

Interim report January–March 2016 Tobii AB (publ)

Stable growth and a step toward consumer markets through launch of the world's first gaming notebook with eye tracking

January – March

- The Group's sales totaled SEK 252 million (229), an increase of 10%. Adjusted for currency effects, the increase was 9%.
- Gross margin was 73% (74%).
- The Group's operating loss amounted to SEK -17 million (-8).
- The combined operating profit from Tobii Dynavox and Tobii Pro totaled SEK 33 million (34) while investments in Tobii Tech had a negative impact on the Group's earnings in the amount of SEK -49 million (-41).
- Earnings per share was SEK -0.29 (0.01).

Events during the period

- Tobii Tech and MSI launched the world's first gaming notebook with eye tracking.
- Ubisoft launched two major game titles with integrated support for Tobii eye tracking.

Events after the close of the period

- Tobii Dynavox launched the first eye-controlled product upgraded with the new eye-tracking platform Tobii IS4.

SEK m (except for earnings per share)	First quarter			Full Year
	2016	2015	Change	2015
Net Sales				
Tobii Dynavox	188.3	167.2	13%	740.3
Tobii Pro	59.3	54.2	9%	209.5
Tobii Tech	16.0	17.7	-9%	58.6
Eliminations and other, net	-11.4	-9.6	n/m	-41.1
Total	252.2	229.4	10%	967.3
Operating profit/loss (EBIT)				
Tobii Dynavox	26.6	26.5		119.0
Tobii Pro	5.9	7.3		21.2
Tobii Tech	-49.3	-41.2		-175.7
Other	0.0	-0.2		-0.2
Total	-16.8	-7.6		-35.7
Earnings per share (SEK)	-0.29	0.01		-0.30

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

We started the year at full speed and high pace of activity in all three business units. The Group's year-over-year net sales increased by 9% adjusted for currency effects.

Tobii Dynavox – greater awareness and upgraded eye-tracking products

Activities to boost awareness about Tobii Dynavox products are among the most important things that we can do to improve market penetration. During the quarter, we saw several concrete results of these efforts in the form of videos and news which drew attention globally. “[Hello mum](#)”, spread via the BBC, is one such story; another is the video about seven-year-old Ian from Argentina that was released in English and Spanish by [AJ+](#) on Facebook, where it has been viewed more than one million times.

Year-over-year sales for the business unit increased by 12% adjusted for currency effects, driven by positive trends in the USA.

In April, Tobii Dynavox launched the eye-controlled product PCEye Mini, the first to integrate the new IS4 platform. In Tobii Dynavox, we continue to invest considerably in product development in order to give even more people the opportunity to communicate effectively.

Tobii Pro – sales growth across the board

In terms of sales, Tobii Pro opened the year with a solid quarter. Year-over-year sales increased by 8% adjusted for currency effects. Sales were strong in all product categories and geographic regions.



The service organization Tobii Insight continued to grow, albeit from relatively low levels. We saw both a growing number of new customers and broader engagements with large, existing customers.

Sales of Glasses 2, the eye-tracking glasses, continued to show solid growth. It has proven to be a product that facilitates behavioral research in a multitude of different fields and we have attracted customers in new segments such as simulators and sport psychology.

Tobii Tech – growing interest among game developers

The quarter opened with Tobii and computer manufacturer MSI launching the world's first gaming notebook with integrated eye-tracking technology. I think it is fantastic that we have managed to take an eye tracking-integrated consumer product to market. Even though this is a very niched device, it still marks an important milestone for Tobii and eye tracking.

During the quarter, Ubisoft released two of its largest game titles – Tom Clancy's The Division and Assassin's Creed Syndicate – with support for eye tracking. We see continued interest in eye tracking among game developers and budding interest among gaming enthusiasts. We work closely with game developers and end-users to gather feedback and make eye tracking as a gaming experience even better. Much remains to be done, however, before we have a complete solution that is attractive to mainstream consumers, but we continue to take steps in the right direction.

Several ongoing collaborations with computer manufacturers aim to bring to market more products that integrate eye tracking. We also see an increased interest in eye tracking from potential integration customers within other segments, such as virtual reality and smartphones. We are increasing our R&D efforts to explore and develop solutions to enable business opportunities also in these areas.

We continue to grow

To develop technology and products, and to capture the exciting opportunities we see for eye tracking, we have hired many new employees in all three business units. I would therefore like to close with a word of welcome to all our new Tobiians!

Danderyd, May 4, 2016

Henrik Eskilsson

The Group: January – March

Sales

The Group's net sales for the first quarter rose year-over-year by 10% to SEK 252 million (229). Adjusted for currency effects, the increase was 9%. Tobii Dynavox contributed SEK 188 million, Tobii Pro SEK 59 million and Tobii Tech SEK 16 million, of which SEK 11 million was sales of eye-tracking platforms to the other two business units.

In the first quarter of 2016, the North American market accounted for 62% (57%) of the Group's sales, the European market for 25% (27%), and the rest of the world for 13% (16%).

Earnings

The Group's gross margin was 73% (74%). Year-over-year, gross margin was negatively impacted by the reallocation of certain selling and administrative expenses to cost of goods and services sold carried out during the third quarter of 2015.

The operating loss for the Group was SEK -17 million (-8) and operating margin was -7% (-3%). The operating loss was affected by increased investments in R&D and marketing initiatives. It was also affected by negative currency effects on working capital in the first quarter 2016, while the effect was favorable during the same period in 2015. Adjusted for the currency effects, operating margin was -5% (-5%).

The combined operating profit from Tobii Dynavox and Tobii Pro was SEK 33 million (34). At the same time, the Group was impacted by Tobii Tech's operating loss of SEK -49 million (-41).

The Group's total R&D expenditures amounted to SEK 74 million (70), of which SEK 22 million (30) or 29% (42%) were capitalized in the balance sheet. At the same time R&D amortization rose to SEK 19 million (18). Consequently, net R&D expenses amounted to SEK 72 million (59).

Operating profit before depreciation and amortization (EBITDA) was SEK 8 million (19), yielding an EBITDA margin of 3% (8%).

Pretax loss was SEK -30 million compared with SEK 4 million in the first quarter of 2015. The change was primarily due to a SEK 24 million decrease in net financial items for a total of SEK -13 million (11), generated by currency effects that lowered the value of the Group's dollar-based financial assets.

Net loss was SEK -25 million (1) and earnings per share was SEK -0.29 compared with SEK 0.01 in the first quarter of 2015. The average number of shares outstanding at the close of the first quarter rose by 19 million or 27% to 88 million year-over-year through the new share issue in conjunction with the listing on the stock exchange in April 2015.

Cash flow, liquidity and financial position

The quarter's cash flow after continuous investments was SEK 2 million (-39). Operations generated a positive cash flow of SEK 29 million (-3), a net improvement of SEK 32 million due to a SEK 24 million decline in working capital and earnings before depreciation/amortization in the amount of SEK 8 million. Continuous investments amounted to SEK 26 million (36), of which SEK 22 million (30) referred to capitalization of R&D.

At the close of the quarter, the Group had SEK 371 million (-63) in net cash and SEK 170 million (108) in unutilized overdraft facilities.

Employees

The number of employees at period-end, recalculated to full-time equivalents, was 637. Compared with the corresponding period last year, the number of employees rose by 77 through intensified investments in R&D and the sales and marketing organizations.

Tobii Dynavox

SEK m	First quarter		Full year
	2016	2015	2015
Net sales	188.3	167.2	740.3
Gross margin	71%	73%	73%
EBITDA	42.9	42.1	182.1
EBITDA margin	23%	25%	25%
Operating profit/loss (EBIT)	26.6	26.5	119.0
EBIT margin	14%	16%	16%

January – March

Sales

Net sales for the first quarter rose year-over-year by SEK 21 million, or 13%, to SEK 188 million (167). Adjusted for currency effects, the increase was 12%. The increase in sales was primarily attributed to synergies of the Dynavox acquisition and higher sales in the US. A one-off effect of the Steve Gleason Act contributed SEK 4 million. Adjusted for this one-off effect and currency effects, the increase was 9%.

Earnings

Gross margin was 71% (73%). Year-over-year, gross margin was negatively impacted by 2 percentage points due to the reallocation of certain selling and administrative expenses to cost of goods and services sold carried out during the third quarter of 2015.

Operating profit totaled SEK 27 million (26) and the operating margin was 14% (16%). The operating profit was negatively affected by currency effects on working capital in the amount of SEK -5 million during the first quarter of 2016, while the effect was favorable and amounted to SEK 5 million during the same period in 2015. Adjusted for this effect, operating margin was 17% (12%).

Total R&D expenditures rose by SEK 5 million to SEK 27 million (22), of which SEK 13 million (9) or 48% (41%) were capitalized in the balance sheet. At the same time, R&D amortization rose by SEK 4 million to SEK 12 million (8). Consequently, net R&D expenses amounted to SEK 25 million (20). The business unit continued to invest in product development to enhance the product

portfolio by making improvements in existing products and developing completely new ones in both current and new segments.

Operating profit before depreciation and amortization (EBITDA) was SEK 43 million (42) and the EBITDA margin was 23% (25%). The underlying profitability improved by 3 percentage points from 22% to 25% adjusted for currency effects on working capital.

Other events

- Tobii Dynavox began building up an organization for direct sales in the UK.
- A touchscreen-based communication solution for the Chinese market was launched.
- In April, the computer peripheral PCEye Mini, which integrates the new eye-tracking platform Tobii IS4, was launched. IS4 is a smaller, more robust platform that makes eye control possible for more users under more diverse conditions.

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 three quarters of the Group's sales. The business unit's long-term financial goal is to deliver revenue growth in excess of 10% per year, with an EBIT margin of 20%.

Tobii Pro

SEK m	First quarter		Full year
	2016	2015	2015
Net sales	59.3	54.2	209.5
Gross margin	73%	75%	75%
EBITDA	12.9	12.1	44.3
EBITDA margin	22%	22%	21%
Operating profit/loss (EBIT)	5.9	7.3	21.2
EBIT margin	10%	13%	10%

January – March

Sales

Net sales for the first quarter rose year-over-year by 9% to SEK 59 million (54) and by 8% adjusted for currency effects. The improvement was driven by sales growth of both Glasses 2 and the new product X3-120 as well as by the service organization Tobii Insight. Sales were good in all geographic regions.

Earnings

Gross margin was 73% (75%). Year-over-year, the gross margin was negatively impacted by the reallocation of certain selling and administrative expenses to cost of goods and services sold carried out during the third quarter of 2015.

Operating profit totaled SEK 6 million (7) and the operating margin declined 3 percentage points to 10% (13%) primarily through higher R&D amortization.

Total R&D expenditures amounted to SEK 12 million (10), of which SEK 6 million (5) or 50% (50%) were capitalized in the balance sheet. At the same time, R&D amortization was SEK 6 million (4). Consequently, net

R&D expenses rose to SEK 13 million (9). Investments were made in both the further development of existing products and the development of new eye-tracking hardware and analytics software.

Operating profit before depreciation and amortization (EBITDA) rose to SEK 13 million (12) and the EBITDA margin of 22 percent remained unchanged compared with the first quarter of 2015.

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. The business unit's long-term financial goal is to deliver revenue growth in excess of 15% per year, with an EBIT margin in excess of 15%. In the mid-term (next 2-3 years), Tobii Pro's target is to deliver revenue growth of 10% with an EBIT margin of 10%.

Tobii Tech

SEK m	First quarter		Full year
	2016	2015	2015
Net sales	16.0	17.7	58.6
Gross margin	41%	42%	46%
EBITDA	-47.5	-34.8	-145.2
EBITDA margin	n/m	n/m	n/m
Operating profit/loss (EBIT)	-49.3	-41.2	-175.7
EBIT margin	n/m	n/m	n/m

January – March

Sales

Net sales for the first quarter declined by 9% to SEK 16 million (18) year-over-year. Adjusted for currency effects, the decrease was 10%. Sales of eye-tracking platforms to Tobii Dynavox and Tobii Pro amounted to SEK 11 million (10). Most external revenue was sales of hardware including increased sales of the consumer product Tobii EyeX Controller. However, the business unit reported lower sales of customer-financed development projects compared to the same period in 2015.

Earnings

Gross margin was 41%, a reduction from 42% for the first quarter of 2015.

Operating loss amounted to SEK -49 million (-41), mainly attributable to higher net R&D expenses and increased expenditures for marketing initiatives to encourage the development of computer games that integrate eye tracking.

R&D expenditures totaled SEK 35 million (38). SEK 3 million was capitalized on the balance sheet compared with SEK 15 million in the first quarter of 2015 when major external expenses for the development of the IS4 platform and Tobii EyeChip were incurred. At the same time, R&D amortization decreased to SEK 2 million (6). Consequently, net R&D expenses rose to SEK 35 million (29).

Operating loss before depreciation and amortization (EBITDA) amounted to SEK -48 million (-35).

Other events

- The eye-tracking platform Tobii IS4 was ready for volume production in Q1 and the first products that integrate IS4 were launched by Tobii Dynavox in April. The IS4 platform is primarily designed for integration into notebooks, monitors and computer peripherals through a considerably reduced size, adaptations to volume production, lower cost and further improvements in performance.
- MSI launched the world's first gaming notebook with integrated eye-tracking technology – MSI GT72 Tobii. It is a niche premium computer that targets gaming enthusiasts.
- Ubisoft launched two major game titles – Tom Clancy's The Division and Assassin's Creed Syndicate – for PC with integrated support for Tobii eye tracking.
- Several ongoing discussions and collaborations intended to evaluate, develop and integrate eye tracking in various products in segments such as gaming notebooks, VR and smartphones.

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. The business unit's long-term financial goal is to become cash flow positive by 2018.

Consolidated key ratios

	First quarter		Full Year
	2016	2015	2015
Earnings per share, SEK	-0.29	0.01	-0.30
Earnings per share, diluted ¹ , SEK	-0.29	0.01	-0.30
Equity per share, SEK	8.8	5.5	9.1
EBITDA, SEK m	8.4	19.2	81.1
EBIT, SEK m	-16.8	-7.6	-35.7
Cash flow from operating activities, SEK m	28.6	-2.6	79.8
Cash flow after continuous investments, SEK m	2.1	-38.6	-40.7
Working capital, ² SEK m	2.9	32.9	22.9
Total assets ³ , SEK m	1,006.5	769.8	1035.4
Net cash (+)/net debt (-), SEK m	371.1	-62.5	370.9
Equity, SEK m	774.4	382.1	793.8
Equity/assets ratio ⁴ , %	76.9	49.6	76.7
Net debt/equity, %	neg	16.4	neg
Gross margin, %	73.0	73.9	74.8
EBITDA margin, %	3.3	8.4	8.4
Operating margin, %	-6.6	-3.3	-3.7
Return on total equity, %	-3.1	0.3	-3.6
Average number of outstanding shares, million	87.6	68.9	81.8
Average number of outstanding shares after dilution, million	90.9	72.2	85.1
Number of outstanding shares at period-end, million	87.6	68.9	87.6
Number of outstanding shares after dilution at period-end, million	90.9	72.2	90.9
Average number of employees (recalculated to full-time equivalents)	633	550	582

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 March 31, 2015, 3.0 million of the share warrants issued were still outstanding.

2) Working capital at March 31, 2015 is adjusted compared to previously reported amounts of SEK -41.6 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 March 31, 2015.

3) Total assets at March 31, 2015 is adjusted compared to previously reported amounts of SEK 761.1 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 March 31, 2015.

4) Equity/assets ratio at March 31, 2015 is adjusted compared to previously reported figures of 50.2% 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 March 31, 2015.

For further information regarding 2 – 4 above, see note 31 in Tobii's 2015 Annual Report.

Consolidated Statement of Comprehensive Income

SEK m	First quarter		Full Year
	2016	2015	2015
Net sales	252.2	229.4	967.3
Cost of goods and services sold	-68.0	-59.9	-243.8
Gross profit	184.2	169.6	723.4
Selling expenses	-102.2	-91.1	-393.3
Research and development expenses	-72.2	-58.6	-265.0
Administrative expenses	-20.7	-29.3	-95.9
Other operating income and operating expenses ¹	-6.0	1.9	-5.0
Operating profit/loss	-16.8	-7.6	-35.7
Net financial items ²	-12.8	11.4	8.4
Profit/loss before tax	-29.5	3.9	-27.3
Tax	4.6	-2.6	2.7
Net profit/loss for the period	-24.9	1.3	-24.6
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss for the period:			
Exchange rate differences	4.9	-2.7	-3.6
Other comprehensive income for the period, net after tax	4.9	-2.7	-3.6
Total comprehensive income for the period	-20.0	-1.5	-28.2
Of which depreciation and amortization	-25.1	-26.8	-116.7
Of which write downs of fixed assets	-	-	-0.1
Net profit/loss for the period attributable to:			
Parent company shareholders	-25.2	0.8	-24.7
Minority interests	0.2	0.4	0.1
Net profit/loss for the period	-24.9	1.3	-24.6
Total comprehensive income for the period attributable to:			
Parent company shareholders	-20.3	-1.9	-28.4
Minority interests	0.2	0.4	0.1
Total comprehensive income for the period	-20.0	-1.5	-28.2

1) Primarily foreign currency translation differences.

2) Net financial items include foreign currency translation differences totaling SEK -13 million (12) for the First quarter and SEK 10 million for the Full Year 2015.

Consolidated Balance Sheet

SEK m	Mar 31, 2016	Mar 31, 2015	Dec 31, 2015
Fixed assets			
Intangible fixed assets	328.2	345.1	331.7
Tangible fixed assets	29.7	33.8	31.8
Financial fixed assets	62.4	52.9	56.5
Total fixed assets	420.2	431.8	420.1
Current assets			
Accounts receivable	143.2	164.7	168.7
Inventories	40.9	49.8	45.8
Other current financial receivables	31.0	27.2	30.0
Cash and cash equivalents	371.1	96.3	370.9
Total current assets	586.3	338.0	615.3
Total assets	1,006.5	769.8	1,035.4
Shareholders' equity			
Shareholders' equity, Parent Company shareholders	773.9	381.4	793.5
Minority interests	0.6	0.7	0.3
Total shareholders' equity	774.4	382.1	793.8
Liabilities			
Long-term liabilities			
Interest-bearing liabilities	-	79.9	-
Other long-term liabilities	19.8	20.1	20.0
Total long-term liabilities	19.8	100.0	20.0
Current liabilities			
Interest-bearing liabilities	-	78.9	-
Other current liabilities	212.3	208.8	221.6
Total current liabilities	212.3	287.7	221.6
Total liabilities	232.1	387.7	241.5
Total shareholders' equity and liabilities	1,006.5	769.8	1,035.4

1) Balance sheet values have been restated for the period ending March 31, 2015 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 note 31 in Tobii's 2015 Annual Report.

Consolidated Statement of Changes in Equity

SEK m	Attributable to Parent Company shareholders					Non-controlling interests	Total equity
	Share capital	Other contributed capital	Re-serves	Re-tained earnings	Total		
Opening balance Jan 1, 2015	0.3	663.1	2.7	-277.4	388.8	0.2	389.0
Comprehensive income for the period			-2.7	0.8	-1.9	0.5	
Bonus issue	0.2				0.2		
New share issue		-8.9			-8.9		
Share based payments settled using equity instruments				0.2	0.2		
Closing balance, March 31, 2015	0.5	657.3	-0.1	-276.3	381.4	0.7	382.1
Comprehensive income for the period			-0.9	-25.6	-26.5	-0.3	
New share issue	0.1	437.9			437.9		
Share based payments settled using equity instruments				0.5	0.5		
Closing balance Dec 31, 2015	0.6	1,095.2	-0.9	-301.4	793.5	0.3	793.8
Comprehensive income for the period			4.9	-25.2	-20.2	0.2	
New share issue		0.4			0.4		
Share based payments settled using equity instruments				0.2	0.2		
Closing balance March 31, 2016	0.6	1,095.6	4.0	-326.3	773.9	0.6	774.4

Consolidated Statement of Cash Flow

SEK m	First quarter		Full Year
	2016	2015	
Cash flow from operating activities:			
Profit/loss after financial items	-29.5	3.9	-27.3
Adjustment for items not included in the cash flow	36.6	8.7	112.0
Taxes paid	-2.1	0.1	0.3
Cash flow from operating activities before change in working capital	4.9	12.7	85.0
Cash flow from change in working capital	23.7	-15.2	-5.1
Cash flow from operating activities	28.6	-2.6	79.9
Investments			
Continuous investments:			
Investments in intangible, tangible and financial fixed assets	-26.4	-36	-120.6
Cash flow after continuous investments	2.1	-38.6	-40.7
Acquisition of subsidiary company	-	-	-
Cash flow after investments	2.1	-38.6	-40.7
Cash flow from financing activities	0.4	10.4	290.3
Cash flow for the period	2.6	-28.2	249.6
Foreign currency translation, cash and cash equivalents	-2.3	5.1	1.9
Cash and cash equivalents at the beginning of the period	370.9	119.4	119.4
Cash and cash equivalents at the end of the period	371.1	96.3	370.9

Quarterly data per business unit

Net sales, MSEK	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Tobii Dynavox	167.2	172.5	181.7	218.8	188.3			
Tobii Pro	54.2	46.3	44.3	64.6	59.3			
Tobii Tech*	17.7	12.8	12.8	15.3	16.0			
Eliminations and other	-9.6	-9.2	-10.7	-11.5	-11.4			
The Group	229.4	222.5	228.0	287.3	252.2			
*) Of which internal sales to Tobii Dynavox and Tobii Pro	9.7	9.3	10.8	11.6	11.4			

Gross margin, %	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Tobii Dynavox	72.6	75.2	69.5	73.9	71.2			
Tobii Pro	75.4	74.0	72.3	77.7	73.5			
Tobii Tech	42.3	44.8	47.6	49.4	41.4			
The Group	73.9	76.3	72.1	76.4	73.0			

Operating profit/loss before depreciation (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			
Tobii Pro	12.1	5.6	7.2	19.5	12.9			
Tobii Tech	-34.8	-32.7	-27.8	-49.8	-47.5			
Eliminations and other	-0.2	0.0	0.0	0.0	-			
The Group	19.2	9.3	22.4	30.3	8.4			

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			
Tobii Pro	7.3	0.9	2.2	10.8	5.9			
Tobii Tech	-41.2	-39.2	-36.7	-58.7	-49.3			
Eliminations and other	-0.2	0.0	0.0	0.0	-			
The Group	-7.6	-16.7	-8.4	-3	-16.8			

Operating margin, %	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Tobii Dynavox	15.8	12.5	14.4	20.5	14.1			
Tobii Pro	13.5	1.9	4.9	16.8	10.0			
Tobii Tech	neg	neg	neg	neg	neg			
The Group	-3.3	-7.5	-3.7	-1.0	-6.6			

The Parent Company

The Group's Parent Company, Tobii AB (publ), which has some 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 145 million (130) and the increase is primarily due to sales to other Group companies. The operating loss amounted to SEK -19 million (-6). The decline was mainly due to increased R&D expenses and sales and marketing expenses, as well as negative currency effects on working capital. At the close of the period the Parent Company had SEK 294 million (22) in cash and cash equivalents and SEK 170 million (108) in unutilized overdraft facilities.

Parent Company income statement

SEK m	First quarter		Full Year 2015
	2016	2015	
Net sales	145.4	130.2	544.5
Cost of goods and services sold	-62.9	-57.2	-226.2
Gross profit	82.5	73.0	318.3
Selling expenses	-32.4	-27.5	-106.3
Research and development expenses	-52.9	-43.4	-191.9
Administrative expenses	-11.4	-12.9	-52.2
Other operating income and operating expenses	-4.4	5.0	5.2
Operating profit/loss	-18.7	-5.7	-26.9
Financial items	-6.6	15.7	29.7
Profit/loss before tax	-25.3	10.0	2.8
Tax	6.8	-0.3	6.4
Profit/loss after tax	-18.5	9.7	9.2
Depreciation and amortization, total	-12.9	-14.4	-69.3

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

Parent Company balance sheet

SEK m	Mar 31, 2016	Mar 31, 2015	Dec 31, 2015
Fixed assets			
Intangible fixed assets	169.4	176.0	168.7
Tangible fixed assets	7.3	8.2	7.4
Financial fixed assets	493.0	478.1	493.1
Long-term financial receivables	-	0.2	0.0
Total fixed assets	669.7	662.4	669.2
Current assets			
Accounts receivable	68.3	79.1	74.3
Inventories	24.0	20.9	24.7
Other current financial receivables	76.9	79.0	98.0
Cash and bank balances	293.6	22.1	283.9
Total current assets	462.9	201.1	480.8
Total assets	1,132.6	863.5	1,150.0
Shareholders' equity	1,010.3	586.9	1,028.1
Long-term liabilities			
Interest-bearing liabilities	-	79.9	-
Other long-term liabilities	5.2	7.2	5.1
Total long-term liabilities	5.2	87.1	5.1
Current liabilities			
Interest-bearing liabilities	-	78.9	-
Other current liabilities	117.1	110.6	116.8
Total current liabilities	117.1	189.5	116.8
Total liabilities	122.3	276.6	121.9
Total equity and liabilities	1,132.6	863.5	1,150.0

Definitions

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

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.

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 material transactions have occurred between Tobii and related parties other than what is described in Tobii's 2015 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, May 4, 2016

Tobii AB (publ)

Kent Sander
Chairman

Nils Bernhard

John Elvesjö

Anders Ösund

Martin Gren

Åsa Hedin

Henrik Eskilsson
President & CEO

This year-end report has not been audited.

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 May 4, 2016 at 08.00 (CET).

About Tobii

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 and has many times higher sales than its closest competitor.

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 is that it can be used 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, Tobii Dynavox and Tobii Pro, are active in niche markets for assistive technology for communication and research and consumer surveys respectively. Both are market leaders and have established product portfolios. Tobii Dynavox products help tens of thousands of users to speak and communicate, and Tobii Pro's eye-tracking solutions add deep insights and unique objectivity to a multitude of research areas.

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 tablets. The business model is based on delivering components, algorithms and licenses to integration customers.

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

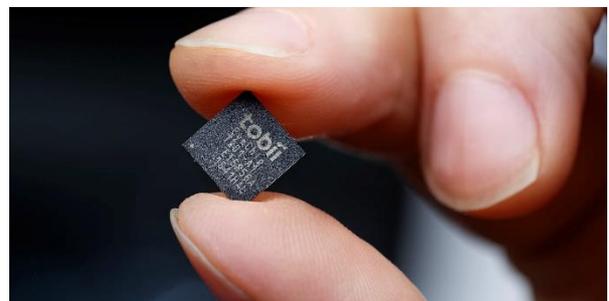
Tobii has more than 600 employees and covers the global market through its own offices in Sweden, the USA, China, Japan, Norway, Germany, the UK, South Korea and Taiwan, and through a global network of resellers. Tobii is headquartered in Danderyd, Sweden, and is listed on Nasdaq Stockholm since April 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.

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Financial calendar

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