

Press release

Stockholm, October 25, 2018

Tobii AB Interim Report Q3 2018

Tobii AB today reported its results for the third quarter and first nine months 2018. It was a good quarter for Tobii with strong growth in Tobii Dynavox and strategic VR customer agreement for Tobii Tech.

Third quarter July–September 2018

- The Group's net sales increased by 25% to SEK 313 million (250), compared with the third quarter of 2017. Adjusted for currency effects, the increase was 14%.
- Gross margin was 71% (73%).
- The Group's operating loss amounted to SEK -60 million (-49). Tobii Dynavox contributed SEK 18 million (9) to earnings, Tobii Pro contributed SEK 4 million (9), and investments in Tobii Tech had a negative impact of SEK -82 million (-67) on the Group's operating result.
- Earnings per share amounted to SEK -0.70 (-0.55).

Significant events

- Tobii Dynavox signed a contract to acquire British [Smartbox Assistive Technology Ltd.](#) The acquisition was closed on October 1, 2018.
- Tobii has signed an [agreement with a leading manufacturer of VR headsets](#) regarding development and delivery of eye tracking technology for an upcoming headset (Oct. 2018).
- Tobii Tech presented [Tobii IS5](#), its next-generation eye tracking platform for integration in computers, screens and computer accessories (Oct. 2018).
- Tobii Pro launched [Tobii Pro Sprint](#), an easy-to-use, cloud-based eye tracking solution for user tests and optimization of web sites, e-commerce interfaces and software.
- StarVR presented its upcoming product [StarVR One](#), an advanced VR headset with integrated eye tracking from Tobii.

Comment by Tobii's CEO Henrik Eskilsson:

It was a good third quarter for Tobii. Especially positive was the strong growth in Tobii Dynavox and the strategic VR customer agreement for Tobii Tech. Tobii Pro continued to strengthen its offerings to a broader range of customers through several product launches.

A very strong sales growth for Tobii Dynavox confirmed the positive trend we have seen since the beginning of the year. With currency-adjusted organic growth of 21%, Tobii Dynavox reported its strongest quarter ever. Contributing factors included increased demand for both touch screen and eye-controlled assistive technology for communication, as well as improved efficiency in the sales organization. Lower sales in the corresponding quarter 2017 also contributed to year-on-year growth. Performance in the US market was particularly strong, where the new touch screen products have been available longest, but the trend in Europe was also good. This success is a clear confirmation of the strategy that Tobii Dynavox is executing on.



During the quarter, we announced the [acquisition of Smartbox](#) Assistive Technology Ltd. This strategically important acquisition complements our portfolio with the market-leading software Grid and strengthens our sales presence in key geographic markets. Through the acquisition, we increase the size of Tobii Dynavox' business by approximately 15%, and we will have the capacity to develop even better solutions that will help even more people with disabilities to communicate.

The exceptional sales growth that Tobii Pro has had over the past year slowed as expected in the third quarter. A higher level of sales has been established, but the positive effect of taking over a large portion of our former competitor SMI's customer base is now behind us. Revenue from government organizations in the US was also unusually high during the third quarter last year. We continue to see strong underlying demand and believe that prospects are good for continued robust growth in line with the business unit's long-term financial targets.

Tobii Pro has customers who use eye tracking for a very diverse range of purposes – from scientific research to consumer surveys to web and app user testing. To deal with these customers more effectively we are investing in developing customized solutions – from sophisticated hardware and software for scientific research, to easy-to-use and substantially less expensive solutions that can reach very broad use by companies in the development of user interfaces. During the quarter one such solution was launched, [Tobii Pro Sprint](#), which has already helped customers such as H&M, Knowit and Avanza to gain critical insights into behavior of their users and customers.

We had a positive development in Tobii Tech's two main areas, PC gaming and VR, during the quarter. The new integration platform for PCs, [Tobii IS5](#), has a form factor and performance that make it much easier to incorporate into the design of various products. We are already involved in development projects with customers who intend to integrate IS5 in products to be launched during the first half of 2019. Broadening the benefits of eye tracking for gamers is another key factor for reaching more integration customers and product models. Several more AAA games were launched with eye tracking support during the quarter. Tobii Tech is also developing eye-tracking solutions for esports. Esports is a rapidly-growing industry that reaches 400 million viewers world-wide. Establishing eye tracking in this context is extremely valuable for reaching and creating awareness among consumers. During the quarter, eye tracking was used in several of the world's largest esports tournaments by ELeague and [ESL One](#), and was also awarded a [best technology in eSports](#) award.

In VR, we continued to work with integration customers and projects according to plan. One highlight was the announcement by StarVR of its upcoming product [StarVR One](#), which features eye tracking from Tobii as one of its leading features. We also announced that Tobii has signed a [supply agreement](#) with one of the leading manufacturers of VR headsets, which is a clear indication that eye tracking will be broadly adopted in VR. According to IDC, the VR/AR market will grow by 30% this year and is expected to reach 53 million units per year in 2022. In the industry, eye tracking is broadly viewed as a necessity to create truly strong user experiences in VR. I am convinced that eye tracking will be built into the majority of future headsets and that Tobii is well positioned to capture a large share of that market.

Conference call

Today at 2:00 p.m. CET, Tobii will host a conference call with web cast presentation for media, analysts and investors. Please find dial-in details on Tobii's website under [Interim Report Q3 2018](#).

Tobii AB (publ)
Box 743
S-182 17 Danderyd
Sweden

phone: +46 8 663 69 90
fax: +46 8 30 14 00
www.tobii.com



This information is information that Tobii AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, on October 25, 2018, at 7:30 a.m. CET.

Contact

Sara Hyléen, Director of Corporate Communications and Investor Relations, Tobii AB
phone: +46 70 916 16 41, email: sara.hyleen@tobii.com

About Tobii

Tobii is the global leader in eye tracking. Our vision is a world where all technology works in harmony with natural human behavior. Tobii operates through three business units: Tobii Dynavox makes specially designed computers that are controlled by eye movement or touch screens for use by people with special needs due to spinal cord injuries, CP, ALS or other medical conditions. Tobii Pro develops and sells eye-tracking equipment and services used today by more than 3,000 companies and 2,000 research institutions, including all of the world's 50 highest ranked universities. Tobii Tech further develops Tobii's technology for new volume markets, such as computer games, personal computers, virtual reality, augmented reality and smartphones. Tobii is headquartered in Sweden and is listed on Nasdaq Stockholm (TOBII). The group has about 1,000 employees. For more information: www.tobii.com.

Tobii AB (publ)
Box 743
S-182 17 Danderyd
Sweden

phone: +46 8 663 69 90
fax: +46 8 30 14 00
www.tobii.com