

Annual Report 2020



World leaders in eye tracking and assistive technology for communication - technologies that change lives, provide deep insights into human behavior and enable groundbreaking innovation

tobii

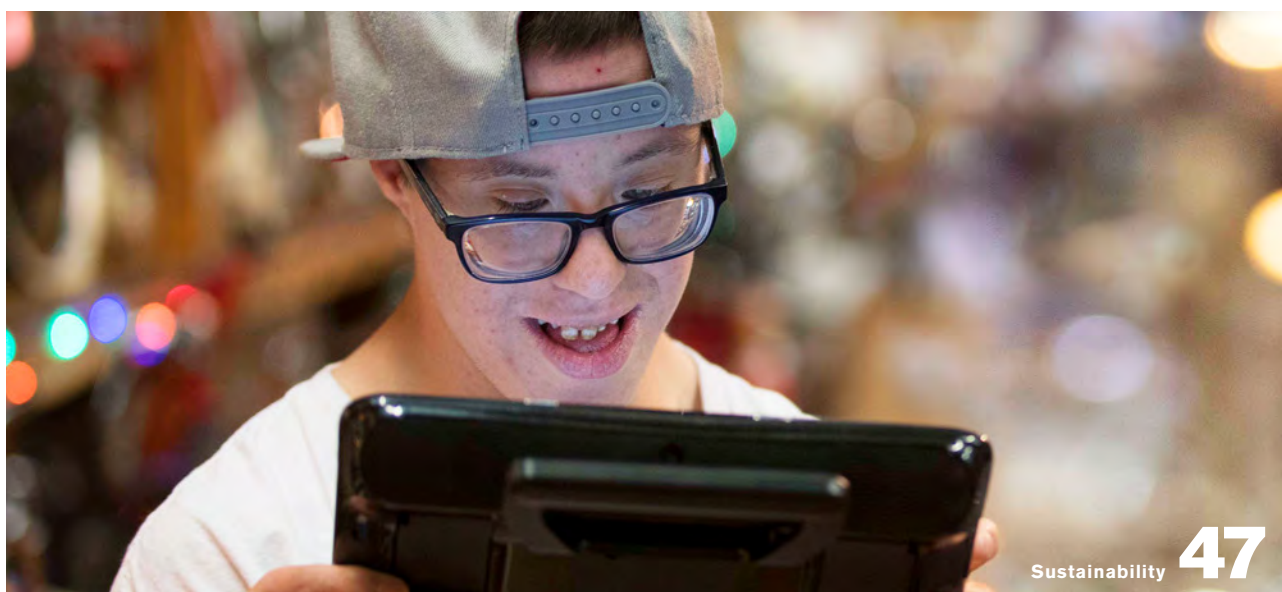
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We lead with our hearts and our technology

We make the world better with technology that understands human attention and intent.

Based on our world-leading expertise in eye tracking, Tobii drives innovation of future technologies in a wide range of applications. By doing so, we create added value for our customers, end users, shareholders and society at large.

The position we hold, the solutions we provide and the way we do business, all have a meaningful impact on the world. At Tobii, we are determined to act sustainably and responsibly, and to use this position to be a positive force in the world, both today and for future generations.

We are more than a thousand people who are passionate about making the world a better place by bridging the gap between advanced technology and human behavior, through eye tracking. We are Tobii.

Eye tracking

Eye tracking is a sensor technology that makes it possible for a computer or other devices to know where a person is looking. An eye tracker can read the user's presence, gaze focus and pupil size, thereby making it possible to draw conclusions about intention, thought processes and mental state. It allows for unique insights into human behavior and facilitates natural user interfaces in a broad range of devices and products including PCs, VR/AR headsets, medical equipment and vehicles. The ability to control a computer using the eyes also makes eye tracking a key technology for increased inclusion of millions of people with communication-related disabilities.

Tobii's three divisions address the potential of eye tracking in various applications. Tobii Dynavox focuses on assistive technology for communication, Tobii Pro focuses on eye tracking solutions for understanding human behavior and Tobii Tech focuses on integration of eye tracking technology in a wide array of volume products.

How an eye tracker works

- 1 **An eye tracker** uses cameras, illuminators and algorithms.
- 2 **The illuminators** project a pattern of near infrared light on the eyes.
- 3 **The cameras** take high-resolution images of the user's eyes and the pattern.
- 4 **Machine learning**, image processing and mathematical algorithms determine the eyes' position and gaze point.





No 1 in Eye Tracking

40% share of the market for assistive technology for communication.

70% share of the market for eye controlled assistive technology for communication.

60% Market share in eye tracking solutions for behavioral studies.



Clear market share leader in eye tracking for integration in PCs and VR.



Global coverage and sales presence in 90 countries.



More than 700 patents.



More than 1,000 employees.



A technology for the future

Eye tracking offers strong and unique values across a broad range of applications. Already today, eye tracking is an established method in an array of academic research areas. It is used by enterprises to gain insights into consumer research, in advertisement measurement, user experience testing and simulation and training. Tens of thousands of people with disabilities are dependent on eye tracking to communicate, use computers and to be included in society at large. The technology has taken the first steps into consumer electronics, such as PC gaming and virtual reality headsets, as well as into vehicles and various health-care-related applications. We expect the universe of applications to continue to grow over the coming years.

Market penetration is low, even in the more established divisions Tobii Pro and Tobii Dynavox. Tobii plays a driving role in market development and our assessment is that in the long term, currently known applications have a total market potential of one billion units annually. Our ambition is to maintain and strengthen our position as market leader in the vast eye tracking market of the future.

2020 in review

tobii

- Although the pandemic put pressure on the business across the board during the year, revenues decreased by only 3% organically to SEK 1.4 million, while operating profit rose SEK 35 million to SEK -103 million.
- Employees continued to give Tobii high marks as an employer. Once again, Tobii achieved a top ranking among Sweden's most appreciated employers in Universum's annual survey. Tobii's largest US office

in Pittsburgh, Pennsylvania, was also once again ranked as one of the most highly appreciated employers in Pittsburgh.

- Tobii has worked on strengthening and further developing its sustainability efforts and has formulated a new sustainability strategy and framework.

tobii pro

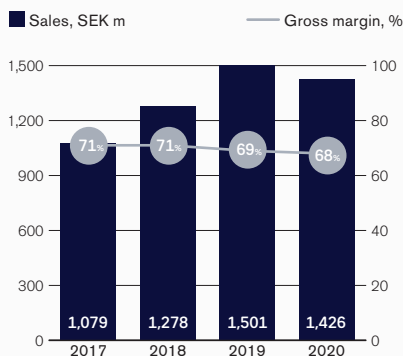
- The pandemic had a strong negative impact on Tobii Pro. Revenues declined by 16% organically and the operating margin was -3% (12%). After a strong recovery at the end of the year, currency-adjusted record sales were achieved in the fourth quarter.
- Launched the new generation of the flagship product Pro Glasses. This achievement is the result of a major product development investment based on 6 years of experience from Pro Glasses 2. Pro Glasses 3 is expected to drive good sales growth for several years.
- Introduced several major upgrades to the Sticky web platform and Pro Lab analytics software. The many improvements included the ability to analyze emotions and integration with sensors for supplementary biometric data.

SALES PER DIVISION



- tobii dynavox 60% (SEK 894m)
- tobii pro 25% (SEK 366m)
- tobii tech 15% (SEK 230m)

SALES AND GROSS MARGIN

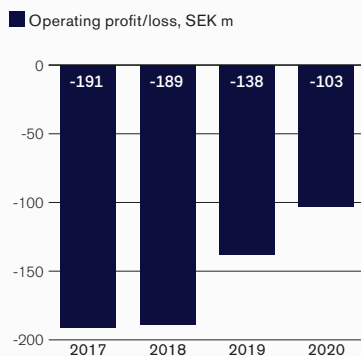


After being negatively impacted during the year by the pandemic, the Group achieved sales of SEK 1.4 million, corresponding with an organic decline of 3%.

tobii dynavox

- Revenue increased by 1% organically. Despite the strong negative impact of the pandemic, growth was achieved thanks to a strong updated product portfolio and positive underlying market momentum.
- The operating margin improved to 14% (11%) as a result of good cost control and the fact that Tobii Dynavox has completed a period of intensive investments.
- Launched several updated products, including new versions of Snap Core First, PCEye, Speech Case, a comprehensive update of the special education software Boardmaker and eye tracking for outdoor use.
- Entered into a partnership with Google for deep integration of Google Assistant in Tobii Dynavox software and licensing of Tobii's communication symbols to Android Action Blocks.
- Switched to offering a higher proportion of digital training and trained about 100,000 speech therapists, prescribers and other healthcare professionals to drive long-term continued market growth.
- Sold Smartbox Assistive Technology Ltd, as required by the British competition authority, without the need for impairment.

OPERATING PROFIT/LOSS (EBIT)

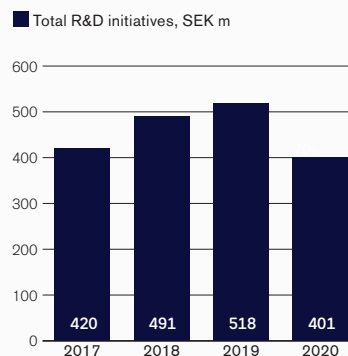


Despite strong pandemic-related headwinds, operating profit clearly continued toward profitability with an improvement of SEK 35 million compared with the previous year.

tobii tech

- Revenue increased by 7% organically. Growth slowed significantly as the pandemic complicated business development, causing disruptions in customer supply chains, project delays and weaker sales at some of Tobii Tech's customers. Tobii Tech improved its operating profit by SEK 73 million to SEK -221 million, which was the result of revenue growth, good cost control and a structural cost reduction program.
- Clear progress was made in VR. Pico and HP launched headsets with Tobii Eye Tracking and development was conducted in integration projects related to several additional upcoming headsets, with both existing and new customers. Qualcomm presented its third XR reference design optimized for Tobii Eye Tracking.
- In the PC area, Tobii received several design wins with Tobii Aware and the Eye Tracker 5 gaming computer accessory showed strong sales growth.
- In Niche Applications, a dozen new design wins were secured, or projects initiated, including touchless information terminals, vision examinations for children, glasses with autofocus, reading tools, brain and vision examinations in VR, training simulators, streamlined analysis of medical images and improved user interfaces in business applications.

RESEARCH AND DEVELOPMENT



The Group's total R&D expenses decreased by 23% to SEK 401 million, primarily as a result of reduced investment needs in Tobii Dynavox, the weakening of the USD and the structural savings program in Tobii Tech.

Our global presence

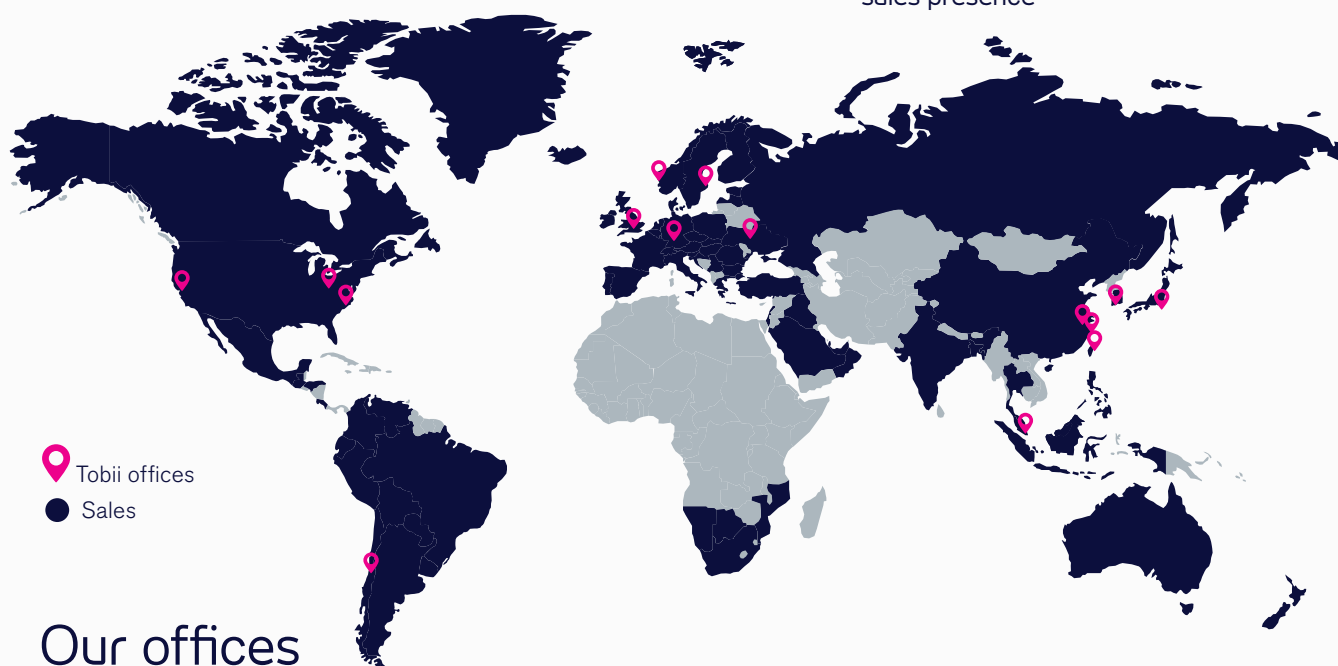
Tobii has a global presence through its offices in the Americas, Europe and Asia. Sales are conducted directly in primary markets and through resellers in other countries.

973
employees (FTE)

17
offices

90
countries with a
sales presence

>400
R&D engineers*



Our offices

NORTH & SOUTH AMERICA

Pittsburgh, PA, USA

Sales, R&D and administration

Washington DC, USA

Sales

Mountain View, CA, USA

Sales

Santiago, Chile

Sales

EUROPE

Stockholm, Sweden

Sales and R&D

Frankfurt, Germany

Sales

Kiev, Ukraine

R&D (consultants)

Reading, UK

Sales

Sheffield, UK

Sales

Steinhausen, Switzerland

R&D and production

Bergen, Norway

Sales

ASIA

Tokyo, Japan

Sales

Suzhou, China

Sales and R&D

Shanghai, China

Sales

Seoul, South Korea

Sales

Taipei, Taiwan

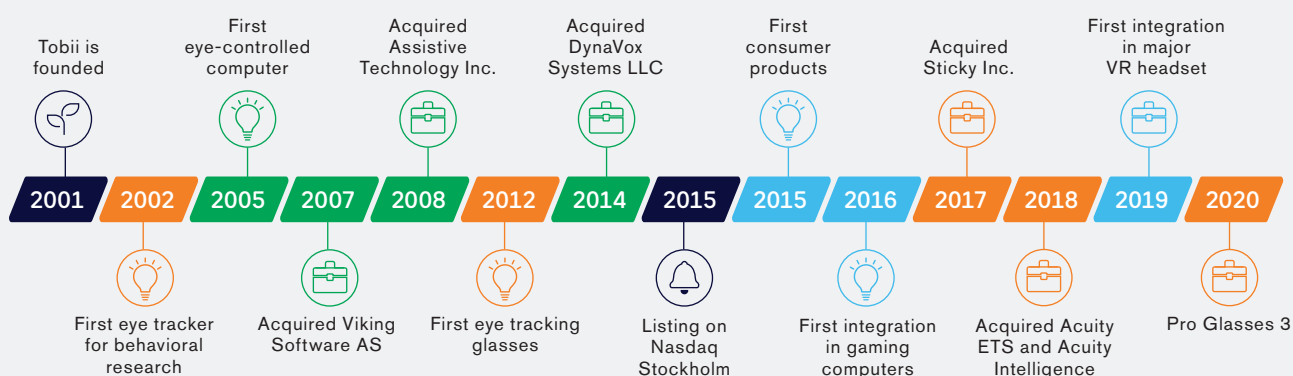
Sales

Singapore

Sales

* Employed = number of employees and full-time consultants

Looking back



Clear progress despite the pandemic

With the help of eye tracking, we make it possible for technology to understand human attention and intent, which enables value-creating innovations and advances in a wide range of products, industries and applications. In 2020, our strength and resilience have been tested to the max and thanks to phenomenal efforts throughout the organization, I can proudly look back on the year and say that we passed the test. Despite the pandemic, we managed to keep sales up and achieve a clearly improved operating profit. After a period of intensive investment, we are now well equipped for strong growth and to deliver on our goal of achieving profitability for full-year 2021.

Through wholehearted commitment and ingenuity, we've successfully managed to through the pandemic

We started the year with strong momentum and confidence that we would reach our goal of achieving positive operating profit for 2020, driven by an updated product portfolio and several important launches during the year. Instead, we were forced to adapt to a new world where large parts of the company's operations were severely impacted by the Covid-19 pandemic. We adapted the business quickly and we were generally able to avoid major internal operational disruptions during the year. However, it was clear that many of our customers had difficulties in running their business, which resulted in lower sales for us. For example, during the worst period in the second quarter of 2020, sales fell by more than 40% organically in Tobii Pro as a result of university shutdowns and re-prioritization of costs among enterprise customers. We saw major delays with Tobii Tech's OEM customers, sales to several integration partners came to a halt and Tobii Dynavox's sales of assistive technology for communication were severely hampered. However, with the flexibility, creativity and hard work of our employees, Tobii was able to achieve growth for the full year in both Tobii Dynavox and Tobii Tech. We ended the year with currency-adjusted record sales in the fourth quarter, for the Group as a whole, as well as for Tobii Pro and Tobii Dynavox. The year can be summed up with a relatively modest organic decline in revenue of 3%. Despite this decline and a strong negative currency effects, we managed to significantly improve our full-year operating profit by SEK 35 million. Given this affirmation of our strength, we are optimistic about Tobii's growth and profitability trend.

For many of our employees, 2020 has been an extremely challenging year. I am proud and grateful for the way that every Tobiiian has contributed and fought together as a team. We have maintained a high rate of development and innovation, and launched several important products. In assistive technology for communication, we integrated our products with Google Assistant and made it possible to use eye tracking outdoors, which greatly improved quality of life for our users, while

strengthening our competitiveness. We launched Tobii Pro Glasses 3 and made significant upgrades to our behavioral studies software, thereby further securing our position as the world leader in the field. Our solutions for integration partners in VR/AR, PC, education, healthcare and other areas of application continued to generate increased interest and activity. We have a rapidly growing base of about fifty design wins in a wide variety of applications.

The pandemic has made us stronger as a company. While we have demonstrated the robustness of the business, it has been an instructive year and the organization has developed and further matured. We have developed new skills and ways of working that will be of benefit in the future, especially in digital sales and marketing. We have also worked to further enhance our sustainability efforts by implementing a stronger sustainability strategy. Tobii is committed to follow the UN Global Compact initiative and the new strategy enables faster development and more structured improvement efforts.

Twenty years of development have built a solid foundation and a world-leading position

This year marks 20 years since we founded Tobii in the basement of one of the founders. We were convinced that eye tracking technology had the potential to fundamentally change the way humans interact with computers. Our vision at the start was "An eye tracker in every computer." However, neither technology nor the world was ready for mass market adoption of eye tracking 20 years ago. We chose to focus on applications and markets in which the technology at the time could deliver great value. In recent years, eye tracking has matured - both as a technology and use-cases. We have therefore accelerated our investments in realizing our initial vision, a vision that has now evolved to include a wide range of intelligent technology. Based on these investments, we have positioned Tobii as a clear world leader in core eye tracking technology, and within the market segments in which we operate. This position will become extremely valuable and we intend to continue to strengthen and build on it moving forward.



"Creativity, innovation and intrapreneurship are flourishing and we are actively working on several exciting steps in Tobii's development"

The next ten years will be characterized by rapid expansion of eye tracking

The technology is now more mature and enables innovative new applications, higher performance, transformative experiences and valuable insights in a variety of industries and application areas. We see how the kettle is boiling with applications made possible by eye tracking as a core technology. Many of the verticals that were still far away a few years ago are now much closer to large-scale commercialization. The area is still in its infancy and our assessment is that the total volume potential of eye tracking sensors in our markets exceeds one billion units in the long run. Our vertically integrated businesses, Tobii Dynavox and Tobii Pro, operate in the eye tracking industry's two most mature market segments (assistive technology for communication and behavioral studies). But here, too, penetration remains very low. We look forward to decades of strong growth and to seeing both of these divisions continue to blossom and expand around the core offering.

Creativity, innovation and intrapreneurship are flourishing and we are actively working on several exciting steps in Tobii's development. We look forward to being able to share more about this in the future. In order to further accelerate developments and ensure a continued leading position in eye tracking and assistive technology for communication, we are also

actively looking for acquisition opportunities in companies with strong teams that strive in the same direction, with whom we can join forces to drive the market forward with even greater power.

We enter 2021 with a focus on growth and continued operating result improvements

An important step in our continued journey is to achieve profitability for full-year 2021. This achievement will be possible thanks to the high underlying gross margins and the strong growth we expect once we can put the pandemic behind us. At the same time, we build for the future. We continue to invest heavily in product development, innovation, new markets and segments, patents and in the expansion of our marketing and sales. We continuously evaluate new organic and acquired growth opportunities in all three divisions. Our vision is a world where all technology works in harmony with natural human behavior and our mission is to improve the world with technology that understands human attention and intent. Tobii is on an amazing journey, and we are excited to be a part of shaping the future.

**Danderyd in April 2021 Henrik Eskilsson,
CEO and Co-founder**

Tobii's purpose

Tobii has great ambitions. We want to make the world a better place and be a great company, while generating large long-term shareholder value. At Tobii, we are passionate about what we do and work together toward higher common goals. In order to best live up to our purpose and achieve our vision, we strive to have a strong positive culture and sound values.

OUR PURPOSE

We improve the world with technology that understands human attention and intent. We do so by striving to be an awesome company while generating large shareholder value. For Tobii, being an awesome company means being a world-class workplace, being a clear world leader in what we do, and being a role model in ethics and sustainability. Quite simply, we shall be a company of which employees, shareholders, customers, suppliers and fellow human beings can be proud.

Tobii's purpose and vision form a fundamental starting point for our activities and long-term ambition. Eye tracking has the potential to create profound value within a multitude of applications and we are committed to realize that value. Tobii is a leading player in a larger ecosystem of companies and technologies which all contribute to our vision of a world where technology works in harmony with natural human behavior.

CORPORATE CULTURE AND VALUES

Tobii is an international company that nurtures a non-hierarchical mindset in a welcoming, friendly and open atmosphere. Curiosity, entrepreneurial passion, creativity and constant desire to improve, renew and surpass ourselves are the drivers that have made us Tobiians pioneers in eye tracking. Our common purpose and strong core values unite us and clarify how we should act to achieve success, sustainability and a world-class workplace.

Our values are reflected in everything we do and help us create an atmosphere of fun collaboration, creativity and positive energy throughout our company. By doing things "the Tobii way" we reinforce our corporate culture, which is shaped by ambitious, resourceful employees, teamwork and dedication. The result is more career opportunities, innovative ideas and – last but not least – a fun job!

MISSION

**We improve
the world with
technology that
understands
human attention
and intent**

VISION

**A world where all
technology works
in harmony with
natural human
behavior**

VALUES

Amaze our customers

Happy and successful customers are the key to our own long-term success. We combine a profound understanding of their needs with an ambition to deliver amazing products and services, in every detail.

Succeed together

Success is always a joint effort. We work as one team with a common purpose in a flat, open and informal organization where helping one another is a natural part of life.

Make it real

We want to create a better reality. We each take responsibility for bringing our ideas to life. We have the freedom and the courage to make decisions. We dig in and do the hard work needed.

Beat yesterday

Challenging goals are in our DNA. To stay in the lead, we are bold and relentless in improving what we do and how we do it, from visionary innovations down to the smallest detail.

Share passion

Our passion and positive energy are contagious. By sharing them, we make our adventure together even more fun, exciting and meaningful.

Our employees: our most valuable asset

The most important success factor for Tobii is our ambitious and passionate employees, the Tobiians. They shape our strong corporate culture and enable us to achieve our goals. With a high level of trust and freedom, our employees work toward both Tobii's long-term vision and their own personal ambitions.

Offering a sustainable, inspiring and fun job that facilitates a good balance and high quality of life is a key focus for Tobii to continue to attract top talent.

A WORLD-CLASS WORKPLACE

We want to be a world-class workplace that employees love, where they arrive at and leave the office with a smile on their face. Tobii should feel like a second home where you can be yourself and contribute to something bigger, at the same time that you derive energy from your work and your colleagues. As an employer, Tobii has consistently ranked at the top both in Sweden and in our second largest office, in Pittsburgh, Pennsylvania, in the US. Our internal annual survey shows that employee job satisfaction and how they view their managers both significantly exceed the industry average.

AN ORGANIZATION WITH LEARNING IN OUR DNA

Tobii offers a stimulating workplace with generous opportunities for our employees to grow both individually and as part of a team of colleagues. Skills development

is provided through challenging work tasks and exchanges with colleagues, as well as through internal and external training. Tobii employees can rotate among projects, divisions and industries as a way to increase the exchange of knowledge and to promote their own career development within the company.

"At Tobii, you can be yourself and work with colleagues with whom you really want to spend your time, all while getting to help make the world a better place for many people."

Frej Engström, HR specialist Tobii group

DIVERSITY, EQUALITY AND INCLUSION

The Tobii culture is defined by a "come as you are" atmosphere. Tobii is committed to diversity and strives to provide a fun, innovative, open and dynamic work environment. We know that talent comes in many different forms and consider our diversity to be one of our greatest assets. There is a great mix of individuals at Tobii, from different parts of the world and with different professional backgrounds, preferences and personalities. Today, employees from over 50 different countries work at our head office.

WELLNESS AND FUN AT WORK

We work proactively to offer all Tobiians a good work environment that aims to prevent stress and psychosocial illness. We also encourage our employees to actively participate in creating a company with an atmosphere where we all enjoy working, are having fun and perform at our best. We understand that the situation of each employee is unique and therefore offer a high degree of freedom and flexibility.

EMPLOYEE SATISFACTION SURVEY

In recent years, Tobii has consistently achieved very high ratings, well above the industry average, with respect to employee satisfaction related to both their jobs and their managers. During the year, Tobii implemented a new tool for these surveys and therefore, comparable data for 2020 are not available.

Regular performance reviews are conducted as another important part of our feedback process. Our ambition is to cover 100% of our employees worldwide. In 2020, 84% (93%) of people employed for more than one year have had performance reviews.

EMPLOYEE INDEX 2019

79%

Proportion of positive responses on questions that reflect job satisfaction. Industry peer average was 67%

LEADERSHIP INDEX 2019

86%

Proportion of positive responses to questions about the employee's manager. Industry peer average was 74%

Source: Zondera

READ MORE

Read more in the sustainability report.



Megatrends that benefit Tobii

Transformative trends in the technology sector and in society at large create business opportunities for eye tracking and for Tobii. Some of these trends are described below.



ARTIFICIAL INTELLIGENCE

Artificial intelligence is currently being implemented in many different areas of technology, and will increasingly transform entire industries and our society in the coming decades. Most major companies are making large investments in developing increasingly sophisticated AI solutions. In our everyday lives we already encounter smart speakers, cars that almost drive themselves, voice recognition and digital assistants like Alexa, Google Assistant and Siri. AI also fundamentally affects companies and workplaces by improving efficiency and automating processes, products and services using intelligent machines and software.

TOBII'S PERSPECTIVE

At Tobii, we are convinced that consumers will demand that the smartphones, computers, tablets, VR/AR products and vehicles of the future are much more intelligent and hence able to much more effectively support and augment the reach and abilities of users. To accomplish this, the products need to know who we are, what we are paying attention to, what we are interested in and our intent. Eye tracking will therefore likely be a key enabler for a broad range of artificial intelligence solutions in essentially all devices in the future.



NATURAL INTERACTION WITH TECHNOLOGY

Over the past decade, there has been a rapid development of increasingly natural user interfaces. Apple's launch of the iPhone can be viewed as the spark that started this revolution. Using simple and intuitive touch screen interfaces, we can surf the net, watch videos and use social media. Sensors for gestures, fingerprints, facial recognition and voice-based digital assistants all facilitate an increasingly natural interaction with various products. The more our devices cater to our natural human ways to interact, the more intuitive, effortless, easy to use, immersive, efficient, safe and fun our technology becomes.

TOBII'S PERSPECTIVE

Eye tracking is the natural next step in this development. The technology enables products to determine when the user is present, what we pay attention to, our interests and ultimately, our intent. The products can better understand what we want to see, know and do, and react in a way that is more like human behavior. Consequently, the products are perceived as simpler and more pleasant to use. The integration of eye tracking technology in consumer electronics and other volume products represents a very large and prioritized business opportunity for Tobii Tech.



THE BATTLE FOR OUR ATTENTION

The concept "attention economy" was coined in the nineties and assumes that time and attention are the primary limited resources in this modern, digitized world where our basic needs are met and where we have free access to unlimited information. The companies that are best at capturing the attention of their customers are the ones that become the most successful, which has become particularly clear in the internet economy. As consumers, we have become experts at ignoring ads and clicking selectively. Impressions or clicks are therefore far from exact measures of what we pay attention to.

TOBII'S PERSPECTIVE

Tobii Pro is a driving force in this area and provides innovative eye tracking solutions which enable measurement and in-depth understanding of consumer behavior. Altogether, Tobii Pro has served more than 2,500 academic and over 3,500 enterprise customers that have understood the potential of eye tracking. Several tens of thousands of potential customers remain to be addressed.



MIXING OF VIRTUAL AND REAL

Virtual worlds or environments that mix reality with the virtual create completely new prospects for how we interact with technology, with each other and with the outside world. VR and AR are expected to bring about even more radical changes than smartphones have over the past decade – a trend that will benefit both consumers and enterprises. The technology is still maturing, but many large companies are making extensive investments in developing both technology and user experiences. The Covid-19 pandemic has accelerated the development of technologies and behaviors that enable people to socialize and interact virtually.

TOBII'S PERSPECTIVE

According to estimates from research company IDC, approximately 53 million VR headsets and AR glasses will be sold in 2025. We see a large and prioritized business opportunity for Tobii here. Eye tracking plays an important role in both VR headsets and AR glasses as it enables more natural user interfaces, better performance and deep insights into user behavior.



INCLUSION OF ALL PEOPLE

There is general agreement that all human beings are of equal value. Everyone deserves a satisfying life where we can realize our dreams and reach full potential, regardless of disability or other health conditions. Some parts of society have progressed further in inclusion, where people with varying functional capabilities are visible in society, attend ordinary schools and have ordinary jobs. Unfortunately, much remains to be done in many countries and certain parts of society, though we see indications pointing in the right direction. Inclusion is part of the UN's global goals for sustainable development, and around 20 countries have in recent years approved strengthened compensation and prescribing systems for assistive technology for communication.

TOBII'S PERSPECTIVE

Today, technology is available to overcome physical or cognitive barriers. As human beings, we are no longer defined by our limitations. The opportunity to communicate is an important part of inclusion. Through our assistive technology for communication, Tobii is a part of this societal development. There are approximately 50 million people in need of assistive technology for communication worldwide. We are proud that Tobii Dynavox has been able to provide around 30,000 people with a new voice in 2020 but clearly, our goal is to increase that number significantly.



GLOBAL COMPETITION FOR TOP TALENT

A company is only as good as the passion, attitude, culture and skills of its team. In the modern, global and constantly connected world, the ability to attract and retain talent globally will separate the winners from the losers. Even more so for companies that are pushing the frontiers of innovation in state-of-the-art technology and offer solutions globally.

TOBII'S PERSPECTIVE

Tobii has a unique ability to attract talent through its strong corporate culture, exciting challenges and meaningful products. Tobii has a global approach to recruitment and how we are organized, which creates opportunities for international experience and career development for many of Tobii's employees. The Covid-19 pandemic has entailed major changes in how we work, which will likely result in permanent changes offering both opportunities and challenges.

Our value creation

Tobii believes that the innovation we enable and the position we hold provide a significant opportunity to fulfill our purpose while creating value for our relevant stakeholders, primarily in four different areas.

PRODUCTS THAT BENEFIT SOCIETY AND THE INDIVIDUAL

By driving the development of leading technologies and products, we enable innovation and development in a wide range of applications and application areas with deep fundamental benefit for society as a whole and for individuals. This specifically applies to eye tracking technology, but also to other products and solutions that Tobii develops and refines over time. Our products today make it possible to radically improve quality of life for people with communication difficulties, they contribute to a more inclusive world, better educational opportunities, research progress, cost savings for health care, a safer world, earlier and faster diagnoses of a variety of diseases, simpler and faster treatments, more power-efficient hardware, better entertainment and increased productivity. Moreover, potential new areas of benefit are constantly added.

A BUSINESS WITH A POSITIVE IMPACT

Our position as the world-leading supplier of a technology that is expected to be widely deployed over the coming years, gives us an opportunity to influence to ensure that products are used properly and for a good purpose. It also gives us an opportunity to influence and create value among suppliers, customers, partners,

employees and society at large by striving to achieve a responsible and sustainable business. During 2020, Tobii intensified development of our sustainability efforts and strengthened our sustainability strategy. Tobii supports the ten principles of the UN Global Compact (UNGC) and we work continuously to minimize any negative effects throughout the chain and maximize the benefits and value creation our business contributes from both a social and an environmental perspective.

A WORLD-CLASS WORKPLACE

Being a fantastic employer is a key factor and important focus area in Tobii's long-term competitiveness and ability to create value over time for employees, society and our shareholders. We have an open and inclusive corporate culture with great diversity among our employees. Our culture encourage everyone to contribute and to take initiatives, which results in innovative and high-quality products, services and operations. It also contributes to a sustainable society, employee productivity and work satisfaction.

A BUSINESS THAT GENERATES SHAREHOLDER VALUE

Last but not least, Tobii has an opportunity to create significant shareholder value by building strong businesses that generate profits from the proliferation of our technology. Based on what we know today, our estimate is that the total addressable market for eye tracking related applications alone will ultimately exceed one billion units per year. In addition, Tobii creates comprehensive solutions based on the core technology, which increases the sustainability of our position and further expands the value potential.

Value maximization strategy

Tobii's strategy consists of six pillars designed to achieve our purpose and maximize the company's value creation.

TECHNOLOGY AND PATENT LEADERSHIP IN EYE TRACKING

Tobii is passionate about product development and strives to offer innovative technology and products of high-quality that are clearly differentiated from competing solutions. Tobii's three divisions are all market leaders, which offer world-leading products. A high pace of development in technology, intellectual property rights, new products and business models is crucial for Tobii to drive the spread of eye tracking, maintain its market-leading position, defend high margins and be an attractive partner, in both new segments and segments where we are already established.

REALIZE CLEAR CUSTOMER BENEFITS

Technology by itself does not create value for anyone. A wide range of applications and end-to-end solutions that leverage the potential offered by eye tracking are necessary to realize strong customer benefits and for eye tracking to become widely adopted as a breakthrough technology. Therefore, a key strategy for us is not only to provide core technology, but also to go all the way to realize customer benefit, either through our own complete solutions, or by establishing partnerships and building complete ecosystems. In Tobii Dynavox and Tobii Pro, we provide complete solutions and services that create pervasive and strong customer benefits. At Tobii Tech, we work proactively with a large array of partners to build a rich ecosystem of applications around our technology.

FOCUS ON THE MOST ATTRACTIVE OPPORTUNITIES

Through both the depth and breadth of our divisions, our R&D initiatives, and not least, the wide range of opportunities that eye tracking creates, Tobii is continuously identifying and developing new business opportunities in a wide range of applications and diverse market areas with unique drivers, structures and varying time horizons. Tobii carefully selects the business opportunities that we believe offer the most attractive combination of long-term market potential, reasonable time horizon and good prospects for achieving and maintaining a world-leading position and attractive margins. A diligent prioritization process among many opportunities within our three divisions creates focus and drive.

LONG-TERM VALUE MAXIMIZATION THROUGH GROWTH

Market penetration for our solutions is quite low, even in the two more established divisions, Tobii Dynavox and Tobii Pro, which means there is good long-term growth potential. Tobii Tech is targeting several volume markets in which eye tracking is still at an early stage, but with great long-term potential. As previously mentioned, we see a total addressable market

with a potential of one billion units per year within the coming decade. Tobii believes that the right strategy for value maximization is to optimize for long-term growth, which we prioritize over maximizing short-term profitability. We are therefore investing heavily in all three divisions to position Tobii correctly in order to take advantage of future growth opportunities. However, we are balancing this approach with financial discipline and reasonable profitability – Tobii Dynavox and Tobii Pro have shown a positive and increasing operating margin in recent years, and Tobii Tech is also working to achieve profitability in the coming years. As a Group, Tobii has a clear goal of achieving profitability for the full year 2021. In addition to organic investment opportunities, there are also opportunities for value-creating acquisitions of companies, technologies and intellectual property rights. Potential acquisition targets relevant to each division are continually evaluated.

ATTRACT AND MAINTAIN WORLD-CLASS TALENT

Tobii has both the opportunity and the need to attract and retain world-class talent in a variety of disciplines. As a result, Tobii has a strong focus on, and makes great efforts to be, a top-class employer. This is achieved through a strong and positive corporate culture, by offering employees good development opportunities, by visualizing the strong positive purpose of the business and by contributing to a sustainable society.

DECENTRALIZED GOVERNANCE WITH INDEPENDENT DIVISIONS

Each of Tobii's three divisions are run by CEOs with their own management teams and include most business-critical functions. Strategy and targets are set at the division level based on the market conditions within each area. Dividing the operations into these divisions creates focus, power and entrepreneurship within each area. By being part of the Group, the divisions share a strong technology foundation, as well as a common brand, values, patents and other intellectual property. Synergies are also achieved through collaborative efforts between the divisions, as well as Group-wide functions such as HR, finance, communications, logistics and IT. Eye tracking technology is developed and adapted in all three divisions. Tobii Tech develops eye tracking platforms for integration in third-party solutions, but also sells standard platforms to the other two divisions on market-based terms.

FINANCIAL OBJECTIVE

Tobii aims to achieve a positive operating profit for full-year 2021.



A leading patent portfolio provides strength and future revenue

Innovation and patents are integral to the Tobii business model. Being on the cutting edge and protecting our innovations create business opportunities for both the short and long term. Tobii works proactively to identify inventions and opportunities for patent registrations in ongoing development activities.



A strong patent position is important for Tobii to remain highly competitive, have sustainable long-term margins, create opportunities for future licensing revenue and provide a strong protection for its own technology and products. As interest in eye tracking has increased in several volume markets, the pace of patent applications has also increased in this area. Tobii has one of the strongest portfolios of eye tracking related patents in the industry with respect to both the size and the quality of the patents. For Tobii, it is important to continue to build a broad and deep patent portfolio in order to retain a competitive position and to have a strong offering for integration customers. At year-end, Tobii's patent portfolio contained a total of 720 granted and registered patent applications, of which more than 300 have already been granted.

FOCUS ON CORE TECHNOLOGY AND APPLICATIONS

Tobii's patent portfolio includes both its core technology and various applications for its use. The core technology refers to algorithms, system designs, optics and application components, which are widely applied in many different types of products where eye tracking is and will be used – from computers and mobile devices to eye tracking glasses, both VR and AR. One particularly important area involves various

techniques for achieving high-quality eye tracking at a low cost and low power consumption. Patents on how eye tracking is applied are as important as patents on the basic technology itself, and Tobii's portfolio also includes patents in areas such as user interface and interaction, analysis, computer games and VR.

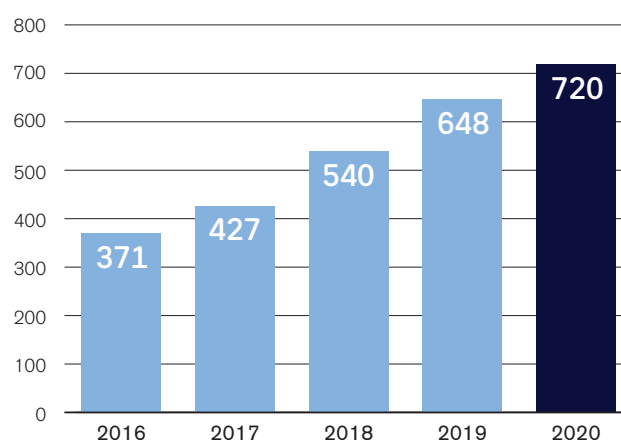
PROTECT OUR OWN AND OUR CUSTOMERS' PRODUCTS

A strong patent position provides solid protection for both our own and our customers' products and makes Tobii an excellent technology partner for integration customers. Compared with other independent eye tracking providers, Tobii has by far the strongest portfolio of eye tracking related patents.

REVENUE FROM TOBII'S LICENSING PROGRAM

In the long term, patents can generate substantial value in the form of revenue for Tobii. Tobii already has licensing agreements with a number of smaller eye tracking companies that use innovations protected by Tobii patents.

NUMBER OF PATENTS AND PATENT APPLICATIONS





Three market leading divisions

Tobii's three divisions, Tobii Dynavox, Tobii Pro and Tobii Tech, are global market leaders in their respective fields. Tobii Dynavox focuses on assistive technology to help individuals with disabilities to communicate. Tobii Pro provides specialized eye tracking solutions that add deep insights and unique objectivity to a multitude of areas in human behavior research. With these divisions, Tobii has established two growing, profitable and cash flow generating operations that have good potential for continued growth over a long period of

time. Together they form a strong foundation for the Group's operations, organization and development. Tobii Tech offers market-leading eye tracking technology to customers primarily in volume segments such as PCs, VR headsets, AR glasses and a wide range of healthcare and education products. The division is making large investments to develop its technology and establish strong positions in several new markets with substantial long-term potential.



tobii pro

The world's leading supplier of eye tracking solutions for understanding human behavior.

Tobii Pro's mission is to empower scientific researchers and business professionals with revolutionary insights into human behavior through the use of world-class eye tracking technology.

The overall strategic objectives are to strengthen the position as the world's leading provider of eye tracking solutions for behavioral studies and to expand the offering around Tobii Pro's key assets and customer needs. There is great potential to increase use within existing customer segments and to expand use of the division's products and services to new application areas.



tobii dynavox

The world's leading supplier of assistive technology for communication

Tobii Dynavox's mission is to empower people with disabilities to do what they once did, or never thought possible.

The overall strategic objectives are to strengthen the position as the world's leading supplier of assistive technology for communication and special education software and to expand the offering around Tobii Dynavox's key assets. Very low global penetration offers the potential for long-term market growth, driven by gradually improved reimbursement systems and increased awareness of needs and available solutions.



tobii tech

The world's leading supplier of eye tracking technology for integration into customers' products.

Tobii Tech's mission is to enable devices to visually sense the user – to transform everyday experiences to be more intelligent, intuitive and insightful.

The overall strategic objective is to strengthen the position as the world's leading supplier of eye tracking technology, and thereby grow a large and profitable business as eye tracking reaches high penetration and high volumes in a wide range of application areas. In the long run, Tobii Tech has the potential to reach sales of several billion SEK with good profitability. This development is expected to occur gradually over several years and requires major investments in technology and market development.

Due to the increased uncertainty caused by the pandemic, Tobii has temporarily chosen to not express specific financial targets per division. However, the company sees that the underlying dynamics and favorable conditions for growth in all three divisions will be intact after the pandemic.

SHARE OF THE GROUP'S
GROSS SALES



READ MORE

Tobii Pro on pages 20–25.

SHARE OF THE GROUP'S
GROSS SALES



READ MORE

Tobii Dynavox on pages 26–31.

SHARE OF THE GROUP'S
GROSS SALES



READ MORE

Tobii Tech on pages 32–39.

Eye tracking provides insight about human behavior

Tobii Pro targets a rapidly growing group of customers

in both scientific research and the commercial sector. Eye tracking is increasingly being used to understand human behavior and what factors influence the decision-making process. Studying eye movements provides powerful and objective information about what catches our attention, what interests us, what we ignore and what information we process. The data is analyzed and turned into actionable insights that help answer scientific research questions, explain customer behavior or optimize work processes, performance and future products. Common fields of academic research include psychology, linguistics and neuroscience. In the commercial sector, Tobii Pro's customers include thousands of marketing researchers, marketers, advertisers, UX designers, safety managers, continuous improvement engineers and simulator operators.

Spanish car manufacturer

SEAT used Tobii Pro Glasses 3 in a pilot test to track the driver's gaze pattern and how the driver shifts focus from the road to the infotainment system. The purpose of the test was to ensure that interaction with the infotainment system is as intuitive as possible, while improving road safety. By using Tobii Pro Glasses 3, SEAT gets accurate eye tracking data and can use it to develop high-quality infotainment systems that in turn create both satisfied and safe drivers.



The world's leading supplier of eye tracking solutions to study human behavior

Unparalleled insights that drive research and business forward

Tobii Pro is the world leader in eye tracking solutions for behavioral research. Studies of what people pay attention to and focus on provide objective data and deeper understanding of our cognitive processes that cannot be obtained in any other way. The insights are used in a wide range of research disciplines and clinical applications, while businesses utilize insights from eye tracking to make better marketing investments, more informed design decisions or to improve processes.

IMPORTANT EVENTS IN 2020

- Launched the new generation of the flagship product Pro Glasses. This achievement is the result of a major product development investment based on 6 years of experience from Pro Glasses 2. Pro Glasses 3, the division's flagship product, is expected to drive good sales growth for several years.
- Introduced several major upgrades to the Sticky web platform and Pro Lab analytics software. The many improvements included the ability to analyze emotions and integration with sensors for supplementary biometric data.

FINANCIAL PERFORMANCE

SHARE OF THE GROUP'S GROSS SALES



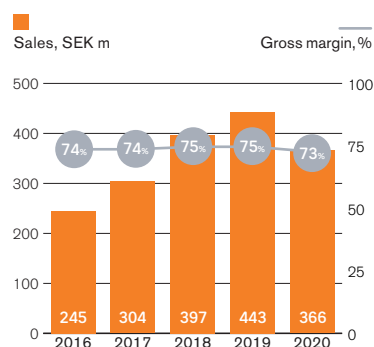
REVENUE, SEK MILLION

366

GROSS MARGIN, %

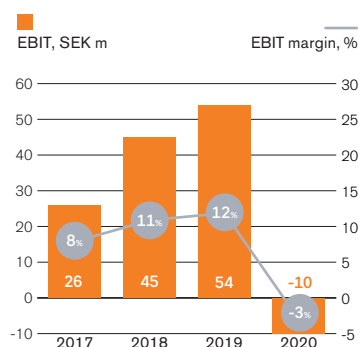
73%

REVENUE AND GROSS MARGIN



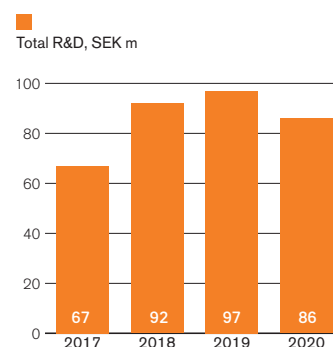
Tobii Pro's revenue declined by 16% organically, compared with 2019. The Covid-19 pandemic clearly limited the ability of customers to pursue research, studies and education, which affected revenue both in academic research and among enterprise customers.

OPERATING PROFIT/LOSS (EBIT) AND OPERATING MARGIN



The operating margin was -3%, primarily the result of lower revenue, lower gross margin, negative currency translation effects and higher amortization.

RESEARCH AND DEVELOPMENT



As a result of general cost restraints during the year and a short-term cost reduction program in the spring, R&D expenditure decreased by 11% compared with 2019.

SEGMENT DEVELOPMENT

MARKET, POSITION AND CUSTOMERS

The deep insights into human behavior that eye tracking provides create unique opportunities for scientific research and enterprises to optimize product design or marketing, increase production line safety and streamline knowledge transfer between employees. As businesses, products and services become increasingly centered around people's experiences and abilities, the need and value of these insights increases. Along with increased knowledge of eye tracking as a method, the market for eye tracking solutions for understanding human behavior has grown by an average of 10-15% annually over the past decade. Nevertheless, eye tracking as a driver of progress in science and business still only addressed the tip of the iceberg, the absolutely most innovative customers and companies, leaving great potential for continued market growth. Tobii Pro has a global market share of more than 60% and its customers include over 3,500 companies and 2,500 research institutions.

Tobii Pro has structured the product range and the organization around customers in three core segments: Scientific Research, Marketing & User Research and Industry & Human Performance. This organizational structure aims to drive an even more customer focused approach to product development, sales and marketing.

SCIENTIFIC RESEARCH

Scientific research has served the research community for close to 20 years and it continues to be the largest and most profitable segment for the division. The ability to capture accurate eye tracking data efficiently and easily is critical for researchers and in 2020, more than 2,500 research papers referring to Tobii Pro's solutions were published.

MARKETING & USER RESEARCH

Marketeers continue to compete for our limited attention and consumers increasingly expect a seamless shopping experience and an amazing product experience. This drives a need to understand the basis of our responses and behavior, and thereby contribute to growing demand for eye tracking studies. Tobii Pro's customers in this segment include many companies, both large and small, in fields such as market research, consumer goods, e-commerce companies, product companies and retail.

INDUSTRY & HUMAN PERFORMANCE

The world-famous Japanese concept of continuous improvement is an important driving force for the use of eye tracking. By using eye tracking, tacit knowledge can be identified, transferred and then used to improve execution and performance for increased efficiency, quality and safety. Tobii Pro provides solutions and services to customers in diverse fields, including the manufacturing industry, process industry, transport sector, healthcare and sports.



READ MORE

Discover Tobii Pro's range of products at tobii.pro



Sales channels

Tobii Pro's customers include academic researchers, government institutions and commercial businesses with the common goal of better understanding people and their environments.



Direct sales

of screen based and wearable hardware and/or software for collection and analysis of behavioral data in lab settings, real world or simulated.



Research consultants

conducting eye tracking studies commissioned by companies and run trainings on study design, data collection and interpretation of the results.



Integration partners

in which eye tracking is commonly used in combination with other research tools, such as EEG or analysis of facial expressions, as a means to explain the reaction to a visual stimuli. Tobii Pro has an extensive network of technology partners who sell Tobii Pro products and enable a combination of data streams.



Channel partners,

such as global marketing research companies are partners of Tobii Pro. Tobii Pro's research consultants acts as eye tracking experts and supplies eye tracking studies on behalf of the marketing research companies end clients.

PRODUCTS AND SOLUTIONS**EYE TRACKING SOLUTIONS FOR DIFFERENT RESEARCH QUESTIONS**

Tobii Pro provides a wide range of leading products for eye tracking research, to accommodate for different segments, research questions and price points. The new eye tracking glasses Tobii Pro Glasses 3, along with screen-based eye trackers such as Tobii Pro Spectrum, Tobii Pro Fusion and Tobii Pro Nano, form a broad and industry-leading portfolio of portable, stationary and mobile eye tracking solutions for behavioral studies. The analysis software Tobii Pro Lab enables advanced design, data collection and analysis of eye

tracking data. The web-based SaaS solution Sticky by Tobii Pro enables fast and useful consumer insights. The division's service organization, Tobii Pro Insight, conducts studies on behalf of its customers and is an important component of the overall offering. It also plays an important role as a catalyst for solution sales by making it easier for customers to become aware of the benefits of eye tracking, as well as to disseminate best practice in how such studies are conducted.



Tobii Pro Glasses 3, the division's recently updated flagship product, is used to study attention and capture natural behavior in various environments, both inside and outside the lab.

Tobii Pro Fusion takes Tobii's latest advancements in eye tracking technology and puts them into a discreet, ultra-light peripheral device enabling researchers to run lab-grade research out in the community, using an ordinary laptop or desktop computer.



Tobii Pro Lab is Tobii Pro's flagship analysis software. It works with all Tobii Pro eye trackers and guides and supports the customer through the entire research workflow from simple to complex experiments.

STRATEGY FOR PROFITABLE GROWTH

Tobii's assessment is that a balanced strategy emphasizing growth with sound profitability is the most value-creating strategy for Tobii Pro in the long term. Tobii is therefore investing in sizing and positioning the division for growth with a focus on:

FURTHER DEVELOP AND EXPAND THE OFFERING OF INNOVATIVE SOLUTIONS

To take advantage of growth opportunities, Tobii Pro invests heavily in the product portfolio. Further development of solutions streamlines and deepens the insights and conclusions that customers can reach, thereby driving additional sales through increased use. New functions and an expanded portfolio also set the stage for reaching new and broader customer groups. Pro Glasses 3, a new generation of the division's flagship product, was launched in 2020. This achievement, the result of major investments in product development based on six years of experience from Glasses 2, contains a large number of important improvements that both strengthen competitiveness and broaden the areas of application, thereby opening up new addressable segments. In addition, partnerships were announced during the year related to EEG and other biometric measurement methods. Enabling synchronization of data from eye tracking with other biometric data simplifies work for the customer and allows more powerful analysis.

DEEPEN AND BROADEN USE

Eye tracking to understand behavior can be used in a wide array of applications and in many different industries. In order to expand this base of customers and applications, Tobii Pro focuses on developing solutions, marketing and sales around the specific customer segments. Through this approach, Tobii Pro builds cutting-edge expertise based on diverse customer needs, thereby generating greater focus and power in both product development and marketing. Using common core products as a starting point, solutions are developed that are specifically adapted to the customers in each segment, while sales and marketing are also optimized to reach these customer groups.

GROW THE RESEARCH CONSULTING BUSINESS

Tobii Pro Insight is a team of eye tracking experts who conduct studies on behalf of customers. The team supports customers in their studies and provides them with insights that help them in their business, for example by enabling more informed marketing investments, making better design and product placement decisions, or by reducing mistakes and thereby increasing safety and quality. Tobii Pro Insight is strategically important – in part, because it represents a large business opportunity in itself and also, because it accelerates growth of the market for hardware and software solutions.

CONTINUE GEOGRAPHIC EXPANSION

Tobii Pro has a strong international presence through its global direct sales organization and network of resellers. In the past few years, Tobii Pro has grown its global sales force and increased its local presence to drive additional sales and to better serve its customers. Although 2020 was a less expansive year due to the pandemic, the division began to return to its expansion strategy at the end of the year.

ACCELERATE GEOGRAPHICAL EXPANSION AND OFFERS THROUGH SELECTIVE ACQUISITIONS

Tobii Pro has an acquisition strategy aimed at strengthening its market position, increasing its leverage on existing core assets and market position, and expanding its growth opportunities. The division achieves these aims by actively evaluating sales channels, as well as related products and expertise.





Tobii Pro Glasses 3
can be used to improve
athletes performance.



To realize one's dreams and full potential

Tobii Dynavox's users have varying needs, but they all need assistive technology to communicate effectively. Most of our users are unable to speak by themselves. Some users need language learning support, while others have motor disabilities. Common diagnoses among Tobii Dynavox's end users are cerebral palsy, spinal cord injuries, ALS, autism and aphasia. Assistive technology for communication opens up new opportunities for users – to interact with family or friends, to graduate from high school and college, to express what they want and their opinions – things that most of us take for granted, but from which many of our users have been completely excluded.

These assistive technologies enable great improvements in the quality of life for the individual and their immediate surroundings, but also contributes significant benefits to society at large.

During the year, Tobii Dynavox introduced the possibility of using eye tracking outdoors in sunlight and an integration of Google Assistant, which both enables increased freedom and independence for individuals with disabilities.

"For the first time, I can talk to my friends and family outside using eye tracking. In the past, I had to rely on a communication partner for help, but not anymore."

"The new integration of Google Assistant into Snap Core First has made it much easier for me to carry out common tasks at home and has given me increased independence."

Becky Tyler, Artist from UK

Becky is an artist and gamer with cerebral palsy. She is also an advocate for equality and inclusion and runs her own YouTube channel, Eye Gaze Girl, where she shows how she uses eye tracking to play games like Minecraft and The Sims. She is tech-savvy and always interested in testing new technologies, both for fun and to explore how gadgets and solutions can simplify daily life.



The world's leading supplier of
assistive technology for communication

Assistive technology that gives our users a voice and independence

Tobii Dynavox is the world's leading supplier of assistive technology for communication. Our products and ecosystem of resources and support empower people with disabilities to do what they once did, or never thought possible. For some, this involves developing reading and writing skills, for others the ability to return to work. We support our users in their development journey, wherever it begins. The ability to communicate and the opportunity for a more independent life often have a dramatic impact on quality of life for our users and their families.

IMPORTANT EVENTS IN 2020

- Launched several updated products, including new versions of Snap Core First, PCEye, Speech Case, a comprehensive update of the special education software Boardmaker and eye tracking for outdoor use.
- Entered into a partnership with Google for deep integration of Google Assistant in Tobii Dynavox software and licensing of Tobii's communication symbols to Android Action Blocks.
- Switched to offering a higher proportion of digital training and trained about 100,000 speech therapists, prescribers and other healthcare professionals to drive long-term continued market growth.
- Sold Smartbox Assistive Technology Ltd, as required by the British competition authority, without the need for impairment.

FINANCIAL PERFORMANCE

SHARE OF THE GROUP'S GROSS SALES



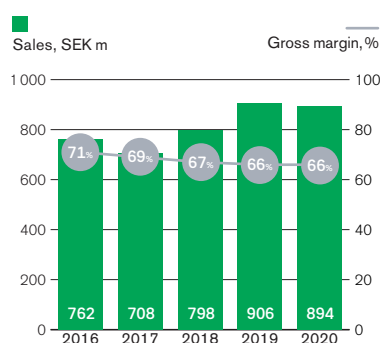
REVENUE, SEK MILLION

894

GROSS MARGIN, %

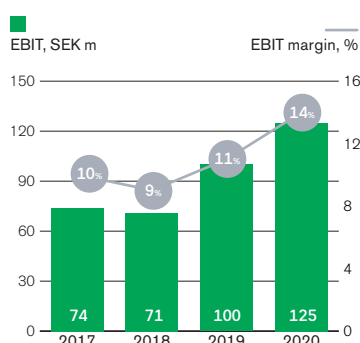
66%

REVENUE AND GROSS MARGIN



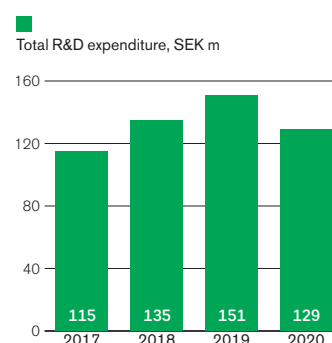
Revenues for Tobii Dynavox increased by 1% organically compared with 2019. The new I-Series has been a strong sales driver during the year, but the division was severely impacted by shutdowns and restrictions at institutions such as schools and healthcare facilities.

OPERATING PROFIT/LOSS (EBIT) AND OPERATING MARGIN



The improved operating margin is attributable to strong development of the new I-Series, good cost control and government grants of SEK 13 million.

RESEARCH AND DEVELOPMENT



Tobii Dynavox's R&D investment decreased by 15% in 2020, in part because Tobii Dynavox is going through an investment-intensive period and in part because of the weakening USD.

MARKET, POSITION AND CUSTOMERS

EXTENSIVE NEEDS, BUT FEW HAVE ACCESS TO THE RIGHT SUPPORT

Tobii Dynavox is driven by providing as many people with disabilities as possible with access to good assistive technology for communication. The needs are great. Globally, more than 50 million individuals need assistive technology to be able to communicate effectively. However, very few of these people (<2 %) have access to these tools due to low awareness of what is available and the lack of societal and financial infrastructure to offer the right support. The fundamental value that our products offer, both to the individual and to society, combined with the low penetration rate, creates great potential for growth in this market. The market for assistive technology for communication is estimated to have the opportunity to grow around 10% annually over a very long period of time.

STRONG LEADING GLOBAL POSITION

The main markets currently comprise about a dozen Western countries with functioning systems for prescribing and reimbursing assistive technology for communication. Tobii Dynavox has about 40% of the total market for assistive technology for communication, including about a 70% market share in eye-controlled products. Continuous positive development of the social and financial infrastructure in both mature western markets and less mature emerging countries is an important driving force behind the growth of the entire market. Through active efforts to promote education and to increase

awareness of assistive technology, Tobii Dynavox is a driving evangelist globally regarding the mission of ensuring that all individuals who need assistive technology for communication have the opportunity to receive it.

THE WORLD'S LEADING SOFTWARE FOR SPECIAL EDUCATION

In addition to Tobii Dynavox's strong position in assistive technology for communication, the segment also has a world leading software solution for special education.



READ MORE

Discover Tobii Dynavox's range of products at tobiidynavox.com

The support network around our customers and users

Tobii Dynavox's users have varying needs, but most of them are unable to speak without assistive technology for communication. Some need support with language learning, while others have motor disabilities. Common diagnoses among Tobii Dynavox's end users are cerebral palsy, spinal cord injuries, ALS, autism and aphasia.



End users are often people with disabilities who are highly dependent on a well-functioning support network.



Speech therapists play a key role in the value chain by evaluating both the needs of the end user and the available solutions, after which they recommend and prescribe suitable assistive technology.



Customers are usually funding sources such as government or private insurance agencies, or schools that provide assistive technology for communication to the end user in certain markets. Some solutions are sold directly to the end user.

tobiidynavox

Tobii Dynavox and other specialized suppliers offer assistive technology for communication in the form of hardware and/or software, as well as services and support that help users become successful with the products.

PRODUCTS AND SOLUTIONS

ASSISTIVE TECHNOLOGY FOR DIFFERENT NEEDS

Tobii Dynavox has a broad product portfolio to meet varying needs and circumstances of its users. Medical-grade solutions are sold together with extensive service commitments through insurance coverage. Products in the mid-range segment are sold to schools, directly to individuals and also enable expansion into new geographic markets with limited funding systems. The core of the assistive technology solutions are communication software based on clinically developed language systems. The same software can be used across different hardware platforms, enabling economies of scale and continuous improvement, as well as increased customer and user satisfaction and loyalty.

The simplest and least expensive communication solution involves apps used on ordinary consumer tablets, which serves as an effective method to raise awareness among new users and their families.

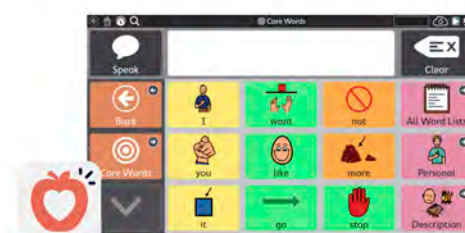
LEADING SPECIAL EDUCATION SOFTWARE

Tobii Dynavox's globally leading suite of special education software, symbols, pre-made curriculum and assessment tools currently support education and communication for more than six million students in 51 countries.

TOBII DYNAVOX PRODUCT PORTFOLIO

	Eye-controlled assistive technology for communication	Touch screen-controlled assistive technology for communication	Computer accessories for access and eye control
Medical-grade products	✓	✓	✓
Mid-range products	✓	✓	✓
Software and apps for communication	✓	✓	✓
Special education software	✓	✓	✓

Snap Core First is a symbol-based communication software enabling a path to literacy at any age or stage of language development. This solution converts symbols to clear speech and fosters growth, engagement and literacy.



Computer Control is a new tool to control a PC, enabling the user to intuitively interact with and control their device using their eyes. It enables ergonomic, efficient and intuitive interaction in a standard Windows environment.



The I-Series is Tobii Dynavox's family of high-end, medical grade communication devices with integrated eye tracking. The devices enable speech generation, access to common computer functions and environmental control.



STRATEGY FOR PROFITABLE GROWTH

Tobii's assessment is that a strategy for Tobii Dynavox that balances investments in growth with robust profitability is most value-creating for shareholders, but also society and the world at large. The segment is therefore optimized for long-term growth rather than maximum short-term profitability. The division's growth is based on underlying market growth, the potential to increase penetration, capture additional market share, address new customer groups and expand into new geographic markets. To achieve this growth, Tobii Dynavox drives a number of strategic initiatives:

INCREASE KNOWLEDGE AND AWARENESS

The percentage of people with access to appropriate assistive technology for communication is very low, and also varies greatly between countries, regions and diagnoses, even in those countries where funding is available. The main reason is inadequate knowledge of the potential and the value that assistive technology for communication creates for the individual and society. In 2020, Tobii Dynavox trained more than 100,000 speech therapists, prescribers and other healthcare professionals in the use of assistive technology for communication and Tobii Dynavox solutions. Tobii Dynavox is also engaged in long-term initiatives to increase awareness among the general public and to influence decision-makers and legislation.

DRIVE INNOVATION AND OFFER LEADING SOLUTIONS

Tobii Dynavox's product strategy is to offer innovation-leading solutions. By continually driving development forward with a focus on increased simplicity, features and capabilities, we create more value for end users while differentiating our products. In 2020, major advances were made with the integration of Google Assistant, the launch of eye tracking for outdoors use and the launch of the ability to use many of the world's most popular apps, including Netflix, Spotify and Facebook.

EXPAND FIELD FORCE IN EXISTING MARKETS

Since existing markets are highly under-penetrated, combined with the need for physical visits for evaluations, product installations and training of end-users and their relatives, there is significant growth potential in expanding our organization of assistive technology consultants. Over the past 3 years, Tobii Dynavox has expanded its field force by 14%. At least a doubling of the field force is considered possible without significant impact on long-term profitability estimates per sales representative.

EXPAND TO NEW MARKETS AND USER GROUPS

Addressing new geographic markets offers substantial growth potential. By adapting products to local languages and cultures, combined with expanding sales channels in new markets, Tobii Dynavox is gradually expanding its global market presence. We are strengthening our presence in new markets as systems for prescribing and providing reimbursement for assistive technology for communication are developed. Even in well developed geographic markets, many user groups are relegated to purely physical care, rather than receiving help with their communication skills. With its development resources and in-depth clinical expertise, Tobii Dynavox has the opportunity to develop products for existing and new user groups.

ACQUIRE COMPLEMENTARY CHANNELS AND PRODUCTS

Over the past 15 years, Tobii Dynavox has built up a strong organization with a world-leading position in assistive technology for communication. This position, the products, the sales machine, the technical know-how, the clinical skills, the industry expertise and the established reimbursement process all represent valuable assets around which Tobii Dynavox can expand its business. Tobii Dynavox pursues an active strategy to both broaden and strengthen its position, while accelerating growth through well-chosen acquisitions.







Opens up a new world of innovation

Eye tracking is a unique sensor technology that enables innovation in a wide range of applications by improving methodology for interacting with products. A device equipped with eye tracking can "see" the user. It knows if the user is present, what the user is looking at and it can understand the user's interest, focus and intention. This in turn creates the conditions for transformative, more intuitive user experiences adapted to our natural behavior, new and better products and valuable insights.



TOBII TECH INTEGRATED EYE TRACKING IN HP'S NEW VR HEADSET

During the year, Tobii Tech integrated eye tracking into HP's latest VR headset, the HP Reverb G2 Omnicept Edition. The headset benefits from the full Tobii Eye tracking system including Tobii's dedicated ASIC for eye tracking Tobii EyeChip™. Integration of eye tracking offers benefits such as advanced analysis, improved graphics and performance, better and more realistic experiences, and more intuitive interaction.



The world's leading supplier of eye tracking technology for integration into customers' products.

Technology that improves lives and drives innovation

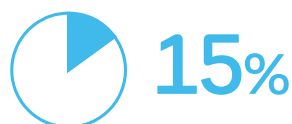
Tobii Tech provides world-leading eye tracking technology to a wide range of OEM customers and partners for integration into a variety of products. Through technology, Tobii Tech offers its customers clear values and differentiation. For example, Tobii Tech's technology enables higher performance, increased security, lower energy consumption, alternative intuitive user interfaces and valuable insights. Quite simply, Tobii Tech's technology facilitates better products, better user experiences and new innovative opportunities. Eye tracking creates significant value in computers, VR and AR headsets, cars and a wide range of innovative educational, healthcare and industrial applications. In many cases, eye tracking is a necessary component without which the product cannot function.

IMPORTANT EVENTS IN 2020

- Clear progress was made in VR. Pico and HP launched headsets with Tobii Eye Tracking and development was conducted in integration projects related to several additional upcoming headsets, with both existing and new customers. Qualcomm presented its third XR reference design optimized for Tobii Eye Tracking.
- In the PC area, several design wins were garnered with Tobii Aware and the Eye Tracker 5 gaming computer accessory showed strong sales growth.
- In Niche Applications, a dozen new design wins were secured, or projects initiated, including touchless information terminals, vision examinations for children, glasses with autofocus, reading aids, brain and vision examinations in VR, training simulators, streamlined analysis of medical images and improved user interfaces in business applications.

FINANCIAL PERFORMANCE

SHARE OF THE GROUP'S GROSS SALES



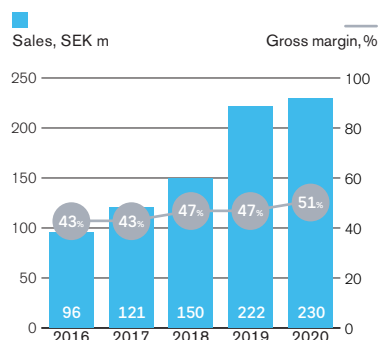
REVENUE, SEK MILLION

230

GROSS MARGIN, %

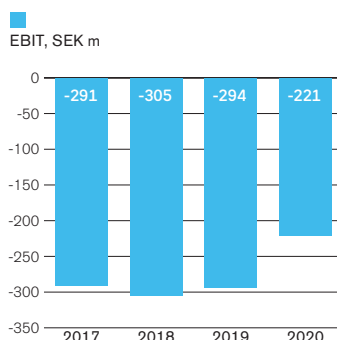
51%

REVENUES AND GROSS MARGIN



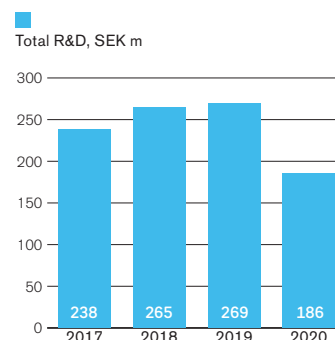
Tobii Tech's revenue increased in 2020 by 7% organically. During the year, the pandemic had a negative impact on sales, as it was difficult to engage in business development, some customers postponed projects, and several established customers had lower sales volumes.

OPERATING PROFIT/LOSS (EBIT)



Despite the significant headwinds caused by the pandemic, Tobii Tech's operating profit improved by an impressive SEK 72 million compared with the previous year. This achievement was the result of growth, good cost control and a structural savings program.

RESEARCH AND DEVELOPMENT



Tobii Tech reduced its R&D investment slightly as a result of the structural savings program. Nevertheless, the division continues to invest heavily in R&D to take leading positions in what are considered to be highly attractive end markets in the long term.



Tobii's leading eye tracking technology adds considerable value and opens new doors

Performance improvements and more innovative devices

- Significantly improved graphics performance, e.g. through "foveated rendering" where graphics are optimized where the user looks
- Optimized energy consumption
- Image quality optimized to the position and focus of the eyes
- Improved ergonomics
- Higher IT security and privacy protection

Transformative experiences

- Natural social interaction and eye contact
- Natural and intuitive ways to aim, direct and choose by combining eye tracking with hands and voice
- Intuitive way to aim, direct and choose through eye control alone
- Visual context sharing
- More immersive experience and increased realism

Valuable insights

- Important insights regarding user attention and human behavior¹
- Analysis, understanding and sharing of subconscious knowledge and processes
- Opportunity for market research, testing and analysis of user experiences
- Determine presence, identification, mental status and mood
- Enables medical evaluations, status monitoring and treatments

MARKET, POSITION AND CUSTOMERS

Tobii believes that most computers, VR and AR headsets, cars and a large quantity of other products will increasingly be equipped with user-friendly sensor technologies, such as eye tracking. Given high future penetration in these fields, Tobii estimates that the total market in the long term could amount to one billion units with eye tracking annually. This development is expected to take place gradually over several years and requires considerable investments in technology and market development by Tobii and Tobii's customers.

The competition mainly consists of small players who specialize in a certain market segment. Some major technology companies are also investing in the development of eye tracking technology and IP, primarily for their own use, which benefits Tobii as it helps build the market.

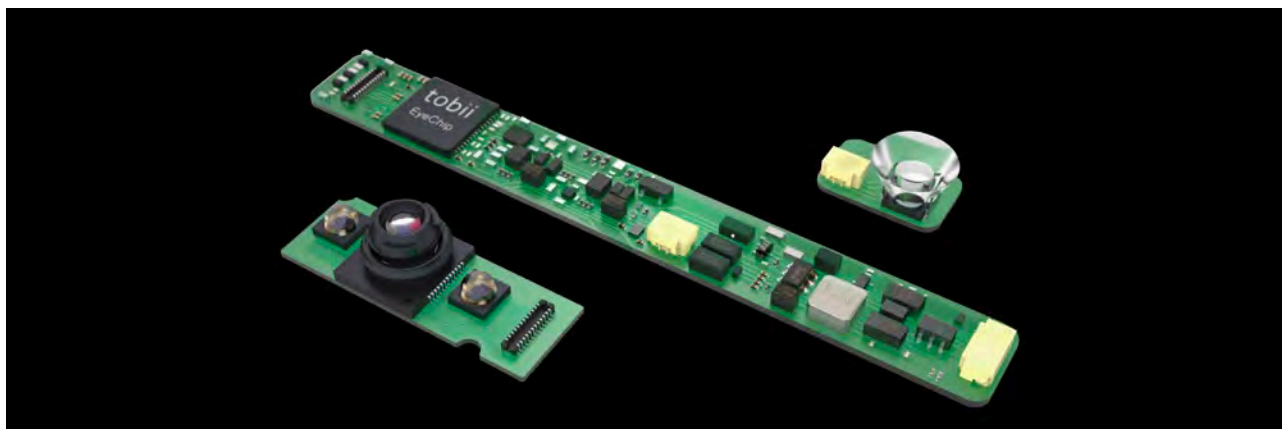
Tobii Tech's overarching objective is to retain its position as the world's leading supplier of eye tracking technology

for integration OEM customers' products and, in the long term, to achieve sales of several billion SEK with good profitability. Central to the division's strategy is to focus on sub-segments with high future potential, where Tobii's technology is well suited and where breakthroughs are considered possible in the reasonable near future. Tobii Tech's main focus in 2020 was the PC market, VR and Niche applications, which include healthcare, education and other high-value application areas. AR is another dynamic area that will be a natural extension of our strong position in VR. Customers primarily include leading global consumer electronics companies, leading suppliers of assistive technology for communication, large and small innovative medtech and education companies, and private individuals. Tobii Tech also delivers eye tracking technology to some of the products that the Tobii Group's other two divisions sell, which takes place on market terms.

¹) Tobii has a highly carefully developed and rigorous approach to personal privacy and protection of personal data. For more information, please see the sustainability report on page 47–69 and the Tobii Data Transparency Policy.

PRODUCTS AND SOLUTIONS

Tobii Tech offers a range of solutions for eye tracking integration



Tobii Tech continuously invests in developing and improving its core technology to be able to offer new generations of integration solutions that meet customer demand for well functioning eye tracking with small, power-efficient and cost-effective components. Tobii Tech primarily provides eye tracking technology for integration to OEM customers, but also has its own products that are sold through partners and directly to consumers.

EYE TRACKING HARDWARE PLATFORMS

Complete hardware platforms contain Tobii's custom-developed components on a circuit board and are sold together with algorithms and IP licenses and software applications. In 2019, the new Tobii IS5 eye tracking platform started shipping. The IS5 is used for integration in a broad variety of products ranging from laptops and stand-alone eye trackers to medical products. The development of the platform has also meant that we have taken important new steps forward in terms of components and subsystems such as illuminators, cameras and algorithms. Since IS5 is smaller than previous generations and modular, it enables integration of eye tracking features into a wide range of products. For example, the platform has been integrated into laptops, in several industry, education and healthcare related products, in Tobii Dynavox's new I-Series and a further developed version of the platform as part of Tobii Pro Fusion.

SYSTEM LICENSES AND COMPONENTS

For deeper or more complex integrations, Tobii provides eye tracking technology in the form of system licenses. Tobii works closely with the customer to adapt or develop an optimized system consisting of optical components such as eye tracking cameras and illuminators that are deeply integrated into the product. Tobii also provides eye tracking algorithms, which need to be adapted and optimized based on the product and the customer's chosen computer platform. The business model is based on a combination of project and licensing revenues. In many cases, Tobii also provides custom-designed hardware components that are applied to the customer's system design.

Examples of such components include Tobii EyeChip (ASIC, which contains Tobii's eye tracking algorithms), Tobii EyeCamera and Tobii EyeSensor. In 2019, the Tobii VR4 system design was integrated into the world's first mass production VR headset with eye tracking, the HTC Vive Pro Eye. In 2020, two additional headsets were integrated into Tobii's system design - the HP Reverb G2 Omnicept edition and the Pico Neo 2 Eye.

USB-BASED EYE TRACKER 5

Eye Tracker 5 is Tobii's USB-based eye tracker that builds on the IS5 platform and enables eye tracking connected to a regular computer. The product is sold both as a professional version to application partners who combine it with various applications and also as a consumer version directly to consumers for PC-gaming.

SOFTWARE ONLY SOLUTIONS

To meet the demand for more attentive PCs, Tobii launched Tobii Aware, a software solution for use in computers together with generally available web cameras. Tobii Aware uses existing webcams to give the user a more intelligent, intuitive and insightful experience, allowing the product to be sold to the installed base of computers. Tobii Aware offers a wide range of eye tracking related functions at a lower entry cost for the customer and thus the opportunity to achieve greater spread of the technology in an early adopter stage of the eye tracking market. The first deals were made in 2019 and in 2020, Tobii Aware was integrated into some additional computer series with Lenovo.

TECHNOLOGY AND PATENT LICENSING

Tobii offers technology and patent licensing to customers who partly or wholly develop their own eye tracking solutions. In the long run, patent licenses could generate substantial revenue for Tobii.



READ MORE

Learn about Tobii's patent strategy on page 15.



Innovation driver in fields such as medical technology and education

Eye tracking is used in a rapidly growing range of innovative and disruptive applications, where the technology often is absolutely essential to the use and value of the solution. These applications include optometry and visual science, robotic surgery, development of reading comprehension, and screening for, identification of, and in some cases also treatment of various health conditions. These customers usually develop turnkey solutions including the application software themselves and purchase Tobii's integration platform, including eye tracking algorithms and in some cases, Eye Tracker 5.

The market potential in healthcare, education and other emerging areas of application is large. Much of the volume is expected to generate significantly higher revenue per eye tracker than in mass market applications. Our assessment is that Tobii is a clear leader in the majority of these application areas. Although product volumes are smaller than in the mass market segment, the margins per unit are often many times higher, which typically results in customers and business deals that generate high profitability.

FOCUS AREAS

A WIDE FLORA OF MEDICAL TECHNOLOGY APPLICATIONS

A stable base for Tobii Tech is sales to the industry for assistive technology for communication, where customers such as Tobii Dynavox, PRC-Salttillo and Jabbla have established a strong presence. A strong increase in interest has also been noted from other parts of the healthcare sector, where eye tracking contributes new functionality. For example, eye tracking has been proven to have a unique ability to diagnose and in some cases treat a variety of diseases and visual impairments. In other medical applications, such as radiology and surgical robots, the main contribution from eye tracking is increased efficiency and a more powerful user interface.

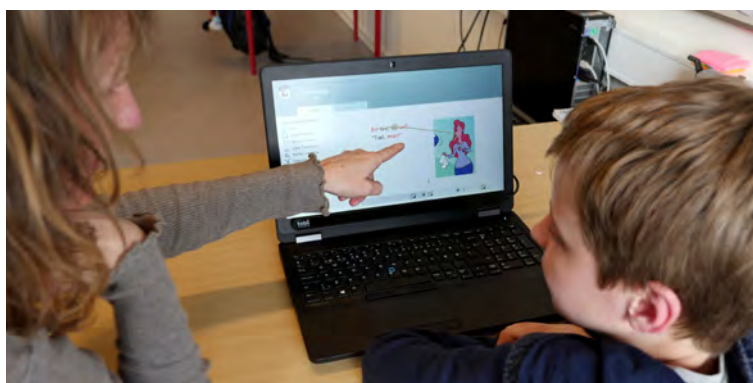


Tobii is collaborating with SyncThink to develop FDA-approved multi-modal health assessments that are used to quickly and objectively measure brain health and visual acuity in patients. SyncThink's digital health platform is used by leading health, sports and military organizations.

Image courtesy of SyncThink

EDUCATION

Tobii sees a growing interest in the use of eye tracking for various purposes in education. From investigating teaching and learning processes, supporting the development of new tools for assessing reading comprehension, to making education available to people with cognitive and motor disabilities with the help of eye tracking. The development of this area is supported by Tobii Pro's integration of a reading research solution in the analysis software Tobii Pro Lab, which drives research progress in the area. Tobii Tech in turn works with several partners in commercialization projects in dyslexia evaluations, reading development and educational software.



EyeJustRead has developed a solution to increase the understanding of what happens while a child is reading. Their solution develops an individual plan for the child that provides feedback on reading, which gives a sense of accomplishment, contributes to the development of reading skills and increases the child's motivation to read.

OTHER EMERGING AREAS OF APPLICATION

In addition to XR, PC, education and medical technology, Tobii Tech is also a leader in the development and adaptation of eye tracking solutions to enable development and innovation in a number of other potential application areas. Examples include 3D screens, autofocus glasses, user interfaces when using business applications, industrial terminals, work training and simulators, information kiosks, training of athletes and TV production of sports.



Tobii collaborates with partners to develop glasses with integrated eye tracking, distance measurement and adjustable focus to enable good sharpness at different distances. This enables, among other things, alternatives to progressive glasses for the large part of the population who suffer from presbyopia and thus is in need of reading or terminal glasses.



READ MORE

Read more at tech.tobii.com

The PC market represents a large opportunity

Tobii believes that ultimately, a large portion of all computers and tablets will incorporate advanced sensor technologies to understand the user, in which eye tracking will be an important component. Tobii's initial focus is to address the PC-segment by introducing eye tracking in the gaming computer segment. The PC gaming industry alone represents a large potential market with around one billion active players. It also serves as a pioneer market to the larger mainstream computer market. Almost 300 million desktop computers and laptops and around 180 million tablets were sold in 2020.¹⁾

Tobii addresses the PC market with three main offerings. One is Tobii's own USB-based consumer product Eye Tracker 5, and another involves offering eye tracking technology for

integration to PC manufacturers. In this case, Tobii offers both a webcam-based software solution and the high-precision IS5 eye tracking platform.

Market penetration for eye tracking within PC is still low. Tobii is developing a broad product strategy to create the best opportunities for the spread and adoption of eye tracking as a solution. In addition to providing hardware with eye tracking, Tobii also works closely with leading gaming studios, suppliers of esports training tools and esports tournaments, as well as developers of software solutions for increased productivity and ergonomics in order to create appreciated user experiences and to drive market development.



READ MORE

Read more at gaming.tobii.com

Smarter user interface, improved gaming experiences, gaming coaching and better viewing experiences

Despite an incredible development in software and computer technology in recent decades, we still use technology from the 80s – mouse and keyboard – as the main means of interaction with the computer. For general computing, eye tracking can contribute to more intuitive user interfaces, accessibility modifications, increased productivity and better ergonomics. Tobii's technology can also contribute to increased graphics performance, energy efficiency, user identification and many other features. Thus eye tracking enables innovative advances in everyday computer use and in the gaming and entertainment industry.

- Integration of eye tracking into daily life can help make the computer interface more intuitive and user friendly, improve computer security, achieve better ergonomics and speed up maneuverability with an increased focus. Tobii provides both its own application solutions and collaborates with other software companies to achieve this end.
- Eye tracking contributes to an improved gaming experience through better control, a more immersive experience, increased realism and greater intensity in many different types of games. Already today, Tobii Eye Tracking is integrated into more than 150 games.
- Game coaching software based on eye tracking will be able to provide esports players with unique training and development insights. Tobii works in partnership with leading gaming training companies.
- Being able to see where the players are looking allows for a more engaging and coherent viewing experience. Consequently, esports streamers and broadcasters are using eye tracking to a greater extent to give their viewers an enhanced experience. Tobii Ghost is used by thousands of streamers and leading e-sports production companies.

1) Source: Canalys & Statista March 2021

FOCUS AREAS

Eye tracking is central to the development of VR and AR

Eye tracking enables major improvements in virtual reality (VR) and augmented reality (AR), with improved user interaction, improved performance of the device itself and by delivering useful insights. Tobii's assessment is that the majority of future AR and VR headsets will have integrated eye tracking, since there is broad industry consensus¹⁾ that eye tracking is a fundamental component that will be widely implemented in the entire VR and AR ecosystem. The market for VR and AR is at an early phase. In 2020 about 6 million Head Mounted Display units were sold and this figure is expected to increase to more than 53 million units in 2025²⁾. In the long term, the markets for VR and AR headsets are expected to reach hundreds of millions of units. Tobii is well positioned as the leading provider of eye tracking technology. The objective is to retain and expand its market-leading position as these markets develop. The VR market is currently led by a handful of headset manufacturers, with Facebook, Sony, HTC, Pico and Valve as some of the leading players. AR is still at a nascent phase but is an area that is receiving heavy

investment in technology and which in the long term has great market potential for eye tracking. The competition consists primarily of smaller, specialized eye tracking companies and start-ups, as well as competition in the form of a few headset manufacturers that choose to develop their own eye tracking technology, for their own use.

In games and entertainment, eye tracking creates an immersive experience and realism, for example through eye contact and more natural interaction between hand and eye movements. It also simplifies user interaction with objects, menus and the user interface in general. Tobii's eye tracking technology offers manufacturers major advantages, such as greatly reducing the processing power required for graphics rendering through "dynamic foveated rendering", which is the ability to process just the graphics in high detail where the eye focuses. This reduces heat generation and the cost of hardware, while enabling lower power consumption and the use of higher resolution screens.

Tobii and Qualcomm are working together to make eye tracking standard for stand-alone VR headsets and are collaborating on several of Qualcomm's reference designs that include Tobii Eye Tracking. Qualcomm is a leading system on chip (SoC) supplier and is positioned as a key technology partner for many headset manufacturers.

In 2020, HP launched its new VR headset, HP Reverb G2 Omnicept Edition, equipped with Tobii eye tracking to provide new analytics capabilities, as well as to enhance the user experience and product graphics performance. The product is aimed at corporate customers who use VR for purposes such as education, collaboration, health and design.

Tobii has entered into a research collaboration with Valve and OpenBCI, by integrating Tobii's eye tracking technology with parts of Valve's Index hardware to produce development devices for the recently unveiled Galea beta program.



READ MORE
Read more at vr.tobii.com

1) Source: XR Industry Survey 2019

2) Source: IDC Quarterly Augmented and Virtual Reality Headset Tracker - Forecast 2020Q4

The share and shareholders

The Tobii share has been listed on Nasdaq Stockholm since 2015, where it is traded under the TOBII ticker. At the end of 2020, Tobii's market capitalization amounted to approximately SEK 5,607 million (3,715) and the share price increased during the year by 51 percent to SEK 56.60 (37.56).

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, 2020 was 99,064,087 (98,925,103) and 102,131,635 (99,525,103) diluted, given the exercise price of warrants and stock options and the share price at the end of the period. The dilution is attributed to the outstanding warrants and employee stock options within the framework of the company's incentive programs 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 20.00 and the series with the highest right entitles holders to subscribe for shares at SEK 73.70 per share, see note 8.

PRICE TREND

The share price reached a 52-week high of SEK 69.90 and a 52-week low of SEK 22.84. During the year, the share price increased by 51 percent from SEK 37.56 at the end of 2019 to SEK 56.60 at the end of 2020, corresponding to an increase

in market capitalization of 51 percent from SEK 3,715 million to SEK 5,607 million. In 2020, 148,493,601 Tobii shares were traded on Nasdaq Stockholm, which corresponds to an average daily turnover per trading day of 301,667 shares.

OWNERSHIP STRUCTURE

On December 31, 2020, Tobii had around 22,800 known shareholders. The ten largest shareholders' share accounted for 40.6% of shares. The Board of Directors and Group Management had 12.5% of the shares in the company, of which the company's three founders accounted for 9.6%¹⁾. The proportion of foreign-owned shares was 19.9%, Swedish ownership was 69.8% and anonymous ownership was 10.3%.

DIVIDEND POLICY

All shares carry equal rights to dividends and to the company's assets and potential surpluses in the event of liquidation. The Board of Directors intends to continue to give priority to Tobii's development and expansion plans over shareholder dividends over the next few years.

SHARE DATA

Marketplace	Nasdaq Stockholm
Listed	April 24, 2015
Segment	Mid cap
Sector	Technology
Ticker	TOBII
ISIN code	SE0002591420
Currency	SEK
Number of shares	99,064,087
52-week high 2020	SEK 69.90
52-week low 2020	SEK 22.84
Closing rate 2020	SEK 56.60
Share performance 2020	+51%

ANALYSTS

ABG Sundal Collier	Daniel Thorsson
Carnegie	Mikael Laséen
SEB	Ramil Koria
Handelsbanken	Daniel Djurberg

10 LARGEST SHAREHOLDERS

Shareholder	Number of shares	Share, %
Swedbank Robur Fonder	9,014,769	9.1
Handelsbanken Fonder	8,390,920	8.5
Henrik Eskilsson ¹⁾	4,526,117	4.6
Sixth AP Fund	4,000,630	4.0
Invesco	3,000,000	3.0
Mårten Skogö	2,419,000	2.4
Deka Investments	1,966,667	2.0
Futur pension	1,887,478	1.9
Avanza Pension	1,831,183	1.8
Länsförsäkringar fonder	1,639,794	1.7
Total ten largest shareholders	40,244,874	40.6
Other shareholders	58,819,213	59.4
Total	99,064,087	100.0

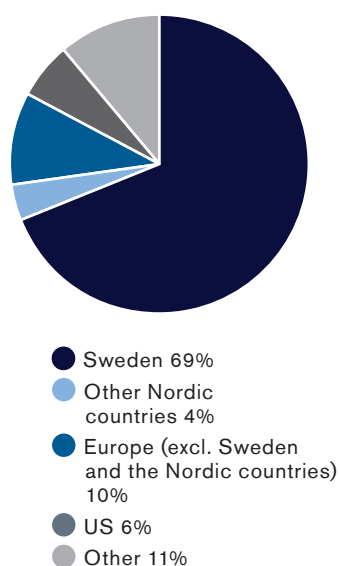
¹⁾ Excluding 2,835 shares owned by Henrik Eskilsson AB, a company wholly owned by Henrik Eskilsson, and 1,565,511 shares owned by Eskilsson Consulting AB, a company where Henrik Eskilsson is a minority shareholder with 22.5% of the shares.

Source: Euroclear and Modular Finance.

SHAREHOLDER STRUCTURE

Shareholding	No. of shareholders	Number of shares	Shares/votes, %	Market value, SEK 000
1–500	16,740	2,305,909	2.3%	130,514
501–1,000	2,593	2,056,708	2.1%	116,410
1,001–10,000	3,102	8,931,620	9.0%	505,530
10,001–100,000	315	7,820,281	7.9%	442,628
100,001–500,000	39	8,301,856	8.4%	469,885
500,001–1,000,000	10	6,807,352	6.9%	385,296
1,000,001–5,000,000	17	29,031,043	29.3%	1,643,157
5,000,001–	3	23,500,152	23.7%	1,330,109
Anonymous ownership		10,309,166	10.4%	583,499
Total December 31, 2020	22,821	99,064,087	100.0%	5,607,027

HOLDING BY REGION



SHARE PRICE

April 1, 2015 – December 31, 2020



Source: Monitor, Modular Finance

Risks and risk management

Tobii is exposed to various risks that can influence the Group's business, profit or financial position. Through the company's global risk management process and based on ongoing Failure Mode and Effects Analysis (FMEA), risks are identified, assessed and managed according to the assessed risk level.

Internal risk reporting is carried out by risk managers who take up-to-date and appropriate measures in order to manage Tobii's risks and thereby minimize the company's risk exposure. Below is a summary of the most important operational risks and how they are managed. The risk description does not claim to be exhaustive, but only addresses a selection of the

risks to which the Group is exposed or may become exposed. For example, global, macroeconomic risks that affect companies in general are not described. A description of financial risks and risk management in addition to those described below is presented in note 3.

SIGNIFICANCE	9. Changes in funding and insurance systems 11. Regulatory compliance 12. Rapid technology changes	3. Price pressure and competition from consumer products 4. Quality problems and warranty claims 5. Delivery problems and inefficient inventory management 6. Dependence on key personnel	1. Dependence on important customers 2. Untested benefit within new segments
	15. Financing risk 16. Acquisition risk 17. Personal injury 18. Business ethics	13. Insurance coverage in the event of liability 14. Increased competition 23. Global market trends and changed conditions risk	7. Intellectual property 8. Information security 10. Supplier risk – single/sole source
	21. Tax risk 22. Personal integrity 24. Impairment of intangible assets	19. Non-compliance with sustainability requirements 20. Currency risk	
	PROBABILITY		

RISK

MANAGEMENT

1. Dependence on important customers

Tobii Tech enters certain contracts with large integration customers without binding volume commitments or guarantees. There is a risk that customers might choose not to implement planned integrations, even if they have been announced as "design wins."

Close collaboration with key customers; cultivate relationships with more integration customers. Collaborate with customers in several different sub-segments.

2. Untested benefit within new segments

For Tobii, there is a risk that our efforts to enter new markets will fail, for example if customers believe that the cost outweighs user benefit, or that the performance of the technology is insufficient.

Invest in own development of applications that showcase and realize the benefits of eye tracking. In parallel, we are building a growing ecosystem of development partners in fields such as games and medical technology, as well as in other software and hardware, who create applications that realize the benefits of eye tracking. We also conduct customer satisfaction surveys among early adopter end-users.

3. Rapid technology changes

The markets in which Tobii operates are characterized by a high pace of technological change. Consequently, the ability of each division to predict technical advances and market needs, and to adapt their products accordingly, is critical for the continued success of both the divisions and the Group as a whole.

Close dialogue with customers, monitoring of market and technology trends, and investments in development of core technology and products in all three divisions.

4. Price pressure and competition from consumer products

Both Tobii Dynavox and Tobii Pro offer specialized products that encounter competition from simpler and less expensive products. There is a risk that this trend will continue and also impact more product categories.

Continue to develop clearly differentiated products and solutions that enable Tobii Dynavox and Tobii Pro to offer high quality solutions at established price levels. At the same time, develop solutions with low production costs that make it possible to offer cost-effective and less expensive products in significantly higher volumes.

5. Quality problems and warranty claims

Defects in Tobii's own products or the components that Tobii supplies to integration customers could lead to considerable warranty claims, costly recall programs and lowered confidence in the company and its products.

Comprehensive quality program during the product development process and control of subcontractors.

6. Delivery problems and inefficient inventory management

Tobii is dependent on a small number of external providers for the supply of components and production of products. If these do not deliver according to the company's requirements, it could lead to quality issues, delayed deliveries, loss of revenue and higher costs. Faults or omissions in forecasts or orders from Tobii or its customers could result in excess or insufficient inventories of a particular component or product, which in turn could lead to loss of revenue or higher costs.

Collaborate closely with large, highly reputable suppliers. Strive for parallel suppliers. Make continuous forecasts and measure sales to adapt inventory and delivery capacity. Conduct audits of key suppliers.

7. Dependence on key personnel

Tobii is dependent on a variety of expert competencies and key individuals. If Tobii fails to retain senior executives and key personnel or to recruit highly skilled personnel, this could hamper the Group's future expansion.

Offer market terms and conditions, personnel incentive and development programs, and implement initiatives to maintain and develop Tobii's "employer brand" and appeal as a workplace.

8. Risks related to information security

An external intrusion or an intrusion by a malicious insider may result in theft and/or exposure of sensitive data. This can for instance concern intellectual property, financial information, business plans, strategies and personal data of employees, customers or end-users. The impact could be significant regulatory fines, loss of customer's confidence, negative brand impact, copy-cat solutions or other advantages to competitors.

Support and monitor the implementation of an Information Security Management System. Quarterly review of each risk. Information Security awareness program within the entire group. Support audits for IT-services built, managed, and administered by the divisions and R&D.

RISK

MANAGEMENT

9. Supplier risk – single/sole source

Single source supply, i.e. when only one supplier is used when volumes are low, exposes the Group to different risks. As a result, the buyer becomes particularly vulnerable if the supplier encounters problems, such as financial distress, inability to meet demand or problems with product quality. Sometimes compelling circumstances or a monopoly situation may arise in which certain high-tech products must be produced by a sole source using special methods, causing additional vulnerabilities for the buyer.

Regularly assess and map risks related to single and sole source supply. Actively work with Business Continuity Planning and closely manage the relationship with concerned suppliers. Keep a safety stock on key products and secure a second source when justified by volumes in single source cases.

10. Regulatory risks

Irregularities in Tobii's regulatory compliance and routines can expose the company to considerable financial risks, market risks or operational risks. The company must comply with applicable laws and standards regarding matters such as product safety, the environment, and personnel in the markets in which Tobii operates. For example, many of Tobii Dynavox's products are registered as medical devices, which places particular demands on certification.

Ongoing review of certifications and other laws and regulations in the markets where Tobii is established, as well as follow-up of procedures regarding handling of personal data. When new rules are created, they must be analyzed and, if necessary, appropriate measures taken to ensure compliance.

11. Changes in funding and insurance systems

Most Tobii Dynavox end users and Tobii Pro customers rely on reimbursement from public and private funding systems to be able to buy Tobii's products. Changes in such systems could have both positive and negative effects. Tobii may also be affected by changes in applicable legislation and in procurement processes.

Proactive initiatives to shape opinion and build relationships with legislative or governing bodies and to improve the long-term opportunities for funding assistive technology for communication.

12. Insufficient protection of intellectual property rights

Tobii deems that the importance of intellectual property will increase in pace with the establishment of eye tracking in volume markets. If patent protection does not provide the market benefits the company expects, or if Tobii is sued for infringement of others' intellectual property, it could lead to costly legal and administrative processes, claims, licensing fees, or sales stops of Tobii's products.

Map patents within new product areas. Further development of the company's own patent portfolio. See more on page 17.

13. Disputes and damages in legal proceedings

There is a risk that Tobii will be involved in unforeseen disputes; for example, customers, suppliers or other counterparties may initiate legal proceedings. An unfavorable decision could have a crucial impact on the reputation of the company, and could also result in damages, fines, legal costs, negative publicity and disruptions to the continuity of the business.

Tobii enters into written agreements with its customers and partners. Disseminate knowledge within the organization to promote rapid reporting to corporate counsel for appropriate and fair handling of disputes and disagreements.

14. Inadequate insurance coverage in the event of liability

Tobii has insured its businesses against loss and/or potential liability in case of third-party claims relating, for example, to property damage, business interruption, occupational injuries, product liability or product recall. There is a risk that Tobii's insurance coverage may not fully reimburse Tobii for any and all liability.

Regular review and, when needed, alter insurance coverage.

15. Risk of changing conditions caused by unforeseen disruptions

The Group is continuously exposed to both local and global macro-economic fluctuations, unforeseen events and unrest (e.g. natural disasters, operational disruptions and pandemics). Should the Group incur additional costs and/or reduced revenues due to local fluctuation in supply and demand or prices, this could have a material negative impact on the Group's operations, profitability and financial position.

Regularly monitor changes in areas such as economic growth trends, geopolitical structures, and unexpected discrepancies in deliveries. Continually update contingency plans and escalation processes to adapt operations to current circumstances. Make relevant analysis and propose potential changes in our business models or further mitigating actions.

RISK

MANAGEMENT

16. Increased competition

If Tobii's competitors or new players develop technologies and products that offer a better price and performance, there is a risk that they will take market share from Tobii.

Investments in R&D, with a focus on developing technology that offers performance at a lower cost, as well as investments in a strong patent portfolio that can provide important competitive advantages as the business moves toward broader applications in larger volumes.

17. Acquisition risk

Tobii evaluates potential acquisitions in line with the company's acquisition strategy and there is a risk that the company will not succeed in identifying suitable companies to acquire, or fail to carry out acquisitions because of, for example, competition from other participants or lack of adequate financing. Because of Tobii's leading position in specific markets, competition law could also pose obstacles.

Meticulous acquisition analyses, analyses of market conditions, and compliance with applicable rules and legislation.

18. Disruptions in global supply chains

Since Tobii's supply chains are scattered around the world, they are subject to both unforeseen and expected disruptions as a result of trade policy decisions such as restrictions on free trade, the emergence of trade wars or trade embargoes, or other societal disruptions, such as those that arise from a pandemic. Disruptions can result in delivery delays, increased operating costs, competitive disadvantages and the need for major structural changes in supply chains.

Continual monitoring of global trade policy developments. Develop internal skills to comply with Tobii's export control policy, as well as other international trade laws and take immediate action in the event of disruptions. Conduct ongoing analyses of the supply chains on which the Group's continuity depends, as well as risk analyses with follow-up contingency plans for alternative supply options.

19. Financing risk

Inadequate access to financing for investments could lead to limited growth opportunities.

Good transparent communication to the stock market and lenders, as well as focus on cost efficiency within the divisions. Regular and careful financial planning.

20. Risks related to business ethics

Compliance with Tobii's business ethics principles, as well as laws and regulations is important for the company's continued success. Failure to comply would involve both specific business risks and the risk of a negative impact on the company's reputation.

Through Tobii's Code of Conduct, which also includes our Supplier Policy, all employees and suppliers sign in agreement with the company's business ethics principles and zero tolerance for all forms of bribery and corruption. Recurrent training for employees, as well as risk analysis and review of suppliers.

21. Tax risk

Tobii's sales are realized primarily through subsidiaries in several countries. Transactions are carried out in accordance with the Group's Transfer Pricing Policy. If local tax authorities make an assessment of transfer pricing that deviates from the company's, there is a risk of higher tax costs. There are also risks associated with managing taxes locally in the various markets in which Tobii operates.

Annual review of tax risks together with external tax experts. Adjust tax appropriations based on this review.

22. Fraud risk

There is a risk that the Group will be subject to unforeseen financial or material costs as a result of internal or external fraudulent conduct such as intentional inaccuracies, or omission of important financial events or sensitive information.

All cases of fraudulent conduct shall be immediately reported, investigated, and, where appropriate, be subjected to legal sanctions. Internal control measures to identify fraud-related risks shall be maintained.

23. Currency risk

Since Tobii has large parts of its business and its primary revenue in geographic markets other than Sweden, there is a risk of negative impact from currency fluctuations.

Tobii has chosen not to hedge its net exposure to currencies such as the USD, EUR and JPY since Tobii's currency mix entails a limited net impact.

RISK**MANAGEMENT****24. Impairment of intangible assets**

A large part of Tobii's R&D expenditures is capitalized as intangible assets. If Tobii's technology and product development initiatives result in products that do not fulfill Tobii's or the market's requirements and therefore do not become commercial successes, this may lead to significant impairments.

Regularly perform impairment tests through analysis of future expected earnings related to the projects and brands that are included in the balance sheet. For more information, see note 2 and 15.

25. Non-compliance with sustainability requirements

There is a risk that the products provided by the Group will be subject to additional environmental laws and regulations or that additional taxes or fees will be imposed. Stricter environmental requirements and new permits place higher demands on compliance, as well as increased demand from investors and regulatory bodies for clearer disclosures related to sustainability reporting.

The Group maintains an action plan based on its sustainability strategy, which imposes environmental requirements on suppliers, products and services. The sustainability strategy is continuously monitored and updated in accordance with current environmental laws and regulations.

26. Personal injury

If faults in Tobii's products should cause personal injury, it could lead to substantial damage claims, costly recall programs, negative impact on Tobii's reputation, or the product may no longer be sellable.

Comprehensive quality program during the product development process, and verification and certification of the products against current standards.

Tobii's impact and sustainability

Tobii's mission is to improve the world with technology that understands human attention and intent. As a global technology company, we have a meaningful impact on the world due to the solutions we provide to our customers and users, as well as how we conduct our business. We have an obligation to act responsibly. At Tobii, we are determined to make a difference in the lives of people living now, and of those in coming generations. If we make good decisions, and implement them consistently, we can help make the world a better place.



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

Tobii became signatories to the United Nations Global Compact initiative in 2019.

SUSTAINABILITY

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SUSTAINABILITY OBJECTIVES

Sustainability objectives are part of Tobii's strategy and are incorporated in our business plans. Tobii contributes to several of the United Nations Sustainable Development Goals (SDGs) and has the most direct impact on Goal 3 Good health and well-being and Goal 12 Responsible consumption and production.



Tobii contributes to United Nations Sustainable Development Goals

- **GOAL 3 GOOD HEALTH AND WELL-BEING** – Tobii is a supplier of technologies and solutions that directly improve the wellbeing of hundreds of thousands of people, with the potential to help millions. This ranges from helping individuals communicate and be more independent, to diagnosing and treating medical conditions. Additionally, as an employer, Tobii impacts our employee's occupational health, safety and work environment.
- **GOAL 4 QUALITY EDUCATION** – Through our communications solutions, Tobii helps ensure that persons with disabilities are not excluded from the general education system by helping to give them a voice and the chance to be heard. Our special education software tool Boardmaker helps millions of students with learning challenges. The use of eye tracking is also emerging in many other education use-cases, for example in reading assessments and training.
- **GOAL 5 GENDER EQUALITY** – Tobii operates in an industry where there is uneven gender distribution. Tobii has a comprehensive diversity & inclusion program in place and actively works with several initiatives to be a diverse and inclusive organization.
- **GOAL 8 DECENT WORK AND ECONOMIC GROWTH** – Both directly and indirectly, Tobii affects the work environment and conditions of many groups of people, including its own employees, contracted suppliers and sub-suppliers. Tobii's policies and routines related to occupational health and safety, and the supplier Code of Conduct, are clearly linked to Goal 8.
- **GOAL 10 REDUCED INEQUALITIES** – At Tobii we believe that everyone has the basic human right to a voice. All of Tobii's divisions contribute to this, from creating the core technologies required, to bringing communications products to market, to enabling relevant research into human behavior. Tobii also impacts this goal as an employer where we work to reduce inequalities via our diversity & inclusion program.
- **GOAL 12 RESPONSIBLE CONSUMPTION AND PRODUCTION** – Tobii is committed to making the full life cycles of our products, from manufacturing to use to disposal, more environmentally friendly.
- **GOAL 13 CLIMATE ACTION** – Tobii is committed to reducing our environmental and climate impact and is working to reduce CO₂ emission from office energy consumption, transportation of products and business travels. We also create technology and solutions that give both our customers and their end users the opportunity to use energy more efficiently via offerings such as Tobii Spotlight Technology™ and Tobii Aware.

DURING 2020 TOBII GROUP HAS DEVELOPED A NEW IMPROVED SUSTAINABILITY STRATEGY

to clarify our commitment to sustainability, focus our efforts, and improve communications. Tobii views sustainability from three perspectives:

- **SOLUTIONS FOR A BETTER WORLD**
- **USING THE POWER OF EYE TRACKING AS A FORCE FOR GOOD**
- **THE WAY WE RUN OUR BUSINESS**



Solutions for a better world

Tobii helps make the world better by delivering a broad range of products and services that help individuals directly and that drive innovation for businesses, academic institutions, and professionals.

Tobii solutions contributes to a better world for example by empowering people by giving them a voice, by driving research and discovery at thousands of corporations and research institutions, by making devices more power efficient, by helping creative companies invent completely new products and approaches, or by making production facilities safer and more productive.

At Tobii, our products and solutions have the potential to enhance, and in some applications transform, the way that end users interact with the devices and technologies they use every day.

Some of the ways that Tobii's technologies contribute to a better world include:

INCLUSION AND ACCESSIBILITY

One of the strongest examples of the impact that Tobii technology can have to improve a person's life is when our solutions empower someone with a voice. For example, Tobii Dynavox and Tobii Tech offer assistive technology for communication that helps people with disabilities interact with the world. Empowered with a strong voice, users can stay in touch with loved ones, and communicate and interact via devices in a way that was previously impossible. Tobii has already helped over 100,000 individuals gain new and powerful voices, in some cases enabling children to talk to their parents for the very first time.

CUSTOMER EXAMPLES WITHIN HEALTHCARE INCLUDE:



SyncThink uses Tobii's eye tracking technology for its groundbreaking brain health and performance platform that provides objective information and insights on the type and degree of various neurological conditions. Image courtesy of SyncThink.



ControlRad uses Tobii's eye tracking technology to direct X-rays during surgical procedures, based on where the surgeon is looking, in order to reduce radiation exposure for patients and clinical staff.



RightEye has combined its software solution with Tobii eye tracking to analyze eye movement behavior in order to assess vision and brain health.



Tobii eye tracking powers reading assessment solutions for several companies that enables early detection of reading difficulties and dyslexia, as well as reading skills measurements.

Detecting and treating amblyopia



Amblyopia, or lazy eye, is the leading cause of vision loss in children. Left untreated, children with amblyopia may develop reading and learning difficulties. NovaSight provides a solution, based on Tobii eye tracking and sophisticated artificial intelligence to detect and treat amblyopia. Specially designed for young children and toddlers, the child watches a cute graphical character on a screen for less than a minute to have the condition detected.

For children diagnosed with amblyopia, treatment can take place in the comfort of the child's home. Wearing a specially-designed pair of eyeglasses, children can watch web-based content on the purpose-built tablet-sized display, to train the eyes while enjoying their favorite movies and shows.

Tobii leads the world in developing assistive technologies for communication. Products like the Tobii Dynavox I-Series, and our special education software solutions such as Boardmaker, are helping to give hundreds of thousands of men, women, and children new ways to communicate, be productive, and participate more actively in our modern societies.

IMPROVED HEALTH

Tobii's solutions for the healthcare industry enable assessment and treatment of serious health issues in a variety of ways that were not previously possible, or had been less efficient or of lower quality. By integrating eye tracking into medical equipment, companies can develop solutions that can assess a condition, provide therapy as part of a treatment and measure the results of treatments. The solutions can address diseases and health issues, such as, brain trauma, Amblyopia ("lazy eye") and other vision impairments, Parkinson, and reading difficulties (including Dyslexia).

MORE POWER EFFICIENT DEVICES

Tobii's technologies can help increase power performance and hence reduce carbon emissions. Tobii's integration solutions, like Tobii Aware software, can identify when a user steps or looks away from their computer and dim the screen to rapidly activate power-saving states. Additionally, technologies such as Tobii Spotlight Technology™ can help VR and AR headsets use techniques such as foveated rendering to maximize graphics quality just where the user is looking, to improve the visual capabilities of the device while conserving compute power.

UNDERSTANDING OURSELVES AND OUR ENVIRONMENT

Tobii eye tracking is used extensively as a research tool by scientists and researchers to understand human behavior and unlock new scientific discoveries. From improving traffic safety by studying driving behavior to identifying mental and neural disorders such as Autism, ADHD and Parkinson's disease.



Business professionals are also seeing the benefits with eye tracking and how it can be used to reduce waste, improve productivity, quality, training and safety by seeing things through the eyes of the employee.

CATALYST FOR INNOVATION

One of the most exciting opportunities to make a difference in the world is by partnering with innovative companies that want to harness the power of Tobii's market leading technologies to do things in an entirely new way. In 2020 Tobii has worked with companies that want to incorporate eye tracking technology into touchless interfaces in public settings, with household names like HP to introduce new kinds of VR headsets with unparalleled capabilities to understand users, and with display companies around the world looking for ways to improve user experience. As we look into the future, the sky is the limit when we imagine where eye tracking will be integrated next.

Getting to School safely



Researchers in Norway equipped 59 children, aged between 8 and 12, with Tobii Pro's eye tracking glasses to evaluate how proficient children are at consciously adhering to a plan and focusing their attention. Sensors in the glasses recorded the children's eye movements and attention allocation at frequencies of 50 times per second. The glasses also include a camera which records what is happening as the children cycle around their neighborhood.

The children's ability to self-regulate or exercise self-control was put to the test and proved to be very challenging for many of the children. Quite a large proportion of the children were unable to focus their attention in traffic.

The results provided the researchers with new knowledge about when it is safe for children to start cycling independently in traffic and also gave the researchers indications to what cycling instructions schools should focus on.

Using the power of eye tracking as a force for good

At Tobii, as the world leader in both eye tracking and assistive technology for communication, we believe we have an obligation to set clear and positive examples for each of these industries and to make clear choices that protect our users and ensure that the solutions we deliver make the world better. We do not believe in the statement “We are just a technology provider and cannot be held responsible for how our technology is used.” Instead, we want to do all in our reasonable power to both mandate and encourage the positive usages of our technology.

DATA TRANSPARENCY

Tobii believes it is very important that eye tracking solutions are implemented in a manner that safeguards users and their personal integrity. Because of this, Tobii has established a clear and straightforward policy around how eye tracking data should be handled.

We think that any time a person's eye tracking information is being stored or transferred to another system, then the user must be informed of and accept that it is happening and understand why it is being done. Because of this, our policy includes the principle of active user acceptance – that any software that intends to store or transfer eye tracking data must present the user with clear, simple and easy-to-understand information about what is happening, and a choice to accept or reject this. We also recommend using a visual indicator that reflects when storing or transferring eye tracking information is active.

While this may sound like a minor thing, at Tobii we think this is a vital part of earning the trust of eye tracking users. Tobii has over the past year implemented this policy in almost all of its own software, and is currently engaging with a broad range of software and hardware partners in the eco-system to accomplish widespread acceptance and implementation of this policy.

THE RIGHT TO HAVE A VOICE THAT FITS YOU

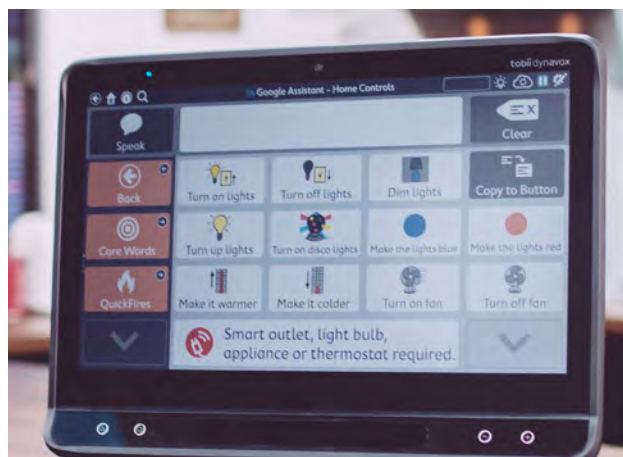
Another example of how Tobii works hard to make sure our solutions can serve as a force for good in the world relates to some of our assistive communications products. We are honored that over 100,000 people around the world use Tobii's solutions to communicate, play, work, and make their voices heard.

However, we are always learning important lessons from our community of teachers, therapists, and users, and always try to take their feedback, opinions, and requests and incorporate

them into product development. Over the last several years, and based on requests from our users, we have worked to make sure that our symbol libraries (which include tens of thousands of symbols representing just about any thought or concept you can imagine) are able to reflect a wide variety of our users, no matter no matter where they come from or what they look like.

We are also always working on the variety of voices and audio representations available to our users, making sure that everyone (from a grandmother, to a young child) has access to a voice that suits and represents them.

Beyond symbols and voices, we also are constantly trying to make sure that our software interface is as free from bias as possible and that beyond Tobii our solutions are increasingly integrated into the tools and services of other technology companies (including names like Google and Microsoft).



Tobii has integrated Google Assistant to enable further independence for users.



LIMITING USE WITHIN DEFENSE SECTOR

Tobii understands that the power of eye tracking technology can be used for a variety of sophisticated applications. Many of them with the power to make the world a better place, but some with the potential to be misused. As a result, at Tobii we have adopted a strict policy for how our eye tracking can be

sold, and used, within the defense sector. While it is possible that such a policy may limit Tobii from pursuing some potential business and customers, we feel strongly that having a clear moral compass that ensures Tobii's technology is used to help, rather than harm, is the right and responsible choice.



The way we run our business

As part of the Sustainability work we identify our most material aspects to understand Tobii's significant impacts on the economy, environment and people, and their importance to our stakeholders (read more in the Materiality analysis section on page 65). Our material topics are in line with our business strategy and we've built our sustainability approach around three strategic areas related to how we run our business:

- **Sustainable employer**
- **Environmental responsibility**
- **Ethical conduct**

Sustainable employer

Behind Tobii's success you find our brilliant employees, the Tobiians. They are the ones who shape our strong company culture, which enables us to achieve our goals. We want to be an awesome company where employees smile on their way to work as well as on their way home.

THE TOBIIANS, TOGETHER WE CREATE A WORLD-CLASS WORKPLACE

We are a diverse bunch of people from various parts of the world, with many things in common. We want to be innovative, be world leaders, and be the ones who create the best and smartest solutions for our customers and users. At Tobii, we are proud to change whole industries as well as people's lives. When we combine our efforts, we are unstoppable.

CONSISTENTLY RANKED A TOP-RANKED WORKPLACE

Tobii strives to be a top-ranked employer in Sweden and internationally. Tobii is consistently top-ranked on the list of 'Sweden's most attractive employers' in the market research company Universum's annual ranking. This survey measures employees' work satisfaction in areas such as company culture and reputation, career progression and development, and work life balance. Our second largest office based in Pittsburgh, US, was recognized as a Top Workplace 2020 for the fifth year in a row, and with the highest ranking so far.

Globally, Tobii conducts an internal yearly employee survey to measure progress in people related questions. To further improve this process, we have in 2020 decided to implement a more dynamic survey tool for employee engagement and wellbeing that offers extensive benchmark information, a great employee experience, real time reporting, and a free choice of survey pace. The tool was implemented at the end of 2020, we will therefore conduct the next yearly survey in early 2021. Since many years we have seen strong results for Employee Index which in 2019 was at 79% (proportion of positive responses on questions that reflect job satisfaction. The industry average is 67%) and Leadership Index of 86% (proportion of positive responses to questions about the employee's manager. Industry peer average is 74%).

LEARNING CULTURE

Being at the cutting edge of technological development and constantly pushing the boundaries forward is central to Tobii's success. To retain this position, it is essential for Tobii to be an awesome company that can attract, retain and develop the absolutely best talent. Learning and development of employees and as an organization is at the core of our business culture and success. Therefore, Tobii offers a dynamic workplace with generous learning and development opportunities for all coworkers and we continuously strive to develop and improve our learning culture and way of working, to provide the very best environment for personal and organizational development. Tobii provides opportunities to solve exciting, challenging tasks and for Tobiians to be part of creating groundbreaking innovations together with talented, smart and ambitious colleagues. Our culture of openness, curiosity, and team spirit, where we always strive to beat yesterday by succeeding together, provides an environment where people thrive. Our vertically integrated

technology stack all the way from basic design up to cloud infrastructure, UX design and clinical software application expertise, and our diverse business models ranging from complex healthcare solutions sales, SaaS software models to OEM hardware supplier dynamics provides a hotbed platform for innovation, intrapreneurship and opportunities for personal development.

To further enhance this learning effect and to broaden the exchange of knowledge and career development within the company, we encourage employees to rotate among projects, business units and end markets at all levels. Tobii also offers a multitude of initiatives to support skills development and foster a culture of learning, some examples include hackathons, an

VERY STRONG RESULTS IN THE EMPLOYEE SATISFACTION SURVEY

Tobii's annual employee satisfaction survey continues to show very satisfied employees. The results of the survey are used in all parts of the organization to highlight our strengths and identify potential for further improvement.

Regular performance reviews is another important part of our feedback process. Our ambition is to cover 100% of employees worldwide. In 2019 94% (95%) of people employed for more than one year have had performance reviews.

EMPLOYEE INDEX 2019

79%

Proportion of positive responses on questions that reflect job satisfaction. The industry average is 67%.

LEADERSHIP INDEX 2019

86%

Proportion of positive responses to questions about the employee's manager. Industry peer average is 74%.

Employees in numbers

PERMANENT EMPLOYEES, FTE

973

(1,011)

In addition to permanent and project employees, Tobii also engages some 78 (104) consultants. Employee turnover for permanent employees within the Tobii Group was 16% in 2020. In Sweden and the US, the countries where Tobii has the most employees, turnover was 22% and 12%, respectively. Employee Index and Leadership Index data is not available for 2020. Preliminary data during Q1 2021 using our new tool, indicates continued strong performance, well above industry benchmarks.

internal R&D fair called "Develop Beyond", Lunch & Learns, workshops, Q&As, All-hands meetings, Makers Nights, and the list goes on.

Tobii has implemented structured processes that helps us identify, address and follow-up on the various training needs of people and teams in the organization. Tobii has TobiiUni – our own learning platform – where we offer tailored trainings to all levels of the organization. Tobii learning schemes and processes vary across the organization.

To ensure a top-performing organization with maximal attraction force, Tobii puts a high focus on recruiting, retaining and developing strong managers with exceptional leadership capabilities. Therefore, succession planning is vital for Tobii, and our Strategic Leadership Program allows us to form long-term strategic succession planning and development programs across all levels of the organization and for a variety of skill set needs and prerequisites.

If relevant for the line of work, Tobii supports, and provides flexibility for, employees across the entire organization to pursue further education and certifications. In the US specifically, Tobii also offer support by paying USD 6,000 in tuition fees. Every year Tobii also supports numerous C/D/E-thesis projects and a handful of doctoral thesis projects.

DIVERSITY AND INCLUSION

At Tobii, we are passionate about creating an inclusive and welcoming environment that values and embraces diversity. We want to be allies and have principles that direct how we build our teams, cultivate leaders, and establish our company. Diversity and inclusion is present in our strategic business decisions as well as in our everyday work and goes well beyond our legal obligations.

Our goals for 2020 included a greater focus on the diversity and inclusion initiative. Tobii has locally adapted diversity policies in place. Our vision is that every Tobiiian should be able to go to work knowing that they will treat, and be treated, equally by others, regardless of gender, age, ethnicity, sexual orientation, transgender identity or expression, disability, religion, or other belief. All employees agree to follow the Diversity & Inclusion policy by agreeing to our Code of Conduct. The Diversity & Inclusion Policy states how an employee can report

discriminatory or bias related incidents. In addition to this Tobii has a Work Environment Policy for cases involving work safety, bullying, victimization, or sexual harassments.

The Tobii culture is defined by a "come as you are approach". We know that talent does not come in one shape or form. Today we have employees from over 50 different countries present at our headquarters, and solid collaborations across all our offices around the world. We believe our differences strengthen us. We continuously work towards even representation amongst functions and managers. For example, the representation of women in the workforce is 44% (2019: 43%) at the end of 2020. Gender distribution varies between different divisions and teams..

In 2020, we have taken big leaps in making our diversity & inclusion initiative global. We have a global steering group in place with multiple local diversity & inclusion teams, and have assigned management and board level responsibility for diversity and inclusion initiatives. The diversity & inclusion teams are currently running a variety of activities in different formats for example Ally Skills Workshops, Bias Free Recruitment trainings, mentorship programs and LGBTQIA+¹⁾ networks.

WELLNESS AND FUN AT WORK

Supporting a healthy, fun, and engaging workplace was one of our set out focus areas for 2020. The Covid-19 pandemic has made work life even more characterized by flexible work and a rapid pace of change. Making it increasingly important to focus on wellbeing and work-life balance.

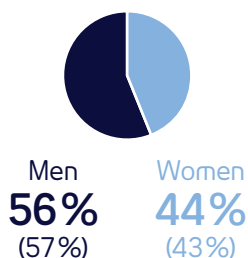
We recognize the importance of a clear and safe space for employees to give us their feedback. For further information, please see our whistleblower policy.

In Sweden, by law, you must work systematically with Occupational Health and Safety²⁾. Tobii is continuously investigating, carrying out and following up on activities in such a way that ill-health and accidents at work are prevented. All employees

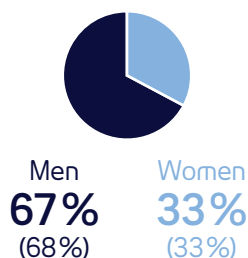
- 1) This includes sex, gender identity, ethnicity, religion, disability, sexual orientation, age, and veterans (in the US). LGBTQIA+; Lesbian, gay, bisexual, trans, queer, intersexual, asexual and others.
- 2) As per legal requirements, we have continued to identify, and report risks related to Occupational Health and Safety (OHS) to the Work Environment Authority.

Employees in numbers*

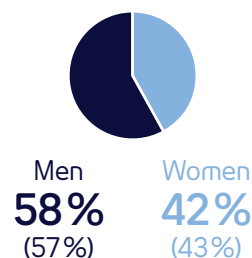
GENDER DISTRIBUTION, TOTAL



GENDER DISTRIBUTION, SWEDEN



MANAGERS, TOTAL



At the end of the year 419 people were employed in Sweden, 137 of whom are women.

The distribution between women and men was 33%/67% in Tobii's Group Management, 36%/64% in Divisional Management and 38%/62% in the Board of Directors.

*The figures cover employees in the Tobii Group as at December 31, 2020.



in all regions are covered by a similar approach with local adaptations. During 2020 we've worked to assess and support a sustainable working environment for all employees now working from home.

Our event committee "Fun trackers" drive activities to continuously work on our culture and togetherness. While "Team Tobii" our wellness initiative is also carrying out several different activities around exercise, sleep, stress, and diet to encourage employee wellbeing. Tobii usually offers yearly health check-ups, however this year this was replaced with Covid-19 antibody testing.

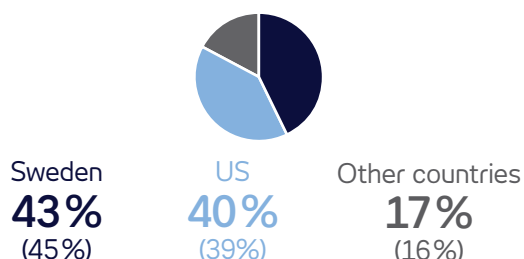
Tobii has a broad range of benefit schemes and programs across the company, most commonly in order to support work life balance and further employee health. This includes for example medical, dental and vision insurance benefits, gym

and recreation credits and paid leave time. In January 2021, Tobii took another step forward in this regard by instating paid parental leave in the US.

FOCUS 2021 – SUSTAINABLE EMPLOYER

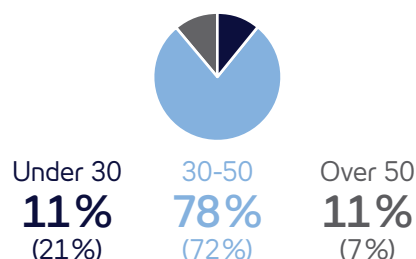
- Greater focus on "workforce for the future" relating to retention, knowledge sharing and training for managers and employees
- Increased ambitions on diversity and inclusion with stronger global presence and communicated goals
- Continued work on creating organizational clarity around roles & responsibilities to ensure effectiveness through both teams and across Business Units

EMPLOYEES, REGION



The total number of full-time equivalent employees was 973 (1,011) at the end of the year.

AGE DISTRIBUTION, EMPLOYEES



Age distribution for employees in Sweden.

Environmental Responsibility

At Tobii we recognize the challenges linked to climate change and the effects it can have on the environment. We therefore strive to reduce our own climate footprint in several areas and run our business in an environmentally sustainable way. Tobii AB's environmental management system is ISO14001 certified since 2018, environmental performance is reported to Tobii's Group management team and the system is continuously improved, and a company wide environmental policy is in place. We will re-certify the environmental management system to ISO14001 in 2021. Our most significant impact is related to our product lifecycle, transportation of products and business travels.

PRODUCT DESIGN AND LIFECYCLE MANAGEMENT

Tobii is committed to reducing the environmental impact of our products throughout their life-cycle, from manufacturing to use and disposal. During 2020 we have started to build up more competence in eco-design and lifecycle management to be able to meet these objectives long term. We have run a first pilot in a product development project to identify opportunities in addressing environmental aspects. The next pilot will be done in 2021.

Materials play a major role in how users perceive our products. When choosing materials, Tobii aims to improve the user experience, the lifetime and usability of the product, as well as minimize environmental impact and improve our material efficiency. The choice of materials is defined in the early phase of product design and development. Tobii complies with the regulations for consumer electronics in EU and on relevant markets and uses only materials and components that meet the RoHS2 and REACH standards. It is essential for our customers that our products maintain their high quality and perform as expected. Many of Tobii's users are dependent on our products, so it is paramount that we strive for the highest

product safety possible. Some of our products also meet additional requirements such as medical classification and safety standards. Our management systems ensure that we meet customer requirements, have efficient processes, and monitor and improve our environmental aspects³⁾. All processes are continuously improved for example improvements have been done during 2020 in our production process in Stockholm that has resulted in less scrap from the production process.

Increasing the longevity of our offerings by designing high quality products which are desirable, customizable, and easy to use, lowers our generated waste. Tobii is a member of various compliance schemes for collection, recycling and re-using of electronic waste (WEEE), batteries and packaging of our products. We have partnered with local organizations within the European Union to avoid unnecessary transport of electronic waste and batteries for take-back. Customers can return products to our Stockholm and Pittsburgh office if they wish to dispose the product in our system. In our Stockholm office, we sort and recycle office and product waste, including electronic waste, and follow up on the recycling data. To minimize scrap and electronic waste, our Production team (in Stockholm) has for example started to repair returned and failed units, and make them available for loans instead of scrapping them.

CO₂ EMISSION AND ENERGY CONSUMPTION

As part of our environmental management system in Tobii AB, we analyze and follow-up our environmental impact annually. For 2020 our most significant environmental aspect regarding CO₂ emission was transportation of our products and business travels. Due to the Covid-19 pandemic our business travel has substantially decreased in 2020 and improvements in our supply chains have significantly reduced our CO₂ emissions during 2020.



**33% reduction in
transport related
emissions 2020**

3) Stockholm's Quality & Environmental management system is ISO 9001 and ISO 14001 certified. Our Quality management system in Pittsburgh is certified under the ISO 13 485 for Medical devices and our site in Suzhou is certified according to ISO 9001.

We continuously optimize our supply chain to reduce the CO₂ emissions from our transportation of products. In 2020 Tobii AB changed the default choice of delivery from air to truck service within the European Union and changed to only road transport within Sweden (domestic transportation) and increased transportation by road from around 70/30 (flight/truck) to 50/50 which reduces pollution. In addition to this, our freight forwarders have moved into using less pollutant transport and more electric vehicles. These actions have resulted in a reduction of transport related emissions by 33 % 2020 compared to 2019, while shipping almost the same amount of products. We offset for approximately 80% of the CO₂ emissions linked to our shipments to and from our headquarters. Our focus in 2021 will be to analyze and decide on compensation for the remaining part of our shipments.

As a result of the Covid-19 pandemic, in 2020 Tobii business travel has been limited and our customer meetings and trainings have been moved from face-to-face to digital meetings. This has been a transition for us but creative and innovative Tobiiians and customers have together come up with solutions. Tobii Dynavox has for example introduced new tools for customer training, saving thousands of miles of CO₂ emissions from car journeys in the US and flights to our customers. During 2021 we will re-evaluate the travels we have done in the past and consider new travel behaviors after the Covid-19 pandemic.

Part of our environmental impact comes from energy use in our offices. We have already introduced 100% renewable energy on the premises where we have our own contracts, and for the offices where we have direct contract with electricity suppliers, we systematically monitor energy consumption and work to improve our energy efficiency. Due to the Covid-19 pandemic we have had a limit of max 30 % capacity in the Stockholm office, which has reduced our energy consumption.



FOCUS 2021 – ENVIRONMENTAL RESPONSIBILITY

- Improve procedures on material choice
- Grow competence in Lifecycle management related to environmental impact to implement for example eco design guidelines
- Re-certification ISO14001 Tobii AB
- Awareness and communication

Emissions, tons CO ₂ e	2020	2019	2018
Emission from energy purchased ⁴	0	351	–
Transport related emissions ⁵	545	834 (360)	511
Emission from business travels (air) ⁶	655	2,707	792
Emissions from travel to and from work ⁷	62	207	150
Emissions from leased company cars ⁸	17	26	21

Energy consumption, MWh	2020	2019	2018
Energy consumption	2,089	2,212	106.1

(Electricity, district heating and fuel consumption)⁹

4) Energy 2020: Stockholm 0 as purchased energy comes from renewable sources, data for Pittsburgh not available 2020, not possible to receive from landlord. 2019: Data Stockholm 0, Pittsburgh 351. Smaller offices are excluded from the data.

5) Transport related emissions are estimates. 2020 data applies to Stockholm, all service providers. The data reported 2019 (360) covered approximately 40% of shipments, the full data for Stockholm has now been added to 2019.

6) Business travels (2020, 2019) is related to travel agency data used by Stockholm and estimations of travels (Stockholm) not booked via the travel agency. 2018 only the travel agency data was reported (Stockholm).

7) Scope 3 emissions from travel to and from work relates to an estimate of employees' car travel to and from the Stockholm office. Estimate based on 30% capacity in office 2020.

8) Company cars in Stockholm, data from leasing company 2020, 2019, 2018

9) (Electricity, district heating and fuel consumption) In 2020 the report includes (a) measured consumption for some 30% of the Stockholm premises, (b) estimated consumption for remaining parts of the Stockholm office. In 2020 the Stockholm premises was approximately 12% larger than the year before. In 2019, the report included (a) 20% of Stockholm premises, (b) estimation of remaining parts and (c) estimated consumption for Pittsburgh premises. In 2018, the report included (a) only the energy consumption relating to approximately 20% of Tobii's office in Stockholm could be measured and reported.

Ethical conduct

It is important for us to be a transparent and responsible company that builds and earns trust, collaboration, and high dedication. We have strong common values and high standards in terms of our business ethics and compliance, as a company and as individuals. This is important to be a positive force in society, and to retain a good reputation, repeat customers, and motivated employees.

TOBII'S CODE OF BUSINESS CONDUCT

Tobii's Code of Business Conduct and Ethics defines the business ethics principles that the organization follows. It is based on the UN Global Compact, the OECD Guidelines for Multinational Enterprises, EU Market Abuse Regulation, the Nasdaq rule book, and the Swedish Corporate Governance Code. The Code of Business Conduct is a framework that includes the Employer Policy, Anti-corruption Policy, Export Policy, Information Policy, Insider Trading Policy, Whistleblower Policy, Environmental Policy and Supplier Policy. The Code includes our declaration to respect our employees' freedom of association. A similar declaration to respect and defend employees' freedom to associate is stipulated to suppliers in Tobii's Supplier Code of Conduct.

New employees undergo training in the Code of Business Conduct as part of the introduction program. The training comprises lectures and a web-based training course in which all employees certify that they understand the content of the Code and commit to following it. During 2021, we will relaunch an updated training program for Business Ethics from a new learning platform which will comprise of reboarding of all employees in updated policies.

WHISTLEBLOWER POLICY

The Whistleblower policy includes information how to report complaints, what to report, treatment of reports, results of investigation, communication and protection of whistleblowers, including a non-retaliation clause. Any employee may report openly, confidentially or anonymously and the reports are handled confidentially. The policy is part of onboarding new employees and is translated to local language when necessary. Tobii has clear procedures for reporting and handling of different issues. Contact details and a specific mailbox is available for reporting. During 2020 no irregularities were reported.

ANTI-CORRUPTION POLICY

Risks of bribery and corruption are tackled as part of the risk analysis that Group Management conducts every year together with the Board of Directors. Tobii's Supplier Policy also stipulates zero tolerance of all forms of bribery, corruption, extortion, and embezzlement. The Tobii Board of Directors has adopted an Anti-Corruption Policy which is an integral part of Tobii's Code of Business Conduct and Ethics.

To protect against illegal bribes given indirectly, the Company investigates the reputation and experience of Business Partners, such as prospective resellers, agents, and other representatives who will have contacts on behalf of the Company with government officials or others. The Business Partner must be informed of the Tobii anti-corruption policies and of the Business Partner's obligation to comply with the general principles and prohibitions of these policies, including all applicable anti-bribery laws, when engaged in activities on behalf of Tobii. Supplier relations will be covered through the Supplier policy and the Code of Conduct for suppliers. The policy is part of onboarding new employees and is translated to local language when necessary.

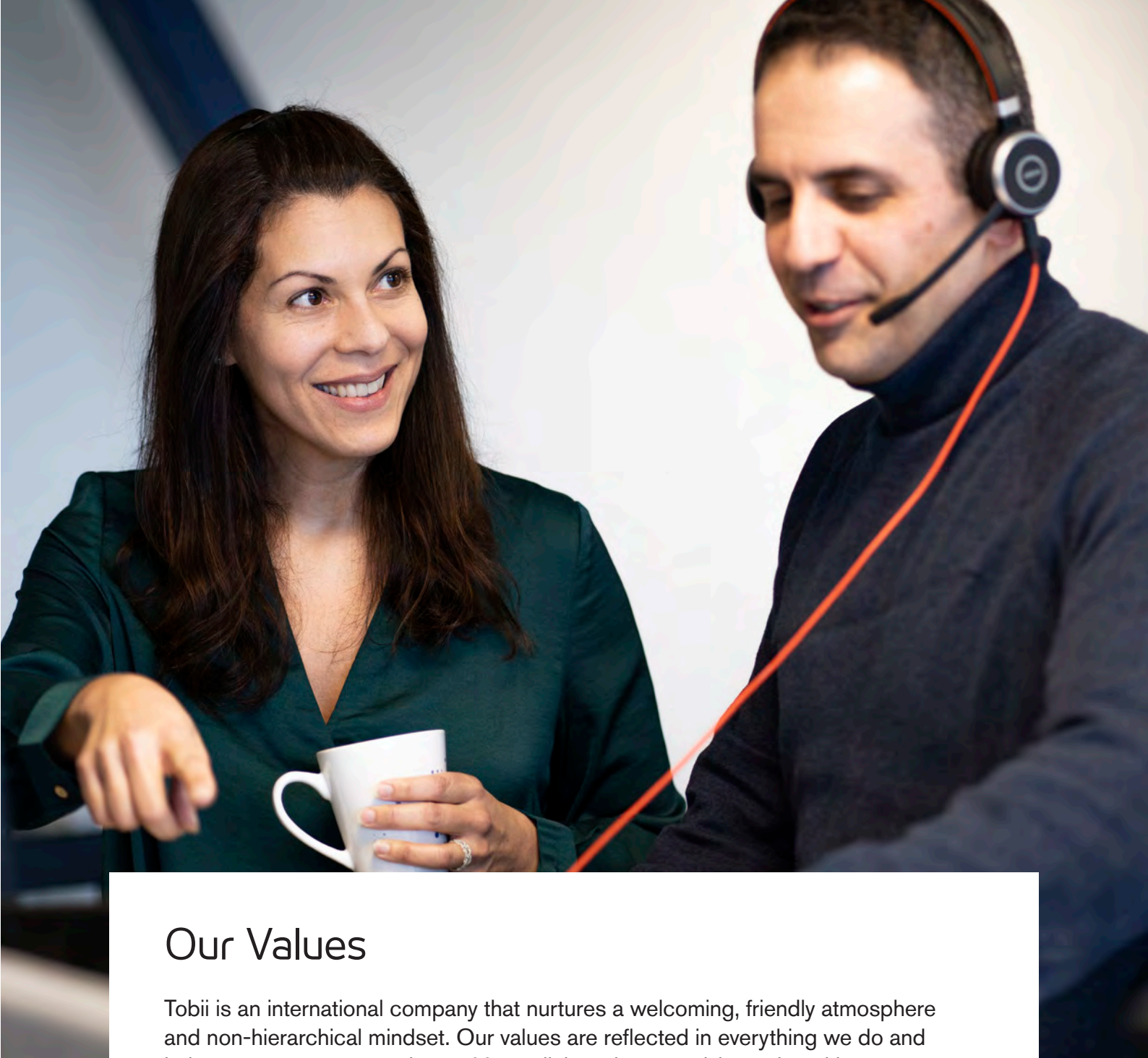
DATA SECURITY AND PRIVACY

We have a set of routines and procedures in place to ensure compliance to the General Data Protection Regulation (GDPR) and we are committed to ensuring that data privacy is protected. Tobii AB has appointed a Data Protection Officer that is responsible for the program and can be contacted for questions. Our Data Privacy Policy outlines how Tobii handles personal data. Data privacy training is part of the onboarding of new employees and includes a mandatory e-learning for all employees and consultants that come in contact with European personal data. Suspected breaches are reported to a mailbox that a group of experts at Tobii within the areas of law and IT. Any potential case is evaluated and escalated in the organization as required. Breaches likely to constitute a risk for the data subject's rights or privacy must be reported to the authorities by our Data Protection Officer as soon as possible and within 72 hours. During 2020 Tobii's Privacy Policy has been updated to also be compliant to California Consumer Privacy Act (CCPA).

During 2020 we have started a project to implement an Information security management system compliant to ISO27001. An information security risk management policy is in place. A global awareness training for Information security was launched during the year for all employees and consultants. Our focus 2021 is to continue developing and implementing the system and controls.

FOCUS 2021 – ETHICAL CONDUCT

- Relaunch of updated training program for Business Ethics from new learning including reboard employees in updated policies
- Information Security management system compliant with ISO27001



Our Values

Tobii is an international company that nurtures a welcoming, friendly atmosphere and non-hierarchical mindset. Our values are reflected in everything we do and help us create an atmosphere of fun collaboration, creativity and positive energy throughout our company. By doing things the Tobii way, we spur creativity, innovation and – equally important – fun at work!

Amaze our customers – Happy and successful customers are the key to our own long-term success. We combine a profound understanding of their needs with an ambition to deliver amazing products in every detail.

Succeed together – Success is always a joint effort. We work as one team with a common purpose in a flat, open and informal organization where helping one another is a natural part of life.

Beat yesterday – Challenging goals are in our DNA. To stay in the lead, we are bold and relentless in improving what we do and how we do it, from visionary innovations down to the smallest detail.

Make it real – We want to create a better reality. We each take responsibility for bringing our ideas to life. We have the freedom and the courage to make decisions. We dig in and do the hard work needed.

Share passion – Our passion and positive energy are contagious. By sharing them, we make our adventure together even more fun, exciting and meaningful.

Tobii Global Supplier Sustainability Program

Tobii is a global company with suppliers spread all over the globe and the majority of the manufacturing of our products is handled through suppliers. Our impact on global social- and ethical-standards, and the environment originates to a large extent from our supply chain. To achieve positive development, Tobii sets high standards throughout the supply chain and strive to secure compliance and improvements through audits and re-audits.

Suppliers are carefully qualified and benchmarked before engagement on social and environmental factors and contracted suppliers are judged to have low risk of child labor, forced labor, or improper handling of hazardous materials. Tobii strives to engage with suppliers for the long term and aims to manage long term relationships through governance plans set for each supplier.

As a vital part of Tobii's sustainability work, we strive to ensure that our suppliers and subcontractors conduct business to the highest applicable standards regarding social, environmental and governance (ESG) and have processes in place to ensure they do. The program stretches from qualification of new suppliers over the full period of engagement. The standards and requirements are clearly stated in the Supplier Code of Conduct, aiming to ensure that all suppliers and their subcontractors assume environmental and ethical responsibility, that working conditions are safe and fair, and that workers are treated with respect and dignity. Tobii Supplier Code of Conduct requires all suppliers to respect human rights in the spirit of internationally recognized standards including ILO Declaration on Fundamental Principles and Rights at Work and the UN Universal Declaration of Human Rights.

Under Tobii's Supplier Code of Conduct, suppliers must also continually adopt measures to ensure that labor rights are respected. Tobii's Code prohibits working weeks longer than 60 hours, except in emergencies or unusual situations. To secure fair working conditions, the Tobii Supplier Code of Conduct also stipulates workers' freedom to associate and right to collectively organize themselves without any risk of retaliation.

From environmental aspect, the main impact is judged to be from our transports. For actions taken in that area, please refer to section CO₂ emission. Given the industry Tobii operates in, and the characteristics of the supplier base, the next two environmental risk areas are energy consumption and waste management. The Supplier Code of conduct places demand on suppliers to continuously strive to reduce their environmental impact over time, specifically with respect to use of materials, energy consumption, and manufacturing as well as transport-related pollution.

By signing the Code, suppliers ensure that all business dealings should be conducted with the highest ethical standards and implementation of procedures to secure compliance with anti-corruption laws.

During 2020, Tobii broadened the scope from only covering the direct suppliers to also include suppliers of indirect material and services, with the background that these constitutes a significant part of the external spend. These suppliers and business partners are often located in Europe and the US, with a lower risk profile in traditional labor right areas. However, we believe it is still critical to assess and secure their compliance within ethics and environment.

It is mandatory for all new suppliers to sign the Supplier Code of Conduct and in addition, Tobii is working to improve the coverage also with the existing supplier base. During 2020 our complete agreement coverage with our existing supplier base in relation to spend increased with 150%. The journey has only just begun, and we will continue to focus on improving the coverage.

Tobii is a signatory of the Responsible Business Alliance (RBA – formerly the EICC) Code of Conduct, which is an industry standard for companies in the electronics industry and has updated the Company's policies accordingly. Responsibility for Tobii's supply chain management performance and development is held by the SVP of Global Operations.

AUDIT PROGRAM – DRIVE CONTINUOUS IMPROVEMENTS

Within the remit of Tobii's audit program, annual plans are drawn up indicating which suppliers are to be audited and when. The plans are based on mapping and risk assessment of suppliers, where the evaluation incorporates geographical location (country risk analysis), industrial analysis (type of production) and the supplier's proportion of Tobii's purchasing. Before entering partnerships with new suppliers, Tobii always carries out an assessment which includes ISO 9001 and 14001 as criteria. Tobii employees also always aim to visit the supplier before embarking on a partnership and carry out an on-site assessment. Tobii audits both its in-house and sub-supplier supply chain using both internal and external resources. By working closely with suppliers and encouraging continuous improvement, Tobii can indirectly address risks further down the chain. One such risk is the use of conflict minerals.



“In partnership with an external company, we conduct comprehensive reviews of suppliers regarding social and environmental matters, as well as anticorruption/business ethics and quality. We launched the program in 2017 and work closely with the suppliers to drive continuous long term improvements. The review program is evaluated each year and for 2020 we decided to further focus our assessment when it comes to how our suppliers secure compliance in their supply chain in compliance with Tobii standards.

I am proud to say we executed according to plan despite the challenges Covid-19 have imposed on face to face meetings. This year we focused on audits to qualify new suppliers as well as re-audits. In the latter we were pleased to see that actions implemented after previous audits have been properly implemented and driven improvements.”

– Catharina Hökfelt, Head of Strategic Sourcing

The Tobii Supplier Code of Conduct includes a provision regarding responsible purchasing of tantalum, tin, tungsten, and gold to ensure that conflict minerals do not directly or indirectly finance or otherwise stem from controversial sources, favor conflicts and violations of human rights. The Code further requires the suppliers to secure compliance in their supply chain.

Over the years findings from audits have implied that Tobii set requirements are not always extended down the Supplier supply chain. During 2020, Tobii has been working together with suppliers to improve this through systematic mapping of company policies as well as understanding of audit and assessment programs. Tobii has also worked with suppliers to improve their waste management, handling of hazardous substances as well as developing plans and measurements for energy consumption follow up and improvements. During two audits, it was identified that the suppliers did not have a plan for continuous reduction of their use of energy resources. As a result from these findings both of them have now implemented such plans.

In regards to human rights, a common finding is insufficient safety and protection equipment as well as procedures. All audits in 2020 but one had findings in these areas. The gaps are fairly easy to close given the correct training and information. Within labor we have also identified lack of proper possibilities for workers to form and join trade unions. In one case an independent union has been implemented. In the other, we are working on helping them achieve independence from company management.

The program aims to improve the sustainability of Tobii's existing supplier base and a lot of effort is directed toward securing improvements rather than termination of business relations.

FOCUS 2021 – ETHICAL CONDUCT

- Update Tobii Supplier Code of Conduct to reflect RBA Code of Conduct version 7.0
- Review risk assessment criteria in relation to spend, supplier base and critical topics
- Further improve Supplier Code of Conduct coverage with existing, long term suppliers



Sustainability reporting

Sustainability reporting is done in accordance with the GRI standards, core option, and is based on the impact our business has, the risks and business opportunities identified, as well as stakeholder input. The reporting covers the whole group, although some data and examples only refer to certain operations where indicated.

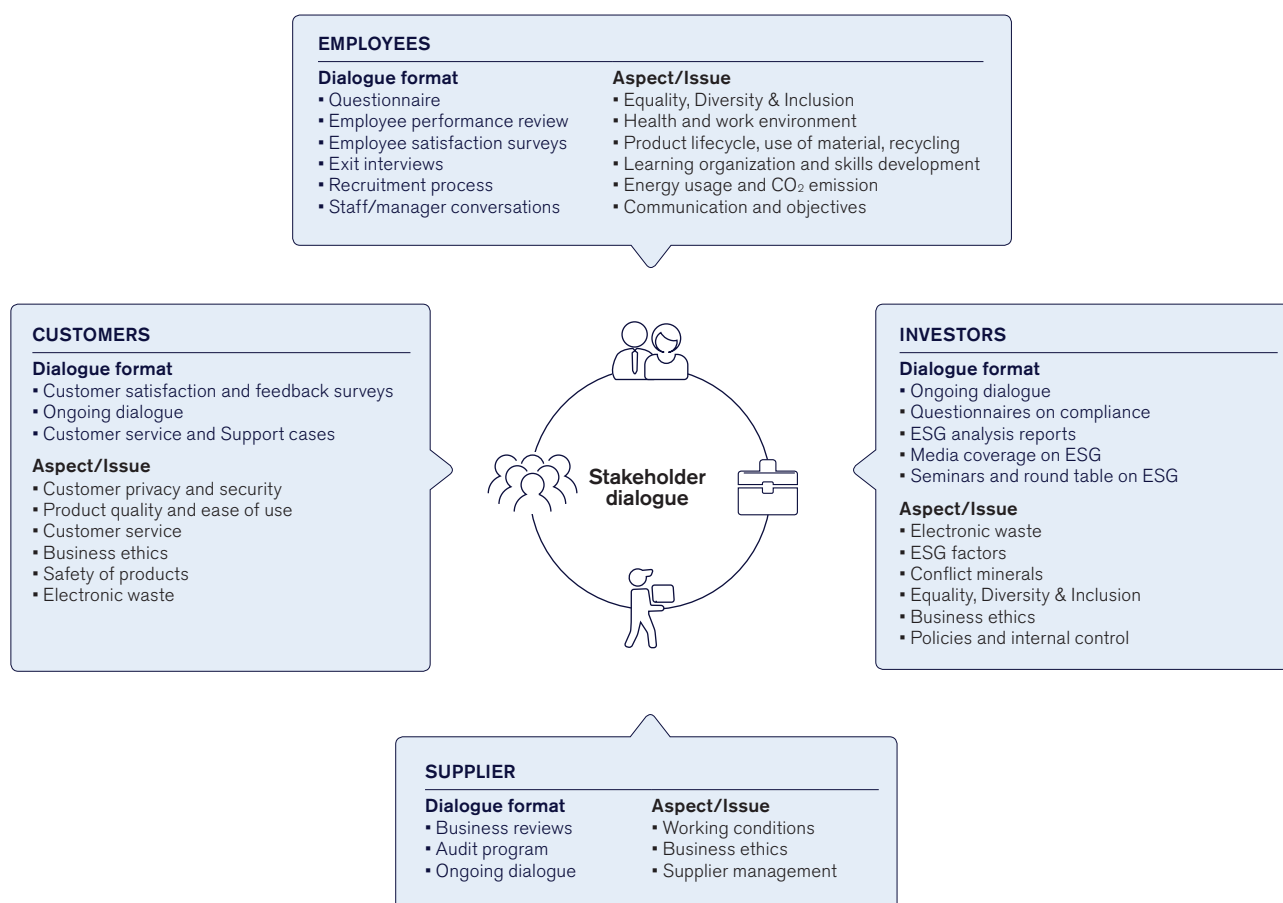
MATERIALITY ANALYSIS

Tobii values an ongoing, transparent dialogue with stakeholders. Feedback is gathered throughout the year through ongoing dialogue with customers, employees, investors, and suppliers, analysis of surveys and feedback.

We have taken several steps to identify material sustainability issues to report against- those of most interest to our stakeholders and those where we have the most significant impact.

We reviewed the stakeholders identified in the 2019 sustainability report and no changes were made. Our most important stakeholders remain **Employees, Investors, Customers and Suppliers.**

To identify our material topics, we made an initial list based on topics that our stakeholders have communicated as most relevant for Tobii as well as Sustainability Accounting Standards Board (SASB) priority topics for our industry. We also conducted an in-depth analysis of our environment, social, and governance (ESG) performance based on ESG ratings and risks, which were then used as an additional source to prioritize our most material topics. The material topics are in line with our business strategy and those where Tobii has the biggest impact.



OUR MOST MATERIAL ISSUES & MANAGEMENT TABLE

The table below provides an overview of Tobii's key sustainability issues, the policies that underlie our work and how we monitor and evaluate our work. Governance is evaluated via an annual review and update of Tobii's policy framework.

Our identified topics	Policies	Purpose	Monitoring/Review	UNGC Ten Principle	Responsibility
SOLUTIONS FOR A BETTER WORLD					
Business strategy and plans					
USING THE POWER OF EYE TRACKING AS A FORCE FOR GOOD					
Use of products	Data transparency policy, Policy for Defence & Law enforcement	Set clear and positive examples for each of these industries and to make clear choices that protect our users and ensure that the solutions we deliver make the world better	Training of relevant roles	N/A	VP Corporate communication
THE WAY WE RUN OUR BUSINESS					
SUSTAINABLE EMPLOYER					
Diversity, inclusion, equal opportunities	Code of conduct, Employer policy, Whistleblower policy, Diversity policy	Tobii wants to be a top-ranked employer in which all employees are respected for their knowledge and enjoy their work.	Annual performance reviews, action plans drawn up on the basis of the result in the employee satisfaction survey. Diversity and inclusion program.	1, 2, 3, 4, 6	Chief Human Resources Officer
Work environment at Tobii	Work Environment Policy, Employee handbooks, Introduction days, Performance reviews, Intranet	All Tobiians must have a healthy, satisfactory and productive working environment. At Tobii, people are to feel stimulated and challenged in their work, and included in the team and the company irrespective of their background and characteristics	Annual employee satisfaction surveys, performance reviews, individual conversations between manager and employee. Work environment issues are also handled by local work environment teams.	1, 2, 3, 4, 5, 6	Chief Human Resources Officer
Learning organization and skills development	Employee handbooks, Introduction days, Performance reviews, Intranet	Employees are offered skills development by working on different types of projects, testing new duties and learning from colleagues. Tobii provides internal conferences and courses and an opportunity to attend external training courses.	Supported by their line manager, each employee draws up a personal development plan with regular monitoring that activities are carried out. Monitoring also takes place through annual performance reviews and employee satisfaction surveys.		Chief Human Resources Officer
ENVIRONMENTAL RESPONSIBILITY					
Product design and lifecycle management	Environmental policy, Quality policy	Material choices are made in the design and product development process in terms of user experience, usability, lifetime and environmental impact. We want to consider the whole lifecycle impact on the climate and reduce this impact.	Only materials and components approved under RoHS2 and REACH are used. Waste handling schemes in EU.	7, 8	Senior VP Global Operations
CO ₂ e emissions	Environmental policy, Travel policy	As a global company, Tobii wants to minimize greenhouse gas emissions caused by its business operations.	Analyze of supply chain to reduce emissions from transportation and climate offset such emissions. Improve possibility for digital meetings to travel less.	7	Senior VP Global Operations, Travel manager
Suppliers environmental impact	Supplier Code of conduct	To minimize the environmental impact throughout the value chain Tobii sets criteria for subcontractors whereby compliance with industry policies and local legislation is a minimum requirement.	Review program with annual plans for which suppliers are to be audited and when based on the company's risk assessment. Follow up on results together with supplier.	8	Head of Strategic Sourcing
Energy consumption at Tobii	Environmental policy	Tobii strives to minimize environmental impact from energy consumption and strives to use renewable energy in the parts of the business where this is possible.	Energy consumption is measured and followed up for the premises where Tobii has contracts directly with energy providers. Renewable energy used in Stockholm.	7	Senior VP Global Operations, Heads of local offices
ETHICAL CONDUCT					
Business ethics, anti-corruption, compliance	Code of conduct, Anti-corruption policy, Export control policy, Supplier Code of conduct, Insider trading policy, Whistleblower policy	We work preventively to combat corruption by creating clarity on the fact that our business is always to be characterized by good business ethics. This is fundamental to long-term, sustainable business	Dialogue with local offices in risk markets, training all employees in Tobii's Code of Business Conduct and Ethics, clear processes for following up reports of irregularities received.	1, 2, 3, 4, 5, 6, 10	Senior VP Global Operations, Chief Human Resources Officer, sales managers, purchasing managers
Supplier management, compliance and working condition	Supplier Code of conduct, Audit program	Tobii works to ensure that our products are manufactured in line with the highest applicable standard in terms of environmental and social issues at suppliers.	Review program with annual plans for which suppliers are to be audited and when based on the company's risk assessment. Follow up on results together with supplier.	10	Head of Strategic Sourcing

GRI index

Material aspects	Disclosure	Comments	Page
GRI 101: Foundation 2016			
GENERAL DISCLOSURES			
GRI 102: General Disclosures 2016	1. ORGANIZATIONAL PROFILE		
	102-1 Name of the organization	Tobii AB (publ)	
	102-2 Activities, brands, products, and services		16, 69
	102-3 Location of headquarters	Danderyd, Sweden	
	102-4 Location of operations		7
	102-5 Ownership and legal form		71
	102-6 Markets served		7
	102-7 Scale of the organization		6-7
	102-8 Information on employees and other workers		7, 56, 57
	102-9 Supply chain		62, 63
	102-10 Significant changes to the organization and its supply chain		6
	102-11 Precautionary Principle or approach	Tobii follows the Precautionary Principle, which means that we avoid using materials for which there is any doubt regarding impact on humans or the environment.	
	102-12 External initiatives		47, 48, 58, 60, 62
	102-13 Memberships of associations	Tobii Dynavox is a member of the International Society for Augmentative and Alternative Communication (ISSAC), which works to improve the quality of life of children and adults who use AAC in their daily lives.	
	2. STRATEGY		
	102-14 Statement from senior decision-maker		8
	3. ETHICS AND INTEGRITY		
	102-16 Values, principles, standards and norms of behavior		10, 60, 61
	4. GOVERNANCE		
	102-18 Governance structure	Sustainability group reports to the Group's management team, which makes strategic decisions. The Board of Directors reviews and approves the annual sustainability agenda.	66
	5. STAKEHOLDER ENGAGEMENT		
	102-40 List of stakeholder groups		65
	102-41 Collective bargaining agreements	Tobii is not affiliated with any collective bargaining agreements.	
	102-42 Identifying and selecting stakeholders		65
	102-43 Approach to stakeholder engagement		65
	102-44 Key topics and concerns raised		65
	6. REPORTING PRACTICE		
	102-45 Entities included in the consolidated financial statements	The sustainability report covers the Tobii Group. Any exceptions from this are indicated in connection with the information reported. Certain information is reported specifically for Sweden and the US where Tobii has the most employees.	
	102-46 Defining report content and topic Boundaries		65
	102-47 List of material topics		65, 66
	102-48 Restatements of information	Not applicable	
	102-49 Changes in reporting	An update of our key sustainability issues in 2020 has redefined the subject-specific standards that we report. We no longer report GRI 301: Materials and GRI 416: Customers' Health and Safety. In 2020, our emissions from purchased energy were not available for our office in Pittsburgh.	
	102-50 Reporting period	January 1 - December 31, 2020	
	102-51 Date of most recent report	April 15, 2020	
	102-52 Reporting cycle	Annual, calendar year	
	102-53 Contact point for questions regarding the report	Caroline Sundström, Head of Quality & Environment, caroline.sundstrom@tobii.com	
	102-54 Claims of reporting in accordance with the GRI Standards	GRI Standards, Core level.	
	102-55 GRI content index		67-69
	102-56 External assurance	The GRI report is the Tobii Group's sustainability report for 2020 and has been approved by the Board of Directors. The report has not been audited by a third party.	

Material aspects	Description	Comments	Page
BUSINESS ETHICS			
GRI 103: Management Approach 2016	103-1 Explanation of the impact of the material topic and its Boundary		60
	103-2 The management approach and its components		60, 66
	103-3 Evaluation of the management approach		66
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures		60
ENERGY CONSUMPTION			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary		59
	103-2 The management approach and its components		59, 66
	103-3 Evaluation of the management approach		59, 66
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Only includes 30% of Stockholm offices for which Tobii AB has direct control over, as well as an estimate for the remaining parts of the Stockholm offices. Information for Pittsburgh not available for 2020.	59
EMISSIONS OF GREENHOUSE GASES			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary		58, 59
	103-2 The management approach and its components		58, 59, 66
	103-3 Evaluation of the management approach		58, 59, 66
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Tobii has no direct emissions of greenhouse gases as emissions from leased company cars are reported under scope 3.	59
	305-2 Energy indirect (Scope 2) GHG emissions	Data for 2020 includes only Stockholm. Information for Pittsburgh not available for 2020.	59
	305-3 Other indirect (Scope 3) GHG emissions	Indirect greenhouse gas emissions in scope 3 are reported only for Tobii AB in Stockholm.	59
ENVIRONMENTAL IMPACT OF SUPPLIERS			
GRI 103: Management Approach 2016	103-1 Explanation of the impact of the material topic and its Boundary		58, 59, 62, 63
	103-2 The management approach and its components		62, 63, 65
	103-3 Evaluation of the management approach		62, 63, 65
GRI 308: Supplier Environmental Assessment 2016	308-2 Negative environmental impacts in the supply chain and actions taken	The environmental impact was evaluated at six suppliers in 2020.	63
WORKING ENVIRONMENT FOR OUR EMPLOYEES			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary		55, 56
	103-2 The management approach and its components		56, 66
	103-3 Evaluation of the management approach		56, 57, 66
GRI 403: Occupational Health and Safety 2018	403-1 Types of injury and rates of injury, occupational diseases, absenteeism, work-related fatalities	Tobii has no Occupational health and safety management system but works systematically with these issues as required by Swedish law (AFS: 2001:1 föreskrifter om systematiskt arbetsmiljöarbete).	57
	403-2 Hazard identification, risk assessment, and incident investigation		56, 57
	403-3 Occupational health services		57
	403-4 Worker participation, consultation, and communication on occupational health and safety		57
	403-5 Worker training on occupational health and safety		57
	403-6 Promotion of worker health		57
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	No direct health and safety impacts from services, products or business relationships have been identified.	
	403-10 Work-related ill health	Indicator not reported due to data availability issues.	

Material aspects	Description	Comments	Page
TRAINING AND EDUCATION			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary		55
	103-2 The management approach and its components		55, 66
	103-3 Evaluation of the management approach		55, 66
GRI 404: Training and Education 2016	404-3 Percentage of employees receiving regular performance and career development reviews	Not reported by employment type or gender.	57
DIVERSITY AND GENDER EQUALITY			
GRI 103: Management Approach 2016	103-1 Explanation of the impact of the material topic and its Boundary		55, 56
	103-2 The management approach and its components		55, 56, 66
	103-3 Evaluation of the management approach		55, 56, 66
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Gender distribution per age group reported only for permanent employees in Sweden. In 2020, 43 % of new recruits were women globally and 46 % in Sweden.	56, 57
SUPPLIERS' WORKING CONDITIONS			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary		62
	103-2 The management approach and its components		62, 63, 66
	103-3 Evaluation of the management approach		62, 63, 66
GRI 414: Supplier Social Assessment 2016	414-2 Negative social impacts in the supply chain and actions taken	Indicator is not reported. Assessment and improvement measures are carried out in line with a plan reviewed annually.	63

SUSTAINABILITY REPORT IN ACCORDANCE WITH THE ANNUAL ACCOUNTS ACT

Tobii is subject to the requirement to produce a sustainability report under the Swedish Annual Accounts Act.

This report contains information required under the points shown here.

- Business model – Strategy (p. 14)
 - Our divisions (p. 19)
- Policies and results for key areas:
- Staff – Employees (p. 55–57)
 - Social issues, human rights – Employees (p. 55–57), Values and Code of Business Ethics (p. 60–61), Working conditions at our subcontractors (p. 62–63)

- Anti-corruption – Values and Code of Business Conduct and Ethics (p. 60–61), Working conditions at our subcontractors (p. 62–63)
- Environment – Environmental impact (p. 58–59)
- Governance – Governance table (p. 66)
- Risks – Risks and risk management (p. 42–46)

AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

To the general meeting of the shareholders in Tobii AB, corporate identity number 556613-9654

Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability report for the year 2020 on pages 47–69 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Stockholm April 22, 2021
PricewaterhouseCoopers AB

Johan Engstam
Authorised Public Accountant

Questions to Tobii's Chairman of the Board



Kent Sander, Chairman of the Board

HOW HAS TOBII HANDLED THE COVID-19 PANDEMIC INTERNALLY?

Tobii has handled the Covid-19 pandemic well. The Company's management and Board have been well coordinated during the year with frequent follow-up and agile response to various measures, both from a business perspective, but also with a strong focus on staff well-being. Understanding how remote work affects our employees has been a top priority. Nevertheless, the new work processes worked well, even though we largely moved day-to-day work to home offices. Tobii has a lengthy history as a dynamic and flexible company with a high level of digital knowledge and preparedness. Despite this, transition has been demanding and our IT systems have been severely tested, which has also led to additional investments and adaptations to further strengthen the capacity, flexibility and security of our IT systems. We emerge from this experience as a stronger and more flexible organization.

HOW HAS BUSINESS DEVELOPED IN 2020?

The year kicked off to a strong start, with confidence that the previous target of Group profitability would be achieved by 2020. However, it quickly became obvious that the business would move in a different direction, given the events of the year. We made a number of tough decisions during the year, including the reduction of working hours and modification of parts of investments within Tobii Tech. Despite the disruptions caused by Covid-19, the underlying trend in the majority of Tobii's operations has been strong. In addition, the company managed to divest Smartbox at a good price in the middle of all this turbulence. Tobii has been stress-tested during the year, demonstrating steadfastness and stability, while learning important lessons and maturing further as an organization. It was therefore highly gratifying to receive confirmation of the hard work during the year by reaching new currency-adjusted sales records for the Group, Tobii Pro and Tobii Dynavox in the fourth quarter.

WHAT PROGRESS HAS TOBII MADE IN ITS SUSTAINABILITY WORK?

For Tobii, sustainability is both a central part of our mission, as well as an important factor for our success. During the year, Tobii conducted a major sustainability project aimed at developing and strengthening our strategy and processes to achieve continuous improvement in this area.

We see it in three main pillars: In part, sustainability and a positive impact on the outside world are built into Tobii's DNA,

since its eye tracking solutions are inherently beneficial and contribute to the development of society. In part, Tobii has an opportunity and a responsibility to use our position as a global leader to ensure that technology is used for a good purpose. And last but not least, we have a responsibility to continuously improve the way we run our business from an environmental, social and ethical perspective.

HOW SHOULD 2020 BE VIEWED IN TOBII'S LONG-TERM STRATEGY?

Throughout the year, Tobii has continued its high pace of product development and product releases. The Company has refined its offerings and strengthened its digital marketing and sales skills. Covid-19 has also accelerated the need for Tobii to develop its own ability, and the ability of its counterparties, to operate more effectively digitally, which is a major factor for increased efficiency and scalability of the business. There are clear signs that this has been successful in much of the business and that key counterparties are now also adopting more effective digital ways of working. The need for rapid cost reductions prompted tough decisions in which we focused the business and investments on the areas judged to be best positioned to achieve profitability in the slightly shorter term. These decisions should be viewed primarily in the context of Tobii's amazing opportunities in many niches, some of which are still in the early stages of development, and where Tobii has the ability to adapt the pace of investment along the way to match the development of the underlying ecosystem. Overall, Tobii has been able to execute according to plan despite the circumstances, and I am very pleased with what we accomplished during the year.

WHAT SHOULD AN INVESTOR EXPECT FROM TOBII?

Over the past two decades, Tobii has built three divisions, all of which are world leaders in their fields and thus created great value, both for shareholders and for society. This achievement has been made possible by a value-maximizing strategy supported by active capital allocation. We intend to continue to manage Tobii with a clear focus on maximizing the long-term value of the company. Our assessment is that in Tobii's case, the aim should be to optimize for growth, rather than short-term profitability. The Company has invested intensively in product development and has had many major launches over the past two-three years. Tobii is therefore now well positioned for a period of increased growth. We also have an interesting pipeline of launches going forward, but the rate of investment in research and development will decrease slightly as we shift our focus toward market expansion, sales and marketing. We therefore expect to enter a period of strong growth for all three divisions.

After our plans were derailed by the pandemic this past year, it felt that much better to announce already in January our target of reaching profitability for the Group for full-year 2021, an important milestone after a few years of intentionally high investments to build the market positions we have today. In the near term, we see that investments in Tobii Tech will continue, which is justified as the value potential in underlying markets with supports this strategy by a wide margin. However, the day when Tobii Tech is also expected to become profitable is coming ever closer. Within Tobii Dynavox and Tobii Pro, we plan to maintain a good level of profitability and a positive profitability trend, but with a clear focus on long-term growth.

Director's 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, 2020 to December 31, 2020. The Company's registered office is in Danderyd, Sweden. The Company's shares have been listed on Nasdaq Stockholm since April 24, 2015.

THE GROUP'S OPERATIONS

Tobii AB (publ) and its subsidiaries ("the Group") are global market leaders in 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 design natural and effective user interfaces for computers and other devices, or to gain deep insights into human behavior.

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

- Tobii Dynavox is the world's leading supplier of assistive technology for communication.
- Tobii Pro is the world's leading supplier of eye tracking solutions for understanding human behavior.
- Tobii Tech is the world's leading supplier of eye tracking technology for integration into consumer electronics and other products.

Tobii AB was founded in 2001 and the Group operates globally with about 1,000 employees and seventeen offices in twelve countries. Sales are conducted directly and via resellers.

CHANGES IN THE STRUCTURE OF THE GROUP

In 2018, Tobii acquired Smartbox Assistive Technology Ltd. with the aim of integrating the business into Tobii's operations within the Tobii Dynavox division. Shortly after the acquisition, the British competition regulator CMA launched a Phase 2 investigation under UK competition law. Integration of Smartbox was suspended and instead, Tobii had to dedicate time and resources into assisting the CMA in their investigation, with material process costs as a result. In August 2019, the CMA announced its decision and Tobii had to divest Smartbox. As a result of this decision, since the third quarter of 2019 Tobii has had to recognize earnings from Smartbox by applying IFRS 5 "Non-current assets held for sale and discontinued operations." Consequently, all income and process-related costs relating to Smartbox have been recognized separately in the income statement on the line "Profit/loss for the period from discontinued operations," which means that the Tobii Dynavox division is presented with Smartbox excluded. In addition, all Smartbox-related balance sheet items have been recognized since September 30, 2019 as "Assets held for sale" or "Liabilities associated with held for sale assets." In this report, Smartbox has been presented according to the same principles as above.

The divestment of Smartbox was completed in October 2020.

Capital gains/losses had no material impact on the Group's earnings. Further information is presented in Note 31.

SALES

The Group's sales declined by 5% in 2020 to SEK 1,426 million (1,501). Organically, the decrease was 3%.

Sales for Tobii Dynavox decreased by 1% to SEK 894 million (906). Organically, the increase was 1%. The new I-Series has been a strong sales driver during the year, but the division was severely impacted by shutdowns and restrictions at institutions such as schools, universities and healthcare facilities.

Tobii Pro's sales declined by 17% to SEK 366 million (443). Organically, revenue fell by 16%. The Covid-19 pandemic has clearly limited the ability of customers to pursue research, studies and education, which has affected revenue both in academic research and among enterprise customers.

Tobii Tech's sales rose by 4% to SEK 230 million (222). Organically, the increase was 7%.

The North American market accounted for 58% (59%) of consolidated revenue, the European market 21% (21%), and the rest of the world 21% (20%).

PERFORMANCE

The Group's gross margin was 68% (69%). The operating loss for the Group was SEK -103 million (-138) and the operating margin was -7% (-9%). Tobii Dynavox contributed SEK 125 million (99) to earnings, while Tobii Pro had a negative impact of SEK -10 million (54), and Tobii Tech had a negative impact of SEK -221 million (-294) on the Group's operating result. Operating profit was positively impacted during the year by the cost-cutting measures announced in April, as well as SEK 30 million in Covid-19-related government support measures.

Operating expenses declined by 14% organically compared with 2019. Other operating income, primarily currency translation differences, had an impact on operating result of SEK 22 million.

Tobii Dynavox had a gross margin of 66% (66%). Operating profit totaled SEK 125 million (99) and the operating margin was 14% (11%). The improved operating margin is attributable to strong development of the new I-Series, good cost control and government grants of SEK 13 million, mainly in the United States. Currency translation effects had a negative impact on operating margin of SEK 10 million during the period.

Tobii Pro's gross margin was 73% (75%). Operating loss totaled SEK -10 million (profit: 54) and the operating margin was -3% (12%). The decrease in operating margin is primarily attributable to lower revenue, lower gross margin, negative currency translation effects and higher depreciation/amortization.

Tobii Tech's gross margin was 51% (47%) and the operating loss amounted to SEK -221 million (-294). The improvement in the operating result can be attributed to increased sales, higher gross margin and lower operating expenses.

PROFIT/LOSS BEFORE TAX

The Group's pretax loss was SEK -162 million (-150). Net financial items totaled SEK -59 million (-12) and mainly consist of interest expenses related to the bond loan and finance leases under IFRS 16 of SEK -34 million (-21). The item also includes currency translation differences of SEK -28 million (10). The loss from discontinued operations was SEK -10 million (-12).

NET PROFIT/LOSS AND EARNINGS PER SHARE

The net loss for 2020 was SEK -134 million (-171) and net earnings per share totaled SEK -1.36 (-1.73). The average number of shares outstanding (diluted) during full year 2020 was 100 million (99), the number of shares outstanding (diluted) at the end of the period was 102 million (100) and the number of shares outstanding at the end of the period was 99 million (99).

CASH FLOW, LIQUIDITY AND FINANCIAL POSITION

Cash flow from operating activities before changes in working capital was SEK 76 million (18). The change in working capital had a positive impact on cash flow of SEK 113 million (-31). The deferral of payment of taxes and charges in Sweden (part of the public relief measures linked to Covid-19) accounted for SEK 55 million of the positive impact.

Investing activities amounted to SEK 199 million (249), of which SEK 165 million (204) related to capitalization of R&D. Cash flow after investing activities was SEK -10 million (-262). Acquisitions and divestments had a positive impact on cash flow of SEK 105 million (-1), due to the divestment of Smartbox.

Cash flow from financing activities was positively impacted during the year by a bond issue of SEK 153 million (293). At the end of the period, the Group had SEK 410 million (185) in cash.

RESEARCH AND DEVELOPMENT

To preserve and further strengthen the Group's leading position, every division invests significant resources in research and development (R&D). Of the Group's more than 1,000 employees as per December 31, 2020, nearly 340 worked in R&D. The organization also includes about 60 consultants. The Group's total R&D expenditure decreased by SEK 117 million to SEK 401 million (518), of which SEK 165 million (204) or 41% (39%) was capitalized on the balance sheet, while R&D depreciation increased by SEK 40 million to SEK 164 million (124). Consequently, R&D expenses recognized in the income statement rose to SEK 400 million (438), corresponding to 28% (29%) of sales.

PERSONNEL

The average number of employees in the Group in 2020 grew by 75 to 1007. The number of employees recalculated to full-time equivalents at the close of the period was 973 (1,011). Compared to the same time in the previous year, the number of full-time equivalent employees decreased by 53, or 5%, mainly due to a reduction in the R&D organization. Guidelines for salaries and remuneration to the Group's senior executives resolved by the General Meeting are presented in the Corporate Governance Report on pages 73–77. The 2020 Annual General Meeting adopted updated guidelines for remuneration of senior executives. Details about the actual amounts paid in 2020 are presented in Note 8.

SUSTAINABILITY

In 2020, Tobii's sustainability group worked with the various functions of the organization to further strengthen, monitor, measure and set targets for the Group's sustainability work. The Board of Directors approved the Group's sustainability agenda for 2020. A description of Tobii's sustainability efforts can be found in the sustainability report on pages 47–69 of this annual report. The sustainability report for 2020 has been prepared in accordance with GRI Standards at the Core level.

THE PARENT COMPANY

The Parent Company, Tobii AB (publ) with around 90 employees, is involved in procurement, manufacturing, technical support, administration, human resources and IT. The Parent Company's sales during the full year totaled SEK 134 million (147) and the operating loss was SEK -15 million (-3). At the end of the period, the Parent Company had SEK 72 million (57) in cash and cash equivalents.

CHANGES IN THE BOARD

At the Annual General Meeting on May 12, 2020, Kent Sander, Charlotta Falvin, Nils Bernhard, Åsa Hedin, Heli Arantola, Jan Wäreby, Mårten Skogö and Jörgen Lantto were re-elected as members of Tobii's Board of Directors. Kent Sander was re-elected as Chairman of the Board.

EVENTS AFTER THE END OF THE REPORTING PERIOD

In the first quarter of 2021, the company set a target of achieving profitability for full-year 2021 for the Group.

Tobii confirmed that it is entering into a research collaboration with Valve and OpenBCI, by integrating Tobii's eye tracking technology with parts of Valve's Index hardware to produce development devices for the recently unveiled Galea beta program. See note 32.

Tobii announced to the market that global disruptions in the production of LCD panels are expected to result in delivery delays of Tobii Dynavox flagship products I-13 and I-16. See note 32.

OUTLOOK

Tobii estimates that the long-term market potential for the Group's divisions is good. All three took important steps during the year, and made R&D and market investments to consolidate its leading position in established and new areas. The only financial target that Tobii has announced is to reach profitability for full-year 2021 for the Group. The Covid-19 pandemic creates uncertainty and to some extent, it will also have a negative impact on the business in 2021. New financial targets for the divisions will be announced once the pandemic situation has stabilized; see also information in note 32.

DIVIDENDS

The Board of Directors' proposal for 2020 is that no dividend should be paid to shareholders.

PROPOSED APPROPRIATION OF NON-RESTRICTED EQUITY

Non-restricted equity in the Parent Company at the disposal of the Annual General Meeting:

Share premium reserve	1,634,175
Retained earnings	-402,824
Profit/loss for the year	72,196
Total	1,303,547

The Board of Directors proposes that the following amount be carried forward: 1,303,547

Corporate Governance Report

Tobii AB (publ) is a Swedish public limited liability company with its registered office in Danderyd, Sweden. The Company's shares have been listed on Nasdaq Stockholm since April 24, 2015. Tobii's Corporate Governance Report, examined by the Group'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.

PRINCIPLES FOR TOBII CORPORATE GOVERNANCE

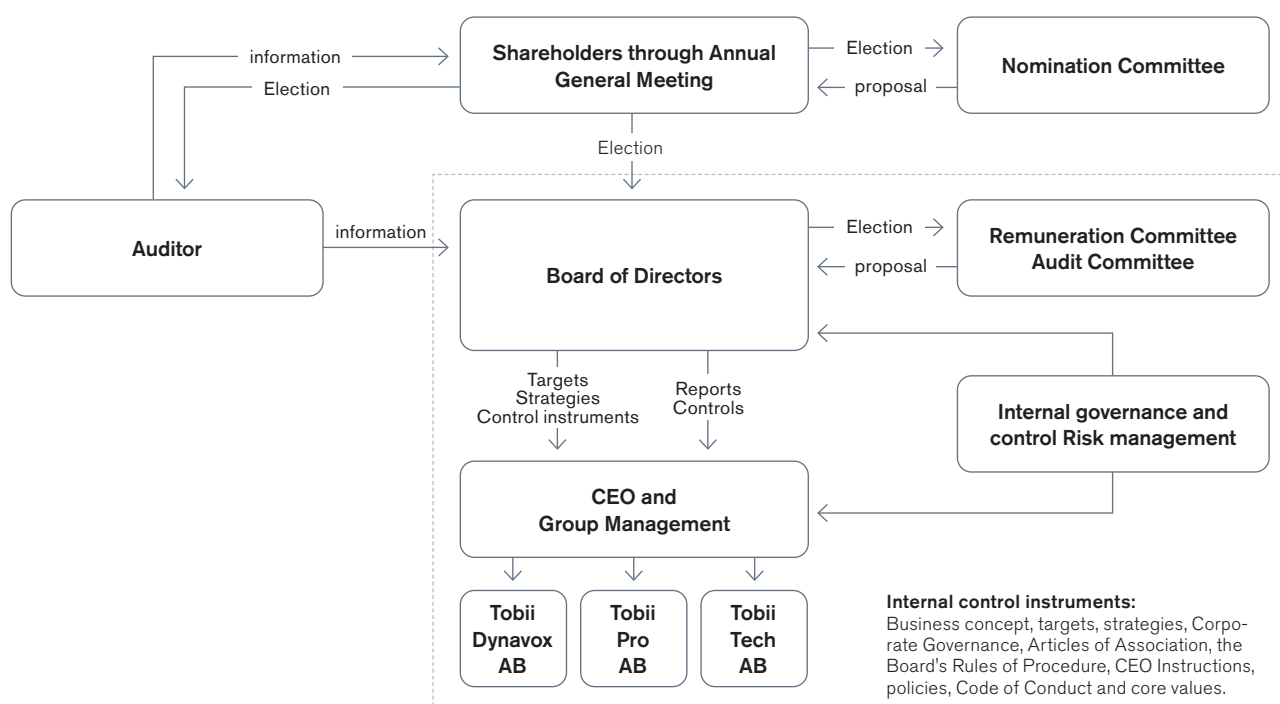
Governance of the Company and the Group is based on Tobii's Articles of Association and external regulations such as the Swedish Companies Act, Nasdaq Stockholm's Rule Book for Issuers and the Swedish Corporate Governance Code ("The Code"). In addition, Tobii applies internal regulations and policies. The responsibility for governance and control is divided among the shareholders at the Annual General Meeting, the Board and the CEO. An overview of the Group's governance and control, including internal and external governance instruments, is presented in the illustration below.

COMPLIANCE WITH THE SWEDISH CORPORATE GOVERNANCE CODE

Since the first day of trading on Nasdaq Stockholm (April 24, 2015), Tobii has applied the Code and, as of December 1, 2016,

Tobii applies the revised Code. The Code is applied in 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 alternative solutions are explained and that the reasons for the deviations are detailed in the corporate governance report. Tobii reports no deviation from the Code in 2020. At the 2020 AGM, a decision on an incentive program was taken that leads to a deviation from clause 9.7 in the Swedish Code of Corporate Governance as the vesting period for part of the incentive program is less than three years. The reason for the deviation is that the proposed incentive program and its vesting periods of two, three and four years as a whole is considered a well-balanced incentive for the participants, and will also be value accretive for the company and its shareholders.

Corporate governance structure



Internal control instruments:
Business concept, targets, strategies, Corporate Governance, Articles of Association, the Board's Rules of Procedure, CEO Instructions, policies, Code of Conduct and core values.

External control instruments:
Swedish Companies Act, other relevant laws and regulations, Nasdaq Stockholm's Rule Book for Issuers and the Swedish Corporate Governance Code.

INTERNAL RULES

To ensure compliance with the laws and rules that apply, and to fulfill Tobii's demands on its own operations, Tobii also applies internal rules and policies that include:

- Tobii's own Articles of Association and the Board of Directors' Rules of Procedure.
- Tobii's Code of Conduct and Business Ethics and policy framework, which covers all employees, regardless of position or stationing, as well as consultants and others who have been commissioned by the company.
- Tobii Group-wide governance document and manuals, as well as ISO and FDA certifications.

Authorized personnel can access Tobii's governance documents on the Company's intranet. All policies are reviewed regularly and updated as needed. Tobii's Articles of Association are available on the Company's website.

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, as well as any other activities compatible therewith. The Articles of Association also define the rights of the shareholders, the number of Board members and auditors, 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.

SHAREHOLDERS

For information regarding ownership structure and the largest shareholders, refer to pages 40–41 in this Annual Report.

VOTING RIGHTS

There is only one class of shares and all shares have the same number of votes – one vote per share.

GENERAL MEETING OF SHAREHOLDERS

Shareholders exercise their right to decide on Tobii's affairs at the Annual General Meeting, which is the Company's highest decision-making body.

The Annual General Meeting must be held in Danderyd or Stockholm within six months from the close of the fiscal year. General meetings of shareholders are to be convened by publication of the convening notice in the Swedish National Gazette (Sw. Post- och Inrikes Tidningar) and on the Company's website. When the notice is published, an announcement that it has been issued is to be published in Svenska Dagbladet. At the Annual General Meeting, decisions are made regarding the adoption of the Company's income statements and balance sheets, appropriation of the Company's earnings, granting discharge from liability for the Board of Directors and CEO, election of Board members, Chairman of the Board and auditors, adoption of remuneration to the Board and auditors, as well as other issues that are a matter for the meeting in accordance with the Swedish Companies Act, the Articles of Association or the Code. Extraordinary General Meetings are held when the Board deems it necessary in accordance with the Swedish Companies Act. The Articles of Association contain no separate rules regarding the meeting's amendment of the Articles of Association.

TOBII'S 2020 ANNUAL GENERAL MEETING

At the 2020 Annual General Meeting held on May 12 in the presence of 64 shareholders, directly or through proxy, and the Company's auditor, it was decided that the Company's Board should comprise eight ordinary members, and no alternate board members. Kent Sander was re-elected Chairman of the Board and Nils Bernhard, Charlotta Falvin, Asa Hedin, Heli Arantola, Jan Wäreby, Jörgen Lantto och Mårten Skogö were re-elected to serve as members of the Board. Johan Engstam was appointed to serve as the responsible auditor from PwC. In addition, the Annual General Meeting granted discharge from liability for the Board of Directors and the CEO, adopted the income statements and balance sheets in the annual report, and resolved in accordance with the Board's and the CEO's proposed appropriation of non-restricted equity. The Meeting also passed a resolution to authorize the Board to decide, during the period up until the next Annual General Meeting, on the issue of new shares corresponding to an increase of a maximum of 10% and to implement a new long-term incentive program for senior executives and other key individuals within the Tobii Group. The Annual General Meeting resolved in accordance with the Nomination Committee's proposal for fees to the Board of Directors. For more information, see "Remuneration to the Board of Directors and Committees" below. The Annual General Meeting resolved in accordance with the Board's proposed guidelines for remuneration to the CEO and other senior executives, see below under "Remuneration to the CEO and other senior executives." The minutes from the Annual General Meeting are available on Tobii's website.

TOBII'S 2021 ANNUAL GENERAL MEETING

Tobii AB will hold its Annual General Meeting on May 18, 2021 in Stockholm, Sweden. The convening notice is available on Tobii's website.

NOMINATION COMMITTEE

The Nomination Committee's primary task is to submit proposals to the Annual General Meeting regarding the composition of the Board of Directors, which is then resolved by the Annual General Meeting. The work of the Nomination Committee begins with reviewing the evaluation of the work of the Board that the Board has commissioned. The Committee then submits proposals in respect of Board member candidates and Chairman of the Board for the pending mandate period. Furthermore, the Nomination Committee submits proposals regarding the election of auditors and remuneration to the Board and auditors.

COMPOSITION OF THE NOMINATION COMMITTEE

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' share 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 waive 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 Elvesson 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 2021 Annual General Meeting, the Nomination Committee was appointed in accordance with the above principles. The Nomination Committee has had three recorded meetings in the fall of 2020 and two in the winter of 2021. Tobii's Nomination Committee fulfills the requirement for independence. The table below presents the members of the Nomination Committee and the owners who appointed them.

NOMINATION COMMITTEE AHEAD OF THE 2021 ANNUAL GENERAL MEETING

Member	Appointed by	Share of votes
Jan Andersson	Swedbank Robur	9.10%
Helen Fasth Gillstedt	Handelsbanken	8.50%
Henrik Telling	Tobii's three founders	9.64%
Kent Sander	Director serving as Chairman of the Board	Not applicable

CONTACT THE NOMINATION COMMITTEE

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

THE BOARD OF DIRECTORS

The Board of Directors is responsible for Tobii's organization and the management of the Company's affairs.

COMPOSITION OF THE BOARD OF DIRECTORS

According to Tobii's Articles of Association, Board members elected by the Annual General Meeting are to comprise a minimum of three and a maximum of nine, with no alternate members. At present, the Company's Board of Directors comprises eight ordinary members. The requirement to achieve diversity and breadth, as well as an effort to achieve an even distribution of gender, have been taken into account in the composition of Tobii's Board of Directors. The Board members have vast experience from relevant industries and expertise in both technology and international business. For more information about the Board members, see page 78. The Articles of

Association contain no separate rules regarding the appointment or removal of Board members. The composition of the Board fulfills the Code's stipulation concerning independent members. Independent assessments for each Board member are presented in the table below.

THE BOARD'S RULES OF PROCEDURE

The Board adopts Rules of Procedure for its work every year. The Rules are adopted in conjunction with the statutory Board meeting and are amended thereafter as needed. The Rules of Procedure describe the responsibilities and duties of the Board and its Committees, the internal division of duties and practices, as well as the division between the Board members and the CEO. The current Rules of Procedure were adopted on May 12, 2020.

WORK OF THE BOARD

According to the Rules of Procedure, Tobii's Board is to convene a minimum of six times in addition to the statutory meeting. Normally, the Company's CFO serves as secretary at the Board meetings. The Board held 20 recorded meetings in 2020, one of which was the statutory Board meeting. The many meetings reflect a very busy business year. Key issues during the year concerned strategy, market position, product development, significant risks, handling of Covid-19, acquisitions and divestitures. The Board's work year is illustrated in the diagram on the following page.

EVALUATION OF THE WORK OF THE BOARD

According to the Board's Rules of Procedure, the Chairman of the Board is to ensure that the work of the Board is annually evaluated through a systematic and structured process aimed at developing the Board's processes and efficiency. In 2020 this evaluation was conducted using an externally developed questionnaire. The results were presented at the Board meeting in December 2020.

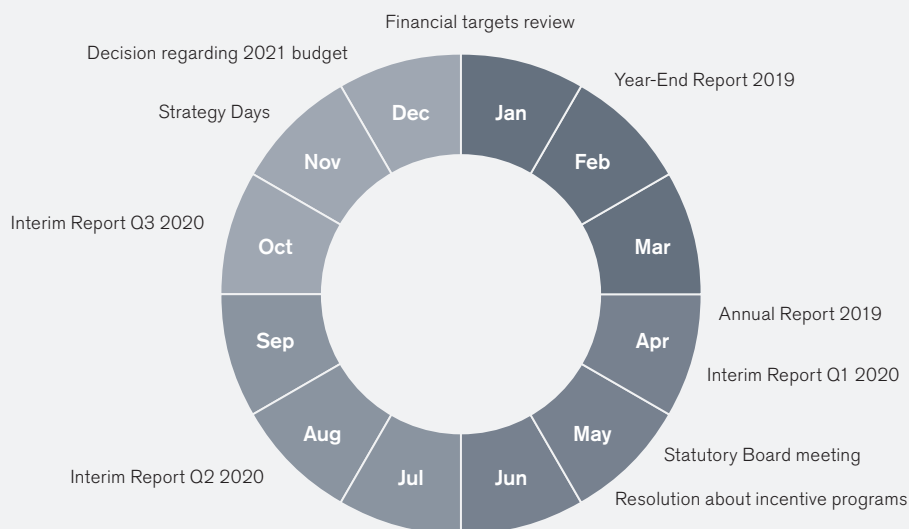
BOARD COMMITTEES

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

COMPOSITION OF THE BOARD OF DIRECTORS, COMMITTEES AND MEETING ATTENDANCE

Board members elected by the AGM	Year elected	DOB	Independent		Attendance		
			in relation to the Company	in relation to the largest shareholders	board meetings	audit committee	remuneration committee
Kent Sander, chair	2014	1953	yes	yes	20/20		■
Heli Arantola	2016	1969	yes	yes	20/20		
Nils Bernhard	2004	1947	yes	no	20/20	■	
Charlotta Falvin	2018	1966	yes	yes	19/20	■	
Åsa Hedin	2015	1962	yes	yes	20/20	■	
Jörgen Lantto	2019	1963	yes	yes	20/20		■
Mårten Skogö	2019	1977	yes	no	20/20		
Jan Wäreby	2016	1956	yes	yes	20/20		■

THE BOARD'S 2020 WORK YEAR



AUDIT COMMITTEE

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

- the Company's financial reporting
- the effectiveness of the Company's internal controls
- internal auditing and risk management
- the audit of the annual accounts and consolidated financial statements
- the impartiality and independence of the auditors
- whether the auditors are providing other services besides audit services to the Company

Moreover, the Audit Committee is to assist in the preparation of proposals for the Annual General Meeting's election of auditors, regularly meet with Tobii's auditors and report to the Board of Directors when required. The Audit Committee is appointed annually by the Board. In 2020, the Committee was made up of Asa Hedin, Chair, and members Charlotta Falvin and Nils Bernhard. The Audit Committee held three recorded meetings in 2020.

REMUNERATION COMMITTEE

The Remuneration Committee is tasked primarily with addressing issues concerning guidelines for remuneration, salaries, variable compensation, incentive programs, pensions and other forms of remuneration payable to Group Management. In 2020, the Committee was made up of Kent Sander, Chair, and members Jörgen Lantto and Jan Wäreby. The Committee held four recorded meetings in 2020.

REMUNERATION TO THE BOARD OF DIRECTORS AND COMMITTEES

Remuneration to the Board of Directors is decided at the Annual General Meeting. The 2020 Annual General Meeting resolved that Board fees would amount to SEK 2,150,000 to be allocated as SEK 575,000 for the Chairman of the Board and SEK 225,000 each for other Board members. Fees for Committee work are

as follows: SEK 100,000 to the Chair of the Audit Committee and SEK 50,000 each to the other two members of the Audit Committee and SEK 37,000 to the Chair of the Remuneration Committee and SEK 21,000 each to the other two members of the Remuneration Committee. Remuneration to the Board is presented in detail in Note 8.

CEO AND GROUP MANAGEMENT

The CEO is responsible for the day-to-day management of Tobii in accordance with the Board's guidelines and instructions. The current CEO's instructions were adopted by the Board on May 12, 2020. The CEO is tasked with compiling information and decision-making documents ahead of the Board meetings. The CEO is assisted by Group Management consisting of the three division CEOs (from January 1, 2019 they are also the CEOs of the companies Tobii Dynavox AB, Tobii Pro AB and Tobii Tech AB), as well as the Chief Financial Officer and Global Human Resources Director. The extended group management team also includes the Senior VP Global Operations and the Chief IP Officer. Group Management holds monthly meetings, at which issues concerning operations are discussed. A more detailed presentation of the CEO and the Group Management Team is available on page 79.

REMUNERATION TO THE CEO AND SENIOR EXECUTIVES

The Board has decided on the current remuneration 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, as well as some of the other Group Management members, have an employment agreement with a mutual period of notice of up to six months and the right to four months of severance pay if the Company is the party giving notice of termination. Other senior executives have employment agreements with a mutual period of notice of up

to six months, 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 remuneration in conjunction with the termination of their employment. In 2020, total remuneration to the CEO and senior executives amounted to approximately SEK 19.3 million. In 2020, there were no deviations from the guidelines adopted by the Annual General Meeting in May 2020 (see Tobii's Annual General Meeting 2020 above). Remuneration to the CEO and other senior executives is presented in detail in Note 8.

AUDITOR

Tobii's auditor is responsible for reviewing the annual report, the consolidated statements, the Corporate Governance Report and accounting as well as the management of the Board of Directors and the CEO. The auditor follows an audit plan and reports his/her observations to the Audit Committee. The auditor participates in the Annual General Meeting to present the Auditors' Report, which describes the audit process and the observations made. Furthermore, the auditor normally participates in one Board meeting each year. The Company's audit firm, PricewaterhouseCoopers AB, was re-elected at the 2020 Annual General Meeting through to the 2021 Annual General Meeting. The responsible auditor is Authorized Public Accountant Johan Engstam.

REMUNERATION TO THE AUDITOR

The 2020 Annual General Meeting decided that the auditor's fee should be paid on account. Remuneration to the auditors is presented in detail in Note 7.

INTERNAL CONTROL AND RISK MANAGEMENT REGARDING FINANCIAL REPORTING

Internal control and risk management regarding financial reporting is a central component in Tobii's corporate governance. The process is intended to provide reasonable certainty in terms of the reliability of the interim reports, year-end statements and annual reports, and that these statements are prepared in accordance with applicable laws, accounting standards and other regulations. Since the Board's decision in November 2016, Tobii's risk management and internal governance and control is based on the Internal Control – Integrated Framework launched by the Committee of the Sponsoring Organizations of the Treadway Commission (COSO) in 2013. According to COSO, internal governance and control is a process that involves the following components: control environment, risk assessment, control activities, information and communication, and monitoring.

CONTROL ENVIRONMENT

Control environment is the foundation of the internal control and risk management within Tobii and comprises the values and culture on the basis of which the Board and management communicate and operate, together with the organizational structure, leadership, delegation of authority, decision-making paths and employee expertise. A number of internal control documents, adopted by the Board, are associated with this. The Board has the overall responsibility for internal control and reporting, and has appointed an Audit Committee tasked with and responsible for overseeing Tobii's financial reporting and monitoring the efficiency of this process. For more information, refer to the section under the "Audit Committee" heading above.

RISK MANAGEMENT

The significant risks that influence internal control in terms of financial reporting are identified and managed at Group level, division 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 reporting to ensure correct financial statements. Particular priority is given to identifying processes in which the risk for material errors is higher in relative terms, due to the complexity of the process or in contexts involving substantial values. For more information, see "Risks and risk management", pages 42–46.

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 system. 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.

INFORMATION AND COMMUNICATION

The Board has prepared an Information Policy for the dissemination of information externally that will ensure that the market receives relevant, reliable, correct and pertinent information about the Company's development and financial position. The Board has also prepared an Insider Trading Policy aimed at safeguarding the integrity of the dissemination of information. The Company's internal steering instruments in the form of policies, guidelines and manuals concerning internal and external communication are regularly updated and communicated internally via relevant channels, including internal meetings, email and the Company's intranet.

MONITORING

Risk assessment and implementation of the control activities are monitored regularly. This includes both formal and informal routines used by those responsible at each level. Procedures include monitoring results against budget and plans, analyses 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 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. Tobii does not have an internal audit function. The Board of Directors has determined that the follow-up of internal control carried out by the Board of Directors and the management serves as an adequate audit function considering the operations and size of the Company.

EVENTS AND ACTIVITIES 2020

As a result of the CMA decision, Tobii divested Smartbox, which was acquired in 2018.

The Board of Directors and the management actively worked to ensure Tobii's financial stability, internal controls, commercial continuity and the health and well-being of the employees during the Covid-19 pandemic. Otherwise, the Company continued throughout the year to improve internal controls and governance in line with growing operations and intensified requirements.

Board of Directors



KENT SANDER
Chairman of the Board

Elected: 2014

DOB: 1953

Education: MSc in Business and Economics.

Main assignments and experience: More than 30 years of experience in leading positions at international IT and telecom companies. Chairman of the Board of OnePhone Holding AB. Formerly CEO of TruePosition, Executive VP Sales for Ericsson USA and Chairman of the Board of Transmode AB, Mr Green & Co AB, Serneke Group AB and Triboron International AB.

Shareholding in Tobii*: 123,756 shares.



HELI ARANTOLA

Elected: 2016

DOB: 1969

Education: PhD in Economics
Main assignments and experience: CEO Leipurin Plc., Board member of S-Bank Plc., and Midsona AB. Previously EVP Categories and Concepts at HK Scan, CEO Fazer Kvarn and several executive positions at the Fazer Group and Sonera.

Shareholding in Tobii*: Holds no shares or warrants in the Company.



NILS BERNHARD

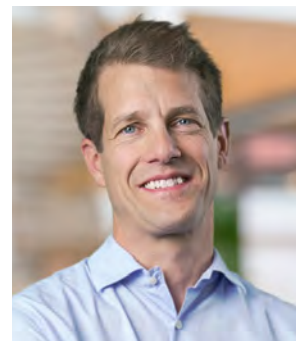
Elected: 2004

DOB: 1947

Education: MSc in Electrical Engineering and MSc in Business and Economics.

Main assignments and experience: Board member of Alfa Invest AB and Pajeb Kvarts AB. Over 30 years of experience as board member, entrepreneur and private investor in many different industries. Founder of several companies; actively participated in a number of IPOs. Many years of experience from leading positions in Swedish industry.

Shareholding in Tobii*: 1,179,948 shares directly and indirectly through companies.



MÅRTEN SKOGÖ

Elected: 2019

DOB: 1977

Education: Studies in Engineering Physics, Royal Institute of Technology, Sweden.

Main assignments and experience: Co-founder of Tobii AB and part of Tobii's Group Management until April 2019. Member of the Board of Directors of Ingrid Cloud AB. Currently employed as CTO at Industrifonden.

Shareholding in Tobii*: 2,419,000 shares and 45,000 warrants.



JÖRGEN LANTTO

Elected: 2019

DOB: 1963

Education: Technical college graduate, telecommunications, Midskogsskolan.

Main assignments and experience: CEO of Fingerprint Cards and prior to that more than 25 years of experience from leading positions within Ericsson Group. Chairman of the Board of Zwipe AS. Board member of Dirac Research AB and Wirepas Oy, as well as Cambridge Mechatronics Ltd.

Shareholding in Tobii*: 45,000 shares



CHARLOTTA FALVIN

Elected: 2018

DOB: 1966

Education: MSc in Business and Economics, Lund University.

Main assignments and experience: Many years of experience from leading positions in IT and telecom, including Axis, Decuma and TAT. Other current assignments: Chairman of the Board of Skåne Startups. Board member of Invisio, Net Insight, Bure Equity, Boule Diagnostics, Nel ASA and the Malmö-based incubator Minc. Previously member of the board of directors at companies such as Axis, Doro and Sinch.

Shareholding in Tobii*: Holds no shares or warrants in the Company.



ÅSA HEDIN

Elected: 2015

DOB: 1962

Education: MSc in Biophysics, BSc in Physics.

Main assignments and experience: More than 30 years in leading positions in international med tech and tech companies. Industrial Advisor at the Department of Microtechnology and Nanoscience at Chalmers AB. Chairman of Artificial Solutions International AB. Board member of C-rad AB, Nolato AB, Cellavision AB, Biotage AB, Industrifonden and E. Ohman J:or Fonder AB. Previously CEO of Elekta Instrument AB and business unit EVP of Elekta Neuroscience.

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



JAN WÄREBY

Elected: 2016

DOB: 1956

Education: MSc in Electrical Engineering, Chalmers University of Technology.

Main assignments and experience: Chairman of the Board of RISE AB and Obelix AB. Board member of The Swedish Export Credit Agency (EKN), GapWaves AB, Imsys AB, Defentry AB, Astor Technologies AB and Agapi Boating AB. Extensive experience from senior positions within the Ericsson Group, Senior VP of Sales at Ericsson, Senior VP of Multimedia Business Unit, and Executive Vice President and Head of Sales and Marketing at Sony Ericsson.

Shareholding in Tobii*: 30,800 shares.

* As of December 31, 2020.

Group Management



From left to right: Kristina Vallin, Fredrik Ruben, Henrik Eskilsson, Anand Srivatsa, Magdalena Rodell Andersson and Tom Englund.

HENRIK ESKILSSON

CEO and co-founder of Tobii

Employed: 2001

DOB: 1974

MSc in Industrial Engineering and Management, International Profile, Linköping University. Co-Founder of Tobii AB. Founder of Trampolin-specialisten i Stockholm AB.

Shareholding in Tobii*: 4,526,117 shares and 399,000 warrants and stock units. Henrik Eskilsson also owns 2,835 shares through Henrik Eskilsson AB, as well as 22.5% of the company Eskilsson Consulting AB, which in turn owns 1,565,511 shares in Tobii.

MAGDALENA RODELL ANDERSSON

CFO

Employed: 2021

DOB: 1966

MBA from Stockholm School of Economics, specializing in Accounting and Finance. 30 years of experience primarily from retail companies; her three most recent positions were CFO of OKQ8 Scandinavia, CFO and Deputy CEO of Plantasjen AS Group and CFO of Filippa K.

Shareholding in Tobii*: 11,000 shares.

ANAND SRIVATSA

Division CEO, Tobii Tech

Employed: 2019

DOB: 1978

Masters' degree in electrical engineering from Stanford University. 20 years of experience in high tech companies. Formerly Vice President in the Client Computing Group and Vice President for Intel's Desktop, Systems and Channel Groups; various senior positions at Intel within sales and marketing in the US and Taiwan, including responsibility for some of Intel's largest customers.

Shareholding in Tobii*: 27,245 and 247,100 employee stock options and stock units.

FREDRIK RUBEN

Division CEO, Tobii Dynavox

Employed: 2014

DOB: 1977

MSc in Industrial Engineering and Management, Linköping University. Previously CEO and President of 3L System Group (publ) and CEO of Vitex Maklarsystem AB.

Shareholding in Tobii*: 66,040 shares and 288,200 warrants and stock units.

KRISTINA VALLIN

Interim HR Director Tobii Group

Employed: 2019

DOB: 1963

BSc in Human Resources and Behavioral Science, Stockholm University. Interim HR Director Tobii Group since 2019. Previous positions include HR Director at Tele 2 Group, as well as Head of HR at Carnegie Investment Bank AB; various positions as self-employed and employed consultant.

Shareholding in Tobii*: 0 warrants or stock units.

TOM ENGLUND

Division CEO of Tobii Pro, Deputy CEO of Tobii Group

Employed: 2009

DOB: 1976

MSc in Industrial Engineering and Management, Linköping University. Studies at Ecole Polytechnique Fédérale de Lausanne and HEC in Lausanne. International experience from leading positions at Atlas Copco and as a management consultant at Accenture.

Shareholding in Tobii*: 54,120 shares and 346,200 warrants and stock units.

* As of December 31, 2020.

Financial statements 2020

Multi-year overview, Group

SEK m	2020	2019	2018	2017	2016
Net sales, SEK m	1,426.3	1,501.3	1,277.8	1,078.9	1,053.3
EBITDA, SEK m	116.4	32.3	-28.2	-52.4	50.3
Operating profit/loss (EBIT), SEK m	-102.9	-138.1	-188.8	-191.4	-67.0
Net Profit/Loss for the year, SEK m	-133.9	-171.2	-174.3	-192.0	-49.8
Gross margin, %	68.4	68.7	70.6	70.7	72.3
EBITDA margin, %	8.2	2.2	-2.2	-4.9	4.8
EBIT margin, %	-7.2	-9.2	-14.8	-17.7	-6.4
Cash flow from operating activities	189.0	-13.4	-13.0	-34.8	67.6
Cash flow after investing activities, SEK m	-10.1	-262.2	-237.5	-221.4	-74.5
Earnings per share, SEK	-1.36	-1.73	-1.79	-1.98	-0.57
Earnings per share, diluted, SEK	-1.36	-1.73	-1.79	-1.98	-0.57
Equity per share, SEK	5.6	6.8	8.5	10.1	12.5
Working capital, SEK m	-101.3	-6.1	-30.4	-44.5	16.8
Total assets, SEK m	1,654.6	1,629.9	1,324.8	1,342.7	1,486.6
Net cash (+)/net debt (-), SEK m	-142.6	-204.2	192.3	536.8	771.7
Equity, SEK m	556.4	676.1	835.0	978.9	1,215.1
Equity/assets ratio, %	33.6	41.5	63.0	72.9	81.7
Net debt/equity, %	25.6	30.2	neg	neg	neg
Return on total equity, %	-22.9	-22.8	-19.6	-17.7	-6.2
Average number of shares, million	99.0	98.9	97.6	97.1	87.9
Number of outstanding shares at period-end, million	99.1	98.9	98.9	97.3	97.0
Average number of employees	993	1,003	917	779	682

Multi-year overview, divisions

SEK m	2020	2019	2018 ³⁾	2017 ⁴⁾	2016
Net sales					
Tobii Dynavox	894.0	906.3	797.6	708.3	761.7
Tobii Pro	365.7	442.9	396.6	304.1	244.9
Tobii Tech	229.7	221.7	149.8	120.6	96.4
Other and eliminations ¹⁾	-63.2	-69.5	-66.2	-54.0	-49.7
The Group	1,426.3	1,501.3	1,277.8	1,078.9	1,053.3
Gross margin, %					
Tobii Dynavox	66.2	65.5	66.4	68.5	70.9
Tobii Pro	72.7	75.2	74.9	74.2	73.5
Tobii Tech	51.2	47.4	46.9	43.4	43.4
The Group	68.4	68.7	70.1	70.7	72.3
EBITDA					
Tobii Dynavox	202.7	169.6	138.0	135.2	184.9
Tobii Pro	48.1	91.2	100.8	65.5	45.1
Tobii Tech	-168.0	-260.2	-267.1	-253.2	-179.7
Other and eliminations ²⁾	33.7	31.8	0.2	0.0	0.0
The Group	116.4	32.4	-28.0	-52.4	50.3
EBITDA margin, %					
Tobii Dynavox	22.7	18.7	16.9	19.1	24.3
Tobii Pro	13.1	20.6	25.4	21.6	18.4
Tobii Tech	neg	neg	neg	neg	neg
The Group	8.2	2.2	-2.1	-4.9	4.8
Operating profit/loss (EBIT)					
Tobii Dynavox	125.3	99.5	70.9	73.6	124.7
Tobii Pro	-10.2	53.8	44.9	25.8	15.5
Tobii Tech	-221.4	-293.8	-304.7	-290.8	-207.2
Other and eliminations ²⁾	3.4	2.4	0.1	0.0	0.0
The Group	-102.9	-138.1	-188.8	-191.4	-67.0
EBIT margin, %					
Tobii Dynavox	14.0	11.0	8.8	10.4	16.4
Tobii Pro	-2.8	12.1	11.3	8.5	6.3
Tobii Tech	neg	neg	neg	neg	neg
The Group	-7.2	-9.2	-14.7	-17.7	-6.4

¹⁾ Other and eliminations refers entirely to internal sales from Tobii Tech to Tobii Dynavox and Tobii Pro.

²⁾ Other and eliminations refers to effects from IFRS 16 Leasing that are not allocated to business units.

³⁾ The information only shows data from continuing operations. The report is restated for discontinued operations in accordance with IFRS 5, see note 32.

⁴⁾ 2017 figures are presented as restated for IFRS 15 and implemented in the reporting for 2018. Refer to Annual Report 2018 - Note 32 - for further information.

Consolidated statement of comprehensive income

SEK m	Note	2020	2019
Continuing operations			
Net sales	5	1,426.3	1,501.3
Cost of goods and services sold		-450.9	-469.6
Gross profit		975.3	1,031.7
Selling expenses		530.4	-596.7
Research and development expenses		-399.9	-438.3
Administrative expenses	7	-141.2	-146.4
Other operating income and operating expenses	11	-6.7	11.6
Operating profit/loss	5, 6, 7, 8, 9, 10	-102.9	-138.1
<i>Profit/loss from financial items</i>			
Financial income	12	25.0	17.8
Financial expenses	12	-84.1	-30.1
Total financial income and expenses		-59.2	-12.2
Profit/loss before taxes		-162.1	-150.3
Taxes	13	37.9	-9.0
Profit/loss for the year, continuing operations		-124.1	-159.4
Profit/Loss from discontinued operations	31	-9.8	-11.9
Profit/loss for the year		-133.9	-171.2
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange rate differences		4.9	3.5
Other comprehensive income, net after tax		4.9	3.5
Total comprehensive income for the year		-129.0	-167.8
<i>Profit/loss for the year attributable to:</i>			
Parent company shareholders		-134.2	-171.4
Non-controlling interests		0.3	0.2
Total Loss for the year		-133.9	-171.2
<i>Total comprehensive income attributable to:</i>			
Parent company shareholders		-129.4	-168.0
Non-controlling interests		0.3	0.2
Total comprehensive income for the year		-129.0	-167.8
Earnings per share for the year, basic, SEK	14	-1.36	-1.73
Earnings per share for the year, diluted, SEK	14	-1.36	-1.73
Average number of outstanding shares, (thousands)	14	99,040.9	98,925.1
Average number of outstanding shares, diluted, (thousands)	14	99,901.3	99,525.1

Consolidated balance sheet

SEK m	Note	Dec. 31, 2020	Dec. 31, 2019
Non-current assets			
Goodwill	15	42.1	44.5
Capitalized product development costs	15	431.2	425.8
Trademarks	15	93.4	99.4
Other intangible assets	15	37.8	41.7
Property, plant and equipment	16	46.3	48.6
Right-of-use assets	16	87.7	97.0
<i>Financial and other non-current assets</i>			
Deferred tax assets	13	116.9	80.6
Other financial fixed assets		5.1	5.3
Total non-current assets		860.5	843.0
Current assets			
Accounts receivable	18	199.0	242.2
Inventories	19	88.0	97.1
Other receivables		56.0	32.6
Prepaid expenses and accrued income	20	41.6	35.4
Cash and cash equivalents	21	409.6	185.2
Assets held for sale	31	–	194.4
Total current assets		794.1	786.9
Total assets		1,654.6	1,629.9
Equity			
Share capital	23	0.7	0.7
Other paid-in capital		1,639.4	1,635.9
Reserves	24	3.1	-1.8
Retained earnings including profit/loss for the year		-1,088.1	-959.8
Total equity attributable to parent company's shareholders		555.2	675.1
Non-controlling interests		1.2	0.9
Total equity		556.4	676.1
Non-current liabilities			
Interest-bearing loans	26	463.8	294.0
Leasing liabilities	26	62.7	66.6
Deferred tax liabilities	13	1.7	2.0
Provisions	25	2.1	4.0
Other non-current liabilities	26	92.9	110.4
Total non-current liabilities		623.3	477.0
Current liabilities			
Leasing liabilities	26	25.7	28.7
Accounts payable	26	85.2	92.3
Other liabilities	26	99.5	40.8
Accrued expenses and prepaid income	27	264.5	280.4
Liabilities associated with held for sale assets	31	–	34.6
Total current liabilities		474.9	476.8
Total liabilities		1,098.2	953.8
Total equity and liabilities		1,654.6	1,629.9

Consolidated statement of changes in equity

SEK m	Note	Attributable to parent company shareholders						Total equity
		Share capital	Other paid-in capital	Reserves	Retained earnings	Total	Non-controlling interests	
Opening balance, Jan. 1, 2019		0.7	1,629.3	-5.3	790.6	834.2	0.7	835.0
Profit/loss for the year					-171.4	-171.4	0.2	-171.2
Other comprehensive income				3.5		3.5		3.5
Comprehensive income for the year				3.5	-171.4	-168.0	0.2	-167.8
Sale of warrants, incentive program			6.6			6.6		6.6
Equity-settled share-based payment transactions under IFRS 2	8				2.2	2.2		2.2
Closing balance, Dec. 31, 2019		0.7	1,635.9	-1.8	-959.8	675.1	0.9	676.1
Profit/loss for the year					-134.2	-134.2	0.3	-133.9
Other comprehensive income				4.9		4.9		4.9
Comprehensive income for the year				4.9	-134.2	-129.4	0.3	-129.0
Sale of warrants, incentive program			3.5			3.5		3.5
Equity-settled share-based payment transactions under IFRS 2	8				5.9	5.9		5.9
Closing balance, Dec. 31, 2020		0.7	1,639.4	3.1	-1,088.1	555.2	1.2	556.4

Consolidated cash flow statement

SEK m	Note	2020	2019
Cash flow from operating activities			
Profit/loss after financial items, continuing operations		-162.1	-150.3
Profit/Loss from discontinued operations ¹⁾		-4.1	-11.5
Adjustment for items not included in the cash flow			
Amortization and write downs on intangible assets	9	164.7	123.6
Depreciation and write downs on property, plant and equipment and right-of-use assets	9	54.6	46.8
Unrealized exchange rate differences		26.7	-10.2
Changes in provisions		-1.8	2.0
Other items not affecting the cash flow		5.0	17.6
Taxes paid		-7.1	-0.7
Cash flow from operating activities before change in working capital		75.9	17.3
Cash flow from change in working capital			
Increase (-)/Decrease (+) in inventories		5.3	-12.9
Increase (-)/Decrease (+) in operating receivables		34.8	-56.5
Increase (+)/Decrease (-) in operating liabilities		72.9	38.2
Cash flow from operating activities		189.0	-13.4
Investing activities			
Investments in intangible assets		-166.5	-213.2
Investments in property, plant and equipment		-31.6	-35.3
Investments in financial assets		-0.9	-0.3
Cash flow after investing activities		-10.1	-262.2
Business disposals and acquisitions		105.0	-1.5
Cash flow from investing activities		-94.0	-250.3
Cash flow after investing activities		94.9	-263.7
Financing activities			
Bond issues and other borrowings		171.2	293.2
Sale/exercise of warrants, incentive program		3.5	6.6
Instalments of leasing liability IFRS 16		-26.4	-24.7
Cash flow from financing activities		148.3	275.1
Cash flow for the year		243.2	11.4
Foreign currency translation, cash and cash equivalents		-15.9	4.8
Cash and cash equivalents at the beginning of the year		185.2	192.3
Change in cash equivalents within Assets held for sale		-2.8	-
Cash and cash equivalents reclassified into Assets held for sale		-	-23.3
Cash and cash equivalents at year-end		409.6	208.4

¹⁾ For information about discontinued operations, refer to note 31.

Parent company income statement

SEK m	Note	2020	2019
Net sales		133.8	147.0
Cost of goods and services sold		-37.3	-43.8
Gross profit		96.5	103.2
Selling expenses		-0.3	0.7
Research and development expenses		-13.7	-2.1
Administrative expenses	7	-95.6	-104.8
Other operating income	11	0.1	16.5
Other operating expenses	11	-2.1	-15.9
Operating profit/loss	5, 6, 7, 8, 9, 10	-15.0	-2.5
<i>Profit/loss from financial items</i>			
Financial income	12	56.3	1.2
Financial expenses	12	-30.2	-17.7
Total financial income and expenses		26.2	-16.5
Profit/loss after financial items		11.1	-19.0
Group Contributions		61.1	88.1
Profit/loss before taxes		72.3	69.2
Taxes	13	-0.1	-0.1
Profit/loss for the year		72.2	69.1

The parent company has no items in 2020 or 2019 reported in Other comprehensive income. The profit/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 m	Note	Dec. 31, 2020	Dec. 31, 2019
Non-current assets			
Other intangible assets	15	36.4	40.2
Property, plant and equipment	16	7.0	8.7
<i>Financial and other non-current assets</i>			
Shares in Group companies	17	639.0	507.5
Deferred tax assets	13	61.7	61.7
Receivables from Group companies	30	948.8	830.5
Other financial fixed assets		0.2	–
Total non-current assets		1,693.0	1,448.7
Current assets			
Accounts receivable	18	0.0	8.7
Receivables from Group companies	30	157.1	145.1
Inventories	19	0.2	0.1
Other receivables		39.4	10.7
Prepaid expenses and accrued income	20	17.7	9.8
Cash and cash equivalents	21	71.6	56.9
Total current assets		286.0	231.3
Total assets		1,979.0	1,680.0

Parent company balance sheet

SEK m	Note	Dec. 31, 2020	Dec. 31, 2019
Equity			
Share capital	23	0.7	0.7
Statutory reserve		5.3	5.3
Reserve for development expenditures		–	–
Total restricted equity		6.0	6.0
Share premium reserve		1,634.2	1,630.7
Retained earnings		-402.8	-477.9
Profit/loss for the year		72.2	69.1
Total non-restricted equity		1,303.6	1,221.9
Total equity		1,309.5	1,227.9
Provisions	25	–	–
Non-current liabilities			
Interest-bearing liabilities		448.0	294.0
Interest-bearing liabilities to Group companies	30	0.0	35.9
Other non-current liabilities		0.1	9.9
Total non-current liabilities		448.1	339.7
Current liabilities			
Accounts payable		24.2	16.2
Liabilities to Group companies	30	148.0	51.7
Other liabilities		30.1	15.2
Accrued expenses and prepaid income	27	19.1	29.8
Total current liabilities		221.4	112.9
Total liabilities		669.5	452.6
Total equity and liabilities		1,979.0	1,680.0

Parent company statement of changes in equity

SEK m	Note	Restricted equity			Share pre- mium reserve	Retained earnings	Total equity
		Share capital	Statutory reserve	Reserve for development expenditures			
Opening balance, Jan. 1, 2019		0.7	5.3	264.5	1,624.1	-744.6	1,150.0
Profit/loss for the year						69.1	69.1
Transfer from unrestricted to restricted equity, reserve for development expenditures				-264.5		264.5	–
Transactions with shareholders							
New share issue, exercise of warrants incentive programs		–			–		–
Sale of warrants, incentive program					6.6		6.6
Equity-settled share-based payment transac- tions under IFRS 2	8					2.2	2.2
Total transactions with shareholders					6.6	2.2	8.8
Closing balance, Dec. 31, 2019		0.7	5.3	–	1,630.7	-408.7	1,227.9
Profit/loss for the year						72.2	72.2
Transfer from unrestricted to restricted equity, reserve for development expenditures							–
Transactions with shareholders							
New share issue, exercise of warrants incentive programs		0.0			3.5		3.5
Sale of warrants, incentive program					0.0		0.0
Equity-settled share-based payment transac- tions under IFRS 2	8					5.9	5.9
Total transactions with shareholders		0.0			3.5	5.9	9.5
Closing balance, Dec. 31, 2020		0.7	5.3	0.0	1,634.2	-330.6	1,309.5

Parent company cash flow statement

SEK m	Note	2020	2019
Cash flow from operating activities			
Profit/loss after financial items		72.3	69.2
Adjustment for items not included in the cash flow:			
Amortization and write downs on intangible assets	9	12.2	3.7
Depreciation and write downs on property, plant and equipment	9	0.6	0.6
Unrealized exchange rate differences		1.8	0.0
Changes in provisions		–	-1.4
Other items not affecting the cash flow		-0.3	-8.0
Taxes paid		-0.1	-0.1
Cash flow from operating activities before change in working capital		86.6	63.9
Cash flow from change in working capital			
Increase (-)/Decrease (+) in inventories		-0.1	0.0
Increase (-)/Decrease (+) in operating receivables		-2.2	-96.3
Increase (+)/Decrease (-) in operating liabilities		-30.2	-15.6
Cash flow from operating activities		54.1	-48.0
Investing activities			
Investments in intangible assets	15	-7.1	-14.0
Investments in property, plant and equipment	16	-0.2	-8.2
Investments in/proceeds from financial assets		-118.3	45.8
Cash flow after investing activities		-71.4	-24.3
Shareholders contributions paid		-175.5	-310.6
Divestments and acquisitions of shares in subsidiaries		104.0	–
Cash flow after investing activities		-142.9	-334.9
Cash flow from investing activities		-197.1	-287.0
Financing activities			
Bond issue		154.0	293.2
Rights issue, exercise of warrants		3.5	–
Sale/exercise of warrants, incentive program		-0.0	6.6
Cash flow from financing activities		157.5	299.8
Cash flow for the year		14.7	-35.1
Cash and cash equivalents at the beginning of the year		56.9	92.0
Cash and cash equivalents at year-end	21	71.6	56.9

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 Washington D.C., Pittsburgh and Mountain View), China, Japan, Great Britain, Germany, Norway, South Korea, Taiwan, Singapore and Chile.

Note 2. Summary of important accounting policies

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 parent company's financial reports have been prepared in accordance with the Swedish Annual Accounts Act and standard RFR 2, Accounting for legal entities.

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 4.

NEW OR AMENDED ACCOUNTING STANDARDS

New standards and interpretations applied from January 1, 2020

The new or amended standards IFRS 3 Business Combinations, IAS 1 and IAS 8 regarding the definition of materiality and IFRS 16 Leases have not had any material impact on Tobii's financial statements.

New standards and interpretations not yet adopted by the Group:

Amendments to IAS 1 Presentation of Financial Statements regarding classification of liabilities, IFRS 3 Business Combinations; IAS 16 Property, plant and equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets is not mandatory for 2020 and have not been early adopted. The amendments are not expected to have a material impact on Tobii in the current or future accounting periods, nor on future transactions that can be predicted at this time.

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. Acquisition 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 consideration. 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 acquisition 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.

Transactions to be 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.

Segment reporting

The Group conducts its business through three divisions, Tobii Dynavox, Tobii Pro and Tobii Tech, each of which has its own distinct markets, products and organizations. The Group reports each division as a separate segment. For a more detailed description of the different segments, see pages 16–37.

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 primarily used 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 divisions' performance.

Sales per geographic market are separated into the following markets: North America, Europe and other countries. The same accounting policies 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.

SEK m	Closing rate		Average rate	
	2020	2019	2020	2019
EUR	10.037	10.434	10.487	10.588
USD	8.189	9.317	9.204	9.458
GBP	11.087	12.214	11.798	12.072
JPY	0.079	0.085	0.086	0.087

Foreign entities' financial statements

The functional currency is the currency in the primary economic environments in which the companies operate. 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.

REVENUE RECOGNITION**General**

The Group recognizes revenue in the statement of comprehensive income as net sales 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 revenue from goods consists primarily of the sale of self-manufactured products at fixed prices. Revenue from the sale of goods is recognized when control of the products is transferred, which occurs when the products are delivered to the buyer and there are no unfulfilled commitments that can affect the buyer's approval of the products. If there is significant uncertainty regarding payment, associated expenses or risk of return, revenue is not recognized.

Service assignments

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

Sale of bundles including both goods and services

Certain products are sold as bundles comprised partly of goods that are sold to customers at date of sale, and partly as service commitments in the form of enhanced warranties and customer support which are fulfilled in future periods after the date of sale. For such sales, revenue is allocated between goods and service commitments. Revenue for goods and service commitments, respectively, is then recognized according to the model for the respective sale above.

Rental revenue

Revenue and corresponding expenses regarding leasing of Tobii's products are recognized in the period to which the rental refers.

Royalty revenue

Revenue 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.

Some Tobii units received government support during the reporting period as a result of Covid-19, including for short-term layoffs in Sweden. For grants related to costs, Tobii has chosen to account for these grants as a reduction of the cost of the items to which the grants relate. Contributions not directly related to cost items are recorded as other operating income.

LEASING

The Group is the lessee under all existing leases. The Group is not active as a lessor. Leasing arrangements as lessee applies mainly to assets such as office premises and warehouses, vehicles and certain other equipment.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Such an assessment is performed at inception of a contract. An identified lease agreement is further categorized by the group as either a short-term lease, a lease of a low-value asset or a standard lease. Short-term leases are defined as leases with a lease term of 12 months or less.

Lease payments related to short-term leases and leases of low value assets are recognized as operating expenses on a straight-line basis over the term of the lease. The group applies the term "standard lease" to all identified leases which are categorized as neither short-term leases nor leases of a low-value asset. Thus, a standard lease is a lease agreement for which a right-of-use asset and a corresponding lease liability are recognized at commencement of the lease.

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease liability is determined as the present value of all future lease payments at the commencement date using the implicit rate in the contract, if that rate can be readily determined. If the implicit rate cannot be readily determined, the Group's incremental borrowing rate is used, reflecting Tobii's credit rating and with consideration taken to the maturity of the lease, the underlying asset, the funds necessary to obtain, and the economic environment.

A right-of-use asset is measured at cost comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement day, less any lease incentives received, and any initial direct costs. The right-of-use asset is subsequently measured at cost less accumulated depreciation, any impairment losses as well as any remeasurement of the lease liability. Depreciation is made on a straight-line basis over the shorter of the asset's useful life and the lease-term. Depreciation starts at the commencement date of the lease.

A lease payment related to a standard lease is accounted for partly as amortization of the lease liability and partly as interest expense in the statement of comprehensive income.

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.

TAXES

Income tax comprises current tax and deferred tax. Income tax is recognized in the income statement except when the underlying transaction is recognized directly 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 for 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 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

A financial asset or a financial liability is reported in the balance sheet when the Group becomes party to the contractual terms and conditions of the instrument. Accounts receivable is reported in the balance sheet when an invoice is sent. A liability is reported in the balance sheet when the counterpart has performed and there is a contractual obligation to pay even if the invoice has not yet been sent. Supplier invoices are reported as a liability when the invoice is received.

At initial recognition the Group measures a financial asset or financial liability at fair value. In the case of a financial asset or financial liability that is not measured at fair value through profit or loss, transaction costs are included in cost, while transaction costs for financial assets and financial liabilities recognized at fair value through profit or loss are expensed through profit or loss.

A financial asset is derecognized from the balance sheet when the rights in the contract are realized, expired or the Group loses control over them. A financial liability is removed from the balance sheet when it is extinguished; i.e., when the obligations in the agreement are discharged, canceled or terminated.

Financial assets – classification and subsequent measurement

The Group classifies its financial instruments in the following measurement categories:

- fair value through profit or loss
- fair value through other comprehensive income, or
- amortized cost

Accounts and loan receivables

Accounts and loan receivables are measured at amortized cost. Amortized cost is determined based on the effective interest which is calculated at acquisition date. The expected maturity of accounts receivable is short, and values are recognized at nominal amount with no discounts.

Impairment and expected loss

Tobii assesses expected credit losses that are linked to financial receivables. A provision for assessed losses is recognized on each reporting occasion. For accounts receivable, a method is applied under which the provision for doubtful accounts receivable corresponds to expected credit losses for the remaining maturity. If a provision is considered insufficient due to individual assessments, the provision is increased to cover the actual expected losses.

Other financial receivables

Contingent considerations are recognized at fair value through profit or loss.

Cash and cash equivalents

The Group's cash and cash equivalents consist of cash and bank balances at financial institutions and are recognized at their nominal amount. Tobii invests a portion of its cash and cash equivalents in a Swedish short-term fixed income fund which allows access to funds within two to three bank days and where the risk of value fluctuation during this time is insignificant. These instruments are continuously measured at fair value with changes in the period recognized in profit or loss as Other financial items.

Financial liabilities – classification and subsequent measurement**Interest-bearing liabilities**

Borrowings are initially recognized at fair value net of transaction costs incurred. After initial recognition, borrowings are valued at amortized cost using the effective interest method.

Other financial liabilities

Contingent considerations are recognized at fair value through profit or loss. Other financial liabilities are classified and subsequently measured at amortized cost. This category includes accounts payable. The expected maturities of Tobii's accounts payable are short and values are recognized at nominal amount with no discounting.

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. Impairment of inventories, if any, is recognized under Cost of goods and services sold.

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.

Intra-group profits arising from deliveries between Group companies are eliminated in the consolidated accounts.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, owned by the Group, are 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 are recognized 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.

Depreciation principles

The straight-line basis for depreciation is used for all property, plant and equipment owned by the Group.

The following periods for depreciation are applied:

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

Computer equipment used in the Group is recognized as an expense when they arise. Assets' residual value and useful lives are estimated every year and adjusted as required.

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 and development

Research 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.

Borrowing costs attributable to the construction of so-called qualifying assets are capitalized as part of the cost of the asset. A qualifying asset is an asset that necessarily takes a significant amount of time to complete. Tobii uses 12 months as the starting point for the assessment of significant time. In the first instance, borrowing costs are capitalized for loans raised specifically for the qualifying asset. In the second, borrowing costs are capitalized on general loans.

Amortization of capitalized development costs is made on straight-line basis and commences when the product is available for general use. The useful life is reassessed 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.

- Amortization periods - capitalized development costs: 2–4 years

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.

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.

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 substantially independent cash flow to an individual asset when testing for impairment, then assets are to be grouped at the lowest level at which substantially 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 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 payment scheme.

In 2010, an equity-settled scheme was initiated. 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. Allocation under this program ended in 2019.

The 2020 Long-Term incentive program (LTI 2020) consists of stock units and synthetic stock units where a stock unit entitles the participant, subject to certain conditions being met, to receive one performance share free of charge. The synthetic stock units, subject to the conditions being met, will be paid in a cash payment to cover

tax on the benefit value of the performance shares. Both the stock units and the synthetic stock units are valued according to a Monte Carlo simulation. The value of the stock unit does not change over the vesting period of the incentive program, while the value of the synthetic stock unit is adjusted once a year to take into account the share price trend.

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 settle 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.

Warranties

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

PARENT COMPANY'S ACCOUNTING POLICIES

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.

Goodwill recognized in the Parent Company is amortized over five years.

Group contributions provided or received by the Parent Company are recognized in the income statement.

All lease agreements where the Parent Company is a lessee are reported as operating leases, regardless of whether the agreements are finance or operating leases. The leasing fee is recognized as an expense on a straightline basis over the lease period.

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. 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 the EUR, USD, GBP and JPY in relation to the SEK.

Tobii continuously assesses the impact of the trends of the most important currencies. Presently the Group does not use any currency hedge.

Net exposure per currency in the consolidated balance sheet

SEK m	2020	2019
USD	273	292
EUR	96	35
JPY	45	20
GBP	52	3
Other	8	-38
Total	474	312

A change in the exchange rate in relation to SEK by +/- 10% in USD, EUR, JPY and other currencies in the consolidated balance sheet would impact the balance sheet by +/- SEK 47 (42) 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 2020, an increase of one percentage (100 basis points) is calculated to have an impact on earnings by SEK -0.3 million (0.8).

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 maximum exposure to credit risks regarding financial assets is equivalent to the reported value of each category as shown in note 22.

Financial credit risk

Tobii's cash and cash equivalents at December 31, 2020 amounted to SEK 410 (208) million, with SEK 23 million (-) included in Assets held for sale. Of the total amount of cash and bank, SEK 42 million (41) was invested in a listed Swedish short-term interest rate fund. The fund is in risk category 1 on a scale of 1–5, where category 1 is a risk-free investment. Other cash amounts are placed in bank accounts in accordance with the Group's placement policy which among other things, requires a maximum amount to be placed at a single financial institution and only allows placement with highly regarded financial institutions with high credit ratings.

Credit risk in accounts receivable

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 resellers and distributors,

whose capacity to carry losses can impact the Group. The amount of the credit risk is assessed for each customer and outstanding accounts receivable is reviewed regularly. Total accounts receivable at December 31, 2020 amounted to SEK 207 (249) million. No single customer accounts for 10% or more of Tobii's total accounts receivable. 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. As part of this strategy, Tobii carried out a rights issue in December of 2016, raising SEK 449 million to finance investments in products with eye tracking.

In February 2019, Tobii issued 3-year covered bonds of SEK 300 million under a loan facility of SEK 600 million with maturity in 2022. In February 2020, a further SEK 150 million in bonds were issued under the same loan facility.

In the event that Tobii requires access to future external financing, it 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, but Tobii's assessment is that the Group is fully financed to carry out the current business plan and to meet the financial target to achieve profitability in 2021. Tobii's has an active acquisition strategy in all three divisions and potential acquisitions may require individual financing.

Liquidity risk pertains to the risk of not being able to cover payment obligations due to insufficient cash and cash equivalents or difficulties in obtaining external financing. To manage these uncertainties and risks 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. At the end of 2020, Tobii had an unutilized credit facility of SEK 50 million, while there were no unutilized credit facilities at the end of the previous year. 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 PRODUCT DEVELOPMENT COSTS

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, CAPITALIZED PRODUCT DEVELOPMENT COSTS AND TRADEMARKS

The Group tests annually for impairment for goodwill, capitalized product development costs 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 15.

LEASING

For lease accounting under IFRS 16, the lease term is determined based on the information available in the lease agreement and other relevant facts and circumstances as per management's judgement. Periods covered by an option to extend the lease contract are included in the lease term if the Group is reasonably certain to exercise that option. Periods covered by an option to terminate the contract are included in the lease term if the Group is reasonably certain not to exercise that option. In cases with no specific clauses about renewal or termination, assessments are made based on the information available in the contract together with management's judgement of relevant circumstances.

As per December 31, 2020, the carrying amount of right-of-use assets was SEK 87.7 million (97.0), of which SEK 86.2 million (94.9) relate to buildings with different types of extension and termination options.

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 116.9 million (80.6) 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. 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 by division

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 and R&D expenditures and investments per division, as well as net sales per geographic area.

SALES BY DIVISION

SEK m	2020	2019
Tobii Dynavox	894.0	906.3
Tobii Pro	365.7	442.9
Tobii Tech	229.7	221.7
Eliminations ¹⁾	-63.2	-69.5
The Group	1,426.3	1,501.3

¹⁾ Eliminations refer entirely to sales from the Tobii Tech division to Tobii Dynavox and Tobii Pro.

OPERATING PROFIT/LOSS BEFORE DEPRECIATION AND AMORTIZATION (EBITDA)

SEK m	2020	2019
Tobii Dynavox	202.7	169.6
Tobii Pro	48.1	91.2
Tobii Tech	-168.0	-260.2
Other ¹⁾	33.7	31.8
The Group	116.4	32.4

OPERATING PROFIT/LOSS (EBIT)

SEK m	2020	2019
Tobii Dynavox	125.3	99.5
Tobii Pro	-10.2	53.8
Tobii Tech	-221.4	-293.8
Other	3.4	2.4
The Group	-102.9	-138.1
Net financial items ¹⁾	-59.2	-12.2
Profit/loss before taxes	-162.1	-150.3
Taxes ¹⁾	37.9	-9.0
Profit for the year, continuing operations	-124.1	-159.4

¹⁾ IFRS 16 Leases, financial items and taxes are not allocated to divisions.

SALES BY GEOGRAPHIC MARKET

Net sales by geographic market is based on the location of the customer's registered office. No single customer represents more than 10% of net sales.

SEK m	2020	2019
Sweden	22.9	26.5
Europe	271.8	284.6
US and Canada	826.0	886.7
Asia/Oceania	297.8	296.2
Other countries	7.8	7.2
Total	1,426.3	1,501.3

SALES BY PRODUCT TYPE

SEK m	2020	2019
Goods	1,221.8	1,317.0
Services	188.7	167.2
Royalties	15.8	17.0
Total	1,426.3	1,501.3

R&D BY DIVISION

SEK m 2020	Total R&D expenditures	Capitalized R&D	R&D amortization	Net R&D in the income statement
Tobii Dynavox	-128.6	78.4	-59.2	-109.4
Tobii Pro	-85.7	58.0	-52.3	-80.0
Tobii Tech	-186.1	28.8	-53.3	-210.6
The Group	-400.3	165.2	164.8	-399.9

SEK m 2019	Total R&D expenditures	Capitalized R&D	R&D amortization	Net R&D in the income statement
Tobii Dynavox	-151.0	85.6	-56.7	-122.1
Tobii Pro	-97.7	60.9	-33.7	-70.5
Tobii Tech	-269.4	57.2	-33.5	-245.7
The Group	-518.1	203.8	-124.0	-438.3

NON-CURRENT ASSETS BY COUNTRY

SEK m	2020	2019
Sweden	628.1	635.5
US	178.5	141.1
United Kingdom ¹⁾	25.8	28.9
Other countries	28.1	37.6
Total	860.5	843.0

¹⁾ See note 31 for more information about Assets held for sale at the end of the comparative year 2019.

Note 6. Rents and leases

	The Parent Company	
SEK m	2020	2019
Within 1 year		13.4
Within 2–5 years		13.3
Later than 5 years		–
Total commitments		26.7

Tobii's commitments consist primarily of rent for premises.

	The Group		The Parent Company	
SEK m	2020	2019	2020	2019
Lease expenses				
Depreciation of right-of-use assets	28.2	28.0		–
Variable lease payments		4.4		–
Lease of low value assets and short-term leases		3.2		–
Total lease expenses in operating income		35.6		–
Lease liability interest expense		5.5		–
Current year costs for operating leases		–		14.1

Closing cash outflow for lease contracts amounts to SEK xx.x million (35.6) for the year.

Note 7. Total audit fees

	The Group		The Parent Company	
SEK m	2020	2019	2020	2019
PricewaterhouseCoopers				
Audit engagement	3.0	3.3	1.7	1.9
Audit activities not included in audit engagement	–	–	–	–
Tax consultancy services	–	–	–	–
Other services	0.0	0.2	0.0	0.2
Total	3.0	3.5	1.7	2.1
Other auditors				
Audit engagement	0.7	0.9	–	–
Audit activities not included in audit engagement	–	–	–	–
Tax consultancy services	0.4	1.1	–	–
Other services	–	0.0	–	–
Total	1.1	2.0	–	–
Total audit fees	4.1	5.5	1.7	2.1

Note 8. Employees and staff costs

Average number of employees	Of which women		2019	Of which women %
	2020	%		
The Parent Company				
Sweden	91	48%	100	44%
Other countries				
Parent company total	91	48%	100	44%
Average number of employees				
Subsidiaries				
Sweden	343	27%	341	26%
US	390	56%	382	54%
Canada	1	100%	2	67%
Chile	9	52%	5	33%
Norway	6	33%	11	24%
UK	18	46%	18	54%
Germany	15	25%	15	18%
Switzerland	6	0%		
Japan	37	38%	37	30%
China	59	56%	63	54%
Taiwan	11	29%	12	30%
South Korea	3	33%	2	0%
Singapore	3	0%		
Subsidiaries total	901	42%	887	41%
Total average no. of employees	993	43%	986	41%

WAGES, SALARIES AND SOCIAL SECURITY CONTRIBUTIONS

Wages, salaries and remuneration SEK m	The Group		The Parent Company	
	2020	2019	2020	2019
Board, CEO and other senior executives	20.1	19.2	8.3	9.3
Other employees	680.1	688.4	48.4	49.5
Total wages, salaries and remuneration	700.3	707.6	56.7	58.8
Pension expenses	41.0	42.2	5.7	7.0
Other social security contributions ¹⁾	131.2	135.0	19.5	21.0
Total social security contributions	172.2	177.2	25.3	28.0
Total salaries, remunerations and social security contributions	872.4	884.8	81.9	86.7

¹⁾ The item Other social security contributions includes accrued social security contributions related to the Group's incentive program.

**REMUNERATION TO THE PARENT COMPANY'S BOARD OF DIRECTORS,
AS WELL AS THE GROUP'S CEO AND OTHER SENIOR EXECUTIVES**

SEK m 2020	Board fee/ Basic salary	Defined- contribution benefits	Tobii's incentive program	Variable remuneration	Share-based compensation (according to IFRS 2)	Total
Kent Sander	0.6					0.6
Heli Arantola	0.2					0.2
Åsa Hedin	0.3					0.3
Charlotta Falvin	0.3					0.3
Nils Bernhard	0.3					0.3
Jan Wäreby	0.2					0.2
Jörgen Lantto	0.2					0.2
Mårten Skogö	0.2			0.0		0.2
Total, Board of Directors²⁾	2.4			0.0		2.4
Henrik Eskilsson, CEO	2.8	0.7	0.9	0.0	0.2	4.7
Tom Englund, Deputy CEO	2.0	0.5	0.7	0.2	0.2	3.6
Senior executives (3 individuals) ¹⁾	7.5	1.0	0.9	1.1	1.2	11.7
Total senior executives	12.3	2.2	2.6	1.3	1.5	19.9
Total remuneration to the Board of Directors, as well as the Group's CEO and other senior executives	14.7	2.2	2.6	1.4	1.5	22.4

¹⁾ One additional senior executive on a consulting basis: SEK 2.0 million

CFO Johan Wilsby left in the autumn of 2020. Linda Tybring joined the management team in September 2020 to assume the role of CFO until the new CFO, Magdalena Rodell Andersson, took over when she joined the Group Management Team in January 2021.

Cecilia Erikson, global HR director, left after her parental leave and thereby left the Group Management Team.

²⁾ John Elvessjö resigned as a Board member in connection with the Annual General Meeting in May 2020.

**REMUNERATION TO THE PARENT COMPANY'S BOARD OF DIRECTORS,
AS WELL AS THE GROUP'S CEO AND OTHER SENIOR EXECUTIVES**

SEK m 2019	Board fee/ Basic salary	Defined- contribution benefits	Tobii's incentive program	Variable remuneration	Share-based compensation (according to IFRS 2)	Total
Kent Sander	0.6					0.6
Heli Arantola	0.2					0.2
Åsa Hedin	0.3					0.3
Charlotta Falvin	0.3					0.3
Nils Bernhard	0.3					0.3
Jan Wäreby	0.2					0.2
John Elvessjö	0.1					0.1
Jörgen Lantto	0.2					0.2
Mårten Skogö	0.2					0.2
Total, Board of Directors	2.3					2.3
Henrik Eskilsson, CEO	3.0	0.8	0.5			4.4
Tom Englund, Deputy CEO	2.0	0.4	0.4	0.6		3.5
Other senior executives (4 individuals) ¹⁾	6.4	1.2	0.7	3.1	0.3	11.8
Total senior executives	11.4	2.5	1.7	3.7	0.3	19.6
Total remuneration to the Board of Directors, as well as the Group's CEO and other senior executives	13.8	2.5	1.7	3.7	0.3	22.0

¹⁾ One additional senior executive on a consulting basis: SEK 1.8 million At the end of 2019 the Group management team consisted of four persons.

Mårten Skogö left the Group Management Team at the beginning of the year and was elected a member of the Board of Directors in May 2019.

Anand Srivatsa joined Tobii's management team in August as CEO of the Tech division. Cecilia Erikson, Global HR Director, has been on parental leave, with reduced remuneration, since March 2019.

CHANGES IN THE NUMBER OF OUTSTANDING OPTIONS AND STOCK UNITS IN INCENTIVE PROGRAM (THOUSANDS)

THOUSAND	Warrants		Employee stock options	
	2020	2019	2020	2019
At beginning of year	2,914	2,261	956	591
Allocated	–	653	–	366
Exercised	-136	–	–	–
Forfeited/due	-600	–	-41	–
Reclassification	–	–	–	–
At year-end	2,178	2,914	915	956

THOUSAND	Stock units	
	2020	2019
At beginning of year	–	–
Allocated	647	–
Exercised	–	–
Due	-4	–
Stock units issued to cover any costs for social security contributions	153	–
At year-end	795	–

INCENTIVE PROGRAM

Tobii has an incentive program for senior executives and other key employees in the Group. The program includes warrants, employee stock options, stock unit and synthetic stock units. The employee stock 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 34%, interest rates between -0.3% and 1%, a time period from one to ten years and exercise price from 0% to 50% mark-up relative to the share price at the grant date.

The valuation of the stock units and the synthetic stock units takes place with a Monte Carlo simulation, where the value of the stock units is determined on the allotment date, while the value of the synthetic stock units is updated annually to follow the share price.

Subscription terms for warrants and employee stock option program

2014/24:1 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 between 2015 and 2024. There are a total of 125,250 employee stock options outstanding in this series.

LTI 2016:2 series entitles the employee stock option holder to subscribe for one Tobii AB share at a price of SEK 67.60 per share during a fixed period between 2020 and 2026. There are a total of 118,800 employee stock options outstanding in this series.

LTI 2017:1 series entitles the warrant holder to subscribe for one Tobii AB share at a price of SEK 60.90 per share during a fixed period in 2020/2021. There are a total of 702,400 warrants out-standing in the series.

LTI 2017:2 series entitles the employee stock option holder to subscribe for one Tobii AB share at a price of SEK 56.20 per share during a fixed period in 2021/2027. There are a total of 123,375 employee stock options outstanding in this series.

LTI 2018:1 series entitles the warrant holder to subscribe for one Tobii AB share at a price of SEK 51.60 per share during a fixed period in 2022. There are a total of 797,269 warrants outstanding in this series.

LTI 2018:2 series entitles the employee stock option holder to subscribe for one Tobii AB share at a price of SEK 39.70 per share during a fixed period in 2022/2028. There are a total of 223,500 employee stock options outstanding in this series.

LTI 2019:1 series entitles the warrant holder to subscribe for one Tobii AB share at a price of SEK 41.70 per share during a fixed period in 2023. There are a total of 652,582 warrants outstanding in this series.

LTI 2019: series entitles the employee stock option holder to subscribe for one Tobii AB share at a price of SEK 34.80 per share during a fixed period in 2023/2029. There are a total of 350,187 employee stock options outstanding in this series.

Terms for stock unit programs

The LTI 2020 series entitles program participants to convert stock units into performance shares and cash compensation on 31 May 2022, 31 May 2023 and 31 May 2024 free of charge, provided that they are still employed within the Tobii Group on these respective occasions.

In total, a maximum of 736,000 stock units can be issued, of which up to 368,000 of these are contingent synthetic stock units that are issued to cover the participants' costs for taxes. In addition, a maximum of 164,000 shares will be issued to cover the company's costs for social security contributions.

Dilution

During the year the average number of potential outstanding shares amounted to 1,065,564. When calculating the average number of potential outstanding shares only those with a lower exercise price than the average share price during the year are included. The average share price during 2020 was SEK 41.64. The average number of outstanding shares during the year was 99,040,923 and the diluted average number of outstanding shares was 100,106,487. The dilution effect of warrants in all of the Company's incentive programs corresponds to a maximum of approximately 3.9%.

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

The CEO as well as some senior executives have a mutual notice period of four months and severance pay corresponding to four months' basic salary is to be paid on the condition that the Company is the party giving notice. Other senior executives have notice periods between three and six months, or a longer period of notice in accordance with applicable law, and in addition in some cases also severance pay corresponding to a maximum of six months' basic salary. The board of directors is entitled to deviate from these guidelines if there are specific grounds to do so. The CEO and other senior executives are not entitled to any additional remuneration in conjunction with the termination of their employment.

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

SEK m	The Group		The Parent Company	
	2020	2019	2020	2019
Intangible assets (Note 15)	164.7	123.6	10.9	3.7
Tangible assets (Note 16)	54.6	46.8	1.9	0.6
Total depreciation/amortization/impairment	219.3	170.4	12.8	4.2
Impairment (Notes 15–16)	–	–	–	–
Total depreciation/amortization/impairment	219.3	170.4	12.8	4.2

Note 10. Expenses by type

SEK m	The Group		The Parent Company	
	2020	2019	2020	2019
Cost of materials and inventory changes	257.1	291.3	–	0.3
Costs for employee remuneration (Note 8)	872.4	884.8	81.9	86.7
Other external expenses	173.6	304.5	52.2	58.8
Depreciation, amortization and impairments (Note 9)	219.3	170.4	12.8	4.2
Total expenses	1,522.4	1,651.0	146.9	150.0

Note 11. Other operating income and operating expenses

SEK m	The Group		The Parent Company	
	2020	2019	2020	2019
Other operating income				
Exchange rate differences in operating receivables and liabilities	4.0	9.4	–	0.7
Other income	12.9	4.8	0.1	–
Total other operating income	16.9	14.2	0.1	0.7
Other operating expenses				
Exchange rate differences in operating receivables and liabilities	-23.3	-2.2	-2.0	–
Capital loss on sale of equipment	–	–	–	–
Other expenses	-0.3	-0.4	0.0	-0.1
Total other operating expenses	-23.6	-2.6	-2.1	-0.1
Total other income and expenses	-6.7	11.6	-2.0	0.6

Note 12. Financial income and expenses

SEK m	The Group		The Parent Company	
	2020	2019	2020	2019
Financial income				
Interest income and similar profit/loss items	1.6	1.0	0.4	0.9
Interest income, subsidiaries	–	–	45.6	–
Divestment of shares in subsidiaries	–	–	10.0	–
Dividends from subsidiaries	–	–	0.3	0.3
Exchange rate differences	23.3	16.9	–	–
Other	–	–	–	0.1
Total financial income	25.0	17.8	56.3	1.2
Financial expenses				
Interest expenses and similar profit/loss items	-34.1	-23.4	-28.3	-17.5
Exchange rate differences	-50.1	-6.6	-1.8	–
Other	–	0.0	–	-0.2
Total financial expenses	-84.2	-30.1	-30.2	-17.7
Total financial income and expenses	-59.2	-12.2	26.2	-16.5

Note 13. Taxes

SEK m	The Group		The Parent Company	
	2020	2019	2020	2019
Current tax	-4.3	-6.2	-0.1	-
Current tax attributable to previous years	1.3	0.4	-	-0.1
Total current tax	-3.0	-5.8	-0.1	-0.1
<i>Deferred tax</i>				
Attributable to deferred tax assets	40.7	-7.7	-	-
Attributable to deferred tax liabilities	0.3	4.5	-	-
Total deferred tax	41.0	-3.2	-	-
Total tax	37.9	-9.0	-	-
<i>Deferred tax assets</i>				
Inventories	0.8	1.1	-	-
Non-current assets	3.2	2.2	-	-
Loss carry-forwards	112.9	77.3	61.8	61.8
Total deferred tax assets	116.9	80.6	61.8	61.8
<i>Deferred tax liabilities</i>				
Other	1.7	2.0	-	-
Total deferred tax liabilities	1.7	2.0	-	-

A deferred tax asset is recognized for tax loss carry-forwards if it is considered probable that there will be sufficient future taxable profit against which the loss carry-forward can be utilized. A reassessment of the amount meeting the criteria is made at least annually. The Group's unutilized loss carry-forwards for which no deferred tax assets are recognized amounted to SEK 659.1 million and SEK 370.1 million at the close of 2020 and 2019, respectively. The increase in unused tax carry-forwards is due to the negative impact of the Covid-19 pandemic on Tobii's operations during the year. The increase in loss carry-forwards is mainly attributable to companies in Sweden. None of the unutilized loss carry-forwards expire within the coming 5-year period. The unutilized loss carry-forwards referring to subsidiaries in the US amount to SEK 87 million (109) and there is a 20-year utilization period after the year in which the loss occurred. Subsequently, these loss carry-forwards expire between the years 2032 and 2038. Unutilized loss carry-forwards relating to the Parent Company and other Swedish entities amount to SEK 546 million and have no expiration date.

RECONCILIATION OF EFFECTIVE TAX

SEK m	The Group		The Parent Company	
	2020	2019	2020	2019
Reported profit/loss before tax	-162.1	-150.3	72.3	69.2
Tax according to current tax rate	34.7	32.2	-15.5	-14.8
Difference in tax rate in foreign operations	-0.5	-1.1	-	-
Tax effect of non-deductible expenses	-2.2	-1.9	-0.3	-0.4
Tax effect of non-taxable income	5.6	3.1	2.2	-
Tax effect of interest deduction limitation	-1.3	-	3.8	-
Tax loss without corresponding tax asset	-58.1	-61.9	-	-
Prior year deficits for which tax asset is recognized	40.7	-	-	-
Use of previous year's deficit without tax asset	17.0	21.3	9.7	15.2
Adjustment of taxes attributable to previous years	1.3	0.4	-	-
Other	0.6	-1.1	-0.1	-0.1
Total recognized tax expense (-)/tax income (+)	37.9	-9.0	-0.1	-0.1
Effective tax rate	-23%	6%	0%	0%

Note 14. Earnings per share

	2020	2019
Earnings per share, basic		
Net loss for the year attributable to Parent Company shareholders, SEK million	-134.2	-171.4
Weighted average number of outstanding shares during the year	99,040,923	98,925,103
Earnings per share, basic, SEK	-1.36	-1.73
Earnings per share, diluted		
Net loss for the year attributable to Parent Company shareholders, SEK million	-134.2	-171.4
Weighted average number of outstanding shares during the year, diluted	100,106,487	99,375,000
Earnings per share, diluted, SEK ¹⁾	-1.36	-1.73

¹⁾ Dilution occurs when earnings per share is negatively affected by outstanding potential shares. Due to the Group's net loss for the year, both in 2019 and 2020, the calculated dilution effect would be a positive outcome for the shareholders. In such circumstances, the recognized amount for basic earnings per share is the same as diluted earnings per share.

**WEIGHTED AVERAGE NUMBER OF
OUTSTANDING SHARES, DILUTED**

	2020	2019
Weighted average number of outstanding shares, basic	99,040,923	98,925,103
Effect of outstanding potential shares in the Group's long-term incentive program (Note 8)	1,065,564	449,897
Weighted average number of outstanding shares, diluted	100,106,487	99,375,000

Note 15. Intangible fixed assets**GOODWILL**

SEK m	The Group		The Parent Company	
	2020	2019	2020	2019
Opening acquisition cost	69.4	131.5	–	30.3
Acquisitions	–	3.6	–	–
Sales to Group companies	–	–	–	-30.3
Assets held for sale	–	-71.9	–	–
Translation differences	-3.7	6.2	–	–
Closing cost	65.7	69.4	–	–
Opening accumulated depreciation	–	–	–	-7.2
Depreciation for the year (Note 9)	–	–	–	–
Sales to Group companies	–	–	–	7.2
Translation differences	–	–	–	–
Closing accumulated depreciation	–	–	–	–
Opening accumulated impairment	-24.9	-24.5	–	-12.2
Impairment for the year (Note 9)	–	–	–	–
Sales to Group companies	–	–	–	12.2
Translation differences	1.4	-0.4	–	–
Closing accumulated impairment	-23.6	-24.9	–	–
Net carrying value	42.1	44.5	–	–

CAPITALIZED PRODUCT DEVELOPMENT COSTS

SEK m	The Group		The Parent Company	
	2020	2019	2020	2019
Opening acquisition cost	1,088.4	888.2	–	856.6
Investments	159.5	199.5	–	–
Sales to Group companies	–	–	–	-856.6
Disposals	–	–	–	–
Reclassifications	–	10.5	–	–
Assets held for sale	–	-10.7	–	–
Translation differences	-3.2	1.0	–	–
Closing cost	1,244.7	1,088.4	–	–
Opening accumulated depreciation	-662.6	-542.5	–	-517.8
Sales to Group companies	–	–	–	517.8
Disposals	–	–	–	–
Amortization for the year (Note 9)	-153.7	-119.9	–	–
Reclassifications	–	0.4	–	–
Translation differences	2.8	-0.6	–	–
Closing accumulated depreciation	-813.5	-662.6	–	–
Net carrying value	431.2	425.8	–	–

OTHER INTANGIBLE FIXED ASSETS¹⁾

SEK m	The Group		The Parent Company	
	2020	2019	2020	2019
Opening acquisition cost	75.6	-124.2	75.5	75.3
Investments	7.2	14.3	7.0	14.0
Reclassification	0.6	-13.6	–	-13.8
Assets held for sale	–	-49.2	–	–
Translation differences	0	-0.1	–	–
Closing acquisition cost	83.4	75.6	82.5	75.5
Opening accumulated depreciation	-33.9	-32.4	-35.3	-31.3
Amortization for the year (Note 9)	-11.1	-3.7	-10.9	-3.7
Reclassification	-0.6	–	–	-0.3
Assets held for sale	–	2.2	–	–
Translation differences	0	0.0	–	–
Closing accumulated depreciation	-45.6	-33.9	-46.2	-35.3
Net carrying value	37.8	41.7	36.3	40.2

¹⁾ Other intangible assets mainly consist of patents and licenses.

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.

Impairment tests are carried out by each division using the following assumptions:

Tobii Dynavox

Cash flow forecasts for years 2–5 are based on an annual growth rate of 10–13% (11). Cash flows beyond the five-year period are extrapolated using an estimated long-term growth rate of 2% (2). The discount rate used for calculating recoverable amounts is 9% (9–14) before tax.

Tobii Pro

Cash flow forecasts for years 2–5 are based on an annual growth rate of 15–18% (20). Cash flows beyond the five-year period are extrapolated using an estimated long-term growth rate of 2% (2). The discount rate used for calculating recoverable amounts is 10% (9) before tax.

Tobii Tech

Cash flow forecasts for years 2–4 are based on an annual growth rate of 60% (60). Cash flows beyond the four-year period are extrapolated using an estimated long-term growth rate of 2% (2). The discount rate used for calculating recoverable amounts is 10% (9–11) 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 impairment tests carried out, there is no need for impairment of intangible assets with indeterminate useful lives as per December 31, 2020.

Sensitivity analysis

A sensitivity analysis shows that in all three divisions: a two percentage points increase in the discount rate would not indicate a need for impairment; a two percentage points decrease in growth rate would not indicate a need for impairment; and a two percentage points decrease in EBITA margin (operating margin before amortization and impairments of intangible assets) would not indicate a need for impairment.

TRADEMARKS

SEK m	The Group		The Parent Company	
	2020	2019	2020	2019
Opening acquisition cost	99.4	114.9	–	49.7
Sales to Group companies	–	–	–	-49.7
Assets held for sale	–	-18.6	–	–
Translation differences	-6.0	3.0	–	–
Closing acquisition cost	93.4	99.4	–	–
Opening accumulated depreciation	–	–	–	-9.0
Sales to Group companies	–	–	–	9.0
Translation differences	–	–	–	–
Closing accumulated depreciation	–	–	–	–
Net carrying value	93.4	99.4	–	–

TRADEMARKS WITH INDETERMINATE USEFUL LIVES AND CAPITALIZED DEVELOPMENT COSTS WHERE AMORTIZATION HAS NOT COMMENCED:

	2020	2019
Tobii Dynavox	140.3	189.8
Tobii Pro	59.2	100.4
Tobii Tech	–	23.1
Total intangible assets subject to testing for impairment:	199.5	313.3

Note 16. Property, plant and equipment**OWNED ASSETS**

SEK m	The Group		The Parent Company	
	2020	2019	2020	2019
Opening acquisition cost	196.3	165.1	18.1	36.5
Investments	31.6	35.3	0.2	8.2
Sale/disposal	-18.2	-10.1	–	–
Sales to Group companies	–	–	–	-26.6
Reclassification	-2.7	3.1	–	–
Assets held for sale	–	-3.4	–	–
Translation differences	-19.0	6.2	–	–
Closing acquisition cost	188.0	196.3	18.3	18.1
Opening accumulated impairment	-147.7	-133.1	-9.4	-31.5
Sale/disposal	16.8	8.2	–	–
Sales to Group companies	–	–	–	22.0
Depreciation for the year (Note 9)	-26.2	-18.9	-1.9	-0.6
Reclassification	-0.2	-1.6	–	0.7
Assets held for sale	–	2.2	–	–
Translation differences	15.6	-4.5	–	–
Closing accumulated depreciation/amortization	-141.7	-147.7	-11.3	-9.4
Net carrying value	46.3	48.6	7.0	8.7

RIGHT-OF-USE ASSETS

The net book value of right-of-use assets at year-end amounts to SEK 87.7 (97.0) million, of which SEK 86.1 (94.9) million relates to buildings. Additions for the year amount to SEK 28.1 (-) million and depreciation for the year amounts to SEK -28.2 (28.0) million.

Note 17. Shares in Group companies

SEK m	The Parent Company	
	2020	2019
Acquisition cost		
Opening value at the beginning of the year	507.5	310.3
Acquisitions	1.0	–
Shareholder contributions	283.5	340.6
Sales	-153.0	–
Sales to other Group companies	–	-143.4
Total acquisition cost	639.0	507.5

Subsidiary to Parent company	Carrying amount			
	No of shares	Owner-ship inter-est, %	Dec. 31, 2020	Dec. 31, 2019
Tobii Dynavox AB, 556914-7563, Sweden	50,000	100	68.1	20.1
Tobii Dynavox AS, 834962322, Norway		100		
Tobii Assistive Technology Inc., 04-3284593, MA, USA		100		
Tobii Dynavox LLC, 52-2280045, Delaware, USA		100		
Eye Response Technologies, Inc., 54-1681867, Virginia, USA		100		
DynaVox International Holdings Inc., 90-0168162, Delaware, USA		100		
Tobii Dynavox Canada Inc., 622680-9, Canada		100		
Tobii Dynavox Ltd., 05091720, UK		100		
Tobii Pro AB, 556914-7613, Sweden	50,000	100	50.1	10.1
Tobii Pro UK Holdings Ltd., 11179236, UK		100		
Tobii Pro UK Ltd., 06529514, UK		100		
Tobii Pro Insight UK Ltd., 07721205, UK		100		
Tobii Technology Japan Ltd., 0104-01-075455, Japan		87		
Tobii Technology Korea Corporation, 532-88-00825, Korea		100		
Tobii Technology Inc., 20-3779947, Virginia, USA		100		
Tobii Pro, Singapore PTE. Ltd., 201925799H, Singapore		100		
Tobii Pro LatAm SpA, 77015059-0, Chile		100		
Tobii Tech AB, 559104-1081, Sweden	50,000	100	506.1	310.6
Tobii Tech LLC, 83-1898444, USA		100		
Sensory Software International Ltd., 03662043, UK				9.3
Smartbox Assistive Technology Ltd., 05541084, UK				143.7
Smartbox Assistive Technology Inc., 6082148, Delaware, USA				
Tobii Technology GmbH, HRB 78844, Germany	1	100	0.2	0.2
Tobii Technology Options AB, 556740-3364, Sweden	100,000	100	0.1	0.1
Tobii Electronics Technology Suzhou Co. Ltd. 91320594681609152B, Suzhou, China	1	100	9.8	9.8
Tobii Electronics Trading Suzhou Co. Ltd., 913205945725628424, Suzhou, China	1	100	2.2	2.2
Tobii Co. Ltd., 43904695, Taipei, Taiwan	1	100	1.3	1.3
Tobii Holding AB, 559104-1040, Sweden	50,000	100	0.1	0.1
Tobii Switzerland AG, CHE-151.757.781, Switzerland	1,000	100	1.0	
Total acquisition cost in subsidiaries			639.0	507.5

Note 18. Accounts receivable

SEK m	The Group		The Parent Company	
	2020	2019	2020	2019
Accounts receivable	207.1	249.0	2.7	11.8
Accounts receivable, subsidiaries	–	–	26.8	10.9
Bad debts provision	-8.1	-6.8	-2.7	-3.1
Total accounts receivable	199.0	242.2	26.8	19.7

Maturity analysis

Not yet due	148.5	193.2	–	11.4
1–30 days overdue	14.0	17.7	–	0.0
31–60 days overdue	12.6	11.1	–	0.0
61–90 days overdue	5.2	5.5	–	0.1
Over 90 days overdue	26.8	21.6	2.7	0.4
Closing balance	207.1	249.0	2.7	11.8

Changes in the reserve for doubtful accounts receivable:

As at January 1	6.8	25.0	3.1	4.4
Provision for bad debts	5.8	6.3	–	2.7
Receivables written off during the year as uncollectible	-0.2	-0.6	–	–
Reversal of unused amount	-3.9	-20.8	-0.6	-3.6
Exchange rate effect	-0.4	-3.2	0.2	-0.4
At December 31	8.1	6.8	2.7	3.1

Note 19. Inventories

SEK m	The Group		The Parent Company	
	2020	2019	2020	2019
Raw materials and consumables	5.7	8.6	–	–
Finished products	77.9	85.1	0.2	0.1
Work in process	3.7	2.8	–	–
Advances to suppliers	0.7	0.7	–	–
Total inventories	88.0	97.1	0.2	0.1

**Note 20. Prepaid expenses
and accrued income**

SEK m	The Group		The Parent Company	
	2020	2019	2020	2019
Prepaid royalties	–	1.7	–	–
Prepaid rent/leasing	5.9	7.4	5.1	5.3
Prepaid insurance	6.4	4.3	0.8	0.3
Prepaid license fees	13.4	6.8	10.5	3.0
Prepaid marketing expenses	3.9	2.5	0.1	–
Prepaid IT costs	0.9	3.0	0.3	0.1
Prepaid personnel costs	1.4	1.9	0.8	–
Prepaid renovation costs	1.3	1.5	–	–
Accrued income	1.9	1.7	0.1	–
Other items	6.4	4.6	0.1	1.0
Total prepaid expenses, accrued income	41.6	35.4	17.7	9.8

Note 21. Cash and cash equivalents

SEK m	The Group		The Parent Company	
	2020	2019	2020	2019
Short-term investments ¹⁾	41.6	41.2	41.6	41.2
Cash and cash equivalents	368.0	144.0	30.0	15.7
Total cash and cash equivalents	409.6	185.2	71.6	56.9

¹⁾ Short-term investments consist of cash and cash equivalents invested in a listed Swedish fixed income fund with insignificant risk of changes in value and where funds can be accessed within two to three business days.

**Note 22. Financial instruments
by category in the Group**

The table below shows the recognized and fair value of the Group's financial assets and liabilities, by category.

		2020		2019	
SEK m	Note	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets					
At fair value through the income statement:					
Contingent purchase consideration (level 3)		36.6	36.6	–	–
At amortized cost:					
Other financial fixed assets		5.1	5.1	5.3	5.3
Accounts receivable	18	199.0	199.0	242.2	242.2
Other receivables		19.4	19.4	32.6	32.6
Cash and cash equivalents	21	409.6	409.6	185.2	185.2
Total financial assets		669.7	669.7	465.3	465.3
Financial liabilities					
At fair value through the income statement:					
Contingent purchase considerations (level 3)		0.8	0.8	13.5	13.5
At amortized cost:					
Accounts payable		85.2	85.2	92.3	92.3
Interest-bearing loans (level 3)		463.8	465.8	294.0	300.0
Leasing liabilities		88.4	88.4	95.3	95.3
Other liabilities, non-interest-bearing		104.9	104.9	45.3	45.3
Total financial liabilities		743.1	745.1	540.5	546.5

Financial assets and liabilities recognized at fair value are classified by hierarchy level in accordance with IFRS 9.

Level 3 Data based on non-observable data. The contingent consideration is measured at fair value based on available data such as conditions stipulated in the purchase agreement and current assessments of the estimated fulfillment of those conditions.

MOVEMENTS IN CONTINGENT CONSIDERATION, LEVEL 3

SEK m	2020	2019
Receivables		
Opening balance January 1	–	–
Divestments for the year	38.0	–
Exchange rate differences	-1.4	–
Closing balance December 31	36.6	–
Liabilities		
Opening balance January 1	13.5	15.0
Acquisitions during the year	–	0.9
Payment	–	-0.6
Reversal of capital gains/loss on divestment	-9.2	–
Change in fair value recognized in other operating income/expense	-2.8	-2.6
Exchange rate differences	-0.7	0.9
Closing balance December 31	0.8	13.5

Note 23. Share capital development

Share capital development	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 Fund issue	156	500	68,886,883
2015 New share issue (Initial Public Offering)	136	636	87,613,033
2016 Rights issue, exercise of warrants	4	640	88,140,033
2016 Rights issue	64	704	96,954,036
2017 Rights issue, exercise of warrants	2	706	97,304,052
2018 Rights issue, exercise of warrants	12	718	98,925,103
2020 New share issue, redemption of warrants	1	719	99,064,087

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

THE GROUP

Share capital

The number of shares amounts to 99,064,087 with a quotient value of SEK 0.0073 at December 31, 2020.

Reserves

Reserves comprise translation reserves that include all exchange rate differences that arise on translation to Swedish kronor (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 2020.

Note 24. Reserves in equity

The item Reserves in equity refers entirely to translation differences.

Note 25. Provisions

SEK m	The Group		The Parent Company	
	2020	2019	2020	2019
<i>Provisions for warranties</i>				
At beginning of year	1.8	4.3	–	1.4
Provisions during the year	0.5	2.0	–	–
Sales to Group companies	–	–	–	-1.4
Reversals during the year	-0.7	-0.8	–	–
Utilized during the year	–	–	–	–
Reclassification	–	-3.7	–	–
Translation differences	–	–	–	–
Total provisions for warranties	1.7	1.8	–	–
<i>Other provisions</i>				
At beginning of year	2.2	0.8	–	–
Provisions during the year	–	1.4	–	–
Reversals during the year	-1.7	–	–	–
Translation differences	-0.1	–	–	–
Total other provisions	0.5	2.2	–	–
Total provisions	2.1	4.0	–	–

Tobii generally offers a one to two-year warranty on its products. Provisions for future warranty commitments are based on previous years' warranties incurred.

The Tobii Group's pension plans are defined contribution and all pension commitments are regulated through annual payments to external pension institutions.

Note 26. Maturity profile of financial liabilities - undiscounted cash flows

The Group SEK M	> 1 year			Total
	< 1 year	< 5 years	> 5 years	
Interest-bearing loans	–	465.8	–	465.8
Leasing liabilities	26.8	57.0	20.0	103.8
Accounts payable	85.2	–	–	85.2
Contingent considerations	0.8	–	–	0.8
Other	104.9	–	–	104.9
Total	217.7	522.8	20.0	760.5

Note 27. Total accrued expenses and deferred income

SEK m	The Group		The Parent Company	
	2020	2019	2020	2019
Accrued income, current portion	135.5	137.4	0.0	0.1
Accrued personnel expenses	92.0	100.2	11.0	20.5
Other accrued expenses	36.9	42.7	8.1	9.2
Total accrued expenses and deferred income	264.5	280.4	19.1	29.8

Note 28. Pledged assets and contingent liabilities

SEK m	The Group		The Parent Company	
	2020	2019	2020	2019
Pledged assets				
For senior bonds issued ¹⁾	795.7	671.0	624.2	340.7
Other	0.1	0.1	0.1	0.1
Total pledged assets	795.8	671.1	624.3	340.8
Contingent liabilities	–	–	–	–

¹⁾On February 10, 2020, Tobii announced the subsequent issuance of senior covered bonds of SEK 150 million under a loan facility of SEK 600 million with maturity in February 2022. On February 14, 2019, Tobii announced the first issue of SEK 300 million within the same loan framework. The total amount for issued bonds thus amounts to SEK 450 million. The Parent Company Tobii AB is the issuer of the bond loan. The bonds issued in accordance with the Bond Loan are secured by collateral in shares in Tobii Dynavox AB, Tobii Pro AB and Tobii Tech AB. The pledged assets value disclosed for the Parent Company represents the carrying amount for shares directly held by the Parent Company. For Group, group value of net assets related to pledged assets is disclosed.

Note 29. Supplementary disclosures
to the cash flow statement

SEK m	The Group		The Parent Company	
	2020	2019	2020	2019
Interest paid and received				
Interest received	0.4	0.5	0.0	0.1
Interest paid	-29.3	-21.0	-23.6	-15.1
Total interest paid and received	-28.9	-20.5	-23.6	15.0

Note 30. Related party transactions

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. No related-party transactions have occurred during the year 2019. The same applied for the year 2018.

For intra-group purchases and sales, a transfer pricing policy is applied.

SEK m	The Group		The Parent Company	
	2020	2019	2020	2019
Sales to related parties, subsidiaries	–	–	133.8	147.0
Purchase from related parties, subsidiaries	–	–	43.1	41.8
Receivables from related parties, subsidiaries	–	–	1,105.8	975.6
Liabilities to related parties, subsidiaries	–	–	148.0	87.5

Note 31. Assets held for sale and discontinued operations

In August 2019, Tobii announced that the British Competition and Markets Authority required Tobii to divest Smartbox. Consequently, at the end of 2019 Smartbox was classified as a business that is held for sale and is accounted for under the applicable IFRS 5 policies for assets held for sale and discontinued operations.

The divestment meant that all operations relating to Smartbox were divested for a total consideration of SEK 142.9 million. Of the consideration, SEK 38.0 million related to a contingent purchase consideration. Debt regarding the additional purchase consideration linked to the acquisition of Smartbox in 2018 was reversed to capital gains/loss in connection with the sale of Smartbox.

On October 6, 2020, Tobii sold certain subsidiaries, collectively referred to as Smartbox, to an external buyer. As a result of the transaction, all shares in two foreign subsidiaries, which had been owned by the parent company Tobii AB since 1 October 2018, were sold. Capital gains from the divestment had a positive effect on the parent company's net financial items of SEK 10 million.

**CARRYING AMOUNT OF ASSETS
AND LIABILITIES HELD FOR SALE**

SEK m	2020	2019
Intangible assets	–	148.0
Property, plant and equipment	–	1.1
Inventories	–	3.5
Receivables (current)	–	18.5
Cash and cash equivalents	–	23.3
Assets held for sale	–	194.4
Liabilities and provisions (current)	–	-34.6
Liabilities attributable to assets held for sale	–	-34.6
Net carrying value	–	-159.8

**RECOGNIZE VALUE OF DIVESTED ASSETS
AND LIABILITIES**

SEK m	2020
Intangible assets	140.5
Property, plant and equipment	3.0
Inventories	2.0
Current receivables	24.4
Cash and cash equivalents	25.0
Deferred tax liabilities	-7.5
Liabilities and provisions (current)	-25.5
Net carrying value	162.0

INCOME STATEMENT DISCONTINUED OPERATIONS

SEK m	2020	2019
Sales	69.9	102.8
Cost of goods and services sold	-38.3	-43.9
Gross profit	31.6	58.9
Selling expenses	-13.4	-23.3
Research and development expenses	-5.9	-6.3
Administrative expenses	-17.9	-39.2
Other operating income and operating expenses	0.0	-1.3
Operating profit/loss	-5.6	-11.2
Net financial items	1.3	-0.9
Profit/loss before taxes	-4.3	-12.0
Taxes	-0.8	0.1
Profit/loss from operations	-5.1	-11.9
Disclosure on divestment		
Purchase price received		
Cash	105.0	
Fair value of contingent consideration	38.0	
Total sales price	142.9	
Carrying amount for net assets sold	-162.0	
Reversal of additional purchase consideration	9.2	
Reversal of translation differences	5.1	
Profit/loss from divestment	-4.8	
Profit/Loss from discontinued operations	-9.8	-11.9

CASH FLOW DISCONTINUED OPERATIONS

SEK m	2020	2019
Cash flow from:		
Operating activities before change in working capital	3.0	15.2
Change in working capital	3.9	0.5
Operating activities	6.9	15.7
Investing activities	-3.6	-6.1
Financing activities	-	-
Cash flow for the year	3.3	9.6

Note 32. Events after the end of the reporting period

In the first quarter of 2021, the Board of Directors set a goal of achieving profitability for full-year 2021 for the Group.

Tobii confirmed that it is entering into a research collaboration with Valve and OpenBCI, by integrating Tobii's eye tracking technology with parts of Valve's Index hardware to produce development devices for the recently unveiled Galea beta program. OpenBCI is a technology company that provides an open source platform for applications within Brain Computer Interfacing (BCI). Valve, one of the leading companies in the gaming industry, has long been a pioneer in driving the emergence of in-depth gaming experiences, entertainment and content, as well as hardware in VR. Galea is a hardware and software platform that combines the next generation of biometrics with mixed reality.

Tobii announced to the market that global disruptions in the production of LCD panels are expected to result in delivery delays of Tobii Dynavox flagship products I-13 and I-16. Even if delivery times are expected to be longer, the effect on order intake will probably be limited. Based on information available at the time, it was estimated that approximately SEK 40-80 million in revenue would be postponed primarily from the second quarter of 2021 to the third quarter of 2021. The impact on the Group's full-year result was expected to be insignificant.

The Board's signatures

The Board of Directors and the Chief Executive Officer 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 policies, and gives a fair view of the Group's and Parent Company's financial position and earnings.

The Director's 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 22, 2021
Tobii AB

Kent Sander
Chairman of the Board

Heli Arantola
Member

Nils Bernhard
Member

Mårten Skogö
Member

Jörgen Lantto
Member

Charlotta Falvin
Member

Åsa Hedin
Member

Jan Wäreby
Member

Henrik Eskilsson
CEO

Our auditor's report was submitted on April 22, 2021

PricewaterhouseCoopers AB

Johan Engstam
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 18, 2021.

This information is information that Tobii AB is obliged to make public pursuant to the Securities Markets Act.
The information was submitted for publication on April 26, 2021.

Auditor's Report

To the meeting of shareholders in Tobii AB (publ), Corporate Identity Number 556613-9654

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Tobii AB (publ) for 2020 with the exception of the corporate governance report on pages 73–79. The annual accounts and consolidated accounts of the company are included on pages 71–114 in this document.

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 parent company as of 31 December 2020 and its financial performance and cash flow 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 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinion does not cover the corporate governance report on pages 73–79. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the consolidated statement of comprehensive income, the income statement for the Parent Company and the balance sheet for the parent company and the group.

Our opinion in this report on the annual accounts and consolidated accounts is consistent with the content of the supplementary report that has been submitted to the parent company's and the group's audit committee in accordance with Article 11 of the Auditors regulation (537/2014).

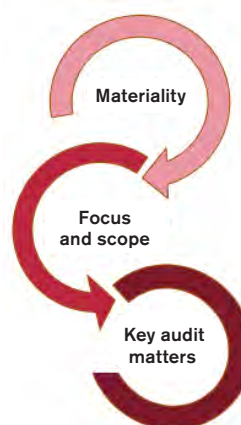
Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. It means that, based on our best knowledge and belief, no prohibited services referred to in Article 5.1 of the Auditors Regulation (537/2014) have been provided to the audited company or, as the case may be, its parent company or its controlled company in the EU.

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

Our audit activities

Overview



Materiality

- Overall materiality level: SEK 14 million which corresponds with about 1% of the Group's net sales.

Focus and scope

- We have executed an audit covering Tobii AB and all significant subsidiaries.

Key audit matters

- Valuation of capitalized development costs
- Valuation of deferred tax assets
- Revenue recognition - cut-off

The focus and scope of the audit

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where the Chief Executive Director and the Board of Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole (see table below). These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Group materiality level:	SEK 14 million (15)
How we determined this level	The materiality level is based on approximately 1% of the Group's net sales.
Motivation behind the determination of the materiality level	We have chosen this method to determine the materiality level as it is, according to our opinion, the most relevant measure by which the group's development is usually assessed. The level of 1% is seen in auditing standards to comprise an acceptable quantitative materiality threshold.

We agreed with Audit Committee that we would report identified errors in excess of the equivalent of 10% of the determined materiality level, as well as errors less than this amount but which we deemed should be reported for qualitative reasons.

KEY AUDIT MATTER

Valuation of capitalized development costs

We refer to Notes 2 Accounting policies, 4 Important estimates and assessments when applying the accounting policies, and 15 Intangible assets.

Capitalized expenses for product development in the amount of SEK 431.2 million comprise a significant portion of Tobii Group's balance sheet as at December 31, 2020. There is a risk that the future estimated cash flow will not be equivalent to the book value of capitalized expenses for product development and that, as a result, an impairment risk exists.

The assets are subject to ongoing depreciation. According to the Tobii Group's routine, the value of capitalized expenses for product development is tested annually for impairment. Tobii has a process for executing this test. This testing is based on the recoverable amount, which is equivalent to the value of the discounted cash flows for the identified assets.

The calculated recoverable value is based on future budgets and forecasts, approved by the Board of Directors, for the next five years. The cash flows after the first five years are extrapolated based on the estimated long-term growth rate. The process, consequently, includes assumptions of major significance in the testing of impairment requirements. These include the assumptions regarding sales growth, margin developments and the discount rate (WACC).

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were most significant in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

In evaluating the assumptions, as reported in Note 15, we have undertaken the following audit measures to assess the valuation of such assumptions and model:

- We have tested and evaluated management's assumptions regarding the discount rate, growth and margins. We test the assumptions based on what is included in the budgets and business plans, the results of the units and our knowledge of the Tobii group's development. This includes the follow-up of the accuracy of the forecasts for historical periods and provides us with a basis for testing the assumptions regarding future development. In terms of discount rate, this is based on our review of the company's calculation of WACC and the assessment of the inherent risk of operating in current markets.
- We have also, in conjunction with the testing of possible impairment requirements, checked the sensitivity of the valuations through sensitivity analyses, to determine if there are negative changes in significant parameters which individually, or on a collective basis, could imply the existence of an impairment requirement.
- We have also assessed whether the accounting policies and disclosures in the annual accounts are fair and true, and in accordance with IFRS.

No significant observations were made in the audit resulting in reporting to the Audit Committee.

KEY AUDIT MATTER**Valuation of deferred tax assets**

We refer to Notes 2 Accounting policies, 4 Important estimates and assessments when applying the accounting policies and 13 Taxes.

The deferred tax asset amounted to SEK 116.9 million as at December 31, 2020. This is deemed to comprise a significant item in the group's balance sheet. There is a risk that future assessed results in a unit will, for a variety of reasons, decrease so that the losses carry forward cannot be utilized or that the right to utilize the losses carry forward will be lost, as a result of changes in legislation, tax inspections, restructuring within the group and the acquisition and sale of operations, and therefore there is a risk of impairment.

In accordance with IAS 12, Tobii has assessed the amount of losses carry forwards referring to fiscal losses existing in group companies and which the group can utilize to reduce future tax payments.

Assessment of the amount of tax losses which can be utilized includes significant assumptions and management's assessment of future earnings. This is based, in its turn, on future budgets and forecasts, approved by the Board of Directors, for the next three years, where after extrapolation takes place for subsequent years.

Revenue recognition - cut-off

We refer to Notes 2 Accounting policies, 4 Important estimates and assessments when applying the accounting policies, 5 Net Sales and income per business area, 18 Accounts receivable and 27 Accrued expenses and deferred income.

The Company's revenue amounts to SEK 1,426 million for 2020. The majority of Tobii Group's revenue consists of sale of goods and services. The sale of goods is recognized when control has been transferred to the purchaser while services are recognized in revenue in the period or periods in which they are provided. Tobii also has rental income from products. These revenues are reported in the period in which the renting takes place as this is deemed to comprise the correct measure of when the revenue has been earned. The Tobii Group also has royalty revenues. These are recognized in accordance with the economic implications of the agreements in place.

The risk is that there can exist a difference between the point in time when Tobii provides goods or services and when the control is transferred to clients. When the goods or services are seen to have been provided to the clients, and when revenues can, then, be reported, is based on the contractual stipulations found in the established agreements.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

In our audit, we have assessed the valuation of losses carry forward and that deferred tax on these losses has been calculated according to the regulations in place. The audit procedures included, amongst other:

- We evaluated the management's assumptions regarding assessed future results in conjunction with a review and analysis of the forecasts regarding future earnings trends, as this is a significant assumption due to the large amount of available losses carry forward which the management deems will be able to be utilized.
- The company's assumptions regarding the earnings trend was tested against adopted budgets and business plans. This testing takes place in the same manner as the testing of capitalized costs for product development, in the manner described in that part of this Auditor's Report.
- The audit also includes the follow-up of possible ongoing tax audits and changes in tax legislation which impact the losses carry forward.
- We have also assessed whether the accounting policies and disclosures in the annual accounts are fair and true, and in accordance with IFRS.

The results of these activities have produced no significant observations as regards the audit.

In our audit, we have analyzed Tobii's processes and controls regarding revenue recognition in order to obtain an understanding of how they operate and where potential errors could occur. This analysis has been performed to enable us to focus our substantive procedures on the right areas.

The audit procedures included, amongst other:

- Analysis of revenues as compared with the prior period and the expectation.
- We have tested, on a random basis, the reported revenue against agreements to determine if these items have been reported in the correct amounts in the correct periods.
- On a sample basis, we have confirmed outstanding receivables directly with customers. We have also tested a sample of receivables against payments received after the year end.
- We have also by analyses of values accounted for tested that deferred revenue is recognized in the correct amount.
- We have also assessed whether the accounting policies and disclosures in the annual accounts are fair and true, and in accordance with IFRS.

The results of these activities have produced no significant observations as regards the audit.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–70 and 120–121. The Board of Directors and the Chief Executive Officer are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Chief Executive Officer are also responsible for such internal control as they 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.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Chief Executive Officer are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Chief Executive Officer intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee of the Board of Directors shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on the Revisorsinspektionen website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditors report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Chief Executive Officer of Tobii AB for 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general 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 Chief Executive Officer be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Chief Executive Officer shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Chief Executive Officer in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect

actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on the Revisorsinspektionen website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditors report.

Audit of the corporate governance report

It is the board of directors who is responsible for the corporate governance statement on pages 73–79 and that it has been prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our 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. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed as Tobii AB's auditor on the Annual General Meeting on May 12, 2020 and has been the company's auditor since April 18, 2005.

Stockholm, April 22, 2021

PricewaterhouseCoopers AB

Johan Engstam

Authorized Public Accountant
Authorized Public Accountant Auditor in Charge

Definitions

Tobii adopted the new European guidelines for alternative performance measures as of July 3, 2016. Tobii's key performance measures, definitions and purposes, as presented below are not defined in accordance with IFRS. These measures as defined by Tobii should not be seen as a replacement for terms and concepts in accordance with IFRS and may not be comparable to similar performance

measures used by other companies. The Company believes that these financial performance measures provide a better understanding of trends relating to financial results and that these alternative performance measures are useful information to Tobii's management, investors and other stakeholders when used in conjunction with other performance measures that are defined in accordance with IFRS.

Key performance measures	Definition	Purpose
Gross margin	Gross profit relative to net sales.	Gross margin is used to measure production profitability.
EBITDA	Operating profit/loss before depreciation, amortization and impairment.	EBITDA is used to measure earnings from operating activities excluding depreciation, amortization and impairment.
EBITDA margin	Operating profit/loss before depreciation, amortization and impairment relative to net sales.	The EBITDA margin is used to illustrate EBITDA in relation to sales.
Operating profit/loss (EBIT)	Operating profit/loss before financial income and expenses, and taxes.	EBIT is used to measure operating profitability.
Operating margin (EBIT margin)	Operating profit/loss in relation to net sales.	The EBIT margin is used to illustrate EBIT in relation to sales and is a measure of the Company's profitability.
Cash flow from operating activities	Cash flow from operating activities including change in working capital and before cash flow from investing and financing activities.	Cash flow from operating activities is used as a measure of the cash flow the Group generates before investments and financing.
Cash flow after investing activities	Cash flow from operating activities less investments in intangible, tangible and financial fixed assets excluding investments in subsidiaries and associates.	Cash flows after investing activities is used as a measure of the cash flow the Company generates before the acquisition of companies and financing activities.
Working capital	Inventories, accounts receivable and other current receivables less accounts payable and other current non interest-bearing liabilities.	Working capital is used to measure the Company's capacity to meet its current capital requirements.
Net cash (+)/net debt (-)	Cash and cash equivalents less interest-bearing liabilities.	Net debt represents the Company's capacity to pay off all of its debts should they fall due for payment as of the balance sheet date using the Company's available cash and cash equivalents on the balance sheet date.
Equity/assets ratio	Equity as a percentage of total assets.	The equity/assets ratio shows the percentage of total assets financed by the shareholders through equity.
Net debt/equity ratio	Interest-bearing liabilities divided by shareholders' equity.	The net debt/equity ratio measures the extent to which the Company is financed through loans.
Return on equity	Profit after tax relative to average equity during the period.	Return on equity is used to analyze profitability over time.
Equity per share	Equity at the end of the period attributable to the parent company's shareholders divided by the number of shares at the end of the period.	Equity per share measures the Group's net value per share.
Average number of employees	The average number of permanent employees, including part-time employees converted to full-time employment.	Average number of employees measures the number of full-time employees in the Group needed to generate the period's earnings.

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES¹⁾

EBITDA, Operating profit/loss before depreciation, amortization and impairment

SEK m	2020	2019
Operating profit/loss before depreciation, amortization and impairment, (EBITDA)	116.4	32.3
Amortization and write downs on intangible assets	-164.7	-123.6
Depreciation and write downs on property, plant and equipment	-54.6	-46.8
of which Right-of-use assets (IFRS 16 Leasing)	-28.2	-28.0
Operating profit/loss (EBIT)	-102.9	-138.1

¹⁾ This section presents reconciliation of only those key performance measures that are not possible to calculate from information in the financial reports in this Annual Report.

Other information

This annual report is published in Swedish and English. The Swedish version is the original and has been audited by Tobii's independent auditors. The revised annual report for Tobii AB (publ) 556613-9654 consists of the Director's report and the accompanying financial statements and corporate governance report on pages 71–113. The statutory sustainability report consists of pages 47–69.

TO ORDER THE ANNUAL REPORT

The annual report is published in Swedish and English and can be downloaded at www.tobii.com. The Swedish version is the original version. The printed annual report can be ordered through the contact person below.

ANNUAL GENERAL MEETING

The Annual General Meeting for Tobii AB (publ) will be held on Tuesday, May 18, 2021 at 5 p.m. Notice of the Annual General Meeting is available at www.tobii.com. Notification of participation in the meeting must be received by the Company no later than May 17, 2021 by mail or email.

ADVANCE VOTING

The shareholders may exercise their voting rights at the annual general meeting only by voting in advance, so-called postal voting in accordance with section 22 of the Act (2020:198) on temporary exceptions to facilitate the execution of general meetings in companies and other associations. The completed voting form must be received by Tobii no later than Monday 17 May 2021. The completed form can be sent in writing, by mail or e-mail, to any of the addresses below.

RIGHT TO REQUEST INFORMATION

Shareholders are reminded of their right to request information in accordance with Chapter 7 Section 32 of the Swedish Companies Act (Sw. aktiebolagslagen). A request for such information shall be made in writing to Tobii no later than May 8, 2021. Requests for such information must be submitted in writing, by mail or e-mail, to any of the addresses below.

Mail: "Annual General Meeting," Tobii AB, Box 743, 182 17 Danderyd

Email: generalmeeting@tobii.com

<http://www.tobii.com>

CONTACT

IR@tobii.com



Production: Tobii in cooperation with Springtime-Intellecta.



tobii