

Press release

Stockholm, October 24, 2019

Tobii Interim Report for the Third Quarter 2019

Tobii AB (publ) today announced its interim report for the third quarter of 2019.

Comment by Tobii's CEO Henrik Eskilsson:

“Substantial profitability improvements in Tobii Dynavox and Tobii Pro. Revenues in the quarter increased by 15 percent, or 8 percent adjusted for currency effects, compared with the third quarter of 2018. Operating margins in Tobii Dynavox and Tobii Pro increased substantially to 14 percent and 13 percent, respectively, while external revenues in Tobii Tech doubled. We also launched two important new products that lay the foundation for continued profitable growth for a long time to come.”

Third quarter July-September 2019

- The Group's revenues rose by 15% to SEK 359 million (313) compared with the third quarter of 2018. Adjusted for currency effects, the increase was 8%.
- The gross margin was 69% (71%).
- The Group's operating loss amounted to SEK -32 million (-60). Tobii Dynavox contributed SEK 30 million (18) and Tobii Pro SEK 13 million (4) to earnings, while investments in Tobii Tech had an impact of SEK -73 million (-82) on the Group's operating loss.
- Earnings per share amounted to SEK -0.32 (-0.70).
- Beginning with this report, earnings related to Smartbox are recognized as "Net profit/loss for the period from discontinued operations", with no effect on operating profit or loss at the Group or Division level. Comparative periods are recognized in a similar way. All Smart-box-related balance sheet items are recognized beginning on Sept. 30, 2019 as "Held for sale assets" or "Liabilities directly related to assets held for sale".

Significant events

- Dell's eye tracking equipped Alienware m15 and m17 gaming laptops began to be sold in volume during the quarter and were the driver for the doubled external revenues within Tobii Tech.
- At the Siggraph conference for computer graphics, Tobii Tech presented its Spotlight technology, which optimizes the ability to process graphics in high detail only where the user is looking.
- The British Competition and Markets Authority (CMA) required Tobii to divest Smartbox, which Tobii acquired autumn 2018. Tobii appealed the decision.

Significant events after the end of the period

- Tobii Dynavox launched the new I-Series, the division's medical-grade and eye-controlled flagship product.
- Tobii Pro launched Tobii Pro Fusion, a new portable high-performance eye tracker for research.



Comments from the CEO

Revenues in the quarter increased by 15 percent, or 8 percent adjust-ed for currency effects, compared with the third quarter of 2018. Operating margins in Tobii Dynavox and Tobii Pro increased substantially to 14 percent and 13 percent, respectively, while external revenues in Tobii Tech doubled. We also launched two important new products that lay the foundation for continued profitable growth for a long time to come.

Tobii Dynavox delivered a strongly improved EBIT margin of 14 percent in the third quarter. A few days ago, we launched a completely new generation of the I-Series, the division's medical-grade and eye-controlled flagship product. The I-Series accounts for half of Tobii Dynavox's total sales and the launch of the new I-Series is therefore extremely important for both the division and for the Group as a whole. The new I-Series has been redesigned from ground up and contains a number of innovations that make it the most easy-to-use, durable and advanced product of its kind on the market. The launch lays the foundation for continued strong and profitable growth in the division for a long time to come. Revenues growth for the quarter was 6 percent. Adjusted for currency effects, however, revenues were in line with the previous year, which can mainly be attributed to lower sales of the old I-Series in conjunction with the transition to the new product. The British Competition and Markets Authority (CMA) has required us to divest Smartbox and we have therefore initiated a sale of the business, but we also appealed the decision. Beginning with this quarter, Smartbox is reported separately and does not affect the operating income of either Tobii Group or Tobii Dynavox. The comparative quarters have been adjusted in a similar way.

Tobii Pro also posted a strong improvement in operating profit for the quarter. The EBIT margin was 13 percent and revenues rose by 18 percent, or 10 percent after adjustment for currency effects. After the end of the quarter, Tobii Pro launched its new portable high-performance eye tracker for research, Tobii Pro Fusion. The product makes it easier for researchers to go outside the lab to carry out studies in natural environments in fields such as behavioral science, psychology, neuroscience and medicine. Together, the analytics software Tobii Pro Lab, the recently launched entry-level model Tobii Pro Nano, the new Tobii Pro Fusion, the top of the line Tobii Pro Spectrum and Tobii Pro Glasses 2 comprise a broad and industry leading portfolio of portable, stationary and mobile eye-tracking solutions for studies of human behavior.

In **Tobii Tech**, revenues to external customers increased by 101%, or 86% after adjustment for currency effects. The corresponding increases for total revenues were 44 percent and 33 percent, respectively. This quarter, it was mainly the PC segment and sales of Dell's Alienware m15 and m17 laptops that contributed to revenue growth, while revenues within the Niche application segment and project-related revenue in VR were lower than usual. Internal revenues declined, primarily because of the ongoing product transition to the new I-Series. Tobii Tech presented its Spotlight technology at the Siggraph conference in late July, where we held a panel discussion on the technology together with nVidia and HTC. Spotlight optimizes the ability to process the graphics in high detail only where the user is looking, which makes it possible to maximize graphics performance in Virtual Reality. This is known as "Foveated Rendering" and is one of the main reasons why eye tracking is on the way to becoming a standard in the field. We are as previously communicated, involved in integration projects with a handful of customers in VR and during the quarter we took important steps forward both in ongoing projects and new collaborations.

All in all, we achieved strongly improved profitability in both Tobii Pro and Tobii Dynavox, combined with a substantial increase in external revenues in Tobii Tech. We also carried out two key product launches that will lay the foundation for continued strong and profitable growth for many years to come.

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Conference call

Today at 1:00 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 report has been subject to limited review by the Company's auditors.

This is a translation of the Swedish original. In case of any inconsistency between the Swedish and English version, the Swedish version shall prevail.

This information is inside 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, at 07.30 CET on Oct 24, 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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