

A close-up, profile view of a woman's face, looking downwards. Her dark hair is partially visible, and the lighting is soft, highlighting her features.

2015

Annual Report

World leader
in eye tracking,
humanized technology
that changes lives,
gives new insights and
creates natural
computer interaction

tobii

Contents

2015 highlights	1
Comments from the CEO	2
The Tobii Group	4
Financial performance	5
Tobii in the world	6
Three strong business units	8
Tobii Dynavox	10
Tobii Pro	16
Tobii Tech	22
Research & development	28
Our employees	30
Sustainability	32
The Tobii share	34

Financial Reports

Multi-year overview and financial definitions	38
Directors' Report	40
Consolidated Statement of Comprehensive Income	46
Consolidated Balance Sheet	47
Consolidated Statement of Changes in Equity	48
Consolidated Cash Flow Statement	49
Parent Company Income Statement	50
Parent Company Balance Sheet	51
Parent Company Changes in Equity	52
Parent Company Cash Flow Statement	53
Notes	54
Signatures	72
Auditors' Report	73

Corporate Governance

Corporate Governance Report	74
Auditor's Report of the	
Corporate Governance Report	79
Board of Directors	80
Group Management	81

The annual report is published in Swedish and English. The Swedish version is the original and has been audited by Tobii's independent auditors. The formal annual report and consolidated financial statements are presented on pages 37–72.

Financial Calendar

Interim report, January–March 2016	May 4, 2016
Annual General Meeting	May 11, 2016
Interim report, January–June 2016	July 28, 2016
Interim report, January–September 2016	Oct 27, 2016
Year-end report January–December 2016	Feb 15, 2017

IR Contact

Sara Hyléen, Corporate Communications Director
Phone: +46 70 916 16 41
Email: sara.hyleen@tobii.com

Comments from the CEO

We have established market-leading and profitable businesses in a couple of niches through Tobii Dynavox and Tobii Pro. But our journey has just begun. Looking forward, we see exciting opportunities to grow, within these areas as well as in a number of new markets.

pg 4



Tobii Dynavox

Tobii Dynavox gives people the ability to speak and interact through its products. We believe that communication is a human right that should also extend to those who require technical devices to express themselves. One of the business unit's targets is to give the world 100,000 new voices over the next three years.

pg 10



Tobii Pro

The use of eye tracking to understand human behavior has become an increasingly common method in many fields of research. Tobii Pro meets an increasing demand with new, more effective products and a growing service organization.

pg 16

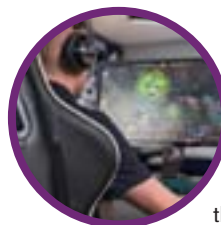


Tobii Tech

Eye tracking enables new and natural ways of interacting with computers and other devices. Tobii Tech invests in R&D and marketing activities to realize business opportunities in volume markets that have the potential to become very large. In 2015, several important steps

were taken in the computer gaming market in collaboration with hardware manufacturers and gaming studios.

pg 22



Development of technology and new products

R&D is a central part of Tobii's operations, involving more than 230 employees and consultants worldwide. Many new products and product versions were launched during the year.

pg 28



Our employees

The ability to attract world-class talent and expertise is a key success factor at Tobii. In 2015, Tobii welcomed more than 70 new employees at our 14 offices around the world.

pg 30



2015 highlights

In 2015, sales totaled SEK 967 million (621), corresponding to a 56% increase driven by acquisitions, organic sales growth and positive currency effects. The operating loss amounted to SEK -36 million (-69). Tobii's listing on the stock exchange was an important event in 2015.

First quarter

- Gaming company SteelSeries started delivery of Sentry, the world's first eye tracker for computer gaming, developed by Tobii.
- Gaming company Ubisoft launched one of its most popular game titles, Assassin's Creed Rogue, with support for eye tracking.

Second quarter

- The Tobii share was listed on Nasdaq Stockholm.
- Tobii Dynavox launched the products T7, I-Series+ and Communicator 5.
- Tobii Tech and gaming notebook manufacturer MSI signed a letter of intent to explore the possibilities of taking a gaming notebook with integrated eye tracking to market.

Third quarter

- The Steve Gleason Act, intended to make it easier to receive financing for assistive technology for communication via Medicare, was passed in the USA.
- Tobii Dynavox expanded its software range with a series of new features and language versions.
- Tobii Pro launched X3-120, a new eye tracker for screen-based studies.
- Tobii Pro launched real-world mapping for Glasses 2, a feature that drastically streamlines data processing and analysis.

Fourth quarter

- Tobii Tech presented the eye-tracking platform IS4 and EyeChip, the world's first ASIC for eye tracking.
- Tobii Pro launched a new model of Glasses 2 in 100 Hz.
- Tobii opened a sales office in Taipei.
- The IS3 platform was validated by Microsoft for Windows Hello and login through face recognition.
- Tobii Tech received its first order for integration components from a computer manufacturer (MSI).

Examples of product launches in 2015



SteelSeries Sentry



Glasses 2 Analysis Software
Real World Mapping

Tom Clancy's The Division (2016)



Tobii Pro X3120



Tobii IS4 and Tobii EyeChip



MSI GT72 Tobii (2016)



Tobii Dynavox T7



I-Series+ with Communicator 5

[READ MORE](#) The most important product launches of the year are listed on page 29

Comments from the CEO

2015 was a positive and eventful year for Tobii. The financial performance of our established operations Tobii Dynavox and Tobii Pro was good and in line with set goals. We launched a large number of new products and product versions, and expect to maintain a high pace of product development in the future as well. We took several important steps within Tobii Tech, even if much remains to be done in terms of work and investments before eye tracking reaches mainstream consumer products.

There was a great deal of interest in Tobii's listing on Nasdaq Stockholm stock exchange and we had the pleasure of welcoming more than 15,000 new shareholders in 2015. In addition, we welcomed more than 70 new employees to bring the total number to 612 at year end.

Profound impact in many areas

Eye tracking is a unique technology that enables computers and other products to detect what the user is paying attention to and to realize new, intuitive and natural user interfaces through eye control. There is a wide variety of markets and products where we believe that eye tracking will eventually have a substantial and profound impact.

We have established market-leading and profitable businesses in a couple of niches through our two business units Tobii Dynavox and Tobii Pro. But our journey has just begun. Looking forward, we see exciting opportunities to grow, both in these areas and in a number of new markets that include several large consumer product segments.

Tobii Dynavox: a successful integration

During the year, Tobii Dynavox successfully integrated the Dynavox acquisition. We have married teams and processes and at the same time maintained a high rate of product launches. Significant synergy effects were evident in operations as well as earnings during the year's second half.

Moreover, we saw positive developments in reimbursement for assistive technology for communication, in particular through the new Steve Gleason Act. This law is intended to make it easier to receive funding for assistive technology for communication via Medicare in the USA, our most important market.

Through its products, Tobii Dynavox gives an increasing number of people the ability to speak, but still only a small portion of all those who need assistive technology for communication receive adequate help today. Therefore, greater awareness of our products and the impact they make on people's lives is crucial for the continued growth of Tobii Dynavox. Consequently, we are conducting large-scale initiatives to train physicians, therapists and speech language pathologists and to boost awareness among the general public.

With considerably improved profitability and a world-leading position in a market where the needs of many potential users are still not met, we believe that Tobii Dynavox is well-positioned for continued growth and improved margins over the long-term.

Tobii Pro: eye tracking a more common research method

Glasses 2 was a great sales success in 2015, which we estimate has greatly improved our market share in wearable eye tracking. The eye-tracking glasses make it possible to carry out studies in a many different settings thus enabling a broader use of eye tracking in new and existing segments. During the year, we continued to further develop the Glasses 2 offering in order to enhance the product's competitiveness and facilitate sales to more segments.

We are convinced that eye tracking has the potential to become a standard method in behavioral research. Toward that end, Tobii Pro is investing in a diversified hardware product portfolio that spans from affordable, standard models to high-performance research products. Moreover, to make it more cost-effective for our customers to perform their studies, we are further developing software and cloud-based solutions that rationalize data management and data processing. Our service organization frequently acts as a catalyst for eye-tracking usage among our customers. During the year, we significantly multiplied the number of completed projects, largely driven by better packaged services.

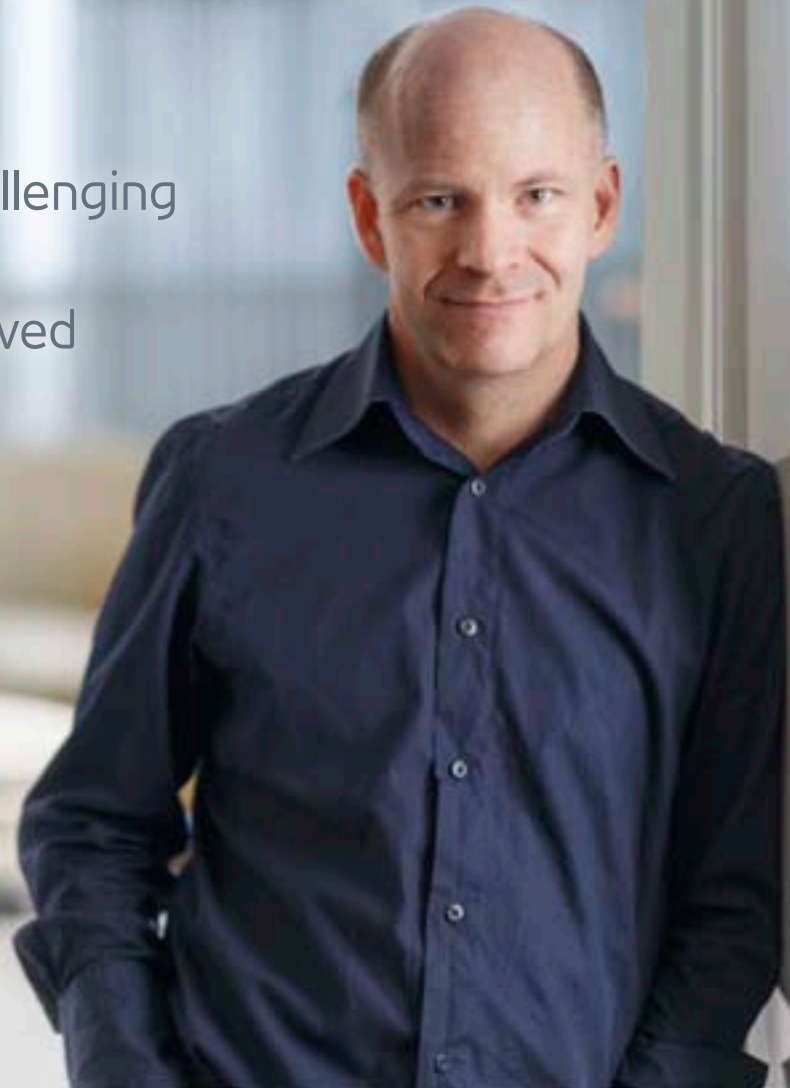
Also Tobii Pro is a profitable business with a world-leading market position. The business unit is active in a market that offers exciting possibilities and where Tobii Pro has good opportunities for growth for a long time to come.

Tobii Tech: several important steps in the computer gaming market

In Tobii Tech, we are investing heavily in technology development and marketing activities to realize future volume markets for eye tracking in products such as computer gaming, mainstream computers and virtual reality.

In the near term, we have opted to prioritize the gaming market where we see clear value for eye tracking and vast market potential. While we are still at the start of this journey, we have taken several important steps during 2015. SteelSeries launched the gaming peripheral Sentry at the beginning of the year. At the end of the year we received an order from computer manufacturer MSI, who started selling the gaming notebook MSI GT72 Tobii in February 2016. The first eye-tracking enabled computer games have also been released, including a handful of major game titles such as Ubisoft's Tom Clancy's The Division and Assassin's Creed Syndicate.

"I am extremely proud of the many, impressive and challenging accomplishments that we have achieved together over the past year."



Through the development of the new IS4 integration platform, we are now meeting the requirements for integration into computers, albeit in an early premium segment. In order for eye tracking to eventually be integrated into high-volume products, the technology must be further improved and become smaller and cheaper. Therefore, we will also continue to invest substantial resources in the development of our core technology.

Tobii Tech has several technology advantages over its competitors. Through the combination of a leading patent portfolio, a proven ability to deliver and early product and customer successes we have a strong position from which to realize several large-scale and extremely exciting opportunities.

Fantastic teamwork

A key success factor for Tobii is our ability to attract and retain employees who possess world-class talent and expertise. Products that really make a difference for our users and the chance to work with revolutionary technology help create strong commitment among us Tobiians. I am extremely proud of the many, impressive and challenging accomplishments that we have achieved together over the past year.

Tobii continues to focus on further development of our two profitable business units Tobii Dynavox and Tobii Pro – and in technology development and marketing activities in order to realize Tobii Tech's business opportunities. In all, we have a stable base and good growth potential in all three units.

Danderyd, April 12, 2016

Henrik Eskilsson, CEO

The Tobii Group

World leader in eye tracking

Tobii is the world leader in eye tracking, both in terms of market share and technology. Tobii holds more than 50% of the global market¹⁾, has many times higher sales than its closest competitor and is clearly the market leader in most of the segments that use eye tracking today.

Since inception, Tobii has invested heavily in developing its world-leading technology. It stands out for being more reliable and having better, more consistent accuracy than competing solutions. Other attributes include low power consumption, a small size and that it can be manufactured in high volumes at low cost.

Tobii has successfully developed and commercialized a number of different solutions related to its core technology. Several of these hardware and software products have become market leading within their respective segments.

Tobii also has the world's most comprehensive portfolio of patents relating to eye tracking.

A technology with many applications

An eye tracker is a sensor that can determine where a person is looking with high accuracy. This provides access to information about what the user pays attention to or processes. It can also register an individual's presence. Data captured with the help of eye tracking can be used to gain deep insights into human behavior or to create natural and intuitive user interfaces. Eye-controlled computers have already revolutionized lives for tens of thousands of people with an impaired ability to communicate. Eye tracking has also become an established, rapidly growing method in behavior research and market research.

Looking forward, eye tracking can potentially have a large-scale, profound impact in a multitude of application areas, including computers, tablets, virtual reality, vehicles and medical equipment.

Organization and strategy

Since the start in 2001, Tobii has established itself as the leader in markets for behavioral research and assistive technology for communication. Complete solutions have been developed within these segments, including solutions that go beyond eye tracking, in order to meet a variety of customer needs. Within these niche markets, addressed by the Tobii Pro and Tobii Dynavox business units, Tobii foresees good opportunities for growth over a longer period of time.

Tobii invests heavily in the third business unit, Tobii Tech, to reach future high-volume markets for eye tracking primarily in consumer products. By providing core technology in the

form of components that customers integrate into their products, Tobii will be able to effectively address more segments and large volumes.

The business units are independent operating units with their own management teams, strategies and business models as well as their own R&D, sales and marketing organizations. This structure offers good conditions to fully optimize operations for distinctly different markets. Through the Group, the business units share a common technological foundation, trademarks, patents and other intellectual property.

Tobii is headquartered in Danderyd, Sweden, and is listed on Nasdaq Stockholm since April 2015.

Market trends

Tobii and its three business units operate in a high-tech world characterized by a rapid rate of change in terms of both technology advancements and the market at large. Ever greater interest in intelligent sensors and natural user interfaces in broad consumer products drive an interest in eye tracking, which has the potential to fundamentally alter how we interact with technology.

As eye tracking reaches broader applications, the competitive landscape is likely to evolve from primarily small eye-tracking niche companies to include also large technology companies that will either buy or develop the technology themselves.

Retaining the market-leading position that Tobii considers it has will require a consistently high rate of development in terms of technology, new products and other activities that can increase the level of penetration and market shares. Through a scalable business model, investments to maintain its technological lead and further development of its leading patent portfolio, Tobii can retain a strong market position in the long term and serve as an attractive partner, also for high-volume clients.

READ MORE [More about the business units' global markets, strategy and business model on pages 10, 16 and 22](#)

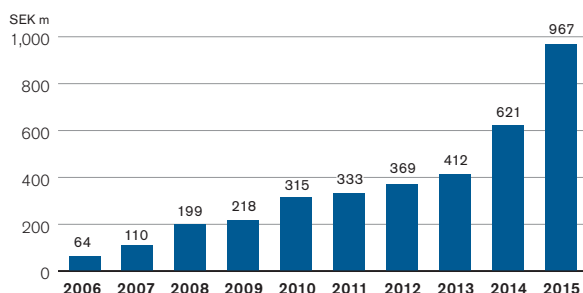
¹⁾ Source: Arthur D. Little, 2014

Financial performance

14 years of growth

The Group has organically increased its net sales every year since its inception in 2001. Acquisitions were made during this time which further contributed to growth.

Net sales 2006–2015



Performance 2015

In 2015, the Group's sales totaled SEK 967 million (621). The increase in sales during 2015 was driven primarily by the acquisition of DynaVox Systems LLC, but also by organic sales growth in all three business units and positive currency effects.

Tobii Dynavox's operating profit improved in 2015 to SEK 119 million (42), while Tobii Pro's rose to SEK 21 million (13). The investment rate in Tobii Tech increased according to plan, yielding an operating loss of SEK -176 million (-122). In total, this reduced the Group's operating loss to SEK -36 million (-69).

In 2015, a new share issue was carried out in conjunction with the listing on the stock exchange that provided SEK 429 million in proceeds after deductions for issue costs. At the close of the year, the Group had SEK 371 million (119) in cash and cash equivalents and SEK 170 million (108) in unutilized bank facilities.

[READ MORE](#) [More about the IPO on page 34](#)

967

SEK million
in sales, 2015

267

SEK million
in total R&D investments, 2015

612

number of employees
on Dec. 31, 2015

230

people working in R&D
(including consultants)

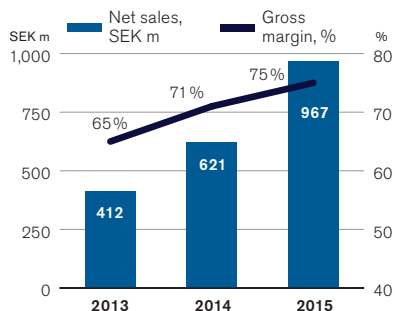
98%

of sales
outside Sweden, 2015

215

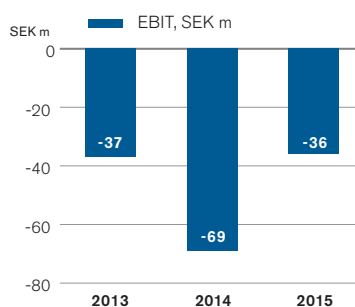
total registered or
pending patents

Sales and gross margin



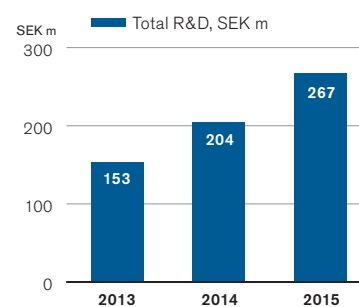
The Group's sales have increased SEK 555 million to SEK 967 million since 2013. All three business units have contributed to the growth, particularly Tobii Dynavox which increased considerably, both organically and through the Dynavox acquisition.

Operating profit/loss (EBIT)



Tobii Dynavox and Tobii Pro reported good and increasing profit margins, but the Group's operating profit has been negatively impacted by major investments in Tobii Tech.

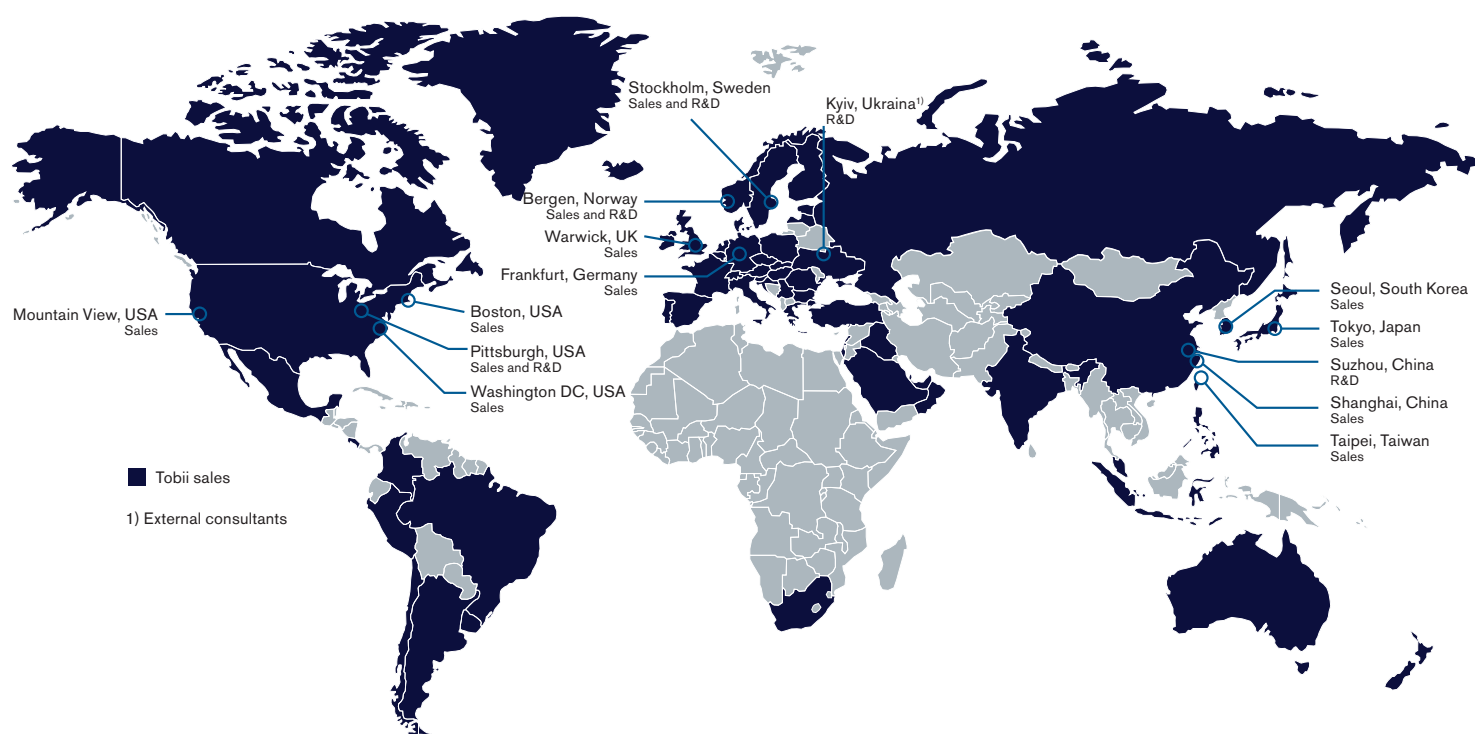
Research & development



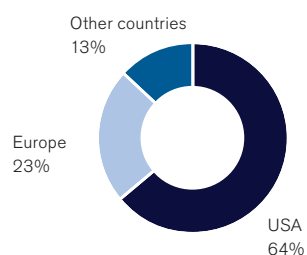
The Group's total R&D expenditure has increased by 75% in three years and amounted to SEK 267 million in 2015.

Tobii in the world

Tobii has a global presence through its offices and resellers. During the year, Tobii opened a new office in Taipei, Taiwan and now has a total of 14 offices worldwide.



Sales per region



Direct sales and resellers


	Tobii Dynavox	Tobii Pro	Tobii Tech
Directly employed sales reps	90	40	6
No. of resellers	120	20	n/a

Tobii's vision is a world where
all technology works in complete harmony
with natural human behavior.

Tobii's mission is to fundamentally transform
and improve both lives and entire industries
through humanized technology. With eye tracking
as a base, Tobii creates the conditions for
new insights into human behavior and more
human interfaces in mainstream computers,
games, vehicles and other products.

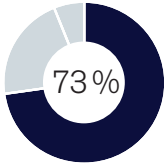
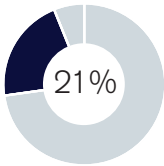
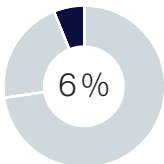
Three strong business units

The Tobii Group has three business units, each with their own distinct markets, products and organizations: Tobii Dynavox, Tobii Pro and Tobii Tech.

Business units	Offering and target groups	Business model	Goal and mission
tobii dynavox 	Assistive technology for individuals with reduced ability to speak and communicate due to conditions such as cerebral palsy, ALS, spinal cord injuries, autism or aphasia.	Sells proprietary hardware, software and related services for alternative communication, including eye-controlled and touch-screen-based communication devices. These products are often financed by public or private health insurances. Tobii Dynavox mostly sells directly to customers in the USA, Canada, Sweden and Norway, as well as through resellers in other countries.	Power to be you To give people the ability to live a richer and more independent life by providing a voice of their own and access to everyday technologies, regardless of circumstances or impediments.
tobii pro 	Eye-tracking solutions to study and understand human behavior for academic research and companies that want to better understand consumers or analyze performance and processes.	Sells comprehensive solutions that include proprietary hardware and analytics software. The software is sold as a one-time license or on a subscription basis. Tobii Pro also offers services such as customized market research and user studies. Sales are mostly direct and through a number of smaller resellers.	Envision human behavior To help businesses and science professionals gain real insights into human behavior using world-leading eye tracking and analytics.
tobii tech 	Components and platforms for customers that integrate eye tracking into their products, such as gaming computers, computer peripherals, mainstream computers, virtual reality, vehicles and medical equipment.	Offers eye tracking primarily in the form of platforms, integration components and algorithms. In addition to the components themselves, Tobii Tech also offer licenses for the reference designs, IP and application software. The business unit is at an early stage commercially and is investing in technology as well as market development and collaborations with leading players to reach future volume markets.	Humanize your product To provide the leading eye-tracking technology giving its customers the power to develop products that intuitively understand the user and create truly natural experiences.

The Tobii Group has established two profitable, cash flow-generating business units in Tobii Dynavox and Tobii Pro, both of which are market leaders in their respective segments. Together they form a solid foundation for

the Group's business, organization and development. Tobii invests heavily in the third business unit, Tobii Tech, in order to eventually reach high-volume markets for eye tracking.

Long-term financial targets	Net sales, SEK million	Operating profit/loss, SEK million	Operating margin, %	Share of the Group's sales
Tobii Dynavox's long-term goal is to deliver revenue growth in excess of 10% per year, with an EBIT margin of 20%.	740	119	16%	 73%
Tobii Pro's long-term goal is to deliver revenue growth in excess of 15% per year, with an EBIT margin in excess of 15%. In the mid-term (next 2–3 years), Tobii Pro's target is to deliver revenue growth of 10% with an EBIT margin of 10%.	209	21	10%	 21%
Tobii Tech's goal is to become cash flow positive by 2018.	59	-176	n/a	 6% <small>Around two-thirds of Tobii Tech's sales are comprised of sales to Tobii Dynavox and Tobii Pro.</small>

The combined financial targets for the three business units indicate positive earnings before tax for the Group as of 2017. The Board estimates that the Group is fully financed to carry out the proposed business plan which extends to the end of 2018, at which time the Group in its entirety is expected to be cash-flow positive with support from the capital acquired from the IPO.

Tobii Dynavox – the world's leading supplier of assistive technology for people with reduced ability to speak and communicate

Tobii Dynavox develops and sells products that greatly improve opportunities for its users to communicate and interact. These products include both specially designed communication devices that are either used with touchscreen or eye control, and a range of software. The products give users the opportunity to live more independent lives and often have a dramatic impact on their quality of life.

Several products are registered as medical devices and are often financed by public or private health insurances.

Tobii entered the market for assistive technology in 2005. Sales have grown the past five years by an average of 31 % per year including acquisitions and adjusted for currency effects. One of the business unit's targets is to give the world 100,000 new voices before the end of 2017 measured in the number of sold units of the business unit's communication devices or software.¹⁾

Events during the year

Through the Dynavox acquisition in May 2014, the merged organization Tobii Dynavox became the world leader in assistive technology for communication. Through the acquisition, the business unit tripled its sales force in the US market and significantly enhanced its opportunities to gain access to reimbursement for its products via the insurance system in the USA. It also gained market-leading products in touchscreen-based communication devices, symbol-based communication software and special education software.

The task of integrating the two organizations more fully continued in 2015. This has resulted in an effectively merged sales organization, uniform market communication, a joint R&D organization and streamlined operational functions. Significant synergy effects were thus realized, which was clearly evident in the business unit's operations, sales and earnings during the second half of 2015.

Many new products and product versions were launched during the year. The business unit's best-selling eye-controlled communication device was upgraded through

the launch of the I-Series+. The range of touchscreen-based communication devices was enhanced through the new T7 and the upgraded T10+, and several important releases of software for communication and special education were done.

The Steve Gleason Act, a new law intended to make it easier to receive financing for assistive technology for communication via Medicare was passed in the USA. In the mid-term, the new law is expected to have a positive impact on the business unit's sales. The law also gives users the opportunity to buy out communication devices that were previously rental units.

To improve the growth rate in the UK, efforts to build up an organization for direct sales started at the beginning of 2016.

Important trends and initiatives

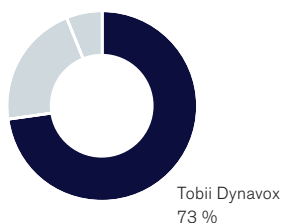
At Tobii, we believe that communication is a human right – if you cannot express yourself you are not only deprived of the chance to influence your own life, but also of several democratic rights. And yet, the right to a speech-generating device through the public health care system or private insurance policies is far from given. However, in the countries where Tobii Dynavox is active, the trend is moving toward greater awareness that communication is a central aspect in the equal rights of all people.

Greater knowledge and awareness about the possibilities that Tobii Dynavox's products generate is the most important driving force in increasing market penetration. Consequently, Tobii Dynavox takes an active part in training physicians, speech language pathologists and prescribing bodies, expanding awareness among the general public and influencing opinion and legislation. One concrete example is the passing of the Steve Gleason Act in the USA where Tobii Dynavox was one of the influential organizations.

Key ratios

	2015	2014
Sales, SEK m	740	442
Gross margin	73 %	68 %
Operating profit, SEK m	119	42
Operating margin	16 %	9 %
Net R&D expenses, SEK m	92	51
Number of employees	320	216

Share of the Group's sales



Financial targets

Tobii Dynavox long-term target is to deliver revenue growth in excess of 10% per year, with an EBIT margin of 20%.

¹⁾ Excluding free apps that are seen as trial versions of the software.



Assistive technology for communication is often assessed in collaboration with therapists and speech language pathologists or other experts who evaluate the user's communicative ability and need.

Financial performance 2015

In 2015, sales rose 68 % to SEK 740 million from SEK 442 million, and by 51 % adjusted for currency effects. This improvement is mainly due to the fact that the Dynavox acquisition was only included for seven months in 2014, the one-off effect of the Steve Gleason Act and synergies of the Dynavox acquisition. The business unit's sales grew organically also in 2015 through higher sales in both North America and Europe as well as a strong demand for newly introduced communication devices.

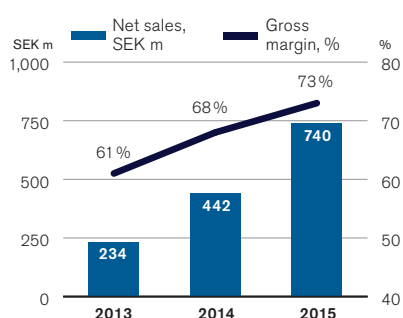
The business unit improved its gross margin to 73 % (68%). The most important explanation for this positive development

is a higher proportion of direct sales and increased production efficiency which was achieved through increasing volumes and synergies from the Dynavox acquisition.

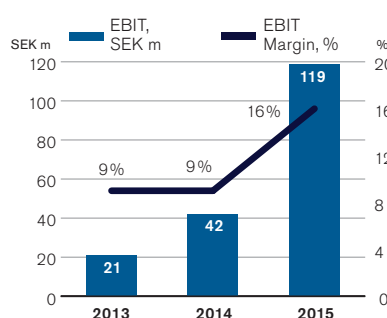
Tobii Dynavox has significantly improved its operating profit and operating margin over the past three years. The operating profit rose in 2015 from SEK 42 million to SEK 119 million, and operating margin from 9 % to 16 % compared with 2014.

The business unit's net R&D expenses rose to SEK 92 million (51) and total R&D expenditures rose to SEK 91 million (54), largely due to the Dynavox acquisition. Total R&D expenditures corresponded to 12 % of sales.

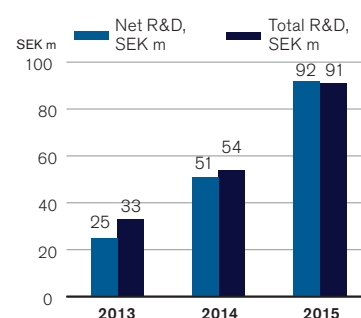
Sales and gross margin



EBIT and EBIT margin



Research and development



Tobii Dynavox's market

The target group for Tobii Dynavox's products includes individuals who have a reduced ability to speak and/or those with motor impairments that limit their ability to communicate and interact with the world around them. Common diagnoses among Tobii Dynavox's end users are ALS, cerebral palsy, spinal cord injuries, autism or aphasia.

Users and addressable markets

More than 0.5% of the world's population have such severely impaired speech capacity that they require assistive technology to communicate effectively and interact with others.¹⁾ About ten countries have reasonably good funding support for assistive technology, and these constitute the main markets for Tobii Dynavox. In these countries, Tobii estimates that only 300,000 people have access to computer-based assistive technology for communication. Market penetration is only 10%, which means that in these countries alone there are 2.7 million people who still have not received adequate help.

The low current penetration level means that there is substantial potential for market growth over a long period. The market for assistive technology for communication is expected to grow between 5 and 10% per year over the next few years.¹⁾

Prescription and reimbursement of assistive technology for communication

At present, just over ten countries have relatively well-functioning systems for prescribing and funding speech-generating devices.

In the USA, the largest market, users can receive funding from Medicare, Medicaid and many private insurance companies. Sweden, Denmark, Norway, Germany, Austria, Switzerland, the Netherlands, Canada, Australia and the UK also have infrastructures for prescribing assistive technology for communication through the public health care system or other insurance systems.

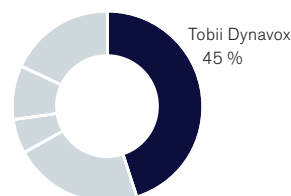
The process of getting reimbursement for assistive technology for communication is often long and complex. Initially,

a prescriber will assess the individual's needs. The device is tested for the user, adapted and prescribed. A comprehensive application process for funding the device is part of the procedure in many countries. Information and training is necessary so that the user can use the device properly. Tobii Dynavox therefore trains both professionals as well as the user's relatives and caregivers and offers support in the funding process.

Tobii Dynavox's market position

Tobii Dynavox is the market leader in assistive technology for communication with a global market share of around 45%.¹⁾

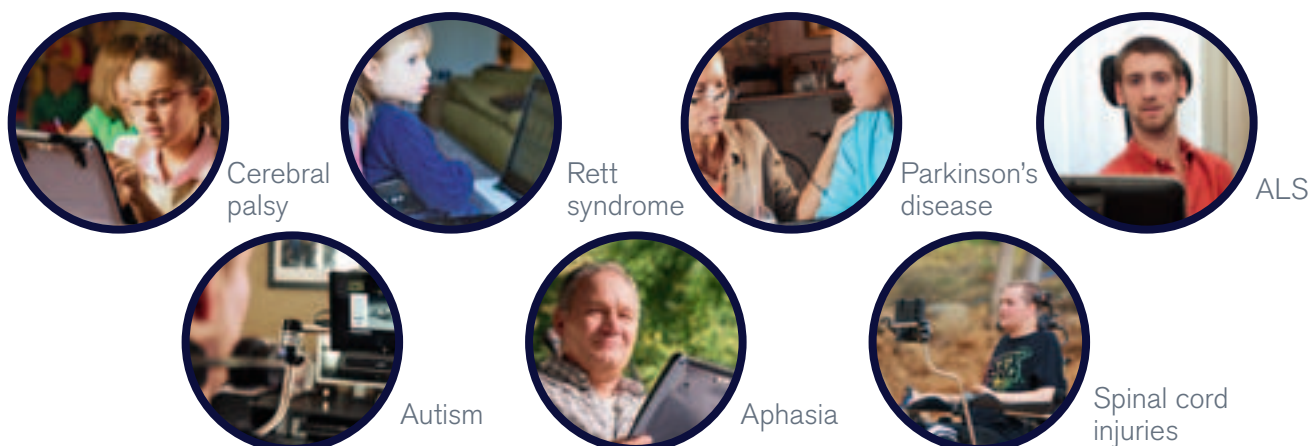
Market shares for assistive technology for communication



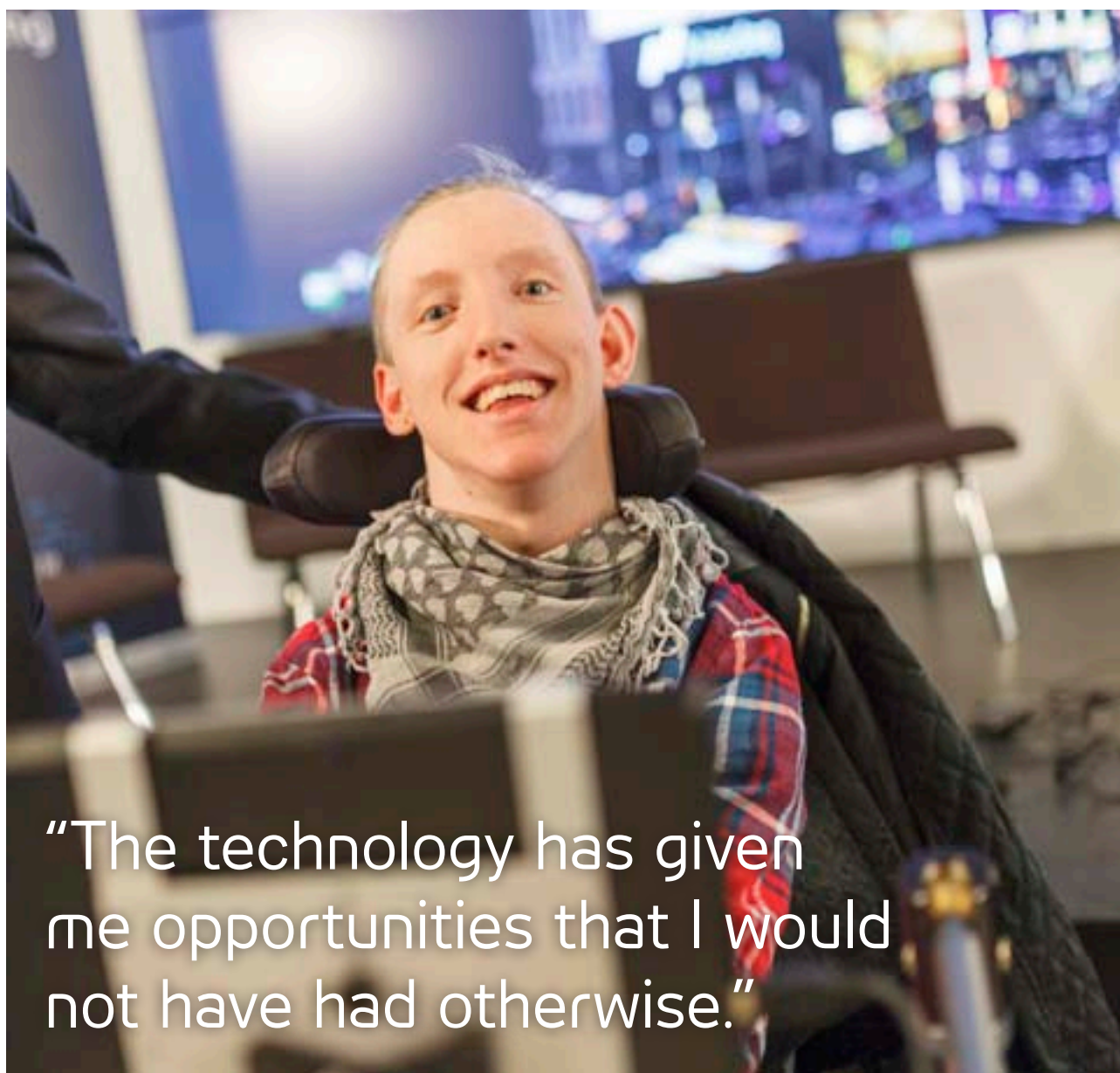
Tobii Dynavox's key competitive advantages:

- Market-leading products in all of the largest alternative communication product segments: eye-controlled and touchscreen-based communication devices, communication software and software for special education.
- A broad portfolio of leading products that can meet the needs of users with varying disabilities and different access to funding support.
- Leading language system and symbols library that is well established among language therapists.
- The industry's best market coverage and distribution capacity via more than 90 directly employed sales representatives and some 120 resellers in more than 60 countries.

Common diagnoses among Tobii Dynavox's end users



¹⁾ Source: Arthur D. Little, 2014



"The technology has given me opportunities that I would not have had otherwise."

Victor is in his final year at an IT-oriented high school. He works extra at Tobii as a webmaster, dreams of travelling and seeing the world and plans to study to become a sports psychologist. With the help of technology, he can realize his dreams and live an independent life. Born with

congenital cerebral palsy, his speech and movements are impaired and he therefore uses an eye-controlled communication device from Tobii Dynavox.

"It's my life, basically. I can do homework without help from an assistant, and I can keep my private life private."

- Strong funding support in the North American markets through a dedicated team that helps users to receive funding as well as contracts with more than 200 insurance companies and public insurance institutions.

Sales and marketing

The business unit conducts business globally through just over 90 of its own sales representatives in the USA, Canada, Sweden and Norway as well as more than 120 resellers in other markets. Marketing is primarily targeted to speech language

pathologists, therapists, hospitals, rehabilitation and evaluation centers, and schools. PR and social media activities are also carried out to increase public awareness about the business unit's products in order to reach users and their relatives.

Tobii Dynavox has developed an effective support system to help end users secure funding for their devices. In the USA, there is a special division of some 40 employees devoted to this and contracts with more than 200 insurance companies and other funding agencies, including Blue Cross/Blue Shield, Kaiser, Tricare, Aetna and Cigna.



Ryan is an outgoing young man and great motivational speaker. He captivates audiences of all ages and backgrounds with stories of the challenges and successes he has experienced on the road to independence.

Ryan has congenital cerebral palsy and his ability to communicate with the help of an eye-controlled communication device is a key factor in his achievement.

He graduated with top grades from college and is now an entrepreneur. Together with students at Auburn University in Georgia, USA, he develops new technologies for people with physical disabilities. Through his own life story, Ryan has demonstrated for people around the world what the power of a voice means.

Tobii Dynavox's mission is to give people the ability to live a richer and more independent life by providing a voice of their own and easy access to everyday technologies, regardless of circumstances or impediments.

Tobii Dynavox's products



Communication devices and computer access

The largest part of Tobii Dynavox's sales is its eye-controlled communication devices, which are specially designed computers registered as medical devices, primarily the I-Series+ product family. These are used by individuals who, in addition to speech impairments, have severe motor impairments and are therefore unable to use their hands.

Touchscreen-based communication devices, primarily the T-Series product series, are used by individuals who have reduced ability to speak but some or good motor abilities.

Tobii Dynavox also provides products for computer access, primarily computer peripherals for eye control that enable individuals with motor disabilities to use a computer.

Software for alternative communication

Tobii Dynavox sells software and apps for alternative communication. Software, such as Communicator 5 and Compass, is used together with Tobii Dynavox's communication devices or products for computer access, enabling users to communicate with the help of text, phrases, symbols or pictures.

Some software programs, such as Tobii Dynavox Compass, have also been modified for use on mainstream tablets. Apps often serve as introductory products for people who eventually also need a specially designed communication device.

Communication devices and software are often sold as a package together with services. Reimbursement generally covers an all-inclusive solution.

Special education

The business unit also offers software for special education. The leading product is Boardmaker – the world's most used software for special education. Boardmaker, which has more than 250,000 registered users, is used by teachers to create symbol-based activities and exercises, as well as to create specially designed curriculums that match each student's circumstances, needs and progress.

Tobii Dynavox also has software for students who need special help in learning to read and write, called Tobii Dynavox ALL.

Research and development

The objective of Tobii Dynavox's R&D is to create market-leading products that are easy to use and have a contemporary and appealing design. Tobii Dynavox also carries the role of industry pioneer and accounts for a large portion of the industry's innovation and change, particularly in terms of hardware design and software user interface.

Development is primarily driven from three focus areas:

- Manage and improve existing technology and solutions
- Renew through new technologies and for new needs and segments
- Adapt the products for a global market and different languages

The R&D organization is made up of over 80 people based in Stockholm (Sweden), Pittsburgh (USA), Bergen (Norway) and Kyiv (Ukraine). The R&D team designs and develops communication devices and integrates eye-tracking platforms into some of these. Hardware development is carried out in close collaboration with original design manufacturers of computers who also manage industrial-scale production. However, Tobii Dynavox retains ownership over its product designs.

The team also develops several important software programs for alternative communication. A group of experienced clinical language experts develop, often together with leading university scientists, the symbols and language systems that are a central aspect of the software.

[READ MORE](#) More about the Tobii Group's R&D operations on page 28

Tobii Pro – the world's leading provider of eye-tracking solutions for studying and understanding human behavior

Tobii Pro develops and sells eye-tracking hardware and analytics software that help researchers and scientists to study human behavior. The business unit also has a growing service organization that performs studies for customers on a global basis. Studies of what people look at and notice provide objective data and unique insights that can often not be accessed otherwise.

In 2002, Tobii entered the market for behavioral research, the Company's earliest market. Today, the business unit addresses a global market through direct sales or resellers. Sales are fairly evenly distributed between North America, Europe and Asia/Pacific. Tobii Pro's customer base includes more than 2,000 companies and 1,500 research institutions, many of which are large corporations such as Procter & Gamble, Ipsos and Microsoft, as well as all of the world's 50 top-rated universities.

During the past five years, Tobii Pro's sales have grown organically by an average of 7 % per year, adjusted for currency effects.

Events during the year

The new product Tobii Pro Glasses 2, which is used to study behavior in real-world environments, was a great success in 2015. Its enhanced performance and flexibility, sleek design and excellent user-friendliness made it a significant improvement compared with its predecessor, Tobii Glasses 1, and competing solutions. In addition to being a highly competitive product in existing customer segments, Glasses 2 also enables Tobii Pro to expand into new segments, including vehicle and simulator environments, and performance analysis in sports and professional training.

Glasses 2 was further enhanced in 2015 through a series of improvements and new features. Hardware releases included a 100 Hz version of the eye-tracking glasses, prescription lenses for users with vision problems and a development kit for customers who want to design their own customized

software. The analytics software Glasses 2 Analyzer has been upgraded with real-world mapping, a feature that drastically simplifies data processing and analysis in quantitative studies, and new cloud services for data management were launched.

Tobii Pro X3-120, a smaller, more powerful follow-up to Tobii Pro X2-60, was launched in the screen-based eye tracking segment.

The service organization, Tobii Insight, which on a global basis offers eye tracking-based market surveys and other behavioral studies directly for end customers or in partnership with market research companies, evolved well during the year through more standardized projects, intensified customer relations and a higher degree of repeat customers.

Overall, the business unit's number of customers grew significantly during the year, as did the number of sold systems solutions compared with 2014.

Important trends and initiatives

One clear trend is that objective or implicit research methods are increasingly used instead of interviews for behavioral and market research. Through such methods, it is possible to study conscious and unconscious reactions, and gain an understanding of matters that people themselves either cannot or will not say. Eye tracking offers evident advantages through the objectivity and the details provided, and has become a key component in a broad range of studies.

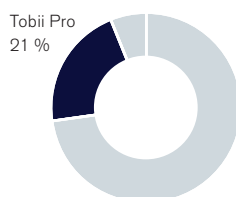
In 2015, use of eye tracking as a method continued to grow considerably, both in terms of existing customers' usage and the number of customers.

Streamlining data management and processing, and making it easier to perform studies with eye tracking, is key in expanding the use of the research method and is thus an important development area for Tobii Pro. The launch of a number of improvements in both hardware products and software as well as new cloud services has given customers more effective tools.

Key ratios

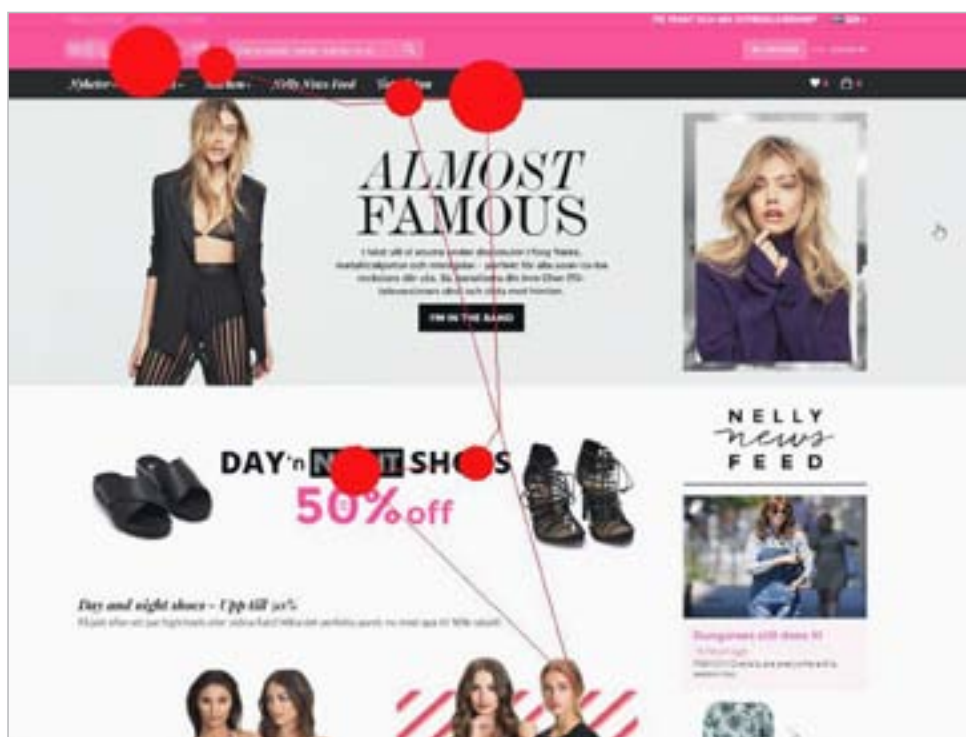
	2015	2014
Sales, SEK m	209	167
Gross margin	75 %	72 %
Operating profit, SEK m	21	13
Operating margin	10 %	8 %
Net R&D expenses, SEK m	41	19
Number of employees	111	79

Share of the Group's sales



Financial target

Tobii Pro's long-term goal is to deliver revenue growth in excess of 15 % per year, with an EBIT margin in excess of 15 %. In the mid-term (next 2–3 years), Tobii Pro's target is to deliver revenue growth of 10 % with an EBIT margin of 10 %.



Eye tracking is a powerful tool to visualize how customers interact with online stores. The business unit's consulting service Tobii Insight performs standardized and customized consumer surveys for global brands. The ability to perform eye-tracking studies on several continents and in several languages is a common demand from many customers. The picture shows how the gaze moved over a website in what is called a gaze plot.

In a future where some eye-tracking hardware will be available at very low prices or in mainstream computers, there is great potential for Tobii Pro's software and service offerings. Tobii Pro drives a proactive price-reduction strategy on some of its low-end hardware products to stimulate long-term demand for software and services. However, specialized equipment for more advanced tests are expected to be sold at significantly higher prices also in the future.

Financial performance 2015

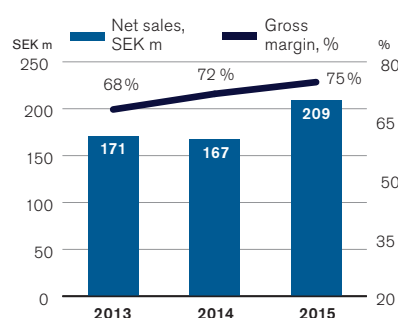
In 2015, sales rose 25% to SEK 209 million and by 13% adjusted for currency effects compared with 2014. This increase in sales was favorably impacted by order backlog effects when a number of orders for Glasses 2 received in 2014 were delivered only at the beginning of 2015. Adjusted for order backlog effects, growth was 6%.

Sales of the business unit's eye-tracking glasses improved markedly, however earnings was negatively impacted by lower prices on the low-end screen-based eye-tracking hardware, despite higher volumes.

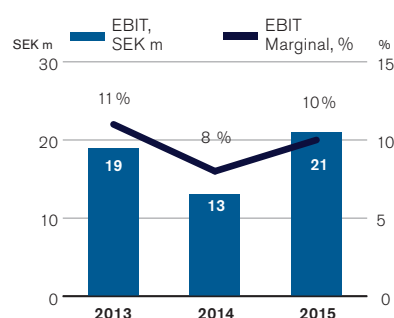
Gross margin improved to 75% (72%), primarily through streamlined production, positive currency effects and considerably lower unit costs for newly introduced products.

The operating profit rose in 2015 by SEK 8 million to SEK 21 million, and operating margin from 8% to 10%. The increase was largely due to higher net sales and improved gross margins, despite the negative effect on earnings generated by lower capitalization and higher R&D amortization. The business unit's net R&D expenses rose to SEK 41 million (19) and total R&D expenditures rose to SEK 43 million (34). Total R&D expenditures corresponded to 21% of sales.

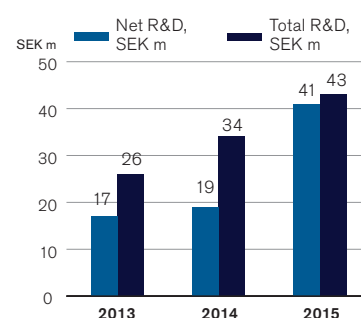
Sales and gross margin



EBIT and EBIT margin



Research and development



Tobii Pro's market

Eye movements are an unconscious, spontaneous reaction and the brain receives many more impressions through vision than through any other sense. Registering eye movements can therefore provide objective, measurable data and deep insights into human behavior that cannot be accessed otherwise. The method is used in academic research and by companies to understand consumer behavior.

Main customer groups

More than 1,500 academic institutions, among which are all of the world's 50 top-rated universities, use Tobii Pro's products and services in disciplines such as psychology, cognitive science, ophthalmology, neurology and infant research. These clients account for over half of the business unit's revenue.

Some 2,000 enterprises also rank among Tobii Pro's customers, including several of the world's largest consumer goods companies such as Procter & Gamble and Microsoft, and leading market research companies such as Ipsos and GfK. Commercial companies use Tobii Pro's eye-tracking solutions for studies of package design, advertising, website optimization and surveys on advertising in print, outdoors, online and on TV. The surveys reveal what consumers pay attention to and how they use and perceive products and websites. These insights can be used to optimize the design and placement of products and marketing in order to attract the consumers and improve user friendliness.

Market outlook

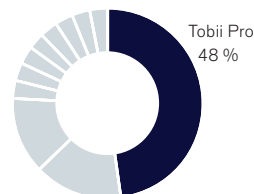
Commercial market research is believed to be the largest opportunity for Tobii Pro in the long term. This is a market that in total has a turnover of around USD 40 billion per year. Eye-tracking studies currently make up a very small part of this, with a total value of just over USD 200 million, corresponding to a penetration level of around 0.5%. The costs for eye-tracking hardware and analytics software account in turn for approximately 10% of the eye-tracking studies market.

The market for eye-tracking solutions for behavioral research is expected to grow in future by some 10% per year.¹⁾ Growing awareness of eye tracking and its benefits as an objective research method, coupled with increasingly more cost-effective and easy-to-use tools are the main driving forces.

Tobii Pro's market position

Tobii Pro is the industry's largest player with a market share of almost half the global market. The organization is the market leader in both the commercial and academic segments, as well as in the geographical markets of North America, Europe and Asia.

Market shares – eye-tracking solutions in behavioral research¹⁾



Tobii Pro's main competitive advantages:

- Market-leading products in screen-based eye tracking, eye-tracking glasses and analytics software.
- Supplies leading expertise in performing studies and interpreting results through its service organization, Tobii Insight.
- The largest installed base of analytics software in the world.
- A broad, established customer base ranging from market research companies and consumer goods companies to a large proportion of the world's top universities.
- A global sales, support and service organization that can support large global customers.

Examples of research fields that use eye tracking



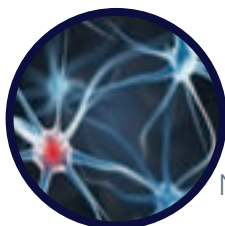
Advertising research



Ophthalmology



Website and software optimization



Neurology



Psychology and infant research



Behavioral studies in sports

¹⁾ Source: Arthur D. Little, 2014



What media do young people use daily? In what way? How frequently? When and what do they write? How do they use digital media to interact with others? What does the relationship between active and passive media usage look like? These were questions that researchers at Stiftung Lesen, the German Reading Foundation, wanted answered when they contacted Tobii Insight for help in studying young people's daily media habits.

A number of people between the ages of 18 and 24 were fitted with Glasses 2, which they wore wherever they went over a two-day period. They went about their everyday business, interacting with colleagues, family members, on their

own or with friends. Because the subjects could handle the equipment themselves, their behavior was more natural than if a test leader were present. Long periods of uninterrupted data was recorded and analyzed. The pilot project gave Stiftung Lesen unique data and statistics about the attention given to various types of communication media such as phones, tablets, computers, TVs, printed material as well as outdoor advertising and street signs.

"The use of eye tracking opens up the possibility to measure authentic behavior from the point of view of the subject."

Dr. Simone C. Ehlig, Stiftung Lesen's Institute for Reading and Media Research

Sales and marketing

The business unit has global operations with some 40 sales representatives working from one of the Group's offices in Sweden, the USA, Japan, China, Germany and South Korea, or from home offices in France, Mexico and Hungary. In addition, Tobii Pro has around 20 resellers and its geographical coverage includes just over 40 countries. Resellers are typically smaller companies that focus on

selling Tobii Pro's products and services.

The marketing organization works with a broad range of activities to drive sales and increase awareness of the opportunities associated with eye tracking as a research method. These activities include both physical events and digital marketing via the business unit's website, online courses, PR and social media.



Retailers, brand owners and market research companies use eye tracking to gain detailed information about consumers' in-store behavior. Consumers are fitted with a pair of eye-tracking glasses that record what they see, do and in what order information is processed. Analytics

software processes the data into clear, easy-to-interpret results using indicators such as visual lead, findability, and attention hold. Companies can use the insights gained from this information to change the store design, signage, product placement, the design of sales material, and much more.

Tobii Pro's mission is to help businesses and science professionals gain real insights into human behavior using world-leading eye tracking and analytics.

Tobii Pro's products and services



Eye tracking-hardware

Tobii Pro offers hardware products in three main categories:

- Screen-based eye trackers for research and testing of media that can be presented on a computer screen.
- Screen-based, high-frequency eye trackers for scientific research.
- Eye-tracking glasses for studies that require that test subjects can move around freely in real-world environments.



Analytics software

Tobii Pro's software, such as Tobii Pro Studio and Tobii Pro Glasses Analyzer, enable customers to effectively design tests, collect data and analyze results in a variety of ways.

As the number of eye-tracking units increases in the world, and knowledge about eye tracking-based studies spreads, it is estimated that the need for and value of effective analytics tools will also grow. Software sales are therefore expected to grow at a higher rate than hardware over time.

Software is often sold as part of a complete solution together with eye-tracking hardware, either as a one-time license or on a subscription basis.



Services – Tobii Insight

The service organization Tobii Insight offers training, consultation and research projects using eye tracking. Both standardized and customized projects are performed by specialists in eye tracking-based consumer research for large market research companies such as Ipsos and GfK, or directly for consumer goods companies.

Additionally, the service organization often acts as a catalyst to increase demand for the business unit's systems solutions, since the services demonstrate the large value of eye tracking.

Research and development

Tobii Pro's R&D organization develops market-leading eye-tracking solutions for research. The product portfolio spans from highly sophisticated eye-tracking hardware – in both eye glasses and screen-based systems – to simpler screen-based equipment. The R&D team also develops a range of advanced software solutions and tools that simplify and streamline the entire research process.

The team focuses on creating complete solutions that are user friendly and cost effective to use. Moreover, it focuses on developing standardized methods and metrics that make it easy to get started and to use eye tracking. They also develop solutions that integrate third-party products and enable tests that combine eye tracking and other methods of measurement, such as EEG.

The R&D organization is made up of around 50 people based in Stockholm (Sweden) and Kyiv (Ukraine). The team has close collaborations with external development partners and subcontractors, but Tobii Pro retains ownership over its product designs.

[READ MORE](#) [More about the Tobii Group's R&D operations on page 28](#)

Tobii Tech – offers eye-tracking components and platforms for integration customers that build these into their own products

Tobii Tech is focused on technology and market development to reach future volume markets where eye tracking is integrated into products such as gaming computers, virtual reality, mainstream computers, vehicles and medical devices. Commercially, the business unit is at an early stage, but estimates that eye tracking has large long-term potential in these areas.

Tobii Tech is the Group's youngest business unit and has been operating for four years. However, the vision of eye tracking in mainstream computers has existed since the Company was founded in 2001.

The business unit shows strong growth, albeit from low levels, and has advanced from net sales of SEK 2 million in 2012 to SEK 56 million in 2015. Most of the sales are comprised of sales of eye-tracking platforms to the business units Tobii Dynavox and Tobii Pro.

Events during the year

The year began with the launch of SteelSeries Sentry, the world's first eye-tracking product for the gaming market. SteelSeries is specialized in gaming peripherals and Sentry was a niche product for gaming professionals and streaming. The product is an important step in Tobii's long-term efforts to bring eye-tracking to the consumer market.

A collaboration with the Taiwanese computer manufacturer MSI for the integration of Tobii's eye-tracking technology in an upcoming gaming notebook was also announced in 2015. The product, MSI GT72 Tobii, was unveiled at the consumer electronics show, CES, in January 2016 with sales starting in February 2016.

A central project during the year was the development of the IS4 platform and EyeChip, the world's first custom designed processor (ASIC) for eye tracking. IS4 has primarily been developed for integration in products such as notebooks, desktop monitors and computer peripherals. EyeChip manages all processing of eye-tracking data and can also be integrated into other types of products. The IS4 platform was introduced in late fall through a beta program and the first products that integrate IS4 will be released in the market in 2016.

The IS3 platform was approved by Microsoft for face recognition in Windows Hello, which facilitates simpler, faster and more secure logins. Tobii can therefore offer manufacturers of notebooks, monitors and computer peripherals both face recognition in Windows 10 and eye tracking functionality through one and the same sensor.

Some 15 game titles with support for eye tracking have been launched, including three large game titles for Ubisoft, two from Avalanche Studios and several small games.

Virtual reality (VR) is a new focus area for Tobii Tech. During the autumn, a technical collaboration was presented with Starbreeze to research the possibility of integrating Tobii's technology into the StarVR headset.

During the year, Tobii Tech continued to deliver eye-tracking platforms to Tobii Dynavox and Tobii Pro with consistently high quality and delivery precision. In total, the business unit doubled the number of delivered platforms compared with the previous year.

Important trends and initiatives

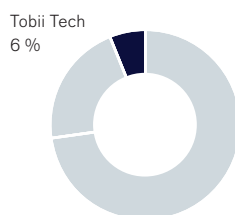
Interest in natural user interfaces, such as touchscreens, gestures, voice and eye control, has increased significantly in recent years. Tobii estimates that the potential for eye tracking in the long term is substantial. Because the technology provides information about the user's presence, focus and interest, it can change how we interact with computers and other products in a profound and comprehensive way. It is this assessment that is the basis of Tobii Tech's operations and business development.

In the near term, Tobii Tech is aiming to establish eye tracking in the computer gaming market. Tobii estimates that there is a clear value in combining eye tracking with mainstream gaming controls to create new, exciting gaming experiences, but also that it is an interesting early adopter market to mainstream computers. Moreover, gaming computer sales are the fastest-growing segment in the computer industry. For eye tracking to become relevant for regular gamers, Tobii is investing heavily in building up a large selection of games

Key ratios

	2015	2014
Sales, SEK m	59	37
Gross margin	46 %	45 %
Operating loss, SEK m	-176	-122
Net R&D expenses, SEK m	131	99
Number of employees	94	80

Share of the Group's sales



Financial target

Tobii Tech's goal is to become cash flow positive during 2018.



that use the technology by collaborating with game developers and leading game studios.

A key investment area for Tobii Tech is to consistently develop the core eye-tracking technology with the ambition to reduce power consumption, make it smaller, lower cost and improve performance in order to enable cost-effective integration into various volume products. This work is done both through the development of new platforms and components as well as through long-term research.

In 2016, several large consumer electronics companies plan to launch VR consumer products. Eye tracking is believed to have the capacity to improve the user experience and create performance improvements by, for example, showing high-resolution graphics precisely where a person is looking. There is therefore a clear interest in integrating eye tracking in future VR products. Though the market is still undeveloped, Tobii is well positioned to offer eye-tracking technology for future generations of VR headsets.

Financial performance 2015

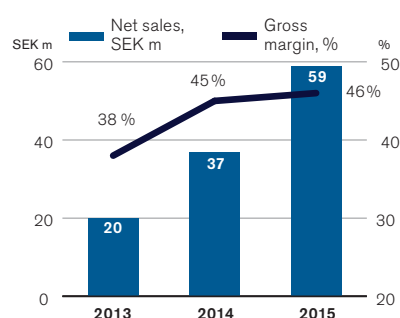
In 2015, net sales rose by 60% to SEK 59 million (37).

Eye-tracking platform sales to Tobii Dynavox and Tobii Pro accounted for SEK 41 million (29) of the net sales. External sales increased to SEK 18 million (8).

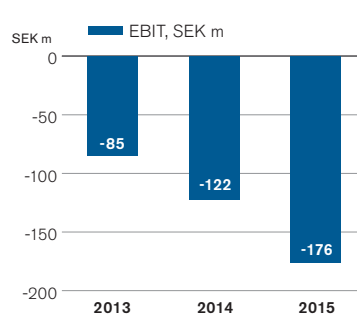
Gross margin amounted to 46% compared with 45% for the full-year 2014.

Tobii Tech showed an operating loss as a result of the planned investments. The operating loss amounted to SEK -176 million (-122). During the year, the business unit raised its R&D expenditure, primarily related to development of the next-generation eye-tracking platform IS4 and EyeChip, and its initiatives to encourage game development through collaborations with leading game studios for games that integrate eye tracking. The business unit's total R&D expenditure amounted to SEK 132 million (117).

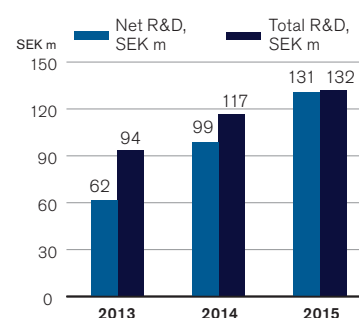
Sales and gross margin



EBIT



Research and development



Tobii Tech's market

Market outlook

There are many areas where eye tracking has the potential to provide substantial customer value and play an important role, for example in computer gaming, mainstream computers, virtual reality, vehicles and medical equipment. However, Tobii estimates that it will take time and require substantial investments in technology and marketing activities before eye tracking sees a widespread adoption in these markets.

Computer gaming

Among the many markets with large potential for eye tracking, Tobii Tech has chosen to initially focus its investments on the PC gaming market. There are approximately 70 million PC gaming enthusiasts worldwide, making it a large potential market.¹⁾ Eye tracking can provide a more immersive experience, realism and intensity in many different types of computer games. Combining eye tracking with traditional gaming controls makes it possible, for example, to move in one direction and aim in another at the same time. You can make the scene move to where you are looking just as when looking around in reality. Different effects or events can also be created depending on where the player is looking. The market is still in a very early phase. Many popular games and a number of physical products with support for eye tracking are needed before it can drive significant sales volumes.

Virtual reality

The VR market is unevolved, but it has large potential. As in computer gaming, eye tracking creates a more immersive experience, realism and intensity in VR. Moreover, eye tracking is expected to potentially solve major technical challenges related to handling of graphics in VR headsets. The number of sold VR headsets is estimated to surpass 25 million during 2017.²⁾

Computers

Over the long term, the market for mainstream computers may have an even greater potential than for computer games.

According to market analysts, 320 million computers (desktop and notebook) and 410 million tablets will be sold in 2017.³⁾

Eye tracking has the potential to create more intuitive and user-friendly interfaces for computers and other products, and can also make improvements such as lower power consumption by for instance turning off the screen when you do not look at it.

Market position

Tobii Tech's competitors are primarily smaller companies that specialize in eye tracking whose ambition is to sell eye-tracking technology to manufacturers of computers, VR headsets and other products. It is probable that large, established companies in the consumer electronics and automotive industries will invest to include eye tracking in their products. Many of these players will probably buy the technology from specialized suppliers, but some many also invest in developing their own solutions.

Tobii Tech main competitive advantages:

- A leading technology that is easy to use, functions reliably in many settings, has high accuracy, low power consumption and a small design that can be produced at low cost in large volumes.
- World-leading expertise in disciplines such as optronics, computer vision, mechatronics, software development and ASIC design.
- A proven ability to deliver products and components with high quality.
- The world's most extensive portfolio of registered and pending eye tracking-related patents.⁴⁾
- A growing eco-system of games and software developed by partners or Tobii itself.
- Secured financing for continued major investment to retain its technology advantages and further develop the technology and solutions.

Tobii Tech's primary segments



Computer gaming



Virtual reality



Mainstream computers



Vehicles



Medical equipment

1) The market is defined as enthusiasts and performance PC gamers made up of those who spend more than USD 1,000 on their PC gaming hardware.

2) Source: K Zero 3) Source: IDG 4) Source: Clearview, 2014



Computer manufacturer MSI launched the world's first gaming notebook with integrated eye-tracking technology – MSI GT72 Tobii – with sales starting in February 2016.

Customers

Commercially, Tobii Tech is at an early stage, with SEK 59 million in sales in 2015, which corresponds to 6% of the Group's sales. The largest share comes from sales of eye-tracking platforms to Tobii Dynavox and Tobii Pro.

Tobii Tech's primary target customers include manufacturers of computers, tablets, VR headsets and other products that may integrate eye tracking into their products. Today, Tobii Tech has a handful of smaller customers that are developing or have launched their first products in small volumes in computer gaming and medical devices.

Sales and marketing

Tobii Tech's sales and marketing teams operate from the business unit's sales offices in Sweden, the USA, Taiwan and Japan. Sales of eye-tracking platforms and components to integration customers are mainly conducted through direct relations.

Sales of eye tracking to integration customers and, by extension, also to end consumers, depend on the technology being applied in many games and software. Consequently, a number

of different activities are underway to encourage developers and game studios to develop games and other software featuring eye tracking. Large game studios and software companies are directly targeted, while smaller players are reached through broader marketing activities at trade shows and developer conferences, or through online marketing and PR.

Tobii Tech also sells its own computer peripheral – Tobii EyeX Controller – directly to end consumers and software developers. The primary purpose of this product is to drive demand among early adopters



Tobii EyeX Controller



A few of the eye tracking-enabled game titles that have been launched are Ubisoft's Assassin's Creed Rogue, Assassin's Creed Syndicate (2016) and Tom Clancy's The Division (2016) as well as the Hunter from Avalanche Studios.



Tobii Tech's mission is to provide the leading eye-tracking technology, giving its customers the power to develop products that intuitively understand the user and create truly natural experiences.

Tobii Tech's products



Eye-tracking platforms

Tobii Tech provides complete eye-tracking platforms for integration customers. The platforms contain Tobii's specially developed components and algorithms and are sold together with IP and application software licenses.

The Tobii IS20 and Tobii IS3 platforms are the world's most sold eye-tracker platforms and have been integrated into a number of products for analytical, medical or other specialty applications. IS3 has also been built into early products for the consumer markets, such as SteelSeries Sentry, Tobii EyeX Controller and MSI GT72 Tobii.

The latest platform, IS4, is optimized for integration into early consumer products and is expected to be released in the first products in 2016.



Components and reference design

Tobii Tech offers large integration customers the option to buy the uniquely designed components in an eye tracker separately. These include custom designed cameras, illuminators and chips with Tobii's algorithms. The customer assembles the components into a system based on Tobii's reference design. To this, Tobii Tech provides required IP licenses and software.

Development of the key components in IS4 and EyeChip is a major step toward realizing this offering. This is likely to become a common business model for large-volume customers.



Software

Tobii Tech offers software, primarily different development tools, but also application software for computer interaction that combines eye tracking with other established interaction methods such as the touchpad, mouse or keyboard.

Research and development

Tobii Tech invests heavily in R&D in order to realize the potential in future volume markets. Through initiatives to adapt the core technology to the requirements on consumer electronics components, the production cost for Tobii's eye-tracking platforms have already been reduced by 98% since 2008, considerable performance improvements have been made and both the size and power consumption have been significantly reduced.

"Development of EyeChip is of great strategic importance. It is the world's first ASIC (custom designed processor) for eye tracking. With this component, all algorithms are processed in a low-power chip near the image sensors so that eye-tracking functionality can be added without burden on the system of the product in which the sensor is integrated."

Gunnar Troili, VP R&D Platform, Tobii Tech



Tobii Tech also invests in research and development of user interfaces that use eye control for computer games and mainstream computer environments. This includes development tools, Tobii's interaction engine and application software.

Tobii Tech's R&D organization is made up of around 90 people based in Stockholm (Sweden) and Suzhou (China). The R&D organization comprises experts in optronics, computer vision, mathematics, software development, mechatronics, ASIC design and user experience design.

The goals of the R&D team are to:

- Develop eye tracking to meet the demands of future volume markets.
- Retain Tobii's leading position in eye-tracking performance and production cost.
- Develop intuitive eye tracking-based user interfaces.
- Further develop Tobii's leading eye tracking-related patent portfolio and other intellectual property.

READ MORE [More about the Tobii Group's R&D operations on page 28](#)

Research and development

Central to the Group's strategy for research and development (R&D) is that the business units drive their own development activities. However, there are clear synergies between the business units, primarily through an active exchange of expertise.

R&D in figures




Of the Group's 612 employees, just over 190 work in R&D. In addition, some 40 consultants are involved in the Group's R&D activities. In 2015, Tobii invested more than SEK 265 million in R&D, corresponding to 27% of its sales.

Leading eye-tracking patent portfolio

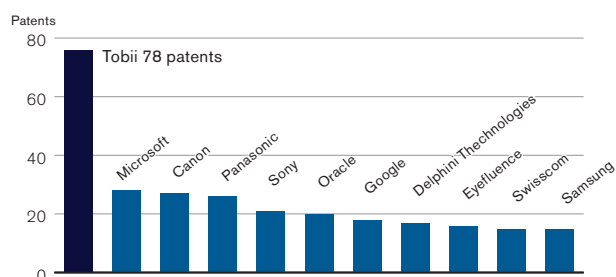
A critical and prioritized part of Tobii's R&D process is to continuously expand its world-leading patent portfolio in eye tracking. Tobii has approximately 215 registered or pending

patents which combined constitute more than 90 unique innovations, making it the most comprehensive portfolio of eye tracking-related patents and patent applications in the USA and Europe.

Tobii's patent portfolio is shared by the three business units and covers innovations that address several different aspects of eye tracking. One important area is the various techniques to achieve reliable and consistent eye tracking at low cost and low power consumption. Another key area is different ways of applying eye tracking in computer user interfaces.

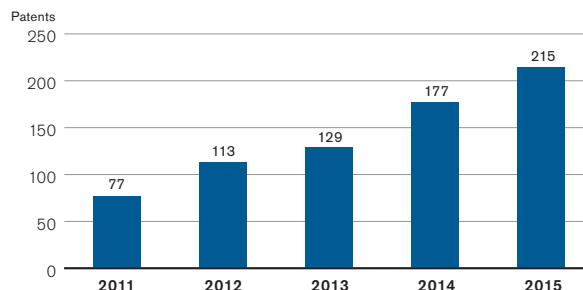
Business units	Specialized R&D in all three business units	R&D centers	Number of people working in R&D (including consultants)
tobii dynavox 	Designs and develops communication devices and integrates eye-tracking platforms into some of these. Hardware development is carried out in close collaboration with contract manufacturers that also manage industrial-scale production. Tobii Dynavox retains ownership over its product designs. The R&D team also develops several important application software for alternative communication and special education. A group of experienced clinical language experts develop, together with leading university scientists, the language systems that are a central aspect of the software.	Stockholm (Sweden) Pittsburgh (USA), Bergen (Norway) and Kyiv (Ukraine)	85
tobii pro 	Develops eye-tracking hardware for research applications, both eye-tracking glasses and screen-based solutions, as well as desktop and cloud-based analytics software. An important focus is to develop solutions that streamline the data collection and data processing for the customers. The R&D team has close collaborations with external development partners and subcontractors.	Stockholm (Sweden) and Kyiv (Ukraine)	55
tobii tech 	Develops integration components and platforms that comprise custom designed cameras, illuminators and chips with Tobii's algorithms, as well as development tools and applications for eye tracking directed at volume markets in computer gaming and mainstream computers. Tobii has launched six generations of eye-tracking platforms since the start in 2001. Hardware development is carried out in close collaboration with large contract manufacturers of consumer electronic components that also manage industrial-scale production.	Stockholm (Sweden) and Suzhou (China)	90

The number of publicly available patents and patent applications



Estimated number of publicly available US and European patents and patent applications related to eye tracking, excluding medical/ophthalmological technology (Source: Clearview, 2014).

The number of patents and patent applications, Tobii



Accumulated number of patents and patent applications belonging to Tobii as of December 31, 2015.

Total R&D expenditures 2015, SEK m

The year's most important product launches

91

- I-Series+ – An upgraded version of the business unit's world-leading eye-controlled communication devices family.
- T7 – A touchscreen-based speech-generating device that combines powerful speakers, a robust design and compact form to give a voice to individuals who cannot speak but who have good motor abilities.
- Communicator 5 – A new generation of communication software for eye-controlled or touchscreen-based communication.

- Communication software Compass – launched for Windows-based tablets and in several new languages.
- Windows Control – Software to control Windows through eye movements was released in a new version that supports Windows 10.
- ALL – A new software to develop reading and writing skills for students with complex communication needs.
- Boardmaker Online – Software for special education was released in several new versions.

43

- Tobii Pro Glasses 2 – Several important updates, including a new model with higher sampling frequency (100 frames per second) primarily for academic research customers.
- Glasses 2 Analyzer – Several important additions, including real-world mapping, which drastically simplifies analysis and data processing.

- Tobii Pro launched X3-120 – A new eye tracker for screen-based studies.
- Tobii Pro Studio – A new version that supports Windows 10 and web browser Firefox.

132

- Tobii IS4 – Tobii's sixth generation eye-tracking platform presented at the end of 2015. The platform is optimized for integration into notebooks.
- Tobii EyeChip – The world's first custom designed processor (ASIC) for eye tracking, is a key component in Tobii IS4.
- Support for Windows Hello for simpler and securer logins launched for products integrating the IS3 platform.

- SteelSeries Sentry – The world's first eye-tracking product for the gaming market was launched by SteelSeries at the start of the year.
- MSI GT72 Tobii – The world's first gaming notebook with integrated eye-tracking technology was launched at the consumer electronics show, CES, in January 2016, by computer manufacturer MSI.
- EyeX Interaction – An interaction concept for Windows environments that combines eye control with touch pad, mouse and keyboard.

The Tobiians – our employees

At Tobii, we value our innovative, engaged and open company culture. It is thanks to this that we have managed to attract and retain the foremost factor in our success: our ambitious and passionate employees.

Tobiians' curiosity and constant ambition to improve, renew and surpass themselves has made Tobii a world-leading pioneer in eye tracking. With a healthy dose of self-confidence and autonomy, our employees work toward our long-term vision to create a world where all technology works in harmony with natural human behavior.

Atmosphere for driven and ambitious employees

Our ability to continue to attract and retain driven and talented employees who are motivated by Tobii's vision, and to offer all our employees exciting opportunities to further their careers are strategic goals for Tobii. We encourage and reward customer focus, development, results, collaboration and passion – factors that are always the basis when we hire and reward our employees.

Our solid recruitment process enables us to hire people who thrive in a work environment distinguished by accountability for both the results and themselves. Because we are organized into three business units, our employees come in close contact with both customers and colleagues, which in turn gives a greater sense of participation in the operations and responsibility for the products and services.

We consider this culture of independent and accountable employees to be one of Tobii's most valuable assets.

Attractive employer

To safeguard Tobii's growing need for talents with the right attitudes, we work proactively to be a popular employer. A strong testimonial of these efforts is that Tobii has since 2010 climbed among Sweden's Top 100 most popular employers in Sweden's largest career survey "Karriärbarometern". In 2015, Tobii finished 24th in the engineers' Top 100 list.



612

Number of employees at year-end, converted to full time

230

Number of people working in R&D (Group, including consultants)

41%

Proportion of female employees (Group)

32%

Proportion of women in management (Group)

Highly focused on diversity and equality

Tobii's attitudes, values and openness in terms of differences in opinions, affiliations and backgrounds are important for attracting and retaining employees, but also for introducing new ideas and concepts to the organization. Everyone at Tobii, regardless of background, is to have the same opportunities and rights.



Through a healthcare program called Team Tobii, all employees in Sweden have access to health checkups and a variety of health and fitness activities, ranging from jogging and yoga to horseback riding and lunch disco. Similar initiatives have been taken at other offices, for example, in the US, where activities to reduce weight and quit smoking have been launched.

“Among extremely smart and team-oriented colleagues you find warmth and inspiration.”

Anna Tegstam,
Global Product Manager, Tobii Dynavox



Anna Tegstam has been Product Manager at Tobii Dynavox since 2011. She describes her job as stimulating, challenging and enormously rewarding.

“Having the opportunity to help make the world a better place was important to me when looking for a job at Tobii. How we work and reach our users through our products has an impact on people in their everyday lives. Children can communicate better with their parents, start school and play. The ability to answer yes or no, get a job. Break down the barrier of exclusion. It's difficult to find a company that can beat this.”

Anna's opinion is that the benefits of the products, coupled with Tobii's world-leading position, contributes to the company culture.

“Tobii is the world-leading company in eye tracking – this lends both credibility and self-esteem. There's a pleasure in going to work, a trust in and a passion for what we do. Everyone rolls up their sleeves and takes responsibility for ensuring that we will succeed. Among extremely smart and team-oriented colleagues you find warmth

and inspiration. This breeds productivity.”

Tobii is an international company and Anna, who is employed in Stockholm, was also stationed in Pittsburgh, USA during the year.

“Being stationed abroad is an incredible development opportunity. It offers loads of new perspectives. Many of our teams are made up of people from several different offices and, while much of the Tobii culture exists in the entire organization, there is a local flavor too. This is important to understand if we are to be fully efficient and make good decisions.”

Tobii nurtures a culture where individuals are encouraged to see opportunities and seize them, in terms of both the core business and personal skills development.

“What I like about Tobii is that we don't differentiate between learning and the job. Skills are developed through our daily work, in projects, workshops and what we learn from each other. Together, we are a winning team in which everyone is willing to share their knowledge and contribute to each other's growth and improvement!”

Although Tobii is a technology company, more than 40% of our employees are women and our efforts for equal opportunities continue, both within the Company and externally, to encourage young people and women to cultivate an interest in technology and engineering.

Diversity distinguishes our offices, in Sweden and the USA in particular. The proportion of foreign born in the Group is 17%, representing 39 different countries of birth. In Sweden, the proportion of foreign born is just over 25%, and around 10% in the USA. Foreign born refers to people who are born in a country other than the one where they are working. This includes individuals who are permanent and temporary residents of the country where they are employed.

A good work environment according to employees

Annual employee surveys are carried out to gather structured and quantitative feedback from our employees. The entire group participated in 2015. In Tobii's Employee Index, the proportion of questions where Tobii was given a score of 4 or 5 on a scale of 1–5 was 77%, as compared with 60–65% in the peer group.

Tobii endeavors to provide its employees with an excellent physical and psychosocial work environment, and to provide opportunities to easily maintain healthy lifestyles. Exercise and physical activity are important for quality of life and well-being, which is why we offer our employees fitness benefits, for instance in the form of subsidized gym memberships.

[READ MORE](http://www.tobii.com/careers) More colleagues at www.tobii.com/careers



The passing of the Steve Gleason Act was a major event for the US market in 2015. This new bill makes it easier to secure funding via Medicare for assistive technology for communication, which ultimately gives more people the opportunity to express themselves verbally and online, and to live more independent lives. Tobii Dynavox was

one of several organizations that collaborated to ensure the passing of the bill, which is named after former NFL football player Steve Gleason who has ALS and uses Tobii Dynavox's products to communicate.

Above: Tara Rudnicki, President, North American Market of Tobii Dynavox, with Senator McMorris Rodgers.

Environmental responsibility in production and product handling

The environmental impact of Tobii's business activities is low. Production consists of assembling components from suppliers, the use of raw material is low and the volumes are relatively small.

We endeavor to assume responsibility throughout the entire value chain to minimize our environmental impact, mainly by further developing eco-friendly and energy-efficient products and solutions, but also by optimizing the supply chain and the shipment of products. As of December 2015, Tobii compensates for CO2 emissions related to product shipments.

Tobii complies with the regulatory framework for consumer electronics production. This includes using only components that meet the RoHS2 and REACH standards concerning which metals and chemicals may be used. Tobii's eye-tracking products also meet the European standard for light-emitting diode (LED) products, IEC/EN62471.

Scrapping of Tobii's products also follows the recycling rules that apply for other consumer electronics. In 2015, Tobii used consulting firm Intertec to ensure that the European WEE, battery and packaging directives are met.

The Tobii share

The Tobii share has been listed on Nasdaq Stockholm since April 24, 2015, where it is traded under the TOBII ticker. At December 31, 2015, the number of shareholders amounted to almost 16,000 and the proportion of foreign-owned shares to 28.5%.

IPO

On April 24, 2015, Tobii completed its IPO and trading on Nasdaq Stockholm began. The offer, which comprised newly issued shares and the sale of existing shares, attracted a great deal of interest among both Swedish and international institutional investors and the general public in Sweden, and was heavily oversubscribed. The initial price was SEK 25 per share and the closing price on the first day of trading was SEK 34.50.

Price trend

The initial price at the time of the IPO on April 24, 2015 was SEK 25. The share price reached its highest point in December at SEK 87.00 and its lowest in April at SEK 32.50. Tobii's market capitalization as of December 31, 2015 was SEK 5,892 million. During the year, 82,614,932 Tobii shares were traded on Nasdaq Stockholm, which corresponds to an average daily turnover per trading day of 474,798 shares.

Share class and number of shares

There is only one class of shares and all shares have the same right to dividends and carry entitlement to one vote per share at shareholders' meetings.

The number of outstanding shares on December 31, 2015 was 87,613,033 and 90.9 million shares after full dilution. The dilution is attributed to the 3.3 million warrants and employee stock options within the framework of the Company's incentive program that entitles subscription for an equal number of shares. The subscription price for these options varies depending on when the option series are issued. The series with the lowest subscription price entitles holders to subscribe for shares at SEK 17.72 and the series with the highest right entitles holders to subscribe for shares at SEK 40 per share, see Note 8.

Ownership structure

At December 31, 2015, Tobii had almost 16,000 shareholders. The ten largest shareholders' share amounted to 57.6%. The Board of Directors and Group Management had 14.0% of the shares in the Company, of which the Company's three founders accounted for 11.3%¹⁾. Of the shareholders, just over 15,000, or 96%, are registered in Sweden.

¹⁾ Excluding 2,835 shares owned by Henrik Eskilsson AB, a company wholly owned by Henrik Eskilsson, and 1,532,800 shares owned by Eskilsson Consulting AB, a company where Henrik Eskilsson is a minority shareholder with 22.5% of the shares.

Dividend policy

All shares carry the same right to dividends and to the Company's assets and surplus in the event of liquidation. It is the intention of the Board of Directors to give priority to Tobii's development and expansion plans for the business unit Tobii Tech over dividends to shareholders over the next few years.

Financial information

Tobii's ambition is to provide the stock market, the shareholders, the media and other stakeholders with correct, consistent and relevant information to increase their understanding of the Company. Financial information is presented in the first instance in quarterly reports, the year-end report and the annual report. Major events that could have a material impact on the Group's business are communicated via press releases.

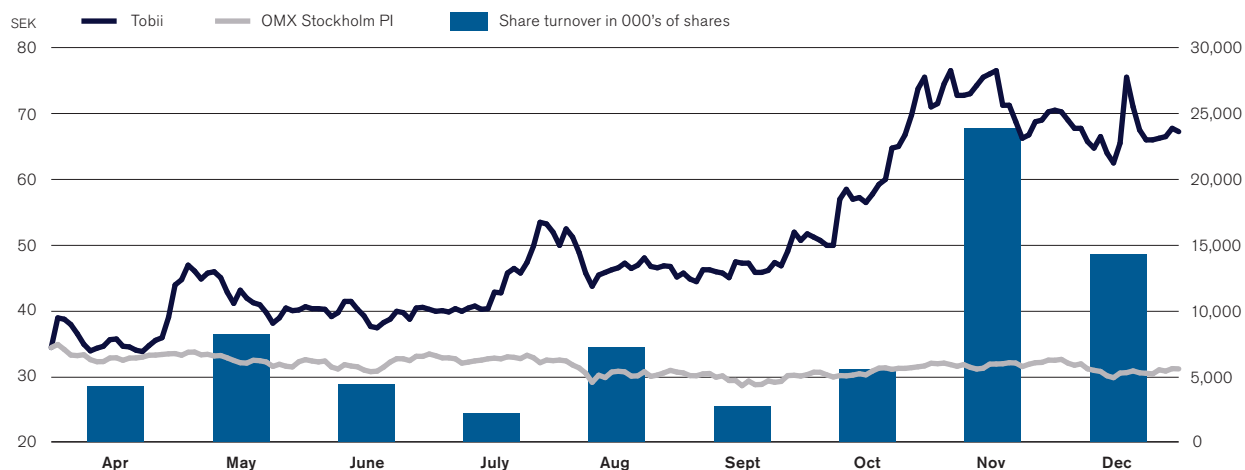
Share data

Marketplace	Nasdaq Stockholm
Listed	April 24, 2015
Segment	Mid cap
Sector	Teknik
Ticker	TOBII
ISIN Code	SE0002591420
Currency	SEK
Number of shares	87,613,033
52-week high 2015	SEK 87.00
52-week low 2015	SEK 32.50
Closing rate 2015	SEK 67.25
Share price performance 2015	+108%

Analysts who regularly monitor Tobii's performance

ABG Sundal Collier	Anders Hillerborg
ABG Sundal Collier	Mattias Montgomery
ABG Sundal Collier	Morten Larsen
Carnegie	Mikael Laséen
Carnegie	Lena Österberg

Tobii share price performance



Shareholder structure

Shareholding	No. of shareholders	No. of shares	Shareholding, %	Votes, %	Market value, (SEK 000)
1-500	11,538	2,081,147	2.38	2.38	139,957
500-1,000	2,026	1,700,783	1.94	1.94	114,378
1,001-5,000	1,806	4,110,883	4.69	4.69	276,457
5,001-10,000	229	1,728,339	1.97	1.97	116,231
10,001-15,000	61	783,937	0.89	0.89	52,702
15,001-20,000	33	599,341	0.68	0.68	40,306
20,000-	160	76,608,603	87.44	87.44	5,151,929
Total, Dec 31, 2015	15,853	87,613,033	100.00	100.00	5,891,976

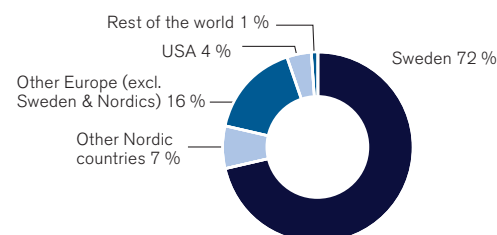
The ten largest shareholders at December 31, 2015¹⁾

Shareholders	Number of shares	Share, %
Invifed AB	14,523,495	16.58
Sixth AP Fund	6,098,178	6.96
Northzone Ventures AS	5,047,909	5.76
Intel Capital Corporation	4,799,626	5.48
Amadeus General Partner Limited	4,234,898	4.83
Eskilsson, Henrik ²⁾	4,001,433	4.57
Handelsbanken fonder	3,814,057	4.35
Elvesjö, John	2,951,501	3.37
Skogö, Mårten	2,933,395	3.35
Avanza Pension	2,042,496	2.33
Total ten largest	48,404,492	57.58
Others	39,208,541	42.42
Total, Dec 31, 2015	87,613,033	100.00

Source: Euroclear, Nasdaq and SIX

1) On February 26, 2016, Tobii announced that a group of shareholders consisting of Intel Capital Corporation, Invifed, Sixth Swedish National Pension Fund, John Elvesjö and Mårten Skogö has sold approximately 8.1 million shares in Tobii to a limited number of Swedish and international investors. The most significant changes were that Intel Capital sold its entire holding of some 4.8 million shares, and that Swedbank Robur, through the acquisition of 6.5 million shares, became Tobii's second largest shareholder

Holding by region



READ MORE Read or subscribe to press releases and financial information via our website: www.tobii.com/group/investors

2) Excluding 2,835 shares owned by Henrik Eskilsson AB, a company wholly owned by Henrik Eskilsson, and 1,532,800 shares owned by Eskilsson Consulting AB, a company where Henrik Eskilsson is a minority shareholder with 22.5% of the shares.



The founding trio John Elvesjö, Henrik Eskilsson and Mårten Skogö ring the bell to commence trade of the Tobii share.

Financial Reports 2015

Contents

Multi-year summary and definitions	38
Directors' Report	40
Consolidated Statement of Comprehensive Income	46
Consolidated Balance Sheet	47
Consolidated Statement of Changes in Equity	48
Consolidated Cash Flow Statement	49
Parent Company Income Statement	50
Parent Company Balance Sheet	51
Parent Company Statement of Changes in Equity	52
Parent Company Cash Flow Statement	53
Notes	54
Signatures	72
Auditor's Report	73

Corporate Governance

Corporate Governance Report	74
Auditor's Report of the	
Corporate Governance Report	79
Board of Directors	80
Group Management	81

Multi-year overview – Group

	2015	2014	2013	2012	2011
Net Sales, SEK m	967.3	620.6	412.1	369.5	333.4
EBITDA, SEK m	81.1	5.6	26.5	2.1	-0.6
Operating profit/loss (EBIT), SEK m	-35.7	-68.9	-37.5	-53.0	-81.9
Net Profit/Loss for the year, SEK m	-24.6	-50.9	-45.1	-58.4	-64.9
Gross margin, %	74.8	70.8	65.2	63.5	63.0
EBITDA margin, %	8.4	0.9	6.4	0.6	-0.2
EBIT margin, %	-3.7	-11.1	-9.1	-14.3	-24.6
Cash flow from operating activities	79.9	0.7	48.2	36.5	-10.9
Cash flow after continuous investments, SEK m	-40.7	-117.7	-61.8	-54.5	-76.1
Earnings per share, SEK	-0.30	-0.82	-0.76	-0.92	-1.25
Earnings per share, diluted, SEK	-0.30	-0.82	-0.76	-0.92	-1.25
Equity per share, SEK	9.1	5.6	4.6	5.5	4.0
Working capital, SEK m	22.9	18.7	25.5	54.7	88.8
Total assets, SEK m	1,035.4	752.9	386.5	424.6	325.7
Net cash (+)/net debt (-), SEK m	370.9	-15.1	39.2	112.3	-3.0
Equity, SEK m	793.8	389.0	275.6	329.0	213.9
Equity/assets ratio, %	76.7	51.7	71.3	77.5	65.7
Net debt/equity, %	neg	3.9	neg	neg	1,4
Return on total equity, %	-3.6	-17.2	-15.0	-18.4	-26.8
Average number of outstanding shares, million	81.8	61.9	59.5	58.7	51.6
Number of outstanding shares at period-end, million	87.6	68.9	59.5	59.5	53.2
Average number of employees	582	467	372	332	309

1) Working capital is adjusted compared to previously reported amounts of SEK 26.6 million, due to adjustments made to the Purchase Price Allocation for the acquisition in May 2014 of DynaVox Systems LLC. The final valuation of the acquired assets and liabilities related to the DynaVox Systems LLC acquisition resulted in changes to the provisional values reported for December 31, 2014.

2) Total assets is adjusted compared to previously reported amounts of SEK 745.0 million, due to adjustments made to the Purchase Price Allocation for the acquisition in May 2014 of DynaVox Systems LLC. The final valuation of the acquired assets and liabilities related to the DynaVox Systems LLC acquisition resulted in changes to the provisional values reported for December 31, 2014.

3) Equity/assets ratio is adjusted compared to previously reported 52.2% due to adjustments made to the Purchase Price Allocation for the acquisition in May 2014 of DynaVox Systems LLC. The final valuation of the acquired assets and liabilities related to the DynaVox Systems LLC acquisition resulted in changes to the provisional values reported for December 31, 2014.

For further information about the changes described in footnotes 1-3 above see note 31.

Definitions

EBITDA

Operating profit/loss before depreciation and amortization.

Operating profit/loss (EBIT)

Operating profit/loss before financial income, financial expenses and taxes. Also known as EBIT – Earnings before interest and taxes.

Gross Margin

Gross profit relative to the operations' net sales.

EBITDA margin

Operating profit/loss before depreciation and amortization relative to the operations' net sales.

Operating margin (EBIT margin)

Operating profit/loss before financial income, financial expenses and taxes relative to the operations' net sales.

Earnings per share

Net profit/loss for the period attributable to the Parent Company shareholders, divided by the average number of outstanding shares during the period.

Diluted earnings per share

Net profit/loss for the period attributable to the Parent Company shareholders, divided by the average number of shares for the period, adjusted for the dilution effect of all potential common stock.

Multi-year overview – the business units

SEK million	2015	2014	2013	2012	2011
Net sales					
Tobii Dynavox	740.3	441.7	233.9	206.3	174.1
Tobii Pro	209.5	167.3	170.9	147.0	151.0
Tobii Tech	58.6	36.6	20.5	3.3	2.3
Other and eliminations ¹⁾	-41.1	-25.0	-13.2	12.9	6.0
Group	967.3	620.6	412.1	369.5	333.4
Gross margin, %					
Tobii Dynavox	72.9	68.3	61.3	57.6	52.2
Tobii Pro	75.1	71.6	68.3	72.9	74.9
Tobii Tech	45.8	44.5	38.0	20.4	74.8
Group	74.8	70.8	65.2	63.5	63.0
EBITDA					
Tobii Dynavox	182.1	74.4	46.7	30.5	-9.4
Tobii Pro	44.3	23.6	39.2	22.9	35.0
Tobii Tech	-145.2	-90.6	-67.8	-37.1	-17.9
Other and eliminations ¹⁾	-0.2	-1.9	8.4	-14.1	-8.2
Group	81.1	5.6	26.5	2.1	-0.6
EBITDA margin, %					
Tobii Dynavox	24.6	16.9	20.0	14.8	-5.4
Tobii Pro	21.2	14.1	22.9	15.6	23.2
Tobii Tech	neg	neg	neg	neg	neg
Group	8.4	0.9	6.4	0.6	-0.2
Operating profit/loss (EBIT)					
Tobii Dynavox	119.0	41.9	20.6	3.0	-46.5
Tobii Pro	21.2	12.9	18.6	0.5	-0.1
Tobii Tech	-175.7	-121.6	-84.9	-41.0	-26.8
Other and eliminations ¹⁾	-0.2	-2.0	8.3	-15.5	-8.6
Group	-35.7	-68.9	-37.5	-53.0	-81.9
Gross margin, %					
Tobii Dynavox	16.1	9.5	8.8	1.4	-26.7
Tobii Pro	10.1	7.7	10.9	0.4	-0.1
Tobii Tech	neg	neg	neg	neg	neg
Group	-3.7	-11.1	-9.1	-14.3	-24.6

¹⁾ Other and eliminations refers primarily to subsidiary Sticky AB for the years 2011 and 2012, while for 2013 thru 2015 it refers entirely to internal sales from Tobii Tech to Tobii Dynavox and Tobii Pro.

Equity per share

Shareholders' equity at the period end attributable to the Parent Company's shareholders, divided by the number of shares at the period end.

Working capital

Inventories, accounts receivable, and other current receivables minus accounts payable and other non-interest-bearing liabilities.

Total assets

Total assets at the period end.

Net cash/net debt

Cash and cash equivalents minus interest-bearing liabilities.

Shareholders' equity

Shareholders' equity at the period end.

Equity/assets ratio

Shareholders' equity as a percentage of the Balance Sheet total.

Debt/equity ratio

Interest-bearing liabilities divided by shareholders' equity.

Return on equity

Profit after tax, relative to the average shareholders' equity during the period.

Average number of employees

Average number of full time employees during the period, including part-time employees recalculated as full-time positions.

Directors' Report

The Board of Directors of Tobii AB (publ) (corp. id no. 556613-9654) hereby presents the following annual report and consolidated financial statements for fiscal year January 1, 2015 to December 31, 2015. The Company's registered office is in Danderyd, Sweden.

At the beginning of 2015, the Company changed its name from Tobii Technology AB to Tobii AB and decided in March 2015 to become a public company.

The Company's shares are listed on Nasdaq Stockholm since April 24, 2015.

Operations

Tobii AB (publ) and its subsidiaries ("the Group") are global market leaders of eye-tracking solutions. Eye tracking is a technology that with a high level of precision shows where a person is looking. This information can be used to gain deep insights into human behavior as well as to create natural and effective user interfaces for computers and other devices.

The Group conducts its business through three business units, each with its own distinct markets, products and organizations. The business units are accounted for as separate segments.

- Tobii Dynavox is the world's leading provider of assistive technology for communication.
- Tobii Pro is the world's leading provider of eye-tracking solutions for behavioral research studies.
- Tobii Tech is a leading provider of eye-tracking components and platforms with the ambition that these will in future be integrated into products such as computers, VR headsets, vehicles and medical equipment.

Tobii AB was founded in 2001 and the Group operates globally with over 600 employees and fourteen offices in ten countries. Sales are conducted directly and via resellers.

Changes in the structure of the Group

DynaVox Systems LLC, a North American company, acquired in May 2014 (the Dynavox acquisition), is part of the Group as of June 1, 2014. The Tobii Dynavox business unit has almost doubled its sales through the acquisition.

The work of integrating the acquired operations and Tobii's former operations for assistive technology for communication is now complete, and the synergy effects were apparent in both the business unit's operations and profits during the year.

Sales

The Group's sales rose by 56% in 2015 to SEK 967 million (621) and by 42% adjusted for currency effects. The increase in sales is mainly attributed to the Dynavox acquisition, but also organic sales growth in all business units.

The North American market accounted for 64% (55%) of the consolidated sales, the European market for 23% (31%), and the rest of the world for 13% (14%).

Tobii Dynavox's net sales rose by 68% to SEK 740 million (442) and by 51% adjusted for currency effects. In addition to organic growth, the improvement was mainly due to continued strong contribution in 2015 and synergies from the Dynavox acquisition. The new bill, the Steve Gleason Act, also contributed with a one-off effect in the amount of SEK 23 million.

Tobii Pro's sales rose by 25% in 2015 to SEK 209 million (167) and by 13% adjusted for currency effects. Adjusted also for order backlog effects, growth was 6%. New products such as Glasses 2 and X3-120 contributed favorably to sales. The increase was also affected by an order backlog effect that arose when a portion of the orders for Glasses 2 received during the second and third quarters of 2014 was delivered during the first quarter of 2015.

Tobii Tech's net sales rose by 60% to SEK 59 million (37) and by 43% adjusted for currency effects. This was largely attributable to higher sales of eye-tracking platforms to Tobii Dynavox and Tobii Pro.

Gross profit

Gross profit for the Group rose by 66% in to SEK 727 million (439) and gross margin improved to 75% (71%). The improved margin is attributed mainly to increasing sales, new products with higher gross margins, a greater proportion of direct sales in Tobii Dynavox and currency effects.

All three business units improved their gross margin; Tobii Dynavox to 73% (68%), Tobii Pro to 75% (72%) and Tobii Tech to 46% (45%).

Operating profit/loss (EBIT)

The operating loss for the Group was SEK -36 million (-69) and operating margin improved to -4% (-11%). The improvement is explained primarily by the sales increase in Tobii Dynavox and Tobii Pro, better gross margins, the one-off effect of the Steve Gleason Act, and synergies stemming from the Dynavox acquisition. In 2015, the operating result was charged with SEK 4 million in restructuring costs, while the full-year 2014 was charged with SEK 15 million in acquisition-related costs, restructuring costs and IPO-related costs. Adjusted for these items affecting comparability, the operating result improved by SEK 22 million to a loss of SEK -32 million (-54).

The adjusted operating profit from Tobii Dynavox and Tobii Pro improved by SEK 77 million to SEK 144 million. Meanwhile, Tobii Tech's operating loss changed by SEK -54 million to SEK -176 million (-122).

The Group's total R&D expenditures rose by 30% to SEK 267 million (204), of which SEK 90 million (94) or 34% (47%) was capitalized in the balance sheet, while R&D amortization increased by SEK 30 million to SEK 88 million (59). Consequently, net R&D expenses rose to SEK 265 million (170), corresponding to 27% (27%) of net sales. Expenses for selling and administration corresponded to 50% (54%) of net sales.

Tobii Dynavox's operating profit rose to SEK 119 million (42) and operating margin to 16% (9%). Of this increase, some SEK 15 million is due to one-off effects of the Steve Gleason Act. Adjusted operating profit improved to SEK 123 million (54) and adjusted operating margin to 17% (12%). The business unit's net R&D expenses rose to SEK 92 million (51), corresponding to 12% (12%) of the business unit's net sales. Expenses for selling and administration corresponded to 44% (47%) of net sales.

Tobii Pro's operating profit totaled SEK 21 million (13) and the operating margin rose to 10% (8%), largely due to higher sales coupled with improved gross margins, despite the negative effect on earnings caused by lower capitalization and higher R&D amortization. The business unit's net R&D expenses rose to SEK 41 million (19), corresponding to 20% (11%) of its net sales. Selling and administration expenses rose to SEK 97 million (88), corresponding to 47% (53%) of net sales.

Tobii Tech's operating loss amounted to SEK -176 million (-122). During the year, the business unit raised its R&D expenditures, primarily related to development of the next-generation eye-tracking platform IS4 and EyeChip, and its initiatives to encourage and collaborate with game developers and game studios in the development of games that integrate eye tracking. Net R&D expenses rose to SEK 131 million (99). Selling and administration expenses rose to SEK 67 million (38).

Profit/loss before tax

Pretax loss was SEK -27 million compared with SEK -54 million in the corresponding period in 2014. Net financial items amounted to SEK 8 million (15).

Net profit/loss and earnings per share

Net loss was SEK -25 million (-51) and earnings per share was SEK -0.30 compared with SEK -0.82 in 2014. The average number of outstanding shares during the year was 82 million, and the number of shares at period-end was 88 million.

Cash flow, liquidity and financial position

Cash flow after continuous investments was SEK -41 million (-118), an improvement of SEK 77 million. Operations generated a positive cash flow of SEK 80 million (-1), mostly due to the improved operating profit of Tobii Pro and Tobii Dynavox. Continuous investments rose by SEK 4 million to SEK 121 million, of which SEK 90 million refers to capitalization of R&D.

Through the listing on Nasdaq Stockholm in April 2015 the company received SEK 429 million after issue costs. Since the start of the year, SEK 142 million has been used to repay bank loans. Through the IPO, the number of shares outstanding increased from 69 to 88 million, and the Group's equity rose during the year to SEK 794 million from SEK 389 million.

At the close of the period, the Group had SEK 371 million (-15) in net cash, and SEK 170 million (108) in unutilized overdraft facilities.

Personnel

The average number of employees in 2015 grew by 115 to 582 and the number of employees at the close of the year rose by 42 to 612. The increase is mainly due to the expansion of Tobii Tech's R&D organization and Tobii Dynavox's operations in North America.

Guidelines for salaries and compensation to the Group's senior executives resolved by the General Meeting are presented in the Corporate Governance Report on page 74–79. The guidelines proposed by the Board to the 2016 Annual General Meeting are to all intents and purposes identical to earlier resolved guidelines. Details about the actual amounts paid during the period 2014–2015 are presented in note 8.

Sustainability

In 2015, Tobii initiated a project to map and measure its sustainability targets, which will continue throughout 2016. Tobii's sustainability initiatives are described on page 32–33.

Research and development

To preserve and further strengthen the Group's leading position, every business unit invests significant resources in research and development (R&D). Of the Group's more than 600 employees as per December 31, 2015, more than 190 worked in R&D. The R&D organization also included some 40 consultants.

The Group's total R&D expenditures rose by SEK 63 million to SEK 267 million (204), of which SEK 90 million (94) or 34% (47%) was capitalized in the balance sheet, while R&D amortization rose by SEK 30 million to SEK 88 million (59). Net R&D expenses rose thereby to SEK 265 million (170), corresponding to 27% (27%) of net sales.

See table below for specification of R&D per business unit.

Business-related risks and uncertainties

Tobii is exposed to certain risks that can influence the Group's business, profit or financial position. Below is a brief summary of the most important operational risks and how they are managed. Note that the risk description does not claim to be comprehensive, but only addresses a selection of the risks to which the Group is exposed or may become exposed.

A description of financial risks and risk management is presented in note 3. The Group's management of risks is also addressed in the Corporate Governance Report on page 74.

Inability to adapt products and offerings to rapid market changes

All of the markets in which Tobii operates and address are characterized by rapid technological changes. Subsequently, each business unit's ability to predict technical advances and market needs and to adapt its products accordingly is critical for the continued success of the business units and

Specification of research & development

Group	2015	2014
Total R&D expenditures (Total R&D)	-266.5	-204.3
Capitalized development expenses (Capitalized R&D)	90.4	93.5
R&D-related amortization and impairments	-88.9	-58.7
R&D expenses net, as in the income statement	-265.0	-169.6
Tobii Dynavox		
Total R&D expenditures (Total R&D)	-91.4	-53.9
Capitalized development expenses (Capitalized R&D)	38.2	24.0
R&D-related amortization and impairments	-39.1	-21.3
R&D expenses net, as in the income statement	-92.3	-51.2
Tobii Pro		
Total R&D expenditures (Total R&D)	-43.3	-33.6
Capitalized development expenses (Capitalized R&D)	22.1	21.6
R&D-related amortization and impairments	-20.1	-7.2
R&D expenses net, as in the income statement	-41.4	-19.2
Tobii Tech		
Total R&D expenditures (Total R&D)	-131.8	-116.8
Capitalized development expenses (Capitalized R&D)	30.1	47.9
R&D-related amortization and impairments	-29.6	-30.2
R&D expenses net, as in the income statement	-131.3	-99.1

the Group as a whole. However, there is a risk that the business units misjudge these developments.

Every business unit monitors their respective market and technology trends to ensure the fastest possible market introduction of leading technical products that satisfy the markets' requirements and needs. Every business unit also makes large R&D investments to create conditions for the Group to continue to be at the vanguard of technical advances within its various segments.

Growing competition from small players

Tobii's current strong market position is largely due to the Company's leading products and technology. There are already a number of small competitors who develop and offer competing technology and products in the markets addressed by Tobii Dynavox, Tobii Pro and Tobii Tech. There is a risk that these, or completely new small players, will develop new technologies and launch products that offer better prices and performance than Tobii and thereby take market shares from Tobii.

To lower this risk, all of Tobii's business units make considerable investments in R&D that focus on developing technology that provides increasingly better performance at an ever lower price. Tobii's leading market position with strong sales organizations and customer relationships also provides a strong advantage over smaller competitors.

New large competitors

Today, Tobii's main competitors in eye tracking include a number of small companies that specialize in eye tracking-related technology and products who generally have limited R&D resources. However, there is a risk that some large companies active in, for example, consumer electronics or the automotive industry and who have vast resources will develop or acquire in-house technology for eye tracking and enter the market and take market share.

To manage this risk, Tobii continues to invest heavily in further developing its leading technology. Our focus is to be able to offer substantial volumes of high-performance eye-tracking components at an attractive price so that we can be a supplier to large integration customers within several of these areas. Tobii also invests in continuing to grow its leading eye-tracking patent portfolio.

Price pressure and competition from consumer products

For Tobii Dynavox, cheap communication apps for mainstream tablets have captured market share from specially designed, more expensive touchscreen-based communication devices. There is a risk that this trend will continue and that a similar trend in the future will also impact the market for eye-controlled communication devices. Tobii Dynavox has broadened its product portfolio to also include communication apps for mainstream tablets, which can serve as introductory products for many users of assistive technology for communication and, by extension, contribute to higher sales

of more advanced products. Tobii Dynavox also invests in developing a differentiated portfolio of products and packages that are competitive in relation to functionality and performance at different price levels, even in comparison with consumer electronics. The risk is also mitigated by the fact that many public and private insurance systems place particular demands on communication device functionality, which excludes mainstream tablets.

As simpler, cheaper eye trackers become available in the consumer market, there is a risk that several of Tobii Pro's customers will choose such products instead of the business unit's more expensive hardware. Tobii Pro drives a proactive price-reduction strategy on some of its low-end hardware products to manage this risk. However, there is a risk that these proactive price reductions will cause prices to drop faster than the growth of sold systems for Tobii Pro. The business unit also invests in further development of software and services since the potential for analytics software and service is estimated to grow considerably when eye trackers become more common in the market.

Unproven benefit within new segments

For Tobii Tech, there is a risk that the strategy of entering new volume markets fails because, for instance, customers do not feel that the benefits correspond to the cost or because the technology's precision is insufficient.

To lower the risks, Tobii Tech invests considerable resources in technology development that reduces costs and improves performance, and, in collaborations with developers and game studios to generate a large number of games and software applications that use eye tracking in ways that create strong end-user benefits. Furthermore, large investments are made in marketing initiatives to create consumer demand for eye tracking.

Changes in financing and insurance systems

Most of Tobii Dynavox's end users depend on compensation from public and private funding systems to buy the products. Changes in such systems can have both positive and negative effects for Tobii. Tobii can also be affected by changes in current legislation and in procurement processes.

Tobii Dynavox works proactively to lobby and build relationships with legislative or governing bodies to improve the long-term opportunities for funding of assistive technology for communication.

Quality or delivery problems

Tobii is dependent on a smaller number of external subcontractors for the supply of components and product assembly. Operational issues, increasing prices, inaccurate forecasts or other factors impacting the suppliers ability to deliver in line with the Company's requirements can lead to quality issues or delayed deliveries and thereby a delay or loss of earnings and higher costs. Furthermore, product defects can have a series of significant negative consequences,

including costly recall programs and lowered confidence in the Company and its products. In addition, operational disturbances in other parts of the organization can have substantial consequences for the Company's ability to deliver.

To manage operational risks and quality risks, Tobii strives to work with large, well-reputed suppliers who have substantial resources to manage such risks. At the same time Tobii tries to establish relations with parallel suppliers, although this can be difficult due to small volumes.

Personnel

In several of its business areas, Tobii is dependent on a variety of expert competences and key individuals. Should Tobii fail to recruit and retain such competence, it may affect the operation's ability to deliver. The Group strives to be an attractive employer that offers a good work environment and competitive employment conditions. As a result of the past five years' efforts to strengthen Tobii's employer brand, the Company has climbed Universum's list ranking the most attractive employers in Sweden.

IT security

Operations depend on a smoothly running IT structure, both to drive the various operations and to safeguard an effective delivery process. An extensive outage or other disruption in the IT system can affect Tobii's ability to conduct its operations and fulfil its customer commitments. The Group's operations extend also to the use and storage of employee and customer data, which entails a risk that personal data or other sensitive information is disclosed if the Company is exposed to data hacking or if such data is used incorrectly.

An action plan is in place for disruptions due to unforeseen events in the form of adopted contingency plans, as well as systems and routines to maintain security surrounding personal data.

Intellectual property

Tobii deems that the importance of intellectual property will increase in pace with the establishment of eye tracking in volume markets with several competitors and more available products than is the case in Tobii's current markets. However, there is a risk that Tobii will be unable to protect material parts of its technology with patents, and that patent protection will not provide the market benefits the Company expects. Among other things, measures to defend its intellectual property rights may entail much too costly legal and administrative processes.

There is also a risk that Tobii will be sued for infringement of others' intellectual property, which could lead to significant legal costs, claims, licensing fees, or sales stops of Tobii's products. To minimize this risk, Tobii maps patents within the product areas and further develops its own product portfolio.

Impairment of intangible assets

Tobii invests constantly in R&D and a major part of these investments is capitalized as intangible assets. There is a risk that Tobii's technology and product development initiatives result in products that do not fulfil Tobii's or the market's requirements and therefore do not become commercial successes, which may lead to significant impairments.

Tobii regularly performs impairment tests by analyzing future expected earnings related to the projects and brands that are included in the balance sheet. See also under note 14.

Compliance

Tobii is exposed to various compliance-related risks through its operations in different geographical markets and within a variety of segments. For example, many of Tobii Dynavox's products are registered as medical devices, which places particular demands on certification. Particular rules regarding patient information handling also apply in certain cases to the end users. Every material irregularity in Tobii's compliance and routines can expose the Company to considerable credit, liquidity or market risks or operative or technical risks. To manage such risks, Tobii performs an annual risk assessment of known risks and prepares plans to minimize the most critical of these.

Personal injury

Tobii's products are used in many different environments – in the users' homes and places of work. Faults in the products could cause personal injury – for example, if the mount of a communication device breaks and it falls on the user or if the batteries in such product break. Such events can expose Tobii to substantial risks, including damage claims, costly recall programs or that the product can no longer be sold. The same risks exist should it be discovered that the IR light that eye tracking uses to illuminate the eye may be harmful.

These risks are managed through an extensive quality agenda during the product development process, and through verification and certification of the products against current standards.

Tax risk

Tobii's sales are conducted primarily through subsidiaries in a number of countries. Transactions take place in accordance with the Group's internal pricing policy.

If local tax authorities make an assessment that this pricing deviates from that applied in the Company, there is a risk of higher tax costs. This and other tax-related risks are handled through an annual review together with external tax experts. Tax appropriations are adjusted on the basis of this review.

Parent company

The Group's parent company, Tobii AB (publ) with almost 250 employees, is involved in sales, marketing, R&D, procurement, manufacturing, technical support and IT. The parent company's net sales for 2015 amounted to SEK 544 million (404) and operating loss to SEK -27 million (-46), largely due to higher net sales, through both external and intra-Group sales, and a relatively lower cost increase. As of December 31, 2015, the parent company had SEK 284 million (74) in cash and cash equivalents as well as unutilized bank overdraft facilities in the amount of SEK 170 million (108).

Changes in the Board

In preparation for the listing on Nasdaq Stockholm, some changes were made in the Board of Directors. Åsa Hedin was elected to the Board at a General Meeting on January 16, 2015, and Magnus Ericson was elected at the General Meeting held on March 9, 2015. Magnus Ericsson resigned of his own accord at the General Meeting on June 11, 2015. The number of members on the Board changed therefore from seven to six.

Events after the end of the reporting period

In January 2016, Tobii and computer manufacturer MSI presented the world's first gaming notebook with integrated Tobii eye-tracking technology – MSI GT72 Tobii – with sales scheduled to start in February 2016. Tobii also announced that two major game titles from Ubisoft - Tom Clancy's The Division and Assassin's Creed Syndicate – will have integrated support for eye tracking.

On February 26, 2016, Tobii announced that a group of shareholders consisting of Intel Capital Corporation, Invifed, Sixth Swedish National Pension Fund, John Elvesjö and Mårten Skogö has sold approximately 8.1 million shares in Tobii to a limited number of Swedish and international investors. The most significant changes were that Intel Capital sold its entire holding of some 4.8 million shares, and that Swedbank Robur, through the acquisition of 6.5 million shares, became Tobii's second largest shareholder.

Outlook

Tobii estimates that the outlook for the Group's three business units is good. All three have developed according to plan and taken several critical steps during the year. The financial targets adopted by the Board of Directors prior to the listing on the stock exchange are therefore unchanged. The business units' financial targets are described on page 7.

Dividends and dividend policy

Tobii's Board of Directors has decided to give priority over the next few years to Tobii's development and expansion plans for the business unit Tobii Tech over dividends to shareholders.

Proposed appropriation of non-restricted equity

Non-restricted equity in the parent company at the disposal of the Annual General Meeting:

Premium reserve	1,089,888
Retained earnings	-76,862
Profit for the year	9,155
Total	1,022,180

The Board of Directors and the CEO propose this amount be appropriated as follows

Amount carried forward	1,022,180
-------------------------------	------------------

Consolidated Statement of Comprehensive Income

SEK million	Note	2015	2014
Net sales	5	967.3	620.6
Cost of goods and services sold		-243.8	-181.2
Gross profit		723.4	439.4
Selling expenses		-393.3	-252.7
Research and development expenses		-265.0	-169.6
Administrative expenses	7	-95.9	-81.8
Other operating income and operating expenses	11	-5.0	-4.2
Operating profit/loss	5, 6, 7, 8, 9, 10	-35.7	-68.9
<i>Profit/loss from financial items</i>			
Profit/Loss from participation in associated companies	17	-	-6.5
Financial income	12	18.5	39.3
Financial expenses	12	-10.1	-17.8
Total financial income and expenses		8.4	15.0
Profit/Loss before tax		-27.3	-53.9
Taxes	13	2.7	3.0
Profit/Loss for the year		-24.6	-50.9
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange rate differences		-3.6	-3.2
Other comprehensive income, net after tax		-3.6	-3.2
Total comprehensive income for the year		-28.2	-54.1
<i>Attributable to:</i>			
Parent company shareholders		-24.7	-50.9
Non-controlling interests		0.1	0.0
Total Loss for the year		-24.6	-50.9
<i>Attributable to:</i>			
Parent company shareholders		-28.4	-54.2
Non-controlling interests		0.1	0.0
Total comprehensive income for the year		-28.2	-54.1
Earnings per share, SEK			
Basic earnings per share, SEK		-0.30	-0.82
Earnings per share after dilution, SEK		-0.30	-0.82
Average number of outstanding shares (thousands)		81,823	61,954
Average number of outstanding shares after dilution (thousands)		85,070	64,133

Consolidated Balance Sheet

SEK million	Note	2015-12-31	2014-12-31
Non-current assets			
Goodwill	14	0.3	0.3
Capitalized expenses for product development	14	223.0	218.9
Trademarks ¹⁾	14	95.8	88.8
Other intangible assets	14	12.6	10.8
Property, plant and equipment	15	31.8	31.0
Financial assets			
Deferred tax assets	13	54.9	49.8
Other financial assets		1.6	3.5
Total non-current assets		420.1	403.2
Current assets			
Accounts receivable	18	168.7	147.8
Inventories	19	45.8	51.3
Other receivables		8.2	12.4
Prepaid expenses and accrued income	20	21.7	18.8
Cash and cash equivalents	21	370.9	119.4
Total current assets		615.3	349.7
Total assets		1,035.4	752.9
Equity			
Share capital	23	0.6	0.3
Other paid-in capital		1,095.2	663.1
Reserves	24	-0.9	2.7
Retained earnings		-301.4	-277.4
Total equity attributable to parent company's shareholders		793.5	388.8
Non-controlling interests		0.3	0.2
Total equity		793.8	389.0
Non-current liabilities			
Deferred tax liabilities	13	0.9	0.6
Provisions	25	1.5	3.6
Bank loans	26	-	77.1
Other non-current liabilities	26	17.6	13.6
Total non-current liabilities		20.0	94.9
Current liabilities			
Accounts payable	26	44.2	53.6
Other liabilities	26	23.6	75.5
Accrued expenses and deferred income ¹⁾	27	153.8	139.9
Total current liabilities		221.6	269.0
Total liabilities		241.5	363.9
Total equity and liabilities		1,035.4	752.9

1) Balance Sheet values have been restated for the periods ending December 31, 2014 due to adjustments made to the Purchase Price Allocation for the acquisition in May 2014 of DynaVox Systems LLC. For further information see note 31.

Consolidated Statement of Changes in Equity

SEK million	Note	Attributable to parent company shareholders					Non-controlling interest	Total equity
		Share capital	Other paid-in capital	Reserves	Accumulated retained earnings	Total		
Opening balance Jan 1, 2014		0.3	496.9	5.9	-227.6	275.5	0.1	275.6
Profit/Loss for the year					-50.9	-50.9	0.1	
Other comprehensive income				-3.2		-3.2		
Comprehensive income for the year		0.0	0.0	-3.2	-50.9	-54.2	0.1	
New share issue		0.0	166.1			166.1		
Sale of warrants, incentive program			0.1			0.1		
Equity-settled share-based payment transactions under IFRS 2	8				1.2	1.2		
Closing balance Dec 31, 2014		0.3	663.1	2.7	-277.4	388.8	0.2	389.0
Profit/Loss for the year					-24.7	-24.7	0.1	
Other comprehensive income				-3.6		-3.6		
Comprehensive income for the year				-3.6	-24.7	-28.4	0.1	
Bonus issue		0.2				0.2		
New share issue		0.1	429.0			429.1		
Sale of warrants, incentive program			3.2			3.2		
Equity-settled share-based payment transactions under IFRS 2	8				0.7	0.7		
Closing balance Dec 31, 2015		0.6	1,095.2	-0.9	-301.4	793.5	0.3	793.9

Consolidate Cash Flow Statement

SEK million	Note	2015	2014
Operating activities			
Profit/loss after financial items		-27.3	-53.9
Adjustment for items not included in the cash flow:			
Amortization and write downs on intangible assets	9	88.4	58.5
Depreciation and write downs on property, plant and equipment	9	28.4	15.9
Unrealized exchange rate differences		-10.5	-23.0
Share of profit/loss in associated companies		-	6.5
Other items not affecting cash flow		5.6	4.9
Taxes paid		0.3	-0.2
Cash flow from operating activities before changes in working capital		85.0	8.7
Cash flow from changes in working capital			
Increase (-)/decrease (+) in inventories		9.1	1.2
Increase (-)/decrease (+) in operating receivables		-11.2	-18.2
Increase (+)/decrease (-) in operating liabilities		-3.0	7.7
Cash flow from operating activities		79.9	-0.7
Investments			
Continuous investments:			
Investments in intangible fixed assets	14	-92.4	-94.3
Investments in property, plant and equipment	15	-30.4	-21.6
Investments in financial assets		2.1	-1.2
Cash flow after continuous investments		-40.7	-117.7
Acquisition of subsidiary company	31	-	-92.8
Cash flow after investments		-40.7	-210.5
Financing activities			
New share issue		461.9	166.1
Expenses related to IPO		-32.6	-
Sales of warrants, incentive program		3.1	0.1
Change in borrowing		-142.1	119.1
Cash flows from financing activities		290.3	285.3
Cash flow for the year		249.6	74.8
Exchange rate difference in cash and cash equivalents		1.9	5.3
Cash and cash equivalents at the beginning of the year		119.4	39.2
Cash and cash equivalents at year-end	21	370.9	119.4

Parent Company Income Statement

SEK million	Note	2015	2014
Net sales		544.5	404.3
Cost of goods and services sold		-226.2	-180.6
Gross profit		318.3	223.7
Selling expenses		-106.3	-88.8
Research and development expenses		-191.9	-140.7
Administrative expenses	7	-52.2	-46.6
Other operating income	11	50.4	24.0
Other operating expenses	11	-45.2	-17.8
Operating profit/loss	6, 7, 8, 9, 10	-26.9	-46.2
<i>Profit/Loss from financial items</i>			
Profit/Loss from participations in associated companies	17	-	-6.5
Interest income and similar items	12	39.6	51.2
Interest expense and similar items	12	-10.0	-17.7
Total financial income and expenses		29.7	27.0
Profit/Loss before tax		2.8	-19.2
Taxes	13	6.4	3.6
Profit/Loss for the year		9.2	-15.6

The parent company has no items 2015 or 2014 reported in Other comprehensive income. The loss for the year for the parent company is thus also the year's comprehensive income. Therefore, the parent company does not present a separate "Statement of comprehensive income".

Parent Company Balance Sheet

SEK million	Note	2015-12-31	2014-12-31
Non-current assets			
Capitalized expenses for product development	14	156.1	155.6
Other intangible assets	14	12.6	10.8
Property, plant and equipment	15	7.4	7.4
Financial assets			
Participations in Group companies	16	155.9	155.9
Deferred tax assets	13	28.1	21.7
Receivables from Group companies	30	309.1	254.8
Other financial assets		0.0	0.2
Total non-current assets		669.2	606.3
Current assets			
Accounts receivable	18	36.1	35.1
Receivables from Group companies	30	118.9	77.4
Inventories	19	24.7	20.1
Other receivables		6.9	11.3
Prepaid expenses and accrued income	20	10.4	11.0
Cash and cash equivalents	21	283.9	73.5
Total current assets		480.8	228.4
Total assets		1,150.0	834.7
Equity			
Share capital	23	0.6	0.3
Statutory reserve		5.3	5.3
Total restricted equity		5.9	5.6
Premium reserve		1,089.9	657.8
Retained earnings		-76.9	-62.0
Profit/Loss for the year		9.2	-15.6
Total non-restricted equity		1,022.2	580.2
Total equity		1,028.1	585.8
Provisions	25	1.4	3.0
Non-current liabilities			
Bank loans	26	-	77.1
Other non-current liabilities	26	3.7	4.4
Total non-current liabilities		3.7	81.5
Current liabilities			
Accounts payable	26	27.8	29.7
Liabilities to Group companies	30	3.3	8.0
Other liabilities	26	17.3	69.7
Upplupna kostnader och förutbetalda intäker	27	68.3	57.0
Total current liabilities		116.8	164.3
Total liabilities		121.9	248.9
Total equity and liabilities		1,150.0	834.7

Parent Company Statement of Changes in Equity

SEK million	Note	Restricted equity		Unrestricted equity		Total equity
		Share capital	Statutory fund	Premium reserve	Accumulated retained earnings	
Opening balance Jan 1, 2014		0.3	5.3	491.6	-63.2	433.9
Profit/Loss for the year					-15.6	-15.6
Transactions with shareholders						
New share issue		0.0		166.1		166.1
Sale of warrants, incentive program				0.1		0.1
Equity-settled share-based payment transactions under IFRS 2	8				1.2	1.2
Total transactions with shareholders		0.0		166.2	1.2	167.4
Closing balance Dec 31, 2014		0.3	5.3	657.8	-77.6	585.8
Profit/Loss for the year					9.2	9.2
Transactions with shareholders						
Bonus issue		0.2				0.2
New share issue		0.1		429.0		429.1
Sale of warrants, incentive program				3.2		3.2
Equity-settled share-based payment transactions under IFRS 2	8				0.7	0.7
Total transactions with shareholders		0.3		432.2	0.7	433.1
Closing balance Dec 31, 2015		0.6	5.3	1,089.9	-67.7	1,028.1

Parent Company Cash Flow Statement

SEK million	Note	2015	2014
Operating activities			
Profit/loss after financial items		2.8	-19.2
Adjustment for items not included in the cash flow:			
Amortization and write downs on intangible assets	9	62.4	47.5
Depreciation and write downs on property, plant and equipment	9	6.9	6.1
Unrealized exchange rate differences		-10.5	-23.2
Share of profit/loss in associated companies		-	6.5
Other items not affecting cash flow		-0.5	6.2
Taxes paid		-	-
Cash flow from operating activities before changes in working capital		61.2	23.9
Cash flow from changes in working capital			
Increase (-)/decrease (+) in inventories		-4.6	1.1
Increase (-)/decrease (+) in operating receivables		-37.3	-38.4
Increase (+)/decrease (-) in operating liabilities		9.8	20.1
Cash flow from operating activities		29.1	6.8
Investments			
Continuous investments:			
Investments in intangible fixed assets	14	-64.7	-76.9
Investments in property, plant and equipment	15	-8.2	-6.3
Investments in financial assets		-36.1	-40.4
Cash flow after continuous investments		-80.0	-116.8
Acquisition of subsidiary company		-	-115.5
Cash flow after investments		-80.0	-232.3
Financing activities			
New share issue		461.9	166.1
Expenses related to IPO		-32.6	-
Sales of warrants, incentive program		3.1	0.1
Change in borrowing		-142.1	119.1
Cash flows from financing activities		290.3	285.3
Cash flow for the year		210.4	53.0
Cash and cash equivalents at the beginning of the year		73.5	20.6
Cash and cash equivalents at year-end	21	283.9	73.5

Notes

Note 1 General information

Tobii AB (publ) (the parent company), corporate identity number 556613-9654, is a Swedish limited liability company with its registered office in Danderyd, Sweden. The address of the head office is Karlsrovägen 2D, Danderyd, Sweden. Tobii AB (publ) and its subsidiaries (referred to collectively as the Group) is a global market-leading provider of eye-tracking solutions. A product with an integrated eye-tracking sensor knows what a user is looking at. This makes it possible to interact with computers and equipment using the eyes.

Tobii operates globally from its offices in Sweden, the USA (offices in Boston, Washington D.C., Pittsburgh and Mountain View), China, Japan, the UK, Germany, Norway, South Korea and Taiwan.

Note 2 Summary of important accounting principles

Basis on which the statements have been prepared

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and the interpretation statements of the International Financial Reporting Interpretations Committee (IFRIC) as approved by the European Commission for application within the EU. Furthermore, the Swedish Financial Reporting Board's Recommendation RFR 1, "Supplementary Accounting Rules for Groups" has also been applied.

The preparation of reports in accordance with IFRS requires the use of a number of important estimates for accounting purposes. It also requires that management carry out certain assessments when applying the Group's accounting policies. For areas that involve a high degree of assessment, which are complex or where assumptions and estimates are of material importance for the consolidated financial statements, see note 3.

Changes in accounting principles and disclosures

New standards applied by the Group from January 1, 2015:

IFRIC 21 Levies is an interpretation of IAS 37, 'Provisions, contingent liabilities and contingent assets'. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). IFRIC 21 deals with accounting of various forms of levies that can be imposed on a company by governments, or similar institutions, through laws and/or regulations. The interpretation provides guidance on what point in time the obligating event occurs, and requiring the recognition of a liability. The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy. IFRIC 21 has no material impact on the Group's financial statements.

Annual improvements to IFRSs 2011-2013 cycle

The project for annual improvements and 2011-2013 revises standards as follows:

IFRS 3 – the amendment clarifies that IFRS 3 cannot be applied when forming of any joint arrangement, which is accounted for in accordance with IFRS 11.

IFRS 13 – the amendment clarifies that the exception in IFRS 13 enabling certain portfolio valuations applies to all contracts (including non-financial contracts) which fall within the scope of IAS 39 or IFRS 9.

None of the IFRS amendments above have any material effect on the consolidated financial statements,

A number of new standards and interpretations come into effect for the fiscal year starting after January 1, 2015 and have not been

applied in the preparation of these financial statements. None are expected to have any material effect on the consolidated financial statements, with the exception of those presented below:

New standards and interpretations not yet adopted by the Group:

IFRS 9, "Financial instruments" addresses classification, measurement and recognition of financial assets and liabilities. The complete version of IFRS 9 was issued in July 2014 and replaces those parts of IAS 39 that address classification and measurement of financial instruments. The standard is to be adopted for the fiscal year beginning January 1, 2018. Early adoption is permitted. The Group has yet to assess the effects of implementation of the standard.

IFRS 15, "Revenue from contracts with customers" regulates recognition of revenue. The principles on which IFRS 15 are based will give users of financial statements more useful information about the company's revenue. The new standard replaces IAS 18, "Revenue", and IAS 11, "Construction contracts" as well as related SIC and IFRIC. IFRS 15 comes into effect on January 1, 2017. Early adoption is permitted. The Group has yet to assess the effects of implementation of the standard.

IFRS 16 Leases" In January 2016, IASB issued a new lease standard that will replace IAS 17 Leases and the related interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires assets and liabilities arising from all leases, with some exceptions, to be recognized on the balance sheet. This model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. The accounting for lessors will in all material aspects be unchanged. The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted. EU has not yet adopted the standard. The group has not yet assessed the impact of IFRS 16.

No other IFRS or IFRIC interpretations that have not yet come into effect are expected to have any material impact on the Group.

Functional currency and dates

The parent company's functional currency is the Swedish krona (SEK), which is also the reporting currency for the parent company and the Group. This means that the financial statements are presented in Swedish krona. Unless otherwise stated, all amounts are rounded to the nearest million (SEK million). Amounts in parentheses refer to the previous year. Income statement items refer to the period January 1 – December 31, while balance sheet items refer to December 31.

Consolidation principles

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to or has rights to variable returns from its interest in the entity and can affect the returns through its control in the entity. Subsidiaries are included in the consolidated financial statements as of the date on which control was transferred to the Group. They are excluded from the consolidated financial statements as of the date on which control ceases.

Subsidiaries are recognized according to the acquisition method. Cost consists of the fair value of transferred assets, liabilities and shares issued by the Group. The purchase price also includes the fair value of all assets or liabilities arising as a result of an agreement on conditional purchase price. Acquisition-related costs are recognized as an expense when they arise. Identifiable acquired assets and assumed liabilities in a business combination are initially measured at fair value on the date of acquisition.

When cost in a business combination exceeds the fair value of the acquired assets and assumed liabilities, as well as any contingent liabilities recognized separately, the difference is recognized as goodwill. When the difference is negative, it is recognized in the statement of comprehensive income.

The subsidiaries' financial statements are included in the consolidated financial statements from the date of acquisition until such time as controlling interest is relinquished. When the Group no longer has controlling interest, all remaining holdings are recognized at fair value from the date on when controlling interest ceases. Changes in the carrying amount are recognized in the income statement. The fair value is applied as the initial carrying amount and is the basis for continued recognition of the remaining interest as an associated company, joint venture or financial asset. All amounts referring to the divested entity previously recognized in Other comprehensive income are recognized as though the Group had directly divested the related assets or liabilities. Amounts previously recognized in Other comprehensive income may consequently be reclassified to profit/loss.

Associated companies

Associated companies are entities in which the Group has a significant influence but not a controlling interest, usually associated with a shareholding of between 20 and 50 percent of the voting rights. Holdings in associated companies are recognized in line with the equity method. According to the equity method, the investment is initially measured at cost and the recognized value increases or decreases thereafter pursuant to the Group's share in the associated company's profit or loss after the date of acquisition.

If the participating interest in an associated company decreases but the investment continues to be classified as an associated company, only a proportional amount of the profit or loss previously recognized in Other comprehensive income is reclassified to profit/loss.

The Group's share of the profit/loss arising after the acquisition is recognized in the income statement, and its share of changes in other comprehensive income after the acquisition, is recognized in Other comprehensive income with the corresponding change in the carrying amount of the shareholding. When the Group's share in an associate company's losses is equal to or exceeds its holding in the associate company, including any unsecured receivables, the Group does not record any additional losses unless the Group has assumed legal or informal obligations or made payments on behalf of the associate company.

The Group evaluates in conjunction with the end of each reporting period if there is objective evidence of an impairment requirement for the investment in the associated company. In such a case, the Group calculates the amount of impairment as the difference between the associated company's recoverable amount and its carrying amount, and records this amount in "Share of profit/loss in associated companies" in the income statement.

Transactions eliminated on consolidation

Intra-Group receivables and liabilities, income or expense, unrealized gains or losses that arise from intra-Group transactions are eliminated in their entirety in the preparation of the consolidated financial statements. Unrealized gains that arise from transactions with associated companies and jointly controlled entities are eliminated to the extent that corresponds to the participating interest in the entity. Unrealized losses are eliminated in the same manner as unrealized gains, but only to the extent there is no indication of an impairment requirement.

Segment reporting

The Group conducts its business through three business units, Tobii Dynavox, Tobii Pro and Tobii Tech, each of which has its own distinct

markets, products and organizations. The Company reports each business unit as a separate segment. For further description of each segment see pages 10-27.

Operating segments are reported in a manner consistent with the internal reporting presented 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. This function has been identified as Group management in this Group.

Group Management used primarily net sales, operating profit/loss before depreciation, amortization and write-downs (EBITDA), operating profit/loss and investments in research and development in its analysis of the business units' performance.

Net sales per geographic market are separated into the following markets: North America, Europe and other countries.

The same accounting principles applied to the consolidated Group also apply to the business segments.

Foreign currency

Transactions in foreign currency

Transactions in foreign currency are translated into the functional currency at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currency are translated into the functional currency at the exchange rates prevailing on the balance sheet date. Non-monetary assets and liabilities recognized at historic cost are translated at the exchange rates prevailing on the date of the transaction. Non-monetary assets and liabilities recognized at fair value are translated into the functional currency at the exchange rate prevailing on the date fair value measurement was applied. Exchange rate differences that arise on the translations are recognized in the income statement, both in operating profit/loss and in net financial items depending on the nature of the underlying transactions.

	Closing rate		Average rate	
	2015	2014	2015	2014
EUR	9.231	9.596	9.455	9.182
USD	8.507	7.887	8.541	6.953
JPY	0.070	0.066	0.070	0.065

Foreign entities' financial statements

The functional currency is the currency in the primary economic environment in which the entity operates. Assets and liabilities in foreign operations, including goodwill and other consolidated surpluses and deficits, are translated from the foreign entities' functional currency to the Group's presentation currency, Swedish krona, at the exchange rate prevailing on balance sheet date. Income and expenses in a foreign entity is translated to Swedish krona at an average rate that is an approximation of the exchange rates pertaining on the dates of the transactions respectively. Translation differences that arise on the translation of foreign entities are recognized in Other comprehensive income as a translation reserve. When a foreign entity is divested, the accumulated translation differences attributable to the entity are recognized in the consolidated statement of comprehensive income.

Income

General

The Group recognizes an income in the statement of comprehensive income when its amount can be measured reliably and it is probable that future economic benefits will accrue to the Group. Income is recognized net after VAT at the fair value of the amounts received or expected to be received, less any granted discounts.

Sale of goods

Tobii's income from goods consists primarily of the sale of self-manufactured products at fixed prices. Income from the sale of goods is recognized when a Group company has delivered the products and all significant risks and benefits associated with ownership of the goods have been transferred to the buyer. If there is significant uncertainty regarding payment, associated expenses or risk of return, income is not recognized.

Service assignments

Income from services consists primarily of support, service contracts, installations, consultancy assignments and training. These services are provided either based on time and material, and income is recognized in the period during which the service is rendered—or as fixed-price agreements during a defined period and income is recognized in the period during which the service is rendered, allocated on a straight-line basis over the term of the agreement.

Rental income

Income and corresponding expenses regarding the renting out of Tobii's products are recognized in the period to which the rental refers.

Royalty income

Income from royalties is allocated in line with economic implications of the agreement in question.

Government grants

Government grants are recognized in the balance sheet as deferred income when there is reasonable assurance that the grant will be received and the Group will fulfill the terms associated with the grant. Grants are allocated systematically in the income statement in the same manner and over the same periods as the expenses for which the grants are intended to compensate.

Government grants related to assets are reported in the balance sheet as deferred income and allocated over the asset's useful life as operating income.

Leasing

Tobii has no assets leased through finance leases, i.e. leases where all significant risks and benefits associated with ownership of the leased asset have been transferred to the Group.

Leases where all significant risks and benefits associated with ownership are retained by the lessor are classified as operating leases. All leases are classified and recognized as rental agreements, meaning that the lease fees are recognized as expenses and allocated over the duration of the agreement based on utilization, which may differ from what is actually paid as lease fees during the year. Tobii's leases refer primarily to the rental of offices and leasing of machinery.

Financial income and expenses

Financial income and expenses consist of interest income on funds in banks, receivables and interest expenses on borrowings, exchange rate differences, and unrealized and realized gains on financial investments within the financial activities.

Exchange rate differences attributable to financial receivables and liabilities are recognized among financial items in the income statement. Exchange rate differences attributed to operating items are recognized in the respective item in the income statement and included in operating profit/loss.

Interest expenses on costs of assets (according to IAS 23) for so-called qualified assets are capitalized if it can be traced without difficulty to the specific asset and interest expenses can be considered

of material significance. Expenses for borrowing are recognized in the period to which they refer.

Taxes

Income tax comprises current tax and deferred tax. Income tax is recognized in the income statement except when the underlying transaction is recognized directed in equity or other comprehensive income, in which case the associated tax effect is recognized in equity or other comprehensive income respectively. Current tax is tax that is to be paid or received the current year, with application of the tax rates adopted, or adopted in practice, on the balance sheet date. Also included in current tax are adjustments to current tax attributable to previous periods.

Deferred tax is calculated according to the balance sheet method on the basis of temporary differences between the recognized and tax values and carrying amounts of assets and liabilities. The following temporary differences are not considered: temporary differences arising on initial recognition of goodwill, the initial recognition of assets and liabilities that are not business combinations and do not influence either recognized or taxable profit/loss on the date of transaction.

Furthermore, temporary differences attributable to interests in subsidiaries and associated companies that are not expected to be reversed within the foreseeable future. The measurement of deferred tax is based on how the carrying amounts of assets or liabilities are expected to be realized or settled. Deferred tax is measured at the tax rate expected to be applied and tax laws that have been enacted or in practice by the balance sheet date.

Deferred tax assets on deductible temporary differences and loss carry-forwards are recognized only to the extent it is likely they can be utilized. The value of deferred tax receivables is reduced when it is no longer considered likely that they can be utilized.

Any income tax surcharges arising in conjunction with the payment of dividends are recognized at the same time the dividend is recognized as a liability.

Financial instruments*Recognition and measurement of financial instruments*

Financial instruments recognized in the Tobii Group's balance sheet includes among the assets accounts receivable, cash and cash equivalents and other financial assets. Among the liabilities are accounts payable, non-current liabilities and other financial liabilities.

The Group classifies its financial instruments in the following categories: Loans receivable and Accounts receivable and Other financial liabilities. Tobii has no instruments in the category Financial assets and liabilities measured at fair value via profit or loss.

Loan receivables and accounts receivable are non-derivative financial assets with fixed or determinable payments and that are not listed in an active market. These receivables arise when companies provide money, goods and services directly to borrowers with no intention of trading in the rights to the receivables.

Other financial liabilities are liabilities not held for trading and measured in subsequent periods at accrued cost.

Accounts receivable

Accounts receivable are classified into the categories Accounts receivable and Loans receivable. Accounts receivable are recognized at the amounts expected to be received after deductions for individually assessed doubtful receivables. The expected maturity of accounts receivable is short, and values are recognized at nominal amount with no discounts. A provision for impairment of accounts receivable is made when there is objective evidence that the Group will not receive all amounts due under the original terms and conditions of the receivables. Impairment of account receivable is recognized in operating expenses.

Cash and cash equivalents

The Group's cash and cash equivalents consist of cash and bank balances, as well as short-term liquid investments with a remaining maturity of three months or less that are exposed to only an insignificant risk of fluctuation in value.

Accounts payable

Account payables are classified into the category Other financial liabilities. These are commitments to pay for goods or services acquired in operating activities from suppliers and are classified as current liabilities if they mature within one year. The expected maturities of accounts payable are short and values are recognized at nominal amount with no discounts.

Inventories

Inventories are measured at the lower of the cost and the net realizable value. Net realizable value is the estimated selling price from operating activities less the estimated cost of production and sales.

Cost for inventories is calculated using the first-in-first-out method (FIFO) and includes expenses that arise on acquisition and transportation of the inventory assets to their current location and condition. Cost for manufactured goods and work in progress includes a reasonable proportion of overhead based on normal capacity.

Property, plant and equipment

Owned assets

Property, plant and equipment is recognized as assets in the balance sheet if it is probable that future economic benefits will accrue to the Group and cost for the asset can be calculated reliably.

Property, plant and equipment is recognized in the Group at cost less accumulated depreciation and any impairment losses. Cost includes the purchase price and expenses directly related to transporting the asset to its location and in a condition so that it can be utilized as intended. Examples of directly related expenses included in cost are delivery and handling, installation, registration of title, and consultant and legal services.

Expenses for improving the performance of an asset beyond its original state increase the asset's carrying amount. Repair and maintenance costs are recognized as expenses.

Cost for proprietary property, plant and equipment include expenses for material, remuneration to employees, other manufacturing overhead that may apply and are deemed directly attributable to the asset.

Tobii does not apply component depreciation as the Group's assets are not of such a nature that cost can be divided and thereby give a different carrying amount than the one currently applied.

The carrying amount of property, plant and equipment is derecognized from the balance sheet on retirement or disposal, or when no future economic benefits are expected from the use or the retirement/disposal of the asset.

Gains or losses arising from retirement/disposal of an asset are the difference between the sales price and the carrying amount of the asset, less direct selling costs. Gains and losses are recognized as other operating income/expenses.

Borrowing costs

Borrowing costs directly attributable to purchase, design or production of an asset that takes considerable time to complete for its intended use or sale are capitalized together with the fixed asset if the costs can be directly attributed to the asset and if the costs can be deemed of material significance.

Depreciation principles

The straight-line basis for depreciation is used for all property, plant

and equipment. The following periods of depreciation are applied:

- Equipment, tools and installations 5 yrs
- Demonstration units 2 yrs

Computer equipment used in the Group are recognized as an expense when they arise.

Assets' residual value and useful lives are estimated every year. An asset is impaired if its recognized carrying amount exceeds its estimated recoverable amount.

Intangible assets

Goodwill

Goodwill consists of the difference between cost and the Group's share of the fair value of an acquired subsidiary's identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill has an indeterminate useful life and is not amortized, but tested annually for any possible impairment.

Research & development

Research and development costs are recognized as an expense immediately. Expenses for development projects (related to the design and testing of new or improved products) are capitalized in the balance sheet as intangible assets to the extent these expenses are expected to generate future economic benefits. Other development costs are recognized as expenses as they arise.

Development costs previously recognized as expenses are not capitalized as assets in the balance sheet in subsequent periods. Direct expenses include personnel costs for development employees and a proportion of the indirect costs.

Amortization of capitalized development costs commences when the product is available for general use and reassessment of the useful life amortization is done annually.

The unamortized amount of capitalized development is tested for impairment annually (in accordance with IAS 36) when the products resulting from the development are not yet available for sale.

- Capitalized development costs, amortization period 2–4 yrs

Trademarks

Trademarks acquired through business combinations are recognized at fair value on the day of acquisition. The Group's acquired trademarks have an indeterminate useful life and are not amortized, but tested annually for any possible impairment.

Patents

Expenses for patents are capitalized in the balance sheet and amortized on a straight-line basis over its estimated useful life.

Software

Development and maintenance costs for software are normally recognized as expenses as they arise. Those directly associated with development of identifiable, unique software products controlled by the Group and that will probably generate economic benefits over a period of more than one year are recognized as intangible assets. Capitalized software expenses are amortized on a straight-line basis over the estimated useful life.

Impairment

The recognized values of the Group's assets are tested at each balance sheet date to assess whether there is evidence of impairment. The Group applies IAS 36 for impairment testing of assets other than financial assets, inventories and deferred tax assets. The asset's recoverable amount is calculated if there is indication of impairment loss. Assets exempted according to the above are tested in accordance with the relevant standard.

Impairment testing for property, plant and equipment, intangible assets and participations in subsidiaries, associated companies and joint ventures

If there is indication of impairment, the asset's recoverable amount is calculated according to IAS 36 (see below). The recoverable amount is calculated annually for goodwill and other intangible assets with indeterminate useful lives and intangible assets not yet ready for use.

If it is not possible to determine largely independent cash flow to an individual asset when testing for impairment, then assets are to be grouped at the lowest level at which largely independent cash flows can be identified (cash-generating units). Impairment loss is recognized when an asset or cash-generating unit's carrying amount is higher than its recoverable amount. Impairment is recognized in the income statement.

Impairment of assets attributable to cash-generating units (group of units) is initially allocated to goodwill. Thereafter, other assets included in the unit (group of units) are proportionally impaired.

Reversal of impairment

Impairment of goodwill is not reversed. Impairment of other assets is reversed if there has been a change in the assumptions that formed the basis for calculating the recoverable amount. Impairment is reversed only to the extent the asset's carrying amount after reversal does not exceed the carrying amount the asset would have had if impairment had not been recognized, with consideration to the depreciation/amortization that would have been recognized.

Share capital

Dividends

Dividends are recognized as a liability after the shareholders' meeting has approved the dividends.

Earnings per share

The calculation of earnings per share is based on the year's profit/loss in the Group attributable to the parent company's shareholders and the weighted average number of outstanding shares during the year.

When calculating earnings per share after dilution, the profit/loss and average number of shares are adjusted to take into account the effects of potential dilutive ordinary shares that, during the reporting period, stem from the long-term incentive program.

Employee benefits

Defined-contribution retirement plans

Commitments concerning premiums for defined-contribution plans are recognized as an expense in the income statement as they arise. Defined-contribution plans are those plans where the company's obligations are limited to the contributions the company has committed to pay. In such cases, the size of the employee's retirement benefit is dependent on the contributions that the company pays into the plan or insurance company, and the returns on capital that these premiums generate. Subsequently, it is the employee who bears the actuarial risk (that benefits are lower than expected) and the investment risk (that invested assets will be insufficient to generate the expected benefits).

Defined-benefit retirement plans

The Group's net obligation regarding defined-benefit plans are calculated separately for each plan through an estimation of the future benefits the employee has earned through employment in both current and previous periods; this benefit is discounted to a present value. The Group has no defined-benefit plans at present.

Severance pay

A provision is recognized in conjunction with terminations of employees only if the company is formally obliged to prematurely terminate employment or when remuneration is offered as an incentive to initiate voluntary redundancy.

Share-based compensation to employees

The Group applies IFRS 2 for a share-based remuneration plan that began in 2008 and is recognized as equity-settled share-based transactions in accordance with IFRS 2. Expenses for employee stock options and warrants are measured at fair value, allocated over the duration of the program and recognized in equity. The Group recognizes a reserve for accrued social security contributions for the program based on the calculated taxable benefits payable to participants. The fair value of the employee stock options and warrants are calculated using Black& Scholes pricing model.

Provisions

A provision differs from other liabilities in that there is a certain prevailing uncertainty about the date of payment or the amount required to clear the provision. A provision is recognized in the balance sheet when the Group has an existing legal or informal commitment as a result of an event that has occurred, and it is probable that an outflow of economic resources will be required to settle the commitment and the amount required can be estimated reliably.

In those cases when the effect of when payment is made is material, discounting is made of expected future cash flow at an interest rate before tax that reflects actual market assessments of the time value of money and, if applicable, those risks associated with the liability.

Guarantees

A provision for guarantees is recognized when the underlying products or services are sold. The provision is based on historical data regarding guarantees and a considered evaluation of the potential outcomes in relation to the probabilities associated with those outcomes.

Parent company's accounting principles

The parent company has prepared its annual report in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 "Accounting for Legal Entities". The statements issued by the Swedish Financial Reporting Board that apply to publicly listed companies have also been applied. RFR 2 requires that the parent company in the annual report for the legal entity apply all the IFRS and statements adopted by the EU to the extent that these correspond with the framework of the Swedish Annual Accounts Act and the Swedish Pension Obligations Vesting Act, taking account of the association between accounting and taxation. The recommendation specifies which exemptions from and additions to IFRS are to be observed.

Classification and presentation methods

The Parent Company's income statement and balance sheet are set out in accordance with the Swedish Annual Accounts Act's schedule. The difference compared with IAS 1, "Presentation of Financial Statements" which is applied in the presentation of the consolidated financial statements, relates primarily to the recording of financial income and expenses, non-current and current assets, equity and the presence of provisions as a separate heading in the parent company's balance sheet.

At the close of 2015, the parent company had unutilized credit facilities for a total of SEK 170 million, with tenors through March 2019. Liquidity in the Group's operating companies, exceeding that which is required to manage the need for working capital, is regularly assessed by the Group-wide function regarding if and how this excess liquidity is to be invested in accordance with limits established by the Board.

Note 3 Financial risks and risk management

Tobii, through its international operations, is exposed to financial risks that are managed in accordance with the policies adopted by the Board of Directors. The exposure comprises mainly currency risk, interest rate risk, credit risk and financing and liquidity risk.

Currency Risk

Currency risk refers to the risk that fluctuating exchange rates will have a negative impact on the Group's net profit/loss, balance sheet or cash flows. The Group prepares its financial statements in SEK and SEK is the Group's functional currency. Currency exposure arises when products and services are bought or sold in other currencies than the local currencies used by the respective subsidiaries (transaction exposure), and when the balance and income statements from non-Swedish subsidiaries are converted to SEK (translation exposure). Tobii's global operations give rise to significant cash flows in currencies other than SEK. Tobii is mainly exposed to changes in EUR, USD and JPY in relation to SEK. The table below illustrates the effect of a (+/-) 10% exchange rate change of these three currencies against the SEK on the Group's 2015 operating profit.

Tobii continuously assesses the impact of the trends of the most important currencies and adjusts its currency hedging as needed. Presently Tobii does not use any currency hedge.

	Change	EBIT effect
USD	10 %	-1.9 SEK million
EUR	10 %	12.2 SEK million
JPY	10 %	3.0 SEK million

Interest rate risk

Interest rate risk arises when changes in market interest rates affect interest income from the Group's interest-bearing assets and interest expense on the Group's interest-bearing liabilities, which affects the Group's net interest and cash flow.

Based on the interest-bearing assets and liabilities at the close of 2015, an increase of 1 percentage (100 basis points) is calculated to have reduced the Group's profit before tax by SEK 3.7 million in 2015 and 0.1 in 2014.

Credit risk

Credit risk is the risk that a customer or other party in a transaction involving a financial instrument is unable to fulfill its commitments. Credit risk arises in the context of cash and cash equivalents, other balances with banks and financial institutions, and credit exposure through accounts receivable.

The amount of the credit risk is assessed for each customer. In markets where Tobii has its own sales company, the company is responsible for marketing and sales to the customer. In other markets, Tobii collaborates with a network of agents and distributors, whose capacity to carry losses can impact the Group. The maximum exposure to credit risks regarding financial assets is equivalent to the reported value of each category, in note 22. The maturity profile of outstanding accounts receivable is presented in note 18.

Financing and liquidity risk

The Group's objective is to have a capital structure that secures its capacity to continue its operations while keeping the cost of capital low. By the close of 2015 Tobii had repaid bank loans in the amounts of USD 5 respective 6 million obtained from Swedbank AB (publ) on May 21, 2014. In order to finance additional investments in R&D, Tobii may require new bank loans or issue new shares. Access to external financing is dependent upon factors such as market conditions, general access to credit and Tobii's creditworthiness. There is a risk that Tobii is not able to secure such financing with favorable terms.

To manage these uncertainties and risks all of the Group's operating companies prepare cash flow forecasts that are aggregated to consolidated Group values by the finance department. The forecasts are followed up regularly to ensure that the Group has sufficient cash funds to meet the estimated needs of its operations. To facilitate liquidity planning and management, the Group has credit facilities (bank overdraft facilities) with long maturities. At the close of 2015, Tobii had unutilized credit facilities for a total of SEK 170 million, with tenors through March 2019. To a certain extent the Group also has the option to change the rate at which investments are made so as to adapt the yearly capital needs to the Group's actual financial resources.

Note 4 Important estimates and assessments when applying the accounting policies

The preparation of financial statements in accordance with IFRS requires that corporate management make assessments when applying the accounting policies. Management also makes estimates and assumptions about the future that are based on past experiences and a number of other factors that under the prevailing circumstances appear reasonable. The results of these estimates and assumptions are then used to determine the carrying amounts of assets and liabilities not otherwise clearly evident from other sources. The actual outcome may deviate from these estimates and assumptions.

These estimates and assumptions are reviewed regularly. Changes in estimates are recognized in the period in which the change is made if the change affects only that period, or in the period the change is made and future periods if the change affects both the actual period and future periods. Areas where estimates and assumptions could imply a significant risk for adjustments in the reported values of assets and liabilities during the coming fiscal year are primarily:

Capitalized expenses for product development

Expenses for development projects are capitalized to the extent the expenditure can be expected to generate economic benefits. Capitalization commences when management judges that the product will be technically or economically viable. Capitalization ceases and amortization of capitalized development expenses commences when the product is ready for sale. Capitalized development expenses are subject to annual impairment testing whereby an assessment is made on the technical and economic value of the product.

Testing of impairment for goodwill and trademarks

The Group tests annually for impairment for goodwill, capitalized expenses for product development and trademarks in accordance with the Company's accounting policies. The test requires an estimation of parameters that affect the future cash flow and determination of a discount factor. Forecasts for future cash flows are based on the best possible estimation of future income and operating expenses. For more information regarding intangible assets and a description of impairment testing, assumptions and sensitivity analysis, see note 14.

Measurement of loss carry-forwards

Deferred tax assets on loss carry-forwards are recognized to the extent that it is deemed probable that future tax surpluses will be available against which the deduction can be offset. Deferred tax assets in the balance sheet amounted to SEK 49.7 million (42.6) and the loss carry-forwards will, according to the Group's forecasts, be applied against future profits. The reported tax assets are impacted by the estimates and assessments used to forecast future taxable profits and tax regulations and our forecasts indicate that the loss carry-forwards can be applied to future surpluses. See note 13 for more information about the Group's deferred taxes.

Note 5 Sales and earnings per business unit

To manage operations, Group management monitors a number of key ratios, mainly net sales, operating profit/loss and operating profit/loss before depreciation and amortization per business unit, as well as net sales per geographic area.

Sales per business unit

SEK million	2015	2014
Tobii Dynavox	740.3	441.7
Tobii Pro	209.5	167.3
Tobii Tech	58.6	36.6
Others	0.4	4.3
Eliminations ¹⁾	-41.4	-29.3
Group	967.3	620.6

1) Eliminations refer entirely to sales from business unit Tobii Tech to Tobii Dynavox and Tobii Pro.

Operating profit/loss before depreciation and amortization (EBITDA)

Tobii Dynavox	182.1	74.4
Tobii Pro	44.3	23.6
Tobii Tech	-145.2	-90.6
Others	-0.2	-1.9
Group	81.1	5.6

Operating profit/loss (EBIT)

Tobii Dynavox	119.0	41.9
Tobii Pro	21.2	12.9
Tobii Tech	-175.7	-121.6
Others	-0.2	-2.0
Group	-35.7	-68.9

Financial items, net	8.4	15.0
Profit/loss before tax	-27.3	-53.9

Net sales by geographic market

SEK million	2015	2014
Sweden	16.3	17.5
Europe	202.8	172.4
USA	599.2	342.0
Other countries	149.1	88.6
Total	967.3	620.6

Non-current assets by country

SEK million	2015	2014
Sweden	204.2	188.6
USA	192.8	183.2
Other countries	23.1	22.7
Total	420.1	394.6

Note 6 Rental commitments and significant leasing commitments

Committed future payments in the Group for non-cancellable operating leases.

SEK million	Group		Parent company	
	2015	2014	2015	2014
Within 1 year	21.3	17.9	10.6	8.3
Between 2 - 5 years	44.8	37.4	8.2	18.7
Later than 5 years	31.5	-	-	-
Total commitments	97.6	55.3	18.8	26.9

Tobii's operating leasing commitments consist primarily of rent for premises.

This year's cost for operating leases:	21.5	15.9	9.5	7.7
--	------	------	-----	-----

Note 7 Auditors' fees

SEK million	Group		Parent company	
	2015	2014	2015	2014
PricewaterhouseCoopers, Sweden				
-Audit engagement	2.7	2.1	0.8	0.9
-Audit activities not included in audit engagement	7.8	1.6	3.9	1.6
-Tax consultancy services	-	-	-	-
-Other services	0.1	0.2	0.1	0.2
Total	10.7	3.9	4.8	2.6
Other auditors				
-Audit engagement	0.5	0.5	-	-
-Audit activities not included in audit engagement	0.1	0.0	-	-
-Tax consultancy services	1.3	0.9	-	-
-Other services	1.5	0.1	-	-
Total	3.5	1.5	-	-
Total audit fees	14.2	5.4	4.8	2.6

Note 8 Employees and personnel costs

Average no. employees	Of which women,		Of which women,	
	2015	%	2014	%
Parent company				
Sweden	213	25%	176	23%
Other countries	-		5	22%
Parent company total	213	25%	181	23%

Average no. employees

Subsidiaries				
USA	281	53%	188	52%
Norway	14	15%	14	16%
UK	4	23%	-	-
Germany	10	0%	8	0%
Japan	18	53%	15	43%
China	43	53%	61	63%
South Korea	2	50%	-	-
Subsidiaries total	371	50%	285	51%
Total average no. of employees	584	41%	467	40%

Salaries, remunerations and social costs

SEK million	Group		Parent company	
	2015	2014	2015	2014
Board, CEO and other senior executives	16.0	17.0	14.0	17.0
Other employees	348.2	232.9	121.4	97.6
Total salaries and remunerations	364.2	249.9	135.4	114.6
Defined-contribution retirement expenses	20.4	18.5	14.5	12.0
Other social costs	81.2	48.2	46.6	34.2
Total social costs	101.6	66.7	61.1	29.1
Total salaries, remunerations and social costs	465.8	316.5	196.5	160.8

Remuneration to the Parent Company's Board of Directors, Group CEO and other senior executives

2015					
MSEK	Board fee/ Basic salary	Defined- contribution benefits	Variable remuneration	Employee stock options	Total
Kent Sander	0.6	-	-	-	0.6
Anders Ösund	0.3	-	-	-	0.3
Åsa Hedin	0.3	-	-	-	0.3
Martin Gren	0.3	-	-	-	0.3
Nils Bernhard	0.3	-	-	-	0.3
Magnus Ericsson	0.2	-	-	-	0.2
John Elvesjö, Board member	-	-	-	-	-
Total Board of Directors	1.9	-	-	-	1.9
Henrik Eskilsson, CEO	2.5	0.3	0.4	0.2	3.4
John Elvesjö, Deputy CEO	2.0	0.2	0.3	0.2	2.7
Other senior executives (5 individuals)	7.3	1.1	1.7	0.2	10.3
Total senior executives	11.8	1.5	2.3	0.7	16.4
Total remuneration to the Parent Company's Board of Directors, Group CEO and other senior executives	13.7	1.5	2.3	0.7	18.2

Remuneration to the Parent Company's Board of Directors, Group CEO and other senior executives

2014					
MSEK	Board fee/ Basic salary	Defined- contribution benefits	Variable remuneration	Employee stock options	Total
Kent Sander	-	-	-	-	-
Arne Almerfors	0.3	-	-	-	0.3
Nils Bernhard	0.2	-	-	-	0.2
Hans Otterling	0.1	-	-	-	0.1
Martin Gren	0.1	-	-	-	0.1
Ian Cooper	-	-	-	-	-
Anders Ösund	-	-	-	-	-
Hermann Hauser	-	-	-	-	-
John Elvesjö, Board member	-	-	-	-	-
Total Board of Directors	0.6	-	-	-	0.6
Henrik Eskilsson, CEO	2.6	0.2	0.4	0.2	3.4
John Elvesjö, Deputy CEO	1.9	0.2	-	0.2	2.3
Other senior executives (6 individuals)	7.6	1.0	3.9	0.8	13.3
Total senior executives	12.1	1.4	4.3	1.2	19.0
Total remuneration to the Parent Company's Board of Directors, Group CEO and other senior executives	12.7	1.4	4.3	1.2	19.6

Changes in the number of outstanding options, incentive program

Thousands	Warrants		Employee stock options	
	2015	2014	2015	2014
At beginning of year	2,277	640	806	780
Allocated	164	1,857	-	143
Forfeited	-	-220	-	-117
At year-end	2,441	2,277	806	806

All warrants and employee stock options refer to senior executives, key employees and Board members.

Incentive program

Tobii has an incentive program for senior executives and a small group of key employees in the parent company. The program includes both warrants and employee stock options. The options are conditional on remaining in employment for large parts of the program's duration. Warrants are purchased by the employees at market price. The fair value of the warrants and employee stock options is calculated using the Black & Scholes pricing model. Assumptions which are used include volatility between 30 and 35%, interest rates between 0.8% and 2%, a time period from 4 to 5 years and exercise price from 0% to 100% mark-up relative to the share price at the start date.

Subscription terms for warrants and employee stock option program

2010/2014 Series 1 entitles the warrant holder to subscribe for one Tobii AB share at a price of SEK 38 per share during a fixed period in 2019. There are a total of 130,000 warrants outstanding in the series.

2010/2014 Series 3 entitles the employee stock option holder to subscribe for one Tobii AB share at a price of SEK 19 per share during a fixed period in 2017/2018. There are a total of 169,000 employee stock options outstanding in the series.

2010/2014 Series 4 entitles the employee stock option holder to subscribe for one Tobii AB share at a price of SEK 19 per share during a fixed period in 2015/2016. There are a total of 117,000 employee stock options outstanding in the series.

2012:1 Series entitles the warrant holder to subscribe for one Tobii AB share at a price of SEK 40 per share during a fixed period in 2016/2017. There are a total of 60,000 warrants outstanding in the series.

2012:2 Series entitles the employee stock option holder to subscribe for one Tobii AB share at a price of SEK 20 per share during a fixed period in 2016/2017. There are a total of 78,000 employee stock options outstanding in the series.

2012:3 Series entitles the warrant holder to subscribe for one Tobii AB share at a price of SEK 34.50 per share during a fixed period in 2017. There are a total of 190,000 warrants outstanding in the series.

2012:4 Series entitles the employee stock option holder to subscribe for one Tobii AB share at a price of SEK 23 per share during a fixed period in 2016. There are a total of 247,000 employee stock options outstanding in the series.

2013:1 Series entitles the warrant holder to subscribe for one Tobii AB share at a price of SEK 34.50 per share during a fixed period in 2017. There are a total of 40,000 warrants outstanding in the series.

2013:2 Series entitles the employee stock option holder to subscribe for one Tobii AB share at a price of SEK 23 per share during a fixed period in 2017/2018. There are a total of 52,000 employee stock options outstanding in the series.

2014/16:1 Series entitles the employee stock option holder to subscribe for one Tobii AB share at a price of SEK 17.72 per share during a fixed period in 2016. There are a total of 117,000 employee stock options outstanding in the series.

2014/18:1 Series entitles the warrant/employee stock option holder to subscribe for one Tobii AB share at a price of SEK 26 per share during a fixed period in 2018. There are a total of 1,657,000 warrants/employee stock options outstanding in the series.

2014/18:2 Series entitles the employee stock option holder to subscribe for one Tobii AB share at a price of SEK 20 per share during a fixed period in 2018. There are a total of 26,000 employee stock options outstanding in the series.

2014/24:1 Series entitles the warrant holder to subscribe for one Tobii AB share at a price of SEK 20 per share during a fixed period between 2015 and 2024. There are a total of 200,000 warrants outstanding in the series.

2015/20:1 Series entitles the warrant holder to subscribe for one Tobii AB share at a price of SEK 26 per share for the period up to and including February 2020. There are a total of 164,000 warrants outstanding in this series.

Full utilization of outstanding options will entail a dilution effect of approximately 3.8% of the share capital.

Retirement benefits

Retirement benefits to the CEO and senior executives, as for all other Tobii employees, are paid to an insurance company or authority that assumes the obligations towards the employee, a defined-contribution plan. The Group has no defined-benefit plans, either in Sweden or in subsidiaries outside Sweden.

Severance pay

CEO Henrik Eskilsson, and other senior executives have employee contracts with up to six months mutual period of notice and the right to severance pay of four-month's salary under the condition that the Company is the party giving notice. Other senior executives have employee agreements with up to six month's mutual period of notice, without severance pay, or the longer period of notice that follows according to law. The CEO and other senior executives are not entitled to any additional compensation in conjunction with the termination of their employment.

Note 9 Depreciation/amortization and impairment of intangible assets and property, plant and equipment

SEK million	Group		Parent company	
	2015	2014	2015	2014
Intangible assets (note 14)	88.3	58.1	62.4	47.1
Property, plant and equipment (note 15)	28.4	15.9	6.9	6.1
Total depreciation/amortization	116.7	74.0	69.3	53.2
Impairment (note 4)	0.1	0.4	-	0.4
Total depreciation/amortization/impairment	116.8	74.4	69.3	53.6

Note 10 Expenses by type

SEK million	Group		Parent company	
	2015	2014	2015	2014
Cost for materials and changes in inventory	141.3	99.7	167.4	136.8
Costs for employee remuneration (note 7)	465.8	316.5	196.5	160.8
Other external expenses	277.9	204.6	143.3	104.9
Depreciation, amortization and impairments (note 8)	116.8	74.4	69.3	53.6
Total expenses	1,001.8	695.2	576.6	456.1

Note 11 Other operating income and operating expenses

SEK million	Group		Parent company	
	2015	2014	2015	2014
Other operating income				
Exchange rate differences in operating receivables and liabilities	46.0	21.2	45.7	21.1
Other income	1.4	0.7	4.7	2.9
Total other operating income	47.4	21.9	50.4	24.0
Other operating expenses				
Exchange rate differences in operating receivables and liabilities	-48.1	-21.0	-45.2	-17.8
Capital loss on sale of equipment	-	-0.1	-	-
Restructuring expenses	-3.6	-4.9	-	-
Other expenses	-0.7	0.0	-0.1	0.0
Total other operating expenses	-52.4	-26.1	-45.2	-17.8
Total other income and expenses	-5.0	-4.2	5.2	6.2

Note 12 Financial income and expenses

SEK million	Group		Parent company	
	2015	2014	2015	2014
Financial income				
Interest income and similar profit/loss items	0.3	0.7	0.1	0.6
Interest income, subsidiaries	-	-	21.4	12.0
Exchange rate differences	18.2	38.6	18.1	38.6
Total financial income	18.5	39.3	39.6	51.2
Financial expenses				
Share of profit/loss in associated companies (note 17)	0.0	-6.5	0.0	-6.5
Interest expenses and similar profit/loss items	-2.5	-2.3	-2.4	-2.3
Exchange rate differences	-7.6	-15.4	-7.6	-15.4
Other	0.0	0.0	-	-
Total financial expenses	-10.1	-24.3	-10.0	-24.2
Total financial income and expenses	8.4	15.0	29.7	27.0

Note 13 Tax

SEK million	Group		Parent company	
	2015	2014	2015	2014
Current tax	-1.6	-0.5	-	-
Current tax attributable to previous years	0.0	0.0	-	-
Total current tax	-1.6	-0.5	-	-
<i>Deferred tax</i>				
Attributable to deferred tax assets	4.5	3.5	6.4	3.6
Attributable to deferred tax liabilities	-0.3	0.0	-	0.0
Total deferred tax	4.2	3.5	6.4	3.6
Total tax	2.7	3.0	6.4	3.6
<i>Deferred tax assets</i>				
Inventories	2.4	3.8	-	-
Non-current assets	2.7	3.1	-	-
Current liabilities	0.0	0.3	-	-
Current receivables	-	-	-	-
Loss carry-forwards	49.7	42.6	28.1	21.7
Total deferred tax assets	54.9	49.8	28.1	21.7
<i>Deferred tax liabilities</i>				
Other	0.9	0.6	0.0	0.0
Total deferred tax liabilities	0.9	0.6	0.0	0.0
The Group's unutilized loss carry-forwards for which no deferred tax assets are recognized amounted to SEK 175.8 million and SEK 144.2 million at the close of 2015 and 2014 respectively. None of the unutilized loss carry-forwards expire within the coming 5-year period. The majority of loss carry-forwards refer to subsidiaries in the US where current tax regulations allow a 20 year utilization period after the year in which the loss occurred. Subsequently, these loss carry-forwards expire between the years 2030 and 2035.				
Reconciliation of effective tax				
MSEK	Group		Parent company	
	2015	2014	2015	2014
Reported profit/loss before tax	-27.3	-53.9	2.8	-19.2
Tax according to current tax rate	6.0	11.8	-0.6	4.2
Difference in tax rate in foreign operations	4.2	0.8	-	-
Tax effect of non-deductible expenses	-0.2	-0.6	-0.2	-0.6
Tax effect of IPO related expenses direct to equity	7.2	-	7.2	-
Deficit without corresponding tax asset	-15.4	-8.7	-	-
Use of previous year's deficit without tax asset	0.9	-	-	-
Adjustment of taxes attributable to previous years	0.0	-0.5	-	-
Other	-0.1	0.0	-	-
Total reported tax expense (-)/ tax income (+)	2.7	3.0	6.4	3.6
Effective tax rate	-10%	-6%	-232%	-19%

Note 14 Intangible assets**Goodwill**

SEK million	2015	2014
Opening acquisition cost	12.0	11.8
Translation differences	-0.3	0.2
Closing acquisition cost	11.7	12.0
Opening accumulated impairment	-11.7	-11.5
Translation differences	0.2	-0.2
Closing accumulated impairment	-11.5	-11.7
Net carrying amount	0.3	0.3

Capitalized expenses for product development

SEK million	Group		Parent company	
	2015	2014	2015	2014
Opening acquisition cost	480.6	336.4	374.6	302.7
Investments	85.9	89.2	58.2	71.8
Investments through business combinations	-	47.7	-	-
Disposals	-	-	-	-
Reclassifications	-0.8	-	-	-
Translation differences	0.8	7.4	-	-
Closing acquisition cost	566.5	480.6	432.7	374.6
Opening accumulated amortization	-261.7	-197.3	-219.0	-176.4
Disposals	0.0	-	-	-
Amortization through business combinations	-	-8.8	-	-
Amortization for the year (note 9)	-83.6	-53.4	-57.6	-42.2
Impairment for the year (note 9)	-0.1	-0.4	-	-0.4
Reclassifications	0.6	-	-	-
Translation differences	1.3	-1.9	-	-
Closing accumulated amortization	-343.5	-261.7	-276.6	-219.0
Net carrying amount	223.0	218.9	156.1	155.6

Trademarks

SEK million	2015	2014
Opening acquisition cost	88.8	-
Investments through business combinations ¹⁾	-	78.3
Translation differences	7.0	10.5
Closing acquisition cost	95.8	88.8
Net carrying amount	95.8	88.8

1) The 2014 value for Investments through business combinations is adjusted compared to the previously reported amount of SEK 71.4 million, due to adjustments made to the Purchase Price Allocation for the acquisition in May 2014 of Dynavox Systems LLC. For further information see note 31.

Other intangible assets ¹⁾

SEK million	Group		Parent company	
	2015	2014	2015	2014
Opening acquisition cost	23.1	18.0	22.5	17.4
Investments	6.5	5.1	6.5	5.1
Translation differences	-0.4	-	-	-
Closing acquisition cost	29.1	23.1	29.0	22.5
Opening accumulated amortization	-12.3	-7.4	-11.7	-6.8
Amortization for the year (note 8)	-4.7	-4.9	-4.7	-4.9
Translation differences	0.4	-	-	-
Closing accumulated amortization	-16.5	-12.3	-16.4	-11.7
Net carrying amount	12.6	10.8	12.6	10.8

1) Other intangible assets consists mainly of patents.

Intangible assets with indeterminate useful lives are tested annually for impairment or more often if there is indication of impairment. The recoverable amount of a cash-generating unit is defined on the basis of calculations of value in use.

These calculations are based on estimated future cash flows before tax based on financial budgets and forecasts that have been approved by company management and cover a five-year period. Cash flow forecasts are based on evaluations of growth rate expectations and EBITA margin developments (operating margin before amortization and impairments of intangible assets) that are based on the budget for next year, forecasts for the coming four years based on management's long-term expectations on operations, as well as the historical development. The calculated value in use is most sensitive to changes in the assumptions about growth rate, EBITA margin and discount rates. Applied assumptions are based on previous experiences and market trends. Cash flow forecasts for years 2-5 are based on an annual growth rate of 19 percent. Cash flows beyond the five-year period are extrapolated using an estimated long-term growth rate of between two to three percent. The discount rate used for calculating recoverable amounts is a maximum of 12.5 percent before tax. Required rates of return have been determined in view of the Group's future estimated capital structure and reflect the risks that apply for the different operating segments. According to the impairments tests carried out, there is no need of impairment for intangible assets with indeterminate useful lives as per December 31, 2015. A two percent increase in the discount rate, a two percent decrease in operating margin before amortization and impairment of intangible assets, or a two percent reduction of the assumed long-term growth rate do not, each by itself, mean a need for impairment would arise.

Trademarks with indeterminate useful lives and capitalized development expenses where amortization has not commenced:

SEK million	2015	2014
Tobii Dynavox	106.7	86.6
Tobii Pro	1.1	8.4
Tobii Tech	83.0	57.5
Total intangible assets subject to testing for impairment:	190.8	152.4

Note 15 Property, plant and equipment

SEK million	Group		Parent company	
	2015	2014	2015	2014
Opening acquisition cost	234.6	79.8	42.9	38.3
Investments	30.4	21.6	8.2	6.3
Investments through business combinations	-	110.3	-	-
Sale/disposal	-68.0	-5.6	-2.2	-1.6
Reclassifications	0.3	-	-	-
Translation differences	16.0	28.5	-	-
Closing acquisition cost	213.4	234.6	49.0	42.9
Opening accumulated depreciation	-203.6	-65.5	-35.5	-30.1
Sale/disposal	64.8	4.2	0.9	0.7
Depreciation through business combinations	-	-103.0	-	-
Depreciation for the year (note 9)	-28.4	-15.7	-6.9	-6.1
Impairment for the year (note 9)	-	-	-	-
Reclassifications	-1.2	-	-	-
Translation differences	-13.2	-23.6	-	-
Closing accumulated depreciation	-181.6	-203.6	-41.6	-35.5
Net carrying amount	31.8	31.0	7.4	7.4

Note 16 Participations in Group Companies

SEK million	Parent company	
	2015	2014
Acquisition cost		
Opening value at beginning of year	155.9	40.4
Acquisitions	-	115.5
Total acquisition cost	155.9	155.9

Subsidiary to Parent company	Carrying amount			
	No. of shares	Participating interest, %	Dec. 31 2015	Dec. 31 2014
Tobii Technology Inc., 20-3779947, Falls Church, VA, USA	100	100	0.2	0.2
Tobii Technology Norge AS, 834962322, Bergen, Norway	51	100	8.5	8.5
Tobii Technology GmbH, HRB 78844, Frankfurt, Germany	1	100	0.2	0.2
Tobii Technology Options AB, 556740-3364, Danderyd, Sweden	100,000	100	0.1	0.1
Tobii Assistive Technology Inc., 04-3284593, Boston, MA, USA	100	100	130.7	130.7
Tobii Electronics Technology Suzhou Co., Ltd., 68160915-2, Suzhou, China	1	100	9.8	9.8
Tobii Electronics Trading Suzhou Co., Ltd., 32170057256284-2, Suzhou, China	1	100	2.2	2.2
Tobii Technology Japan Ltd., 0104-01-075455, Tokyo, Japan	524	87	4.1	4.1
T Analysis AB, 556914-7613, Stockholm, Sweden	50,000	100	0.1	0.1
T Assistive AB, 556914-7563, Stockholm, Sweden	50,000	100	0.1	0.1
Total acquisition costs in subsidiaries			155.9	155.9

Note 17 Participation in associated companies

SEK million	Group		Parent company	
	2015	2014	2015	2014
Reported value at the beginning of the year	-	5.0	0.0	5.0
Share of profit/loss after tax in associated company	-	-6.5	0.0	-6.5
Investment in associated company	-	1.5	0.0	1.5
Carrying amount at year-end	-	0.0	0.0	0.0

2014

Associated company	Country	Income	Profit/loss	Total profit/loss	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Equity	Part. int., %
Sticky AB	Sverige	6,8	-22,9	-22,9	9,5	10,9	11,1	5,1	5,2	30,5
Totalt		6,8	-22,9	-22,9	9,5	10,9	11,1	5,1	5,2	

The carrying amount of Tobii's participation in Sticky AB was zero at the close of 2014. During 2015, Tobii's participating interest in Sticky AB has decreased from 30.5 percent to 16.5 percent. Tobii no longer identifies Sticky AB as an associate company in the Group and in accordance with IFRS 12 "Disclosure of Interest in Other Entities" Tobii does not disclose the 2015 earnings and financial position of Sticky AB.

Note 18 Accounts receivable

SEK million	Group		Parent company	
	2015	2014	2015	2014
Accounts receivable	224.0	176.1	41.3	40.5
Accounts receivable, subsidiaries	-	-	38.2	49.2
Bad debts provision	-55.3	-28.3	-5.2	-5.4
Exchange rate effect	0.0	0.0	0.0	0.3
Total accounts receivable	168.7	147.8	74.3	84.6

Maturity analysis

Not yet due	136.5	90.5	33.1	27.4
1-30 days overdue	15.8	17.3	2.4	5.3
31-60 days overdue	10.0	11.9	0.8	0.5
61-90 days overdue	7.7	13.7	0.5	0.1
Over 90 days overdue	53.9	42.3	4.5	7.3
Closing balance	224.0	175.6	41.4	40.7

Changes in the reserve for doubtful accounts receivable:

As at January 1	28.3	18.8	5.4	3.5
Provision for bad debts	35.4	15.5	1.3	1.6
Receivables written off during the year as uncollectible	-11.4	-5.4	-	0.0
Unused amount reversed	-6.6	0.0	-1.4	0.0
Exchange rate effect	9.6	-0.6	-0.1	0.3
At December 31	55.3	28.3	5.2	5.4

Note 19 Inventories

SEK million	Group		Parent company	
	2015	2014	2015	2014
Raw materials and consumables	17.5	7.4	14.0	11.2
Finished products	25.0	41.8	10.6	8.3
Work in process	0.5	0.6	0.1	0.5
Advances to suppliers	2.8	1.5	-	-
Total inventories	45.8	51.3	24.7	20.1

Costs for inventory which has been expensed are included in the item Cost of goods sold and amounts to SEK 141.3 million (99.7 in 2014).

Note 20 Prepaid expenses and accrued income

SEK million	Group		Parent company	
	2015	2014	2015	2014
Accrued income	0.4	0.2	0.0	-
Prepaid rent/leasing	3.2	2.7	2.5	2.2
Prepaid insurance	4.3	3.5	0.7	0.4
Prepaid license fees	2.2	4.6	1.3	4.6
Other items	11.7	7.8	5.8	3.8
Total prepaid expenses, accrued income	21.7	18.8	10.4	11.0

Note 21 Cash and cash equivalents

SEK million	Group		Parent company	
	2015	2014	2015	2014
Cash and bank balances	370.9	119.4	283.9	73.5
Total cash and cash equivalents	370.9	119.4	283.9	73.5

Note 22 Financial instruments by category in the Group

The Group classifies its financial instruments in the following categories: Loans receivable and Accounts receivable and Other financial liabilities. Tobii has no instruments in the category Financial assets and liabilities measured at fair value via profit or loss. For further information about Tobii's financial instruments see note 18 and note 26.

SEK million	Group	
	2015	2014
Accounts and loans receivables		
Accounts and other receivables, excl interim receivables ¹⁾	176.9	162.1
Other financial assets	1.6	3.0
Cash and cash equivalents	370.9	119.4
Total accounts and loan receivables	549.4	284.5
Interest-bearing liabilities		
Non-current interest-bearing liabilities	-	77.1
Current interest-bearing liabilities	-	57.4
Total interest-bearing liabilities	-	134.5

Non interest-bearing liabilities

Accounts payable and other financial liabilities, excl. non-financial liabilities ²⁾	68.8	71.6
Total non interest-bearing liabilities	68.8	71.6
Total liabilities	68.8	206.1

1) Advance payments are excluded from accounts and other receivables as the analysis is required on for financial instruments.

2) Non-financial liabilities, including accrued social security contributions, are excluded as the analysis is required only for financial instruments.

Note 23 Development of share capital

Development of share capital TSEK	Change in share capital (SEK 000)	Share capital (SEK 000)	Total no. of shares
2001 Founding	100	100	10,000
2001 New share issue	2	102	11,768
2003 New share issue	28	130	13,014
2005 New share issue	0	130	15,222
2006 New share issue	3	133	15,501
2007 New share issue	40	173	19,451
2008 New share issue	3	176	19,751
2009 Split 1:2000	0	176	39,502,000
2009 New share issue	25	201	44,620,000
2010 New share issue	22	223	49,096,000
2011 New share issue	20	265	53,149,980
2012 New share issue	33	298	59,512,719
2014 New share issue	46	344	68,886,883
2015 Bonus issue	156	500	68,886,883
2015 New share issue (Initial Public Offering)	136	636	87,613,033

Equity in the Group comprises share capital, other contributed capital, reserves and earned profits (incl. net profit/loss for the year).

Group*Share capital*

The number of shares amounts to 87,613,033 with a quotient value of SEK 0.0073 at December 31, 2015.

Reserves

Reserves comprise translation reserves that include all exchange rate differences that arise on translation to SEK of foreign operations' financial statements prepared in the currency used in the economic environment where the respective company operates (functional currency). The parent company and the Group prepare their financial statements in SEK.

Earned profits

Earned profits in the Group comprise the profit/loss for the year and previous year's earned profits after payment of any dividends. Dividends are proposed by the Board. The Board proposes that no dividends be paid for fiscal year 2015.

Note 24 Reserves in equity

The item Reserves in equity refers entirely to translation differences.

Note 25 Provisions

SEK million	Group		Parent company	
	2015	2014	2015	2014
Provisions for guarantees				
At beginning of year	3.6	3.6	3.0	3.4
Provisions during the year	-1.3	4.0	-1.1	3.0
Utilized during the year	-0.6	-4.0	-0.6	-3.3
Translation differences	-0.3	-	-	-
Total provisions for guarantees	1.5	3.6	1.4	3.0
Total provisions	1.5	3.6	1.4	3.0

Tobii makes no provisions for retirement obligations as the Group's retirement plans are defined-contribution plans and all retirement obligations are settled through annual payments to retirement companies so that Tobii will not have future financial liabilities to employees or Board members. Tobii generally offers a one- to two-year guarantee on its products. Management estimates provisions for future guarantee commitments based on previous years' guarantee requirements.

Note 26 Other liabilities

SEK million	Group		Parent company	
	2015	2014	2015	2014
Interest-bearing liabilities				
<i>Non-current interest-bearing liabilities</i>				
Bank loans	-	77.1	-	77.1
Total non-current interest-bearing liabilities	-	77.1		77.1
<i>Current interest-bearing liabilities</i>				
Bank overdraft facilities	-	57.4	-	57.4
Total current interest-bearing liabilities	-	57.4	-	57.4
Total interest-bearing liabilities	-	134.5	-	134.5
Non interest-bearing liabilities				
<i>Non-current non-interest bearing liabilities</i>				
Deferred income, non current portion	16.6	13.6	3.7	4.4
Other non-current non interest-bearing liabilities	1.0	-	-	-
Total non current non interest-bearing liabilities	17.6	13.6	3.7	4.4
<i>Current non interest-bearing liabilities</i>				
Accounts payable	44.2	53.6	27.8	29.7
Accounts payable, subsidiaries	-	-	3.3	8.0
Other non interest-bearing liabilities ¹⁾	23.6	18.0	17.3	12.3
Total current non interest-bearing liabilities	67.8	71.6	48.4	50.0
Total non interest-bearing liabilities	85.4	85.6	52.2	54.4
Total other liabilities	85.4	220.1	52.2	188.9

1) Unutilized credit facilities amounted to SEK 170 million and SEK 108 million at the close of 2015 and 2014 respectively and refer entirely to the parent company. For information about the Group's financial liabilities see note 3.

Note 27 Accrued expenses and deferred income

SEK million	Group		Parent company	
	2015	2014	2015	2014
Deferred income, current portion	45.8	30.5	16.4	14.7
Accrued personnel expenses	52.0	42.4	32.8	23.2
Accrued commission, resellers	4.9	4.8	4.9	4.8
Other accrued expenses ¹⁾	51.1	61.9	14.2	14.3
Total accrued expenses and deferred income	153.8	139.9	68.3	57.0

1) 2014 value of item Other accrued expenses is adjusted compared to previously reported amounts of SEK 54.1 million, due to adjustments made to the Purchase Price Allocation for the acquisition in May 2014 of DynaVox Systems LLC. For further information see note 31.

Note 28 Pledged assets and contingent liabilities

SEK million	Group		Parent company	
	2015	2014	2015	2014
Pledged assets	135.0	135.0	85.1	85.2
Contingent liabilities	-	-	-	-

Pledged assets refer to floating charges on collateral.

Note 29 Supplementary disclosures to cash flow statement

SEK million	Group		Parent company	
	2015	2014	2015	2014
Interest paid and received				
Interest received	0.3	0.7	21.5	12.6
Interest paid	-2.4	-2.3	-2.4	-2.3
Total paid and received interest	-2.1	-1.6	19.2	10.3

Note 30 Transactions with related parties

Tobii has neither pledged assets nor contingent liabilities related to senior executives or the Board of Directors. For information concerning remuneration to senior executives and Board members, refer to note 8. The wife of senior executive Mårten Skogö has performed consulting services in 2014 for which she invoiced SEK 38 thousand.

The same price-setting principles applied for transactions with external parties apply also for intra-group purchases and sales.

Transactions between the parent company Tobii AB and its subsidiaries:

SEK million	Group		Parent company	
	2015	2014	2015	2014
Sales to related parties, subsidiaries	-	-	233.3	167.7
Purchase from related parties, subsidiaries	-	-	79.4	61.5
Receivables from related parties, subsidiaries	-	-	428.0	332.2
Liabilities to related parties, subsidiaries	-	-	3.3	7.9

Note 31 Business combinations

2015

No acquisitions were carried out in 2015.

2014

In 2014 the Group acquired Dynavox Systems LLC.

DynaVox Systems LLC

On May 23, 2014 the Group acquired 100 percent of DynaVox Systems LLC for SEK 119.4 million. The acquisition was financed with a loan of SEK 18 million from Swedbank. The acquired company develops, manufactures and sells alternative communication solutions for people with various cognitive or motoric conditions. The acquisition is expected to lead to both cost and sales synergies.

Tobii's 2014 Annual Report presented a preliminary valuation of acquired assets and assumed liabilities and in 2015 management finalized the fair value of these assets and liabilities. The table below summarizes the purchase price paid for DynaVox Systems LLC and the preliminary as well as the final acquisition values of the acquired assets and assumed liabilities. The value of the acquired immaterial assets has increased by SEK 7 million and the value of accounts payable and other liabilities has increased by the same amount, in comparison to values previously presented in Tobii's 2014 Annual Report. Changes in the fair values are mainly due to new information regarding known legal disputes that Tobii's management has received since the acquisition and which has led to new assessments in the valuation of acquired liabilities. The changes have not affected total comprehensive income or shareholders' equity.

SEK million	2014 Previously reported acquisition values	2015 Final acquisition values
Purchase price as of 23 May 2014		
Cash and cash equivalents	119.4	119.4
Total purchase price paid	119.4	119.4
Preliminary reported amounts for identifiable assets acquired and liabilities assumed		
Cash and cash equivalents	26.3	26.3
Tangible fixed assets	7.1	7.1
Intangible fixed assets	105.0	111.7
Inventory	18.5	18.5
Accounts receivable and other receivables	40.7	40.7
Accounts payable and other liabilities	-78.2	-84.8
Total identifiable net assets	119.4	119.4

The fair value of accounts receivable and other receivables is SEK 40.7 million. This sum includes accounts receivable having a fair value of SEK 36.3 million. The contractual gross sum for accounts receivable due is SEK 17.1 million, SEK 14.2 million of which it is likely cannot be collected. Accounts payable and other liabilities include estimates related to the resolution of known disputes. The estimates are based on management assessments and there is no guarantee that these estimates will prove to be correct.

Since Dynavox Systems LLC has been fully integrated in the Group as of the fourth quarter of 2014, it is not possible to identify the scale of the effect of the Dynavox acquisition on the Tobii Group's sales and earnings for 2014. However, during the third quarter of 2014 the acquired company contributed with SEK 62 million to the Group's revenue. If the acquisition had been completed on January 1, 2014 the Group's net sales for the year would have totaled approximately SEK 745.0 million and the profit/loss after tax would have been approximately SEK -35.4 million.

Acquisition-related expenses as of December 31, 2014 amounted to SEK 7.4 million and were reported as transaction expenses in the 2014 income statement.

Note 32 Events after the end of the reporting period

In January 2016, Tobii, together with computer manufacturer MSI, presented the world's first gaming notebook with integrated eye-tracking. The product, MSI GT72 Tobii, began selling in February 2016.

Signatures

The Board of Directors and CEO certify that these consolidated financial statements and Annual Report have been prepared in accordance with the International Financial Reporting Standards IFRS as adopted by the EU and generally accepted accounting principles, and gives a fair view of the Group's and parent company's financial

position and earnings. The Directors' Report gives a fair overview of the development of the Group and parent company's operations, financial position and earnings, and describes the significant risks and uncertainties facing the parent company and the companies included in the Group.

Danderyd, April 12, 2016

Tobii AB

Kent Sander
Chairman

Nils Bernhard
Board member

John Elvesjö
Board member

Martin Gren
Board member

Åsa Hedin
Board member

Anders Ösund
Board member

Henrik Eskilsson
CEO

Our auditor's report was submitted on April 12, 2016

PricewaterhouseCoopers AB

Magnus Brändström
Authorized Public Accountant, Auditor in Charge

The consolidated statement of comprehensive income and the consolidated balance sheet and the Parent company's income statement and balance sheet are subject to the approval of the Annual General Meeting on May 11, 2016.

Tobii discloses this information pursuant to the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act. The information was submitted for publication on April 13, 2016.

Auditor's report

To the annual meeting of the shareholders of Tobii AB (publ), corporate identity number 556613-9654

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Tobii AB (publ) for the year 2015. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 37-72.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of December 31, 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of

the group as of December 31, 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Tobii AB (publ) for the year 2015.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined if the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm, April 12, 2016
PricewaterhouseCoopers AB

Magnus Brändström
Authorized Public Accountant, Auditor in charge

Corporate Governance Report

Tobii's Corporate Governance Report, reviewed by the Company's auditors, is presented below. The report describes the division of responsibility between the Company's three decision-making bodies – the Annual General Meeting, the Board of Directors and the CEO – and how they act and interact in accordance with applicable laws, regulations and internal processes.

Regulatory framework and compliance

External rules

Tobii AB (publ) is a Swedish public limited liability company with securities listed on Nasdaq Stockholm that is governed primarily by the following external regulations:

- The Swedish Companies Act
- Nasdaq Stockholm's Rule Book for Issuers
- The Swedish Code of Corporate Governance (the Code)

Compliance with the Swedish Code of Corporate Governance

The Company's Board of Directors has decided that Tobii will apply the Code from the first day its shares are listed on Nasdaq Stockholm (April 24, 2015) even though, at that point, it was not required to fully apply the Code before the first Annual General Meeting held the year after a listing. As of November 1, 2015 Tobii applies the revised Code. The Code applies to all Swedish companies with shares listed on a regulated market in Sweden.

The Code is based on the comply or explain principle, which means that the Code itself allows room to deviate from the rules, under the condition that all such deviations and chosen alternatives are explained and that the reasons for the deviations are explained in the corporate governance report. Tobii reports no deviations from the Code in 2015.

Internal rules

To comply with the laws and regulations, and to fulfil the high demands that we place upon ourselves, Tobii also applies internal rules that include:

- Tobii's own Articles of Association and the Board of Directors' Rule of Procedure.
- A Code of Conduct and Business Ethics that covers all employees, regardless of position or stationing, as well as consultants and others who have been commissioned by the company. The policy framework includes the Information Policy, Insider Trading Policy, Anti-corruption Policy, IT Policy, Employer Policy, Environmental Policy, Supplier Policy and Whistle Blower Policy. An e-learning system is used for training in the various policies and confirm completion of the course. The policy framework is updated every year.
- Group-wide governance document.

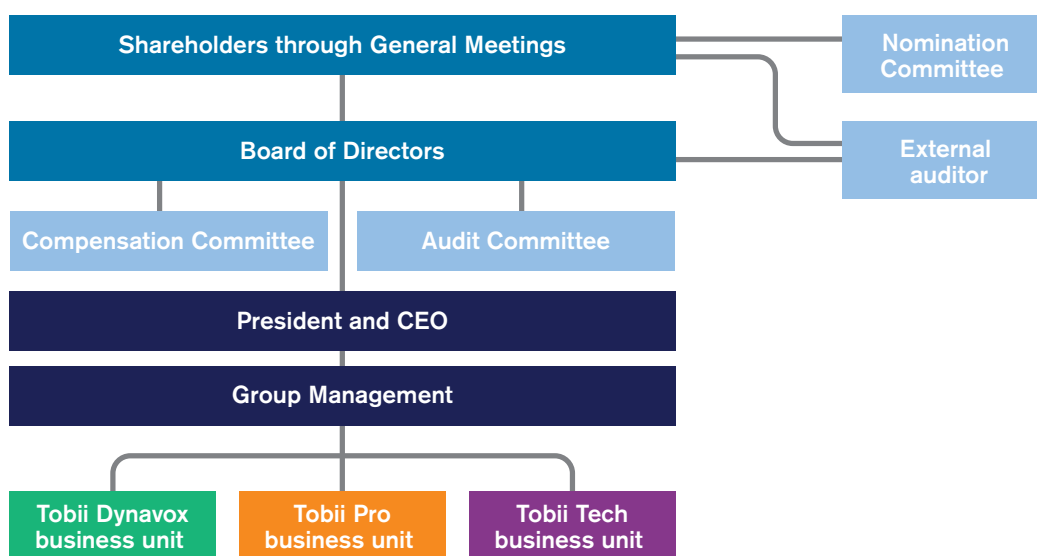
Articles of Association

The current Articles of Association were adopted on March 9, 2015. The Articles of Association stipulate that the Company's business is to conduct research, development and sales of software and computer-related hardware and any other activities compatible therewith. The Articles of Association define also the rights of the shareholders, the number of Board members, that the Annual General Meeting is to be held once a year within six months after the end of the fiscal year, how notice of the Annual General Meeting is to be issued and that the registered office of the Company's Board is in Danderyd, Sweden. The current Articles of Association are available on Tobii's website.

Owners

For information regarding ownership structure and the largest owners, see page 35 in this Annual Report.

Corporate Governance Structure



Shareholders' meeting

In accordance with the Swedish Companies Act, the General Meeting of shareholders is the highest decision-making body in a company. At the General Meeting, Tobii's shareholders exercise their voting right on key issues, including the adoption of income statements and balance sheets, appropriation of the Company's earnings, granting discharge from liability for the Board of Directors and the CEO, election of Board members and auditors, and compensation to the Board and auditors. Shareholders unable to attend in person at a Meeting can participate through a proxy.

Annual General Meeting

According to Tobii's Articles of Association, the Annual General Meeting must be held within six months from the close of the fiscal year. Besides the Annual General Meeting, the Company may also summon to Extraordinary General Meetings. General Meetings are to be held in Danderyd or Stockholm and notice of the meeting is to be published in the Swedish Official Gazette and to be made available on the Company's website. At the time of notice, an announcement that the notice has been issued is to be published in Svenska Dagbladet.

Tobii's 2015 Annual General Meeting

At the 2015 Annual General Meeting held on June 11 in the presence of, among others, the Company's auditor, Kent Sander was elected Chairman of the Board and Nils Bernhard, John Elvesjö, Martin Gren, Åsa Hedin and Anders Ösund were elected members of the Board.

Tobii has held two extra General Meetings in addition to the Annual General Meeting at the following dates to address the following matters:

January 16, 2015	Election of Åsa Hedin to the Board and change of the Company's name to Tobii AB
March 9, 2015	Authorization granted to carry out an initial public offering and election of Magnus Ericsson to the Board

2016 Annual General Meeting

Tobii's Annual General Meeting will be held on May 11, 2016 at Bygget Fest & Konferens, Norrlandsgatan 11 in Stockholm. More information is available on Tobii's website.

Nomination Committee

The Nomination Committee shall submit proposals on Chairman and other members of the Board as well as fees and other remuneration to each Board member. The Nomination Committee shall in the assessment of the Board's evaluation and the nominations take into account the requirement for diversity of the Board and to strive for gender balance.

It was resolved at the Extraordinary General Meeting held on March 9, 2015 that prior to every Annual General Meeting, the Nomination Committee is to comprise representatives from the three largest shareholders listed in the shareholders' register maintained by Euroclear Sweden as of September 30 each year, together with the Chairman of the Board. In total, the Nomination Committee is to comprise four members. Should any of these shareholders opt to refrain from the

right to appoint a representative, the right shall pass to the largest shareholder next in line, and so on. As long as the three founders Henrik Eskilsson, John Elvesjö and Mårten Skogö together own shares in the Company, directly or indirectly, that make them one of the three largest owners, they have the right to jointly nominate one of the three shareholder representatives in the Nomination Committee.

The member representing the largest shareholder is to convene the first meeting of the Nomination Committee and be appointed Chairman of the Nomination Committee unless the Committee unanimously appoints someone else. However, the Chairman of the Board may not serve as Chairman of the Nomination Committee.

Ahead of the 2016 Annual General Meeting, the Nomination Committee has been appointed in accordance with the above principles.

Nomination Committee ahead of the Annual General Meeting, May 11, 2016

	Independent to the Company	Independent to the largest shareholders	Appointed by
Mikael Johnsson, Chairman	yes	no	Amadeus Capital Partners
Mats Lindahl	yes	no	Sixth AP Fund
Örian Odenbro	yes	no	Tobii's founders
Kent Sander	yes	yes	Chairman of the Board of Tobii

Information about the nomination committee process, including instructions for the Nomination Committee are published on Tobii's website under the heading "Corporate Governance".

Contact the Nomination Committee

Tobii's Nomination Committee can be contacted via email at nomination.committee@tobii.com.

Board of Directors

The Board of Directors is the second highest decision-making body after the General Meeting of shareholders. The Board is responsible for Tobii's organization and the management of its operations. This means that the Board is responsible for establishing goals and strategies, ensuring routines and systems for evaluating set goals, constantly evaluating the financial position and earnings, as well as evaluating operational management. The Board is also responsible for ensuring that the Company's disclosure of information is distinguished by transparency and is correct, relevant and reliable and that annual reports and interim reports are prepared on time.

Furthermore, the Board is to establish the necessary guidelines for how the Company's conducts itself in the community in order to ensure its long-term value-generating ability. There is an evident long-term value-generation in Tobii's operations, in particular through Tobii Dynavox's operations and the values that its products provide individuals and the community at large. The Board's ongoing work on strategic initiatives thereby includes considerable sustainability aspects in the Company's operations. Moreover, the Board appoints the CEO, the Audit Committee, the Compensation Committee, and determines the CEO's salary and other compensation.

Board members are normally elected by the Annual General Meeting for the period up until the next Annual General Meeting. According to Tobii's Articles of Association, Board members elected by the Meeting are to comprise a minimum of three and a maximum of nine, with no deputies. At present, the Company's Board of Directors comprises six Board members. The Company's CEO participates in the Board meeting as do other employees when requested to present specific issues. The Company's CFO serves as the secretary of the Board.

At least once a year, the Board convenes without the presence of any Company representative to evaluate the work of the CEO and Group management. Furthermore, once a year the work of the Board is evaluated. The results of the evaluation are presented to the Nomination Committee. In 2015, a Board evaluation was carried out with the help of an external consultant, which has presented the result for the Board.

According to the Code, the Chairman of the Board is elected by the Annual General Meeting and has a particular responsibility for leading the work of the Board and for overseeing that its work is effectively organized.

The Board follows a written Rules of Procedure that is reviewed once a year and adopted by the statutory board meeting following the AGM. The Rules of Procedure govern the Board's practice, functions and the division of duties between the Board members and the CEO. At the statutory Board meeting, the Board also adopts the instructions for the CEO, including instructions for financial reporting and Rules of Procedures for the Audit Committee and the Compensation Committee.

The Board meetings follow a schedule decided once a year. In addition to these meeting, extraordinary Board meetings may be necessary to address issues that cannot be postponed until the next ordinary Board meeting. Between meetings, the Chairman of the Board and the CEO regularly discuss the management of the Company.

In accordance with the Code, the majority of the Board members elected by the Annual General Meeting are to be independent in relation to the Company and its management. At least two of the members are to also be independent in relation to the Company's largest shareholders.

Composition of the Board of Directors, committees and meeting attendance

Meeting elected members ¹⁾	Elected	Born	Independent		Board Meeting	Attendance ²⁾	
			to the Company	to the largest shareholders		Audit Committee	Compensation Committee
Kent Sander, Chairman	2014	1953	yes	yes	18/18	6/6	3/3
Nils Bernhard	2004	1947	yes	yes	16/18	1/1	
John Elvessjö	2006	1977	no	no	16/18		
Martin Gren	2007	1962	yes	yes	17/18		3/3
Åsa Hedin	2015	1962	yes	yes	15/17	5/5	
Anders Ösund	2007	1970	yes	yes	17/18	6/6	3/3

1) During the fiscal year, Board members have included Magnus Ericsson who joined the Board on March 9, 2015 and resigned June 11, 2015, and Ian Cooper, Hermann Hauser and Hans Otterling who resigned from the Board on March 9, 2015.

2) Number of meetings that each member has attended compared with the number of meetings held during the period each member was active in the committee.

3) In 2015 Anders Ösund finished his assignment with Invifed/Investor and is therefore considered independent in relation to major shareholders.

Presentation of the Board of Directors

The members of the Board are presented on page 80 of this Annual Report. The members can be reached via Tobii's head office.

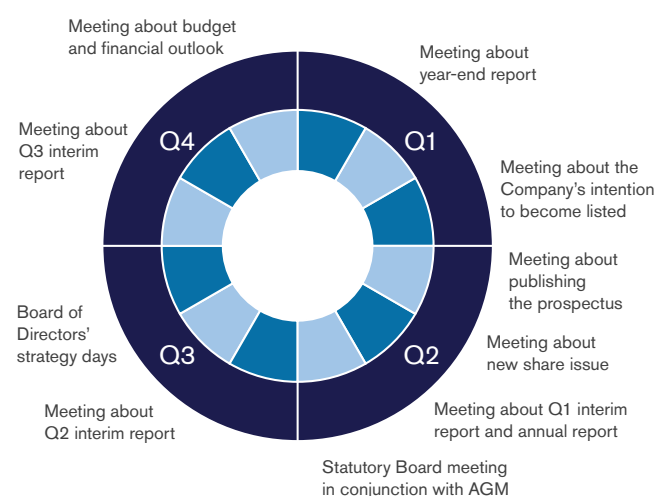
Compensation to the Board is presented in note 8.

The Board's work year

The Board has convened 18 times in 2015, of which one was the statutory board meeting following the AGM. The many meetings reflect a hectic year that also included the preparations for and then carrying out the IPO. During 2015 the Board has, among other things, addressed the following issues:

Feb. 27	Year-end report January–December 2014
Mar. 24	Decision to announce the Company's intention to become listed
Apr. 12	Decision to publish the prospectus
Apr. 23	Decision regarding a new share issue
May 21	Interim report January–March 2015
June 11	Statutory Board meeting
Aug. 4	Interim report January–June 2015
Sep. 22-23	Strategy meeting
Nov. 2	Interim report January–September 2015
Dec. 14	Decision regarding budget

2015 Annual cycle for the Board's work



Board Committees

The Board has established two committees: the Audit Committee and the Compensation Committee. The Committees have no decision-making authority, but are tasked primarily with presenting proposals and conclusions to the Board.

Audit Committee

The Audit Committee is to, without prejudice to the Board's responsibilities and tasks, on behalf of the Board monitor the following:

- the Company's financial reporting
- the effectiveness of the Company's internal controls
- internal audits and risk management
- the audit of the annual reports and consolidated financial statements
- the impartiality and independence of the auditors
- whether auditors assist the Company with other services than audit services.

Moreover, the Audit Committee is to assist in the preparation of proposals to the Annual General Meeting's election of auditors, regularly meet with Tobii's auditors and report to the Board of Directors.

According to the Code, the Audit Committee is to comprise a minimum of three Board members, who are appointed annually by the Board. Tobii's Audit Committee was formed on December 16, 2014 with Anders Ösund as chairman and Kent Sander as member. Åsa Hedin was appointed member of the Committee on January 16, 2015 and Nils Bernhard was appointed member on September 4, 2015. The Audit Committee has had six recorded meetings in 2015. All the Committee's members attended all meetings during the period they were on the Committee.

Compensation Committee

The Compensation Committee is mainly tasked with addressing issues concerning guidelines for compensation, salaries, variable compensation, incentive programs, retirement plans and other forms of compensation to Group management. The Committee can also address issues related to other management levels if the Board so decides and other similar issues with which the Board tasks the Committee.

The Committee was formed on December 16, 2014 with Kent Sander as chairman and Martin Gren and Anders Ösund as members. The Committee has had three recorded meetings. All elected Committee members attended all the meetings. Magnus Ericson was also appointed member of the Committee on March 9, 2015, but he resigned this assignment in conjunction with his resignation from Tobii's Board as of the 2015 Annual General Meeting.

CEO and Group management

The Company's chief executive officer (CEO) answers to the Board of Directors and is responsible for the day-to-day management and operation of the Company in accordance with the Swedish Companies Act, other laws, regulations and relevant directives for listed companies, including the Code, Tobii's Articles of Association and relevant

instructions for the CEO, as well as other instructions and strategies as decided by the Board. Tobii's CEO is also responsible for preparing reports and compiling information for the Board meetings, and for presenting such documentation at the Board meetings.

According to the instructions for financial reporting, the CEO is responsible for the financial reporting in the Company and must therefore ensure that the Board has adequate information to evaluate the Company's financial position.

Tobii's CEO must continuously update the Board about developments concerning the Company's operations, sales trends, the Company's earnings and financial position, liquidity and credit status, significant business events and all other events, circumstances or conditions that can be considered of importance to the Company's shareholders.

Group management is responsible for the overall business development and allocation of financial resources between the business units as well as for financing and capital structure. Regular management meetings are the Group's forum for implementing Group management's overall governance of each business unit and addressing Group-wide issues. The organization is designed for short, quick decision-making processes with distinct and decentralized responsibilities.

Group management is presented on page 81 with details about length of employment in the Tobii Group, education, year of birth, shareholdings, and more.

Compensation and guidelines for compensation

Board of Directors

Fees and other compensation to Board members, including the chairman, are decided at the Annual General Meeting. For information about paid fees, salaries, retirement and other benefits to the Board of Directors, the CEO and other senior executives, see note 8 of the financial reports.

It was decided at the Annual General Meeting held June 11, 2015, that Board fees should amount to SEK 375,000 for the chairman of the Board and SEK 175,000 to other Board members who are not Company employees. The Annual General Meeting held June 11, 2015 decided that the highest fee for committee work is SEK 180,000. The above compensation represents compensation for a one-year period. Compensation that is paid to Board members until the 2016 Annual General Meeting is to be calculated proportionally in relation to the date that each Board member was elected to the Board and its committees. A Board member is not entitled to any additional compensation in conjunction with the termination of their assignment.

CEO and other senior executives

The Extraordinary General Meeting held on March 9, 2015 also decided on the guidelines for compensation to the CEO and Group management's other members. The Board has decided on the current compensation levels and other employment conditions for the CEO and other senior executives.

To the extent it is possible, agreements regarding retirement benefits are to be based on defined contributions and coincide with the levels, practices and collective agreements that apply in the country where the senior executive is employed.

CEO Henrik Eskilsson, and some other senior executives have an employee agreement with up to six month's mutual period of notice and the right to severance pay of four-month's salary under the condition the Company is the party giving notice. Other senior executives have employee agreements with up to six month's mutual period of notice, without severance pay, or the longer period of notice that follows according to law. The CEO and other senior executives are not entitled to any additional compensation in conjunction with the termination of their employment.

In 2015, total compensation to the CEO and senior executives amounted to approximately SEK 16 million.

Auditor's responsibility

According to the Company's Articles of Association, Tobii is to have appointed a registered audit firm to review the Company's annual reports and accounting as well as the Board's and the CEO's administration of the Company. The auditors normally attend at least one Board meeting a year, without the presence of the Company's CEO or other member of Group management, at which they report their observations from the audit of the Group's internal control and of the annual financial statements. This occurred at the Board meeting held on June 11, 2015. The Group's auditors also report to and meet regularly with the Audit Committee. Furthermore, the auditors participate in the Annual General Meeting to present the auditors' report, which describes the audit process and the observations made.

At the 2015 Annual General Meeting, PricewaterhouseCoopers AB was re-elected Company auditor until the end of the 2016 Annual General Meeting with Magnus Brändström as auditor in charge.

Policy for disclosure of information and financial reporting

To develop confidence in Tobii and enhance current and potential investors' interest for the Tobii shares, the Company's information disclosure is to be distinguished by openness, objectiveness and relevance. In 2015, Tobii's Board adopted an updated Information Policy that fulfills the information requirements of the stock market and is prepared in accordance with Nasdaq Stockholm's Rule Book for Issuers.

The Information Policy addresses who may represent the Company as spokesperson, who assesses what is price-sensitive information, how price-sensitive information is to be handled, as well as the content and method of communication with finance market players.

Tobii regularly releases financial information in Swedish and English in the form of interim reports, annual reports and press releases about news and price-sensitive events. Information about Tobii's development, other information to the stock market and other key data is published on the Company's website.

Internal control regarding financial reporting 2015

According to the Swedish Companies Act and the Swedish Code of Corporate Governance, the Board is responsible for internal control. According to the Swedish Annual Accounts Act, the Corporate Governance Report is to contain information about the most important elements in a company's system for internal control and risk management in connection with the financial reporting.

As yet, Tobii has found no reason to establish a separate function for internal control since the Company is still relatively small. Internal controls are therefore carried out by the Board's Audit Committee and the Board itself. At Group level, the CEO is responsible for each legal entity, and is, together with the Group's finance department and CFO, responsible for the necessary control and adequate monitoring.

Internal control comprises control of the Company's and the Group's organization, procedures and remedial measures. The objective is to ensure reliable and correct financial reporting, that the Company's and Group's financial statements are prepared in accordance with the law and applicable accounting standards, that the Company's assets are protected, and compliance with other laws and requirements. The internal control system is also intended to monitor compliance with the Company's and the Group's policies, principles and instructions as well as the internal code of conduct. Furthermore, internal control involves analysis of risks and follow-up of implemented information and business systems.

Below are the key elements in Tobii's system for internal control and risk management from five different aspects.

1. Control environment

Tobii's organization is structured to facilitate quick decision-making. Operational decisions are therefore primarily made at business unit level while decisions concerning strategies, acquisitions and divestments as well as overall financial issues are made by the Company's Board. The organization is distinguished by a clear division of responsibilities as well as well-functioning and established governance and control systems, which extend to all units in the Tobii Group.

The basis for the internal control and risk management concerning financial reporting comprises a comprehensive control environment where the organization, decision processes, authorities and responsibilities have been documented and communicated in governing documents, such as Tobii's Finance Handbook and the authorization rules determined by the Board. Tobii's finance functions are integrated through a joint Group reporting system. All subsidiaries report complete monthly accounts. The reporting is the basis for the Group's consolidated financial statements.

Each legal unit has a finance manager responsible for economic governance and ensuring that the financial statements are correct, complete and delivered on time for the consolidated statements. The Group's finance department has a close, well-functioning collaboration with the subsidiaries' finance managers for accounts and reporting. The Board follows-up the Company's assessment of the internal control through contacts with the Company's auditors.

2. Risk management

The significant risks that influence internal control in terms of financial reporting are identified and managed at Group level, business unit level and subsidiary level. In the Board, the Audit Committee is responsible for identifying and managing significant financial risks or risks for errors in the financial reports to ensure correct financial statements. Particular priority is given to identifying processes where the risk for material errors relatively speaking are higher due to the complexity of the process or in contexts involving substantial values.

3. Control activities

The risks identified regarding financial reporting are managed via the Company's control activities. Control activities are intended to prevent, uncover and correct misstatements and deviations. This is managed through manual controls in the form of reviews and inventories, as well as automatic controls through the IT systems. Detailed financial analyses of the results and follow-up against budget and forecasts complement the operations-specific controls and provide an overall confirmation of the reporting quality.

4. Information and communication

To ensure complete and accurate financial reporting, the Group has information and communication guidelines for sharing relevant and material information within the organization, within each unit and to and from management and the Board. Guidelines, manuals and procedures regarding the financial processes are communicated between management and staff, and are available electronically. Through the Audit Committee, the Board receives regular feedback concerning the internal control. To ensure that the external information disclosure is correct and complete, Tobii has an Information Policy, approved by the Board, that describes what is to be communicated, by whom and in what manner.

5. Follow-up

Risk assessment and implementation of the control activities are followed up regularly. Follow-up includes both formal and informal routines used by those responsible at each level. Procedures include follow up of results against budget and plans, analyzes and key ratios. The Board regularly receives reports on the Group's financial position and development. After each quarter, the Group's financial situation is addressed and the Group management analyzes the financial reports in detail every month. The Audit Committee monitors the accounts at its meetings and receives reports from the auditors regarding their observations.

Auditor's Report on the corporate governance report

To the Annual General Meeting of the shareholders of Tobii AB (publ), corporate identity number 556613-9654.

It is the Board of Directors who is responsible for the Corporate Governance Statement for the year 2015 on pages 74–79 and that it has been prepared in accordance with the Annual Accounts Act.

We have read the Corporate Governance Statement and based on that reading and our knowledge of the company and the Group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of

the Corporate Governance Statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

In our opinion, the Corporate Governance Statement has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Stockholm, April 12, 2016

PricewaterhouseCoopers AB

Magnus Brändström
Authorized Public Accountant, Auditor in charge

Board of Directors



Kent Sander

Chairman of the Board.

Elected: 2014. **Born:** 1953. **Education:** MSc in Business and Economics.

Main assignments and experience: Chairman of the Board of OnePhone Holding AB and Triboron International AB. Board member of Mr Green & Co AB, Expander Business Consulting AB and BT OnePhone Ltd. More than 30 years in leading positions at international telecom and high-tech IT companies. Formerly CEO of TruePosition, Executive VP Sales Ericsson USA and Chairman of the Board for Transmode.

Shareholding in Tobii: 25,000 shares and 80,000 warrants.



Nils Bernhard

Elected: 2004. **Born:** 1947. **Education:** MSc in Engineering Physics, MSc in Business and Economics.

Main assignments and experience: CEO and Board member of Mångubben AB; Chairman of the Board of Pajeb Kvarts AB and Board member of WSSM Holding AB. 25 years as entrepreneur and angel investor, founder or co-founder of several companies including Precise Biometrics AB and Dannemora Mineral AB.

Shareholding in Tobii: 2,000,000 shares and 28,000 warrants.



John Elvesjö

Elected: 2006. **Born:** 1977. **Education:** Studies in Engineering Physics.

Main assignments and experience: Vice President and one of Tobii's founders. Board member of The Incredible Machine of Sweden AB, Holiday-Phone AB, Resolution Games AB and Sticky AB. Awarded the Polhem Prize in 2015 for eye tracking.

Shareholding in Tobii: 2,951,501 shares, 130,000 employee stock options and 190,000 warrants.



Dr Martin Gren

Elected: 2007. **Born:** 1962. **Education:** Studies in electronics.

Main assignments and experience: Founder of Axis Communications. Chairman of the Board of Axis Communications AB and AB Grenspecialisten. Member of the Board of Axis AB, Eikos AB, Lundén Holding AB and Askero Sagoboks förlag. Honorary doctor for entrepreneurship from Lund Technical University.

Shareholding in Tobii: 187,000 shares and 28,000 warrants.



Åsa Hedin

Elected: 2015. **Born:** 1962. **Education:** MSc in Biophysics and Bioengineering, BA in Physics.

Main assignments and experience: Board member of Cellavision AB, the Swedish Space Corporation, Immunovia AB, E J:or Öhman AB and Nolato AB. Formerly deputy CEO of Elekta AB and CEO of Elekta Instrument AB.

Shareholding in Tobii: 7,000 shares and 28,000 warrants.



Anders Ösund

Elected: 2007. **Born:** 1970. **Education:** MSc in Engineering Physics, MSc in Business and Economics.

Main assignments and experience: Vice President Business Development RISE AB, founder mFACT Advisory AB. Almost 20 years' experience from investing in and developing growth companies, and has served as Investment Director at Investor Growth Capital AB.

Shareholding in Tobii: 25,000 shares.

Note: Board assignments and details about shareholdings in Tobii presented above reflect the situation as of December 31, 2015.

Group Management



Left: Henrik Eskilsson, Esben Olesen, John Elvesjö, Tom Englund, Fredrik Ruben, Mårten Skogö and Oscar Werner.

Henrik Eskilsson

President & CEO and co-founder of Tobii.

Born: 1974. **Employed:** 2001. President of Tobii since its founding in 2001. Has an entrepreneurial background and has, among other accomplishments, founded sports equipment company Trampolinspecialisten AB. MSc in Industrial Engineering and Management from Linköping University.

Shareholding in Tobii: 4,001,433 shares, 160,000 stock options, 270,000 warrants, and 1,532,800 shares through a 22.5%-owned company and 2,835 shares through a fully-owned company.

Fredrik Ruben

President of Tobii Dynavox business unit.

Born: 1977. **Employed:** 2014. Formerly CEO of 3L System Group (publ) and Vitec Mäklarsystem. Has had international assignments based in New York, Singapore and Sweden.

MSc in Industrial Engineering and Management from Linköping University.

Shareholding in Tobii: 9,000 shares, 50,000 employee stock options, 175,000 warrants.

Esben Olesen

CFO.

Born: 1965. **Employed:** 2011.

Has an extensive past as financial director, CEO, M&A director and accountant for listed and non-listed companies.

MSc in Auditing and Business Administration from the Copenhagen Business School and is an authorized public accountant.

Shareholding in Tobii: 5,200 shares, 95,000 employee stock options, 110 000 warrants.

Tom Englund

President of Tobii Pro business unit.

Born: 1976. **Employed:** 2009.

Has an international background in leading positions at companies such as Atlas Copco and Accenture. MSc in Industrial Engineering and Management from Linköping University.

Shareholding in Tobii: 14,200 shares, 125,000 employee stock options, 120,000 warrants.

John Elvesjö

Vice President and co-founder of Tobii.

Born: 1977. **Employed:** 2004.

Member of Tobii's Board since 2006. Further details, see Board of Directors on page 80.

Mårten Skogö

CSO and co-founder of Tobii.

Born: 1977. **Employed:** 2001.

The man behind a number of eye-tracking patents and innovations. Before Tobii, he co-founded Jenser Technology, a spin-off of research at the Royal Institute of Technology in Sweden where he worked while studying engineering physics. Recipient of the Polhem Prize in 2015.

Shareholding in Tobii: 2,933,395 shares, 20,000 employee stock options, 50,000 warrants.

Oscar Werner

President of Tobii Tech business unit.

Born: 1974. **Employed:** 2010.

Business unit president since 2010 – first for Tobii Dynavox and, as of 2014, business unit Tobii Tech. Formerly CEO and Chairman of the Board of Getupdated and CEO of Oniva Online Group. MSc in Industrial Engineering & Management from the Royal Institute of Technology in Sweden, studied Business and Economics at Stockholm School of Economics.

Shareholding in Tobii: 20,000 shares, 210,000 employee stock options, 220,000 warrants.

Note: Details about shareholdings in Tobii AB are as per December 30, 2015 and include also indirectly owned shares and related parties' shareholdings.

Tobii AB (publ)

Karlsrovägen 2 D
SE-182 53 Danderyd
Sweden

tobii