

Interim report Q3 January–September 2022

QUARTER: JULY - SEPTEMBER 2022

- Revenue grew 26% to SEK 320 million (255). Organically, sales were virtually unchanged.
- The underlying organic growth was 25%, adjusted for the supplier disruptions that positively impacted revenue in the comparative quarter of 2021.
- Gross margin was 67% (67%). Currency effects had a positive impact on the gross margin of about three percentage points, whereof one percentage point is of non-recurring nature.
- Operating profit totaled SEK 25 million (42), corresponding to an operating margin of 7.8% (16.5%).
- Cash flow after current investments was SEK -9 million (3).
- Basic and diluted earnings per share were SEK 0.15 (0.21).

SIGNIFICANT EVENTS DURING THE QUARTER

- [Completion of the previously announced acquisition of all business activities and assets of reselling partner ASK in Denmark on July 1.](#)
- Launch of the [SC Tablet Mini](#) communication device, which is based on the iPad Mini 6. With its compact size and light weight, it is easy to carry and perfect for children.

PERIOD: JANUARY – SEPTEMBER 2022

- Revenue grew 36% to SEK 855 million (627). Organic growth was 17%.
- Adjusted for supplier disruptions in the comparative period of 2021, underlying organic growth was 13%.
- Gross margin was 65% (66%).
- Operating profit totaled SEK 58 million (47), corresponding to an operating margin of 6.7% (7.5%).
- Cash flow after current investments was SEK -66 million (40).
- Basic and diluted earnings per share were SEK 0.30 (0.25).

SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

- [In early October, a new three-year financing agreement was signed with Swedbank. The credit facilities include the same financing framework as before, SEK 700 million, and are classified as social loans.](#) This means that Tobii Dynavox qualifies as a company that contributes to the development of society through sustainable social initiatives.

FINANCIAL OVERVIEW

SEK m (except for earnings per share)	Q3 2022	Q3 2021	Δ	Δ Organic	Nine months 2022	Nine months 2021	Δ	Δ Organic
Revenue	320	255	26 %	0,3 %	855	627	36 %	17 %
Gross margin	67%	67%	-0 %	-	65%	66%	-2 %	-
EBITDA	59	66	-11 %	-	146	117	25 %	-
Operating profit/loss (EBIT)	25	42	-41 %	-62 %	58	47	23 %	-8 %
EBIT margin	7,8%	16,5%	-52,8 %	-	6,7%	7,5%	-9,6 %	-
Net profit/loss for the period	16	21	-26 %	-	31	24	29 %	-
Earnings per share, (SEK)	0,15	0,21	-29 %	-	0,30	0,25	22 %	-
Earnings per share after dilution (SEK)	0,15	0,21	-30 %	-	0,30	0,25	22 %	-
Cash flow after continuous investments	-9	3	-439 %	-	-66	40	-266 %	-

Comments from the CEO

The quarter was again characterized by strong underlying growth, with North America continuing to be the clear driver. In Europe and the rest of the world, the pandemic is still having lingering effects on several countries. Profitability is burdened by high component and freight costs, but purchase prices for products now in production have largely normalized. This will gradually benefit our margins going forward. Our market is growing and has historically been independent of economic trends, since our solutions are prescribed on an as-needed basis, with funding from the public sector or insurance companies. Moreover, the demand for our products is strong and increasing thanks to steadily improving awareness in the market.



Fredrik Ruben
CEO, Tobii Dynavox

Underlying sales grew by an impressive 25 percent in the quarter, adjusted for the delayed deliveries that postponed revenues by SEK 43 million from the second to the third quarter last year. In North America, demand for our products is consistently strong, including our touchscreen communication aids, such as the new TD I-110, software and the eye-controlled TD Pilot which was developed in collaboration with Apple.

In Europe and other markets outside North America, we see a fragmented market picture with some lingering effects from the pandemic. One example is that activities that are primarily run by the public sector are perceived to take longer to return to full staffing and efficiency compared to the almost fully privatized health care system in North America. This picture is also verified from other related industries.

GROSS MARGIN AFFECTED BY TRANSITORY FACTORS

The negative impact of high component prices continued to negatively affect the gross margin. However, the prices for components have started to drop, and we expect the impact on earnings to gradually decline. Shipping costs remain at a high level, and we do not yet see a clear decline. With a more predictable supply chain, we can use cheaper means of transportation, including shipping by sea. Given the well-stocked finished goods inventory and stable demand, we see good opportunities to gradually reduce the impact of high shipping costs on earnings in the future. The EBIT margin is also negatively affected by the normalization of our overhead costs with more travel, staff meetings and industry conferences, after the low levels of the pandemic, which is fundamentally positive. Our long-term financial goal, to achieve an EBIT margin in excess of 15 percent, remains, but we have some work to do before we can reach it.

Our product launches continue at a steady pace. In early September, we launched the [SC Tablet Mini](#), which is based on the Apple iPad Mini 6. With its compact size and light weight, it is easy to carry and perfect for children.

In early October, we signed a new three-year financing agreement with Swedbank. The credit facilities include the same financing framework as before, SEK 700 million, and are classified as social loans. This means that Tobii Dynavox qualifies as a company that contributes to the development of society through sustainable social initiatives. It is a clear confirmation of quality and follows from the life-changing differences our products make for our users.

CONTINUED GOOD GROWTH PROSPECTS DESPITE UNCERTAIN ENVIRONMENT

Since our sales are almost entirely linked to prescriptions and are financed by public funds or insurance companies, we have historically been independent of economic trends. The need for communication aids is also enormous. Overall, this means that we are confident about our growth prospects, both in the short- and long-term, despite the uncertain environment.

Fredrik Ruben, CEO

Comments on the Group's performance

QUARTER: JULY – SEPTEMBER

Revenue

Group revenue increased 26% to SEK 320 million (255). Organically, sales were virtually unchanged. Adjusted for the supplier disruptions that positively impacted revenue in the comparative quarter of 2021, underlying organic growth was 25%. Growth was driven entirely by North America. Currency movements had a positive impact of 19% on revenue and acquisitions contributed 6%.

Performance

Consolidated gross profit amounted to SEK 213 million (170), corresponding to a gross margin of 67% (67%). Currency effects had a positive impact on the gross margin of about three percentage points, whereof one percentage point is of non-recurring nature. The margin continued to be affected by high component prices and shipping costs compared with the previous year. Neither rising shipping costs nor component prices are considered to be long-term in nature.

Operating profit totaled SEK 25 million (42) and the operating margin was 7.8% (16.5%). The decrease is partly explained by last year's delivery disruptions, which had a positive impact on the earnings for the comparative quarter with around SEK 28 million. Adjusted for this the underlying margin for the comparative quarter was approximately 6%. Operating expenses grew organically by 17%.

The comparative period had lower costs due to a low level of activity because of the pandemic with respect to travel, events, etc. Cost developments have been affected by a normalization after the pandemic. Comparable units were also affected by salary raises and staff reinforcements, primarily in the sales and marketing organization, and higher consultancy costs, partly due to higher staff turnover.

Research and development expenses had a negative impact on operating profit of SEK 10 million in the quarter compared with the corresponding quarter last year, mainly related to a normalization of development costs. Depreciation costs were also higher because of new product launches. Investments relate to the development of proprietary products, the majority of which involve software and voice technology.

Financial items amounted to SEK -7 million (-4) and mainly consisted of interest on external loans. Profit before tax was SEK 18 million (37).

Tax for the period amounted to SEK -2 (-16) million, of which SEK 1 (-4) million relates to deferred tax.

Profit for the period was SEK 16 million (21). Basic and diluted earnings per share were SEK 0.15 (0.21).

Currency effects

Higher exchange rates, primarily USD/SEK, had a positive impact on revenue of SEK +48 million and on operating profit of SEK 7 million compared with the corresponding quarter last year.

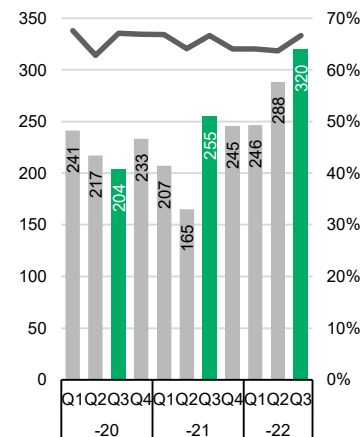
Cash flow, liquidity and financial position

Cash flow from operating activities before changes in working capital amounted to SEK 53 million (69). Change in working capital amounted to SEK -27 million (-47). The large decrease in working capital is mainly attributable to an increase in accounts receivable, mainly driven by increased sales in North America, where lead time to payment is longer.

Cash flow from investing activities amounted to SEK -34 million (-20), of which SEK -20 million (-16) was capitalization of R&D costs. Cash flow for the period was SEK -11 million (-43).

At the end of the quarter, the Group had cash and cash equivalents of SEK 109 million (110). Consolidated net debt totaled SEK 565 million (221), including SEK 70 million (53) in IFRS 16 finance leases.

REVENUE, MSEK,
AND GROSS MARGIN, %



KEY PERFORMANCE MEASURES

SEK m	Note	Q3 2022	Q3 2021	Nine months 2022	Nine months 2021	Full year 2021
Revenue		320	255	855	627	872
Revenue change:		26 %	25 %	36 %	-5 %	-3 %
- of which organic		0,3 %	27 %	17 %	2 %	0,3 %
- of which currency		19 %	-2 %	15 %	-8 %	-3 %
- of which acquisitions		6 %	-	4 %	-	-
Gross margin		67 %	67 %	65 %	66 %	65 %
Operating profit/loss (EBIT)		25	42	58	47	60
EBIT change		-41 %	51 %	23 %	-50 %	-53 %
EBIT margin		7,8 %	16,5 %	6,7 %	7,5 %	6,9 %

REVENUE BY GEOGRAPHIC MARKET

SEK m	Q3 2022	Q3 2021	Nine months 2022	Nine months 2021	Full year 2021
Europe	53	50	137	130	177
North America	252	191	666	458	641
Other countries	15	14	51	39	53
Total revenue	320	255	855	627	872

RESEARCH AND DEVELOPMENT

SEK m	Q3 2022	Q3 2021	Nine months 2022	Nine months 2021	Full year 2021
Total R&D expenditures ¹	-35	-26	-96	-83	-115
Capitalization	20	16	58	55	76
Amortization	-22	-17	-57	-45	-63
R&D expenses in the income statement	-37	-26	-95	-73	-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 3 m in Q3 2021, SEK 11 m for the first 9 months 2021 and SEK 15 m for full year 2021.

PERIOD: JANUARY – SEPTEMBER

Revenue

Group revenue increased 36% to SEK 855 million (627). Organic growth was 17%. As a result of supplier disruptions during the 2021 comparative period, some revenue was postponed to the fourth quarter of 2021. Adjusted for this delay, underlying organic growth was 13% for the period. Currency movements had a positive impact of 15% on revenue and acquisitions contributed 4%. North America showed strong growth. Europe and the rest of the world are expected to be later in phase due to some lingering effects of the pandemic.

Performance

Consolidated gross profit amounted to SEK 555 million (414), corresponding to a gross margin of 65% (66%). The margin decline was mainly attributable to increased costs for components and shipping, which are expected to be transient in the long term. The currency effect had a positive

impact on gross margin. Adjusted for the factors referred to above, the underlying gross margin was around 66%.

Operating profit increased to SEK 58 million (47) and the operating margin was 6.7% (7.5). The strong growth in North America contributed to the earnings trend. Operating expenses grew organically by 16%.

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 for comparable units by staff reinforcements, primarily in the sales & marketing organization but also related to being an independent company, and higher consultancy costs, partly due to higher staff turnover.

Research and development expenses increased the burden on operating profit by SEK 22 million in the period compared with the same period last year, driven by more normalized levels of development costs but also related to higher depreciation costs due to product launches. Investments relate to the development of proprietary products, the majority of which involve software. Profit was also negatively impacted by one-off costs of approximately SEK 3 million, primarily related to M&A.

Financial items amounted to SEK -19 million (-15) and mainly consisted of interest on external loans. Profit before tax was SEK 39 million (32).

Tax for the period amounted to SEK -7 million (-7), of which SEK 2 (-3) million relates to deferred tax.

Profit for the period was SEK 31 million (24). Basic and diluted earnings per share were SEK 0.30 (0.25).

Currency effects

Higher exchange rates, primarily USD/SEK, had a positive impact on revenue of SEK +93 million and on operating profit of SEK 13 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 128 million (122). Change in working capital amounted to SEK -101 million (-20). The large decrease in working capital is mainly attributable to 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 revenue, especially in North America where payment times are longer.

Cash flow from investing activities amounted to SEK -169 million (-62), of which SEK -58 million (-55) was capitalization of R&D costs. Cash flow for the period was SEK -99 million (-67).

At the end of the quarter, the Group had cash and cash equivalents of SEK 109 million (110). Consolidated net debt totaled SEK 565 million (221), including SEK 70 million (53) in IFRS 16 finance leases.

Organization

The number of employees converted to full-time equivalents at the close of the period was 562 (469). 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 revenue 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 was completed on April 29, 2022. Acapela Group's revenue in 2020 was approximately SEK 62 million with an operating margin of 14%. Acapela Group was consolidated into the Tobii Dynavox Group as of 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.

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.

Group

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	Note	Q3 2022	Q3 2021	Nine months 2022	Nine months 2021	Full year 2021
Revenues	8	320	255	855	627	872
Cost of goods and services sold		-107	-85	-300	-213	-301
Gross profit		213	170	555	414	571
Selling expenses ¹		-121	-80	-319	-236	-318
Research- and development expenses ¹		-37	-26	-95	-73	-102
Administrative expenses ¹		-33	-22	-93	-61	-93
Other operating gains and losses		3	1	10	3	3
Operating profit/loss (EBIT)		25	42	58	47	60
Net financial items		-7	-4	-19	-15	-20
Profit/loss before tax (EBT)		18	37	39	32	40
Tax		-2	-16	-7	-7	-11
Net profit for the period		16	21	31	24	30
Other comprehensive income						
Items that may be reclassified to net profit for the period:						
Translation differences		10	2	23	4	6
Other comprehensive income for the period, net after tax		10	2	23	4	6
Total comprehensive income for the period		26	23	54	28	36
Earnings per share, SEK		0,15	0,21	0,30	0,25	0,30
Earnings per share, diluted, SEK		0,15	0,21	0,30	0,25	0,30
Net profit/loss for the period attributable to:						
Parent Company's shareholders		16	21	31	24	30
Net profit/loss for the period		16	21	31	24	30
Total comprehensive income for the period attributable to:						
Parent Company's shareholders		26	23	54	28	36
Total comprehensive income for the period		26	23	54	28	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 million been moved from Research- and development expenses to Selling expenses (SEK 11 million for nine months 2021 and SEK 3 million for Q3 2021) and SEK 10 million has been moved from Selling expenses to Administrative expenses (SEK 7 million for nine months 2021 and SEK 2 million for Q3 2021).

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK m	Sept 30 2022	Sept 30 2021	Dec 31 2021
ASSETS			
Non-current assets			
Intangible fixed assets	681	291	573
Property, plant and equipment	41	18	24
Right-of-use assets	61	47	52
Dererred tax asset	65	52	51
Financial and other non-current assets	12	0	0
Total non-current assets	860	409	700
Current assets			
Trade receivables	226	123	139
Inventories	116	40	58
Other current receivables	62	57	51
Cash and cash equivalents	109	110	197
Total current assets	513	331	446
TOTAL ASSETS	1 372	739	1 146
EQUITY AND LIABILITIES			
Equity	196	57	139
Total equity	196	57	139
Non-current liabilities			
Borrowings, non-current	-0	0	548
Lease liabilities	51	42	45
Other non-current liabilities	134	106	108
Total non-current liabilities	185	148	701
Current liabilities			
Borrowings, current	604	-	-
Lease liabilities	20	11	14
Other current liabilities	368	523	292
Total current liabilities	991	534	306
Total liabilities	1 176	683	1 007
TOTAL EQUITY AND LIABILITIES	1 372	739	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		4	24	28
Other transactions with shareholders, Tobii Group			-1	-1
Closing balance, Sept 30, 2021	0,1	-2	58	57
Comprehensive income for the period		2	5	8
Rights issue	0,5			0,5
Shareholder contributions from Tobii Group			75	75
Other transactions with shareholders, Tobii Group			-0	-0
Closing balance, Dec 31 2021	1	1	138	139
Opening balance, Jan 1, 2022	1	1	138	139
Comprehensive income for the period		23	31	54
Share based payments			3	3
Acquisition of own shares			-1	-1
Closing balance, Sept 30, 2022	1	23	172	196

CONSOLIDATED STATEMENT OF CASH FLOWS

SEK m	Note	Q3 2022	Q3 2021	Nine months 2022	Nine months 2021	Full year 2021
Cash flow from operating activities						
Profit before tax (EBT)		18	37	39	32	40
Depreciations and amortization		34	24	88	70	95
Other non cash items		1	8	6	20	4
Taxes paid		-1	-0	-5	-1	-3
Cash flow before changes in working capital		53	69	128	122	136
Change in working capital		-27	-47	-101	-20	0
Cash flow from operating activities		25	23	27	102	137
Investing activities						
Investments in intangible assets		-25	-16	-66	-56	-357
Investments in tangible assets		-8	-2	-27	-4	-11
Other		-1	-2	-1	-2	-3
Continuous investments		-34	-20	-94	-62	-370
Cash flow after continuous investments		-9	3	-66	40	-234
Aquisitions		0	-0	-75	0	-0
Cash flow from investing activities		-34	-20	-169	-62	-370
Financing activities						
Proceeds from borrowings		2	-	56	-	548
Shareholder contribution		-	-	-	-	75
Repayment of lease liability		-4	-2	-12	-7	-10
Other financing activities		1	2	-1	3	1
Repayment internal loan and cash flow from other financing activities with Tobii Group		-	-45	-	-102	-360
Cash flow from financing activities		-2	-46	43	-106	253
Cash flow for the period		-11	-43	-99	-67	19
Cash and cash equivalents at the beginning of the period		116	152	197	173	173
Currency translation impact on cash and cash equivalents		4	1	10	5	6
Other cash flow from transactions with shareholder, Tobii Group ¹		-	-0	-	-1	-1
Cash and cash equivalents at the end of the period		109	110	109	110	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 106.

Net sales for the Parent Company, Tobii Dynavox AB, for the period July 1 to 30 September 2022 amounted to SEK 153 million (146), of which SEK 116 million (99) refers to sales to group companies and SEK 37 million (47) to external customers. Operating profit for the corresponding period was SEK 0 million (29). Investments in property, plant and equipment and intangible assets totaled SEK 19 million (16). At the end of the period, the Parent Company had SEK 32 million (55) in cash and cash equivalents.

CONDENSED PARENT COMPANY INCOME STATEMENT

SEK m	Q3 2022	Q3 2021	Nine months 2022	Nine months 2021	Full year 2021
Revenues	153	146	440	321	458
Cost of goods and services sold	-68	-58	-214	-140	-203
Gross profit	85	88	226	182	256
Selling expenses	-16	-10	-49	-35	-52
Research- and development expenses	-33	-27	-86	-81	-116
Administrative expenses	-38	-23	-115	-53	-90
Other operating gains and losses	2	1	8	3	33
Operating profit/loss (EBIT)	0	29	-17	15	30
Financial items	-6	-4	-1	-11	-16
Profit/loss before tax (EBT)	-6	25	-17	4	14
Tax	-	-	-	-	-3
Net profit/loss for the period	-6	25	-17	4	11

CONDENSED PARENT COMPANY BALANCE SHEET

SEK m	Sept 30 2022	Sept 30 2021	Dec 31 2021
NON-CURRENT ASSETS			
Intangible assets	419	205	470
Property, plant and equipment	7	5	8
Financial assets	271	145	148
Total non-current assets	696	356	625
CURRENT ASSETS			
Inventories	40	9	15
Trade receivables	12	17	17
Receivables from Group companies	87	29	38
Other current assets	11	106	21
Cash and cash equivalents	32	55	139
Total current assets	182	217	230
TOTAL ASSETS	877	572	855
EQUITY AND LIABILITIES			
Equity	134	66	149
Untaxed reserves	0	0	0
NON-CURRENT LIABILITIES			
Borrowings, non-current	-	-	548
Liabilities to Group companies, non- current	40	314	41
Other non-current liabilities	16	14	15
Total non-current liabilities	56	328	603
CURRENT LIABILITIES			
Borrowings, current	604	-	-
Trade payables	35	39	50
Liabilities to Group companies, current	2	-	1
Other current liabilities	46	140	51
Total current liabilities	687	178	102
Total liabilities	743	507	706
TOTAL EQUITY AND LIABILITIES	877	572	855

KEY PERFORMANCE MEASURES FOR THE GROUP

	Q3 2022	Q3 2021	Nine months 2022	Nine months 2021	Full year 2021
Earnings per share, SEK	0,15	0,21	0,30	0,25	0,30
Earnings per share, diluted, SEK	0,15	0,21	0,30	0,25	0,30
Equity per share, SEK	1,87	0,57	1,87	0,57	1,39
EBITDA, SEKm	59	66	146	117	155
Operating profit (EBIT), SEKm	25	42	58	47	60
EBITA, MSEK	48	58	117	92	123
Cash flow from operating activities, SEKm	25	23	27	102	137
Cash flow after continuous investments, SEKm	-9	3	-66	40	-234
Working capital, SEKm	-80	-120	-80	-120	-143
Total assets, SEKm	1 372	739	1 372	739	1 146
Net debt, SEKm	565	221	565	221	409
Net Debt/EBITDA LTM	-	-	3,1	1,3	2,6
Equity, SEKm	196	57	196	57	139
Equity/assets ratio, %	14	8	14	8	12
Debt/equity, factor	3,4	5,8	3,4	5,8	4,4
Gross margin, %	67	67	65	66	65
EBITDA margin, %	18	26	17	19	18
Operating margin, %	7,8	16,5	6,7	7,5	6,9
Average number of outstanding shares, million	104,9	99,8	104,9	99,8	100,5
Average number of outstanding shares after dilution, million	105,8	99,8	105,5	99,8	100,5
Number of outstanding shares at period end, million	104,9	99,8	104,9	99,8	104,9
Number of outstanding shares after dilution at period end, million	105,4	99,8	105,4	99,8	104,9
Average number of employees	555	464	511	467	467

Definitions, see note 11.

QUARTERLY DATA

	2022			2021				2 020	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue, SEKm	320	288	246	245	255	165	207	233	204
Gross Margin, %	66,6	63,7	64,0	64,0	66,7	64,1	66,8	66,9	67,0
EBITDA, SEKm	59	44	43	38	66	1	50	56	48
EBIT, SEKm	25	16	17	13	42	-23	28	34	28
Operating Margin, %	7,8	5,4	7,0	5,4	16,5	-14,1	13,5	14,7	13,6
Profit/Loss before tax, SEKm	18	9	11	9	37	-29	23	29	20
Profit/Loss for the period, SEKm	16	6	10	5	21	-13	16	68	18

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 Annual and sustainability report 2021.

The period January to September 2021 and the third quarter 2021 are combined financial statements. In December 2021 Tobii AB distributed all common shares in the wholly owned subsidiary Tobii Dynavox to the common shareholders of Tobii with subsequent stock exchange listing.

The formation of the Tobii Dynavox Group involves transactions between entities under common control. As neither these transactions nor the combined financial statements are subject to any IFRS standard, management should develop and apply an accounting policy that is, among other things, relevant and reliable, in accordance with IAS 8 Accounting policies, changes in accounting estimates and errors). An appropriate and established method is to use the predecessor value method, which is the principle used by Tobii Dynavox.

The assets and liabilities of the entities brought into the newly formed Tobii Dynavox Group have been included at their carrying amounts in the consolidated financial statements of Tobii AB from the date they became part of the Tobii AB Group. The Parent Company of the new group, Tobii Dynavox AB, was established on January 1, 2019. From this date, all companies merged into the Tobii Dynavox Group have been under common control under Tobii AB.

Tobii Dynavox has started entities in Germany and China in 2021. The Tobii Dynavox segment activities of the Tobii Group companies in Germany and China were transferred to these newly established companies in 2021. In the combined financial statements, the results generated in the Tobii Dynavox segment of the Tobii Group companies in Germany and China have been added to the Tobii Dynavox Group. Since no consideration was paid between the companies for these transactions, they have been reported as "Other transactions with shareholders of the Tobii Group" in Shareholders' equity and Cash flow in the combined financial statements.

Share-based payment to employees

The amount of allocated stock units as per September 30, 2022, is 1 060 479.

The dilutive effect is expected to be a maximum of 1.2 percent. Since the plans were in the Tobii Group in 2021, Tobii Dynavox bore its share of the cost of the plans through the income statement by re-invoicing from the Tobii Group. Tobii Dynavox therefore did not recognize any IFRS 2-related costs against equity. Since these plans are now approved, transferred, translated, and allocated in the Tobii Dynavox Group, these share-based plans are accounted for in accordance with IFRS 2 Share-based Payment as of January 2022.

The number of stock units allocated under the 2020 plan amounts to 265,128 share rights as of the end of September 2022. The number of stock units allocated under the 2021 plan amounts to 352,264 share rights as of the end of September 2022.

The 2022 plan has resulted in an allocation as of September 30 of 443,087 stock units. The number of stock units that are not yet allocated is 220,913.

In addition to the above allocated stock units, approximately 270,000 additional common shares may be issued to cover the company's social security costs.

Borrowing costs

Borrowing costs attributable to the construction of qualifying assets are capitalized as a portion of the qualifying asset's cost. A qualifying asset is an asset that takes a substantial time period to get ready for its intended use or sale. The Group considers a period in excess of one year to be a substantial time period.

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.

The acquired Voice Technology is amortized over 10 years, while the amortization period for customer relations is 5 years.

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

Note 8. Breakdown of revenue

SEK m	Q3 2022	Q3 2021	Nine months 2022	Nine months 2021	Full year 2021
REVENUE BY PRODUCT TYPE					
Goods	291	233	773	566	787
Services	28	20	77	58	80
Royalty	1	1	5	3	4
Total revenues	320	255	855	627	872
REVENUE BY DATE OF REVENUE RECOGNITION					
Point in time	271	228	719	539	719
Over time ¹	49	27	135	87	153
Total revenues	320	255	855	627	872

¹ The assessment of what revenue is over time has changed from previously reported data

Note 9. Förvärv

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 6 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.

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 September 30, 2022. The fair value of assets acquired, and liabilities assumed is provisional pending final valuation.

EFFECTS OF ACQUISITIONS ¹

SEK m	Acapela Group	Obear Technologies Ltd	Assets & Liabilities Agreement ASK
Breakdown of Purchase considerations			
Cash consideration	101	6	8
Contingent consideration ³	-	0	-
Total consideration	101	6	8
Change in acquired assets and liabilities			
Voice technology	15	-	-
Brands	-	-	-
Customer relations/contracts	18	1	2
Other fixed assets	9	2	0
Net other assets and liabilities	-25	-1	0
Cash and cash equivalents	31	0	-
Deferred tax liability	8	0	-
Net identifiable assets and liabilities	55	3	2
Goodwill	46	3	5
Impact on cash and cash equivalents			
Cash consideration (included in cash flow from investing activities)	-101	-6	-8
Cash and cash equivalents of acquired companies (included in cash flow from investing activities)	31	0	-
Acquisition costs (included in cash flow from operating activities)	-3	-1	0
Total impact on cash and cash equivalents	-74	-6	-8
Impact on sales and operating profit (loss) during the holding period			
Sales	24	5	1
Operating profit (loss)	5	-2	0
Impact on sales and operating profit (loss) as if the acquisitions had taken place on 1 January 2022 ²			
Sales	43	8	-
Operating profit (loss)	7	-1	-

¹ The acquisition analysis is preliminary

² As the acquisition of ASK is an asset acquisition, Tobii Dynavox does not have access to financial data for the company concerning the period prior to the acquisition (July 1, 2022)

³ 2,4 MSEK of the contingent liability for Obear Technologies Ltd has been reclassified as employee remuneration. Goodwill has been reduced with the same amount.

Note 10. Financial instruments

SEK m	Sept 30 2022		Sept 30 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities measured at fair value				
Contingent considerations	0,1	0,1	-	-

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	Q3 2022	Q3 2021	Nine months 2022	Nine months 2021	Full year 2021
Gross margin					
Gross profit	213	170	555	414	571
Revenues	320	255	855	627	872
Gross margin, %	67%	67%	65%	66%	65%

SEK m	Q3 2022	Q3 2021	Nine months 2022	Nine months 2021	Full year 2021
EBITDA and EBITDA-margin					
Operating profit	25	42	58	47	60
Amortization and impairment on intangible assets	23	17	59	45	63
Depreciation, amortization and impairment on tangible assets	11	8	29	25	32
EBITDA	59	66	146	117	155
Revenue	320	255	855	627	872
EBITDA-marginal, (%)	18%	26%	17%	19%	18%

SEK m	Q3 2022	Q3 2021	Nine months 2022	Nine months 2021	Full year 2021
EBITA					
Operating profit	25	42	58	47	60
Amortization R&D	21	17	57	45	63
Amortization purchased immaterial assets	1	-0	2	-0	0
EBITA-margin	48	58	117	92	123
Revenue	320	255	855	627	872
EBITA-margin, %	15%	23%	14%	15%	14%

SEK m	Q3 2022	Q3 2021	Nine months 2022	Nine months 2021	Full year 2021
Equity/share					
Equity	196	57	196	57	139
Average number of outstanding shares, million	104,9	99,8	104,9	99,8	100,5
Equity/share	1,9	0,6	1,9	0,6	1,4

SEK m	Q3 2022	Q3 2021	Nine months 2022	Nine months 2021	Full year 2021
Net debt					
Cash and cash equivalents	109	110	109	110	197
Interest-bearing liabilities	674	331	674	331	607
Net debt	565	221	565	221	409

SEK m	Q3 2022	Q3 2021	Nine months 2022	Nine months 2021	Full year 2021
Net debt/EBITDA ratio					
Net debt	-	-	565	221	409
EBITDA last twelve months	-	-	184	173	155
Net debt/EBITDA LTM	-	-	3,1	1,3	2,6

SEK m	Q3 2022	Q3 2021	Nine months 2022	Nine months 2021	Full year 2021
Organic growth					
Revenue current year	320	255	855	627	872
Currency effect	-48	4	-93	50	27
Acquisition effect	-16	-	-27	-	-
Currency-adjusted income corresponding period last year excluding acquisitions	255	258	735	677	898
Revenue corresponding period previous year	255	204	627	662	895
Organic growth	1	54	108	15	3
Organic growth, %	0,3%	27%	17%	2%	0,3%

SEK m	Q3 2022	Q3 2021	Nine months 2022	Nine months 2021	Full year 2021
Working capital					
Inventories	116	40	116	40	58
Trade receivables	226	123	226	123	139
Other receivables	62	57	62	57	51
Trade payables	-77	-58	-77	-58	-77
Other liabilities	-407	-283	-407	-283	-314
Working capital	-80	-120	-80	-120	-143

SEK m	Q3 2022	Q3 2021	Nine months 2022	Nine months 2021	Full year 2021
Operating margin (EBIT-margin)					
Operating profit	25	42	58	47	60
Revenue	320	255	855	627	872
Operating margin, %	7,8%	16,5%	6,7%	7,5%	6,9%

SEK m	Q3 2022	Q3 2021	Nine months 2022	Nine months 2021	Full year 2021
Net debt/equity ratio					
Interest-bearing liabilities	674	331	674	331	607
Equity	196	57	196	57	139
Net debt/equity ratio, factor	3,4	5,8	3,4	5,8	4,4

SEK m	Q3 2022	Q3 2021	Nine months 2022	Nine months 2021	Full year 2021
Equity/assets ratio					
Equity	196	57	196	57	139
Total assets	1 372	739	1 372	739	1 146
Equity/assets ratio, %	14%	8%	14%	8%	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.
EBITA	Operating profit/loss before amortization and impairment of intangible assets	EBITA is used to measure earnings from operating activities excluding amortization and impairment of intangible assets.
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 Inventories, accounts receivable and other current 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.

Stockholm, October 28 2022

Åsa Hedin
Chairman of the Board

Charlotta Falvin
Board Member

Caroline Ingre
Board Member

Carl Bandhold
Board Member

Henrik Eskilsson
Board Member

Fredrik Ruben
CEO

The report has been subject to review by the Company's auditors.

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

This information is inside information that Tobii Dynavox AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out below, on October 28, 2022, at 07:30 CET.

Information to shareholders

WEBBPresentation

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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Linda Tybring, Investor Relations, CFO, linda.tybring@tobiidynavox.com

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FINANCIAL CALENDAR

Year-end Report Q4 2022	February 8, 2023
Annual Report 2022	Week 15/16, 2023
Interim Report Q1 2023	April 26, 2023
Annual General Meeting 2023	May 10, 2023
Interim Report Q2 2023	July 20, 2023
Interim Report Q3 2023	October 27, 2023
Year-end Report Q4 2023	February 9, 2024



AUDITOR'S REPORT

Tobii Dynavox AB (publ) corp. Reg. no. 556914-7563

INTRODUCTION

We have reviewed the condensed interim financial information (interim report) of Tobii Dynavox AB as of 30 September 2022 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm October 28, 2022

PricewaterhouseCoopers AB

Camilla Samuelsson
Authorized Public Accountant