

Interim report Q2 January-June 2022



QUARTER APRIL - JUNE 2022

- Revenue grew 48% organically to SEK 288 million (165).
- Adjusted for supplier disruptions in the comparative quarter of 2021, underlying organic growth was 23%.
- Gross margin was 64% (64).
- Operating profit totaled SEK 16 million (-23), corresponding to an operating margin of 5.5% (-14.1).
- Cash flow after continuous investments amounted to SEK -27 million (-11).
- Basic earnings per share totaled SEK 0.06 (-0.13) before dilution and SEK 0,06 (-0,12) after dilution.

PERIOD JANUARY – JUNE 2022

- Revenue grew 26% organically to SEK 535 million (372).
- Adjusted for supplier disruptions in the comparative period of 2021, underlying organic growth was 10%.
- Gross margin was 64% (66).
- Operating profit totaled SEK 33 million (5), corresponding to an operating margin of 6.2% (1.3).
- Cash flow after continuous investments amounted to SEK -55 million (37).
- Basic earnings per share totaled SEK 0.15 (0.03) before and after dilution.

SIGNIFICANT EVENTS DURING THE QUARTER

- [Acquired the Irish company Obear Technologies Ltd.](#) operating under the name Safe Care Technologies. The company has until now been Tobii Dynavox's reseller in Ireland.
- Completed the previously announced [acquisition of Belgian Acapela Group.](#)
- Announced the acquisition of [all business operations and all assets from the reseller partner ASK in Denmark.](#) The deal was completed on July 1.
- Launch of a [new "voice banking" solution used in TD Talk software.](#) By using the My-own-voice solution from the subsidiary Acapela Group, people with conditions such as ALS can now create a personalized synthetic voice and use it directly in TD Talk.

FINANCIAL OVERVIEW

SEK m (except for earnings per share)	Q2 2022	Q2 2021	Δ	Δ Organic	Half year 2022	Half year 2021	Δ	Δ Organic
Revenue	288	165	75 %	48 %	535	372	44 %	26 %
EBITDA	44	1	-	-	87	51	72 %	-
Operating profit/loss (EBIT)	16	-23	-	-	33	5	592 %	409 %
EBIT margin	5,5%	-14,1%	-	-	6,2%	1,3%	381,2 %	-
Net profit/loss for the period	6	-13	-	-	16	3	419 %	-
Earnings per share, (SEK)	0,06	-0,13	-	-	0,15	0,03	392 %	-
Earnings per share after dilution (SEK)	0,06	-0,12	-	-	0,15	0,03	406 %	-
Cash flow after continuous investments	-27	-11	-	-	-55	37	-	-

Comments from the CEO

The underlying organic growth was strong in the quarter, clearly driven by our North American business. Europe and the rest of the world are growing but appear to be lagging behind somewhat and still burdened by the aftermath of the pandemic. Our margins continued to be impacted by high component prices, but unlike the same quarter last year, we now have no shortages of components or finished products. We believe that the extremes in component prices are of temporary nature. Demand for our products remains strong and is steadily growing, regardless of economic trends, which gives us strong confidence for the future.



Fredrik Ruben
CEO, Tobii Dynavox

Our net sales grew organically by about 23% in the quarter, adjusted for the supply disruptions we experienced in the second quarter of last year. Opportunities to meet with customers, prescribers and users have largely returned to normal since March, after a long period of pandemic-related restrictions. Our North American communication aids portfolio is characterized by strong demand across the board, including touch controlled devices such as the new TD I-110, software and the new Apple-based eye-controlled TD Pilot. There is also an unmet growing need from certain user groups that have been particularly affected by the pandemic restrictions, including children with autism.

In Europe and other markets outside North America, the picture is more diverse. The trend here generally lags behind since the prescribing process takes around 6-12 months, which is longer than in North America. Consequently, we anticipate that further positive effects of lifting the pandemic restrictions will be delayed until the second half of the year.

To avoid disruptions to the supply of our end products, we continue to prioritize the availability of input goods over costs. A well-stocked finished goods inventory also helps to minimize the risk of delivery problems and secures maintained sales.

At the same time, continued challenges in logistics and component supply entail a significantly lower than normal gross margin. We expect this situation to return to normal in due course. As a result, margins will gradually improve from today's historically low levels.

ACQUISITION OF ACAPELA GROUP CREATES GREAT OPPORTUNITIES

The acquisition of Acapela Group, which closed on April 29, clearly bore fruit already at the end of June with the launch of a new solution for saving and creating a synthetic version of one's own voice, known as "voice banking" and used in our software TD Talk. Acapela Group is the world leader in synthetic voices. By using their My-own-voice solution, people with conditions such as ALS can create their own synthetic voice and use it directly in TD Talk. The launch is an excellent example of the important new solutions for our users that can be created by cross-pollinating Acapela's innovative team and leading products with Tobii Dynavox communication aids.

The acquisitions of Irish Safe Care Technologies in early April and Danish ASK in July bring us even closer to our customers. As a result, we can help more people with disabilities to interact with the world around them. These deals are also an important part of our strategy to complement organic growth with acquisitions that bring us closer to our users and increase our ability to educate the market about the often life-changing opportunities our solutions can offer.

GOOD GROWTH PROSPECTS REGARDLESS OF THE ECONOMY

There is still a huge unmet need for communication aids around the world. Moreover, since our sales are almost entirely linked to prescriptions, they are independent of economic trends. Together, these factors ensure long-term sustainable and robust sales growth in the future, regardless of external economic developments.

Fredrik Ruben, CEO

Comments on the Group's performance

QUARTER APRIL – JUNE

Revenue

Consolidated revenue was SEK 288 million (165), corresponding to organic growth of 48%. Adjusted for supplier disruptions in the comparative period of 2021, underlying organic growth was 23%. Much of the growth was attributable to North America. Currency movements had a positive impact of 21% on revenue, while acquisitions contributed 6%.

Performance

Consolidated gross profit amounted to SEK 184 million (106), corresponding to a gross margin of 64% (64). Margins continued to be affected by increased component and shipping costs, which continue to be more than twice as high as the previous year. Neither the increase in shipping costs nor component costs are considered to be a long-term issue and adjusted for this, the underlying gross margin was close to 66%.

Operating profit totaled SEK 16 million (-23) and the operating margin was 5.5% (-14.1). The significant improvement is driven in part by last year's supplier disruptions, as well as the underlying strong sales growth.

Profit was also negatively impacted by one-off costs of approximately SEK 2 million, the majority driven by M&A.

Research and development expenses had a negative impact on operating profit of SEK 8 million for the quarter compared with the corresponding quarter last year, mainly related to higher depreciation costs because of new product launches, as well as to acquisitions. Investments relate to the development of proprietary products, the majority of which involve software and acquired technology.

The comparative period had lower costs due to a lower level of activity due to the pandemic with respect to travel, events, etc. Cost developments were also affected by salary increases and staff reinforcements, primarily in the sales & marketing organization, and higher consultancy costs, partly due to higher staff turnover. The cost base increased by almost SEK 4 million associated with the transition to become an independent company.

Financial items amounted to SEK -7 million (-6) and mainly consisted of interest on external loans. Profit before tax was SEK 9 million (-29).

Tax for the period amounted to SEK -3 (16) million, of which SEK 0 (1) million relates to deferred tax.

Profit for the period was SEK 6 million (-13). Basic earnings per share were 0,06 (-0,13) while diluted earnings per share were SEK 0.06 (-0.12).

Currency effects

Higher exchange rates, primarily USD/SEK, had a positive impact on revenue of SEK +34 million and on operating profit of SEK 4 million compared with the corresponding quarter last year.

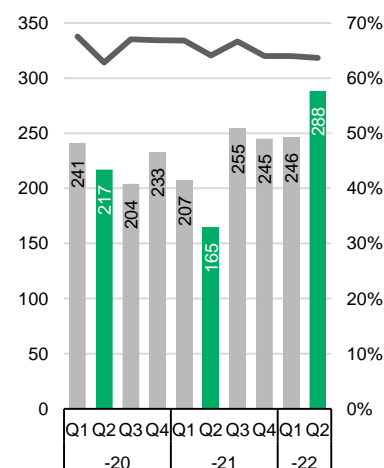
Cash flow, liquidity and financial position

Cash flow from operating activities before changes in working capital amounted to SEK 39 million (3). Change in working capital amounted to SEK -36 million (6). The large decrease in working capital is mainly explained by inventory build-up. A strategic decision to increase the finished goods inventory was taken to minimize the risk of delivery problems. The increase in sales also entail an increase in accounts receivable.

Cash flow from investing activities amounted to SEK -108 million (-19), of which SEK 22 million (18) was capitalization of R&D costs. Cash flow for the period was SEK -56 million (-11).

At the end of the quarter, the Group had cash and cash equivalents of SEK 116 million (152). Consolidated net debt totaled SEK 553 million (222), including SEK 67 million (54) in IFRS 16 finance leases.

REVENUE, SEK M,
AND GROSS MARGIN, %



KEY PERFORMANCE MEASURES

SEK m	Note	Q2 2022	Q2 2021	Half year 2022	Half year 2021	Full year 2021
Revenue		288	165	535	372	872
Revenue change:		75 %	-24 %	44 %	-19 %	-3 %
- of which organic		48 %	-15 %	26 %	-9 %	0 %
- of which currency		21 %	-9 %	15 %	-10 %	-3 %
- of which acquisitions		6 %	-	3 %	-	-
Gross margin		64 %	64 %	64 %	66 %	65 %
Operating profit/loss (EBIT)		16	-23	33	5	60
EBIT change		-	-	592 %	-93 %	-53 %
EBIT margin		5,5 %	-14,1 %	6,2 %	1,3 %	6,9 %

REVENUE BY GEOGRAPHIC MARKET

SEK m	Q2 2022	Q2 2021	Half year 2022	Half year 2021	Full year 2021
Europe	45	37	83	80	177
North America	230	119	415	267	641
Other countries	13	9	37	25	53
Total revenue	288	165	535	372	872

RESEARCH & DEVELOPMENT

SEK m	Q2 2022	Q2 2021	Half year 2022	Half year 2021	Full year 2021
Total R&D expenditures ¹	-34	-27	-61	-57	-115
Capitalization	20	18	39	39	76
Amortization	-18	-14	-36	-28	-63
R&D expenses in the income statement	-32	-23	-58	-46	-102

¹ A reclassification of operating costs has been made from R&D expenses to Selling expenses for the year 2021, compared to previously published figures, due to a change in the assessment of certain work performed by parts of the organization. The adjustment was SEK 5 m in Q2 2021, SEK 8 m for the first 6 months 2021 and SEK 15 m for full year 2021.

PERIOD JANUARY - JUNE

Revenue

Consolidated revenue was SEK 535 million (372), corresponding to organic growth of 26%. As a result of supplier disruptions during the 2021 comparative period, revenue was postponed to the second half of 2021. Adjusted for this, underlying organic growth was 10%. Currency movements had a positive impact of 15% on revenue and acquisitions contributed 3%. In the second quarter, North America continued to show strong growth. Europe and the rest of the world grew, but are considered to lag and were still burdened by the aftermath of the pandemic.

Performance

Consolidated gross profit amounted to SEK 341 million (244), corresponding to a gross margin of 64% (66). The margin decline was mainly related to increased costs for components and shipping, which are expected to be transient in the long term. Adjusted for this, the underlying gross margin was around 65%.

Operating profit increased to SEK 33 million (5) and the operating margin was 6.2% (1.3). The improvement was mainly attributable to strong growth in North America and the supply chain disruptions that affected the previous year. Profit was also negatively impacted by one-off costs of approximately SEK 5 million, primarily related to M&A.

Research and development expenses increased the burden on operating profit by SEK 11 million in the period compared with the same period last year, mainly related to higher depreciation costs due to product launches and technology acquisitions. Investments relate to the development of proprietary products, the majority of which involve software.

The comparative period had lower costs due to a lower level of activity because of the pandemic with respect to travel, events, etc. Cost developments were also affected by staff reinforcements, primarily in the marketing organization, and higher consultancy costs, partly due to higher staff turnover. The cost base increased by approximately SEK 8 million associated with the transition to become an independent company.

Financial items amounted to SEK -13 million (-10) and mainly consisted of interest on external loans. Profit before tax was SEK 21 million (-5).

Tax for the period amounted to SEK -5 million (9), of which SEK 1 (1) million relates to deferred tax.

Profit for the period was SEK 16 million (3). Basic and diluted earnings per share were SEK 0.15 (0.03).

Currency effects

Higher exchange rates, primarily USD/SEK, had a positive impact on revenue of SEK 56 million and on operating profit of SEK 8 million compared with the same period last year.

Cash flow, liquidity and financial position

Cash flow from operating activities before changes in working capital amounted to SEK 75 million (52). Change in working capital amounted to SEK -71 million (27). The large decrease in working capital is mainly explained by inventory build-up. In the autumn of 2021, we made a strategic decision to increase our finished goods inventory in order to minimize the risk of delivery problems. Another contributing factor to the change in working capital is the increase in sales.

Cash flow from investing activities amounted to SEK -137 million (-42), of which SEK 41 million (39) was capitalization of R&D costs. Cash flow for the period was SEK -88 million (-23).

At the end of the quarter, the Group had cash and cash equivalents of SEK 116 million (152). Consolidated net debt totaled SEK 553 million (222), including SEK 67 million (54) in IFRS 16 finance leases.

Organization

The number of employees converted to full-time equivalents at the close of the period was 542 (473). Acquired companies contributed with an increase of 48 FTEs.

Acquisitions

On April 1, the Group acquired 100% of the shares in the Irish company Obear Technologies Limited, operating under the name Safe Care Technologies. The company is a Tobii Dynavox reselling partner and a leading supplier of assistive technology for communication in Ireland. The company had sales of approximately SEK 9 million, with an operating margin of approximately 10% for the financial year that ended June 30, 2021. Safe Care Technologies was consolidated into the Tobii Dynavox Group as of April 1, 2022.

In October 2021, Tobii Dynavox agreed to acquire the Belgian company Acapela Group, a global provider of voice synthesis and digital voices. The acquisition, which has been approved by the relevant authorities, including the UK Competition and Markets Authority (CMA), was completed on April 29, 2022.

On June 23, the Group agreed to acquire all business activities and assets of its reselling partner ASK in Denmark, effective July 1. The acquisition will enable Tobii Dynavox to work more closely with customers in the Danish market and help more people with communication disabilities.

Group

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	Note	Q2 2022	Q2 2021	Half year 2022	Half year 2021	Full year 2021
Revenues	8	288	165	535	372	872
Cost of goods and services sold		-105	-59	-193	-128	-301
Gross profit		184	106	341	244	571
Selling expenses ¹		-108	-83	-198	-156	-318
Research- and development expenses ¹		-32	-23	-58	-46	-102
Administrative expenses ¹		-34	-21	-59	-39	-93
Other operating gains and losses		6	-2	7	2	3
Operating profit/loss (EBIT)		16	-23	33	5	60
Net financial items		-7	-6	-13	-10	-20
Profit/loss before tax (EBT)		9	-29	21	-5	40
Tax		-3	16	-5	9	-11
Net profit for the period		6	-13	16	3	30
Other comprehensive income						
Items that may be reclassified to net profit for the period:						
Translation differences		12	2	12	2	6
Other comprehensive income for the period, net after tax		12	2	12	2	6
Total comprehensive income for the period		18	-11	28	5	36
Earnings per share, SEK		0,06	-0,13	0,15	0,03	0,30
Earnings per share, diluted, SEK		0,06	-0,12	0,15	0,03	0,30
Net profit/loss for the period attributable to:						
Parent Company's shareholders		6	-13	16	3	30
Net profit/loss for the period		6	-13	16	3	30
Total comprehensive income for the period attributable to:						
Parent Company's shareholders		18	-11	28	5	36
Total comprehensive income for the period		18	-11	28	5	36

¹ A reclassification of operating expenses has been made for year 2021, compared to earlier published figures, due to changed assessment of some work done by parts of the organisation. For full year 2021 has SEK 15 m been moved from Research- and development expenses to Selling expenses (SEK 8 m for half year 2021 and SEK 5 m for Q2 2021) and SEK 10 m has been moved from Selling expenses to Administrative expenses (SEK 6 m for half year 2021 and SEK 3 m for Q2 2021).

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK m	Jun 30 2022	Jun 30 2021	Dec 31 2021
ASSETS			
Non-current assets			
Intangible fixed assets	674	290	573
Property, plant and equipment	37	21	24
Right-of-use assets	59	48	52
Dererred tax asset	59	54	51
Financial and other non-current assets	11	0	0
Total non-current assets	839	413	700
Current assets			
Trade receivables	194	83	139
Inventories	107	41	58
Other current receivables	61	45	51
Cash and cash equivalents	116	152	197
Total current assets	477	320	446
TOTAL ASSETS	1 315	733	1 146
EQUITY AND LIABILITIES			
Equity	169	34	139
Total equity	169	34	139
Non-current liabilities			
Borrowings, non-current	-	320	548
Lease liabilities	49	43	45
Other non-current liabilities	125	99	108
Total non-current liabilities	174	461	701
Current liabilities			
Borrowings, current	602	-	-
Lease liabilities	18	11	14
Other current liabilities	352	227	292
Total current liabilities	972	238	306
Total liabilities	1 146	700	1 007
TOTAL EQUITY AND LIABILITIES	1 315	733	1 146

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK m	Attributable to Parent Company shareholders			
	Share capital	Reserves	Retained earnings	Total equity
Opening balance, Jan 1, 2021	0,1	-5	35	29
Comprehensive income for the period		2	3	5
Other transactions with shareholders, Tobii Group			-1	-1
Closing balance, Jun 30, 2021	0,1	-4	37	34
Comprehensive income for the period		4	27	31
Rights issue	0,5			0,5
Shareholder contributions from Tobii Group			75	75
Other transactions with shareholders, Tobii Group			-1	-1
Closing balance, 2021-12-31	1	1	138	139
Opening balance, Jan 1, 2022	1	1	138	139
Comprehensive income for the period		12	16	28
Share based payments			2	2
Closing balance, Jun 30, 2022	1	13	156	169

CONSOLIDATED STATEMENT OF CASH FLOWS

SEK m	Note	Q2 2022	Q2 2021	Half year 2022	Half year 2021	Full year 2021
Cash flow from operating activities						
Profit before tax (EBT)		9	-29	21	-5	40
Depreciations and amortization		29	24	54	46	95
Other non cash items		2	8	5	12	4
Taxes paid		-1	-0	-4	-1	-3
Cash flow before changes in working capital		39	3	75	52	136
Change in working capital		-36	6	-71	27	0
Cash flow from operating activities		3	9	4	79	137
Investing activities						
Investments in intangible assets		-22	-18	-41	-39	-357
Investments in tangible assets		-8	-2	-18	-2	-11
Other		-0	0	-0	-0	-3
Continuous investments		-30	-19	-59	-42	-370
Cash flow after continuous investments		-27	-11	-55	37	-234
Aquisitions		-78	0	-78	0	0
Cash flow from investing activities		-108	-19	-137	-42	-370
Financing activities						
Proceeds from borrowings		54	-	54	-	548
Shareholder contribution		-	-	-	-	75
Repayment of lease liability		-3	-2	-7	-4	-10
Other financing activities		-2	2	-2	-56	-358
Repayment internal loan and cash flow from other financing activities with Tobii Group		-	-0	-	-0	-1
Cash flow from financing activities		49	-0	45	-61	253
Cash flow for the period		-56	-11	-88	-23	19
Cash and cash equivalents at the beginning of the period		167	163	197	173	173
Currency translation impact on cash and cash equivalents		5	-2	6	3	6
Other cash flow from transactions with shareholder, Tobii Group ¹		-	2	-	-1	-1
Cash and cash equivalents at the end of the period		116	152	116	152	197

¹ The item "Other cash flow from transactions with shareholders, Tobii Group" refers to cash effects from cash flows included in the Tobii Dynavox consolidated financial statements and attributable to legal entities that remains in Tobii Group after the spin-off that took place 9 December, 2021.

Parent Company

The principal activity of the Group's Parent Company, Tobii Dynavox AB (publ), is research, development, and sales of computer software and computer-related hardware that helps individuals with various disabilities to live richer and more independent lives. The number of employees in the Parent Company is approximately 108.

Net sales for the Parent Company, Tobii Dynavox AB, for the period January 1 to June 30, 2022 amounted to SEK 139 million (69), of which SEK 102 million (35) refers to sales to group companies and SEK 37 million (34) to external customers. Operating profit for the corresponding period was SEK -18 million (-30). Investments in property, plant and equipment and intangible assets totaled SEK 21 million (18). At the end of the period, the Parent Company had SEK 32 million (51) in cash and cash equivalents.

CONDENSED PARENT COMPANY INCOME STATEMENT

SEK m	Q2 2022	Q2 2021	Half year 2022	Half year 2021	Full year 2021
Revenues	139	69	287	176	458
Cost of goods and services sold	-73	-39	-146	-82	-203
Gross profit	67	29	141	94	256
Selling expenses	-18	-13	-34	-26	-52
Research- and development expenses	-29	-28	-53	-54	-116
Administrative expenses	-41	-16	-77	-30	-90
Other operating gains and losses	4	-2	6	2	33
Operating profit/loss (EBIT)	-18	-30	-17	-14	30
Financial items	11	-9	5	-8	-16
Profit/loss before tax (EBT)	-7	-39	-12	-22	14
Tax	-	-	-	-	-3
Net profit/loss for the period	-7	-39	-12	-22	11

CONDENSED PARENT COMPANY BALANCE SHEET

SEK m	Jun 30 2022	Jun 30 2021	Dec 31 2021
NON-CURRENT ASSETS			
Intangible assets	441	208	470
Property, plant and equipment	5	6	8
Financial assets	262	150	148
Total non-current assets	707	365	625
CURRENT ASSETS			
Inventories	38	14	15
Trade receivables	19	10	17
Receivables from Group companies	44	10	38
Other current assets	14	87	21
Cash and cash equivalents	32	51	139
Total current assets	147	173	230
TOTAL ASSETS	854	538	855
EQUITY AND LIABILITIES			
Equity	139	41	149
Untaxed reserves	0	0	0
NON-CURRENT LIABILITIES			
Borrowings, non-current	-	-	548
Liabilities to Group companies, non-current	7	314	41
Other non-current liabilities	15	15	15
Total non-current liabilities	23	329	603
CURRENT LIABILITIES			
Borrowings, current	602	-	-
Trade payables	31	39	50
Liabilities to Group companies, current	0	-	1
Other current liabilities	58	129	51
Total current liabilities	692	168	102
Total liabilities	715	497	706
TOTAL EQUITY AND LIABILITIES	854	538	855

KEY PERFORMANCE MEASURES FOR THE GROUP

	Q2 2022	Q2 2021	Half year 2022	Half year 2021	Full year 2021
Earnings per share, SEK	0,06	-0,13	0,15	0,03	0,30
Earnings per share, diluted, SEK	0,06	-0,12	0,15	0,03	0,30
Equity per share, SEK	1,62	0,34	1,62	0,34	1,39
EBITDA, SEKm	44	1	87	51	155
Operating profit (EBIT), SEKm	16	-23	33	5	60
Cash flow from operating activities, SEKm	3	9	4	79	137
Cash flow after continuous investments, SEKm	-27	-11	-55	37	-234
Working capital, SEKm	-98	-153	-98	-153	-143
Total assets, SEKm	1 315	733	1 315	733	1 146
Net debt, SEKm	553	222	553	222	409
Net Debt/EBITDA LTM	-	-	2,9	1,4	2,6
Equity, SEKm	169	34	169	34	139
Equity/assets ratio, %	13	5	13	5	12
Debt/equity, factor	3,9	11,1	3,9	11,1	4,4
Gross margin, %	64	64	64	66	65
EBITDA margin, %	15	1	16	14	18
Operating margin, %	5,5	-14,1	6,2	1,3	6,9
Average number of outstanding shares, million	104,9	99,4	104,9	99,3	100,5
Average number of outstanding shares after dilution, million	105,4	102,6	105,4	102,6	100,5
Number of outstanding shares at period end, million	104,9	99,7	104,9	99,7	104,9
Number of outstanding shares after dilution at period end, million	105,7	102,7	105,7	102,7	104,9
Average number of employees	518	471	489	469	467

Definitions, see note 11.

QUARTERLY DATA

	2022		2021				2020			
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue, SEKm	288	246	245	255	165	207	233	204	217	241
Gross Margin, %	64	64	64	67	64	67	67	67	63	68
EBITDA, SEKm	44	43	38	66	1	50	56	48	51	60
EBIT, SEKm	16	17	13	42	-23	28	34	28	29	37
Operating Margin, %	5,5	7,0	5,4	16,5	-14,1	13,5	14,7	13,6	13,1	15,2
Profit/Loss for the period, SEKm	6	10	5	21	-13	16	68	18	16	28

Notes

Note 1. Accounting policies

Tobii Dynavox applies International Financial Reporting Standards (IFRS) as adopted by the European Union. This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting.

Tobii Dynavox's interim report contains condensed financial statements. For the Group, this mainly means that the note disclosures are limited compared with the financial statements presented in the annual report. The financial statements of the Parent Company are generally presented in condensed format, with limited disclosures compared with the annual accounts. The interim reports for Tobii Dynavox AB have been prepared in accordance with the Swedish Annual Accounts Act and standard RFR 2, Accounting for legal entities.

The accounting policies applied are in effect in all periods and are consistent with the accounting policies applied in Tobii Dynavox AB Annual and sustainability report 2021.

At the Extraordinary General Meeting on November 5, 2021, it was resolved to adopt two performance-based share programs to replace the programs previously offered by the Tobii Group. The share programs are offered to senior executives and key employees in the Company and consist of stock units and synthetic stock units. Participants in the share programs are offered to be granted, free of charge, performance awards that may entitle them to receive shares, provided that performance conditions are fulfilled. Maximum number of outstanding shares, 854,370, was set by the Board of Directors in March 2022. The dilutive effect is expected to amount to a maximum of 0.9 percent. Since the programs in 2021 were handled in the Tobii Group, Tobii recharged Tobii Dynavox its part of the costs of the program and the costs was thereby handled via the income statement. Tobii Dynavox did not recognize any IFRS 2-related costs against equity in 2021. As the programs are now approved, transferred, translated and assigned in Tobii Dynavox Group, these share programs are reported in accordance with IFRS 2 Share-based Payment as of January 2022.

Business acquisitions

In connection with a business acquisition, the Group's acquisition cost is established through a purchase price allocation. In the analysis, the fair value of the identifiable assets and the assumed liabilities is determined. For business acquisitions where the acquisition cost exceeds the net carrying amount of the acquired identifiable assets and the assumed liabilities, the difference is reported as goodwill in the Balance Sheet. The purchase price allocation also identifies assets and liabilities that are not reported in the acquired company, such as trademarks and customer contracts. Intangible assets that have been identified when making the purchase price allocation are amortized over the estimated useful life. Goodwill and strong trademarks that are considered to have an indefinite useful life, are not amortized but tested annually for impairment, or whenever there is any indication of impairment.

Consideration that is contingent upon the outcome of future events is valued at fair value and the change in value is recognized in the Income Statement.

Subsidiaries acquired during the financial year are included in the consolidated accounts from the date on which control is transferred to the Group. Subsidiaries disposed of during the financial year are included in the consolidated financial statements until the date on which control ceases.

Note 2. Risks and uncertainty factors

Tobii Dynavox 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)). More information on risks and risk management can be found in the Tobii Dynavox Annual and Sustainability Report for 2021.

Note 3. Segment reporting

The assessment of which operating segments exist in the Group shall be based on the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the function responsible for allocation of resources and analyzing the segment's profit/loss. In the Tobii Dynavox Group, this function has been identified as Group Management. The financial information provided to Group Management within Tobii Dynavox, as a basis for decisions on the allocation of resources, applies to the business as a whole without any subdivision into underlying segments. Given this situation, the management of the Tobii Dynavox Group has determined that the business as a whole should be considered a segment until further notice. Sales by geographic market is broken down into the following markets: North America, Europe and other countries.

Note 4. Transactions with related parties

Significant related party transactions are disclosed in the Group's Note 27 in the Tobii Dynavox Annual and Sustainability Report for 2021. There have been no material changes in related party relationships or transactions compared with those described in the 2021 Annual and Sustainability Report.

Note 5. Sustainability information

More information on the Group's sustainability efforts can be found in the Tobii Dynavox Annual and Sustainability Report 2021.

Note 6. Pledged assets and contingent liabilities

Tobii Dynavox has a chattel mortgage of SEK 50 million to Swedbank. The Group has no contingent liabilities.

Note 7. Share data

As of June 30, 2022, Tobii Dynavox held 104,851,201 common shares, each carrying one vote.

Note 8. Breakdown of revenue

SEK m	Q2 2022	Q2 2021	Half year 2022	Half year 2021	Full year 2021
REVENUE BY PRODUCT TYPE					
Goods	261	145	482	332	787
Services	25	19	49	38	80
Royalty	2	1	3	2	4
Total revenues	288	165	535	372	872
REVENUE BY DATE OF REVENUE RECOGNITION					
Point in time	263	146	486	335	793
Over time	25	19	49	37	79
Total revenues	288	165	535	372	872

Note 9. Acquisitions

On April 1, 2022, Tobii Dynavox acquired the Irish company Obear Technologies Limited, operating under the name Safe Care Technologies. The company is a reselling partner to Tobii Dynavox and a leading supplier of assistive technology for communication in Ireland. The company had sales of approximately SEK 9 million, with an operating margin of approximately 10% for the financial year that ended June 30, 2021. The total purchase consideration for the acquired net assets was SEK 8.3 million. A cash payment of SEK 5.8 million was paid at the time of acquisition. The agreed contingent consideration is linked to future performance.

Safe Care Technologies was consolidated into the Tobii Dynavox Group as of April 1, 2022

The acquisition of the Belgian company Acapela Group, a global provider of voice synthesis and digital voices, was completed on April 29, 2022. The purchase consideration was SEK 101 million, including cash and liabilities, and was paid in cash and financed partly with own cash and partly through an existing revolving credit facility.

Tobii Dynavox and Acapela Group have been successful partners for many years. The merger will further deepen this relationship, providing great opportunities to develop solutions that enable our users to create their own voice identity and express themselves clearly, personally and effectively in the way that they want.

Acapela Group was included in the Group's accounts from April 29, 2022.

On June 23, Tobii Dynavox signed an agreement to acquire all business activities and assets of its reselling partner ASK in Denmark, effective July 1, 2022. The acquisition will enable Tobii Dynavox to work more closely with customers in the Danish market and help more people with communication disabilities.

ASK is a supplier of assistive technology products and services to customers in Denmark, including municipalities, schools, communication centers, care centers and other institutions. Tobii Dynavox solutions comprise the majority of ASK's revenue of some DKK 6-9 million per year. The companies have had a long-standing partnership in the Danish market. The purchase consideration was DKK 5.2 million and was paid in cash on July 1, 2022.

As a result of these acquisitions, Tobii Dynavox expects to both strengthen its product offering and come closer to users in the countries where these acquisitions are active, with the hope of giving more people a voice. Tobii Dynavox also expects to reduce costs through synergies.

The following tables summarize the purchase consideration paid and the preliminary fair value of assets acquired, and liabilities assumed for acquisitions completed by June 30, 2022. The fair value of assets acquired, and liabilities assumed is provisional pending final valuation.

EFFECTS OF ACQUISITIONS

SEK m	Acapela Group	Obear Technologies Ltd	Total
Breakdown of Purchase considerations			
Cash consideration	101	6	107
Contingent consideration	0	3	3
Remuneration shares	0	0	0
Total consideration	101	8	109
Change in acquired assets and liabilities			
Voice technology	15	0	15
Brands	0	0	0
Customer relations/contracts	18	1	19
Other fixed assets	9	2	11
Net other assets and liabilities	-25	-1	-26
Cash and cash equivalents	31	0	31
Deferred tax liability	8	0	8
Net identifiable assets and liabilities	55	3	58
Goodwill	46	6	51
Impact on cash and cash equivalents			
Cash consideration (included in cash flow from investing activities)	-101	-6	-107
Cash and cash equivalents of acquired companies (included in cash flow from investing activities)	31	0	31
Acquisition costs (included in cash flow from operating activities)	-3	-1	-4
Total impact on cash and cash equivalents	-74	-6	-80
Impact on sales and operating profit (loss) during the holding period			
Sales	10	2	12
Operating profit (loss)	2	-1	1
Impact on sales and operating profit (loss) as if the acquisitions had taken place on 1 January 2022			
Sales	27	4	31
Operating profit (loss)	2	-1	1

¹ The acquisition analysis is preliminary

Note 10. Financial instruments

SEK m	Jun 30 2022		Jun 30 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities measured at fair value				
Contingent considerations	3	3	-	-

The Group categorizes financial assets and financial liabilities measured at fair value into a fair value hierarchy based on the information used to value each asset or liability. For financial instruments in level 3, information that is material to the fair value of the asset or liability is not observable and the Group's own assessments are applied.

Liabilities relating to contingent consideration relate in their entirety to the acquisition of Obear Technologies Limited and is classified under level 3.

Note 11. Alternative performance measures

The company presents certain financial measures in the interim report that are not defined under IFRS (so-called alternative performance measures according to ESMA guidelines). Management believes that this information helps investors to analyze the Group's performance and financial position. Investors should consider these disclosures as a complement rather than a substitute for financial reporting under IFRS.

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

The tables below show how the alternative performance measures that are not directly reconcilable to the financial statements are calculated.

SEK m	Q2 2022	Q2 2021	Half year 2022	Half year 2021	Full year 2021
Gross margin					
Gross profit	184	106	341	244	571
Revenues	288	165	535	372	872
Gross margin, %	64%	64%	64%	66%	65%

SEK m	Q2 2022	Q2 2021	Half year 2022	Half year 2021	Full year 2021
EBITDA and EBITDA-margin					
Operating profit	16	-23	33	5	60
Amortization and impairment on intangible assets	19	14	36	28	63
Depreciation, amortization and impairment on tangible assets	10	10	18	18	32
EBITDA	44	1	87	51	155
Revenue	288	165	535	372	872
EBITDA-marginal, (%)	15%	1%	16%	14%	18%

SEK m	Q2 2022	Q2 2021	Half year 2022	Half year 2021	Full year 2021
Equity/share					
Equity	169	34	169	34	139
Average number of outstanding shares, million	104,9	99,4	104,9	99,3	100,5
Equity/share	1,6	0,3	1,6	0,3	1,4

SEK m	Q2 2022	Q2 2021	Half year 2022	Half year 2021	Full year 2021
Net debt					
Cash and cash equivalents	116	152	116	152	197
Interest-bearing liabilities	669	374	669	374	607
Net debt	553	222	553	222	409

SEK m	Q2 2022	Q2 2021	Half year 2022	Half year 2021	Full year 2021
Net debt/EBITDA ratio					
Net debt	-	-	553	222	409
EBITDA last twelve months	-	-	191	155	155
Net debt/EBITDA LTM	-	-	2,9	1,4	2,6

SEK m	Q2 2022	Q2 2021	Half year 2022	Half year 2021	Full year 2021
Organic growth					
Revenue corresponding period previous year	165	217	372	217	895
Currency effect	34	-23	56	-48	-27
Acquisition effect	10	-	10	-	-
Currency-adjusted income corresponding period last year excluding acquisitions	209	194	437	169	869
Revenue current year	288	165	535	372	872
Organic growth	79	-29	98	203	3
Organic growth, %	48%	-15%	26%	-9%	0%

SEK m	Q2 2022	Q2 2021	Half year 2022	Half year 2021	Full year 2021
Working capital					
Inventories	107	41	107	41	58
Trade receivables	194	83	194	83	139
Other receivables	61	45	61	45	51
Trade payables	-83	-60	-83	-60	-77
Other liabilities	-377	-260	-377	-260	-314
Working capital	-98	-153	-98	-153	-143

SEK m	Q2 2022	Q2 2021	Half year 2022	Half year 2021	Full year 2021
Operating margin (EBIT-margin)					
Operating profit	16	-23	33	5	60
Revenue	288	165	535	372	872
Operating margin, %	5,5%	-14,1%	6,2%	1,3%	6,9%

SEK m	Q2 2022	Q2 2021	Half year 2022	Half year 2021	Full year 2021
Net debt/equity ratio					
Interest-bearing liabilities	669	374	669	374	607
Equity	169	34	169	34	139
Net debt/equity ratio, factor	3,9	11,1	3,9	11,1	4,4

SEK m	Q2 2022	Q2 2021	Half year 2022	Half year 2021	Full year 2021
Equity/assets ratio					
Equity	169	34	169	34	139
Total assets	1 315	733	1 315	733	1 146
Equity/assets ratio, %	13%	5%	13%	5%	12%

Key Performance measures	Definition	Justification for use of metrics
Number of employees	Average number of full-time employees during the period, including part-time employees converted to FTEs	Number of employees is a measure of the number of employees in the Company needed to generate profit for the period.
Gross margin, %	Gross profit relative to the operations' net sales	Gross margin is used to measure production profitability.
EBITDA	Operating profit/loss before depreciation, amortization and impairment	EBITDA is used to measure earnings from operating activities excluding depreciation, amortization and impairment.
EBITDA margin, %	Operating profit/loss before depreciation/amortization in relation to net sales	The EBITDA margin is used to illustrate EBITDA in relation to sales.
Equity per share	Equity divided by average number of shares outstanding	A measure of the proportion of the company's recognized equity that each share represents.
Cash flow after current investments	Cash flow from operating and investing activities	Cash flow after current investments is used as a measure of the cash flow generated by operating activities and investments.
Net debt	Interest-bearing liabilities less cash and cash equivalents	Net debt represents the Company's capacity to pay off all debts should they fall due for payment as of the balance sheet date using the Company's available cash and cash equivalents on the balance sheet date.
Net debt/EBITDA	Net debt at the end of the period in relation to rolling 12-month EBITDA	A measure of financial risk showing net debt to cash generation.
Organic growth, %	Change in total revenue for the period adjusted for acquisitions, disposals and currency, compared with total revenue for the comparative period	Organic growth is used to analyze the underlying change in sales driven by comparable units between different periods.
Working capital	Inventories, trade receivables and other receivables less accounts payable and other liabilities	Working capital is used to measure the Company's ability to meet short-term capital requirements.
Operating margin (EBIT margin), %	Operating profit/loss in relation to net sales	The operating margin is used to illustrate EBIT in relation to sales and is a measure of the Company's profitability.
Net debt/equity, factor	Interest-bearing liabilities divided by shareholders' equity	Net debt-equity ratio measures the extent to which the Company is financed by loans.
Equity/assets ratio, %	Shareholders' equity as a percentage of total assets	The equity/assets ratio shows the percentage of total assets financed by the shareholders through equity.

The report has not been subject to review by the Company's auditors.

This information is inside information that Tobii Dynavox AB (publ) is obliged to disclose under the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication, through the agency of the contact persons set out below, on July 21, 2022, at 07:30 CET.

Information to shareholders

WEB PRESENTATION

A web presentation will be held in English today at 09.00 (CET). See www.tobiidynavox.com for more information about the conference. The images from the presentation can then be downloaded from the website.

CONTACT DETAILS

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FINANCIAL CALENDAR

Interim Report Q3 2022 October 28, 2022
Year-end Report Q4 2022 February 8, 2023