Third Quarter 2017

October 26, 2017
Welcome to our presentation of Tobii’s Q3 2017 interim report

Henrik Eskilsson, CEO

Johan Wilsby, CFO
The Tobii Group and its business units

• Continued large investments to drive long-term growth in all three business units
• Very strong sales in Tobii Pro
• Weak sales in Tobii Dynavox, new strong product portfolio
• Even stronger demand in VR in Tobii Tech
Strong presence in North America

Tobii offices

- Pittsburgh, PA
- Falls Church, VA
- Mountain View, CA

Sales per region

North America: 340
Europe: Rest of world
Eye tracking is the 5th modality in Windows

- Eye tracking is “the fifth modality” in Windows
- Keyboard, mouse, touch, pen – and now eye tracking
- Initial accessibility features being launched as part of Windows RS3 release (rolling out now)
- Important milestone in the long-term ambition to reach mainstream computer users and productivity applications

See blog post: [http://bit.ly/2i1rQe1](http://bit.ly/2i1rQe1)
iPhone X features smart camera-based sensors

- Ambient light sensor
- Proximity sensor
- Flood illuminator
- Infrared camera
- Speaker
- Microphone
- Front camera
- Dot projector
Tobii Dynavox

- Global leader in assistive technology for communication
- Market share close to 50%
- Provides products that enable tens of thousands of users with special needs to speak and communicate effectively

Share of the Group’s sales

60%
Two more important product launches during the quarter

EyeMobile Plus, turns a regular Windows tablet into an eye-controlled communication device.

I-110, medical-grade, touch-based speech generating device


Our revamped portfolio

**Medical grade**
- NEW!

**Example products**
- I-110
- I-Series
- PCEye Plus

**Mid-range**
- NEW!
- NEW!

**Indi**
- EyeMobile Plus
- PCEye Mini

**Software**
- NEW!
- NEW!
- NEW!

**Snap**
- Communicator
- Windows Control
Tobii Dynavox Q3 financials

- Revenues declined 16%
  - -13% adjusted for currency
  - -5% adjusted for currency and backlog effects related to I-110
- Gross margin at 71% (71%)
- EBIT margin at 6% (17%)
  - Material negative FX effect from revaluation of working capital

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Revenue (SEK million)</th>
<th>Gross Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2015</td>
<td>167</td>
<td>73%</td>
</tr>
<tr>
<td>Q2 2015</td>
<td>173</td>
<td>75%</td>
</tr>
<tr>
<td>Q3 2015</td>
<td>182</td>
<td>70%</td>
</tr>
<tr>
<td>Q4 2015</td>
<td>219</td>
<td>74%</td>
</tr>
<tr>
<td>Q1 2016</td>
<td>188</td>
<td>71%</td>
</tr>
<tr>
<td>Q2 2016</td>
<td>182</td>
<td>70%</td>
</tr>
<tr>
<td>Q3 2016</td>
<td>187</td>
<td>71%</td>
</tr>
<tr>
<td>Q4 2016</td>
<td>205</td>
<td>71%</td>
</tr>
<tr>
<td>Q1 2017</td>
<td>182</td>
<td>70%</td>
</tr>
<tr>
<td>Q2 2017</td>
<td>185</td>
<td>69%</td>
</tr>
<tr>
<td>Q3 2017</td>
<td>157</td>
<td>71%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Quarter</th>
<th>EBIT (SEK million)</th>
<th>EBIT Margin</th>
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<tbody>
<tr>
<td>Q1 2015</td>
<td>26</td>
<td>17%</td>
</tr>
<tr>
<td>Q2 2015</td>
<td>22</td>
<td>14%</td>
</tr>
<tr>
<td>Q3 2015</td>
<td>26</td>
<td>14%</td>
</tr>
<tr>
<td>Q4 2015</td>
<td>45</td>
<td>20%</td>
</tr>
<tr>
<td>Q1 2016</td>
<td>27</td>
<td>14%</td>
</tr>
<tr>
<td>Q2 2016</td>
<td>25</td>
<td>14%</td>
</tr>
<tr>
<td>Q3 2016</td>
<td>31</td>
<td>17%</td>
</tr>
<tr>
<td>Q4 2016</td>
<td>41</td>
<td>20%</td>
</tr>
<tr>
<td>Q1 2017</td>
<td>20</td>
<td>11%</td>
</tr>
<tr>
<td>Q2 2017</td>
<td>19</td>
<td>10%</td>
</tr>
<tr>
<td>Q3 2017</td>
<td>9</td>
<td>6%</td>
</tr>
</tbody>
</table>
Tobii Pro

• World leader in eye-tracking solutions for understanding human behavior
• Market share over 50%
• Provides eye tracker hardware and analysis software, plus market research consulting
• 2,000 academic and 3,000 commercial customers

Share of the Group’s sales

30%
Very strong sales growth

MSEK

Q1  Q2  Q3  Q4

2015  2016  2017

+44% (adjusted for FX)
Driven by strong products

Pro Glasses 2
Pro Spectrum
Pro VR Integration
Pro Lab
Growth in both established and new sub-segments

• Professional Performance is a new important sub-segment

Learn more about professional performance: www.tobiipro.com/fields-of-use/professional-performance/
Tobii Pro Q3 financials

- Revenue increased 37%, or 44% adjusted for currency effects
  - Strong sales across customer segments and geographies
- Gross margin at 76% (72%)
- EBIT margin at 11% (0%)
  - Increased operating costs in R&D and Sales and Marketing

### Revenue (SEK million) and Gross Margin

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue (SEK million)</td>
<td>54</td>
<td>46</td>
<td>44</td>
<td>65</td>
<td>59</td>
<td>53</td>
<td>58</td>
<td>74</td>
<td>61</td>
<td>66</td>
<td>80</td>
<td></td>
</tr>
<tr>
<td>Gross Margin (%)</td>
<td>75</td>
<td>74</td>
<td>72</td>
<td>78</td>
<td>73</td>
<td>72</td>
<td>72</td>
<td>76</td>
<td>75</td>
<td>73</td>
<td>76</td>
<td></td>
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### EBIT (SEK million) and EBIT Margin

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<tr>
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<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBIT (SEK million)</td>
<td>7</td>
<td>1</td>
<td>2</td>
<td>11</td>
<td>6</td>
<td>0</td>
<td>12</td>
<td>0</td>
<td>0</td>
<td>-2</td>
<td>-2</td>
<td></td>
</tr>
<tr>
<td>EBIT Margin (%)</td>
<td>13</td>
<td>2</td>
<td>5</td>
<td>17</td>
<td>10</td>
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<td>0</td>
<td>16</td>
<td>0</td>
<td>-2</td>
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Tobii Tech

- Leading supplier of eye tracking technology to integration customers
- Targets high volume markets such as PC gaming, mainstream computers, virtual reality, smartphones, and specialized markets

10%
Stable progress in PC gaming

- Growing no. of available games to some 90 titles with eye tracking
- Eye tracking as game analysis tool in ELEAGUE CS:GO
- Ongoing deliveries to integration customers
Further strengthened demand for eyetracking in VR

- 5 major projects in proof-of-concept or product development stage
- Mostly target products in market end 2018 / 2019
- Pipeline of additional projects
- Well positioned to seize substantial long-term opportunity
Tobii Tech Q3 financials

- Revenue increased 19% year-over-year, or 26% adjusted for currency effects
  - External sales increased 47%
- Gross margin was 46% (48%)
- Operating loss amounted to -67 MSEK (-42)
  - Increased investments in R&D and marketing

Revenue (SEK million) and Gross Margin

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<tr>
<th>Quarter</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
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<tbody>
<tr>
<td>Q1</td>
<td>18</td>
<td>16</td>
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</tr>
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<td>-64</td>
<td>-87</td>
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Tobii Group Q3 financials

• Revenues declined 2% year-over-year
  • 3% growth adjusted for currency effects

• Gross margin was 73% (73%)
  • Increased sales from Tobii Tech and Tobii Pro
  • Changes in product mix

• Group EBIT was -49 MSEK (-11)
  • Tobii Dynavox and Tobii Pro contributed 9 MSEK each
  • Tobii Tech impacted the Group earnings by -67 MSEK
  • Impacted by increased investments in R&D, sales and marketing
  • Material negative FX effect from revaluation of working capital
Balance sheet and cash flow

- Cash flow was impacted by the lower profitability in Tobii Dynavox and substantial investments within mainly R&D
- Strong cash position, 573 MSEK

### Group balance and cash flow summary

<table>
<thead>
<tr>
<th>Tobii Group (MSEK)</th>
<th>Q3 2017</th>
<th>Q3 2016</th>
<th>Q4 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>1 348</td>
<td>1 011</td>
<td>1 487</td>
</tr>
<tr>
<td>Equity</td>
<td>1 064</td>
<td>758</td>
<td>1 215</td>
</tr>
<tr>
<td>Equity Ratio</td>
<td>79</td>
<td>75</td>
<td>82</td>
</tr>
<tr>
<td>Net Cash (+)/Net Debt(-)</td>
<td>573</td>
<td>329</td>
<td>772</td>
</tr>
<tr>
<td>Cash flow after continuous investments</td>
<td>-56</td>
<td>-22</td>
<td>-23</td>
</tr>
</tbody>
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### Group cash flow after continuous investments (MSEK)

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<td>-32</td>
<td>-22</td>
<td>-23</td>
<td>-45</td>
<td>-78</td>
<td>-56</td>
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