

Press release

Stockholm, July 19, 2019

Tobii Interim Report following the Second Quarter of 2019

Tobii AB (publ) today announced its interim report following the second quarter of 2019.

Comment by Tobii's CEO Henrik Eskilsson:

“Strong sales growth for Tobii Tech and important customer launches.

Sales in the quarter increased 21 percent, or 13 percent adjusted for currency effects, compared to the second quarter of 2018. External sales in Tobii Tech grew by 87% and we have in the quarter seen several interesting initiatives and launches related to eye tracking from important players in the ecosystem.”

Second quarter April-June 2019

- The Group's net sales increased by 21% to SEK 372 million (307) compared with the first quarter of 2018. Adjusted for currency effects, the increase was 13%.
- The gross margin was 69% (70%).
- The Group's operating loss amounted to SEK -51 million (-59). Tobii Dynavox contributed SEK 21 million (22) and Tobii Pro SEK -3 million (1) to earnings, while investments in Tobii Tech had an impact of SEK -72 million (-82) on the Group's operating loss.
- Earnings per share amounted to SEK -0.59 (-0.41).
- The Group has applied IFRS 16 Leases since January 1. This has had a positive impact in the second quarter of SEK 7 million on consolidated EBITDA and SEK 1 million on EBIT. Please see the tables on page 17 for more information.

Significant events

- Dell launched its Alienware m15 and m17 gaming laptops with integrated eye tracking from Tobii.
- Qualcomm launched its new Smart Viewer reference design with integrated eye-tracking technology from Tobii.
- The British competition regulator CMA announced the provisional findings of its investigation of the Smartbox acquisition and continues to hold the position that the acquisition may result in a lessening of competition in the UK.
- At the Annual General Meeting of Shareholders, Jörgen Lantto and Mårten Skogö were elected to serve as new members of the Board of Directors

Events after the end of the period

- After the end of the quarter the Company announced that Anand Srivatsa joins Tobii as the new CEO of the Tobii Tech division.



Comments from the CEO

Sales in the quarter increased 21 percent, or 13 percent adjusted for currency effects, compared to the second quarter of 2018. External sales in Tobii Tech grew by 87% and we have in the quarter seen several interesting initiatives and launches related to eye tracking from important players in the ecosystem.

Tobii Dynavox grew sales with 24% compared with the second quarter of 2018. The increase can be attributed to the acquisition of Smartbox, favorable currency effects and robust underlying demand, but was offset by delays in our administrative process of handling customer funding cases together with insurance companies in the US. Adjusted for acquisitions and currency effects, sales growth was 3 percent in the second quarter and 7 percent for the first half of the year. The value of ongoing, but not completed, customer funding cases during the quarter increased by over 10%, corresponding to about SEK 15 million. I expect that both this backlog of customer funding cases and the flow in our process will normalize during the second half of the year.

Investments in product and market development continue. We have several important products under development and during the quarter we trained an additional approximately 9,000 prescribers, therapists and other key individuals worldwide.

On May 30 the UK Competition and Markets Authority (CMA) announced its provisional findings from the second phase of the investigation regarding our acquisition of Smartbox. In summary, the CMA continues to hold the position that the acquisition of Smartbox may result in a reduction of competition in the UK. On the contrary, Tobii believes that the acquisition benefits users. We expect more information from CMA in late July and work with several scenarios and action plans in parallel.

In the last two quarters, **Tobii Pro** has delivered strong results, but this quarter was weaker. Sales growth was 1 percent compared with the second quarter the previous year and –5 percent adjusted for currency effects. The second quarter is usually seasonally weaker for Tobii Pro, but this quarter's low sales growth is mainly attributed to an increased order backlog since a larger proportion of the orders consisted of services and larger solutions with longer delivery times. In addition, we saw lower order income in certain geographic regions. Naturally we are not satisfied with the result, but remain positive about the market development and opportunities for Tobii Pro.

In order to provide better support to our customers we launched an updated version of Tobii Pro Lab during the quarter, with increased support for website studies. We also adapted Tobii Pro's VR Analytics software to work together with HTC Vive Pro Eye. We are maintaining a high rate of investment in product development and look forward to several important product launches.

Tobii Pro has also continued to strengthen its local presence and opened a new sales office in Chile to more pro-actively address the Latin American market.

In **Tobii Tech**, sales to external customers increased by 87 percent, and by 50 percent overall, adjusted for currency effects. The primary focus is on the three segments PC, VR and Niche Applications.

At the Computex trade show Dell launched its Alienware m15 and m17 gaming laptops with integrated eye tracking from Tobii, which means that Tobii's IS5 eye-tracking platform is now integrated in the entire Alienware family of next-generation gaming laptops. At the same trade show Intel launched the specifications for "Project Athena", the next generation of ultraportable laptops, where advanced sensor technologies are key components for making laptops more intuitive and user-



friendly. This is of course positive for our business opportunities in PC, both for our Tobii Aware software and for our eye-tracking sensors.

HTC's new VR headset Vive Pro Eye, with built-in eye tracking from Tobii, started selling during the quarter. Qualcomm also launched its new Smart Viewer reference design in which Tobii's eye-tracking technology is integrated, contributing to an enhanced user experience and lower energy consumption using "foveated rendering". As previously announced, we have ongoing integration projects with a handful of customers in VR. During the quarter, Tobii took important steps forward in the field with one new design win and good progress in ongoing collaborations.

In Niche Applications we received a couple of new design wins during the quarter. Sales in this segment is rising sharply, and the segment contributes positively to the result of the division.

I am very happy to welcome Anand Srivatsa as the new Division CEO of Tobii Tech. Anand has an excellent background for taking over the helm at Tobii Tech and continuing to achieve strong growth in this division. Anand worked most recently at Intel, where he was Vice President and General Manager of Intel's entire Desktop, Systems and Channels Group.

In summary, we saw a continued sales increase for the Group and I am especially pleased with the increased external sales of Tobii Tech. Overall, the trends are also truly positive for eye tracking, which has been particularly apparent during the quarter in relation to PC and VR in Tobii Tech. I am however not satisfied with the result for Tobii Pro, although we have a robust underlying demand and an increased backlog of orders. I also strongly feel that Anand Srivatsa will be the perfect addition to strengthen the Group Management and I look forward to once again being able to fully devote myself to the Tobii Group as a whole.

Conference call

Today at 2:00 p.m. CEST, Tobii will host a conference call with web cast presentation for media, analyst and investors. Please find dial-in details on Tobii's website under [Calendar](#).

This information is inside information that Tobii AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and to the Securities Market Act. The information was submitted for publication, through the agency of the contact person set out below, at 07.30 CET on July 19, 2019.

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About Tobii

Tobii is the global leader in eye tracking. Our vision is a world where all technology works in harmony with natural human behavior. Tobii operates through three business units: Tobii Dynavox makes specially designed computers that are controlled by eye movement or touch screens for use by people with special needs due to spinal cord injuries, CP, ALS or other medical conditions. Tobii Pro develops and sells eye-tracking equipment and services used today by more than 3,500 companies and 2,500 research institutions, including all of the world's 50 highest ranked universities. Tobii Tech further develops Tobii's technology for new volume markets, such as computer games, personal computers, virtual reality, augmented reality and smartphones. Tobii is headquartered in Sweden and is listed on Nasdaq Stockholm (TOBII). The group has about 1,000 employees. For more information: www.tobii.com.

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