

## Interim Report Q2 2020

### January–June 2020

**“Tobii shows strength with clear progress and an operating result improvement despite very challenging business conditions”**

**Henrik Eskilsson**  
CEO

*Photo: The launch of Tobii Glasses 3 in the quarter improves opportunities to conduct studies of human behavior in everyday situations*

#### QUARTER: APRIL–JUNE

- Consolidated revenue fell by 4% to SEK 332 million (346) compared with the second quarter of 2019. Organically<sup>1</sup> the decline was 6%. The covid-19 pandemic has had a strong negative impact on revenue, but this was offset in part by positive momentum in large parts of the business.
- Gross margin was 65% (69%). The decline can in part be attributed to non-recurring write-downs.
- The Group's operating result was SEK -45 million (-47). Tobii Dynavox contributed SEK 28 million (25) and Tobii Pro SEK -24 million (-2) to operating results, while investments in Tobii Tech had an impact of SEK -49 million (-72) on the Group's operating result.
- Earnings per share amounted to SEK -0.75 (-0.59).

#### IMPORTANT EVENTS

- Tobii Pro launched [Glasses 3](#), a new generation of the segment's flagship product. With Glasses 3, Tobii secures its world-leading position in wearable eye tracking and the market's reception has been strong.
- Tobii Dynavox introduced the option for [advanced eye tracking outdoors](#) with the I series. Tobii Dynavox has [also made available some of the world's most popular apps](#), including Spotify, Facebook and Netflix. The new features entail great improvements in quality of life for the user and have been very well received.
- Tobii Tech launched its gaming optimized [Eye Tracker 5](#).
- Tobii Tech continues to deepen its relationship with Lenovo and expand Tobii Aware through integration in two Lenovo ThinkCentre models.
- As was previously announced, a [cost reduction program](#) was implemented during the quarter with the result that operating costs dropped 20% compared with the second quarter of 2019.

#### FINANCIAL OVERVIEW

SEK m (except for earnings per share)	Q2 2020	Q2 2019	Change	Organic change	Half year 2020	Half year 2019	Change	Organic change	Full year 2019
<b>REVENUE</b>									
Tobii Dynavox	216.5	221.2	-2 %	-4 %	457.7	436.4	5 %	2 %	906.3
Tobii Pro	63.4	93.1	-32 %	-33 %	159.5	208.2	-23 %	-26 %	442.9
Tobii Tech	66.6	49.4	35 %	31 %	125.9	98.9	27 %	23 %	221.7
Eliminations and other, net	-14.1	-17.6	-	-	-31.0	-34.6	-	-	-69.5
<b>Total</b>	<b>332.5</b>	<b>346.2</b>	<b>-4 %</b>	<b>-6 %</b>	<b>712.1</b>	<b>708.9</b>	<b>0 %</b>	<b>-3 %</b>	<b>1,501.3</b>
<b>OPERATING PROFIT/LOSS (EBIT)</b>									
Tobii Dynavox	28.1	24.9	13 %	16 %	64.4	42.1	53 %	60 %	99.5
Tobii Pro	-24.4	-2.5	-	-	-23.2	20.5	-	-	53.8
Tobii Tech	-49.5	-71.6	-	-	-110.3	-151.2	-	-	-293.8
Other	0.4	1.8	-	-	1.1	2.8	-	-	2.4
<b>Operating profit/loss from continuing operations</b>	<b>-45.4</b>	<b>-47.5</b>	<b>-</b>	<b>-</b>	<b>-68.0</b>	<b>-85.8</b>	<b>-</b>	<b>-</b>	<b>-138.1</b>
Profit/loss from discontinued operations	-2.8	-3.2	-	-	-2.7	-1.3	-	-	-11.9
<b>Net profit/loss for the period</b>	<b>-73.5</b>	<b>-58.6</b>	<b>-</b>	<b>-</b>	<b>-89.4</b>	<b>-91.2</b>	<b>-</b>	<b>-</b>	<b>-171.2</b>
Earnings per share (SEK)	-0.75	-0.59			-0.92	-0.92			-1.73

<sup>1</sup>Tobii strives to continuously improve its financial disclosure. As an example of this, Tobii now switches its primary revenue growth metric to organic growth, defined as growth adjusted for currency effects and structural changes

# Comments from the CEO

Due to covid-19, the second quarter of 2020 was one of the most challenging in Tobii's history. Given the circumstances, I am proud that Tobii managed to improve our operating result for the quarter compared with the same period in 2019, an accomplishment that would not have been possible without the fantastic efforts of all of Tobii's employees, who did an amazing job. Activity in the organization has been high with creative sales activities, several important product launches, advances with Tobii Aware to Lenovo and key milestones in major projects within VR. In summary, we are well prepared for continued uncertainty and well positioned to resume growth soon after restrictions in society are lifted. Our ambition is to achieve profitability shortly thereafter.

During the second quarter, we have been working hard on adapting the organization and our ways of working to handle the effects of the covid-19 pandemic. We took measures early on to protect the health and well-being of our employees and have limited the impact on our operations to a minimum. Our employees have shown a strong team spirit and have with great passion and creativity collaborated to find new ways to conduct sales and develop products in challenging times.

Because of pandemic-related measures at universities, healthcare facilities and enterprise customers, sales came under pressure on a broad basis and resulted in sharp revenue declines in parts of the business. This has largely been counteracted by the positive momentum for the new I-Series and continued strong growth within Tobii Tech. Organically<sup>1</sup>, revenue for the Group fell 6 percent for the quarter.

During the quarter, we initiated a covid-19-related cost reduction program across the Group, as well as structural measures specifically aimed at Tobii Tech. I am pleased with the outcome, since we achieved 20 percent lower costs compared to the same quarter last year, which was in line with our goal. Thanks to our cost savings, strong performance of the new I-Series and growth in Tobii Tech, our operating result in the quarter improved somewhat compared to the same period 2019.

**Tobii Dynavox** sales were negatively impacted by the temporary shutdown of important functions in society. This was partly offset by continued strong performance in many parts of the division, driven by the new I-Series. Revenue fell 4 percent organically, but thanks to the cost reduction program and the new I-Series we still achieved improved operating profit and a 13 percent operating margin, compared with 11 percent in the same quarter in 2019.

The shutdown of important functions in societies globally made it more difficult to reach prescribers and individuals in need of assistive technology for communication. Consequently, conducting sales and supporting our users has been challenging. We have adapted our working methods, partly by working from home and partly by meeting our customers and users in new creative ways and through digital platforms, which has been more effective than expected. I am impressed that Tobii Dynavox successfully maintained its education initiatives for therapists by rapidly transitioning to digital trainings. In general, we see that the pandemic has accelerated the digitalization of the entire industry, which in the long run could lead to efficiency gains for Tobii Dynavox and make it easier for users to get access to our technology.

Should covid-19 lead to a recession, we believe that the growing demand for products from Tobii Dynavox should be relatively unaffected. Therefore, we feel confident that this business will return to good growth as soon as the restrictions ease up and our communities reopen.

**Tobii Pro** had the most challenging quarter in its history. Revenue fell by 33 percent organically with an operating loss of SEK 24 million.

As the pandemic spread, we saw sharp slowdowns in most of our markets, both to scientific research customers and commercial customers. Most markets continued with weak trends throughout the quarter, with China as the notable exception, where we saw clear improvements and 25 percent sales growth, compared with the same quarter in 2019, indicating an element of pent up demand.



**Henrik Eskilsson**  
President and CEO, Tobii

Read more:

[Glasses 3](#)

[Eye Tracker 5](#)

[Accessibility modifications of apps](#)

[Eye tracking outdoors](#)

[Lenovo integration of Aware](#)

[OpenXR](#)

<sup>1</sup>Tobii strives to continuously improve its financial disclosure. As an example of this, Tobii now switches its primary revenue growth metric to organic growth, defined as growth adjusted for currency effects and structural changes

Despite the challenging situation, Tobii Pro successfully launched its new flagship product Glasses 3, which further strengthen our position as the world leader in wearable eye tracking. The product has been well received in the market and we expect that this product will be a growth engine for Tobii Pro for many years to come. The first deliveries of Glasses 3 were carried out after the end of the quarter. In the short term, we expect the pandemic to continue to have a strong negative impact on Tobii Pro, driven primarily by the weak performance in the US, which has been confirmed by the development so far in the third quarter.

**Tobii Tech** continued to increase sales at a high pace despite the pandemic. Revenue from external customers increased by 60 percent organically. The pandemic mainly impacted revenue for the division within Niche Applications and resulted in lower volumes and delayed development projects.

In addition to the Tobii Group's covid-19-related cost reduction program, Tobii Tech carried out a long-term action program in the second quarter that included reduction of about sixty consultants and employees.

In July, eye tracking was added to OpenXR, which is a new standard for VR and AR products. Tobii has together with Microsoft been the leaders in this effort, since we believe this type of standardization helps to promote broader adoption of eye tracking.

We also announced additional agreements with Lenovo and our Tobii Aware software is included in two ThinkCentre PC models that were launched in the quarter. The sales trend for Aware is still in its infancy, but these agreements should be viewed as a stepping stone for more and larger deals. We are engaged in several discussions at advanced stages with leading computer manufacturers, and we are optimistic regarding the future prospects of this product.

During the quarter Tobii Tech launched its new Eye Tracker 5 for gamers. We see that simulator games and esports training are the main drivers of demand for this product.

**In summary**, we have successfully navigated through the effects of the pandemic this far. We have limited the impact on our operations to a minimum, while maintaining a high level of activity and taken the necessary cost reduction actions. We consider ourselves to have an adequate financial position for the plan that we are now executing on. We are well equipped for continued uncertainty and with an updated product portfolio, we expect to return to growth soon after restrictions in society are lifted.

Longer-term, it is clear that the use of eye tracking continues to develop in the right direction and that Tobii is well positioned to maintain our world-leading status and thereby drive continued strong growth and reach profitability.

Henrik Eskilsson  
CEO

# Tobii Group

Tobii is the world leader in eye tracking. Our vision is a world where all technology works in complete harmony with natural human behavior. Tobii operates in three divisions: Tobii Dynavox is the world leader in assistive technology for communication, Tobii Pro is the world leader in eye-tracking solutions used to study human behavior and Tobii Tech is the world-leading supplier in eye-tracking technology for integration customers in fields such as PC, VR and Niche Applications. The Group, which has about 1,000 employees, had sales of SEK 1,501 million for full-year 2019. The Group's financial targets will be reviewed once the situation concerning the Covid-19 pandemic has stabilized.

## KEY RATIOS\*

SEK m	Q2 2020	Q2 2019	Half year 2020	Half year 2019	Full year 2019
Revenue	332.5	346.2	712.1	708.9	1,501.3
Revenue change:	-4%		0%		
- of which organic	-6%		-3%		
- of which currency	2%		3%		
Gross margin	65 %	69 %	67 %	69 %	69 %
EBITDA	8.7	-7.9	37.1	-4.3	32.3
EBITDA margin	3 %	-2 %	5 %	-1 %	2 %
Operating profit/loss (EBIT)	-45.4	-47.5	-68.0	-85.8	-138.1
EBIT change	-		-		
EBIT margin	-14 %	-14 %	-10 %	-12 %	-9 %

\* Continuing operations, not including Smartbox

## QUARTER: APRIL–JUNE

### Revenue

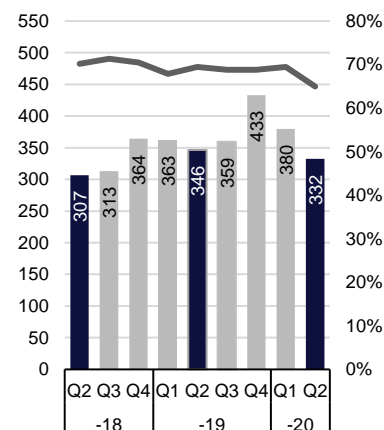
The Group's revenue fell by 4% during the second quarter to SEK 333 million (346). Organically, revenue fell by 6%. The covid-19 pandemic had a strong negative impact on the business, but this was offset in part by positive momentum in large parts of the business.

The North American market accounted for 59% (64%) of consolidated revenue, the European market 17% (19%), and the rest of the world 23% (16%).

### Operating result

The Group's gross margin was 65% (69%). Gross margin was negatively impacted from scale effects of lower revenues in Tobii Pro and non-recurring write-downs of SEK 8 million. Operating result for the Group improved to SEK -45 million (-48) and operating margin was unchanged at -14% (-14%). The cost reduction program announced in April, as well as SEK 22 million in government support related to covid-19 had a positive impact on the second quarter result. Operating costs were reduced by 20% compared with the same period the previous year.

## REVENUE, SEK M AND GROSS MARGIN, %

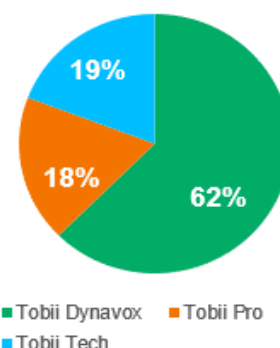


## RESEARCH AND DEVELOPMENT, Q2

SEK m	2020	2019
Total R&D expenditures	-100	-131
Capitalization	42	57
Amortization	-40	-28
R&D expenses in the income statement	-99	-103

The information is pertaining to Continuing operations only.

## PERCENTAGE OF GROSS REVENUE PER DIVISION Q2



Capitalization of R&D for the quarter was lower than in the comparison quarter, while R&D amortization increased. The difference in relation to the comparison quarter burdened the operating result with SEK 27 million. Adjusted for this difference, the operating result would have been SEK 29 million better than in the same period the previous year.

Pretax result was SEK -71 million (-56). Net financial items amounted to SEK -25 million (-8) and includes interest expenses attributable to bond loans and finance leases in accordance with IFRS 16 of SEK -8 million (-6). The item otherwise mainly consists of negative currency translation differences on receivables, primarily in USD. The result from discontinued operations was SEK -3 million (-3). Net result for the period was SEK -73 million (-59) and earnings per share was SEK -0.75 (-0.59).

#### **Cash flow, liquidity and financial position**

Cash flow from operating activities before changes in working capital amounted to SEK 0 million (-11). The change in working capital had a positive impact on cash flow of SEK 70 million (-2).

Continuous investments amounted to SEK 51 million (62), of which SEK 42 million (57) related to capitalization of R&D. Cash flow after continuous investments was SEK 19 million (-75). A loan raised in Japan had a positive impact of SEK 18 million on cash flow from financing activities.

At the end of the period net cash for the Group was SEK 324 million (314), including SEK 25 million (-) attributable to assets held for sale. Group net debt totaled SEK 244 million (87), SEK 83 million (108) of which was IFRS 16 finance leases.

#### **SIX-MONTH PERIOD: JANUARY-JUNE**

##### **Revenue**

The Group's revenue for the first six months of 2020 rose to SEK 712 million (709). Organically, revenue fell 3%. The business was clearly negatively affected by the covid-19 pandemic, but this was offset in part by positive momentum in large parts of the business.

During the period, the North American market accounted for 60% (59%) of the Group's sales, the European market for 19% (21%), and the rest of the world for 21% (19%).

##### **Operating result**

The Group's gross margin was 67% (69%). Operating result for the Group was SEK -68 million (-86) and the operating margin was -10% (-12%). During the first half of 2020, operating result were positively affected by the cost reduction program announced in April, as well as SEK 22 million in government support related to covid-19. Operating costs were reduced by 14% compared with the same period the previous year.

Capitalization of R&D for the period was lower than in the comparison period, while R&D amortization increased. The difference in relation to the comparison period burdened the operating result with SEK 48 million. Adjusted for this difference, the operating result would have been SEK 66 million better than in the same period the previous year.

Pretax result was SEK -86 million (-87). Net financial items totaled SEK -18 million (-2), where interest expenses on an expanded bond loan account for SEK 5 million of the difference. The difference otherwise consists of currency translation differences on receivables.

Net result was SEK -89 million (-91) and earnings per share was SEK -0.92 (-0.92).

#### **Cash flow, liquidity and financial position**

Cash flow from operations totaled SEK 15 million (-5), while the change in working capital had a positive effect of SEK 47 million (-39). Continuous investments decreased by SEK 17 million to SEK 106 million, of which SEK 96 million related to capitalization of R&D. Cash flow after continuous investments was SEK -43 million (-167). The issuance of bonds had a positive impact of SEK 153 million (293) on cash flow from financing activities.

##### **Organization**

The number of employees stated as full-time equivalents at the close of the period was 1,004 (1,019).

##### **Other events**

In June 2020, Tobii raised a loan in Japan of SEK 18 million, intended for the operations in Japan. The loan was obtained on favorable terms as part of local public support related to covid-19.

The sales process for Smartbox is progressing according to plan.

#### **EVENTS AFTER THE END OF THE PERIOD**

There are no significant events after the end of the period to report.



# Tobii Dynavox

Tobii Dynavox is the world's leading supplier of assistive technology for individuals with reduced ability to communicate due to conditions such as cerebral palsy, ALS, aphasia, spinal cord injuries or autism. The products include eye-controlled and touchscreen-based assistive technology for communication, as well as a variety of software.

## KEY RATIOS\*

SEK m	Q2 2020	Q2 2019	Half year 2020	Half year 2019	Full year 2019
Revenue	216.5	221.2	457.7	436.4	906.3
Revenue change:	-2%		5%		
- of which organic	-4%		2%		
- of which currency	2%		3%		
Gross margin	63 %	67 %	65 %	65 %	66 %
EBITDA	47.6	42.1	104.9	77.5	169.6
EBITDA margin	22 %	19 %	23 %	18 %	19 %
Operating profit/loss (EBIT)	28.1	24.9	64.4	42.1	99.5
EBIT change	13 %		53 %		
EBIT margin	13 %	11 %	14 %	10 %	11 %

\* Continuing operations, not including Smartbox

## QUARTER: APRIL-JUNE

- The new [I-Series](#), the division's medical-grade and eye-controlled flagship product, continues to perform well. The recently launched function that enables [eye tracking outdoors](#) is a clearly differentiated function that we, in addition to the launch of the new I-Series, expect will raise the upgrade rate further. Tobii Dynavox has [also made some of the world's most popular apps accessible in its product portfolio, including](#) Spotify, Facebook and Netflix. Both of the new features improve quality of life for the user and have been well received.
- Tobii Dynavox has successfully adapted its training initiatives for professionals such as therapists and prescribers to digital trainings.

Revenue fell by 2% to SEK 217 million (221). Organically, revenue fell 4%. Shutdowns of schools and care facilities had a negative impact on revenue that was offset by the continued strong performance in large parts of the division, driven by the new I-Series.

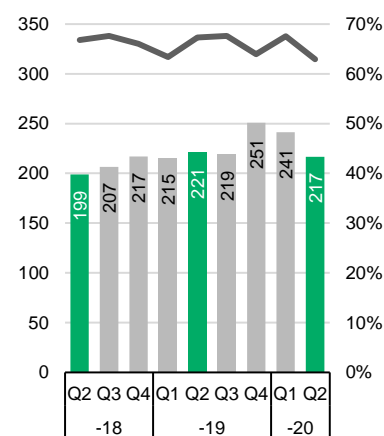
Gross margin was 63% (67%). The lower gross margin is mainly attributable to non-recurring write-offs related to old products and a minor increase in shipping costs related to covid-19.

Operating profit was SEK 28 million (25) and the operating margin improved to 13% (11%). The improved operating margin is attributable to successful cost reduction program, the strong performance of the new I-Series and government support, mainly in the US.



Tobii Dynavox has introduced the option for advanced eye tracking outdoors in its flagship product I-Series. This pioneering feature makes it possible for people with diagnoses such as cerebral palsy and ALS to communicate using eye control in various lighting conditions outdoors, including in strong sunlight

## REVENUE, SEK M AND GROSS MARGIN, %



## RESEARCH AND DEVELOPMENT, Q2

SEK m	2020	2019
Total R&D expenditures	-33	-37
Capitalization	21	22
Amortization	-15	-14
R&D expenses in the income statement	-27	-29

The information is pertaining to Continuing operations only.

**SIX-MONTH PERIOD: JANUARY-JUNE**

Revenue rose by 5% to SEK 458 million (436). Organic growth was 2%. The new I-Series has been a strong engine for sales throughout the first half of the year, but customer shutdowns, including schools and care facilities, had a substantial negative impact on the division in the second quarter.

Gross margin was 65% (65%). Operating profit rose 53% to SEK 64 million (42) and the operating margin increased to 14% (10%). The improved operating margin is attributable to the strong performance of the new I-Series. In addition, the division was able to offset the negative impact of covid-19 with cost reduction program measures and government support, mainly in the US.

**TRENDS AND DEVELOPMENTS**

Globally, more than 50 million people need assistive technology for communication. However, the market is grossly under-penetrated and only about 2% currently have access to good assistive technology. "Inclusion of all people" is a strong global trend in society and as knowledge grows and the health insurance system gradually develops, the market for Tobii Dynavox is expected to grow at a good pace and over a long period of time. The ambition of this division continues to be profitable growth by providing many more people with disabilities access to good assistive technology for communication. The operation is expanding by strengthening both the product offering and the sales organization, both organically and through acquisitions. As the market leader, Tobii Dynavox also invests in market development through extensive training programs for therapists and prescribers, as well as through activities to generally increase awareness of assistive technology for communication in the community.

# Tobii Pro

Tobii Pro is the world's leading provider of eye-tracking solutions for studying human behavior. Over 3,500 companies and 2,500 research institutions are Tobii Pro customers, including several leading corporations such as Procter & Gamble, Facebook, Ipsos and Toyota, as well as all of the world's 50 top-ranked universities.



Tobii Pro Glasses 3, the latest innovation in eye tracking from Tobii Pro, was launched during the quarter. Tobii Pro Glasses 3 is based on Tobii's pioneering and patented eye-tracking technology with cameras and illuminators inside the glass itself, enabling the unique combination of outstanding eye tracking performance in dynamic environments with a sleek and unobtrusive design.

## KEY RATIOS

SEK m	Q2 2020	Q2 2019	Half year 2020	Half year 2019	Full year 2019
Revenue	63.4	93.1	159.5	208.2	442.9
Revenue change:	-32%		-23%		
- of which organic	-33%		-26%		
- of which currency	1%		3%		
Gross margin	70 %	72 %	71 %	74 %	75 %
EBITDA	-11.7	6.3	1.5	36.3	91.2
EBITDA margin	-18 %	7 %	1 %	17 %	21 %
Operating profit/loss (EBIT)	-24.4	-2.5	-23.2	20.5	53.8
EBIT change	-		-		
EBIT margin	-39 %	-3 %	-15 %	10 %	12 %

## QUARTER: APRIL-JUNE

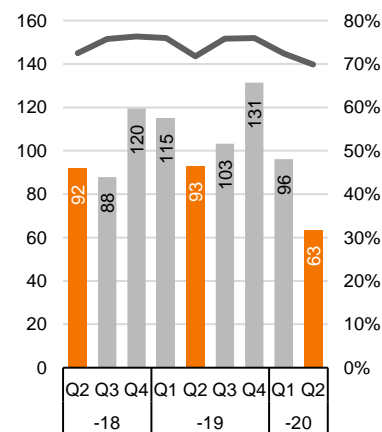
During the quarter, Tobii Pro launched the new generation of its flagship product [Glasses 3](#). This product is the result of major investments in product development based on 6 years of experience from Glasses 2. Glasses with related software and services currently account for about 50% of sales in the division. The new Glasses generation contains a large number of important improvements that broaden the areas of application and thus open up new addressable segments. The product has been very well received in the market so far and the first deliveries began during the third quarter. Tobii Pro believes that this product will be a strong growth motor for a long time after the effects of the pandemic have subsided.

Revenue fell by 32% to SEK 63 million (93). Organically, revenue fell by 33%. The covid-19 pandemic, which in most markets clearly affected the ability of customers to pursue research, studies and education, had a sharp negative impact on Tobii Pro's revenue. The impact on revenue was seen across all customer segments, product categories and most geographies.

Gross margin was 70% (72%). The lower gross margin is mainly attributable to negative economies of scale and non-recurring write-offs, which were offset in part by an increased share of software sales.

The operating result was SEK -24 million (-3) and the operating margin was -39% (-3%). The decrease in operating margin is mainly attributable to lower revenue and gross margin.

## REVENUE, SEK M AND GROSS MARGIN, %



## RESEARCH AND DEVELOPMENT, Q2

SEK m	2020	2019
Total R&D expenditures	-24	-27
Capitalization	13	18
Amortization	-11	-8
R&D expenses in the income statement	-22	-18



**SIX-MONTH PERIOD: JANUARY-JUNE**

Revenue fell by 23% to SEK 160 million (208). Organically, revenue fell by 26%. The covid-19 pandemic, which in most markets clearly affected the ability of customers to pursue research, studies and education, had a sharp negative impact on Tobii Pro's revenue. The impact on revenue was substantial in academic research, as well as among commercial customers.

Gross margin was 71% (74%), driven by the lower revenue, non-recurring write-offs and production startup related costs. This was partly offset by a mix shift towards software. The operating result was SEK -23 million (20) and the operating margin was -15% (10%).

**TRENDS AND DEVELOPMENTS**

The market for eye-tracking solutions used in behavioral studies is growing steadily. Researchers and companies in many different fields are demanding eye-tracking solutions that, for example, help them to gain new insights, or can contribute to safer, more efficient processes, increased profitability and more user-friendly products. Tobii Pro has chosen to address the three segments "Scientific Research," "Professional Performance," and "Market Research and User Experience." The division is expanding by reaching new customers in current and new geographic locations, but also through an increased quantity of high-volume orders from customers who want to use eye tracking more broadly in their activities. Tobii Pro's offering consists of both services and products, and the business has grown through both organic growth and acquisitions.

# Tobii Tech

Tobii Tech is the world's leading provider of eye-tracking technology for integration into consumer electronics and other products. Customers can be found primarily in the PC, VR and Niche Applications segments. Tobii Tech's overarching objective is to maintain its world-leading position and in the long-term to achieve revenue in the billions with good profitability. This development requires major investments in technology and marketing.



During the quarter, Tobii Tech launched its new innovative gaming eye tracker, Tobii Eye Tracker 5. It translates the eye and head movements of the player into data to enable new levels of game control, game analysis and streaming.

## KEY RATIOS

SEK m	Q2 2020	Q2 2019	Half year 2020	Half year 2019	Full year 2019
Revenue	66.6	49.4	125.9	98.9	221.7
Revenue change:	35%		27%		
- of which organic	31%		23%		
- of which currency	4%		4%		
Gross margin	53 %	47 %	53 %	46 %	47 %
EBITDA	-35.2	-65.5	-85.6	-135.5	-260.2
EBITDA margin	-53 %	-132 %	-68 %	-137 %	-117 %
Operating profit/loss (EBIT)	-49.5	-71.6	-110.3	-151.2	-293.8
EBIT change	-		-		
EBIT margin	-74 %	-145 %	-88 %	-153 %	-133 %

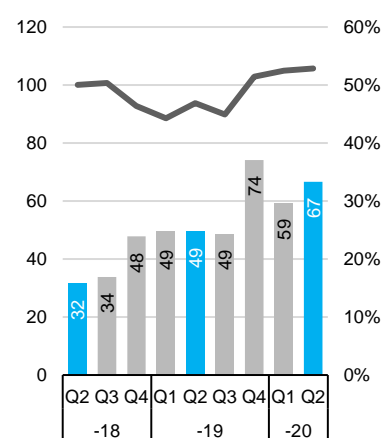
## QUARTER: APRIL–JUNE

- Tobii Tech is working intensely on development projects with several leading OEMs related to the next generation VR and AR headsets. Key milestones in major development projects within VR were achieved during the quarter, clearly indicating that the VR investment is on the right track.
- Tobii has signed a new agreement with Lenovo on integrating Tobii Aware in the two PC-models ThinkCentre M90A and M70A, which were launched in the quarter. While the deal is relatively small in scope, it is viewed as an indication that Tobii has a leading offering and a stepping stone to more deals with Lenovo and other OEMs.
- In June Tobii Tech launched [Tobii Eye Tracker 5 for gamers](#). We see that demand for Eye Tracker 5 is currently strongest among simulator gamers and for esports training.
- In July, eye tracking was added to OpenXR, which is a new standard for VR and AR products. Tobii and Microsoft have been the leaders in this effort, since this type of standardization makes it easier to write applications and games that support VR and AR from different manufacturers, thereby helping to promote broader adoption of eye tracking.
- Tobii Tech has on top of a temporary covid-19 related cost reduction program implemented a long-term restructuring program. Together these included reductions of about sixty consultants and employees.

External revenue increased by 65% to SEK 53 million (32), or 60% organically. Internal revenue dropped to SEK 14 million (18). In total, revenue rose 35% to SEK 67 million (49), or 31% organically. Growth was mainly driven by project-related revenue within VR and AR, but also by strong growth in the PC segment. Tobii Tech estimates that the covid-19 pandemic has had a negative impact on revenue for the division during the second quarter due to disruptions in customer supply chains, delayed projects and weaker sales for customers.

Gross margin increased to 53% (47%) because of the changed product mix. The operating result was SEK -49 million (-72), which is a significant improvement driven by increased sales, a higher gross margin and the cost reduction program carried out during the quarter.

## REVENUE, SEK M AND GROSS MARGIN, %



## RESEARCH AND DEVELOPMENT, Q2

SEK m	2020	2019
Total R&D expenditures	-44	-65
Capitalization	8	17
Amortization	-14	-6
R&D expenses in the income statement	-50	-55

**SIX-MONTH PERIOD: JANUARY-JUNE**

External revenue increased by 47% to SEK 95 million (64), 43% of which was organic, while internal revenue dropped to SEK 31 million (35). Revenue rose a total of 27% to SEK 126 million (99). Organically, the increase was 23%.

Gross margin was 53% (46%). The operating result improved to SEK -110 million (-151), driven by increased sales, a higher gross margin and the implemented cost reduction program.

**TRENDS AND DEVELOPMENTS**

Smart sensors are being introduced at a rapid pace in computers and other consumer electronics. Eye tracking is part of this trend, and enables a broad array of innovations within fields such as computer interaction, virtual reality, vehicle safety and healthcare. The company holds the opinion that eye-tracking sensors will be a given in many products in the future.

In computers, eye tracking offers benefits such as more intuitive interfaces, higher security, longer battery time and increased effectiveness. In gaming computers, eye tracking also allows enhanced gaming experiences with clear values in streaming and game training. Players such as Intel and Microsoft are drivers in the development of computers that increasingly understand the user, such as the Intel Athena initiative and the integration of eye tracking in Microsoft Windows.

The first VR and AR products with integrated eye tracking were recently launched and there is strong consensus in the industry that eye tracking is a necessity for creating outstanding performance and user experiences in future generations of headsets. The market for VR and AR is growing at a rapid pace and independent industry analysts estimate ten-fold growth, from just over 5 million units sold in 2019 to more than 60 million in 2023.

New areas of application for eye tracking are constantly being identified in innovative niche applications, especially in healthcare where several pioneering products have been launched or are under development. For example, eye tracking is used to detect concussions and Parkinson's disease, to treat strabismus, and to improve safety in robotic surgery.

Tobii Tech is the leading provider of eye-tracking technology for integration into consumer electronics and other products. The division is therefore extremely well positioned to be able to leverage the great potential for eye tracking.

# Tobii Group

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	Q2 2020	Q2 2019	Half year 2020	Half year 2019	Full year 2019
<b>Continuing operations</b>					
Revenue	332.5	346.2	712.1	708.9	1,501.3
Cost of goods and services sold	-116.6	-105.8	-232.6	-222.4	-469.6
<b>Gross profit</b>	<b>215.9</b>	<b>240.4</b>	<b>479.5</b>	<b>486.5</b>	<b>1,031.7</b>
Selling expenses	-129.5	-148.6	-277.8	-292.9	-596.7
Research and development expenses	-99.0	-101.6	-209.4	-210.2	-438.3
Administrative expenses	-32.7	-41.8	-68.8	-75.7	-146.4
Other operating income and operating expenses <sup>1</sup>	-0.2	4.0	8.5	6.5	11.6
<b>Operating profit/loss</b>	<b>-45.4</b>	<b>-47.5</b>	<b>-68.0</b>	<b>-85.8</b>	<b>-138.1</b>
Net financial items <sup>2</sup>	-25.2	-8.4	-18.0	-1.5	-12.2
<b>Profit/loss before tax</b>	<b>-70.7</b>	<b>-55.9</b>	<b>-86.0</b>	<b>-87.4</b>	<b>-150.3</b>
Tax	0.0	0.5	-0.7	-2.5	-9.0
<b>Net profit/loss for the period from continuing operations</b>	<b>-70.7</b>	<b>-55.4</b>	<b>-86.7</b>	<b>-89.9</b>	<b>-159.4</b>
<b>Discontinued operations</b>					
Net profit/loss for the period from discontinued operations	-2.8	-3.2	-2.7	-1.3	-11.9
<b>Net profit/loss for the period</b>	<b>-73.5</b>	<b>-58.6</b>	<b>-89.4</b>	<b>-91.2</b>	<b>-171.2</b>
<b>Other comprehensive income</b>					
Items that may subsequently be reclassified to profit or loss for the period:					
Translation differences	0.4	-4.7	-13.4	-1.3	3.5
Other comprehensive income for the period, net after tax	0.4	-4.7	-13.4	-1.3	3.5
Total comprehensive income for the period	-73.1	-63.3	-102.8	-92.5	-167.8
Of which depreciation and amortization, continuing operations	-51.0	-39.6	-101.9	-81.6	-170.4
Of which write-down of non-current assets, continuing operations <sup>3</sup>	-3.2	-	-3.2	-	-
Earnings per share, SEK	-0.75	-0.59	-0.92	-0.92	-1.73
Earnings per share, diluted, SEK	-0.75	-0.59	-0.92	-0.92	-1.73
Net profit/loss for the period attributable to:					
Parent company shareholders	-74.3	-58.3	-91.3	-91.0	-171.4
Non-controlling interests	0.8	-0.3	1.9	-0.2	0.2
Net profit/loss for the period	-73.5	-58.6	-89.4	-91.2	-171.2
Total comprehensive income for the period attributable to:					
Parent company shareholders	-74.0	-63.0	-104.7	-92.3	-168.0
Non-controlling interests	0.8	-0.3	1.9	-0.2	0.2
Total comprehensive income for the period	-73.1	-63.3	-102.8	-92.5	-167.8

1) For the second quarter, the largest sub-items are SEK 9 million in public support not directly attributable to any specific cost items and currency translation differences of SEK -10 million. The comparison quarter mainly included currency translation differences. For the first half of the year, the largest sub-items are SEK 9 million in public support not directly attributable to any specific cost items and currency translation differences of SEK -2 million. For the comparison period, as well as for full-year 2019 this item primarily related to currency translation differences. Full-year 2019 also includes SEK 3 million relating to a reversal of contingent considerations.

2) Financial items for the second quarter include interest expenses related to bond loans and finance leases in accordance with IFRS 16 of SEK -8 million (-6). The item otherwise mainly consists of negative currency translation differences on receivables, primarily in USD. For the first half of the year the corresponding interest expenses totaled SEK -14 million (-9) and the remainder of the item consists of currency translation differences, primarily in USD.

3) The non-recurring impairment charges during the period relate to certain patents held by the Group's parent company Tobii AB.

## CONDENSED CONSOLIDATED BALANCE SHEET

SEK m	Jun 30 2020	Jun 30 2019	Dec 31 2019
<b>NON-CURRENT ASSETS</b>			
Intangible assets	616.9	727.4	611.4
Tangible fixed assets	54.0	27.5	48.6
Right-of-use assets	83.6	111.5	97.0
Financial and other non-current assets	86.4	86.7	86.0
<b>Total non-current assets</b>	<b>840.9</b>	<b>953.1</b>	<b>843.0</b>
<b>CURRENT ASSETS</b>			
Accounts receivable	181.4	224.9	242.2
Inventories	96.7	101.6	97.1
Other current receivables	59.3	57.6	68.0
Cash and cash equivalents	298.8	313.8	185.2
Assets held for sale	185.3	-	194.4
<b>Total current assets</b>	<b>821.5</b>	<b>697.9</b>	<b>786.9</b>
<b>Total assets</b>	<b>1,662.4</b>	<b>1,651.0</b>	<b>1,629.9</b>
<b>SHAREHOLDERS' EQUITY</b>			
Shareholders' equity, Parent Company shareholders	575.4	748.4	675.1
Non-controlling interests	2.8	0.6	0.9
<b>Total shareholders' equity</b>	<b>578.2</b>	<b>749.0</b>	<b>676.1</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing loans	460.3	292.9	294.0
Leasing liabilities	54.4	78.9	66.6
Other non-current liabilities	117.5	119.1	116.4
<b>Total non-current liabilities</b>	<b>632.2</b>	<b>490.9</b>	<b>477.0</b>
<b>CURRENT LIABILITIES</b>			
Leasing liabilities	28.5	29.3	28.7
Other current liabilities	389.2	381.8	413.4
Liabilities directly related to assets held for sale	34.2	-	34.6
<b>Total current liabilities</b>	<b>452.0</b>	<b>411.1</b>	<b>476.8</b>
<b>Total liabilities</b>	<b>1,084.2</b>	<b>902.0</b>	<b>953.8</b>
<b>Total equity and liabilities</b>	<b>1,662.4</b>	<b>1,651.0</b>	<b>1,629.9</b>



## 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			
<b>Opening balance, Jan 1, 2019</b>	<b>0.7</b>	<b>1,629.3</b>	<b>-5.3</b>	<b>-790.6</b>	<b>834.2</b>	<b>0.8</b>	<b>835.0</b>	
Comprehensive income for the period			-1.3	-91.0	-92.3	-0.2	-92.4	
Sale of warrants, incentive programs		5.6			5.6		5.6	
Share based payments settled using equity instruments				0.9	0.9		0.9	
<b>Closing balance, June 30, 2019</b>	<b>0.7</b>	<b>1,634.9</b>	<b>-6.6</b>	<b>-880.7</b>	<b>748.4</b>	<b>0.6</b>	<b>749.0</b>	
<b>Opening balance, Jan 1, 2020</b>	<b>0.7</b>	<b>1,635.9</b>	<b>-1.8</b>	<b>-959.8</b>	<b>675.1</b>	<b>0.9</b>	<b>676.1</b>	
Comprehensive income for the period			-13.4	-91.3	-104.7	1.9	-102.8	
New share issue, exercise of warrants incentive programs	0.0				0.0		0.0	
Sale of warrants, incentive programs		3.5			3.5		3.5	
Share based payments settled using equity instruments				1.5	1.5		1.5	
<b>Closing balance, June 30, 2020</b>	<b>0.7</b>	<b>1,639.4</b>	<b>-15.2</b>	<b>-1,049.6</b>	<b>575.4</b>	<b>2.8</b>	<b>578.2</b>	

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

SEK m	Q2 2020	Q2 2019	Half year 2020	Half year 2019	Full year 2019
<b>Cash flow from operating activities</b>					
Profit/loss after financial items, continuing operations	-70.7	-55.9	-86.0	-87.4	-150.3
Profit/loss discontinued operations	-2.8	-2.3	-2.3	-1.4	-11.5
Adjustment for items not included in the cash flow	73.9	47.0	106.4	84.7	180.4
Taxes paid	-0.4	0.0	-2.6	-0.6	-0.7
<b>Cash flow from operating activities before change in working capital</b>	<b>-0.0</b>	<b>-11.2</b>	<b>15.4</b>	<b>-4.6</b>	<b>17.9</b>
Cash flow from change in working capital	70.1	-1.9	47.3	-39.3	-31.3
<b>Cash flow from operating activities</b>	<b>70.1</b>	<b>-13.2</b>	<b>62.7</b>	<b>-43.9</b>	<b>-13.4</b>
Investments					
Continuous investments					
Investments in intangible, tangible and financial fixed assets	-50.8	-61.8	-105.8	-123.4	-248.8
<b>Cash flow after continuous investments</b>	<b>19.3</b>	<b>-74.9</b>	<b>-43.1</b>	<b>-167.3</b>	<b>-262.2</b>
Business combinations	-	-0.8	-	-0.8	-1.5
<b>Cash flow after investments</b>	<b>19.3</b>	<b>-75.8</b>	<b>-43.1</b>	<b>-168.2</b>	<b>-263.7</b>
Interest-bearing debt, including Bond issue	19.0	0.0	172.3	293.2	293.2
Sale/exercise of warrants, incentive program	-0.0	5.6	3.5	5.6	6.6
Instalments of leasing liability IFRS 16	-6.8	-6.5	-13.5	-12.8	-24.7
<b>Cash flow from financing activities</b>	<b>12.2</b>	<b>-0.9</b>	<b>162.4</b>	<b>285.9</b>	<b>275.1</b>
<b>Cash flow for the period</b>	<b>31.5</b>	<b>-76.6</b>	<b>119.3</b>	<b>117.7</b>	<b>11.4</b>
Foreign currency translation, cash and cash equivalents	-7.9	-0.7	-2.4	3.9	4.8
Cash and cash equivalents at the beginning of the period	278.3	391.1	185.2	192.3	192.3
Change in Cash and cash equivalents classified as Assets held for sale	-3.1	-	-3.2	-	-
Cash and cash equivalents reclassified as Assets held for sale	-	-	-	-	-23.3
<b>Cash and cash equivalents at the end of the period*</b>	<b>298.8</b>	<b>313.8</b>	<b>298.8</b>	<b>313.8</b>	<b>185.1</b>

\* Cash and cash equivalents included in Assets held for sale amount to MSEK 25.0 at June 30, 2020 are not included in the amount. At the end of 2019 such cash and cash equivalents equalled MSEK 23.3. There were no Assets held for sale at June 30, 2019.

**BREAKDOWN OF REVENUE**

SEK m	Q2 2020	Q2 2019	Half year 2020	Half year 2019	Full year 2019
<b>REVENUE BY PRODUCT CATEGORY</b>					
Goods	273.6	300.3	599.1	625.2	1,317.0
Services	53.8	42.0	103.1	76.9	167.2
Royalties	5.1	3.9	9.9	6.8	17.0
<b>Total revenues</b>	<b>332.5</b>	<b>346.2</b>	<b>712.1</b>	<b>708.9</b>	<b>1,501.3</b>
<b>REVENUE BY TIMING CATEGORY</b>					
At a point in time	310.0	325.6	667.3	669.7	1,418.0
Over time	22.4	20.6	44.8	39.2	83.4
<b>Total revenues</b>	<b>332.5</b>	<b>346.2</b>	<b>712.1</b>	<b>708.9</b>	<b>1,501.3</b>
<b>REVENUE BY GEOGRAPHIC MARKET</b>					
Europe	57.9	67.3	135.8	148.6	311.1
North America	197.7	223.0	424.6	422.9	886.7
Other countries	77.0	55.8	151.7	137.4	303.5
<b>Total revenues</b>	<b>332.5</b>	<b>346.2</b>	<b>712.1</b>	<b>708.9</b>	<b>1,501.3</b>

## CONSOLIDATED KEY RATIOS

	Q2 2020	Q2 2019	Half year 2020	Half year 2019	Full year 2019
Earnings per share, SEK	-0.75	-0.59	-0.92	-0.92	-1.73
Earnings per share, diluted <sup>*)</sup> , SEK	-0.75	-0.59	-0.92	-0.92	-1.73
Equity per share, SEK	5.8	7.6	5.8	7.6	6.8
EBITDA, continuing operations, SEK m	8.7	-7.9	37.1	-4.3	32.3
EBITDA continuing operations; IFRS 16 Leasing excluded	1.6	-14.9	22.9	-18.2	4.4
EBIT, continuing operations, SEK m	-45.4	-47.5	-68.0	-85.8	-138.1
Cash flow from operating activities, SEK m	70.1	-1.9	62.7	-43.9	-13.4
Cash flow after continuous investments, SEK m	19.3	-74.9	-43.1	-167.3	-262.2
Working capital, SEK m <sup>1)</sup>	-51.8	2.4	-51.8	2.4	-6.1
Total assets, SEK m	1,662.4	1,651.0	1,662.4	1,651.0	1,629.9
Net cash(+)/net debt (-), SEK m <sup>1)</sup>	-244.4	-87.3	-244.4	-87.3	-204.2
Net cash(+)/net debt (-); IFRS 16 Leasing excluded, SEK m <sup>1)</sup>	-161.4	20.9	-161.4	20.9	-108.9
Equity, SEK m	578.2	749.0	578.2	749.0	676.1
Average equity, SEK m	608.2	772.8	628.2	797.9	751.9
Equity/assets ratio, %	34.8	45.4	34.8	45.4	41.5
Equity/assets ratio; IFRS 16 Leasing excluded, %	36.6	48.7	36.6	48.7	44.1
Debt/equity, %	94.0	53.6	94.0	53.6	57.6
Debt/equity; IFRS 16 Leasing excluded, %	79.6	39.1	79.6	39.1	43.5
Gross margin, continuing operations, %	64.9	69.5	67.3	68.6	68.7
EBITDA margin, continuing operations, %	2.6	-2.3	5.2	-0.6	2.2
EBITDA margin continuing operations; IFRS 16 Leasing excluded, %	0.5	-4.3	3.2	-2.6	0.3
Operating margin, continuing operations, %	-13.7	-13.7	-9.6	-12.1	-9.2
Return on total equity, %	-12.1	-7.6	-14.2	-11.4	-22.8
Average number of outstanding shares after dilution, million	99.0	98.9	99.0	98.9	98.9
Average number of outstanding shares, million	99.1	99.2	99.2	99.2	99.4
Number of outstanding shares at period end, million	99.1	98.9	99.1	98.9	98.9
Number of outstanding shares after dilution at period end, million	99.7	99.5	99.7	99.5	99.5
Average number of employees	1,013	983	1,051	974	986

<sup>1)</sup> As at June 30, 2020 and December 31, 2019, excluding assets held for sale and related liabilities

\*) The 2020 Annual General Meeting resolved to introduce a new long-term incentive program, LTI 2020, and to allocate a maximum of 736,000 stock units, of which up to 368,000 are contingent synthetic restricted stock units that are issued to cover costs for taxes for participants. On June 30, 2020 a total of 3.5 million warrants and stock units were outstanding, which is a reduction of 0.4 million since the end of 2019 because of the redemption of 136,000 warrants within the framework of the 2015 warrant program – 2015/2020:1 and allotment of 367,940 stock units under LTI 2020, at the same time that 599,600 options under LTI 2016 matured. The dilution effect of warrants in all of the Company's incentive programs and maximum issuance under LTI 2020 corresponds to a maximum of approximately 3.5%.

## QUARTERLY DATA PER BUSINESS UNIT AND THE GROUP

## DATA RELATE TO REMAINING OPERATIONS UNLESS OTHERWISE SPECIFIED

	2018				2019				2020	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
REVENUE, SEK m										
Tobii Dynavox	175.1	198.9	206.6	217.0	215.1	221.2	219.1	250.8	241.2	216.5
Tobii Pro	97.5	91.8	87.9	119.5	115.1	93.1	103.3	131.4	96.1	63.4
Tobii Tech*	36.5	31.6	33.9	47.8	49.5	49.4	48.6	74.1	59.2	66.6
Eliminations and other	-15.2	-15.7	-15.4	-19.9	-17.1	-17.6	-11.5	-23.4	-16.9	-14.1
The Group	293.9	306.5	312.9	364.5	362.7	346.2	359.5	432.9	379.6	332.5
*) Of which revenue from sales to Tobii Dynavox och Tobii Pro	15.2	15.7	15.4	19.9	17.1	17.6	11.5	23.4	16.9	14.1
GROSS MARGIN, %										
Tobii Dynavox	67.9	66.8	67.6	66.0	63.4	67.3	67.6	63.9	67.5	62.9
Tobii Pro	74.4	72.5	75.8	76.4	76.0	71.8	75.8	76.3	72.4	69.9
Tobii Tech	41.7	50.0	50.3	46.4	44.3	46.9	44.9	51.4	52.5	52.8
The Group	70.3	70.2	71.4	70.5	67.8	69.5	68.8	68.8	69.4	64.9
EBITDA, SEK										
Tobii Dynavox	31.1	38.9	34.8	33.1	35.4	42.1	45.8	46.2	57.3	47.6
Tobii Pro <sup>2</sup>	38.7	14.3	15.7	32.2	30.0	6.3	22.1	32.8	13.2	-11.7
Tobii Tech	-57.4	-73.0	-72.5	-64.3	-70.0	-65.5	-65.3	-59.4	-50.4	-35.2
Eliminations and other <sup>1</sup>	0.0	0.0	0.1	0.1	8.3	9.2	5.8	8.5	8.3	8.0
The Group <sup>1</sup>	12.5	-19.8	-22.0	1.1	3.6	-7.9	8.4	28.2	28.4	8.7
EBIT, SEK m										
Tobii Dynavox	14.2	21.6	18.0	17.1	17.2	24.9	29.8	27.6	36.4	28.1
Tobii Pro	15.3	1.4	4.2	24.0	23.0	-2.5	13.1	20.2	1.2	-24.4
Tobii Tech	-66.5	-82.5	-81.9	-73.8	-79.6	-71.6	-73.0	-69.5	-60.8	-49.5
Eliminations and other <sup>1</sup>	0.0	0.0	0.0	0.0	1.0	1.8	-1.5	1.1	0.7	0.4
The Group <sup>1</sup>	-37.0	-59.5	-59.6	-32.7	-38.3	-47.5	-31.6	-20.6	-22.6	-45.4
OPERATING MARGIN, %										
Tobii Dynavox	8.1	10.8	8.7	7.9	8.0	11.3	13.6	11.0	15.1	13.0
Tobii Pro	15.7	1.6	4.8	20.1	20.0	-2.7	12.7	15.4	1.2	-38.5
Tobii Tech	-	-	-	-	-	-	-	-	-	-
The Group	-12.6	-19.4	-19.1	-9.0	-10.6	-13.7	-8.8	-4.8	-5.9	-13.7
PROFIT/LOSS BEFORE TAX, SEK m										
The Group	-30.4	-40.9	-63.6	-29.1	-31.5	-55.9	-26.6	-36.3	-15.4	-70.7
PROFIT/LOSS FOR THE PERIOD, INCLUDING DISCONTINUED OPERATIONS, SEK m										
The Group	-31.6	-40.7	-68.2	-33.8	-32.6	-58.6	-31.5	-48.6	-15.9	-73.5

1) IFRS 16 Leasing is applied from 2019. The effect is reported on Consolidated Group level only and not allocated on Divisions.

2) Tobii Pro's and the Group's EBITDA was positively impacted in the first quarter 2018 by a reversal of a contingent consideration in the amount of SEK 12 m.



# The Parent Company

The Group's Parent Company, Tobii AB (publ), has primarily focused on Group-wide services such as overarching management, business and funding, legal affairs and IT since January 1, 2019. The number of employees in the Parent Company is approximately 100.

On February 14, 2019, Tobii announced the issuance of three-year senior covered bonds of SEK 300 million within a loan facility of SEK 600 million with maturity in February 2022. The Company's bonds are listed on Nasdaq Stockholm. The Parent Company Tobii AB is the issuer of the bond loan. The interest rate for the bond loan was set at 3 months STIBOR + 575 basis points. On February 10, 2020, Tobii announced that additional bonds of SEK 150 million had been issued under the same loan framework. The issue was oversubscribed and the bond price was set at 103.75, which corresponds to an interest rate of 3 months STIBOR + 384 basis points for the period to maturity.

The remaining bond liquidity will be used to finance future acquisitions and for general business purposes. The bonds issued in accordance with the Bond Loan are secured by collateral in shares in current and future material subsidiaries and certain intra-Group loans.

In January 2020, Tobii entered into a loan agreement for SEK 50 million, intended to cover the Group's working capital needs. The loan facility matures on June 30, 2021.

The Parent Company's revenue during the second quarter totaled SEK 29 million (33) and the operating result was SEK -5 million (-0). At the end of the period, the Parent Company had SEK 57 million (154) in cash and cash equivalents.

## CONDENSED PARENT COMPANY INCOME STATEMENT

SEK m	Q2 2020	Q2 2019	Half year 2020	Half year 2019	Full year 2019
<b>Revenue</b>	<b>29.1</b>	<b>33.4</b>	<b>63.3</b>	<b>67.2</b>	<b>147.0</b>
Cost of goods and services sold	-8.2	-5.5	-19.0	-13.2	-43.8
<b>Gross profit</b>	<b>20.8</b>	<b>27.9</b>	<b>44.3</b>	<b>54.0</b>	<b>103.2</b>
Selling expenses	0.4	-1.7	0.4	-2.7	0.7
Research and development expenses	-5.3	-1.6	-6.2	-3.1	-2.1
Administrative expenses	-22.1	-25.1	-46.1	-50.2	-105.0
Other operating income and operating expenses	0.8	0.8	1.6	1.2	0.6
<b>Operating profit/loss</b>	<b>-5.3</b>	<b>0.3</b>	<b>-6.1</b>	<b>-0.8</b>	<b>-2.7</b>
Financial items	-6.8	-4.6	-13.8	-6.5	-16.5
Group Contributions	-	-	-	-	88.1
<b>Profit/loss before tax</b>	<b>-12.1</b>	<b>-4.3</b>	<b>-19.9</b>	<b>-7.3</b>	<b>69.2</b>
Tax	-	-	-	-	-0.1
<b>Profit/loss after tax</b>	<b>-12.1</b>	<b>-4.3</b>	<b>-19.9</b>	<b>-7.3</b>	<b>69.1</b>
Depreciation, amortization and write-downs, total	-4.4	-1.0	-5.6	-2.1	-4.2

## CONDENSED PARENT COMPANY BALANCE SHEET

SEK m	Jun 30 2020	Jun 30 2019	Dec 31 2019
<b>NON-CURRENT ASSETS</b>			
Intangible assets	39.5	37.5	40.2
Tangible fixed assets	8.0	1.0	8.7
Financial assets	1,661.7	1,309.3	1,399.7
<b>Total non-current assets</b>	<b>1,709.2</b>	<b>1,347.7</b>	<b>1,448.6</b>
<b>CURRENT ASSETS</b>			
Accounts receivable	21.4	55.5	19.7
Inventories	0.1	1.0	0.1
Other current receivables	40.3	35.8	154.7
Cash and bank balances	57.2	153.8	56.9
<b>Total current assets</b>	<b>119.0</b>	<b>246.2</b>	<b>231.3</b>
<b>Total assets</b>	<b>1,828.2</b>	<b>1,593.9</b>	<b>1,680.0</b>
<b>SHAREHOLDERS' EQUITY</b>			
<b>1,213.0</b>	<b>1,149.1</b>	<b>1,227.9</b>	
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing liabilities	518.6	328.4	329.9
Other non-current liabilities	9.3	9.5	9.9
<b>Total non-current liabilities</b>	<b>527.8</b>	<b>337.9</b>	<b>339.7</b>
<b>CURRENT LIABILITIES</b>			
Other current liabilities	87.4	106.9	112.4
<b>Total current liabilities</b>	<b>87.4</b>	<b>106.9</b>	<b>112.4</b>
<b>Total liabilities</b>	<b>615.2</b>	<b>444.8</b>	<b>452.1</b>
<b>Total equity and liabilities</b>	<b>1,828.2</b>	<b>1,593.9</b>	<b>1,680.0</b>

# 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 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 and the application of IAS 20 Accounting for Government Grants, as described below.

The IASB has published amendments to standards effective from January 1, 2020 or later. These amendments have not had a material impact on the financial statements.

### GOVERNMENT GRANTS

Certain Tobii entities received government support related to covid-19 during the quarter, such as support for temporary worktime reduction in Sweden. In accordance with IAS 20, government grants are recognized in the income statement when there is reasonable assurance that the company will fulfill the conditions associated with the grants and that the grants will be received. For grants related to cost items, Tobii reports these grants as a reduction of the costs to which the grants relate. Grants without a direct link to cost items are reported as other operating income.

## Note 2. Business combinations

No business combinations were made during the reporting period, nor during the comparison period.

During the second quarter of 2019, in conjunction with the opening of a new office in Santiago, Chile, Tobii acquired certain assets from the previous reseller Eye on Media, whose staff joined Tobii as employees. The total consideration amounted to SEK 2.8 million, consisting of SEK 0.8 million in cash payment, forgiveness of certain receivables and a contingent consideration.

## Note 3. Financial instruments

SEK m	Jun 30 2020		Jun 30 2019		Dec 31 2019	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial liabilities measured at amortized cost for which fair value is disclosed for information purposes</b>						
Bond issue	442.9	450.0	293.2	300.0	294.1	300.0
<b>Financial liabilities measured at fair value</b>						
Contingent considerations	12.0	12.0	16.2	16.2	13.6	13.6

Fair value for interest-bearing loans is calculated for disclosure purposes by discounting future cash flows at the current interest rate for the remaining maturity.

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

The largest sub-items within contingent considerations valued at fair value relate to Smartbox, at SEK 9.2 million, and Acuity, at SEK 1.9 million. The table below shows the change in fair value of the item during the period.

### Change in contingent consideration

SEK m	Jun 30 2020
Opening balance January 1, 2020	13.6
Acquisitions during the year	-
Payments	-
Change in fair value reported as other operational income/loss	-0.8
Translation differences	-0.7
Closing balance June 30, 2020	12.0

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 2019 financial year, without any need for impairment being identified.

Following the covid-19 pandemic, management has updated its impairment assessment for the first and second quarters of 2020 and found that there is no need for impairment of goodwill. There are no other indicators that would have led to a need for impairment testing.

## Note 4. Pledged assets and contingent liabilities

On February 10, 2020, Tobii announced a subsequent issuance of senior covered bonds of SEK 150 million under its SEK 600 million loan facility, with maturity in February 2022. On February 14, 2019, Tobii announced the first issuance of SEK 300 million within the same loan framework. The total amount of outstanding bonds is thus SEK 450 million. The Parent Company Tobii AB is the issuer of the bond loan. The bonds issued in accordance with the Bond Loan are secured by collateral in shares in Tobii Dynavox AB, Tobii Pro AB and Tobii Tech AB.

## 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 Dynavox in the U.S. is under the supervisory control of the U.S. Food and Drug Administration (FDA)). The Group's risks and risk management are described in greater detail on page 41 in the Directors' Report and in note 3 in Tobii's 2019 Annual Report. Tobii is of the opinion that this risk description remains correct. There is a description of the special risk situation that has arisen as a result of the covid-19 pandemic on page 2 of the 2019 Annual Report.

### TRANSACTIONS WITH RELATED PARTIES

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

### DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES (APM) NOT DEFINED BY IFRS

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 112 of the 2019 annual report.

### RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

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

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

SEK m	Q2 2020	Q2 2019	Half year 2020	Half year 2019	Full year 2019
Operating profit/loss before depreciation, amortization and impairment, (EBITDA)	8.7	-7.9	37.1	-4.3	32.3
Amortization and impairment	-40.1	-28.1	-77.6	-58.3	-123.6
Depreciation	-14.1	-11.5	-27.6	-23.3	-46.8
<i>of which Right-of-use assets (IFRS 16 Leasing)</i>	-7.1	-7.0	-14.2	-14.0	-28.0
<b>Operating profit/loss (EBIT)</b>	<b>-45.4</b>	<b>-47.5</b>	<b>-68.0</b>	<b>-85.8</b>	<b>-138.1</b>

Danderyd, August 19, 2020

**Kent Sander**  
Chairman of the Board

**Heli Arantola**  
Board member

**Nils Bernhard**  
Board member

**Mårten Skogö**  
Board member

**Charlotta Falvin**  
Board member

**Åsa Hedin**  
Board member

**Jan Wäreby**  
Board member

**Jörgen Lantto**  
Board member

**Henrik Eskilsson**  
President & CEO

The report has not been subject to review by the Company's auditors.

This information is information that Tobii AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. *The information was submitted for publication, through the agency of the contact person set out below, on August 19, 2020 at 7:30 a.m. CET.*

Contact person: Henrik Mawby, Head of Investor Relations, Tobii AB, e-mail: [ir@tobii.com](mailto:ir@tobii.com), tel. +46 (0) 72 219 82 15

## Information to shareholders

### TELECONFERENCE AND PRESENTATION

A conference call and online presentation will be held in English today at 10:00 a.m. (CET). See [tobii.com](http://tobii.com) for more information about the conference. The slides from the presentation will be available for download from the website afterwards.

### CONTACT DETAILS

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### FINANCIAL CALENDAR

Interim Report Q3, 2020	October 29, 2020
Year End report 2020	February 4, 2021