Welcome to our Interim Report Q2 2020

Henrik Eskilsson, CEO

Johan Wilsby, CFO
Q2 2020 Summary

Revenue held up well despite severe pandemic effects

- Large negative pressure from covid-19
- Strong underlying momentum in several parts of the business
- Revenue declined by 4% in total and 6% organically
- Cost reduction program on target at 20% reductions compared with Q2 2019
- EBIT improved to -45 MSEK (-47)
- Solid financial position with 324 MSEK cash on balance
Covid-19 impact and Tobii’s response

Severe revenue pressure countered by strong underlying momentum

- Implemented measures to protect the health of our employees early and successfully avoided larger operational impact
- Our teams has stepped up in fantastic ways and innovated new ways to sell, service, train and collaborate
- Covid-19 pandemic has significantly pressured sales across the board, mainly as shutdowns and other restrictions have hindered us to sell and service our customers as normal
- We have also seen commercial customers in Tobii Pro heavily reduce spending
- Several parts of the business showed strong underlying momentum, which countered much of the negative covid-19 impact
- Cost reduction program reached our target of a 20% reduction compared to Q2 2019
- Work from home still in place with gradually increasing flexibility. Work reduction program removed from mid August
Tobii Dynavox

- World’s leading supplier of assistive technology for communication
- Market share close to 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

59%

Share of Tobii’s gross sales (LTM)
Tobii Dynavox Q2 2020

Tobii Dynavox was propelled by strong momentum for the new I-Series

- Revenue decreased 4% organically
- Sales activities impeded by pandemic related lockdowns
- Despite this, large parts of the segment continued to perform well, driven by the new I-Series
- Introduced outdoor capability in the new I-Series
- Launched suite of accessible apps
- Investments in digitalization pay off – likely with significant long-term positive effects
- Training program continues at the same level, now mainly digitally
- Expect business to be unaffected by potential long-term economic downturn

Tobii Dynavox Q2 2020

Financials

- Revenue decreased 2%, or 4% organically
  - Covid-19 had strong negative impact on sales
  - New I-Series continued to be a growth driver

- Gross margin was 63% (67%)
  - Non-recurring inventory write-down impact of 3 pts

- Improved EBIT margin of 13% (11%)
  - Quickly adapted operating costs and obtained non-recurring government grants related to covid-19
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

Tobii Pro’s mission is to empower scientific researchers and business professionals with revolutionary insights into human behavior through the use of world-class eye tracking technology
Tobii Pro Q2 2020

Tobii Pros revenues clearly impacted by the pandemic in the quarter

- Revenue decreased 33% organically
- The pandemic had a strong negative impact in the quarter, impeding customers’ ability to conduct research, studies and education
- This has affected sales clearly negative to both commercial and scientific research customers
- Pandemic related restrictions has continued to slow down marketing and sales – continued significant negative impact on revenue short term expected
Tobii Pro Q2 2020
Glasses 3—our new ground-breaking wearable eye tracker

TobiiPro Glasses drive roughly 50% of TobiiPro’s hardware, software and services sales

• Proprietary innovative technology with tiny cameras and illuminators integrated in the glass itself
• Improved comfort and a more sleek and unobtrusive design enable much wider use of eye tracking studies
• Improved, market-leading eyetracking performance
• Improved ruggedization options broaden use cases in industrial, sports and government applications
• Easier to use software

⇒ Enables deeper penetration in existing segments

Tobii Pro Q2 2020

Financials

• Revenue contracted 32%, or 33% organically
  • Negative covid-19 impact in almost all markets and customer segments

• Gross margin at 70% (72%)
  • Negative scalability effects owing to lower volumes, production related start up costs and non-recurring inventory write-down

• EBIT margin at -39% (-3%)
  • Driven by revenue and gross margin decline. Quickly adapted operating costs and enjoyed some non-recurring government grants related to covid-19

Revenue (SEK million) and Gross Margin

EBIT (SEK million) and EBIT Margin
Tobii Tech

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

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 (LTM)
Tobii Tech Q2 2020

**Continued good progress and cost reductions on plan**

- Strong 60% organic growth of external revenue
- Growth in the quarter driven by project related revenues in VR and strong growth in the PC segment
- Important milestones in large VR development projects
- Eyetracking has been added to the OpenXR standard
- Aware contract with Lenovo for two PC-models
- Our new gaming peripheral, the Tobii Eye Tracker 5, was launched with promising reviews in the gaming community
- Pandemic related restrictions slow down marketing and sales and affect customer’s projects – will have some impact
- To accelerate the path to profitability, Tobii Tech has adapted its cost structure and made reductions of 60 consultants and employees

Tobii Tech Q2 2020

Financials

- Revenue increased 35%, or 31% organically
  - External revenue increased to 53 MSEK (32), up 65%, or 60% organically
  - Internal revenues were down to 14 MSEK (18)

- Gross margin was 53% (47%)
  - Increase related to change in product mix

- Operating loss improved to -50 MSEK (-72)
  - Revenue growth, gross margin improvement and both short term cost actions as well as long term restructuring program executed.
Tobii Group Q2 2020
Financials

- Revenue decreased to 333 MSEK (346), down 4% or 6% organically
  - Material impact from covid-19 effects but also good growth in several product lines and customer segments.

- Gross margin was 65% (69%)
  - Non-recurring inventory write-down impact and adverse mix effects

- Group EBIT was -45 MSEK (-48)
  - Material impact of announced cost reduction program; operating costs down 20% compared to Q219.
  - Decreased capitalization and increased amortization had a 27 MSEK lower contribution to earnings than in Q2 2019. Adjusted for this EBIT improved almost 30 MSEK.
Tobii Group Q2 2020

Balance sheet and cash flow

• Positive cash flow after continuous investments of 19 MSEK (-75), supported by a net working capital release
• Cash position including Smartbox at 324 MSEK end of June
• The divestment process of Smartbox continues according to plan
• Net debt was 161 MSEK (excluding 83 MSEK IFRS 16)

Group balance and cash flow summary

<table>
<thead>
<tr>
<th>Tobii Group (MSEK)</th>
<th>Q2 2020</th>
<th>Q2 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>1 662</td>
<td>1 651</td>
</tr>
<tr>
<td>Equity</td>
<td>578</td>
<td>749</td>
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<tr>
<td>Equity Ratio</td>
<td>35</td>
<td>45</td>
</tr>
<tr>
<td>Cash Position (incl Smartbox)</td>
<td>324</td>
<td>314</td>
</tr>
<tr>
<td>Cash flow after continuous investments</td>
<td>19</td>
<td>-75</td>
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Group cash flow after continuous investments

![Cash Flow Chart]
Summary & outlook

Summary of the quarter

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Outlook

- Expect continued significant near-term negative pressure on sales
- A majority of Tobii’s business is highly resilient to potential longer-term down-turn in economy
- Adequately funded for our current business plan
Thank you!
QnA