

# Year-End Report Q4

## January–December 2018

**“Record sales in all three business units and breakthrough order for Tobii Tech in VR.”**

See CEO comment on p. 2

### FOURTH QUARTER OCTOBER–DECEMBER

- The Group's net sales increased by 27% to SEK 389 million (306), compared with the fourth quarter of 2017. Adjusted for currency effects, the increase was 18%.
- Gross margin was 69% (69%).
- The Group's operating loss amounted to SEK -35 million (-13). Tobii Dynavox contributed SEK 15 million (30) to earnings, Tobii Pro contributed SEK 24 million (19), and investments in Tobii Tech had a negative impact of SEK -74 million (-61) on the Group's operating result.
- Earnings per share amounted to SEK -0.34 (-0.08).

### SIGNIFICANT EVENTS

- Tobii Tech signed a [contract with HTC](#), one of the leading manufacturers of VR headsets regarding eye-tracking technology for the product [HTC Vive Pro Eye](#), which was announced in conjunction with the CES trade show in January.
- Tobii Tech presented the next-generation eye-tracking platform for integration in laptops, [Tobii IS5](#). The improved design and performance allow it to be integrated into a broader range of laptop computers, and it is expected drive increased sales.
- Dell launched its latest flagship product for gaming, [Alienware Area 51-m](#), at the CES trade show in January. It is the first consumer product to integrate the IS5 platform.
- The acquisition of British [Smartbox Assistive Technology Ltd](#) was closed, but because the British Competition and Markets Authority (CMA) opened an investigation into the acquisition, integration with Tobii Dynavox has not yet begun.
- Tobii was ranked as Sweden's fourth best employer in a survey from the research company Universum.

### FINANCIAL OVERVIEW\*

SEK m (except for earnings per share)	Q4 2018	Q4 2017	Change	Currency adjusted change	Full year 2018	Full year 2017	Change	Currency adjusted change
<b>NET SALES</b>								
Tobii Dynavox	241.4	187.9	28 %	9 %	822.0	708.3	16 %	9 %
Tobii Pro	119.5	97.2	23 %	15 %	396.6	304.1	30 %	26 %
Tobii Tech	47.8	37.0	29 %	20 %	149.8	120.6	24 %	21 %
Eliminations and other, net	-19.9	-16.0	25 %	i/m	-66.2	-54.0	23 %	i/m
<b>Total</b>	<b>388.9</b>	<b>306.2</b>	<b>27 %</b>	<b>18 %</b>	<b>1,302.2</b>	<b>1,078.9</b>	<b>21 %</b>	<b>17 %</b>
<b>OPERATING PROFIT/LOSS (EBIT)</b>								
Tobii Dynavox	15.2	29.7	-49 %	-48 %	69.0	73.6	-6 %	-9 %
Tobii Pro	24.0	18.6	29 %	10 %	44.9	25.8	74 %	38 %
Tobii Tech	-73.8	-60.9	21 %	24 %	-304.7	-290.8	5 %	4 %
Other	0.0	0.0	i/m	i/m	0.0	0.0	i/m	i/m
<b>Total</b>	<b>-34.6</b>	<b>-12.6</b>	<b>175 %</b>	<b>324 %</b>	<b>-190.7</b>	<b>-191.4</b>	<b>-0 %</b>	<b>4 %</b>
<b>Earnings per share (SEK)</b>	<b>-0.34</b>	<b>-0.08</b>			<b>-1.79</b>	<b>-1.98</b>		

\*2017 figures are restated following changes to current accounting principles, see Note 1 Accounting principles.

\*\* For Tobii Dynavox, currency adjusted change of net sales is also adjusted for acquisition.

## Comments from the CEO

Tobii ended the year with record sales in all three business units. Particularly rewarding in the fourth quarter were the strong trends in both sales and profitability for Tobii Pro, the positive impact of new products from Tobii Dynavox on sales, and of course the breakthrough order for Tobii Tech from HTC in VR.

**Tobii Dynavox** made a strong recovery during the year and delivered its highest quarterly sales ever in the fourth quarter. Adjusted for acquisitions and currency effects, the increase was 9% compared with the corresponding quarter in 2017. Our strategy is to be the market leader in both eye-controlled and touchscreen products and communication software across all price segments. The new touchscreen products launched in 2017 are a key driver of the positive sales trend in 2018, along with our initiative to increase knowledge about the products among therapists and prescribers. During the year we trained over 30,000 professionals, a threefold increase over 2017.

Underlying the sales growth was an even larger increase in the number of new users, and as much as 45% more people gained a voice through our communication devices or apps than during the same period in 2017. The focus moving forward is to maintain growth in line with the long-term financial goal of an average of 10% per year and to improve profitability over time to also reach the goal of an operating margin of 15–20%.

The acquisition of Smartbox was closed on October 1. Through the acquisition we intend to complement the Tobii Dynavox product portfolio, strengthen our sales presence in important geographic markets and accelerate the rate of innovation. The British competition authority CMA is currently conducting an investigation of the effects of the acquisition and we have therefore not been able to begin working on integration.

**Tobii Pro** delivered yet another record strong quarter with sales growth of 15% adjusted for currency effects. The increase for the full year was 26%, which exceeds our long-term goal for average annual growth of 15-20%. We see a sharp increase in demand driven by an increased knowledge. Customers know about eye tracking and understand its value to a greater extent than before and are increasing the use of it. During the quarter we received several large-volume orders for products and services to be delivered during the upcoming quarters.

We continued to invest in Tobii Pro's sales organization during the year, which has contributed to the strong performance. As the business grows, we expect to see increased economies of scale. Tobii Pro has gradually improved its profitability over the past three years, with an operating margin of 6% in 2016, 8% in 2017 and 11% in 2018. The trend is moving in the right direction towards the target of reaching an EBIT margin of an average of 15% by 2020.

**Tobii Tech** reached several milestones in both of its main areas, PC and VR. HTC's launch of its new VR headset Vive Pro Eye with integrated eye tracking was not just an important breakthrough for Tobii. Having one of the largest players in VR integrate eye tracking also has a strong symbolic value for the technology itself and sets the standard for other manufacturers. We expect that additional VR headsets with eye tracking from Tobii will be launched in 2019.

During the year we deepened our collaboration with Dell Alienware, which resulted in both new product integrations and other initiatives in eSports, such as the game training platform Alienware Academy. Now in January, Dell launched its new flagship product among gaming computers, Alienware Area 51-m, which will be the first consumer product with Tobii's new IS5 eye-tracking platform. Through the improved design and performance of IS5 it can be integrated into a broader range of laptops, and we expect it to drive increased sales volumes.

Tobii Tech's fourth quarter sales increased by 20%, adjusted for currency effects. In order for Tobii Tech to achieve the goal of profitability in 2021, the business unit needs to grow sales rapidly going forward. We see good prospects for this in VR and PC as well as niche applications.

**In 2018 we consolidated our position** as market leader, launched innovative new products and further developed our organization. We have placed great emphasis on ensuring that we have satisfied and productive employees, and it was therefore particularly rewarding that Tobii ranked as the fourth best employer in Sweden. The organization has now reached the size we need to deliver on our business plan. We are heading into 2019 with strength and plan for only minor cost increases moving forward. We are focusing on achieving our operational and financial targets, especially the target for the group to reach profitability 2020.



**Henrik Eskilsson**  
CEO

# The 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 business units: Tobii Dynavox is the world leader in assistive technology for communication, Tobii Pro is the market leader in eye-tracking solutions used to study behavior and Tobii Tech is the world's leading provider of eye-tracking technology for volume markets such as computers, virtual reality and niche markets. The Group, which has about 1,000 employees, had sales of SEK 1,302 million for full year 2018.

## OCTOBER–DECEMBER

### Sales

The Group's net sales during the first quarter rose by 27% to SEK 389 million (306). Adjusted for currency effects, the increase was 18%. Tobii Dynavox contributed SEK 241 million, Tobii Pro SEK 120 million and Tobii Tech SEK 48 million.

The North American market accounted for 56% (59%) of consolidated sales, the European market 28% (24%), and the rest of the world 16% (18%).

### Earnings

The Group's gross margin was 69% (69%). The operating loss amounted to SEK -35 million (-13) and operating margin to -9% (-4%). Tobii Dynavox contributed SEK 15 million (30) and Tobii Pro SEK 24 million (19), while investments in Tobii Tech had a negative impact of SEK -74 million (-61) on the Group's operating loss. Contributing to the change in operating loss were non-recurring items of more than SEK 15 million within Tobii Dynavox and in the Group attributable to the acquisition of Smartbox and the change in the Tobii Group's corporate structure as well as non-recurring items in the fourth quarter 2017.

EBITDA was SEK 2 million (23), yielding an EBITDA margin of 0% (7%).

Pretax loss was SEK -31 million (-7). Net financial items totaled SEK 4 million (5). Net loss was SEK -34 million (-8) and earnings per share was SEK -0.34 (-0.08).

### Cash flow, liquidity and financial position

Cash flow from operating activities before changes in working capital amounted to SEK 9 million (18). The change in working capital had a positive impact on cash flow of SEK 21 million (-10).

Continuous investments amounted to SEK 67 million (51), of which SEK 62 million (41) related to capitalization of R&D. Cash flow after continuous investments were SEK -37 million (-44) for the fourth quarter. Cash flow from financing operations was positively impacted by SEK 35 million (5) as an effect of warrants exercised via Tobii's incentive program during the quarter.

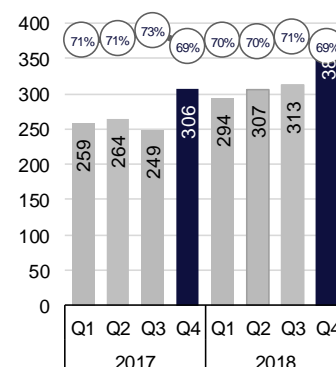
At the close of the period, the Group had SEK 192 million (537) in net cash, as well as unutilized debt financing of SEK 250 million.

Acquisitions had a negative impact of SEK 144 million.

### Personnel

The number of employees recalculated to full-time equivalents at the close of the period was 1014 (842). The increase was mainly due to increased investments in the R&D, sales and marketing organizations, as well as acquisitions.

## NET SALES, SEK M, AND GROSS MARGIN



## RESEARCH AND DEVELOPMENT, Q4

SEK m	2018	2017
Total R&D expenditures	-138	-104
Capitalization	62	41
Amortization	-29	-30
R&D expenses in the income statement	-104	-93

**JANUARY–DECEMBER****Sales**

The Group's net sales rose by 21% to SEK 1,302 million (1,079) for full year 2018 compared with 2017. Adjusted for currency effects, the increase was 17%. The increase can be attributed to growth in all three business units, largely organic. Tobii Dynavox contributed SEK 822 million, Tobii Pro SEK 397 million and Tobii Tech SEK 150 million.

During the period, the North American market accounted for 58% (60%) of the Group's sales, the European market for 23% (22%), and the rest of the world for 19% (18%).

**Earnings**

The Group's gross margin was 70% (71%). The operating loss for the Group was SEK -191 million (-191) and the EBIT margin was -15% (-18%). Tobii Dynavox contributed SEK 69 million (74) and Tobii Pro SEK 45 million (26), while investments in Tobii Tech had a negative impact of SEK -305 million (-291) on the Group's operating loss. The Group's operating loss was also impacted by substantial one-off effects in the fourth quarter.

EBITDA was SEK -27 million (-52), yielding an EBITDA margin of -2% (-5%).

Pretax loss was SEK -166 million (-225) compared with full year 2017. Net financial items amounted to SEK 25 million (-34), primarily as a result of currency effects that impacted the value of the Group's dollar-denominated (USD) financial assets having a positive effect compared with the same period in 2017.

Net loss was SEK -174 million (-192) and earnings per share reached SEK -1.79 (-1.98). The average number of outstanding shares during the year 2018 was 98 million (97), and the number of shares at period-end was 99 million (97).

**Cash flow, liquidity and financial position**

Cash flow after continuous investments was SEK -238 million (-224). Operations generated a negative cash flow of SEK -21 million (-58), while the change in working capital had a positive effect of SEK 8 million (21). Ongoing investments increased by SEK 38 million to SEK 225 million, of which SEK 201 million related to capitalization of R&D.

Acquisitions had a negative impact of SEK 159 million for the year.

**EVENTS AFTER THE END OF THE PERIOD**

The Tobii Group has adapted the legal corporate structure to the operational structure with independent business units which Tobii already has. This structure provides the right conditions for managing several very different market opportunities and maximizing focus, expertise and entrepreneurship in each area. The aim is that this will also give the market increased transparency and insight into how Tobii functions as a company. Thus, since January 1, 2019 the business unit companies are wholly owned subsidiaries of Tobii AB, while Group functions remain in the Parent Company.

In conjunction with the CES trade show in early January HTC and Dell Alienware launched new products in VR and PC with integrated eye tracking technology from Tobii. See more on page 8.

In line with Tobii's active acquisition agenda, the Company evaluates potential acquisition candidates on an ongoing basis. In order to achieve flexible financing for completed and potential future acquisitions, Tobii has mandated Carnegie to explore the possibilities for the Company to issue a bond loan that will replace the current debt financing, as well as provide greater leeway for additional acquisitions. The Company plans to meet selected bond investors between February 11 and 13, 2019. Subject to prevailing market conditions, an issuance of a three-year SEK denominated secured bond loan in the approximate amount of SEK 300 million may follow.

CMA, the British competition and markets authority, is currently conducting an investigation of the effects of Tobii's acquisition of Smartbox Assistive Technology Ltd. On January 25, the CMA announced its intention to proceed with a more in-depth phase 2 investigation.

**RESEARCH AND DEVELOPMENT,  
JANUARY-DECEMBER**

SEK m	2018	2017
Total R&D expenditures	-494	-420
Capitalization	201	158
Amortization	-128	-119
R&D expenses in the income statement	-421	-382

## Business unit Tobii Dynavox

Tobii Dynavox is the world's leading supplier of assistive technology for communication for individuals with reduced ability to speak and communicate due to conditions such as cerebral palsy, ALS, aphasia, spinal cord injuries or autism. The products include eye-controlled and touch screen communication devices and a variety of software. Tobii Dynavox' long-term financial targets are to increase revenue on average by 10% per year with an EBIT margin of 15–20%.

### KEY FIGURES

SEK m	Q4 2018	Q4 2017	Full year 2018	Full year 2017
Net Sales	241.4	187.9	822.0	708.3
Gross margin	64 %	66 %	66 %	69 %
EBITDA	33.8	44.9	138.7	135.2
EBITDA margin	14 %	24 %	17 %	19 %
Operating profit/loss (EBIT)	15.2	29.7	69.0	73.6
EBIT margin	6 %	16 %	8 %	10 %

### OCTOBER–DECEMBER

- The acquisition of [Smartbox Assistive Technology Ltd.](#) was closed on October 1, 2018 and is thereby consolidated in the financial performance of Tobii Dynavox for the fourth quarter. This strategically important acquisition, which increases the size of business for Tobii Dynavox by approximately 15%, adds complementary products and expands the sales and marketing presence, and is expected to create clear synergies. However, Tobii Dynavox' integration process is pending decision from the CMA, the local competition regulatory authority in the UK. Additional acquisition-related information is presented in Note 2 in this report.

Net sales rose by 28% compared with the fourth quarter of 2017 to SEK 241 million (188). Net sales include sales revenue from Smartbox. Adjusted for acquisitions and currency effects, the increase was 9%, driven mainly by increased sales of both touchscreen-based and eye-controlled products in both the US and Europe. Thus, the positive trend that Tobii Dynavox established during the year continued during the fourth quarter.

Gross margin was 64% (66%). Contributing to the change were one-time costs and other costs related to the acquisition, and that expected synergies could not be achieved due to the delayed integration of Smartbox. Operating profit totaled SEK 15 million (30) and the operating margin was 6% (16%). The decline was attributed to material non-recurring costs related to the acquisition and non-recurring costs related to the change in the corporate structure of the Tobii Group, which together totaled about SEK 10 million.

### JANUARY–DECEMBER

Net sales rose by 16% compared with full-year 2017 to SEK 822 million (708). Adjusted for acquisitions and currency effects, the increase was 9%. Growth was largely driven by a positive sales trend for the business unit's new touchscreen products and new products in the mid-range segment.

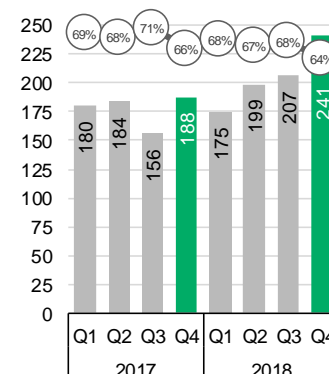
Gross margin was 66% (69%). The decline was mainly due to changes in the product mix, which had an impact on revenue recognition in accordance with the new IFRS 15 standard, as well as non-recurring effects related to the Smartbox acquisition. Operating profit totaled SEK 69 million (74) and the operating margin was 8% (10%). The decline was attributable to the lower gross margin as well as the effects mentioned above in the fourth quarter.

### TRENDS AND DEVELOPMENTS

Tobii Dynavox aims to ensure that many more people with disabilities will have access to assistive technology for communication and is working to strengthen both its product offering and its sales organization. The acquisition of Smartbox that was announced during the quarter is one component of this strategy, just as the product launches over the past year, which have resulted



### NET SALES, SEK M, AND GROSS MARGIN



### RESEARCH AND DEVELOPMENT, Q4

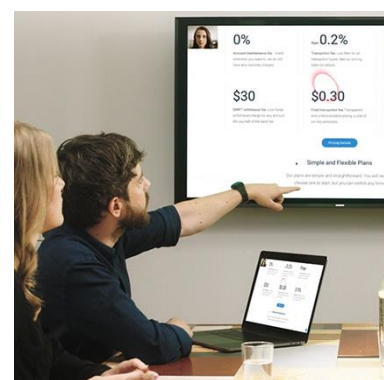
SEK m	2018	2017
Total R&D expenditures	-38	-26
Capitalization	19	12
Amortization	-12	-11
R&D expenses in the income statement	-31	-25

in a very strong sales trend. Tobii Dynavox has created an increased demand for its products through extensive education efforts among therapists and prescribers and a general increase in knowledge about assistive technology for communication, with a gradual increase in sales revenue and significantly higher volumes as a result. The market for assistive technology for communication is largely under-penetrated and Tobii Dynavox is well-positioned to continue to grow for some time to come.



## Business Unit Tobii Pro

Tobii Pro is the world's leading provider of eye-tracking hardware and analytics software used for understanding human behavior. Over 3,000 companies and 2,000 academic institutions are Tobii Pro customers, including many large corporations such as Procter & Gamble, Ipsos and Microsoft, as well as all of the world's 50 top-ranked universities. Tobii Pro's long-term financial targets are to increase revenue on average by 15–20% per year and to reach an EBIT margin of 15% by 2020.



### KEY FIGURES

SEK m	Q4 2018	Q4 2017	Full year 2018	Full year 2017
Net Sales	119.5	97.2	396.6	304.1
Gross margin	76 %	73 %	75 %	74 %
EBITDA	32.2	29.4	100.8	65.5
EBITDA margin	27 %	30 %	25 %	22 %
Operating profit/loss (EBIT)	24.0	18.6	44.9	25.8
EBIT margin	20 %	19 %	11 %	8 %

### OCTOBER–DECEMBER

- Tobii Pro launched [Tobii Pro Nano](#), the world's smallest eye tracker for research purposes, designed for use on laptop screens in eye-tracking studies outside the lab environment.

Net sales rose by 23% compared with the fourth quarter of 2017 to SEK 120 million (97). Adjusted for currency effects, the increase was 15%. In terms of sales, it was Tobii Pro's strongest quarter to date. Contributing to the positive development were strong sales growth in all regions, several different product areas, and in many different customer segments.

Gross margin rose to 76% (73%) and was strengthened by positive changes in the product mix and economies of scale in production-related costs. Operating profit totaled SEK 24 million (19) and the EBIT margin was 20% (19%). Operating costs grew as a result of increased investments in product development and the sales organization, as well as the Acuity acquisition made in 2018.

### JANUARY–DECEMBER

Sales increased by 30% compared with full-year 2017 to SEK 397 million (304). Adjusted for currency effects, growth was 26%. Underlying factors behind the strong growth include Tobii Pro's strong product portfolio, expansion of the global sales organization, and increased demand from both repeat and new customers, as well as an increased number of high-volume orders.

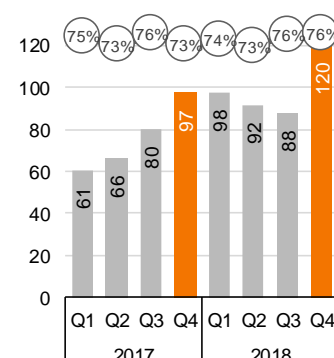
Gross margin was 75% (74%). The operating loss improved to SEK 45 million (26) and operating margin to 11% (8%).

### TRENDS AND DEVELOPMENTS

Market development for eye-tracking solutions for behavioral research was good across the board, with continually increasing demand worldwide. Researchers and companies in many different fields are demanding eye-tracking solutions that help them to gain new insights, or that can contribute to safer, more efficient processes, increased profitability, better ease of use, etc.

Over the past year, Tobii Pro has established a higher sales level by reaching new customers, 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 has also captured a large proportion of the customer base of its former competitor, SMI, which has had a clearly positive impact on the growth rate during the second half of 2017 and the first half of 2018.

### NET SALES, SEK M, AND GROSS MARGIN

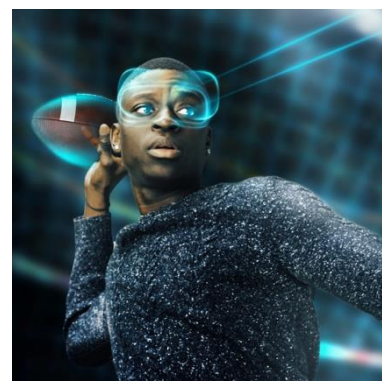


### RESEARCH AND DEVELOPMENT, Q4

SEK m	2018	2017
Total R&D expenditures	-28	-19
Capitalization	20	14
Amortization	-7	-10
R&D expenses in the income statement	-15	-15

## Business unit Tobii Tech

Tobii Tech provides eye-tracking technology and solutions to integration customers primarily in the PC, VR and niche applications sub-segments. Tobii Tech's overarching objective is to maintain its world-leading position and in the long-term to achieve sales in the billions of SEK with good profitability. This requires major investments in technology and market development. Tobii Tech has a financial target to reach profitability in 2021.



### KEY FIGURES

SEK m	Q4 2018	Q4 2017	Full year 2018	Full year 2017
Net Sales	47.8	37.0	149.8	120.6
Gross margin	46 %	43 %	47 %	43 %
EBITDA	-64.3	-51.6	-267.1	-253.2
EBITDA margin	i/m	i/m	i/m	i/m
Operating profit/loss (EBIT)	-73.8	-60.9	-304.7	-290.8
EBIT margin	i/m	i/m	i/m	i/m

### OCTOBER–DECEMBER

- Tobii Tech presented [Tobii IS5](#), next-generation eye-tracking platform for integration in computers, screens and computer accessories. Through its improved design and performance, it creates favorable conditions for Tobii Tech to reach more customers and product models and to drive increased volumes moving forward.
- Tobii Tech signed a [contract with HTC](#), a leading manufacturer of VR headsets regarding development and delivery of eye-tracking technology for the product [HTC Vive Pro Eye](#), which was announced in conjunction with the CES trade show in January.
- Dell launched its latest flagship product for gaming, [Alienware Area 51-m](#), at the CES trade show in January. It is the first consumer product to integrate Tobii's new IS5 eye-tracking platform.

Net sales rose by 29% compared with the fourth quarter of 2017 to SEK 48 million (37). Adjusted for currency effects, the increase was 20%. External sales increased by 22% adjusted for currency effects, mainly driven by customers in niche applications and project-related revenue in VR.

The gross margin improved to 46% (43%), due to changes in the product mix. The operating loss amounted to SEK -74 million (-61). Contributing factors included the expanded workforce in the business unit, non-recurring costs related to the change in the corporate structure of the Tobii Group and significant non-recurring effects in the comparative period.

### JANUARY–DECEMBER

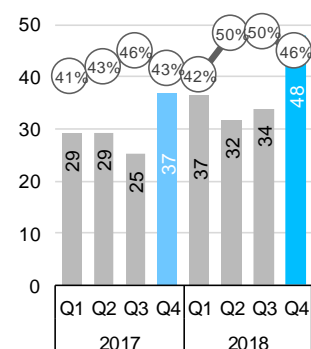
Net sales rose by 24% to SEK 150 million (121) compared with 2017. Adjusted for currency effects, the increase was 21%.

Gross margin was 47% (43%) for full-year 2018. The operating loss amounted to SEK -305 million (-291) due to a strong expansion of the organization that was carried out according to the business plan to meet the demand for Tobii's technology. The expansion rate began to level off at the end of the year since the organization needed to execute the strategy for Tobii Tech is now essentially in place.

### TRENDS AND DEVELOPMENTS

Smart sensors have been introduced at a rapid pace to computers and other consumer electronics. Eye tracking is part of this trend. Tobii collaborates with manufacturers and other stakeholders in the ecosystem to create clear and engaging end-user value adapted to the various products and user interfaces. Within the gaming computer segment, which is an early adopter market to the even larger PC market, this has resulted in functionality for enhanced gaming experiences, esports events and game coaching. Globally, 1.7 billion people are gamers and 400 million watch esports, of which 200 million practice esports themselves.

### NET SALES, SEK M, AND GROSS MARGIN



### RESEARCH AND DEVELOPMENT, Q4

sek M	2018	2017
Total R&D expenditures	-73	-60
Capitalization	23	15
Amortization	-9	-9
R&D expenses in the income statement	-59	-54



The VR market has passed the initial hype and the industry is now focusing on creating quality products and content for both companies and consumers. The combined market for VR and AR is expected to grow from 4 million units sold in 2018 to 50 million units in 2022 (Source: IDC). There is strong consensus in the industry that eye tracking is a necessity to improve performance and user experiences in next generations of VR headsets. Demand for Tobii's solutions has thus markedly increased. Tobii is well positioned to take a role as market-leading supplier of eye tracking to the growing VR market and is working with several headset manufacturers in projects at various stages of completion.

# Tobii Group

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	Q4 2018	Q4 2017	Full year 2018	Full year 2017
<b>Net sales</b>	<b>388.9</b>	<b>306.2</b>	<b>1,302.2</b>	<b>1,078.9</b>
Cost of goods and services sold	-120.8	-95.1	-389.1	-315.7
<b>Gross profit</b>	<b>268.1</b>	<b>211.1</b>	<b>913.1</b>	<b>763.2</b>
Selling expenses	-155.7	-114.2	-555.6	-462.7
Research and development expenses	-104.3	-93.4	-420.8	-382.5
Administrative expenses	-46.6	-23.1	-152.3	-103.1
Other operating income and operating expenses <sup>1</sup>	3.9	7.1	24.9	-6.3
<b>Operating profit/loss</b>	<b>-34.6</b>	<b>-12.6</b>	<b>-190.7</b>	<b>-191.4</b>
Net financial items <sup>2</sup>	3.7	5.1	24.8	-33.7
<b>Profit/loss before tax</b>	<b>-31.0</b>	<b>-7.4</b>	<b>-165.9</b>	<b>-225.0</b>
Tax <sup>3</sup>	-2.8	-0.7	-8.4	33.1
<b>Net profit/loss for the period</b>	<b>-33.8</b>	<b>-8.1</b>	<b>-174.3</b>	<b>-192.0</b>
<b>Other comprehensive income</b>				
Items that may subsequently be reclassified to profit or loss for the period:				
Translation differences	-5.3	5.3	-18.9	18.9
<b>Other comprehensive income for the period, net after tax</b>	<b>-5.3</b>	<b>5.3</b>	<b>-18.9</b>	<b>18.9</b>
<b>Total comprehensive income for the period</b>	<b>-39.1</b>	<b>-2.8</b>	<b>-193.2</b>	<b>-173.1</b>
Of which depreciation and amortization	-36.4	-35.2	-151.0	-139.0
Of which write downs of fixed assets <sup>4</sup>	0.0	0.0	-12.2	0.0
Earnings per share, SEK	-0.34	-0.08	-1.79	-1.98
Earnings per share, diluted, SEK	-0.34	-0.08	-1.79	-1.98
Net profit/loss for the period attributable to:				
Parent company shareholders	-33.9	-7.5	-174.6	-192.1
Non-controlling interests	0.06	-0.65	0.32	0.15
<b>Net profit/loss for the period</b>	<b>-33.8</b>	<b>-8.1</b>	<b>-174.3</b>	<b>-192.0</b>
Total comprehensive income for the period attributable to:				
Parent company shareholders	-39.2	-2.2	-193.5	-173.2
Non-controlling interests	0.1	-0.6	0.3	0.1
<b>Total comprehensive income for the period</b>	<b>-39.1</b>	<b>-2.8</b>	<b>-193.2</b>	<b>-173.1</b>

1) Primarily foreign currency translation differences, with the exception of Other operating income in the amount of SEK 12 million which was recognized in the first quarter and relates to a reversal of Contingent consideration.

2) Net financial items include foreign currency translation differences totalling SEK 6 million (3) for the fourth quarter 2018, SEK 26 million (-37) for the Full Year 2017.

3) Tax for the period includes an impact from change in tax rate on deferred tax of SEK -4 million.

4) Write downs of SEK 12 million during 2018 relates entirely to Goodwill originating from the Sticky acquisition in 2017.

## CONDENSED CONSOLIDATED BALANCE SHEET

SEK m	Dec 31 2018	Dec 31 2017
<b>NON-CURRENT ASSETS</b>		
Intangible assets	659.5	435.6
Tangible fixed assets	32.0	31.0
Financial assets	88.9	93.5
<b>Total non-current assets</b>	<b>780.4</b>	<b>560.1</b>
<b>CURRENT ASSETS</b>		
Accounts receivable	206.5	145.9
Inventories	86.9	59.4
Other current receivables	58.7	40.5
Cash and cash equivalents	192.3	536.8
<b>Total current assets</b>	<b>544.4</b>	<b>782.6</b>
<b>Total assets</b>	<b>1,324.8</b>	<b>1,342.7</b>
<b>SHAREHOLDERS' EQUITY</b>		
Shareholders' equity, Parent Company shareholders	834.2	978.5
Non-controlling interests	0.8	0.4
<b>Total shareholders' equity</b>	<b>835.0</b>	<b>978.9</b>
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing liabilities	0.0	0.0
Other non-current liabilities	107.3	73.5
<b>Total non-current liabilities</b>	<b>107.3</b>	<b>73.5</b>
<b>CURRENT LIABILITIES</b>		
Interest-bearing liabilities	0.0	0.0
Other current liabilities	382.5	290.3
<b>Total current liabilities</b>	<b>382.5</b>	<b>290.3</b>
<b>Total liabilities</b>	<b>489.8</b>	<b>363.8</b>
<b>Total equity and liabilities</b>	<b>1,324.8</b>	<b>1,342.7</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to Parent Company shareholders							
SEK m	Share capital	Other contributed capital	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
<b>Opening balance, Jan 1, 2017</b>	<b>0.7</b>	<b>1,566.2</b>	<b>-1.6</b>	<b>-350.5</b>	<b>1,214.8</b>	<b>0.3</b>	<b>1,215.1</b>
Change in accounting principles, See Note 1 Accounting principles			-3.6	-76.5	-80.1		
Restated equity, Jan. 1, 2017	0.7	1,566.2	-5.2	-427.0	1,134.7	0.3	1,135.0
Comprehensive income for the period	0.0		18.9	-192.1	-173.2	0.1	-173.1
New share issue, exercise of warrants incentive programs	0.0	10.0			10.0		10.0
Sale of warrants, incentive programs		5.4			5.4		5.4
Share based payments settled using equity instruments				1.7	1.7		1.7
Closing balance, Dec 31, 2017 before change in accounting principles	0.7	1,581.5	11.5	-535.5	1,058.1	0.4	1,058.6
Change in accounting principles, See Note 1 Accounting principles			2.2	-81.9	-79.7		
Restated equity, Dec 31, 2017	0.7	1,581.5	13.7	-617.4	978.4	0.4	978.9
Comprehensive income for the period			-18.9	-174.6	-193.5	0.4	-193.2
New share issue, exercise of warrants incentive programs	0.0	41.2			41.3		41.3
Sale of warrants, incentive programs		6.6			6.6		6.6
Share based payments settled using equity instruments				1.5	1.5		1.5
<b>Closing balance, Dec 31, 2018</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>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

SEK m	Q4 2018	Q4 2017	Full year 2018	Full year 2017
<b>Cash flow from operating activities</b>				
Profit/loss after financial items	-31.0	-6.2	-165.9	-225.0
Adjustment for items not included in the cash flow	39.9	23.7	147.2	162.9
Taxes paid	-0.2	0.3	-2.2	0.6
<b>Cash flow from operating activities before change in working capital</b>	<b>8.8</b>	<b>17.8</b>	<b>-20.9</b>	<b>-61.5</b>
Cash flow from change in working capital	21.1	-10.1	7.8	26.8
<b>Cash flow from operating activities</b>	<b>29.8</b>	<b>7.6</b>	<b>-13.0</b>	<b>-34.8</b>
<b>Investments</b>				
Continuous investments				
Investments in intangible, tangible and financial fixed assets	-66.6	-51.3	-224.5	-186.5
<b>Cash flow after continuous investments</b>	<b>-36.7</b>	<b>-43.8</b>	<b>-237.5</b>	<b>-221.4</b>
Acquisition of subsidiary company	-143.7	0.0	-158.8	-23.7
<b>Cash flow after investments</b>	<b>-180.4</b>	<b>-43.8</b>	<b>-396.3</b>	<b>-245.0</b>
<b>Cash flow from financing activities</b>	<b>35.3</b>	<b>4.8</b>	<b>47.8</b>	<b>15.3</b>
<b>Cash flow for the period</b>	<b>-145.1</b>	<b>-38.9</b>	<b>-348.5</b>	<b>-229.6</b>
Foreign currency translation, cash and cash equivalents	-0.6	2.9	4.0	-5.2
Cash and cash equivalents at the beginning of the period	338.1	572.8	536.8	771.7
<b>Cash and cash equivalents at the end of the period</b>	<b>192.3</b>	<b>536.8</b>	<b>192.3</b>	<b>536.8</b>



## REVENUE DISAGGREGATION IN COMPLIANCE WITH IFRS 15

SEK m	Q4 2018	Q4 2017	Full year 2018	Full year 2017
<b>REVENUE BY PRODUCT CATEGORY</b>				
Goods	341.5	278.7	1,136.9	988.5
Services	44.6	24.1	152.5	76.6
Royalties	2.7	3.3	12.9	13.8
<b>Total revenues</b>	<b>388.9</b>	<b>306.2</b>	<b>1,302.2</b>	<b>1,078.9</b>
<b>REVENUE BY TIMING CATEGORY</b>				
At a point in time	368.4	297.7	1,226.6	1,047.1
Over time	20.4	8.4	75.5	31.7
<b>Total revenues</b>	<b>388.9</b>	<b>306.2</b>	<b>1,302.2</b>	<b>1,078.9</b>
<b>REVENUE BY GEOGRAPHIC MARKET</b>				
Europe	108.8	72.6	303.7	233.1
North America	216.0	179.4	755.2	646.5
Other countries	64.1	54.3	243.3	199.3
<b>Total revenues</b>	<b>388.9</b>	<b>306.2</b>	<b>1,302.2</b>	<b>1,078.9</b>

## CONSOLIDATED KEY RATIOS\*

	Q4 2018	Q4 2017	Full year 2018	Full year 2017
Earnings per share, SEK	-0.34	-0.08	-1.79	-1.98
Earnings per share, diluted, SEK	-0.34	-0.08	-1.79	-1.98
Equity per share, SEK	8.5	10.1	8.5	10.1
EBITDA, SEK m	1.8	22.7	-27.5	-52.4
EBIT, SEK m	-34.6	-12.6	-190.7	-191.4
Cash flow from operating activities, SEK m	29.8	7.6	-13.0	-37.0
Cash flow after continuous investments, SEK m	-36.7	-43.8	-237.5	-223.6
Working capital, SEK m	-30.4	-44.5	-30.4	-44.5
Total assets, SEK m	1,324.8	1,342.7	1,324.8	1,342.7
Net cash(+)/net debt (-), SEK m	192.3	536.8	192.3	536.8
Equity, SEK m	835.0	978.9	835.0	978.9
Average equity, SEK m	839.7	973.7	889.9	1,019.0
Equity/assets ratio, %	63.0	72.9	63.0	72.9
Net debt/equity, %	neg	neg	neg	neg
Gross margin, %	68.9	68.9	70.1	70.7
EBITDA margin, %	0.5	7.4	-2.1	-4.9
Operating margin, %	-8.9	-4.1	-14.6	-17.7
Return on total equity, %	-4.0	-0.8	-19.6	-18.8
Average number of outstanding shares after dilution, million	98.4	97.1	97.6	97.1
Average number of outstanding shares, million	98.6	99.2	97.8	99.1
Number of outstanding shares at period end, million	98.9	97.3	98.9	97.3
Number of outstanding shares after dilution at period end, million	99.2	99.2	99.2	99.2
Average number of employees	966	834	917	779

\* 2017 figures are recalculated after changes to the current accounting standards. In accordance with the previous standard, IAS 18, the following key ratios were reported for Q4 2017 and full year 2017: Earnings per share before and after dilution: SEK -0.07 and -1.92; Equity per share 10.9 and 10.9 SEK; EBITDA SEK 23.8 and -46.9 million; EBIT SEK -11.5 and -185.9 million; Working capital SEK -5.1 and -5.1 million; Equity SEK 1,058.6 and 1,058.6 million; Average equity SEK 1,053.0 and 1,107.5 million; Equity/assets ratio 78.8% and 78.8%; Gross margin 69.1% and 70.9%; EBITDA margin 7.7% and -4.3%; Operating margin -3.7% and -17.1%; Return on total equity -0.7% and -16.8%. See Note 1 Accounting principles in this interim report.

1) The 2018 Annual General meeting resolved to implement a long-term incentive program, LTI 2018, and to issue new shares of not more than 1,450,000 warrants, of which 1,045,519 were exercised. The program comprises 2 series of warrants. Series 1 entitles the warrant holder to subscribe for one Tobii AB share at a price of SEK 51.60 per share during a fixed period in 2021/2022. There is a total of 828,519 warrants outstanding in the series. Series 2 entitles the warrant holder to subscribe for one Tobii AB share at a price of SEK 39.70 during a fixed period in 2019/2028. There is a total of 217,000 warrants outstanding in the series. At December 31, 2018 the number of emitted warrants totaled 2.9 million, a decrease of 0.54 million since the end of 2017 which is due to emission of 1.05 million warrants in LTI 2018 and exercise of 1.59 million warrants. The dilution effect of warrants in all of the company's incentive programs corresponds to a maximum of approximately 2.9%.

## QUARTERLY DATA PER BUSINESS UNIT AND THE GROUP

	2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>NET SALES, SEK m</b>								
Tobii Dynavox*	180.2	184.0	156.2	187.9	175.1	198.9	206.6	241.4
Tobii Pro*	60.7	66.2	80.0	97.2	97.5	91.8	87.9	119.5
Tobii Tech**	29.1	29.4	25.2	37.0	36.5	31.6	33.9	47.8
Eliminations and other	-11.1	-15.2	-11.8	-16.0	-15.2	-15.7	-15.4	-19.9
The Group*	258.9	264.3	249.5	306.2	293.9	306.5	312.9	388.9
***) Of which internal sales to Tobii Dynavox och Tobii Pro	11.1	15.2	11.8	16.0	15.2	15.7	15.4	19.9
<b>GROSS MARGIN, %</b>								
Tobii Dynavox*	69.2	68.5	70.5	66.2	67.9	66.8	67.6	64.0
Tobii Pro*	75.4	72.8	76.0	72.9	74.4	72.5	75.8	76.4
Tobii Tech	41.4	43.3	46.5	43.0	41.7	50.0	50.3	46.4
The Group*	70.5	70.7	73.2	68.9	70.3	70.2	71.4	68.9
<b>EBITDA, SEK</b>								
Tobii Dynavox*	32.3	33.8	24.3	44.9	31.1	38.9	34.8	33.8
Tobii Pro* <sup>1</sup>	7.8	8.1	20.2	29.4	38.7	14.3	15.7	32.2
Tobii Tech	-66.4	-77.7	-57.4	-51.6	-57.4	-73.0	-72.5	-64.3
Eliminations and other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
The Group* <sup>1</sup>	-26.3	-35.9	-12.8	22.7	12.5	-19.8	-22.0	1.8
<b>EBIT, SEK m</b>								
Tobii Dynavox*	17.5	17.8	8.6	29.7	14.2	21.6	18.0	15.2
Tobii Pro*	-0.1	-1.8	9.1	18.6	15.3	1.4	4.2	24.0
Tobii Tech	-75.8	-87.1	-66.9	-60.9	-66.5	-82.5	-81.9	-73.8
Eliminations and other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
The Group*	-58.4	-71.1	-49.2	-12.6	-37.0	-59.5	-59.6	-34.6
<b>OPERATING MARGIN, %</b>								
Tobii Dynavox*	9.7	9.6	5.5	15.8	8.1	10.8	8.7	6.3
Tobii Pro*	-0.2	-2.7	11.3	19.1	15.7	1.6	4.8	20.1
Tobii Tech	neg	neg	neg	neg	neg	neg	neg	neg
The Group*	-22.6	-26.9	-19.7	-4.1	-12.6	-19.4	-19.1	-8.9
<b>PROFIT/LOSS BEFORE TAX, SEK m</b>								
The Group*	-64.9	-89.6	-63.1	-7.4	-30.4	-40.9	-63.6	-31.0
<b>PROFIT/LOSS FOR THE PERIOD, SEK m</b>								
The Group*	-57.2	-73.0	-53.6	-8.1	-31.6	-40.7	-68.2	-33.8

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

\* IFRS 15 impacts the item Net sales in the Consolidated statement of comprehensive income. The consolidated totaled earnings figures in subsequent tables are therefore impacted by the same amount.

## IFRS 15 IMPACT 2017

IFRS 15 IMPACT 2017*	2017			
	Q1	Q2	Q3	Q4
NET SALES, SEK m				
Tobii Dynavox	-2.0	-1.5	-0.5	-1.1
Tobii Pro	-0.2	-0.1	-0.1	0.0
Tobii Tech**	0.0	0.0	0.0	0.0
Eliminations and other	0.0	0.0	0.0	0.0
The Group*	-2.2	-1.6	-0.6	-1.1
** Of which internal sales to Tobii Dynavox och Tobii Pro	0.0	0.0	0.0	0.0

\*IFRS 15 impacts the item Net sales in the Consolidated statement of comprehensive income. The consolidated totaled earnings figures in subsequent tables are therefore impacted by the same amount.

## The Parent Company

The Group's Parent Company, Tobii AB (publ.), which has over 400 employees, focuses on sales, marketing, R&D, purchasing, manufacturing, technical support and IT. The Parent Company's net sales during the third quarter totaled SEK 245 million (232) and the operating profit/loss was SEK -69 million (-78). Net sales for the full year totaled SEK 849 million (743) and the operating loss was SEK -251 million (-212). At the period end, the Parent Company had SEK 92 million (470) in cash and cash equivalents.

## CONDENSED PARENT COMPANY INCOME STATEMENT\*

SEK m	Q4 2018	Q4 2017	Full year 2018	Full year 2017
<b>Net sales</b>	<b>245.0</b>	<b>231.7</b>	<b>849.4</b>	<b>742.9</b>
Cost of goods and services sold	-113.6	-90.4	-374.0	-313.1
<b>Gross profit</b>	<b>131.4</b>	<b>141.3</b>	<b>475.4</b>	<b>429.8</b>
Selling expenses	-57.2	-57.3	-206.3	-190.5
Research and development expenses	-102.9	-144.0	-415.1	-371.0
Administrative expenses	-44.5	-26.2	-131.6	-76.3
Other operating income and operating expenses	3.7	8.1	26.4	-3.5
<b>Operating profit/loss</b>	<b>-69.3</b>	<b>-78.1</b>	<b>-251.2</b>	<b>-211.6</b>
Financial items	9.0	11.7	42.6	-10.1
<b>Profit/loss before tax</b>	<b>-60.3</b>	<b>-66.4</b>	<b>-208.6</b>	<b>-221.6</b>
Tax	0.0	0.0	-4.2	33.5
<b>Profit/loss after tax</b>	<b>-60.3</b>	<b>-66.4</b>	<b>-212.8</b>	<b>-188.1</b>
Depreciation and amortization, total	-39.0	-53.2	-152.8	-121.4

\*2017 figures are restated following changes to current accounting principles, see Note 1 Accounting principles.

## CONDENSED PARENT COMPANY BALANCE SHEET\*

SEK m	Dec 31 2018	Dec 31 2017
<b>NON-CURRENT ASSETS</b>		
Intangible assets	434.5	379.5
Tangible fixed assets	5.0	9.9
Financial assets	671.8	506.7
Long-term financial receivables	0.0	0.0
<b>Total non-current assets</b>	<b>1,111.3</b>	<b>896.0</b>
<b>CURRENT ASSETS</b>		
Accounts receivable	99.8	120.5
Inventories	36.7	36.1
Other current financial receivables	83.1	70.0
Cash and bank balances	92.0	470.1
<b>Total current assets</b>	<b>311.6</b>	<b>696.6</b>
<b>Total assets</b>	<b>1,422.9</b>	<b>1,592.6</b>
<b>SHAREHOLDERS' EQUITY</b>		
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing liabilities	5.1	0.0
Other non-current liabilities	23.8	26.7
<b>Total non-current liabilities</b>	<b>29.0</b>	<b>26.7</b>
<b>CURRENT LIABILITIES</b>		
Interest-bearing liabilities	0.0	0.0
Other current liabilities	244.0	252.5
<b>Total current liabilities</b>	<b>244.0</b>	<b>252.5</b>
<b>Total liabilities</b>	<b>272.9</b>	<b>279.2</b>
<b>Total equity and liabilities</b>	<b>1,422.9</b>	<b>1,592.6</b>

\*2017 figures are restated following changes to current accounting principles, see Note 1 Accounting principles.



# Notes

## Not 1. Accounting principles

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 principles 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, except for the application of the new accounting standards described below.

### OTHER NEW ACCOUNTING PRINCIPLES ISSUED BUT NOT YET EFFECTIVE

IFRS 16 - Leases is effective as of 1 January 2019. For lessees, the standard eliminates the classification of leases as either operating or finance, as required by IAS 17, and instead introduces a single lease accounting model. Applying that model, a lessee is required to recognize, (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of leased assets separately from interest on lease liabilities in the income statement.

Tobii has applied the modified retrospective method when transitioned to IFRS 16 on 1 January 2019 meaning that Tobii will not recalculate the financial statements for 2018. The lease liability is the sum of the present value of all future payments until lease end date. The practical expedient to set the right of use asset (before adjustments for any prepayments) equal to the lease liability has been applied for the transition. The rate for discounting the lease payments is the Tobii Group incremental borrowing rate with consideration to the maturity of the lease contracts. The practical expedient for definition of a lease has been applied, which means that all components within a lease has been considered as a lease component. The short-term lease exception and the asset of low value exception has also been applied.

The estimated opening balance of the lease liability and the Right-of-use assets is around 121 MSEK for current lease contracts. The largest asset class of leases is offices and cars.

### IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES IN ACCORDANCE WITH IFRS

Two new IFRS standards went into effect from January 1, 2018. Below is a description of the new principles and effects on the Group's financial reporting as well as the transition method.

#### IFRS 9, Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments from 2018. The standard addresses classification, measurement and recognition of financial assets and liabilities, introduces new rules for hedge accounting and a new model for impairment of financial assets. The new standard has not had a material impact on the Group's classification and valuation of financial instruments. Since the effects are not material, the transition to IFRS 9 does not affect the opening balance for 2018.

#### IFRS 15, Revenue from Contracts with Customers

IFRS 15 "Revenue from Contracts with Customers" goes into effect on January 1, 2018 and replaces current standards and interpretations for revenue recognition in IFRS. The new standard is applied by the Group for the fiscal year beginning January 1, 2018. The standard and its clarifications have been approved by the EU Commission.

#### Tobii's new revenue recognition principles in accordance with IFRS 15

The Group revenue recognition related to the sale of goods is not impacted by the transition to IFRS 15. The Group's principles for revenue recognition of services are impacted with regard to future service commitments that arise after the sale of certain products. The Tobii Dynavox business unit sells certain products as packages comprised partly of computer products that are delivered to customers at date of sale, and partly as service commitments in the form of enhanced warranties and customer support which are fulfilled in future periods after the date of sale. In accordance with current standards, IAS 18, Tobii recognized revenue for the complete package in the reporting period in which the product was delivered. IFRS 15 states that revenues shall be recognized in the period that Tobii fulfills its commitment to the customers for each part of the package. Tobii Pro business unit is affected to a lesser extent by the new standard since Tobii Pro products are not sold as packages, but as separate products.

#### Method used for transition to IFRS 15

Tobii applies IFRS 15 full retrospective method for transition to the new standard and has restated 2017 income statement and balance sheet.

#### IFRS 15 impact on financial reports

The impact from transition to IFRS 15 is an opening balance adjustment of SEK 80 million as at January 1, 2017, which is reported as a decrease in equity and an increase in the liability contracts with customers. The opening balance refers to warranties and customer support commitments which Tobii has sold in earlier years but has not yet fulfilled as at January 1, 2017. During 2017 the reported revenues were negatively impacted by SEK 6 million, or 0.5% of the Group's revenues. The tables below show the quantitative impact of IFRS 15 on 2017 reported figures on relevant items in the financial reports. Tables for full year 2017 and Dec 31, 2017 are found in Tobii's Interim Report Q1 2018.

**October–December 2017 – Consolidated statement of comprehensive income**

SEK m	Q4 2017 reported	IFRS 15	Q4 2017 restated
Net sales	307.3	-1.1	306.2
Cost of goods and services sold	-95.1	0.0	-95.1
Gross profit	212.2	-1.1	211.1
Operating profit/loss	-11.5	-1.1	-12.6
Profit/loss before tax	-6.3	-1.1	-7.4
Net profit/loss for the period	-7.0	-1.1	-8.1
Other comprehensive income			
Translation differences	0.0	-0.8	-0.8
Other comprehensive income for the period	0.0	-0.8	-0.8
Total comprehensive income for the period	-7.0	-1.9	-8.9
Net profit/loss for the period attributable to:			
Parent company shareholders	-6.4	-1.1	-7.5
Non-controlling interests	-0.6	0.0	-0.6
Net profit/loss for the period	-7.0	-1.1	-8.1
Total comprehensive income for the period attributable to:			
Parent company shareholders	-6.4	-1.9	-8.3
Non-controlling interests	-0.6	0.0	-0.6
Total comprehensive income for the period	-7.0	-1.9	-8.9

**January–December 2017 – Consolidated statement of comprehensive income**

SEK m	Full year 2017 reported	IFRS 15	Full year 2017 restated
Net sales	1,084.3	-5.5	1,078.9
Cost of goods and services sold	-315.7	0.0	-315.7
Gross profit	768.6	-5.5	763.2
Operating profit/loss	-185.9	-5.5	-191.4
Profit/loss before tax	-219.6	-5.5	-225.0
Net profit/loss for the period	-186.5	-5.5	-192.0
Other comprehensive income			
Translation differences	0.0	5.8	5.8
Other comprehensive income for the period	0.0	5.8	5.8
Total comprehensive income for the period	-186.5	0.4	-186.2
Net profit/loss for the period attributable to:			
Parent company shareholders	-186.7	-5.5	-192.1
Non-controlling interests	0.1	0.0	0.1
Net profit/loss for the period	-186.5	-5.5	-192.0
Total comprehensive income for the period attributable to:			
Parent company shareholders	-186.7	0.4	-186.3
Non-controlling interests	0.1	0.0	0.1
Total comprehensive income for the period	-186.5	0.4	-186.2

**December 31, 2017 – Consolidated balance sheet**

SEK m	Dec. 31 2017 reported	IFRS 15	Dec. 31 2017 restated
Total assets	1,342.7	0.0	1,342.7
Total shareholders' equity	1,058.6	-79.7	978.9
Liabilities			
Non-current liabilities			
Deferred income	13.2	40.3	53.4
Other non-current liabilities	20.1	0.0	20.1
Total non-current liabilities	33.2	40.3	73.5
Current liabilities			
Deferred income	58.0	39.4	97.4
Other current liabilities	192.9	79.7	170.9
Total current liabilities	250.9	39.4	290.3
Total liabilities	284.1	79.7	363.8
Total equity and liabilities	1,342.7	0.0	1,342.7

**October–December 2017 – Parent company income statement**

SEK m	Q4 2017 reported	IFRS 15	Q4 2017 restated
Net sales	232.0	-0.3	231.7
Cost of goods and services sold	-90.4	0.0	-90.4
Gross profit	141.6	-0.3	141.3
Operating profit/loss	-77.8	-0.3	-78.1
Profit/loss before tax	-66.1	-0.3	-66.4
Net profit/loss for the period	-66.1	-0.3	-66.4

**January–December 2017 – Parent company income statement**

SEK m	Full year 2017 reported	IFRS 15	Full year 2017 restated
Net sales	745.1	-2.2	742.9
Cost of goods and services sold	-313.1	0.0	-313.1
Gross profit	432.0	-2.2	429.8
Operating profit/loss	-209.4	-2.2	-211.6
Profit/loss before tax	-219.4	-2.2	-221.6
Net profit/loss for the period	-185.9	-2.2	-188.1

**December 31, 2017 – Parent company balance sheet**

SEK m	Dec 31 2017 reported	IFRS 15	Dec 31 2017 restated
Total assets	1,592.6	0.0	1,592.6
Total shareholders' equity	1,330.9	-17.5	1,313.4
Liabilities			
Non-current liabilities			
Deferred income	3.7	8.6	12.2
Other non-current liabilities	14.5	0.0	14.5
Total non-current liabilities	18.2	8.6	26.7
Current liabilities			
Deferred income	13.5	8.9	22.5
Other current liabilities	230.1	17.5	49.2
Total current liabilities	243.6	8.9	252.5
Total liabilities	261.7	17.5	279.2
Total equity and liabilities	1,592.6	0.0	1,592.6

**Not 2. Business combinations****ACUITY ETS LTD. AND ACUITY INTELLIGENCE LTD**

On February 28, 2018 Tobii acquired all shares in Acuity ETS Ltd, a company registered in Hampshire, England and Acuity Intelligence Ltd, a company registered in Berkshire, England. Acuity ETS is the largest reseller of Tobii Pro's research tools and Acuity Intelligence, a research and consulting service within neuroscience. The purpose of the acquisition is to strengthen Tobii Pro's direct sales of product and services in the UK.

Below is shown the purchase price for the two companies. The acquisition analysis is preliminary due to final valuation of acquired assets and liabilities.

SEK m	Feb 28 2018
Cash	14.8
Adjustment at completion date	1.2
Contingent consideration	8.6
Total purchase price	24.6
Fair value of acquired assets and liabilities	-1.5
Goodwill	23.1
Acquired assets and liabilities	0.0
Intangible assets (excl. Goodwill)	0.8
Tangible fixed assets	0.1
Accounts receivable and other receivables	3.5
Accounts payable and other payables	-2.9
Total acquired assets and liabilities	1.5

The total consideration for the acquired net assets amounted to SEK 24.6 million. A cash payment of SEK 14.8 million was paid at acquisition date. The agreed upon contingent consideration relates to Acuity revenue trends during 2018-2020. The total maximum contingent consideration amounts to SEK 19 million. Tobii's management assesses that the fair value of the contingent consideration is SEK 8.6 million.

Goodwill of SEK 23.1 million is reported in business unit Tobii Pro and refers to the potential to strengthen the business unit through direct sales of products and services in the UK.

The gross amount of acquired accounts receivable is SEK 3.4 million and will most likely be collected.

Revenues from the Acuity businesses during the period from acquisition up to and including December 31, 2018 amounted to SEK 19 million and corresponding operating profit for the same period was SEK 2 million. Transaction costs incurred for the acquisition amounted to approximately SEK 0.4 million and are included in general and administrative expenses in the consolidated income statement.

**SMARTBOX ASSISTIVE TECHNOLOGY LTD.**

On 20 August 2018 it was announced that Tobii had signed an agreement to purchase 100% of shares in Smartbox Assistive Technology Ltd and Sensory Software International Ltd, which are based in the UK. The acquisition of the companies was completed at time of possession on 1 October and is thereby consolidated in the financial performance of Tobii Dynavox for the fourth quarter. Through the acquisition the Company intends to complement the Tobii Dynavox product portfolio, strengthen its sales presence in important geographic markets and accelerate the rate of innovation. The British

competition authority CMA is currently conducting an investigation of the effects of the completed acquisition for which reason the Company is waiting before beginning to work on integration.

The purchase consideration for the two acquired companies is shown below. The acquisition analysis is preliminary while waiting for final valuation of the acquired assets and liabilities.

SEK m	Okt 1 2018
Cash	127.3
Adjustment at completion date	16.4
Contingent consideration	9.3
Total purchase price	153.0
Fair value of acquired assets and liabilities	-84.1
Goodwill	68.9
Acquired assets and liabilities	
Intangible assets (excl. Goodwill)	68.1
Tangible fixed assets	2.9
Current assets	37.3
Accounts payable and other payables	-24.2
Total acquired assets and liabilities	84.1

The total consideration paid for the acquired shares amounts to SEK 153 million. A cash payment of SEK 127.3 million was made at the time of acquisition. The purchase consideration was adjusted in December in the amount of SEK 16.4 million. The contingent consideration is attributable to the joint net sales trend in the UK over 2018–2020. The total maximum contingent consideration amounts to SEK 11.4 million. Tobii's management has determined that fair value of the contingent consideration is SEK 9.3 million.

According to the analysis, intangible surplus values are allocated as follows: software license SEK 39.8 million, brands SEK 17.8 million and customer relations SEK 10.5 million. Goodwill of SEK 68.9 million is allocated to the Tobii Dynavox business unit and relates to the potential of strengthening the business unit through increased sales of products and services in existing and new markets.

The gross contractual amount of acquired accounts receivable is SEK 14 million and probably will be collected. It is not possible to specifically comment on revenue and operating profit/loss from the Smartbox business during the period from the time of acquisition through 31 December 2018 because of the CMA's ongoing review. The performance of the wholly owned subsidiary is included in the consolidated income statement beginning at the time of acquisition in accordance with the Company's accounting policies taking control, voting rights and other factors into account.

Transaction costs incurred for the acquisition amount to approximately SEK 2.5 million and are recognized as administrative expenses in the consolidated income statement.

### Not 3. Fair value measurement

The contingent consideration related to the Sticky-acquisition in May 2017 is a level 3 financial instrument and is measured at fair value in the consolidated statement of comprehensive income. During the first quarter of 2018 the fair value of the contingent consideration was valued at SEK 0 after a new forecast shows that the conditions for payment according to the purchase agreement with high probability

will not be achieved. The contingent consideration relating to the Acuity acquisition in February 2018 is a level 3 financial instrument and is measured to fair value of SEK 7 million as at September 30, 2018. Change in fair value measurement is shown in the table below.

#### Change in contingent consideration

SEK m	Dec 31 2018
Opening balance January 1, 2018	12.2
Acquisitions during the year	17.9
Payment	-3.1
Change in fair value reported as other operational income/loss	-12.2
Currency differences	0.2
Closing balance December 31, 2018	15.0

Other than contingent consideration Tobii has no financial instruments which are measured at fair value in the income statement.

#### GOODWILL WRITE-DOWNS

Consideration during the first quarter of potential write-downs related to the acquisition of Sticky in May 2017 resulted in a goodwill impairment charge of 12M SEK. The impairment was the result of a new assessment of the cash-generating unit's future cashflow and was performed using the cashflow-generating unit's relevant discount rate of 10%.

### 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 in the Directors' Report section and note 3 of Tobii's 2017 Annual Report and Tobii is of the opinion that this risk description remains correct.

#### TRANSACTIONS WITH RELATED PARTIES

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

#### 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, due to the fact that not all companies calculate financial measures in the same way. The key ratios and alternative performance measures that Tobii uses are defined on page 100 of the 2017 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**

<b>SEK m</b>	<b>Q4 2018</b>	<b>Q4 2017</b>	<b>Full year 2018</b>	<b>Full year 2017</b>
Operating profit/loss before depreciation, amortization and impairment, (EBITDA)	1.8	22.7	-27.5	-52.4
Amortization and impairment	-30.4	-30.0	-141.4	-119.4
Depreciation	-6.0	-5.2	-21.8	-19.6
<b>Operating profit/loss (EBIT)</b>	<b>-34.6</b>	<b>-12.6</b>	<b>-190.7</b>	<b>-191.4</b>



Danderyd, February 6, 2019

**Kent Sander**  
Chairman of the Board

**Heli Arantola**

**Nils Bernhard**

**John Elvesjö**

**Charlotta Falvin**

**Åsa Hedin**

**Jan Wäreby**

**Henrik Eskilsson**  
CEO

This interim report has not been audited.

*This information is information that Tobii AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted, through the agency of the contact person set out below, for publication February 6, 2019 at 7:30 a.m. CET.*

*Contact person: Sara Hyléen, VP of Corporate Communications and Investor Relations, email: sara.hyleen@tobii.com, phone: +46 (0)70-916 16 41*

## Information to shareholders

### TELECONFERENCE AND PRESENTATION

A conference call and online presentation will be held in English today at 2:00 p.m. (CET). Go to [www.tobii.com](http://www.tobii.com) to follow the conference online or for the phone number you need to participate. The presentation will be available for download from the website.

### CONTACT DETAILS

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### FINANCIAL CALENDAR

Annual Report 2018	April 10, 2019
Interim report Q1, 2019	April 26, 2019
Annual General Meeting, 2019	May 9, 2019
Interim report Q2, 2019	July 19, 2019
Interim report Q3, 2019	October 24, 2019
Interim report Q4, 2019	February 4, 2020