Tobii Dynavox Year-End Report 2021

Tobii Dynavox AB (publ) today announced its results for the fourth quarter and full year of 2021.

Comment by Tobii Dynavox CEO Fredrik Ruben:

“The fourth quarter was eventful and intense, with several historic milestones for the company. At the same time, the pandemic had a temporary, but clearly negative, impact on business and earnings. Demand for our products remains significant. We are confident that we can deliver on our financial targets.”

QUARTER OCTOBER - DECEMBER 2021

- Revenue grew 3% organically to SEK 245 million (233)
- Gross margin was 64% (67%).
- Operating profit totaled SEK 13 million (34), corresponding to an operating margin of 5.4% (14.7%).
- Cash flow after current investments was SEK -274 million (50).
- Basic earnings per share were SEK 0.05 (0.68)

PERIOD: JANUARY - DECEMBER 2021

- Revenue was SEK 872 million (895), corresponding to flat organic growth.
- Logistics-related delays at the end of the year caused some revenue to be postponed until 2022, which negatively impacted revenue by approximately SEK 10 million.
- Gross margin was 65% (66%).
- Operating profit was SEK 60 million (127), corresponding to an operating margin of 6.9% (14.2%).
- Cash flow after current investments was SEK -234 million (171).
- Basic earnings per share were SEK 0.30 (1.30).
- The Board of Directors proposes to the Annual General Meeting that no dividend be paid for fiscal year 2021.

SIGNIFICANT EVENTS DURING THE QUARTER

- Tobii Dynavox launched the communication device "TD Pilot," the very first Apple-certified product to enable control of an iPad with eye movements alone.
- Tobii Dynavox announced its financial targets. The Company’s targets are to increase currency-adjusted revenue by more than 10% on average per year and to achieve and maintain an EBIT margin in excess of 15%. Tobii Dynavox intends to maintain a net debt/equity ratio of 2.5x (+/− 0.5x) for the last 12 months’ EBITDA.
- The Company received a payment from Swedbank of SEK 550 million under an agreed credit facility. The money was used for purposes to repay all loans to Tobii AB. The Company also paid SEK 280 million to Tobii AB under a previously signed license agreement.
• Tobii Dynavox entered into an agreement to acquire all shares in the Belgium-based Acapela Group for EUR 9.8 million in cash. The deal is subject to approval by the relevant competition authorities, as well as certain other conditions. It is expected to be completed in the beginning of 2022.

• The Tobii Group was separated into two and Tobii Dynavox ordinary shares were listed on Nasdaq Stockholm on December 9.

COMMENTS FROM THE CEO

“The fourth quarter was eventful and intense, with several historic milestones for the company. At the same time, the pandemic had a temporary, but clearly negative, impact on business and earnings. Demand for our products remains significant. We are confident that we can deliver on our financial targets”.

In 2021, the pandemic had a significant negative impact on our business, which was further exacerbated in the fourth quarter by the increased restrictions. In particular, the increased spread of the pandemic meant that our ability to meet with our customers, prescribers and users was again severely limited. Face-to-face meetings, often in our user’s own home, is important in our world and remains heavily restricted compared to before. Some of our staff have tested positive or had to be isolated, while logistics and the component shortage continued to be affected. Not having enough products to meet the demand is very frustrating, specifically for our users and customers.

As a result, our revenue grew by a relatively modest 3% organically. However, it is important to point out that Tobii Dynavox has managed to maintain the same revenue level compared to the year before the pandemic despite the major challenges. Our most important business, assistive technology for communication in North America, continued to perform well, while the impact on our special education products and other markets was much larger. Furthermore, we saw an unusually strong increase in new insurance applications related to our products during full-year 2021, which bodes well for our growth in 2022. Overall, we estimate that our underlying business volume for assistive technology for communication in North America grew by over 10% for the full year.

THREE KEY EVENTS MARKED THE QUARTER

The spin-off of Tobii Dynavox as an independent listed company means that we free up a lot of energy within the organization which gives us better conditions to continue driving the industry forward as the clear market leader with the most complete offering of solutions for our customers.

We are extremely proud of the Apple-based communication device “TD Pilot”, which was launched in mid-November. The medically classified device enables people with disabilities to control an iPad with their eyes. The market response has been overwhelmingly positive. As this assistive device is primarily sold on a prescription basis, it will take until the middle of the first half of the year before sales start in earnest.

At the end of October, we signed an agreement to acquire Acapela Group, headquartered in Belgium, a global provider of synthetic voice and AI-driven voice synthesis technology. The company has been an important partner to us for many years. The merger further deepens this relationship, providing great opportunities to achieve new, important solutions for our users. The acquisition fits well with our focus on being an innovative driving force in assistive
technology for communication. The deal is subject to customary regulatory approvals, which we expect to be completed in the beginning of 2022.

Despite the short-term challenges accompanying the rising case rates, we continue to work on long-term growth. One such initiative is customer satisfaction, which is at high levels.

LOW MARKET PENETRATION MEANS HIGH GROWTH POTENTIAL

We are optimistic about our long-term business potential, especially with such an underpenetrated market. Only two percent of those diagnosed annually are estimated to have access to assistive technology for communication, primarily because of low awareness and inadequate reimbursement solutions. Our education initiatives are therefore a critical factor in raising awareness of our solutions and these continue with unwavering commitment. Although it will take some time to recover from the negative effects of the pandemic, we are confident that we can deliver on our long-term financial targets.

In conclusion, I would like to underscore the inherent strength of the organization. We are passionate about our users and are constantly working to improve our products and services to make their lives easier. We look forward to an exciting and eventful 2022.

Fredrik Ruben, CEO

Webcast
Today at 10:30 a.m. CET, Tobii Dynavox will host a webcast presentation for media, analysts and investors. If you want to attend the webcast click the following link. The year-end report and a recording of the webcast will be available here.

This is a translation of the Swedish original. In case of any inconsistency between the Swedish and English version, the Swedish version shall prevail.

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 person set out below, at 07.30 CET on Feb 8, 2022.

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About Tobii Dynavox
Tobii Dynavox is the global leader in assistive technology for communication. Our custom designed solutions enable people with disabilities such as cerebral palsy, ALS and spinal cord injury to communicate with a voice of their own, develop literacy skills and live more independently. To date, hundreds of thousands of people worldwide have benefited from our integrated solutions, which include hardware, software, clinically developed language systems, special education tools, training, and dedicated support. We offer an extensive funding system to reach as many people as possible. Headquartered in Sweden, Tobii Dynavox employs around 500 people with office in the US, the UK, Norway and China, and reselling partners in 60+ countries. For more information, please visit our website.