

tobii

Interim report Q2 January–June 2018

“Positive sales trend in Tobii Dynavox, another quarter with strong sales in Tobii Pro, and continued progress in VR for Tobii Tech.”

See CEO comment on p. 2

SECOND QUARTER APRIL–JUNE

- The Group's net sales increased to SEK 307 million (264), compared with the second quarter of 2017. Adjusted for currency effects, the increase was 15%.
- Gross margin was 70% (71%).
- The Group's operating loss amounted to SEK -59 million (-71). Tobii Dynavox contributed SEK 22 million (18) to earnings, Tobii Pro contributed SEK 1 million (-2), and investments in Tobii Tech had a negative impact of SEK -82 million (-87) on the Group's operating result.
- Earnings per share amounted to SEK -0.41 (-0.75).

SIGNIFICANT EVENTS

- Tobii Dynavox introduced Speech Case – a product that converts the iPad into a complete voice and communication solution for people with disabilities.
- Tobii Pro launched a new analysis tool for eye-tracking studies in VR environments based on a solution that was part of the Acuity acquisition earlier this year. USB.org approved a USB HID standard (Human Interface Device) for eye tracking that was developed by Tobii in collaboration with Microsoft, Intel and Eye Tech DS. Standardization facilitates more extensive adoption of eye tracking in tablets and computers, as well as in software.
- Microsoft launched an API (development interface) for eye tracking that makes it easier to integrate eye-tracking features in applications in Windows 10.

FINANCIAL OVERVIEW*

SEK m (except for earnings per share)	Q2 2018	Q2 2017	Change	Currency adjusted change	Half year 2018	Half year 2017	Change	Currency adjusted change	Full year 2017
NET SALES									
Tobii Dynavox	198.9	184.0	8 %	8 %	374.0	364.2	3 %	5 %	708.3
Tobii Pro	91.8	66.2	39 %	37 %	189.3	126.9	49 %	52 %	304.1
Tobii Tech	31.6	29.4	8 %	5 %	68.1	58.4	17 %	20 %	120.6
Eliminations and other, net	-15.7	-15.2	i/m	i/m	-31.0	-26.3	i/m	i/m	-54.0
Total	306.5	264.3	16 %	15 %	600.4	523.2	15 %	17 %	1,078.9
OPERATING PROFIT/LOSS (EBIT)									
Tobii Dynavox	21.6	17.8	21 %	17 %	35.7	35.3	1 %	-3 %	73.6
Tobii Pro	1.4	-1.8	i/m	i/m	16.7	-1.9	i/m	i/m	25.8
Tobii Tech	-82.5	-87.1	-5 %	-6 %	-148.9	-162.9	-9 %	-9 %	-290.8
Other	0.0	0.0	i/m	i/m	0.0	0.0	i/m	i/m	0.0
Total	-59.5	-71.1	-16 %	-14 %	-96.4	-129.5	-26 %	-24 %	-191.4
Earnings per share (SEK)	-0.41	-0.75			-0.74	-1.35			-1.98

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

Comments from the CEO

All three business units developed well in the second quarter. Tobii Dynavox more than doubled the number of units sold compared with the same period the previous year, Tobii Pro delivered yet another very strong quarter in terms of sales, and Tobii Tech advanced in both VR and PC gaming.

Tobii Dynavox is on an upward sales trend and increased sales by 8% adjusted for currency effects, a clear response to increased demand for the past year's new products. The volume growth we saw in the first quarter increased further, and overall, we gave more than twice as many people a voice than in the same period last year.

We continued to invest to develop our product portfolio to be able to offer good solutions to more types of customers and in more geographic markets. In the second quarter we for instance launched [Speech Case](#), which turns an iPad into a complete communication solution, and new language versions of the communication app Snap.

One strategic focus is to increase knowledge about our assistive technology among therapists, educators and the general public. We do extensive education efforts for our new products in parallel with an array of initiatives to drive awareness and acceptance of assistive technology for communication. For example, Tobii Dynavox was a key partner in Microsoft's "ability week," where users demonstrated our products in Microsoft stores throughout the US. In China, national authorities decided on a welfare system that will provide children with disabilities or autism funding for assistive technology. These events reflect an important trend toward a more inclusive society where the use of assistive technology can be expected to increase over time.

Tobii Pro delivered yet another strong quarter with sales growth of 37% adjusted for currency effects. A strong and competitive product portfolio forms a solid base. Our eye-tracking glasses continued to be a best-seller, and our premium eye tracker, Tobii Pro Spectrum, demonstrated outstanding results in performance measurements with growing demand from academic customers. During the quarter yet another exciting product was launched – [Tobii Pro VR Analytics](#). This analysis software tool makes it possible to measure how users behave in a simulated 3D world and is a concrete deliverable from the Acuity acquisition that was carried out earlier this year. Growth was well over Tobii Pro's long-term financial target of 15-20%, which is largely due to the business unit's success in capturing a large portion of former competitor SMI's customer base.

To fully leverage the strong sales trend and to be able to more effectively address many application areas, Tobii Pro continued to invest in development of products and sales channels, which impacted earnings. There is also a seasonal effect which results in lower operating profit during the second quarter than the average for the year

Tobii Tech continued to advance in VR and demand for eye tracking strengthened this quarter once again. We made good progress in ongoing projects with strategically important customers who are aiming to launch products from the end of 2018 or during 2019. In addition, we established relationships and initiated collaborations with additional potential VR customers.

In PC gaming we saw growing interest in eye tracking within eSports, both as part of the viewer experience and as a training tool. We continued to work in close collaboration with Dell, who presented [Alienware Academy](#), an upcoming training tool that includes Tobii eye tracking. They also launched an upgraded version of the Alienware 17 gaming notebook with Tobii eye tracking. Tobii Tech launched functionality (Beta) for the [Twitch](#) streaming service, which gives viewers control over eye-tracking visualization. Together with both internal and external customers, we have also initiated the first design projects for products using IS5, the next-generation eye-tracking platform.

Standardization of technology is a vital aspect for reaching mainstream products, and something for which Tobii has been a driving force for a long time. It was therefore truly rewarding to be able to announce the [USB standard](#) that was developed by Tobii in collaboration with stakeholders such as Microsoft and Intel. Microsoft also released an eye-tracking API for development of apps for Windows 10, which is a major advantage for software companies compared with using programming interfaces from different technology providers.

After a year stationed in Silicon Valley I am now back at the headquarters in Stockholm. It has been very valuable to be on-site at the epicenter of the tech market and contribute to strengthening Tobii's relationships with key players in the industry. As interim business unit president, I will continue to have specific focus on Tobii Tech until a new president is in place.



Henrik Eskilsson
VD

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 and services 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 smartphones. The Group, which has about 1,000 employees, had sales of SEK 1,079 million for full-year 2017.

APRIL–JUNE

Sales

The Group's net sales during the second quarter rose by 16% to SEK 307 million (264). Adjusted for currency effects, the increase was 15%. Tobii Dynavox contributed SEK 199 million, Tobii Pro SEK 92 million and Tobii Tech SEK 32 million.

The North American market accounted for 62% (64%) of the Group's sales, the European market 21% (19%), and the rest of the world 18% (17%).

Earnings

The Group's gross margin was 70% (71%). The operating loss for the Group improved to SEK -59 million (-71) and operating margin to -19% (-27%). Tobii Dynavox contributed SEK 22 million (18), an increase driven by a strong sales trend. Tobii Pro contributed SEK 1 million (-2), also an increase driven by strong sales, and despite significantly increased investments in product development and sales channels. Tobii Tech had an impact of SEK -82 million (-87) on the Group's operating loss, an improvement driven primarily by lower external development expenses compared with the second quarter of 2017.

Operating loss before depreciation and amortization (EBITDA) was SEK -20 million (-36), yielding an EBITDA margin of -6% (-14%).

Pretax loss was SEK -41 million (-90). Net financial items totaled SEK 19 million (-18), mainly as result of positive currency effects on the Group's dollar-denominated (USD) financial assets. Net loss was SEK -41 million (-73) and earnings per share amounted to SEK -0.41 (-0.75).

Cash flow, liquidity and financial position

Cash flow from operating activities before changes in working capital amounted to SEK -15 million (-32). Change in working capital had a positive impact of SEK 16 million (1).

Continuous investments amounted to SEK 62 million (47), of which SEK 53 million (43) related to capitalization of R&D. Cash flow after continuous investments was SEK -62 million (-78) for the second quarter. The acquisition of Sticky in the second quarter of 2017 amounted to SEK 24 million. Cash flow after investments was therefore SEK -62 million (-102).

At the close of the period, the Group had SEK 407 million (631) in net cash.

Personnel

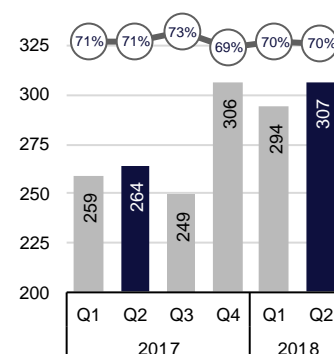
The number of employees recalculated to full-time equivalents at the close of the period was 929 (782). The 16% increase was mainly due to the expansion of the R&D, sales and marketing organizations.

2018 Annual General Meeting

Tobii's annual general meeting, which was held on May 9 in Stockholm, resolved as follows:

- All members of the Board of Directors were re-elected, and Kent Sander was also re-elected to serve as Chairman of the Board. Charlotta Falvin was elected to serve as a new member of the Board of Directors. PricewaterhouseCoopers AB was re-elected to serve as the company's auditor.
- The AGM authorized the Board to decide to issue new shares for a total of up to 10% of the number of outstanding shares in order to make corporate or product acquisitions possible.
- The AGM adopted the Board's proposal regarding implementation of a new long-term incentive program for employees within the Tobii Group.

NET SALES AND GROSS MARGIN, SEK M



RESEARCH AND DEVELOPMENT, Q2

SEK m	2018	2017
Total R&D expenditures	-130	-116
Capitalization	53	43
Amortization	-34	-30
R&D expenses in the income statement	-110	-104

JANUARY–JUNE**Sales**

For the first six months of 2018 sales rose by 15% to SEK 600 million (523) compared with 2017. Adjusted for currency effects, the increase was 17%. The increase was due to growth in all three business units.

During the period, the North American market accounted for 58% (61%) of the Group's sales, the European market for 22% (20%), and the rest of the world for 20% (19%).

Earnings

The Group's gross margin was 70% (71%). Operating loss for the Group was SEK -96 million (-130) and the EBIT margin was -16% (-25%). Tobii Dynavox contributed SEK 36 million (35) and Tobii Pro SEK 17 million (-2), while investments in Tobii Tech declined somewhat and had an impact of SEK -149 million (-163) on the Group's operating loss.

EBITDA was SEK -7 million (-62), yielding an EBITDA margin of -1% (-12%).

Pretax loss was SEK -71 million, compared with SEK -155 million in the corresponding period in 2017. Net financial items amounted to SEK 25 million (-25), primarily as a result of currency effects that impacted the value of the Group's dollar-denominated (USD) financial assets having a positive year-on-year effect.

The net loss was SEK -72 million (-130) and the loss per share amounted to SEK -0.74, compared with SEK -1.35 in the corresponding period in 2017. The average number of outstanding shares during the first six months of the year was 97 million (97), and the number of shares at period-end was 97 million (97).

Cash flow, liquidity and financial position

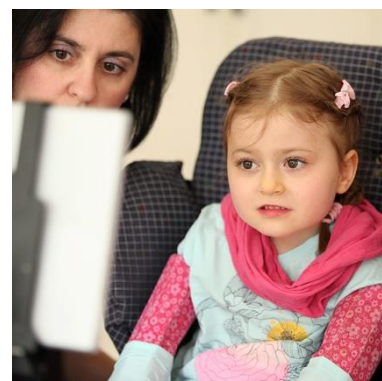
Cash flow after continuous investments was SEK -127 million (-123). Operations generated a negative cash flow of SEK -11 million (-59), while the change in working capital had a positive impact of SEK -6 million (24). Continuous investments increased by SEK 22 million to SEK 110 million, of which SEK 96 million related to capitalization of R&D.

**RESEARCH AND DEVELOPMENT,
JANUARY-JUNE**

SEK m	2018	2017
Total R&D expenditures	-236	-222
Capitalization	96	79
Amortization	-66	-57
R&D expenses in the income statement	-206	-200

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 touchscreen-based 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	Q2 2018	Q2 2017	Half year 2018	Half year 2017	Full year 2017
Net Sales	198.9	184.0	374.0	364.2	708.3
Gross margin	67 %	68 %	67 %	69 %	69 %
EBITDA	38.9	33.8	70.1	66.1	135.2
EBITDA margin	20 %	18 %	19 %	18 %	19 %
Operating profit/loss (EBIT)	21.6	17.8	35.7	35.3	73.6
EBIT margin	11 %	10 %	10 %	10 %	10 %

APRIL–JUNE

- Tobii Dynavox introduced Speech Case – a product that converts an iPad into a complete communication solution for people with disabilities.
- The Snap communication app was launched in Swedish and Dutch. Local languages are an important driver of sales of the business unit's hardware products.
- Indi 7 launched – a 7-inch touch-screen-based communication device.

Net sales increased by 8%, also when adjusted for currency effects, compared with the second quarter of 2017, and totaled SEK 199 million (184). This growth was due to a strong increase in sales of new touchscreen products in North America where they were launched first. Hence, the favorable trend seen already during previous quarters was further strengthened.

Gross margin was 67% (68%). Operating profit totaled SEK 22 million (18) and the EBIT margin was 11% (10%).

JANUARY–JUNE

Net sales increased by 3% compared with the first six months of 2017 and totaled SEK 374 million (364). Adjusted for currency effects, sales increased by 5%. Higher sales of the business unit's new products continued to drive sales for the six-month period.

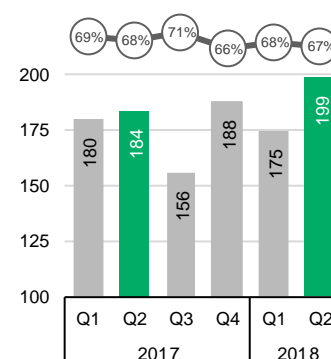
The gross margin was 67% (69%), primarily driven by changes in the product mix, as well as investments in providing first-class customer support. Operating profit totaled SEK 36 million (35) and the EBIT margin was 10% (10%).

TRENDS AND DEVELOPMENT

Tobii Dynavox is executing on the strategy of retaining its leading position in reimbursed solutions, while expanding its offering of lower-priced products in order to reach private customers, schools and markets that are not covered by insurance-based funding. The product launches over the past year resulted in steadily increasing sales revenue and significantly higher volumes in terms of number of units sold for the first and second quarters. Additional language versions of the Snap communication software were launched during the quarter, which is expected to stimulate sales of the business unit's communication solutions in non-English speaking markets.

Positive signs of a development toward more inclusive societies were noted in countries such as the US, where Tobii was a key partner in Microsoft's "ability week," a large-scale campaign to increase accessibility awareness. In China, national authorities decided on a welfare system that will provide children with disabilities or autism funding for assistive technology.

NET SALES AND GROSS MARGIN, SEK M



RESEARCH AND DEVELOPMENT, Q2

SEK m	2018	2017
Total R&D expenditures	-34	-32
Capitalization	21	19
Amortization	-13	-12
R&D expenses in the income statement	-27	-25

Business Unit Tobii Pro

Tobii Pro is the world's leading provider of eye-tracking hardware and analytics soft-ware 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. The business unit'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	Q2 2018	Q2 2017	Half year 2018	Half year 2017	Full year 2017
Net Sales	91.8	66.2	189.3	126.9	304.1
Gross margin	73 %	73 %	73 %	74 %	74 %
EBITDA	14.3	8.1	52.9	15.9	65.5
EBITDA margin	16 %	12 %	28 %	13 %	22 %
Operating profit/loss (EBIT)	1.4	-1.8	16.7	-1.9	25.8
EBIT margin	2 %	-3 %	9 %	-1 %	8 %

APRIL–JUNE

- Tobii Pro launched a new analysis tool for eye-tracking studies in VR environments based on a solution that was part of the Acuity acquisition earlier this year.
- Received a large volume order from a leading car manufacturer for Glasses 2 eye-tracking glasses, to be used to test and optimize the driver environment.
- Performance measurements confirmed that Tobii Pro Spectrum is a top performer among eye trackers for academic research.

Net sales rose by SEK 26 million, or 39% compared with the second quarter of 2017, to SEK 92 million (66). Adjusted for currency effects, the increase was 37%. The increase was driven by strong sales in all product categories and in all regions, along with expansion into new sub-segments and a favorable change in the competitive landscape.

The gross margin was 73% (73%). Operating profit totaled SEK 1 million (-2) and the EBIT margin was 2% (-3%). The cost base grew as a result of increased investments in developing the business unit's product portfolio and sales channels, as well as the acquisitions made during the past year. As in previous years, seasonal effects on the business unit's revenue resulted in a lower operating margin for the second quarter than the average for the year.

JANUARY–JUNE

Sales increased by 49% compared with the first six months of 2017 to SEK 189 million (127). Adjusted for currency effects, growth was 52%.

The gross margin was 73% (74%). Operating profit totaled SEK 17 million (-2) and the EBIT margin was 9% (-1%) as a result of increased sales and economies of scale in the business.

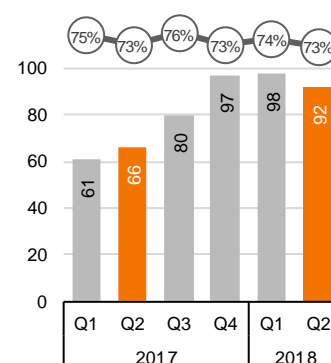
TRENDS AND DEVELOPMENT

Market performance for eye-tracking solutions for behavioral research studies was good across the board, with continually increasing demand in all regions. To be able to more effectively address more customer groups and application areas, Tobii Pro is investing in development of products and sales organization.

Tobii Pro continues to increase its market share and to expand into new customer categories. Over the past year, Tobii Pro has also captured a large proportion of the customers that once belonged to SMI, its former competitor. Tobii believes this trend continued to have a clear positive impact on the growth rate in the second quarter of the year, but that this effect will diminish moving forward.



NET SALES AND GROSS MARGIN, SEK M



RESEARCH AND DEVELOPMENT, Q2

SEK m	2018	2017
Total R&D expenditures	-24	-18
Capitalization	18	14
Amortization	-11	-9
R&D expenses in the income statement	-16	-12

Business unit Tobii Tech

Tobii Tech develops and delivers eye-tracking technology to high-volume customers who integrate it into their own products. The business focuses on the sub-segments gaming computers, mainstream computers, VR, AR, smartphones and niche applications. Tobii Tech's overarching objective is to maintain its world-leading position and in the long-term to achieve sales of several billion SEK with good profitability. This development is expected to occur gradually over several years and require major investments in technology development and marketing. Tobii Tech's financial target is to reach profitability in 2021.



KEY FIGURES

SEK m	Q2 2018	Q2 2017	Half year 2018	Half year 2017	Full year 2017
Net Sales	31.6	29.4	68.1	58.4	120.6
Gross margin	50 %	43 %	46 %	42 %	43 %
EBITDA	-73.0	-77.7	-130.4	-144.1	-253.2
EBITDA margin	i/m	i/m	i/m	i/m	i/m
Operating profit/loss (EBIT)	-82.5	-87.1	-148.9	-162.9	-290.8
EBIT margin	i/m	i/m	i/m	i/m	i/m

APRIL–JUNE

- Dell launched an upgraded version of the Alienware 17 gaming notebook with Tobii eye tracking as one of the innovative technologies that makes this prize-winning product stand out.
- Dell launched Alienware Academy, an upcoming training program for eSports gamers that will include Tobii eye tracking for game analytics.
- USB.org approved a USB standard for eye tracking that was developed by Tobii in collaboration with Microsoft, Intel and Eye Tech DS. This standardization facilitates more extensive adoption of eye tracking in products such as tablets and computers, as well as in software.
- Tobii announced a collaboration with Lumus, a manufacturer of AR displays, in which Tobii's eye-tracking technology will be integrated in a Lumus AR development kit.
- Business unit president Oscar Werner announced his resignation to become CEO of CLX Communications.

Net sales rose by SEK 3 million, or 8% compared with the second quarter of 2017, to SEK 32 million (29). Revenue was evenly distributed between internal and external sales. Adjusted for currency effects, net sales rose by 5%.

Gross margin rose to 50% (43%) as a result of a higher share of sales to customers in niche markets. The operating loss amounted to SEK -82 million (-87), an improvement that was due to lower external development costs compared with the same quarter in 2017.

JANUARY–JUNE

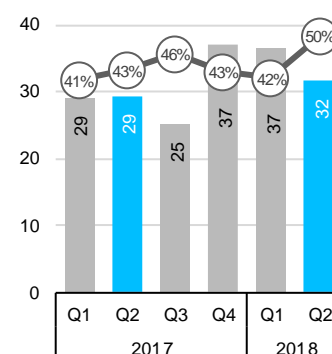
Net sales rose by 17% to SEK 68 million (58) compared with the first six months of 2017. Adjusted for currency effects, the increase was 20%. Both internal and external sales contributed to this growth. Gross margin was 46% compared with 42% in the first six months of 2017. The operating loss amounted to SEK -149 million (-163).

TRENDS AND DEVELOPMENT

Demand continues to grow within the VR segment, as reflected by an increase in the number of customer dialogues and projects during the quarter. Tobii estimates that the number of customer projects will continue to increase during the year. Through its collaboration with Qualcomm, Tobii is well positioned to address the emerging product segment standalone headsets, since many potential customers base their VR headsets on Qualcomm's Snapdragon platform.

Interest has increased in eSports, where eye tracking is being used both in streaming and for training. To reach additional integration customers and computer models, Tobii is investing in the development of applications and eye-tracking hardware. The first projects for products using the next-generation platform IS5 have begun with internal and external customers.

NET SALES AND GROSS MARGIN, SEK M



RESEARCH AND DEVELOPMENT, Q2

SEK m	2018	2017
Total R&D expenditures	-72	-67
Capitalization	15	9
Amortization	-9	-9
R&D expenses in the income statement	-67	-67

Tobii Group

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	Q2 2018	Q2 2017*	Half year 2018	Half year 2017*	Full year 2017*
Net sales	306.5	264.3	600.4	523.2	1,078.9
Cost of goods and services sold	-91.4	-77.4	-178.7	-153.7	-315.7
Gross profit	215.1	186.9	421.7	369.5	763.2
Selling expenses	-137.6	-121.7	-261.9	-238.0	-462.7
Research and development expenses	-110.3	-103.9	-206.4	-199.9	-382.5
Administrative expenses	-33.6	-28.3	-71.7	-54.2	-103.1
Other operating income and operating expenses ¹	6.8	-4.1	21.7	-6.8	-6.3
Operating profit/loss	-59.5	-71.1	-96.4	-129.5	-191.4
Net financial items ²	18.5	-18.4	25.1	-25.0	-33.7
Profit/loss before tax	-40.9	-89.6	-71.3	-154.5	-225.0
Tax	0.2	16.6	-0.9	24.3	33.1
Net profit/loss for the period	-40.7	-73.0	-72.3	-130.2	-192.0
Other comprehensive income					
Items that may subsequently be reclassified to profit or loss for the period:					
Translation differences	-10.3	10.2	-13.6	13.6	18.9
Other comprehensive income for the period, net after tax	-10.3	10.2	-13.6	13.6	18.9
Total comprehensive income for the period	-51.0	-62.7	-85.9	-116.6	-173.1
Of which depreciation and amortization	-39.7	-35.3	-76.9	-67.4	-139.0
Of which write downs of fixed assets ³	0.0	0.0	-12.2	0.0	0.0
Earnings per share, SEK	-0.41	-0.75	-0.74	-1.35	-1.98
Earnings per share, diluted, SEK	-0.41	-0.75	-0.74	-1.35	-1.98
Net profit/loss for the period attributable to:					
Parent company shareholders	-40.1	-72.9	-72.5	-130.8	-192.1
Non-controlling interests	-0.59	-0.04	0.18	0.56	0.15
Net profit/loss for the period	-40.7	-73.0	-72.3	-130.2	-192.0
Total comprehensive income for the period attributable to:					
Parent company shareholders	-50.4	-62.7	-86.1	-117.1	-173.2
Non-controlling interests	-0.6	-0.0	0.2	0.6	0.1
Total comprehensive income for the period	-51.0	-62.7	-85.9	-116.6	-173.1

*) Restated in accordance with IFRS 15. See Note 1 Accounting principles in this interim report.

1) Primarily foreign currency translation differences, with the exception of Half year 2018 when Other operating income in the amount of SEK 12 m was recognized in the first quarter and relates to a reversal of Contingent consideration. See note 2 Business combinations in this interim report.

2) Net financial items include foreign currency translation differences totaling SEK 19 million (-19) for the second quarter 2018, SEK 24 million (-26) for the first six months and SEK -34 million for the Full Year 2017.

3) Write downs of SEK 12M for half year 2018 relates entirely to Goodwill originating from the Sticky acquisition in 2017.

CONDENSED CONSOLIDATED BALANCE SHEET

SEK m	Jun 30 2018	Jun 30 2017*	Dec 31 2017*
NON-CURRENT ASSETS			
Intangible assets	483.6	421.8	435.6
Tangible fixed assets	33.4	24.2	31.0
Financial assets	96.0	79.5	93.5
Total non-current assets	613.0	525.5	560.1
CURRENT ASSETS			
Accounts receivable	164.4	121.7	145.9
Inventories	75.1	68.3	59.4
Other current receivables	56.3	41.9	40.5
Cash and cash equivalents	406.8	631.1	536.8
Total current assets	702.6	863.1	782.6
Total assets	1,315.6	1,388.5	1,342.7
SHAREHOLDERS' EQUITY			
Shareholders' equity, Parent Company shareholders	898.8	1,028.3	978.5
Non-controlling interests	0.7	0.8	0.4
Total shareholders' equity	899.5	1,029.2	978.9
LIABILITIES			
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	0.0	0.0	0.0
Other non-current liabilities	86.0	85.1	73.5
Total non-current liabilities	86.0	85.1	73.5
CURRENT LIABILITIES			
Interest-bearing liabilities	0.0	0.0	0.0
Other current liabilities	330.1	274.3	290.3
Total current liabilities	330.1	274.3	290.3
Total liabilities	416.1	359.4	363.8
Total equity and liabilities	1,315.6	1,388.5	1,342.7

* Restated in accordance with IFRS 15. See Note 1 Accounting principles in this interim report.

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
Opening balance, Jan 1, 2017	0.7	1,566.2	-1.6	-350.5	1,214.8	0.3	1,215.1
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			13.6	-130.8	-117.1	0.5	-116.6
New share issue, exercise of warrants incentive programs	0.0	5.3			5.3		5.3
Sale of warrants, incentive programs		5.2			5.2		5.2
Share based payments settled using equity instruments				0.3	0.3		0.3
Closing balance, June 30, 2017	0.7	1,566.2	8.4	-557.7	1,028.3	0.8	1,029.2
Comprehensive income for the period			5.3	-61.4	-56.1	-0.4	-56.5
New share issue, exercise of warrants incentive programs	0.0	4.7			4.7		4.7
Sale of warrants, incentive programs		0.2			0.2		0.2
Share based payments settled using equity instruments				1.4	1.4		1.4
Closing balance, Dec 31, 2017	0.7	1,581.5	13.7	-617.4	978.5	0.4	978.9
Closing balance, Dec 31, 2017 before change in accounting principles	0.7	1,581.5	11.5	-535.5	1,058.2	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	978.5	0.4	978.9
Comprehensive income for the period			-13.6	-72.5	-86.1	0.3	-85.8
Sale of warrants, incentive programs		5.8			5.8		5.8
Share based payments settled using equity instruments				0.6	0.6		0.6
Closing balance, June 30, 2018	0.7	1,587.3	0.1	-689.3	898.8	0.7	899.5

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

SEK m	Q2 2018	Q2 2017	Half year 2018	Half year 2017	Full year 2017
Cash flow from operating activities					
Profit/loss after financial items	-40.9	-88.0	-71.3	-150.8	-225.0
Adjustment for items not included in the cash flow	26.6	55.5	62.7	91.1	162.8
Taxes paid	-1.2	0.5	-2.0	0.2	0.6
Cash flow from operating activities before change in working capital	-15.5	-32.1	-10.6	-59.5	-61.6
Cash flow from change in working capital	15.6	0.9	-6.3	24.3	26.8
Cash flow from operating activities	0.1	-31.2	-16.9	-35.2	-34.9
Investments					
Continuous investments					
Investments in intangible, tangible and financial fixed assets	-61.6	-46.9	-109.6	-88.2	-186.5
Cash flow after continuous investments	-61.5	-78.0	-126.5	-123.4	-221.4
Acquisition of subsidiary company	-0.3	-23.7	-15.0	-23.7	-23.7
Cash flow after investments	-61.8	-101.7	-141.5	-147.0	-245.0
Cash flow from financing activities	5.8	6.5	5.8	10.5	15.3
Cash flow for the period	-56.0	-95.2	-135.7	-136.6	-229.7
Foreign currency translation, cash and cash equivalents	3.4	-3.2	5.8	-4.0	-5.2
Cash and cash equivalents at the beginning of the period	459.4	729.6	536.8	771.7	771.7
Cash and cash equivalents at the end of the period	406.8	631.1	406.8	631.1	536.8

REVENUE DISAGGREGATION IN COMPLIANCE WITH IFRS 15

SEK m	Q2 2018	Q2 2017	Half year 2018	Half year 2017	Full year 2017
REVENUE BY PRODUCT CATEGORY					
Goods	272.3	246.1	523.3	482.6	988.5
Services	30.0	14.9	69.7	34.0	76.6
Royalties	4.2	3.3	7.4	6.6	13.8
Total revenues	306.5	264.3	600.4	523.2	1,078.9
REVENUE BY TIMING CATEGORY					
At a point in time	287.8	256.6	564.4	507.2	1,047.1
Over time	18.7	7.7	36.0	16.0	31.7
Total revenues	306.5	264.3	600.4	523.2	1,078.9
REVENUE BY GEOGRAPHIC MARKET					
Europé	63.4	51.4	130.5	106.0	233.1
North America	189.1	168.8	350.1	319.9	646.5
Other countries	54.1	44.1	119.9	97.3	199.3
Total revenues	306.5	264.3	600.4	523.2	1,078.9

CONSOLIDATED KEY RATIOS

	Q2 2018	Q2 2017*	Half year 2018	Half year 2017*	Full year 2017*
Earnings per share, SEK	-0.41	-0.75	-0.74	-1.35	-1.98
Earnings per share, diluted, SEK	-0.41	-0.75	-0.74	-1.35	-1.98
Equity per share, SEK	9.2	10.6	9.2	10.6	10.1
EBITDA, SEK m	-19.8	-35.9	-7.3	-62.2	-52.4
EBIT, SEK m	-59.5	-71.1	-96.4	-129.5	-191.4
Cash flow from operating activities, SEK m	0.1	-31.2	-16.9	-35.2	-34.9
Cash flow after continuous investments, SEK m	-61.5	-78.0	-126.5	-123.4	-221.4
Working capital, SEK m	-34.3	-42.4	-34.3	-42.4	-44.5
Total assets, SEK m	1,315.6	1,388.5	1,315.6	1,388.5	1,342.7
Net cash(+)/net debt (-), SEK m	406.8	631.1	406.8	631.1	536.8
Equity, SEK m	899.5	1,029.2	899.5	1,029.2	978.9
Average equity, SEK m	913.1	1,044.6	929.0	1,071.4	1,019.0
Equity/assets ratio, %	68.4	74.1	68.4	74.1	72.9
Net debt/equity, %	neg	neg	neg	neg	neg
Gross margin, %	70.2	70.7	70.2	70.6	70.7
EBITDA margin, %	-6.5	-13.6	-1.2	-11.9	-4.9
Operating margin, %	-19.4	-26.9	-16.1	-24.8	-17.7
Return on total equity, %	-4.5	-7.0	-7.8	-12.2	-18.8
Average number of outstanding shares after dilution, million	97.3	97.1	97.3	97.0	97.1
Average number of outstanding shares, million ¹	99.2	99.1	99.2	99.2	99.1
Number of outstanding shares at period end, million	97.3	97.1	97.3	97.1	97.3
Number of outstanding shares after dilution at period end, million ¹	99.2	99.2	99.2	99.2	99.2
Average number of employees	905	761	888	741	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 Q2 2017, the first six months and full year 2017: Earnings per share before and after dilution: SEK -0.73, -1.31 and -1.92; Equity per share 11.4, 11.4 and 10.9 SEK; EBITDA SEK -34.3, -58.4 and -46.9 million; EBIT SEK -69.6, -125.8 and -185.9 million; Working capital SEK -4.5, -4.5 and -5.1 million; Equity SEK 1,108.6, 1,108.6 and 1,058.6 million; Average equity SEK 1,110.7, 1,151.2 and 1,107.5 million; Equity/assets ratio 79.8%, 79.8% and 78.8%; Gross margin 70.9%, 70.8 and 70.9%; EBITDA margin -12.9%, -11.1% and -4.3%; Operating margin -26.1%, 23.9% and -17.1%; Return on total equity -6.3%, -11.0% 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. 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 1,000,000 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 450,000 warrants outstanding in the series. At June 30, 2018 the number of emitted warrants totaled 5.0 million, an increase of 1.4 million since the end of 2017 which is due to emission of 1.4 million warrants in LTI 2018. The dilution effect of warrants in all of the company's incentive programs corresponds to a maximum of approximately 5.1%.

QUARTERLY DATA PER BUSINESS UNIT AND THE GROUP

NET SALES, SEK m	2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Tobii Dynavox*	180.2	184.0	156.2	187.9	175.1	198.9		
Tobii Pro*	60.7	66.2	80.0	97.2	97.5	91.8		
Tobii Tech**	29.1	29.4	25.2	37.0	36.5	31.6		
Eliminations and other	-11.1	-15.2	-11.8	-16.0	-15.2	-15.7		
The Group*	258.9	264.3	249.5	306.2	293.9	306.5		
***) Of which internal sales to Tobii Dynavox och Tobii Pro	11.1	15.2	11.8	16.0	15.2	15.7		
GROSS MARGIN, %								
Tobii Dynavox*	69.2	68.5	70.5	66.2	67.9	66.8		
Tobii Pro*	75.4	72.8	76.0	72.9	74.4	72.5		
Tobii Tech	41.4	43.3	46.5	43.0	41.7	50.0		
The Group*	70.5	70.7	73.2	68.9	70.3	70.2		
EBITDA, SEK								
Tobii Dynavox*	32.3	33.8	24.3	44.9	31.1	38.9		
Tobii Pro* ¹	7.8	8.1	20.2	29.4	38.7	14.3		
Tobii Tech	-66.4	-77.7	-57.4	-51.6	-57.4	-73.0		
Eliminations and other	0.0	0.0	0.0	0.0	0.0	0.0		
The Group* ¹	-26.3	-35.9	-12.8	22.7	12.5	-19.8		
EBIT, SEK m								
Tobii Dynavox*	17.5	17.8	8.6	29.7	14.2	21.6		
Tobii Pro*	-0.1	-1.8	9.1	18.6	15.3	1.4		
Tobii Tech	-75.8	-87.1	-66.9	-60.9	-66.5	-82.5		
Eliminations and other	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		
OPERATING MARGIN, %								
Tobii Dynavox*	9.7	9.6	5.5	15.8	8.1	10.8		
Tobii Pro*	-0.2	-2.7	11.3	19.1	15.7	1.6		
Tobii Tech	neg	neg	neg	neg	neg	neg		
The Group*	-22.6	-26.9	-19.7	-4.1	-12.6	-19.4		
PROFIT/LOSS BEFORE TAX, SEK m								
The Group*	-64.9	-89.6	-63.1	-7.4	-30.4	-40.9		
PROFIT/LOSS FOR THE PERIOD, SEK m								
The Group*	-57.2	-73.0	-53.6	-8.1	-31.6	-40.7		

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 second quarter totaled SEK 192 million (171) and the operating profit/loss was SEK -86 million (-54). Net sales for the first six months totaled SEK 396 m (335) and the operating profit/loss was SEK -114 m (-97). Net sales for the Full Year 2017 totaled SEK 743 million and the operating loss was SEK -212 million. At the period end the Parent Company had SEK 321 million (548) in cash and cash equivalents.

CONDENSED PARENT COMPANY INCOME STATEMENT

SEK m	Q2 2018	Q2 2017*	Half year 2018	Half year 2017*	Full year 2017*
Net sales	191.7	171.7	395.6	334.7	742.9
Cost of goods and services sold	-86.9	-75.9	-173.6	-145.9	-313.1
Gross profit	104.8	95.8	222.0	188.8	429.8
Selling expenses	-53.5	-45.9	-96.2	-89.7	-190.5
Research and development expenses	-114.6	-83.8	-200.9	-157.9	-371.0
Administrative expenses	-31.0	-16.4	-61.8	-32.5	-76.3
Other operating income and operating expenses	8.0	-3.8	23.0	-5.8	-3.5
Operating profit/loss	-86.4	-54.1	-113.9	-97.1	-211.6
Financial items	22.8	-12.7	33.1	-13.4	-10.1
Profit/loss before tax	-63.6	-66.8	-80.8	-110.4	-221.6
Tax	0.0	14.5	0.0	23.7	33.5
Profit/loss after tax	-63.6	-52.3	-80.8	-86.7	-188.1
Depreciation and amortization, total	-34.2	-22.3	-79.1	-42.6	-121.4

* Restated in accordance with IFRS 15. See Note 1 Accounting principles in this interim report.

CONDENSED PARENT COMPANY BALANCE SHEET

SEK m	Q2 2018	Q2 2017*	Half year 2018	Half year 2017*	Full year 2017*
Net sales	191.7	171.7	395.6	334.7	742.9
Cost of goods and services sold	-86.9	-75.9	-173.6	-145.9	-313.1
Gross profit	104.8	95.8	222.0	188.8	429.8
Selling expenses	-53.5	-45.9	-96.2	-89.7	-190.5
Research and development expenses	-114.6	-83.8	-200.9	-157.9	-371.0
Administrative expenses	-31.0	-16.4	-61.8	-32.5	-76.3
Other operating income and operating expenses	8.0	-3.8	23.0	-5.8	-3.5
Operating profit/loss	-86.4	-54.1	-113.9	-97.1	-211.6
Financial items	22.8	-12.7	33.1	-13.4	-10.1
Profit/loss before tax	-63.6	-66.8	-80.8	-110.4	-221.6
Tax	0.0	14.5	0.0	23.7	33.5
Profit/loss after tax	-63.6	-52.3	-80.8	-86.7	-188.1
Depreciation and amortization, total	-34.2	-22.3	-79.1	-42.6	-121.4

* Restated in accordance with IFRS 15. See Note 1 Accounting principles in this interim report.

Notes

Not 1. Redovisningsprinciper

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. No new or amended IFRS regulations have had any material impact on the Group.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED BY THE GROUP

IFRS 16 "Leases" comes into force on 1 January 2019 and replaces the current standard, IAS 17 Leases and the related interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires assets and liabilities arising from all leases, with some exceptions, to be recognized on the balance sheet. The Group has not yet assessed the impact of IFRS 16.

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 the opening balance for 2018 was not affected.

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.

April–June 2017 – Consolidated statement of comprehensive income

SEK m	Q2 2017 reported	IFRS 15	Q2 2017 restated
Net sales	265.9	-1.6	264.3
Cost of goods and services sold	-77.4	0.0	-77.4
Gross profit	188.5	-1.6	186.9
Operating profit/loss	-69.6	-1.6	-71.1
Profit/loss before tax	-88.0	-1.6	-89.6
Net profit/loss for the period	-71.4	-1.6	-73.0
Other comprehensive income			
Translation differences	0.0	3.2	3.2
Other comprehensive income for the period	0.0	3.2	3.2
Total comprehensive income for the period	-71.4	1.6	-69.7
Net profit/loss for the period attributable to:			
Parent company shareholders	-71.3	-1.6	-72.9
Non-controlling interests	-0.0	0.0	-0.0
Net profit/loss for the period	-71.4	-1.6	-73.0
Total comprehensive income for the period attributable to:			
Parent company shareholders	-71.3	1.6	-69.7
Non-controlling interests	-0.0	0.0	-0.0
Total comprehensive income for the period	-71.4	1.6	-69.7

January–June 2017 – Consolidated statement of comprehensive income

SEK m	Half-year 2017 reported	IFRS 15	Half-year 2017 restated
Net sales	527.0	-3.7	523.2
Cost of goods and services sold	-153.7	0.0	-153.7
Gross profit	373.2	-3.7	369.5
Operating profit/loss	-125.8	-3.7	-129.5
Profit/loss before tax	-150.8	-3.7	-154.5
Net profit/loss for the period	-126.5	-3.7	-130.2
Other comprehensive income			
Translation differences	0.0	4.3	4.3
Other comprehensive income for the period	0.0	4.3	4.3
Total comprehensive income for the period	-126.5	0.6	-125.9
Net profit/loss for the period attributable to:			
Parent company shareholders	-127.0	-3.7	-130.8
Non-controlling interests	0.6	0.0	0.6
Net profit/loss for the period	-126.5	-3.7	-130.2
Total comprehensive income for the period attributable to:			
Parent company shareholders	-127.0	0.6	-126.4
Non-controlling interests	0.6	0.0	0.6
Total comprehensive income for the period	-126.5	0.6	-125.9

June 30, 2017 – Consolidated balance sheet

SEK m	Jun 30 2017 reported	IFRS 15	Jun 30 2017 restated
Total assets	1,388.5	0.0	1,388.5
Total shareholders' equity	1,108.6	-79.5	1,029.2
Liabilities			
Non-current liabilities			
Deferred income	14.2	41.6	55.9
Other non-current liabilities	29.3	0.0	29.3
Total non-current liabilities	43.5	41.6	85.1
Current liabilities			
Deferred income	51.3	37.8	89.2
Other current liabilities	185.1	79.5	174.3
Total current liabilities	236.4	37.8	274.3
Total liabilities	279.9	79.5	359.4
Total equity and liabilities	1,388.5	0.0	1,388.5

April–June 2017 – Parent company income statement

SEK m	Q2 2017 reported	IFRS 15	Q2 2017 restated
Net sales	172.3	-0.6	171.7
Cost of goods and services sold	-75.9	0.0	-75.9
Gross profit	96.4	-0.6	95.8
Operating profit/loss	-53.4	-0.6	-54.1
Profit/loss before tax	-66.2	-0.6	-66.8
Net profit/loss for the period	-51.7	-0.6	-52.3

January–June 2017 – Parent company income statement

SEK m	Half-year 2017 reported	IFRS 15	Half-year 2017 restated
Net sales	336.1	-1.4	334.7
Cost of goods and services sold	-145.9	0.0	-145.9
Gross profit	190.2	-1.4	188.8
Operating profit/loss	-95.6	-1.4	-97.1
Profit/loss before tax	-109.0	-1.4	-110.4
Net profit/loss for the period	-85.3	-1.4	-86.7

June 30, 2017 – Parent company balance sheet

SEK m	Jun 30 2017 reported	IFRS 15	Jun 30 2017 restated
Total assets	1,601.1	0.0	1,601.1
Total shareholders' equity	1,425.3	-16.7	1,408.6
Liabilities			
Non-current liabilities			
Deferred income	3.7	8.6	12.3
Other non-current liabilities	25.4	0.0	25.4
Total non-current liabilities	29.2	8.6	37.8
Current liabilities			
Deferred income	13.4	8.1	21.5
Other current liabilities	133.2	16.7	59.3
Total current liabilities	146.6	8.1	154.7
Total liabilities	175.8	16.7	192.5
Total equity and liabilities	1,601.1	0.0	1,601.1

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	-1.1
Contingent consideration	10.0
Total purchase price	23.7
Fair value of acquired assets and liabilities	-1.5
Goodwill	22.2
<hr/>	
Acquired assets and liabilities	
Intangible assets (excl. Goodwill)	0.8
Tangible fixed assets	0.1

The total consideration for the acquired net assets amounted to SEK 23.7 million. A cash payment of SEK 14.7 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 10 million.

Goodwill of SEK 22.2 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 June 30, 2018 amounted to SEK 9 million and corresponding operating profit for the same period was SEK 1 million. If the acquisition had taken place on January 1, 2018 the Group's Net sales for the first quarter would amount to approximately SEK 603 million and the operating profit would amount to approximately SEK -58 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.

Not 3. Fair value measurement

The contingent consideration related to the Sticky-acquisition 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 10 million as at June 30, 2018. Change in fair value measurement is shown in the table below.

Change in contingent consideration

SEK m	Jun 30 2018
Opening balance January 1, 2018	12.2
Acquisitions during the year	10.0
Change in fair value reported as other operational income/loss	-12.2
Currency differences	0.2
Closing balance June 30, 2018	10.2

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

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**

SEK m	Q2 2018	Q2 2017	Half year 2018	Half year 2017	Full year 2017
Operating profit/loss before depreciation, amortization and impairment, (EBITDA)	-19.8	-35.9	-7.3	-62.2	-52.4
Amortization and impairment	-34.5	-30.2	-78.5	-57.4	-119.4
Depreciation	-5.2	-5.1	-10.6	-9.9	-19.6
Operating profit/loss (EBIT)	-59.5	-71.1	-96.4	-129.5	-191.4

Danderyd, July 20, 2018

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 July 20, 2018 at 8:00 a.m. CET.

Contact person: Sara Hyléen, Corporate Communications Director,
email: sara.hyleen@tobii.com, tel. +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 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

Interim report Q3, 2018 October 25, 2018
Year-end report 2018 February 6, 2019