



Press release

Stockholm, December 13, 2023

Tobii acquires AutoSense from Xperi accelerating path to leadership in Automotive Interior Sensing with expected revenues of MSEK 500 in 2028 and plans a MSEK 300 rights issue

Tobii AB (“Tobii”) has entered into an agreement to acquire the AutoSense business from Xperi Inc. (the “Transaction”) for a minimum consideration of USD 45 million. This transformational Transaction accelerates Tobii’s path to leadership in the Automotive Interior Sensing market by combining the capabilities of Tobii and AutoSense. The new Tobii Autosense business segment (the “Segment”) has significant design wins with seven OEMs who represent more than 15 percent of the global annual automobile production. The Segment is expected to generate SEK 500 million of revenue in 2028 and reach cash flow break-even in 2026. To finance the operational expenses needed for the Segment in 2024 and 2025, Tobii intends to raise SEK 300 million through a rights issue during the first quarter of 2024. As a result of the Transaction, Tobii Group expects a substantial EBIT improvement in 2024 and intends to present new targets for the group during the first quarter 2024.

Transaction in brief

- Tobii acquires FotoNation Ltd from [Xperi Inc.](#) (NYSE: XPER), which includes AutoSense, a business delivering Driver Monitoring System (“DMS”) and Occupant Monitoring System (“OMS”) solutions.
- In addition to the automotive related technologies Tobii is also receiving technology and patents related to image processing and computer vision.
- The Transaction is of a transformational character for Tobii, with the creation of a new business segment named Tobii Autosense which features one of the strongest product offerings in the Automotive Interior Sensing market.
- FotoNation Ltd has approximately 250 full-time employees.
- The Segment has a substantial set of design wins with seven vehicle OEMs across more than 100 models, of which six from AutoSense and one from Tobii. These seven OEMs represent more than 15 percent of the global annual automobile production including a large Korean, a large premium German and a large Japanese car manufacturer.
- The Transaction is expected to be EBIT accretive in 2024 and deliver revenue of SEK 180-220 million in 2024. SEK 30-50 million of the 2024 revenue is attributable to the Segment.
- The Segment is expected to generate around SEK 500 million in revenue by 2028 and reach cash flow break-even in 2026. The larger volume of design wins is scheduled for start of production in 2025 and 2026.
- Tobii expects to be able to extract material cost and scalability synergies throughout the Segment.
- The consideration for 100 percent of the shares in FotoNation Ltd on a cash- and debt-free basis amounts to a minimum of USD 45 million.
 - No upfront cash or share consideration.
 - Approximately USD 30 million of the consideration will be structured as a promissory note at 8% interest. The promissory note and interest are 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.
 - Additional earn outs can be paid in 2031 if the Segment meets certain volume and deployment targets.



- The Transaction is expected to close within 30 days and is subject to customary closing conditions.
- To finance the operational expenses needed for the Segment in 2024 and 2025, Tobii intends raise SEK 300 million through a rights issue during the first quarter of 2024.
- Tobii intends to summon an Extraordinary General Meeting to resolve on the rights issue.

CEO comment

“Tobii’s ambition is to be a long-term global leader in the Automotive Interior Sensing market. I am thrilled that with this acquisition we have accelerated this timeline significantly. The combination of AutoSense and Tobii’s DMS will deliver one of the most comprehensive Interior Sensing offerings and brings the credibility of multiple marquee design wins with a demonstrated ability to deliver these technologies into cars on the road”, said Anand Srivatsa, CEO of Tobii.

Background and reasons

Automotive Interior Sensing is a fast-growing industry that includes both DMS and OMS. This market is growing rapidly due to safety regulations mandating its use starting in Europe and an increased focus on safety, comfort and convenience features. The global DMS market is forecasted to reach revenues of approximately USD 5 billion by 2033¹.

Tobii’s mission is to improve the world with technology that understands human attention and intent, a new technology domain named attention computing. Automotive Interior Sensing, which will reduce the number of automotive injuries and fatalities, is a core part of Tobii’s attention computing ambition. The technology capabilities required for Automotive Interior Sensing are valuable in other verticals where Tobii is active, including scientific research, personal computing and extended reality.

The acquisition brings together the capabilities of Tobii and AutoSense enabling Tobii to deliver one of the strongest product offerings in the Automotive Interior Sensing market. The Transaction also brings a set of significant customer design wins. It is expected that the Transaction will unlock both significant cost and scalability synergies by reducing overlapping investments and reusing technologies into other verticals. The combination of product offering and market credibility will accelerate Tobii’s path to leadership in Automotive Interior Sensing.

About the Transaction and financial guidance

The AutoSense business unit is acquired from US-listed entity Xperi Inc. In addition to the automotive-related assets Tobii is acquiring general computer vision and image processing technologies which can be monetized in other verticals. Tobii will also receive ownership of a substantial patent portfolio covering automotive applications, computer vision and image processing technologies. AutoSense has significant design wins with six OEMs representing more than 15 percent of the global annual automobile production including a large Korean, a large premium German and a large Japanese passenger car manufacturer.

AutoSense has approximately 250 full-time employees. The majority of the resources are within engineering and located in Romania with a secondary site in Ireland. In addition, there are local sales and marketing resources located in the US, Japan and China.

The Q3 2023 LTM revenue for the acquired entities amounted to SEK 177 million and Q3 2023 LTM EBIT was SEK -161 million. The Transaction is expected to generate approximately SEK 180-220 million of revenue in 2024 and be EBIT accretive in 2024. The near-term revenue and positive EBIT contribution stems largely from the image processing and computer vision technologies while the mid to long-term revenue and EBIT contribution will come from Automotive Interior Sensing. It is expected that the revenue generated outside of Automotive Interior Sensing will decline after 2024.

¹ Source: Custom Market Insights 2023.



The revenue for Tobii's new Segment is expected to generate SEK 30-50 million in 2024 and around SEK 500 million in 2028. The Segment is expected to reach cash flow break-even in 2026. The larger volume of design wins is scheduled for start of production in 2025 and 2026. The Autosense gross margin, from primarily software related revenue, is expected to be at a similar level to the Tobii Integrations segment.

As a result of the Transaction, Tobii Group expects a substantial EBIT improvement for the full year 2024 and intends to present new targets for the group during the first quarter 2024.

New segment reporting and re-organization

As a result of the Transaction, Tobii will re-organize into three business segments; Products & Solutions, Integrations and Autosense. These segments will be reported at EBIT level starting in the first quarter of 2024. The computer vision and image processing technologies that Tobii acquires through the Transaction will be included in the Integrations segment.

The Transaction will allow Tobii to extract synergies and be more efficient in the Segment. In addition, overall investments in the other two business segments will be reduced.

Consideration and Transaction structure

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 paid in three annual installments starting in 2027. The promissory note is secured by corporate mortgage certificates issued in Tobii. 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 can be generated if the Segment meets certain volume and deployment targets and will be paid in 2031.

Conditions

The Transaction is expected to close within 30 days and is subject to customary closing conditions.

The rights issue

To finance the operational expenses needed for the Segment in 2024 and 2025, Tobii intends to conduct a SEK 300 million rights issue during the first quarter of 2024. The capital raise will ensure that the Tobii Group is fully financed and able to reach long-term profitability.

Extraordinary General Meeting

Tobii intends to summon an Extraordinary General Meeting to resolve on the rights issue. The notice for the Extraordinary General Meeting will be published separately at a later date.

Financial and legal advisors

Carnegie Investment Bank AB (publ) is acting as financial advisor to Tobii in relation to the Transaction and rights issue. Advokatfirman Vinge and Katten Muchin Rosenman LLP are acting as legal counsels.

Webcast conference call for investors, analysts and media today at 9.30 a.m. CET

Tobii's CEO Anand Srivatsa and CFO Magdalena Rodell Andersson will present and comment on the Transaction at 9.30 a.m. CET today. The presentation will be held in English.



[Link to the webcast](#)

Please make sure you are connected to the webcast by logging in and registering to the Microsoft Teams service a few minutes before the presentation begins. It will be possible to ask questions via the chat. If you wish to ask questions verbally, please contact investor relations. The presentation material and a recording of the webcast will be available at [Tobii's website](#).

For more information, please contact:

Magdalena Rodell Andersson, CFO, Tobii AB, phone: +46 (0)73 327 87 76

Carolina Strömlid, Head of Investor Relations, Tobii AB, phone: +46 (0)70 880 71 73, email: carolina.stromlid@tobii.com

Joel Karlsson, Head of Communications, Tobii AB, phone: +46 (0)70 481 72 34, email: joel.karlsson@tobii.com

This information is information that Tobii AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, on December 13, 2023, at 12.15 a.m. CET.

About Tobii

Tobii is the global leader in eye tracking and pioneer of attention computing. We are on a mission to improve the world with technology that understands human attention and intent. Creating tech for a better future, our technologies and solutions apply to areas such as behavioral studies and research, healthcare, education and training, gaming, extended reality, automotive, and many more. Tobii's eye tracking is used by thousands of enterprises, universities, and research institutes around the globe. Headquartered in Sweden, Tobii is listed on Nasdaq Stockholm (TOBII). For more information: www.tobii.com