

Interim Report January–September 2015

Tobii AB (publ)

Continued good progress in all business units

July – September

- The Group's sales totaled SEK 228 million (168), an increase of SEK 60 million or 36%, of which SEK 30 million was currency effects and SEK 30 million was organic growth.
- Gross margin was 72% (71%).
- The Group's operating loss amounted to SEK -8 million (-21).
- The combined operating profit for Tobii Dynavox and Tobii Pro totaled SEK 28 million (3) while the Group's operating result was negatively impacted by SEK -37 million (-24) for investments in Tobii Tech.
- Earnings per share was SEK -0.09 (-0.18).
- The bill "Steve Gleason Act" that governs funding of communication devices was passed in the United States in July and took effect in October.
- In October, Tobii Tech announced the IS4 platform and Tobii EyeChip, the world's first ASIC (application-specific integrated circuit) for eye tracking.

January – September

- The Group's sales totaled SEK 680 million (414), an increase of which SEK 79 million was currency effects and SEK 187 million was related to the Dynavox acquisition and organic growth.
- Gross margin was 74% (70%).
- The Group's operating loss amounted to SEK -33 million (-56).
- The combined operating profit for Tobii Dynavox and Tobii Pro totaled SEK 85 million (22) while the Group's operating result was negatively impacted by SEK -117 million (-77) for investments in Tobii Tech.
- Earnings per share was SEK -0.22 (-0.72).

SEK m (except for earnings per share)	Third quarter			January - September			Full year 2014
	2015	2014	Change	2015	2014	Change	
Net sales							
- Tobii Dynavox	181.7	134.6	35%	521.4	299.1	74%	441.7
- Tobii Pro	44.3	31.1	43%	144.8	106.6	36%	167.3
- Tobii Tech	12.8	9.4	36%	43.3	26.1	66%	36.6
- Eliminations and other, net	-10.7	-7.1	n/m	-29.6	-18.1	n/m	-25.0
Total	228.0	168.0	36%	679.9	413.8	64%	620.6
Operating profit/loss (EBIT)							
- Tobii Dynavox	26.1	7.4		74.2	22.2		41.9
- Tobii Pro	2.2	-3.9		10.4	-0.7		12.9
- Tobii Tech	-36.7	-24.2		-117.1	-77.2		-121.6
- Other	0.0	0.0		-0.2	0.2		-2.0
Total	-8.4	-20.7		-32.7	-55.5		-68.9
Adjusted operating profit/loss (adjusted EBIT)							
- Tobii Dynavox	26.1	11.6		77.8	33.9		54.2
Total	-8.4	-16.5		-29.1	-43.9		-53.7
Earnings per share (SEK)	-0.09	-0.18		-0.22	-0.72		-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

Third quarter sales rose by 36%, or 18% adjusted for currency effects, compared with the same period in 2014. All three business units demonstrated continued organic sales growth and our already profitable business units Tobii Dynavox and Tobii Pro continued to improve their operating profits. The quarter was also characterized by a high pace of product development, resulting in several product launches and product improvements.

Tobii Dynavox's operations progressed well and in line with expectations. This is the first quarter since the acquisition of DynaVox Systems LLC in May 2014 that we are able to compare Tobii Dynavox's earnings and growth year over year in a meaningful way. The concrete integration work has now been completed, and we see a clear impact from synergies in the business unit's results; Sales rose by 17% adjusted for currency effects, and adjusted EBIT margin rose to 14% (9%).

The pace of product development remains high and we improved a number of products this quarter, adding new features and language versions to better accommodate the needs of our users and to address additional geographic markets.

The "Steve Gleason Act" was passed in July in the U.S. and took effect on October 1. The new law is aimed at making it easier to get funding for communication devices through Medicare, and is expected to have a positive impact on sales going forward.

For **Tobii Pro**, year-over-year sales grew by 26% adjusted for currency effects, while sales grew by 5% adjusted also for the effects of order backlog. Glasses 2 continues to be a strong product in our portfolio and we continue to invest in improvements to maintain the product's competitiveness in existing segments and enhance its potential in new ones.

"Real-world mapping" is a particularly exciting innovation launched in the third quarter. It is a feature that makes it much more cost-efficient to analyze quantitative studies using eye tracking. Such efficiency improvements are essential in order for eye tracking to

grow within consumer research and other segments with large potential.

Tobii Tech continues as planned to invest in technology development and marketing activities to realize future business opportunities for eye tracking in volume markets such as computer gaming and mainstream computers. We see a continued high level of interest from game developers, and this quarter we set up a fund to further fuel development of games that integrates eye tracking. Avalanche Studios launched a new release of theHunter—its second title with support for eye tracking.

Virtual reality (VR) is a new, exciting area in which we are investing. The market is still in an early phase, but eye tracking can have a great impact on VR products' performance and the user experience. As with computer games, we believe this may be an important early adopter market in the consumer segment.

In October, Tobii Tech announced the IS4 platform and Tobii EyeChip, the world's first ASIC (application-specific integrated circuit) for eye tracking. Together they mark an important technological advancement to meet requirements in terms of cost, size and performance enabling integration of our technology in early adopter consumer products. Development of the platform is expected to be finalized during the first quarter of 2016. It will then take more time before products containing the IS4 platform can be launched.

In conclusion, Tobii continues to consolidate its leading position in all three business units. Tobii Dynavox and Tobii Pro are growing profitably and gradually expanding their offerings. In Tobii Tech, we continue to set our sights on establishing eye tracking in new and exciting segments, such as mainstream computers, computer games and virtual reality.

Danderyd, November 3, 2015

Henrik Eskilsson

The Group: July – September 2015

Sales

The Group's sales for the year's third quarter rose year-over-year by 36% to SEK 228 million (168). Of this increase, organic sales growth in both Tobii Dynavox and Tobii Pro accounted for SEK 30 million, while currency effects accounted for SEK 30 million, primarily due to the strengthening of the U.S. dollar (USD) and Euro (EUR) against the Swedish krona (SEK).

In the third quarter 2015, the North American market accounted for 65% (63%) of the Group's sales, the European market for 25% (27%) and the rest of the world for 9% (10%).

Earnings

Gross profit rose by 38% to SEK 165 million (120) and gross margin improved to 72% (71%). A reallocation was carried out during the quarter so that certain expenses previously defined as selling and administrative are defined as cost of goods and services sold. Due to these adjustments, the reported gross margin was reduced for the third quarter by 4 percentage points, but they had no impact on operating loss.

The Group's operating loss amounted to SEK -8 million (-21). The third quarter 2014 operating loss was charged with SEK 4 million in restructuring costs. Consequently, adjusted operating loss shrank by SEK 8 million to SEK -8 million (-16).

The adjusted operating profit from Tobii Dynavox and Tobii Pro improved by SEK 21 million to SEK 28 million. Meanwhile, Tobii Tech's operating loss changed by SEK 13 million to SEK -37 million (-24).

The Group's operating margin was -4% (-12%) and adjusted operating margin -4% (-10%). Improvement in the operating margin is due to an underlying improvement in earnings, as well as currency effects.

The Group's R&D expenses rose to SEK 62 million (35). These expenses are recognized net in the income statement after capitalization in the balance sheet of SEK 22 million (27), or 37% (53%), of total R&D expenditures. R&D amortization totaled SEK 23 million (11). Consequently, total R&D expenditure amounted to SEK 61 million (50), an increase of 21%.

Operating profit before depreciation and amortization (EBITDA) was SEK 22 million (-5), and adjusted operating profit before depreciation and amortization was SEK

22 million (-1), yielding an EBITDA margin of 10% (-3%) and 10% (-1%), respectively.

Pretax loss was SEK -6 million compared with SEK -15 million during the third quarter 2014. Net financial items changed from SEK 6 million in the third quarter 2014 to SEK 2 million in the same period this year, primarily as a result of currency effects.

Net loss was SEK -8 million (-11) and earnings per share was SEK -0.09 compared with SEK -0.18 in the third quarter 2014. The average number of outstanding shares rose by 26 million or 42% to 88 million through new share issue.

Cash flow, liquidity and financial position

Cash flow after continuous investments was SEK -16 million (-40). Operations generated a positive cash flow of SEK 15 million (-8), a net improvement of SEK 23 million of which SEK 37 million is primarily due to better earnings before depreciation/amortization from Tobii Pro and Tobii Dynavox which more than adequately compensated for lower earnings in the amount of SEK 10 million from Tobii Tech. Continuous investments amounted to SEK 31 million, of which SEK 22 million refers to capitalization of R&D in the balance sheet.

At the close of the quarter, the Group had SEK 365 million (-34) in net cash, and SEK 170 million (139) in unutilized overdraft facilities compared with SEK 383 million in net cash and SEK 170 million in unutilized overdraft facilities at the start of the quarter.

Employees

The number of employees at period-end was 585, an increase of 7 employees compared with the same period last year.

Events after the close of the period

In October, Tobii Tech announced the IS4 platform and Tobii EyeChip, the world's first ASIC (application-specific integrated circuit) for eye tracking. An early access program was presented to OEM companies that want to explore the possibilities of integrating the new platform in their products. Development of the platform is expected to be finalized during the first quarter of 2016.

The Group: January – September 2015

Sales

The Group's sales for the first nine months rose year-over-year by SEK 266 million, or 64%, to SEK 680 million (414). The increase in sales is attributed to organic sales growth for all the business units, but mostly to the Dynavox acquisition in May 2014. Currency effects accounted for SEK 79 million, or 19%, of the increase.

During the period, the North American market accounted for 63% (53%) of the Group's sales, the European market for 24% (33%) and the rest of the world for 13% (14%).

Earnings

Gross profit rose by 74% to SEK 504 million (290) and gross margin improved to 74% (70%). The improved margin is attributed mainly to the past years' introduction of products that have lower production costs, a greater proportion of direct sales by Tobii Dynavox, other positive effects from the Dynavox acquisition, and currency effects.

The Group's operating loss amounted to SEK -33 million (-56). The year's first nine months were charged with SEK 4 million in restructuring costs, and the same period in 2014 was charged with SEK 12 million in acquisition-related costs and restructuring costs. Adjusted for these items affecting comparability, operating loss shrank by SEK 15 million to SEK -29 million (-44).

The adjusted operating profit from Tobii Dynavox and Tobii Pro improved by SEK 55 million to SEK 88 million. Meanwhile, Tobii Tech's operating loss changed by SEK 40 million to SEK -117 million (-77).

The Group's operating margin was -5% (-13%) and adjusted operating margin was -4% (-11%). Improvement in the operating margin is due to an underlying improvement in earnings, as well as currency effects.

The Group's R&D expenses rose to SEK 181 million (110), corresponding to 27% (27%) of sales. These expenses are recognized net in the income statement after capitalization in the balance sheet of SEK 77 million

(64), or 39% (46%), of total R&D expenditure. R&D amortization totaled SEK 60 million (31). Consequently, total R&D expenditure amounted to SEK 197 million compared with SEK 140 million during the first nine months of 2014, an increase of 41%.

Operating profit before depreciation and amortization (EBITDA) was SEK 51 million (-11). Adjusted operating profit before depreciation and amortization improved SEK 53 million to SEK 54 million, yielding an EBITDA margin of 7% (-3%) and 8% (0%), respectively.

Pretax loss was SEK -23 million compared with SEK -48 million during the same period 2014. Net financial items amounted to SEK 10 million (8).

Net loss was SEK -18 million (-43) and earnings per share SEK -0.22 compared with SEK -0.72 during the first nine months of 2014. The average number of outstanding shares rose by 20 million or 33% to 80 million through new share issues.

Cash flow, liquidity and financial position

Cash flow after continuous investments increased by SEK 25 million to SEK 48 million (-73) for the first nine months. Operations generated a positive cash flow of SEK 53 million (4), which was mostly due to the improved operating profit of Tobii Pro and Tobii Dynavox. Continuous investments increased by SEK 24 million to SEK 100 million, of which SEK 77 million referred to capitalization of R&D in the balance sheet.

At the close of the period, the Group had SEK 365 million (-34) in net cash, and SEK 170 million (139) in unutilized overdraft facilities compared with SEK 119 million in net cash and SEK 108 million in unutilized overdraft facilities at the start of the year.

Consolidated key ratios

	Third quarter		January-September		Full Year
	2015	2014	2015	2014	2014
Earnings per share, SEK	-0.09	-0.18	-0.22	-0.72	-0.82
Earnings per share, diluted ¹ , SEK	-0.09	-0.18	-0.22	-0.72	-0.82
Equity per share, SEK	9.1	5.1	9.1	5.1	5.6
EBITDA, SEK m	22.4	-5.4	50.8	-10.6	5.6
EBIT, SEK m	-8.4	-20.7	-32.7	-55.5	-68.9
Cash flow after continuous investments, SEK m	-16.3	-40.1	-47.6	-72.6	-117.7
Working capital ² , SEK m	14.0	-9.8 ²	14.0	-9.8 ²	18.7 ²
Total assets ³ , SEK m	1039.9	724.6 ³	1039.9	724.6 ³	752.9 ³
Net cash (+)/net debt (-), SEK m	365.2	-34.0	365.2	-34.0	-15.1
Equity, SEK m	801.3	328.4	801.3	328.4	389.0
Equity/assets ratio ⁴ , %	77.1	45.3 ⁴	77.1	45.3 ⁴	51.7 ⁴
Net debt/equity, %	neg	36	neg	36	3.9
Gross margin ⁵ , %	72.1	71.2	74.1	70.0	70.8
EBITDA margin, %	9.8	-3.2	7.5	-2.6	0.9
Operating margin, %	-3.7	-12.3	-4.8	-13.4	-11.1
Return on total equity, %	-0.9	-4.0	-2.7	-15.4	-17.2
Average number of outstanding shares, million	87.6	62.0	79.9	60.4	62.0
Average number of outstanding shares after dilution ¹ , million	90.9	63.9	83.1	62.3	64.0
Number of outstanding shares at period-end, million	87.6	64.5	87.6	64.5	68.9
Average number of employees	580	599	569	464	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 30 September 2015, 3.0 million of the share warrants issued were still outstanding. There is no dilutive effect, however, since net income is negative for all periods.

2) Working capital is adjusted compared to previously reported amounts of SEK -1.9 million and 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 30 September 2014 and 31 December 2014.

3) Total assets is adjusted compared to previously reported amounts of SEK 716.7 million and 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 30 September 2014 and 31 December 2014.

4) Equity/assets ratio is adjusted compared to previously reported figures of 45.8% and 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 30 September 2014 and 31 December 2014.

5) Gross margin was impacted by reallocation of certain expenses previously defined as selling and administrative to cost of goods and services sold. Adjusted for this reallocation, gross margin would have been 75.9% for the third quarter and 75.4% for the period January-September 2015.

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	Third quarter		January - September		Full year
	2015	2014	2015	2014	2014
Net sales	181.7	134.6	521.4	299.1	441.7
Gross margin	70%	70%	72%	67%	68%
EBITDA	43.0	14.7	121.6	43.3	74.4
EBITDA margin	24%	11%	23%	14%	17%
Operating profit/loss (EBIT)	26.1	7.4	74.2	22.2	41.9
EBIT margin	14%	5%	14%	7%	9%

July – September

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.

Sales

Sales rose year-over-year by SEK 47 million, or 35%, to SEK 182 million (135), of which SEK 25 million is attributed to currency effects and SEK 22 million, or 17%, to organic growth.

Earnings

Third quarter gross margin was 70%. However, the reallocation of certain selling and administrative expenses to cost of goods and services sold had a negative impact of 3 percentage points on the quarter's gross margin. Operating profit was not affected by the reallocation.

Operating profit rose by SEK 19 million to SEK 26 million (7), primarily due to synergies from the Dynavox acquisition. Operating margin climbed to 14% (5%) and 14% (9%) adjusted for items affecting comparability.

As mentioned above, net sales were positively impacted by the strengthening of USD against SEK. However, the impact on operating margin was not significant for Tobii Dynavox because a large portion of its organization is located in the U.S., hence a significant share of the business unit's expenses are in USD.

Total R&D expenditures rose by SEK 6 million to SEK 24 million (18), of which SEK 10 million (8), or 44% (46%), was capitalized in the balance sheet. Meanwhile, R&D amortization rose by SEK 6 million to SEK 10 million (4) due to several new product launches. R&D expenses net totaled SEK 24 million (14).

Operating profit before depreciation and amortization was SEK 43 million (15) and the EBITDA margin improved to 24% (11%).

January – September

Sales

Compared with the same period in 2014, sales grew by 75% or SEK 222 million to SEK 521 million (299), mainly as a result of the Dynavox acquisition and organic sales growth, while currency effects boosted sales by SEK 58 million.

Earnings

Gross margin improved by 5 percentage points to 72%, mainly through a higher proportion of direct sales in North America. Operating profit totaled SEK 74 million (22) and operating margin 14% (7%). The adjusted operating profit improved to SEK 78 million (34) and adjusted operating margin to 15% (11%).

Operating profit before depreciation and amortization (EBITDA) improved to SEK 122 million (43) and EBITDA margin improved to 23% (14%).

Other events

- Launched a new version of Windows Control, a software for controlling Windows through eye movements that now supports Windows 10 in a total of 22 languages. Also launched support for Windows 10 in the Gaze Viewer and Gaze Point software.
- The communication app Compass, which already supported iOS and Android, was launched for Windows-based tablets.
- The "Steve Gleason Act" was passed in the U.S. in July and took effect on October 1. The new law is aimed at making it easier to get funding for communication devices through Medicare, and is expected to have a positive impact on sales moving forward.

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 Pro

SEK m	Third quarter		January - September		Full year
	2015	2014	2015	2014	2014
Net sales	44.3	31.1	144.8	106.6	167.3
Gross margin	72%	72%	74%	70%	72%
EBITDA	7.2	-1.9	24.8	6.8	23.6
EBITDA margin	16%	-6%	17%	6%	14%
Operating profit/loss (EBIT)	2.2	-3.9	10.4	-0.7	12.9
EBIT margin	5%	-13%	7%	-1%	8%

July – September

Tobii Pro accounts for approximately one fifth of the Group's sales. The comparison between this year's third quarter and the same period in 2014 is considerably impacted by timing effects in the order backlog for Glasses 2 in both periods.

Sales

Sales rose year-over-year by SEK 13 million, or 42%, to SEK 44 million (31), of which SEK 5 million, or 16%, is attributed to currency effects and SEK 8 million, or 26%, to organic growth. Adjusted also for the order backlog timing effects, organic sales growth was 5%.

Earnings

Gross profit increased by 44% to SEK 32 million (22) as a result of higher sales. Gross margin was 72% (72%). The reallocation of expenses from selling and administrative to costs for goods and services sold impacted the gross margin by 5 percentage points.

Operating profit totaled SEK 2 million (-4) and the operating margin improved by 18 percentage points to 5%. The stronger profits were the result of higher sales coupled with improved margins. Operating margin was also positively impacted by the strengthening of USD against SEK since most of the business unit's expenses are in SEK.

Total R&D expenditures rose by SEK 4 million to SEK 10 million (6), of which SEK 6 million (3), or 60% (50%), was capitalized in the balance sheet. Meanwhile, R&D amortization rose by SEK 3 million to SEK 4 million (1). Net R&D expenses totaled SEK 9 million (4).

Operating profit before depreciation and amortization (EBITDA) increased to SEK 7 million (-2) and the EBITDA margin improved by 22 percentage points to 16% (-6%).

January – September

Sales

Sales grew year-over-year by SEK 38 million, or 36%, to SEK 145 million (107), of which SEK 19 million is attributed to currency effects and SEK 19 million, or 18%, to organic growth. Adjusted also for timing effects in the order backlog, organic sales growth was 5%.

Earnings

Gross margin, year-over-year, rose to 74% (70%). Operating profit totaled SEK 10 million (-1) and operating margin improved to 7% (-1%), mainly due to higher sales of which a significant portion was currency effects, as well as improved gross margin. Meanwhile, depreciation and amortization increased by SEK 7 million.

Operating profit before depreciation and amortization (EBITDA) totaled SEK 25 million (7) and EBITDA margin improved to 17% (6%) year-over-year.

Other events

- Tobii Pro launched real-world mapping for Glasses 2 Analyzer software, a feature that drastically simplifies data processing and analysis in quantitative studies.
- Launched Tobii Pro X3-120, a powerful and versatile eye tracker for screen-based studies.

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 Tech

SEK m	Third quarter		January-September		Full Year 2014
	2015	2014	2015	2014	
Net sales	12.8	9.4	43.3	26.1	36.6
Gross margin	48%	29%	45%	47%	45%
EBITDA	-27.8	-18.1	-95.4	-61.0	-90.6
EBITDA margin	n/m	n/m	n/m	n/m	n/m
Operating profit/loss (EBIT)	-36.7	-24.2	-117.1	-77.2	-121.6
EBIT margin	n/m	n/m	n/m	n/m	n/m

July – September

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 invests heavily in technology development and marketing activities that are aimed at realizing future business opportunities for eye tracking in various volume markets.

Sales

Sales improved to SEK 13 million (9), mainly due to a SEK 3 million increase in internal sales.

Earnings

Gross profit totaled SEK 6 million (3). Gross margin rose year-over-year from 29% to 48%.

Operating loss amounted to SEK -37 million (-24), mainly attributable to net R&D expenses, which climbed to SEK 29 million (17). This, in turn, is explained by a larger proportion of the total R&D expenditures being expensed directly in the income statement instead of being capitalized in the balance sheet.

Total R&D expenditures amounted to SEK 27 million (27), a decline compared with the two previous quarters when substantial external costs were incurred for development of the IS4 platform. Of total R&D expenditures, SEK 6 million (16), or 22% (59%), was capitalized in the balance sheet. At the same time, R&D amortization rose to SEK 9 million (6).

Operating loss before depreciation and amortization (EBITDA) amounted to SEK -28 million (-18).

January – September

Sales

Sales rose by 65% to SEK 43 million (26). Internal sales amounted to SEK 30 million (21).

Earnings

Gross profit rose to SEK 19 million (12) and gross margin amounted to 45% (47%).

Operating loss amounted to SEK -117 million (-77). The decline was attributed to the business unit's increase in R&D activities and marketing. Net R&D expenses rose to SEK 90 million (64), and total R&D expenditures were SEK 99 million (82), of which SEK 30 million (34), or 33% (53%), was capitalized in the balance sheet. R&D amortization amounted to SEK 21 million (16).

Operating loss before depreciation and amortization amounted to SEK -95 million (-61).

Other events

- Tobii Tech launched the "Boost to the big time" program and set up a fund of USD 1 million to fuel games development.
- Avalanche Studios launched a new release of the Hunter—its second game with support for eye tracking.
- Announced a Virtual Reality (VR) initiative and started a collaboration with Starbreeze for integration of eye tracking in their VR headsets.
- The IS4 platform and Tobii EyeChip, the world's first ASIC (application-specific integrated circuit) for eye tracking, were announced in October. An early access program was presented to OEM companies that want to explore the possibilities of integrating the new platform in their products. Development of the platform is expected to be finalized during the first quarter of 2016.

Tobii Tech offers components and platforms for eye tracking to OEM customers who integrate Tobii's technology into their own products. The business unit focuses on customers in a number of different 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.

Consolidated Statement of Comprehensive Income

SEK m	Third quarter		January-September		Full Year
	2015	2014	2015	2014	2014
Net sales	228.0	168.0	679.9	413.8	620.6
Cost of goods and services sold	-63.5	-48.4	-176.1	-124.2	-181.2
Gross profit	164.5	119.6	503.8	289.5	439.4
Selling expenses	-95.1	-74.2	-280.5	-172.0	-252.7
Research and development expenses	-61.7	-34.6	-180.8	-110.3	-169.6
Administrative expenses	-15.0	-27.1	-71.9	-52.3	-71.5
Other operating income and operating expenses ¹	-1.1	-0.2	0.2	1.1	0.7
Operating profit/loss before items affecting comparability	-8.4	-16.5	-29.1	-43.9	-53.7
Acquisition-related expenses	0.0	0.0	0.0	-7.4	-7.4
Listing-related expenses	0.0	0.0	0.0	0.0	-2.9
Restructuring expenses	0.0	-4.2	-3.6	-4.2	-4.9
Operating profit/loss	-8.4	-20.7	-32.7	-55.5	-68.9
Net financial items ²	2.4	5.7	9.9	7.6	15.0
Profit/loss before tax	-6.0	-15.0	-22.8	-47.9	-53.9
Tax	-1.7	3.8	5.3	4.6	3.0
Net profit/loss for the period	-7.7	-11.2	-17.5	-43.3	-50.9
Other comprehensive income					
Items that may subsequently be reclassified to profit or loss for the period:					
Exchange rate differences	-0.6	-0.2	-3.6	-2.4	-3.2
Other comprehensive income for the period, net after tax	-0.6	-0.2	-3.6	-2.4	-3.2
Total comprehensive income for the period	-8.3	-11.4	-21.0	-45.7	-54.1
Of which depreciation	-30.7	-15.4	-83.5	-42.0	-74.0
Of which write downs of fixed assets	0.0	0.0	0.0	-3.0	-0.4
Net profit/loss for the period attributable to:					
Parent company shareholders	-7.6	-11.1	-17.5	-43.2	-50.9
Minority interests	-0.1	-0.1	0.1	-0.1	0.0
Net profit/loss for the period	-7.7	-11.2	-17.5	-43.3	-50.9
Total comprehensive income for the period attributable to:					
Parent company shareholders	-8.2	-11.3	-21.1	-45.6	-54.2
Minority interests	-0.1	-0.1	0.1	-0.1	0.0
Total comprehensive income for the period	-8.3	-11.4	-21.0	-45.7	-54.1

1) Primarily foreign currency translation differences

2) Net financial items include foreign currency translation differences totaling SEK 2 million (8) for the third quarter and SEK 11 million (3) for the first nine months and SEK 23 million for the full year 2014. Share in the profits of associated companies totaled SEK 0 million (-1) for the third quarter, SEK 0 million (-5) for the first nine months and SEK -7 million for the full year 2014. For additional information, please see Tobii's 2014 Annual Report.

Consolidated Balance Sheet

SEK m	30 Sept 2015	30 Sept 2014 Restated ¹	31 Dec 2014 Restated ¹
Fixed assets			
Intangible fixed assets	345.7	303.9	318.8
Tangible fixed assets	34.1	24.7	31.0
Financial fixed assets	60.1	53.5	53.4
Total fixed assets	439.8	382.2	403.2
Current assets			
Accounts receivable	151.9	122.6	147.8
Inventories	51.9	49.5	51.3
Other current financial receivables	31.1	23.8	31.2
Cash and cash equivalents	365.2	146.5	119.4
Total current assets	600.0	342.4	349.7
Total assets	1,039.9	724.6	752.9
Shareholders' equity			
Shareholders' equity, Parent Company shareholders	801.0	328.4	388.8
Minority interests	0.3	0.0	0.2
Total shareholders' equity	801.3	328.4	389.0
Liabilities			
Long-term liabilities			
Interest-bearing liabilities	-	149.2	77.1
Other long-term liabilities	17.8	9.9	17.8
Total long-term liabilities	17.8	159.1	94.9
Current liabilities			
Interest-bearing liabilities	-	31.3	57.4
Other current liabilities	220.8	205.7	211.7
Total current liabilities	220.8	237.0	269.0
Total liabilities	238.6	396.2	363.9
Total shareholders' equity and liabilities	1,039.9	724.6	752.9

1) Balance Sheet values have been restated for the periods ending 30 September 2014 and 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	497.0	5.9	-227.8	275.5	0.2	275.6
Comprehensive income for the period			-2.4	-43.2	-45.6	-0.1	
New share issue		97.4			97.4		
Sale of warrants, incentive programs		0.1			0.1		
Share based payments settled using equity instruments				1.0	1.0		
Closing balance, 30 September 2014	0.3	594.5	3.5	-270.0	328.4	0.0	328.4
Comprehensive income for the period			-0.8	-7.8	-8.6	0.1	
New share issue		68.7			68.7		
Sale of warrants, incentive programs		-0.1			-0.1		
Share based payments settled using equity instruments				0.37	0.37		
Closing balance, 31 Dec 2014	0.3	663.1	2.7	-277.4	388.8	0.2	389.0
Comprehensive income for the period			-3.6	-17.5	-21.1	0.1	
Bonus issue	0.2				0.2		
New share issue	0.1	432.5			432.6		
Share based payments settled using equity instruments				0.5	0.5		
Closing balance, 30 September 2015	0.6	1 095.6	-0.9	-294.4	801.0	0.3	801.3

Consolidated Statement of Cash Flow

SEK m	Third quarter		January-September		Full year
	2015	2014	2015	2014	
Cash flow from operating activities:					
Profit/loss after financial items	-6.0	-15	-22.8	-47.9	-53.9
Adjustment for items not included in the cash flow	31.1	8.5	71.7	36.6	62.8
Taxes paid	0.4	0	0.5	-0.8	-0.2
Cash flow from operating activities before change in working capital	25.5	-6.4	49.4	-12.1	8.7
Cash flow from change in working capital	-10.5	-1.9	3.5	15.6	-9.3
Cash flow from operating activities	15.0	-8.3	52.9	3.5	-0.7
Investments					
Continuous investments:					
Investments in intangible, tangible and financial fixed assets	-31.2	-31.8	-100.4	-76.1	-117.0
Cash flow after continuous investments	-16.3	-40.1	-47.6	-72.6	-117.7
Acquisition of subsidiary company	-	-	-	-92.8	-92.8
Cash flow after investments	-16.3	-40.1	-47.6	-165.4	-210.5
Cash flow from financing activities	-1.1	92.2	290.7	269.1	285.3
Cash flow for the period	-17.4	52.1	243.1	103.7	74.8
Foreign currency translation, cash and cash equivalents	0.0	2.1	2.7	3.6	5.3
Cash and cash equivalents at the beginning of the period	382.6	92.3	119.4	39.2	39.2
Cash and cash equivalents at the end of the period	365.2	146.5	365.2	146.5	119.4

Business Units

Net sales per Business Unit

SEK m	Third quarter		January-September		Full Year 2014
	2015	2014	2015	2014	
Tobii Dynavox	181.7	134.6	521.4	299.1	441.7
Tobii Pro	44.3	31.1	144.8	106.6	167.3
Tobii Tech*	12.8	9.4	43.3	26.1	36.6
Eliminations and other	-10.7	-7.1	-29.6	-18.1	-25.0
The Group	228.0	168.0	679.9	413.8	620.6
*) Of which internal sales to Tobii Dynavox and Tobii Pro	10.8	7.8	29.8	20.7	29.3

Gross margin per Business Unit

SEK m	Third quarter		January-September		Full Year 2014
	2015	2014	2015	2014	
Tobii Dynavox	69.5%	70.3%	72.4%	67.4%	68.3%
Tobii Pro	72.3%	71.5%	74.0%	70.2%	71.6%
Tobii Tech	47.6%	28.6%	44.6%	47.4%	44.5%
The Group	72.1%	71.2%	74.1%	70.0%	70.8%

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

SEK m	Third quarter		January-September		Full Year 2014
	2015	2014	2015	2014	
Tobii Dynavox	43.0	14.7	121.6	43.3	74.4
Tobii Pro	7.2	-1.9	24.8	6.8	23.6
Tobii Tech	-27.8	-18.1	-95.4	-61.0	-90.6
Eliminations and other	0.0	0.0	-0.2	0.3	-1.9
The Group	22.4	-5.4	50.8	-10.6	5.6

Operating profit/loss (EBIT) per Business Unit

SEK m	Third quarter		January-September		Full Year 2014
	2015	2014	2015	2014	
Tobii Dynavox*	26.1	7.4	74.2	22.2	41.9
Tobii Pro	2.2	-3.9	10.4	-0.7	12.9
Tobii Tech	-36.7	-24.2	-117.1	-77.2	-121.6
Eliminations and other	0.0	0.0	-0.2	0.2	-2.0
The Group*	-8.4	-20.7	-32.7	-55.5	-68.9

*) Including items affecting comparability in the amount of SEK 3.6 m for the first nine months of 2015 and SEK 11.6 m for the first nine months of 2014 respectively, and SEK 12.3 m in the full year 2014.

Operating margin per Business Unit

SEK m	Third quarter		January-September		Full Year 2014
	2015	2014	2015	2014	
Tobii Dynavox	14.4%	5.5%	14.2%	7.4%	9.5%
Tobii Pro	4.9%	-12.7%	7.2%	-0.7%	7.7%
Tobii Tech	neg	neg	neg	neg	neg
The Group	-3.7%	-12.3%	-4.8%	-13.4%	-11.1%

The Parent Company

The Group's Parent Company, Tobii AB (publ.), which has over 200 employees, focuses on sales, marketing, R&D, purchasing, manufacturing, technical support and IT. The Parent Company's net sales during the quarter totaled SEK 131 million (95) and the operating loss was SEK -5 million (-9). This 4 MSEK profit improvement 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 period end, the Parent Company had SEK 285 million (103) in cash and cash equivalents and SEK 170 million (139) in unutilized overdraft facilities.

Parent Company Income Statement

SEK m	Third quarter		January-September		Full Year
	2015	2014	2015	2014	2014
Net sales	131.3	95.1	396.3	273.8	404.3
Cost of goods and services sold	-61.1	-44.3	-171.8	-120.6	-180.6
Gross profit	70.2	50.7	224.5	153.2	223.7
Selling expenses	-19.1	-19.8	-73.6	-62.6	-88.8
Research and development expenses	-42.5	-26.8	-129.6	-93.6	-140.7
Administrative expenses	-14.6	-14.1	-38.3	-29.0	-36.3
Other operating income and operating expenses	1.1	1.1	4.6	4.0	6.2
Operating profit/loss before items affecting comparability	-5.0	-8.9	-12.4	-28.1	-35.9
Acquisition-related expenses	0.0	0.0	0.0	-7.4	-7.4
Listing-related expenses	0.0	0.0	0.0	0.0	-2.9
Operating profit/loss	-5.0	-8.9	-12.4	-35.5	-46.2
Financial items	8.0	8.0	24.9	15.0	27.0
Profit/loss before tax	3.0	-0.9	12.5	-20.4	-19.2
Tax	-1.6	3.5	4.1	4.6	3.6
Profit/loss after tax	1.4	2.6	16.7	-15.9	-15.6
Depreciation, total	-18.1	-10.9	-47.6	-32.7	-53.6

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

Parent Company Balance Sheet

SEK m	30 Sept 2015	30 Sept 2014	31 Dec 2014
Fixed assets			
Intangible fixed assets	179.1	161.0	166.4
Tangible fixed assets	8.4	6.8	7.4
Financial fixed assets	485.0	404.5	432.4
Long-term financial receivables	0.0	0.2	0.2
Total fixed assets	672.5	572.5	606.3
Current assets			
Accounts receivable	66.0	69.9	84.3
Inventories	27.6	24.8	20.1
Other current financial receivables	101.5	26.5	50.5
Cash and bank balances	285.5	103.1	73.5
Total current assets	480.5	224.2	228.4
Total assets	1,153.0	796.7	834.7
Shareholders' equity	1,032.7	516.6	585.8
Long-term liabilities			
Interest-bearing liabilities	0.0	149.2	77.1
Other long-term liabilities	6.3	2.6	7.5
Total long-term liabilities	6.3	151.8	84.6
Current liabilities			
Interest-bearing liabilities	0.0	31.3	57.4
Other current liabilities	114.0	97.0	107.0
Total current liabilities	114.0	128.3	164.3
Total liabilities	120.3	280.1	248.9
Total equity and liabilities	1,153.0	796.7	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 the recommendation by the Swedish Financial Reporting Board. RFR 2 Accounting for Legal Entities. 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, 3 November 2015

Tobii AB (publ.)

Kent Sander
Chairman of the Board

Nils Bernhard

John Elvesjö

Anders Ösund

Martin Gren

Åsa Hedin

Henrik Eskilsson

President & CEO

Financial calendar

Year-end report, 2015	February 16, 2016
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

This interim report has not been audited.

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 3 November 2015 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 augmentative and alternative 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 eye- or touch screen-controlled computers and software that often revolutionize the quality of life and options of the people who need them.

Tobii Pro is the world leader in eye-tracking solutions used to gain 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 and 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 academic research institutions, including all of the world's top 50 universities.

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

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

For further information

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