krona were to change by 10% against all currencies.

Sensitivity by currency

SEK m	Impact on profit after tax		Impact on equity	
	2023	2022	2023	2022
USD	27	28	8	9
EUR	8	10	12	10
JPY	6	8	8	9
GBP	2	2	3	2
Other	4	6	7	9
Total	48	53	38	39

INTEREST RATE RISK

Interest rate risk arises when changes in market interest rates affect interest income from the Group's interest-bearing assets and interest expense on the Group's interest-bearing liabilities, which affects the Group's net interest and cash flow. Based on the interest-bearing assets and liabilities at the end of December 2023, an increase in interest rates of one percentage point (100 basis points) is estimated to affect the Group's result by SEK 0 (2.2) million.

CREDIT RISK

Credit risk is the risk that a customer or other party in a transaction involving a financial instrument is unable to fulfill its commitments. Credit risk arises in the context of cash and cash equivalents, other balances with banks and financial institutions, and credit exposure through trade receivables. The maximum exposure to credit risks regarding financial assets is equivalent to the carrying amount of each category as shown in Note 22.

Financial credit risk

Tobii's cash and cash equivalents on December 31, 2023 amounted to SEK 236 (402) million. Of the total amount of cash and bank balances, SEK 44 million (41) was invested in a listed Swedish short-term fixed income fund. The fund is in risk category 1 on a scale of 1–5, where category 1 is a risk-free investment. Other cash and cash equivalents are invested in bank accounts in accordance with the Group's Investment Policy which among other things, requires a maximum amount to be invested at a single financial institution and only allows funds to be invested with highly regarded financial institutions with high credit ratings.

Credit risks in trade receivables

In markets where Tobii has its own sales company, the company is responsible for marketing and sales to the customer. In other markets, Tobii collaborates with a network of resellers and distributors, whose capacity to bear losses can impact the Group. The amount of the credit risk is assessed for each customer and outstanding trade receivables are reviewed regularly. Total trade receivables on December 31, 2023 amounted to SEK 116 (132) million. The maturity profile of outstanding trade receivables is presented in Note 18.

FINANCING AND LIQUIDITY RISK

The Group's objective is to have an optimal capital structure that secures its capacity to continue its operations while keeping the cost of capital low. The Group had a negative cash flow during 2023. A positive development of cash flow is the single most important key performance indicator which Tobii continually monitors in order to ensure a sustainable capital structure.

The Group had no bank loans as of December 31, 2023. However, Tobi has been granted SEK 229 million in total Covid reliefs through tax payment deferrals. In early 2024, Tobii was granted a three-year repayment plan for the tax reliefs of SEK 166 million which expired in February 2024. Half of the amount shall be paid during the third quarter of 2025 and the remaining amount shall be paid during the first quarter of 2027. In addition to this, Tobii also has an unutilized credit facility of SEK 50 million. Also Tobii completed a rights issue at the beginning of April 2024 for a net amount of approximately SEK 266 million to finance the capital requirement over the coming years for the Autosense segment, including the acquired business FotoNation Ltd.

In the event that Tobii requires access to future external financing, it is dependent upon factors such as market conditions, general access to credit and Tobii's creditworthiness. There is a risk that Tobii will be unable to secure such financing on favorable terms, but Tobii's assessment is that the Group is fully financed to carry out the current business plan and to reach the financial targets. Tobii's has an active acquisition strategy and potential acquisitions may require individual financing.

Liquidity risk refers to the risk of not being able to cover payment obligations as a result of insufficient liquidity or difficulties in obtaining external financing. To manage these uncertainties and risks, all the Group's operating companies prepare cash flow forecasts that are aggregated to consolidated Group values by the finance department. These forecasts are followed up regularly to ensure that the Group has sufficient cash and cash equivalents to meet the estimated needs of its operations. To a certain extent the Group also has the option to change the rate at which investments are made in order to adapt the annual capital requirements to the Group's actual financial resources.

Note 4. Important estimates and assessments when applying the accounting policies

The preparation of financial statements in accordance with IFRS requires that corporate management make assessments when applying the accounting policies. Management also makes estimates and assumptions about the future that are based on past experiences and a number of other factors that under the prevailing circumstances appear reasonable. The results of these estimates and assumptions are then used to determine the carrying amounts of assets and liabilities not otherwise clearly evident from other sources. The actual outcome may deviate from these estimates and assumptions.

These estimates and assumptions are reviewed regularly. Changes in estimates are recognized in the period in which the change is made if the change affects only that period, or in the period the change is made and future periods if the change affects both the actual period and future periods. Areas where estimates and assumptions could imply a significant risk for adjustments in the recognized values of assets and liabilities during the coming fiscal year are primarily:

CAPITALIZED PRODUCT DEVELOPMENT COSTS

Costs related to development projects are capitalized provided they have an approved business plan that shows a positive economic outcome. A development project can only have its business plan approved after feasibility studies have been carried out to confirm that it is technically possible to complete the product. Each product business plan is approved at different levels of the organization depending on the size of the investment. An approved product business plan is the signal for the project to start. The annual business plan process for the entire company includes a review of the respective product business plans, which in turn forms the building blocks for the overall business plan.

Capitalization ceases and amortization commences when the product is ready for use. Capitalized development expenses are subject to annual impairment testing and on an ongoing basis if there are indications of impairment. Both the determination of the amortization period and the impairment test require assessments by Management.

USEFUL LIFE ASSESSMENT OF INTANGIBLE AND TANGIBLE ASSETS

Group Management determines the estimated useful life and related amortization for the Group's intangible and tangible assets. Estimates of the useful life of intangible assets are based on expectations of how long the asset is expected to provide economic benefits. The useful life of tangible assets is based on the history of the useful life of corresponding assets. The useful life and estimated residual value are reviewed at the end of each financial year and the estimated useful life may change, and as a result, the profit or loss for the period and the financial position may be affected.

TESTING FOR IMPAIRMENT OF GOODWILL AND CAPITALIZED PRODUCT DEVELOPMENT COSTS

At least once annually, the Group tests for impairment of goodwill and capitalized product development costs in accordance with the company's accounting policies. The test requires an estimation of parameters that affect the future cash flow and determination of a discount factor. Forecasts for future cash flows are based on the best possible estimation of future revenue and operating expenses. For more information regarding intangible assets and a description of impairment testing assumptions and sensitivity analysis, see Note 15

LEASING

The majority of the Group's leases relate to properties with various types of extension and termination options. In determining the length of the lease, Management considers all available information that provides an economic incentive to exercise an extension option, or not to exercise an option to terminate a lease. The majority of the extension options relating to leases of office premises have not been included in the lease liability as the Group can replace the assets without significant cost or business interruption. The assessment of which contracts to extend or terminate is based on the Group's strategic plans regarding availability and expansion in different geographical markets. Opportunities to extend an agreement are only included in the length of the lease if it is reasonably certain that the contract will be extended (or not terminated).

MEASUREMENT OF LOSS CARRYFORWARDS

Deferred tax assets for loss carryforwards are recognized to the extent that it is deemed probable that future tax surpluses will be available against which the deduction can be offset. Deferred tax assets in the balance sheet amounted to SEK 66 million (66) and the loss carryforwards will, according to the Group's forecasts, be applied against future profits. The recognized tax assets are impacted by the estimates and assessments used to forecast future taxable profits and tax regulations. Forecasts indicate that the loss carryforwards can be applied to future surpluses. See Note 13 for more information about the Group's deferred taxes

Note 5. Sales and earnings per segment

The Tobii Group's operations are divided into two segments: Products & Solutions and Integrations. For each segment, we report revenue, gross profit and gross margin, corresponding to the key ratios monitored by Group Management. Research and development, sales and marketing as well as central functions can be leveraged across the whole company and are not allocated to any particular segment. Financial items and taxes are not allocated to any specific segment.

There are no sales between the two segments, whereby amounts in the following tables represent external sales only.

Revenue by segment

SEK m	2023	2022
Products & Solutions	532	513
Integrations	226	264
Group total	758	776

Gross margin, %

%	2023	2022
Products & Solutions	69	69
Integrations	89	89
Group total	75	76

Gross profit

SEK m	2023	2022
Products & Solutions	365	354
Integrations	202	236
Group total	567	590

Revenue by geographic market

Revenue by geographic market is based on the location of the customer's registered office. No single customer represents more than 10% of total revenue.

SEK m	Group		Parent Company	
	2023	2022	2023	2022
Sweden	79	61	79	61
EMEA	174	160	155	138
America	251	215	159	133
Other countries	254	340	178	282
Group total	758	776	570	615

The US accounted for 32% (25%) of consolidated revenue, Japan for 15% (27%), and China for 14% (14%).

Revenue by product type 2023

SEK m 2023	Products & Solutions	Integrations	Group
Hardware	366	73	439
Software	104	86	190
Services	62	66	128
Total	532	226	758

Revenue by timing category 2023

SEK m 2023	Products & Solutions	Integrations	Group
At a point in time	502	226	728
Over time	30	0	30
Total	532	226	758

Revenue by product type 2022

SEK m 2022	Products & Solutions	Integrations	Group
Hardware	361	56	417
Software	94	145	239
Services	58	62	120
Total	513	264	776

Revenue by timing category 2022

SEK m 2022	Products & Solutions	Integrations	Group
At a point in time	493	264	757
Over time	19	0	19
Group total	513	264	776

In 2023, Tobii has changed the classification of certain products in revenue by product type and revenue by timing category. The numbers for the year 2022 have been restated for this reason.

Non-current assets by country

SEK m	2023	2022
Sweden	562	454
EMEA	88	70
America	3	11
Other countries	16	20
Total	669	555

Note 6. Rents and leases

SEK m 2023	Buildings	Vehicles	Other	Total
Accumulated acquisition cost				
Opening acquisition cost	105	1	1	106
Additional rights of use	50	1	0	51
Disposals and retirements	-12	-	-	-12
Reclassification	-5	-1	0	-6
Translation differences	-2	0	0	-2
Closing acquisition cost	135	1	1	136

Accumulated depreciation

Opening accumulated depreciation	-53	-1	-1	-54
Canceled leasing contracts	4	-	-	4
Depreciation for the year	-26	0	0	-27
Reclassification	5	1	0	6
Translation differences	2	0	0	2
Closing accumulated depreciation	-68	0	0	-69

Carrying amount at year-end	67	1	0	68
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SEK m 2022	Buildings	Vehicles	Other	Total
Accumulated acquisition cost				
Opening acquisition cost	130	1	2	133
Additional rights of use	3	-	0	3
Disposals and retirements	-37	-	-	-37
Reclassification	4	0	-1	4
Translation differences	4	0	0	4
Closing acquisition cost	105	1	1	106

Accumulated depreciation

Opening accumulated depreciation	-65	0	0	-66
Canceled leasing contracts	37	-	0	37
Depreciation for the year	-23	0	0	-24
Reclassification	-	0	0	0
Translation differences	-2	0	0	-2
Closing accumulated depreciation	-53	-1	-1	-54

Carrying amount at year-end	52	0	0	52
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Note 6. Rents and leases cont.

Effect on consolidated statement of comprehensive income	2023	2022
Depreciation for the year, leasing	-27	-24
Variable leasing fees	0	0
Lease of low value assets and short-term leases	-3	-4
Interest expenses, leasing contracts	-3	-3
Total	-32	-30

The total cash flow for leases amounted to SEK -33 million (-34).

Lease liability	Buildings	Vehicles	Other	Total
Dec 31, 2023				
Long-term lease liabilities	43	0	0	43
Short-term lease liabilities	24	0	0	24
Lease liabilities Dec 31, 2023	67	1	0	68
Dec 31, 2022				
Long-term leasing contracts	25	0	0	25
Short-term leasing contracts	28	0	0	28
Lease liabilities Dec 31, 2022	53	0	0	53

Maturity analysis of undiscounted contractual lease payments	Dec 31, 2023	Dec 31, 2022
1 year	25	27
2-3 years	18	20
3-5 years	27	8
Longer than 5 years	0	0
Total	71	55

The deferred tax assets related to the lease liability amounted to SEK 15 (13) million. The deferred tax liability related to the right-of-use asset amounted to SEK 15 (12) million.

Tobii as lessor

Tobii has acted as lessor until September 30, 2023 as part of the premises was rented out. During 2023 and as of December 31, 2022, this agreement has been classified as an operating short-term lease. Revenue from subletting amounted to SEK 7 million (15).

PARENT COMPANY

All leases are recognized as operating, this means that the leasing fees are allocated on a straight-line basis over the term. The parent company's expensed leasing fees for the year amounted to SEK 18 (18) million. The most relevant lease commitment for the parent company in 2023 was office rent for the head office in Danderyd.

Maturity analysis of undiscounted contractual lease payments	Dec 31, 2023	Dec 31, 2022
1-12 months	16	17
13-36 months	15	14
37-60 months	26	0
>60 months	0	0
Total	56	30

Note 7. Total audit fees

SEK m	Group		Parent Company	
	2023	2022	2023	2022
PricewaterhouseCoopers				
Audit assignment	2	2	2	2
Audit work not included in the audit assignment	0	0	0	0
Tax consultancy	0	-	0	-
Other services	0	-	0	-
Total	2	2	2	2
Other auditors				
Audit assignment	0	0	-	-
Audit work not included in the audit assignment	0	0	0	0
Tax consultancy	1	1	0	0
Other services	0	0	0	0
Total	1	2	1	1
Total audit fees	3	4	3	3

Note 8. Employees and staff costs

	2023	Of whom, women, %	2022	Of whom, women, %
Average number of employees				
Parent Company				
Sweden	358	38%	279	38%
Parent company total	358	38%	279	38%
Average number of employees				
Subsidiaries				
Sweden	-	-	57	28%
US	39	48%	42	47%
Chile	-	-	3	52%
UK	5	38%	4	17%
Germany	19	37%	10	42%
Switzerland	7	29%	6	4%
Japan	44	39%	50	39%
China	50	54%	48	54%
Taiwan	14	34%	12	31%
South Korea	-	-	0	100%
Singapore	1	0%	1	0%
Belgium	6	42%	4	48%
Subsidiaries total	184	44%	236	39%
Toal average number of employees	541	40%	515	39%

Wages, salaries and social security contributions

Wages, salaries and remuneration SEK million	Group		Parent Company	
	2023	2022	2023	2022
Board, CEO and other senior executives	15	15	15	15
Other employees	388	357	251	225
Total wages, salaries and remuneration	403	372	266	240
Pension expenses	37	31	32	27
Other social security contributions ¹⁾	100	99	77	78
Total social security expenses	137	130	109	106
Total salaries, remuneration and social security expenses	540	503	375	346

1) The item other social security expenses includes accrued social security contributions related to the Group's incentive program.

Note 8. Employees and staff costs cont.

Remuneration to the parent company's Board of Directors, as well as the Group's CEO and other senior executives

SEK m 2023	Board fee/ basic salary	Defined contribution benefits	Variable remunera- tion	Share-based payments (According to IFRS 2)	Total
Jan Wäreby	0.3				0.3
Heli Arantola	0.1				0.1
Per Norman	0.8				0.8
Charlotta Falvin	0.3				0.3
Mats Backman	0.4				0.4
Jörgen Lantto	0.3				0.3
Henrik Eskilsson				1.2	1.2
Total Board of Directors	2.2			1.2	3.5
Anand Srivatsa, CEO	4.1		0.4	1.9	6.4
Other senior executives (5 individuals)	8.7	1.9	0.5	1.4	12.5
Total senior executives	12.8	1.9	0.9	3.3	18.9
Total remuneration to the Board of Directors, as well as the Group's CEO and other senior executives	15.0	1.9	0.9	4.5	22.4

TERMINATION BENEFITS

The CEO has a mutual notice period of six months and termination benefits corresponding to six months' basic salary are to be paid in the event of termination by the company. Other senior executives have notice periods between three and six months, or a longer period of notice in accordance with applicable law, and in addition in some cases termination benefits corresponding to a maximum of four months' basic salary. The Board of Directors is entitled to deviate from these guidelines if there are specific grounds to do so. The CEO and other senior executives are not entitled to any additional remuneration in conjunction with the termination of their employment.

Remuneration to the parent company's Board of Directors, as well as the Group's CEO and other senior executives

SEK m 2022	Board fee/ basic salary	Defined contribution benefits	Variable remunera- tion	Share-based payments (According to IFRS 2)	Total
Kent Sander	0.2				0.2
Heli Arantola	0.3				0.3
Per Norman	0.5				0.5
Charlotta Falvin	0.3				0.3
Nils Bernhard	0.2				0.2
Mats Backman	0.3				0.3
Jörgen Lantto	0.3				0.3
Total Board of Directors	2.1				2.1
Anand Srivatsa, CEO	4.3	0	0.4	1.2	5.9
Other senior executives (5 individuals)	8.5	2.0	1.3	1.0	12.8
Total senior executives	12.8	2.0	1.7	2.2	18.7
Total remuneration to the Board of Directors, as well as the Group's CEO and other senior executives	14.9	2.0	1.7	2.2	20.8

Note 8. *Employees and staff costs cont.*

Changes in number of outstanding options and stock units in incentive programs (thousands)

THOUSAND	Warrants		Employee stock options	
	2023	2022	2023	2022
At beginning of year	1,204	1,417	659	749
Allocated	-	-	-	-
Exercised	-	-419	-34	-417
Forfeited/due	-1,204	-1,100	-21	-198
Reclassification	-	1,306	-	525
At year-end	-	1,204	604	659

THOUSAND	Stock units	
	2023	2022
At beginning of year	2,041	1,215
Allocated	760	736
Exercised	-203	-231
Due	-122	-740
Reclassification	-444	1,062
At year-end	2,032	2,041

INCENTIVE PROGRAMME

Tobii has incentive programs for senior executives and other key employees in the Group. The programs include employee stock options, stock units, and synthetic stock units and are conditional on remaining in employment for large parts of the programs' duration. The fair value of the employee stock options is calculated using the Black & Scholes pricing model. Assumptions which are used include volatility between 30% and 34%, interest rates between -0.3% and 1%, a time-period from one to ten years, and exercise price from 0% to 50% mark-up relative to the share price at the grant date. The valuation of the stock units and the synthetic stock units takes place with a Monte Carlo simulation, where the value of the stock units is determined on the allotment date, while the value of the synthetic stock units is updated annually to follow the share price.

The programs cover 228 people. Total amount expensed for share-based payments for all participants under IFRS 2 is SEK 9.5 million.

Subscription terms for employee stock option programs

LTI 2014/24:1 series entitles the employee stock option holder to subscribe for one Tobii AB share at a price of SEK 29.80 per share during a fixed period between 2015 and 2026. There are a total of 37,714 employee stock options outstanding in this series and it covers 2 individuals.

LTI 2016:2 series entitles the employee stock option holder to subscribe for one Tobii AB share at a price of SEK 35.82 per share between May 31, 2020 and May 31, 2026. There are a total of 67,888 employee stock options outstanding in this series and it covers 3 individuals.

LTI 2017:2 series entitles the employee stock option holder to subscribe for one Tobii AB share at a price of SEK 30.45 per share between May 31, 2021 and May 31, 2027. There are a total of 51,672 employee stock options outstanding in this series and it covers 2 individuals.

LTI 2018:1 and 2 series entitles the employee stock option holder to subscribe for one Tobii AB share at a price of SEK 21.51 and SEK 18.26, respectively, per share between May 31, 2022 and May 31, 2028. There are a total of 95,260 employee stock options outstanding in this series and it covers 5 individuals.

LTI 2019 Options series entitles the employee stock option holder to subscribe for one Tobii AB share at a price of SEK 18.86 per share between May 31, 2023 and May 31, 2029. There are a total of 351,772 employee stock options outstanding in this series and it covers 6 individuals.

Terms for stock unit programs

The LTI 2020 series entitles program participants to convert stock units into performance shares and cash compensation on May 31, 2022, May 31, 2023, and May 31, 2024 free of charge, provided they are still employed within the Tobii Group on these respective occasions and that certain performance criteria are met. For Group Management and the Swedish participants there is a criterion of an annual Total Shareholder Return of 10%, where the starting price of the program was SEK 14.79 and the share price is calculated as the volume-weighted average price during the 30 days preceding each vesting date.

In total, 285,377 stock units have been issued, of which 129,098 are restricted synthetic stock units that are issued to cover the participants' tax expenses. C shares have been issued to cover the company's costs for social security contributions. The program covers 63 people.

The LTI 2021 series entitles program participants to convert stock units into performance shares on May 31, 2023, May 31, 2024, and May 31, 2025 free of charge, provided that average share price during the 3 months preceding each vesting date exceeds SEK 31.62 and that the participants are still employed within the Tobii Group on these respective occasions. For Management, there are also business-related return conditions. In total, 478,860 stock units have been issued. C shares have been issued to cover the company's costs for social security contributions. The program covers 90 people.

The LTI 2022 series entitles program participants to convert stock units into performance shares on May 31, 2024, May 31, 2025, and May 31, 2026 free of charge, provided they are still employed within the Tobii Group on these respective occasions and that certain performance criteria are met. For Group Management, there is a criterion of an annual Total Shareholder Return of at least 5% and for Swedish participants the Total Shareholder Return should be positive. The starting price of the program was SEK 21.63 and the share price is calculated as the volume-weighted average price during the 10 trading days preceding each vesting date.

In total, 516,500 stock units have been issued. C shares have been issued to cover the company's costs for social security contributions. The program covers 136 people.

The LTI 2023 series entitles program participants to convert stock units into performance shares on May 31, 2025, May 31, 2026, and May 31, 2027 free of charge, provided they are still employed within the Tobii Group on these respective occasions and that certain performance criteria are met. For Group Management, there is a criterion of an annual Total Shareholder Return of at least 5% and for Swedish participants the Total Shareholder Return should be positive. The starting price of the program was SEK 20.65 and the share price is calculated as the volume-weighted average price during the 10 trading days preceding each vesting date.

In total, 751,114 stock units have been issued. C shares have been issued to cover the company's costs for social security contributions. The program covers 163 people.

Dilution

During the year, the average number of potential outstanding shares amounted to 294,342. The average share price during 2023 was SEK 16.61. The average number of outstanding shares during the year was 105,973,395 and the diluted average number of outstanding shares was 106,267,737. The dilution effect of warrants in all of the company's incentive programs corresponds to a maximum of approximately 3.0%

Not 9. Depreciation/amortization and impairment of intangible assets and property, plant and equipment

SEK m	Group		Parent Company	
	2023	2022	2023	2022
Intangible assets (Note 15)	125	118	123	119
Tangible assets (Note 6,16)	32	30	3	3
Total depreciation/amortization	157	148	127	122
Impairment (Notes 15,16)	0	2	-	-
Total depreciation/amortization and impairment	157	150	127	122

Note 10. Expenses allocated by type

SEK m	Group		Parent Company	
	2023	2022	2023	2022
Cost of materials and inventory changes	141	100	133	112
Personnel costs (Note 8)	540	503	375	346
Other external expenses	103	169	102	191
Depreciation, amortization and impairments (Note 9)	157	150	127	122
Total expenses	941	922	736	770

Note 11. Other operating income and operating expenses

SEK m	Group		Parent Company	
	2023	2022	2023	2022
Other operating income				
Exchange rate differences in operating receivables and liabilities	29	67	27	63
Other income	8	15	7	15
Total other operating income	37	82	34	79
Other operating expenses				
Exchange rate differences in operating receivables and liabilities	-38	-58	-37	-56
Other expenses	0	-1	0	0
Total other operating expenses	-38	-59	-37	-57
Total other income and expenses	-1	23	-3	22

Note 12. Financial income and expenses

SEK m	Group		Parent Company	
	2023	2022	2023	2022
Financial income				
Interest income and similar profit/loss items	7	1	7	1
Interest income, subsidiaries	-	-	15	15
Dividends from subsidiaries	-	-	0	0
Exchange rate differences	22	29	22	29
Other	2	0	2	0
Total financial income	31	30	47	45
Financial expenses				
Interest expenses and similar profit/loss items	-15	-6	-12	-4
Interest expenses, subsidiaries	-	-	-1	0
Divestments of shares in subsidiaries	-	-	-4	-
Exchange rate differences	-27	0	-27	0
Other	-3	0	-3	0
Total financial expenses	-44	-7	-46	-4
Total financial income and expenses	-13	24	1	41

Note 13. Taxes

SEK m	Group		Parent Company	
	2023	2022	2023	2022
Current tax	-1	-1	-	0
Current tax attributable to previous years	0	0	0	-
Total current tax	-1	-1	0	0
<i>Deferred tax</i>				
Attributable to deferred tax assets	0	1	-	-
Attributable to deferred tax liabilities	0	0	-	-
Total deferred tax	0	1	-	-
Total tax	-1	0	0	0
<i>Deferred tax assets</i>				
Inventories	0	0	-	-
Non-current assets	0	0	-	-
Right of use	15	13	-	-
Loss carryforwards	65	66	62	62
Set-off	-15	-12	-	-
Total deferred tax assets	66	66	62	62
<i>Deferred tax liabilities</i>				
Acquired intangible non-current assets	2	-	-	-
Lease liability	-15	-12	-	-
Set-off	15	12	-	-
Total deferred tax liabilities	2	0	-	-

Reconciliation of effective tax

SEK m	Group		Parent Company	
	2023	2022	2023	2022
Reported profit/loss before tax	-198	-99	-166	-91
Tax according to current tax rate	41	20	34	19
Difference in tax rate in foreign operations	0	0	-	-
Tax effect of non-deductible expenses	-5	-3	-5	-3
Tax effect of non-taxable income	2	3	2	3
Use of loss carryforwards from prior years for which tax asset is recognized	1	-	-	-
Use of loss carryforwards from prior years for which no tax asset has been recognized	0	-	-	-
Deficit without corresponding tax asset	-35	-23	-32	-20
Adjustment of taxes attributable to previous years	0	0	0	0
Other	-6	2	0	0
Total recognized tax expenses (-)/ tax income (+)	-1	0	0	0
Effective tax rate	1%	0%	0%	0%

A deferred tax asset is recognized for tax loss carryforwards if it is considered probable that there will be sufficient future taxable profit against which the loss carryforward can be utilized. A reassessment of the amount that meets the criteria is made at least annually. The Group's unutilized loss carryforwards for which no deferred tax assets are recognized amounted to SEK 924 million and SEK 795 million at the close of 2023 and 2022, respectively. The increase in loss carryforwards is attributable to the parent company in Sweden. None of the unutilized loss carryforwards expire within the coming 5-year period. The unutilized loss carryforwards related to subsidiaries in US amount to SEK 60 million (80) and there is a 20-year utilization period after the year in which the loss occurred. Subsequently, these loss carryforwards expire between the years 2032 and 2036. Unutilized loss carryforwards relating to the Swedish Parent Company amount to SEK 1,163 million (1,010) and have no expiration date.

Note 14. Earnings per share

	2023	2022
Earnings per share, basic		
Net profit/loss for the year attributable to parent company shareholders, SEK million	-199	-100
Weighted number of outstanding ordinary shares during the year	105,973,395	105,689,377
Earnings per share, basic, SEK	-1.87	-0.94
- whereof continuing operations	-1.87	-0.94
Earnings per share, diluted		
Net profit/loss for the year attributable to parent company shareholders, SEK million	-199	-100
Weighted number of outstanding ordinary shares, diluted	106,267,737	108,538,200
Earnings per share, diluted, SEK ¹⁾	-1.87	-0.94
- whereof continuing operations ¹⁾	-1.87	-0.94

1) Dilution occurs when earnings per share is negatively affected by outstanding potential shares. Where the Group has a loss for the year, the calculated dilution effect would be a positive outcome for the shareholders. In such circumstances, the recognized amount for basic earnings per share is the same as diluted earnings per share.

Weighted average number outstanding ordinary shares, diluted

	2023	2022
Weighted average number of outstanding ordinary shares, basic	105,973,395	105,689,377
Effect of outstanding potential shares in the Group's incentive program (Note 8)	294,342	2,848,823
Weighted average number of outstanding ordinary shares, diluted	106,267,737	108,538,200

Note 15. Intangible non-current assets

SEK m 2023	Group				Total
	Capitalized product develop- ment costs	Patents	Goodwill	Other intan- gible assets	
Accumulated acquisi- tion cost					
Opening acquisition cost	1,039	87	94	5	1,224
Investments	192	10	-	-	202
Business combination	-	-	-	18	18
Reclassification	-78	-	-2	2	-78
Translation differences	0	0	0	-1	-1
Closing acquisition cost	1,153	97	92	23	1,365
Accumulated depre- ciation					
Opening accumulated depreciation	-730	-47	-	-4	-781
Depreciation/amortiza- tion for the year (Note 9)	-115	-8	-	-2	-125
Reclassification	78	-	-	-	78
Translation differences	0	0	-	0	0
Closing accumulated depreciation/amorti- zation	-767	-55	-	-6	-828
Accumulated impair- ment losses					
Opening accumulated impairment losses	0	-7	-14	-	-20
Translation differences	-	-	0	-	0
Closing accumulated impairment losses	0	-7	-14	-	-20
Carrying amount at year-end	386	35	79	17	517

Gross product development costs during the year amounted to SEK 356 million (332), of which SEK 202 million (172) was capitalized, under Capitalized product development costs and Patents.

Impairment testing

Intangible assets with indeterminate useful lives are tested annually for impairment or more often if there is indication of a decline in value. The recoverable amount of a cash-generating unit is determined based on calculations of value in use.

In the case of impairment tests of intangible assets, the calculations are based on the budget and forecast for the coming five-year period. The Board has approved the budget and forecast for the next three years, and the subsequent two years are an extrapolation based on the growth forecast from the company management.

These calculations are based on estimated future cash flows before tax and are made using an assessment of the expected growth rate and development of the EBITA margin (operating margin before depreciation and amortization of intangible assets). The calculated value in use is most sensitive to changes in the assumptions about growth rate, EBITA margin and discount rates. Applied assumptions are based on previous experiences and market trends.

The impairment test is performed per cash-generating unit (operating segment). The carrying amount of goodwill was allocated by reportable segment and cash-generating unit with goodwill amounts as follows: Product & Solutions SEK 42 million and Integrations SEK 37 million.

The following assumptions have been used in connection with the impairment test for 2023:

Product & Solutions

Cash flow forecasts for years 2–5 are based on an annual growth rate of 9–15%. Cash flows beyond the five-year period are extrapolated using an estimated long-term growth rate of 2%. The discount rate used for calculating recoverable amounts is 12% before tax.

Required rates of return have been determined in view of the Group's future estimated capital structure and reflect the current risks. According to the impairment test carried out, there is no need for impairment of intangible assets with indeterminate useful lives as per December 31, 2023.

Integrations

Cash flow forecasts for years 2–5 are based on an annual growth rate of 7–33%. Cash flows beyond the five-year period are extrapolated using an estimated long-term growth rate of 2%. The discount rate used for calculating recoverable amounts is 12% before tax. Required rates of return have been determined in view of the Group's future estimated capital structure and reflect the current risks. According to the impairment test carried out, there is no need for impairment of intangible assets with indeterminate useful lives as per December 31, 2023.

Sensitivity analysis

A sensitivity analysis in both segments showed that: a two percentage points increase in the discount rate would not indicate a need for impairment; a two percentage points decrease in growth rate would not indicate a need for impairment; and a two percentage points decrease in EBITA margin (operating margin before amortization and impairments of intangible assets) would not indicate a need for impairment.

The impairment test shows that there is plenty of scope, for both segments, before changes in WACC, growth and forecast EBITDA margin give any indication of impairment. The sensitivity analysis shows that there is no reasonable single or simultaneous change (i.e. all variables change negatively at the same time) that could affect the need for impairment of each segment.

Note 15. Intangible non-current assets cont.

SEK m 2022	Group				Total
	Capitalized product develop- ment costs	Pat- ents	Goodwill	Other intan- gible assets	
Accumulated acquisition cost					
Opening acquisition cost	871	82	90	5	1,048
Investments	168	4	0	0	172
Reclassification	0	-	-	-	0
Translation differences	1	0	4	0	5
Closing acquisition cost	1,039	87	94	5	1,224
Accumulated depreciation					
Opening accumulated depreciation	-617	-43	-	-3	-662
Depreciation/amortization for the year (Note 9)	-113	-4	-	-1	-118
Translation differences	0	0	-	0	0
Closing accumulated depreciation/amortization	-730	-47	-	-4	-781
Accumulated impairment losses					
Opening accumulated impairment losses	0	-7	-12	-	-19
Impairment losses for the year (Note 9)	0	-	-2	-	-2
Translation differences	-	-	0	-	0
Closing accumulated impairment losses	0	-7	-14	-	-20
Carrying amount at year-end	309	33	80	1	423

SEK m 2023	Parent Company				Total
	Capitalized product develop- ment costs	Goodwill	Other intan- gible assets		
Accumulated acquisition cost					
Opening acquisition cost	954	30	90		1,075
Investments	192	-	10		202
Closing acquisition cost	1,146	30	101		1,277
Accumulated depreciation					
Opening accumulated depreciation	-648	-18	-51		-717
Depreciation/amortization for the year (Note 9)	-115	-	-8		-123
Closing accumulated depreciation/amortization	-763	-18	-59		-840
Accumulated impairment losses					
Opening accumulated impairment losses	0	-12	-7		-19
Closing accumulated impairment losses	0	-12	-7		-19
Carrying amount at year-end	383	0	35		418

SEK m 2022	Parent Company				Total
	Capitalized product develop- ment costs	Goodwill	Other intan- gible assets		
Accumulated acquisition cost					
Opening acquisition cost	-	-	86		86
Investments	168	-	4		172
Acquisitions	786	30	0		817
Closing acquisition cost	954	30	90		1,075
Accumulated depreciation					
Opening accumulated depreciation	-	-	-45		-45
Depreciation/amortization for the year (Note 9)	-112	-1	-5		-119
Acquisitions	-536	-17	0		-553
Closing accumulated depreciation/amortization	-648	-18	-51		-717
Accumulated impairment losses					
Opening accumulated impairment losses	-	-	-7		-7
Impairment losses for the year (Note 9)	0	-	-		0
Acquisitions	-	-12	-		-12
Closing accumulated impairment losses	0	-12	-7		-19
Carrying amount at year-end	306	-	34		339

Note 16. Property, plant and equipment

SEK m	Group		Parent Company	
	2023	2022	2023	2022
Accumulated acquisition cost				
Opening acquisition cost	50	47	26	18
Investments	12	2	9	0
Business combination	0	-	-	-
Sale/disposal	0	-2	0	0
Reclassification	0	0	-	8
Translation differences	-2	3	-	-
Closing acquisition cost	61	50	35	26
Accumulated depreciation				
Opening accumulated depreciation	-42	-34	-22	-13
Sale/disposal	0	1	0	0
Depreciation/amortization for the year (Note 9)	-6	-6	-3	-3
Reclassification	0	-1	-	-6
Translation differences	2	-2	-	-
Closing accumulated depreciation	-46	-42	-25	-22
Carrying amount at year-end	14	8	10	4

Note 17. Participations in Group companies

SEK m	Parent Company	
	2023	2022
Opening balance, Jan 1	61	868
Acquisitions	9	-
Liquidation	-4	-
Merger	-	-807
Total acquisition cost	67	61

Subsidiary to Parent Company	No. of shares	Book value		
		Own-ership interest, %	Decem-ber 31, 2023	Decem-ber 31, 2022
Phasya S.A., 0505.986.246, Liège, Belgium	100	100	37	37
Tobii Technology GmbH, HRB 78844, Germany	100	100	0	0
Tobii Electronics Technology Suzhou Co, Ltd. 91320594681609152B, Suzhou, China	100	100	10	10
Tobii Electronics Technology Trading Suzhou Co. Ltd., 913205945725628424, Suzhou, China	100	100	2	2
Tobii Co. Ltd., 43904695, Taipei, Taiwan	100	100	1	1
Tobii Technology Japan Ltd., 0104-01-075455, Japan	87	87	4	4
Tobii Technology Inc., 20-3779947, Virginia, USA	100	100	0	0
Tobii Technology Options AB 556740-3364 Sweden	100	100	0	0
Tobii Switzerland AG, CHE-151.757.781, Switzerland	100	100	1	1
Tobii Pro LatAm SpA, 77015059-0, Chile	-	-	-	4

Subsidiary to Parent Company	No. of shares	Own-ership interest, %	Book value	
			Decem-ber 31, 2023	Decem-ber 31, 2022
Tobii Pro, Singapore PTE. Ltd., 201925799H, Singapore	100	100	1	1
Tobii Holding AB 559104-1040, Sweden	100	100	0	0
Tobii Pro UK Holdings Ltd., 11179236, United Kingdom	100	100	0	0
Eyevido GmbH, HRB 24572, Germany	100	100	10	-
Total acquisition cost in subsidiaries			67	61

Note 18. Trade receivables

SEK m	Group		Parent Company	
	2023	2022	2023	2022
Trade receivables	125	138	63	90
Bad debts provision	-8	-6	-6	-6
Total trade receivables	116	132	58	84
Maturity analysis				
Not yet due	94	90	50	57
1–30 days overdue	14	29	6	22
31–60 days overdue	4	4	1	2
61–90 days overdue	4	2	0	0
Over 90 days overdue	9	13	6	9
Closing balance	125	138	63	89
Changes in the bad debts provision are as follows:				
As of January 1	6	7	6	2
Bad debts provision	8	5	5	5
Receivables written off during the year that are not recoverable	-	-0	-	-
Reversal of unused amount	-7	-7	-6	-2
Exchange rate effect	0	1	0	1
As of December 31	8	6	6	6

Note 19. Inventories

SEK m	Group		Parent Company	
	2023	2022	2023	2022
Raw materials and consumables	1	2	-	-
Finished products	66	51	60	49
Work in progress	2	13	0	11
Advances to suppliers	0	0	-	-
Total inventories	70	65	60	59

Note 20. Prepaid expenses and accrued income

SEK m	Group		Parent Company	
	2023	2022	2023	2022
Prepaid rent/leasing	7	6	5	5
Prepaid insurance	3	1	3	0
Prepaid license fees	20	14	20	14
Prepaid income	0	19	0	19
Other items	4	8	2	2
Total prepaid expenses and accrued income	34	47	30	40

Note 21. Cash and cash equivalents

SEK m	Group		Parent Company	
	2023	2022	2023	2022
Short-term investments ¹⁾	44	41	44	41
Cash and bank balances	193	361	151	311
Total cash and cash equivalents	236	402	194	352

1) Short-term investments consist of cash and cash equivalents invested in a listed Swedish fixed income fund with insignificant risk of changes in value and where funds can be accessed within two to three business days.

Note 22. Financial instruments by category in the Group

SEK m	Note	2023		2022	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets					
At amortized cost:					
Other financial assets		5	5	5	5
Trade receivables	18	116	116	132	132
Other receivables		24	24	23	23
Cash and bank balances	21	236	236	402	402
Total financial assets		381	381	562	562

SEK m	2023		2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities				
At fair value through the income statement:				
Contingent considerations (level 3)	19	19	18	18
At amortized cost:				
Trade payables	51	51	62	62
Interest-bearing loans (level 3)	12	12	16	16
Lease liabilities	68	68	53	53
Other liabilities, non interest-bearing	267	267	208	208
Total financial liabilities	417	417	357	357

Financial assets and liabilities recognized at fair value are classified by level in the fair value hierarchy according to IFRS 9.

Level 3, Inputs based on non-observable data. Contingent consideration is measured at fair value based on available data such as conditions stipulated in the purchase agreement and current assessments of the estimated fulfillment of those conditions.

Contingent consideration relates to the acquisition of shares in Phasya in 2021. If certain predetermined sales volumes are achieved by the product developed in the company Phasya through 2026, an additional earnout of up to EUR 1.7 million may be paid. Based on the product's development and future business plans, Management has estimated that the full amount will be paid. The carrying amount of the contingent consideration therefore consists of the total contingent consideration revalued at the closing day rate, no other changes have occurred.

Changes in contingent consideration, level 3

SEK m	2023	2022
Receivables		
Opening balance, January 1	-	6
Divestments during the year	-	-6
Closing balance, December 31	-	-
Liabilities		
Opening balance, January 1	18	17
Acquisitions during the year	-	-
Payment	-	-
Change in fair value recognized in profit or loss.	-	-
Exchange rate differences	1	1
Closing balance, December 31	19	18

Note 23. Share capital development

Share capital development	Change in share capital (SEK 000)	Share capital (SEK 000)	Total number of shares
2001 Founding	100	100	10,000
2001 New share issue	2	102	11,768
2003 New share issue	28	130	13,014
2005 New share issue	0	130	15,222
2006 New share issue	3	133	15,501
2007 New share issue	40	173	19,451
2008 New share issue	3	176	19,751
2009 Split 1:2000	0	176	39,502,000
2009 New share issue	25	201	44,620,000
2010 New share issue	22	223	49,096,000
2011 New share issue	20	265	53,149,980
2012 New share issue	33	298	59,512,719
2014 New share issue	46	344	68,886,883
2015 Fund issue	156	500	68,886,883
2015 New share issue (Initial Public Offering)	136	636	87,613,033
2016 Rights issue, exercise of warrants	4	640	88,140,033
2016 Rights issue	64	704	96,954,036
2017 Rights issue, exercise of warrants	2	706	97,304,052
2018 Rights issue, exercise of warrants	12	718	98,925,103

Share capital development	Change in share capital (SEK 000)	Share capital (SEK 000)	Total number of shares
2020 Rights issue, exercise of warrants	1	719	99,064,087
2021 New share issue of C shares	7	726	99,964,087
2021 New share issue	36	762	104,922,765
2021 New share issue, exercise of warrants	5	767	105,665,201
2022 New share issue of C shares	6	778	107,232,950
2022 Rights issue, exercise of warrants	6	778	107,260,072
2023 Rights issue, exercise of warrants	0	779	107,284,645
2023 New share issue of C shares	8	786	108,359,645

Equity in the Group comprises share capital, other contributed capital, reserves and earned profits (incl. net profit/loss for the year).

GROUP

Share capital

The total number of shares amounts to 108,359,645 with a quotient value of SEK 0.0073 on December 31, 2023. The shares are divided between 2,177,379 C shares and 106,182,266 ordinary shares.

During the year, the company issued 1,075,000 C shares, to facilitate the settlement of shares in each incentive program. The C shares were repurchased by the company. The C shares carry 1/10 of a vote and do not entitle to any dividend. During the year, 239,994 C shares have been converted to ordinary shares as part of the LTI programs.

Note 24. Reserves in equity

The item Reserves in equity refers entirely to translation differences.

Reserves

Reserves comprise translation reserves that include all exchange rate differences that arise on translation to Swedish kronor (SEK) of foreign operations' financial statements prepared in the currency used in the economic environment where the respective company mainly operates (functional currency). The parent company and the Group prepare their financial statements in SEK.

Note 25. Proposed appropriation of non-restricted equity

The Board of Directors' proposal for the 2023 financial year is that no dividend should be paid to shareholders. Non-restricted equity in the Parent Company at the disposal of the Annual General Meeting:

SEK 362,755

Share premium reserve	1,991,407
Retained earnings	- 1,462,242
Profit/loss for the year	-166,410
Total	362,755
The Board of Directors proposes that the following amount be carried forward:	362,755

Note 26. Provisions

SEK m	Group		Parent Company	
	2023	2022	2023	2022
Provisions for warranties				
At beginning of year	0	0	0	0
Provisions during the year	-	-	-	-
Translation differences	-	-	-	-
Total provisions for warranties	0	0	0	0
Other provisions				
At beginning of year	1	1	-	-
Provisions during the year	-	0	-	-
Translation differences	0	0	-	-
Total other provisions	1	1	-	-
Total provisions	1	1	0	0

Tobii generally offers a one- to two-year warranty on its products. Provisions for future warranty commitments are based on previous years' warranties incurred.
The Tobii Group's pension plans are defined contribution and all pension commitments are settled through annual payments to external pension institutions.

Note 27. Maturity profile of financial liabilities - undiscounted cash flows

SEK m 2023	> 1 year			Total
	< 1 year	< 5 years	> 5 years	
Interest-bearing loans	3	9	-	12
Lease liabilities	25	46	0	71
Trade payables	51	-	-	51
Contingent consideration	-	19	-	19
Total	79	73	0	153

SEK m 2022	> 1 year			Total
	< 1 year	< 5 years	> 5 years	
Interest-bearing loans	-	16	-	16
Lease liabilities	27	28	0	55
Trade payables	62	-	-	62
Contingent consideration	-	18	-	18
Total	88	61	0	150

Note 28. Accrued expenses and deferred income

SEK m	Group		Parent Company	
	2023	2022	2023	2022
Deferred income, current portion	29	27	10	6
Accrued personnel expenses	68	54	51	39
Other accrued expenses	65	29	57	20
Total accrued expenses and deferred income	163	110	117	65

Note 29. Pledged assets and contingent liabilities

SEK million	Group		Parent Company	
	2023	2022	2023	2022
Pledged assets				
Chattel mortgage	100	-	100	-
Total pledged assets	100	-	100	-
Contingent liabilities ¹⁾	0	0	0	0

1) As of December 31, 2023, SEK 0.4 million (0.4) are guarantee commitments in the Swiss operations through a subordination guarantee.

Note 30. Supplementary disclosures to the cash flow statement

Interest paid and received SEK m	Group		Parent Company	
	2023	2022	2023	2022
Interest received	7	1	22	16
Interest paid	0	0	-1	0
Total interest paid and received	7	1	21	16

SEK m	Group		Parent Company	
	2023	2022	2023	2022
Items not affecting the cash flow				
Depreciation	157	150	127	122
Unrealised exchange rate effects	5	-29	4	-29
Provisions	0	-1	0	0
Other	2	21	13	39
Total	163	141	145	132

Note 31. Transactions with related parties

Tobii has neither pledged assets nor contingent liabilities related to senior executives or the Board of Directors. For information concerning remuneration to senior executives and Board members, refer to Note 8. No related-party transactions have occurred during the year 2023. The same applied for the year 2022. For intra-group purchases and sales, a transfer pricing policy is applied.

SEK m	Parent Company	
	2023	2022
Sales to related companies, subsidiaries	136	122
Purchases from related parties, subsidiaries	71	95
Receivables from related parties subsidiaries	300	309
Liabilities to related parties, subsidiaries	61	81

Note 32. Acquisitions

Asset deal Oculid

On April 1, 2023, Tobii acquired all assets in Oculid GmbH and integrated the company's employees into Tobii's operations. Oculid provides a leading solution for cloud-based mobile user research. This supplementary acquisition will strengthen Tobii's consumer insight software portfolio. The acquisition is expected to have an insignificant effect on Tobii's short-term financial results and position. The purchase price amounted to SEK 6 million.

Eyevido GmbH

On August 9, 2023, Tobii acquired all the shares in Eyevido GmbH. Eyevido offers a cloud-based software used for conducting web-based user studies with eye tracking. The software will complement and strengthen the consumer insight offering to corporate clients. The acquisition is expected to have an insignificant effect on Tobii's short-term financial results and position. The purchase price for the acquired net assets amounted to SEK 9 million. Eyevido GmbH was consolidated into Tobii Group from August 9, 2023.

FotoNation Ltd

The acquisition of all shares in FotoNation Ltd, which includes the AutoSense business, was completed on January 31, 2024. This strategic acquisition strengthens Tobii's Interior Sensing offerings, including Driver Monitoring System (DMS) and Occupant Monitoring System (OMS).

The consideration for 100 percent of the shares in FotoNation Ltd amounts to a minimum of USD 45 million on a cash- and debt-free basis, of which approximately USD 30 million will be structured as a promissory note at 8% interest. The promissory note and interest are to be paid in three annual installments, starting in 2027. A future payment of USD 15 million will be paid in four annual installments starting in 2028. There will thus be no upfront cash or share consideration. Additional earnouts, currently estimated at approximately USD 19 million may be generated for the AutoSense segment upon meeting specific volume targets, with payout scheduled for 2031. As a result of the transaction, AutoSense will be a separate business segment reported at operating result (EBIT) level from the first quarter of 2024. A preliminary purchase price allocation is presented in the table below. Goodwill consists of the market position as one of the leaders in Automotive Interior Sensing with the potential of future revenue streams in multiple geographies. Goodwill is also attributable to the skills that many competent employees in new attractive markets bring, and scalability with regard to both engineering and overhead resources with opportunities for synergies.

The acquisition has no effect on Tobii's financial position for 2023, apart from acquisition-related costs that were expensed in 2023.

EFFECTS OF ACQUISITIONS¹

SEK m	FotoNation Ltd ²	Eyevido GmbH	Asset deal Oculid
Cash payment	-	9	6
Promissory note	312		
Contingent consideration	352	-	-
Consideration cash and cash equivalents	115		
Reduction assumed liabilities	-18		
Total consideration	760	9	6
Change in acquired assets and liabilities			
Intangible assets (excl. goodwill)	187	12	6
Property, plant and equipment	58	0	-
Net other assets and liabilities	84	-0	-0
Cash and cash equivalents	115	0	-
Deferred tax liability	-17	-2	-
Net identifiable assets and liabilities	426	9	6
Goodwill	334	-	-
Impact on the Group's cash and cash equivalents from acquisitions			
Consideration	-115	-9	-6
Cash and cash equivalents in acquired companies	115	0	-
Direct costs related to the acquisition	-31	-1	-0
Total impact on cash and cash equivalents	-31	-11	-6
Impact on profit or loss during the holding period			
Revenue		0	
Net profit/loss for the period		0	
Impact on profit or loss as if the acquisitions had taken place on January 1, 2023			
Revenue		1	
Net profit/loss for the period		-1	

1) The purchase price allocation is preliminary.

2) The acquisition was completed on January 31, 2024 and has not had any impact on the Group for 2023, apart from direct costs related to the acquisition that were booked in 2023.

Note 33. Events after the end of the reporting period

- The acquisition of all shares in FotoNation Ltd, which includes the AutoSense business, was completed on January 31, 2024.
- New financial targets were announced on February 1 2024 that replace the previous targets.
- A fully guaranteed rights issue of approximately SEK 301 million was successfully completed on April 3, 2024.

The Board's signatures

The Board of Directors and the Chief Executive Officer certify that these consolidated financial statements and the Annual Report have been prepared in accordance with the International Financial Reporting Standards IFRS as adopted by the EU and generally accepted accounting policies, and give a fair view of the Group's and Parent Company's financial position and earnings. The Director's Report gives a fair overview of the development of the Group and Parent Company's operations, financial position and earnings, and describes the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Danderyd, April 26, 2024
Tobii AB

Henrik Eskilsson
Board member

Per Norman
Chairman of the Board

Mats Backman
Board member

Jan Wäreby
Board member

Jörgen Lantto
Board member

Charlotta Falvin
Board member

Anand Srivatsa
CEO

Our auditor's report was submitted on April 26, 2024.
PricewaterhouseCoopers AB

Henrietta Segenmark
Authorized Public Accountant, Auditor in Charge

The consolidated statement of comprehensive income and the consolidated balance sheet and the Parent Company's income statement and balance sheet are subject to the approval of the Annual General Meeting on May 23, 2024.

This information is information that Tobii AB is obliged to make public pursuant to the Securities Markets Act.

The information was submitted for publication on April 29, 2024.

Auditor's report

To the general meeting of the shareholders of Tobii AB (publ),
corporate identity number 556613-9654

Report on the annual accounts and consolidated accounts

OPINIONS

We have audited the annual accounts and consolidated accounts of Tobii AB (publ) for the year 2023 except for the corporate governance statement on pages 45-53. The annual accounts and consolidated accounts of the company are included on pages 37-88 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 45-53. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the statement of comprehensive income and balance sheet for the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

BASIS FOR OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

OUR AUDIT APPROACH Overview



Materiality

- Overall materiality level: MSEK 7,6 which corresponds to 1% of net Sales.

Focus and scope

- We have executed an audit covering Tobii AB and all significant subsidiaries.

Key audit matters

- Valuation of capitalized development costs
- Valuation of deferred tax assets
- Revenue recognition – Cut-off.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	MSEK 7,6 (7,8)
How we determined it	The materiality level is based on 1% of the net sales of the group.
Rationale for benchmark applied	We have chosen this method to determine the materiality level as it is a widely accepted benchmark. The level of 1% is seen in auditing standards to comprise an acceptable quantitative materiality threshold.

We agreed with the Audit Committee that we would report to them identified misstatements that exceeded 10% of the determined materiality level as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

KEY AUDIT MATTERS

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matters

Valuation of capitalized development costs

We refer to Notes 2 Summary of important accounting principles, 4 Important estimates and assessments when applying the accounting policies, and 15 Intangible assets. Capitalized expenses for product development in the amount of MSEK 386 comprise a significant portion of Tobii Group's balance sheet as of the 31st of December 2023. There is a risk that the future estimated cash flow will not be equivalent to the book value of capitalized expenses for product development and that, as a result, an impairment risk exists. The assets are subject to ongoing depreciation. According to the Tobii Group's routine, the value of capitalized expenses for product development is tested annually for impairment. Tobii has a process for executing this test.

These calculations are based on the budget and forecast for the next five-year period. The board has approved the budget and forecast for the next three years, and the subsequent two years are an extrapolation based on the growth forecast from the company management. The cash flows from the years beyond the next five are extrapolated using the assessed long-term growth rate. The process thus contains assumptions that have a significant impact on the impairment test. This includes assumptions about sales growth, development of margins and the discount rate (WACC).

How our audit addressed the Key audit matter

In evaluating the assumptions, as reported in Note 15, we have undertaken the following audit measures to assess the valuation of such assumptions and model:

Verified the mathematical accuracy of the company's impairment test, the accuracy of the model as such and that it complies with IFRS, challenged, and assessed the reasonableness of material assumptions made by the management. For the review of the model itself and assumptions, we have used valuation experts to test and evaluate applied models and methodology, as well as essential assumptions.

On a sample basis, tested, evaluated, and challenged the information used in the calculations against the company's budget and financial plan prepared as of December 31, 2023. We then focused on assumptions about growth, margin development and applied discount rate per cash-generating unit. We have also, where possible, evaluated and challenged available external information. We have also reviewed the sensitivity analysis that the company prepared regarding the valuation for negative changes in essential parameters that, on an individual or collective basis, could imply the existence of an impairment requirement.

We have also assessed if the accounting principles and disclosures in the annual report are correct and in accordance with IFRS.

The results of these activities have produced no significant observations as regards the audit.

Valuation of deferred tax

We refer to Notes 2 Summary of important accounting principles, 4 Important estimates and assessments when applying the accounting policies, and 13 Taxes.

The deferred tax asset amounted to SEK 66 million as of December 31, 2023. This is deemed to comprise a significant item in the group's balance sheet. The deferred tax assets relating to loss deductions are reported to the extent that it is deemed likely that the deduction can be offset against surplus in future taxation. There is thus a risk that the future taxable profits will not amount to these amounts, in which case the loss deduction cannot be used, or that the right to use loss deductions will be lost as a result of changes in legislations, tax audits, restructuring within the group including acquisitions or sales of operations, and thus that there is a risk of impairment. In accordance with IAS 12, Tobii has assessed how much of the loss deductions available in the group companies can be utilized by the group through a reduction in future tax payments. The assessment of how much loss deductions can be used includes significant estimates and management's assessment of future results. This is based on future budgets and forecasts for the next three years, approved by the board, and the following two years are an extrapolation based on growth forecasts from the company management.

In our audit, we have assessed the valuation of losses carry forward and that deferred tax on these losses has been calculated according to the regulations in place. The audit procedures included, amongst other:

- We evaluated the management's assumptions regarding assessed future results in conjunction with a review and analysis of the forecasts regarding future earnings trends, as this is a significant assumption due to the large amount of available losses carry forward which the management deems will be able to be utilized.
- The company's assumptions regarding the earnings trend were tested against adopted budgets and business plans. This testing takes place in the same manner as the testing of capitalized costs for product development, in the manner described in that part of this Auditor' Report.
- The audit also includes the follow-up of possible ongoing tax audits and changes in tax legislation which impact the losses carry forward.
- We have also assessed if the accounting principles and disclosures in the annual report are correct and in accordance with IFRS.

The results of these activities have produced no significant observations as regards the audit.

Revenue recognition – cut-off

We refer to the Notes 2 Summary of important accounting principles, 5 Net Sales and income per business area, 18 Accounts receivable, 20 Prepaid expenses and accrued income and 28 Accrued expenses and deferred income.

The Group's revenue amounts to MSEK 758 in 2023. The majority of Tobii Group's revenue consists of sale of goods and services. The sale of goods is recognized when control has been transferred to the purchaser while services are recognized in revenue in the period or periods in which they are provided. The risk is that there can exist a difference between the point in time when Tobii provides goods or services and when the control is transferred to customers. When the goods or services are seen to have been provided to the customers, and when revenues can, then, be reported, is based on the contractual stipulations found in the established agreements.

In our audit, we have analyzed Tobii's processes and controls regarding revenue recognition in order to obtain an understanding of how they operate and where potential errors could occur. This analysis has been performed to enable us to focus our substantive procedures in the right areas. Our audit procedures included the following:

- Analysis of the revenues during the year compared to expectations and the previous year.
- We have tested, on a random basis, the reported revenue against agreements or customer orders to determine if these items have been recognized in the correct amounts in the correct periods.
- On a sample basis, we have confirmed outstanding receivables against payments received after the year end.
- Through analysis and on a random sample basis, we have tested that reported values for prepaid and accrued income have been recognized with the correct amount.
- We have also assessed if the accounting principles and disclosures in the annual report are correct and in accordance with IFRS.

The results of these activities have produced no significant observations as regards the audit.

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-36 and 95-123. The other information further consists of Tobii Group's remuneration report 2023, which is not included in the annual report document, but which is published on the company's website at the same time as this report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTOR'S AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Report on other legal and regulatory requirements

THE AUDITOR'S EXAMINATION OF THE ADMINISTRATION OF THE COMPANY AND THE PROPOSED APPROPRIATIONS OF THE COMPANY'S PROFIT OR LOSS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Tobii AB (publ) for the year 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

THE AUDITOR'S EXAMINATION OF THE ESEF REPORT

Opinion

In addition to our audit of the annual accounts and consolidated accounts, We have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for ABC AB (publ) for the financial year 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Tobii AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report has been marked with iXBRL in accordance with what follows from the Esef regulation.

THE AUDITOR'S EXAMINATION OF THE CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for that the corporate governance statement on page 45-53 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed auditor of Tobii AB (publ) by the general meeting of the shareholders 26 May 2023 and has been the company's auditor since 18 April 2005.

Stockholm, 26 april 2024
PricewaterhouseCoopers AB

Henrietta Segenmark
Authorized Public Accountant
Auditor in Charge



Sustainability notes

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Sustainability notes

About the sustainability reporting

The sustainability report, which is also consistent with Tobii's statutory sustainability report in accordance with Chapter 6 of the Swedish Annual Accounts Act, is covered on pages 12-16 (business model and strategy), 17-23 (business segments), 26-35 (sustainability), 40-44 (risks), 45-53 (corporate governance report), and 96-117 (sustainability notes).

Sustainability reporting is done in accordance with the GRI Universal standards 2021 for the period of 1 January 2023 to 31 December 2023, and will be done in accordance with CSRD in 2024 or 2025 at the latest. It is currently, based on the impact Tobii has, the identified risks and opportunities, and stakeholder input. The reporting covers the whole group, although some data and examples only refer to certain parts of the organization where indicated. Reported sustainability information and data is valid for the full-year 2023 unless specified otherwise. Statistics on employees refer to full-time equivalents unless otherwise stated. No significant changes were made to the company's size, organization, ownership or supply chain during 2023. From 1 February 2024, AutoSense/FotoNation Ltd is part of Tobii and will be incorporated in the reporting for 2024.

Contact

Inquiries about the sustainability report should be directed to: Mitali Sahni, Sustainability Manger, +46 (0)763 246 314, mitali.sahni@tobii.com

Materiality

Tobii views materiality assessment as a strategic business tool that helps in shaping or adjusting sustainability strategy and prioritizing the most important topics for reporting purposes. For 2024, or 2025 at the latest, Tobii will report on its double materiality as part of the ESRS reporting, but the current materiality assessment is integrated with management system standards requirements such as ISO 14001 and ISO 9001. Gathering feedback from stakeholders is done on a continuous basis through more than one engagement channel. Tobii's most important stakeholder categories continue to be Employees, Customers, Suppliers, and Investors. These stakeholders are closely connected with our objectives and they may both affect, and be affected by Tobii's actions.

Stakeholders	Engagement channels	Identified aspect
Coworker	Questionnaire - Work environment and other projects Employee interview Employee survey Exit interviews Hiring process Conversation between staff and manager Company websites and social media platforms Annual reports Regular follow-up through general meetings ("all hands") Engaging activities for employees Leadership Forum Workshops and trainings	Growth and development Attract and retain qualified employees Diversity, inclusion and equal opportunities Health and work environment - well-being, work-life balance and the hybrid work model
Investor	Ongoing dialogue Compliance questionnaire Sustainability reporting ESG analysis reports	Electronic waste Conflict minerals Diversity, inclusion and equal opportunities Business ethics Economic development Data transparency Development of the carbon dioxide intensity Human rights – the supply chain and the company's own operations
Customers	Customer satisfaction and feedback surveys Ongoing dialogue Customer service and support	Data security and customer privacy Business ethics Ease of use and product quality
Supplier	Business reviews Review program Ongoing dialogue	Work environment and safety Business ethics Human rights issues Supplier management
Regulatory authorities and voluntary organisations	Compliance questionnaire Mail	Corporate governance and reporting

A materiality assessment and update of applicable internal and external stakeholders is carried out at least once a year. In defining the materiality topics, equal consideration has been given to identify ESG trends and industry specific standards from Sustainability Accounting Standards Board (SASB). Materiality topics are enlisted after interviews with relevant stakeholder representatives across different functions, geographies, and

responsibilities within the organization. Issue prioritization was carried out by applying Global Reporting Initiative (GRI) materiality principles with stakeholder representatives. The insights gathered from the assessment were aligned with the ESG risks within the global risk management process. The results of the materiality assessment are disclosed in the adjacent table.

Sustainability risks and impact

Table of our most significant areas and our actual and potential effects on the economy, environment and people and how the significant issues are managed

Aspects	Economy	Planet	People
Use of Products	Positive: Production and sale of products drive economic growth. Negative: Overconsumption, waste and unsustainable production methods can lead to resource depletion, environmental degradation and long-term economic costs and economic instability.	Positive: Efficient and sustainable methods reduce the amount of waste and pollution, which leads to a better environment. Negative: Production and disposal of products can lead to environmental damage, for example destroyed habitats, emissions of greenhouse gases and pollution of air and water.	Positive: Tobii provides products that can improve the quality of life and positively contribute to a safer, more inclusive and entertaining world. Negative: Exposure to certain toxic substances and depletion of natural resources can harm the health and well-being of both employees and users.
Diversity, inclusion and equal opportunities	Positive: Increased diversity in the workforce can lead to increased creativity and innovation, which contributes to economic growth. Negative: Lack of diversity and inclusion policies can lead to discrimination, underutilized potential of certain groups and has a negative impact on the economy.	Positive: Different perspectives and experiences can lead to a more balanced target view and a more complete picture of reality, which leads to better decisions. Negative: Lack of diversity can lead to narrow perspectives and poor consequential thinking in terms of environmental or social aspects.	Positive: Can lead to better representation and better access to opportunities and resources. Negative: Lack of awareness of these issues can lead to unequal treatment, discrimination and exclusion, limiting opportunities for certain groups.
Work environment and balance between work and private life	Positive: Support in the workplace and a good balance between work and private life can lead to increased job satisfaction, lower sickness absence, lower staff turnover and increased productivity. Negative: Poor work-life balance can lead to burnout, reduced productivity and increased health care costs, affecting the economy at large.	Positive: Workplace support and a good work-life balance can reduce stress and lead to better health and sustainability practices. Negative: Poor working environment can contribute to stress, pollution and environmental destruction.	Positive: Workplace support and a good work-life balance can lead to increased job satisfaction, improved mental and physical health and general well-being. Negative: Poor work-life balance can lead to stress, burnout and reduced well-being.

Sustainability risks and impact cont.

Aspects	Economy	Planet	People
Growth and development	<p>Positive: Investments in internal skills development lead to improved skills, productivity and overall financial contribution, which ultimately leads to increased financial growth for the company.</p> <p>Negative: Insufficient investment in staff development can lead to a lack of skills development, which hampers the organization's competitiveness and the economy at large.</p>	<p>Positive: Improved skills and knowledge can lead to more sustainable business practices and reduced environmental impact.</p> <p>Negative: Failure to invest in personnel development can lead to less environmentally friendly working methods, which also leads to increased environmental destruction.</p>	<p>Positive: Employee growth and development can lead to increased job satisfaction, better work-life balance, and reduced stress and burnout.</p> <p>Negative: Failure to invest in employee development can lead to low work morale, reduced commitment and increased staff turnover.</p>
Product design and life cycle management	<p>Positive: Effective product design and life cycle management can lead to less waste, increased efficiency and more cost savings, driving economic growth.</p> <p>Negative: Poor product design and life cycle management can lead to greater amounts of waste, overuse of resources and environmental degradation, which affects the economy in the long term.</p>	<p>Positive: Sustainable product design and life cycle management can reduce environmental impact and contribute to a more sustainable future.</p> <p>Negative: Unsustainable product design and life cycle management can lead to more pollution, habitat destruction and resource depletion, harming the environment.</p>	<p>Positive: Effective product design and life cycle management can improve worker and consumer safety and well-being and be beneficial to society.</p> <p>Negative: Poor product design and life cycle management can lead to unsafe working conditions, exposure to toxic substances and damage to society and the environment.</p>
Discharge	<p>Positive: Reduced emissions can lead to cost savings, improved energy efficiency and increased competitiveness in a low-carbon economy.</p> <p>Negative: High emissions can lead to higher penalties, lower public confidence and lower competitiveness.</p>	<p>Positive: Reduced emissions can contribute to a cleaner and more sustainable environment and protect public health and animal life.</p> <p>Negative: High emissions can contribute to air and water pollution, climate change and damage to wildlife and habitat.</p>	<p>Positive: Reduced emissions can improve public health, reduce disease and premature deaths, and protect wildlife and ecosystems.</p> <p>Negative: High emissions can contribute to poor air quality, more diseases and premature deaths, as well as damage to wildlife and ecosystems.</p>
Environmental impact of suppliers	<p>Positive: Prioritizing suppliers with good results in the environmental area can lead to cost savings, good reputation and increased competitiveness in an economy with low carbon dioxide emissions.</p> <p>Negative: Using suppliers with poor environmental records can lead to penalties, bad reputation and reduced competitiveness.</p>	<p>Positive: Using suppliers with sustainable business practices can lead to reduced emissions, better stewardship of resources and contribute to a cleaner and more sustainable environment.</p> <p>Negative: Using suppliers with unsustainable business practices can contribute to environmental degradation, depletion of resources and damage to wildlife and habitat.</p>	<p>Positive: Using suppliers with sustainable business practices can improve public health, reduce disease and premature death, and protect wildlife and ecosystems.</p> <p>Negative: Using suppliers with unsustainable business practices can contribute to poor air and water quality, increased disease and premature death, and damage to wildlife and ecosystems.</p>

Sustainability risks and impact cont.

Aspects	Economy	Planet	People
Power consumption	Positive: Energy efficiency and the use of renewable energy sources can lower costs, improve competitiveness and drive economic growth. Negative: High energy consumption and use of non-renewable energy sources can increase costs, reduce competitiveness and lead to economic instability.	Positive: Increased energy efficiency and the use of renewable energy sources can lead to reduced emissions, better stewardship of resources and contribute to a cleaner and more sustainable environment. Negative: High energy consumption and the use of non-renewable energy sources can contribute to air and water pollution, climate change and damage to wildlife and habitats.	Positive: Increased energy efficiency and the use of renewable energy sources can improve public health, reduce disease and premature death, and protect wildlife and ecosystems. Negative: High energy consumption and the use of non-renewable energy sources can contribute to poor air and water quality, more diseases and premature deaths, and damage to wildlife and ecosystems.
Business ethics - anti-corruption and compliance	Positive: Adhering to strict ethical standards can improve reputation, increase customer confidence and lead to long-term financial stability. Negative: A lack of ethics can lead to a bad reputation, lost customer confidence and financial instability.	Positive: Ethical business behavior can lead to more sustainable methods and environmental work, which means that resources are conserved and the environment is protected. Negative: Unethical business practices can lead to environmental destruction, depletion of resources and damage to wildlife and habitat.	Positive: Ethical business practices can lead to improved working conditions, protection of human rights and contribute to social and economic equality. Negative: Unethical business practices can lead to labor exploitation, human rights violations and contribute to social and economic inequality.
Supplier management, regulatory compliance and working conditions	Positive: Effective supplier management can lead to cost savings, improved quality and increased competitiveness. Negative: Inefficient supplier management can lead to increased costs, quality deterioration and reduced competitiveness.	Positive: Sustainable supplier management can lead to reduced emissions, better management of resources and contribute to a cleaner and more sustainable environment. Negative: Unsustainable supplier management can contribute to environmental degradation, depletion of resources and damage to wildlife and habitat.	Positive: Ethical supplier management can lead to improved working conditions, protection of human rights and contribute to social and economic equality. Negative: Unethical supplier management can lead to labor exploitation, human rights violations and contribute to social and economic inequality.

Sustainability governance

The table below provides an overview of Tobii's essential sustainability issues, the policies we work based on and how we follow up and evaluate our work. Evaluation of governance takes place through an annual review and update of Tobii's policy framework.

Our identified subjects	Policies	Purpose and approvals	Follow-up/review	Responsibility
Use of Products	Data Transparency Policy Defense and law enforcement policy	Set clear and positive role models and make clear choices that protect our users and ensure that the solutions we deliver make the world a better place. The policy is approved by the board.	Training of relevant roles.	SVP Segments & Products, EVP Sales & Marketing
Diversity, inclusion, equal opportunities UN Global Compact Principles – 1, 2, 3, 4, 6	Code of Conduct, Employer Policy, Whistleblower Policy, Diversity Policy	Tobii wants to be an employer where all employees are respected for their knowledge and thrive. The policy is approved by the board.	Annual employee meetings, action plan drawn up based on the results of the employee survey. Diversity and Inclusion Program.	VP People & growth
Work environment, well-being and balance between work and private life UN Global Compact Principles – 1, 2, 3, 4, 5, 6	Work environment policy, staff handbooks, induction days, development interviews, global policy for hybrid work, policy for work abroad	For Tobii, it is important that the employees enjoy themselves and feel good. Therefore, we must offer a healthy work environment that enables a healthy balance between work and private life. We hire high-performing people and trust their ability to work independently. To promote well-being, Tobii offers its employees flexibility in where they work, with the option of combining holidays with hybrid work. The policy is approved by the CFO.	Annual employee surveys, development interviews, individual conversations between manager and employee. Work environment issues are also handled by local work environment groups.	VP People & growth
Growth and development	Personnel manuals, induction days, development interviews, intranet	Employees are offered skills development by working in different types of projects, trying out new tasks and learning from colleagues. Tobii organizes internal conferences and courses. Employees also have the opportunity to attend external training courses.	With the support of the immediate manager, each employee draws up a personal development plan with recurring follow-up that the activities take place. Follow-up also takes place through annual development interviews and employee surveys.	VP People & growth
Product design and life cycle management UN Global Compact Principles – 7, 8	Environmental policy, quality policy	Tobii avoids using controversial materials. Material choices are made in the design and product development process with consideration of user experience, usability, longevity and environmental impact. We consider the impact on the climate throughout the product life cycle and strive to reduce its negative impact. The policy is approved by the SVP Operations.	Only materials and components approved according to RoHS, California Proposition 65 and REACH are used. System for waste management within the EU.	SVP Operations

Sustainability governance cont.

Our identified subjects	Policies	Purpose and approvals	Follow-up/review	Responsibility
CO2e emissions UN Global Compact Principles – 7	Environmental policy, travel policy	Tobii wants to minimize the climate-affecting emissions that the business gives rise to. The policy is approved by the SVP Operations	Monitor and analyze emissions from the supply chain and business travel. Reduce emissions from transport through various initiatives and climate compensate for unavoidable emissions.	SVP Operations, Travel manager
Environmental impact of suppliers UN Global Compact Principles – 8	Code of conduct for suppliers	To minimize the environmental impact throughout the value chain, Tobii requires subcontractors to comply with industry policies and local laws as a minimum requirement. The policy is approved by the SVP Operations.	Audit program with annual plans for which suppliers are to be audited based on the company's risk assessment. Follow-up of results together with the supplier.	Head of strategic sourcing
Power consumption on Tobii UN Global Compact Principles – 7	Environmental policy	Tobii strives to minimize our environmental impact through energy consumption and to use renewable energy in the parts of the business where possible. The policies are approved by the SVP Operations.	Energy consumption is monitored for the premises where Tobii has its own agreements with electricity suppliers. Otherwise, Tobii tries to influence the property owners' choice of energy sources. Renewable energy is used in Stockholm.	SVP Operations, Heads of Local Offices
Business ethics, anti-corruption, compliance UN Global Compact Principles – 1, 2, 3, 4, 5, 6, 10	Code of Conduct, Anti-Corruption Policy, Export Policy, Supplier Code of Conduct, Insider Trading Policy, Whistleblower Policy	Adherence to high standards of business ethics and conduct is fundamental to the success of our business. We work proactively with our policies and training to ensure good business conduct throughout our company. The policies are approved by the board.	Dialogue with local offices in risk markets, training of all employees in Tobii's code of conduct, clear processes for following up on reports of irregularities. No significant fines or other sanctions due to breaches of law were imposed on the company during 2023, nor was any legal action taken against the company regarding anti-competitive behavior, cartels, monopolies, anti-corruption, or insider trading. There were no incidents registered regarding breaches of customer privacy during the year.	SVP Operations, CFO, EVP Sales & Marketing and VP People & growth.
Supplier management, regulatory compliance and working conditions UN Global Compact Principles – 10	Code of conduct for suppliers and audit program for subcontractors. The code of conduct for suppliers covers requirements relating to labor law and human rights, for example in areas such as voluntary work, child labour, freedom of association, discrimination, fair employment conditions, working environment and safety, environmental work and business ethics.	Tobii works to ensure that the manufacturing of our products takes place in accordance with the highest applicable standards regarding environmental and social issues at suppliers. The policies are approved by the SVP Operations.	Audit program with annual plans for which suppliers are to be audited based on the company's risk assessment. Follow-up of results together with the supplier.	Head of strategic sourcing

All policies are reviewed at least once a year and the commitments in these policies are either translated into objectives and key results or they become integrated into their respective processes to drive the ongoing improvement work and result follow-up. The policies are communicated every two years via Tobii University and in connection with the introduction of new employees or new business partners/suppliers.

Sustainability goals

Sustainability goals are part of Tobii's strategy and are included in our business and functional plans. Tobii contributes to several of the UN's Sustainable Development Goals (SDGs) and has the most direct impact on Goal 3 Good health and well-being and Goal 12 Sustainable consumption and production. Tobii is a signatory to the UN Global Compact and publishes an annual Communication on Progress (COP) to demonstrate its support for and uphold the ten principles of the UN Global Compact.

Tobii's contribution to the UN's global goals for sustainable developments



Goal 3: Good Health and Well-Being – Tobii is a provider of technology and solutions that directly improves the well-being of hundreds of thousands of people, and has the potential to help millions. This ranges from helping individuals to communicate and be more independent, to the diagnosis and treatment of medical conditions. As an employer, Tobii also affects the health, safety and working environment of our employees.



Goal 4: Good education for all – Through our technology integrations in communication aids, Tobii can help people with disabilities have a voice and a chance to be heard, so that they are not excluded from the general education system. The use of eye tracking is growing in many other educational situations, for example in reading assessments and practice.



Goal 5: Equality - Tobii operates in an industry where there is an uneven gender distribution. Tobii has a comprehensive diversity and inclusion program and is working on several initiatives to be a diverse and inclusive organization.



Goal 8: Decent working conditions and economic growth - Both directly and indirectly, Tobii affects the working environment and conditions of many groups of people, including its own employees, suppliers and subcontractors. Tobii's occupational health and safety policies and supplier code of conduct are clearly linked to goal 8.



Goal 10: Reduced Inequality - At Tobii, we believe that everyone has the basic human right to a voice. Tobii does everything from creating the core technologies required to building communication aids and enabling relevant research into human behavior. Tobii also influences this goal as an employer where we work to reduce inequalities through our diversity and inclusion program.



Goal 12: Long-term sustainable consumption and production – Tobii is committed to expanding resource value through its circular business model where customers can rent or subscribe to our products instead of owning them. We improve resource efficiency by reducing or completely eliminating waste in production and operations.



Goal 13: Combat climate change - Tobii is committed to reducing the environmental and climate impact of our activities and operations. We measure carbon dioxide emissions and try to lower emissions or contribute to verified carbon dioxide reductions through emission compensations.

Environmental responsibility

Discharge of greenhouse gases	2023					Total Tobii 2023	2022 Tobii (Stockholm, Japan, China, Switzerland)	Percentage change	2021	2020	General comments and comments on the emission factors and calculations used
	Stockholm	Japan	China	Switzerland	Reston/USA						
Area (m ²)	6,967	500	1,330	651	733	10,181	8,713	17%	6,232	NA	One new subsidiary (Reston, US) has been added within the framework of the organization. All premises are rented with limited or no control over its technical management. China refers to the offices in Suzhou and Shanghai. Tobii has 87% control over the technical management of the office in Japan.
Scope 1 emissions (tonnes)											
Discharge from own company cars	0.4	0.5	0	0	0	0.9	0.3	200%	0.6		One company car was added in 2023 (Japan). Cars in Stockholm are now owned, not leased, calculations based on estimated mileages and UK Government emission factors.
Scope 2 emissions											
Energy consumption (MWh) – purchased electricity	263	49	41	161	144	658	573	15%	257		The calculations are based on invoices and in some cases estimates (1%).
Energy mix for purchase electricity	100 % Fossilfree	20% renewable + 80% carbon (coal)	100% carbon (coal)	100% renewable	100% fossil free						
Emissions from purchased electricity (tons)	3	21	23	4	2	52	54	-4%	5	0	The emission factors for Europe are taken from the IPCC. The emission factors for China and Japan come from the websites of the state electricity grid providers.
Energy consumption for heating and cooling (MWh)	462	19	23	36	Included in electricity	540	920	-41%	844		The calculations are based on invoices and in some cases estimates.
Energy mix for heating and cooling	99% renewable	20% renewable + 80% carbon	100% carbon	100% non-renewable	-						Stockholm uses district heating and cooling. Other countries have technological constraints preventing the use of renewable energy.
Emissions from heating and cooling (tonnes)	1	8	13	8	Included in electricity	30	26	13%	3		Supplier specific emission factors for Stockholm. Emissions factors for Japan and China are based on state grid information. The emission factors for Switzerland are from WWF.
Total Scope 1 and 2 Emissions	5	29	35	12	2	84	80	5%	9		

Environmental responsibility cont.

	2023					Total Tobii 2023 (Stockholm) ¹	2022 Tobii (Stockholm) ¹	Percentage change	2021	2020	General comments and comments on the emission factors and calculations used
	Stockholm	Japan	China	Switzerland	Reston/USA						
Scope 3 emissions											
Transport related emissions (tonnes) ²	224	-	-	-	-	224	262	-15%	182	545	Includes well-to-wheel emissions. The information reported is supplier-specific. The emissions is calculated and is validated by the supplier.
Emissions from business travel (air, train, and hotel) (tonnes) ³	653	-	-	-	-	653	279	134%	34	655	The calculations are based on information from data from our travel agency Egencia with supplier-specific emission factors, as well as emissions data and calculations based on data from our expense's platform Skovik.
Emissions from travel to and from work ⁴ (tonnes)	43	-	-	-	-	43	46	-7%	24	62	The estimate is based on a hybrid work model (60% presence in the office) and parking spaces (only applies to Stockholm).
Emissions from waste generated by own operations (tons)	16	-	-	-	-	16	17	-8%	48	NA	The data covers operations in Stockholm and is insignificant for other locations.
Emissions from purchased good and services	1					1		100%	NA	NA	IT equipment is purchased in Stockholm for all locations except China. Emissions saved from old equipment through take-back programs (reuse/recycle) are considered only for the Stockholm office; other offices have their own programs, not included here.
Total emissions Scope 3, in tonnes CO2e	937	-	-	-	-	937	684	37%	297	NA	
Emission compensation, in tonnes of CO2e						270	225	NA	233		Carbon offsets are purchased using gold standards and recorded in an impact register to minimize the risk of double accounting on Tobii's part. Carbon offsets for transport emissions and waste are made by the service providers and accuracy is checked to ensure integrity.

1) The base year has been set to 2021 due to the spin-off of Tobii Dynavox. The organizational boundary has been extended to include Switzerland, Japan, China, Stockholm, and Reston (USA).

2) Transport-related emissions for 2023. The data for the last quarter is an estimate, the data for quarters 1-3 has been provided by the supplier. Data for 2021 applies to Stockholm, all service providers.

3) Business trips in 2023 refer to data from travel agencies as well as data from our expenses platform Skovik used by the Stockholm office. For 2020 numbers refer to data from travel agencies used by Stockholm and estimates of trips (Stockholm) that are not booked through the travel agency.

4) Scope 3 emissions from trips to and from work refer to the estimation of employee car trips to and from the office in Stockholm. Estimate based on 30% capacity in the office in 2020 and 2021.

Reporting according to EU taxonomy

The EU's taxonomy is a common framework for classifying economic activities as environmentally sustainable. The taxonomy aims to show the extent to which the company's operations are environmentally sustainable and live up to the EU's six environmental goals. The taxonomy is important to help investors identify and compare environmentally sustainable investments by companies indicating how much of the business is partly covered by the taxonomy, and partly how much is compatible with the taxonomy. Tobii is covered by the EU's directive on non-financial reporting and must state the extent to which the activities carried out meet the criteria in the EU's taxonomy.

Tobii has evaluated the scope and compatibility with the respective economic activities described in the "Taxonomy Climate Delegated Act" in order to identify activities that may be covered by the reporting obligation in the EU taxonomy regulation. The taxonomy regulation is currently focused on sectors outside Tobii's scope of activity. Thus, Tobii has no turnover, capital expenditure or operating expenditure attributable to Net sales-generating activities covered by the taxonomy. However, Tobii has certain capital and operating expenses that relate to the purchase of products and services covered by the taxonomy, see further below for further explanation.

ACCOUNTING PRINCIPLES

Turnover: Turnover according to the taxonomy is the same as net turnover according to the group's income statement, see note 5. For Tobii, 0% of turnover is currently covered by the EU's list of eligible economic activities.

CapEx: According to the taxonomy, capital expenditure includes the investments that have been made during the financial year to increase the value of the fixed assets in Tobii's balance sheet, which includes capitalized costs for product development, other intangible fixed assets and tangible fixed assets. Investments that increased the value of right-of-use assets according to IFRS 16 are also included in capital expenditure. Goodwill is not included. Total capital expenditure can be found in note 6, note 15 and note 16, line for additional right of use, investments and business acquisitions. Eligible capital expenditure according to the taxonomy refers partly to the investments made to benefit the activity determined under Turnover, but as no part of the turnover is considered covered by the taxonomy, eligible capital expenditure in this respect becomes 0% of total capital expenditure.

In addition to this, there are investments attributable to purchases from suppliers whose economic activities are covered by the taxonomy. Tobii has determined that the part of capital expenditure mainly related to an extended lease at the head office that is accounted for as right-of-use assets in accordance with IFRS 16 is applicable, since the counterparties in this case are property owners and thus engage in economic activity

included in the legal act of the taxonomy, Annex I, 7.7 "Acquisition and ownership of buildings". Right-of-use assets according to IFRS 16 that are covered by capital expenditure amount to SEK 50 million for the financial year and mainly consist of an extended lease of the head office. Total investments can be found in note 6 on the line additional right of use.

For other investments, Tobii has not been able to confirm with certainty that purchases from suppliers can be assessed as taxonomy aligned and therefore reports all other capital expenditures as not aligned with the taxonomy. In order for it to be possible to confirm this in the future, Tobii works with these processes.

OpEx: According to the taxonomy, total operating expenses are considered to include direct costs that are not booked as assets and that relate to research and development, building renovation, maintenance and service of the group's tangible fixed assets and short-term leasing agreements. For Tobii, these costs mainly consist of research and development expenses amounting to SEK 154 million, as well as renovation and maintenance costs attributable to fixed assets and short-term leasing amounting to SEK 3 million. These costs are not specified in the group's income statement, but are included in research and development costs as well as other operating income and operating expenses in the group's report on comprehensive income. Eligible operating expenses are the part of the total operating expenses that relate to tangible fixed assets used within an eligible business. Since no part of the turnover is covered by the taxonomy, the eligible opex in this respect becomes 0% of total operating expenses. Consideration must also be given to all costs where the supplier carries out economic activities that are described in the legal act of the taxonomy, regardless of whether the cost is linked to activities determined as eligible under Turnover. Tobii has chosen to apply the materiality exception for operating expenses in accordance with the taxonomy regulation, and thus not investigate eligibility for operating expenses, against the background that total operating expenses according to the taxonomy, in addition to R&D costs, for the year only amount to SEK 3 million.

Tobii's operations according to the eu taxonomy for sustainable investments

SEK M	Total	Share of economic activities not covered by the taxonomy (%)	Share of economic activities covered by the taxonomy but not environmentally sustainable (%)	Share of economic activities that are covered by the taxonomy and are environmentally sustainable (%)
Turnover	758	100%	0%	0%
Capex	283	82%	18%	0%
Opex	157	100%	0%	0%

Nuclear energy related activities

Taxonomy-aligned per objective	YES/NO
The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades	NO
Fossil gas related activities	
The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Financial year 2023	Year			Substantial Contribution Criteria						"DNSH criteria ('Does Not Significantly Harm')(h)"						Minimum Safeguards (17)	"Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2022 (18)"	Category enabling activity (19)	Category transitional activity (20)
	"Code (a) (2)"	OpEx (3)	Proportion of OpEx, year 2023(4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)				
Economic Activities (1)		MSEK	%	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)																			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
OpEx of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																			
A. OpEx of Taxonomy eligible activities (A1+A2)																			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities																			
Total																			

Results in performance/career development 2023

Percentage of employees by gender and employee category who receive regular evaluation and follow-up of their performance and career development during the reporting period.

Gender	Total number of employees ¹	Performance/career development 2023	% of full time equivalents
Female	181	164	91%
Male	305	283	93%
Total	486	447	

Type of employment	Number of employees total	Performance/career development 2023	% of full time equivalents
Contractor working as an employee	19	14	74%
Permanent	467	433	93%
Temporary	0	0	0%
Thesis worker/Internship	0	0	0%
Total	486	447	

1) The total number of employees expressed in full-time equivalents as of 31 December 2023

HEALTH INDEX 2023:

3.8/5.0

2022: 3.7/5.0

EMPLOYEE ENGAGEMENT INDEX 2023:

4.1/5.0

2022: 4.1/5.0

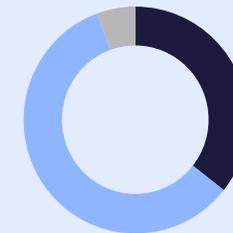
Diversity results for 2023

Full-time employees, part time employees and consultants.

Age	CEO Office	Corporate	Engineering	Finance	HR	Legal	Operations	Sales & Marketing	Segments
<30	0	0	27	1	4	0	11	22	1
30-50	3	1	186	10	7	4	76	154	31
50<	1	0	32	9	0	0	17	20	6
No information	3	0	28	3	1	0	35	16	6
Total	7	1	273	23	12	4	139	212	44

Age	Contractor working as an employee	External consultant	Permanent	Temporary	Thesis worker/ internship
<30	10	0	53	3	0
30-50	37	8	422	2	3
50<	10	1	73	1	0
No information	30	48	10	0	4
Total	87	57	558	6	7

Gender distribution in the staff



■ Female: 35.7%
■ Male: 58.9%
■ Not Specified: 5.5%

Permanent employee by gender and region

Work Country	Full time			Part time			Grand Total
	Female	Male	Not Specified	Female	Male	Not Specified	
Permanent	221	318	0	5	13	0	557
Belgium	3	3					6
China	28	22					50
France		3					3
Germany	7	10			1		18
Japan	15	23					38
South Korea		2					2
Sweden	144	218		4	11		377
Switzerland	2	4			1		7
Taiwan	3	10					13
United Kingdom	1	3		1			5
United States	18	20					38
Temporary	5	0	0	1	0	0	6
Belgium							0
Germany	1						1
Sweden	3			1			4
United Kindom	1						1
Degree project or internship	2	4	0	1	1	0	8
Belgium		1					1
Sweden	2	3		1	1		7
Grand Total¹	228	322	0	7	14	0	571

1) This calculation includes all employees with employment type 'permanent'.

Workers who are not employees

Employment function	Contractor working as an employee	External consultant	Grand Total
CEO Office	1	3	4
Engineering	62	3	65
Finance	3	3	6
HR		1	1
Operations	6	34	40
Sales & Marketing	11	9	20
Segments	4	4	8
Grand Total	87	57	144

Communication and education

Total number and percentage of the management team and other managers to whom the organization's anti-corruption policy and procedures have been communicated.

	Number	Completed	%
The management team	6	6	100%
Other managers	126	117	93%
Total	132	123	93%

Total number and percentage of employees who have received anti-corruption training, divided by employee category and region.

Anti-corruption Training

	Number	Completed	%
Total headcount	571	543	95

Category and region

	Completed	Total	%
Permanent	520	557	93
Belgium	6	6	100
China	49	50	98
France	3	3	100
Germany	11	18	61
Japan	33	38	87
South Korea	0	2	0
Sweden	358	377	95
Switzerland	7	7	100
Taiwan	11	13	85
United Kingdom	4	5	80
United States	38	38	100
Temporary	4	6	67
Belgium	0	0	
Germany	0	1	0
Sweden	3	4	75
United Kingdom	1	1	100
Degree project or internship	4	8	50
Belgium	0	1	0
Sweden	4	7	57
Grand total	528	571	92

GRI-Index

GRI STANDARD	DISCLOSURE	PAGE	OMISSION			CORRESPONDING ESRS DISCLOSURE REQUIREMENT
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
GENERAL DISCLOSURES						
GRI 2: General Disclosures 2021	2-1	Organizational details	2, 37, 45, 63			
	2-2	Entities included in the organization's sustainability reporting	96			
	2-3	Reporting period, frequency and contact point	37, 96, 122			
	2-4	Restatements of information			No restatements of information have been made.	
	2-5	External assurance	45, 117			
Activities and workers						
	2-6	Activities, value chain and other business relationships	2, 12-15, 18-19, 21-22			
	2-7	Employees	111			
	2-8	Workers who are not employees	111			
Governance						
	2-9	Governance structure and composition	45-50			GOV-1
	2-10	Nomination and selection of the highest governance body	46			
	2-11	Chair of the highest governance body	51			
	2-12	Role of the highest governance body in overseeing the management of impacts	45, 49, 50			GOV-2
	2-13	Delegation of responsibility for managing impacts	45, 49, 50			GOV-2
	2-14	Role of the highest governance body in sustainability reporting	49			GOV-2
	2-15	Conflicts of interest	28			
	2-16	Communication of critical concerns	28, 45			

GRI-Index

GRI STANDARD	DISCLOSURE	PAGE	OMISSION			CORRESPONDING ESRS DISCLOSURE REQUIREMENT
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Governance continued.						
	2-17	Collective knowledge of the highest governance body	52-53			
	2-18	Evaluation of the performance of the highest governance body	47-48			
	2-19	Remuneration policies	38, 48-49, 73-75			
	2-20	Process to determine remuneration	38, 48-49, 73-75			
	2-21	Annual total compensation ratio	49, 74			
Strategy, policies and practices						
	2-22	Statement on sustainable development strategy	25-26			SBM-1, G1-3
	2-23	Policy commitments	100-101	C. provide links to the policy commitments if publicly available.	Information unavailable/incomplete.	G1-1, G1-3
	2-24	Embedding policy commitments	100 - 101			G1-1, G1-3
	2-25	Processes to remediate negative impacts	100 - 101			G1-1, S2-3
	2-26	Mechanisms for seeking advice and raising concerns	28, 30, 100-101			
	2-27	Compliance with laws and regulations	101			No significant fines or other sanctions due to breaches of law were imposed on the company.
	2-28	Membership associations	25, 102			
Stakeholder engagement						
	2-29	Approach to stakeholder engagement	96			
	2-30	Collective bargaining agreements	49	A. Report the percentage of total employees covered by collective bargaining agreements.	Not applicable.	Does not have any collective bargaining agreements
MATERIAL TOPICS						
GRI 3: Material Topics 2021	3-1	Process to determine material topics	96			GOV-1, GOV-2
	3-2	List of material topics	96			GOV-2

GRI-Index

GRI STANDARD	DISCLOSURE		PAGE	OMISSION			CORRESPONDING ESRS DISCLOSURE REQUIREMENT
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Business ethics							
GRI 3: Material Topics 2021	3-3	Management of material topics	27-28, 42, 99				
GRI 201: Economic Performance 2016	201-2	Financial implications and other risks and opportunities due to climate change	97-99				
Energy Consumption							
GRI 3: Material Topics 2021	3-3	Management of material topics	31, 99, 101				
GRI 302: Energy 2016	302-1	Energy consumption within the organization	103				E1-5
Emissions of greenhouse gases							
GRI 3: Material Topics 2021	3-3	Management of material topics	31, 98, 99				
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	103				E1-6
	305-2	Energy indirect (Scope 2) GHG emissions	103				E1-6
	305-3	Other indirect (Scope 3) GHG emissions	104	C. Biogenic CO ₂ emissions in metric tons of CO ₂ equivalent.	Information unavailable/incomplete.	We don't have any biogenic CO ₂ .	E1-6

GRI-Index

GRI STANDARD	DISCLOSURE	PAGE	OMISSION			CORRESPONDING ESRS DISCLOSURE REQUIREMENT
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Environmental impact of suppliers						
GRI 3: Material Topics 2021	3-3	Management of material topics	34-35, 98, 99, 101			
GRI 308: Supplier Environmental Assessment 2016	308-2	Negative environmental impacts in the supply chain and actions taken	34-35			
Training and education						
GRI 3: Material Topics 2021	3-3	Management of material topics	29-30, 98, 100			
	404-3	Percentage of employees receiving regular performance and career development reviews	109			
Diversity and gender equality						
GRI 3: Material Topics 2021	3-3	Management of material topics	29-30, 97, 100			
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	110, 111			
Suppliers working conditions						
GRI 3: Material Topics 2021	3-3	Management of material topics	35, 99			
GRI 414: Supplier Social Assessment 2016	414-2	Negative social impacts in the supply chain and actions taken	35, 101	b. Number of suppliers identified as having significant actual and potential negative social impacts. c. Significant actual and potential negative social impacts identified in the supply chain.	Information unavailable/incomplete.	The supplier report is not structured to provide specific details related to the social impacts.

Sustainability report in accordance with the annual accounts act

Tobii is subject to the requirement to produce a sustainability report under the Swedish Annual Accounts Act.

This report contains information required under the points shown here.

- Business model – Strategy (p. 11-16)
- Our business segments (p. 17-23)
- Sustainability (p. 24-35)

Policies and results for key areas:

- Staff – Employees (p. 29-30, 109-112)
- Social issues, human rights – Employees (p. 29-30, 96-99, 100-101), Values and Code of Business Ethics (p. 26-28, 34-35, 96, 99, 101), Working conditions at our subcontractors (p. 34-35, 96, 99, 101)
- Anti-corruption – Values and Code of Conduct and Ethics (p. 27-28, 34-35, 96, 99, 101, 112)
- Environment – Environmental impact (p. 31-35, 96, 97-99, 100-101, 103-108)
- Governance – Governance table (p. 45-47, 100-101)
- Risks – Risks and risk management (p. 40-44, 97-99)

Auditor's report on the statutory sustainability report

To the general meeting of the shareholders in Tobii AB (publ), corporate identity number 556613-9654

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the year 2023 on pages 95-117 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Stockholm 26 April 2024
PricewaterhouseCoopers AB

Henrietta Segenmark
Authorised Public Accountant

The share and the shareholders

Tobii's share has been listed on Nasdaq Stockholm's main market since April 24, 2015.

The share

Tobii has issued two classes of shares; ordinary shares and C shares. Ordinary shares carry one vote per share at general meetings of shareholders while C shares carry one vote per ten shares. The sole purpose of the C shares is to facilitate settlement of Tobii's long-term incentive programs. The C shares are always included in the company's balance sheet and Tobii is not allowed to exercise the voting rights for these shares. Hence, in practice there is only one share class exercising its voting rights and available for trading in Tobii's free float. The total number of outstanding shares on December 31, 2023 amounted to 106,182,266 ordinary shares (105,917,699), and 2,177,379 (1,342,373) C shares in Tobii's balance sheet. After dilution, the number of shares was 106,476,608 (106,248,832), and the total number of votes was 106,400,004 (106,051,936).

The dilution is related to the outstanding warrants and the restricted stock units and is based on the share price at the end of the period. The number of votes increased during the year as a result of the conversion of C shares into ordinary shares linked to the company's incentive program to be able to deliver ordinary shares to participants and to cover the costs related to the programs. The share capital has remained unchanged at SEK 786,359.

As a result of the rights issue that was completed after the end of the year, on April 2, 2024, Tobii's share capital increased by SEK 924,670 to SEK 1,711,028 and the number of ordinary shares and votes increased by 127,418,718 to 233,600,984 ordinary shares and 233,818,722 votes. For more information on the development of the share capital see <https://corporate.tobii.com/investors/the-share>.

Price trend

The highest price paid in 2023 was SEK 24.98 and the lowest was SEK 4.84. During the year, the share price fell by 65% from SEK 16.72 at the end of 2022 to SEK 5.89 at the end of 2023, corresponding to

a decrease in market capitalization of 64% from SEK 1,771 million to SEK 638 million. The number of Tobii shares traded on Nasdaq Stockholm in 2023 was 115,656,402 (97,316,074), corresponding to an average turnover per trading day of 5,654,382 (384,649) shares.

Ownership structure

On December 31, 2023, Tobii had 24,791 known shareholders. The ten largest shareholders held approximately 39.0% of the capital and 39.8% of the votes. The largest owner, Öhman Fonder, controlled 5.9% of the capital and 6.0% of the votes. No shareholder holds, directly or indirectly, more than 10% of the shares in Tobii. The Board of Directors and Management held 7.3 % of the shares in the company. The proportion of Swedish-owned shares was 83.4% and the proportion of foreign-owned shares was 16.6%.

Incentive program

Tobii already has incentive programmes that include employee stock options, stock units and synthetic stock units, covering a total of 189 people. The Annual General Meeting on May 26, 2023 resolved to introduce another share-based incentive program for Group Management and certain key individuals. After the 2023 AGM, 228 people in total were covered by Tobii's incentive scheme. The subscription price for these employee stock options varies depending on when the option series are issued. The series with the lowest subscription price entitles holders to subscribe for shares at SEK 18.26 per share and the series with the highest subscription price entitles holders to subscribe for shares at SEK 35.82 per share. For more information, see Note 8.

Dividend policy

Tobii will continue to reinvest cash flows in growth initiatives and therefore does not anticipate any dividend in the next few years.

Largest shareholders on December 31, 2023

Shareholder	Number of shares	Capital	Votes
Öhman Fonder	6,392,325	5.90%	6.02%
Lannebo Fonder	6,000,000	5.54%	5.65%
Henrik Eskilsson	5,103,952	4.71%	4.81%
Indecap AB	4,459,330	4.12%	4.20%
Avanza Pension	4,263,060	3.93%	4.01%
Handelsbanken Fonder	4,202,722	3.88%	3.96%
John Elvessjö	4,182,000	3.86%	3.94%
Swedbank Robur Fonder	3,058,967	2.82%	2.88%
Mårten Skogö	2,761,500	2.55%	2.60%
Futur Pension	1,854,155	1.71%	1.75%
Total 10 largest shareholders	42,278,011	39.02%	39.82%
Other shareholders	63,904,255	60.98%	60.18%
Total	106,182,266	100.00%	100.00%

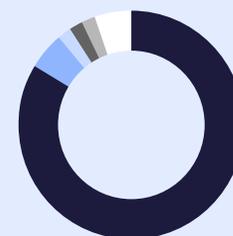
Ownership size distribution on December 31, 2023

Size category	Number of owners	Owner%	Number of shares	Capital%	Votes%
1 - 500	20,043	80.85%	4,403,085	4.06%	4.14%
1,001 - 10,000	4,046	16.32%	12,938,287	11.94%	12.16%
10,001 - 100,000	617	2.49%	15,424,005	14.2%	14.50%
100,001 - 500,000	60	0.24%	12,574,841	11.6%	11.82%
500,001 - 1,000,000	8	0.03%	5,402,692	4.99%	5.08%
1,000,001 - 5,000,000	14	0.06%	35,150,122	32.5%	31.22%
5,000,001 -	3	0.01%	17,496,277	16.15%	16.44%
Unknown size of holding	N/A	N/A	4,970,336	4.54%	4.65%
Total	24,791	100.00%	108,359,645	100.00%	100.00%
Total December 31, 2023	24,791	100.00%	108,359,645	100.00%	100.00%

Quick facts	
Marketplace:	Nasdaq Stockholm
Segment:	Mid cap 2023 Small-Cap 2024
Sector:	Technology
Number of shares:	106,182,266
TICKER:	TOBII
Currency:	SEK
Market capitalization, Dec 31, 2023:	SEK 638 million
ISIN code:	SE0002591420

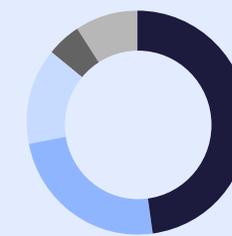
Analysts	
ABG Sundal Collier	Daniel Thorsson
Carnegie	Mikael Laséen
SEB	Erik Larsson
Handelsbanken	Daniel Djurberg

Owners per country



- Sweden: 83%
- Germany: 5%
- US: 2%
- Nordic countries: 2%
- Other countries: 2%
- Anonymous ownership: 5%

Owner categories



- Swedish private individuals: 48%
- Swedish institutions: 24%
- Other: 14%
- Foreign institutions: 5%
- Unknown ownership type: 9%

The share's development since the listing in 2015



The fall in the share price on December 6, 2021 was a result of the distribution of Tobii Dynavox to Tobii's shareholders.

Multi-year overview¹

Multi-year overview, group

SEK m	2023	2022	2021	2020	2019
Net sales, SEK m.	758	776	616	578	1,501
EBITDA, SEK m	-27	27	-27	-97	32
Operating profit/loss (EBIT), SEK m	-184	-122	-186	-230	-138
Net profit/loss for the year, SEK m	-198	-99	3,147	-134	-171
Gross margin, %	75	76	72	71	69
EBITDA margin, %	-4	4	-4	-17	2
EBIT margin, %	-24	-16	-30	-40	-9
Cash flow from operating activities, SEK m	95	137	-23	-39	-13
Cash flow after investing activities, SEK m	-119	-32	-152	-130	-262
Earnings per share, SEK	-1.87	-0.94	31.36	-1.36	-1.73
– whereof continuing operations	-1.87	-0.94	-1.83	-2.67	-
Earnings per share, diluted, SEK	-1.87	-0.94	29.87	-1.36	-1.73
– whereof continuing operations	-1.87	-0.94	-1.83	-2.67	-
Equity per share, SEK	5	7	8	6	7
Working capital, SEK m	-229	-102	-9	-65	-6
Total assets, SEK m	1,149	1,224	1,224	1,655	1,630
Net cash (+)/net debt (-), SEK m	157	334	344	-143	-204
Equity, SEK m	564	754	842	556	676
Equity ratio, %	49	62	69	34	41
Return on equity, %	-31	-13	571	-23	-23
Average number of outstanding shares, millions	106	106	100	99	99
Number of outstanding shares at end of period, millions	106	106	105	99	99
Average number of employees	541	515	512	560	1,003

Multi-year overview, segments

SEK m	2023	2022	2021
Net sales			
Products & Solutions	532	513	459
Integrations	226	264	157
Group	758	776	616
Gross profit			
Products & Solutions	365	354	332
Integrations	202	236	112
Group	567	590	444
Gross margin, %			
Products & Solutions	69	69	72
Integrations	89	89	71
Group	75	76	72

The breakdown of revenue and gross margin between the segments has been changed for Q1 and Q2 2021 compared to the numbers presented in the Year-end Report for 2021 and 2022.

1) Numbers for the years 2020-2021 have been restated for the divestment of Tobii Dynavox in accordance with IFRS 5, where the profit for Tobii Dynavox is presented on a separate line; Profit/loss from discontinued operations. For 2019, the numbers have not been restated for the divestment of Tobii Dynavox.

Definitions

Tobii adopted the new European guidelines for alternative performance measures as of July 3, 2016. Tobii's key performance measures, definitions and purposes, as presented below are not defined in accordance with IFRS. These measures as defined by Tobii should not be seen as a replacement for terms and concepts in accordance with IFRS and may not be comparable to similar performance measures used by other companies. The company believes that these financial performance measures provide a better understanding of trends relating to financial results and that these alternative performance measures are useful information to Tobii's management, investors and other stakeholders when used in conjunction with other performance measures that are defined in accordance with IFRS.

Reconciliation of alternative performance measures¹⁾

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

SEK m	2023	2022
Operating profit/loss before depreciation, amortization and impairment, (EBITDA)	-27	27
Amortization and write-downs on intangible assets	-125	-119
Depreciation and write-downs on tangible assets	-32	-30
of which, right-of-use assets (IFRS 16 Leases)	-27	-24
Operating profit/loss (EBIT)	-184	-122

1) This section presents reconciliation of only those key performance measures that are not possible to calculate from information in the financial statements in this Annual Report.

Key performance measures

Gross margin
EBITDA
EBITDA margin
Operating profit/loss (EBIT)
Operating margin (EBIT margin)
Cash flow from operating activities
Free cash flow
Working capital
Net cash (+)/net debt (-)
Organic growth
Equity/assets ratio
Net debt/equity ratio
Return on equity
Equity per share
Average number of employees

Definition

Gross profit in relation to the net sales of the business.
Operating profit/loss before depreciation, amortization and impairment.
Operating profit/loss before depreciation, amortization and impairment in relation to the net sales of the business.
Operating profit/loss before financial income and expenses, and taxes.
Operating profit/loss in relation to the net sales of the business.
Cash flow from operating activities including change in working capital and before cash flow from investing and financing activities.
Cash flow from operating and investment activities, excluding acquisitions and disposals of subsidiaries.
Inventories, trade receivables and other current receivables less trade payables and other current non interest-bearing liabilities.
Cash and cash equivalents less interest-bearing liabilities.
Change in total sales for the period adjusted for acquisitions, disposals and currency, compared with total sales for the comparative period.
Total equity as a percentage of total assets.
Interest-bearing liabilities divided by shareholders' equity.
Profit after tax in relation to average equity during the period.
Equity at the end of the period attributable to the parent company's shareholders divided by the number of shares at the end of the period.
The average number of permanent employees, including part-time employees converted to full-time employment.

Purpose

Gross margin is used to measure production profitability.
EBITDA is used to measure earnings from operating activities excluding depreciation, amortization and impairment.
The EBITDA margin is used to illustrate EBITDA in relation to sales.
EBIT is used to measure operating profitability.
The EBIT margin is used to illustrate EBIT in relation to sales and is a measure of the company's profitability.
Cash flow from operating activities is used as a measure of the cash flow the Group generates before investments and financing.
Free cash flow is used as a measure of the cash flow generated by the underlying business excluding cash flow from acquisitions, divestments and the financing activities.
Working capital is used to measure the company's capacity to meet its current capital requirements.
Net debt represents the company's capacity to pay off all of its debts should they fall due for payment as of the balance sheet date using the company's available cash and cash equivalents on the balance sheet date.
Organic growth is used to measure the underlying growth in local currencies of the business.
The equity/assets ratio shows the percentage of total assets financed by the shareholders through equity.
The net debt/equity ratio measures the extent to which the company is financed through loans.
Return on equity is used to analyze profitability over time.
Equity per share measures the Group's net value per share.
Average number of employees measures the number of full-time employees in the Group needed to generate the period's earnings.

Information to shareholders

Annual general meeting 2024

The Annual General Meeting (AGM) for Tobii AB (publ) will be held on Thursday, May 23, 2024 at 13:00 at Tobii's head office. Shareholders will also be able to exercise their voting rights at the general meeting by voting in advance by postal voting. All meeting documents are available at: <https://corporate.tobii.com/investors/calendar/2024-annual-general-meeting>

Participation and notice of participation

Shareholders who wish to participate in the AGM must:

- be recorded in the shareholders register maintained by Euroclear Sweden AB no later than May 15, 2024,
- and must notify the company of their participation no later than May 17, 2024.

Notice may be given in the following ways:

- By email to: generalmeeting@tobii.com
- By mail to: Tobii AB, att. Carolina Strömlid, Karlsrovägen 2D, Box 743, 182 17 Danderyd, Sweden

Nominee-registered shares

In order to be entitled to participate in the AGM, a shareholder whose shares are registered in the name of a nominee, must, in addition to giving notice of participation in the AGM, register its shares in its own name so that it is registered as a shareholder in the share register by May 15, 2024. Such registration may be temporary (so-called voting rights registration), and request for such voting rights registration shall be made to the nominee, in accordance with the nominee's routines, at such a time as decided by the nominee. Voting rights registrations that have been made no later than the second banking day after May 15, 2024 will be taken into account in the presentation of the share register.

Advance voting

The shareholders may exercise their voting rights at the AGM by voting in advance, so-called postal voting, according to Section 22 of the Act (2020:198) on Temporary Exceptions to Facilitate the Execution of General Meetings in Companies and Other Associations. The completed voting form must be received by Tobii no later than Friday, May 17, 2024. The completed form can be sent in writing, by mail or email, to any of the addresses above.

Financial information and press releases

The Annual and Sustainability Report for 2023 is available as a downloadable PDF at <https://corporate.tobii.com/investors>. Tobii's financial reports, presentations and press releases are also available here. A subscription service is also available to register to receive reports and presentations. Tobii chooses not to distribute printed copies of the Annual and Sustainability Report for environmental reasons.

Financial calendar

- Interim Report Q1 2024, May 16, 2024
- Annual General Meeting 2024, May 23, 2024
- Interim Report Q2 2024, July 19, 2024
- Interim Report Q3 2024, October 25, 2024
- Year-end Report 2024, February 4, 2025

IR contact

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