Second Quarter 2019

July 19, 2019
Welcome to our presentation of the Q2 2019 report

Henrik Eskilsson, CEO

Johan Wilsby, CFO
High-level summary, second quarter

- Tobii Group’s revenue grew by 21%, or 13% adjusted for currency effects
- Tobii Dynavox saw solid underlying demand, but revenue growth was hampered by delays in our administrative funding process
- Tobii Pro had a weaker quarter, in part due to increased share of large solution orders
- Strong external revenue increase in Tobii Tech of 87%
- Several launches and announcements in favor of eye-tracking from eco-system players
- Anand Srivatsa joins Tobii as new Division CEO of Tobii Tech
Tobii Dynavox

• World's leading supplier of assistive technology for communication
• Market share of 40%
• Provides products that enable users with disabilities to speak and communicate effectively

Tobii Dynavox’s mission is to empower people with disabilities to do what they once did, or never thought possible

Share of Tobii's gross sales

63%

Sebastian Jansson, a Tobii Dynavox user with cerebral palsy, graduated from high school. Here with Fredrik Ruben, Tobii. Read more
Tobii Dynavox: Solid demand, but internal process delays

- Revenue grew 24%, or 3% adjusted for both acquisition and currency effects
- Underlying sales demand was solid, but revenue growth hampered by delays in Tobii Dynavox’ internal funding process

Funding is the administrative process where the user’s needs and requests are processed by Tobii, the prescriber and the funding party (for instance an insurance company).

- Tobii is currently having delays in this process, which has resulted in an increased “backlog” of customer cases currently in process.
- The total value of these customer cases currently in process has increased by >10%, corresponding to around 15 MSEK, in the second quarter.
Investing for continued growth

• Trained around 9,000 therapists, prescribers and other key individuals in the quarter

• The Snap communication software was upgraded and now supports 13 different languages

• Several important products under development

• Approximately 7,000 new “voices” (apps and devices) in the quarter, up 6% Y-o-Y
### Tobii Dynavox Q2 financials

- Revenue increased 24% year-over-year, or 3% adjusted for currency and the recent acquisition
- Gross margin was 66% (67%)
- EBIT margin was 9% (11%)
  - After adjustments of non-recurring costs related to the Smartbox acquisition of 8 MSEK, EBIT margin was 12% (11%)
- Smartbox integration is pending outcome of CMA review
  - CMA announced its provisional findings May 30
  - The final report is expected end of July

#### Revenue (SEK million) and Gross Margin

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<tr>
<th>Q1</th>
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<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
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<th>2017</th>
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<td>69%</td>
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#### EBIT (SEK million) and EBIT Margin

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<th>Q1</th>
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<th>Q4</th>
<th>Q1</th>
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<th>Q4</th>
<th>Q1</th>
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<td>16%</td>
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<td>15</td>
<td>19</td>
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<table>
<thead>
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<th>2017</th>
<th>2018</th>
<th>2019</th>
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<td>10%</td>
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<td>6%</td>
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<td>6%</td>
<td>8%</td>
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Tobii Pro

- World’s leading supplier of eye-tracking solutions for understanding human behavior
- Market share of 60%
- Provides eye tracking solutions consisting of hardware devices, analysis software and research consulting
- 3,500 commercial and 2,500 academic customers

Tobii Pro’s mission is to empower professionals with revolutionary insights into human behavior, using eye tracking as the foundation

24% Share of Tobii’s gross sales
A slow quarter for Tobii Pro

- Revenue up 1%, or -5% adjusted for currency
- Increased order backlog due to increased share of large solution orders
- Decent underlying order entry growth, although weak in certain geographies
- Academic business in the UK temporarily dampened by Brexit-related effects
Two product updates in second quarter

**Tobii Pro Lab** updated with extended support for analysis of web sites

**Tobii VR Analytics** updated to support HTC Vive Pro Eye and analysis in 3D VR environments
New sales office in Santiago, Chile, increases sales capabilities in Latin America

- Tobii Pro Sales Office in Chile added in Q2
- Tobii Pro Sales Office in Singapore added in Q1
Tobii Pro Q2 financials

- Revenue increased 1% year-over-year, -5% adjusted for currency
- Gross margin at 72% (73%)
  - Larger share of services and lower share of products affect gross margin negatively
- EBIT margin at -3% (2%)
Tobii Tech

• World’s leading supplier of eye-tracking technology for integration into consumer electronics and other volume products

• Provides eye-tracking platforms, reference designs, HW components and SW licenses and IP

Tobii Tech’s mission is to enable devices to visually sense the user - to transform your everyday experiences to be more intelligent, intuitive and insightful

Share of Tobii’s gross sales

13%
An exciting quarter for Tobii Tech

• External revenue up 87% adjusted for currency
• Revenue up 56%, or 50% adjusted for currency

• Announcements and launches with Tobii eye tracking from several of the largest players in consumer electronics - Dell, HTC, Intel, Qualcomm and Lenovo
Tobii offers a range of solutions for PC

**Tobii Aware**
Tobii algorithms that enable smarter devices. Offered as license to PC OEMs.
- Improved privacy & security
- Digital wellbeing
- Enhanced device performance
- Intuitive dual-screen interactions
- Increased efficiency

**Tobii IS5 Platform**
Full-featured high-fidelity eye tracking. Offered as an integration module to PC OEMs.
- All Tobii Aware capabilities, plus
- Further enhanced device interactions
- Immersive gaming features
- Game streaming
- Game training

**Tobii Eye Tracker 4C**
Eye tracker peripheral
- Similar features as with Tobii IS Platform integrated into PC
- Available for any end-consumer, and works on desktop monitors
Dell launched the new Alienware m15 and m17 gaming laptops with integrated Tobii eye tracking.

Alienware m15
Lean Gets Legendary

Introducing the thinnest, lightest, and most powerful 15-inch Alienware laptop, ever.

Based on the latest Legend industrial design, the new Alienware m15 combines features Alienware fans love and new innovations honed to make no compromise on quality, technology, and performance while reducing all of its physical dimensions.
Tobii eye tracking now in the entire portfolio of next-gen Alienware laptops

- Alienware Area-51m launched in Q1
- Alienware m15 and m17 launched in Q2

Excerpt from Dell.com online store
Project Athena – Intel’s specification for the next generation ultraportable laptops – with human understanding as a central idea

PROJECT ATHENA
LAPTOP INNOVATION ROOTED IN HUMAN UNDERSTANDING

Ready to go before you are
Minimize time from open lid to action

Performance & responsiveness
Never wait for your PC

Artificial Intelligence
Proactively assist, filter, adapt, and optimize system

FOCUS
ALWAYS READY
ADAPTIVE

Worry-free day of battery life
Confidence to leave the charger at home

Always fast, reliably connected
Connect automatically, instantly, and more securely with ease¹

Form factor & interaction
Effortlessly transforms and immerses throughout the day

¹ Battery life may vary substantially by use, system configurations, and settings. No product or component can be absolutely secure.
HTC launched Vive Pro Eye headset with Tobii eye tracking
Qualcomm’s new reference design with Tobii eye tracking

• Qualcomm announced their new Smart Viewer reference design with Tobii eye tracking
• Eye tracking enables better graphics and reduced power consumption with foveated rendering, as well as more intuitive interactions and powerful analytics in VR
• Based on the Snapdragon XR1 Platform
Continued sales traction in Niche Applications

• Several more design wins in the quarter
• All in the medical field
Anand Srivatsa new Division CEO of Tobii Tech

• Recently Vice President and General Manager of Intel’s Desktop, Systems and Channels group
• Brings knowledge and insight about both ecosystem and customer base
• Strong addition to the Tobii Group management team
Tobii Tech Q2 financials

- Revenue increased 56% year-over-year, adjusted for currency, 50% non-adjusted
- External revenue up 87% adjusted for currency
- Gross margin was 47% (50%)
- Operating loss amounted to -72 MSEK (-82)
Tobii Group Q2 financials

- Revenue increased 13% year-over-year adjusted for currency, 21% non-adjusted
- Gross margin was 69% (70%)
- Group EBIT was -51 MSEK (-59)
  - Non-recurring items explain 8 MSEK of variance

<table>
<thead>
<tr>
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<th>Revenue and Gross Margin for the Group (SEK million)</th>
<th>EBIT for the Group (SEK million)</th>
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<tbody>
<tr>
<td>Q1 2017</td>
<td>259 71%</td>
<td>-58 -58</td>
</tr>
<tr>
<td>Q2 2017</td>
<td>264 71%</td>
<td>-71 -71</td>
</tr>
<tr>
<td>Q3 2017</td>
<td>249 73%</td>
<td>-49 -49</td>
</tr>
<tr>
<td>Q4 2017</td>
<td>306 69%</td>
<td>-13 -13</td>
</tr>
<tr>
<td>Q1 2018</td>
<td>294 70%</td>
<td>-37 -37</td>
</tr>
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<td>-37 -37</td>
</tr>
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<td>Q2 2019</td>
<td>372 69%</td>
<td>-51 -51</td>
</tr>
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Balance sheet and cash flow

- Cash flow from operations negatively impacted by change in working capital
- Cash position at 314 MSEK at end of quarter
- IFRS16 impact both assets and liabilities, and hence some key ratios

<table>
<thead>
<tr>
<th>Tobii Group (MSEK)</th>
<th>Q2 2019</th>
<th>Q2 2018</th>
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<tbody>
<tr>
<td><strong>Total Assets</strong></td>
<td>1 651</td>
<td>1 316</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td>749</td>
<td>900</td>
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<tr>
<td><strong>Equity Ratio</strong></td>
<td>45</td>
<td>68</td>
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<tr>
<td><strong>Cash Position</strong></td>
<td>314</td>
<td>407</td>
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<tr>
<td><strong>Cash flow after continuous investments</strong></td>
<td>-81</td>
<td>-62</td>
</tr>
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Group cash flow after continuous investments (MSEK)
Summary

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• Tobii Dynavox saw solid underlying demand, but revenue growth was somewhat hampered by delays in our administrative funding process

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• Strong external revenue increase of 87% in Tobii Tech

• Several launches and announcements in favor of eye-tracking from eco-system players

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• Continued strong focus on reaching profitability targets
Thank you