

Press release

Stockholm, Sweden 28 October 2022, 07:30 CET

Tobii Dynavox Interim report for the third quarter 2022

Tobii Dynavox AB (publ) today announced its results for the third quarter of 2022.

Comment by Tobii Dynavox CEO Fredrik Ruben:

“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.”

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).

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 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.

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.

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.

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

Webcast

Today at 09:00 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 interim 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 and the Swedish Securities Market Act. The information was submitted for publication, through the agency of the contact person set out below, at 07.30 CET on October 28th, 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](#).