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Results Reaction	IT/Technology	Sweden	04 May 2023
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Q1: Below cons on topline, opex in line

Headline figures came in below consensus expectations, -10% on topline while opex was slightly better than expected. The main deviation was from the smaller Integrations segment (which has been flagged as 'lumpy'). Forward-looking comments hint of more design wins in XR and Automotive during 2023, which has been delivered on over the last year.

Outcome:

Q1 had revenues of SEK 168m, -10% versus company-collected consensus of SEK 186m. Gross profit came in at SEK 122m (-10% vs cons at SEK 136m for a margin of 73%; 71% Q1/22). EBIT of SEK -53m vs cons of -45m so opex was slightly better than expected by consensus. Organic growth of -7% (SEB -5%, cons 0%), with segments Integrations (revenue SEK 31m, -34% vs cons o/w -9% organic) and Products & Solutions (revenue SEK 138m, -4% vs cons o/w -6% organic). The miss was mainly from the Integrations segment which is 'lumpy' – potentially parts of consensus expecting Sony PSVR2 revenues in the quarter (we did not but was a miss regardless). The company also states that there were fewer project milestone revenues in the quarter, which surprised positively last quarter.

Outlook:

The company reiterated its target of break-even on EBIT in Q4/23, as was achieved and guided for in Q4/22.

After the DMS design win announced last week in Automotive, the company states it expects this to be the first of multiple design wins in the vertical, which are important drivers for the investment case.

We also note a statement in the report saying that Tobii have made substantial progress on many fronts during the first quarter, including in key customer engagements in XR and Automotive. An automotive design win was indeed announced as mentioned, although the phrasing indicates another potential design win with a leading XR supplier.

Impact:

We expect consensus to revise estimates by low to mid-single digits on top line, but the thesis of positive EBIT in Q4/23 to be unchanged.

Other comments: Deviation table

Q1 deviation to estimates

SEKm	Actual	SEB est.	Deviation		Consensus	Deviation		Actual	y/y
	Q1/23	Q1/23E	Abs	Rel	Q1/23E	Abs	Rel	Q1/22	
Revenue	168	175	-7	-4%	186	-18	-10%	171	-2%
Cost of goods and services sold	-46	-48	2	-3%				-49	-6%
Gross profit	122	128	-6	-4%	136	-14	-10%	122	0%
Selling expenses	-79	-81	2	-2%			n.a.	-77	3%
R&D expenses	-65	-64	-1	2%			n.a.	-61	7%
Administrative expenses	-33	-36	3	-8%			n.a.	-35	-6%
Other op. income & exp.	2	0	2	n.a.			n.a.	6	-67%
Total operating expenses	-175	-181	6	-3%				-167	5%
Operating profit	-53	-53	0	-1%	-45	-8	18%	-45	18%
Net financials	-4	0	-4	n.a.				3	-233%
Profit before tax	-57	-53	-4	7%	-45	-12	27%	-42	36%
Taxes	0	0	0	n.a.				1	-100%
Net profit, cont. ops	-57	-53	-4	7%	-40	-17	43%	-41	39%
Revenue growth split - Group									
Organic	-7%	-5%		-1.9pp	0%		-7.0pp	7%	-13.7pp
FX	5%	8%		-2.5pp			5.0pp	12%	-7.3pp
Structural	0%	0%		0.2pp			0.2pp	-68%	68.7pp
Total revenue growth	-2%	2%		-4.2pp			-1.8pp	-50%	47.8pp
Profitability - Group									
Gross margin	73%	73%		-0.2pp	73%		-0.5pp	71%	1.3pp
EBIT margin	-32%	-30%		-1.1pp	-24%		-7.4pp	-26%	-5.2pp
Revenue per segment									
Products & Solutions	138	136	2	2%	144	-6	-4%	142	-3%
Integrations	31	40	-9	-22%	47	-16	-34%	54	-43%
Organic growth per segment									
Products & Solutions	-6%	-10%		4.0pp	-4%		-2.0pp		-6.0pp
Integrations	-9%	16%		-25.0pp	27%		-36.0pp		-9.0pp
Gross margin per segment									
Products & Solutions	68%	71%		-2.9pp			68.1pp	76%	-7.9pp
Integrations	91%	79%		11.5pp			90.6pp	50%	40.6pp

Source: SEB, company-collected consensus

Conference call details: Webcast at 9.00 CET

Link available here: <https://corporate.tobii.com/investors/calendar/interim-report-q1-2023>

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