Tobii Interim Report for the Third Quarter 2021

Tobii AB (publ) today announced its results for the third quarter 2021.

Comment by Tobii’s CEO Henrik Eskilsson:

“We delivered a solid quarter with organic growth of 26 percent, despite continued pandemic-related headwinds and logistics disruptions. Following six quarters of challenges to Covid, we are seeing a steadily improving business climate, and I dare to say that we have turned the page and returned to growth mode in both Tobii remainco and Tobii Dynavox. The spin-off and intended listing of Tobii Dynavox around year-end is progressing according to plan. All things considered, both companies are entering this new chapter with strong momentum.

Third quarter July - September 2021

- Revenue increased to SEK 390 million (317), corresponding to organic growth of 26%. Revenue in the quarter was positively impacted by a recovery of previously communicated delivery delays, and negatively affected by delays in a US logistics terminal at the end of the quarter.
- Gross margin was 71% (70%)
- The Group's operating result was SEK +/-0 million (-27)
- The net profit for the period amounted to SEK -8 million (-49)
- Earnings per share amounted to SEK -0.08 (-0.50)
- Free cash flow amounted to SEK -76 million (11)

Significant events during the quarter

- Tobii landed eight design wins — three integrations of Tobii Aware and Tobii Horizon software in PC, two integrations of eye tracking in VR headsets, and three integrations of eye tracking in education and security.
- Tobii announced its entry into the Driver Monitoring Systems market with the launch of Tobii DMS, the acquisition of Phasya, and several new partnerships.
- The organizational merger of Tobii Tech and Tobii Pro was completed.
- Tobii announced its intention to use its right to early redemption of its outstanding 2019/2022 bonds, and Tobii Dynavox signed a SEK 550m term-loan facility and a SEK 150m revolving credit facility.
- After the quarter end, an extraordinary shareholder meeting, decided to distribute all common shares in Tobii Dynavox to Tobii’s shareholders. The preparations for the spin-off and listing of Tobii Dynavox (around year end 2021) progressed according to plan.
Comments from the CEO

We delivered a solid quarter with organic growth of 26 percent, despite continued pandemic-related headwinds and logistics disruptions. Following six quarters of challenges to Covid, we are seeing a steadily improving business climate, and I dare to say that we have turned the page and returned to growth mode in both Tobii remainco and Tobii Dynavox. The spin-off and intended listing of Tobii Dynavox around year-end is progressing according to plan. All things considered, both companies are entering this new chapter with strong momentum.

Tobii Dynavox’s revenue increased by 27 percent organically. Shipments delayed during the first half of 2021, were for the most part delivered in the third quarter. At the end of September, we experienced renewed disruptions due to a hold-up in a US logistics terminal, causing a two-week delay in delivering finished products to the US market. Adjusted for the supply chain disruptions, organic growth would be approximately 7%, both for the third quarter and the year-to-date. Tobii Dynavox is experiencing an unusually strong influx of reimbursement applications which bodes well for the coming quarters; encouraging given that meeting users and prescribers continues to be challenging.

Tobii Dynavox continues its relentless efforts to improve the lives of millions through innovations, ever improving and expanding its product portfolio. The team is doing a fantastic job. Their many compelling projects and the strong underlying business trends ensure that I am highly enthusiastic about Tobii Dynavox’s future as a standalone listed company.

Revenue for Tobii remainco increased by 26 percent organically. The growth was broad-based across most of our portfolio. Revenue for Tobii remainco now exceeds pre-pandemic, Q3-2019, levels. I am pleased with this figure given that challenges remain linked to the pandemic and budgetary constraints for universities in China.

In the third quarter, we saw solid improvements in the business environment, which is evident through a return of demand from the scientific community and eight design wins in our OEM business. The design wins include an additional reading assessment partner and new VR headsets with two manufacturers; one of which is releasing a next-generation high-end consumer headset natively-equipped with eye tracking.

Tobii continues to invest in technology leadership and in building strong sustainable businesses in multiple attractive growth markets. We are on the right track and we see very good opportunities to drive high growth for many years to come.

Listing of Tobii Dynavox and the organizational merger of Tobii Pro and Tobii Tech are on track

The spin-off process of Tobii Dynavox is going according to plan with its listing on Nasdaq Stockholm set for around the end of 2021. The new board of Tobii Dynavox is operational, and on October 25, 2021, at an extraordinary general meeting, the distribution in kind of Tobii Dynavox was formally approved.

As part of this process, we have been working on the new capital structure of Tobii Dynavox and Tobii remainco. After the quarter end, we concluded an early redemption of our bond loan and have put bank loans on more attractive terms in place for Tobii Dynavox.

The organizational merger of Tobii Pro and Tobii Tech has been completed and operations have been running in the new structure since the start of Q3 2021. The teams are doing a fantastic job and have shown a huge commitment to make the split and the merger a success. It is energizing to see our organizations form and begin new journeys as more agile and empowered standalone entities.

To conclude, the third quarter of 2021 showed a clear return to growth across the Group. We are aware of the current unpredictability of supply chains and pandemic effects, however, based on a strong performance in the quarter and an improvement in the business environment, I am optimistic about the future for both companies.

Henrik Eskilsson
CEO
Webcast
Today at 1:00 p.m. CET, Tobii will host a webcast presentation for media, analyst and investors. The presentation material and links to the webcast will be available via the calendar on Tobii’s website ahead of the webcast. The interim report and a recording of the webcast will be available on the same page after the publication and webcast. You can also attend the webcast through the following link.

The report has been reviewed 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 28, 2021.

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About Tobii
Tobii is the global leader in eye-tracking technology and solutions, targeting application areas such as scientific studies & research, healthcare, education and training, gaming, extended reality (VR & AR), and automotive. Our mission is to build technology that understands human attention and intent for a better future — what we call attention computing. Tobii also operates Tobii Dynavox, the world's largest supplier of communication aids for individuals with disabilities. Tobii Dynavox’s solutions with hardware, software, and comprehensive services enable people with disabilities to communicate and live more independent lives. Tobii's eye-tracking equipment is used by thousands of enterprises and research institutes around the globe, including 99 of the world's top 100 universities. Headquartered in Sweden, Tobii is listed on Nasdaq Stockholm (TOBII). For more information: www.tobii.com.