The global leader in eye tracking and assistive technology for communication

Tobii – the global leader in eye-tracking

- Tobii is the world leading company in eye-tracking, founded in Stockholm 2001, with headquarters in Sweden and 13 offices across Europe, North America and Asia
- The Group has a track record of organic growth every year since its inception
- Organic growth has been combined with several strategic add-ons with complementary offerings to the core business, such as Dynavox, Sticky, Acuity and Smartbox – a strategy that is planned to continue following the Bond Issue
- Tobii has a sales presence in over 65 countries with approximately 1,000 employees, of which ~360 in R&D

Tobii's geographical presence

Highlights

- >450 granted patents or registered patent applications
- >40% in all business units
- Market shares of >40% in Eye-Tracking
- Generated sales of SEK 1,302m by Group 2018
- Generated EBITDA in 2018 of SEK 240m in Tobii Dynavox and Pro
- Tobii is #1 in Eye-Tracking
- Thousands of solid customers
- 65 countries with a sales presence
Introduction to eye-tracking

- Eye tracking technology enables a device to know where a person is looking and can detect the presence, attention and focus of the user
- Enables more natural user interfaces in various types of devices, e.g. to control a computer by eyes
- Implemented through combination of optical hardware and algorithms
- Recently been introduced in the PC and Virtual Reality markets for mainstream consumers

Eye-tracking technology in five steps

1. An eye tracker consists of cameras, illuminators and algorithms.
2. The illuminator creates a pattern of near-infrared light on the eye.
3. The cameras take high-resolution images of the user’s eye and the patterns.
4. The image processing algorithms find specific details in the user’s eye and reflect patterns.
5. Based on these details the user’s position and gaze point are calculated, for instance on a computer monitor, using a sophisticated 3D eye-model algorithm.

Eye tracking solutions are a combination of products and services

Eye-tracking systems
Device hardware
Application software
Services
Eye-tracking provides opportunities in many areas for Tobii

Core markets where eye tracking adds significant value

- RESEARCH
- ASSISTIVE TECH
- PC GAMING
- MAINSTREAM PCs
- VIRTUAL REALITY
- AUGMENTED REALITY
- SMARTPHONES
- NICHE
- AUTOMOTIVE

Trends that drive growth of eye-tracking

- ARTIFICIAL INTELLIGENCE EVERYWHERE
- NATURAL INTERACTION WITH TECHNOLOGY
- BATTLE FOR OUR ATTENTION
- MIX OF VIRTUAL AND REAL
- INCLUSION OF ALL PEOPLE
One market-leading group with three leading companies

Three autonomous companies that stem from a joint leadership in eye-tracking technology

FREDRIK RUBEN
CEO of Tobii Dynavox

TOM ENGLUND
CEO of Tobii Pro

HENRIK ESKILSSON
Interim CEO of Tobii Tech and Group CEO

Generated revenue$^1$

SEK 822m

460

SEK 397m

230

SEK 150m

240

Note: 1) Refers to revenue generated 2018. 2) Group functions consists of an additional ~100 employees, as at December 2018 year end.

▪ Tobii Pro’s eye-tracking solutions provide researchers and companies worldwide with unique insights into human behavior
▪ The business unit has a track record of market leading position and profitable growth
▪ The specific market segment faces long-term growth opportunities by driving use beyond early adopters
▪ Tobii Tech gives its customers the means to create revolutionary products that understand the users, through eye-tracking technology
▪ The business unit operates in several unmatured market segments with huge future volume potential, where the most significant demand is within virtual reality
▪ Tobii Tech has an outstanding IP portfolio position

SEK 150m

# employees

460

230

240
Tobii’s long-term financial targets

- **Tobii Dynavox**: Average yearly growth of 10%
- **Tobii Pro**: Average yearly growth of 15-20%
- **Tobii Tech**: Long-term, Tobii Tech’s goal is to reach several billion SEK in revenue
- **Group**: -

**REVENUE**

**PROFITABILITY**

- **EBIT margin of 15-20%**
- **EBIT margin of 15% in 2020**
- **Profitable in 2021**
- **Profitable in 2020**
Tobii Dynavox

- Global leader in assistive technology for communication
- Market share over 40%
- We empower people with disabilities to do what they once did, or never thought possible.
- We provide products that enable users with disabilities to speak and communicate effectively

Share of 2018 BU Sales

- 60%
Trend of increasing inclusion drives Tobii Dynavox’ market

• Society continues to increasingly emphasize inclusion and accessibility
• Global AAC market is deeply under-penetrated

In 2018, we saw…
• continued gradual adoption in established markets
• large growth (from low-levels) in several emerging markets, largely driven by improvements in reimbursement systems in past years (eg France and eastern Europe)
• Steve Gleason Act made permanent in the US
#1 position in assistive technology for communication

The world’s leading provider
- Strongest presence and distribution in the industry
- Most comprehensive offering of leading products
- Unmatched access to reimbursement
- Leading clinical expertise and training organization
- Strong eye tracking technology advantage

Diversified base of customers
- 80% of revenue from public funding bodies and private insurance companies

Highly specialized market
- AAC solutions are a complex mixture of devices, software and services
- Contracts with insurance companies and public funding bodies are key
- Prescribing therapists are key to the purchase process
- Established “language systems”, incur high switching costs
- Economy of scale advantages, especially for devices

Revenue by customer category

Global market share
- 40% Overall assistive technology communication market
- 70% Eye controlled assistive technology

Top 10 customers
- Medicare
- Humana
- Medicaid
- Kaiser Permanente
- Norwegian Labour and Welfare Administration
- Tricare
- Carecentrix
- United Healthcare
- UK NHS
- German Krankenkassen

Note: 1) Company Market Study performed by Arthur D. Little. 2) Market share includes revenue from pending acquisition of Smartbox.
Great solutions – from medical devices to low-cost apps

<table>
<thead>
<tr>
<th>Medical grade &amp; funded products</th>
<th>Touch-based speech devices</th>
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Tobii Pro

- World leader in eye-tracking solutions for understanding human behavior
- Market share of 60%
- Provides eye tracker hardware and analysis software, plus market research consulting
- 2,000 academic and 3,000 commercial customers

Share of 2018 BU Sales

29%
Tobii Pro’s market is driven by a strong increase in demand for objective methods to understand human behavior

- Eye tracking is rapidly transitioning from "science fiction" to "mainstream"
- Rapid expansion of use cases and industries where eye tracking is being applied in skills transfer and process optimization
  - Automotive and process industries
  - Law enforcement
  - Medical environments
  - Sports

Historical market size for eye-tracking solutions for research*

*Source: Company Market Study performed by Arthur D. Little, 2019.
#1 position in eye-tracking solutions for behavior research

World leading eye-tracking solution provider for behavior research

- Superior technology and strong brand
- Complete comprehensive portfolio of solutions including a range of eye tracker research hardware, advanced analytics software and SaaS solutions
- Established research services business with global footprint
- Strongest sales channels and global reach

Diversified customer base

- >3,000 enterprise customers
- > 2,000 academic customers incl 50 of the top international universities
- Numerous Fortune 500 companies
- No single customer represents more than 3% of revenue

Revenue by customer category

- Governmental customers
- Enterprise customers
- Academic institutions

High entry barriers through global reach and holistic offering

- Most customers need a full solution with research hardware and analytics software
- Many customers need a variety of types of solutions for studies on computers, in virtual reality as well as in the physical world
- Relatively low volumes creates economy of scale advantages
- Many customers are global and demand service and support globally

Global market share

- 60%
- Eye tracking solutions for behavior research

Source: Company Information. Note: 1) Company Market Study performed by Arthur D. Little.
Tobii Tech

• World’s leading supplier of eye tracking technology and solutions to integration customers

• Targets high volume markets such as PC gaming, mainstream computers, virtual reality, augmented reality, smartphones, and numerous niche markets

Share of 2018 BU Sales

11%
Trends in Tobii Tech’s market

• Smart sensors are rapidly being adopted across many types of devices
  • Smartphones with advanced Face & Iris ID
  • Intelligent assistants
  • Major PC roadmaps emphasize smart sensors

• PC Gaming and E-sports are rapidly growing phenomena
  • 1.8 bn gamers in the world – 2/3 of them game on a PC
  • Gaming laptops 20% CAGR
  • 400M people watch e-sports (20% CAGR). Half of them also practise e-sports

• VR is coming out on the positive side of the "hype cycle"
  • Viveport sales & available content tripled in past year
  • Steam users with a VR headset connected doubled in past year
  • Solid ground for enterprise VR applications
  • IDC estimates that VR & AR will grow from 4M units in 2018 to 50M units in 2022

• Eye tracking is widely considered a must-have technology in VR & AR devices
Significant growth potential in volume markets

Technology adapted to our natural behavior

Overview

- Long-term Tobii Tech aims to reach several billion SEK in revenue with robust profit margins, driven by adoption and integration in mass volume markets such as PC and VR and in high-margin niche markets
- In mass market products such as computers, VR and AR-headsets and smartphones eye-tracking contributes to more intuitive and natural user interfaces and experiences
- In niche markets, eye tracking is used in a broad range of applications, both as a control input, and as the key for assessments, diagnostics and insights

Tobii Tech has market-leading customers in market with first products

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<td>Eye tracking enables enhanced gaming experiences, e-sports broadcasting and game streaming and innovative e-sports training tools.</td>
<td>Use-cases include assessments and diagnostics, interaction in medical environments, optometry solutions, law enforcement and security applications, industrial and entertainment</td>
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<td>Tobii Tech is deeply engaged with a large share of the leading headset manufacturers and with other leading eco-system players e.g. Qualcomm</td>
<td>9 eye tracking enabled devices and 140 games already available</td>
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Virtual reality
- VIRTUAL REALITY: 30M VR headsets per year by 2022

Gaming computers
- GAMING COMPUTERS: 20M high-performance gaming PCs per year
- MAINSTREAM COMPUTERS: 260M PCs and 180M tablets per year

Niche markets
- SMARTPHONES: 4.5bn smartphones per year

VR & AR 30M headsets per year by 2022

Niche markets
- NICHE MARKETS: Range of application with enormous volumes

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Several milestone projects awarded to Tobii Tech

• **VR - HTC**
  - Leading VR manufacturer HTC launched new headset with Tobii eye tracking as main feature
  - Sets the standard for the industry moving forward
  - Good progress in additional integration projects

• **PC – Dell Alienware**
  - Dell launched new flagship gaming notebook Alienware Area 51-m
  - First product with the new Tobii IS-5 platform
  - Tobii and Alienware launched Alienware Academy for esports training
  - Several integration projects in pipeline
Summary Q4 2018

• Sales record for all Business Units

• 2018 achievements:
  • Strengthened our market leading position
  • Launched new innovative products
  • Developed and adjusted organization and structure

• We have at large reached the organizational size we need to deliver on our plan

• Looking ahead, we proceed with increased focus on profitability
Thank You