Welcome to our Interim Report Q1 2020

Henrik Eskilsson, CEO

Johan Wilsby, CFO
Stable quarterly revenues despite the pandemic

• Tobii Group’s revenue grew by 5%, and was flat adjusted for currency effects
  • Overall good underlying sales momentum
  • Strong sales growth of the new I-series in Tobii Dynavox
  • Significant sales decline in Tobii Pro in China and Japan due to Covid-19 pandemic

• EBIT improved to -23 MSEK (-38) despite Covid-19 headwinds
  • Reached the long-term financial target we have worked towards of 15% EBIT margin in Tobii Dynavox
  • Overall tight cost control and improved gross margin

• Successful adaptation of operations to handle effects of the pandemic

• Expect significant near-term negative impact on sales from Covid-19
  • Cost savings initiatives launched
  • Group financial targets are unlikely be reached in 2020

• A majority of Tobii’s business is highly resilient to potential down-turn in economy
Tobii Dynavox

- World's leading supplier of assistive technology for communication
- Market share close to 40%
- Provides products that enable users with disabilities to speak and communicate effectively

Tobii Dynavox’s mission is to empower people with disabilities to do what they once did, or never thought possible
Tobii Dynavox was propelled by accelerating momentum for the new I-Series

- Revenue increased 12%, or 8% adjusted for currency effects, compared with Q1 2019
- The new I-series continues to sell well in Europe and increasingly also in the US
- Pandemic related lock-downs slow down sales activities – will affect revenue in the short term
- Expect business to be unaffected by potential long-term economic downturn
- Training program continues at the same level, now using digital media

The video "Unboxing the new I-Series" has been viewed by almost one million people. https://www.youtube.com/watch?v=8-kqWDPOiLo
Tobii Dynavox Q1 financials

• Revenue increased 12%, or 8% adjusted for currency
  • I-Series sales was the primary growth driver
  • Sales ramp-up of the new I-Series in the US, primarily visible towards the second half of the quarter
  • Owing to Dynavox´s lead times, Covid-19 had limited impact on Q1 2019 earnings but has resulted in disturbances in sales and marketing activities which meant that we proactively will adapt operating costs in Q2 as announced.

• Gross margin was 68% (63%)
  • Positively impacted by a product mix shift towards I-series
  • One-offs in the comparison quarter

• Improved EBIT margin of 15% (8%)
  • Leverage on revenue growth, product mix shift and overall healthy cost control

### Revenue (SEK million) and Gross Margin

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<td>Gross Margin (%)</td>
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### EBIT (SEK million) and EBIT Margin

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<td>EBIT Margin (%)</td>
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Tobii Pro

• World’s leading supplier of eye-tracking solutions for understanding human behavior
• Market share of 60%
• Provides eye tracking solutions consisting of hardware devices, analysis software and research consulting

Tobii Pro’s mission is to empower scientific researchers and business professionals with revolutionary insights into human behavior through the use of world-class eye tracking technology

Share of Tobii’s gross sales (LTM)
Tobii Pros revenues clearly impacted by the pandemic in the quarter

- Revenue decreased 17%, or 20% adjusted for currency effects, compared with Q1 2019
- The pandemic had a strong negative impact on sales in the quarter, mainly in China and Japan and in the Scientific Research segment
- Professional Performance and Tobii Pro Insight showed strong sales development
- Pandemic related restrictions slow down marketing and sales – expected to have significant negative impact on revenue short term
- Resilient business, especially Scientific Research

Tobii Pro Q1 financials

- Revenue contracted 17%, or 20% adjusted for currency
  - Covid-19 impact over 20 MSEK
- Gross margin at 72% (76%)
  - Negative scalability effects owing to lower volumes, production related start up costs and mix shift towards services
- EBIT margin at 1% (20%)
  - Driven by revenue and gross margin decline. Operational expenses were largely unchanged compared to Q1 2019
Tobii Tech

• World’s leading supplier of eye-tracking technology for integration into consumer electronics and other volume products

*Tobii Tech’s mission is to enable devices to visually sense the user - to transform your everyday experiences to be more intelligent, intuitive and insightful*

15%
Tobii Tech - continued growth, but also actions to facilitate profitability

• External revenues increased with 31%, or 25% adjusted for currency

• Growth in the quarter driven by the VR and PC segments

• Qualcomm presented their third reference design for VR & AR headsets optimized for Tobii eye tracking

• High level of activity mainly in VR and in PC around Tobii Aware

• Pandemic related restrictions slow down marketing and sales and affect customer’s projects – will have some impact

• Cost level is adapted to accelerate path to profitability
**Tobii Tech Q1 financials**

- Revenue increased 20%, or 14% adjusted for currency
  - External revenue increased to 42 MSEK (32), up 31%, or 25% adjusted for currency
  - Internal revenues were unchanged at 17 MSEK (17)
- Gross margin was 52% (44%)
  - Increase related to change in product mix and one-offs in the comparison period
- Operating loss improved to -61 MSEK (-80)
  - Revenue growth, gross margin improvement and lower operating expenses

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<td>EBIT (SEK million)</td>
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Tobii Group Q1 financials

- Revenue increased to 380 MSEK (363), up 5% or 0% adjusted for currency
  - Held back primarily by Covid-19 effects in Tobii Pro’s Academic sales and supply chain and project disturbances for some of Tobii Tech’s customers
- Gross margin was 69% (68%)
- Group EBIT was -23 MSEK (-38)
  - Decreased capitalization and increased amortization had a 21 MSEK lower contribution to earnings than in Q1 2019.
  - Underlying improvement driven by product mix shifts in Dynavox and Tech and reduced operating costs
Balance sheet and cash flow

- Cash flow after continuous investments of -62 MSEK (-93)
- Cash position including Smartbox at 301 MSEK end of March. Divestment process continues.
- Credit facility of 50 MSEK and 150 MSEK bond issue in Q1 2020 to support future working capital needs and M&A

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<th>Tobii Group (MSEK)</th>
<th>Q1 2020</th>
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<tr>
<td>Total Assets</td>
<td>1734</td>
<td>1713</td>
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<td>Equity</td>
<td>651</td>
<td>806</td>
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<td>Equity Ratio</td>
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<td>47</td>
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<td>Cash Position (incl Smartbox)</td>
<td>301</td>
<td>391</td>
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<td>Cash flow after continuous investments</td>
<td>-62</td>
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Group cash flow after continuous investments
Tobii takes measures to counter the effects of Covid-19

• Covid-19 pandemic expected to have significant, but mainly short-term impact on sales
  • Quarantine actions affect ability to reach customers in all three divisions
  • Expect most of the business to return to normal levels and good growth shortly after quarantines are eased
  • Tobii Dynavox and Tobii Pro’s scientific research business have historically been very resilient to down-turns in the economy

• Program to temporarily adapt costs to a lower revenue level short term
  • Decrease discretionary expenses and consultants
  • Company-wide temporary work reduction program
  • Temporary salary reduction for the executive management team

• Structural changes to facilitate the path to profitability for Tobii Tech
  • Increased focus and reviewed priorities
  • Reduction in staff and consultants

• The program is expected to reduce the Group’s operating expenses in Q2 2020 by around 20% compared to 2019
Summary

• Stable quarterly revenue despite the pandemic
• Tobii Group’s revenue grew by 5%, and was flat adjusted for currency effects
• EBIT improved to -23 MSEK (-38)
• Successful adaptation of operations to handle effects of the pandemic
• Expect significant near-term negative impact on sales from Covid-19
• A majority of Tobii’s business is highly resilient to potential down-turn in economy
• Strategy remains intact
Thank you!
QnA