



Year-end report

Q4 2023

January-December 2023

Robust year-end with profitability target achieved

FOURTH QUARTER 2023

- Revenue was SEK 255 million (262), corresponding to an organic decline of 4%
- Gross margin was 74% (78%)
- Operating result (EBIT) was SEK -14 million (9). Adjusted for M&A costs of SEK 31 million EBIT was SEK 16 million, reaching Tobii's profitability target for the quarter
- Profit/loss for the quarter amounted to SEK -29 million (-9)
- Earnings per share amounted to SEK -0.27 (-0.08)
- Cash flow after continuous investments amounted to SEK -26 million (147)

SIGNIFICANT EVENTS DURING AND AFTER THE QUARTER

- On 13 December 2023, Tobii entered into an agreement to acquire AutoSense, strategically enhancing the position in Automotive Interior Sensing. Simultaneously, a planned rights issue of SEK 300 million in the first quarter of 2024 was announced.
- The acquisition was completed on 31 January 2024.
- New financial targets were announced on 1 February 2024.

JANUARY-DECEMBER 2023

- Revenue was SEK 758 million (776), corresponding to an organic decline of 6%
- Gross margin was 75% (76%)
- Operating result (EBIT) was SEK -184 million (-122). Adjusted for M&A costs of SEK 31 million EBIT was SEK -153 million
- Profit/loss for the period amounted to SEK -198 million (-99)
- Earnings per share amounted to SEK -1.87 (-0.94)
- Cash flow after continuous investments amounted to SEK -119 million (-32)

FINANCIAL OVERVIEW

SEK m (except for earnings per share)	Q4 2023	Q4 2022	Δ%	Organic Δ%	Full year 2023	Full year 2022	Δ%	Organic Δ%
Revenue								
Products & Solutions	173	161	7%	5%	532	513	4%	0%
Integrations	82	101	-19%	-20%	226	264	-14%	-17%
Total	255	262	-3%	-4%	758	776	-2%	-6%
Operating profit/loss from continuing operations (EBIT)	-14	9			-184	-122		
Profit/loss from discontinued operations	-	-			-	-1		
Profit/loss for the period	-29	-9			-198	-99		
Earnings per share (SEK)	-0.27	-0.08			-1.87	-0.94		
- whereof continuing operations	-0.27	-0.08			-1.87	-0.94		
Cashflow after continuous investments	-26	147			-119	-32		

Comments from the CEO

Robust ending with profitable fourth quarter

We are pleased that we ended the year on a positive note, reaching our EBIT profitability target for Q4 2023 excluding costs related to the AutoSense acquisition. Revenue declined 4% on an organic basis for the quarter, but we witnessed a significant bounce back from Q3 2023 levels. We also implemented initiatives to reduce our operational cost base by more than 10% in the quarter. These reductions will deliver an ongoing effect in operational expenses in 2024.

2023 was a challenging financial year for Tobii, however, it also marked a pivotal year for attention computing technology, making its mainstream debut. Industry momentum was evident, with Sony launching their PlayStation VR2 headset featuring our eye tracking technology in February. This trend was reinforced by major industry players such as Apple, Meta, and Amazon unveiling new devices featuring eye tracking capabilities, emphasizing its growing significance in the technology landscape.

Record-breaking high Product & Solutions revenue

In the quarter, Products & Solutions achieved an organic growth of 5%, marking the highest revenue quarter for the segment in our history. We observed stable demand from enterprise and academic customers, with strength in the Americas, but faced challenges in China. We saw significant double-digit revenue growth in our gaming product line during the quarter and the entire year.

High customer engagement for eye tracking in XR

Our Integrations segment experienced a 20% organic revenue decline in the quarter compared to an exceptional performance the same period last year. Despite the absence of Sony PSVR 2 revenue, we achieved our second-highest revenue quarter on record, showcasing the resilience of our business. Since the announcement of the Apple Vision Pro headset, we have increased customer engagement to integrate eye tracking into VR and AR headsets. Tobii now has established robust engineering engagements with several of the leading companies in VR and AR.

Transformational automotive acquisition

We have now closed the acquisition of AutoSense. Tobii has significantly strengthened its position in Automotive Interior Sensing with a substantial set of reference design wins. We have high volume design wins with a premium German automaker, a Korean automaker and a Japanese automaker scheduled for production in 2025 and 2026. In total we count seven OEMs as our customers across more than 100 vehicle models.

Our technology is proven and since 2019 our automotive solutions have shipped in around 300,000 vehicles on the road. I am excited for us to start the integration process, take advantage of the cost and technology synergies and build on AutoSense's existing success as a leader in Interior Sensing.

Rights issue and new financial targets

We announced plans to finance our operational expenses for our Autosense business by raising SEK 300 million through a rights issue in the first quarter 2024, fully financing ourselves for the path to profitability. Simultaneously, we reorganized our business into three segments to improve efficiency, mandate, and transparency.

These strategic changes considerably enhance Tobii's overall position. As previously communicated, we expect to deliver a significantly improved EBIT result in 2024. We have set new financial targets which replace our existing targets. Aligned with our commitment to profitability, we target a positive cash flow and an EBIT margin of around 10% in 2026 and an EBIT margin of around 20% in 2028.



Anand Srivatsa
CEO, Tobii

Anand Srivatsa
CEO

Financial performance

GROUP

SEK m	Q4 2023	Q4 2022	Full year 2023	Full year 2022
Revenue	255	262	758	776
Revenue change:	-3%		-2%	
- of which organic	-4%		-6%	
- of which currency	1%		4%	
Gross profit	189	205	567	590
Gross margin	74%	78%	75%	76%
EBITDA	28	43	-27	27
EBITDA margin	11%	16%	-4%	4%
Operating profit/loss (EBIT)	-14	9	-184	-122
EBIT margin	-6%	3%	-24%	-16%

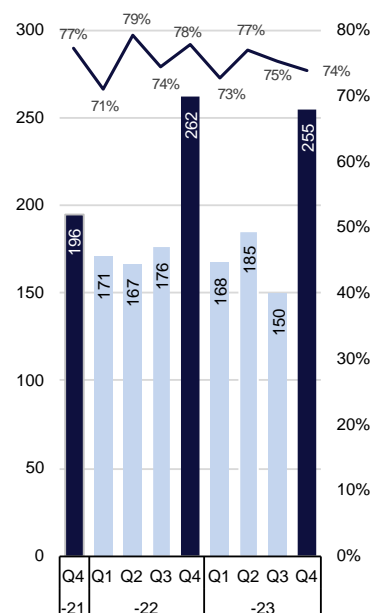
PRODUCTS & SOLUTIONS

SEK m	Q4 2023	Q4 2022	Full year 2023	Full year 2022
Revenue	173	161	532	513
Revenue change:	7%		4%	
- of which organic	5%		0%	
- of which currency	2%		4%	
Gross profit	117	116	365	354
Gross margin	68%	72%	69%	69%

INTEGRATIONS

SEK m	Q4 2023	Q4 2022	Full year 2023	Full year 2022
Revenue	82	101	226	264
Revenue change:	-19%		-14%	
- of which organic	-20%		-17%	
- of which currency	1%		3%	
Gross profit	72	89	202	236
Gross margin	87%	88%	89%	89%

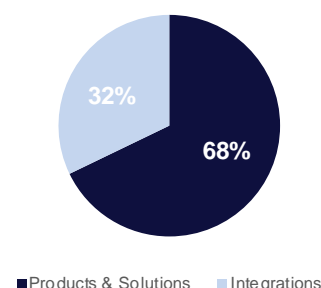
REVENUE, SEK M, AND GROSS MARGIN, %



RESEARCH AND DEVELOPMENT, Q4, 2023

SEK m	2023	2022
Total R&D expenditures	-86	-97
Capitalization	52	45
Amortization	-33	-28
R&D expenses in the income statement	-67	-79

PERCENTAGE OF REVENUE PER SEGMENT Q4, 2023



OCTOBER-DECEMBER**REVENUE**

Revenue was SEK 255 million (262), corresponding to an organic decline of 4%.

Products & Solutions revenue was SEK 173 million (161), corresponding to an organic growth of 5%. Revenue increased due to robust demand in the Americas region, offset by weaker demand in China.

Integrations revenue was SEK 82 million (101), corresponding to an organic decline of 20%. In the quarter, no revenue was recorded from Sony PS VR2 licenses compared to the same quarter last year.

RESULTS

The gross margin was 74% (78%). The weakened gross margin was an effect of a change in product mix in the Product & Solutions segment.

Products & Solution's gross margin was 68% (72%).

Integrations gross margin was 87% (88%). The gross margin remained on a high level, reflecting the general trend towards a more software, service and license-based product mix.

Operational expenses increased to SEK 203 million (195). Excluding M&A costs of SEK 31 million related to the acquisition of AutoSense, the operational expenses decreased by SEK 23 million. The lower cost level was mainly attributable to cost reduction initiatives implemented during the quarter lowering operational expenses by more than 10%. These initiatives will deliver the same level of cost reduction for the full year 2024.

The operating result was SEK -14 million (9) and the operating margin was -6% (3%). Adjusted for M&A costs of SEK 31 million related to the acquisition of AutoSense, the operating result was SEK 16 million and the operating margin was 6%.

Net financial items amounted to SEK -13 million (-18) and included SEK -15 million (-15) in currency effects and SEK -4 million (-4) of interest expenses primarily related to finance leases under IFRS 16 and interests due to temporary covid tax reliefs. Interest income contributed positively with SEK 5 million (1).

Profit/loss before tax was SEK -28 million (-9).

Profit/loss for the quarter was SEK -29 million (-9) and diluted earnings per share was SEK -0.27 (-0.08).

CASH FLOW

Cash flow from operating activities before changes in working capital amounted to SEK 22 million (40). Change in working capital amounted to SEK 5 million (151). The corresponding quarter last year working capital was positively affected by SEK 166 million in temporary covid-related tax reliefs. Tobii has been granted a repayment schedule over three years for the tax reliefs originally due in February 2024. Half of the amount will be paid in the third quarter of 2025, with the remainder to be paid in the first quarter of 2027.

Investments in intangible, tangible, and financial fixed assets amounted to SEK 53 million (44), including SEK 52 million (45) in capitalization of R&D costs. Cash flow after continuous investments was SEK -26 million (147). Cash flow from financing activities amounted to SEK -7 million (-8), mainly related to installments of IFRS 16 Leases.

JANUARY-DECEMBER**REVENUE**

Revenue was SEK 758 million (776), corresponding to an organic decline of 6%.

Products & Solutions revenue was SEK 532 million (513), corresponding to a flat organic development. This was related to weakness in enterprise sales balanced by increased sales to gaming customers.

Integrations revenue was SEK 226 million (264), corresponding to an organic decline of 17%. The revenue decline was related to lower Sony PS VR2 license revenue compared with last year. Excluding the Sony revenue in the previous year, the segment achieved a double-digit organic revenue growth.

RESULTS

The gross margin was 75% (76%).

Products & Solution's gross margin was 69% (69%).

Integrations gross margin was 89% (89%). The gross margin remained on a high level, reflecting the general trend towards a more software, service and license-based product mix.

Operational expenses increased to SEK 751 million (712). Excluding the M&A expenses of SEK 31 million and a negative impact in currency effects on operational balance sheet items of SEK -9 (7) million, the operational expenses have decreased with SEK 8 million. The lower cost level was mainly attributable to cost reduction initiatives implemented during the fourth quarter 2023.

The operating result was SEK -184 million (-122) and the operating margin was -24% (-16%). Adjusted for M&A costs of SEK 31 million related to the acquisition of AutoSense operating result was SEK -153 million and the operating margin was -20%.

Net financial items amounted to SEK -13 million (24) and included SEK -4 million (29) in currency effects and SEK -15 million (-6) of interest expenses primarily related to finance leases under IFRS 16 and interests due to temporary covid tax reliefs. Interest income contributed positively with SEK 7 million (1).

Profit/loss before tax was SEK -197 million (-99).

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

CASH FLOW 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 (129) million stemmed from a deferral of tax related to covid-reliefs.

Investments in intangible, tangible, and financial fixed assets amounted to SEK 214 million (169), including SEK 202 million (172) in capitalization of R&D costs. Cash flow after continuous investments was SEK -119 million (-32). Acquisitions amounted to SEK 15 million (-).

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

At the close of the period, Tobii had SEK 236 million (402) in cash and cash equivalents. In addition, the company has an unused credit facility of SEK 50 million. Consolidated net cash totaled SEK 157 million (334), including SEK -68 million (-53) in IFRS 16 finance leases.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	Q4 2023	Q4 2022	Full year 2023	Full year 2022
Continuing operations				
Revenue	255	262	758	776
Cost of goods and services sold	-66	-57	-191	-186
Gross profit	189	205	567	590
Selling expenses	-105	-79	-350	-313
Research and development expenses	-67	-79	-278	-278
Administrative expenses	-25	-39	-122	-144
Other operating income and operating expenses	-6	2	-1	23
Operating profit/loss (EBIT)	-14	9	-184	-122
Net financial items	-13	-18	-13	24
Profit/loss before tax	-28	-9	-197	-99
Tax	-1	0	-1	0
Profit/loss for the period from continuing operations	-29	-9	-198	-99
Discontinued operations				
Profit/loss for the period from discontinued operations	-	-	-	-1
Profit/loss for the period	-29	-9	-198	-99
Other comprehensive income				
Items that may subsequently be reclassified to profit or loss for the period:				
Translation differences	12	13	4	-19
Other comprehensive income for the period, net after tax	12	13	4	-19
Total comprehensive income for the period	-17	4	-194	-119
Earnings per share, SEK	-0.27	-0.08	-1.87	-0.94
- whereof continuing operations	-0.27	-0.08	-1.87	-0.94
Earnings per share, diluted, SEK	-0.27	-0.08	-1.87	-0.94
- whereof continuing operations	-0.27	-0.08	-1.87	-0.94
Profit/loss for the period attributable to:				
Parent Company shareholders	-28	-8	-199	-100
Non-controlling interests	-0	-1	0	0
Total comprehensive income for the period attributable to:				
Parent Company shareholders	-16	4	-194	-119
Non-controlling interests	-0	-1	0	0

CONDENSED CONSOLIDATED BALANCE SHEET

SEK m	Dec 31 2023	Dec 31 2022
NON-CURRENT ASSETS		
Intangible assets	517	423
Tangible fixed assets	14	8
Right-of-use assets	68	52
Financial and other non-current assets	70	72
Total non-current assets	669	555
CURRENT ASSETS		
Accounts receivable	116	132
Inventories	70	65
Other current receivables	58	70
Cash and cash equivalents	236	402
Total current assets	480	669
Total assets	1,149	1,224
EQUITY		
Equity, Parent Company shareholders	562	752
Non-controlling interests	2	2
Total equity	564	754
LIABILITIES		
NON-CURRENT LIABILITIES		
Interest-bearing loans	12	16
Leasing liabilities	43	25
Other non-current liabilities	33	33
Total non-current liabilities	88	73
CURRENT LIABILITIES		
Leasing liabilities	24	28
Other current liabilities	473	369
Total current liabilities	497	397
Total liabilities	585	470
Total equity and liabilities	1,149	1,224

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK m	Attributable to Parent Company shareholders					Non-controlling interests	Total equity
	Share capital	Other contributed capital	Reserves	Retained earnings	Total		
Opening balance, Jan 1, 2022	1	1,976	-21	-1,116	840	2	842
Comprehensive income for the period			-19	-100	-119	0	-119
New share issue, exercise of warrants incentive programs	0	21			21		21
Sale of own shares				2	2		2
Share based payments settled using equity instruments				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 opening balance*				-7	-7		-7
Comprehensive income for the period			4	-199	-194	0	-194
New share issue	0	0			0		0
Sale of own shares				2	2		2
Share based payments settled using equity instruments				9	9		9
Closing balance, Dec 31, 2023	1	1,996	-35	-1,400	562	2	564

* adjustment Tobii Dynavox

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

SEK m	Q4 2023	Q4 2022	Full year 2023	Full year 2022
Cash flow from operating activities				
Profit/loss after financial items, continuing operations	-28	-9	-197	-99
Adjustment for items not included in the cash flow	51	50	163	142
Taxes paid	-1	-0	-3	-1
Cash flow from operating activities before change in working capital	22	40	-37	41
Cash flow from change in working capital	5	151	132	96
Cash flow from operating activities	27	192	95	137
Investments in intangible, tangible and financial fixed assets	-53	-44	-214	-169
Cash flow after continuous investments	-26	147	-119	-32
Acquisitions and divestments	0	-	-15	-
Cash flow after investments	-26	147	-134	-32
Interest-bearing debt, including Bond issue	-1	-1	-3	-1
New share issue, net of issue costs	0	-	0	-
Exercise of warrants, incentive program	-	-	-	21
Instalments of leasing liability IFRS 16	-6	-7	-27	-27
Other financing activities, net	0	-	0	-
Cash flow from financing activities	-7	-8	-29	-8
Cash flow for the period, continuing operations	-33	140	-163	-40
Cash flow for the period, discontinued operations	-	-	-	-1
Cash flow for the period, total	-33	140	-163	-41
Cash and cash equivalents at the beginning of the period	271	263	402	438
Foreign currency translation, cash and cash equivalents	-2	-0	-3	5
Cash and cash equivalents at the end of the period	236	402	236	402

BREAKDOWN OF REVENUE*

SEK m	Q4 2023	Q4 2022	Full year 2023	Full year 2022
REVENUE BY PRODUCT CATEGORY				
Hardware	157	135	439	417
<i>whereof Product & Solutions</i>	122	115	366	361
<i>whereof Integrations</i>	35	20	73	56
Software	53	74	190	239
<i>whereof Product & Solutions</i>	31	30	104	94
<i>whereof Integrations</i>	22	44	86	145
Services	44	53	128	120
<i>whereof Product & Solutions</i>	19	16	62	58
<i>whereof Integrations</i>	25	37	66	62
Total revenue	255	262	758	776
REVENUE BY TIMING CATEGORY				
At a point in time	245	256	728	757
<i>whereof Product & Solutions</i>	163	155	502	493
<i>whereof Integrations</i>	82	101	226	264
Over time	9	6	30	19
<i>whereof Product & Solutions</i>	9	6	30	19
<i>whereof Integrations</i>	-	-	-	-
Total revenue	255	262	758	776
REVENUE BY GEOGRAPHIC MARKET				
EMEA	93	76	253	221
Americas	91	85	251	215
Other countries	71	101	254	340
Total revenue	255	262	758	776

* During, 2023, Tobii has changed classifications of certain products in the revenue by products categories and revenue by timing categories. Also changes between geographic markets have been made compared to earlier reporting. For those reasons, the figures for the comparison period have been recalculated.

CONSOLIDATED KEY RATIOS

	Q4 2023	Q4 2022	Full year 2023	Full year 2022
Earnings per share, SEK	-0.27	-0.08	-1.87	-0.94
- whereof continuing operations	-0.27	-0.08	-1.87	-0.94
Earnings per share, diluted, SEK ¹	-0.27	-0.08	-1.87	-0.94
- whereof continuing operations	-0.27	-0.08	-1.87	-0.94
Equity per share, SEK	5	7	5	7
EBITDA, continuing operations, SEK m	28	43	-27	27
EBIT, continuing operations, SEK m	-14	9	-184	-122
Cash flow from operating activities, SEK m	27	192	95	137
Cash flow after continuous investments , SEK m	-26	147	-119	-32
Working capital, SEK m	-229	-102	-229	-102
Total assets, SEK m	1,149	1,224	1,149	1,224
Net cash(+)/net debt (-), SEK m	157	334	157	334
Net cash(+)/net debt (-): IFRS 16 Leasing excluded, SEK m	224	386	224	386
Equity, SEK m	564	754	564	754
Average equity, SEK m	576	737	645	773
Equity/assets ratio, %	49	62	49	62
Debt/equity, %	14	9	14	9
Gross margin, continuing operations, %	74	78	75	76
EBITDA margin, continuing operations, %	11	16	-4	4
EBIT margin, continuing operations, %	-6	3	-24	-16
Return on total equity, %	-5	-1	-31	-13
Average number of outstanding shares	106,182,266	105,917,146	105,973,395	105,689,377
Average number of outstanding shares after dilution	108,179,706	106,248,832	107,831,439	108,538,200
Number of outstanding shares at period end	106,182,266	105,917,699	106,182,266	105,917,699
Number of outstanding shares after dilution at period end	108,040,310	106,248,832	108,040,310	106,248,832
Average number of employees	543	534	541	515

1) On December 31, 2023 a total of 4.3 million warrants, stock options, and stock units were outstanding, which is an increase of 0.4 million since the end of 2022. During the year, 236,741 warrants and stock options have been redeemed, relating to the following programs: LTI 2014/24:1 (16,500), LTI 2018:2 (3,229), LTI 2017:2 (9,684), LTI 2019 (4,844), LTI 2020 (167,985) and LTI 2021 (34,499). The dilution effect of warrants, stock options, and stock units in all the Company's incentive programs and maximum issuance under LTI 2023 corresponds to a maximum of approximately 4,2%.

QUARTERLY DATA

Data relate to continuing operations unless otherwise specified.

	2021				2022				2023			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue												
Products and Solutions ¹	111	93	113	142	139	92	121	161	138	127	94	173
Integrations ¹	33	33	38	54	32	75	55	101	31	58	56	82
Total	144	126	151	196	171	167	176	262	168	185	150	255
Gross margin, %												
Products and Solutions ¹	74	68	69	78	70	67	68	72	68	71	68	68
Integrations ¹	68	58	81	76	76	96	90	88	91	92	88	87
Total	72	65	71	77	71	79	74	78	73	77	75	74
EBITDA, SEK m												
Total	2	-37	-3	11	-5	-11	1	43	-16	-10	-29	28
EBIT, SEK m												
Total	-37	-76	-42	-31	-45	-50	-36	9	-53	-48	-69	-14
Operating margin, %												
Total	-26	-61	-28	-16	-27	-30	-20	3	-32	-26	-46	-6
Profit/loss before tax, SEK m												
Total	-33	-80	-40	-28	-42	-30	-17	-9	-57	-37	-75	-28
Profit/loss including discontinued operations, SEK m												
Total	-3	-114	-8	3,272	-42	-31	-17	-9	-57	-38	-74	-29

1) The breakdown of revenue and gross margin between the segments have been changed for Q1 and Q2 2021 compared to the numbers presented in the year-end report for 2021.

The Parent Company

The Parent Company's revenue during the quarter totaled SEK 206 million (230) and the operating profit was SEK 18 million (16). At the end of the period, the Parent Company had SEK 194 million (352) in cash and cash equivalents. The number of employees in the Parent Company was approximately 357 (356).

CONDENSED PARENT COMPANY INCOME STATEMENT

SEK m	Q4 2023	Q4 2022	Full year 2023	Full year 2022
Revenue	206	230	570	615
Cost of goods and services sold	-55	-60	-173	-164
Gross profit	152	170	398	451
Selling expenses	-40	-50	-179	-199
Research and development expenses	-64	-79	-273	-278
Administrative expenses	-22	-28	-111	-129
Other operating income and operating expenses	-7	2	-3	22
Operating profit/loss	18	16	-168	-133
Financial items	-8	-14	1	41
Group Contributions	0	0	0	0
Profit/loss before tax	10	2	-166	-91
Tax	-0	0	-0	0
Profit/loss for the period	10	2	-166	-91

CONDENSED PARENT COMPANY BALANCE SHEET

SEK m	Dec 31 2023	Dec 31 2022
NON-CURRENT ASSETS		
Intangible assets	418	339
Tangible fixed assets	10	4
Financial assets	391	377
Total non-current assets	818	721
CURRENT ASSETS		
Accounts receivable	115	104
Inventories	60	59
Other current receivables	62	95
Cash and bank balances	194	352
Total current assets	432	611
Total assets	1,251	1,331
EQUITY	751	913
NON-CURRENT LIABILITIES		
Interest-bearing liabilities	24	17
Other non-current liabilities	29	30
Total non-current liabilities	53	47
CURRENT LIABILITIES		
Other current liabilities	447	371
Total current liabilities	447	371
Total liabilities	499	418
Total equity and liabilities	1,251	1,331

Notes

Note 1. Accounting policies

The Interim Report complies with the provisions of IAS 34, and the report for the Parent Company has been prepared pursuant to the provisions of the Swedish Annual Accounts Act and RFR 2. In addition to the financial statements, disclosures under IAS 34.16A also appear in other parts of the interim report. The accounting policies of the Parent Company and the Group, and the calculation principles used in the report, are unchanged from those used in the most recently published Annual Report, with the exception of the application of new standards. The IASB has published amendments to standards effective from January 1, 2023, or later. These amendments have not had a material impact on the financial statements.

Note 2. Segments

Tobii is reporting two segments, Products & Solutions, and Integrations. For each segment revenue, gross profit, and gross margin are reported.

PRODUCTS & SOLUTIONS

The segment's products comprise hardware, software, and services and the customers include both B2B customers and consumers. Hardware consists of a suite of eye tracking products, including the flagship eye tracking glasses Tobii Pro Glasses 3, research-grade screen-based eye trackers such as Pro Spectrum and Pro Fusion and the consumer gaming device Tobii Eye Tracker 5. Software consists of Tobii Pro Lab and Sticky, among others.

INTEGRATIONS

This segment provides Tobii's attention computing technology for integration into device manufacturers' (also known as original equipment manufacturers, or OEMs) products. It offers a versatile array of OEM integration products, including software, hardware components, system reference designs, services, and intellectual property licenses. These integrations are deployed in various OEM devices, from gaming laptops and medical technology devices to virtual reality headsets and cars.

Note 3. Business combinations

DISCONTINUED OPERATIONS

No divestments have occurred during the quarter.

ACQUISITIONS

Asset deal Oculid

On April 1, 2023, Tobii acquired all assets in Oculid GmbH and incorporated the employees into Tobii's operations. Oculid provides a leading solution for cloud-based mobile user research. The complementary 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 consideration amounted to SEK 6 million.

Eyevido GmbH

On August 9, 2023, Tobii acquired all 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 enterprise customers. The acquisition is expected to have an insignificant effect on Tobii's short-term financial results and position. The purchase consideration for the acquired net assets was SEK 9 million. Eyevido GmbH was consolidated into Tobii Group as of August 9, 2023.

FotoNation Ltd

On 13 December 2023, Tobii entered into an agreement to acquire all shares in FotoNation Ltd, including AutoSense Automotive Interior Sensing business. The transaction was closed on 31 January 2024. This strategic acquisition enhances 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 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 of 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 first quarter of 2024. The purchase price allocation will be presented in the report for the first quarter of 2024 and in the annual report for 2023. The acquisition had no impact on the financials for 2023.

For more details on the consideration and transaction, please refer to the related press release, webcast, and accompanying slide deck available at corporate.tobii.com/investors

Effects of Acquisitions¹

SEK m	Eyevido GmbH	Asset deal Oculid
Cash consideration	9	6
Contingent consideration	-	-
Total consideration	9	6
Change in acquired assets and liabilities		
Intangible assets (excl. Goodwill)	12	6
Tangible fixed assets	0	-
Net other assets and liabilities	-0	-0
Cash and cash equivalents	0	-
Deferred tax liability	-2	-
Net identifiable assets and liabilities	9	6
Goodwill	-	-

¹ The acquisition analysis is preliminary.

SEK m	Eyevido GmbH	Asset deal Oculid
Effects of acquisitions on consolidated cash and cash equivalents		
Purchase price	-9	-6
Cash and cash equivalents in acquired companies	0	-
Direct costs relating to acquisition	-1	-0
Total impact on cash and cash equivalents	-11	-6
Impact on the income statement during the holding period		
Revenue	0	
Profit/loss for the period	0	
Impact on the income statement as if the acquisition had taken place on 1 January 2023		
Revenue	1	
Profit/loss for the period	-1	

Note 4. Financial instruments

SEK m	Dec 31 2023		Dec 31 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets measured at fair value				
Contingent considerations	-	-	-	-
Financial liabilities measured at fair value				
Contingent considerations	19	19	18	18

Tobii classifies financial assets and liabilities measured at fair value in a hierarchy based on the information used in the valuation of each asset or liability. For level 3 financial instruments, information material to the fair value assessment is not observable and Tobii's own assessments are applied. Interest-bearing loans and contingent considerations are classified under level 3.

Change in contingent consideration

SEK m	
Liabilities	
Opening balance Jan 1, 2023	18
Translation differences	1
Closing balance Dec 31, 2023	19

Other than the contingent consideration, Tobii has no financial instruments that are measured at fair value in the income statement.

IMPAIRMENT OF GOODWILL

Impairment testing for goodwill was carried out at the end of the 2023 financial year, without any need for impairment being identified.

Note 5. Pledged assets and contingent liabilities

As of December 31, 2023, SEK 0 million (-) are guarantee commitments in the Swiss subsidiary through subordination guarantee. Tobii also has SEK 100 (-) million as pledged assets referring to the revolving credit facility.

Other information

RISKS AND UNCERTAINTY FACTORS

Tobii's business risks include the economic climate, the competitive situation, currency risks, credit risks in relation to customers, financing risks, the risk of impairment write-downs of capitalized R&D and other intangible assets, and regulatory risks. Tobii's risks and risk management are described in greater detail in the risk section on pages 47-52, in the Corporate Governance Report on pages 58-59, and note 3 on page 82 in Tobii's 2022 Annual Report. Tobii is of the opinion that this risk description remains correct.

SEASONALITY

Tobii's operations and revenue is characterized by variations between quarters. The seasonal patterns are different for the segments Product & Solutions and Integrations and there are also regional variations. The fourth quarter is normally the strongest quarter in terms of revenue and profits as the budget year closes in most of Tobii's geographic markets.

ORGANIZATION

The average number of full-time employees (FTEs), excluding consultants, was 541 (515) during the period January – December 2023.

SHARE CAPITAL AND SHAREHOLDERS

The company's registered share capital on 31 December 2023 amounted to SEK 786,359 distributed among 106,182,266 Class A shares and 2,177,379 Class C shares. The shares have a quotient value of SEK 0.007256934 per share. Each Class A share carries one vote and each Class C share carries one vote per ten shares. The sole purpose of the C-shares is to facilitate settlement of the company's long-term incentive programs. The C-shares are always held on the company's balance sheet and the company is not allowed to exercise the voting rights related to these shares.

On 31 December 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). On December 22, 2023, Handelsbanken Fonder, Tobii's previous largest shareholder, flagged down its shareholdings below the 5% threshold. For more information about Tobii's share and ownership structure, see <https://corporate.tobii.com/investors/the-share>.

ACQUISITION OF AUTOSENSE

On 13 December 2023, Tobii entered into an agreement to acquire all shares in FotoNation Ltd, including AutoSense Automotive Interior Sensing business. The transaction was closed on 31 January 2024. This strategic acquisition enhances Tobii's Interior Sensing offerings, including Driver Monitoring System (DMS) and Occupant Monitoring System (OMS). AutoSense has design wins with six OEMs and together with Tobii's design win with one OEM, the joint business will have design wins across more than 100 models. AutoSense has around 250 full-time employees, predominantly based in Romania and Ireland, with the majority within engineering.

The acquisition had no impact on the financials for 2023. For more details on the consideration and transaction, please refer to the related press release, webcast, and accompanying slide deck available at corporate.tobii.com/investors

BUSINESS SEGMENT REPORTING

As a result of the acquisition of AutoSense, Tobii will re-organize into three business segments; Products & Solutions, Integrations and Autosense. All segments will be reported at operating results (EBIT) level from the first quarter 2024. The computer vision and image processing technologies included in the acquisition will be integrated into the Integrations segment.

CHANGES IN GROUP MANAGEMENT

As of January 2024, the executive management team (EMT), reflecting the new segment organization, has been further strengthened with additional expertise. EMT consist of; Anand Srivatsa, CEO, Magdalena Rodell Andersson, CFO, Emma Bauer, SVP Integrations, Gunnar Troili, SVP Products & Solutions, Adrian Capata, SVP Autosense, Patrick Grundler, VP Engineering, Jonas Jakstad, SVP Operations, Ann Emilsson, EVP Sales & Marketing and Charlotte Westerlund, General Counsel.

EXTRAORDINARY GENERAL MEETING ON 4 MARCH 2024

On 4 March 2024 an Extraordinary General Meeting will be conducted at 10.00 CET at Tobii's head office, Karlsrovägen 2D, SE-182 53 Danderyd, Sweden to authorize the board of directors to resolve on the planned rights issue of SEK 300 million. For more information please the notice available at corporate.tobii.com/investors]

FINANCIAL TARGETS AND DIVIDEND POLICY

On 1 February 2024, the board of directors adopted new financial targets for the Tobii group. Tobii is targeting:

- Positive cash flow after continuous investments for the full-year 2026
- Operating margin (EBIT) of around 10% for the full-year 2026
- Operating margin (EBIT) of around 20% for the full-year 2028

These new targets focusing on profitability replace the previous targets.

Tobii will continue to reinvest cash flows in growth initiatives and therefore in the near term does not foresee any annual dividends.

TRANSACTIONS WITH RELATED PARTIES

No transactions have occurred between Tobii and related parties that have materially affected the Company's position and earnings.

ALTERNATIVE PERFORMANCE MEASURES

Alternative Performance Measures (APMs) are financial measures of financial performance, financial position, or cash flows other than those defined in the applicable financial reporting framework (IFRS). These are considered to be important supplemental measures of the company's performance. These measures may not be comparable to measures used by other companies since not all companies calculate financial measures in the same way. The key ratios and alternative performance measures that Tobii uses are defined on page 134 of the 2022 annual report.

Reconciliation of APMs

This section presents only the reconciliation of alternative performance measures that cannot be calculated from the information in financial reports in this interim report.

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

SEK m	Q4 2023	Q4 2022	Full year 2023	Full year 2022
Operating profit/loss before depreciation, amortization and impairment, (EBITDA)	28	43	-27	27
Amortization and impairment	-34	-27	-125	-119
Depreciation	-8	-7	-32	-30
<i>of which Right-of-use assets (IFRS 16 Leasing)</i>	-7	-6	-27	-24
Operating profit/loss (EBIT)	-14	9	-184	-122

Board's assurance

The Board of Directors and the Chief Executive Officer of Tobii AB (publ) hereby confirm that this interim report provides a true and fair overview of the operations, financial position and results of the parent company and the Group and describes material risks and factors of uncertainties faced by the parent company and the companies in the Group. The report has not been reviewed by the Company's auditors.

Tobii AB

Danderyd, February 1 2024

Mats Backman
Board member

Per Norman
Chairman of the Board

Henrik Eskilsson
Board member

Charlotta Falvin
Board member

Jörgen Lantto
Board member

Jan Wäreby
Board member

Anand Srivatsa
President and CEO

This report is published in Swedish and English. In case of any differences between the English version and the Swedish original text, the Swedish version shall apply.

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PUBLICATION

This interim report comprises such information that Tobii AB is obligated to publish in accordance with the EU Market Abuse Regulation. This information was published through the agency of the persons set out above on February 1, 2024, at 7.30 a.m. CET.

WEBCASTED PRESENTATION

A webcasted presentation will be held in English today at 9.00 a.m. (CET). To participate, please visit:
<https://ir.financialhearings.com/tobii-q4-report-2023>

The presentation material and a replay will be available at the website afterwards.

FINANCIAL CALENDAR 2023/2024

Annual and Sustainability report 2023
April 29, 2024

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

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