

Year-end Report

January–December 2015

Tobii AB (publ)

Strong finish to the year

October – December

- The Group's sales totaled SEK 287 million (207), an increase of 39%. Adjusted for currency effects, the increase was 29%. SEK 23 million of sales was related to a one-off effect of the Steve Gleason Act.
- Gross margin was 76% (72%).
- The Group's operating loss amounted to SEK -3 million (-13).
- The combined operating profit for Tobii Dynavox and Tobii Pro totaled SEK 56 million (34) while the Group's operating result was negatively impacted by SEK -59 million (-44) for investments in Tobii Tech.
- Earnings per share was SEK -0.08 (-0.12).

January – December

- The Group's sales totaled SEK 967 million (621), an increase of 56%. Adjusted for currency effects, the increase was 41% and was related to the Dynavox acquisition and organic growth.
- Gross margin was 75% (71%).
- The Group's operating loss amounted to SEK -36 million (-69).
- The combined operating profit for Tobii Dynavox and Tobii Pro totaled SEK 140 million (55) while the Group's operating result was negatively impacted by SEK -176 million (-122) for investments in Tobii Tech.
- Earnings per share was SEK -0.30 (-0.82).

SEK m (except for earnings per share)	Fourth quarter			Full Year		
	2015	2014	Change	2015	2014	Change
Net Sales						
- Tobii Dynavox	218.8	142.5	54%	740.3	441.7	68%
- Tobii Pro	64.6	60.8	6%	209.5	167.3	25%
- Tobii Tech	15.3	10.5	46%	58.6	36.6	60%
- Eliminations and other, net	-11.5	-6.9	n/m	-41.1	-25.0	n/m
Total	287.3	206.8	39%	967.3	620.6	56%
Operating profit/loss (EBIT)						
- Tobii Dynavox	44.8	19.7		119.0	41.9	
- Tobii Pro	10.8	13.6		21.2	12.9	
- Tobii Tech	-58.7	-44.4		-175.7	-121.6	
- Other	0.0	-2.2		-0.2	-2.0	
Total	-3.0	-13.3		-35.7	-68.9	
Adjusted operating profit/loss (adjusted EBIT)						
- Tobii Dynavox	44.8	20.3		122.5	54.2	
Total	-3.0	-9.8		-32.1	-53.7	
Earnings per share (SEK)	-0.08	-0.12		-0.30	-0.82	

A conference call will be held in English today at 10.00 (CET). Go to www.tobii.com to follow the conference online or for the phone number you need to participate. Images from the conference will be available for download from the website.

Comments from the CEO

2015 was an exciting year for Tobii. We launched many new products and product versions, and all business units took a number of important steps forward. The positive trend continued through the fourth quarter, and we increased the Group's year-over-year net sales by 29% adjusted for currency effects. Moreover, the Group showed a clear improvement in earnings within the Tobii Dynavox and Tobii Pro business units.

The Group's IPO in April 2015, was an important milestone for Tobii. We are very pleased with the strong interest shown in the new share issue, and the IPO has given us a completely new platform from which we can continue our development.

For **Tobii Dynavox**, integration of the Dynavox acquisition defined the year. We have successfully managed to create a robust, uniform product portfolio and sales organization, resulting in significant synergy effects which are evident in the business unit's operations and earnings.

The Steve Gleason Act, a new law that went into effect in the USA in October, had a significant impact on the quarter's net sales, mainly because Medicare has bought out communication devices that were previously on rental contracts. This had a positive one-off effect on sales in the amount of SEK 23 million – revenue that would have otherwise mostly been recognized in 2016.

Tobii Dynavox's fourth quarter sales rose by 43% adjusted for currency effects compared with 2014. Adjusted also for specific one-off effects from the Steve Gleason Act, the increase was 26%.

Through its products, Tobii Dynavox gives a steadily increasing number of people the ability to speak. We believe that communication is a human right that should also extend to those who require assistive technology to express themselves. To accomplish this, our wide-ranging strategy spans from higher investments in product development to a variety of marketing initiatives. These are aimed at boosting awareness and knowledge about our assistive technology among the general public, physicians, therapists and speech language pathologists.

For **Tobii Pro**, Glasses 2 was a great sales success in 2015, which we estimate has improved our market share in wearable eye tracking. Tobii Pro's fourth quarter sales rose by 6% adjusted for currency and order backlog effects compared with the same period last year.

Throughout the year, Tobii Pro increased its R&D investments primarily in screen-based eye tracking and new and improved analytics software for a more effective use of eyetracking when conducting research. We also continued to invest in the Glasses 2 product family

to further strengthen our position and create sales opportunities in more segments.

Tobii Tech continues as planned to invest in technology development and marketing activities to realize future volume markets for eye tracking in products such as computer gaming, mainstream computers and virtual reality. A strong focus is on collaborations with game studios to further stimulate development of games that use eye tracking.

In October, Tobii Tech presented the IS4 platform and Tobii EyeChip, the world's first ASIC (application-specific integrated chip) for eye tracking. Combined, they represent an important technology shift because they have been designed to be integrated into computers, albeit in early premium segments.

Microsoft validated Tobii's eye-tracking sensor for Windows Hello and login through facial recognition. Tobii can thereby offer computer manufacturers a sensor that supports both facial recognition and eye-tracking functionality at a lower combined cost.

At the technology tradeshow CES in January 2016, Tobii and computer manufacturer MSI presented the world's first gaming notebook with integrated eye-tracking technology – MSI GT72 Tobii. Tobii also announced that two major game titles from Ubisoft – Tom Clancy's The Division and Assassin's Creed Syndicate – will have integrated support for eye tracking.

These are important steps forward for Tobii Tech, but we are still in the early phase of developing a potential market for eye tracking in computer gaming. For example, many more games that integrate support for eye tracking are needed before we can realize greater sales volumes.

Looking back over the year, I am very pleased with the achievements made by the business units. Tobii Dynavox has a successful integration process behind it and has shown healthy organic growth as well as significantly improved profitability. Tobii Pro has strengthened its market-leading position with new products, expanded its consulting services and is growing profitably. Tobii Tech, together with computer manufacturers and game developers, has taken several important steps to eventually establish eye tracking wide-scale in computers, computer gaming, VR and other exciting areas. All in all, an impressive accomplishment by the entire organization.

Danderyd, February 16, 2016

Henrik Eskilsson

The Group: October – December 2015

Sales

The Group's net sales for the fourth quarter rose year-over-year by 39%, to SEK 287 million (207). Adjusted for currency effects of 29%. SEK 23 million of the increase was attributed to a one-off effect of the Steve Gleason Act because Medicare has bought out communication devices that were previously rental units.

During the fourth quarter 2015, the North American market accounted for 66% (59%) of the Group's sales, the European market for 21% (26%), and the rest of the world for 13% (15%).

Earnings

The Group's gross margin improved to 76% (72%) through positive margin growth in Tobii Dynavox and Tobii Pro.

The operating loss for the Group was SEK -3 million (-13) and operating margin improved to -1% (-6%). The improvement was due to an increase in net sales and higher gross margins in Tobii Dynavox and Tobii Pro, achieved despite considerably higher net R&D expenses within all three business units.

The combined operating profit from Tobii Dynavox and Tobii Pro improved by SEK 22 million to SEK 56 million. Meanwhile, Tobii Tech's operating loss changed by SEK -14 million to SEK -59 million (-44).

The Group's total R&D expenditures amounted to SEK 69 million (65), of which SEK 13 million (30) or 19% (46%) were capitalized in the balance sheet, while R&D amortization rose by SEK 4 million to SEK 28 million (24). Consequently, net R&D expenses amounted to SEK 84 million (59).

Operating profit before depreciation and amortization (EBITDA) was SEK 30 million (16), and adjusted operating profit before depreciation and amortization was SEK 30 million (17), yielding an EBITDA margin of 11% (8%).

Pretax loss was SEK -4 million compared with SEK -6 million for the fourth quarter 2014. Net financial items totaled SEK -1 million for the quarter compared with SEK 7 million in the fourth quarter 2014, primarily as a result of currency effects.

Net loss was SEK -7 million (-8) and earnings per share was SEK -0.08 compared with SEK -0.12 in the fourth quarter 2014. The average number of shares outstanding rose by 21 million or 31% to 88 million through the new share issue.

Cash flow, liquidity and financial position

Cash flow after continuous investments was SEK 7 million (-45). Operations generated a positive cash flow of SEK 27 million (-4), a net improvement of SEK 31 million, primarily due to better earnings before depreciation/amortization from Tobii Pro and Tobii Dynavox of SEK 32 million, which more than adequately compensated for lower earnings in the amount of SEK 20 million from Tobii Tech. Continuous investments amounted to SEK 20 million, of which SEK 13 million refers to capitalization of R&D.

At the close of the quarter, the Group had SEK 371 million (-15) in net cash, and SEK 170 million (108) in unutilized overdraft facilities.

Employees

The number of employees at period-end was 612, an increase of 42 employees compared with the corresponding period last year.

Events after the close of the period

At the technology tradeshow CES in January 2016, MSI presented the world's first gaming notebook with integrated eye tracking— MSI GT72 Tobii. Tobii also announced that two major game titles from Ubisoft – Tom Clancy's The Division and Assassin's Creed Syndicate – will have integrated support for eye tracking.

The Group: January – December 2015

Sales

The Group's net sales for the full year 2015 rose year-over-year by 56%, to SEK 967 million (621). Adjusted for currency effects, the increase was 41%. The growth was primarily due to the Dynavox acquisition in May 2014, which affects comparability during the year's first five months, but also to organic growth in all business units.

During the period, the North American market accounted for 64% (55%) of the Group's sales, the European market for 23% (31%), and the rest of the world for 13% (14%).

Earnings

For the full year 2015, the Group's gross margin improved to 75% (71%). The improved margin was attributed mainly to higher sales, new products with higher gross margins, a greater proportion of direct sales in Tobii Dynavox, and currency effects.

The operating loss for the Group was SEK -36 million (-69) and operating margin improved to -4% (-11%). The improvement is explained primarily by the sales increase in Tobii Dynavox and Tobii Pro, better gross margins, the one-off effect of the Steve Gleason Act, and synergies stemming from the Dynavox acquisition. In 2015, the operating result was charged with SEK 4 million in restructuring costs, while the full year 2014 was charged with SEK 15 million in acquisition-related costs, restructuring costs and IPO-related costs. Adjusted for these items affecting comparability, the operating result improved by SEK 22 million to a loss of SEK -32 million (-54).

The adjusted operating profit from Tobii Dynavox and Tobii Pro improved by SEK 77 million to SEK 144 million. Meanwhile, Tobii Tech's operating loss changed by SEK -54 million to SEK -176 million (-122).

The Group's total R&D expenditures rose by SEK 63 million to 267 MSEK (204), of which SEK 90 million

(94) or 34% (47%) was capitalized in the balance sheet, while R&D amortization rose by SEK 30 million to SEK 88 million (59). Consequently, net R&D expenses rose to SEK 265 million (170), corresponding to 27% (27%) of net sales.

Operating profit before depreciation and amortization (EBITDA) was SEK 81 million (6), and adjusted operating profit before depreciation and amortization improved SEK 64 million to SEK 85 million (21), yielding an EBITDA margin of 8% (1%) and an adjusted EBITDA margin of 9% (3%).

Pretax loss was SEK -27 million compared with SEK -54 million during the same period 2014. Net financial items amounted to SEK 8 million (15).

Net loss was SEK -25 million (-51) and earnings per share was SEK -0.30 compared with SEK -0.82 in 2014. The average number of shares outstanding during the year was 82 million, and the number of shares at period-end was 88 million.

Cash flow, liquidity and financial position

Cash flow after continuous investments was SEK -41 million (-118), an improvement of SEK 77 million. Operations generated a positive cash flow of SEK 80 million (-1), mostly due to the improved operating profit of Tobii Pro and Tobii Dynavox. Continuous investments rose by SEK 4 million to SEK 121 million, of which SEK 90 million refers to capitalization of R&D in the balance sheet.

Through the listing on Nasdaq Stockholm in April 2015 the company received SEK 429 million after issue costs. Since the start of the year, SEK 142 million has been used to repay bank loans.

At the close of the period, the Group had SEK 371 million (-15) in net cash, and SEK 170 million (108) in unutilized overdraft facilities.

Consolidated key ratios

	Fourth quarter		Full Year	
	2015	2014	2015	2014
Earnings per share, SEK	-0.08	-0.12	-0.30	-0.82
Earnings per share, diluted ¹ , SEK	-0.08	-0.12	-0.30	-0.82
Equity per share, SEK	9.1	5.6	9.1	5.6
EBITDA, SEK m	30.3	16.1	81.1	5.6
EBIT, SEK m	-3.0	-13.3	-35.7	-68.9
Cash flow after continuous investments, SEK m	6.9	-45.0	-40.7	-117.7
Working capital, ² SEK m	22.9	18.7	22.9	18.7
Total assets ³ , SEK m	1 035.4	752.9	1 035.4	752.9
Net cash (+)/net debt (-), SEK m	370.9	-15.1	370.9	-15.1
Equity, SEK m	793.8	389.0	793.8	389.0
Equity/assets ratio ⁴ , %	76.7	51.7	76.7	51.7
Net debt/equity, %	neg	3.9	neg	3.9
Gross margin, %	76.4	72.5	74.8	70.8
EBITDA margin, %	10.6	7.8	8.4	0.9
Operating margin, %	-1.0	-6.4	-3.7	-11.1
Return on total equity, %	-0.9	-2.2	-3.6	-17.2
Average number of outstanding shares, million	87.6	66.7	81.8	62.0
Average number of outstanding shares after dilution, million	90.9	69.0	85.1	64.0
Number of outstanding shares at period-end, million	87.6	68.9	87.6	68.9
Number of outstanding shares after dilution at period-end, million	90.9	72.0	90.9	72.0
Average number of employees	611	570	584	467

1) The Annual General Meeting of the company's shareholders has authorized the Board of Directors to issue 3.3 million share warrants, 3.0 million of which have been issued. On December 31, 2015, 3.0 million of the share warrants issued were still outstanding. There is no dilutive effect since net income is negative for all periods.

2) Working capital is adjusted compared to previously reported amounts of SEK 26.6 million, due to adjustments made to the Purchase Price Allocation for the acquisition in May 2014 of DynaVox Systems LLC. The final valuation of the acquired assets and liabilities related to the DynaVox Systems LLC acquisition resulted in changes to the provisional values reported for December 31, 2014.

3) Total assets is adjusted compared to previously reported amounts of SEK 745.0 million, due to adjustments made to the Purchase Price Allocation for the acquisition in May 2014 of DynaVox Systems LLC. The final valuation of the acquired assets and liabilities related to the DynaVox Systems LLC acquisition resulted in changes to the provisional values reported for December 31, 2014.

4) Equity/assets ratio is adjusted compared to previously reported 52.2% due to adjustments made to the Purchase Price Allocation for the acquisition in May 2014 of DynaVox Systems LLC. The final valuation of the acquired assets and liabilities related to the DynaVox Systems LLC acquisition resulted in changes to the provisional values reported for December 31, 2014.

Earnings per share

Net profit/loss for the period attributable to the Parent Company shareholders, divided by the average number of outstanding shares during the period.

Diluted earnings per share

Net profit/loss for the period attributable to the Parent Company shareholders, divided by the average number of shares for the period, adjusted for the dilution effect of all potential common stock.

Equity per share

Shareholders' equity at the period end attributable to the Parent Company's shareholders, divided by the number of shares at the period end.

EBITDA (Earnings before interest, taxes, depreciation and amortization)

Operating profit/loss before depreciation, amortization and write-downs.

Operating profit/loss (EBIT)

Operating profit/loss before financial income, expenses and taxes. Also known as EBIT – Earnings before interest and taxes.

Working capital

Inventories, accounts receivable, and other current receivables minus accounts payable and other non-interest-bearing liabilities.

Net cash/net debt

Cash and cash equivalents minus interest-bearing liabilities.

Shareholders' equity

Shareholders' equity at the period end.

Equity/assets ratio

Shareholders' equity as a percentage of the Balance Sheet total.

Debt/equity ratio

Interest-bearing liabilities divided by shareholders' equity.

Gross margin

Gross profit relative to the operations' net sales.

EBITDA margin

Operating profit/loss before depreciation relative to the operations' net sales.

Operating margin

Operating profit relative to the operations' net sales.

Return on equity

Profit after tax, relative to the average shareholders' equity during the period.

Average number of employees

Average number of full time employees during the period, including part-time employees recalculated as full-time positions.

n/m = not meaningful

Tobii Dynavox

SEK m	Fourth quarter		Full Year	
	2015	2014	2015	2014
Net sales	218.8	142.5	740.3	441.7
Gross margin	74%	70%	73%	68%
EBITDA	60.6	31.1	182.1	74.4
EBITDA margin	28%	22%	25%	17%
Operating profit/loss (EBIT)	44.8	19.7	119.0	41.9
EBIT margin	20%	14%	16%	9%

October – December

Sales

Net sales for the fourth quarter rose year-over-year by SEK 76 million, or 54%, to SEK 219 million (143). Adjusted for currency effects, the increase was 43%. SEK 23 million of the increase was attributed to a one-off effect of the Steve Gleason Act primarily because Medicare bought out communication devices that were previously rental units. Adjusted also for this effect, sales rose by 26%. Sales improved in both North America and Europe, and demand increased for both touchscreen-based and eye tracking-based communication devices.

Earnings

Gross margin improved to 74% (70%), primarily through a greater proportion of direct sales and synergies from the Dynavox acquisition.

Operating profit more than doubled to SEK 45 million (20) and the operating margin increased to 20% (14%), mainly through the one-off effect of the Steve Gleason Act that contributed some SEK 15 million in earnings effect. Organic growth, improved gross margin and synergies from the Dynavox acquisition also contributed favorably. Currency effects had no significant impact on the business unit's operating margin.

Total R&D expenditures rose by SEK 7 million to SEK 24 million (17), of which SEK 8 million (8) or 32% (45%) were capitalized in the balance sheet, while R&D amortization rose by SEK 5 million to SEK 12 million (7). Consequently, net R&D expenses amounted to SEK 28 million (17). The business unit invests in R&D to improve existing products and develop completely new ones for both current and new segments.

Operating profit before depreciation and amortization (EBITDA) amounted to SEK 61 million (31) and the EBITDA margin climbed to 28% (22%), mainly through the one-off effect of the Steve Gleason Act.

January – December

Sales

Net sales for the full year 2015 rose year-over-year by 68%, to SEK 740 million (442). Adjusted for currency effects, the increase was 51%. This improvement was mainly due to the fact that the Dynavox acquisition was only included for seven months in 2014, the one-off effect of the Steve Gleason Act, synergies of the Dynavox acquisition in 2015, and organic growth.

Earnings

Gross margin improved by 5 percentage points to 73% (68%), primarily through a greater proportion of direct sales and increased production efficiency.

Total R&D expenditures rose by SEK 37 million to SEK 91 million (54), of which SEK 38 million (24) or 42% (45%) were capitalized in the balance sheet, while R&D amortization rose by SEK 18 million to SEK 39 million (21). Consequently, net R&D expenses amounted to SEK 92 million (51).

Operating profit rose to SEK 119 million (42) and operating margin to 16% (9%). Of this increase, some SEK 15 million was due to the one-off effect of the Steve Gleason Act. Adjusted operating profit improved to SEK 123 million (54) and adjusted operating margin to 17% (12%). Operating profit before depreciation and amortization (EBITDA) rose to SEK 182 million (74) and adjusted EBITDA margin to 25% (17%).

Tobii Dynavox is the global leader in assistive technology for those with communication and mobility impairments. Tobii Dynavox develops and sells products that substantially improve the users' ability to communicate. These products include specially developed computers, eye-tracking hardware and a variety of software.

Tobii Dynavox accounts for three quarters of the Group's sales. DynaVox Systems LLC was acquired in May 2014 ("the Dynavox acquisition"), which almost doubled the business unit's net sales.

Tobii Pro

SEK m	Fourth quarter		Full Year	
	2015	2014	2015	2014
Net sales	64.6	60.8	209.5	167.3
Gross margin	78%	74%	75%	72%
EBITDA	19.5	16.7	44.3	23.6
EBITDA margin	30%	27%	21%	14%
Operating profit/loss (EBIT)	10.8	13.6	21.2	12.9
EBIT margin	17%	22%	10%	8%

October – December

Sales

Net sales for the fourth quarter rose year-over-year by 6%, to SEK 65 million (61). Currency effects had a favorable impact in the amount of SEK 5 million, while the effect of order backlog had a negative impact in the amount of SEK 5 million. Net sales for the fourth quarter in 2014 was largely attributed to deliveries on the back of the extraordinary order backlog that arose with the placement of orders for Glasses 2 in the second and third quarters, while deliveries started in the fourth quarter. Adjusted for both currency and order backlog effects, growth was 6%. New products such as Glasses 2 and X3-120 contributed favorably to sales.

Earnings

Gross margin improved to 78% (74%), primarily through increased production efficiency and currency effects.

Operating profit totaled SEK 11 million (14) and the operating margin declined 5 percentage points to 17% (22%). Lower capitalization and higher R&D amortization generated a negative year-over-year earnings effect of SEK -8 million. Consequently, the underlying profitability improved by SEK 5 million.

Total R&D expenditures amounted to SEK 13 million (12), of which SEK 6 million (8) or 46% (63%) were capitalized in the balance sheet, while R&D amortization rose by SEK 6 million to SEK 8 million (2). Net R&D expenses rose to SEK 15 million (7). Tobii Pro invests in the further development of existing products as well as in the development of new eye-tracking hardware and analytics software.

Operating profit before depreciation and amortization (EBITDA) rose to SEK 20 million (17) and adjusted EBITDA margin climbed 3 percentage points to 30%.

January – December

Sales

Net sales for the full year 2015 rose year-over-year by 25%, to SEK 209 million (167). Adjusted for currency effects, the increase was 13%. Adjusted also for order backlog effects, growth was 6%.

Earnings

Gross margin for the full year 2015 improved year-over-year to 75% (72%), primarily through increased production efficiency, currency effects and considerably lower unit costs for newly introduced products.

Operating profit totaled SEK 21 million (13) and the operating margin rose to 10% (8%), largely due to higher sales coupled with improved gross margins, and despite a negative impact on earnings caused by lower capitalization and higher R&D amortization.

For the full year, total R&D expenditures amounted to SEK 43 million (34), of which SEK 22 million (22) or 51% (65%) were capitalized in the balance sheet, while R&D amortization rose by SEK 13 million to SEK 20 million (7). Consequently, net R&D expenses increased to SEK 41 million (19).

Operating profit before depreciation and amortization (EBITDA) rose to SEK 44 million (24) and adjusted EBITDA margin rose to 21% (14%).

Other events

- Tobii Pro launched a new 100 Hz version of Glasses 2. With twice the sampling frequency (images per second) compared to the standard version, it enables researchers to collect more detailed data.

Tobii Pro is the world's leading provider of eye-tracking hardware and analytics software used for understanding human behavior. Over 2,000 companies and 1,500 academic institutions are Tobii Pro customers, including several large corporations such as Procter & Gamble, Ipsos and Microsoft, as well as all of the world's 50 top-ranked universities.

Tobii Pro accounts for approximately one fifth of the Group's sales.

Tobii Tech

SEK m	Fourth quarter		Full Year	
	2015	2014	2015	2014
Net sales	15.3	10.5	58.6	36.6
Gross margin	49%	37%	46%	45%
EBITDA	-49.8	-29.5	-145.2	-90.6
EBITDA margin	n/m	n/m	n/m	n/m
Operating profit/loss (EBIT)	-58.7	-44.4	-175.7	-121.6
EBIT margin	n/m	n/m	n/m	n/m

October – December

Sales

Net sales for the fourth quarter increased year-over-year by 46% to SEK 15 million (11). Adjusted for currency effects, the increase was 33%. Sales of eye-tracking platforms to Tobii Dynavox and Tobii Pro rose to SEK 12 million (9).

Earnings

Gross margin for the fourth quarter 2015 rose year-over-year to 49% from 37%.

Operating loss amounted to SEK -59 million (-44), mainly attributable to higher net R&D expenditures and more initiatives to encourage and to collaborate with game developers and game studios in the development of games that integrate eye tracking.

R&D expenditures totaled SEK 33 million (35). Tobii Tech's R&D organization grew steadily during the year and the quarter, while the fourth quarter 2014 was charged with substantial external expenses for the development of the IS4 platform. No capitalization of R&D was done in the fourth quarter, while SEK 14 million, or 40% of the total R&D expenditures, were capitalized in the balance sheet in the same period last year due to the substantial external costs. At the same time, R&D amortization decreased to SEK 9 million (15). Consequently, net R&D expenses rose to SEK 42 million (35).

Operating loss before depreciation and amortization (EBITDA) amounted to SEK -50 million (-30).

January – December

Sales

Net sales rose by 60% to SEK 59 million (37) compared with 2014. Adjusted for currency effects, the increase was 43%. Eye-tracking platform sales to Tobii Dynavox and Tobii Pro rose to SEK 41 million (29).

Earnings

Gross margin amounted to 46% compared with 45% for the full year 2014.

Operating loss amounted to SEK -176 million (-122). During the year, the business unit increased its R&D

expenditures, primarily for development of the next-generation eye-tracking platform IS4 and EyeChip, and for initiatives to fuel games development.

Total R&D expenditures amounted to SEK 132 million (117), of which SEK 30 million (48) or 23% (41%) were capitalized in the balance sheet, while R&D amortization amounted to SEK 29 million (30). Consequently, net R&D expenses rose to SEK 131 million (99).

Operating loss before depreciation and amortization (EBITDA) amounted to SEK -145 million (-91).

Other events

- Tobii Tech announced the IS4 platform and Tobii EyeChip, the world's first ASIC (application-specific integrated chip) for eye tracking.
- Microsoft validated Tobii's eye-tracking sensor for Windows Hello login through face recognition. Tobii can thereby offer computer manufacturers both face recognition and eye-tracking functionality in one and the same sensor.
- Signed an agreement with an optometry device company to supply eye-tracking platforms for integration in their upcoming products. Order value is estimated between SEK 8 and 17 million.
- Acquired a family of granted patents in the U.S. and several European countries, related to user interaction in eye tracking which further strengthens Tobii's patent portfolio.
- In January 2016, MSI presented the world's first gaming notebook with integrated eye tracking – MSI GT72 Tobii. Tobii also announced that two major game titles from Ubisoft – Tom Clancy's The Division and Assassin's Creed Syndicate – will have integrated support for eye tracking.

Tobii Tech offers components and platforms for eye tracking to OEM customers who integrate Tobii's technology into their own products. The business unit invests in technology development and marketing activities in a number of segments, several of which have the potential to become very large in the future, including the gaming, computing, virtual reality, automotive, and medical equipment markets. Tobii Tech is still in an early phase of commercial development and accounts for approximately 5% of the Group's sales, including internal sales to Tobii Dynavox and Tobii Pro.

Consolidated Statement of Comprehensive Income

SEK m	Fourth quarter		Full Year	
	2015	2014	2015	2014
Net sales	287.3	206.8	967.3	620.6
Cost of goods and services sold	-67.7	-57.0	-243.8	-181.2
Gross profit	219.6	149.9	723.4	439.4
Selling expenses	-112.8	-80.7	-393.3	-252.7
Research and development expenses	-84.2	-59.3	-265.0	-169.6
Administrative expenses	-23.9	-19.2	-95.9	-71.5
Other operating income and operating expenses ¹	-1.7	-0.5	-1.4	0.7
Operating profit/loss before items affecting comparability	-3.0	-9.8	-32.1	-53.7
Acquisition-related expenses	0.0	0.0	0.0	-7.4
Listing-related expenses	0.0	-2.9	0.0	-2.9
Restructuring expenses	0.0	-0.7	-3.6	-4.9
Operating profit/loss	-3.0	-13.3	-35.7	-68.9
Net financial items ²	-1.5	7.4	8.4	15.0
Profit/loss before tax	-4.5	-6.0	-27.3	-53.9
Tax	-2.7	-1.6	2.7	3.0
Net profit/loss for the period	-7.1	-7.6	-24.6	-50.9
Other comprehensive income				
Items that may subsequently be reclassified to profit or loss for the period:				
Exchange rate differences	-0.1	-0.8	-3.6	-3.2
Other comprehensive income for the period, net of tax	-0.1	-0.8	-3.6	-3.2
Total comprehensive income for the period	-7.2	-8.4	-28.2	-54.1
Of which depreciation and amortization	-33.2	-32.0	-116.7	-74.0
Of which write downs of fixed assets	-0.1	2.6	-0.1	-0.4
Net profit/loss for the period attributable to:				
Parent company shareholders	-7.2	-7.8	-24.7	-50.9
Minority interests	0.0	0.2	0.1	0.0
Net profit/loss for the period	-7.1	-7.6	-24.6	-50.9
Total comprehensive income for the period attributable to:				
Parent company shareholders	-7.2	-8.6	-28.4	-54.2
Minority interests	0.0	0.2	0.1	0.0
Total comprehensive income for the period	-7.2	-8.4	-28.2	-54.1

1) Primarily foreign currency translation differences.

2) Net financial items include foreign currency translation differences totaling SEK -1 million (10) for the fourth quarter and SEK 10 million (23) for the full year 2014. Share in the profits of associated companies totaled SEK 0 million (-2) for the fourth quarter and SEK 0 million (-7) for the full year 2014. For additional information, please see Tobii's 2014 Annual Report.

Consolidated Balance Sheet

SEK m	31 Dec 2015	31 Dec 2014 Restated ¹
Fixed assets		
Intangible fixed assets	331.7	318.8
Tangible fixed assets	31.8	31.0
Financial fixed assets	56.6	53.4
Total fixed assets	420.1	403.2
Current assets		
Accounts receivable	168.7	147.8
Inventories	45.8	51.3
Other current financial receivables	30.0	31.2
Cash and cash equivalents	370.9	119.4
Total current assets	615.3	349.7
Total assets	1,035.4	752.9
Shareholders' equity		
Shareholders' equity, Parent Company shareholders	793.5	388.8
Minority interests	0.3	0.2
Total shareholders' equity	793.8	389.0
Liabilities		
Long-term liabilities		
Interest-bearing liabilities	0.0	77.1
Other long-term liabilities	20.0	17.8
Total long-term liabilities	20.0	94.9
Current liabilities		
Interest-bearing liabilities	0.0	57.4
Other current liabilities	221.6	211.7
Total current liabilities	221.6	269.0
Total liabilities	241.5	363.9
Total shareholders' equity and liabilities	1,035.4	752.9

1) Balance Sheet values have been restated for the periods ending 31 December 2014 due to adjustments made to the Purchase Price Allocation for the acquisition in May 2014 of DynaVox Systems LLC.

For further information about these adjustments see "Acquisition of DynaVox Systems LLC" in Tobii's Interim Report January-June 2015.

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		
Opening balance, 1 Jan 2014	0.3	496.9	5.9	-227.6	275.5	0.1	275.6
Comprehensive income for the period			-3.2	-50.9	-54.2	0.1	
New share issue		166.1			166.1		
Sale of warrants, incentive programs		0.1			0.1		
Share based payments settled using equity instruments				1.2	1.2		
Closing balance, 30 Sept 2014	0.3	663.1	2.7	-277.4	388.8	0.2	389.0
Comprehensive income for the period			-3.6	-24.7	-28.4	0.1	
Bonus issue	0.2				0.2		
New share issue	0.1	429.0			429.0		
Sale of warrants, incentive programs		3.2			3.2		
Share based payments settled using equity instruments				0.7	0.7		
Closing balance, 31 Dec 2014	0.6	1,095.2	-0.9	-301.4	793.5	0.3	793.8

Consolidated Statement of Cash Flow

SEK m	Fourth quarter		Full Year	
	2015	2014	2015	2014
Cash flow from operating activities:				
Profit/loss after financial items	-4.5	-6.0	-27.3	-53.9
Adjustment for items not included in the cash flow	40.3	26.2	112.0	62.8
Taxes paid	-0.1	0.6	0.3	-0.2
Cash flow from operating activities before change in working capital	35.7	20.8	85.0	8.7
Cash flow from change in working capital	-8.6	-24.9	-5.1	-9.3
Cash flow from operating activities	27.0	-4.1	79.9	-0.7
Investments				
Continuous investments:				
Investments in intangible, tangible and financial fixed assets	-20.2	-40.9	-120.6	-117.0
Cash flow after continuous investments	6.9	-45.0	-40.7	-117.7
Acquisition of subsidiary company	0.0	0	0.0	-92.8
Cash flow after investments	6.9	-45.0	-40.7	-210.5
Cash flow from financing activities	-0.4	16.2	290.3	285.3
Cash flow for the period	6.5	-28.9	249.6	74.8
Foreign currency translation, cash and cash equivalents	-0.8	1.8	1.9	5.3
Cash and cash equivalents at the beginning of the period	365.2	146.5	119.4	39.2
Cash and cash equivalents at the end of the period	370.9	119.4	370.9	119.4

Business Units

Net sales per Business Unit

SEK m	Fourth quarter		Full Year	
	2015	2014	2015	2014
Tobii Dynavox	218.8	142.5	740.3	441.7
Tobii Pro	64.6	60.8	209.5	167.3
Tobii Tech*	15.3	10.5	58.6	36.6
Eliminations and other	-11.5	-6.9	-41.1	-25.0
The Group	287.3	206.8	967.3	620.6
*) Of which internal sales to Tobii Dynavox and Tobii Pro	11.6	8.6	41.4	29.3

Gross margin per Business Unit

	Fourth quarter		Full Year	
	2015	2014	2015	2014
Tobii Dynavox	73.9%	70.2%	72.9%	68.3%
Tobii Pro	77.7%	74.0%	75.1%	71.6%
Tobii Tech	49.4%	37.5%	45.8%	44.5%
The Group	76.4%	72.5%	74.8%	70.8%

Operating profit/loss before depreciation (EBITDA) per Business Unit

SEK m	Fourth quarter		Full Year	
	2015	2014	2015	2014
Tobii Dynavox	60.6	31.1	182.1	74.4
Tobii Pro	19.5	16.7	44.3	23.6
Tobii Tech	-49.8	-29.5	-145.2	-90.6
Eliminations and other	0.0	-2.2	-0.2	-1.9
The Group	30.3	16.1	81.1	5.6

Operating profit/loss (EBIT) per Business Unit

SEK m	Fourth quarter		Full Year	
	2015	2014	2015	2014
Tobii Dynavox*	44.8	19.7	119.0	41.9
Tobii Pro	10.8	13.6	21.2	12.9
Tobii Tech	-58.7	-44.4	-175.7	-121.6
Eliminations and other	0.0	-2.2	-0.2	-2.0
The Group*	-3.0	-13.3	-35.7	-68.9

*) Operating profit for Tobii Dynavox business unit includes items affecting comparability amounting to SEK 0 m (0.7) in the fourth quarter and SEK 3.6 m (12.3) for the full year. Operating loss for the Group includes items affecting comparability amounting to SEK 0 m (3.6) in the fourth quarter, and SEK 3.6 m (15.2) for the full year.

Operating margin per Business Unit

	Fourth quarter		Full Year	
	2015	2014	2015	2014
Tobii Dynavox	20.5%	13.8%	16.1%	9.5%
Tobii Pro	16.8%	22.4%	10.1%	7.7%
Tobii Tech	neg	neg	neg	neg
The Group	-1.0%	-6.4%	-3.7%	-11.1%

The Parent Company

The Group's Parent Company, Tobii AB (publ.), which has nearly 250 employees, focuses on sales, marketing, R&D, purchasing, manufacturing, technical support and IT. The Parent Company's net sales during the quarter totaled SEK 148 million (130) and the operating loss was SEK -15 million (-11). For the full year, net sales amounted to SEK 544 million (404) and operating loss amounted to SEK -27 million (-46). This was primarily due to higher net sales, both external and to other Group companies, while expenses did not increase to the same extent. At the close of the period the Parent Company had SEK 284 million (74) in cash and cash equivalents and SEK 170 million (108) in unutilized overdraft facilities.

Parent Company Income Statement

SEK m	Fourth quarter		Full Year	
	2015	2014	2015	2014
Net sales	148.2	130.5	544.5	404.3
Cost of goods and services sold	-54.3	-59.9	-226.2	-180.6
Gross profit	93.8	70.5	318.3	223.7
Selling expenses	-32.7	-26.2	-106.3	-88.8
Research and development expenses	-62.3	-47.1	-191.9	-140.7
Administrative expenses	-13.9	-7.3	-52.2	-36.3
Other operating income and operating expenses	0.5	2.2	5.2	6.2
Operating profit/loss before items affecting comparability	-14.5	-7.9	-26.9	-35.9
Acquisition-related expenses	0.0	0.0	0.0	-7.4
Listing-related expenses	0.0	-2.9	0.0	-2.9
Operating profit/loss	-14.5	-10.8	-26.9	-46.2
Financial items	4.8	12.0	29.7	27.0
Profit/loss before tax	-9.8	1.2	2.8	-19.2
Tax	2.3	-0.9	6.4	3.6
Profit/loss after tax	-7.5	0.3	9.2	-15.6
Depreciation and amortization, total	-21.7	-21.0	-69.3	-53.6

The Parent Company's profit/loss after tax corresponds to the total comprehensive income.

Parent Company Balance Sheet

SEK m	31 Dec 2015	31 Dec 2014
Fixed assets		
Intangible fixed assets	168.7	166.4
Tangible fixed assets	7.4	7.4
Financial fixed assets	493.1	432.4
Long-term financial receivables	0.0	0.2
Total fixed assets	669.2	606.3
Current assets		
Accounts receivable	74.3	84.3
Inventories	24.7	20.1
Other current financial receivables	98.0	50.5
Cash and bank balances	283.9	73.5
Total current assets	480.0	228.4
Total assets	1,150.0	834.7
Shareholders' equity	1,028.1	585.8
Long-term liabilities		
Interest-bearing liabilities	0.0	77.1
Other long-term liabilities	5.1	7.5
Total long-term liabilities	5.1	84.6
Current liabilities		
Interest-bearing liabilities	0.0	57.4
Other current liabilities	116.8	107.0
Total current liabilities	116.8	164.3
Total liabilities	121.9	248.9
Total equity and liabilities	1,150.0	834.7

Accounting principles

The consolidated interim report has been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU. 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. The accounting principles of the Parent Company and the Group, and the calculation principles used in the report, are unchanged from those used in the most recently published Annual Report. No new or amended IFRS regulations have had any material impact on the Group.

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 of Tobii's 2014 Annual Report and Tobii is of the opinion that this risk description remains correct.

Transactions with related parties

No transactions have occurred between Tobii and related parties that have materially affected the company's position and earnings.

Cautionary statement with regard to forward-looking information

This report contains forward-looking information based on the current expectations of Tobii's management. The management believes that the assessments on which any such forward-looking information is based are reasonable, but cannot guarantee that these expectations will prove to be correct. Actual future outcomes may, therefore, differ significantly from those predicted in the forward-looking information, due to changes in a variety of factors, such as the economy, the market and competition, legislative requirements and other political actions, exchange rate fluctuations, and other factors described in Tobii's most recent Annual Report.

The Board of Directors and the CEO certify that this financial statement provides a fair view of the operations, position and earnings of the Parent Company and the Group, and that it describes the significant risks and uncertainty factors faced by the Company and the companies that make up the Group.

Danderyd, February 16, 2016

Tobii AB (publ.)

Kent Sander
Chairman of the Board

Nils Bernhard

John Elvesjö

Anders Ösund

Martin Gren

Åsa Hedin

Henrik Eskilsson

President & CEO

This year-end report has not been audited.

Financial calendar

Annual report, 2015	April 13, 2016
Interim report Q1, 2016	May 4, 2016
AGM 2016	May 11, 2016
Interim report Q2, 2016	July 28, 2016
Interim report Q3, 2016	October 27, 2016
Year-end report, 2016	February 15, 2017

Other information

A conference call will be held in English today at 10.00 (CET). Go to www.tobii.com to follow the conference online or for the phone number you need to participate. Images from the conference will be available for download from the website.

The information contained in this Interim Report is such that Tobii is required to disclose, pursuant to the provisions of the Swedish Securities Market Act. The information was released for publication on February 16, 2016 at 08.00 (CET).

Tobii at a glance

Tobii is the world leader in eye tracking. Incorporating an eye-tracking sensor into a product allows it to register exactly where a user is looking, providing otherwise unavailable information, such as details of consumers' spontaneous reactions and drivers' attention levels. Eye-tracking also enables the creation of new, intuitive and exciting ways of interacting with computers.

Tobii is organized into three business units, all with their own clearly defined markets, products and organizations.

Tobii Dynavox is the leading global supplier of solutions for assistive technology for communication. The business unit's products help people with speech and motoric impairments caused by cerebral palsy, aphasia, spinal cord injuries, autism, etc., to speak and communicate. Tobii Dynavox offers specially developed communication devices with touchscreen or eye control. Combined with software, the products often revolutionize the quality of life for users.

Tobii Pro is the world leader in eye-tracking solutions for research and insights into human behavior. Tobii Pro's products enable academic and market researchers to obtain vital information in a wide range of fields – from analysis of consumer behavior, advertisement performance and optimization, to psychology and neurology research. Tobii Pro's customers include about 2,000 companies, such as Microsoft, Google, Ipsos and Procter & Gamble, and about 1,500 research institutions, including all of the world's 50 highest-ranked universities.

Tobii Tech offers eye-tracking platforms and components to OEM customers who integrate them into their products. Tobii Tech is in an early phase commercially and is investing in technology and market development in order to expand into volume markets for products such as computer gaming, mainstream computers, virtual reality, medical equipment, and automotive.

Tobii has a global presence through its headquarters in Sweden and offices in the U.S., China, Japan, Norway, Germany, the UK, South Korea, and Taiwan, and through a global network of resellers. The Group has over 600 employees.

For further information

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