

# Year-End Report

## January – December 2016

### Tobii AB (publ)

## Tobii exceeds SEK 1 billion in annual sales and strengthens cash position for increased investments in VR and smartphone

### October – December

- The Group's sales totaled SEK 306 million (287), an increase of 6%. Adjusted for currency effects and one-off effects, the increase was 2% and 10%, respectively.
- The gross margin was 71% (76%).
- The Group's operating loss amounted to SEK -10 million (-3). Tobii Dynavox made a positive contribution of SEK 41 million (45) and Tobii Pro of SEK 12 million (11), while investments in Tobii Tech had a negative impact of SEK -64 million (-59) on the Group's earnings.
- Earnings per share amounted to SEK -0.02 (-0.08).

### January – December

- The Group's sales totaled SEK 1,053 million (967), an increase of 9%. Adjusted for currency effects, the increase was also 9%.
- The gross margin was 72% (75%).
- The Group's operating loss amounted to SEK -67 million (-36). Tobii Dynavox made a positive contribution of SEK 125 million (119) and Tobii Pro of SEK 15 million (21), while investments in Tobii Tech had a negative impact of SEK -207 million (-176) on the Group's earnings.
- Earnings per share amounted to SEK -0.57 (-0.30).

### Events during the quarter

- Tobii carried out a rights issue to finance increased investments in virtual reality and smartphones, which was heavily oversubscribed and generated proceeds of SEK 449 million for the company after issue costs.
- Tobii Pro launched the company's most powerful and advanced eye tracker to date, Tobii Pro Spectrum, and the analytics platform, Tobii Pro Lab.
- Tobii announced its first design win in the smartphone area with the launch of Huawei Honor Magic.
- Acer announced that it will launch yet another monitor featuring integrated eye tracking from Tobii.

SEK m (except for earnings per share)	Fourth quarter			Full Year		
	2016	2015	Change	2016	2015	Change
<b>Net Sales</b>						
Tobii Dynavox	204.6	218.8	-7%	761.7	740.3	3%
Tobii Pro	73.9	64.6	14%	244.9	209.5	17%
Tobii Tech	40.9	15.3	167%	96.4	58.6	65%
Eliminations and other, net	-13.4	-11.5	n/m	-49.7	-41.1	n/m
<b>Total</b>	<b>305.9</b>	<b>287.3</b>	<b>6%</b>	<b>1,053.3</b>	<b>967.3</b>	<b>9%</b>
<b>Operating profit/loss (EBIT)</b>						
Tobii Dynavox	41.5	44.8		124.7	119.0	
Tobii Pro	12.1	10.8		15.5	21.2	
Tobii Tech	-64.1	-58.7		-207.2	-175.7	
Other	0.0	0.0		0.0	-0.2	
<b>Total</b>	<b>-10.5</b>	<b>-3.0</b>		<b>-67.0</b>	<b>-35.7</b>	
<b>Earnings per share (SEK)</b>	<b>-0.02</b>	<b>-0.08</b>		<b>-0.57</b>	<b>-0.30</b>	

A conference call will be held in English today at 10.00 (CET). Go to [www.tobii.com](http://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

*2016 was another exciting and eventful year for Tobii. Tobii Tech passed key milestones in computer gaming, which also contributed to a significant rise in sales for the business unit for the fourth quarter. Together with Huawei, we also took our first step into the smartphone market. The rights issue that we recently carried out provides us with the muscle to further increase the pace of investment and address more areas simultaneously within Tobii Tech. We also continued to invest in market and product development in Tobii Dynavox and Tobii Pro to further grow and increase profitability over the long-term. Adjusted for currency effects and one-off effects, the Group's net sales increased by 10% compared with the fourth quarter of 2015 and for the full year we exceeded SEK 1 billion in sales.*

### **Tobii Dynavox – healthy increase in eye-controlled products, weaker sales of touchscreen products**

In 2016, an additional 15,000 people were given the ability to communicate aided by one of our communication solutions. We are incredibly proud of this and it is a privilege to work with products that are of such vital importance for our users.

In the fourth quarter, the trend for the year continued with a solid increase in the number of sold products in our largest product category of eye-controlled communication devices, while sales of touchscreen-based products were weaker. Revenues were also negatively impacted by the price reductions we made earlier in the year. Adjusted for currency and one-off effects, sales were unchanged in the fourth quarter and growth for the full year was 3%. However, excluding one-off effects, the EBIT margin improved in the fourth quarter.

During the year, we invested heavily in upcoming product generations and solutions adapted to our customers' varying needs. We have an exciting year ahead of us, with launches of several new and important products in the business unit.

### **Tobii Pro – good growth and increased investments in product development**

During the year, Tobii Pro's sales increased at a good pace, up 15% adjusted for currency effects. A somewhat slower growth in sales was noted in the fourth quarter at 8% adjusted for currency effects. All product categories performed well, including the service organization Tobii Insight. The flagship product Glasses 2 enabled us to become established in several new areas of application during the year, and has thus expanded the potential market.

Substantial investments in product development resulted in two major product launches in the fourth quarter: Tobii Pro Spectrum, our most powerful and advanced eye tracker to date, is developed for researchers requiring an extremely high quality of data. Tobii Pro Lab, our new analytics software, enables even more varied studies and more powerful analyses of eye-tracking data and will form the core of the business unit's software offering.

### **Tobii Tech – customer launches in gaming and smartphones**

I am very proud of what Tobii Tech has achieved during the year. Three of the five largest manufacturers of gaming computers have now launched several models of gaming notebooks and monitors with Tobii eye tracking. We have thus taken important steps in the area, even though we still only cover a smaller number of premium products.

Throughout the year, we have worked intensively with gaming studios. We have established eye tracking in a growing number of gaming categories and deepened cooperation with several major game developers. Ubisoft was joined by, among others, Square Enix, Crystal Dynamics and Techland, all of which launched major game titles with eye tracking. As new games are launched, we can also see how the gaming experience with eye tracking is improving.

### **Increased investments in new areas**

During the fourth quarter, Tobii carried out a rights issue to finance increased investments in virtual reality and smartphones and Tobii started to develop eye-tracking technology adapted to these areas during the year. In light of this, it was of course especially gratifying to be able to unveil our first smartphone customer, Huawei, during the quarter. Interest in the technology has surged during the year, which is illustrated by Google's and Facebook's acquisitions of eye-tracking companies.

With the increased interest and our strengthened financial resources, we are well poised to assume a strong position as a leading supplier of eye-tracking technology in several new areas that, long-term, may become very large.

Danderyd, February 15, 2017  
Henrik Eskilsson

## The Tobii Group in Brief

Tobii is the world leader in eye tracking, both in terms of market shares and technology. Tobii holds more than 50% of the global eye-tracking market.

An eye-tracking sensor can determine where a person is looking with high accuracy. This provides access to information about what the user pays attention to or processes. The main values of eye tracking are to gain unique insights into human behavior or to create natural and more intuitive user interfaces for computers and other devices.

The Tobii Group has three business units that have their own distinct markets, products and organizations. Two of these units, Tobii Dynavox and Tobii Pro, are market leaders and have established product portfolios in their respective niche markets. Tobii Dynavox is focused on assistive technology for communication and helps thousands of users to speak and communicate. Tobii Pro makes specialized eye-tracking solutions that add deep insights and unique objectivity to a multitude of research areas devoted to the study of behavior.

Tobii invests in the third business unit, Tobii Tech, to reach future high-volume markets for eye tracking in primarily consumer products such as computers, gaming products, VR and smartphones. The business model is based on delivering components, algorithms and licenses to integration customers.

Tobii invests in a high rate of development to maintain its market-leading position and advance its market penetration in all three business units.

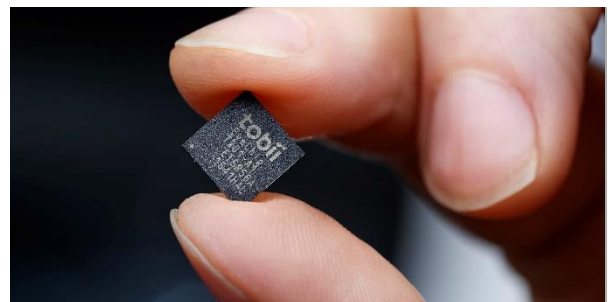
Tobii has over 700 employees and covers the global market through its own offices in Sweden, the USA, China, Japan, Norway, Germany, the UK, South Korea and Taiwan, and through a global network of resellers. Tobii is headquartered in Danderyd, Sweden, and is listed on Nasdaq Stockholm since April 2015.



*Tobii Dynavox's eye-controlled communication devices give people with special needs the opportunity to communicate and live richer lives.*

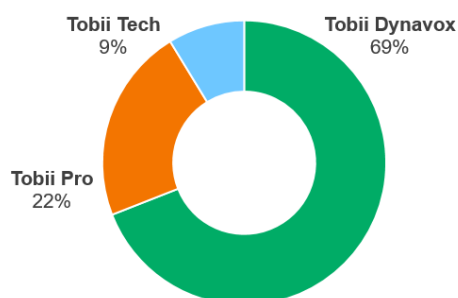


*Tobii Pro's eye-tracking glasses offer unique opportunities to objectively study behavior in many different settings.*

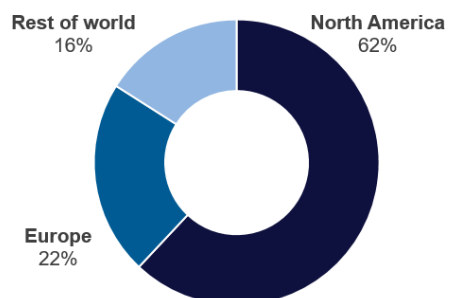


*Tobii Tech develops compact and efficient components for eye-tracking integration into consumer products.*

**Sales per business unit, 2016**



**Sales per region, 2016**



## The Group: October – December

### Sales

The Group's net sales for the fourth quarter rose year-over-year by 6% to SEK 306 million (287). Adjusted for currency effects, the increase was 2%. Adjusted also for specific one-off effects from the Steve Gleason Act, which impacted Tobii Dynavox in the fourth quarter 2015, the increase was 10%. Tobii Dynavox contributed SEK 205 million, Tobii Pro SEK 74 million and Tobii Tech SEK 41 million, of which SEK 13 million was sales of eye-tracking platforms to the other two business units and SEK 27 million was external sales.

During the quarter, the North American market accounted for 58% (66%) of the Group's sales, the European market for 21% (21%), and the rest of the world for 21% (13%). The increase in the rest of the world was driven by higher sales in Asia through Tobii Pro and Tobii Tech.

### Earnings

The Group's gross margin was 71% (76%). The decline was driven by an increased share of sales from Tobii Tech, which has lower margins than the other two business units, changes in the product mix and price reductions on certain products carried out by Tobii Dynavox earlier in the year.

The operating loss for the Group was SEK -10 million (-3) and EBIT margin was -3% (-1%). Tobii Dynavox contributed SEK 41 million (45) and Tobii Pro SEK 12 million (11), while investments in Tobii Tech had a negative impact of SEK -64 million (-59) on the Group's operating loss. The operating loss was negatively impacted by increased investments in R&D, sales and marketing in all three business units and positively impacted to the same degree by increased capitalization. Currency effects had a slight positive impact on the operating loss.

The Group's total R&D expenditures amounted to SEK 93 million (69), of which SEK 33 million (13) or 35% (19%) was capitalized in the balance sheet. At the same time, R&D amortization declined to SEK 26 million (28). Consequently, R&D expenses reported in the income statement amounted to SEK 86 million (84).

Operating profit before depreciation and amortization (EBITDA) was SEK 21 million (30), yielding an EBITDA margin of 7% (11%).

Pretax profit was SEK 5 million compared with a loss of SEK -4 million for the fourth quarter 2015. Net financial items increased by SEK 17 million amounting to SEK 15 million (-1), generated by currency effects that raised the value of the Group's dollar-based (USD) financial assets.

Net loss was SEK -1 million (-7) and earnings per share amounted to SEK -0.02, compared with SEK -0.08 in the corresponding period in 2015.

### Cash flow, liquidity and financial position

The quarter's cash flow after continuous investments was SEK -23 million (7). Operations generated a positive cash flow of SEK 30 million (36), while the change in working capital was SEK -13 million (-9). Continuous investments amounted to SEK 40 million (20), of which SEK 33 million (13) referred to capitalization of R&D.

At the close of the quarter, the Group had SEK 772 million (371) in net cash and unutilized overdraft facilities of a maximum of SEK 170 million (170).

### Rights issue

In December 2016, Tobii carried out a rights issue to finance increased investments in smartphones and VR in Tobii Tech, and to give the company greater flexibility and capacity to carry out acquisitions. The issue, which was heavily oversubscribed, generated proceeds of SEK 449 million after deductions for issue costs of SEK 9 million. The new number of shares after completion of the rights issue is 96,954,036.

### Employees

The number of employees at period-end, recalculated to full-time equivalents, was 719. Compared with the corresponding period last year, the number of employees rose by 107 through intensified investments in the R&D, sales and marketing organizations.

### Events after the end of the reporting period

In January 2017, Tobii expanded its group management team with Cecilia Eriksson, Global HR Director. HR is a central and strategic function for Tobii, which intends to continue to strengthen its organization and its position as an attractive and top rated employer internationally.

## The Group: January – December

### Sales

The Group's net sales for the full year 2016 rose year-over-year by 9% to SEK 1,053 million (967). Adjusted for currency effects, the increase was also 9%. The increase was attributable to growth in all three business units.

During the year, the North American market accounted for 62% (64%) of the Group's sales, the European market for 22% (23%), and the rest of the world for 16% (13%).

### Earnings

The Group's gross margin was 72% (75%). The decline was driven by an increased share of sales from Tobii Tech, which has lower margins than the other two business units, changes in the product mix and price reductions on certain Tobii Dynavox products.

The operating loss for the Group was SEK -67 million (-36) and EBIT margin declined to -6% (-4%). Tobii Dynavox contributed SEK 125 million (119) and Tobii Pro SEK 15 million (21), while investments in Tobii Tech had a negative impact of SEK -207 million (-176) on the Group's operating loss. The operating loss was negatively impacted by increased investments in R&D, sales and marketing in all three business units and positively by increased capitalization. Currency effects had a slight positive impact on the operating loss.

The Group's total R&D expenditures rose by SEK 61 million to SEK 328 million (267), of which SEK 121 million (90) or 37% (34%) was capitalized in the balance sheet.

At the same time, R&D amortization rose by SEK 6 million to SEK 94 million (88). Consequently, R&D expenses reported in the income statement rose to SEK 302 million (265), corresponding to 29% (27%) of net sales.

Operating profit before depreciation and amortization (EBITDA) was SEK 50 million (81), yielding an EBITDA margin of 5% (8%).

Pretax loss was SEK -48 million compared with SEK -27 million for the full year 2015. Net financial items increased by SEK 11 million to SEK 19 million (8), generated by currency effects that raised the value of the Group's dollar-based (USD) financial assets.

Net loss was SEK -50 million (-25) and earnings per share amounted to SEK -0.57, compared with SEK -0.30 in the corresponding period in 2015.

### Cash flow, liquidity and financial position

Cash flow after continuous investments was SEK -74 million (-41). Operations generated a positive cash flow of SEK 57 million (85), while the change in working capital had a positive effect of SEK 10 million (-5). Continuous investments amounted to SEK 142 million (121), of which SEK 121 referred to capitalization of R&D.

The rights issue carried out in December 2016 generated proceeds of SEK 449 million after deductions for issue costs.

At the close of the period, the Group had SEK 772 million (371) in net cash and a maximum of SEK 170 million (170) in unutilized overdraft facilities.

## Tobii Dynavox

SEK m	Fourth quarter		Full Year	
	2016	2015	2016	2015
Net sales	204.6	218.8	761.7	740.3
Gross margin	71%	74%	71%	73%
EBITDA	55.0	60.6	184.9	182.1
EBITDA margin	27%	28%	24%	25%
Operating profit/loss (EBIT)	41.5	44.8	124.7	119.0
EBIT margin	20%	20%	16%	16%

### October – December

#### Sales

Net sales for the fourth quarter declined year-over-year by SEK 14 million, or 7%, to SEK 205 million (219). Adjusted for currency effects, the decrease was 10%. Adjusted for positive one-off effects of the Steve Gleason Act of SEK 23 million in the comparative period, net sales were unchanged.

The number of sold eye-controlled products increased at a good pace, but the effect of this was partly offset by the price reductions on certain products carried out in April 2016. Sales were also impacted negatively by the fact that several touchscreen products are in the later stages of their product life cycles.

#### Earnings

The gross margin was 71% (74%). The decrease was primarily driven by the price reductions carried out earlier relating to parts of the product range.

Operating profit totaled SEK 41 million (45) and the EBIT margin was 20% (20%). Adjusted for currency effects, the EBIT margin was 18% (21%). Adjusted also for one-off effects from the Steve Gleason Act in the fourth quarter of 2015, the EBIT margin in the comparative period was 14%. The improvement is mainly the result of streamlining of operations.

Total R&D expenditures rose by SEK 4 million to SEK 28 million (24), of which SEK 10 million (8) or 36% (32%) was capitalized in the balance sheet. At the same time, R&D amortization amounted to SEK 9 million (12). Consequently, R&D expenses reported in the income statement amounted to SEK 27 million (28). The high level of capitalization was due to several development projects being in the latter phases, with several new product launches planned for 2017.

### January – December

#### Sales

Net sales for 2016 rose year-over-year by 3% to SEK 762 million (740), mainly due to a good increase in the number of eye-controlled products sold. The effects of

this were partly offset by the price reductions made earlier in the year on parts of the product range. Sales for the year were also impacted negatively by the fact that several touchscreen products are in the later stages of their product life cycles and by lower sales in the UK, where sales via resellers declined following the establishment of direct sales by Tobii Dynavox. Adjusted for currency effects, the increase was also 3%.

#### Earnings

The gross margin declined by 2 percentage points to 71% (73%), mainly due to price reductions on certain products.

Operating profit rose to SEK 125 million (119) and the EBIT margin was 16% (16%). Currency effects had a slight positive impact on operating profit.

Total R&D expenditures rose by SEK 17 million to SEK 108 million (91), of which SEK 54 million (38) or 50% (42%) was capitalized in the balance sheet. At the same time, R&D amortization rose by SEK 2 million to SEK 41 million (39). Consequently, R&D expenses reported in the income statement amounted to SEK 96 million (92).

#### Other events

- PCEye Mini won the award CES 2017 Best of Innovation Honoree in the category "Tech for a better world".
- Launched the free software Message Banking, a tool for people with progressive illnesses that enables them to record voice messages that can be used at a later stage when they have lost their voice. The software was developed in collaboration with Boston Children's Hospital.

*Tobii Dynavox is the world's leading supplier of assistive technology for individuals with reduced ability to speak and communicate due to conditions such as cerebral palsy, ALS, aphasia, spinal cord injuries or autism. The products include medical-grade eye-controlled and touchscreen-based communication devices and a variety of software. Tobii Dynavox accounts for approximately 70% of the Group's sales. The business unit's long-term financial goal is to deliver revenue growth in excess of 10% per year and to reach an EBIT margin of 20%.*

## Tobii Pro

SEK m	Fourth quarter		Full Year	
	2016	2015	2016	2015
Net sales	73.9	64.6	244.9	209.5
Gross margin	76%	78%	74%	75%
EBITDA	19.9	19.5	45.1	44.3
EBITDA margin	27%	30%	18%	21%
Operating profit/loss (EBIT)	12.1	10.8	15.5	21.2
EBIT margin	16%	17%	6%	10%

### October – December

#### Sales

Tobii Pro increased its net sales year-over-year by 14% to SEK 74 million (65) and by 8% adjusted for currency effects.

#### Earnings

The gross margin was 76% (78%). The decrease was driven mainly by currency effects and a changed product mix with a higher share of service sales. Operating profit totaled SEK 12 million (11) and the EBIT margin was 16% (17%). Operating profit was affected by the expansion of the sales and marketing organizations.

Total R&D expenditures amounted to SEK 15 million (13), of which SEK 8 million (6) or 54% (46%) was capitalized in the balance sheet. At the same time, R&D amortization was SEK 7 million (8). Consequently, R&D expenses reported in the income statement amounted to SEK 13 million (15).

### January – December

#### Sales

Net sales for the full year 2016 rose year-over-year by 17% to SEK 245 million (209). Adjusted for currency effects, the increase was 15%. Growth was driven by increased sales in all regions and product categories. The Glasses 2 eye-tracking glasses product was a best-seller for the business unit throughout 2016 and drove growth in existing and new areas of application, for example, ocular inspection and quality improvements in industry. The service organization Tobii Pro Insight also grew strongly, albeit from low levels.

#### Earnings

The gross margin amounted to 74% (75%), operating profit to SEK 15 million (21) and the EBIT margin to 6% (10%). The decrease in the gross margin was driven mainly by a changed product mix with a higher share of service sales. The EBIT margin was impacted by increased R&D expenditures and marketing initiatives.

Total R&D expenditures for the period increased to SEK 57 million (43), of which SEK 31 million (22) or 54% (51%) was capitalized in the balance sheet. At the same time, R&D amortization rose by SEK 6 million to SEK 26 million (20). Consequently, R&D expenses reported in the income statement increased to SEK 53 million (41).

#### Other events

- Launched Tobii Pro Spectrum, the company's most powerful and sophisticated eye tracker to date, primarily developed for researchers requiring very detailed data.
- Launched the Pro Lab software, the next-generation analytics platform enabling increasingly varied studies and more in-depth insights.

*Tobii Pro is the world's leading provider of eye-tracking hardware and analytics software used for understanding human behavior. Over 3,000 companies and 2,000 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 20% of the Group's sales. The business unit's long-term financial goal is to deliver revenue growth in excess of 15% per year and to reach an EBIT margin in excess of 15%.*

## Tobii Tech

SEK m	Fourth quarter		Full Year	
	2016	2015	2016	2015
Net sales	40.9	15.3	96.4	58.6
Gross margin	39%	49%	43%	46%
EBITDA	-54.2	-49.8	-179.7	-145.2
EBITDA margin	n/m	n/m	n/m	n/m
Operating profit/loss (EBIT)	-64.1	-58.7	-207.2	-175.7
EBIT margin	n/m	n/m	n/m	n/m

### October – December

#### Sales

Net sales rose by 167% to SEK 41 million (15) year-over-year. The increase was primarily due to higher external sales in the gaming computers and smartphones areas. A significant share of the increase represented non-recurring revenue from customer projects and inventory build-up among some customers. Eye-tracking platform sales to Tobii Dynavox and Tobii Pro amounted to SEK 13 million (12).

#### Earnings

The gross margin was 39% (49%). The decline was due primarily to Tobii Tech's significantly lower gross margins on sales to gaming computer customers.

Operating loss amounted to SEK -64 million (-59), mainly impacted by R&D investments and continued marketing initiatives.

Total R&D expenditure amounted to SEK 51 million (33), of which SEK 15 million (0) or 29% (0%) was capitalized in the balance sheet. At the same time, R&D amortization was SEK 10 million (9). Consequently, R&D expenses reported in the income statement increased to SEK 46 million (42). The higher level of capitalization was mainly due to the development of the next-generation eye-tracking platform for computer integration and development related to the consumer products featuring Tobii eye tracking launched during the quarter.

The operating loss amounted to SEK -207 million (-176). The change was attributable to the planned increase in R&D and marketing activities aimed at promoting consumer interest in collaboration with an increased number of external customers and partners.

Total R&D expenditures amounted to SEK 163 million (132), of which SEK 37 million (30) or 22% (23%) was capitalized in the balance sheet, while R&D amortization amounted to SEK 27 million (29). Consequently, R&D expenses reported in the income statement increased to SEK 153 million (131).

#### Other events

- Tobii announced its first smartphone design win with the launch of Huawei Honor Magic.
- Launched Tobii Eye Tracker 4C, a computer peripheral based on the IS4 platform, which will replace the Tobii EyeX Controller product.
- Acer launched Predator Z301CT, a curved gaming screen featuring Tobii eye tracking.
- In January 2017, Acer launched the premium computer Acer Aspire V17 Nitro, which will integrate Tobii eye tracking. This represents the first step into the more general computer market for Tobii.
- Several major game titles were launched with support for eye tracking, including *Watch Dogs 2* and *Steep* from Ubisoft, *Rise of the Tomb Raider* from Crystal Dynamics (Jan. 2017) and *Dying Light* from Techland (Jan. 2017).

### January – December

#### Sales

Net sales for the full year 2016 rose year-over-year by 63% to SEK 96 million (59). Sales of eye-tracking platforms to Tobii Dynavox and Tobii Pro accounted for slightly more than half of sales and rose to SEK 50 million (41).

#### Earnings

The gross margin was 43% (46%). The decline was due to lower margins on external sales, where volumes are still low, and an increased focus on customer support as a result of the higher number of end-users of Tobii 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, mobile devices, automotive, and medical equipment markets. Tobii Tech accounts for approximately 10% of the Group's sales, including internal sales to Tobii Dynavox and Tobii Pro. The business unit's long-term goal is to be the leading provider of eye-tracking technology for integration into high-volume products.*



## Consolidated Key Ratios

	Fourth quarter		Full Year	
	2016	2015	2016	2015
Earnings per share, SEK	-0.02	-0.08	-0.57	-0.30
Earnings per share, diluted <sup>1</sup> , SEK	-0.02	-0.08	-0.57	-0.30
Equity per share, SEK	12.5	9.1	12.5	9,1
EBITDA, SEK m	20.8	30.3	50.3	81.1
EBIT, SEK m	-10.5	-3.0	-67.0	-35.7
Cash flow from operating activities, SEK m	16.7	27.0	67.6	79.9
Cash flow after continuous investments, SEK m	-22.9	6.9	-74.5	-40.7
Working capital, SEK m	16.8	22.9	16.8	22.9
Total assets, SEK m	1,486.6	1,035.4	1,486.6	1,035.4
Net cash (+)/net debt (-), SEK m	771.7	370.9	771.7	370.9
Equity, SEK m	1,215.1	793.8	1,215.1	793.8
Average equity, SEK m	872.7	804.0	801.3	674.6
Equity/assets ratio, %	81.7	76.7	81.7	76.7
Net debt/equity, %	neg	neg	neg	neg
Gross margin, %	71.0	76.4	72.3	74.8
EBITDA margin, %	6.8	10.6	4.8	8.4
Operating margin, %	-3.4	-1.0	-6.4	-3.7
Return on total equity, %	-0.2	-0.9	-6.2	-3.6
Average number of outstanding shares, million	88.8	87.6	87.9	81.8
Average number of outstanding shares after dilution, million	92.6	90.9	91.6	85.1
Number of outstanding shares at period-end, million	97.0	87.6	97.0	87.6
Number of outstanding shares after dilution at period-end, million	100.3	90.9	100.3	90.9
Average number of employees	714	611	682	582

1) The 2016 Annual General meeting resolved to implement a long-term incentive program, LTI 2016, and to issue new shares of not more than 870,000 warrants. The program comprises 2 series of warrants. Series 1 entitles the warrant holder to subscribe for one Tobii AB share at a price of SEK 73.30 per share during a fixed period in 2019/2020. There are a total of 730,000 warrants outstanding in the series. Series 2 entitles the warrant holder to subscribe for one Tobii AB share at a price of SEK 67.60 during a fixed period in 2020/2026. There are a total of 140,000 warrants out-standing in the series. At December 31, 2016 the number of emitted warrants totaled 3.3 million, of which 2.9 million were transferred to participants in the incentive programs. The dilution effect of warrants in all of the company's incentive programs corresponds to a maximum of approximately 3.3%.

## Consolidated Statement of Comprehensive Income

SEK m	Fourth quarter		Full Year	
	2016	2015	2016	2015
<b>Net sales</b>	<b>305.9</b>	<b>287.3</b>	<b>1,053.3</b>	<b>967.3</b>
Cost of goods and services sold	-88.6	-67.7	-291.5	-243.8
<b>Gross profit</b>	<b>217.3</b>	<b>219.6</b>	<b>761.8</b>	<b>723.4</b>
Selling expenses	-113.1	-112.8	-429.1	-393.3
Research and development expenses	-85.9	-84.2	-301.8	-265.0
Administrative expenses	-32.9	-23.9	-101.6	-95.9
Other operating income and operating expenses <sup>1</sup>	4.1	-1.7	3.6	-5.0
<b>Operating profit/loss</b>	<b>-10.5</b>	<b>-3.0</b>	<b>-67.0</b>	<b>-35.7</b>
Net financial items <sup>2</sup>	15.3	-1.5	19.4	8.4
<b>Profit/loss before tax</b>	<b>4.8</b>	<b>-4.5</b>	<b>-47.6</b>	<b>-27.3</b>
Tax	-6.2	-2.7	-2.2	2.7
<b>Net profit/loss for the period</b>	<b>-1.4</b>	<b>-7.1</b>	<b>-49.8</b>	<b>-24.6</b>
<b>Other comprehensive income</b>				
<b>Items that may subsequently be reclassified to profit or loss for the period:</b>				
Translation differences	-4.0	-0.1	-0.7	-3.6
<b>Other comprehensive income for the period, net after tax</b>	<b>-4.0</b>	<b>-0.1</b>	<b>-0.7</b>	<b>-3.6</b>
<b>Total comprehensive income for the period</b>	<b>-5.4</b>	<b>-7.2</b>	<b>-50.5</b>	<b>-28.2</b>
Of which depreciation and amortization	-31.2	-33.2	-117.3	-116.7
Of which write downs of fixed assets	0.0	-0.1	0.0	-0.1
Earnings per share, SEK	-0.02	-0.08	-0.57	-0.30
Earnings per share, diluted, SEK	-0.02	-0.08	-0.57	-0.30
<b>Net profit/loss for the period attributable to:</b>				
Parent company shareholders	-1.6	-7.2	-49.7	-24.7
Minority interests	0.2	0.0	-0.1	0.1
<b>Net profit/loss for the period</b>	<b>-1.4</b>	<b>-7.1</b>	<b>-49.8</b>	<b>-24.6</b>
<b>Total comprehensive income for the period attributable to:</b>				
Parent company shareholders	-5.6	-7.2	-50.4	-28.4
Minority interests	0.2	0.0	-0.1	0.1
<b>Total comprehensive income for the period</b>	<b>-5.4</b>	<b>-7.2</b>	<b>-50.5</b>	<b>-28.2</b>

1) Primarily foreign currency translation differences.

2) Net financial items include foreign currency translation differences totaling SEK 15 million (-1) for the third quarter, SEK 19 (11) for the Full Year 2016.

## Consolidated Balance Sheet

SEK m	Dec 31, 2016	Dec 31, 2015
<b>Fixed assets</b>		
Intangible fixed assets	370.4	331.7
Tangible fixed assets	28.1	31.8
Financial fixed assets	58,3	56.5
<b>Total fixed assets</b>	<b>456.8</b>	<b>420.1</b>
<b>Current assets</b>		
Accounts receivable	151.7	168.7
Inventories	67.3	45.8
Other current receivables	39.2	30.0
Cash and cash equivalents	771.7	370.9
<b>Total current assets</b>	<b>1,029.8</b>	<b>615.3</b>
<b>Total assets</b>	<b>1,486.6</b>	<b>1,035.4</b>
<b>Shareholders' equity</b>		
Shareholders' equity. Parent Company shareholders	1 214.8	793.5
Non-controlling interests	0.3	0.3
<b>Total shareholders' equity</b>	<b>1,215.1</b>	<b>793.8</b>
<b>Liabilities</b>		
<b>Long-term liabilities</b>		
Interest-bearing liabilities	0.0	0.0
Other long-term liabilities	30.2	20.0
<b>Total long-term liabilities</b>	<b>30.2</b>	<b>20.0</b>
<b>Current liabilities</b>		
Interest-bearing liabilities	0.0	0.0
Other current liabilities	241.3	221.6
<b>Total current liabilities</b>	<b>241.3</b>	<b>221.6</b>
<b>Total liabilities</b>	<b>271.5</b>	<b>241.5</b>
<b>Total shareholders' equity and liabilities</b>	<b>1,486.6</b>	<b>1,035.4</b>

## 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, 2015</b>	<b>0.3</b>	<b>663.1</b>	<b>2.7</b>	<b>-277.4</b>	<b>388.8</b>	<b>0.2</b>	<b>389.0</b>
Comprehensive income for the period			-3.6	-24.7	-28.4	0.1	
Bonus issue	0.2	0.0			0.2		
New share issue	0.1	429.0			429.1		
Sale of warrants, incentive programs		3.2			3.2		
Share based payments settled using equity instruments				0.7	0.7		
<b>Closing balance, Dec 31, 2015</b>	<b>0.6</b>	<b>1,095.2</b>	<b>-0.9</b>	<b>-301.4</b>	<b>793.5</b>	<b>0.3</b>	<b>793.9</b>
Comprehensive income for the period			-0.7	-49.7	-50.4	0.0	
Rights issue	0.1	448.8			448.9		
New share issue, exercise of warrants incentive programs	0.0	16.4			16.4		
Sale of warrants, incentive programs		5.8			5.8		
Share based payments settled using equity instruments				0.6	0.6		
<b>Closing balance, Dec 31, 2016</b>	<b>0.7</b>	<b>1,566.2</b>	<b>-1.6</b>	<b>-350.5</b>	<b>1,214.8</b>	<b>0.3</b>	<b>1,215.1</b>

## Consolidated Statement of Cash Flow

SEK m	Fourth quarter		Full Year	
	2016	2015	2016	2015
<b>Cash flow from operating activities:</b>				
Profit/loss after financial items	4.8	-4.5	-47.6	-27.3
Adjustment for items not included in the cash flow	26.0	40.3	108.7	112.0
Taxes paid	-0.8	-0.1	-3.8	0.3
<b>Cash flow from operating activities before change in working capital</b>	<b>30.0</b>	<b>35.7</b>	<b>57.3</b>	<b>85.0</b>
Cash flow from change in working capital	-13.3	-8.6	10.3	-5.1
<b>Cash flow from operating activities</b>	<b>16.7</b>	<b>27.0</b>	<b>67.6</b>	<b>79.9</b>
<b>Investments</b>				
<b>Continuous investments:</b>				
Investments in intangible, tangible and financial fixed assets	-39.6	-20.2	-142.0	-120.6
<b>Cash flow after continuous investments</b>	<b>-22.9</b>	<b>6.9</b>	<b>-74.5</b>	<b>-40.7</b>
Acquisition of subsidiary company	0.0	0.0	0.0	0.0
<b>Cash flow after investments</b>	<b>-22.9</b>	<b>6.9</b>	<b>-74.5</b>	<b>-40.7</b>
<b>Cash flow from financing activities</b>	<b>463.3</b>	<b>-0.4</b>	<b>471.1</b>	<b>290.3</b>
<b>Cash flow for the period</b>	<b>440.4</b>	<b>6.5</b>	<b>396.6</b>	<b>249.6</b>
Foreign currency translation, cash and cash equivalents	2.2	-0.8	4.2	1.9
Cash and cash equivalents at the beginning of the period	329.2	365.2	370.9	119.4
<b>Cash and cash equivalents at the end of the period</b>	<b>771.7</b>	<b>370.9</b>	<b>771.7</b>	<b>370.9</b>

## Quarterly data per business unit

Net sales, SEK m	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Tobii Dynavox	167.2	172.5	181.7	218.8	188.3	181.8	187.0	204.6
Tobii Pro	54.2	46.3	44.3	64.6	59.3	53.3	58.4	73.9
Tobii Tech*	17.7	12.8	12.8	15.3	16.0	18.3	21.2	40.9
Eliminations and other	-9.6	-9.2	-10.7	-11.5	-11.4	-12.7	-12.1	-13.4
<b>The Group</b>	<b>229.4</b>	<b>222.5</b>	<b>228.0</b>	<b>287.3</b>	<b>252.2</b>	<b>240.7</b>	<b>254.5</b>	<b>305.9</b>
*) Of which internal sales to Tobii Dynavox and Tobii Pro	9.7	9.3	10.8	11.6	11.4	12.7	12.1	13.4

Gross margin, %	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Tobii Dynavox	72.6	75.2	69.5	73.9	71.2	70.3	71.0	71.1
Tobii Pro	75.4	74.0	72.3	77.7	73.5	71.8	72.4	75.7
Tobii Tech	42.3	44.8	47.6	49.4	41.4	49.6	47.9	39.0
<b>The Group</b>	<b>73.9</b>	<b>76.3</b>	<b>72.1</b>	<b>76.4</b>	<b>73.0</b>	<b>72.7</b>	<b>72.8</b>	<b>71.1</b>

Operating profit/loss before depreciation and amortization (EBITDA), SEK m	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Tobii Dynavox	42.1	36.4	43.0	60.6	42.9	41.5	45.5	55.0
Tobii Pro	12.1	5.6	7.2	19.5	12.9	4.6	7.6	19.9
Tobii Tech	-34.8	-32.7	-27.8	-49.8	-47.5	-45.3	-32.8	-54.2
Eliminations and other	-0.2	0.0	0.0	0.0	-	-	-	-
<b>The Group</b>	<b>19.2</b>	<b>9.3</b>	<b>22.4</b>	<b>30.3</b>	<b>8.4</b>	<b>0.8</b>	<b>20.4</b>	<b>20.8</b>

Operating profit/loss (EBIT), SEK m	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Tobii Dynavox	26.5	21.6	26.1	44.8	26.6	25.4	31.2	41.5
Tobii Pro	7.3	0.9	2.2	10.8	5.9	-2.7	0.1	12.1
Tobii Tech	-41.2	-39.2	-36.7	-58.7	-49.3	-51.9	-41.9	-64.1
Eliminations and other	-0.2	0.0	0.0	0.0	-	-	-	-
<b>The Group</b>	<b>-7.6</b>	<b>-16.7</b>	<b>-8.4</b>	<b>-3</b>	<b>-16.8</b>	<b>-29.2</b>	<b>-10.6</b>	<b>-10.5</b>

Operating margin, %	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Tobii Dynavox	15.8	12.5	14.4	20.5	14.1	14.0	16.7	20.3
Tobii Pro	13.5	1.9	4.9	16.8	10.0	-5.1	0.1	16.4
Tobii Tech	neg	neg	neg	neg	neg	neg	neg	neg
<b>The Group</b>	<b>-3.3</b>	<b>-7.5</b>	<b>-3.7</b>	<b>-1.0</b>	<b>-6.6</b>	<b>-12.1</b>	<b>-4.2</b>	<b>-3.4</b>

Profit/loss before tax, SEK m	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>The Group</b>	<b>3.9</b>	<b>-20.7</b>	<b>-6.0</b>	<b>-4.5</b>	<b>-29.5</b>	<b>-17.5</b>	<b>-5.4</b>	<b>4.8</b>

Profit/loss for the period, SEK m	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>The Group</b>	<b>1.3</b>	<b>-11.0</b>	<b>-7.7</b>	<b>-7.1</b>	<b>-24.9</b>	<b>-16.3</b>	<b>-7.2</b>	<b>-1.4</b>

## The Parent Company

The Group's Parent Company, Tobii AB (publ.), which has over 290 employees, focuses on sales, marketing, R&D, purchasing, manufacturing, technical support and IT. The Parent Company's net sales during the fourth quarter totaled SEK 189 million (148) and the operating profit/loss was SEK -15 million (-15). The Parent Company's net sales for the full year totaled SEK 633 million (544) and the operating loss was SEK -50 million (-27). At the period end the Parent Company had SEK 686 million (284) in cash and cash equivalents and SEK 170 million (170) in unutilized overdraft facilities.

### Parent Company income statement

SEK m	Fourth quarter		Full Year	
	2016	2015	2016	2015
<b>Net sales</b>	<b>188.7</b>	<b>148.2</b>	<b>632.9</b>	<b>544.5</b>
Cost of goods and services sold	-84.0	-54.3	-274.0	-226.2
<b>Gross profit</b>	<b>104.8</b>	<b>93.8</b>	<b>358.9</b>	<b>318.3</b>
Selling expenses	-39.9	-32.7	-135.0	-106.3
Research and development expenses	-64.4	-62.3	-225.1	-191.9
Administrative expenses	-20.8	-13.9	-55.9	-52.2
Other operating income and operating expenses	4.9	0.5	6.8	5.2
<b>Operating profit/loss</b>	<b>-15.4</b>	<b>-14.5</b>	<b>-50.3</b>	<b>-26.9</b>
Financial items	22.5	4.8	46.1	29.7
<b>Profit/loss before tax</b>	<b>7.1</b>	<b>-9.8</b>	<b>-4.2</b>	<b>2.8</b>
Tax	0.6	2.3	4.3	6.4
<b>Profit/loss after tax</b>	<b>7.7</b>	<b>-7.5</b>	<b>0.1</b>	<b>9.2</b>
Depreciation and amortization, total	-19.9	-21.7	-69.0	-69.3

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

### Parent Company balance sheet

SEK m	Dec 31, 2016	Dec 31, 2015
<b>Fixed assets</b>		
Intangible fixed assets	192.6	168.7
Tangible fixed assets	7.7	7.4
Financial fixed assets	562.6	493.1
Long-term financial receivables	1.8	0.0
<b>Total fixed assets</b>	<b>764.7</b>	<b>669.2</b>
<b>Current assets</b>		
Accounts receivable	98.1	74.3
Inventories	43.7	24.7
Other current financial receivables	71.1	98.0
Cash and bank balances	685.7	283.9
<b>Total current assets</b>	<b>898.6</b>	<b>480.8</b>
<b>Total assets</b>	<b>1,663.3</b>	<b>1,150.0</b>
<b>Shareholders' equity</b>	<b>1,499.8</b>	<b>1,028.1</b>
<b>Long-term liabilities</b>		
Interest-bearing liabilities	0.0	0.0
Other long-term liabilities	12.0	5.1
<b>Total long-term liabilities</b>	<b>12.0</b>	<b>5.1</b>
<b>Current liabilities</b>		
Interest-bearing liabilities	0.0	0.0
Other current liabilities	151.4	116.8
<b>Total current liabilities</b>	<b>151.4</b>	<b>116.8</b>
<b>Total liabilities</b>	<b>163.5</b>	<b>121.9</b>
<b>Total equity and liabilities</b>	<b>1,663.3</b>	<b>1,150.0</b>

## Definitions of alternative performance measures (APM) not defined by IFRS

Alternative Performance Measures, (APMs), are financial measures of financial performance, financial position, or cash flows, other than those defined in the applicable financial reporting framework (IFRS). These are considered to be important supplemental measures of the company's performance. These measures may not be comparable to measures used by other companies, due to the fact that not all companies calculate financial measures in the same way.

### Gross margin

Gross profit relative to the operations' net sales.

### Operating profit/loss (EBIT)

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

### Operating margin

Operating profit relative to the operations' net sales.

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

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

### EBITDA margin

Operating profit/loss before depreciation, amortization and write-downs relative to the operations' net sales.

### Cash flow after continuous investments

Cash flow from operating activities minus investments in intangible, tangible and financial fixed assets.

### Working capital

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

### Net cash/net debt

Cash and cash equivalents minus interest-bearing liabilities.

### Equity/assets ratio

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

### Debt/equity ratio

Interest-bearing liabilities divided by shareholders' equity.

### Return on equity

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

### 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.

### 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

## Other information

### 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.

ESMA's (European Securities and Markets Authority) guidelines on "Alternative Performance Measures" have been applied from July 3, 2016, requiring disclosure regarding financial measures that are not defined in accordance with IFRS.

### 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 2015 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.

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 15, 2017

Tobii AB (publ)

Kent Sander  
*Chairman*

Heli Arantola

Nils Bernhard

John Elvesjö

Martin Gren

Åsa Hedin

Jan Wäreby

Henrik Eskilsson  
*President & CEO*

*This year-end report has not been audited.*

*This is a translation of the original Swedish interim report. In the event of a discrepancy between this translation and the Swedish original, the Swedish interim report takes precedence.*

*This information is information that Tobii AB (publ) is obliged to make public, pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out below, on February 15, 2017 at 08.00 (CET).*

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## Financial calendar

<b>Annual report 2016</b>	April 6, 2017
<b>Interim report Q1, 2017</b>	April 27, 2017
<b>AGM 2017</b>	May 9, 2017
<b>Interim report Q2, 2017</b>	July 25, 2017
<b>Interim report Q3, 2017</b>	October 26, 2017
<b>Year-end report, 2017</b>	February 8, 2018