

# Year-End Report – Q4 and Full Year January–December 2019

“New sales record in all three divisions.”

Henrik Eskilsson  
CEO

Photo: Pico's new VR headset, Neo 2 Eye, and several other solutions using Tobii's eye tracking were presented at CES.

## FOURTH QUARTER OCTOBER-DECEMBER

- Consolidated revenue rose by 19% to SEK 433 million (364), compared with the fourth quarter of 2018. Adjusted for currency effects, the increase was 12%. Tobii Tech's external currency-adjusted sales increase was especially strong at 69%.
- Gross margin was 69% (70%).
- The Group's operating result amounted to SEK -21 million (-33). Tobii Dynavox contributed SEK 28 million (17) and Tobii Pro SEK 20 million (24) to earnings, while investments in Tobii Tech had an impact of SEK -70 million (-74) on the Group's operating result.
- Earnings per share amounted to SEK -0.49 (-0.34).

## SIGNIFICANT EVENTS

- Tobii Dynavox launched the new I Series, the division's medical-grade and eye-controlled flagship product
- Tobii Pro Fusion, a new portable high-performance eye tracker for research, was launched.
- After the end of the quarter, Pico Interactive launched the world's first standalone VR headset with eye tracking, the Neo 2 Eye. The product has integrated eye tracking technology from Tobii.
- After the end of the quarter NovaSight demonstrated its product CureSight, a solution for treatment of amblyopia and lazy eye that is based on integrated eye tracking from Tobii.
- In order to secure financial preparedness for potential future acquisitions, Tobii has after the end of the quarter mandated Carnegie to explore the conditions for the company to issue subsequent bonds under its existing 2019/2022 bond loan.

## FINANCIAL OVERVIEW

| SEK m (except for earnings per share)                 | Q4<br>2019   | Q4<br>2018   | Change      | Currency<br>adjusted<br>change | Full year<br>2019 | Full year<br>2018 | Change      | Currency<br>adjusted<br>change |
|---|--------------|--------------|-------------|--------------------------------|-------------------|-------------------|-------------|--------------------------------|
| <b>REVENUE</b>  |              |              |             |                                |                   |                   |             |                                |
| Tobii Dynavox   | 250.8        | 217.0        | 16 %        | 9 %                            | 906.3             | 797.6             | 14 %        | 6 %                            |
| Tobii Pro   | 131.4        | 119.5        | 10 %        | 4 %                            | 442.9             | 396.6             | 12 %        | 5 %                            |
| Tobii Tech  | 74.1         | 47.8         | 55 %        | 42 %                           | 221.7             | 149.8             | 48 %        | 36 %                           |
| Eliminations and other, net                           | -23.4        | -19.9        | 18 %        | 6 %                            | -69.5             | -66.2             | 5 %         | -4 %                           |
| <b>Total</b>  | <b>432.9</b> | <b>364.5</b> | <b>19 %</b> | <b>12 %</b>                    | <b>1,501.3</b>    | <b>1,277.8</b>    | <b>17 %</b> | <b>9 %</b>                     |
| <b>OPERATING PROFIT/LOSS (EBIT)</b>                   |              |              |             |                                |                   |                   |             |                                |
| Tobii Dynavox   | 27.6         | 17.1         | 61 %        | 54 %                           | 99.5              | 70.9              | 40 %        | 32 %                           |
| Tobii Pro   | 20.2         | 24.0         | -16 %       | -24 %                          | 53.8              | 44.9              | 20 %        | -4 %                           |
| Tobii Tech  | -69.5        | -73.8        | -           | -                              | -293.8            | -304.7            | -           | -                              |
| Other   | 1.1          | 0.0          | -           | -                              | 2.4               | 0.1               | -           | -                              |
| <b>Operating profit/loss from continuing operatio</b> | <b>-20.6</b> | <b>-32.7</b> | <b>-</b>    | <b>-</b>                       | <b>-138.1</b>     | <b>-188.8</b>     | <b>-</b>    | <b>-</b>                       |
| Profit/loss from discontinued operations              | -8.3         | -2.1         | -           | -                              | -11.9             | -2.1              | -           | -                              |
| <b>Net profit/loss for the period</b>                 | <b>-48.6</b> | <b>-33.8</b> | <b>-</b>    | <b>-</b>                       | <b>-171.2</b>     | <b>-174.3</b>     | <b>-</b>    | <b>-</b>                       |
| Earnings per share (SEK)                              | -0.49        | -0.34        |             |                                | -1.73             | -1.79             |             |                                |

## Comments from the CEO

We had a strong finish to the year, with record revenue in all three divisions and an external currency-adjusted revenue increase in Tobii Tech of 69 percent. Revenue in the quarter rose 19 percent overall, or 12 percent adjusted for currency effects, compared with the fourth quarter of 2018. The operating result for the quarter improved to SEK -21 million. For the full year we reached SEK 1.5 billion in revenue, which corresponds to an increase of 17 percent, or 9 percent after currency adjustments. We are entering the new year with a strong focus on meeting our financial target of profitability at the Group level in 2020.



**Henrik Eskilsson**  
Group CEO, Tobii

**Eye tracking is advancing on a broad front** and the year has strengthened us in our view that over the next few years eye tracking will have a major impact in a wide range of applications, with the long-term potential of becoming a standard feature in most devices. During the year, VR- and AR-headsets with eye tracking have been launched by our customers [HTC and Pico](#), as well as by other major players such as Microsoft and Magic Leap. In the PC segment, leading companies such as [Dell](#) and [Lenovo](#) launched devices with eye-tracking. In healthcare, companies such as [NovaSight](#) and [RightEye](#) launched several revolutionary products that use eye tracking to diagnose and treat various medical conditions. Eye-tracking technology is also well established in [assistive technology for communication](#) and as technology to [understand human behavior](#). In addition, representatives of leading global tech companies such as Intel, Microsoft and Qualcomm [expressed their conviction](#) that the technology will be an important part of their future platforms, with a similar trend in the automotive industry.

Tobii is the leading supplier in eye tracking, regarding integration in volume products, and also as a supplier of solutions for both assistive technology for communication and to understand human behavior. We are therefore very well-positioned to be able to capitalize on the exciting developments of the technology which we have built our company around.

**Tobii Dynavox** ended the year on a strong note, hitting a new revenue record for the quarter with currency-adjusted growth of 9 percent and an improved operating margin of 11 percent. During the quarter we launched the [new I-Series](#), which is Tobii Dynavox' medical-grade and eye-controlled flagship product, redesigned from the ground up regarding both software and hardware. The product has been extremely well-received by the market. We know from experience that it takes at least one quarter to switch sales over to new products in the US health insurance system, yet sales still increased by 9 percent, adjusted for currency, during the quarter.

Currency-adjusted revenue growth for full-year 2019 was 6 percent and the operating margin improved by three percentage points to 11 percent. Currency-adjusted growth was slightly lower for the year mainly because the previous I-Series, which is now phased out, was at the end of its product life cycle. The division's touchscreen products continued to show good growth. During the year Tobii Dynavox continued its expansion with a focus on strengthening its sales channels and the product portfolio. With the launch of the new I-Series we are entering the new decade backed by the strongest and broadest product portfolio in the market. "Inclusion of all people" is a clear global trend in society which, along with our significant training initiatives, drives the market forward. In 2019 we trained almost 60,000 prescribers, therapists and other professionals all over the world.

**Tobii Pro** did also set a new revenue record for the quarter, but the currency-adjusted increase compared with the previous year was low. The operating margin for the quarter was 15 percent. The new product [Tobii Pro Fusion](#), which was launched during the quarter, was well received and clearly strengthened our offering to the academic segment.

Currency-adjusted revenue growth for full-year 2019 was 5 percent and the operating margin improved to 12 percent. During the year Tobii Pro launched important new products and expanded its geographic coverage. The division was reorganized into a new segment-based structure in order to get closer to customers and to be able to address the market in a more powerful way. Revenue growth for the year was lower than our financial target of 15-20 percent, but 2018 is a challenging comparative period since many customers during that year switched to Tobii Pro as their supplier after Apple acquired Tobii Pro's competitor SMI. Viewed over the

Read more:

[Pico and HTC VR headset](#)  
[NovaSight and CureSight](#)  
[RightEye](#)  
[Dell Alienware and Tobii Gaming](#)  
[Lenovo and Tobii Aware](#)  
[Trends and Tobii's blog](#)  
[New I-Series](#)  
[Tobii Pro Fusion](#)

past two years, Tobii Pro's currency-adjusted revenue has increased by an average of 14 percent per year.

**Tobii Tech** is benefitting from the overall market trend for eye tracking, as reflected by the 42 percent increase in the division's currency-adjusted revenue for the quarter. Revenue from external customers jumped an impressive 69 percent after adjusting for currency effects.

Earlier in the year HTC launched the first major VR product with integrated eye tracking, the Vive Pro Eye. At the CES show in January 2020, Pico launched its new [Neo 2 Eye](#) VR headset. Pico is China's leading manufacturer of VR headsets, and Neo 2 Eye is the world's first standalone VR headset with integrated eye tracking. It is also the first product to reach the market based on Tobii's close collaboration with Qualcomm. There is strong consensus within the VR/AR industry that eye tracking will be a standard technology in future headsets.

In the PC segment, over the course of the year we went from Dell having our technology integrated in one of its computer models to having Tobii eye tracking now integrated across the entire portfolio of [Alienware gaming laptops](#). In the fourth quarter we saw the effects of this in our strong sales growth. During the year we also supplemented our offering in the PC segment with the Tobii Aware software solution and in the second quarter [Lenovo](#) became our first customer for this product. We see continued good potential to grow sales in the PC segment.

In the Niche Applications segment, we often see customers with very innovative products in which eye tracking is crucial and business with good potential and high margins. Over the course of the year we have been awarded a number of design wins, most of them in healthcare, and we see a growing number of examples where eye tracking is used for various types of medical assessments. Our customer [RightEye's](#) product for early detection of Parkinson's disease was earmarked during the quarter for assessment under the Breakthrough Device Program by the US Food and Drug Administration (FDA). At CES NovaSight also presented its new product [CureSight](#) which is registered with the FDA and uses eye tracking in a revolutionary way to treat amblyopia and lazy eye.

**Tobii has an active acquisition agenda** where we continuously evaluate possible acquisition candidates. The purpose of this is to accelerate growth and strengthen our market position by acquiring companies that have products, technology and / or a sales organization that complements our own and thus create opportunities for synergies in terms of revenue and costs. In the near future, we plan to issue additional bonds within the framework of our existing bond loan, primarily to finance further acquisitions.

**In summary**, eye tracking is a technology that has a bright future ahead and Tobii is the world leader in the field. In 2019 we took important steps in all our divisions to consolidate our leadership position and to develop the market together with users, customers and other leading players. We enter the new year with a strong focus on meeting our goal for the Group to reach profitability in 2020.

# The Tobii Group

Tobii is the world leader in eye tracking. Our vision is a world where all technology works in harmony with natural human behavior. Tobii operates in three divisions: Tobii Dynavox is the world leader in assistive technology for communication, Tobii Pro is the market leader in eye-tracking solutions for understanding human behavior and Tobii Tech is the world's leading supplier of eye-tracking technology to integration customers in for instance PC, VR and Niche applications. The Group, which has about 1,000 employees, had a revenue of SEK 1,501 million for full year 2019. Tobii Group's financial target is to reach profitability in 2020.

## FOURTH QUARTER: OCTOBER-DECEMBER

### Sales

The Group's revenue during the fourth quarter rose by 19% to SEK 433 million (364). Adjusted for currency effects, the increase was 12%. Revenue increased in all three divisions compared with the corresponding quarter the previous year. Tobii Dynavox contributed SEK 251 million, Tobii Pro SEK 131 million and Tobii Tech SEK 74 million.

The North American market accounted for 56% (59%) of revenue, the European market 24% (23%), and the rest of the world 20% (18%).

### Result

Consolidated gross margin was 69% (70%). The operating result for the Group improved to SEK -21 million (-33) and operating margin to -5% (-9%). Tobii Dynavox contributed SEK 28 million (17) and Tobii Pro SEK 20 million (24) to earnings, while investments in Tobii Tech had an impact of SEK -70 million (-74) on the Group's operating result. Reduced capitalization and increased amortization of R&D had a negative impact on earnings of SEK 21 million more than in the same quarter the previous year. Other operating income, primarily currency translation differences, had an impact on earnings of SEK -5 million (3), which means a negative impact of a total of SEK 8 million between the quarters.

EBITDA was SEK 28 million (1). Note that EBITDA for the current period is reported in accordance with IFRS16 Leasing, though this did not apply for the comparative quarter. The change had a positive impact on EBITDA of SEK 7 million for the quarter; for more information, see the key ratios in the table on page 18.

Pretax loss was SEK -36 million (-29). Net financial items totaled SEK -16 million (4) and include items such as interest expenses related to bonds and financial leasing according to IFRS 16 of SEK -6 million (-). It also includes currency translation differences where primarily the low closing rate for USD/SEK of 9.31 on December 31, 2019 affects the net. The profit/loss from discontinued operations was SEK -8 million (-2). Net loss for the period was SEK -49 million (-34) and earnings per share reached SEK -0.49 (-0.34).

### Cash flow, liquidity and financial position

Cash flow from operating activities before changes in working capital amounted to SEK 21 million (9). The change in working capital had an impact on cash flow of SEK 11 million (21).

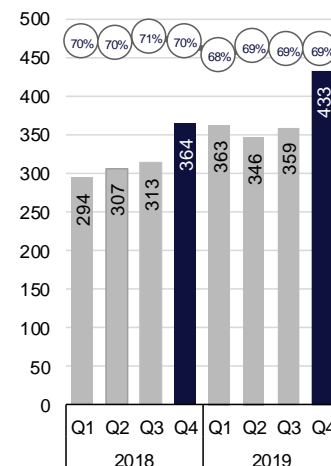
Current investments amounted to SEK 72 million (67), of which SEK 47 million (61) related to capitalization of R&D. Cash flow after continuous investments was SEK -40 million (-37). Acquisitions had an impact on cash during the quarter of SEK -0 million (-144).

At the end of the period net cash for the Group was SEK 208 million (192), including SEK 23 million (-) attributable to held for sale assets.

### Organization

The number of employees recalculated to full-time equivalents at the close of the period was 1011 (956).

## REVENUE, SEK M, AND GROSS MARGIN



## RESEARCH AND DEVELOPMENT, Q4

| SEK m                                | 2019 | 2018 |
|--------------------------------------|------|------|
| Total R&D expenditures               | -134 | -136 |
| Capitalization                       | 47   | 61   |
| Amortization                         | -36  | -29  |
| R&D expenses in the income statement | -123 | -104 |

The information is pertaining to Continuing operations only.

**FULL YEAR: JANUARY-DECEMBER****Sales**

The Group's revenue for full year 2019 rose by 17% to SEK 1,501 million (1,278) compared with 2018. Adjusted for currency effects, the increase was 9%. The increase can be attributed to growth in all three divisions.

During the period, the North American market accounted for 59% (59%) of the Group's revenue, the European market for 21% (22%), and the rest of the world for 20% (19%).

**Result**

The Group's gross margin was 69% (71%). The operating result for the Group was SEK -138 million (-189) and the operating margin was -9% (-15%). Tobii Dynavox contributed SEK 99 million (71) and Tobii Pro SEK 54 million (45), while investments in Tobii Tech had a negative impact of SEK -294 million (-305) on the Group's operating result. Increased operating expenses also had a negative impact on earnings, though they did level off during 2019. Other operating income, primarily currency translation differences, had an impact on operating profit/loss of SEK 12 million (24).

During the year, the company turned to positive operating profit before depreciation and amortization (EBITDA) of SEK 32 million (-28).

Pre-tax loss was SEK -150 million, compared with SEK -164 million in 2018. Net financial items totaled SEK -12 million (25) and were mainly impacted by interest expenses related to bonds and financial leasing according to IFRS 16 of SEK -21 million (-). It also includes currency translation differences. The loss from discontinued operations was SEK -12 million (-2).

The net loss for 2019 was SEK -171 million (-174) and the loss per share amounted to SEK -1.73, compared with SEK -1.79 in the corresponding period in 2018.

**Cash flow, liquidity and financial position**

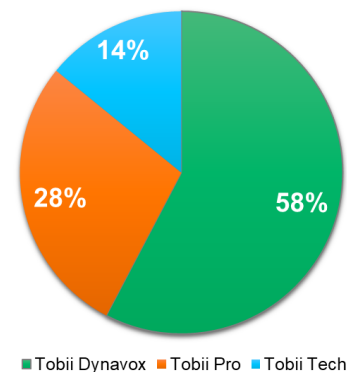
Cash flow from operating activities before changes in working capital was SEK 18 million (-21). The change in working capital had a negative impact on cash flow of SEK -31 million (8).

Current investments amounted to SEK 249 million (224), of which SEK 204 million (200) related to capitalization of R&D. Cash flow after continuous investments was SEK -262 million (-237). Acquisitions had an impact on cash during the quarter of SEK -1 million (-159).

The issuance of bonds by the Company in February 2019 had a positive impact of SEK 275 million (48) on cash flow from financing activities.

**SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD**

- Pico Interactive launched the world's first standalone VR headset with eye tracking, the Neo 2 Eye at CES. The product has integrated eye tracking technology from Tobii.
- At the same trade show, NovaSight demonstrated its product CureSight, a solution for treatment of amblyopia and lazy eye, which has integrated eye tracking from Tobii.
- Tobii entered into an agreement for a loan facility of SEK 50 million with a maturity of one year, intended for the company's working capital needs.
- In line with Tobii's active acquisition agenda, the company evaluates potential acquisition candidates on an ongoing basis. In order to secure financial preparedness for potential future acquisitions, Tobii has mandated Carnegie to explore the conditions for the company to issue subsequent bonds in the approximate amount of SEK 150 million under its 2019/2022 senior secured bond loan with a framework amount of SEK 600 million. The issue is expected to occur in the near future, subject to market conditions.
- The British competition regulator's Competition Appeal Tribunal (CAT) announced that the CMA was partially correct in its decision that Tobii must divest Smartbox. Tobii awaits a final decision from CAT but continues to drive the sales process of Smartbox in parallel.

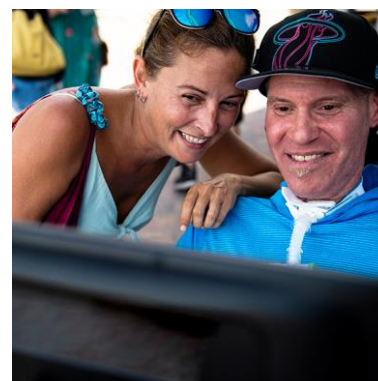
**SHARE OF GROSS REVENUE BY DIVISION 2019****RESEARCH AND DEVELOPMENT, JANUARY-DECEMBER**

| SEK m                                | 2019 | 2018 |
|--------------------------------------|------|------|
| Total R&D expenditures               | -518 | -491 |
| Capitalization                       | 204  | 200  |
| Amortization                         | -124 | -128 |
| R&D expenses in the income statement | -438 | -419 |

The information is pertaining to Continuing operations only.

## Division Tobii Dynavox

Tobii Dynavox is the world's leading supplier of assistive technology for communication, used by individuals with reduced ability to communicate due to conditions such as cerebral palsy, ALS, aphasia, spinal cord injuries or autism. The products include eye-controlled and touchscreen communication devices and a variety of software. The long-term financial targets of the division are to increase revenue by an average of 10% per year with an operating margin of 15–20%.



Jeff is one of the users of the new I-Series, the medical-grade and eye-controlled flagship product from Tobii Dynavox. The new I-Series contains a number of innovations that make it the most easy-to-use, durable and advanced product of its kind on the market. Its features include an extra display on the back.

### KEY FIGURES

| SEK m                        | Q4<br>2019 | Q4<br>2018 | Full year<br>2019 | Full year<br>2018 |
|------------------------------|------------|------------|-------------------|-------------------|
| Revenue                      | 250.8      | 217.0      | 906.3             | 797.6             |
| Gross margin                 | 64 %       | 66 %       | 66 %              | 67 %              |
| EBITDA                       | 46.2       | 33.1       | 169.6             | 138.0             |
| EBITDA margin                | 18 %       | 15 %       | 19 %              | 17 %              |
| Operating profit/loss (EBIT) | 27.6       | 17.1       | 99.5              | 70.9              |
| EBIT margin                  | 11 %       | 8 %        | 11 %              | 9 %               |

The effect from IFRS 16 Leasing, applied by the Group from the beginning of 2019, is not allocated on Divisions. EBITDA och EBIT as presented above are thus comparable for all periods.

### QUARTER: OCTOBER-DECEMBER

- During the quarter, Tobii Dynavox launched the new [I-Series](#), the division's medical-grade and eye-controlled flagship product. The new I-Series is redesigned from the ground up. It comes integrated with Tobii's new world-leading eye-tracking platform IS5, as well as a number of innovative new features. For example, an extra display is located on the back of the device for the person with whom the user is communicating, and the brand-new Computer Control™ software makes it even simpler and more intuitive to interact with the device.
- During the quarter, training was provided to an additional 18 000 prescribers, therapists and other key individuals all over the world. The unusually large number is explained by the extensive launch project of the new I-Series.

Revenue rose by 16% compared with the fourth quarter of 2018 to SEK 251 million (217). Currency-adjusted growth was 9%. Revenue was positively impacted by good underlying sales for many of the division's products and especially by the launch of the new I-Series in Europe. Because of the structure of the health insurance system in the US, it will take another quarter before the product change achieves full impact on the US market. Revenue was negatively impacted by increased retroactive allowances for non-payments, which is an established mechanism in business relationships with certain insurance entities in the US.

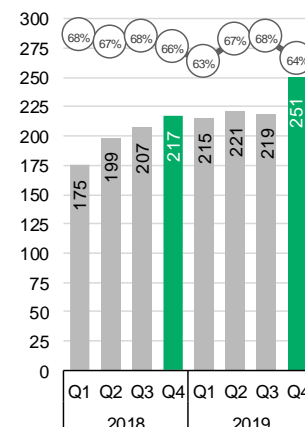
Gross margin was 64% (66%). The decrease is mainly attributable to the one-off effect related to the increased allowances for non-payments in the US market. Operating profit totaled SEK 28 million (17) and the operating margin was 11% (8%). The improved operating margin is attributable to the increase in revenue, while operating expenses remained essentially unchanged.

### FULL YEAR: JANUARY-DECEMBER

Revenue rose for the full year rose by 14% compared with 2018 to SEK 906 million (798). Adjusted for currency effects, revenue increased by 6%. The division's touchscreen products continued to show good growth during the year and the somewhat lower total revenue growth is primarily explained by the fact that the earlier I-Series was at the end of its product life cycle during most of the year.

Gross margin was 66% (67%). Operating profit totaled SEK 99 million (71) and the operating margin was 11% (9%). The improved operating margin can be attributed to the increase in revenue, as well as unchanged operating expenses.

### REVENUE, SEK M, AND GROSS MARGIN



### RESEARCH AND DEVELOPMENT, Q4

| SEK m                                | 2019 | 2018 |
|--------------------------------------|------|------|
| Total R&D expenditures               | -38  | -34  |
| Capitalization                       | 20   | 17   |
| Amortization                         | -14  | -12  |
| R&D expenses in the income statement | -32  | -29  |

The information is pertaining to Continuing operations only.

**TRENDS AND DEVELOPMENTS**

Globally, there are more than 50 million people who need assistive technology for communication. However, the market is grossly under-penetrated and only about 2% currently have access to good assistive technology. "Inclusion of all people" is a strong global trend in society and as knowledge grows and health insurance systems gradually develop, the market for Tobii Dynavox is expected to grow at a good pace and over a long period of time. The aims to drive continued profitable growth by providing many more people with disabilities access to good assistive technology for communication. The business is expanding by strengthening the product offering as well as the sales organization, both organically and through acquisitions. As the market leader, Tobii Dynavox also invests in market development through extensive training programs for therapists and prescribers, as well as through activities to generally increase awareness of assistive technology for communication in the society.

## Division Tobii Pro

Tobii Pro is the world's leading provider of eye-tracking solutions for understanding human behavior. Over 3,500 companies and 2,500 academic institutions are Tobii Pro customers, including many large corporations such as Procter & Gamble, Ipsos and Denso, as well as all the world's 50 top-ranked universities. Tobii Pro'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                        | Q4<br>2019 | Q4<br>2018 | Full year<br>2019 | Full year<br>2018 |
|------------------------------|------------|------------|-------------------|-------------------|
| Revenue                      | 131.4      | 119.5      | 442.9             | 396.6             |
| Gross margin                 | 76 %       | 76 %       | 75 %              | 75 %              |
| EBITDA                       | 32.8       | 32.2       | 91.2              | 100.8             |
| EBITDA margin                | 25 %       | 27 %       | 21 %              | 25 %              |
| Operating profit/loss (EBIT) | 20.2       | 24.0       | 53.8              | 44.9              |
| EBIT margin                  | 15 %       | 20 %       | 12 %              | 11 %              |

The effect from IFRS 16 Leasing, applied by the Group from the beginning of 2019, is not allocated on Divisions. EBITDA och EBIT as presented above are thus comparable for all periods.

### QUARTER: OCTOBER–DECEMBER

- During the quarter, Tobii Pro launched [Tobii Pro Fusion](#), a new portable high-performance eye tracker for research. The product is based on a further development of the new IS5 eye-tracking platform and combines Tobii's latest eye-tracking technology with a design that makes it easier for researchers to leave the lab environment in order to include more people in studies in fields such as behavioral science, psychology, neuroscience and medicine.

Revenue rose by 10% compared with the fourth quarter of 2018 to SEK 131 million (120). Adjusted for currency effects, the increase was 4%. Tobii Pro's revenue was negatively impacted during the quarter by lower sales of a few specific older, now phased-out products, as well as by a weaker sales trend in the US and in some European countries.

Gross margin was 76% (76%). Operating profit totaled SEK 20 million (24) and the operating margin was 15% (20%). The lower operating margin is attributable to the lower capitalization rate and higher amortization in R&D, as well as negative translation effects related to currency fluctuations.

### FULL YEAR: JANUARY-DECEMBER

Revenue for the full year rose 12% compared with the previous year to SEK 443 million (397). Adjusted for currency effects, growth was 5%. Tobii Pro's revenue during the year was negatively impacted by lower sales of a few specific older, now phased-out products, uncertainty regarding research grants in the US and by Brexit, which had a temporary strongly negative effect on research grants for academic customers in the UK. The comparison year 2018 was also positively impacted by many customers who switched to Tobii Pro as supplier after Apple acquired Tobii Pro's competitor, SMI, part of which is assessed to be a one-off effect. Over the past two years, Tobii Pro's currency-adjusted revenue increased by an average of 14 percent per year.

Gross margin was 75% (75%). Operating profit totaled SEK 54 million (45) and the operating margin was 12% (11%).

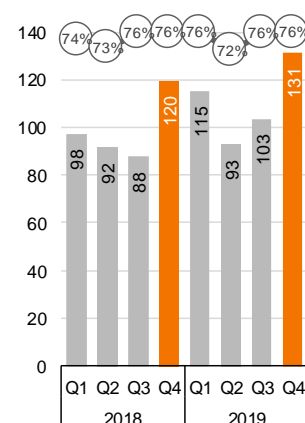
### TRENDS AND DEVELOPMENTS

The market for eye-tracking solutions for behavioral research studies is growing at a good pace. Researchers and companies in many different fields are demanding eye-tracking solutions that, for example, help them to gain new insights, or can contribute to safer, more efficient processes, increased profitability and better ease of use of their products. Tobii Pro has chosen to address the three segments "Scientific Research," "Professional Performance," and "Market Research and User Experience." The division is expanding by reaching new customers in current



*Tobii Pro Fusion is a portable eye tracker that is used in research studies conducted outside the lab environment, such as in schools.*

### REVENUE, SEK M, AND GROSS MARGIN



### RESEARCH AND DEVELOPMENT, Q4

| SEK m                                | 2019 | 2018 |
|--------------------------------------|------|------|
| Total R&D expenditures               | -25  | -28  |
| Capitalization                       | 16   | 20   |
| Amortization                         | -12  | -7   |
| R&D expenses in the income statement | -21  | -15  |



and new geographic markets, but also through an increased quantity of high-volume orders from customers who want to use eye tracking more broadly in their business. Tobii Pro's offering consists of both services and products, and the business has grown through both organically and through acquisitions.

## Division Tobii Tech

Tobii Tech is the world's leading supplier of eye-tracking technology for integration into consumer electronics and other products.

Customers are primarily found in the segments PC, VR and Niche applications. Tobii Tech's overarching objective is to maintain its world-leading position and in the long-term to achieve revenue in the billions of SEK with good profitability. This development requires major investments in technology and market development. Tobii Tech has a financial target to reach profitability in 2021.



*Pico Neo 2 Eye - The world's first mobile VR headset with eye tracking was launched at CES in January 2020. The eye-tracking technology in the product was supplied by Tobii.*

### KEY FIGURES

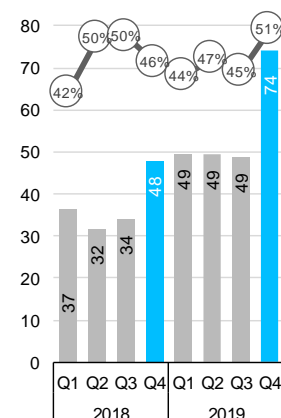
| SEK m                        | Q4 2019 | Q4 2018 | Full year 2019 | Full year 2018 |
|------------------------------|---------|---------|----------------|----------------|
| Revenue                      | 74.1    | 47.8    | 221.7          | 149.8          |
| Gross margin                 | 51 %    | 46 %    | 47 %           | 47 %           |
| EBITDA                       | -59.4   | -64.3   | -260.2         | -267.1         |
| EBITDA margin                | -       | -       | -              | -              |
| Operating profit/loss (EBIT) | -69.5   | -73.8   | -293.8         | -304.7         |
| EBIT margin                  | -       | -       | -              | -              |

The effect from IFRS 16 Leasing, applied by the Group from the beginning of 2019, is not allocated on Divisions. EBITDA och EBIT as presented above are thus comparable for all periods.

### QUARTER: OCTOBER-DECEMBER

- All of Dell's eye-tracking equipped [Alienware gaming laptops](#) were sold in volume during the quarter and were drivers for the substantial external revenue growth of Tobii Tech.
- During the quarter, Tobii Tech participated in two major e-sport events in the US, [Rainbow 6 US Nationals](#) and [PUBG Global Championships](#), which has exposed Tobii eye tracking to millions of av e-sport players.
- At the CES trade show in January 2020, Pico Interactive launched its new [Neo 2 Eye](#) VR headset, the world's first standalone VR headset with integrated eye tracking. The product, which has integrated eye-tracking technology from Tobii, is based on Qualcomm's Snapdragon 845 Mobile XR platform and is aimed at the enterprise market.
- At the same trade show, NovaSight demonstrated its product [CureSight](#), a solution for treatment of amblyopia and lazy eye. CureSight is registered with the US FDA and replaces the current customary treatment using a patch over the dominant eye. CureSight uses 3D image technology and Tobii's eye tracking to make a digital image blurry only at the specific location that the patient looks at with the dominant eye. This enables a natural treatment method while patients watch their favorite videos and TV programs.

### REVENUE, SEK M, AND GROSS MARGIN



### RESEARCH AND DEVELOPMENT, Q4

| sek M                                | 2019 | 2018 |
|--------------------------------------|------|------|
| Total R&D expenditures               | -72  | -73  |
| Capitalization                       | 12   | 23   |
| Amortization                         | -10  | -9   |
| R&D expenses in the income statement | -70  | -59  |

Revenue rose by 55% compared with the fourth quarter of 2018 to SEK 74 million (48). Adjusted for currency effects, the increase was 42%. External revenue totaled SEK 51 million (28) and increased by an extremely strong 82%, or 69% adjusted for currency effects. The increase was driven by strong sales in the PC segment but also the Niche Application- and VR-segments grew in relation to the fourth quarter of 2018. Internal revenue increased to SEK 23 million (20) primarily because of the product switch to the new I-Series within Tobii Dynavox. External revenue thus accounted for more than two-thirds of sales in the division for the quarter.

Gross margin increased to 51% (46%) thanks to the changed product mix. Operating expenses were in line with the corresponding quarter the previous year and the operating result was SEK -70 million (-74). Earnings were negatively impacted by the lower capitalization rate in R&D, as well as negative translation effects related to currency fluctuations.

### FULL YEAR: JANUARY-SEPTEMBER

Revenue for the full year rose by 48% compared with 2018 to SEK 222 million (150). Adjusted for currency effects, the increase was 36%. External revenue increased by 82%, or 69% after the effect of currency adjustments, and totaled SEK 152 million (84). This substantial increase

was driven by the PC segment, though the Niche Applications and VR segments also contributed to the improvement. Internal sales rose to SEK 70 million (66).

Gross margin was 47% (47%). The operating result amounted to SEK -294 million (-305). Increased operating expenses have had a negative impact on earnings but have largely been unchanged since the second quarter of 2018.

#### **TRENDS AND DEVELOPMENTS**

Smart sensors are being introduced at a rapid pace in computers and other consumer electronics. Eye tracking is part of this trend and enables a broad array of innovations within fields such as computer interaction, virtual reality, vehicle safety and healthcare. The company holds the opinion that eye-tracking sensors will be a given in many products in the future.

In computers, eye tracking offers benefits such as more intuitive interfaces, enhanced security, longer battery time and increased effectiveness. In gaming computers, eye tracking also allows enhanced gaming experiences with clear values in streaming and game training. Major players such as Intel and Microsoft are drivers in the development of computers that increasingly understand the user, such as the Intel Athena initiative and the integration of eye tracking in Microsoft Windows.

The first VR and AR products with integrated eye tracking were recently launched and there is strong consensus in the industry that eye tracking is a necessity for creating outstanding performance and user experiences in future generations of headsets. The market for VR and AR is growing at a rapid pace and independent industry analyst IDC estimates more than ten-fold growth, from just over 5 million units sold in 2019 to more than 60 million in 2023.

New areas of application for eye tracking are constantly being identified in innovative niche applications, especially in healthcare where several pioneering products have been launched or are under development. For example, eye tracking is used to detect concussions and Parkinson's disease, to treat lazy eye, and to improve safety in robotic surgery.

Moreover, the technology is advancing on a broad front in the automotive industry.

Tobii Tech is the leading provider of eye-tracking technology for integration into consumer electronics and other products. The division is therefore very well positioned to be able to leverage the great potential for eye tracking.

# Tobii Group

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| SEK m   | Q4<br>2019   | Q4<br>2018   | Full year<br>2019 | Full year<br>2018 |
|---|--------------|--------------|-------------------|-------------------|
| <b>Continuing operations</b>  |              |              |                   |                   |
| Revenue   | 432.9        | 364.5        | 1,501.3           | 1,277.8           |
| Cost of goods and services sold   | -135.0       | -107.7       | -469.6            | -376.0            |
| <b>Gross profit</b>   | <b>298.0</b> | <b>256.8</b> | <b>1,031.7</b>    | <b>901.8</b>      |
| Selling expenses  | -156.0       | -149.7       | -596.7            | -549.6            |
| Research and development expenses   | -123.0       | -102.9       | -438.3            | -419.5            |
| Administrative expenses   | -34.8        | -40.2        | -146.4            | -145.8            |
| Other operating income and operating expenses <sup>1</sup>                    | -4.8         | 3.3          | 11.6              | 24.3              |
| <b>Operating profit/loss</b>  | <b>-20.6</b> | <b>-32.7</b> | <b>-138.1</b>     | <b>-188.8</b>     |
| Net financial items <sup>2</sup>  | -15.7        | 3.6          | -12.2             | 24.8              |
| <b>Profit/loss before tax</b>   | <b>-36.3</b> | <b>-29.1</b> | <b>-150.3</b>     | <b>-164.0</b>     |
| Tax   | -3.9         | -2.6         | -9.0              | -8.2              |
| <b>Net profit/loss for the period from continuing operations</b>              | <b>-40.3</b> | <b>-31.7</b> | <b>-159.4</b>     | <b>-172.2</b>     |
| <b>Discontinued operations</b>  |              |              |                   |                   |
| Net profit/loss for the period from discontinued operations                   | -8.3         | -2.1         | -11.9             | -2.1              |
| <b>Net profit/loss for the period</b>   | <b>-48.6</b> | <b>-33.8</b> | <b>-171.2</b>     | <b>-174.3</b>     |
| <b>Other comprehensive income</b>   |              |              |                   |                   |
| Items that may subsequently be reclassified to profit or loss for the period: |              |              |                   |                   |
| Translation differences   | 11.5         | -5.3         | 3.5               | -18.9             |
| Other comprehensive income for the period, net after tax                      | 11.5         | -5.3         | 3.5               | -18.9             |
| Total comprehensive income for the period                                     | -37.2        | -39.1        | -167.8            | -193.2            |
| Of which depreciation and amortization, continuing operations                 | -48.8        | -33.8        | -170.4            | -148.3            |
| Of which write-down of non-current assets, continuing operations <sup>3</sup> | -            | -            | -                 | -12.2             |
| Earnings per share, SEK   | -0.49        | -0.34        | -1.73             | -1.79             |
| Earnings per share, diluted, SEK  | -0.49        | -0.34        | -1.73             | -1.79             |
| Net profit/loss for the period attributable to:                               |              |              |                   |                   |
| Parent company shareholders   | -48.4        | -33.9        | -171.4            | -174.6            |
| Non-controlling interests   | -0.3         | 0.1          | 0.2               | 0.3               |
| Net profit/loss for the period  | -48.6        | -33.8        | -171.2            | -174.3            |
| Total comprehensive income for the period attributable to:                    |              |              |                   |                   |
| Parent company shareholders   | -36.9        | -39.2        | -168.0            | -193.5            |
| Non-controlling interests   | -0.3         | 0.1          | 0.2               | 0.3               |
| Total comprehensive income for the period                                     | -37.2        | -39.1        | -167.8            | -193.2            |

For notes, refer to the following page.

- 1) The item primarily consists of currency translation differences. Full-year 2019 includes SEK 3 million (12) for reversal of contingent considerations.
- 2) Financial items for the fourth quarter include interest expenses related to bond loans and finance leases in accordance with IFRS 16 of SEK -6 million (-). For full-year 2019 the corresponding interest expenses amounted to SEK -21 million (-). The item otherwise mainly consists of currency translation differences.
- 3) Impairment losses of SEK 12 million for the 2018 financial year related in their entirety to goodwill from the Sticky acquisition.

## CONDENSED CONSOLIDATED BALANCE SHEET

| SEK m  | Dec 31<br>2019 | Dec 31<br>2018 |
|--|----------------|----------------|
| <b>NON-CURRENT ASSETS</b>                            |                |                |
| Intangible assets                                    | 611.4          | 659.5          |
| Tangible fixed assets                                | 48.6           | 32.0           |
| Right-of-use assets                                  | 97.0           | -              |
| Financial assets                                     | 86.0           | 88.9           |
| <b>Total non-current assets</b>                      | <b>843.0</b>   | <b>780.4</b>   |
| <b>CURRENT ASSETS</b>                                |                |                |
| Accounts receivable                                  | 242.2          | 206.5          |
| Inventories  | 97.1           | 86.9           |
| Other current receivables                            | 68.0           | 58.7           |
| Cash and cash equivalents                            | 185.2          | 192.3          |
| Assets held for sale                                 | 194.4          | -              |
| <b>Total current assets</b>                          | <b>786.9</b>   | <b>544.4</b>   |
| <b>Total assets</b>                                  | <b>1,629.9</b> | <b>1,324.8</b> |
| <b>SHAREHOLDERS' EQUITY</b>                          |                |                |
| Shareholders' equity, Parent Company shareholders    | 675.1          | 834.2          |
| Non-controlling interests                            | 0.9            | 0.8            |
| <b>Total shareholders' equity</b>                    | <b>676.1</b>   | <b>835.0</b>   |
| <b>LIABILITIES</b>                                   |                |                |
| <b>NON-CURRENT LIABILITIES</b>                       |                |                |
| Interest-bearing loans                               | 294.0          | -              |
| Leasing liabilities                                  | 66.6           | -              |
| Other non-current liabilities                        | 116.4          | 107.0          |
| <b>Total non-current liabilities</b>                 | <b>477.0</b>   | <b>107.0</b>   |
| <b>CURRENT LIABILITIES</b>                           |                |                |
| Leasing liabilities                                  | 28.7           | -              |
| Other current liabilities                            | 413.4          | 382.8          |
| Liabilities directly related to assets held for sale | 34.6           | -              |
| <b>Total current liabilities</b>                     | <b>476.8</b>   | <b>382.8</b>   |
| <b>Total liabilities</b>                             | <b>953.8</b>   | <b>489.8</b>   |
| <b>Total equity and liabilities</b>                  | <b>1,629.9</b> | <b>1,324.8</b> |

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| SEK m  | Attributable to Parent Company shareholders |                           |             |                   |              |            | Non-controlling interests | Total equity |
|--|---|---------------------------|-------------|-------------------|--------------|------------|---------------------------|--------------|
|  | Share capital                               | Other contributed capital | Reserves    | Retained earnings | Total        |            |                           |              |
| <b>Opening balance, Jan 1, 2018</b>                      | <b>0.7</b>                                  | <b>1,581.5</b>            | <b>13.7</b> | <b>-617.4</b>     | <b>978.5</b> | <b>0.4</b> | <b>978.9</b>              |              |
| Comprehensive income for the period                      |   |                           | -18.9       | -174.6            | -193.5       | 0.3        | -193.2                    |              |
| New share issue, exercise of warrants incentive programs | 0.0   | 41.2                      |             |                   | 41.3         |            | 41.3                      |              |
| Sale of warrants, incentive programs                     |   | 6.6                       |             |                   | 6.6          |            | 6.6                       |              |
| Share based payments settled using equity instruments    |   |                           |             | 1.5               | 1.5          |            | 1.5                       |              |
| <b>Closing balance, Dec 31, 2018</b>                     | <b>0.7</b>                                  | <b>1,629.3</b>            | <b>-5.3</b> | <b>-790.6</b>     | <b>834.2</b> | <b>0.7</b> | <b>835.0</b>              |              |
| Comprehensive income for the period                      |   |                           | 3.5         | -171.4            | -168.0       | 0.2        | -167.8                    |              |
| Sale of warrants, incentive programs                     |   | 6.6                       |             |                   | 6.6          |            | 6.6                       |              |
| Share based payments settled using equity instruments    |   |                           |             | 2.2               | 2.2          |            | 2.2                       |              |
| <b>Closing balance, Dec 31, 2019</b>                     | <b>0.7</b>                                  | <b>1,635.9</b>            | <b>-1.8</b> | <b>-959.8</b>     | <b>675.1</b> | <b>0.9</b> | <b>676.1</b>              |              |

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

| SEK m   | Q4<br>2019   | Q4<br>2018    | Full year<br>2019 | Full year<br>2018 |
|---|--------------|---------------|-------------------|-------------------|
| <b>Cash flow from operating activities</b>                                  |              |               |                   |                   |
| Profit/loss after financial items, continuing operations                    | -36.3        | -28.9         | -150.3            | -163.8            |
| Profit/loss discontinued operations   | -7.9         | -2.1          | -11.5             | -2.1              |
| Adjustment for items not included in the cash flow                          | 64.9         | 39.9          | 180.4             | 147.2             |
| Taxes paid  | 0.4          | -0.2          | -0.7              | -2.2              |
| <b>Cash flow from operating activities before change in working capital</b> | <b>21.0</b>  | <b>8.8</b>    | <b>17.9</b>       | <b>-20.9</b>      |
| Cash flow from change in working capital                                    | 11.1         | 21.1          | -31.3             | 7.8               |
| <b>Cash flow from operating activities</b>                                  | <b>32.1</b>  | <b>29.8</b>   | <b>-13.4</b>      | <b>-13.0</b>      |
| Investments   |              |               |                   |                   |
| Continuous investments  |              |               |                   |                   |
| Investments in intangible, tangible and financial fixed assets              | -72.1        | -66.6         | -248.8            | -224.5            |
| <b>Cash flow after continuous investments</b>                               | <b>-40.0</b> | <b>-36.7</b>  | <b>-262.2</b>     | <b>-237.5</b>     |
| Business combinations   | -0.0         | -143.7        | -1.5              | -158.8            |
| <b>Cash flow after investments</b>  | <b>-40.0</b> | <b>-180.4</b> | <b>-263.7</b>     | <b>-396.3</b>     |
| Bond issue  | -            | -             | 293.2             | -                 |
| Sale/exercise of warrants, incentive program                                | 1.0          | 35.3          | 6.6               | 47.8              |
| Instalments of leasing liability IFRS 16                                    | -6.2         | -             | -24.7             | -                 |
| <b>Cash flow from financing activities</b>                                  | <b>-5.2</b>  | <b>35.3</b>   | <b>275.1</b>      | <b>47.8</b>       |
| <b>Cash flow for the period</b>   | <b>-45.2</b> | <b>-145.1</b> | <b>11.4</b>       | <b>-348.5</b>     |
| Foreign currency translation, cash and cash equivalents                     | -3.5         | -0.6          | 4.8               | 4.0               |
| Cash and cash equivalents at the beginning of the period                    | 257.1        | 338.1         | 192.3             | 536.8             |
| <b>Cash and cash equivalents at the end of the period*</b>                  | <b>208.4</b> | <b>192.3</b>  | <b>208.4</b>      | <b>192.3</b>      |
| * Of which cash and cash equivalents Assets held for sale                   | 23.3         |               | 23.3              |                   |



## REVENUE DISAGGREGATION

| SEK m                               | Q4<br>2019   | Q4<br>2018   | Full year<br>2019 | Full year<br>2018 |
|-------------------------------------|--------------|--------------|-------------------|-------------------|
| <b>REVENUE BY PRODUCT CATEGORY</b>  |              |              |                   |                   |
| Goods                               | 375.7        | 318.0        | 1,317.0           | 1,113.3           |
| Services                            | 52.5         | 43.7         | 167.2             | 151.6             |
| Royalties                           | 4.7          | 2.7          | 17.0              | 12.9              |
| <b>Total revenues</b>               | <b>432.9</b> | <b>364.5</b> | <b>1,501.3</b>    | <b>1,277.8</b>    |
| <b>REVENUE BY TIMING CATEGORY</b>   |              |              |                   |                   |
| At a point in time                  | 409.9        | 344.9        | 1,418.0           | 1,203.1           |
| Over time                           | 23.0         | 19.6         | 83.4              | 74.7              |
| <b>Total revenues</b>               | <b>432.9</b> | <b>364.5</b> | <b>1,501.3</b>    | <b>1,277.8</b>    |
| <b>REVENUE BY GEOGRAPHIC MARKET</b> |              |              |                   |                   |
| Europe                              | 105.4        | 84.4         | 311.1             | 280.7             |
| North America                       | 241.4        | 216.0        | 886.7             | 753.9             |
| Other countries                     | 86.2         | 64.1         | 303.5             | 243.3             |
| <b>Total revenues</b>               | <b>432.9</b> | <b>364.5</b> | <b>1,501.3</b>    | <b>1,277.8</b>    |

## CONSOLIDATED KEY RATIOS

|   | Q4<br>2019 | Q4<br>2018 | Full year<br>2019 | Full year<br>2018 |
|---|------------|------------|-------------------|-------------------|
| Earnings per share, SEK   | -0.49      | -0.34      | -1.73             | -1.79             |
| Earnings per share, diluted <sup>1)</sup> , SEK                         | -0.49      | -0.34      | -1.73             | -1.79             |
| Equity per share, SEK   | 6.8        | 8.4        | 6.8               | 8.5               |
| EBITDA, continuing operations, SEK m                                    | 28.2       | 1.1        | 32.3              | -28.2             |
| EBITDA continuing operations; IFRS 16 Leasing excluded                  | 21.1       | 1.1        | 4.4               | -28.2             |
| EBIT, continuing operations, SEK m                                      | -20.6      | -32.7      | -138.1            | -188.8            |
| Cash flow from operating activities, SEK m                              | 32.1       | 29.8       | -13.4             | -13.0             |
| Cash flow after continuous investments, SEK m                           | -40.0      | -36.7      | -262.2            | -237.5            |
| Working capital, SEK m <sup>1)</sup>                                    | -6.1       | -30.4      | -6.1              | -30.4             |
| Total assets, SEK m   | 1,629.9    | 1,324.8    | 1,629.9           | 1,324.8           |
| Net cash(+)/net debt (-), SEK m <sup>1)</sup>                           | -204.2     | 192.3      | -204.2            | 192.3             |
| Net cash(+)/net debt (-); IFRS 16 Leasing excluded, SEK m <sup>1)</sup> | -108.9     | 192.3      | -108.9            | 192.3             |
| Equity, SEK m   | 676.1      | 835.0      | 676.1             | 835.0             |
| Average equity, SEK m   | 685.8      | 839.7      | 751.9             | 889.9             |
| Equity/assets ratio, %  | 41.5       | 63.0       | 41.5              | 63.0              |
| Equity/assets ratio; IFRS 16 Leasing excluded, %                        | 44.1       | 63.0       | 44.1              | 63.0              |
| Debt/equity, %  | 57.6       | -          | 57.6              | -                 |
| Debt/equity; IFRS 16 Leasing excluded, %                                | 43.5       | -          | 43.5              | -                 |
| Gross margin, continuing operations, %                                  | 68.8       | 70.5       | 68.7              | 70.6              |
| EBITDA margin, continuing operations, %                                 | 6.5        | 0.3        | 2.2               | -2.2              |
| EBITDA margin continuing operations; IFRS 16 Leasing excluded, %        | 4.9        | 0.3        | 0.3               | -2.2              |
| Operating margin, continuing operations, %                              | -4.8       | -9.0       | -9.2              | -14.8             |
| Return on total equity, %   | -7.1       | -4.0       | -22.8             | -19.6             |
| Average number of outstanding shares after dilution, million            | 99         | 98         | 99                | 98                |
| Average number of outstanding shares, million                           | 100        | 99         | 99                | 98                |
| Number of outstanding shares at period end, million                     | 99         | 99         | 99                | 99                |
| Number of outstanding shares after dilution at period end, million      | 100        | 99         | 100               | 99                |
| Average number of employees   | 1,002      | 966        | 1,003             | 917               |

<sup>1)</sup> As at December 31, 2019, excluding assets held for sale and related liabilities

1) The 2019 Annual General Meeting resolved to implement a new long-term incentive program, LTI 2019, and to issue a maximum of 1,260,000 warrants. The program comprises two series of warrants. Series 1 entitles the warrant holder to subscribe for one Tobii AB share at a price of SEK 41.70 during a fixed period in 2022/2023. There is a total of 652,582 warrants outstanding in this series. Series 2 entitles the warrant holder to subscribe for one Tobii AB share at a price of SEK 34.80 during a fixed period in 2020/2029. There is a total of 365,750 warrants outstanding in this series. On December 31, 2019, a total of 3.9 million warrants were outstanding, which is an increase of 1.0 million since the end of 2018 because of the issuance of warrants within the framework of LTI 2019. The dilution effect of warrants in all of the Company's incentive programs and maximum issuance under LTI 2019 corresponds to a maximum of approximately 3.9%.

2) Other operating income of SEK 12 million relates to the reversal of the contingent consideration recognized during the first half of 2018.

## QUARTERLY DATA PER DIVISION AND FOR THE GROUP

DATA PRESENTED IS FOR CONTINUING OPERATIONS, UNLESS OTHERWISE STATED

|  | 2017  |       |       |       | 2018  |       |       |       | 2019  |       |       |       |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|  | Q1    | Q2    | Q3    | Q4    | Q1    | Q2    | Q3    | Q4    | Q1    | Q2    | Q3    | Q4    |
| REVENUE, SEK m   |       |       |       |       |       |       |       |       |       |       |       |       |
| Tobii Dynavox  | 180.2 | 184.0 | 156.2 | 187.9 | 175.1 | 198.9 | 206.6 | 217.0 | 215.1 | 221.2 | 219.1 | 250.8 |
| Tobii Pro  | 60.7  | 66.2  | 80.0  | 97.2  | 97.5  | 91.8  | 87.9  | 119.5 | 115.1 | 93.1  | 103.3 | 131.4 |
| Tobii Tech*  | 29.1  | 29.4  | 25.2  | 37.0  | 36.5  | 31.6  | 33.9  | 47.8  | 49.5  | 49.4  | 48.6  | 74.1  |
| Eliminations and other   | -11.1 | -15.2 | -11.8 | -16.0 | -15.2 | -15.7 | -15.4 | -19.9 | -17.1 | -17.6 | -11.5 | -23.4 |
| The Group  | 258.9 | 264.3 | 249.5 | 306.2 | 293.9 | 306.5 | 312.9 | 364.5 | 362.7 | 346.2 | 359.5 | 432.9 |
| *) Of which revenue from sales to Tobii Dynavox och Tobii Pro        | 11.1  | 15.2  | 11.8  | 16.0  | 15.2  | 15.7  | 15.4  | 19.9  | 17.1  | 17.6  | 11.5  | 23.4  |
| GROSS MARGIN, %  |       |       |       |       |       |       |       |       |       |       |       |       |
| Tobii Dynavox  | 69.2  | 68.5  | 70.5  | 66.2  | 67.9  | 66.8  | 67.6  | 66.0  | 63.4  | 67.3  | 67.6  | 63.9  |
| Tobii Pro  | 75.4  | 72.8  | 76.0  | 72.9  | 74.4  | 72.5  | 75.8  | 76.4  | 76.0  | 71.8  | 75.8  | 76.3  |
| Tobii Tech   | 41.4  | 43.3  | 46.5  | 43.0  | 41.7  | 50.0  | 50.3  | 46.4  | 44.3  | 46.9  | 44.9  | 51.4  |
| The Group  | 70.5  | 70.7  | 73.2  | 68.9  | 70.3  | 70.2  | 71.4  | 70.5  | 67.8  | 69.5  | 68.8  | 68.8  |
| EBITDA, SEK  |       |       |       |       |       |       |       |       |       |       |       |       |
| Tobii Dynavox  | 32.3  | 33.8  | 24.3  | 44.9  | 31.1  | 38.9  | 34.8  | 33.1  | 35.4  | 42.1  | 45.8  | 46.2  |
| Tobii Pro <sup>2</sup>   | 7.8   | 8.1   | 20.2  | 29.4  | 38.7  | 14.3  | 15.7  | 32.2  | 30.0  | 6.3   | 22.1  | 32.8  |
| Tobii Tech   | -66.4 | -77.7 | -57.4 | -51.6 | -57.4 | -73.0 | -72.5 | -64.3 | -70.0 | -65.5 | -65.3 | -59.4 |
| Eliminations and other <sup>1</sup>                                  | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   | 8.3   | 9.2   | 5.8   | 8.5   |
| The Group <sup>1</sup>   | -26.3 | -35.9 | -12.8 | 22.7  | 12.5  | -19.8 | -22.0 | 1.1   | 3.6   | -7.9  | 8.4   | 28.2  |
| EBIT, SEK m  |       |       |       |       |       |       |       |       |       |       |       |       |
| Tobii Dynavox  | 17.5  | 17.8  | 8.6   | 29.7  | 14.2  | 21.6  | 18.0  | 17.1  | 17.2  | 24.9  | 29.8  | 27.6  |
| Tobii Pro  | -0.1  | -1.8  | 9.1   | 18.6  | 15.3  | 1.4   | 4.2   | 24.0  | 23.0  | -2.5  | 13.1  | 20.2  |
| Tobii Tech   | -75.8 | -87.1 | -66.9 | -60.9 | -66.5 | -82.5 | -81.9 | -73.8 | -79.6 | -71.6 | -73.0 | -69.5 |
| Eliminations and other <sup>1</sup>                                  | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   | 1.0   | 1.8   | -1.5  | 1.1   |
| The Group <sup>1</sup>   | -58.4 | -71.1 | -49.2 | -12.6 | -37.0 | -59.5 | -59.6 | -32.7 | -38.3 | -47.5 | -31.6 | -20.6 |
| OPERATING MARGIN, %  |       |       |       |       |       |       |       |       |       |       |       |       |
| Tobii Dynavox  | 9.7   | 9.6   | 5.5   | 15.8  | 8.1   | 10.8  | 8.7   | 7.9   | 8.0   | 11.3  | 13.6  | 11.0  |
| Tobii Pro  | -0.2  | -2.7  | 11.3  | 19.1  | 15.7  | 1.6   | 4.8   | 20.1  | 20.0  | -2.7  | 12.7  | 15.4  |
| Tobii Tech   | -     | -     | -     | -     | -     | -     | -     | -     | -     | -     | -     | -     |
| The Group  | -22.6 | -26.9 | -19.7 | -4.1  | -12.6 | -19.4 | -19.1 | -9.0  | -10.6 | -13.7 | -8.8  | -4.8  |
| PROFIT/LOSS BEFORE TAX, SEK m  |       |       |       |       |       |       |       |       |       |       |       |       |
| The Group  | -64.9 | -89.6 | -63.1 | -7.4  | -30.4 | -40.9 | -63.6 | -29.1 | -31.5 | -55.9 | -26.6 | -36.3 |
| PROFIT/LOSS FOR THE PERIOD, INCLUDING DISCONTINUED OPERATIONS, SEK m |       |       |       |       |       |       |       |       |       |       |       |       |
| The Group  | -57.2 | -73.0 | -53.6 | -8.1  | -31.6 | -40.7 | -68.2 | -33.8 | -32.6 | -58.6 | -31.5 | -48.6 |

1) IFRS 16 Leasing is applied from 2019. The effect is reported on Consolidated Group level only and not allocated on Divisions.

## The Parent Company

The Group's Parent Company, Tobii AB (publ), primarily focuses on Group-wide services such as over-arching management, business and funding, legal affairs and IT. The focus of the business has changed as a result of internal restructuring implemented on January 1, 2019. Through business transfers, the operational activities previously carried out directly by Tobii AB were transferred to three new subsidiaries that are wholly owned by Tobii AB. The change entails adapting the legal corporate structure to the operational structure of the Group. The transfer of business has not entailed any profit or loss for the Parent Company. As a result of the transfer, the Parent Company's receivables from subsidiaries increased by approximately SEK 500 million. As a result of the change, the number of employees in the Parent Company dropped from 400 to about 100 people.

On February 14, 2019, Tobii announced the issuance of three-year senior covered bonds of SEK 300 million within a loan facility of SEK 600 million with maturity in February 2022. The Parent Company Tobii AB is the issuer of the bond loan. The interest rate for the bond loan was set at 3 months STIBOR + 575 basis points. The debt financing existing at year-end 2018 has been settled. The remaining bond liquidity will be used to finance future acquisitions and for general business purposes. The bonds issued in accordance with the Bond Loan are secured by collateral in shares in current and future material subsidiaries and certain intra-Group loans. On March 19, 2019, a bond prospectus was published in conjunction with the application for listing of the issued bonds on Nasdaq Stockholm.

The Parent Company's revenue during the fourth quarter totaled SEK 63 million (245) and the operating profit/loss was SEK 1 million (-67). Revenue for the full year amounted to SEK 147 million (894) and operating loss to SEK -3 million (-251). At the end of the period, the Parent Company had SEK 57 million (92) in cash and cash equivalents.

### CONDENSED PARENT COMPANY INCOME STATEMENT

| SEK m   | Q4<br>2019  | Q4<br>2018   | Full year<br>2019 | Full year<br>2018 |
|---|-------------|--------------|-------------------|-------------------|
| <b>Revenue</b>                                | <b>62.9</b> | <b>245.0</b> | <b>147.0</b>      | <b>849.4</b>      |
| Cost of goods and services sold               | -26.4       | -113.6       | -43.8             | -374.0            |
| <b>Gross profit</b>                           | <b>36.5</b> | <b>131.4</b> | <b>103.2</b>      | <b>475.4</b>      |
| Selling expenses                              | -0.0        | -57.2        | 0.7               | -206.3            |
| Research and development expenses             | -1.0        | -102.9       | -2.1              | -415.1            |
| Administrative expenses                       | -34.1       | -42.2        | -104.8            | -131.6            |
| Other operating income and operating expenses | -0.8        | 3.7          | 0.6               | 26.4              |
| <b>Operating profit/loss</b>                  | <b>0.7</b>  | <b>-67.1</b> | <b>-2.5</b>       | <b>-251.3</b>     |
| Financial items                               | -5.0        | 9.0          | -16.8             | 42.6              |
| Group Contributions                           | 88.1        | -            | 88.1              | -                 |
| <b>Profit/loss before tax</b>                 | <b>84.1</b> | <b>-58.1</b> | <b>69.1</b>       | <b>-208.6</b>     |
| Tax   | 0.1         | 0.0          | 0.4               | -4.2              |
| <b>Profit/loss after tax</b>                  | <b>84.2</b> | <b>-60.3</b> | <b>69.5</b>       | <b>-212.8</b>     |
| Depreciation and amortization, total          | -1.1        | -39.0        | -4.2              | -152.8            |

## CONDENSED PARENT COMPANY BALANCE SHEET

| SEK m                                | Dec 31<br>2019 | Dec 31<br>2018 |
|--------------------------------------|----------------|----------------|
| <b>NON-CURRENT ASSETS</b>            |                |                |
| Intangible assets                    | 40.2           | 434.5          |
| Tangible fixed assets                | 8.7            | 5.0            |
| Financial assets                     | 1,399.7        | 671.8          |
| <b>Total non-current assets</b>      | <b>1,448.7</b> | <b>1,111.3</b> |
| <b>CURRENT ASSETS</b>                |                |                |
| Accounts receivable                  | 19.7           | 99.8           |
| Inventories                          | 0.1            | 36.7           |
| Other current receivables            | 154.7          | 83.1           |
| Cash and bank balances               | 56.9           | 92.0           |
| <b>Total current assets</b>          | <b>231.3</b>   | <b>311.6</b>   |
| <b>Total assets</b>                  | <b>1,680.0</b> | <b>1,422.9</b> |
| <b>SHAREHOLDERS' EQUITY</b>          |                |                |
| <b>1,227.4</b> <b>1,149.9</b>        |                |                |
| <b>NON-CURRENT LIABILITIES</b>       |                |                |
| Interest-bearing liabilities         | 329.9          | 5.1            |
| Other non-current liabilities        | 9.9            | 23.8           |
| <b>Total non-current liabilities</b> | <b>339.7</b>   | <b>29.0</b>    |
| <b>CURRENT LIABILITIES</b>           |                |                |
| Other current liabilities            | 112.9          | 244.0          |
| <b>Total current liabilities</b>     | <b>112.9</b>   | <b>244.0</b>   |
| <b>Total liabilities</b>             | <b>452.6</b>   | <b>272.9</b>   |
| <b>Total equity and liabilities</b>  | <b>1,680.0</b> | <b>1,422.9</b> |

# Notes

## Note 1. Accounting principles

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, with the exception of the application of new standards as described above.

### NEW ACCOUNTING PRINCIPLES

IFRS 16 for leases went into effect from January 1, 2019. The standard replaces IAS 17 Leases and eliminates the classification of leases as either an operating or finance lease for the lessee. Instead, IFRS 16 introduces a common model for recognition of all leases.

For the transition to IFRS 16 on January 1, 2019 Tobii has applied IFRS 16 according to the simplified transition approach, which means that the 2018 financial year is not restated, but the accumulated effect of the transition is recognized as an opening balance adjustment. The lease liability is the sum of the present value of all future payments until the lease expires. The practical expedient to set the right of use asset (before adjustments for any prepayments) equal to the lease liability has been applied for the transition. The discount rate is the Tobii Group's incremental borrowing rate with consideration taken to the maturity of the lease.

Tobii applies practical solutions that are permitted at the first application of IFRS 16 according to the following:

No reassessment has been carried out regarding whether a contract is, or contains, a lease at the date of transition to IFRS 16. This means that the standard is applied to all contracts of higher value that were identified as leases under IAS 17 and IFRIC 4. The practical expedient for definition of a lease has been applied, which means that all components within a lease have been considered as a lease component.

Operating leases with a remaining lease term of less than 12 months as at January 1, 2019, will be accounted for as short-term leases, which means they will not be recognized on the balance sheet at transition.

The short-term lease exception and the asset of low value exception have also been applied.

The opening balance of the right-of-use assets is about SEK 121 million and the opening balance of the lease liability is about SEK 116 million for current leases. The difference between the opening balance for assets and liabilities is prepaid lease payments.

The largest asset classes for the leases are offices and cars.

## Note 2. Business combinations

During the second quarter of 2019, in conjunction with the opening of a new office in Santiago, Chile, Tobii acquired certain assets from the previous reseller Eye on Media, whose staff has joined Tobii as

employees. The total consideration amounts to SEK 2.8 million, consisting of SEK 0.8 million in cash payment, forgiveness of certain receivables and a contingent consideration.

During the first quarter of 2018, Tobii acquired all shares in the British companies Acuity ETS Ltd and Acuity Intelligence Ltd as part of an initiative aimed at strengthening Tobii Pro by enabling direct sales of products and services in the UK.

On October 1, 2018, Tobii acquired all shares in Smartbox Assistive Technology Ltd and Sensory Software International Ltd, both of which are based in the UK. The acquisition was intended to complement the Tobii Dynavox product portfolio, strengthen its sales presence in important geographic markets and accelerate the rate of innovation. The British competition regulator CMA conducted an investigation of the effects of the acquisition and in August 2019 announced that Tobii would be required to divest Smartbox. Tobii appealed the CMA decision but has also initiated the sales process.

## Note 3. Financial Instruments

| SEK m  | Dec 31 2019     |            | Dec 31 2018     |            |
|--|-----------------|------------|-----------------|------------|
|  | Carrying amount | Fair value | Carrying amount | Fair value |
| <b>Financial liabilities measured at amortized cost for which fair value is disclosed for information purposes</b> |                 |            |                 |            |
| Bond issue   | 294.1           | 300.0      | -               | -          |
| <b>Financial liabilities measured at fair value</b>  |                 |            |                 |            |
| Contingent considerations  | 13.6            | 13.6       | 15.0            | 15.0       |

Fair value for interest-bearing loans is calculated for disclosure purposes by discounting future cash flows at the current interest rate for the remaining maturity.

The Group classifies financial assets and liabilities measured at fair value in a fair value hierarchy based on the information used in the valuation of each asset or liability. For financial instruments in level 3, information that is material to the fair value of the asset or liability is not observable and the Group's own assessments are applied. Both interest-bearing loans and liabilities for contingent considerations are classified under level 3.

The contingent consideration in conjunction with the Acuity acquisition in February 2018 is valued at a fair value of SEK 2.9 million as of December 31, 2019 after changes in the third quarter based on a payment of SEK 0.6 million and dissolution of SEK 2.6 million recognized as other operating income in the third quarter, since grounds for payment are no longer present. The conditional consideration for Smartbox Assistive Technology Ltd is measured at a fair value of

SEK 9.8 million. The table below shows the change in fair value of the item during the period.

#### Change in contingent consideration

| SEK m  | Dec 31<br>2019 |
|--|----------------|
| Opening balance January 1, 2019                                | 15.0           |
| Acquisitions during the year                                   | 0.9            |
| Payments   | -0.6           |
| Change in fair value reported as other operational income/loss | -2.6           |
| Translation differences  | 0.9            |
| Closing balance December 31, 2019                              | 13.6           |

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

#### IMPAIRMENT OF GOODWILL

Impairment testing for goodwill was carried out at the end of the 2019 financial year, without any need for impairment being identified.

The impairment testing for goodwill carried out in the first quarter of 2018, related to the Sticky acquisition, resulted in an impairment charge of SEK 12 million. The impairment charge was the result of a new assessment of the future cash flows of the cash-generating unit and was carried out by using a discount rate of 10%, which was relevant for this cash-generating unit.

### Note 4. Pledged assets and contingent liabilities

On February 14, 2019, Tobii announced the issuance of three-year senior covered bonds of SEK 300 million within a loan facility of SEK 600 million with maturity in February 2022. The Parent Company Tobii AB is the issuer of the bond loan. The bonds issued in accordance with the Bond Loan are secured by collateral in shares in Tobii Dynavox AB, Tobii Pro AB and Tobii Tech AB.

### 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 2018 Annual Report. 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, since not all companies calculate financial measures in the same way. The key ratios and alternative performance measures that Tobii uses are defined on page 111 of the 2018 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  | Q4<br>2019   | Q4<br>2018   | Full<br>year<br>2019 | Full<br>year<br>2018 |
|--|--------------|--------------|----------------------|----------------------|
| Operating profit/loss before depreciation, amortization and impairment, (EBITDA) | 28.2         | 1.1          | 32.3                 | -28.2                |
| Amortization and impairment  | -36.3        | -28.7        | -123.6               | -139.8               |
| Depreciation   | -12.5        | -5.1         | -46.8                | -20.8                |
| <i>of which Right-of-use assets (IFRS 16 Leasing)</i>                            | -7.0         | -            | -28.0                | -                    |
| <b>Operating profit/loss (EBIT)</b>  | <b>-20.6</b> | <b>-32.7</b> | <b>-138.1</b>        | <b>-188.8</b>        |

Danderyd, February 6, 2020

**Kent Sander**  
Chairman of the Board

**Heli Arantola**  
Board member

**Nils Bernhard**  
Board member

**Mårten Skogö**  
Board member

**Charlotta Falvin**  
Board member

**Åsa Hedin**  
Board member

**Jan Wäreby**  
Board member

**Jörgen Lantto**  
Board member

**Henrik Eskilsson**  
CEO

This report has not been reviewed by the Company's auditors.

*This information is inside 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, at 07.30 a.m. CET on February 6, 2020.*

Contact person: Ola Elmeland, Investor Relations  
email: [investor.relations@tobii.com](mailto:investor.relations@tobii.com), phone: +46 (0) 734 409 862

This is a translation of the Swedish original. In case of any inconsistency between the Swedish and English version, the Swedish version shall prevail.

## Information to shareholders

### TELECONFERENCE AND PRESENTATION

A conference call and online presentation will be held in English today at 1:00 p.m. (CEST). See [tobii.com](http://tobii.com) for conference details. The slides from the presentation will be available for download from the website afterwards.

### CONTACT DETAILS

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### FINANCIAL CALENDAR

|                              |                 |
|------------------------------|-----------------|
| Annual Report 2019           | April 15, 2020  |
| Interim Report Q1, 2020      | April 29, 2020  |
| Annual General Meeting, 2020 | May 12, 2020    |
| Interim report Q2, 2020      | August 19, 2020 |